

Education Legislative Report

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Education Tax Rates Proposed; Small School Grant Under Scrutiny

With almost 90 percent of proposed school district budgets accounted for, the House Committee on Ways and Means has submitted its annual proposal for education tax rates for FY14. Rising health insurance and special education costs, contractual salary increases, and a shrinking student population have combined to drive spending per pupil sharply up; education spending is now projected to increase 5.5 percent, or around \$64.4 million, from last year.

Coupled with a still-declining statewide grand list (down 1.5 percent) and revenues from other sources not keeping pace, the increase will put pressure on property tax rates, reflected in the Ways and Means committee bill. [H. 265](#) would set the base homestead tax rate at 94 cents per \$100 of assessed value, up from 89 cents in FY13; the uniform non-homestead tax rate would be \$1.44, up from \$1.38. (Under current law, these rates rise to \$1.10 and \$1.59, respectively, if no bill is passed.) The base tax rate on household income would remain at 1.8 percent.

The committee proposed to allow the base education amount to increase according to the statutory inflationary formula, from \$8,723 to \$9,151, making up for past years in which the amount was held flat. With average education spending per equalized pupil projected at \$13,726, the average homestead tax rate would jump 6.8 percent to \$1.41. The average household income tax rate would increase slightly to 2.7 percent; the \$1.44 non-homestead tax rate represents a 4.3 percent increase. Although the rates paid would increase for everyone—6.8 percent for homestead payers, 0.7 percent for those paying based on income, and 4.3 percent for non-homestead payers—the actual *amount* they would increase would vary depending on changes in property values (falling) and incomes (rising slightly).

In discussing these rising education costs, the committee has been considering plans to phase out the state's small school support grant beginning in FY15. Currently, 104 districts benefit from this funding, with fewer than 100 students or 20 students per grade. The committee's plan—based on [a study](#) required by section 21 of [Act 153 of 2009](#)—would eliminate the grant over the course of three years for all small schools *excluding* those deemed small due to geographic necessity. According to that study, 23 of the 104 currently eligible districts are eligible for this reason, and would continue to receive funding. The plan would reduce payments from the Ed. Fund by about \$5.3 million.

The committee eventually decided to address FY15 issues at another time to allow them to move the tax rate bill forward before Town Meeting Day. It has been referred to the House Committee on Appropriations for further review.

Flexible Pathways Legislation Underway

Legislators, the governor's office, and education leaders, including the VPA, VSA, and VSBA, are hard at work on flexible pathways legislation. The 20-page draft bill would "expand existing secondary school programs into a Flexible Pathways Initiative" within the Agency of Education. The initiative, which Governor Shumlin highlighted in a press conference on February 14, would include revised, expanded, and new plans for dual enrollment, early college, high school completion, and personal learning plan (PLP) programs.

The bill would create a statewide Dual Enrollment Program, open to Vermont students who have completed the 10th grade, have yet to graduate from high school, and are enrolled in a Vermont public school, technical center, one of the four Vermont independent academies, a home study program, or the High School Completion Program. These students would be eligible to take up to two courses, for both high school and college credit, through a postsecondary institution's dual enrollment program at no cost before graduating. Districts would be reimbursed by the Agency for FY14 and FY15; after that, the tuition costs would be split 50-50 by school districts and by the state using the Next Generation Initiative Fund.

Under the initiative, all students, in conjunction with school representatives and parents or guardians, would develop personal learning plans that would be updated annually. The plans would include "academic, career, social, transitional, and family engagement elements." Beginning no later than the seventh grade, they would "define the scope and rigor of academic and experiential opportunities necessary for the student to successfully complete secondary school and attain postsecondary readiness." The Secretary of Education would develop a process by which schools without PLPs in place could implement them, and would publish tools for developing them effectively.

Included within the draft, almost verbatim, is the text of [S. 78](#), introduced last week by the five members of the Senate Committee on Education. Currently, 87 percent of the base education amount is paid from the Ed. Fund to Vermont Technical College for each 12th grade Vermont student enrolled in their early college program, the Vermont Academy of Science and Technology (VAST); the college accepts this as full tuition. This plan would expand that funding system to all 12th grade Vermont students enrolled in early college programs developed by one of the Vermont State Colleges, the University of Vermont, or an accredited private in-state postsecondary school. (If the tuition charged by the institution is less than that amount, that is what would be paid.) As with the VAST program, all students participating in publicly-funded early college programs would be enrolled full-time at the postsecondary school and would not be included in the ADM for their districts.

Pre-K Bills Introduced In Senate and House

Identical bills proposing to expand access to prekindergarten education have been introduced in the Senate and the House. Senator Kevin Mullin and others introduced [S.84](#). Representative Sarah Buxton and others have introduced [H. 270](#), being taken up in the House this week.

Testimony has been provided by the Agencies of Education and Human Services to the effect that pre-K is currently provided to some portion of the age-eligible children in 80 percent of Vermont's school districts. The proposed bills are designed to address the disparity in access by establishing universality and by removing complexity in the system that makes it difficult for schools, private providers, and parents to access pre-K for children.

The bills would require that local districts “provide access to at least ten hours per week of high-quality publicly funded prekindergarten education for 35 weeks annually to a ‘prekindergarten child’ whom the parent or guardian wishes to enroll in an available, prequalified program”. The Agencies of Education and Human Services would jointly determine whether or not private or public providers are qualified and would maintain a database of those that meet the required statewide quality standards. If a parent or guardian chooses to enroll a three- or four-year-old child, the child would be enrolled in the district of residence as a student and would attend a pre-K program at a public or qualified private provider.

If the child is enrolled in a program delivered by a private provider, the rate paid by the school would be established through a state-level rate-setting process operated by the Secretary of Education and the Commissioner for Children and Families and approved by the State Board.

Under no circumstances would a district be required to establish a new public pre-K program to satisfy demand. If there is insufficient capacity in a geographic region, the Agency of Education and the Department for Children and Families would work with the local Building Bright Futures Council and local schools and providers to develop a regional approach to meeting the need.

Proponents of expanding access to prekindergarten education—including Governor Shumlin, the State Board, many members of the legislature, several business groups, and all three of our associations—have argued not only for the importance and lasting effects of early education for individuals' success in life, but for the long-term economic benefits statewide that such an investment would create.

The bills call for these requirements to go into effect for the 2014-15 school year; during the first three years, it would provide for districts to include children in their ADM count starting immediately, rather than waiting for the three-year average to catch up.

Child Care Provider Bill Could Affect Pre-K Legislation

The Senate Committee on Economic Development, Housing and General Affairs has begun to take testimony on a bill, S. 52, that would allow childcare providers—including private providers under contract with school districts to provide pre-K services—to collectively bargain with the state over certain matters of employment. Subjects of bargaining would include “child care subsidy reimbursement rates and procedures, professional development, the collection and disbursement of dues or fees to the exclusive representative, procedures for resolving grievances, and any other matters that would improve the recruitment and retention of child care providers and the early education services that they provide.”

A portion of the current bill would apply directly to Licensed Child Care Centers which are large providers of pre-K services.

We will watch this bill very carefully for its potential effects on the goal of delivering universal pre-K to Vermont’s children. The bill raises questions on the role of a potential union relative to items proposed in the pre-K bill such as reimbursement rates and quality improvements. It also raises the possibility of “agency fees” being required to be paid by any regulated provider in the state, a potential deterrent to entering into this business to meet some of the unmet demand.

This is a complex public policy matter that deserves careful analysis by the general assembly, the administration, and all potentially affected parties.

Agency Fee Bill Passes Senate

The bill that would require non-union members represented by collective bargaining units to pay an agency fee passed the Senate last week 24 votes to five after lengthy debate. Two amendments were passed out of four proposed before the final vote. The Senate agreed to a clarification suggested by Senator Joseph Benning on the rights of non-union members to representation in grievance proceedings. The other successful amendment, proposed by Senator Chris Bray, was more controversial, passing 15-14. It recommended retaining the statutory language for the fee imposed on non-union members—currently referred to as either a “collective bargaining service fee,” “agency fee,” or “agency service fee”—instead of changing the language to read “fair-share fee” in all instances. The bill would affect approximately 700 teachers and 1,400 support staff statewide, as well as state, municipal, and a few private employees.

Now with the Senate’s approval, [S. 14](#) has been sent to the House Committee on General, Housing, and Military Affairs for further discussion. It has yet to be addressed there.

New Bills

Strong Scholars Program

[H. 242](#), “an act relating to creating the Vermont Strong Scholars Program,” was introduced by Representative Tim Jerman and 41 others on February 8 and referred to the House Committee on Education. The bill proposes to create the Vermont Strong Scholars Program, a part of the governor’s education agenda that addresses the need for science, technology, engineering, and mathematics (STEM) majors in the workforce in Vermont. It would reimburse certain individuals for part of their postsecondary school tuition.

Students would need to meet a number of criteria to qualify. Only graduates from public or independent secondary schools, or home schools, in Vermont would be eligible. Students also would need to graduate from an in-state public or independent postsecondary school at which they were first-time, full-time students. Students would need to be awarded an Associate’s degree in science or an applied science within two years; or a Bachelor’s degree in a STEM field or in education with a concentration in a STEM field within four years. After graduating, individuals would need to be “employed in a position ... that relies upon the skills acquired in [their] major, as determined by the Secretary of Commerce and Community Development.”

Individuals would need to commit to working in Vermont as long as they are receiving payments from the state. Those with Associate’s degrees would be repaid an amount equal to one semester’s tuition at a Vermont State College over the course of three years; for those with Bachelor’s degrees, it would be equal to one year’s tuition at a VSC over five years. These reimbursements would come from a newly-founded Vermont Strong Scholars Fund, which would consist of appropriations and transfers from the General Fund; interest earned from the investment of Fund balances; and “any other money from any other source accepted for the benefit of the fund.”

Simplifying Ed. Finance

[H. 164](#), “an act relating to the simplification of the statewide education property tax by reducing the property component of the tax and adding an income-based education tax,” was introduced by Representative Jim Condon on February 5 and referred to the House Committee on Ways and Means. The bill’s stated purpose is to simplify the education finance system. The residential property tax rate would no longer be adjusted based on local education spending, but instead would be fixed at a significantly lower rate. To pick up the decreased funding from property taxes, the bill would create a three-tiered education income tax based on local per-pupil spending and personal income.

S. U. Boundary Adjustments

[H. 192](#), “an act relating to permitting supervisory union boundary adjustments without state board of education involvement,” was introduced by Representatives Jim Masland and Margaret Cheney on February 5 and referred to the House Committee on Education. The bill essentially proposes to shift the power of reorganizing supervisory unions from the State Board of Education to school district voters. The State Board would no longer have

the authority to regroup supervisory unions; instead, each member school district’s voters would be able to decide to merge two or more supervisory unions, create a new one, or adjust their boundaries.

Although current statute states that supervisory union or district boards may employ superintendents “with the advice” of the Secretary, this bill would clarify that that does not mean “approval”: no provisions, it reads, “shall be interpreted to require a board to seek or obtain approval from the Secretary or the State Board of Education before it employs a superintendent.”

S. U. Duties

[H. 193](#), “an act relating to duties performed by supervisory unions on behalf of member districts,” was introduced by Representatives Masland and Cheney on February 5 and referred to the House Committee on Education. Currently, supervisory unions must provide certain services, such as special education, on behalf of their member districts *unless* they determine that such services would be provided more effectively on a district level and have this provision waived by the secretary of education. This bill would *allow* supervisory unions to provide these services if the s. u. boards vote unanimously to do so; otherwise, it would be left to the member districts.

Reserve Fund

[H. 235](#), “an act relating to permitting school districts to create a reserve fund without prior voter authorization,” was introduced by Representative Carolyn W. Partridge and five others on February 8 and referred to the House Committee on Education. If a school district has surplus funds, it is allowed to carry those funds into the next year as revenue or, if authorized by the voters, to deposit them into a reserve fund or use them for some specific purpose. This bill would keep those options in place, but also would permit the district to establish a reserve fund without prior voter authorization if it is to be used “solely to address cash flow issues and respond to emergencies.” The unauthorized fund would be capped at five percent of the school district’s budget in any year.

Spending Audits

[H. 236](#), “an act relating to audits of a school district’s financial statements,” was introduced by Representative Partridge and six others on February 8 and referred to the House Committee on Education. Currently, supervisory union boards must have a public accountant audit their financial statements annually. Act 129 of 2012—which made a number of changes and technical corrections to education law—updates language to require supervisory unions, beginning this July, to have annual audits of school districts’ financial statements also done at the s. u. level. This bill would change that requirement slightly: the supervisory union would still need to have their financial statements audited annually, but would have to have their member districts’ financial statements audited every three years instead.

Budget Information

[H. 258](#), “an act relating to providing information to the electorate about school district and supervisory union budgets,” was introduced by Representative Linda J. Martin and four others on February 13 and referred to House Ed. Its statement of purpose covers it: “This bill proposes to require that a school board provide information regarding school district and supervisory union budgets to the electorate no fewer than 15 days before the district’s annual meeting, rather than no fewer than 10 days.”

Selling Drugs

[H. 268](#), “an act relating to increasing penalties for dispensing or selling a regulated drug at or near a school, licensed child care facility, or playground,” was introduced by Representative Peter J. Fagan and 12 others on February 14 and referred to the House Committee on Judiciary. It proposes both to increase the penalties for selling drugs in these areas and to expand those areas substantially.

High School Choice Tuition

[H. 269](#), “an act relating to tuition payments for students engaging in public high school choice,” was introduced by Representative Fagan and six others on February 14 and referred to House Ed. Under current law, a school district that operates a high school but has some of its resident students enrolled in other public high schools pays only special and technical education costs for those students. This bill proposes to have the sending district pay tuition to the receiving district for these students. The sending district would continue to count all students attending other high schools in their ADM.

Cell Phones

[H. 282](#), “an act relating to the use of cell phones and other portable electronic devices by public school students,” was introduced by Representative Michael Marcotte and 12 others. Its stated purpose is to “prohibit student use of cell phones and similar devices in public schools when classes are in progress. “Reasonable exceptions” could be made for non-classroom times, such as lunch, and as a teacher-directed component of education.

Public Funding of Independent Schools

[S. 91](#), “an act relating to public funding of some approved independent schools,” was introduced by Senator Dick McCormack on February 8 and referred to the Senate Committee on Education. It is identical to [H. 56](#), which would propose a number of requirements that approved independent schools would need to meet in order to receive tuition payments from school districts, including having a blind admissions policy, providing free school lunch for those who qualify, providing special ed. services, and employing licensed teachers and administrators. These stipulations would apply only if over one-third of the school’s students are publicly funded.

Student Immunization

[S. 102](#), “an act relating to the immunization rates of students attending public schools,” was introduced by Senator Mullin on February 13 and referred to the Senate Committee on Health and Welfare. It is identical to [H. 138](#), introduced two weeks ago. The bills propose

to disallow the use of philosophical or religious exemptions for a specific required vaccine at a specific school if the immunization rate there for that vaccine falls below 90 percent of the student population. It also would require that adult employees and volunteers at a public school demonstrate current immunization status for any required vaccines that cause these exemptions to be suspended.

Pertussis

[S. 103](#), “an act relating to immunization against pertussis,” was introduced by Senator Mullin on February 13 and referred to the same committee. It also is identical to a House bill, [H. 114](#). The bills propose to ban the use of philosophical or religious exemptions for pertussis immunization for children at child care facilities or public schools, no matter the immunization rate. They also would require that adult employees and volunteers at such places have up-to-date pertussis immunizations.