

Education Legislative Report

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House Education Committee Continues Work on Governance Bill

The House Education Committee has continued taking testimony and working on their bill to create PreK-12 “Expanded Districts.” This week, the committee heard from Stephan Morse, chair of the State Board of Education, who expressed support for the committee’s efforts on the current bill. “We owe it to all of our children and their futures, and our collective futures, to provide them with the best, most equitable educational opportunities possible,” said Morse. “Similarly, we owe it to the citizens of our state to provide those educational opportunities in the most cost-effective manner possible.” Morse urged the committee to move forward with the bill and to ensure that it includes sufficient resources for the State Board to be able to fulfill its obligations.

As of this writing, the critical 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. Expanded districts would be formulated with an eye toward recognizing historic relationships among communities, existing connections between school districts, and geographical obstacles.
3. Expanded districts would meet a set of educational and community-based criteria that preserve and enhance Vermont values, including the creation of school-based councils designed to build partnerships among families, staff and the community.
4. The minimum size standards for eligible expanded districts would correspond generally with the size and configuration standards currently in place under the Act 153 RED formation guidelines – serving 1,250 students or four pre-existing districts.
5. Waivers could be sought to the minimum standards if educational and community-based goals are met. However, the systems must be PreK-12 single districts.
6. Existing school districts would have until mid-2017 to self-determine their alignment in a new (or currently existing) expanded district. However, districts would have to receive preliminary approval from the State Board in order to move forward with a specific configuration – this step is designed to ensure districts do not become “stranded” throughout the voluntary period.
7. The bill would create a legal/fiscal work group to examine potential equity issues, school choice implications, tax rate implications, and voting/representation issues associated with new single district board configurations; the group would make recommendations for action to the

General Assembly and generate guidance for districts as they address these issues in their articles of agreement. This work would be completed by January 2015 in order to address relevant issues and "clear the path" to creation of expanded districts.

8. Through 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. The articles must comply with Vermont statutes and conform to any legal guidance/opinions issued by the legal/fiscal working group, but otherwise there is substantial opportunity for local determination on these issues.
9. The bill would create a 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. This design team would monitor progress of voluntary mergers from 2014 to mid-2017; conduct community engagement activities in regions where newly proposed expanded districts were not taking shape; and develop the criteria, process and overall plan to assign or create new expanded districts where districts had not self-assigned during the 2014 to 2017 period.
10. The bill would require the design team to submit their statewide plan to the State Board of Education for approval through the rulemaking process so that as of July 2020, all districts in the state would be realigned into some number of PreK-12 single school districts.

On Tuesday night this week, the Education Committee held a public hearing on the governance bill at the State House. Dozens of educators, administrators, business managers, parents and school board members attended the event, which was held in the well of the House chamber. Of the 35 people who testified, 21 endorsed the concept of moving to a system of PreK-Grade 12 districts for delivering education in Vermont. For more in-depth coverage of the hearing, read the [VTDigger article here](#).

The committee is expected to finalize and vote on the bill this week. If it passes, it will have to go through the House Ways and Means Committee and the House Appropriations Committee before it goes to the floor for a full House vote.

Ways and Means Committee Finalizes Property Tax Bill

After devoting much of their time since Town Meeting Day to the subject of education finance, the House Ways and Means Committee neared completion early this week on their annual education property tax rate bill. Unlike in previous years, the bill—which sets the three property tax rates and the base education amount—also will include a variety of changes to the education finance system. Many of the proposals were included in a stand-alone committee bill last year; that bill eventually was signed into law, but not before most Ways and Means

provisions were stripped in the session's final days.

The committee is still finalizing what to include in their bill—the most recent draft has 23 sections—but they have decided on the FY15 rates.

The base homestead tax rate is set at \$0.98—a four cent increase over last year, but three cents less than the rate proposed by the Commissioner of Taxes in December. A number of factors allowed the committee to go with a four cent, instead of seven cent, increase: statewide education spending is increasing about 3.0%, instead of the earlier projection of 3.8%; the income and non-residential rates are higher; reserves are lower; and one-time funds are used.

The rate for taxpayers paying based on income—those with household incomes under \$90,000—is set at 1.90 %, up from 1.80 % for FY14. The non-residential tax rate is set at \$1.52, up eight cents from last year. Finally, the base education amount is increased by its statutory inflationary formula, from \$9,151 to \$9,382. Most of the other proposed changes to the education finance system are still being discussed. The following proposals are on the table:

- Eliminate the fast-growth provision and reduce the effect of the hold-harmless provision for determining average daily membership (ADM). These provisions benefit the ADM in districts with fast-growing and fast-shrinking student populations, respectively, effectively lowering the tax rates in those areas.
- Include small school support grants in the definition of “education spending” for *districts not small due to geographic necessity*. This would have the same effect as eliminating the grants for those districts—that is, tax rates would increase at current spending levels. This would be phased-in over three years.
- Repeal the excess spending threshold, replacing it with an allowable increase in per pupil spending. Districts that spend above an allowable increase (which would be tied to inflation) would be double-taxed on the amount they go over.
- Reduce the renter rebate benefit.
- Raise the house site value used to calculate the income sensitivity adjustment for taxpayers with household income over \$90,000. This would reduce the taxes paid by many households with incomes between \$90,000 and \$127,00—households that pay the highest property taxes when calculated as a percentage of income.

The bill likely will be introduced by the end of the week. In our next report we will provide more details on any changes to the education funding system that the committee decides to include.

Senate Passes Moratorium on Privatization

The Senate gave final approval to S.91 as amended by the Senate Education Committee last week. As passed, the bill would create a moratorium on privatization that would take effect upon enactment and be repealed on July 1, 2016. Specifically, it prohibits a school district from ceasing “operation of a school with the intention, for the purpose, or with the result of having the school building or buildings reopen as an approved independent school serving essentially the same population of students.”

The bill also prohibits the State Board of Education from approving an independent school if its purpose is to serve essentially the same population of students as the public school served and is proposed to be located in the building or buildings in which the public school previously operated. It also prevents the payment of public tuition dollars to independent schools serving essentially the same population of students and occupying the same building(s) as the previous public school.

Finally, S.91 as passed directs the Secretary of Education to study some of the legal implications of privatization, including federal civil rights law and the *Brigham* decision, proper use of state funds and delegation of authority to private institutions. In addition to those issues, an amendment to the bill that passed on the floor directs the Agency of Education to study the constitutionality of banning privatization.

Miscellaneous Education Bill Passes Out of House Education Committee

The House Education Committee passed their Miscellaneous Education Bill last Friday on a 10-0-1 vote. The bill contains provisions designed to update Title 16 in response to the newly-adopted Education Quality Standards (State Board Rule 2000) – primarily changing the term “school quality standards” to “education quality standards.” It also facilitates the expansion of out-of-state online postsecondary program offerings in Vermont by exempting certain out-of-state online postsecondary programs from the requirements of 16 V.S.A. §176a and allowing the State of Vermont to participate in interstate reciprocity agreements for the purpose of authorizing online postsecondary programs.

The bill also makes (mostly technical) changes to the provisions of Title 16 that apply to career technical education centers. A CTE program of study is newly defined: “At a minimum, a program of study: incorporates and aligns secondary and postsecondary education; includes academic and CTE content in a coordinated, non-duplicative progression of courses; offers the opportunity, when appropriate, for secondary students to obtain postsecondary credit; and leads to an industry-recognized credential or certificate at the post-secondary level or to an associate or baccalaureate degree.”

The bill also makes some changes to 16 V.S.A. §2902 related to educational support systems, replacing the term “educational support system” with “tiered system of supports,” and making changes to the types of supports that must be “available to any student who requires support beyond what can be provided in the general education classroom, and intensive, individualized interventions for any student requiring a higher level of support.”

Also, the bill makes changes to the definition of residency in 16 V.S.A. §1075 to cover situations where a minor is in the custody of a “pre-adoptive family” appointed by a Vermont court or a court of competent jurisdiction in another state, territory, or country. In those situations, legal residence is where the pre-adoptive

family resides.

The committee debated whether to include a provision on privatization within the bill. Some members wanted language that would ban privatization; others supported a process for doing so that would require the formation of a study committee and report that would have to be submitted to the State Board of Education in order to move forward with privatization. The committee originally voted 5-4-2 to include a moratorium provision, but then reversed course and opted to eliminate the provision altogether. The committee will take up the privatization issue when S.91 comes to it later this month.

Senate Education Committee Passes S.175

Last week, the Senate Education Committee made some changes to the original approach taken by S. 175. As introduced, the bill would authorize a student who moves from one school district to another to retain legal residency in the original district and to remain enrolled in the original school for the rest of the school year. The committee amended the original approach to now treat students who leave mid-year as nonresident students under 16 V.S.A. §1093. The bill allows students who are legal residents of a school district through the annual ADM census period to stay in the original district for the remainder of the school year even if they move to another school district with the intention to remain there indefinitely.

The committee has continued to discuss possible implications this language might have relative to payment for and provision of special education services. The full Senate is expected to take up the bill this week or next.

Education-Related Bills

[This document](#) summarizes all education-related bills that have been introduced by one or more members of the Legislature as of March 18, 2014. The deadline for individuals introducing new bills has passed; committees can introduce bills through the end of March. To read any bill's full text or see its status in the legislative process, go here: <http://www.leg.state.vt.us/database/status/status.cfm>

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