

Education Legislative Report

April 11, 2014 – Issue #9

House Ways & Means Committee Passes Modified Governance Bill

For the past two weeks, the House Ways and Means Committee has been taking testimony on H.883, an act relating to expanded prekindergarten – grade 12 school districts. Witnesses included the Secretary of Education, the chair of the State Board of Education, and several members of each of our associations. On Wednesday of this week, the Ways and Means Committee hosted a joint public hearing with the House Education Committee at the State House.

At the hearing, witnesses in favor of the bill testified that it would create more educational equity, better cost efficiencies across districts, and conditions for more stable, high quality educational leadership. Opponents expressed concerns about loss of local control, community connection to schools, and democratic participation in education. Overall, there were more witnesses who testified in favor of H.883. For a more in-depth summary of the hearing, read the VTDigger.org [article here](#).

The Ways and Means Committee spent much of Thursday and Friday evaluating changes that could be made to H.883 that would streamline the process and garner more support in the House. On Friday afternoon, the committee voted 9-2-0 to pass a [modified version of the bill](#), which would leave intact the provisions and incentives of Act 153 and 156 related to voluntary merger until July 1, 2017. The Ways and Means version of the bill also creates a Design Team, which would have the authority to develop a statewide plan that would result in the creation of no fewer than 45 and no greater than 55 prekindergarten-grade 12 supervisory districts.

The Design Team would be charged with conducting no fewer than ten public hearings around the state and consulting with school board members and other interested individuals in order to inform its creation of the statewide plan. It would then submit a preliminary plan to the General Assembly for their review on or before April 1, 2016. The Design Team would then conduct further public hearings and consultation on the preliminary plan and make necessary adjustments so that it is able to submit a final plan to the General Assembly on or before January 1, 2017.

The final statewide plan submitted to the General Assembly will include a detailed process and timeline whereby the transition to prekindergarten-grade 12 districts will be complete by July 1, 2020. Unless the General Assembly acts to “disapprove the plan,” it shall go into effect July 1, 2017. The bill states that “to the extent feasible”, any district that forms a RED prior to July 1, 2017 shall not be realigned under the statewide plan.

Published By: Vermont School Boards Association, Vermont Superintendents Association, Vermont Principals’ Association, Vermont Council of Special Education Administrators, Vermont Association of School Business Officials and VSBIT

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The bill will now be moving to the House Appropriations Committee and then to the House Floor for consideration.

House Passes Property Tax Bill; Small School Grants Phased Out

The House passed the Ways and Means Committee's education property tax bill, H.889, on April 4 with an 89-51 floor vote. The bill was amended first by the Appropriations Committee—creating an Education Analyst position at the Agency of Education and appropriating funds for the creation of a business manager's handbook. It was also amended by Representative David Sharpe on the House floor; the Sharpe amendment requires a fiscal note for any legislation that requires supervisory unions or districts to perform any action with an associated cost without providing funding. An amendment calling for a repeal of Acts 60 and 68 failed—49-83—as did an amendment striking the sections of the H.889 that phase-out small school support grants for districts that are not geographically isolated, 61-77.

Unlike in past years, when a standalone bill set the education property tax rates and base education amount for the fiscal year, this legislation includes a wide variety of tweaks and changes to the education financing system, as well as education policy changes and appropriations.

One particularly concerning provision ties the excess spending threshold to average education spending per equalized pupil in fiscal year 2014 increased by inflation (specifically, by the most recent New England Economic Project cumulative price index, for state and local government purchases of goods and services) instead of tying it to the previous year's average spending. Provisions in H.538, passed late last session, still will take effect: the threshold will drop from 125 % to 123 % in FY15, then drop further to 121 % in FY17.

The effect this change would have depends both on the rate of inflation as determined by the index and the rate of school spending changes. If education spending per equalized pupil continues to increase faster than inflation, this would result in a lower (and increasingly lower) threshold than would exist under current law. If spending increases slower than inflation, this would result in a higher threshold. Given trends in school spending over the last couple decades, it seems likely this will result in a substantially lower threshold down the road, with more and more districts being affected.

Our Associations have specific concerns that the New England Economic Project cumulative price index understates the cost of labor in calculating inflationary costs affecting school operations. The inflation index also does not take into account new

costs placed upon school districts from legislative actions in the year or years preceding the calculation. Read more about the index [here](#).

The Senate Finance Committee may make substantive changes and additions to the bill; it's not likely, however, that they will be able to reduce the proposed tax rates, even if cuts are made and approved to school budgets that were voted down. The Finance Committee intends to devote much of next week to the bill. For a detailed summary of H.889 as passed by the House, go [here](#).

House Ed. Committee Reviews Senate Bills on Privatization Moratorium, Students Moving Between Districts and Principal Contracts

Having unanimously passed their education governance bill, H.883, the House Committee on Education has begun reviewing Senate bills on school privatization, students moving from one district to another, and principal contract nonrenewal.

S.91, an act relating to privatization of public schools, was introduced last year as a bill that required independent schools to meet certain requirements—such as having a blind admissions policy, providing free and reduced-price lunch, and providing special education—in order to receive public funding. The title and body of the bill have been scrapped and replaced; the amended version, which places a moratorium on privatizing a public school and calls for a study of the constitutional and legal consequences of doing so, was passed by the Senate on March 14 and referred to House Ed. The committee has not acted on the bill at this point.

S.175 was introduced early in the session and passed by the Senate on March 21, then referred to the House Education Committee. As passed, the bill would allow a student who moves from one Vermont school district to another to remain enrolled in the district from which the student moved for the remainder of the school year. This would apply when the student moves after the completion of the school census period, which runs from October 11th through the 30th. The bill also calls for a meeting between the student, the student's parent or guardian, and representatives of both school districts to discuss advantages or disadvantages of remaining enrolled in the original district of residence. The committee has heard from the VCSEA, the VPA, the VSBA, and the bill's sponsor, Senator Don Collins, thus far. They intend to continue reviewing the legislation next week.

S.304, an act relating to public school principals and nonrenewal of contracts, was passed by the Senate in late February, then referred to House Ed.; the committee was introduced to the bill by its sponsor, Senator Collins, just this week. As passed, the bill clarifies the supervisory and evaluative role of the superintendent regarding the principals in the supervisory union and amends the process through which a principal's

contract is not renewed. As with S.91 and S.175, the House Education Committee has not yet acted on the bill; they may take further testimony next week.

Miscellaneous Ed. Bill Reaches Senate Education Committee

The Senate Committee on Education has devoted most of their time recently to a review of the 37 section-long miscellaneous education bill, H.876. The committee has heard from representatives of the Agency of Education, the University of Vermont, the House Education Committee, and others. They also are considering amendments on physical education, school nutrition, and expanding the dual enrollment program. Amendments on dual enrollment—specifically, providing General Fund financing through the dual enrollment program for privately-funded students at independent schools—narrowly failed on the House Floor. One would have opened up the program to students at both sectarian and non-sectarian schools; another would have only applied to nonsectarian. Both options are being considered in the Senate.

The committee will continue reviewing the bill section by section, and taking testimony, next week.

House Health Care Committee Examines Green Mountain Care Bill

The House Health Care Committee spent the last two weeks reviewing and taking testimony on S.252, an act relating to financing for Green Mountain Care. Section 17 of the bill directs the Secretary of Education and the Commissioner of Human Resources to consult with a number of parties, including the Vermont-NEA, the VSBA and the Vermont League of Cities and Towns, to develop a plan to transition public employees on to Green Mountain Care or “another common risk pool.” The section also directs the Secretary and Commissioner “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.”

Bringing together stakeholders to develop a plan to transition public employees to Green Mountain Care is good idea. The language employed in Section 17, however, states the intention of shielding public employees from changes to the health care system in ways that all other Vermonters are not. Changes to the health care system are going to impact every Vermonter. The fact is, it is unlikely that the state plan will be as generous as the plans that most public employees currently enjoy. The mitigation language in Section 17 appears designed to ensure that public employees will be able to retain the level of health benefits they currently have, which treats them differently from all other Vermonters.

We would prefer the final sentence in Section 17 to be replaced with this language: “The Secretary and Commissioner shall address the role of collective bargaining on the

transition process and shall propose methods to *ensure a fair and timely transition* of public employees from existing health insurance plans to Green Mountain Care.”

The committee is working on a variety of changes to S.252 this week. They are expected to vote on a modified version of the bill soon.

Retired Teacher Healthcare Benefits

The House Government Operations Committee has taken up the issue of solving the problem of lack of funding for retired teacher healthcare benefits.

In the early ‘90’s, the legislature authorized the possibility of paying for healthcare insurance benefits for retired teachers. The authority to actually implement the benefit was granted to the Teacher Retirement Board. No funding source was ever identified for this benefit which initially cost approximately \$1M per year. The State share of premiums have been paid from the Teacher Retirement Fund ever since. The annual cost is now well in excess of \$28M 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 has consulted with all stakeholders about this issue and has put forward a plan to address the shortfall. The plan has been agreed to by the NEA, the Governor’s Office, and the State Treasurer. Although all parties agree that the issue must be addressed, the VSBA, the VSA, and the VLCT are not parties to the agreement.

The plan calls for increased General Fund contributions, increased retirement payments from new and unvested teachers, and two items that will directly impact local districts. One will require the Agency, beginning in 2016, to use a portion of federal grants to help cover retirement costs for federally-funded staff. This will result in \$3M being reduced statewide from federal grants going to school districts. This is not an illogical approach in that staff hired with federal money add long-term liability for the state. It makes sense for federal money to cover those costs. Analysis will continue regarding the full impact of this measure and exactly how this might be administered by the AOE.

The second involves beginning to charge school districts approximately \$1,000 per new staff member who will be potential recipients of retirement benefits. Steve Dale from the VSBA has testified in opposition to this proposal. Although we don’t agree with anything coming from the Ed Fund, if there is to be an amount assigned to the Education Fund, it should be charged directly off the top of the fund, and not charged teacher by teacher through district budgets, especially at a time when districts are under intense pressure to control budgets and there is consideration of a lower ceiling for

excess spending. School boards were not part of the original decision to offer this benefit and should not be accountable for an increased cost related to it.

As of this writing, no bill has yet been drafted.

Education-Related Bills

[This document](#) summarizes all education-related bills that have been introduced by one or more members of the Legislature as of April 11, 2014. 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>.