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**Joint Fiscal Office**

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## Fiscal Note

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### **H.716 – Miscellaneous education bill**

#### **As recommended by the Senate Committee on Education**

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<https://legislature.vermont.gov/Documents/2022/WorkGroups/Senate%20Education/Bills/H.716/Drafts,%20Amendments,%20and%20Legal%20Documents/H.716~Elizabeth%20St.%20James~As%20Recommended%20by%20the%20Senate%20Committee%20on%20Education~4-22-2022.pdf>

**As passed the House:**

<https://legislature.vermont.gov/Documents/2022/Docs/BILLS/H-0716/H-0716%20As%20passed%20by%20the%20House%20Official.pdf>

### **Bill Summary**

**T**his bill adjusts the methodology for computing Fiscal Year 2023's special education grant payment under 2018 Acts and Resolves No. 173, appropriates \$712,500 from the Education Fund in FY 2023, and makes other miscellaneous changes to education law.

### **Fiscal Impact**

In Fiscal Year 2023, JFO estimates this bill would shift approximately \$6 million within the Education Fund, but total education spending would not increase. The total education spend is not estimated to increase because most school budgets for Fiscal Year 2023 have already passed. The impact on individual school districts will vary, and the impact on future years is uncertain as it will depend on how school districts adjust spending as a result of this proposal.

The bill appropriates \$712,500 from the Education Fund to the Agency of Education in fiscal year 2023 for the purpose of funding the Peer Review Support Grant Program which is to be established in fiscal year 2023. Absent any other changes in policy, the base homestead property yield and/or base non-homestead property tax rate would need to be adjusted to account for this appropriation from the Education Fund.

### **Background and details**

The following sections have a fiscal impact.

#### **Section 1**

In Fiscal Year 2023, JFO estimates this section would shift approximately \$6 million within the Education Fund, but the total education budget would not increase.

Under current law, supervisory unions' census grants for Fiscal Year 2023 will be calculated using the average amount each received from the State for special education in fiscal years 2018, 2019, and 2020,

and increased by the annual change in the National Income and Product Accounts (NIPA) Implicit Price Deflator. Under current law, total census block grants for Fiscal Year 2023 are estimated to be approximately \$181.1 million.

The bill would change the three years used to calculate the average amount of supervisory unions' received census grants to 2019, 2020, and 2021, if it would result in a higher census grant for the supervisory union. If it would not, the census grant would remain to be calculated using 2018, 2019, 2020. This would result in an approximate total of \$187.1 million for census grants, which is an approximate \$6 million increase. This change will impact the amount school districts receive in Fiscal Year 2024 through Fiscal Year 2026, as these years' census grants are calculated in part using the Fiscal Year 2023 amount.

### **Section 3**

In current law, 16 V.S.A. § 492 requires the collector and treasurer to give a bond to the district conditioned for faithful performance of their duties, before entering upon their duties.

This section amends 16 V.S.A. § 492 to include the possibility for a school district to provide suitable crime insurance in lieu of taking a bond from a collector and/or treasurer. This change may affect slightly affect school budgets, which, in turn would affect the Education Fund. However, this change is estimated to have a de minimis impact on the Education Fund and corresponding tax rates.

### **Section 4**

This section appropriates \$712,500 from the Education Fund to the Agency of Education in Fiscal Year 2023 to fund the Peer Review Support Grant Program. The Peer Review Support Grant Program would be a one-time program established in fiscal year 2023 and would be administered by the Agency of Education to provide grants to expand support, mentoring, and professional development to prospective educators seeking licensure. Absent any other changes in policy, the base homestead property yield and/or base non-homestead property tax rate would need to be adjusted to account for this appropriation from the Education Fund.

### **Sources:**

Agency of Education.