

## **Summary of Incentives Associated with Merger Activities (January 2015)**

**Note:** All of the grants and incentives described below assume a project with an operational date on or prior to June 30, 2017.

### **Study Grants**

**Revenue Code 3714, Act 156 Joint Services Facilitation Reimbursement.** This \$5,000 grant reimbursing legal and consulting services is the broadest grant. It can be used to study any joint activity implemented by at least two districts or supervisory unions. It is not limited to the study of merger activities. Recipients can apply for one of the other grants following the completions of the grant.

**Revenue Code 3715, Act 156 Joint Services Analysis and Implementation.** This grant reimburses legal and consulting services up to a total of \$10,000 paid to all Supervisory Unions and School Districts participating in the study for the legal and consulting services required to analyze whether the provision of joint services would provide a measurable improvement in student opportunities and a decrease in costs, or to reimburse Supervisory Unions or School Districts for the transitional costs associated with the implementation of joint service agreements or both. **Note that this is the only study grant that can be applied to costs of transition.** This grant is not appropriate for the study of district or SU mergers. It is appropriate for the study of the advisability of forming a joint school.

**Revenue Code 3716, Act 156 SU Merger and Petition.** The grant reimburses up to \$20,000, paid to Supervisory Unions for the legal and consulting services necessary to analyze whether a supervisory union merger or consolidation is advisable and for the preparation of a petition to the State Board of Education requesting adjustment of SU boundaries. The \$20,000 grant is the total available to all supervisory unions involved with the study. Supervisory unions receiving reimbursement under this grant shall have the amount received netted from any funds provided under Section 6 of Act 156.

**Revenue Code 3718, Union School Analysis.** The grant reimburses up to \$20,000 paid to reimburse districts participating in a merger study committee, as defined in 16 V.S.A. 706b, for the legal and consulting fees necessary to produce the analysis and report required under 16 V.S.A. 706b concerning the advisability of creating a Union or Unified Union School District. Should a study funded with this grant result in a union merger, the transition grant up to \$150,000 to the new union will be reduced by the amount of this grant.

## **Incentives (Note that all incentives are scheduled to sunset on July 1, 2017)**

After voter approval of the establishment of a union, unified union, or interstate school district, the Secretary of Education shall pay to the district a transition facilitation grant equal to the lesser of:

1. Five percent of the base 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
2. \$150,000.
3. The grant awarded shall be reduced by the total amount of reimbursement paid for a merger study grant.

**All union mergers are eligible for this incentive. Creation of a joint contract school is not a merger.**

## **Incentives for Mergers Meeting Established Criteria (RED Incentives)**

Regional Education Districts in all of their manifestations, Modified Unified Union Districts, and an elementary union district created out of a majority of elementary district members of a high school union are eligible for a set of incentives frequently referred to as **the RED incentives**. These incentives were originally provided in Act 153 of 2010 and modified along an expansion of mergers that met the criteria in Act 156 of 2012.

**Mergers meeting the eligibility requirements for RED incentives have a choice between:**

- Equalized Homestead Property Tax Rates
  - Equalized rates—rates lowered by \$0.08 declining to \$0.06, to \$0.04 to \$0.02 during the first 4 years.
    - Household income sensitivity percentage is calculated accordingly.
    - The rate for each town within the RED shall not increase or decrease by more than five percent in a single year.

**OR**

- RED Incentive Grant for one year.
  - 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 sale of school buildings made applicable to mergers other than REDs in Act 156.
  - A RED or merged district eligible for RED incentives is not required to refund the state portion of construction or upgrades. {Act 153 of 2010 § 4 (c)}
- Merged districts eligible for RED incentives that include a district receiving a small schools grant will continue to receive a grant in that amount for 5 years. { Act 153 of 2010 § 4 (d)}