



**To: Vermont House Committee on Education**

**From: Heather Bushey, VASBO President; Morgan Daybell, VASBO Past President; Matt Corrente, VASBO Vice President**

**Date: February 19, 2025**

**RE: Business Management Considerations When Consolidating School Districts**

Thank you for this opportunity to provide testimony on key elements that need to be considered in a school district consolidation process. While district consolidation may optimize resources the process presents a complex set of challenges that require careful planning, effective change management and precise execution. Proper sequencing of events is crucial to ensuring a smooth transition, minimizing disruption to students and staff and maintaining financial and operational stability through the process. Without a well structured and adequate timeline, critical tasks such as consolidating technology systems, aligning instructional frameworks, and consolidating administrative functions could lead to inefficiencies or unintended gaps in service. Following is a list of key areas that VASBO considers to be critical to the success or failure of a move to a new governance structure.

## **1. Creation of a New Entity**

The process of creating a new entity requires the legal transfer of assets, liabilities, and financial reserves. This involves establishing a new entity with the Internal Revenue Service (IRS) and the State of Vermont, drafting bylaws and articles of incorporation, and opening new bank accounts. Tax reporting accounts must be set up, including payroll withholding and compliance with IRS and Social Security Administration regulations. The new entity must elect and establish a governing board and register with federal and state systems. Additionally, access to web-based state reporting systems must be secured. Vendors must be notified to establish new accounts, and a consolidated budget must be developed for the first year of operations.

## **2. Consolidation of Operations**

Operational efficiency is critical in a consolidated district. Software systems must be converted and standardized for essential functions such as finance, human resources, employee time and leave tracking, student information management, assessment systems and curriculum programs. VASBO recommends that focusing on technology system integration should be one of the first priorities of this work and considering a Statewide system when practical and possible will improve both the cost effectiveness and efficiency of the consolidation process. Once technology systems are identified and configured, operating policies and procedures should be reviewed and standardized across the district. Vendor contracts may need reassessment and re-establishment and larger district contracts may require new districts to comply with Vermont's bid law thresholds in areas where that was not required previously. Facilities stewardship and long-range plans should be consolidated, incorporating monitoring for

environmental hazards like Radon, PCBs, Lead, and Asbestos. Additionally, the best method for child nutrition and transportation service delivery must be determined by the newly formed district as we currently have some districts who provide this service in-house and some that contract out for this service. Transportation systems must also be unified to create streamlined routes and schedules that best serve the district's needs.

### **3. Personnel Considerations**

A crucial aspect of consolidation is ensuring a smooth transition for employees. A risk in any consolidation is inadequate staff capacity in both the new entity and the entities that are winding down as staff make personal decisions about discontinuing their employment with the districts. A shortage of staff is common in these types of transitions and can often result in a challenge in meeting deliverables in the defined timeline. Consideration must also be given to the fact that new collective bargaining agreements must be negotiated and established for both support staff and teachers and those should be in place before employees are hired by the new district. Employee benefits, including health, dental, vision, life, disability, and retirement plans, should be standardized and staff will need to be enrolled in the new plans. All employees need to be onboarded into the new human resources system, and staffing redundancies should be managed through reassignment to optimize workforce distribution. New salary schedules must be created with a focus on ensuring fairness and equity across the district. Consolidating salaries across districts involves careful consideration as a district attempts to align historical disparities and regional cost of living differences.

### **4. Closing Old Entities**

The closure of former districts involves a series of critical financial and administrative steps. All existing bank accounts must be finalized and closed, and final audits conducted to ensure transparency and compliance. Financial reports must be completed for grants, Medicaid, and the Agency of Education. Financial balances from previous entities should be consolidated and integrated into the new district financial systems. Final federal and state tax filings must be completed to ensure a full transition. Additionally, all assets, liabilities and reserves must be transferred to the new entity.

In conclusion, school district consolidation presents both opportunities and challenges. All of the challenges can be met, but they can only be met effectively with a thoughtful, deliberate timeline. It requires careful planning, stakeholder engagement, and methodical sequencing to ensure a successful transition. By addressing these key elements, the State and local education agencies can ensure a more effective transition that prioritizes student success, financial stability, and institutional integrity.

Thank you for your time and consideration. We welcome any questions the Committee may have.