

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

2 § 3440. STATEMENT OF POLICY

3 It is the intent of this chapter to encourage the efficient use of public funds
4 to modernize school infrastructure in alignment with current educational needs.
5 School construction projects supported by this chapter should be developed
6 taking consideration of standards of quality for public schools under section
7 165 of this title and prioritizing cost, geographic accessibility, 21st century
8 education facilities standards, statewide enrollment trends, and capacity and
9 scale that support best educational practices. Further, it is the intent of this
10 chapter to encourage the use of existing infrastructure to meet the needs of
11 Vermont students. Joint construction projects between two or more school
12 districts and consolidation of buildings within a district where feasible and
13 educationally appropriate are encouraged.

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

15 § 3442. STATE AID FOR SCHOOL CONSTRUCTION PROGRAM

16 The Agency of Education shall be responsible for implementing the State
17 Aid for School Construction Program according to the provisions of this
18 chapter. The Agency shall be responsible for:

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

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

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

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

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

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

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

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

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

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

6 (11) developing a formal enrollment projection model or using
7 projection models already available;

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

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

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

15 (15) notwithstanding 2 V.S.A. § 20(d), annually on or before December
16 15, submitting a written report to the General Assembly regarding the status
17 and implementation of the State Aid for School Construction Program,
18 including the data required to be collected pursuant to this section.

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

20 § 3443. STATE AID FOR SCHOOL CONSTRUCTION ADVISORY
21 BOARD

1 (a) Creation. There is hereby created the State Aid for School Construction
2 Advisory Board, which shall advise the Agency on the implementation of the
3 State Aid for School Construction Program in accordance with the provisions
4 of this chapter, including the adoption of rules, setting of statewide priorities,
5 criteria for project approval, and recommendations for project approval and
6 prioritization.

7 (b) Membership.

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

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

11 (i) the State Treasurer or designee;

12 (ii) the Commissioner of Buildings and General Services or
13 designee;

14 (iii) the Executive Director of the Vermont Bond Bank or
15 designee; and

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

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

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

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

4 (2) Members with four-year terms.

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

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

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

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

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

21 (2) project priorities;

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

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

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

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

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

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

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

20 (10) collection and maintenance of data on all public school facilities in
21 the State, including information on size, usage, enrollment, available facility
22 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.

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

1 § 3444. SCHOOL CONSTRUCTION AID SPECIAL FUND

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

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

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

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

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

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

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

15 (2) any interest earned by the Fund.

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

17 § 3445. APPROVAL AND FUNDING OF SCHOOL CONSTRUCTION
18 PROJECTS

19 (a) Construction aid.

20 (1) Preliminary application for construction aid. A school district
21 eligible for assistance under section 3447 of this title that intends to construct
22 or purchase a new school, or make extensive additions or alterations to its

1 existing school, and desires to avail itself of State school construction aid shall
2 submit a written preliminary application to the Secretary. A preliminary
3 application shall include information required by the Agency by rule and shall
4 specify the need for and purpose of the project.

5 (2) Approval of preliminary application.

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

8 (i) regional educational opportunities and needs, including school
9 building capacities across school district boundaries, and available
10 infrastructure in neighboring communities;

11 (ii) economic efficiencies;

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

14 (iv) statewide educational initiatives.

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

16 (i)(I) the project or part of the project fulfills a need occasioned
17 by:

18 (aa) conditions that threaten the health or safety of students
19 or employees;

20 (bb) facilities that are inadequate to provide programs
21 required by State or federal law or regulation;

1 (cc) excessive energy use resulting from the design of a
2 building or reliance on fossil fuels or electric space heat; or

3 (dd) deterioration of an existing building; or

4 (II) the project results in consolidation of two or more school
5 buildings and will serve the educational needs of students in a more cost-
6 effective and educationally appropriate manner as compared to individual
7 projects constructed separately;

8 (ii) the need addressed by the project cannot reasonably be met by
9 another means;

10 (iii) the proposed type, kind, quality, size, and estimated cost of
11 the project are suitable for the proposed curriculum and meet all legal
12 standards;

13 (iv) the applicant achieves the level of “proficiency” in the school
14 district quality standards regarding facilities management adopted by rule by
15 the Agency; and

16 (v) the applicant has completed a facilities master planning
17 process that:

18 (I) engages robust community involvement;

19 (II) considers regional solutions;

20 (III) evaluates environmental contaminants; and

1 (IV) produces a facilities master plan that unites the applicant’s
2 vision statement, educational needs, enrollment projections, renovation needs,
3 and construction projects.

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

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

17 (5) Final approval for construction aid.

18 (A) Unless approved by the Secretary for good cause in advance of
19 commencement of construction, a school district shall not begin construction
20 before the Secretary approves a final application. A school district may submit
21 a written final application to the Secretary at any time following approval of a
22 preliminary application.

- 1 (B) The Secretary may approve a final application for a project
2 provided that:
- 3 (i) the project has received preliminary approval;
4 (ii) the district has voted funds or authorized a bond for the total
5 estimated cost of the project;
- 6 (iii) the district has made arrangements for project construction
7 supervision by persons competent in the building trades;
- 8 (iv) the district has provided for construction financing of the
9 project during a period prescribed by the Agency;
- 10 (v) the project has otherwise met the requirements of this chapter;
11 (vi) if the proposed project includes a playground, the project
12 includes a requirement that the design and construction of playground
13 equipment follow the guidelines set forth in the U.S. Consumer Product Safety
14 Commission Handbook for Public Playground Safety; and
- 15 (vii) if the total estimated cost of the proposed project is less than
16 \$50,000.00, no performance bond or irrevocable letter of credit shall be
17 required.
- 18 (C) The Secretary may provide that a grant for a high school project
19 is conditioned upon the agreement of the recipient to provide high school
20 instruction for any high school pupil living in an area prescribed by the Agency
21 who may elect to attend the school.

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

4 (6) Award of construction aid.

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

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

13 (b) Emergency aid. Notwithstanding any other provision of this section,
14 the Secretary may grant aid pursuant to subdivision (a)(6) of this section for a
15 project the Secretary deems to be an emergency, up to a maximum total project
16 cost of \$100,000.00.

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

18 § 3446. APPEAL

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

1 Sec. 8. TRANSFER OF RULEMAKING AUTHORITY; TRANSFER OF
2 RULES

3 (a) The statutory authority to adopt rules by the State Board of Education
4 pertaining to school construction and capital outlay adopted under 16 V.S.A.
5 § 3448(e) and 3 V.S.A. chapter 25 is transferred from the State Board of
6 Education to the Agency of Education.

7 (b) All rules pertaining to school construction and capital outlay adopted by
8 the State Board of Education under 3 V.S.A. chapter 25 prior to July 1, 2026
9 shall be deemed the rules of the Agency of Education and remain in effect until
10 amended or repealed by the Agency of Education pursuant to 3 V.S.A. chapter
11 25.

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

15 Sec. 9. REPEALS

16 (a) 16 V.S.A. § 3448 (approval of funding of school construction projects;
17 renewable energy) is repealed on July 1 2026.

18 (b) 16 V.S.A. § 3448a (appeal) is repealed on July 1, 2026.

19 Sec. 10. EFFECTIVE DATE

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