

House Proposal of Amendment to Senate Proposal of Amendment

H. 509

An act relating to calculating statewide education tax rates

The House concurs in the Senate proposal of amendment with further amendment thereto as follows:

First: By inserting two sections to be Secs. 2a and 2b to read as follows:

* * * Education Fund allocation; sales and use tax * * *

Sec. 2a. 16 V.S.A. § 4025 is amended to read:

§ 4025. EDUCATION FUND

(a) ~~An~~ The Education Fund is established to comprise the following:

* * *

(6) ~~Thirty-five~~ Thirty-seven percent of the revenues raised from the sales and use tax imposed by 32 V.S.A. chapter 233.

* * *

Sec. 2b. 32 V.S.A. § 435 is amended to read:

* * *

(b) The General Fund shall be composed of revenues from the following sources:

* * *

(11) ~~65~~ 63 percent of the revenue from sales and use taxes levied pursuant to chapter 233 of this title;

* * *

Second: By striking Secs. 3–5 in their entirety, and inserting a reader assistance and inserting in lieu thereof three new sections to be Secs. 3–5 to read as follows:

* * * Unfunded Mandates * * *

Sec. 3. 32 V.S.A. § 305b is added to read:

§ 305b. UNFUNDED EDUCATION MANDATE AMOUNT TRANSFER

Not more than 30 days after the end of each annual legislative session of the General Assembly, the Joint Fiscal Office and the Secretary of Administration, in consultation with the Secretary of Education and with the Secretary of Human Services as appropriate, shall estimate the “unfunded education mandate amount.” This estimate shall equal the total dollar amount necessary for supervisory unions and school districts to perform any action that is

required pursuant to legislation enacted during that annual legislative session that has a related direct cost but does not have a specifically identified appropriation for fulfilling that obligation. The estimate shall be for the fiscal year commencing on July 1 of the following year. The Joint Fiscal Office and the Secretary of Administration shall present to the Emergency Board at its July meeting an estimate of the unfunded education mandate amount and the Emergency Board shall determine the unfunded education mandate amount. The Governor's budget report required under section 306 of this title shall include a transfer of this amount from the General Fund pursuant to 16 V.S.A. § 4025(a)(2) for the fiscal year commencing on July 1 of the following year.

Sec. 4. 16 V.S.A. § 4025 is amended to read:

§ 4025. EDUCATION FUND

(a) ~~An~~ The Education Fund is established to comprise the following:

* * *

(2) For each fiscal year, the amount of the general funds appropriated or transferred to the Education Fund shall be \$305,900,000.00, ~~to be:~~

(A) the total of \$305,900,000.00 plus the unfunded education mandate amount, as defined in subsection (e) of this section;

(B) increased annually beginning for fiscal year 2018 by the consensus Joint Fiscal Office and Administration determination of the National Income and Product Accounts (NIPA) Implicit Price Deflator for State and Local Government Consumption Expenditures and Gross Investment as reported by the U.S. Department of Commerce, Bureau of Economic Analysis through the fiscal year for which the payment is being determined;

(C) plus an additional one-tenth of one percent.

* * *

(e) As used in this section, "unfunded education mandate amount" shall mean the amount appropriated by the General Assembly in any fiscal year for the purpose of providing funding for supervisory unions and school districts to perform any action that is required pursuant to legislation and that has a related direct cost but does not otherwise have a specifically identified appropriation for fulfilling that obligation. The "unfunded education mandate amount" shall include the cumulative amount of these appropriations for all fiscal years in which they are made.

Sec. 5. 16 V.S.A. § 4028(d) is amended to read:

(d) Notwithstanding 2 V.S.A. § 502(b)(2), the Joint Fiscal Office shall prepare a fiscal note for any legislation that requires a supervisory union or school district to perform any action ~~with an associated~~ that has a related direct

cost, but does not ~~provide money or a funding mechanism~~ have a specifically identified appropriation for fulfilling that obligation. Any fiscal note prepared under this subsection shall identify whether or not the estimated costs would be considered part of the “unfunded education mandate amount” under 32 V.S.A. § 305b for the next fiscal year. Any fiscal note prepared under this subsection shall be completed no later than the date that the legislation is considered for a vote in the first committee to which it is referred.

Third: In Sec. 1, subdivision (1), by striking out “\$10,015.00” and inserting in lieu thereof “\$10,077.00”, and in subdivision (2), by striking out “\$11,820.00” and inserting in lieu thereof “\$11,851.00”

Fourth: In Sec. 2, by striking out “\$1.563” and inserting in lieu thereof “\$1.555”

Fifth: By striking out Sec. 7, working group, and its reader assistance, and Sec. 8, effective date, and its reader assistance, in their entireties and inserting in lieu thereof reader assistance headings and Secs. 7–8 to read:

* * * Health Care Transition * * *

Sec. 7. SAVINGS FROM HEALTH CARE TRANSITION

(a) As of January 1, 2018, all school employees will be on new health care plans. The new health plans cover the same health care services and networks, but they have lower premium costs. The new plans also create higher out-of-pocket exposure through deductibles and co-payment requirements. However, because the premiums for these plans are markedly lower, there are opportunities to keep employees’ out-of-pocket costs at current levels while also realizing up to \$26 million in annual savings. Based on the data from finalized contracts to date, these savings may result in substantially fewer health care costs than districts have budgeted for fiscal year 2018.

(b) On or before June 30, 2017 or 30 days after the adoption of its annual budget, whichever is later, each supervisory district, supervisory union, and school district shall submit to the Secretary of Education and the Commissioner of Finance and Management a report documenting its actual health care costs for calendar years 2016 and 2017 and its budgeted health care costs for 2018. This report shall be on a form prescribed by the Commissioner of Finance and Management and shall specify the employee contribution and employer contribution totals for each calendar year.

(c) Not later than 60 days after the adoption of all collective bargaining agreements covering health care benefits for school employees for plan year 2018, each supervisory district, supervisory union, and school district shall submit to the Secretary of Education and the Commissioner of Finance and Management, a report documenting its anticipated health care costs for fiscal year 2018, based on the new collective bargaining agreements covering plan

year 2018. This report shall be on a form prescribed by the Commissioner of Finance and Management and shall specify the actual employee contribution and employer contribution totals for plan year 2018.

(d) Notwithstanding any other provision of law, for fiscal year 2018 only, the State shall offset the amount of savings between budgeted and actual costs for health care benefits and coverage against the fiscal year 2018 payment to each supervisory district, supervisory union, or school district; provided, however, the State shall withhold any payment due to a supervisory district, supervisory union, or school district after January 1, 2018, until it has received the report required pursuant to subsections (b) and (c) of this section. The savings offset under this subsection shall remain in the Education Fund in an effort to lower property tax rates in fiscal year 2019.

(e) The Agency of Education shall develop a system for tracking the amount of savings offset for each school district under subsection (d) in fiscal year 2018. Notwithstanding any other provision of law, for each school district for which savings were offset under subsection (d), the Agency of Education shall pay a grant to that district in fiscal year 2019, in an amount equal to the offset savings. The grant shall be paid after the school district budget for fiscal year 2019 is approved by voters and reported to the Agency of Education, and the grant shall be reflected in the homestead property tax rate and income percentage used for that school district in fiscal year 2019.

* * * Effective Dates * * *

Sec. 8. EFFECTIVE DATES

(a) Sec. 2a and 2b (Education Fund allocation) shall take effect July 1, 2018 and apply to fiscal year 2019 and after.

(b) This section, Sec. 6a (calculation of rates in certain districts), and Sec. 7 (healthcare transition) shall take effect on passage.

(c) The remaining sections of this act shall take effect on July 1, 2017 and apply to fiscal year 2018 and after.