

1 Sec. 1. 2024 Acts and Resolves No. 183, Sec. 7 is amended to read:

2 Sec. 7. RESERVE FUND ACCOUNT STANDARDS; DISTRICT
3 QUALITY STANDARDS; RULEMAKING

4 On or before ~~January 1, 2025~~ December 31, 2026, the Agency of Education,
5 in partnership with the Vermont Association of School Business Officials,
6 shall ~~initiate~~ complete rulemaking pursuant to 3 V.S.A. chapter 25 to update
7 the District Quality Standards rules contained in Agency of Education, District
8 Quality Standards (CVR 23-020), to include recommended reserve fund
9 account standards. ~~Prior to initiating rulemaking, the Agency shall consult~~
10 ~~with local school officials.~~ The Agency shall specifically adopt rules to:

11 (1) prescribe minimum and maximum balance levels for a reserve fund,
12 taking into consideration revenue predictability and expenditure volatility,
13 exposure to significant one-time expenses, and impact on credit ratings;

14 (2) specify acceptable conditions that warrant use of the reserve fund
15 and the period within which funds may be used;

16 (3) establish best practices for replenishing a depleted reserve fund,
17 including the period over which the reserve fund should be replenished; and

18 (4) identify conditions that may justify deviation from any broadly
19 applicable standards adopted pursuant to this section.

20 Sec. 2. EFFECTIVE DATE

21 This act shall take effect on July 1, 2026.