

Testimony to the Vermont House Ways and Means Committee

Regarding Act 46 Merger Incentives and Long-Term Fiscal Impacts

Slate Valley Unified Union School District

April 1, 2026

My name is Brooke Olsen-Farrell, Superintendent of Schools for the Slate Valley Unified Union School District, and I am joined by our Director of Finance, Cheryl Scarzello. Thank you for the opportunity to provide testimony on Act 46 merger incentives and their long-term impact on school districts.

Cheryl served in the district at the time of the voluntary merger vote and brings direct, firsthand knowledge of that process. While I did not lead Slate Valley through the initial Act 46 vote, I assumed district leadership immediately following the positive vote for 5 of our 6 towns to merge in 2017. Therefore, my experience pertains to the implementation and lasting impact of the merger.

Together, our perspectives span both the decision-making phase and the subsequent years of implementation, allowing us to speak to both the original intent of Act 46 and its long-term outcomes.

Slate Valley is a border district adjacent to New York and comprises six towns. Five—Fair Haven, Castleton, Hubbardton, West Haven, and Benson—are located in Rutland County, while Orwell is in Addison County. In 2019, the former Addison Rutland Supervisory Union unified to form the Slate Valley Unified Union School District. At that time, the district included four elementary schools serving pre-kindergarten through grade 8, one middle school serving grades 6 through 8, and one high school serving grades 9 through 12.

Slate Valley fell under the non-accelerated merger pathway because a positive merger vote was not achieved by July 1, 2015. As a result, we merged under Sec. 7, which applies to non-accelerated mergers. Under this provision, member districts were required to have a positive vote on or after July 1, 2015, with the new unified district becoming operational after July 1, 2017 and merging on or before July 1, 2019, which we did.

This pathway provided a four-year tax rate incentive, with reductions of 8 cents in year one, 6 cents in year two, 4 cents in year three, and 2 cents in year four. Unlike accelerated mergers, however, towns in non-accelerated mergers were subject to a constraint that tax rates could not increase or decrease by more than 5% annually until they reached the incentive rate or the four-year incentive period concluded, whichever occurred first.

It is important to clarify that, in Slate Valley's case, the tax rate incentives were not the primary driver behind the decision to merge.

The more compelling factors for communities at the time were:

- The potential for long-term financial sustainability through efficiencies and shared services
- The opportunity to streamline administration and reduce duplication
- The establishment of equal town representation on a unified school board

Additionally, there was a willingness among towns to make meaningful tradeoffs to create a more unified system. For example, the Town of Hubbardton relinquished school choice as part of the merger. This was a significant local decision and reflected the level of commitment communities made toward building a unified district structure and the hope of realizing cost savings over time.

The incentives supported the transition, but they were not the central reason communities chose to unify.

The merger process itself occurred in phases.

The initial merger of our five Rutland County towns was voluntary and reflected local decision-making aligned to the goals of Act 46.

However, approximately one year later, the Orwell Village School District, part of Addison County, was required to join the unified district through action by the Vermont State Board of Education.

This distinction matters. The final configuration of the district reflects both local choice and state-directed consolidation, which has had lasting implications for community perception and cohesion.

Following the 2019 merger, the district took significant steps to realize the efficiencies envisioned under Act 46.

We centralized operations, reduced redundant positions, and restructured our system to operate more efficiently. Over time, this included:

- A reduction of approximately 50 staff positions, including administrative roles
- Reorganization of our schools to align with enrollment and program needs

These actions reflect a sustained effort to deliver on the promise of efficiency.

At the same time, enrollment declined by roughly 10% since the merger, while student and infrastructure needs and fixed costs —particularly in healthcare and wages—have increased. These realities limit the degree to which efficiencies alone can offset broader cost drivers.

While Act 46 created a framework for efficiency, the most significant cost savings in Slate Valley did not come from governance consolidation alone.

They came through difficult local decisions.

Following the merger, under the authority of the unified board, the district closed and sold the former middle school in Castleton and reconfigured grade spans districtwide, including creating a unified 7–12 campus at Fair Haven using existing facilities. This resulted in more than \$1 million in annual savings.

These actions demonstrate that meaningful cost savings require structural changes at the school level, not just governance consolidation.

However, these decisions were not easy. The closure of Castleton Village School was emotionally significant for the community and continues to be held against the district today, despite the clear financial—and I would argue educational—benefits.

This underscores a critical point: the most meaningful cost savings come from decisions that carry lasting community impact.

Slate Valley is consistently one of the lowest-spending districts in Vermont, with per-pupil spending significantly below the state average. At the same time, student performance data has made gains in a positive direction post merger, now often at or above regional averages, indicating an efficient use of resources.

Despite this, our budgets have been frequently rejected by voters. In eight years, our budget has required multiple votes in most cycles, including five votes for eventual passage in FY25.

The decision to merge was rooted in long-term promises—efficiency, sustainability, and equitable governance—and required real tradeoffs from communities.

The combination of:

- Expiring incentives
- A complex and often misunderstood funding system
- A merger process that was not entirely voluntary
- Significant local tradeoffs, such as relinquishing school choice
- Difficult post-merger decisions such as school closure

has made it challenging for communities to reconcile expectations with current realities.

Based on our experience, we offer the following:

- Align policy with long-term structural realities, not short-term incentives
- Provide sustained transition support beyond the initial merger period
- Recognize that governance consolidation alone does not produce significant cost savings
- Acknowledge that meaningful savings often require difficult local decisions, including school closures

- Ensure taxpayers have clearer information about tax impacts at the time of voting
- Continue to prioritize governance structures that ensure equitable representation

Act 46 created important opportunities for governance equity and operational efficiency. In Slate Valley, the decision to merge was grounded in long-term goals, not short-term tax incentives, and required real tradeoffs from communities.

As you consider future policy, we encourage a focus on sustainability, transparency, and alignment between what is promised and what can realistically be delivered over time.

Thank you for your time and for your continued work on behalf of Vermont's students.

Closing comments from Cheryl:

The tax rate incentives were complicated, and it was difficult to explain them to our taxpayers. This complexity tends to cause frustration, especially when we want taxpayers to focus on our budget and the programs we are trying to support for our students. While tax incentives did not ultimately become the primary driver, I believe they initially captured people's attention and encouraged them to consider a merger.

In addition to incentives for the next round of mergers—which are likely to be more challenging than those under Act 46—more than just tax rate incentives will be needed. Other “carrots,” so to speak, should be included. For example, a merger grant could help cover costs associated with consolidation, along with incentives for reducing staff or closing a building.

Tax rate incentives alone are unlikely to result in the number of mergers that policymakers hope to achieve.