

1 TO THE HONORABLE SENATE:

2 The Committee on Education to which was referred House Bill No. 39  
3 entitled “An act relating to the extension of the deadline of school district  
4 mergers required by the State Board of Education” respectfully reports that it  
5 has considered the same and recommends that the Senate propose to the House  
6 that the bill be amended by striking out all after the enacting clause and  
7 inserting in lieu thereof the following:

8 Sec. 1. SCHOOL DISTRICT MERGERS; STATE BOARD OF  
9 EDUCATION ORDER

10 (a) Statement of intent.

11 (1) 2017 Acts and Resolves No. 49 made “useful changes to the merger  
12 time lines” contained in 2015 Acts and Resolves No. 46 “without weakening or  
13 eliminating the Act’s fundamental phased merger and incentive structures and  
14 requirements.” Act 49 reemphasized this point by noting that “[n]othing in this  
15 act should be interpreted to suggest that it is acceptable for a school district to  
16 fail to take reasonable and robust action to seek to meet the goals of Act 46.”

17 (2) Similarly, nothing in this act, which permits a final extension of the  
18 deadline for mergers required by the State Board of Education, should be  
19 interpreted to weaken or undermine in any way the State Board’s final merger  
20 order of November 28, 2018 or to encourage delay for school districts that  
21 want to merger on July 1, 2019. Except as modified by this act, school

1 districts remain under all obligations under Acts 46 and 49, whether or not they  
2 choose to delay the operational date of their merger.

3 (b) Definitions. As used in this section:

4 (1) “Default Articles” means the Default Articles of Agreement issued  
5 with the State Board Report.

6 (2) “Existing district” means a union school district created by vote of  
7 the electorate on or after July 1, 2014 into which a merging district is ordered  
8 by the State Board Order to merge.

9 (3) “Forming district” means a school district that is ordered by the State  
10 Board Order to merge with other forming districts to create a newly formed  
11 district.

12 (4) “Initial members” mean the initial members of the board of a newly  
13 formed district elected under Article 10 of the default articles.

14 (5) “Merging district” means a school district that is ordered by the State  
15 Board Order to merge into an existing district.

16 (6) “Newly formed district” means a union school district that is formed  
17 by the State Board Order by merging forming districts.

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

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

5           (c) Notwithstanding any provision of law to the contrary:

6           (1) Merger deadline extension.

7           (A) Except as provided in subdivisions (1)(B) and (C) of this  
8           subsection, the operational deadline for school district mergers under the State  
9           Board Order shall be on July 1, 2019 or July 1, 2020.

10           (i) For the mergers of forming districts into a newly formed  
11           district, the school board of the newly formed district, operating in accordance  
12           with the default articles, shall, on or before June 30, 2019, determine, by  
13           majority vote of the initial members representing a quorum, the operational  
14           date of merger.

15           (ii) For the merger of a merging district into an existing district,  
16           the school board of the existing district shall, on or before June 30, 2019,  
17           determine, by majority vote of members representing a quorum, the  
18           operational date of merger.

19           (B) The operational deadline for school district mergers under the  
20           State Board Order shall be on July 1, 2019 if the relevant board does not, on or

1 before June 30, 2019, determine the operational date of the merger under  
2 subdivision (1)(A) of this subsection.

3 (C) The deadline for mergers that, in the State Board Order, are  
4 conditioned upon approval of voters of the existing district shall be as specified  
5 in the State Board Order.

6 (2) Default Articles. On or before July 31, 2019, the Agency of  
7 Education shall instruct each newly formed district that has an operational  
8 deadline of July 1, 2020 on the changes that are necessary or appropriate to  
9 make under this section to the dates and fiscal years in the Default Articles to  
10 accommodate this later deadline. On the date that the Agency issues those  
11 instructions, those changes shall have the force of law as if enacted in statute,  
12 and the Default Articles shall be deemed amended accordingly.

13 (3) Small schools grant.

14 (A) If a forming district or merging district that merges under the  
15 State Board Order has an operational merger date of July 1, 2019, and that  
16 district was an “eligible school district” as defined in 16 V.S.A. § 4015, as in  
17 effect on June 30, 2019, that received a small schools support grant under that  
18 section in the fiscal year two years prior to the first fiscal year of merger, then  
19 the newly formed district or existing district, as applicable, shall receive an  
20 annual small schools support grant in an amount equal to the small schools  
21 support grant received by the forming district or merging district, as applicable,

1 in the fiscal year two years prior to the first fiscal year of merger. If more than  
2 one forming district or merging district was an eligible school district and  
3 merged into the same newly formed district or existing district, as applicable,  
4 then the small schools support grant for the newly formed district or existing  
5 district, as applicable, shall be in an amount equal to the total combined small  
6 schools support grants the forming districts or the merging districts, as  
7 applicable, received in the fiscal year two years prior to the first fiscal year of  
8 merger.

9 (B) Payment of the grant under subdivision (3)(A) of this subsection  
10 shall continue annually unless explicitly repealed by the General Assembly;  
11 provided, however, that the Secretary shall discontinue payment of the grant in  
12 the fiscal year following closure by the school district of a school that qualified  
13 the district for the grant; and further provided that if a school building that  
14 housed a school that qualified the district for the grant is closed in order to  
15 consolidate with another school into a renovated or new school building, then  
16 the Secretary shall continue to pay the grant during the repayment term of any  
17 bonded indebtedness incurred in connection with the consolidation-related  
18 renovation or construction.

19 (4) Union school district budget.

20 (A) If the first budget of a newly formed district has not been  
21 approved by voters on or before June 30 for the 2020 or 2021 fiscal year, the

1 Agency of Education shall authorize an amount of education spending for that  
2 newly formed district equal to:

3 (i) the cumulative education spending amount authorized by the  
4 most recently voter approved school budgets of the forming districts;  
5 multiplied by

6 (ii) the percentage that represents the average statewide increase  
7 from the prior fiscal year to the current fiscal year in school district education  
8 spending authorized by voter approved school district budgets, based on data  
9 received by the Agency of Education on or before June 14 of the prior fiscal  
10 year. As used in this subdivision (ii), for mergers under the State Board Order  
11 that are operational on July 1, 2019, the prior fiscal year shall be fiscal year  
12 2019 and the current fiscal year shall be fiscal year 2020, and for mergers  
13 under the State Board Order that are operational on July 1, 2020, the prior  
14 fiscal year shall be fiscal year 2020 and the current fiscal year shall be fiscal  
15 year 2021.

16 (B) The amount authorized by the Agency of Education under  
17 subdivision (4)(A) of this subsection shall be the “education spending” of the  
18 newly formed district for the relevant fiscal year under 16 V.S.A. chapter 133.

19 (C) The school board of the newly formed district, operating in  
20 accordance with the default articles, shall determine how funds shall be  
21 expended in the relevant fiscal year under this subdivision (4). In addition, the

1 school board of the newly formed district shall have the authority to expend  
2 any other funds received from other sources in the relevant fiscal year under  
3 this subdivision (4), including endowments, parental fundraising, federal  
4 funds, nongovernmental grants, or other State funds such as special education  
5 funds paid under 16 V.S.A. chapter 101.

6 Sec. 2. 16 V.S.A. § 4015 is amended to read:

7 § 4015. SMALL SCHOOL SUPPORT

8 (a) In this section:

9 \* \* \*

10 (2) “Enrollment” means the number of students who are enrolled in a  
11 school operated by the district on October 1. A student shall be counted as one  
12 whether the student is enrolled as a full-time or part-time student. Students  
13 enrolled in prekindergarten programs shall not be counted.

14 \* \* \*

15 Sec. 3. EFFECTIVE DATES

16 This act shall take effect on passage, except that Sec. 2 (small school  
17 support) shall take effect on July 1, 2019.

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(Committee vote: \_\_\_\_\_)

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Senator \_\_\_\_\_

FOR THE COMMITTEE