

Recommendations for Adult Education & Literacy Funding in Vermont

Submitted by the Secretary of Administration, in accordance with
2025 Act 27 Sec. E.504.3(b)

Legislative Charge

2025 Act 27 Sec. E.504.3:

(b) On or before January 15, 2026, the Secretary of Administration shall submit a written report to the House Committee on Commerce and Economic Development; the Senate Committee on Economic Development, Housing and General Affairs; and the House and Senate Committees on Education and on Appropriations with recommendations for any administrative changes to adult education, including which agency or department outside the Agency of Education is best suited to manage adult education grants. The report shall also include any additional recommendations from the Secretary of Administration regarding updates to the adult education funding formula should the Secretary have recommendations that differ from the recommendations contained in the report submitted pursuant to subsection (a) of this section.

Context

The Agency of Administration convened five meetings in late summer / early fall of 2025 between local adult education and literacy (AEL) providers, representatives from the Agency of Education, Department of Labor, the Vermont Migrant Education Program, World Learning Inc., and the State Refugee Office to develop a report pursuant to 2025 Act 27 Sec. E.504.3(a):

(a) On or before December 1, 2025, the Agency of Administration, the Agency of Education, and local adult education and literacy providers shall jointly submit a written report to the House Committee on Commerce and Economic Development; the Senate Committee on Economic Development, Housing and General Affairs; and the House and Senate Committees Education and on Appropriations with recommendations to modernize adult education funding to ensure funds are equitably distributed across all regions of the State, including recommendations for updates to the statutes and rules that govern the adult education funding formula. The Agency of Administration shall call and facilitate not fewer than five meetings with the Agency of Education and local adult education and literacy providers to develop the recommendations in the report.

This report was submitted to the legislature on November 26, 2025. Although the report identified points of consensus between AEL providers regarding a funding formula, there was not comprehensive agreement around a path forward. Furthermore, the report contained recommendations from the Agency of Education for “further study to evaluate the AEL program and make recommendations to modernize program delivery and funding.”

SECTION 1

Recommendations for any administrative changes to adult education, including which agency or department outside the Agency of Education is best suited to manage adult education grants

Vermont's AEL programs are part of complex educational ecosystem which is currently undergoing significant change. Rising property taxes and low academic performance necessitate a comprehensive revaluation of the State's education system and its funding; meanwhile, congressional action has made uncertain the future of federal funding for AEL programming. Although a relatively small portion of Vermont's overall AEL funding comes from federal sources (around 12% in FY26), requirements from Title II of the federal Workforce Innovation and Opportunity Act (WIOA) have historically driven program design. Should federal funding for AEL be eliminated, there could be opportunities for adjustments to AEL service delivery. Similarly, the ongoing transformation of Vermont's education system in the coming years may have impacts on AEL programming. For these reasons, ongoing assessment of AEL programs and the role they play in advancing Vermont's education policy objectives will be important in the coming years, but the **Agency of Administration is not recommending any structural administrative changes to adult education at this time.**

As the entity responsible for overseeing Vermont's education systems and advancing the state's education goals, the Agency of Education is uniquely suited to manage adult education grants. AOE staff and AEL providers have worked collaboratively for many years to ensure the delivery of high-quality programming to Vermont adult learners. **The Agency of Administration does not recommend that the management of adult education grants be transferred to another agency or department at this time.** Outside the Agency of Education, the Vermont Department of Labor would be the next best entity to administer the funds, given the nexus adult education often has with workforce development.

SECTION 2

Recommendations regarding updates to the adult education funding formula differing from those contained in the report submitted pursuant to 2025 Act 27 E.504.3(a)

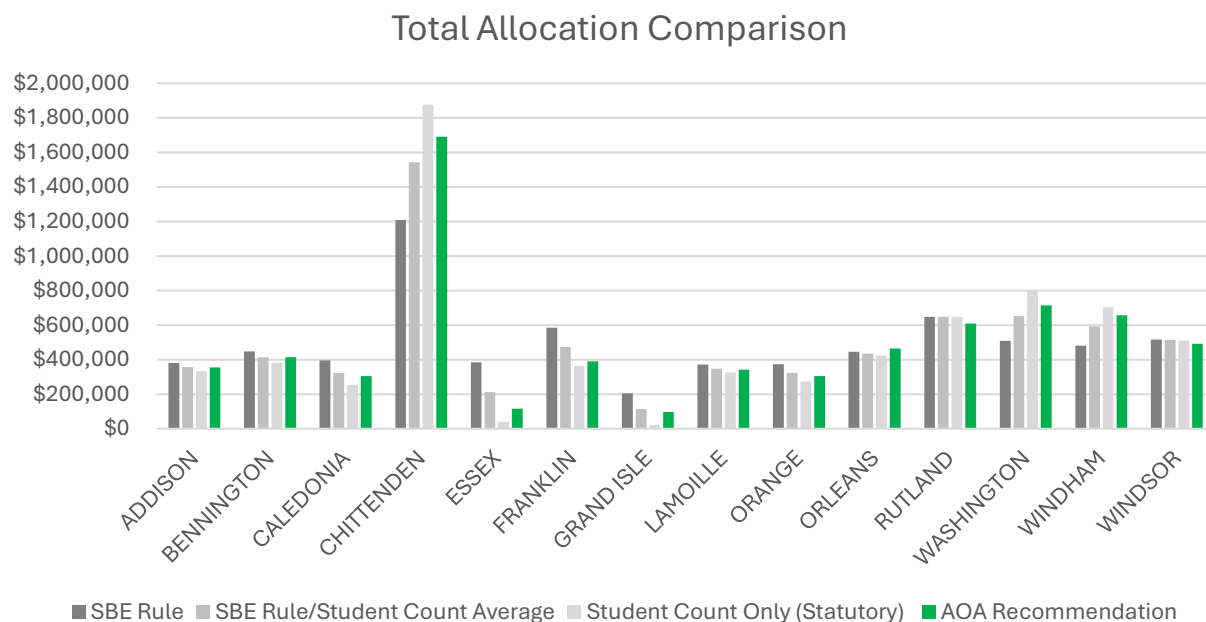
The report submitted to the legislature on November 26, 2025 in accordance with 2025 Act 27 E.504.3(a) does not contain a consensus recommendation regarding the funding formula for AEL grants. Although some points of consensus between AEL providers are identified—for instance that the formula should include an \$80,000 base payment for each county—perspectives differed on whether the remaining funding should be allocated solely based on the number of students served or whether it should also incorporate student hours of instruction. Pending further analysis, the Agency of Education recommended allocating funding on the same basis as it is allocated in 2025 Act 27 Sec. E.504.3(c).

The Agency of Administration does not believe the differing viewpoints of the AEL providers and the Agency of Education are irreconcilable. For reasons noted above, it will be important to continue monitoring changes to federal funding for AEL programming, and to assess whether evolutions in other parts of Vermont's public education system impact adult education. In the meantime, allocating available state funding according to a formula that compromises between

the two models advanced by AEL providers could help address the concerns of historical funding inequities that led to this report, and help advance the principles of equity, simplicity and predictability that were agreed upon by all stakeholders that met throughout the summer and fall of 2025 to discuss funding models. **The Agency of Administration recommends that State funding for adult education and literacy be distributed as follows:**

- **The current formula in 16 V.S.A. § 4011(f)¹, (26% of the base education amount for the two-year average of students that complete AEL diagnostic testing) be used to determine total AEL funding statewide.**
- **The total funding calculated per 16 V.S.A. § 4011(f) be allocated as follows:**
 - **Each county in the State receives a base payment of \$80,000.**
 - **Of the funding remaining after base payments are made to each county,**
 - **85% is distributed to counties based on their share of the 2-year average number of students having completed diagnostic testing,**
 - **15% is distributed to counties based on their share of the 2-year average number of student-hours of AEL services provided.**

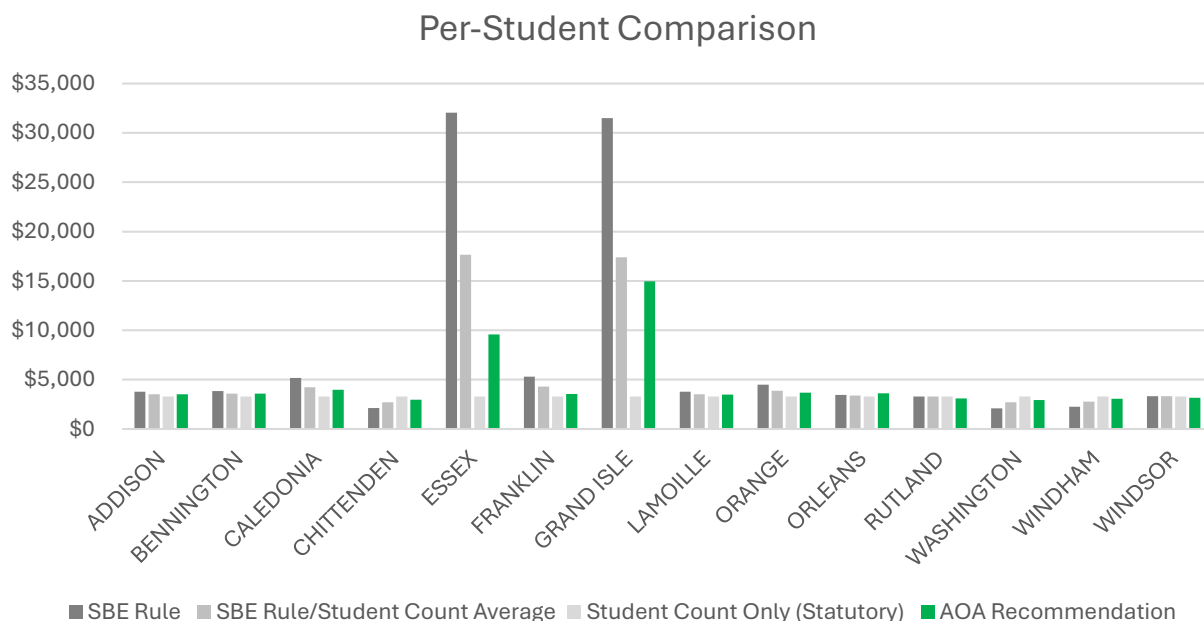
This recommendation represents a compromise between the model supported by Vermont Adult Learning, Central Vermont Adult Education, The Tutorial Center, which would allocate remaining funding solely based on the number of students having completed diagnostic testing, and the model supported by Northeast Kingdom Learning Services, which would allocate remaining funding 75% based on the number of students having completed diagnostic testing and 25% based on student-hours.



¹ As amended by 2025 Act 27 Sec. E.504.2

The graph above compares the Agency of Administration’s recommended formula (in green) to the allocation of funds based on the FY26 State Board of Education rule (“SBE Rule”), the allocation based on current statutory language in 16 V.S.A. § 4011 (“Student Count Only”) and the average between the two (“SBE Rule/Student Count Average”), which is consistent with the methodology used to calculate the allocations in 2025 Act 27.

The graph below illustrates the same scenarios on a per-student basis, where “student” is the average count of students having completed the diagnostic portion of the program in the two most recently completed fiscal years.



Recommended Draft Language

16 V.S.A. § 4011(f) currently reads as follows:

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 adult education and secondary credential program, based on an average of the previous two completed fiscal years. Forty 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.

The language modifications below would differentiate the calculation to determine the total appropriation statewide from the formula used to allocate funds:

(f)(1) Annually, the ~~Secretary shall pay to a~~ total appropriation to be allocated among local adult education and literacy providers, as defined in section 942 of this title, that provides an adult education and secondary credential program, shall be an amount equal to 26 percent of the base education amount for each student who completes the diagnostic portions of the adult education and secondary credential program, based on an average of the previous two completed fiscal years. Forty percent of the ~~payment appropriation~~ required under this subsection shall be from State funds appropriated from the Education Fund and 60 percent of the ~~payment appropriation~~ required under this subsection shall be from State funds appropriated from the General Fund.

The following statutory addition would implement the Agency of Administration's recommended funding formula:

(2) Of the total funding described in subsection (f)(1), the Secretary shall pay to a local adult education and literacy provider that provides an adult education and secondary credential program, for each county in which the provider provides adult education and secondary credential services:

(A) A base amount of \$80,000, and;

(B) An amount equal to the multiplication of:

(i) The total appropriation calculated in subsection (f)(1) minus \$1,120,000, and;

(ii) Eighty-five percent, and;

(iii) The ratio of the average number of students in that county that have completed the diagnostic portion of the adult education and secondary credential program over the previous two completed fiscal years to the average number of students statewide that have completed the diagnostic portion of the adult education and secondary credential program statewide over the previous two completed fiscal years.

(C) An amount equal to the multiplication of:

(i) The total appropriation calculated in subsection (f)(1) minus \$1,120,000, and;

(ii) Fifteen percent, and;

(iii) The ratio of the average number student-hours of instruction provided in that county over the previous two completed fiscal years to the average number of total student-hours of instruction provided statewide over the previous two completed fiscal years.