

# **School District - Reserve Guidance**

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**Vermont Agency of Education**

**February 18, 2026**

# Reserve Guidance – Rulemaking Requirement

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## Sec. 7. RESERVE FUND ACCOUNT STANDARDS; DISTRICT QUALITY STANDARDS; RULEMAKING

On or before January 1, 2025, the Agency of Education shall initiate rulemaking pursuant to 3 V.S.A. chapter 25 to update the District Quality Standards rules contained in Agency of Education, District Quality Standards (CVR 23-020), to include recommended reserve fund account standards. Prior to initiating rulemaking, the Agency shall consult with local school officials.

# Progress Report – To Date

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- AOE Finance has been charged with initiating formal rulemaking.
  - Identified previous work on District Quality Standards (DQS)
  - Requested existing District fund balance policies/procedures
  - Internal AOE – Work:
    - Improve data quality – enhance accuracy, consistency, and reliability.
    - Provide training on reserve collection for reporting tied to annual Audits.
    - Provide standard guidance for collections.

# Next Steps

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- Consult with Districts, Legal Counsel, and Secretary State's Office (February – June)
- Establish a meaningful timeline for this Rule (TBD)
- Identifying current statute that could be in support or conflict with reserve guidance (February – June)
- Draft language for reserve standards for Rulemaking (July/August)
- Legal Review of draft language (July/August)
- File to initiate Rulemaking (August)

# Frame of Reference

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- 16 V.S.A. § 212 (9) – Secretary of Education
- 16 V.S.A. § 567 - Surplus
- 24 V.S.A. § 2804(a) – Construction, Reserve
- 2024 Act 183, Section 7 - Sec. 7. Reserve Fund Account Standards
- 2025 Act 73, Section 57(1)(G) Education Fund Advisory Committee - school district use of reserve fund accounts.

# Questions?