

LAMOILLE NORTH SUPERVISORY UNION
ACT 46 STUDY COMMITTEE MINUTES
OCTOBER 13, 2015

Committee Members Present: Pierre Laflamme, Jeff Bickford, Bill Sander, Laura Miller, Ken McPherson, Patti Hayford, Peter Ingvoldstad (arrived at 6:20 p.m.), Kristy Wrigley, Dan Regan, Angie Evans, Becky Penberthy, Tim Sullivan, Matt Mitchell

Others: Edie Beatty, Marilyn Frederick, Dana Jewett, Michele Aumand, Steve Sanborn

Public Comment: Thad Tallman

Call to Order and Approval of Agenda: P. LaFlamme called the meeting to order at 6:01 p.m. D. Regan made a motion, seconded by B. Penberthy, to approve the agenda. T. Sullivan stated his concern that the agenda assumed a long process to come to a decision, when that may not be the case. He thought it was possible to move past some of the agenda items and move forward into the next phase more quickly. To that end he suggested checking in with all members to determine their current thinking on which Transition Plan they were interested in. LaFlamme explained that the Check In Activity was on the agenda for that purpose.

T. Sullivan made a motion to move that agenda item ahead of the pros and cons of the issue. B. Sander seconded the motion, and the motion passed unanimously. Sander then made a motion to approve the agenda as amended, seconded by Mitchell. The motion passed unanimously.

Approval of Consent Agenda Items, Board Committee Minutes 9-29-15: B. Sander made a motion, seconded by J. Bickford, to approve the September 29, 2015 Board Committee minutes. The motion passed unanimously.

Financial/Business Scenarios Presentation and Q&A: S. Sanborn addressed questions that were brought up at the last meeting. At the last meeting, D. Regan had asked about proportional representation and at-large members. S. Sanborn stated that Chris Leopold was currently writing an opinion on that, therefore, an exact answer was not available. In response to another question, S. Sanborn reported that those schools that had made the choice to consolidate were pleased. Those schools that had been forced to consolidate by the State had fallen apart. S. Sanborn then explained the difference between public hearings, public forums and public meetings, stating that public hearings were required by law before going for a vote. Public meetings and forums were informal and a way to gather information. Further, he stated he would be happy to attend any of the public hearings.

M. Frederick then presented the financial consequences of moving forward with either a Conventional Transition (\$0.08) or an Accelerated Transition (\$0.10). Charts were provided to Committee members for review. She started by reminding the Committee that in order to transition to the Accelerated program, the vote of the electorate needed to happen by July 1, 2016. If approved, the single district option gave the Committee a one-year window to put the plan in place. The Conventional Transition program needed to be voted on by July 1, 2017.

Reviewing the Accelerated Transition incentives, M. Frederick outlined the Homestead Tax Rate Reduction of \$0.10 the first year, reducing \$0.02 each year for the next four years. The small school grant retention for Waterville and Eden would continue. The 3.5% Hold Harmless would continue. The Hold Harmless protected towns when there was a reduction in the enrollment figures but the budget had predicted more students, which then would impact the town's tax rate, which then affected the tax bills. The Hold Harmless law would sunset in 2021. Because LNSU enrollments have generally increased, this had never been an issue. However, enrollments were starting to level off. This transition plan exempted the District from Construction Aid Repayment, waiving repayment. Finally, there would be a \$150,000 transition grant available to the District, minus the \$20,000 grant money already received.

Under the Conventional Transition incentives, the homestead tax rate reduction would provide \$0.08 the first year with a \$0.02 reduction for the next three years, with no more than a 5% overall reduction. All other items would be the same as the Accelerated Transition. B. Sander asked about the Tech Center. He wondered if two towns opted out of the merger, would their portion of the financial cost for the Center be forgiven. Frederick noted that the LSU Board was the owner of the Tech Center, so it wouldn't impact it in the same way. S. Sanborn said he would look into that issue.

T. Sullivan asked if the indebtedness of each Board/District would become the indebtedness of the Unified School District. M. Frederick stated it appeared that's what they were looking at. S. Sanborn noted that it would be both the indebtedness and assets. M. Frederick reminded the Committee that since Act 60 had been established, all Vermont Boards had been paying for everyone's school.

K. McPherson asked for more clarification on the liability of towns for other towns that have taken on debt. M. Frederick stated that most towns receive 80% or more of their funds from the rest of the State. It wasn't helpful to think only one town paid a certain tax because it didn't happen that way. S. Sanborn stated they had reviewed the financials of another district, taking the debt from all of the schools, and then worked out the implications on the tax rate. When it was spread out over the entire district, it was 3 ½ cents on the tax rate once it was spread out. K. Wrigley noted that you get the revenue sources as well as the debt when you combine the schools.

Frederick outlined what she used in her Factors of Change slide: combined expenditure budget, combined local revenues, combined equalized pupils, combined education spending, combined education spending/equalized pupils, combined homestead tax rate and accelerated equalized homestead tax rate vs. current tax rate. This information was used to create her assumptions. K. McPherson suggested that the consolidation figure M. Frederick used of \$39 million was for the entire school system but the financial change would only be affected by the elementary school financials. Therefore, \$16 million was the number that should be used as it what was being affected by the consolidation.

M. Frederick then provided documentation on the incentive rates. Under the Accelerated version, some towns would actually receive more than a \$0.10 reduction. Belvidere, Eden and Waterville would see almost a \$0.20 reduction. As noted previously, each year the incentive

would change. K. McPherson asked if the taxes were going down, how could enough money be raised to support the schools. M. Frederick explained the State would charge the towns that weren't using the Accelerated version. It appeared at this point that only 12 to 14 out of 62 towns would be attempting to initiate the Accelerated program. L. Miller noted that Cambridge would see only a \$0.02 reduction the first year. M. Frederick explained that the smaller the school the greater the benefit of tax reduction.

M. Frederick continued, explaining that under the Conventional 8 cent program, there would not be as great a benefit and towns could only benefit up to 5%. K. McPherson asked why there couldn't be a common level of appraisal county-wide. S. Sanborn stated it had been discussed and set aside. M. Frederick then outlined the change to the property tax bills of each town under the Current, Accelerated and Conventional plan. She reviewed the allowable growth percentage, calculated per Act 46. Then, moving on to the Education Spending slide, M. Frederick explained a 2% increase was allowed, which resulted in the FY 2017 average student cost allowed was \$14,704. If the decision were to move to a Unified District the cost per student would be \$14,499 on average, which was very important to taxpayers.

K. McPherson asked when the new board would formulate its first budget. M. Frederick replied it would be a year after becoming a Unified District. K. McPherson asked if funds would be allocated differently or would each school receive the same dollar amount. M. Frederick stated that each site could receive different amounts, but the tax would be a combined total. Each school had different staff expenses, but the cost per pupil would be the same throughout the collective district. She explained how this had been done in a prior school system she budgeted for. S. Sanborn explained he worked with a community that had five schools. The Board gave budget guidelines to the schools and each principal developed their budget according to those guidelines. It was up to the Superintendent to work with the principals to negotiate the final budget. The Board would look at the recommendations and adjust or move forward. It was a very collaborative process.

M. Frederick noted her concern that due to the timing of the implementation of these programs, there might not be a treasurer available, as their term generally expires on June 30. M. Mitchell reminded her that while each town would vote on the consolidation issue in March, the existing Board would stay on for one more year. S. Sanborn explained that the new board would work for over a year, planning for the new Unified District during that first 16 months. As of July 1, 2017 the new district would become operational. The old districts and School Boards would expire in December of 2017. The Supervisory Union would then be given another month beyond that to finish their work. Further, it was explained that individuals would need to run for two boards on Town Meeting day. They would represent the District Board until that dissolved and then represent the Union Board. Sander asked who determined the number of 1, 2, or 3- year terms. S. Sanborn explained that this group would make that determination collectively. He also offered to check the law to determine if a number was specified for term limits.

Check In Activity (Committee Success): Prior to opening the floor to the Committee members to discuss their preferences on consolidation, S. Sanborn explained that they needed to keep in mind that the Accelerated Transition timetable was very tight. There were

currently only two meetings scheduled at the State level in December and January to review applications. If the Committee wanted to move forward with the Accelerated schedule, work must begin at the next meeting on the Articles of Agreement. Finalizing those articles would take two or three meetings. They must be done by the beginning of the last week of November in order to get to the Agency of Education for their review. Then it would go to the State Board of Education for their approval. There was a lot to be done in a very short time. He explained he did not mean to be discouraging, but the Committee was at a critical point. Then each Committee member offered their opinion on the direction they wished to take.

T. Sullivan stated he was not a fan of the way the State had pushed this upon the towns and from what he had read moving toward consolidation was a foregone conclusion. The Committee's purpose was not necessarily to make a whole lot of decisions but to be the group that decided to move forward. He stated this group was essentially already a married group. As an existing Supervisory Union, a lot of the work had already been done over the past years, and a lot of the infrastructure was currently in place. He asked would there be changes going forward? Probably. Would they lose some important voices in the consolidation? He believed they would. However, that didn't mean that they didn't have to consolidate. His opinion was there were financial benefits in the Accelerated plan and the Committee should move directly to working on the Articles of Agreement.

M. Mitchell stated he agreed with a lot of what T. Sullivan had said. He asked the Committee how they would go back to their community and say they decided not to take advantage of the benefits of the Accelerated program. He wanted to move forward and put the question before their constituents.

B. Penberthy stated she believed it was her job to give it their best shot and let the community decide. She agreed they should be work toward an Accelerated Transition.

K. McPherson stated he was agnostic leaning toward the negative. He believed that decisions this significant should be based on real financial situations and not upon very well constructed incentives that probably weren't sustainable. He believed that the artificial incentives were real but they would have a short-term effect. He hated to sell out for a short-term artificial benefit, but felt it might be something the Committee would have to do.

J. Bickford reminded the Committee that they were not actually deciding whether to consolidate. The electorate would make that decision. However, the financial benefits to the towns were substantial. He noted that working on the Articles of Agreement would be beneficial even if the towns voted no, as they'd be set up for the Conventional Transition model. He agreed that moving toward an Accelerated Transition would be best.

Angie Evans stated she agreed with B. Penberthy's statement.

D. Regan stated the tax incentives for Hyde Park were fairly modest. However, he was less a fan of doing nothing and paying for someone else's consolidation. He thought there might be some potential gains and broader opportunity for the students across the whole Supervisory Union through a higher level of governance and more stable leadership. He agreed with

everyone else's statements and reiterated that it was ultimately the community members who would make the decision. He believed they should set an ambitious timetable, try to achieve their goals, but not kick themselves if they couldn't get it done.

P. Hayford agreed with D. Regan's statement.

L. Miller noted that when she was rushed she always wondered if there might have been a different outcome if they hadn't rushed. She worried about taking the information to the community but not being adequately prepared and without all the facts. She believed the community wouldn't trust the Committee if they came back again with different information. She asked if it was worth rushing and taking local control away. She stated she would go along with the majority but had concerns.

P. Ingvoldstad agreed with everyone. He noted the Committee would have to look at stepping up the schedule of the meetings if they were moving ahead with the Accelerated Transition Plan. He agreed he didn't want to go to the public without all the information. He mentioned that he knew that Eden was concerned that the Articles of Agreement included an option to be able to use the school facility as a community facility.

B. Sander was very disappointed when the Legislature came up with this plan and he was still skeptical. His contention was that the Supervisory Union already met all the goals that the State was looking for, with six towns already being represented at the Union High School. He said he wouldn't sabotage the process because it appeared the Accelerated Transition Plan was going to happen anyway. He stated the Legislature had been bound and determined to impose this on the towns. He had asked Governor Shumlin about the school consolidation program when Shumlin was in the Senate and had been told that Shumlin wouldn't let it pass and actually blocked the measure at the time. However, once he was elected Governor he was on the bandwagon too. Sander said he was on board with the Accelerated Transition but believed it was a mistake.

K. Wrigley stated her support for the Accelerated option.

P. LaFlamme stated if the Committee moved forward he agreed they had to do it right. He believed it was easier to move forward with the Accelerated option and put on the brakes if necessary.

S. Sanborn agreed he would feel the same feelings as those around the table. He noted that some adjustments would need to be made to the meeting schedule in order to get working on the Articles of Agreement. He suggested that if there were questions on curriculum or special education to forward them to Michele Aumand. Responses to those questions would be forwarded to the rest of the Committee. He stated he would begin creating a template to work from. Additionally, he suggested that lawyers would need to become involved regarding land ownership and other intricacies.

T. Sullivan made a motion to alter the agenda such that they would discuss the Proposed Public Input Meetings and Public Comment but eliminate the agenda item Pros and Cons of Unification. P. Ingvaldstad seconded the motion and the motion passed unanimously.

Proposal Public Input Meetings – Updates from Local Boards

The towns have the following Public Meetings scheduled:

Johnson: November 9th.

Hyde Park: November 2nd was their next meeting. This may be too soon and they were looking at also holding a meeting on November 9th.

Waterville: November 12th.

Belvidere: November 19th.

Cambridge: November 4th.

P. LaFlamme asked if there should be a common framework and PowerPoint presentation. McPherson suggested delivering a presentation to a test group prior to the formal presentation. The group could then inform the presenters what wasn't being communicated properly so the message could be fine-tuned. B. Penberthy asked if teams could be formed within the Committee to make presentations. This would show a spirit of cooperation. Murray agreed it would be helpful for community members who might miss a meeting in their community to feel comfortable attending another town's meeting. McPherson asked if a podcast could be made of the presentation as well. Sullivan agreed with Penberthy's suggestion. Sander asked if someone could contact GMTT about McPherson's suggestion. M. Aumand volunteered.

LaFlamme then summarized the previous points and discussed the potential of Hyde Park and Johnson holding presentations on the same night. S. Sanborn agreed he could attend both meetings. Mitchell asked how the meetings would be warned. Beatty stated they would get the information out but noted the School Boards should warn the meetings as well. In response to a question about quorums at the presentations, Sanborn stated there should not be a quorum but there should be representation from the Committee. Ingvaldstad reminded the Committee that these meetings would be informational and no action would be taken.

Public Comment

A member of the public, Thad Tallman, expressed his concern that it would sour people if the Committee rehearsed the presentation too much. He also thought if the presentation was warned as a meeting it was possible people wouldn't be interested in attending. He also asked what would happen if this plan went through and people in Belvidere decided they wanted to reopen their school. Sanborn stated they would go the Union Board and petition the Board to reopen the school.

Tallman then asked how schools would be receiving funds. He also wondered if teachers could be moved from one school to another in order to improve the teaching in schools that were

having issues. Sanborn stated it was possible that the new Unified Board could decide to do that, as the same district would now employ every teacher.

Next Agenda: Sanborn suggested that time should be set aside to address questions that come in. Further, it would be helpful to go through the articles that were accepted by all parties as quickly as possible, allowing more time to work on the more difficult items. Work groups could be created that would work on the contentious articles. B. Penberthy asked if a meeting could be scheduled for the following week. Sanborn stated he would need to prepare for the next meeting and requested that they keep to the scheduled date of October 27th.

Adjourn: T. Sullivan made a motion, seconded by M. Mitchell, to adjourn the meeting at 8:12 p.m. The motion passed unanimously.

Minutes prepared by Sue Trainor