

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 amending Sec. 1 (Findings), with its reader assistance, as follows:

7 (1) By striking the reader assistance in its entirety and inserting in lieu
8 thereof the following:

9 * * * Findings and Purpose * * *

10 (2) By striking the section reference in its entirety and inserting in lieu
11 thereof the following:

12 Sec. 1. FINDINGS AND PURPOSE

13 (3) By adding a new subsection (b) to read:

14 (b) While Vermont generally does an excellent job educating our children,
15 we fall short in two critical areas. First, we are not as successful as we need to
16 be in educating children from families with low-income, and second, while we
17 have a very high graduation rate from our high schools, we do not inspire
18 enough of our graduates to continue their education. Fulfilling the goals of Act
19 46 is a critical step in addressing these shortcomings.

20 (4) By re-lettering the remaining sections to be in alphabetically correct
21 order.

1 (5) In re-lettered subsection (e), by striking the last sentence it its
2 entirety.

3 (6) By adding a new subsection (f) to read:

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

10 **Second:** In Sec. 2, by striking subsection (b) in its entirety and inserting in
11 lieu thereof the following:

12 (b) The incentives provided under this act shall be available only if the new
13 districts receive final approval of their electorate on or before November 1,
14 2017. This section is repealed on July 1, ~~2017~~ 2019.

15 **Third:** By striking Sec. 3 in its entirety and inserting in lieu thereof the
16 following:

17 Sec. 3. THREE-BY-ONE SIDE-BY-SIDE STRUCTURE; EXEMPTION
18 FROM STATE-WIDE PLAN

19 (a) If the conditions of this section are met, the Merged District and the
20 Existing District or Existing Districts shall be exempt from the requirement
21 under 2015 Acts and Resolves No. 46, Secs. 9 and 10, to self-evaluate and

1 make a proposal to the Secretary of Education and State Board of Education
2 and from the State Board's statewide plan.

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

8 (2) As of March 7, 2017 (Town Meeting Day), each Existing District is
9 either:

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

14 (B) structurally isolated, because all adjoining school districts have
15 operating or tuitioning models that differ from the Existing District; or

16 (C) unable to reach agreement to consolidate with one or more other
17 adjoining school districts because the school districts that adjoin the Existing
18 District have greatly differing levels of indebtedness per equalized pupil, as
19 defined in 16 V.S.A. § 4001(3), from that of the Existing District as
20 determined by the State Board of Education.

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

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

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

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

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

19 (5) Each Existing District and the districts proposing to merge into the
20 Merged District jointly submit a proposal to the State Board after the effective
21 date of this section and demonstrate in their proposal that:

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

4 (B) each Existing District meets one or more of the criteria set forth
5 in subdivision (a)(2) of this section;

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

9 (6) Each Existing District and the districts proposing to merge into the
10 Merged District obtain State Board approval of their proposal to form the
11 proposed Three-by-One Side-by-Side Structure.

12 (7) Each Existing District obtains the approval of its electorate to be an
13 Existing District in the proposed Three-by-One Side-by-Side Structure on or
14 before November 30, 2017.

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

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

1 (1) districts that have not received, as of the effective date of this
2 section, approval from their electorate to merge; and

3 (2) districts that received, on or after July 1, 2010 but prior to the
4 effective date of this section, approval from their electorate to merge but are
5 not operational as a Merged District as of the effective date of this section,
6 regardless of whether the Merged District is eligible to receive incentives
7 under 2010 Acts and Resolves No. 153, 2012 Acts and Resolves No. 156, or
8 2015 Acts and Resolves No. 46, each as amended.

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

16 **Fourth:** By striking Sec. 4 in its entirety and inserting in lieu thereof the
17 following:

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

19 REGIONAL EDUCATION DISTRICT INCENTIVES

20 (a) Notwithstanding 2010 Acts and Resolves No. 153, Sec. 3(a)(1) that
21 requires a single regional education district (RED) to have an average daily

1 membership of at least 1,250 or result from the merger of at least four districts,
2 or both, two or more new districts shall be eligible for the incentives provided
3 in No. 153, Sec. 4 as amended by 2012 Acts and Resolves No. 156 and 2015
4 Acts and Resolves No. 46 if:

5 (1) Each new district is formed by the merger of at least two existing
6 districts (each a Merged District) and, together with an existing (Existing
7 District), are, following the receipt of all approvals required under this section,
8 members of the same supervisory union (Two-by-Two-by-One Side-by-Side
9 Structure).

10 (2) As of March 7, 2017 (Town Meeting Day), the Existing District is
11 either:

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

16 (B) structurally isolated, because all adjoining school districts have
17 operating or tuitioning models that differ from the Existing District; or

18 (C) unable to reach agreement to consolidate with one or more other
19 adjoining school districts because the school districts that adjoin the Existing
20 District have greatly differing levels of indebtedness per equalized pupil, as

1 defined in 16 V.S.A. § 4001(3), from that of the Existing District as
2 determined by the State Board of Education.

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

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

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

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

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

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

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

4 (B) the Existing District meets one or more of the criteria set forth in
5 subdivision (a)(2) of this section; and

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

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

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

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

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

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

1 (1) districts that have not received, as of the effective date of this
2 section, approval from their electorate to merge; and

3 (2) districts that received, on or after July 1, 2010 but prior to the
4 effective date of this section, approval from their electorate to merge but are
5 not operational as a Merged District as of the effective date of this section,
6 regardless of whether the Merged District is eligible to receive incentives
7 under 2010 Acts and Resolves No. 153, 2012 Acts and Resolves No. 156, or
8 2015 Acts and Resolves No. 46, each as amended.

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

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

19 **Fifth:** By adding three new sections, to be Secs. 6A, 6B, and 6C, with
20 reader assistances, to read as follows:

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

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

7 ~~(4)(5)~~ the combined average daily membership of all member districts is
8 not less than ~~1,100~~ 900.

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

10 Proposals * * *

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

12 Sec. 10. TRANSITION TO SUSTAINABLE GOVERNANCE
13 STRUCTURES; PROPOSAL; FINAL PLAN

14 * * *

15 (c) Process. On and after October 1, 2017, the Secretary and State Board
16 shall consider any proposals submitted by districts or groups of districts under
17 Sec. 9 of this act. Districts that submit such a proposal shall have the
18 opportunity to add to or otherwise amend their proposal in connection with the
19 Secretary's consideration of the proposal and conversations with the district or
20 districts under subsection (a) of this section, and in connection with testimony
21 presented to the State Board under subsection (b) of this section. The State

1 Board may, in its discretion, approve an alternative governance proposal at any
2 time on or before November 30, 2018.

3 (d) The statewide plan required by subsection (b) of this section shall
4 include a form of Articles of Agreement to be used by all new unified union
5 school districts created under the plan until the board of the new district votes
6 to approve new or amended articles.

7 (e) After the State Board of Education issues the statewide plan under
8 subsection (b) of this section, districts subject to merger shall have 90 days to
9 form a study committee under 16 V.S.A. § 706b and to draft Articles of
10 Agreement for the new district. During this period, the study committee shall
11 hold at least one public hearing to consider and take comments on the draft
12 Articles of Agreement.

13 (f) If the study committee formed under subsection (e) of this section does
14 not approve Articles of Agreement within the 90 day period provided in that
15 subsection, the provisions in the form of Articles of Agreement included in the
16 statewide plan shall apply to the new district.

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

18 (1) an interstate school district;

19 (2) a regional career technical center school district formed under

20 16 V.S.A. chapter 37, subchapter 5A; or

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

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

5 (B) is a regional education district or any other district eligible to
6 receive incentives pursuant to 2010 Acts and Resolves No. 153, as amended by
7 2012 Acts and Resolves No. 156.

8 * * * Deadline for Small School Support Metrics * * *

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

10 Sec. 21. SMALL SCHOOL SUPPORT; METRICS

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

18 **Sixth**: By striking Sec. 7 (Self-Evaluation, Meetings, and Proposal) in its
19 entirety and inserting in lieu thereof the following:

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

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

1 (a) On or before ~~November 30, 2017~~ the date that is the earlier of six
2 months after the date the State Board's rules on Alternative Structures take
3 effect or January 31, 2018, the board of each school district in the State that
4 has a governance structure different from the preferred structure identified in
5 Sec. 5(b) of this act (Education District), or that does not expect to become or
6 will not become an Education District on or before July 1, 2019, shall perform
7 each of the following actions, unless the district qualifies for an exemption
8 under subsection (g) of Sec. 10 of this act.

9 * * *

10 **Seventh**: By amending Sec. 9 by deleting subsection (e) in its entirety.

11 **Eighth**: By adding five new sections, to be Secs. 17, 18, 19, 20, and 21,
12 with reader assistances, to read as follows:

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

15 Notwithstanding any requirement under Sec. 6 and 7 of 2015 Acts and
16 Resolves No. 46 that the newly formed school district be its own supervisory
17 district, the newly formed school district shall qualify for the incentives under
18 this section even if it is assigned to a supervisory union by the State Board of
19 Education and that assignment by the State Board is not made at the request of
20 the school district.

1 * * * State Board Rulemaking Authority * * *

2 Sec. 18. 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 assist districts in
6 submitting alternative structure proposals, but shall not by rule or otherwise
7 impose more stringent requirements than those in this act.

8 * * * Tax Provisions * * *

9 Sec. 19. CALCULATION OF EDUCATION PROPERTY TAX SPENDING

10 ADJUSTMENT AND EDUCATION INCOME TAX SPENDING

11 ADJUSTMENT FOR CERTAIN SCHOOL DISTRICTS

12 (a) Under this section, a qualifying school district is a school district:

13 (1) that operates no schools and pays tuition for all resident students in
14 prekindergarten through grade 12;

15 (2) that, on or before November 15, 2017, obtains final approval from its
16 electorate to consolidate with an existing unified union school district that is
17 eligible to receive incentives under 2010 Acts and Resolves No. 153, as
18 amended (consolidated district); and

19 (3) for which either:

20 (A) the education property tax spending adjustment under 32 V.S.A.
21 § 5401 (13)(A) for the district's fiscal year 2017 exceeded the district's

1 education property tax spending adjustment for the district’s 2015 fiscal year
2 by more than 100 percent; or

3 (B) the education income tax spending adjustment under 32 V.S.A.
4 § 5401 (13)(B) for the district’s fiscal year 2017 exceeded the district’s
5 education income tax spending adjustment for the district’s 2015 fiscal year by
6 more than 100 percent.

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

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

15 (2) subdivision 4(a)(2) of 2010 Acts and Resolves No. 153, which limits
16 the amount by which tax rates are permitted to change, shall not apply to the
17 town associated with the qualifying district for the first year for which the
18 consolidated district’s equalized homestead tax rate or household income
19 percentage is reduced under that act.

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

21 CALCULATIONS

1 The tax rate provisions in 2010 Acts and Resolves No. 155, Sec. 13(a)(1),
2 as amended, shall not apply to the calculation of tax rates in a member of a
3 modified unified union school district (MUUSD) formed under 2012 Acts and
4 Resolves No. 156, Sec. 17, as amended, if that member is a member for fewer
5 than all grades, prekindergarten through Grade 12. This section shall apply to
6 the calculation of taxes in any MUUSD that began full operation after July 1,
7 2015.

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

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

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

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

1 election is held in accordance with the unified union school district's articles of
2 agreement.

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

4 and by renumbering the remaining section to be numerically correct

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8

9 (Committee vote: _____)

10

11

Representative _____

12

FOR THE COMMITTEE