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## TESTIMONY

**Testimony To:** House Commerce and Economic Development

**Respectfully Submitted by:** Robin Castle, State Director of Adult Education and Literacy, Vermont Agency of Education, Student Pathways Division

**Subject:** Change in Disbursement of Adult Education and Literacy Funds

**Date:** March 17, 2025

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### Background

For over 30 years, the Adult Education and Literacy (AEL) funds were distributed annually based on a State Board of Education funding formula rule. The rule can be found in Rule 2410 in the [Series 2400 rules](#). The funding formula is also referenced in [Vermont's WIOA Combined State Plan](#) on page 77. Until [Act 113 of 2024](#) was passed, the funding formula had not been amended since 1994.

[16 V.S.A. § 4011\(f\)](#) as amended by Act 113 allocates funds to AEL providers as based on students served who have been assessed, which is in direct contradiction to State Board Rule. Therefore, the way the funds will be distributed to AEL providers will be based on the 2-year average of the number of students served by county in which the AEL is awarded to serve. (The average is multiplied by 26% of the Base Education Amount adjusted annually).

*(f) Annually, the Secretary shall pay to a local adult education and literacy provider, as defined in section 942 of this title, that provides an adult education and secondary credential program an amount equal to 26 percent of the base education amount for each student who completes the diagnostic portions of the program, based on an average of the previous two years; 40 percent of the payment required under this subsection shall be from State funds appropriated from the Education Fund and 60 percent of the payment required under this subsection shall be from State funds appropriated from the General Fund.*

### Funding Distribution Method

Due to statutory requirements and guidance from the Agency of Education's legal counsel, the funding available for the grant competition has changed for some counties. The change primarily impacts Essex and Grand Isle counties due to their low population and a low participation rate in AEL services. However, four Vermont counties will see a substantial increase in funding to meet their greater demand for services – Chittenden, Rutland, Washington and Windham counties.

The statute expresses the priority of students served and is therefore contradicting the previous funding formula (which was focused on a formula of need based on census and other data). The funds will now be



distributed based on § 4011(f) as reflected in the grant competition. Awarded funds will cover the period of July 1, 2025 - June 30, 2028.

The Agency of Education released the AEL Services, Workforce Innovation and Opportunity Act, Title II, [Funding Opportunity and Grant Application](#) on February 25, 2025. The grant application describes the method for distributing funds as below:

*In accordance with 16 V.S.A. § 4011(f), state grant funding for AEL is based on the average number of students assessed over the previous two years multiplied by 26% of the Base Education Amount. Previously, funds were distributed to counties according to the funding formula in State Board Rule 2410. There is a conflict between number of students served described in § 4011(f) and county distributions based on county need in State Board Rule 2410. The distribution of funds to local AEL providers, as defined in § 942, cannot be based on both statute and SBE rule because the newly amended statute takes precedence over SBE rule. Therefore, the AEL grant competition describes estimated available funds based on § 4011(f).*

*The Base Education Amount for FY26 is \$12,668. Multiplied by 26%, the amount per student is \$3,293.68. In FY23, 1,854 students received the diagnostic portion of the program and in FY24, 2,152 met this criteria. Therefore, the two-year average of students is 2,003. To calculate this,  $\$3,293.68 \times 2,003$  or  $\$6,597,241.04$  is the total estimate for grant funds to be allocated to AEL providers. § 4011(f) also states that “. . . 40 percent of the payment required under this subsection shall be from State funds appropriated from the Education Fund and 60 percent of the payment required under this subsection shall be from State funds appropriated from the General Fund.”*

### **FY26 Estimated Funding Allocation from the Current Grant Application**

<b>County</b>	<b>Two-Year Average of Students Served</b>	<b>% of Allocation</b>	<b>State Gen Funds</b>	<b>State Education Funds</b>	<b>Federal Basic Funds</b>	<b>FY26 Funding Totals</b>	<b>FY25 Funding Totals<sup>1</sup></b>
Addison	94.5	4.72%	\$186,752	\$124,501	\$29,487.02	\$340,740	\$368,285
Bennington	115.5	5.77%	\$228,252	\$152,168	\$36,039.69	\$416,460	\$429,430
Caledonia	61	3.05%	\$120,549	\$80,366	\$19,033.95	\$219,948	\$380,233
Chittenden	507	25.31%	\$1,001,937	\$667,958	\$158,200.20	\$1,828,096	\$1,170,740
Essex	9.5	0.47%	\$18,774	\$12,516	\$2,964.30	\$34,254	\$369,669

<sup>1</sup> There was an additional \$349,827 in Education Fund dollars that was not run through the funding formula, but distributed to the AEL providers by percentage of students served who graduated. Another \$108,684 was given to Central Vermont Adult Education, \$71,324 to Northeast Kingdom Learning Services, \$16,982 to The Tutorial Center, and \$152,837 to VAL. Funds awarded so far for FY25 is \$7,072,455 plus \$60,000 for a federal Integrated English Literacy and Civics Education (IELCE) grant. The IELCE grant is federal money that is not subject to the funding formula.

County	Two-Year Average of Students Served	% of Allocation	State Gen Funds	State Education Funds	Federal Basic Funds	FY26 Funding Totals	FY25 Funding Totals <sup>1</sup>
Franklin	142	7.09%	\$280,622	\$187,081	\$44,308.54	\$512,011	\$571,596
Grand Isle	9	0.45%	\$17,786	\$11,857	\$2,808.29	\$32,451	\$199,851
Lamoille	101.5	5.07%	\$200,585	\$133,723	\$31,671.24	\$365,980	\$353,383
Orange	80.5	4.02%	\$159,085	\$106,056	\$25,118.57	\$290,260	\$362,449
Orleans	120	5.99%	\$237,145	\$158,097	\$37,443.83	\$432,685	\$426,268
Rutland	189.5	9.46%	\$374,491	\$249,661	\$59,130.05	\$683,282	\$626,683
Washington	258.5	12.91%	\$510,850	\$340,567	\$80,660.26	\$932,077	\$497,684
Windham	180	8.99%	\$355,717	\$237,145	\$56,165.75	\$649,028	\$465,130
Windsor	134.5	6.71%	\$265,800	\$177,200	\$41,968.30	\$484,968	\$501,227
Totals	2003	100.00%	\$3,958,345	\$2,638,896	\$625,000.00	\$7,222,241	\$6,722,628

### Students Served Who Were Assessed in FY23 and FY24

County	FY23 Students	FY24 Students	Two-Year Average of Students Served
Addison	86	103	94.5
Bennington	113	118	115.5
Caledonia	51	71	61
Chittenden	443	571	507
Essex	8	11	9.5
Franklin	163	121	142
Grand Isle	12	6	9
Lamoille	97	106	101.5
Orange	75	86	80.5
Orleans	117	123	120
Rutland	176	203	189.5
Washington	269	248	258.5
Windham	134	226	180
Windsor	110	159	134.5
Totals	1854	2152	2003

## **Adult Education and Literacy Student Access Committee**

The Vermont legislature commissioned the Adult Education and Literacy Student Access Committee pursuant to [Act 78 of 2023](#). The committee examined the underfunding of the system and proposed potential changes to remedy areas of concern. Among the [committee's recommendations](#) were to modernize the funding formula to distribute funds equitably which resulted in the language included in [Act 113 of 2024](#).

In § 4011(f) the current funding methodology was created. The statutory mandate ensures that counties with larger populations that serve more students receive funding aligned to that need. Consequently, four Vermont counties will now receive designated funding to meet their greater student participation numbers. The AEL Funding Opportunity and Grant application is a competitive grant. The new methodology will provide funding to future AEL providers to ensure taxpayer dollars are expended in areas where the greatest service need exists.