

CHITTENDEN EAST SUPERVISORY UNION

Phase I Governance Study

Study Prepared by: David Ford, Vermont School Boards Association Consultant

Submitted: May 10, 2010

Table of Contents

Governance Study Mission.....	3
Introduction.....	3
Recent CESU Education History	4
Definition of a Unified Union	5
Research Findings	6
The Grade Five Question	10
<i>APPENDIX A: - Supervisory Union Efficiency Comparisons.....</i>	<i>14</i>
<i>APPENDIX B: Unified Union Tax Rates... ..</i>	<i>15</i>
<i>APPENDIX C: UU Tax Rates with Grade Five at Local Elementary Schools</i>	<i>18</i>
<i>APPENDIX D: The Laws that Govern the Creation of Union School Districts</i>	<i>19</i>
<i>APPENDIX E: Glossary of Terms</i>	<i>24</i>

PURPOSE of the CESU GOVERNANCE STUDY

Governance Study Mission

It is the mission of this Vermont School Boards Association Governance Study to research the possible benefits and challenges for forming a Unified Union School District to govern all schools in the Chittenden East Supervisory Union.

The Chittenden East Supervisory Union Executive Committee commissioned this governance study to research the governance of all schools in the district with one unified board in order to maintain quality education opportunities for students at a reasonable cost to tax payers.

This Phase I governance study provides an examination of the key issues that will need further exploration in Phase II to determine if there is interest in creating a formal, unified union governance relationship with the schools in the Chittenden East Supervisory Union.

Introduction

The demographic, economic, and political landscapes for Vermont's schools have experienced substantial changes over the past decade. There has been an increase in the overall population in Vermont but a substantial decline in the number of students in most schools. In addition, both state and federal departments of education have imposed numerous policy requirements, standards, and accountability measures beyond what has ever been experienced in the history of education. The work of school leaders is increasingly complex. Future trends for the United States and world are calling for new content and strategies to educate students of all ages. These factors have resulted in the need for local school boards to look carefully at how they deliver education services. What are the options? How viable are they? What are the benefits and challenges and how will they impact education cost, quality, and efficiency.

Before embarking on a school governance study it makes sense to explain what the term means. Education governance, as defined by the Vermont School Boards Association is:

“In the context of the relationship between school district voters, school boards, school administrators, and the legislative and executive branches of state government, means the assignment of roles and responsibilities to each of those entities, and the organizational structures created to allow each entity to carry out its responsibilities.”

Interpreted in this context, governance means the relationship shared between the voters, school boards, and administrators within and/or outside the Chittenden East Supervisory Union, as well as the State Board and Commissioner of Education.

The Chittenden East Supervisory Union Executive Committee contracted with the Vermont School Boards Association (VSBA) to explore options for creating a formal system that will unify the governance of elementary schools, middle schools, and high

school. The Executive Committee charged the VSBA to research and analyze the creation of a unified union school district, and to compare the cost and efficiency of operations to the existing school governance in the district.

The goal of this phase I study is to provide baseline data that will assist Chittenden East Supervisory Union with framing public policy and developing governance options for the future of the SU. To this end, the study generated data on enrollment history and trends, current school capacity, school budgets, costs per pupil, and applicable state laws regarding education governance.

If the Chittenden East Supervisory Union, after studying the Phase I report, decides to form a unified union school district, a comprehensive study would have to be initiated and completed in accordance with state law 16 VSA § 706. The district voters would have the final say.

The contents of this Phase I report will serve to assist and inform the subsequent study of this option, if pursued. More information about a Phase II study can be found in **Appendix C**.

Throughout this report; references to information in the appendices are made. The reader is urged to carefully review this information to gain context for the reference.

In summary, we congratulate the leaders of CESU for taking proactive steps to prepare for the future needs of students and the SU. If a decision is made to move forward with a governance change, the work ahead in phases II, III, and IV will require future-focused, courageous leadership by all boards and administrators in the SU.

We appreciate the assistance and cooperation extended to us by the Administrators, Central Office Staff and School Board members from Chittenden East Supervisory Union. All of these people were instrumental in enabling us to conduct the necessary research for a thorough study.

We thank the CESU Executive Committee for the opportunity to facilitate the important work related to this Phase I Governance Study.

A Look at the Past as We Consider the Future

Created with the unanimous support of the school districts of Jericho, Underhill and Underhill ID in 1963 and joined by Richmond in 1964, Bolton in 1965 and Huntington in 1967, the Mount Mansfield Union School District currently serves the students in grades 5-12 in the Chittenden East Supervisory Union. After forty-seven years of working effectively together, many of the hopes for the “new union” have been realized. Good student results, strong support of the voters and a respected educational reputation throughout the State of Vermont have encouraged the education leaders to consider the next possible level of collaboration to support the 21st century learning needs of all students.

The Supervisory Union Executive Committee is studying the possibility of uniting the governance of all schools into a single PreK-12 Unified Union School District. Currently, the Supervisory Union works effectively to create common policies and procedures and

has negotiated a supervisory union-wide labor contract for the teaching staff. Both of these accomplishments speak positively about a culture that supports working together systemically. To that end, the VSBA has been contracted to research the pros and cons of creating a unified union and to complete a Phase I Feasibility Study to help inform the decision whether the creation of a unified union (UU) is worthy of further development.

The charge to the VSBA from the CESU Executive Committee is to research the impact of dissolving all current school boards and replacing them with a single board responsible for the educational outcomes for the entire system.

In support of this question, we have provided information that will:

1. define the UU and explain the necessary steps to create such a governance entity;
2. delineate the potential benefits of a UU for students and taxpayers;
3. describe the potential challenges to be faced in the formation of a UU;
4. define the financial impact of forming a UU including tax rates, and asset/liability analysis

Definition of a Unified Union and Steps Necessary to Create One:

What is a Unified Union? Unified union school districts are formed by agreement between participating school districts to operate a single school system for residents of the participating districts. A unified union school district has a school board comprised of representatives of the member district, elected on a one-person-one-vote basis from each district. A unified union school district adopts an annual budget, and member towns pay assessments in accord with the unified union district's articles of agreement.

A unified union means all grade levels are combined into a PK-12 district.

How are they formed? There is a comprehensive statutory process for the formation of unified union school districts. Formation requires an extensive study process (preceded by vote of the electorate *only if the governance study budget exceeds \$25,000*), approval by the State Board of Education and final approval by the electorate of each member district to create the new unified union. Further information regarding the Vermont Statutes that control formation of Union and Unified Union Districts can be found in **Appendix B**.

What are their advantages? Unified union school districts are municipal entities, as are all school districts. As such, unified union school districts have powers to build, finance, own and operate schools. They are therefore stable entities. The level of public participation in unified union school districts is on a par with the level of public participation in "town" school districts.

What are their disadvantages? Unified union school districts are difficult to form and difficult to alter once formed. On occasion, a member district may want to leave a unified union district, or a new district may wish to join an existing unified union district.

May 10, 2010

While there are statutory processes to allow these things to happen, a single district will be unable to enter or leave a union without the assent of other members.

Where are they? There are five unified union school districts in Vermont. Those districts are: Blue Mountain School District (Wells River), Twinfield (Washington Northeast), Waits River (Orange East) and Miller's Run (Caledonia North) and as of March 2, 2010, Addison Northwest Unified Union School District.

Other information about union/unified union districts compared to local districts can be found in **Appendix A**.

Research findings:

Potential Benefits of Creating a Chittenden East Unified Union:

1. Reduced School Board Turnover:

- With one board instead of seven, the number of board members is reduced from 45 to a statutory maximum of 18.
- The annual board turnover average in CESU for the past three years is 24%. The annual Vermont average for the same period is 17%.
- Fewer board and committee meetings and reduced number of board members needed could result in a lower turnover rate and more stable board governance.
- 30 board members allocated for the six K-4 elementary schools while a single 15-member board oversees the education program for grades 5-12.
- 23% of the total CESU expenditures are the responsibility of 30 board members while the remaining 77% is managed by 15 board members.

2. Improved Accountability for K-12 Outcomes:

- The creation of common policies and their consistent application throughout the system is enhanced with a single school board providing oversight for the implementation of those policies.
- Consistent curriculum and program articulation and evaluation across all schools in the system is improved with the superintendent taking direction from one school board that is responsible for oversight of prek-12 education. The ability to allocate resources across the UU based on student needs can be enhanced as single board prioritizes the needs of all students. Increased accountability for the superintendent can be enhanced in a UU.
- Financial transparency is enhanced with a single budget and one board focused on results for all students in the district.

3. Economies of Scale for Business Management:

- District purchasing for all schools will improve the economy of scale and create greater consistency of resource allocation.
- The efficiency and effectiveness of human resources and financial management is enhanced with administration benefits realized with the creation of a single school district.
- One annual audit instead of seven increases systemic oversight of financial records and budget procedures and reduces costs for the entire district.
- Development of one annual budget versus eight in the current system increases efficiency and potential coordination of resources based on the needs of all children in the district.

4. Tax Rate Impact of Forming a Unified Union:

- Financial savings, by governing the district with one board instead of seven, are not significant. However, management of accumulated debt across the UU would result in some reduction in tax rates. Using the FY 10 budgets as a baseline, with one exception, the Homestead Tax Rates are less or nearly the same in the unified union governance structure. The tax rates shown below use the current FY '10 approved budgets to establish a baseline rate structure. More information about these rates can be found in **Appendix B**.

	Current FY10 Local Homestead Tax Rates	Estimated FY10 Unified Union Local Homestead Tax Rates	Difference
Bolton	\$1.3570	\$1.2943	(\$0.0628)
Huntington	\$1.3826	\$1.3712	(\$0.0114)
Jericho	\$1.3282	\$1.3179	(\$0.0103)
Richmond	\$1.1824	\$1.2144	\$0.0320
Underhill Central	\$1.2804	\$1.2821	\$0.0017
Underhill ID (Underhill)	\$1.2882	\$1.2755	(\$0.0127)
Underhill ID (Jericho)	\$1.3192	\$1.3062	(\$0.0130)

5. Increased Income Potential:

- Reduced vulnerability to excess spending threshold penalties and Act 82 two vote requirements, currently in play for smaller schools, can be realized with a UU budget construct.
- The administration and accounting for state and federal grants is more efficient with the single board configuration and the aggregated students.

6. Board decision making for the PreK-12 system is enhanced:

- Unified union school districts are governed by a single school board, which is subject to the one person one vote requirement of the United States Constitution. A unified union school board may have up to eighteen members, and each member district shall be entitled to at least one representative. Board membership must be determined based on the populations of the towns involved.
- To provide for proportional representation the school board can be structured to allow for weighted voting by unified union school board members. Under this system the district could have a board of any size between seven and eighteen members. However, to comply with the one person one vote requirement, board member votes would be weighted in proportion to the census data.

- Composition of the Board for the UU would be very similar to the current MMUSD board:

	Elem.	MMU	UU
Bolton	5	1	1
Huntington	5	2	2
Richmond	5	4	4
Jericho	5	4	4
Underhill	5	2	2
Underhill ID	5	2	2
Total	30	15	15
CESU Totals	30/45	15/45	15

7. Reduced financial exposure for individual districts for necessary capital improvements and operations.

- The assets and liabilities for the entire system are shared equally in a UU system. This reduces the financial risk for any individual district. The following data is taken from the most recent audits of the district's financial operations.
- Currently the schools of CESU have a **total debt of \$9,219,821.00**. This amount would be assumed by the UU as an ongoing cost of operation.
- **Total assets** of CESU would be **\$21,378,266.00** and would be assumed by the UU. Capital improvements are planned for on 30 year cycles. In a UU the bond debt on each school would be shared across the UU.

8. Increased opportunity for school choice within the district

- With the creation of a single unified union district, board options for elementary school choice within the UU can be made available. The choice options would be described in the Articles of Agreement for the UU.

9. Systemic response to fluctuations in student enrollment patterns

- The unified union board would be empowered to address fluctuations in student enrollment in the district, thus smoothing out the sharp spike in homestead tax rates currently in play in each local district when enrollment drops. If a pattern of increasing or decreasing enrollment threatens the viability of the educational program or budget resources, the UU board can adjust the assignment of students to better meet the educational program needs.
- Assignment of instructional staff in a unified union can be adjusted across the district to respond to changing enrollment patterns and student needs.

10. Reduced Superintendent Burnout:

- a. The annual average superintendent turnover rate in Vermont 17%. Candidate pools for superintendent vacancies in Vermont are small. The average number of candidates in current searches is 12 with generally only 3 to 5 possessing the skills and experience to be considered viable candidates. Substantial expenses associated with searches for superintendents are also a feature of high turnover.
- b. The departure of superintendents lead to systemic turbulence and lack of consistency in direction of the system toward improved student results and reduced system accountability.
- c. Currently the co-superintendents prepare and attend 10-12 meetings per month. This requires approximately 54 hours of their allocated time. This equates to 2 ¾ hours per day devoted to meeting preparation and attendance at meetings before any other work of the district is considered.
- d. Systemic oversight and accountability for professional development, curriculum development, human resources, labor negotiations, long range planning for building and grounds all require leadership time from the superintendent. Their effectiveness could be enhanced if the hours/day

currently allocated to prepping, attending, and following up numerous school board meetings could be reduced.

Potential Challenges*:

***While fewer in number than the benefits, do not underestimate the power of these challenges. In fact, they are what work to prevent most unification efforts.**

1. Changes in local control:

- Other SU leaders considering the formation of a UU have encountered public resistance due to a point-of-view that influence and control over the local elementary school program will be diminished with only one board governing all schools in the district.
- Fewer people involved in decision-making for the entire district may seem like as loss of “local” control to district residents.

2. Confusion about lines of communication and the ability to solve problems locally.

- This is commonly coupled with the perception that the UU Board is not able to respond as quickly to citizen concerns/questions as a board with a smaller jurisdiction.

3. Perceived loss of voting power by smaller towns:

- Some communities, who have studied the UU concept, encounter the concern that smaller towns will have reduced influence on the system due to their limited proportional representation on the UU board. Although the number of representatives on the UU board is less than the current five person boards, the UU representation closely follows the proportional representation on the MMUSD board. Larger union school boards, like MMU, are charged to look out for the interests of all students, regardless of their town of residence.

The Grade Five Question:

The phase I study also addresses the feasibility for maximizing facility utilization in an era of declining student enrollment by moving the CESU office out of the Richmond Town Offices into the Camels Hump Middle School. This move would reduce administrative operating costs. In addition, elementary school enrollment has diminished by 12% (382 students¹) since 2000 thus creating adequate space for the return of fifth grade students to each town elementary school. There is strong local interest on the part of some of the elementary parent communities for such a move and, thus, the VSBA has been asked to research cost and program impact for a possible transfer of students from the two middle schools.

¹ CESU student enrollment records

Since 1972, students in grades 5 have been educated in the district's two middle schools. They have been part of a comprehensive grade 5-8 program in Camel's Hump and Browns River Middle Schools. Interest in this change is based on the premise that:

- Declining elementary enrollment at several district schools has elevated per student costs and significantly increased local school tax rates. Education costs could be reduced with the addition of fifth graders to the elementary schools.
- Parental support for educating the grade five students in their elementary school prior to the transition to the middle school program has existed since the middle schools were opened.
- Potential cost savings could be realized by reassigning the Supervisory Union offices and district alternative schools to the middle school spaces vacated by the fifth grade.

What is the impact on the local schools and the middle schools if grade five were returned to local elementary buildings?

Program Impacts:

- If 25% of the middle school students were to be reassigned to the elementary schools, core classroom space would need to be allocated.
- If the current middle school program is to be replicated, instruction in the Arts, Music, Physical Education, and Health would be needed in all six elementary schools. Based on information supplied by CESU administrators, there appears to be existing staff capacity in the elementary schools to accommodate the grade five students for these programs.
- Currently, grade five students in the middle schools receive some instruction in Technology Education and Consumer/Family Science. These programs at the local elementary schools would likely not be replicated.

Facility Impacts:

- Classroom and core spaces for fifth graders would need to be allocated in the local elementary schools. The estimated number of core classrooms needed will be:

School	# current fifth graders	# of core classrooms needed
Brewster Pierce Elem.	32	2
Jericho Elem.	58	3
Richmond Elem.	53	3
Smilie Memorial School	19	1
Underhill Central Elem.	25	2
Underhill ID Elem.	22	1

Will moving fifth graders save money?

- Staff reductions at the middle schools in Consumer/Family Science, Design Technology, Health, Technology, and Administration due to the reduction in student numbers would be possible. Relocation of the Central Offices to current grade five spaces at CHMS would also allow cost reduction. These reductions and the commensurate savings are estimated by the CESU administration as follows:

Staff Reduction Estimates	BRMS	CHMS
Cons/Family Science – 20%	\$15,500	\$9,500
Design Tech. – 20%	\$13,200	\$9,900
Health Ed. – 10%	\$6,600	NA
Assist. Principal – 50%	\$44,200	\$43,000
Technology – 15%	\$10,000	\$7,800
Subtotal	\$89,500	\$70,200
Central Office Rental Savings	\$42,000	
Total Savings	\$201,700	

- Some costs associated with the relocation of grade five students would also be incurred. Conversion of classroom space to office space and additional support services at Richmond and Jericho Elementary Schools would also be necessary due to increased student numbers. Initial estimates for these costs are as follows:

Increased Admin. and Guidance for Richmond Elem.	\$29,000
Increased Admin. for Jericho Elem.	\$15,000
CO space renovations at CHMS	\$20,000/year – 5 yrs.
Total Additional Expenditures	\$64,000

- The **total savings estimated** by moving the fifth grade back to local elementary programs is **\$137,700**.
- Given the scope of the current transportation system it is unlikely that any significant changes in the existing system would be necessary.
- The resulting impact on the Unified Union Homestead Tax Rates is shown below. The savings realized would have minimal impact on the UU Homestead Tax Rates. The predicted reductions would amount to \$5.00 for every \$100,000 of homestead property value in each member community. Further information about these tax rate calculations can be found in **Appendix D**.

Local Homestead Tax Rate Comparison Chart for Grade Five Relocation

	Current FY10 Local Homestead Tax Rates	Estimated FY10 Unified Union Local Homestead Tax Rates (with Grade 5 students remaining at Middle Schools)	Estimated FY10 Unified Union Local Homestead Tax Rates (with Grade 5 students re-assigned to Elementary Schools)
Bolton	\$1.3570	\$1.2943	\$1.2889
Huntington	\$1.3826	\$1.3712	\$1.3656
Jericho	\$1.3282	\$1.3179	\$1.3125
Richmond	\$1.1824	\$1.2144	\$1.2094
Underhill Central	\$1.2804	\$1.2821	\$1.2769
Underhill ID (Underhill)	\$1.2882	\$1.2755	\$1.2703
Underhill ID (Jericho)	\$1.3192	\$1.3062	\$1.3008

APPENDIX A: - Supervisory Union Efficiency Comparisons

Vermont is unique in the structure of supervisory unions. There is great variation in the degree to which supervisory unions coordinate their efforts. The following chart compares traditional supervisory union operations with those identified as potentially more efficient in controlling costs and delivering educational services for students. Unified Unions share characteristics with the Supervisory Union model.

Supervisory Union Operations

Traditional Operation	Potentially More Efficient
Local districts negotiate separate contracts	Single supervisory union negotiated contract for all districts. Ratification by individual member district boards and teachers.
Local districts develop and adopt policies and procedures	Policies are researched and drafted by supervisory union committee and reviewed for adoption by local district boards. Principals and the superintendent develop procedures/guidelines. Boards may review procedures/guidelines to check for alignment with policies. 16 V.S.A. §564(1).
Centralized book keeping in some local districts	S.U. business manager provides financial services for all districts via joint contracts with member districts. 16 V.S.A. §261a (8).
Special education and compensatory services are coordinated for local districts by S.U.	Special education and compensatory services provided for all districts delivered from S.U. office. 16 V.S.A. §261a (6).
Curriculum is articulated by superintendent	Curriculum director coordinates curriculum development and adoption through supervisory union executive committee. 16 V.S.A. §261a (1) & (2).
Local schools create their own in-service programs	Superintendent/curriculum director oversees professional development within supervisory union or as part of a regional collaborative. 16 V.S.A. §261a (5).
Local districts run their own transportation systems	The supervisory union is responsible for the entire transportation system. 16 V.S.A. §261a (8).
Local districts purchase services, equipment, and materials locally	All contracted services, equipment, and materials are purchased through the central office. 16 V.S.A. §261a (8).
Local districts develop and communicate annual school report independently	The supervisory union coordinates all school report information and distributes in a k-12 context.
Local principals respond independently to the media	Central office coordinates communications with the media.
Principals and the superintendent do not articulate particular roles and responsibilities	School boards, principals, and the superintendent identify appropriate leadership roles and responsibilities. [May participate in the Vermont Education Leadership Alliance (VELA) development work.]

APPENDIX B: Unified Union Tax Rates
(Analysis provided by George Cormier – VSBA Consultant)

Chart 1 - Member Towns Listed Alphabetically

	Difference in Local Homestead Tax Rates Actual to UU	Education Spending per Equalized Pupil (K-4)
Bolton	(\$0.0628)	\$13,949
Huntington	(\$0.0114)	\$12,814
Jericho	(\$0.0103)	\$12,894
Richmond	\$0.0320	\$11,646
Underhill Central	\$0.0017	\$12,598
Underhill ID (Underhill)	(\$0.0127)	\$13,106
Underhill ID (Jericho)	(\$0.0130)	\$13,105

Chart 2 – Member Towns Listed by Projected Change in Tax Rates

	Difference in Local Homestead Tax Rates Actual to UU	Education Spending per Equalized Pupil (K-4)
Bolton	(\$0.0628)	\$13,949
Underhill ID (Jericho)	(\$0.0130)	\$13,106
Underhill ID (Underhill)	(\$0.0127)	\$13,106
Huntington	(\$0.0114)	\$12,814
Jericho	(\$0.0103)	\$12,894
Underhill Central	\$0.0017	\$12,598
Richmond	\$0.0320	\$11,646

Chart 3 - Member Towns Listed by Education Spending

	Difference in Local Homestead Tax Rates Actual to UU	Education Spending per Equalized Pupil (K-4)
Bolton	(\$0.0628)	\$13,949
Underhill ID (Underhill)	(\$0.0130)	\$13,106
Underhill ID (Jericho)	(\$0.0127)	\$13,106
Jericho	(\$0.0103)	\$12,894
Underhill Central	\$0.0017	\$12,598
Huntington	(\$0.0114)	\$12,814
Richmond	\$0.0320	\$11,646

It is clear from the charts above that education spending per equalized pupil at the K-4 level is the most significant factor in determining how the development of a unified union school district will impact the local homestead tax rate differently in each community. Towns with higher K- 4 education spending per equalized pupil in the current configuration will benefit more and towns with a lower education spending could well see an increase in their local homestead tax rate.

The following is a brief explanation.

All the member school districts base their current homestead tax rates on two factors. The first is the homestead tax rate based on their local grades K-4 budget and the second is the homestead tax rate generated by Mount Mansfield Union School District (MMUSD) for grades 5-12. These two homestead tax rates are apportioned by each town based on the percentage of grade K-4 equalized pupils and MMUSD equalized pupils in each town. The combination of these two apportionments results in the town's equalized homestead tax rate.

Currently, the K-4 equalized homestead tax rate in each town, other than Richmond, is higher than the proposed K-12 unified union equalized homestead tax rate. (The replacement of the MMUSD equalized homestead tax rate with the unified union homestead tax rate has the same effect on all the communities, which is approximately a 2.5 cent rate increase for every school district.

- The implementation of a unified union equalized tax rate has the effect of replacing the higher K-4 equalized tax rates in all towns, except Richmond, with a lower K-12 equalized homestead tax rate.
- Since Richmond's K-4 equalized homestead tax rate is currently lower than the K-12 unified union tax rate, the implementation of a unified union has the effect of raising the K-4 equalized homestead tax rate for Richmond.

The equalized homestead tax rate in each town is affected by the Common Level of Appraisal (CLA) to determine the local homestead tax rate for each town. The lower a town's CLA, the greater the effect in determining the local homestead tax rate.

- Currently, the CLA's in the member towns range from a low of 88.83% in Huntington to a high of 100.30% in Richmond.
- Therefore, changes in the local equalized homestead tax rate will have the greatest effect in Huntington and the least effect in Richmond.

Given the charts and information above, it appears that Huntington benefits more than other member towns. Why is this?

- Huntington has the second highest percentage of K-4 equalized pupils in the current system. Eliminating this factor and replacing it with a K-12 unified union equalized homestead tax rate benefits Huntington more than most other member towns.
- The equalized homestead tax rate benefit identified above for Huntington is then magnified by the fact that it currently has the lowest CLA of any member town.

Why is Richmond the only member district with a tax rate increase?

- Richmond's K-4 equalized homestead tax rate is less than the proposed K-12 unified union equalized homestead tax rate. Therefore, the introduction of the unified union equalized tax rate results in a tax rate increase. No other member district experiences this at the K-4 level.
- Richmond, like all member districts, experiences the approximately 2.5 cent increase in the transition from the MMUSD equalized tax rate to the proposed unified union equalized tax rate.
- Richmond's CLA is 100.30% and therefore is not a factor.

APPENDIX C: Unified Union Tax Rates with Grade Five at Local Elementary Schools

(Analysis provided by George Cormier – VSBA Consultant)

The local homestead tax rate comparison chart below provides you with the current local homestead tax rates for all CESU member districts, the projected unified union local homestead tax rates, and the projected local homestead tax rates that result from the reassigning Grade 5 students to their respective elementary schools based on information provided by CESU administrators that results in a net unified union expenditure reduction of \$137,700.

The local homestead tax rate effect of reassigning Grade 5 students to their elementary schools is a reduction of approximately five tenths of a cent in the local homestead tax rate or \$5 for every \$100,000 of homestead property value in each member community.

Please note that any discussion of computing local homestead tax rates for reassigning grade 5 students to their respective elementary schools outside the concept of a unified union is a much more complicated process requiring many more adjustments. Not only must the financial implications be considered at each individual entity rather than across the unified union, but a reconciliation of the number of equalized pupils being reassigned from BRMS and CHMS to the various elementary schools must occur in order to accurately re-compute the melded local homestead tax rates. It is also possible that Bolton’s Small School Grant amount might need to be evaluated based on an increase in the number of pupils.

Local Homestead Tax Rate Comparison Chart

	Current FY10 Local Homestead Tax Rates	Estimated FY10 Unified Union Local Homestead Tax Rates (with Grade 5 students remaining at Middle Schools)	Estimated FY10 Unified Union Local Homestead Tax Rates (with Grade 5 students re-assigned to Elementary Schools)
Bolton	\$1.3570	\$1.2943	\$1.2889
Huntington	\$1.3826	\$1.3712	\$1.3656
Jericho	\$1.3282	\$1.3179	\$1.3125
Richmond	\$1.1824	\$1.2144	\$1.2094
Underhill Central	\$1.2804	\$1.2821	\$1.2769
Underhill ID (Underhill)	\$1.2882	\$1.2755	\$1.2703
Underhill ID (Jericho)	\$1.3192	\$1.3062	\$1.3008

APPENDIX D : The Laws that Govern the Creation of Union School Districts

16 VSA § 701. POLICY

It is declared to be the policy of the state to provide equal educational opportunities for all children in Vermont by authorizing two or more school districts, including an existing union school district, to establish a union school district for the purpose of owning, constructing, maintaining, or operating schools and to constitute the district so formed a municipal corporation with all of the rights and responsibilities which a town school district has in providing education for its youth.

§ 701b. APPLICATION OF CHAPTER

(a) Whenever referred to in this subchapter, the term “school district” shall include a “town school district,” “incorporated school district,” “union school district,” or “city school district,” and this subchapter shall accordingly apply to the organization and operation of a union school district of which any school district is a member or prospective member. The provisions of this subchapter shall apply and take precedence in the event of any conflict between those provisions and the provisions of the charter of a municipality which is a member or prospective member of a union district. Upon the organization of a union district under this subchapter, any charter of a member municipality is considered to be amended accordingly without further action.

§ 706. PROPOSAL TO FORM PLANNING COMMITTEE

When the boards of two or more school districts believe that a planning committee should be established to study the advisability of forming a union school district, or if five percent of the voters eligible to vote at the last annual or special school district meeting petition the board of their respective school districts to do so, each of the boards shall meet with the superintendent of each participating district. With the advice of the superintendent, the boards shall establish a budget, and shall fix the number of persons to serve on the planning committee, that prepares the report required by this subchapter. The boards’ proposal shall ensure that each participating district share in the committee’s budget, and be represented on the committee, in that proportion which the equalized pupils (as defined in section 4001 of this title) of the district bear to the total equalized pupils of all school districts intending to participate in the committee’s study. Nothing in this section shall be construed to prohibit informal exploration between and among school districts prior to the formation of a planning committee.

§ 706a. APPROVAL OF PLANNING BUDGET; APPOINTMENT OF PLANNING COMMITTEE

(a) If the proposed budget established in section 706 of this chapter exceeds \$25,000.00, then:

- (1) The voters of each participating district shall be warned to meet at an annual or special school district meeting to vote on a question in substantially the following form: “Shall the school district of appropriate funds necessary to support the district’s financial share of a study to determine the advisability of forming a union school district with some or all of the following school districts:? It is estimated that the

district's share, if all the above-listed districts vote to participate, will be \$..... The total proposed budget, to be shared by all participating districts, is \$.....” It is not necessary for the voters of each participating district to vote on the same date to establish a union school district planning committee.

- (2) If the vote is in the affirmative in two or more districts, the boards of the participating districts shall appoint a planning committee consisting of the number of persons previously fixed. At least one school director from each participating district shall be on the committee. A district board may appoint residents to the committee who are not school directors.
 - (3) The sums expended for planning purposes under this section, shall be considered a part of the approved cost of any project in which the district participates pursuant to sections 3447 through 3449 of this title.
- (b) If the proposed budget established in section 706 of this chapter does not exceed \$25,000.00, then the boards of the participating districts shall appoint a planning committee consisting of the number of persons previously fixed. At least one school director from each participating district shall be on the committee. A district board may appoint residents who are not school directors to the committee. The sums expended for planning purposes under this section shall be considered a part of the approved cost of any project in which the district participates pursuant to sections 3447 through 3449 of this title.

§ 706b. PLANNING COMMITTEE; CONTENTS OF PLANNING COMMITTEE REPORT

- (a) Planning committee. When a planning committee is appointed, the members shall elect a chair who shall notify the commissioner of education, of the appointment. The commissioner shall cooperate with the planning committee and may make department staff available to assist in the study of the proposed union school district. The committee is a public body pursuant to 1 V.S.A. § 310(3). The committee shall cease to exist when the clerk of each district voting on a proposal to establish a union school district has certified the results of the vote to the commissioner of education pursuant to section 706g of this chapter.
- (b) Decision and report. The planning committee may determine that it is inadvisable to form a union school district or it may prepare a report in the form of an agreement between member districts for the government of the proposed union school district. In making its determination, the committee may contact additional school districts it believes may be advisable to include within a new union school district. If the committee decides to recommend formation of a union school district, its report shall specify:
 - (1) the names of school districts the committee considers necessary to the establishment of the proposed union; provided, however, only districts named in the warning for the vote under section 706a of this chapter may be identified as necessary;
 - (2) the names of additional school districts the committee considers advisable to include in the proposed union school district;

- (3) the grades to be operated by the proposed union school district;
- (4) the cost and general location of any proposed new schools to be constructed and the cost and general description of any proposed renovations;
- (5) a plan for the first year of the union school district's operation for the transportation of students, the assignment of staff, and curriculum that is consistent with existing contracts, collective bargaining agreements, or other provisions of law. The board of the union school district shall make all subsequent decisions regarding transportation, staff, and curriculum subject to existing contracts, collective bargaining agreements, or other provisions of law;
- (6) the indebtedness of proposed member districts that the union school district shall assume;
- (7) the specific pieces of real property of proposed member districts that the union shall acquire, their valuation, and how the union school district shall pay for them;
- (8) the allocation of capital and operating expenses of the union school district among the member districts;
- (9) consistent with the proportional representation requirements of the equal protection clause of the Constitution of the United States, the method of apportioning the representation that each proposed member district shall have on the union school board. The union school board shall have no more than 18 members, and each member district shall be entitled to at least one representative;
- (10) the term of office of directors initially elected, to be arranged so that one-third expire on the day of the second annual meeting of the respective districts, one-third on the day of the third annual meeting of the respective districts, and one-third on the day of the fourth annual meeting of the respective districts, or as near to that proportion as possible;
- (11) the date on which the union school district proposal will be submitted to the voters;
- (12) the date on which the union school district will begin operating schools and providing educational services; and
- (13) any other matters that the committee considers pertinent, including whether votes on the union school district budget or public questions shall be by Australian ballot.

§ 706c. APPROVAL BY STATE BOARD OF EDUCATION

If a planning committee prepares a report under section 706b of this chapter, the committee shall transmit the report to the commissioner who shall submit the report with his or her recommendations to the state board of education. That board after notice to the planning committee and after giving the committee an opportunity to be heard shall consider the report and the commissioner's recommendations, and decide whether the formation of such union school district will be for the best interest of the state, the students, and the school districts proposed to be members of the union. The board may request the commissioner and the planning committee to make further investigation and may consider any other information deemed by it to be pertinent. If, after due consideration and any further meetings as it may deem necessary, the board finds that the formation of the proposed union school district is in the best interests of the state, the students, and the school districts, it shall approve the report submitted by the committee, together with any amendments, as a final report of the planning committee, and shall give notice of its action to the committee. The chair of the planning committee shall file a copy of the final report with the town clerk of each proposed member district at least 20 days prior to the vote to establish the union.

§ 706d. VOTE TO ESTABLISH UNION SCHOOL DISTRICTS

Each school district that is designated in the final report as necessary to the proposed union school district shall vote, and any school district designated in the final report as advisable to be included may, vote on the establishment of the proposed union school district. The vote shall be held on the date specified in the final report. The vote shall be warned in each proposed member school district by the school board of that district, and the vote shall be by Australian ballot, at separate school district meetings held on the same day and during the same hours. The polls shall remain open at least eight hours. Early or absentee voting as provided by sections 2531 to 2550 of Title 17 shall be permitted. The meetings shall be warned as a special meeting of each school district voting on the proposal. The school board of a school district designated as "advisable" in the proposed union school district may choose not to hold a meeting to vote on the question of establishing the union school district; provided, however, it shall warn and conduct the meeting on application of ten percent of the voters in the school district.

§ 721a. WITHDRAWAL FROM DISTRICT

- (a) A school district that is a member of a union school district may vote to withdraw from the union school district if one year has elapsed since the union school district has become a body politic and corporate as provided in section 706g of this title.
- (b) When a majority of the voters of a school district present and voting at a school district meeting duly warned for that purpose votes to withdraw from a union school district the vote shall be certified by the clerk of the school district to the secretary of state who shall record the certificate in his or her office and give notice of the vote to the commissioner of education and to the other member districts of the union school district. Within 90 days after receiving notice, those member districts shall vote by Australian ballot on the same day during the same hours whether to ratify withdrawal of the member district. Withdrawal by a member district shall be effective only if approved by an affirmative vote of each of the other member school districts within the union school district.

- (c) If the vote to ratify the withdrawal of a member district is approved by each of the other member districts, the union school district shall notify the commissioner of education who shall advise the state board of education. At a meeting held thereafter, if the state board finds that the pupils in the withdrawing district will attend a school that is in compliance with the rules adopted by the board pertaining to educational programs, the board shall declare the membership of the withdrawing school district in the union school district to end as of July 1 immediately following or as soon thereafter as the obligations of the withdrawing district have been paid to, or an agreement made with, the union school district in an amount satisfactory to the electorate of each member district of the union school district. The board shall give notice to the remaining member districts in the union of its meeting and give representatives of the remaining member districts an opportunity to be heard. It shall then determine whether it is in the best interests of the state, the students, and the school districts remaining in the union district for the union to continue to exist. The board may declare the union dissolved as of July 1 immediately following or as soon thereafter as each member district's obligations have been satisfied, or it may declare that the union shall continue to exist despite the withdrawal of the former member district. The state board of education shall file the declaration with the secretary of state, the clerk of the withdrawing district, and the clerk of the union school district concerned.
- (d) A vote of withdrawal taken after a union school district has become a body politic and corporate as provided in section 706g of this title but less than one year after that date shall be null and void.

§ 722. UNIFIED UNION DISTRICTS

If a union school district is organized to operate grades kindergarten through 12, it shall be known as a unified union district. On the date the unified union district becomes operative, unless another date is specified in the study committee report, it shall supplant all other school districts within its borders, and they shall cease to exist. If provided for in the committee report, the unified union district school board may be elected and may conduct business for the limited purpose of preparing for the transition to unified union district administration while the proposed member school districts continue to operate schools. The functions of the legislative branch of each preexisting school district in warning meetings and conducting elections of unified union school district board members shall be performed by the corresponding board of alderpersons of a city or city council, the selectboard of a town, or the trustees of an incorporated school district as appropriate.

§ 723. TRANSITION TO UNIFIED UNION SCHOOL DISTRICT ADMINISTRATION

On the day the establishment of a unified union school district becomes effective, the district gains title to the assets and assumes the existing contractual obligations and other liabilities of the member school districts within its borders unless otherwise agreed to by the member districts in the approved plan for the formation of the unified union school district; provided, however, the unified union school district shall in all cases assume the contractual obligations of the member districts regarding each existing collective bargaining agreement or other employment contract until the agreement's or contract's expiration. All trust funds held or enjoyed by a preexisting district shall be held and applied as the terms of the trust indicate. If such trust

May 10, 2010

allows, the funds may be applied for the use of the unified union school district. Within five days of the day a unified union school district becomes effective, the treasurer of each preexisting school district shall pay by check to the treasurer of the unified union school district the full amount of the balance standing in his or her school account and transfer to him or her all outstanding notes and contracts in force. All other officers of the preexisting school districts shall transfer to the corresponding officer of the unified union school district all instruments and other documents giving evidence of the assets, liabilities, and contractual status of the district.

APPENDIX E: Glossary of Terms

ADM - Average Daily Membership count of resident and state-placed students who receive an elementary or secondary education at public expense. Resident students are counted during the period from the 11th to the 30th day of the current school year

CLA - The Common Level of Appraisal is an adjustment to listed property values that the state calculates annually for each town to adjust the listed value of properties to reflect fair market value as nearly as possible. Explanation of the CLA calculation is printed on the back of the property tax bill.

Education Spending - The amount of the school district budget, technical center payments made on behalf of the district, and any amount added to pay a deficit, which is paid for by the school district, but excluding any portion of the school budget paid for from any other sources such as endowments, parental fund raising, federal funds, nongovernmental grants, or other state funds such as special education.

Equalized Pupils - In the Act 68 funding formula, students are assigned different weights/priorities that trigger receipt of additional services. Services include factors of poverty, English as a Second Language, and special education..

FTE - Full-Time Equivalent is a term used to communicate full or part-time status of a student or staff member.

Governance - The relationship between school district voters, school boards, school administrators, and the legislative and executive branches of state government, and the assignment of roles and responsibilities to each of those entities, and the organizational structures created to allow each entity to carry out its responsibilities.

Homestead Tax Rate - The rate of tax on the value of principal dwelling and parcel of land surrounding the dwelling owned and occupied by a resident as the individual's domicile.

CESU - Abbreviation for the Chittenden East Supervisory Union, the entity that provides administrative and management services for Bolton, Huntington, Jericho, Richmond, Underhill Central, and Underhill ID School Districts.

Public School - Means an elementary school or secondary school for which the governing board is publicly elected. A public school may maintain evening or summer schools for its pupils and it shall be also considered a public school.

Secondary School - Legal term used for students educated in grades 7-12.

Small Schools Grant - Annually awarded to small schools that have a two-year average combined enrollment of fewer than 100 students or an average grade size of 20 or fewer; maximum grant \$2500 per student.

Special Education - To the extent required by federal law, specially designed instruction, at no cost to parents or guardian, to meet the unique educational needs of a child with a disability, including classroom instruction, instruction in physical education, home instruction, and instruction in hospitals and institutions.

Supervisory Union - An administrative, planning, and educational service unit created by the state board, which consists of two or more school districts; Supervisory Unions are often referenced in this report as an "SU."

Union School District (USD)- A union school district is established when voters from two or more school districts agree jointly to own, construct, and operate schools.

Unified Union District - A unified union school district is a union school district that serves grades K-12. When two or more towns form a unified union school district, each town elects representatives to form one school board (Blue Mountain Union and Twinfield Union and Addison Northeast Unified Union are examples).

V.S.A. - Vermont Statutes Annotated are the state laws that govern the delivery of education service