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1 Introduced by the Committee on Education

2 Date:

3 Subject: Education, education funding; _____

4 Statement of purpose of bill as introduced: This bill proposes to _____

5 An act relating to _____ ***[changes from draft 2.1 and all dates are in yellow]***

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

7 ***** Education Policy Goals *****

8 **Sec. 1. EDUCATION POLICY GOALS**

9 By enacting this legislation, the General Assembly intends to move the
10 State towards integrated education systems responsible for the equitable
11 delivery of high quality education to all resident prekindergarten through grade
12 12 students and for stable, affordable education costs. This legislation is
13 designed to encourage and support local decisions and actions that:

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

17 (2) enable Vermont schools to meet or exceed the education quality
18 standards set forth in 16 V.S.A. § 165, including goals established by each
19 school in the continuous improvement plan it develops pursuant to that section,
20 and to provide a sequential, logical curriculum to all students in the region;

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

3 (4) enhance the possibility that the State’s small schools remain open
4 and provide students with equitable educational opportunities;

5 (5) create conditions that promote stability in leadership;

6 (6) foster strong relationships between schools and the broader
7 community;

8 (7) facilitate operational and educational efficiencies through greater
9 flexibility in the management of resources;

10 (8) improve affordability and stability for taxpayers through economies
11 of scale; and

12 (9) increase accountability and transparency through greater consistency
13 in educational governance structures.

14 *** * * Yield; Dollar Equivalent; Property Tax Adjustment Lag /**

15 **Withholding * * ***

16 Sec. 2. 32 V.S.A. § 5401(15) is added to read:

17 (15) “Dollar equivalent” means the amount of spending per equalized
18 pupil that would result if the homestead tax rate was \$1.00 per \$100.00 of
19 equalized education property value, the applicable percentage in subdivision
20 6066(a)(2) of this title was 2.0 percent, and the statutory reserves under

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1 16 V.S.A. § 4026 and section 5402b of this title were maintained at five
2 percent.

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

4 § 5402. EDUCATION PROPERTY TAX LIABILITY

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

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

8 (2) The tax rate for homestead property shall be ~~\$1.40~~ \$1.00 multiplied
9 by the district spending adjustment for the municipality, per \$100.00, of
10 equalized education property value as most recently determined under section
11 5405 of this title. The homestead property tax rate for each municipality which
12 is a member of a union or unified union school district shall be calculated as
13 required under subsection (e) of this section.

14 * * *

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

16 § 5402b. STATEWIDE EDUCATION TAX RATE ADJUSTMENTS YIELD

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

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

8 ~~(2) If there is a projected balance in the Education Fund Budget~~
9 ~~Stabilization Reserve of less than the three and one half percent level required~~
10 ~~under 16 V.S.A. § 4026, the Commissioner shall recommend an increase, for~~
11 ~~the following fiscal year only, in the statewide education tax rates which will~~
12 ~~retain the projected Education Fund Budget Stabilization Reserve at no less~~
13 ~~than the three and one half percent minimum level authorized under 16 V.S.A.~~
14 ~~§ 4026, and raise at least 34 percent of projected education spending from the~~
15 ~~tax rate on nonresidential property.~~

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

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

6 (a) Annually, on or before December 1, the Commissioner of Taxes shall
7 recommend to the General Assembly, after consultation with the Agency of
8 Education, the Secretary of Administration, and the Joint Fiscal Office, a dollar
9 equivalent for the following fiscal year. For the purpose this calculation, the
10 Commissioner shall assume the nonresidential base tax rate in 32 V.S.A.
11 § 5402(a)(1) bears the same proportional relationship to the homestead base
12 tax rate that it does in the current fiscal year. Annually, on or before the
13 following January 1, the Commission shall publicize to each district his or her
14 recommendation regarding the dollar equivalent for the following fiscal year.

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

21 (c) [Repealed.]

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

2 (13) “District spending adjustment” means the greater of: one or a
3 fraction in which the numerator is the district’s education spending plus excess
4 spending, per equalized pupil, for the school year; and the denominator is the
5 ~~base education amount~~ “dollar equivalent” for the school year, as defined in
6 ~~16 V.S.A. § 4001~~ 32 V.S.A. § 5401. For a district that pays tuition to a public
7 school or an approved independent school, or both, for all of its resident
8 students in any year and which has decided by a majority vote of its school
9 board to opt into this provision, the district spending adjustment shall be the
10 average of the district spending adjustment calculated under this subdivision
11 for the previous year and for the current year. Any district opting for a
12 two-year average under this subdivision may not opt out of such treatment, and
13 the averaging shall continue until the district no longer qualifies for such
14 treatment.

15 Sec. 6. 32V.S.A. § 6006 is amended to read:

16 § 6066. COMPUTATION OF ADJUSTMENT.

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

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

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1 (i) the statewide education tax rate, multiplied by the equalized
2 value of the housesite in the ~~taxable~~ claim year;

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

4 (I) the applicable percentage of household income for the
5 ~~taxable~~ claim year; plus

6 (II) the statewide education tax rate, multiplied by the equalized
7 value of the housesite in the ~~taxable~~ claim year in excess of \$200,000.00.

8 (B) For a claimant with household income of less than \$90,000.00 but
9 more than \$47,000.00, the statewide education tax rate, multiplied by the
10 equalized value of the housesite in the ~~taxable~~ claim year, minus (if less) the
11 sum of:

12 (i) the applicable percentage of household income for the ~~taxable~~
13 claim year; plus

14 (ii) the statewide education tax rate, multiplied by the equalized
15 value of the housesite in the taxable year in excess of \$500,000.00.

16 (C) For a claimant whose household income does not exceed
17 \$47,000.00, the statewide education tax rate, multiplied by the equalized value
18 of the housesite in the ~~taxable~~ claim year, minus the lesser of:

19 (i) the sum of the applicable percentage of household income for
20 the ~~taxable~~ claim year plus the statewide education tax rate, multiplied by the

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1 equalized value of the housesite in the ~~taxable~~ claim year in excess of
2 \$500,000.00; or

3 (ii) the statewide education tax rate, multiplied by the equalized
4 value of the housesite in the ~~taxable~~ claim year reduced by \$15,000.00.

5 (2) "Applicable percentage" in this section means two percent, multiplied
6 by the district spending adjustment under subdivision 5401(13) of this title for
7 the property tax year which begins in the claim year for the municipality in
8 which the homestead residence is located; but in no event shall the applicable
9 percentage be less than two percent.

10 * * *

11 **[NOTE: MAY REQUIRE LANGUAGE MOVING UP PROPERTY**

12 **ASSESSMENT DATE FROM APRIL 15 TO AN EARLIER DATE]**

13 ***[to be moved to EFFECTIVE DATE section]***

14 () Secs. 2 through 6 (yield; dollar equivalent; property tax adjustment lag;
15 withholding) shall take effect on July 1, 2015, and apply to fiscal year 2017
16 and after.

17 * * * **Ballot Language; Per Pupil Spending** * * *

18 Sec. 7. 16 V.S.A. § 563 is amended to read:

19 § 563. POWERS OF SCHOOL BOARDS; FORM OF VOTE ~~IF BUDGET~~

20 ~~EXCEEDS BENCHMARK AND DISTRICT SPENDING IS ABOVE~~

21 ~~AVERAGE~~

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1 ~~proposed budget, for state and local government purchases of goods and~~
2 ~~services for the fiscal year for which the budget is proposed, plus one~~
3 ~~percentage point; plus the district's education spending per equalized pupil in~~
4 ~~the fiscal year preceding the year for which the budget is proposed, as~~
5 ~~determined by the Secretary;~~

6 ~~(II) multiplied by the higher of the following amounts as~~
7 ~~determined by the Secretary: (aa) the district's equalized pupil count in the~~
8 ~~fiscal year preceding the year for which the budget is proposed; or (bb) the~~
9 ~~district's equalized pupil count in the fiscal year for which the budget is~~
10 ~~proposed.~~

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

12 ~~"The total proposed budget of \$_____ is the amount determined~~
13 ~~by the school board to be necessary to support the school district's educational~~
14 ~~program. State law requires the vote on this budget to be divided because (i)~~
15 ~~the school district's spending per pupil last year was more than the statewide~~
16 ~~average and (ii) this year's proposed budget is greater than last year's budget~~
17 ~~adjusted for inflation.~~

18 ~~"Article #1 (School Budget):~~

19 ~~Part A. Shall the voters of the school district authorize the school~~
20 ~~board to expend \$ _____/t, which is a portion of the amount the school board~~
21 ~~has determined to be necessary?~~

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1 ~~Part B. If Part A is approved by the voters, shall the voters of the~~
2 ~~school district also authorize the school board to expend \$_____/t, which is~~
3 ~~the remainder of the amount the school board has determined to be necessary?"~~

4 (C) At a school district's annual or special meeting, the electorate
5 may vote to provide notice of availability of the school budget required by this
6 subdivision to the electorate in lieu of distributing the budget. If the electorate
7 of the school district votes to provide notice of availability, it must specify how
8 notice of availability shall be given, and such notice of availability shall be
9 provided to the electorate at least 30 days before the district's annual meeting.
10 The proposed budget shall be prepared and distributed at least ten days before
11 a sum of money is voted on by the electorate. Any proposed budget shall show
12 the following information in a format prescribed by the Secretary:

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

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

20 (iii) the anticipated homestead tax rate and the percentage of
21 household income used to determine income sensitivity in the district as a

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1 result of passage of the budget including those portions of the tax rate
2 attributable to supervisory union assessments; and

3 (iv) the definition of "education spending," the number of pupils
4 and number of equalized pupils in the school district, and the district's
5 education spending per equalized pupil in the proposed budget and in each of
6 the prior three years.

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

9 “Article #1 (School Budget):

10 The total proposed budget of \$_____ is the amount determined by
11 the school board to be necessary to support the school district’s educational
12 program. It is estimated that this proposed budget, if approved, will result in
13 education spending of \$_____ per equalized pupil. This projected spending per
14 equalized pupil is _____% higher/lower than spending for the current year.
15 Shall the voters of the school district approve the school board to expend
16 \$_____, which is the amount the school board has determined to be
17 necessary for the ensuing fiscal year?”

18 Sec. 8. REPEAL

19 16 V.S.A. § 4001(6)(A) (divided voted; exceptions to education spending)
20 is repealed on July 1, 2015.

21 ***[to be moved to EFFECTIVE DATE section]***

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1 (c) ~~Small schools financial stability grant: In addition to a small schools~~
2 ~~support grant, an eligible school district whose two-year average enrollment~~
3 ~~decreases by more than 10 percent in any one year shall receive a small~~
4 ~~schools financial stability grant. However, a decrease due to a reduction in the~~
5 ~~number of grades offered in a school or to a change in policy regarding paying~~
6 ~~tuition for students shall not be considered an enrollment decrease. The amount~~
7 ~~of the grant shall be determined by multiplying 87 percent of the base~~
8 ~~education amount for the current fiscal year, by the number of enrollment, to~~
9 ~~the nearest one-hundredth of a percent, necessary to make the two-year~~
10 ~~average enrollment decrease only 10 percent. [Repealed.]~~

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

15 (e) In the event that a school or schools that have received a grant under
16 this section merge in any year following receipt of a grant, and the
17 consolidated school is not eligible for a grant under this section or the small
18 school grant for the consolidated school is less than the total amount of grant
19 aid the schools would have received if they had not combined, the consolidated
20 school shall continue to receive a grant for three years following consolidation.
21 The amount of the annual grant shall be:

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

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

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

7 Sec. 10. SMALL SCHOOL SUPPORT; TRANSITION; REGIONAL
8 EDUCATION DISTRICT MERGER SUPPORT GRANT

9 (a) In fiscal year 2017, any district that was eligible for small school
10 support pursuant to 16 V.S.A. § 4015 in fiscal year 2016 but is not “eligible
11 due to geographic necessity” for small school support in fiscal year 2017 shall,
12 upon application, receive small school support that is two-thirds of the amount
13 it received in fiscal year 2016.

14 (b) In fiscal year 2018, any district that was eligible for small school
15 support pursuant to 16 V.S.A. § 4015 in fiscal year 2016 but is not “eligible
16 due to geographic necessity” for small school support in fiscal year 2018 shall,
17 upon application, receive small school support that is one-third of the amount it
18 received in fiscal year 2016.

19 Sec. 11. 2010 Acts and Resolves No. 153, Sec. 4(d) is amended to read:

20 (d) Merger support grant. If the merging districts of a RED included at
21 least one “eligible school district,” as defined in 16 V.S.A. § 4015, that had

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1 received a small school support grant under section 4015 in the fiscal year two
2 years prior to the first fiscal year of merger, then the RED shall ~~be eligible~~
3 continue to receive a merger support grant ~~in each of its first five fiscal years~~
4 annually in an amount equal to the small school support grant received by the
5 eligible school district in the fiscal year two years prior to the first fiscal year
6 of merger. If more than one merging district was an eligible school district,
7 then the merger support grant shall be in an amount equal to the total combined
8 small school support grants they received in the fiscal year two years prior to
9 the first fiscal year of merger. Payment of the grant under this section shall
10 continue annually until explicitly repealed by act of the General Assembly;
11 provided, however, that the Secretary shall discontinue payment of the grant in
12 the fiscal year following closure by the merged district of a school located in
13 what had been an “eligible school district” prior to merger.

14 *[to be moved to EFFECTIVE DATE section]*

15 () Secs. 9 and 10 (small school support) shall take effect on July 1, 2016.

16 and shall apply to grants made in fiscal year 2017 and after.

17 () Sec. 11 shall take effect on passage.

18 ***** Declining Enrollment; Equalized Pupils; 3.5 Percent Limit *****

19 Sec. 12. 16 V.S.A. § 4010(f) is amended to read:

20 (f) For purposes of the calculation under this section, a district’s equalized
21 pupils shall in no case be less than 96 and one-half percent of the district’s

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1 actual number of equalized pupils in the district in the previous year, prior to
2 making any adjustment under this subsection.

3 Sec. 13. DECLINING ENROLLMENT; TRANSITION

4 (a) If a district's equalized pupils in fiscal year 2016 do not reflect any
5 adjustment pursuant to 16 V.S.A. § 4010(f), then Section 12 shall apply to the
6 district in fiscal year 2017 and after.

7 (b) If a district's equalized pupils in fiscal year 2016 reflect adjustment
8 pursuant to 16 V.S.A. § 4010(f), then, notwithstanding the provisions of
9 § 4010(f) as amended by this act:

10 (1) in fiscal year 2017, the district's equalized pupils shall in no case be
11 less than 90 percent of the district's equalized pupils in the previous year; and

12 (2) in fiscal year 2018, the district's equalized pupils shall in no case be
13 less than 80 percent of the district's equalized pupils in the previous year.

14 *[to be moved to EFFECTIVE DATE section]*

15 () Sec. 12 (declining enrollment; hold-harmless provision) shall take
16 effect on July 1, 2016.

17 () Sec. 13 (declining enrollment; hold-harmless provision; transition) shall
18 take effect on July 1, 2015.

19 *** * * Special Education; Funding; Average Daily Membership * * ***

20 Sec. 14. SPECIAL EDUCATION; FUNDING; AVERAGE DAILY
21 MEMBERSHIP; STUDY AND PROPOSAL

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1 On or before January 15, 2016, the Secretary of Education shall develop
2 and present to the House and Senate Committees on Education a proposal for
3 an alternative funding model for the provision of special education services in
4 Vermont. In developing the proposal, the Secretary shall

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

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

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

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

16 ***[to be moved to EFFECTIVE DATE section]***

17 () Sec. 14 (special education funding; average daily membership) shall
18 take effect on passage.

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1 *** * * Publicly-Funded Tuition; Vermont Schools * * ***

2 Sec. 15. 16 V.S.A. § 822(a) is amended to read:

3 (a) Each school district shall maintain one or more approved high schools
4 in which high school education is provided for its resident students unless:

5 (1) the electorate authorizes the school board to close an existing high
6 school and to provide for the high school education of its students by paying
7 tuition to a public high school, an approved independent high school, or an
8 independent school meeting school quality standards, to be selected by the
9 parents or guardians of the student, within ~~or outside~~ the State; or

10 (2) the school district is organized to provide only elementary education
11 for its students.

12 Sec. 16. 16 V.S.A. § 828 is amended to read:

13 § 828. TUITION TO APPROVED SCHOOLS; AGE; APPEAL

14 (a) A school district shall not pay the tuition of a student except to a public
15 school, an approved independent school, an independent school meeting school
16 quality standards, a tutorial program approved by the State Board, an approved
17 education program, ~~or an independent school in another state or country~~
18 ~~approved under the laws of that state or country, nor shall~~ located in Vermont,
19 or a school operated by interstate school district. The payment of tuition on
20 behalf of a person shall not be denied on account of age. Unless otherwise
21 provided, a person who is aggrieved by a decision of a school board relating to

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1 eligibility for tuition payments, the amount of tuition payable, or the school he
2 or she may attend, may appeal to the State Board and its decision shall be final.

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

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

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

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

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

16 (3) a student eligible for special education whose individualized
17 education program requires an out-of-state placement pursuant to chapter 101
18 of this title.

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1 *[to be moved to EFFECTIVE DATE section]*

2 () Secs. 15 and 16 (tuition; schools outside Vermont) shall take effect on
3 July 1, 2015, and shall apply to tuition paid by school districts for the 2016–
4 2017 academic year and after.

5 * * * **Integrated Education Systems; Transition** * * *

6 **Sec. 17. INTEGRATED EDUCATION SYSTEMS; GOVERNANCE**

7 **TRANSITIONS TO ACHIEVE EDUCATION POLICY GOALS**

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

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

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

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

20 (C) hiring, training, supporting, and retaining excellent
21 administrators, teachers, and staff;

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1 (D) maximizing the effective, flexible, and efficient use of fiscal,
2 human, and facility resources to support student achievement and success;

3 (E) promoting budgetary stability, leading to less volatility for
4 taxpayers;

5 (F) accounting for and reporting financial information in accordance
6 with Generally Accepted Accounting Principles and in a manner that promotes
7 transparency and public accountability and supports a statewide integrated data
8 collection system; and

9 (G) promoting a shared commitment to a strong, flexible, and
10 coherent system.

11 (2) Each integrated education system shall have an average daily
12 membership of at least 1,000 students in prekindergarten through grade 12
13 unless granted a waiver by the State Board of Education based upon criteria
14 developed by the Board.

15 **(b) Self-evaluation and proposal by districts.**

16 (1) Each district is encouraged to evaluate its own structure and
17 programs and meet with neighboring districts, within or outside the
18 supervisory union, to determine how best to create and implement an
19 integrated education system in the region that achieves the goals set forth in
20 subsection (a) of this section.

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1 (2) Except as provided in subsection (d) of this section, a district is
2 encouraged to form a study committee with one or more other districts within
3 or outside its supervisory union and prepare a study report (Report) pursuant to
4 16 V.S.A. chapter 11 (union school districts). Through creation of the Report,
5 the districts shall demonstrate how their proposal is designed to create an
6 integrated education system capable of achieving the goals set forth in
7 subsection (a) of this section on or before July 1, 2019. The Report, which if
8 approved by the State Board of Education and subsequently by the electorate
9 shall be the new district’s articles of agreement, shall also:

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

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

16 (C) provide for the election of an initial school board prior to the first
17 day of the new district’s existence in order to transition to the new structure by
18 negotiating and entering into contracts, preparing an initial proposed budget,
19 adopting policies, and otherwise planning for implementation of the new
20 district.

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

3 (c) **Evaluation by the State Board of Education.** When evaluating
4 Reports presented to it pursuant to 16 V.S.A. chapter 11 and subsections (b)
5 and (d) of this section, the State Board shall also:

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

9 (2) be mindful of any other district in the region that may become
10 geographically isolated or would otherwise be an inappropriate member of
11 another supervisory district or union school district. At the request of the State
12 Board, the Secretary shall work with the potentially isolated district and other
13 districts in the region to move towards a governance model that is designed to
14 achieve the goals set forth in subsection (a) of this section. The State Board is
15 authorized to deny approval to a proposal that would geographically isolate a
16 district that would not be an appropriate member of another supervisory district
17 or union school district in the region.

18 (3) The State Board may authorize the creation or continuation of a
19 supervisory union with two or more member districts if the Board concludes
20 that it is the best means of accomplishing an integrated education system
21 capable of achieving the goals set forth in subsection (a) of this section in a

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1 particular region; provided, however, that the State Board may approve the
2 supervisory union structure only if the structure ensures transparency and
3 accountability in relation to the supervisory union budget, which may include a
4 process by which the electorate votes directly whether to approve the proposed
5 supervisory union budget. Pursuant to 16 V.S.A. § 261(d), the State Board
6 may waive requirements of 16 V.S.A. chapters 5 and 7 if necessary to facilitate
7 the vote.

8 **(d) Exceptions to requirement for study committee.**

9 (1) If the board of a supervisory district believes that the district can
10 function as an integrated education system capable of achieving the goals set
11 forth in subsection (a) of this section without altering its current governance
12 structure, then the board may submit a proposal demonstrating this belief to the
13 State Board and subsequently to the electorate pursuant to 16 V.S.A. chapter
14 11 without forming a study committee pursuant to that chapter and subdivision
15 (b)(2) of this section.

16 (2) If the board of a supervisory union believes that the member districts
17 can function as an integrated education system capable of achieving the goals
18 set forth in subsection (a) of this section by realigning into a supervisory
19 district, then the supervisory union board may submit a proposal in the form of
20 a Report demonstrating this belief to the State Board and subsequently to the

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1 electorate pursuant to 16 V.S.A. chapter 11 without forming a study committee
2 pursuant to that chapter and subdivision (b)(2) of this section.

3 **(e) Creation of integrated education systems.**

4 (1) If a district or group of districts does not follow the process outlined
5 in subsection (b) or (d) of this section, or does so but does not obtain a
6 favorable vote of all “necessary” districts on or before November 30, 2017
7 (collectively, the remaining districts), then the Secretary shall develop a plan
8 by which the remaining districts of the State shall be realigned to create
9 integrated education systems capable of achieving the goals set forth in
10 subsection (a) of this section.

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

13 (3) On or before **September 1, 2018,** the State Board shall approve the
14 Secretary’s proposal in its original or in an amended form, and publish its
15 order realigning the remaining districts on the Agency’s website.

16 (4) For the new districts that will be created by the State Board’s order,
17 the order shall:

18 (A) include one or more models of initial articles of agreement
19 addressing issues required by 16 V.S.A. § 706b that will govern the actions of
20 the new districts until such time as each district adopts its own amended
21 articles, including the method of apportioning the representation on the new

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1 district's board, whether votes on the budget and other issues will be by
2 Australian ballot, and the conditions under which the new district would be
3 authorized to close a school building;

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

6 (i) the election of an initial education board prior to the first day of
7 the new district's existence in order to transition to the new structure by
8 negotiating and entering into contracts, preparing an initial proposed budget,
9 hiring a superintendent, adopting policies, and otherwise planning for the
10 district's implementation;

11 (ii) assumption of debt;

12 (iii) ownership and management of property; and

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

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

18 (f) **Interstate school districts.** This section shall not apply to interstate
19 school districts.

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1 **(g) Protection for nonoperating districts and operating districts;**
2 **statement of intent.**

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

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

19 **(3) Statement of intent.** Nothing in this section shall be construed to
20 restrict or repeal, or to authorize or require the restriction or repeal of, the

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1 ability of a school district that, as of the effective date of this act, provides for
2 the education of all resident students in one or more grades:

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

6 (B) 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.

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

15 *[to be moved to EFFECTIVE DATE section]*

16 () Sec. 17 (governance transitions) shall take effect on July 1, 2015.

17 **Sec. 17a. TAX INCENTIVES**

18 A integrated education system capable of achieving the goals and outcomes
19 set forth in Sec. 17(a) of this act that is implemented on or before July 1, 20**19**
20 shall receive an equalization of its homestead property tax rates during in fiscal

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1 years **2020** through **2023** pursuant to 2010 Acts and Resolves No. 153, Sec.
2 4(a), as amended by 2012 Acts and Resolves No. 156, Sec. 13.

3 **Sec. 17b. 16 V.S.A. § 3448(b) and (c) are amended to read:**

4 (b) ~~Refund upon sale. Upon the sale by a district of any item, building, or~~
5 ~~unit that may be relocated, for which State construction aid was awarded under~~
6 ~~this title, the district shall refund to the State a percentage of the sale price~~
7 ~~equal to the percentage of construction aid received. In no event shall the sum~~
8 ~~refunded be in excess of the amount of the original State aid received for the~~
9 ~~purchase of the item, building, or unit. All refunds shall be deposited with the~~
10 ~~State Treasurer and used for school construction aid awards. [Repealed.]~~

11 (c) ~~Repayment as a condition of general aid. No school district shall~~
12 ~~receive any State general aid unless the school district complies with~~
13 ~~subsection (b) of this section. [Repealed.]~~

14 ****** Transition of Employees ******

15 ***[Sec. 18 – This language is still under development – TO BE INSERTED IN***

16 ***A LATER DRAFT]***

17 ***[to be moved to EFFECTIVE DATE section]***

18 () Sec. 18 (transition of employees) shall take effect on July 1, 2015, and
19 shall apply to _____.

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1 *[to be moved to EFFECTIVE DATE section]*

2 () Secs. 19 and 20 (REDS; incentives for merger; effective dates) shall
3 take effect on passage.

4 * * * **Data; Quality Assurance; Accountability** * * *

5 Sec. 21. DATA; QUALITY ASSURANCE; ACCOUNTABILITY

6 On or before July 1, 2017:

7 (1) the Agency of Education shall have fully implemented statewide,
8 integrated systems to maintain financial reporting and accounting data and
9 longitudinal student data that are designed to measure and to compare on a
10 district-to-district basis:

11 (A) the quality and variety of educational opportunities available to
12 students throughout the State;

13 (B) student outcomes; and

14 (C) financial costs; and

15 (2) each supervisory union and school district shall have the
16 technological ability to provide all requested data to both data systems and
17 access all data to which they are entitled under State and federal privacy laws,
18 and shall follow protocols to be developed by the Agency by which they
19 transition the data systems, if necessary, to the Education Districts.

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1 *[to be moved to EFFECTIVE DATE section]*

2 () Sec. 21 (data; quality assurance; accountability) shall take effect on July
3 1, 2015.

4 *** * * Principals and Superintendents * * ***

5 Sec. 22. PRINCIPALS AND SUPERINTENDENTS; STUDY AND
6 PROPOSAL

7 On or before January 15, 2016, the Secretary of Education, in consultation
8 with the Vermont Superintendents Association, the Vermont School Boards
9 Association, and the Vermont Principals' Association, shall develop and
10 present to the House and Senate Committees on Education a proposal to clarify
11 the roles of superintendents as systems managers and principals as
12 instructional leaders. The proposal shall also address superintendents' and
13 principals' relative responsibilities of supervision and evaluation.

14 *[to be moved to EFFECTIVE DATE section]*

15 () Sec. 22 (superintendents and principals) shall take effect on passage.

16 *** * * Contract Imposition; Strikes; Binding Interest Arbitration * * ***

17 Sec. 23. CONTRACT IMPOSITION; STRIKES; BINDING INTEREST
18 ARBITRATION

19 On or before January 15, 2016, the Secretary of Education, in consultation
20 with the Vermont Superintendents Association, the Vermont School Boards
21 Association, and the Vermont – National Education Association, shall evaluate

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1 current collective bargaining laws for educators as they relate to the imposition
2 of contracts, strikes, and binding interest arbitration and shall recommend any
3 proposals for legislative changes to the House and Senate Committees on
4 Education.

5 *[to be moved to EFFECTIVE DATE section]*

6 () Sec. 23 (contract imposition; strikes; binding interest arbitration) shall
7 take effect on passage.

8 * * * **Education Mandates; Moratorium** * * *

9 Sec. 24. EDUCATION PROPERTY TAX RATE INCREASES;

10 MORATORIUM

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

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

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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.

7 *[to be moved to EFFECTIVE DATE section]*

8 () Sec. 21 (education mandates; moratorium) shall take effect on passage.

9 ***** Effective Dates *****

10 Sec. 11. EFFECTIVE DATES

11 *[insert each subsection from throughout the bill when that concept is finalized]*

12 () This section (effective dates) shall take effect on passage.