

1 Introduced by Committee on Education

2 Date:

3 Subject: Education; school districts; comprehensive system of educational
4 services; delivery and funding of services for students who require
5 additional support

6 Statement of purpose of bill as introduced: This bill proposes to enhance the
7 effectiveness, availability, and equity of services provided to all students who
8 require additional support in Vermont’s school districts, including students
9 receiving special education services and students who need additional support
10 but do not receive special education services. To support the delivery of these
11 services, this bill also changes the funding model for special education from a
12 reimbursement model to a census-based model, which provides more
13 flexibility in how funding can be used, is aligned with the State’s policy
14 priorities of serving students who require additional support across the general
15 and special education service delivery systems, and simplifies administration.

16 An act relating to enhancing the effectiveness, availability, and equity of
17 services provided to students who require additional support

1 It is hereby enacted by the General Assembly of the State of Vermont:

2 * * * Findings * * *

3 Sec. 1. FINDINGS

4 (a) In 2016 Acts and Resolves No. 148, the General Assembly directed the
5 Agency of Education to contract with a consulting firm to review current
6 practices and recommend best practices for the delivery of special education
7 services in school districts. The Agency of Education contracted with the
8 District Management Group, which issued in November 2017 its report entitled
9 “Expanding and Strengthening Best-Practice Supports for Students who
10 Struggle” (Delivery of Services Report).

11 (b) In Act 148, the General Assembly also directed the Agency of
12 Education to contract for a study of special education funding and practice and
13 to recommend a funding model for Vermont designed to provide incentives for
14 desirable practices and stimulate innovation in the delivery of services. The
15 General Assembly required that the study consider a census-based model of
16 funding. The Agency of Education contracted with the University of Vermont,
17 and the report of its Department of Education and Social Services entitled
18 “Study of Vermont State Funding for Special Education” was issued in
19 December 2017 (Funding Report).

1 (c) The Delivery of Services Report made the following five
2 recommendations on best practices for the delivery of special education
3 services:

4 (1) ensure core instruction meets most needs of most students;

5 (2) provide additional instructional time outside core subjects to students
6 who struggle, rather than providing interventions instead of core instruction;

7 (3) ensure students who struggle receive all instruction from highly
8 skilled teachers;

9 (4) create or strengthen a systems-wide approach to supporting positive
10 student behaviors based on expert support; and

11 (5) provide specialized instruction from skilled and trained experts to
12 students with more intensive needs.

13 (d) The Funding Report noted, based on feedback from various
14 stakeholders, including educators, school leaders, State officials, parents, and
15 others, that Vermont’s existing reimbursement model of funding special
16 education has a number of limitations in that it:

17 (1) is administratively costly for the State and localities;

18 (2) is misaligned with policy priorities, particularly with the delivery of
19 a multitiered system of supports and positive behavioral interventions and
20 supports;

1 (3) creates misplaced incentives for student identification,

2 categorization, and placement;

3 (4) discourages cost containment; and

4 (5) is unpredictable and lacks transparency.

5 (e) The Funding Report assessed various funding models that support
6 students who require additional support, including a census-based funding
7 model. A census-based model would award funding to supervisory unions
8 based on the number of students within the supervisory union and could be
9 used by the supervisory union to support the delivery of services to all
10 students. The Funding Report noted that the advantages of a census-based
11 model are that it is simple and transparent, allows flexibility in how the
12 funding is used by supervisory unions, is aligned with the policy priorities of
13 servicing students who require additional support across the general and special
14 education service delivery systems, and is predictable.

15 (f) The General Assembly finds that:

16 (1) students who require additional support would be better served if
17 supervisory unions adopted the best practices recommended in the Delivery of
18 Services Report;

19 (2) the State’s current reimbursement model of funding special
20 education serves as an impediment to adopting these best practices, largely due
21 to the constraint on the use of funds and the misalignment with the policy

1 priorities of serving students who require additional support across the general
2 and special education service delivery systems; and

3 (3) the census-based model of funding for students who require
4 additional support would enable supervisory unions to adopt the best practices
5 recommended in the Delivery of Services Report, largely due to the flexibility
6 in how the funds could be used by supervisory unions and the alignment with
7 the policy priorities.

8 (g) The General Assembly recognizes that changing the models for
9 delivery of services and funding for students who require additional support is
10 a significant change for school systems and their constituencies, and that they
11 will require time and assistance in making necessary adjustments.

12 * * * Goals * * *

13 Sec. 2. GOALS

14 (a) By enacting this legislation, the General Assembly intends to enhance
15 the effectiveness, availability, and equity of services provided to all students
16 who require additional support in Vermont’s school districts, including
17 students receiving special education services and students who need additional
18 support but do not receive special education services.

19 (b) To support the enhanced delivery of these services, the State funding
20 model for special education shall change for all supervisory unions in fiscal
21 year 2021 (school year 2020-2021) from a reimbursement model to a census-

1 based model, which will provide more flexibility in how the funding can be
2 used, is aligned with the State’s policy priorities of serving students who
3 require additional support across the general and special education service
4 delivery systems, and will simplify administration.

5 (c) The General Assembly recognizes that in order to support the work of
6 supervisory unions and schools that are transitioning to the best practices
7 recommended in the report entitled “Expanding and Strengthening Best-
8 Practice Supports for Students who Struggle” issued by the District
9 Management Group in November 2017, the Agency of Education will require
10 additional staff and resources.

11 * * * Census-based Funding Early Implementation Program * * *

12 Sec. 3. CENSUS-BASED FUNDING EARLY IMPLEMENTATION
13 PROGRAM

14 (a) The Census-based Funding Early Implementation Program (Program) is
15 created for fiscal year 2020 (the 2019-2020 school year). No more than ten
16 supervisory unions shall participate in the Program. A supervisory union may
17 participate in the Program if it satisfies each of the following conditions:

18 (1) it was included in the report delivered to the Agency of Education
19 entitled “Expanding and Strengthening Best-Practice Supports for Students
20 who Struggle” in November 2017 from the District Management Group; and

1 (2) it notifies the Agency of Education between December 1 and
2 December 31, 2018 of its election to participate in the Program; provided that
3 if more than ten supervisory unions elect to participate in the Program, the
4 participants shall be the first ten supervisory unions that notify the Secretary of
5 their election.

6 (b) In this section, references to “supervisory unions” or “participating
7 supervisory unions” shall mean participants in the Program. This section shall
8 supersede any provisions of 16 V.S.A. chapter 101 to the contrary.

9 (c) In lieu of payments and reimbursements under 16 V.S.A. chapter 101,
10 each participating supervisory union shall receive an educational support grant
11 pursuant to subsection (d) of this section and, if a participating supervisory
12 union has extraordinary special education expenditures, it shall be eligible for
13 extraordinary special education reimbursement pursuant to subsection (e) of
14 this section.

15 (d)(1)(A) “Average daily membership” shall have the same meaning as
16 defined under 16 V.S.A. § 4001(1), except shall exclude State-placed students.

17 (B) “Average daily membership of a supervisory union” means the
18 aggregate average daily membership of the school districts that are members of
19 the participating supervisory union or, for a participating supervisory district,
20 the average daily membership of the supervisory district.

1 (C) “Long-term membership” of a participating supervisory union in
2 any school year is the average of the participating supervisory union’s average
3 daily membership over three school years.

4 (2)(A) The amount of the educational support grant for a participating
5 supervisory union shall be:

6 (i) the average amount it received for fiscal years 2016, 2017, and
7 2018 from the State for special education under 16 V.S.A. § 2961 (standard
8 mainstream block grants), 16 V.S.A. § 2963 (special education expenditures
9 reimbursement), and 16 V.S.A. § 2963a (exceptional circumstances); increased
10 by

11 (ii) the annual change in the National Income and Product
12 Accounts (NIPA) Implicit Price Deflator for State and Local Government
13 Consumption Expenditures and Gross Investment as reported by the
14 U.S. Department of Commerce, Bureau of Economic Analysis.

15 (B) The amount determined under subdivision (2)(A) of this
16 subsection shall be divided by the participating supervisory union’s long-term
17 membership, to determine the base amount of the educational support grant,
18 which is the amount of the educational support grant calculated on a per
19 student basis.

20 (e)(1)(A) In this subsection, “child” means a student with disabilities who
21 is three years of age or older in the current school year.

1 (B) As used in this subsection, “extraordinary expenditures” means a
2 participating supervisory union’s allowable special education expenditures that
3 for any one child in fiscal year 2020 exceed the threshold amount of
4 \$70,0000.00.

5 (C) The State Board shall define allowable special education
6 expenditures that shall include any expenditures required under federal law and
7 any costs of mediation conducted by a mediator who is approved by the
8 Secretary.

9 (2) If a participating supervisory union has extraordinary expenditures,
10 it shall be eligible for extraordinary special education reimbursement
11 (extraordinary reimbursement) as provided in this subsection. The
12 extraordinary reimbursement paid under this subsection shall apply only after
13 the supervisory union has obtained reimbursement from all other available
14 sources as defined by State Board of Education rules, including Medicaid,
15 other federal and State programs, and private insurance.

16 (3) A participating supervisory union that has extraordinary
17 expenditures in fiscal year 2020 for any one child shall be eligible for
18 extraordinary reimbursement equal to:

19 (A) an amount equal to its special education expenditures in that
20 fiscal year for that child that exceed the extraordinary expenditures threshold

1 amount under subdivision (1)(B) of this subsection (excess expenditures)

2 multiplied by 95 percent; plus

3 (B) an amount equal to the lesser of:

4 (i) the amount of its excess expenditures; or

5 (ii)(I) the extraordinary expenditures threshold amount under
6 subdivision (1)(B) of this subsection, minus

7 (II) the base amount of the educational support grant received
8 by the supervisory union under subdivision (d)(2) of this section for that fiscal
9 year, multiplied by

10 (III) 60 percent.

11 (4) The State Board shall establish by rule the administrative process for
12 supervisory unions to submit claims for extraordinary reimbursement under
13 this subsection and for the review and payment of those claims.

14 (f) The following sections of Title 16 shall not apply to the participating
15 supervisory unions:

16 (1) § 2961 (standard mainstream block grants);

17 (2) § 2962 (extraordinary services reimbursement);

18 (3) § 2963 (special education expenditures reimbursement);

19 (4) § 2963a (exceptional circumstances);

20 (5) § 2964 (service plan); and

21 (6) § 2968 (reports).

1 (g) The State’s policy, as stated in 16 V.S.A. §§ 2941 (policy and purpose),
2 2963 (special education expenditures reimbursement), and 2967 (aid
3 projection; State share) to pay 60 percent of the statewide costs expended by
4 public education at institutions for children with disabilities shall not apply to
5 expenditures by the participating supervisory unions for children with
6 disabilities.

7 (h) The Secretary shall include the participating supervisory unions in the
8 aid projection required by 16 V.S.A. § 2967 (aid projection; State share). The
9 Secretary shall include in its report under 16 V.S.A. § 2974(a) (special
10 education program; fiscal review):

11 (1) the total amount of educational support grants made to participating
12 supervisory unions under subsection (d) of this section; and

13 (2) the total amount of extraordinary special education reimbursement
14 made to participating supervisory unions under subsection (e) of this section.

15 (i)(1) On or before August 15, 2019, December 15, 2019, and April 15,
16 2020, based on a warrant issued by the Commissioner of Finance and
17 Management, the State Treasurer shall withdraw from the Education Fund and
18 shall forward to each participating supervisory union one-third of the
19 educational support grant due to the supervisory union under subsection (d) of
20 this section for fiscal year 2020.

1 (2) On or before November 15, 2019, January 15, 2020, April 15, 2020,
2 and August 1 2020, each participating supervisory union, to the extent it incurs
3 extraordinary special education expenditures under subsection (e) of this
4 section, shall file a financial report with the Secretary in a form prescribed by
5 the Secretary. The report shall describe total extraordinary special education
6 expenditures actually incurred during the reporting period.

7 (3) On or before December 15, 2019, February 15, 2020, May 15, 2020,
8 and September 15, 2020, based on a warrant issued by the Commissioner of
9 Finance and Management, the State Treasurer shall withdraw from the
10 Education Fund and shall forward to each participating supervisory union the
11 amount of extraordinary special education reimbursement incurred by the
12 supervisory union under subsection (e) of this section that is unreimbursed and
13 determined by the Agency of Education to be payable to the supervisory union.

14 (j) For purposes of calculating excess spending pursuant to 32 V.S.A.
15 § 5401(12), “education spending” shall not include spending attributable to the
16 share of special education spending for a district that is a member of a
17 participating supervisory union that is not reimbursed as an extraordinary
18 special education reimbursement under subsection (e) of this section for any
19 student in the fiscal year occurring two years prior.

20 (k) On or before November 1, 2018, each participating supervisory union
21 shall submit to the Secretary such information as required by the Secretary to

1 estimate the supervisory union’s projected extraordinary special education
2 reimbursement for its next fiscal year under subsection (e) of this section.

3 (1) The participating supervisory unions shall assist the Census-based
4 Funding Advisory Council created under Sec. 9 of this act and the State Board
5 of Education in the development of proposed rules to implement this act.

6 * * * Census Funding Model; Amendment of Special Education Laws * * *

7 Sec. 4. 16 V.S.A. chapter 101 is amended to read:

8 CHAPTER 101. SPECIAL EDUCATION

9 Subchapter 1. General Provisions

10 § 2941. POLICY AND PURPOSE

11 It is the policy of the State to ensure equal educational opportunities for all
12 children in Vermont. This means that children with disabilities are entitled to
13 receive a free appropriate public education. ~~It is further the policy of the State~~
14 ~~to pay 60 percent of the statewide costs expended by public education for~~
15 ~~children with disabilities.~~ The purpose of this chapter is to enable the Agency
16 to ensure the provision of the special educational facilities and instruction
17 necessary to meet the needs of children with disabilities.

18 * * *

1 Subchapter 2. Aid for Special Education and Support Services

2 § 2961. ~~STANDARD MAINSTREAM BLOCK GRANTS~~ EDUCATIONAL
3 SUPPORT GRANT

4 (a) ~~Each supervisory union shall be eligible to receive a standard~~
5 ~~mainstream block grant each school year. The mainstream block grant shall be~~
6 ~~equal to the supervisory union's mainstream salary standard multiplied by~~
7 ~~60 percent.~~

8 (b) ~~The supervisory union shall expend all such assistance for special~~
9 ~~education services or for remedial or compensatory services in accordance~~
10 ~~with its service plan as required under section 2964 of this title. It shall~~
11 ~~likewise expend, from local funds, an amount not less than 40 percent of its~~
12 ~~mainstream salary standard for special education.~~

13 (c) ~~As used in this section:~~

14 (1) ~~“Mainstream salary standard” means:~~

15 (A) ~~the supervisory union's full-time equivalent staffing for special~~
16 ~~education for the preceding year multiplied by the average special education~~
17 ~~teacher salary in the State for the preceding year; plus~~

18 (B) ~~an amount equal to the average special education administrator~~
19 ~~salary in the State for the preceding year, plus, for any supervisory union with~~
20 ~~member districts which have in the aggregate more than 1,500 average daily~~
21 ~~membership, a fraction of an additional full-time equivalent salary for a special~~

1 ~~education administrator, the numerator of which is the aggregate average daily~~
2 ~~membership of the supervisory union's member districts minus 1,500, and the~~
3 ~~denominator of which is the aggregate average daily membership of member~~
4 ~~districts in the largest supervisory union in the State minus 1,500.~~

5 (2) ~~“Full-time equivalent staffing” means 9.75 special education~~
6 ~~teaching positions per 1,000 average daily membership.~~

7 (d) ~~If in any fiscal year, a supervisory union in which a school is~~
8 ~~maintained does not expend an amount equal to its mainstream salary standard~~
9 ~~on special education expenditures, the supervisory union may expend the~~
10 ~~balance, including the matching funds, to provide support and remedial~~
11 ~~services pursuant to section 2902 or 2903 of this title. A supervisory union~~
12 ~~choosing to expend funds in this way shall submit a report describing the~~
13 ~~services provided and their costs with the final financial report submitted under~~
14 ~~section 2968 of this title.~~

15 As used in this section:

16 (1) “Average daily membership” shall have the same meaning as
17 defined under 16 V.S.A. § 4001(1), except shall exclude State-placed students.

18 (2) “Average daily membership of a supervisory union” means the
19 aggregate average daily membership of the school districts that are members of
20 the supervisory union or, for a supervisory district, the average daily
21 membership of the supervisory district.

1 (3) “Educational support grant adjustment” means an increase, as
2 determined by State Board of Education rules, to the amount of the educational
3 support grant provided to a supervisory union on account of the supervisory
4 union’s relatively higher costs in supporting students who require additional
5 support due to the number of these students or the nature of the services
6 required.

7 (4) “Long-term membership” of a supervisory union in any school year
8 is the average of the supervisory union’s average daily membership over three
9 school years.

10 (b) Each supervisory union shall be eligible to receive an educational
11 support grant each fiscal year to support the provision of the supervisory
12 union’s comprehensive system of educational services, as required under
13 sections 2901 and 2902 of this title. The State commits to satisfying its special
14 education maintenance of fiscal support requirement under federal law (34
15 CFR 300.163(a)). The amount of the educational support grant for a
16 supervisory union shall be calculated in accordance with subsection (c) of this
17 section.

18 (c)(1)(A) For fiscal year 2021, the amount of the educational support
19 grant for a supervisory union shall be:

20 (i) the average amount it received for fiscal years 2017, 2018, and
21 2019 from the State for special education under 16 V.S.A. § 2961 (standard

1 mainstream block grants), 16 V.S.A. § 2963 (special education expenditures
2 reimbursement), and 16 V.S.A. § 2963a (exceptional circumstances); increased
3 by

4 (ii) the annual change in the National Income and Product
5 Accounts (NIPA) Implicit Price Deflator for State and Local Government
6 Consumption Expenditures and Gross Investment as reported by the
7 U.S. Department of Commerce, Bureau of Economic Analysis.

8 (B) The amount determined under subdivision (1)(A) of this
9 subsection shall be divided by the supervisory union's long-term membership,
10 to determine the base amount of the educational support grant, which is the
11 amount of the educational support grant calculated on a per student basis.

12 (2) The State Board of Education shall establish by rule a uniform base
13 amount of the educational support grant that shall apply to all supervisory
14 unions for fiscal year 2025. In determining the uniform base amount, the
15 State Board of Education shall assume total State funding of educational
16 support grants, including any educational support grant adjustments, in an
17 amount that satisfies but does not exceed the amount necessary for the State to
18 satisfy its special education maintenance of fiscal support requirement under
19 federal law, and shall take into account the Statewide average daily
20 membership, the various fiscal year 2021 base amounts of the supervisory
21 unions, and such other factors that the Board determines are relevant. To

1 determine the amount of a supervisory union’s educational support grant in
2 fiscal year 2025 and subsequent fiscal years, the uniform base amount shall be
3 multiplied by the supervisory union’s long-term membership.

4 (3) For fiscal years 2022, 2023, and 2024 the amount of the educational
5 support grant for a supervisory union shall be determined by multiplying the
6 supervisory union’s long-term membership by a base amount established under
7 State Board of Education rules. The base amount established under State
8 Board of Education rules shall be designed to gradually move a supervisory
9 union’s fiscal year 2021 base amount to the fiscal year 2025 uniform base
10 amount established by the State Board under subdivision (2) of this subsection.

11 (4) For the 2021 fiscal year and subsequent fiscal years, the amount of
12 the educational support grant shall be increased by the educational support
13 grant adjustment for supervisory unions that qualify for the adjustment.

14 § 2962. EXTRAORDINARY SERVICES SPECIAL EDUCATION

15 REIMBURSEMENT

16 (a) ~~Except as otherwise provided in this subchapter, extraordinary services~~
17 ~~reimbursement shall be payable, based on where the related cost is incurred, to~~
18 ~~a town school district, city school district, union school district, unified union~~
19 ~~school district, incorporated school district, the member school districts of an~~
20 ~~interstate school district, and unorganized town or gore or to a supervisory~~
21 ~~union.~~

1 ~~(b) The amount of extraordinary services reimbursement provided to each~~
2 ~~district or supervisory union shall be equal to 90 percent of its extraordinary~~
3 ~~special education expenditures.~~

4 ~~(c) As used in this subchapter, “extraordinary special education~~
5 ~~expenditures” means a school district’s or supervisory union’s allowable~~
6 ~~expenditures that for any one child exceed \$70,000.00 for a fiscal year. In this~~
7 ~~subsection, child means a student with disabilities who is three years of age or~~
8 ~~older in the current school year. The State Board shall define allowable~~
9 ~~expenditures that shall include any expenditures required under federal law,~~
10 ~~and any costs of mediation conducted by a mediator who is approved by the~~
11 ~~Secretary.~~

12 (1) In this subsection, “child” means a student with disabilities who is
13 three years of age or older in the current school year.

14 (2) As used in this subchapter, “extraordinary expenditures” means a
15 supervisory union’s allowable special education expenditures that for any one
16 child in a fiscal year exceed \$70,000.00, increased annually by the annual
17 change in the National Income and Product Accounts (NIPA) Implicit Price
18 Deflator for State and Local Government Consumption Expenditures and
19 Gross Investment as reported by the U.S. Department of Commerce, Bureau of
20 Economic Analysis.

1 (3) The State Board of Education shall define allowable special
2 education expenditures that shall include any expenditures required under
3 federal law and any costs of mediation conducted by a mediator who is
4 approved by the Secretary.

5 (b) If a supervisory union has extraordinary expenditures, it shall be
6 eligible for extraordinary special education reimbursement (extraordinary
7 reimbursement) as provided in this section. The extraordinary reimbursement
8 paid under this section shall apply only after the supervisory union has
9 obtained reimbursement from all other available sources as defined by State
10 Board of Education rules, including Medicaid, other federal and State
11 programs, and private insurance.

12 (c) A supervisory union that has extraordinary expenditures in a fiscal year
13 for any one child shall be eligible for extraordinary reimbursement equal to:

14 (1) an amount equal to its special education expenditures in that fiscal
15 year for that child that exceed the extraordinary expenditures threshold amount
16 under subdivision (a)(2) of this section (excess expenditures) multiplied by 95
17 percent; plus

18 (2) an amount equal to the lesser of:

19 (A) the amount of its excess expenditures; or

20 (B)(i) the extraordinary expenditures threshold amount under
21 subdivision (a)(2) of this section, minus

1 (ii) the base amount of the educational support grant received by
2 the supervisory union under section 2961(c) for that fiscal year, multiplied by

3 (iii) 60 percent.

4 (d) The State Board of Education shall establish by rule the administrative
5 process for supervisory unions to submit claims for extraordinary
6 reimbursement under this section and for the review and payment of those
7 claims.

8 § 2963. ~~SPECIAL EDUCATION EXPENDITURES REIMBURSEMENT~~

9 ~~(a) Based on where the related cost is incurred, each town school district,~~
10 ~~city school district, union school district, unified union school district,~~
11 ~~incorporated school district, the member school districts of an interstate school~~
12 ~~district, and unorganized town or gore or supervisory union shall receive a~~
13 ~~special education expenditures reimbursement grant each school year.~~

14 ~~(b) The amount of a school district's or supervisory union's special~~
15 ~~education expenditures reimbursement shall be equal to the total of its special~~
16 ~~education expenditures multiplied by the reimbursement rate for that year.~~

17 ~~(c) As used in this subchapter:~~

18 ~~(1) Special education expenditures are allowable expenditures for~~
19 ~~special education, as defined by rule of the State Board, less the following:~~

20 ~~(A) revenue from federal aid for special education;~~

1 ~~(B) mainstream service costs, as defined in subdivision 2961(c)(1) of~~
2 ~~this title;~~

3 ~~(C) extraordinary special education expenditures, as defined in~~
4 ~~section 2962 of this title;~~

5 ~~(D) any transportation expenses already reimbursed;~~

6 ~~(E) special education costs for a student eligible for aid under section~~
7 ~~2963a of this title; and~~

8 ~~(F) other State funds used for special education costs as defined by~~
9 ~~the State Board by rule.~~

10 ~~(2) The State Board shall define allowable expenditures under this~~
11 ~~subsection. Allowable expenditures shall include any expenditures required~~
12 ~~under federal law.~~

13 ~~(3) “Special education expenditures reimbursement rate” means a~~
14 ~~percentage of special education expenditures that is calculated to achieve the~~
15 ~~60 percent share required by subsection 2967(b) of this title.~~

16 ~~(d) [Repealed.]~~

17 § 2963a. ~~EXCEPTIONAL CIRCUMSTANCES~~

18 ~~(a) In lieu of reimbursement under section 2963 of this title, the Secretary~~
19 ~~shall reimburse a school district or supervisory union for 80 percent of the~~
20 ~~costs not eligible for reimbursement under section 2962 of this title for each~~
21 ~~student causing the school district or supervisory union to be eligible for~~

1 ~~extraordinary services reimbursement pursuant to that section. However, in~~
2 ~~order for a school district or supervisory union to be eligible for reimbursement~~
3 ~~under this section, the total costs of the school district or supervisory union~~
4 ~~eligible for extraordinary services reimbursement must equal or exceed 15~~
5 ~~percent of the total costs eligible for State assistance under sections 2961,~~
6 ~~2962, and 2963 of this title.~~

7 ~~(b) An eligible school district or supervisory union may apply to the~~
8 ~~Secretary to receive reimbursement under this section. The Secretary shall~~
9 ~~award reimbursement to a school district or supervisory union under this~~
10 ~~section if the Secretary makes a determination that the school district or~~
11 ~~supervisory union considered all the cost effective and appropriate available~~
12 ~~alternatives for placement and programs for students before incurring these~~
13 ~~costs. A decision of the Secretary shall be final. [Repealed.]~~

14 § 2964. SERVICE PLAN

15 ~~(a) As a condition of receiving assistance under this subchapter, a~~
16 ~~supervisory union shall file a service plan with the Secretary annually on or~~
17 ~~before October 15. The service plan shall contain the anticipated special~~
18 ~~education expenditures for the following school year for the supervisory union~~
19 ~~and its member districts. The plan shall be in a form prescribed by the~~
20 ~~Secretary and shall include information on services planned and anticipated~~
21 ~~expenditures.~~

1 ~~(b) If a supervisory union fails to file a service plan by October 15, the~~
2 ~~Secretary may withhold any funds due the supervisory union and its member~~
3 ~~districts under this title until a service plan is filed and accepted by the~~
4 ~~Secretary as properly completed. [Repealed.]~~

5 * * *

6 § 2967. ~~AID PROJECTION; STATE SHARE~~

7 ~~(a) On or before December 15, the Secretary shall publish an estimate, by~~
8 ~~supervisory union and its member districts to the extent they anticipate~~
9 ~~reimbursable expenditures under this chapter, of the amount of State assistance~~
10 ~~necessary to fully fund sections 2961 through 2963 of this title in the ensuing~~
11 ~~school year.~~

12 ~~(b) The total expenditures made by the State in any fiscal year pursuant to~~
13 ~~this chapter shall be 60 percent of the statewide total special education~~
14 ~~expenditures of funds that are not derived from federal sources. Special~~
15 ~~education expenditures shall include:~~

16 ~~(1) costs eligible for grants and reimbursements under sections 2961~~
17 ~~through 2963a of this title;~~

18 ~~(2) costs for services for persons who are visually impaired and persons~~
19 ~~who are deaf and hard of hearing;~~

20 ~~(3) costs for the interdisciplinary team program;~~

21 ~~(4) costs for regional specialists in multiple disabilities;~~

1 ~~(5) funds expended for training and programs to meet the needs of~~
2 ~~students with emotional behavioral problems under subsection 2969(c) of this~~
3 ~~title; and~~

4 ~~(6) funds expended for training under subsection 2969(d) of this title.~~

5 [Repealed.]

6 § 2968. REPORTS

7 ~~(a) On or before November 15, March 15, and August 1 of each school~~
8 ~~year, each supervisory union and its member districts to the extent they incur~~
9 ~~reimbursable expenditures under this chapter shall file a financial report with~~
10 ~~the Secretary in a form prescribed by the Secretary. The report shall describe~~
11 ~~total expenditures for special education actually incurred during the preceding~~
12 ~~period, and shall describe revenues derived from different funding sources,~~
13 ~~including federal assistance, State assistance under this chapter, and local~~
14 ~~effort.~~

15 ~~(b) If a supervisory union or its member districts that have incurred~~
16 ~~reimbursable expenditures under this chapter fail to file a complete report by~~
17 ~~August 1, until the properly completed August 1 report is filed and accepted by~~
18 ~~the Secretary, the Secretary may withhold any funds due the supervisory union~~
19 ~~or school district under this title and shall subtract \$100.00 per business day~~
20 ~~from funds due to the supervisory union or school district under this title for~~
21 ~~that fiscal year. The Secretary may waive the \$100.00 penalty required under~~

1 ~~this subsection upon appeal by the supervisory union or school district. The~~
2 ~~Secretary shall establish procedures for administration of this subsection.~~

3 ~~(c) The Secretary shall review and monitor the reports received pursuant to~~
4 ~~subsection (a) of this section as well as the service plans received pursuant to~~
5 ~~section 2964 of this title, and shall assist supervisory unions and school~~
6 ~~districts to complete and submit these documents in a timely and accurate~~
7 ~~fashion.~~

8 ~~(d) Special education receipts and expenditures shall be included within the~~
9 ~~audits required of a supervisory union and its member districts that have~~
10 ~~incurred reimbursable expenditures under this chapter pursuant to section 323~~
11 ~~of this title. [Repealed.]~~

12 § 2969. PAYMENTS

13 (a)(1) On or before August 15, December 15, and April 15 of each fiscal
14 year, the State Treasurer shall withdraw from the Education Fund, based on a
15 warrant issued by the Commissioner of Finance and Management, and shall
16 forward to each supervisory union ~~and its member districts to the extent they~~
17 ~~anticipate reimbursable expenditures under this chapter, the amount of State~~
18 ~~assistance estimated in accordance with State Board rules to be necessary to~~
19 ~~fund sections 2961 through 2963a of this title in the current fiscal period one-~~
20 ~~third of the educational support grant due to the supervisory union under~~
21 ~~section 2961 of this title for that fiscal year. The State Board shall by rule~~

1 ~~ensure that the amount of such assistance shall be adjusted to compensate for~~
2 ~~any overpayments or underpayments determined, after review and acceptance~~
3 ~~of the reports submitted under section 2968 of this title, to have been made in~~
4 ~~previous periods. Notwithstanding this subsection, failure to submit the~~
5 ~~reports within the timelines established by subsection 2968(a) of this title shall~~
6 ~~result in the withholding of any payments until the report is filed.~~

7 (2) On or before November 15, January 15, April 15, and August 1 of
8 each school year, each supervisory union, to the extent it incurs extraordinary
9 expenditures under section 2962 of this title, shall file a financial report with
10 the Secretary in a form prescribed by the Secretary. The report shall describe
11 total extraordinary expenditures actually incurred during the reporting period.

12 (3) On or before December 15, February 15, May 15, and September 15
13 of each school year, based on a warrant issued by the Commissioner of
14 Finance and Management, the State Treasurer shall withdraw from the
15 Education Fund and shall forward to each supervisory union the amount of
16 extraordinary reimbursement incurred by the supervisory union under section
17 2962 of this title that is unreimbursed and determined by the Agency of
18 Education to be payable to the supervisory union.

19 (b) [Repealed.]

20 (c) For the purpose of meeting the needs of students with emotional or
21 behavioral problems, each fiscal year the Secretary shall use for training,

1 program development, and building school and regional capacity, up to one
2 percent of the State funds appropriated under this subchapter.

3 (d) For the training of teachers, administrators, and other personnel in the
4 identification and evaluation of, and provision of ~~education~~ educational
5 services to children who require educational supports, each fiscal year the
6 Secretary shall use up to 0.75 percent of the State funds appropriated under this
7 subchapter. In order to set priorities for the use of these funds, the Secretary
8 shall identify effective practices and areas of critical need. The Secretary may
9 expend up to five percent of these funds for statewide training and shall
10 distribute the remaining funds to school districts or supervisory unions.

11 (e) School districts and supervisory unions that apply for funds under this
12 section must submit a plan for training that will result in lasting changes in
13 their school systems and give assurances that at least 50 percent of the costs of
14 training, including in-kind costs, will be assumed by the applicant. The
15 Secretary shall establish written procedures and criteria for the award of such
16 funds. In addition, the Secretary may identify schools most in need of training
17 assistance and may pay for 100 percent of the assistance to the supervisory
18 union or school district for these schools to fund the provision of training
19 assistance for these schools.

20 * * *

1 § 2974. SPECIAL EDUCATION PROGRAM; FISCAL REVIEW

2 (a) Annually, the Secretary shall report to the State Board regarding:

3 (1) ~~special education expenditures by supervisory unions~~ the total
4 amount of educational support grants made to supervisory unions under section
5 2961 of this title;

6 (2) ~~the rate of growth or decrease in special education costs, including~~
7 ~~the identity of high and low spending supervisory unions~~ the total amount of
8 extraordinary special education reimbursement made to supervisory unions
9 under section 2962 of this title;

10 (3) results for special education students;

11 (4) the availability of special education staff;

12 (5) the consistency of special education program implementation
13 statewide;

14 (6) the status of the ~~education~~ educational support systems in
15 supervisory unions; and

16 (7) a statewide summary of the special education student count,
17 including:

18 (A) the percentage of the total average daily membership represented
19 by special education students statewide and by supervisory union;

20 (B) the percentage of special education students by disability
21 category; and

1 (C) the percentage of special education students served by public
2 schools within the supervisory union, by day placement, and by residential
3 placement.

4 ~~(b) The Secretary's report shall include the following data for both high-~~
5 ~~and low-spending supervisory unions:~~

6 ~~(1) each supervisory union's special education staff to child count ratios~~
7 ~~as compared to the State average, including a breakdown of ratios by staffing~~
8 ~~categories;~~

9 ~~(2) each supervisory union's percentage of students in day programs and~~
10 ~~residential placements as compared to the State average of students in those~~
11 ~~placements and information about the categories of disabilities for the students~~
12 ~~in such placements;~~

13 ~~(3) whether the supervisory union was in compliance with section 2901~~
14 ~~of this title;~~

15 ~~(4) any unusual community characteristics in each supervisory union~~
16 ~~relevant to special education placements;~~

17 ~~(5) a review of high- and low-spending supervisory unions' special~~
18 ~~education student count patterns over time;~~

19 ~~(6) a review of the supervisory union's compliance with federal and~~
20 ~~State requirements to provide a free, appropriate public education to eligible~~
21 ~~students; and~~

1 ~~(7) any other factors affecting its spending.~~

2 ~~(e) The Secretary shall review low spending supervisory unions to~~
3 ~~determine the reasons for their spending patterns and whether those~~
4 ~~supervisory unions used cost effective strategies appropriate to replicate in~~
5 ~~other supervisory unions.~~

6 ~~(d) For the purposes of this section, a “high spending supervisory union” is~~
7 ~~a supervisory union that, in the previous school year, spent at least 20 percent~~
8 ~~more than the statewide average of special education eligible costs per average~~
9 ~~daily membership. Also for the purposes of this section, a “low spending~~
10 ~~supervisory union” is a supervisory union that, in the previous school year,~~
11 ~~spent no more than 80 percent of the statewide average of special education~~
12 ~~eligible costs per average daily membership.~~

13 ~~(e) The Secretary and Agency staff shall assist the high spending~~
14 ~~supervisory unions, that have been identified in subsection (a) of this section~~
15 ~~and have not presented an explanation for their spending that is satisfactory to~~
16 ~~the Secretary, to identify reasonable alternatives and to develop a remediation~~
17 ~~plan. Development of the remediation plan shall include an on-site review.~~
18 ~~The supervisory union shall have two years to make progress on the~~
19 ~~remediation plan. At the conclusion of the two years or earlier, the supervisory~~
20 ~~union shall report its progress on the remediation plan.~~

1 ~~(f) Within 30 days of receipt of the supervisory union's report of progress,~~
2 ~~the Secretary shall notify the supervisory union that its progress is either~~
3 ~~satisfactory or not satisfactory.~~

4 ~~(1) If the supervisory union fails to make satisfactory progress, the~~
5 ~~Secretary shall notify the supervisory union that, in the ensuing school year,~~
6 ~~the Secretary shall withhold 10 percent of the supervisory union's special~~
7 ~~education expenditures reimbursement pending satisfactory compliance with~~
8 ~~the plan.~~

9 ~~(2) If the supervisory union fails to make satisfactory progress after the~~
10 ~~first year of withholding, 10 percent shall be withheld in each subsequent year~~
11 ~~pending satisfactory compliance with the plan; provided, however, before~~
12 ~~funds are withheld in any year under this subdivision (f)(2), the supervisory~~
13 ~~union shall explain to the State Board either the reasons the supervisory union~~
14 ~~believes it made satisfactory progress on the remediation plan or the reasons it~~
15 ~~failed to do so. The State Board's decision whether to withhold funds under~~
16 ~~this subdivision shall be final.~~

17 ~~(3) If the supervisory union makes satisfactory progress under any~~
18 ~~subdivision of this subsection, the Secretary shall release to the supervisory~~
19 ~~union any special education expenditures reimbursement withheld for the prior~~
20 ~~fiscal year only.~~

1 ~~(g) Within 10 days after receiving the Secretary's notice under subdivision~~
2 ~~(f)(1) of this section, the supervisory union may challenge the Secretary's~~
3 ~~decision by filing a written objection to the State Board outlining the reasons~~
4 ~~the supervisory union believes it made satisfactory progress on the remediation~~
5 ~~plan. The Secretary may file a written response within 10 days after the~~
6 ~~supervisory union's objection is filed. The State Board may give the~~
7 ~~supervisory union and the Secretary an opportunity to be heard. The State~~
8 ~~Board's decision shall be final. The State shall withhold no portion of the~~
9 ~~supervisory union's reimbursement before the State Board issues its decision~~
10 ~~under this subsection.~~

11 ~~(h) Nothing in this section shall prevent a supervisory union from seeking~~
12 ~~and receiving the technical assistance of Agency staff to reduce its special~~
13 ~~education spending.~~

14 § 2975. UNUSUAL SPECIAL EDUCATION COSTS; FINANCIAL
15 ASSISTANCE

16 The Secretary may use up to two percent of the funds appropriated for
17 allowable special education expenditures, as that term is defined in subsection
18 2967(b) of this title, to directly assist supervisory unions with special education
19 expenditures of an unusual or unexpected nature. ~~These funds shall not be~~
20 ~~used for exceptional circumstances that are funded under section 2963a of this~~

1 ~~title.~~ The Secretary’s decision regarding a supervisory union’s eligibility for
2 and amount of assistance shall be final.

3 * * * Technical and Conforming Changes * * *

4 Sec. 5. 16 V.S.A. § 826 is amended to read:

5 § 826. NOTICE OF TUITION RATES; SPECIAL EDUCATION CHARGES

6 * * *

7 (c) Excess special education costs incurred by a ~~district~~ supervisory union
8 in providing special education services to a student beyond those covered by
9 tuition may be charged to the student’s supervisory union for the district of
10 residence. However, only actual costs or actual proportionate costs attributable
11 to the student may be charged.

12 * * *

13 Sec. 6. 16 V.S.A. § 2958 is amended to read:

14 § 2958. RESIDENTIAL PLACEMENT REVIEW TEAM; RESIDENTIAL
15 PLACEMENTS

16 (a) A ~~school-district~~ supervisory union shall notify the parents and the
17 Secretary when it believes residential placement is a possible option for
18 inclusion in a child’s individualized education program.

19 * * *

1 Sec. 7. 16 V.S.A. § 2973 is amended to read:

2 § 2973. INDEPENDENT SCHOOL TUITION RATES

3 (a) The Secretary shall establish minimum standards of services for
4 students receiving special education in independent schools in Vermont; shall
5 set, after consultation with independent schools in Vermont, the maximum
6 rates to be paid by the Agency and ~~school districts~~ supervisory unions for
7 tuition, room, and board based on the level of services; and may advise
8 independent schools as to the need for certain special education services in
9 Vermont.

10 (b) Neither ~~school districts~~ a supervisory union nor any State agency shall
11 pay rates for tuition, room, and board; for students receiving special education
12 in independent schools outside Vermont that are in excess of allowable costs
13 approved by the authorized body in the state in which the independent school
14 is located, except in exceptional circumstances or for a child who needs
15 exceptional services, as approved by the Secretary.

16 (c) The State Board is authorized to enter into interstate compacts with
17 other states to regulate rates for tuition, room, and board for students receiving
18 special education in independent schools.

19 * * *

1 Sec. 8. 16 V.S.A. § 4002 is amended to read:

2 § 4002. PAYMENT; ALLOCATION

3 (a) State and federal funds appropriated for services delivered by the
4 supervisory union and payable through the Agency shall be paid to the order of
5 the supervisory union and administered in accordance with the plan adopted
6 under subdivision 261a(4) of this title. Funding for special education services
7 under ~~section 2969~~ chapter 101 of this title shall be paid to the ~~districts and~~
8 supervisory unions in accordance with that ~~section~~ chapter.

9 (b) The Secretary shall notify the superintendent or chief executive officer
10 of each supervisory union in writing of federal or State funds disbursed to
11 member school districts.

12 * * * Census-based Funding Advisory Group * * *

13 Sec. 9. CENSUS-BASED FUNDING ADVISORY

14 GROUP

15 (a) Creation. There is created the Census-based Funding Advisory Group
16 to consider and make recommendations on the implementation of a census-
17 based model of funding for students who require additional support.

18 (b) Membership. The Advisory Group shall be composed of the following
19 13 members:

20 (1) the Executive Director of the Vermont Superintendents Association
21 or designee;

- 1 (2) the Executive Director of the Vermont School Boards Association or
- 2 designee;
- 3 (3) the Executive Director of the Vermont Council of Special Education
- 4 Administrators or designee;
- 5 (4) the Executive Director of the Vermont Principals Association or
- 6 designee;
- 7 (5) the Executive Director of the Vermont-National Education
- 8 Association or designee;
- 9 (6) the Executive Director of the Vermont Independent Schools
- 10 Association or designee;
- 11 (7) three representatives of the Agency of Education selected by the
- 12 Secretary, one with management responsibility for special education practices,
- 13 one with financial responsibility, and one with special education program
- 14 responsibility;
- 15 (8) one member selected by the Vermont Council of Special Education
- 16 Administrators;
- 17 (9) one member selected by the Vermont-National Education
- 18 Association;
- 19 (10) one member selected by the Vermont Association of School
- 20 Business Officials; and

1 (11) one member selected by the Vermont Legal Aid Disability Law

2 Project.

3 (c) Powers and duties. The Advisory Group shall advise the State Board of
4 Education on the development of proposed rules to implement this act prior to
5 the submission of the proposed rules to the Interagency Committee on
6 Administrative Rules. The Advisory Group shall also recommend to the State
7 Board of Education any statutory changes it determines are necessary or
8 advisable to meet the goals of this act.

9 (d) Meetings.

10 (1) The Secretary of Education shall call the first meeting of the
11 Advisory Group to occur on or before September 30, 2018.

12 (2) The Advisory Group shall select a chair from among its members at
13 the first meeting.

14 (3) A majority of the membership shall constitute a quorum.

15 (4) The Advisory Group shall cease to exist on June 30, 2020.

16 (e) Reimbursement. Members of the Advisory Group who are not
17 employees of the State of Vermont and who are not otherwise compensated or
18 reimbursed for their attendance shall be entitled to per diem compensation and
19 reimbursement of expenses pursuant to 32 V.S.A. § 1010 for not more than
20 16 meetings.

1 * * * Education Weighting Report * * *

2 Sec. 10. REPEAL

3 Sec. 35 of 2017 Acts and Resolves No. 49 is repealed.

4 Sec. 11. EDUCATION WEIGHTING REPORT

5 (a) The Agency of Education, in consultation with the Secretary of Human
6 Services, the Vermont Superintendents Association, the Vermont School
7 Boards Association, and the Vermont-National Education Association, shall
8 consider and make recommendations on the following.

9 (1) The criteria used for determining weighted long-term membership of
10 a school district under 16 V.S.A. § 4010, including each of the following.

11 (A) The current weighting factors and any supporting evidence or
12 basis in the historical record for these factors.

13 (B) The relationship between each of the current weighting factors
14 and the quality and equity of educational outcomes for students.

15 (C) Whether any of the weighting factors, including the weighting
16 factors for students from economically deprived backgrounds and for students
17 for whom English is not the primary language, should be modified, and if so,
18 how the weighting factors should be modified and if the modification would
19 further the quality and equity of educational outcomes for students.

20 (D) Whether to add any weighting factors, including a school district
21 population density factor, and if so, why the weighting factor should be added

1 and if the weighting factor would further the quality and equity of educational
2 outcomes for students. In considering whether to recommend the addition of a
3 school district population density factor, the Agency of Education shall
4 consider the practices of other states, information from the National Council
5 for State Legislatures, and research conducted by higher education institutions
6 working on identifying rural or urban education financing factors.

7 (2) The criteria to be applied by the State Board of Education in its
8 rulemaking process for increasing the amount of educational support grants
9 paid by the State to supervisory unions in order to provide additional financial
10 support to supervisory unions with relatively high costs due to the number of
11 students who require additional support or the nature of the services required.
12 The criteria shall include the qualification requirements for the adjustment and
13 the manner in which the adjustment should be applied. In making this
14 recommendation, the Agency of Education shall consider the report entitled
15 “Study of Vermont State Funding for Special Education” issued in December
16 2017 by the University of Vermont Department of Education and Social
17 Services.

18 (b) In addition to considering and making recommendations on the criteria
19 used for determining weighted long-term membership of a school district under
20 subdivision (a)(1) of this section, the Agency of Education shall consider and

1 make recommendations on other methods that would further the quality and
2 equity of educational outcomes for students.

3 (c) On or before December 15, 2018, the Agency of Education shall submit
4 a written report to the House and Senate Committees on Education, the House
5 Committee on Ways and Means, and the Senate Committee on Finance with its
6 findings and any recommendations.

7 (d) Assistance. The Agency of Education shall have the technical
8 assistance of the Joint Fiscal Office and the Office of Legislative Council.

9 (e) Notwithstanding any provision to the contrary in 16 V.S.A. § 4025, the
10 sum of \$300,000.00 is appropriated from the Education Fund to the Agency of
11 Education to provide funding for the purposes set forth in this section. The
12 Agency of Education shall contract with a contractor with expertise in
13 Vermont's education funding system to assist the Agency in producing the
14 study required by this section. Any application of funds for the purpose of
15 administrative overhead shall be capped at ten percent of the total sum
16 allocated pursuant to this subsection.

1 * * * Consulting Services on the Delivery of Special

2 Education Services * * *

3 Sec. 12. CONSULTING SERVICES ON THE DELIVERY OF SPECIAL
4 EDUCATION SERVICES

5 (a) Consulting services contact. The Agency of Education shall contract
6 with a consulting firm meeting the criteria set forth in subsection (c) of this
7 section for the provision of special education consulting services to
8 supervisory unions. The term of the contract shall cover the 2018-2019, 2019-
9 2020, and 2020-2021 school years and shall begin on July 1, 2018 and end on
10 June 30, 2021. The consulting firm shall work with supervisory unions that,
11 during each school year covered by the contract, are or are anticipating
12 adjusting to the changes in special education funding as provided under this
13 act.

14 (b) Nature of consulting services and reporting.

15 (1) The consulting firm shall assist supervisory unions to expand and
16 improve their delivery of services to students who require additional supports
17 in accordance with the report entitled “Expanding and Strengthening Best-
18 Practice Supports for Students who Struggle” delivered to the Agency of
19 Education in November 2017 from the District Management Group.

20 (2) The consulting firm shall present to the General Assembly and the
21 Agency of Education on or before December 15 of each of 2019, 2020, and

1 2021a report describing what changes supervisory unions have made to expand
2 and improve their delivery of services to students who require additional
3 supports and describing the associated delivery challenges. The Agency shall
4 share each report with all supervisory unions. The consulting firm shall
5 provide to the Agency of Education any and all research and data compiled
6 during the course of its work pursuant to this section.

7 (c) Selection of consulting firm. The Agency of Education shall contract
8 with a consulting firm that:

9 (1) has experience working directly with Vermont school districts and
10 with school districts across the country to raise achievement and manage cost
11 in special education;

12 (2) uses benchmarking data regarding national special education staffing
13 from at least 1,000 school districts covering at least 10 million students and
14 uses web-based schedule-sharing technology that captures how individual staff
15 members use their time, including duration, location, and group size;

16 (3) has conducted and published primary research on cost-effective
17 strategies for raising achievement of struggling students, both students with
18 and students without special needs; and

19 (4) is a published author and is recognized as a national expert on
20 raising special education achievement in a cost-effective manner.

1 (d) Appropriation. Notwithstanding any provision to the contrary in
2 16 V.S.A. § 4025, the sum of \$200,000.00 is appropriated from the Education
3 Fund for each of fiscal years 2019, 2020, and 2021 to the Agency of
4 Education, which the Agency shall administer in accordance with this section,
5 and any unused funds shall revert to the Education Fund.

6 * * * Agency of Education; Staffing * * *

7 Sec. 13. AGENCY OF EDUCATION; STAFFING

8 The following positions are created in the Agency of Education: one full-
9 time, exempt legal counsel specializing in special education law and two full-
10 time, classified positions specializing in special education programming.

11 There is appropriated to the Agency of Education from the General Fund for
12 fiscal year 2019 the amount of \$325,000.00 for salaries, benefits, and operating
13 expenses.

14 * * * Extraordinary Services Reimbursement * * *

15 Sec. 14. 16 V.S.A. § 2962 is amended to read:

16 § 2962. EXTRAORDINARY SERVICES REIMBURSEMENT

17 (a) Except as otherwise provided in this subchapter, extraordinary services
18 reimbursement shall be payable, based on where the related cost is incurred, to
19 a town school district, city school district, union school district, unified union
20 school district, incorporated school district, the member school districts of an

1 interstate school district, and unorganized town or gore or to a supervisory
2 union.

3 (b) The amount of extraordinary services reimbursement provided to each
4 district or supervisory union shall be equal to 90 percent of its extraordinary
5 special education expenditures.

6 (c) As used in this subchapter, “extraordinary special education
7 expenditures” means a school district’s or supervisory union’s allowable
8 expenditures that for any one child exceed ~~\$50,000.00~~ 70,000.00 for a fiscal
9 year. In this subsection, child means a student with disabilities who is three
10 years of age or older in the current school year. The State Board shall define
11 allowable expenditures that shall include any expenditures required under
12 federal law, and any costs of mediation conducted by a mediator who is
13 approved by the Secretary.

14 (d) [Repealed.]

15 Sec. 15. 16 V.S.A. § 4001 is amended to read:

16 § 4001. DEFINITIONS

17 As used in this chapter:

18 * * *

19 (6) “Education spending” means the amount of the school district
20 budget, any assessment for a joint contract school, career technical center
21 payments made on behalf of the district under subsection 1561(b) of this title,

1 and any amount added to pay a deficit pursuant to 24 V.S.A. § 1523(b) that is
2 paid for by the school district, but excluding any portion of the school budget
3 paid for from any other sources such as endowments, parental ~~fund raising~~
4 fundraising, federal funds, nongovernmental grants, or other State funds such
5 as special education funds paid under chapter 101 of this title.

6 (A) [Repealed.]

7 (B) For purposes of calculating excess spending pursuant to
8 32 V.S.A. § 5401(12), “education spending” shall not include:

9 * * *

10 (v) Spending attributable to the district’s share of special
11 education spending ~~in excess of \$50,000.00~~ that is not reimbursed as an
12 extraordinary reimbursement under section 2962 of this title for any ~~one~~
13 student in the fiscal year occurring two years prior.

14 * * *

15 * * * Rulemaking * * *

16 Sec. 16. RULEMAKING

17 The State Board of Education shall adopt such rules as are necessary to
18 implement this act. The State Board and the Agency of Education shall
19 consult with the Census-based Funding Advisory Group established under Sec.
20 9 of this act in developing the State Board rules, and the State Board shall take

1 into consideration the weighting study report required under Sec. 11 of this act.

2 The State Board rules shall include rules that:

3 (1) define the term “educational support grant adjustment” as used in the
4 amendment to 16 V.S.A. § 2961 in Sec. 4 of this act;

5 (2) establish a “uniform base amount,” as that term is used in the
6 amendment to 16 V.S.A. § 2961 in Sec. 4 of this act, that shall apply to all
7 supervisory unions for fiscal year 2025; and

8 (3) for fiscal years 2022, 2023, and 2024, establish “base amounts,” as
9 that term is used in the amendment to 16 V.S.A. § 2961 in Sec. 4 of this act, to
10 gradually move supervisory unions fiscal year 2021 base amounts to the fiscal
11 year 2025 uniform base amount.

12 * * * Transition * * *

13 Sec. 17. TRANSITION

14 (a) Notwithstanding the requirement under 16 V.S.A. § 2964 for a
15 supervisory union to submit a service plan to the Secretary, a supervisory
16 union shall not be required to submit a service plan for fiscal year 2021.

17 (b) On or before November 1, 2019, a supervisory union shall submit to the
18 Secretary such information as required by the Secretary to estimate the
19 supervisory union’s projected fiscal year 2021 extraordinary special education
20 reimbursement under Sec. 4 of this act.

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* * * Effective Dates * * *

Sec. 18. EFFECTIVE DATES

(a) The following sections shall take effect on July 1, 2020:

(1) Sec. 4 (amendment to 16 V.S.A. chapter 101);

(2) Sec. 17 (Transition).

(b) The following sections shall take effect on July 1, 2019:

(1) Sec. 14 (extraordinary services reimbursement); and

(2) Sec. 15 (amendment to 16 V.S.A. § 4001).

(c) This section and the remaining sections of this act shall take effect on

passage.