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Sen. Baruth proposal for Misc. Ed. Bill

Approved independent schools—Financial Capacity

Sec. 1. 16 V.S.A. § 166(b) is amended to read:

* * *

(5) The State Board may revoke, ~~or~~ suspend, or impose conditions upon the approval of an approved independent school, after opportunity for hearing, for substantial failure to comply with the minimum course of study, for failure to demonstrate that the school has the resources required to meet its stated objectives, for failure to comply with the Board’s rules for approved independent schools, or for failure to report under subdivision (4) of this subsection (b). Upon revocation or suspension, students required to attend school who are enrolled in that school shall become truant unless they enroll in a public school, an approved or recognized independent school, or a home study program.

* * *

(8)(A) If an approved independent school experiences any of the following financial reporting events during the period of its approved status, the school shall notify the Secretary of Education within five days of its knowledge of the event:

(i) a decline in student enrollment by 10 percent or more for the current school year as compared with the immediately preceding school year;

1 (ii) the school’s failure to file its federal or State tax returns when
2 due (after taking into account permissible extension periods);

3 (iii) the school’s failure to pay debts as they become due in the
4 ordinary course of business, including the school’s failure to meet its payroll
5 obligations as they are due, to pay federal or State payroll tax obligations as
6 they are due, or to pay any of its other expenses within 30 days of their due
7 date;

8 (iv) the school’s failure to comply with the financial terms of its
9 debt obligations, including the school’s failure to make interest or principal
10 payments as they are due or to maintain any required financial ratios;

11 (v) the withdrawal or conditioning of the school’s accreditation
12 on financial grounds by a private, State, or regional agency recognized by the
13 State Board for accrediting purposes; or

14 (vi) the school’s insolvency, as defined in 9 V.S.A. § 2286(a).

15 (B)(i) If the State Board reasonably believes that an approved
16 independent school lacks financial capacity to meet its stated objectives during
17 the period of its approved status, then the State Board shall notify the school in
18 writing of the reasons for this belief and permit the school a reasonable
19 opportunity to respond.

20 (ii) If the State Board, after having provided the school a
21 reasonable opportunity to respond, does not find that the school has

1 satisfactorily responded or demonstrated its financial capacity, the State Board
2 may, with the written consent of the school, request the Council of
3 Independent Schools to establish a review team to conduct a school visit to
4 assess the school’s financial capacity, obtain from the school such
5 documentation as the Council requires to perform its assessment, and submit a
6 report of its findings and recommendations to the State Board.

7 (iii) If the State Board concludes that an approved independent
8 school lacks financial capacity to meet its stated objectives during the period of
9 its approved status, the State Board may take any action that is authorized by
10 this section.

11 (D) In considering whether an independent school lacks financial
12 capacity to meet its stated objectives during the period of its approved status
13 and what actions the State Board should take if it makes this finding, the State
14 Board may consult with, and draw on the analytical resources of, the Vermont
15 Department of Financial Regulation.

16 (E) Information provided by an independent school under this
17 subsection that is not already in the public domain is exempt from public
18 inspection and copying under the Public Records Act and shall be kept
19 confidential.