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1 **Potential Governance Proposal – Minimum SU and District ADM**

2 Sec. 1. INTEGRATED, EQUITABLE, AND COST-EFFICIENT

3 EDUCATION SYSTEMS

4 (a) On or before July 1, 2019, the State shall provide educational
5 opportunities through governance structures that promote increased equity of
6 opportunity and greater cost efficiency. These governance structures will be in
7 one of two models: either a prekindergarten – grade 12 district or a
8 supervisory union with member districts. Both models shall serve a student
9 population that meets or exceeds an established minimum average daily
10 membership either by operating a school or schools or paying tuition for
11 students in one or more grades, or a combination of both.

12 (b) It is not the State’s intent to close its small schools, arguably the source
13 of its academic success, but rather to ensure that those schools enjoy the
14 expanded opportunities and economies of scale available in one of the two
15 larger governance models.

16 (c) Given that a prekindergarten – grade 12 district facilitates the sharing of
17 resources, costs, and opportunities among several schools — many of which
18 may suffer from dwindling enrollment — a prekindergarten – grade 12
19 governance model best suits the goals of the State. As a result, the incentives
20 offered in this act are most generous for districts that choose to create a
21 prekindergarten – grade 12 district.

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1 (d) Expanded supervisory unions also meet the State’s basic goals,
2 however. Districts that do not currently meet the requisite size either as a
3 prekindergarten – grade 12 district or as a member of a supervisory union may
4 choose to expand the size of their supervisory union, retaining their current
5 school boards. The State shall reimburse a portion of the design and transition
6 costs for districts choosing this governance model.

7 (e) It is the intent that each prekindergarten – grade 12 district or a
8 supervisory union created under this act shall advance State education goals
9 by:

10 (1) providing equitable access to high quality educational opportunities
11 that meet the educational quality standards adopted by the State Board
12 pursuant to 16 V.S.A. § 165;

13 (2) fostering stable leadership by developing and supporting both school
14 and district leaders;

15 (3) hiring, training, supporting, and retaining excellent-administrators,
16 teachers, and staff;

17 (4) maximizing the effective, flexible, and efficient use of fiscal, human,
18 and facility resources to support student achievement and success, with a goal
19 of increasing the district-level ratio of students to full-time equivalent staff;

20 (5) promoting budgetary stability, leading to less volatility for
21 taxpayers;

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1 (6) accounting for and reporting financial information in accordance
2 with Generally Accepted Accounting Principles and in a manner that promotes
3 transparency and public accountability and supports a statewide integrated data
4 collection system;

5 (7) increasing parental and community engagement at the school level;
6 and

7 (8) promoting a shared commitment to a strong, flexible, and coherent
8 system.

9 SEC. 2. REQUIRED MINIMUM AVERAGE DAILY MEMBERSHIP

10 (a) Average daily membership.

11 (1) On or before July 1, 2019, pursuant to the processes and criteria set
12 forth in this section, each school district in the State shall fulfill at least one of
13 the following two criteria:

14 (A) Prekindergarten – grade 12 district size. The district shall:

15 (i) be responsible for the education of all resident prekindergarten
16 through grade 12 students, either by operating a school or schools or paying
17 tuition for students in one or more grades, or a combination of both; and

18 (ii) have an average daily membership of no fewer than 900
19 students.

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1 (B) Supervisory union size. The district shall be a member of a
2 supervisory union that has an average daily membership of no fewer than
3 1,500 students.

4 (2) On or before July 1, 2015, using the most current data available, the
5 Secretary of Education shall publish on the Agency’s website a list of each
6 school district (the Identified District) that does not meet the requirements of
7 subdivision (1) of this subsection.

8 **(b) School districts: self evaluation; declaration; proposal.**

9 (1) Self evaluation. On or before [DATE #1], the board of each school
10 district in the State shall evaluate the district’s governance structure and the
11 educational opportunities it offers and shall meet with the boards of one or
12 more other districts, inside or outside the supervisory union, or both, to discuss
13 ways to provide educational opportunities in the region in a more equitable and
14 cost-efficient manner.

15 (2) Declaration.

16 (A) On or before [DATE #1], the board of a district that is not an
17 Identified District may submit a letter to the Secretary declaring the district’s
18 decision to retain its current governance structure and demonstrating why this
19 decision supports its ability to provide educational opportunities in the region
20 in an equitable and cost-efficient manner.

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1 (B) Notwithstanding subdivision (A) of this subdivision, the board of
2 a district that does not meet the requirements of subdivision (a)(1)(A) of this
3 section (prekindergarten – grade 12 district size) may submit a declaration
4 under this subdivision only if it submits the declaration jointly with the boards
5 of all member districts of the supervisory union pursuant to subdivision
6 (a)(1)(B) of this section (supervisory union size).

7 (3) **Proposal.** Each Identified District and any other district that did not
8 submit a declaration pursuant to subdivision (2) of this subsection shall form a
9 study committee with one or more other districts within or outside its
10 supervisory union, or both, pursuant to 16 V.S.A. chapter 11 to consider how
11 best to meet the requirements of subsection (a) of this section and to provide
12 educational opportunities in the region in a more equitable and cost-efficient
13 manner. On or before [DATE #2], each study committee shall perform one of
14 the following two actions:

15 (A) **Prekindergarten – grade 12 district.** The study commit shall
16 submit a report to the Secretary and State Board of Education pursuant to 16
17 V.S.A. chapter 11 proposing to form a unified union school district that meets
18 the requirements of subdivision (a)(1)(A) of this section and confirming that:

19 (i) the report shall be presented to the electorate for a vote on or
20 before [DATE #3]:

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1 (ii) the new district shall become operational on or before July 1,
2 2019; and

3 (iii) the report, if approved by the State Board of Education and
4 subsequently by the electorate of each “necessary district,” shall be the new
5 district’s articles of agreement pursuant to chapter 11 and shall:

6 (I) decide issues specified in 16 V.S.A. § 706b, including
7 ownership of buildings, representation on the new district board, and whether
8 votes on the budget and other issues will be by Australian ballot;

9 (II) decide issues of particular interest to the local communities,
10 such as the conditions under which the new district would be permitted to close
11 an existing school building; and

12 (III) provide for the election of an initial school board prior to
13 the first day of the new district’s existence in order to transition to the new
14 structure by negotiating and entering into contracts, preparing an initial
15 proposed budget, adopting policies, and otherwise planning for implementation
16 of the new district.

17 **(B) Expanded supervisory union.** The study committee shall
18 submit a petition to the State Board pursuant to 16 V.S.A. 261 proposing that
19 the State Board adjust existing supervisory union boundaries to create a new
20 supervisory union that meets the requirements of subdivision (a)(1)(B) of this
21 section and that would become operational on or before July 1, 2019.

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1 **(c) Evaluation by the State Board of Education.**

2 (1) Isolated districts. When evaluating a report or petition presented to
3 it pursuant to subdivision (b)(3)(A) or (B) of this section, the State Board shall
4 be mindful of any other district in the region that may become geographically
5 isolated or would otherwise be an inappropriate member of another
6 prekindergarten – grade 12 district or supervisory union. At the request of the
7 State Board, the Secretary shall work with the potentially isolated district and
8 other districts in the region to move toward a governance model that is
9 designed to achieve the requirements set forth in subsection (a) of this section.
10 The State Board is authorized to deny approval to a proposed report or petition
11 that would geographically isolate a district that would not be an appropriate
12 member of another prekindergarten – grade 12 district or supervisory union in
13 the region.

14 (2) Supervisory union budgets. When evaluating a petition to adjust
15 existing supervisory union boundaries pursuant to subdivision (b)(3)(B) of this
16 section, the State Board may approve the supervisory union structure only if
17 the structure ensures transparency and accountability in relation to the
18 supervisory union budget, which may include a process by which the electorate
19 votes directly whether to approve the proposed supervisory union budget.
20 Pursuant to 16 V.S.A. § 261(d), the State Board may waive requirements of 16
21 V.S.A. chapters 5 and 7 if necessary to facilitate the vote.

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1 **(d) Incentives.**

2 **(1) Prekindergarten – grade 12 district.** A new district created
3 pursuant to subdivision (b)(3)(A) of this section that obtains a final favorable
4 vote of each “necessary district” on or before [DATE #3] and that becomes
5 operational on or before July 1, 2019 shall receive in the first fiscal year of
6 operation a grant in an amount equal to \$400.00 multiplied by the total number
7 of students in the new district in that year.

8 **(2) Expanded supervisory union.** A new supervisory union created by
9 the State Board of Education pursuant to subdivision (b)(3)(B) of this section
10 that becomes operational on or before July 1, 2019 shall receive in the first
11 fiscal year of operation reimbursement of legal and other costs of transition in
12 an amount not to exceed \$20,000.00.

13 **(e) Compliance with minimum average daily membership.**

14 **(1) If a district or group of districts subject to subsection (b) of this**
15 **section does not complete the process required by that subsection by forming a**
16 **new prekindergarten – grade 12 district or expanded supervisory union that**
17 **will become operational on or before July 1, 2019 (the Remaining Districts),**
18 **then the Secretary shall develop a proposal by which the Remaining Districts**
19 **shall be realigned to the extent possible to meet the requirements of subsection**
20 **(a) of this section. Notwithstanding the provisions of subsection (a), if it is not**
21 **possible or practicable to realign one or more Remaining Districts in a manner**

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1 that meets the requirements of that subsection, then, in connection with the
2 District or Districts, the proposal shall be designed in a manner that serves the
3 best interests of the resident students, the local communities, and the State.

4 The Secretary shall submit the proposal to the State Board on or before [DATE
5 #4].

6 (2) On or before [DATE #5], the State Board shall approve the
7 Secretary's proposal in its original or an amended form, and publish its order
8 realigning the Remaining Districts on the Agency's website.

9 (3) The new prekindergarten – grade 12 districts and expanded
10 supervisory unions created under this subsection shall be operational on or
11 before July 1, 2019.

12 (4) For a new prekindergarten – grade 12 districts that will be created by
13 the State Board's order, the order shall:

14 (A) include one or more models of initial articles of agreement
15 addressing issues required by 16 V.S.A. § 706b that will govern the actions of
16 the new districts until such time as each district adopts its own amended
17 articles, including the method of apportioning the representation on the new
18 district's board, whether votes on the budget and other issues will be by
19 Australian ballot, and the conditions under which the new district would be
20 authorized to close a school building;

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1 (B) establish transition procedures and guidance necessary for the
2 creation of each new district, including provisions for:

3 (i) the election of an initial board prior to the first day of the new
4 district’s existence in order to transition to the new structure by negotiating and
5 entering into contracts, preparing an initial proposed budget, hiring a
6 superintendent, adopting policies, and otherwise planning for the district’s
7 implementation;

8 (ii) assumption of debt;

9 (iii) ownership and management of property; and

10 (iv) the transition of employees to the new employer, including
11 membership in collective bargaining units; and

12 (C) ensure that no school employee subject to employment transition
13 under the order will experience a detrimental change in status within the
14 Vermont Municipal Employees’ Retirement System.

15 (f) **Interstate school districts.** This section shall not apply to interstate
16 school districts.

17 (g) **Nonoperating and operating districts; statement of intent.**

18 (1) **Nonoperating districts.** All governance transitions achieved
19 pursuant to this section shall preserve the ability of a district that, as of the
20 effective date of this act, provides for the education of all resident students in
21 one or more grades by paying tuition on the students’ behalf, to continue to

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1 provide education by paying tuition on behalf of all students in the grade or
2 grades if it chooses to do so and shall not require the district to limit the
3 options available to students if it ceases to exist as a discrete entity and is
4 realigned into a supervisory district or union school district.

5 **(2) Operating districts.** All governance transitions achieved pursuant
6 to this section shall preserve the ability of a district that, as of the effective date
7 of this act, provides for the education of all resident students in one or more
8 grades by operating a school offering the grade or grades, to continue to
9 provide education by operating a school for all students in the grade or grades
10 if it chooses to do so and shall not require the district to pay tuition for students
11 if it ceases to exist as a discrete entity and is realigned into a supervisory
12 district or union school district.

13 **(3) Statement of intent.** Nothing in this section shall be construed to
14 restrict or repeal, or to authorize, encourage, or contemplate the restriction or
15 repeal, of the ability of a school district that, as of the effective date of this act,
16 provides for the education of all resident students in one or more grades:

17 **(A) by paying tuition on the students' behalf, to continue to provide**
18 **education by paying tuition on behalf of all students in the grade or grades; or**

19 **(B) by operating a school offering the grade or grades, to continue to**
20 **provide education by operating a school for all students in the grade or grades.**

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1 (d) ~~Funds for both grants shall be appropriated from the Education Fund~~
2 ~~and shall be added to payments for the base education amount or deducted~~
3 ~~from the amount owed to the Education Fund in the case of those districts that~~
4 ~~must pay into the Fund under section 4027 of this title. [Repealed.]~~

5 (e) In the event that a school or schools that have received a grant under
6 this section merge in any year following receipt of a grant, and the
7 consolidated school is not eligible for a grant under this section or the small
8 school grant for the consolidated school is less than the total amount of grant
9 aid the schools would have received if they had not combined, the consolidated
10 school shall continue to receive a grant for three years following consolidation.
11 The amount of the annual grant shall be:

12 (1) in the first year following consolidation, an amount equal to the
13 amount received by the school or schools in the last year of eligibility;

14 (2) in the second year following consolidation, an amount equal to two-
15 thirds of the amount received in the previous year; and

16 (3) in the third year following consolidation, an amount equal to one-
17 third of the amount received in the first year following consolidation.

18 Sec. 4. SMALL SCHOOL SUPPORT; TRANSITION; REGIONAL
19 EDUCATION DISTRICT MERGER SUPPORT GRANT

20 (a) In fiscal year 20¹⁷, any district that was eligible for small school
21 support pursuant to 16 V.S.A. § 4015 in fiscal year 20¹⁶ but is not “eligible

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1 due to geographic necessity” for small school support in fiscal year 2017 shall,
2 upon application, receive small school support that is two-thirds of the amount
3 it received in fiscal year 2016.

4 (b) In fiscal year 2018, any district that was eligible for small school
5 support pursuant to 16 V.S.A. § 4015 in fiscal year 2016 but is not “eligible
6 due to geographic necessity” for small school support in fiscal year 2018 shall,
7 upon application, receive small school support that is one-third of the amount it
8 received in fiscal year 2016.

9 *[to be moved to EFFECTIVE DATE section]*

10 () Secs. 3 and 4 (small school support) shall take effect on July 1, 2016,
11 and shall apply to grants made in fiscal year 2017 and after.

12 * * * Declining Enrollment; Equalized Pupils; 3.5 Percent Limit * * *

13 Sec. 5. 16 V.S.A. § 4010(f) is amended to read:

14 (f) For purposes of the calculation under this section, a district’s equalized
15 pupils shall in no case be less than 96 and one-half percent of the ~~district’s~~
16 actual number of equalized pupils in the district in the previous year, prior to
17 making any adjustment under this subsection; provided, however, this
18 subsection shall not apply to:

19 (1) a unified union school district or supervisory district with an average
20 daily membership in the previous year of less than 900; or

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1 (2) to any other school district if the supervisory union of which it is a
2 member had a combined average daily membership in the previous year of less
3 than 1,500.

4 Sec. 6. DECLINING ENROLLMENT; TRANSITION

5 (a) If a district's equalized pupils in fiscal year 2019 do not reflect any
6 adjustment pursuant to 16 V.S.A. § 4010(f), then Sec. 5 of this act shall apply
7 to the district in fiscal year 2020 and after.

8 (b) If a district's equalized pupils in fiscal year 2019 reflect adjustment
9 pursuant to 16 V.S.A. § 4010(f), then, notwithstanding the provisions of
10 § 4010(f) as amended by this act:

11 (1) in fiscal year 2020, the district's equalized pupils shall in no case be
12 less than 90 percent of the district's equalized pupils in the previous year; and

13 (2) in fiscal year 2021, the district's equalized pupils shall in no case be
14 less than 80 percent of the district's equalized pupils in the previous year.

15 *[to be moved to EFFECTIVE DATE section]*

16 () Secs. 5 and 6 (declining enrollment; hold-harmless provision;
17 transition) shall take effect on July 1, 2019.

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1 * * * Voluntary Mergers; Incentives; REDS * * *

2 Sec. 7. CURRENT INCENTIVES FOR JOINT ACTIVITY

3 (a) Notwithstanding the provisions of the following sections of law, the
4 grants and reimbursements authorized by those sections of law shall be
5 available only as provided in subsection (b) of this section:

6 (1) 2012 Acts and Resolves No. 156, Sec. 2 (reimbursement of fees of
7 up to \$5,000.000 incurred by school districts or supervisory unions for initial
8 exploration of joint activity).

9 (2) 2012 Acts and Resolves No. 156, Sec. 4 (reimbursement of analysis
10 or transition costs of up to \$10,000.000 incurred by school districts or
11 supervisory unions for joint activity other than a merger).

12 (3) 2012 Acts and Resolves No. 156, Sec. 5 (reimbursement of fees of
13 up to \$20,000.000 incurred by supervisory unions for analysis relating to the
14 advisability of merger).

15 (4) 2012 Acts and Resolves No. 156, Sec. 6 (transition facilitation grant
16 of \$150,000.00 for the successful merger of two or more supervisory unions).

17 (5) 2012 Acts and Resolves No. 156, Sec. 9 (reimbursement of fees of
18 up to \$20,000.000 incurred by school districts for analysis relating to the
19 advisability of merger).

20 (6) 2012 Acts and Resolves No. 156, Sec. 11 (transition facilitation
21 grant of the lesser of \$150,000.00 or 5 percent of the base education amount

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1 multiplied by the combined enrollment for the successful merger of two or
2 more districts (other than a RED)).

3 (7) 2010 Acts and Resolves No. 153, Secs. 2–3, as amended by 2012
4 Acts and Resolves No. 156, Sec. 1 (RED program)

5 (8) 2012 Acts and Resolves No. 156, Secs. 15–17, as amended by 2013
6 Acts and Resolves No. 56, Sec. 3 (three alternative governance structures that
7 are eligible for RED incentives).

8 (9) 2010 Acts and Resolves No. 153, Sec. 4, as amended by 2012
9 Acts and Resolves No. 156, Sec. 13 (RED incentives).

10 (b) A group of districts or supervisory unions shall receive one or more of
11 the incentives listed in subsection (a) of this section only if it:

12 (1) meets the specific eligibility criteria for the incentive; and

13 (2) [redacted] [process already begun – how to measure?]

14 * * * Transition of Employees * * *

15 Sec. 8. 16 V.S.A. chapter 53, subchapter 3 is added to read:

16 Subchapter 3. TRANSITION OF EMPLOYEES

17 § 1801. DEFINITIONS

18 As used in this subchapter:

19 (1) “New District” means a district created by the realignment or merger
20 of two or more current districts into a new supervisory district, union school
21 district, or any other form of merged or realigned district authorized by law,

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1 regardless of whether one or more of the districts creating the New District (a
2 Realigning District) is a town school district, a city school district, an
3 incorporated school district, a union school district, a unified union school
4 district, or a supervisory district.

5 (2) “New SU” means a supervisory union created from the merger or
6 realignment of two or more current supervisory unions or of all or some of the
7 districts in one or more current supervisory unions (a Realigning SU). “New
8 SU” also means a supervisory union created by the State Board’s adjustment of
9 the borders of one or more current supervisory unions or parts of supervisory
10 unions pursuant to section 261 of this title or otherwise, regardless of whether
11 the New SU is known by the name of one of the current supervisory unions or
12 the adjustment is otherwise structured or considered to be one in which one
13 current supervisory union (the Absorbing SU) is absorbing one or more other
14 supervisory unions or parts of supervisory unions into the Absorbing SU.

15 (3) “Employees of a Realigning Entity” means the licensed and
16 nonlicensed employees of a Realigning District or Realigning SU, or both, that
17 create the New District or New SU, and includes employees of an Absorbing
18 SU and employees of a Realigning SU whose functions will be performed by
19 employees of a New District that is a supervisory district.

20 (4) “System” shall mean the Vermont Municipal Employees’
21 Retirement System created pursuant to 24 V.S.A. chapter 125.

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1 (5) “Transitional Board” means the board created prior to the first day of
2 a New District’s or a New SU’s existence in order to transition to the new
3 structure by negotiating and entering into contracts, preparing an initial
4 proposed budget, adopting policies, and otherwise planning for implementation
5 of the New District or New SU, and includes the board of an Absorbing
6 District to which members from the other Realigning SU or SUs have been
7 added in order to perform transitional responsibilities.

8 § 1802. TRANSITION OF EMPLOYEES TO NEWLY CREATED
9 EMPLOYER

10 (a) Prior to the first day of a New District’s or a new SU’s existence, upon
11 creation of the Transitional Board, the Board shall:

12 (1) appoint a negotiations council for the New District or New SU for
13 the purpose of negotiating with future employees’ representatives; and

14 (2) recognize the representatives of the Employees of the Realigning
15 Districts or Realigning SUs as the recognized representatives of the employees
16 of the New District or New SU.

17 (b) Negotiations shall commence within 90 days after formation of the
18 Transitional Board and shall be conducted pursuant to the provisions of chapter
19 57 of this title for teachers and administrators and pursuant to 21 V.S.A.
20 chapter 22 for other employees.

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1 (c) An Employee of a Realigning District or Realigning SU who was not a
2 probationary employee shall not be considered a probationary employee of the
3 New District or New SU.

4 (d) If a new agreement is not ratified by both parties prior to the first day of
5 the New District's or New SU's existence, then:

6 (1) the parties shall comply with the existing agreements in place for
7 Employees of the Realigning Districts or the Realigning SUs until a new
8 agreement is reached;

9 (2) the parties shall adhere to the provisions of an agreement among the
10 Employees of the Realigning Districts or the Realigning SUs, as represented
11 by their respective recognized representatives, regarding how provisions under
12 the existing contracts regarding issues of seniority, reduction in force, layoff,
13 and recall will be reconciled during the period prior to ratification of a new
14 agreement; and

15 (3) a new employee beginning employment after the first day of the
16 New District's or New SU's existence shall be covered by the agreement in
17 effect that applies to the largest bargaining unit for Employees of the
18 Realigning Districts in the New District or for Employees of the Realigning
19 SU in the New SU.

20 (e) On the first day of its existence, the New District or New SU shall
21 assume the obligations of existing individual employment contracts, including

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1 accrued leaves and associated benefits, with the Employees of the Realigning
2 Districts.

3 § 1803. VERMONT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM

4 (a) A New District or New SU, on the first day of its existence, shall
5 assume the responsibilities of any one or more of the Realigning Districts or
6 Realigning SUs that have been participants in the system; provided, however,
7 that this subsection shall not be construed to extend benefits to an employee
8 who would not otherwise be a member of the system under any other provision
9 of law.

10 (b) The existing membership and benefits of an Employee of a Realigning
11 District or a Realigning SU shall not be impaired or reduced either by
12 negotiations with the New District or New SU under 21 V.S.A. chapter 22 or
13 otherwise.

14 (c) In addition to general responsibility for the operation of the System
15 pursuant to 24 V.S.A. § 5062(a), the responsibility for implementation of all
16 sections of this subchapter relating to the System is vested in the Retirement
17 Board.

18 * * * Effective Dates * * *

19 Sec. ____ EFFECTIVE DATE

20 () This section and Secs. _____ shall take effect on _____.

21 () _____