

**H.361**  
**Outline of Potential Senate Education Committee Strike-All Amendment**  
**(4/21/2015; draft 3.2)**  
***DRAFT!!***

**\*\*\* Findings \*\*\***

Sec. 1. Findings

**\*\*\* Preferred Educational Governance Structure; Alternative Structure \*\*\***

Sec. 2. Preferred Educational Governance Structure; Alternative Structure

(a) In order to:

- provide substantial equity in quality and variety of educational opportunities
- maximize operational efficiencies through greater flexibility to manage, share, transfer
- promote transparency and accountability

the preferred educational governance structure is a single school district that:

- is responsible for education of all resident PreK-12 students
- is its own supervisory district (SD)
- has a minimum average daily membership (ADM) of 900
- assumes one of 4 most common structures:
  - (1) operates PK/K-12
  - (2) operates PK/K-8; tuitions 9-12
  - (3) operates PK/K-6; tuitions 7-12
  - (4) tuitions PK/K-12

(b) The preferred educational governance model in (a) is not necessarily possible or the best means of achieving VT's education goals in all regions of the State – So...

- an SU composed of multiple member districts, each with its own board, can meet goals
- *particularly* if:
  - (1) the member districts consider themselves collectively responsible for education of all resident PK-12 students in the SU
  - (2) the SU maximizes efficiencies, economies of scale, flexibility, etc.
  - (3) the SU has the smallest number of member school districts
    - if possible, through merger of districts w/ similar operating / tuitioning patterns

**\*\*\* Intent; Protections \*\*\***

Sec. 3. School Closure; Small Schools; Tuition-Paying Districts; Operating Districts; Protection; Intent

- (a) No intent to close schools; nothing in act requires or should be construed to require it
- (b) No intent to close small schools, but rather intent is to make sure they have opportunity for expanded educational opportunities and economies of scale available in a larger, more flexible governance model
- (c) Standard language giving total protection to districts that tuition their students and districts that operate schools and districts that do some of both – to continue to do so if they choose to do so

**\*\*\* Voluntary Merger Incentives; REDS \*\*\***

Secs. 4–5. RED Incentives; Eligibility

- Current law: operational by FY 2018 (July 1, 2017)
- Sec. 2.: operational by FY 2021 (July 1, 2020) / Sec. 3 fixes typo

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

Sec. 6. Accelerated Activity = Enhanced Incentives

- (a) Receive incentives in (b) if:
- (1) an existing SU becomes an SD by merging into a unified union school district (and, in addition, could also merge with a neighboring supervisory district)
  - (2) positive electorate vote after June 30, 2015 and before July 1, 2016
  - (3) responsible for education or PK–12
  - (4) is its own SD
  - (5) minimum ADM of 900
  - (6) operates one of the common governance structures listed in Sec. 2(a)(1)-(3)
  - (7) operational on or before July 1, 2017
  - (8) provides data at Secretary’s request and otherwise assists

## (b) Incentives:

(1) Either:

(A) \$0.10 / 0.10 / 0.08 / 0.06 / 0.04 homestead tax reduction for first 5 years

OR

(B) Accelerated Action Incentive Grant: \$400 multiplied by ADM; in first year

(2) Merger Support Grant (FY16 Small School Grant) in first 5 years of operation

(3) Transition Facilitation Grant: in first year of operation, receives lesser of

(A) \$150,000

(B) 5% Base Ed Amt multiplied by ADM

*[not mentioned here – but also continue w/ 3.5% HH per Sec. 14 in FY21 and after]*

(c) REDs – if also eligible for RED incentives, cannot receive duplicative RED incentives

(d) Secretary collects / analyzes data; reports to legislative c'ees annually through 2021

**\*\*\* Facilitating Voluntary Governance Transitions \*\*\***Sec. 7. SU Boundary Changes

- Clarifies current authority for districts to ask for SU boundary change if putting another district in a different SU facilitates merger of the petitioning districts

**\*\*\* Small Schools Grants / Merger Support Grants \*\*\***Sec. 8. Merger Support Grants

- Current Law: Small Schools Grant becomes Merger Support Grant for 5 years if become a RED (or one of the variations)
- Sec. 8 extends Merger Support Grants for 5 years for new districts meeting same standards as accelerated mergers in Sec. 6, *BUT* that are operational after June 30, 2017 and on or before July 1, 2020 (which is later than accelerated action deadline)

Secs. 9–10. Small School Grants

- Only if school is geographically isolated from another school that has capacity
- SBE to adopt, publish, and update guidelines for determining eligibility
- Effective July 1, 2016 (FY 2017)
- Transition for ineligible districts (that aren't receiving it as merger support grant):
  - FY 2017 – 2/3 of FY2016 amount
  - FY 2018 – 1/3 of FY2016 amount
  - FY 2019 – none except if geographically isolated from school w/ capacity

**\*\*\* Declining Enrollment; Equalized Pupils; 3.5% Hold-Harmless \*\*\***

Secs. 11–12. 3.5% Hold Harmless; Remove Tail

- Removes “tail” in FY 2017 so 3.5% applies to actual, not inflated, count
- Effective July 1, 2016 (FY 2017)
- 3 year transition for districts (if transitioning, then applies fully in FY 2019)

Sec. 13. 3.5% Hold Harmless; Repeals

- Except as in Sec. 14, Repeals 3.5% protection on July 1, 2020 (FY 2021)

Sec. 14. 3.5% Hold Harmless; Grandfathered Districts

- FY 2021 and after: 3.5% hold-harmless applies only if *on or before July 1, 2020*:
  - eligible for RED incentives OR
  - eligible for accelerated action incentives per Sec. 6 OR
  - merged into preferred governance model (Sec.2(a))

**\*\*\* Reduced Time to Receive Some Current Incentives \*\*\***

Sec. 15. Existing Incentives for Other Joint Activity

- Moves eligibility deadline for other incentives (reimbursement and grants) from July 1, 2017 to December 31, 2015

**\*\*\* SUs; LEAs \*\*\***

Sec. 16. SU is LEA for federal accountability (AYP) determinations

**\*\*\* Duties of Supervisory Unions; Failure to Comply; Tax Penalties \*\*\***

Sec. 17. Failure to Comply with SU Duty to Provide Services to Districts

- After notice, hearing, and opportunity to remediate
- If SU/district(s) fail to comply with current law re: SU duties performed for districts
- Then tax rates for each district increased by 5 % until compliance
- But if lack of compliance due to one district, then increase applies only to that district
- Effective July 1, 2016; but tax rates not subject to increase until FY 2018

**\*\*\* Transitioning Employees to New Employer \*\*\***

Sec. 18. Transitioning Employees – codifying pre-existing session law

**\*\*\* Union School District; Definition \*\*\***

Sec. 19. Union School District; Definition

- Current definition requires that district operates kindergarten – grade 12
- Amends definition so can also include tuition payment for some or all grades

**\*\*\* AHS / AOE \*\*\***

Sec. 20. AHS / AOE Coordination – study and proposal

**\*\*\* Quality Assurance & Accountability \*\*\***

Sec. 21. Authorities of State Board of Education in re: EQS

- For failure to meet or progress toward meeting Education Quality Standards (EQS)
  - Clarifies actions currently authorized to take in 16 V.S.A. § 165(b):
    - AOE provides additional technical assistance
    - SBE adjusts SU boundaries or duties of SU
    - AOE assumes administrative control to extent necessary
    - SBE closes school(s) and requires tuitioning
  - Adds authority to merge districts if necessary to achieve / move toward EQS
- Effective on 7/1/2020

Sec. 22. Quality Assurance Reviews and Reports

Secretary reviews, evaluates, and keeps SBE apprised of:

- (1) discussions, studies, and activities of school districts re: voluntarily creating unified union school district in preferred structure (Sec. 2(a))
- (2) data and other information collected from accelerated activity per Sec. 6, from REDS, and from other finalized mergers into preferred governance structure
- (3) data collected in connection with EQS, and related on-site quality reviews, including data and information regarding several specified areas of interest

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

Sec. 23. Optional Self-Evaluation, Meetings, and Declaration

A district that is not organized per the preferred governance structure in Sec. 2(a) and that will not be in that structure as of July 1, 2020, may choose to pursue any or all (or none) of the following actions before July 1, 2019:

(1) Self-evaluation – the district’s school board may choose to evaluate the quality and variety of educational opportunities it offers and its operational efficiencies

(2) Meetings – the district’s school board may choose to meet with other school boards, including those representing districts with similar operational and tuition-paying patterns, to discuss ways to promote the following throughout the region:

- quality, variety, and equity of educational opportunities
- operational efficiencies, including flexibility
- transparency and accountability

(3) Declaration – the district’s school board may choose to file a three-part declaration with the Secretary and State Board either on its own or in connection with other districts:

(A) declares intent to retain current governance structure OR to form a different structure with other district(s) or otherwise act jointly (*e.g.*, by contract)

(B) demonstrates through enrollment projects; ratios, comprehensive data provided in EQS process, and otherwise how its stated intention in (A) supports:

- high quality, varied, equitable educational opportunities
- maximization of operational efficiencies (through flexible arrangements)
- transparency and accountability

(C) identifies actions to continue to improve the items listed under (B) above

Sec. 24. Fiscal Year 2021; Transition to Sustainable Governance Structures

(a) Goals; Secretary’s proposal. In order to:

- provide substantial equity in quality and variety of educational opportunities
- maximize operational efficiencies through greater flexibility to manage, share, transfer
- promote transparency and accountability

Secretary reviews:

- governance structures of school districts / SUs statewide as they will be on July 1, 2020
- any declarations submitted pursuant to Sec. 23
- conversations with districts, including those submitting a declaration per Sec. 23

By April 1, 2020 Secretary develops, publishes on website, and presents to SBE a *proposal*:

- to the extent *necessary* to promote the three bulleted items under (a) above
- that would move districts into the more sustainable, preferred model in Sec 2(a)
- BUT IF it's not possible or practicable to move to 2(a) model (*e.g.*, per Sec. 3(c)'s protection for tuition paying and operating towns; ADM; etc.), THEN proposal may include alternative governance models as necessary (including an SU with member districts) *designed to promote* the three bulleted items immediately under (a) above provided the proposed alternative model shall be designed to:
  - ensure adherence to Sec. 3(c)'s protection for tuition paying and operating towns
  - promote equity of opportunities, financial efficiencies, accountability, and transparency in a sustainable governance structure

**Version #1 of subsections (b) and (c)**

(b) State Board's Order. By December 31, 2020, the SBE:

- reviews and analyzes Secretary's proposal
- may take testimony or ask for additional information from districts and SUs
- shall approve either the proposal as submitted OR in an amended form that adheres to subsection (a) above
- publishes the order realigning districts and SUs where necessary

(c) Operational Date. new districts and realigned SUs are operational by July 1, 2022

**Version #2 of subsections (b) and (c)**

(b) State Board's Proposed Plan. By December 31, 2020, the SBE:

- reviews and analyzes Secretary's proposal
- may take testimony or ask for additional information from districts and SUs
- shall approve either the proposal as submitted OR in an amended form that adheres to subsection (a) above
- publishes the SBE's proposed plan realigning districts and SUs where necessary
- submits the SBE's proposed plan to the General Assembly

(c) General Assembly. It is the **intent** of the 2015 General Assembly that:

- After review of the SBE's proposed plan AND receipt of testimony from the public and interested parties:
  - The 2021–2022 General Assembly shall enact the proposed plan either as submitted by the SBE or in an amended form that:
    - adheres to subsection (a) above AND
    - establishes a date by which any new district or realigned SU shall be operational

(d) Applicability. Section does NOT apply to:

- interstate school districts
- career technical education school districts (3)
- unified union school districts that voluntarily merged per RED process or under this act between 6/30/2013 and 7/2/2020

**\* \* \* Limited Service Technical Assistance Position \* \* \***

Sec. 25. Limited Service Technical Assistance Position in AOE

- to assist districts
- position authorized ONLY if paid SOLELY through non-State funds

**Does not address:**

- **Yield**
- **FY 2016 Tax Rates**
- **Capital Construction**