

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

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 Third: By renumbering the remaining sections to be numerically correct.

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* * * State Board Rulemaking Authority * * *

Sec. 13. 2015 Acts and Resolves No. 46, Sec. 8, is amended to read:

Sec. 8. EVALUATION BY THE STATE BOARD OF EDUCATION

* * *

(c) The State Board may adopt rules designed to implement this act but shall not by rule or otherwise impose additional requirements to those envisioned by this act.

* * * Deadline for Alternative Structure Proposal * * *

Sec. 14. 2015 Acts and Resolves No. 46, Sec. 9, is amended to read:

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

(a) On or before ~~November 30, 2017~~ the date that is six months after the date the State Board's rules on Alternative Structures take effect, the board of each school district in the State that has a governance structure different from the preferred structure identified in Sec. 5(b) of this act (Education District), or that does not expect to become or will not become an Education District on or before July 1, 2019, shall perform each of the following actions.

* * *

1 manner that adheres to the protections of Sec. 4 of this act (protection for
2 tuition-paying and operating districts) or that otherwise meets all aspects of
3 Sec. 5(b), then the proposal may also include alternative governance structures
4 as necessary, such as a supervisory union with member districts or a unified
5 union school district or an alternative governance structure with a smaller
6 average daily membership; provided, however, that any proposed alternative
7 governance structure shall be designed to:

8 (A) ensure adherence to the protections of Sec. 4 of this act; and

9 (B) promote the purpose stated at the beginning of this subsection (a).

10 (b) State Board's plan. On or before November 30, 2018, the State Board
11 shall review and analyze the Secretary's proposal under the provisions in
12 subsection (a) of this section, may take testimony or ask for additional
13 information from districts and supervisory unions, shall approve the proposal
14 either in its original form or in an amended form that adheres to the provisions
15 of subsection (a) of this section, and shall publish on the Agency's website its
16 order merging and realigning districts and supervisory unions where necessary.

17 (c) Process. On and after October 1, 2017, the Secretary and State Board
18 shall consider any proposals submitted by districts or groups of districts under
19 Sec. 9 of this act. Districts that submit such a proposal shall have the
20 opportunity to add to or otherwise amend their proposal in connection with the
21 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.
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1 (Committee vote: _____)

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Representative _____

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FOR THE COMMITTEE