



Legislative Report

Current State of Special Education Delivery

Act 73 of 2025

September 26, 2025

Issued by the Vermont Agency of Education

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Background

This report was written and submitted pursuant to [Section 29 of Act 73 of 2025](#). This statute states that “On or before September 1, 2025, (extension granted to September 26, 2025) the Agency of Education shall submit a written report to the House and Senate Committees on Education, the House Committee on Ways and Means, and the Senate Committee on Finance addressing the factors contributing to growth in extraordinary special education reimbursement costs.” 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:

1. improving special education delivery and managing rising costs;
2. 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;
3. responding to the challenges of fully implementing Act 173 and the lessons learned from implementation efforts to date;
4. ensuring that the delivery of special education is responsive to student needs; and
5. addressing drivers of growth of extraordinary expenditures in special education.

Process

Prior to the passage of Act 73, the Agency of Education (AOE) had been engaged in data analysis and investigation specific to special education. After developing a general outline and collecting preliminary data, the AOE began developing this report in consultation with the Special Education Policy Sprint Team, which was convened in August 2025 to provide further input and perspective from the field and included Vermont special education directors, principals, superintendents, and business managers from across the state. (See [Appendix A](#)).

The Special Education Policy Sprint Team convened seven times between August and September 2025 to review draft materials, respond to the Agency’s analysis of existing data, suggest additional data, and provide input on the critical elements required by Act 73. The Policy Sprint Team emphasized the importance of naming data gaps, specifically related to the effective implementation of instructional practices, the quality of tier I instruction, and access to multi-tiered systems of support. Additional themes that emerged from Sprint Team discussions included variability in district capacity to meet the needs of students with Individualized Education Programs (IEPs), limited access to highly skilled professionals, teacher preparation gaps, and a need for more robust program evaluation and monitoring protocols to assess the overall quality and cost of

education delivery. The Sprint Team emphasized the need to clearly communicate to the legislature that students with disabilities should not be blamed for the rising special education costs. They also stressed that inclusive environments are beneficial and should be supported, but that improving the quality of Tier I instruction is essential to realizing the full benefits of inclusion.

A member of the Special Education Advisory Panel (SEAP) served on the Sprint Team to ensure that the Panel's evolving assessment of the state's unmet needs was incorporated into the report. The findings were shared with the SEAP for input and broader discussion

The Special Education Policy Sprint Team will continue to meet to steer the development of the three-year strategic plan in coordination with SEAP. This strategic plan will be delivered by December 1, 2025, to the House and Senate Committees on Education and the House Ways and Means and Senate Finance Committees.

Main Findings & Areas of Inquiry

This report serves as a critical input in developing Vermont's three-year strategic plan for special education. The report presents findings related to special education delivery and cost drivers that can be supported by data as currently collected and available. Importantly, the report also identifies areas that need further inquiry. In many instances, data combined with qualitative insights from subject matter experts have generated hypotheses that will require deeper review, data collection, and field reviews to evaluate instructional delivery and special education identification more fully. Below is an overview of the key findings and areas of inquiry generated through the report development process.

Increased Student Need

While overall student enrollment has decreased, the number of students with IEPs has risen. The state has also experienced growth in the number of students qualifying for extraordinary expenses, indicating not only that more students are being identified, but that the intensity and complexity of their needs could be increasing. Rising extraordinary costs, particularly in the categories of tuition and transportation, reflect both the growing severity and complexity of student needs and the fact that many districts lack the in-house capacity, staffing, and specialized resources to respond effectively.

Gaps in Service Delivery

Compared to other states and national averages, Vermont serves a larger number of students in either more inclusive classrooms or separate schools, particularly in the disability categories of autism and emotional disturbance. In Vermont, 81.97% of students with IEPs (11,563 students) spend 80% or more of their day in a regular

classroom, while 5.27% are in separate schools (743 students). Nationally, 67.08% of students with IEPs are in a regular classroom 80% or more of the day, and 2.36% are in separate schools. These patterns highlight gaps in service delivery that carry significant cost implications.

Early data suggest that the observed model in Vermont drives both an overreliance on costly out-of-district placements and expensive adaptations within inclusive classrooms—challenges that could be at least partially mitigated through stronger classroom design and more effective instructional delivery in general education settings. Although Vermont is inclusive for many students, qualitative data indicate a continued challenge with general and special education practices that can manifest in an overreliance on paraeducators to access general instruction and a lack of shared ownership of the educational outcomes for students with IEPs.

Extraordinary Costs

The delivery gaps noted above bear out through a sharp increase in extraordinary costs. Over the past six years, extraordinary costs have accounted for nearly half of the growth in total special education spending, despite representing only about 15% of overall expenditures. This pressure is not driven by an overall increase in students with disabilities but by growth in tuition and transportation costs to serve intensive cases, particularly among students with autism, emotional disturbance, and multiple disabilities. Vermont’s “Excess Cost Grant” system, designed to reimburse districts for high-need cases, is being used more frequently, underscoring the systemic service delivery and funding challenges tied to supporting students with the most significant needs.

The Role of High Quality First Instruction

Statewide decline in performance for all learners, coupled with persistent achievement gaps for students with IEPs, suggests that best practices already codified in law need further support to be implemented with fidelity. If 82% of students with IEPs are in more inclusive classroom settings, then the gaps in those settings are also impacting student outcomes for the majority of students in Vermont, both those with and those without IEPs. At the same time, students with more significant needs are served in separate settings at a higher rate than other states, and there is a need to ensure students are placed in the least restrictive environment for their specific needs.

Evaluation of Act 173

Evaluating the effective implementation of evidence-based instructional practices consistent with Act 173 is a primary area of future inquiry and critical to supporting the legislature’s exploration of a shift to a weighted special education funding model.

While sufficient for federal reporting, accountability methods for Act 173 are inadequate for evaluating the fidelity of implementation of Act 173, subsequent state rule changes, and related education reforms. Specifically, there is limited visibility into how evidence-based instructional practices are being implemented; the extent to which intervention

supports are consistently accessible to all students across schools and districts; and how clusters of services are being operationalized to support students with IEPs in public school settings.

Cost Containment Considerations

An important consideration in any discussion of cost containment is compliance with federal funding requirements. At the state level, IDEA includes a Maintenance of Fiscal Support (MFS) test, which prohibits reducing state support for special education year-to-year. Failure to meet MFS can trigger dollar-for-dollar reductions in future IDEA allocations. At the local level, Maintenance of Effort (MOE) imposes a similar obligation on LEAs to sustain their special education spending. Together, MFS and MOE create a dual accountability framework that protects funding for students with disabilities and must be factored into any proposed changes to the funding formula.

Capacity Building

The findings and identified areas of inquiry have directly informed the Agency of Education's capacity building efforts. Specifically, the Agency recently completed a reorganization, designed to model coordination across general and special education and strengthen oversight and support to the field, including the creation of new positions and the alignment of teams. Additionally, the Agency has put clear practices in place to address long-standing compliance issues by re-establishing a regular monitoring cycle, implementing a differentiated accountability process, expanding technical assistance and training for schools and districts, and addressing the backlog in independent school approvals to align with new State Board rules. It is important to note that Act 73 is designed to create scale to help tackle issues related to service gaps, workforce challenges, and quality delivery.

Future Planning

The areas of inquiry noted in this report are driving the Agency's ongoing strategic planning process with a particular focus on implementation planning and building capacity at the state and district levels to ensure best practices are delivered with fidelity to all learners and sustained at scale. To this end, the Agency is commissioning a secondary report to examine the conditions necessary for adopting the weighted special education funding model proposed in Act 73 and to assess its advantages and drawbacks. In parallel, the Agency will also partner with national experts to develop a blueprint focused on implementing proven best practices, including system-wide monitoring tools for the general and special education contexts and capacity building training at the state and district levels, regardless of whether future changes to the funding model occur.

Introduction

This section provides a comprehensive overview of the current state of special education delivery in Vermont. It establishes the foundational data and context needed to understand the financial and programmatic challenges facing the system. By analyzing key demographic information and the costs associated with special education services, this section of the report identifies the primary drivers of extraordinary expenditures. This data-driven approach sets the stage for the subsequent sections, which will evaluate the effectiveness of current policies and recommend strategic changes.

Evaluating the quality and cost of special education delivery requires looking beyond special education itself to the overall quality of general education and the full system of support available to all learners. This reflects the theory of action embedded in Act 173, which emphasizes systemic improvement to ensure that every struggling learner – whether or not they have an IEP – has access to high-quality instruction and timely interventions.

Act 173 of 2018 changed the way the State funds special education and prompted limited changes to the state’s special education program regulations. The first year of the census block grant was fiscal year 2023, but the full transition to the new funding mechanism will not be completed until fiscal year 2027. The majority of programmatic rule amendments took effect on July 1, 2022, while a select few rules changes were delayed until July 1, 2023.

The data in this section comes from a wide variety of sources, many of which meet specific federal reporting requirements and require cross-walking with other datasets to provide a more comprehensive view of historical trends. Much of the student and programmatic data is organized around the School Year (SY) and follows the typical academic calendar, while financial data is organized around the State Fiscal Year (FY), which runs from July 1-June 30, or, occasionally, the Federal Fiscal Year (FFY), which runs from October 1-September 30. The data largely originate with the district or independent school and over time the Agency has improved its capacity to collect more comprehensive and detailed data, particularly in the area of expenditures. The Agency has provided the most recent validated and finalized available data for all categories. For financial data, this is typically FY 24, while programmatic and student data is more variable. Wherever possible, a pre-pandemic year is included to provide a historical view.

Not all of the data requested in Act 73, Section 29, is currently collected by the Agency, and new data collections were not possible within the short timeframe required for delivery of this report. Where there is a gap in the requested data, the Agency has either provided a proxy dataset and analysis, or the lack of relevant data is noted (See [Appendix B](#)).

IDEA, FAPE and IEPs

Every student is entitled to a Free Appropriate Public Education (FAPE), and for some students with disabilities, an Individualized Education Program (IEP) is the vehicle for providing that access. When it has been determined that a student qualifies for special education, the student is entitled to an IEP, which specifies and guides the services and supports that have been identified as necessary for the student's specific needs. An IEP serves a similar role to a contract, in which, following consultation with the student's parent(s), the school agrees to provide a set of services and support for the student throughout the upcoming year. Once in place, the student's special education program is guided by the IEP and monitored throughout the IEP process. The process of developing the IEP involves a series of formal steps, each with clear guidelines and a timeline for completion.

In Vermont, the requirements for FAPE and the delivery of services outlined in an IEP remain the responsibility of the public school district, even when a student is tuitioned to an independent school. An IEP is developed with the student's caregivers and members of the school system who are trained to administer IEP according to the law. The IEP is based on an evaluation of the student describing their current levels of performance, strengths, and needs. Based on the evaluation, a written document is prepared outlining:

- The goals of the plan;
- What special supports and services are needed;
- Who will provide these services; and
- When and how progress is measured.

The IEP is reviewed every year to assess the child's current level of performance, whether goals have been met, and what, if any, changes are needed to the programming to ensure accessibility and improve performance.

Special Education Services

"Special education services" is a precise term that refers to specifically designed instruction. It requires, "adapting as appropriate to the needs of an eligible child... the content, methodology, or delivery of instruction to address the unique needs of the child that result from the child's disability, and to ensure access of the child to the general curriculum, so that the child can meet the educational standards within the State that apply to all children." (SBE 2360.2.12)

Special education services then are about access to the instructional supports, curriculum, and educational environment that is available to all students. It is one small component of improving student outcomes. The breadth and depth of services required is dependent not just on the individual student in question, but on the structure, adaptability, and design of the educational environment in which they are being

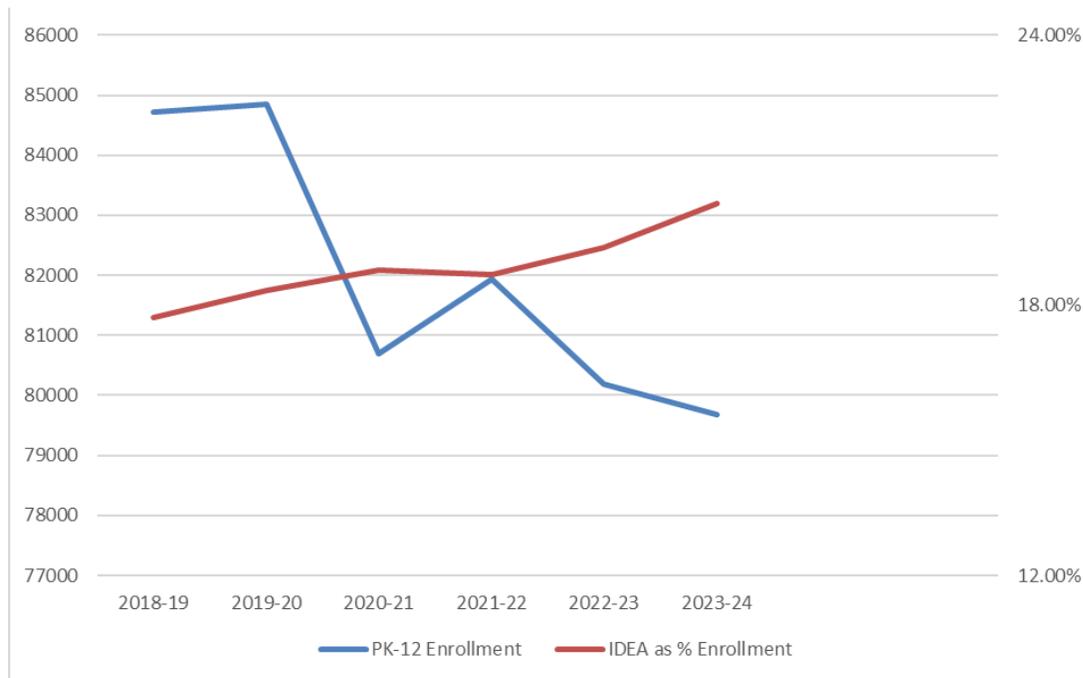
instructed. Accessible, well designed education environments require fewer modifications or adaptations in content, methodology, or instructional delivery, and result in improved student outcomes regardless of a student's eligibility for special education services. In contrast, an educational environment that only makes changes after a student has failed to make progress will necessitate more significant individualized accommodations, modifications, and interventions, often leading to a greater reliance on special education services. This dynamic is especially relevant when examining the increasing numbers, costs, and the varying environments associated with special education in Vermont.

Vermont Special Education Landscape

This section provides an overview of special education in Vermont, describing who receives services, where and how those services are delivered, and how the system is funded. It is intended to give a broad picture of how services are organized and resourced, including student counts, comparisons to other states, and key identification trends.

Students Served

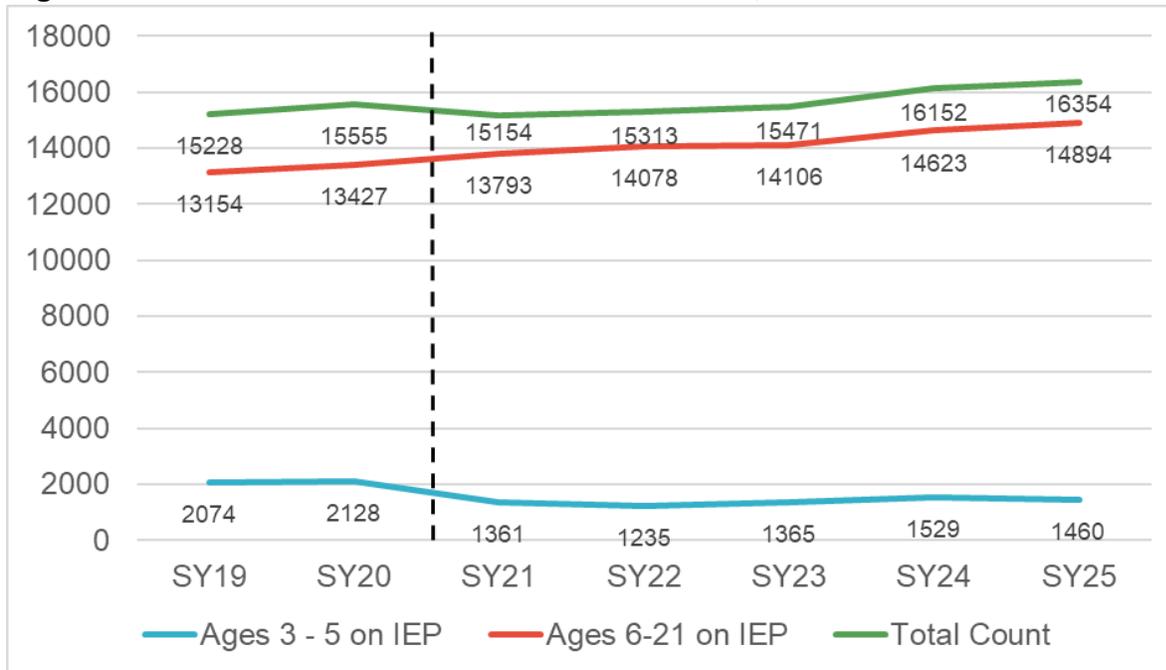
As of 2023-24, there were 16,152 students with IEP's ages 3-21 in Vermont. There is an ongoing trend of increasing total numbers of students with disabilities on IEPs ages 3-21 and increasing total extraordinary costs even as overall student enrollment has declined. The percentage of students with IEPs in Vermont 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. In comparison, between 2019-20 and 2022-23 the proportion of students with IEPs nationally increased from 14.4 to 15.2 percent, suggesting the rate of identification of students requiring IEPs is increasing faster in Vermont than the rest of the country.

Figure 1: IDEA as Percentage of PK-12 Enrollment

From school year 2018-2019 to school year 2023-24, overall student enrollment declined by 6.4%, but during the same period the percentage of students on IEPs has increased by 7.5%. Vermont is among the top ten states with the highest proportion of students with IEPs, ranking seventh in the most recent year of data available.

Students With an IEP Served Over Time by Disability Status

In school year 2024-2025, there were 16,354 students in total with IEPs spanning ages 3-21 in Vermont, 1,460 of whom were aged 3-, 4- and 5-year-olds not in kindergarten. The graph below titled "Statewide Counts of Students on IEPs," shows the total number of students on IEPs in Vermont from school year 2019 to school year 2025.

Figure 2: Statewide Counts of Students on IEPs, SY 2019-2020 to SY 2024-2025

The data show that for most of the period from 2019 to 2025, the number of students with an IEP hovered consistently around 15,500, with the count rising to approximately 16,000 students in SY 2024-2025 (SY25).

The dotted line on the graph represents a change in the measurement methodology. Before SY21, the data for students on IEPs was divided into two age groups: 3-5 and 6-21. Beginning in SY21, the measurement was adjusted to 3–5-year-olds not in kindergarten, and then 5-year-olds in kindergarten through age 21. This change in methodology partly explains the visual shift in the line at that point. After the SY21 measurement change, the way the data is collected remains consistent, allowing for a clearer view of the trend. From this point forward, the data show a clear and steady growth in the number of students with IEPs.

This recent increase in the total student count is not a general trend across all age groups but rather is driven by a steady rise in the number of school-aged students requiring an IEP. The data show that the number of preschool-aged students has remained largely stable, while the number of students ages 6-21 has steadily increased. When broken down by grade-level the percentage of students with an IEP ranges from 16-22% on average, indicating that the rate of students with IEPs persists across grades for school-aged students with IEPs.

Students on IEPs by Disability Category

There are 13 categories of disability in Vermont. The majority of 3-5-year-olds with a disability fall under the category of Developmental Delay (see Vermont State Board of Education Rule 2361.2(d)). The distribution of students ages 3-21 according to SY2025

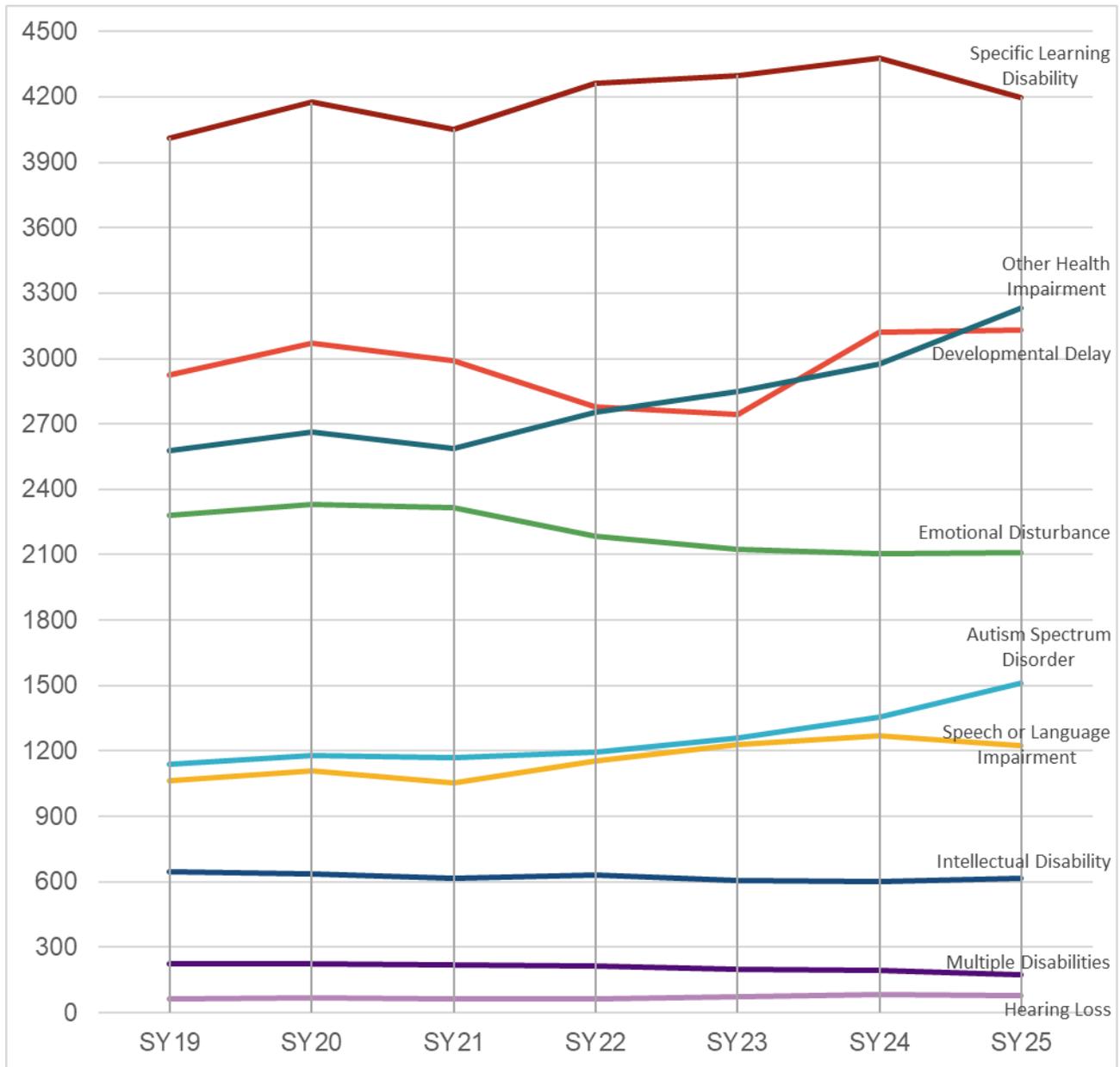
child count data who are receiving services within each of the disability categories is below.

Table 1

Disability Category	Number of Students	% of Students aged 3 -21 on IEPs
Total number of students on an IEP	16,354	19.6%
Autism Spectrum Disorder (ASD)	1,512	9.25%
Deaf-blindness	***	***
Developmental Delay	3,132	19.15%
Emotional Disturbance	2,112	12.91%
Hearing Loss	80	0.49%
Intellectual Disability	614	3.75%
Multiple Disabilities	174	1.06%
Orthopedic Impairment	21	0.13%
Other Health Impairment	3,233	19.77%
Specific Learning Disability	4,198	25.67%
Speech or Language Impairment	1,223	7.48%
Traumatic Brain Injury	29	0.18%
Visual Impairment	***	***

***Data is suppressed when the population size ('n') is fewer than 11 individuals or to prevent disclosure of a single suppressed value

Figure 3: Disability Category Student Counts by Year 3-21



The graph, titled "Disability Category Student Counts by Year 3-21," illustrates the distribution of students with IEPs across different categories over time from SY19 to SY25. This data is subject to suppression and secondary suppression, which affects the two lowest-incidence disability categories of Deaf-Blindness and Visual Impairment. In addition, disability categories with counts under fifty were removed, which includes Orthopedic Impairment and Traumatic Brain Injury.

According to the data, the most common disability categories for students with IEPs in Vermont are Specific Learning Disability, Developmental Delay, Other Health Impairment, and Emotional Disturbance.

Specific Learning Disability (SLD) remains the most common disability category and the count in this category has been relatively stable. Following the implementation of the special education rule changes there was a slight spike in the identification of SLD as the primary disability category, followed by a 4% decline. The shift away from the discrepancy model in 2023 and towards a new model based on a student's response to scientific, research-based interventions was intended to allow for earlier intervention and may also lead to a decrease in the number of students identified with SLD in the coming years. The success of this new model hinges on the quality of the entire system, from universal instruction to the fidelity of targeted interventions.

"Other Health Impairment" (OHI) is a special education disability category for students who have chronic or acute health problems that limit their strength, vitality, or alertness, and adversely affect their educational performance.

"Emotional Disturbance" (ED), as defined, can differ significantly between states, which is a key factor in any comparison. For SY23, 15% of students on IEPs had a primary disability category of ED, compared to the national average of 4.5% (see table below). There are several potential reasons for the high number of students with ED in Vermont, which should be considered areas of future inquiry.

One contributing factor could be the state's comprehensive and proactive approach to mental health and special education. Vermont's policies may be more inclined to identify and support students with emotional and behavioral challenges earlier than other states, potentially leading to a higher classification rate. The state's relatively small school and district sizes and a high number of staff per student may also play a role. These conditions can allow for closer observation and more frequent identification of emotional needs, which might go unnoticed in larger, more populous school systems. Additionally, the COVID-19 pandemic and the national mental health crisis have likely contributed to a general rise in emotional and behavioral challenges among students, which could influence special education classification numbers nationwide.

Table 2

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%

Developmental Delay makes up 17.75% of the total population of students with an IEP. In Vermont, the definition and eligibility criteria for developmental delay are based on a child's age, with different standards for children under age 3 and those from age 3 up to 6.

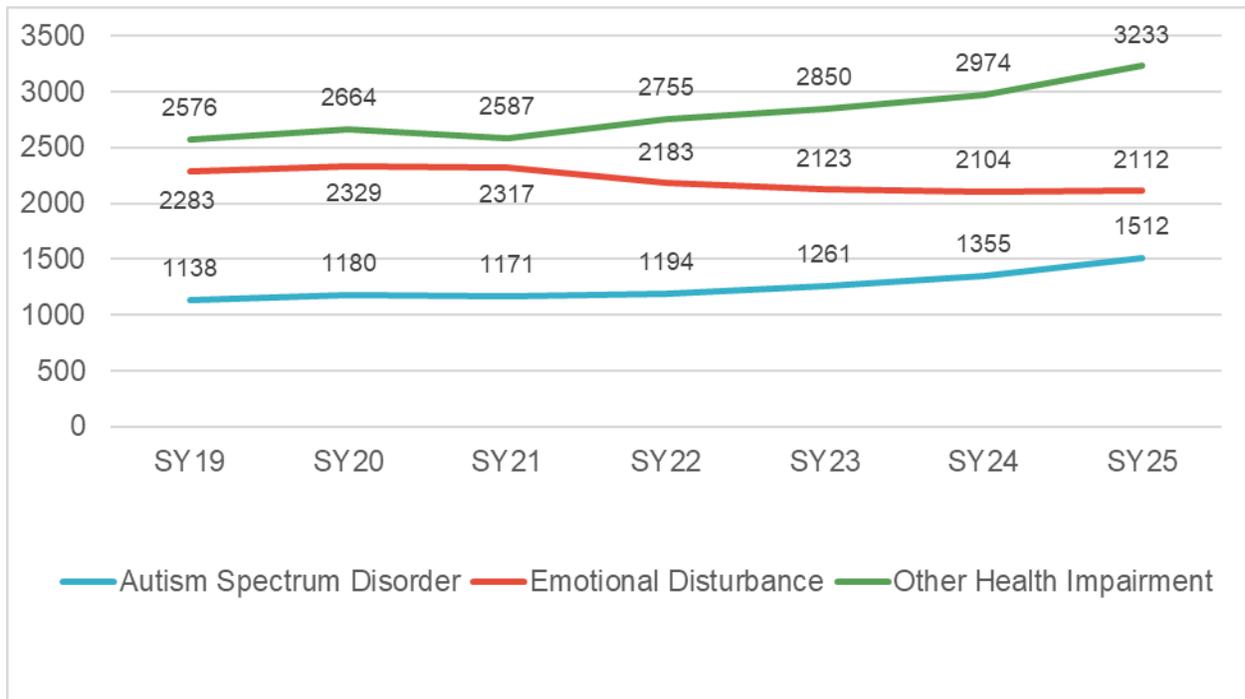
The disability category of Autism represents 8.15% and Speech Language Impairment represents 7.95% of the total student population on IEPs.

The fastest-growing categories are Autism and Other Health Impairment (OHI), which collectively drive the overall increase in the special education student count.

Considerations regarding these patterns are particularly relevant when looking at educational environments for students on IEPs. When examining educational environments, Vermont serves a larger percentage of students with Autism and Emotional Disturbance in separate schools compared to national averages.

As these patterns are particularly relevant for understanding the student population, Figure 4 provides a detailed look at the student count trends for the most relevant primary disability categories: Autism, Emotional Disturbance, and Other Health Impairment.

Figure 4: Autism, Emotional Disturbance and Other Health Impairment Student Count Trends SY19-Sy25



The chart above specifically isolates the data for three of the most prevalent primary disability categories for students on IEPs: Autism, Emotional Disturbance, and Other Health Impairment. Autism shows a continuous increase and has grown in prevalence by 33% between SY19 and SY25. Other Health Impairment has also shown a continuous increase and has grown in prevalence by 26% between SY19 and SY25. Emotional Disturbance has remained relatively stable but is still a key driver due to its higher-than-average prevalence in Vermont.

Educational Environments in Vermont

Figure 5: Count of Students by Disability Category in Educational Environment: Separate School from SY19 to SY25 K-21

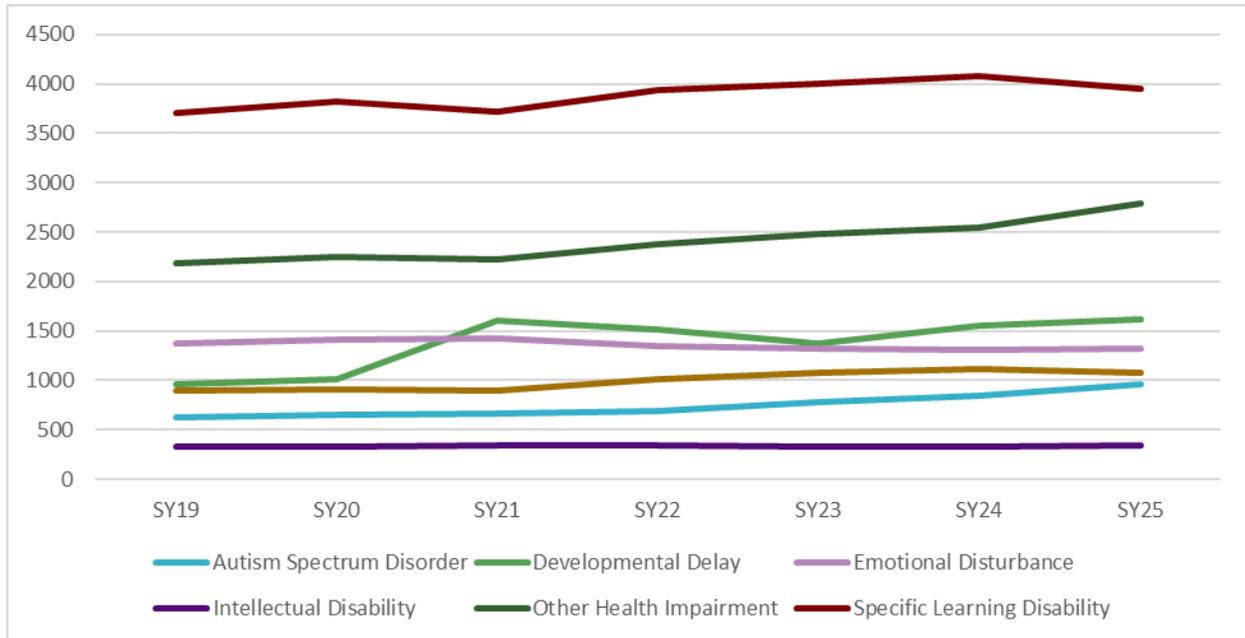


Figure 5 shows the number of students placed in separate schools over time for various disability categories. The most prominent trend is for students with Emotional Disturbance, which consistently has the highest count of students in separate school settings. Students with Autism Spectrum Disorder and Other Health Impairment also show significant numbers in these placements, with a clear upward trend for students with autism.

Certain disability categories are not represented on this chart. This is because these categories — such as Visual Impairment, Traumatic Brain Injury, Specific Learning Disability, Orthopedic Impairment, Hearing Loss, Deaf-blindness, and Speech or Language Impairment — have very low student counts in separate school settings. The data for these categories is often suppressed due to small student populations, as federal and state reporting guidelines prevent the public disclosure of data for groups with fewer than 11 individuals to protect student privacy.

These trends are further analyzed and compared with national data in [Table 6](#) and [Table 7](#) to explore whether Vermont's service delivery aligns with the principles of providing education in the least restrictive environment.

Key Takeaways

The data and analysis presented paint a complex picture of special education in Vermont, highlighting several significant trends related to student identification.

There is an increase in the count of students in the state of Vermont who are eligible for special education services. Despite a decrease in overall student enrollment, the number of students with an IEP in Vermont is on the rise, increasing from 17.9% to 19.6% between 2019-2020 and 2023-2024, placing Vermont among the top states for the proportion of students identified with an IEP. While Specific Learning Disability (SLD) remains the most common primary disability category, the fastest-growing categories are Autism and Other Health Impairment (OHI).

The state's recent shift away from the "wait-to-fail" discrepancy model for identifying students with SLD has the potential to influence these trends. The new approach, which emphasizes early intervention based on a student's response to research-based strategies, may lead to earlier support and a potential decrease in the number of students identified with SLD in the future.

Vermont serves a higher percentage of students with certain disabilities, particularly Autism and Emotional Disturbance, in separate school settings compared to national averages. This trend is consistent, and more information related to this trend can be found in [Table 2](#) and [Figure 4](#).

Outcomes for Students with an IEP

The goals of instruction are varied and complex, which means it is critical to consider a variety of outcomes when evaluating the quality of instruction and students' access to high-quality interventions. A holistic approach that includes an analysis of trends, multiple outcomes, and implementation data ensures a more complete and rigorous evaluation.

Performance on State and National Assessments

The 2023-24 school year was the second year that Vermont schools administered the Vermont Comprehensive Assessment Program (VTCAP). Average proficiency rates for all students remained steady compared to the previous year, with the highest in English languages arts (ELA; 45-58% across grades), followed by science (41-46% across grades), and then math (30-47% across grades). In comparison, average proficiency rates for students with IEPs also remained steady from the previous year and were highest in ELA, followed by science and then mathematics. However, students with an IEP performed significantly lower, with only 11-16% proficient across grades in ELA, 4-10% proficient across grades in mathematics, and 9-13% proficient across grades in science.

These results are consistent with the results from the school year 2018-19 administration of the Smarter Balanced Assessments (SBAC). For both SBAC and

VTCAP, there are persistent achievement gaps for specific student groups, including between students with an IEP and those without (see Figure 6 and Figure 7). These differences vary slightly by year and by grade band, but on average there is about a 30-40 percent difference in average proficiency for students with an IEP compared to all students, and in most instances students with an IEP are the lowest performing student group regardless of which statewide assessment is being administered.

Of note, statewide assessments were not administered during the 2019-20 school year due to the Covid-19 pandemic, and while assessments were administered during the school year 2021-22, the data is incomplete, particularly for students with IEPs. Further, Vermont changed assessments programs starting with the 2022-23 school year. As such, it is important to evaluate Vermont's performance on national assessments to gain a complete picture of trends over time.

In 2024, Vermont students participated in the National Assessment of Educational Progress (NAEP) in reading and mathematics. In reading, Vermont students performed similarly to the nationwide average and the results reinforce a decades long pattern of declining performance in reading. Relative to pre-pandemic (2019) and post-pandemic (2022) performance, 2024 Vermont reading scores were significantly lower in both Grade 4 and Grade 8. Of note, Vermont's 2024 reading scores are the lowest Vermont students have scored since the inception of Vermont's participation in NAEP (i.e., 2003).

In mathematics, the results vary slightly by grade. In Grade 4, after a decade of declining performance, Vermont students' performance in mathematics showed slight improvement from 2022; however, this performance remains below the national average. In Grade 8, Vermont students' performance in mathematics did not change from 2022, suggesting that the decline from the previous decade is steady or slowing in Grade 8 as well as Grade 4. Finally, despite the previous declines and lack of improvement from 2022, Vermont students' performance in Grade 8 mathematics continues to be above the national average. Of note, NAEP does not report results by students' IEP status.

Figure 6: Statewide Student Proficiency by Subgroup in English Language Arts in 2018-19 on the Smarter Balanced Assessment and in 2022-23 on the VTCAP

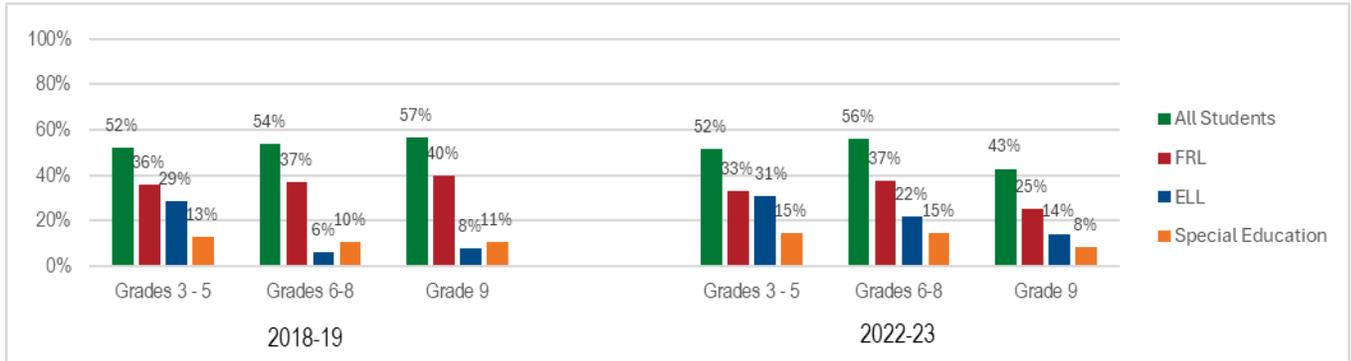
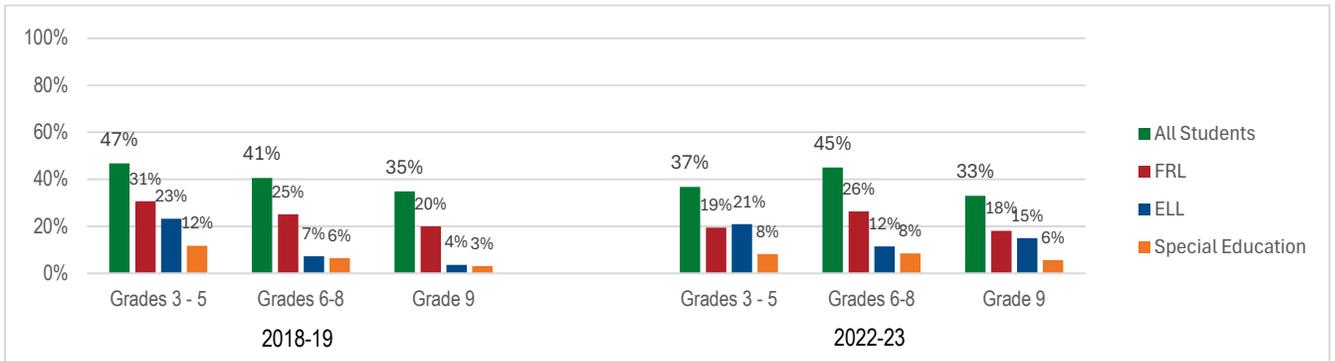


Figure 7: Statewide Student Proficiency by Subgroup in Math in 2018-19 on the Smarter Balanced Assessment and in 2022-23 on the VTCAP



Graduation and Dropout Rates for Students with IEPs

Statewide graduation rates are summarized in the table and graphs below for all students, for students with IEPs, and for students without IEPs. Since 2019, the percentage of Vermont students graduating within four years of starting high school has steadily declined from 85% in 2019 to 82% in 2024. Similarly, the percentage of students who graduate within six years has declined from 91% in 2019 to 85% in 2024. While beyond the scope of this report, it should be noted that from 2008 to 2017 statewide graduation rates remained steady or increased slightly, but starting in 2018 these rates have been in a steady decline.

Since 2019, the percentage of Vermont students with an IEP who graduate within four years of starting high school has remained steady, around 70%, until recently declining to 67% in 2024. In contrast, the percentage of students with an IEP who graduate within six years has declined from 82% in 2019 to 76% in 2024. When comparing the graduation rates of students with an IEP to students without an IEP we see that the performance gap is larger for the 4-year rate than the 6-year rate. Specifically, the difference in the 4-year rates averages 16% (from 2019 to 2024) and peaks in 2024 at 19%. In contrast, the difference in the 6-year rates averages 12% over the same period and declines to 11% in 2024.

The adjusted cohort graduation rate (ACGR) is the percentage of public high school students who graduate with a regular diploma within four years of entering 9th grade. This rate is calculated by dividing the number of graduates by the initial cohort of students, adjusted to account for students who transfer into or out of the cohort due to factors like changing schools, emigration, or death.

Table 3: 4 Year Graduation rate for years 2019 to 2024

Year	All Students	Students With IEPs	Students Without IEPs
2019	85%	71%	88%
2020	83%	69%	86%
2021	83%	70%	86%
2022	83%	71%	86%
2023	82%	71%	85%
2024	82%	67%	86%

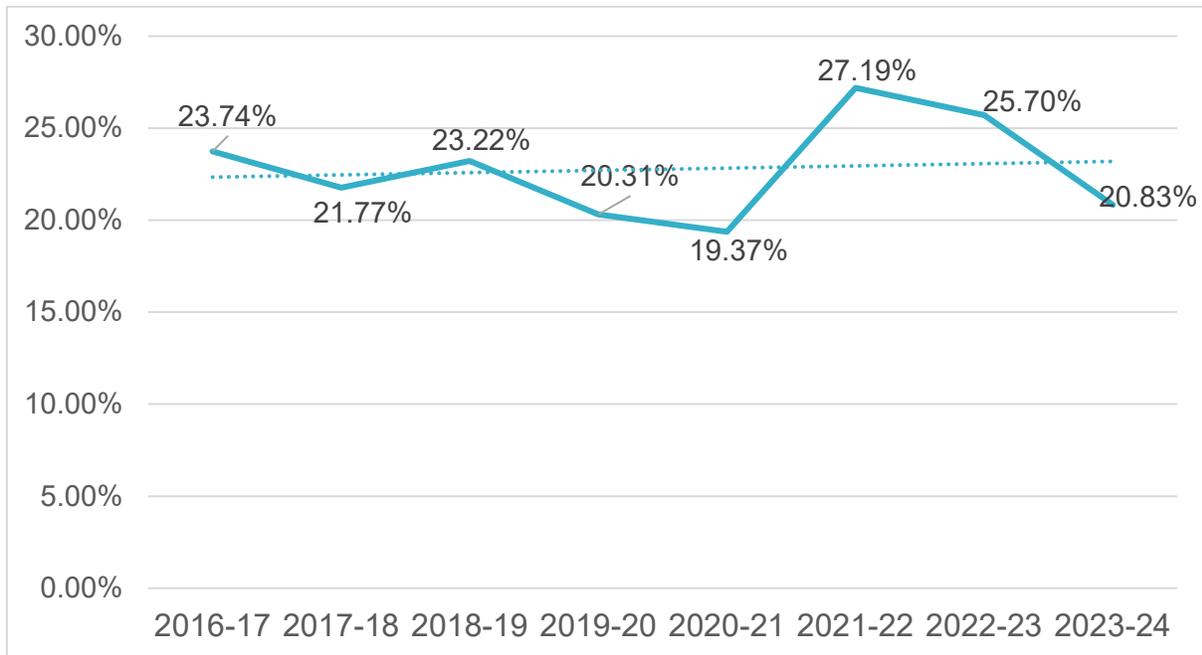
Table 4: 6 Year Graduation rate for years 2019 to 2024

Year	All Students	Students With IEPs	Students Without IEPs
2019	91%	82%	93%
2020	88%	77%	90%
2021	87%	77%	89%
2022	86%	77%	88%
2023	85%	76%	87%
2024	85%	76%	87%

Dropout Rates

Figure 8, titled "Event Dropout Rate for Students on IEPs" shows the dropout rates for students on IEPs from FY2015 to FY2025. The dropout rate for students on IEPs has shown some shifts in recent years. As seen above, the dropout rate decreased in both the FY20 and FY21 school years, despite the challenges of the pandemic. However, an increase in dropouts occurred from FY21 to FY22, a rise that affected 62.75% of LEAs statewide. This increase was particularly observed among students aged 16-19.

Figure 8: Event Drop Out Rate for Students on IEPs Aged 14-21



The entire increase in dropouts (100%) occurred among white students. The data notes that n-sizes (the number of students) for other racial and ethnic groups were below the state-set data suppression limit of 11. The largest increases in dropouts were seen in students receiving services for other health impairment and specific learning disability, which are two of the three largest disability categories for students in the 14-21 age group.

This trend was not unique to Vermont; several other states also observed an increase in dropouts and a decrease in graduates during this same period. This suggests that the rise may be a result of the collective stress on individuals, families, and school systems from the public health emergency. The preceding years, characterized by distance or hybrid learning models, likely contributed to this by affording students less in-person interaction and direct access to educators. Recent data show that the dropout rate is now decreasing to pre-pandemic levels.

Post-School Outcomes

The Post-School Outcomes survey is conducted annually with students who had IEPs at the time of exiting school. One year after leaving, the survey captures whether they are enrolled in higher education, competitively employed, in a training program, or engaged in some other form of employment. For FFY2023, survey data was collected by September 2024 on students who left school during the 2022–2023 school year, ensuring that at least one year had passed since their exit. The pool of students included all youth who had an IEP in effect at the time they left school, including those who graduated with a regular diploma, earned another credential, dropped out, or aged out.

In FFY2023, 906 youth were part of the survey pool. Of these, 169 responded, resulting in a response rate of 18.65%. Among the respondents, four groups were either under or overrepresented:

- Youth who dropped out were underrepresented by 6.2%.
- Youth in the disability category of autism were overrepresented by 5.6%.
- Youth with emotional disturbance were underrepresented by 4.6%.
- Youth aged 14 to 18 upon exiting school were underrepresented by 4.27%, while students aged 19 to 22 were overrepresented by 4.27%.

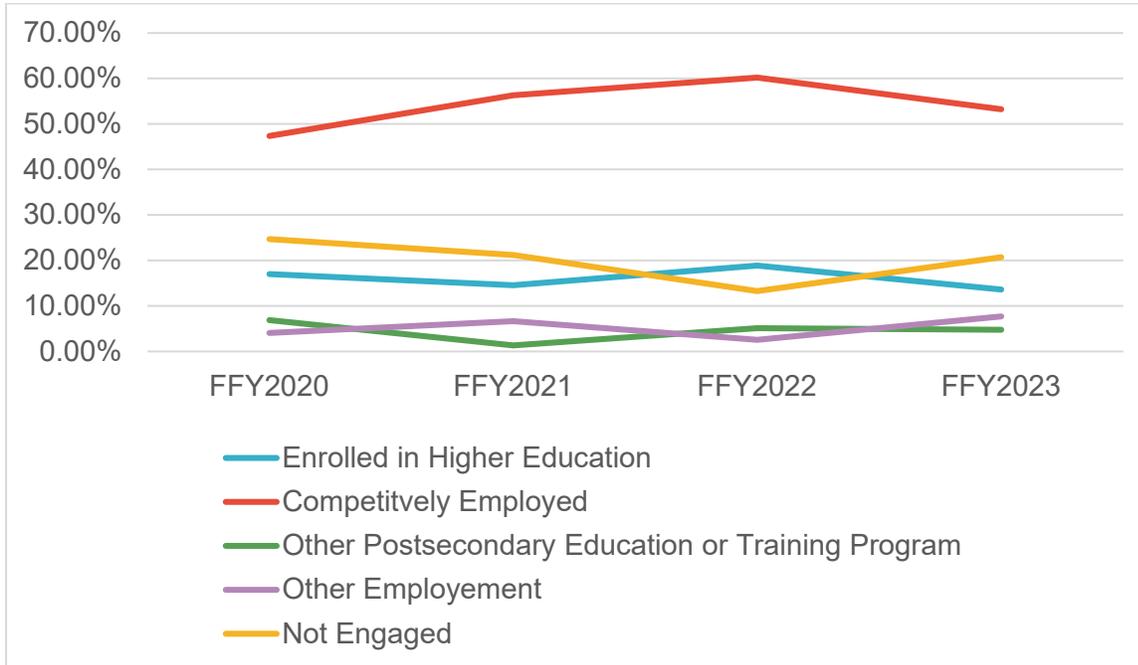
Compared to other respondents, youth who dropped out were three times less likely to be enrolled in higher education within one year of leaving high school. A similar proportion of youth who dropped out were either competitively employed or attending another postsecondary or training program compared to their peers. However, they were slightly less likely to be engaged in other types of employment. They were also 1.5 times more likely not to be engaged in any of these options compared to other respondents. This creates a nonresponse bias, making the survey results less reflective of this group's outcomes, particularly regarding struggles with higher education and engagement. Their underrepresentation skews the perception of postsecondary outcomes for students with IEPs in these categories, though it has less effect on competitive or other types of employment outcomes.

Compared to all other respondents, youth with emotional disturbance had a similar likelihood of being enrolled in higher education within one year of leaving high school. They were slightly more likely to report competitive employment but slightly less likely to report enrollment in another postsecondary education program or other types of employment. This group was about as likely as their peers to report being unengaged in any option.

When analyzing results for youth aged 14 to 18 upon exiting, 15% reported enrollment in higher education within one year of leaving high school. Ten percent more of this younger group reported competitive employment compared to youth aged 19 to 22. The underrepresentation of youth aged 14 to 18 likely had a negative effect on the reported rates of competitive employment and higher education engagement, skewing the data

toward outcomes more common among older youth, such as participation in other postsecondary programs, training, or employment.

Figure 9: Postsecondary Outcomes for Students on IEPs



For FFY2023 of the 169 respondents:

- 23 (13.61%) were enrolled in higher education within one year of leaving high school,
- 90 (53.25%) were competitively employed within one year of leaving high school,
- 8 (4.73%) were enrolled in another postsecondary education or training program within one year of leaving high school, and
- 13 (7.69%) were in some other form of employment within one year of leaving high school.
- 35 (20.71%) were not engaged in formal education or training program, other education or training, competitive employment, or other employment.

Key Takeaways on Outcomes for Students with an IEP

The outcomes for students with IEPs in Vermont reveal persistent and concerning gaps in achievement, graduation rates, and postsecondary enrollment compared to their peers without IEPs. On statewide assessments, students with IEPs continue to score significantly lower in all subjects, with proficiency rates often 30-40 percentage points below those of the general student population. Graduation rates for students with IEPs have declined slightly, particularly in the 4-year cohort (down to 67% in 2024), with a consistent gap of around 16-19 percentage points when compared to non-IEP peers.

Dropout rates spiked during the pandemic, particularly among white students with health impairments or learning disabilities but have recently begun to decline.

Post-school outcomes for students with IEPs show mixed results. In FFY2023, just 13.6% were enrolled in higher education within a year of leaving high school, and while over half were competitively employed, a significant portion (20.7%) were not engaged in any employment or education. Notably, students who dropped out or were younger upon exit were underrepresented in the survey, skewing results toward more favorable outcomes. These findings highlight the need for more inclusive data collection, targeted interventions, and ongoing support for students with IEPs, both in school and as they transition to adult life.

Education Delivery

The term educational environment refers to the setting where a student with an IEP receives their education and related services. Under IDEA, there's a strong emphasis on the Least Restrictive Environment (LRE), which means students should be educated alongside their peers without disabilities to the maximum extent appropriate.

Educational environments are categorized by the percentage of time a student spends in a regular classroom with non-disabled peers. This creates a continuum of placements, ranging from the least to most restrictive:

- Inside the regular class 80% or more of the day: This is the least restrictive environment, where students with IEPs spend most of their time in a general education classroom.
- Inside the regular class 40-79% of the day: This typically involves a mix of general education classes and time spent in a resource room or a special education classroom for more intensive, specialized instruction.
- Inside the regular class less than 40% of the day: In this environment, students spend the majority of their time in a separate special education classroom within a regular school building.
- Separate schools: These are schools specifically designed for students with IEPs, where they might not interact with non-disabled peers in a typical classroom setting.
- Residential facilities or homebound/hospital placements: These are the most restrictive environments, used for students whose needs are so significant that they require around-the-clock care or cannot attend a traditional school.

Act 73 consistently refers to “specialized settings” as a focus for analysis, which appears to be defined by the specific categories of district-operated specialized programs, and various types of independent programs. The challenge in reporting using these terms is that there is not a consistent understanding or data collection source that defines settings in these terms, nor does it have a statutory definition. There is data available for independent schools, which can be substituted for independent programs,

but district-operated specialized programs is not a term or a definition commonly used throughout the state.

The most accurate data set that exists that allows for differentiating student education settings is Educational Environments data, which as outlined above, documents the percentage of time a student is enrolled within the regular class or whether the student is enrolled in separate schools, residential facilities, or homebound/hospital placements.

The Individuals with Disabilities Education Act (IDEA) specifies the data that states must collect and report to measure results for children and families served through Part B and Part C programs. Using data gathered from the Child Count Collection and the Exiting Collection, the Vermont Agency of Education reports IDEA Part B data for ages 3 through 21 to the U.S. Department of Education. The Educational Environments data described above is found within this collection. In addition to Educational Environments data, Supervisory Unions/Districts (SU/SDs) also submit the educational location for students. This location is the school, facility, program, or center where the student spends 50 percent or more of their school day. Alternative program information is pulled from each SU/SD's EdDocVT system, along with the rest of their data. If a program/facility is not included in the School/Educational Location list, the program/facility name and address must still be provided. This applies to locations such as: Day School or Other Non-Residential Program Outside of Vermont, Early Childhood Special Education Program, Residential School or Program Outside of Vermont, Vermont Residential School or Program, and Vermont Alternative Program. (See School/Educational Locations definition on [page 12 of the Child Count Reporting Instructions](#)).

Based on the definition above, submissions for an alternate program can contain a wide range of information. This creates concerns about the accuracy and consistency of the information when attempting to evaluate the quality of the program or outcomes for students with IEPs. Additionally, there are a wide range of potential settings and individualized situations that a student may experience when they are enrolled in a public school. Based on the layout or the available space of a school buildings, some SU/SDs might have an alternate program that is technically within the school building so the student would not necessarily be listed as enrolled in an alternate program, while others may need to rely on a completely separate space. Most SU/SDs also offer some version of a separate classroom, program, or cluster of services based on the level of support a student needs. In one SU/SD, a classroom might be entirely self-contained where all of the students spend essentially the entirety of their day, while in another SU/SD, a program might be available for students to attend for small portions of their day to receive specific services, while they spend the remainder of the day in a general education environment. This variation is not captured in any data the Agency collects, and, in both cases, it might show up as the student being enrolled in their public school even though the student experience is dramatically different. Finally, there is no

approval or accreditation process by which these classrooms, programs, or services are defined, reviewed, or documented.

The available data can provide context for the extent (in percentage) to which students eligible for special education services are enrolled in a regular education classroom with their same-aged peers using Educational Environment data, and the school in which a student is enrolled. However, the school location data is only available if that school is an established public or independent school, or an alternate program where the student spends more than 50 percent of their day if it is in a different location than the public or independent school where the student would otherwise be enrolled. Because of this, and due to the fact that programs, classrooms, and environments have incredibly varied definitions and implementations across the state, school location data is not a complete or accurate representation of the educational experience of students or an appropriate analog for district operated specialized programs as described by Act 73.

The accompanying table presents the distribution of educational placements for Vermont students with IEPs aged 5 through 21 for the last three federal years (FFY21-FFY23). The numbers and percentages are based on the total number of children with IEPs in each respective year, as shown in the first row.

Table 5

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%

The data in Table 5 represents 5-year-olds in Kindergarten through age 21. Two educational environments are not reported here: Correctional Facilities and Hospital/Homebound placement.

Key Takeaway

The table indicates a potential insight into Vermont's special education system: the middle layer of support is declining in student count, while the count for students served in separate schools is rising. It suggests that schools may be struggling to effectively serve students whose needs fall between full inclusion and a separate placement. This trend raises a critical question about whether the state has the necessary resources, support (e.g., strong multi-tiered systems of support), and instructional practices to keep students in their local schools and prevent a shift toward more expensive, separate placements. The data points to a need to investigate why partial inclusion is declining and what is causing an increase in students being placed at separate schools.

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

The complexities outlined in this section should be evaluated with caution. The Agency has identified that, while many districts have organized specialized settings and intentional clusters of services to provide support for students within specific disability categories, it does not currently collect data in such a way that Agency staff can evaluate with confidence the quality or structure of these services. This is an area for future inquiry that should include qualitative analysis, as well as comparative quantitative analyses of student outcomes in a variety of service models.

The following table provides a comparison of educational placements for students with IEPs in Vermont, select peer states, and the national average. This data identifies differences in the frequency of particular educational environments within Vermont's special education system. On one hand, it highlights a strong commitment to full inclusion while, on the other, it reveals a potential gap in the continuum of services for some students. The data for this table is from the 2022-23 school year and is based on a snapshot count collected by states in the fall.

For this analysis, we compared Vermont's educational environments for students with IEPs to those in North Dakota and Wyoming, along with the national average. We chose North Dakota and Wyoming because their student populations are similar in size to Vermont's. This comparison considers demographic similarities, while also benchmarking Vermont's performance against the broader national context.

Table 6

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%
Percent of total count of students on IEPs in Residential Facility	0.84%	0.52%	0.46%	0.15%
Percent of total count of students on IEPs in Parentally placed in private schools	0.79%	1.70%	0.87%	1.71%
Percent of total count of students on IEPs Homebound/Hospital	***	***	***	0.34%
Percent of total count of students on IEPs in Correctional Facility	***	***	***	0.11%

Number of school age students (ages 5 (Kindergarten) through 21) served under IDEA, Part B, by educational environment and state: 2022-23. Note: These data are a snapshot count collected by states in the fall of the identified school year.

In essence, Vermont's system appears to be bifurcated: a highly inclusive system for most students, but with a significant leap to separate, specialized environments when local, in-district supports are insufficient. This trend is a critical factor in the state's rising extraordinary costs.

On one hand, Vermont has a higher percentage of students with IEPs spending 80% or more of their day in a regular classroom (81.97%) compared to the national average (67.08%) and peer states like North Dakota and Wyoming. This indicates a strong commitment to the least restrictive environment for the majority of students.

On the other hand, the data reveals a trend: Vermont's system seems to lack robust options for students who need more support than full inclusion but less than a separate school. The state's percentage of students served in a regular classroom for 40-79% of the day (6.96%) and less than 40% of the day (4.02%) is significantly lower than the national average (15.70% and 12.54% respectively) and its peer states.

This gap in services appears to correlate with a disproportionately high use of separate schools. At 5.27%, Vermont's rate of separate school placements is more than double the national average and significantly higher than peer states like North Dakota (0.50%) and Wyoming (0.55%). This suggests that when a student's needs escalate beyond what can be provided in a partially inclusive setting, they are more likely to be placed in a separate, specialized school than their peers in other states.

Analysis of K-12 Educational Placements for Students with Autism

This section presents a comparison of educational placements for students with Autism in Vermont relative to peer states and the national average.

Table 7

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%

Again, Vermont demonstrates a strong commitment to inclusion. Vermont has a substantially higher percentage of students with Autism spending 80% or more of their day in a regular classroom (63.55%) compared to the national average (40.60%) and peer states like Wyoming (51.90%) and North Dakota (51.03%).

While Vermont has a high percentage of students spending 80% or more of their time in general education settings, Vermont might lack robust options for students whose needs are not fully met in that setting. The percentage of students with Autism served in a regular class for 40-79% of the day is only 15.07%, which is lower than the national average and significantly lower than both Wyoming (29.99%) and North Dakota (25.11%).

This potential trend of "partial inclusion" is further reflected in Vermont's high rate of students placed in separate schools. At 9.01%, this figure is considerably higher than the national average (5.81%) and the peer states.

This suggests that if a student is not a candidate for a full level of inclusion, they are disproportionately more likely to be placed in a separate school, by passing the intermediate, less restrictive options commonly used in other states. The dynamic raises concerns about whether a full continuum of support is available within local communities and points to the potential for rising costs associated with these more restrictive, out-of-district placements.

Analysis of K-12 Educational Placements for Students with Emotional Disturbance

The following table displays educational environments for students with a primary disability of Emotional Disturbance (ED). It is important to note that eligibility criteria and interpretation of this disability category vary significantly from state to state, which introduces an important variable into this comparison. Consequently, the data should not be viewed as a direct, one-to-one comparison of service delivery but rather as an illustration of how different state systems identify and serve this population.

Table 8

Educational Environments	Vermont	Wyoming	North Dakota	National Percentage
Total Students Ages 5inK-21 With an IEP	14,106	14,072	15,900	7,095,053
Total Students With an IEP Whose Primary Disability is ED	2,122	595	1,269	320,828
Inside regular class 80% or more of the day	62.39%	63.36%	64.78%	55.61%

Educational Environments	Vermont	Wyoming	North Dakota	National Percentage
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%

Similar to previous tables, Vermont serves a high percentage of students with ED in a regular classroom for 80% or more of the day (62%).

The most significant trend is Vermont's extremely high rate of students with ED being placed in a separate school, at 20%. This is nearly double the national average and significantly higher than in Wyoming and North Dakota. Similar to the Autism data, the percentages of students served in the 40-79% and less than 40% categories are well below the national average and peer states, further suggesting a lack of robust intermediate placement options.

This could indicate that for students with ED, Vermont's educational system heavily favors separate school placements almost to the exclusion of other options within local public schools. The very low percentages in the "40% through 79%" and "less than 40%" categories suggest a lack of a robust continuum of in-district support services that could serve as an alternative to separate schools. This could be due to a variety of factors, such as a lack of specialized resources and staffing in local schools or a systemic preference for separate school environments for this particular population.

Area of Inquiry

The consistent trends across these two high-needs populations underscore the fundamental weakness in Vermont's continuum of services and students' access to high quality first instruction. It is crucial to understand the reasons behind these trends. A deeper review is needed to understand the array and scope of alternative programs within Supervisory Unions and Districts, with a specific focus on their inclusion, disability status, and entrance/exit criteria.

The expansion of the continuum of services aims to reduce the number of students served in separate out of district programs, while reinforcing the state's commitment to the least restrictive environment and 80% or more for most students. This approach ensures that the strategic focus remains on enhancing inclusive practices rather than diminishing them. This analysis suggests a need for more strategic support for districts to increase systemic support that encompasses both academic and social emotional learning for all students, while building internal or alternative programs. These programs

can help keep students in their communities, providing a viable option that is less restrictive and potentially more cost-effective than placing students in out-of-district separate schools. This would directly address the core goals of cost containment and promoting the least restrictive environment.

Years of Experience, Training, and Tenure of Licensed Special Education Staff

One challenge that may influence the continuum of special education services is the issue of staffing. Special education staffing shortages are a long-standing and widespread concern, not just in Vermont but across the nation. Annually, states report on teacher shortages to the U.S. Department of Education, which consists of the subjects, fields, and geographic areas that have shortages and the severity of those shortages. States most commonly report shortage areas in special education, as measured by the number of positions that are vacant, filled by temporarily certified teachers, or filled by out-of-field teachers.

A focus on effective mentoring and retention is therefore critical for ensuring that incoming special educators thrive and continue to serve students with IEPs for the long term. This section examines the current state of special education staffing in Vermont, acknowledging that these trends are part of a broader national landscape.

Vermont school districts do not submit disaggregated data on staff experience, training, or tenure, and the Agency does not have access to this information. The Agency does collect and report in the Annual Snapshot on “staff retention” and “properly licensed teachers,” however all teachers are combined in the data submitted to the agency. The Educator Retention indicator reports the percentage of educators who have been in their current placement for at least the past three years.

Prior to the pandemic, teacher retention fluctuated between 70-76%. The first full school year of the Pandemic (FY21) actually saw the highest percentage on record (78%) of teachers who had been in their current placement for at least the past three years. This was short lived as the pandemic dragged on, and teacher retention in Vermont has steadily declined since, down to 65% in school year 2023-24, the most recent year reported in the annual snapshot. While these data include all teaching areas, special education teachers have always experienced higher turnover and shortages than general educators in data and research going back at least to the 1950s.

To explore data specific to special educators, the agency relied on licensure data and the annual Special Education Personnel Survey completed by district special education directors each fall.

Vermont educator provisional and emergency licenses have increased significantly since 2020. In school year 2016-17, the Agency of Education issued 433 provisional and emergency licenses across the state in all endorsement areas. Last school year, 2024-25, the agency issued 757. During this period, the grades K to 12 special education endorsement accounted for the largest share of provisional licenses issued.

While federal law prohibits the use of emergency licenses for special education, the Agency developed a provisional license in special education following federal law.

Last school year, the agency issued 100 two-year provisional licenses in special education. The only other endorsement that came close to this number was elementary education (73 provisional and 33 emergency licenses), which may be related to the increase in licensed supplemental instructional staff, who often work under the general education license of the age group, but serve students with the greatest need for academic intervention. Provisional licenses are valid for two years, and superintendents can request additional years for effective teachers who are still working towards professional licensure. These data do not include those individuals who were issued a provisional license the previous year and were still working under that license last school year.

The Special Education Personnel Survey collects Full Time Equivalent (FTE) information on a vast array of special education positions and statuses. District Special Education Directors report total FTE of “Qualified” (i.e., educators with a Level I, II or Retired professional License), “Not fully Qualified” (a provisional license) and vacant positions. Between School Years 2017-18 and 2023-2224, data show that total FTE positions for Grades K to age 21 Special Educators increased by 8%, where FTE positions filled by a fully qualified special educator decreased by 4.5%. These divergent trends have led to a change from 95% of special educators being fully qualified with a professional license to only 84% holding a professional license. This past school year did show an increase in qualified staff, and a decrease in not fully qualified and vacant FTEs, however it remains to be seen if this is an outlier year, or the start of a trend reversal.

Table 9

School Year	Fully Qualified	Not fully Qualified	Vacancy	Total FTE positions	%FTE qualified
17/18	1211	40	18	1268	95%
18/19	1167	53	23	1242	94%
19/20	1202	76	27	1305	92%
20/21	1236	46	31	1312	94%
21/22	1206	73	49	1328	91%
22/23	1162	109	74	1345	86%

School Year	Fully Qualified	Not fully Qualified	Vacancy	Total FTE positions	%FTE qualified
23/24	1156	154	60	1370	84%
24/25	1197	144	44	1385	86%

The data above show that the special educator landscape in Vermont has changed significantly in the wake of the pandemic. Higher turnover and increased FTEs have led to a wide gap of services and a larger reliance on educators who have not yet completed the requirements for full licensure. An area of inquiry is what is the root cause of these “shortages.” While the state has fewer than 1,400 FTE special Educator positions, there are 2,789 individuals with a Vermont level I, II or retired professional license with a Special Educator endorsement qualified to fill these positions. Additionally, this is an increase of 357 qualified licensed educators since 2019. Nonetheless, only approximately 1,200 fully qualified special educators are working in that role.

The Agency will continue to identify data and research to analyze district and regional differences in workforce challenges to examine why there are continued staffing shortages in special education when there is a surplus of fully licensed special educators. Through the Educator Equity reporting process required under the Elementary and Secondary Education Act (ESEA sections 1111(h)(1)(C)(ix), (h)(2)(C), and ESEA section 1111(g)(1)(B)), the Agency has determined that schools with the highest percentage of Free and Reduced Lunch (FRL) have the largest proportion of teachers working under a provisional or emergency license. In 2024, the highest percentage of FRL schools had nearly twice the proportion of teachers working under a provisional or emergency license as the lowest percentage of FRL schools. Interestingly, schools with the highest proportion of minority students have the highest proportion of teachers working under a professional license. Since minority populations are highest in urban and suburban areas of Vermont, this suggests that rural and lower income schools have the highest proportion of educators, and presumably special educators, who do not hold a professional license and are working through an alternative pathway to earn that license.

An additional area of inquiry is on the subject of mentoring for educators working under a temporary license. The Rules Governing the Licensing of Educators and the Preparation of Educational Professionals require all educators working under an emergency or provisional license to be mentored and supervised while working under the temporary license. The Education Quality Standards state that, “The superintendent or their designee shall determine the specifics of each mentoring program in their school(s) in accordance with the guidelines approved by the Agency, State Board, Vermont Standards Board for Professional Educators, and

state law addressing mentoring for educators” (2121.3.). Often, district mentoring programs are designed for a fully licensed educator who has completed a preparation program in the first few years of their career, and/or with the district. These programs are not designed to support educators without a provisional license who are seeking professional licensure through an alternative pathway while they are working as a teacher of record. Additionally, increased turnover and attrition of qualified and experienced educators since the pandemic means there are fewer educators who can effectively serve as mentors.

To address this, the Agency has been piloting two mentoring programs. The Vermont Mentoring Special Educators for Excellence (VTMSEE) was designed in collaboration between the AOE Special Education and Licensing teams, and many local partners. This program was designed to “mentor the mentor” of special educators working through “Pathway D” provisional licensure in compliance with OSEP guidance (see [Appendix C](#)). This program has supported dozens of mentors and mentees since its inception at the height of the COVID Pandemic and is continuing to improve and expand.

The Agency has also partnered with the Vermont Department of Labor to develop Registered Teacher Apprenticeship Programs, which rely on teacher mentors to provide on-the-job training for educators seeking full licensure. This program has been able to utilize Department of Labor funds to provide additional compensation for mentors for the additional work required beyond what is normally needed for a fully licensed mentee. This program was piloted last year in the Northeast Kingdom to support 27 provisionally-licensed educators across all subject areas. For this school year, the program is expanding to include partners in Slate Valley Unified School District with a goal of 40 apprentices, with a 1-1 mentor ratio. Each mentor is receiving additional training provided by the Vermont NEA (partially funded by the Emerging Pathway Grant allocated by the Legislature in FY24), and compensation of \$1,500 using Department of Labor Funds.

These two programs are the first step to developing more robust mentoring systems for working educators seeking professional licensure through alternative pathways. Agency staff plan to use lessons learned to work with the Vermont Standards Board for Professional Educators to develop and issue updated guidelines for superintendent and designees on their mentoring programs. Additionally, these pilots are being used to inform work in collaboration between the VT AOE, VT DOL, Vermont State University, and Community College of Vermont in developing a baccalaureate apprenticeship pathway to licensure for paraeducators and support staff. While this is still in early stages, the goal will be to support paraeducators to transition from lower paying positions in schools to classroom teaching and special educator positions. This will additionally increase the quality of services received by

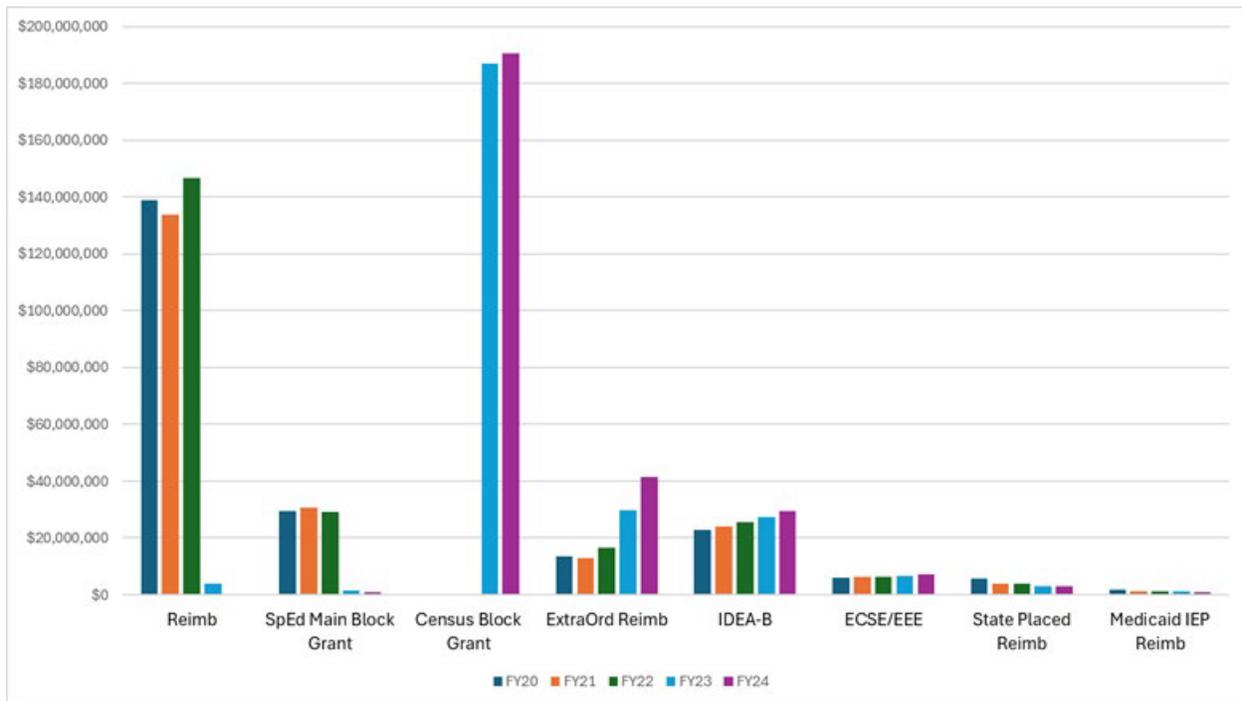
students receiving special education services. Some districts are already making investments in these programs with local dollars and are optimistic that a more effective finance model statewide will allow local partners to make more proactive investments in their special educator workforce.

Special Education Funding Ecosystem

Sources of Funding for Special Education

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.

Figure 10: Special Education Major Revenue Sources, 2020-2024



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.

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 IEPs has continued to increase and the proportion of local budgets that are dedicated to special education costs has increased over time.

Table 10

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 has increased the grant.

Figure 11: EEE Grant FY21-FY25

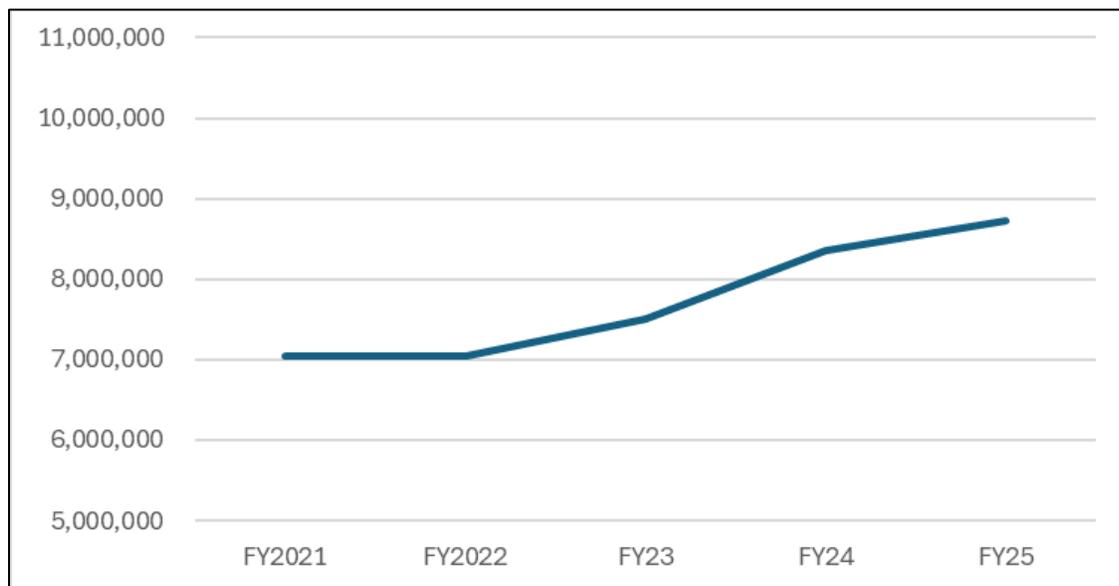


Table 11

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

Education Medicaid Grant

The Education Medicaid School-Based Health Services (SBHS) program allows Local Education Agencies (LEAs) to recover some of the costs of providing essential health and special education services to students with an IEP.

Medicaid is a partnership between the state and the federal government. The federal government reimburses Vermont for a portion of the costs of eligible services. In practical terms, when a school provides a Medicaid-eligible service listed in a student's IEP, the federal government pays back part of the cost to Vermont, and the Agency of Education returns that money to the school through a grant payment.

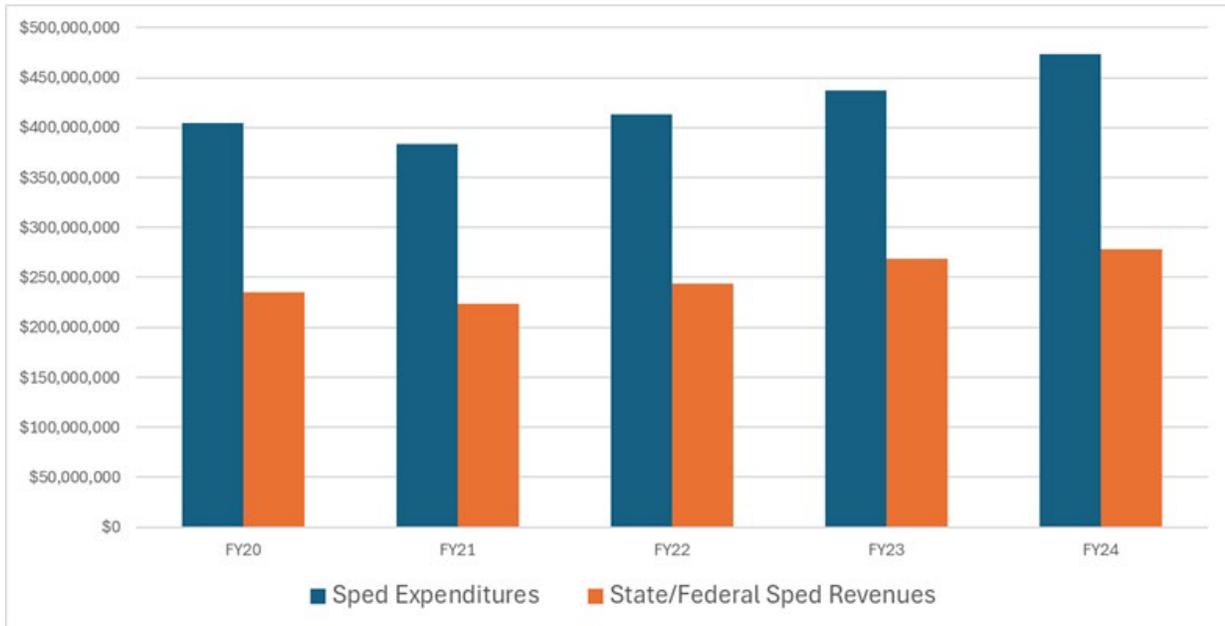
Of the federal share that comes back, 50% is returned directly to the LEA, up to 30% is retained at the state level for administrative use, and at least 20% is put into the Education Fund.

This funding directly supports special education by strengthening prevention and intervention programs across prekindergarten through grade 12. These investments help schools identify children with disabilities early and ensure that all students have the supports they need to meet Vermont's academic standards. To maintain accountability, use of these must be tied to each LEA's Continuous Improvement Plan and directly relate to improving student performance.

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

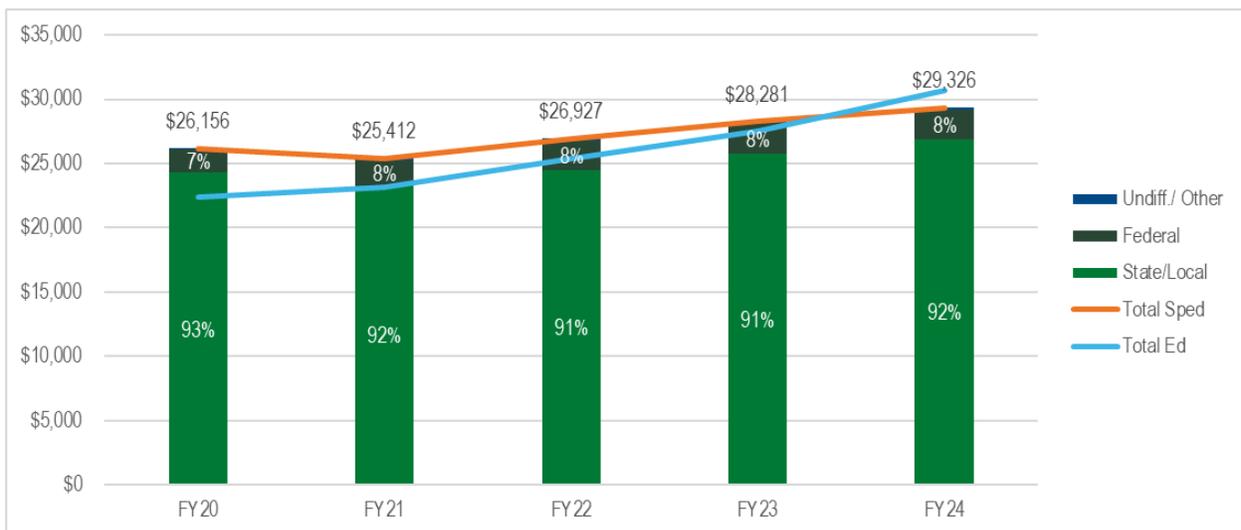
Revenues for special education from federal, state, and local sources have increased from \$236.4 million to \$258.6 million between FY20 and FY24. However, expenditures for special education in all years (\$404.8 to \$473.6 million) are higher than available state and federal revenues and have been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

Figure 12: Total Sped Expenditures Relative to State/Federal Sped Revenues, FY20-24



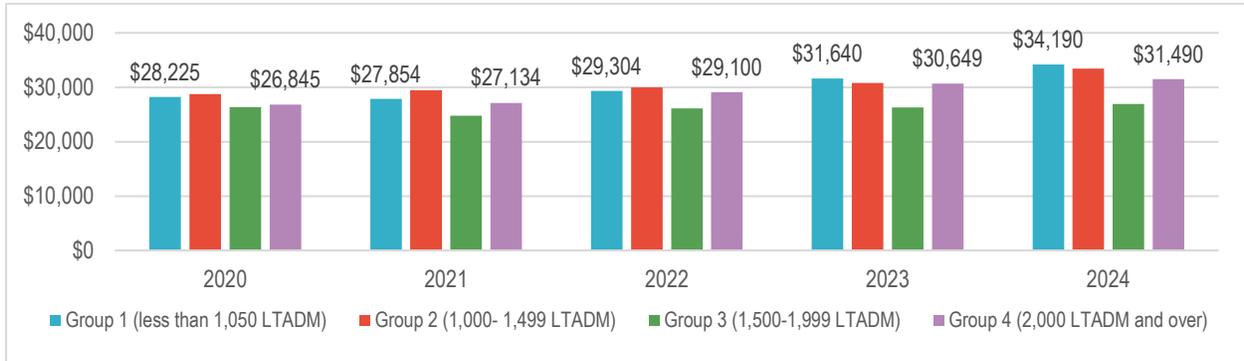
Looking more closely at expenditures (Figure 13), statewide special education expenditures per special education student increased from \$26,156 in FY20 to \$29,326 in FY24, or about 12%. For comparison, total education expenditures per ADM grew by 37% in the same period, and as of FY24 exceed per pupil special education expenditures. Note: It must be remembered that total education expenditures are inclusive of special education expenditures, but the increase in overall expenditures clearly includes other major cost drivers besides special education.

Figure 13: Statewide Special Education Expenditures Per Special Education Student, by Source, FY20-24



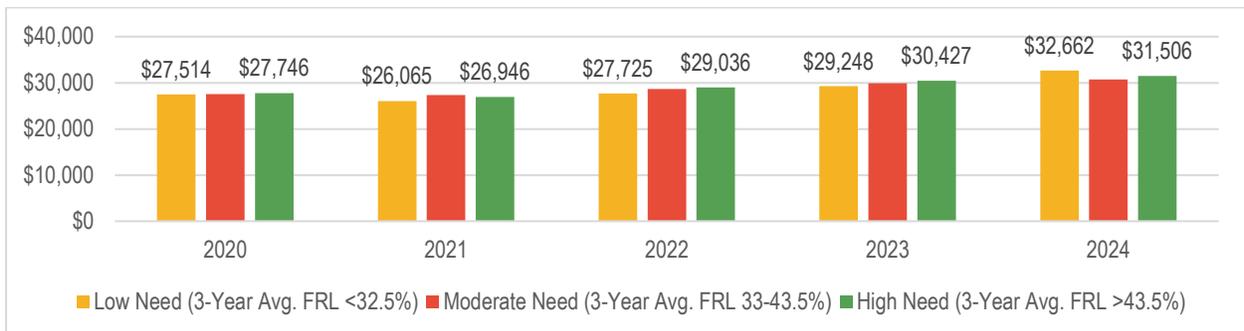
Next, expenditures by SU/SD are compared based on the size, need, and the percentage of students with an IEP in the SU/SD.

Figure 14: 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.

Figure 15: 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.

Figure 16: 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 versus 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.

Medicaid Analysis

Although these funds can be used for a variety of purposes beyond special education, Vermont statute directs that they be invested in prevention and intervention programs that ultimately strengthen services for students with IEPs. The following table compares total LEA expenditures from FY2020 through FY2024, illustrating how schools have reinvested Medicaid dollars to benefit students and align with Vermont’s educational standards.

Table 12

Fiscal Year	FY20	FY21	FY22	FY23	FY24
LEA Expenditures	11,195,375	11,656,188	12,916,277	13,447,268	15,286,883

LEA expenditures of Medicaid grant funds steadily increased from FY2020–FY2024, with FY2024 showing a higher-than-trend jump prior to the FY2025 rate increase.

From FY2020 to FY2024, total LEA expenditures of Medicaid grant funds rose from \$11.2 million to \$15.3 million. This steady climb shows a gradual upward trend in spending over time, with FY2024 standing out as noticeably higher than the prior years. It is important to note that these figures reflect expenditures before the FY2025 rate increase of 20.79 percent, so the growth seen here is not linked to the rate change but more likely due to local program needs. Additional detail by major categories of spending and state-retained funds are available in [Appendix D](#).

Oversight of this spending is essential, and LEAs are expected to report annually on how they use Education Medicaid grant funds to the Secretary of Education. The Agency is working to strengthen this reporting so that it goes beyond UCOA function codes to show the real impact and value of the prevention and intervention programs supported by these dollars. By capturing the story behind the data, we can better demonstrate how these investments are improving student supports and success.

Looking ahead, there are clear opportunities to expand and modernize the program to leverage additional federal funding and enhance services for students with disabilities. Currently, the Education Medicaid program is limited to students with IEPs, but expanding eligibility to include students with 504 plans and broader school-based services for all students could allow more comprehensive support. Additionally, participation is not mandatory for all LEAs, except in cases of state-placed students, which can limit consistency and overall reach.

Modernizing the program also involves transitioning from paper-based processes to electronic health records, which will help reduce administrative burdens. However, one critical area that requires attention is the need for a standardized statewide IEP solution. Currently, each LEA uses its own software, creating variability in documentation and increasing the risk of non-compliance with federal requirements. Without a unified system, both the Agency of Education and LEAs could face consequences if documentation is inaccurate, potentially leading to corrective action plans or even loss of federal funds.

Furthermore, the program's reimbursement rates have not historically been reviewed on an annual basis. This means the rates may not accurately reflect the true costs of providing services, which limits the ability to fully leverage federal funding. Moving toward a new payment model that better aligns with actual costs will be essential for strengthening the program's sustainability and effectiveness.

Finally, equity in how funds are distributed should also be assessed. Because Vermont's LEAs vary significantly in size and resources, a review of the funding's impact could help determine whether the program is reaching students in the most effective way statewide and ensure that smaller LEAs are not disproportionately disadvantaged.

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; and
- waitlists to access services offered by approved therapeutic schools and other specialized programs.

AOE has seen an increase in the number of students who have met the extraordinary cost threshold as early as the 2015-16 school year. 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 and accompanying table represent the trends of extraordinary costs compared to total special education expenditures.

Figure 17: Extraordinary Costs vs. Total Sped Expenditures, FY18-FY24

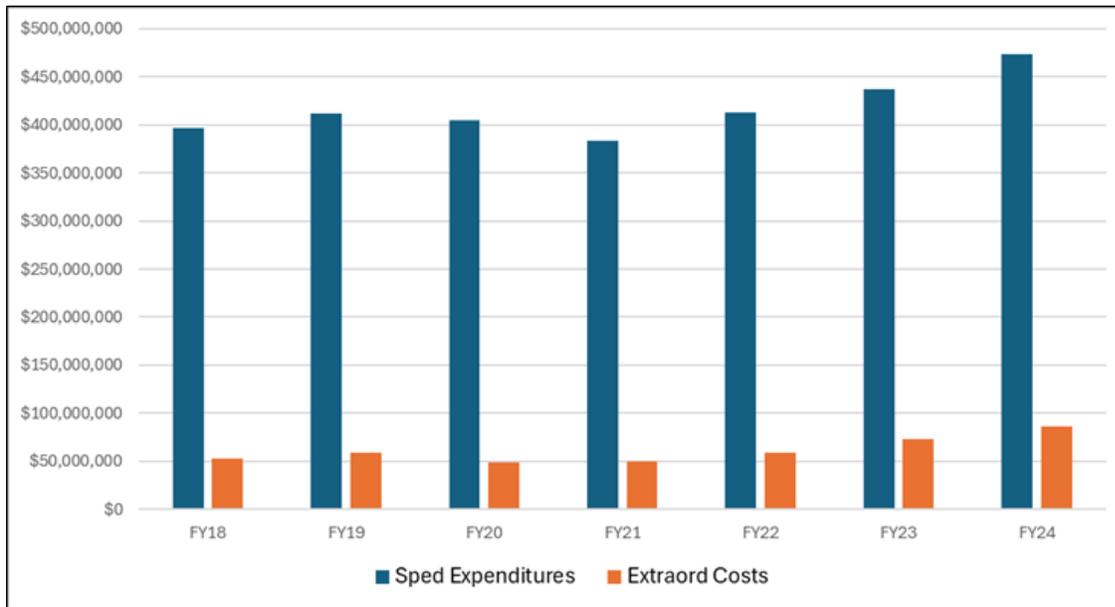


Table 13

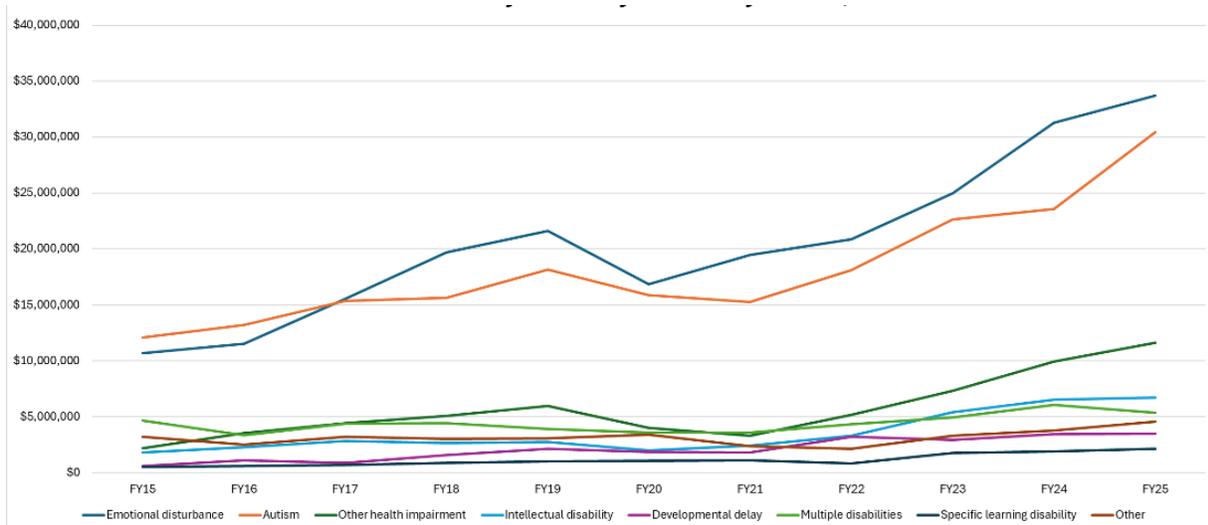
Fiscal Year	Total Special Education Expenses	Total Special Education Annual Growth	Total Extraordinary	Total Extraordinary Annual Growth
FY18	\$397,158,500	No Data	\$53,015,886	No Data
FY19	\$411,968,289	3.7%	\$58,630,917	10.6%
FY20	\$404,783,819	1.7%	\$48,646,467	17.0%
FY21	\$383,174,505	-5.3%	\$49,401,362	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%

The data provide an overview of special education cost trends in Vermont from fiscal year 2018 to 2024. In the 6-year period, the growth in Extraordinary costs make up roughly half of the increase in total special education expenditures, while only representing roughly 15% of overall special ed costs.

If these trends continue, the financial burden on the state and local school districts will become more pronounced. This necessitates a strategic review of existing practices,

funding models, and the availability of in-district support services to curb the growth of these extraordinary costs.

Figure 18: Extraordinary Costs by Disability FY15- FY25



The graph “Growth in Extraordinary Costs by Disability Codes” illustrates the distribution of extraordinary special education costs in Vermont across different disability categories from fiscal year 2015 to 2025. It reveals that the rising overall costs are not spread evenly but are instead heavily concentrated in a few specific categories.

The graph highlights the following key trends:

Autism and Emotional Disturbance are the primary disability categories that contribute to extraordinary special education costs. The costs associated with these two categories have grown significantly since 2015, dominating the total extraordinary expenditure.

The categories "Multiple Disabilities" and "Other Health Impairment" also show a notable increase in costs over the period. This could suggest a growing combination of complex needs that require high-cost, specialized services.

In contrast, costs for other major disability categories, such as Specific Learning Disabilities and Speech/Language Impairments, have remained relatively low and stable. This reinforces that the financial pressure on the special education system is not due to a general increase in the number of students with disabilities, but rather a targeted growth for students requiring more intensive special education services.

When both graphs are combined, they begin to provide some insight: the overall growth in extraordinary costs, as seen in the first graph, is perhaps caused by an increase in intensive special education cases for students with autism, emotional disturbance, and multiple disabilities. This trend is also directly connected to Vermont's special education funding system. The state provides an "Excess Cost Grant" to reimburse districts for the extraordinary costs of students with high needs. The data suggests that this funding

mechanism is being used more frequently and for a growing number of students in these specific high-cost disability categories.

Evaluation of Relevant Federal and State Laws

Federal Compliance Determination

Vermont's IDEA Part B determination shows historic trends of low assessment outcomes and participation of students with disabilities, high rate of students with disabilities dropping out of school, and secondary transition plans with components out of compliance. Historically, the state received several years of "needs assistance" and at one time, a "needs intervention" determination from the U.S. Department of Education Office of Special Education Programs (OSEP).

Under IDEA Part B, each state's determination is broken into two major areas: Results and Compliance. The Results area includes factors such as assessment elements and exiting data, while the Compliance area covers monitoring results and certain equity indicators, data quality, and the timeliness of state-reported data and due process decisions. Historically, Vermont has performed well in the compliance matrix, though there is always room for improvement. In recent years, the Agency has taken significant steps to address compliance issues by re-establishing a regular monitoring cycle, implementing a differentiated accountability process, and expanding technical assistance and training for schools and districts.

It is important to note that OSEP and the IDEA Part B determinations use the Federal Fiscal Year (FFY) when making determinations and for State Performance Plan/Annual Performance Report (SPP/APR) reporting.

Table 14

Federal Fiscal Year	FFY2018	FFY2019	FFY2020	FFY2021	FFY2022	FFY2023
Percentage	54.86%	75.69%	71.25%	69.17%	65.00%	62.50%
Determination	Needs Intervention	Needs Assistance				
Results Scoring	9/24	10/16	10/16	14/24	11/20	9/20
Results Percentage	37.5%	62.5%	62.5%	58.33%	55%	45%
Compliance Scoring	13/18	16/18	16/20	16/20	15/20	16/20

Compliance Percentage	72.22%	88.89%	80%	80%	75%	80%
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The Results Driven Accountability (RDA) percentage is a weighted score derived from both the Results and Compliance matrices. The determination levels, such as 'Needs Assistance,' reflect the state's standing relative to the U.S. Department of Education's expectations for special education programs. The four possible determinations are: 'Meets Requirements,' 'Needs Assistance,' 'Needs Intervention,' and 'Needs Substantial Intervention.' The 'Needs Assistance' determination indicates that Vermont has not met all requirements but has not reached a level of significant noncompliance that warrants a higher level of intervention.

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 results elements related to achieving positive outcomes for students with disabilities. The exact formula and the weight given to each element 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, 2025](#).

Notably, Vermont has historically underperformed in the performance section. This section looks at assessment results, both participation and proficiency, and long-term outcomes like graduation rates for students with disabilities. The individual metrics used are not without flaws, but taken as whole, indicate that outcomes for students with disabilities imply a need for system-wide improvements across the state in instruction and intervention, and support structures that exist from Pre-K through graduation.

The Differentiated Monitoring and Support (DMS) system is OSEP's mechanism for providing targeted oversight and assistance to states. It's designed to help states improve outcomes for students with disabilities by focusing on the most critical areas of need. Vermont is in Cohort 5 and will receive focused support and a comprehensive review by OSEP over the next several years. This process will include a deep dive into Vermont's data, policies, and practices, culminating in a detailed report and a plan for continued improvement. The upcoming engagement visit is the first step in this long-term collaborative effort.

Reading Assessment Elements

Element	FFY18	FFY19	FFY20	FFY21	FFY22	FFY23
Reading Percentage of Children with Disabilities Participating in Statewide Assessment Grade 4	Not Reported	N/A	N/A	89%	97%	97%
Reading Percentage of Children with Disabilities Participating in Statewide Assessment Grade 8	Not Reported	N/A	N/A	89%	95%	91%
Reading Percentage of Children with Disabilities Scoring at Basic or Above on the National Assessment of Educational Progress: Grade 4	17%	17%	17%	14%	14%	16%
Reading Percentage of Children with Disabilities Included in Testing on the National Assessment of Educational Progress: Grade 4	92%	92%	92%	94%	94%	89%
Reading Percentage of Children with Disabilities Scoring at Basic or Above on the National Assessment of Educational Progress: Grade 8	32%	32%	32%	28%	28%	25%
Reading Percentage of Children with Disabilities Included in Testing on the National Assessment of Educational Progress: Grade 8	93%	93%	93%	93%	93%	92%

Math Assessment Elements

Elements	FFY18	FFY19	FFY20	FFY21	FFY22	FFY23
Percentage of Children with Disabilities Participating in Statewide Assessment: Grade 4	Not Reported	N/A	N/A	90%	97%	97%
Percentage of Children with Disabilities Participating in Statewide Assessment: Grade 8	Not Reported	N/A	N/A	89%	94%	91%
Percentage of Children with Disabilities Scoring at Basic or Above on the National Assessment of Educational Progress: Grade 4	40%	40%	40%	28%	28%	36%
Percentage of Children with Disabilities Included in Testing on the National Assessment of Educational Progress: Grade 4	95%	95%	95%	93%	93%	91%
Percentage of Children with Disabilities Scoring at Basic or Above on the National Assessment of Educational Progress: Grade 8	28%	28%	28%	24%	24%	19%
Percentage of Children with Disabilities Included in Testing on the National Assessment of Educational Progress: Grade 8	92%	92%	92%	92%	92%	93%

In FFY2018, Vermont underwent the implementation of Statewide Longitudinal Data System (SLDS). Associated data collection changes were very challenging for many districts and despite AOE support efforts, some LEAs were late in making their required data submission to the AOE. As such, the data required for Reading and Math Assessment elements were not ready for the December EdFacts due date. For that reason, FFY2018 data was not reported in statewide assessments and eight points total

for that year were lost towards the annual determination. This, again, contributed to the determination in FFY2018 of “needs intervention.”

For FFY2019, the State was not required to provide any data for this indicator. Due to the circumstances created by the COVID-19 pandemic and resulting school closures, the State received a waiver of the assessment requirements in section 1111(b)(2) of the ESEA, and, as a result, does not have any FFY 2019 data for statewide assessments.

In FFY2020, due to the significant impact of the COVID-19 pandemic on the quality of the SY 2020-2021 Statewide assessment data, OSEP has determined that these data will not be scored on the Results Matrix to ensure that States’ determinations are not negatively impacted by their use of COVID-19 flexibilities available with respect to assessments.

Exiting Data Elements

Elements	FFY18	FFY19	FFY20	FFY21	FFY22	FFY23
Percentage of Children with Disabilities who Dropped Out	Not Reported	23%	20%	19%	27%	26%
Percentage of Children with Disabilities who Graduated with a Regular High School	Not Reported	74%	77%	79%	71%	71%

In FFY2018, the aforementioned data collection challenges for the Vermont Agency of Education and Vermont districts led to widespread delays in reporting; the Agency was able to catch up on these reporting requirements, but not before IDEA Part B exiting data were frozen by US ED. OSEP was unable to include data submitted after that date in the public release, and Vermont’s determination reflected that.

Scoring of the exiting element is calculated by using each state’s percentage of children with disabilities who exited school by graduating with a regular high school diploma. Those percentages are rank-ordered; the top tertile of states (i.e., those with the highest percentage) received a score of ‘2’, the middle tertile of states received a ‘1’, and the bottom tertile of states (i.e., those with the lowest percentage) received a ‘0’. Vermont typically loses points in this area based on how Vermont ranks compared to other states, not due to specific compliance or standards.

Compliance Matrix

Elements	FFY18	FFY19	FFY20	FFY21	FFY22	FFY23
Indicator 4B: Significant discrepancy, by race and ethnicity, in the rate of suspension and expulsion, and policies, procedures or practices that contribute to the significant discrepancy and do not comply with specified requirements.	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Indicator 9: Disproportionate representation of racial and ethnic groups in special education and related services due to inappropriate identification.	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Indicator 10: Disproportionate representation of racial and ethnic groups in specific disability categories due to inappropriate identification.	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Elements	FFY18	FFY19	FFY20	FFY21	FFY22	FFY23
Indicator 11: Timely initial evaluation	97.13%	97.12%	59.28%	79.50%	95.50%	97.90%
Indicator 12: IEP developed and implemented by third birthday	100.00%	100.00%	99.24%	100.00%	100.00%	100.00%
Indicator 13: Secondary transition	71.25%	10.53%	45.63%	61.18%	52.82%	55.97%
Indicator 18: General Supervision	Did Not Exist	Did Not Exist	Did Not Exist	Did Not Exist	Did Not Exist	80.95%
Timely and Accurate State- Reported Data	82.57%	100.00%	100.00%	100.00%	100.00%	100.00%
Timely State Complaint Decisions	60.00%	100.00%	100.00%	100.00%	68.42%	100.00%
Timely Due Process Hearing Decisions	N/A	N/A	100.00%	100.00%	100.00%	N/A
Longstanding Noncompliance: Uncorrected identified noncompliance	None	None	None	Yes, 2 to 4 Years	Yes, 2 to 4 years	Yes, 2 to 4 years

In past determinations, Vermont has been consistently in compliance with:

- Indicator 4B: Significant discrepancy, by race and ethnicity, in the rate of suspension and expulsion, and policies, procedures or practices that contribute to the significant discrepancy and do not comply with specified requirements
- Indicator 9: Disproportionate representation of racial and ethnic groups in special education and related services due to inappropriate identification.

- Indicator 10: Disproportionate representation of racial and ethnic groups in specific disability categories due to inappropriate identification.
- Indicator 12: IEP developed and implemented by third birthday.

In past determinations, Vermont has had areas for improvement in:

- Indicator 11: Timely initial evaluations where Vermont continues to be under the 100% target but in certain years gaining all points towards the compliance matrix for being above 95%.
- Indicator 13: Secondary Transition where individual student transition plans require eight elements to be in place for the entire transition plan to be compliant. Vermont is consistently and significantly noncompliant for Indicator 13, and this is one area the AOE has spent a considerable amount of time on with LEAs for technical assistance and professional development yet continues to be an area of great need.
- Vermont has scored 100% for timely and accurate state-reported data every year since FFY2019. The U.S. Department of Education reviews each state's performance under the IDEA law, and a large part of that review depends on whether states turn in their special education data on time, complete, and error-free. This data include counts and demographics of children receiving services, where they learn, staffing, discipline, complaints, exits, and test results. OSEP scores states based on timeliness of reporting, accuracy (internal consistency and consistency with past reporting), and completeness (inclusion of all required details).
- Vermont's Longstanding Noncompliance where Vermont is required to track all areas of noncompliance identified that have not been corrected within one year. Uncorrected identified noncompliance emerged in FFY2021 with the state having longstanding noncompliance in Indicator 11: Timely Initial Evaluations and Indicator 13: Secondary Transition. Vermont continues to track LEAs with longstanding noncompliance and provide targeted technical assistance and opportunities to clear noncompliance.
- Indicator 18: General Supervision indicator was introduced in FFY2023, this indicator specifically measures the percentage of findings of noncompliance corrected within one year of identification. This is an area where Vermont struggles as it connects with Vermont's noncompliance in Indicator 11: Timely Initial Evaluations and Indicator 13: Secondary Transition.
- Timely State Complaint Decisions generally are at 100% with FFY2018 at 60% and FFY2022 being at 68.42%.
- Timely Due Process Hearing Decisions were either at 100% or not applicable to our state with low counts of Due Process Hearings.

Vermont's Governance Implications for IDEA Compliance/Oversight

Vermont law designates the Supervisory Union (or Supervisory District, where applicable) as the local education agency (LEA) legally responsible for provision of FAPE to resident students. The concept of FAPE is the most central compliance

mechanism for both federal oversight and state oversight of special education requirements.

In our current governance framework, student residency is a function of school district boundaries. Where a Supervisory District exists, the legal identity of the school district is one and the same with the legal identity of the LEA. This governance relationship is most typical in other states. However, in Vermont's unique Supervisory Union structures, a school district, along with its resident students, is a member of a Supervisory Union, which is the LEA and therefore is charged to provide FAPE to all member districts' resident students. The Supervisory Union is directed by 16 V.S.A. § 261 to provide special education services for all member districts on those districts' behalf. The indirect relationship between school district responsibility and LEA responsibility can challenge school officials and the AOE to ensure compliance with special education requirements. For example, a classroom teacher who has responsibilities to modify instruction according to a student's IEP is an employee of the school district itself, not the Supervisory Union. However, the accountable party for the overall delivery of the IEP is the Supervisory Union. Collaboration and communication are key to upholding all parties' responsibilities to students in this circumstance.

Tracing the responsibility for providing FAPE can be more complicated when a school district (either a member school district within a Supervisory Union structure, or a Supervisory District itself) provides its resident students with tuition payment for one or more grades, rather than operating a school for said grade(s). In tuition payment circumstances, the LEA (either the SU or the SD) remains responsible for FAPE.

In many cases, the student attends a public school within the same SU as their school district of residence. Provision of FAPE in this case is relatively straightforward. The same LEA holds responsibility for FAPE and educates the student, according to their IEP.

In other cases, the student attends a public school outside the Supervisory Union's boundaries. Here, the home Supervisory Union retains legal accountability as LEA for the student and so arranges for the student's needs as documented in their IEP to be met at the school they attend. We can expect to see somewhat greater risk to compliance in these arrangements, since the accountable LEA does not directly employ the staff delivering services to its students. This risk is mitigated by the fact that all LEAs have the same responsibilities and familiarity with special education requirements for their own resident students that easily translate to the arrangements made for non-resident students attending on tuition.

In some cases, the student attends an approved independent school of choice, either inside or outside the home Supervisory Union's boundaries. In these cases, the home Supervisory Union retains legal accountability as LEA for the student, and so arranges for the student's needs as document in their IEP to be met at the approved independent school. Contrasted with the LEA – LEA arrangements above, no approved independent

school serves as an LEA. This difference in role has many implications. In large part, the approved independent school's special education responsibilities are triggered by a particular student's enrollment. At that time, the student's LEA and the approved independent school are charged to collaborate to identify what arrangement will be put in place. The approved independent school can agree to deliver the student's required services as outlined in their IEP. Alternatively, the LEA can make other arrangements to deliver services. This may be through a third-party contract or through direction of the LEA's own staff. In any case, the arrangements must be documented in a written agreement between the student's home LEA and the approved independent school. This written agreement is the primary monitoring tool for state and federal oversight. We can expect to see greater risk to compliance in these arrangements. More points for potential failure exist between the accountable LEA's duty and the actual delivery of services.

Findings from ESSA Monitoring 2024

In July 2024, AOE underwent a comprehensive ESSA monitoring review with the US Department of Education (ED). Several key findings have relevance to the content of this report. These include:

Schools identified for Targeted (TSI) and Additional Targeted Support and Improvement (ATSI)

TSI and ATSI designations refer to schools with substantial gaps in the performance on state accountability indicators (math, ELA, grad rate, etc.) of student sub-groups in relation to overall student performance. Four of the five currently identified TSI schools were either identified because of a gap between the performance of all students versus students with an IEP or all students and Historically Marginalized Students, which includes students with an IEP.

ESSA requires SEAs to review, approve, and monitor continuous improvement plans for schools identified for TSI and ATSI. While ED determined that AOE reviews and approves plans, it found that AOE had not been monitoring LEAs' implementation of these approved plans. AOE will be doing mid-year and end-of-year monitoring of the implementation of these plans starting this school year. The School Improvement Team also will be working closely with the Agency's Special Education Team in the coming year to ensure that the improvement plans of schools identified for TSI and ATSI address the needs of students with IEPs in appropriate ways.

Calculation of Adjusted Cohort Graduation Rate

AOE did not provide evidence that it monitors the implementation of the Proficiency Based Graduation Requirements (PBGRs) and Flexible Pathways in each LEA to ensure that each student reported as a graduate has met the same rigorous standards for earning a high school diploma, regardless of pathway taken by the student.

Again, this finding is not specific to students with an IEP. However, students with an IEP are reported as part of the Adjusted Cohort Graduation Rate (ACGR), and therefore the local standards against which they are determined to have acquired the necessary skills and knowledge to graduate are not consistent across graduates or schools or LEAs any more than the graduation standards for students overall.

Per Act 73, and in collaboration with the field, AOE is developing statewide graduation requirements for recommendation to the Vermont State Board of Education by January 1, 2026.

Reporting of Teacher Equity Data

AOE was found not to have publicly reported on the number and percentage of: 1) inexperienced teachers, principals, and other school leaders; 2) teachers with emergency/provisional credentials; and 3) teachers not teaching in subject/field of certification/licensure, in the aggregate and disaggregated by high- and low-poverty schools. AOE has since performed and posted this analysis. The major finding of this analysis is that access to qualified teachers, as defined by the federally required metrics above, is inequitably distributed across the state with students in rural schools having less access to such educators than those in suburban and urban schools. High quality Tier I instruction is essential to effective outcomes for all students including students with an IEP. If students in some regions of the state are persistently exposed to less qualified teachers, they will receive less exposure to high quality Tier I instruction. They also are likely to experience less exposure to fully licensed and experienced specialized instruction through special educators, school counselors, school psychologists, etc.

Parent and Family Engagement

Parent and family engagement are critical to the success of students with an IEP. ESSA contains several requirements for parent and family engagement, including the requirement for LEA and schools to have and to implement parent and family engagement policies. It also requires LEAs and schools, to the extent practicable, to provide opportunities for the informed participation of parents and family members (including parents and family members who have limited English proficiency, parents and family members with disabilities, and parents and family members of migratory children), including by providing information and school reports in a format and, to the extent practicable, in a language such parents understand. USED determined that AOE does not ensure that LEAs' parent and family engagement policies provide opportunities for the participation of parents and family members with disabilities. Although this specific requirement is mentioned in AOE's definition of parent and family engagement in its [parent and family engagement policy template](#), AOE indicated that it has not been monitoring LEAs for compliance with this requirement to facilitate informed participation.

In its recently submitted Corrective Action Plan, the AOE indicated that it has revised the Title I monitoring collection to review LEAs' implementation of this requirement

moving forward. The AOE also clarified this requirement to LEAs during its annual spring training (spring 2025) to ensure that LEAs understood their responsibility to provide information to families in an accessible manner (via a language they can understand or through an accommodation that otherwise allows for their participation).

Alignment of State Rules and IDEA

As part of this report, the legislature requested “an assessment of whether Vermont’s current special education laws ensure equitable access for all students with disabilities to education alongside their peers in a way that is consistent with the Vermont education quality standards for public schools and the right to a free appropriate public education (FAPE) under the Individuals with Disabilities Education Act, 20 U.S.C.”

While Vermont's special education rules are designed to align with the Individuals with Disabilities Education Act (IDEA) and the state's own education quality standards, the effectiveness of these laws depends on how they are put into practice. The fundamental issue isn't typically the intent or wording of the rules themselves, but rather the challenges and inconsistencies that arise during their implementation by schools and districts across the state. For example, the shift away from the discrepancy model for identifying students with a Specific Learning Disability may not succeed if schools lack the strong instructional foundation and tiered supports necessary for this approach.

Those challenges extend well beyond the provision of special education. Special education is designed to provide access to the general education content, curriculum, and instruction. The accessibility of that content, curriculum, and universal instruction and interventions varies dramatically statewide, as do systems for student progress monitoring, data collection, and educational support structures. These inconsistencies put considerable strain on the special education system, as special education is typically called on to fill the gaps.

IDEA sets the foundational federal standards for special education, but state laws can differ for several key reasons. These differences generally aim to enhance or clarify the protections and services for students receiving special education services, rather than diminish them, as state laws cannot contradict or provide less than what IDEA requires. This document describes State of Vermont Special Education Rules that are not required by IDEA or federal regulations: [Vermont Special Education State Imposed Rules](#).

The State Board of Education adopts Vermont’s Special Education Rules and Regulations through a public input process. These rules are documented and submitted annually to OSEP as part of our state's annual IDEA grant application. Vermont has been issued no findings related to our state's rules and regulations, which in some areas exceed federal requirements under IDEA.

Vermont's legal framework for special education is robust, but the actual barriers to success for students with IEPs are not in the laws themselves, but in their inconsistent application. The next section identifies these implementation challenges through the barriers to the success of students with disabilities, highlighting areas where more targeted support and professional development are needed to bridge the gap between policy and practice.

Review of Types of Investigations Conducted by the AOE

This section provides an overview of the types of investigations specific to Vermont's Special Education General Supervision System.

Integrated LEA Monitoring

Integrated Monitoring is one of eight components of Vermont's General Supervision System. The AOE's General Supervision System is designed to ensure that districts are meeting the needs of students with disabilities and complying with federal and state special education laws. It is composed of three types of monitoring:

- **Universal Monitoring:** This involves the annual collection and reporting of data from all districts. The function of this component is to provide a broad, high-level overview of special education performance across the state. This data is used to inform the state's Annual Performance Report (APR) and make district determinations, which identify whether districts are meeting state and federal requirements.
- **Differentiated Cyclic Monitoring:** This provides targeted, in-depth reviews of districts on a five-year cycle. The purpose of this approach is to provide more focused oversight based on a district's specific needs. To achieve this, the Special Education Monitoring Team now uses a Risk Assessment to differentiate monitoring approaches. This risk assessment helps identify districts that may need more intensive support, leading to more targeted technical assistance and in-depth reviews of a greater number of IEPs.
- **Due Diligence Reviews:** Developed in alignment with [OSEP's 23-01](#), these are conducted as needed in response to specific concerns about potential non-compliance. The function of these reviews is to provide a swift and effective way to address significant issues when they arise, ensuring that any problems are resolved promptly to protect the rights of students with disabilities.

In order to provide more targeted, effective oversight and support to districts, this year, in consultation with several OSEP funded Technical Assistance Centers, the Special Education Monitoring Team updated the state monitoring practices and released the [Special Education Integrated Monitoring Guide](#). Changes to Special Education Integrated Monitoring included the introduction of a Risk Assessment to differentiate Cyclic Monitoring approaches, the addition of full IEP reviews for Cyclic Monitoring Cohorts, and the development of the Due Diligence Review Process.

To successfully support districts with the changes to monitoring, the Special Education Monitoring Team offers monthly sessions for cyclic cohorts to receive targeted support. The Special Education Technical Assistance Team is focused on supporting LEAs with writing standards-based IEPs, providing training to the field specific to general education teachers and principals on their role in the IEP process, collaborating with the entire Agency of Education to elevate best practices for working with students on IEPs, and disseminating supportive resources to the field.

These activities work together to address identified issues and provide more targeted, effective support to districts. By using data from Universal Monitoring to identify areas of risk and conducting deeper dives through Differentiated Cyclic Monitoring, the state can allocate its resources more efficiently and provide a more meaningful level of technical assistance. These changes allow the state to have more accurate information about the implementation of special education throughout the state and be more responsive to any issues of identified non-compliance.

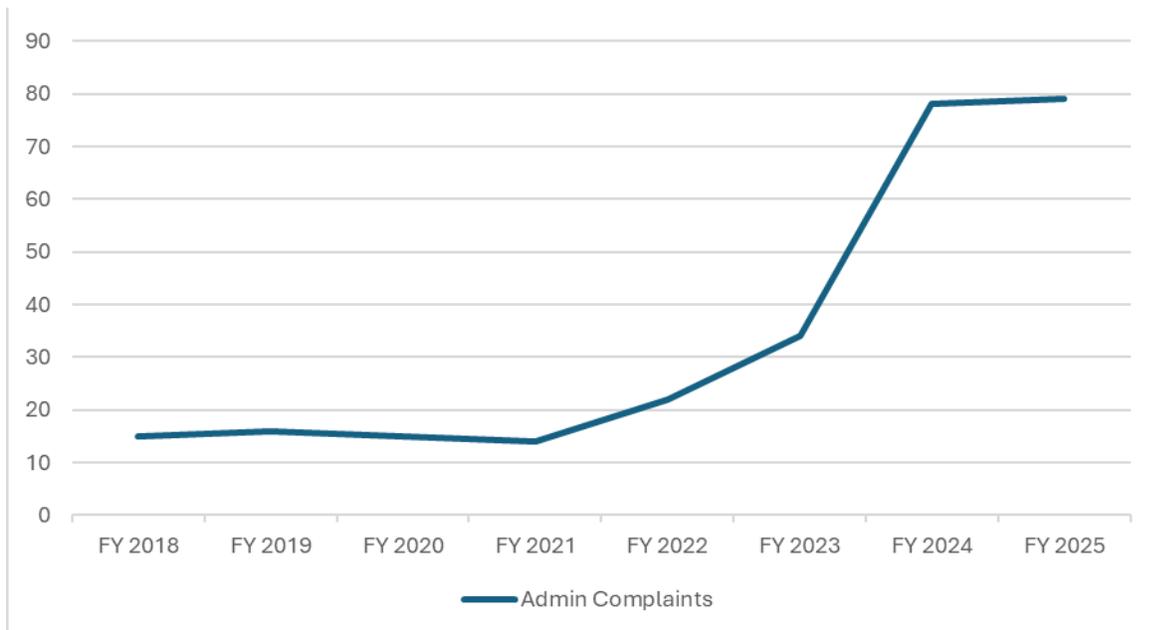
Dispute Resolution

Parents of a student receiving special education services who disagree with decisions made by the school regarding a student's identification, eligibility, evaluation, Individualized Education Program (IEP) or placement have three options available for resolving disputes with the school. These options include [administrative complaints](#), [mediation](#), and [due process hearing](#).

The AOE reports administrative complaint outcomes annually in the SPP/APR. Anyone may file an administrative complaint with the Secretary of Education if they believe a school district has violated federal or state special education laws. An organization or a group of parents may also file a complaint if violations affecting a number of students are believed to exist. The Secretary appoints Agency staff to investigate each complaint, and a decision is made within 60 days of receipt of the complaint. A copy of the final decision is provided to the parties but it is not published. If the administrative complaint is also the subject of a due process hearing, AOE does not investigate any part of the complaint that is being addressed during the due process hearing until the hearing is concluded. The due process hearing decision is binding.

Consistent themes in administrative complaints across all years include failure to implement specific provisions of a student's IEP, noncompliance with evaluation or re-evaluation procedures, and failures of transition planning. Many findings against school districts relate to the shortage in both licensed special educators and one-on-one paraprofessionals.

The number of administrative complaints has increased significantly in recent years and nearly doubled in the past two school years. The increase is attributed in part to the Agency creating a web form to submit an administrative complaint that is designed to be easier for parents to access. However, Vermont's increased complaint numbers mirror the same trends in other states since 2021.

Figure 19: Administrative Complaints Filed by Year

The Center for Appropriate Dispute Resolution in Public Education (CADRE) publishes national IDEA dispute resolution data each year. Recent CADRE data indicates that there is a nationwide trend of increased complaint numbers, driving need for increased state capacity to handle administrative complaints. CADRE data shows that SY 2023-24 yielded 79 percent more written state complaints nationally than the prior 10-year average.

Despite increased pressures on AOE to timely render written orders on the growing number of complaints, Vermont compares favorably with other states and managed to meet the rule-based 60-day timelines in 92 percent of written orders for SY2023-24. Provisional data for SY2024-25 indicates that 100 percent of written orders were issued on time.

Therapeutic Independent School Oversight

The primary Agency of Education responsibility with regard to therapeutic independent schools is to conduct the normal cycle of approval reviews. A review is coordinated by the independent school team who receives the application, schedules the visit, and conducts a review of the independent SBE rule set 2200. A member of the special education team joins the review process when the independent school in question is a school that seeks to be eligible for public funds or is determined to be a therapeutic school, serving only students on IEPs of 504 plans.

The goal of the special education staff member is to review elements of SBE Rule 2229. The review typically contains three elements, a file review, interviews, and a site visit or observation. The file reviews and interviews can happen virtually but often take place during the scheduled site visit.

The file reviews are designed to look at the students who are currently eligible for special education and the educational records kept by the school for those students. The file reviews examine elements such as instructional and non-instructional agreements for the rate and responsibility for services provided to the students, ability of the school to provide, and evidence of, the provisions of the services outlined within the IEP, progress monitoring of the student, coordination with the sending SU/SD, etc.

During the interviews, special education staff speak to administrators, teachers, special educators, related service providers, and other staff to confirm expectations regarding enrollment procedures, delivery and documentation of services, training provided to teachers and other staff members, collaboration with the sending SU/SD, discipline procedures, etc.

During the site visit, special education staff will tour the facilities and observe instruction to determine whether the facilities have the available space and modifications required to support students who are eligible for special education, and to determine whether appropriate instructional and disciplinary practices are in evidence.

The findings of the special education staff members are included in the general report submitted to the State Board for each applicable independent school up for review. The State Board has ultimate responsibility for granting approval or renewal of approval.

Under the new organization structure and staffing levels, the Agency has the capacity to conduct on average two independent school approval site visits per week. Given the state and federal requirements of the special education team, any turnover or reduction in staffing significantly impacts the availability of intensive process like an independent school site visit and has been a significant barrier in the past.

The Agency also is given responsibility in State Board [rules](#) for conducting investigations of complaints at approved independent schools, including therapeutic schools. An investigation can result in a spectrum of outcomes from no action (if the complaint is not substantiated), required corrective actions as a condition of continued approval or revocation of approval in the most serious cases.

The Agency has made one recommendation for revocation of a therapeutic approved independent school's approved status. In May 2025, the Secretary initiated the process to bring I.N.S.P.I.R.E. School for Autism to a hearing before the State Board. After issuing an [investigation report](#) and an opportunity for corrective action, the Secretary [determined](#) that the noncompliance with statute and state board rules warranted revocation. As required by state statute, the Secretary first [asked for a recommendation](#) from the Council of Independent Schools. On June 25, the Council [issued its recommendation](#) to not seek revocation, and instead continue the school's probationary status and further review the issues of noncompliance after six months. The Secretary continued with the process to seek revocation of approved status by [filing a request](#) for hearing and recommendation for revocation to the State Board. I.N.S.P.I.R.E. School closed operations before the hearing on revocation was scheduled.

Act 173 Evaluation

Act 173 of 2018 codified best practices in education, changed the State’s funding for special education, and allowed the State Board of Education’s Rule Series 2200 to be opened. These efforts were designed to “enhance the effectiveness, availability, and equity of services provided to all students who require additional support in Vermont’s schools.”

One of the foundational documents of Act 173 is a 2017 study, “Expanding and Strengthening Best Practice Supports for Students Who Struggle” (DMG Report), completed by the District Management Group. The DMG Report highlights five key best practices that have remained guiding principles for improving outcomes for all students:

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

Other important takeaways from the DMG report include that “many general education teachers did not feel equipped to support learners who struggle, with or without IEPs, specifically those struggling in reading” and that students without an IEP who struggle with reading would be given access to reading intervention provided by an interventionist or a teacher with specific reading expertise while “students with an IEP who struggle with reading are less likely to receive the same intervention.” Instead, they would receive reading instruction from a special educator or paraprofessional.

When Act 173 was passed, the AOE’s approach was to support SU/SDs in developing systems with the understanding that strong organizational systems would best meet the needs of all students. Accordingly, the AOE targeted technical assistance at the SU/SD level so that they, consistent with the goals of Act 46, could then address the needs of each of their schools.

In *Developing Systems to Support the Success of All Students* (2019), the following theory of action for achieving the goals of Act 173 was shared:

“If the board of each SU/SD ensures that:

each school implements the district's written and delivered curriculum (2120.6. Curriculum Coordination); and

each supervisory union or school district develops and implements a system of appropriate needs-based professional learning for all professional staff, including

administrators and other staff involved in student instruction, with time for professional learning embedded into the school day (2121.3. Needs-Based Professional Learning); and

each school administers assessments of student performance using methods developed by the State Board of Education with students who are unable to participate in district or state assessments given an alternate assessment (2123.2. Development and Implementation of Local Comprehensive Assessment System); and

each school maintains an educational support team to engage in collaborative problem solving to determine whether additional supports are needed for a student to make appropriate progress, and to monitor that progress (16 V.S.A. § 2902. Tiered system of supports and educational support team);

then Vermont’s SU/SDs will enhance the effectiveness, availability and equity of services provided to all students who require additional support.”

Based on this theory of action, the majority of the AOE’s leadership and support took the form of guidance documents that supported each element in the theory of action. Those documents can be found on the Act 173 Guidance Document webpage.

Throughout that period, the members of the Census-Based Funding Advisory Group stressed the need for the AOE’s approach to supporting the implementation of the goals of Act 173 to include valid data to assess indicators of successful implementation. The Final Report of the Census-Based Funding Advisory Group (2023) asserts that the State’s approach to professional development was not going to be sufficient to support SU/SD implementation. The group’s strong recommendation was that the AOE needed to create and implement a plan to

- Identify the evidence-based practices and framework for implementation;
- Design a multi-disciplinary model for professional development that would be accessible to districts at all levels of implementation;
- Identify those districts that would need significant support in implementation so that professional development resources could be targeted; and
- Develop an accountability mechanism for ongoing implementation monitoring

The AOE adopted an updated VTmtss Field Guide in 2019, which was not presented adequately statewide prior to the disruption caused by the COVID-19 pandemic. The AOE provided written guidance to address district-level systems rather than providing the “multi-disciplinary model for professional development” across the educational continuum on implementing or strengthening multi-tiered systems of support in classrooms, schools, and districts.

Additionally, the State still lacks measures of fidelity, quality, and effectiveness of high-quality instruction and intervention. For example, evidence of the quality and effectiveness of a school’s multi-tiered system of support has been collected through

the annual VTmtss Survey. The survey asks principals to respond to questions that collect anecdotal information about elements of a multi-tiered system, such as the processes of the Educational Support Team, master schedule creation, and types of additional supports provided to students. However, the survey does not provide valid data on the effectiveness or quality of the processes or practices.

Historically, the AOE has not exercised authority on explicit guidance recommendations, requirements on educator quality expectations, nor on selection and implementation of assessments, curriculum materials and instructional frameworks.

Research and reports underlying the Act 173 legislation highlight best practices, as well as the gaps within the Vermont educational context. These include an overreliance on underqualified staff providing interventions for students with the most need, lack of convincing evidence of high-quality curriculum and Tier 1 instruction, and, as a result, overidentification of students requiring special education services. Overidentification has also resulted in significant costs for special education services, and excess capacity on special educators.

In response to the Act 139 legislation, the AOE has taken steps toward assessing and ensuring accountability for student proficiency in literacy. The AOE has published guidance on universal reading screeners, noting established criteria based on technical adequacy, attention to linguistic diversity, administrative usability, and valid measures of the developmental skills in early literacy, including phonemic awareness, phonics, fluency, vocabulary, and comprehension. The Agency is also collecting literacy proficiency data via the Continuous Improvement Plans, which local education agencies are required to be submitted annually.

Additionally, AOE has collaborated with education partners, teachers, curriculum leaders, superintendents and the Vermont Literacy Advisory Council to understand the needs and opportunities for enhancing literacy instruction across the state. The Read Vermont initiative is one result of these collaborations. This initiative is dedicated to improving literacy outcomes for all students, ensuring every child can read by third grade while also supporting striving adolescent readers.

Further, the Agency is in the process of developing a strategic plan that strongly focuses on maximizing leadership, oversight and support capacity to assess, monitor, and support schools in the delivery of high-quality teaching and learning in all academic areas—especially literacy and mathematics. The expected outcomes include improvement in overall student achievement and reduction of achievement gaps between students receiving special education services and those not receiving such services.

With this overarching goal in mind, the AOE places a strong emphasis on improving Tier 1 instruction, which can reduce the degree of necessary additional tiered intervention, and expectedly, a reduction in eventual identification for special education services.

In part, quality Tier 1 instruction requires careful selection and implementation of high-quality, standards-aligned curriculum and instructional materials, programs, and practices. The AOE is positioned to serve as a strong support for schools in these efforts. Agency staff are currently engaged in deeply focused research, professional learning, and collaboratives that focus on high-quality teaching, curricular materials, and instructional practices in literacy and Mathematics. Additionally, AOE staff are engaged in ongoing networking with educational partners and researchers, to build expertise, strengthen knowledge, and understand the changing landscape of research and programmatic offerings. Finally, the Agency is prioritizing the selection of candidates with strong expertise in curriculum and instruction across academic areas in our hiring procedures.

Funding Formula Considerations

Special education per student grant amounts change based on statutorily-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.

Vermont is now in the process of considering the move away from the census block grant model and towards the new "weighted" system. A weight for special education costs is a funding method that allocates money to districts based on a "weighted" student count. This means that students on an IEP with certain disabilities or higher needs are counted as more than one student, thus providing more funding to districts that serve them.

The Agency will contract with a special education finance expert to produce a secondary report that evaluates the advantages and disadvantages of the proposed weighted special education funding model. Specifically, the report will identify important considerations to deliver on the goals identified in Act 73 of better aligning funding with student needs, improving service delivery, and better managing costs.

Understanding special education service delivery is essential for managing the financial transition to a new weighted system because it could highlight the specific areas that need improvement and that contribute to high costs. The analysis of the costs and services for special education in Vermont provides data that might allow the state to both target the specific causes of increasing costs, improve service delivery, and manage the overall financial system.

The Federal IDEA grant includes an annual state-level Maintenance of Fiscal Support (MFS) compliance test to ensure that states do not reduce their financial support for special education from year-to-year.

Any proposed reduction to the state-level funding for special education must include consideration of MFS compliance. Failure to meet MFS can result in a reduction to future year IDEA allocations in the amount of the failure.

Discussion

Agency Capacity and Focus

The Agency is in the process of developing a comprehensive strategic plan designed to guide the next phase of education transformation in Vermont. This process has been shaped by aforementioned findings from the U.S. Department of Education, long-standing compliance issues, and by internal analysis of statewide performance data, which revealed persistent gaps in outcomes for students with IEPs. These insights led the Agency to identify “enhancing special education delivery and differentiated support for all learners” as one of the central pillars of its emerging strategic plan. Elevating this work to a strategic priority required intentional organizational restructuring to ensure the Agency has the capacity and alignment necessary to deliver on this commitment, alongside other identified pillars.

As part of this restructuring, Special Education has been elevated within the Agency’s organizational structure to operate as a division within the Academics Area, whereas it was previously positioned as a team under the former Student Support Services Division. This structural shift ensures that special education receives the visibility, authority, and resources necessary to drive systemic improvement. The director of the Special Education Division now participates as a member of the Secretary’s Extended Cabinet, reinforcing the importance of special education within the Agency’s overall leadership and decision-making processes.

The reorganization is specifically designed to strengthen the Agency’s capacity to provide statewide leadership in special education. Within the new structure, additional resources have been directed toward building out technical assistance and monitoring functions, ensuring that the Agency can both support and oversee local education agencies in meeting federal and state requirements while advancing improved outcomes for students with disabilities. A dedicated compliance and policy team has been established to ensure that Vermont remains aligned with federal regulations under the Individuals with Disabilities Education Act (IDEA) while also advancing state-level priorities for equity and quality of services.

Recognizing that financial systems are critical to both compliance and effective service delivery, the Agency also created a new position focused specifically on special education finance. This role provides technical expertise and oversight to ensure that funding is used effectively, transparently, and in alignment with both federal and state priorities. In parallel, the newly established Grants Management Division has been

expanded to build additional capacity in supporting IDEA grants, improving the Agency's ability to manage and administer funds in a timely and efficient manner.

By strengthening leadership, compliance, financial oversight, and technical assistance, the Agency is positioning itself to better support schools and districts in delivering high-quality, equitable services for students with disabilities, while ensuring that differentiated supports for all learners remain central to Vermont's broader education system.

Future Planning

Following this report, the Agency of Education will lead several initiatives to translate the findings contained here into actions and supports for the education system. Throughout, the Agency will continue its close collaboration with the Special Education Policy Sprint Team and the Special Education Advisory Panel (SEAP). One key collaboration with these partners will be to seek input on the development of the three-year special education strategic plan that is due to the General Assembly in December of 2025. This plan will outline the major goals and objectives for strengthening special education in Vermont and will be presented under the Agency's strategic pillar of *enhancing special education and differentiated instruction for all students*. By harmonizing this work within the Agency's core priorities, the strategic plan will provide a coherent vision for improving educational outcomes while ensuring equity and sustainability across the system.

To support implementation, the Agency is also engaging additional subject matter expertise to support implementation of the strategic plan. The General Assembly authorized the creation of a new position within the Agency dedicated to special education, and this role — working in consultation with a national expert — will lead the development of a detailed blueprint focused on implementation and continuous improvement. The blueprint will include a scope, sequence, and timeline for statewide identification of best practices, a cycle of professional learning for educators and administrators, and clear accountability measures to monitor impact.

In parallel, the Agency is commissioning a secondary report to follow up on an area of inquiry related to future funding. The Agency will contract with a national special education finance expert to identify the elements necessary to support a potential shift away from the current census block grant model toward a weighted funding system. Particular attention will be given to ensuring districts have access to appropriate resources and that funding is distributed equitably to meet the diverse needs of students utilizing the best practices identified in the statewide blueprint for strategic plan implementation. This analysis is anticipated to be published in Spring of 2026 to support the overall Education Transformation work.

Through these combined efforts, the Agency is positioning Vermont to strengthen its special education system by aligning strategic planning, funding reform, and professional practice around a common set of goals aimed at equity, quality, and long-term sustainability.

Appendices

Appendix A: Policy Sprint Team Membership

Name	Title	Affiliation
Leah Belitsos	Assistant Director of Instruction & Learning	Franklin Northeast Supervisory Union
Heather Bushey	Director of Finance	Essex Westford Educational Community Unified School District
Andrew Haas	Superintendent	Windham Northeast Supervisory Union
Carrie Lutz	Director of Special Education	Colchester School District
Nancy Russell	Chair	Hartford School District Board
Keith Williams	Director of Children's Integrated Services	Agency of Human Services
Oliver Olsen	Representative	Vermont Independent Schools Association
Beth O'Brien	Principal	Franklin Northeast Supervisory Union
Meagan Roy	Coordinator of School Leadership Programs	St. Michaels College
Chelsea Myers	Executive Director	Vermont Superintendents Association
Randi Lowe	Superintendent	Bennington Rutland Supervisory Union

Name	Title	Affiliation
Julie Rehimbal	Superintendent	Missisquoi Valley School District
Zoie Saunders	Secretary	Vermont Agency of Education
Erin Maguire	Co-Director of Student Support Services	Essex Westford Educational Community Unified School District
Erin Davis	Chief Academic Officer	Vermont Agency of Education
Rene Sanchez	Superintendent, SEAP Member	Rutland Northeast Supervisory Union
Courtney O'Brien	Interim Operations Director	Vermont Agency of Education
Meg Porcella	Program Director of Strategic and Budgeting Contracts	Vermont Agency of Education
Cassie Santo	State Director of Special Education	Vermont Agency of Education
Emily Simmons	General Counsel	Vermont Agency of Education
Jill Briggs Campbell	Deputy Secretary	Vermont Agency of Education
Cassandra Ryan	Chief Financial Officer	Vermont Agency of Education
Chris Kane	Assistant State Director of Special Education	Vermont Agency of Education
Emily Lesh	Literacy Project Manager	Vermont Agency of Education
Katie Smith	Education Medicaid Director	Vermont Agency of Education
Ted Gates	Senior Fiscal Analyst	Vermont Agency of Education

Appendix B: Report Deliverables

Description of Act 73 Requirement	Page Number
Analysis of the cost and services provided for students with extraordinary needs in specialized settings	Page 24
Separated by school district operated specialized program, independent nonprofit program, and independent for-profit program	Page 26
Shall include a map of specialized programs	Included in Redistricting Mapping Tool
1A. Disability category served (by setting)	Page 29 , Page 30
1B. Grade level served (by setting)	Subject of future reporting
1C. Number of students with IEP (by setting)	Page 11
1D. Average per pupil cost, inclusive of extraordinary (by setting)	Page 42
1E. Years of experience, training, and licensure of special education staff (by setting)	Page 32
1F. Review of findings of all investigations (by setting)	Page 59
1G. Review of Agency's public assurance capabilities and an evaluation of effectiveness of current oversight or rule and analysis of any changes needed (by setting)	Page 59
2. An evaluation of Act 173 implementation, including where it has been successful and where it has not	Page 63
3. Identification of drivers of accelerating costs within special education	Page 38
4. Identification of barriers to the success of students with disabilities	Page 54

Description of Act 73 Requirement	Page Number
5. Funding analysis of how specialized programs for students with extraordinary needs are operated	Page 24
6. An assessment of whether VT's current special education laws ensure equitable access and FAPE	Page 53
7. A review of Agency's capacity to support and guide school districts on effective support and compliance with federal law	Page 53
7A. Review of final investigation reports conducted by AOE in school-district programs, independent nonprofit programs and independent for-profit programs	Page 57
7B. Assessment of State's ability to ensure state resources are used in the most efficient and effective way possible	Page 61
7C. Review of any pending federal findings against the state or school districts and progress on corrective actions	Page 54
7D. Review of Agency's staffing capacity to review and conduct monitoring visits, especially in independent settings	Page 65
7E. Description of process & status of reviews and approvals of independent schools that provide special education and therapeutic schools	Page 61
7F. Recommendations for whether the AOE has capacity to ensure timely reviews of independent schools	Page 61
8. Recommendations for needed AOE capacity to provide technical assistance and support to school districts	Page 63
9. Analysis of whether more support in better primary first instruction and successful implementation of Act 173 needs to be in place for a weighted funding model to succeed, including transition timeline	Page 31

Description of Act 73 Requirement	Page Number
10. If warranted, a review of options for changes to practice, structure, and law including a review of BOCES	Southeast Vermont Region Draft Articles of Agreement
11. Recommendations for reducing growth in extraordinary reimbursement cost, which shall include legislative language	Subject of future reporting

Appendix C : Explanation of Provisional License for Special Education

IDEA Part B requires that each person serving as a public school special education teacher has obtained full State certification in special education or is participating in a program that provides an alternate route to special education teacher certification. IDEA Part B section 300.156 Personnel qualifications states that a teacher participating in an alternate route to special education certification program must:

1. Receive high-quality professional development that is sustained, intensive, and classroom-focused in order to have a positive and lasting impact on classroom instruction, before and while teaching;
2. Participate in a program of intensive supervision that consists of structured guidance and regular ongoing support for teachers or a teacher mentoring program;
3. Assume functions as a teacher only for a specified period of time not to exceed three years; and
4. Demonstrate satisfactory progress toward full certification as prescribed by the State;"

A Vermont level I, II or Retired License is considered full State certification. Vermont Emergency licenses do not require participation in a pathway for licensure and therefore are ineligible for Special Educators (with the exception of retired special educators with an expired Vermont Level I, II, or Retired license working as a long-term substitute teacher). A Vermont Provisional license in Special Education is allowable under IDEA part B as it requires the holder to:

1. Develop a plan for full licensure that includes high-quality professional development;
2. Receive mentoring and supervision from the employing district;
3. Work under the provisional for 2 years, with the option of an additional one year at the request of the superintendent if the candidate is making progress on professional licensure, but an extenuating circumstance is preventing completion within 2 years, and;
4. Have progress toward full licensure reported by the superintendent annually to the Vermont Agency of Education.

In addition to the above, the Vermont Standards Board offers four pathways to provisional licensure:

1. Possess any valid professional Educator license from Vermont or from another state;
2. possess any expired professional Vermont Educator license or any expired professional Educator license from another state, provided the license expired no fewer than two (2) years and no longer than ten (10) years ago;

3. have a major or the equivalent in the content area of the provisional endorsement sought;
4. have successfully completed a licensure content assessment (e.g. Praxis) for the provisional endorsement sought.

To support Vermont districts struggling to staff critical special education positions during the pandemic, the Vermont Standards Board for Professional Educators (VSBPE) approved an alternative pathway to full licensure for Special Educators in May 2021. This pathway was developed in collaboration between the Vermont Agency of Education and the USED Office of Special Education Programs to strengthen supports for educators who qualified for a Provisional License in Special Education and Early Childhood Special Education through passing the Praxis II content assessment. This “Pathway D” to full Special education licensure included additional requirements modeled after the requirements in IDEA Part B § 300.156.

In addition to passing the Praxis II in special education, educators pursuing full licensure through this pathway must also be enrolled in approved pathway for full licensure, have a district assigned mentor participating in the Agency of Education's Vermont Mentoring Special Educators for Excellence (VTMSEE), and complete a series Vermont Agency of Education-identified modules for introduction to federal special education law, policies, procedures and practice within 30 days of issuance of a provisional license.

Appendix D: Medicaid

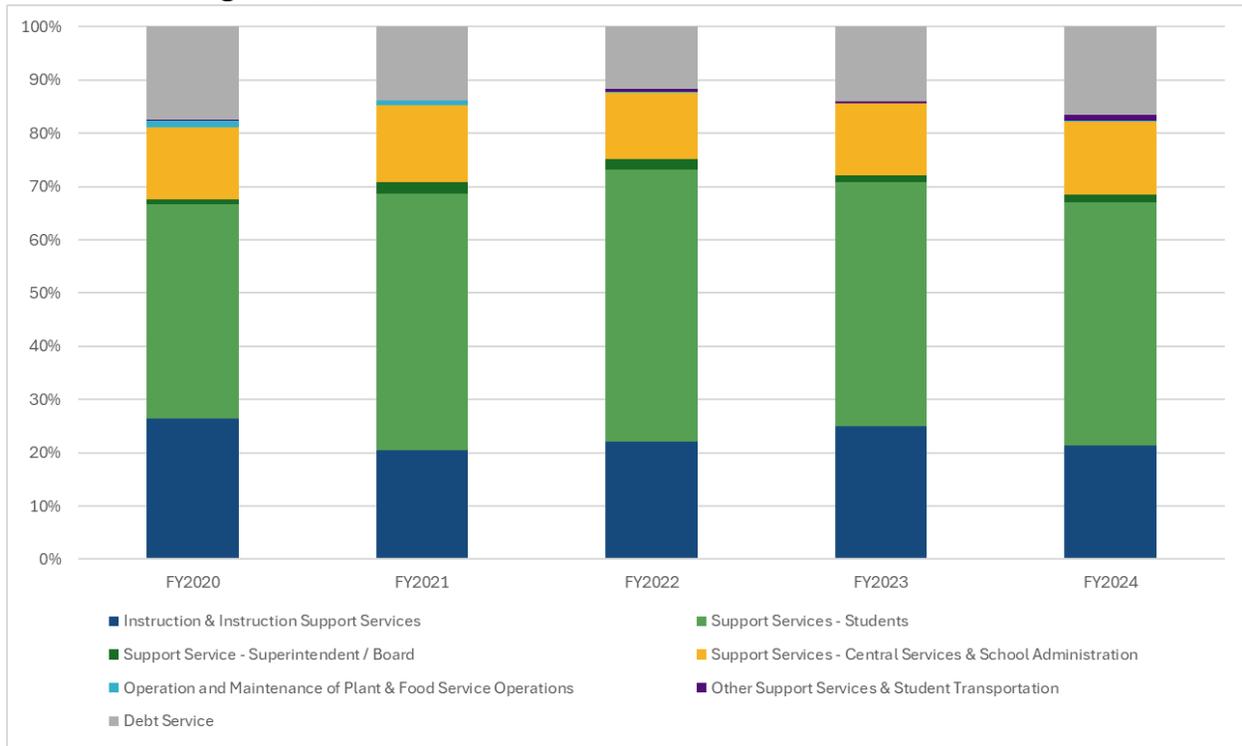
To see more clearly how schools are using Education Medicaid grant funds, the charts below show spending in different categories, as reported for expenditures in the Statbook. Looking at the breakdown overtime helps show where schools are focusing their resources and how the funds support both student success and day-to-day school operations.

This table details how Education Medicaid funds were spent across major categories, offering insight into the balance between direct student services, instructional support, and broader school operations from FY2020 through FY2024.

Categories of Spending	FY20	FY21	FY22	FY23	FY24
Instruction & Instruction Support Services	\$2,962,979	\$2,299,087	\$2,717,312	\$3,359,398	\$3,258,768
Support Services - Students	\$4,496,669	\$5,416,904	\$6,290,459	\$6,156,378	\$6,985,805
Support Service - Superintendent / Board	\$104,957	\$241,290	\$251,075	\$176,893	\$212,715
Support Services - Central Services & School Administration	\$1,525,100	\$1,635,302	\$1,542,856	\$1,827,540	\$2,100,889
Operation and Maintenance of Plant & Food Service Operations	\$128,653	\$98,043	\$16,139	\$2,498	\$29,028
Other Support Services &	\$31,794	\$5	\$66,437	\$30,671	\$160,592

Categories of Spending	FY20	FY21	FY22	FY23	FY24
Student Transportation					
Debt Service	\$1,945,224	\$1,547,331	\$1,436,164	\$1,893,891	\$2,539,087
TOTAL	\$11,195,375	\$11,237,963	\$12,320,442	\$13,447,269	\$15,286,884

Comparison of LEA Education Medicaid Grant Fund Expenditures by Major Function Categories, FY2020-24



Most Education Medicaid grant funds are spent on student support services and instruction, with smaller shares going to administration, operations, transportation, and debt service; the debt service category (at the top of the bars for FY2020-24) reflects subgrants to member School Districts by Supervisory Unions serving as the LEA, so the detailed expenditures within that group are not captured in this chart.

Distribution of School-Based Medicaid Federal Reimbursement, FY2021–FY2025

Medicaid Funding Distribution	FY21	FY22	FY23	FY24	FY25
Total School Based Medicaid Federal Reimbursement	23,006,986	30,038,561	28,712,665	27,572,663	31,742,085
<i>Of Total</i>					
Amount reimbursed to SU/SDs	10,986,727	14,296,704	14,495,162	14,040,473	15,243,550
Amount retained by AOE	2,566,333	2,455,668	2,595,037	3,089,792	3,145,687
Amount retained by AHS	1,712,000	1,712,000	1,712,000	1,712,000	1,712,000
Amount transferred to the Ed Fund	7,409,412	11,452,313	10,320,754	8,561,523	11,010,081

This table shows how federal Medicaid reimbursements were allocated each year, with funds shared between SUs/SDs, AOE, the Agency of Human Services (AHS) and the Education Fund. While a large share of dollars is returned directly to schools, a portion is retained by AOE and AHS to support administration of the program. AHS supports the Department for Children and Families Child Development Division programming with the funding. The next table details how these retained funds translate into AOE staff capacity (FTEs) dedicated to overseeing the program and supporting other educational programs.

Full-Time Equivalents Supported by Retained Medicaid Funds, FY2021-FY2025

Agency	FY21	FY22	FY23	FY24	FY25
AOE	19.03	19.53	18.53	18.78	18.68

This table shows how many staff positions at AOE have been supported by Medicaid funds in recent years.