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H.257

Introduced by Representatives Olsen of Londonderry, Condon of Colchester,
Conquest of Newbury, Jerman of Essex, Juskiewicz of
Cambridge, and Wright of Burlington

Referred to Committee on

Date:

Subject: Education; taxation; education spending

Statement of purpose of bill as introduced: This bill proposes to set a cap on
statewide education spending growth and authorize the Agency of Education to
award a limited number of waivers to school districts with extraordinary
spending needs.

An act relating to a cap on education spending growth

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

* * * Cap on Education Spending Growth * * *

Sec. 1. EDUCATION SPENDING CAP

(a) Adjusted statewide education spending cap. Notwithstanding any other
provision of law, for each fiscal year, there shall be an adjusted statewide
education spending cap. The adjusted statewide education spending cap shall
be determined in each fiscal year by subtracting the waiver amount provided in
Sec. 2(b)(1) of this act from the total statewide education spending cap. The

1 total statewide education spending cap shall be set at the total education
2 spending growth factor multiplied by the total statewide education spending in
3 the prior fiscal year.

4 (b) District total education spending cap. Notwithstanding any other
5 provision of law, for each fiscal year, there shall be a district total education
6 spending cap amount for each school district that shall be based on the adjusted
7 statewide education spending cap set in subsection (a) of this section. The
8 district total education spending cap shall be determined in each fiscal year by
9 the district per pupil education spending cap multiplied by the district's current
10 year equalized pupil count.

11 (c) Definitions. As used in this section:

12 (1) "District allowable growth rate" means the per pupil education
13 spending growth factor divided by the district spending index.

14 (2) "District per pupil education spending cap" means one plus the
15 district allowable growth rate multiplied by the district's prior year per pupil
16 education spending amount.

17 (3) "District spending index" means a district's prior year per pupil
18 education spending divided by statewide average prior year per pupil education
19 spending.

20 (4) "Per pupil education spending growth factor" means the rate set by
21 the Agency of Education such that the sum of the district total education

1 spending cap for all districts is equal to the adjusted statewide education
2 spending cap.

3 (5) “Total education spending growth factor” means statewide total
4 education spending in the prior year, increased by the most recent New
5 England Economic Project Cumulative Price Index, as of November 15, for
6 state and local government purchases of goods and services from the previous
7 fiscal year through the fiscal year for which the amount is being determined,
8 plus an additional one-tenth of one percent.

9 Sec. 2. EXTRAORDINARY SPENDING WAIVERS

10 (a) Definitions. As used in this section:

11 (1) “Eligible school district” means a school district that demonstrates a
12 hardship that requires an extraordinary spending waiver.

13 (2) “Extraordinary spending” means a school district with costs that are
14 unusual, unique, or above the district total education spending cap amount, set
15 forth in Sec. 1 of this act, of such costs borne by a district, including the
16 following

17 (A) extraordinary special education needs in the district;

18 (B) extraordinary transportation needs in the district;

19 (C) significant expenditures related to buildings, ground, or
20 physical plan;

21 (D) significant fluctuations in pupil enrollment; or

1 (E) extraordinary and unique needs of the population served by
2 the district.

3 (3) "School district" means a town, city, incorporated, interstate, or
4 union school district or a joint contract school established under 16 V.S.A.
5 chapter 11.

6 (b) Extraordinary spending waiver.

7 (1) Notwithstanding any other provision of law, the Agency shall award
8 extraordinary spending waivers on a competitive basis to eligible school
9 districts that demonstrate extraordinary spending needs in an amount not to
10 exceed \$10,000,000.00 in each fiscal year. The Agency may partially grant a
11 waiver request, or grant or deny the request in its entirety.

12 (2) The Agency shall prioritize waivers based on a number of factors,
13 including:

14 (A) opportunities for cost reduction through consolidation;

15 (B) sudden and unpredictable fluctuations in student needs; and

16 (C) student to staff ratios.

17 (c) Application process.

18 (1) An eligible school district shall apply for a waiver by October 31
19 each year.

20 (2) The Agency shall award a waiver to each eligible school district by
21 December 31 each year.

1 (d) Administrative control. If an eligible school district applies for a
2 waiver under this section, then the Agency is authorized to assume
3 administrative control of the school district to make spending allocations for
4 that district, including staffing decisions, only to the extent necessary to reduce
5 spending.

6 (e) Appeal. An eligible school district has no right to appeal any decision
7 of the Agency to deny or partially grant a waiver under this section.

8 (f) Rules. The Agency shall adopt rules to administer this section.

9 Sec. 3. NONOPERATING DISTRICTS

10 Notwithstanding any other provisions of law, in the case of nonoperating
11 districts, in no case shall elementary and secondary tuition, as appropriate, paid
12 by a district exceed the highest amount of tuition paid by the district for one
13 student in the fiscal year for which the amount is being determined, increased
14 by the district allowable growth rate in Sec. 1 of this act. A public school
15 district shall not charge any additional tuition to the student, the student's
16 parent or guardian, or the student's school district of residence, but may
17 require the student or the student's parent or guardian to pay fees and other
18 charges that nonpublicly funded students are also required to pay. If a district
19 provides for the education of its resident students both by operating a school
20 for all students in one or more grades and by paying tuition for all students in
21 the remaining grade or grades, then the provisions of Secs. 1 and 2 shall apply

1 to that portion of the district's budget that is not attributable to tuition
2 payments.

3 Sec. 4. SUNSET

4 On July 1, 2019, Secs. 1–3 of this act (creating the education spending cap
5 and the extraordinary spending waivers) shall cease to exist.

6 Sec. 5. EFFECTIVE DATE

7 This act shall take effect on July 1, 2015, and shall be applied to the
8 2016–2017 school year.