

1 TO THE HONORABLE SENATE:

2 The Committee on Education to which was referred House Bill No. 361
3 entitled “An act relating to making amendments to education funding,
4 education spending, and education governance” respectfully reports that it has
5 considered the same and recommends that the Senate propose to the House that
6 the bill be amended by striking out all after the enacting clause and inserting in
7 lieu thereof the following:

8 * * * Findings * * *

9 Sec. 1. FINDINGS

10 (a) Vermont’s kindergarten through grade 12 student population has
11 declined from 103,000 in fiscal year 1997 to 78,300 in fiscal year 2015.

12 (b) The number of school-related personnel has not decreased in proportion
13 to the decline in student population.

14 (c) The proportion of Vermont students with severe emotional needs has
15 increased from 1.5 percent of the population in fiscal year 1997 to 2.3 percent
16 in fiscal year 2015. In addition, the proportion of students from families in
17 crisis due to loss of employment, opiate addiction, and other factors has also
18 increased during this time period, requiring the State’s public schools to fulfill
19 an array of human services functions.

20 (d) From July 1997 through July 2014, the number of Vermont children
21 ages 6 through 17 residing with families receiving nutrition benefits has

1 increased by 47 percent, from 13,000 to 19,200. While other factors affect
2 student academic performance, studies demonstrate that when the percentage
3 of students in a school who are living in poverty increases, student
4 performance and achievement have a tendency to decrease.

5 (e) With 13 different types of school district governance structures,
6 elementary and secondary education in Vermont lacks cohesive governance
7 and delivery systems. As a result, many school districts:

8 (1) are not well-suited to achieve economies of scale; and

9 (2) lack the flexibility to manage, share, and transfer resources,

10 including personnel, with other school districts and to provide students with a
11 variety of high quality educational opportunities.

12 (f) 16 V.S.A. § 4010(f) was enacted in 1999 to protect school districts,
13 particularly small school districts, from large, sudden tax increases due to
14 declining student populations. The steady, continued decline in some districts,
15 together with the compounding effect of the legislation as written, has inflated
16 the equalized pupil count in some districts by as much as 77 percent, resulting
17 in artificially low tax rates in those communities.

18 (g) National literature suggests that the optimal size for student learning is
19 in elementary schools of 300 to 500 students and in high schools of 600 to 900
20 students. In Vermont, the smallest elementary school has a total enrollment of
21 15 students (kindergarten–grade 6) and the smallest high school has a total

1 enrollment of 55 students (grades 9–12). Of the 300 public schools in
2 Vermont, 205 have 300 or fewer enrolled students and 64 have 100 or fewer
3 enrolled students. Of those 64 schools, 16 have 50 or fewer enrolled students.

4 (h) National literature suggests that the optimal size for a school district in
5 terms of financial efficiencies is between 2,000 and 4,000 students. The
6 smallest Vermont school district has an average daily membership (ADM) of
7 six students, with 79 districts having an ADM of 100 or fewer students. Four
8 Vermont school districts have an ADM that exceeds 2,000 students.

9 (i) Vermont recognizes the important role that a small school plays in the
10 social and educational fabric of its community. It is not the State’s intent to
11 close its small schools, but rather to ensure that those schools have the
12 opportunity to enjoy the expanded educational opportunities and economies of
13 scale that are available to schools within larger, more flexible governance
14 models.

15 (j) The presence of multiple public schools within a single district not only
16 supports flexibility in the management and sharing of resources, but it
17 promotes innovation. For example, individual schools within a district can
18 more easily develop a specialized focus, which, in turn, increases opportunities
19 for students to choose the school best suited to their needs and interests.

1 * * * Preferred Education Governance Structure; Alternative Structure * * *

2 Sec. 2. PREFERRED EDUCATION GOVERNANCE STRUCTURE;

3 ALTERNATIVE STRUCTURE

4 (a) Preferred structure: prekindergarten–grade 12 district. In order to
5 provide substantial equity in the quality and variety of educational
6 opportunities statewide; to maximize operational efficiencies through increased
7 flexibility to manage, share, and transfer resources; and to promote
8 transparency and accountability, the preferred education governance structure
9 in Vermont is a school district that:

10 (1) is responsible for the education of all resident prekindergarten
11 through grade 12 students;

12 (2) is its own supervisory district;

13 (3) has a minimum average daily membership of 900; and

14 (4) is organized and operates according to one of the four most common
15 governance structures:

16 (A) a district that operates a school or schools for all resident students
17 in prekindergarten or kindergarten through grade 12;

18 (B) a district that operates a school or schools for all resident students
19 in prekindergarten or kindergarten through grade 8 and pays tuition for all
20 resident students in grade 9 through grade 12;

1 (C) a district that operates a school or schools for all resident students
2 in prekindergarten or kindergarten through grade 6 and pays tuition for all
3 resident students in grade 7 through grade 12; or

4 (D) a district that operates no schools and pays tuition for all resident
5 students in prekindergarten through grade 12.

6 (b) Alternative structure: supervisory union. A single
7 prekindergarten–grade 12 district as envisioned in subsection (a) of this section
8 may not be possible or the best model to achieve Vermont’s education goals in
9 all regions of the State. In such situations, a supervisory union composed of
10 multiple member districts, each with its separate school board, can meet the
11 State’s goals, particularly if:

12 (1) the member districts consider themselves to be collectively
13 responsible for the education of all prekindergarten through grade 12 students
14 residing in the supervisory union;

15 (2) the supervisory union operates in a manner that maximizes
16 efficiencies through economies of scale and flexible management, transfer, and
17 sharing of nonfinancial resources among the member districts; and

18 (3) the supervisory union has the smallest number of member school
19 districts practicable, achieved wherever possible by the merger of districts with
20 similar operating and tuitioning patterns.

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

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

14 (A) by paying tuition on the students' behalf, to continue to provide
15 education by paying tuition on behalf of all students in the grade or grades; 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 * * * Voluntary Mergers; Incentives; REDS * * *

19 Sec. 4. 2010 Acts and Resolves No. 153, Sec. 2(a), as amended by 2012

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

21 (a) Program created. There is created a school district merger incentive

1 program under which the incentives outlined in Sec. 4 of this act shall be
2 available to each new unified union school district created pursuant to Sec. 3 of
3 this act and to each new district created under Sec. 3 of this act by the merger
4 of districts that provide education by paying tuition; and to the Vermont
5 members of any new interstate school district if the Vermont members jointly
6 satisfy the size criterion of Sec. 3(a)(1) of this act and the new, merged district
7 meets all other requirements of Sec. 3 of this act. Incentives shall be available,
8 however, only if the effective date of merger ~~is on or before July 1, 2017~~ on
9 which the new district becomes operational is on or before July 1, 2020.

10 Sec. 5. 2010 Acts and Resolves No. 153, Sec. 4, as amended by 2012 Acts and
11 Resolves No. 156, Sec. 13, is further amended to read:

12 Sec. 4. VOLUNTARY SCHOOL DISTRICT MERGER; INCENTIVES

13 * * *

14 (h) ~~This section is repealed on July 1, 2017.~~ [Repealed.]

15 * * * Accelerated Activity; Enhanced Incentives * * *

16 Sec. 6. ACCELERATED MERGER; SUPERVISORY UNION BECOMING
17 A SUPERVISORY DISTRICT; INCENTIVES; REPORT

18 (a) A newly formed school district shall receive the incentives set forth in
19 subsection (b) of this section if it:

20 (1) is formed by merging the governance structures of all member
21 districts of a supervisory union into one unified union school district pursuant

1 to the processes and requirements of 16 V.S.A. chapter 11; and, in addition,
2 could include merger with a neighboring supervisory district;

3 (2) obtains an affirmative vote of all “necessary” districts on or after
4 July 1, 2015, and prior to July 1, 2016;

5 (3) is responsible for the education of all resident prekindergarten
6 through grade 12 students;

7 (4) is its own supervisory district;

8 (5) has a minimum average daily membership of 900 in its first year of
9 operation; and

10 (6) is organized and operates according to one of the following common
11 governance structures:

12 (A) a district that operates a school or schools for all resident students
13 in prekindergarten or kindergarten through grade 12;

14 (B) a district that operates a school or schools for all resident students
15 in prekindergarten or kindergarten through grade 8 and pays tuition for all
16 resident students in grade 9 through grade 12; or

17 (C) a district that operates a school or schools for all resident students
18 in prekindergarten or kindergarten through grade 6 and pays tuition for resident
19 students in grade 7 through grade 12;

20 (7) becomes operational on or before July 1, 2017; and

1 (8) provides data as requested by the Agency of Education and
2 otherwise assists the Agency to assess whether and to what extent the
3 consolidation of its governance results in increased educational opportunities,
4 operational efficiencies, transparency, and accountability.

5 (b) A newly formed school district that meets the criteria set forth in
6 subsection (a) shall receive the following:

7 (1) Decreased equalized homestead property tax rate or accelerated
8 action incentive grant. A new district's plan of merger shall provide whether,
9 upon creation of the new district, the district shall receive decreased equalized
10 homestead property tax rates during the first five years of operation pursuant to
11 subdivision (A) or an incentive grant during the first year of operation pursuant
12 to subdivision (B):

13 (A)(i) Decreased homestead property tax rates. Subject to the
14 provisions of subdivision (iii) of this subdivision (A) and notwithstanding any
15 other provision of law, the new district's equalized homestead property tax rate
16 shall be:

- 17 (I) decreased by \$0.10 in the first fiscal year of operation;
18 (II) decreased by \$0.10 in the second fiscal year of operation;
19 (III) decreased by \$0.08 in the third fiscal year of operation;
20 (IV) decreased by \$0.06 in the fourth fiscal year of
21 operation; and

1 (V) decreased by \$0.04 in the fifth fiscal year of operation.

2 (ii) The household income percentage shall be calculated
3 accordingly.

4 (iii) During the years in which a new district’s equalized
5 homestead property tax rate is decreased pursuant to this subdivision (A), the
6 rate for each town within the new district shall not increase by more than five
7 percent in a single year. The household income percentage shall be calculated
8 accordingly.

9 (B) Accelerated action incentive grant. During the first fiscal year of
10 operation, the Secretary of Education shall pay to the new district’s board an
11 accelerated action incentive grant from the Education Fund equal to \$400.00
12 multiplied by the total number of resident students in the new district in that
13 year. The grant shall be in addition to funds received under 16 V.S.A. § 4028.

14 (C) Common level of appraisal. Regardless of whether a new district
15 chooses to receive decreased homestead property tax rates or an accelerated
16 action incentive grant, on and after the effective date of merger, the common
17 level of appraisal shall be calculated independently for each town within the
18 new district for purposes of determining the homestead property tax rate for
19 each town.

20 (2) Merger support grant. Notwithstanding any provision of law to the
21 contrary, if the districts forming the new district include at least one “eligible

1 school district,” as defined in 16 V.S.A. § 4015, that received a small school
2 support grant under section 4015 in fiscal year 2016, then the new district shall
3 receive an annual merger support grant in each of the first five fiscal years
4 after it begins operation in an amount equal to the small school support grant
5 received by the eligible school district in fiscal year 2016. If more than one
6 merging district was an eligible school district, then the merger support grant
7 shall be in an amount equal to the total combined small school support grants
8 they received in fiscal year 2016.

9 (3) Transition facilitation grant. After voter approval of the plan of
10 merger, the Secretary of Education shall pay the transitional board of the new
11 district a transition facilitation grant from the Education Fund equal to the
12 lesser of:

13 (A) five percent of the base education amount established in
14 16 V.S.A. § 4001(13) multiplied by the greater of either the combined
15 enrollment or the average daily membership of the merging districts on
16 October 1 of the year in which the successful vote is taken; or

17 (B) \$150,000.00.

18 (c) If a new district that receives incentives under this section also meets
19 the eligibility criteria to receive incentives as a regional education district
20 (RED), then the district shall not receive the incentives available to a RED

1 pursuant to 2010 Acts and Resolves No. 153, subsections 4(a), (d), (e) or (g),
2 as amended by 2012 Acts and Resolves No. 156, Sec. 13.

3 (d) The Secretary of Education, in collaboration with other entities such as
4 the University of Vermont or the Regional Educational Laboratory–Northeast
5 and Islands, shall collect and analyze data from the new districts created under
6 this section regarding issues including educational opportunities, operational
7 efficiencies, transparency, and accountability following merger. Beginning on
8 January 15, 2016, and annually through January 2021, the Secretary shall
9 submit a report to the House and Senate Committees on Education and on
10 Appropriations, the House Committee on Ways and Means, and the Senate
11 Committee on Finance regarding the districts pursuing merger under this
12 section, conclusions drawn from the data collected, and any recommendations
13 for legislative action.

14 * * * Facilitating Voluntary Governance Transitions; Supervisory
15 Union Boundaries * * *

16 Sec. 7. 16 V.S.A. § 261 is amended to read:

17 § 261. ORGANIZATION AND ADJUSTMENT OF SUPERVISORY

18 UNIONS

19 (a) The State Board shall review on its own initiative or when requested as
20 per subsection (b) of this section and may regroup the supervisory unions of
21 the State or create new supervisory unions in such manner as to afford

1 increased efficiency or greater convenience and economy and to facilitate ~~K-12~~
2 prekindergarten through grade 12 curriculum planning and coordination as
3 changed conditions may seem to require.

4 (b)(1) Any school district that has so voted at its annual school district
5 meeting, if said meeting has been properly warned regarding such a vote, may
6 ~~apply to~~ request that the State Board of education for adjustment of ~~adjust~~ the
7 existing boundaries of the supervisory union of which it is a ~~component~~
8 member district.

9 (2) Any group of school districts that have so voted at their respective
10 annual school district meeting, regardless of whether the districts are members
11 of the same supervisory union, may request that the State Board adjust existing
12 supervisory union boundaries and move one or more nonrequesting districts to
13 a different supervisory union if such adjustment would assist the requesting
14 districts to realign their governance structures into a unified union school
15 district pursuant to chapter 11 of this title.

16 (3) The State Board shall give timely consideration to ~~such~~ requests
17 made pursuant to this subsection and may regroup the school districts of the
18 area so as to ensure reasonable supervision of all public schools therein.

19 (c) The State Board may designate any school district, including a unified
20 union district, as a supervisory district if it will ~~offer schools in grades K-12~~
21 provide for the education of all resident students in prekindergarten through

1 grade 12 and is large enough to support the planning and administrative
2 functions of a supervisory union.

3 (d) Upon application by a supervisory union board, the State Board may
4 waive any requirements of chapter 5 or 7 of this title with respect to the
5 supervisory union board structure, board composition, or board meetings, or
6 the staffing pattern of the supervisory union, if it can be demonstrated that such
7 a waiver will result in efficient and effective operations of the supervisory
8 union; will not result in any disproportionate representation; and is otherwise
9 in the public interest.

10 * * * Merger Support Grants; Small Schools Grants * * *

11 Sec. 8. MERGER SUPPORT GRANT

12 (a) Notwithstanding any provision of law to the contrary and subject to
13 subsection (b) of this section, if the districts creating a union school district
14 pursuant to 16 V.S.A. chapter 11 include at least one “eligible school district,”
15 as defined in 16 V.S.A. § 4015, that received a small school support grant
16 under section 4015 in fiscal year 2016, then the new union school district shall
17 receive an annual merger support grant in each of the first five fiscal years
18 after it begins operation in an amount equal to the small school support grant
19 received by the eligible school district in fiscal year 2016. If more than one
20 merging district was an eligible school district, then the merger support grant

1 shall be in an amount equal to the total combined small school support grants
2 they received in fiscal year 2016.

3 (b) This section shall apply only to a union school district that:

4 (1) is responsible for the education of all resident prekindergarten
5 through grade 12 students;

6 (2) is its own supervisory district;

7 (3) has a minimum average daily membership of 900 in its first year of
8 operation; and

9 (4) is organized and operates according to one of the following common
10 governance structures:

11 (A) a district that operates a school or schools for all resident students
12 in prekindergarten or kindergarten through grade 12;

13 (B) a district that operates a school or schools for all resident students
14 in prekindergarten or kindergarten through grade 8 and pays tuition for all
15 resident students in grade 9 through grade 12; or

16 (C) a district that operates a school or schools for all resident students
17 in prekindergarten or kindergarten through grade 6 and pays tuition for resident
18 students in grade 7 through grade 12;

19 (5) obtains a favorable vote of all “necessary” districts on or after July 1,
20 2015; and

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

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

7 Sec. 11. 16 V.S.A. § 4010(f) is amended to read:

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

12 Sec. 12. DECLINING ENROLLMENT; TRANSITION

13 (a) If a district’s equalized pupils in fiscal year 2016 do not reflect any
14 adjustment pursuant to 16 V.S.A. § 4010(f), then Sec. 11 of this act shall apply
15 to the district in fiscal year 2017 and after.

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

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

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 Sec. 13. REPEAL

4 16 V.S.A. § 4010(f) (declining enrollment; hold-harmless provision) is
5 repealed on July 1, 2020.

6 Sec. 14. DECLINING ENROLLMENT; 3.5 PERCENT HOLD-HARMLESS;

7 GRANDFATHERED DISTRICTS

8 Beginning in fiscal year 2021, for purposes of determining weighted
9 membership under 16 V.S.A. § 4010, a district’s equalized pupils shall in no
10 case be less than 96 and one-half percent of the actual number of equalized
11 pupils in the district in the previous year, prior to making any adjustment under
12 this section, if the district, on or before July 1, 2020:

13 (1) became eligible to receive incentives pursuant to Sec. 6 of this act
14 (accelerated activity);

15 (2) met each of the criteria listed in Sec. 8(b)(1)–(5) of this act,
16 regardless of whether the new district is eligible for a merger support grant,
17 and became an operational unified union school district; or

18 (3) became eligible to receive incentives pursuant to 2010 Acts and
19 Resolves No. 153, Sec. 4, as amended by 2012 Acts and Resolves No. 156,
20 Sec. 13, and further amended by this act (REDs and eligible variations).

1 * * * Current Incentives for Other Joint Activity * * *

2 Sec. 15. CURRENT INCENTIVES FOR JOINT ACTIVITY; LIMITATIONS
3 ON APPLICABILITY

4 (a) Notwithstanding the provisions of the following sections of law, the
5 grants and reimbursements authorized by those sections shall be available only
6 as provided in subsection (b) of this section:

7 (1) 2012 Acts and Resolves No. 156, Sec. 2 (reimbursement of fees of
8 up to \$5,000.00 incurred by school districts or supervisory unions for initial
9 exploration of joint activity).

10 (2) 2012 Acts and Resolves No. 156, Sec. 4 (reimbursement of analysis
11 or transition costs of up to \$10,000.00 incurred by school districts or
12 supervisory unions for joint activity other than a merger).

13 (3) 2012 Acts and Resolves No. 156, Sec. 5 (reimbursement of fees of
14 up to \$20,000.00 incurred by supervisory unions for analysis relating to the
15 advisability of merger of supervisory unions).

16 (4) 2012 Acts and Resolves No. 156, Sec. 6 (transition facilitation grant
17 of \$150,000.00 for the successful merger of two or more supervisory unions).

18 (5) 2012 Acts and Resolves No. 156, Sec. 9 (reimbursement of fees of
19 up to \$20,000.00 incurred by school districts for analysis relating to the
20 advisability of merger other than a regional education district (RED)).

1 (6) 2012 Acts and Resolves No. 156, Sec. 11 (transition facilitation
2 grant of the lesser of \$150,000.00 or five percent of the base education amount
3 multiplied by the combined enrollment for the successful merger of two or
4 more districts other than a RED).

5 (b) A group of districts or supervisory unions shall receive one or more of
6 the incentives listed in subsection (a) of this section only if it:

7 (1) meets the specific eligibility criteria for the incentive; and

8 (2) completes the specific requirements for eligibility on or before

9 December 31, 2015.

10 * * * Supervisory Unions; Local Education Agency * * *

11 Sec. 16. 16 V.S.A. § 43(c) is amended to read:

12 (c) For purposes of determining pupil performance and application of
13 consequences for failure to meet standards and for provision of compensatory
14 and remedial services pursuant to 20 U.S.C. §§ 6311-6318, a ~~school district~~
15 supervisory union shall be a local education agency.

16 * * * Duties of Supervisory Unions; Failure to Comply; Tax Rates * * *

17 Sec. 17. 16 V.S.A. § 261a(c) is added to read:

18 (c)(1) After notice to the boards of a supervisory union and its member
19 districts, the opportunity for a period of remediation, and the opportunity for a
20 hearing, if the Secretary determines that a supervisory union or any one of its
21 member districts is failing to comply with the any provision of subsection (a)

1 of this section, then the Secretary shall notify the board of the supervisory
2 union and the board of each of its member districts that the education property
3 tax rates for nonresidential and homestead property shall be increased by five
4 percent in each district within the supervisory union and the household income
5 percentage shall be adjusted accordingly in the next fiscal year for which tax
6 rates will be calculated. The districts' actual tax rates shall be increased by
7 five percent, and the household income percentage adjusted, in each
8 subsequent fiscal year until the fiscal year following the one in which the
9 Secretary determines that the supervisory union and its districts are in
10 compliance. If the Secretary determines that the failure to comply with the
11 provisions of subsection (a) of this section is solely the result of the actions of
12 the board of one member district, then the tax increase in this subsection (c)
13 shall apply only to the tax rates for that district. Subject to Vermont Rule of
14 Civil Procedure 75, the Secretary's determination shall be final.

15 * * * Transition of Employees * * *

16 Sec. 18. 16 V.S.A. chapter 53, subchapter 3 is added to read:

17 Subchapter 3. TRANSITION OF EMPLOYEES

18 § 1801. DEFINITIONS

19 As used in this subchapter:

20 (1) "New District" means a district created by the realignment or merger
21 of two or more current districts into a new supervisory district, union school

1 district, or any other form of merged or realigned district authorized by law,
2 including by chapter 11, subchapter 1, of this title, regardless of whether one or
3 more of the districts creating the New District (a Realigning District) is a town
4 school district, a city school district, an incorporated school district, a union
5 school district, a unified union school district, or a supervisory district.

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

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

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

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

10 § 1802. TRANSITION OF EMPLOYEES TO NEWLY CREATED

11 EMPLOYER

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

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

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

19 (b) Negotiations shall commence within 90 days after formation of the
20 Transitional Board and shall be conducted pursuant to the provisions of chapter

1 57 of this title for teachers and administrators and pursuant to 21 V.S.A.
2 chapter 22 for other employees.

3 (c) An Employee of a Realigning District or Realigning SU who was not a
4 probationary employee shall not be considered a probationary employee of the
5 New District or New SU.

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

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

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

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

1 (e) On the first day of its existence, the New District or New SU shall
2 assume the obligations of existing individual employment contracts, including
3 accrued leaves and associated benefits, with the Employees of the Realigning
4 Districts.

5 § 1803. VERMONT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM

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

12 (b) The existing membership and benefits of an Employee of a Realigning
13 District or a Realigning SU shall not be impaired or reduced either by
14 negotiations with the New District or New SU under 21 V.S.A. chapter 22 or
15 otherwise.

16 (c) In addition to general responsibility for the operation of the System
17 pursuant to 24 V.S.A. § 5062(a), the responsibility for implementation of all
18 sections of this subchapter relating to the System is vested in the Retirement
19 Board.

1 * * * Unified Union School District; Definition * * *

2 Sec. 19. 16 V.S.A. § 722 is amended to read:

3 § 722. UNIFIED UNION DISTRICTS

4 ~~If a union school district is organized to operate grades kindergarten~~
5 ~~through 12, it~~ (a) A union school district shall be known as a unified union
6 district if it provides for the education of resident prekindergarten–grade 12
7 students, whether by:

8 (1) operating a school or schools for all grades;

9 (2) operating a school or schools for all students in one or more grades
10 and paying tuition for all students in the remaining grade or grades; or

11 (3) paying tuition for all grades.

12 (b) On the date the unified union district becomes operative, unless another
13 date is specified in the study committee report, it shall supplant all other school
14 districts within its borders, and they shall cease to exist.

15 (c) If provided for in the committee report, the unified union school district
16 ~~school~~ board may be elected and may conduct business for the limited purpose
17 of preparing for the transition to unified union district administration while the
18 proposed member school districts continue to operate schools.

19 (d) The functions of the legislative branch of each preexisting school
20 district in warning meetings and conducting elections of unified union school
21 district board members shall be performed by the corresponding board of

1 alderpersons of a city or city council, the selectboard of a town, or the trustees
2 of an incorporated school district as appropriate.

3 * * * Agencies of Human Services and of Education;

4 Coordination; Report * * *

5 Sec. 20. COORDINATION OF EDUCATIONAL AND SOCIAL
6 SERVICES; REPORT

7 (a) The Secretaries of Education and of Human Services, in consultation
8 with school districts, supervisory unions, social service providers, and other
9 interested parties, shall develop a plan for maximizing collaboration and
10 coordination between the Agencies in delivering social services to Vermont
11 public school students and their families. The plan shall:

12 (1) propose ways to improve access to and quality of social services
13 provided to Vermont public school students and their families through
14 systems-level planning and integration;

15 (2) propose sustainable ways to increase efficiencies in delivering social
16 services to Vermont public school students and their families while
17 maintaining access and quality, including ways to promote effective
18 communication between the Agencies at the State and local levels;

19 (3) consider ways in which schools and social service providers can
20 share services, personnel, and other resources, including the use of available
21 space in school buildings by Agency of Human Services personnel;

1 (4) identify the amounts and sources of spending by the Agency of
2 Human Services and the education system to provide social services to families
3 with school-age children; and

4 (5) identify any barriers to increased efficiency, statutory or otherwise
5 and including federal and State privacy protections, and propose ways to
6 address these barriers, including any recommendations for legislative action.

7 (b) On or before January 15, 2016, the Secretaries shall present their plan
8 and recommendations to the Senate Committees on Education and on Health
9 and Welfare and the House Committees on Education and on Human Services.

10 * * * Quality Assurance; Accountability * * *

11 Sec. 21. 16 V.S.A. § 165(b)(1)–(4) are amended and subdivision (5) is added
12 to read:

13 (1) the Agency continue to provide technical assistance for one more
14 cycle of review;

15 (2) the State Board adjust supervisory union boundaries or
16 responsibilities of the superintendency pursuant to section 261 of this title;

17 (3) the Secretary assume administrative control of an individual school,
18 school district, or supervisory union, including budgetary control to ensure
19 sound financial practices, only to the extent necessary to correct
20 deficiencies; ~~or~~

1 (4) the State Board close ~~the~~ an individual school or schools and require
2 that the school district pay tuition to another public school or an approved
3 independent school pursuant to chapter 21 of this title; or

4 (5) the State Board require two or more school districts to consolidate
5 their governance structures.

6 Sec. 22. QUALITY ASSURANCE; ACCOUNTABILITY

7 The Secretary of Education shall regularly review, evaluate, and keep the
8 State Board of Education apprised of the following:

9 (1) the discussions, studies, and activity among districts to move
10 voluntarily toward creating a unified union school district as set forth in Sec.
11 2(a) (preferred governance structure) of this act;

12 (2) the data collected from districts that vote prior to July 1, 2016, to
13 merge into that preferred governance structure pursuant to Sec. 6 (accelerated
14 activity) of this act and from other districts that have merged or do merge into
15 a regional education district (RED) and their variations or that otherwise merge
16 into the preferred governance structure set forth in Sec. 2(a) of this act; and

17 (3) the data and other information collected in connection with the
18 Education Quality Standards, and related on-site education quality reviews,
19 including data and information regarding the equity of educational
20 opportunities, academic outcomes, personalization of learning, a safe school
21 climate, high quality staffing, and financial efficiency.

1 * * * Transition to Sustainable Governance Structures * * *

2 Sec. 23. VOLUNTARY SELF-EVALUATION, MEETINGS, AND
3 DECLARATION

4 (a) The board of each school district in the State that has a governance
5 structure different from the preferred structure set forth in Sec. 2(a) of this act
6 or that does not expect to move or will not be moving into the preferred
7 structure on or before July 1, 2020, may choose to pursue one or more of the
8 following actions:

9 (1) Self-evaluation. The board may choose to evaluate the quality and
10 variety of educational opportunities the district offers and the district's
11 operational efficiencies, including its flexibility to manage, share, and transfer
12 nonfinancial resources with other districts.

13 (2) Meetings.

14 (A) The board may choose to meet with the boards of one or more
15 other districts, including those representing districts that have similar patterns
16 of school operation and tuition payment, to discuss ways to promote
17 improvement throughout the region in connection with:

18 (i) the quality, variety, and equity of available educational
19 opportunities;

20 (ii) operational efficiencies, including the flexibility to manage,
21 share, and transfer resources; and

1 (iii) transparency and accountability.

2 (B) The districts would not need to be contiguous and would not need
3 to be within the same supervisory union.

4 (3) Declaration. A board of a district, solely on behalf of its own district
5 or jointly with the boards of other districts, may choose to submit a letter to the
6 Secretary of Education and the State Board of Education on or before June 30,
7 2017, that:

8 (A) declares the district’s intention to retain its current governance
9 structure or to work with other districts to form a different governance
10 structure or otherwise enter into joint activity;

11 (B) demonstrates, through reference to enrollment projections,
12 student-to-staff ratios, the comprehensive data collected pursuant to 16 V.S.A.
13 § 165, and otherwise, how the intention stated in subdivision (A) of this
14 subdivision supports the district’s or districts’ ability to:

15 (i) provide high-quality and varied educational opportunities that
16 are substantially equitable when compared to opportunities available statewide;

17 (ii) to maximize operational efficiencies through increased
18 flexibility to manage, share, and transfer resources among educational units;

19 and

20 (iii) to promote transparency and accountability; and

1 (C) identifies detailed actions it would take to continue to improve its
2 performance in each of the three areas set forth in subdivisions (B)(i)–(iii).

3 Sec. 24. TRANSITION TO SUSTAINABLE GOVERNANCE

4 STRUCTURES

5 (a) Goals; Secretary’s proposal. In order to provide substantial equity in
6 the quality and variety of educational opportunities statewide; to maximize
7 operational efficiencies through increased flexibility to manage, share, and
8 transfer resources; and to promote transparency and accountability, the
9 Secretary of Education shall:

10 (1) Review the governance structures of the school districts and
11 supervisory unions of the State as they will exist, or are anticipated to exist, on
12 July 1, 2020. This review shall include consideration of any declarations
13 submitted by districts or groups of districts pursuant to Sec. 23 of this act and
14 conversations with those and other districts.

15 (2) On or before April 1, 2018, shall develop, publish on the Agency’s
16 website, and present a proposed plan to the State Board of Education that, to
17 the extent necessary to promote the purpose stated at the beginning of this
18 subsection (a), would move districts into the more sustainable, preferred model
19 of governance set forth in Sec. 2(a) of this act. If it is not possible or
20 practicable to develop a proposal that realigns districts, where necessary, in a
21 manner that adheres to the protections of Sec. 3(c) (protection for

1 tuition-paying and operating districts) or that otherwise meets all aspects of
2 Sec. 2(a), then the proposal may include alternative governance structures as
3 necessary, such as a supervisory union with member districts or a unified union
4 school district with a smaller average daily membership; provided, however,
5 that any proposed alternative governance structure shall be designed to:

6 (A) ensure adherence to the protections of Sec. 3(c); and

7 (B) promote equity of educational opportunities, financial
8 efficiencies, accountability, and transparency in a sustainable governance
9 structure.

10 (b) State Board's proposed plan. On or before December 31, 2018, the
11 State Board shall review and analyze the Secretary's proposal under the
12 provisions in subsection (a) of this section, may take testimony or ask for
13 additional information from districts and supervisory unions, shall approve the
14 proposal in either its original form or in an amended form that adheres to the
15 provisions of subsection (a), and shall present to the General Assembly and
16 publish on the Agency of Education's website a proposed plan realigning
17 districts and supervisory unions where necessary.

18 (c) General Assembly. Upon review of the State Board's proposed plan
19 and receipt of testimony from the public and interested parties, it is the intent
20 of the General Assembly in 2015 that the 2019–2020 General Assembly shall
21 enact the proposed plan either in its original form or in an amended form that:

1 (1) adheres to the provisions of subsection (a) of this section; and
2 (2) establishes a date by which any new districts and expanded or
3 otherwise realigned supervisory unions that might be created under this section
4 shall be operational.

5 (d) Applicability. This section shall not apply to:

6 (1) interstate school districts;

7 (2) regional career technical center school districts formed under 16
8 V.S.A. chapter 37, subchapter 5A; or

9 (3) districts that, between June 30, 2013, and July 2, 2020, have
10 voluntarily created and have begun or will begin to operate as a unified union
11 school district that:

12 (A) is a regional education district (RED) or a district eligible to
13 receive RED incentives; or

14 (B) is formed pursuant to the preferred structure set forth Sec. 2(a) of
15 this act.

16 * * * Education Technical Assistant; Position * * *

17 Sec. 25. EDUCATION TECHNICAL ASSISTANT

18 There is established one (1) new limited service exempt position –
19 Education Technical Assistant – in the Agency of Education, authorized for
20 fiscal years 2016 and 2017. The Education Technical Assistant shall work
21 directly with school districts and supervisory unions to provide information

1 and assistance regarding fiscal and demographic projections and the options
2 available to address any necessary systems changes. The Agency's authority
3 to hire an individual for this purpose is contingent on its ability to obtain
4 funding for the position solely through nonstate sources.

5 * * * Effective Dates * * *

6 Sec. 26. EFFECTIVE DATES

7 (a) Sec. 1 (findings) shall take effect on passage.

8 (b) Sec. 2 (preferred governance structure) shall take effect on passage.

9 (c) Sec. 3 (intent) shall take effect on passage.

10 (d) Secs. 4 and 5 (REDs; incentives; dates) shall take effect on passage.

11 (e) Sec. 6 (accelerated activity; increased incentives) shall take effect on
12 passage.

13 (f) Sec. 7 (supervisory union boundaries) shall take effect on passage.

14 (g) Sec. 8 (Merger Support Grants) shall take effect on July 1, 2015.

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

17 (i) Secs. 11 and 12 (declining enrollment; hold-harmless provision;
18 transition) shall take effect on July 1, 2016.

19 (j) Sec. 13 (declining enrollment; hold-harmless provision; repeal) shall
20 take effect on July 1, 2020.

1 (k) Sec. 14 (declining enrollment; hold-harmless provision; exception)
2 shall take effect on July 1, 2020.

3 (l) Sec. 15 (existing incentives; applicability) shall take effect on July 1,
4 2015.

5 (m) Sec. 16 (supervisory unions; local education agency) shall take effect
6 on July 1, 2015.

7 (n) Sec. 17 (supervisory union duties; failure to comply; tax rates) shall
8 take effect on July 1, 2016; provided, however, that tax rates shall not be
9 increased pursuant to this section prior to fiscal year 2018.

10 (o) Sec. 18 (transition of employees) shall take effect on passage and shall
11 apply to a New District or New SU that has its first day of operation on or after
12 that date; provided, however, that this section shall not apply to the transition
13 of employees to the new joint contract school scheduled to be operated by the
14 Pomfret and Bridgewater school districts beginning in the 2015–2016
15 academic year.

16 (p) Sec. 19 (unified union school district; definition) shall take effect on
17 passage.

18 (q) Sec. 20 (Agencies of Education and of Human Services; coordination)
19 shall take effect on passage.

20 (r) Sec. 21 (authorities of State Board of Education) shall take effect on
21 July 1, 2020.

1 (s) Sec. 22 (review of data) shall take effect on July 1, 2015.

2 (t) Sec. 23 (optional self-evaluation, meetings, and proposal) shall take
3 effect on July 1, 2015.

4 (u) Sec. 24 (optional self-evaluation; transition to sustainable governance
5 structures) shall take effect on July 1, 2015.

6 (v) Sec. 25 (limited service exempt position) shall take effect on July 1,
7 2015.

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

9

10 (Committee vote: _____)

11

12

Senator _____

13

FOR THE COMMITTEE