

Act 73 Special Education Report

LEGISLATIVE REPORT: SPECIAL EDUCATION DELIVERY

PUBLICATION DATE: SEPTEMBER 26, 2025

Agenda

- Overview of the Current State
- Special Education Strategic Plan
- Next Steps

Background

The report was written and submitted pursuant to [Section 29 of Act 73 of 2025](#). The goal of the report is to describe the current state of support for students receiving special education services in Vermont and recommend changes to structure, practice, and law with the goal of:

- improving special education delivery and managing rising costs;
- ensuring inclusive services in the least restrictive environment in a way that makes efficient and effective use of limited resources while resulting in the best outcomes;
- responding to the challenges of fully implementing Act 173 and the lessons learned from implementation efforts to date;
- ensuring that the delivery of special education is responsive to student needs; and
- addressing drivers of growth of extraordinary expenditures in special education.

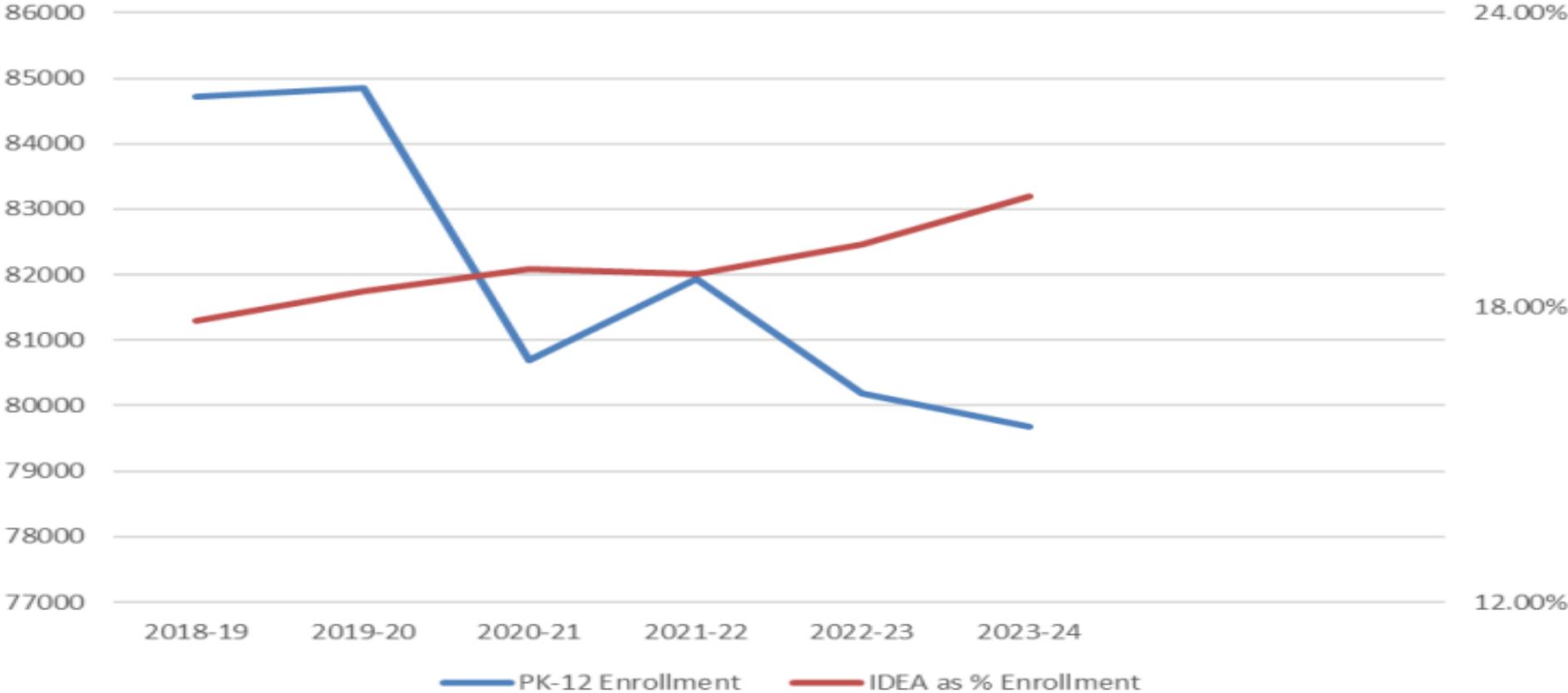
Special Education Policy Sprint Team Input

- Emphasized the importance of naming **data gaps**, especially in:
 - Effective implementation of instructional practices
 - Quality of Tier I instruction
 - Access to multi-tiered systems of support
- Additional themes raised in discussions included:
 - Variability in district capacity to meet the needs of students with IEPs
 - Limited access to highly skilled professionals
 - Teacher preparation gaps
 - Need for more robust program evaluation and monitoring protocols to assess quality and cost of education delivery
- The Sprint Team stressed the importance of **clear communication to the legislature** that:
 - Students with disabilities should not be blamed for rising special education costs
 - Inclusive environments are beneficial and should be supported
 - Improving the quality of Tier I instruction is essential to realizing the full benefits of inclusion

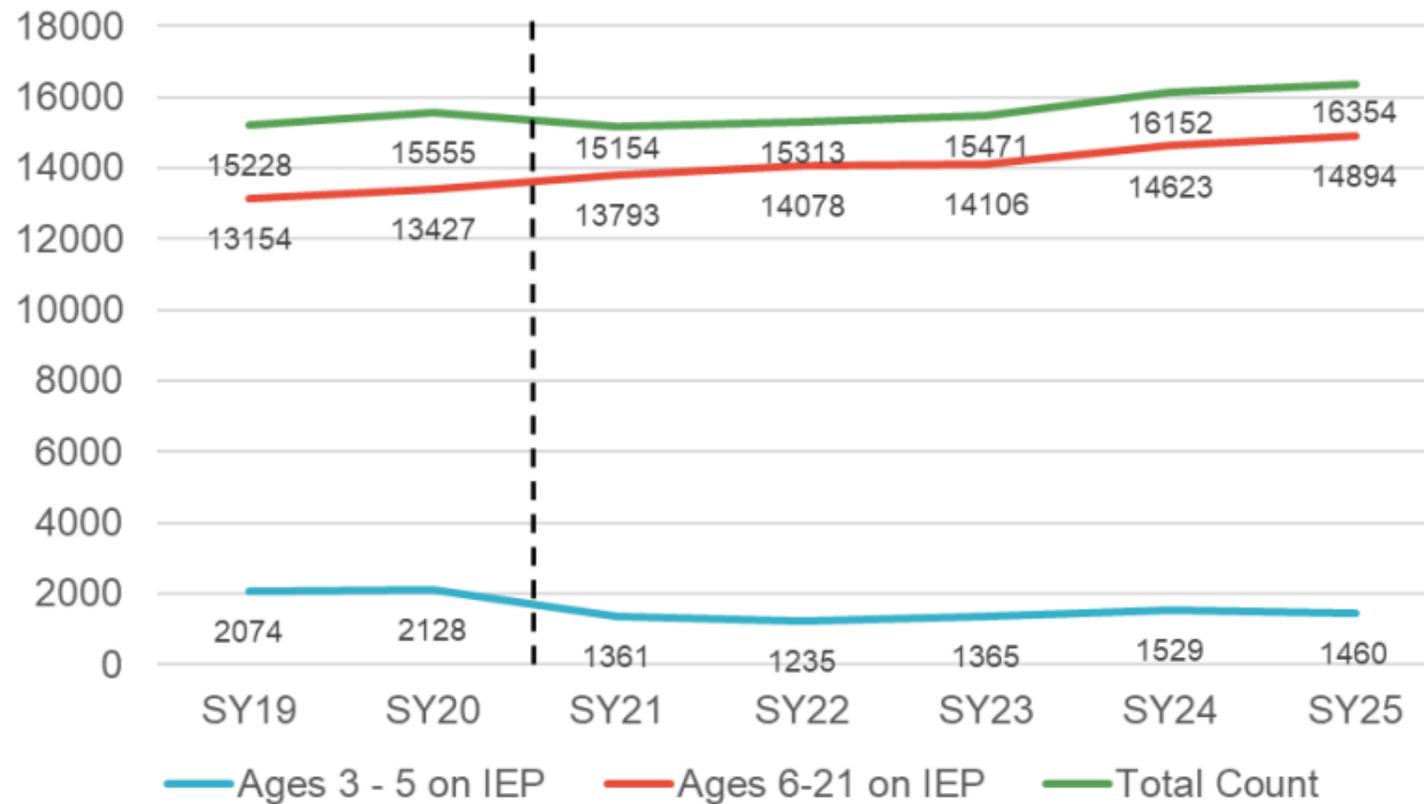
Main Finding: Increased Student Need and Extraordinary Cost

- Overall enrollment has declined, but the number of students with IEPs has increased.
- Growth in students qualifying for extraordinary expenses indicates greater intensity and complexity of needs.
- Rising extraordinary costs, particularly in tuition and transportation, reflect both the increasing severity of student needs and the variability of in-house capacity, staffing, and specialized resources
- Extraordinary costs have driven nearly half of the growth in special education spending over six years, while only 15% of overall expenditures.
- Growth is concentrated in tuition and transportation costs for intensive cases (autism, emotional disturbance, multiple disabilities).

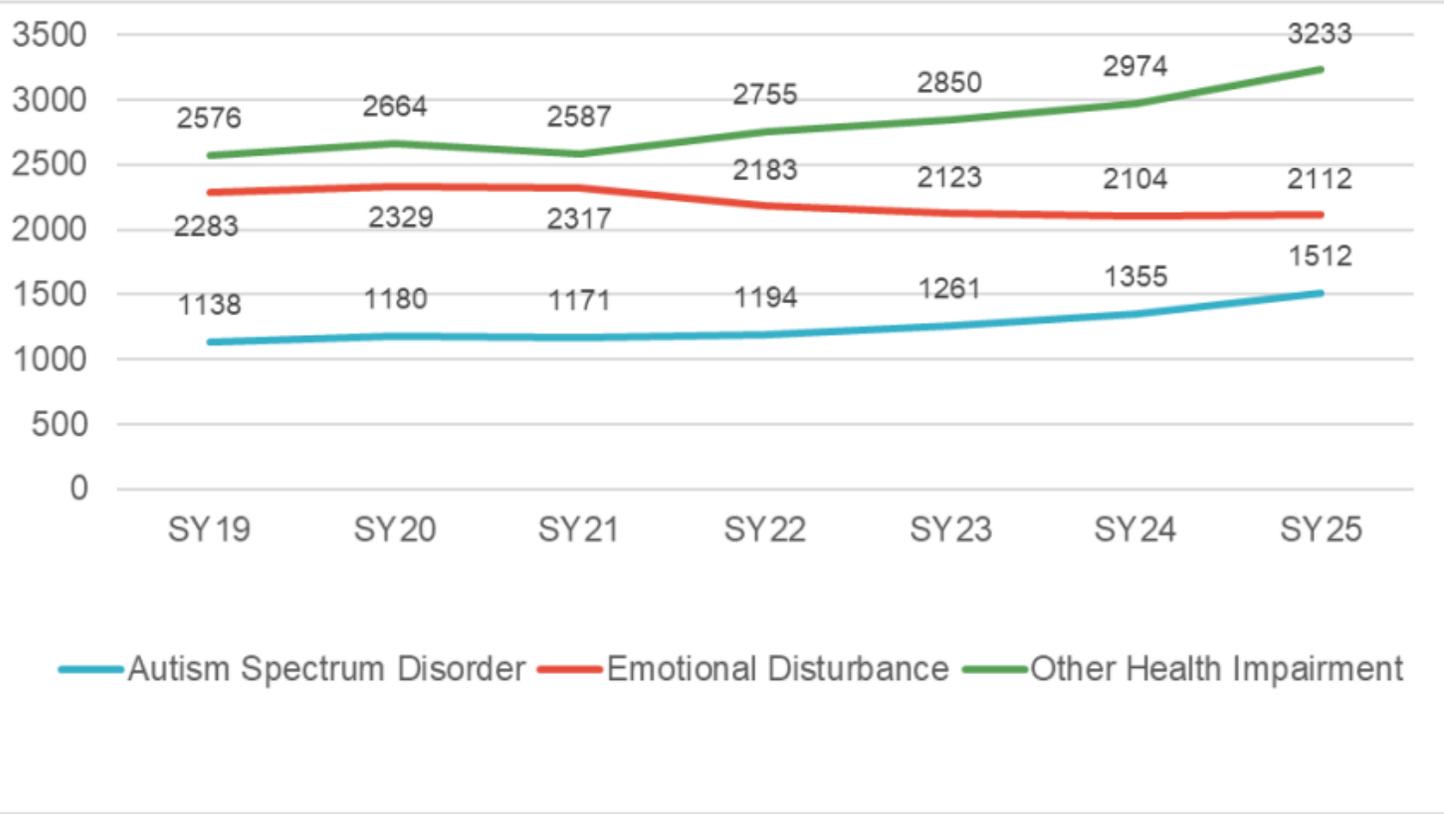
IDEA as Percentage of PK-12 Enrollment



Statewide Counts of Students on IEPs, SY 2018-2019 to SY 2024-2025

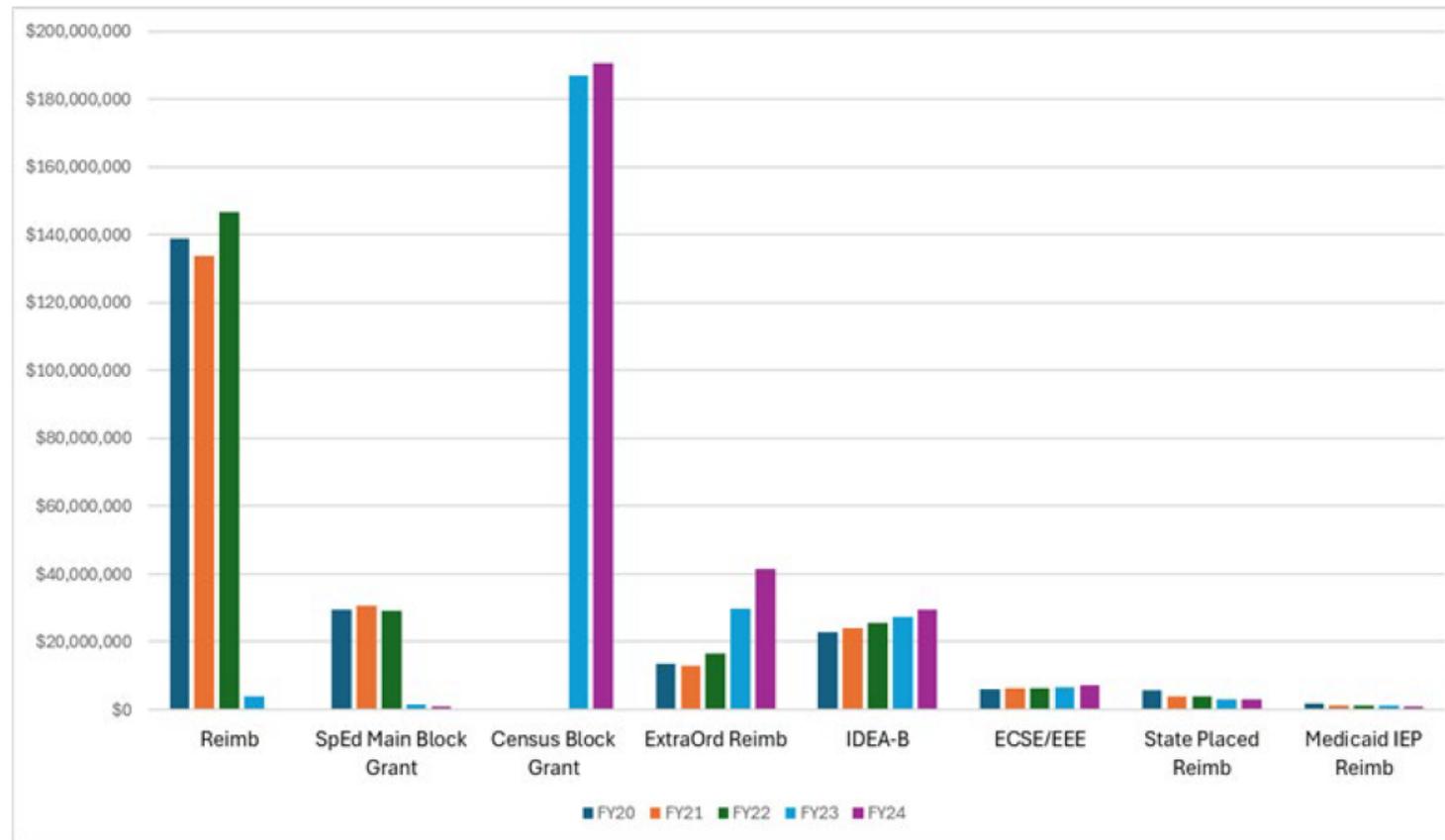


Autism, Emotional Disturbance, and Other Health Impairment Student Count Trends SY2018-19 to SY24-25



	FY23	Vermont	National
Total Students Ages 5 in K-21 With an IEP		14,106	7,095,053
Total Students With an IEP Whose Primary Disability is ED		2,122	320,828
Percent with ED		15.0%	4.5%

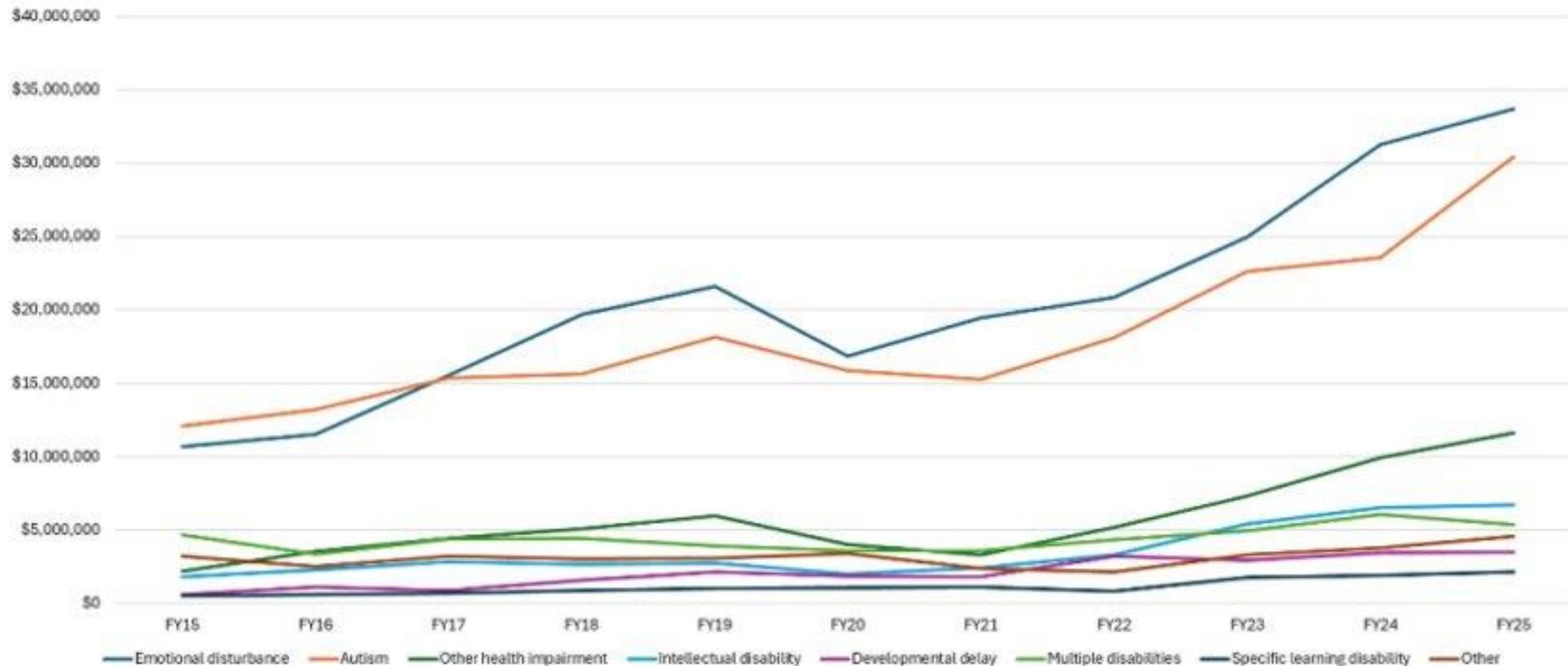
Special Education Major Revenue Sources, 2020-2024



Overview of special education cost trends in Vermont, FY18-24

Fiscal Year	Total Special Education Expenses	Total Special Education Annual Growth	Total Extraordinary	Total Extraordinary Annual Growth
FY18	\$397,158,500	No Data	\$53,015,886	No Data
FY19	\$411,968,289	3.7%	\$58,630,917	10.6%
FY20	\$404,783,819	1.7%	\$48,646,467	17.0%
FY21	\$383,174,505	-5.3%	\$49,401,362	1.6%
FY22	\$412,788,847	7.7%	\$58,410,349	18.2%
FY23	\$436,803,649	5.8%	\$73,370,740	25.6%
FY24	\$473,802,884	8.5%	\$86,515,757	17.9%

Extraordinary Cost by Disability Category, FY15-25



Main Finding – Gaps in Service Delivery

- Vermont serves more students either in highly inclusive classrooms or in separate schools compared to national averages:
 - Vermont: 81.97% in regular classrooms (80%+ of the day), 5.27% in separate schools
 - National: 67.08% in regular classrooms (80%+ of the day), 2.36% in separate schools
- These patterns create cost implications and highlight delivery gaps.
- Overreliance on costly out-of-district placements and expensive adaptations within inclusive classrooms.
- Continued challenges with:
 - General and special education practices
 - Heavy reliance on paraeducators for access to general instruction
 - Limited shared ownership of outcomes for students with IEPs
- December 22, 2025 Report: [Cooperative Services and Therapeutic School Oversight](#)

Educational Environments: 5-year-olds in K - age 21 (SY20-21 to SY24-25)

Settings Over Time	SY21	SY22	SY23	SY24	SY25
Total number of children with IEPs aged 5 (K) through 21	13,793	14,078	14,106	14,623	14,894
Served inside the regular class 80% or more of the day	80.22%	81.06%	81.97%	81.93%	82.32%
Inside regular class 40% through 79% of the day	7.98%	8.37%	7.77%	6.69%	6.03%
Served inside the regular class less than 40% of the day	4.96%	4.74%	4.02%	4.05%	3.84%
Served in separate schools	4.92%	4.76%	5.27%	5.35%	5.73%
Served in residential facilities	1.05%	0.92%	0.84%	0.83%	0.91%

Comparison of K-12 Educational Environments in Vermont and Peer States (SY23)

Educational Environments	Vermont	North Dakota	Wyoming	National
Total Count of Students on IEPs Ages 5 in K-21	14,106	14,072	15,900	7,095,053
Percent of total count of students on IEPs inside regular class 80% or more of the day	81.97%	73.43%	77.49%	67.08%
Percent of total count of students on IEPs inside regular class 40% through 79% of the day	6.96%	16.70%	15.90%	15.70%
Percent of total count of students on IEPs inside regular class less than 40% of the day	4.02%	7.01%	4.51%	12.54%
Percent of total count of students on IEPs in Separate Schools	5.27%	0.50%	0.55%	2.36%

Analysis of K-12 Educational Placements for Students with Autism (SY23-24)

Educational Environments	Vermont	Wyoming	North Dakota	National
Total Students Ages 5-21 With an IEP	14,106	14,072	15,900	7,095,053
Total Students With an IEP Whose Primary Disability is Autism	1,221	1,077	1,756	909,055
Inside regular class 80% or more of the day	63.55%	51.90%	51.03%	40.60%
Inside regular class 40% through 79% of the day	15.07%	29.99%	25.11%	17.14%
Inside regular class less than 40% of the day	10.16%	14.86%	20.67%	34.76%
Separate School	9.01%	1.95%	1.37%	5.81%

Educational Environments by Comparable States for Students with Emotional Disturbance (SY23-24)

Educational Environments	Vermont	Wyoming	North Dakota	National Percentage
Total Students Ages 5-21 With an IEP	14,106	14,072	15,900	7,095,053
Total Students With an IEP Whose Primary Disability is Emotional Disturbance	2,122	595	1,269	320,828
Inside regular class 80% or more of the day	62.39%	63.36%	64.78%	55.61%
Inside regular class 40% through 79% of the day	5.70%	16.13%	18.68%	16.89%
Inside regular class less than 40% of the day	7.63%	10.08%	12.92%	13.85%
Separate School	19.65%	4.87%	1.81%	10.77%

Main Finding: Role of High-Quality First Instruction

- Declining performance for all learners, plus persistent IEP achievement gaps, show need for stronger implementation of best practices.
- 82% of IEP students in inclusive classrooms → quality of general education directly impacts outcomes for most students.
- Higher rates of separate placements for students with significant needs compared to other states.
- Greater focus needed on ensuring least restrictive environment placements aligned with individual needs.

Main Finding: Evaluation of Act 173

- Critical to evaluate implementation of evidence-based instructional practices as envisioned by Act 173.
- Current accountability methods meet federal reporting but fall short of evaluating fidelity of implementation.
- Limited visibility into:
 - How evidence-based practices are implemented
 - Consistent access to intervention supports
 - How clusters of services function across schools and districts
- Additionally, this act passed in 2018, so there was an interruption in implementation due to the pandemic

Main Finding: Cost Containment Considerations

- Federal compliance requirements constrain cost-containment strategies:
 - State: Maintenance of Fiscal Support (MFS) prohibits reducing state support year-to-year.
 - Local: Maintenance of Effort (MOE) requires LEAs to sustain special education spending.
- Both create dual accountability that protects funding for students with disabilities.
- [H.454 as introduced](#) contemplated maintaining Vermont's current approach to funding through the census block grant, given the legislature's shift to a weighted funding construct the Agency is commissioning a secondary report to:
 - Evaluate conditions for adopting weighted funding model under Act 73
 - Assess advantages and drawbacks
- The Agency will continue to collaborate with OSEP through any future changes

LEA Maintenance of Effort

- Maintenance of Effort is an annual multi-part test required by IDEA
- The AOE is required to maintain oversight of this requirement.
- The consequence of an MOE failure is dollar per dollar - repayment must use non-Federal funds.
- No VT LEA has failed MOE due to available Federal exceptions that recognize four areas:
 1. High-cost staff departure
 2. Extraordinary cost student exiting the district
 3. Reduction in Child Count
 4. Long-term purchases
- VT LEAs have used exceptions 1-3, but not 4.

Special Education Strategic Plan Report

LEGISLATIVE REPORT: SPECIAL EDUCATION STRATEGIC PLAN

PUBLICATION DATE: DECEMBER 23, 2025

Capacity Building Considerations

- AOE reorganization designed to align general and special education, strengthen oversight, and support the field.
- Actions include:
 - Establishing new positions and aligned teams
 - Re-establishing regular monitoring cycle
 - Implementing differentiated accountability
 - Expanding technical assistance and training
 - Addressing independent school approval backlog under new State Board rules
- Act 73 aims to create scale to address service gaps, workforce challenges, and delivery quality.

Next Steps: Special Education Strategic Plan

In consultation with the SEAP...the AOE shall develop a three-year strategic plan for the delivery of special education services in Vermont.

- The strategic plan will include:
 - unambiguous measurable outcomes
 - a timeline for implementation.
- The strategic plan will be informed by:
 - the analysis and findings of the report...
- The strategic plan will be designed to:
 - ensure successful implementation of...Act 173 and provide the supports and processes that need to be in place for the transition to a weighted funding model for special education to succeed, including a suggested transition timeline, with benchmarks for success.

Special Education Advisory Panel Engagement



Steering Committee and VCSEA Engagement



01

Environmental Scan



Data Review.

Main findings from “Act 73 Current State of Special Education” Report

02

Strategic Framework



Strategic Pillars.

Agency’s Strategic Plan Framework & Infused Focus on Special Education

03

Implementation Plan



Alignment.

Agency-wide plan aligned to operational division plans

04

Progress Monitoring



Track, Revise Achieve.

3- 5 Year Progress monitoring toward goal achievement

Scope of December 2025 Deliverable

01



Data Review.

Environmental Scan

Main findings from “Act 73 Current State of Special Education” Report

02



Strategic Pillars.

Strategic Framework

Agency’s Strategic Plan Framework & Infused Focus on Special Education

Next Phase Planning

03

Implementation Plan

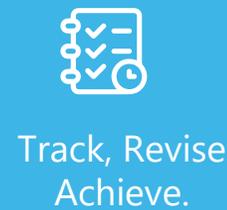
Agency-wide plan aligned to operational division plans



04

Progress Monitoring

3- 5 Year Progress monitoring toward goal achievement

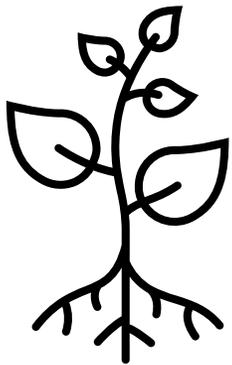


Supported by additional stakeholder engagement, aligned to the AOE's 5 strategic pillars and with support from national experts.

Vision – Common Themes

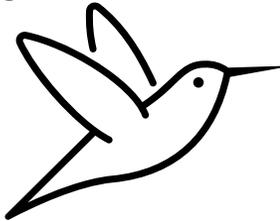
Roots

- Students with IEPs feel a true sense of belonging in the general education classroom
- A sense of belonging is not just a Vermont value, but an evidence based one



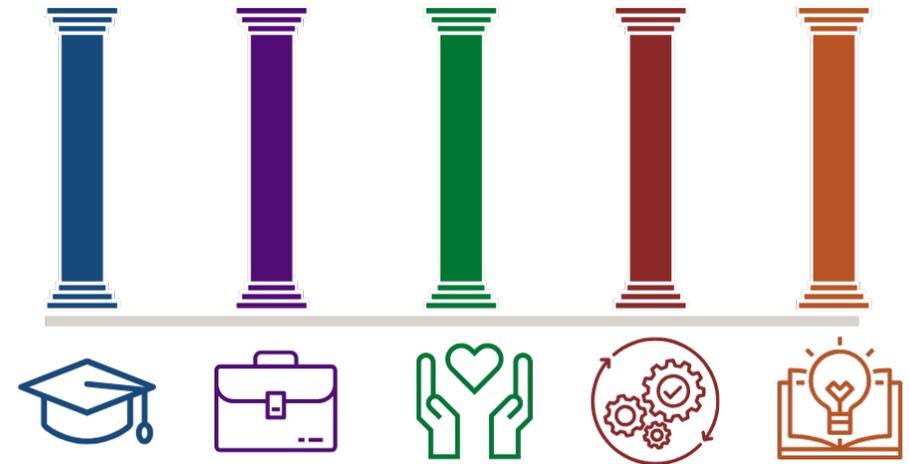
Wings

- Students with IEPs get the services they need to thrive academically and achieve success in school and life



Key Performance Indicators (KPIs)

- The Agency's strategic plan is organized around 5 pillars:
 1. Academic Excellence
 2. College and Career Readiness
 3. Safe and Healthy Schools
 4. Operational Effectiveness
 5. Special Education and Differentiated Support for All Students
- KPIs have been identified within each pillar with a focus on equity.



Academic Excellence

- KPIs (3-to-5 year measurable targets to be set):
 - Improve proficiency in English Language Arts
 - Improve proficiency in Mathematics
 - Improve proficiency in Science
 - Improve access to a high-quality teacher
- Goals in connection to special education delivery:
 - Address persistent achievement gaps
 - Improve quality of first instruction
 - Track state's decreased reliance on paraprofessionals



College and Career Readiness

- KPIs (3-to-5-year measurable targets to be set):
 - Improve graduation rates
 - Improve middle school acceleration
 - Improve completion of industry certifications
 - Improve college persistent rates
- Goals in connection to special education delivery:
 - Creating accessible graduation requirements to improve graduation and drop out rates for student with an IEP.



Safe and Healthy Schools

- KPIs (3-to-5-year measurable targets to be set):
 - Reduce chronic absenteeism
 - Reduce drop-out rates
 - Reduce school safety incidents
 - Improve facilities planning
- Goals in connection to special education delivery:
 - Evaluate relationship between inclusive environments and graduation rates for students with IEPs, including tracking suspensions and expulsions, and restraint and seclusions rates.
 - Facility planning to consider ADA compliance.



Operational Effectiveness

- KPIs (3-to-5-year measurable targets to be set):
 - Accelerate assessment reporting
 - Improve grant utilization in alignment with statewide priorities
 - Increase professional development opportunities for Agency staff and leadership
 - Achieve compliance in all key areas of federal regulation
 - Improve customer service
- Goals in connection to special education delivery:
 - Achieve OSEP compliance requirements by increasing participation and proficiency rates and decreasing drop-out rates, among other indicators.

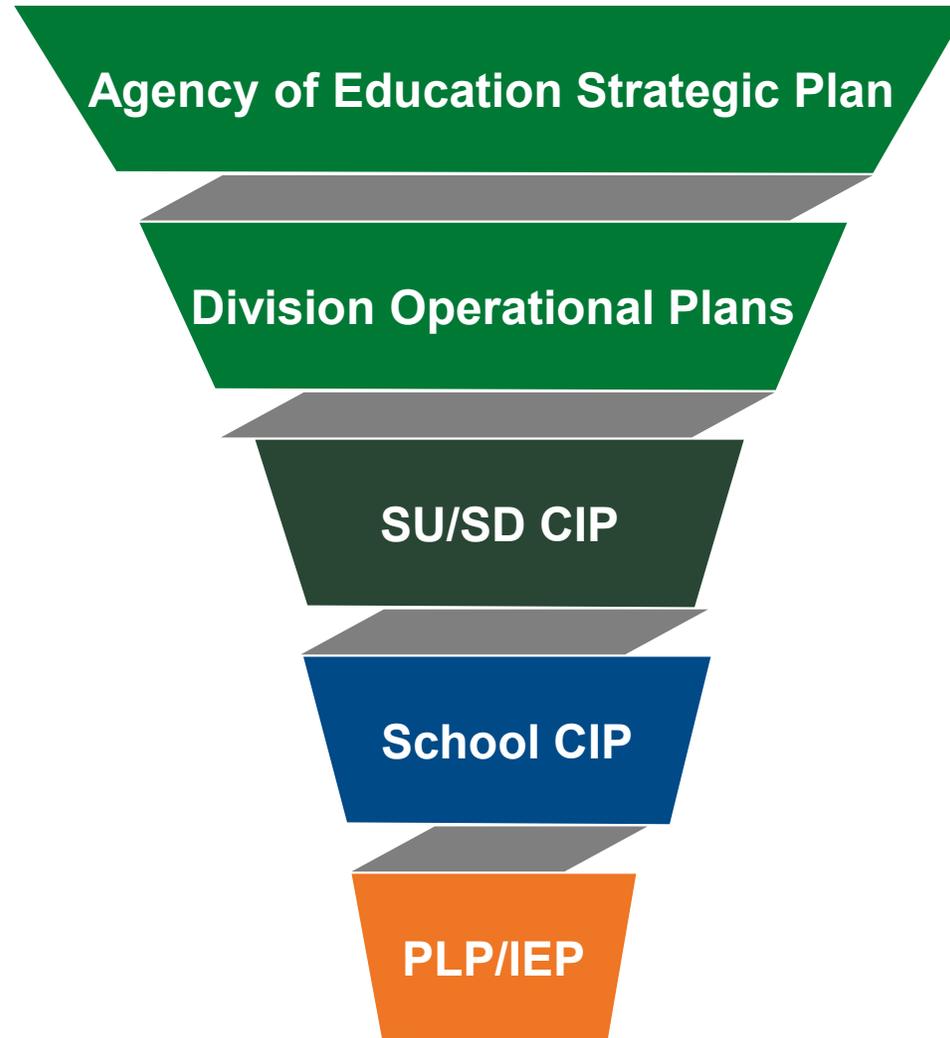


Special Education and Differentiated Support for All Students

- KPIs (3-to-5-year measurable targets to be set):
 - Close the achievement gap
 - Meet or exceed federal compliance
 - Quality Act 173 measure
- Goals in connection to special education delivery:
 - Evaluate special education delivery within the context of the quality of general instruction for all learners, ensuring that students on IEPs can access general education and that all learners benefit from personalized instruction that supports remediation as needed and acceleration when ready.



**Cascade Strategic
Goals & Align
Implementation
Plans - Where we
are “tight”**



Special Education Division Plan

1. Re-establish Strong Cyclical Monitoring
 2. Address Gaps in Service Delivery
 3. Improve Accessibility & Caregiver Involvement
 4. Integrated Focus on Improving Quality through Intra-Agency Coordination
- Agency-wide planning will play a central role in shaping the next iteration of the Special Education Division plan
 - Working closely with special education experts and strengthening intra-agency coordination will enable us to produce a more coherent, evidence-based roadmap that supports the improvements outlined in the emerging strategic plan.



Major Initiatives

- Implementation of Act 173
 - Playbook and accompanying toolkit to guide and monitor stronger implementation
 - Boot camp training on effective systems of supports for students who struggle
 - Regional convening and coaching to provide differentiated support for use of the playbook and toolkit
- Special Education Funding Study on Weights Proposed in Act 73 (conditions needed, disadvantages, literature review)
- Leadership development within AOE and program and finance integration
- Expanded Professional Learning on Inclusive Practices – statewide training series
 - Focus on 3-to-5 year olds; building skills and confidence for all educators (not isolated to special educators)
- Read Vermont – literacy improvement
- Every Day Counts Campaign – reduce chronic absenteeism
- Statewide graduation requirements