

Agency of Education Fiscal Year 2023 Budget Recommendation Presentation

January 14, 2022

Agenda

- Agency of Education Purpose Statement
- Message from the Secretary
- Budget Book Executive Summary
- Agency Operations Overview
- 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.

A Message from the Secretary (1)

- A central focus of our work remains supporting and leading our education system during the COVID-19 pandemic.
 - We have also been planning to pivot to “education recovery”, state support to address the impact of the pandemic more directly on the education of our students.
 - The Delta and Omicron variants of the virus have been challenging to manage, making it hard to pivot to education recovery.
 - Much of our focus remains on supporting the public health needs of our schools.

A Message from the Secretary (2)

- A central feature of our budget proposal is a request for two new positions, as well as continued funding for a new position created by the Legislature in FY22.
 - One of these positions will be utilized to re-establish a team at the Agency to manage school facilities, health, and safety.
 - 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.

A Message from the Secretary (3)

- Our budget proposal also includes an additional position for our Policy and Communications team.
- 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.

Budget Book Executive Summary (1)

- Governor Recommended FY 2023 budget is \$2.401B across all AOE 12 Appropriations. This represents an increase of \$355.9M or 17.39% over FY 2022
 - \$ 315.0M relates to Federal Funds
 - \$ 42.0M relates to Ed Fund
 - \$ (1.9M) relates to Special/Inter-dept. Funds
 - \$ 00.8M relates to General Fund*
 - \$355.9M – Total from Ups & Downs

*We are hopeful that we will have at least \$97,711 in GF savings in FY22 which we can carryforward. This would keep our combined Personal Service and Operations increase to \$796,714.

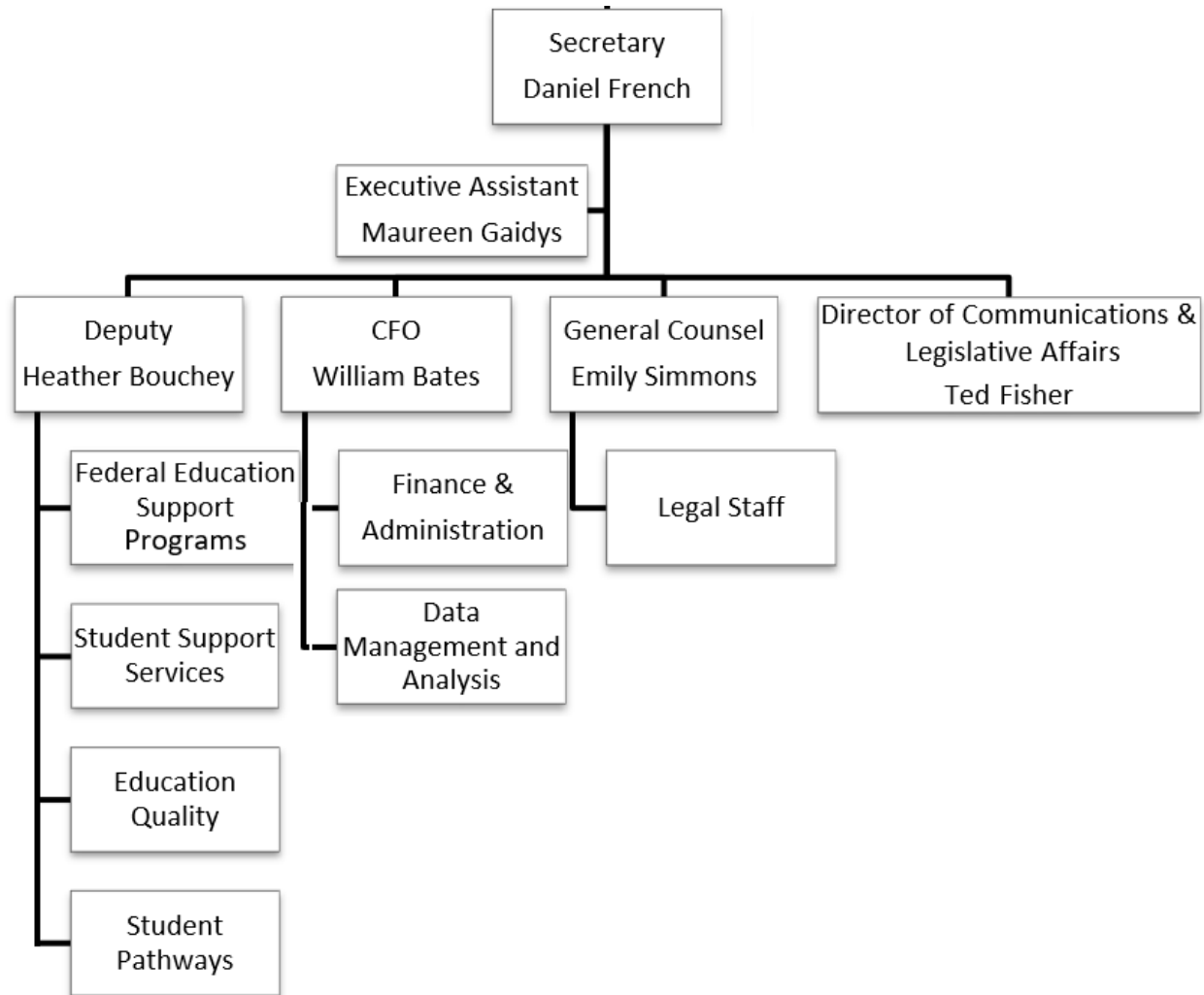
Budget Book Executive Summary (2)

- The Governor's Recommended FY 2023 budget includes 6 New Full Time Permanent Positions that will require an increase to the cap.
 - 2 General Fund positions - (Safe & Healthy School & Communication/Policy Coordinators) totaling \$200,000.
 - 4 Federal Fund positions (3 Special Education Monitoring Coordinators & 1 Grants Manager) totaling \$420,000.
 - The budget request also seeks \$500,000 in federal spending authority to retain Consultants to support our COVID-19 response.

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
 - 95 Positions or 59% of total Agency staff

B. 500 – Finance and Administration (1)

- Total FY 2023 Budget Request - \$35.8M.
\$1,569,900 increase or 4.5% above FY 2022

Key Drivers:

1. \$ 640,783 Increase in Personal Services
2. \$ 820,000 Increase in Perm/Temp Staffing
3. \$ 133,281 Increase in Internal Services Funds
4. \$ 28,708 Contracts and Grants
5. \$ (52,872) Reliance on anticipated FY22
carryforward

\$1,569,900 – Total from Ups & Downs

B. 500 – Finance and Administration (2)

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	\$16,770,700	\$14,770,700	\$2,000,000
Total All Categories	\$34,238,421	\$35,808,321	\$1,569,900

B. 500 – Finance and Administration (3)

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 Fund (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	\$(1,902,021)
Interdepartmental Transfer (E)	\$597,165	\$365,324	\$(231,814)
Total All Sources	\$34,238,421	\$35,808,321	\$1,569,900

B. 501 – Education Services (1)

- Total FY 2023 Budget Request - \$510.9M.
\$312,214,700 increase or 157% above FY 2022

Key Drivers:

1. \$ 281,113,350 in COVID-19 Funding
2. \$ 30,004,362 Increase in Federal Funds
3. \$ 841,827 Increase in Personal Services
4. \$ 300,000 Increase in SSS Staffing
5. \$ (44,839) Reliance on anticipated FY22
carryforward

\$ 312,214,700 – Total from Ups & Downs

B. 501 – Education Services (2)

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	\$182,915,554	\$481,143,571	\$298,228,017
Total All Categories	\$198,728,266	\$510,942,966	\$312,214,700

B. 501 – Education Services (3)

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 Funds (B)	\$190,533,773	\$502,402,928	\$311,869,155
Tobacco Litigation Fund (C)	\$750,388	\$750,388	\$0
Special Funds (D)	\$2,863,170	\$3,009,310	\$146,140
Interdepartmental Transfer (E)	\$0	\$0	\$0
Total All Sources	\$198,728,266	\$510,942,966	\$312,214,700



Ups & Downs Detail, (separate handout)

Leadership, Support, Oversight



Ed Fund

Leadership, Support, Oversight

Ed Fund Expenses

Category of Expenditures – 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	No data	No data	No data
4 – Technical Education	\$15,514,300	\$16,253,900	\$739,600
5 – Special Education Formula	\$229,000,000	\$208,073,400	\$(20,926,600)
6 – State-placed Students	\$17,000,000	\$17,500,000	\$500,000
7 – Flexible Pathways	\$8,221,500	\$8,421,500	\$200,000
8 – Statewide Education Spending	\$1,502,051,000	\$1,561,661,000	\$59,610,000
9 – Essential Early Education	\$7,050,104	\$7,511,638	\$461,534
10 - Transportation	\$20,876,000	\$21,786,000	\$1,310,000
11 – Small School Support	\$8,100,000	\$8,200,000	\$100,000
Grant Total	\$1,807,412,904	\$1,849,407,438	\$41,994,534
Total Education Fund	\$1,810,802,509	\$1,852,851,909	\$42,049,400

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

	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%

Carryforwards

Education Fund	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%
Technical Education	\$15,514,300	\$323,877	2.09%
Total	\$269,777,025	\$44,418,308	16.46%

Reversion History (1)

Each fiscal year, the General Assembly grants the Commissioner of Finance and Management the authority to allow unexpected 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

Reversion History (2)

	Finance and Administration	Act No. 173 Sec 9(h)	Special Ed	State-placed Students	Adult Education	Education Payment	Transportation	Small Schools	Capital Department Service	Essential Early Education	Flexible Pathways	Technical Education	Grand Total
FY15			8,986,778	901,038	338,137	3,855,610		123,629		3,606		462,597	14,671,395
FY16			9,212,026	593,810	1,397,950	341,880			100,447	209,219		203,854	12,059,186
FY17			513,046		9,484	4,577,182	180,797	395,595	8,636	220,782	416,790	363,463	6,685,775
FY18						8,443,806	97,030	109,928	25,000	89,451	637,263	160,419	9,563,392
FY19			87,051	161,178		5,692,154	489	20,167		19,276	1,274,803	1,042,705	8,297,827
FY20	115,260	2,401	5,770,436	3,303,708		1,907,842		596,191		360,491		1,713,671	13,770,000
FY21	950,950		5,824,529	4,106,772				614,965		41,296	1,579,282	1,841,126	14,985,919



Questions?

Leadership, Support, Oversight