



2020 Budget Book

FY 2020 Budget Recommendations

February 2019

Vermont Agency of Education

www.education.vermont.gov

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Executive Summary

We present for consideration the budget recommendations of the Vermont Agency of Education for Fiscal Year 2020 (FY2020). The intent of this book is to provide both the budgetary figures for the Agency of Education's operating budget and a summary of the expenditures from Vermont's Education Fund.

To contextualize the work at the Agency and the current state of Vermont's Public Education System this book is organized into three sections. The first section is a series of briefs that outline some of the policy analysis, budgetary overview, and legislative work that the Agency is currently engaged, including

1. Budgetary overview of the Agency of Education
2. Overview of Act 46 Implementation
3. Status of the implementation of the Uniform Chart of Accounts and the Statewide School District Data Management System.
4. Special Education Funding formula proposed change

The second section of this book provides an overview of the Agency of Education. We present the two appropriations that fund the administration and implementation of Vermont's education initiatives. Included in this section is:

1. Summary of positions in the Agency and organizational structure
2. Budget detail of the two operating appropriations that support the Agency
3. Overview of State and Federal grants managed directly by the Agency

The final section provides a budget overview of appropriations from the Education Fund.

Message from the Secretary

I have been a Vermont educational leader for 19 years. I can think of no time in that period when Vermont's education system faced a more complex policy context than it does today. This policy context includes:

- Act 77 – personalizing student learning through personal learning plans, flexible pathways, and proficiency-based learning all based on new Education Quality Standards (EQS);
- Education Quality Reviews – a new accountability system created as a response to Vermont's EQS and designed to meet new federal requirements under the Every Student Succeeds Act;
- Act 166 – a re-design of Vermont's early learning and care system;
- Act 173 – a complete restructuring of Vermont's special education finance and delivery system;
- The implementation of several statewide data systems including a State Longitudinal Data System (SLDS), new Uniform Chart of Accounts, and a statewide school accounting system; and
- Act 46 - a historic reorganization and consolidation of Vermont's school district governance structure.

Agency Capacity and Resources

Each of these initiatives in itself would be a major undertaking, but taken together they present a significant organizational and leadership challenge to the Agency. To navigate these challenges, I have been reviewing Agency staffing and organizational structures. Upon appointment as Secretary, I was surprised to learn the Agency had approximately twenty-five vacant positions and only six were under active recruitment. We have subsequently made changes to our recruitment processes to remediate this issue.

I have also made changes to the Agency's organizational structure to better respond to this dynamic and complex policy context. A major change was the creation of a "Data Management" division. Previously, data functions were dispersed among several divisions. Putting this key function under the supervision of a single director should bring better coordination of our resources in this area.

Does the Agency need more resources? This is still an open question to me. A large number of Agency personnel are funded from grants and federal revenues. I suspect there are sufficient resources to sustain these programs since they tend to grow or retract with their revenue sources. New programs, however, will require new resources.

The proposed FY2020 Agency budget includes funds related to the organizational restructuring necessary to bring about greater internal oversight and supervision of Agency work. This will allow the Agency to begin a needs assessment on capacity relative to the various policy initiatives currently under way, and to identify areas where additional resources will be necessary in the future.

Areas where the Agency will probably need additional resources in the future are areas supported by General Fund revenues. These positions are in the business and data divisions of the Agency. For example, I expect there will be renewed interest in school facilities and school

construction as a result of the initiative to test for lead in school drinking water. At one time, the Agency had three positions to support school facilities. Now, the Agency has no positions dedicated solely to this work. This reduction in staff was directly related to the moratorium on school construction aid which was implemented about 10 years ago. Nevertheless, I suspect we will be learning more about facilities needs in the coming months since many districts, absent state reimbursement, have had to defer these projects. If the general assembly determines and a review of school facilities is warranted, the Agency will need associated staff and associated resources to do the work.

Towards Greater Policy Coherence

Another approach to addressing capacity issues at the Agency is to work towards greater policy coherence. Policy coherence would allow for a more efficient allocation of resources while at the same time increasing the overall effectiveness of the Agency.

Part of the dynamic related to the current strain on resources is the implementation of major policies and systems all at the same time. Before creating new policy initiatives, we should do better job at capacity assessment and seek to understand: 1) to what extent does the new initiative complement or interfere with current initiatives, and 2) to what extent can the project be managed within the Agency's organizational structure - there has been a tendency over the years to create new task forces, commissions, and work groups, all of which require staffing support from the Agency even though the Agency itself might not be directly responsible for the work.

Policy coherence translates into an increased capacity to focus resources to achieve policy objectives. Placing excessive demands on the Agency through competing initiatives undermines its organizational effectiveness even when sufficient resources have been assigned.

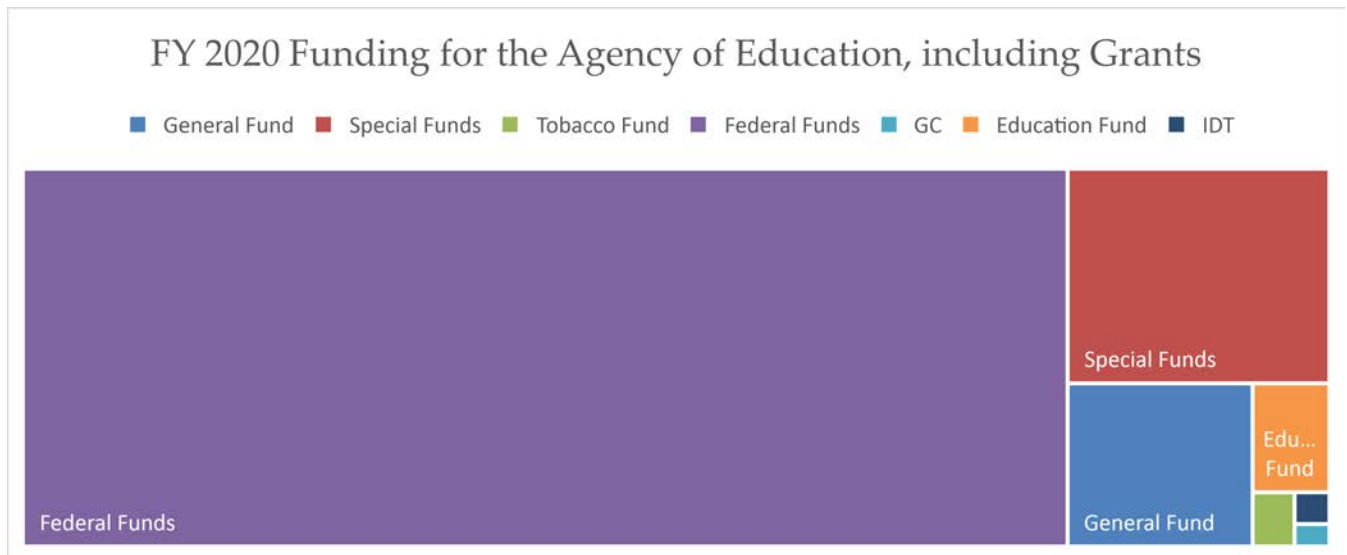
Lastly, we need to acknowledge that the current initiatives (e.g. Act 46, Act 173, and the statewide data systems) are significant reforms and will take time to implement well. We should be attentive to ensuring these initiatives are given top priority in terms of resources and focus since they are critical to the future restructuring of the system.

FY 2020 Budget Overview and Policy Priorities Agency of Education

Agency of Education FY 2020 Budget Overview

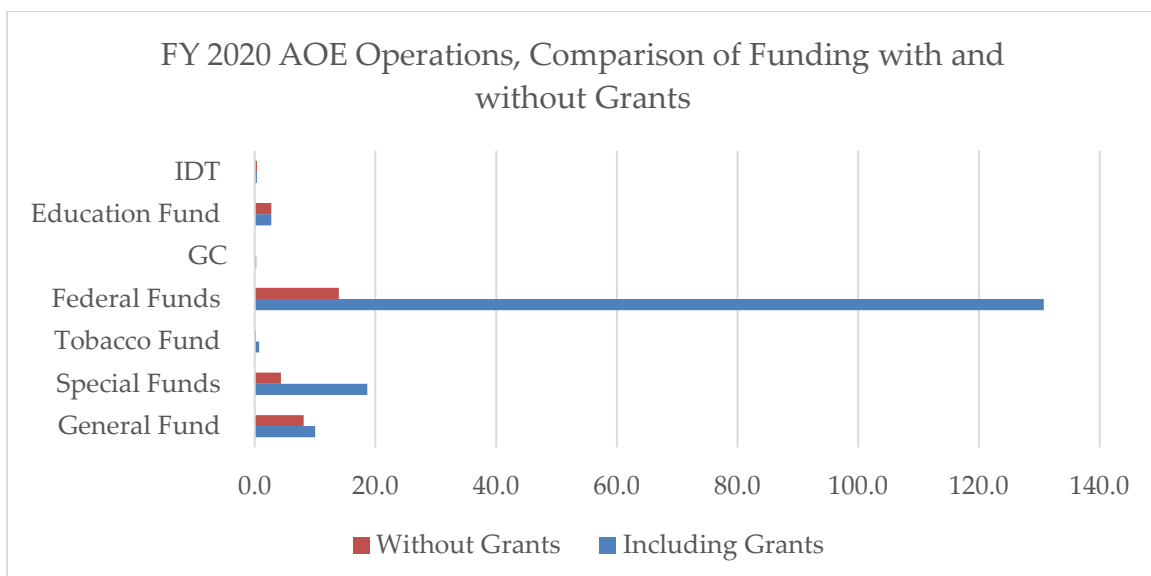
In FY 2020 the budget for the Agency of Education (and excluding the Education Fund expenditures) is reflected in Sections B.500 Finance and Administration and B.501 Education Services. These two appropriations support all work that is done by the Agency of Education to support the implementation of 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).

\$163.5M is appropriated in these two sections. The following chart shows the distribution of these funds by funding source:



Of the \$163.5M appropriated to the Agency, only \$29.7M supports operating and personnel, or about 18% of the two appropriations. If dollars spent on Agency operations are compared to the dollar value of grants included in the operating budget, education fund grants, the cost of the State Board of Education and teacher's retirement obligations, the cost of the Agency's total operations reflects 1.5% of the total \$2,034.9M appropriated for general 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	10.0	6.1%	8.1	27.3%	1.9
Special Funds	18.6	11.4%	4.3	14.6%	14.3
Tobacco Fund	0.8	0.5%	0.2	0.7%	0.5
Federal Funds	130.7	80.0%	13.9	46.9%	116.8
Global Commitment	0.3	0.2%	-	0.0%	0.3
Education Fund	2.8	1.7%	2.8	9.3%	-
IDT	0.4	0.2%	0.4	1.2%	-
Total	163.5		29.7		133.8

General Funds to Support Education

In FY 2019 the General Assembly repealed the long standing transfer of Education funds to the General Fund, and directed 100% of the Sales and Use Tax and 25% of the Rooms and Meals Tax to the Education Fund. The support for General Education from the General Fund is only used to support Adult Education and Literacy, the Community High School of Vermont, the unfunded liabilities for the Teachers' Pension and Other Post-Employment Benefits, and the Administration at the Agency that is not covered by Federal Funds or other sources. In FY 2020, 10% of the General Fund is dedicated to education, which includes the costs related to the teachers' pension system and retired teachers' health care (\$144.5M), and costs to support Adult Education (\$3.6M), the cost of the Community High School of Vermont (\$3.5M), and funds to support the State Board of Education (\$0.08M). The remaining funds, \$10M or 6% 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)	
	FY2020 Gov Rec
Total	161.68
Less Teachers' Pension/Healthcare	144.53
Less Community High School	3.46
Less State Board of Education	0.08
Less Support for Adult Education	3.61
Total Non-Agency GF funding for Education	151.68
Remainder for AOE	10.00
Finance & Administration	3.75
Education Services	6.25
Total Agency General Funds	10.00
AOE percentage Education GF	6%

General Fund appropriated to the AOE support activities including:

- The Secretary's Office and Legal Division
- The 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.

Historically, 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. These costs are about \$1M.

In the FY 2020 budget, the Agency is proposing to add \$1.7M to the administrative appropriation to support two statewide technology activities from the education fund. These two activities include the Statewide Longitudinal Data System (SLDS) and the Statewide School District Data Management System (SSDDMS). These two systems are required by state and federal law and are utilized by all school districts.

The Agency is recommending the following amendment to Title 16 to allow Education Funds to be utilized for statewide systems managed by the Agency:

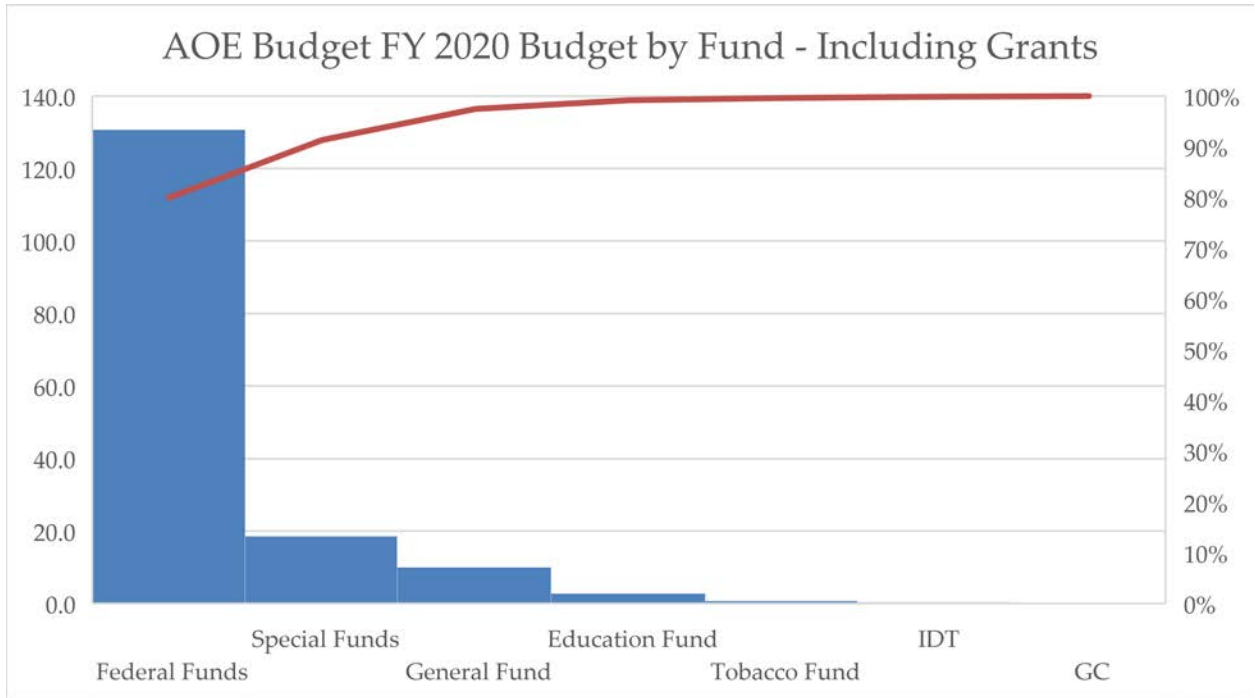
Sec. E.500.1 16 V.S.A. Sec. 4025(b) is amended to read:

(5) To make payments for contracted services to support statewide administrative education systems, including the costs of the statewide school finance and financial management data system to complete the reporting required by 16 V.S.A. § 242(4) and pursuant to 2018 Special Session Act 11, Sec. E.500.1.

This amendment will ensure that the Agency has the funds necessary to continue to operate these systems to meet state and federal data reporting requirements to achieve statewide efficiencies through the use of a centralized system.

Federal Funds

Federal dollars fund many education initiatives at the Agency, including AOE staff for support of Career and Technical Education, Accountability, Special Education, Education Quality and School Improvement, Farm-to-School, and nutrition support for day cares, PKs, schools and adult care programs. Of the \$130.7M federal funds appropriated to the AOE, approximately 10.7% or \$13.9M is used to fund personal services and operating costs of the Agency, the remaining is granted out.



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.

Act 46

Summary of Changes:

Students: Of the 78,733 *Kindergarten*-Grade 12 students living in Vermont in the 2017-2018 academic year, approximately:

- **36,752 (46.7%)** of them live (or will live) in a voter-approved unified school district created since the enactment of Act 46 in 2015 (including the Mt Mansfield MUUSD)
- **16,495** additional students live in pre-existing supervisory districts (Burlington, etc.) – totaling **53,247** students (**67.6%**)
- **10,694** additional students will live in a union school district created by the State Board of Education’s Final Report and Order – totaling **63,941** students (**81.00%**)

Districts: Since the enactment of Act 46 in 2015, voters in 151 districts have voted to form 38 new unified union school districts. The State Board’s Final Report and Order created an additional 11 new union school districts. The reduction in the number of school districts is as follows:

- FY13 – Prior to formation of districts under Acts 153, 156, 46, and 49 = **276 districts**
- FY16 – Prior to enactment of Act 46 = **267 districts**
- FY20 – After voter-approved mergers under Acts 153, 156, 46, and 49 = **154 districts**
After State Board mergers = **120 districts**
(Potential mergers of NMEDs with MUUSDs = **116**)

Net Reduction since FY13

- 122 – Due to new union districts created under Acts 153, 156, & 46
- 34 – Due to SBE’s Final Report and Order
- (4 – Potential, due to NMEDs/MUUSDs)

Supervisory Unions: The number of supervisory unions in the state has been reduced from 59 in FY2016 to 51 as of November 30, 2018 (two of those will not be fully dissolved until FY2020 and 2022).

Fiscal Consequences

Of the 38 voter-approved unified union school districts formed after the enactment of Act 46, 21 became operational in July 2018 and five more will not be operational until July 2019. An additional 11 new union school districts created by the State Board’s Final Report and Order also will become operational on July 1, 2019.

As a result, only 12 new unified union school districts have been operational for at least one full fiscal year. These districts have reported operational benefits such as a greater flexibility to share staff, resources, and programs among schools and the ability to offer intra-district K-6 or K-8 choice among the unified district’s schools.

Fiscal benefits are also evident, though most districts have chosen to strengthen collaboration and governance with existing school structures, prior to seeking substantial operational changes.

Observations from the districts include the following:

Mill River Unified Union School District (operational July 2016)

- Average annual savings in the \$500,000-800,000 range compared to pre-merger, primarily due to centralized facilities management, staffing efficiencies and sharing of staff, and conservative spending.
- Surpluses have fallen in the \$500,000-800,000 range as well.
- Decisions resulting in savings have a smaller impact than they would like on local tax rates due to the education funding formula, including the effect of the common level of appraisal (CLA). Tax rates can increase even if the new unified district saves money.
- The lack of state funding for capital projects over the last decade has created a “near crisis level of deferred maintenance in many locations,” requiring the pursuit of bond questions and difficult budgeting decisions in order to support older buildings and keep them viable.

Otter Valley Unified Union School District (operational on July 1, 2016; member of the Rutland Northeast Supervisory Union)

- Reconfigured three small elementary schools, all of which operated prekindergarten through grade 6 classrooms, as follows:
 - One school providing prekindergarten, with a private child care partner sharing the space.
 - One school operating kindergarten through grade 4, with class sizes that are close to 15 students.
 - One school providing grades 5 and 6.

This plan allowed for the reduction of four teaching positions and additional paraprofessional positions, leading to a total reduction of \$1.5 million in the district’s budget between FY2018 and FY2019.

Kingdom East Unified Union School District (operational July 1, 2018)

- Elimination of the Essex-Caledonia SU resulted in fiscal savings (shared with the two other new unified districts that enabled the SU elimination).
- Centralized, shared responsibility for facilities enabled collaboration leading to installation of a heating pellet plant that increases energy efficiency.
- Increased enrollment from students living in neighboring districts, resulting in increased revenue.
- Greater accountability and fiscal responsibility (e.g., identified that one of the forming districts had been paying tuition to an independent school that is not eligible to receive publicly funded tuition dollars; identified that one of the forming districts had been providing free meals not only to students but also to staff).

Capital Bill Request

The FY2019 capital bill adjustment included language requiring the Agency to request application for capital planning grants from Supervisory Unions and Supervisory Districts. These applications were issued in order to inform the Agency of how an SU/SD would utilize a grant funds to plan for a renovation project, under specific parameters. The AOE received one application from Slate Valley Unified Union School District and has requested that the \$50,000 be allocated to the AOE to grant to Slate Valley for the purposes of planning for renovations that will result in the closure of at least one building.

Financial Notes:

The Agency of Education does not have enough data to analyze how and if saving have been realized locally beyond anecdotes such as those mentioned above. It is important to remember that only 12 Supervisory Unions have completed a full fiscal year of operations under their new governance structures.

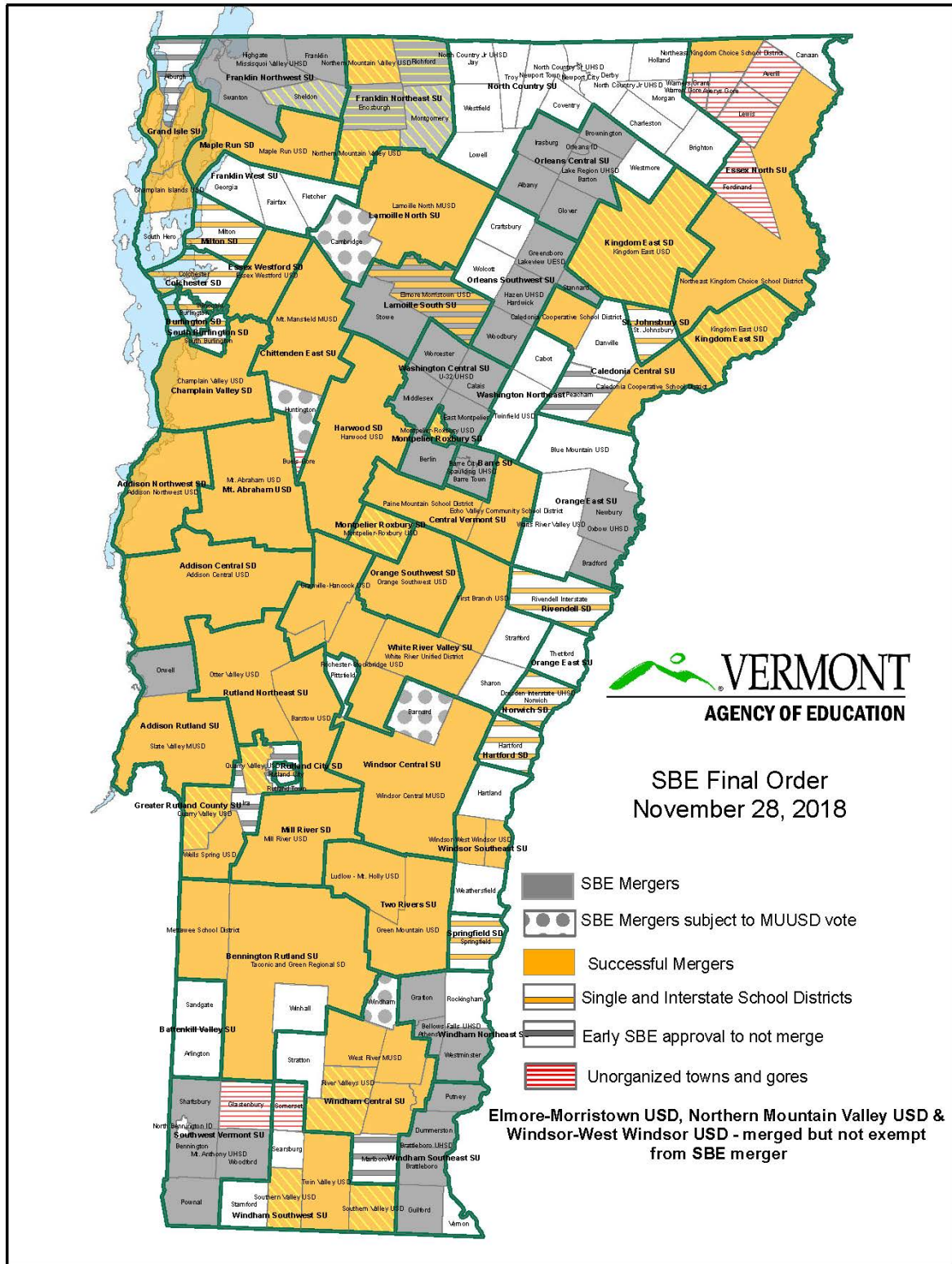
The following table summarizes what has been allocated to districts to help support the implementation of Act 46.

	Exploration Grant		Planning Grant		Transition Facilitation Grant	
	Granted	Spent	Granted	Spent	Granted	Spent
FY16	110,000	48,383	520,000	195,147	555,528	425,528
FY17	20,000	27,171	340,000	281,336	1,077,790	864,253
FY18	-	-	-	232,327	1,778,110	2,121,647
FY19	-	3,500	-	-	-	-
Total	\$ 130,000	\$ 79,055	\$860,000	\$ 708,810	\$ 3,411,428	\$3,411,428

** some grants were paid out in the year after they were awarded.*

Summary	
Total Awarded	4,401,428
Total Spent	4,199,293
Difference	202,135

Map of Merger Activity



Uniform Chart of Accounts – School District Data Management System

Background: Act 179 Sec. E.500.1 of 2014 as amended by Act 58 of 2015 required that the Agency of Education work to implement a uniform chart of accounts (UCOA) to be used by all school districts in the state. The goal of this endeavor is to provide the Agency and the General Assembly the financial data necessary to do fiscal analysis of Vermont’s schools to inform policy decisions.

The Agency worked with supervisory unions to determine the best way to achieve this legislative goal. Through this work, the Agency decided to begin an RFP process for a Statewide School District Data Management System (SSDDMS) to provide a centralized mechanism to manage the chart of accounts and provide the Agency with a means to collect school finance and personnel data more efficiently. The SSDDMS contract was signed in March of 2018 and implementation is currently underway.

Sec. E.500.1 (a) of Act 11 of the 2018 special session requires all supervisory unions to implement the SSDDMS by FY 2021, unless the SU qualifies for a waiver. SU’s that qualify for the waiver may have one additional year to implement.

A few SU/SDs implemented the system at the end of 2018, serving as first group of SU/SDs to undergo this transition. The initial timeline for implementation was aggressive, and subsequently, AOE, the vendor, and SU/SDs are working together to improve the implementation process. This resulted in a request to the General Assembly to change current law to align the implementation of the UCOA with the SSDDMS.

Next Steps: The SSDDMS will provide the Agency and school districts with a centralized system for financial data collection. There are several benefits to the state from this project including higher quality and more consistent comparable school finance and personnel data, centralized contract management, and economies of scale.

Initially, the UCOA and SSDDMS are funded with a onetime appropriation, with funds set aside from the supplemental property tax relief fund. This special fund does not have a revenue source and will not sustain the project in the long term.

The FY 2020 Governor’s recommended budget includes a proposal to sweep the balance of the supplemental property tax relief fund into the Education Fund at the end of FY 2019. Starting in FY 2020 the Agency is requesting an appropriation of \$1M to support this project in order to create a sustainable funding source for this work.

More information can be found on the AOE informational Websites:

[UCOA Website](#)

[SSDDMS Website:](#)

Special Education Funding Change – the Implementation of Act 173 of 2018

Background:

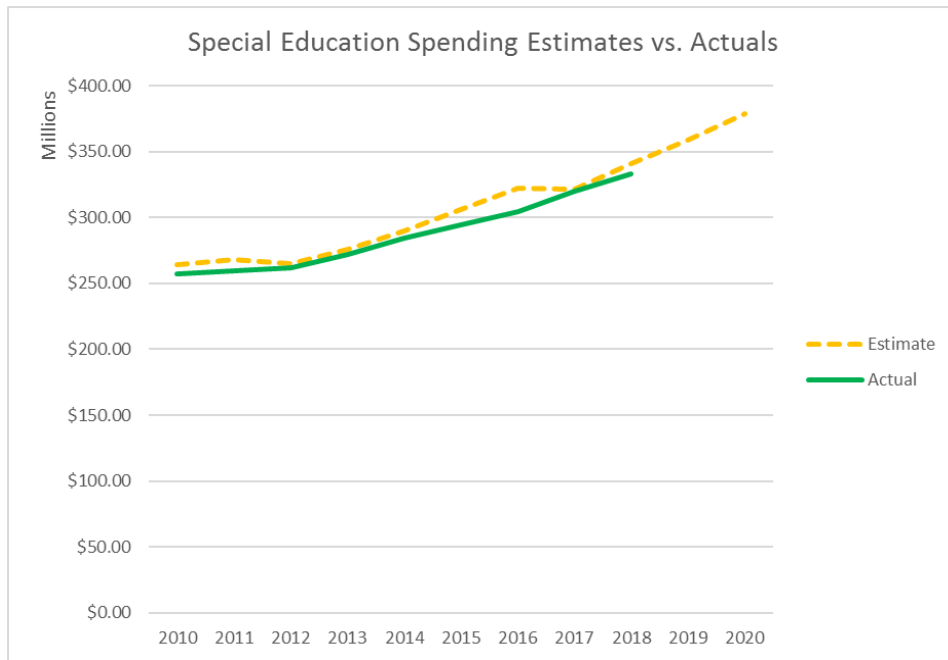
The General Assembly commissioned two studies in 2016 to review the funding and delivery of special education in Vermont. The first of the two studies was produced by the District Management Group (DMG), suggested five key areas in which Vermont could invest to improve outcomes for struggling learners. The second study conducted by University of Vermont (UVM) compared the value of reimbursement versus census funding models for special education. The culmination of these two studies resulted in the implementation of a census based funding model through Act 173 of 2018.

The shift in the funding model is anticipated to generate several benefits for SU/SDs including a reduction in state and local administrative burdens, and the more flexible use of funds. This change is expected to support Vermont school districts in their efforts to capitalize on the DMG findings and to improve outcomes for all students.

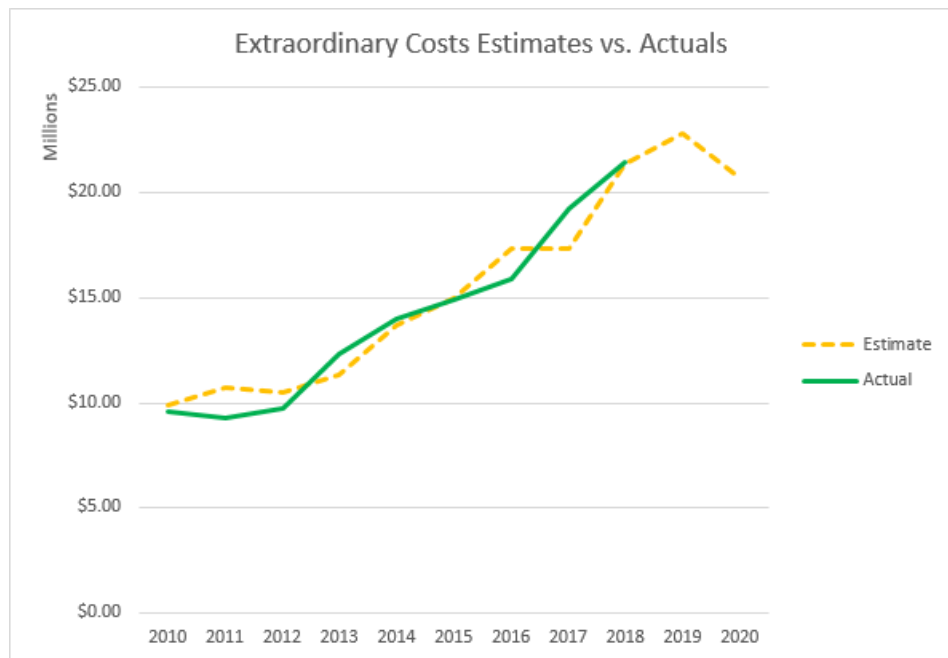
Change in Funding:

The migration from reimbursement to census-based funding models is expected to occur gradually over a number of years beginning in FY 2021, when SUs will receive an amount based on historical funding. The census funding model will be fully implemented in FY 2025, where each SU/SD in the state will receive the same per student funding amount to support special education, known as the uniform base amount. Beginning in FY 2025, each SU/SD will receive a grant equal to the uniform base amount multiplied by the SU's average daily membership. IN FY 2020, Special education in Vermont will continue to be funded through a combined block grant and reimbursement system, where the state provides 60% of total special education costs to supervisory unions/districts.

The following chart provides the budget vs actual spending on special education by the state and local SU/SDs since FY 2010. The estimated are based on service plans, or budgets, submitted to the Agency every fall. In FY 2015 and FY 2016 there was divergence between the projected budget for special education and the actual local spending, generating significant reversions to the Education Fund. This window coincided with the final, legislatively-mandated push to consolidate special education services at the supervisory (not district) level. A possible explanation for this divergence is that districts had trouble predicting costs under the state-mandated transfer of special education services to the supervisory level from the district level, which resulted in an overestimation of local budgets. In subsequent years, actual expenditures closely align with projected need.



In addition to special education expenditure reimbursements, the state reimburses 90% of student specific costs over the extraordinary cost threshold of \$50K. The volume of such reimbursements has increased over time. This is in part due to the fact that the threshold for extraordinary cost reimbursement, \$50K, has not changed since the late 1990s. Act 173 increases this threshold to \$60K in FY 2020, and for every year following the threshold will be increased by the NIPA. Additionally, the General Assembly includes some tweaks the reimbursement formula to remove incentives to make funding decisions on the margin.



Implementing Act 173

It is important to note that the success of Act 173 is only partly about the implementation of a change to the funding mechanism. The only way that the change in funding will be successful is if SU/SDs implement the changes in practice that are necessary to slow spending. The practice changes identified by the DMG report are not only best practices to ensure the best outcomes for kids, but many of them may result in reduced spending.

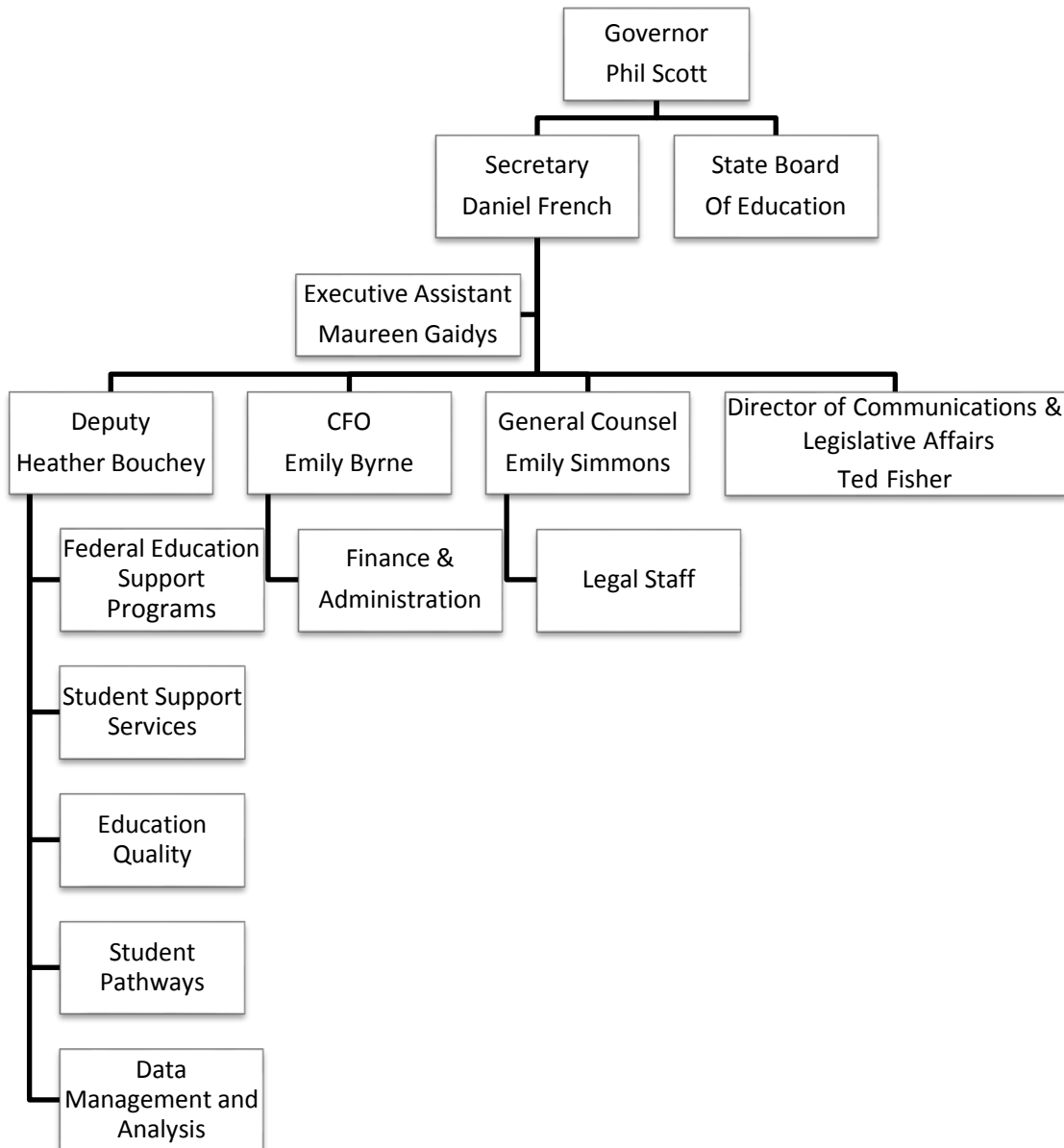
Since the adoption of Act 173 the Agency has begun work to support successful implementation of the law. This work has included beginning the rule making process to realign the special education funding rules with the census based funding model. The AOE has been working on developing professional development and technical assistance resources to help SU/SDs implement the change in practice necessary to achieve the goals of the act. Additionally, the AOE has been working to hire the additional staff provided to the Agency to work with SU/SDs on practice change. The Agency is working to align the work of 173 with other work underway at the AOE.

The FY 2020 budget request includes the positions and contractual support added in Act 173.

FY 2020 Operating Budget & Organization Agency of Education

Agency of Education Organization and Positions

The Agency of Education is led by the Agency Secretary. The State Board of Education makes policy and rules, and provides oversight capacity of the implementation of Education Law and Policy by the Agency. Below is a high level summary of the organization of the Agency. A detailed [AOE organizational chart](#)

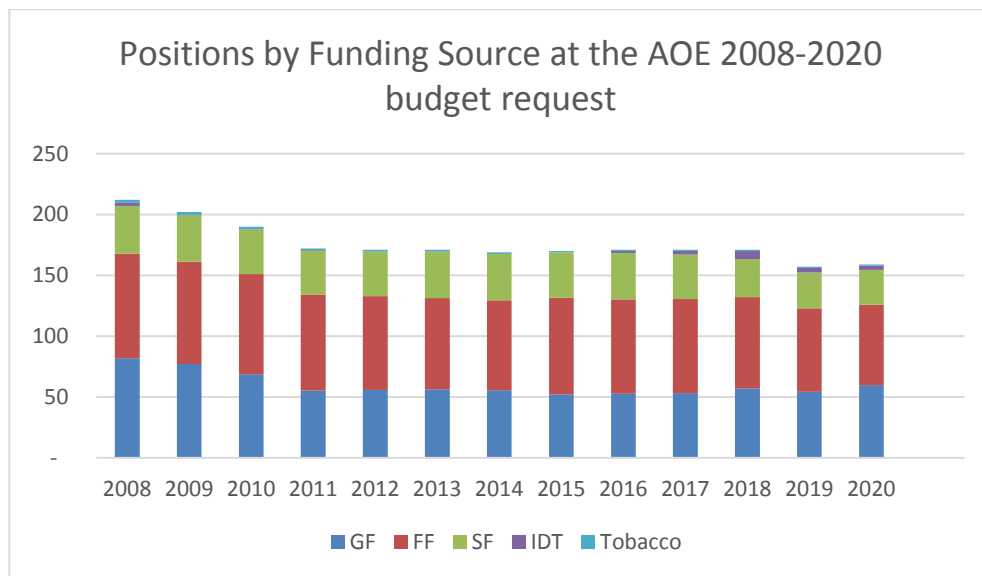


Position Summary

The FY 2020 Executive budget recommendation includes funding for 159 positions at the AOE. This is up from 156 positions in FY 2019. The changes occurred due to:

1. 3 additional positions for work associated with Act 173 of 2018. Two staff were added to support program implementation, one on the Special Education Team and one on the Multi-Tiered Systems of Support (MTSS) Team; the third additional staff member is a special education attorney.
2. 2 positions were added in Act 11 of the Special Session of 2018 to support PreK work. These positions are currently supporting the collection of PreK data and the monitoring.
3. 1 was added from the pool to support the Finance Division with internal Agency Operations.
4. 1 Position was added through the SAMSHA grant approved by the Joint Fiscal Committee to do work relate to Mental Health Supports in Schools.
5. 4 limited services positions have or will expire before FY 2020, including two positions from the PDEG Grant, one from a CDC grant and one from limited child nutrition funds.

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 53 fewer 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
- 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;
- The Finance Division -supporting both central Business Office operations and School Finance, including Burlington College Records Administration; fiscal and regulatory compliance of districts; technical assistance for school construction; 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;

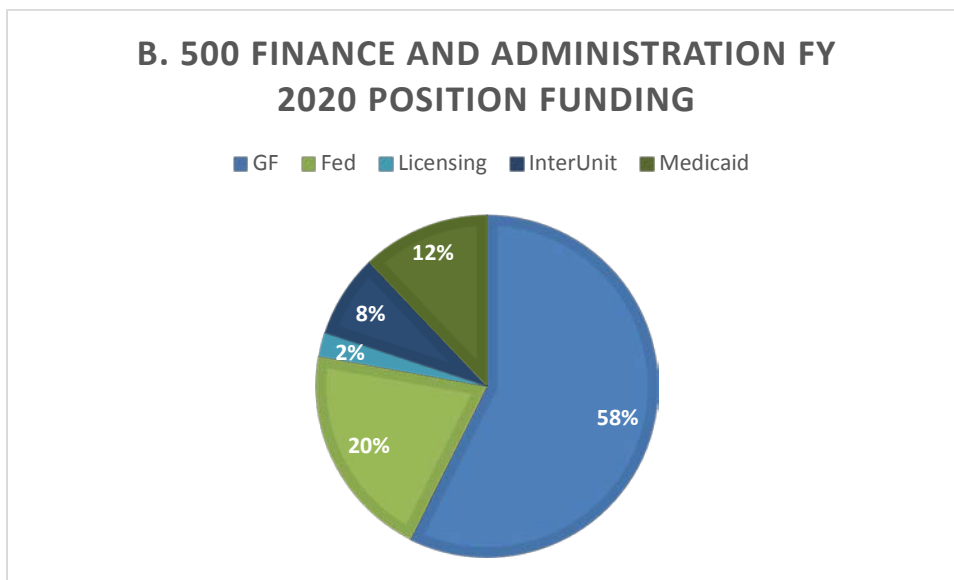
	FY 2018 Actuals	FY2019 Budget	FY2020 Gov Rec	19-20 Change
Major Object				
Personal Services	6,207,813	7,569,932	6,596,438	(973,494)
Operating Expenses	2,309,060	3,575,080	3,695,315	120,235
Grants	14,214,951	15,540,935	14,270,700	(1,270,235)
TOTAL	22,731,824	26,685,947	24,562,453	(2,123,494)
Funds				
General Funds	3,461,521	3,795,807	3,747,829	(47,978)
Education Fund	1,015,606	995,597	2,767,483	1,771,886
Federal Funds	2,096,362	2,396,087	2,199,952	(196,135)
Special Funds	708,171	16,540,409	15,478,301	(1,062,108)
Interdepartmental Transfer	15,450,164.00	2,958,047	368,888	(2,589,159)
TOTAL	22,731,824	26,685,947	24,562,453	(2,123,494)

The Finance and Administration division of the Agency has a FY 2020 budget of \$24.56M including grants; an all funds budget reduction of \$2.123M. The net changes in the appropriation are driven by several factors, including:

1. Increase associated with Pay Act and changes in Internal Services Funds.
2. Position and Operating Changes associated with the Agency Reorganization
3. An on-going base appropriation for the SSDDMS and the SLDS
4. The termination of federal funds
5. Shifting the State Board funding to its own appropriation
6. Adding Act 173 positions into the Base Budget

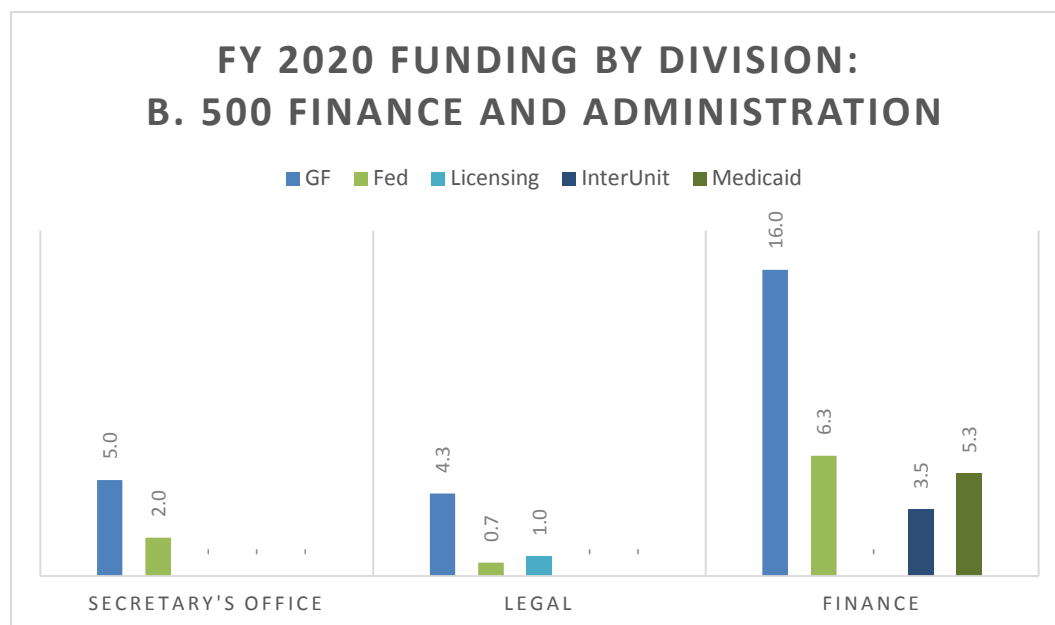
B. 500 – Finance and Administration; Personal Services and Operating

The Finance and Administration division houses 44 Positions. The following chart provides an overview of how these positions are funded:



The majority of funds for the administration of the Agency are from the General fund (58%). Federal funds provide 20% of funding for the positions, these federal funds comprise both indirect funds earned through the administration of federal grants, as well as state-level Special Education dollars to support the special education finance team.

The following chart shows an overview of positions by team by fund in the Finance and Administration Appropriation:



B.500 –Finance and Administration; Summary of Positions

Team	GF	Fed	Licensing	IDT	Medicaid	Total
Secretary's Office	5.0	2.0	-	-	-	7.0
Legal	4.3	0.7	1.0	-	-	6.0
Finance	16.0	6.3	-	3.5	5.3	31.0
Total	25.3	9.0	1.0	3.5	5.3	44.0
Percentage of Total	57.4%	20.4%	2.3%	7.8%	12.1%	

The Finance and Administration Appropriation includes most internal service charges for the Agency. This includes allocations for ADS and DHR for the Agency, as well as charges from Finance and Management, for to operate VISION and for the Audit for both the AOE and for the Education Fund. In addition, the appropriation contains the expenses for the SSDMS and the SLDS.

B. 500 Finance and Administration - Excluding Grants

Major Object	
Personal Services	4,540,306
Contracts	2,056,132
Operating Expenses	3,695,315
TOTAL	10,291,753
Funds	
General Funds	3,747,829
Education Fund	2,767,483
Federal Funds	2,199,950
Special Funds	1,576,491
TOTAL	10,291,753

Finance and Administration Grants: The following provides an overview of the Grants appropriated in the Finance and Administration division of the AOE:

	FY 2018 Actuals	FY2019 Budget	FY2020 Gov Rec	19-20 Change
Federal Funds				
1 Longitudinal data System	-	300,000	-	(300,000)
TOTAL FEDERAL FUNDS	-	300,000	-	(300,000)
Special Funds				
2 Medicaid	14,024,985	14,010,700	14,010,700	-
3 Global Commitment	194,740	260,000	260,000	-
4 SSDMS	-4,774	-	-	-
TOTAL SPECIAL FUNDS	14,214,951	14,270,700	14,270,700	-
Interdepartmental Transfer				
5 Race to the Top	-	970,235	-	(970,235)
TOTAL IDT	-	970,235	-	(970,235)

1. Longitudinal Data Systems: The funding previously slated to be granted to districts was reallocated so the state could contract directly with Student Information System providers and state reporting vendors on behalf of the districts they serve. The implementation of this project is projected to be completed at the end of FY 2019, and the AOE will move into the maintenance and operations phase of project implementation.
2. Medicaid: Pursuant to [16 V.S.A. § 2959a](#) School districts use these grants for prevention and intervention programs in grades PreK-12 and for the administrative costs of school-based health services.
3. Global Commitment: These funds are appropriated to the Agency of Education to make payments to the State's contractor for reimbursement of physician claims to document medical necessity of eligible students.
4. Statewide School District Data Management System (SSDDMS): In FY 2019 these funds are being to support the implementation of the SSDDMS to provide a centralized system to manage school financial data and a uniform chart of accounts. The details of this project are discussed in the section on the SSDDMS and the Uniform Chart of Accounts. In balance in the Special Fund for this system will be transferred to the education fund and associated contract expenses will be paid for with the Education Fund.
5. Race to the Top: These funds were used to help SU/SDs and Head Start associations to make required changes to their information systems related to Vermont's Race to the Top – Early Learning Challenge grant. These modifications to information systems will allow these entities to store and report information about the delivery of early childhood education to the state. The RTT grant terminated on December 31, 2018.

B. 501 – Education Services

Working under the direction of the Deputy Secretary, 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.

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

The teams includes:

- Student Support Services
- Student Pathways
- Federal Education and Support Programs
- Education Quality
- Data Management and Analysis

	FY2018 Actuals	FY 2019 Budget	FY 2020 Gov Rec	19-20 Change
Major Object				
Personal Services	16,665,494	18,451,314	18,270,055	(181,259)
Operating Expenses	1,410,145	1,473,983	1,405,450	(68,533)
Grants	116,360,890	126,074,411	119,261,536	(6,812,875)
	134,436,529	145,999,708	138,937,041	(7,062,667)
Funds				
General Funds	5,405,442	5,681,029	6,249,982	568,953
Federal Funds	124,647,008	135,118,942	128,522,557	(6,596,385)
Tobacco Litigation Funds	487,735	750,388	750,388	-
Special Funds	2,826,457	3,202,682	3,414,114	211,432
Interdepartmental Transfer	1,069,887	1,246,667	-	(1,246,667)
TOTAL	134,436,529	145,999,708	138,937,041	(7,062,667)

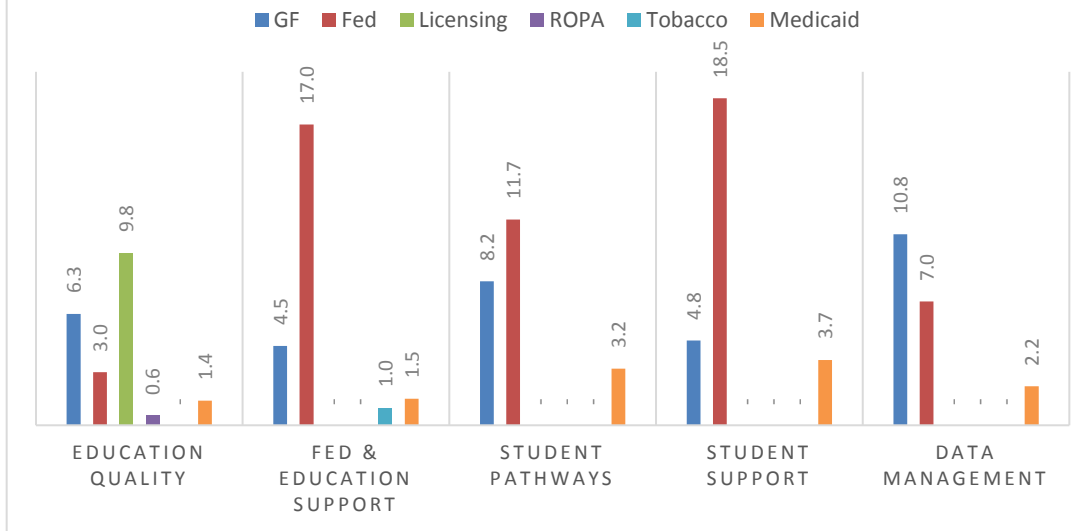
The Education Services Division of the Agency has a FY 2020 budget of \$138.9M including grants; an all funds budget reduction of \$7.06M. The net changes in the appropriation are driven by several factors, including:

1. Increase associated with Pay Act and changes in Internal Services Funds.
2. Position and Operating Changes associated with the Agency Reorganization
3. Addition of Act 173 positions and associated operating to the base budget
4. The termination and addition of federal funds

B.501 – Education Services Positions and Operating

The Education Services work at the Agency is supported by 115 positions at the Agency. Nearly 50% of the education services position are funded by Federal Funds, and work to support the implementation of Federal Programs. General Funds provide approximately 30% of funding for this work, primarily to support the data team and to implement work that is not supported by Federal funds.

FY 2020 FUNDING BY DIVISION: B. 501 EDUCATION SERVICES



B.500 –Finance and Administration; Summary of Positions

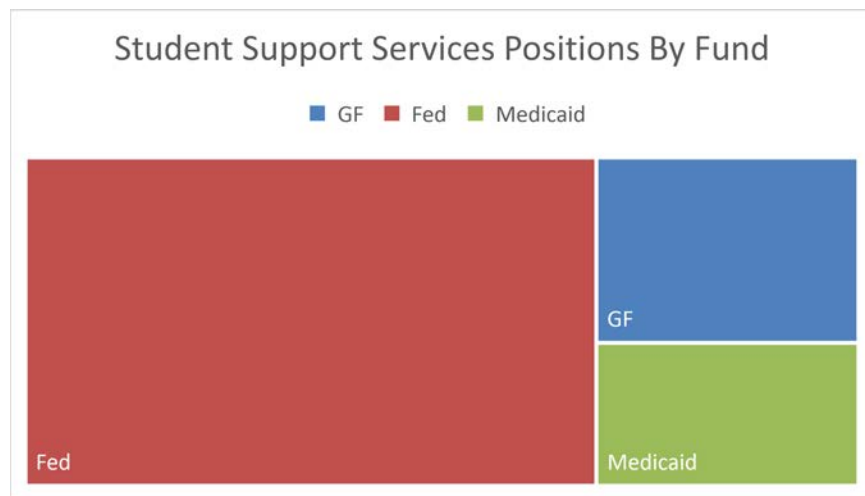
Team	GF	Fed	Licensing	ROPA	Tobacco	Medicaid	Total
Education Quality	6.3	3.0	9.8	0.6	-	1.4	21.0
Fed & Education Support	4.5	17.0	-	-	1.0	1.5	24.0
Student Pathways	8.2	11.7	-	-	-	3.2	23.0
Student Support	4.8	18.5	-	-	-	3.7	27.0
Data Management	10.8	7.0	-	-	-	2.2	20.0
Total	34.5	57.2	9.8	0.6	1.0	12.0	115.0
Percentage of Total	30.0%	49.7%	8.5%	0.5%	0.9%	10.4%	

Additional details about the work and budgets of each team is found on the following pages.

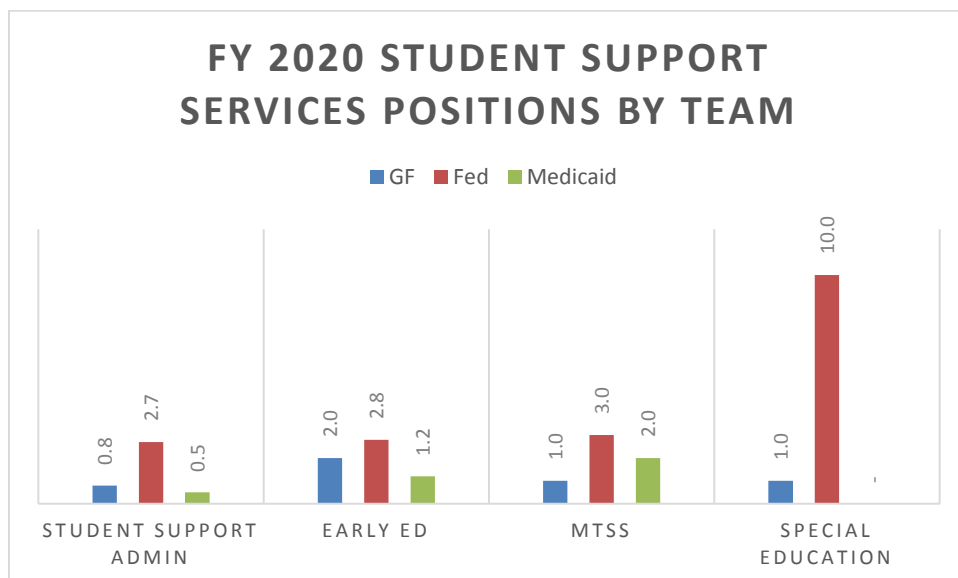
Student Support Services

Staff with expertise in multi-tiered support systems, school effectiveness, early learning and development, student health and learning, special education, and content-based instruction work together, and in collaboration with other Agency divisions, to create integrated teams of consultants providing support to schools, early learning programs, after school sites, and community-based providers in implementing evidence-based practices, school-wide improvement models, and prevention models to improve instruction and learning outcomes for every student.

The student support division consists of 27 FTEs, which are funded primarily through federal funds. Specifically, the Special Education Team is supported by federal funds provided to state to implement IDEA.



The Division of Student Support Services provides the agency support for the implementation of Special Education, PreK and MTSS. The positions and funding are distributed based on the following chart and tables:



Student Support Services Positions by Fund

Team	GF	Fed	Medicaid	Total
Student Support Admin	0.8	2.7	0.5	4.0
Early Ed	2.0	2.8	1.2	6.0
MTSS	1.0	3.0	2.0	6.0
Special Education	1.0	10.0	-	11.0
Total	4.8	18.5	3.7	27.0
Percentage of Total	17.8%	68.5%	13.7%	

The Student Support Services Team includes funding for staff to implement programs as well as contracts for professional learning and technical assistance to support SU/SDs in the implementation of instructional models.

Student Support Services – Excluding Grants

Major Object	
Personal Services	2,979,105
Contracts	1,603,072
Operating Expenses	358,672
TOTAL	4,940,849
Funds	
General Funds	496,824
Federal Funds	3,425,720
Special Funds	
Medicaid	1,018,305
TOTAL	4,940,849

In addition to supporting SU/SDs through professional development and technical assistance, the Student Support Services Division is responsible for allocating the following grants:

Student Support Services Grants

	FY2018 Actuals	FY 2019 Budget	FY 2020 Gov Rec	19-20 Change
General Funds				
1 Early Reading	(1,459)	104,860	104,860	-
2 Special Olympics	13,778	13,778	13,778	-
TOTAL GENERAL FUNDS	12,319	118,638	118,638	-
Federal Funds				
3 Title II, ITQ SAHE	96,931	-	-	-
4 IDEA-B Flow Through	25,037,607	24,300,000	24,300,000	-
5 Preschool Incentive	559,002	600,000	600,000	-
6 State Improvement Grant (SPDG)	138,049	-	-	-
7 Math & Science Partnership	682,069	-	-	-
8 Health Education	86,076	125,000	-	(125,000)
9 Preschool Development	4,496,200	7,000,000	-	(7,000,000)
TOTAL FEDERAL FUNDS	31,095,934	32,025,000	24,900,000	(7,125,000)
Special Funds				
10 Act 117	-	91,000	-	(91,000)
11 SWIFT	13,696	-	-	-
TOTAL SPECIAL FUNDS	13,696	91,000	-	(91,000)
Interdepartmental Transfer				
12 Race to the Top	137,883	200,000	-	(200,000)
13 Health Department	-	-	-	-
TOTAL IDT	137,883	200,000	-	(200,000)

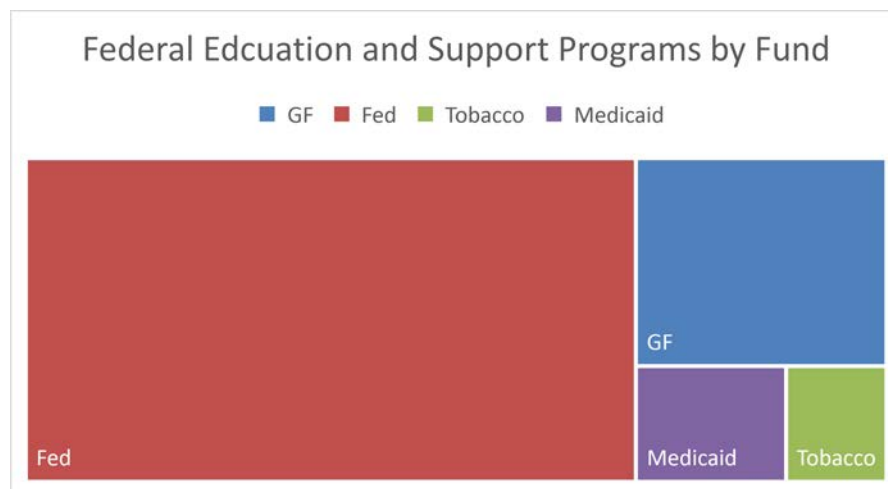
1. Early Reading: These funds support improvements in early reading instruction in Vermont schools. Major components include professional development for educators and administrators in order to improve content knowledge and instructional competency in literacy for educators working with children in preschool through grade three.
2. Special Olympics: This program helps ensure that children and adults who have developmental delays have access to unified sports activities with non-disabled peers.
3. Title II, ITQ SAHE: This grant is no longer available to the state, the federal funding has expired.
4. IDEA-B - Sub grants: These federal funds flow directly to schools to assist with the costs of special education for children and youth ages 3 to 22.
5. IDEA, Part B, Preschool (sec. 619) (Preschool Incentive): These funds flow directly to schools to assist with special education costs for children ages 3 to 5. Funds also support statewide projects, technical assistance, and compliance monitoring and training regarding special education costs for children ages 3 to 5.

6. State Personnel Development Grants (SPDG): This grant is no longer available to the state, the federal funding has expired.
7. Math Science Partnership: This grant is no longer available to the state, the federal funding has expired.
8. Health Education: Funding from the Centers for Disease Control to support adolescent health education in schools. Currently the grant supports programs in 11 supervisory unions/districts. This grant will not be available in FY 2020.
9. Preschool Development Expansion Grant (PDEG): Funds for LEAs and Head Starts to expand part time programs to full day high quality preschool with comprehensive services for four year old's whose families are at or below 200% of the federal poverty level. Currently there are 17 LEAs and Head Starts participating in the grant. This grant ends at the end of Fiscal Year 2019.
10. Act 117: Grants to support the development of tiered systems of support as described in 16 V.S.A. § 2902. Eligible applicants are supervisory unions/districts whose applications demonstrate a sound plan for improving its system. These funds were shifted from a grant to a contract in 2020.
11. SWIFT: This grant is no longer available to the state.
12. Race to the Top-Early Learning Challenge: Statewide prekindergarten systems level work. Funding for this grant ends December 31, 2018.

Federal Education and Support Programs (FESP)

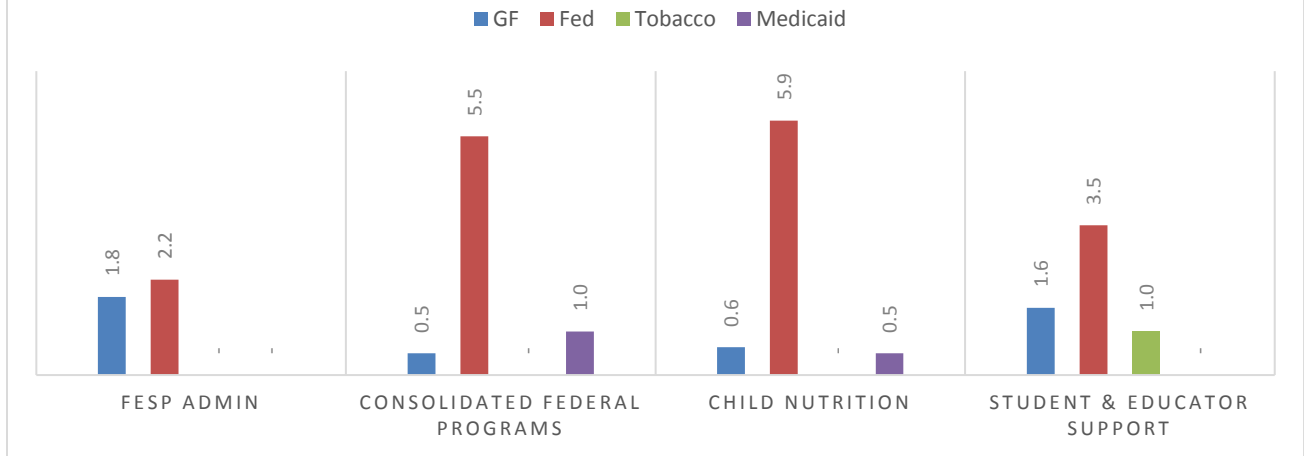
This division supports Local Education Agencies (LEAs) with specialized expertise and federal and state funding in closing the achievement gap for students who are: homeless, migrant, neglected and delinquent, English-language learners, and/or placed in foster care. The Consolidated Federal Programs (CFP) team assists LEAs and other eligible entities to apply for competitive and formula grants, comply with grant terms and conditions, and achieve the maximum benefit from grant investments to improve the academic achievement of at risk learners. This team also manages a statewide professional learning contract to deliver statewide, high-quality professional learning focused on instructional leadership and implementation of Education Quality Standards (EQS). The Child Nutrition staff administers the federal meal reimbursement programs, ensuring nutritious meals and snacks are served to program participants in all eligible sites, and ensures programs receive the maximum federal and state funding available. The Student and Educator Support team supports supervisory unions in the coordination and provision of services for students receiving or in need of multi-agency (AHS) services, oversees state-placed student services and verification for reimbursement, provides technical support to LEAs seeking residential placements for students, reviews all Home Study enrollments, and driver education program approval requests.

The FESP division consists of 24 FTEs, which are funded primarily through federal funds. Specifically, the federal funds made available by USDA to support child nutrition programs and by USDOE through the elementary and secondary education act. .



The Division of Federal Education and Support Division contain three teams, including child nutrition programs, consolidated federal programs, and student and educator support. The positions and funding are distributed based on the following chart and tables:

FY 2020 FEDERAL EDUCATION AND SUPPORT PROGRAMS POSITIONS BY TEAM



Federal Education and Support Programs Positions by Fund

Team	GF	Fed	Tobacco	Medicaid	Total
FESP Admin	1.8	2.2	-	-	4.0
Consolidated Federal Programs	0.5	5.5	-	1.0	7.0
Child Nutrition	0.6	5.9	-	0.5	7.0
Student & Educator Support	1.6	3.5	1.0	-	6.0
Total	4.5	17.0	1.0	1.5	24.0
Percentage of Total	19.5%	74.0%	4.3%	6.5%	

The FESP Team includes funding for staff to implement programs as well as contracts to support the technology necessary to implement programs and support schools.

Federal Education and Support Programs - Excluding Grants

Major Object	
Personal Services	2,405,165
Contracts	1,736,184
Operating Expenses	401,108
TOTAL	4,542,457
Funds	
General Funds	480,417
Federal Funds	3,447,192
Special Funds	
Conference Fees	34,431
Medicaid	363,108
Tobacco	217,310
TOTAL	4,542,458

The Division is also responsible for the allocation of the following Grants:

Federal and Education Support Grants

	FY2018 Actuals	FY 2019 Budget	FY 2020 Gov Rec	19-20 Change
General Funds				
1 Child Nutrition - State Match	408,022	408,348	08,348	-
2 Child Nutrition - Child Care	229,330	223,268	223,268	-
3 Child Nutrition - Breakfast	248,197	277,632	277,632	-
4 Child Nutrition - Summer Food	51,387	51,387	51,387	-
5 Child Nutrition - Free Lunch Initiative	265,243	297,250	297,250	-
6 Child Nutrition - TEFAP	83,976	83,976	83,976	-
TOTAL GENERAL FUNDS	1,286,155	1,341,861	1,341,861	-
Federal Funds				
7 Title I Grants to LEAs	30,791,150	32,000,000	32,000,000	-
8 Title I Migrant	397,123	720,000	720,000	-
9 Title I Migrant Consortium	175,375	100,000	100,000	-
10 Title I Neglected or Delinquent	145,298	150,000	150,000	-
11 Homeless Education Act	46,089	175,000	175,000	-
12 Title II, ITQ	8,053,925	10,500,000	10,500,000	-
13 School Lunch Program	16,475,695	15,883,800	15,975,000	-
14 Child & Adult Care Food Program	5,885,546	6,193,920	6,100,000	-
15 School Breakfast Program	6,838,275	5,890,410	6,325,000	-
16 Summer Food Service Program	1,328,125	1,401,360	1,401,360	-
17 Special Milk Program	27,139	50,660	35,000	-
18 Cash in Lieu of Commodities	258,410	257,240	257,240	-
19 CN Fruits & Vegetables	1,749,397	1,765,370	1,765,370	-
20 Child Nutrition - TEFAP	121,987	132,460	132,460	-
21 CN Sponsor Admin	469,902	582,730	510,000	-
22 CN Equipment Assistance	34,779	111,310	80,000	-
23 Title III ELA	275,681	325,000	325,000	-
24 Title IV	388,051	1,900,000	1,900,000	-
25 Rural & Low-Income Schools	58,053	228,984	228,984	-
26 SAMHSA - Project AWARE	-	-	310,000	-
TOTAL FEDERAL FUNDS	73,520,000	78,368,244	78,990,414	-
Tobacco Funds				
27 Tobacco Grant	358,463	552,123	533,078	(19,045)
TOTAL TOBACCO FUNDS	358,463	552,123	533,078	(19,045)

1. Child Nutrition – State Match: Regulations for the National School Lunch Program require states to provide funds to schools participating in the school lunch program. The amount is based on appropriated federal funds. Ninety percent of the state match is allocated to schools on a per-meal basis. Ten percent of the total required state matching funds are set aside for a competitive grant program for food service equipment.
2. Child Nutrition – Day Care Home Tier 2 Meal Initiative (Child Care): These funds support tier 2 low breakfasts, lunches and snacks served in day care homes where federal subsidies were cut by the federal Welfare Reform Act of 1996.
3. Child Nutrition – Reduced Price Breakfast Initiative (Breakfast): To the extent funds are appropriated, this program helps to fill the gap between the amount of federal reimbursement schools receive per meal and the actual cost to prepare a school breakfast. This funding also eliminates the reduced price charge of 30 cents for low income students whose household income is between 130% and 185% of poverty.
4. Child Nutrition – Summer Food Service Program: These funds supplement the cost of lunches served at summer food service sites where federal subsidies were cut by the federal Welfare Reform Act.
5. Child Nutrition – Reduced Price Lunch Initiative (Free Lunch Initiative): This funding covers the reduced price lunch charge of 40 cents for low income students whose household income is between 130% and 185% of poverty.
6. Child Nutrition – The Emergency Food Assistance Program (TEFAP): Funds to assist in the distribution and transportation process of donated food to recipient agencies for support of low income households.
7. Title I - Grants to LEAs: Funds allocated to local educational agencies on a formula basis to ensure that all children have a fair, equal, and significant opportunity to reach proficiency on the State academic achievement standards. Funds are focused on meeting the supplemental educational needs of low-achieving students in high poverty schools.
8. Title I - Migrant: These funds are used for the design of educational and support services for children of migratory agricultural workers who have changed school districts within the preceding 12 months.
9. Title I – Migrant Consortium: Funds to help support Vermont’s participation in multi-state consortia to design and implement educational support services for eligible migrant students.
10. Title I – Neglected or Delinquent: These funds support education activities, such as transition and dropout prevention, for youth in state correctional facilities, state-operated institutions or community day programs.
11. McKinney Vento Homeless Education Act: Funds support programs to ensure that homeless children and youth have equal access to the same free, appropriate public education – including preschool – provided to other children and youth.
12. Title II, Part A - Supporting Effective Instruction State Grants (ITQ): This program is funded by federal monies for LEA entitlement sub grants and State Education Agency technical assistance. Funds support professional development and other initiatives to

ensure that schools have highly qualified teachers, principals and paraprofessionals.

13. Child Nutrition - School Lunch Program: Funds are used to provide a per meal reimbursement to school food service programs to support meals serviced in school lunch programs.
14. Child Nutrition - Child and Adult Care Food Program: These funds are used to provide a per meal reimbursement to program sponsors to support meals served in child care and adult care programs. In addition, centers can receive cash in lieu of commodity foods.
15. Child Nutrition - School Breakfast Program: These funds provide a per meal reimbursement and administrative rate for meals served in breakfast programs.
16. Child Nutrition - Summer Food Service Program: These funds provide a per meal reimbursement and administrative rate for meals served.
17. Child Nutrition - Special Milk Program: These funds are used to provide reimbursement to support the cost of 8-ounce servings of milk served to students at schools or sites that do not participate in a federal meal program.
18. Child Nutrition - Cash in Lieu of Commodities: Funds allow participating child care centers to choose to receive cash payments for lunches/dinners instead of U.S. Department of Agriculture donated food.
19. Child Nutrition Fresh Fruits & Vegetables: These funds provide funding assistance for increasing fruit and vegetable consumption in low-income schools.
20. Child Nutrition – The Emergency Food Assistance Program (TEFAP): Funds to assist in the distribution and transportation process of donated food to recipient agencies for support of low income households.
21. Child Nutrition – Sponsor Admin: Day care home sponsors receive administrative funds on a per home rate to support the cost of managing and administering the program to the day care home recipients.
22. Child Nutrition Equipment Assistance: Federal funds provided through the Healthy, Hungry Free Kids Act of 2010. Funds are provided to low income schools to improve the infrastructure of their food service programs.
23. Title III English Language Acquisition and Language Enhancement for English Learners (EL) and Immigrant Students: These funds assist LEAs in addressing the needs of EL students. Formula-based sub-grants are awarded to eligible LEAs to provide language instruction to help EL students meet Vermont’s academic standards. Districts with substantial increases in Immigrant Youth may also receive grants by formula.
24. Title IV, Part A Student Support and Academic Enrichment Grants: Formula grants given out to school districts to improve student academic achievement. Grants address needs in the districts by increasing the capacity of the schools to provide all students with access to a well-rounded education, improve school conditions for student learning and improve the use of technology.
25. Rural, Low-Income School Program: Grants provided by formula to school districts that

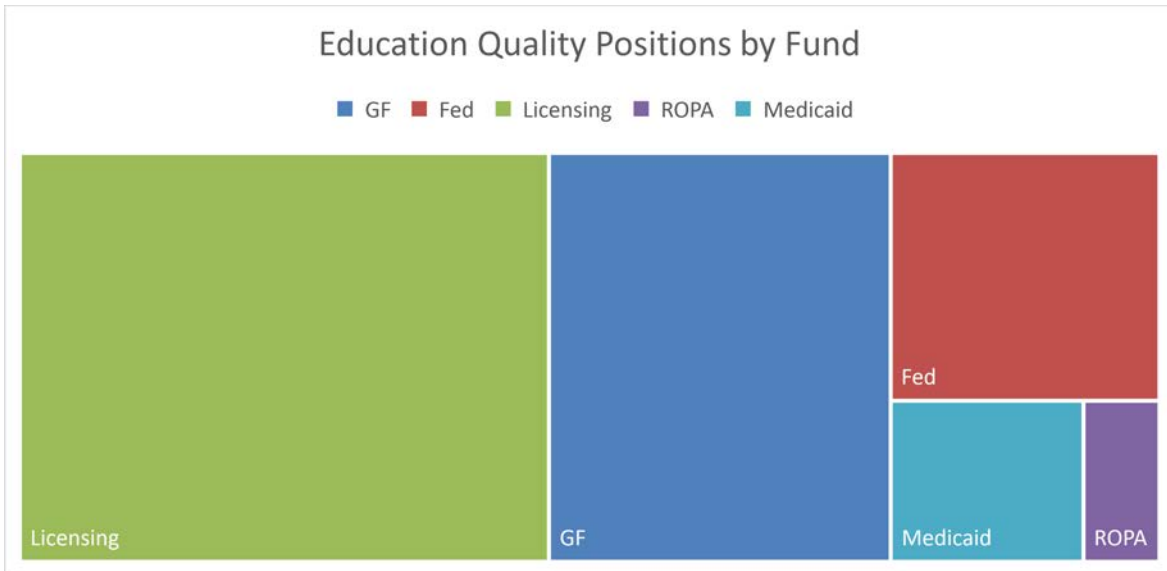
have a certain percentage of students living in poverty and are in a federally designated rural locale. Funds can be used for activities covered under many other Titles of the Elementary & Secondary Education Act.

26. Substance Abuse and Mental Health Services (SAMHSA): Grants provided to three Supervisory Unions to support the integration of mental health services in schools as part of an Interconnected Systems Framework, with supporting contracts for training of school and community members.
27. Tobacco: In FY 2017, AOE shifted the way it used the Master Settlement Agreement tobacco funding from being a universally distributed award to a competitive, targeted award process for three fiscal years. This change was intended to provide for a greater impact with increased targeted funding. The grant required SU/SDs the implementation of programming in key strategy areas; assessment, curriculum, policy, youth asset development, teen smoking cessation, community engagement and family engagement. The funds are targeted to include coordination of all substance prevention rather than only tobacco; accordingly, it is recognized by all that the underlying risk and protective factors for tobacco use apply to other substance abuse issues and also that nicotine use often “primes” the brain for other substance addiction. As such, many of the grant’s strategies and the activities that it funds focus on increasing protective factors and decreasing risk factors for a variety of issues that are related to and sometimes inseparable from tobacco use.

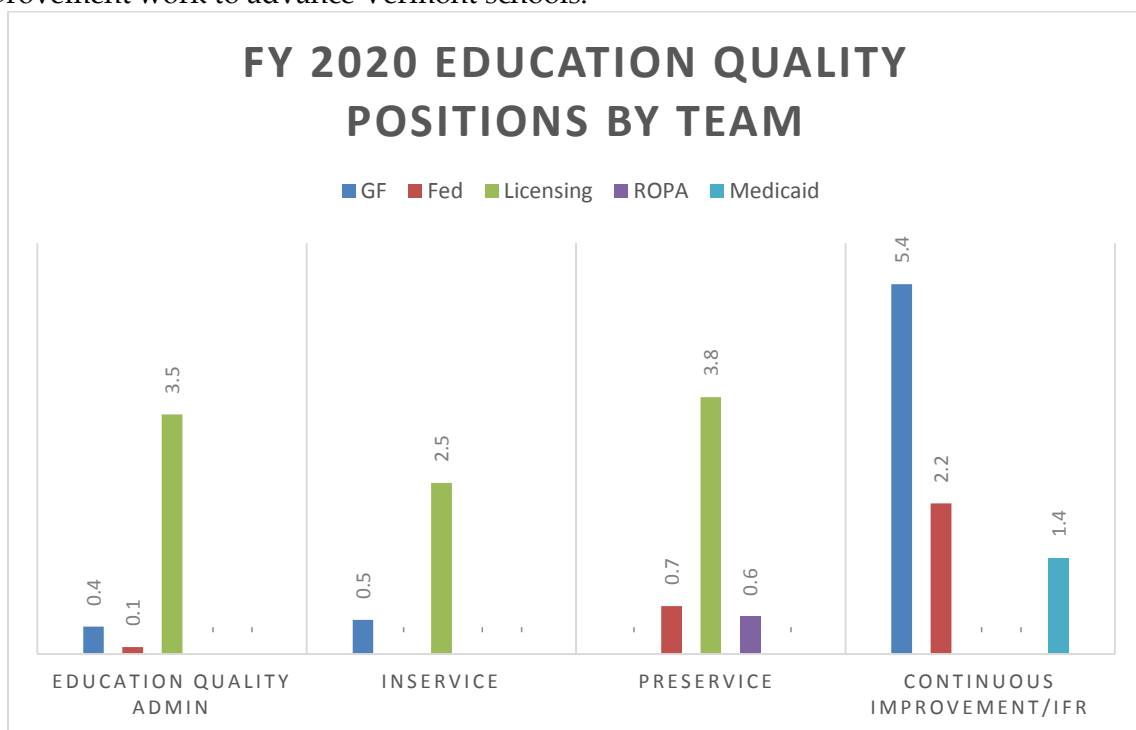
Education Quality

The Educator Quality Division was recently reorganized to include both the Educator Quality Team and the Quality Assurance Team

The Education Quality team includes 21 FTEs. The division is supported primarily through licensing funds and General Funds.



The division is split into two primary functions, educator quality the licensing of new teachers and the renewal of current teachers licenses, and quality assurance, coordinating the continuous improvement work to advance Vermont schools.



Education Quality Positions by Funding

Team	GF	Fed	Licensing	ROPA	Medicaid	Total
Education Quality Admin	0.4	0.1	3.5	-	-	4.0
In-service	0.5	-	2.5	-	-	3.0
Pre-service	-	0.7	3.8	0.6	-	5.0
Continuous Improvement/IFR	5.4	2.2	-	-	1.4	9.0
Total	6.3	3.0	9.8	0.6	1.4	21.0
Percentage of Total	30.0%	14.3%	46.4%	2.6%	6.7%	

The budget for the division includes mostly funding for staff salaries.

Education Quality – not including grants

Major Object	
Personal Services	2,023,424
Contracts	199,272
Operating Expenses	210,807
TOTAL	2,433,503
Funds	
General Funds	644,632
Federal Funds	383,592
Special Funds	
Licensing/ROPA	1,271,021
Medicaid	134,258
TOTAL	2,433,503

Educator Quality: comprises Licensing of Vermont Educators, Approval of Vermont Educator Preparation Programs, and development of Educator Professional Standards. Well-prepared, supported educators and leaders in the field are essential, as research has shown this makes a significant difference in the educational lives of students. High-quality teaching standards tied to evidence-based teaching practices provide a foundation for teacher and administrator preparation and ongoing professional learning. The Educator Quality Division facilitates the development of standards that build a career continuum focused on teacher and leader effectiveness, and reviews and rates Supervisory Union/Supervisory District evaluation systems for teachers and leaders. This Division provides professional licensure to Vermont educators, and works with the Vermont Standards Board for Professional Educators (VSBPE) in ensuring compliance to the VSBPE Rules Governing the Licensing of Educators and the Preparation of Educational Professionals. Additionally, the division oversees the selection of the Vermont Teacher of the Year.

Education Quality Grants

	FY2018 Actuals	FY 2019 Budget	FY 2020 Gov Rec	19-20 Change
General Fund				
1 Teacher of the Year	2,500	2,500	2,500	-
TOTAL GENERAL FUNDS	2,500	2,500	2,500	-
Special Funds				
2 Licensing Grants	29,880	30,000	30,000	-
TOTAL SPECIAL FUNDS	29,880	30,000	30,000	-

1. Teacher of the Year: This grant provides some financial support for travel expenses related to being named Teacher of the Year. These funds may be used to support her/his attendance at either the National Teacher of the Year Conference or the annual convening in Washington, D.C. by State Teachers of the Year.
2. Licensing: Generated from educator licensing fees, these funds support the Local and Regional Standards Boards that are responsible for supporting educator and administrator license renewal.

Quality Assurance

In 2015, positions at the AOE were realigned to support the implementation of Vermont's Education Quality Review process. In addition to carrying out the initial implementation of these reviews, staff carries out the statewide assessment systems, analyzes and reports academic and accountability data for use in schools and in policy settings, and leads the work in supporting the Continuous Improvement Plans and the specific support for schools identified through federal legislation and state rules.

Quality Assurance Grants

	FY2018 Actuals	FY 2019 Budget	FY 2020 Gov Rec	19-20 Change
Federal Fund				
1 Title I - School Improvement	273,822	1,200,000	1,200,000	-
2 School Improvement	532,859	1,062,960	1,062,960	-
TOTAL FEDERAL FUNDS	806,681	2,262,960	2,262,960	-
Special Funds				
3 Nellie Mae Foundation	26,434	-	-	-
TOTAL SPECIAL FUNDS	26,434	-	-	-

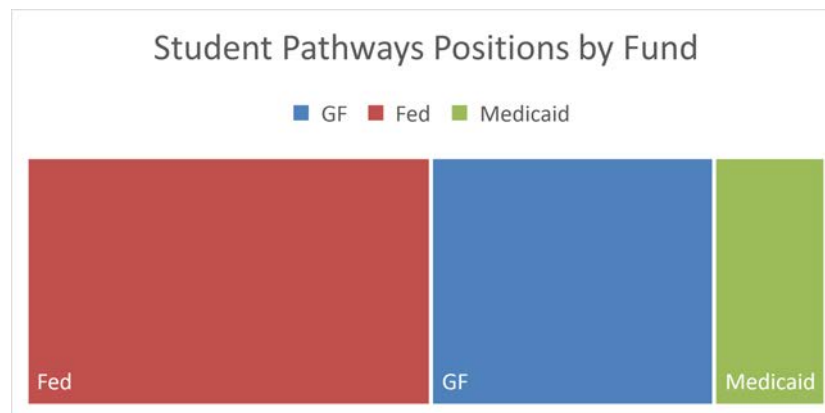
1. Title I School Improvement: Funds allocated to Title I schools that are in need of improvement under the State's accountability system. Funds are to coordinate and implement the school's continuous improvement plan.
2. School Improvement: This is an additional federal grant awarded to school systems with substantial need for improvement to meet state and federal accountability targets.
3. Nellie Mae: This grant is no longer available to the state.

Student Pathways

The Student Pathways Division is comprised of the following program teams: 21CCLC, Adult Education and Literacy, Career Technical Education, Education Technology, Personalized Learning and Proficiency-Based Learning. This division is responsible for operating and monitoring the statewide Flexible Pathways (Act 77) initiative and the Education Quality Standards, operating and monitoring the statewide Adult Education and Literacy system, operating and monitoring the statewide Career Technical Education program and for providing technical assistance to the field regarding educational and instructional technology.

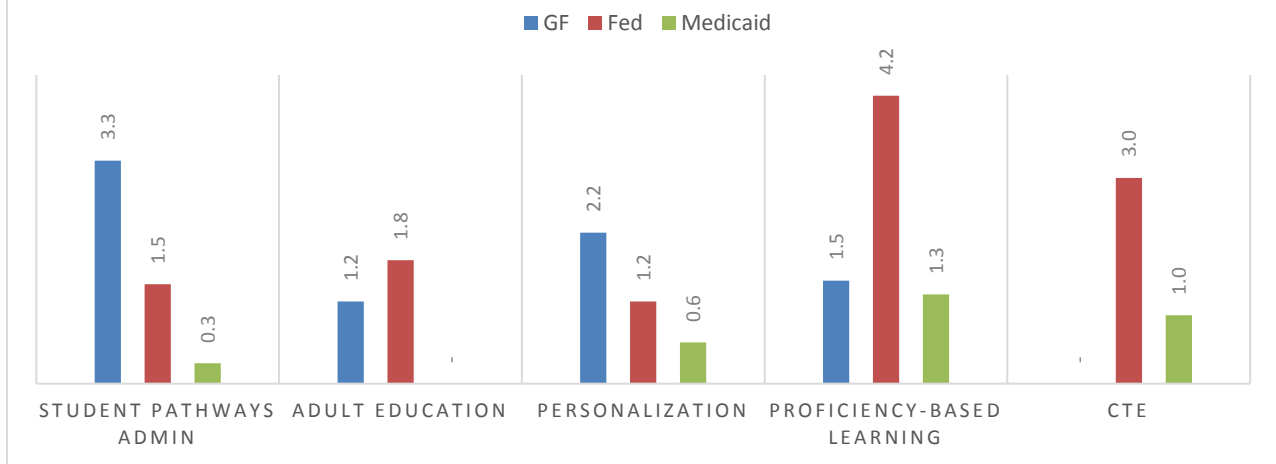
Staff with expertise in adult and career technical education, personalized and proficiency-based instruction and assessment, work-based learning, dual enrollment and early college programs, after school programming, online and blended learning, and career and college readiness work, together and in collaboration with other units in the Agency, to provide support to schools, technical centers, and community-based providers in implementing evidence-based practices, systems and district-wide improvement models, and ensuring equity in student access to high quality flexible pathways.

There are 23 FTEs that support the work of the Student Pathways Division. Roughly half of the funds that support this divisions are Federal.



The Student Pathways division has four teams; Adult Education, Personalization, Proficiency Based Learning and Career Technical Education (CTE).

FY 2020 STUDENT PATHWAYS POSITIONS BY TEAM



The work of the Student Pathways Division is supported primarily by staff, some contractual funding supports the data and IT systems used to support the administration of programs.

Student Pathways Positions by Fund

Team	GF	Fed	Medicaid	Total
Student Pathways Admin	3.3	1.5	0.3	5.0
Adult Education	1.2	1.8	-	3.0
Personalization	2.2	1.2	0.6	4.0
Proficiency-based Learning	1.5	4.2	1.3	7.0
CTE	-	3.0	1.0	4.0
Total	8.2	11.7	3.2	23.0
Percentage of Total	35.4%	50.7%	13.9%	

The budget for the division is comprised of mostly salaries and benefits.

Student Pathways - not including Grants

Major Object	
Personal Services	2,381,129
Contracts	470,009
Operating Expenses	307,933
TOTAL	3,159,071
Funds	
General Funds	1,144,931
Federal Funds	1,650,559
Special Funds	
Medicaid	363,581
TOTAL	3,159,071

The following table provides an overview of the grants administered by the division.
Student Pathways Grants

	FY2018 Actuals	FY 2019 Budget	FY 2020 Gov Rec	19-20 Change
General Funds				
1 Adult CTE Salary Assistance	211,233	211,233	211,233	-
2 Tech Ed Adult Formula	29,320	29,320	29,320	-
3 Governor's Institutes	192,654	192,654	192,654	-
TOTAL GENERAL FUNDS	433,207	433,207	433,207	-
Federal Funds				
4 Carl Perkins Secondary	2,269,720	2,500,072	2,500,072	-
5 Perkins Secondary Reserve	123,196	200,000	200,000	-
6 Carl Perkins Post-secondary	827,179	881,657	881,657	-
7 Post-secondary Reserve	66,738	100,000	100,000	-
8 Carl Perkins Leadership	23,862	75,000	75,000	-
9 Carl Perkins Corrections	40,737	42,149	42,149	-
10 21st Century	5,286,306	6,850,000	6,850,000	-
TOTAL FEDERAL FUNDS	8,637,738	10,648,878	10,648,878	-

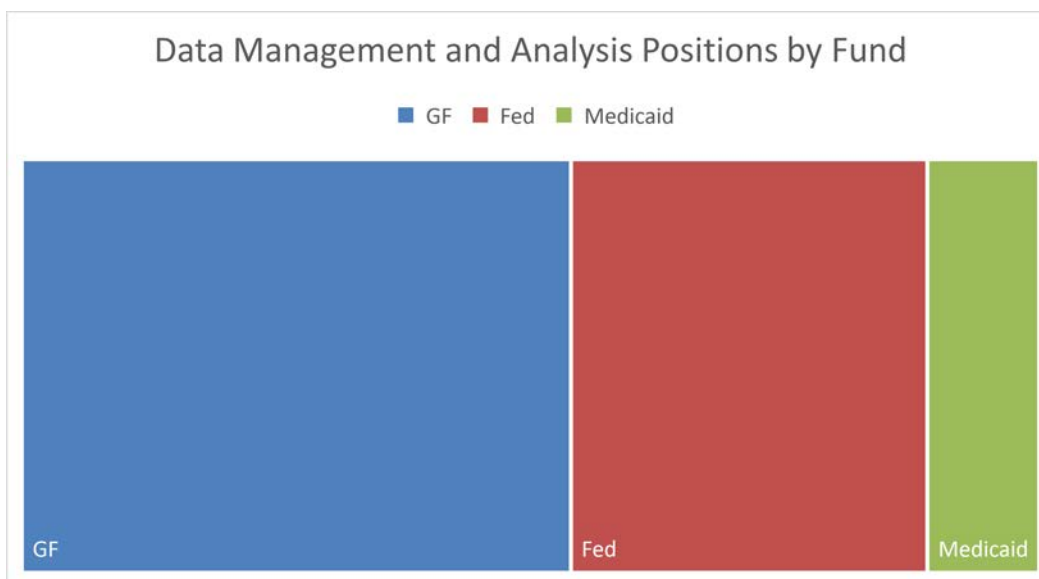
1. Adult Technical Education Salary Assistance: These funds are disbursed as payments to each technical center district to pay a portion of its adult education coordinator's salary.
2. Adult Technical Education Formula: These grants are awarded to 15 regional technical centers and 2 independent schools serving their region as a CTE center to support educational services for adults. Grants provide resources necessary to address the training needs of students and businesses in the region.
3. Governor's Institutes: These funds provide about 20 percent of the costs for summer institutes for highly motivated high school students. Institutes are held on Vermont college campuses and draw additional support from businesses, foundations, schools and participating students' families.
4. Carl D. Perkins Secondary: These federal funds are awarded as formula grants to regional technical centers for career technical education (CTE) program development and improvement within the scope of the Carl D. Perkins Career and Technical Improvement Act of 2006.
5. Carl D. Perkins Secondary Reserve: These federal funds are made up of set-aside amounts within the formula grant. Grants awarded from the reserve are competitive and intended for new program development and implementation in the secondary CTE centers.
6. Carl D. Perkins Post-secondary: These federal funds are awarded as formula grants to post-secondary career technical education providers for program development and improvement with transitions from secondary CTE programs.

7. Carl D. Perkins Post-secondary Reserve: These federal funds are made up of set-aside amounts within the formula grant. Grants awarded from the reserve are competitive and intended for new program development, implementation and alignment with secondary CTE programs at regional CTE centers.
8. Carl D. Perkins State Leadership: These funds are used to support and expand CTE within the scope of the Carl Perkins Act and to assist in developing high standards and high-quality curricula.
9. Carl D. Perkins Corrections: This item is a part of Carl Perkins State Leadership and supports career and technical education programming for inmates at correctional facilities throughout the Community High School of Vermont.
10. 21st Century Community Learning Centers: This grant is distributed to school districts that create highly structured innovative extended-day or extended-year programs. Funds provide expanded opportunities for student learning in safe, supervised settings and promote parental involvement in schools.

Data Management and Analysis

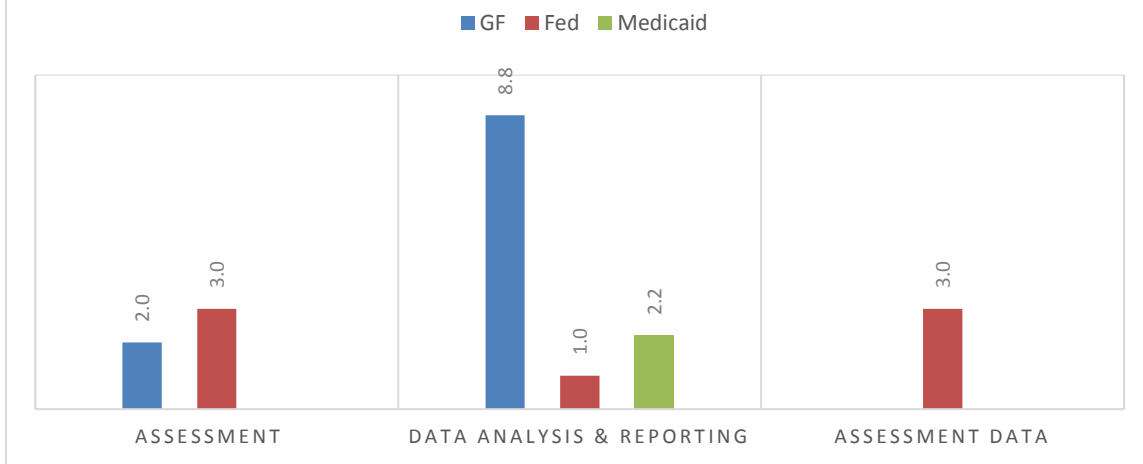
The Data Management and Analysis Division is responsible for collecting, analyzing, and reporting on data from all levels of Vermont’s education system. This Division oversees the major annual data collections required of AOE and is responsible for both managing and using these data to fulfill required reporting responsibilities at the state and federal levels. Examples of reporting include, but are not limited to, EdFacts, IDEA, NESSC, School Reports, Act 166 Universal PreK, the Annual Snapshot and State Report Card, and Act 117 Dual Enrollment. The information collected, managed, analyzed, and reported on by this Division provide the empirical evidence required to evaluate the condition of Vermont’s education system. This Division’s work also supports AOE’s ability to perform critical calculations such as Average Daily Membership (ADM), Allowable Tuition, and others. Additionally, the Division is currently part of efforts to implement new systems intended to modernize and enhance the ability of the State to efficiently and accurately collect, manage, analyze, and use education data.

The data team is staffed by 20 FTEs. Much of the data work required for state and federal reporting is paid for with General Fund Dollars with the exception of special education. The team that does the assessment work is covered by federal funds.



The Data Management Division is split into three teams, that manage the analysis and reporting of data, the implementation of assessments by Vermont Schools, and the analysis of the data generated by the assessments.

FY 2020 DATA MANAGEMENT AND ANALYSIS POSITIONS BY TEAM



Data Management and Analysis Positions by Fund

Team	GF	Fed	Medicaid	Total
Assessment	2.0	3.0	-	5.0
Data Analysis & Reporting	8.8	1.0	2.2	12.0
Assessment Data	-	3.0	-	3.0
Total	10.8	7.0	2.2	20.0
Percentage of Total	54.0%	35.0%	11.0%	

In addition to staffing costs, the data management and analysis team manages contracts for statewide assessments. There are no grants managed by this division.

Data Management

Major Object	
Personal Services	2,082,468
Contracts	2,390,227
Operating Expenses	126,930
TOTAL	4,599,625
Funds	
General Funds	1,586,972
Federal Funds	2,813,242
Special Funds	
Medicaid	199,411
TOTAL	4,599,625

Education Fund Appropriations FY 2020 Projected Education Fund Uses

Supporting Schools, Educators & Learners: The Numbers

	FY17	FY18*
	School Year	School Year
	2016-2017	2017-2018
Public Schools		
Elementary (K-6).....	149.....	148
Secondary (7-12)	48.....	48
Combined (Elementary & Secondary).....	98.....	98
Total Public Schools.....	299.....	298
Technical Centers	15.....	15
Total Public Schools & Technical Centers.....	314.....	313
Historical Academies, Independent Schools & Approved Programs		
Historical Academies	4.....	4
Approved Independent Schools.....	91.....	90
Approved Kindergartens	3.....	3
Recognized Independent Schools	30.....	31
State Operated Facilities	1.....	1
Approved Tutorials.....	5.....	4
Approved Pregnant and Parenting Programs.....	8.....	7
Total Independent Schools & Approved Programs	142.....	140
Public Education Governing & Administrative Entities		
Town, City and Incorporated School Districts	209.....	177
Union School Districts (includes unified union districts and modified union school districts).....	42.....	40
Interstate School Districts.....	2.....	2
Total School Districts.....	253.....	219
Technical Center School Districts.....	3.....	3
Supervisory Unions.....	43.....	39
Joint Contract Schools.....	5.....	5
Gores and Unorganized Towns.....	9.....	9
Total Public Education Governing and Administrative Entities.....	338.....	332
Public School Administrators		
Superintendents.....	60.....	**
Principals.....	307.....	**
Vocational/Tech Center Directors	15.....	**
Business Managers	60.....	**
Special Education Directors	93.....	**
Total Public School Administrators.....	535.....	**
Teachers (FTE)	8,179.....	**
School Boards	266.....	224
Local School Board Members	1,490.....	1,386

	FY17 School Year 2016-2017	FY18* School Year 2017-2018
Publicly Funded Students (enrolled as of October 1)		
Vermont Public Schools.....	83,103.....	84,228
Vermont Approved Independent Schools.....	1,664.....	1,735
Vermont Historical Academies.....	1,963.....	2,014
Out-of-State Schools.....	830.....	860
Vermont State Agency and Other.....	314.....	417
Total Publicly Funded Students.....	87,874.....	89,254
Public School Enrollment		
K-12.....	76,220.....	75,510
Early Education (Pre-K).....	6,999.....	7,685
Essential Early Education**.....	1,104.....	1,389
Total Public School Enrollment.....	84,323.....	84,584
Historical Academies.....	2,537.....	2,548
Approved Independent (K-12).....	6,340.....	5,655
Recognized Independent (K-12).....	739.....	793
Home Study (K-12).....	2,280.....	2,216*
Approved Independent Kindergartens.....	108.....	140
Total Pre-K-12 Enrollment.....	96,494.....	95,936
Technical & Adult Education Enrollment (categories not mutually exclusive)		
Technical Centers.....	4,104.....	4,201*
Adult Education & Literacy.....	2,702.....	3,000*
GED Certificates Granted.....	27.....	30*
Education & Training – Criminal Offenders.....	55.....	60*
Adult Diploma Program.....	61 (101 served).....	75 (125 served)*
High School Completion.....	247 (340 served).....	250 (375 served)*
Other Secondary Diplomas Awarded Through AEL.....	11.....	20*
Student Support Programs Enrollment (categories not mutually exclusive)		
Special Education (ages 3-21).....	13,813.....	14,241*
Title I.....	51,624.....	52,560
Title I (Preschool)**.....	3,221.....	3,858*
Migrant Education.....	340.....	296*
Limited English Proficiency (LEP).....	1,568.....	1,620*
Neglected and/or Delinquent.....	155.....	109
Homeless.....	1,096.....	1,097

*Estimated numbers as of December 2017, subject to change.

**Teacher staff survey data not yet available.

The Education Fund

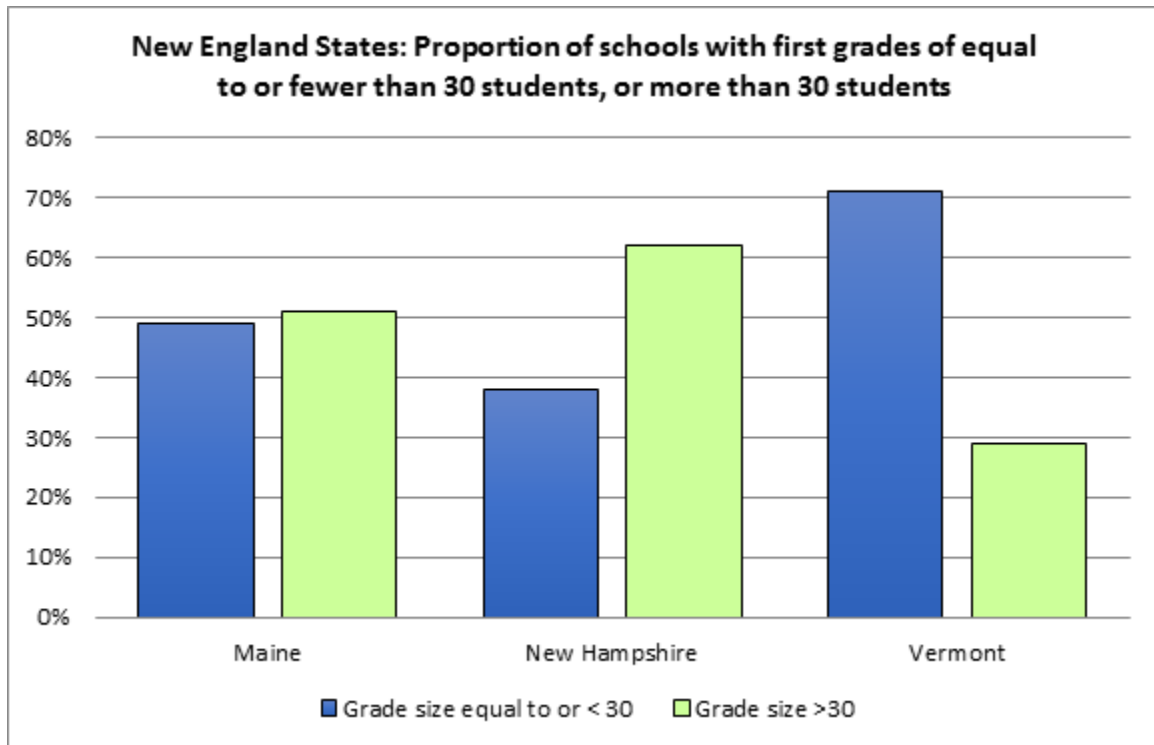
The Agency manages the allocation of most of the Education Fund appropriations. These appropriations reflect the budgets and statutory requirements to support Vermont's public education systems and students.

Year-over-year changes in Education Fund Expenses

	FY16 (Final)	FY17 (Final)	FY18 (Final)	FY19 (Projection)	FY20 (Projection)
Education Expenses (millions)	\$1,553	\$1,578	\$1,635	\$1,651	\$1,708
Year over Year Change	-	1.61%	3.61%	0.98%	3.45%

The Education Fund “funds to budgets,” meaning that the state sets the tax rate necessary to fund the budgets already approved by local voters. The main cost drivers in the Education Fund are demographic:

1. Our publicly funded student population has been declining.
2. We are maintaining most of the public and independent schools we had at our peak (e.g., overhead costs associated with buildings and administration have not changed significantly).
3. The number of teachers has decreased, but not consistent with the loss in number of students (student to teacher ratios and student to school ratios are small).
4. Thus, we have fewer students, approximately the same number of schools, and proportionally more overhead to support on a per pupil basis.
5. We tend to deliver education through smaller schools, particularly at the elementary level, than do other states.
6. We have proportionally more children living in adversity (poverty).



Number and percent of K-12 students identified as living in poverty, FY08 and FY18, using AHS direct certification data:¹

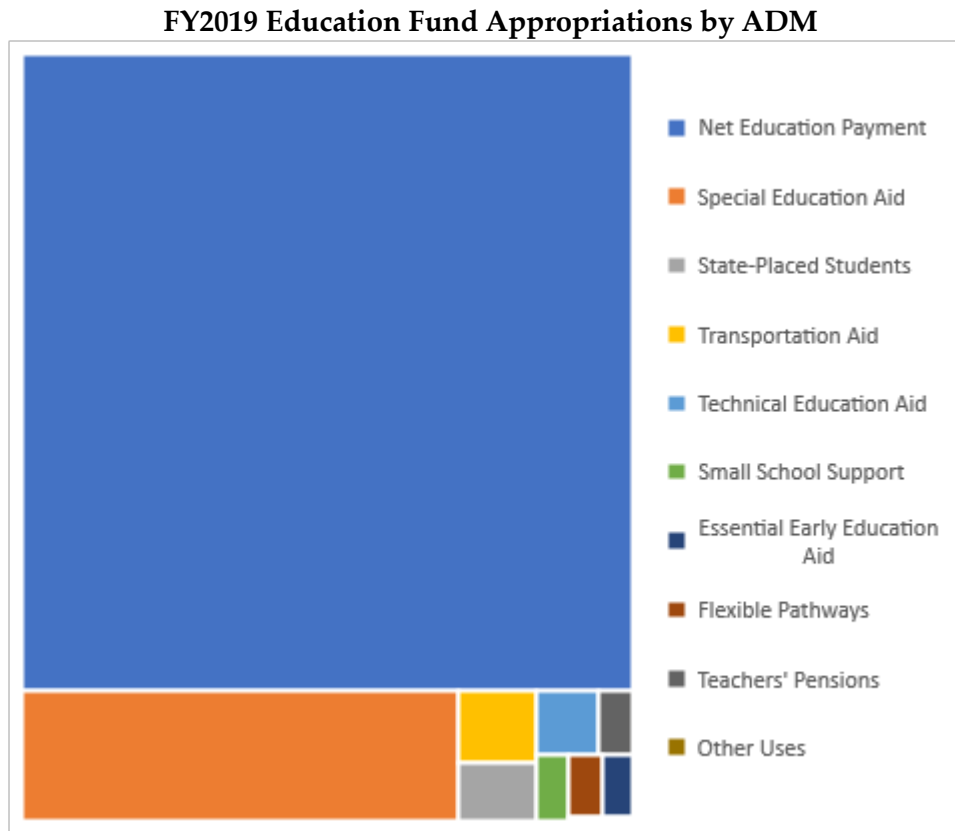
	2-yr Poverty average	Poverty Ratio Statewide
FY08	10,810	12.53%
FY18	16,667	19.97%

Education Outcomes

On average, our **students are consistently among the highest performing in the nation**, including on the National Assessment of Educational Progress. Because Vermont is one of only 4 states that refused to evaluate teachers based on test scores, we are also a state that, for the most part, has avoided the test-focused instruction that characterizes public and charter schools in many states. So far, we have maintained strong performance outcomes on traditional measures of academic skills, even as we have required our schools to broaden their focus to include flexible pathways, creativity, health and wellness, technology education, and applied learning.

What Vermonters buy with Education Fund dollars

If we count all publicly funded students – those enrolled in public schools, those tuitioned to independent schools, and those tuitioned to out-of-state and out-of-country schools – we spend about \$18,400 per Vermont student. The following chart below breaks the \$18,400 into the major appropriations from the Education Fund.



About 83% of the Education Fund is spent on our “net education payment,” which covers most costs of our public schools. It also includes tuition payments to other public, independent, and out-of-state schools, tuition payments to Career and Technical Education centers, and supervisory union costs. This 83 percent also includes the local share of special education costs, which represents about 40 percent of total special education costs, and the local share of transportation costs, representing approximately 45% of those. Prekindergarten is also part of our net education payment.

The next biggest percentage – 12 percent – is spent on the state portion of special education costs in public and independent schools. Over the next several years, by changing how we fund and deliver special education, by building better approaches to early intervention and just-in-time support for struggling learners, we can both improve outcomes for these students and lower the cost to taxpayers.

Some of our larger school districts are looking into building, or already operate, specialized programs within their districts, so they can rely less on programs out-of-state or at other schools that often have very large price tags. In-district programs also have the advantage of easing the

transition of students back to their regular schools when they are ready, such as after treatment for trauma and establishment of appropriate continuing mental health supports.

The rest of the \$1.6 billion we spend on education is spread across a number of functions. Our state contribution to transportation is critical; many of our children depend on buses to get to school, particularly in less affluent communities. We provide subsidies to small schools, and pay costs associated with children in state custody who are placed in schools near their foster homes. We fund dual enrollment programs and early college programs that give students access to college credits while still in high school.

The Table below provides the details on how the FY2019 Education Fund per ADM breaks down:

General Category	Ed Fund per ADM	% of Total
Net Education Payment	15,735.4	83.2%
Special Education Aid	2,275.1	12.0%
State-Placed Students	179.9	1.0%
Transportation Aid	220.1	1.2%
Technical Education Aid	159.3	0.8%
Small School Support	87.1	0.5%
Essential Early Education Aid	75.6	0.4%
Flexible Pathways	83.7	0.4%
Teachers' Pensions	88.3	0.5%
Other Uses	11.5	0.1%
Adult Education & Literacy *	na	na
Community HS of Vermont *	na	na
Renter Rebate *	na	na
Reappraisal & Listing *	na	na
Total Uses	18,916.0	100.0%

* Moved to the General Fund - 2018, No. 11 (Special Session), sec. H.8

This all adds up to approximately \$18,916 per child on average, statewide. Locally, communities pay different sums depending on local decisions about how to educate their children. Some pay more and some pay much less.

Three common reasons for higher costs per pupil than average, include low student-to-staff ratios, high tuition payments, or a student population with higher than average levels of disadvantage.

Systems with high levels of disadvantage also receive support from more federal dollars. The Agency is working with systems to best utilize those dollars to support our most vulnerable students beyond the local investment in their education.

Some tuition towns have merged elementary schools and/or merged districts to insulate themselves from both increases and fluctuations in tuition payments. Some larger districts have managed ratios effectively by reallocating students and staff across buildings in ways that strengthen programs and maintain affordable ratios in small schools.

Carryforward

Annually the legislature authorized the Commissioner of Finance and Management to allow unspent appropriations from the Education Fund to carryforward. The following table reflects the carryforward authorized by the commissioner from FY 2017 in FY 2018.

	FY 2019 Appropriation	Carryforward	% of FY 2019 Appropriation
Education Fund			
Special Education	198,471,642	8,051,448.18	4.06%
State placed students	15,700,000	550,824	3.51%
Flexible Pathways	7,346,000	943,986	12.85%
Education Payment	1,371,075,706	684,444	0.05%
Technical education	13,932,162	931,000	6.68%
Small Schools Grants	7,600,000	205,922	2.71%
Education Funding Study	250,000	250,000	100.00%
Total	\$ 1,620,992,723	\$11,617,623	0.72%

- Special Education – additional funds were requested to cover FY 2018 costs that were not budgeted, however because the appropriations bill did not become law until June 30th, these funds could not be sent to schools districts until the beginning of FY 2019.
- State placed students – this funding was carried forward to ensure that the state could meet its remaining FY 2018 obligations to schools for the costs of state placed students.
- Flexible pathways – Nearly \$400K was carried forward to meet the final semester payment for dual enrollment and the projected program increase in FY 2019. \$186K was carried forward for projected increases costs of the early college program.
- Education Payment – these funds were carried forward for Act 46 grants obligations that had not been liquidated.
- Technical Education – \$89K was carried forward to pay out final grants for Tech Ed Equipment; Nearly \$400K was carried forward for the final payments for Tech Ed Transportation that were not finalized prior to June 30th; the remaining funds were carried forward to support agency work required by 2018 Act 189 Sec. 6(b) to support the implementation of additional career pathways at CTE Centers.
- Small Schools Grants – these funds were carried forward to cover the costs of small schools grants awarded in perpetuity as part of Act 46.
- Education Funding Study – this is a onetime appropriation that was set aside for the weighting study, the contract will not be completed until November 2019.

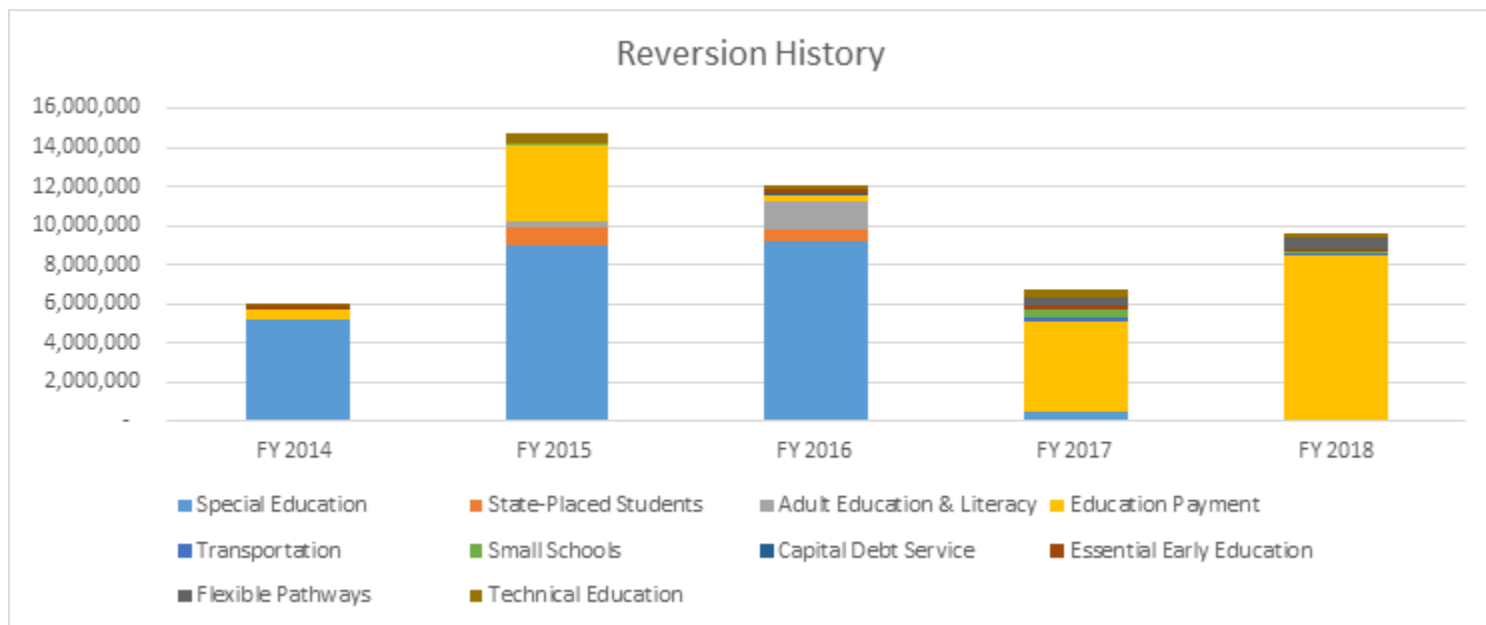
Reversion History

Each fiscal year, the Legislature grants the Commissioner of Finance and Management the authority to allow unexpended carryforward appropriations in the Education Fund to Carryforward. Any funds that do not carry forward are reverted to the Education Fund.

The following table and chart provide a history of the reversions to the Education Fund for the last five years.

Reversion History

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Special Education	5,235,024	8,986,778	9,212,026	513,046	-
State-Placed Students	-	901,038	593,810	-	-
Adult Education & Literacy	-	338,137	1,397,950	9,484	-
Education Payment	500,294	3,855,610	341,880	4,577,182	8,443,806
Transportation	-	-	-	180,797	97,030
Small Schools	25,475	123,629	-	395,595	109,928
Capital Debt Service	-	-	100,447	8,636	25,000
Essential Early Education	108,109	3,606	209,219	220,782	89,451
Flexible Pathways	-	-	-	416,790	637,263
Technical Education	54,912	462,597	203,854	363,463	160,914
Grand Total	5,923,814	14,671,395	12,059,186	6,685,775	9,563,392



Items of note:

- In FY 2015 and FY 2016, there were significant reversions from special education, which drove the unreserved/unallocated balance in the Education Fund used in the FY 2018 Budget.
- The reversion of the Education Payment in 2018 reflects the Health Care Claw back.

B. 502 - Special Education Formula

The Special Education Formula provides funding for Vermont Supervisory Unions and Supervisory Districts for their K-12 special education eligible costs not covered by federal funds or other State funds such as State placed student funding. In addition to K-12 special education, the Extraordinary Reimbursement may also be used for Pre-K extraordinary special education expenditures. The grant categories 4-9 in the table below provide funding for specialized services and training.

	FY 2018 Actuals	FY2019 Budget	FY2020 Gov Rec	19-20 Change
Education Fund				
GRANTS				
1 Mainstream Block Grant	33,099,169	31,848,426	32,615,958	767,532
2 Special Ed. Reimbursement	128,396,749	143,739,241	155,888,615	12,149,374
3 Extraordinary Reimbursement	18,246,195	19,218,454	20,686,937	1,468,483
4 I-Team & Regional Specialist	1,000,619	1,099,878	1,129,575	29,697
5 Hearing Impaired	940,193	966,424	992,517	26,093
6 Visually Impaired	572,366	588,335	604,220	15,885
7 BEST	476,658	581,892	597,603	15,711
8 Act 230 Training	306,399	428,992	440,575	11,583
TOTAL EDUCATION FUND	183,038,348	198,471,642	212,956,000	14,484,358

Budgetary Changes: The Special Education Appropriation has several changes:

1. Mainstream block grant – the mainstream block grant is a factor of the special education funding formula that is used to calculate the appropriation. The formula, is based on special educator salary per ADM in a supervisory union. As ADM fluctuates, the block grant is impacted.
2. Special education reimbursement – the funding for the special education expenditure reimbursement is contingent on service plans submitted by Supervisory Unions and Supervisory Districts. The FY 2020 appropriation reflects the amount needed to fully fund the FY 2020 projected state special education obligation, including the reimbursement tail that will occur at the beginning of FY 2021 when the census block grant transition begins.
3. Extraordinary Reimbursement – this reflects the projected state obligations for extraordinary cost reimbursement in FY 2020 based on service plans.
4. I-Team & Regional Specialists, Hearing Impaired, Visually Impaired, BEST, and Act 230 Training, are grants to support improvement of service delivery and specialized services - these grant amounts are increased annually by the NEEP index.

Summary of Special Education Grants

1. Mainstream Block Grant – 16 V.S.A. §2961
These funds provide a block grant to each supervisory union and supervisory district based on 60 percent of the statewide average salary for: (1) 9.75

special education teaching positions per 1,000 Average Daily Membership (ADM), and (2) up to two special education administrators per supervisory union/district based on ADM.

2. Special Education Expenditures Reimbursement - 16 V.S.A. §2963; 16 V.S.A. §2967
This funding reimburses a portion of eligible special education costs not covered by another part of the formula or by federal or other state funds.
3. Extraordinary Reimbursement – 16 V.S.A. §2962
Funds provide 90 percent reimbursement for high-cost students for costs in excess of \$50,000 for individualized education programs (IEPs). The reimbursement increases to 95 percent for amounts in excess of \$60,000 in FY 2020, with the excess cost threshold increased annually by the National Income and Products Accounts (NIPA) thereafter.
4. Interdisciplinary Team & Regional Multi-disability Specialist (I-Team) – 16 V.S.A. §2969(b)(3)&(4)
This grant provides parents and school staff services and consultation to support successful inclusion of children who have multiple disabilities. The grant supports statewide consultants with expertise in specialized areas as well as regional consultants.
5. Students who are Deaf or Hard of Hearing (Hearing Impaired) – 16 V.S.A. §2967(b)(2)
These funds support consultation and services for students who are deaf or hard of hearing. Regionally assigned consultants assist school staff and parents in arranging for assistive technology, accommodations, training and technical assistance.
6. Students with Visual Impairments (Visually Impaired) – 16 V.S.A. §2967(b)(2)
These funds support services by the Vermont Association for the Blind and Visually Impaired for itinerant teachers to consult with school staff and parents and provide direct instruction in Braille, assist with selection of low-vision aids, recommend accommodations and provide mobility training.
7. Building Effective Supports for Teaching (BEST) – 16 V.S.A. §2969(c)
These funds assist schools in developing and implementing systemic plans to improve staff's ability to effectively respond to challenging student behaviors. They support training opportunities, coaching, technical assistance and regional partnerships to meet the needs of students who have emotional and behavioral challenges.
8. Act 230 Training Grants – 16 V.S.A. §2969(d)
Funds are granted to supervisory unions/districts for training and technical assistance to better meet student needs and to enhance tiered systems of supports.

B. 503 - State-Placed Students

A state-placed student is a student who is placed by a Vermont State Agency, a state-licensed child care agency, a designated community mental health agency, or any other agency as defined by the Secretary, or by a court of competent jurisdiction in another state, territory or country in a school district outside of his or her parents'/guardians' district(s) of residence. The FESP team works with special education administrators, principals, other school staff and Agency of Human Services (AHS) staff to ensure timely enrollment and educational stability for students who may be in care outside of their parents' school district or in residential settings.

	FY 2018 Actuals	FY2019 Budget	FY2020 Gov Rec	19-20 Change
Education Fund				
GRANTS				
1 LEA Reimbursement	5,475,279	6,500,000	8,280,000	1,780,000
2 Indiv. Residential Placement	9,519,954	8,780,000	7,800,000	(980,000)
3 Special Services	306,665	220,000	220,000	-
4 Regular Education Tuition	101,711	200,000	200,000	-
TOTAL EDUCATION FUND	15,403,609	15,700,000	16,500,000	800,000

Budgetary Changes: These allocations were updated to realign with actual spending.

Summary of State Placed Student Grants

1. LEA (Local Education Agency) Reimbursement – 16 V.S.A. §2950(a)
2. These funds are used to reimburse school districts 100 percent of special education costs incurred for students with Individualized Education Programs (IEPs).
3. Individual Residential Placement – 16 V.S.A. §2950(b) and (c)
4. These funds provide payments to approved independent schools or tutorial programs for educational costs of students in residential facilities within and outside of Vermont.
5. Special Services – 16 V.S.A. §2950(a)
6. These funds are used to reimburse school districts for special services approved by the Secretary for non-IEP students. They may also be used for payments to the Lund Home for daytime educational services for pregnant or parenting teens (16 VSA §1073(a)(3), or for tuition or special education costs for Vermont students placed in foster care in other states.
7. State-Placed Student Regular Education Tuition – 16 V.S.A. §4012
8. These funds are used to reimburse the general education tuition for state-placed students to school districts that do not operate their own schools.

B. 504 - Adult Education & Literacy

This appropriation supports the Adult Education and Literacy (AEL) program.

	FY 2018 Actuals	FY2019 Budget	FY2020 Gov Rec	19-20 Change
General Fund				
1 Adult Education and Literacy	731,660	2,705,000	2,705,000	-
2 Adult Diploma		900,000	900,000	-
TOTAL GENERAL FUNDS	731,660	3,605,000	3,605,000	-
Education Fund				
1 Adult Education and Literacy	1,800,000	-	-	-
2 Adult Diploma	900,000	-	-	-
TOTAL EDUCATION FUNDS		-	-	-
Federal Fund				
3 AEL Grants to States				
TOTAL FEDERAL FUNDS	765,491	766,050	766,050	-

Budgetary Changes: The appropriation for AEL is level funded from FY 2019 to FY 2020, of note is that all funding for AEL was shifted from the Education fund to the General Fund in FY 2019.

Summary of Adult Education and Literacy Grants

1. Adult Education & Literacy – 16 V.S.A. §4025(b)(1)
This program provides instruction and education services below the postsecondary level for those aged 16 and older that increase the individual’s ability to: read, write, and speak in English and perform mathematics or other activities necessary for the attainment of a secondary school diploma or its recognized equivalent; transition to postsecondary education and training; and/or obtain employment.
2. Adult Diploma Program – 16 V.S.A. §945(f)
Described under the Flexible Pathways Initiative, this program is an assessment process administered by the Agency, as part of a comprehensive program, through which adults, 20 years and older, can earn a high school diploma granted by a participating high school or GED program. Payments made to a department or agency that provides an adult diploma program are calculated per 16 V.S.A. § 4011(f)
3. Workforce Innovation and Opportunity Act (WIOA), Title II Adult Ed. and Literacy
The federal funds combine with state funds to provide instruction and education services below the postsecondary level for those aged 16 and older as described above. The federal appropriation may only be used for those who are not enrolled or required to be enrolled in secondary school and for those who are deficient in basic skills (reading, writing, or math skills below the 8th grade level), do not have a secondary school diploma or its recognized equivalent, or are English language learners.

B. 504.1 - Flexible Pathways

16 V.S.A. §941 describes the Flexible Pathways Initiative that requires schools serving students grades 7 - 12 to offer flexible pathways to graduation and to document the personalization process in Personal Learning Plans (PLPs). Flexible pathways, as a component of PLPs, can include work-based learning experiences, CTE, virtual or blended learning, dual enrollment and early college, the High School Completion Program, and other pathways whereby students can demonstrate meeting graduation requirements.

	FY 2018 Actuals	FY2019 Budget	FY2020 Gov Rec	19-20 Change
Education Fund				
GRANTS				
1 HS Completion for LEAs	3,029,058	3,916,000	3,916,000	-
2 Dual Enrollment	509,224	740,000	1,700,000	960,000
3 Early College*	2,614,591	1,904,000	2,148,000	244,000
4 Vermont Academy of Science**	-	450,000	450,000	-
5 Secondary School Reform	184,491	200,000	200,000	-
6 Dual Enrollment VT Virtual	100,000	100,000	100,000	-
7 Dual Enrollment VT VSAC	30,000	36,000	36,000	-
TOTAL EDUCATION FUND	6,467,364	7,346,000	8,550,000	1,204,000

** The Vermont Academy of Science is paid of the Early College

Budgetary Changes: The changes in FY 2020 in this appropriation reflect three separate changes:

1. Dual Enrollment: There are two changes to the Dual Enrollment appropriation. The Next generation fund appropriation for dual enrollment is not proposed in FY 2020, rather the entire dual enrollment appropriation is shifted to the Education Fund. Additionally, additional funds are added to the program to ensure sufficient funding to cover projected costs.
2. Early College: Enrollment in the Early College program continues to increase. The appropriation has been increased to reflect the projected demand for the program.

Summary of Flexible Pathways Grants

1. High School Completion Program (HSCP) – 16 V.S.A. §943(c)
This grant reimbursement program provides learners with educational services of the scope and rigor needed to attain a high school diploma. Eligible students are at least 16 years old and have not earned a high school diploma. HSCP funding is available once a student reaches an assessment level commensurate with 9th grade. Adult Education and Literacy providers lead student intake and enrollment, the administration of assessments, and work with each student and the assigned school district to develop the Personalized Learning Plan (PLP) that details their pathway to graduation.
2. Dual Enrollment - 16 V.S.A. §944(f)(2)
This program is open to Vermont residents who have completed grade 10 and have not received a high school diploma. The program shall include college courses offered on

the campus of an accredited post-secondary institution and college courses offered by an accredited post-secondary institution on the campus of a secondary school. The program may include online college courses or components. Established tuition rates are paid by the Agency to the post-secondary institution. An additional \$600,000 is provided through Next Generation Funds.

3. Early College - 16 V.S.A. §4011(e)

This program directs the Agency to pay an amount equal to 0.87 times the Base Education Amount as the full tuition for each 12th grade Vermont resident student enrolled in an early college program, which includes the Vermont Academy of Science and Technology. Early College programs are developed and operated by Vermont colleges and have been approved by the Secretary for that purpose. Transferred from Statewide Education Spending in FY 2018.

4. Vermont Academy of Science and Technology (VAST) - 16 V.S.A. §4011(e)

VAST operates an approved independent 12th-grade program housed at Vermont Technical College. Transferred from Statewide Education Spending.

5. Secondary School Reform - 16 V.S.A. §941

To support districts in the implementation of Act 77 and the integration of flexible pathways to graduation, the Agency provides funding for projects that focus on innovative school and systems-based work on personalization, flexible pathways and proficiency-based education.

6. Vermont Virtual Learning Cooperative -16 V.S.A. §941(b)(3)(c)(ii)

To support more fully the intent of Act 77, and specifically the flexible pathways represented by virtual learning, this funding supports Vermont Virtual Learning Cooperative to provide online courses – created and vetted by licensed instructors -- for students enrolled in high school. The flexibility of online learning courses allows students to maximize their learning during and beyond the traditional classroom day.

7. Dual Enrollment, VSAC – Previously 2017 No. 85 Sec. B.1100(a)(3)(C)

A \$36,000 amount granted to VSAC to support need-based stipends for dual enrollment and early college students. Students who meet the eligibility criteria (based on FRL status) may receive a stipend to help offset the out-of-pocket expenses of books, fees, or transportation. An additional \$36,000 match is provided through Next Generation Funds. The Legislature included a \$6,000 increase to this appropriation in FY 2019.

B. 505 - Statewide Education Spending Grant

This grant is the primary funding source for public education in Vermont under Chapter 133 of 16 V.S.A.

	FY 2018 Actuals	FY2019 Budget	FY2020 Gov Rec	19-20 Change
Education Fund				
GRANTS				
1 Education Grants	1,340,724,668	1,368,525,000	1,420,180,000	51,655,000
2 Tech FTEs Not Enrolled		500,000	500,000	-
3 Drivers Education	450,692	450,706	451,000	294
4 Act 46, as amended by 2017, No. 49	2,353,182	1,600,000	600,000	(1,000,000)
TOTAL EDUCATION FUND	1,343,528,542	1,371,075,706	1,421,731,000	50,655,294

Budgetary Changes: The changes in FY 2020 in this appropriation reflect two changes:

1. Education Spending Grants – \$44.5M reflects the Agency of Education’s estimate in local school budget growth in FY 2020. The growth rate is projected to be about 3.2% above prior year spending. The growth pressure is associated with typical cost pressures in schools as well as health care cost growth. This number will be updated once local budgets are submitted to the Agency.
2. Act 46 Grants – As Act 46, 2015, as amended by Act 49, 2017, enters its final phases, there is a decreased need in communities for grants to support Act 46 work. As such, the Agency has determined that the funding need can be reduced by \$1.0M.

Summary of Statewide Education Spending Grants

1. Education Spending Grant – 16 V.S.A. §4011(a), (c): Funds must be appropriated to pay for each district’s education spending amount. The amount provided here is an estimate and will be updated once local budgets are submitted to the Agency.
2. Tech Full-time Equivalents Not Enrolled – 16 V.S.A. § 4011(g): This payment is to partially refund districts for resident students attending a technical center at public expense but who are not enrolled in a public high school. These students are not counted in the district ADM. The actual spending is reflected in the Education Spending Grant line.
3. Driver Education Program Grants – 16 V.S.A. §1047: These funds provide partial reimbursement to schools that offer driver education programs. The State share of support for this program is less than 25 percent.
4. Act 46 Grants as amended by Act 49 – originally 2011, No. 156 (Adj. Session), Sec. 2, 5, 9, & 11, as referenced by 2015, No. 46 titled, An Act Relating to Making Amendments to Education Funding, Education Spending, and Education Governance

While the Act 46 grants have phased out, Sec. 8 of Act 49 provided for supplemental transition facilitation grants for existing unified or modified unified districts that accept additional districts.

B. 506 - Transportation

Administered through the School Finance Team, these funds are used to reimburse up to half of school district expenditures to transport students to and from school. Exact reimbursement percentages are limited by appropriated amounts and are determined by the amount of district expenditures, as per 16 V.S.A. § 4016.

	FY 2018 Actuals	FY2019 Budget	FY2020 Gov Rec	19-20 Change
Education Fund				
Transportation				
TOTAL EDUCATION FUND	18,648,351	19,226,000	19,800,000	574,000

Budgetary Change: The changes in FY 2020 in this appropriation reflects the statutory increase for the appropriation.

B. 507 - Small School Support Grants

Under 16 V.S.A. §4015, these funds provide formula grants to school districts operating schools with a two-year average grade size of 20 or fewer students. These funds are administered through the School Finance Team.

	FY 2018 Actuals	FY2019 Budget	FY2020 Gov Rec	19-20 Change
Education Fund				
Small Schools Grants				
TOTAL EDUCATION FUND	7,284,150	7,600,000	8,200,000	600,000

Budgetary Change: No change in FY 2020, based on schools that will qualify per statute. This may be updated once school budgets are submitted.

B. 510 – Essential Early Education

Essential Early Education grants are made to supervisory union/districts to fund preschool special education services for children ages 3 through 5 per 16 V.S.A. §2948(c). If grant funds are available after providing preschool special education services, the balance of funds can be used to provide child find services or to serve preschool children ages 3 through 5 at risk of school failure.

	FY 2018 Actuals	FY2019 Budget	FY2020 Gov Rec	19-20 Change
Education Fund				
Essential Early Education Grant				
TOTAL EDUCATION FUND	6,394,476	6,617,213	6,808,000	190,787

Budgetary Change: The changes in FY 2020 in this appropriation reflects the statutory increase for the appropriation.

B. 511 - Technical Education

This funding supports technical education in accordance with 16 V.S.A. §1563 and 1565, state financial assistance.

	FY 2018 Actuals	FY2019 Budget	FY2020 Gov Rec	19-20 Change
Education Fund				
GRANTS				
1 Tech. Ed. Tuition Reduction	8,644,620	8,900,000	9,000,000	100,000
2 Tech. Ed. Salary Assistance	2,177,000	2,310,000	2,350,000	40,000
3 Tech. Ed. Transportation	1,388,465	1,900,000	1,950,000	50,000
4 Youth Leadership	100,000	100,000	125,000	25,000
5 Innovative Program Development	122,991	222,162	725,000	502,838
6 Tech Ed Equipment	388,522	500,000	-	(500,000)
TOTAL EDUCATION FUND	12,821,598	13,932,162	14,150,000	217,838

Budgetary Changes: There are six changes in this appropriation in FY 2020.

1. In the first three appropriations, increases are made Tech Ed Tuition Reduction, Tech Ed Salary Assistance and Tech Ed Transportation as a result of calculations based on a statutory formula.
2. The Youth Leadership \$25K increase is requested to expand the offerings in Youth Leadership activities across the state to introduce an organization focused on leadership in health occupations.
3. The AOE is proposing to merge the Tech Ed Equipment allocation with Innovative Program Development. This change allows for more flexibility in use of these funds and will allow, through competitive grants, regional CTE centers to apply for funds to implement state-wide or local career pathways programs currently under development, or for more expensive equipment to be purchased, or both.

Summary of Statewide Technical Education Grants

1. Technical Education Tuition Reduction (CTE) – 16 V.S.A. § 1561(b),(c)
Funds are disbursed as payments to technical centers to reduce the tuition paid by school districts, based on three-year average enrollments.
2. Technical Education Salary Assistance (CTE) – 16 V.S.A. §1565(a)
Funds are disbursed as payments to technical center districts to help defray the costs of salaries for technical center directors, guidance coordinators and cooperative education coordinators.
3. Technical Education Transportation (CTE) – 16 V.S.A. §1563
Funds reimburse costs of transporting students to CTE centers. The per mile adjusted reimbursement rate is calculated annually.
4. Youth Leadership; Career Technical Student Organizations (CTSO) Youth Leadership

Funds support SkillsUSA, Future Farmers of America (FFA), Future Business Leaders of America (FBLA), Distributive Education Clubs of America (DECA), and Health Occupations Students of America (HOSA). CTSOs promote youth leadership development activities and participation in regional, state and national skills competitions.

5. Innovative Program Development

Funds help cover start-up costs for new and innovative CTE programs developed at the state or regional level, that prepare students for careers and/or further studies in emerging career fields with high skills, high wage and high demand jobs. Provides State match for the Federal Perkins Grant. These funds are granted on a competitive basis for up to two years and may include proposals specifically focused on purchasing equipment or technology.

6. Technical Education Equipment

This line is rolled into the Innovative Program Development line. The needs of CTE has evolved over time combining the two programs will provide for greater flexibility in the use of funds.