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Summary of Phase 2 Voluntary Mergers

Regional Education Districts and Their Variations

Use the following guidelines to help initiate the process of merging the governance structures of two or more districts into a Regional Education District (RED) or one of its variations: a Side-by-Side Merger, a Layered Merger, or a Modified Unified Union School District under Act 153 (2010) and Act 156 (2012), as amended by later acts, including Act 46.

Timeline

For districts to merge into a RED or one of its variations, it is necessary to form a study committee, prepare a report to be presented to the State Board of Education, obtain *final* local voter approval, and transition to a new operational district within a specified time-period:

Prior to July 1, 2017:

- [Proposal to Form a Study Committee](#)
- [Study Committee Budget](#)
- [Study Committee Grants](#)
- [Convene Study Committee and Create Report](#)
- [Consideration of Study Committee Report by Local School Boards and Vermont State Board of Education](#)
- [Proposed Governance Changes Meet Goals in Act 46, Sec. 2 \(pp. 3-4\)](#)
- [Voters Approve New School District](#)

On or before July 1, 2019:

- [Election of District Officers](#)
- [Organization Meeting](#)
- New School District is Operational

Most of these activities are described in [16 V.S.A. Chapter 11](#), particularly §706 and subsequent sections. Provisions unique to unified union districts can be found in §§722 and 723.

Eligibility

Use the Eligibility Worksheet for Phase 2 Voluntary Mergers to determine eligibility for becoming a RED or a RED Variation. As an overview, districts must meet the following criteria to be eligible for incentives:

1. Regional Education Districts (REDs)

- The RED meets one or both of the following size requirements:
 - Has a minimum average daily membership (ADM) of 1250 ADM or
 - Is created by the merger of at least 4 districts
 - waivers are possible
- The RED is responsible for the education of all prekindergarten through grade 12 students
- The RED is organized to operate one or more schools for all K-12 resident students
 - Exception #1 – Operate Elementary / Pay Tuition for Secondary: Districts may merge and receive incentives if, when merged, the RED will be responsible for the education of all PK-12 resident students, will operate at least grades K-6, will not operate the remaining grades through grade 12, and either:
 - Will designate a public or approved independent high school per 16 V.S.A. § 827 or
 - Will pay tuition for all resident secondary students
 - Exception #2 – Fully Tuitioning: Districts that currently pay tuition for all resident students may merge and receive incentives if, when merged, the RED will be responsible for the education of all PK-12 resident students, will not operate any schools, and will continue to pay tuition for all resident students
- The merger plan must include a cost-benefit analysis
- The State Board of Education either designates a RED as its own supervisory district (SD) or assigns it to a supervisory union (SU)
- The State Board of Education assigns any remaining districts from a former SU to an SU
- No school can be closed in the first 4 years unless approved by the voters of the town where it's located
- Grandfathering: If the voters of a district that paid tuition for students in one or more grades prior to merger agree that the newly merged district will pay tuition for fewer or no grades, then the RED pays tuition for those students already enrolled in schools to which the RED wouldn't otherwise automatically pay tuition
- If in the future a RED wants to limit enrollment options, then voter approval is required per 16 V.S.A. § 706n(a)
- The RED must offer public high school choice (16 V.S.A. § 822a) and access to career technical education
- The RED is not subject to change under the State Board's final plan for 2019 (Act 46, Sec. 10)
- The local voters in each current school district give final approval to the RED plan pursuant to [16 V.S.A. Chapter 11](#) prior to July 1, 2017
- The Red is operational on or before July 1, 2019

Note:

- Merging districts do not need to be contiguous.
- 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.
- It is permissible for the newly merged district to include districts from more than one *existing* supervisory union, but it is not required.
- A union high school district is counted as one district and each of the sending elementary school districts is counted as an additional district - *e.g.*, if a union high school district consists of 3 member towns and each of the 3 towns is its own elementary school district (regardless of whether it operates an elementary school or pays tuition), then there are a total of 4 districts. The same principle applies to a union elementary school district.
- The study committee report outlining the proposed governance changes, presented to the State Board of Education, is reviewed through the lens of Act 46 – as a result, it must meet the goals set forth in Sec. 2 of Act 46.
- Neither current statute nor Act 46 authorizes a district to operate a school and concurrently pay general education tuition for a grade or grades operated by the district.

2. Side-by-Side Mergers (2 or more newly merged districts)

- Each newly merged district results from the merger of at least two districts
- At least one of the newly merged districts operates K-12
- After merger, all REDs are part of same SU

3. Union Elementary School District

- Merger into a union elementary school district by a majority of elementary school districts that are already part of a union high school district (resulting in two separate union school districts – one elementary and the other secondary)

4. Modified Unified Union School District (MUUSD)

- Merger into a PK-12 unified union school district by a majority of elementary school districts that are already part of a union high school district; the nonmerging elementary school district(s) remain as distinct districts

Transitional Assistance and Incentives

- 1. Decreased equalized homestead property tax rate.** The new district's equalized homestead property tax rate shall be decreased by \$0.08 in the first fiscal year of operation, \$0.06 in the second, \$0.04 in the third, and \$0.02 in the fourth. During the years in which the homestead property tax is reduced, the equalized tax rate for each town will not increase or decrease by more than five percent in a single year until it reaches the unified rate.
- 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 will receive an annual Merger Support Grant in an amount equal to the small school support grant(s) received:

- a. Payment of the grant will continue in perpetuity (unless repealed by the Legislature).
 - b. Payment will be discontinued in the fiscal year following closure of the small school.
 - c. 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 as a RED or one of its variations cannot also receive comparable incentives under Act 46, Secs. 6 or 7.

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.