

1 **Yellow** = changes from v.1.5

2 TO THE HOUSE OF REPRESENTATIVES:

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

9 * * * Findings and Goals * * *

10 Sec. 1. FINDINGS

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

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

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

5 (c) Students come to school with needs that may require different types and
6 levels of educational support for them to achieve common standards or
7 outcomes. Similarly, schools may also require different levels of resources.
8 Therefore, school districts with similar education property tax rates may
9 achieve significantly different student outcomes.

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

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

1 the existing weights have weak ties, if any, with evidence describing
2 differences in the costs for educating students with disparate needs or operating
3 schools in different contexts and recommended that the General Assembly
4 increase certain existing weights and add certain new weights.

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

16 (g) Under current law, 16 V.S.A. § 4010, a weight of 0.46 is applied to a
17 student enrolled in a prekindergarten program. The Pupil Weighting Factors
18 Report did not review whether this weight reflected the actual cost of
19 providing prekindergarten educational services because that review was not
20 within the scope of the authors’ mandate. That review is now being
21 undertaken pursuant to 2021 Acts and Resolves No. 45. Therefore, although

1 the 0.46 prekindergarten weight is in current law, its status should be viewed as
2 transitional pending the outcome of this review.

3 Sec. 2. GOALS

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

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

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

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

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

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~~

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 students from economically deprived~~
10 ~~backgrounds. The adjustment shall be equal to the total from subsection (c) of~~
11 ~~this section, multiplied by 25 percent, and further multiplied by the poverty~~
12 ~~ratio of the district.~~

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.~~

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.~~

20 ~~(g) The Secretary shall develop guidelines to enable clear and consistent~~
21 ~~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.~~

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.~~

11 ~~(a) Definitions. As used in this section:~~

12 ~~(1) “EL pupils” means pupils described under section 4013 of this title.~~

13 ~~(2) “FPL” means the Federal Poverty Level.~~

14 ~~(3) “Weighting categories” means the categories listed under subsection~~

15 ~~(b) of this section.~~

16 ~~(b) Determination of average daily membership and weighting categories.~~

17 ~~On or before the first day of December during each school year, the Secretary~~
18 ~~shall determine the average daily membership, as defined in subdivision~~
19 ~~4001(1) of this title, of each school district for the current school year and shall~~
20 ~~perform the following tasks.~~

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

3 (A) pupils in prekindergarten;

4 (B) pupils in kindergarten through grade five;

5 (C) pupils in grades six through eight;

6 (D) pupils in grades nine through 12;

7 (E) pupils whose families are at or below 185 percent of FPL, using
8 the highest number of pupils in the district:

9 (i) that meet this definition under the universal income form; or

10 (ii) who are directly certified for free-and reduced-priced meals;

11 and

12 (F) EL pupils.

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

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

18 (ii) 36 or more persons per square mile but fewer than 55 persons
19 per square mile; or

20 (iii) 55 or more persons per square mile but fewer than 100
21 persons per square mile.

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

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

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

9 (i) fewer than 100 pupils; or

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

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

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

19 (c) Reporting on weighting categories to the Agency of Education. Each
20 school district shall annually report to the Agency of Education by a date
21 established by the Agency the information needed in order for the Agency to

1 compute the weighting categories under subsection (b) of this section for that
2 district. In order to fulfill this obligation, a school district that pays public
3 tuition on behalf of a resident student (sending district) to a public school in
4 another school district, an approved independent school, or an out-of-state
5 school (each a receiving school) may request the receiving school to collect
6 this information on the sending district’s resident student, and if requested, the
7 receiving school shall provide this information to the sending district in a
8 timely manner.

9 (d) Determination of weighted long-term membership. For each weighting
10 category except the small schools weighting category under subdivision (b)(3)
11 of this section, the Secretary shall compute the weighting count by using the
12 long-term membership in that category.

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

16 (A) prekindergarten—negative 0.54;

17 (B) grades six through eight—0.36; and

18 (C) grades nine through 12—0.39.

19 (2) The Secretary shall next apply a weight for pupils whose family is at
20 or below 185 percent of FPL. Each pupil included in long-term membership

1 from subsection (b) of this section whose family is at or below 185 percent of
2 FPL shall receive an additional weighting amount of 1.03.

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

6 (4) The Secretary shall then apply a weight for pupils living in low
7 population density school districts. Each pupil included in long-term
8 membership from subsection (b) of this section residing in a low population
9 density school district, measured by the number of persons per square mile
10 residing within the land area of the geographic boundaries of the district as of
11 July 1 of the year of determination, shall receive an additional weighting
12 amount of:

13 (A) 0.15, where the number of persons per square mile is fewer than
14 36 persons;

15 (B) 0.12, where the number of persons per square mile is 36 or more
16 but fewer than 55 persons; or

17 (C) 0.07, where the number of persons per square mile is 55 or more
18 but fewer than 100.

19 (5) The Secretary shall lastly apply a weight for pupils who attend a
20 small school. If the number of persons per square mile residing within the land
21 area of the geographic boundaries of a school district as of July 1 of the year of

1 determination is 55 or fewer, then, for each pupil listed under subdivision

2 (b)(3)(C) of this section (pupils who attend small schools):

3 (A) where the school has fewer than 100 pupils in average two-year
4 enrollment, the school district shall receive an additional weighting amount of
5 0.21 for each pupil included in the small school's average two-year enrollment;

6 or

7 (B) where the small school has 100 or more but fewer than 250
8 pupils, the school district shall receive an additional weighting amount of 0.07
9 for each pupil included in the small school's average two-year enrollment.

10 (6) A school district's weighted long-term membership shall equal long-
11 term membership plus the cumulation of the weights assigned by the Secretary
12 under this subsection.

13 (e) Hold harmless. A district's weighted long-term membership shall in no
14 case be less than 96 and one-half percent of its weighted long-term
15 membership the previous year prior to making any adjustment under this
16 subsection.

17 (f) Determination of per pupil education spending. As soon as reasonably
18 possible after a school district budget is approved by voters, the Secretary shall
19 determine the per pupil education spending for the next fiscal year for the
20 school district. Per pupil education spending shall equal a school district's
21 education spending divided by its weighted long-term membership.

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

3 (h) Updates to weights. On or before January 1, 2027 and on or before
4 January 1 of every fifth year thereafter, the Agency of Education and the Joint
5 Fiscal Office shall calculate, based on their consensus view, updates to the
6 weights to account for cost changes underlying those weights and shall issue a
7 written report on their work to the House and Senate Committees on
8 Education, the House Committee on Ways and Means, and the Senate
9 Committee on Finance. The General Assembly shall update the weights under
10 this section and transportation reimbursement under section 4016 of this title
11 not less than every five years and the implementation date for the updated
12 weights and transportation reimbursement shall be delayed by a year in order
13 to provide school districts with time to prepare their budgets. Updates to the
14 weights may include recalibration, recalculation, adding or eliminating
15 weights, or any combination of these actions.

16 Sec. 5. COLLABORATION BY THE AGENCY OF EDUCATION AND
17 JOINT FISCAL OFFICE

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

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

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

4 Sec. 6. VERMONT CENTER FOR GEOGRAPHIC INFORMATION

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

9 Sec. 7. CALCULATION OF TAX RATES; TAX RATE REVIEW;

10 FISCAL YEARS 2025–**2029**

11 (a) Notwithstanding 16 V.S.A. chapter 133, 32 V.S.A. chapter 135, and any
12 other provision of law to the contrary, if, in fiscal year 2025 when applying the
13 **funding formula created** under this act, a school district’s homestead property
14 tax rate increases by five percent or more over the school district’s homestead
15 property tax rate in fiscal year 2024, then the school district’s homestead
16 property tax rate shall be increased by not more than five percent over the prior
17 fiscal year in each fiscal year for five fiscal years, from fiscal year 2025
18 through fiscal year **2029**.

19 (b)(1) **In order to determine which school districts shall be subject to a Tax**
20 **Rate Review, the Secretary of Education shall calculate the fiscal year 2024**
21 **per pupil education spending of each school district subject to subsection (a) of**

1 this section as though the funding formula created under this act applied to
2 fiscal year 2024. In fiscal year 2025, if a school district's per pupil education
3 spending calculated using the funding formula created under this act increases
4 by 10 percent or more over the school district's fiscal year 2024 per pupil
5 education spending as calculated by the Secretary under this subsection, then
6 the school district shall be subject to a Tax Rate Review. In fiscal years 2026–
7 2029, if a school district's per pupil education spending calculated using the
8 funding formula created under this act increases by 10 percent or more over the
9 school district's prior fiscal year per pupil education spending, then the school
10 district shall be subject to a Tax Rate Review. Upon request of the Secretary, a
11 school district shall submit its budget to a Tax Rate Review to determine
12 whether its increase in per pupil education spending was beyond the school
13 district's control or for other good cause. In conducting the Review, the
14 Secretary shall select three business managers and three superintendents to
15 serve in an advisory role in the Review. The Review shall consider at least the
16 following factors:
17 (A) the extent to which the increase in per pupil education spending
18 is caused by declining enrollment in the school district; and
19 (B) the extent to which the increase in per pupil education spending
20 is caused by increases in tuition paid by the school district.

1 (2) If, at the conclusion of the Review, the Secretary determines that the
2 school district’s budget contains excessive increases in per pupil education
3 spending that are within the school district’s control and are not supported by
4 good cause, then the homestead property tax rate of the school district that
5 would otherwise be increased by not more than five percent in each fiscal year
6 pursuant to subsection (a) of this section shall be increased to the actual
7 homestead property tax rate calculated pursuant to this act.

8 Sec. 8. SUSPENSION OF LAWS

9 (a) Suspension of excess spending penalty. Notwithstanding any provision
10 of law to the contrary, the excess spending penalty under 16 V.S.A.
11 § 4001(6)(B) and 32 V.S.A. § 5401(12) is suspended during fiscal years 2025–
12 2029.

13 (b) Suspension of hold harmless provision. Notwithstanding any provision
14 of law to the contrary, the hold harmless provision under 16 V.S.A. § 4010(e)
15 is suspended during fiscal years 2025–2029.

16 (c) Suspension of ballot language requirement. Notwithstanding 16 V.S.A.
17 § 563(11)(D), which requires specified language for a school budget ballot,
18 this requirement is suspended during fiscal years 2025–2029.

1 * * * Universal Income Declaration Form * * *

2 Sec. 9. UNIVERSAL INCOME DECLARATION FORM

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
19 July 1, 2023, the new form shall be implemented statewide for the 2023–24
20 school 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 General 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 Learners * * *

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

12 § 4013. ENGLISH LEARNERS 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” or “EL pupils” mean students who have been
2 identified as English learners through the screening protocols required under
3 20 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. In addition to the EL weight under section 4010 of this
9 title, a school district that has, as determined annually on October 1 of the year:

10 (1) one to five EL students enrolled shall receive State aid of \$25,000.00
11 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. 11. JOINT FISCAL OFFICE REPORT; **ENGLISH LEARNERS**

2 SERVICES; CATEGORICAL AID

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 **weight** for EL students under 16 V.S.A. § **4010**, as
8 **amended** by this act, to reflect the cost of providing different levels of required
9 EL services, such **as** different services levels based on the degree of English
10 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 § **4013**(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. **On or before**
16 **September 1, 2022, the Agency of Education shall provide the Joint Fiscal**
17 **Office with information on the different levels of required EL services and the**
18 **number of EL students in each service-level category and shall assist the Joint**
19 **Fiscal Office in determining the cost of providing EL services for each service**
20 **level category.**

1 standards adopted by rule of the Agency of Education regarding the business,
2 facilities management, and governance practices of school districts. These
3 standards shall include a process for school district quality reviews to be
4 conducted by the Agency of Education. Annually, the Secretary shall publish
5 metrics regarding the outcomes of school district quality reviews.

6 Sec. 14. EDUCATION QUALITY STANDARDS; RULEMAKING

7 On or before February 1, 2023, the Agency of Education shall initiate
8 rulemaking to update education quality standards as required under 16 V.S.A.
9 § 165. Prior to the filing of the draft updated rules with the Interagency
10 Committee on Administrative Rules, the Agency of Education shall engage
11 stakeholders for input on the draft rules in accordance with a written plan
12 approved by the State Board of Education.

13 Sec. 15. EVALUATION AND REPORTING ON IMPLEMENTATION OF
14 ACT

15 The Joint Fiscal Office shall design and contract for an evaluation of the
16 impact of the changes required under this act in achieving the goals under
17 Sec. 2 of this act. The evaluation period shall begin on July 1, 2024 and end
18 on July 1, 2029. On or before December 15, 2029, the Joint Fiscal Office shall
19 submit to the House and Senate Committees on Education, the House
20 Committee on Ways and Means, and the Senate Committee on Finance its
21 written evaluation report.

1 (5) consider the CTE funding and governance structures in other states
2 in relation to Vermont’s unique system of funding education; and

3 (6) identify and prioritize potential new models of CTE funding and
4 governance structures to reduce barriers to enrollment and to improve the
5 quality, duration, impact, and access to CTE statewide.

6 (b) In performing its work, the contractor shall consult with the consultant
7 and any other stakeholders involved in completing the report on the design,
8 implementation, and costs of an integrated and coherent adult basic education,
9 adult secondary education, and postsecondary career and technical education
10 system pursuant to 2021 Acts and Resolves No. 74, Sec. H.3.

11 (c) On or before March 1, 2023, the Joint Fiscal Office shall issue a written
12 report to the House and Senate Committees on Education, the House
13 Committee on Commerce and Economic Development, the Senate Committee
14 on Economic Development, Housing and General Affairs, the House
15 Committee on Ways and Means, and the Senate Committee on Finance on the
16 work performed pursuant to subsection (a) of this section.

17 (d)(1) The Agency of Education shall consider the work performed and
18 report issued pursuant to subsection (c) of this section and shall develop an
19 implementation plan, including recommended steps to design and implement
20 new funding and governance models.

1 (2) On or before July 1, 2023, the Agency shall issue a written report to
2 the House and Senate Committees on Education, the House Committee on
3 Commerce and Economic Development, the Senate Committee on Economic
4 Development, Housing and General Affairs, the House Committee on Ways
5 and Means, and the Senate Committee on Finance that describes the results of
6 its work under this subsection and the implementation plan and makes
7 recommendations for legislative action.

8 * * * Education Tax-Related Reports * * *

9 Sec. 18. REPORT; INCOME-BASED EDUCATION TAX SYSTEM;

10 DEPARTMENT OF TAXES

11 On or before January 1, 2023, the Department of Taxes, in consultation with
12 the Agency of Education and the Joint Fiscal Office, shall submit a written
13 report to the House Committees on Education and on Ways and Means and the
14 Senate Committees on Education and on Finance that makes recommendations
15 regarding the implementation of an income-based education tax system to
16 replace the homestead property tax system, including:

17 (1) restructuring the renter credit under 32 V.S.A. chapter 154 or
18 creating a new credit or other mechanisms to ensure that Vermonters who rent
19 a primary residence participate fairly in the education income tax system;

20 (2) transitioning from the current homestead property tax system to the
21 new income-based education tax system;

1 (3) accurate modelling, given the differences between household income
2 for homestead property tax purposes and adjusted gross income for income tax
3 purposes; and

4 (4) administering the new education income tax system.

5 Sec. 19. REPORTS; PROPERTY TAX RATES; JOINT FISCAL OFFICE

6 Vermont’s system of equalized pupils within a shared education fund
7 creates significant opportunities to meet the needs of schools and students.
8 However, certain aspects of the current system might distort or prevent a fully
9 equitable and progressive education finance system. Therefore, the Joint
10 Fiscal Office shall explore the issues set forth in this section. On or before
11 January 15, 2023, the Joint Fiscal Office shall examine and provide options to
12 the House Committees on Education and on Ways and Means and the Senate
13 Committees on Education and on Finance for structuring the following:

14 (1) methods for cost containment that create equity in school districts’
15 ability to spend sufficiently on education to meet student needs;

16 (2) in collaboration with the Department of Taxes and the Agency of
17 Education, the mechanics for setting the yields in a manner that creates a
18 constitutionally adequate education spending amount for school districts at a
19 level that is predetermined by education funding experts to be sufficient to
20 meet student needs; and

1 (3) funding school districts in an equitable manner that provides needed
2 resources to school districts without regard to their education spending
3 decisions.

4 * * * Joint Fiscal Office; Appropriation * * *

5 Sec. 20. JOINT FISCAL OFFICE; APPROPRIATION

6 There is appropriated to the Joint Fiscal Office from the General Fund for
7 fiscal year 2023 the amount of \$205,000.00 for the studies and reports required
8 by the Joint Fiscal Office under this act.

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

10 Sec. 21. 16 V.S.A. § 828 is amended to read:

11 § 828. TUITION TO APPROVED SCHOOLS; AGE; APPEAL

12 A school district shall not pay the tuition of a student except to a public
13 school, an approved independent school, an independent school meeting
14 education quality standards, a tutorial program approved by the State Board, an
15 approved education program, or an independent school in another state or
16 country approved under the laws of that state or country that complies with the
17 reporting requirement under subsection 4010(c) of this title, nor shall payment
18 of tuition on behalf of a person be denied on account of age. Unless otherwise
19 provided, a person who is aggrieved by a decision of a school board relating to
20 eligibility for tuition payments, the amount of tuition payable, or the school he

1 ~~or she~~ the person may attend, may appeal to the State Board and its decision
2 shall be final.

3 Sec. 22. 16 V.S.A. § 1531 is amended to read:

4 § 1531. RESPONSIBILITY OF STATE BOARD

5 * * *

6 (c) For a school district that is geographically isolated from a Vermont
7 career technical center, the State Board may approve a career technical center
8 in another state as the career technical center that district students may attend.
9 In this case, the school district shall receive transportation assistance pursuant
10 to section 1563 of this title and tuition assistance pursuant to ~~section~~ subsection
11 1561(c) of this title. Any student who is a resident in the Windham Southwest
12 Supervisory Union and who is enrolled at public expense in the Charles H.
13 McCann Technical School or the Franklin County Technical School shall be
14 considered to be attending an approved career technical center in another state
15 pursuant to this subsection, and, if the student is from a school district eligible
16 for a ~~small schools merger~~ support grant pursuant to section 4015 of this title
17 or a small school weight pursuant to section 4010 of this title, the student's
18 full-time equivalency shall be computed according to time attending the
19 school.

20 Sec. 23. 16 V.S.A. § 1546 is amended to read:

21 § 1546. COMPREHENSIVE HIGH SCHOOLS

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* * *

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

Sec. 24. 16 V.S.A. § 4001 is amended to read:

§ 4001. DEFINITIONS

As used in this chapter:

* * *

(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.]

* * *

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

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

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

8 * * *

9 (8) ~~“Poverty ratio” means the number of persons in the school district
10 who are aged six through 17 and who are from economically deprived
11 backgrounds, divided by the long term membership of the school district. A
12 person from an economically deprived background means a person who
13 resides with a family unit receiving nutrition benefits. A person who does not
14 reside with a family unit receiving nutrition benefits but for whom English is
15 not the primary language shall also be counted in the numerator of the ratio.
16 The Secretary shall use a method of measuring the nutrition benefits
17 population that produces data reasonably representative of long term trends.
18 Persons for whom English is not the primary language shall be identified
19 pursuant to subsection 4010(e) of this title. [Repealed.]~~

20 * * *

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

3 Sec. 26. 16 V.S.A. § 4015 is amended to read:

4 § 4015. ~~SMALL SCHOOL~~ MERGER SUPPORT FOR MERGED

5 DISTRICTS

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

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

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

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

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

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

16 ~~(I) the school’s measurable success in providing a variety of~~
17 ~~high quality educational opportunities that meet or exceed the educational~~

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

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

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

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

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

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

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

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

19 ~~Average grade size~~

20 ~~More than: — but less than or equal to:~~ ~~Factor:~~

21 ~~0 7 0.19~~

1	7	9	0.175
2	9	10	0.16
3	10	11	0.145
4	11	12	0.13
5	12	13	0.115
6	13	14	0.10
7	14	15	0.085
8	15	16	0.070
9	16	17	0.055
10	17	18	0.040
11	18	19	0.025
12	19	20	0.015

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

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

19 ~~(1) the amount determined by multiplying the two year average~~
20 ~~enrollment in the district by \$500.00 and subtracting the product from~~
21 ~~\$50,000.00, with a maximum grant of \$2,500.00 per enrolled student; or~~

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

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

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

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

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

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

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

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

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

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

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

20 (b) A school district that was involuntarily formed under the Final Report
21 of Decisions and Order on Statewide School District Merger Decisions

1 Pursuant to Act 46, Secs. 8(b) and 10 dated November 28, 2018 and that
2 received a small schools grant in fiscal year 2020 shall receive an annual
3 merger support grant in that amount, subject to the provisions in subsection (c)
4 of this section.

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

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

18 Sec. 27. 16 V.S.A. § 4030 is amended to read:

19 § 4030. DATA SUBMISSION; CORRECTIONS

20 * * *

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

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

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

6 * * *

7 (d) The Secretary shall not use data corrected due to an error submitted
8 following the deadlines to recalculate ~~the equalized pupil ratio under~~
9 ~~subdivision 4001(3)~~ weighted long-term membership under section 4010 of
10 this title. The Secretary shall not adjust average daily membership counts if an
11 error or change is reported more than three fiscal years following the date that
12 the original data was due.

13 * * *

14 Sec. 28. 32 V.S.A. § 5401 is amended to read:

15 § 5401. DEFINITIONS

16 As used in this chapter:

17 * * *

18 (13)(A) “Education property tax spending adjustment” means the
19 greater of one or a fraction in which the numerator is the district’s per pupil
20 education spending plus excess spending, ~~per equalized pupil~~, for the school

1 year, and the denominator is the property dollar equivalent yield for the school
2 year, as defined in subdivision (15) of this section.

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

8 * * *

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

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

19 Sec. 29. 32 V.S.A. § 5402(e) is amended to read:

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

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

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

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

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

18 (C) Determine a combined homestead tax rate by calculating the
19 weighted average of the rates determined under subdivisions (A) and (B) of
20 this subdivision (2), with weighting based upon the ratio of union school
21 ~~equalized~~ pupils from the member municipality to total ~~equalized~~ pupils of the

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

7 * * * Effective Dates * * *

8 **Sec. 30. EFFECTIVE DATES**

9 **(a) The following sections shall take effect on July 1, 2022:**

10 **(1) Sec. 1 (findings);**

11 **(2) Sec. 2 (goals);**

12 **(3) Sec. 3 (intent of act);**

13 **(4) Sec. 5 (collaboration by the Agency of Education and Joint Fiscal**

14 **Office);**

15 **(5) Sec. 6 (Vermont Center for Geographic Information);**

16 **(6) Sec. 7 (calculation of tax rates; tax rate review; fiscal years 2025–**

17 **2029);**

18 **(7) Sec. 8 (suspension of laws);**

19 **(8) Sec. 9 (universal income declaration form);**

20 **(9) Sec. 11 (Joint Fiscal Office report; English learners services;**

21 **categorical aid);**

1 (10) Sec. 12 (Agency of Education; staffing);

2 (11) Sec. 14 (education quality standards; rulemaking);

3 (12) Sec. 15 (evaluation and reporting on implementation of act);

4 (13) Sec. 16 (career technical center; student enrollment; hold

5 harmless);

6 (14) Sec. 17 (funding and governance structures of career technical

7 education in Vermont);

8 (15) Sec. 18 (report; income-based education tax system; Department of

9 Taxes);

10 (16) Sec. 19 (reports; property tax rates; Joint Fiscal Office);

11 (17) Sec. 20 (Joint Fiscal Office; appropriation); and

12 (18) this section (effective dates).

13 (b) The following sections shall take effect on July 1, 2024:

14 (1) Sec. 4 (amendment to 16 V.S.A. § 4010; determination of weighted

15 long-term membership and per pupil education spending);

16 (2) Sec. 10 (adding 16 V.S.A. § 4013; English learners services; State

17 aid);

18 (3) Sec. 13 (amendment to 16 V.S.A. § 165; education quality

19 standards);

20 (4) Sec. 21 (amendment to 16 V.S.A. § 828; tuition to approved schools;

21 age; appeal);

- 1 (5) Sec. 22 (amendment to 16 V.S.A. § 1531; responsibility of State
- 2 Board);
- 3 (6) Sec. 23 (amendment to 16 V.S.A. § 1546; comprehensive high
- 4 schools);
- 5 (7) Sec. 24 (amendment to 16 V.S.A. § 4001; definitions);
- 6 (8) Sec. 25 (amendment to 16 V.S.A. § 4011; education payments);
- 7 (9) Sec. 26 (amendment to 16 V.S.A. § 4015; merger support for
- 8 merged districts);
- 9 (10) Sec. 27 (amendment to 16 V.S.A. § 4030; data submission;
- 10 corrections);
- 11 (11) Sec. 28 (amendment to 32 V.S.A. § 5401; definitions); and
- 12 (12) Sec. 29 (amendment to 32 V.S.A. § 5402(e); determination of
- 13 homestead education tax rate).

14

15 (Committee vote: _____)

16

17

Representative _____

18

FOR THE COMMITTEE