

1 H.129

2 Introduced by Representatives Brady of Williston, Emmons of Springfield,  
3 and Taylor of Milton

4 Referred to Committee on

5 Date:

6 Subject: Education; State aid for capital construction costs; school construction

7 Statement of purpose of bill as introduced: This bill proposes to establish a  
8 new State Aid for School Construction Program within the Agency of  
9 Education to provide State debt service subsidy to school districts undertaking  
10 eligible school construction projects, with varying amounts of State aid  
11 available based on bonus incentive criteria adopted by rule of the Agency.

12 An act relating to the State Aid for School Construction Program

13 It is hereby enacted by the General Assembly of the State of Vermont:

14 Sec. 1. 16 V.S.A. § 3440 is added to read:

15 § 3440. STATEMENT OF POLICY

16 It is the intent of this chapter to encourage the efficient use of public funds  
17 to modernize school infrastructure in alignment with current educational needs.  
18 School construction projects supported by this chapter should be developed  
19 taking consideration of standards of quality for public schools under section  
20 165 of this title and prioritizing cost, geographic accessibility, 21st century

1 education facilities standards, statewide enrollment trends, and capacity and  
2 scale that support best educational practices. Further, it is the intent of this  
3 chapter to encourage the use of existing infrastructure to meet the needs of  
4 Vermont students. Joint construction projects between two or more school  
5 districts and consolidation of buildings within a district where feasible and  
6 educationally appropriate are encouraged.

7 Sec. 2. 16 V.S.A. § 3442 is added to read:

8 § 3442. STATE AID FOR SCHOOL CONSTRUCTION PROGRAM

9 The Agency of Education shall be responsible for implementing the State  
10 Aid for School Construction Program according to the provisions of this  
11 chapter. The Agency shall be responsible for:

12 (1) reviewing all preliminary applications for State school construction  
13 aid and issuing an approval or denial in accordance with section 3445 of this  
14 chapter;

15 (2) adopting rules pursuant to 3 V.S.A. chapter 25 pertaining to school  
16 construction and capital outlay, including rules to specify a point prioritization  
17 methodology and a bonus incentive structure aligned with the legislative intent  
18 expressed in section 3440 of this title;

19 (3) including as part of its budget submitted to the Governor pursuant to  
20 subdivision 212(21) of this title its annual school construction funding request;

1           (4) developing a prequalification and review process for project delivery  
2           consultants and architecture and engineering firms specializing in  
3           prekindergarten through grade 12 school design, renovation, or construction  
4           and maintaining a list of such prequalified firms and consultants;

5           (5) providing technical assistance and guidance to school districts and  
6           supervisory unions on all phases of school capital projects;

7           (6) providing technical advice and assistance, training, and education to  
8           school districts, supervisory unions, general contractors, subcontractors,  
9           construction or project managers, designers, and other vendors in the planning,  
10          maintenance, and establishment of school facility space;

11          (7) maintaining a current list of school construction projects that have  
12          received preliminary approval, projects that have received final approval, and  
13          the priority points awarded to each project;

14          (8) collecting, maintaining, and making publicly available quarterly  
15          progress reports of all ongoing school construction projects that shall include,  
16          at a minimum, the costs of the project and the time schedule of the project;

17          (9) recommending policies and procedures designed to reduce  
18          borrowing for school construction programs at both State and local levels;

19          (10) conducting a needs survey at least every five years to ascertain the  
20          capital construction, reconstruction, maintenance, and other capital needs for  
21          all public schools and maintaining such data in a publicly accessible format;

1           (11) developing a formal enrollment projection model or using  
2           projection models already available;

3           (12) encouraging school districts and supervisory unions to investigate  
4           opportunities for the maximum utilization of space in and around the district or  
5           supervisory union;

6           (13) collecting and maintaining a clearinghouse of prototypical school  
7           plans, as appropriate, that may be consulted by eligible applicants;

8           (14) retaining the services of consultants, as necessary, to effectuate the  
9           roles and responsibilities listed within this section; and

10           (15) notwithstanding 2 V.S.A. § 20(d), annually on or before December  
11           15, submitting a written report to the General Assembly regarding the status  
12           and implementation of the State Aid for School Construction Program,  
13           including the data required to be collected pursuant to this section.

14           Sec. 3. 16 V.S.A. § 3443 is added to read:

15           § 3443. STATE AID FOR SCHOOL CONSTRUCTION ADVISORY

16                   BOARD

17           (a) Creation. There is hereby created the State Aid for School Construction  
18           Advisory Board, which shall advise the Agency on the implementation of the  
19           State Aid for School Construction Program in accordance with the provisions  
20           of this chapter, including the adoption of rules, setting of statewide priorities,

1 criteria for project approval, and recommendations for project approval and  
2 prioritization.

3 (b) Membership.

4 (1) Composition. The Board shall be composed of the following eight  
5 members:

6 (A) four members who shall serve as ex officio members:

7 (i) the State Treasurer or designee;

8 (ii) the Commissioner of Buildings and General Services or  
9 designee;

10 (iii) the Executive Director of the Vermont Bond Bank or  
11 designee; and

12 (iv) the Chair of the State Board of Education or designee; and

13 (B) four members, none of whom shall be a current member of the  
14 General Assembly, who shall serve four-year terms as follows:

15 (i) two members, appointed by the Speaker of the House, each of  
16 whom shall have expertise in education or construction, real estate, or finance  
17 and one of whom shall represent a supervisory union; and

18 (ii) two members, appointed by the Committee on Committees,  
19 each of whom shall have expertise in education or construction, real estate, or  
20 finance and one of whom shall be an educator.

21 (2) Members with four-year terms.

1           (A) A member with a term limit shall serve a term of four years and  
2           until a successor is appointed. A term shall begin on January 1 of the year of  
3           appointment and run through December 31 of the last year of the term. Terms  
4           of these members shall be staggered so that not all terms expire at the same  
5           time.

6           (B) A vacancy created before the expiration of a term shall be filled  
7           in the same manner as the original appointment for the unexpired portion of the  
8           term.

9           (C) A member with a term limit shall not serve more than two  
10          consecutive terms. A member appointed to fill a vacancy created before the  
11          expiration of a term shall not be deemed to have served a term for the purpose  
12          of this subdivision (C).

13          (c) Duties. The Board shall advise the Agency on the implementation of  
14          the State Aid for School Construction Program in accordance with the  
15          provisions of this chapter, including:

16               (1) rules pertaining to school construction and capital outlay;

17               (2) project priorities;

18               (3) proposed legislation the Board deems desirable or necessary related  
19          to the State Aid for School Construction Program, the provisions of this  
20          chapter, and any related laws;

1           (4) policies and procedures designed to reduce borrowing for school  
2           construction programs at both State and local levels;

3           (5) development of a formal enrollment projection model or the  
4           consideration of using projection models already available;

5           (6) processes and procedures necessary to apply for, receive, administer,  
6           and comply with the conditions and requirements of any grant, gift,  
7           appropriation of property, services, or monies;

8           (7) the collection and maintenance of a clearinghouse of prototypical  
9           school plans that may be consulted by eligible applicants and recommended  
10          incentives to utilize such prototypes;

11          (8) the determination of eligible cost components of projects for funding  
12          or reimbursement, including partial or full eligibility for project components  
13          for which the benefit is shared between the school and other municipal and  
14          community entities;

15          (9) development of a long-term vision for a statewide capital plan in  
16          accordance with needs and projected funding;

17          (10) collection and maintenance of data on all public school facilities in  
18          the State, including information on size, usage, enrollment, available facility  
19          space, and maintenance;

1           (11) advising districts on the use of a needs survey to ascertain the  
2           capital construction, reconstruction, maintenance, and other capital needs for  
3           schools across the State; and

4           (12) encouraging school districts and supervisory unions to investigate  
5           opportunities for the maximum utilization of space in and around the district or  
6           supervisory union.

7           (d) Meetings.

8           (1) The State Treasurer shall call the first meeting of the Board to occur  
9           on or before August 15, 2025.

10          (2) The Board shall select a chair from among its members.

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

12          (4) The Board shall meet not more than six times per year.

13          (e) Assistance. The Board shall have the administrative, technical, and  
14          legal assistance of the Agency of Education.

15          (f) Compensation and reimbursement. Members of the Board shall be  
16          entitled to per diem compensation and reimbursement of expenses as permitted  
17          under 32 V.S.A. § 1010 for not more than six meetings per year.

18          Sec. 4. PROSPECTIVE REPEAL OF STATE AID FOR SCHOOL

19                       CONSTRUCTION ADVISORY BOARD

20           16 V.S.A. § 3443 (State Aid for School Construction Advisory Board) is  
21           repealed on July 1, 2035.



1 Sec. 5. 16 V.S.A. § 3444 is added to read:

2 § 3444. SCHOOL CONSTRUCTION AID SPECIAL FUND

3 (a) Creation. There is created the School Construction Aid Special Fund,  
4 to be administered by the Agency of Education. Monies in the Fund shall be  
5 used for the purposes of:

6 (1) awarding aid to school construction projects under section 3445 of  
7 this title;

8 (2) awarding grants through the Facilities Master Plan Grant Program  
9 established in section 3441 of this title;

10 (3) funding administrative costs of the State Aid for School  
11 Construction Program; and

12 (4) awarding emergency aid under section 3445 of this title.

13 (b) Funds. The Fund shall consist of:

14 (1) any amounts transferred or appropriated to it by the General  
15 Assembly; and

16 (2) any interest earned by the Fund.

17 Sec. 6. 16 V.S.A. § 3445 is added to read:

18 § 3445. APPROVAL AND FUNDING OF SCHOOL CONSTRUCTION  
19 PROJECTS

20 (a) Construction aid.

1           (1) Preliminary application for construction aid. A school district  
2           eligible for assistance under section 3447 of this title that intends to construct  
3           or purchase a new school, or make extensive additions or alterations to its  
4           existing school, and desires to avail itself of State school construction aid shall  
5           submit a written preliminary application to the Secretary. A preliminary  
6           application shall include information required by the Agency by rule and shall  
7           specify the need for and purpose of the project.

8           (2) Approval of preliminary application.

9           (A) When reviewing a preliminary application for approval, the  
10          Secretary shall consider:

11           (i) regional educational opportunities and needs, including school  
12          building capacities across school district boundaries, and available  
13          infrastructure in neighboring communities;

14           (ii) economic efficiencies;

15           (iii) the suitability of an existing school building to continue to  
16          meet educational needs; and

17           (iv) statewide educational initiatives.

18          (B) The Secretary may approve a preliminary application if:

19           (i)(I) the project or part of the project fulfills a need occasioned  
20          by:

- 1                    (aa) conditions that threaten the health or safety of students  
2 or employees;
- 3                    (bb) facilities that are inadequate to provide programs  
4 required by State or federal law or regulation;
- 5                    (cc) excessive energy use resulting from the design of a  
6 building or reliance on fossil fuels or electric space heat; or
- 7                    (dd) deterioration of an existing building; or
- 8                    (II) the project results in consolidation of two or more school  
9 buildings and will serve the educational needs of students in a more cost-  
10 effective and educationally appropriate manner as compared to individual  
11 projects constructed separately;
- 12                    (ii) the need addressed by the project cannot reasonably be met by  
13 another means;
- 14                    (iii) the proposed type, kind, quality, size, and estimated cost of  
15 the project are suitable for the proposed curriculum and meet all legal  
16 standards;
- 17                    (iv) the applicant achieves the level of “proficiency” in the school  
18 district quality standards regarding facilities management adopted by rule by  
19 the Agency; and
- 20                    (v) the applicant has completed a facilities master planning  
21 process that:

1                   (I) engages robust community involvement;  
2                   (II) considers regional solutions;  
3                   (III) evaluates environmental contaminants; and  
4                   (IV) produces a facilities master plan that unites the applicant's  
5 vision statement, educational needs, enrollment projections, renovation needs,  
6 and construction projects.

7                   (3) Priorities. Following approval of a preliminary application and  
8 provided that the district has voted funds or authorized a bond for the total  
9 estimated cost of a project, the Agency, with the advice of the State Aid for  
10 School Construction Advisory Board, shall assign points to the project as  
11 prescribed by rule of the Agency so that the project can be placed on a priority  
12 list based on the number of points received.

13                   (4) Request for legislative appropriation. The Agency shall submit its  
14 annual school construction funding request to the Governor as part of its  
15 budget pursuant to subdivision 212(21) of this title. Following submission of  
16 the Governor's recommended budget to the General Assembly pursuant to  
17 32 V.S.A. § 306, the House Committee on Education and the Senate  
18 Committee on Education shall recommend a total school construction  
19 appropriation for the next fiscal year to the General Assembly.

20                   (5) Final approval for construction aid.

1           (A) Unless approved by the Secretary for good cause in advance of  
2           commencement of construction, a school district shall not begin construction  
3           before the Secretary approves a final application. A school district may submit  
4           a written final application to the Secretary at any time following approval of a  
5           preliminary application.

6           (B) The Secretary may approve a final application for a project  
7           provided that:

8                   (i) the project has received preliminary approval;

9                   (ii) the district has voted funds or authorized a bond for the total  
10           estimated cost of the project;

11                   (iii) the district has made arrangements for project construction  
12           supervision by persons competent in the building trades;

13                   (iv) the district has provided for construction financing of the  
14           project during a period prescribed by the Agency;

15                   (v) the project has otherwise met the requirements of this chapter;

16                   (vi) if the proposed project includes a playground, the project  
17           includes a requirement that the design and construction of playground  
18           equipment follow the guidelines set forth in the U.S. Consumer Product Safety  
19           Commission Handbook for Public Playground Safety; and

1                   (vii) if the total estimated cost of the proposed project is less than  
2                   \$50,000.00, no performance bond or irrevocable letter of credit shall be  
3                   required.

4                   (C) The Secretary may provide that a grant for a high school project  
5                   is conditioned upon the agreement of the recipient to provide high school  
6                   instruction for any high school pupil living in an area prescribed by the Agency  
7                   who may elect to attend the school.

8                   (D) A district may begin construction upon receipt of final approval.  
9                   However, a district shall not be reimbursed for debt incurred due to borrowing  
10                  of funds in anticipation of aid under this section.

11                  (6) Award of construction aid.

12                  (A) The base amount of an award shall be 20 percent of the eligible  
13                  debt service cost of a project. Projects are eligible for additional bonus  
14                  incentives as specified in rule for up to an additional 20 percent of the eligible  
15                  debt service cost.

16                  (B) As used in subdivision (A) of this subdivision (6), “eligible debt  
17                  service cost” of a project means the product of the lifetime cost of the bond  
18                  authorized for the project and the ratio of the approved cost of a project to the  
19                  total cost of the project.

20                  (b) Emergency aid. Notwithstanding any other provision of this section,  
21                  the Secretary may grant aid pursuant to subdivision (a)(6) of this section for a

1 project the Secretary deems to be an emergency, up to a maximum total project  
2 cost of \$100,000.00.

3 Sec. 7. 16 V.S.A. § 3446 is added to read:

4 § 3446. APPEAL

5 Any municipal corporation as defined in section 3447 of this title aggrieved  
6 by an order, allocation, or award of the Agency of Education may, within 30  
7 days, appeal to the Superior Court in the county in which the project is located.

8 Sec. 8. TRANSFER OF RULEMAKING AUTHORITY; TRANSFER OF  
9 RULES

10 (a) The statutory authority to adopt rules by the State Board of Education  
11 pertaining to school construction and capital outlay adopted under 16 V.S.A.  
12 § 3448(e) and 3 V.S.A. chapter 25 is transferred from the State Board of  
13 Education to the Agency of Education.

14 (b) All rules pertaining to school construction and capital outlay adopted by  
15 the State Board of Education under 3 V.S.A. chapter 25 prior to July 1, 2026  
16 shall be deemed the rules of the Agency of Education and remain in effect until  
17 amended or repealed by the Agency of Education pursuant to 3 V.S.A. chapter  
18 25.

19 (c) The Agency of Education shall provide notice of the transfer to the  
20 Secretary of State and the Legislative Committee on Administrative Rules in  
21 accordance with 3 V.S.A. § 848(d)(2).

1       Sec. 9. EFFECTIVE DATE

2       This act shall take effect on July 1, 2026.