

1 **Yellow** = changes from S.287 as passed by Senate

2

3 TO THE HOUSE OF REPRESENTATIVES:

4 The Committee on Ways and Means to which was referred Senate Bill No.
5 287 entitled “An act relating to improving student equity by adjusting the
6 school funding formula and providing education quality and funding
7 oversight” respectfully reports that it has considered the same and recommends
8 that the House propose to the Senate that the bill be amended by striking out all
9 after the enacting clause and inserting in lieu thereof the following:

10 * * * Findings and Goals; **Effective July 1, 2022** * * *

11 Sec. 1. FINDINGS

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

18 (b) The General Assembly reflected this holding in statute, 16 V.S.A. § 1,
19 stating that “the right to education is fundamental for the success of Vermont’s
20 children in a rapidly-changing society and global marketplace as well as for the
21 State’s own economic and social prosperity. To keep Vermont’s democracy

1 competitive and thriving, Vermont students must be afforded substantially
2 equal access to a quality basic education...it is the policy of the State that all
3 Vermont children will be afforded educational opportunities that are
4 substantially equal although educational programs may vary from district to
5 district.”

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

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

19 (e) On December 24, 2019, the Agency issued its Pupil Weighting Factors
20 Report, which was produced by a University of Vermont-Rutgers University
21 team of researchers. The Report found that neither the cost factors

1 incorporated in the weighing formula nor the values of the current weights
2 reflect contemporary educational circumstances and costs and that stakeholders
3 viewed the existing approach as “outdated.” The Report found that values for
4 the existing weights have weak ties, if any, with evidence describing
5 differences in the costs for educating students with disparate needs or operating
6 schools in different contexts and recommended that the General Assembly
7 increase certain existing weights and add certain new weighting factors.

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

19 Sec. 2. GOALS

20 By enacting this legislation, the General Assembly intends to fulfill
21 Vermont’s constitutional mandate to ensure that all students receive substantial

1 equality of educational opportunity throughout the State. The legislation is
2 designed to:

3 (1) increase educational equity by ensuring that the financial resources
4 available to local school districts for educating students living in poverty,
5 students with English language learning needs, students in small rural schools,
6 students in sparsely populated school districts, and students in middle and high
7 schools are sufficient to meet the cost of educating these students;

8 (2) improve educational outcomes of students throughout Vermont,
9 regardless of geography, demography, or circumstances, by ensuring that
10 financial resources tied to the cost of educating these students are available to
11 local school districts;

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

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

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

1 * * * Transition to Cost Factor Adjustments; Effective July 1, 2022 * * *

2 Sec. 3. TRANSITION TO COST FACTOR ADJUSTMENTS

3 (a) Intent of act. This act transitions the education funding system from
4 using pupil weighting factors, which are designed to provide equitable tax
5 capacity to local school districts for spending on various student needs, to the
6 use of cost factor adjustments to provide direct aid to school districts to address
7 various student needs and circumstances. The four-year transition period
8 begins with the 2024-2025 school year and ends with the 2027-2028 school
9 year (transition period), during which time cost factor adjustments shall be
10 phased-in and weighting factors shall be phased-out.

11 (b) Phase-in of cost factor adjustments. Sec. 20 of this act creates 16
12 V.S.A. § 4013 (Cost Factor Adjustments), which fully implements the cost
13 factor adjustments beginning with the 2028-2029 school year and thereafter.
14 Although that section does not take effect until July 1, 2028, the provisions of
15 that section shall apply as if restated in this transition section, but modified as
16 follows:

17 (1) for the 2024-2025 school year, each school district shall receive a
18 cost factor adjustment equal to one-fifth of the amount calculated under section
19 4013;

1 (2) for the 2025-2026 school year, each school district shall receive a
2 cost factor adjustment equal to two-fifths of the amount calculated under
3 section 4013;

4 (3) for the 2026-2027 school year, each school district shall receive a
5 cost factor adjustment equal to three-fifths of the amount calculated under
6 section 4013;

7 (4) for the 2027-2028 school year, each school district shall receive a
8 cost factor adjustment equal to four-fifths of the amount calculated under
9 section 4013; and

10 (5) for the 2028-2029 school year and thereafter, section 4013 takes
11 effect and each school district shall receive a cost factor adjustment equal to
12 the full amount calculated under that section.

13 (c) Phase-out of weighting factors. The weighting factors shall be phased-
14 out as follows:

15 (1) for the 2024-2025 school year, each weight applied under 16 V.S.A.
16 § 4010 shall be four-fifths of the weight set forth in that section;

17 (2) for the 2025-2026 school year, each weight applied under 16 V.S.A.
18 § 4010 shall be three-fifths of the weight set forth in that section;

19 (3) for the 2026-2027 school year, each weight applied under 16 V.S.A.
20 § 4010 shall be two-fifths of the weight set forth in that section;

1 (4) for the 2027-2028 school year, each weight applied under 16 V.S.A.
2 § 4010 shall be one-fifth of the weight set forth in that section; and

3 (5) for the 2028-2029 school year and thereafter, weighting factors shall
4 no longer be used; this act repeals the laws pertaining to weighting factors
5 effective July 1, 2028.

6 (d) Suspension of excess spending penalty. Notwithstanding any provision
7 of law to the contrary, the excess spending penalty under 16 V.S.A.
8 § 4001(6)(B) and 32 V.S.A. § 5401(12) is suspended during the transition
9 period.

10 (e) Suspension of hold harmless provision. Notwithstanding any provision
11 of law to the contrary, the hold harmless provision under 16 V.S.A. § 4010(f)
12 is suspended during the transition period.

13 (f) Suspension of ballot language requirement. Notwithstanding 16 V.S.A.
14 § 563 (11)(D), which requires specified language for a school budget ballot,
15 this requirement is suspended during the transition period.

16 (g) Prekindergarten weighting factor. Under current law, a weighting
17 factor of 0.46 is applied to a student enrolled in a prekindergarten program. 16
18 V.S.A. § 4010. The Pupil Weighting Factors Report did not review whether
19 this weighting factor reflected the actual cost of providing prekindergarten
20 educational services because that review was not within the scope of the
21 authors' mandate. That review is now being undertaken pursuant to 2021 Acts

1 and Resolves No. 45. Therefore, although the current prekindergarten weight
2 is in current law, its status should be viewed as transitional pending the
3 outcome of this review.

4 * * * Universal Income Declaration Form; Effective July 1, 2022 * * *

5 Sec. 4. UNIVERSAL INCOME DECLARATION FORM

6 (a) It is the intention of the General Assembly that, beginning with the
7 2023-24 school year and thereafter, the determination of whether a pupil is
8 from an economically deprived background be changed from qualification for
9 nutrition benefits to eligibility based upon family income of 185 percent or less
10 of the current year Federal Poverty Level, with data collected from a universal
11 income declaration form.

12 (b) A universal income declaration form is used by some other states and
13 school districts in Vermont with universal school meals programs to collect
14 household size and income information. A universal income declaration form
15 is used to collect income bracket information from all families, reducing
16 stigma and resulting in the collection of more accurate pupil eligibility counts
17 throughout a school district.

18 (c) On or before October 1, 2022, the Agency of Education shall convene a
19 working group that includes school staff and hunger and nutrition experts to
20 develop the universal income declaration form that shall be fully accessible to

1 all Vermont families. The new form shall be implemented statewide for the
2 2023–24 school year and thereafter.

3 * * * Evaluation and Reporting; Effective July 1, 2022 * * *

4 Sec. 5. EVALUATION AND REPORTING

5 (a)(1) On or before December 15, 2031, the State Auditor shall submit to
6 the House and Senate Committees on Education, the House Committee on
7 Ways and Means, the Senate Committee on Finance, the Agency of Education,
8 and the Education Tax Advisory Committee a performance audit, conducted
9 under Generally Accepted Government Auditing Standards, that identifies the
10 successes and failures of the implementation of this act, including:

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

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

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

16 (2) On or before December 15, 2024, the Auditor, the Agency of
17 Education, and the Education Fund Advisory Committee created under Sec. 6
18 of this act shall jointly agree to the statement of work for the audit, including
19 how to measure whether the act’s five goals have been met, and submit the
20 statement of work to the House and Senate Committees on Education, the
21 House Committee on Ways and Means, and the Senate Committee on Finance.

1 (b) The audit shall be carried out by the State Auditor or a contracted
2 designee of the State Auditor who, in order to maintain independence, has not
3 consulted on, or contracted to provide services in relation to, the Pupil
4 Weighting Factors Report dated December 24, 2019 or the Report Prepared in
5 Accordance with Act No. 59 of the 2021 Legislative Session dated
6 December 17, 2021. The audit shall cover the period beginning on July 1,
7 2028 and ending on June 30, 2030 (audit period). The audit shall take into
8 account such metrics as the Auditor, the Agency of Education, and the
9 Education Fund Advisory Committee jointly determine appropriate, and may
10 include:

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

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

17 (3) student performance progress on standardized tests, such as the
18 Smarter Balanced Assessment Consortium, New England Common
19 Assessment Program, Vermont Alternate Assessment Portfolio, WIDA multi-
20 lingual learner assessments, and TOEFL English-language proficiency
21 assessment, comparable across demographic categories;

1 (4) Vermont Youth Risk Behavior Surveys results as reported by the

2 Department of Health;

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

4 (6) education spending and homestead tax rates;

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

6 (8) academic, extracurricular, and student support resources across

7 school districts.

8 (c) The Auditor shall host a web page that provides transparency to the

9 public on its work under this section for the period **July 1, 2028 to December**

10 **15, 2031**, which shall include, when available, the following information or

11 links to the following information:

12 (1) this act;

13 (2) the statement of work;

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

15 and

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

17

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19 *** Education Fund Advisory Committee; **Effective July 1, 2022** ***

1 Sec. 6. 32 V.S.A. § 5413 is added to read:

2 § 5413. CREATION; EDUCATION FUND ADVISORY COMMITTEE

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

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

8 (1) the Commissioner of Taxes or designee;

9 (2) the Secretary of Education or designee;

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

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

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

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

18 (A) updating the **cost factor adjustments**, which may include
19 recalibration, recalculation, adding or eliminating **factors**, or any combination
20 of these actions, as necessary;

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

3 (C) changes to income levels eligible for a property tax credit under
4 32 VSA § 6066;

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

7 (E) means to improve both equity and efficiency in education funding
8 statewide;

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

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

14 (H) the amount of the stabilization reserve.

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

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

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

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

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

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

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

13 (e) Meetings.

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

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

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

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

1 Sec. 7. APPROPRIATION; EDUCATION FUND ADVISORY

2 COMMITTEE

3 The sum of \$2,500.00 is appropriated from the General Fund in fiscal year
4 2023 for per diem and reimbursement of expenses for members of the
5 Education Fund Advisory Committee created under Sec. 6 of this act.

6 * * * Agency of Education and Joint Fiscal Office Collaboration; Effective

7 July 1, 2022 * * *

8 Sec. 8. COLLABORATION BY THE AGENCY OF EDUCATION AND

9 JOINT FISCAL OFFICE

10 The Agency of Education and the Joint Fiscal Office shall:

11 (1) on or before August 1, 2022, enter into a memorandum of
12 understanding to share data, models, and other information that is needed to
13 update the cost factor adjustments;

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

18 (3) recommend, based on their consensus view, updates to the cost
19 factor adjustments, which may include recalibration, recalculation, adding or
20 eliminating factors, or any combination of these actions, to the Education Fund
21 Advisory Committee created under Sec. 6 of this act on a scheduled and

1 periodic basis to account for cost changes, including changes in the costs
2 associated with providing substantially equal educational opportunity,
3 demographics, and school district configurations.

4 * * * Agency of Education; Staffing; Effective July 1, 2022 * * *

5 **Sec. 9. AGENCY OF EDUCATION; STAFFING**

6 (a) The following six positions are created in the Agency of Education:

7 (1) one full-time, classified position to provide guidance and support to
8 school districts for English language learners for whom English is not their
9 primary language;

10 (2) two full-time, classified positions to develop and maintain the
11 universal household income declaration form and provide guidance to school
12 districts on its use; and

13 (3) three full-time, classified positions to provide financial and data
14 analysis for the Agency of Education and the Education Fund Advisory
15 Committee created under Sec. 6 of this act.

16 (b) There is appropriated to the Agency of Education from the General
17 Fund for fiscal year 2023 the amount of \$600,000.00 for salaries, benefits, and
18 operating expenses for the positions created under subsection (a) of this
19 section.

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21

1 * * * Vermont Center for Geographic Information;

2 Effective July 1, 2022 * * *

3 Sec. 10. VERMONT CENTER FOR GEOGRAPHIC INFORMATION

4 The Vermont Center for Geographic Information created under 3 V.S.A.
5 § 2475 shall assist the Agency of Education in determining the number of
6 persons per square mile residing within the geographic boundaries of each
7 school district in the State.

8 * * * Excess Spending Penalty; Technical Correction;

9 Effective July 1, 2022 * * *

10 Sec. 11. 16 V.S.A. § 4001(6)(B) is amended to read:

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

13 * * *

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

17 [Repealed.]

18 * * *

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

21 * * *

1 * * * Poverty Ratio Definition; Effective July 1, 2023 * * *

2 Sec. 12. 16 V.S.A. § 4001(8) is amended to read:

3 (8) “Poverty ratio” means the number of persons in the school district
4 who are aged six through 17 and ~~who are from economically deprived~~
5 ~~backgrounds~~ whose family income, as determined under the universal income
6 declaration form developed and maintained by the Agency of Education, is 185
7 percent or less of the current year Federal Poverty Level, divided by the long-
8 term membership of the school district. ~~A person from an economically~~
9 ~~deprived background means a person who resides with a family unit receiving~~
10 ~~nutrition benefits. A person who does not reside with a family unit receiving~~
11 ~~nutrition benefits~~ whose family income, as determined under the universal
12 income declaration form developed and maintained by the Agency of
13 Education, is 185 percent or less of the current year Federal Poverty Level but
14 for whom English is not the primary language shall also be counted in the
15 numerator of the ratio. ~~The Secretary shall use a method of measuring the~~
16 ~~nutrition benefits population that produces data reasonably representative of~~
17 ~~long term trends. Persons for whom English is not the primary language shall~~
18 ~~be identified pursuant to subsection 4010(e) of this title. “Pupils whose~~
19 families are at or below 185 percent of FPL” means pupils whose family
20 income, as determined under the universal income declaration form developed

1 and maintained by the Agency of Education, is 185 percent or less of the
2 current year Federal Poverty Level.

3 Sec. 13. 16 V.S.A. § 4010(d) is amended to read:

4 (d) The weighted long-term membership calculated under subsection (c) of
5 this section shall be increased for each school district to compensate for
6 additional costs imposed by ~~students from economically deprived backgrounds~~
7 pupils whose families are at or below 185 percent of FPL. The adjustment shall
8 be equal to the total from subsection (c) of this section, multiplied by 25
9 percent, and further multiplied by the poverty ratio of the district.

10 * * * English language learners; July 1, 2024 * * *

11 Sec. 14. 16 V.S.A. Chapter 23, Subchapter 7, is added to read:

12 Subchapter 7. ENGLISH LANGUAGE LEARNERS

13 § 1049b. ENGLISH LANGUAGE LEARNERS

14 (a) Definitions. In this section:

15 (1) “ELL students” mean students who are English language learners
16 and for whom English is not their primary language.

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

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

1 (B) high quality instructional materials such as books and digital
2 resources;

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

5 (D) community outreach, education and engagement.

6 (b) Required ELL services. Each school district shall:

7 (1) provide ELL services;

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

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

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

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

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

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

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

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

6 [Note that S.287 also has categorical aid for school districts with less
7 than 26 ELL students]

8 * * * Merger Support; July 1, 2024 * * *

9 Sec. 15. 16 V.S.A. § 4015 is amended to read:

10 § 4015. ~~SMALL SCHOOL~~ MERGER SUPPORT FOR MERGED
11 DISTRICTS

12 ~~(a) In this section:~~

13 ~~(1) “Eligible school district” means a school district that:~~

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

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

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

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

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

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

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

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

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

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

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

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

3 Average grade size

4	More than:	– but less than or equal to:	Factor:
5	0	7	0.19
6	7	9	0.175
7	9	10	0.16
8	10	11	0.145
9	11	12	0.13
10	12	13	0.115
11	13	14	0.10
12	14	15	0.085
13	15	16	0.070
14	16	17	0.055
15	17	18	0.040
16	18	19	0.025
17	19	20	0.015

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

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

4 ~~(1) the amount determined by multiplying the two-year average~~
5 ~~enrollment in the district by \$500.00 and subtracting the product from~~
6 ~~\$50,000.00, with a maximum grant of \$2,500.00 per enrolled student; or~~

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

10 ~~(c) [Repealed.]~~

11 ~~(d) [Repealed.]~~

12 ~~(e) In the event that a school or schools that have received a grant under~~
13 ~~this section merge in any year following receipt of a grant, and the~~
14 ~~consolidated school is not eligible for a grant under this section or the small~~
15 ~~school grant for the consolidated school is less than the total amount of grant~~
16 ~~aid the schools would have received if they had not combined, the consolidated~~
17 ~~school shall continue to receive a grant for three years following consolidation.~~
18 ~~The amount of the annual grant shall be:~~

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

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

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

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

8 ~~(2) Payment of the grant under this subsection shall continue annually~~
9 ~~unless explicitly repealed by the General Assembly; provided, however, that~~
10 ~~the Secretary shall discontinue payment of the grant in the fiscal year~~
11 ~~following the cessation of operations of the school that made the district~~
12 ~~eligible for the small schools grant, and further provided that if the building~~
13 ~~that houses the school that made the district eligible for the small schools grant~~
14 ~~is consolidated with another school into a renovated or new school building,~~
15 ~~then the Secretary shall continue to pay the grant during the repayment term of~~
16 ~~any bonded indebtedness incurred in connection with the consolidation related~~
17 ~~renovation or construction.~~

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

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

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

12 (c)(1) Payment of a merger support grant under this section shall not be
13 made in any year that the school district receives a **small school cost factor**
14 **adjustment under section 4013** of this title.

15 (2) Payment of a merger support grant under this section shall continue
16 annually unless explicitly repealed by the General Assembly; provided,
17 however, that the Secretary shall discontinue payment of the grant in the fiscal
18 year following the cessation of operations of the school that made the district
19 originally eligible for the grant, and further provided that if the building that
20 houses the school that made the district originally eligible for the grant is
21 consolidated with another school into a renovated or new school building, then

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

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

5 § 4030. DATA SUBMISSION; CORRECTIONS

6 * * *

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

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

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

12 * * *

13 Sec. 17. 16 V.S.A. § 1531 is amended to read:

14 § 1531. RESPONSIBILITY OF STATE BOARD

15 * * *

16 (c) For a school district that is geographically isolated from a Vermont
17 career technical center, the State Board may approve a career technical center
18 in another state as the career technical center that district students may attend.
19 In this case, the school district shall receive transportation assistance pursuant
20 to section 1563 of this title and tuition assistance pursuant to ~~section~~ subsection
21 1561(c) of this title. Any student who is a resident in the Windham Southwest

1 Supervisory Union and who is enrolled at public expense in the Charles H.
2 McCann Technical School or the Franklin County Technical School shall be
3 considered to be attending an approved career technical center in another state
4 pursuant to this subsection, and, if the student is from a school district eligible
5 for a ~~small schools~~ merger support grant pursuant to section 4015 of this title,
6 the student’s full-time equivalency shall be computed according to time
7 attending the school.

8 * * * Changes to 16 V.S.A. Chapter 133; State Funding of Public
9 Education; Effective July 1, 2028 * * *

10 Sec. 18. 16 V.S.A. § 4001 is amended to read:

11 § 4001. DEFINITIONS

12 As used in this chapter:

13 (1) “Average daily membership” of a school district or, if needed in
14 order to calculate the appropriate homestead tax rate, of the municipality as
15 defined in 32 V.S.A. § 5401(9), in any year means:

16 * * *

17 (B) The full-time equivalent enrollment in the year before the last
18 census period, of any State-placed students as defined in subdivision 11(a)(28)
19 of this title. A school district that provides for the education of its students by
20 paying tuition to an approved independent school or public school outside the
21 district shall not count a State-placed student for whom it is paying tuition for

1 purposes of determining average daily membership. A school district that is
2 receiving the full amount, as defined by the State Board by rule, of the
3 student's education costs under subsection 2950(a) of this title shall not count
4 the student for purposes of determining average daily membership. ~~A State-~~
5 ~~placed student who is counted in average daily membership shall be counted as~~
6 ~~a student for the purposes of determining weighted student count.~~

7 (C) The full-time equivalent enrollment for each prekindergarten
8 child as follows:

9 (i) ~~if~~ If a child is enrolled in 10 or more hours of prekindergarten
10 education per week or receives 10 or more hours of essential early education
11 services per week, the child shall be counted as one full-time equivalent pupil
12 multiplied by 0.46.

13 (ii) ~~if~~ If a child is enrolled in six or more but fewer than 10 hours
14 of prekindergarten education per week or if a child receives fewer than 10
15 hours of essential early education services per week, the child shall be counted
16 as a percentage of one full-time equivalent pupil, calculated as one multiplied
17 by the number of hours per week divided by ten, with the resulting amount
18 multiplied by 0.46.

19 (iii) A child enrolled in prekindergarten education for fewer than
20 six hours per week shall not be included in the district's average daily
21 membership.

1 (iv) There is no limit on the total number of children who may be
2 enrolled in prekindergarten education or who receive essential early education
3 services.

4 * * *

5 (3) ~~“Equalized pupils” means the long term weighted average daily~~
6 ~~membership multiplied by the ratio of the statewide long term average daily~~
7 ~~membership to the statewide long term weighted average daily membership.~~
8 [Repealed.]

9 * * *

10 (6) “Education spending” means the amount of the school district
11 budget, any assessment for a joint contract school, career technical center
12 payments made on behalf of the district under subsection 1561(b) of this title,
13 and any amount added to pay a deficit pursuant to 24 V.S.A. § 1523(b) that is
14 paid for by the school district, but excluding any portion of the school budget
15 paid for from any other sources such as endowments, parental fundraising,
16 federal funds, nongovernmental grants, or other State funds such as special
17 education funds paid under chapter 101 of this title and cost factor adjustments
18 under section 4013 of this title.

19 * * *

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

1 ~~(A) mean average of the district’s average daily membership,~~
2 ~~excluding full-time equivalent enrollment of State-placed students, over two~~
3 ~~school years, plus~~

4 ~~(B) full-time equivalent enrollment of State-placed students for the~~
5 ~~most recent of the two years. long-term membership of that school district as~~
6 ~~determined under section 4010(b) of this title.~~

7 * * *

8 (8) ~~“Poverty ratio” means the number of persons in the school district~~
9 ~~who are aged six through 17 and whose family income, as determined under~~
10 ~~the universal income declaration form developed and maintained by the~~
11 ~~Agency of Education, is 185 percent or less of the current year Federal Poverty~~
12 ~~Level, divided by the long-term membership of the school district. A person~~
13 ~~whose family income, as determined under the universal income declaration~~
14 ~~form developed and maintained by the Agency of Education, is 185 percent or~~
15 ~~less of the current year Federal Poverty Level but for whom English is not the~~
16 ~~primary language shall also be counted in the numerator of the ratio. “Pupils~~
17 ~~whose families are at or below 185 percent of FPL” means pupils whose~~
18 ~~family income, as determined under the universal income declaration form~~
19 ~~developed and maintained by the Agency of Education, is 185 percent or less~~
20 ~~of the current year Federal Poverty Level.~~ [Repealed.]

21 * * *

1 ~~(12) “Weighted long-term membership” of a school district in any~~
2 ~~school year means the long-term membership adjusted pursuant to section~~
3 ~~4010 of this title. [Repealed.]~~

4 * * *

5 ~~(14) “Adjusted education payment” means the district’s education~~
6 ~~spending per equalized pupil. “Per pupil education spending” of a school~~
7 ~~district in any school year means the per pupil education spending of that~~
8 ~~school district as determined under section 4010(c) of this title.~~

9 * * *

10 Sec. 19. 16 V.S.A. § 4010 is amended to read:

11 § 4010. DETERMINATION OF ~~WEIGHTED MEMBERSHIP PER PUPIL~~
12 EDUCATION SPENDING

13 ~~(a) Determination of average daily membership. On or before the first day~~
14 ~~of December during each school year, the Secretary of Education shall~~
15 ~~determine the average daily membership of each school district for the current~~
16 ~~school year. The determination shall list separately:~~

- 17 ~~(1) resident prekindergarten children;~~
- 18 ~~(2) resident students being provided elementary or kindergarten~~
19 ~~education; and~~
- 20 ~~(3) resident students being provided secondary education.~~

1 (b) ~~The Secretary shall determine the long-term membership for each~~
2 ~~school district for each student group described in subsection (a) of this~~
3 ~~section. The Secretary shall use the actual average daily membership over two~~
4 ~~consecutive years, the latter of which is the current school year. Determination~~
5 ~~of long-term membership.~~

6 (1) On December 1 each year, the Secretary shall determine long-term
7 membership for each school district for the next fiscal year for district review.

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

10 (A) mean average of the district’s average daily membership,
11 excluding full-time equivalent enrollment of State-placed students, over two
12 school years, the latter of which is the current school year; plus

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

15 (3) A district’s long-term membership shall in no case be less than 96
16 and one-half percent of the long-term membership in the district in the
17 previous year, prior to making any adjustment under this section.

18 (4) The Secretary shall make any necessary corrections to its
19 determination of long-term membership on or before December 15, on which
20 date the long-term membership count shall become final for that year.

1 (c) The Secretary shall determine the weighted long-term membership for
2 each school district using the long-term membership from subsection (b) of
3 this section and the following weights for each class:

4 Prekindergarten 0.46

5 Elementary or kindergarten 1.0

6 Secondary 1.13 Determination of per pupil education spending. As
7 soon as reasonably possible after a school district budget is approved by voters,
8 the Secretary shall determine the per pupil education spending for the next
9 fiscal year for the school district. Per pupil education spending shall equal a
10 school district's education spending divided by its long-term membership.

11 (d) The weighted long-term membership calculated under subsection (c) of
12 this section shall be increased for each school district to compensate for
13 additional costs imposed by pupils whose families are at or below 185 percent
14 of FPL. The adjustment shall be equal to the total from subsection (c) of this
15 section, multiplied by 25 percent, and further multiplied by the poverty ratio of
16 the district. [Repealed.]

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

20 (f) For purposes of determining weighted membership under this section, a
21 district's equalized pupils shall in no case be less than 96 and one-half percent

1 of the actual number of equalized pupils in the district in the previous year,
2 prior to making any adjustment under this section. [Repealed.]

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

5 (h) On December 1 each year, the Secretary shall determine the equalized
6 pupil count for the next fiscal year for district review. The Secretary shall
7 make any necessary corrections on or before December 15, on which date the
8 count shall become final for that year. [Repealed.]

9 (i) The Secretary shall evaluate the accuracy of the weights established in
10 subsection (c) of this section and, at the beginning of each biennium, shall
11 propose to the House and Senate Committees on Education whether the
12 weights should stay the same or be adjusted. The provisions of 2 V.S.A.
13 § 20(d) (expiration of required reports) shall not apply to the report to be made
14 under this subsection. [Repealed.]

15 Sec. 20. 16 V.S.A. § 4011 is amended to read:

16 § 4011. EDUCATION PAYMENTS

17 * * *

18 (c) Annually, each school district shall receive an education spending
19 payment for support of education costs. An unorganized town or gore shall
20 receive an amount equal to its adjusted education payment per pupil education
21 spending for that year for each student based on the weighted average daily

1 ~~membership count, which shall not be equalized. In fiscal years 2007 and after,~~
2 ~~no~~ No district shall receive more than its education spending amount.

3 * * *

4 (i) Annually, ~~by~~ on or before October 1, the Secretary shall send to school
5 boards for inclusion in town reports and publish on the Agency website the
6 following information:

7 (1) the statewide average district ~~spending per equalized pupil per pupil~~
8 ~~education spending~~ for the current fiscal year and 125 percent of that average
9 ~~spending; and~~

10 (2) a statewide comparison of student-teacher ratios among schools that
11 are similar in number of students and number of grades.

12 Sec. 21. 16 V.S.A. § 4013 is added to read:

13 § 4013. COST FACTOR ADJUSTMENTS

14 (a) Definitions. As used in this section:

15 (1) “Cost factor count” means the two-year average of a school district’s
16 current year and prior year pupil enrollment in a cost factor category as
17 provided in subsection (c) of this section.

18 (2) “Cost factor categories” means the categories listed under subsection
19 (b) of this section.

20 (3) “ELL pupils” means pupils who are English language learners and
21 for whom English is not their primary language.

1 (4) “ELL services” means those services described under section 1049b
2 of this title.

3 (5) “Pupils whose families are at or below 185 percent of FPL” means
4 pupils whose family income, as determined under the universal income
5 declaration form developed and maintained by the Agency of Education, is 185
6 percent or less of the current year Federal Poverty Level.

7 (b) Determination of cost factor categories. On or before the first day of
8 December during each school year, the Secretary shall perform the following
9 tasks:

10 (1) Using enrollment data determined as of October 1 of that year, list
11 for each school district for the current school year the number of:

12 (A) pupils in kindergarten through grade five;

13 (B) pupils in grades six through eight;

14 (C) pupils in grades nine through 12;

15 (D) pupils whose families are at or below 185 percent of FPL; and

16 (E) ELL pupils.

17 (2)(A) Identify all school districts that have low population density,
18 measured by the number of persons per square mile residing within the
19 geographic boundaries of the district as of July 1 of that year, equaling:

20 (i) fewer than 36 persons per square mile;

21 (ii) 36 to 54 persons per square mile; or

1 (iii) 55 to 100 persons per square mile.

2 (B) Population density data shall be based on the best available U.S.
3 Census data as provided to the Agency of Education by the Vermont Center for
4 Geographic Information.

5 (C) Using enrollment data determined as of October 1 of that year,
6 list for each school district that has low population density the number of
7 pupils in each of subdivisions (A)(i)–(iii) of this subdivision (2).

8 (3)(A) Identify all school districts that have one or more small schools,
9 which are schools that have an average two-year enrollment of:

10 (i) fewer than 100 pupils; or

11 (ii) 100 to 250 pupils.

12 (B) As used in subdivision (A) of this subdivision (3), “average two-
13 year enrollment” means the average enrollment of the two most recently
14 completed school years, and “enrollment” means the number of pupils who are
15 enrolled in a school operated by the district on October 1. A pupil shall be
16 counted as one whether the pupil is enrolled as a full-time or part-time student.

17 (C) Using average two-year enrollment, list for each school district
18 that has a small school the number of pupils in each of subdivisions (A)(i)–(ii)
19 of this subdivision (3).

20 (c) Cost factor count. For each cost factor category except the small
21 schools cost factor category under subdivision (b)(3) of this section, the

1 Secretary shall compute the cost factor count by averaging each school
2 district's current year enrollment in that category with the enrollment in that
3 category from the prior year.

4 (d) Cost factor adjustments. For each pupil in a cost factor count, a school
5 district shall annually receive the following amounts.

6 (1) For each pupil in grades six through eight— \$3,663.00.

7 (2) For each pupil in grades nine through 12— \$3,968.00.

8 (3) For each pupil whose family is at or below 185 percent of FPL —
9 \$10,480.00.

10 (4) For each pupil who receives ELL services—\$25,335.00.

11 (5) For each pupil living in a low population density school district:

12 (A) \$1,526.00, where the number of persons per square mile in the
13 school district is 35 or fewer;

14 (B) \$1,221.00, where the number of persons per square mile in the
15 school district is 36 or more but fewer than 56; or

16 (C) \$712.00, where the number of persons per square mile in the
17 school district is 56 or more but fewer than 101.

18 (6) If the number of persons per square mile in a school district is 55 or
19 lower, then, for each pupil listed under subdivision (b)(3)(C) of this section
20 (pupils who attend small schools):

1 (A) fewer than 100 pupils in average two-year enrollment—

2 \$2,137.00; or

3 (B) 100 or more but fewer than 251 pupils in average two-year

4 enrollment—\$712.00.

5 (e) Annual appropriation. Annually, the General Assembly shall include in

6 its appropriation for statewide education spending under subsection 4011(a) of

7 this title an appropriation to provide cost factor adjustments required under

8 subsection (d) of this section.

9 (f) Payment of cost factor adjustments. Cost factor adjustments under this

10 section shall be paid from the Education Fund and shall be added to education

11 payment receipts under section 4011 of this title. The State Treasurer shall

12 provide a statement with each cost factor adjustment identifying the amount

13 attributable to, and basis for, each cost factor category.

14 (g) Use of ELL cost factor adjustment. School districts that receive an ELL

15 cost factor adjustment shall only use that funding to cover the costs of

16 providing ELL services. Each school district shall provide the Secretary, in the

17 manner and time frame established by the Secretary, with an accounting of the

18 amount of ELL cost factor adjustment received and how the district spent those

19 funds. It is the intention of the General Assembly that the reporting by school

20 districts of these annual expenses be simple and efficient. Any unused portion

1 of the ELL cost factor adjustment from one year shall revert to the Education
2 Fund.

3 (h) Use of other cost factor adjustments. Cost factor adjustments other than
4 for ELL services may be used by a school district in its discretion.

5 (i) Updates to cost factor adjustments. It is the intention of the General
6 Assembly to consider whether and how to update the cost factor adjustments
7 under this section not less than every five years and, if they are updated, the
8 implementation date for the updated cost factor adjustments be delayed by a
9 year in order to provide school districts with time to prepare their budgets.

10 Updates to the cost factor adjustments may include recalibration, recalculation,
11 adding or eliminating cost factors, or any combination of these actions.

12 Sec. 22. 16 V.S.A. § 4016 is amended to read:

13 § 4016. REIMBURSEMENT FOR TRANSPORTATION EXPENDITURES

14 (a) A school district or supervisory union that incurs allowable
15 transportation expenditures shall receive a transportation reimbursement grant
16 each year. The grant shall be equal to 50 percent of allowable transportation
17 expenditures; provided, however, that in any year the total amount of grants
18 under this subsection shall not exceed the total amount of adjusted base year
19 transportation grant expenditures. The total amount of base year transportation
20 grant expenditures shall be \$10,000,000.00 for fiscal year 1997, increased each
21 year thereafter by the annual price index for state and local government

1 purchases of goods and services. If in any year the total amount of the grants
2 under this subsection exceed the adjusted base year transportation grant
3 expenditures, the amount of each grant awarded shall be reduced
4 proportionately. Transportation grants paid under this section shall be paid
5 from the Education Fund and shall be added to ~~adjusted~~ education payment
6 receipts paid under section 4011 of this title.

7 * * *

8 (c) A district or supervisory union may apply and the Secretary may pay
9 for extraordinary transportation expenditures incurred due to geographic or
10 other conditions such as the need to transport students out of the school district
11 to attend another school because the district does not maintain a public school.
12 The State Board shall define extraordinary transportation expenditures by rule.
13 The total amount of base year extraordinary transportation grant expenditures
14 shall be \$250,000.00 for fiscal year 1997, increased each year thereafter by the
15 annual price index for state and local government purchases of goods and
16 services. Extraordinary transportation expenditures shall not be paid out of the
17 funds appropriated under subsection (b) of this section for other transportation
18 expenditures. Grants paid under this section shall be paid from the Education
19 Fund and shall be added to ~~adjusted~~ education payment receipts paid under
20 section 4011 of this title.

21

1 Sec. 23. 16 V.S.A. § 4026 is amended to read:

2 § 4026. EDUCATION FUND BUDGET STABILIZATION RESERVE;

3 CREATION AND PURPOSE

4 * * *

5 (e) The enactment of this chapter and other provisions of the Equal
6 Educational Opportunity Act of which it is a part have been premised upon
7 estimates of balances of revenues to be raised and expenditures to be made
8 under the act for such purposes as ~~adjusted~~ education spending payments, cost
9 factor adjustments, categorical State support grants, provisions for property tax
10 income sensitivity, payments in lieu of taxes, current use value appraisals, tax
11 stabilization agreements, the stabilization reserve established by this section,
12 and for other purposes. If the stabilization reserve established under this
13 section should in any fiscal year be less than 5.0 percent of the prior fiscal
14 year's appropriations from the Education Fund, as defined in subsection (b) of
15 this section, the Joint Fiscal Committee shall review the information provided
16 pursuant to 32 V.S.A. § 5402b and provide the General Assembly its
17 recommendations for change necessary to restore the stabilization reserve to
18 the statutory level provided in subsection (b) of this section.

19 Sec. 24. 16 V.S.A. § 4028 is amended to read:

20 § 4028. FUND PAYMENTS TO SCHOOL DISTRICTS

1 (a) On or before September 10, December 10, and April 30 of each school
2 year, one-third of the ~~adjusted~~ education payment under section 4011 of this
3 title shall become due to school districts, except that districts that have not
4 adopted a budget by 30 days before the date of payment under this subsection
5 shall receive one-quarter of the base education amount and upon adoption of a
6 budget shall receive additional amounts due under this subsection.

7 * * *

8 Sec. 25. 16 V.S.A. § 4030(d) is amended to read:

9 § 4030. DATA SUBMISSION; CORRECTIONS

10 (d) The Secretary shall not use data corrected due to an error submitted
11 following the deadlines to recalculate ~~the equalized pupil ratio under~~
12 ~~subdivision 4001(3) long-term membership under section 4010~~ of this title.

13 The Secretary shall not adjust average daily membership counts if an error or
14 change is reported more than three fiscal years following the date that the
15 original data was due.

16 * * * Conforming and Technical Changes to Titles 16 and 32; Effective July 1,

17 2028 * * *

18 Sec. 26. 16 V.S.A. § 563 is amended to read:

19 § 563. POWERS OF SCHOOL BOARDS; FORM OF VOTE

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

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* * *

(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~~ long-term membership in the school district, and the district’s per pupil education spending ~~per equalized pupil~~ in the proposed budget and in each of the prior three years.

(D) The board shall present the budget to the voters by means of a ballot in the following form:

1 “Article #1 (School Budget):

2 Shall the voters of the school district approve the school board to expend
3 \$ _____, which is the amount the school board has determined to be
4 necessary for the ensuing fiscal year? It is estimated that this proposed budget,
5 if approved, will result in per pupil education spending of \$ _____ per
6 equalized pupil. This projected per pupil education spending per equalized
7 pupil is _____ % higher/lower than spending for the current year.”

8 * * *

9 Sec. 27. 16 V.S.A. § 706 is amended to read:

10 § 706. PROPOSAL TO FORM STUDY COMMITTEE

11 When the boards of two or more school districts believe that a study
12 committee should be established to study the advisability of forming a union
13 school district, or if five percent of the voters eligible to vote at the last annual
14 or special school district meeting petition the board of their respective school
15 districts to do so, each of the boards shall meet with the superintendent of each
16 participating district. With the advice of the superintendent, the boards shall
17 establish a budget and shall fix the number of persons to serve on the study
18 committee that prepares the report required by this subchapter. The boards’
19 proposal shall ensure that each participating district share in the committee’s
20 budget and be represented on the committee in that proportion that the
21 equalized pupils long-term membership ζ , as defined in section 4001

1 determined under section 4010 of this title, of the district bear to the total
2 ~~equalized pupils~~ long-term membership of all school districts intending to
3 participate in the committee's study. Nothing in this section shall be construed
4 to prohibit informal exploration between and among school districts prior to
5 the formation of a study committee.

6 Sec. 28. 16 V.S.A. § 1531 is amended to read:

7 **§ 1531. RESPONSIBILITY OF STATE BOARD**

8 * * *

9 (c) For a school district that is geographically isolated from a Vermont
10 career technical center, the State Board may approve a career technical center
11 in another state as the career technical center that district students may attend.
12 In this case, the school district shall receive transportation assistance pursuant
13 to section 1563 of this title and tuition assistance pursuant to ~~section~~ subsection
14 1561(c) of this title. Any student who is a resident in the Windham Southwest
15 Supervisory Union and who is enrolled at public expense in the Charles H.
16 McCann Technical School or the Franklin County Technical School shall be
17 considered to be attending an approved career technical center in another state
18 pursuant to this subsection, and, if the student is from a school district eligible
19 for a merger support grant pursuant to section 4015 of this title or a small
20 school cost factor adjustment pursuant to section 4013 of this title, the

1 student's full-time equivalency shall be computed according to time attending
2 the school.

3 Sec. 29. 16 V.S.A. § 1546 is amended to read:

4 § 1546. COMPREHENSIVE HIGH SCHOOLS

5 * * *

6 (c) Two or more comprehensive high schools for which the State Board has
7 designated a service region shall be a career technical center for the purposes
8 of accountability to the State Board under subchapter 2 of this chapter,
9 responsibilities of the career technical center under subchapter 3 of this
10 chapter, and receiving State financial assistance under subchapter 5 of this
11 chapter, excluding the ~~per-equalized-pupil~~ general State support grant under
12 subsection 1561(b). The regional advisory board shall determine how funds
13 received under subchapter 5 shall be distributed. A comprehensive high school
14 aggrieved by a decision of the regional advisory board may appeal to the
15 Secretary who, after opportunity for hearing, may affirm or modify the
16 decision.

17 Sec. 30. 32 V.S.A. § 5401 is amended to read:

18 § 5401. DEFINITIONS

19 As used in this chapter:

20 * * *

21 (12) "Excess spending" means:

1 (A) The ~~per-equalized-pupil~~ amount of the district's per pupil
2 education spending, as defined in 16 V.S.A. § 4001(6), plus any amount
3 required to be added from a capital construction reserve fund under 24 V.S.A.
4 § 2804(b).

5 (B) In excess of 121 percent of the statewide average district per
6 pupil education spending ~~per-equalized-pupil~~ increased by inflation, as
7 determined by the Secretary of Education on or before November 15 of each
8 year based on the passed budgets to date. As used in this subdivision (B),
9 “increased by inflation” means increasing the statewide average district per
10 pupil education spending ~~per-equalized-pupil~~ for fiscal year 2015 by the most
11 recent New England Economic Project cumulative price index, as of
12 November 15, for state and local government purchases of goods and services,
13 from fiscal year 2015 through the fiscal year for which the amount is being
14 determined.

15 (13)(A) “Education property tax spending adjustment” means the
16 greater of one or a fraction in which the numerator is the district's per pupil
17 education spending plus excess spending, ~~per-equalized-pupil~~, for the school
18 year, and the denominator is the property dollar equivalent yield for the school
19 year, as defined in subdivision (15) of this section.

20 (B) “Education income tax spending adjustment” means the greater
21 of one or a fraction in which the numerator is the district's per pupil education

1 spending plus excess spending, ~~per equalized pupil~~, for the school year, and the
2 denominator is the income dollar equivalent yield for the school year, as
3 defined in subdivision (16) of this section.

4 * * *

5 (15) “Property dollar equivalent yield” means the amount of per pupil
6 education spending ~~per equalized pupil~~ that would result if the homestead tax
7 rate were \$1.00 per \$100.00 of equalized education property value, and the
8 statutory reserves under 16 V.S.A. § 4026 and section 5402b of this title were
9 maintained.

10 (16) “Income dollar equivalent yield” means the amount of per pupil
11 education spending ~~per equalized pupil~~ that would result if the income
12 percentage in subdivision 6066(a)(2) of this title were 2.0 percent, and the
13 statutory reserves under 16 V.S.A. § 4026 and section 5402b of this title were
14 maintained.

15 Sec. 31. 32 V.S.A. § 5402(e) is amended to read:

16 (e) The Commissioner of Taxes shall determine a homestead education tax
17 rate for each municipality that is a member of a union or unified union school
18 district as follows:

19 (1) For a municipality that is a member of a unified union school
20 district, use the base rate determined under subdivision (a)(2) of this section

1 and a spending adjustment under subdivision 5401(13) of this title based upon
2 the per pupil education spending ~~per equalized pupil~~ of the unified union.

3 (2) For a municipality that is a member of a union school district:

4 (A) Determine the municipal district homestead tax rate using the
5 base rate determined under subdivision (a)(2) of this section and a spending
6 adjustment under subdivision 5401(13) of this title based on the per pupil
7 education spending ~~per total equalized pupil~~ in the municipality who attends a
8 school other than the union school.

9 (B) Determine the union district homestead tax rate using the base
10 rate determined under subdivision (a)(2) of this section and a spending
11 adjustment under subdivision 5401(13) of this title based on the per pupil
12 education spending ~~per equalized pupil~~ of the union school district.

13 (C) Determine a combined homestead tax rate by calculating the
14 weighted average of the rates determined under subdivisions (A) and (B) of
15 this subdivision (2), with weighting based upon the ratio of union school per
16 pupil equalized pupils from the member municipality to total equalized pupils
17 of the member municipality; and the ratio of equalized pupils attending a
18 school other than the union school to total equalized pupils of the member
19 municipality. Total equalized pupils of the member municipality is based on
20 the number of pupils who are legal residents of the municipality and attending

1 school at public expense. If necessary, the Commissioner may adopt a rule to
2 clarify and facilitate implementation of this subsection (e).

3 * * * Prospective and Conditional Repeal * * *

4 Sec. 32. PROSPECTIVE AND CONDITIONAL REPEAL

5 If, on or before July 1, 2027, the General Assembly has not revised the cost
6 factor adjustments under 16 V.S.A. § 4013 to reflect changes in cost factors
7 from which the cost factor adjustments are derived after receiving a
8 recommendation of the Education Fund Advisory Committee created under
9 Sec. 6 of this act to do so, then 16 V.S.A. § 4013 is repealed on July 1, 2027.

10 * * * Effective Dates * * *

11 Sec. 33. EFFECTIVE DATES

12 [to be updated as draft progresses; see reader assistance for effective dates]

13

14 (Committee vote: _____)

15

16

Representative _____

17

FOR THE COMMITTEE