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HOUSE COMMITTEE ON
APPROPRIATIONS

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MEMORANDUM

To: Rep. David Sharpe, Chair, House Committee on Education
From: Rep. Mitzi Johnson, Chair, House Committee on Appropriations
Date: February 2, 2016
Subject: Provisions in the Governor's Proposed FY 2017 Budget

The House Appropriations Committee has started work on the Governor's proposed FY 2017 Budget and would like to inform you about proposals that fall under the jurisdiction of the Committee on Education.

The House Appropriations Committee welcomes and appreciates your input and would like to give you the opportunity to comment on any of the proposals; however, it is not necessary to respond to all of the proposals unless you have concerns or recommendations. If you would like to respond it would be helpful if you could do so by the end of the day on February 24th.

Sec. B.1100 NEXT GENERATION; APPROPRIATIONS AND TRANSFERS

(a) In fiscal year 2017, \$4,868,000 is appropriated or transferred from the Next Generation Initiative Fund created in 16 V.S.A. § 2887 as prescribed:

(1) Workforce education and training. The amount of \$1,577,500 as follows:

(A) Workforce Education and Training Fund (WETF). The amount of \$1,017,500 is transferred to the Vermont Workforce Education and Training Fund created in 10 V.S.A. § 543 and subsequently appropriated to the Department of Labor for workforce education and training. Up to seven percent of the funds may be used for administration of the program. Of this amount, \$350,000 shall be allocated for competitive grants for internships through the Vermont Career Internship Program pursuant to 10 V.S.A. § 544.

(B) Adult Technical Education Programs. The amount of \$360,000 is appropriated to the Department of Labor in consultation with the State Workforce Investment Board. This appropriation is for the purpose of awarding competitive grants to regional technical centers and high schools to provide adult technical education, as that term is defined in 16 V.S.A. § 1522, to unemployed and underemployed Vermont adults.

(C) The amount of \$200,000 is appropriated to the Agency of Commerce and Community Development to issue performance grants to the University of Vermont and the Vermont Center for Emerging Technologies for patent development and commercialization of

technology and to enhance the development of high technology businesses and Next Generation employment opportunities throughout Vermont.

(2) Loan repayment. The amount of \$171,000 as follows:

(A) Large animal veterinarians' loan forgiveness. The amount of \$30,000 is appropriated to the Agency of Agriculture, Food and Markets for a loan forgiveness program for large animal veterinarians pursuant to 6 V.S.A. § 20.

(B) Science Technology Engineering and Math (STEM) incentive. The amount of \$27,900 is appropriated to the Agency of Commerce and Community Development for an incentive payment pursuant to 2011 Acts and Resolves No. 52, Sec. 6.

(C) Vermont Strong Scholars Program. The amount of \$113,100 is transferred to the special fund established under 16 V.S.A. §2888 (d)(1)(A) for the Vermont Strong Scholars Program established pursuant to 16 V.S.A. §2888.

(3) Scholarships and grants. The amount of \$3,119,500 as follows:

(A) Non-degree VSAC grants. The amount of \$494,500 is appropriated to the Vermont Student Assistance Corporation. These funds shall be for the purpose of providing nondegree grants to Vermonters to improve job skills and increase overall employability, enabling them to enroll in a postsecondary education or training program, including adult technical education that is not part of a degree or accredited certificate program. A portion of these funds shall be used for grants for indirect educational expenses to students enrolled in training programs. The grants shall not exceed \$3,000 per student. None of these funds shall be used for administrative overhead.

(B) National Guard Educational Assistance. The amount of \$150,000 is appropriated to Military – administration to be transferred to the Vermont Student Assistance Corporation for the National Guard Educational Assistance Program established in 16 V.S.A. § 2856.

(C) Dual enrollment programs and need-based stipend. The amount of \$625,000 is appropriated to the Agency of Education for dual enrollment programs consistent with 16 V.S.A. § 944(f)(2) of which amount \$25,000 is transferred to the Vermont Student Assistance Corporation for need based stipends pursuant to Sec. E.605.1 of this act.

(D) Step-Up Program. The amount of \$850,000 is appropriated to the Vermont State Colleges for the Step-Up program consistent with Sec. E.602.1 of this Act.

(E) Vermont's Universal Children's Higher Education Savings Account. The amount of \$1,000,000 is appropriated the Secretary of Administration for the college savings program outlined in 16 V.S.A. chapter 87. Funds will be transferred to the Vermont Student Assistance Corporation pursuant to an agreement between the Secretary of Administration and the Vermont Student Assistance Corporation.

EXPLANATION: \$1.875M of funding is added to the FY 2017 Next Generation Fund Appropriations, and some funding is being reallocated. \$25k has been restored to the WET Fund for workforce training. The STEM sunsets this fiscal year and the remaining funding historically appropriated for the STEM incentive will be dedicated as initial funding for Vermont Strong Scholars Program. Funding for the Step-Up program and the Vermont Higher Education Savings Accounts are added to the Next Generation Fund.

Sec. D.101 FUND TRANSFERS, REVERSIONS, AND RESERVES

(a) Notwithstanding any other provision of law, the following amounts are transferred from the funds indicated:

(1) From the General Fund to the Next Generation Initiative Fund established by 16 V.S.A. § 2887: \$4,868,000.

EXPLANATION: Transfer funds to the Next Generation to continue prior year programs and begin funding the college savings program and the step up program.

Sec. E.502 Education – special education: formula grants

(a) Of the appropriation authorized in this section, and notwithstanding any other provision of law, an amount not to exceed \$3,566,019 shall be used by the Agency of Education in fiscal year 2016 as funding for 16 V.S.A. § 2967(b)(2) – (6). In distributing such funds, the Secretary shall not be limited by the restrictions contained within 16 V.S.A. § 2969(c) and (d). In addition to funding for 16 V.S.A. § 2967(b)(2)–(6), up to \$192,805 may be used by the Agency of Education for its participation in the higher education partnership plan.

EXPLANATION: The language establishes how much of the special education funding formula shall be used for 16 V.S.A. Sec 2967(b)(2)-(6). It also allows use of these funds to go to entities other than school districts such as UVM and the Vermont Association for the Blind and Visually Impaired. Standard language.

Sec. E.504 Education – adult education and literacy

(a) Of this appropriation, \$4,000,000 from the Education Fund shall be distributed to school districts for reimbursement of high school completion services pursuant to 16 V.S.A. § 1049a(c). Notwithstanding 16 V.S.A. § 4025(b), of this Education Fund appropriation, the amount of:

(1) \$625,000 is available for dual enrollment programs consistent with 16 V.S.A. § 944(f)(2), and the amount of \$25,000 is available for use pursuant to Sec. E.605.1 of this act; and

(2) \$100,000 is available to support the Vermont Virtual Learning Collaborative at the River Valley Regional Technical Center School District.

EXPLANATION: Language ensures that education funds are paid directly to school districts to fund the high school completion program, to help fund the dual enrollment program created in 16 V.S.A. Sec 944, and to support distance learning in Vermont schools. The dual-enrollment funding in this section is a partial appropriation and adds to the amount provided through the Next Generation Fund. Total \$4M is same as in FY 2016.

Sec. E.513 16 V.S.A. § 4025(a)(2) is amended to read:

(2) For each fiscal year, the amount of the general funds appropriated or transferred to the Education Fund shall be ~~\$277,400,000.00~~ \$305,900,000 increased by the most recent New England economic project cumulative price index, as of November 15, for state and local government purchases of goods and services from fiscal year ~~2012~~ 2017 through the fiscal year for which the payment is being determined, plus an additional one-tenth of one percent.

EXPLANATION: Rebasing the GF transfer to the EF is required by the waterfall statute. This language is based on language used in Act 179 of 2015 Sec.E.513.1.

Sec. E.513 Appropriation and transfer to education fund

(a) Pursuant to 16 V.S.A. § 4025(a)(2) as amended by Sec. E.513 of this Act and Sec. B.513, there is appropriated in fiscal year 2017 from the General Fund for transfer to the Education Fund the amount of \$305,902,634.

EXPLANATION: Statutory transfer from the General Fund to the Education Fund. This amount is adjusted per the statutory formula.

Sec. E.514 State teachers' retirement system

(a) In accordance with 16 V.S.A. § 1944(g)(2), the annual contribution to the State Teachers' Retirement System (STRS) shall be \$82,659,576.

(b) In accordance with 16 V.S.A. § 1944(c)(2), of the annual contribution, \$8,327,249 is the “normal contribution,” and \$74,332,327 is the “accrued liability contribution.”

EXPLANATION: Same language as prior years.

Sec. E.515 Retired teachers’ health care and medical benefits

(a) In accordance with 16 V.S.A. § 1944b(b)(2), \$18,322,584 will be contributed to the Retired Teachers’ Health and Medical Benefits plan.

EXPLANATION: Same language as prior year.

Sec.E.602.1 STEP UP PROGRAM

(a) Program creation. There is created a statewide Step Up Program to provide outreach, supportive advising, and up to five free courses toward a college degree to young Vermonters who have graduated from high school but have not continued on to college. The Program shall include college courses offered on the campus of an accredited public postsecondary institution. The Program may include online college courses or components.

(b) Students.

(1) A Vermont resident who has completed grade 12 and has received a high school diploma is eligible to participate in the Program if:

(A) the student:

(i) is age 18 - 25; and

(ii) and has completed the Governor’s Career Readiness Program at the Community College of Vermont;

(B) the postsecondary institution has determined that the student is sufficiently prepared to succeed in a postsecondary course, which can be determined in part by the assessment tool or tools identified by the participating postsecondary institution.

(2) An eligible student may enroll in up to five courses for which neither the student nor the student's parent or guardian shall be required to pay tuition. A student is not required to enroll in five courses in one semester but shall enroll in a minimum of one course in each consecutive semester in order to remain eligible for additional tuition-free courses.

(c) Public postsecondary institutions. The Vermont State Colleges and the University of Vermont shall work together to provide Step Up opportunities throughout the State.

(1) The public postsecondary institution shall maintain the postsecondary academic record of each participating student and provide transcripts on request.

(2) To the extent permitted under the Family Educational Rights and Privacy Act, the public postsecondary institution shall collect and send data related to student participation and success to Secretary and shall send data to the Vermont Student Assistance Corporation necessary for the Corporation's federal reporting requirements.

(3) The public postsecondary institution shall accept as full payment the tuition set forth in subsection (e) of this section.

(d) Program management. The Community College of Vermont (CCV) shall manage or may contract for the management of the Step Up Program in Vermont by:

(1) marketing the Step Up Program to Vermont students and their families including changing the name of the Program;

(2) assisting postsecondary partners to develop memoranda of understanding, when requested;

(3) convening regular meetings of interested parties to explore and develop improved student support services;

(4) coordinating the use of technology to ensure access and coordination of the Program;

(5) reviewing program costs;

(6) evaluating all aspects of the Step Up Program and ensuring overall quality and accountability; and
(7) performing other necessary or related duties.

EXPLANATION: Establishes and outlines the Governor's step up program to help individuals attend higher education. This program is funded through an appropriation in the Next Generation Fund.

Thank you for your review and consideration.