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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 4.1 and all dates are in yellow]**
6 **ALSO:** *For discussion purposes, all proposed studies were moved to the*
7 *end of this draft 5.1*

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

9 * * * **Education Policy Goals** * * *

10 Sec. 1. EDUCATION POLICY GOALS

11 (a) By enacting this legislation, the General Assembly intends to move the
12 State towards integrated education systems responsible for the equitable
13 delivery of high quality education to all resident prekindergarten – grade 12
14 students through a revised governance structure that:

15 (1) leads students to achieve or exceed the State’s educational quality
16 standards, including the ability to:

17 (A) think critically;

18 (B) communicate verbally, in writing, and through the use of
19 technology;

20 (C) collaborate; and

21 (D) solve problems creatively; and

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1 (2) is delivered at a cost that parents, voters, and taxpayers value.

2 (b) This legislation is designed to encourage and support local decisions
3 and actions that:

4 (1) promote equity in the quality and variety of educational
5 opportunities available throughout the State, regardless of the school’s size
6 or location;

7 (2) enable Vermont schools to meet or exceed the education quality
8 standards set forth in 16 V.S.A. § 165, including goals to improve student
9 performance established by each school in the continuous improvement plan it
10 develops pursuant to that section, and to provide a sequential, logical
11 curriculum to all students; [NOTE: deleted “in the region”]

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

14 (4) enhance the possibility that the State’s small schools remain open if
15 they are able to provide students with equitable educational opportunities and
16 improved student performance at a stable, affordable cost; [NOTE: unchanged]

17 (5) create enhanced opportunities and other conditions that promote
18 stability in leadership;

19 (6) foster strong relationships between schools and the broader
20 community and increase parental and community engagement at the school
21 level; [NEW: not yet discussed]

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1 (7) facilitate operational and educational efficiencies and effectiveness

2 through greater flexibility in the management of resources;

3 (8) improve affordability and stability for taxpayers; and /**NOTE:**

4 *deleted “through economies of scale”]*

5 (9) increase accountability and transparency through greater consistency

6 in educational governance structures.

7 (c) On or before December 31, 2015, the State Board of Education, in

8 consultation with the Secretary of Education, shall adopt no more than two

9 performance measures for each policy goal identified by this section. /**NEW:**

10 *not yet discussed]*

11 *** * * Yield; Dollar Equivalent * * ***

12 Sec. 2. 32 V.S.A. § 5401(15) is added to read:

13 (15) “Dollar equivalent” means the amount of spending per equalized

14 pupil that would result if the homestead tax rate was \$1.00 per \$100.00 of

15 equalized education property value, the applicable percentage in subdivision

16 6066(a)(2) of this title was 2.0 percent, and the statutory reserves under

17 16 V.S.A. § 4026 and section 5402b of this title were maintained at five

18 percent.

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1 Sec. 3. 32 V.S.A. § 5402 is amended to read:

2 § 5402. EDUCATION PROPERTY TAX LIABILITY

3 (a) A ~~Statewide~~ statewide education tax is imposed on all nonresidential
4 and homestead property at the following rates:

5 (1) The tax rate for nonresidential property shall be \$1.59 per \$100.00.

6 (2) The tax rate for homestead property shall be ~~\$1.10~~ \$1.00 multiplied
7 by the district spending adjustment for the municipality, per \$100.00, of
8 equalized education property value as most recently determined under section
9 5405 of this title. The homestead property tax rate for each municipality which
10 is a member of a union or unified union school district shall be calculated as
11 required under subsection (e) of this section.

12 * * *

13 Sec. 4. 32 V.S.A. § 5402b is amended to read:

14 § 5402b. STATEWIDE EDUCATION TAX RATE ADJUSTMENTS YIELD

15 ~~(a) Annually, by December 1, the Commissioner of Taxes shall recommend~~
16 ~~to the General Assembly, after consultation with the Agency of Education, the~~
17 ~~Secretary of Administration, and the Joint Fiscal Office, the following~~
18 ~~adjustments in the statewide education tax rates under subdivisions 5402(a)(1)~~
19 ~~and (2) of this title:~~

20 (1) ~~If there is a projected balance in the Education Fund Budget~~
21 ~~Stabilization Reserve in excess of the five percent level authorized under~~

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1 ~~16 V.S.A. § 4026, the Commissioner shall recommend a reduction, for the~~
2 ~~following fiscal year only, in the statewide education tax rates which will~~
3 ~~retain the projected Education Fund Budget Stabilization Reserve at the five~~
4 ~~percent maximum level authorized and raise at least 34 percent of projected~~
5 ~~education spending from the tax on nonresidential property; and~~

6 (2) ~~If there is a projected balance in the Education Fund Budget~~
7 ~~Stabilization Reserve of less than the three and one half percent level required~~
8 ~~under 16 V.S.A. § 4026, the Commissioner shall recommend an increase, for~~
9 ~~the following fiscal year only, in the statewide education tax rates which will~~
10 ~~retain the projected Education Fund Budget Stabilization Reserve at no less~~
11 ~~than the three and one half percent minimum level authorized under 16 V.S.A.~~
12 ~~§ 4026, and raise at least 34 percent of projected education spending from the~~
13 ~~tax rate on nonresidential property.~~

14 (3) ~~In any year following a year in which the nonresidential rate~~
15 ~~produced an amount of revenues insufficient to support 34 percent of education~~
16 ~~fund spending in the previous fiscal year, the Commissioner shall determine~~
17 ~~and recommend an adjustment in the nonresidential rate sufficient to raise at~~
18 ~~least 34 percent of projected education spending from the tax rate on~~
19 ~~nonresidential property.~~

20 (4) ~~If in any year in which the nonresidential rate is less than the~~
21 ~~statewide average homestead rate, the Commissioner of Taxes shall determine~~

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1 ~~the factors contributing to the deviation in the proportionality of the~~
2 ~~nonresidential and homestead rates and make a recommendation for adjusting~~
3 ~~statewide education tax rates accordingly.~~

4 (a) Annually, on or before December 1, the Commissioner of Taxes shall
5 recommend to the General Assembly, after consultation with the Agency of
6 Education, the Secretary of Administration, and the Joint Fiscal Office, a dollar
7 equivalent for the following fiscal year. For the purpose of this calculation, the
8 Commissioner shall use a nonresidential base tax rate in 32 V.S.A.

9 § 5402(a)(1) that would result in an equivalent proportional change in both the
10 statewide median nonresident tax bill and the statewide median homestead tax
11 bill for the current fiscal year. When the Commissioner recommends a dollar
12 equivalent for use in the following fiscal year, he or she shall also explain the
13 nonresidential rate used to calculate the dollar equivalent under this subsection.

14 Annually, on or before the following January 1, the Commission shall
15 publicize to each district his or her recommendation regarding the dollar
16 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.

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

19 () Secs. 2 through 5 (yield; dollar equivalent) shall take effect on July 1,
20 2015, and apply to fiscal year 2017 and after.

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1 * * * **Fiscal Year 2016 Education Property Tax Rates, Applicable**
2 **Percentage, and Base Education Amount * * ***

3 Sec. **6. FISCAL YEAR 2016 EDUCATION PROPERTY TAX RATES**
4 **AND APPLICABLE PERCENTAGE** [**NOTE:** *Sec. 6 is NEW*]

5 (a) For fiscal year 2016 only, the education property tax imposed under
6 32 V.S.A. § 5402(a) shall be reduced from the rates of \$1.59 and \$1.10 and
7 shall instead be at the following rates:

8 (1) the tax rate for nonresidential property shall be \$1.535 per
9 \$100.00; and

10 (2) the tax rate for homestead property shall be \$1.00 multiplied by the
11 district spending adjustment for the municipality per \$100.00 of equalized
12 property value as most recently determined under 32 V.S.A. § 5405.

13 (b) For claims filed in 2015 only, “applicable percentage” in 32 V.S.A.
14 § 6066(a)(2) shall be reduced from 2.0 percent and instead shall be
15 1.94 percent multiplied by the fiscal year 2015 district spending adjustment for
16 the municipality in which the homestead residence is located; but in no event
17 shall the applicable percentage be less than 1.94 percent.

18 Sec. **7. FISCAL YEAR 2016 BASE EDUCATION AMOUNT**
19 [**NOTE:** *Sec. 7 is NEW*]

20 As provided in 16 V.S.A. § 4011(b), the base education amount for fiscal
21 year 2016 shall be \$9,459.00.

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

2 () Secs. 6 and 7 (fiscal year 2016; tax rates; base education amount) shall
3 take effect on July 1, 2015, and apply to fiscal year 2016.

4 * * * **Ballot Language; Per Pupil Spending** * * *

5 Sec. 8. 16 V.S.A. § 563 is amended to read:

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

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

11 * * *

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

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

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1 question, in the form of vote provided in subdivision (ii) of this subdivision
2 (11)(B):

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

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

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

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

20 ~~“The total proposed budget of \$_____ is the amount determined~~
21 ~~by the school board to be necessary to support the school district’s educational~~

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1 ~~program. State law requires the vote on this budget to be divided because (i)~~
2 ~~the school district's spending per pupil last year was more than the statewide~~
3 ~~average and (ii) this year's proposed budget is greater than last year's budget~~
4 ~~adjusted for inflation.~~

5 ~~“Article #1 (School Budget):~~

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

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

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

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

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

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

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

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

18 “Article #1 (School Budget):

19 The total proposed budget of \$ _____ is the amount determined by
20 the school board to be necessary to support the school district’s educational
21 program. It is estimated that this proposed budget, if approved, will result in

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1 education spending of \$ _____ per equalized pupil. This projected spending per
2 equalized pupil is _____ % higher/lower than spending for the current year.

3 Shall the voters of the school district approve the school board to expend
4 \$ _____, which is the amount the school board has determined to be
5 necessary for the ensuing fiscal year?”

6 Sec. 9. REPEAL

7 16 V.S.A. § 4001(6)(A) (divided voted; exceptions to education spending)
8 is repealed on July 1, 2015.

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

10 () Secs. 8 and 9 (ballot language; per pupil spending) shall take effect on
11 July 1, 2015.

12 *** * * Merger Support Grants; Small School Support * * ***

13 Sec. 10. 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 to~~
18 receive a merger support grant ~~in each of its first five fiscal years~~ annually in
19 an amount equal to the small school support grant received by the eligible
20 school district in the fiscal year two years prior to the first fiscal year of
21 merger. If more than one merging district was an eligible school district, then

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1 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 the General Assembly; provided,
5 however, that the Secretary shall discontinue payment of the grant in the fiscal
6 year following closure by the merged district of a school [building] located in
7 what had been an “eligible school district” prior to merger.

8 Sec. **11. MERGER SUPPORT GRANT; INTEGRATED EDUCATION**
9 **SYSTEMS** [**NOTE:** *Sec. 11 is NEW*]

10 Notwithstanding other provisions of law to the contrary, if the merging
11 districts of an integrated education system capable of achieving the goals set
12 forth in Sec. **17(a)** of this act include at least one “eligible school district,” as
13 defined in 16 V.S.A. § 4015, that received a small school support grant under
14 section 4015 in the fiscal year two years prior to the first fiscal year of merger,
15 then the integrated education system shall receive merger support grants
16 pursuant to the provisions of 2010 Acts and Resolves No. 153, Sec. 4(d) as
17 amended by this act; provided, however, that this section shall apply only to an
18 integrated education system that obtains a favorable vote of all “necessary”
19 districts on or before November 30, **2017** and is implemented on or before July
20 1, **2019**.

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1 Sec. 12. 16 V.S.A. § 4015 is amended to read:

2 § 4015. SMALL SCHOOL SUPPORT

3 (a) In this section:

4 (1) “Eligible school district” means a school district that operates at least
5 one school; ~~and~~

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

8 ~~(B) _ has an average grade size of 20 or fewer, and has been~~
9 ~~determined by the State Board of Education, on an annual basis, to be eligible~~

10 ~~due to:~~

11 ~~(A) the relative geographic isolation of the school and the school~~

12 ~~district;~~

13 ~~(B) the district’s high student to staff ratios;~~

14 ~~(C) the lack of excess capacity in neighboring districts;~~

15 ~~(D) the lengthy driving times or inhospitable travel routes between~~

16 ~~the school district and another district or district in which there is excess~~

17 ~~capacity;~~

18 ~~(E) the district’s demonstrated intent to consolidate its governance~~

19 ~~structure with one or more other districts; and~~

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1 ~~from the amount owed to the Education Fund in the case of those districts that~~
2 ~~must pay into the Fund under section 4027 of this title.~~

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

9 The amount of the annual grant shall be:

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

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

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

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

17 () Secs. 10 and 11 (merger support grants) shall take effect passage.

18 () Sec. 12 (small school support) shall take effect on July 1, 2019, and
19 shall apply to grants made in fiscal year 2020 and after.

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

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

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

7 [**QUESTION:** *Either Sec. 13 above **OR** Sec. 13a below ?*]

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

9 (f) For purposes of the calculation under this section, a district's equalized
10 pupils shall in no case be less than ~~96 and one-half percent~~ the greater of the
11 district's calculated equalized pupils in either of the previous year two years.

12 Sec. 14. DECLINING ENROLLMENT; TRANSITION

13 (a) If a district's equalized pupils in fiscal year 20**16** do not reflect any
14 adjustment pursuant to 16 V.S.A. § 4010(f), then Section **13** shall apply to the
15 district in fiscal year 20**17** and after.

16 (b) If a district's equalized pupils in fiscal year 20**16** 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 20**17**, 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. 13 (declining enrollment; hold-harmless provision) shall take
5 effect on July 1, 2016.

6 () Sec. 14 (declining enrollment; hold-harmless provision; transition) shall
7 take effect on July 1, 2015.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

6 (4) a student enrolled in a school located in a community in the United
7 States or Canada that shares a border with Vermont.

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; provided, however, that a student who, in fiscal
12 year 2016, is enrolled in a school located outside Vermont and on whose
13 behalf the student’s district of residence has paid tuition then, notwithstanding
14 the provisions of Secs. 15 and 16 of this act, the school district shall continue
15 to pay tuition on behalf of the student for each year the student remains a
16 resident of that district and is enrolled in the school if the district does not
17 operate a school and is required to pay tuition upon receiving parental
18 notification pursuant to 16 V.S.A. §§ 821(d) or 822(a)(1).

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1 ***** Integrated Education Systems; Transition *****

2 Sec. 17. INTEGRATED EDUCATION SYSTEMS; GOVERNANCE

3 TRANSITIONS TO ACHIEVE EDUCATION POLICY GOALS

4 (a) **Integrated education systems.** On or before July 1, 20**19**, the State
5 shall provide educational opportunities through integrated education systems,
6 responsible for the equitable delivery of high quality education to all resident
7 prekindergarten through grade 12 students and for stable, affordable education
8 costs **as provided in this section.**

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

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

14 (B) fostering stable leadership by developing and supporting both
15 school and district leaders;

16 (C) hiring, training, supporting, and retaining [**excellent effective**]
17 administrators, teachers, and staff;

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

20 (E) promoting budgetary stability, leading to less volatility for
21 taxpayers;

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1 (F) taking measures to provide education at a stable, affordable cost
2 by, among other things, increasing student-to-teacher, student-to-[district-
3 level]-staff; and student-to-[school-level]-administrator ratios by at least five
4 percent;

5 (G) accounting for and reporting financial information in accordance
6 with Generally Accepted Accounting Principles and in a manner that promotes
7 transparency and public accountability and supports a statewide integrated data
8 collection system;

9 (H) and increasing parental and community engagement at the school
10 level; and **[NEW:** *not yet discussed*]

11 (I) promoting a shared commitment to a strong, flexible, and coherent
12 system.

13 (2) Each integrated education system shall have an average daily
14 membership of at least 1,000 students in prekindergarten through grade 12
15 unless granted a waiver by the State Board of Education based upon criteria
16 developed by the Board.

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

18 (1) Each district is encouraged to evaluate its own structure and
19 programs and meet with neighboring districts, within or outside the
20 supervisory union, to determine how best to create and implement an

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1 integrated education system in the region that achieves the goals set forth in
2 subsection (a) of this section.

3 (2) Except as provided in subsection (d) of this section, a district is
4 encouraged to form a study committee with one or more other districts within
5 or outside its supervisory union and prepare a study report (Report) pursuant to
6 16 V.S.A. chapter 11 (union school districts) proposing how best to create a
7 new district that provides for the education of resident prekindergarten through
8 grade 12 students by realigning neighboring districts with similar patterns of
9 school operation and tuition payment. [DRS clarification?] Through creation
10 of the Report, the districts shall demonstrate how their proposal is designed to
11 create an integrated education system capable of achieving the goals set forth
12 in subsection (a) of this section on or before July 1, 2019. The Report, which
13 if approved by the State Board of Education and subsequently by the
14 electorate, shall be the new district's articles of agreement, shall also:

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

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

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

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

8 **(c) Evaluation by the State Board of Education.**

9 **(1)** When evaluating Reports presented to it pursuant to 16 V.S.A.
10 chapter 11 and subsections (b) and (d) of this section, the State Board shall
11 also:

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

15 **(B)** be mindful of any other district in the region that may become
16 geographically isolated or would otherwise be an inappropriate member of
17 another supervisory district or union school district. At the request of the State
18 Board, the Secretary shall work with the potentially isolated district and other
19 districts in the region to move towards a governance model that is designed to
20 achieve the goals set forth in subsection (a) of this section. The State Board is
21 authorized to deny approval to a proposal that would geographically isolate a

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1 district that would not be an appropriate member of another supervisory district
2 or union school district in the region.

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

14 (3) The State Board shall not approve any Report unless the proposal
15 includes processes to ensure that the interests and opinions of demographically
16 small member towns are valued within the new district by, for example,
17 requiring a unanimous vote of the school when deciding certain issues or
18 presenting a proposed budget to each member town for a non-commingled,
19 nonbinding vote. [NEW: not yet discussed]

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

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

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

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

17 (1) If a district or group of districts does not follow the process outlined
18 in subsection (b) or (d) of this section, or does so but does not obtain a
19 favorable vote of all “necessary” districts on or before November 30, 2017
20 (collectively, the remaining districts), then the Secretary shall develop a plan
21 by which **the** remaining districts of the State shall be realigned **if necessary** to

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1 create integrated education systems capable of achieving the goals set forth in
2 subsection (a) of this section. [DRS clarification?]

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

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

8 (4) For the new districts that will be created by the State Board's order,
9 the order shall:

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

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

19 (i) the election of an initial education board prior to the first day of
20 the new district's existence in order to transition to the new structure by
21 negotiating and entering into contracts, preparing an initial proposed budget,

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1 hiring a superintendent, adopting policies, and otherwise planning for the
2 district's implementation;

3 (ii) assumption of debt;

4 (iii) ownership and management of property; and

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

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

10 (f) **Interstate school districts.** This section shall not apply to interstate
11 school districts.

12 (g) **Protection for nonoperating districts and operating districts;**
13 **statement of intent.**

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

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1 (2) Operating districts. All governance transitions achieved pursuant
2 to this section shall preserve the ability of a district that, as of the effective date
3 of this act, provides for the education of all resident students in one or more
4 grades by operating a school offering the grade or grades, to continue to
5 provide education by operating a school for all students in the grade or grades
6 if it chooses to do so and shall not require the district to pay tuition for students
7 if it ceases to exist as a discrete entity and is realigned into a supervisory
8 district or union school district.

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

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

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

19 (h) Guidelines. Based upon the performance measures adopted in
20 subsection 1(c) of this act, the State Board of Education, in consultation with

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1 the Secretary of Education, shall issue guidelines on or before December 31,
2 2015 that are designed to:

3 (1) assist districts to develop Reports submitted pursuant to subsection
4 (b) or (d) of this section that are consistent with the goals set forth in Sec. 1 of
5 this act and subsection (a) of this section; and

6 (2) guide the State Board’s evaluation of Reports pursuant to subsection
7 (c) of this section. [NEW: not yet discussed]

8 (i) Statutory amendments. On or before December 1, 2015, the Office of
9 Legislative Council shall provide to the House and Senate Committees on
10 Education, the House Committee on Ways and Means, and the Senate
11 Committee on Finance proposed statutory amendments necessary to
12 accomplish the purpose of this section and reflect the governance changes it
13 requires.

14 Sec. 18. TAX INCENTIVES; INTEGRATED EDUCATION SYSTEMS

15 A integrated education system capable of achieving the goals and outcomes
16 set forth in Sec. 17(a) of this act shall receive an equalization of its homestead
17 property tax rates during in fiscal years 2020 through 2023 pursuant to 2010
18 Acts and Resolves No. 153, Sec. 4(a), as amended by 2012 Acts and Resolves
19 No. 156, Sec. 13; provided, however, that this section shall apply only to an
20 integrated education system that obtains a favorable vote of all “necessary”

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1 districts on or before November 30, 2017 and is implemented on or before July
2 1, 2019.

3 Sec. 19. 16 V.S.A. § 3448(b) and (c) are amended to read:

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

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

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

15 () Sec. 17 (governance transitions) shall take effect on passage.

16 () Sec. 18 (tax incentives) shall take effect on passage.

17 () Sec. 19 (repayment of state construction aid) shall take effect on
18 passage.

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

2 () Secs. 20 and 21 (REDS; incentives for merger; effective dates) shall
3 take effect on passage.

4 * * * **Data; Quality Assurance; Accountability** * * *

5 Sec. 22. DATA; QUALITY ASSURANCE; ACCOUNTABILITY

6 On or before July 1, 2017 the Agency of Education shall have fully
7 implemented statewide, integrated systems to maintain financial reporting and
8 accounting data and longitudinal student data that are designed to measure and
9 to compare on a district-to-district basis:

10 (1) the quality and variety of educational opportunities available to
11 students throughout the State;

12 (2) student outcomes; and

13 (3) financial costs. [NOTE: deletes former subdivision (2) from draft
14 3.1 regarding school district compliance]

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

16 () Sec. 22 (data; quality assurance; accountability) shall take effect on July
17 1, 2015.

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

15 Sec. 24. 16 V.S.A. chapter 53, subchapter 3 is added to read:

16 Subchapter 3. TRANSITION OF EMPLOYEES

17 § 1801. DEFINITIONS

18 (a) As used in this subchapter:

19 (1) "New District" means a district created by the realignment or merger
20 of two or more current districts into a new supervisory district, union school
21 district, or any other form of merged or realigned district authorized by law,

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1 regardless of whether one or more of the districts creating the New District (a
2 Realigning District) is a town school district, a city school district, an
3 incorporated school district, a union school district, a unified union school
4 district, a supervisory district, [or an interstate school district].

5 (2) “New SU” means a supervisory union created from the merger or
6 realignment of two or more current supervisory unions or of all or some of the
7 districts in one or more current supervisory unions (a Realigning SU). “New
8 SU” also means a supervisory union created by State Board adjustment of the
9 borders of one or more current supervisory unions or parts of supervisory
10 unions pursuant to section 261 or otherwise, regardless of whether the New SU
11 is known by the name of one of the current supervisory unions or the
12 adjustment is otherwise structured or considered to be one in which one current
13 supervisory union (the Absorbing SU) is “absorbing” one or more other
14 supervisory unions or parts of supervisory unions into the Absorbing SU.

15 (3) “Employees of a Realigning Entity” means the licensed and
16 nonlicensed employees of a Realigning District or Realigning SU, or both, that
17 create the New District or New SU, and includes employees of an Absorbing
18 SU and employees of a Realigning SU whose functions will be performed by
19 employees of a New District that is a supervisory district.

20 (4) “System” shall mean the Vermont Municipal Employees’
21 Retirement System created pursuant to 24 V.S.A. chapter 125.

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1 (5) “Transitional Board” means the board created prior to the first day of
2 a New District’s or a New SU’s existence in order to transition to the new
3 structure by negotiating and entering into contracts, preparing an initial
4 proposed budget, adopting policies, and otherwise planning for implementation
5 of the New District or New SU, and includes the board of an Absorbing
6 District to which members from the other Realigning SU or SUs has been
7 added in order to perform transitional responsibilities.

8 § 1802. TRANSITION OF EMPLOYEES TO NEWLY CREATED
9 EMPLOYER

10 (a) **Prior to the first day** of a New District’s or a new SU’s existence,
11 upon creation of the Transitional Board, the Board shall:

12 (1) appoint a negotiations council for the New District or New SU for
13 the purpose of negotiating with future employees’ representatives; and

14 (2) recognize the representatives of the Employees of the Realigning
15 Districts or Realigning SUs as the recognized representatives of the employees
16 of the New District or New SU.

17 (c) **Negotiations shall commence within 90 days after formation of the**
18 **Transitional Board** and shall be conducted pursuant to the provisions of 16
19 V.S.A. chapter 57 for teachers and administrators and pursuant to 21 V.S.A.
20 chapter 22 for other employees.

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1 (d) An Employee of a Realigning District or Realigning SU who was not a
2 probationary employee shall not be considered a probationary employee of the
3 New District or New SU.

4 (e) If a new agreement is not ratified by both parties **prior to the first day**
5 **of the New District's or New SU's existence, then:**

6 (1) the parties shall comply with the existing agreements in place for
7 Employees of the Realigning Districts or the Realigning SUs until a new
8 agreement is reached;

9 (2) the parties shall adhere to the provisions of an agreement among the
10 Employees of the Realigning Districts or the Realigning SUs, as represented
11 by their respective recognized representatives, regarding how provisions under
12 the existing contracts regarding issues of seniority, reduction in force, layoff,
13 and recall will be reconciled during the period prior to ratification of a new
14 agreement; and

15 (3) a new employee beginning employment after the first day of the
16 New District's or New SU's existence, shall be covered by the agreement in
17 effect that applies to the largest bargaining unit for Employees of the
18 Realigning Districts in the New District or for Employees of the Realigning
19 SU in the New SU.

20 (f) **On the first day of its existence,** the New District or New SU shall
21 assume the obligations of existing individual employment contracts, **including**

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1 accrued leaves and associated benefits, with the Employees of the Realigning
2 Districts.

3 § 1803. VERMONT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM

4 (a) A New District or New SU, on the first day of its existence, shall
5 assume the responsibilities of any one or more of the Realigning Districts or
6 Realigning SUs that have been participants in the system; provided, however,
7 that this subsection shall not be construed to extend benefits to an employee
8 who would not otherwise be a member of the system under any other provision
9 of law. [(b) from Act 156 transition]

10 (b) The existing membership and benefits of an Employee of a Realigning
11 District or a Realigning SU shall not be impaired or reduced either by
12 negotiations with the New District or New SU under 21 VSA Chapter 22 or
13 otherwise. [(c) from Act 156 transition]

14 (c) In addition to general responsibility for the operation of the System
15 pursuant to 24 V.S.A. § 5062(a), the responsibility for implementation of all
16 sections of this subchapter relating to the System is vested in the Retirement
17 Board. [(d) from Act 156 transition]

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

19 () Sec. 24 (employee transition) shall take effect on passage and applies to
20 any New District or New SU that has its first day of existence on or after that
21 date.

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1 *** * * Education Mandates; Moratorium * * ***

2 Sec. 25. EDUCATION PROPERTY TAX RATE INCREASES;

3 MORATORIUM

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

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

17 (c) This section shall not apply to legislation annually establishing the base
18 education amount pursuant to 16 V.S.A. chapter 133 or the tax rate pursuant to
19 32 V.S.A. § 5402.

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

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

2 () Sec. 25 (education mandates; moratorium) shall take effect on passage.

3 *** * * Cap on Education Spending Growth * * ***

4 **[NOTE:** *Secs. 26–29 are identical to H.257 as introduced except where*
5 *highlighted]*

6 Sec. 26. EDUCATION SPENDING CAP

7 (a) Adjusted statewide education spending cap. Notwithstanding any other
8 provision of law, for each fiscal year, there shall be an adjusted statewide
9 education spending cap. The adjusted statewide education spending cap shall
10 be determined in each fiscal year by subtracting the waiver amount provided in
11 Sec. 2(b)(1) of this act from the total statewide education spending cap. The
12 total statewide education spending cap shall be set at the total education
13 spending growth factor multiplied by the total statewide education spending in
14 the prior fiscal year.

15 (b) District total education spending cap. Notwithstanding any other
16 provision of law, for each fiscal year, there shall be a district total education
17 spending cap amount for each school district that shall be based on the adjusted
18 statewide education spending cap set in subsection (a) of this section. The
19 district total education spending cap shall be determined in each fiscal year by
20 the district per pupil education spending cap multiplied by the district's current
21 year equalized pupil count.

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

2 (1) “District allowable growth rate” means the per pupil education
3 spending growth factor divided by the district spending index.

4 (2) “District per pupil education spending cap” means one plus the
5 district allowable growth rate multiplied by the district’s prior year per pupil
6 education spending amount.

7 (3) “District spending index” means a district’s prior year per pupil
8 education spending divided by statewide average prior year per pupil education
9 spending.

10 (4) “Per pupil education spending growth factor” means the rate set by
11 the Agency of Education such that the sum of the district total education
12 spending cap for all districts is equal to the adjusted statewide education
13 spending cap.

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

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1 Sec. 27. EXTRAORDINARY SPENDING WAIVERS

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

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

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

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

10 (B) extraordinary transportation needs in the district;

11 (C) significant expenditures related to buildings, ground, or
12 physical plan;

13 (D) significant fluctuations in pupil enrollment; or

14 (E) extraordinary and unique needs of the population served by
15 the district.

16 (3) “School district” means a town, city, incorporated, interstate, or
17 union school district or a joint contract school established under 16 V.S.A.
18 chapter 11.

19 (b) Extraordinary spending waiver.

20 (1) Notwithstanding any other provision of law, the Agency shall award
21 extraordinary spending waivers on a competitive basis to eligible school

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1 districts that demonstrate extraordinary spending needs in an amount not to
2 exceed \$10,000,000.00 in each fiscal year. The Agency may partially grant a
3 waiver request, or grant or deny the request in its entirety.

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

6 (A) opportunities for cost reduction through consolidation;

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

8 (C) student to staff ratios.

9 (c) Application process.

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

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

14 (d) Administrative control. If an eligible school district applies for a
15 waiver under this section, then the Agency is authorized to assume
16 administrative control of the school district to make spending allocations for
17 that district, including staffing decisions, only to the extent necessary to reduce
18 spending.

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

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

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1 Sec. 28. NONOPERATING DISTRICTS

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

16 Sec. 29. SUNSET

17 On July 1, 2020, Secs. 26–28 of this act (creating the education spending
18 cap and the extraordinary spending waivers) shall cease to exist are repealed;
19 provided, however, that Secs. 26–28 shall not apply before that date to a new
20 district voluntary created pursuant to Sec. 17 of this act for which the vote of

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1 **the electorate approving the realignment is final no later than **November 30,****
2 **2017.**

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

4 ~~This act shall take effect on July 1, 2015, and shall be applied to the~~
5 ~~2016–2017 school year~~

6 ~~() Secs. 26–28 (education spending caps) shall take effect on July 1, 2015,~~
7 ~~and shall be applied to **fiscal years 2017, 2018, and 2019.**~~

8 ~~() Sec. 29 (education spending caps; sunset) shall take effect on July 1,~~
9 ~~2015.~~

10 **STUDIES**

11 **A. Special Education Funding**

12 **B. Roles of Superintendents and Principals**

13 **C. Property Tax Adjustment Lag**

14 **D. Nonresidential Property Categories**

15 **E. Tuitioning Practices**

16 **F. Standardized Tests**

17 **G. Adequacy**

18 **H. Joint Legislative Oversight Committee**

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

2 Sec. **A**. SPECIAL EDUCATION; FUNDING; AVERAGE DAILY

3 MEMBERSHIP; STUDY AND PROPOSAL

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

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

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

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

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

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

20 () Sec. **A** (special education funding; average daily membership) shall
21 take effect on passage.

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

2 Sec. **B.** PRINCIPALS AND SUPERINTENDENTS; STUDY AND
3 PROPOSAL

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 Principals’ Association, shall develop and
7 present to the House and Senate Committees on Education a proposal to clarify
8 the roles of superintendents as systems managers and principals as
9 instructional leaders. The proposal shall also address superintendents’ and
10 principals’ relative responsibilities of supervision and evaluation.

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

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

13 *** * * Property Tax Adjustment Lag * * ***

14 Sec. **C.** **YEAR USED TO CALCULATE PROPERTY TAX**
15 **ADJUSTMENTS** *[NOTE: Sec. C is NEW]*

16 On or before January 15, 2016, the Commissioner of Taxes shall report to
17 the General Assembly on the steps that would be required to transition
18 to calculation of the property tax adjustments under chapter 154 of Title 32 on
19 a current year basis. As used in this section “a current year basis” means using
20 the current year’s homestead adjusted tax rates, the current year’s assessed
21 property values, and the taxable income from the prior calendar year to

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1 calculate a property tax adjustment filed in the current claim year. In preparing
2 the report, the Commissioner shall consult with the Vermont Association of
3 Listers and Assessors, the Vermont League of Cities and Towns, and any other
4 interested stakeholders identified by the Commissioner.

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

6 () Sec. **C** (property tax adjustment lag) shall take effect on July 1, 2015.

7 * * * **Education Property Taxes; Nonresidential Property;**

8 **Categories; Study * * ***

9 Sec. **D. EDUCATION PROPERTY TAXES; NONRESIDENTIAL**

10 **PROPERTY; CATEGORIES; STUDY [NOTE: Sec. D is NEW]**

11 The Commissioner of Taxes shall evaluate the advisability of possessing the
12 authority to recommend that the education tax rate for nonresidential property
13 differ based upon categories of that property. In performing the evaluation, the
14 Commissioner shall consider recent analyses of the State's education funding
15 system, including the 2012 report of Lawrence O. Picus and Associates, and
16 may consult with anyone that he or she deems appropriate. On or before
17 January 15, 2016, the Commissioner shall report to the House and Senate
18 Committees on Appropriations and Education, the House Committee on Ways
19 and Means and the Senate Committee on Finance concerning the results of the
20 analysis, including the positive and negative aspects of setting differing rates

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1 for nonresidential property, and shall include potential categories for the
2 General Assembly’s consideration.

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

4 () Sec. **D** shall take effect on passage.

5 * * * **Tuitioning; Economic Analysis** * * *

6 Sec. **E. TUITIONING MODEL; ECONOMIC ANALYSIS; CONTRACT;**
7 **REPORT** *[NOTE: Sec. E is NEW]*

8 (a) The Joint Fiscal Office, with the assistance of the Office of Legislative
9 Council and the Agency of Education, shall develop a request for proposals to
10 perform an economic analysis of the positive and negative fiscal impacts of the
11 State’s current practices of paying tuition for prekindergarten, elementary, and
12 secondary students. The Joint Fiscal Office shall select and enter into a
13 contract with a consultant from among those submitting proposals.

14 (b) The consultant shall analyze the impact of Vermont’s publicly funded
15 tuitioning practices on the overall cost of education in the State by:

16 (1) identifying all of the instances in which districts pay tuition,
17 including payment of tuition on behalf of:

18 (A) all resident students in one or more grades, both when the district
19 does and does not also operates a school offering grades for which it does not
20 pay tuition;

21 (B) an individual student;

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1 (C) students enrolled in career technical education centers;

2 (D) a student attending a school not operated by the district pursuant
3 to his or her individualized education program; and

4 (E) prekindergarten students.

5 (2) identifying how the costs identified in subdivision (1) have changed
6 since the enactment of 2003 Acts and Resolves No. 68;

7 (3) identifying the institutions to which publicly funded tuition dollars
8 are sent and for each approved independent school, identifying which services
9 required of public schools are not provided and which of these unprovided
10 services have the effect of disadvantaging students from lower socioeconomic
11 families;

12 (4) determining whether elementary students, and middle-school
13 students as appropriate, experience reduced educational opportunities as a
14 result of paying publicly funded tuition on behalf of secondary school students;

15 (5) evaluating whether any of Vermont's tuition-paying practices lead to
16 higher or lower total education spending in the State as a whole;

17 (6) identifying the ways in which current tuitioning practices lead to
18 better outcomes for students.

19 (c) After review and analysis of research and other literature regarding the
20 education spending patterns and student outcomes for countries participating in
21 the Organization of Economic Development and Cooperation (OECD), the

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1 consultant shall evaluate how Vermont’s education spending practices achieve
2 equity of opportunities and outcomes for Vermont’s students in comparison to
3 the other OEDC countries.

4 (d) The consultant shall develop a proposal for potential changes
5 Vermont’s education spending patterns, financing framework, or governance
6 structures, or any combination of the three, in order to lead towards continuous
7 improvements in student outcomes.

8 (e) On or before January 15, 2016, the consultant shall present its findings,
9 analysis, and any proposals to the House and Senate Committees on
10 Appropriations and on Education, the House Committee on Ways and Means.,
11 and the Senate Committee on Finance.

12 (f) Of the special funds appropriated to [REDACTED] in 2014 Acts
13 and Resolves No. [REDACTED], Sec. [REDACTED], the sum of \$250,000.00 shall be transferred
14 to the Joint Fiscal Office to fund the work of the consultant required in this
15 section.

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

17 () Section E shall take effect on passage.

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1 (A) a review of the existing studies of Vermont’s education finance
2 system since the enactment of No. 60 of the Acts of the 1997 Adj. Sess. (1998)
3 and No. 68 of the Acts of the 2003 Adj. Sess. (2004);

4 (B) a review of the existing data collected by the Departments of
5 Education and of Taxes related to the Vermont education finance system under
6 Act 60 and Act 68; and

7 (C) a review of adequacy funding systems in comparable states with
8 an emphasis on states in New England and states committed to equity.

9 (b) Interested Stakeholders. The consultant selected shall carry out public
10 participation activities with interested stakeholders as part of its study.

11 (c) Report. On or before January 15, 2015, the consultant shall submit a
12 report to the General Assembly on the study required by this section.

13 (d) Technical Assistance. The Department of Education, the Department of
14 Taxes, the Joint Fiscal Office, and the Office of Legislative Council shall assist
15 the consultant with gathering data required for the study.

16 (e) Funding. The Joint Fiscal Office is authorized to expend up to a total of
17 \$300,000.00 [JFO estimated amount for study] for the study described in
18 subsection (a) of this section and related expenses and is appropriated funds
19 from [Where ?] for this purpose.

20 [to be moved to EFFECTIVE DATE section]

21 () Sec. G shall take effect on passage.

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1 * * * **Joint Legislative Oversight Committee** * * *

2 ***[NOTE: Secs. H1–H3 are NEW]***

3 Sec. **H1**. 2 V.S.A. chapter 29 is added to read:

4 CHAPTER 29. JOINT LEGISLATIVE EDUCATION

5 OVERSIGHT COMMITTEE

6 § 991. JOINT LEGISLATIVE EDUCATION OVERSIGHT COMMITTEE

7 (a) Creation. There is created a Joint Legislative Education Oversight
8 Committee. The Committee shall monitor, evaluate, research, oversee, and
9 provide a continuing review of matters concerning education policy, education
10 funding, and student outcomes and the intersections of each with corrections,
11 economic development, health care, and human services issues and shall
12 provide information and assistance to other legislative committees on these
13 matters.

14 (b) Membership. The Committee shall consist of six members who are
15 appointed biennially. The members shall be the Chair, or the Chair’s designee,
16 of each of the following committees: The House and Senate Committees on
17 Appropriations and on Education, the House Committee on Ways and Means,
18 and the Senate Committee on Finance.

19 (c) Powers and duties. In addition to the general duties of the Committee
20 as set forth in subsection (a) of this section, the Committee shall:

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1 (1) evaluate legislative policy and funding initiatives when the General
2 Assembly is not in session, including the progress and consequences of
3 consolidation efforts;

4 (2) at the request of the House or Senate Committee on Education,
5 research and examine issues that may lead to future legislative action;

6 (3) assess the work of the Agency of Education to implement Quality
7 Review Teams; and

8 (4) evaluate the ways in which education policy, education funding, and
9 student outcomes intersect with corrections, economic development, health
10 care, and human services issues.

11 (d) Officers. The Committee shall elect a chair, vice chair, and clerk from
12 among its members and shall adopt rules of procedure to perform its duties.
13 The Chair shall rotate biennially between the House and Senate members, and
14 a member from the other body shall serve as the Vice Chair.

15 (e) Quorum and voting.

16 (1) A majority of the members of the entire Committee, whether
17 physically present at the meeting location or participating remotely, constitutes
18 a quorum for the purpose of discussing the business of the Committee.

19 (2) A majority of the members of the entire Committee must be
20 physically present or electronically at the same location to constitute a quorum
21 for the purpose of voting to take action.

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1 (3) A member of the Committee may vote on an action only if he or she
2 is physically or electronically present at the meeting location.

3 (4) An action may be taken by the Committee only by assent of a
4 majority of the members attending and voting, assuming a quorum.

5 (f) Meetings. When the General Assembly is in session, the Committee
6 shall meet at the call of the Chair. The Committee may meet six times during
7 adjournment and may meet more often subject to approval of the Speaker of
8 the House and the President Pro Tempore of the Senate.

9 (g) Reimbursement. For attendance at meetings during adjournment of the
10 General Assembly, members of the Committee shall be entitled to per diem
11 compensation and reimbursement of expenses pursuant to 2 V.S.A. § 406.

12 (h) Assistance. The Committee shall have the administrative, technical,
13 and legal assistance of the Office of Legislative Council and the Joint Fiscal
14 Office.

15 (i) Report. Notwithstanding 2 V.S.A. § 20(d), the Committee shall report
16 its activities at least annually to the General Assembly on or before January 15,
17 together with any recommendations for legislative or other action. The report
18 shall be in brief summary form.

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1 Sec. **H2.** TRANSITION

2 (a) The Chair of the House Committee on Education shall call the first
3 meeting of the Joint Legislative Education Oversight Committee to occur on or
4 before August 1, 2015.

5 (b) The members shall elect a member from the House of Representatives
6 to serve as its initial Chair.

7 Sec. **H3.** APPROPRIATION

8 The sum of [\$.00] is appropriated to the General Assembly from the
9 General Fund in fiscal year 2016 for per diem compensation and
10 reimbursement of expenses for members of the Joint Legislative Education
11 Oversight Committee pursuant to Sec. **H1**, 2 V.S.A. § 991(g).

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

13 () Sec. **H1, H2, and H3** shall take effect on passage.

14

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.