

H.361
As Passed by the House

(DRS) – **DRAFT!!**

TOPIC	As Passed by the House	
Education Policy	<p><u>Sec. 1(a):</u> Generally Assembly intends legislation to move State toward integrated education systems responsible for equitable delivery of high quality education through revised governance structures –</p> <ul style="list-style-type: none"> * leading students to meet or achieve EQS * leading to transparency and accountability * delivered at cost parents, voters, and taxpayers value <p>(b) legislation is designed to encourage and support local decisions and actions linked to EQS</p> <ul style="list-style-type: none"> * identifies specific goals 	
Performance Measures	<p><u>Sec. 1(c):</u> by 12/31/15, SBE adopts performance measure for each policy goal in section</p> <ul style="list-style-type: none"> * work is done in connection with ongoing work to develop EQS indicators 	
Guidelines	<p><u>Sec. 1(d):</u> by 12/31/15, based on performance measures in Sec. 1(c), SBE develops and issues guidelines to assist:</p> <ul style="list-style-type: none"> * districts to develop governance proposals and * SBE to evaluate the proposals 	

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Yield; Dollar Equivalent	<p><u>Secs. 2 – 5:</u> replaces base education amount used to calculate base tax rates each year with a different “dollar equivalent yield” for two groups:</p> <ul style="list-style-type: none"> * taxpayers who pay on the value of their property * taxpayers who receive an income sensitivity adjustment <p>* the “dollar equivalent yield” states the amount of per pupil spending that could be supported each year by a fixed homestead base tax of \$1.00 for property payers, and by a fixed applicable income percentage of 2.0 for income payers</p> <p>* Tax Commissioner <i>proposes</i> both “dollar equivalent yields” annually</p> <p>* General Assembly <i>sets</i> both “dollar equivalent yields” annually</p>	
FY16 Tax Rates & Applicable %; Base Ed Amount	<p><u>Secs. 6 – 7:</u></p> <ul style="list-style-type: none"> * rates = \$1.525 nonresidential \$0.98 homestead * applicable percentage = 1.94% * base education amount = \$9,459 	

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Ballot Language; Per Pupil Spending	<p><u>Secs. 8–9:</u></p> <ul style="list-style-type: none"> * budget Warning includes data re: per equalized pupil spending * repeals inactive divided vote language 	
Merger Support Grants for Districts Receiving Small School Support (current RED incentive)	<p><u>Sec. 10:</u></p> <p><i>current law:</i> REDS that formerly received small school support grants continue to receive the grant as a Merger Support Grant for <u>5 years</u></p> <p><i>amendments:</i></p> <ul style="list-style-type: none"> * Merger Support Grants continue indefinitely * grants cease if close small school * EXCEPT – if close school in connection with consolidation of buildings, then grant for life of bond <p><u>Sec. 11:</u></p> <ul style="list-style-type: none"> (a) provides Merger Support Grants per Sec. 10 to mergers under Sec. 17 with deadlines: 11/20/17 vote and 7/1/19 operation (b) provides same to districts contracting to operate school jointly 	

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Small School Grants	<p>Sec. 12: in FY20 and after – limits grants to districts:</p> <ul style="list-style-type: none"> * average grade size <20 * participated in merger study * high student-to-staff ratio * is geographically isolated per * high quality ed opportunities <p>repeals financial stability grant – an additional grant for small schools with rapidly declining enrollment</p> <p>repeals obsolete language</p> <p>Sec. 12a: requires guidelines by 7/1/2018</p>	
3.5% Hold Harmless Provision (“phantom students”)	<p>Secs. 13 – 14:</p> <p>applies 3.5% to district’s actual equalized pupils from prior year, rather than amount already inflated by application of 3.5% in prior year; effective FY17</p> <p>transitions districts that currently have an inflated number of equalized pupils to new system over 3 years</p>	
Tuition	Secs. 15 – 16: [deleted]	

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Governance Changes	<p><u>Sec. 17:</u></p> <p>(a) <i>by 7/1/2019</i> – integrated education systems for equitable delivery of high quality education to all resident PK-12 student at stable affordable cost</p> <p>(b) Evaluation and Proposal by Districts</p> <p>(1) Evaluation * each district meets with others districts, including those with similar patterns of school operation and tuition payment, to determine how best to create and implement an integrated education system in region * do not have to be contiguous or in same SU</p> <p>(2) Study Committee & Report * pursuant to process in 16 V.S.A. ch. 11 * each dist. forms study committee (except per (e)) * prepares Report proposing a new district or a preK-12 system (SU) with more than one district * Report shows how proposal will meet Act’s goals * Report requires that will be operational by 7/1/19 * reimbursement for study costs and other Act 156 transitional incentives if meet existing criteria</p>	

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	<p>(3) <i>Submission</i>: requires districts to submit report to SBE and subsequently to electorate for vote per 16 V.S.A. ch 11</p> <ul style="list-style-type: none"> * final electorate vote by 11/30/17 * approved Report becomes articles of agreement or governing document for SU <p>(c) Size and Structure of Integrated Education Systems</p> <p>(1) <i>Minimum Size</i> = 1,100 for an integrated education system; Waiver</p> <p>(2) <i>Education Districts</i>:</p> <ul style="list-style-type: none"> * to promote flexibility, transparency, and accountability * <i>preferred structure</i> for integrated education system is an Education District (which is a supervisory district responsible for PK-12) that falls into one of four common structures: <ol style="list-style-type: none"> 1. operates PK/K-12 2. operates PK/K-6; tuitions 7-12 3. operates PK/K-8; tuitions 9-12 4. tuitions PK-12 	

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	<p>(3) Supervisory Unions:</p> <p>(A) <i>recognizes Education District may not be best way to achieve goals in all regions of State AND because may be necessary per:</i></p> <ul style="list-style-type: none"> * Sub (c)(1) – Minimum ADM * Sub (h) – protections for tuition paying and operating districts * districts may propose and SBE may authorize creation, expansion, or continuation of SU <p>(B) State may approve only if proposal provides for transparency and accountability</p> <ul style="list-style-type: none"> * <i>including for SU budget</i> <p>(d) Evaluation by State Board</p> <p>(1) consider if designed to create integrated ed system meeting goals</p> <p>(2) mindful of geographic isolation/AOE helps/<i>MAY</i> deny approval</p>	

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	<p>(e) Exceptions to requirement for Study Committee (but all other requirements apply)</p> <p>(1) existing SD</p> <p>(2) existing SU becoming an SD</p> <p>(f) Creation of Integrated Education Systems</p> <p>(1) Secretary creates <i>proposal</i> to realign for “Remaining Districts” into integrated education systems “to the extent possible”</p> <p>* if it is not possible or practicable to meets one or more provisions of sub (a) or (c), then proposal designed in way to best serve interests of resident students, local communities, and the State</p> <p>* Secretary presents proposal to SBE by 7/1/2018</p> <p>(2) Board approves / amends and approves proposal by 9/1/2018</p> <p>(g) Section Doesn’t Apply to Interstate School Districts</p> <p>(h) Protection for Tuition-Paying & Operating Districts; Intent</p>	

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Tax Incentives for Activity Encouraged	Sec. 18: an integrated education system that receives approval of all “necessary” districts by 11/20/17 and is operational by 7/1/2019 per Sec. 17 receives RED tax incentives	
Repayment of State Construction Aid	<p>Sec. 19: repeals requirement to repay a % of state construction aid upon sale of building for new union schools / joint contract schools created after 7/1/15</p> <p>Sec 19a: AOE Study of issue</p> <p>Sec. 19b: repeals Sec. 19 on 11/30/17</p>	
RED and Other Current Incentives	<p>Secs. 20 – 21:</p> <p><i>current law:</i> RED incentives are available if the new district is <i>operational</i> on 7/1/17</p> <p><i>amendments:</i></p> <ul style="list-style-type: none"> * incentives are available if obtain <i>affirmative vote</i> of the electorate by 11/30/17 * corrects technical error w/ repeal date 	

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Recently Merged Districts	Sec. 22: protects articles of amendment re: manner in which a district may join in future for recently merged districts	
Data Reporting	Sec. 23: full implementation of statewide financial and student data systems by 7/1/2017	
No Strikes	Sec. 24: [Deleted.]	
Employee Transition	Sec. 25: codifies transitional language used in connection with REDs, movement of special educators to SU employment, and other acts and bills	
Mandates; General Fund	Sec. 26: JFO determines dollar amount of new unfunded education mandates and amount is added to General Fund transfer in next fiscal year	
Spending Caps AND Trigger	<p>Sec. 27: sets a variable 2% cap on school district's increase in education spending</p> <p>* cap is indexed so increase for low-spending districts is at a higher % that for high-spending districts</p> <p>* cap based on total spending or on spending per equalized pupil – may use higher growth rate</p>	

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	<p>* includes provisions to calculate tuition increases for nonoperating and partially nonoperating districts</p> <p>* if larger budget is approved, it is deemed to have received a failing vote</p> <p>* appeals process for extraordinary expenses w/ some examples provided</p> <p>Sec. 28 (Trigger): applies to budgets for FYs 2018 and 2019; <u>provided that:</u></p> <p>* cap doesn't apply in FY2018 unless total statewide education spending in FY2017 is more than 2.95% higher than in FY2016</p> <p>* if cap doesn't apply in FY2018, then applies in FY2019 only if FY2018 spending is more than 2.95% above FY2017</p>	
<p>Special Ed Funding; Study</p>	<p>Sec. 29: Secretary of Ed examines and proposes alternative methods to pay for Special Ed –including possibility that some paid by ADM</p> <p>due: 1/15/16</p>	
<p>Supers and Principals</p>	<p>Sec. 30: Secretary of Ed and others study roles and responsibilities of superintendents and principals</p> <p>due: 1/15/16</p>	

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Property Tax Adjustment Lag; Study	Sec. 31: Commissioner of Taxes reports steps necessary to transition to calculation of property tax adjustments on a current year basis	
	due: 1/15/16	
Adequacy Funding Model; Study	Sec. 32: JFO hires consultant to study movement to adequacy funding model	
	up to \$300,000 is available from the FY2015 Education Fund appropriation prior to reversion (in January 2016)	
	due: 1/15/16	
Joint Leg Ed Oversight Committee	Secs. 33 – 34: creates a new statutory Joint Legislative Education Oversight Committee	
Health Care Costs; Study	Sec. 35: Director of Health Care Reform, in consultation with others, considers and proposes alternatives available to school districts for employee health insurance including VEHI, VHC, and others	
	due: 11/1/15	

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Funding for Existing Incentives	Sec. 35a: authorizes Agency of Education to use \$620,000 from FY2015 Education Fund appropriation prior to reversion (in January 2016) to fund existing incentives	
Designation of High School	Sec. 35b: permits school district that does not operate a high school to designate three or fewer independent and/or public schools as the schools at which resident student s may enroll (currently may designate only one school)	