

1 H.538

2 Introduced by Committee on Ways and Means

3 Date:

4 Subject: Education funding; education; average daily membership; equalized
5 pupils; small schools grants; excess spending calculations; renter
6 rebates; income sensitivity; applicable percentage; student-to-staff
7 ratios

8 Statement of purpose of bill as introduced: This bill proposes to make several
9 changes to Vermont's education funding laws. The bill would eliminate the
10 fast growth provision in the calculation of the average daily membership,
11 lower the hold harmless provision for a decrease in the equalized pupil count,
12 phase out small school grants over four years beginning in fiscal year 2016
13 except in cases of geographic necessity, lower the excess spending threshold
14 over three years beginning in fiscal year 2015, lower the percentage of
15 allocable rent for renter's rebate claims, extend the slope for income sensitivity
16 adjustments, raise the applicable percentage floor, lower the total amount of an
17 income sensitivity adjustment allowed in any given year, and require the
18 Agency of Education to establish student-teacher ratios.

19 An act relating to making miscellaneous amendments to education funding
20 laws

1 It is hereby enacted by the General Assembly of the State of Vermont:

2 ~~*** Increase in Average Daily Membership (applies to long-term~~

3 ~~membership calculations for fiscal year 2015 and after) ***~~

4 Sec. 1. 16 V.S.A. § 4010(b) is amended to read:

5 (b) ~~The commissioner~~ Secretary shall determine the long-term membership
6 for each school district for each student group described in subsection (a) of
7 this section. ~~The commissioner~~ Secretary shall use the actual average daily
8 membership over two consecutive years, the latter of which is the current
9 school year. ~~If, however, in one year, the actual average daily membership of~~
10 ~~kindergarten through 12th grade increases by at least 20 students over the~~
11 ~~previous year, the commissioner shall compute the long-term membership by~~
12 ~~adding 80 percent of the actual increase to a maximum increase of 45~~
13 ~~equalized pupils.~~

14 ~~*** Decrease in Equalized Pupils; Hold-Harmless Provision~~

15 ~~(applies to equalized pupil calculations in fiscal year 2015 and after) ***~~

16 Sec. 2. 16 V.S.A. § 4010(f) is amended to read:

17 (f) For purposes of the calculation under this section, a district's equalized
18 pupils shall in no case be less than ~~96 and one-half~~ 95 percent of the district's
19 equalized pupils in the previous year.

~~Sec. 4. SMALL SCHOOL GRANT; TRANSITION~~

~~(a) Any school district that was eligible for a small school grant pursuant to 16 V.S.A. § 4015(a) in fiscal year 2015 but is not eligible for a grant in fiscal year 2016 because the district is not “eligible due to geographic necessity” shall receive a small school grant in fiscal year 2016 that is equal to 75 percent of the grant it received under subsection (a) in fiscal year 2015.~~

~~(b) Any school district that was eligible for a small school grant pursuant to 16 V.S.A. § 4015(a) in fiscal year 2015 but is not eligible for a grant in fiscal year 2017 because the district is not “eligible due to geographic necessity” shall receive a small school grant in fiscal year 2017 that is equal to 50 percent of the grant it received under subsection (a) in fiscal year 2015.~~

~~(c) Any school district that was eligible for a small school grant pursuant to 16 V.S.A. § 4015(a) in fiscal year 2015 but is not eligible for a grant in fiscal year 2018 because the district is not “eligible due to geographic necessity” shall receive a small school grant in fiscal year 2018 that is equal to 25 percent of the grant it received under subsection (a) in fiscal year 2015.~~

Sec. 5. 16 V.S.A. § 4015(c) and (d) are amended to read:

~~(c) Small schools financial stability grant: In addition to a small schools support grant, an eligible school district whose two-year average enrollment decreases by more than ten percent in any one year shall receive a small schools financial stability grant. However, a decrease due to a reduction in the~~

1 ~~number of grades offered in a school or to a change in policy regarding paying~~
2 ~~tuition for students shall not be considered an enrollment decrease. The~~
3 ~~amount of the grant shall be determined by multiplying 87 percent of the base~~
4 ~~education amount for the current fiscal year, by the number of enrollment, to~~
5 ~~the nearest one hundredth of a percent, necessary to make the two year~~
6 ~~average enrollment decrease only ten percent. [Repealed.]~~

7 (d) Funds for ~~both grants~~ under this section shall be appropriated from the
8 ~~education fund~~ Education Fund and shall be added to payments for the base
9 education amount or deducted from the amount owed to the ~~education fund~~
10 Education Fund in the case of those districts that must pay into the ~~fund~~ Fund
11 ~~under section 4027 of this title.~~

Sec. 3. SMALL SCHOOL QUALITY; STUDY

The Secretary of Education shall examine the quality of opportunities and
the educational outcomes for students enrolled in schools that receive small
school support pursuant to 16 V.S.A. § 4015. In particular, the Secretary shall
compare outcomes for students qualifying for free or reduced-price school
meals who are enrolled in small schools versus the outcomes for the same
population of students who are enrolled in larger Vermont schools. The
Secretary shall also compare the success in postsecondary training and
education of students who attended small schools and those who did not. The
Secretary shall consider whether and to what extent the quality of education

1 ~~(A) the per equalized pupil amount of the district's education~~

2 spending, as defined in 16 V.S.A. § 4001(6), plus any amount required to be
3 added from a capital construction reserve fund under 24 V.S.A. § 2804(b);

4 (B) in excess of ~~123~~ 121 percent of the statewide average district
5 education spending per equalized pupil in the prior fiscal year, as determined
6 by the Secretary of Education on or before November 15 of each year based on
7 the passed budgets to date.

8 * * * Renter Rebate (applies to claims filed after January 1, 2014) * * *

9 Sec. 8. 32 V.S.A. § 6061(7) is amended to read:

10 (7) "Allocable rent" means for any housesite and for any taxable year ~~21~~
11 19 percent of the gross rent. "Gross rent" means the rent actually paid during
12 the taxable year by the individual or other members of the household solely for
13 the right of occupancy of the housesite during the taxable year. "Allocable
14 rent" shall not include payments made under a written homesharing agreement
15 pursuant to a nonprofit homesharing program, or payments for a room in a
16 nursing home in any month for which Medicaid payments have been made on
17 behalf of the claimant to the nursing home for room charges.

18 * * * Income Sensitivity Slope; Housesite Value

19 (applies to claims filed after January 1, 2014 and

20 applies to property taxes paid in 2014) * * *

Sec. 8a. RENTER STUDY

~~The Joint Fiscal Office shall report to the General Assembly on how the State can provide assistance to renters. The report shall review issues with the current renter rebate program and examine other ways to provide assistance to renters with high rents and low incomes. The report shall be due on or before January 15, 2014 and shall include specific findings and recommendations. The Joint Fiscal Office shall have the assistance of the Department of Taxes and the Office of Legislative Council.~~

1 Sec. 9. 32 V.S.A. § 6066(a) is amended to read:

2 (a) An eligible claimant who owned the homestead on April 1 of the year in
3 which the claim is filed shall be entitled to an adjustment amount determined
4 as follows:

5 (1)(A) For a claimant with household income of \$90,000.00 or more:

6 (i) the statewide education tax rate, multiplied by the equalized
7 value of the housesite in the taxable year;

8 (ii) minus (if less) the sum of:

9 (I) the applicable percentage of household income for the
10 taxable year; plus

11 (II) the statewide education tax rate, multiplied by the
12 equalized value of the housesite in the taxable year in excess of ~~\$200,000.00~~
13 \$250,000.00.

14 * * *

1 ~~Sec. 10. 32 V.S.A. § 5402b(b) is amended to read;~~

2 (b) If the ~~commissioner~~ Commissioner makes a recommendation to the
3 ~~general assembly~~ General Assembly to adjust the education tax rates under
4 section 5402 of this title, the ~~commissioner~~ Commissioner shall also
5 recommend a proportional adjustment to the applicable percentage base for
6 homestead income based adjustments under section 6066 of this title, but the
7 applicable percentage base shall not be adjusted below ~~4.8~~ 1.9 percent.

8 * * * Income Sensitivity Limit (applies to claims filed after

9 January 1, 2014 and applies to property taxes paid in 2014) * * *

10 Sec. 11. 32 V.S.A. § 6067 is amended to read:

11 § 6067. CREDIT LIMITATIONS

12 Only one individual per household per taxable year shall be entitled to a
13 benefit under this chapter. An individual who received a homestead exemption
14 or adjustment with respect to property taxes assessed by another state for the
15 taxable year shall not be entitled to receive an adjustment under this chapter.
16 No taxpayer shall receive an adjustment under subsection 6066(b) of this title
17 in excess of \$3,000.00. No taxpayer shall receive total adjustments under this
18 chapter in excess of ~~\$8,000.00~~ \$6,000.00 related to any one property tax year.

19 * * * Student-to-Staff Ratios * * *

20 ~~Sec. 12. STUDENT TO STAFF, STUDENT TO ADMINISTRATOR, AND~~

21 ~~STUDENT TO TEACHER RATIOS~~

1 ~~(a) The Secretary of Education shall develop a comprehensive proposal to~~
2 ~~establish minimum student-to-staff ratios, student-to-administrator ratios, and~~
3 ~~student-to-teacher ratios in public elementary and secondary schools and~~
4 ~~supervisory unions in Vermont.~~

5 (b) As used in this section:

6 (1) "Teacher" includes any person licensed to be employable as a
7 teacher who is employed as a teacher and is providing direct instruction to
8 students in one or more elementary or secondary grades, but does not include a
9 person providing career technical education.

10 (2) "Administrator" includes any person employed as a superintendent,
11 assistant superintendent, principal, assistant principal, special education
12 director, essential early education director, or Title I coordinator.

13 (3) "Staff" includes all paid personnel employed by a school district or
14 supervisory union, but shall exclude:

15 (A) career technical education teachers;

16 (B) vocational education and adult education directors;

17 (C) central services business office personnel;

18 (D) operations and maintenance personnel;

19 (E) transportation personnel;

20 (F) food service personnel; and

21 (G) enterprise or community service operations personnel.

1 ~~(c) At a minimum, the proposal shall include:~~

2 ~~(1) mandatory minimum ratios at the district or the school level, which~~
3 ~~may include variations by grade, school size, and other factors;~~

4 ~~(2) mandatory minimum ratios at the supervisory union level;~~

5 ~~(3) a schedule by which school districts would be required to comply~~
6 ~~with the minimum ratios beginning in school year 2014-2015;~~

7 ~~(4) incentives for compliance; and~~

8 ~~(5) tax penalties for noncompliance beginning in school year~~
9 ~~2015-2016.~~

~~*(3) incentives for compliance; and*~~

~~*(4) implementation dates that apply the staffing ratios beginning in*~~
~~*school year 2015-2016 with tax penalties for noncompliance beginning in*~~
~~*school year 2016-2017.*~~

10 ~~(d) On or before January 15, 2014, the Secretary shall present the proposal~~
11 ~~to the House Committee on Ways and Means, the Senate Committee on~~
12 ~~Finance, and the House and Senate Committees on Education and shall~~
13 ~~identify any aspects of the proposal that would require legislative action.~~

Sec. 12. STUDENT-TO-STAFF RATIOS

~~*(a) The Secretary of Education shall collect data necessary to inform*~~
~~*development of a comprehensive plan to establish minimum student-to-staff*~~
~~*ratios, student-to-administrator ratios, student-to-classroom teacher ratios,*~~

~~and student to teacher ratios in public elementary and secondary schools and supervisory unions in a manner that promotes educational opportunities and outcomes for students in Vermont.~~

~~(b) As used in this section:~~

~~(1) "Teacher" includes any person licensed to be employable as a teacher who is employed as a teacher and is providing direct instruction to students in one or more elementary or secondary grades.~~

~~(2) "Administrator" includes any person employed as a superintendent, assistant superintendent, principal, assistant principal, special education director, essential early education director, or Title I coordinator.~~

~~(3) "Staff" includes all paid personnel employed by a school district or supervisory union, but shall exclude:~~

~~(A) central services business office personnel;~~

~~(B) operations and maintenance personnel;~~

~~(C) transportation personnel;~~

~~(D) food service personnel; and~~

~~(E) enterprise or community service operations personnel.~~

~~(c) At a minimum, the Secretary's data shall be sufficient to inform development of a comprehensive plan that might include:~~

~~(1) mandatory minimum ratios at the district or the school level, which may include variations by grade, school size, and other factors such as the~~

~~unique needs of students from economically deprived backgrounds and students who are English language learners;~~

~~(2) mandatory minimum ratios at the supervisory union level;~~

~~(3) incentives for compliance; and~~

~~(4) implementation dates that would require mandatory staffing ratios beginning in school year 2015–2016 with tax penalties for noncompliance beginning in school year 2016–2017.~~

~~(d) On or before January 15, 2014, the Secretary shall present the data to the House and Senate Committees on Appropriations and on Education, the House Committee on Ways and Means, and the Senate Committee on Finance.~~

~~Sec. 13. 16 V.S.A. § 836 is amended to read:~~

~~§ 836. TUITION OVERCHARGE OR UNDERCHARGE~~

~~(a) Annually, on or before November 1, the ~~commissioner~~ Secretary shall inform each school board of a receiving public school, each board of trustees of a receiving approved independent school for which the commissioner has calculated a net cost per pupil, receiving school district and each sending school district in Vermont of the calculated net cost per elementary or secondary pupil in the receiving schools. Each ~~school board or board of trustees of a receiving school~~ receiving district shall then determine whether it overcharged or undercharged any sending district for tuition charges and~~

~~shall notify the district by December 15 of the same year of the amount due or the amount to be refunded or credited.~~

~~(b) If the sending district has paid tuition charges in excess of three percent of the calculated net cost per elementary or secondary pupil and is not sending enough students to the receiving school district to use the overcharge funds as credit against tuition, the school board or board of trustees of the receiving school receiving district shall refund the overcharge money by July 31: However, interest; provided, however, that the refund shall be equal to the amount of the overcharge that is between three percent and ten percent of the net cost per pupil. Interest owed the sending district on overcharge monies shall begin to accrue on December 1, at the rate of one-half percent per month.~~

~~(c) If the receiving district has undercharged tuition in an amount three percent or more than the calculated net cost per elementary or secondary pupil, the school board or the board of trustees of the sending school sending district shall pay the amount of the undercharge receiving district in an amount equal to the amount of the undercharge that is between three percent and ten percent of the net cost per pupil. If payment is not made by July 31 of the year following the year in which the undercharge was determined, interest owed the sending receiving district on overcharge moneys undercharge monies shall begin to accrue on August 1, at the rate of one percent per month.~~

*** Effective Dates ***

1
2 ~~Sec. 13~~ 14. EFFECTIVE DATES

3 (a) Sec. 1 (increased average daily membership) of this act shall take effect
4 on July 1, 2013 and shall apply to long-term membership calculations for fiscal
5 year 2015 and after.

6 (b) Sec. 2 (hold-harmless provision) of this act shall take effect on July 1,
7 2013 and shall apply to equalized pupil calculations for fiscal year 2015 and
8 after.

9 ~~(c) Secs. 3 (small school grants; geographic necessity), 4 (small school~~
10 ~~grants; transition), and 5 (small schools financial stability grants) of this act~~
11 ~~shall take effect on July 1, 2015 and shall apply to grants that would have been~~
12 ~~made in fiscal year 2016 and after.~~

(c) Sec. 3 (small schools study) of this act shall take effect on passage.

13 (d) Sec. 6 (excess spending; 123 percent) of this act shall take effect on
14 July 1, 2014 and shall apply to education budgets for fiscal years 2015 and
15 2016.

16 (e) Sec. 7 (excess spending; 121 percent) of this act shall take effect on
17 July 1, 2016 and shall apply to education budgets for fiscal year 2017 and
18 after.

19 (f) Secs. 8 (renter rebate) and 9 (housesite value) of this act shall take effect
20 on January 1, 2014 and apply to claims filed after that date.

~~(g) Sec. 8a (renter rebate study) and Sec. 10 (applicable percentage) of this act shall take effect on July 1, 2013.~~

1 (h) Sec. 11 (adjustment limit) of this act shall take effect on January 1,
2 2014 and apply to claims filed after that date.

3 (i) Sec. 12 (student-to-staff ratios) of this act shall take effect on passage.

4 ~~(j) This section shall take effect on passage.~~

** * * Excess Spending (Sec. 1 applies to budgets in fiscal years 2015 and
2016; Sec. 2 applies in fiscal year 2017 and after) * * **

Sec. 1. 32 V.S.A. § 5401(12) is amended to read:

(12) "Excess spending" means:

(A) the per-equalized-pupil amount of the district's education spending, as defined in 16 V.S.A. § 4001(6), plus any amount required to be added from a capital construction reserve fund under 24 V.S.A. § 2804(b);

(B) in excess of ~~125~~ 123 percent of the statewide average district education spending per equalized pupil in the prior fiscal year, as determined by the ~~commissioner of education~~ Secretary of Education on or before November 15 of each year based on the passed budgets to date.

Sec. 2. 32 V.S.A. § 5401(12) is amended to read:

(12) "Excess spending" means:

(A) *the per-equalized-pupil amount of the district's education spending, as defined in 16 V.S.A. § 4001(6), plus any amount required to be added from a capital construction reserve fund under 24 V.S.A. § 2804(b);*

(B) *in excess of ~~123~~ 121 percent of the statewide average district education spending per equalized pupil in the prior fiscal year, as determined by the Secretary of Education on or before November 15 of each year based on the passed budgets to date.*

** * * Tuition Overcharges and Undercharges * * **

Sec. 3. 16 V.S.A. § 836 is amended to read:

§ 836. TUITION OVERCHARGE OR UNDERCHARGE

(a) Annually, on or before November 1, the ~~commissioner~~ Secretary shall inform each ~~school board of a receiving public school, each board of trustees of a receiving approved independent school for which the commissioner has calculated a net cost per pupil,~~ receiving school district and each sending school district in Vermont of the calculated net cost per elementary or secondary pupil in the receiving schools. Each ~~school board or board of trustees of a receiving school~~ receiving district shall then determine whether it overcharged or undercharged any sending district for tuition charges and shall notify the district by December 15 of the same year of the amount due or the amount to be refunded or credited.

(b) If the sending district has paid tuition charges in excess of three percent of the calculated net cost per elementary or secondary pupil and is not sending enough students to the receiving ~~school~~ district to use the overcharge funds as credit against tuition, the ~~school board or board of trustees of the receiving school~~ receiving district shall refund the overcharge money by July 31. ~~However, interest;~~ provided, however, that the refund shall be in the amount that exceeded a three percent overcharge. Interest owed the sending district on overcharge monies shall begin to accrue on December 1, at the rate of one-half percent per month.

(c) If the receiving district has undercharged tuition in an amount three percent or more than the calculated net cost per elementary or secondary pupil, the ~~school board or the board of trustees of the sending school~~ sending district shall pay the ~~amount of the undercharge~~ receiving district an amount equal to the amount of the undercharge that is between three percent and ten percent of the net cost per pupil. If payment is not made by July 31 of the year following the year in which the undercharge was determined, interest owed the ~~sending~~ receiving district on ~~overcharge moneys~~ undercharge monies shall begin to accrue on August 1, at the rate of one percent per month.

** * * Renters; Study * * **

Sec. 4. RENTERS; STUDY

The Joint Fiscal Office shall report to the General Assembly on how the State can provide assistance to renters. The report shall review issues with the current renter rebate program and examine other ways to provide assistance to renters with high rents and low incomes. The report shall be due on or before January 15, 2014 and shall include specific findings and recommendations. The Joint Fiscal Office shall have the assistance of the Department of Taxes and the Office of Legislative Council.

* * * Student-to-Staff Ratios * * *

Sec. 5. STUDENT-TO-STAFF RATIOS

(a) The Secretary of Education shall collect data necessary to inform development of a comprehensive plan to establish minimum student-to-staff ratios, student-to-administrator ratios, student-to-classroom teacher ratios, and student-to-teacher ratios in public elementary and secondary schools and supervisory unions in a manner that promotes educational opportunities and outcomes for students in Vermont.

(b) As used in this section:

(1) "Teacher" includes any person licensed to be employable as a teacher who is employed as a teacher and is providing direct instruction to students in one or more elementary or secondary grades.

(2) “Administrator” includes any person employed as a superintendent, assistant superintendent, principal, assistant principal, special education director, essential early education director, or Title I coordinator.

(3) “Staff” includes all paid personnel employed by a school district or supervisory union, but shall exclude:

(A) central services business office personnel;

(B) operations and maintenance personnel;

(C) transportation personnel;

(D) food service personnel; and

(E) enterprise or community service operations personnel.

(c) At a minimum, the Secretary’s data shall be sufficient to inform development of a comprehensive plan that might include:

(1) mandatory minimum ratios at the district or the school level, which may include variations by grade, school size, and other factors such as the unique needs of students from economically deprived backgrounds and students who are English language learners;

(2) mandatory minimum ratios at the supervisory union level;

(3) incentives for compliance; and

(4) implementation dates that would require mandatory staffing ratios beginning in school year 2015–2016 with tax penalties for noncompliance beginning in school year 2016–2017.

(d) On or before January 15, 2014, the Secretary shall present the data to the House and Senate Committees on Appropriations and on Education, the House Committee on Ways and Means, and the Senate Committee on Finance.

** * * Effective Dates * * **

Sec. 6. EFFECTIVE DATES

(a) Sec. 1 (excess spending; 123 percent) of this act shall take effect on July 1, 2014 and shall apply to education budgets for fiscal years 2015 and 2016.

(b) Sec. 2 (excess spending; 121 percent) of this act shall take effect on July 1, 2016 and shall apply to education budgets for fiscal year 2017 and after.

(c) Sec. 3 (tuition overcharges and undercharges) of this act shall take effect on July 1, 2013 and shall apply to tuition charged for the 2013–2014 academic year and after.

(d) This section and Secs. 4 (renter study) and 5 (student-to-staff ratio data) of this act shall take effect on passage.