

1 TO THE HOUSE OF REPRESENTATIVES:

2 The Committee on Ways and Means to which was referred Senate Bill No.
3 287 entitled “An act relating to improving student equity by adjusting the
4 school funding formula and providing education quality and funding
5 oversight” respectfully reports that it has considered the same and recommends
6 that the House propose to the Senate that the bill be amended by striking out all
7 after the enacting clause and inserting in lieu thereof the following:

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

9 Sec. 1. FINDINGS

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

16 (b) The General Assembly reflected this holding in statute, 16 V.S.A. § 1,
17 stating that “the right to education is fundamental for the success of Vermont’s
18 children in a rapidly-changing society and global marketplace as well as for the
19 State’s own economic and social prosperity. To keep Vermont’s democracy
20 competitive and thriving, Vermont students must be afforded substantially
21 equal access to a quality basic education...it is the policy of the State that all

1 Vermont children will be afforded educational opportunities that are
2 substantially equal although educational programs may vary from district to
3 district.”

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

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

17 (e) On December 24, 2019, the Agency issued its Pupil Weighting Factors
18 Report, which was produced by a University of Vermont-Rutgers University
19 team of researchers. The Report found that neither the cost factors
20 incorporated in the weighing formula nor the values of the current weights
21 reflect contemporary educational circumstances and costs and that stakeholders

1 viewed the existing approach as “outdated.” The Report found that values for
2 the existing weights have weak ties, if any, with evidence describing
3 differences in the costs for educating students with disparate needs or operating
4 schools in different contexts and recommended that the General Assembly
5 increase certain existing weights and add certain new weighting factors.

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

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

1 review is now being undertaken pursuant to 2021 Acts and Resolves No. 45.

2 Therefore, although the current prekindergarten weight is in current law, its

3 status should be viewed as transitional pending the outcome of this review.

4 Sec. 2. GOALS

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

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

14 (2) improve educational outcomes of publicly-funded students
15 throughout Vermont;

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

19 (4) enhance educational and financial accountability by ensuring that
20 equitable resources are budgeted and expended for the education of students in

1 these circumstances or categories and that regular evaluation mechanisms are
2 utilized to assess educational equity and outcomes.

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

4 Sec. 3. TRANSITION TO **COST ADJUSTMENTS**

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

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

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

19 (2) for the 2025-2026 school year, each school district shall receive a
20 **cost adjustment** equal to two-fifths of the amount calculated under section
21 4013;

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

4 (4) for the 2027-2028 school year, each school district shall receive a
5 cost adjustment equal to four-fifths of the amount calculated under section
6 4013; and

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

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

12 (1) for the 2024-2025 school year, each weight applied under 16 V.S.A.
13 § 4010 shall be four-fifths of the weight set forth in that section;

14 (2) for the 2025-2026 school year, each weight applied under 16 V.S.A.
15 § 4010 shall be three-fifths of the weight set forth in that section;

16 (3) for the 2026-2027 school year, each weight applied under 16 V.S.A.
17 § 4010 shall be two-fifths of the weight set forth in that section;

18 (4) for the 2027-2028 school year, each weight applied under 16 V.S.A.
19 § 4010 shall be one-fifth of the weight set forth in that section; and

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

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

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

11 (f) Suspension of ballot language requirement. Notwithstanding 16 V.S.A.
12 § 563 (11)(D), which requires specified language for a school budget ballot,
13 this requirement is suspended during the transition period.

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

15 Sec. 4. UNIVERSAL INCOME DECLARATION FORM

16 (a) It is the intention of the General Assembly that, beginning with the
17 2023-24 school year and thereafter, the determination of whether a pupil is
18 from an economically deprived background be changed from qualification for
19 nutrition benefits to eligibility based upon family income of 185 percent or less
20 of the current year Federal Poverty Level, with data collected from a universal
21 income declaration form.

1 (b) A universal income declaration form is used by some other states and
2 school districts in Vermont with universal school meals programs to collect
3 household size and income information. A universal income declaration form
4 is used to collect income bracket information from all families, reducing
5 stigma and resulting in the collection of more accurate pupil eligibility counts
6 throughout a school district.

7 (c) On or before October 1, 2022, the Agency of Education shall convene a
8 working group that includes school staff and hunger and nutrition experts to
9 develop the universal income declaration form that shall be fully accessible to
10 all Vermont families both in paper form and electronically. On or before July
11 1, 2023, the new form shall be implemented statewide for the 2023–24 school
12 year and thereafter.

13 (d) The Agency of Education shall establish a process for verifying the
14 accuracy of data collected through the universal income declaration form on an
15 individual or community level, which may include:

16 (1) requesting that a sample of households submit additional
17 documentation; or

18 (2) using other sources of income data available to the Agency,
19 including direct certification for free-and reduced-priced meals.

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

21 **[House Education will make recommendations]**

1 Sec. 5. EVALUATION AND REPORTING

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

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

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

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

13 (2) On or before December 15, 2024, the Auditor and the Agency of
14 Education shall jointly agree to the statement of work for the audit, including
15 how to measure whether the act's four goals have been met, and submit the
16 statement of work to the House and Senate Committees on Education, the
17 House Committee on Ways and Means, and the Senate Committee on Finance.

18 (b) The audit shall be carried out by the State Auditor or a contracted
19 designee of the State Auditor who, in order to maintain independence, has not
20 consulted on, or contracted to provide services in relation to, the Pupil
21 Weighting Factors Report dated December 24, 2019 or the Report Prepared in

1 Accordance with Act No. 59 of the 2021 Legislative Session dated
2 December 17, 2021. The audit shall cover the period beginning on July 1,
3 2028 and ending on June 30, 2030 (audit period). The audit shall take into
4 account such metrics as the Auditor and the Agency of Education jointly
5 determine appropriate, and may include:

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

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

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

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

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

20 (6) education spending and homestead tax rates;

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

1 ~~nutrition benefits population that produces data reasonably representative of~~
2 ~~long term trends. Persons for whom English is not the primary language shall~~
3 ~~be identified pursuant to subsection 4010(e) of this title. “Pupils whose~~
4 ~~families are at or below 185 percent of FPL” means pupils whose family~~
5 ~~income, as determined under the universal income declaration form developed~~
6 ~~and maintained by the Agency of Education, is 185 percent or less of the~~
7 ~~current year Federal Poverty Level.~~

8 Sec. 9. 16 V.S.A. § 4010(d) is amended to read:

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

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

16 [House Education will make recommendations]

17 Sec. 10. 16 V.S.A. § 4013 is added to read:

18 § 4013. ENGLISH LANGUAGE LEARNERS; STATE AID

19 (a) Definitions. In this section:

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

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

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

6 (B) high quality instructional materials such as books and digital
7 resources;

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

10 (D) community outreach, education and engagement.

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

12 (1) provide ELL services;

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

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

17 and

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

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

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

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

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

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

11 (d) Categorical aid. A school district that has, as determined annually on
12 October 1 of the year:

13 (1) one to five ELL students enrolled, shall receive State aid of
14 \$25,000.00 for that school year; or

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

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

1 ~~quality standards adopted by the State Board pursuant to section 165 of this~~
2 ~~title;~~

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

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

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

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

13 ~~(3) "Two-year average enrollment" means the average enrollment of the~~
14 ~~two most recently completed school years.~~

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

19 ~~(5) "AGS factor" means the following factors for each average grade~~
20 ~~size:~~

21 ~~Average grade size~~

	More than:	but less than or equal to:	Factor:
1			
2	0	7	0.19
3	7	9	0.175
4	9	10	0.16
5	10	11	0.145
6	11	12	0.13
7	12	13	0.115
8	13	14	0.10
9	14	15	0.085
10	15	16	0.070
11	16	17	0.055
12	17	18	0.040
13	18	19	0.025
14	19	20	0.015

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

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

1 ~~(1) the amount determined by multiplying the two-year average~~
2 ~~enrollment in the district by \$500.00 and subtracting the product from~~
3 ~~\$50,000.00, with a maximum grant of \$2,500.00 per enrolled student; or~~

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

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

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

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

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

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

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

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

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

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

18 (a) A school district that was voluntarily formed under 2010 Acts and
19 Resolves No. 153, 2012 Acts and Resolves No. 156, or 2015 Acts and
20 Resolves No. 46, each as amended, and received a merger support grant shall

1 continue to receive that merger support grant, subject to the provisions in
2 subsection (c) of this section.

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

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

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

1 Sec. 12. 16 V.S.A. § 4030 is amended to read:

2 § 4030. DATA SUBMISSION; CORRECTIONS

3 * * *

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

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

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

9 * * *

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

11 § 1531. RESPONSIBILITY OF STATE BOARD

12 * * *

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

1 pursuant to this subsection, and, if the student is from a school district eligible
2 for a ~~small schools~~ merger support grant pursuant to section 4015 of this title,
3 the student’s full-time equivalency shall be computed according to time
4 attending the school.

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

7 Sec. 14. 16 V.S.A. § 4001 is amended to read:

8 § 4001. DEFINITIONS

9 As used in this chapter:

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

13 * * *

14 (B) The full-time equivalent enrollment in the year before the last
15 census period, of any State-placed students as defined in subdivision 11(a)(28)
16 of this title. A school district that provides for the education of its students by
17 paying tuition to an approved independent school or public school outside the
18 district shall not count a State-placed student for whom it is paying tuition for
19 purposes of determining average daily membership. A school district that is
20 receiving the full amount, as defined by the State Board by rule, of the
21 student’s education costs under subsection 2950(a) of this title shall not count

1 the student for purposes of determining average daily membership. ~~A State-~~
2 ~~placed student who is counted in average daily membership shall be counted as~~
3 ~~a student for the purposes of determining weighted student count.~~

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

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

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

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

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

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~~(3) “Equalized pupils” means 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.~~

[Repealed.]

* * *

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

* * *

(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, plus~~

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

4 * * *

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

18 * * *

19 (12) ~~“Weighted long-term membership” of a school district in any~~
20 ~~school year means the long-term membership adjusted pursuant to section~~
21 ~~4010 of this title. [Repealed.]~~

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* * *

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

* * *

Sec. 15. 16 V.S.A. § 4010 is amended to read:

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

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

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

(b) ~~The Secretary shall determine the long term membership for each school district for each student group described in subsection (a) of this section. The Secretary shall use the actual average daily membership over two~~

1 ~~consecutive years, the latter of which is the current school year.~~ Determination
2 of long-term membership.

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

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

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

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

12 (3) A district’s long-term membership shall in no case be less than 96
13 and one-half percent of the long-term membership in the district in the
14 previous year, prior to making any adjustment under this section. [is hold
15 harmless going to be impacted by pre-k ADM count of 0.46? Brad]

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

19 [Secretary/school districts have 15 days to make corrections; too short? Brad]

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. 16. 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. [Brad]

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. 17. 16 V.S.A. § 4013 is added to read:

13 § 4013. **COST ADJUSTMENTS**

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

15 (1) “Cost categories” means the categories listed under subsection (b) of
16 this section.

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

19 (3) “ELL services” means those services described under section 4013
20 of this title.

21 (4) “Pupils whose families are at or below 185 percent of FPL” means:

1 (A) pupils whose family income, as determined under the universal
2 income declaration form developed and maintained by the Agency of
3 Education or through other sources of income data available to the Agency, is
4 185 percent or less of the current year Federal Poverty Level; and

5 (B) pupils who are directly certified for free-and reduced-priced
6 meals.

7 (b) Determination of cost 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 average daily membership, list for each school district the
11 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 land
19 area of the geographic boundaries of the district as of July 1 of that year,
20 equaling:

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

1 (ii) 36 or more persons per square mile but fewer than 55 persons
2 per square mile; or

3 (iii) 55 or more persons per square mile but fewer than 100
4 persons per square mile.

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

8 (C) Using average daily membership, list for each school district that
9 has low population density the number of pupils in each of subdivisions

10 (A)(i)–(iii) of this subdivision (2).

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

13 (i) fewer than 100 pupils; or

14 (ii) 100 or more pupils but fewer than 250 pupils.

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

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

4 (c) Cost adjustment count. For each cost adjustment category except the
5 small schools cost adjustment category under subdivision (b)(3) of this section,
6 the Secretary shall compute the cost adjustment count by using the long-term
7 membership in that category.

8 (d) Cost adjustments. For each pupil in a cost adjustment count, a school
9 district shall annually receive the following amounts.

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

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

12 (3) For each pupil whose family is at or below 185 percent of FPL —
13 \$10,480.00.

14 (4) For each ELL pupil—\$25,335.00.

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

16 (A) \$1,526.00, where the number of persons per square mile residing
17 within the land area of the geographic boundaries of the district as of July 1 of
18 that year is fewer than 36 persons;

19 (B) \$1,221.00, where the number of persons per square mile residing
20 within the land area of the geographic boundaries of the district as of July 1 of
21 that year is 36 or more but fewer than 55 persons; or

1 (C) \$712.00, where the number of persons per square mile residing
2 within the land area of the geographic boundaries of the district as of July 1 of
3 that year is 55 or more but fewer than 100.

4 (6) If the number of persons per square mile residing within the land
5 area of the geographic boundaries of a school district as of July 1 of that year is
6 55 or fewer, then, for each pupil listed under subdivision (b)(3)(C) of this
7 section (pupils who attend small schools):

8 (A) fewer than 100 pupils in average two-year enrollment—
9 \$2,137.00; or

10 (B) 100 or more pupils but fewer than 250 pupils in average two-year
11 enrollment—\$712.00.

12 [consider adding inflation factor to cost adjustments]

13 (e) Annual appropriation. Annually, the General Assembly shall include in
14 its appropriation for statewide education spending under subsection 4011(a) of
15 this title an appropriation to provide cost adjustments required under
16 subsection (d) of this section.

17 (f) Payment of cost adjustments. Cost adjustments under this section shall
18 be paid from the Education Fund and shall be added to education payment
19 receipts under section 4011 of this title. The Agency of Education shall
20 annually provide a statement to each school district identifying each cost

1 adjustment and the amount attributable to, and basis for, each cost adjustment
2 category. [consider use of term “payment”]

3 (g) Updates to cost adjustments. It is the intention of the General
4 Assembly to consider whether and how to update the cost adjustments under
5 this section and transportation reimbursement under section 4016 of this title
6 not less than every five years and, if they are updated, the implementation date
7 for the updated cost adjustments and transportation reimbursement be delayed
8 by a year in order to provide school districts with time to prepare their budgets.
9 Updates to the cost adjustments may include recalibration, recalculation,
10 adding or eliminating cost adjustments, or any combination of these actions.

11 Sec. 18. 16 V.S.A. § 4026 is amended to read:

12 § 4026. EDUCATION FUND BUDGET STABILIZATION RESERVE;

13 CREATION AND PURPOSE

14 * * *

15 (e) The enactment of this chapter and other provisions of the Equal
16 Educational Opportunity Act of which it is a part have been premised upon
17 estimates of balances of revenues to be raised and expenditures to be made
18 under the act for such purposes as adjusted education spending payments, cost
19 adjustments, categorical State support grants, provisions for property tax
20 income sensitivity, payments in lieu of taxes, current use value appraisals, tax
21 stabilization agreements, the stabilization reserve established by this section,

1 and for other purposes. If the stabilization reserve established under this
2 section should in any fiscal year be less than 5.0 percent of the prior fiscal
3 year's appropriations from the Education Fund, as defined in subsection (b) of
4 this section, the Joint Fiscal Committee shall review the information provided
5 pursuant to 32 V.S.A. § 5402b and provide the General Assembly its
6 recommendations for change necessary to restore the stabilization reserve to
7 the statutory level provided in subsection (b) of this section.

8 Sec. 19. 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. 20. 16 V.S.A. § 1531 is amended to read:

19 § 1531. RESPONSIBILITY OF STATE BOARD

20 * * *

1 (c) For a school district that is geographically isolated from a Vermont
2 career technical center, the State Board may approve a career technical center
3 in another state as the career technical center that district students may attend.
4 In this case, the school district shall receive transportation assistance pursuant
5 to section 1563 of this title and tuition assistance pursuant to ~~section~~ subsection
6 1561(c) of this title. Any student who is a resident in the Windham Southwest
7 Supervisory Union and who is enrolled at public expense in the Charles H.
8 McCann Technical School or the Franklin County Technical School shall be
9 considered to be attending an approved career technical center in another state
10 pursuant to this subsection, and, if the student is from a school district eligible
11 for a merger support grant pursuant to section 4015 of this title or a small
12 school **cost adjustment** pursuant to section 4013 of this title, the student's full-
13 time equivalency shall be computed according to time attending the school.

14 Sec. 21. 16 V.S.A. § 1546 is amended to read:

15 § 1546. COMPREHENSIVE HIGH SCHOOLS

16 * * *

17 (c) Two or more comprehensive high schools for which the State Board has
18 designated a service region shall be a career technical center for the purposes
19 of accountability to the State Board under subchapter 2 of this chapter,
20 responsibilities of the career technical center under subchapter 3 of this
21 chapter, and receiving State financial assistance under subchapter 5 of this

1 chapter, excluding the ~~per equalized pupil~~ general State support grant under
2 subsection 1561(b). The regional advisory board shall determine how funds
3 received under subchapter 5 shall be distributed. A comprehensive high school
4 aggrieved by a decision of the regional advisory board may appeal to the
5 Secretary who, after opportunity for hearing, may affirm or modify the
6 decision.

7 Sec. 22. 32 V.S.A. § 5401 is amended to read:

8 § 5401. DEFINITIONS

9 As used in this chapter:

10 * * *

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

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

21 * * *

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

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

11 Sec. 23. 32 V.S.A. § 5402(e) is amended to read:

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

15 (1) For a municipality that is a member of a unified union school
16 district, use the base rate determined under subdivision (a)(2) of this section
17 and a spending adjustment under subdivision 5401(13) of this title based upon
18 the per pupil education spending ~~per equalized pupil~~ of the unified union.

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

20 (A) Determine the municipal district homestead tax rate using the
21 base rate determined under subdivision (a)(2) of this section and a spending

1 adjustment under subdivision 5401(13) of this title based on the per pupil
2 education spending ~~per total equalized pupil~~ in the municipality who attends a
3 school other than the union school.

4 (B) Determine the union district homestead tax rate using the base
5 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 equalized pupil~~ of the union school district.

8 (C) Determine a combined homestead tax rate by calculating the
9 weighted average of the rates determined under subdivisions (A) and (B) of
10 this subdivision (2), with weighting based upon the ratio of union school per
11 pupil equalized pupils from the member municipality to total ~~equalized~~ pupils
12 of the member municipality; and the ratio of ~~equalized~~ pupils attending a
13 school other than the union school to total ~~equalized~~ pupils of the member
14 municipality. Total ~~equalized~~ pupils of the member municipality is based on
15 the number of pupils who are legal residents of the municipality and attending
16 school at public expense. If necessary, the Commissioner may adopt a rule to
17 clarify and facilitate implementation of this subsection (e).

18 * * * Effective Dates * * *

19 Sec. 24. EFFECTIVE DATES

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

21

1 (Committee vote: _____)

2

3

Representative _____

4

FOR THE COMMITTEE