

1 H.43

2 Introduced by Representatives Ancel of Calais, Conquest of Newbury,

3 Donahue of Northfield, Goslant of Northfield, Masland of

4 Thetford, Patt of Worcester, Yacovone of Morristown, and

5 Young of Greensboro

6 Referred to Committee on

7 Date:

8 Subject: Education; school district mergers; State Board of Education's order

9 to merge

10 Statement of purpose of bill as introduced: This bill proposes to (i) require the
11 evaluation of the effectiveness and outcomes of the implementation of Act 46
12 through a contract with a third party; (ii) extend the deadline for school district
13 mergers ordered by the State Board of Education to July 1, 2020; (iii) clarify
14 that the authority to approve draft Articles of Amendment for a district formed
15 by the State Board's order to merge lies with the voters of the school districts
16 that are required to merge, as opposed to the merging districts' school boards
17 or a committee; (iv) permit a phase-in period of not more than 10 years of the
18 unified tax rate of a district formed by the State Board's order to merge; and
19 (v) permit the modification of the equalized homestead property tax rate and
20 household income percentage for each town associated with a district that is
21 ordered by the State Board to merge into a newly formed district to reflect the

1 level of capital debt contributed to the newly formed district by that merging
2 district.

3 An act relating to school district mergers required by the State Board of
4 Education

5 It is hereby enacted by the General Assembly of the State of Vermont:

6 Sec. 1. DEFINITIONS

7 (a) Definitions. As used in this act:

8 (1) “Merging district” means a school district that is ordered by the State
9 Board Order to merge into a newly formed district.

10 (2) “Newly formed district” means a school district that is formed by the
11 State Board Order.

12 (3) “State Board Order” means the section of the State Board Report
13 entitled “State Board of Education’s ‘order merging and realigning districts
14 and supervisory unions where necessary pursuant to Act 46, Sec. 10(b).”

15 (4) “State Board Report” means the “Final Report of the Decisions and
16 Order on Statewide School District Merger Decisions Pursuant to Act 46,
17 Sections 8(b) and 10” issued by the State Board of Education dated November
18 28, 2018.

19 Sec. 2. ACT 46 EVALUATION AND REPORTING REQUIREMENTS

20 (a) Evaluation.

1 (1) The Joint Fiscal Office of the General Assembly shall contract with
2 a third-party consultant to evaluate the effectiveness and outcomes of the
3 implementation of 2015 Acts and Resolves No. 46, as amended. The
4 evaluation shall assess whether, and the extent to which, each of the act's five
5 goals have been met, which are to:

6 (A) provide substantial equity in the quality and variety of educational
7 opportunities statewide;

8 (B) lead students to achieve or exceed the State's Education Quality
9 Standards, adopted as rules by the State Board of Education at the direction of
10 the General Assembly;

11 (C) maximize operational efficiencies through increased flexibility to
12 manage, share, and transfer resources, with a goal of increasing the district-level
13 ratio of students to full-time equivalent staff;

14 (D) promote transparency and accountability; and

15 (E) deliver education at a cost that parents, voters, and taxpayers value.

16 (2) The consultant shall also evaluate the cost of implementing the
17 merger tax incentives and the amount saved through mergers under the act.

18 (b) Selection of third-party consultant. The Joint Fiscal Office shall
19 contract with a consultant that has experience designing, developing,
20 implementing, and evaluating education funding systems, including Vermont's
21 education funding system.

1 (c) Appropriations. The sum of \$250,000.00 is appropriated from the
2 General Fund for fiscal year 2019, and notwithstanding any provision to the
3 contrary in 16 V.S.A. § 4025, the sum of \$250,000.00 is appropriated from the
4 Education Fund for fiscal year 2019 to the Joint Fiscal Office, which the Joint
5 Fiscal Office shall administer in accordance with this section, and any unused
6 funds shall revert to the General Fund or Education Fund, as appropriate.

7 (d) Reporting. On or before the dates of December 15, 2019, December
8 15, 2022, and December 15, 2025, the consultant shall submit a written report
9 to the House and Senate Committees on Education, the House Committee on
10 Ways and Means, and the Senate Committee on Finance with its evaluation
11 under this section.

12 Sec. 3. SCHOOL DISTRICT MERGERS UNDER THE STATE BOARD
13 ORDER

14 Notwithstanding any provision to the contrary of 2010 Acts and Resolves
15 No. 153, 2012 Acts and Resolves No. 156, and 2015 Acts and Resolves No.
16 46, each as amended:

17 (1) Merger deadline extension. A newly formed district shall become
18 operational on July 1, 2020. The default Articles of Agreement included with
19 the State Board Report shall be deemed amended to accommodate this time
20 frame.

1 (2) Draft Articles of Agreement. Districts required to merge into a
2 newly formed district shall, on or before July 1, 2019, form a committee with
3 members appointed in the same manner and number as required for a study
4 committee under 16 V.S.A. chapter 11, to draft Articles of Agreement for the
5 newly formed district. The Articles of Agreement shall be drafted in
6 accordance with the State Board’s Order and applicable law, and, subject to
7 this limitation, may be drafted with the same degree of latitude permitted for
8 articles of agreement for school districts that were formed under the voluntary
9 phase of 2015 Acts and Resolves No. 46. On or before October 31, 2019, the
10 committee shall hold at least one public hearing to consider and take comments
11 on the draft Articles of Agreement.

12 (3) Approval of Articles of Agreement.

13 (A) The committee’s draft Articles of Agreement shall be submitted
14 for approval by the voters of each district that is required to merge into a newly
15 formed district at an annual or special meeting warned for the purpose. If, on
16 or before March 31, 2020, the committee’s draft Articles of Agreement are not
17 approved by a majority of the voters present and voting at a meeting warned
18 for the purpose of each merging district, then the State Board’s default Articles
19 of Agreement shall continue to apply to the newly formed district.

1 (B) In case of inconsistency between this act and the State Board's
2 default Articles of Agreement or the Agency of Education's interpretation of
3 2015 Acts and Resolves No. 46, as amended, this act shall control.

4 (4) Phase-in of unified tax rate. The committee's draft Articles of
5 Agreement may include a provision that phases-in a newly formed district's
6 unified equalized homestead property tax rate and household income
7 percentage among each town within the newly formed district for a period of
8 up to 10 years.

9 (5) Modified tax rate to account for capital debt. As an alternative to the
10 phase-in provision under subdivision (4) of this section, the committee's draft
11 Articles of Agreement may include a provision that modifies the equalized
12 homestead property tax rate and household income percentage for each town
13 associated with a district that merged into a newly formed district to reflect the
14 level of capital debt contributed to the newly formed district by that merging
15 district. This modified rate and percentage would be in lieu of applying the
16 newly formed district's unified equalized homestead property tax rate and
17 household income percentage to the towns. This provision shall comply with
18 the requirements of subdivision (6) of this section.

19 (6) Requirements of modified rate provision.

20 (A) As used in this subdivision (6):

1 (i) “Legacy debt” means principal and interest payments on debt
2 outstanding as of January 1, 2019 for school construction projects, regardless
3 of whether the project was eligible for school construction aid under 16 V.S.A.
4 § 3448, that was incurred by a merging district and transferred to a newly
5 formed district as part of the merger.

6 (ii) “Member town” means a town associated with a district that
7 merged into a newly formed district.

8 (B) The modification of a newly formed district’s unified equalized
9 homestead property tax rate and household income percentage for member
10 towns shall be calculated as follows:

11 (i) For each fiscal year that the newly formed district has legacy
12 debt obligations:

13 (I) the newly formed district shall calculate a modified unified
14 equalized homestead property tax rate for that fiscal year that excludes the
15 legacy debt from the calculation;

16 (II) the newly formed district shall calculate a legacy debt
17 equalized homestead property tax rate for that fiscal year for each member
18 town by:

19 (aa) dividing the outstanding amount of the legacy debt
20 attributable to the merged district associated with the member town as of the

1 first day of that fiscal year by the equalized pupils attributable to the member
2 town for that fiscal year, and by dividing the resulting amount by;

3 (bb) the property dollar equivalent yield, as calculated under
4 32 V.S.A. § 5402b, for that fiscal year; and

5 (III) the equalized homestead property tax rate for that fiscal
6 year for each member town shall be:

7 (aa) the modified unified equalized homestead property tax
8 rate for that fiscal year that excludes the legacy debt under subdivision (i)(I) of
9 this subdivision (B); plus

10 (bb) the member town's legacy debt equalized homestead
11 property tax rate for that fiscal year under subdivision (i)(II) of this subdivision
12 (B).

13 (ii) The household income percentage shall be calculated in the
14 same manner as the equalized homestead property tax rate for a member town
15 over this period.

16 Sec. 4. EFFECTIVE DATE

17 This act shall take effect on passage.