

Education Legislative Report

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Governance Bill Likely to Hit House Floor Next Week

The House Appropriations Committee has spent time reviewing and taking testimony on H.883, an act relating to expanded prekindergarten – grade 12 school districts. The bill came to House Appropriations by way of the House Ways and Means Committee, which significantly modified the bill introduced by the House Education Committee. Given the extent of the policy changes made by Ways and Means, the Education Committee spent time reviewing the modified version of H.883 as well.

The committees' deliberations will likely result in a strike-all amendment that blends the House Ed. and Ways and Means versions of the bill, as well as a resource amendment developed by the Appropriations Committee. The key components of the bill include:

- 1) Effective July 1, 2020, supervisory unions would cease to exist in favor of PreK-12 “expanded districts” governed by a single board and operating with a single budget.
- 2) Existing school districts would have until July 2017 to self-determine their alignment under self-designed articles of agreement, using the structure and incentives of Acts 153/156.
- 3) Through June 30, 2017, the process for forming into new expanded districts generally would conform to the existing process for establishing unified union school districts in Title 16. Communities that voluntarily merge will have the ability to draft their own merger plan and articles of agreement. Those articles can specify how the new district will treat a range of issues, including town representation on the new board, closure of schools, and school choice.
- 4) The bill would create a nine-member design team of individuals who are geographically representative, have a broad range of knowledge of and experience in the Vermont education system and in Vermont communities, and represent diverse points of view and interests.
- 5) Between 2014-1027, this design team would convene at least 10 public hearings and visit boards in every supervisory union with the goal of creating a statewide realignment plan for those who do not voluntarily realign. A preliminary plan would be developed by April, 2017. Over the following year, more hearings would be held and individual districts could request a review of their proposed placement in the plan.

- 6) The final plan would need to receive an affirmative vote by the legislature in 2018 to go into full effect by 2020.
- 7) An absolute protection of existing school choice options. The bill specifically allows for the retention of supervisory unions for the purpose of “side-by-side” choice and non-choice districts.

Today, the House Education Committee voted in favor of [their amendment](#) to the Ways and Means version of H.883. The House Appropriations Committee is expected to vote on an appropriation amendment tomorrow. The bill is expected to go to the House Floor for consideration next week.

Senate Finance Committee Reviews House Property Tax Bill

The Senate Finance Committee ended their week on Friday by scrapping many of the proposals in the House’s annual education property tax bill, H.889, including the measures by which the Ways and Means Committee was able to reduce by three cents the statewide homestead base tax rate from what was recommended by the Commissioner of Taxes in December. They also are considering substantial additions to the bill. on supervisory union and S.U. board duties; powers of school boards; supervisory union collaboration and consolidation; and the use of paraprofessionals for non-special education purposes.

The House-passed version of H.889 set the homestead rate at \$0.98, the non-residential rate at \$1.515, the income sensitivity rate at 1.9 %, and the base education amount at \$9,382. The non-residential and income sensitivity rates were set higher than originally recommended by the Commissioner; this, along with smaller statewide increases in school spending and the use of one-time money allowed for the homestead rate to be set at \$0.98, instead of \$1.01. The Finance committee has not decided on what to set the rates at, but seemed not to be inclined to stray from the originally proposed rates or to use one-time money to reduce them. They have not ruled out House proposals on phasing out small school grants, anchoring the excess spending threshold to inflation, and including language on percentage change in education spending per equalized pupil in the form of school budget votes.

On Monday, April 21, the committee began to review possible additions to the stripped-down bill. The draft includes a variety of proposals on supervisory union structure and duties; s. u. board and school board duties; supervisory union collaboration and consolidation; and the use of paraprofessionals for non-special education purposes.

The committee is devoting this week to H.884, the miscellaneous tax bill; they should be returning to these education discussions next week. The Senate Education Committee intends to begin their review of the Finance proposals this week.

Retired Teacher Healthcare Benefits Discussion Continues in the House

The House Committees on Government Operations and Ways and Means have begun to tackle the retired teacher healthcare benefits funding problem, with Gov. Ops. voting in favor of the bill 10-1-0 on Tuesday, April 22.

In the early '90s, the legislature authorized the ability to provide health insurance benefits for retired teachers. The authority to actually implement the benefit was granted to the Vermont State Teachers' Retirement System Board of Trustees. No funding source was ever identified for this benefit, which initially cost approximately \$1M per year. Premiums have been paid from the Teacher Retirement Fund ever since. The annual cost is now well in excess of \$23M and is resulting in under-funding of the overall retirement system and possible negative consequences for the state's bond rating.

State Treasurer Beth Pearce put forward a plan that has the support of the Vermont-NEA and the administration. The plan calls for increased General Fund contributions, higher retirement payments from new and unvested teachers, and two items that will directly affect local districts.

Last week, a strike-all amendment to a short-from bill, H.673, emerged from the House Government Operations Committee; it closely tracks the plan proposed by Treasurer Pearce. The amendment would direct the Agency of Education to use a portion of federal grants to help cover retirement costs for federally-funded staff who contribute to the teachers' retirement system. This would result in \$3M being reduced statewide from federal grants, which includes funds for Title I services. That provision would take effect in FY'16.

The bill would also impose on school districts close to \$1,100 *annually* for each new staff member who potentially will receive retirement benefits. (The amount, determined actuarially, would be \$1,072 at first but probably increase over time.) Steve Dale for the Vermont School Boards Association testified in opposition to this provision in both the Ways and Means and Government Operations Committee last week. Dale expressed concern about any increased pressure on the Education Fund, but indicated that if there is to be an amount assigned there, it should be charged directly to the Ed. Fund and not charged teacher-by-teacher through district budgets, especially at a time

when districts are under intense pressure to control costs. Whether included in local budgets or paid for off the top of the Ed. Fund, this charge—which would grow each year as more and more new staff replace retiring staff—would have a direct and permanent impact on education property taxes statewide. Although the estimated cost statewide in the first year is only \$375,000, the annual cost down the road, when the assessment applies to all active teachers, would be over \$10 million. Such a charge, if included, should be seen as a temporary bridge to the proposed single-payer health care system, and should not be seen as a permanent demand on the Education Fund.

While the committee did not decide to alter the way in which the new teacher charge would be assessed, they did include an amendment to exclude those added costs from excess spending calculations. (That threshold is set to drop over the next three years, and a proposal in Senate Finance likely would serve to further tighten it.)

Privatization Moratorium Tabled after House Floor Debate

S.91, an act relating to privatization of public schools, as passed by the Senate places a two-year moratorium on privatizing a public school and calls for a study of the constitutional and legal consequences of doing so. (It also calls for an examination of the constitutional and legal consequences of *prohibiting* such a practice.) Last week after a heated debate on the House floor, the bill was ordered to lie—that is, put aside indefinitely. This came moments after the House Education Committee reconvened to vote on an amendment to the bill striking the moratorium section and retaining the study; the committee voted 5-6 against the amendment.

Proposals for an outright ban and a temporary moratorium on school privatization—the closing of a public school and opening of an independent school in the same buildings—have been controversial each of the last two years in the House. (The Senate voted 19-9 in favor of S.91 in mid-March.) S.91 is not expected to come back up for consideration on the House Floor; it may be appended to the miscellaneous education bill in the Senate (see below).

Miscellaneous Ed. Bill Still Under Consideration in Senate Education

The Senate Education Committee has continued considering amendments to H.876, the miscellaneous education bill passed by the House on March 26. Much of the 37-section bill will go unchanged while some sections will be tweaked or deleted; the committee also is considering addressing a number of additional topics—on dual enrollment, school lunch, and technology innovation—as well as tacking on language from other education bills, including S.40 (on Vermont State Colleges funding), S.91 (on school

privatization), S.175 (on attending a school after moving), and S.304 (on principal contract nonrenewal).

The committee intends to do away with Section 36 of the bill, which was added on the House Floor with little discussion. Under current law, both supervisory unions and school districts must be audited annually; this section would require district audits once every three years instead.

One of the amendments being considered would expand the dual enrollment program to privately-funded students at independent schools. Under one version, this would include students at sectarian schools; under another, it would not. Both proposals were made on the House Floor and defeated in close roll call votes

Other possible amendments would create a Technology in Innovation Task Force to examine barriers to the effective use of technology in schools; would seek to address the problem of parents not paying for school lunch; and would incorporate some or all of the bills listed above, all of which have passed the Senate but remain in the House at various stages.

Green Mountain Care Bill Moving through the House

Last week, the Ways and Means Committee spent time reviewing and taking testimony on S.252, an act relating to financing for Green Mountain Care. The House Health Care Committee made several changes to the bill that passed the Senate; however, Section 29 (formerly Section 17) of the bill continues to include language that directs the Commissioners of Labor and Human Resources to “to address the role of collective bargaining on the transition process and [to] propose methods to mitigate the impact of the transition on employees’ health care coverage and on their total compensation.”

We continue to have concern that the language employed in S.252 presupposes an outcome; that unionized employees should be shielded from changes to the health care system in ways that all other Vermonters are not. We would prefer the final sentence in Section 29 to be replaced with this language: “The Commissioners shall address the role of collective bargaining on the transition process and shall propose methods to *ensure a fair and timely transition* of union employees from existing health insurance plans to Green Mountain Care.”

The bill is still under consideration by the House Ways and Means Committee. It is expected to move to a floor vote in the House soon.