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MEMORANDUM

TO: State Board of Education
FROM: Emily Simmons, General Counsel
SUBJECT: Inspire School for Autism, Financial Reporting Events - 16 V.S.A. § 166
DATE: July 15, 2019

If an approved independent school experiences certain financial reporting events, which are outlined in 16 V.S.A. § 166(b)(8)(A), the school is to notify the Agency of Education. During October 2018 while conducting a confidential licensing investigation, the Agency of Education (AOE) determined that there were concerning operational issues with Inspire for Autism, an approved independent school.

The Agency's investigation has been ongoing and has resulted in determinations that financial reporting events listed in 16 V.S.A. § 166(b)(8)(A) have occurred and the State Board should be notified of those events. Inspire has experienced the following financial reporting events:

1. Failure to file the school's federal or State tax returns for 2018.
2. Failure to meet its payroll obligations as they were due. Additionally, Inspire failed to keep current with employee health insurance premium payments, causing the health insurance to lapse and employees to lose coverage for a period of time.
3. The use of designated funds for non-designated purposes; specifically, that the school had allegedly been the victim of embezzlement, which is the subject of a criminal investigation in Windham County.
4. The school failed to maintain required retirement contributions for at least one employee.

Other concerning management and financial conditions included:

1. The school did not keep current with property and liability insurance, causing the school to close for a week.
2. The school enrolled a student who Inspire did not have the disability category the State Board of Education approved for them to serve.
3. The school failed to report to the AOE, per its approval condition, within five business days any changes in enrollment programs, policies, facilities, financial capacity, staffing, or administration during the approval period June 30, 2018 through June 30, 2023.

In cases where the State Board determines that the school lacks financial capacity to meet its stated objectives, it shall notify the school in writing of its reasons for this belief. If the State Board, after giving the school a reasonable opportunity to respond, does not find that the school has satisfactorily responded or demonstrated its financial capacity, the State Board has

authority to appoint a review team to conduct a school visit to assess the school's financial capacity, obtain financial documentation and submit a finding to the full board.

The State Board may revoke, suspend, or impose conditions upon the approval of an independent school after providing the opportunity for a hearing, for failure to demonstrate that the school has the resources required to meet its stated objectives. 16 V.S.A. § 166(b)(5).