

Education Fund Pressures

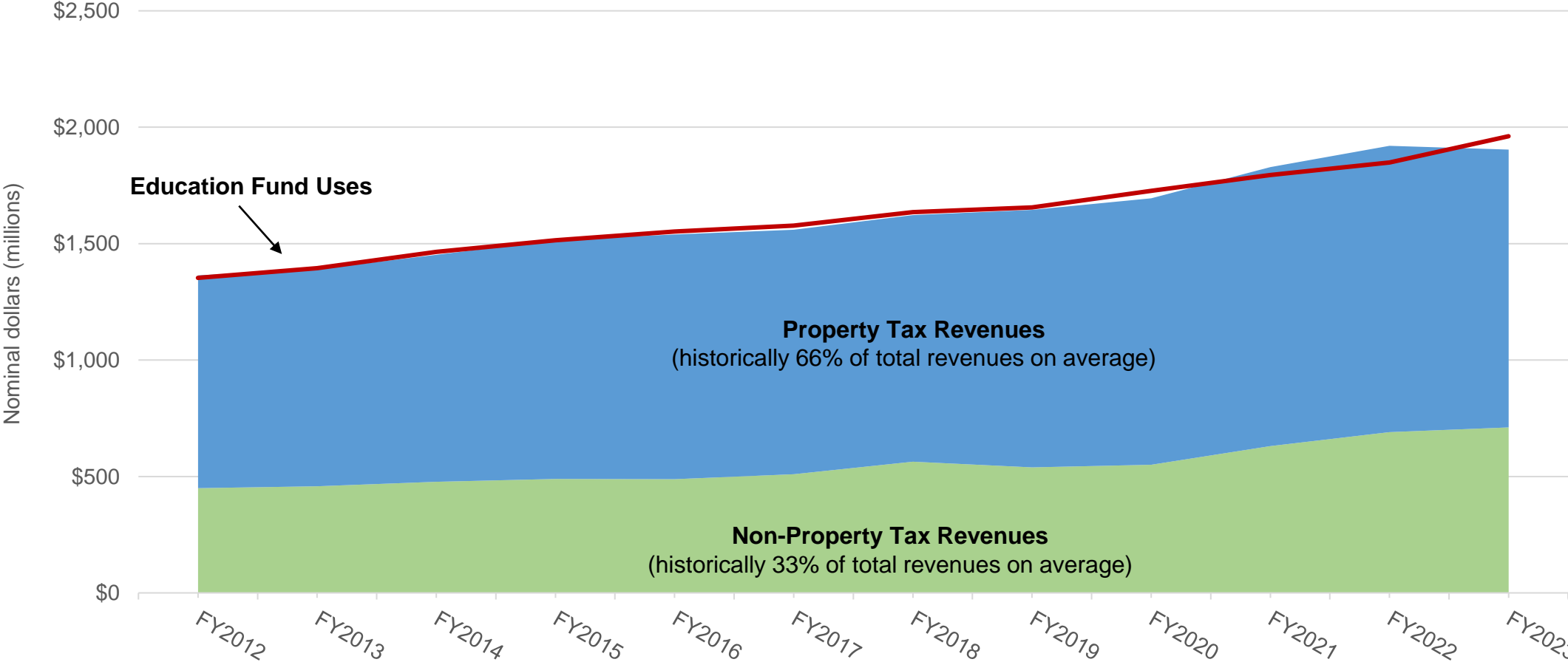
Senate Committee on Appropriations

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Education Fund Outlays and Revenues Over the Past 10 Years



Education Fund in the Short and Medium Term

- Pressures on the Education Fund are traditionally addressed by tax rates
- Revenue pressures on Education Fund largely stem from uncertainty in the forecast
 - Current forecast projects slower growth overall for non-property tax revenues
- Education Fund expenditures have been modestly above inflation over the last ten years



Education Policy and Funding Pressures on the Horizon *(in no particular order)*

Teachers' Other Post-Employment Benefits (OPEB)

- The normal cost of teachers' OPEB becomes a new ongoing cost in the Education Fund in FY 2023
 - \$15.1 million was appropriated for FY 2023
- Estimated cost of \$17.6 million in FY 2024



Education Policy and Funding Pressures on the Horizon *(in no particular order)*

Universal School Meals (USM)

- One-time \$29 million appropriation in FY 2023 from the Education Fund
- If program is extended, estimated to cost up to \$37 million going forward due to change in participation and behaviors
 - Cost estimate will be updated pending FY 2023 data
- Upcoming required reports
 - AOE is required to report on the implementation of universal school meals in FY 2023 by January 15, 2023¹
 - JFO report with possible revenue sources for continuation of USM is due by February 1, 2023²
 - Note: Revenue sources should not be “ordinarily used for General Fund”

Notes:

1) 2022 Act 151 Sec. 6

2) 2022 Act 151 Sec. 7



Education Policy and Funding Pressures on the Horizon *(in no particular order)*

Polychlorinated Biphenyls (PCBs) in Schools

- \$32 million reserved in the Education Fund for remediation and mitigation in schools
 - In October 2022, the Emergency Board released \$2.5 million of the \$32 million for to support immediate action on PCB exposure reduction
 - ANR, AOE, and DHR will present a plan for the use of remaining reserves to the General Assembly on or before January 15, 2023¹
 - Testing will continue through 2025²
- Total cost of remediation and mitigation not yet known

Notes:

1) 2022 Act 178 Sec. 3

2) 2021 Act 74 Sec. E.709.1 as amended by 2022 Act 166 Sec. 8



Education Policy and Funding Pressures on the Horizon *(in no particular order)*

Child Care and Pre-K Funding and Structure

- JFO contracted with the RAND Corporation to complete a child care and early education financing report
 - The report will be released on January 17, 2023¹
- Total cost and other details not yet known
 - Legislature will determine the funding source and design of a potential future program

Notes:

1) 2021 Act 45



Education Policy and Funding Pressures on the Horizon *(in no particular order)*

Career and Technical Education (CTE) Funding and Structure

- JFO contracted with the APA to conduct a study and issue a report on CTE governance and structure by March 1, 2023¹
- Legislature will determine if the structure will be changed, and changes to the funding source
- One-time \$15 million appropriation to VHCB in FY 2023 for a revolving loan program to connect CTE building trades and housing needs²

Notes:

1) 2022 Act 127 Sec. 17

2) 2022 Act 183 Sec. 16



Education Policy and Funding Pressures on the Horizon *(in no particular order)*

School Construction

- AOE published the Vermont School Facilities Inventory and Assessment in April 2022¹
- AOE is required to provide a school facilities and infrastructure assessment in October 2023²
- Next steps to be determined by the legislature

Notes:

- 1) <https://legislature.vermont.gov/assets/Legislative-Reports/edu-legislative-report-french-act-72-facilities-inventory-20220413.pdf>
- 2) 2021 Act 72 Sec. 3 as amended by 2022 Act 166 Sec. 9



Education Policy and Funding Pressures on the Horizon *(in no particular order)*

Cannabis Revenues for Certain Programs

- Session law states the sales tax from Cannabis is to be used to fund a grant program to start or expand afterschool and summer learning services¹
- Details around specifics and appropriations are yet to be determined

Notes:

1) 2020 Act 164 Sec. 17c.



Concluding Remarks

- In the current system, pressures on the Education Fund are traditionally addressed by property tax rates
- There are a number of funding pressures on the horizon with varying levels of certainty and scope

