

Agency of Education Fiscal Year 2026 Budget Recommendation Presentation

February 12, 2025

Agenda

- Agency Overview and Secretary's Message
- Budget Overview and Key Drivers
- B.500 Finance and Administration
- B.501 Education Services
- Education Fund

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.

Agency Overview

There are six divisions at the AOE:

1. Education Quality
2. Federal and Educational Support Programs
3. Student Pathways
4. Student Support Services
5. Finance and Administration
6. Data Management and Analysis

There are also several mission-specific teams, including legal, communications and operations.



Secretary's Message

Secretary's Message

- Education spending growth:
 - End of pandemic funding
 - Inflation and increased costs, including healthcare
 - Growing student needs
- Governor's proposal for education transformation includes a plan to stabilize FY 26 property tax growth
- Agency is underway on the development of strategic plan:
 - Define priority areas (data, support for educators/field, etc), align resources and support, continuous improvement cycles to measure impact on schools and students

Key Policy Initiatives

The Governor's proposal for Education Transformation is the key policy initiative for the Agency. It is a comprehensive proposal that includes changes in governance, funding and education quality.

- To support the proposed changes to the education system, the Agency has requested additional resources in the FY 26 budget



Budget Summary

Recommended Budget Key Drivers

- Governor Recommended FY 2026 budget is \$2.620 billion across all AOE Appropriations. This represents a decrease of \$47.5 million or 1.78% over FY 2025
 - \$104.7 million increase Statewide Education Spending, for a total appropriation of \$1.998 billion (Gov.'s Recommend)
 - (\$148.3 million) decrease in federal funds, due primarily to expiration of pandemic funding (e.g. ESSER and GEER)

Recommended Budget Key Drivers (continued)

- AOE personnel and operations recommended budget: \$41.1 million, with a decrease of \$15.4 million or 27.31%.
- Drivers:
 - \$17.4 million decrease in Contracts (Pandemic funding expiring)
 - 12% increase in healthcare costs
 - Administrative cost increases:
 - Insurance
 - Single Audit
 - Shared and back-office services (VISION, ADS IT, Human Resources)

Summary of pandemic-era funds



Total pandemic funds managed by the AOE (ESSER, GEER, other programs) = **+\$500 million**



Total grant programs managed by AOE = + 30 (does not include Child Nutrition programs)



Total contracts managed by AOE = + 30



Amount approved for liquidation extension through December 2025 = \$15 million

Agency Budget Request Notables

New Requests:

- \$50,000 Emergency Meal Sites
- \$45,000 Outreach for Hunger VT (move from DCF's budget)
- \$30,000 AOE's portion of Act 264

One-time Request

- \$4,000,000 Education Transformation

Education Transformation

\$4 million in one-time funds to build Agency capacity to support education transformation.

Key priorities:

1. Financial transformation and budgeting support - Funding
2. Education quality and accountability - Academic
3. School board support and transformation- Governance

Overview of AOE Budget Appropriations

Total Appropriation Categories

Grand Total Expenditure Categories	FY 2025 Appropriation	FY 2026 Recommend	Change FY25 to FY26
Personal Services	\$50,878,572	\$35,176,510	-\$15,702,062
Operating Expenses	\$5,636,346	\$5,901,675	\$265,329
Grants	\$2,610,953,191	\$2,578,879,052	-\$32,074,139
Total All Categories	\$2,667,468,109	\$2,619,957,237	-\$47,510,872

Overview of AOE Budget Appropriations

General Fund Appropriation:

Grand Total Expenditure Categories	FY 2025 Appropriation	FY 2026 Recommend	Change FY25 to FY26
Personal Services	\$9,735,033	\$10,795,309	\$1,060,276
Operating Expenses	\$1,417,849	\$1,496,110	\$78,261
Adult Basic Education	\$3,778,133	\$3,778,133	\$0
Education Services	\$2,622,866	\$2,667,866	\$45,000
Flexible Pathways	\$921,500	\$921,500	\$0
Grants Total	\$7,322,499	\$7,367,499	\$45,000
Total General Fund	\$18,475,381	\$19,658,918	\$1,183,537.00

*The above does not include \$4 million in one-time money

Overview of AOE Budget Appropriations

Federal, Special and Interdepartmental Funds Appropriation:

Grand Total Expenditure Categories	FY 2025 Appropriation	FY 2026 Recommend	Change FY25 to FY26
Personal Services	\$38,777,850	\$22,007,960	\$(16,769,890)
Operating Expenses	\$2,820,076	\$2,887,931	\$67,855
Finance & Administration	\$14,770,700	\$17,772,840	\$3,002,140
Education Services	\$319,249,631	\$188,983,500	\$(130,266,131)
Afterschool Grant Program	\$3,500,000	\$9,140,000	\$5,640,000
Adult Basic Education	\$916,050	\$940,665	\$24,615
Grants Total	\$338,436,381	\$216,837,005	\$(121,599,376)
Total Fed, Spec, Interdept. Funds	\$380,034,307	\$241,732,896	\$(138,301,411)



B.500 – Finance and Administration

Finance and Administration Secretary's Office, Legal, Communications and Data

- Secretary's Office
 - Leadership of the Agency, Whole Agency Projects, Support for Boards and Commissions and Working Groups (Including State Board)
- Legal Team
 - Litigation, contract review, legislative support, administrative rule drafting, and public records, Educator license investigations and sanctions, Administrative appeals, hearings and dispute oversight for special education
- Communications
 - Public Information, Legislative Affairs, Digital Communications and Publishing, Accessibility and Language Access
- Operations
 - District Quality Standards (DQS), School Safety, School Facilities, Emergency School Construction
- Data Management and Analysis
 - Data collection and stewardship, Data systems administration, Analysis and reporting, Statewide Assessment administration and data analysis

Finance and Administration

Finance Division

- Business Office
 - Grant Accounting, Agency Budget, Agency Contracting, Agency Finance (Payroll, Accounts Payable, Accounts Receivable), FFATA Reporting, Federal Draws
- Regulatory Compliance
 - Bulletin 5 Grants Administration, District Indirect Cost Rates, Internal Controls, Postsecondary Approval
- School Finance
 - Education Fund Grants, Finance Data Collections and Analysis, UCOA, Share School District Data Management System (SSDDMS)
- Special Education Finance
 - Act 173, Medicaid School Based Health Services, State Placed Students, Special Education Fiscal Monitoring

Key Cost Drivers – Finance and Administration

- Total FY 2026 Budget Request - \$38.7 million
 - \$2,666,315 decrease or -6.45% below FY 2025
- Key Drivers:
 - (\$5,883,308) decrease in personal services
 - \$214,853 increase in operating expenses
 - \$3,002,140 increase in grants
- (\$2,666,315) – Total from Ups & Downs

B.500 Finance and Administration Appropriation

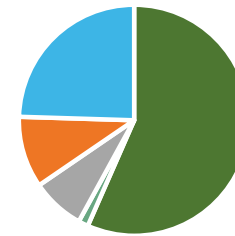
Grand Total Expenditure Categories	FY 2025 Appropriation	FY 2026 Recommend	Change FY25 to FY26
Personal Services	\$22,086,664	\$16,203,356	\$(5,883,308)
Operating Expenses	\$4,484,934	\$4,699,787	\$214,853
Grants	\$14,770,700	\$17,772,840	\$3,002,140
Total All Categories	\$41,342,298	\$38,675,983	\$(2,666,315)

Source of Funds	FY 2025 Appropriation	FY 2026 Recommend	Change FY25 to FY26
General Fund (A)	\$7,317,085	\$7,994,162	\$677,077
Education Fund (B)	\$3,486,988	\$3,606,201	\$119,213
Federal Funds (C)	\$13,154,385	\$6,217,482	\$(6,936,903)
Special Funds (D)	\$16,878,543	\$20,053,553	\$3,175,010
Interdept. Transfer (E)	\$505,297	\$804,585	\$299,288
Total All Sources	\$41,342,298	\$38,675,983	\$(2,666,315)

B.500 Finance and Administration Positions

- 75 Positions
 - 56.6% General Fund
 - 24.5% Federal Fund
 - 10% Medicaid Funds

B. 500 Finance and Administration FY 2026
Position Funding



■ General Fund
 ■ Teacher Licensing Fund
■ InterDepartmental Transfer
 ■ Special Medicaid
■ Federal Revenue Fund

Positions by Fund	General. Fund	Licensing	Interdept.	Medicaid	Federal Funds	Total
Total	42	1	6	8	18	75
% of Total	56.59%	1.40%	7.47%	10.04%	24.51%	100.00%



B.501 – Education Services

Education Services:

- Education Quality
 - Educator Licensing, Pre-Service Educator Quality, Education Quality Assurance, Independent School
- Federal Education and Support Programs (FESP)
 - Consolidated Federal Programs, Child Nutrition, Student and Educator Support
- Student Pathways
 - Flexible Pathways, Personalized Learning, Career Technical Education, Afterschool and Summer Programs, Adult Education and Literacy
- Student Support Services
 - Special Education, Early Education (Prekindergarten), and Multi-Tiered Systems of Support

Key Cost Drivers – Education Services

- Total FY 2026 Budget Request - \$211.72 million.
 - (\$139,996,961) decrease or 39.80% below FY 2025
- Key Drivers:
 - (\$9,818,754) decrease in personal services
 - \$50,476 increase in operating expenses
 - (\$130,228,683) decrease in grants
- (\$139,996,961) – Total from Ups & Downs

B.501 Education Services

- 4 Divisions Under Deputy Secretary
 - Education Quality
 - Federal Education and Support Programs
 - Student Pathways
 - Student Support Services
- FY 2026 budget of \$211.7 million
 - \$18.4 million in personal services
 - Majority grants \$192,117,080
- Changes for FY26 (\$140 million decrease):
 - Decrease to personal services
 - Increase in operating expenses
 - Significant change in federal grants Federal Spending Authority due to expiration of federal pandemic funding

B.501 Education Services Appropriation

Appropriation All Categories:

Department Grand Total Expenditure Categories	FY 2025 Appropriation	FY 2026 Recommend	Change FY25 to FY26
Personal Services	\$28,237,700	\$18,418,946	\$(9,818,754)
Operating Expenses	\$1,134,912	\$1,185,388	\$50,476
Grants	\$322,345,763	\$192,117,080	\$(130,228,683)
Total All Categories	\$351,718,375	\$211,721,414	\$(139,996,961)

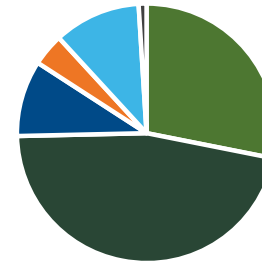
Source of Funds:

Funding Sources	FY 2025 Appropriation	FY 2026 Recommend	Change FY25 to FY26
General Fund (A)	\$6,387,955	\$6,894,415	\$506,460
Federal Funds (B)	\$340,584,414	\$199,239,149	\$(141,345,265)
Tobacco Litigation Fund (C)	\$750,388	\$750,388	\$0
Special Funds (D)	\$3,033,144	\$3,266,001	\$232,857
Inter Dept. Transfer (E)	\$962,474	\$1,571,461	\$608,987
Total All Sources	\$351,718,375	\$211,721,414	\$(139,996,961)

B.501 Education Services Positions

- 100 FTE
 - 47% Federal Funds
 - 28% General Fund
 - 11% Medicaid
 - 9% Licensing Fees

B. 501 Education Services FY2026
Position Funding



■ General Fund ■ Federal ■ Licensing
■ Interdept. ■ Medicaid ■ Tobacco

Positions by Fund	General Fund	Federal Funds	Licensing	Tobacco	Medicaid	Interdept	Total
Total	28	46.5	9.5	1	11	4	100
% of Total	28%	47%	9%	1%	11%	4%	100.00%



Education Fund

Education Fund Summary

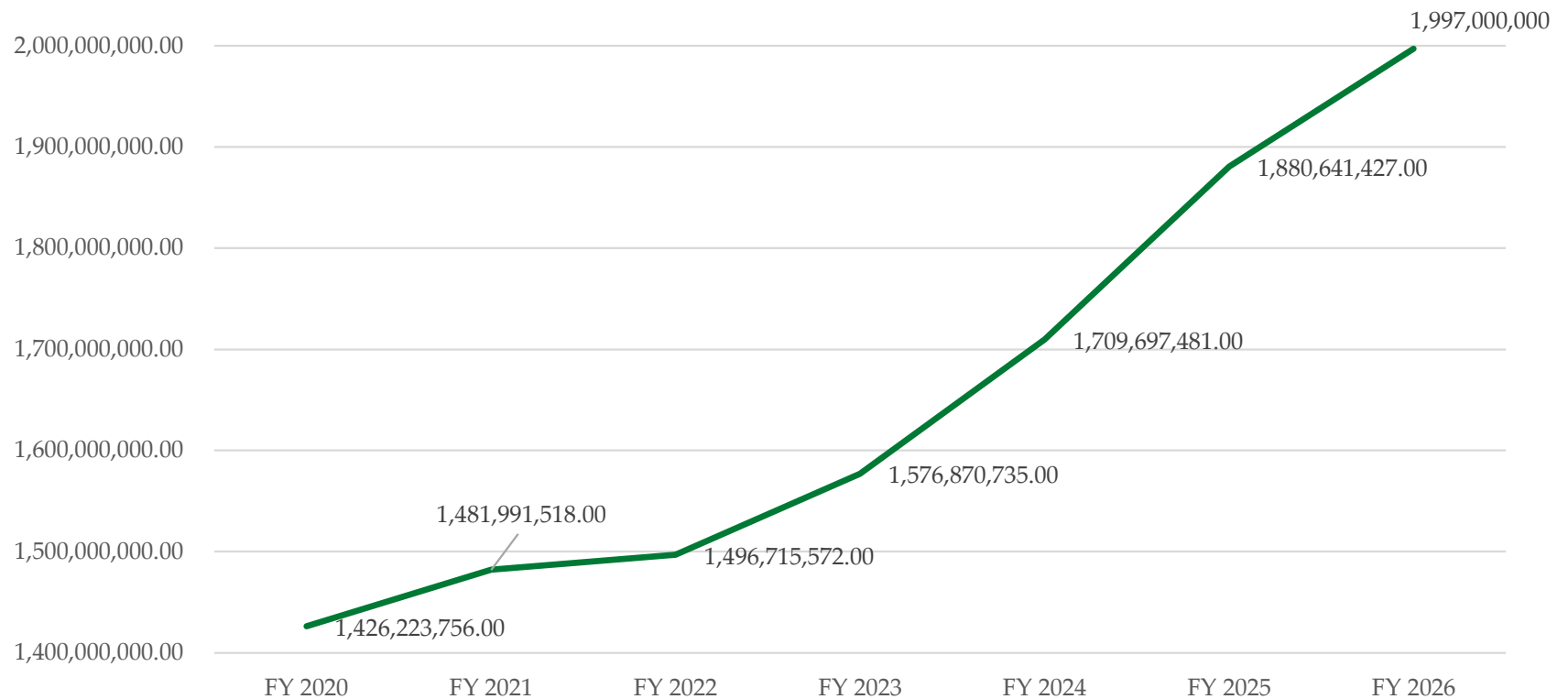
Expenditure Categories	FY 2025 Appropriation	FY 2026 Recommend	Change FY25 to FY26
Personal Services	\$2,100,000	\$2,100,000	\$0
Operating	\$1,386,988	\$1,506,201	\$119,213
Special Education Formula	\$264,649,859	\$270,736,200	\$6,086,341
State-Placed Students	\$20,000,000	\$17,200,000	\$(2,800,000)
Education Grant	\$1,893,267,394	\$1,997,951,000	\$104,683,606
Transportation	\$25,306,000	\$26,115,792	\$809,792
Merger Support Grants	\$1,800,000	\$1,800,000	\$0
Essential Early Education Grant	\$8,725,587	\$8,977,737	\$252,150
Technical Education	\$17,881,950	\$18,737,850	\$855,900
Flexible Pathways	\$10,440,255	\$10,440,255	\$0
Universal Meals 16 V.S.A. 4017	\$20,400,000	\$0	\$(20,400,000)
EL Categorical Aid Act 113 2024	\$2,250,000	\$2,250,000	\$0
Grants Total	\$2,264,721,045	\$2,354,208,834	\$89,487,789
Total	\$2,268,208,033	\$2,357,815,035	\$89,607,002



Statewide Education Spending

Education Spending: FY 2020 to FY 2026

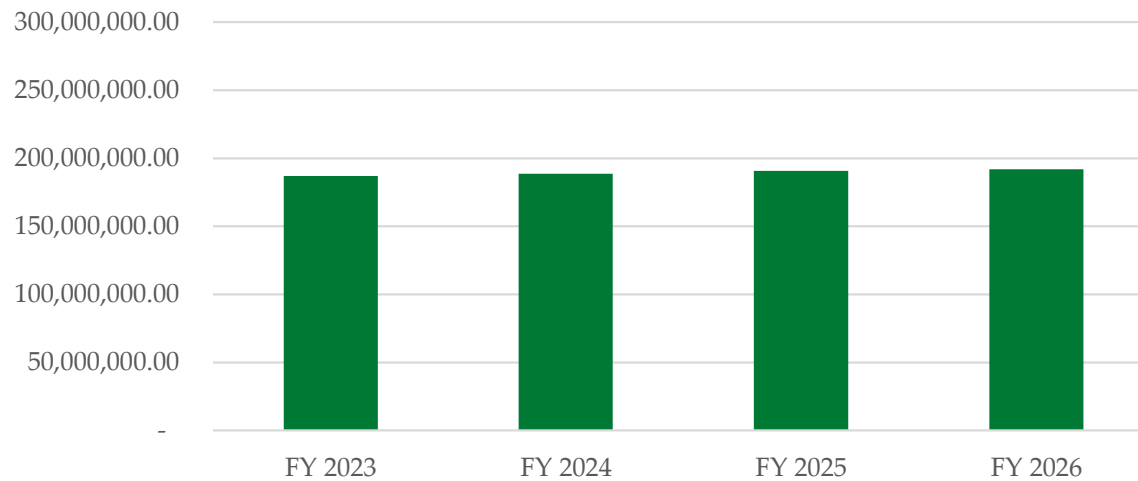
Ed Spending FY20-Preliminary FY26



This graph represents only ed spending, not the entire ed fund.
Data based on warned budget collection in late January 2025.

Education Spending: Special Education

Census Block Grant



Year	Census Block Grant
FY 2023	\$186,993,183
FY 2024	\$188,775,196
FY 2025	\$190,708,906
FY 2026	\$192,000,000



Questions