

Mergers, Taxes and the Future of MSES

Public Forum

Thursday Sept. 8th, 2016

MSES 7pm

Act 46 passed in Spring 2015

On or before July 1, 2019 educational opportunities in Vermont shall be provided through **“sustainable governance structures”** that provide PreK-12 educational opportunities at a reasonable cost.

ACT 46 Outcomes

These governance structures are expected to achieve the following outcomes:

1. Provide equity in the quality and variety of educational opportunities
2. Lead students to meet or exceed the Education Quality Standards
3. Maximize operational efficiencies through greater flexibility to manage, share, and transfer resources, with a goal of increasing district-level student-to-staff ratios
4. Promote transparency and accountability

Current Structures of Schools in our Supervisory Union

Poultney: operates K-12

Wells: operates K-6, limited choice 7-12 through designation

Ira: Tuitions all kids K-12

Middletown Springs: operates K-6, 7-12 choice

Option 1 - Preferred Model

Single PreK-12 District - 1 Board - 1 Budget

- All districts must follow same educational structure
- Minimum 900 Students
- Single tax rate for the new district, adj. for CLA.
- Approved by electorate by 7/1/16 to be eligible and be operational by 7/1/17
- Homestead tax rate reductions for 5 years, \$0.10, \$0.08, \$0.06, \$0.04 and \$0.02
- Districts will keep small smalls grants
- Transition facilitation grant of \$150,000 or 5% of the base education amount * ADM, whichever is less
- Districts will keep 3.5% Hold Harmless Protection

Since we have 4 different education models, this option is not viable for our SU

Option 2 - Regional Education District (RED)

Single PreK-12 District - 1 Board - 1 Budget

- Merger of 4 districts - no student minimum
- All districts must follow same educational structure
- Single tax rate for the new district, adj. for CLA.
- Approved by electorate by 7/1/17
- Homestead tax rate reductions for 4 years, \$0.08, \$0.06, \$0.04 and \$0.02
- Districts will keep small smalls grants
- Transition facilitation grant of \$150,000 or 5% of the base education amount * ADM, whichever is less
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Option 3 - Side by Side

Districts within Supervisory Union Structure

- Merger of at least 2 like districts to form 1 “side”, SU would have have at least 2 “sides”. Each “side” must have different education structures.
- 1 Board, 1 Tax Rate, 1 Budget for each new district (side), adj. for CLA.
- Approved by electorate by 7/1/17
- Homestead tax rate reductions for 4 years, \$0.08, \$0.06, \$0.04 and \$0.02
- Districts will keep small smalls grants
- Transition facilitation grant of \$150,000 or 5% of the base education amount * ADM, whichever is less
- Districts will keep 3.5% Hold Harmless Protection

This is the most likely construct for Middletown Springs because we'd only have to find one other school district that has the same education model (i.e. K-6 or K-8)

Option 4 - Alternative, “Self Study”

Districts within Supervisory Union Structure

- Proposal submitted to the Secretary which demonstrates that the alternative structure will achieve the quality and cost goals established in Section 2 of Act 46 - proposal submitted by 11/30/2017
- ADM of 1100 students
- Smallest number of districts practicable
- Operates in a manner that maximizes efficiencies
- Districts collectively responsible for education for all students
- No incentives
- Districts will only keep small grants if geographically isolated or can demonstrate academic excellence and efficiency
- Districts will lose 3.5% Hold Harmless Protection after 7/1/2020
- Secretary to develop plan in spring of 2018
- Statewide plan adopted by State board by 11/30/2018
- Implementation of the transition effective 7/1/2019

This option is requires state board approval and offers the least financial benefit.

Act 46: Financial Consequences

- Districts that do not engage in voluntary structural changes will not be able to secure tax incentives
- After July 1, 2019 these districts will only be able to retain their small schools grants if the State Board determines they are geographically isolated or can demonstrate academic excellence and operational efficiency
- After July 1, 2020 these districts will also lose any 3.5% ADM hold-harmless protection

A few of the important details...

- Once a school district joins a formal study committee, they can not leave until the study group either presents the plan to the voters or the study group decides the unification plan is not advisable and disbands
- The legislature passed the law, but the Agency of Education and Board of Education write the rules and guidance for implementation, which means constant change and moving targets as new information trickles out
- “Self Study”, option 4, to stay as we are will be very very difficult to get past the state

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 - How assets/liabilities are shared
 - how representation on the new school board will be allocated
 - guidelines/protections for closing schools, etc.

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5. If State approval is granted, plan is presented to voters of each town
6. If voters approve, a new school district is formed, new school board is elected

What are neighboring school districts doing?

- Tinmouth/Mill River
- BRSU K-8 towns
- Fair Haven (Slate Valley?)
- Poultney/Proctor/WR (Quarry Valley?)
- Wells/Pawlet/Rupert

What we've done...

- Act 46 Passed June 2015
- Developed quantitative ranking of evaluation criteria
- Outreach to other districts that operate K-6, with 7-12 choice: Tinmouth, Danby, Mt. Tabor, Sunderland, Mt. Holly, Wells, Pawlet, Rupert
- Meetings with Rutland Town (K-8)
- Kept updated on the evolving details of Act 46
- Have kept in constant contact with possible merger partners as they go through their own process
- Collected community input at previous forum

- Disclaimer on financial models, assumptions, tax rates
- Reminder that tax rates fit in tables and charts, but other factors are also important
- Some of the the following options are not being seriously considered, they are presented to frame the discussion and give perspective

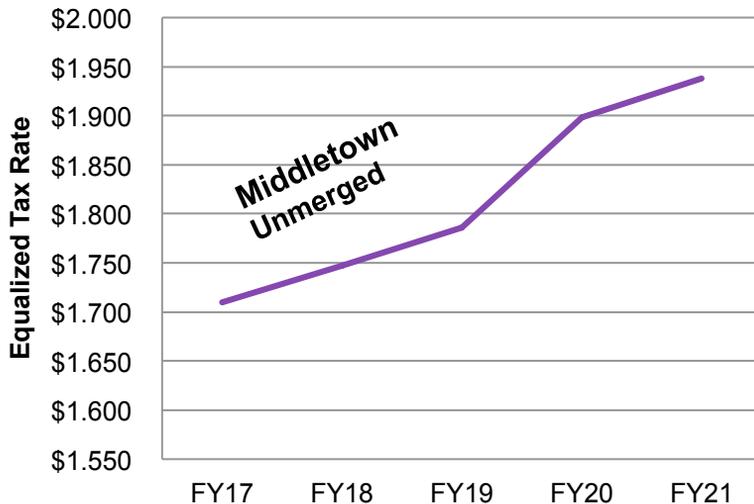
Options for Middletown Springs

1. “Self Study”, stay an individual school in the SU
2. Close School, Tuition K-12
3. Join Mill River
4. Merge with Rutland Town
5. Merge with Wells/Pawlet/Rupert

“Self Study”, stay as an individual school in the SU

FY17	FY18	FY19	FY20	FY21
\$1.710	\$1.748	\$1.786	\$1.898	\$1.938

Equalized Tax Rates with annual increase in Education Spending

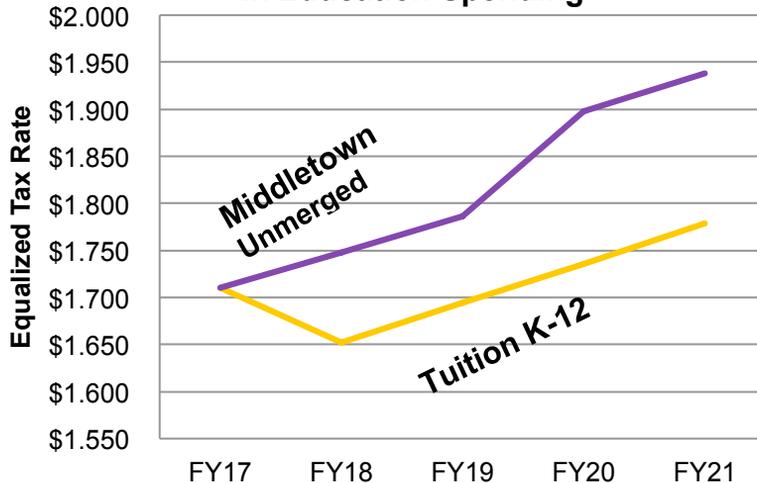


- Unsustainable increase in costs
- Loose small schools grants
- Increasingly difficult to provide equitable educational opportunities
- Unlikely to be approved by State

Close School, Tuition K-12

	FY17	FY18	FY19	FY20	FY21
Tuition K-12	\$1.710	\$1.652	\$1.694	\$1.736	\$1.779
Middletown Unmerged	\$1.710	\$1.748	\$1.786	\$1.898	\$1.938

**Equalized Tax Rates with annual increase
in Education Spending**

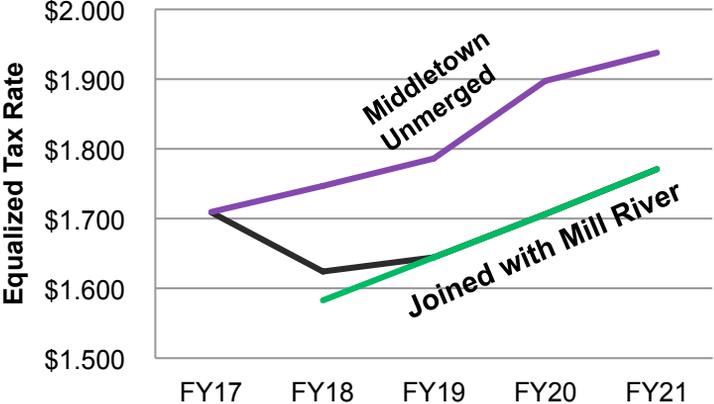


- Obvious effects on community
- Surprisingly little impact on costs compared to other options

Join Mill River

	FY17	FY18	FY19	FY20	FY21
Middletown merged	\$1.710	\$1.624	\$1.645	\$1.707	\$1.771
Merged District		\$1.583	\$1.645	\$1.707	\$1.771
Middletown Unmerged	\$1.710	\$1.748	\$1.786	\$1.898	\$1.938

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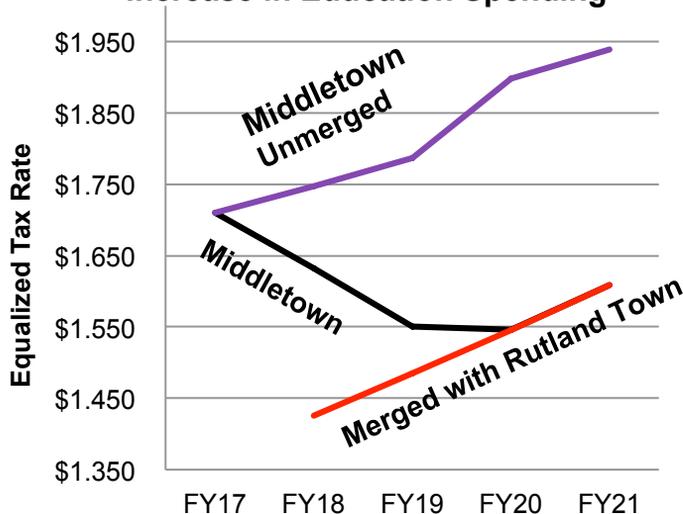


- Give up all choice

Merge with Rutland Town

	FY17	FY18	FY19	FY20	FY21
Middletown	\$1.710	\$1.632	\$1.551	\$1.546	\$1.608
Merged District		\$1.425	\$1.485	\$1.546	\$1.608
Middletown Unmerged	\$1.710	\$1.748	\$1.786	\$1.898	\$1.938

Equalized Tax Rates with annual increase in Education Spending



Give up 7th/8th grade choice

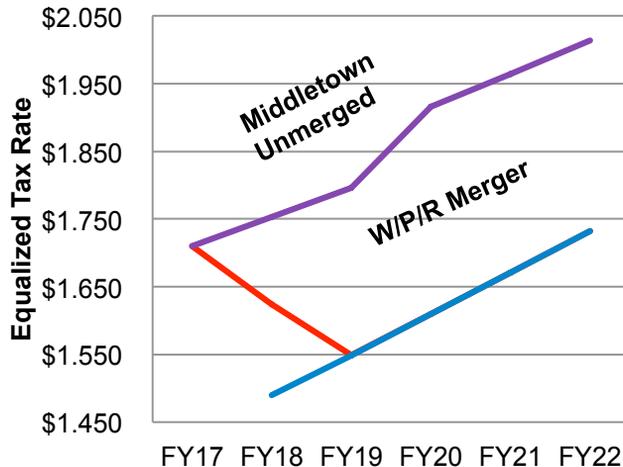
Middletown/Rutland Town would operate 7th/8th

- Add 7th/8th at MSES
- Bus to Rutland Town
- Hybrid

Merge with Wells/Pawlet/Rupert

	FY17	FY18	FY19	FY20	FY21	FY22
Middletown merged	\$1.710	\$1.625	\$1.549	\$1.609	\$1.671	\$1.733
Merged District		\$1.490	\$1.549	\$1.609	\$1.671	\$1.733
Middletown Unmerged	\$1.710	\$1.753	\$1.797	\$1.916	\$1.964	\$2.013

**Wells, Pawlet, Rupert, Middletown Merger
Tax Rates with annual increase in Education
Spending**

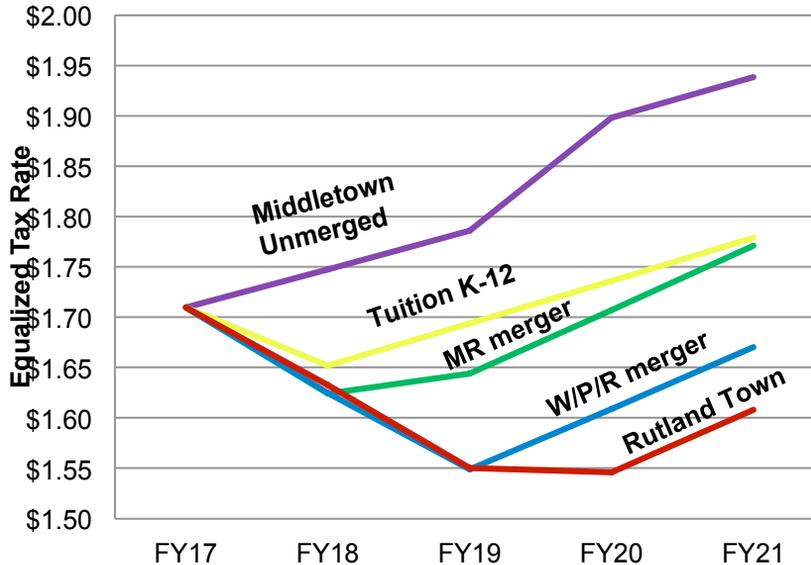


- Keep current K-6 structure, with 7-12 choice

Summary

	FY17	FY18	FY19	FY20	FY21
Middletown unmerged	\$1.71	\$1.75	\$1.79	\$1.90	\$1.94
Tuition K-12	\$1.71	\$1.65	\$1.69	\$1.74	\$1.78
Join Mill River	\$1.71	\$1.62	\$1.64	\$1.71	\$1.77
Merge with W/P/R	\$1.71	\$1.62	\$1.55	\$1.61	\$1.67
Merge with Rutland Town	\$1.71	\$1.63	\$1.55	\$1.55	\$1.61

Equalized Tax Rates with annual increase in Education Spending



Small Group Break Out

Collect Reactions, Questions, Concerns