

1 TO THE HONORABLE SENATE:

2 The Committee on Education to which was referred House Bill No. 361  
3 entitled “An act relating to making amendments to education funding,  
4 education spending, and education governance” respectfully reports that it has  
5 considered the same and recommends that the Senate propose to the House that  
6 the bill be amended by striking out all after the enacting clause and inserting in  
7 lieu thereof the following:

8 **yellow** = changes from 2.1 OR should have been yellow in 2.1 (& dates / cross refs)

9 **\*\*\* Findings \*\*\***

10 **Sec. 1. FINDINGS**

11 (a) Vermont’s kindergarten through grade 12 student population has  
12 declined from 103,000 in fiscal year 1997 to 78,300 in fiscal year 2015.

13 (b) The number of school-related personnel has not decreased in proportion  
14 to the decline in student population.

15 (c) The proportion of Vermont students with severe emotional needs has  
16 increased from 1.5 percent of the population in fiscal year 1997 to 2.3 percent  
17 in fiscal year 2015. In addition, the proportion of students from families in  
18 crisis due to loss of employment, opiate addiction, and other factors, has also  
19 increased during this time period, requiring the State’s public schools to fulfill  
20 an array of human services functions.

1       (d) From July, 1997 through July, 2014, the number of Vermont children  
2 ages 6 through 17 residing with families receiving nutrition benefits has  
3 increased by 47 percent, from 13,000 to 19,200. While other factors affect  
4 student academic performance, studies demonstrate that when the percentage  
5 of students in a school who are living in poverty increases, student  
6 performance and achievement have a tendency to decrease.

7       (e) With 13 different types of school district governance structures,  
8 elementary and secondary education in Vermont lacks cohesive governance  
9 and delivery systems. As a result, many school districts:

10           (1) are not well-suited to achieve economies of scale; and

11           (2) lack the flexibility to manage, share, and transfer resources,  
12 including personnel, with other school districts and to provide students with a  
13 variety of high quality educational opportunities.

14       (f) 16 V.S.A. § 4010(f) was enacted in 1999 to protect school districts,  
15 particularly small school districts, from large, sudden tax increases due to  
16 declining student populations. The steady, continued decline in some districts,  
17 together with the compounding effect of the legislation as written, has inflated  
18 the equalized pupil count in some districts by as much as 77 percent, resulting  
19 in artificially low tax rates in those communities.

20       (g) National literature suggests that the optimal size for student learning is  
21 in elementary **schools** of 300 to 500 students and in high schools of 600 to 900

1 students. In Vermont, the smallest school has a total enrollment of 15 students,  
2 with 64 out of 300 Vermont schools having 100 or fewer enrolled students. Of  
3 those 64 schools, 16 have 50 or fewer enrolled students.

4 (h) National literature suggests that the optimal size for a school district in  
5 terms of financial efficiencies is between 2,000 and 4,000 students. The  
6 smallest Vermont school district has an average daily membership (ADM) of 6  
7 students, with 79 districts having an ADM of 100 or fewer students. Four  
8 Vermont school districts have an ADM that exceeds 2,000 students.

9 (i) Vermont recognizes the important role that a small school plays in the  
10 social and educational fabric of its community. It is not the State's intent to  
11 close its small schools, but rather to ensure that those schools have the  
12 opportunity to enjoy the expanded educational opportunities and economies of  
13 scale that are available to schools within larger, more flexible governance  
14 models.

15 (j) The presence of multiple public schools within a single district not only  
16 supports flexibility in the management and sharing of resources, but it  
17 promotes innovation. For example, individual schools within a district can  
18 more easily develop a specialized focus, which, in turn, increases opportunities  
19 for students to choose the school best suited to their needs and interests.

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

21 ( ) Sec. 1 (findings) shall take effect on passage.

1       \*\*\* Preferred Education Governance Structure; **Alternative Structure** \*\*\*

2       **Sec. 2. PREFERRED EDUCATION GOVERNANCE STRUCTURE;**

3               **ALTERNATIVE STRUCTURE**

4               (a) Prekindergarten-grade 12 district. In order to provide substantial  
5               equity in the quality and variety of educational opportunities statewide; to  
6               maximize operational efficiencies through increased flexibility to manage,  
7               share, and transfer resources; and to promote transparency and accountability,  
8               the preferred education governance structure in Vermont is a school district  
9               that:

10               (1) is responsible for the education of all resident prekindergarten  
11               through grade 12 students;

12               (2) is its own supervisory district;

13               (3) has a minimum average daily membership of 900; and

14               (4) is organized and operates according to one of the four most common  
15               governance structures:

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

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

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

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

6           (b) **Supervisory union.** A single prekindergarten-grade 12 district as  
7           envisioned in subsection (a) of this section may not be possible or the best  
8           model to achieve Vermont’s education goals in all regions of the State. In such  
9           situations, a supervisory union composed of multiple member districts, each  
10           with its separate school board, can meet the State’s goals, particularly if:

11           (1) the member districts consider themselves to be collectively  
12           responsible for the education of all prekindergarten through grade 12 students  
13           residing in the supervisory union;

14           (2) the supervisory union operates in a manner that **maximizes** optimal  
15           efficiencies through economies of scale and flexible management, transfer, and  
16           sharing of **nonfinancial** resources among the member districts; and

17           (3) the supervisory union has the smallest number of member school  
18           districts practicable, achieved wherever possible by the merger of districts with  
19           similar operating and tuitioning patterns.

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

21           ( ) Sec. 2 (preferred governance structure) shall take effect on passage.



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

9           (3) **Tuition payment; school operation; intent.** Nothing in this act shall  
10           be construed to restrict or repeal, or to authorize, encourage, or contemplate the  
11           restriction or repeal, of the ability of a school district that, as of the effective  
12           date of this section, provides for the education of all resident students in one or  
13           more grades:

14           (A) by paying tuition on the students' behalf, to continue to provide  
15           education by paying tuition on behalf of all students in the grade or grades; or

16           (B) by operating a school offering the grade or grades, to continue to  
17           provide education by operating a school for all students in the grade or grades.

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

19           ( ) Sec. 3 (intent) shall take effect on passage.



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

2 ( ) Secs. 4–5 (REDS; incentives; dates) shall take effect on passage.

3 \* \* \* **Accelerated Activity; Enhanced Incentives** \* \* \*

4 **Sec. 6. ACCELERATED MERGER; SUPERVISORY UNION BECOMING**  
5 **A SUPERVISORY DISTRICT; INCENTIVES; REPORT**

6 (a) A newly formed school district shall receive the incentives set forth in  
7 subsection (b) of this section if it:

8 (1) is formed by merging the governance structures of all member  
9 districts of a supervisory union into one unified union school district pursuant  
10 to the processes and requirements of 16 V.S.A. chapter 11; and, in addition,  
11 could include merger with a neighboring supervisory district;

12 (2) obtains an affirmative vote of all “necessary” districts on or after  
13 July 1, 2015 and prior to July 1, 2016;

14 (3) is responsible for the education of all resident prekindergarten  
15 through grade 12 students;

16 (4) is its own supervisory district;

17 (5) has a minimum average daily membership of 900 in its first year of  
18 operation; and

19 (6) is organized and operates according to one of the following common  
20 governance structures:

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

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

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

9           (7) becomes operational on or before July 1, 2017; and

10          (8) provides data as requested by the Agency of Education and  
11          otherwise assists the Agency to assess whether and to what extent the  
12          consolidation of its governance results in increased educational opportunities,  
13          operational efficiencies, transparency, and accountability.

14          (b) A newly formed school district that meets the criteria set forth in  
15          subsection (a) shall receive the following:

16                (1) **Decreased equalized homestead property tax rate or accelerated**  
17                **action incentive grant.** A new district's plan of merger shall provide whether,  
18                upon creation of the new district, the district shall receive decreased equalized  
19                homestead property tax rates during the first five years of operation pursuant to  
20                subdivision (A) or an incentive grant during the first year of operation  
21                pursuant to subdivision (B):

1           (A)(i) **Decreased** homestead property tax rates. Subject to the  
2           provisions of subdivision (iii) of this subdivision (A) and notwithstanding any  
3           other provision of law, the new district’s equalized homestead property tax rate  
4           shall be:

5                     (I) decreased by \$0.10 in the first fiscal year of operation;

6                     (II) decreased by \$0.10 in the second fiscal year of operation;

7                     (III) decreased by \$0.08 in the third fiscal year of operation;

8                     (IV) decreased by \$0.06 in the fourth fiscal year of operation;

9           and

10                    (V) decreased by \$0.04 in the fifth fiscal year of operation.

11                    (ii) The household income percentage shall be calculated  
12           accordingly.

13                    (iii) During the years in which a new district’s equalized  
14           homestead property tax rate is decreased pursuant to this subdivision (A), the  
15           rate for each town within the new district shall not increase by more than five  
16           percent in a single year. The household income percentage shall be calculated  
17           accordingly.

18                    (B) Accelerated action **incentive grant**. During the first fiscal year  
19           of operation, the Secretary of Education shall pay to the new district’s board an  
20           accelerated action incentive grant from the Education Fund equal to \$400.00

1 multiplied by the total number of resident students in the new district in that  
2 year. The grant shall be in addition to funds received under 16 V.S.A. § 4028.

3 (C) Common level of appraisal. Regardless of whether a new district  
4 chooses to receive decreased homestead property tax rates or an accelerated  
5 action incentive grant, on and after the effective date of merger, the common  
6 level of appraisal shall be calculated independently for each town within the  
7 new district for purposes of determining the homestead property tax rate for  
8 each town.

9 (2) **Merger support grant.** Notwithstanding any provision of law to  
10 the contrary, if the districts forming the new district include at least one  
11 “eligible school district,” as defined in 16 V.S.A. § 4015, that received a small  
12 school support grant under section 4015 in fiscal year 2016, then the new  
13 district shall receive an annual merger support grant in each of the first five  
14 fiscal years after it begins operation in an amount equal to the small school  
15 support grant received by the eligible school district in fiscal year 2016. If  
16 more than one merging district was an eligible school district, then the merger  
17 support grant shall be in an amount equal to the total combined small school  
18 support grants they received in fiscal year 2016.

19 (3) **Transition facilitation grant.** After voter approval of the plan of  
20 merger, the Secretary of Education shall pay the transitional board of the new

1 district a transition facilitation grant from the Education Fund equal to the  
2 lesser of:

3 (A) five percent of the base education amount established in  
4 16 V.S.A. § 4001(13) multiplied by the greater of either the combined  
5 enrollment or the average daily membership of the merging districts on  
6 October 1 of the year in which the successful vote is taken; or

7 (B) \$150,000.00.

8 (c) If a new district that receives incentives under this section also meets  
9 the eligibility criteria to receive incentives as a regional education district  
10 (RED), then the district shall not receive the incentives available to a RED  
11 pursuant to 2010 Acts and Resolves No. 153, subsections 4(a), (d), (e) or (g),  
12 as amended by 2012 Acts and Resolves No. 156, Sec. 13.

13 (d) The Secretary of Education, in collaboration with other entities such as  
14 the University of Vermont or the Regional Educational Laboratory–Northeast  
15 and Islands, shall collect and analyze data from the new districts created under  
16 this section regarding issues including educational opportunities, operational  
17 efficiencies, transparency, and accountability following merger. Beginning on  
18 January 15, 2016, and annually through January 2021, the Secretary shall  
19 submit a report to the House and Senate Committees on Education and on  
20 Appropriations, the House Committee on Ways and Means, and the Senate  
21 Committee on Finance regarding the districts pursuing merger under this

1 section, conclusions drawn from the data collected, and any recommendations  
2 for legislative action.

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

4 ( ) Sec. 6 (accelerated activity; increased incentives) shall take effect on  
5 passage.

6 **\*\*\* Facilitating Voluntary Governance Transitions; Supervisory Union**

7 **Boundaries \*\*\***

8 **Sec. 7.** 16 V.S.A. § 261 is amended to read:

9 § 261. ORGANIZATION AND ADJUSTMENT OF SUPERVISORY

10 UNIONS

11 (a) The State Board shall review on its own initiative or when requested as  
12 per subsection (b) of this section and may regroup the supervisory unions of  
13 the State or create new supervisory unions in such manner as to afford  
14 increased efficiency or greater convenience and economy and to facilitate ~~K-12~~  
15 prekindergarten through grade 12 curriculum planning and coordination as  
16 changed conditions may seem to require.

17 (b)(1) Any school district that has so voted at its annual school district  
18 meeting, if said meeting has been properly warned regarding such a vote, may  
19 ~~apply to request that the State Board of education for adjustment of~~ adjust the  
20 existing boundaries of the supervisory union of which it is a ~~component~~  
21 member district.

1           (2) Any group of school districts that have so voted at their respective  
2           annual school district meeting, regardless of whether the districts are members  
3           of the same supervisory union, may request that the State Board adjust existing  
4           supervisory union boundaries and move one or more nonrequesting districts to  
5           a different supervisory union if such adjustment would assist the requesting  
6           districts to realign their governance structures into a unified union school  
7           district pursuant to chapter 11 of this title.

8           (3) The State Board shall give timely consideration to such requests  
9           made pursuant to this subsection and may regroup the school districts of the  
10          area so as to ensure reasonable supervision of all public schools therein.

11          (c) The State Board may designate any school district, including a unified  
12          union district, as a supervisory district if it will ~~offer schools in grades K-12~~  
13          provide for the education of all resident students in prekindergarten through  
14          grade 12 and is large enough to support the planning and administrative  
15          functions of a supervisory union.

16          (d) Upon application by a supervisory union board, the State Board may  
17          waive any requirements of chapter 5 or 7 of this title with respect to the  
18          supervisory union board structure, board composition, or board meetings, or  
19          the staffing pattern of the supervisory union, if it can be demonstrated that such  
20          a waiver will result in efficient and effective operations of the supervisory

1 union; will not result in any disproportionate representation; and is otherwise  
2 in the public interest.

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

4 ( ) Sec. 7 (supervisory union boundaries) shall take effect on passage.

5 **\*\*\* Merger Support Grants; Small Schools Grants \*\*\***

6 **Sec. 8. MERGER SUPPORT GRANT**

7 (a) Notwithstanding any provision of law to the contrary and subject to  
8 subsection (b) of this section, if the districts creating a union school district  
9 pursuant to 16 V.S.A. chapter 11 include at least one “eligible school district,”  
10 as defined in 16 V.S.A. § 4015, that received a small school support grant  
11 under section 4015 in fiscal year 2016, then the new union school district shall  
12 receive an annual merger support grant in each of the first five fiscal years  
13 after it begins operation in an amount equal to the small school support grant  
14 received by the eligible school district in fiscal year 2016. If more than one  
15 merging district was an eligible school district, then the merger support grant  
16 shall be in an amount equal to the total combined small school support grants  
17 they received in fiscal year 2016.

18 (b) This section shall apply only to a union school district that:

19 (1) is responsible for the education of all resident prekindergarten  
20 through grade 12 students;

21 (2) is its own supervisory district;

1           (3) has a minimum average daily membership of 900 in its first year of  
2           operation; and

3           (4) is organized and operates according to one of the following common  
4           governance structures:

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

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

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

13           (5) obtains a favorable vote of all “necessary” districts on or after July 1,  
14           2015; and

15           (6) becomes operational after July 1, 2017 and on or before July 1,  
16           2020.

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

18           ( ) Sec. 8 (Merger Support Grants) shall take effect on July 1, 2015.





1       **Sec. 10. SMALL SCHOOL SUPPORT; TRANSITION**

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

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

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

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

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

16       **Sec. 11.** 16 V.S.A. § 4010(f) is amended to read:

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

1       **Sec. 12. 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 Sec. 11 of this act shall apply  
4           to the 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       **Sec. 13. REPEAL**

13           16 V.S.A. § 4010(f) (declining enrollment; hold-harmless provision) is  
14           repealed on July 1, 2020.

15       **Sec. 14. DECLINING ENROLLMENT; 3.5 PERCENT HOLD-HARMLESS;**

16                   **GRANDFATHERED DISTRICTS**

17           Beginning in fiscal year 2021, for purposes of determining weighted  
18           membership under 16 V.S.A. § 4010, a district's equalized pupils shall in no  
19           case be less than 96 and one-half percent of the actual number of equalized  
20           pupils in the district in the previous year, prior to making any adjustment under  
21           this section, if the district, on or before July 1, 2020:

1           (1) became eligible to receive incentives pursuant to Sec. 6 of this act  
2           (accelerated activity);

3           (2) met each of the criteria listed in Sec. 8(b)(1) – (5) of this act,  
4           regardless of whether the new district is eligible for a merger support grant,  
5           and became an operational unified union school district; or

6           (3) became eligible to receive incentives pursuant to 2010 Acts and  
7           Resolves No. 153, Sec. 4, as amended by 2012 Acts and Resolves No. 156,  
8           Sec. 13, and further amended by this act (REDs and eligible variations).

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

10          ( ) Secs. 11 and 12 (declining enrollment; hold-harmless provision;  
11          transition) shall take effect on July 1, 2016.

12          ( ) Sec. 13 (declining enrollment; hold-harmless provision; repeal) shall  
13          take effect on July 1, 2020.

14          ( ) Sec. 14 (declining enrollment; hold-harmless provision; exception)  
15          shall take effect on July 1, 2020.

16                   **\* \* \* Current Incentives for Other Joint Activity \* \* \***

17          **Sec. 15. CURRENT INCENTIVES FOR JOINT ACTIVITY; LIMITATIONS**  
18                   **ON APPLICABILITY**

19           (a) Notwithstanding the provisions of the following sections of law, the  
20           grants and reimbursements authorized by those sections shall be available only  
21           as provided in subsection (b) of this section:

1           (1) 2012 Acts and Resolves No. 156, Sec. 2 (reimbursement of fees of  
2           up to \$5,000.00 incurred by school districts or supervisory unions for initial  
3           exploration of joint activity).

4           (2) 2012 Acts and Resolves No. 156, Sec. 4 (reimbursement of analysis  
5           or transition costs of up to \$10,000.00 incurred by school districts or  
6           supervisory unions for joint activity other than a merger).

7           (3) 2012 Acts and Resolves No. 156, Sec. 5 (reimbursement of fees of  
8           up to \$20,000.00 incurred by supervisory unions for analysis relating to the  
9           advisability of merger of supervisory unions).

10           (4) 2012 Acts and Resolves No. 156, Sec. 6 (transition facilitation grant  
11           of \$150,000.00 for the successful merger of two or more supervisory unions).

12           (5) 2012 Acts and Resolves No. 156, Sec. 9 (reimbursement of fees of  
13           up to \$20,000.00 incurred by school districts for analysis relating to the  
14           advisability of merger other than a regional education district (RED)).

15           (6) 2012 Acts and Resolves No. 156, Sec. 11 (transition facilitation  
16           grant of the lesser of \$150,000.00 or five percent of the base education amount  
17           multiplied by the combined enrollment for the successful merger of two or  
18           more districts other than a RED).

19           (b) A group of districts or supervisory unions shall receive one or more of  
20           the incentives listed in subsection (a) of this section only if it:

21           (1) meets the specific eligibility criteria for the incentive; and

1           (2) completes the specific requirements for eligibility on or before  
2           December 31, 2015.

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

4           ( ) Sec. 15 (existing incentives; applicability) shall take effect on July 1,  
5           2015.

6                   **\* \* \* Supervisory Unions; Local Education Agency \* \* \***

7           **Sec. 16.** 16 V.S.A. § 43(c) is amended to read:

8           (c) For purposes of determining pupil performance and application of  
9           consequences for failure to meet standards and for provision of compensatory  
10           and remedial services pursuant to 20 U.S.C. §§ 6311-6318, a ~~school district~~  
11           supervisory union shall be a local education agency.

12           ( ) Sec. 16 (supervisory unions; local education agency) shall take effect  
13           on July 1, 2015.

14                   **\* \* \* Duties of Supervisory Unions; Failure to Comply; Tax Rates \* \* \***

15           **Sec. 17.** 16 V.S.A. § 261a(c) is added to read:

16           (c)(1) After notice to the boards of a supervisory union and its member  
17           districts, the opportunity for a period of remediation, and the opportunity for a  
18           hearing, if the Secretary determines that a supervisory union or any one of its  
19           member districts is failing to comply with the any provision of subsection (a)  
20           of this section, then the Secretary shall notify the board of the supervisory  
21           union and the board of each of its member districts that the education property

1 tax rates for nonresidential and homestead property shall be increased by five  
2 percent in each district within the supervisory union and the household income  
3 percentage shall be adjusted accordingly in the next fiscal year for which tax  
4 rates will be calculated. The districts' actual tax rates shall be increased by  
5 five percent, and the household income percentage adjusted, in each  
6 subsequent fiscal year until the fiscal year following the one in which the  
7 Secretary determines that the supervisory union and its districts are in  
8 compliance. If the Secretary determines that the failure to comply with the  
9 provisions of subsection (a) of this section is solely the result of the actions of  
10 the board of one member district, then the tax increase in this subsection (c)  
11 shall apply only to the tax rates for that district. Subject to Vermont Rule of  
12 Civil Procedure 75, the Secretary's determination shall be final. *[is this still a*  
13 *question:* First phrase of last sentence is not really necessary because right to  
14 *appeal under VRCP 75 exists whether this says it does or not]*  
15 *[to be moved to EFFECTIVE DATE section]*

16 ( ) Sec. 17 (supervisory union duties; failure to comply; tax rates) shall  
17 take effect on July 1, 2016; provided, however, that tax rates shall not be  
18 increased pursuant to this section prior to fiscal year 2018.

19 \* \* \* **Transition of Employees** \* \* \*

20 **Sec. 18.** 16 V.S.A. chapter 53, subchapter 3 is added to read:

21 Subchapter 3. TRANSITION OF EMPLOYEES

1     § 1801. DEFINITIONS

2             As used in this subchapter:

3             (1) “New District” means a district created by the realignment or merger  
4             of two or more current districts into a new supervisory district, union school  
5             district, or any other form of merged or realigned district authorized by law,  
6             including by chapter 11, subchapter 1, of this title, regardless of whether one or  
7             more of the districts creating the New District (a Realigning District) is a town  
8             school district, a city school district, an incorporated school district, a union  
9             school district, a unified union school district, or a supervisory district.

10            (2) “New SU” means a supervisory union created from the merger or  
11            realignment of two or more current supervisory unions or of all or some of the  
12            districts in one or more current supervisory unions (a Realigning SU). “New  
13            SU” also means a supervisory union created by the State Board’s adjustment of  
14            the borders of one or more current supervisory unions or parts of supervisory  
15            unions pursuant to section 261 of this title or otherwise, regardless of whether  
16            the New SU is known by the name of one of the current supervisory unions or  
17            the adjustment is otherwise structured or considered to be one in which one  
18            current supervisory union (the Absorbing SU) is absorbing one or more other  
19            supervisory unions or parts of supervisory unions into the Absorbing SU.

20            (3) “Employees of a Realigning Entity” means the licensed and  
21            nonlicensed employees of a Realigning District or Realigning SU, or both, that

1 create the New District or New SU, and includes employees of an Absorbing  
2 SU and employees of a Realigning SU whose functions will be performed by  
3 employees of a New District that is a supervisory district.

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

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

13 § 1802. TRANSITION OF EMPLOYEES TO NEWLY CREATED

14 EMPLOYER

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

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

19 (2) recognize the representatives of the Employees of the Realigning  
20 Districts or Realigning SUs as the recognized representatives of the employees  
21 of the New District or New SU.

1           (b) Negotiations shall commence within 90 days after formation of the  
2           Transitional Board and shall be conducted pursuant to the provisions of chapter  
3           57 of this title for teachers and administrators and pursuant to 21 V.S.A.  
4           chapter 22 for other employees.

5           (c) An Employee of a Realigning District or Realigning SU who was not a  
6           probationary employee shall not be considered a probationary employee of the  
7           New District or New SU.

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

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

13           (2) the parties shall adhere to the provisions of an agreement among the  
14           Employees of the Realigning Districts or the Realigning SUs, as represented  
15           by their respective recognized representatives, regarding how provisions under  
16           the existing contracts regarding issues of seniority, reduction in force, layoff,  
17           and recall will be reconciled during the period prior to ratification of a new  
18           agreement; and

19           (3) a new employee beginning employment after the first day of the  
20           New District's or New SU's existence shall be covered by the agreement in  
21           effect that applies to the largest bargaining unit for Employees of the

1 Realigning Districts in the New District or for Employees of the Realigning  
2 SU in the New SU.

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

7 § 1803. VERMONT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM

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

14 (b) The existing membership and benefits of an Employee of a Realigning  
15 District or a Realigning SU shall not be impaired or reduced either by  
16 negotiations with the New District or New SU under 21 V.S.A. chapter 22 or  
17 otherwise.

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

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

2 ( ) Sec. 18 (transition of employees) shall take effect on passage and shall  
3 apply to a New District or New SU that has its first day of operation on or after  
4 that date.

5 **\* \* \* Unified Union School District; Definition \* \* \***

6 **Sec. 19.** 16 V.S.A. § 722 is amended to read:

7 § 722. UNIFIED UNION DISTRICTS

8 ~~If a union school district is organized to operate grades kindergarten~~  
9 ~~through 12, it~~ (a) A union school district shall be known as a unified union  
10 district if it provides for the education of resident prekindergarten – grade 12  
11 students, whether by:

12 (1) operating a school or schools for all grades;

13 (2) operating a school or schools for all students in one or more grades  
14 and paying tuition for all students in the remaining grade or grades; or

15 (3) paying tuition for all grades.

16 (b) On the date the unified union district becomes operative, unless another  
17 date is specified in the study committee report, it shall supplant all other school  
18 districts within its borders, and they shall cease to exist.

19 (c) If provided for in the committee report, the unified union school district  
20 ~~school~~ board may be elected and may conduct business for the limited purpose

1 of preparing for the transition to unified union district administration while the  
2 proposed member school districts continue to operate schools.

3 (d) The functions of the legislative branch of each preexisting school  
4 district in warning meetings and conducting elections of unified union school  
5 district board members shall be performed by the corresponding board of  
6 alderpersons of a city or city council, the selectboard of a town, or the trustees  
7 of an incorporated school district as appropriate.

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

9 ( ) Sec. 19 (unified union school district; definition) shall take effect on  
10 passage.

11 \* \* \* **Agencies of Human Services and of Education;**

12 **Coordination; Report \* \* \***

13 **Sec. 20. COORDINATION OF EDUCATIONAL AND SOCIAL**  
14 **SERVICES; REPORT**

15 (a) The Secretaries of Education and of Human Services, in consultation  
16 with school districts, supervisory unions, social service providers, and other  
17 interested parties, shall develop a plan for maximizing collaboration and  
18 coordination between the Agencies in delivering social services to Vermont  
19 public school students and their families. The plan shall:

1           (1) propose ways to improve access to and quality of social services  
2           provided to Vermont public school students and their families through  
3           systems-level planning and integration;

4           (2) propose sustainable ways to increase efficiencies in delivering social  
5           services to Vermont public school students and their families while  
6           maintaining access and quality, including ways to promote effective  
7           communication between the Agencies at the State and local levels;

8           (3) consider ways in which schools and social service providers can  
9           share services, personnel, and other resources, including the use of available  
10          space in school buildings by Agency of Human Services personnel;

11          (4) identify the amounts and sources of spending by the Agency of  
12          Human Services and the education system to provide social services to families  
13          with school-age children; and

14          (5) identify any barriers to increased efficiency, statutory or otherwise  
15          and including federal and State privacy protections, and propose ways to  
16          address these barriers, including any recommendations for legislative action.

17          (b) On or before January 15, 2016, the Secretaries shall present their plan  
18          and recommendations to the Senate Committees on Education and on Health  
19          and Welfare and the House Committees on Education and on Human Services.

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

2 ( ) Sec. 20 (Agencies of Education and of Human Services; coordination)  
3 shall take effect on passage.

4 **\*\*\* Quality Assurance; Accountability \*\*\***

5 **Sec. 21.** 16 V.S.A. § 165(b)(1)–(4) are amended and subdivision (5) is added  
6 to read:

7 (1) the Agency continue to provide technical assistance for one more  
8 cycle of review;

9 (2) the State Board adjust supervisory union boundaries or  
10 responsibilities of the superintendency pursuant to section 261 of this title;

11 (3) the Secretary assume administrative control of an individual school,  
12 school district, or supervisory union, including budgetary control to ensure  
13 sound financial practices, only to the extent necessary to correct deficiencies;

14 ~~or~~

15 (4) the State Board close ~~the~~ an individual school or schools and require  
16 that the school district pay tuition to another public school or an approved  
17 independent school pursuant to chapter 21 of this title; or

18 (5) the State Board require two or more school districts to consolidate  
19 their governance structures.

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

2 ( ) Sec. 21 (authorities of State Board of Education) shall take effect on  
3 July 1, 2020.

4 **Sec. 22. QUALITY ASSURANCE; ACCOUNTABILITY**

5 The Secretary of Education shall regularly review, evaluate, and keep the  
6 State Board of Education apprised of the following:

7 (1) the discussions, studies, and activity among districts to move  
8 voluntarily toward creating a unified union school district as set forth in Sec.  
9 2(a) (preferred governance structure) of this act;

10 (2) the data collected from districts that vote prior to July 1, 2016 to  
11 merge into that preferred governance structure pursuant to Sec. 6 (accelerated  
12 activity) of this act and from other districts that have merged or do merge into  
13 a regional education district (RED) and their variations or that otherwise merge  
14 into the preferred governance structure set forth in Sec. 2(a) of this act; and

15 (3) the data and other information collected in connection with the  
16 Education Quality Standards, and related on-site education quality reviews,  
17 including data and information regarding the equity of educational  
18 opportunities, academic outcomes, personalization of learning, a safe school  
19 climate, high quality staffing, and financial efficiency.

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

21 ( ) Sec. 22 (review of data) shall take effect on July 1, 2015.

1                   \* \* \* **Transition to Sustainable Governance Structures** \* \* \*

2           **Sec. 23. VOLUNTARY SELF-EVALUATION, MEETINGS, AND**  
3                   **DECLARATION**

4           (a) On or before June 30, 2019, the board of each school district in the  
5           State that has a governance structure different than the preferred structure set  
6           forth in Sec. 2(a) of this act or that will not be moving into the preferred  
7           structure on or before July 1, 2020, may choose to pursue one or more of the  
8           following actions:

9                   (1) **Self-evaluation.** The board may choose to evaluate the quality and  
10                  variety of educational opportunities the district offers and the district's  
11                  operational efficiencies, including its flexibility to manage, share, and transfer  
12                  nonfinancial resources with other districts.

13                   (2) **Meetings.**

14                   (A) The board may choose to meet with the boards of one or more  
15                  other districts, including those representing districts that have similar patterns  
16                  of school operation and tuition payment, to discuss ways to promote  
17                  improvement throughout the region in connection with:

18                           (i) the quality, variety, and equity of available educational  
19                           opportunities;

20                           (ii) operational efficiencies, including the flexibility to manage,  
21                           share, and transfer resources; and

1                   (iii) transparency and accountability.

2                   (B) The districts would not need to be contiguous and would not need  
3 to be within the same supervisory union.

4                   (3) **Declaration.** A board of a district, solely on behalf of its own  
5 district or jointly with the boards of other districts, may choose to submit a  
6 letter to the Secretary of Education and the State Board of Education that:

7                   (A) **declares** the district’s intention to retain its current governance  
8 structure **or** to work with other districts to form a different governance  
9 structure or otherwise enter into joint activity;

10                   (B) **demonstrates**, through reference to enrollment projections,  
11 student-to-staff ratios, the comprehensive data collected pursuant to 16 V.S.A.  
12 § 165, and otherwise, how the **intention** stated in subdivision (A) of this  
13 subdivision supports the district’s or districts’ ability to:

14                   (i) provide high-quality and varied educational opportunities that  
15 are substantially equitable when compared to opportunities available statewide;

16                   (ii) to maximize operational efficiencies through increased  
17 flexibility to manage, share, and transfer resources among educational units;  
18 and

19                   (iii) to promote transparency and accountability; and

20                   (C) **identifies** detailed actions it would take to continue to improve  
21 its performance in each of the three areas set forth in subdivisions (B)(i) – (iii).



1 such as a supervisory union with member districts or a unified union school  
2 district with a smaller average daily membership; provided, however, that any  
3 proposed alternative governance structure shall be designed to:

4 (A) ensure adherence to the protections of Sec. 3(c); and

5 (B) promote equity of educational opportunities, financial  
6 efficiencies, accountability, and transparency in a sustainable governance  
7 structure.

8 **VERSION #1 of subsections (b) and (c):**

9 (b) State Board's order. On or before December 31, 2020, the State Board  
10 shall review and analyze the Secretary's proposal under the provisions in  
11 subsection (a) of this section, may take testimony or ask for additional  
12 information from districts and supervisory unions, shall approve the proposal  
13 in either its original form or in an amended form that adheres to the provisions  
14 of subsection (a), and shall publish on the Agency of Education's website the  
15 order realigning districts and supervisory unions where necessary.

16 (c) Operational date. The new districts and expanded or otherwise  
17 realigned supervisory unions created under this section shall be operational on  
18 or before July 1, 2022.

19 **VERSION #2 of subsections (b) and (c):**

20 (b) State Board's proposed plan. On or before December 31, 2020, the  
21 State Board shall review and analyze the Secretary's proposal under the

1 provisions in subsection (a) of this section, may take testimony or ask for  
2 additional information from districts and supervisory unions, shall approve the  
3 proposal in either its original form or in an amended form that adheres to the  
4 provisions of subsection (a), and shall present to the General Assembly and  
5 publish on the Agency of Education’s website a proposed plan realigning  
6 districts and supervisory unions where necessary.

7 (c) General Assembly. Upon review of the State Board’s proposed plan  
8 and receipt of testimony from the public and interested parties, it is the intent  
9 of the General Assembly in 2015 that the 2021–2022 General Assembly shall  
10 enact the proposed plan either in its original form or in an amended form that:

11 (1) adheres to the provisions of subsection (a) of this section:

12 (2) establishes a date by which any new districts and expanded or  
13 otherwise realigned supervisory unions that might be created under this section  
14 shall be operational.

15 (d) Applicability. This section shall not apply to:

16 (1) interstate school districts;

17 (2) regional career technical center school districts formed under 16  
18 V.S.A. chapter 37, subchapter 5A; or

19 (3) districts that, between June 30, 2013, and July 2, 2020, have  
20 voluntarily created and begun to operate as a unified union school district that:

1           (A) is a regional education district (RED) or a district eligible to  
2           receive RED incentives; or

3           (B) is formed pursuant to the preferred structure set forth Sec. 2(a) of  
4           this act.

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

6           ( ) Sec. 23 (optional self-evaluation, meetings, and proposal) shall take  
7           effect on July 1, 2015.

8           ( ) Sec. 24 (transition to sustainable governance structures) shall take  
9           effect on July 1, 2015.

10                   **\*\*\* Education Technical Assistant; Position \*\*\***

11           **Sec. 25. EDUCATION TECHNICAL ASSISTANT**

12           There is established one (1) new limited service exempt position –  
13           Education Technical Assistant – in the Agency of Education, authorized for  
14           fiscal years 2016 and 2017. The Education Technical Assistant shall work  
15           directly with school districts and supervisory unions to provide information  
16           and assistance regarding fiscal and demographic projections and the options  
17           available to address any necessary systems changes. The Agency’s authority  
18           to hire an individual for this purpose is contingent on its ability to obtain  
19           funding for the position solely through nonstate sources.

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

2 ( ) Sec. 25 (limited service exempt position) shall take effect on July 1,  
3 2015.

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

5 Sec. \_\_\_\_ EFFECTIVE DATES

6 ( ) 

7 ( ) This section shall take effect on passage.

8 (Committee vote: \_\_\_\_\_)

9 \_\_\_\_\_

10 Senator \_\_\_\_\_

11 FOR THE COMMITTEE