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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

6 **[NOTE:** *Changes from draft 1.2 are highlighted in yellow, as are all*

7 *proposed dates. The order of Secs. has been changed since draft 1.2.]*

8 An act relating to

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

10 *** * * Education Policy Goals * * ***

11 **Sec. 1. PURPOSE; POLICY GOALS [Sec. 1 is ALL NEW]**

12 By enacting this legislation, the General Assembly intends to move the
13 State towards integrated educational systems that are responsible for the
14 education of all resident students in prekindergarten through grade 12. The
15 General Assembly has designed the legislation to encourage and support local
16 decisions and actions that:

17 (1) promote equity in the quality and variety of educational
18 opportunities available throughout the State;

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1 (2) enable Vermont schools to meet or exceed the education quality
2 standards set forth in 16 V.S.A. § 165, including goals established by the
3 school in the continuous improvement plan it develops pursuant to that section;

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

6 (4) strengthen the viability of the State’s small schools;

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

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

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

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

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

16 ***** Yield; Dollar Equivalent; Property Tax Adjustment Lag /**

17 **Withholding *****

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 16
5 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 this calculation, the
12 Commissioner shall assume the nonresidential base tax rate in 32 V.S.A.
13 § 5402(a)(1) bears the same proportional relationship to the homestead base
14 tax rate that it does in the current fiscal year. Annually, on or before the
15 following January 1, the Commission shall publicize to each district his or her
16 recommendation regarding the dollar equivalent for the following fiscal year.

17 ~~(b) If the Commissioner makes a recommendation to the General Assembly~~
18 ~~to adjust the education tax rates under section 5402 of this title, the~~
19 ~~Commissioner shall also recommend a proportional adjustment to the~~
20 ~~applicable percentage base for homestead income based adjustments under~~

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1 ~~section 6066 of this title, but the applicable percentage base shall not be~~
2 ~~adjusted below 1.94 percent.~~

3 (c) [Repealed.]

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

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

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

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

18 (i) the applicable percentage of household income for the ~~taxable~~
19 claim year; plus

20 (ii) the statewide education tax rate, multiplied by the equalized
21 value of the housesite in the taxable year in excess of \$500,000.00.

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1 (C) For a claimant whose household income does not exceed
2 \$47,000.00, the statewide education tax rate, multiplied by the equalized value
3 of the housesite in the ~~taxable~~ claim year, minus the lesser of:

4 (i) the sum of the applicable percentage of household income for
5 the ~~taxable~~ claim year plus the statewide education tax rate, multiplied by the
6 equalized value of the housesite in the ~~taxable~~ claim year in excess of
7 \$500,000.00; or

8 (ii) the statewide education tax rate, multiplied by the equalized
9 value of the housesite in the ~~taxable~~ claim year reduced by \$15,000.00.

10 (2) "Applicable percentage" in this section means two percent, multiplied
11 by the district spending adjustment under subdivision 5401(13) of this title for
12 the property tax year which begins in the claim year for the municipality in
13 which the homestead residence is located; but in no event shall the applicable
14 percentage be less than two percent.

15 * * *

16 **[NOTE: MAY REQUIRE LANGUAGE MOVING UP PROPERTY**

17 **ASSESSMENT DATE FROM APRIL 15 TO AN EARLIER DATE]**

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

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

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1 * * * **Ballot Language; Per Pupil Spending** * * *

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

3 § 563. POWERS OF SCHOOL BOARDS; FORM OF VOTE ~~IF BUDGET~~
4 ~~EXCEEDS BENCHMARK AND DISTRICT SPENDING IS ABOVE~~
5 ~~AVERAGE~~

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

8 * * *

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

12 ~~(B) If the proposed budget contains education spending in excess of~~
13 ~~the Maximum Inflation Amount, and the district's education spending per~~
14 ~~equalized pupil in the fiscal year preceding the year for which the budget is~~
15 ~~proposed was in excess of the statewide average district education spending~~
16 ~~per equalized pupil in that same fiscal year, as determined by the Secretary,~~
17 ~~then in lieu of any other statutory or charter form of budget adoption or budget~~
18 ~~vote, the board shall present the budget to the voters by means of a divided~~
19 ~~question, in the form of vote provided in subdivision (ii) of this subdivision~~

20 ~~(11)(B):~~

21 ~~(i) "Maximum Inflation Amount" in this section means:~~

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

11 ~~(II) multiplied by the higher of the following amounts as~~
12 ~~determined by the Secretary: (aa) the district's equalized pupil count in the~~
13 ~~fiscal year preceding the year for which the budget is proposed; or (bb) the~~
14 ~~district's equalized pupil count in the fiscal year for which the budget is~~
15 ~~proposed.~~

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

17 ~~"The total proposed budget of \$_____ is the amount determined~~
18 ~~by the school board to be necessary to support the school district's educational~~
19 ~~program. State law requires the vote on this budget to be divided because (i)~~
20 ~~the school district's spending per pupil last year was more than the statewide~~

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1 ~~average and (ii) this year's proposed budget is greater than last year's budget~~
2 ~~adjusted for inflation.~~

3 ~~"Article #1 (School Budget):~~

4 ~~Part A. Shall the voters of the school district authorize the school~~
5 ~~board to expend \$ _____/t, which is a portion of the amount the school board~~
6 ~~has determined to be necessary?~~

7 ~~Part B. If Part A is approved by the voters, shall the voters of the~~
8 ~~school district also authorize the school board to expend \$ _____/t, which is~~
9 ~~the remainder of the amount the school board has determined to be necessary?"~~

10 (C) At a school district's annual or special meeting, the electorate
11 may vote to provide notice of availability of the school budget required by this
12 subdivision to the electorate in lieu of distributing the budget. If the electorate
13 of the school district votes to provide notice of availability, it must specify how
14 notice of availability shall be given, and such notice of availability shall be
15 provided to the electorate at least 30 days before the district's annual meeting.
16 The proposed budget shall be prepared and distributed at least ten days before
17 a sum of money is voted on by the electorate. Any proposed budget shall show
18 the following information in a format prescribed by the Secretary:

19 (i) all revenues from all sources, and expenses, including as
20 separate items any assessment for a supervisory union of which it is a member
21 and any tuition to be paid to a career technical center; and including the report

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1 required in subdivision 242(4)(D) of this title itemizing the component costs of
2 the supervisory union assessment;

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

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

9 (iv) the definition of "education spending," the number of pupils
10 and number of equalized pupils in the school district, and the district's
11 education spending per equalized pupil in the proposed budget and in each of
12 the prior three years.

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

15 “Article #1 (School Budget):

16 The total proposed budget of \$_____ is the amount determined by
17 the school board to be necessary to support the school district’s educational
18 program. It is estimated that this proposed budget, if approved, will result in
19 education spending of \$_____ per equalized pupil. This projected spending per
20 equalized pupil is _____ % higher/lower than spending for the current year.

21 Shall the voters of the school district approve the school board to expend

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1 \$ _____, which is the amount the school board has determined to be
2 necessary for the ensuing fiscal year?”

3 Sec. 8. REPEAL

4 16 V.S.A. § 4001(6)(A) (divided voted; exceptions to education spending)
5 is repealed on July 1, 2015.

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

7 () Secs. 7 and 8 (ballot language; per pupil spending) shall take effect on
8 July 1, 2015.

9 *** * * Small School Support * * ***

10 Sec. 9. 16 V.S.A. § 4015 is amended to read:

11 § 4015. SMALL SCHOOL SUPPORT

12 (a) In this section:

13 (1) “Eligible school district” means a school district that operates at least
14 one school, has been determined by the State Board of Education to be eligible
15 due to geographic necessity; and

16 ~~(A) has a two year average combined enrollment of fewer than 100~~
17 ~~students in all the schools operated by the district; or~~

18 ~~(B) has an average grade size of 20 or fewer.~~

19 * * *

20 (7) “Eligible due to geographic necessity” means that the State Board of
21 Education has determined, on an annual basis, that the driving times, distances,

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1 and travel routes are an obstacle to transporting students, consistent with the
2 methodology used by the Secretary in response to 2009 Acts and Resolves
3 No. 153, Sec. 21(1). A determination by the State Board of Education of
4 whether a district is eligible due to geographic necessity under this section
5 shall be final.

6 * * *

7 (c) ~~Small schools financial stability grant: In addition to a small schools~~
8 ~~support grant, an eligible school district whose two year average enrollment~~
9 ~~decreases by more than 10 percent in any one year shall receive a small~~
10 ~~schools financial stability grant. However, a decrease due to a reduction in the~~
11 ~~number of grades offered in a school or to a change in policy regarding paying~~
12 ~~tuition for students shall not be considered an enrollment decrease. The amount~~
13 ~~of the grant shall be determined by multiplying 87 percent of the base~~
14 ~~education amount for the current fiscal year, by the number of enrollment, to~~
15 ~~the nearest one hundredth of a percent, necessary to make the two year~~
16 ~~average enrollment decrease only 10 percent. [Repealed.]~~

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

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1 (e) In the event that a school or schools that have received a grant under
2 this section merge in any year following receipt of a grant, and the
3 consolidated school is not eligible for a grant under this section or the small
4 school grant for the consolidated school is less than the total amount of grant
5 aid the schools would have received if they had not combined, the consolidated
6 school shall continue to receive a grant for three years following consolidation.

7 The amount of the annual grant shall be:

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

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

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

14 Sec. 10. SMALL SCHOOL SUPPORT; TRANSITION; REGIONAL
15 EDUCATION DISTRICT MERGER SUPPORT GRANT

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

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

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

7 (d) Merger support grant. If the merging districts of a RED included at
8 least one “eligible school district,” as defined in 16 V.S.A. § 4015, that had
9 received a small school support grant under section 4015 in the fiscal year two
10 years prior to the first fiscal year of merger, then the RED shall ~~be eligible~~
11 continue to receive a merger support grant ~~in each of its first five fiscal years~~
12 annually in an amount equal to the small school support grant received by the
13 eligible school district in the fiscal year two years prior to the first fiscal year
14 of merger. If more than one merging district was an eligible school district,
15 then the merger support grant shall be in an amount equal to the total combined
16 small school support grants they received in the fiscal year two years prior to
17 the first fiscal year of merger. Payment of the grant under this section shall
18 continue annually until explicitly repealed by act of the General Assembly;
19 provided, however, that the Secretary shall discontinue payment of the grant in
20 the fiscal year following closure by the merged district of a school located in
21 what had been an “eligible school district” prior to merger.

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

2 () Secs. 9 and 10 (small school support) shall take effect on July 1, 2016,

3 and shall apply to grants made in fiscal year 2017 and after.

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

5 ***** Declining Enrollment; Equalized Pupils; 3.5 Percent Limit *****

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

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

11 **Sec. 13. DECLINING ENROLLMENT; TRANSITION [Concept in Sec. 13**

12 **is NOT NEW; process and language in Sec. 13 are ALL NEW]**

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

16 (b) If a district's equalized pupils in fiscal year 2016 reflect adjustment
17 pursuant to 16 V.S.A. § 4010(f), then, notwithstanding the provisions of
18 § 4010(f) as amended by this act:

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

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

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

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

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

8 * * * **Special Education; Funding; Average Daily Membership** * * *

9 Sec. 14. SPECIAL EDUCATION; FUNDING; AVERAGE DAILY

10 MEMBERSHIP; STUDY AND PROPOSAL

11 On or before January 15, 2016, the Secretary of Education shall develop
12 and present to the House and Senate Committees on Education a proposal for
13 an alternative funding model for the provision of special education services in
14 Vermont. In developing the proposal, the Secretary shall

15 (1) consult with experts in the provision or funding of special education
16 services;

17 (2) consider the report regarding the use of paraprofessionals to provide
18 special education services required by the General Assembly pursuant to 2014
19 Acts and Resolves No. 95, Sec. 79a;

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1 (3) consider ways in which some portion of State funds for special
2 education services could be provided to school districts or supervisory unions
3 based on average daily membership; and

4 (4) consider ways in which the proposal could also help to reduce
5 administrative responsibilities at the local level and increase flexibility in the
6 provision of services.

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

8 () Sec. 14 (special education funding; average daily membership) shall
9 take effect on passage.

10 *** * * Publicly-Funded Tuition; Vermont Schools * * ***

11 Sec. 15. 16 V.S.A. § 822(a) is amended to read:

12 (a) Each school district shall maintain one or more approved high schools
13 in which high school education is provided for its resident students unless:

14 (1) the electorate authorizes the school board to close an existing high
15 school and to provide for the high school education of its students by paying
16 tuition to a public high school, an approved independent high school, or an
17 independent school meeting school quality standards, to be selected by the
18 parents or guardians of the student, within ~~or outside~~ the State; or

19 (2) the school district is organized to provide only elementary education
20 for its students.

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1 Sec. 16. 16 V.S.A. § 828 is amended to read:

2 § 828. TUITION TO APPROVED SCHOOLS; AGE; APPEAL

3 (a) A school district shall not pay the tuition of a student except to a public
4 school, an approved independent school, an independent school meeting school
5 quality standards, a tutorial program approved by the State Board, an approved
6 education program, ~~or an independent school in another state or country~~
7 ~~approved under the laws of that state or country, nor shall~~ located in Vermont,
8 or an interstate school district. The payment of tuition on behalf of a person
9 shall not be denied on account of age. Unless otherwise provided, a person
10 who is aggrieved by a decision of a school board relating to eligibility for
11 tuition payments, the amount of tuition payable, or the school he or she may
12 attend, may appeal to the State Board and its decision shall be final.

13 (b) Notwithstanding subsection (a) of this section, a school district may pay
14 tuition to a public or independent school in another state or country approved
15 under the laws of that state or country if by doing so the district is providing
16 for the education of:

17 (1) all resident students in one or more grades pursuant to:

18 (A) subsection 827(e) or section 835 of this title; or

19 (B) a determination by the State Board that payment of tuition to a
20 school outside Vermont is authorized due to geographic necessity because
21 driving times, distances, and travel routes are an obstacle to transporting

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1 students to a Vermont school, consistent with guidelines to be developed
2 jointly by the State Board and Secretary;

3 (2) some or all of its career technical education students pursuant to
4 subsection 1531(c) of this title; or

5 (3) a student eligible for special education whose individualized
6 education program requires an out-of-state placement pursuant to chapter 101
7 of this title. [NOTE: removed reference in subdivision (3) to “residential”]
8 [to be moved to EFFECTIVE DATE section]

9 () Secs. 15 and 16 (tuition; schools outside Vermont) shall take effect on
10 July 1, 2015, and shall apply to tuition paid by school districts for the 2016-
11 2017 academic year and after.

12 * * * **Governance Structure; Transition** * * *

13 **Sec. 17. GOVERNANCE TRANSITIONS**

14 ***[Section 17 is revised substantially]***

15 **(a) Supervisory districts.**

16 (1) To advance the goals set forth in Sec. 1 of this act, the school
17 districts within each supervisory union in the State shall merge and each
18 supervisory union shall be a supervisory district on July 1, 2018, except as
19 otherwise provided by this section.

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1 (2) Each supervisory district shall be responsible for the education of all
2 resident students and shall assume the responsibilities currently assigned by
3 law to school districts and supervisory unions.

4 (3) To the extent possible, supervisory districts and alternative
5 governance models approved pursuant to subsection (b) of this section shall
6 have an average daily membership of at least 1,200 students in prekindergarten
7 through grade 12.

8 **(b) Alternative governance proposal.**

9 (1) **Exemption from subsection (a).** Subdivision (a)(1) of this section
10 shall not apply to two or more school districts that, pursuant to the provisions
11 of 16 V.S.A. chapter 11 (union school districts), form a study committee,
12 prepare a report detailing all elements of the proposed alternative governance
13 model, and receive approval on or before July 1, 2017 from both the State
14 Board of Education and from the electorate of all districts identified as
15 “necessary” to the formation of the union school district.

16 (2) **Proposal to retain current governance structure.** The alternative
17 governance proposal presented pursuant to this subsection (b) may include a
18 provision that a district that participated in the statutorily required study
19 committee shall maintain its current governance structure. Subdivision (a)(1)
20 of this section shall not apply to the district, and the district shall retain its
21 current governance structure, if the proposal receives approval on or before

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1 July 1, 2017 from both the State Board and from the electorate of [all
2 “necessary” districts / that district] pursuant to the provisions of 16 V.S.A.
3 chapter 11. Use of the word “district” in this subdivision (2) does not preclude
4 approval of a proposal that includes provisions for more than one district to
5 retain its current governance structure.

6 **(3) State Board evaluation and approval.**

7 (A) When the State Board evaluates a proposal presented pursuant to
8 this subsection (b), it shall consider whether the proposal is designed to
9 advance the goals set forth in Sec. 1 of this act by:

10 (i) providing equitable access to high quality educational
11 opportunities that meet the educational quality standards adopted by the State
12 Board pursuant to 16 V.S.A. § 165;

13 (ii) fostering stable leadership by developing and supporting both
14 school and district leaders;

15 (iii) hiring, training, supporting, and retaining excellent
16 administrators, teachers, and staff;

17 (iv) maximizing the effective, flexible, and efficient use of fiscal,
18 human, and facility resources to support student achievement and success;

19 (v) promoting budgetary stability, which leads to less volatility for
20 taxpayers;

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1 (vi) accounting for and reporting financial information in
2 accordance with Generally Accepted Accounting Principles and in a manner
3 that promotes transparency and public accountability and supports a statewide
4 integrated data collection system; and

5 (vii) promoting a shared commitment to a strong, flexible, and
6 coherent system.

7 (B) When evaluating proposals under this subsection (b), the State
8 Board shall be mindful of other districts in the region that may become
9 geographically isolated or would otherwise be an inappropriate member of a
10 supervisory district or other alternative governance model. At the request of
11 the State Board, the Secretary shall work with the potentially isolated district
12 and other districts in the region to move towards a governance model that is
13 designed to address the considerations set forth in subdivision (3)(A) of this
14 subsection.

15 (4) **Guidelines.** On or before January 1, 2016, the Secretary shall
16 publish guidelines designed to assist:

17 (A) districts to develop alternative governance proposals that are
18 consistent with the goals set forth in Sec. 1 of this act and are designed to
19 address the considerations set forth in subdivision (3)(A) of this subsection;
20 and

21 (B) the State Board to evaluate the proposals.

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1 (5) **Examples.** The union school district created under this subsection

2 (b) may assume any form approved by the State Board, including:

3 (A) a regional education district (RED) or any other district eligible
4 to receive RED incentives pursuant to 2010 Acts and Resolves No. 153, as
5 amended by 2012 Acts and Resolves No. 156 and 2013 Acts and Resolves No.
6 56, Sec. 3;

7 (B) a supervisory district that provides for the education of all
8 resident students in one or more grades by operating a school or schools and
9 provides for the education of all resident students in the remaining grades by
10 paying tuition or by designating a school, or both; or

11 (C) a union school district that provides solely for the education of all
12 resident elementary students, all resident secondary school students, or all
13 resident students in some other configuration of grades.

14 (5) **Supervisory unions.** If the State Board concludes that an
15 alternative governance model proposed under this subsection (b) is best able to
16 promote the goals of this act through the creation or continuation of a
17 supervisory union to provide services on behalf of member districts, then the
18 State Board shall approve the proposal only if the affected districts present a
19 process by which the electorate shall vote directly whether to approve the
20 proposed supervisory union budget. Pursuant to 16 V.S.A. § 261(d), the State

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1 Board may waive requirements of 16 V.S.A. chapters 5 and 7 to facilitate the
2 vote.

3 **(c) Prekindergarten–grade 12 nonoperating school districts.**

4 (1) Subdivision (a)(1) of this section shall not apply to a school district
5 that does not operate a school and provides for the education of its resident
6 prekindergarten–grade 12 students by paying tuition (preK–12 nonoperating
7 district).

8 (2) Pursuant to its authority under 16 V.S.A. § 261 to “regroup the
9 supervisory unions of the State or create new supervisory unions,” the State
10 Board of Education shall regroup all preK–12 nonoperating districts in the
11 State into one or more nonoperating supervisory districts effective July 1,
12 2017.

13 (3) The State Board of Education shall determine whether it is in the
14 best interest of the State, the students, and the preK–12 nonoperating district or
15 districts for the State Board to serve as the school board for purposes of paying
16 tuition and overseeing special education services, or whether those functions
17 are best provided through some other governance model.

18 **(d) Interstate school districts.** Subdivision (a)(1) of this section shall not
19 apply to interstate school districts.

20 **(e) Statutory amendments.** On or before December 1, 2015, the Office of
21 Legislative Council shall provide to the House and Senate Committees on

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1 Education, the House Committee on Ways and Means, and the Senate
2 Committee on Finance proposed statutory amendments necessary to
3 accomplish the purpose of this section and reflect the governance changes it
4 requires.

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

6 () Sec. 17 (governance transitions) shall take effect on July 1, 2015, and
7 shall apply to fiscal year 2018 (academic year 2017–2018) and after.

8 ***** Transition of Employees *****

9 **[Sec. 18 – ALL NEW to this draft – language under development – TO BE**

10 **INSERTED IN A LATER DRAFT or HANDED OUT SEPARATELY]**

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

12 () Sec. 18 (transition of employees) shall take effect on July 1, 2015, and
13 shall apply to _____.

14 ***** Voluntary Mergers; Incentives *****

15 **[Secs. 19 and 20 – ALL NEW to this draft]**

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

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

18 (a) Program created. There is created a school district merger incentive
19 program under which the incentives outlined in Sec. 4 of this act shall be
20 available to each new unified union school district created pursuant to Sec. 3 of
21 this act and to each new district created under Sec. 3 of this act by the merger

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1 of districts that provide education by paying tuition; and to the Vermont
2 members of any new interstate school district if the Vermont members jointly
3 satisfy the size criterion of Sec. 3(a)(1) of this act and the new, merged district
4 meets all other requirements of Sec. 3 of this act. Incentives shall be available,
5 however, only if the ~~effective date of merger is on or before~~ electorate
6 approves the merger prior to July 1, 2017. [**QUESTION:** *Extend date to ___?*]

7 **Sec. 20. 2010 Acts and Resolves No. 153, Sec. 4, as amended by 2012 Acts**
8 **and Resolves No. 156, Sec. 13, is further amended to read:**

9 Sec. 4. VOLUNTARY SCHOOL DISTRICT MERGER; INCENTIVES

10 * * *

11 (h) ~~This section is repealed on July 1, 2017.~~ The incentives provided in
12 this section shall be available only if the electorate approves the plan of merger
13 prior to July 1, 2017. [**QUESTION:** *Extend date to ___?*]

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

15 () Secs. 19 and 20 (REDS; incentives for merger; effective dates) shall
16 take effect on passage.

17 * * * **Data; Quality Assurance; Accountability** * * *

18 **Sec. 21. DATA; QUALITY ASSURANCE; ACCOUNTABILITY** [**Sec. 21 is**
19 **ALL NEW**]

20 On or before July 1, 2017:

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1 (1) the Agency of Education shall have fully implemented statewide,
2 integrated systems to maintain financial reporting and accounting data and
3 longitudinal student data that are designed to measure and to compare on a
4 district-to-district basis:

5 (A) the quality and variety of educational opportunities available to
6 students throughout the State;

7 (B) student outcomes; and

8 (C) financial costs; and

9 (2) each supervisory union and school district shall have the
10 technological ability to provide all requested data to both data systems and
11 access all data to which they are entitled under State and federal privacy laws,
12 and shall follow protocols to be developed by the Agency by which they
13 transition the data systems, if necessary, to the Education Districts.

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

15 () Sec. 21 (data; quality assurance; accountability) shall take effect on July
16 1, 2015.

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1 ***** Principals and Superintendents *****

2 **Sec. 22. PRINCIPALS AND SUPERINTENDENTS; STUDY AND**

3 **PROPOSAL [Sec. 22 is ALL NEW]**

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

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

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

13 ***** Contract Imposition; Strikes; Binding Interest Arbitration *****

14 **Sec. 23. CONTRACT IMPOSITION; STRIKES; BINDING INTEREST**

15 **ARBITRATION [Sec. 23 is ALL NEW]**

16 On or before January 15, 2016, the Secretary of Education, in consultation
17 with the Vermont School Boards Association and the Vermont – National
18 Education Association, shall evaluate current collective bargaining laws for
19 educators as they relate to the imposition of contracts, strikes, and binding
20 interest arbitration and shall recommend any proposals for legislative changes
21 to the House and Senate Committees on Education.

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

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

4 *** * * Education Mandates; Moratorium * * ***

5 Sec. 24. EDUCATION PROPERTY TAX RATE INCREASES;

6 MORATORIUM

7 (a) Notwithstanding 16 V.S.A. § 4028(d) and 2 V.S.A. § 502(b)(2), the
8 Joint Fiscal Office (JFO) shall prepare a fiscal note for any legislation
9 proposed during the 2015–2016 biennium that JFO believes may have the
10 effect of increasing the education property tax rate, regardless of whether the
11 proposed legislation includes a related appropriation or funding mechanism.
12 JFO shall complete the fiscal note no later than the date on which the
13 legislation is considered for a vote of a committee, the House, or the Senate,
14 whichever is earliest.

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

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1 (c) This section shall not apply to legislation annually establishing the base
2 education amount pursuant to 16 V.S.A. chapter 133 or the tax rate pursuant to
3 32 V.S.A. § 5402.

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

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

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

7 *** * * Effective Dates * * ***

8 Sec. 11. EFFECTIVE DATES

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

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