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1 **Sections deleted in v.1.4 from v.1.3 of HW&M draft amendment to S.287**

2 **May 8, 2022**

3 **Yellow** = deleted sections with conforming changes that need to be
4 reconsidered at a future date

5
6 Sec. 6. 32 V.S.A. § 5413 is added to read:

7 § 5413. CREATION; EDUCATION FUND ADVISORY COMMITTEE

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

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

13 (1) the Commissioner of Taxes or designee;

14 (2) the Secretary of Education or designee;

15 (3) two members of the public with expertise in education financing,

16 who shall be appointed by the Speaker of the House;

17 (4) two members of the public with expertise in education financing,

18 who shall be appointed by the Committee on Committees; and

19 (5) one member of the public with expertise in education financing, who

20 shall be appointed by the Governor.

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

3 (A) updating the cost factor adjustments, which may include
4 recalibration, recalculation, adding or eliminating factors, or any combination
5 of these actions, as necessary;

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

8 (C) changes to income levels eligible for a property tax credit under
9 32 VSA § 6066;

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

12 (E) means to improve both equity and efficiency in education funding
13 statewide;

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

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

18 to use to promote accuracy and transparency; and

19 (H) the amount of the stabilization reserve.

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

4 (3) The Committee, in its initial January 15, 2023 report to the General
5 Assembly, shall, after consultation with the Department of Taxes, the Agency
6 of Education, and the Joint Fiscal Office, make recommendations on the
7 implementation of an education income tax system to replace the homestead
8 education property tax system, including:

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

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

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

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

19 (e) Meetings.

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

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

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

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

7 Sec. 7. APPROPRIATION; EDUCATION FUND ADVISORY

8 COMMITTEE

9 The sum of \$2,500.00 is appropriated from the General Fund in fiscal year
10 2023 for per diem and reimbursement of expenses for members of the
11 Education Fund Advisory Committee created under Sec. 6 of this act.

12 Sec. 9. AGENCY OF EDUCATION; STAFFING

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

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

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

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1 (a) A school district or supervisory union that incurs allowable
2 transportation expenditures shall receive a transportation reimbursement grant
3 each year. The grant shall be equal to 50 percent of allowable transportation
4 expenditures; provided, however, that in any year the total amount of grants
5 under this subsection shall not exceed the total amount of adjusted base year
6 transportation grant expenditures. The total amount of base year transportation
7 grant expenditures shall be \$10,000,000.00 for fiscal year 1997, increased each
8 year thereafter by the annual price index for state and local government
9 purchases of goods and services. If in any year the total amount of the grants
10 under this subsection exceed the adjusted base year transportation grant
11 expenditures, the amount of each grant awarded shall be reduced
12 proportionately. Transportation grants paid under this section shall be paid
13 from the Education Fund and shall be added to ~~adjusted~~ education payment
14 receipts paid under section 4011 of this title.

15 * * *

16 (c) A district or supervisory union may apply and the Secretary may pay
17 for extraordinary transportation expenditures incurred due to geographic or
18 other conditions such as the need to transport students out of the school district
19 to attend another school because the district does not maintain a public school.
20 The State Board shall define extraordinary transportation expenditures by rule.
21 The total amount of base year extraordinary transportation grant expenditures

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1 shall be \$250,000.00 for fiscal year 1997, increased each year thereafter by the
2 annual price index for state and local government purchases of goods and
3 services. Extraordinary transportation expenditures shall not be paid out of the
4 funds appropriated under subsection (b) of this section for other transportation
5 expenditures. Grants paid under this section shall be paid from the Education
6 Fund and shall be added to ~~adjusted~~ education payment receipts paid under
7 section 4011 of this title.

8 **Sec. 25. 16 V.S.A. § 563 is amended to read:**

9 **§ 563. POWERS OF SCHOOL BOARDS; FORM OF VOTE**

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

12 *** * ***

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

16 *** * ***

17 **(C) At a school district's annual or special meeting, the electorate**
18 **may vote to provide notice of availability of the school budget required by this**
19 **subdivision to the electorate in lieu of distributing the budget. If the electorate**
20 **of the school district votes to provide notice of availability, it must specify how**
21 **notice of availability shall be given, and such notice of availability shall be**

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1 provided to the electorate at least 30 days before the district’s annual meeting.
 2 The proposed budget shall be prepared and distributed at least ten days before
 3 a sum of money is voted on by the electorate. Any proposed budget shall show
 4 the following information in a format prescribed by the Secretary:

* * *

6 (iv) the definition of “education spending,” the number of pupils
 7 and ~~number of equalized pupils~~ long-term membership in the school district,
 8 and the district’s per pupil education spending ~~per equalized pupil~~ in the
 9 proposed budget and in each of the prior three years.

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

“Article #1 (School Budget):

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

* * *

20 Sec. 26. 16 V.S.A. § 706 is amended to read:

21 § 706. PROPOSAL TO FORM STUDY COMMITTEE

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

5 (B) In excess of 121 percent of the statewide average district per
6 pupil education spending ~~per-equalized-pupil~~ increased by inflation, as
7 determined by the Secretary of Education on or before November 15 of each
8 year based on the passed budgets to date. As used in this subdivision (B),
9 "increased by inflation" means increasing the statewide average district per
10 pupil education spending ~~per-equalized-pupil~~ for fiscal year 2015 by the most
11 recent New England Economic Project cumulative price index, as of
12 November 15, for state and local government purchases of goods and services,
13 from fiscal year 2015 through the fiscal year for which the amount is being
14 determined. [Note that other conforming changes to 32 V.S.A. § 5401 are
15 made in v.1.4]

16 Sec. 31. PROSPECTIVE AND CONDITIONAL REPEAL

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