

1 TO THE HOUSE OF REPRESENTATIVES:

2 The Committee on Ways and Means to which was referred House Bill No.
3 955 entitled “An act relating to next steps in transforming Vermont’s education
4 system” respectfully reports that it has considered the same and recommends
5 that the bill be amended as follows:

6 First: In Sec. 4, 2024 Acts and Resolves No. 168, Sec. 4, as amended by
7 2025 Acts and Resolves No. 72, Sec. 7, by striking out subsection (c) in its
8 entirety and inserting in lieu thereof a new subsection (c) to read as follows:

9 (c) Of the funds appropriated to the Agency of Education in 2025 Acts and
10 Resolves No. 73, Sec. 32(a)(1), as amended by Sec. C.103 of legislation
11 enacting the budget in fiscal year 2027, \$30,000.00 shall be used to provide
12 additional funding to the Cooperative Educational Service Areas Start-up
13 Grant Program created in subsection (a) of this section.

14 Second: By striking out Sec 17, study committee reimbursement grants;
15 CESA executive director grants; reports; appropriations, in its entirety and
16 inserting in lieu thereof a new Sec. 17 to read as follows:

17 Sec. 17. STUDY COMMITTEE REIMBURSEMENT GRANTS; CESA

18 EXECUTIVE DIRECTOR GRANTS; REPORTS; **FUNDING**

19 **[7.1.26]**

20 (a) Study committee reimbursement grant; appropriation.

21 (1) The Agency of Education shall pay up to \$10,000.00 to a study
22 committee formed pursuant to Sec. 13 of this act to reimburse participating

1 school districts for legal and other services necessary for the analysis and
2 report required pursuant to 16 V.S.A. § 708(c) and Sec. 13(b)(3)(D) or (E) of
3 this act, as applicable. The study committee shall forward invoices to the
4 Agency on a quarterly basis. The Agency shall reimburse one-half of the total
5 amount reflected in each set of invoices upon receipt and the remaining one-
6 half upon completion of the final report required pursuant to Sec. 13(b)(3)(D)
7 or (E) of this act, as applicable; provided, however, that no payment shall
8 cause the total amount of funds paid to a study committee to exceed the
9 \$10,000.00 limit.

10 (2) Of the funds appropriated to the Agency of Education in 2025 Acts
11 and Resolves No. 73, Sec. 32(a)(1), as amended by Sec. C.103 of legislation
12 enacting the budget in fiscal year 2027, \$210,000.00 shall be used for the
13 purpose of awarding study committee reimbursement grants to the study
14 committees formed pursuant to Sec. 13 of this act in accordance with
15 subdivision (1) of this subsection.

16 (b) Facilitator appropriation; reports. Of the funds appropriated to the
17 Agency of Education in 2025 Acts and Resolves No. 73, Sec. 32(a)(1), as
18 amended by Sec. C.103 of legislation enacting the budget in fiscal year 2027,
19 \$442,000.00 shall be granted to the Vermont Learning Collaborative within 45
20 days of passage of this act for the purpose of hiring or contracting for seven
21 facilitators and one lead facilitator pursuant to Sec. 13(a) of this act, as well as
22 for administrative costs associated with contracting for the facilitators. VTLC

1 may use up to \$32,000.00 of the funds appropriated pursuant to this subsection
2 for administrative costs.

3 (c) CESA executive director grant; appropriation.

4 (1) From funds appropriated to the Agency of Education for this
5 purpose, the Agency shall award a grant in the amount of \$50,000.00 to each
6 CESA created in 16 V.S.A. § 603(a) to be used by the CESA to hire an
7 executive director; provided, however, that the Vermont Learning
8 Collaborative shall not be eligible for a grant under this subsection.

9 (2) Of the funds appropriated to the Agency of Education 2025 Acts and
10 Resolves No. 73, Sec. 32(a)(1), as amended by Sec. C.103 of legislation
11 enacting the budget in fiscal year 2027, \$30,000.00 shall be used for the
12 purpose of awarding CESA executive director grants in accordance with
13 subdivision (1) of this subsection.

14 Third: By striking Sec. 18, 2025 Acts and Resolves No. 73, Sec. 70, in its
15 entirety and inserting in lieu thereof a new Sec. 18 to read as follows:

16 Sec. 18. 2025 Acts and Resolves No. 73, Sec. 70 is amended to read: **[7.1.26]**

17 Sec. 70. EFFECTIVE DATES

18 * * *

19 (e) Sec. 61a shall take effect on January 1, 2027, provided that the General
20 Assembly has enacted new school district boundaries between the enactment
21 of this act and January 1, 2027 the contingent effective date for the foundation
22 formula is July 1, 2030.

1 (f)(1) ~~The following sections enumerated in subdivision (2) of this~~
2 subsection shall take effect on July 1, 2028 2030, provided that the new school
3 districts contemplated by this act have assumed responsibility for the education
4 of all resident students and that the expert tasked with developing a cost-factor
5 foundation formula has provided to the General Assembly the report pursuant
6 to Sec. 45a to provide the General Assembly an opportunity to enact legislation
7 in consideration of the report following conditions have been met:

8 (A) school districts have had an opportunity to study the advisability
9 of forming a new unified union school district and the clerk of each school
10 district voting on a proposal to form a unified union school district on or before
11 November 7, 2028, pursuant to legislation enacted by the General Assembly in
12 2026 that requires each school board to participate on a study committee to
13 study the advisability of forming a unified union school district, has certified
14 the results of any such vote, to the extent that any such votes occurred, to the
15 Secretary of Education pursuant to 16 V.S.A. § 713(a);

16 (B) the expert tasked with developing a cost-factor foundation
17 formula has provided to the General Assembly the report required pursuant to
18 Sec. 45a;

19 (C) the Joint Fiscal Office has provided the legislature with an
20 analysis that shows the combined approved fiscal 2027 education spending for
21 the school districts consolidated into each new school district compared with

1 the estimated educational opportunity payment under the revised proposed
2 foundation formula for each district; and

3 (D) legislation has been enacted that addresses:

4 (i) suitable geographic measures for determining sparsity within
5 the foundation formula;

6 (ii) whether it costs more to educate a secondary student than an
7 elementary student in Vermont and, if so, an appropriate weight to capture the
8 cost differential of educating secondary students;

9 (iii) how to account for the provision of career and technical
10 education within Vermont’s foundation formula;

11 (iv) how to account for regional differences in operating costs,
12 including those driven by regional differences in cost of living and legacy
13 collective bargaining agreements within the foundation formula;

14 (v) how to fund special education services; school construction,
15 renovation, and repayment of school district debt; transportation; and universal
16 pre-kindergarten; and

17 (vi) any other aspect of the foundation formula the General
18 Assembly deems prudent to address.

19 ~~(1)~~(2)(A) In Sec. 27, 16 V.S.A. § 823(a) and (d);

20 ~~(2)~~(B) Sec. 28 (tuition repeals);

21 ~~(3)~~(C) Secs. 34–43 (transition to cost-factor foundation formula);

22 ~~(4)~~(D) Sec. 45b (educational opportunity payment transition);

1 ~~(5)~~(E) Secs. 46, 47, 49, and 50 (statewide education tax; supplemental
2 district spending tax);

3 ~~(6)~~(F) Sec. 46a (supplemental district spending tax; cap; transition);

4 ~~(7)~~(G) Sec. 48a (tax rate transition);

5 ~~(8)~~(H) Secs. 51, 52, and 54–56 (property tax credit repeal; creation of
6 homestead exemption);

7 ~~(9)~~(I) Sec. 57 (Education Fund Advisory Committee; review of
8 foundation formula); and

9 ~~(10)~~(J) Secs. 60 and 61 (property tax classifications).

10 (g) In Sec. 27, 16 V.S.A. § 823(b) and (c) shall take effect on ~~July 1, 2028~~
11 July 1, 2030, provided that the ~~new school districts contemplated by this act~~
12 ~~have assumed responsibility for the education of all resident students~~ school
13 districts have had an opportunity to study the advisability of forming a new
14 unified union school district and the clerk of each school district voting on a
15 proposal to form a unified union school district on or before November 7,
16 2028, pursuant to legislation enacted by the General Assembly in 2026 that
17 requires each school board to participate on a study committee to study the
18 advisability of forming a unified union school district, has certified the results
19 of any such vote, to the extent that any such votes occurred, to the Secretary of
20 Education pursuant to 16 V.S.A. § 713(a) and that the cost-factor foundation
21 formula report required pursuant to Sec. 45a contains evidence that it costs

1 more to educate students in grades nine through 12 but the General Assembly
2 has failed to enact legislation to add a secondary student weight.

3 (h) Sec. 62 (regional assessment districts) shall take effect on January 1,
4 2029.

5 Fourth: By striking out Sec. 21, joint fiscal office; prekindergarten; report;
6 appropriation, and inserting in lieu thereof a new Sec. 21 to read as follows:

7 Sec. 21. **PREKINDERGARTEN EDUCATION FUNDING; BUILDING**
8 **BRIGHT FUTURES; REPORT** [7.1.26]

9 (a)(1) Building Bright Futures (BBF), in consultation with the Joint Fiscal
10 Office (JFO), shall make recommendations regarding the appropriate funding
11 level per pupil to provide a categorical grant sufficient to fund 10 hours of
12 prekindergarten education in public and private settings, and the appropriate
13 funding level per pupil to account for administrative costs at the school district
14 of residence. The recommendations shall be designed to provide funding for
15 prekindergarten education that:

16 (A) supports achieving access for every prekindergarten child, as that
17 term is defined in 16 V.S.A. § 829, with equal payments and equal educational
18 standards for public and private providers;

19 (B) ensures the cost of prekindergarten education is included in the
20 full cost of education;

21 (C) increases access and participation in areas of the State where
22 access or participation is limited; and

1 (e) Rules. The Secretary of Education and the Commissioner for Children
2 and Families shall jointly develop and agree to rules and present them to the
3 State Board for adoption under 3 V.S.A. chapter 25 as follows:

4 * * *

5 (10) To establish a system by which the Agency of Education ~~and,~~
6 Department for Children and Families, and Building Bright Futures shall
7 jointly monitor and evaluate prekindergarten education programs to promote
8 optimal results for children that support the relevant population-level outcomes
9 set forth in 3 V.S.A. § 2311 and to collect data that will inform future
10 decisions. The Agency and Department shall be required to report annually to
11 the General Assembly in January. At a minimum, the system shall monitor
12 and evaluate:

13 * * *

14 Sixth: By striking out Sec. 22, effective date, and its reader assistance
15 heading and inserting in leu thereof new reader assistance headings and **X** new
16 sections, to be **Secs. X**, to read as follows:

17 * * * Data Collection * * *

18 Sec. 22. 16 V.S.A. § 4010(c) is amended to read: **[7.1.26]**

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
22 compute the weighting categories under subsection (b) of this section for that

1 district, for all resident students in prekindergarten through grade 12. In order
2 to fulfill this obligation, a school district that pays public tuition on behalf of a
3 resident student (sending district) to a public school in another school district,
4 an approved independent school, ~~or an out-of-state school,~~ or a prequalified
5 private prekindergarten education provider (each a receiving school) ~~may~~
6 ~~request the receiving school to collect this information on the sending district's~~
7 ~~resident student, and if requested, the receiving school shall provide this~~
8 ~~information to the sending district in a timely manner~~ shall require each
9 resident student in prekindergarten through grade 12 on whose behalf the
10 district pays tuition to complete a form or forms developed by the school
11 district in order to obtain the information needed in order for the Agency to
12 compute the weighting categories under subsection (b) of this section for all
13 students residing in that district, including students that are educated by a
14 receiving school.

15 * * * Special Education Funding * * *

16 Sec. 23. SPECIAL EDUCATION FUNDING SAFEGUARDS;

17 LEGISLATIVE INTENT **[7.1.26]**

18 (a) Maintenance of effort. **It is the intent of the General Assembly to**
19 **ensure that Vermont complies with federal maintenance of effort requirements**
20 **in any education funding reform.** Nothing in 2025 Acts and Resolves No. 73
21 (Act 73), nor the implementation of Act 73, shall be construed to permit a
22 reduction in State or local funding for special education and related services in

1 a manner that would violate the maintenance of effort requirements of the
2 Individuals with Disabilities Education Act, 20 U.S.C. §§ 1400-1485.

3 (b) Separate and supplemental funding structure. It is the intent of the
4 General Assembly that the State shall maintain an education funding structure
5 in which:

6 (1) general education is funded through a formula-based mechanism
7 established by law; and

8 (2) special education is funded through a supplemental reimbursement,
9 weighted student count, or grant model that reflects eligible special education
10 costs and preserves compliance with federal maintenance of effort
11 requirements.

12 (c) Protection of educational rights. It is the intent of the General
13 Assembly that implementation Act 73 or any future education funding reform
14 shall not limit the right of students with disabilities to a Free Appropriate
15 Public Education (FAPE), including access to individualized services in the
16 least restrictive environment as required by federal and State law.

17 (d) Proportional effects. A school district shall not implement
18 programmatic reductions, staffing changes, or budgetary actions that
19 disproportionately affect students with disabilities or impair the district's
20 ability to meet its obligations to provide FAPE.

1 whether the student is a resident student or a student attending the school on
2 tuition.

3 * * * Union School District Study Committee Budgets * * *

4 Sec. 25. 16 V.S.A. § 707 is amended to read: [7.1.26]

5 § 707. APPROVAL OF STUDY BUDGET; APPOINTMENT OF STUDY
6 COMMITTEE; PARTICIPATION

7 (a) Proposed budget exceeding ~~\$50,000.00~~ \$500,000.00.

8 (1) If the proposed budget established in section 706 of this chapter
9 exceeds ~~\$50,000.00~~ \$500,000.00, then subject to the provisions of that section
10 the board of each potentially participating school district shall warn the
11 district's voters to meet at an annual or special school district meeting to vote
12 whether to appropriate funds necessary to support the district's financial share
13 of a study committee's costs. The meeting in each school district shall be
14 warned for the same date. The warning in each school district shall contain an
15 identical article in substantially the following form:

16 Shall the school district of _____

17 appropriate funds necessary to support the school district's financial share of a
18 study to determine the advisability of forming a union school district with
19 some or all of the following school districts:

20 _____,

21 _____, and

22 _____? It is estimated that the

1 _____ school district’s share, if all
2 of the identified school districts vote to participate, will be
3 \$ _____. The total proposed budget,
4 to be shared by all participating school districts is
5 \$ _____.”

6 (2) If the vote in subdivision (1) of this subsection is in the affirmative
7 in two or more school districts, then the boards of the affirming school districts
8 shall appoint a study committee consisting of the number of persons
9 determined pursuant to section 706 (proposed study committee budget and
10 membership) of this chapter. At least one current board member from each
11 participating school district shall be appointed to the study committee. The
12 board of a school district appointing more than one person to the study
13 committee may appoint residents of the school district who are not members of
14 the board to any of the remaining seats.

15 (3) The sums expended for study purposes under this section shall be
16 considered part of the approved cost of any project in which the union school
17 district, if created, participates pursuant to chapter 123 of this title.

18 (b) Proposed budget not exceeding ~~\$50,000.00~~ \$500,000.00.

19 (1) If the proposed budget established in section 706 of this chapter does
20 not exceed ~~\$50,000.00~~ \$500,000.00, then the boards of the participating school
21 districts shall appoint a study committee consisting of the number of persons
22 determined under that section. At least one current board member from each

1 participating school district shall be appointed to the study committee. The
2 board of a school district appointing more than one person to the study
3 committee may appoint residents of the school district who are not members of
4 the board to any of the remaining seats.

5 (2) The sums expended for study purposes under this section shall be
6 considered part of the approved cost of any project in which the union school
7 district, if created, participates pursuant to chapter 123 of this title.

8 (c) Additional costs.

9 (1) If the voters approve a budget that exceeds ~~\$50,000.00~~ \$500,000.00
10 but the study committee later determines that its budget is likely to exceed the
11 projected, voter-approved amount, then the boards of all participating school
12 districts shall obtain voter approval for the amounts exceeding the previously
13 approved budget in the manner set forth in subdivision (a)(1) of this section
14 before the study committee obligates or expends sums in excess of the initial
15 voter-approved amount.

16 (2) If a proposed budget does not exceed ~~\$50,000.00~~ \$500,000.00 at the
17 time the school boards appoint members to the study committee, but the study
18 committee later determines that its total budget is likely to exceed ~~\$50,000.00~~
19 \$500,000.00, then the boards of all participating school districts shall obtain
20 voter approval for the amounts exceeding ~~\$50,000.00~~ \$500,000.00 in the
21 manner set forth in subdivision (a)(1) of this section before the study
22 committee obligates or expends funds in excess of ~~\$50,000.00~~ \$500,000.00.

1 (d) Grants. Costs to be paid by State, federal, or private grants shall not be
2 included when calculating whether a study committee’s budget or proposed
3 budget exceeds ~~\$50,000.00~~ \$500,000.00.

4 * * *

5 * * * Rulemaking * * *

6 Sec. 26. SMALL AND SPARSE SCHOOLS; STATE BOARD OF
7 EDUCATION; EDUCATION QUALITY STANDARDS;
8 RULEMAKING [\[7.1.26\]](#)

9 The State Board of Education shall, unless extended by the Legislative
10 Committee on Administrative Rules, adopt updates to Agency of Education,
11 State Board Rule 2000 Education Quality Standards (CVR 22-000-003) to
12 establish criteria for identifying schools as small by necessity or small by
13 necessity, or both, pursuant to 3 V.S.A. § 843 not later than March 31, 2027.
14 Such rules shall be consistent with the work of the Small/Sparse School
15 Committee of the State Board of Education and the recommendations of the
16 Committee dated December 17, 2025.

17 Sec. 27. INTRADISTRICT BUDGETING; AGENCY OF EDUCATION;
18 DISTRICT QUALITY STANDARDS; RULEMAKING [\[7.1.26\]](#)

19 The Agency of Education shall, unless extended by the Legislative
20 Committee on Administrative Rules, adopt updates to the district quality
21 standards contained in Agency of Education, District Quality Standards (CVR

1 22-000-039) to establish criteria for intradistrict budgeting, pursuant to 3

2 V.S.A. § 843 not later than March 31, 2027.

3 Sec. 27a. 2024 Acts and Resolves No. 183, Sec. 7 is amended to read:

4 Sec. 7. RESERVE FUND ACCOUNT STANDARDS; DISTRICT

5 QUALITY STANDARDS; RULEMAKING [passage]

6 (a) On or before ~~January 1, 2025~~ December 31, 2026, the Agency of
7 Education, in partnership with the Vermont Association of School Business
8 Officials, shall ~~initiate~~ complete rulemaking pursuant to 3 V.S.A. chapter 25 to
9 update the District Quality Standards rules contained in Agency of Education,
10 District Quality Standards (CVR 23-020), to include recommended reserve
11 fund account standards. ~~Prior to initiating rulemaking, the Agency shall~~
12 ~~consult with local school officials.~~ The Agency shall specifically adopt rules
13 to:

14 (1) prescribe minimum and maximum balance levels for a reserve fund,
15 taking into consideration revenue predictability and expenditure volatility,
16 exposure to significant one-time expenses, and impact on credit ratings;

17 (2) specify acceptable conditions that warrant use of the reserve fund
18 and the period within which funds may be used;

19 (3) establish best practices for replenishing a depleted reserve fund,
20 including the period over which the reserve fund should be replenished;

21 (4) define appropriate accounting terms to facilitate data consistency and
22 improve data quality across the State; and

1 geographic boundaries of the city, town, or incorporated village as of July 1 of
2 the year of determination is fewer than 55 persons.

3 (4) “Sparse school” means a school that:

4 (A) is within a sparse area; and

5 (B) has been determined by the Agency of Education, on an annual
6 basis, to be “sparse by necessity” under standards consistent with State Board
7 of Education rule.

8 (5) “Two-year average enrollment” means the average enrollment of the
9 two most recently completed school years.

10 (b) Small schools support grant. Annually, the Secretary shall pay a small
11 schools support grant to each school district for each small school within the
12 school district in an amount determined by multiplying the two-year average
13 enrollment in the small school by \$3,157.00.

14 (c) Sparse schools support grant. Annually, the Secretary shall pay a sparse
15 schools support grant to each school district for each sparse school within the
16 school district in an amount determined by multiplying the two-year average
17 enrollment in the sparse school by \$1,954.00.

18 (d) Inflationary adjustment. Each dollar amount under subsections (b) and
19 (c) of this section shall be adjusted for inflation annually on or before
20 November 15 by the Secretary. As used in this subsection, “adjusted for
21 inflation” means adjusting the dollar amount by the National Income and
22 Product Accounts (NIPA) implicit price deflator for state and local government

1 consumption expenditures and gross investment published by the U.S.
2 Department of Commerce, Bureau of Economic Analysis, from fiscal year
3 2025 through the fiscal year for which the amount is being determined, and
4 rounding upward to the nearest whole dollar amount.

5