

Elmore-Morristown Unified Union

FINAL REPORT

and

Articles of Agreement

September 1, 2015

Members of the Study Committee

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ELMORRISTOWN

**We have MORE in common
and
We get MORE by working together!**

ELMORE-MORRISTOWN UNIFIED UNION
STUDY COMMITTEE

Recommendation

September 1, 2015

The Boards of the Elmore and Morrystown School Districts, following a year of community engagement and discussion, acted in April, 2015 to formally study the formation of a Unified Union. The Elmore-Morrystown Unified Union study committee was formed and has completed this, the Elmore-Morrystown Unified Union Study Report.

Specifically, the committee finds that overall, formation of a Unified Union District between the Districts of Elmore and Morrystown strengthens quality and opportunity, promotes achievement of high standards, creates efficiencies and flexibility, provides taxpayer value, and promotes transparency and accountability. All students in Elmore and Morrystown will continue to have access to a rich array of high-quality learning opportunities within an aligned PK-12 education system and all students in grades 9-12 will have access to public high school choice through Vermont's public high school choice system. All students and school systems will benefit from increased financial and programmatic stability within a larger operational structure. In time, an estimated savings of \$490,000 can be realized. Elmore will experience significant tax rate reductions. Morrystown will avoid significant tax rate increases (or program cuts). A single financial and accounting system will simplify both revenue and expenditure reporting and local control will expand, as all citizens will have a voice in the education of all students, PK-12 in Elmore and Morrystown.

The Elmore and Morrystown School Districts have a long history of strong, productive partnerships. Each community feels that schools are the heart of the community and values and supports quality public education for their children. Based upon the strong history of collaboration, the report findings, and the thoughtful framing of the Articles of Agreement, the Elmore Morrystown Unified Union Study Committee unanimously finds that it is advisable to form a Unified Union District.

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Article One: Necessary Districts

The Town School Districts of Elmore and Morristown are necessary to the establishment of the Elmore-Morristown Unified Union District.

Article Two: Advisory Districts

There are no advisory school districts considered for the formation of the Elmore-Morristown Unified Union District.

Article Three: Grades to be Operated

The Elmore-Morristown Unified Union District will offer education to prekindergarten through Grade 12. The Elmore-Morristown Unified Union District will serve grades prekindergarten through Grade 12 by providing education in schools operated by the Elmore-Morristown Unified Union District and in accordance with policies adopted by the Elmore-Morristown Unified Union District Board of Directors.

The following grade level configurations and other conditions for providing education to prekindergarten through Grade 12 shall be established commencing July 1, 2016:

- Kindergarten through grade 12 resident Elmore-Morristown Unified Union District students will be educated in the Elmore School, Morristown Elementary School, Peoples Academy Middle Level and Peoples Academy, unless students seek alternative schools, including vocational/career/technical centers, through choices established in Vermont statutes.
- Elmore resident students in grades 1 through 3 will attend the Elmore School; if all Elmore students cannot be accommodated in Elmore, students will attend Morristown Elementary School, per Policy and procedures. If space at the Elmore School allows, students from Morristown may apply to attend. Final determinations about placement will continue to be made consistent with District Policy.
- Prekindergarten education will continue to be provided by Lamoille South Supervisory Union (LSSU) for Elmore and Morristown resident 3 and 4 year olds, as well as 5 year olds not yet eligible to enroll in Kindergarten. Parents who choose to access prekindergarten opportunities for their children may choose school-based programs or community based prekindergarten programs approved by the Agency of Education on a space available basis and in accordance with Vermont law and regulation and locally established procedures.
- Elmore students in grades 7 through 12 who are enrolled in a school of choice outside of Elmore-Morristown Unified Union District prior to September 1, 2015 will be allowed to continue to attend said school through their graduation.
- Students attending a school outside of the Elmore-Morristown Unified Union District after September 1, 2015 must attend a school within the Elmore-Morristown Unified Union District if they choose to leave said school.
- Elmore-Morristown Unified Union District will accept tuition students from other towns consistent with board adopted District Policy.

Article Four: School Facilities

No new schools or major renovations to existing school facilities are necessary to, or proposed for the formation of the Elmore-Morrystown Unified Union District. The school district will operate existing schools facilities commencing July 1, 2016 in accordance with revisions of grade level configurations outlined in Article Three.

All other uses of Elmore-Morrystown Unified Union District facilities will be determined by the Elmore-Morrystown Unified Union District Board of Directors Board to most effectively and efficiently attain quality and equitable education for all students. However, the Elmore-Morrystown Unified Union District Board of Directors will continue to use all facilities existing on July 1, 2016 for a minimum of 4 years, unless a majority vote of the electorate of the municipality agrees with a plan to close a school facility. Decisions regarding the use of schools after the 4th year will be determined by policies adopted by the Elmore-Morrystown Unified Union District Board of Directors.

Use of ancillary school structures such as outdoor storage sheds, garages, outdoor sports facilities and temporary buildings will be determined by the Elmore-Morrystown Unified Union District Board of Directors commencing July 1, 2016.

Article Five: Initial Operations

Article Five A: Student Transportation

The Elmore-Morrystown Unified Union District Board of Directors will determine, in accordance with all state and federal laws, rules and regulations, the transportation police for students in Elmore and Morrystown. As is required by Vermont law, Lamoille South Supervisory Union is responsible for provision of transportation services.

Article Five B: Employee Master Contracts

The Elmore-Morrystown Unified Union District school board will honor all pre-existing teacher, support staff and administrator master and individual contracts that are in place for the necessary school districts on July 1, 2016. These master and individual employee contracts will continue until their respective termination dates. The Elmore-Morrystown Unified Union District will comply with 16 VSA Chapter 57. In the absence of new collective bargaining agreements on July 1, 2016, the Board will comply with the pre-existing master agreements pursuant to 16 VSA Chapter 53, subchapter 3.

Article Five C: Curricula, Education Programs and Student Services

The Elmore-Morrystown Unified Union District Board of Directors shall use the standardized curricula, education programs, student services and otherwise standardized operations pursuant to Act 153 of 2010 and existing school board policies for the Elmore and Morrystown School Districts that are in place on November 3, 2015. The curricula, student programs and student services will meet or exceed all Vermont and federal legal and policy requirements.

Article Six: Special Funds and Debt

Article Six A: Capital Debt

The Elmore-Morristown Unified Union District will assume all capital debt of member school districts, including both principal and interest, as may exist at the close of business on June 30, 2016.

Article Six B: Operating Fund Deficits and Balances

Any and all general operating deficits and fund balances of the member school districts that may exist at the close of business on June 30, 2016, will be assumed by the Elmore-Morristown Unified Union District. In addition, reserve funds identified for specific purposes will be transferred to the Elmore-Morristown Unified Union District and will be applied for said purpose unless otherwise determined through appropriate legal procedures.

Article Six C: Specified Funds

Elmore and Morristown School Districts will transfer to the Elmore-Morristown Unified Union District any pre-existing school district specific endowments or other restricted accounts that may exist on June 30, 2016. Scholarship funds or like accounts held by school districts prior to June 30, 2016 that have specified conditions of use will be used in accordance with said provisions.

Article Seven: Property

Article Seven A: Real Estate and Personal Properties

No later than June 30, 2016, Elmore and Morristown will convey to the Elmore-Morristown Unified Union District, for the sum of one dollar, and subject to all encumbrances of record, all of the real estate and personal property owned by them, including all land, buildings and contents.

Article Seven B: Disposal of Real Estate

In the event that, and at such subsequent time as, the Elmore-Morristown Unified Union District determines that any of the real property, including buildings and land, conveyed to it by Elmore or Morristown is or are unnecessary to the continued operation of the Elmore-Morristown Unified Union District and its educational programs, the Elmore-Morristown Unified Union District shall convey such real property, for the sum of one dollar, and subject to all encumbrances of record, and the repayment of any school construction aid or grants as required by Vermont law, to the municipality in which it is located.

Article Eight: Composition of Board of Directors

The Elmore-Morristown Unified Union District Board of Directors will be comprised of seven (7) board members all of whom will be elected at-large. All seats have three-year terms of office. Two seats will be designated to be held by eligible residents of Elmore and two seats will be designated to be held by eligible residents Morristown. The remaining seats may be held by eligible residents of either Town.

Article Nine: Election of Board of Directors

The Elmore-Morristown Unified Union Board Directors will be elected by Australian Ballot for three-year terms, except for those initially elected on November 3, 2015. All candidates will be elected by a comingled vote of the electorate of Elmore and Morristown. In the initial Elmore-Morristown Unified Union District Board of Directors terms of office will be as follows:

Distribution of Initial One-year, Two-year and Three-year Terms:

Seat	1-year Term	2-year Term	3-year Term
Elmore	0	1	1
Morristown	1	0	1
At-large	1	1	1

Pursuant to the provisions of 16 VSA §706j(b), elected school directors shall be sworn in and assume the duties of their office. The term of office for Directors elected at the November 3, 2015 election shall be one, two or three years respectively plus the additional months between the date of the Organizational Meeting of the Elmore-Morristown Unified Union District (16 VSA §706j), when the initial school directors will begin their term of office, and the date of the Unified Union District's annual meeting in the spring of 2017, as established under 16 VSA §706j. Thereafter, terms of office shall begin and expire on the date of the Union School District's annual meeting.

Article Ten: Vote on the Formation of the Unified Union District

The proposal for forming the Elmore-Morristown Unified Union District will be presented to the voters of each member school district designated as necessary in Article One on November 3, 2015. The vote will be by Australian Ballot and ballots will not be comingled.

Article Eleven: Starting Date for the Unified Union District

The Elmore-Morristown Unified Union District will commence full educational operations on July 1, 2016.

Article Twelve: Transition Provisions

Article Twelve A: Transition Period

Upon affirmative votes of the electorates of the town school districts which are necessary and upon compliance with 16 V.S.A., Section 706g, the Elmore-Morristown Unified Union District shall have and exercise all of the authority which is necessary in order for it to prepare for full operation beginning on July 1, 2016. The Elmore-Morristown Unified Union District Board of Directors shall, between November 3, 2015 and June 30, 2016:

- Develop District policies;

- Consider the formation of site-based advisory councils;
- Prepare for contractual agreements;
- Prepare and present the budget for Fiscal Year 2017;
- Prepare for the 2016 Elmore-Morristown Unified Union District Annual Meeting; and
- Transact any other lawful business that comes before the board,

Provided, however, that the exercise of such authority by the Elmore-Morristown Unified Union District Board of Directors shall not be construed to limit or alter the authority and/or responsibilities of the Districts of Elmore and Morristown that will remain in existence during the transition period for the purpose of completing any business not given to the Elmore-Morristown Unified Union District Board of Directors.

Article Twelve B: Elmore-Morristown Unified Union Budget for FY 2017

The Elmore-Morristown Unified Union District Board of Directors will develop a budget for FY 2017 to be presented to voters of the member school district at its 2016 Annual Meeting. The Elmore-Morristown Unified Union District Board of Directors shall propose annual budgets in accordance with Title 16 VSA, Chapter 11. The annual budget vote shall be conducted by Australian Ballot.

Any expenses incurred by the Elmore-Morristown Unified Union during the period between November 6, 2015 and June 30, 2016 will be proportionately appropriated, according to the number of enrolled resident students in Elmore and Morristown in their FY 2016 district budgets.

Article Thirteen: Cost Benefit Analysis

The complete cost benefit analysis is shown in [Appendix A](#).

Article Fourteen: Other Priorities

Article Fourteen A: Local Input on Elmore-Morristown Unified Union District Budgets

The Elmore-Morristown Unified Union District Board of Directors shall provide opportunities for local input on annual budget development. A calendar of events will be published at least three months prior to the development of the annual budget and made available to all citizens residing in member communities. The Elmore-Morristown Unified Union District Board of Directors will hold at least one yearly public forum prior to the annual Australian Ballot voting on the proposed fiscal year budget. The proposed annual budgets shall be distributed to all voters in each of the Elmore-Morristown Unified Union District member school communities.

Article Fourteen B: Local Input on Development of Elmore-Morristown Unified Union District Policies

A schedule of board meetings specific to the development of policies will be created by January 1, 2016 and posted in key locations in all member school communities. In addition, specific policies to be considered at given school board meetings will be posted in these same key locations in each of the communities at least ten days prior to the scheduled meeting. Proposed policies will be discussed at the first scheduled meeting which shall serve an official reading and public forum. Proposed policies will be acted upon at a subsequent meeting held at least two weeks later than the first reading.

Additional ways and means to support and encourage public participation in the schools will be established by the Elmore-Morristown Unified Union District Board of Directors during the transition period between November 3, 2015 and June 30, 2016. A minimum of one public forum will be conducted during the transition period to receive input from parents, community members, students and businesses about best ways to communicate and to establish most important items for communication. Information gathered at these forums will contribute to the development of the "Public Engagement Plan." Once developed, the plan will be made available to the school communities.

Article Fourteen C: Supervisory Union Assignment

With approval of these articles of agreement by the Vermont State Board of Education and a successful referendum for the formation of the Elmore-Morristown Unified Union District, the Vermont State Board shall assign the Elmore-Morristown Unified Union District as a Unified Union within the Lamoille South Supervisory Union.

Concurrent with a successful referendum for the formation of the Elmore-Morristown Unified Union District, the Vermont State Board affirms its August, 18, 2015 waiver of 16 VSA§ 266 for a Lamoille South Supervisory Union Board structure comprised of a 7 member board with 3 representatives from the Stowe School District Board (or 40% of the board) and 4 representatives from the Elmore-Morristown Unified Union District Board (or 60% of the board).

Article Fourteen D: Merger Incentives

The Elmore-Morristown Unified Union District elects to receive \$150,000 Transition Facilitation Grant per Sec. 11 of Act 156 of 2012 and as amended by Act 46. This amount will be applied as revenue to offset costs in the FY 2017 Elmore-Morristown Unified Union District Budget.

Appendix A: Cost Benefit Analysis

Elmore-Morristown Unified Union District Executive Summary

Quality and Opportunity: Achievement of High Standards

- All students in Elmore and Morristown will continue to have access to a rich array of high-quality learning opportunities within an aligned PK-12 education system.
- All students in grades 9-12 will have access to public high school choice through Vermont's public high school choice system. Elmore students will no longer have publically funded choice in grades 7-8 or for independent schools.
- All students will benefit from increased stability in the available educational opportunities: (1) due to combined enrollment which supports maintenance of reasonable school sizes; (2) possibilities for program improvement/expansion if savings can be reinvested; and (3) through preventing losses of programs.
- The Elmore School cannot be closed for the first four years of the Elmore-Morristown Unified Union unless the voters of Elmore approve closure; four years is the maximum time period for this provision allowed by law. The Elmore School's future operations will benefit from financial stability within larger operational structure.

Efficiencies, Flexibility and Taxpayer Value

- With full implementation, an estimated savings of \$490,000 can be realized.
- The Elmore-Morristown Unified Union will receive a \$150,000 merger incentive grant.
- Efficiencies can be increased and the sharing of resources across schools will be facilitated with much more flexibility.
- Elmore will experience significant tax rate reductions; Morristown will avoid significant tax rate increases (or program cuts); all will benefit from increased tax rate stability.
- Elmore will contribute \$600,000 less per year in total taxes paid to the Education Fund.
- Morristown will avoid the possible impacts of the loss of \$1,200,000 in revenue.

Transparency and Accountability

- A single financial and accounting system will simplify both revenue and expenditure reporting.
- Local control will expand---all will have a voice in the education of all students, PK-12 in Elmore and Morristown.
- The Lamoille South Supervisory Union board will be comprised of seven (7) members, utilizing proportional representation, including three (3) representatives from the Stowe School District and four (4) representatives from the Elmore-Morristown Unified Union District Board, which provides for proportional representation based upon the census, promotes effective and efficient operations of the supervisory union and ensures that all continue to have a voice in supervisory union operations.
- The Elmore-Morristown Unified Union Board structure provides for representation from each community, ensuring that a broad spectrum of perspectives is represented in the governance of education systems.

Elmore-Morristown Unified Union District
Cost Benefit Analysis Discussion

Quality and Opportunity; Achievement of High Standards

Opportunities and Achievement for All

The Elmore and Morristown School District have a long history of providing rich opportunities which yield strong positive student outcomes for all students who attend our schools. Curriculum, instruction and assessment for students in the elementary grades, whether at Morristown Elementary School or the Elmore School are already aligned and supported through cooperative work between and among the professionals throughout the supervisory union. In addition, regardless of town of residence, all students who attend school in Elmore and/or Morristown Schools have opportunities in supportive learning environments with...

- Students at the heart of our mission.
- An inclusive and increasingly diverse student body.
- Great academic outcomes, for example:
 - high Dual Enrollment and Early College participation, near perfect success rates, and honors;
 - strong AP (Advanced Placement) participation and success rates, including students in grades 10-12;
 - high rates of college aspiration and enrollment.
- Innovative and research-based programs and practices, for example:
 - Technology Integration, partnership with the Tarrant Foundation and UVM
 - Student-led conferences
 - Young Writers’ Project
 - Student Leadership opportunities at all grade levels
 - Independent Studies and Advisory Programs
 - Math and Literacy Labs, Ladders and Extensions
- Great teachers.
 - AP (Advanced Placement) scorers
 - Vermont Mathematics Institute graduates
 - Leaders in educational organizations such as the Vermont Drama Council and New England League of Middle Schools
 - Representatives on the LSSU Curriculum Council and Steering Committees
 - 72% of Morristown and Elmore teachers have their Bachelor’s degree and 45 credits/Master’s Degree or higher post-secondary education
- Just-right class sizes...not too large, not too small.

- A wide array of extracurricular options
 - Sports: 16 VPA sanctioned sports programs for boys and girls in grades 9-12 and 12 for middle level students, numerous state championships, team and individual athlete accomplishments
 - Arts: Band, Chorus, Drama Club, Dance Team, multiple school and community based art shows and performances, numerous ensemble and individual accomplishments and recognitions
 - Academics: National Honor Society, Envirothon, Spelling Team, Math League and Mathathon, Upward Bound, Governor’s Institutes
 - And our own 21st Century After School Program for middle and high school students, UnBound
- Enriching experiences throughout the school day and year, for example in one school year
 - Vermont Symphony Orchestra, Taiko Drummers, Ghana Drummers, No Strings Marionettes, Dinoman, Author’s Visits
 - Skills USA, Science Olympiad, Greening Summit, International Festival, Beyond Bullying Conference, UVM’s Girls and Science Discovery Day
 - Maple Leaf Project, Pinwheel Peace Day, River Study, Walk-to-school, Nationwide Hour of Code, Keewayden Environmental Education Center
 - Exchange and interactive experiences with Drummondville, QC, Nicaragua, Switzerland, Thailand, Senegal
- Supports for healthy students
 - Outstanding food services system, nutrition supports for students
 - On-site clinical counseling services
 - Substance abuse prevention program
 - Tooth Tutor
- Strong community partnerships and programs for students, for example
 - Morristown After School Program
 - Lamoille Family Center
 - Elmore and Morristown Fire Department and the Morristown Police Department
 - Community Based Pre-School Providers
 - And many more...
- Parent and community support and involvement, for example
 - Boosters
 - MES PTO and Community Dinners, Events
 - Alumni Association
 - Parent Nights

- Community service
 - American Heart Association – Jump for Heart
 - Food drives
 - Polar Splash Teams
 - Valentines for the Elmore Post Office

While governance and financial structures have been separate in the past, our educational delivery system has always provided an aligned and robust array of learning opportunities for all students, in Pre-K to grade 12 in Elmore and Morristown.

Choice as an Indicator of Quality

One indicator of quality is reflected in the choices Elmore families have made for school enrollment over the past 11 years. Since the 2004-2005 school year, an average of 83.82% of the Elmore students in grades 7-12 elected to continue in the Morristown School District for their 7-12 education. When families have a choice for their student, 4 out of 5 choose Peoples Academy Middle Level and Peoples Academy for their child.

Year	Elmore Grades 7- 12 Students	Morristown Number of Students	Morristown % Grade 7-12	Stowe Number of Students	Stowe % Grade 7-12	Other Number of Students	Other % Grade 7-12
2004-2005	87	74	85.06%	8	9.20%	5	5.75%
2005-2006	86	70	81.40%	8	9.30%	8	9.30%
2006-2007	79	65	82.28%	9	11.39%	5	6.33%
2007-2008	77	63	81.82%	8	10.39%	6	7.79%
2008-2009	66	54	81.82%	5	7.58%	7	10.61%
2009-2010	57	48	84.21%	3	5.26%	6	10.53%
2010-2011	54	46	85.19%	2	3.70%	6	11.11%
2011-2012	50	42	84.00%	2	4.00%	6	12.00%
2012-2013	48	42	87.50%	2	4.17%	4	8.33%
2013-2014	56	49	87.50%	6	10.71%	1	1.79%
2014-2015	64	52	81.25%	9	14.06%	3	4.69%

(Data is as of November of the each year as calculated for budget development. Actual counts may vary depending upon data source, however the consistent snapshot of data within a fixed annual window provides a reliable picture of trends.)

For those students who still wish to exercise choice, Vermont law provides for public high school choice throughout the state. In a merged district, students in grades 9-12 would have choice to any public high school in Vermont, subject to limits to students exiting and entering each school. Morristown currently has 21 slots for students to leave PA to attend a different public high school. This number would increase in a merged district by 10% of the number of Elmore resident high school students. Each high school sets its own limit regarding the number of students it can receive. For the purposes of statewide public school choice, St. Johnsbury Academy is not a public school. Elmore students would no longer have the option to access

public school choice in 7th and 8th grades. However, all students in both Elmore and Morristown have opportunities to attend other public high schools throughout Vermont.

The Elmore School

The Elmore School has a history of strong academic success, excellent parent involvement, community service by students and strong support from the Elmore community. The Elmore School currently educates up to 20 Elmore resident students in grades 1-3. In recent years, there have been more than 20 Elmore students in grades 1-3, and some students have attended Morristown Elementary School. In part because of the partnership with Morristown School District, the Elmore School itself is very cost effective. The Elmore School is Vermont's last one-room school.

If Elmore was a part of a Unified Union which operated the Elmore School and another elementary school in a Unified Union, the school board has the authority to relocate a school or discontinue its use (16 VSA 563 (7)). The Articles of Agreement of the Elmore-Morristown Unified Union limit the powers of the board for the maximum period allowable, or 4 years. If the Elmore-Morristown Unified Union is formed, for the first four years, the Elmore School can only be closed if a majority of Elmore voters approve.

The continuing operation of the Elmore School is likely contingent on the continuation of high-quality learning opportunities and a cost effective delivery model. As the benefits of the historical partnerships with Morristown illustrate in many areas from professional development, to support services, technical assistance, and administrative services, part of the Elmore School's continued quality is reliant upon outside supports. Within a larger district and with the operating grades as outlined herein, the Elmore School may continue to access these contributions to quality in a cost effective manner. Additionally, the proposed structures expand the pool of students eligible to attend the Elmore School, increasing the likelihood that the school will remain cost effective on a per pupil basis. And lastly, the continued operation of the Elmore School may continue to be advantaged by the stability of a larger operational structure, which is less susceptible to the impacts of fluctuations in enrollments, costs, and tax rate variables.

Efficiencies, Flexibility and Taxpayer Value

While tax rates are calculated based upon per pupil spending, school budgets for districts that operate schools, such as Morristown, are limited in the extent to which they can responsibly increase or decrease budgets on a per student basis. When comparing the budgets of districts that operate schools such as Morristown, to districts that pay tuition, such as Elmore, there is a common misconception that each student costs a certain amount to educate for a year, and the savings (or increase in costs) from paying tuition to a choice school to educating a student within the district could be calculated by comparing the two tuition rates. However, operating school district budgets don't work that way; they work more like a household budget might. So, for example, imagine a household with four bedrooms and family of 5. We can think of the household budget as all of the expenses for maintaining the house, utilities, food, and so forth. If one family member moves out, into a dorm for example, a few of the household expenses would be reduced, but not by 1/5, as the basic costs of maintaining the four bedroom household will be

the same. Ultimately, the cost per family member, now in a household of 4, would go up in this scenario. Similarly, if another child arrives, and now there are 6 family members in the household, the total household expenses may go up a bit, for food and utilities perhaps, but as long as there is room and no significant additions are needed, the cost per family member goes down.

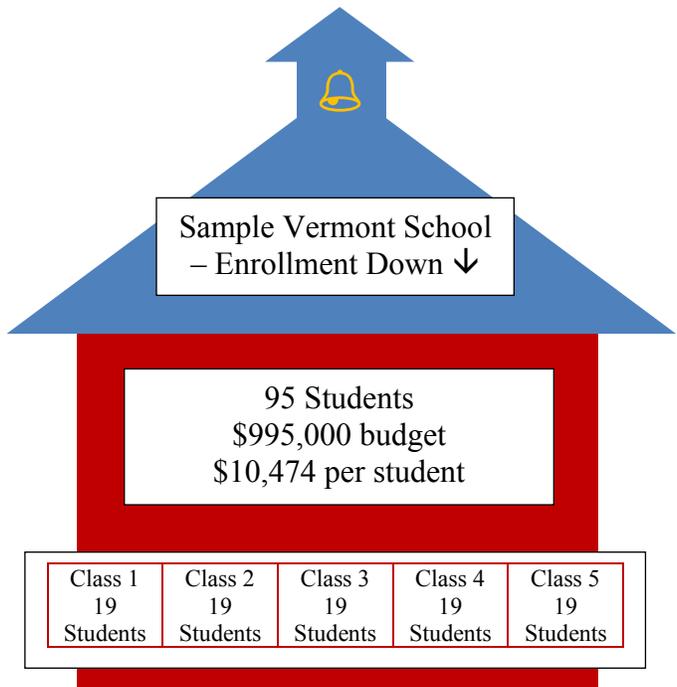
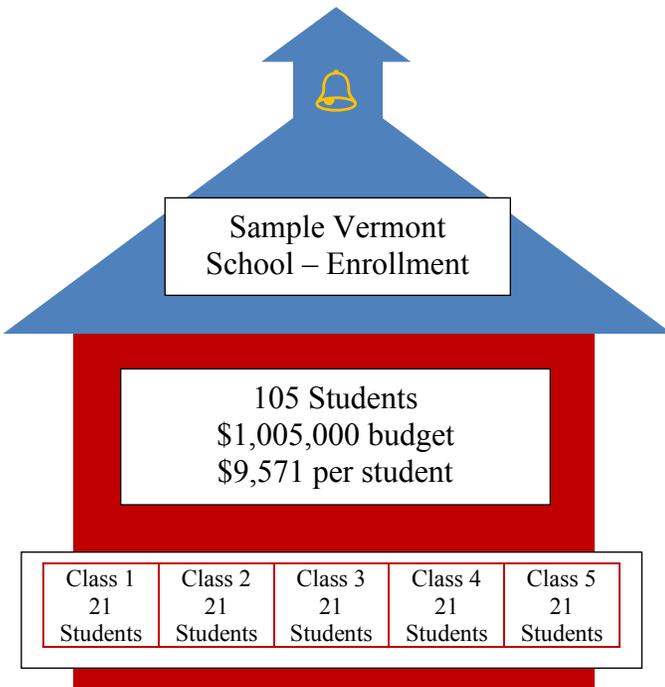
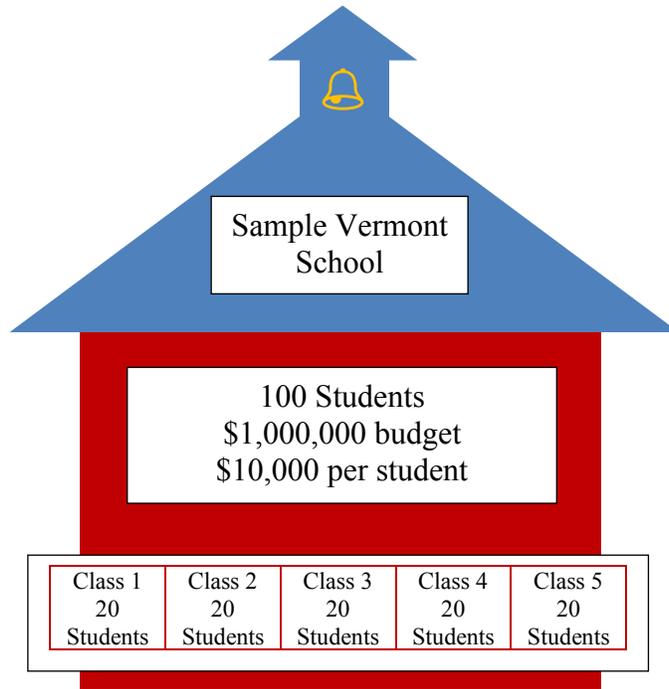
This is how school budgets in districts that operate schools work. Many of the costs are fixed or semi-fixed. Reductions in some budget areas can be accomplished when student enrollment declines, and sometimes more when enrollment declines pass certain thresholds. However, when enrollment declines and expenditures cannot be decreased to match, spending per pupil increases.

Similarly, increases in expenditures are driven by increases in student needs and enrollments beyond certain thresholds. But if the district has the capacity to welcome more students within the current financial and operating structures, the total cost per student will go down. This is an important strategy for increasing efficiency. In Vermont's education funding formula, costs per student drive homestead tax rates, so increased efficiency translates to lower homestead property tax rates.

The following illustration demonstrates how changes in enrollment in operating schools affect spending per pupil and costs. In the illustration below, the major expenses for the Sample Vermont School, which has 5 classrooms, are generally consistent, and an increase or decrease in pupils that does not change the number of classrooms needed, translates only to minor increases or decreases for things like books and supplies. With no changes in expenditures, decreases in enrollment yield increases in spending per pupil. With no changes in expenditures, increases in enrollment lower spending per pupil.

(see Enrollment in Operating Schools - Spending and per Pupil Costs on the following page)

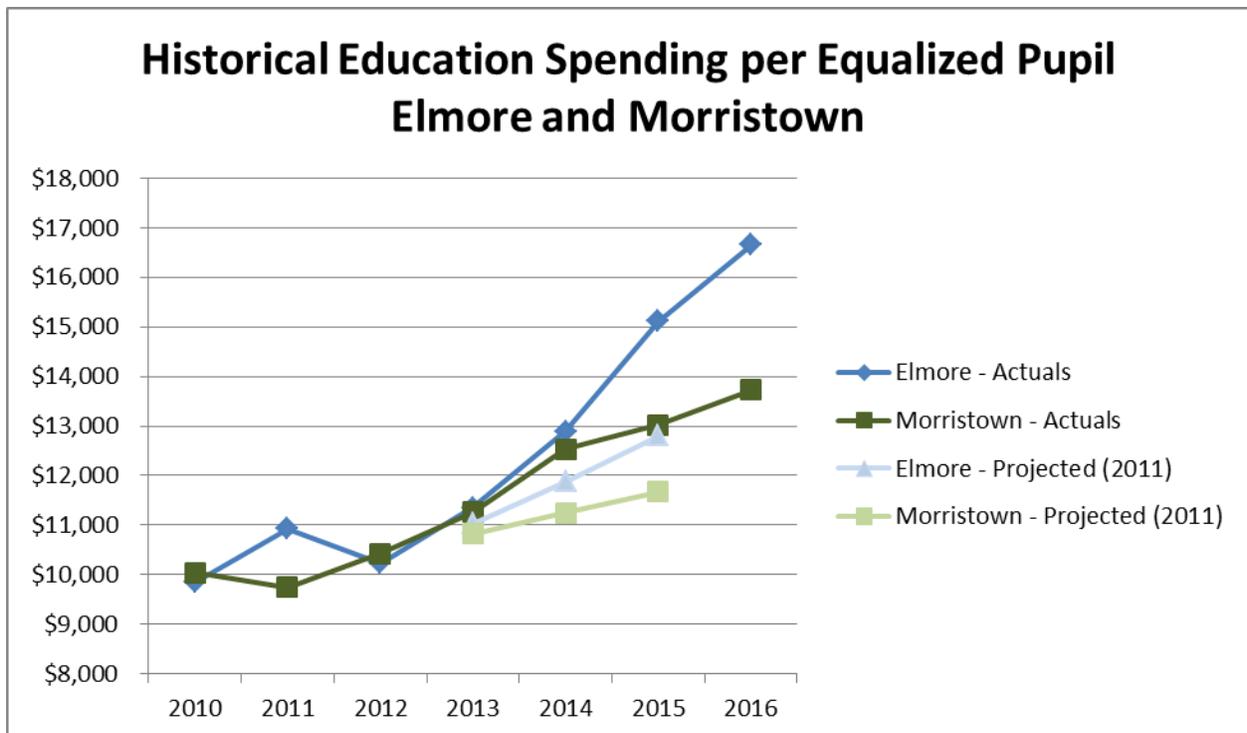
Enrollment in Operating Schools
Spending and per Pupil Costs



Now, looking at the Sample Vermont School where enrollment went down, imagine that there were still 100 students, but 5 students were tuitioned to another school at a rate of \$10,000 per pupil. The expenditures for the 95 students in Sample Vermont School would still be \$995,000, plus, the budget would need to include an additional \$50,000. The total budget for Sample Vermont School, with 95 students in the school and 5 tuitioned to choice schools, would be \$1,045,000, \$10,450 per pupil. Operating a school and paying tuition generally increases costs per pupil.

Tax rates

The Districts of Elmore and Morrystown have been considering issues of sustainability of the current education delivery structure for many years. In 2011, as part of a study regarding the possible formation of a Regional Education District, increases in Education Spending per Equalized Pupil were projected to continue to climb. (Education Spending per Equalized Pupils, or ES/EP figures are a good proxy for homestead tax rates, as this figure is a major factor in tax rates, ES/EPs are based upon local decisions and circumstances, and the formula for calculating ES/EP has been consistent over time.) In hindsight, we know that actual ES/EP for both Elmore and Morrystown increased at rates even more steep than once projected. Increases in ES/EP can be attributed to varying combinations of increases in expenditures, decreases in revenue and decreases in numbers of equalized pupils. These variables have a more pronounced effect in smaller organizations as compared to larger ones. The translation of ES/EP to local homestead tax rates, in all cases, is further compounded by other education funding formula variables, such as statewide rates and the Common Level of Appraisal (CLA).



As we look to the future, past trends suggest the steep inclines will continue unless action is taken to address the factors contributing to the increases. Factors which can be influenced through the proposed change in governance are primarily related to expenditures and enrollment. To inform thinking about future trends in expenditures (education spending) and enrollment, data have been summarized by the Agency of Education in the District Data Profile tool. (See next page.)

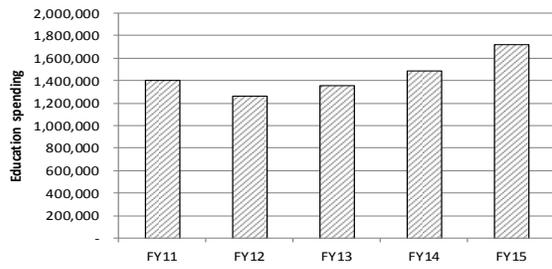
Elmore Financial Data

3A

Elmore

Elmore School District, PK-12

Education Spending, FY11-FY15, up 22.6%

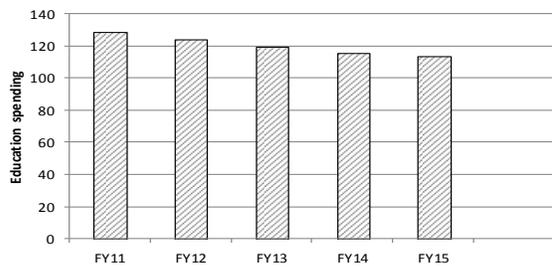


Education spending

	FY11	FY12	FY13	FY14	FY15
Education Spending	1,402,575	1,267,050	1,357,475	1,491,675	1,720,125
Annual change		-9.7%	7.1%	9.9%	15.3%
Change from FY2011 to FY2015					22.6%

Elmore School District, PK-12

Equalized Pupils, FY11-FY15, down 11.4%



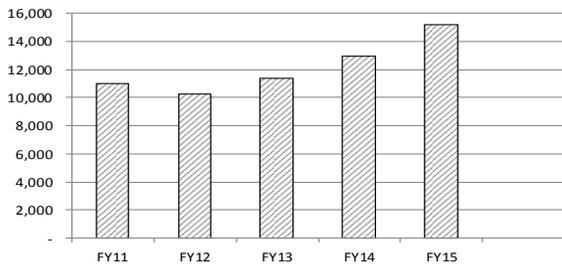
Equalized pupils

	FY11	FY12	FY13	FY14	FY15
Equalized pupils	128.38	123.89	119.55	115.74	113.80
Annual change		-3.5%	-3.5%	-3.2%	-1.7%
Change from FY2011 to FY2015					-11.4%

Current law limits the annual decline in equalized pupils to 3.5%. This calculation is done at the town level as members of union districts are problematical and the town is the taxing entity. Equalized pupil counts are inflated if the calculated count is less than the allowable minimum. Those additional counts are known as the phantom students.

Elmore School District, PK-12

Ed Spending per EqPup, FY11-FY15, up 38.4%

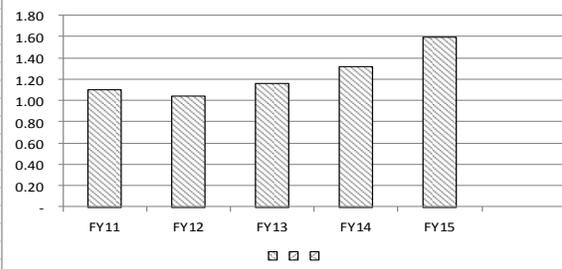


Education spending per equalized pupil

	FY11	FY12	FY13	FY14	FY15
Ed Spend per EqPup	10,925.18	10,227.22	11,354.87	12,888.15	15,115.33
Annual change		-6.4%	11.0%	13.5%	17.3%
Change from FY2011 to FY2015					38.4%

Town of Elmore PK - 12 education rate

Equalized Tax Rate, FY11-FY15, up 45.1%



Equalized tax rate

	FY11	FY12	FY13	FY14	FY15
District equalized rate	1.0997	1.0414	1.1585	1.3239	1.5954
Town ETR including union	1.0997	1.0414	1.1585	1.3239	1.5954
Annual change		-5.3%	11.2%	14.3%	20.5%
Change from FY2011 to FY2015					45.1%

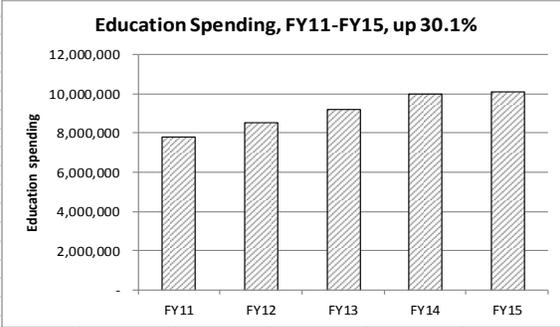
Source: <http://education.vermont.gov/district-data-profile>

Morristown Financial Data

3A

Morristown

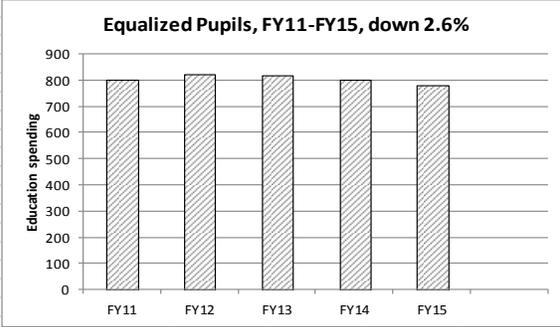
Morristown School District, PK-12



Education spending

	FY11	FY12	FY13	FY14	FY15
Education Spending	7,801,550	8,546,300	9,198,225	10,023,650	10,149,550
Annual change		9.5%	7.6%	9.0%	1.3%
Change from FY2011 to FY2015					30.1%

Morristown School District, PK-12

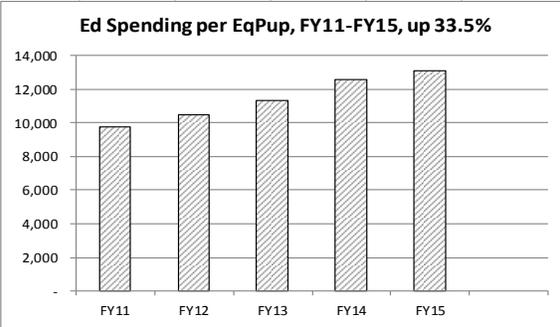


Equalized pupils

	FY11	FY12	FY13	FY14	FY15
Equalized pupils	800.24	820.39	817.10	799.87	779.57
Annual change		2.5%	-0.4%	-2.1%	-2.5%
Change from FY2011 to FY2015					-2.6%

Current law limits the annual decline in equalized pupils to 3.5%. This calculation is done at the town level as members of union districts are problematical and the town is the taxing entity. Equalized pupil counts are inflated if the calculated count is less than the allowable minimum. Those additional counts are known as the phantom students.

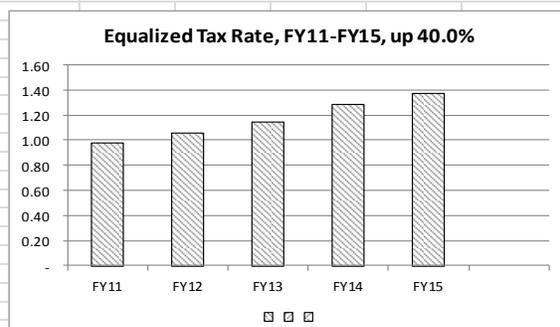
Morristown School District, PK-12



Education spending per equalized pupil

	FY11	FY12	FY13	FY14	FY15
Ed Spend per EqPup	9,749.01	10,417.36	11,257.16	12,531.60	13,019.42
Annual change		6.9%	8.1%	11.3%	3.9%
Change from FY2011 to FY2015					33.5%

Town of Morrilltown PK - 12 education rate



Equalized tax rate

	FY11	FY12	FY13	FY14	FY15
District equalized rate	0.9813	1.0608	1.1486	1.2873	1.3742
Town ETR including union	0.9813	1.0608	1.1486	1.2873	1.3742
Annual change		8.1%	8.3%	12.1%	6.8%
Change from FY2011 to FY2015					40.0%

Source: <http://education.vermont.gov/district-data-profile>

FY 2016 data for Elmore and Morristown for the District Data Profile reflects continuing trends of increased expenditures and declines in equalized pupils.

	Elmore	Morristown
Education Spending	\$2,053,800	\$10,453,700
Annual Change	19.4%	3.00%
Change from FY2011-FY2016	46.43%	34.00%
Equalized Pupils	123.35	761.69
Annual Change	8.4%	-2.30%
Change from FY2011-FY2016	-4.08%	-4.82%
Ed Spending Per Equalized Pupil	\$16,650	\$13,724
Annual Change	10.16%	5.42%
Change from FY2011-FY2016	52.4%	40.78%

Savings for the Elmore-Morristown Unified Union

Using FY 2016 as the basis for financial models, the combined impact of reduced expenditures for tuition (offset by reductions in revenue in Morristown) in a Unified Union District, along with a small reductions for audit and board expenses, can be estimated to be about \$250,000, with grandfathered choice for Elmore resident students in choice placements other than Peoples Academy Middle Level and Peoples Academy. To model savings with full implementation, the total reductions would be \$490,000. These projected expenditure reductions help to reduce rates of per pupil spending, and ultimately tax rates. Morristown has long committed to welcome all Elmore students who wish to continue in Morristown schools in 7-12 grades, and has the capacity to serve all Elmore resident students without increases in expenditures.

Initial Tax Impact for the Elmore-Morristown Unified Union

Actual FY16 - Elmore		Actual FY16 - Morristown	
Local Homestead Tax Rate	\$ 1.684	Local Homestead Tax Rate	\$ 1.367
Local % for Income Sensitivity	3.17%	Local % for Income Sensitivity	2.61%
Projected FY16 Elmore-Morristown Merged with Grants & Grandfathered Choice			
Local Homestead Tax Rate	\$ 1.411	Local Homestead Tax Rate	\$ 1.389
Difference	-\$ 0.273	Difference	\$ 0.023
Local % for Income Sensitivity	2.65%	Local % for Income Sensitivity	2.65%
Difference	-0.52%	Difference	0.04%
Projected FY16 Elmore-Morristown Merged with Grant, without Choice			
Local Homestead Tax Rate	\$ 1.383	Local Homestead Tax Rate	\$ 1.362
Difference	-\$ 0.300	Difference	\$ 0.004
Local % for Income Sensitivity	2.60%	Local % for Income Sensitivity	2.60%
Difference	-0.57%	Difference	-0.01%

*Are these figures different from those discussed at Town Meeting? Yes! Projections based on the FY 2016 budgets have been updated to reflect current data as of 6/3/15.

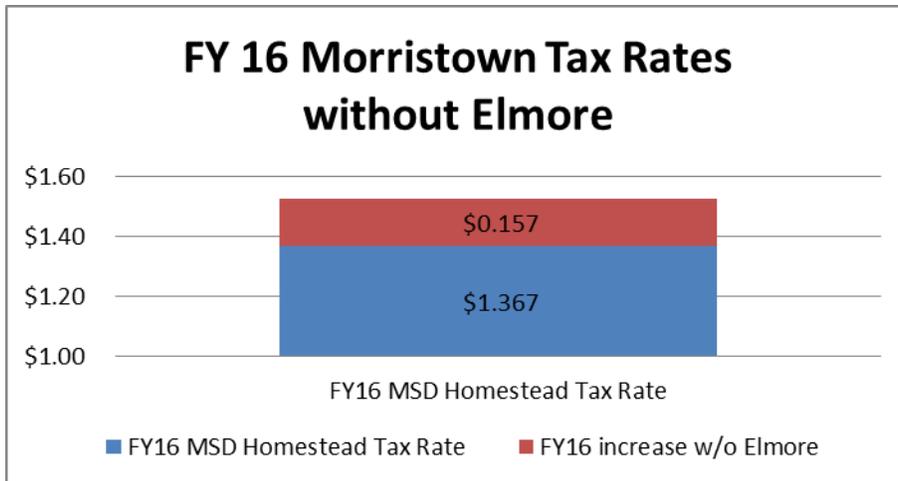
Considerations for Morristown

The long standing partnership between Morristown and Elmore has not only been beneficial to Elmore, but also has had positive impacts for Morristown. In FY 2016, tuition revenue paid by the Elmore School District for Elmore student attending schools in Morristown is estimated to be over \$1,200,000 (\$1.2 Million Dollars). Without Elmore students and the associated revenue in FY2016, Morristown homestead tax rates would have increased by \$0.227 (22.7 cents) from FY2015 to FY2016.

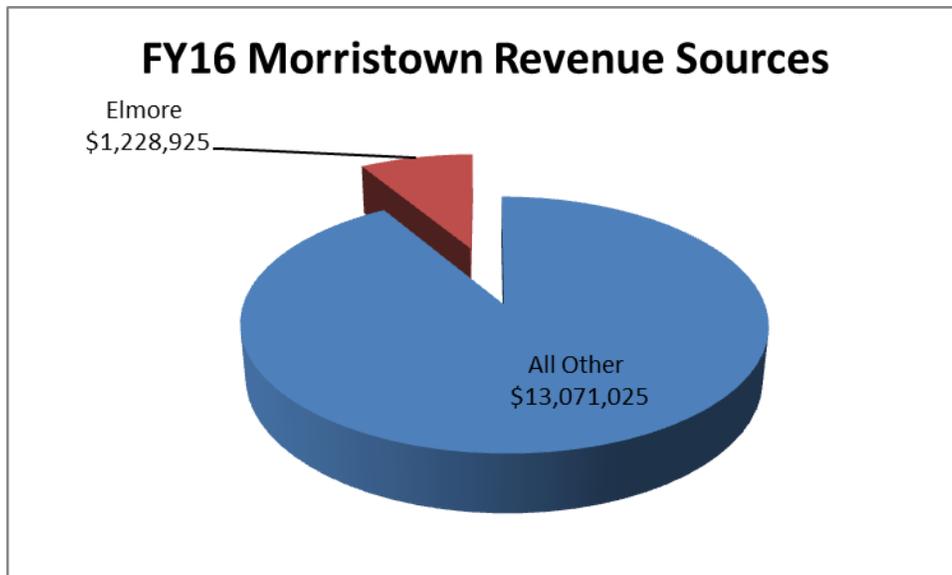
Morristown - without Elmore Revenue				
	FY 2015	FY 2016	Inc/(Dec)	
Budgeted Expenditures	\$ 14,024,725	\$ 14,299,950	\$ 275,225	1.96%
Budgeted Available Revenues	<u>\$ 3,875,175</u>	<u>\$,646,250</u>	<u>(\$ 1,228,925)</u>	-31.7%
EDUCATION SPENDING	\$ 10,149,550	\$ 11,653,700	\$ 1,504,150	14.8%
Equalized Pupils	779.57	761.69	(17.88)	-2.3%
Ed. Spending per Equalized Pupil	\$ 3,019	\$ 5,300	\$,280	17.5%
Base Amount	<u>\$ 9,285</u>	<u>\$ 9,459</u>	<u>\$ 174</u>	1.9%
District Spending Adjustment	140.220%	161.749%	21.53%	15.4%
Base Statewide Homestead Tax Rate	<u>\$ 0.98</u>	<u>\$ 0.99</u>	<u>\$ 0.01</u>	1.0%
Adjusted Equalized Tax Rate	\$ 1.374	\$ 1.601	\$ 0.227	16.5%
Common Level of Appraisal	102.64%	105.10%	2.46%	2.4%
Local Homestead Tax Rate	<u>\$ 1.339</u>	<u>\$.524</u>	<u>\$ 0.185</u>	13.8%
Statewide Non-Homestead Tax Rate	\$ 1.515	\$ 1.535	\$ 0.020	1.3%
Local Non-Homestead Tax Rate	<u>\$ 1.476</u>	<u>\$.461</u>	<u>\$ (0.016)</u>	-1.1%

*Are these figures different from those discussed at Town Meeting? Yes! Projections based on the FY 2016 budgets have been updated to reflect current data as of 6/3/15.

As compared to the actual FY2016 homestead tax rate, the Morristown's tax rate would be \$0.157 (15.7 cents) higher, assuming no reductions in expenditures.



Alternatively, the Morristown School District would have needed to consider reducing the budget 11.9% or \$1,200,000 from the total budget approved by voters. (In 2011, the Morristown School District budget was reduced by \$750,000, which affected over 28 part-time and full-time positions in the district.) Certainly some reductions could be accomplished if there were a significant decline in enrollment, but it would be extremely difficult to accomplish these reductions (think of the household budgeting model, including fixed and semi-fixed expenditures), and the reductions would most certainly impact programs and opportunities for students.



From Morristown’s perspective, instead of revenue from Elmore, the Elmore-Morristown Unified Union would result in a greater number of students, which are counted as equalized pupils in the homestead tax rate formula. Expenditures and revenues would be reduced overall, and the equalized pupil count would increase, thus the net effect using FY2016 for financial modeling would be a \$0.023 cent increase while choice is grandfathered. Again, based on FY2016 models, once choice is phased out, Morristown would see a slight tax rate decrease.

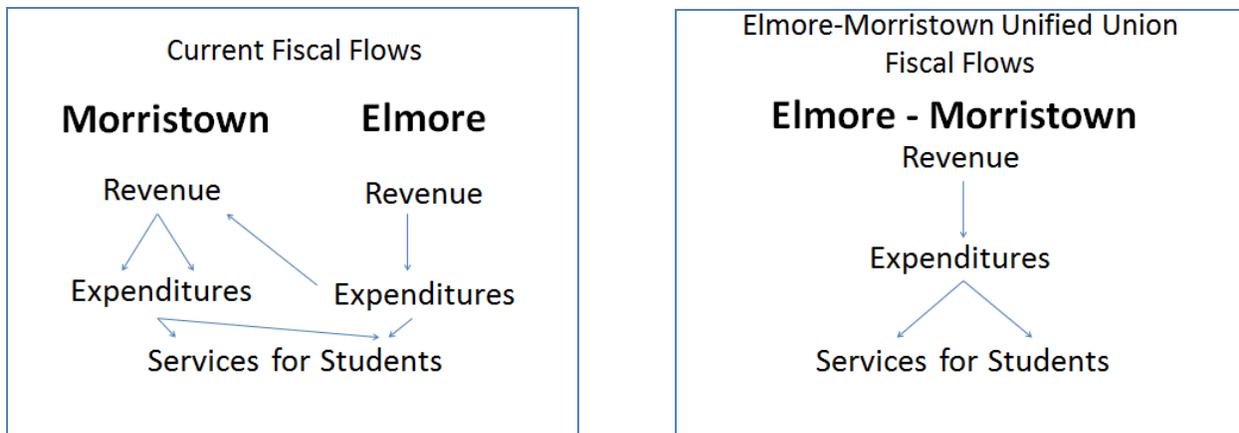
Given Morristown’s recent history of declining equalized pupil counts, stable, predictable enrollment is a valuable asset. Stable equalized pupil counts help in both tax rate stability and in stability of programs and learning opportunities for students.

Considerations for Elmore

What might tax rates look like in Elmore 2017 if the Elmore-Morristown Unified Union is not formed? A number of factors suggest that Elmore’s local homestead tax rate in FY2017 is likely to be in the range of \$2.06-\$2.09, or roughly \$0.38 cents higher than FY2016 rates. This increase is due, in part, to the fact that Elmore will almost certainly exceed the excess spending threshold in FY2017, thus a portion of expenditures will count twice in calculating homestead tax rates. Cumulatively, Elmore residents will be paying roughly \$600,000 less into the Education Fund, if the Elmore-Morristown Unified Union is formed.

Transparency and Accountability

A single financial and accounting system will simplify both revenue and expenditure reporting. While Elmore and Morristown work cooperatively on behalf of students and communities, the communities maintain two separate financial systems and account for expenditures separately. This translates to complicated systems of revenues and expenditures which can be hard to decipher. For example, the Elmore School District may include expenditures for “professional services” for things like school guidance counseling” which are purchased from Morristown and are in the Morristown budget as “personnel costs” with offsetting revenue from Elmore.



It also translates to data and reporting inconsistencies for things like enrollment, staffing and expenditures in state-wide reporting as some required reporting formats don’t accommodate Elmore’s unique operational structure or the unique agreements between Elmore and Morristown for services. Some data sets are too small for public reporting, and combining systems will help a bit in Morristown and significantly in Elmore—more data about student outcomes may be able to be reported. Within simplified data and financial systems, we are still able to dig into data to provide information by school and student.

Local control will expand as all citizens will have a voice in the education of all students, PK-12. Right now, Elmore residents have a voice in the education of the 20 or so students at the Elmore School. In the Elmore-Morristown Unified Union, Elmore residents would have a voice in the education of *all* students in the Unified Union. Morristown residents can be confident in their continued voice in the education of students enrolled in schools currently in the Morristown School District, and expand their voice to those in the Elmore School as well. Whether a resident of Elmore or Morristown, there should be no concerns over competing needs between towns as there is a long history of cooperation.

The Elmore-Morristown Unified Union District Board structure provides for representation from each community, ensuring that a broad spectrum of perspectives is represented in the governance of education systems. (Draft -- costs/benefits to be further articulated after community input and discussion.)

Further, to ensure proportional representation, the Lamoille South Supervisory Union Board has requested that the Vermont State Board of Education grant a waiver of 16 VSA § 266 regarding supervisory union board structure, in the event a Unified Union comprised of the districts of Elmore and Morristown is approved and operational by July 1, 2016. If approved, the board will be comprised of seven (7) members, utilizing proportional representation, including three (3) representatives from the Stowe School District and four (4) representatives from the Elmore-Morristown Unified Union District Board. This waiver will only be effective in the event the voters approve the formation of the Elmore-Morristown Unified Union on November 3, 2015. The requested waiver which provides for proportional representation based upon the census will promote effective and efficient operations of the supervisory union and ensure that all continue to have a voice.