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## Governance Timeline (w/Criteria, Incentives, & Protections)

### Phase 1 – Accelerated Mergers

- *Deadlines:*
  - **approval by electorate: July 1, 2016**
  - **operational: July 1, 2017**
- *Who:* all districts within an existing SU merge into a *single* unified union school district that is its own *supervisory district* (i.e., a single district SU)

### Phase 2 – Regional Education Districts (REDs) and RED Variations

The three RED Variations eligible for RED incentives are:

- (1) Side-by-Side Mergers – 2 or more new districts formed by merger of at least 2 districts each; *each* new district must be *responsible* for the education of all PK-12 students; *one* of the new districts must *operate* all grades PK-12
- (2) Layered Mergers – a majority of districts sending students to a union high school district form a union elementary district
- (3) Modified Unified Union School District (MUUSD)

For REDs and RED Variations:

- *Deadlines:*
  - **approval by electorate: July 1, 2017**
  - **operational: July 1, 2019**
- *Who:* districts, regardless of whether they are in the same SU
- *Criteria (except as altered in the three RED variations above):*
  - preK-12 district (unified union school district per 16 V.S.A. ch. 11) that either:
    - operates PreK/K-12
    - operates at least PreK/K-6; tuitions (or designates) secondary
    - tuitions PreK/K-12
  - 1,250 ADM minimum or merger of at least 4 districts
- *Incentives / Protections Include:*
  - option of one of following:
    - homestead property tax rate reduction during first 4 years of operation:
      - \$.08 / \$.06 / \$.04 / \$.02
      - Income-payers percentage adjusted accordingly
      - Member town's rate cannot increase or decrease by >5% *until at unified rate*
    - \$400 multiplied by new districts' ADM in first year of operation
  - Merger Support Grant:
    - existing Small School Grants transformed into Merger Support Grant

- paid annually unless and until small school closed (but paid for life of bond if closed due to construction / renovation for building consolidation)
  - Consulting Services Grant: reimbursement of up to \$20,000 in fees
  - Transition Facilitation Grant: in first year of operation equal to lesser of:
    - \$150,000 or
    - 5% of base education amount multiplied by new district's ADM
    - *reduced by any amount received as a Consulting Services Grant*
  - exempted from paying back % of state construction aid if close a building
  - continued eligibility for 3.5% hold-harmless when protection repealed FY21
  - not subject to merger by State Board of Education in final Statewide Plan
- *Sources:* Act No. 153, Secs. 2, 3, and 4 (2010) (as amended)  
 Act No. 156, Secs. 1, 15, 16, and 17 (2012) (as amended)  
 Act No. 46, Secs. 10, 13, 15, 16, 17, and 25 (2015)

### **Phase 3 – Conventional (later) Mergers: Unified Union School District that is its own SD after Accelerated Merger Deadline**

- *Deadlines:*
  - **approval by electorate: no deadline**
  - **operational: on or before July 1, 2019**
- *Who:* districts, regardless of whether they are originally in the same SU or are contiguous
- *Criteria:*
  - preK-12 district (unified union school district per 16 V.S.A. ch. 11) that either:
    - operates PreK/K-12
    - operates PreK/K-8; tuitions 9-12
    - operates PreK/K-6; tuitions 7-12
  - is its own Supervisory District (*i.e.*, a single district SU)
  - 900 average daily membership (ADM) minimum
  - demonstrates ability to meet stated goals
- *Incentives / Protections Include:*
  - homestead property tax rate reduction during first 4 years of operation:
    - \$.08 / \$.06 / \$.04 / \$.02
    - Income-payers percentage adjusted accordingly
    - Member town's rate cannot increase or decrease by >5% until at unified rate
  - Merger Support Grant:
    - Existing Small School Grants transformed into Merger Support Grant
    - Paid annually unless and until small school closed (but paid for life of bond if closed due to building consolidation)
  - continued eligibility for 3.5% hold-harmless when protection repealed FY21
  - not subject to merger by State Board of Education in final Statewide Plan
- *Sources:* Act No. 46 (H.361), Secs. 7, 10, and 25 (2015) (*note:* Sec. 13 construction repayment exemption if not a RED is repealed 7/1/17)

### **Proposals by Nonmerging Districts**

- *Deadlines:*

- **November 30, 2017** – districts that had a failed vote or otherwise won't have merged or be a preferred structure by **July 1, 2019**:
  - self-evaluation
  - meetings with other districts
  - submit proposal to Secretary / State Board of Education proposing either to:
    - retain structure or
    - form a different structure with one or more other districts or
    - work with other districts (*e.g.*, contracts)
- *Sources*: Act No. 46 (H.361), Secs. 8 - 10 (2015)

### **Secretary's *Proposed* Statewide Education Governance Plan**

- *Deadlines*:
  - **June 1, 2018** – Secretary creates *proposal* for governance changes to the extent necessary, possible, and practicable; submits to State Board of Education
- *Sources*: Act No. 46 (H.361), Secs. 8 - 10 (2015)

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

- *Deadlines*:
  - **November 30, 2018** – State Board of Education issues a final plan requiring governance changes to the extent necessary, possible, and practicable
    - after testimony; additional data; etc.
    - exempt: interstate school districts; CTE school districts (3); voluntarily mergers
- *Sources*: Act No. 46 (H.361), Secs. 8 - 10 (2015)

### **Other Dates in Act 46 (2015)**

*December 31, 2015:*

- \$150,000 Transition Facilitation Grant for merger of multiple SUs or of multiple districts:
  - eligibility expires if merger does not also meet the requirements of a RED or one of its variations (*see* Phase 2) or the requirements of the preferred district mergers contemplated in this act (*see* Phase 1)
- *note* that all other Act 153/156 financial incentives (*e.g.*, reimbursement) continue

*July 1, 2016 – Fiscal Year 2017:*

- 3.5% calculation – “tail” removed (or transition year #1) – applies in FY17

*July 1, 2017 – Fiscal Year 2018:*

- 3.5% calculation – “tail” removed (transition year #2) – applies in FY18
- 5% Tax Increase – failure to follow law re: SU duties – FY18 is earliest it can apply

*July 1, 2018 – Fiscal Year 2019:*

- 3.5% calculation – “tail” removed (fully removed if transitioning) – applies FY19
- Small School Guidelines – State Board of Education publishes for annual determinations awarded in FY20 & after

7/1/19 – Fiscal Year 2020:

- New sustainable governance models become operational throughout the State
- Small Schools Grants –
  - unless paid in perpetuity as a Merger Incentive Grant (Phases 1-3 voluntary mergers)
  - available only upon annual determination that small school is EITHER:
    - geographically isolated from another school with capacity OR
    - academically excellent and operationally efficient
- Education Quality Standards (EQS) Consequences – clarification of the State Board of Education’s existing authority and new State Board of Education authority for districts that are not moving toward meeting EQS (Sec. 40)

July 1, 2020 – Fiscal Year 2021:

- 3.5% calculation – hold-harmless provision repealed except if voluntarily merged per Phases 1, 2, or 3 above (Secs. 24 and 25)

*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.*