

1 TO THE HOUSE OF REPRESENTATIVES:

2 The Committee on Education to which was referred Senate Bill No. 122
3 entitled “An act relating to increased flexibility for school district mergers”
4 respectfully reports that it has considered the same and recommends that the
5 House propose to the Senate that the bill be amended as follows:

6 First: In Sec. 1 (Findings), with its reader assistance, by striking out the
7 reader assistance in its entirety and inserting in lieu thereof the following:

8 * * * Findings and Purpose * * *

9 Second: In Sec. 1, by striking out the section heading in its entirety and
10 inserting in lieu thereof the following:

11 Sec. 1. FINDINGS AND PURPOSE

12 Third: In Sec. 1, by adding a new subsection (b) to read:

13 (b) While Vermont generally does an excellent job educating our children,
14 we fall short in two critical areas. First, we are not as successful as we need to
15 be in educating children from families with low income, and second, while we
16 have a very high graduation rate from our high schools, not enough of our
17 graduates continue their education. Fulfilling the goals of Act 46 is a critical
18 step in addressing these shortcomings.

19 and by relettering the remaining sections to be alphabetically correct

20 Fourth: In Sec. 1, in relettered subsection (e), by striking out the last
21 sentence in its entirety

1 Fifth: In Sec. 1, by adding a subsection (f) to read:

2 (f) This act is designed to make useful changes to the merger time lines and
3 allowable governance structures under Act 46 without weakening or
4 eliminating the Act’s fundamental phased merger and incentive structures and
5 requirements. Nothing in this act should suggest that it is acceptable for a
6 school district to fail to take reasonable and robust action to seek to meet the
7 goals of Act 46.

8 Sixth: In Sec. 2, by striking out subsection (b) in its entirety and inserting
9 in lieu thereof the following:

10 (b) The incentives provided under this act shall be available only if the new
11 districts receive final approval of their electorate on or before November 30,
12 2017. This section is repealed on July 1, ~~2017~~ 2019.

13 Seventh: By striking out Sec. 3 in its entirety and inserting in lieu thereof
14 the following:

15 Sec. 3. THREE-BY-ONE SIDE-BY-SIDE STRUCTURE; EXEMPTION
16 FROM STATEWIDE PLAN

17 (a) If the conditions of this section are met, the Merged District and the
18 Existing District or Districts shall be exempt from the requirement under 2015
19 Acts and Resolves No. 46, Secs. 9 and 10, to self-evaluate and make a proposal
20 to the Secretary of Education and State Board of Education and from the State
21 Board’s statewide plan.

1 (1) The new district is formed by the merger of at least three existing
2 districts (Merged District) and, together with one or two existing districts (each
3 an Existing District), are, following the receipt of all approvals required under
4 this section, members of the same supervisory union (Three-by-One Side-by-
5 Side Structure).

6 (2) As of March 7, 2017, town meeting day, each Existing District is
7 either:

8 (A) geographically isolated, due to lengthy driving times or
9 inhospitable travel routes between the Existing District’s school or schools and
10 the nearest school in which there is excess capacity as determined by the State
11 Board of Education; or

12 (B) structurally isolated, because all adjoining school districts have
13 operating or tuitioning models that differ from the Existing District.

14 (3) The Merged District and each Existing District have, following the
15 receipt of all approvals required under this section, a model of operating
16 schools or paying tuition that is different from the model of each other;
17 provided, however, that if two Existing Districts are members of the Three-by-
18 One Side-by-Side Structure, the Existing Districts may have the same model of
19 operating schools or paying tuition if they are geographically isolated from
20 each other, within the meaning of subdivision (2)(A) of this subsection. These
21 models are:

1 (A) operating a school or schools for all resident students in
2 prekindergarten through grade 12;

3 (B) operating a school or schools for all resident students in some
4 grades and paying tuition for resident students in the other grades; or

5 (C) operating no schools and paying tuition for all resident students
6 in prekindergarten through grade 12.

7 (4) Each Existing District and the districts proposing to merge into the
8 Merged District jointly submit a proposal to the State Board after the effective
9 date of this section and demonstrate in their proposal that:

10 (A) the Three-by-One Side-by-Side Structure is better suited to them
11 than a governance structure described in 2015 Acts and Resolves No. 46,
12 Sec. 6 and will meet the goals set forth in Sec. 2 of that act;

13 (B) each Existing District meets one or more of the criteria set forth
14 in subdivision (2) of this subsection (a);

15 (C) each Existing District has a detailed action plan it proposes to
16 take to continue to improve its performance in connection with each of the
17 goals set forth in 2015 Acts and Resolves No. 46, Sec. 2.

18 (5) Each Existing District and the districts proposing to merge into the
19 Merged District obtain State Board approval of their proposal to form the
20 proposed Three-by-One Side-by-Side Structure.

1 (6) Each Existing District obtains the approval of its electorate to be an
2 Existing District in the proposed Three-by-One Side-by-Side Structure on or
3 before November 30, 2017.

4 (7) The districts proposing to merge into the Merged District receive
5 final approval from their electorate for the merger proposal on or before
6 November 30, 2017, and the Merged District becomes fully operational on or
7 before July 1, 2019.

8 (8) The Three-by-One Side-by-Side Structure is formed on or before
9 November 30, 2019 in the manner approved by the State Board.

10 (b) The districts that are proposing to merge into the Merged District may
11 include:

12 (1) districts that have not received, as of the effective date of this
13 section, approval from their electorate to merge, regardless of whether the
14 Merged District will be eligible to receive incentives under 2010 Acts and
15 Resolves No. 153, 2012 Acts and Resolves No. 156, or 2015 Acts and
16 Resolves No. 46, each as amended; and

17 (2) districts that received, on or after July 1, 2010 but prior to the
18 effective date of this section, approval from their electorate to merge but are
19 not operational as a Merged District as of the effective date of this section,
20 regardless of whether the Merged District is eligible to receive incentives

1 under 2010 Acts and Resolves No. 153, 2012 Acts and Resolves No. 156, or
2 2015 Acts and Resolves No. 46, each as amended.

3 (c) The formation of a Three-by-One Side-by-Side Structure shall not
4 entitle the Merged District or an Existing District to qualify for the incentives
5 provided in 2010 Acts and Resolves No. 153, Sec. 4. However, a Merged
6 District that is otherwise entitled to incentives under 2010 Acts and Resolves
7 No. 153, 2012 Acts and Resolves No. 156, or 2015 Acts and Resolves No. 46,
8 each as amended, shall not lose these incentives due to its participation as a
9 member of a Three-by-One Side-by-Side Structure.

10 Eighth: By striking out Sec. 4 in its entirety and inserting in lieu thereof the
11 following:

12 Sec. 4. TWO-BY-TWO-BY-ONE SIDE-BY-SIDE STRUCTURE;

13 REGIONAL EDUCATION DISTRICT INCENTIVES

14 (a) Notwithstanding 2010 Acts and Resolves No. 153, Sec. 3(a)(1) that
15 requires a single regional education district (RED) to have an average daily
16 membership of at least 1,250 or result from the merger of at least four districts,
17 or both, two or more new districts shall be eligible for the incentives provided
18 in No. 153, Sec. 4 as amended by 2012 Acts and Resolves No. 156 and 2015
19 Acts and Resolves No. 46 if:

20 (1) Each new district is formed by the merger of at least two existing
21 districts (each a Merged District) and, together with an Existing District, are,

1 following the receipt of all approvals required under this section, members of
2 the same supervisory union (Two-by-Two-by-One Side-by-Side Structure).

3 (2) As of March 7, 2017, town meeting day, the Existing District is
4 either:

5 (A) geographically isolated, due to lengthy driving times or
6 inhospitable travel routes between the Existing District's school or schools and
7 the nearest school in which there is excess capacity as determined by the State
8 Board of Education; or

9 (B) structurally isolated, because all adjoining school districts have
10 operating or tuitioning models that differ from the Existing District.

11 (3) Each Merged District and the Existing District, following the receipt
12 of all approvals required under this section, have a model of operating schools
13 or paying tuition that is different from the model of each other. These
14 models are:

15 (A) operating a school or schools for all resident students in
16 prekindergarten through grade 12;

17 (B) operating a school or schools for all resident students in some
18 grades and paying tuition for resident students in the other grades; or

19 (C) operating no schools and paying tuition for all resident students
20 in prekindergarten through grade 12.

1 (4) The Two-by-Two-by-One Side-by-Side Structure meets all criteria
2 for RED formation other than the size criterion of 2010 Acts and Resolves
3 No. 153, Sec. 3(a)(1) (average daily membership of at least 1,250) and
4 otherwise as provided in this section.

5 (5) The Existing District and the districts proposing to merge into the
6 Merged Districts jointly submit a proposal to the State Board after the effective
7 date of this section and demonstrate in their proposal that:

8 (A) the Two-by-Two-by-One Side-by-Side Structure is better suited
9 to them than a governance structure described in 2015 Acts and Resolves
10 No. 46, Sec. 6 and will meet the goals set forth in Sec. 2 of that act;

11 (B) the Existing District meets one or more of the criteria set forth in
12 subdivision (2) of this subsection (a); and

13 (C) the Existing District has a detailed action plan it proposes to take
14 to continue to improve its performance in connection with each of the goals set
15 forth in 2015 Acts and Resolves No. 46, Sec. 2.

16 (6) The Existing District and the districts proposing to merge into the
17 Merged Districts obtain State Board approval of their proposal to form the
18 proposed Two-by-Two-by-One Side-by-Side Structure.

19 (7) The Existing District obtains the approval of its electorate to be an
20 Existing District in the proposed Two-by-Two-by-One Side-by-Side Structure
21 on or before November 30, 2017.

1 (8) The districts proposing to merge into each Merged District receive
2 final approval from their electorate for the merger proposal on or before
3 November 30, 2017, and each Merged District becomes fully operational on or
4 before July 1, 2019.

5 (9) Each Merged District has the same effective date of merger.

6 (10) The Two-by-Two-by-One Side-by-Side Structure is formed on or
7 before November 30, 2019 in the manner approved by the State Board.

8 (b) The districts that are proposing to merge into the Merged Districts may
9 include:

10 (1) districts that have not received, as of the effective date of this
11 section, approval from their electorate to merge, regardless of whether the
12 Merged District will be eligible to receive incentives under 2010 Acts and
13 Resolves No. 153, 2012 Acts and Resolves No. 156, or 2015 Acts and
14 Resolves No. 46, each as amended; and

15 (2) districts that received, on or after July 1, 2010 but prior to the
16 effective date of this section, approval from their electorate to merge but are
17 not operational as a Merged District as of the effective date of this section,
18 regardless of whether the Merged District is eligible to receive incentives
19 under 2010 Acts and Resolves No. 153, 2012 Acts and Resolves No. 156, or
20 2015 Acts and Resolves No. 46, each as amended.

1 (c) If the conditions of this section are met, the incentives provided in 2010
2 Acts and Resolves No. 153, Sec. 4 shall be available to each Merged District,
3 unless the Merged District has already received incentives under 2010 Acts
4 and Resolves No. 153, 2012 Acts and Resolves No. 156, or 2015 Acts and
5 Resolves No. 46, each as amended. These incentives shall not be available to
6 the Existing District.

7 (d) If the conditions of this section are met, the Existing District shall be
8 exempt from the requirement under 2015 Acts and Resolves No. 46, Secs. 9
9 and 10, to self-evaluate and make a proposal to the Secretary of Education and
10 State Board of Education and exempt from the State Board’s statewide plan.

11 Ninth: By adding three new sections, to be Secs. 6a, 6b, and 6c, with reader
12 assistances, to read as follows:

13 * * * Reduction of Average Daily Membership; Guidelines for Alternative
14 Structures * * *

15 Sec. 6a. 2015 Acts and Resolves No. 46, Sec. 5 is amended to read:

16 Sec. 5. PREFERRED EDUCATION GOVERNANCE STRUCTURE;
17 ALTERNATIVE STRUCTURE

18 * * *

19 (c) Alternative structure: supervisory union with member districts. An
20 Education District as envisioned in subsection (b) of this section may not be
21 possible or the best model to achieve Vermont’s education goals in all regions

1 of the State. In such situations, a supervisory union composed of multiple
2 member districts, each with its separate school board, ~~can~~ may meet the State's
3 goals, particularly if:

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

7 (2) the supervisory union operates in a manner that complies with its
8 obligations under 16 V.S.A. § 261a and that maximizes efficiencies through
9 economies of scale and the flexible management, transfer, and sharing of
10 ~~nonfinancial~~ resources among the member districts, which may include a
11 common personnel system, with the goal of increasing the ratio of students to
12 full-time equivalent staff;

13 (3) the supervisory union has the smallest number of member school
14 districts practicable, achieved wherever possible by the merger of districts with
15 similar operating and tuitioning patterns; ~~and~~

16 (4) the supervisory union has the smallest number of member school
17 districts practicable after consideration of greatly differing levels of
18 indebtedness among the member districts; and

19 ~~(4)(5)~~ the combined average daily membership of all member districts is
20 not less than ~~1,100~~ 900.

1 * * * Secretary and State Board; Consideration of Alternative Structure

2 Proposals * * *

3 Sec. 6b. 2015 Acts and Resolves No. 46, Sec. 10 is amended to read:

4 Sec. 10. TRANSITION TO SUSTAINABLE GOVERNANCE

5 STRUCTURES; PROPOSAL; FINAL PLAN

6 * * *

7 (c) Process. On and after October 1, 2017, the Secretary and State Board
8 shall consider any proposals submitted by districts or groups of districts under
9 Sec. 9 of this act. Districts that submit such a proposal shall have the
10 opportunity to add to or otherwise amend their proposal in connection with the
11 Secretary’s consideration of the proposal and conversations with the district or
12 districts under subsection (a) of this section, and in connection with testimony
13 presented to the State Board under subsection (b) of this section. The State
14 Board may, in its discretion, approve an alternative governance proposal at any
15 time on or before November 30, 2018.

16 (d) The statewide plan required by subsection (b) of this section shall
17 include default Articles of Agreement to be used by all new unified union
18 school districts created under the plan until the board of the new district votes
19 to approve new or amended articles.

20 (e) After the State Board of Education issues the statewide plan under
21 subsection (b) of this section, districts subject to merger shall have 90 days to

1 form a study committee under 16 V.S.A. § 706b and to draft Articles of
2 Agreement for the new district. During this period, the study committee shall
3 hold at least one public hearing to consider and take comments on the draft
4 Articles of Agreement.

5 (f) If the study committee formed under subsection (e) of this section does
6 not approve Articles of Agreement within the 90-day period provided in that
7 subsection, the provisions in the default Articles of Agreement included in the
8 statewide plan shall apply to the new district.

9 ~~(e)~~(g) Applicability. This section shall not apply to:

10 (1) an interstate school district;

11 (2) a regional career technical center school district formed under
12 16 V.S.A. chapter 37, subchapter 5A; or

13 (3) a district that, between June 30, 2013 and July 2, 2019, began to
14 operate as a unified union school district and:

15 (A) voluntarily merged into the preferred education governance
16 structure, an Education District, as set forth Sec. 5(b) of this act; or

17 (B) is a regional education district or any other district eligible to
18 receive incentives pursuant to 2010 Acts and Resolves No. 153, as amended by
19 2012 Acts and Resolves No. 156.

1 * * * Deadline for Small School Support Metrics * * *

2 Sec. 6c. 2015 Acts and Resolves No. 46, Sec. 21 is amended to read:

3 Sec. 21. SMALL SCHOOL SUPPORT; METRICS

4 On or before July 1, 2018, the State Board of Education shall adopt and
5 publish metrics by which it will make determinations whether to award small
6 school support grants pursuant to 16 V.S.A. § 4015 on and after July 1, 2019,
7 as amended by Sec. 20 of this act; provided, however, that on or before
8 September 30, 2017, the State Board shall publish a list of districts that it
9 determines to be geographically isolated pursuant to that section as amended
10 by Sec. 20 of this act.

11 Tenth: By striking out Sec. 7 (Self-Evaluation, Meetings, and Proposal) in
12 its entirety and inserting in lieu thereof the following:

13 Sec. 7. 2015 Acts and Resolves No. 46, Sec. 9 is amended to read:

14 Sec. 9. SELF-EVALUATION, MEETINGS, AND PROPOSAL

15 (a) On or before ~~November 30, 2017~~ the date that is the earlier of six
16 months after the date the State Board’s rules on the process for submitting
17 alternative governance proposals take effect or January 31, 2018, the board of
18 each school district in the State that has a governance structure different from
19 the preferred structure identified in Sec. 5(b) of this act (Education District), or
20 that does not expect to become or will not become an Education District on or

1 before July 1, 2019, shall perform each of the following actions, unless the
2 district qualifies for an exemption under Sec. 10(g) of this act.

3 * * *

4 Eleventh: In Sec. 9, in subsection (e), by deleting subsection (e) in its
5 entirety

6 Twelfth: By adding a new section, to be Sec. 17, to read as follows:

7 Sec. 17. QUALIFICATION FOR INCENTIVES; ASSIGNMENT TO A
8 SUPERVISORY UNION BY THE STATE BOARD

9 Notwithstanding any requirement under 2015 Acts and Resolves No. 46,
10 Secs. 6 and 7 that the newly formed school district be its own supervisory
11 district, the newly formed school district shall qualify for the incentives under
12 this section even if it is assigned to a supervisory union by the State Board of
13 Education and that assignment by the State Board is not made at the request of
14 the school district.

15 Thirteen: By adding four new sections, to be Secs. 18, 19, 20, and 21, with
16 reader assistances, to read as follows:

17 * * * State Board Rulemaking Authority * * *

18 Sec. 18. 2015 Acts and Resolves No. 46, Sec. 8 is amended to read:

19 Sec. 8. EVALUATION BY THE STATE BOARD OF EDUCATION

20 * * *

1 (c) The State Board may adopt rules designed to assist districts in
 2 submitting alternative structure proposals, but shall not by rule or otherwise
 3 impose more stringent requirements than those in this act.

* * * Tax Provisions * * *

5 Sec. 19. CALCULATION OF EDUCATION PROPERTY TAX SPENDING
 6 ADJUSTMENT AND EDUCATION INCOME TAX SPENDING
 7 ADJUSTMENT FOR CERTAIN SCHOOL DISTRICTS

8 (a) Under this section, a qualifying school district is a school district:
 9 (1) that operates no schools and pays tuition for all resident students in
 10 prekindergarten through grade 12;
 11 (2) that, on or before November 15, 2017, obtains final approval from its
 12 electorate to consolidate with an existing unified union school district that is
 13 eligible to receive incentives under 2010 Acts and Resolves No. 153
 14 (consolidated district), as amended; and
 15 (3) for which either:
 16 (A) the education property tax spending adjustment under 32 V.S.A.
 17 § 5401(13)(A) for the district's fiscal year 2017 exceeded the district's
 18 education property tax spending adjustment for the district's 2015 fiscal year
 19 by more than 100 percent; or
 20 (B) the education income tax spending adjustment under 32 V.S.A.
 21 § 5401(13)(B) for the district's fiscal year 2017 exceeded the district's

1 education income tax spending adjustment for the district's 2015 fiscal year by
2 more than 100 percent.

3 (b) Notwithstanding any provision of law to the contrary:

4 (1) for the first year in which the consolidated district's equalized
5 homestead tax rate or household income percentage is reduced under 2010
6 Acts and Resolves No. 153, as amended, the equalized homestead tax rate and
7 household income percentage for the town associated with the qualifying
8 district shall be set at the average equalized homestead tax rate and household
9 income percentage of the towns associated with the other districts that merge
10 into the consolidated district; and

11 (2) 2010 Acts and Resolves No. 153, Sec. 4(a)(2), which limits the
12 amount by which tax rates are permitted to change, shall not apply to the town
13 associated with the qualifying district for the first year for which the
14 consolidated district's equalized homestead tax rate or household income
15 percentage is reduced under that act.

16 Sec. 20. MODIFIED UNIFIED UNION SCHOOL DISTRICTS; TAX RATE

17 CALCULATIONS

18 The tax rate provisions in 2010 Acts and Resolves No. 155, Sec. 13(a)(1),
19 as amended, shall not apply to the calculation of tax rates in a member of a
20 modified unified union school district (MUUSD) formed under 2012 Acts and
21 Resolves No. 156, Sec. 17, as amended, if that member is a member for fewer

1 than all grades, prekindergarten through grade 12. This section shall apply to
2 the calculation of taxes in any MUUSD that began full operation after July 1,
3 2015.

4 * * * Elections to Unified Union School District Board * * *

5 Sec. 21. ELECTIONS TO UNIFIED UNION SCHOOL DISTRICT BOARD

6 (a) Notwithstanding any provision to the contrary under 16 V.S.A. § 706k,
7 the election of a director on the board of a unified union school district who is
8 to serve on the board after expiration of the term for an initial director shall be
9 held at the unified union school district’s annual meeting in accordance with
10 the district’s articles of agreement.

11 (b) Notwithstanding any provision to the contrary under 16 V.S.A. § 706l,
12 if a vacancy occurs on the board of a unified union school district and the
13 vacancy is in a seat that is allocated to a specific town, the clerk shall
14 immediately notify the selectboard of the town. Within 30 days of the receipt
15 of that notice, the unified union school district board, in consultation with the
16 selectboard, shall appoint a person who is otherwise eligible to serve as a
17 member of the unified union school district board to fill the vacancy until an
18 election is held in accordance with the unified union school district’s articles of
19 agreement.

20 (c) This section is repealed on July 1, 2018.

1 and by renumbering the remaining section (Effective Date) to be numerically
2 correct

3

4

5 (Committee vote: _____)

6

7

Representative _____

8

FOR THE COMMITTEE