# Education Legislative Report

**January 4, 2016 – Issue #1**

### *The Biennium Resumes*

On January 5th the General Assembly will reconvene for the second half of the biennium in Montpelier. Since this is the second half of a biennium and an election year, conventional wisdom holds that the session will conclude in early May. Prior to adjournment, legislators will be asked to pass a budget adjustment of $85 million, approve appropriations for the operation of state government, and consider a host of proposals affecting the State's fiscal and social policies. Among topics relevant to public education, legislators will be asked to set statewide property tax yields and address problems with cost containment provisions passed in Act 46.

As leaders of your school districts and supervisory unions, you serve as a voice for public education. As your state associations, we strive to be strong representatives of the concerns of education officials. That stated, there is no substitute for contact by constituents with their legislators. We encourage you to read our *Reports*, keep abreast of issues, and work to stay in touch with your house members and senators. Here is a link to contact information for Legislators organized by each supervisory union:

http://www.vtvsba.org/legis/legcontact.pdf

Throughout the session, you will receive regular issues of this *Education Legislative Report*. The *Report* is a collaboration of the Vermont School Boards Association (VSBA), the Vermont Superintendents Association (VSA), the Vermont Principals' Association (VPA), the Vermont Association of School Business Officials (VASBO), the Vermont Council of Special Education Administrators (VCSEA) and Vermont School Boards Insurance Trust (VSBIT).

If you have questions regarding the content, contact your Association's executive director or Emily Simmons, Director of Legal and Policy Services at VSBA and author of the *Report* at esimmons@vtvsba.org.

We look forward to working with you and with state policymakers to address important issues during the upcoming year.

**Inside this *Report***

### *Off-Season Proves to be No Vacation for Legislators and Education Officials*

Since the General Assembly adjourned in May, the work of implementing the legislation passed in the first half of the biennium has been in full swing. The House Education Committee met on November 18 to review progress on Act 46 and to review the impacts of the allowable growth rate.

On December 1, members of the General Assembly attended a briefing held at the State House. The focus was the budget adjustment, but the day included a presentation of "Current Education Challenges" provided by Secretary Rebecca Holcombe. The Secretary provided an update on the implementation of Act 46. The slides are here.

### *The Tax Commissioner's Letter in New Form per Act 46*

On December 2nd the Vermont Department of Taxes released its annual letter forecasting FY17 statewide education tax rates. This year, in accordance with Act 46, the Tax Department forecast replaces the base education amount previously used to calculate base tax rates with a "dollar equivalent yield." The "dollar equivalent yield" is the amount of per pupil spending that could be supported in a given year by a fixed homestead base tax rate of $1.00 for taxpayers who pay based on the value of their property, and by a fixed applicable income percentage of 2.00% for taxpayers who pay on the basis of income. The base education amount will no longer be used to calculate tax rates. For FY 2017, the projected yields are:

| | **Base Rate** | **Yield** |
|---|---|---|
| Homestead Property | $1.00 | $9,955 |
| Income | 2.00% | $11,157 |
| Non-Residential Property | $1.538 | N/A |

District-specific homestead property tax rates will vary from the base rate depending on the level of spending per equalized pupil.

Under the yields proposed by the Tax Commissioner, districts could spend 4.19% more per equalized pupil and have the same equalized tax rate as in the current fiscal year. Representatives from the Agency of Education and Joint Fiscal Office have described some reasons for the proposed yield. They include one-time usage of $21 million in Education Fund; projected growth in the statewide education grand list; and estimated growth in education spending less than 3% overall.

The House Education and Senate Finance Committees will consider the yield proposal in the coming months and set the base non-residential property rate and the two homestead yields before the end of the session.

### *The Allowable Growth Rate Undergoes Second Look*

In November the House Education Committee met for a full day of hearings outside of the regular session. In the morning the committee heard an update of initial Act 46 implementation efforts. Nicole Mace of the VSBA and Jeff Francis of the VSA testified regarding the progress on Act 46 implementation to date. In the afternoon the committee took testimony on the allowable growth rate (AGR) and the problems districts are facing in an effort to stay under their allowable growth percentage.

In some districts, this year's increase in education spending per equalized pupil is restricted to 0% growth over last year. In another, the percentage is as high as 5.5%. Any amount that is approved over the allowable growth percentage will be double taxed. Both the VSBA and the VSA have adopted resolutions calling on the repeal of the AGR.

VASBO past president Bob Mason told committee members that AGR in some districts, if met by school boards, is of a magnitude that significant dismantling of programs and staff will occur. He also reminded the committee that the cost containment measure is a distraction from the productive merger work currently underway in many communities.

The committee also heard a presentation from the joint fiscal office of possible alterations to the AGR. They included a modification to the existing provision that would exempt health care premium increases from the calculation of the AGR. Healthcare premium cost increases are expected to consume roughly 60% of the total allowable growth statewide.

Brad James from the AOE offered that the committee could delay implementation of the AGR to give districts time to respond to the AGR with budgets that achieve cost savings but do not jeopardize educational quality.

The committee considered whether, if they opt to delay the AGR for one year, there would still be an impact on the local budgeting decisions, or whether statewide education spending would continue to grow at a rate higher than what would otherwise be expected. The Committee was urged, regardless of which path it chooses, to take action quickly to give an indication to boards what provision will apply to budgets presented this coming Town Meeting Day.

It remains to be seen what actions the Committee will take, but it is important to continue to convey to House members the problems that are created by the allowable growth rate. Your senators and representatives will more fully understand the impact of AGR if you tell them how it specifically impacts your district at the local level.

***New Senate Bills Slated for Introduction***

The following bills were drafted for the Senate's December 11 deadline for the introduction of new legislation. The House's introduction deadline is January 15, 2016.

S.158 - An act relating to amendments to Act 46 and transferring the property and debt of merged districts
*Sen. Cummings*
Proposes to move the deadlines for Act 46 incentives and the mandatory statewide plan two years. Repeals the allowable growth rate. Proposes to allow study committee reports to provide for the transfer of assets and debt from a school district to the town where those assets are fixed.

S.249 - An act relating to the authority of a unified union school district meeting certain conditions to operate a school and pay tuition
*Sen. Westman, Sen. Collamore, Sen. Flory*
Proposes to allow a union district to both operate and pay tuition.

S.248 - An act relating to truancy and school discipline and student offense reporting requirements
*Sen. Sears*
Would require schools to report "conduct and discipline" violations to the State Board of Education, as well as new reporting requirements by other agencies to VCIC. It would also increase the penalty on legal guardians of truants from $1,000 to $2,000.

S.233 - An act relating to amending Act 46
*Sen. Zuckerman*
Repeals the allowable growth rate.

S.208 - An act relating to gradually increasing the mandatory age of school attendance
*Sen. Nitka*
Proposes to gradually increase the mandatory age of school attendance to 18.

S.202 - An act relating to the Agency of Agriculture, Food and Markets establishing a universal meals pilot project under the Farm-to-School Program
*Sen. Sirotkin*
Directs the Agency of Agriculture to establish a pilot program within the Farm-to-schools program for universal meals.

S. 194 - An act relating to suspension and expulsion as a last resort.
*Sen. Campion and Sen. Sears*
Would restrict the circumstances under which a superintendent or principal may suspend or expel a student.

S. 175 - An act relating to creating an education property tax that is adjusted by income for all taxpayers
*Sen. Pollina*
Proposes to apply the income sensitivity adjustment to all taxpayers.

S. 170 - An act relating to the Open Meeting Law
*Sen. Pollina*

Would exempt some communications by members of a public body from the definition of a “meeting” under the OML.

S. 169 - An act relating to the Rozo McLaughlin Farm to School Program
*Sen. Pollina and Sen. Zuckerman*

Would clarify and expand the farm-to-school program within the Agency of Agriculture.

S. 168 - An act related to incentives for lower school spending
*Sen. Rodgers*

Proposes to provide tax rate incentives for education spending that is 25 percent lower than the statewide average, and to impose tax rate penalties for education spending 25 percent higher than the statewide average.

### ***New House Bill Released for Introduction***

H.516 - An act relating to the transfer of assets and debt belonging to merging school districts.
*Rep. Ancel*

Proposes to allow study committee reports to provide for the transfer of assets and debt from a school district to the town where those assets are fixed.