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1 **[encouraging governance change]**

2 **note:** *language is in bold-faced type to draw attention to the elements and*
3 *structure of a section*

4 TO THE HONORABLE SENATE:

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

11 * * * Findings; Goals; Obstacles * * *

12 Sec. 1. FINDINGS

13 (a) Vermont’s student population has declined rapidly during the last 20
14 years

15 (b) The number of school-related personnel has remained fairly constant
16 during the last 10 years.

17 (c) The number of students with **severe emotional needs** and students from
18 families in crisis due to loss of **employment, opiate addiction,** and other
19 reasons has risen [“by X percent” “dramatically” etc.] during the last [#] years.

20 (d) Elementary and secondary education in Vermont lacks a cohesive
21 governance structure and delivery system. As a result, many school districts:

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

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

3 including personnel, with other school districts.

4 (e) The “micro” size of some school districts and of some schools in
5 Vermont inhibits their ability to provide educational opportunities that are
6 necessary for students to acquire the 21st Century skills and knowledge
7 necessary to succeed in a global economy.

8 (f) When the current education funding model was implemented, the
9 General Assembly enacted legislation to protect districts, particularly small
10 districts, from large, sudden tax increases due to declining student populations.
11 That legislation, 16 V.S.A. § 4010(f), provides that a district’s equalized pupil
12 count shall never be less than 96 and one-half percent lower than the district’s
13 count in the previous year. The General Assembly did not envision the steady
14 decrease in population experienced by some districts when it enacted
15 § 4010(f). The compounding effect of the legislation as written has inflated
16 the equalized pupil count in some small districts by as much as two-thirds,
17 resulting in artificially low tax rates in those communities.

18 (g) In order to promote flexibility, transparency, and accountability, the
19 preferred education governance structure in Vermont is a union school district
20 that:

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

3 (2) is its own supervisory district;

4 (3) has an average daily membership of between 9,000 and 1,1000; and

5 (4) assumes one of the following four common governance structures:

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

8 (B) a district that operates a school or schools for resident students in
9 prekindergarten or kindergarten through grade 6 and pays tuition for all
10 resident students in grade 7 through grade 12;

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

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

16 (h) A single prekindergarten – grade 12 district as envisioned in the
17 previous subsection may not be possible or may not be the best means of
18 achieving the Vermont’s education goals in some regions of the State. There
19 are situations in which supervisory unions composed of multiple member
20 districts, each with its separate school board, also meet the State’s basic goals,
21 albeit to a lesser extent. In such situations, the State’s goals are best met by

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1 fewer, larger supervisory unions than currently exist in Vermont, each with the
2 smallest number of member school districts achieved through the merger of
3 districts with similar operating and tuitioning patterns.

4 Sec. 2. EDUCATION GOALS AND OBSTACLES

5 (a) Vermont's goals for educational spending, opportunities, and outcomes
6 throughout the State include the following:

7 (1) **To decrease** the rate of growth in education **spending** to reflect
8 **declining** student **enrollment** through a variety of approaches, including:

9 (A) increased **flexibility** to manage, share, and transfer resources,
10 including personnel, among schools;

11 (B) higher student-to-adult **ratios**, at both the local and more regional
12 levels; and

13 (C) greater public **accountability** and transparency.

14 (2) **To provide substantial equity** in the quality and variety of
15 educational **opportunities** that are available statewide and that support
16 students' ability to meet or exceed the State's Education Quality Standards,
17 adopted as rules by the State Board of Education at the direction of the General
18 Assembly, including a range of

19 (A) course offerings;

20 (B) potential teachers and other adult mentors; and

21 (C) co-curricular and extracurricular activities.

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1 (3) To **improve** student **outcomes**, which: [**question:** delete (3)?]

2 (A) are measured through multiple forms of assessment; and

3 (B) can be expressed, at least in part and without violating federal or
4 State privacy protections, by data that:

5 (i) can be collected, shared, analyzed, and compared for groups of
6 students at the local, regional, and State levels; and also

7 (ii) facilitates the ability to gauge improvement in each individual
8 student’s outcomes from year to year.

9 (4) To **promote and facilitate:**

10 (A) effective, consistent, and **stable leadership;**

11 (B) **excellent teaching;** and

12 (C) active parental and **community engagement.**

13 (b) Obstacles. Current factors that inhibit achievement of the goals set
14 forth in this act include: [**question:** omit (b) because restates much of what is
15 in the findings? or keep because provides link between goals and rest of bill?]

16 (1) the variety and **complexity** of governance units throughout the State;

17 (2) the large number of relatively **autonomous** governance units in a
18 state with approximately 80,000 students;

19 (3) the “**micro**” size of some governance units and of some schools;

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

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

10 (1) by paying tuition on the students' behalf, to continue to provide
11 education by paying tuition on behalf of all students in the grade or grades; or

12 (2) by operating a school offering the grade or grades, to continue to
13 provide education by operating a school for all students in the grade or grades.

14 Sec. 4 SCHOOL CLOSURE; SMALL SCHOOLS; INTENT

15 (a) **School closure.** It is not the State's intent to close schools and nothing
16 in this act shall be construed to require, encourage, or contemplate the closure
17 of schools in Vermont.

18 (b) **Small Schools.** It is not the State's intent to close its small schools, but
19 rather to ensure that those schools enjoy the expanded opportunities and
20 economies of scale available in larger, more flexible governance models.

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

2 () Secs.3–4 (intent) shall take effect on passage.

3 * * * Quality Assurance; Data-Driven Partnerships * * *

4 Sec. 5. 16 V.S.A. § 165(g) is added to read:

5 (g) As used in this section, the term “supervisory union” is explicitly
6 intended to include supervisory districts.

7 Sec. 6. 16 V.S.A. § 165(b) and (c) are amended to read:

8 ~~(b) Every two years, the Secretary shall determine whether students in each~~
9 ~~Vermont public school are provided educational opportunities substantially~~
10 ~~equal to those provided in other public schools. If the Secretary determines~~
11 ~~that~~ Quality assurance.

12 (1) Comprehensive educational data. [AKA: the “dashboard”]

13 (A) Annually, the Secretary shall gather and evaluate data related to:

14 (i) the efficient and viable use of financial, human, and other
15 resources, including:

16 (I) flexibility in the management, sharing, and transfer of
17 resources;

18 (II) staffing ratios at the local, district, and supervisory union
19 levels;

20 (III) per pupil costs; and

21 (IV) public accountability and transparency;

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1 (ii) equity in the quality and variety of educational opportunities,
2 which meet education quality standards, that are available statewide;

3 (iii) academic outcomes; and

4 (iv) other issues, including enrollment projections and the
5 physical plant conditions.

6 (B) The Secretary shall publish the data collected pursuant to
7 subdivision (A):

8 (i) for each supervisory union in the State; and

9 (ii) in a manner that is consistent with standards for reliability of
10 data and student confidentiality, for each school district and school in the State.

11 (2) **[Regional ?] Education Quality Review Teams.**

12 (A) The Secretary shall create [Regional ?] Education Quality
13 Review Teams (the Teams). Each Team shall include at least one Agency
14 employee and, to the extent practicable, a current or former superintendent,
15 principal, teacher, business manager, and school board member. /question:

16 omit the following sentence?] A Team shall not include a member who is
17 currently or was formerly employed by or serving in a school district or a
18 supervisory union located in the region for which the Team is responsible.

19 (B) Based upon the annual evaluation of the data collected in
20 subdivision (1) of this subsection (b), the Secretary shall identify school
21 districts and supervisory unions, and specific schools within them, that are not

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1 meeting, are in danger of not meeting, or are not progressing towards the
2 education quality standards and the other performance expectations identified
3 by this section.

4 (C) At the direction of the Secretary, each Team shall conduct on-site
5 reviews of schools identified in subdivision (B) and of the administrative
6 offices of the school’s supervisory union. The Team shall examine dimensions
7 of school performance related to the data collected in subdivision (1) of this
8 subsection (b) and shall report directly to the Secretary. Unless the Secretary
9 determines otherwise, at least one on-site review shall occur at least once every
10 three years [redacted] --. [question: to what is 3 year requirement

11 related? “within each SU in the State?” “for each identified school?” other?]

12 (D) In connection with the indicators developed for the education
13 quality standards, the Secretary shall develop guidelines for his or her
14 evaluation of the data and identification of schools, school districts, and
15 supervisory unions. The Secretary shall also develop guidelines and
16 procedures to assist the work of the Teams.

17 (3) Secretary’s report. The Secretary shall prepare and publish a
18 report summarizing the results of each on-site review and specifically
19 identifying any ways in which the school district or supervisory union, or both,
20 has failed to meet, or to make sufficient progress toward meeting, the
21 performance goals identified by this section, including that:

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1 (A) a school is not meeting or making sufficient progress toward
2 meeting the education **quality** standards listed in subsection (a) of this section
3 or the , including failure to meet or make sufficient progress toward meeting
4 the goals that the school established in its continuous improvement plan
5 developed pursuant to subdivision (a)(1) of this section;

6 (B) the school is making insufficient progress in improving student
7 **performance** in relation to the standards for student performance set forth in
8 subdivision 164(9) of this title, ~~he or she shall describe in writing actions that a~~
9 ~~district must take in order to meet either or both sets of standards and shall~~
10 ~~provide technical assistance to the school; or~~

11 (C) the school is not **financially viable** as currently operated.

12 (4) **Revised continuous improvement plan.** Based upon the data,
13 evaluations, and report required in subdivisions (1) through (3) of this
14 subsection (b), the school district or supervisory union, or both, shall submit to
15 the Secretary a revised continuous improvement plan that includes detailed
16 measures that the district or supervisory union, or both, intend to take during
17 the subsequent three years in order to meet or progress toward meeting the
18 goals identified by the Secretary’s report in subdivision (3). The Secretary
19 may accept, revise, or reject a submitted plan within 60 days of its submission.
20 If the Secretary rejects a plan, then the Secretary shall simultaneously issue
21 new plan requirements for the school district or supervisory union, or both.

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1 (5) Technical assistance. The Agency [~~and the Team~~ ?] shall provide
2 guidance and technical assistance to the school district or supervisory union, or
3 both, as the school district or supervisory union works toward meeting the
4 performance goals as identified in the continuous improvement plan.

5 (6) Accountability. If the school district or supervisory union fails to
6 meet the ~~standards~~ performance goals or to make sufficient progress toward
7 meeting them by the end of the ~~next two-year~~ three-year period, then the
8 **Secretary shall recommend to the State Board** one or more of the following
9 actions:

10 ~~(1)~~(A) that the Agency [~~and the Team~~ ?] continue to provide technical
11 assistance for a specified period;

12 ~~(2)~~(B) that the State Board adjust supervisory union boundaries or
13 responsibilities of the superintendency pursuant to section 261 of this title;

14 ~~(3)~~(C) that the Secretary assume administrative control of a school,
15 school district, or supervisory union, including budgetary control to ensure
16 sound financial practices, only to the extent necessary to correct deficiencies;

17 ~~or~~

18 ~~(4)~~(D) that the State Board close the school or schools and require that
19 the school district pay tuition to another public school or an approved
20 independent school pursuant to chapter 21 of this title; or

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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. [Repealed.]~~

3 * * *

4 Sec. 8. SMALL SCHOOL SUPPORT; TRANSITION

5 [**note:** *Dates are place-holders*]

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

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

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

17 () Secs. 7 and 8 (small school support) shall take effect on July 1, 2016,
18 and shall apply to grants made in fiscal year 2017 and after.

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

2 Sec. 9. 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 Sec. 10. DECLINING ENROLLMENT; TRANSITION

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

11 (b) If a district's equalized pupils in fiscal year 2016 reflect adjustment
12 pursuant to 16 V.S.A. § 4010(f), then, notwithstanding the provisions of
13 § 4010(f) as amended by this act:

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

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

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

19 () Secs. 9 and 10 (declining enrolment; 3.5 percent hold-harmless) shall
20 take effect on July 1, 2015.

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

2 Sec. 11. 16 V.S.A. § 261a(c) is added to read:

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

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

16 () Sec. 11 (supervisory union duties; failure to comply; tax rates) shall
17 take effect on July 1, 2016.

18 * * * Voluntary Mergers; Incentives; REDS * * *

19 Sec. 12. 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

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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~~
9 merger receives final approval of the electorate prior to [DATE].

10 Sec. 13. 2010 Acts and Resolves No. 153, Sec. 4, as amended by 2012 Acts
11 and 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 *[to be moved to EFFECTIVE DATE section]*

16 () Secs. 12–13 (REDS; incentives; dates) shall take effect on passage.

17 * * * Merger of Education Governance Structures * * *

18 Sec. 14. 16 V.S.A. § 261 is amended to read:

19 § 261. ORGANIZATION AND ADJUSTMENT OF SUPERVISORY

20 UNIONS

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1 (a) The State Board shall review on its own initiative or when requested as
2 per subsection (b) of this section and may regroup the supervisory unions of
3 the State or create new supervisory unions in such manner as to afford
4 increased efficiency or greater convenience and economy and to facilitate ~~K-12~~
5 prekindergarten through grade 12 curriculum planning and coordination as
6 changed conditions may seem to require.

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

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

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

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1 (c) The State Board may designate any school district, including a unified
2 union district, as a supervisory district if it will ~~offer schools in grades K-12~~
3 provide for the education of all resident students in prekindergarten through
4 grade 12 and is large enough to support the planning and administrative
5 functions of a supervisory union.

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

13 Sec. 15. 16 V.S.A. § 722 is amended to read:

14 § 722. UNIFIED UNION DISTRICTS

15 (a) If a union school district is organized to operate ~~grades kindergarten~~
16 resident students in prekindergarten through grade 12, it shall be known as a
17 unified union district. As used in this section, “operate” means to provide for
18 the education of resident prekindergarten – grade 12 students, whether by:

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

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

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1 (3) paying tuition for all grades.

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

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

9 (d) The functions of the legislative branch of each preexisting school
10 district in warning meetings and conducting elections of unified union school
11 district board members shall be performed by the corresponding board of
12 alderpersons of a city or city council, the selectboard of a town, or the trustees
13 of an incorporated school district as appropriate.

14 Sec. 16. FULLY NONOPERATING PREKINDERGARTEN – GRADE 12
15 DISTRICTS

16 (a) Pursuant to its authority to adjust supervisory union boundaries and
17 create supervisory districts under 16 V.S.A. § 261, the State Board of
18 Education shall issue an order by which each district that provides for the
19 education of all resident prekindergarten – grade 12 students solely by paying
20 tuition shall be reorganized on or before July 1, 2017 into no more than five
21 supervisory districts statewide.

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1 (b) The order shall establish a governance structure for each new
2 supervisory district that is responsible for ensuring compliance with all State
3 and federal laws, including the Elementary and Secondary Education Act of
4 1965, the Individuals with Disabilities Education Act, and the No Child Left
5 Behind Act, as each may be amended from time to time.

6 (c) Notwithstanding the provisions of 16 V.S.A. § 823(b) and § 824(c), the
7 electorate of the new supervisory districts cannot vote to pay tuition in an
8 amount to exceed the maximum statutory amounts.

9 Sec. 17. PREKINDERGARTEN – GRADE 12 DISTRICTS; PILOT

10 PROGRAM; INCENTIVES; REPORT

11 (a) There is created a pilot program to analyze whether and to what extent
12 governance merger results in increased financial savings, operational
13 efficiencies, and educational opportunities and through which up to
14 [NUMBER] newly formed union school districts shall receive tax incentives.

15 (b) Subject to the provisions of this section, a newly formed union school
16 district shall receive tax incentives as set forth in subsection (c) of this section
17 if it:

18 (1) is formed by merging the governance of two or more districts
19 pursuant to the process and requirements of 16 V.S.A. chapter 11;

20 (2) obtains an affirmative vote of all “necessary” districts on or after
21 July 1, 2015 and before July 1, 2016;

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- 1 (3) is responsible for the education of all resident prekindergarten
2 through grade 12 students;
- 3 (4) is its own supervisory district;
- 4 (5) has an average daily membership of [between 9,000 and 1,100] OR
5 [at least XXX] in its first year of operation; and
- 6 (6) is organized and operates as one of the following three common
7 governance structures:
- 8 (A) a district that operates a school or schools for resident students in
9 prekindergarten or kindergarten through grade 12;
- 10 (B) a district that operates a school or schools for resident students in
11 prekindergarten or kindergarten through grade 6 and pays tuition for all
12 resident students in grade 7 through grade 12; or
- 13 (C) a district that operates a school or schools for resident students in
14 prekindergarten or kindergarten through grade 8 and pays tuition for resident
15 students in grade 9 through grade 12;
- 16 (7) becomes operational on or before [DATE]; and
- 17 (8) provides data [for how long] as requested by the Agency of
18 Education and otherwise assists the Agency to assess whether and to what
19 extent the consolidation of its governance results in increased financial
20 savings, operational efficiencies, and educational opportunities.

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1 (c) Notwithstanding any other provision of law, during the first five years
2 of operation, the equalized homestead property tax rate of an eligible district
3 shall be decreased by \$0.10 and the household income percentage shall be
4 calculated accordingly. During the years in which a district's equalized
5 homestead property tax rate is decreased pursuant to this subsection, the rate
6 for each town within the district shall not increase by more than five percent in
7 a single year. The household income percentage shall be calculated
8 accordingly. On and after the effective date of merger, the common level of
9 appraisal shall be calculated independently for each town within the district for
10 purposes of determining the homestead property tax rate for each town.

11 (d) The tax incentives available under this section are available solely to
12 the first [NUMBER] districts meeting the criteria set forth in subsection (b)
13 that obtain a favorable vote of all necessary districts.

14 (e) If a new union school district that receives tax incentives under this
15 section also meets the eligibility criteria to receive incentives as a regional
16 education district (RED) or one of its variations, then the district shall not
17 receive the equalized homestead property tax rates or RED incentive grant
18 pursuant to 2010 Acts and Resolves No. 153, Sec. 4(a), as amended by 2012
19 Acts and Resolves No. 156, Sec. 13.

20 (f) The Secretary of Education, in collaboration with the University of
21 Vermont and others, shall collect and analyze data from the new districts

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1 participating in this pilot program regarding fiscal savings, operational
2 efficiencies, and education opportunities following merger of governance.
3 Beginning on January 15, 2016 and annually through January [YEAR], the
4 Secretary shall submit a report to the House and Senate Committees on
5 Education and on Appropriations, the House Committee on Ways and Means,
6 and the Senate Committee on Finance regarding the results of the pilot project
7 and any recommendations for legislative action.

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

9 () Sec. 14 (supervisory union boundaries) shall take effect on passage.

10 () Sec. 15 (unified union school district; definition) shall take effect on
11 passage.

12 () Sec. 16 (merger of nonoperating prekindergarten–grade 12 districts)
13 shall take effect on passage.

14 (17) Sec. 17 (merger; pilot program) shall take effect on passage.

15 * * * Accountability and Support * * *

16 Sec. 18. 16 V.S.A. § 43(c) is amended to read:

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

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1 Sec. 19. UNIFORM CHART OF ACCOUNTS; REPORT

2 Each supervisory union shall allocate its fiscal year 2017 expenditures to
3 provide services on behalf of each member district pursuant to the State's
4 uniform chart of accounts for education and shall report the allocation to the
5 Agency of Education on or before July 15, 2017. [question: is there more to
6 this?]

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

8 () Sec. 18 (supervisory union; local education agency) shall take effect on
9 July 1, 2016, subject to the Agency of Education's ability to obtain federal
10 approval for the change.

11 () Sec. 19 (uniform chart of accounts) shall take effect on July 1, 2016.

12 * * * Supervisory Unions; Budgets; Votes by Electorate * * *

13 Sec. 20. 16 V.S.A. § 261a(11) is amended to read:

14 (11) ~~on or before June 30 of each year, adopt a budget for the ensuing~~
15 ~~school year~~ annually, prepare a budget for presentation to the voters of the
16 member school districts pursuant to section 305 of this title; and

17 Sec. 21. 16 V.S.A. § 242(4)(D) is amended to read:

18 (D) prepare for each district an itemized report detailing the portion
19 of the proposed supervisory union budget for the subsequent school year for
20 ~~which the district would be assessed for the subsequent school year~~
21 responsible, identifying the component costs by category and explaining the

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1 method by which the district’s share for each cost was calculated; and provide
2 the report to each district at least 14 days before a ~~budget, including the~~
3 supervisory union ~~assessment, budget~~ is voted on by the electorate of the
4 district.

5 Sec. 22. 16 V.S.A. § 301 is amended to read:

6 § 301. APPORTIONMENT OF EXPENSES

7 Unless otherwise agreed upon, ~~each school district shall pay a~~ the portion of
8 the supervisory union budget to be voted upon by each school district shall
9 represent that district’s proportionate share of the salary and expenses of the
10 superintendent and the expenses of the supervisory union based on the number
11 of enrolled students in each member school district. “Enrolled students” shall
12 be defined by the State Board by rule, including the treatment of tuition
13 students, special education students, students enrolled in career technical
14 centers, and other particular circumstances.

15 Sec. 23. 16 V.S.A. § 305 is added to read:

16 § 305. ESTABLISHMENT OF A SUPERVISORY UNION BUDGET

17 (a) Annually, the board of a supervisory union shall provide a proposed
18 supervisory union budget to the board of each member school district, together
19 with the detailed information required in subdivision 242(4)(D) of this title.

20 (b) Each district board shall present the supervisory union budget to the
21 district voters as a separate article in the warning for the district budget,

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1 expressing the sum in dollars and indicating the district's proportionate share
2 of the total budget. If the voters in a town vote on the budgets of two or more
3 districts, then they shall have the opportunity to vote only once on the
4 supervisory union budget, but the proportionate share for each district shall be
5 indicated. The voters in each district within a supervisory union shall vote on
6 the supervisory union budget on the same day and during the same hours.

7 (c) The vote on the supervisory union budget shall be warned and held by
8 Australian ballot. If a district does not vote on its district budget by Australian
9 ballot, then the voters of that district may vote to proceed in the same manner
10 as for the school district budget, provided that the number of votes in favor of
11 and opposed to the supervisory union budget shall be tallied and the
12 supervisory union budget shall not be amended.

13 (d) The clerk of each school district shall certify the number of votes in
14 favor of and opposed to the supervisory union budget in that district. Within
15 ten days of the vote, all school district clerks within the supervisory union shall
16 meet to establish and jointly certify if a majority of the commingled votes were
17 in favor of or in opposition to the supervisory union budget.

18 (e) The supervisory union budget is established if all school district clerks
19 within a supervisory union certify that a majority of the commingled votes
20 were in favor of the budget. If a proposed budget is rejected, then the
21 supervisory union board shall prepare a revised budget and shall identify a date

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1 on which all districts will vote whether to approve it. The board of each
2 member school district shall warn the vote on the revised budget, which shall
3 be by Australian ballot and shall take place in the same locations as the
4 original vote. If the revised budget is rejected, then the boards shall repeat the
5 procedure in this subsection until the budget is adopted. If the voters fail to
6 approve a supervisory union budget by July 1 of any year, *[then each district*
7 *shall be liable for 87 percent of its proportionate share of the most recently*
8 *adopted budget* **OR** *then the most recently adopted budget shall be the budget*
9 *for the fiscal year beginning on that July 1 and the supervisory union shall*
10 *assess each member district for payment of the district's proportionate share.]*

11 (f) Following a successful vote on a supervisory union budget, the
12 supervisory union board shall give notice to the legislative branch of each
13 district.

14 (g) Early and absentee voting as provided by 17 V.S.A. §§ 2531–2550 is
15 permitted.

16 (h) Unless clearly inconsistent, the provisions of 17 V.S.A. chapter 55 shall
17 apply to actions taken under this section.

18 (i) If an audit conducted of the supervisory union reveals that the
19 supervisory union has:

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1 (1) surplus funds, then the supervisory union board shall carry the funds
2 into the next year to be used to offset each member district's obligation
3 proportionally;

4 (2) a deficit, then the supervisory union board shall apportion the
5 obligation to each member district in the next supervisory union budget.

6 Sec. 24. 16 V.S.A. § 563(11)(C)(i) is amended to read:

7 (i) all revenues from all sources, and expenses, including as
8 separate items ~~any assessment for a supervisory union of which it is a member~~
9 the district's proportionate share of the supervisory union's proposed budget
10 and any tuition to be paid to a career technical center; and including the report
11 required in subdivision 242(4)(D) of this title itemizing the component costs of
12 the district's proportionate share of the supervisory union assessment budget;

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

14 () Secs. 20 – 24 (supervisory union budgets; voting) shall apply to
15 budgets for fiscal year **2017** and after.

16 * * * Transition of Employees * * *

17 Sec. 25. 16 V.S.A. chapter 53, subchapter 3 is added to read:

18 Subchapter 3. Transition of Employees

19 § 1801. DEFINITIONS

20 As used in this subchapter:

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1 (1) “New District” means a district created by the realignment or merger
2 of two or more current districts into a new supervisory district, union school
3 district, or any other form of merged or realigned district authorized by law,
4 regardless of whether one or more of the districts creating the New District (a
5 Realigning District) is a town school district, a city school district, an
6 incorporated school district, a union school district, a unified union school
7 district, or a supervisory district.

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

18 (3) “Employees of a Realigning Entity” means the licensed and
19 nonlicensed employees of a Realigning District or Realigning SU, or both, that
20 create the New District or New SU, and includes employees of an Absorbing

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1 SU and employees of a Realigning SU whose functions will be performed by
2 employees of a New District that is a supervisory district.

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

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

12 § 1802. TRANSITION OF EMPLOYEES TO NEWLY CREATED

13 EMPLOYER

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

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

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

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1 (b) Negotiations shall commence within 90 days after formation of the
2 Transitional Board and shall be conducted pursuant to the provisions of chapter
3 57 of this title for teachers and administrators and pursuant to 21 V.S.A.
4 chapter 22 for other employees.

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

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

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

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

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

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1 Realigning Districts in the New District or for Employees of the Realigning
2 SU in the New SU.

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

7 § 1803. VERMONT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM

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

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

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

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

2 () Sec. 25 (employee transition) shall take effect on passage and apply to
3 any New District or New SU that has its first day of existence on or after that
4 date.

5 * * * Agencies of Human Services and of Education;
6 Coordination; Report * * *

7 Sec. 26. COORDINATION OF EDUCATIONAL AND SOCIAL
8 SERVICES; REPORT

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

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

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

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

4 (4) identify the amounts and sources of spending by the Agency of
5 Human Services and the education system to provide social services to families
6 with school-aged children; and

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

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

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

14 () Sec. 26 (Agencies of Education and of Human Services; coordination)
15 shall take effect on passage.

16 * * * Limited Services Position; **Appropriation ?** * * *

17 Sec. 27. 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 Assistant shall work directly with school
21 districts and supervisory unions to provide information and assistance

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1 regarding fiscal and demographic projections and the options available to
2 address any necessary systems changes. [**include?** The Agency's authority to
3 contract with an individual for this purpose is contingent on its ability to obtain
4 funding for the position solely through non-State sources. **OR the following?**]

5 Sec. 28. AUTHORIZATION; TECHNICAL ASSISTANCE

6 **Version #1 (Ed Fund Money):** Prior to any reversions and
7 notwithstanding the provisions of 16 V.S.A. § 4025(d), of the amount
8 appropriated to the Agency of Education in fiscal year 2015 pursuant to 2014
9 Acts and Resolves No. 179, Sec. B.505, the Agency may expend up to
10 \$300,000.00 in fiscal year 2016 for purposes of providing technical assistance
11 to school districts and supervisory unions pursuant to Sec. 3 of this act.

12 **Version #2 (General Fund Money):** Of the amount appropriated to the
13 Agency of Education in fiscal year 2015 pursuant to 2014 Acts and Resolves
14 No. 179, Sec. B.500.3, the Agency may expend up to \$300,000.00 in fiscal
15 year 2016 for purposes of providing technical assistance to school districts and
16 supervisory unions pursuant to Sec. 3 of this act.

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

18 () Secs. 27–28 (limited service position; authorization; funding) shall take
19 effect on July 1, 2015.

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***** Effective Dates *****

Sec. ____ EFFECTIVE DATES

This section shall take effect on passage.

(Committee vote: _____)

Senator _____

FOR THE COMMITTEE