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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 3.1 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  
12 grade 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  
16 or 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 **to improve student**  
19 **performance** established by each school in the continuous improvement plan it

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1 develops pursuant to that section, and to provide a sequential, logical  
2 curriculum to all students in the region;

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

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

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

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

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

13 (8) improve affordability and stability for taxpayers through economies  
14 of scale; and

15 (9) increase accountability and transparency through greater consistency  
16 in educational governance structures.

17 **\*\*\* Yield; Dollar Equivalent; Property Tax Adjustment Lag \*\*\***

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

19 (15) “Dollar equivalent” means the amount of spending per equalized  
20 pupil that would result if the homestead tax rate was \$1.00 per \$100.00 of  
21 equalized education property value, the applicable percentage in subdivision

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1 6066(a)(2) of this title was 2.0 percent, and the statutory reserves under  
2 16 V.S.A. § 4026 and section 5402b of this title were maintained at five  
3 percent.

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

5 § 5402. EDUCATION PROPERTY TAX LIABILITY

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

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

9 (2) The tax rate for homestead property shall be ~~\$1.10~~ \$1.00 multiplied  
10 by the district spending adjustment for the municipality, per \$100.00, of  
11 equalized education property value as most recently determined under section  
12 5405 of this title. The homestead property tax rate for each municipality which  
13 is a member of a union or unified union school district shall be calculated as  
14 required under subsection (e) of this section.

15 \* \* \*

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

17 § 5402b. STATEWIDE EDUCATION TAX RATE ADJUSTMENTS YIELD

18 ~~(a) Annually, by December 1, the Commissioner of Taxes shall recommend~~  
19 ~~to the General Assembly, after consultation with the Agency of Education, the~~  
20 ~~Secretary of Administration, and the Joint Fiscal Office, the following~~

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1 adjustments in the statewide education tax rates under subdivisions 5402(a)(1)  
2 and (2) of this title:

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

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

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

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1 ~~least 34 percent of projected education spending from the tax rate on~~  
2 ~~nonresidential property.~~

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

8 (a) Annually, on or before December 1, the Commissioner of Taxes shall  
9 recommend to the General Assembly, after consultation with the Agency of  
10 Education, the Secretary of Administration, and the Joint Fiscal Office, a dollar  
11 equivalent for the following fiscal year. For the purpose of this calculation, the  
12 Commissioner shall use a nonresidential base tax rate in 32 V.S.A.  
13 § 5402(a)(1) that would result in an equivalent proportional change in both the  
14 statewide median nonresident tax bill and the statewide median homestead tax  
15 bill for the current fiscal year. When the Commissioner recommends a dollar  
16 equivalent for use in the following fiscal year, he or she shall also explain the  
17 nonresidential rate used to calculate the dollar equivalent under this subsection.

18 Annually, on or before the following January 1, the Commission shall  
19 publicize to each district his or her recommendation regarding the dollar  
20 equivalent for the following fiscal year.

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1       ~~(b) If the Commissioner makes a recommendation to the General Assembly~~  
2       ~~to adjust the education tax rates under section 5402 of this title, the~~  
3       ~~Commissioner shall also recommend a proportional adjustment to the~~  
4       ~~applicable percentage base for homestead income based adjustments under~~  
5       ~~section 6066 of this title, but the applicable percentage base shall not be~~  
6       ~~adjusted below 1.94 percent.~~

7       (c) [Repealed.]

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

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

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

2 § 6066. COMPUTATION OF ADJUSTMENT.

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

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

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

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

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

12 (II) the statewide education tax rate, multiplied by the  
13 equalized value of the housesite in the ~~taxable~~ claim year in excess of  
14 \$200,000.00.

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

19 (i) the applicable percentage of household income for the taxable  
20 year; plus



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1

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

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

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

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

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

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

12 \* \* \*

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

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

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1 ~~vote, the board shall present the budget to the voters by means of a divided~~  
2 ~~question, in the form of vote provided in subdivision (ii) of this subdivision~~  
3 ~~(11)(B).~~

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

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

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

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

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1           ~~“The total proposed budget of \$\_\_\_\_\_ is the amount determined~~  
2           ~~by the school board to be necessary to support the school district’s educational~~  
3           ~~program. State law requires the vote on this budget to be divided because (i)~~  
4           ~~the school district’s spending per pupil last year was more than the statewide~~  
5           ~~average and (ii) this year’s proposed budget is greater than last year’s budget~~  
6           ~~adjusted for inflation.~~

7           ~~“Article #1 (School Budget):~~

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

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

14                 (C) At a school district’s annual or special meeting, the electorate  
15                 may vote to provide notice of availability of the school budget required by this  
16                 subdivision to the electorate in lieu of distributing the budget. If the electorate  
17                 of the school district votes to provide notice of availability, it must specify how  
18                 notice of availability shall be given, and such notice of availability shall be  
19                 provided to the electorate at least 30 days before the district’s annual meeting.  
20                 The proposed budget shall be prepared and distributed at least ten days before

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1 a sum of money is voted on by the electorate. Any proposed budget shall show  
2 the following information in a format prescribed by the Secretary:

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

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

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

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

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

20 “Article #1 (School Budget):





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1 ~~the nearest one hundredth of a percent, necessary to make the two year~~  
2 ~~average enrollment decrease only 10 percent. [Repealed.]~~

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

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

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

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

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

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1       Sec. 10. SMALL SCHOOL SUPPORT; TRANSITION; REGIONAL  
2                   EDUCATION DISTRICT MERGER SUPPORT GRANT

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

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

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

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

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1 then the merger support grant shall be in an amount equal to the total combined  
2 small school support grants they received in the fiscal year two years prior to  
3 the first fiscal year of merger. Payment of the grant under this section shall  
4 continue annually until explicitly repealed by act of the General Assembly;  
5 provided, however, that the Secretary shall discontinue payment of the grant in  
6 the fiscal year following closure by the merged district of a school located in  
7 what had been an “eligible school district” prior to merger.

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

9 ( ) Secs. 9 and 10 (small school support) shall take effect on July 1, 2016,  
10 and shall apply to grants made in fiscal year 2017 and after.

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

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

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

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

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1       Sec. 13. DECLINING ENROLLMENT; TRANSITION

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

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

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

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

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

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

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

17           \* \* \* **Special Education; Funding; Average Daily Membership** \* \* \*

18       Sec. 14. SPECIAL EDUCATION; FUNDING; AVERAGE DAILY  
19               MEMBERSHIP; STUDY AND PROPOSAL

20          On or before January 15, 2016, the Secretary of Education shall develop  
21       and present to the House and Senate Committees on Education a proposal for

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

15 ( ) Sec. 14 (special education funding; average daily membership) shall  
16 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 an 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; **or**

19 (4) a student enrolled in a school located in a community that has a  
20 border adjoining Vermont.

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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; provided, however, that a student who, in fiscal  
5 year 2016, is enrolled in a school located outside Vermont and on whose  
6 behalf the student’s district of residence has paid tuition then, notwithstanding  
7 the provisions of Secs. 15 and 16 of this act, the school district shall continue  
8 to pay tuition on behalf of the student for each year the student remains a  
9 resident of that district and is enrolled in the school.

10 \* \* \* **Integrated Education Systems; Transition** \* \* \*

11 Sec. 17. INTEGRATED EDUCATION SYSTEMS; GOVERNANCE

12 TRANSITIONS TO ACHIEVE EDUCATION POLICY GOALS

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

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

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

4           (B) fostering stable leadership by developing and supporting both  
5           school and district leaders;

6           (C) hiring, training, supporting, and retaining [excellent effective]  
7           administrators, teachers, and staff;

8           (D) maximizing the effective, flexible, and efficient use of fiscal,  
9           human, and facility resources to support student achievement and success,  
10           including movement toward increased student-to-teacher, student-to-[district-  
11           level]-staff; and student-to-[school-level]-administrator ratios;

12           (E) promoting budgetary stability, leading to less volatility for  
13           taxpayers;

14           (F) accounting for and reporting financial information in accordance  
15           with Generally Accepted Accounting Principles and in a manner that promotes  
16           transparency and public accountability and supports a statewide integrated data  
17           collection system; and

18           (G) promoting a shared commitment to a strong, flexible, and  
19           coherent system.

20           (2) Each integrated education system shall have an average daily  
21           membership of at least 1,000 students in prekindergarten through grade 12

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1 unless granted a waiver by the State Board of Education based upon criteria  
2 developed by the Board.

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

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

9 (2) Except as provided in subsection (d) of this section, a district is  
10 encouraged to form a study committee with one or more other districts within  
11 or outside its supervisory union and prepare a study report (Report) pursuant to  
12 16 V.S.A. chapter 11 (union school districts). Through creation of the Report,  
13 the districts shall demonstrate how their proposal is designed to create an  
14 integrated education system capable of achieving the goals set forth in  
15 subsection (a) of this section on or before July 1, 2019. The Report, which if  
16 approved by the State Board of Education and subsequently by the electorate,  
17 shall be the new district's articles of agreement, shall also:

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

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

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

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

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

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

17           (2) be mindful of any other district in the region that may become  
18          geographically isolated or would otherwise be an inappropriate member of  
19          another supervisory district or union school district. At the request of the State  
20          Board, the Secretary shall work with the potentially isolated district and other  
21          districts in the region to move towards a governance model that is designed to

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1 achieve the goals set forth in subsection (a) of this section. The State Board is  
2 authorized to deny approval to a proposal that would geographically isolate a  
3 district that would not be an appropriate member of another supervisory district  
4 or union school district in the region.

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

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

17 (1) If the board of a supervisory district believes that the district can  
18 function as an integrated education system capable of achieving the goals set  
19 forth in subsection (a) of this section without altering its current governance  
20 structure, then the board may submit a proposal demonstrating this belief to the  
21 State Board and subsequently to the electorate pursuant to 16 V.S.A.

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

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

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

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

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

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

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

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

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

15                       (i) the election of an initial education board prior to the first day of  
16                       the new district’s existence in order to transition to the new structure by  
17                       negotiating and entering into contracts, preparing an initial proposed budget,  
18                       hiring a superintendent, adopting policies, and otherwise planning for the  
19                       district’s implementation;

20                       (ii) assumption of debt;

21                       (iii) ownership and management of property; and

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

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

6            (f) Interstate school districts. This section shall not apply to interstate  
7            school districts.

8            (g) Protection for nonoperating districts and operating districts;  
9            statement of intent.

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

18           (2) Operating districts. All governance transitions achieved pursuant  
19           to this section shall preserve the ability of a district that, as of the effective date  
20           of this act, provides for the education of all resident students in one or more  
21           grades by operating a school offering the grade or grades, to continue to

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1 provide education by operating a school for all students in the grade or grades  
2 if it chooses to do so and shall not require the district to pay tuition for students  
3 if it ceases to exist as a discrete entity and is realigned into a supervisory  
4 district or union school district.

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

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

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

15 (h) **Statutory amendments.** On or before December 1, 2015, the Office of  
16 Legislative Council shall provide to the House and Senate Committees on  
17 Education, the House Committee on Ways and Means, and the Senate  
18 Committee on Finance proposed statutory amendments necessary to  
19 accomplish the purpose of this section and reflect the governance changes it  
20 requires.

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

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

3 Sec. 17a. TAX INCENTIVES

4 A integrated education system capable of achieving the goals and outcomes  
5 set forth in Sec. 17(a) of this act that is implemented on or before July 1, 2019  
6 shall receive an equalization of its homestead property tax rates during in fiscal  
7 years 2020 through 2023 pursuant to 2010 Acts and Resolves No. 153, Sec.  
8 4(a), as amended by 2012 Acts and Resolves No. 156, Sec. 13.

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

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

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

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1 **\*\*\* Transition of Employees \*\*\***

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

3 ***A LATER DRAFT]***

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

5 ( ) Sec. 18 (transition of employees) shall take effect on July 1, 2015, and  
6 shall apply to \_\_\_\_\_.

7 **\*\*\* Voluntary Mergers; Incentives \*\*\***

8 Sec. 19. 2010 Acts and Resolves No. 153, Sec. 2(a), as amended by 2012

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

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



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1           (3) financial costs. [**NOTE:** *this draft deletes former subdivision (2)*  
2 *from draft 3.1 regarding school district compliance]*  
3 *[to be moved to EFFECTIVE DATE section]*

4           ( ) Sec. 21 (data; quality assurance; accountability) shall take effect on July  
5 1, 2015.

6                           \* \* \* **Principals and Superintendents** \* \* \*

7           Sec. 22. PRINCIPALS AND SUPERINTENDENTS; STUDY AND  
8                           PROPOSAL

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

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

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

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1           **\* \* \* Contract Imposition; Strikes; Binding Interest Arbitration \* \* \***

2           Sec. 23. CONTRACT IMPOSITION; STRIKES; BINDING INTEREST

3                           ARBITRATION

4           On or before January 15, 2016, the Secretary of Education, in consultation  
5           with the Vermont Superintendents Association, the Vermont School Boards  
6           Association, and the Vermont – National Education Association, shall evaluate  
7           current collective bargaining laws for educators as they relate to the imposition  
8           of contracts, strikes, and binding interest arbitration and shall recommend any  
9           proposals for legislative changes to the House and Senate Committees on  
10          Education.

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

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

14                           **\* \* \* Education Mandates; Moratorium \* \* \***

15          Sec. 24. EDUCATION PROPERTY TAX RATE INCREASES;

16                           MORATORIUM

17          (a) Notwithstanding 16 V.S.A. § 4028(d) and 2 V.S.A. § 502(b)(2), the  
18          Joint Fiscal Office (JFO) shall prepare a fiscal note for any legislation  
19          proposed during the 2015–2016 biennium that JFO believes may have the  
20          effect of increasing the education property tax rate, regardless of whether the  
21          proposed legislation includes a related appropriation or funding mechanism.

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1 JFO shall complete the fiscal note no later than the date on which the  
2 legislation is considered for a vote of a committee, the House, or the Senate,  
3 whichever is earliest.

4 (b) If the fiscal note prepared under this section confirms that the proposed  
5 legislation shall have the effect of increasing the education property tax rate,  
6 then the proposed legislation as then-drafted shall be withdrawn from  
7 consideration and shall not be voted upon by any committee, the House, or the  
8 Senate, as applicable.

9 (c) This section shall not apply to legislation annually establishing the base  
10 education amount pursuant to 16 V.S.A. chapter 133 or the tax rate pursuant to  
11 32 V.S.A. § 5402.

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

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

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

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

16 Sec. 11. EFFECTIVE DATES

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

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