



Act 46: Unification

Act 46 is designed to encourage and support local decisions while exploring opportunities to unify existing education governance structures.

Initial Implementation of Act 46

Rebecca Holcombe
January 5, 2016

Overview:

- Why we are doing this?
- Progress to date?
- Clarifications and choices on the way?

Julia Dunn,
Student member, CESU board

Equity, Quality, Opportunity

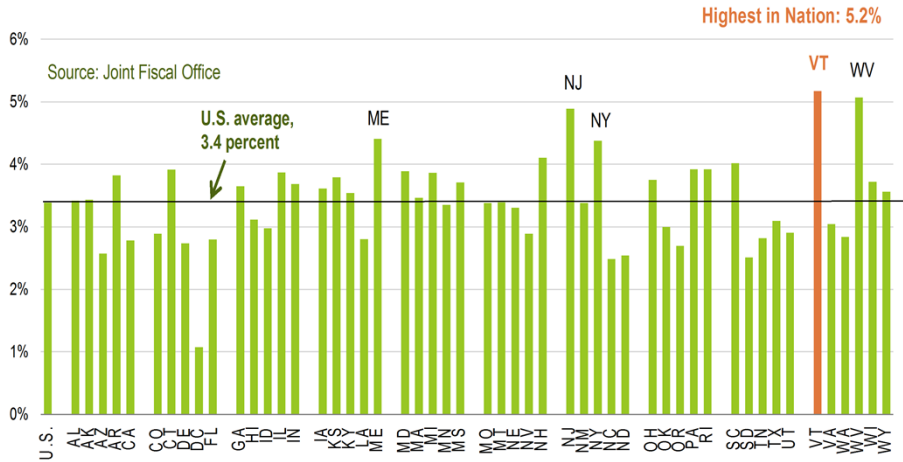


We are able to share resources so that when kids come together at the high school, they have all had the same good opportunities and can be at the same level.

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State and local revenues to K-12 education as a share of GSP (2011-12)

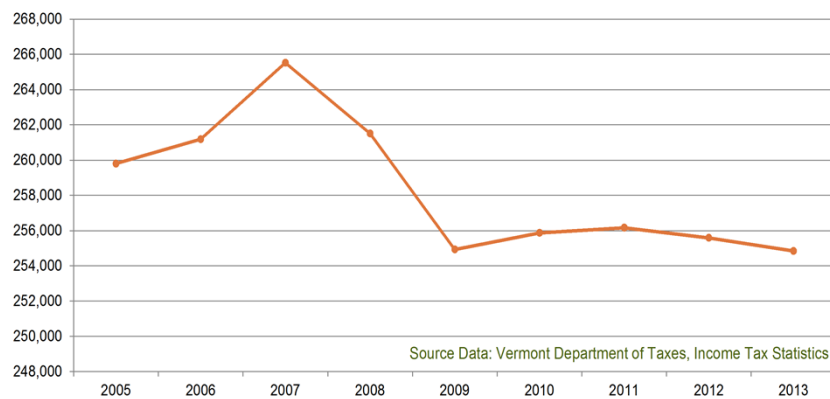


Thank you to Rep. Oliver Olsen for the image.

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Fewer state income tax returns for resident taxpayers under age 65



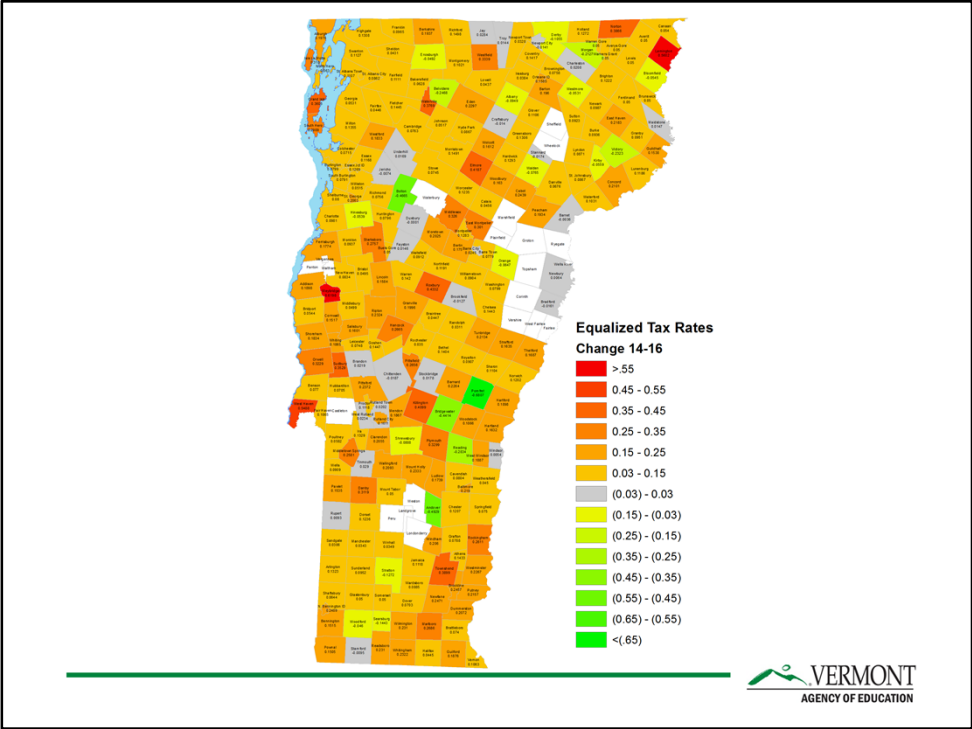
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The state's unemployment rate remained at 3.7 percent last month, but there was a sharp drop in the number of Vermont employees — 2,050 fewer than the previous month. That means more Vermonters have left the work force.

We have a shrinking tax base.





Governance Activity to Date

Estimated 15 Votes expected before July 1, 2016:

- 8 supervisory unions have notified the AOE they are pursuing accelerated mergers
- We believe 2 more are pursuing accelerated mergers
- 1 accelerated merger was approved by voters
- AOE expects several RED or RED variation votes as well

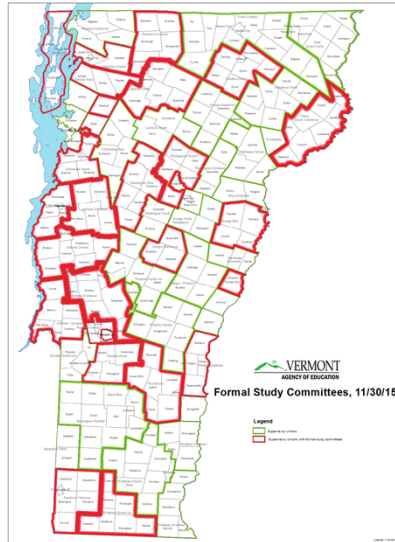
Also:

- 23 active Section 706b study committees to our knowledge
- Additional conversations about mergers across SU lines (including regional conversations)

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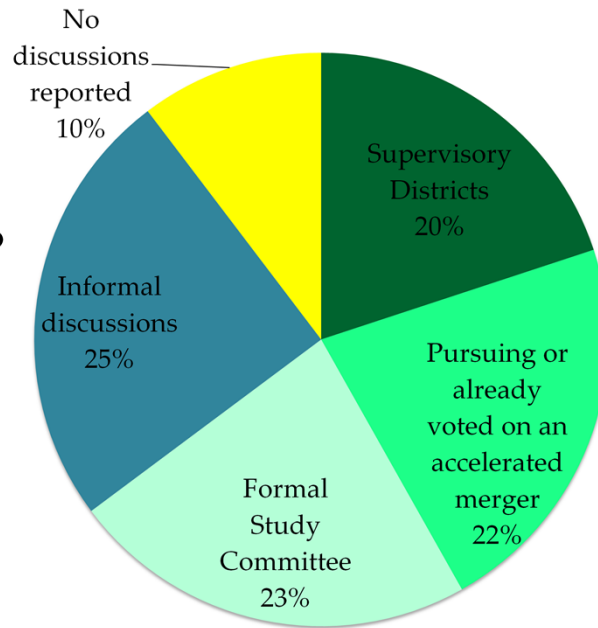
Governance Activity to Date by Region



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**Governance
Activity by %
of Average
Daily
Membership
(Students)**
(as of Nov. 30, 2015)



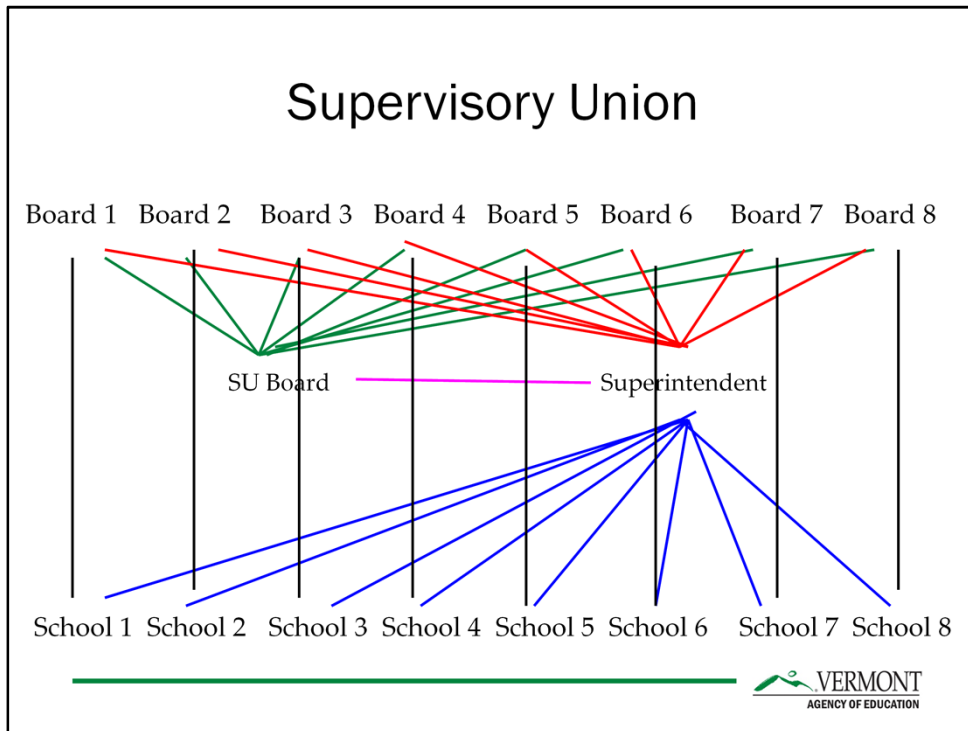
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Clarifications and Choices

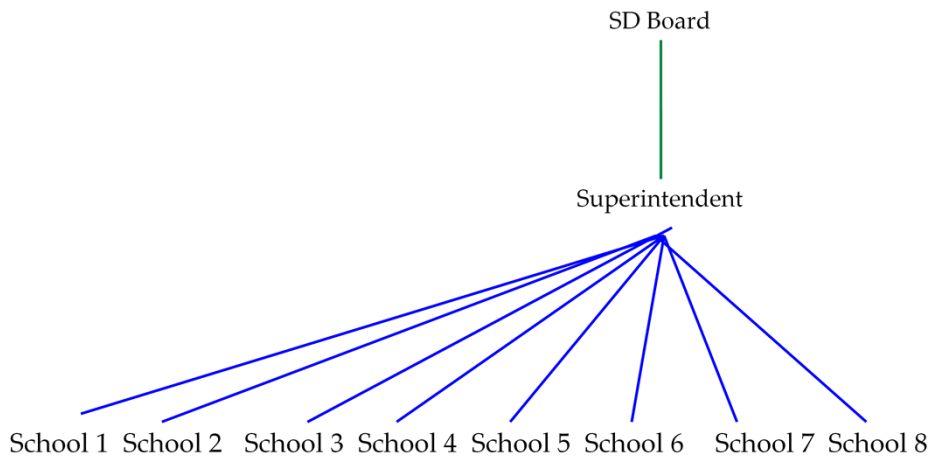
Clarification



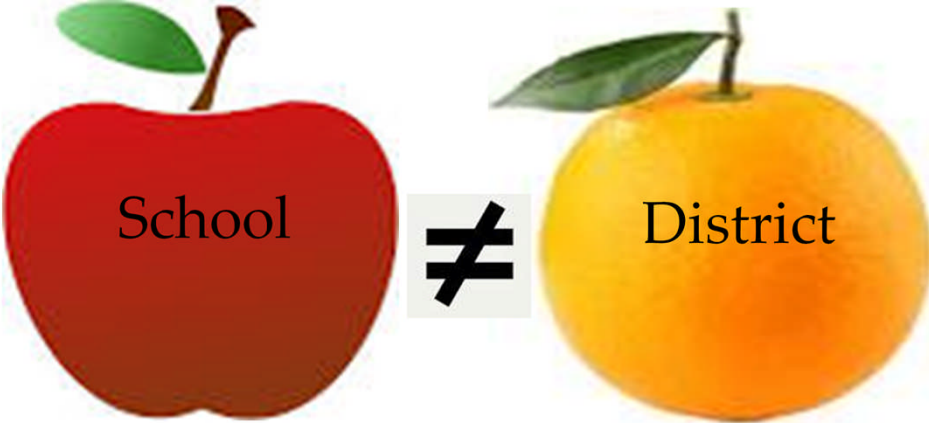


- Creates a large SU budget not subject to public approval
- Multiple lines of accountability
- Job is challenging, particularly in smaller systems, much narrower role,
- Duplication of effort
- Struggle to manage processes for grants for so many systems, as opposed to one coordinated system
- So small, so much tied up in overhead that not actually doing many of things expected
- Contributes to turnover
- Symptom: some stuff just doesn't get done.

Supervisory District



Clarification



Clarification: Difference between districts and schools

Districts:

- Either operate school(s) or tuition district students to schools (public or private).
- Set a budget to cover the costs of either operating or tuitioning, and providing access.

Schools:

- educate children
- have parent councils and traditions
- can be public or private



(Shelburne News)

Clarification: Tuitioning and Operating

To Operate or Not Operate? That is the Question...



Under current statute,
only districts get to
decide by a vote of the
electorate to operate
or tuition.

Tuitioning and Operating



Purposes of Education

- Democratic equity (Education as a public good, shared community purpose, common opportunities)
- Social and economic efficiency (Education as a public good, workers for the workforce)
- Individual advancement: “getting ahead” (Education as an individual good, use market competition to incentivize quality)

**Note that these are contradictory goals.
Schools will never “succeed.”**

Thank you to David Labaree, Stanford University, for framing.

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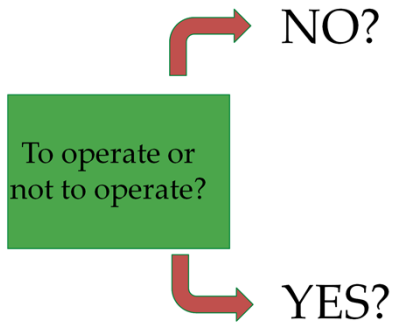
No strategy is perfect.
All strategies present challenges.
 Different choices mean different challenges.

District Structure:	Main Challenges:
Operating	Meeting individual needs within one system. If very small, controlling costs.
Tuitioning	Ensuring equity of opportunity, controlling costs.
Operate at some levels and tuition at others	All of above, can mitigate with scale.

These are typical challenges, although local circumstances may vary.



To Operate or Not Operate?



Tuitioning and Operating

If you **tuition**...

To operate or not to operate?

NO: Required to tuition at some or all levels. Parents get to select where kids go, unless board designates.
Primary challenges: Cost containment and equity.

Act 46, Section 45: Parents of secondary students choose a school in or out of the state unless the district votes to designate up to three VT schools (generally for purposes of cost containment).

YES

Challenge of Equity

Where publicly-funded tuition students attend school

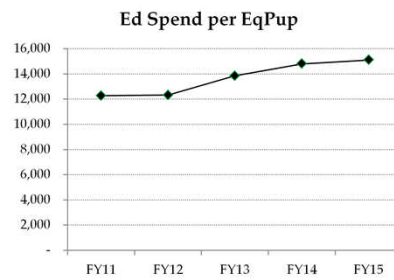
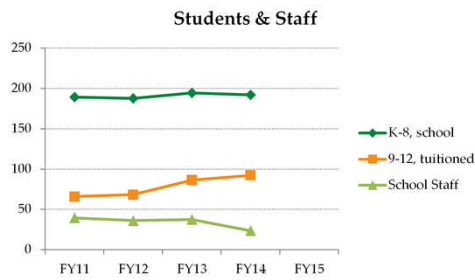
Type of School	Number of publicly funded students <i>enrolled</i>	% of those publicly-funded students with an IEP	% of those publicly- funded students who are living in poverty
Four Vermont "Academies"	1,948	12.27%	24.90%
Approved Independent Schools EXCLUDING schools for only students with disabilities	828	10.39%	27.54%
Publicly tuitioned students attending VT Public Schools	2,614	22.88%	34.85%
All Vermont Public Schools	77,611	14.67%	40.13%

Tuitioning and Operating



Challenge of Cost

Costs can also rise as **more students for whom tuition must be paid move into the district**. If a budget fails, only local school costs can be reduced.



Tuitioning and Operating



If you operate...

NO

To operate or
not to operate?

YES: Operate.
Primary challenge:
Maintaining quality
and breadth of
opportunities.

VSA 16, §822 (c):
School board may choose to
pay tuition for an individual
student if it is in the best
interests of the child.
Act 129 of 2012 allows
students to apply to attend
any other public high school
in the state; money does not
follow the child.

Tuitioning and Operating



Value for Dollars?

Do students in these VT public high schools have comparable opportunities? Do they have the opportunities they deserve?

School A:

Mathematics:

General Math
Pre-Algebra
Algebra I
Algebra II
Geometry
Trigonometry
Pre-Calculus
Calculus
AP Calculus AB
Business Math
Probability and Statistics—Other
Math Proficiency Development

School B:

Mathematics:

Integrated Math
Problem Solving
Pre Algebra
Algebra I
Junior Math

VT Operating and Tuitioning Options

To operate or not to operate?

NO: Required to tuition at some or all levels. Parents get to select where kids go, unless board designates.
Primary challenges: Cost containment and equity.

YES: Operate.
Primary challenge: Maintaining quality and breadth of opportunities.

Act 46, Section 45: Parents of secondary students choose a school in or out of the state unless the district votes to designate up to three VT schools (generally for purposes of cost containment).

VSA 16, §822 (c): School board may choose to pay tuition for an individual student if it is in the best interests of the child.
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Tuitioning and Operating



What would be the likely impact of tuitioning while operating?

Scenario 1



50 kids
Per pupil cost: \$14,000

Total operating budget:
\$700,000

Scenario 2



50 kids
Per pupil cost: \$14,000
45 attend, 5 tuition students

Either:

Cut operating budget to \$630,000 and pay \$70,000 in tuition. (Total budget of \$700,000).

OR

Level fund operating budget and **increase total expenditures** to \$770,000

Tuitioning and Operating

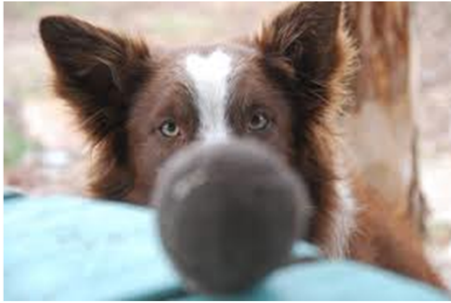


Voters make the choice.



Advice to Communities

Identify and focus on YOUR goals and culture



What is it you want most?

- Start by clarifying your goals and core commitments.
- The RIGHT strategy is a function of local commitments and regional conditions.
- None of us can have everything, but we can get what we need.

Choices



Guildhall



- Only 20 students in grades K-5
- Project only 10 students in 2018
- Expected per pupil costs to rise from \$12k to about \$20k
- Decided to close school and tuition

Choices

Bridgewater and Pomfret

- Declining enrollments, rising taxes
- Wanted a community school
- Closed the Bridgewater school and now jointly operate the Prosper Valley School



	FY14	FY15	FY16
Bridgewater	1.633	1.693	1.511
% Change		3.69%	-10.74%
Pomfret	1.731	1.748	1.452
% Change		0.98%	-16.94%

Choices



Elmore



- Tax rate increased \$0.15 between FY15 and FY16
- Projected to increase the same in FY17, which will put them over the threshold
- Holding a revote on a merger with Morrystown
- If revote fails, Board expects a \$0.35 tax increase

Choices

North Bennington



NB ID School District decided to not operate a school.

FY15: North Bennington students attended elementary school in 5 schools in 4 towns.

North Bennington ID tax rate has gone up about 20% from FY13 to FY16. The State as a whole has gone up about 16% in that time.

Choices



Bolton



FY14 ETR = 1.5538

FY15 ETR = 1.7162

FY16 ETR = 1.6304 ←

The new entity tax rate is 1.5450 and with the 8 cents off, the incentive rate is 1.4651. Bolton is in the four year transition period that limits a tax rate increase or decrease to 5%. Under that limit, Bolton's rate can only go down to 1.6304

Choices



. Bolton's tax rate will continue to go down at that rate each year as long as the new district rate remains lower.

Weybridge

FY16:
The Education Fund sent \$366,140 to Weybridge beyond what it raised off its local homestead base.



Town Equalized Homestead Rates

	FY2014	FY2015	FY2016
Weybridge	1.635	1.881	2.015

Hard Choices



- About a 7% increase in one year, 15% the year before.
- Growing correlation between wealth of town and tax rate
- 50 kids
- Student teacher ratio of 9.6 to 1
- One of lower poverty rates and higher median incomes in state

The Challenge





We have one education fund.

Are individual districts making decisions we can all afford?

Are we making decisions that take care of our most vulnerable children?

The Challenge



One education fund
Most towns now spending more than they could raise off their homesteads

Caution: tax incentives are a means to an end, not an end in themselves

- Tax benefits cover transition costs, then go away.
- Don't make changes for the sake of short term tax reductions that were designed to offset transition costs.



The Challenge



“I think the community made a really good case that we’re better off together than we are separated. We’re trying to do what’s best for the students in this community, so that’s been the impetus.”

John Alberghini, CESU

The Challenge





Laws & Regulations

Act 46: Unification to Achieve Sustainable Governance



What is Act 46?
 Act 46 of 2015 is an opportunity for districts and supervisory unions to unify existing disparate governance structures into sustainable systems of education delivery that are designed to meet identified State goals, while recognizing and reflecting local priorities. [Learn more.](#)



What are my options?
 There are several different routes to take that may provide incentives for communities that voluntarily merge.
[Learn more.](#)

- [Phase 1: Accelerated](#)
- [Phase 2: REDs and Variations](#)
- [Phase 3: Conventional](#)
- [Study Committee Worksheet](#)



FAQs and Other Resources
 The Agency has provided answers to frequently asked questions and clarification regarding Act 46 and the related Acts 153 (2016) and 156 (2016). Links to other related resources are also listed. [Learn more.](#)

<http://education.vermont.gov/laws/2015/act-46>