

No. XX. An act relating to amendments to creating the **Vermont State School System**.

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

* * * Legislative Intent * * *

Sec. 1. LEGISLATIVE INTENT.

It is the intent of the General Assembly that investments in and policy changes to Vermont's education system shall:

1. Improve the efficiency and effectiveness of educational services for all Vermont students by aligning resources, governance, and accountability within a unified statewide system;
2. Reduce administrative costs, eliminate duplicative governance structures, and increase transparency and public accountability in education spending and decision-making;
3. Empower families by expanding access to high-quality educational opportunities that include independent schools, alternative schools, public schools, and specialized schools to ensure that parents and students have meaningful choices within the education system;
4. Establish clear, consistent statewide standards for curriculum, assessment, graduation, and matriculation, while allowing flexibility for schools to meet diverse student needs;
5. Support public schools and independent schools by providing financial and operational autonomy aligned with performance-based accountability;
6. Preserve local control and community engagement through school-level governing and advisory boards that provide meaningful input into school operations and priorities;
7. Create universal open enrollment so that all students residing in the State may attend any public school, subject to capacity and enrollment policies established by law; and
8. Implement a simplified and unified governance structure that eliminates systemic redundancies and streamlines processes for educators, administrators, and families, while recognizing the unique needs of rural communities and small schools and ensuring reasonable access to public education across all regions of the State.

Sec. 2. VERMONT UNIFIED SCHOOL DISTRICT ESTABLISHED.

- (a) Creation of a Unified Statewide School System. There is created the Vermont Unified School System as the sole local education agency in the state. Notwithstanding any provision of law to the contrary, on July 1, 2027, all existing school districts organized under Title 16 of the Vermont Statutes Annotated shall be consolidated into a single statewide school district, to be known as the Vermont Unified School System. The Vermont Unified School System shall be a body politic and corporate, responsible for the operation, governance, and oversight of all public elementary and secondary schools in the State. All rights, duties, obligations, assets, and liabilities of the former districts shall vest in the Vermont Unified School System as of the effective date of consolidation.
- (b) Continuity of Educational Services. The consolidation required by this act shall not interrupt the provision of educational services to students. All schools in existence on the

effective date shall continue to operate unless modified in accordance with law, and all employees of former districts shall be deemed employees of the Vermont Unified School System, subject to applicable personnel policies.

(c) Governance. The Vermont Unified School System (VUSS) shall be governed by a VUSS Board of Education, which shall have full authority over the policies, budget, and operations of the District, subject to the provisions of law. The VUSS Board of Education shall consist of nine members, appointed by the Governor with the advice and consent of the Senate, and shall reflect the geographic and demographic diversity of the State. Members shall serve staggered terms of three years and may be reappointed.

(d) Powers and Duties. The VUSS Board of Education shall:

1. Adopt policies governing graduation requirements, assessment, and accountability;
2. Adopt and administer a unified VUSS budget;
3. Appoint and oversee a VUSS Superintendent, who shall serve as the chief executive officer of the district;
4. Ensure equitable allocation of resources amount schools and regions in the state; and
5. Exercise all powers previously vested in local school boards.

(e) Transparency. The VUSS Board of Education shall conduct its meetings in accordance with Open Meeting Law and shall provide opportunities for public comment from residents of all regions of the State. The Board shall annually report to the General Assembly on academic outcomes, fiscal performance, family empowerment, and progress toward the other goals of this act.

Sec. 3. VERMONT EDUCATION ACCOUNTS ESTABLISHED.

(a) Creation of Vermont Education Accounts. Each student ages 5-18, or ages 3-21 for each student that qualifies for services under the federal Individuals with Disabilities Education Act (IDEA), 20 U.S.C. § 1400 *et seq.*, who lives in Vermont shall have a Vermont Education Account. The Department of Taxes shall annually deposit from the Education Fund into the Vermont Education Account of each student the appropriate weighted per-pupil amount calculated according to the base amount in 16 V.S.A. § 4001 adjusted by the weights in 16 V.S.A. § 4010. –4032.

(b) The funds in a Vermont Education Account may only be used for educational purposes.

(c) Parents participating in the Vermont Education Account program shall agree to use the funds deposited in their eligible student's accounts for the following qualifying expenses to educate the eligible student:

1. Tuition and fees at any registered independent participating registered private school; or
2. Tuition or fees for an online learning program; or
3. Tuition and fees at an eligible postsecondary institution; or

4. Annual per-pupil cost at a traditional public school; or
5. Fees for national norm-referenced examinations, Advanced Placement examinations or similar courses, and any examinations related to college or university admission; or
6. Payment to an approved tutor; or
7. Payment for purchase of textbooks or curriculum; or
8. Fees for transportation to and from a non-school educational service provider paid to a fee-for-service transportation provider; or
9. Educational services for pupils with disabilities from a licensed or accredited practitioner or provider.

10. To enroll their students at any public school in the state, regardless of their residential address, in accordance with the enrollment processes described in Section (5)(c).

- (d) Any student enrolled full time at a traditional public school shall pay the entire amount of their Vermont Education Account to that school on or before enrollment.
- (e) Any funds allocated to a student that are not used by the end of the school year will be rolled over in the child's account for use in subsequent years.
- (f) Parents are permitted to make any payments for the costs of educational programs and services not covered by the funds in their accounts.

Sec. 4. VERMONT UNIFIED SCHOOL SYSTEM RESPONSIBILITIES.

- (a) The VUSS shall ensure that eligible students and their parents are informed annually that they are eligible for Vermont Education Account.
- (b) The VUSS shall create a standard digital form online that parents can easily access and submit to receive their Vermont Education Account. The VUSS shall ensure that the application is readily available to all families.
- (c) The VUSS may also authorize a local school to facilitate Vermont Education Account as requested by students and their parents.
- (d) The VUSS may bar a participating school or education provider from the Vermont Education Account if the Department establishes that the participating school or education provider has:
 1. Failed to provide the eligible student with the educational services funded by the Vermont Education Account; or
 2. Demonstrated mismanagement of Vermont Education Account funds.
- (e) If the VUSS decides to bar a participating school or education provider from receiving Vermont Education Account funds, it shall notify eligible students and their parents of this decision as quickly as possible.
- (f) The VUSS shall adopt rules and procedures necessary for the administration of the Vermont Education Account.

(g) Parent-Driven Accountability. Beginning in 2029, and each year thereafter, the VUSS shall annually oversee the administration of a parent satisfaction and engagement survey to the parents or guardians of all students that receive Vermont Education Account funding. The survey shall be designed to evaluate parental satisfaction and shall include, at a minimum, measures of the quality of the education provider, school safety, student engagement and socioemotional wellbeing, quality of academic instruction, and quality of learning outcomes.

Sec. 5. PUBLIC SCHOOL ENROLLMENT.

- (a) The VUSS shall administer a process of statewide open enrollment for all public schools.
- (b) Every school in the state must provide the VUSS with anticipated enrollment data for each of its public schools for the upcoming school year.
- (c) The VUSS shall:
 1. Manage an annual statewide lottery process in which eligible students can apply to enroll in any public school in the state, regardless of their residential address.
 2. Use a lottery process to enroll students in schools that have more student applicants than available seats.
 3. Administer a waitlist for each school that has more applicants than open seats and offer waitlist students enrollment in the school throughout the school year on a rolling basis as seats open up.
 4. Adopt rules and policies necessary for the administration of the open enrollment process.
 5. Annually report to the Vermont Agency of Education for each school that's part of the VUSS: the number of students enrolled for the previous school year, the number of students that applied for the previous school year, the residential zip codes of all applicants and enrolled students, the number of applications denied, and the reasons for each application's denial.

Sec. 6. PUBLIC SCHOOL GOVERNANCE.

- (a) All public schools operated by the Vermont Unified School System shall be governed by a governing board.
- (b) A governing board may be established for an individual school or for a network of two or more schools.
- (c) School-level governing boards shall exercise such powers and responsibilities as delegated by the Vermont Agency of Education, consistent with statewide policy and accountability requirements.
- (d) A school-level governing board shall have authority, consistent with statewide policy and subject to accountability requirements established by the Vermont Agency of Education, over:

1. the development and implementation of the school's academic program, curriculum, and instructional model;
2. staffing decisions, including the selection and evaluation of the school leader and other personnel; and
3. management of a school-level budget allocated by the VUSS.

(e) Beginning in 2029, and each year thereafter, each public school operated by the VUSS shall annually administer a parent satisfaction and engagement survey to the parents or guardians of enrolled students. The survey shall be designed to evaluate school performance and shall include, at a minimum, measures of the quality of school leadership, school safety, student engagement and socioemotional wellbeing, quality of academic instruction, and quality of learning outcomes.

Sec. 7. RESPONSIBILITIES AND AUTONOMIES FOR NONPUBLIC EDUCATION PROVIDERS.

- (a) To ensure that funds are spent appropriately, all schools that receive funding from Vermont Education Accounts shall provide parents with a receipt for all qualifying expenses at the school.
- (b) A nonpublic education provider that receives funds from Vermont Education Account is autonomous and not an agent of the state or federal government and therefore:
 1. The Agency of Education or any other state agency may not in any way regulate the educational program of a participating nonpublic school or education provider that accepts funds from a Vermont Education Account; and
 2. The creation of Vermont Education Account does not expand the regulatory authority of the state, its officers, or any school district to impose any additional regulation of nonpublic schools or education providers beyond those necessary to enforce the requirements of this act; and
 3. Participating nonpublic schools and education providers shall be given the maximum freedom to provide for the educational needs of their students without governmental control.

Sec. 8. TIMELINE FOR TRANSITION AND IMPLEMENTATION.

- (a) Establishment of Transition Authority. Within 60 days of enactment of this act, the Governor shall designate an interim Transition Authority, which may be the Vermont Agency of Education or a temporary body established for this purpose, to oversee and coordinate the creation of and transition to the VUSS. The Transition Authority shall be responsible for planning, rulemaking, and administrative actions necessary to effectuate this act in an orderly manner.
- (b) Two-Year Transition Period. The consolidation required by this act shall occur over a two-year transition period beginning on July 1, 2026 following enactment. During the

transition period, existing school districts shall continue to operate for the limited purpose of maintaining educational continuity, while progressively transferring governance, fiscal, and operational responsibilities to the VUSS in accordance with a transition plan approved by the Transition Authority.

- (c) **Milestones and Phased Transfer of Authority.** The Transition Authority shall adopt a detailed transition plan that includes clear milestones for the phased assumption of responsibilities by the VUSS, including governance, budgeting, human resources, data systems, and contractual obligations. No later than July 1, 2027, the VUSS shall be constituted and the VUSS Superintendent appointed. No later than July 1, 2028, all powers and duties of former districts shall fully vest in the VUSS.
- (d) **Protection of Students and Employees.** During the two-year transition period, students shall remain enrolled in their current schools unless otherwise provided by law, and employees shall retain their positions, subject to lawful modification. Nothing in this act shall be construed to require the closure, consolidation, or reconfiguration of any school during the transition period solely as a result of the governance changes required by this act.
- (e) **Final Consolidation Date.** On July 1, 2028, all existing school districts shall be dissolved, and the VUSS shall assume full operational and legal responsibility for all public elementary and secondary education in the State.

Sec. 9. FOUNDATION FORMULA FOR EDUCATION FUNDING; STUDENT WEIGHTS.

(a) **Legislative Findings and Purpose.** The General Assembly finds that Vermont's education system must allocate resources equitably based on student needs to ensure all students, regardless of economic background, language proficiency, disability status, or prior educational interruptions, receive adequate support for academic success.

(b) **Foundation Formula Established.** All provisions of 16 V.S.A. §§ 4000–4032 that are effective July 1, 2028, contingent on certain conditions, shall take effect on that date notwithstanding any conditions imposed by prior legislation.

1. (c) **Implementation and Transition.** The VUSS Board of Education, in consultation with the Vermont Agency of Education, shall adopt rules by January 1, 2028, for:
 - a. Accurate identification and verification of student categories for weighting (consistent with state and federal standards);
 - b. Annual calculation and reporting of weighted average daily membership (ADM);
 - c. Adjustments to the base amount or weights based on periodic reviews (at least every five years) or legislative action; and
 - d. Equitable distribution of funds to ensure no school or region experiences undue disruption during initial implementation.

2. During the transition period under Sec. 8, the Transition Authority shall publish interim funding mechanisms that maintain educational continuity, with progressive alignment to the new formula.

(d) Relation to Vermont Education Accounts. Funds calculated under Sec. 3(a) shall determine the deposits into Vermont Education Accounts to ensure targeted support for qualifying students. The VUSS shall ensure that account usage aligns with qualifying educational expenses while prioritizing equitable outcomes.