

H.361
Senate Education Committee – Strike-All Amendment (6-0-0)
(4/22/2015; draft 4.1)

***** Findings *****

Sec. 1. Findings

***** Preferred Educational Governance Structure; Alternative Structure *****

Sec. 2. Preferred Educational Governance Structure; Alternative Structure

(a) In order to:

- provide substantial equity in the quality and variety of educational opportunities
- maximize operational efficiencies through greater flexibility to manage, share, and transfer resources
- promote transparency and accountability

the preferred educational governance structure is a single school district that:

- is responsible for education of all resident PreK-12 students
- is its own supervisory district (SD)
- has a minimum average daily membership (ADM) of 900
- assumes one of 4 most common structures:
 - (1) operates PK/K-12
 - (2) operates PK/K-8; tuitions 9-12
 - (3) operates PK/K-6; tuitions 7-12
 - (4) tuitions PK/K-12

(b) The preferred educational governance model in (a) is not necessarily possible or the best means of achieving VT's education goals in all regions of the State – so...

- an SU composed of multiple member districts, each with its own board, can meet the stated goals
- *particularly* if:
 - (1) the member districts consider themselves collectively responsible for the education of all resident PK-12 students in the SU
 - (2) the SU maximizes efficiencies, economies of scale, flexibility, etc.
 - (3) the SU has the smallest number of member school districts practicable
 - if possible, by merger of districts w/ similar operating / tuitioning patterns

***** Intent; Protections *****

Sec. 3. School Closure; Small Schools; Tuition-Paying Districts; Operating Districts; Protection; Intent

- (a) No intent to close schools; nothing in act requires or should be construed to require it
- (b) No intent to close small schools, but rather the intent is to make sure they have the opportunity for the expanded educational opportunities and economies of scale available in a larger, more flexible governance model
- (c) Total protection for districts that pay tuition for their students, districts that operate schools, and districts that do some of both – they can continue to do so if they choose to do so

***** Voluntary Merger Incentives; REDS *****

Secs. 4–5. RED Incentives; Eligibility

- Current law: operational by FY 2018 (July 1, 2017)
- Sec. 2.: operational by FY 2021 (July 1, 2020) / Sec. 5 fixes typo

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

Sec. 6. Accelerated Activity = Enhanced Incentives

- (a) Receive incentives in (b) if:
- (1) an existing SU becomes an SD by merging into a unified union school district (and, in addition, could also merge with a neighboring supervisory district)
 - (2) positive electorate vote after June 30, 2015 and before July 1, 2016
 - (3) responsible for education of resident PK–12 students
 - (4) is its own SD
 - (5) minimum ADM of 900
 - (6) operates one of the common governance structures listed in Sec. 2(a)(1)-(3)
 - (7) operational on or before July 1, 2017
 - (8) provides data at Secretary’s request and otherwise assists the Secretary to evaluate the merger

(b) Incentives:

(1) *Either*:(A) \$0.10 / 0.10 / 0.08 / 0.06 / 0.04 homestead tax reduction for first 5 years *OR*

(B) Accelerated Action Incentive Grant: \$400 multiplied by ADM; in first year

(2) Merger Support Grant (FY16 Small School Grant): in first 5 years of operation

(3) Transition Facilitation Grant: in first year of operation, receives lesser of

(A) \$150,000

(B) 5% Base Ed Amount multiplied by ADM

[not mentioned here – but also 3.5% HH per Sec. 14 continues in FY21 and after]

(c) REDs – if also eligible for RED incentives, cannot receive duplicative RED incentives

(d) Secretary collects / analyzes data; reports to legislative c'ees annually through 2021

*** * * Facilitating Voluntary Governance Transitions * * ***Sec. 7. SU Boundary Changes

- Clarifies current authority for districts to ask State Board of Education (SBE) for an SU boundary change if putting another district into a different SU facilitates merger of the petitioning districts

*** * * Small Schools Grants / Merger Support Grants * * ***Sec. 8. Merger Support Grants

- Current Law: Small Schools Grant becomes Merger Support Grant for 5 years if district loses eligibility because it merges into a RED (or one of the variations)
- Sec. 8 extends Merger Support Grants for 5 years for new districts meeting same standards as accelerated mergers in Sec. 6, *BUT* that are operational after June 30, 2017 and on or before July 1, 2020 (which is later than accelerated action deadline)

Secs. 9–10. Small School Grants

- Only if school is geographically isolated from another school that has capacity
- SBE to adopt, publish, and update guidelines for determining eligibility
- Effective July 1, 2016 (FY 2017)
- Transition for ineligible districts (that aren't receiving it as merger support grant):
 - FY 2017 – 2/3 of FY2016 amount
 - FY 2018 – 1/3 of FY2016 amount
 - FY 2019 – none except if geographically isolated from school w/ capacity

***** Declining Enrollment; Equalized Pupils; 3.5% Hold-Harmless *****

Secs. 11–12. 3.5% Hold Harmless; Remove Tail

- Removes “tail” in FY 2017 so 3.5% applies to actual, not inflated, count
- Effective July 1, 2016 (FY 2017)
- 3 year transition for districts (if transitioning, then applies fully in FY 2019)

Sec. 13. 3.5% Hold Harmless; Repeals

- Except as in Sec. 14, Repeals 3.5% protection on July 1, 2020 (FY 2021)

Sec. 14. 3.5% Hold Harmless; Grandfathered Districts

- FY 2021 and after: 3.5% hold-harmless applies only if *on or before July 1, 2020*:
 - eligible for RED incentives OR
 - eligible for accelerated action incentives per Sec. 6 OR
 - merged into preferred governance model (Sec.2(a))

***** Reduced Time to Receive Some Current Incentives *****

Sec. 15. Existing Incentives for Other Types of (Potential) Joint Activity

- Moves eligibility deadline for other incentives (reimbursement and grants) from July 1, 2017 to December 31, 2015

***** SUs; LEAs *****

Sec. 16. SU is LEA for federal accountability (AYP) determinations

***** Duties of Supervisory Unions; Failure to Comply; Tax Penalties *****

Sec. 17. Failure to Comply with SU’s Statutory Duty to Provide Services to Districts

- After notice, hearing, and opportunity to remediate
- If SU/district(s) fail to comply with current statute requiring the SU to perform specified duties on behalf of member districts
- Then tax rates for each district is increased by 5 % until compliance
- But if lack of compliance due to one district, then increase applies only to that district
- Effective July 1, 2016; but tax rates not subject to increase until FY 2018

***** Transitioning Employees to Newly-Created Employer *****

Sec. 18. Transitioning Employees – codifying pre-existing session law

***** Union School District; Definition *****

Sec. 19. Union School District; Definition

- Current definition requires that district operates kindergarten – grade 12
- Amends definition so can also include tuition payment for some or all grades

***** AHS / AOE *****

Sec. 20. AHS / AOE Coordination – study and proposal

***** Quality Assurance & Accountability *****

Sec. 21. Authorities of State Board of Education in re: EQS

- For failure to meet or progress toward meeting Education Quality Standards (EQS)
 - Clarifies actions that SBE is currently authorized to order per 16 V.S.A. § 165(b):
 - AOE provides additional technical assistance
 - SBE adjusts SU boundaries or duties of SU
 - AOE assumes administrative control to extent necessary
 - SBE closes school(s) and requires tuitioning
 - Adds authority to merge districts if necessary to achieve / move toward EQS
- Effective on 7/1/2020

Sec. 22. Quality Assurance Reviews and Reports

Secretary of AOE reviews, evaluates, and keeps SBE apprised of:

- (1) discussions, studies, and activities of school districts regarding voluntarily creating unified union school district in preferred structure (Sec. 2(a))
- (2) data and other information collected from accelerated activity per Sec. 6, from REDS, and from other finalized mergers into preferred governance structure
- (3) data collected in connection with EQS, and related on-site quality reviews, including data and information regarding several specified areas of interest

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

Sec. 23. Optional Self-Evaluation, Meetings, and Declaration

A district that is not organized per the preferred governance structure in Sec. 2(a) and that will not be in that structure as of July 1, 2020, may choose to pursue any or all (or none) of the following actions:

(1) Self-evaluation – the district’s school board may choose to evaluate the quality and variety of educational opportunities it offers and its operational efficiencies

(2) Meetings – the district’s school board may choose to meet with other school boards, including those representing districts with similar operational and tuition-paying patterns, to discuss ways to promote the following throughout the region:

- quality, variety, and equity of educational opportunities
- operational efficiencies, including flexibility
- transparency and accountability

(3) Declaration – before July 1, 2017, the district’s school board may choose to file a three-part declaration with the Secretary and State Board either on its own or in connection with other districts that:

(A) declares its intent to retain its current governance structure OR to form a different structure with other district(s) OR otherwise to act jointly (*e.g.*, by contract)

(B) demonstrates through enrollment projections; ratios, comprehensive data provided in EQS process, and otherwise how its stated intention in (A) supports:

- high quality, varied, equitable educational opportunities
- maximization of operational efficiencies (through flexible arrangements)
- transparency and accountability

(C) identifies actions to continue to improve the items listed under (B) above

Sec. 24. Transition to Sustainable Governance Structures

(a) Goals; Secretary’s proposal. In order to:

- provide substantial equity in the quality and variety of educational opportunities
- maximize operational efficiencies through greater flexibility to manage, share, and transfer resources
- promote transparency and accountability

Secretary reviews:

- governance structures of school districts / SUs statewide as they will be, or are anticipated to be on July 1, 2020
- any declarations submitted pursuant to Sec. 23
- conversations with districts, including those submitting a declaration per Sec. 23

By April 1, 2018, the Secretary develops, publishes on the AOE website, and presents to the SBE a *proposal*:

- to the extent *necessary* to promote the three bulleted items under (a) above
- that would move districts into the more sustainable, preferred model in Sec 2(a)
- BUT IF it's not possible or practicable to move to 2(a) model (*e.g.*, per Sec. 3(c)'s protection for tuition paying and operating towns; preferred ADM is too large; etc.), THEN proposal may include alternative governance models as necessary (including an SU with member districts) *designed to promote* the three bulleted items immediately under (a) above

PROVIDED that the proposed alternative model shall be designed to:

- ensure adherence to Sec. 3(c)'s protection for tuition paying and operating districts
- promote equity of opportunities, financial efficiencies, accountability, and transparency in a sustainable governance structure

(b) State Board's Proposed Plan. By December 31, 2018, the SBE:

- reviews and analyzes the Secretary's proposal
- may take testimony or ask for additional information from districts and SUs
- shall approve either the proposal as submitted OR approve the proposed plan in an amended form that adheres to subsection (a) above
- publishes the SBE's proposed plan realigning districts and SUs where necessary
- submits the SBE's proposed plan to the General Assembly

(c) General Assembly. It is the **intent** of the 2015 General Assembly that:

- After review of the SBE's proposed plan AND receipt of testimony from the public and interested parties:
 - The 2019–2020 General Assembly shall enact the proposed plan either as submitted by the SBE or in an amended form that:
 - adheres to subsection (a) above AND
 - establishes a date by which any new governance model shall be operational

(d) Applicability. Section does NOT apply to:

- interstate school districts
- career technical education school districts (3)
- unified union school districts that voluntarily merged per RED process or under this act between 6/30/2013 and 7/2/2020

***** Limited Service Technical Assistance Position *****

Sec. 25. Limited Service Technical Assistance Position in AOE

- to assist districts
- position authorized ONLY if paid SOLELY through non-State funds

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

Sec. 26. Effective Dates