

Agency of Education Fiscal Year 2022 Budget Recommendation Presentation

March 17, 2021

Agenda

- Agency of Education Purpose Statement
- Message from the Secretary
- Budget Book Executive Summary
- Agency Operations Overview
- IT Projects Requiring Funding
- Ed Fund
- Questions

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

- The Agency completed its move to the National Life building and made significant progress in filling vacant positions.
- The Agency created COVID-19 Response Teams by utilizing staff from its various divisions. Many staff have taken on additional responsibilities including:
 - Additional support for our student meals program
 - Providing guidance and support for remote learning
 - Coordinating with the State Emergency Operations Center
 - Managing several new federal financial programs
- Investments were made in new communication tools as a major part of the response has been around the coordination of communications with other state agencies and with school districts.
- ESSER seems to be sufficient to cover costs related to our COVID-19 response for now.

Message from the Secretary

- The budget is essentially level funded with no new positions.
- Agency capacity is directly related to the work the Agency is being asked to perform.
 - The Agency will advocate for additional staff when new programs and projects are proposed.
 - The Agency will also advocate for modernization reforms that improve the overall efficiency and effectiveness of the Agency
 - In terms of modernization, we think it is important to follow through on the next steps for implementing a statewide student information system.
- The Agency is advocating for restructuring the State Board of Education.
- Another area for restructuring is moving childcare functions from the Child Development Division to the Agency.

Budget Book Executive Summary

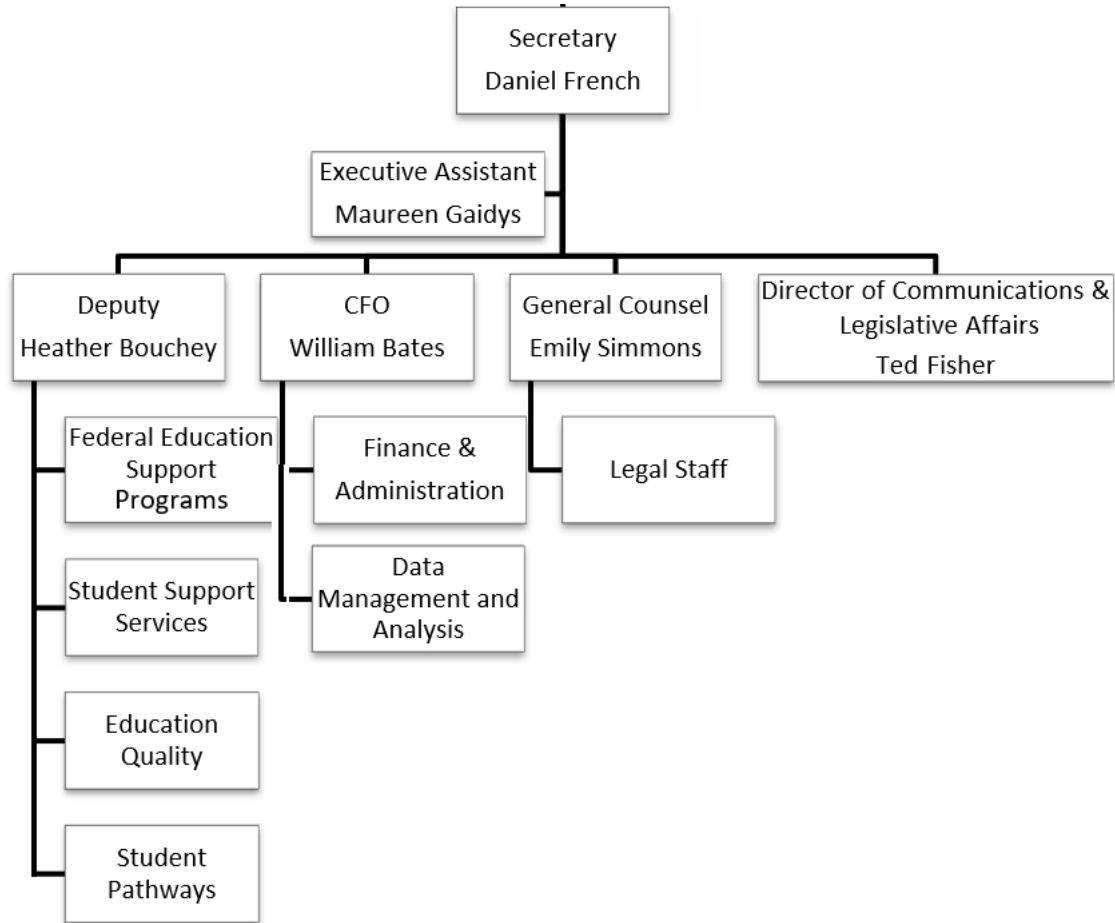
- Governor Recommended FY 2022 budget is \$2.075B across all AOE 12 Appropriations. This represents an increase of \$107.7M or 5.5% over FY 2021
 - \$ 54.5M or 51% relates to Ed Fund Appropriations
 - \$ 31.8M or 29% relates to COVID-19 funding
 - \$ 21.1M or 19% relates to Federal Grants
 - \$ 00.3M or 1% relates to Personal Service and Operations*
 - \$107.7M – Total from Ups & Downs

*We are hopeful that we will have at least \$141,773 in GF savings in FY21 which we can carryforward. This would keep our combined Personal Service and Operations increase to \$297,504.

Agency Operations Overview

- Agency Structure and Staffing
- Agency Operations
 - B.500 Finance & Administration
 - B.501 Education Services

Agency Structure



Agency Operations

- Operations of the Agency are supported by 2 appropriations:
 - B.500 – Finance and Administration
 - Secretary's Office – including Communications; Legal; Finance & Admin; and Data Management
 - 66 Positions or 41% of total agency staff
 - B.501 – Education Services
 - Federal Education and Support Programs; Student Support Services; Education Quality; Student Pathways
 - 94 Positions or 59% of total agency staff

B. 500 – Finance and Administration

- Total FY 2022 Budget Request - \$34.2M.
\$209,791 increase or 0.9% above FY 2021

Key Drivers:

1. \$ 241,011 Increase associated with Annualized Salary & Benefits
2. \$ 28,836 Increase in Internal Services Funds.
3. \$ 36,878 Added Per Diems
4. \$(96,934) Reliance on anticipated FY21 carryforward

\$209,791 – Total from Ups & Downs

B. 500 – Finance and Administration

	FISCAL 2021 APPROP ACT	FISCAL YEAR 2022	
		AGENCY RECOMMEND	FY2021 TO FY2022
CATEGORY OF EXPENDITURE			
PERSONAL SERVICES	13,278,166	13,479,879	201,713
OPERATING EXPENSES	3,979,764	3,987,842	8,078
GRANTS	16,770,700	16,770,700	0
TOTAL ALL CATEGORIES	34,028,630	34,238,421	209,791
SOURCE OF FUNDS			
GENERAL FUND	5,388,716	5,446,749	58,033
EDUCATION FUND	3,375,307	3,389,605	14,298
FEDERAL FUNDS	6,132,426	6,201,700	69,274
SPECIAL FUNDS	18,550,009	18,603,202	53,193
INTERDEPT. TRANSFER	582,172	597,165	14,993
TOTAL ALL SOURCES	34,028,630	34,238,421	209,791

B. 501 – Education Services

- Total FY 2022 Budget Request - \$191.2M.
\$52,974,705 increase or 38.3% above FY 2021

Key Drivers:

1. \$31,768,650 in COVID-19 Funding
2. \$21,118,342 Increase in Federal Grants
3. \$ 139,532 Increase associated with Annualized Salary & Benefits
4. \$(6,980) in Internal Service Funds
5. \$(44,839) Reliance on anticipated FY21 carryforward

\$52,974,705 – Total from Ups & Downs

B. 501 – Education Services

	FISCAL 2021 APPROP ACT	FISCAL YEAR 2022	
		AGENCY RECOMMEND	FY2021 TO FY2022
CATEGORY OF EXPENDITURE			
PERSONAL SERVICES	12,205,290	14,739,327	2,534,037
OPERATING EXPENSES	1,073,385	1,073,385	0
GRANTS	<u>124,979,229</u>	<u>175,419,897</u>	<u>50,440,668</u>
TOTAL ALL CATEGORIES	138,257,904	191,232,609	52,974,705
SOURCE OF FUNDS			
GENERAL FUND	4,593,768	4,580,935	(12,833)
FEDERAL FUNDS	130,069,027	183,038,116	52,969,089
TOBACCO LITIGATION FUND	750,388	750,388	0
SPECIAL FUNDS	2,844,721	2,863,170	18,449
INTERDEPT. TRANSFER			<u>0</u>
TOTAL ALL SOURCES	138,257,904	191,232,609	52,974,705

Ups & Downs Detail, (separate handout)

IT Projects Requiring Funding

Project Name	High-Level Description	Project Cost
Dual Enrollment Voucher Platform	The State's Dual Enrollment Program Voucher System services students and Vermont State Colleges. The system will provide a way for students, voucher coordinators and college administration to manage high school students enrolled in college courses including the eligibility, voucher creation, available college courses and reporting necessary for colleges to seek reimbursement from the dual enrollment program.	\$825,210
Education Licensing System	Implement a new Licensing Mgmt. solution to replace the current one (ALiS). The Agency of Education is entering the 7th year of a service with Aithent since the initial contract in 2012. This contract has previously been amended 6 times (4 have been for AOE desired upgrades and 2 for End Date extensions). The current amendment expires in August 2021.	\$2,576,182
Adult Education and Literacy	Reporting for the Workforce Innovation and Opportunity Act, Title II Adult Education & Literacy programs require a comprehensive data solution that will track the student record and services provided sufficient to produce the required reports and provide real-time information for State-level monitoring. The data solution must also produce invoices for the High School Completion Program to make the reimbursements described in 16 V.S.A. § 943 and track professional development activities.	\$620,304
	Total Implementation Costs	\$4,021,696

Ed Fund

Education Fund Expenses

Appropriation Categories By Funding Source	FISCAL 2020 APPROP ACT	FISCAL YEAR 2021	
		AGENCY RECOMMEND	FY2020 TO FY2021
EDUCATION FUND			
PERSONAL SERVICES	2,300,000	2,300,000	0
OPERATING EXPENSES	1,075,307	1,089,605	14,298
GRANTS			
Technical Education	14,816,000	15,514,300	698,300
Special Education Formula	223,718,575	229,000,000	5,281,425
State-placed Students	18,000,000	17,000,000	(1,000,000)
Flexible Pathways	8,262,725	8,262,725	0
Statewide Education Spending	1,489,500,000	1,539,060,000	49,560,000
Essential Early Education	7,044,052	7,050,104	6,052
Transportation	20,459,000	20,476,000	17,000
Small School Support	8,200,000	8,100,000	(100,000)
GRANT TOTAL	1,790,000,352	1,844,463,129	54,462,777
TOTAL EDUCATION FUND	1,793,375,659	1,847,852,734	54,477,075

Education Fund Cost Drivers

The main cost drivers in the Education Fund are demographic:

1. Publicly funded student population declining
2. We are maintaining most of the schools we had at our peak
3. Student-to-teacher and student-to-school ratios are small
4. Proportionally more children living in adversity

Year-over-year changes in Education Fund Expenses

	FY18 (Final)	FY19 (Final)	FY20 (Final)	FY21 (Anticipated)	FY22 (Projection)
Education Expenses (millions)	\$1,635	\$1,655	\$1,726	\$1,789	\$1,886
Year over Year Change	-	1.22%	4.29%	3.65%	5.42%

Carryforwards

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 FY21.

	FY 2020 Appropriation	Carryforward	% of FY 2020 Appropriation
Education Fund			
Special Education	223,718,575	18,943,405	8.47%
State Placed Students	18,000,000	1,000,000	5.55%
Flexible Pathways	8,262,725	370,679	4.49%
			%
Technical education	14,816,000	684,240	5.83%
Total	\$ 264,797,300	\$20,998,324	7.93%

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 table provides a history of the reversions to the Education Fund for the last six years.

	Act No. 173 Sec 9(h)	Special Ed	State- Placed Students	Adult Education	Education Payment	Transpo rtation	Small Schools	Capital Debt Service	Essential Early Education	Flexible Pathways	Technical Education	Grand Total
FY 2015	-	8,986,778	901,038	338,137	3,855,610	-	123,629	-	3,606	-	462,597	14,671,395
FY 2016	-	9,212,026	593,810	1,397,950	341,880	-	-	100,447	209,219	-	203,854	12,059,186
FY 2017	-	513,046	-	9,484	4,577,182	180,797	395,595	8,636	220,782	416,790	363,463	6,685,775
FY 2018	-	-	-	-	8,443,806	97,030	109,928	25,000	89,451	637,263	160,914	9,563,392
FY 2019	-	87,051	161,178	-	5,692,154	489	20,167	-	19,276	1,274,807	1,042,705	8,297,827
FY 2020	2,401	5,770,436	3,303,708	-	1,907,842	-	596,191	-	360,491	-	1,713,671	13,654,740

Questions