

S.287

An act relating to improving student equity by adjusting the school funding formula and providing education quality and funding oversight

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

* * * Findings and Goals * * *

Sec. 1. FINDINGS

(a) The Vermont Supreme Court, in Brigham v. State, 166 Vt. 246 (1997), held that education in Vermont is “a constitutionally mandated right” and that to “keep a democracy competitive and thriving, students must be afforded equal access to all that our educational system has to offer.” Therefore, the Court held that in order to “fulfill its constitutional obligation the [S]tate must ensure substantial equality of educational opportunity throughout Vermont.”

(b) The General Assembly reflected this holding in statute, 16 V.S.A. § 1, stating that “the right to education is fundamental for the success of Vermont’s children in a rapidly changing society and global marketplace as well as for the State’s own economic and social prosperity. To keep Vermont’s democracy competitive and thriving, Vermont students must be afforded substantially equal access to a quality basic education...it is the policy of the State that all Vermont children will be afforded educational opportunities that are substantially equal although educational programs may vary from district to district.”

(c) Students come to school with dissimilar learning needs and socioeconomic backgrounds that may require different types and levels of educational support for them to achieve common standards or outcomes. Similarly, schools in different contexts may also require different levels of resources due to their scale of operations or the price they must pay for key resources. Therefore, school districts with similar education property tax rates may achieve significantly different student outcomes.

(d) 2018 Acts and Resolves No. 173, Sec. 11 directed the Agency of Education to study the efficacy of the current pupil weighting factors, which are used in Vermont's school funding formula to provide equitable tax capacity to local school districts for spending on various student needs, and to consider whether increased or additional weighting factors should be included in the equalized pupil count.

(e) On December 24, 2019, the Agency issued its Pupil Weighting Factors Report, which was produced by a University of Vermont-Rutgers University team of researchers. The Report found that neither the cost factors incorporated in the weighing formula nor the values of the current weights reflect contemporary educational circumstances and costs and that stakeholders viewed the existing approach as "outdated." The Report found that values for the existing weights have weak ties, if any, with evidence describing differences in the costs for educating students with disparate needs or operating

schools in different contexts and recommended that the General Assembly increase certain existing weights and add certain new weighting factors.

(f) 2021 Acts and Resolves No. 59 created the Task Force on the Implementation of the Pupil Weighting Factors Report composed of eight members of the General Assembly, four Senators and four Representatives, to recommend to the General Assembly an action plan and proposed legislation to ensure that all public school students have equitable access to educational opportunities, taking into account the Weighting Report. The Task Force unanimously recommended two systemic change options and a series of related provisions for either updating the weights or adopting a cost equity payment approach to providing direct aid to school districts as set out in its “Report Prepared in Accordance with Act No. 59 of the 2021 Legislative Session” dated December 17, 2021.

Sec. 2. GOALS

By enacting this legislation, the General Assembly intends to fulfill Vermont’s constitutional mandate to ensure that all students receive substantial equality of educational opportunity throughout the State. The legislation is designed to:

(1) increase educational equity by ensuring that the financial resources available to local school districts for educating students living in poverty, students with English language learning needs, students in small rural schools,

students in sparsely populated school districts, and students in middle and high schools are sufficient to meet the cost of educating these students;

(2) improve educational outcomes of students in the circumstances and categories identified under subdivision (1) of this subsection by ensuring that financial resources tied to the cost of educating these students are available to local school districts;

(3) improve transparency in the distribution of financial resources to school districts by simplifying the school funding formula and better tying educational expenditures to student needs;

(4) enhance educational and financial accountability by ensuring that equitable resources are budgeted and expended for the education of students in these circumstances or categories and that regular evaluation mechanisms are utilized to assess educational equity and outcomes; and

(5) improve oversight of Vermont’s kindergarten–grade 12 public education funding system by creating a new advisory body with expertise to monitor and recommend improvements to the system.

* * * Determination of Weighted Membership * * *

Sec. 3. 16 V.S.A. § 4001(7) is amended to read:

(7) “Long-term membership” of a school district in any school year means the:

(A) ~~mean~~ average of the district's average daily membership, excluding full-time equivalent enrollment of State-placed students, over two school years, the latter of which is the current school year; provided that students enrolled in a small school shall be counted using the average two-year enrollment calculation under subdivision 4010(a)(5)(B) of this title; plus

(B) full-time equivalent enrollment of State-placed students for the most recent of the two years.

Sec. 4. 16 V.S.A. § 4001(8) is amended to read:

(8) "Poverty ratio" means the number of persons in the school district who are ~~aged~~ six through 17 years of age and who are from economically deprived backgrounds, divided by the long-term membership of the school district. A "person from an economically deprived economically deprived background" means a person who ~~resides with a family unit receiving nutrition benefits~~ is eligible for free or reduced-price lunch under the National School Lunch Act, 42 U.S.C. § 1751 et seq., and in the Child Nutrition Act, 42 U.S.C. § 1771 et seq., each as amended. A person who ~~does not reside with a family unit receiving nutrition benefits~~ is not eligible for free or reduced-price lunch but for whom English is not the primary language shall also be counted in the numerator of the ratio. ~~The Secretary shall use a method of measuring the nutrition benefits population that produces data reasonably representative of~~

~~long term trends.~~ Persons for whom English is not the primary language shall be identified pursuant to subsection 4010(e) of this title.

Sec. 4a. 16 V.S.A. § 4001(8) is amended to read:

(8) ~~“Poverty ratio” means the number of persons in the school district who are six through 17 years of age and who are from economically deprived backgrounds, divided by the long term membership of the school district. A “person from an economically deprived background” means a person who is eligible for free or reduced price lunch under the National School Lunch Act, 42 U.S.C. § 1751 et seq., and in the Child Nutrition Act, 42 U.S.C. § 1771 et seq., each as amended. A person who is not eligible for free or reduced price lunch but for whom English is not the primary language shall also be counted in the numerator of the ratio. Persons for whom English is not the primary language shall be identified pursuant to subsection 4010(e) of this title~~ “Pupil from an economically deprived background” means a pupil whose family income, as determined under the universal income declaration form developed and maintained by the Agency of Education, is 185 percent or less of the current year Federal Poverty Level.

Sec. 5. UNIVERSAL INCOME DECLARATION FORM

(a) It is the intention of the General Assembly that, beginning with the 2023–24 school year and thereafter, the determination of whether a pupil is from an economically deprived background be changed from eligibility for

free or reduced-price school meals to eligibility based upon family income of 185 percent or less of the current year Federal Poverty Level, with data collected from a universal income declaration form.

(b) A universal income declaration form is used by some other states and school districts in Vermont with universal school meals programs to collect household size and income information that was previously collected using the Free and Reduced-Price Meal Application. A universal income declaration form is used to collect income bracket information from all families, reducing stigma and resulting in the collection of more accurate pupil eligibility counts throughout a school district.

(c) On or before October 1, 2022, the Agency of Education shall convene a working group that includes school staff and hunger and nutrition experts to develop the universal income declaration form that shall be fully accessible to all Vermont families. The new form shall be implemented statewide for the 2023–24 school year. Until that form is implemented, school districts shall continue to determine whether a pupil is from an economically deprived background using eligibility for free or reduced-price school meals.

Sec. 6. 16 V.S.A. § 4010 is amended to read:

§ 4010. DETERMINATION OF WEIGHTED MEMBERSHIP

(a) Determination of average daily membership and subgroup lists.

(1) On or before the first day of December during each school year, the Secretary shall determine the average daily membership, as defined in subdivision 4001(1) of this title, of each school district for the current school year. The determination shall list separately:

~~(1)(A)~~ resident prekindergarten children pupils in prekindergarten;

~~(2)(B)~~ resident students being provided elementary or kindergarten education pupils in kindergarten through grade five; and

~~(3)(C)~~ resident students being provided secondary education pupils in grades six through eight; and

(D) resident pupils in grades nine through 12.

(2) On or before the first day of December during each school year, the Secretary shall identify resident pupils from economically deprived backgrounds, as defined in subdivision 4001(8) of this title, in each school district for the current school year.

(3) On or before the first day of December during each school year, the Secretary shall identify resident pupils who are English Language learners, as defined in section 4013 of this title, in each school district for the current school year.

(4)(A) On or before the first day of December during each school year, the Secretary shall list all school districts that have a population density,

measured by the number of persons per square mile residing within the geographic boundaries of the district as of July 1 of that year, equaling:

- (i) fewer than 36 persons per square mile;
- (ii) 36 to 54 persons per square mile; or
- (iii) 55 to 100 persons per square mile.

(B) Population density data shall be based on the most recent U.S. Census data as provided to the Agency of Education by the Vermont Center for Geographic Information.

(C) Using enrollment data determined as of October 1 of that year, list for each school district that has low population density the number of pupils in each of subdivisions (A)(i)–(iii) of this subdivision (4).

(5)(A) On or before the first day of December during each school year, the Secretary shall list all school districts that have one or more schools that have an average two-year enrollment of:

- (i) fewer than 100 enrolled pupils; or
- (ii) 100 to 250 enrolled pupils.

(B) As used in this subdivision (5) and in subdivision (c)(5) of this section, “average two-year enrollment” means the average enrollment of the two most recently completed school years, and “enrollment” means the number of pupils who are enrolled in a school operated by the district on October 1. A

pupil shall be counted as one whether the pupil is enrolled as a full-time or part-time student.

(C) Using average two-year enrollment, list for each school district that has a small school the number of pupils in each of subdivisions (A)(i)–(ii) of this subdivision (5).

(b) Determination of long-term membership. The Secretary shall determine the long-term membership, as defined in subdivision 4001(7) of this title, for each school district for each ~~student~~ pupil group described in subsection (a) of this section. ~~The Secretary shall use the actual average daily membership over two consecutive years, the latter of which is the current school year.~~

(c) Determination of weighted long-term membership. The Secretary shall determine the weighted long-term membership, as defined in subdivision 4001(12) of this title, for each school district ~~using the long-term membership from subsection (b) of this section and the following weights for each class:~~

~~Prekindergarten 0.46~~

~~Elementary or kindergarten 1.0~~

~~Secondary 1.13.~~

(1) The Secretary shall first apply grade level weights. Each pupil included in long-term membership from subsection (b) of this section shall count as one, multiplied by the following amounts:

(A) prekindergarten—negative 0.54;

(B) grades six through eight—0.36; and

(C) grades nine through 12—0.39.

(2) The Secretary shall next apply a weight for pupils from economically deprived backgrounds. Each pupil included in long-term membership from subsection (b) of this section shall receive an additional weighting amount of 1.03.

(3) The Secretary shall next apply a weight for ELL pupils. Each ELL pupil included in long-term membership from subsection (b) of this section shall receive an additional weighting amount of 2.49.

(4) The Secretary shall then apply a weight for pupils living in low population density school districts. Each pupil included in long-term membership from subsection (b) of this section residing in a low population density school district shall receive an additional weighting amount of:

(A) 0.15, where the number of persons per square mile in the school district is 35 or fewer;

(B) 0.12, where the number of persons per square mile in the school district is 36 or more but fewer than 56; or

(C) 0.07, where the number of persons per square mile in the school district is 56 or more but fewer than 101.

(5) The Secretary shall lastly apply a weight for pupils who attend a small school. If the number of persons per square mile in a school district is 55 or fewer and the school district has a school with an average two-year enrollment of:

(A) fewer than 100 pupils, then the school district shall receive an additional weighting amount of 0.21 for each pupil included in the small school's average two-year enrollment; or

(B) 100 or more but fewer than 251 pupils, then the school district shall receive an additional weighting amount of 0.07 for each pupil included in the small school's average two-year enrollment.

(6) A school district's weighted long-term membership shall equal long-term membership as determined under subsection (b) of this section plus the cumulation of the weights assigned by the Secretary under this subsection.

~~(d) The weighted long-term membership calculated under subsection (c) of this section shall be increased for each school district to compensate for additional costs imposed by students from economically deprived backgrounds. The adjustment shall be equal to the total from subsection (c) of this section, multiplied by 25 percent, and further multiplied by the poverty ratio of the district. [Repealed.]~~

~~(e) The weighted long term membership calculated under subsection (e) of this section shall be further increased by 0.2 for each student in average daily membership for whom English is not the primary language. [Repealed.]~~

(f) Hold harmless. For purposes of determining weighted membership under this section, a district's equalized pupils shall in no case be less than 96 and one-half percent of the actual number of equalized pupils in the district in the previous year, prior to making any adjustment under this section.

(g) Guidelines. The Secretary shall develop guidelines to enable clear and consistent identification of ~~students~~ pupils to be counted under this section.

(h) Determination of equalized pupils. On December 1 each year, the Secretary shall determine the equalized pupil count for the next fiscal year for district review. The Secretary shall make any necessary corrections on or before December 15, on which date the count shall become final for that year.

~~(i) The Secretary shall evaluate the accuracy of the weights established in subsection (e) of this section and, at the beginning of each biennium, shall propose to the House and Senate Committees on Education whether the weights should stay the same or be adjusted. The provisions of 2 V.S.A. § 20(d) (expiration of required reports) shall not apply to the report to be made under this subsection.~~ Updates to the weighting factors. It is the intention of the General Assembly to consider whether and how to update the weighting factors under subsection (c) of this section not less than every five years and, if

they are updated, the implementation date for the updated weights be delayed by a year in order to provide school districts with time to prepare their budgets. Updates to the weighting factors may include recalibration, recalculation, adding or eliminating weights, or any combination of these actions.

Sec. 6a. 16 V.S.A. § 4010 is amended to read:

§ 4010. DETERMINATION OF WEIGHTED MEMBERSHIP

* * *

(h) Determination of equalized pupils. On December 1 each year, the Secretary shall determine the equalized pupil count for the next fiscal year for district review. This equalized pupil count shall equal the average of the equalized pupil count for the year of calculation with the equalized pupil counts for the preceding two fiscal years. The Secretary shall make any necessary corrections on or before December 15, on which date the count shall become final for that year.

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Sec. 6b. PROSPECTIVE AND CONDITIONAL REPEALS

If, on or before July 1, 2027, the General Assembly has not revised the weighting factors under 16 V.S.A. § 4010 to reflect changes in cost factors from which the weights are derived after receiving a recommendation of the Education Fund Advisory Committee created under Sec. 15 of this act to do so, then:

(1) 16 V.S.A. § 4010 is repealed on July 1, 2027; and

(2) Sec. 6a of this act is repealed on July 1, 2027.

* * * English Language Learners; State Aid * * *

Sec. 7. 16 V.S.A. § 4013 is added to read:

§ 4013. ENGLISH LANGUAGE LEARNERS; STATE AID

(a) Definitions. As used in this section:

(1) “ELL services” means instructional and support personnel and services that are required under the Equal Education Opportunity Act, 20 U.S.C. § 1703, for ELL students and their families, which shall include:

(A) licensed teachers, paraprofessionals, translators, and cultural liaisons;

(B) high-quality instructional materials, such as books and digital resources;

(C) family support and education, with assistance from cultural liaisons who speak the student’s native language; and

(D) community outreach, education, and engagement.

(2) “ELL students” means students who are English language learners and for whom English is not their primary language.

(b) Required ELL services. Each school districts shall:

(1) provide ELL services;

(2) budget sufficient resources through a combination of State and federal categorical aid and local education spending to provide ELL services;

(3) report expenditures on ELL services annually to the Agency of Education through the financial reporting system as required by the Agency;
and

(4) report on educational outcomes of ELL students as required by the Agency.

(c) Agency of Education support and quality assurance. The Agency of Education shall:

(1) provide guidance and program support to all school districts with ELL students as required under the Equal Education Opportunity Act, including:

(A) professional development resources for ELL instructors and support personnel; and

(B) information on best practices and WIDA language development standards; and

(2) prescribe, collect, and analyze financial and student outcome data from school districts to ensure that districts are providing high quality ELL services and expending sufficient resources to provide these services.

(d) Categorical aid. In addition to the ELL weight under section 4010 of this title, a school district that has, as determined annually on October 1 of the year:

(1) one to five ELL students enrolled, shall receive State aid of \$25,000.00 for that school year; or

(2) six to 25 ELL students enrolled, shall receive State aid of \$50,000.00 for that school year.

(e) Annual appropriation. Annually, the General Assembly shall include in its appropriation for statewide education spending under subsection 4011(a) of this title an appropriation to provide aid to school districts for ELL services under this section.

(f) Payment. On or before November 1 of each year, the State Treasurer shall withdraw from the Education Fund, based on warrant of the Commissioner of Finance and Management, and shall forward to each school district the aid amount it is owed under this section.

* * * Merger Support for Merged Districts * * *

Sec. 8. 16 V.S.A. § 4015 is amended to read:

§ 4015. SMALL SCHOOL MERGER SUPPORT FOR MERGED DISTRICTS

~~(a) In this section:~~

~~(1) "Eligible school district" means a school district that:~~

~~(A) operates at least one school with an average grade size of 20 or fewer; and~~

~~(B) has been determined by the State Board, on an annual basis, to be eligible due to either:~~

~~(i) the lengthy driving times or inhospitable travel routes between the school and the nearest school in which there is excess capacity; or~~

~~(ii) the academic excellence and operational efficiency of the school, which shall be based upon consideration of:~~

~~(I) the school's measurable success in providing a variety of high quality educational opportunities that meet or exceed the educational quality standards adopted by the State Board pursuant to section 165 of this title;~~

~~(II) the percentage of students from economically deprived backgrounds, as identified pursuant to subsection 4010(d) of this title, and those students' measurable success in achieving positive outcomes;~~

~~(III) the school's high student to staff ratios; and~~

~~(IV) the district's participation in a merger study and submission of a merger report to the State Board pursuant to chapter 11 of this title or otherwise.~~

(2) ~~“Enrollment” means the number of students who are enrolled in a school operated by the district on October 1. A student shall be counted as one whether the student is enrolled as a full time or part time student.~~

(3) ~~“Two year average enrollment” means the average enrollment of the two most recently completed school years.~~

(4) ~~“Average grade size” means two year average enrollment divided by the number of grades taught in the district on October 1. For purposes of this calculation, kindergarten and prekindergarten programs shall be counted together as one grade.~~

(5) ~~“AGS factor” means the following factors for each average grade size:~~

Average grade size		
More than:	but less than or equal to:	Factor:
0	7	0.19
7	9	0.175
9	10	0.16
10	11	0.145
11	12	0.13
12	13	0.115
13	14	0.10
14	15	0.085

15	16	0.070
16	17	0.055
17	18	0.040
18	19	0.025
19	20	0.015

~~(6) "School district" means a town, city, incorporated, interstate, or union school district or a joint contract school established under chapter 11, subchapter 1 of this title.~~

~~(b) Small schools support grant. Annually, the Secretary shall pay a small schools support grant to any eligible school district. The amount of the grant shall be the greater of:~~

~~(1) the amount determined by multiplying the two year average enrollment in the district by \$500.00 and subtracting the product from \$50,000.00, with a maximum grant of \$2,500.00 per enrolled student; or~~

~~(2) the amount of 87 percent of the base education amount for the current year, multiplied by the two year average enrollment, multiplied by the AGS factor.~~

~~(c) [Repealed.]~~

~~(d) [Repealed.]~~

~~(e) In the event that a school or schools that have received a grant under this section merge in any year following receipt of a grant, and the~~

~~consolidated school is not eligible for a grant under this section or the small school grant for the consolidated school is less than the total amount of grant aid the schools would have received if they had not combined, the consolidated school shall continue to receive a grant for three years following consolidation.~~

~~The amount of the annual grant shall be:~~

~~(1) in the first year following consolidation, an amount equal to the amount received by the school or schools in the last year of eligibility;~~

~~(2) in the second year following consolidation, an amount equal to two-thirds of the amount received in the previous year; and~~

~~(3) in the third year following consolidation, an amount equal to one-third of the amount received in the first year following consolidation.~~

~~(f)(1) Notwithstanding anything to the contrary in this section, a school district that received a small schools grant in fiscal year 2020 shall continue to receive an annual small schools grant.~~

~~(2) Payment of the grant under this subsection shall continue annually unless explicitly repealed by the General Assembly; provided, however, that the Secretary shall discontinue payment of the grant in the fiscal year following the cessation of operations of the school that made the district eligible for the small schools grant, and further provided that if the building that houses the school that made the district eligible for the small schools grant is consolidated with another school into a renovated or new school building,~~

~~then the Secretary shall continue to pay the grant during the repayment term of any bonded indebtedness incurred in connection with the consolidation-related renovation or construction.~~

~~(3) A school district that is eligible to receive an annual small schools grant under this subsection shall not also be eligible to receive a small school grant or its equivalent under subsection (b) of this section or under any other provision of law.~~

(a) A school district that was voluntarily formed under 2010 Acts and Resolves No. 153, 2012 Acts and Resolves No. 156, or 2015 Acts and Resolves No. 46, each as amended, and received a merger support grant shall continue to receive that merger support grant, subject to the provisions in subsection (c) of this section.

(b) A school district that was involuntarily formed under the Final Report of Decisions and Order on Statewide School District Merger Decisions Pursuant to Act 46, Secs. 8(b) and 10 dated November 28, 2018 and that received a small schools grant in fiscal year 2020 shall receive an annual merger support grant in that amount, subject to the provisions in subsection (c) of this section.

(c)(1) Payment of a merger support grant under this section shall not be made in any year that the school district receives a small school weight under section 4010 of this title.

(2) Payment of a merger support grant under this section shall continue annually unless explicitly repealed by the General Assembly; provided, however, that the Secretary shall discontinue payment of the grant in the fiscal year following the cessation of operations of the school that made the district originally eligible for the grant, and further provided that if the building that houses the school that made the district originally eligible for the grant is consolidated with another school into a renovated or new school building, then the Secretary shall continue to pay the grant during the repayment term of any bonded indebtedness incurred in connection with the consolidation-related renovation or construction.

Sec. 9. 16 V.S.A. § 4030 is amended to read:

§ 4030. DATA SUBMISSION; CORRECTIONS

* * *

(b) The Secretary shall use data submitted on or before January 15 prior to the fiscal year that begins the following July 1; in order to calculate the amounts due each school district for any fiscal year for ~~the following:~~

~~(1) transportation aid due under section 4016 of this title; and~~

~~(2) the small school support grant due under section 4015 of this title.~~

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Sec. 10. 16 V.S.A. § 1531 is amended to read:

§ 1531. RESPONSIBILITY OF STATE BOARD

* * *

(c) For a school district that is geographically isolated from a Vermont career technical center, the State Board may approve a career technical center in another state as the career technical center that district students may attend. In this case, the school district shall receive transportation assistance pursuant to section 1563 of this title and tuition assistance pursuant to ~~section~~ subsection 1561(c) of this title. Any student who is a resident in the Windham Southwest Supervisory Union and who is enrolled at public expense in the Charles H. McCann Technical School or the Franklin County Technical School shall be considered to be attending an approved career technical center in another state pursuant to this subsection, and, if the student is from a school district eligible for a ~~small schools~~ merger support grant pursuant to section 4015 of this title or a small school weighting adjustment pursuant to section 4010 of this title, the student's full-time equivalency shall be computed according to time attending the school.

* * * Transition * * *

Sec. 11. TRANSITION; CALCULATION OF EQUALIZED PUPILS

(a) For fiscal years 2024, 2025, and 2026, the number of equalized pupils in a school district shall be determined by averaging the equalized pupil count

for the year of calculation with the equalized pupil counts for the preceding four fiscal years.

(b) For fiscal year 2027, the number of equalized pupils in a school district shall be determined by averaging the equalized pupil count for the year of calculation with the equalized pupil counts for the preceding three fiscal years.

(c) For fiscal year 2028, the number of equalized pupils in a school district shall be determined by averaging the equalized pupil count for the year of calculation with the equalized pupil counts for the preceding two fiscal years.

Sec. 12. TRANSITION; SUSPENSION OF EXCESS SPENDING

PENALTY AND HOLD HARMLESS PROVISION

(a) Notwithstanding any provision of law to the contrary, for fiscal years 2024, 2025, 2026, 2027, and 2028, the excess spending penalty under 16 V.S.A. § 4001(6)(B) and 32 V.S.A. § 5401(12) is suspended.

(b) Notwithstanding any provision of law to the contrary, for fiscal years 2024, 2025, 2026, 2027, and 2028, the hold harmless provision under 16 V.S.A. § 4010(f) is suspended.

Sec. 12a. TRANSITION; SUSPENSION OF BALLOT LANGUAGE

REQUIREMENT

Notwithstanding 16 V.S.A. § 563 (11)(D), which requires specified language for a school budget ballot, for fiscal years 2024, 2025, 2026, 2027, and 2028, this requirement is suspended.

* * * Vermont Center for Geographic Information * * *

Sec. 13. VERMONT CENTER FOR GEOGRAPHIC INFORMATION

The Vermont Center for Geographic Information created under 3 V.S.A. § 2475 shall assist the Agency of Education in determining the number of persons per square mile residing within the geographic boundaries of each school district in the State.

* * * Evaluation and Reporting * * *

Sec. 14. EVALUATION AND REPORTING

(a)(1) On or before December 15, 2029, the State Auditor shall submit to the House and Senate Committees on Education, the House Committee on Ways and Means, the Senate Committee on Finance, the Agency of Education, and the Education Tax Advisory Committee a performance audit, conducted under Generally Accepted Government Auditing Standards, that identifies the successes and failures of the implementation of this act, including:

(A) whether, and the extent to which, each of the act's five goals under Sec. 2 of this act have been met;

(B) if a goal has not been met, the reasons why and recommendations to achieve that goal; and

(C) the fiscal impact of the act, including the cost of implementation.

(2) On or before December 15, 2024, the Auditor, the Agency of Education, and the Education Fund Advisory Committee created under Sec. 15

of this act shall jointly agree to the statement of work for the audit, including how to measure whether the act's five goals have been met, and submit the statement of work to the House and Senate Committees on Education, the House Committee on Ways and Means, and the Senate Committee on Finance.

(b) The audit shall be carried out by the State Auditor or a contracted designee of the State Auditor who, in order to maintain independence, has not consulted on, or contracted to provide services in relation to, the Pupil Weighting Factors Report dated December 24, 2019 or the Report Prepared in Accordance with Act No. 59 of the 2021 Legislative Session dated December 17, 2021. The audit shall cover the period beginning on July 1, 2024 and ending on June 30, 2028. The audit shall take into account such metrics as the Auditor, the Agency of Education, and the Education Fund Advisory Committee jointly determine appropriate, and may include:

(1) school district progress on meeting the Education Quality Standards set out in 16 V.S.A. § 165 and other relevant education standards, such as the WIDA Consortium standards for English-language education, Common Core State Standards, and Next Generation Science Standards;

(2) student performance progress on proficiency-based learning assessments and graduation requirements;

(3) student performance progress on standardized tests, such as the Smarter Balanced Assessment Consortium, New England Common

Assessment Program, Vermont Alternate Assessment Portfolio, WIDA multi-lingual learner assessments, and TOEFL English-language proficiency assessment, comparable across demographic categories;

(4) Vermont Youth Risk Behavior Surveys results as reported by the Department of Health;

(5) graduation and post-secondary education enrollment rates;

(6) education spending and homestead tax rates;

(7) educator compensation levels and full licensure status; and

(8) academic, extracurricular, and student support resources across school districts.

(c) The Auditor shall host a web page that provides transparency to the public on its work under this section for the period beginning on July 1, 2024 and ending on July 16, 2029, which shall include, when available, the following information or links to the following information:

(1) this act;

(2) the statement of work;

(3) reports to the General Assembly and other public bodies on its work;

and

(4) all metrics used under subsection (b) of this section.

* * * Education Fund Advisory Committee * * *

Sec. 15. 32 V.S.A. § 5413 is added to read:

§ 5413. CREATION; EDUCATION FUND ADVISORY COMMITTEE

(a) Creation. There is created the Education Fund Advisory Committee to monitor Vermont's education financing system, conduct analyses, and to perform the duties under subsection (c) of this section.

(b) Membership. The Committee shall be composed of the following seven members:

(1) the Commissioner of Taxes or designee;

(2) the Secretary of Education or designee;

(3) two members of the public with expertise in education financing, who shall be appointed by the Speaker of the House;

(4) two members of the public with expertise in education financing, who shall be appointed by the Committee on Committees; and

(5) one member of the public with expertise in education financing, who shall be appointed by the Governor.

(c)(1) Powers and duties. Annually, on or before January 15, the Committee shall make recommendations to the General Assembly regarding:

(A) updating the weighting factors, which may include recalibration, recalculation, adding or eliminating weights, or any combination of these actions, as necessary;

(B) changes to, or the addition of new or elimination of existing, categorical aid, as necessary;

(C) changes to income levels eligible for a property tax credit under 32 V.S.A. § 6066;

(D) means to adjust the revenue sources for the Education Fund, including whether to transition to an education income tax;

(E) means to improve equity, transparency, and efficiency in education funding statewide;

(F) whether and when to reinstate the excess spending threshold and, if reinstated, at what level;

(G) whether and when to reinstate 16 V.S.A. § 563 (11)(D), the required language for a school budget ballot, and if reinstated, what language to use to promote accuracy and transparency; and

(H) the amount of the stabilization reserve.

(2) The Committee shall recommend updated weights and categorical aid to the General Assembly at least every five years, which may include a recommendation not to make changes where appropriate.

(3) The Committee, in its initial January 15, 2023 report to the General Assembly, shall, after consultation with the Department of Taxes, the Agency of Education, and the Joint Fiscal Office, make recommendations on the

implementation of an education income tax system to replace the homestead education property tax system, including:

(A) implementing a renter's tax credit or other mechanisms to ensure Vermonters who rent a primary residence participate fairly in the education income tax system;

(B) means for administering the new education income tax system;

and

(C) ways to transition from the current homestead education property tax system to the new income tax system.

(d) Assistance. The Committee shall have the administrative, technical, and legal assistance of the Department of Taxes, the Agency of Education, the Joint Fiscal Office, the Office of Legislative Counsel, and the Office of Legislative Operations.

(e) Meetings.

(1) The Commissioner of Taxes shall call the first meeting of the Committee to occur on or before July 15, 2022.

(2) The Committee shall select a chair from among its members at the first meeting.

(3) A majority of the membership shall constitute a quorum.

(f) Compensation and reimbursement. Members of the Committee shall be entitled to per diem compensation and reimbursement of expenses as permitted under section 1010 of this title for up to four meetings per year.

Sec. 15a. APPROPRIATION; EDUCATION FUND ADVISORY
COMMITTEE

The sum of \$2,500.00 is appropriated from the General Fund in fiscal year 2023 for per diem and reimbursement of expenses for members of the Education Fund Advisory Committee.

Sec. 16. COLLABORATION BY THE AGENCY OF EDUCATION AND
JOINT FISCAL OFFICE

The Agency of Education and the Joint Fiscal Office shall:

(1) on or before August 1, 2022, enter into a memorandum of understanding to share data, models, and other information that is needed to update the weighting factors;

(2) each host the statistical model used to provide modeling for the Weighting Report dated December 24, 2019, and for ensuing memos, and ensure that this model is updated and maintained on both systems in parallel;
and

(3) recommend, based on their consensus view, updates to the weighting factors, which may include recalibration, recalculation, or adding or eliminating weights, or any combination of these actions, to the Education

Fund Advisory Committee on a scheduled and periodic basis to account for cost changes, including changes in the costs associated with providing substantially equal educational opportunity, demographics, and school district configurations.

Sec. 17. [Deleted.]

* * * Technical and Conforming Changes * * *

Sec. 18. 16 V.S.A. § 4001(6)(B) is amended to read:

(B) For purposes of calculating excess spending pursuant to 32 V.S.A. § 5401(12), “education spending” shall not include:

* * *

(iv) ~~Spending attributable to the cost of planning the merger of a small school, which for purposes of this subdivision means a school with an average grade size of 20 or fewer students, with one or more other schools.~~

[Repealed.]

* * *

(x) ~~School district costs associated with dual enrollment and early college programs.~~ [Repealed.]

* * *

Sec. 19. 16 V.S.A. § 4001(3) is amended to read:

(3) “Equalized pupils” means, for the school year for which it is calculated, the long-term weighted average daily membership multiplied by the

ratio of the statewide long-term average daily membership to the statewide long-term weighted average daily membership.

Sec. 20. 16 V.S.A. § 563 is amended to read:

§ 563. POWERS OF SCHOOL BOARDS; FORM OF VOTE

The school board of a school district, in addition to other duties and authority specifically assigned by law:

* * *

(11)(A) Shall prepare and distribute annually a proposed budget for the next school year according to such major categories as may from time to time be prescribed by the Secretary.

* * *

(C) At a school district's annual or special meeting, the electorate may vote to provide notice of availability of the school budget required by this subdivision to the electorate in lieu of distributing the budget. If the electorate of the school district votes to provide notice of availability, it must specify how notice of availability shall be given, and such notice of availability shall be provided to the electorate at least 30 days before the district's annual meeting. The proposed budget shall be prepared and distributed at least ten days before a sum of money is voted on by the electorate. Any proposed budget shall show the following information in a format prescribed by the Secretary:

* * *

(iv) the definition of “education spending,” the number of pupils and number of equalized pupils, as determined under subsection 4010(h) of this title, in the school district, and the district’s education spending per equalized pupil in the proposed budget and in each of the prior three years.

* * *

* * * Effective Dates * * *

Sec. 21. EFFECTIVE DATES

(a) The following sections shall take effect on passage:

(1) Sec. 1 (findings);

(2) Sec. 2 (goals);

(3) Sec. 4 (amendment to 16 V.S.A. § 4001(8); definition of “pupil from an economically deprived background”);

(4) Sec. 5 (universal income declaration form);

(5) Sec. 13 (Vermont Center for Geographic Information);

(6) Sec. 15 (creation; Education Fund Advisory Committee);

(7) Sec. 15a (Appropriation; Education Fund Advisory Committee);

(8) Sec. 16 (collaboration by the Agency of Education and Joint Fiscal Office);

(9) Sec. 18 (amendment to 16 V.S.A. § 4001(6)(B); excess spending threshold);

(10) Sec. 19 (amendment to 16 V.S.A. § 4001(3); definition of “equalized pupils”);

(11) Sec. 20 (amendment to 16 V.S.A. § 563; powers of school boards; form of vote); and

(12) this section (effective dates).

(b) The following sections shall take effect on July 1, 2023:

(1) Sec. 3 (amendment to 16 V.S.A. § 4001(7); definition of “long-term membership”);

(2) Sec. 4a (amendment to 16 V.S.A. § 4001(8); definition of “pupil from an economically deprived background”);

(3) Sec. 6 (amendment to 16 V.S.A. § 4010; determination of weighted membership);

(4) Sec. 6b (prospective and conditional repeals);

(5) Sec. 7 (adding 16 V.S.A. § 4013; ELL; State Aid);

(6) Sec. 8 (amendment to 16 V.S.A. § 4015; small school support);

(7) Sec. 9 (amendment to 16 V.S.A. § 4030; data submission; corrections);

(8) Sec. 10 (amendment to 16 V.S.A. § 1531; responsibility of State Board);

(9) Sec. 11 (transition; calculation of equalized pupils);

(10) Sec. 12 (transition; suspension of excess spending penalty);

(11) Sec. 12a (transition; suspension ballot language requirement); and

(12) Sec. 14 (evaluation and reporting).

(c) Sec. 6a (amendment to 16 V.S.A. § 4010; determination of weighted membership) shall take effect on July 1, 2028 unless repealed under Sec. 6b of this act.