

*Excellent Education, Strong Communities:
Realizing the Opportunities of Act 46*

Act 46 Implementation Project

Summer 2015

Act 46: Where Do We Begin?

- ▶ Understand the context –

- ▶ Statewide:

- ▶ High expectations for our schools to meet the needs of today's students – Education Quality Standards, Universal PreK, Act 77
 - ▶ Increasing poverty and addiction rates
 - ▶ Growing inequity in student opportunity and outcomes
 - ▶ Significant cost pressures
 - ▶ High leadership turnover

- ▶ Local:

- ▶ What are the challenges facing our districts and schools? How are these challenges impeding our ability to meet student needs?



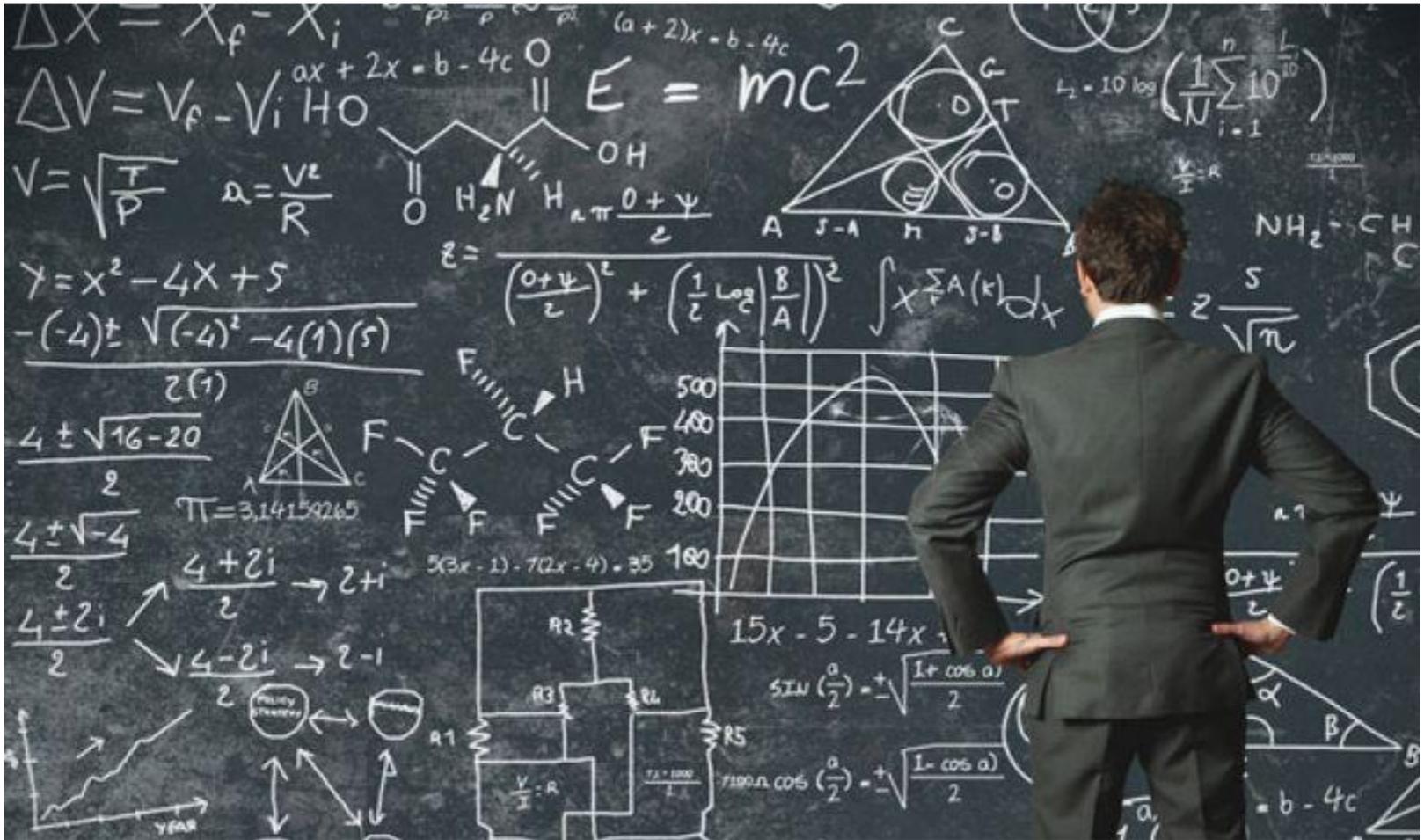
What Do We Want for All Our Children?



What Do Our Communities Value?



What Challenges Do We Face?



Can We Tackle These Challenges and Better Meet the Needs of All Students?

- ▶ What limitations prevent us from making our system better?
- ▶ How can we change, bend, or break those limits?
- ▶ What “how we’ve always done it” assumptions might be keeping us from finding ways to create a better set of opportunities for our children?



Act 46: Creating PreK-12 Education Systems



Act 46: Creating PreK-12 Education Systems

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: Creating PreK-12 Education Systems

These governance structures are expected to achieve the following outcomes:

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



Act 46: Preferred Governance Structure

- ▶ A single PreK-12 district
- ▶ Serving at least 900 students
- ▶ That has one of the four most common structures:
 - ▶ Operates all grades PreK-12;
 - ▶ Operates PreK-8 and tuitions 9-12;
 - ▶ Operates PreK-6 and tuitions 7-12; or
 - ▶ Pays tuition for all students grades PreK-12.



Act 46: Three Paths to Implementation

- ▶ *Accelerated Transition to Preferred Governance Structures*
(June 2015 – June 2016)

- ▶ *Conventional Transition to Sustainable Governance Structures*
(June 2015 – July 2019)

- ▶ *Self-Assessment, Quality Reviews & Statewide Plan*
(July 2017 – June 2019)



Path One: Accelerated Transition

- ▶ By **July 1, 2016**, the electorate approves a plan to merge all member districts of a supervisory union into a single education district. This could also include merger with a neighboring supervisory district.
- ▶ New district must have a minimum ADM of 900, be operational on or before July 1, 2017, and agree to provide data to the Secretary of Education in order to evaluate the impact of the merger on quality and cost.



Path One: Accelerated Transition

- ▶ Accelerated mergers are intended to:
 - ▶ Produce a VT-specific research base on the process, design, benefits and opportunities associated with districts operating at scale.
 - ▶ Support supervisory unions that have previously undertaken significant planning activities related to merger.
 - ▶ Support supervisory unions that are configured in a manner that lends itself to an expedited merger process.



Path One: Accelerated Transition

▶ Incentives:

- ▶ Homestead tax rate reduction of \$.10/\$.08/\$.06/\$.04/\$.02 in the first five years of operation. Every district can realize the full reduction (no 5% protection) in the first five years.
- ▶ New district will keep any small schools grants currently received by any of the merging districts.
- ▶ Transition facilitation grant of \$150,000, or 5% of the base education amount multiplied by the new district's ADM, whichever is less.
- ▶ Keep the 3.5% hold-harmless protection for declining enrollment, which otherwise will be eliminated in FY 2021.
- ▶ Exempt from the requirement to repay a portion of state construction aid upon sale of a school building.



Path Two: Conventional Transition

- ▶ The law provides incentives for action if a merger plan that meets one of the three RED variations of Act 156 (MUUSD, or “side-by-side” district) is approved by the electorate by July 1, 2017.

- ▶ Districts that are able to merge into a “preferred structure” that is operational by July 1, 2019 are also able to obtain incentives – there is no deadline for a vote of the electorate.



Path Two: Conventional Transition

▶ Incentives:

- ▶ Homestead tax rate reduction of \$.08/\$.06/\$.04/\$.02 in the first four years of operation.
- ▶ During the first four years, tax rates cannot increase or decrease by more than 5% a year.
- ▶ New district will keep any small schools grants currently received by any of the merging districts.
- ▶ Transition facilitation grant of \$150,000, or 5% of the base education amount multiplied by the new district's ADM, whichever is less.
- ▶ Keep the 3.5% hold-harmless protection for declining enrollment, which otherwise will be eliminated in FY 2021.
- ▶ Exempt from the requirement to repay a portion of state construction aid upon sale of a school building.



Path Three: Self-Assessment, Quality Reviews & Statewide Plan

- ▶ Districts that do not take action to reorganize themselves voluntarily and will not do so by July 1, 2019 are required to take certain actions prior to November 30, 2017.
 - ▶ School board must evaluate the district's ability to meet the state's goals and meet with other school boards in the region.
 - ▶ District (or group of districts) must submit a proposal to either retain its current governance structure or form a different structure with other district(s) or otherwise act jointly (joint contract school, e.g.) to the Secretary and State Board of Education.
 - ▶ The proposal should demonstrate how the district will be able to achieve the goals and must identify specific actions the district(s) will take to achieve the goals.



Path Three: Self-Assessment, Quality Reviews & Statewide Plan

- ▶ The Agency of Education will begin conducting Education Quality Reviews and site visits to evaluate districts' ability to meet the Education Quality Standards.
 - ▶ The Agency will monitor activity related to governance and keep the State Board of Education apprised of progress statewide.
 - ▶ Based on the results of the Quality Reviews and governance activity (including proposals submitted by districts) **in 2018** the Secretary will develop a statewide plan to transition all districts to sustainable governance structures.
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Path Three: Self-Assessment, Quality Reviews & Statewide Plan

- ▶ Statewide plan will be adopted by the State Board on November 30, 2018. Implementation of the transition effective July 1, 2019.
- ▶ Statewide plan **will not** require districts to lose choice or require districts to pay tuition.
- ▶ Absolute protection from the statewide plan is provided for the following districts:
 - ▶ Interstate school districts
 - ▶ Regional career tech center school districts
 - ▶ Districts that voluntarily merge into the preferred governance structure or a structure eligible to receive RED incentives by July 1, 2019



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.
- ▶ July 1, 2017 supervisory unions found to be out of compliance with Act 153 centralization provisions will see a 5% tax penalty.



Act 46: What Are Our Options?

- ▶ Merge all member districts in the supervisory union to form a single PreK-12 district. (Vote by 7/1/16; Operational by 7/1/17)
- ▶ Create a district that meets the “preferred structure” criteria. **You are not limited to working with districts in your SU.** This option could involve giving up current choice or operating patterns or moving some districts to different SD/SU. (Operational by 7/1/19)
- ▶ If you are an SU that has a blend of choice and non-choice districts, create a district/SU that meets the Act 156 RED alternative criteria. (Vote of the electorate by 7/1/17)



Act 46: What Are Our Options?

- ▶ Develop a plan to achieve quality and cost objectives through changes in the SU operation and configuration and submit a plan for consideration to the Secretary by November 30, 2017.
 - ▶ SU should be able to demonstrate:
 - ▶ ADM of 1,100
 - ▶ Has the smallest number of districts practicable
 - ▶ Operates in a manner that maximizes efficiencies through economies of scale and the flexible management, transfer, and sharing of nonfinancial resources among the member districts
 - ▶ Member districts consider themselves to be collectively responsible for the education of all PReK-12 students in the SU
- ▶ Pursue none of the above options and wait for action by the Secretary of Education and the State Board.



Act 46: Considerations Moving Forward

- ▶ What more do we need to better understand Act 46?
- ▶ How might we leverage Act 46 to create a better system for students at a sustainable cost?
- ▶ Who are our neighbors? What opportunities might exist for partnering with districts outside of our SU?
- ▶ What structure & process shall we engage in to move forward with this work?
- ▶ How might we engage our communities in our work?



Resources and Supports

\$5,000

- * Joint Services Facilitation Reimbursement
- * Initial exploration of providing services or performing duties jointly
- * May include community and identification of next steps i.e. merger
- * Non-binding

\$10,000

- * Joint Services Analysis and Implementation Reimbursement
- * For legal and consulting services
- * Detailed analysis of advisability of merger
- * Non-committal (but exhausts further study grants)

\$20,000

- * RED/Union School Analysis
 - * Legal and Consulting services
 - * Prepare a report that addresses creating a union school district
 - * Transition facilitation (\$150K) reduced by this expenditure
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