

Education Legislative Report

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House Passes Education Finance Bill

On Wednesday, March 30, the House gave final approval to its education finance bill, [H.853](#). The final version of the bill sets the FY 2017 non-residential tax rate and the income and property dollar equivalent yields. The statewide rate for non-residential property is \$1.53. The dollar equivalent yield on homestead property is \$9,701, and the dollar equivalent yield on income is \$10,870.

Additionally, H.853 creates a process intended to reduce the number of unfunded mandates that the General Assembly passes on to school districts. Sections 4 - 6 of the bill dictate that any legislation enacted into law that will have an associated direct cost to schools will be analyzed by the Joint Fiscal Office and the Emergency Board to estimate the cost to districts. That cost will be included in the Governor's proposed budget for the following fiscal year. The money to fund the mandate would then become a part of the General Fund transfer to the Education Fund. Although the funds would eventually reach school districts, there would be at least a one-year lag in which the obligations of a newly enacted education law would fall on districts.

Section 7 of the bill allows study committees to provide for the transfer of debt from the school district to the town in the Articles of Agreement that are developed as part of the union school district formation process. If the voters of a town approved articles of agreement that provided for this option, the debt of the merging school district would be retained by the town, and serviced by the municipal taxes of the town. The change is a clarification of an option that some study committees were already considering.

The rate bill also contains three finance proposals for further study. The first, introduced this year as [H.656](#), would move the education tax from a tax on property to an income tax for all payers. The second is a proposal, introduced as [H.846](#), that would make significant changes to the education funding formula, designed to incentivize less than average education spending per pupil and to create a higher tax burden in districts with greater than average education spending per pupil. The third is a direction for the Agency of Education to write a plan for how to study the system of equalized pupil weights. The study plan must include examining the feasibility of adding a weight for rural students in small schools.

Finally, H.853 directs the Agency of Education to report, in addition to information it already collects, data on local budget surplus, reserve fund amounts, and the purpose and use of reserve funds. H.853 will now move to the Senate for consideration by the Finance and Education Committees.

Special Education Bill Referred to Senate Education Committee

Last week, the full House gave its approval to [H.859](#). It makes changes to the rules governing special education funds disbursement and establishes a pilot study of special education delivery.

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H.859 would require that special education funds be disbursed from the State to the entity that incurs the special education cost. In most cases, that will be the supervisory union. Current law requires funds to be disbursed to school districts. Since Act 153 of 2010 requires special education services be provided by supervisory unions, concerns have been raised about the inefficiency of a system that disburses funds to school districts. The changes made in H.859 recognize that some special education costs continue to be incurred at the school district level; namely, the cost of some para-educators. The bill allows districts to continue to receive special education funds in those circumstances.

The House-passed bill also makes funds available for up to 10 supervisory unions, supervisory districts or unified union districts to participate in a study designed to increase efficiencies in the use of special education staff while also improving service quality. The districts or supervisory unions that enroll in the pilot program will work with the Agency of Education and an education consulting firm to create better models for special education delivery. The participating districts will be required to match 50 percent of the cost of the consultancy, but may spread the cost over two fiscal years; the House included a \$200,000 appropriation to cover the cost of the other 50 percent.

The bill also directs the Agency of Education to work with researchers at the University of Vermont and others to consider an updated method of allocating special education funds in Vermont. The group is charged with studying several alternatives to the current method of special education funding, including a possible census block model. A census-based model would grant special education resources based on the total student enrollment of the district or supervisory union. The study would evaluate the advantages and disadvantages and educational policy considerations related to using total enrollment as a basis for funding. Previous versions of the bill included a position within the Agency of Education for this work, but the position was eliminated because no funding was available. The report will be made to the education committees in December of 2017.

House Bill Would Expand Secretary of State's Licensing Authority

[H.562](#), which the House passed last week, creates a process that allows the Office of Professional Responsibility (OPR), within the Secretary of State's office, to review the licensing authority of other branches of state government. The Agency of Education is opposed to the bill, because it could lead to the removal of some educator licensing from the Agency in a future legislative session.

The bill would permit OPR to report to either the House Committee or Senate Committee on Government Operations regarding a profession not in its jurisdiction, along with a legislative proposal for moving the licensing of that profession to OPR's jurisdiction.

The process in H.562 would replace the current licensing review in which either the House or Senate directs, by resolution, the Office of Legislative Council to report on what professions might be more efficiently regulated by OPR. Many legislators and the Agency of Education believe the new review process would give OPR a faster track to overseeing the licensing of educators, which has traditionally been the responsibility of the Agency of Education.

H.562 has been referred to the Senate Government Operations Committee, which took extensive testimony earlier in the session on the licensing of speech and language pathologists. The Agency of Education, the Vermont Council of Special Education Administrators and many educational speech and language pathologists provided testimony opposed to the removal of those professional licenses from the Agency. The change would move about 1,200 educators from the jurisdiction of the Agency of Education to OPR. This would, among other problems, deprive the Agency of a significant source of revenue.

The language in S.217, which did not meet the crossover date requirement, is expected to be included in the Senate Government Operations Committee's draft of H.562.

H.622 Clarifies Duty for Mandated Reporters

In the 2015 legislative session, the General Assembly changed the mandatory reporter statutes to clarify the requirement to report suspected child abuse and neglect. The amendments to the law created some confusion, which [H.622](#) seeks to address. The bill clarifies that a mandated reporter who knows that a report of child abuse or neglect has already been reported does not need to make an additional report. To relieve the obligation to report, the person must have written confirmation that the same incident of abuse or neglect has already been reported. He or she must also be reasonably certain that he or she has no additional information to add to original report.

The Senate Health and Welfare Committee took testimony on H.622 last week, but did not make any changes to the House passed version of the bill. The Senate is expected to give final approval to the bill on Thursday, March 31.

H.830 Would Drastically Expand Bullying Statutes

[H.830](#), a bill introduced earlier in this year's session, but not examined in time for the House crossover rules, has received attention in both the House and Senate Education committees over the past two weeks. H.830 would expand the definition of bullying by adding actions by adults toward students. Current law defines bullying as student-student conduct. The bill would also provide for an independent review of the school's investigation of bullying. Independent reviews are available under current law for harassment allegations; these reviews are designed to ensure the school district followed the appropriate process in investigating and responding to a complaint of harassment.

An amended version of the bill considered by the House Education Committee would also require a school district to pay full tuition, within or outside of Vermont, for a student who has been bullied, if the independent review finds the district at fault. Our Associations are committed to the work completed in May of 2015, which integrated the policy and procedures for the prevention of harassment, hazing and bullying. We join the Agency of Education in asking the General Assembly to allow the new policy and procedures to be fully implemented before changing the requirements again.

House Budget Bill Increases the Employer Assessment on Health Care

This year's miscellaneous tax bill, [H.873](#) includes an increase to the tax that employers pay on full time employees who are not provided with employer-sponsored health insurance. Current law requires a quarterly assessment of \$151.12 for each full-time equivalent employee (FTE) not offered employer-sponsored health insurance. An employer's first four FTEs are exempt, so that an employer with 10 full-time equivalent employees without employer-sponsored health insurance pays the assessment based on 6 FTEs.

The tax bill would change the employer assessment from a flat rate to a tiered rate based on the number of uncovered FTEs. The first tier, from 1 to 19 uncovered FTEs, would pay the same rate as current law, \$151.12 per quarter. The first 4 FTEs would still be exempted. The second tier, from 20 to 99 uncovered FTEs, would pay \$210.00 per quarter. No FTEs would be exempted. The third tier, 100 or more uncovered FTEs, would pay \$249.00 per quarter. The change would apply to the October 2016 assessment.

Bill Creates Funding Stream for Broadband Connectivity in Schools

[H.870](#) is a bill by the House Commerce and Economic Development Committee that, among its other provisions, would provide increased resources to schools targeted at improving high speed internet access in school buildings.

The bill includes \$870,000 to increase access for public schools that do not have internet connections capable of minimum target speeds. An additional \$1 million a year will come from a universal service fee on all cellphone and landline bills of 2% to provide funding to the Connectivity Initiative, which helps schools pay the costs of upgrading their networks, targeted at rural and low-income areas.