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: By striking out Sec. 1 in its entirety with its reader assistance and
7	inserting in lieu thereof the following:
8	* * * Findings and Purpose * * *
9	Sec. 1. FINDINGS AND PURPOSE
10	(a) 2015 Acts and Resolves No. 46 established a multi-year, phased process
11	that provides multiple opportunities for school districts to unify existing
12	governance units into more "sustainable governance structures" designed to
13	meet the General Assembly's identified educational and fiscal goals while
14	recognizing and reflecting local priorities. It has been the General Assembly's
15	intent to revitalize Vermont's small schools—to promote equity in their
16	offerings and stability in their finances—through these changes in governance.
17	(b) While Vermont generally does an excellent job educating our children,
18	we fall short in two critical areas. First, we are not as successful as we need to
19	be in educating children from families with low-income, and second, while we

have a very high graduation rate from our high schools, we do not inspire

20

1	enough of our graduates to continue their education. Fulfilling the goals of Act	
2	46 is a critical step in addressing these shortcomings.	
3	(c) As of Town Meeting Day 2017, voters in 96 Vermont towns have voted	
4	to merge 104 school districts into these slightly larger, more sustainable	
5	governance structures, resulting in the creation of 20 new unified union	
6	districts (serving prekindergarten-grade 12 students). As a result,	
7	approximately 60 percent of Vermont's school-age children live or will soon	
8	live in districts that satisfy the goals of Act 46.	
9	(d) These slightly larger, more flexible unified union districts have begun	
10	to realize distinct benefits, including the ability to offer kindergarten-grade 8	
11	choice among elementary schools within the new district boundaries; greater	
12	flexibility in sharing students, staff, and resources among individual schools;	
13	the elimination of bureaucratic redundancies; and the flexibility to create	
14	magnet academies, focusing on a particular area of specialization by school.	
15	(e) Significant areas of the State, however, have experienced difficulty	
16	satisfying the goals of Act 46. The range of complications is varied, including	
17	operating or tuitioning models that differ among adjoining districts, geographic	
18	isolation due to lengthy driving times or inhospitable travel routes between	
19	proposed merger partners, and greatly differing levels of debt per equalized	
20	pupil between districts involved in merger study committees.	

1	(f) This act is designed to make useful changes to the merger time lines and		
2	allowable governance structures under Act 46 without weakening or		
3	eliminating the Act's fundamental phased merger and incentive structures and		
4	requirements. Nothing in this act should suggest that it is acceptable for a		
5	school district to fail to take reasonable and robust action to seek to meet the		
6	goals of Act 46.		
7	Second: By striking out in their entirety:		
8	(1) Sec. 2 (Two or More Mergers; Regional Education District		
9	Incentives);		
10	(2) Sec. 3 (Three-By-One Side-By-Side Structure; Regional Education		
11	District Incentives);		
12	(3) Sec. 4 (Two-By-Two-By-One Side-By-Side Structure; Regional		
13	Education District Incentives);		
14	(4) Sec. 7 (Self-Evaluation, Meetings, and Proposal);		
15	(5) Sec. 8 (Time Extension for Vote of Electorate);		
16	(6) Sec. 9 (School Districts Created After Deadline for Accelerated		
17	Activity; Tax Incentives; Small School Support; Joint Contract Schools); and		
18	(7) Sec. 17 (Effective Date).		
19	<u>Third</u> : By renumbering the remaining sections to be numerically correct.		

1	Fourth: By amending renumbered Sec. 3 to read:	
2	Sec. 3. REPEAL	
3	Sec. 2 (temporary authority to withdraw from union school district) of this	
4	act is repealed on July 2, 2019.	
5	<u>Fifth</u> : By adding eight new sections, to be Secs. 11, 12, 13, 14, 15, 16, 17,	
6	and 18, with reader assistances, to read:	
7	* * * Reduction of Average Daily Membership Guideline for Alternative	
8	Structures * * *	
9	Sec. 11. 2015 Acts and Resolves No. 46, Sec. 5, is amended to read:	
10	Sec. 5. PREFERRED EDUCATION GOVERNANCE STRUCTURE;	
11	ALTERNATIVE STRUCTURE	
12	* * *	
13	(c) Alternative structure: supervisory union with member districts. An	
14	Education District as envisioned in subsection (b) of this section may not be	
15	possible or the best model to achieve Vermont's education goals in all regions	
16	of the State. In such situations, a supervisory union composed of multiple	
17	member districts, each with its separate school board, can meet the State's	
18	goals, particularly if:	
19	* * *	
20	(4) the combined average daily membership of all member districts is	
21	not less than 1,100 900.	

1	* * * Expanded Flexibility for Preferred Structures * * *	
2	Sec. 12. 2015 Acts and Resolves No. 46, Sec. 7, is amended to read:	
3	Sec. 7. SCHOOL DISTRICTS CREATED AFTER DEADLINE FOR	
4	ACCELERATED ACTIVITY; TAX INCENTIVES; SMALL	
5	SCHOOL SUPPORT; JOINT CONTRACT SCHOOLS	
6	(a) A newly formed school district shall receive the incentives set forth in	
7	subsection (b) of this section if it:	
8	* * *	
9	(3) meets the criteria for an accelerated merger set forth in subdivisions	
10	6(a)(3) through (7), (4) and (6) through (7) of this act; and	
11	(4) becomes operational after July 1, 2017, and on or before	
12	July 1, 2019 <u>; and</u>	
13	(5) has a minimum average daily membership of 900 in its first year of	
14	operation or results from the merger of at least four districts.	
15	* * *	
16	(e) Notwithstanding the requirement in subdivision (a)(3) of this section	
17	that the newly formed school district be its own supervisory district, the newly	
18	formed school district shall qualify for the incentives under this section even if	
19	it is assigned to a supervisory union by the State Board of Education and that	
20	assignment by the State Board is not made at the request of the school district.	

1	* * * State Board Rulemaking Authority * * *	
2	Sec. 13. 2015 Acts and Resolves No. 46, Sec. 8, is amended to read:	
3	Sec. 8. EVALUATION BY THE STATE BOARD OF EDUCATION	
4	* * *	
5	(c) The State Board may adopt rules designed to implement this act but	
6	shall not by rule or otherwise impose additional requirements to those	
7	envisioned by this act.	
8	* * * Deadline for Alternative Structure Proposal * * *	
9	Sec. 14. 2015 Acts and Resolves No. 46, Sec. 9, is amended to read:	
10	Sec. 9. SELF-EVALUATION, MEETINGS, AND PROPOSAL	
11	(a) On or before November 30, 2017 the date that is six months after the	
12	date the State Board's rules on Alternative Structures take effect, the board of	
13	each school district in the State that has a governance structure different from	
14	the preferred structure identified in Sec. 5(b) of this act (Education District), or	
15	that does not expect to become or will not become an Education District on or	
16	before July 1, 2019, shall perform each of the following actions.	
17	* * *	

1	* * * Secretary and State Board; Consideration of Alternative Structure		
2	Proposals * * *		
3	Sec. 15. 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	(a) Secretary of Education's proposal. In order to provide educational		
7	opportunities through sustainable governance structures designed to meet the		
8	goals set forth in Sec. 2 of this act pursuant to one of the models described in		
9	Sec. 5, the Secretary shall:		
10	(1) Review the governance structures of the school districts and		
11	supervisory unions of the State as they will exist, or are anticipated to exist, on		
12	July 1, 2019. This review shall include consideration of any proposals		
13	submitted by districts or groups of districts pursuant to Sec. 9 of this act and		
14	conversations with those and other districts.		
15	(2) On or before June 1, 2018, shall develop, publish on the Agency of		
16	Education's website, and present to the State Board of Education a proposed		
17	plan that, to the extent necessary to promote the purpose stated at the		
18	beginning of this subsection (a), would move districts into the more		
19	sustainable, preferred model of governance set forth in Sec. 5(b) of this act		
20	(Education District). If it is not possible or practicable to develop a proposal		
21	that realigns some districts, where necessary, into an Education District in a		

manner that adheres to the protections of Sec. 4 of this act (protection for
tuition-paying and operating districts) or that otherwise meets all aspects of
Sec. 5(b), then the proposal may also include alternative governance structures
as necessary, such as a supervisory union with member districts or a unified
union school district or an alternative governance structure with a smaller
average daily membership; provided, however, that any proposed alternative
governance structure shall be designed to:
(A) ensure adherence to the protections of Sec. 4 of this act; and
(B) promote the purpose stated at the beginning of this subsection (a).
(b) State Board's plan. On or before November 30, 2018, the State Board
shall review and analyze the Secretary's proposal under the provisions in
subsection (a) of this section, may take testimony or ask for additional
information from districts and supervisory unions, shall approve the proposal
either in its original form or in an amended form that adheres to the provisions
of subsection (a) of this section, and shall publish on the Agency's website its
order merging and realigning districts and supervisory unions where necessary.
(c) Process. On and after October 1, 2017, the Secretary and State Board
shall consider any proposals submitted by districts or groups of districts under
Sec. 9 of this act. Districts that submit such a proposal shall have the
opportunity to add to or otherwise amend their proposal in connection with the

Secretary's consideration of the proposal and conversations with the district or

1	districts under subsection (a) of this section, and in connection with testimony		
2	presented to the State Board under subsection (b) of this section. The State		
3	Board may, in its discretion, approve an alternative governance proposal at any		
4	time on or before November 30, 2018.		
5	(e)(d) Applicability. This section shall not apply to:		
6	(1) an interstate school district;		
7	(2) a regional career technical center school district formed under		
8	16 V.S.A. chapter 37, subchapter 5A; or		
9	(3) a district that, between June 30, 2013 and July 2, 2019, began to		
10	operate as a unified union school district and:		
11	(A) voluntarily merged into the preferred education governance		
12	structure, an Education District, as set forth Sec. 5(b) of this act; or		
13	(B) is a regional education district or any other district eligible to		
14	receive incentives pursuant to 2010 Acts and Resolves No. 153, as amended by		
15	2012 Acts and Resolves No. 156.		
16	* * * Deadline for Small School Support Metrics * * *		
17	Sec. 16. 2015 Acts and Resolves No. 46, Sec. 21, is amended to read:		
18	Sec. 21. SMALL SCHOOL SUPPORT; METRICS		
19	On or before July 1, 2018 August 31, 2017, the State Board of Education		
20	shall adopt and publish metrics by which it will make determinations whether		

1	to award small school support grants pursuant to 16 V.S.A. § 4015 on and after		
2	July 1, 2019, as amended by Sec. 20 of this act.		
3	* * * Education Tax Relief * * *		
4	Sec. 17. CALCULATION OF EDUCATION PROPERTY TAX SPENDING		
5	ADJUSTMENT AND EDUCATION INCOME TAX SPENDING		
6	ADJUSTMENT FOR CERTAIN SCHOOL DISTRICTS		
7	(a) Under this section, a qualifying school district is a school district:		
8	(1) that operates no schools and pays tuition for all resident students in		
9	prekindergarten through grade 12;		
10	(2) that, on or before November 15, 2017, obtains final approval from its		
11	electorate to consolidate with an existing unified union school district that is		
12	eligible to receive incentives under 2010 Acts and Resolves No. 153, as		
13	amended (consolidated district); and		
14	(3) for which either:		
15	(A) the education property tax spending adjustment under 32 V.S.A.		
16	§ 5401 (13)(A) for the district's fiscal year 2017 exceeded the district's		
17	education property tax spending adjustment for the district's 2015 fiscal year		
18	by more than 100 percent; or		
19	(B) the education income tax spending adjustment under 32 V.S.A.		
20	§ 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) subdivision 4(a)(2) of 2010 Acts and Resolves No. 153, which limits	
12	the amount by which tax rates are permitted to change, shall not apply to the	
13	town 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	* * * Effective Date * * *	
17	Sec. 18. EFFECTIVE DATE	
18	This act shall take effect on passage.	
19		
20		
21		

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1	(Committee vote:)	
2		
3		Representative
4		FOR THE COMMITTEE