



# **2019 Budget Book Extracts for House Education**

**February 7, 2018**

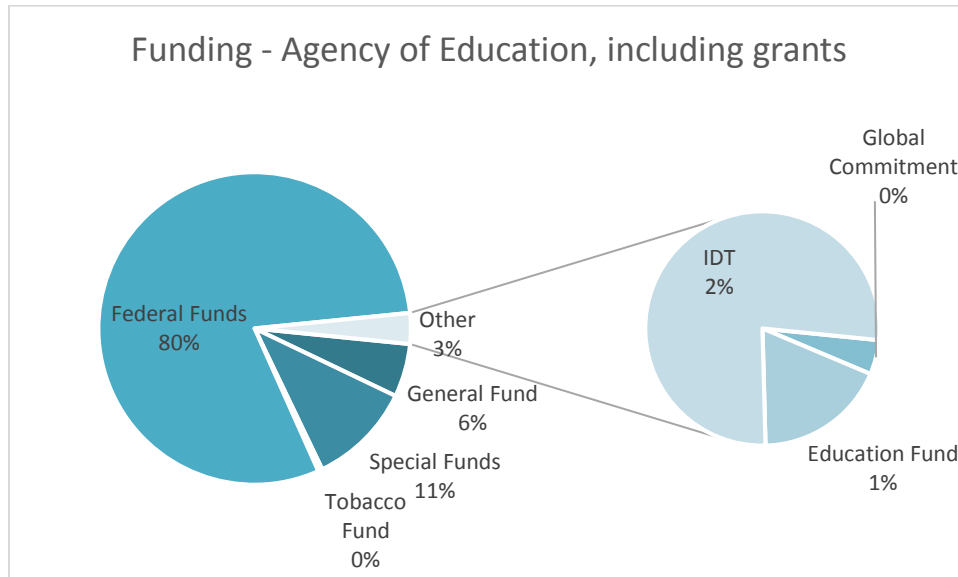
**Vermont Agency of Education**

**[www.education.vermont.gov](http://www.education.vermont.gov)**

## Agency of Education FY 2019 Budget Highlights

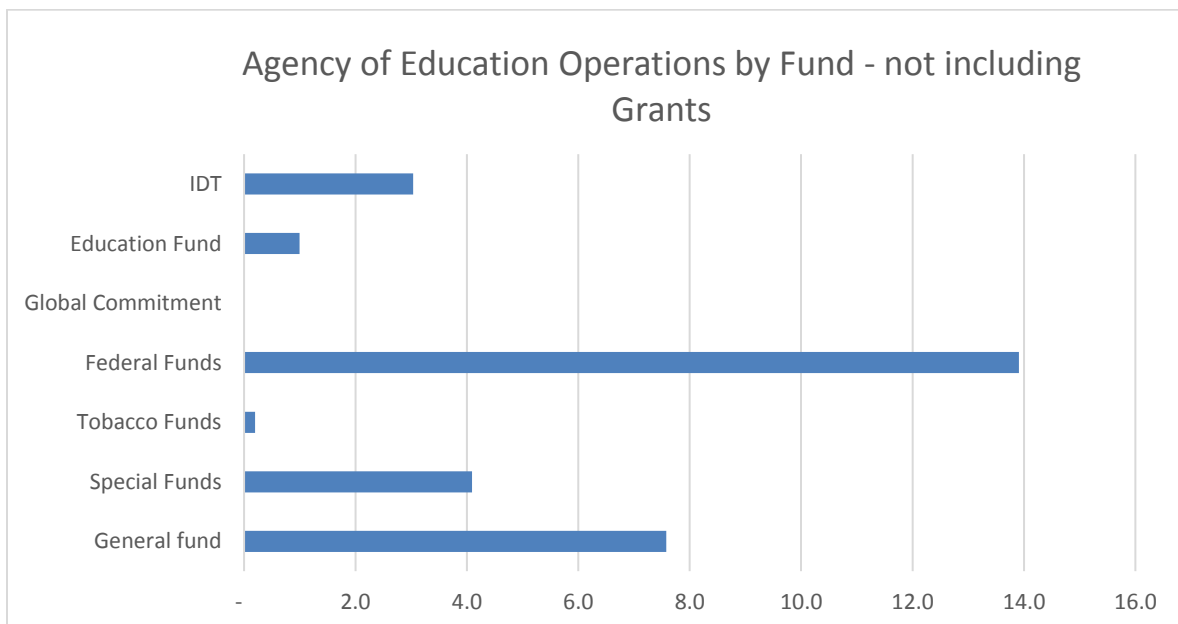
In FY 2019 the budget for the Agency of Education (and excluding the Education Fund expenditures) is reflected in Sections B.500 Finance and Administration and B.501 Education Services. These two appropriations support all work that is done by the Agency of Education to support the implementation of initiatives adopted by the General Assembly, the State Board of Education, and the U.S. Department of Education and the U.S. Department of Agriculture (along with smaller programs funded by a few other Federal Agencies).

\$171.7M is appropriated in these two sections. The following chart shows the distribution of these funds by funding source:



Of the \$171.7M appropriated to the Agency, only \$29.8M supports operating and personnel, or about 17% of the two appropriations. If dollars spent on Agency operations are compared to the dollar value of grants included in the operating budget, as well as all education fund grants, the cost of the Agency's total operations reflects 1.5% of the total \$1,970.7M appropriated for education.

Funding for operations at the Agency are reflected in the chart and table below:



## Summary of Agency of Education Appropriations with and without Grants

<i>(Dollars in Millions)</i>	Including Grants		Without Grants		Difference
General Fund	9.5	5.5%	7.6	25.4%	1.90
Special Funds	18.5	10.8%	4.1	13.7%	14.39
Tobacco Fund	0.8	0.4%	0.2	0.7%	0.55
Federal Funds	137.5	80.1%	13.9	46.7%	123.61
Global Commitment	0.3	0.2%	-	0.0%	0.26
Education Fund	1.0	0.6%	1.0	3.3%	-
IDT	4.2	2.4%	3.0	10.2%	1.17
<b>Total</b>	<b>171.7</b>		<b>29.8</b>		<b>141.9</b>

### General Funds to Support Education

Vermont invests substantially in education. A FY 2019 Summary of General Fund appropriations indicates that nearly 30% of the General Fund is appropriated to support education related activities (\$456.7M). The 30% dedicated to education includes the cost of the General Fund transfer to the Education Fund (\$322.7M), as well as costs related to the teachers' pension system and retired teachers' health care (\$123.9M), and costs to support Adult Education (\$600K). The remaining funds, \$9.5M or 2% of General Funds for Education, is allocated to the Agency to support operations at the Agency, including the allocation of the Education Fund and activities to support Vermont's public school system. The table below provides a high level summary of the General Fund support for education.

General fund for Education (in millions)		
		FY2019
		Gov Rec
Total		456.7
Less Transfer to the Education Fund		322.7
Less Teachers' Pension/Healthcare		123.9
Less support for Adult Education		0.6
Total Non-Agency GF funding for Education		447.2
Remainder for AOE		9.5
Finance & Administration		3.8
Education Services		5.7
Total Agency General Funds		9.5
AOE percentage Education GF		2%

General Fund at the Agency: the General Fund supports the following activities:

- The Secretary's office and the State Board of Education,
- Our finance division (to manage and allocate state and federal dollars),
- Provides the required minimum state matches to retain federal dollars, and
- Administration of several programs including: Drivers Education, Oversight of Home Schooling, Independent School review and approval, Act 77/Flexible Pathways work, Instructional Technology Support, and Adult Education and Literacy.

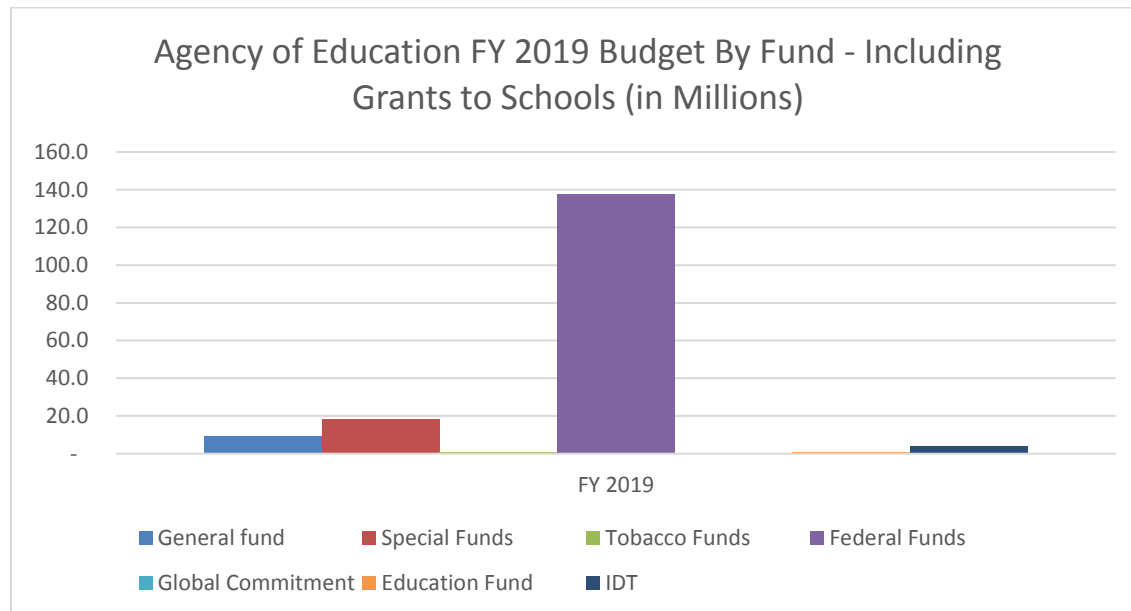
## Education Fund and Agency Operations

By statute, Education Fund dollars cannot be used for state level activities, and thus cannot support AOE operations or activities.

The funds appropriated to the Agency from the Education Fund in B.500 reflect the Education Fund's share of internal service fund costs (VISION) and the audit allocation.

### Federal Funds

Federal dollars fund almost all education initiatives at the AOE, including AOE staff for support of Career and Technical Education, Accountability, Education Quality and School Improvement, Farm-to-School, and nutrition support for day cares, PKs, schools and adult care programs. Of the dollars appropriated to the Agency, approximately 80% of the two operating appropriations comprises federal funds.



When the state accepts federal funds, we accept the responsibility to execute and monitor the grants on behalf of the federal government. Much of the work of the Agency is to ensure that Vermont continues to be good stewards of allocated federal dollars. The majority of these federal dollars are granted to school districts to support many of Vermont's most vulnerable students. The only way that districts can continue to receive these funds is if the Agency provides the federally required fiscal monitoring and oversight.

In addition to federal funds, the Agency relies on Medicaid funds to support operations at the Agency, innovation grants to school districts, and to supplement revenues in the Education Fund. School districts generate this revenue through billing at the local level. Uncertainty around the future of Medicaid may impact this funding source in the future, with implications for operations at both AOE and AHS.

To support administration of federal funds, the federal government provides a "small state minimum" allocation, however, this small state minimum has not increased in about 20 years and has not been adjusted for inflation. Thus, AOE has many fewer staff administering federal funds than it did 20 years ago, and tight staffing does increase the risk of audit findings. To the extent this threshold does not change as administrative costs increase and absent support from State funds, the Agency will continue to face challenges in meeting its federal requirements.

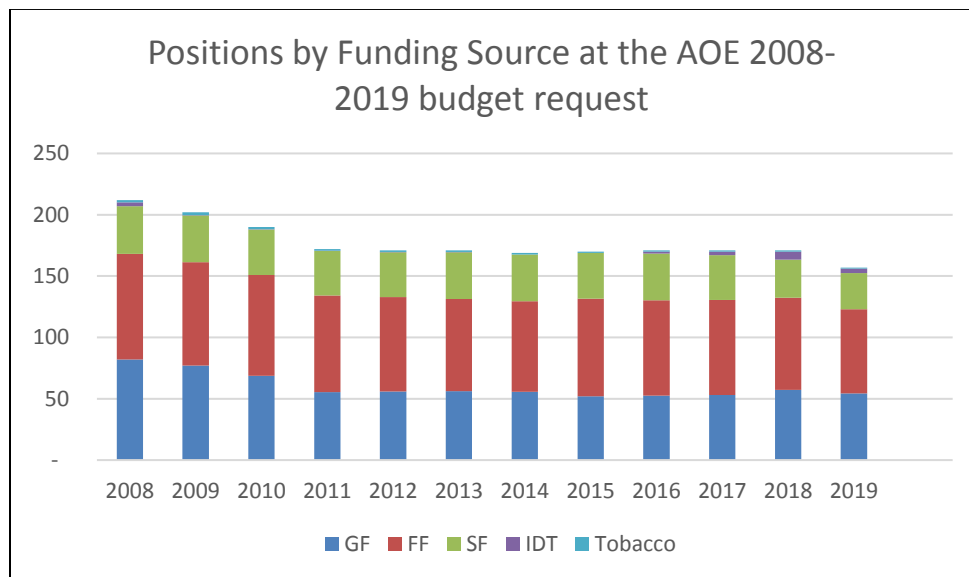
The breadth of federal grants provided by the Agency are outlined in the specific team budgets throughout this document.

## Position Summary

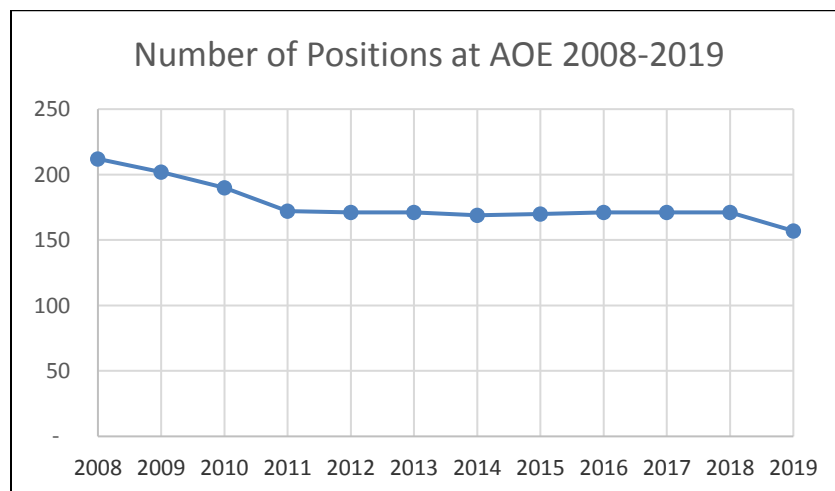
The FY 2019 Executive budget recommendation includes funding for 156 positions at the AOE. This is down from 171 positions in FY 2018. The changes occurred due to:

1. 10 positions were transferred from the AOE to the Agency of Digital Services. These positions are still located at AOE and perform work primarily for the AOE. The money to fund these positions is part of the AOE budget.
2. 3 positions that had been vacant for more than 6 months were swept to the position pool by the Administration.
3. 2 positions are limited service positions that are expiring and no longer will have federal funding available. These positions are currently vacant.

Positions at the Agency are supported by a variety of funding sources. The following figure displays the change in positions by funding source over time.



In aggregate, the Agency has 55 less positions that it did in 2008. In the interim, the AOE has taken on new work associated with new statutory mandates. It is important to recognize that in any one year there will be changes, associated with reorganization of government (creation of ADS) and the acceptance and expiration of Federal Grants that include limited service positions.



## B. 500 – Education - Finance and Administration

The Finance and Administration appropriation contains many of the general operational functions that support the central functions of the Agency. The major functions of the division include:

- The Office of the Secretary and the State Board of Education;
- The Legal Division – supporting litigation, contract review, legislative and administrative rule drafting, license investigations and sanctions, and administrative hearing and dispute oversight for special education;
- Business Office – supporting administrative logistics, central fiscal functions such as accounting, budgeting, audit coordination, contract and central grants oversight;
- Coordination with the Agency of Digital Services on Information Technology projects;
- Burlington College Records Administration;
- Fiscal and regulatory compliance of districts;
- Technical assistance for school constructions;
- Implementation of state rules regarding independent and post-secondary school approval;
- Administration of the distribution of funds to school districts per the requirements of state and Federal Law - including funds for General Education, special education, and the Medicaid Program;
- Collection and analysis of school expenditures and revenue;
- Implementation of a statewide uniform chart of accounts;
- Technical support for schools regarding changes in governance in accordance with Act 46 of 2015, Act 153 of 2010 and Act 156 of 2012.

	<b>FY 2017 Actuals</b>	<b>FY2018 Budget</b>	<b>FY2019 Gov Rec</b>	<b>18-19 Change</b>
<b>Major Object</b>				
Personal Services	6,771,480	8,778,194	6,569,932	(2,208,262)
Operating Expenses	2,342,343	2,475,753	3,575,080	1,099,327
Grants	14,795,670	17,087,879	15,540,935	(1,546,944)
<b>TOTAL</b>	<b>23,909,493</b>	<b>28,341,826</b>	<b>25,685,947</b>	<b>(2,655,879)</b>
<b>Funds</b>				
General Funds	3,909,082	3,475,789	3,795,807	320,018
Education Fund	1,014,007	1,015,606	995,597	(20,009)
Federal Funds	2,369,215	2,714,811	2,396,087	(318,724)
Special Funds	16,447,189	18,590,173	15,540,409	(3,049,764)
Interdepartmental Transfer	170,000.00	2,545,447	2,958,047	412,600
<b>TOTAL</b>	<b>23,909,493</b>	<b>28,341,826</b>	<b>25,685,947</b>	<b>(2,655,879)</b>

	FY 2017 Actuals	FY 2018 Budget	FY 2019 Gov Rec	Delta	Notes
<b>B. 500 - Finance and Administration</b>					
Secretary and State Board	827,804	818,511	977,043	158,532	Principal Assistant moved to Secretary
General Counsel	537,414	605,095	683,185	78,090	Additional Contractual needs
Deputy For Administration	3,634,730	6,636,454	3,616,654	(2,819,800)	Principal Assistant moved Secretary's Office; Removal of Supplemental Property Tax Relief Fund
PreK Funding			200,000		Additional funding for Prek Tech and Positions
IT	3,160,381	4,918,352	3,663,768	15,651	
IT Grants			1,270,235		
Special Education Finance	15,749,164	15,363,414	744,362	(88,352)	
Medicaid Grants			14,530,700		
<b>Total</b>	<b>23,909,493</b>	<b>28,341,826</b>	<b>25,685,947</b>	<b>(2,655,879)</b>	
<b>Finance and Administration - funding</b>					
General Fund	3,909,082	3,475,789	3,795,807	320,018	200K for Prek
Special funds	15,945,856	18,330,173	15,280,409	(3,049,764)	
Education Fund	1,014,007	1,015,606	995,597	(20,009)	
Federal funds	2,369,215	2,714,811	2,396,087	(318,724)	
Global Commitment Fund	501,333	260,000	260,000	-	
Interdepartmental transfers	170,000	2,545,447	2,958,047	412,600	
<b>Total</b>	<b>23,909,493</b>	<b>28,341,826</b>	<b>25,685,947</b>	<b>(2,655,879)</b>	

All other Changes in this appropriation reflect internal service fund charges, annualization of Pay Act and additional minor budgetary updates

## B. 501 – Education Services

Working under the direction of two Deputy Secretaries, the Education Services Teams provide technical assistance, performance feedback and support to schools, and carry out state and federal requirements for special education, assessment, and other direct support services.

	<b>FY 2017 Actuals</b>	<b>FY2018 Budget</b>	<b>FY2019 Gov Rec</b>	<b>18-19 Change</b>
<b>Major Object</b>				
Personal Services	14,935,292	18,681,101	18,451,314	(229,787)
Operating Expenses	1,248,945	1,604,659	1,473,983	(130,676)
Grants	119,196,221	125,444,492	126,074,411	629,919
<b>TOTAL</b>	<b>135,380,458</b>	<b>145,730,252</b>	<b>145,999,708</b>	<b>269,456</b>
<b>Funds</b>				
General Funds	5,066,742	5,530,968	5,681,029	150,061
Federal Funds	125,617,858	133,477,859	135,118,942	1,641,083
Tobacco Litigation Funds	605,474	750,388	750,388	
Special Funds	2,540,459	3,908,374	3,202,682	(705,692)
Interdepartmental Transfer	1,549,925.00	2,062,663	1,246,667	(815,996)
<b>TOTAL</b>	<b>135,380,458</b>	<b>145,730,252</b>	<b>145,999,708</b>	<b>269,456</b>

The Education Services division is made up of 5 teams. The goals of each team are described in the following pages, along with details on the grants programs that they support.

The teams include:

- Integrated Support for Learning
- Transformation and Innovation; Research and Flexible Pathways
- Federal Education and Support Programs
- Educator Quality
- Quality Assurance



	FY 2017 Actuals	FY 2018 Budget	FY 2019 Gov Rec	Delta	Notes
<b>B. 501 - Education Services</b>					
Transformation & Innovation Grants	4,351,571	5,833,366	1,716,259 4,232,085	114,978	
Educator Quality Grants	1,184,416	1,694,482	1,429,435 32,500	(232,547)	
Federal and Education Support Programs Grants	81,070,573	80,990,765	3,378,332 79,710,105	2,097,672	New Federal Grant Programs
Flexible Pathways and Personalization Grants	6,890,547	8,412,564	1,496,870 6,850,000	(65,694)	
Integrated Support for Learning Grants	36,225,880	41,733,925	6,853,463 32,986,761	(1,893,701)	Expiration of Grants and Contractual Changes
Quality Assurance Grants	5,657,471	7,065,150	5,050,938.0 2,262,960	248,748	
<b>Total</b>	<b>135,380,458</b>	<b>145,730,252</b>	<b>145,999,708</b>	<b>269,456</b>	
<b>Education Services - funding</b>					
General Fund	5,066,742	5,530,968	5,681,029	150,061	
Special Funds	2,540,459	3,908,374	3,202,682	(705,692)	
Tobacco Fund	605,474	750,388	750,388	-	
Federal Funds	125,617,858	133,477,859	135,118,942	1,641,083	
Interdepartmental Transfers	1,549,925	2,062,663	1,246,667	(815,996)	
<b>Education Services Funding Total</b>	<b>135,380,458</b>	<b>145,730,252</b>	<b>145,999,708</b>	<b>269,456</b>	

All other changes in this appropriation reflect internal service fund charges, annualization of Pay Act and additional minor budgetary update