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MEMORANDUM

To: Rep. Sharpe, Chair, House Committee on Education
From: Rep. Johnson, Chair, House Committee on Appropriations
Date: February 12, 2015
Subject: Review of Provisions in Governor Proposed FY 2016 Budget

The House Appropriations Committee is in the process of taking testimony on the Governor's fiscal year 2016 budget proposal. There are several provisions that fall under the jurisdiction of the House Committee on Education. Some provisions are included for informational purposes; however, you are welcome to comment on any of them. It would be helpful if your committee could review the provisions and provide recommendations by March 11th.

Please find below the items that I would like your committee to review. Thank you very much for your consideration.

Sec. E.504 Education – adult education and literacy

(a) Of this appropriation, \$3,250,000 from the Education Fund shall be distributed to school districts for reimbursement of high school completion services pursuant to 16 V.S.A. § 1049a(c). Notwithstanding 16 V.S.A. Sec. 4025(b), of this Education Fund appropriation, the amount of \$650,000 is available to pay college providers of the dual enrollment program on behalf of school districts, and \$100,000 is available to support the Vermont Virtual Learning Collaborative at the River Valley Regional Technical Center School District.

EXPLANATION: Language ensures that education funds are paid directly to school districts to fund the high school completion program, to help fund the dual enrollment program created in 16 VSA Sec 944, and to support distance learning in Vermont schools. Total \$4M is same as in FY 2015.

Sec. E.504.1 16 V.S.A. Sec. 944 is amended to read:
Sec. 944. Dual Enrollment Program

* * *

(f) Tuition and funding

(1) Tuition shall be paid to public postsecondary institutions in Vermont as follows:

(A) For any course for which the postsecondary institution pays the instructor, ~~the student's school district of residence shall pay~~ tuition shall be paid to the postsecondary institution in an amount equal to the tuition rate charged by the Community College of Vermont (CCV) at the time the dual enrollment course is offered; provided however, that tuition paid to CCV under this subdivision (A) shall be in an amount equal to 90 percent of the CCV rate.

(B) For any course that is taught by an instructor who is paid as part of employment by a secondary school, ~~the student's school district of residence shall pay~~ tuition shall be paid to the postsecondary institution in an amount equal to 20 percent of the tuition rate charged by the Community College of Vermont at the time the dual enrollment course is offered.

(2) ~~Notwithstanding subdivision (1) of this subsection requiring the district of residence to pay tuition, the~~ The State shall pay 50 percent of the tuition owed to public postsecondary institutions under subdivision (1)(A) of this subsection from the Next Generation Initiative Fund created in section 2887 of this title; provided, however, that the total amount paid by the State in any fiscal year shall not exceed the total amount of General Fund dollars the General Assembly appropriated from the Fund in that year for dual enrollment purposes plus any balance carried forward from the previous fiscal year; and further provided that, notwithstanding subdivision (b)(2) of this section, the cumulative amount to be paid by school districts under subdivision (1)(A) in any fiscal year shall not exceed the amount available to be paid by General Fund dollars in that year, and 50 percent from funds appropriated from the Education Fund, notwithstanding 16 V.S.A. Sec. 4025(b) .

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EXPLANATION: Current law requires that districts pay half of the college tuition of dual enrollment students. This mode of funding is hindering the equity of the dual enrollment program. The administrative work needed to collect the districts' shares is also significant. The proposed language replaces the districts' share with Education Fund appropriated in Sec. B.504.

Sec. E.512 Education – Act 117 cost containment

(a) Notwithstanding any other provision of law, expenditures made from this section shall be counted under 16 V.S.A. § 2967(b) as part of the State's 60 percent of the statewide total special education expenditures of funds which are not derived from federal sources.

EXPLANATION: This language, in effect, makes funding for Act 117 activities come out of the amount appropriated for the special education funding formula. The special funds source in this Act 117 appropriation, i.e., Medicaid, would ordinarily be deposited into the Education Fund. Because the Education Fund does not receive that revenue, expenditures from the Education Fund are reduced by the same amount, thereby having a neutral impact on the Fund. Standard language.

Sec. E.513 Appropriation and transfer to education fund

(a) Pursuant to Sec. B.513, and notwithstanding the provisions of 16 V.S.A. Sec. 4025(a)(2), there is appropriated in fiscal year 2016 from the General Fund for transfer to the Education Fund the amount of \$300,378,103.

EXPLANATION: Please note that the Committee on Ways and Means is also reviewing this section of language. The general fund appropriation to the education fund is calculated to reflect a reduced contribution to the current use appropriation, and a re-focusing of the Corrections Community High School of Vermont program.

Sec. E.514 State teachers' retirement system

(a) In accordance with 16 V.S.A. § 1944(g)(2), the annual contribution to the State Teachers' Retirement System (STRS) shall be \$76,102,909.

(b) In accordance with 16 V.S.A. § 1944(c)(2), of the annual contribution, \$10,384,106 is the “normal contribution,” and \$65,718,803 is the “accrued liability contribution.”

EXPLANATION: Standard language.

Sec. E.515 Retired teachers’ health care and medical benefits

(a) In accordance with 16 V.S.A. § 1944b (b)(2), \$12,576,468 will be contributed to the Retired Teachers’ Health and Medical Benefits plan.

EXPLANATION: New language about the contribution to the Retired Teachers’ Health and Medical Benefits plan.