

Act No. 46 (H.361). Education; education funding; education spending; education governance; education property tax rates; school districts; small school support; “phantom” students

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

This act is intended to move the State toward more sustainable models of education governance by July 1, 2019 that, among other things, provide substantial equity in the quality and variety of educational opportunities and maximize operational efficiencies. Included in the act:

- sets FY16 education property tax rates of \$1.535 (nonresidential), \$0.99 (homestead), and 1.80% (applicable percentage)
- replaces the “base education amount” with a “dollar equivalent yield” to calculate tax rates in FY17
- establishes allowable education spending growth in FY17 and FY18 on a sliding scale of 0% – 5.5%, based on a district’s spending in the prior year (permitting a higher level of growth for lower spending districts)
- Small School Grants become Merger Support Grants for districts that merge by July 1, 2019 and are paid unless and until the small school is closed; beginning in FY20, eligibility for Small School Grants in nonmerging districts is limited to small schools that (1) are geographically isolated from another school with capacity or (2) demonstrate academic excellence and operational efficiency
- requires the 3.5% hold-harmless calculation for declining enrollment to be based upon a district’s actual, rather than inflated, pupil count in FY17; provides a three-year transition period for districts with “phantom pupils”
- creates three tiers of incentives for districts merging into the preferred model of a unified union (preK–12) school district that are based upon how soon the district begins operation
- requires the Secretary of Education to propose and the State Board of Education to establish (in late 2018) a plan to merge districts or realign SU boundaries as necessary to achieve education policy goals statewide, while protecting districts’ current right to choose whether to operate schools or pay tuition, or both

Multiple effective dates, beginning on June 2, 2015