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Two Rivers Supervisory Union and Act 46

I have reported to each Board a very general overview of the implications of Act 46 for the school districts that make up Two Rivers Supervisory Union. Those reports included the following:

- The work we have done in creating the Two Rivers Supervisory Union will likely give us some flexibility in considering the implications of Act 46. The bill itself outlines a “Preferred Governance Structure” and less well defined “alternative” governance structures that could potentially meet the goals of Act 46.
- I believe we could pass muster with the State Board of Education for approval of an alternative structure if we choose to make that application.
- While TRSU may qualify as an alternative governance model and thereby not be subject to other mandated changes, it is clear that we would nonetheless lose out on the tax incentives that are part of the “preferred model,” and we would also lose our small school grants for Cavendish, Mt. Holly and Ludlow. The loss of these small school grants would have significantly negative budgetary impact and diminish educational opportunities.
- The work we have done in creating the Two Rivers Supervisory Union gives us a leg up on the implementation of a “Preferred Model” were we to choose to go that route.
- The “Preferred Model” would allow for further streamlining of administrative processes at the Supervisory Administrative level.

At the time of my report to the Boards, we did not have the full spending cap information that are part of Act 46. Those numbers are now available. The allowable spending growth limits for our schools are as follows: **Mt. Holly is .73%, LES is .89%, Black River is .90%, CTES is 1.66%, CAES is 1.84%, and Green Mountain is 2.11%.** Budget development under these caps will be exceptionally challenging. The following report will add some detail to the verbal summaries I have provided and lay out a schedule for further consideration.

Preferred Governance Structure - Supervisory District

The current TRSU districts would be consolidated into a single supervisory district (SD). There are both advantages and challenges related to forming an SD among TRSU districts. Some of those challenges revolve around school choice. Currently Act 46 requires that all student in the SD have access to the same educational opportunities, i.e., all towns would be treated the same with respect to school choice. Currently Baltimore and Plymouth exercise full school choice for their students. Our other school districts have created a joint contract for limited school transfer. An SD would need a consistent stance on the matter of school choice. Towns with full school choice cannot be forced to give up school choice under Act 46. It could be done voluntarily. At this moment it is unclear how a potential contradiction on school choice is to be resolved. The



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Vermont Agency of Education and the State Board of Education are grappling with this issue. Stay tuned. Other significant challenges include the impact of a “pre CLA” unified tax rate within the unified district (required by the Act for the preferred model), the resolution of preexisting debt, a single governing board with representation that honors the concept of one person/one vote, just to name a few. The fundamental concept behind Act 46 is that all these issues and many others can be more effectively addressed in a unified way, thus creating additional educational opportunities for students.

Alternative Governance Structure

Act 46 acknowledges that an SD may not be possible or the best model to achieve Vermont's educational goals in all regions of the State. In such situations, a supervisory union composed of multiple districts, each with its separate board, can meet the State's goals, particularly if: 1.) the member districts consider themselves to be collectively responsible for the education of all prekindergarten through grade 12 students residing in the supervisory union; 2.) the supervisory union operates in a manner that maximizes efficiencies through economies of scale and the flexible management, transfer, and sharing of non-financial resources among the member districts; 3.) the supervisory union has the smallest number of member school districts practicable, achieved wherever possible by the merger of districts with similar operating and tuitioning patterns; and 4.) the combined average daily membership of all member districts is not less than 1,100. Implementing the alternative governance structure is subject to State Board approval. The combination of #3 and #4 presents the biggest challenge. Our current ADM pre K through 12 is 1106. However, as previously noted Baltimore and Plymouth have different tuitioning arrangements than those of our other school districts.

Act 46 provides the State Board with criteria for approving such structures: 1.) The alternative structure is the best means of achieving the goals outlined in Section 2 of the law; and 2.) The alternative structure ensures transparency and accountability for the member districts and the public at large, including transparency and accountability in relation to the supervisory union budget, which may include a process by which the electorate votes directly on the proposed supervisory union budget.

Act 46 provides new financial incentives for districts meeting certain criteria when forming the **preferred governance** structure, or SD. For districts forming an SD as of July 1, 2017, the incentives are primarily reductions in the annual tax rates of \$0.10, \$0.08, \$0.06, \$0.04, and \$0.02. Similar incentives are available for SDs which are formed after July 1, 2017 but no later than July 1, 2019. These incentives are reductions in the annual tax rates of \$0.08, \$0.06, \$0.04, and \$0.02. It is important to note that each constituent school district would need a **positive ballot vote to join a Unified School District by June 30, 2016**, essentially one year in advance of implementation. Attorney Chris Leopold will speak to the timeline at the September 3rd Executive Board meeting as well as other significant planning, governance and related legal issues that are part of the Act.

No similar tax rate incentives are provided for districts proposing to form an alternative governance structure. I urge Board members to visit the Vermont Agency of Education web site. Act 46 is prominent on their main page. There is much to learn and consider. <http://education.vermont.gov/>



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Schedule for considering Act 46

September 3, 2015, 6 PM TRSU Executive Board Meeting (Meeting will be held at the Cavendish Town Elementary School Art Room to accommodate larger numbers.)

We are inviting all TRSU Board Members to attend and will have the meeting on LPCTV. Chris Leopold, our primary TRSU attorney will present an overview of the legal process of Act 46 consideration. Here is a link to a Google Drive document to generate key questions prior to this meeting. Feel free to contribute:
https://docs.google.com/document/d/1Uz1JKbalUjSOkYMyIDOOqHnSTmq2Ufo9tZRwwqj_RZo/edit

October 1, 2015, 5-9 PM Save the date!
This is tentatively scheduled for a TRSU full board retreat.

The agenda will include the larger question raised at several Board meetings right after the budget process was finished this past year: How can Boards collectively think in new and innovative ways to reverse the uncomfortable reality that much of the budgeting process tends to be continually cutting opportunities for students in order to meet State mandated budget caps? Consideration of Act 46 will occur in this context. The District Collaborative Leadership Cohort (made up of highly trained facilitators from our professional staff) will help organize and facilitate the retreat with the help of the TRSU Innovations in Learning Committee.