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Acts 46/153/156  
Text

## **Governance Timeline**

### **Phase 1 – Accelerated Mergers**

- SU merger into single unified district
- o voter approval: 07.01.16
- o operational: 07.01.17

### **Phase 2 – REDs & RED Variations**

- (includes Side-by-Side mergers & MUUSDs)
- o voter approval: 07.01.17
- o operational: by 07.01.19

### **Phase 3 – Conventional Mergers**

- o voter approval: no deadline
- o operational: by 07.01.19

### **Proposals by Nonmerging Districts**

- after self-evaluation and regional conversations
- o proposal due: 11.30.17

### **Secretary of Education's Statewide Proposal**

- o proposal due: 06.01.18

### **State Board of Education's Final Statewide Plan**

- requires governance changes to the extent necessary, possible, and practicable
- o issued: by 11.30.18
- o effective: 07.01.19

*Note: This document is provided for guidance only and does not have the force of law. See the underlying statutes and/or Acts for more detail.*

Revised: July 18, 2016



Act 153  
RED

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**Regional Education Districts (REDs) -- text of law**

**2010 No. 153, Secs. 2 & 3, as amended by 2012 No. 156, Sec. 1 and  
2015 No. 46, Sec. 16**

**Sec. 2. SCHOOL DISTRICT MERGER INCENTIVE PROGRAM [PROGRAM CREATED]**

(a) Program created. There is created a school district merger incentive program under which the incentives outlined in Sec. 4 of this act shall be available to each new unified union school district created pursuant to Sec. 3 of this act and to each new district created under Sec. 3 of this act by the merger of districts that provide education by paying tuition, and to the Vermont members of any new interstate school district if the Vermont members jointly satisfy the size criterion of Sec. 3(a)(1) of this act and the new, merged district meets all other requirements of Sec. 3 of this act. Incentives shall be available, however, only if the merger receives final approval of the electorate prior to July 1, 2017.

(b) Board discussion. On or before December 1, 2010, the board of each supervisory union in the state shall discuss, and the board of every school district may discuss, whether it wishes to explore the merger of districts within the supervisory union or with one or more districts outside of the supervisory union, or both under the terms of this act.

**Sec. 3. VOLUNTARY SCHOOL DISTRICT MERGER INCENTIVE PROGRAM [DETAILS]**

(a) Size.

(1) School districts, which may include one or more union school districts, may merge to form a union school district pursuant to chapter 11 of Title 16 (a "Regional Education District" or "RED") that shall have an average daily membership of at least 1,250 or result from the merger of at least four districts, or both.

(2) School districts interested in merger may request the state board of education to grant them a waiver from the requirements of subdivision (1) of this subsection, which shall be granted if the districts can demonstrate that the requirements would not be cost-effective, would decrease educational opportunities, or would diminish student achievement, or any combination of these.

(b) Elementary and Secondary Education

(1) A RED formed under this act shall provide for the education of its resident students by operating one or more public schools offering elementary and secondary education.

(2) If they comply with all other provisions of this act, then notwithstanding subdivision (1) of this subsection, school districts that do not operate secondary schools may merge to form a RED, operate as a K-12 district, and receive the incentives in Sec. 4 of this act if the proposed RED operates one or more schools offering at least kindergarten through grade 6 for the resident students in those grade and implements one of the following options:

(A) The RED designates either a Vermont public school outside the district or a Vermont approved independent school located inside or outside the district as the sole public secondary school of the RED pursuant to the provisions of 16 V.S.A. § 827.

(B) The RED provides for the education of students in all grades for which it does not operate a school by paying tuition pursuant to 16 V.S.A. § 824, provided that the RED will neither operate a school offering the grades for which it pays tuition nor designate a school that offers those grades.

(3) If they comply with all other provisions of this act, then notwithstanding subdivision (1) of this subsection, school districts that do not operate any schools may merge to form a RED, operate as a K-12 district, and receive the incentives in Sec. 4 of this act if the proposed RED provides for the education of students in all grades by paying tuition pursuant to 16 V.S.A. § 824, provided that the RED will neither operate a school offering the grades for which it pays tuition nor designate a school that offers those grades.

(c) Supervisory unions and supervisory districts.

(1) School districts that merge to form a RED do not need to be members of the same supervisory union prior to merger.

(2) Upon merger, the state board of education shall assign the RED to a supervisory union or determine that the RED will operate as a supervisory district. In addition, the state board shall assign any district or districts in the original supervisory union or unions that did not merge into the RED to one or more supervisory unions; provided, however, a district may request placement within a specified supervisory union pursuant to 16 V.S.A. § 261(b).

(d) Operation of schools. A RED shall not close any school within its boundaries during the first four years after the effective date of merger unless the electorate of the town in which the school is located consents to closure. The participating districts' plan of merger may include processes governing the manner in which the RED may close schools after the fourth year.

(e) Local participation. Because the RED shall be governed by one board, the plan for merger presented to the electorate for approval under chapter 11 of Title 16 shall include structures and processes that provide opportunities for local participation in the creation of RED policy and budget development.

(f) Enrollment options. The plan for merger presented to the electorate for approval shall include whether and to what extent elementary and secondary students residing within the RED may enroll in any school the RED operates, provided:

(1) a RED that operates or designates a secondary school shall comply with regional high school choice provisions of 16 V.S.A. § 1622;

(2) each RED shall provide, or provide access to, secondary technical education for students residing within its boundaries;

(3) if the approved merger plan provides fewer options to the students in one or more of the merging districts than they have prior to merger, then the RED shall pay tuition to a school pursuant to the provisions of 16 V.S.A. §§ 823 and 824 for any resident student who resided in one of those districts and was enrolled in the school at public expense at the time of merger, even if the approved merger plan does not otherwise require the RED to pay tuition to that school; and

(4) if a RED is created pursuant to subdivision (b)(2) or (b)(3) of this section and provides for the education of resident secondary students by paying tuition, and if after the effective date of merger the RED electorate is asked to vote on a proposal to limit enrollment options in those grades, then the proposed amendment, as with any change to a specific term of a merger agreement, shall be affirmed or rejected by the voters of each member town pursuant to 16 V.S.A. § 706n(a).

(g) Employment and labor relations. On the first day of its existence, the RED shall:

(1) assume the obligations of individual employment contracts between the participating districts and their bargaining unit employees;

(2) assume the collective bargaining agreements between the participating districts and their respective representative organizations, including any provisions that address the transition to the RED, until such time as it reaches its own agreement with teachers and administrators under 16 V.S.A. § 2005, and with other employees under 21 V.S.A. § 1725(a);

(3) recognize the representatives of the employees of the former member districts as the recognized representatives of the employees of the RED;

(4) ensure that an employee of the former member district who is not a probationary employee shall not be considered a probationary employee of the RED; and

(5) have reached an agreement with the recognized representatives of the employees, effective on the first day of the RED's existence, regarding how to address issues of seniority, reduction in force, layoff, and recall prior to reaching its first collective bargaining agreement with its employees.

(h) Cost-benefit analysis. School districts shall conduct a cost-benefit analysis as part of their merger planning. The plan for merger submitted to the state board of education pursuant to 16 V.S.A. § 706c and presented to the voters for approval shall identify cost efficiencies and improved educational outcomes that will result from merger in order to demonstrate a rational basis for the decision to merge and shall outline and, to the extent possible, document projected:

- (1) real dollar efficiencies;
- (2) operational efficiencies;
- (3) expanded student learning opportunities; and
- (4) improved student outcomes.

(i) Qualification. No individual entitlement or private right of action is created by Secs. 2 through 4 of this act.

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Act 156  
Side-by-Side  
Mergers

Side-by-Side Mergers – text of law

2012 No. 156, Sec. 15

Sec. 15. TWO OR MORE MERGERS; REGIONAL EDUCATION DISTRICT INCENTIVES

(a) Notwithstanding Sec. 3(a)(1) of No. 153 of the Acts of the 2009 Adj. Sess. (2010) that requires a single regional education district ("RED") to have an average daily membership of at least 1,250 or result from the merger of at least four districts, or both, two or more new districts shall be eligible jointly for the incentives provided in Sec. 4 of No. 153 if:

- (1) each new district is formed by the merger of at least two existing districts;
  - (2) each new district meets all criteria for RED formation other than the size criterion of Sec. 3(a)(1) of No. 153;
  - (3) one of the new districts provides education in all elementary and secondary grades by operating one or more schools and the other new district or districts pay tuition for students in one or more grades;
  - (4) each new district has the same effective date of merger;
  - (5) the new districts, when merged, are members of one supervisory union; and
  - (6) the new districts jointly satisfy the size criterion of Sec. 3(a)(1) of No. 153.
- (b) This section is repealed on July 1, 2017.

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Act 156  
Layered  
Mergers

**"Layered" Mergers - text of law**

**2012 No. 156, Sec. 16**

**Sec. 16. UNION ELEMENTARY SCHOOL DISTRICTS; REGIONAL EDUCATION DISTRICT INCENTIVES**

(a) If a majority of the local elementary school districts in the member towns of an existing union high school district merge to form a union elementary school district pursuant to 16 V.S.A. chapter 11 that operates all grades not offered by the union high school district, then, notwithstanding provisions of No. 153 of the Acts of the 2009 Adj. Sess. (2010) to the contrary, the new union elementary school district is eligible for the incentives provided to a regional education district ("RED") in Sec. 4 of that act, provided that the new district complies with the employment and labor relations provisions of Sec. 4(g) of that act and further provided that the effective date of the merger into the union elementary school district is within the period required for RED formation.

(b) This section is repealed on July 1, 2017.

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Act 156  
MUUSD

### Modified Unified Union School Districts – text of law

2012 No. 156, Sec. 17; as amended by 2013 No. 56, Sec. 3

#### Sec. 17. MODIFIED UNIFIED UNION SCHOOL DISTRICT [MUUSD]

(a) Notwithstanding any provision of law to the contrary:

(1)(A) if all local elementary school districts in the member towns of an existing union high school or union middle school-high school district ("union high school district") vote whether to establish a unified union school district providing prekindergarten or kindergarten through grade 12; and

(B) if a majority but not all of the elementary school districts, or any number greater than a majority as required by the report approved under 16 V.S.A. § 706c, including all districts that may be named in the report as "necessary," votes in favor of establishing the unified union school district; then, if the warning for the vote clearly provides,

(2) a new modified union school district (the "modified union school district") shall be established that shall:

(A) provide to the students residing in the member towns of the union high school district education in those grades provided by the union high school district; and

(B) provide elementary education to the students residing in the current elementary school districts that voted in favor of the unified union school district.

(b) Establishment of the modified union school district shall:

(1) dissolve the union high school district, and any assets or liabilities held by the union high school district shall be transferred to the modified union school district; and

(2) dissolve the elementary school districts that voted in favor of establishing the unified union school district, and any assets or liabilities they hold as individual districts shall be transferred to the modified union school district.

(c) Notwithstanding provisions of No. 153 of the Acts of the 2009 Adj. Sess. (2010) as amended by this act to the contrary, the modified union school district is eligible for the incentives provided to a regional education district ("RED") in Sec. 4 of that act, provided that the modified union school district complies with the employment and labor relations provisions of Sec. 4(g) of that act and further provided that the effective date of the merger into the modified union school district is within the period required for RED formation.

(d) This section is repealed on July 1, 2017.

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Revised: August 2, 2016

Sec. 6. ACCELERATED ACTIVITY; SUPERVISORY UNION

BECOMING A SUPERVISORY DISTRICT; ENHANCED TAX

INCENTIVES; SMALL SCHOOL SUPPORT; DATA AND REPORT

(a) A newly formed school district shall receive the incentives set forth in subsection (b) of this section if it:

(1) is formed by merging the governance structures of all member districts of a supervisory union into one unified union school district pursuant to the processes and requirements of 16 V.S.A. chapter 11, and also could include merger with a neighboring supervisory district;

(2) obtains an affirmative vote of all necessary districts on or after July 1, 2015, and prior to July 1, 2016;

(3) is responsible for the education of all resident prekindergarten through grade 12 students;

(4) is its own supervisory district;

(5) has a minimum average daily membership of 900 in its first year of operation; and

(6) is organized and operates according to one of the following common governance structures:

(A) a district that operates a school or schools for all resident students in prekindergarten or kindergarten through grade 12;



(B) a district that operates a school or schools for all resident students in prekindergarten or kindergarten through grade 8 and pays tuition for all resident students in grade 9 through grade 12;

(C) a district that operates a school or schools for all resident students in prekindergarten or kindergarten through grade 6 and pays tuition for resident students in grade 7 through grade 12;

(7) demonstrates in the study committee report presented to the State Board and district voters pursuant to 16 V.S.A. chapter 11 that the proposed governance changes will meet the goals set forth in Sec. 2 of this act;

(8) becomes operational on or before July 1, 2017; and

(9) provides data as requested by the Agency of Education and otherwise assists the Agency to assess whether and to what extent the consolidation of governance results in an increased ability to meet the goals set forth in Sec. 2 of this act.

(b) A newly formed school district that meets the criteria set forth in subsection (a) of this section shall receive the following:

(1) Decreased equalized homestead property tax rate;

(A) Subject to the provisions of this subdivision (1) and notwithstanding any other provision of law, the new district's equalized homestead property tax rate shall be:

(i) decreased by \$0.10 in the first fiscal year of operation;

(ii) decreased by \$0.08 in the second fiscal year of operation;

(iii) decreased by \$0.06 in the third fiscal year of operation;

(iv) decreased by \$0.04 in the fourth fiscal year of operation; and

(v) decreased by \$0.02 in the fifth fiscal year of operation.

(B) The household income percentage shall be calculated accordingly.

(C) During the years in which a new district's equalized homestead property tax rate is decreased pursuant to this subdivision (1), the rate for each town within the new district shall not increase by more than five percent in a single year. The household income percentage shall be calculated accordingly.

(D) On and after the effective date of merger, the common level of appraisal shall be calculated independently for each town within the new district for purposes of determining the homestead property tax rate for each town.

(2) Merger Support Grant.

(A) Notwithstanding any provision of law to the contrary, if the districts forming the new district include at least one eligible school district as defined in 16 V.S.A. § 4015 that received a small school support grant under section 4015 in fiscal year 2016, then the new district shall receive an annual Merger Support Grant in an amount equal to the small school support grant received by the eligible school district in fiscal year 2016. If more than one merging district was an eligible school district, then the merger support

grant shall be in an amount equal to the total combined small school support grants they received in fiscal year 2016.

(B) Payment of the grant under this subdivision (2) shall continue annually unless explicitly repealed by the General Assembly, provided, however, that the Secretary shall discontinue payment of the grant in the fiscal year following closure by the merged district of a school located in what had been an "eligible school district" prior to merger, and further provided that if a school building located in a formerly "eligible school district" is closed in order to consolidate with another school into a renovated or new school building, then the Secretary shall continue to pay the grant during the full repayment term of any bonded indebtedness incurred in connection with the consolidation-related renovation or construction.

(3) Transition Facilitation Grant

(A) After voter approval of the plan of merger, the Secretary of Education shall pay the transitional board of the new district a transition facilitation grant from the Education Fund equal to the lesser of

(i) five percent of the base education amount established in 16 V.S.A. § 4001(13) multiplied by the greater of either the combined enrollment or the average daily membership of the merging districts on October 1 of the year in which the successful vote is taken, or

(ii) \$150,000.00.

(B) A Transition Facilitation Grant awarded under this subdivision (3) shall be reduced by the total amount of reimbursement paid for consulting services, analysis, and transition costs pursuant to 2012 Acts and Resolves No. 156, Secs. 2, 4, and 9.

(c) If a new district that receives incentives under this section also meets the eligibility criteria to receive incentives as a regional education district, then the new district shall not also receive the comparable incentives available pursuant to 2010 Acts and Resolves No. 153, section 4, as amended by 2012 Acts and Resolves No. 156, Sec. 13.

(d) The Secretary of Education, in collaboration with other entities such as the University of Vermont or the Regional Educational Laboratory-Northeast and Islands, shall collect and analyze data from the new districts created under this section regarding educational opportunities, operational efficiencies, transparency, accountability, and other issues following merger. Beginning on January 15, 2016, and annually through January 2021, the Secretary shall submit a report to the House and Senate Committees on Education and on Appropriations, the House Committee on Ways and Means, and the Senate Committee on Finance regarding the districts merging under this section, conclusions drawn from the data collected, and any recommendations for legislative action.

Act 46  
Post-Accelerated  
Mergers  
Preferred Model

Sec. 7. SCHOOL DISTRICTS CREATED AFTER DEADLINE FOR  
ACCELERATED ACTIVITY; TAX INCENTIVES; SMALL  
SCHOOL SUPPORT; JOINT CONTRACT SCHOOLS

(a) A newly formed school district shall receive the incentives set forth in subsection (b) of this section if it:

(1) is formed pursuant to the processes and requirements of 16 V.S.A. chapter 11 (union school district formation);

(2) obtains a favorable vote of all "necessary" districts, which do not need to be contiguous or within the same supervisory union, on or after July 1, 2015;

(3) meets the criteria for an accelerated merger set forth in subdivisions 6(a)(3) through (7) of this act; and

(4) becomes operational after July 1, 2017, and on or before July 1, 2019.

(b) A newly formed school district that meets the criteria set forth in subsection (a) of this section shall receive the following:

(1) Equalized homestead tax rates:

(A) Subject to the provisions of this subdivision (1) and notwithstanding any other provision of law, the new district's equalized homestead property tax rate shall be:

(i) decreased by \$0.08 the first fiscal year of operation;

(ii) decreased by \$0.06 the second fiscal year of operation;

(iii) decreased by \$0.04 the third fiscal year of operation; and

(iv) decreased by \$0.02 the fourth fiscal year of operation.

(B) The household income percentage shall be calculated accordingly.

(C) During the years in which a new district's equalized homestead property tax rate is decreased pursuant to this subdivision (1), the rate for each town within the new district shall not increase or decrease by more than five percent in a single year. The household income percentage shall be calculated accordingly.

(D) On and after the effective date of merger, the common level of appraisal shall be calculated independently for each town within the new district for purposes of determining the homestead property tax rate for each town.

(2) Merger Support Grant.

(A) Notwithstanding any provision of law to the contrary, if the districts forming the new district include at least one eligible school district, as defined in 16 V.S.A. § 4015, that received a small school support grant under section 4015 in the fiscal year two years prior to the first fiscal year of merger, then the new district shall receive an annual Merger Support Grant in an amount equal to the small school support grant received by the eligible school district in the fiscal year two years prior to the first fiscal year of merger. If more than one merging district was an eligible school district, then

the merger support grant shall be in an amount equal to the total combined small school support grants they received in the fiscal year two years prior to the first fiscal year of merger.

(B) Payment of the grant under this subdivision (2) shall continue annually unless explicitly repealed by the General Assembly, provided, however, that the Secretary shall discontinue payment of the grant in the fiscal year following closure by the merged district of a school located in what had been an "eligible school district" prior to merger, and further provided that if a school building located in a formerly "eligible school district" is closed in order to consolidate with another school into a renovated or new school building, then the Secretary shall continue to pay the grant during the repayment term of any bonded indebtedness incurred in connection with the consolidation-related renovation or construction.

(c) If a new district that receives incentives under this section also meets the eligibility criteria to receive incentives as a regional education district, then the new district shall not also receive the comparable incentives available pursuant to 2010 Acts and Resolves No. 153, section 4, as amended by 2012 Acts and Resolves No. 156, Sec. 13.

(d) Notwithstanding other provisions of law to the contrary, if two or more districts enter into a contract pursuant to 16 V.S.A. chapter 11, subchapter 110 to operate a school jointly, and if at least one of the districts was an "eligible school district" that received a small school support grant in the fiscal year two

years prior to the effective date of the contract, then the contracting school districts, as a single unit, shall receive annual merger support grants pursuant to the provisions of subdivision (b)(2) of this section; provided, however, that this section shall apply only to contracting districts that receive a favorable vote of all affected districts to enter into a finalized contract after the effective date of this section and on or before July 1, 2017.

Sec. 3. EVALUATION BY THE STATE BOARD OF EDUCATION

(a) School districts. When evaluating a proposal to create a union school district pursuant to 16 V.S.A. chapter 11, including a proposal submitted pursuant to the provisions of Secs. 6 or 7 of this act, the State Board of Education shall:

(1) consider whether the proposal is designed to create a sustainable governance structure that can meet the goals set forth in Sec. 2 of this act; and

(2) be mindful of any other district in the region that may become geographically isolated, including the potential isolation of a district with low fiscal capacity or with a high percentage of students from economically deprived backgrounds as identified in 16 V.S.A. § 4010(d).

(A) At the request of the State Board, the Secretary of Education shall work with the potentially isolated district and other districts in the region to move toward a sustainable governance structure that is designed to meet the goals set forth in Sec. 2 of this act.





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### Incentives for REDs and RED Variations – text of law

**2010 No. 153, Sec. 4, as amended by 2012 No. 156, Sec. 13 and  
2015 No. 46, Secs. 15 & 17**

#### **Sec. 4. VOLUNTARY SCHOOL DISTRICT MERGER; INCENTIVES**

(a) *Equalized homestead property tax rates or RED incentive grant.* A RED's plan of merger shall provide whether, upon merger, the RED shall receive an equalization of its homestead property tax rates during the first four years following merger or an incentive grant during the first year following merger.

(1)(A) Equalized homestead tax rates. Subject to the provisions of subdivision (C) of this subdivision (1) and notwithstanding any other provision of law, the RED's equalized homestead property tax rate shall be

- (i) decreased by \$0.08 in the first year after the effective date of merger;
- (ii) decreased by \$0.06 in the second year after the effective date of merger;
- (iii) decreased by \$0.04 in the third year after the effective date of merger; and
- (iv) decreased by \$0.02 in the fourth year after the effective date of merger.

(B) The household income percentage shall be calculated accordingly.

(C) During the years in which a RED's equalized homestead property tax rate is decreased pursuant to this subsection, the rate for each town within the RED shall not increase or decrease by more than five percent in a single year. The household income percentage shall be calculated accordingly.

(2) RED incentive grant. During the first year after the effective date of merger, the commissioner of education shall pay to the RED board a RED incentive grant from the education fund equal to \$400.00 per pupil based on the combined enrollment of the participating districts on October 1 of the year in which the successful vote was taken. The grant shall be in addition to funds received under 16 V.S.A. § 4028.

(3) Common level of appraisal. Regardless of whether a RED chooses to receive an equalization of its homestead property tax rates or a RED incentive grant, on and after the effective date of merger, the common level of appraisal shall be calculated independently for each town within the RED for purposes of determining the homestead property tax rate for each town.

(b) *Capital debt service.* Beginning in fiscal year 2018, and notwithstanding any other provision of law, the commissioner annually shall reimburse from the education fund the amount of interest paid in the prior year by a RED to its lender on borrowing in anticipation of any state school construction aid that was owed to a merging member of the RED as of the effective date of this act and has not been paid to the RED by the state as of July 1, 2016.

(c) *Sale of school buildings.* Subject to the provisions of Sec. 3(d) of this act:

- (1) if a RED closes a school building and sells the school building, or an energy saving measure within it as contemplated in 16 V.S.A. § 3448f(g), then neither the RED nor any other entity shall be required to refund a percentage of the sale price to the state pursuant to chapter 123 of Title 16; and
- (2) if a participating district retains ownership of and closes a school building as part of the electorate-approved plan for merger and the participating district sells the school building or energy saving measure associated with the building, then neither the district nor any other entity shall be required to refund a percentage of the sale price to the state pursuant to chapter 123 of Title 16.

(d) *Merger support grant.*

(1) If the merging districts of a RED included at least one "eligible school district," as defined in 16 V.S.A. § 4015, that had received a small school support grant under section 4015 in the fiscal year two

years prior to the first fiscal year of merger, then the RED shall receive a merger support grant annually in an amount equal to the small school support grant received by the eligible school district in the fiscal year two years prior to the first fiscal year of merger. If more than one merging district was an eligible school district, then the merger support grant shall be in an amount equal to the total combined small school support grants they received in the fiscal year two years prior to the first fiscal year of merger.

(2) Payment of the merger support grant under this subsection (d) shall continue annually unless explicitly repealed by the General Assembly; provided, however, that the Secretary shall discontinue payment of the grant in the fiscal year following closure by the merged district of a school located in what had been an "eligible school district" prior to merger; and further provided that if a school building located in a formerly "eligible school district" is closed in order to consolidate with another school into a renovated or new school building, then the Secretary shall continue to pay the grant during the repayment term of any bonded indebtedness incurred in connection with the consolidation-related renovation or construction.

(e) **Consulting services reimbursement grant.** From the education fund, the commissioner of education shall pay up to \$20,000.00 to the merger study committee established under 16 V.S.A. § 706 to reimburse the participating districts for legal and other consulting fees necessary for the analysis and report required by 16 V.S.A. § 706a. The study committee shall forward invoices to the commissioner on a quarterly basis. The commissioner shall reimburse one-half of the total amount reflected in each set of invoices and the remaining one-half upon completion of the final report, provided that no payment shall cause the total amount paid to exceed the \$20,000.00 limit. In addition, any transition facilitation grant funds paid to the RED pursuant to subsection (g) of this section shall be reduced by the total amount of reimbursement paid under this subsection (e).

(f) **Multiyear budgets.**

(1) In addition to the option of proposing a single-year budget on an annual basis pursuant to the provisions of chapter 11 of Title 16 and notwithstanding any other provision of law, a RED formed pursuant to Secs. 2 and 3 of this act shall also have the option to propose one or both of the following:

(A) A multiyear budget for the first two fiscal years of its existence that will be included as part of the plan that must be approved by the electorate in order to create the RED.

(B) A multiyear budget for the third and fourth fiscal years of its existence that is presented to the electorate for approval at the RED's annual meeting convened in its second fiscal year.

(2) The plan presented to the electorate to authorize creation of the RED may contain a provision authorizing the RED, beginning in the fifth fiscal year of its existence to present multiyear proposed budgets to the electorate once in every two or three years.

(g) **Transition facilitation grant.**

(1) After voter approval of the plan of merger, the commissioner of education shall pay the RED a transition facilitation grant from the education fund equal to the lesser of:

(A) five percent of the base education amount established in 16 V.S.A. § 4001(13) multiplied by the greater of either the combined enrollment or the average daily membership of the merging districts on October 1 of the year in which the successful vote is taken; or

(B) \$150,000.00.

(2) A transition facilitation grant awarded under this subsection (g) shall be reduced by the total amount of reimbursement paid under subsection (e) of this section.

(h) [Repealed.]

**Note:** This document is provided for guidance only and does not have the force of law. See the underlying statutes and/or Acts for more detail.

# Act 46 Accelerated Mergers Preferred Model Incentives

## Transitional Assistance and Incentives

1. **Decreased equalized homestead property tax rate.** The new district's equalized homestead property tax rate shall be decreased by \$0.10 in the first fiscal year of operation, \$0.08 in the second, \$0.06 in the third, \$0.04 in the fourth, and \$0.02 in the fifth. During the years in which the homestead property tax is reduced, the equalized tax rate for each town will not increase by more than five percent in a single year.
2. **Merger Support Grant.** If one or more of the merging districts received a small school support grant in accordance with 16 V.S.A. § 4015 in fiscal year 2016, then the new district shall receive an annual Merger Support Grant in an amount equal to the small school support grant(s) received.
  - Payment of the grant will continue in perpetuity (unless repealed by the Legislature).
  - Payment will be discontinued in the fiscal year following closure of the small school.
  - If a small school is closed *and* another school is renovated or constructed in connection with the closure, then the grant continues until the capital debt is paid.
3. **Transition Facilitation Grant.** After voter approval, the transitional school board will receive either (a) a transition facilitation grant equal to the lesser of 5% of the base education amount multiplied by the greater of either the combined enrollment or the average daily membership of the merging districts on October 1 of the year in which the successful vote is taken or (b) \$150,000 (less any State reimbursement of study committee expenses per Act 156 (2010)).

A new district receiving incentives under **Act 46, Sec. 6** cannot also receive comparable incentives as a regional education district (RED).

Note: This document is provided for guidance only and does not have the force of law. See the underlying statutes and/or Acts for more detail.

# Act 46 Post-Accelerated Mergers Preferred Model Incentives

## Transitional Assistance and Incentives

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  - Payment will be discontinued in the fiscal year following closure of the small school.
  - If a small school is closed and another school is renovated or constructed in connection with the closure, then the grant continues until the capital debt is paid.

### Note:

1. Merging districts do not need to be contiguous.
2. There is no requirement that all districts within one existing supervisory union are included in the newly merged district, although it is permissible if they are.
3. It is permissible for the newly merged district to include districts from more than one existing supervisory union, but it is not required.

A new district receiving incentives under **Act 46, Sec. 7** cannot also receive comparable incentives as a regional education district (RED).

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