

1 **Yellow** = changes from v.1.3

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 * * *

11 Sec. 1. FINDINGS [Effective July 1, 2022]

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 adjustment**
16 approach to providing direct aid to school districts as set out in its “Report
17 Prepared in Accordance with Act No. 59 of the 2021 Legislative Session”
18 dated December 17, 2021.

19 (g) Under current law, a weighting factor of 0.46 is applied to a student
20 enrolled in a prekindergarten program. 16 V.S.A. § 4010. The Pupil
21 Weighting Factors Report did not review whether this weighting factor

1 reflected the actual cost of providing prekindergarten educational services
2 because that review was not within the scope of the authors' mandate. That
3 review is now being undertaken pursuant to 2021 Acts and Resolves No. 45.
4 Therefore, although the 0.46 prekindergarten weight is in current law, its status
5 should be viewed as transitional pending the outcome of this review.

6 Sec. 2. GOALS [Effective July 1, 2022]

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

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

16 (2) improve educational outcomes of publicly-funded students
17 throughout Vermont;

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

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

5 * * * Cost Adjustments; Implementation * * *

6 **Sec. 3. INTENT OF ACT [Effective July 1, 2022]**

7 This act changes the education funding system by using cost adjustments in
8 lieu of pupil weighting factors for fiscal year 2025 and thereafter. Because this
9 change will affect homestead property tax rates, this act limits the degree to
10 which these rates can increase over fiscal years 2025-2030.

11 Sec. 4. 16 V.S.A. § 4013 is added to read: [Effective July 1, 2024]

12 § 4013. COST ADJUSTMENTS

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

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

16 (2) “EL pupils” means pupils described under section 4017 of this title.

17 (3) “EL services” means those services described under section 4017 of
18 this title.

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

20 (A) pupils whose family income, as determined under the universal
21 income declaration form developed and maintained by the Agency of

1 Education or through other sources of income data available to the Agency, is
2 185 percent or less of the current year Federal Poverty Level; or
3 (B) pupils who are directly certified for free-and reduced-priced
4 meals.

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

8 (1) Using average daily membership, list for each school district the
9 number of:

10 (A) pupils in kindergarten through grade five;

11 (B) pupils in grades six through eight;

12 (C) pupils in grades nine through 12;

13 (D) pupils whose families are at or below 185 percent of FPL, using
14 the highest number of pupils in the district that meet this definition under the
15 universal income form or who are directly certified for free-and reduced-priced
16 meals; and

17 (E) EL pupils.

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

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

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

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

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

9 (C) Using average daily membership, list for each school district that
10 has low population density the number of pupils in each of subdivisions
11 (A)(i)–(iii) of this subdivision (2).

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

14 (i) fewer than 100 pupils; or

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

16 (B) As used in subdivision (A) of this subdivision (3), “average two-
17 year enrollment” means the average enrollment of the two most recently
18 completed school years, and “enrollment” means the number of pupils who are
19 enrolled in a school operated by the district on October 1. A pupil shall be
20 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) Reporting on cost categories to the Agency of Education. Each school
5 district shall annually report to the Agency of Education by a date established
6 by the Agency the information needed in order for the Agency to compute the
7 cost categories under subsection (b) of this section for that district. A non-
8 operating school district may request that the receiving public or approved
9 independent school collect this information on students enrolled in the
10 receiving public or approved independent school who reside in the non-
11 operating district, and if requested, the public or approved independent school
12 shall provide this information to the non-operating district in a timely manner.

13 (d) Cost adjustment count. For each cost category except the small schools
14 cost category under subdivision (b)(3) of this section, the Secretary shall
15 compute the cost adjustment count by using the long-term membership in that
16 category.

17 (e) Cost adjustments. For each pupil in a cost adjustment count, a school
18 district shall annually receive the following amounts.

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

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

1 (3) For each pupil whose family is at or below 185 percent of FPL —
2 \$10,480.00.

3 (4) For each EL pupil receiving EL services—\$25,335.00.

4 (5) For each pupil living in a low population density school district,
5 measured by the number of persons per square mile residing within the land
6 area of the geographic boundaries of the district as of July 1 of the year of
7 determination:

8 (A) \$1,526.00, where the number of persons per square mile is fewer
9 than 36 persons;

10 (B) \$1,221.00, where the number of persons per square mile is 36 or
11 more but fewer than 55 persons; or

12 (C) \$712.00, where the number of persons per square mile is 55 or
13 more but fewer than 100.

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

18 (A) fewer than 100 pupils in average two-year enrollment—
19 \$2,137.00; or

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

1 (f) Cost adjustments' inflator. The cost adjustment amounts under
2 subsection (e) of this section shall be annually increased by the most
3 recent New England Economic Project Cumulative Price Index, as of
4 November 15, for state and local government purchases of goods and services.

5 (g) 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 adjustments required under
8 subsection (d) of this section.

9 (h) Payment and reporting of cost adjustments.

10 (1) Cost adjustments under this section shall be paid from the Education
11 Fund and shall be added to education payment receipts under section 4011 of
12 this title.

13 (2) The Agency of Education shall annually provide a statement to each
14 school district identifying each cost adjustment and the amount attributable to,
15 and basis for, each cost category.

16 (i) Updates to cost adjustments.

17 (1) It is the intention of the General Assembly to consider whether and
18 how to update the cost adjustments under this section and transportation
19 reimbursement under section 4016 of this title not less than every five years
20 and, if they are updated, the implementation date for the updated cost
21 adjustments and transportation reimbursement be delayed by a year in order to

1 provide school districts with time to prepare their budgets. Updates to the **cost**
2 **adjustments** may include recalibration, recalculation, adding or eliminating
3 **cost adjustments**, or any combination of these actions.

4 (2) On or before January 1 of each year, the Agency of Education and
5 the Joint Fiscal Office shall recommend, based on their consensus view,
6 updates to the **cost adjustments**, which may include recalibration, recalculation,
7 adding or eliminating **cost adjustments, inflating cost adjustments**, or any
8 combination of these actions, to the **House and Senate Committees on**
9 **Education, the House Committee on Ways and Means, and the Senate**
10 **Committee on Finance** to account for **cost changes**.

11 Sec. 5. COLLABORATION BY THE AGENCY OF EDUCATION AND
12 JOINT FISCAL OFFICE [Effective July 1, 2022]

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

14 (1) on or before August 1, 2022, enter into a memorandum of
15 understanding to share data, models, and other information that is needed to
16 update the **cost adjustments; and**

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

20 Sec. 6. PROSPECTIVE AND CONDITIONAL **INFLATOR OF COST**
21 **ADJUSTMENTS** [Effective July 1, 2022]

1 If, on or before July 1, 2027, the General Assembly has not revised the cost
2 adjustments under 16 V.S.A. § 4013 as added by this act to reflect changes in
3 cost factors from which the cost adjustments are derived after receiving a
4 recommendation from the Joint Fiscal Office and the Agency of Education to
5 do so, then the cost adjustments under section 4013 shall be inflated to match
6 the growth in education spending over the period beginning in July 1, 2022 and
7 ending on July 1, 2027.

8 Sec. 7. VERMONT CENTER FOR GEOGRAPHIC INFORMATION

9 [Effective July 1, 2022]

10 The Vermont Center for Geographic Information created under 3 V.S.A.
11 § 2475 shall assist the Agency of Education in determining the number of
12 persons per square mile residing within the land area of the geographic
13 boundaries of each school district in the State.

14 Sec. 8. CALCULATION OF TAX RATES; TAX RATE REVIEW;

15 FISCAL YEARS 2025–2030 [Effective July 1, 2022]

16 (a) Notwithstanding 32 V.S.A. chapter 135 and any other provision of law
17 to the contrary, if, in fiscal year 2025 when the cost adjustments under 16
18 V.S.A. § 4013 are applied, the tax rate of a town increases by five percent or
19 more over the town’s tax rate in fiscal year 2024, then the town’s tax rate shall
20 be increased by not more than five percent in each fiscal year from fiscal year
21 2025 through fiscal year 2030.

1 **(b)(1) If, in fiscal year 2025 when the cost adjustments under 16 V.S.A.**
2 **§ 4013 are applied, a school district’s education spending per pupil increases**
3 **by ten percent or more over its education spending per pupil in fiscal year**
4 **2024, then it shall be subject to a Tax Rate Review. Upon the request of the**
5 **Secretary, a school district shall submit its budget to a Tax Rate Review to**
6 **determine whether its increase in education spending per pupil was beyond the**
7 **school district’s control or for other good cause. In conducting the Review, the**
8 **Secretary will select three business managers and three superintendents to**
9 **serve in an advisory role in the Review. The Review shall consider at least the**
10 **following factors:**

11 **(A) the extent to which the increase in education spending per pupil**
12 **is caused by declining enrollment in the school district; and**

13 **(B) the extent to which the increase in education spending per pupil**
14 **is caused by increases in tuition paid by the school district.**

15 **(2) If, at the conclusion of the Review, the Secretary determines that the**
16 **school district’s budget contains excessive increases in education spending per**
17 **pupil that are within the school district’s control and are not supported by good**
18 **cause, then the tax rate of a town within the school district that would**
19 **otherwise be increased by not more than five percent in each fiscal year**
20 **pursuant to subsection (a) of this section shall be increased by the tax rate**
21 **calculated pursuant to 32 V.S.A. chapter 135.**

1 (d) As used in this section:

2 (1) “Cost adjustment” shall have the same meaning as in 16 V.S.A. §
3 4013.

4 (2) “Education spending” has the same meaning as 16 V.S.A. § 4001(6).

5 (3) “Tax rate of a town” means collectively the equalized homestead
6 property tax rate and related household income percentage of a town.

7 Sec. 9. SUSPENSION OF LAWS [Effective July 1, 2022]

8 (a) Suspension of excess spending penalty. Notwithstanding any provision
9 of law to the contrary, the excess spending penalty under 16 V.S.A.
10 § 4001(6)(B) and 32 V.S.A. § 5401(12) is suspended during fiscal years 2025-
11 2030.

12 (b) Suspension of hold harmless provision. Notwithstanding any provision
13 of law to the contrary, the hold harmless provision under 16 V.S.A. § 4010(f)
14 is suspended during fiscal years 2025-2030.

15 (c) Suspension of ballot language requirement. Notwithstanding 16 V.S.A.
16 § 563 (11)(D), which requires specified language for a school budget ballot,
17 this requirement is suspended during fiscal years 2025-2030.

18 * * * Universal Income Declaration Form * * *

1 Sec. 10. UNIVERSAL INCOME DECLARATION FORM [Effective July 1,
2 2022]

3 (a) It is the intention of the General Assembly that, beginning with the
4 2023-24 school year and thereafter, the determination of whether a pupil is
5 from an economically deprived background be changed from qualification for
6 nutrition benefits to eligibility based upon family income of 185 percent or less
7 of the current year Federal Poverty Level, with data collected from a universal
8 income declaration form.

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

15 (c) On or before October 1, 2022, the Agency of Education shall convene a
16 working group that includes school staff and hunger and nutrition experts to
17 develop the universal income declaration form that shall be fully accessible to
18 all Vermont families both in paper form and electronically. On or before July
19 1, 2023, the new form shall be implemented statewide for the 2023–24 school
20 year and thereafter.

1 (d) The Agency of Education shall establish a process for verifying the
2 accuracy of data collected through the universal income declaration form on a
3 community level, which may include using other sources of income data
4 available to the Agency, including census and direct certification for free-and
5 reduced-priced meals.

6 (e) The sum of \$200,000.00 is appropriated from the Education Fund to the
7 Agency of Education for fiscal year 2023 to fund operating expenses
8 associated with the creation of the electronic universal income declaration
9 form.

10 * * * English language learners * * *

11 Sec. 11. 16 V.S.A. § 4017 is added to read: [Effective July 1, 2024]

12 § 4017. ENGLISH LANGUAGE SERVICES; STATE AID

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

14 (1) “Applicable federal laws” mean the Equal Education Opportunities
15 Act (20 U.S.C. § 1703), Title VI of the Civil Rights Act of 1964 (42 U.S.C.
16 §§ 2000d et seq.), and Titles I and III of the Elementary and Secondary
17 Education Act of 1965 (20 U.S.C. §§ 6301 et seq. and 20 U.S.C. §§ 6801 et
18 seq.), each as amended.

19 (2) “EL services” mean instructional and support personnel and services
20 that are required under applicable federal laws for EL students and their
21 families.

1 (3) “EL students” mean students who have been identified as
2 English language learners through the screening protocols required under 20
3 U.S.C. § 6823(b)(2).

4 (b) Required EL services. Each school district shall:

5 (1) screen students to determine which students are EL students and
6 therefore qualify for EL services;

7 (2) assess and monitor the progress of EL students;

8 (3) provide EL services;

9 (4) budget sufficient resources through a combination of State and
10 federal categorical aid and local education spending to provide EL services;

11 (5) report expenditures on EL services annually to the Agency of
12 Education through the financial reporting system as required by the Agency;
13 and

14 (6) evaluate the effectiveness of their EL programs and report
15 educational outcomes of EL students as required by the Agency and applicable
16 federal laws.

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

19 (1) provide guidance and program support to all school districts with EL
20 students as required under applicable federal law, including:

1 (A) professional development resources for EL teachers and support
2 personnel; and

3 (B) information on best practices and nationally recognized language
4 development standards; and

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

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

10 (1) one to five EL students enrolled, shall receive State aid of
11 \$25,000.00 for that school year; or

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

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

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

1 **Sec. 12. JOINT FISCAL OFFICE REPORT; ENGLISH LANGUAGE**

2 **SERVICES; CATEGORICAL AID [Effective July 1, 2022]**

3 (a) On or before December 15, 2022, the Joint Fiscal Office shall issue a
4 written report to the House and Senate Committees on Education, the House
5 Committee on Ways and Means, and the Senate Committee on Finance on the
6 advantages and disadvantages of:

7 (1) changing the cost adjustment amount for EL students under 16
8 V.S.A. § 4017, as added by this act, to reflect the cost of providing different
9 levels of required EL services, such different services levels based on the
10 degree of English-proficiency of EL students; and

11 (2) changing the amount or eligibility, or both, for the categorical aid
12 provided to school districts with 25 or fewer EL students under 16 V.S.A.
13 § 4017(d) as added by this act.

14 (b) The Joint Fiscal Office shall consult with the Agency of Education in
15 drafting its report under subsection (a) of this section.

16 **Sec. 13. AGENCY OF EDUCATION; STAFFING [Effective July 1, 2022]**

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

18 (1) one full-time, classified position to provide guidance and support to
19 school districts for English language students;

1 On or before February 1, 2023, the State Board of Education shall initiate
2 rulemaking to update education quality standards as required under Sec. 14 of
3 this act. Prior to the filing of the draft updated rules with the Interagency
4 Committee on Administrative Rules, the Agency of Education shall engage
5 stakeholders for input on the draft rules in accordance with a written plan
6 approved by the State Board of Education.

7 Sec. 16. EVALUATION AND REPORTING ON IMPLEMENTATION OF
8 ACT [Effective July 1, 2022]

9 On or before July 1, 2031, the Joint Fiscal Office shall design and contract
10 for an evaluation of the impact of the changes called for in this act in achieving
11 the goals under Sec. 2 of this act. On or before December 15, 2031, the Joint
12 Fiscal Office shall submit to the House and Senate Committees on Education,
13 the House Committee on Ways and Means, and the Senate Committee on
14 Finance its written evaluation report.

15 * * * Conforming and Technical Changes to Titles 16 and 32 * * *

16 Sec. 17. 16 V.S.A. § 1531 is amended to read: [Effective July 1, 2024]

17 § 1531. RESPONSIBILITY OF STATE BOARD

18 * * *

19 (c) For a school district that is geographically isolated from a Vermont
20 career technical center, the State Board may approve a career technical center
21 in another state as the career technical center that district students may attend.

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

12 Sec. 18. 16 V.S.A. § 1546 is amended to read: [Effective July 1, 2024]

13 § 1546. COMPREHENSIVE HIGH SCHOOLS

14 * * *

15 (c) Two or more comprehensive high schools for which the State Board has
16 designated a service region shall be a career technical center for the purposes
17 of accountability to the State Board under subchapter 2 of this chapter,
18 responsibilities of the career technical center under subchapter 3 of this
19 chapter, and receiving State financial assistance under subchapter 5 of this
20 chapter, excluding the ~~per-equalized-pupil~~ general State support grant under
21 subsection 1561(b). The regional advisory board shall determine how funds

1 received under subchapter 5 shall be distributed. A comprehensive high school
2 aggrieved by a decision of the regional advisory board may appeal to the
3 Secretary who, after opportunity for hearing, may affirm or modify the
4 decision.

5 Sec. 19. 16 V.S.A. § 4001 is amended to read: [Effective July 1, 2024]

6 § 4001. DEFINITIONS

7 As used in this chapter:

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

11 * * *

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

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

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

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

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

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

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

21 * * *

1 (3) ~~“Equalized pupils” means the long-term weighted average daily~~
2 ~~membership multiplied by the ratio of the statewide long-term average daily~~
3 ~~membership to the statewide long-term weighted average daily membership.~~

4 [Repealed.]

5 * * *

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

15 * * *

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

18 ~~(A) mean average of the district’s average daily membership,~~
19 ~~excluding full-time equivalent enrollment of State-placed students, over two~~
20 ~~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 who are from economically deprived~~
7 ~~backgrounds, divided by the long-term membership of the school district. A~~
8 ~~person from an economically deprived background means a person who~~
9 ~~resides with a family unit receiving nutrition benefits. A person who does not~~
10 ~~reside with a family unit receiving nutrition benefits but for whom English is~~
11 ~~not the primary language shall also be counted in the numerator of the ratio.~~
12 ~~The Secretary shall use a method of measuring the nutrition benefits~~
13 ~~population that produces data reasonably representative of long-term trends.~~
14 ~~Persons for whom English is not the primary language shall be identified~~
15 ~~pursuant to subsection 4010(e) of this title. [Repealed.]~~

16 * * *

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

20 * * *

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

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

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

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

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

13 harmless going to be impacted by pre-k ADM count of 0.46? Brad]

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

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

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

21 Prekindergarten 0.46

1 ~~Elementary or kindergarten 1.0~~

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

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

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

16 ~~(f) For purposes of determining weighted membership under this section, a~~
17 ~~district's equalized pupils shall in no case be less than 96 and one half percent~~
18 ~~of the actual number of equalized pupils in the district in the previous year,~~
19 ~~prior to making any adjustment under this section. [Repealed.]~~

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

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

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

11 Sec. 21. 16 V.S.A. § 4011 is amended to read: [Effective July 1, 2024]

12 § 4011. EDUCATION PAYMENTS

13 * * *

14 (c) Annually, each school district shall receive an education spending
15 payment for support of education costs. An unorganized town or gore shall
16 receive an amount equal to its ~~adjusted education payment~~ per pupil education
17 spending for that year for each student ~~based on the weighted average daily~~
18 ~~membership count, which shall not be equalized. In fiscal years 2007 and after,~~
19 ~~no~~ No district shall receive more than its education spending amount. [Brad]

20 * * *

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

4 (1) the statewide average district ~~spending per equalized pupil per pupil~~
5 education spending for the current fiscal year ~~and 125 percent of that average~~
6 ~~spending~~; and

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

9 Sec. 22. 16 V.S.A. § 4015 is amended to read: [Effective July 1, 2024]

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:	5 – but less than or equal to:	6 Factor:
7 0	8 7	9 0.19
10 7	11 9	12 0.175
13 9	14 10	15 0.16
16 10	17 11	18 0.145
19 11	20 12	21 0.13
22 12	23 13	24 0.115
25 13	26 14	27 0.10
28 14	29 15	30 0.085
31 15	32 16	33 0.070
34 16	35 17	36 0.055
37 17	38 18	39 0.040
40 18	41 19	42 0.025
43 19	44 20	45 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**
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. 23. 16 V.S.A. § 4026 is amended to read: [Effective July 1, 2024]

5 § 4026. EDUCATION FUND BUDGET STABILIZATION RESERVE;

6 CREATION AND PURPOSE

7 * * *

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

1 Sec. 24. 16 V.S.A. § 4030 is amended to read: [Effective July 1, 2024]

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 (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 * * *

17 Sec. 25. 32 V.S.A. § 5401 is amended to read: [Effective July 1, 2024]

18 § 5401. DEFINITIONS

19 As used in this chapter:

20 * * *

1 Sec. 26. 32 V.S.A. § 5402(e) is amended to read: [Effective July 1, 2024]

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

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

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

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

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

19 (C) Determine a combined homestead tax rate by calculating the
20 weighted average of the rates determined under subdivisions (A) and (B) of
21 this subdivision (2), with weighting based upon the ratio of union school per

1 ~~pupil equalized~~ pupils from the member municipality to total ~~equalized~~ pupils
2 of the member municipality; and the ratio of ~~equalized~~ pupils attending a
3 school other than the union school to total ~~equalized~~ pupils of the member
4 municipality. Total ~~equalized~~ pupils of the member municipality is based on
5 the number of pupils who are legal residents of the municipality and attending
6 school at public expense. If necessary, the Commissioner may adopt a rule to
7 clarify and facilitate implementation of this subsection (e).

8 * * * Effective Dates * * *

9 Sec. 27. EFFECTIVE DATES

10 [to be updated as draft progresses; see section headings for effective dates]

11

12 (Committee vote: _____)

13

14

Representative _____

15

FOR THE COMMITTEE