

## TESTIMONY

**Testimony To:** House and Senate Committees on Education

**Respectfully Submitted by:** Zoie Saunders, Secretary

Jill Briggs Campbell, Deputy Secretary

Sean Cousino, Deputy Chief Financial Officer

Jennifer Hicks, Data Management and Analysis Division Director

Meg Porcella, Student Support Services Division Director

Cassie Santo, State Director of Special Education

Alicia Hanrahan, Education Programs Manager and Interagency Coordinator

**Subject:** Special Education Spending and Education Service Delivery

**Date:** May 9, 2025

---

### Purpose

Thank you for the opportunity to provide testimony in response to data requests related to the delivery and cost of special education services in Vermont. In addition to addressing the specific data requests, the Agency offers an analysis of emerging patterns, highlights current initiatives, and outlines planned activities to strengthen the quality of special education services and improve the overall efficiency of Vermont's education funding system.

Delivering both effective and cost-efficient special education is a complex challenge that will require a multi-year focus. This work must focus on equitably resourcing schools, enhancing accountability and training, and improving service delivery through restructuring and enhanced coordination. Policy makers should also consider the potential for cooperative educational services and examine new approaches to therapeutic programs. The Agency has made special education an area of strategic focus and has already begun efforts to rebuild the foundation, focusing on the fundamentals, to serve as the basis for future improvements across the system.

We appreciate the opportunity to share our analysis and recommendations to inform policy that advances our shared goals: ensuring all learners can succeed and delivering strong accountability for public dollars—especially those spent on our most vulnerable students.



## Document Guide

The State of Special Education in Vermont	4
Funding Ecosystem	8
Data Trends	13
Strategic Planning to Support Special Education	29

Key Questions	Page Number
Who are the “high cost students”? Where are they being served? Do some districts or regions of the state lean more on extraordinary expenses/the reimbursement for “high cost students” than others? What might explain this?	<a href="#">Page 21</a>
What are outcomes for students with disabilities? How could a focus on improving primary first instruction affect these outcomes?	<a href="#">Page 17</a>
What are the assessment outcomes for students who are placed in specialized settings?	<a href="#">Page 17</a>
For the most recent FY year available: Special education spending by LEA	Accompanying document
Correlations between LEA size and proportion of students with an IEP, between District size and cost per IEP, between percent Spending per ADM and whether or not they pay tuition at the secondary level	<a href="#">Page 19</a>

## Key Takeaways in These Areas

**Students Requiring Extraordinary Costs & Placement Patterns:** The number of students requiring extraordinary cost reimbursements is rising significantly, with 792 students requiring extraordinary cost reimbursement in FY23-24. These students are disproportionately served in independent or therapeutic settings, particularly for disability categories like autism and emotional disturbance. Some regions lean more heavily on extraordinary cost reimbursements, but the connection to district size, services, or resources remains complex and requires further analysis (p. 21).

**Student Outcomes & Primary Instruction:** Students with IEPs consistently score 30–40 percentage points lower on statewide assessments than their peers (p. 17).

Improving Tier 1 instruction, early interventions, and inclusive practices, such as Universal Design for Learning, are central strategies proposed to address these disparities.

**Assessment Outcomes in Specialized Settings:** Students placed in therapeutic schools performed slightly below peers with IEPs in other settings on state assessments, particularly in math. However, results vary by grade and disability type, making it difficult to draw broad conclusions (p. 17).

**LEA-Level Spending and Patterns:** Special education spending varies across districts. The relationship between special education expenditures per student and district size, need (FRL), IEP rates, and tuitioning patterns were explored (p. 19-20). Smaller districts tended to have higher average expenditures, but the relationship was not strong statistically. There was no relationship between per-student expenditures and district need or whether they tuitioned secondary grades. There was a relationship between per-student expenditures and the percentage of students with an IEP, with districts that have a lower percentage of students on IEPs having higher expenditures per student. Detailed LEA-level spending data is provided in an accompanying file.

## The State of Special Education in Vermont

As of 2023-24, there were 16,152 students with Individualized Education Plans (IEPs) ages 3-21 in Vermont. There's an ongoing trend of increasing total numbers of students with disabilities on IEPs 3-21 and increasing total extraordinary costs that will be explored in greater detail in a subsequent section of this testimony.

Additional trends are summarized below from the [Special Education Presentation](#) from December 2024:

- **Disability Categories**

The most common disability category is Specific Learning Disability (27.79%), followed by Other Health Impairment (18.42%) and Emotional Disturbance (13.72%).

- **Preschool Environments**

Most children with IEPs, aged 3, 4, and 5, receive the majority of their special education and related services in regular early childhood settings (66.37%).

- **Kindergarten-12th Grade Educational Environments**

The majority of children with IEPs aged 5 through 21 are served inside the regular class 80% or more of the day.

- **Special Education Demographics**

There's a trend of increasing total numbers of students with disabilities on IEPs 3-21 and increasing total extraordinary costs.

- **Assessment Participation**

Participation rates for children with IEPs in state reading and math assessments have generally increased from the 2020-2021 school year to the 2022-2023 school year. Some participation rates are still below our targets and remain a focus.

- **Post-School Outcomes**

87% of teens no longer in secondary school who had an IEP in effect at the time they left school were either enrolled in higher education or in some other postsecondary education or training program or were competitively employed or in some other employment within one year of leaving high school.

## Federal Compliance

Vermont has faced longstanding challenges related to compliance with federal special education requirements under the Individual with Disabilities Act (IDEA). Historically, the state received several years of “needs assistance” and at times, “needs intervention” determinations from the U.S. Department of Education Office of Special Education

Programs (OSEP). These designations reflect concerns about data quality and monitoring. In recent years, the Agency has taken significant steps to address these issues by re-establishing a regular monitoring cycle, developing a differentiated accountability process, and expanding technical assistance and training for schools and districts. Other areas require system-wide improvements to the state's graduation rate and coordination across operating and non-operating districts.

**Historical Determinations: Results Driven Accountability (RDA) Percentage, Determination, Results, and Compliance Overall Scoring**

<b>Federal Fiscal Year</b>	FFY2018	FFY2019	FFY2020	FFY2021	FFY2022
<b>Percentage</b>	54.86%	75.69%	71.25%	69.17%	65%
<b>Determination</b>	Needs Intervention	Needs Assistance	Needs Assistance	Needs Assistance	Needs Assistance
<b>Results</b>	9/24	10/16	10/16	14/24	11/20
<b>%</b>	37.5%	62.5%	62.5%	58.33%	55%
<b>Compliance</b>	13/18	16/18	16/20	16/20	15/20
<b>%</b>	72.22%	88.89%	80%	80%	75%

Vermont scored an overall of 65% for FY2022, which placed us in Needs Assistance (NA). An RDA status of less than 80% results in a Needs Assistance determination. Being identified as "Needs Assistance" is a signal that the state needs to focus on making improvements and is based on a combination of compliance and indicators related to achieving positive outcomes for students with disabilities. The exact formula and the weight given to each indicator can vary, but the general principle is that the overall percentage reflects a comprehensive evaluation of the state's special education system based on both adherence to rules and the actual success of students. For more information on how scores are generated, please visit: [How the Department Made Determinations, 2023](#).

The "Needs Assistance" determination status reflects several factors and requires the following to be improved (based on the FFY2022 determination):

- Increasing the percentage of children with disabilities participating in statewide assessments in grade 8 math and increasing rates of proficiency in grade 4 reading and math on the National Assessment on Educational Progress (NAEP). (Note: we will receive our FFY2023 determination status around June 20, 2025).
- Increasing graduation rates for children with disabilities while simultaneously decreasing dropout rates.
- Ensuring that each student with a disability transitioning out of secondary education has a fully compliant transition plan.

From this determination, the Office of Special Education Programs (OSEP) has instructed Vermont to conduct the following work, which is underway:

- Work with appropriate OSEP-funded technical assistance centers.
- Consider accessing technical assistance from other department-funded centers, such as the comprehensive centers.
- Determine which results and compliance indicators and improvement strategies to focus its use of available technical assistance.
- Access technical assistance related to results and compliance indicators that received a score of 0.

OSEP employs a differentiated monitoring and support (DMS) system as part of their oversight and improvement strategy. Vermont has been assigned to Cohort 5 in OSEP's DMS cycle. OSEP will contact Vermont in October 2025 to schedule an engagement visit month between August 2027 through January 2028 to discuss DMS in more detail, including specific timelines for the discovery and engagement monitoring activities.

### **Special Education Monitoring: Focusing on the Fundamentals**

Special education monitoring focuses on both compliance with the Individuals with Disabilities Education Act (IDEA) and improving results for students with disabilities. Monitoring can go beyond individual cases of non-compliance to uncover broader systemic issues within a district, and the data collected through monitoring activities provides State Education Agencies (SEA) with valuable insights into the specific challenges and needs of districts across the state. Monitoring is not a one-size-fits-all approach, and monitoring activities that the AOE conducts with districts could include: data collection and review, parent surveys, staff interviews and surveys, desk audits, and on-site visits.

The special education team has been redeveloping Vermont's special education monitoring systems to ensure that monitoring is used as a tool for continuous improvement and better results. There are ongoing plans to integrate monitoring into the broader agency framework to ensure that the needs of students with disabilities are an agency-wide commitment and that special education is considered across all departments and initiatives.

To achieve a more effective special education monitoring system, several key changes are being made within the integrated monitoring systems. Firstly, the AOE is redesigning the local special education determinations (LSEDs). LSEDs are the annual evaluations by SEAs of each LEA's performance in implementing the IDEA. Within this tool, the AOE uses various data, including compliance indicators and student results, to categorize LEAs into different performance levels specified by OSEP. See the following document for the most recent LSED determinations: [LEA Special Education Determination List FFY2022](#).

In addition, the AOE has developed a risk assessment to inform our cyclic monitoring processes, while also redesigning our cyclic monitoring system to incorporate a differentiated approach. The risk assessment will be used as a tool to help the AOE determine if LEAs might need a standard cyclic monitoring approach or a more intensive cyclic monitoring approach.

Lastly, the AOE has created a Due Diligence Review process in response to guidance from OSEP. For more information on OSEP's guidance, see [OSEP's 23-01](#). Due Diligence Reviews encompass the AOE's approach to credible allegations about a district that are received outside of the typical monitoring cycle. This proactive measure is necessary to ensure that the rights of students with disabilities are protected year-round. By establishing a formal process for reviewing such allegations, the AOE can identify and address potential issues more swiftly, ultimately contributing to improved outcomes and compliance within its districts.

Initial changes to Vermont's special education monitoring system will be published in July 2025, with a commitment to continuously evaluate, improve, and expand upon our agency-wide special education approaches in the years to come.

## State Requirements – Act 173

Act 173 (2018) was enacted to enhance the effectiveness, availability, and equity of services provided to all students who require additional support in Vermont's school districts. The law also shifts the funding mechanism of special education from a reimbursement system to a block grant system, simplifying the administration of funds at both the state and local levels and aligning with policy priorities, including ensuring that all students receive the instruction and support they need, when they need it, from qualified teachers. Act 173 directed schools and districts to adopt a comprehensive system of support that emphasizes prevention, early intervention, and high-quality instruction with specific goals to:

1. Ensure elementary Tier 1 core instruction meets the needs of most students;
2. Provide additional instructional time outside core subjects aligned to the core instruction, to students who struggle, rather than providing interventions instead of core instruction;
3. Ensure students who struggle receive all instruction from highly skilled teachers;
4. Create or strengthen a systems-wide approach to supporting positive student behaviors based on expert support; and
5. Provide students having more intensive support needs with specialized instruction from skilled and trained experts.



## Funding Ecosystem

### State Funding

The following section provides a description of the current funding system for special education as we transition through the first years of changes required in Act 173. As we contemplate additional changes to special education funding formulas in the future, it is important to understand and evaluate any theory of action to prevent unintended consequences or perverse incentives that may result in higher spending.

Currently, Vermont's Education Fund pays for special education through both:

- **Per student grants:** the Census Block grant (CBG) and the Early Essential Education (EEE) grant.
- **Reimbursements:** for extraordinary special education and state-placed students.

In addition significant special education costs are borne in local budgets, which are included in education spending payment and impact homestead taxes. An analysis of these costs is included in section Revenues and Expenditures Trends section below.

This is a change from how special education was funded prior to FY23.<sup>1</sup>

Special education per student grant amounts change based on statutory required inflation and student counts and typically grow slowly over time. Reimbursements instead are a percentage of actual costs and therefore grow more quickly as costs increase. Changes in the amount of funding generated through each grant or reimbursement will be described below.

### Census-Block Grant

The census block grant is currently in a transition period for FY24 - FY27. During the transition period each district is being stepped up or down to a single universal base amount in FY27 of \$2,350 per three-year average daily membership (ADM). The theory of moving to the census block was that if student enrollment continued to decline, this student-based fund would gradually reduce. However, the number of students with

---

<sup>1</sup> Vermont had a primarily reimbursement-based funding system prior to fiscal year (FY) 2023. Act 173 of 2018 changed the funding for special education. Prior to Act 173, the funding streams were a mainstream per student grant, a cost reimbursement of up to sixty percent of SU/SD special education spending. This can make it difficult to compare state special education funding across years as making comparisons between a reimbursement funding model and a partial reimbursement funding model is not comparing similar methods.



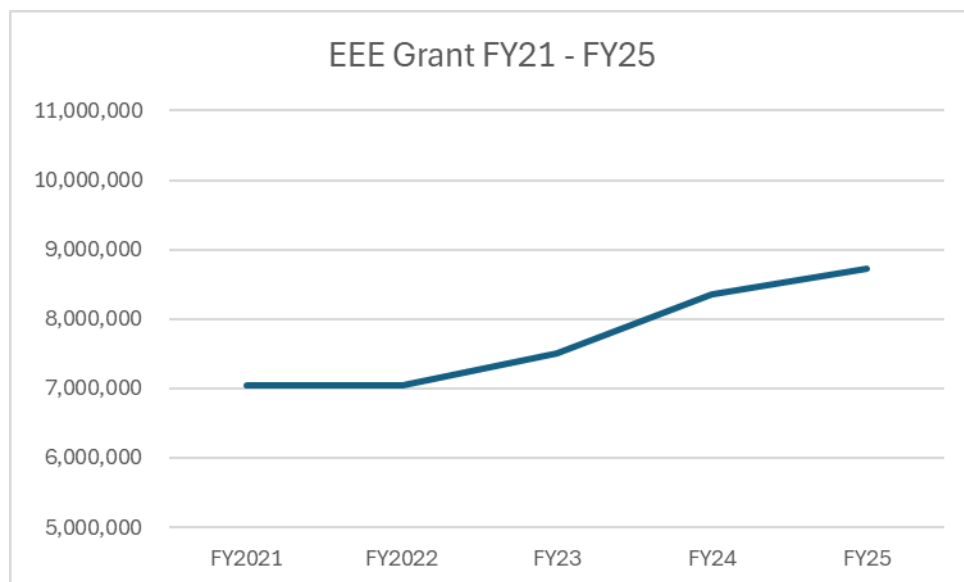
disabilities has continued to increase and the proportion of local budgets that are dedicated to special education costs has increased over time (see analysis below).

Fiscal Year	FY23	FY24	FY25
Census block grant	186,993,183	188,775,197	190,725,738

Census Block grant funding has increased from \$187.0 million to \$190.7 million, or by roughly 2 percent since FY23.

### Early Essential Education (EEE) Grant

The EEE grant is increased based on New England Economic Project (NEEP) inflation each year. The allocation of the EEE grant is based on prior year student counts for first, second, and third graders prorated to spend the entire appropriation. Strong inflation in FY23 and FY24 have increased the grant.



Fiscal Year	FY21	FY22	FY23	FY24	FY25
EEE grant	7,044,052	7,050,104	7,511,638	8,350,389	8,725,587

Funding via the EEE grant has increased between FY21-FY25 from \$7.0 million to \$8.7 million for a 24 percent increase.

### Extraordinary Cost Reimbursement

Extraordinary special education cost reimbursement has existed for many years. The extraordinary reimbursement formula changed with Act 173. Districts are now reimbursed more for extraordinary special education student costs. The new piece of the formula can be hard to follow, an example is outlined below to walk through the

difference in old versus current extraordinary special education expenditure reimbursement formula.

For example, if an individual student cost of \$170,000 at Supervisory Union A, the first part of the calculation is 95% total student cost over the threshold:

$$\text{Part 1} = (170,000 - 66,446) * .95$$

$$\text{Part 1} = 103,554 * .95$$

$$\text{Part 1} = 98,376$$

Prior to FY23, \$98,376 would have been reimbursed to the SU/SD. Beginning in FY23, a second part was added: the lessor of excess expenditures or the difference between the current year excess spending threshold and the current year census block grant times sixty percent

$$\text{Part 2} = \text{Lessor of } ((170,000 - 66,446), \text{ or } ((66,446 - 2,202.07) * .60))$$

$$\text{Part 2 Lessor of } (103,554 \text{ or } 38,546)$$

$$\text{Part 2} = 38,546$$

$$\text{Total reimbursement} = 98,376 + 38,546$$

$$\text{Total reimbursement} = 136,922$$

It is important to highlight that in the first year of Act 173 implementation, FY23, an additional \$17.5 million was paid to SU/SDs related to the new portion (Part 2 of the formula above) of the reimbursement formula. The state's total reimbursement went from \$21M in FY22 to \$47M in FY23 when considering the formula change applied to FY23. The intent of the formula change was to more fully account for the cost of extraordinary special education expenses in the state, as opposed to local school budgets.

To reflect more accurately what is earned in each of the past two years and expected to be earned in FY25 from district projections aggregated to the state level:

Fiscal Year	FY21	FY22	FY23	FY24	FY25 (est)
Extraordinary Reimbursement	16,892,294	21,151,707	46,645,905	53,118,782	65,000,000

Estimates for FY2024 and FY2025 are based on reporting from Dec 2022 and Dec 2023 service plan submissions. The final payment totaling \$53,118,782 for FY24 occurred in September 2024. Between FY21 and FY25, extraordinary reimbursements from the state increased from \$16.9 million to an estimated \$65.0 million- a 285 percent increase. It does not represent a change in the total system-wide cost of extraordinary services.

### State-Placed Students

State-placed student special education services are reimbursed at one hundred percent of cost. These costs are for students who have been placed outside of their parent/guardian's home by a state agency (DAIL, DCF, DMH), receiving special education services at an SU/SD other than their parent/guardian's town of residence. While AOE also reimburses LEAs for General Education tuition, state-placed special education reimbursement is described here. Keep in mind that SPS funding also pays residential facilities (in or out of state) directly, both general education and special education students.

The Agency does not collect state-placed student projection data, what is available and displayed is the most recent four years of reimbursements, FY21 – FY24.

Fiscal Year	FY21	FY22	FY23	FY24
State Placed	4,882,443	3,882,482	3,811,433	4,215,972

Reimbursement funding for state-placed students has fluctuated between FY21-FY24, up to \$4.9 million and down to \$3.8 million.

### Total State Aid for Special Education

The total state special education categorical aid payments for the most recent year, FY24 is \$254,460,340, the sum of the four types of funding. State special education categorical aid money does not represent the total special education costs incurred by SU/SDs in Vermont. There is a portion of special education costs paid by taxpayers through local budgets from the education spending grant and through federal funding.

Categorical aid is formula-driven state money paid to districts. Categorical aid is a source of offsetting revenue and not included in education spending used to calculate the homestead tax rates. The portion of special education costs paid for using education spending is included in the homestead tax rate calculation. As the portion of special education spending has increased in local budgets, the impact of special education costs on homestead tax rates is also increasing.

### Federal Funding

Some SU/SD funding for special education is received from the federal government, primarily through IDEA 611 (children aged 3-5) and IDEA 619 (children aged 3-21). The federal government provides funding that is allocated to SU/SDs, and a small portion funds state-level activities.

As with all federal funding, there are requirements that the SU/SDs and the State must comply with to continue receiving the money. Maintenance of Effort (MOE) at the SU/SD level and Maintenance of Fiscal Support at (MFS) the state level are the tests

performed to ensure compliance with IDEA. It is vitally important to maintain state financial support of special education, meaning that the state is required to provide the same level of funding as provided in the prior year; not doing so puts the federal money received at risk.

Funding for IDEA is trending mostly flat. There was an additional allocation in the American Rescue Plan Act that temporarily raised IDEA allocations, but that was one time, and allocations have returned to a slow growth rate.

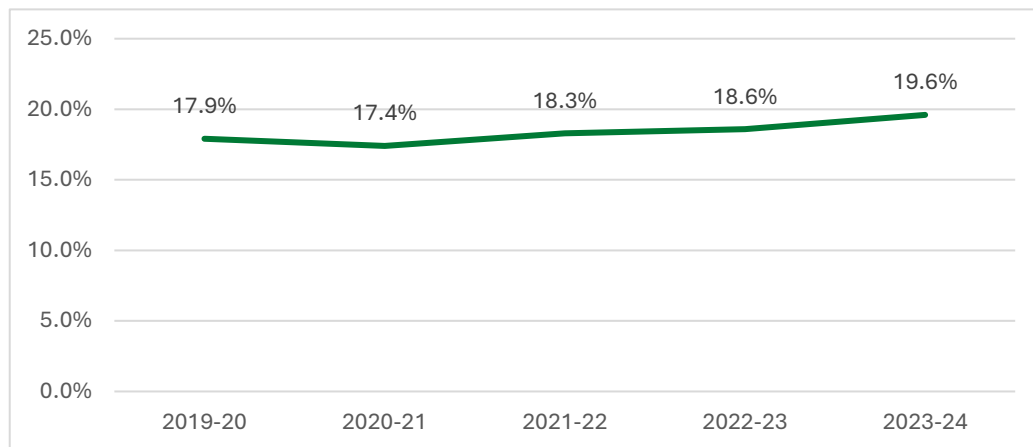
Fiscal Year	FY21	FY22	FY23	FY24	FY25
IDEA	33,698,421	34,664,016	35,201,598	37,945,781	38,514,084

IDEA funding has increased from \$33.7 million in FY21 to \$38.5 million in FY25 (increasing by about 14 percent). The Agency anticipates that the funding for FY 26 will be level with prior the prior year.

## Data Trends

### Statewide Student Trends

#### Statewide Percentage of Special Education Students, Ages 3-21



The percentage of students with disabilities has increased between 2019-20 and 2023-24 from 17.9 to 19.6 percent, with a particularly noticeable uptick in the last year of data available. Between 2019-20 and 2022-23 the proportion of students with disabilities nationally went from 14.4 to 15.2 percent. Vermont is in the top ten states with the highest proportion of students with disabilities, ranking seventh in the most recent year of data available. Please note this may be due to how states identify students with a disability.

It is essential to note that the special education rule changes fully took effect in July 2023. Integral to the rule changes was the removal of the discrepancy model as the established process for determining eligibility. The discrepancy model, also known as the "wait-to-fail" model, relied on a significant difference (or discrepancy) between a student's measured intellectual ability (often an IQ score) and their academic achievement in specific areas like reading, writing, or math. A large enough discrepancy was often the primary criterion for identifying a student with a specific learning disability (SLD); thus, qualifying them for special education services. The shift towards other early intervening strategies has the potential to identify students with learning difficulties earlier in their academic careers, allowing for timely and targeted support, potentially preventing more significant academic struggles in the future. Data related to primary disability categories for students after the special education rule changes went into effect is not yet available.

While the IDEA provides a federal framework, states have some flexibility in defining disability categories and the criteria for eligibility within those categories. This can lead

to variations in how a particular disability is identified and counted across states. Due to these variations in definitions and eligibility criteria, direct comparisons of the number or percentage of students identified with specific disabilities across states and compared to national averages can be misleading. A higher percentage of students identified with a particular disability in one state compared to another might not necessarily indicate a higher prevalence of that condition but could reflect broader eligibility criteria or different identification practices. Please see the Excel spreadsheet (“SpEd Disability Categories 5.8.25”) for state and national averages for student counts within their primary disability categories from SY19/20 - SY22/23. Below is a summary of that data:

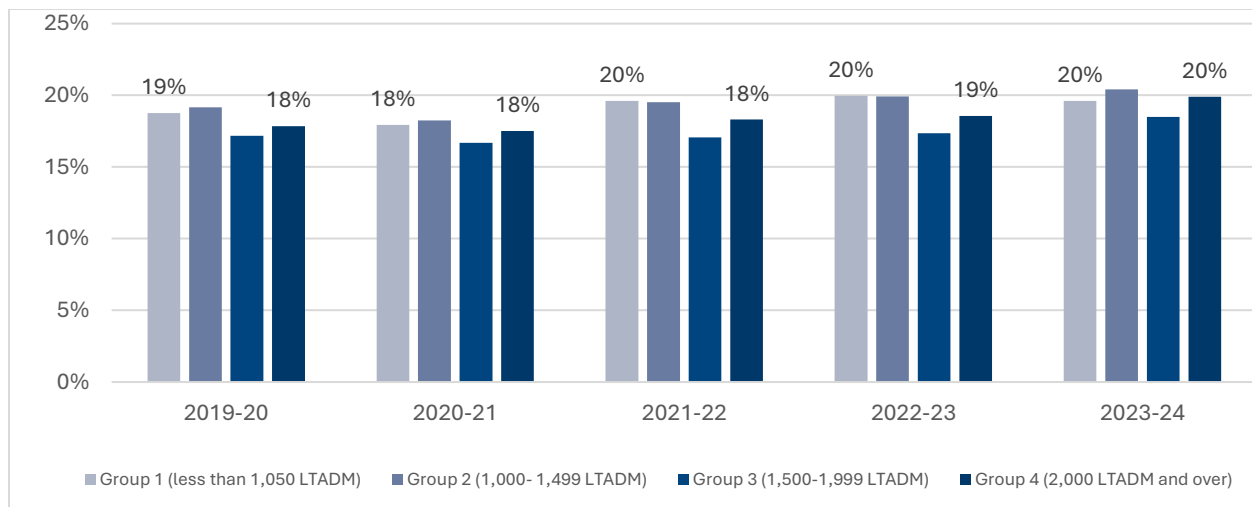
- In the category of autism, Vermont is consistently below the national averages by four or five percent. Both national and Vermont averages are increasing over time.
- The category of deaf blind is suppressed due to the low count of Vermont students in this category.
- In the category of developmental delay, Vermont is consistently about 12 percent above the national average. The national proportion of developmental delay has remained at close to 6.5%, while the Vermont proportion has decreased slightly from 19.7 to 17/75%. Interestingly, the number of those with a developmental delay nationally decreased from SY19/20 to SY 20/21, then increased in each of the following two school years. Since SY19/20, the number of Vermont students with a developmental delay has steadily decreased.
- In the category of emotional disturbance, Vermont is consistently about 10 percent higher than the national average, with a slight decrease in percentage and count over time. The national percentage is also decreasing.
- In the category of hearing impairment, Vermont is consistently about half a percent below the national average, with a very slight increase over time, while nationwide is decreasing.
- In the category of intellectual disabilities, Vermont is consistently below the national average, with a slight decrease in percentage over time, while the national average is slightly increasing.
- In the category of multiple disabilities, Vermont consistently ranks below the national average, with a decreasing count and percentage over time, as does the national average.
- In the category of orthopedic impairment, Vermont is consistently below the national average with small fluctuations over time, while the national average is decreasing.
- In the category of other health impaired, Vermont is consistently about two percentage points above the national average, with a slight increase in percent over time, while the national average is also increasing very slightly.

- In the category of specific learning disability, Vermont is consistently below the national average by about four percent, increasing by count and percent slightly, while the national average is falling slightly.
- In the category of speech and language impairment, Vermont is consistently about 11 percent below the national average, with the percentage increasing over time. Both state and national percentages are slightly increasing over time.
- In the category of traumatic brain injury, Vermont is consistently below the national average. Some data is suppressed in the category due to secondary suppression rules.
- In the category of visual impairment, Vermont is below the national average for years where student data is not suppressed.

## SU/SD Student Trends

There is some variability in the overall percentage of students in special education by size and need, with a particularly strong relationship observed between a district's percentage of students receiving free and reduced lunch (FRL) and their percentage of students with an Individualized Education Plan (IEP).

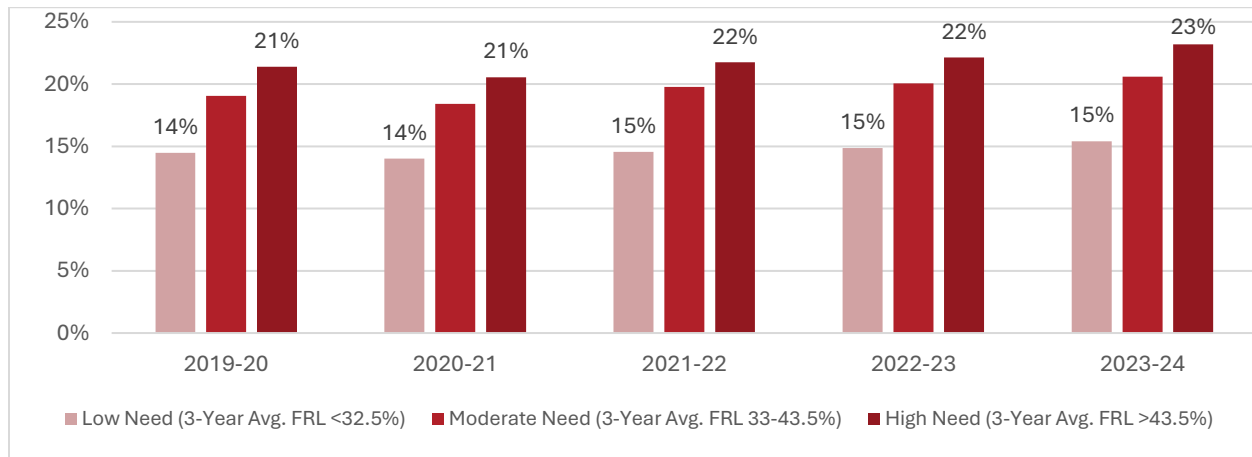
### Average Special Education Percentage by SU/SD Size Categories (Using LTADM), 2019-20 to 2023-24



Higher percentages of students with an IEP, on average, are seen in smaller districts with less than 1,500 LTADM.



## Average Special Education Percentage by High, Moderate and Low Need SU/SD Categories, 2019-20 to 2023-24

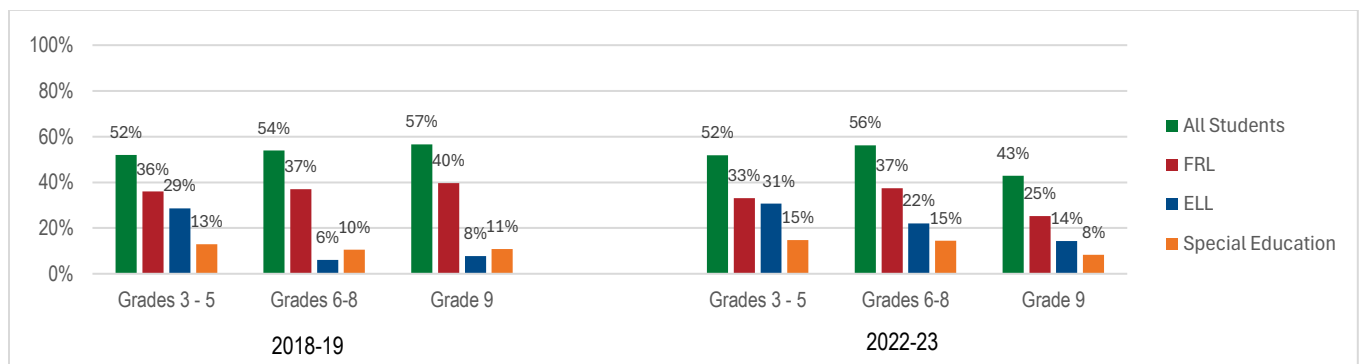


The percentage of students with an IEP was significantly higher in high need districts (as defined by the percentage of FRL students in the district), with a difference of seven percentage-points between low and high need district groups.

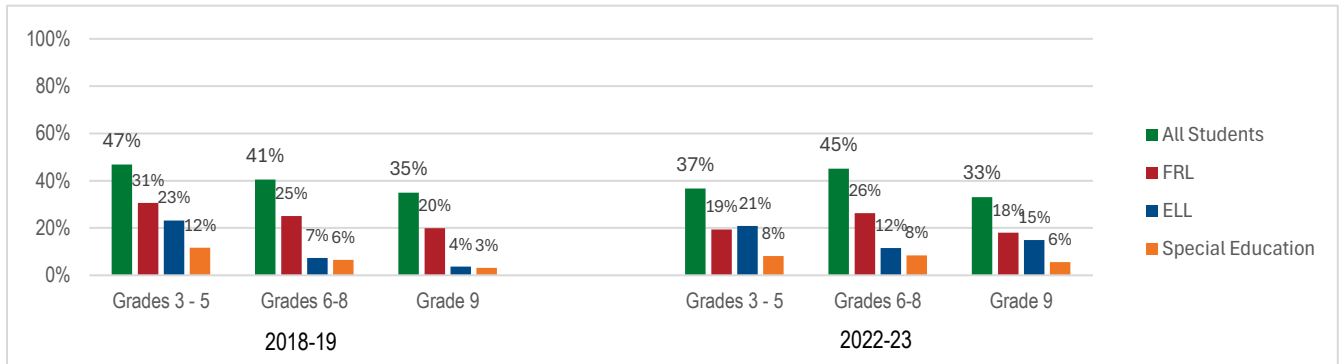
## Performance Trends

Looking at performance by subgroup in 2018-19 on the Smarter Balanced Assessment and in 2022-23 on the Vermont Comprehensive Assessment Program (VTCAP), there are persistent achievement gaps for specific student groups, including disability status. These differences vary by year and by grade band, but there is about a 30-40 percent gap for students with an IEP compared to all students, and in most instances is the lowest performing subgroup.

## Statewide Student Proficiency by Subgroup in English Language Arts (ELA) in 2018-19 on the Smarter Balanced Assessment and in 2022-23 on the VTCAP



## Statewide Student Proficiency by Subgroup in Math in 2018-19 on the Smarter Balanced Assessment and in 2022-23 on the VTCAP



## Performance Trends of Students in Therapeutic Schools

Due to the small number of students enrolled in therapeutic schools, state assessment data for this group are suppressed in public reporting to protect student privacy. However, a descriptive analysis of outcomes from the spring 2024 administration of the VTCAP in ELA and mathematics provides important context. VTCAP is administered annually to students in grades 3–9. Results for students with the most significant cognitive disabilities, who take an alternate assessment, are not included in this summary. Please note that students placed in residential facilities do not take the VTCAP assessment.

As with all student groups, including those with IEPs in other settings, students attending therapeutic schools demonstrated stronger performance in ELA than in mathematics. Outcomes were highest in the middle grades (5–8) and slightly lower in both the elementary grades (3–4) and at the high school level (grade 9). On average, students in therapeutic schools performed approximately five percentage points lower than students with IEPs in other settings, though there were exceptions; for example, grade 8 reading performance was comparable.

It is important to interpret these data with caution. Assessment outcomes are influenced by students' primary disability categories, which differ across educational settings. As such, results should not be viewed as standalone indicators of the quality or effectiveness of therapeutic school programs.

## Revenues and Expenditures Trends

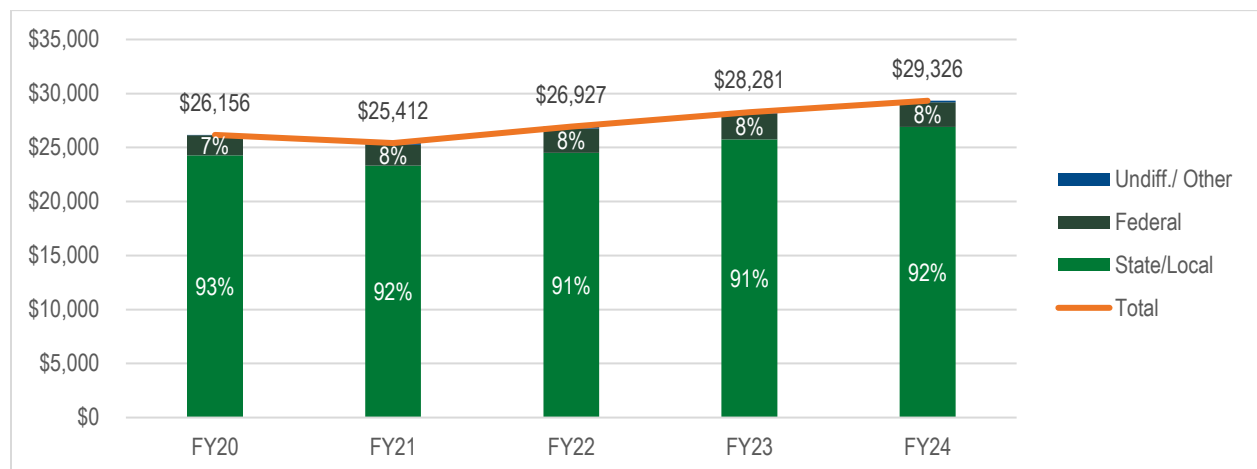
### Statewide Special Education Revenues and Expenditures, FY20-FY24

Fiscal Year	FY20	FY21	FY22	FY23	FY24
Revenues for Special Education (Federal, State and Local Sources)	\$236.4	\$226.2	\$245.1	\$263.3	\$258.6
Expenditures for Special Education	\$404.8	\$382.9	\$412.3	\$437.5	\$473.6
Difference	-\$168.4	-\$156.7	-\$167.2	-\$174.2	-\$215.0

Revenues for special education from federal, state, and local sources have increased from \$236.4 million to \$258.6 million between FY20 and FY24. However, expenditures for special education in all years (\$404.8 to \$473.6 million) are higher than available revenues and have been funded through local budget decisions.

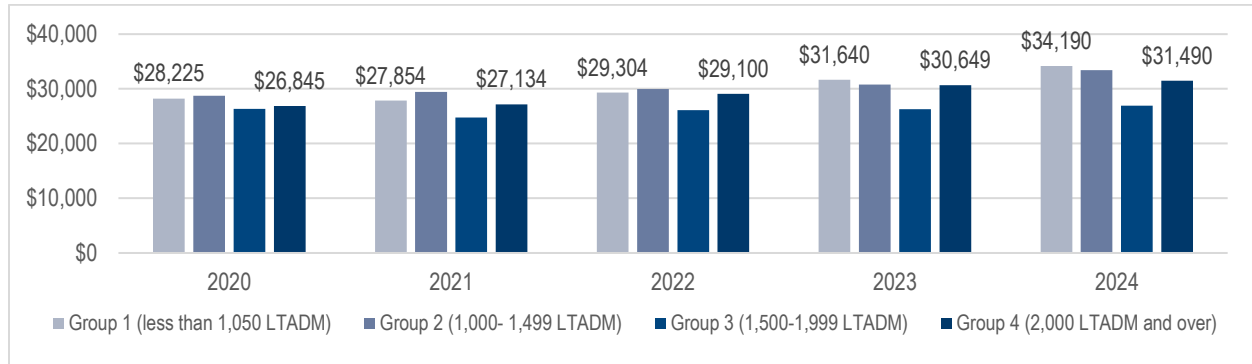
Looking more closely at expenditures, statewide special education expenditures per special education student increased from \$26,156 in FY20 to \$29,326 in FY24. Approximately 8% of special education expenditures are funded by federal sources.

### Statewide Special Education Expenditures Per Special Education Student, by Source, FY20-24



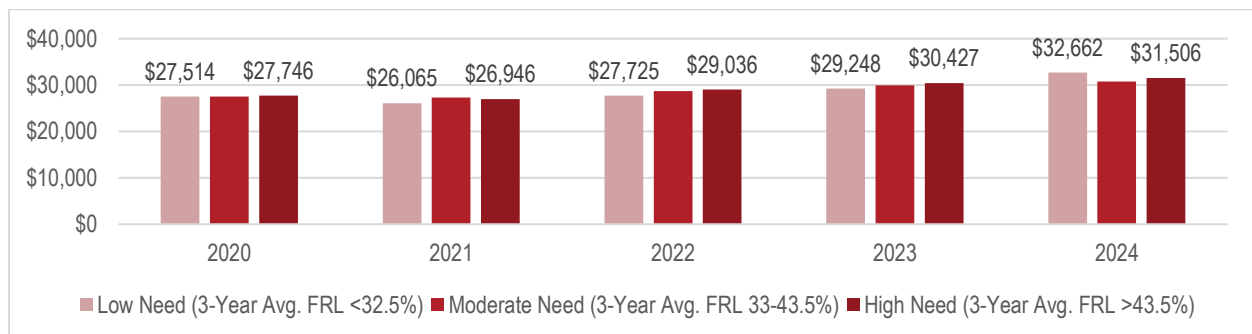
Next, expenditures by SU/SD are compared based on the size, need, and the percentage of students with an IEP in the SU/SD.

### Average SU/SD Special Education Expenditures Per Student with an IEP by SU/SD Size Categories (Using LTADM), FY20-FY24



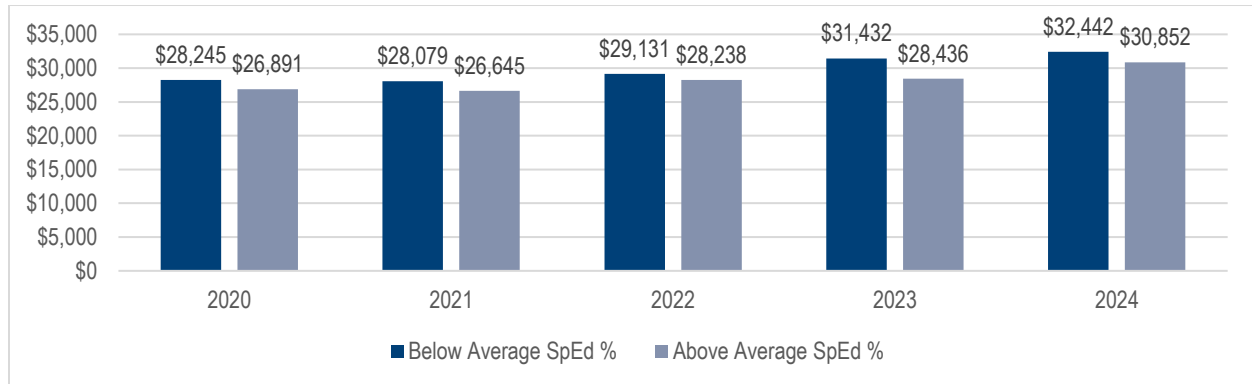
When grouping districts by size, there are some observable differences in average expenditures per student with an IEP between groups, particularly in the most recent year of data (2023-24), with smaller districts tending to have higher costs. However, this relationship is not statistically significant.

### Average SU/SD Special Education Expenditures Per Student with an IEP by High, Moderate and Low Need SU/SD Categories, FY20-24



There is not a strong relationship between district need and special education expenditures per student with an IEP, and observable differences between groups are inconsistent across years.

### Average SU/SD Special Education Expenditures Per Student with an IEP by Above/ Below Average Special Education Percentage Categories, FY20-FY24



There is a moderate negative relationship between special education expenditures per student with an IEP and overall percentage of special education, with SU/SDs with lower percentages of students with an IEP spending more per student.

Looking for potential differences in special education expenditures between SU/SDs based on tuitioning patterns, the average expenditures per student with an IEP were roughly the same between SU/SDs operating K-12 vs. tuitioning secondary grades (tuitioning to either a public or independent setting).

It is important to highlight that differences in SU/SD special education expenditures per student with an IEP may be due to factors other than these district characteristics, such as SU/SDs serving students with different levels of need based upon disability category (i.e. serving proportionately more or less higher cost students) and/or having center programs.

### Extraordinary Expenses

The Agency of Education has processed SU/SD's extraordinary costs for over 20 years. The special education monitoring team reviewed student IEPs to determine if the costs were appropriate, given the level of special education instruction, related services, transportation, and other costs, based on the acuity level of the student and the nature of their disability.

The original threshold for extraordinary costs required that SU/SDs pay the initial \$60,000 toward a student's educational costs, and then AOE would reimburse the 95% of the remaining extraordinary costs. There were very few students who met the original threshold. In recent years, and especially post-Covid, there has been an increase in:

- the number of students who need more intensive academic services
- the number of students who need more mental health and behavioral services

- the need for the development of therapeutic schools

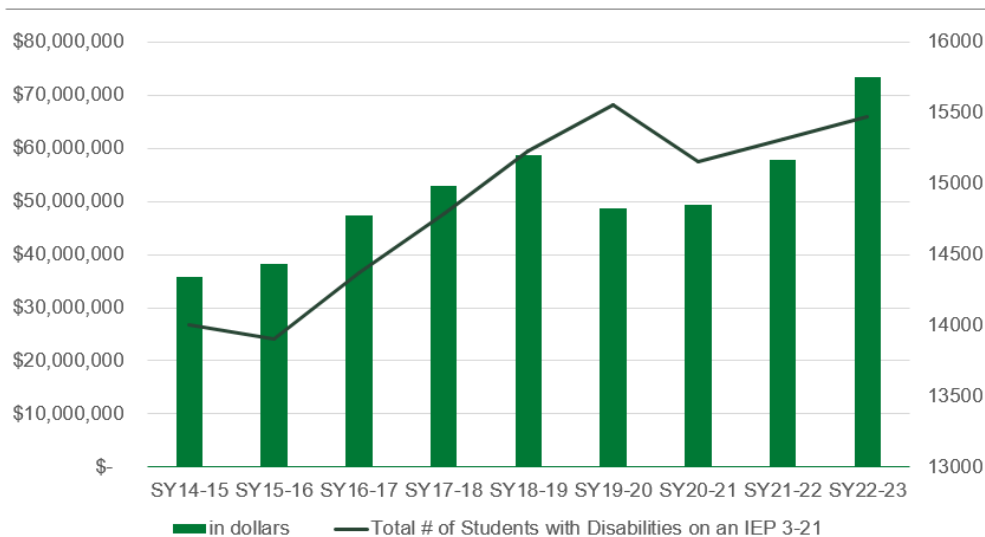
AOE has seen an increase in the number of students who have met the extraordinary cost threshold as early as the 15-16 school year (See graph below). During Covid, there was a decrease in the number of students accessing the threshold; this is most likely due to students attending virtual or home study programs and not attending public schools.

The threshold has since been updated due to the passage of Act 173. During the 2023-2024 school year, it was increased to \$66,206. For the current school year, the threshold has been increased to \$66,446.

While the threshold has changed, the AOE continues to review the reimbursement requests four times per year. The AOE's Interagency Team reviews the costs, asks the SU/SD questions related to their requests and processes the paperwork accordingly.

The following graph represents the trends of the number of students on IEPs and the extraordinary costs of those students between 2014-15 and 2022-23.

## Extraordinary Costs and Count of Students on IEPs Yearly



As previously mentioned, the graph demonstrates the increase in both extraordinary costs and students with an IEP in the last eight years.

### Current data for extraordinary costs for the 2023-2024 school year

The following data represents the 792 students requiring extraordinary costs from the 2023-2024 school year. This includes:

- 23 students placed by LEAs in residential facilities/schools (23 out of state)
- 294 students attending public schools (290 in state, 4 out of state)
- 463 students attending independent schools (431 in state, 32 out of state)
- 11 Vermont-approved tutorials
- 1 student's school not verified

Below represents a breakdown of students requiring extraordinary costs by disability. It's important to note that each student has an IEP, which was developed by the student's IEP team. Each student's IEP is unique to their needs. Not every student will require tuition at a therapeutic school, for example, or need specialized transportation. The one category not listed, yet collected below, is equipment, as the costs are significantly lower than the categories listed below.

# students	# LEA residentially placed	Primary Disability Category	Tuition Costs	Other Instructional Costs	Related Services Costs	Transportation Costs
60	Fewer than 11	Intellectual Disability	3,453,695	1,928,261	204,014	841,110
Fewer than 11	0	Speech and Language Impairment	363,835	41,162	43,162	80,222
Fewer than 11	0	Visual Impairment	326,214	113,001	52,467	92,046
294	Fewer than 11	Emotional Disturbance	20,530,600	4,699,948	396,599	5,122,274
101	Fewer than 11	Other Health Impairment	5,904,704	1,990,488	209,225	1,456,083
20	0	Specific Learning Disability	1,190,796	212,948	36,450	363,616
Fewer than 11	0	Deaf Blindness	0	22,672	248,424	0
45	Fewer than 11	Multiple Disabilities	2,103,727	2,003,938	755,208	74,2894



# students	# LEA residentially placed	Primary Disability Category	Tuition Costs	Other Instructional Costs	Related Services Costs	Transportation Costs
38	0	Developmental Delay	744,429	2,114,271	447,494	147,244
Fewer than 11	Fewer than 11	Traumatic Brain Injury	377,516	69,919	9,600	46,700.
206	11	Autism Spectrum Disorder	12,392,178	8,574,458	554,204	2,006,120
12	0	Hearing Loss	466,700	344,586	371,006	106,948
792	23	N/A	47,854,398	22,489,786	3,327,883	11,005,261

Please note that AOE's data suppression procedures do not allow publishing numbers when the sample size is fewer than 11, as the information may be personally identifiable (see Hearing Loss, Deaf/Blind, Visual Impairment, and Speech Language Impairment).

The overall cost for the 792 extraordinary costs is \$86,515,757. This is the total cost of extraordinary cost students and does not distinguish between the initial cost of \$66,206 to the SU/SD or the 95% reimbursement of the cost after the \$66,206.

The disability categories that have the highest number of students accessing extraordinary costs are Autism Spectrum Disorder (ASD) and Emotional Disturbance (ED). Again, we cannot assume that each student will receive the same academic programming, as each student is unique. While one student with ASD may only need social skills and reading services, another may need a therapeutic school, transportation, a communication device, two behavioral interventionists, and Physical Therapy.

To compare the students requiring extraordinary costs with statewide disability categories, please refer to the following:

Disability Category	Number of students by disability category	Percentage of students by disability category	Percentage of extraordinary cost students by disability category
Autism Spectrum Disorder	1355	8.39%	4.40%
Deaf Blind	***	***	***
Developmental Delay	3120	19.32%	1.20%

Disability Category	Number of students by disability category	Percentage of students by disability category	Percentage of extraordinary cost students by disability category
Emotional Disability	2104	13.03%	13.90%
Hearing Loss	83	.51%	14.45%
Intellectual Disability	601	3.72%	9.98%
Multiple Disabilities	192	1.19%	23.43%
Orthopedic Impairment	28	.17%	NA
Other Health Impairment	2974	18.41%	3.4%
Speech Language Impairment	1269	7.86%	.55%
Traumatic Brain Injury	24	.15%	***
Visual Impairment	21	.13%	***

The total percentage of students requiring extraordinary costs compared to the 16,152 students eligible for special education during the 2023-2024 school year, is 4.9%

Tuition, other instructional costs (i.e., behavioral specialists, special textbooks, Resource Room instruction, individual aids, learning specialist services), and transportation are the three high-cost categories that rise to the top. Related services (i.e., speech/language therapy and occupational therapy) are not nearly as high. Some of these costs may also be embedded in the tuition costs or incorrectly listed under other instructional costs.

### A comparison of the number of Students needing Extraordinary Costs per SU/SD:

Fewer than 11	More than 11
Addison Central	Barre: 44
Slate Valley	Bennington Rutland: 40
Dresden	Burlington: 24
Essex North	Caledonia Central: 19
Lamoille North	Central VT: 20
Lamoille South	Champlain Valley: 15
Mt Abraham	Mount Mansfield: 26

Fewer than 11	More than 11
Orange Southwest	Colchester: 25
Orleans Southwest	Essex Westford: 26
Rivendell	Missisquoi Valley: 28
Rutland City	Grand Isle: 17
Rutland NE	Greater Rutland: 12
Washington Central	Hartford: 16
Windham Central	Kingdom East: 16
Windham Northeast	Maple Run: 20
Mountain Views	Milton: 21
Winooski	Montpelier Roxbury: 13
Addison Northwest	North Country: 11
	Orange East: 17
	Orleans Central: 12
	South Burlington: 21
	Southwest Vermont: 58
Mill River: 0	Springfield: 31
Franklin Northeast: 0	St Johnsbury: 21
Lincoln: 0	Two Rivers: 15
	Harwood: 19
	White River Valley: 14
	Windham Southeast: 24
	Windsor Southeast: 11
	Windham Southwest: 22
	Franklin West: 20

Further analysis should examine the relationship between extraordinary costs and the population density to better understand potential contributing factors.

Many Vermont SU/SDs have developed internal or alternative programs, either within their own school buildings or through collaborations with other SU/SDs. The purpose of developing these programs is to keep students in their specific schools and communities, allow students to learn skills to reintegrate into their general education classes, and provide students with disabilities access to their peers. It's also a way for SU/SDs to decrease the cost of special education. Some SU/SDs have developed very specific programs based on disabilities. Here are a few examples of SU/SDs who have alternative programs (this is not an exhaustive list):

- Essex Westford: Recently opened an alternative program within the SU

- Allen Street in Rutland City has been an alternative off-campus program serving students with emotional disturbances. It has been in existence for more than 20 years.
- Hartford has three public collaboratives: Wilder (mainly serves students with an ED), HARP (serving students on the autism spectrum), and a Resource Center. The collaborative is with neighboring SU/SDs and is in jeopardy of closing Wilder next school year due to a lack of staffing.
- Rutland NE has Bruce Academy
- Burlington has the ON TOP program for students with ED.
- North Country has an alternative program for its high school for students with ED.
- Southwest VT has several alternative programs, including a tutoring program. One program is for students on the autism spectrum that has partnered with the New England Center for Children (a residential school for students with autism in MA)
- Barre has the Spaulding Educational Center for students with ED
- Barre City or Town has an alternative program that has Washington County Mental Health staff
- Addison County has a collaborative program with the Counseling Services of Addison County for students with ED

Further review is needed to understand the array and scope of alternative programs within a SU/SD, including specific focus on a disability status, entrance and exit criteria, and maintenance of longitudinal data.

SU/SD Name	Number of Students Ages 3-21 per SU/SD	Number of Students Ages 3-21 requiring extraordinary costs	Percentage of Students requiring extraordinary costs
Mt. Abraham USD	179	Less than 11	***
Addison Northwest USD	164	Less than 11	***
Addison Central USD	290	Less than 11	***
Slate Valley UUSD	215	Less than 11	***
Southwest Vermont SU	799	58	7.26%
Bennington-Rutland SU	386	40	10.36%
Colchester SD	390	25	6.14%
Caledonia Central SU	284	19	6.69%
Milton SD	339	21	6.19%
St. Johnsbury SD	260	21	8.08%
Mt. Mansfield UUSD	408	26	6.37%
Champlain Valley USD	527	15	2.85%

SU/SD Name	Number of Students Ages 3-21 per SU/SD	Number of Students Ages 3-21 requiring extraordinary costs	Percentage of Students requiring extraordinary costs
Burlington SD	781	24	3.07%
South Burlington SD	440	21	4.77%
Winooski SD	213	Less than 11	***
Essex North SU	87	Less than 11	***
Franklin Northeast SU	312	0	0
Missisquoi Valley SD	421	28	6.65%
Franklin West SU	328	20	6.10%
Maple Run USD	583	20	3.43%
Grand Isle SU	153	17	11.11%
Lamoille North SU	324	Less than 11	***
Lamoille South UUSD	243	Less than 11	***
Orange East SU	447	17	3.80%
Orange Southwest UUSD	152	Less than 11	***
White River Valley SU	257	14	5.45%
North Country SU	592	11	1.86%
Washington Central UUSD	242	Less than 11	***
Mill River UUSD	125	0	0
Orleans Central SU	216	12	5.56%
Orleans Southwest SU	205	Less than 11	***
Rutland Northeast SU	209	0	0
Rutland City SD	406	2	.49%
Harwood UUSD	286	19	6.64%
Windham Central SU	192	Less than 11	***
Windham Northeast SU	279	Less than 11	***
Windham Southeast SU	520	24	4.62%
Windham Southwest SU	133	22	16.54%
Mt Views SU	137	Less than 11	***
Windsor Southeast SU	276	11	3.99%
Hartford SD	243	16	6.58%
Norwich	37	Less than 11	***
Springfield SD	339	31	9.14%
Barre UUSD	626	44	7.03%
Two Rivers SU	263	15	5.70%

SU/SD Name	Number of Students Ages 3-21 per SU/SD	Number of Students Ages 3-21 requiring extraordinary costs	Percentage of Students requiring extraordinary costs
Rivendell Interstate SD	105	Less than 11	***
Essex Westford UUSD	648	26	4.01%
Greater Rutland County SU	349	12	3.44%
Kingdom East SD	319	16	5.02%
Central Vermont SU	239	20	8.37%
Montpelier Roxbury SD	170	13	7.65%
Lincoln	14	0	0

The above data shows that the SU/SDs with the highest percentage of students requiring extraordinary costs are: Central Vermont, Bennington Rutland, Grand Isle, St Johnsbury, Springfield, and Windham SW. The percentages range from 8.08% to 16.54%.

### SU/SDs that Tuition Secondary Grades

Five SU/SDs do not operate high schools: Grand Isle Supervisory Union, Bennington-Rutland, St. Johnsbury, and Kingdom East, and Lincoln. 94 students are listed as high-cost.

SU/SD	# of Students w/high costs	Public school placement	Independent or Residential School	Independent Elementary/MS/HS
BRSU	40	20 (all in state, 18 elementary, 2 HS)	20 (3 OOS and 17 in state)	13 high school-aged 7 elementary/MS
Lincoln	0	0	0	0
Kingdom East	16	2 (elementary)	14	9 high school aged 5 elementary/MS
Grand Isle	17	2 (in state, 1 HS age and 1 elementary / MS)	15 (in state)	9 high school-aged 6 elementary/MS
St Johnsbury	21	2 (1 in state, 1 OOS)	19 independent (2 OOS and 17 in-state)	12 HS 7 elementary/MS

Please note that there is a distinction between the students requiring extraordinary costs and State Placed Students (SPS). While many SPS are also students with high costs, they are not captured or duplicated in the data above. A different funding mechanism is based on the provisions of the State Placed Student rules and Act 264.

In 1988, Act 264 was passed by the legislature. A piece of this Act included the development of the Case Review Committee (CRC). This interagency team reviews individual student case presentations whose level of need in the home and community (and sometimes the school) far exceeds the local community capacity. Many students attended residential facilities/schools (in and out of state), and their room, board, and treatment were paid for by the sending agency (Department for Children and Families (DCF), Department of Mental Health (DMH), and Department of Aging and Independent Living (DAIL)). All educational (general and special education) costs were paid by the Agency of Education. Students placed by CRC would attend residential facilities/schools for several months or several years. The Agency of Education continues to use state dollars/State Placed Student (SPS) funding to pay for their education. The following data does not include these students placed by CRC. This data includes students placed by Local Education Agencies (LEA) through IEP teams only.

## **Strategic Planning to Support Special Education**

As part of the Agency's Listen and Learn Tour, special education emerged as a key area of focus across districts and key groups, including education leaders, community members, educators, and instructional staff. These concerns and ideas are summarized in the [Listen and Learn Tour Summary Report](#) and fall into two main categories: supports, training, and oversight that the Agency can provide, as well as system-level or structural barriers to providing successful and cost-effective special education services to all students.

## **Areas for Agency-level Supports, Resources, and Oversight**

- Support for students needing specialized education and educators is needed. Educators emphasized the importance of early identification of students who require specialized instruction or services to ensure they receive the necessary support as soon as possible, while advocating for greater consistency in identification processes across school systems.
- Literacy tools, including at the secondary level to support continued academic gains for special education students.
- Additional tools related to special education monitoring and teaching strategies for both special educators and classroom teachers
- Review of the administrative requirements to support special educators' heavy paperwork burden (post-transition plans, etc), so they can spend more time with students



- Training in the principles of universal design was identified as a means of creating inclusive classrooms that cater to the needs of all students.

## System-Level or Structural Barriers

- Ongoing staffing shortage and the desire for additional special education staff, including teachers and paraprofessionals.
- Ensuring that students receiving special education services are served in the most suitable setting for their learning, whether in the general education classroom, a program setting, or a combination thereof.
- Availability of therapeutic settings for students with high-acuity needs, leading to long waitlists.

In response to these insights, the AOE is prioritizing efforts to strengthen our special education systems statewide. This includes re-establishing cyclical monitoring norms to ensure consistent oversight and accountability, improving our risk evaluation framework to more effectively identify and support schools in need, and expanding training opportunities to promote collaboration across roles. By breaking down silos and providing targeted, field-informed professional development, we aim to build a more cohesive and supportive special education landscape for Vermont students and educators. We are also focused on ensuring that the tools and resources that the AOE has already developed are reaching educators and administrators and that our teams support districts in the implementation of these best practices.