

## Summary of S.122

### An act relating to increased flexibility for school district mergers

#### **\*\*\* Findings \*\*\***

#### Sec. 1. FINDINGS

- Act 46 established a multi-year, phased process that provides multiple opportunities for school districts to unify existing governance units into more “sustainable governance structures” designed to meet the General Assembly’s identified educational and fiscal goals while recognizing and reflecting local priorities. It has been the General Assembly’s intent to revitalize Vermont’s small schools – to promote equity in their offerings and stability in their finances – through these changes in governance
- As of Town Meeting Day 2017, voters in 96 Vermont towns have voted to merge 104 school districts into these slightly larger, more sustainable governance structures, resulting in the creation of 20 new unified union districts (serving prekindergarten–grade 12 students). As a result, approximately 60 percent of Vermont’s school-age children live or will soon live in districts that satisfy the goals of Act 46
- These slightly larger, more flexible unified union districts have begun to realize distinct benefits. However, significant areas of the State have experienced difficulty satisfying the goals of Act 46. The range of complications is varied, including
  - operating or tuitioning models that differ among adjoining districts
  - geographic isolation due to lengthy driving times or inhospitable travel routes between proposed merger partners
  - greatly differing levels of debt per equalized pupil between districts involved in merger study committees
- This act is designed to make useful changes to the merger time lines and allowable governance structures under Act 46 without weakening or eliminating the act’s fundamental phased merger and incentive structures and requirements

#### **\*\*\* Side-by-Side Structures \*\*\***

#### Sec. 2. AMENDMENT TO TWO-BY-TWO SIDE-BY-SIDE STRUCTURE

- Amends Act 156, which created the Two-By-Two Side-by-Side Structure, to provide greater flexibility
- Current requirement is that one district in the side-by-side must operate K–12
- Would eliminate that requirement and instead require that each district in the side-by-side have a model of operating schools or paying tuition that is different from the model of the other

### Sec. 3. NEW THREE-BY-ONE SIDE-BY-SIDE STRUCTURE

- Creates a new incentivized governance structure, where three or more districts merge into a newly formed district, and, together with an existing district, are members of the same supervisory union following the merger
- The existing district must, as of March 7, 2017 (Town Meeting Day), be:
  - geographically isolated, due to lengthy driving times or inhospitable travel routes between the existing district's school or schools and the nearest school in which there is excess capacity as determined by the State Board of Education;
  - structurally isolated, because all adjoining school districts have operating or tuitioning models that differ from the existing district; or
    - unable to reach agreement to consolidate with one or more other adjoining school districts because the school districts that adjoin the existing district have greatly differing levels of indebtedness per equalized pupil from that of the existing district as determined by the State Board of Education
- The merged district and the existing district must have a model of operating schools or paying tuition that is different from the model of the other
- The districts proposing to merge must receive final approval from their electorate for the merger proposal on or before November 30, 2017, and the merged district must be fully operational on or before July 1, 2019
- The incentives would be available to the merged district and would not be available to the existing district
- The existing district would be exempt from the State Board of Education State-wide plan (the merged district would be exempt under existing law)

### Sec. 4. NEW TWO-BY-TWO-BY-ONE SIDE-BY-SIDE STRUCTURE

- Creates a new incentivized governance structure, where (i) two or more districts merge into a newly formed district, (ii) two or more districts merge into another newly formed district, and (iii) together with an existing district, the newly formed districts are members of the same supervisory union following the mergers.
- The terms and conditions of this structure are the same as in the Three-By-One Side-By-Side Structure

\* \* \* Withdrawal from Union School District \* \* \*

### Sec. 5. TEMPORARY AUTHORITY TO WITHDRAW FROM UNION SCHOOL DISTRICT

- Permits a school district to withdraw from a union high school district without approval by the remaining members of the union high school

district if the school district proposing to withdraw from the union high school district operates a school or schools for all resident students in prekindergarten through grade 6 and pays tuition for resident students in grade 7 through grade 12 (Vernon)

- The electorate of the withdrawing district must approve the withdrawal
- The State Board of Education must approve the withdrawal
- The withdrawing district must settle its obligations to the remaining school districts in the union high school before withdrawing

#### Sec. 6. REPEAL

- The authority enabled in Sec. 5 is repealed on July 2, 2019

**\*\*\* Time Extension for Qualifying Districts \*\*\***

#### Sec. 7. SELF-EVALUATION, MEETINGS, AND PROPOSAL

- Amends Act 46
- Clarifies that districts that have merged under Acts 46/153/156 and have qualified for incentives do not need to submit an alternative governance structure proposal to the Secretary of Education
- Provides more time to submit an alternative governance structure proposal to the Secretary of Education (from November 30, 2017 to January 31, 2018) if the district:
  - proposed a school district consolidation plan under Acts 46/153/156 that was rejected by voters; or
  - is a member of a study committee that provides to the Secretary a declaration that another school district wants to join the district's study committee

#### Sec. 8. TIME EXTENSION FOR VOTE OF ELECTORATE

- Provides more time for a district to receive final approval from its electorate for its merger proposal under Acts 46/153/156 (from July 1, 2017 to November 30, 2017) if the district (same as above):
  - proposed a school district consolidation plan under Acts 46/153/156 that was rejected by voters; or
  - is a member of a study committee that provides to the Secretary a declaration that another school district wants to join the district's study committee

**\*\*\* Grants and Fee Reimbursement \*\*\***

Sec. 9. SCHOOL DISTRICTS CREATED AFTER DEADLINE FOR ACCELERATED ACTIVITY; TAX INCENTIVES; SMALL SCHOOL SUPPORT; JOINT CONTRACT SCHOOLS

- Amends Act 46
- Clarifies that a newly formed school district that merges into the preferred model after the initial accelerated phase is eligible for a transition facilitation grant
- Clarifies that a newly formed school district that merges into the preferred model after the initial accelerated phase will not lose tax and other incentives because the State Board of Education assigns it to a supervisory union (and therefore no longer is a supervisory district, which is a condition for qualification for the incentives)

Sec. 10. REIMBURSEMENT OF FEES FOR CONSULTING SERVICES; MERGER; SCHOOL DISTRICTS; SUNSET

- Amends Act 156
- Permits a study committee to use legal and consulting grant fees for community outreach, including communications with voters, limited to those that are reasonably designed to inform, educate, and explain to the electorate a study committee's position on the matter

Sec. 11. TRANSITION TO SUSTAINABLE GOVERNANCE STRUCTURES; PROPOSAL; FINAL PLAN

- Amends Act 46
- Provides a \$10,000.00 grant to school districts that have consolidated under Act 46/153/156 and that, at the request of the State Board of Education, agrees to merge with another district (orphan district) under the Board's statewide plan

**\*\*\* Applications for Adjustments to Supervisory Union Boundaries \*\*\***

Sec. 12. ORGANIZATION AND ADJUSTMENT OF SUPERVISORY UNIONS

- Amends Title 16
- Requires the State Board of Education to act within 75 days of receipt of a request to adjust supervisory union boundaries

**\* \* \* Technical Corrections; Clarifications \* \* \***

Sec. 13. UNION ELEMENTARY SCHOOL DISTRICTS; REGIONAL EDUCATION DISTRICT INCENTIVES

- Amends Act 156; layered mergers
- Moves the repeal date of this section from July 1, 2017 to July 1, 2019 to clarify that this provision, which enables layered mergers, remains in effect until the date by which this type of merger is required to be completed and the newly merged entity fully operational

Sec. 14. MODIFIED UNIFIED UNION SCHOOL DISTRICT

- Amends Act 156; modified union school district mergers
- Moves the repeal date of this section from July 1, 2017 to July 1, 2019 to clarify that this provision, which enables modified union school district mergers, remains in effect until the date by which this type of merger is required to be completed and the newly merged entity fully operational

Sec. 15. AVAILABILITY OF TAX AND OTHER INCENTIVES

- Clarifies that tax and other incentives under Acts 153/156 are only available if the new governance structure formed under these acts becomes fully operational on or before July 1, 2019

Sec. 16. DECLINING ENROLLMENT; TRANSITION

- Clarifies how the phantom student count is computed for districts for which the transitional declining enrollment provisions are delayed (districts that formed a study committee on or before July 1, 2016)

**\* \* \* Effective Date \* \* \***

Sec. 17. EFFECTIVE DATE

- On passage