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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 An act relating to _____ **[changes from draft 3.1 and all dates are in yellow]**

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

7 ***** Education Policy Goals *****

8 Sec. 1. EDUCATION POLICY GOALS

9 By enacting this legislation, the General Assembly intends to move the
10 State towards integrated education systems responsible for the equitable
11 delivery of high quality education to all resident prekindergarten through
12 grade 12 students and for stable, affordable education costs. This legislation is
13 designed to encourage and support local decisions and actions that:

14 (1) promote equity in the quality and variety of educational
15 opportunities available throughout the State, regardless of the school's size
16 or location;

17 (2) enable Vermont schools to meet or exceed the education quality
18 standards set forth in 16 V.S.A. § 165, including goals **to improve student**
19 **performance** established by each school in the continuous improvement plan it

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1 develops pursuant to that section, and to provide a sequential, logical
2 curriculum to all students in the region;

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

5 (4) enhance the possibility that the State’s small schools remain open if
6 they are able to provide students with equitable educational opportunities and
7 improved student performance at a stable, affordable cost;

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

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

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

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

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

17 *** * * Yield; Dollar Equivalent; Property Tax Adjustment Lag * * ***

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~~
5 ~~16 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 of this calculation, the
12 Commissioner shall use a nonresidential base tax rate in 32 V.S.A.
13 § 5402(a)(1) that would result in an equivalent proportional change in both the
14 statewide median nonresident tax bill and the statewide median homestead tax
15 bill for the current fiscal year. When the Commissioner recommends a dollar
16 equivalent for use in the following fiscal year, he or she shall also explain the
17 nonresidential rate used to calculate the dollar equivalent under this subsection.

18 Annually, on or before the following January 1, the Commission shall
19 publicize to each district his or her recommendation regarding the dollar
20 equivalent for the following fiscal year.

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1 ~~(b) If the Commissioner makes a recommendation to the General Assembly~~
2 ~~to adjust the education tax rates under section 5402 of this title, the~~
3 ~~Commissioner shall also recommend a proportional adjustment to the~~
4 ~~applicable percentage base for homestead income based adjustments under~~
5 ~~section 6066 of this title, but the applicable percentage base shall not be~~
6 ~~adjusted below 1.94 percent.~~

7 (c) [Repealed.]

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

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

12 (II) the statewide education tax rate, multiplied by the
13 equalized value of the housesite in the ~~taxable~~ claim year in excess of
14 \$200,000.00.

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

19 (i) the applicable percentage of household income for the taxable
20 year; plus

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

3 (C) For a claimant whose household income does not exceed
4 \$47,000.00, the statewide education tax rate, multiplied by the equalized value
5 of the housesite in the ~~taxable~~ claim year, minus the lesser of:

6 (i) the sum of the applicable percentage of household income for
7 the **taxable** year plus the statewide education tax rate, multiplied by the
8 equalized value of the housesite in the ~~taxable~~ claim year in excess of
9 \$500,000.00; or

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

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

17 * * *

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

19 ***ASSESSMENT DATE FROM APRIL 1 TO AN EARLIER DATE]***

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1

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

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

5 *** * * Ballot Language; Per Pupil Spending * * ***

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

7 § 563. POWERS OF SCHOOL BOARDS; FORM OF VOTE ~~IF BUDGET~~
8 ~~EXCEEDS BENCHMARK AND DISTRICT SPENDING IS ABOVE~~
9 ~~AVERAGE~~

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

12 *** * ***

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

16 ~~(B) If the proposed budget contains education spending in excess of~~
17 ~~the Maximum Inflation Amount, and the district's education spending per~~
18 ~~equalized pupil in the fiscal year preceding the year for which the budget is~~
19 ~~proposed was in excess of the statewide average district education spending~~
20 ~~per equalized pupil in that same fiscal year, as determined by the Secretary,~~
21 ~~then in lieu of any other statutory or charter form of budget adoption or budget~~

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1 ~~vote, the board shall present the budget to the voters by means of a divided~~
2 ~~question, in the form of vote provided in subdivision (ii) of this subdivision~~
3 ~~(11)(B).~~

4 ~~(i) “Maximum Inflation Amount” in this section means:~~

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

15 ~~(II) multiplied by the higher of the following amounts as~~
16 ~~determined by the Secretary: (aa) the district’s equalized pupil count in the~~
17 ~~fiscal year preceding the year for which the budget is proposed; or (bb) the~~
18 ~~district’s equalized pupil count in the fiscal year for which the budget is~~
19 ~~proposed.~~

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

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1 ~~“The total proposed budget of \$_____ is the amount determined~~
2 ~~by the school board to be necessary to support the school district’s educational~~
3 ~~program. State law requires the vote on this budget to be divided because (i)~~
4 ~~the school district’s spending per pupil last year was more than the statewide~~
5 ~~average and (ii) this year’s proposed budget is greater than last year’s budget~~
6 ~~adjusted for inflation.~~

7 ~~“Article #1 (School Budget):~~

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

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

14 (C) At a school district’s annual or special meeting, the electorate
15 may vote to provide notice of availability of the school budget required by this
16 subdivision to the electorate in lieu of distributing the budget. If the electorate
17 of the school district votes to provide notice of availability, it must specify how
18 notice of availability shall be given, and such notice of availability shall be
19 provided to the electorate at least 30 days before the district’s annual meeting.
20 The proposed budget shall be prepared and distributed at least ten days before

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1 a sum of money is voted on by the electorate. Any proposed budget shall show
2 the following information in a format prescribed by the Secretary:

3 (i) all revenues from all sources, and expenses, including as
4 separate items any assessment for a supervisory union of which it is a member
5 and any tuition to be paid to a career technical center; and including the report
6 required in subdivision 242(4)(D) of this title itemizing the component costs of
7 the supervisory union assessment;

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

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

14 (iv) the definition of “education spending,” the number of pupils
15 and number of equalized pupils in the school district, and the district’s
16 education spending per equalized pupil in the proposed budget and in each of
17 the prior three years.

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

20 “Article #1 (School Budget):

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1 ~~the nearest one hundredth of a percent, necessary to make the two year~~
2 ~~average enrollment decrease only 10 percent. [Repealed.]~~

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

7 (e) In the event that a school or schools that have received a grant under
8 this section merge in any year following receipt of a grant, and the
9 consolidated school is not eligible for a grant under this section or the small
10 school grant for the consolidated school is less than the total amount of grant
11 aid the schools would have received if they had not combined, the consolidated
12 school shall continue to receive a grant for three years following consolidation.
13 The amount of the annual grant shall be:

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

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

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

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1 Sec. 10. SMALL SCHOOL SUPPORT; TRANSITION; REGIONAL
2 EDUCATION DISTRICT MERGER SUPPORT GRANT

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

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

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

14 (d) Merger support grant. If the merging districts of a RED included at
15 least one “eligible school district,” as defined in 16 V.S.A. § 4015, that had
16 received a small school support grant under section 4015 in the fiscal year two
17 years prior to the first fiscal year of merger, then the RED shall ~~be eligible~~
18 continue to receive a merger support grant ~~in each of its first five fiscal years~~
19 annually in an amount equal to the small school support grant received by the
20 eligible school district in the fiscal year two years prior to the first fiscal year
21 of merger. If more than one merging district was an eligible school district,

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1 then the merger support grant shall be in an amount equal to the total combined
2 small school support grants they received in the fiscal year two years prior to
3 the first fiscal year of merger. Payment of the grant under this section shall
4 continue annually until explicitly repealed by act of the General Assembly;
5 provided, however, that the Secretary shall discontinue payment of the grant in
6 the fiscal year following closure by the merged district of a school located in
7 what had been an “eligible school district” prior to merger.

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

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

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

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

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

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

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1 Sec. 13. 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 Section 12 shall apply to the
4 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 *[to be moved to EFFECTIVE DATE section]*

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

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

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

18 Sec. 14. SPECIAL EDUCATION; FUNDING; AVERAGE DAILY
19 MEMBERSHIP; STUDY AND PROPOSAL

20 On or before January 15, 2016, the Secretary of Education shall develop
21 and present to the House and Senate Committees on Education a proposal for

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1 an alternative funding model for the provision of special education services in
2 Vermont. In developing the proposal, the Secretary shall

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

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

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

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

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

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

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

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

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

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

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

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

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

14 (a) A school district shall not pay the tuition of a student except to a public
15 school, an approved independent school, an independent school meeting school
16 quality standards, a tutorial program approved by the State Board, an approved
17 education program, ~~or an independent school in another state or country~~
18 ~~approved under the laws of that state or country, nor shall~~ located in Vermont,
19 or a school operated by an interstate school district. The payment of tuition on
20 behalf of a person shall not be denied on account of age. Unless otherwise
21 provided, a person who is aggrieved by a decision of a school board relating to

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1 eligibility for tuition payments, the amount of tuition payable, or the school he
2 or she may attend, may appeal to the State Board and its decision shall be final.

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

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

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

9 (B) a determination by the State Board that payment of tuition to a
10 school outside Vermont is authorized due to geographic necessity because
11 driving times, distances, and travel routes are an obstacle to transporting
12 students to a Vermont school, consistent with guidelines to be developed
13 jointly by the State Board and Secretary;

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

16 (3) a student eligible for special education whose individualized
17 education program requires an out-of-state placement pursuant to chapter 101
18 of this title; **or**

19 (4) a student enrolled in a school located in a community that has a
20 border adjoining Vermont.

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

2 () Secs. 15 and 16 (tuition; schools outside Vermont) shall take effect on
3 July 1, 2015, and shall apply to tuition paid by school districts for the 2016–
4 2017 academic year and after; provided, however, that a student who, in fiscal
5 year 2016, is enrolled in a school located outside Vermont and on whose
6 behalf the student’s district of residence has paid tuition then, notwithstanding
7 the provisions of Secs. 15 and 16 of this act, the school district shall continue
8 to pay tuition on behalf of the student for each year the student remains a
9 resident of that district and is enrolled in the school.

10 * * * **Integrated Education Systems; Transition** * * *

11 Sec. 17. INTEGRATED EDUCATION SYSTEMS; GOVERNANCE

12 TRANSITIONS TO ACHIEVE EDUCATION POLICY GOALS

13 (a) **Integrated education systems.** On or before July 1, 2019, the State
14 shall provide educational opportunities through integrated education systems
15 responsible for the equitable delivery of high quality education to all resident
16 prekindergarten through grade 12 students and for stable, affordable education
17 costs.

18 (1) Each integrated education system shall advance the goals set forth in
19 Sec. 1 of this act by:

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1 (A) providing equitable access to high quality educational
2 opportunities that meet the educational quality standards adopted by the State
3 Board pursuant to 16 V.S.A. § 165;

4 (B) fostering stable leadership by developing and supporting both
5 school and district leaders;

6 (C) hiring, training, supporting, and retaining [excellent effective]
7 administrators, teachers, and staff;

8 (D) maximizing the effective, flexible, and efficient use of fiscal,
9 human, and facility resources to support student achievement and success,
10 including movement toward increased student-to-teacher, student-to-[district-
11 level]-staff; and student-to-[school-level]-administrator ratios;

12 (E) promoting budgetary stability, leading to less volatility for
13 taxpayers;

14 (F) accounting for and reporting financial information in accordance
15 with Generally Accepted Accounting Principles and in a manner that promotes
16 transparency and public accountability and supports a statewide integrated data
17 collection system; and

18 (G) promoting a shared commitment to a strong, flexible, and
19 coherent system.

20 (2) Each integrated education system shall have an average daily
21 membership of at least 1,000 students in prekindergarten through grade 12

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1 unless granted a waiver by the State Board of Education based upon criteria
2 developed by the Board.

3 **(b) Self-evaluation and proposal by districts.**

4 (1) Each district is encouraged to evaluate its own structure and
5 programs and meet with neighboring districts, within or outside the
6 supervisory union, to determine how best to create and implement an
7 integrated education system in the region that achieves the goals set forth in
8 subsection (a) of this section.

9 (2) Except as provided in subsection (d) of this section, a district is
10 encouraged to form a study committee with one or more other districts within
11 or outside its supervisory union and prepare a study report (Report) pursuant to
12 16 V.S.A. chapter 11 (union school districts). Through creation of the Report,
13 the districts shall demonstrate how their proposal is designed to create an
14 integrated education system capable of achieving the goals set forth in
15 subsection (a) of this section on or before July 1, 2019. The Report, which if
16 approved by the State Board of Education and subsequently by the electorate,
17 shall be the new district's articles of agreement, shall also:

18 (A) decide issues specified in 16 V.S.A. § 706b, including ownership
19 of buildings, representation on the new district board, and whether votes on the
20 budget and other issues will be by Australian ballot;

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1 (B) decide issues of particular interest to the local communities, such
2 as the conditions under which the new district would be permitted to close an
3 existing school building; and

4 (C) provide for the election of an initial school board prior to the first
5 day of the new district’s existence in order to transition to the new structure by
6 negotiating and entering into contracts, preparing an initial proposed budget,
7 adopting policies, and otherwise planning for implementation of the new
8 district.

9 (3) Districts shall present the Report to the State Board and subsequently
10 to the electorate, pursuant to the provisions of 16 V.S.A. chapter 11.

11 (c) **Evaluation by the State Board of Education.** When evaluating
12 Reports presented to it pursuant to 16 V.S.A. chapter 11 and subsections (b)
13 and (d) of this section, the State Board shall also:

14 (1) consider whether the proposal is designed to create an integrated
15 education system capable of achieving the goals set forth in subsection (a) of
16 this section; and

17 (2) be mindful of any other district in the region that may become
18 geographically isolated or would otherwise be an inappropriate member of
19 another supervisory district or union school district. At the request of the State
20 Board, the Secretary shall work with the potentially isolated district and other
21 districts in the region to move towards a governance model that is designed to

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1 achieve the goals set forth in subsection (a) of this section. The State Board is
2 authorized to deny approval to a proposal that would geographically isolate a
3 district that would not be an appropriate member of another supervisory district
4 or union school district in the region.

5 (3) The State Board may authorize the creation or continuation of a
6 supervisory union with two or more member districts if the Board concludes
7 that it is the best means of accomplishing an integrated education system
8 capable of achieving the goals set forth in subsection (a) of this section in a
9 particular region; provided, however, that the State Board may approve the
10 supervisory union structure only if the structure ensures transparency and
11 accountability in relation to the supervisory union budget, which may include a
12 process by which the electorate votes directly whether to approve the proposed
13 supervisory union budget. Pursuant to 16 V.S.A. § 261(d), the State Board
14 may waive requirements of 16 V.S.A. chapters 5 and 7 if necessary to facilitate
15 the vote.

16 **(d) Exceptions to requirement for study committee.**

17 (1) If the board of a supervisory district believes that the district can
18 function as an integrated education system capable of achieving the goals set
19 forth in subsection (a) of this section without altering its current governance
20 structure, then the board may submit a proposal demonstrating this belief to the
21 State Board and subsequently to the electorate pursuant to 16 V.S.A.

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1 chapter 11 without forming a study committee pursuant to that chapter and
2 subdivision (b)(2) of this section.

3 (2) If the board of a supervisory union believes that the member districts
4 can function as an integrated education system capable of achieving the goals
5 set forth in subsection (a) of this section by realigning into a supervisory
6 district, then the supervisory union board may submit a proposal in the form of
7 a Report demonstrating this belief to the State Board and subsequently to the
8 electorate pursuant to 16 V.S.A. chapter 11 without forming a study committee
9 pursuant to that chapter and subdivision (b)(2) of this section.

10 **(e) Creation of integrated education systems.**

11 (1) If a district or group of districts does not follow the process outlined
12 in subsection (b) or (d) of this section, or does so but does not obtain a
13 favorable vote of all “necessary” districts on or before November 30, 2017
14 (collectively, the remaining districts), then the Secretary shall develop a plan
15 by which the remaining districts of the State shall be realigned to create
16 integrated education systems capable of achieving the goals set forth in
17 subsection (a) of this section.

18 (2) The Secretary shall present the proposal to the State Board of
19 Education on or before **July 1, 2018.**

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1 (3) On or before **September 1, 2018**, the State Board shall approve the
2 Secretary’s proposal in its original or in an amended form, and publish its
3 order realigning the remaining districts on the Agency’s website.

4 (4) For the new districts that will be created by the State Board’s order,
5 the order shall:

6 (A) include one or more models of initial articles of agreement
7 addressing issues required by 16 V.S.A. § 706b that will govern the actions of
8 the new districts until such time as each district adopts its own amended
9 articles, including the method of apportioning the representation on the new
10 district’s board, whether votes on the budget and other issues will be by
11 Australian ballot, and the conditions under which the new district would be
12 authorized to close a school building;

13 (B) establish transition procedures and guidance necessary for the
14 creation of each new district, including provisions for:

15 (i) the election of an initial education board prior to the first day of
16 the new district’s existence in order to transition to the new structure by
17 negotiating and entering into contracts, preparing an initial proposed budget,
18 hiring a superintendent, adopting policies, and otherwise planning for the
19 district’s implementation;

20 (ii) assumption of debt;

21 (iii) ownership and management of property; and

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1 (iv) the transition of employees to the new employer, including
2 membership in collective bargaining units; and

3 (C) shall ensure that no school employee subject to employment
4 transition under the order will experience a detrimental change in status within
5 the Vermont Municipal Employees' Retirement System.

6 (f) Interstate school districts. This section shall not apply to interstate
7 school districts.

8 (g) Protection for nonoperating districts and operating districts;
9 statement of intent.

10 (1) Nonoperating districts. All governance transitions achieved
11 pursuant to this section shall preserve the ability of a district that, as of the
12 effective date of this act, provides for the education of all resident students in
13 one or more grades by paying tuition on the students' behalf, to continue to
14 provide education by paying tuition on behalf of all students in the grade or
15 grades if it chooses to do so and shall not require the district to limit the
16 options available to students if it ceases to exist as a discrete entity and is
17 realigned into a supervisory district or union school district.

18 (2) Operating districts. All governance transitions achieved pursuant
19 to this section shall preserve the ability of a district that, as of the effective date
20 of this act, provides for the education of all resident students in one or more
21 grades by operating a school offering the grade or grades, to continue to

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1 provide education by operating a school for all students in the grade or grades
2 if it chooses to do so and shall not require the district to pay tuition for students
3 if it ceases to exist as a discrete entity and is realigned into a supervisory
4 district or union school district.

5 **(3) Statement of intent.** Nothing in this section shall be construed to
6 restrict or repeal, or to authorize or require the restriction or repeal of, the
7 ability of a school district that, as of the effective date of this act, provides for
8 the education of all resident students in one or more grades:

9 (A) by paying tuition on the students' behalf, to continue to provide
10 education by paying tuition on behalf of all students in the grade or grades if it
11 chooses to do so; or

12 (B) by operating a school offering the grade or grades, to continue to
13 provide education by operating a school for all students in the grade or grades
14 if it chooses to do so.

15 **(h) Statutory amendments.** On or before December 1, 2015, the Office of
16 Legislative Council shall provide to the House and Senate Committees on
17 Education, the House Committee on Ways and Means, and the Senate
18 Committee on Finance proposed statutory amendments necessary to
19 accomplish the purpose of this section and reflect the governance changes it
20 requires.

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

2 () Sec. 17 (governance transitions) shall take effect on July 1, 2015.

3 Sec. 17a. TAX INCENTIVES

4 A integrated education system capable of achieving the goals and outcomes
5 set forth in Sec. 17(a) of this act that is implemented on or before July 1, 2019
6 shall receive an equalization of its homestead property tax rates during in fiscal
7 years 2020 through 2023 pursuant to 2010 Acts and Resolves No. 153, Sec.
8 4(a), as amended by 2012 Acts and Resolves No. 156, Sec. 13.

9 Sec. 17b. 16 V.S.A. § 3448(b) and (c) are amended to read:

10 ~~(b) Refund upon sale. Upon the sale by a district of any item, building, or~~
11 ~~unit that may be relocated, for which State construction aid was awarded under~~
12 ~~this title, the district shall refund to the State a percentage of the sale price~~
13 ~~equal to the percentage of construction aid received. In no event shall the sum~~
14 ~~refunded be in excess of the amount of the original State aid received for the~~
15 ~~purchase of the item, building, or unit. All refunds shall be deposited with the~~
16 ~~State Treasurer and used for school construction aid awards. [Repealed.]~~

17 ~~(c) Repayment as a condition of general aid. No school district shall~~
18 ~~receive any State general aid unless the school district complies with~~
19 ~~subsection (b) of this section. [Repealed.]~~

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1 (3) financial costs. [**NOTE:** *this draft deletes former subdivision (2)*
2 *from draft 3.1 regarding school district compliance]*
3 *[to be moved to EFFECTIVE DATE section]*

4 () Sec. 21 (data; quality assurance; accountability) shall take effect on July
5 1, 2015.

6 * * * **Principals and Superintendents** * * *

7 Sec. 22. PRINCIPALS AND SUPERINTENDENTS; STUDY AND
8 PROPOSAL

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

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

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

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

2 Sec. 23. CONTRACT IMPOSITION; STRIKES; BINDING INTEREST
3 ARBITRATION

4 On or before January 15, 2016, the Secretary of Education, in consultation
5 with the Vermont Superintendents Association, the Vermont School Boards
6 Association, and the Vermont – National Education Association, shall evaluate
7 current collective bargaining laws for educators as they relate to the imposition
8 of contracts, strikes, and binding interest arbitration and shall recommend any
9 proposals for legislative changes to the House and Senate Committees on
10 Education.

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

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

14 *** * * Education Mandates; Moratorium * * ***

15 Sec. 24. EDUCATION PROPERTY TAX RATE INCREASES;
16 MORATORIUM

17 (a) Notwithstanding 16 V.S.A. § 4028(d) and 2 V.S.A. § 502(b)(2), the
18 Joint Fiscal Office (JFO) shall prepare a fiscal note for any legislation
19 proposed during the 2015–2016 biennium that JFO believes may have the
20 effect of increasing the education property tax rate, regardless of whether the
21 proposed legislation includes a related appropriation or funding mechanism.

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1 JFO shall complete the fiscal note no later than the date on which the
2 legislation is considered for a vote of a committee, the House, or the Senate,
3 whichever is earliest.

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

9 (c) This section shall not apply to legislation annually establishing the base
10 education amount pursuant to 16 V.S.A. chapter 133 or the tax rate pursuant to
11 32 V.S.A. § 5402.

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

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

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

15 * * * **Effective Dates** * * *

16 Sec. 11. EFFECTIVE DATES

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

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