

# Getting Started:

## Pursuing Options & Opportunities Under Act 46

### *STATED GOALS OF ACT 46*

- To establish a study committee charged with developing a proposal to create a union school district under Act 46 that achieves the goals laid out in Section 2 of the Act:
  - Provide **equity** in the quality and variety of educational opportunities
  - Lead students to **meet or exceed the Education Quality Standards**
  - **Maximize operational efficiencies** through greater flexibility to manage, share, and transfer resources, with a goal of increasing district-level student-to-staff ratios and lowering costs
  - Promote **transparency and accountability**
- The study committee's objective is to prepare a proposal for submission to voters in all participating districts with an eye toward achieving incentives under the Act.

# Charge to the Committee

In accordance with Title 16 §706b, Act 46, and Acts 153/156, study the benefits and challenges of forming a union district comprising the towns of x, y, and z.

- Get Help –Contract with outside person(s) to support the work of the committee within the established budget. This may include but is not limited to: process facilitation, data analysis, facilitation of committee discussions, legal counsel and community forum support.
- Consider inviting other towns to join –Consider if there is a benefit to our communities to invite other districts as advisable members of the committee. As outlined in Title 16 §706b(2) the committee has the final determination of what districts, if any, are deemed advisable.
- Listen to the voters –Engage the communities with at least one public forum held in each of the participating necessary towns to hear community hopes and concerns prior to commencing the study.
- Make a decision –Make a determination as to whether the formation of a union district is advisable and should be taken to the voters.
- Prepare a report on the Articles of Agreement –Prepare a report for the State Board of Education including all elements required by Title 16 §706b and Act 46 in the formation of a union district. The report should be submitted in a timely fashion to allow for a community vote, if held, to occur on [date].
- Keep it simple –The Articles of Agreement required in Title 16 §706b should be written to provide maximum flexibility for the newly created Board to govern the district to best represent the community and serve educational needs of the students into the future.
- Keep the SU Board regularly apprised of the committee’s progress.

# The Consolidation Process

1. Establish a Study Committee
2. Prepare a Report that Includes the articles of agreement required by 16 VSA §706b(b). The process of preparing the report will include significant public engagement.
3. Submit to member district boards for review and comment prior to submission to the State Board of Education. The boards do not approve or disapprove the report.
4. Upon approval by the State Board of Education, submit the plan to the voters in each district to determine the decision of the voters in each district.
5. In the same election, elect members who would constitute the new consolidated district board if consolidation were to be approved in the election
6. Determine, based on certain sections of the articles of agreement and the election results in each district, if the consolidation should go forward and which towns will be included in the new consolidated district.
7. Transfer ownership of the assets and liabilities of the currently existing districts to the new district.
8. Transfer control of the education district to the new consolidated district board.
9. If necessary, any currently existing district whose voters elect not to become part of the consolidated district will be left to find their own way to meet the requirements of Act 46.
  - The committee is currently developing the Articles of Agreement

# What Are Our Choices

- Accelerated Transition: 5- Year Tax Incentives
  - Positive vote of electorate by 7/1/16
  - Single district by 7/1/17
- Conventional Transition: 4 Year Tax Incentives
  - Positive vote of electorate by 7/1/17
  - Single school district by 7/1/19
- No action, RED, SBS, MUU, Alternative
  - Subject to state-imposed consolidation

# Accelerated Transition Incentives

Vote of Electorate by 7/1/16 Single District by 7/1/17

## Homestead Tax Rate Reduction

- First 5 Years: \$.10/\$.08/\$.06/\$.04/\$.02

## Small School Grant Retention

- Eden \$27,259 (Changes Yearly Based on Student Population)

## 3.5% Hold Harmless...Held Harmless!

- Protection on Declining Enrollment (Sunsets in 2021 without protection)

## Exempts District's from Construction Aid Repayment

- Law otherwise requires repayment based on the original 30%

## \$150,000 Transition Grant or 5% of Base Ed Amount x New ADM (Whichever is Less)

- Minus the initial grant already received

# Conventional Transition Incentives

Vote of Electorate by 7/1/17 ACT 156 Modified Union Schools 7/1/19

## Homestead Tax Rate Reduction

- First 4 Years: \$.08/\$.06/\$.04/\$.02 but no more than 5%

## Small School Grant Retention

- Eden \$27,259 (Changes Yearly Based on Student Population)

## 3.5% Hold Harmless...Held Harmless!

- Protection on Declining Enrollment (Sunsets in 2021 without protection)

## Exempts District's from Construction Aid Repayment

- Law otherwise requires repayment based on the original 30% (more or less...it depends)

## \$150,000 Transition Grant or 5% of Base Ed Amount x New ADM (Whichever is Less)

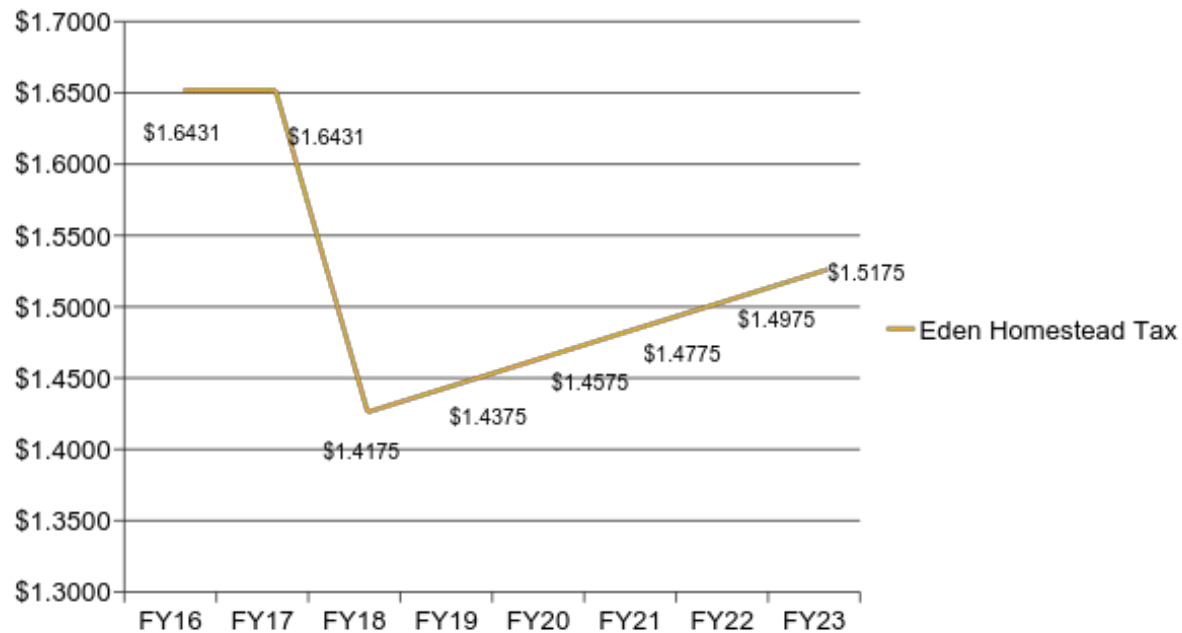
- Minus the initial grant already received

# What Are The Incentives For Eden?

Consolidated Year			<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>
Fiscal Year	<u>FY16</u>	<u>FY17</u>	<u>FY18</u>	<u>FY19</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>
UU District Homestead Goal Rate			\$1.5175	\$1.5175	\$1.5175	\$1.5175	\$1.5175	\$1.5175
Transition Choice	\$0.0000	\$0.0000						
Accelerated 10 cents	\$0.0000	\$0.0000	\$0.2256	\$0.0800	\$0.0600	\$0.0400	\$0.0200	\$0.0000
Conventional 8 cents	\$0.0000	\$0.0000		\$0.0822	\$0.0780	\$0.0400	\$0.0200	\$0.0000
None	\$0.0000	\$0.0000	Penalty	Penalty	?	?	?	?

# What Would Accelerated Adoption Mean For Eden's Tax Rate and Taxes?

UU Rate	\$1.5175	\$1.5175	\$1.5175	\$1.5175	\$1.5175	\$1.5175	\$1.5175	\$1.5175
Incentive			\$0.1000	\$0.0800	\$0.0600	\$0.0400	\$0.0200	\$0.0000
Incentive Rate			\$1.4175	\$1.4375	\$1.4575	\$1.4775	\$1.4975	\$1.5175
	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
Eden Homestead Tax	\$1.6431	\$1.6431	\$1.4175	\$1.4375	\$1.4575	\$1.4775	\$1.4975	\$1.5175





# What Would Accelerated Adoption Mean For A Home Assessed at \$200,000 in Eden

Consolidated Year			<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	INCENTIVE	
Fiscal Year		FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	SAVINGS
Current CLA Tax Rate		\$1,5890	\$1,5890	\$1,5890	\$1,5890	\$1,5890	\$1,5890	\$1,5890	\$1,5890	
Eden Current Tax		\$3,178	\$3,178	\$3,178	\$3,178	\$3,178	\$3,178	\$3,178	\$3,178	
Eden Incentive Property Tax		\$3,178	\$3,178	\$2,741	\$2,780	\$2,819	\$2,857	\$2,896	\$2,935	
Savings		\$0.0000	\$0.0000	-\$436.75	-\$398.07	-\$359.40	-\$320.72	-\$282.04	-\$243.36	\$2,040

# Tax Savings

## *Accelerated Consolidation*

		FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	Incentive Savings
Accelerated Savings		\$1.6431	\$1.6431	\$1.4175	\$1.4375	\$1.4575	\$1.4775	\$1.4975	\$1.5175	
	Assessed Value									
Tax Savings	\$ 100,000	\$0	\$0	\$218	\$199	\$179	\$160	\$141	\$121	\$1,019
Tax Savings	\$ 150,000	\$0	\$0	\$327	\$298	\$269	\$240	\$211	\$182	\$1,528
Tax Savings	\$ 200,000	\$0	\$0	\$436	\$398	\$359	\$320	\$282	\$243	\$2,038
Tax Savings	\$ 250,000	\$0	\$0	\$545	\$497	\$449	\$400	\$352	\$304	\$2,547
Tax Savings	\$ 300,000	\$0	\$0	\$654	\$596	\$538	\$480	\$422	\$364	\$3,056
Tax Savings	\$ 350,000	\$0	\$0	\$763	\$696	\$628	\$560	\$493	\$425	\$3,566

# Projection Model Assuming Historical Budget Growth

## Do nothing model

Name of Town		Year						
		FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Eden	Homestead tax rate	1.6431	1.6766	1.7059	1.7495	1.8313	1.8776	1.925
Eden	Tax \$ (based on town homestead EGL)	\$ 915,564	\$ 934,230	\$ 950,557	\$ 974,851	\$ 1,020,432	\$ 1,046,231	\$ 1,072,643
\$ 200,000	Tax \$ (based on selected homestead value)	\$ 3,286	\$ 3,353	\$ 3,412	\$ 3,499	\$ 3,663	\$ 3,755	\$ 3,850

## 5 year model

Name of Town		Year						
		FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Eden	Homestead tax rate	1.6431	1.6766	1.4800	1.5323	1.5852	1.6388	1.6930
Eden	Tax \$ (based on town homestead EGL)	\$ 915,564	\$ 934,230	\$ 824,681	\$ 853,824	\$ 883,301	\$ 913,168	\$ 943,369
Eden	Tax \$ savings due to merger	\$ -	\$ -	\$ 125,875	\$ 121,028	\$ 137,131	\$ 133,063	\$ 129,274
\$ 200,000	Tax \$ (based on selected homestead value)	\$ 3,286	\$ 3,353	\$ 2,960	\$ 3,065	\$ 3,170	\$ 3,278	\$ 3,386
	Tax \$ savings due to merger	\$ -	\$ -	\$ 452	\$ 434	\$ 492	\$ 478	\$ 464

## 4 year model

Name of Town		Year						
		FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Eden	Homestead tax rate	1.6431	1.6766	1.7059	1.6206	1.5852	1.6388	1.6930
Eden	Tax \$ (based on town homestead EGL)	\$ 915,564	\$ 934,230	\$ 950,557	\$ 903,029	\$ 883,301	\$ 913,168	\$ 943,369
Eden	Tax \$ savings due to merger	\$ -	\$ -	\$ -	\$ 71,823	\$ 137,131	\$ 133,063	\$ 129,274
\$ 200,000	Tax \$ (based on selected homestead value)	\$ 3,286	\$ 3,353	\$ 3,412	\$ 3,241	\$ 3,170	\$ 3,278	\$ 3,386
	Tax \$ savings due to merger	\$ -	\$ -	\$ -	\$ 258	\$ 492	\$ 478	\$ 464

# Anticipated Next Steps

- At present, the Act 46 Study Committee aims to have drafted proposed Articles of Agreement to be brought to a vote of the electorate in April 2016.
- Please learn all you can, and then plan to vote.