

1 Introduced by Committee on Education

2 Date:

3 Subject: Education; increased flexibility for school district mergers

4 Statement of purpose of bill as introduced: This bill proposes to: (1) provide
5 greater flexibility for school district consolidation by providing tax incentives
6 for a side-by-side regional educational district structure where one side does
7 not operate all elementary and secondary grades; (2) provide greater flexibility
8 for school district consolidation by providing tax incentives for a side-by-side
9 regional educational district structure where three or more school districts
10 merge and the newly merged district, together with a preexisting district, are
11 members of the same supervisory union at the completion of the process;
12 (3) provide greater flexibility for school district consolidation by providing tax
13 incentives for a side-by-side regional educational district structure where four
14 or more school districts merge into two new districts and the newly merged
15 districts, together with a preexisting district, are members of the same
16 supervisory union at the completion of the process; (4) provide greater
17 flexibility for a school district that meets certain conditions to withdraw from a
18 union school district without approval by the remaining members of the union
19 school district; (5) extend the final date for voter approval of a merger and the
20 date by which a school district is required to make a governance proposal to
21 the Secretary of Education for a school district that has previously had a

1 merger proposal rejected by voters or wishes to add a new school district as a
2 member of its study committee; (6) provide transition facilitation grants to all
3 school districts that consolidate into a preferred governance structure and to a
4 district that has consolidated and, at the request of the State Board of
5 Education, merges with another district; (7) allow fees for consulting services
6 to be used by a study committee recommending consolidation for the cost of
7 community outreach; (8) require the State Board of Education to act on
8 applications for supervisory union adjustments within 60 days of receipt; and
9 (9) make certain technical and clarifying changes.

10 An act relating to increased flexibility for school district mergers

11 It is hereby enacted by the General Assembly of the State of Vermont:

12 * * * Findings * * *

13 Sec. 1. FINDINGS

14 (a) 2015 Acts and Resolves No. 46 established a multi-year, phased process
15 that provides multiple opportunities for school districts to unify existing
16 governance units into more “sustainable governance structures” designed to
17 meet the General Assembly’s identified educational and fiscal goals while
18 recognizing and reflecting local priorities. It has been the General Assembly’s
19 intent to revitalize Vermont’s small schools – to promote equity in their
20 offerings and stability in their finances – through these changes in governance.

1 (b) As of Town Meeting Day 2017, nearly 60 Vermont towns have voted to
2 merge nearly 70 school districts into these slightly larger, more sustainable
3 governance structures, resulting in the creation of 14 unified union districts
4 (serving prekindergarten–grade 12 students). Currently, roughly one-half of
5 Vermont’s school-age children live in districts that satisfy the goals of Act 46.

6 (c) These slightly larger, more flexible unified union districts have begun to
7 realize distinct benefits, including the ability to offer kindergarten–grade 8
8 choice among elementary schools within the new district boundaries; greater
9 flexibility in sharing students, staff, and resources among individual schools;
10 the elimination of bureaucratic redundancies; and the flexibility to create
11 magnet academies, focusing on a particular area of specialization by school.

12 (d) Significant areas of the State, however, have experienced difficulty
13 satisfying the goals of Act 46. The range of complications is varied, including
14 operating or tuitioning models that differ among adjoining districts, geographic
15 isolation due to lengthy driving times or inhospitable travel routes between
16 proposed merger partners, and greatly differing levels of debt per equalized
17 pupil between districts involved in merger study committees. This act is
18 designed to make useful changes to the merger time lines and allowable
19 governance structures under Act 46 without weakening or eliminating the
20 Act’s fundamental phased merger and incentive structures and requirements.

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* * * Side-by-Side Structures * * *

Sec. 2. 2012 Acts and Resolves No. 156, Sec. 15 is amended to read:

Sec. 15. TWO OR MORE MERGERS; REGIONAL EDUCATION
DISTRICT INCENTIVES

(a) Notwithstanding 2010 Acts and Resolves No. 153, Sec. 3(a)(1) ~~of No. 153 of the Acts of the 2009 Adj. Sess. (2010)~~ that requires a single regional education district (“RED”) to have an average daily membership of at least 1,250 or result from the merger of at least four districts, or both, two or more new districts shall be eligible jointly for the incentives provided in ~~Sec. 4 of No. 153, Sec. 4~~ if:

* * *

(3) ~~one of the new districts provides education in all elementary and secondary grades by operating one or more schools and the other new district or districts pay tuition for students in one or more grades; each new district has a model of operating schools or paying tuition that is different from the model of the other, which may include:~~

(A) operating a school or schools for all resident students in prekindergarten through grade 12;

(B) operating a school or schools for all resident students in some grades and paying tuition for resident students in the other grades; or

1 (C) operating no schools and paying tuition for all resident students
2 in prekindergarten through grade 12;

3 * * *

4 (b) This section is repealed on July 1, ~~2017~~ 2019.

5 Sec. 3. THREE-BY-ONE SIDE-BY-SIDE STRUCTURE; REGIONAL
6 EDUCATION DISTRICT INCENTIVES

7 (a) Notwithstanding 2010 Acts and Resolves No. 153, Sec. 3(a)(1) that
8 requires a single regional education district (RED) to have an average daily
9 membership of at least 1,250 or result from the merger of at least four districts,
10 or both, a new district shall be eligible for the incentives provided in No. 153,
11 Sec. 4 as amended by 2012 Acts and Resolves No. 156 and 2015 Acts and
12 Resolves No. 46 if:

13 (1) The new district is formed by the merger of at least three existing
14 districts (Merged District) and, together with an existing district (Existing
15 District), are members of the same supervisory union following the merger
16 (Three-by-One Side-by-Side Structure).

17 (2) The Existing District is either:

18 (A) geographically isolated, due to lengthy driving times or
19 inhospitable travel routes between the Existing District’s school or schools and
20 the nearest school in which there is excess capacity as determined by the State
21 Board of Education;

1 (B) structurally isolated, because all adjoining school districts have
2 operating or tuitioning models that differ from the Existing District; or

3 (C) unable to reach agreement to consolidate with one or more other
4 adjoining school districts because the school districts that adjoin the Existing
5 District have greatly differing levels of indebtedness per equalized pupil, as
6 defined in 16 V.S.A. § 4001(3), from that of the Existing District as
7 determined by the State Board of Education.

8 (3) The Merged District and the Existing District each has a model of
9 operating schools or paying tuition that is different from the model of the
10 other. These models are:

11 (A) operating a school or schools for all resident students in
12 prekindergarten through grade 12;

13 (B) operating a school or schools for all resident students in some
14 grades and paying tuition for resident students in the other grades; or

15 (C) operating no schools and paying tuition for all resident students
16 in prekindergarten through grade 12.

17 (4) The Three-by-One Side-by-Side Structure meets all criteria for RED
18 formation other than the size criterion of 2010 Acts and Resolves No. 153,
19 Sec. 3(a)(1) (average daily membership of at least 1,250) and otherwise as
20 provided in this section.

1 (5) The districts seeking approval of their proposed Three-by-One Side-
2 by-Side Structure demonstrate in their report presented to the State Board that
3 this structure is better suited to them than a governance structure described in
4 2015 Acts and Resolves No. 46, Sec. 6, and will meet the goals set forth in
5 Sec. 2 of that act.

6 (6) The districts proposing to merge into the Merged District receive
7 final approval from their electorate for the merger proposal on or before
8 November 30, 2017, and the Merged District becomes fully operational on or
9 before July 1, 2019.

10 (b) The incentives provided in 2010 Acts and Resolves No. 153, Sec. 4
11 shall be available to the Merged District and shall not be available to the
12 Existing District.

13 (c) The Existing District shall be exempt from the requirement under 2015
14 Acts and Resolves No. 46, Secs. 9 and 10 to self-evaluate and make a proposal
15 to the Secretary of Education and State Board of Education and from the State
16 Board’s plan.

17 Sec. 4. TWO-BY-TWO-BY-ONE SIDE-BY-SIDE STRUCTURE;

18 REGIONAL EDUCATION DISTRICT INCENTIVES

19 (a) Notwithstanding 2010 Acts and Resolves No. 153, Sec. 3(a)(1) that
20 requires a single regional education district (RED) to have an average daily
21 membership of at least 1,250 or result from the merger of at least four districts,

1 or both, two or more new districts shall be eligible for the incentives provided
2 in No. 153, Sec. 4 as amended by 2012 Acts and Resolves No. 156 and 2015
3 Acts and Resolves No. 46 if:

4 (1) Each new district is formed by the merger of at least two existing
5 districts (each a Merged District) and, together with an existing (Existing
6 District), are members of the same supervisory union following the merger
7 (Two-by-Two-by-One Side-by-Side Structure).

8 (2) The Existing District is either:

9 (A) geographically isolated, due to lengthy driving times or
10 inhospitable travel routes between the Existing District's school or schools and
11 the nearest school in which there is excess capacity as determined by the State
12 Board of Education;

13 (B) structurally isolated, because all adjoining school districts have
14 operating or tuitioning models that differ from the Existing District; or

15 (C) unable to reach agreement to consolidate with one or more other
16 adjoining school districts because the school districts that adjoin the Existing
17 District have greatly differing levels of indebtedness per equalized pupil, as
18 defined in 16 V.S.A. § 4001(3), from that of the Existing District as
19 determined by the State Board of Education.

1 (3) Each Merged District and the Existing District has a model of
2 operating schools or paying tuition that is different from the model of each
3 other. These models are:

4 (A) operating a school or schools for all resident students in
5 prekindergarten through grade 12;

6 (B) operating a school or schools for all resident students in some
7 grades and paying tuition for resident students in the other grades; or

8 (C) operating no schools and paying tuition for all resident students
9 in prekindergarten through grade 12.

10 (4) The Two-by-Two-by-One Side-by-Side Structure meets all criteria
11 for RED formation other than the size criterion of 2010 Acts and Resolves
12 No. 153, Sec. 3(a)(1) (average daily membership of at least 1,250) and
13 otherwise as provided in this section.

14 (5) The districts seeking approval of their proposed Two-by-Two-by-
15 One Side-by-Side Structure demonstrate in their report presented to the State
16 Board that this structure is better suited to them than a governance structure
17 described in 2015 Acts and Resolves No. 46, Sec. 6, and will meet the goals set
18 forth in Sec. 2 of that act.

19 (6) Each Merged District has the same effective date of merger.

20 (7) The districts proposing to merge into each Merged District receive
21 final approval from their electorate for the merger proposal on or before

1 November 30, 2017, and each Merged District becomes fully operational on or
2 before July 1, 2019.

3 (b) The incentives provided in 2010 Acts and Resolves No. 153, Sec. 4
4 shall be available to each Merged District and shall not be available to the
5 Existing District.

6 (c) The Existing District shall be exempt from the requirement under 2015
7 Acts and Resolves No. 46, Secs. 9 and 10 to self-evaluate and make a proposal
8 to the Secretary of Education and State Board of Education and from the State
9 Board's plan.

10 * * * Withdrawal from Union School District * * *

11 Sec. 5. TEMPORARY AUTHORITY TO WITHDRAW FROM UNION
12 SCHOOL DISTRICT

13 (a) Notwithstanding any provision of 16 V.S.A. § 721a to the contrary, a
14 school district may withdraw from a union school district without approval by
15 the remaining members of the union school district upon the following
16 conditions:

17 (1) The purpose of the withdrawal from the union school district is to
18 facilitate a merger to satisfy the goals of 2015 Acts and Resolves No. 46, as
19 determined by the State Board of Education.

20 (2) At least one year has elapsed since the union school district became
21 a body politic and corporate as provided in 16 V.S.A. § 706g.

1 (3) A majority of the voters of the school district proposing to withdraw
2 from the union school district present and voting at a school district meeting
3 duly warned for that purpose votes to withdraw from the union school district.
4 The clerk of the school district shall certify the vote to the Secretary of State,
5 who shall record the certificate in his or her office and shall give notice of the
6 vote to the Secretary of Education and to the other members of the union
7 school district.

8 (4) The State Board approves the withdrawal based on a
9 recommendation from the Secretary of Education.

10 (5) The withdrawal process is completed on or before July 1, 2019.

11 (b) In making his or her recommendation, the Secretary of Education shall
12 assess whether:

13 (1) students in the withdrawing school district would attend a school that
14 complies with the rules adopted by the State Board pertaining to educational
15 programs; and

16 (2) it is in the best interests of the State, the students, and the districts
17 remaining in the union school district for the union to continue to exist.

18 (c) The State Board shall:

19 (1) consider the recommendation of the Secretary and any other
20 information it deems appropriate;

1 (2) hold a public meeting within 60 days of receiving the
2 recommendation of the Secretary, and provide due notice of this meeting to the
3 Secretary and all members of the union school district;

4 (3) within 10 days of the meeting, notify the Secretary and all members
5 of the union school district of its decision;

6 (4) if it approves the withdrawal, declare the membership of the
7 withdrawing school district in the union school district terminated as of July 1
8 immediately following, or as soon after July 1 as the financial obligations
9 of the withdrawing school district have been paid to, or an agreement has
10 been made with, the union school district in an amount to satisfy those
11 obligations; and

12 (5) file the declaration with the Secretary of State, the clerk of the
13 withdrawing school district, and the clerk of the union school district
14 concerned.

15 Sec. 6. REPEAL

16 Sec. 5 of this act is repealed on July 2, 2019.

17 * * * Time Extension for Qualifying Districts * * *

18 Sec. 7. 2015 Acts and Resolves No. 46, Sec. 9 is amended to read:

19 Sec. 9 SELF-EVALUATION, MEETINGS, AND PROPOSAL

20 (a) ~~On~~ Subject to subsection (b) of this section, on or before November 30,
21 2017, the board of each school district in the State that:

1 (1) proposed a school district consolidation plan under 2010 Acts and
2 Resolves No. 153., as amended, or 2012 Acts and Resolves No. 156, as
3 amended, which was rejected by voters; or

4 (2) if a member of a study committee formed under 16 V.S.A. § 706,
5 provides to the Secretary a declaration that another school district wants to join
6 the district’s study committee, signed by each member of the study committee
7 and the district that proposes to join the study committee.

8 * * * Grants and Fee Reimbursement * * *

9 Sec. 9. 2015 Acts and Resolves No. 46, Sec. 7 is amended to read:

10 Sec. 7. SCHOOL DISTRICTS CREATED AFTER DEADLINE FOR
11 ACCELERATED ACTIVITY; TAX INCENTIVES; SMALL
12 SCHOOL SUPPORT; JOINT CONTRACT SCHOOLS

13 * * *

14 (b) A newly formed school district that meets the criteria set forth in
15 subsection (a) of this section shall receive the following:

16 * * *

17 (3) Transition Facilitation Grant.

18 (A) After voter approval of the plan of merger, notwithstanding any
19 provision to the contrary in 16 V.S.A. § 4025, the Secretary of Education shall
20 pay the transitional board of the new district a Transition Facilitation Grant
21 from the Education Fund equal to the lesser of:

1 (i) five percent of the base education amount established in
2 16 V.S.A. § 4001(13) multiplied by the greater of either the combined
3 enrollment or the average daily membership of the merging districts on
4 October 1 of the year in which the successful vote is taken; or

5 (ii) \$150,000.00.

6 (B) A Transition Facilitation Grant awarded under this subdivision
7 (3) shall be reduced by the total amount of reimbursement paid for consulting
8 services, analysis, and transition costs pursuant to 2012 Acts and Resolves
9 No. 156, Secs. 2, 4, and 9.

10 * * *

11 (e) Notwithstanding the requirement in subdivision (a)(3) of this section
12 that the newly formed school district be its own supervisory district, the newly
13 formed school district shall qualify for the incentives under this section **even** if
14 it is assigned to a supervisory union by the State Board of Education and that
15 assignment by the State Board is not made at the request of the school district.

16 Sec. 10. 2012 Acts and Resolves No. 156, Sec. 9, is amended to read:

17 Sec. 9. REIMBURSEMENT OF FEES FOR CONSULTING SERVICES;
18 MERGER; SCHOOL DISTRICTS; SUNSET

19 (a) From the ~~education fund~~ Education Fund, the ~~commissioner of~~
20 ~~education~~ Secretary of Education shall reimburse up to \$20,000.00 of fees paid
21 by a study committee established under 16 V.S.A. § 706 for legal and other

1 consulting services necessary to analyze the advisability of creating a union
2 school district or a unified union school district, ~~and~~ to prepare the report
3 required by 16 V.S.A. § 706b, and to conduct community outreach, including
4 communications with voters. Community outreach materials shall be limited
5 to those that are reasonably designed to inform, educate, and explain to the
6 electorate a study committee’s position on the matter.

7 * * *

8 Sec. 11. 2015 Acts and Resolves No. 46, Sec. 10 is amended to read:

9 Sec. 10. TRANSITION TO SUSTAINABLE GOVERNANCE

10 STRUCTURES; PROPOSAL; FINAL PLAN

11 * * *

12 (d) A school district that has received or is eligible to receive tax incentives
13 under 2010 Acts and Resolves No. 153, 2012 Acts and Resolves No. 156, or
14 2015 Acts and Resolves No. 46, and that, at the request of the State Board,
15 agrees by vote of its electorate to merge with another school district, shall
16 receive a supplemental Transitional Facilitation Grant of \$10,000.00 to defray
17 the costs of integration. Notwithstanding any provision to the contrary in
18 16 V.S.A. § 4025, the Secretary of Education shall pay the board of the school
19 district the supplemental Transition Facilitation Grant from the Education
20 Fund.

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

2 Sec. 12. 16 V.S.A. § 261 is amended to read:

3 § 261. ORGANIZATION AND ADJUSTMENT OF SUPERVISORY

4 UNIONS

5 (a) The State Board shall review on its own initiative or when requested as
6 per subsection (b) of this section and may regroup the supervisory unions of
7 the State or create new supervisory unions in such manner as to afford
8 increased efficiency or greater convenience and economy and to facilitate
9 prekindergarten through grade 12 curriculum planning and coordination as
10 changed conditions may seem to require.

11 (b)(1) Any school district that has so voted at its annual school district
12 meeting, if said meeting has been properly warned regarding such a vote, may
13 request that the State Board adjust the existing boundaries of the supervisory
14 union of which it is a member district.

15 (2) Any group of school districts that have so voted at their respective
16 annual school district meeting, regardless of whether the districts are members
17 of the same supervisory union, may request that the State Board adjust existing
18 supervisory union boundaries and move one or more nonrequesting districts to
19 a different supervisory union if such adjustment would assist the requesting
20 districts to realign their governance structures into a unified union school
21 district pursuant to chapter 11 of this title.

1 Sec. 16. 2015 Acts and Resolves No. 46, Sec. 23 is amended to read:

2 Sec. 23. DECLINING ENROLLMENT; TRANSITION

3 (a) If a district's equalized pupils in fiscal year 2016 do not reflect any
4 adjustment pursuant to 16 V.S.A. § 4010(f), then Sec. 22 of this act shall apply
5 to the district in fiscal year 2017 and after.

6 (b) If a district's equalized pupils in fiscal year 2016 reflect adjustment
7 pursuant to 16 V.S.A. § 4010(f), then, notwithstanding the provisions of
8 § 4010(f) as amended by this act:

9 (1) in fiscal year 2017, the district's equalized pupils shall in no case be
10 less than 90 percent of the district's equalized pupils in the previous year; and

11 (2) in fiscal year 2018, the district's equalized pupils shall in no case be
12 less than 80 percent of the district's equalized pupils in the previous year.

13 (c) Notwithstanding the provisions of subsections (a) and (b) of this
14 section, if a district is actively engaged in merger discussions with one or more
15 other districts regarding the formation of a regional education district (RED) or
16 other form of unified union school district pursuant to 16 V.S.A. chapter 11,
17 then Sec. 22 of this act shall apply to the district in fiscal year 2018 and after,
18 and each of the dates in subsection (b) of this section shall be adjusted
19 accordingly. A district shall be "actively engaged in merger discussions"
20 pursuant to this subsection (c) if on or before July 1, 2016, it has formed a
21 study committee pursuant to 16 V.S.A. chapter 11. Until such time as Sec. 22

1 of this act shall apply to the district, the district's equalized pupil count shall be
2 calculated under 16 V.S.A. § 4010(f), as in effect on June 30, 2016.

3 * * * Effective Date * * *

4 Sec. 17. EFFECTIVE DATE

5 This act shall take effect on passage.