

Report by the Dissolution Committee for Chaplin, Hampton, and Scotland

December 2017

Study History

The towns of Chaplin, Hampton, and Scotland voted by referendum on June 23, 2016 to ask the Regional District 11 Board of Education to initiate a study for dissolution of Regional District 11 pursuant to Connecticut General Statute §10-63a(b). The question was approved by a tabulator vote of 591 in favor of studying dissolution versus 526 opposed—Chaplin 155 yes, 179 no; Hampton 227 yes, 211 no; Scotland 209 yes, 136 no. (Scotland moderator return, page 308, election results) A committee was formed per rules delineated by Connecticut General Statute (CGA) §10-63b, and membership is as follows:

Appointing Authority:	Appointee:
1. Chaplin Board of Education	John Bolduc, replaced by William Hooper
2. Chaplin Board of Finance	Cesar Beltran
3. Hampton Board of Education	Rose Bisson
4. Hampton Board of Finance	Nick Brown
5. Scotland Board of Education	Steve Kurcinik
6. Scotland Board of Selectmen	Clare D'Appollonio
7. Commissioner of Education	Matthew Venhorst
8. Regional District 11	Stephanie Harrington
9. Regional District 11	Jennifer Nelson
10. Regional District 11 (bonding expert)	Bill Fazioli
11. Treasurer's Office	Sheree Mailhot, replaced by Bettina Bronisz

All representative appointments were completed on December 21, 2016, and the first meeting of the dissolution committee was called by the State Department of Education (SDE) on January 4, 2017. Representation by the Chaplin Board of Education was re-appointed due to change in membership as a result of the November 2017 election, and representation from the state's treasurer's office was re-appointed due to change in job requirements at the state level.

Pursuant to CGS §10-41, the following committee members were elected officers of the committee:

Jennifer Nelson, Chair
Rose Bisson, Vice-Chair
Matthew Venhorst, Secretary
Nick Brown, Treasurer

CGS §10-63c reviews the required components of a the dissolution study, and enumerates the following:

Within one year after its appointment, the committee shall prepare a written report that includes:

- (1) Its recommendation concerning the advisability of a withdrawal or dissolution;*
- (2) a determination of the value of the net assets on the regional district;*
- (3) an apportionment of the net assets to each member town on the basis of the ratio which the total average daily membership of such town since its membership in the regional district bears to the total average daily membership reported to the State Board of Education by the regional board of education up to and including the last such report;*
- (4) a plan for settlement of any obligations and the transfer of property from the regional school district to the member town school districts;*
- (5) a timetable for the orderly withdrawal or dissolution of the regional district and establishment of local boards of education if none exist;*
- (6) the question to be determined by the referenda;*
- (7) such other matters as the committee deems necessary.*

The provisions of sections 10-43 and 10-45, except as provided below, shall apply to the procedures for submission of the plan to the member towns, action by such towns and the dissolution of the committee. The establishment of any new local board of education shall be in accordance with chapter 146. Upon affirmative vote in each member town, or, in the case of a regional school district that does not have a high school, any of the member towns, the regional board of education and member towns shall cooperatively implement the plan for dissolution or withdrawal of a member town.

This regional district, the subject of the dissolution study, is composed of grades 7-12, and as a result, no town boards of education would be need to be established since those boards already exist to manage the educational needs of students in grades PreK-6, and would be charged with implementing their plan to educate resident students in grades 7-12.

(1): The committee’s recommendation concerning the advisability of a withdrawal or dissolution:

After review of (a) the availability of local educational opportunities and cost measures, (b) comparative performance data of schools with available space, (c) enrollment history and projections, (d) population projections and grand list comparisons, (e) legal opinions regarding disposition of existing real estate, including associated physical structures, proportional share of regional assets, and impact on existing employment contracts, and (f) associated costs involved in dissolution of the district and thereafter maintenance of its former property, the committee voted by a vote of 5 no, 2 yes, and 2 abstentions to not recommend dissolution of Regional District 11. The chair did not cast a vote, as the outcome would not be impacted by such vote.

Explanation of Committee Vote, per CGS §10-43

The majority of the Committee believes at this time that there is insufficient evidence of cost savings presented to justify dissolution of the district. While declining student enrollment is a concern, the evidence gathered by the Committee implies that Parish Hill offers a positive educational experience for students and families. The majority of the Committee also believes

that schooling alternatives available in the event of dissolution would be accompanied by significant costs, and that dissolution would be highly disruptive to students.

(2) Determination of the Value of Net Assets of the Regional District:

Land & Building

The sole property of Regional District 11 (RD11) consists of property as described in Town of Chaplin, Connecticut Property Record Card ID: 98-5, Account # R001147 at 304 Parish Hill Rd., in Chaplin, CT. The committee also reviewed the current asset listing, as provided by RD11 in the Annual Activity Report for fiscal year ended June 30, 2017, and balance sheet data from 6/30/2016 and 6/30/2017. (See Appendix I)

The property value recorded by Main Street Maps was used in conjunction with the October 1, 2014 grand list of the Town of Chaplin. The appraisal assigned a value of \$5,885,500 to the RD11 property. Of this amount, \$284,400 was attributed to land value. The study committee obtained an updated legal opinion dated November 28, 2017 from the law firm of Halloran and Sage. The updated opinion included language regarding the status of the title to real estate following a potential dissolution and concluded:

“The relevant statutory provision regarding disposition of assets is Conn. Gen. Stat. §10-63c, particularly subsection (4). Specifically, the Committee’s report shall include its “plan for ...the transfer of property from the regional school district to the member town school districts.” The absence of alternative provisions suggests that this is the manner in which property is to be distributed to member towns. (...)

Where the regional district has a single real estate asset, transfer to “the member town school districts” suggests that it would be conveyed to the three towns as tenants in common, with their proportionate ownership based on the formulas contained in the dissolution committee’s report.”

Attorney Roberts goes on to recommend various property management strategies that includes representation from each town, and notes management strategy already in place in neighboring municipalities that jointly own property. (Appendix II)

Capital Assets—Fixed Assets/Personal Property

RD11 Superintendent of Schools Henrici provided the study committee with an inventory of fixed assets and personal property of RD11 as of June 30, 2016 (Appendix I), together with valuation of such at cost and at net book value. The reported value at cost and at net book value of the fixed assets/personal property are shown as \$5,020,164 and \$2,698,255 respectively as of June 30, 2016. For the purposes of determination of value, the committee used net book value as more realistic representation of used property.

Post-Employment/Unemployment Obligations:

All numbers used in this section can be seen in Appendix III.

For teachers in RD11, the contractual obligations for severance pay are as follows:

Teachers

(Teachers contract, Page 12, number 6, under Article 9 LEAVES):

A teacher who retires with at least 15 years of service with the school district and is immediately eligible to receive retirement benefits under the Teachers; Retirement Act, shall receive as severance pay \$25 per day of accumulated sick leave to the maximum accumulation allowed under this section. A teacher who provided notice of retirement between July 1 and December 31 of the contract year of retirement shall be paid this benefit on the next July 1st following retirement. A teacher who provided notice of retirement between January 1 and June 30 of the contract year of retirement shall be paid this benefit on the second July 1st of the following retirement. Only those teachers hired to commence work on or before June 30, 1998 shall be eligible for this benefit.

Only five teachers at the district currently fall under this rule, at a cost of \$24,368.75.

Administrators

Page 4, Section 5-Leaves

Upon separation of the parties of this agreement, the Administrator will receive \$20 for each sick day remaining in his sick bank, not to exceed 165 days. Such payment will be made during the first payroll period following separation.

At present, this would impact to employees for a total amount of \$1310.

Paraprofessional and maintenance workers union

Page 8, Article VIII-Leave Provisions, Section A. Sick Leave

An employee who retires at age 55 or older after 15 years of continuous service with the Board, or at age 65 or older, regardless of years of service, or who dies while employed by the Board shall receive the per diem value of 25% of accumulated sick leave by the next July 1st following death or retirement.

At present, this would impact two employees for a total of \$24,699.52, and separate from those two, the Maintenance Director would receive \$180 for unused sick days.

Secretaries

Page 18, Article 27-Severance Pay

Upon termination or resignation, as long as two weeks advance notice of resignation is provided to the Board, the employee shall be entitled to the following:

a. All earned and unused vacation time(non-accumulative except for what may have been carried over per Article 15, Section 2 which states Vacation time is not cumulative; that is, it cannot be carried over into the next fiscal year; provided however, that with the advance written approval of the Superintendent, a maximum of 5 vacation days total may be carried over into the next

fiscal year. Unpaid leave of absences for sick or other reasons shall not be included in calculating the vacation and personal day payout.

Payout of all earned and unused vacation time as set forth herein for termination applies only to a termination for other than cause and only to earned and unused vacation time for the year in which the employee terminated or resigns. There shall be no payout of unused accumulated vacation and personal time from prior years, unless the carryover was of the amount approved by the Superintendent in writing.

This would affect three employees at a total cost of \$6081.20.

The Central Office Committee staff are only partly (64% at present) employed by RD11, the remainder of employment being under Chaplin. Therefore, only 64% of their severance would be owed by the district, a cost of \$1941.18.

Unemployment benefits, as defined by Connecticut unemployment law, would control any expenses borne by the employer when employees file for benefits. The attached Appendix III, as compiled by RD11, is a list of salaries of all employees whose contracts with RD11 make them eligible for unemployment and/or severance benefits from the district, and include calculations of the cost of such agreements to RD11 in the event of dissolution. It should be noted that employees that are not part of any bargaining unit do have employment contracts, but those contracts are not subject to collective bargaining regulations, and are employees at will, subject to Connecticut Labor laws and regulations.

Employees of the Central Office Committee, employed by two distinct districts (Chaplin and RD11), have shared responsibilities and contracts of employment. The proportional share of responsibility is negotiated yearly by the representatives of the individual Boards of Education, and any subsequent post-employment benefit obligation would be governed by that proportion. Currently, the proportional share of responsibility is 64% to RD11 and 36% to Chaplin, with the exception of the Director of Special Education, whose time and costs are divided equally (50/50) between the two.

As calculated in Appendix III, the total potential unemployment costs for which RD11 would be liable in the event of moving to dissolve, including the costs of its own employees and its proportion of the shared Central Office Committee staff, come to \$670,452.16

This means a total severance cost of \$58,580.65 would need to be paid, and up to \$670,452.16 in unemployment benefits. In estimating 'actual costs' for dissolution, the full amount of severance was used, since it would be mandated, and an estimate of half of possible unemployment payouts was used, as exact payout of unemployment benefits would depend on how long former RD11 employees remained between jobs.

In total, then, the 'actual cost' to the district was estimated at $\$58,580.65 + (\$670,452.16/2) = \$393,806.73$

Health Insurance

Regional District 11 serves as the umbrella for group health benefits for Parish Hill, the elementary Boards of Education in Chaplin, Hampton, and Scotland, and the Towns of Chaplin, Hampton, and Scotland. Compliance with the Affordable Care Act allows this group to be rated as a large employer, but if the regional district is dissolved, compliance with the ACA and size of each employer will govern benefits and associated costs. As stated in the previous study, each entity would become a small group, and rated as such. Towns and Boards of Education may continue with the current broker or may join other health insurance providers, such as EASTCONN, to achieve savings afforded large-pool employers.

(3) An Apportionment of the Net Assets to Each Member Town on the Basis of the Ratio which the Total Average Daily Membership of such town since its membership in the regional district bears to the Total Average Daily Membership reported to the State Board of Education by the regional board of education up to and including the last such report:

The proportional share of asset distribution was calculated based upon the addition of information from the 2009 Dissolution Report to the present. The calculated ratios are of ownership are: 40.39% to Chaplin, 31.12% to Hampton, and 28.49% to Scotland. (Appendix IV)

(4) A Plan for Settlement of Any Obligations and the Transfer of Property from the Regional School District to the Member Town School Districts:

If the dissolution of RSD 11 is approved, the district shall be dissolved no later than June 30, 2019. The settlement of any outstanding obligations of RSD 11 and the transfer of district property and remaining net assets to the Member Towns will be handled as follows:

To the extent not constituting continuing obligations of the Member Towns pursuant to the Connecticut General Statutes or otherwise assumed by the Member Towns, not later than the date of dissolution of RSD 11, the district shall pay, or provide for the payment, of all its financial obligations, which may include the establishment of trusts, escrows or other funds or reserves for the payment of pending claims and other obligations including but not limited to employee benefits. Upon the resolution of such claims, etc., any monies remaining in such trusts, etc., shall be distributed to the Member Towns in the proportionate shares described in Apportionment of the Net Assets of RSD11 to the member towns.

Unless otherwise determined by consensus of the Boards of Selectmen of the Member Towns, not later than the last business day prior to the date of dissolution of RSD 11, the district shall liquidate all its investments not needed to meet or provide for its financial obligations as described immediately above, and the investment proceeds and any available monies of the district shall be distributed to the Member Towns in the proportionate shares described in Apportionment of the Net Assets of RSD11 to the member towns .

Furthermore, unless otherwise determined by consensus of the Boards of Selectmen of the Member Towns, not later than the last business day prior to the date of dissolution of RSD 11, the district shall transfer all its real and personal property to the Member Towns, such property to be held jointly by the Member Towns in the proportionate shares described in Apportionment of the Net Assets of RSD11 to the member towns.

State statute, as interpreted In an opinion issued by Halloran and Sage, LLP, calls for the distribution of the real property to the member town boards of education. It is unknown what impact building maintenance would have on each elementary board of education's budget, nor is the impact on Minimum Budget Requirement determinable. This is a statutory construction question since no regional district has been dissolved before, and no real or personal property has been distributed to individual boards of education.

(5) A Timetable for the Orderly Withdrawal or Dissolution of the Regional District and Establishment of Local Boards of Education if none exist:

The committee discussed necessary preparations for the transfer of students should the district dissolve. Receiving districts require appropriate time to manage their building and staffing needs for the increase in the student body should the existing boards of education choose to send students to such school. Also of concern is the disruption to the students and families during such transition. The committee believed the transition of students could be accomplished within a one-year time frame, and would encourage the existing local boards of education to act prudently and efficiently. Since Regional District Eleven is only a grades 7-12 district, local boards of education already exist for PK-6 and would not need to be established, thus easing transition of educational matters to existing boards, who would take on responsibility for PK-12 students.

(6) The Question to be Determined by the Referenda:

As the committee voted against dissolution, there will be no referenda, and therefore question (6) is not applicable.

(7) Such Other Matters as the Committee Deems Necessary:

Significant discussion on matters falling under section (7) encompassed the majority of time spent by the committee, as discussions were held and data collected relating to local education, autonomy, and ownership of opportunity. Educational comparisons were made between neighboring school districts that expressed opportunity and Regional District Eleven. Comparison data was provided by the State Department of Education (Appendix V.) This data includes comparable data for enrollment, faculty-student ratios, percentage of classes taught by highly qualified teachers, 12th grade students in college/career ready courses, four year

graduation rates, college entrance and persistence, and average standardized test scores (SAT and Grade 10 Science CAPT.) The state also provided school profiles for comparative purposes. (Appendix VI.)

Local Educational Opportunities:

This committee sent letters of inquiry to numerous districts in the region for possible attendance of middle school and/or high school students in April, 2017. Windham was notably absent from our inquiry due to timing as Windham was undergoing significant restructuring and it was unknown what form the high school opportunity would present at the time. The responses are listed in Appendix VII. Since that time, Windham has provided comparative data which is included in gross tuition cost comparisons (also included in Appendix VIII). It is noted that these responses are only illustrative of opportunity in neighboring school districts. Per state statute, the local boards of education would be charged with providing educational opportunity to all students within their district. Communication was sent to all elementary board chairs (see attached email communication), but no board provided completed plans. They are aware of their obligation, and are in various stages of responding to the inquiry.

Consideration was given to location, cost, and number of students each district would be able to accommodate. All schools represented a lower gross cost per pupil for regular education, comparing costs from approved annual budgets of Parish Hill High School. It should be noted that cost comparisons for Regional District 11 (Appendix IX) included reductions of budgeted building, school of choice, and special education expenses to arrive at comparisons of regular education tuition costs. While members of the committee expressed skepticism regarding the cost comparisons, the numbers are based on approved budget figures from Parish Hill and quoted tuition costs from local districts.

Much discussion focused on whether comparative cost analysis could be presented. Tuition costs from various high schools only account for in seat costs for regular education. Cost of transportation and additional cost for Special Education services are also a factor in our discussion. Based upon the 2009 study, a cost comparison was developed (Appendix X).

This cost comparison shows the estimated total per pupil cost for tuitioning out students at Parish Hill is **\$22,634 per pupil in the first year**, not factoring in diesel fuel costs, with an expectation of lower costs (**\$21,212**) the next year, assuming stable tuition rates. This number assumes middle school costs, and may be lower if only high school students were assumed. Scotland presented a start—up cost of \$652,247.00 to return their middle school students to Scotland. Their facility is sufficient and the renovation includes sufficient facility to incorporate a middle school program. If Scotland has 90 students, this would mean an additional \$7222 per pupil cost for Scotland only, in the first year, and some fraction thereof every year after for additional middle-school teachers in the expanded Scotland school, for a first-year cost of **\$29,881 for Scotland per pupil**, and lower but harder to estimate costs in succeeding years.

For comparison purposes, the 2017-18 budget from Eastford was reviewed. Eastford is a small town in Eastern Connecticut on the north side of Chaplin and Hampton. A review of their total budget for education (including transportation costs, special education costs, and attendance to

Woodstock Academy, multiple magnet school choices, and Vocational-Agricultural programs showed a per pupil cost of \$19,832. ($\$1,150,2791 / 58$) (Eastford Budget, Appendix XI). If Parish Hill cost per pupil included Vocational-Agricultural, schools of choice, and special education, the total cost per pupil at Parish Hill becomes \$22,950. This number does not include transportation costs since those costs are assumed by the elementary boards of education.

This committee reviewed, discussed, and considered all the aforementioned data, as well as additional student enrollment trends, population trends, grand list comparisons, and data compiled by Scotland Elementary School for the return of students in grades 7 and 8 (Appendix XII) before any recommendation was made. Community input from Parish Hill parents, students, and staff was keenly aware of the study's impact and submitted numerous petitions opposing dissolution. The tri-town communities-at-large members also submitted petitions seeking to secure a referendum in each town so all electors were provided the opportunity to vote on the merits of the study data. Ultimately, the committee's vote did not recommend dissolution, and as a result, no referendum is scheduled.