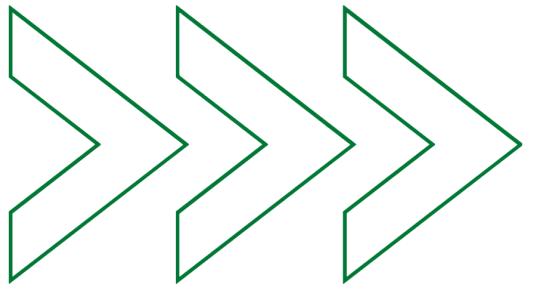


Agency of Education

Budget Book



FY 2023 Budget Recommendations and Annual Report



Submitted by the Vermont Agency of Education to the
Vermont General Assembly

February 7, 2022

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Introduction

We are pleased to present for your consideration the budget recommendations of the Vermont Agency of Education, hereafter referred to as the Agency or AOE, for Fiscal Year 2023 (FY 2023). The budget book is organized into four sections.

The first section contains the Agency Purpose Statement, a message from the Secretary, and a sampling of the policy analysis and legislative work in which the Agency is currently engaged.

The second section provides an overview of the two appropriations that fund the Agency. Included in this section are:

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

The third section provides a budget overview of appropriations from Vermont's Education Fund.

The final section provides the COVID-19 emergency work in which the Agency is currently engaged and an overview of Results Based Accountability and the Programmatic Performance Measure Report.

Agency of Education Purpose Statement

The Agency of Education implements state and federal laws, policies, and regulations so that all Vermont learners have equitable access to high-quality learning opportunities. The Agency accomplishes this mission through the provision of leadership, support, and oversight of Vermont's public education system.

Message from the Secretary

A central focus of our work remains supporting and leading our education system during the COVID-19 pandemic. In addition to managing the public health aspects of the pandemic response in our schools and administering the numerous federal COVID-19 relief funding programs, we have also been planning to pivot state support to more directly address the impact of the pandemic on the education of our students. We have termed this work "education recovery."

We hoped to make the pivot to education recovery at the beginning of the 2021-2022 school year, but the Delta and Omicron variants of the virus have been challenging to manage. Much of our focus remains on supporting the public health needs of our schools in an effort to keep them open and safe, which to a large extent we have been able to do. This has been a significant accomplishment at both the state and local levels, and it is important to acknowledge that despite this success, issues such as learning loss and the social and emotional needs of our students will need to be a priority for our work in the coming months and years.

FY2023 General Fund Budget Proposal

A central feature of our General Fund budget proposal is a request for two new positions. This request is being made as a result of our experience in managing the pandemic response, and as a result of what can now be qualified as long-term policy priorities in education that have been established in law.

One of these positions will be utilized to re-establish a team at the Agency to manage school facilities, health, and safety. This new position will be augmented by a second position that will be transferred from another team in the Agency. In Act 72 of 2020, the General Assembly established an ambitious agenda to address the facilities needs of our schools. The Agency will need staff to manage this work. Prior to the moratorium on school construction aid, the Agency had three dedicated staff to manage just the school construction program. The Agency currently has no staff to support school facilities work. Additionally, several new state initiatives have been enacted pertaining to school health and safety including Community Schools, sexual health, mental health, lead in school drinking water, PCBs, and wellness. This work also needs to be managed and coordinated, and the Agency was not provided additional staff to do so. Additional staff are needed to ensure these initiatives can be successfully implemented.

Our budget proposal also includes an additional position for our policy and communications team. Much of our work related to managing the pandemic has been communications work. We have improved our efficiency and effectiveness in communications through the adoption of new technologies, but our small communications team of three individuals has had significant difficulty in managing the complex communication workflows necessary to meet the needs of our

many stakeholders and to ensure compliance with state and federal reporting requirements. It is important to note the Agency has historically struggled with meeting the reporting requirements established under state law, and this last legislative session saw the institution of a significant number of new reporting requirements. The Agency, however, was not provided any additional staff to manage this new work. An additional position would ensure we are able to meet ongoing and new reporting requirements.

Uniform Chart of Accounts

Sec. E.500.1 of Act 179, 2014, as amended by Act 58 of 2015, required that the Agency 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. All school districts (SD) and supervisory unions (SU) were reporting to the Agency using the UCOA as of July 1, 2020.

School District Data Management System

The Shared School District Data Management System (SSDDMS) project is intended to provide a consolidated repository of school system financial data in order to provide better information for both the legislature and local decision-makers, yielding greater transparency and the opportunity for quality, data-driven policy for Vermonters. Implementation of the SSDDMS has been occurring in small groups of SUs. Twenty SUs have been migrated to the new system. The remaining 34 SUs have not yet begun the transition to implementation. A timeline of SSDDMS legislation is as follows:

- Act 66 of 2021 – Most recent SSDDMS legislation, extended the statutory implementation deadline to January 1, 2023, paused implementations until January 1, 2022.
- Act 72 of 2019 – Extended deadline from July 1, 2020 to July 1, 2022.
- Act 11 of 2018 (Special Session) - The original SSDDMS mandate.

Special Education Funding Change – Implementation of Act 173 of 2018 as Amended

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, 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. The General Assembly subsequently delayed the implementation of the census block model, to begin July 1, 2022.

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 2023, when SUs will receive an amount based on historical funding. The census funding model will be fully implemented in FY 2027, 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 2027, each SU/SD will receive a grant equal to the uniform base amount multiplied by the SU's average daily membership.

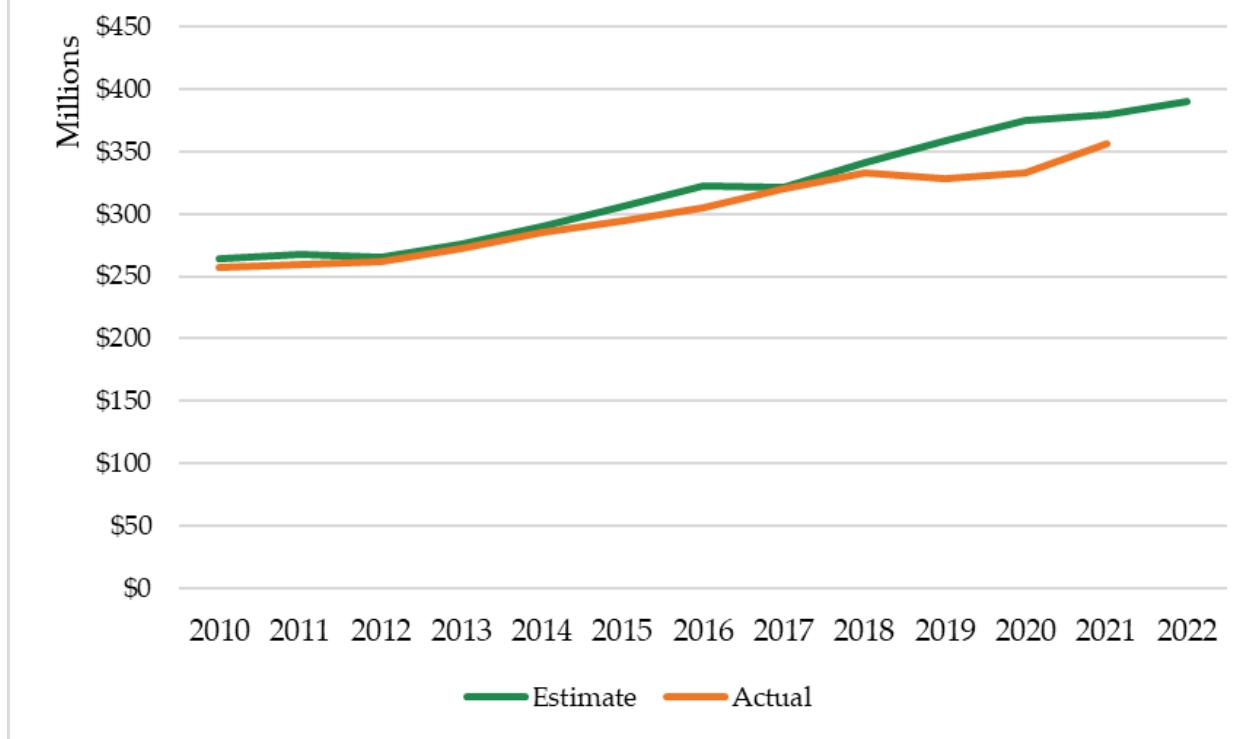
Through FY 2022, special education in Vermont will continue to be funded through a combined block grant and reimbursement system, where the state provides 60% of total special education costs to SU/SDs.

The following chart provides the budget vs. actual spending on special education by the state and local SU/SDs since FY 2010. The estimates are based on service plans (budgets) submitted to the Agency every fall. In FY 2015 and FY 2016, divergence between the projected budget for special education and the actual local spending generated significant reversions to the Education Fund. This window coincided with the final, legislatively mandated push to consolidate special education services at the SU level from the 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 should more closely align with projected need.

Special Education Spending

| Year | Estimate | Actual |
|------|------------------|------------------|
| 2010 | \$264,277,011.00 | \$257,153,024.87 |
| 2011 | \$267,701,671.00 | \$259,426,600.45 |
| 2012 | \$264,924,313.00 | \$261,833,268.30 |
| 2013 | \$276,019,232.00 | \$272,172,983.51 |
| 2014 | \$289,463,574.00 | \$284,608,079.54 |
| 2015 | \$305,770,797.00 | \$294,428,483.90 |
| 2016 | \$322,519,860.00 | \$304,488,839.08 |
| 2017 | \$321,454,761.00 | \$319,949,658.99 |
| 2018 | \$341,024,035.37 | \$332,802,930.45 |
| 2019 | \$358,896,379.56 | \$327,969,744.14 |
| 2020 | \$375,090,997.68 | \$332,936,306.08 |
| 2021 | \$380,241,913.87 | \$356,212,698.25 |
| 2022 | \$389,905,045.40 | |

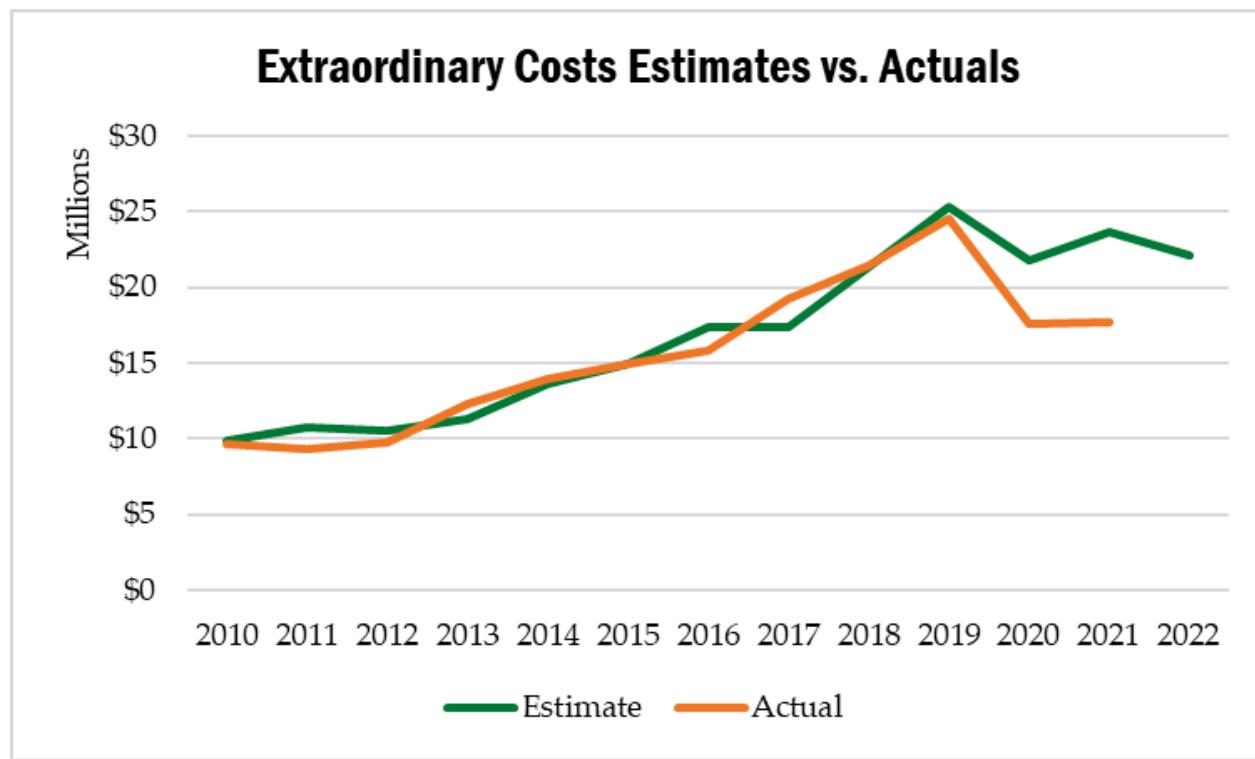
Special Education Spending Estimates vs. Actuals



In addition to special education expenditure reimbursements, beginning in FY 2020, the state began reimbursing 95% of student specific costs over an extraordinary cost threshold of \$60K. The volume of such reimbursements has increased over time. This is due in part to the fact that the previous threshold of \$50K for extraordinary cost reimbursement had not changed since the late 1990s and may also be due, in part, to actual student need becoming more intense over time given other demographic and socioeconomic shifts in the state such as increased trauma, poverty, and opiate addiction; Act 173 increased this threshold to \$60K in FY 2020, (implementation has been delayed until FY 2023), and beginning in FY 2023 and for every year following the threshold will be increased by the National Income and Product Accounts (NIPA). Additionally, the General Assembly included some modifications to the reimbursement formula to remove incentives to make funding decisions on the margin.

Extraordinary Costs Estimates vs. Actuals

| Year | Estimate | Actual |
|------|-----------------|-----------------|
| 2010 | \$9,850,128.00 | \$9,604,734.57 |
| 2011 | \$10,720,778.00 | \$9,316,559.14 |
| 2012 | \$10,501,937.00 | \$9,767,381.26 |
| 2013 | \$11,312,355.00 | \$12,320,164.47 |
| 2014 | \$13,649,458.00 | \$13,979,777.83 |
| 2015 | \$14,944,844.00 | \$14,931,230.85 |
| 2016 | \$17,327,074.00 | \$15,871,706.66 |
| 2017 | \$17,363,699.00 | \$19,190,339.36 |
| 2018 | \$21,353,838.02 | \$21,423,278.66 |
| 2019 | \$25,288,524.97 | \$24,519,777.49 |
| 2020 | \$21,775,723.52 | \$17,608,201.71 |
| 2021 | \$23,648,839.96 | \$17,667,067.96 |
| 2022 | \$22,147,600.43 | |



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 students, but many of them have the potential to 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 also 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. Finally, the Agency is working to align the work of Act 173 with other work underway at the AOE.

FY 2023 Budget Overview, Operating Budget & Organization

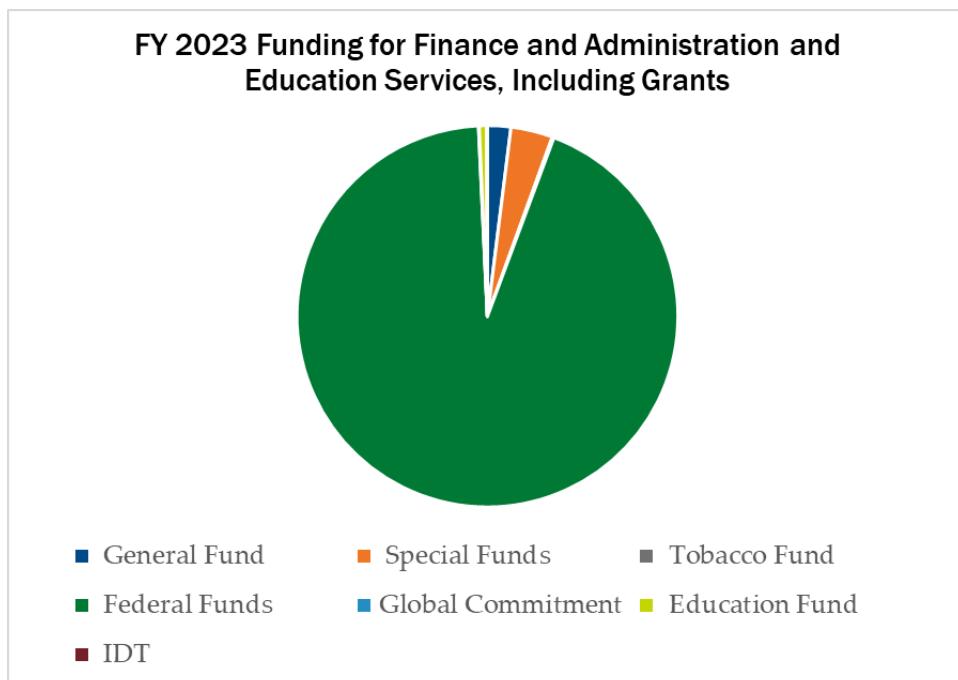
Agency of Education FY 2023 Budget Overview

The FY 2023 operations budget (excluding Education Fund grant appropriations) is reflected in Sections **B.500 Finance and Administration** and **B.501 Education Services**. These two appropriations support all of the work that is done by the Agency associated with the implementation of the initiatives adopted by the General Assembly, the State Board of Education, the U.S. Department of Education, the U.S. Department of Agriculture and several smaller programs funded by a few other Federal Agencies.

\$546.75M is appropriated in these two sections. The following chart shows the distribution of these funds by funding source.

FY 2023 Funding for Finance and Administration and Education Services, Including Grants (in millions)

| Fund | Total |
|-------------------|---------------|
| General Fund | 10.82 |
| Special Funds | 19.45 |
| Tobacco Fund | 0.75 |
| Federal Funds | 511.66 |
| Global Commitment | 0.26 |
| Education Fund | 3.44 |
| IDT | 0.37 |
| Total | 546.75 |



Of the \$546.75M appropriated to Agency operations, \$50.8M (about 9% of the two appropriations) supports operating and personnel. Agency operations as a percentage of the total amount appropriated for general education from all sources (\$2.40B) is only 2.1%.

Agency of Education Budget Overview

Appropriation Categories by Funding Source

| Department Grand Total Category of Expenditure | FY 2022 Appropriation Act | FY 2023 Agency Recommendation | FY 2022 to FY 2023 |
|---|------------------------------|----------------------------------|-----------------------|
| Personal Services | \$28,258,111 | \$45,681,413 | \$17,423,302 |
| Operating Expenses | \$5,093,030 | \$5,226,311 | \$133,281 |
| Grants | <u>\$2,012,283,558</u> | <u>\$2,350,656,109</u> | <u>\$338,372,551</u> |
| Total All Categories | \$2,045,634,699 | \$2,401,563,833 | \$355,929,134 |

Source of Funds Detail - General Fund

| General Fund | FY 2022 Appropriation Act | FY 2023 Agency Recommendation | FY 2022 to FY 2023 |
|--|------------------------------|----------------------------------|-----------------------|
| Personal Services | \$6,774,180 | \$7,496,490 | \$722,310 |
| Operating Expenses | \$1,403,646 | \$1,478,050 | \$74,404 |
| 1: Grant - Education Services | \$1,920,566 | \$1,920,566 | \$0 |
| 2: Grant - Adult Education & Literacy | \$3,496,850 | \$3,496,850 | \$0 |
| 3: Grant - Flexible Pathways | <u>\$921,500</u> | <u>\$921,500</u> | <u>\$0</u> |
| Grant Total | <u>\$6,338,916</u> | <u>\$6,338,916</u> | <u>\$0</u> |
| Total General Fund | \$14,516,742 | \$15,313,456 | \$796,714 |

Source of Funds Detail - Education Fund

| Education Fund | FY 2022 Appropriation Act | FY 2023 Agency Recommendation | FY 2022 to FY 2023 |
|---|----------------------------------|--------------------------------------|---------------------------|
| Personal Services | \$2,300,000 | \$2,300,000 | \$0 |
| Operating Expenses | \$1,089,605 | \$1,144,471 | \$54,866 |
| 4: Grant - Technical Education | \$15,514,300 | \$16,253,900 | \$739,600 |
| 5: Grant - Special Education Formula | \$229,000,000 | \$208,073,400 | (\$20,926,600) |
| 6: Grant - State-Placed Students | \$17,000,000 | \$17,500,000 | \$500,000 |
| 7: Grant - Flexible Pathways | \$8,221,500 | \$8,421,500 | \$200,000 |
| 8: Grant - Statewide Education Spending | \$1,502,051,000 | \$1,561,661,000 | \$59,610,000 |
| 9: Grant - Essential Early Education | \$7,050,104 | \$7,511,638 | \$461,534 |
| 10: Grant - Transportation | \$20,476,000 | \$21,786,000 | \$1,310,000 |
| 11: Grant - Small School Support | \$8,100,000 | \$8,200,000 | \$100,000 |
| Grant Total | <u>\$1,807,412,904</u> | <u>\$1,849,407,438</u> | <u>\$41,994,534</u> |
| Total Education Fund | \$1,810,802,509 | \$1,852,851,909 | \$42,049,400 |

Source of Funds Detail – Tobacco Litigation

| Tobacco Litigation Fund | FY 2022 Appropriation Act | FY 2023 Agency Recommendation | FY 2022 to FY 2023 |
|--------------------------------|----------------------------------|--------------------------------------|---------------------------|
| Personal Services | \$193,867 | \$176,253 | (\$17,614) |
| Operating Expenses | \$11,714 | \$11,714 | \$0 |
| 12: Grant - Tobacco Litigation | \$544,807 | \$562,421 | \$17,614 |
| Total Tobacco Litigation Fund | \$750,388 | \$750,388 | \$0 |

Source of Funds – Federal, Special & Interdepartmental

| Federal, Special & Interdepartmental Funds | FY 2022 Appropriation Act | FY 2023 Agency Recommendation | FY 2022 to FY 2023 |
|--|----------------------------------|--------------------------------------|---------------------------|
| Personal Services | \$18,990,064 | \$35,708,670 | \$16,718,606 |
| Operating Expenses | \$2,588,065 | \$2,592,076 | \$4,011 |
| 13: Grant - Finance & Administration | \$16,770,700 | \$14,770,700 | (\$2,000,000) |
| 14: Grant - Education Services | \$180,450,181 | \$478,660,584 | \$298,210,403 |
| 15: Grant - Adult Education & Literacy | \$766,050 | \$916,050 | \$150,000 |
| Grant Total | \$197,986,931 | \$494,347,334 | \$296,360,403 |
| Total Federal, Special & Interdepartmental Fund | \$219,565,060 | \$532,648,080 | \$313,083,020 |

Total

| | | | |
|-----------------------------|------------------------|------------------------|----------------------|
| Total All Categories | \$2,045,634,699 | \$2,401,563,833 | \$355,929,134 |
|-----------------------------|------------------------|------------------------|----------------------|

General Funds to Support Education

In FY 2019 the General Assembly repealed the long-standing transfer of General Funds to the Education Fund. Instead of the General Fund transfer, the General Assembly dedicated to the Education Fund:

- 100% of the Sales and Use Tax,
- 25% of the Rooms and Meals Tax,
- 33% of Purchase & Use Tax,
- Lottery Transfer,
- Medicaid Transfer, and
- Wind & Solar Tax Fund Interest to the Education Fund.

Additionally, the following expenditures were moved from the Education Fund to the General Fund:

- Adult Education and Literacy,
- the Community High School of Vermont,
- the unfunded liabilities for the Teachers' Pension,
- Other Post-Employment Benefits, and
- the administration at the Agency that is not covered by Federal Funds or other sources.

General Fund appropriated to the AOE operations budget support activities including:

- The Secretary's Office and Legal Division,

- The Finance Division (to manage and allocate state and federal dollars),
- 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.

The Education Fund and Agency Operations

By statute, Education Fund dollars can only be used for authorized educational purposes and cannot be used for state level activities. Therefore, Education Fund dollars cannot support AOE operations or activities. Historically, however, 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 \$1.1M.

In the FY 2023 budget and with prior approval from the General Assembly (16 V.S.A. § 4025(b)(5)), the Agency is continuing the \$2.3M for 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) which are required by state and federal law and will be utilized by all school districts.

This appropriation ensures that the Agency has the funds necessary to continue to implement/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 of the education initiatives at the Agency, including AOE staff for support of:

- Federal Title education programs,
- Career and Technical Education,
- Accountability,
- Special Education,
- Education Quality and School Improvement, and
- Nutrition support for child care, prekindergarten (PreK), schools and adult care programs.

Of the \$533M federal funds appropriated to the AOE, approximately 7%, or \$38M, are used to fund personal services, contractual obligations and operating costs of the Agency. The remaining \$494M 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 a good steward 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 and 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.

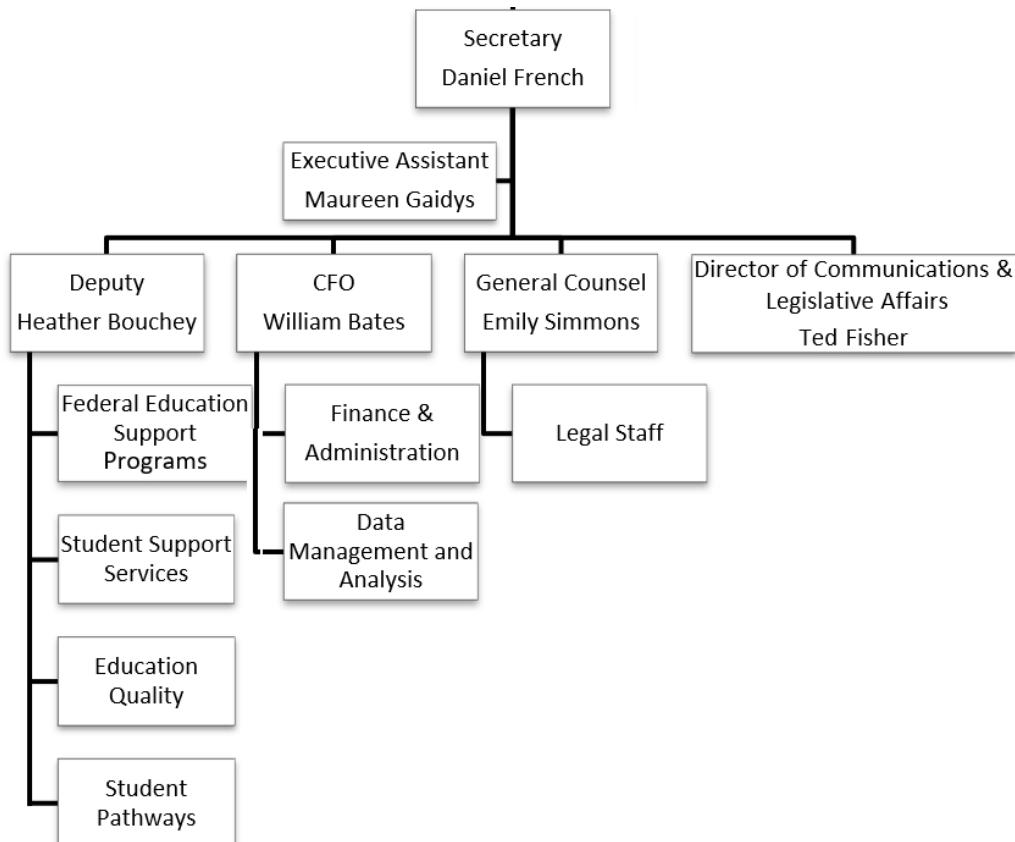
To support administration of federal funds, the federal government also provides a “small state minimum” set aside. It’s worth noting that this small state minimum has not increased in about 20 years and has not been adjusted for inflation.

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

Agency of Education Organization and Positions

The Agency 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.

Figure 1: Agency of Education Organization Chart



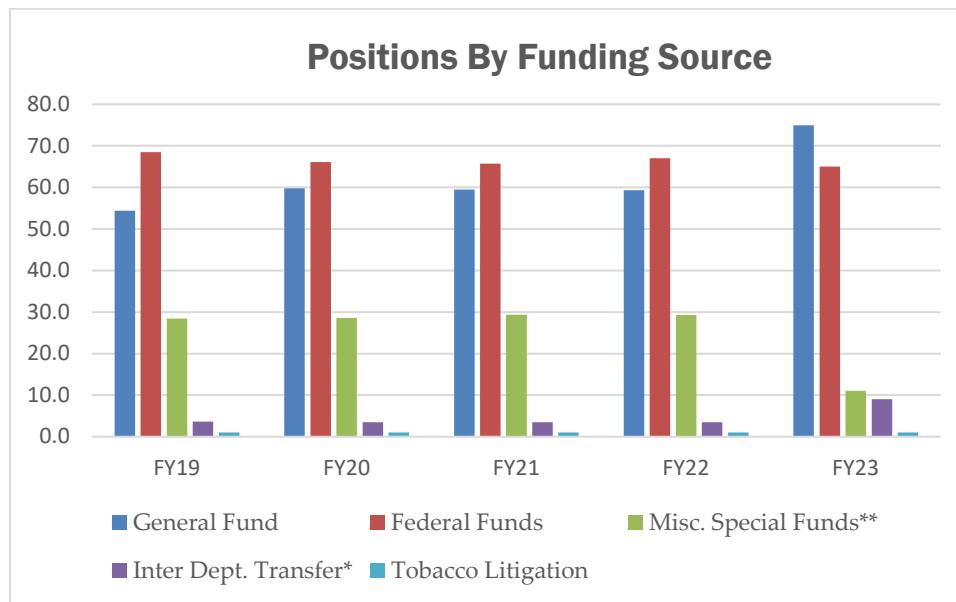
Position Summary

The FY 2023 Position Summary includes 161 positions at the AOE. The Executive Budget recommendation includes funding for 2 additional positions.

Positions at the Agency are supported by a variety of funding sources. The table and graph below display the change in positions by funding source over time.

Positions by Funding Source at the AOE 2019-23 Budget Request

| Fund | FY19 | FY20 | FY21 | FY22 | FY23 |
|-----------------------|------|------|------|------|------|
| General Fund | 54.4 | 59.8 | 59.5 | 59.3 | 75.0 |
| Federal Funds | 68.5 | 66.1 | 65.7 | 67.0 | 65.0 |
| Misc. Special Funds** | 28.5 | 28.6 | 29.3 | 29.3 | 11.0 |
| Inter Dept. Transfer* | 3.7 | 3.5 | 3.5 | 3.5 | 9.0 |
| Tobacco Litigation | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |
| Employees | 156 | 159 | 159 | 160 | 161 |



The Agency has averaged 159 positions since FY 2019 while taking on new work each year associated with new state and federal mandates. It is important to recognize that in any one year there will be changes associated with governmental reorganization (e.g., the creation of the Agency of Digital Services/ADS) and both 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 unit include:

- The Office of the Secretary
 - In addition to the Secretary, Deputy Secretary, and their direct support staff, the Office of the Secretary also includes the Communications Team, which supports internal and external communications, as well as Legislative Affairs.
- 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; 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; and the implementation of a statewide uniform chart of accounts.
- The Data Management and Analysis Division (DMAD) is responsible for collecting, stewarding, analyzing and reporting on data from all levels of Vermont's education system. A centralized AOE resource serving as the main partner to the Agency of Digital Services (ADS), this Division oversees the processes, infrastructure and practices that support the data lifecycle for the most mission critical data assets the AOE and Vermont is responsible for on an annual basis.

The Finance and Administration unit of the Agency has an FY 2023 budget of \$35.808M including grants, an all-funds budget increase of \$1.57M. The net changes in the appropriation are driven by several factors, including:

1. Increase associated with Personal Services
2. Changes in internal services funds

B. 500 – Finance and Administration Budget Summary

Finance and Administration – Category of Expenditure

| Category of Expenditure | FY 2022 Appropriation Act | FY 2023 Agency Recommendation | FY 2022 to FY 2023 |
|-------------------------|------------------------------|----------------------------------|-----------------------|
| Personal Services | \$13,479,879 | \$16,916,498 | \$3,436,619 |
| Operating Expenses | \$3,987,842 | \$4,121,123 | \$133,281 |
| Grants | <u>\$16,770,700</u> | <u>\$14,770,700</u> | <u>(\$2,000,000)</u> |
| Total All Categories | \$34,238,421 | \$35,808,321 | \$1,569,900 |

Finance and Administration – Source of Funds

| Source of Funds | FY 2022 Appropriation Act | FY 2023 Agency Recommendation | FY 2022 to FY 2023 |
|--------------------------------|------------------------------|----------------------------------|-----------------------------|
| General Fund (A) | \$5,446,749 | \$6,044,058 | \$597,309 |
| Education Funds (B) | \$3,389,605 | \$3,444,471 | \$54,866 |
| Federal Funds (C) | \$6,201,700 | \$9,253,287 | \$3,051,587 |
| Special Funds (D) | \$18,603,202 | \$16,701,181 | <u><u>(\$1,902,021)</u></u> |
| Interdepartmental Transfer (E) | <u>\$597,165</u> | <u>\$365,324</u> | <u><u>(\$231,841)</u></u> |
| Total All Sources | \$34,238,421 | \$35,808,321 | \$1,569,900 |

Finance and Administration – General Funds

| (A) General Fund | FY 2022 Appropriation Act | FY 2023 Agency Recommendation | FY 2022 to FY 2023 |
|--------------------|------------------------------|----------------------------------|-----------------------|
| Personal Services | \$4,271,717 | \$4,794,622 | \$522,905 |
| Operating Expenses | \$1,175,032 | \$1,249,436 | \$74,404 |
| Grants | \$0 | \$0 | \$0 |
| Total General Fund | \$5,446,749 | \$6,044,058 | \$597,309 |

Finance and Administration – Education Funds

| (B) Education Fund | FY 2022 Appropriation Act | FY 2023 Agency Recommendation | FY 2022 to FY 2023 |
|-----------------------------|--------------------------------------|--|-------------------------------|
| Personal Services | \$2,300,000 | \$2,300,000 | \$0 |
| Operating Expenses | \$1,089,605 | \$1,144,471 | \$54,866 |
| Grants | \$0 | \$0 | \$0 |
| Total Education Fund | \$3,389,605 | \$3,444,471 | \$54,866 |

Finance and Administration – Federal Funds

| (C) Federal Fund | FY 2022 Appropriation Act | FY 2023 Agency Recommendation | FY 2022 to FY 2023 |
|---------------------------|--------------------------------------|--|-------------------------------|
| Personal Services | \$5,190,407 | \$8,241,994 | \$3,051,587 |
| Operating Expenses | \$1,011,293 | \$1,011,293 | \$0 |
| Grants | \$0 | \$0 | \$0 |
| Total Federal Fund | \$6,201,700 | \$9,253,287 | \$3,051,587 |

Finance and Administration – Special Funds

| (D) Special Funds | FY 2022 Appropriation Act | FY 2023 Agency Recommendation | FY 2022 to FY 2023 |
|---------------------------|--------------------------------------|--|-------------------------------|
| Personal Services | \$1,150,732 | \$1,244,700 | \$93,968 |
| Operating Expenses | \$681,770 | \$685,781 | \$4,011 |
| 1: Grants - Medicaid | \$16,510,700 | \$14,510,700 | (\$2,000,000) |
| 2: Grants - Global Fund | \$260,000 | \$260,000 | \$0 |
| Total Special Fund | \$18,603,202 | \$16,701,181 | (\$1,902,021) |

Finance and Administration – Interdepartmental Transfer Funds

| (E) Interdepartmental Transfer | FY 2022 Appropriation Act | FY 2023 Agency Recommendation | FY 2022 to FY 2023 |
|--|------------------------------|----------------------------------|-----------------------|
| Personal Services | \$567,023 | \$335,182 | (\$231,841) |
| Operating Expenses | \$30,142 | \$30,142 | \$0 |
| Grants | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |
| Total Interdepartmental Transfer Fund | \$597,165 | \$365,324 | (\$231,841) |

Total

| | | | |
|--------------------------|---------------------|---------------------|--------------------|
| Total All Sources | \$34,238,421 | \$35,808,321 | \$1,569,900 |
|--------------------------|---------------------|---------------------|--------------------|

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

1. 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.
2. Global Commitment: These funds are appropriated to the Agency to make payments to the State's contractor for reimbursement of physician claims to document medical necessity of eligible students.

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

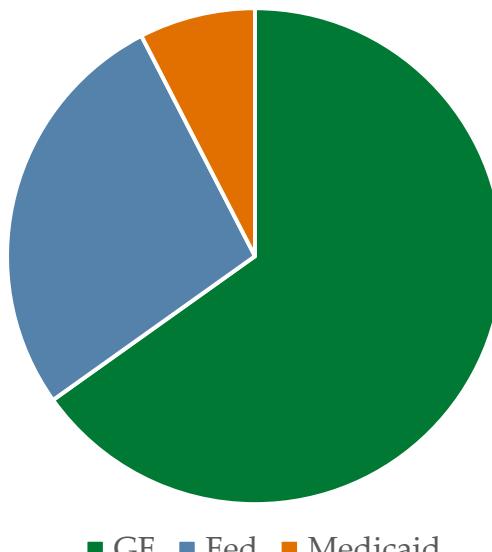
The Finance and Administration division houses 66 Positions. The majority of funds for the administration of the Agency are from the General fund (65%). Federal funds provide 27% of funding for the positions; these federal funds are comprised of both indirect funds earned through the administration of 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 fund in the Finance and Administration Appropriation:

B. 500 Finance and Administration FY 2023 Position Funding

| Team | | GF | Fed | Medicaid | Total |
|---------------------|--|--------|--------|----------|---------|
| Total | | 43 | 18 | 5 | 66 |
| Percentage of Total | | 65.15% | 27.27% | 7.58% | 100.00% |

500 Finance and Administration FY 2023 Position Funding



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

B.501 – Education Services

Working under the direction of the Deputy Secretary, the Education Services Divisions provide support, technical assistance and oversight to the work of the local education agencies (LEAs), assisting them in implementing state and federal education requirements across the state.

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

The divisions include:

- Student Support Services
- Student Pathways
- Federal Education and Support Programs
- Education Quality

B. 501 Education Services Budget Summary

Education Services – Category of Expenditure

| Category of Expenditure | FY 2022 Appropriation Act | FY 2023 Agency Recommendation | FY 2022 to FY 2023 |
|-------------------------|------------------------------|----------------------------------|-----------------------|
| Personal Services | \$14,739,327 | \$28,726,010 | \$13,986,683 |
| Operating Expenses | \$1,073,385 | \$1,073,385 | \$0 |
| Grants | <u>\$182,915,554</u> | <u>\$481,143,571</u> | <u>\$298,228,017</u> |
| Total All Categories | \$198,728,266 | \$510,942,966 | \$312,214,700 |

Education Services – Source of Funds

| Source of Funds | FY 2022 Appropriation Act | FY 2023 Agency Recommendation | FY 2022 to FY 2023 |
|-----------------------------------|------------------------------|----------------------------------|-----------------------|
| General Fund (A) | \$4,580,935 | \$4,780,340 | \$199,405 |
| Federal Fund (B) | \$190,533,773 | \$502,402,928 | \$311,869,155 |
| Tobacco Litigation Fund (C) | <u>\$750,388</u> | <u>\$750,388</u> | <u>\$0</u> |
| Special Funds (D) | <u>\$2,863,170</u> | <u>\$3,009,310</u> | <u>\$146,140</u> |
| Interdepartmental Transfer (E) | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |
| Total All Sources | \$198,728,266 | \$510,942,966 | \$312,214,700 |

Source of Funds Detail – General Fund

| (A) General Fund | FY 2022 Appropriation Act | FY 2023 Agency Recommendation | FY 2022 to FY 2023 |
|--|--------------------------------------|--|-------------------------------|
| Personal Services | \$2,463,558 | \$2,662,963 | \$199,405 |
| Operating Expenses | \$196,811 | \$196,811 | \$0 |
| 1: Grant - Adult Services Coordinator | \$211,233 | \$211,233 | \$0 |
| 2: Grant - Tech Ed Adult Formula | \$29,320 | \$29,320 | \$0 |
| 3: Grant - Special Olympics | \$13,778 | \$13,778 | \$0 |
| 4: Grant - Child Nutrition - State Match | \$483,348 | \$483,348 | \$0 |
| 5: Grant - Child Nutrition - Child Care | \$223,268 | \$223,268 | \$0 |
| 6: Grant - Child Nutrition - Breakfast | \$277,632 | \$277,632 | \$0 |
| 7: Grant - Child Nutrition - Summer Food | \$51,387 | \$51,387 | \$0 |
| 8: Grant - Child Nutrition - Free Lunch Initiative | \$297,250 | \$297,250 | \$0 |
| 9: Grant - Child Nutrition - TEFAP | \$83,976 | \$83,976 | \$0 |
| 10: Grant - Governor's Institutes | \$186,874 | \$186,874 | \$0 |
| 11: Grant - Teacher of the Year | \$2,500 | \$2,500 | \$0 |
| 12: Grant - Outright Vermont | \$60,000 | \$60,000 | \$0 |
| Total Grants | \$1,920,566 | \$1,920,566 | \$0 |
| Total General Fund | \$4,580,935 | \$4,780,340 | \$199,405 |

Source of Funds Detail – Federal Funds

| (B) Federal Funds | FY 2022 Appropriation Act | FY 2023 Agency Recommendation | FY 2022 to FY 2023 |
|---|--------------------------------------|--|-------------------------------|
| Personal Services | \$9,477,726 | \$23,136,478 | \$13,658,752 |
| Operating Expenses | \$650,866 | \$650,866 | \$0 |
| 13: Grant - Carl Perkins Secondary | \$3,500,072 | \$4,000,000 | \$499,928 |
| 14: Grant - Perkins Secondary Reserve | \$350,000 | \$350,000 | \$0 |
| 15: Grant - Carl Perkins Post-Secondary | \$1,000,000 | \$1,500,000 | \$500,000 |
| 16: Grant - Post-Secondary Reserve | \$100,000 | \$120,000 | \$20,000 |
| 17: Grant - Carl Perkins Leadership | \$75,000 | \$75,000 | \$0 |
| 18: Grant - Carl Perkins Corrections | \$55,000 | \$55,000 | \$0 |
| 19: Grant - 21st Century | \$8,850,000 | \$8,850,000 | \$0 |
| 20: Grant - Title I Grants to LEAs | \$32,000,000 | \$40,000,000 | \$8,000,000 |
| 21: Grant - Title I Migrant | \$600,000 | \$600,000 | \$0 |
| 22: Grant - Title I Migrant Consortium | \$100,000 | \$100,000 | \$0 |
| 23: Grant - Title I Neglected or Delinquent | \$150,000 | \$150,000 | \$0 |
| 24: Grant - Homeless Education Act | \$225,000 | \$250,000 | \$25,000 |
| 25: Grant - Title II, ITQ | \$12,500,000 | \$12,500,000 | \$0 |
| 26: Grant - IDEA-B Flow-Thru | \$30,346,800 | \$29,999,800 | (\$347,000) |
| 27: Grant - Preschool Incentive | \$1,234,000 | \$687,911 | (\$546,089) |
| 28: Grant - School Lunch Program | \$19,165,091 | \$40,000,000 | \$20,834,909 |
| 29: Grant - Child & Adult Care Food Program | \$6,286,822 | \$6,286,822 | \$0 |
| 30: Grant - School Breakfast Program | \$8,419,615 | \$8,419,615 | \$0 |
| 31: Grant - Summer Food Service Program | \$1,658,045 | \$1,658,045 | \$0 |

| (B) Federal Funds | FY 2022 Appropriation Act | FY 2023 Agency Recommendation | FY 2022 to FY 2023 |
|--|--------------------------------------|--|-------------------------------|
| 32: Grant - Special Milk Program | \$35,000 | \$35,000 | \$0 |
| 33: Grant - Cash in Lieu of Commodities | \$285,292 | \$285,292 | \$0 |
| 34: Grant - CN Fruits & Vegetables | \$1,998,488 | \$1,998,488 | \$0 |
| 35: Grant - Child Nutrition - TEFAP | \$233,989 | \$233,989 | \$0 |
| 36: Grant - CN Sponsor Admin | \$510,000 | \$510,000 | \$0 |
| 37: Grant - SN Equipment Assistance | \$80,000 | \$80,000 | \$0 |
| 38: Grant - Title I - School Improvement | \$5,000,000 | \$5,000,000 | \$0 |
| 39: Grant - Title III ELA | \$400,000 | \$400,000 | \$0 |
| 40: Grant - School Improvement | \$1,000,000 | \$0 | (\$1,000,000) |
| 41: Grant - Title IV | \$6,000,000 | \$8,000,000 | \$2,000,000 |
| 42: Grant - Rural & Low-Income Schools | \$228,984 | \$228,984 | \$0 |
| 43: Grant - SAMHSA - Project Aware | \$1,200,000 | \$1,200,000 | \$0 |
| 44: Grant - ESSER I | \$21,331,845 | \$20,000,000 | (\$1,331,845) |
| 45: Grant - ESSER II | \$5,197,336 | \$70,000,000 | \$64,802,664 |
| 46: Grant - ESSER III | \$7,000,000 | \$203,500,000 | \$196,500,000 |
| 47: Grant - ARP Homeless | \$0 | \$1,868,242 | \$1,868,242 |
| 48: Grant - ARP IDEA | \$0 | \$6,625,874 | \$6,625,874 |
| 49: Grant - ARP IDEA Preschool | \$0 | \$472,522 | \$472,522 |
| 50: Grant - GEER | \$3,288,802 | \$2,000,000 | (\$1,288,802) |
| 51: Grant - GEER II | \$0 | \$575,000 | \$575,000 |
| Total Grants | \$180,405,181 | \$478,615,584 | \$298,210,403 |
| Total Federal Fund | \$190,533,773 | \$502,402,928 | \$311,869,155 |

Source of Funds Detail – Tobacco Litigation Fund

| (C) Tobacco Litigation Fund | FY 2022 Appropriation Act | FY 2023 Agency Recommendation | FY 2022 to FY 2023 |
|-----------------------------|------------------------------|----------------------------------|-----------------------|
| Personal Services | \$193,867 | \$176,253 | (\$17,614) |
| Operating Expenses | \$11,714 | \$11,714 | \$0 |
| 52: Grant - Tobacco | <u>\$544,807</u> | <u>\$562,421</u> | <u>\$17,614</u> |
| Total Tobacco Fund | \$750,388 | \$750,388 | \$0 |

Source of Funds Detail – Special Funds

| (D) Special Funds | FY 2022 Appropriation Act | FY 2023 Agency Recommendation | FY 2022 to FY 2023 |
|-----------------------|------------------------------|----------------------------------|-----------------------|
| Personal Services | \$2,604,176 | \$2,750,316 | \$146,140 |
| Operating Expenses | \$213,994 | \$213,994 | \$0 |
| 53: Grant - Licensing | <u>\$45,000</u> | <u>\$45,000</u> | <u>\$0</u> |
| Total Grants | <u>\$45,000</u> | <u>\$45,000</u> | <u>\$0</u> |
| Total Special Fund | \$2,863,170 | \$3,009,310 | \$146,140 |

Total

| | | | |
|-------------------|---------------|---------------|---------------|
| Total All Sources | \$198,728,266 | \$510,942,966 | \$312,214,700 |
|-------------------|---------------|---------------|---------------|

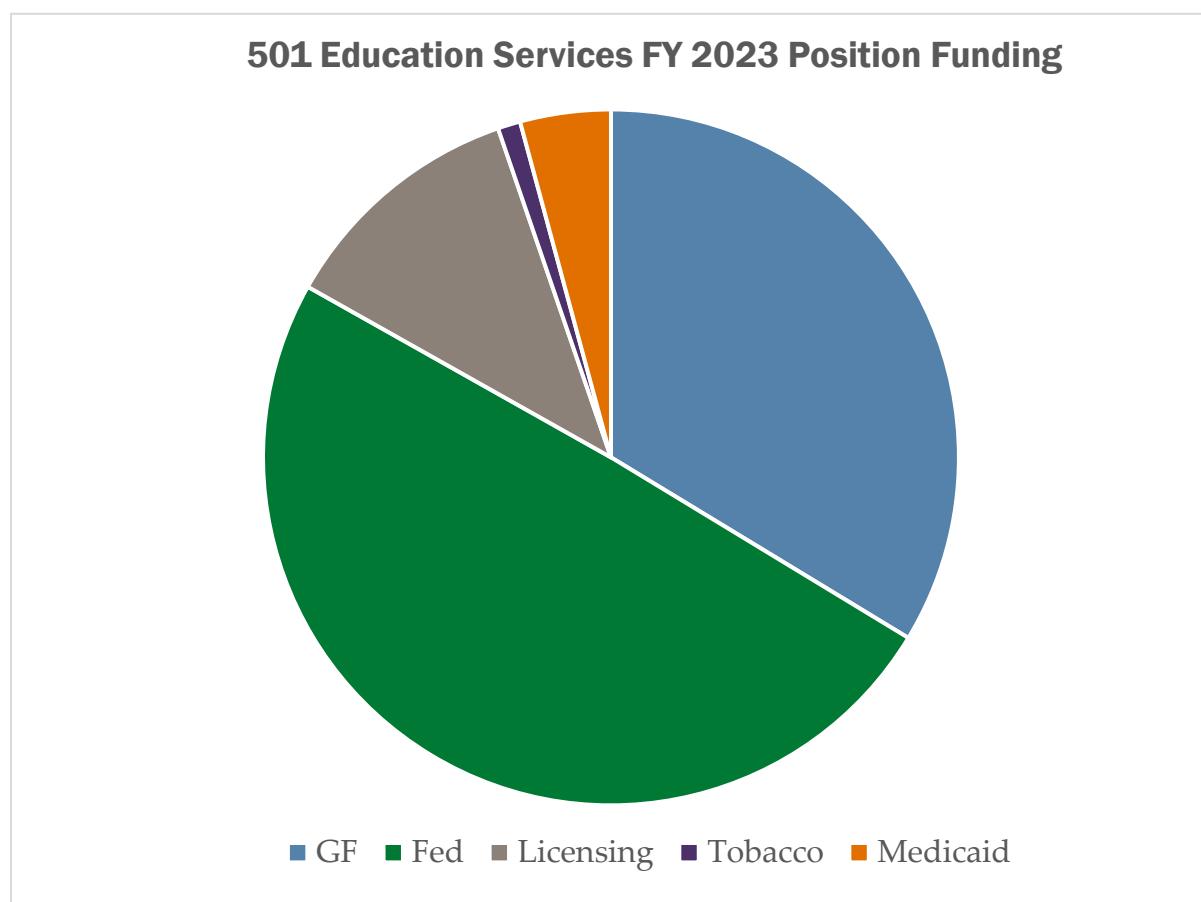
B. 501 – Education Services; Personal Services and Operating

The Education Services work at the Agency is supported by 95 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 34% of funding for this work, primarily to support and implement state-directed work that cannot be supported by Federal funds.

The following chart shows an overview of positions by fund in the Education Services Appropriation:

501 Education Services FY 2023 Position Funding

| Team | GF | Fed | Licensing | Tobacco | Medicaid | Total |
|---------------------|-----------|-----------|-----------|----------|----------|-----------|
| Total | 32 | 47 | 11 | 1 | 4 | 95 |
| Percentage of Total | 33.68% | 49.47% | 11.58% | 1.05% | 4.21% | 100.00% |



The Education Services Division of the Agency has an FY 2023 budget of \$510.9M including grants; an all-funds budget increase of \$312M. The net changes in the appropriation are driven by several factors, including:

1. Increase associated with annualized salary and benefits.
2. COVID-19 emergency funding
3. Federal grant increases

Additional details about each team's work and budget division is found on the following pages.

Student Support Services

Student Support Services (SSS) staff define, clarify and implement policies and guidelines related to Special Education, Early Education and Multi-Tiered Systems of Support, with the goal of supporting school systems in ensuring that students have equitable access to educational opportunities and demonstrate equitable outcomes.

The Special Education Team collaborates within the AOE to meet federal special education reporting requirements and identifies and monitors school systems that are in need of additional support. Outcomes from federal reporting and monitoring visits inform the team's development and implementation of programmatic supports to school systems. Additionally, the Special Education Team plays a critical role in interfacing with parents, community members and other stakeholder groups, including the Special Education Advisory Panel and the Vermont Council of Special Education Administrators, to help define and support the state's special education needs.

The Early Education Team supports the state's educators in delivering high-quality educational opportunities to students in preschool to third grade, in alignment with Vermont's Early Learning Standards (VELS). The Team is currently implementing a new monitoring system that identifies issues of non-compliance and problems of practice and will use that information to inform their ongoing development and delivery of programmatic supports. The Early Education Team also leads the AOE's Early Multi-Tiered Systems of Supports work, a framework that is aligned with the Vermont Multi-Tiered Systems of Support framework (VTmtss), but that reflects the unique needs of early learners with the goal of ensuring that all students are receiving the high-quality supports they need to succeed.

The Vermont Multi-Tiered Systems of Support (VTmtss) Team is responsible for the articulation and delivery of guidance and resources related to the VTmtss framework. The VTmtss framework informs how schools and SU/SDs identify, deliver and evaluate the efficacy of student supports, with the VTmtss Systems Screener, Driver Diagram, Making Connections documents, and assorted Practice Profiles supporting the implementation of Act 173 and Act 173-related changes to Vermont's Special Education Rule Series. VTmtss Team members also provide technical assistance directly to the field—by invitation and upon request—and collaborate with other AOE teams to reflect VTmtss framework components in the Agency's wider continuous improvement efforts.

The SSS Division consists of 27 FTEs, which are funded primarily through federal funds. Specifically, the SSS Division is supported by federal funds provided to the State to implement IDEA. The SSS Division is also supporting one AmeriCorps VISTA volunteer, using Title IIA funding, who works within our Special Education team.

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

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

| Category of Expenditure | FY 2022 Appropriation Act | FY 2023 Agency Recommendation | FY 2022 to FY 2023 |
|--------------------------------|----------------------------------|--------------------------------------|---------------------------|
| 1: Grant - Special Olympics | \$13,778 | \$13,778 | \$0 |
| 2: Grant - IDEA-B Flow-Thru | \$30,346,800 | \$29,999,800 | (\$347,000) |
| 3: Grant - Preschool Incentive | \$1,234,000 | \$687,911 | (\$546,089) |
| 4. Grant – ARP IDEA | \$0 | \$6,625,874 | \$6,625,874 |
| 5. Grant – ARP IDEA Preschool | \$0 | \$472,522 | \$472,522 |

1. Special Olympics: This program helps ensure that children and adults who have developmental delays have access to unified sports activities with non-disabled peers.
2. 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.
3. IDEA, Part B, Preschool (sec. 619) Early Childhood Special Education (ECSE). These funds flow directly to schools to assist with special education costs for children ages 3 up to age 6.5% of IDEA ECSE Funds reserved for state admin 5% and 20% reserved for state level discretionary dollars. These funds support statewide projects, technical assistance, and compliance monitoring and training regarding special education costs for children ages 3 up to age 6.
4. ARP IDEA and 5. ARP IDEA Preschool: An additional fund, authorized by the American Rescue Plan Act (ARPA) in March 2021. ARP IDEA funds are considered a federal formula grant directed to LEAs to support infants, toddlers, children, and youth with disabilities through a separate supplement to Part B and Part C of the Individuals with Disabilities Education Act (IDEA). COVID-19 related needs through September 20, 2024.

Federal Education and Support Programs (FESP)

The Federal Education and Support Programs (FESP) Division is comprised of three teams: Consolidated Federal Programs (CFP), Child Nutrition (CN), and Student and Educator Support (SES). The division consists of 24 FTEs, which are funded primarily through federal funds: specifically, the U.S. Department of Education (USED) funds provided through the Elementary and Secondary Education Act of 1965, currently known as the Every Student Succeeds Act or ESSA, and U.S. Department of Agriculture (USDA) funds that support child nutrition programs.

The CFP Team supports Local Education Agencies (LEAs) with specialized expertise and federal and state funding in closing the achievement gap for students who are: failing or most at risk of failing to meet challenging state academic standards, economically disadvantaged, homeless, migrant, neglected or delinquent, English-language learners, or in state (DCF) custody. The 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 collaborates with other Agency of Education teams to fund and support state-level activities that fall within the priorities of the various federal grant programs it oversees, including activities related to school improvement, educator professional learning, personalized learning, career and technical education, social/emotional wellbeing, and promotion of safe and healthy learning environments.

Finally, this team oversees driver education program approval requests and manages the driver education reimbursement process.

CN staff administer the federal meal reimbursement programs, including school breakfast, lunch, afterschool meals and summer meals programs, and the Child and Adult Care Food Program (CACFP), ensuring nutritious meals and snacks are served to program participants in all eligible sites, which include childcare centers, adult day programs, summer camps and other non-school sites, as well as most public and many independent schools. In the 20-21 fiscal year, 361 sites served meals during the school year through the school breakfast and lunch programs, 63 sponsors and 313 sites through the summer food service program, and 109 sponsors and 554 childcare centers, family day care homes, and adult day care programs through CACFP, with participant numbers increasing each year. The Child Nutrition team also administers a grant program for food service equipment purchases and works to ensure that the AOE and programs receive the maximum federal and state funding available. In 2020, the team added a limited-service position, using one-time funds from a performance award received from USDA, to support and expand recruitment of additional CACFP sponsors. Doing so has meant that many more young children have access to nutritious meals and also brought in additional state administrative funding from USDA, allowing the team to support the position longer term. Fortunately, this new position also has been critical to the team's ongoing ability to support the field during COVID-19. In Fall 2021, the team also added a full time Grant Programs Manager position to implement the Local Foods Incentive Grant program enacted by the Legislature in 2021 as a component of Act 67. This individual oversees a new workgroup responsible for all school meals program procurement activities, including federally mandated procurement reviews.

The SES Team supports LEAs in the coordination and provision of services for students receiving or in need of multi-agency services, oversees state-placed student supports and services and verification for reimbursement, provides technical support to LEAs seeking residential placements for special needs students, and reviews all Home Study enrollments. This team also manages a competitive tobacco/substance abuse prevention grant program funded by the Master Settlement Agreement ("tobacco settlement") and a 5-year, \$8.2 million competitive federal grant award from the Substance Abuse and Mental Health Services Administration (SAMHSA) to increase awareness of mental health issues and expand mental health services and supports in schools, in collaboration with DMH.

The Division is responsible for the allocation of the following grants:

Federal and Education Support Programs Grants

| Category of Expenditure | FY 2022 Appropriation Act | FY 2023 Agency Recommendation | FY 2022 to FY 2023 |
|--|----------------------------------|--------------------------------------|---------------------------|
| 1: Grant - Child Nutrition - State Match | \$483,348 | \$483,348 | \$0 |
| 2: Grant: Child Nutrition - Child Care | \$223,268 | \$223,268 | \$0 |
| 3: Grant: Child Nutrition – Breakfast | \$277,632 | \$277,632 | \$0 |
| 4: Grant: Child Nutrition - Summer Food | \$51,387 | \$51,387 | \$0 |
| 5: Grant - Child Nutrition - Free Lunch Initiative | \$297,250 | \$297,250 | \$0 |
| 6: Grant - Child Nutrition – TEFAP | \$83,976 | \$83,976 | \$0 |
| 7: Grant - Title I Grants to LEAs | \$32,000,000 | \$40,000,000 | \$8,000,000 |
| 8: Grant - Title I Migrant | \$600,000 | \$600,000 | \$0 |
| 9: Grant - Title I Migrant Consortium | \$100,000 | \$100,000 | \$0 |
| 10: Grant - Title I Neglected or Delinquent | \$150,000 | \$150,000 | \$0 |
| 11: Grant - Homeless Education Act | \$225,000 | \$250,000 | \$25,000 |
| 12: Grant - Title II, ITQ | \$12,500,000 | \$12,500,000 | \$0 |
| 13: Grant - School Lunch Program | \$19,165,091 | \$40,000,000 | \$20,834,909 |
| 14: Grant - Child & Adult Care Food Program | \$6,286,822 | \$6,286,822 | \$0 |

| Category of Expenditure | FY 2022 Appropriation Act | FY 2023 Agency Recommendation | FY 2022 to FY 2023 |
|---|--------------------------------------|--|-------------------------------|
| 15: Grant - School Breakfast Program | \$8,419,615 | \$8,419,615 | \$0 |
| 16: Grant - Summer Food Service Program | \$1,658,045 | \$1,658,045 | \$0 |
| 17: Grant - Special Milk Program | \$35,000 | \$35,000 | \$0 |
| 18: Grant - Cash in Lieu of Commodities | \$285,292 | \$285,292 | \$0 |
| 19: Grant - CN Fruits & Vegetables | \$1,998,488 | \$1,998,488 | \$0 |
| 20: Grant - Child Nutrition – TEFAP | \$233,989 | \$233,989 | \$0 |
| 21: Grant - CN Sponsor Admin | \$510,000 | \$510,000 | \$0 |
| 22: Grant - CN Equipment Assistance | \$80,000 | \$80,000 | \$0 |
| 23: Grant - Title III ELA | \$400,000 | \$400,000 | \$0 |
| 24: Grant - Title IV | \$6,000,000 | \$8,000,000 | \$2,000,000 |
| 25: Grant - Rural & Low-Income Schools | \$228,984 | \$228,984 | \$0 |
| 26: Grant - SAMHSA - Project Aware | \$1,200,000 | \$1,200,000 | \$0 |
| 27: Grant - ARP Homeless | \$0 | \$1,868,242 | \$1,868,242 |
| 28: Grant - Tobacco | \$544,807 | \$562,421 | \$17,614 |

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 breakfasts, lunches and snacks served in Tier 2-day care homes where federal subsidies were cut by the federal Welfare Reform Act of 1996.
3. Child Nutrition – Reduced Price Breakfast Initiative (Breakfast): This funding eliminates the household contribution of 30 cents for those students in the reduced- price category, defined as those with household income 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 of 1996.
5. Child Nutrition – Reduced Price Lunch Initiative (Free Lunch Initiative): This funding eliminates the household contribution of 40 cents for those students in the reduced-price category, defined as those with household income between 130% and 185% of poverty.
6. Title I - Grants to LEAs for Improving the Academic Achievement of the Disadvantaged: These funds are 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.
7. 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.
8. Title I – Migrant Consortium: These funds help support Vermont’s participation in multi-state consortia to design and implement educational support services for eligible migrant students.
9. 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.
10. McKinney Vento Homeless Education Act: These 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.
11. Title II, Part A – Grants to LEAs for Preparing, Training, and Recruiting High- Quality Teachers, Principals, and Other School Leaders: This Title provides funding for formula grants to LEAs, as well as for State Education Agency technical assistance activities, in support of professional development and other initiatives to ensure that schools have highly qualified teachers, principals and paraprofessionals.
12. Child Nutrition - School Lunch Program: These funds are used to provide a per meal reimbursement to school food service programs to support meals serviced in school lunch programs.
13. 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 childcare and adult care programs. In addition, centers can receive cash in lieu of commodity foods.
14. Child Nutrition - School Breakfast Program: These funds provide a per meal reimbursement and administrative rate for meals served in breakfast programs.
15. Child Nutrition - Summer Food Service Program: These funds provide a per meal reimbursement and administrative rate for meals served.
16. 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.

17. Child Nutrition - Cash in Lieu of Commodities: These funds allow participating childcare centers to choose to receive cash payments for lunches/dinners instead of
18. 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 for the day care home's recipients.
22. Child Nutrition Equipment Assistance: These funds are provided through the Healthy, Hungry Free Kids Act of 2010 and are awarded via competitive grants to low-income schools to improve the infrastructure of their food service programs.
23. Title III – Instruction 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: This Title provides funding for formula grants to LEAs, as well as for State Education Agency technical assistance activities, in order to increase the capacity of the schools to provide all students with access to a well-rounded education (e.g., STEM, the arts), improve school conditions for student learning (e.g., school safety, student health and wellness, bullying prevention), and improve the use of technology.
25. Rural, Low-Income School Program: These are 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 Advancing Wellness and Resiliency in Education (AWARE) Grant: Sub-grants have been awarded to three supervisory unions to support the integration of mental health services in schools, in collaboration with their local Designated Mental Health Agencies, as part of an Interconnected Systems Framework, with supporting contracts for training of school and community members in awareness of mental health issues and best practices in addressing them.
27. ARP Homeless Children and Youth (ARP HCY): A part of the American Rescue Plan Act (ARP), the Elementary and Secondary Emergency Relief Homeless Children and Youth Fund, administered by the Office of the State Coordinator for the Education of Homeless Children and Youth is intended to meet the immediate needs of students experiencing homelessness, in light of the COVID-19 pandemic.
28. 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 to implement programming in key strategy areas; assessment, curriculum, policy, youth asset development, teen smoking cessation, community engagement and family engagement. The funds were 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 have been funded in this 3-year cycle focus on increasing protective factors and decreasing risk factors for a variety of issues that are related to and sometimes inseparable from tobacco use. In the new grant cycle, we anticipate focusing even more strongly on youth asset development, community and family engagement, and increasing protective factors to discourage initiation of all forms of substance use.

Education Quality

The Education Quality Division includes the Educator Licensing, Pre-service Educator Quality, and Education Quality Assurance teams.

The Educator Licensing Team has the responsibility of ensuring that all educators in the state are properly licensed to teach in their designated endorsement area and have been subject to rigorous background checks to optimize student safety. This team 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.

The Pre-service Educator Quality Team oversees the 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 Pre-Service Educator Quality Team 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 team likewise 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.

In 2018, positions at the AOE were realigned to support the implementation of Vermont’s Education Quality Review process. As a part of that process, the Education Quality Assurance Team became a part of the Education Quality Division. In addition to carrying out the initial implementation of Education Quality Review, staff implement the statewide Integrated Field Review assessment system, analyze and report academic and accountability data for use in

schools and policy settings and lead the work in supporting the Continuous Improvement Plans and the specific support for schools identified through federal legislation and state rules.

The Education Quality team includes 19 FTEs. The division is supported primarily through licensing funds, General Funds, and federal Title I and Title II funds.

The budget for the division is comprised primarily of funding for staff salaries. The Division is responsible for the allocation of the following grants:

Education Quality Grants

| Category of Expenditure | FY 2022 Appropriation Act | FY 2023 Agency Recommendation | FY 2022 to FY 2023 |
|--|----------------------------------|--------------------------------------|---------------------------|
| 1: Grant - Teacher of the Year | \$2,500 | \$2,500 | \$0 |
| 2: Grant - Licensing | <u>\$45,000</u> | <u>\$45,000</u> | <u>\$0</u> |
| 3: Grant - ESSER I | \$21,331,845 | \$20,000,000 | (\$1,331,845) |
| 4: Grant - ESSER II | \$5,197,336 | \$70,000,000 | \$64,802,664 |
| 5: Grant - ESSER III | \$7,000,000 | \$203,500,000 | \$196,500,000 |
| 6: Grant - Title I - School Improvement | \$5,000,000 | \$5,000,000 | \$0 |
| 7: Grant - School Improvement | \$1,000,000 | \$0 | (\$1,000,000) |

1. Teacher of the Year: This grant provides financial support for travel expenses related to Vermont Teacher of the Year activities. These funds may be used to support 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.
3. ESSER I: A part of the Education Stabilization Fund within the Coronavirus Aid, Relief, and Economic Security (CARES) Act, the Elementary and Secondary School Emergency Relief funds is a federal formula grant directed to LEAs with the purpose of addressing COVID-19 related needs through September 2022.
4. ESSER II: A part of the Coronavirus Response and Relief Supplemental Appropriations ACT (CRRSA), the Elementary and Secondary School Emergency Relief Funds (ESSER II), is a federal formula grant directed to assist LEAs with the purpose of addressing COVID-19 related needs through September 2023.

5. ESSER III (ARP ESSER): An additional fund, authorized by the American Rescue Plan Act (ARPA) in March 2021. ARP ESSER funds are a federal formula grant directed to assist LEAs with the purpose of addressing COVID-19 related needs through September 20, 2024.
6. 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.
7. School Improvement: This is an additional federal grant awarded to school systems having substantial need for improvement to meet state and federal accountability targets.

Student Pathways

The Student Pathways division currently has five teams – Adult Education and Literacy (AEL), Personalized Learning (PL), Proficiency Based Learning (PBL), Afterschool and Summer Programs (21CCLC), and Career Technical Education (CTE). In FY21 it combined Education Technology and Personalized Learning in an effort to address the impact of three positions that were frozen beginning in March 2020. The division is currently working to make itself whole.

This division is responsible for operating and monitoring the statewide Flexible Pathways (Act 77) initiative and the Education Quality Standards as they pertain to the key initiatives as overseen by the division, implementation of Title II under the Workforce Innovation and Opportunity Act (WIOA) and operating and monitoring the statewide Adult Education and Literacy system, implementing the federal Perkins V legislation and operating and monitoring the statewide Career Technical Education program, implementing and overseeing Title IVB (21st Century After School Programs) of the Every Student Succeeds Act, and for providing technical assistance to the field regarding educational and instructional technology.

Additionally, the Student Pathways division is overseeing new 2021 legislative initiatives including ARP-ESSER supported Act 28 (literacy) and Act 67 (Community Schools Act), GEER grant initiatives, Act 51, Act 66 Wellness Policy work, and providing technical support related to Educator Workforce Development.

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 and summer 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 24 FTE positions that support the work of the Student Pathways Division. Roughly half of the funds that support this division are Federal.

The Student Pathways division currently has five teams – Adult Education and Literacy (AEL), Personalized Learning (PL), Proficiency Based Learning (PBL), Afterschool and Summer Programs (21CCLC), and Career Technical Education (CTE). In FY21 it combined Education Technology and

Personalized Learning in an effort to address the impact of three positions that were frozen beginning in March 2020. The division is currently working to make itself whole.

The work of the Student Pathways Division is supported primarily by staff, supplemented with some contracted activities that support the data and IT systems used by division staff in the administration of programs and some of the new ARP-ESSER work.

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

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

Student Pathways Grants

| Category of Expenditure | FY 2022 Appropriation Act | FY 2023 Agency Recommendation | FY 2022 to FY 2023 |
|---|------------------------------|----------------------------------|-----------------------|
| 1: Grant - Adult CTE Services Coordinator | \$211,233 | \$211,233 | \$0 |
| 2: Grant - Tech Ed Adult Formula | \$29,320 | \$29,320 | \$0 |
| 3: Grant - Governor's Institutes | \$186,874 | \$186,874 | \$0 |
| 4: Grant - Carl Perkins Secondary | \$3,500,072 | \$4,000,000 | \$499,928 |
| 5: Grant - Perkins Secondary Reserve | \$350,000 | \$350,000 | \$0 |
| 6: Grant - Carl Perkins Post-Secondary | \$1,000,000 | \$1,500,000 | \$500,000 |
| 7: Grant - Post-Secondary Reserve | \$100,000 | \$120,000 | \$20,000 |
| 8: Grant - Carl Perkins Leadership | \$75,000 | \$75,000 | \$0 |
| 9: Grant - Carl Perkins Corrections | \$55,000 | \$55,000 | \$0 |
| 10: Grant - 21st Century | \$8,850,000 | \$8,850,000 | \$0 |
| 11: Grant - GEER | \$3,288,802 | \$2,000,000 | (\$1,288,802) |
| 12: Grant - GEER II | <u>\$0</u> | <u>\$575,000</u> | <u>\$575,000</u> |

1. Adult CTE Services Coordinator Salary Assistance: These state General Funds are disbursed as reimbursements to each technical center district for a portion of its adult education coordinator's salary.
2. Adult Technical Education Formula: In Act 74 of 2021, Postsecondary CTE System (P.231), the General Assembly repurposed \$25,000 of these funds to supplement funds from

Vermont Department of Labor for the purpose of paying for a study and new structure of post-secondary CTE and Adult Education and Literacy.

3. Governor's Institutes: These state 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 LEAs, consortia, or 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 as amended by the Strengthening Career and Technical Education for the 21st Century Act of 2018.
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 proposals by secondary CTE centers that seek to improve the transition of students from secondary to post-secondary education.
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 within the scope of the Carl D. Perkins Career and Technical Improvement Act of 2006 as amended by the Strengthening Career and Technical Education for the 21st Century Act of 2018.
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
8. competitive and intended for new program development, implementation and alignment with secondary CTE programs at regional CTE centers.
9. Carl D. Perkins State Leadership: These federal 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.
10. Carl D. Perkins Corrections: This item is a part of Carl Perkins State Leadership federal funds and supports career and technical education programming for inmates at correctional facilities throughout the Community High School of Vermont. Unused Carl D. Perkins Corrections funds can be reverted back to Carl D. Perkins State Leadership.
11. 21st Century Community Learning Centers: These ESSA Title IV Part B federal funds are awarded via a competitive grant process 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.
12. GEER: A part of the Education Stabilization Fund within the Coronavirus Aid, Relief, and Economic Security (CARES) Act, the Governor's Emergency Education Relief (GEER) fund is administered through AOE. The GEER funds are prioritized to the state's CTE centers to address COVID-19 related needs through September 2022.
13. 12. GEER II: A part of the Coronavirus Response and Relief Supplemental Appropriations ACT (CRRSA), the Governor's Emergency Education Relief (GEER) fund will be

administered through the AOE. The GEER funds are prioritized to the state's CTE centers to recruit more students into the CTE system and to pilot electrical aviation and transportation programs through September 2023.

Single Audit Findings

The Agency of Education had no single audit findings for FY20. Regarding FY19, the Agency had follow-up with the Auditor but no repeat findings.

FY 2023 Projected Education Fund Uses

Supporting Schools, Educators & Learners: The Numbers

| | FY20 School Year 2019-2020 | FY21* School Year 2020-2021 |
|--|----------------------------------|-----------------------------------|
| Public Schools | | |
| Elementary (K-6)..... | 151..... | 148 |
| Secondary (7-12) | 49..... | 48 |
| Combined (Elementary & Secondary)..... | 91..... | 85 |
| Total Public Schools..... | 291..... | 289 |
| Technical Centers | 15..... | 15 |
| Total Public Schools & Technical Centers..... | 306..... | 304 |
| Historical Academies, Independent Schools & Approved Programs | | |
| Historical Academies | 4..... | 4 |
| Approved Independent Schools..... | 88..... | 88 |
| Approved Kindergartens | 3..... | 3 |
| Recognized Independent Schools | 29..... | 32 |
| State Operated Facilities | 1..... | 1 |
| Approved Tutorials..... | 4..... | 4 |
| Approved Pregnant and Parenting Programs..... | 7..... | 6 |
| Total Independent Schools & Approved Programs | 136..... | 138 |
| Public Education Governing & Administrative Entities | | |
| Town, City and Incorporated School Districts | 57..... | 53 |
| Union School Districts (includes unified union districts and modified union school districts) | 56..... | 57 |
| Interstate School Districts..... | 2..... | 2 |
| Total School Districts..... | 115..... | 112 |
| Technical Center School Districts..... | 3..... | 3 |
| Supervisory Unions..... | 24..... | 24 |
| Joint Contract Schools..... | 1..... | 1 |
| Gores and Unorganized Towns..... | 9..... | 9 |
| Total Public Education Governing and Administrative Entities..... | 152..... | 149 |
| Public School Administrators | | |
| Superintendents..... | 53..... | 53 |
| Principals | 309..... | 315 |
| Vocational/Tech Center Directors | 15..... | 15 |
| Business Managers | 53..... | 52 |
| Special Education Directors | 95..... | 96 |
| Total Public-School Administrators..... | 525..... | 531 |
| Teachers (FTE) | 8,046..... | 8,039 |
| School Boards | 111..... | 112 |
| Local School Board Members | 863..... | 908 |

| FY20 | FY21* |
|-------------|-------------|
| School Year | School Year |
| 2019-2020 | 2020-2021 |

Publicly Funded Students (enrolled as of October)

| | | |
|--|-------------|--------|
| Vermont Public Schools..... | 84,638..... | 78,937 |
| Vermont Approved Independent Schools | 1,455..... | 1,491 |
| Vermont Historical Academies | 2,030..... | 2,083 |
| Out-of-State Schools..... | 439..... | 443 |
| Vermont State Agency and Other | 0..... | 0 |

Total Publicly Funded Students 88,562..... 82,909

Public School Enrollment

| | | |
|---|--------------------|---------------|
| K-12 | 75,818..... | 72,183 |
| Early Education (Pre-K)..... | 8,052..... | 6,126 |
| Essential Early Education..... | 691..... | 554 |
| Total Public-School Enrollment | 84,561..... | 78,863 |
| Historical Academies | 3,000..... | 2,367 |
| Approved Independent (K-12) | 6,391..... | 4,851 |
| Recognized Independent (K-12)..... | 751..... | 524 |
| Home Study (K-12)..... | 2,470..... | 5,504 |
| Approved Independent Kindergartens..... | 35..... | 20 |
| Total Pre-K-12 Enrollment | 97,208..... | 92,129 |

Technical & Adult Education Enrollment (categories not mutually exclusive)

| | | |
|---|--------------|---------|
| Technical Centers | 4,930..... | 4,327 |
| Adult Education & Literacy | 1,810..... | 1,472 |
| GED Certificates Granted | 31..... | 29 |
| Education & Training – Criminal Ex-Offenders | 22..... | 25 |
| Adult Diploma Program..... | 1,102..... | 900 |
| High School Completion Program (Served/Graduates) | 493/175..... | 386/104 |

Student Support Programs Enrollment (categories not mutually exclusive)

| | | |
|---|-------------|--------|
| Special Education (ages 3-21)..... | 14,836..... | 15,941 |
| Title I | 51,283..... | 46,049 |
| Title I (Preschool)**..... | 4,018..... | 2,905 |
| Migrant Education | 275..... | 311 |
| Limited English Proficiency (LEP) | 1,721..... | 1,723 |
| Neglected and/or Delinquent | *** | 184 |
| Homeless | 883..... | 1,012 |

*Estimated numbers as of December 2021, subject to change.

**Includes adults without diplomas.

***Data not yet available.

The Education Fund

The Agency of Education manages the allocation 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:

| | FY19 (Final) | FY20 (Final) | FY21 (Final) | FY22 (Anticipated) | FY23 (Projection) |
|----------------------------------|-----------------|-----------------|-----------------|-----------------------|----------------------|
| Education Expenses (millions) | \$1,655 | \$1,726 | \$1,795 | \$1,848 | \$1,898 |
| Year over Year Change | - | 4.29% | 4.00% | 2.95% | 2.71% |

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 and staff has decreased, but not consistent with the loss in the 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. As a result, 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, FY10 and FY20, using Agency of Human Services direct certification data:¹

| | 2-yr Poverty average | Poverty Ratio Statewide |
|-------|----------------------|-------------------------|
| FY 10 | 12,028 | 13.76% |
| FY 10 | 15,800 | 19.33% |

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

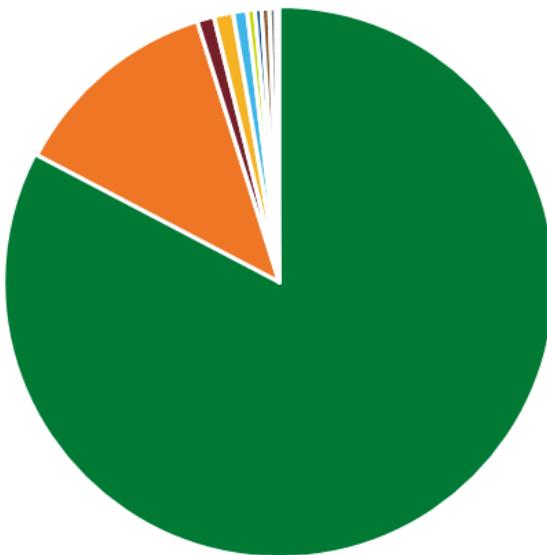
far, we have maintained strong performance outcomes on traditional measures of academic skills, even as we have required our schools to broaden their focus to include flexible pathways, creativity, health and wellness, technology education, and applied learning.

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 \$20,705 per Vermont student. The following chart below breaks the \$20,705 into the major appropriations from the Education Fund.

FY2022 Education Fund Appropriations by ADM

| General Category | Ed Fund per ADM | % of Total |
|-------------------------------|-----------------|------------|
| Net Education Payment | 17118.9 | 82.7% |
| Special Education Aid | 2581 | 12.5% |
| State-Placed Students | 207.7 | 1.0% |
| Transportation Aid | 236.5 | 1.1% |
| Technical Education Aid | 170.8 | 0.8% |
| Small School Support | 94.6 | 0.5% |
| Essential Early Education Aid | 80.8 | 0.4% |
| Flexible Pathways | 95.8 | 0.5% |
| Teachers' Pensions | 79.6 | 0.4% |
| Other Uses | 39.2 | 0.2% |
| Adult Education & Literacy * | na | na |
| Community HS of Vermont * | na | na |
| Renter Rebate * | na | na |
| Reappraisal & Listing * | na | na |



- Net Education Payment
- State-Placed Students
- Technical Education Aid
- Essential Early Education Aid

- Special Education Aid
- Transportation Aid
- Small School Support
- Flexible Pathways

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% 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 55% of those. Prekindergarten is also part of our net education payment.

The next biggest percentage – 13% – 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 either 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 FY2022 Education Fund per ADM breaks down:

| General Category | Ed Fund per ADM | % of Total |
|---|------------------------|-------------------|
| Net Education Payment | 17118.9 | 82.7% |
| Special Education Aid | 2581 | 12.5% |
| State-Placed Students | 207.7 | 1.0% |
| Transportation Aid | 236.5 | 1.1% |
| Technical Education Aid | 170.8 | 0.8% |
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| Flexible Pathways | 95.8 | 0.5% |
| Teachers' Pensions | 79.6 | 0.4% |
| Other Uses | 39.2 | 0.2% |
| Adult Education & Literacy * | na | na |
| Community HS of Vermont * | na | na |
| Renter Rebate * | na | na |
| Reappraisal & Listing * | na | na |

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

This all adds up to approximately \$20,705 per child on average, statewide.

Common reasons for high costs per pupil include low student-to-staff ratios and high tuition payments, and in some cases, a student population with higher-than-average levels of economic disadvantage.

Systems with high levels of economic 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 towns that tuition all or a portion of their students have merged elementary schools and/or merged districts to insulate themselves from both increases and fluctuations in tuition payments, as a larger district is not as vulnerable to a population swing as a smaller district would be. 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 General Assembly authorizes 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 in FY 2021.

| | FY 2021 Appropriation | Carryforward | % of FY 2021 Appropriation |
|------------------------------|----------------------------------|---------------------|---------------------------------------|
| Special Education | 229,000,000 | 38,762,299 | 16.93% |
| State Placed Students | 17,000,000 | 4,226,772 | 24.86% |
| Flexible Pathways | 8,262,725 | 1,105,360 | 13.37% |
| Total | \$269,777,025 | \$44,418,308 | 16.46% |

- Special Education – Some of the carryforward was to pay the final FY 2021 reimbursement. The final reimbursable figures for FY 2021 do not come to the Agency until FY 2022. To the extent this carry forward is not fully expended to cover the final FY 2022 payments, leaving it in the appropriation until FY 2023 will help mitigate the impact of the one-time tail payment in FY 2023 when the shift from reimbursement to census grant is implemented.
- State Placed students – This carryforward was to pay the final FY 2021 obligations in FY 2022.
- Flexible pathways – These funds were carried over to pay subgrant obligations.
- Technical Education – These funds were carried over to pay subgrant obligations.

Reversion History

Each fiscal year, the General Assembly 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.

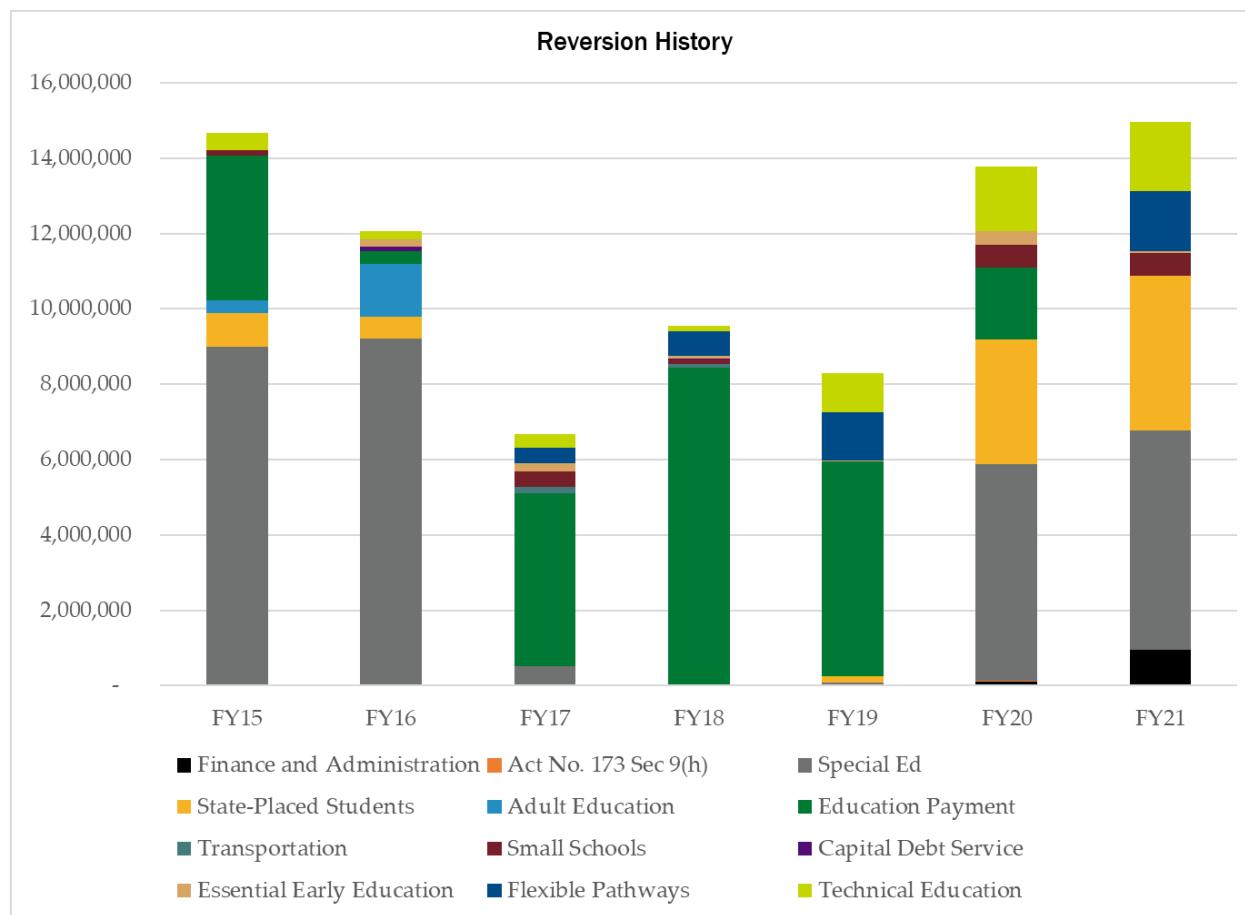
The following chart and table provide a history of the reversions to the Education Fund for the last five years.

Education Fund Reversion History Pt. 1

| Education Fund Reversion History | Finance and Administr ation | Act No. 173 Sec 9(h) | Special Ed | State- Placed Students | Adult Education | Education Payment |
|---|--|-------------------------------------|-------------------|---------------------------------------|----------------------------|------------------------------|
| FY15 | | | 8,986,778 | 901,038 | 338,137 | 3,855,610 |
| FY16 | | | 9,212,026 | 593,810 | 1,397,950 | 341,880 |
| FY17 | | | 513,046 | - | 9,484 | 4,577,182 |
| FY18 | | | - | - | - | 8,443,806 |
| FY19 | | | 87,051 | 161,178 | - | 5,692,154 |
| FY20 | 115,260 | 2,401 | 5,770,436 | 3,303,708 | | 1,907,842 |
| FY21 | 950,950 | | 5,824,529 | 4,106,772 | | |

Education Fund Reversion History Pt. 2

| Transport ation | Small Schools | Capital Debt Service | Essential Early Education | Flexible Pathways | Technical Education | Grand Total |
|----------------------------|--------------------------|-------------------------------------|--|------------------------------|--------------------------------|--------------------|
| - | 123,629 | - | 3,606 | - | 462,597 | 14,671,395 |
| - | - | 100,447 | 209,219 | - | 203,854 | 12,059,186 |
| 180,797 | 395,595 | 8,636 | 220,782 | 416,790 | 363,463 | 6,685,775 |
| 97,030 | 109,928 | 25,000 | 89,451 | 637,263 | 160,914 | 9,563,392 |
| 489 | 20,167 | - | 19,276 | 1,274,807 | 1,042,705 | 8,2]97,827 |
| | 596,191 | - | 360,491 | - | 1,713,671 | 13,770,000 |
| | 614,965 | | 41,296 | 1,579,282 | 1,841,126 | 14,958,919 |



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 first 65% of the total Health Care Clawback.
- The reversion of the Education Payment in FY 2019 reflects the second part (35%) of the Health Care Clawback and money appropriated for Act 46 merger support grants.
- In FY 2020 there was a significant reversion from special education and state-placed students.

B.502 - Special Education Formula

Special Education Formula Budget Summary

Special Education Formula - Source of Funds

| Source of Funds | FY 2022 Appropriation Act | FY 2023 Agency Recommendation | FY 2022 to FY 2023 |
|-----------------|---------------------------|-------------------------------|--------------------|
| Education Fund | \$229,000,000 | \$208,073,400 | (\$20,926,600) |

Special Education Formula – Education Fund

| (A) Education Funds | FY 2022 Appropriation Act | FY 2023 Agency Recommendation | FY 2022 to FY 2023 |
|---|---------------------------|-------------------------------|--------------------|
| 1: Grant - Mainstream Block Grant | \$33,325,480 | \$0 | (\$33,325,480) |
| 2: Grant - Special Ed. Expen. Reimb. | \$170,188,064 | \$0 | (\$170,188,064) |
| 3: Grant - Extraordinary Reimbursement | \$21,520,191 | \$24,000,000 | \$2,479,809 |
| 4: Grant - Act 173 Census Block Grant | \$0 | \$180,000,000 | \$180,000,000 |
| 5: Grant - I-Team & Regional Specialist | \$1,190,120 | \$1,222,300 | \$32,180 |
| 6: Grant - Hearing Impaired | \$1,045,716 | \$1,074,000 | \$28,284 |
| 7: Grant - Visually Impaired | \$636,606 | \$653,800 | \$17,194 |
| 8: Grant – BEST | \$629,634 | \$646,600 | \$16,966 |
| 9: Grant - Act 230 Training | <u>\$464,189</u> | <u>\$476,700</u> | <u>\$12,511</u> |
| Total Grants | \$229,000,000 | \$208,073,400 | (\$20,926,600) |
| Total Education Fund | \$229,000,000 | \$208,073,400 | (\$20,926,600) |

Total

| | | | |
|-------------------|---------------|---------------|----------------|
| Total All Sources | \$229,000,000 | \$208,073,400 | (\$20,926,600) |
|-------------------|---------------|---------------|----------------|

Budgetary Changes: The Special Education Appropriation has several changes:

1. Mainstream block grant – the mainstream block grant is a factor in the special education funding formula that is used to calculate the appropriation. The formula is based on special educator salary per Average Daily Membership (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 2022 appropriation reflects the amount needed to fully fund the FY 2022 projected state special education obligation, including the reimbursement tail that will occur at the beginning of FY 2023 when the census block grant transition begins.
3. Extraordinary Reimbursement – this reflects the projected state obligations for extraordinary cost reimbursement in FY 2023 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% 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 95% reimbursement for high-cost students for costs in excess of \$60,000 for individualized education programs (IEPs). The excess cost threshold will increase annually by the National Income and Products Accounts (NIPA).

4. Act 173 Census Block Grant – 16 V.S.A. § 2961

This grant supports special education through a grant to each SU in the amount of statewide per-student amount multiplied by SU/SD 3-year average ADM.

5. Interdisciplinary Team & Regional Multi-disability Specialist (I-Team) – 16 V.S.A. § 2967(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.

6. 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.

7. 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.

8. Building Effective Supports for Teaching (BEST) – 16 V.S.A. § 2967(b)(5)

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.

9. Act 230 Training Grants – 16 V.S.A. § 2967(b)(6)

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 childcare 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 Federal Education and Support Programs (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.

State-Placed Students Budget Summary

State Placed Students – Category of Expenditure

| Category of Expenditure | FY 2022 Appropriation Act | FY 2023 Agency Recommendation | FY 2022 to FY 2023 |
|-------------------------|------------------------------|----------------------------------|-----------------------|
| Grants | \$17,000,000 | \$17,500,000 | \$500,000 |

State Placed Students – Source of Funds

| Source of Funds | FY 2022 Appropriation Act | FY 2023 Agency Recommendation | FY 2022 to FY 2023 |
|-----------------|---------------------------|-------------------------------|--------------------|
| Education Fund | \$17,000,000 | \$17,500,000 | \$500,000 |

State Based Students – Education Fund

| Education Fund | FY 2022 Appropriation Act | FY 2023 Agency Recommendation | FY 2022 to FY 2023 |
|---|---------------------------|-------------------------------|--------------------|
| 1: Grant - LEA Reimbursement | \$8,780,000 | \$8,280,000 | (\$500,000) |
| 2: Grant - Individual Residential Placement | \$7,800,000 | \$8,800,000 | \$1,000,000 |
| 3: Grant - Special Services | \$220,000 | \$220,000 | \$0 |
| 4: Grant - Regular Education Tuition | \$200,000 | \$200,000 | \$0 |
| Total Grants | \$17,000,000 | \$17,500,000 | \$500,000 |
| Total Education Funds | \$17,000,000 | \$17,500,000 | \$500,000 |

Summary of State-Placed Student Grants

1. LEA (Local Education Agency) Reimbursement – 16 V.S.A. § 2950(a)

These funds are used to reimburse school districts 100 percent of special education costs incurred for students with Individualized Education Programs (IEPs).

2. Individual Residential Placement – 16 V.S.A. § 2950(b) and (c)

These funds provide payments to approved independent schools or tutorial programs for educational costs of students in residential facilities within and outside of Vermont.

3. Special Services – 16 V.S.A. § 2950(a)

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.

4. State-Placed Student Regular Education Tuition – 16 V.S.A. § 4012

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.

Adult Education & Literacy Budget Summary

Adult Education & Literacy - Category of Expenditure

| Category of Expenditure | FY 2022 Appropriation Act | FY 2023 Agency Recommendation | FY 2022 to FY 2023 |
|--------------------------------|--------------------------------------|--|-------------------------------|
| Grants | \$4,262,900 | \$4,412,900 | \$150,000 |

Adult Education & Literacy – Source of Funds

| Source of Funds | FY 2022 Appropriation Act | FY 2023 Agency Recommendation | FY 2022 to FY 2023 |
|--------------------------|--------------------------------------|--|-------------------------------|
| General Fund (A) | \$3,496,850 | \$3,496,850 | \$0 |
| Federal Funds (B) | \$766,050 | \$916,050 | \$150,000 |
| Total All Sources | \$4,262,900 | \$4,412,900 | \$150,000 |

Adult Education & Literacy – General Fund

| (A) General Fund | FY 2022 Appropriation Act | FY 2023 Agency Recommendation | FY 2022 to FY 2023 |
|---------------------------------------|--------------------------------------|--|-------------------------------|
| 1: Grant - Adult Education & Literacy | \$2,623,850 | \$2,623,850 | \$0 |
| 2: Grant - Adult Diploma | \$873,000 | \$873,000 | \$0 |
| Total General Fund | \$3,496,850 | \$3,496,850 | \$0 |

Adult Education & Literacy – Federal Fund

| (B) Federal Funds | FY 2022 Appropriation Act | FY 2023 Agency Recommendation | FY 2022 to FY 2023 |
|-----------------------|---------------------------|-------------------------------|--------------------|
| Grant (Only Category) | \$766,050 | \$916,050 | \$150,000 |
| Total Federal Funds | \$766,050 | \$916,050 | \$150,000 |

Total

| | | | |
|-------------------|-------------|-------------|-----------|
| Total All Sources | \$4,262,900 | \$4,412,900 | \$150,000 |
|-------------------|-------------|-------------|-----------|

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 section of Title 16, 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 General Education Development (GED) program. Payments made to a department or agency that provides an adult diploma program are calculated per 16 V.S.A. § 4011(f).

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 proficiency in meeting graduation requirements.

Flexible Pathways Budget Summary

Flexible Pathways – Category of Expenditure

| Category of Expenditure | FY 2022 Appropriation Act | FY 2023 Agency Recommendation | FY 2022 to FY 2023 |
|-------------------------|------------------------------|----------------------------------|-----------------------|
| Grants | \$9,143,000 | \$9,343,000 | \$200,000 |

Flexible Pathways – Source of Funds

| Source of Funds | FY 2022 Appropriation Act | FY 2023 Agency Recommendation | FY 2022 to FY 2023 |
|--------------------|------------------------------|----------------------------------|-----------------------|
| General Fund (A) | \$921,500 | \$921,500 | \$0 |
| Education Fund (B) | \$8,221,500 | \$8,421,500 | \$200,000 |
| Total All Sources | \$9,143,000 | \$9,343,000 | \$200,000 |

Flexible Pathways – General Fund

| (A) General Fund | FY 2022 Appropriation Act | FY 2023 Agency Recommendation | FY 2022 to FY 2023 |
|---------------------------------------|------------------------------|----------------------------------|-----------------------|
| 1: Grant - Dual Enrollment | \$921,500 | \$921,500 | \$0 |
| 2: Grant - Dual Enrollment VT VSAC | \$0 | \$0 | \$0 |
| Total All Sources | \$921,500 | \$921,500 | \$0 |

Flexible Pathways – Education Fund

| (B) Education Fund | FY 2022 Appropriation Act | FY 2023 Agency Recommendation | FY 2022 to FY 2023 |
|--|------------------------------|----------------------------------|-----------------------|
| 3: Grant - HS Completion for LEAs | \$2,100,000 | \$2,100,000 | \$0 |
| 4: Grant - Dual Enrollment | \$921,500 | \$921,500 | \$0 |
| 5: Grant - Early College | \$2,500,000 | \$3,200,000 | \$700,000 |
| 6: Grant - Vermont Academy of Science | \$500,000 | \$0 | (\$500,000) |
| 7: Grant - Secondary School Reform | \$400,000 | \$400,000 | \$0 |

| (B) Education Fund | FY 2022 Appropriation Act | FY 2023 Agency Recommendation | FY 2022 to FY 2023 |
|------------------------------------|----------------------------------|--------------------------------------|---------------------------|
| 8: Grant - Vermont Virtual | \$1,800,000 | \$1,800,000 | \$0 |
| 9: Grant - Dual Enrollment VT VSAC | \$0 | \$0 | \$0 |
| Total Grants | \$8,221,500 | \$8,421,500 | \$200,000 |
| Total Education Fund | \$8,221,500 | \$8,421,500 | \$200,000 |

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 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 of Education to the post-secondary institution.

3. Early College - 16 V.S.A. § 946(a)(2)

This program directs the Agency of Education 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 of Education for that purpose.

4. Vermont Academy of Science and Technology (VAST) - 16 V.S.A. § 946(a)(1)

VAST operates an approved independent 12th-grade program housed at Vermont Technical College.

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, consistent with the goals of Act 1 and Act 173, the Agency provides funding for projects that focus on innovative school and systems-based work on personalization, flexible pathways, and proficiency-based education that is inclusive, equitable, bias-free, and accessible to each learner.

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, Vermont Student Assistance Corporation (VSAC) – Previously 2017 No. 85 Sec. B.1100(a)(3)(C)

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.

B.505 - Statewide Education Spending Grant

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

Statewide Education Spending Grant Budget Summary

Statewide Education Spending – Category of Expenditure

| Category of Expenditure | FY 2022 Appropriation Act | FY 2023 Agency Recommendation | FY 2022 to FY 2023 |
|--------------------------------|--------------------------------------|--|-------------------------------|
| Grants (Only Category) | \$1,502,051,000 | \$1,561,661,000 | \$59,610,000 |

Statewide Education Spending – Source of Funds

| Source of Funds | FY 2022 Appropriation Act | FY 2023 Agency Recommendation | FY 2022 to FY 2023 |
|------------------------|--------------------------------------|--|-------------------------------|
| Education Fund (A) | \$1,502,051,000 | \$1,561,661,000 | \$59,610,000 |

Statewide Education Spending – Education Funds

| Education Fund | FY 2022 Appropriation Act | FY 2023 Agency Recommendation | FY 2022 to FY 2023 |
|-----------------------|--------------------------------------|--|-------------------------------|
| | | | |

| | | | |
|--|------------------------|------------------------|---------------------|
| 1: Grant - Education Spending Grant | \$1,501,100,000 | \$1,560,710,000 | \$59,610,000 |
| 2: Grant - Tech FTEs Not Enrolled | \$500,000 | \$500,000 | \$0 |
| 3: Grant - Driver Education | <u>\$451,000</u> | <u>\$451,000</u> | <u>\$0</u> |
| Total Education Fund | \$1,502,051,000 | \$1,561,661,000 | \$59,610,000 |

Budgetary Changes: The changes in FY 2023 in this appropriation reflect two changes:

Education Spending Grants – \$1,539 M reflects the Agency of Education’s estimate in local school budget growth in FY 2022. The growth rate is projected to be about 3.79% above prior year in terms of just education spending. The growth pressure is associated with typical cost pressures in schools as well as health care cost growth and increased demand for construction and renovation projects. Additionally, the retirement costs have increased significantly due to actuarial requirements. Also, costs due to responding to the COVID-19 pandemic are putting pressure on school budgets, although these costs are largely being mitigated by federal CARES Act money. This overall education spending grant number will be updated once local budgets are submitted to the Agency of Education.

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 of Education.

2. CTE 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 although 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.

B. 506 - Transportation

Administered through the School Finance Team, these funds are used to reimburse up to half of supervisory union and supervisory 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.

Transportation Budget Summary

Transportation – Category of Expenditure

| Category of Expenditure | FY 2022 Appropriation Act | FY 2023 Agency Recommendation | FY 2022 to FY 2023 |
|--------------------------------|--------------------------------------|--|-------------------------------|
| Grants (Only Category) | \$20,476,000 | \$21,786,000 | \$1,310,000 |

Transportation – Source of Funds

| Source of Funds | FY 2022 Appropriation Act | FY 2023 Agency Recommendation | FY 2022 to FY 2023 |
|------------------------|--------------------------------------|--|-------------------------------|
| Education Fund | \$20,476,000 | \$21,786,000 | \$1,310,000 |

Budgetary Change: The changes in this FY 2023 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. Included in this figure are the small school grants that became merger support grants for those districts that received a small school grant but merged voluntarily. Subsequent legislation allowed any district that received a small school grant in FY 2020 to continue receiving one. Those are also included in this figure.

Small School Support Grants Budget Summary

Small School Support – Category of Expenditure

| Category of Expenditure | FY 2022 Appropriation Act | FY 2023 Agency Recommendation | FY 2022 to FY 2023 |
|--------------------------------|--------------------------------------|--|-------------------------------|
| Grants | \$8,100,000 | \$8,200,000 | \$100,000 |

Small School Support – Source of Funds

| Source of Funds | FY 2022 Appropriation Act | FY 2023 Agency Recommendation | FY 2022 to FY 2023 |
|------------------------|--------------------------------------|--|-------------------------------|
| Education Fund | \$8,100,000 | \$8,200,000 | \$100,000 |

Budgetary Change: The overall growth in the total small school grants seems to be slowing, likely due to the merger support grants being a fixed amount.

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.

Essential Early Education Budget Summary

Essential Early Education – Category of Expenditure

| Category of Expenditure | FY 2022 Appropriation Act | FY 2023 Agency Recommendation | FY 2022 to FY 2023 |
|--------------------------------|--------------------------------------|--|-------------------------------|
| Grants (Only Category) | \$7,050,104 | \$7,511,638 | \$461,534 |

Essential Early Education – Source of Funds

| Source of Funds | FY 2022 Appropriation Act | FY 2023 Agency Recommendation | FY 2022 to FY 2023 |
|------------------------|--------------------------------------|--|-------------------------------|
| Education Fund | \$7,050,104 | \$7,511,638 | \$461,534 |

Budgetary Change: The changes in this FY 2023 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 & 1565, state financial assistance.

Technical Education Budget Summary

Technical Education – Category of Expenditure

| Category of Expenditure | FY 2022 Appropriation Act | FY 2023 Agency Recommendation | FY 2022 to FY 2023 |
|--------------------------------|--------------------------------------|--|-------------------------------|
| Grants | \$15,514,300 | \$16,253,900 | \$739,600 |

Technical Education – Source of Funds

| Source of Funds | FY 2022 Appropriation Act | FY 2023 Agency Recommendation | FY 2022 to FY 2023 |
|-----------------|---------------------------|-------------------------------|--------------------|
| Education Fund | \$15,514,300 | \$16,253,900 | \$739,600 |

Technical Education – Education Fund

| (B) Education Fund | FY 2022 Appropriation Act | FY 2023 Agency Recommendation | FY 2022 to FY 2023 |
|---|---------------------------|-------------------------------|--------------------|
| 1: Grant - Tech. Ed. Tuition Reduction | \$9,922,500 | \$10,418,600 | \$496,100 |
| 2: Grant - Tech. Ed. Salary Assistance | \$2,591,925 | \$2,721,600 | \$129,675 |
| 3: Grant - Tech. Ed. Transportation | \$2,149,875 | \$2,257,400 | \$107,525 |
| 4: Grant - Youth Leadership | \$125,000 | \$131,300 | \$6,300 |
| 5: Grant - Innovative Program Development | \$725,000 | \$725,000 | \$0 |
| Total Grants | \$15,514,300 | \$16,253,900 | \$739,600 |
| Total Education Fund | \$15,514,300 | \$16,253,900 | \$739,600 |

Budgetary Changes: There are three changes in this appropriation in FY 2023

In the first three appropriations and as a result of calculations based on a statutory formula, increases are made for:

1. Technical Education Tuition Reduction
2. Technical Education Salary Assistance Technical Education Transportation

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. The funds provide a 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.

Results Based Accountability and Programmatic Performance Measure Report

Overview

As the Agency continues to adopt both Results Based Accountability and Continuous Improvement models into its long-term strategic planning and day-to-day work activities, the population level outcomes identified by the Legislature and Governor Scott's office inform the prioritization of effort and focus. The programmatic work identified in this year's Programmatic Performance Measure Report (PPMB) reflect the Agency's ongoing focus on Building the Safest and Healthiest Communities and Growing the Vermont Economy. In the FY 2021 budget, AOE submitted Programmatic Performance Measures for the first time (Dual Enrollment and Adult Learning and Education) and provided updated outcome data in FY 2022. The AOE will continue to report on these two programs for FY 2023 with a plan to identify additional education programs that utilize state Education and General Fund for next year's Programmatic Performance Measure Report.

Adult Learning and Education

Beginning in FY 2017, the Adult Education and Literacy team of the Student Pathways Division (formerly Flexible Pathways Division) established the result that all learners of varying proficiency levels would have equitable access to a secondary credential and be prepared for career or college. Two levers to achieving that result were identified – increased progress assessment of students to ensure that instruction was tailored to student need, and increased monitoring of providers to ensure adherence to policy and educational rigor. In FY 2018, for the first time ever, Vermont met its federal performance targets, and did so again in FY 2019.

In FY 2019 and FY 2020, to ensure the system was stable when the federally-mandated assessment was updated, the Agency of Education allowed for providers to leverage High School Completion Program funds to support learners below secondary level. During this transition and the necessary transition to remote instruction as a result of COVID, the AEL system has seen a significant increase in adult learners seeking a secondary credential and earning industry recognized credential (IRCs). The Student Pathways Division will continue its monitoring and training efforts on a newly implemented online learning platform to ensure consistency in proficiency expectations across the K-12 and AEL systems.

For the FY 2022 PPMB report, the AEL measures were refined to better reflect the outreach and activities of the Agency of Education; specifically, the relationship between goal creation and goal attainment. The FY 2023 report reflects these refinements in data.

PPMB: Increase aspiration and achievement of high school credentials by AEL learners Data Table

| | Total Enrollment | % of AEL learners with goal of high school graduation | % of AEL learners earning high school credential |
|---------------------------|-------------------------|--|---|
| FY 18 | 2455 | 39 | 14 |
| FY 19 | 2201 | 53 | 14 |
| FY 20 | 1808 | 74 | 11 |
| FY 21* (actual) | 1472 | 54 | 7 |
| FY 22* (projected) | 1524 | 55 | 10 |

* COVID-19 has disrupted high school credential earning due to limited access to GED sites and difficulty in meeting graduation education plans.

Adult Learners meeting goal to earn an Industry Recognized Credential (FY 18 to FY 22) Data Table

| | # of Students who did not meet goal | # of Students who met goal |
|--------------------------|--|-----------------------------------|
| FY 18 | 243 | 94 |
| FY 19 | 140 | 86 |
| FY 20 | 46 | 70 |
| FY 21 (actual) | 20 | 20 |
| FY 22 (projected) | 24 | 36 |

Dual Enrollment

Beginning in 2018, the Student Pathways division worked with the Northeast Comprehensive Center to develop a toolkit to ensure the result of equitable access to Flexible Pathways for all eligible secondary students. Over the course of the year, the Agency of Education worked with diverse stakeholders within the agency and in the field to design, refine and field test a Flexible Pathways Implementation Kit that helped schools and school systems better address barriers to participation, specifically for economically disadvantaged students and students with disabilities, in pathways such as dual enrollment, and to communicate expectations and opportunities consistently to all students and families. In 2019 and 2020, small teams of agency staff worked

with school system teams at their request to create individual school profiles of pathways and engage in collaborative problem solving. The Student Pathways division will continue to expand on this work with partners at VSAC and the Vermont State Colleges.

For the FY 2022 PPMB report the Dual Enrollment programmatic measures have been expanded to include targets aimed at increasing access for students with disabilities and are included for FY 2023.

PPMB: Increase Utilization of Dual Enrollment Vouchers by Male Students and Low-Income Students Data Table

| | Total Enrollment | % Male Students | % Low Income Students |
|----------------|-------------------------|------------------------|------------------------------|
| FY 17 | 2660 | 40 | 23 |
| FY 18 | 2417 | 35 | 24 |
| FY 19 | 2682 | 36 | 22 |
| FY 20 | 2736 | 38 | 20 |
| FY 21 (actual) | 2640 | 36 | 12 |

PPMB: Increase the percent of students on IEPs who use Dual Enrollment Data Table

| | % of Dual Enrollment population | % of eligible IEP population |
|-------------------|--|-------------------------------------|
| FY 17 | 3 | Not available |
| FY 18 | 2 | 4 |
| FY 19 | 4 | 6 |
| FY 20 | 5 | 7 |
| FY 21 (projected) | 4 | Not available |

AOE COVID-19 Initiatives, Missions and Activities

AOE COVID-19 Response

After an initial school closure period in March 2020 due to the pandemic and mandated fully remote operations during the rest of the 2019-2020 school year, Vermont successfully reopened its schools for full-time instruction in September 2020. To do so, Vermont promulgated stringent public health requirements for schools through its mandatory guidance. Vermont also enabled operational flexibility for schools to shift to remote learning as local conditions for COVID-19 warranted, or for logistical considerations such as staff and student availability for in-person instruction.

Since September 2020, we estimate about 85% of our students were in some form of hybrid learning during the 2020-2021 school year. The most common model of hybrid learning was four days a week of in-person instruction and one day of remote learning. About 50% of our elementary schools made the shift to full in-person instruction by November 2020 and sustained that level of in-person instruction throughout the year. Approximately 10% of our students received instruction through full remote learning during the 2020-2021 year.

Shortly after January 1, 2021, the AOE began to plan for Vermont's next phase of the COVID-19 emergency response, termed the "education recovery phase." In guidance published February 2021, the AOE outlined a recovery planning process establishing three focus areas: social emotional functioning, mental health, and well-being; student engagement; and academic achievement and success. The first part of the recovery planning process required school districts (LEAs) to conduct a needs assessment in each of these three focus areas. The AOE then engaged with LEAs to determine planning priorities and to establish a plan for recovery strategies by June 1, 2021.

In addition to the three focus areas outlined in the state's recovery planning process, a fourth recovery priority emerged—improving the overall health and safety of Vermont's school facilities. Due to our extensive experience continuously operating schools safely throughout the pandemic, we have come to better understand the needs of our schools in this area. The AOE will be providing coordinating support for schools in the area of facilities improvement, including heating/ventilation upgrades, and will continue to focus on the safe operations of schools in the coming months and years.

In May 2021, the AOE published guidance indicating that LEAs should expect a return to full in-person instruction for the 2021-2022 school year with nominal, if any, recommended mitigation strategies. Summer programs operated under normal operations with a general recommendation that unvaccinated individuals wear masks when indoors.

On August 5, the AOE and Vermont Department of Health (VDH) released a joint advisory memo, COVID-19 Prevention Measures for Fall 2021. This document is a much streamlined and simplified approach from the extensive health guidance published in Fall 2020 and places emphasis on masking, contact tracing, COVID-19 testing and, ultimately vaccination as the most important strategies to maintain in-person instruction for the 2021-2022 school year. Working in

partnership with districts, the AOE and VDH teams have continued to refine recommendations with an aim towards balancing public health and education outcomes, keeping schools a safe place for students to learn.

In late summer 2021 and in light of concerns around the Delta variant, the Agency worked with our state partners to implement a statewide COVID-19 PCR testing program. What began as a single school surveillance testing program, expanded during the fall and became a comprehensive testing toolkit that includes both PCR and antigen testing in response to positive cases in the school community. In particular, the implementation of the antigen-based Test to Stay program is aimed at keeping students out of quarantine and in school for in-person instruction.

The state also greatly expanded opportunities for students, aged 12-18, to receive a vaccine, by standing up clinics at school sites across the state with a particular emphasis on reaching students in rural areas with limited access to health care providers. This program was enlarged to include younger-aged students, aged 5-11 in early November and Vermont leads the nation in the vaccination of young people.

The close coordination of communications between state and local leaders has contributed to our ability to maintain operations statewide. School superintendents received twice weekly emails with the latest information and state guidance on COVID-19. The AOE leadership team holds weekly statewide calls with superintendents to review the conditions for the virus and other emergency response concerns such as the management of federal and state relief funding. This allowed school system leaders to understand the broader strategic context while simultaneously providing insight into the more immediate decisions they would need to make at moments of key transition in the state's emergency response.

Over the past 20 months, Agency staff have continued to provide support, oversight and leadership to the field in their "normal" work capacity, but many AOE staff have taken on significant additional work to respond to the pandemic. This work has been collaborative, drawing on the resources and expertise of all divisions, and has been carried out in partnership with many agencies and departments from across state government. The section below highlights some of the COVID-19 specific work carried out by the Agency from January – December, 2021.

Overview of Federal Emergency Funding Activities

Since the beginning of the pandemic the United States Congress has passed three major funding bills and Vermont's education system has received significant support to prepare for, prevent and respond to COVID-19. The CARES, CRSSA and ARPA Acts have made \$399,010,624 available to PreK-12 educational entities through the ESSER funding programs, with the ARPA period of performance going out to September 2024.

Through three separate Elementary and Secondary School Emergency Relief (ESSER) Fund programs the Supervisory Unions and Supervisory Districts (SU/SDs) are eligible to receive a total of \$ 398,957,151 for a broad range of allowable uses in order to respond to COVID-19. These funds are distributed directly to SU/SDs through a formula and have a period of performance ranging from September 2022 to September 2024.

All ESSER I funds have been awarded to SU/SDs and the AOE has reimbursed LEAs for \$7,150,863. The application for ESSER II funds was opened on March 22, 2021 and closed on November 1, 2021 and the AOE will award all ESSER II funds by December 26, 2021. To date, AOE has awarded \$39,498,440.82 in ESSER II funds and has made \$1,086,389 in reimbursements.

The ARP ESSER grant program includes several new requirements for the AOE and for SU/SDs. The AOE must use 70 percent of its allocation on specific, evidence-based activities, while SU/SDs must use at least 20 percent of funds to address learning loss through the implementation of evidence-based interventions and ensure that those interventions respond to students' social, emotional, and academic needs while addressing the disproportionate impact of COVID-19 on underrepresented student subgroups. In addition, SU/SDs and the AOE are required to meet the Interim Final Requirements published by US ED on April 22, 2021. A key requirement of ARP ESSER is the creation of a state level plan that must be approved by US ED prior to the release of the final one third of the total ARP ESSER allocation (approximately \$94 million). The AOE submitted its revised state plan to US ED on December 10, 2021 and is awaiting final approval.

As part of the ESSER funding programs the AOE is eligible to receive a total of \$ 43,693,719 (inclusive of \$ 2,216,429 for the administration of these grant programs). Initial uses of ESSER I and ESSER II funds focused on emergency responses to emerging needs and education recovery. These uses included the creation of an improved communication infrastructure, the provision of new platforms to facilitate remote learning, the development of a social emotional learning and mental health platform and significant funding to expand summer programming with an emphasis on student engagement.

Early in the 2021 Session, the General Assembly (GA) identified priorities for COVID-19 response and recovery and resolved to appropriate ESSER state-level set aside dollars for those priorities. Once it was confirmed that this was an allowable process under the federal law, the AOE collaborated with the GA to build a plan that address both the needs of education recovery and the legislature's strategic priorities for education. Some top priorities that emerged include literacy (Act 28), the development of community schools (Act 67), ongoing support for summer and after school programs (Act 9) and the assessment and improvement of school facilities (Act 72). These funding decisions have also resulted in the need for multiple contracts and the creation of limited service positions to support multi-year programs.

In addition to ESSER state-level set aside dollars, the GA also appropriated an additional \$15 million (Act 9) to extend the work begun in the Indoor Air Quality grant, which ended in December 2020. Partnering with Efficiency Vermont, the AOE will use ARPA State Fiscal Recovery Funds to improve HVAC systems in public and approved independent schools in response to CDC guidance that highlight improved indoor air quality as a key factor in mitigating the spread of COVID-19.

Finally, the AOE has handled several other funding programs, including two emergency funding programs for child nutrition; the GEER program to support CTE centers; the GEER EANS program to support independent schools; and has partnered with VDH on the CDC's ELC School Reopening grant to provide state-contracted staffing support to schools for COVID-19 testing and vaccination and portable HEPA air purifiers to schools.

Collaborative, inter-divisional teams have worked to rapidly build out the application, review, business, reporting and monitoring processes for each of these grants. Between July 2020 and October 2021, the AOE created and released many separate grant programs and contracts.

Program teams and Divisions including Child Nutrition, Consolidated Federal Programs, Student Support Services, Education Quality, Student Pathways and the School Finance group have all contributed to the creation and review of grant applications. In the Finance division, the Business Office and Fiscal and Regulatory Compliance groups have taken on significant additional workloads to create grant award agreements, and to ensure timely payment of reimbursement requests and compliance with reporting and monitoring requirements. These efforts have led to millions being made available to educational entities to support their response to the pandemic.

Timeline of COVID-19 Federal Emergency Funds (March 2020 to December 2021)

- March 27, 2020 – CARES Act signed into law (includes ESSER I, GEER I, CRF)
- June 30, 2020 - December 31, 2020 – AOE releases and administers ESSER I, GEER I and five separate CRF grant programs
- December 27, 2020 – CRSSA Act signed into law (includes ESSER II, GEER II, GEER EANS, and EMOP and P-EBT Administration grants for Child Nutrition)
- March 11, 2021 – ARPA signed into law (includes ARP ESSER, ARP EANS, ARP Homeless Children and Youth, ARP IDEA and ARPA SFRF)
- March 22, 2021 – ESSER II grant application released to SU/SDs totaling \$ 114,276,027
- March 23, 2021 – GEER EANS application released to independent schools making \$4,084,369 in support available
- April 22, 2021 – ARP ESSER Interim Final Requirements published by US ED
- May 24, 2021 – SU/SDs submit ARP ESSER Phase I application per US ED requirement
- June 8, 2021 – Act 74 signed into law requiring that AOE submit ARP ESSER State Plan to House and Senate Education committees prior to submission to US ED
- June 17, 2021 – AOE releases ARP Homeless Children and Youth (HCY) I application to SU/SDs totaling \$ 466,994
- July 16, 2021 – AOE releases Draft ARP ESSER State Plan for public comment
- August 13, 2021 – AOE meets with House and Senate Education Committees to review ARP ESSER State Plan
- August 2021 – AOE submits ARP ESSER State Plan to US ED
- August 26, 2021 – AOE releases ARP IDEA application to SU/SDs totaling \$ 6,625,874
- October 2021 – AOE releases RFP for Facilities Inventory and finalizes contract with BVTA
- October 12, 2021 – AOE releases ARP HCY II application to SU/SDs totaling \$ 1,050,936
- November 2, 2021 – ESSER II application closes
- November 17, 2021 – AOE submits revised ARP ESSER State Plan to US ED
- December 2, 2021 – AOE releases Vaccine Incentive Program application to SU/SDs and independent schools totaling \$2 million
- December 10, 2021 – AOE submits additional revised ARP ESSER State Plan to US ED based on new requested edits