

1 H.361

2 Introduced by Committee on Education

3 Date:

4 Subject: Education, education funding; education spending; education  
5 governance

6 Statement of purpose of bill as introduced: This bill proposes to make a  
7 variety of amendments to laws concerning education funding, education  
8 spending, and education governance.

9 An act relating to making amendments to education funding, education  
10 spending, and education governance

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

12 \* \* \* Education Policy Goals \* \* \*

13 ~~Sec. 1. EDUCATION POLICY GOALS~~

14 ~~(a) By enacting this legislation, the General Assembly intends to move the~~  
15 ~~State toward integrated education systems responsible for the equitable~~  
16 ~~delivery of high quality education to all resident prekindergarten–grade 12~~  
17 ~~students through a revised governance structure that:~~

18 ~~(1) leads students to achieve or exceed the State’s educational quality~~  
19 ~~standards, including the ability to:~~

20 ~~(A) think critically;~~

1 ~~(B) communicate verbally, in writing, and through the use of~~  
2 ~~technology;~~

3 ~~(C) collaborate; and~~

4 ~~(D) solve problems creatively; and~~

5 ~~(2) is delivered at a cost that parents, voters, and taxpayers value.~~

6 ~~(b) This legislation is designed to encourage and support local decisions~~  
7 ~~and actions that:~~

8 ~~(1) promote equity in the quality and variety of educational~~  
9 ~~opportunities available throughout the State, regardless of the school's size~~  
10 ~~or location;~~

11 ~~(2) enable Vermont schools to meet or exceed the education quality~~  
12 ~~standards set forth in 16 V.S.A. § 165, including goals to improve student~~  
13 ~~performance established by each school in the continuous improvement plan it~~  
14 ~~develops pursuant to that section, and to provide a sequential, logical~~  
15 ~~curriculum to all students;~~

16 ~~(3) advance solutions, including structural changes, that are developed~~  
17 ~~and implemented at the local level to meet community needs and priorities;~~

18 ~~(4) enhance the possibility that the State's small schools remain open if~~  
19 ~~they are able to provide students with equitable educational opportunities and~~  
20 ~~improved student performance at a stable, affordable cost;~~

- 1 (5) create enhanced opportunities and other conditions that promote  
2 stability in leadership;
- 3 (6) foster strong relationships between schools and the broader  
4 community and increased parental and community engagement at the school  
5 level;
- 6 (7) facilitate operational and educational efficiencies and effectiveness  
7 through greater flexibility in the management of resources;
- 8 (8) improve affordability and stability for taxpayers; and
- 9 (9) increase accountability and transparency through greater consistency  
10 in educational governance structures.
- 11 (c) On or before December 31, 2015, the State Board of Education, in  
12 consultation with the Secretary of Education, shall adopt no more than two  
13 performance measures for each policy goal identified by this section.

*Sec. 1. EDUCATION POLICY GOALS*

*(a) Intent. By enacting this legislation, the General Assembly intends to move the State toward integrated education systems responsible for the equitable delivery of high quality education to all resident prekindergarten–grade 12 students through a revised governance structure that:*

*(1) leads students to achieve or exceed the State's Education Quality Standards, adopted as rules by the State Board of Education at the direction of the General Assembly;*

(2) leads to improved transparency and accountability; and

(3) is delivered at a cost that parents, voters, and taxpayers value.

(b) Design; local decisions. This legislation is designed to encourage and support local decisions and actions linked to the Education Quality Standards, transparency, accountability, and cost-effectiveness, including decisions and actions that:

(1) promote equity in the quality and variety of educational opportunities available throughout the State, regardless of the school's size or location;

(2) improve student performance as established by each school in the continuous improvement plan it develops pursuant to 16 V.S.A. § 165;

(3) provide a sequential, logical curriculum to all students;

(4) promote students' ability to think critically; communicate verbally, in writing, and through the use of technology; collaborate; and solve problems creatively;

(5) advance solutions, including structural changes, that are developed and implemented at the local level to meet community needs and priorities;

(6) enhance the possibility that the State's small schools remain open if they are able to provide students with equitable educational opportunities and improved student performance at a stable, affordable cost;

(7) create enhanced opportunities and other conditions that promote stability in leadership;

(8) foster strong relationships between schools and the broader community and increased parental and community engagement at the school level;

(9) facilitate operational and educational efficiencies and effectiveness through greater flexibility in the management of resources to support student achievement and success, with a goal of increasing the district-level ratio of students to full-time equivalent staff;

(10) improve affordability and stability for taxpayers; and

(11) increase public accountability and transparency through:

(A) greater consistency in educational governance structures; and

(B) the accounting and reporting of financial information in accordance with Generally Accepted Accounting Principles and as otherwise required by the Secretary of Education.

(c) Education Quality Standards; indicators; performance measures. On or before December 31, 2015, in connection with the ongoing development of indicators to determine compliance with Education Quality Standards, the State Board of Education shall adopt and publish performance measures for the policy goals identified in the Standards as expressed by this section, including those relating to student outcomes.



1 ~~(1) The tax rate for nonresidential property shall be \$1.59 per \$100.00.~~

2 (2) The tax rate for homestead property shall be ~~\$1.10~~ \$1.00 multiplied  
3 by the district spending adjustment for the municipality, per \$100.00, of  
4 equalized education property value as most recently determined under section  
5 5405 of this title. The homestead property tax rate for each municipality which  
6 is a member of a union or unified union school district shall be calculated as  
7 required under subsection (e) of this section.

8 \* \* \*

9 Sec. 4. 32 V.S.A. § 5402b is amended to read:

10 § 5402b. STATEWIDE EDUCATION TAX RATE ADJUSTMENTS YIELD

11 ~~(a) Annually, by December 1, the Commissioner of Taxes shall recommend~~  
12 ~~to the General Assembly, after consultation with the Agency of Education, the~~  
13 ~~Secretary of Administration, and the Joint Fiscal Office, the following~~  
14 ~~adjustments in the statewide education tax rates under subdivisions 5402(a)(1)~~  
15 ~~and (2) of this title:~~

16 ~~(1) If there is a projected balance in the Education Fund Budget~~  
17 ~~Stabilization Reserve in excess of the five percent level authorized under~~  
18 ~~16 V.S.A. § 4026, the Commissioner shall recommend a reduction, for the~~  
19 ~~following fiscal year only, in the statewide education tax rates which will~~  
20 ~~retain the projected Education Fund Budget Stabilization Reserve at the five~~

1 percent maximum level authorized and raise at least 34 percent of projected  
2 education spending from the tax on nonresidential property; and

3 (2) If there is a projected balance in the Education Fund Budget  
4 Stabilization Reserve of less than the three and one half percent level required  
5 under 16 V.S.A. § 4026, the Commissioner shall recommend an increase, for  
6 the following fiscal year only, in the statewide education tax rates which will  
7 retain the projected Education Fund Budget Stabilization Reserve at no less  
8 than the three and one half percent minimum level authorized under 16 V.S.A.  
9 § 4026, and raise at least 34 percent of projected education spending from the  
10 tax rate on nonresidential property.

11 (3) In any year following a year in which the nonresidential rate  
12 produced an amount of revenues insufficient to support 34 percent of education  
13 fund spending in the previous fiscal year, the Commissioner shall determine  
14 and recommend an adjustment in the nonresidential rate sufficient to raise at  
15 least 34 percent of projected education spending from the tax rate on  
16 nonresidential property.

17 (4) If in any year in which the nonresidential rate is less than the  
18 statewide average homestead rate, the Commissioner of Taxes shall determine  
19 the factors contributing to the deviation in the proportionality of the  
20 nonresidential and homestead rates and make a recommendation for adjusting  
21 statewide education tax rates accordingly.

1 (a) Annually, on or before December 1, the Commissioner of Taxes shall  
2 recommend to the General Assembly, after consultation with the Agency of  
3 Education, the Secretary of Administration, and the Joint Fiscal Office, a dollar  
4 equivalent for the following fiscal year. For the purpose of this calculation, the  
5 Commissioner shall use a nonresidential base tax rate in subdivision  
6 5402(a)(1) of this title that would result in an equivalent proportional change in  
7 both the statewide median nonresident tax bill and the statewide median  
8 homestead tax bill for the current fiscal year. When the Commissioner  
9 recommends a dollar equivalent for use in the following fiscal year, he or she  
10 shall also explain the nonresidential rate used to calculate the dollar equivalent  
11 under this subsection. Annually, on or before the following January 1, the  
12 Commission shall publicize to each district his or her recommendation  
13 regarding the dollar equivalent for the following fiscal year.

14 ~~(b) If the Commissioner makes a recommendation to the General Assembly~~  
15 ~~to adjust the education tax rates under section 5402 of this title, the~~  
16 ~~Commissioner shall also recommend a proportional adjustment to the~~  
17 ~~applicable percentage base for homestead income based adjustments under~~  
18 ~~section 6066 of this title, but the applicable percentage base shall not be~~  
19 ~~adjusted below 1.94 percent. [Repealed.]~~

20 (c) [Repealed.]

21 ~~Sec. 5. 32 V.S.A. § 5401(13) is amended to read.~~

1       (13) “District spending adjustment” means the greater of: one or a  
2       fraction in which the numerator is the district’s education spending plus excess  
3       spending, per equalized pupil, for the school year; and the denominator is the  
4       ~~base education amount~~ “dollar equivalent” for the school year, as defined in  
5       ~~16 V.S.A. § 4001~~ subdivision (15) of this section. For a district that pays  
6       tuition to a public school or an approved independent school, or both, for all of  
7       its resident students in any year and which has decided by a majority vote of its  
8       school board to opt into this provision, the district spending adjustment shall  
9       be the average of the district spending adjustment calculated under this  
10      subdivision for the previous year and for the current year. Any district opting  
11      for a two-year average under this subdivision may not opt out of such  
12      treatment, and the averaging shall continue until the district no longer qualifies  
13      for such treatment.

*Sec. 2. 16 V.S.A. § 4001(13) is amended to read:*

*(13) “Base education amount” means ~~a number used to calculate tax rates. The base education amount is \$6,800.00 per equalized pupil, adjusted as required under section 4011 of this title.~~*

*Sec. 2a. 32 V.S.A. § 5401 is amended to read:*

*§ 5401. DEFINITIONS*

\* \* \*

*(13)(A) “~~District Education property tax spending adjustment~~” means the greater of: one or a fraction in which the numerator is the district’s education spending plus excess spending, per equalized pupil, for the school year; and the denominator is the ~~base education amount property dollar equivalent yield~~ for the school year, as defined in ~~16 V.S.A. § 4001 subdivision (15) of this section.~~ For a district that pays tuition to a public school or an approved independent school, or both, for all of its resident students in any year and which has decided by a majority vote of its school board to opt into this provision, the district spending adjustment shall be the average of the district spending adjustment calculated under this subdivision for the previous year and for the current year. Any district opting for a two year average under this subdivision may not opt out of such treatment, and the averaging shall continue until the district no longer qualifies for such treatment.*

*(B) “Education income tax spending adjustment” means the greater of: one or a fraction in which the numerator is the district’s education spending plus excess spending, per equalized pupil, for the school year; and the denominator is the income dollar equivalent yield for the school year, as defined in subdivision (16) of this section.*

\* \* \*

*(15) “Property dollar equivalent yield” means the amount of spending per equalized pupil that would result if the homestead tax rate were \$1.00 per*

\$100.00 of equalized education property value, and the statutory reserves under 16 V.S.A. § 4026 and section 5402b of this title were maintained.

(16) "Income dollar equivalent yield" means the amount of spending per equalized pupil that would result if the applicable percentage in subdivision 6066(a)(2) of this title were 2.0 percent, and the statutory reserves under 16 V.S.A. § 4026 and section 5402b of this title were maintained.

Sec. 3. 32 V.S.A. § 5402 is amended to read:

§ 5402. EDUCATION PROPERTY TAX LIABILITY

(a) A ~~Statewide~~ statewide education tax is imposed on all nonresidential and homestead property at the following rates:

(1) The tax rate for nonresidential property shall be \$1.59 per \$100.00.

(2) The tax rate for homestead property shall be ~~\$1.10~~ \$1.00 multiplied by the ~~district~~ education property tax spending adjustment for the municipality, per \$100.00, of equalized education property value as most recently determined under section 5405 of this title. The homestead property tax rate for each municipality which is a member of a union or unified union school district shall be calculated as required under subsection (e) of this section.

(b) The ~~Statewide~~ statewide education tax shall be calculated as follows:

(1) The Commissioner of Taxes shall determine for each municipality the education tax rates under subsection (a) of this section, divided by the municipality's most recent common level of appraisal. The legislative body in

*each municipality shall then bill each property taxpayer at the homestead or nonresidential rate determined by the Commissioner under this subdivision, multiplied by the education property tax grand list value of the property, properly classified as homestead or nonresidential property and without regard to any other tax classification of the property. Tax bills shall show the tax due and the calculation of the rate determined under subsection (a) of this section, divided by the municipality's most recent common level of appraisal, multiplied by the current grand list value of the property to be taxed.*

*(2) Taxes assessed under this section shall be assessed and collected in the same manner as taxes assessed under chapter 133 of this title with no tax classification other than as homestead or nonresidential property.*

*(3) If a district has not voted a budget by June 30, an interim homestead education tax shall be imposed at the base rate determined under subdivision (a)(2) of this section, divided by the municipality's most recent common level of appraisal, but without regard to any ~~district~~ spending adjustment under subdivision 5401(13) of this title. Within 30 days after a budget is adopted and the deadline for reconsideration has passed, the Commissioner shall determine the municipality's homestead tax rate as required under subdivision (1) of this subsection.*

\* \* \*

*(d) A municipality which has upon its grand list an operating electric generating plant subject to the tax under chapter 213 of this title shall be subject to the nonresidential education property tax at three-quarters of the rate provided in subdivision (a)(1) of this section, as adjusted under section 5402b of this chapter; and shall be subject to the homestead education property tax at three-quarters of the base rate provided in subdivision (a)(2) of this section, as adjusted under section 5402b of this chapter, and multiplied by its ~~district~~ spending adjustment under subdivision 5401(13) of this title.*

*(e) The Commissioner of Taxes shall determine a homestead education tax rate for each municipality which is a member of a union or unified union school district as follows:*

*(1) For a municipality which is a member of a unified union school district, use the base rate determined under subdivision (a)(2) of this section and a ~~district~~ spending adjustment under subdivision 5401(13) of this title based upon the education spending per equalized pupil of the unified union.*

*(2) For a municipality which is a member of a union school district:*

*(A) Determine the municipal district homestead tax rate using the base rate determined under subdivision (a)(2) of this section and a ~~district~~ spending adjustment under subdivision 5401(13) of this title based on the education spending per total equalized pupil in the municipality who attends a school other than the union school.*

*(B) Determine the union district homestead tax rate using the base rate determined under subdivision (a)(2) of this section and a ~~district~~ spending adjustment under subdivision 5401(13) of this title based on the education spending per equalized pupil of the union school district.*

\* \* \*

*Sec. 4. 32 V.S.A. § 6066(a)(2) is amended to read:*

*(2) “Applicable percentage” in this section means two percent, multiplied by the ~~district~~ education income tax spending adjustment under subdivision 5401(13)(B) of this title for the property tax year which begins in the claim year for the municipality in which the homestead residence is located; ~~but in no event shall the applicable percentage be less than two percent.~~*

*Sec. 4a. REVISION AUTHORITY*

*Notwithstanding 4 V.S.A. § 424, the Office of Legislative Council is authorized to change all instances in statute of the term “applicable percentage” to “income percentage” in 32 V.S.A. chapters 135 and 154.*

*Sec. 4b. 16 V.S.A. § 4031 is amended to read:*

*§ 4031. UNORGANIZED TOWNS AND GORES*

*(a) For a municipality that as of January 1, 2004 is an unorganized town or gore, its ~~district~~ education property tax spending adjustment under 32*

*V.S.A. § 5401(13) shall be one for purposes of determining the tax rate under 32 V.S.A. § 5402(a)(2).*

*(b) For purposes of a claim for property tax adjustment under 32 V.S.A. chapter 154 by a taxpayer in a municipality affected under this section, the applicable percentage shall not be multiplied by a spending adjustment under 32 V.S.A. § 5401(13).*

*Sec. 5. 32 V.S.A. § 5402b is amended to read:*

*§ 5402b. STATEWIDE EDUCATION TAX RATE ADJUSTMENTS*

*YIELDS; RECOMMENDATION OF THE COMMISSIONER*

*~~(a) Annually, by December 1, the Commissioner of Taxes shall recommend to the General Assembly, after consultation with the Agency of Education, the Secretary of Administration, and the Joint Fiscal Office, the following adjustments in the statewide education tax rates under subdivisions 5402(a)(1) and (2) of this title:~~*

*~~(1) If there is a projected balance in the Education Fund Budget Stabilization Reserve in excess of the five percent level authorized under 16 V.S.A. § 4026, the Commissioner shall recommend a reduction, for the following fiscal year only, in the statewide education tax rates which will retain the projected Education Fund Budget Stabilization Reserve at the five percent maximum level authorized and raise at least 34 percent of projected education spending from the tax on nonresidential property; and~~*

~~(2) If there is a projected balance in the Education Fund Budget Stabilization Reserve of less than the three and one-half percent level required under 16 V.S.A. § 4026, the Commissioner shall recommend an increase, for the following fiscal year only, in the statewide education tax rates which will retain the projected Education Fund Budget Stabilization Reserve at no less than the three and one-half percent minimum level authorized under 16 V.S.A. § 4026, and raise at least 34 percent of projected education spending from the tax rate on nonresidential property.~~

~~(3) In any year following a year in which the nonresidential rate produced an amount of revenues insufficient to support 34 percent of education fund spending in the previous fiscal year, the Commissioner shall determine and recommend an adjustment in the nonresidential rate sufficient to raise at least 34 percent of projected education spending from the tax rate on nonresidential property.~~

~~(4) If in any year in which the nonresidential rate is less than the statewide average homestead rate, the Commissioner of Taxes shall determine the factors contributing to the deviation in the proportionality of the nonresidential and homestead rates and make a recommendation for adjusting statewide education tax rates accordingly.~~

~~(b) If the Commissioner makes a recommendation to the General Assembly to adjust the education tax rates under section 5402 of this title, the~~

~~Commissioner shall also recommend a proportional adjustment to the applicable percentage base for homestead income based adjustments under section 6066 of this title, but the applicable percentage base shall not be adjusted below 1.94 percent.~~

(a) Annually, no later than December 1, the Commissioner shall calculate and recommend a property dollar equivalent yield and an income dollar equivalent yield for the following fiscal year. In making these calculations, the Commissioner shall assume:

(1) the homestead base tax rate in subdivision 5402(a)(2) of this title is 1.00 per \$100.00 of equalized education property value;

(2) the applicable percentage in subdivision 6066(a)(2) of this title is 2.0;

(3) the statutory reserves under 16 V.S.A. § 4026 and this section were maintained at five percent; and

(4) the percentage change in the median education tax bill applied to nonresidential property, the percentage change in the median education tax bill of homestead property, and the percentage change in the median education tax bill for taxpayers who claim an adjustment under subsection 6066(a) of this title are equal.



1 Sec. 7. FISCAL YEAR 2016 BASE EDUCATION AMOUNT

2 As provided in 16 V.S.A. § 4011(b), the base education amount for fiscal  
3 year 2016 shall be \$9,459.00.

4 \* \* \* Ballot Language; Per Pupil Spending \* \* \*

5 Sec. 8. 16 V.S.A. § 563 is amended to read:

6 § 563. POWERS OF SCHOOL BOARDS; FORM OF VOTE ~~IF BUDGET~~  
7 ~~EXCEEDS BENCHMARK AND DISTRICT SPENDING IS ABOVE~~  
8 ~~AVERAGE~~

9 The school board of a school district, in addition to other duties and  
10 authority specifically assigned by law:

11 \* \* \*

12 (11)(A) Shall prepare and distribute annually a proposed budget for the  
13 next school year according to such major categories as may from time to time  
14 be prescribed by the Secretary.

15 (B) ~~If the proposed budget contains education spending in excess of~~  
16 ~~the Maximum Inflation Amount, and the district's education spending per~~  
17 ~~equalized pupil in the fiscal year preceding the year for which the budget is~~  
18 ~~proposed was in excess of the statewide average district education spending~~  
19 ~~per equalized pupil in that same fiscal year, as determined by the Secretary,~~  
20 ~~then in lieu of any other statutory or charter form of budget adoption or budget~~  
21 ~~vote, the board shall present the budget to the voters by means of a divided~~

1 question, in the form of vote provided in subdivision (ii) of this subdivision  
2 (11)(B).

3 (i) ~~“Maximum Inflation Amount” in this section means:~~

4 ~~(I) the statewide average district education spending per~~  
5 ~~equalized pupil, as defined in subdivision 4001(6) of this title, in the fiscal year~~  
6 ~~preceding the year for which the budget is proposed, as determined by the~~  
7 ~~Secretary, multiplied by the New England Economic Project Cumulative Price~~  
8 ~~Index percentage change, as of November 15 preceding distribution of the~~  
9 ~~proposed budget, for state and local government purchases of goods and~~  
10 ~~services for the fiscal year for which the budget is proposed, plus one~~  
11 ~~percentage point; plus the district’s education spending per equalized pupil in~~  
12 ~~the fiscal year preceding the year for which the budget is proposed, as~~  
13 ~~determined by the Secretary;~~

14 ~~(II) multiplied by the higher of the following amounts as~~  
15 ~~determined by the Secretary: (aa) the district’s equalized pupil count in the~~  
16 ~~fiscal year preceding the year for which the budget is proposed; or (bb) the~~  
17 ~~district’s equalized pupil count in the fiscal year for which the budget is~~  
18 ~~proposed.~~

19 (ii) ~~The ballot shall be in the following form:~~

20 ~~“The total proposed budget of \$\_\_\_\_\_ is the amount determined~~  
21 ~~by the school board to be necessary to support the school district’s educational~~

1 ~~program. State law requires the vote on this budget to be divided because (i)~~  
2 ~~the school district's spending per pupil last year was more than the statewide~~  
3 ~~average and (ii) this year's proposed budget is greater than last year's budget~~  
4 ~~adjusted for inflation.~~

5 ~~“Article #1 (School Budget):~~

6 ~~Part A. Shall the voters of the school district authorize the school~~  
7 ~~board to expend \$ \_\_\_\_\_/t, which is a portion of the amount the school board~~  
8 ~~has determined to be necessary?~~

9 ~~Part B. If Part A is approved by the voters, shall the voters of the~~  
10 ~~school district also authorize the school board to expend \$ \_\_\_\_\_/t, which is~~  
11 ~~the remainder of the amount the school board has determined to be necessary??”~~

12 [Repealed.]

13 (C) At a school district's annual or special meeting, the electorate  
14 may vote to provide notice of availability of the school budget required by this  
15 subdivision to the electorate in lieu of distributing the budget. If the electorate  
16 of the school district votes to provide notice of availability, it must specify how  
17 notice of availability shall be given, and such notice of availability shall be  
18 provided to the electorate at least 30 days before the district's annual meeting.  
19 The proposed budget shall be prepared and distributed at least ten days before  
20 a sum of money is voted on by the electorate. Any proposed budget shall show  
21 the following information in a format prescribed by the Secretary:

1 (i) all revenues from all sources, and expenses, including as  
2 separate items any assessment for a supervisory union of which it is a member  
3 and any tuition to be paid to a career technical center; and including the report  
4 required in subdivision 242(4)(D) of this title itemizing the component costs of  
5 the supervisory union assessment;

6 (ii) the specific amount of any deficit incurred in the most recently  
7 closed fiscal year and how the deficit was or will be remedied;

8 (iii) the anticipated homestead tax rate and the percentage of  
9 household income used to determine income sensitivity in the district as a  
10 result of passage of the budget including those portions of the tax rate  
11 attributable to supervisory union assessments; and

12 (iv) the definition of “education spending,” the number of pupils  
13 and number of equalized pupils in the school district, and the district’s  
14 education spending per equalized pupil in the proposed budget and in each of  
15 the prior three years.

16 (D) The board shall present the budget to the voters by means of a  
17 ballot in the following form:

18 “Article #1 (School Budget):

19 The total proposed budget of \$ \_\_\_\_\_ is the amount determined by  
20 the school board to be necessary to support the school district’s educational  
21 program. It is estimated that this proposed budget, if approved, will result in

1 education spending of \$ \_\_\_\_\_ per equalized pupil. This projected spending per  
2 equalized pupil is \_\_\_\_\_ % higher/lower than spending for the current year.  
3 Shall the voters of the school district approve the school board to expend  
4 \$ \_\_\_\_\_, which is the amount the school board has determined to be  
5 necessary for the ensuing fiscal year?"

6 Sec. 9. REPEAL

7 16 V.S.A. § 4001(6)(A) (divided voted; exceptions to education spending)  
8 is repealed on July 1, 2015.

9 \* \* \* Merger Support Grants \* \* \*

10 Sec. 10. 2010 Acts and Resolves No. 153, Sec. 4(d) is amended to read:

11 (d) Merger support grant. If the merging districts of a RED included at  
12 least one "eligible school district," as defined in 16 V.S.A. § 4015, that had  
13 received a small school support grant under section 4015 in the fiscal year two  
14 years prior to the first fiscal year of merger, then the RED shall ~~be eligible to~~  
15 receive a merger support grant ~~in each of its first five fiscal years~~ annually in  
16 an amount equal to the small school support grant received by the eligible  
17 school district in the fiscal year two years prior to the first fiscal year of  
18 merger. If more than one merging district was an eligible school district, then  
19 the merger support grant shall be in an amount equal to the total combined  
20 small school support grants they received in the fiscal year two years prior to  
21 the first fiscal year of merger. Payment of the grant under this section shall

1 continue annually until explicitly repealed by the General Assembly; provided,  
2 however, that the Secretary shall discontinue payment of the grant in the fiscal  
3 year following closure by the merged district of a school located in what had  
4 been an “eligible school district” prior to merger; provided, however, if a  
5 school building located in a formerly “eligible school district” is closed in  
6 order to consolidate with another school into a renovated or new school  
7 building, then the Secretary shall continue to pay the grant during the  
8 repayment term of any bonded indebtedness incurred in connection with the  
9 consolidation-related renovation or construction.

10 Sec. 11. MERGER SUPPORT GRANT; INTEGRATED EDUCATION  
11 SYSTEMS; JOINT CONTRACT SCHOOLS

12 (a) Notwithstanding other provisions of law to the contrary, if the merging  
13 districts of an integrated education system capable of achieving the goals and  
14 requirements set forth in Sec. 17(a) of this act include at least one “eligible  
15 school district,” as defined in 16 V.S.A. § 4015, that received a small school  
16 support grant under section 4015 in the fiscal year two years prior to the first  
17 fiscal year of merger, then the integrated education system shall receive annual  
18 merger support grants pursuant to the provisions of 2010 Acts and Resolves  
19 No. 153, Sec. 4(d) as amended by this act; provided, however, that this section  
20 shall apply only to an integrated education system that obtains a favorable vote

1 of all “necessary” districts on or before November 30, 2017, and becomes  
2 effective on or before July 1, 2019.

3 (b) Notwithstanding other provisions of law to the contrary, if two or more  
4 districts enter into a contract pursuant to 16 V.S.A. chapter 11, subchapter 1 to  
5 operate a school jointly, and if at least one of the districts was an “eligible  
6 school district” that received a small school support grant in the fiscal year two  
7 years prior to the effective date of the contract, then the contracting school  
8 districts, as a single unit, shall receive annual merger support grants pursuant  
9 to the provisions of 2010 Acts and Resolves No. 153, Sec. 4(d) as amended by  
10 this act; provided, however, that this section shall apply only to contracting  
11 districts that receive a favorable vote of all affected districts to enter into a  
12 finalized contract on or before November 30, 2017.

13 \* \* \* Small School Support; Effective Fiscal Year 2020 \* \* \*

14 Sec. 12. 16 V.S.A. § 4015 is amended to read:

15 § 4015. SMALL SCHOOL SUPPORT

16 (a) In this section:

17 (1) “Eligible school district” means a school district that:

18 (A) operates at least one school; ~~and~~

19 ~~(A) has a two-year average combined enrollment of fewer than 100~~  
20 ~~students in all the schools operated by the district; or~~

21 (B) has an average grade size of 20 or fewer;



1 ~~tuition for students shall not be considered an enrollment decrease. The~~  
2 ~~amount of the grant shall be determined by multiplying 87 percent of the base~~  
3 ~~education amount for the current fiscal year, by the number of enrollment, to~~  
4 ~~the nearest one hundredth of a percent, necessary to make the two-year~~  
5 ~~average enrollment decrease only 10 percent. [Repealed.]~~

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

10 (e) In the event that a school or schools that have received a grant under  
11 this section merge in any year following receipt of a grant, and the  
12 consolidated school is not eligible for a grant under this section or the small  
13 school grant for the consolidated school is less than the total amount of grant  
14 aid the schools would have received if they had not combined, the consolidated  
15 school shall continue to receive a grant for three years following consolidation.

16 The amount of the annual grant shall be:

17 (1) in the first year following consolidation, an amount equal to the  
18 amount received by the school or schools in the last year of eligibility;

19 (2) in the second year following consolidation, an amount equal to  
20 two-thirds of the amount received in the previous year; and

1           (3) in the third year following consolidation, an amount equal to  
2 one-third of the amount received in the first year following consolidation.

*Sec. 12a. SMALL SCHOOL SUPPORT; METRICS*

*On or before July 1, 2018, the State Board of Education shall adopt and  
publish metrics by which it will make determinations whether to award small  
school support pursuant to 16 V.S.A. § 4015 on and after July 1, 2019, as  
amended by Sec. 12 of this act.*

3           \* \* \* Declining Enrollment; Equalized Pupils; 3.5 Percent Limit \* \* \*

4           Sec. 13. 16 V.S.A. § 4010(f) is amended to read:

5           (f) For purposes of the calculation under this section, a district's equalized  
6 pupils shall in no case be less than 96 and one-half percent of the ~~district's~~  
7 actual number of equalized pupils in the district in the previous year, prior to  
8 making any adjustment under this subsection.

9           Sec. 14. DECLINING ENROLLMENT; TRANSITION

10          (a) If a district's equalized pupils in fiscal year 2016 do not reflect any  
11 adjustment pursuant to 16 V.S.A. § 4010(f), then Sec. 13 of this act shall apply  
12 to the district in fiscal year 2017 and after.

13          (b) If a district's equalized pupils in fiscal year 2016 reflect adjustment  
14 pursuant to 16 V.S.A. § 4010(f), then, notwithstanding the provisions of  
15 § 4010(f) as amended by this act:



1 ~~education program, or an independent school in another state or country~~  
2 ~~approved under the laws of that state or country, nor shall~~ located in Vermont,  
3 or a school operated by an interstate school district. The payment of tuition on  
4 behalf of a person shall not be denied on account of age. Unless otherwise  
5 provided, a person who is aggrieved by a decision of a school board relating to  
6 eligibility for tuition payments, the amount of tuition payable, or the school he  
7 or she may attend, may appeal to the State Board and its decision shall be final.

8 (b) Notwithstanding subsection (a) of this section, a school district may pay  
9 tuition to a public or independent school in another state or country approved  
10 under the laws of that state or country if by doing so the district is providing  
11 for the education of:

12 (1) all resident students in one or more grades pursuant to:

13 (A) subsection 827(e) or section 835 of this title; or

14 (B) a determination by the State Board that payment of tuition to a  
15 school outside Vermont is authorized due to geographic necessity because  
16 driving times, distances, and travel routes are an obstacle to transporting  
17 students to a Vermont school, consistent with guidelines to be developed  
18 jointly by the State Board and Secretary;

19 (2) some or all of its career technical education students pursuant to  
20 subsection 1531(c) of this title;

1 (3) a student eligible for special education whose individualized  
2 education program requires an out-of-state placement pursuant to chapter 101  
3 of this title; or

4 (4) a student enrolled in a school located in a community in the United  
5 States or Canada that shares a border with Vermont.

6 \* \* \* Integrated Education Systems; Transition \* \* \*

7 Sec. 17. INTEGRATED EDUCATION SYSTEMS; GOVERNANCE

8 TRANSITIONS TO ACHIEVE EDUCATION POLICY GOALS

9 (a) Integrated education systems. On or before July 1, 2019, the State shall  
10 provide educational opportunities through integrated education systems  
11 responsible for the equitable delivery of high quality education to all resident  
12 prekindergarten through grade 12 students and for stable, affordable education  
13 costs as provided in this section.

14 (1) Each integrated education system shall advance the goals set forth in  
15 Sec. 1 of this act by:

16 (A) providing equitable access to high quality educational  
17 opportunities that meet the educational quality standards adopted by the State  
18 Board pursuant to 16 V.S.A. § 165;

19 (B) fostering stable leadership by developing and supporting both  
20 school and district leaders;

1 ~~(C) hiring, training, supporting, and retaining excellent~~  
2 ~~administrators, teachers, and staff;~~

3 ~~(D) maximizing the effective, flexible, and efficient use of fiscal,~~  
4 ~~human, and facility resources to support student achievement and success, with~~  
5 ~~a goal of increasing the district-level ratio of students to full-time equivalent~~  
6 ~~staff;~~

7 ~~(E) promoting budgetary stability, leading to less volatility for~~  
8 ~~taxpayers;~~

9 ~~(F) accounting for and reporting financial information in accordance~~  
10 ~~with Generally Accepted Accounting Principles and in a manner that promotes~~  
11 ~~transparency and public accountability and supports a statewide integrated data~~  
12 ~~collection system;~~

13 ~~(G) increasing parental and community engagement at the school~~  
14 ~~level; and~~

15 ~~(H) promoting a shared commitment to a strong, flexible, and~~  
16 ~~coherent system.~~

17 ~~(2) Each integrated education system shall have an average daily~~  
18 ~~membership of at least 1,100 students in prekindergarten through grade 12~~  
19 ~~unless granted a waiver by the State Board of Education based upon criteria~~  
20 ~~developed by the Board.~~

21 ~~(b) Self-evaluation and proposal by districts.~~

1 ~~(1) Each district is required to evaluate its own structure and programs~~  
2 ~~and meet with neighboring districts, within or outside the supervisory union, to~~  
3 ~~determine how best to create and implement an integrated education system in~~  
4 ~~the region that achieves the goals and requirements set forth in subsection (a)~~  
5 ~~of this section.~~

6 (2) Except as provided in subsection (d) of this section, a district is  
7 required to form a study committee with one or more other districts within or  
8 outside its supervisory union and prepare a study report (Report) pursuant to  
9 16 V.S.A. chapter 11 proposing how best to create a new district, or a  
10 prekindergarten–grade 12 education system with more than one district  
11 pursuant to subdivision (c)(2) of this section, that provides for the education of  
12 resident prekindergarten through grade 12 students by realigning neighboring  
13 districts with similar patterns of school operation and tuition payment.  
14 Through creation of the Report, the districts shall demonstrate how their  
15 proposal is designed to create an integrated education system that is capable of  
16 achieving the goals and requirements set forth in subsection (a) of this section  
17 and that is effective on or before July 1, 2019. The Report, which if approved  
18 by the State Board of Education and subsequently by the electorate, shall be  
19 the new district's articles of agreement, shall also, to the extent required by the  
20 proposal:

1 ~~(A) decide issues specified in 16 V.S.A. § 706b, including ownership~~  
2 ~~of buildings, representation on the new district board, and whether votes on the~~  
3 ~~budget and other issues will be by Australian ballot;~~

4 ~~(B) decide issues of particular interest to the local communities, such~~  
5 ~~as the conditions under which the new district would be permitted to close an~~  
6 ~~existing school building; and~~

7 ~~(C) provide for the election of an initial school board prior to the first~~  
8 ~~day of the new district's existence in order to transition to the new structure by~~  
9 ~~negotiating and entering into contracts, preparing an initial proposed budget,~~  
10 ~~adopting policies, and otherwise planning for implementation of the new~~  
11 ~~district.~~

12 ~~(3) Districts shall present the Report to the State Board and subsequently~~  
13 ~~to the electorate, pursuant to the provisions of 16 V.S.A. chapter 11.~~

14 ~~(c) Evaluation by the State Board of Education.~~

15 ~~(1) Evaluation. When evaluating Reports presented to it pursuant to~~  
16 ~~16 V.S.A. chapter 11 and subsections (b) and (d) of this section, the State~~  
17 ~~Board shall also:~~

18 ~~(A) Consider whether the proposal is designed to create an integrated~~  
19 ~~education system capable of achieving the goals and requirements set forth in~~  
20 ~~subsection (a) of this section.~~

1 ~~(D) Be mindful of any other district in the region that may become~~  
2 ~~geographically isolated or would otherwise be an inappropriate member of~~  
3 ~~another supervisory district or union school district. At the request of the State~~  
4 ~~Board, the Secretary shall work with the potentially isolated district and other~~  
5 ~~districts in the region to move toward a governance model that is designed to~~  
6 ~~achieve the goals and requirements set forth in subsection (a) of this section.~~  
7 ~~The State Board is authorized to deny approval to a proposal that would~~  
8 ~~geographically isolate a district that would not be an appropriate member of~~  
9 ~~another supervisory district or union school district in the region.~~

10 (2) Supervisory unions. The State Board may authorize the creation or  
11 continuation of a supervisory union with two or more member districts, each  
12 with a distinct school board if the Board concludes that it is the best means of  
13 accomplishing an integrated education system capable of achieving the goals  
14 and requirements set forth in subsection (a) of this section in a particular  
15 region; provided, however, that the State Board may approve the supervisory  
16 union structure only if the structure ensures transparency and accountability in  
17 relation to the supervisory union budget, which may include a process by  
18 which the electorate votes directly whether to approve the proposed  
19 supervisory union budget. Pursuant to 16 V.S.A. § 261(d), the State Board  
20 may waive requirements of 16 V.S.A. chapters 5 and 7 if necessary to facilitate  
21 the vote.

~~(d) Exceptions to requirement for study committee.~~

~~(1) If the board of a supervisory district believes that the district can function as an integrated education system capable of achieving the goals and requirements set forth in subsection (a) of this section without altering its current governance structure, then the board may submit a proposal demonstrating this belief to the State Board and subsequently to the electorate pursuant to 16 V.S.A. chapter 11 without forming a study committee pursuant to that chapter and subdivision (b)(2) of this section.~~

~~(2) If the board of a supervisory union believes that the member districts can function as an integrated education system capable of achieving the goals and requirements set forth in subsection (a) of this section by realigning into a supervisory district, then the supervisory union board may submit a proposal in the form of a Report demonstrating this belief to the State Board and subsequently to the electorate pursuant to 16 V.S.A. chapter 11 without forming a study committee pursuant to that chapter and subdivision (b)(2) of this section.~~

(e) Creation of integrated education systems.

(1) If a district or group of districts does not complete the process outlined in subsection (b) or (d) of this section, or does so but does not obtain a favorable vote of all “necessary” districts on or before November 30, 2017 (collectively, the remaining districts), then the Secretary shall develop a plan

1 ~~by which remaining districts of the State shall be realigned if necessary to~~  
2 create integrated education systems capable of achieving the goals and  
3 requirements set forth in subsection (a) of this section.

4 (2) The Secretary shall present the proposal to the State Board of  
5 Education on or before July 1, 2018.

6 (3) On or before September 1, 2018, the State Board shall approve the  
7 Secretary's proposal in its original or in an amended form, and publish its  
8 order realigning the remaining districts on the Agency's website.

9 (4) For the new districts that will be created by the State Board's order,  
10 the order shall:

11 (A) include one or more models of initial articles of agreement  
12 addressing issues required by 16 V.S.A. § 706b that will govern the actions of  
13 the new districts until such time as each district adopts its own amended  
14 articles, including the method of apportioning the representation on the new  
15 district's board, whether votes on the budget and other issues will be by  
16 Australian ballot, and the conditions under which the new district would be  
17 authorized to close a school building;

18 (B) establish transition procedures and guidance necessary for the  
19 creation of each new district, including provisions for:

20 (i) the election of an initial board prior to the first day of the new  
21 district's existence in order to transition to the new structure by negotiating and

1 ~~entering into contracts, preparing an initial proposed budget, hiring a~~  
2 superintendent, adopting policies, and otherwise planning for the district's  
3 implementation;

4 (ii) assumption of debt;

5 (iii) ownership and management of property; and

6 (iv) the transition of employees to the new employer, including  
7 membership in collective bargaining units; and

8 (C) ensure that no school employee subject to employment transition  
9 under the order will experience a detrimental change in status within the  
10 Vermont Municipal Employees' Retirement System.

11 (f) Interstate school districts. This section shall not apply to interstate  
12 school districts.

13 (g) Protection for nonoperating districts and operating districts; statement  
14 of intent.

15 (1) Nonoperating districts. All governance transitions achieved pursuant  
16 to this section shall preserve the ability of a district that, as of the effective date  
17 of this act, provides for the education of all resident students in one or more  
18 grades by paying tuition on the students' behalf, to continue to provide  
19 education by paying tuition on behalf of all students in the grade or grades if it  
20 chooses to do so and shall not require the district to limit the options available

1 ~~to students if it ceases to exist as a discrete entity and is realigned into a~~  
2 supervisory district or union school district.

3 (2) Operating districts. All governance transitions achieved pursuant to  
4 this section shall preserve the ability of a district that, as of the effective date of  
5 this act, provides for the education of all resident students in one or more  
6 grades by operating a school offering the grade or grades, to continue to  
7 provide education by operating a school for all students in the grade or grades  
8 if it chooses to do so and shall not require the district to pay tuition for students  
9 if it ceases to exist as a discrete entity and is realigned into a supervisory  
10 district or union school district.

11 (3) Statement of intent. Nothing in this section shall be construed to  
12 restrict or repeal, or to authorize or require the restriction or repeal of, the  
13 ability of a school district that, as of the effective date of this act, provides for  
14 the education of all resident students in one or more grades:

15 (A) by paying tuition on the students' behalf, to continue to provide  
16 education by paying tuition on behalf of all students in the grade or grades if it  
17 chooses to do so; or

18 (B) by operating a school offering the grade or grades, to continue to  
19 provide education by operating a school for all students in the grade or grades  
20 if it chooses to do so.

1 ~~(h) Guidelines. Based upon the performance measures adopted in Sec. 1(c)~~  
2 ~~of this act, the State Board of Education, in consultation with the Secretary of~~  
3 ~~Education, shall issue guidelines on or before December 31, 2015, that are~~  
4 ~~designed to:~~

5 ~~(1) assist districts to develop Reports submitted pursuant to subsection~~  
6 ~~(b) or (d) of this section that are consistent with the goals set forth in Sec. 1 of~~  
7 ~~this act and subsection (a) of this section; and~~

8 ~~(2) guide the State Board's evaluation of Reports pursuant to subsection~~  
9 ~~(c) of this section.~~

10 ~~(i) Statutory amendments. On or before December 1, 2015, the Office of~~  
11 ~~Legislative Council shall provide to the House and Senate Committees on~~  
12 ~~Education, the House Committee on Ways and Means, and the Senate~~  
13 ~~Committee on Finance proposed statutory amendments necessary to~~  
14 ~~accomplish the purpose of this section and reflect the governance changes it~~  
15 ~~requires.~~

*Sec. 17. GOVERNANCE TRANSITIONS TO ACHIEVE EDUCATION  
POLICY GOALS; INTEGRATED EDUCATION SYSTEMS*

*(a) Integrated education systems. On or before July 1, 2019, the State shall  
provide educational opportunities through integrated education systems that  
are responsible for the equitable delivery of high quality education to all  
resident prekindergarten through grade 12 students, and that are designed to*

improve transparency and accountability and to promote stable, affordable education costs, all as set forth in Sec. 1 of this act.

(b) Evaluation and proposal by districts.

(1) Evaluation. Each district shall meet with one or more other districts, including those that have similar patterns of school operation and tuition payment, to evaluate the districts' structures and programs and determine how best to create and implement an integrated education system in the region. The districts do not need to be contiguous and do not need to be within the same supervisory union.

(2) Study committee and report. Except as provided in subsection (e) of this section, each district shall form a study committee with one or more other districts and prepare a study report (Report) pursuant to 16 V.S.A. chapter 11. The Report shall propose creation of a new prekindergarten–grade 12 district, or an integrated education system with more than one district pursuant to subdivision (c)(3) of this section, that is designed to enable the region to meet the goals and requirements set forth in this section and to be operational on or before July 1, 2019. The reimbursement of costs incurred when preparing the Report and other assistance to facilitate transition are available pursuant to 2012 Acts and Resolves No. 156 to the extent provided in that act.

(3) Submission of report and vote of electorate. Districts shall submit the Report to the State Board of Education and subsequently to the electorate

pursuant to 16 V.S.A. chapter 11. If approved by the State Board of Education pursuant to subsection (d) of this section, and subsequently approved by the electorate on or before November 30, 2017, a Report shall be a new prekindergarten–grade 12 district’s articles of agreement pursuant to 16 V.S.A. chapter 11 and shall be the governing document of an integrated education system with more than one district.

(c) Size and structure of integrated education systems.

(1) Minimum size; waiver. Each integrated education system shall have an average daily membership of at least 1,100 students in prekindergarten through grade 12 unless granted a waiver by the State Board of Education based upon criteria developed by the Board.

(2) Education Districts. In order to promote flexibility, transparency, and accountability, the preferred structure for an integrated education system shall be an Education District, which is supervisory district as defined in 16 V.S.A. § 11(a)(24) that is responsible for the education of all resident prekindergarten through grade 12 students and that assumes one of the following four common governance structures:

(A) a district that operates a school or schools for resident students in prekindergarten or kindergarten through grade 12;

(B) a district that operates a school or schools for resident students in prekindergarten or kindergarten through grade 6 and pays tuition for all resident students in grade 7 through grade 12;

(C) a district that operates a school or schools for resident students in prekindergarten or kindergarten through grade 8 and pays tuition for resident students in grade 9 through grade 12;

(D) a district that operates no schools and pays tuition for resident students in prekindergarten through grade 12.

(3) Supervisory unions.

(A) Recognizing that an Education District may not be the best means of achieving the goals of this act in all regions of the State, and to the extent necessary under subdivision (1) of this subsection (minimum ADM; waiver), subsection (g) of this section (protections for tuitioning and operating districts), or otherwise, districts may propose the creation, expansion, or continuation of a supervisory union with two or more member districts, each with a distinct school board. Supervisory unions under this subdivision are encouraged to include the smallest number of school districts as practicable. The State Board may approve the proposal pursuant to 16 V.S.A. § 261 and chapter 11, if it concludes that the proposal is the best means of achieving an integrated education system capable of meeting the goals and requirements of this section in a particular region.

(B) Notwithstanding subdivision (A) of this subdivision, the State Board shall approve a supervisory union structure only if the structure ensures transparency and accountability for the member districts and the public at large, including transparency and accountability in relation to the supervisory union budget, which may include a process by which the electorate votes directly whether to approve the proposed supervisory union budget. Pursuant to 16 V.S.A. § 261(d), the State Board may waive requirements of 16 V.S.A. chapters 5 and 7 if necessary to facilitate the vote.

(d) Evaluation by the State Board of Education. When evaluating Reports presented to it pursuant to 16 V.S.A. chapter 11 and subsection (b) of this section, the State Board shall:

(1) consider whether the proposal is designed to create an integrated education system capable of achieving the goals and requirements set forth in this section; and

(2) be mindful of any other district in the region that may become geographically isolated.

(A) At the request of the State Board, the Secretary shall work with the potentially isolated district and other districts in the region to move toward an integrated education system that is designed to achieve the goals and requirements set forth in this section.

(B) The State Board is authorized to deny approval to a proposal that would geographically isolate a district that would not be an appropriate member of another integrated education system in the region.

(e) Exceptions to requirement for study committee.

(1) Existing supervisory district. If the board of an existing supervisory district believes that the district can function as an integrated education system pursuant to this section without altering its current governance structure or joining a supervisory union, then the board may prepare and submit a Report to the State Board pursuant to subsection (b) of this section and subsequently to the electorate pursuant to 16 V.S.A. chapter 11 without forming a study committee pursuant to that chapter.

(2) Existing supervisory union. If the board of an existing supervisory union believes that all member districts can function as an integrated education system pursuant to this section by realigning their governance structures into a single Education District, then the supervisory union board may prepare and submit a Report to the State Board pursuant to subsection (b) of this section and subsequently to the electorate pursuant to 16 V.S.A. chapter 11 without forming a study committee pursuant to that chapter.

(f) Creation of integrated education systems.

(1) Secretary's proposal. If a district or group of districts does not complete the process outlined in subsection (b) of this section, or does so but

does not obtain a favorable vote of all “necessary” districts on or before November 30, 2017 (collectively, the Remaining Districts), then the Secretary shall develop a proposal by which the Remaining Districts of the State shall be realigned to the extent possible to create integrated education systems pursuant to this section. If it is not possible or practicable to realign one or more Remaining Districts in a manner that meets one or more provisions of subsections (a) and (c) of this section, then, in connection with the district or districts, the proposal shall be designed in a manner that serves the best interests of the resident students, the local communities, and the State. The Secretary shall present the proposal to the State Board of Education for its consideration on or before July 1, 2018.

(2) State Board’s order. On or before September 1, 2018, the State Board shall approve the Secretary’s proposal in its original or in an amended form, and shall publish its order realigning Remaining Districts on the Agency’s website.

(g) Interstate school districts. This section shall not apply to interstate school districts.

(h) Protection for nonoperating districts and operating districts; statement of intent.

(1) Nonoperating districts. All governance transitions achieved pursuant to this section shall preserve the ability of a district that, as of the

effective date of this act, provides for the education of all resident students in one or more grades by paying tuition on the students' behalf, to continue to provide education by paying tuition on behalf of all students in the grade or grades if it chooses to do so and shall not require the district to limit the options available to students if it ceases to exist as a discrete entity and is realigned into a supervisory district or union school district.

(2) Operating districts. All governance transitions achieved pursuant to this section shall preserve the ability of a district that, as of the effective date of this act, provides for the education of all resident students in one or more grades by operating a school offering the grade or grades, to continue to provide education by operating a school for all students in the grade or grades if it chooses to do so and shall not require the district to pay tuition for students if it ceases to exist as a discrete entity and is realigned into a supervisory district or union school district.

(3) Statement of intent. Nothing in this section shall be construed to restrict or repeal, or to authorize or require the restriction or repeal of, the ability of a school district that, as of the effective date of this act, provides for the education of all resident students in one or more grades:

(A) by paying tuition on the students' behalf, to continue to provide education by paying tuition on behalf of all students in the grade or grades if it chooses to do so; or

(B) by operating a school offering the grade or grades, to continue to provide education by operating a school for all students in the grade or grades if it chooses to do so.

1 ~~Sec. 18. TAX INCENTIVES; INTEGRATED EDUCATION SYSTEMS~~

2 ~~A integrated education system capable of achieving the goals and outcomes~~  
3 ~~set forth in Sec. 17(a) of this act shall receive an equalization of its homestead~~  
4 ~~property tax rates during fiscal years 2020 through 2023 pursuant to 2010 Acts~~  
5 ~~and Resolves No. 153, Sec. 4(a), as amended by 2012 Acts and Resolves No.~~  
6 ~~156, Sec. 13; provided, however, that this section shall apply only to an~~  
7 ~~integrated education system that obtains a favorable vote of all “necessary”~~  
8 ~~districts on or before November 30, 2017, and is effective on or before July 1,~~  
9 ~~2019.~~

*Sec. 18. TAX INCENTIVES; PREKINDERGARTEN–GRADE 12*

*DISTRICT*

(a) Tax incentive. Subject to subsection (c) of this section, a prekindergarten–grade 12 district created pursuant to Sec. 17 of this act shall receive an equalization of its homestead property tax rates during fiscal years 2020 through 2023 as follows:

(1)(A) Subject to the provisions of subdivision (2) of this subsection and notwithstanding any other provision of law, the district’s equalized homestead property tax rate shall be:

(i) decreased by \$0.08 in fiscal year 2020;

(ii) decreased by \$0.06 in fiscal year 2021;

(iii) decreased by \$0.04 in fiscal year 2022; and

(iv) decreased by \$0.02 in fiscal year 2023.

(B) The household income percentage shall be calculated accordingly.

(2) During the years in which a district's equalized homestead property tax rate is decreased pursuant to this subsection, the rate for each town within the district shall not increase or decrease by more than five percent in a single year. The household income percentage shall be calculated accordingly.

(b) Common level of appraisal. On and after the effective date of merger, the common level of appraisal shall be calculated independently for each town within the district for purposes of determining the homestead property tax rate for each town.

(c) Applicability.

(1) This section shall apply only to a prekindergarten–grade 12 district that obtains a favorable vote of all “necessary” districts on or before November 30, 2017, is operational on or before July 1, 2019, and is either a supervisory district or has an average daily membership of 1,100, or both.



(2) any two or more districts that enter into a contract pursuant to 16 V.S.A. chapter 11, subchapter 1 on or after July 1, 2015 to operate a school jointly.

(b) As used in subsection (a) of this section, a union school district established under 16 V.S.A. chapter 11 includes any integrated education system that obtains a favorable vote of all “necessary” districts as provided in this act, and any regional education district (RED) or any other district eligible to receive RED incentives pursuant to 2010 Acts and Resolves No. 153, as amended by 2012 Acts and Resolves No. 156 and 2013 Acts and Resolves No. 56.

*Sec. 19a. REVIEW OF THE REFUND UPON SALE REQUIREMENT*

(a) The Agency of Education shall conduct a review of the school districts subject to 16 V.S.A. § 3448(b). The review shall include:

(1) each school district that has received State aid for school construction;

(2) the total amount of State aid for school construction that has been refunded to the State;

(3) the percentage of the sale price that each school district would be required to refund to the State upon the sale of a school building; and

(4) a list of all school buildings that are not in use for any purpose.

(b) On or before December 1, 2015, the Agency of Education shall report to the House Committees on Education and on Corrections and Institutions and the Senate Committees on Education and on Institutions on the review described in subsection (a) of this section.

*Sec. 19b. SUNSET*

Sec. 19 of this act (sale of school buildings) is repealed on November 30, 2017.

1                                   \* \* \* Voluntary Mergers; Incentives; REDS \* \* \*

2           Sec. 20. 2010 Acts and Resolves No. 153, Sec. 2(a), as amended by 2012

3           Acts and Resolves No. 156, Sec. 1, is further amended to read:

4           (a) Program created. There is created a school district merger incentive  
5           program under which the incentives outlined in Sec. 4 of this act shall be  
6           available to each new unified union school district created pursuant to Sec. 3 of  
7           this act and to each new district created under Sec. 3 of this act by the merger  
8           of districts that provide education by paying tuition; and to the Vermont  
9           members of any new interstate school district if the Vermont members jointly  
10          satisfy the size criterion of Sec. 3(a)(1) of this act and the new, merged district  
11          meets all other requirements of Sec. 3 of this act. Incentives shall be available,  
12          however, only if the ~~effective date of merger is on or before July 1~~ merger  
13          receives final approval of the electorate prior to November 30, 2017.

14          Sec. 21. 2010 Acts and Resolves No. 153, Sec. 4, as amended by 2012 Acts

1 and Resolves No. 156, Sec. 13, is further amended to read:

2 Sec. 4. VOLUNTARY SCHOOL DISTRICT MERGER; INCENTIVES

3 \* \* \*

4 (h) ~~This section is repealed on July 1, 2017.~~ The incentives provided in  
5 this section shall be available only if the merger receives final approval of the  
6 electorate prior to November 30, 2017 or as otherwise provided by the General  
7 Assembly.

8 \* \* \* Recently Merged Districts; Articles of Agreement \* \* \*

9 Sec. 22. ARTICLES OF AGREEMENT; MERGED DISTRICT

10 If on or before the effective date of this section the voters of all “necessary”  
11 districts granted final approval under 16 V.S.A. chapter 11 to form a regional  
12 education district (RED) or any other district eligible to receive RED  
13 incentives pursuant to 2010 Acts and Resolves No. 153, as amended by 2012  
14 Acts and Resolves No. 156 and 2013 Acts and Resolves No. 56, and if the  
15 merged district’s voter-approved articles of agreement specifically identify the  
16 process by which another district may become or seek to become a member of  
17 the merged district in the future, then nothing in this act shall abrogate or  
18 otherwise alter that process.

1                   \* \* \* Data; Quality Assurance; Accountability \* \* \*

2           Sec. 23. DATA; QUALITY ASSURANCE; ACCOUNTABILITY

3           On or before July 1, 2017, the Agency of Education shall have fully  
4           implemented statewide, integrated systems to maintain financial reporting and  
5           accounting data and longitudinal student data that are designed to measure and  
6           compare on a district-to-district basis:

7                   (1) the quality and variety of educational opportunities available to  
8           students throughout the State;

9                   (2) student outcomes; and

10                   (3) financial costs.

11           ~~\* \* \* Contract Imposition; Strikes; Binding Interest Arbitration \* \* \*~~

12           Sec. 24. ~~CONTRACT IMPOSITION; STRIKES; BINDING INTEREST~~  
13                   ~~ARBITRATION~~ *[Deleted]*

14           ~~On or before January 15, 2016, the Secretary of Education, in consultation~~  
15           ~~with the Vermont Superintendents Association, the Vermont School Boards~~  
16           ~~Association, and the Vermont – National Education Association, shall evaluate~~  
17           ~~current collective bargaining laws for educators as they relate to the imposition~~  
18           ~~of contracts, strikes, and binding interest arbitration and shall recommend any~~  
19           ~~proposals for legislative changes to the House and Senate Committees on~~  
20           ~~Education~~



1 current supervisory union (the Absorbing SU) is absorbing one or more other  
2 supervisory unions or parts of supervisory unions into the Absorbing SU.

3 (3) “Employees of a Realigning Entity” means the licensed and  
4 nonlicensed employees of a Realigning District or Realigning SU, or both, that  
5 create the New District or New SU, and includes employees of an Absorbing  
6 SU and employees of a Realigning SU whose functions will be performed by  
7 employees of a New District that is a supervisory district.

8 (4) “System” shall mean the Vermont Municipal Employees’  
9 Retirement System created pursuant to 24 V.S.A. chapter 125.

10 (5) “Transitional Board” means the board created prior to the first day of  
11 a New District’s or a New SU’s existence in order to transition to the new  
12 structure by negotiating and entering into contracts, preparing an initial  
13 proposed budget, adopting policies, and otherwise planning for implementation  
14 of the New District or New SU, and includes the board of an Absorbing  
15 District to which members from the other Realigning SU or SUs have been  
16 added in order to perform transitional responsibilities.

17 § 1802. TRANSITION OF EMPLOYEES TO NEWLY CREATED

18 EMPLOYER

19 (a) Prior to the first day of a New District’s or a new SU’s existence, upon  
20 creation of the Transitional Board, the Board shall:

1           (1) appoint a negotiations council for the New District or New SU for  
2           the purpose of negotiating with future employees' representatives; and

3           (2) recognize the representatives of the Employees of the Realigning  
4           Districts or Realigning SUs as the recognized representatives of the employees  
5           of the New District or New SU.

6           (b) Negotiations shall commence within 90 days after formation of the  
7           Transitional Board and shall be conducted pursuant to the provisions of chapter  
8           57 of this title for teachers and administrators and pursuant to 21 V.S.A.  
9           chapter 22 for other employees.

10          (c) An Employee of a Realigning District or Realigning SU who was not a  
11          probationary employee shall not be considered a probationary employee of the  
12          New District or New SU.

13          (d) If a new agreement is not ratified by both parties prior to the first day of  
14          the New District's or New SU's existence, then:

15               (1) the parties shall comply with the existing agreements in place for  
16               Employees of the Realigning Districts or the Realigning SUs until a new  
17               agreement is reached;

18               (2) the parties shall adhere to the provisions of an agreement among the  
19               Employees of the Realigning Districts or the Realigning SUs, as represented  
20               by their respective recognized representatives, regarding how provisions under  
21               the existing contracts regarding issues of seniority, reduction in force, layoff,

1 and recall will be reconciled during the period prior to ratification of a new  
2 agreement; and

3 (3) a new employee beginning employment after the first day of the  
4 New District's or New SU's existence shall be covered by the agreement in  
5 effect that applies to the largest bargaining unit for Employees of the  
6 Realigning Districts in the New District or for Employees of the Realigning  
7 SU in the New SU.

8 (e) On the first day of its existence, the New District or New SU shall  
9 assume the obligations of existing individual employment contracts, including  
10 accrued leaves and associated benefits, with the Employees of the Realigning  
11 Districts.

12 § 1803. VERMONT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM

13 (a) A New District or New SU, on the first day of its existence, shall  
14 assume the responsibilities of any one or more of the Realigning Districts or  
15 Realigning SUs that have been participants in the system; provided, however,  
16 that this subsection shall not be construed to extend benefits to an employee  
17 who would not otherwise be a member of the system under any other provision  
18 of law.

19 (b) The existing membership and benefits of an Employee of a Realigning  
20 District or a Realigning SU shall not be impaired or reduced either by

1 negotiations with the New District or New SU under 21 V.S.A. chapter 22 or  
2 otherwise.

3 (c) In addition to general responsibility for the operation of the System  
4 pursuant to 24 V.S.A. § 5062(a), the responsibility for implementation of all  
5 sections of this subchapter relating to the System is vested in the Retirement  
6 Board.

7 \* \* \* Education Mandates; Moratorium \* \* \*

8 Sec. 26 EDUCATION PROPERTY TAX RATE INCREASES;  
9 MORATORIUM

10 (a) Notwithstanding 16 V.S.A. § 4028(d) and 2 V.S.A. § 502(b)(2), the  
11 Joint Fiscal Office (JFO) shall prepare a fiscal note for any legislation  
12 proposed during the 2015–2016 biennium that JFO believes may have the  
13 effect of increasing the education property tax rate, regardless of whether the  
14 proposed legislation includes a related appropriation or funding mechanism.  
15 JFO shall complete the fiscal note no later than the date on which the  
16 legislation is considered for a vote of a committee, the House, or the Senate,  
17 whichever is earliest.

18 (b) If the fiscal note prepared under this section confirms that the proposed  
19 legislation shall have the effect of increasing the education property tax rate,  
20 then the proposed legislation as then drafted shall be withdrawn from

1 ~~consideration and shall not be voted upon by any committee, the House, or the~~  
2 ~~Senate, as applicable.~~

3 ~~(c) This section shall not apply to legislation annually establishing the base~~  
4 ~~education amount pursuant to 16 V.S.A. chapter 133 or the tax rate pursuant to~~  
5 ~~32 V.S.A. § 5402.~~

6 ~~(d) This section is repealed on July 1, 2016.~~

*\* \* \* Unfunded Mandates; General Fund \* \* \**

*Sec. 26. 16 V.S.A. § 4028(e) is added to read:*

*(e) On or before June 30 of each year, the Joint Fiscal Office shall determine the total dollar amount required for supervisory unions and school districts to perform all new unfunded mandates imposed upon them in the fiscal year beginning on July 1. The amount shall be added to the General Fund transfer in subdivision 4025(a)(2) of this title in the next fiscal year and in each subsequent fiscal year unless the General Assembly repeals the mandate. For each year that an increase is required under this subsection, the Administration shall explicitly identify the amount in the report required by 32 V.S.A. § 306. As used in this subsection, an “unfunded mandate” means a State statute or rule that requires a supervisory union or school district to perform certain actions for which no new source of funding or funding mechanism is provided.*

*\* \* \* Education Spending Cap \* \* \**

1 ~~Sec. 27. EDUCATION SPENDING CAP~~

2 ~~(a) If any school district approves a budget that contains equalized per~~  
3 ~~pupil education spending, as defined in 16 V.S.A. § 4001(6), that is 2.0 percent~~  
4 ~~in excess of the equalized per pupil education spending amount adopted in the~~  
5 ~~previous year's budget, then the budget shall be deemed to have failed to pass.~~

6 ~~(b) For a budget approved under subsection (a) of this section, a school~~  
7 ~~district shall not borrow any amount to pay for operating costs.~~

8 Sec. 28. SUNSET

9 Section 27 of this act (creating the education spending cap) is repealed on  
10 December 31, 2018.

~~Sec. 27. EDUCATION SPENDING CAP~~

~~(a) Intent. It is the intent of the General Assembly that, to the extent~~  
~~possible, adherence to the education spending cap is accomplished by~~  
~~adjustment of the student-to-adult ratio.~~

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

~~(1) "District allowable growth rate" means 2.0 percent divided by the~~  
~~district spending index.~~

~~(2) "District spending index" means a district's education spending per~~  
~~equalized pupil in the prior year divided by the statewide average education~~  
~~spending per equalized pupil in the prior year.~~

(c) Adjusted district education spending cap. Subject to Sec. 28 of this act and notwithstanding any other provision of law to the contrary, there shall be an adjusted district education spending cap amount for each school district that shall be determined in each fiscal year by multiplying the district's allowable growth rate by the greater of either:

(1) the total district education spending amount adopted in the previous year's budget; or

(2) the district education spending per equalized pupil amount adopted in the previous year's budget multiplied by the district's equalized pupil count in the current year.

(d) Nonoperating and partially operating districts.

(1) Nonoperating districts. Notwithstanding any other provisions of law, in the case of nonoperating districts, in no case shall elementary and secondary tuition, as appropriate, paid by a district exceed the highest amount of tuition paid by the district for one student in the fiscal year for which the amount is being determined, increased by the district allowable growth rate. A public school district shall not charge any additional tuition to the student, the student's parent or guardian, or the student's school district of residence, but may require the student or the student's parent or guardian to pay fees and other charges that nonpublicly funded students are also required to pay.

(2) Partially operating districts. If a district provides for the education of its resident students both by operating a school for all students in one or more grades and by paying tuition for all students in the remaining grade or grades, then:

(A) the cap set forth in subsection (c) of this section shall apply to that portion of the district's budget that is not attributable to tuition payments; and

(B) the cap set forth in subdivision (1) of this subsection (d) shall apply to that portion of the district's budget that is attributable to tuition payments.

(e) School budget. If any school district approves a budget that contains education spending in excess of the applicable cap described in subsection (c) of this section, then the budget shall be deemed to have failed to pass.

(f) Appeals.

(1) A school district shall have the right to appeal the amount of the education spending cap to the Secretary of Education if the appeal is submitted three months or more prior to the date that the school district votes on the budget. The Secretary shall make a determination to grant or deny an appeal within 30 days of receipt of an appeal, and his or her decision shall be final and not subject to review.

(2) The Secretary is authorized to grant an appeal for extraordinary expenses, including a 20 percent projected increase in the costs of special education needs and emergency infrastructure repair projects.

(3) The Secretary shall adopt guidelines to administer this subsection.

**Sec. 28. EDUCATION SPENDING CAP; APPLICABILITY**

The education spending cap in Sec. 27 of this act shall apply solely to proposed school budgets for fiscal years 2018 and 2019; provided, however:

(1) The cap shall apply to proposed school budgets for fiscal year 2018 only if the total statewide education spending in fiscal year 2017 increases by more than 2.95 percent above the total statewide education spending in fiscal year 2016.

(2) If the cap did not apply to proposed school budgets for fiscal year 2018, then the cap shall apply to proposed school budgets for fiscal year 2019 only if the total statewide education spending in fiscal year 2018 increases by more than 2.95 percent above the total statewide education spending in fiscal year 2017.

1       \* \* \* Special Education; Funding; Average Daily Membership; Study \* \* \*

2       Sec. 29. SPECIAL EDUCATION; FUNDING; AVERAGE DAILY

3               MEMBERSHIP; STUDY AND PROPOSAL

4       On or before January 15, 2016, the Secretary of Education shall develop

5       and present to the House and Senate Committees on Education a proposal for

1 an alternative funding model for the provision of special education services in  
2 Vermont. In developing the proposal, the Secretary shall

3 (1) consult with experts in the provision or funding of special education  
4 services;

5 (2) consider the report regarding the use of paraprofessionals to provide  
6 special education services required by the General Assembly pursuant to 2014  
7 Acts and Resolves No. 95, Sec. 79a;

8 (3) consider ways in which some portion of State funds for special  
9 education services could be provided to school districts or supervisory unions  
10 based on average daily membership; and

11 (4) consider ways in which the proposal could also help to reduce  
12 administrative responsibilities at the local level and increase flexibility in the  
13 provision of services.

14 \* \* \* Principals and Superintendents; Study \* \* \*

15 Sec. 30. PRINCIPALS AND SUPERINTENDENTS; STUDY AND

16 PROPOSAL

17 On or before January 15, 2016, the Secretary of Education, in consultation  
18 with the Vermont Superintendents Association, the Vermont School Boards  
19 Association, and the Vermont Principals' Association, shall develop and  
20 present to the House and Senate Committees on Education a proposal to clarify  
21 the roles of superintendents as systems managers and principals as

1 instructional leaders. The proposal shall also address superintendents' and  
2 principals' relative responsibilities of supervision and evaluation.

3 \* \* \* Property Tax Adjustment Lag; Study \* \* \*

4 Sec. 31. YEAR USED TO CALCULATE PROPERTY TAX

5 ADJUSTMENTS

6 On or before January 15, 2016, the Commissioner of Taxes shall report to  
7 the General Assembly on the steps that would be required to transition to  
8 calculation of the property tax adjustments under 32 V.S.A. chapter 154 on a  
9 current year basis. As used in this section, "a current year basis" means using  
10 the current year's homestead adjusted tax rates, the current year's assessed  
11 property values, and the taxable income from the prior calendar year to  
12 calculate a property tax adjustment filed in the current claim year. In preparing  
13 the report, the Commissioner shall consult with the Vermont Association of  
14 Listers and Assessors, the Vermont League of Cities and Towns, and any other  
15 interested stakeholders identified by the Commissioner.

16 \* \* \* Adequacy Funding; Study \* \* \*

17 Sec. 32. ADEQUACY FUNDING; STUDY

18 (a) Adequacy funding study. On or before July 15, 2015, the Joint Fiscal  
19 Office, in consultation with the President Pro Tempore of the Senate, the  
20 Speaker of the House, and the Chairs of the House and Senate Committees on  
21 Education, shall develop a request for proposals to conduct a study of the

1 implementation of an adequacy-based education funding system in the State,  
2 including a recommendation on the determination of adequacy. The Joint  
3 Fiscal Office shall select and enter into a contract with a consultant from  
4 among those submitting proposals.

5 (1) The recommendation for the adequacy determination shall be based  
6 on the educational standards adopted under Vermont law, including adherence  
7 to *Brigham v. Vermont*, 166 Vt. 246 (1997), and the promotion of substantial  
8 equality of educational opportunity for all Vermont students. The  
9 determination shall consider all sources of spending related to education,  
10 including spending that is currently characterized as categorical grants, but not  
11 including capital expenditures. The determination shall be reached using one  
12 of the following four methods: the evidence-based model, the professional  
13 judgment model, the successful schools model, or the cost function model.

14 (2) The consultant shall incorporate the following into the study:

15 (A) a review of the existing studies of Vermont's education finance  
16 system since the enactment of 1998 Acts and Resolves No. 60 and 2004 Acts  
17 and Resolves No. 68;

18 (B) a review of the existing data collected by the Agency of  
19 Education and the Department of Taxes related to the Vermont education  
20 finance system under Act 60 and Act 68; and

1           (C) a review of adequacy funding systems in comparable states with  
2           an emphasis on states in New England and states committed to equity.

3           (b) Interested stakeholders. The consultant selected shall carry out public  
4           participation activities with interested stakeholders as part of its study.

5           (c) Report. On or before January 15, 2016, the consultant shall submit a  
6           report to the General Assembly on the study required by this section.

7           (d) Technical assistance. The Agency of Education, the Department of  
8           Taxes, the Joint Fiscal Office, and the Office of Legislative Council shall assist  
9           the consultant with gathering data required for the study.

10           ~~(e) Funding. The Joint Fiscal Office is authorized to expend up to a total of~~  
11           ~~\$300,000.00 for the required study and related expenses, and is appropriated~~  
12           ~~funds from the General Fund for this purpose.~~

*(e) Funding. Notwithstanding any provision of 16 V.S.A. § 4025(d) to the*  
*contrary and prior to any reversions, of the amount appropriated in fiscal year*  
*2015 pursuant to 2014 Acts and Resolves No. 179, Sec. B.505, the sum of up to*  
*\$300,000.00 shall be transferred to the Joint Fiscal Office for use in fiscal*  
*year 2016 for the purposes of this section.*

1                   \* \* \* Joint Legislative Education Oversight Committee \* \* \*

2           Sec. 33. 2 V.S.A. chapter 29 is added to read:

3                               CHAPTER 29. JOINT LEGISLATIVE EDUCATION

4   OVERSIGHT COMMITTEE

5           § 991. JOINT LEGISLATIVE EDUCATION OVERSIGHT COMMITTEE

6                   (a) Creation. There is created a Joint Legislative Education Oversight  
7                   Committee. The Committee shall monitor, evaluate, research, oversee, and  
8                   provide a continuing review of matters concerning education policy, education  
9                   funding, and student outcomes and the intersections of each with corrections,  
10                   economic development, health care, and human services issues and shall  
11                   provide information and assistance to other legislative committees on these  
12                   matters.

13                   (b) Membership. The Committee shall consist of six members who are  
14                   appointed biennially. The members shall be the Chair or the Chair's designee  
15                   of each of the following committees: The House and Senate Committees on  
16                   Appropriations and on Education, the House Committee on Ways and Means,  
17                   and the Senate Committee on Finance.

18                   (c) Powers and duties. In addition to the general duties of the Committee  
19                   as set forth in subsection (a) of this section, the Committee shall:

1           (1) evaluate legislative policy and funding initiatives when the General  
2           Assembly is not in session, including the progress and consequences of  
3           consolidation efforts;

4           (2) at the request of the House or Senate Committee on Education,  
5           research and examine issues that may lead to future legislative action;

6           (3) assess the work of the Agency of Education to implement Quality  
7           Review Teams; and

8           (4) evaluate the ways in which education policy, education funding, and  
9           student outcomes intersect with corrections, economic development, health  
10          care, and human services issues.

11          (d) Officers. The Committee shall elect a chair, vice chair, and clerk from  
12          among its members and shall adopt rules of procedure to perform its duties.  
13          The Chair shall rotate biennially between the House and Senate members, and  
14          a member from the other body shall serve as the Vice Chair.

15          (e) Quorum and voting.

16           (1) A majority of the members of the entire Committee, whether  
17           physically present at the meeting location or participating remotely, constitutes  
18           a quorum for the purpose of discussing the business of the Committee.

19           (2) A majority of the members of the entire Committee must be  
20           physically present or electronically at the same location to constitute a quorum  
21           for the purpose of voting to take action.

1           (3) A member of the Committee may vote on an action only if he or she  
2           is physically or electronically present at the meeting location.

3           (4) An action may be taken by the Committee only by assent of a  
4           majority of the members attending and voting, assuming a quorum.

5           (f) Meetings. When the General Assembly is in session, the Committee  
6           shall meet at the call of the Chair. The Committee may meet six times during  
7           adjournment and may meet more often subject to approval of the Speaker of  
8           the House and the President Pro Tempore of the Senate.

9           (g) Reimbursement. For attendance at meetings during adjournment of the  
10          General Assembly, members of the Committee shall be entitled to per diem  
11          compensation and reimbursement of expenses pursuant to 2 V.S.A. § 406.

12          (h) Assistance. The Committee shall have the administrative, technical,  
13          and legal assistance of the Office of Legislative Council and the Joint Fiscal  
14          Office.

15          (i) Report. Notwithstanding 2 V.S.A. § 20(d), the Committee shall report  
16          its activities at least annually to the General Assembly on or before January 15,  
17          together with any recommendations for legislative or other action. The report  
18          shall be in brief summary form.

1 Sec. 34. TRANSITION

2 (a) The Chair of the House Committee on Education shall call the first  
3 meeting of the Joint Legislative Education Oversight Committee to occur on or  
4 before August 1, 2015.

5 (b) The members shall elect a member from the House of Representatives  
6 to serve as its initial Chair.

7 \* \* \* Education Spending; Health Care Costs; ~~Working Group~~ \* \* \*

8 Sec. 35. EDUCATION SPENDING: HEALTH CARE COSTS

9 (a) Findings. The General Assembly finds:

10 (1) Health care expenses are a major cause of increases in school  
11 budgets and education property taxes.

12 (2) Until the State solves the problems associated with the cost of health  
13 care, it will be increasingly difficult for school districts to contain education  
14 spending and education property taxes.

15 ~~(b) Working Group.~~

16 ~~(1) In order to address issues concerning the cost of health care in a~~  
17 ~~manner that is fair to employees and employers, the Commissioner of Vermont~~  
18 ~~Health Access and the Secretary of Education shall convene a working group~~  
19 ~~to consider alternatives available to school districts, supervisory unions, and~~  
20 ~~their employees on or before August 1, 2015. Among other options, the~~

1 ~~working group shall consider the possibility of transitioning to plans offered~~  
2 ~~through Vermont Health Connect (the Exchange) by 2018.~~

3 ~~(2) In addition to the Commissioner and Secretary, the members of the~~  
4 ~~working group shall be:~~

5 ~~(A) the Executive Director of the Vermont School Boards~~  
6 ~~Association or designee;~~

7 ~~(B) the President of the Vermont – National Education Association or~~  
8 ~~designee;~~

9 ~~(C) The Chair of the Board of the Vermont Education Health~~  
10 ~~Initiative (VEHI) or designee; and~~

11 ~~(D) The Director of Health Care Reform in the Agency of~~  
12 ~~Administration or designee.~~

13 ~~(3) On or before January 15, 2016, the working group shall deliver one~~  
14 ~~or more proposals to the General Assembly~~

~~*(b) On or before November 1, 2015, the Director of Health Care Reform in  
the Agency of Administration shall report to the Health Reform Oversight  
Committee, the House and Senate Committees on Education, the House  
Committee on Health Care, and the Senate Committee on Health and Welfare  
with options for:*~~

(1) the design of health benefits for school employees that will not trigger the excise tax on high-cost, employer-sponsored insurance plans pursuant to 26 U.S.C. § 4980I; and

(2) ways to administer the school employees' health benefits, including possibly through the Vermont Education Health Initiative (VEHI), Vermont Health Connect (VHC), or through another applicable mechanism.

(c) When identifying and analyzing the options required by subsection (b) of this section, the Director shall consult with representatives of the Vermont – National Education Association, the Vermont School Boards' Association, VEHI, VHC, the Office of the Treasurer, and the Joint Fiscal Office.

*\* \* \* Authorization; Existing Financial Incentives \* \* \**

*Sec. 35a. AUTHORIZATION; FINANCIAL INCENTIVES*

Prior to any reversions, of the amount appropriated in fiscal year 2015 pursuant to 2014 Acts and Resolves No. 179, Sec. B.505, the sum of \$620,000.00 may be expended by the Agency of Education in fiscal year 2016 for the reimbursement of costs and payment of other financial incentives available pursuant to 2012 Acts and Resolves No. 156 to two or more school districts or two or more supervisory unions that are exploring or implementing joint activity, including merger into a regional education district or one of its variations.

*\* \* \* Designation of Secondary Schools \* \* \**

*Sec. 35b. 16 V.S.A. § 827 is amended to read:*

*§ 827. DESIGNATION OF A PUBLIC HIGH SCHOOL OR AN APPROVED  
INDEPENDENT HIGH SCHOOL AS THE ~~SOLE~~ PUBLIC HIGH  
SCHOOL OF A SCHOOL DISTRICT*

*(a) A school district not maintaining an approved public high school may vote on such terms or conditions as it deems appropriate, to designate ~~an~~ three or fewer approved independent ~~school or a~~ or public school high schools as the public high school or schools of the district.*

*(b) Except as otherwise provided in this section, if the board of trustees or the school board of ~~the~~ a designated school votes to accept this designation, the school shall be regarded as a public school for tuition purposes under subsection 824(b) of this title, and the sending school district shall pay tuition only to that school ~~only~~, and to any other school designated under this section, until such time as the sending school district or the designated school votes to rescind the designation.*

*(c) A parent or legal guardian who is dissatisfied with the instruction provided at ~~the~~ a designated school or who cannot obtain for his or her child the kind of course or instruction desired there, or whose child can be better accommodated in an approved independent or public high school nearer his or her home during the next academic year, may request on or before April 15*

*that the school board pay tuition to another approved independent or public high school selected by the parent or guardian.*

*(d) The school board may pay tuition to another approved high school as requested by the parent or legal guardian if in its judgment that will best serve the interests of the student. Its decision shall be final in regard to the institution the student may attend. If the board approves the parent's request, the board shall pay tuition for the student in an amount not to exceed the least of:*

*(1) The statewide average announced tuition of Vermont union high schools.*

*(2) The per-pupil tuition the district pays to the designated school in the year in which the student is enrolled in the nondesignated school. If the district has designated more than one school pursuant to this section, then it shall be the lowest per-pupil tuition paid to a designated school.*

*(3) The tuition charged by the approved nondesignated school in the year in which the student is enrolled.*

\* \* \*

\* \* \* Effective Dates \* \* \*

1

2

Sec. 36. EFFECTIVE DATES

3

(a) This section (effective dates) and Sec. 1 (policy) shall take effect on

4

passage.

1       (b) Secs. 2 through 5 (yield; dollar equivalent) shall take effect on July 1,  
2       2015, and apply to fiscal year 2017 and after.

3       (c) Secs. 6 and 7 (fiscal year 2016; tax rates; base education amount) shall  
4       take effect on July 1, 2015, and apply to fiscal year 2016.

5       (d) Secs. 8 and 9 (ballot language; per pupil spending) shall take effect on  
6       July 1, 2015.

7       (e) Secs. 10 and 11 (merger support grants) shall take effect on passage.

(f) Sec. 12 (small school support) shall take effect on July 1, 2019, and  
      shall apply to grants made in fiscal year 2020 and after. *Sec. 12a (small school*  
      *support; metrics) shall take effect on July 1, 2015.*

8       (g) Sec. 13 (declining enrollment; hold-harmless provision) shall take  
9       effect on July 1, 2016.

10       (h) Sec. 14 (declining enrollment; hold-harmless provision; transition) shall  
11       take effect on July 1, 2015.

12       (i) ~~[Deleted] Secs. 15 and 16 (tuition; schools outside Vermont) shall take~~  
13       ~~effect on July 1, 2015, and shall apply to tuition paid by school districts for the~~  
14       ~~2016–2017 academic year and after; provided, however, that a student who, in~~  
15       ~~fiscal year 2016, is enrolled in a school located outside Vermont and on whose~~  
16       ~~behalf the student’s district of residence has paid tuition then, notwithstanding~~  
17       ~~the provisions of Secs. 15 and 16 of this act, the school district shall continue~~  
18       ~~to pay tuition on behalf of the student for each year the student remains a~~

~~resident of that district and is enrolled in the school if the district does not  
operate a school and is required to pay tuition upon receiving parental  
notification pursuant to 16 V.S.A. § 821(d) or 822(a)(1).~~

(j) Sec. 17 (governance transitions) shall take effect on passage.

(k) Sec. 18 (tax incentives) shall take effect on passage.

(l) Sec. 19 (repayment of State construction aid) shall take effect on  
passage.

(m) Secs. 20 and 21 (REDS; incentives for merger; effective dates) shall  
take effect on passage.

(n) Sec. 22 (articles of agreement; merged district) shall take effect on  
passage.

(o) Sec. 23 (data; quality assurance; accountability) shall take effect on  
July 1, 2015.

(p) Sec. 24 (contract imposition; strikes; binding interest arbitration) shall  
take effect on passage.

(q) Sec. 25 (employee transition) shall take effect on passage and apply to  
any New District or New SU that has its first day of existence on or after that  
date.

(r) Sec. 26 (education mandates; ~~moratorium~~ *General Fund*) shall take  
effect on passage.

1 ~~(s) Secs 27 and 28 (education spending cap; creation; repeal) shall take~~  
2 ~~effect on July 1, 2015, and apply to proposed school budgets for fiscal years~~  
3 ~~2017, 2018, and 2019.~~

*(s) Secs. 27 and 28 (education spending cap; creation; applicability) shall*  
*take effect on July 1, 2015.*

(t) Sec. 29 (special education funding; average daily membership; study)  
shall take effect on passage.

4 (u) Sec. 30 (superintendents and principals; study) shall take effect on  
5 passage.

6 (v) Sec. 31 (property tax adjustment lag; study) shall take effect on July 1,  
7 2015.

8 (w) Sec. 32 (adequacy funding model; study) shall take effect on passage.

9 (x) Secs. 33 and 34 (Joint Legislative Education Oversight Committee)  
10 shall take effect on passage.

11 (y) Sec. 35 (health care costs; working group) shall take effect on passage.

*(z) Sec. 35a shall take effect on passage.*

*(aa) Sec. 35b (designation) shall take effect on July 1, 2015.*