

# **Agency of Education Fiscal Year 2027 Budget Recommendation Presentation**

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**January 27, 2026**

# Agenda

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

# Purpose Statement

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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

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## Secretary's Office

- Policy & Communications
- Legal

## Operations

- Finance
- Data Management
- Safe and Healthy Schools
- Grants Management
- Child Nutrition
- Education Program Approvals

## Academics

- Special Education
- Curriculum and Instruction
- Education Programs: PreK, extended learning, CTE, AEL

## Strategy and Accountability

- Strategy and Education Initiatives
- Assessment
- Accountability & evaluation
- School Improvement and District Support



# Secretary's Message

# Secretary's Message

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- Education spending growth:
  - Inflation and increased costs, including healthcare
  - Growing student needs
- Governor's FY 27 budget proposal includes a plan to stabilize FY 27 property tax growth
- Agency is underway on the development of strategic plan and completed a major reorganization in 2025:
  - Align strategic pillars with accelerated initiatives and define shared measures of accountability
  - Expand support for the field to improve education quality and service delivery during a period of transformation
- Agency is leading accelerated initiatives while maximizing all available funding resources

# Key Policy Initiatives

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- 1) CTE transformation and modernization
- 2) Chronic Absenteeism
- 3) Finalize key decisions in education transformation

# Strategic Pillars

1. Improve statewide academic performance
2. Expand college and career readiness
3. Promote safe and healthy schools
4. Support operational effectiveness
5. Ensure high-quality special education services and differentiated support for all students

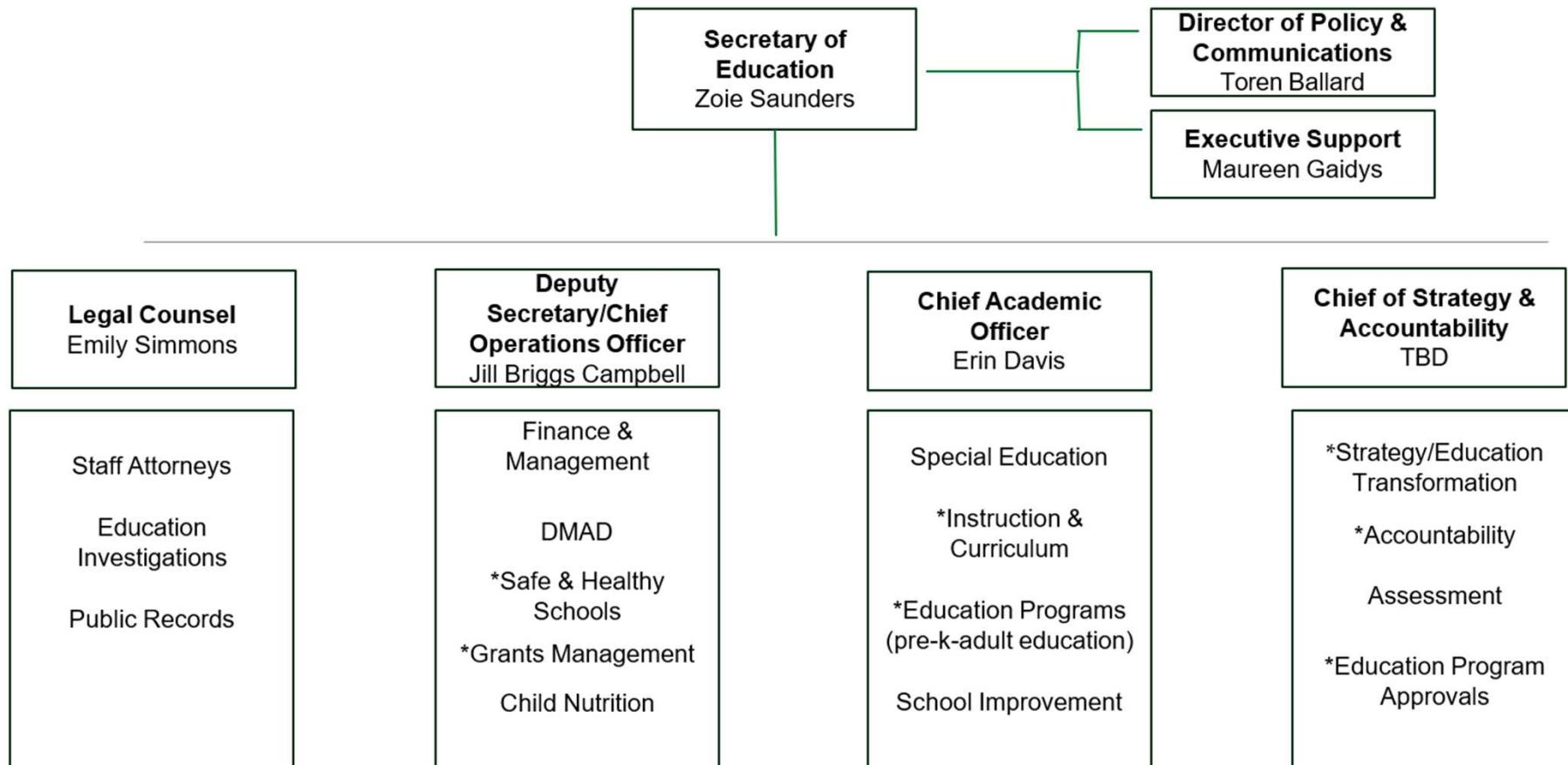


# Accelerated Initiatives

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<b>Pillars</b>	<b>Accelerated Initiatives</b>
Academic Excellence	Read Vermont, Math Pilot
College & Career Readiness	Statewide Graduation Requirements
Safe & Healthy Schools	Everyday Counts Campaign, Hazing Harassment & Bullying Prevention
Operational Effectiveness	Data Reporting Center and Enhanced Dashboards
Special Education & Differentiated Supports for all Learners	Act 173 Implementation

# Agency Reorganization



\*New Team



# Budget Summary

# Recommended Budget - Key Drivers

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- Governor Recommended FY 2027 budget is \$2.73 billion across all AOE Appropriations. This represents an increase of \$102.8 million or 3.91% over FY 2026
  - \$113.5 million increase Statewide Education Spending, for a total appropriation of \$2.104 billion (Gov.'s Recommend)
  - \$10 million in other Ed fund grant increases (Transportation, Special Ed, etc.)
  - (\$4.7 million) decrease in federal funds, due primarily to expiration of pandemic funding (e.g. ESSER and GEER)
  - (\$17.4 million) decrease in special funds as the Medicaid LEA grants shift to AHS

# Recommended Budget Key Drivers (continued)

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- AOE personnel, contracts and operating costs recommended budget: \$42.3 million, with an increase of \$1.13 Million or 2.74%.
- Drivers:
  - \$1.4 million decrease in Contracts (Pandemic funding expiring and refocusing our resources)
  - Personnel costs
  - 10% increase in healthcare costs
  - Administrative cost increases:
    - Insurance
    - Single Audit
    - Shared and back-office services (VISION, ADS IT, Human Resources)

# Agency Budget Request

## Notables

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### New Requests:

\$716,000 for 5 permanent positions (limited service in Act 73) to support education transformation and district and school quality

### Reversion and Reappropriation:

\$700,000 of GF (originally federal ARPA SFRF funds) to support literacy outcomes under requirements of Act 139 (ReadVT)

# New appropriation structure

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During our re-organization, AOE has reduced the number of appropriations that we will be using going forward. We combined our Finance and Administration (B.500) appropriation with our Ed Services (B.501) appropriation into a single appropriation that the majority of our personnel costs and operating costs will come out of. Our new appropriation will be called Ed Services (B.501)

# Overview of AOE Budget Appropriations

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## Total Appropriation Categories

<b>Grand Total Expenditure Categories</b>	<b>FY 2026 Appropriation</b>	<b>FY 2027 Recommend</b>	<b>Change FY26 to FY27</b>
Personal Services	35,326,510.00	35,932,592.00	606,082.00
Operating Expenses	5,901,675.00	6,427,189.00	525,514.00
Grants	2,590,871,642.00	2,692,541,827.00	101,670,185.00
<b>Total All Categories</b>	<b>2,632,099,827.00</b>	<b>2,734,901,608.00</b>	<b>102,801,781.00</b>

# Overview of AOE Budget Appropriations

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## General Fund Appropriation:

<b>Grand Total Expenditure Categories</b>	<b>FY 2026 Appropriation</b>	<b>FY 2027 Recommend</b>	<b>Change FY26 to FY27</b>
Personal Services	10,945,309.00	12,247,079.00	1,301,770.00
Operating Expenses	1,496,110.00	1,635,282.00	139,172.00
Grants Total	7,547,710.00	7,944,039.00	396,329.00
Adult Basic Education	3,958,344.00	4,349,673.00	391,329.00
Education Services	2,667,866.00	2,672,866.00	5,000.00
Flexible Pathways	921,500.00	921,500.00	0.00
<b>Total General Fund</b>	<b>19,989,129.00</b>	<b>21,826,400.00</b>	<b>1,837,271.00</b>

# Overview of AOE Budget Appropriations

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## Federal, Special and Interdepartmental Funds Appropriation:

<b>Expenditure Categories</b>	<b>FY 2026 Appropriation</b>	<b>FY 2027 Recommend</b>	<b>Change FY26 to FY27</b>
Personal Services	22,281,201.00	20,407,513.00	-1,873,688.00
Operating Expenses	2,899,364.00	3,049,182.00	149,818.00
Grants Total	217,042,719.00	196,134,117.00	-20,908,602.00
Adult Basic Education	940,665.00	940,665.00	0.00
Education Services	206,962,054.00	185,598,452.00	-21,363,602.00
Afterschool Grant Program	9,140,000.00	9,595,000.00	455,000.00
<b>Total Fed, Spec, Interdept. Funds</b>	<b>242,223,284.00</b>	<b>219,590,812.00</b>	<b>-22,632,472.00</b>



# B.501 – Education Services

# Education Services: Executive

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- 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
- Policy & Communications
  - Public Information, Legislative Affairs, Digital Communications and Publishing, Accessibility and Language Access

# Education Services: Operations

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## Finance Management

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

## Grants Management

- Bulletin 5 Grants Administration, Internal Controls,

## Safe and Healthy Schools

- School climate, School Safety, School Facilities, Emergency School Construction, SEOC/Emergency Ops, Health and Wellness

## Data Management and Analysis

- Data collection and stewardship, Data systems administration, Analysis and reporting, Statewide Assessment administration and data analysis

## Education Approvals

- Educator licensure, independent schools, BOCES, driver's education, home study, Postsecondary Approval

# Education Services: Academics

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## Academics

- Special Education
  - SPED monitoring, preK/early childhood, compliance and admin complaints, technical assistance and corrective action
- Curriculum and Instruction
  - High quality instructional materials, evidence-based instructional practices, local comprehensive assessment, differentiated instruction, ReadVT (Act 139)
- Education Programs
  - CTE, AEL, extended learning, PreK, Flexible Pathways

# Education Services: Strategy and Accountability

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- Strategy and Education Initiatives
  - Strategic plan project management, strategic budgeting and contracting
- Assessment
  - VTCAP and NAEP administration, reporting and analysis
- Accountability
  - DQS/EQS, ESSA State Plan, Federal Compliance
- School Improvement and District Support
  - CSI/TSI/ATSI identification, School improvement support and oversight, Resource Allocation Reviews, District support

# B.501 Education Services Appropriation

Grand Total Expenditure Categories	FY 2026 Appropriation	FY 2027 Recommend	Change FY26 to FY27
Personal Services	34,772,302.00	34,311,091.00	-416,211
Operating Expenses	5,885,175.00	6,389,982.00	504,807.00
Grants	209,889,920.00	188,531,318.00	-21,358,602.00
<b>Total All Categories</b>	<b>250,547,397.00</b>	<b>229,232,391.00</b>	<b>-21,315,006.00</b>
Source of Funds	FY 2026 Appropriation	FY 2027 Recommend	Change FY26 to FY27
General Fund	15,038,577.00	16,484,519.00	1,445,942.00
Education Fund	3,606,201.00	3,937,725.00	331,524.00
Global Commitment	260,000.00	260,000.00	0.00
Special Funds	23,059,554.00	5,820,607.00	-17,238,947.00
Tobacco Fund	750,388.00	750,388.00	0.00
IDT	2,376,046.00	1,313,766.00	-1,062,280.00
Federal Funds	205,456,631.00	200,665,386.00	-4,791,245.00
<b>Total All Sources</b>	<b>250,547,397.00</b>	<b>229,232,391.00</b>	<b>-21,315,006.00</b>

# Key Cost Drivers – Education Services

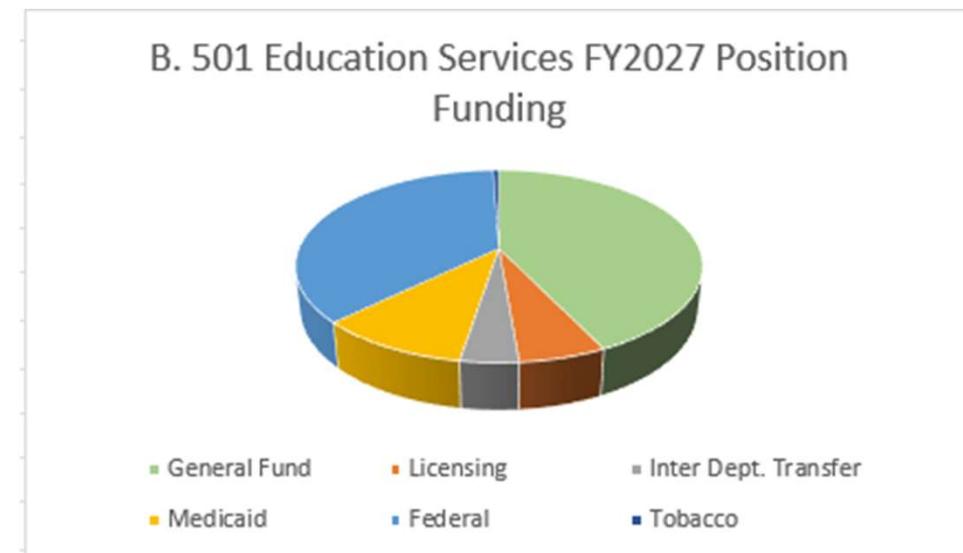
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- Total FY 2027 Budget Request \$229.2 million
  - \$21,315,006 decrease or -8.5% below FY 2026
- Key Drivers:
  - (\$461,211) decrease in personal services
  - \$504,807 increase in operating expenses
  - (\$21,358,602) decrease in grants
- (\$21,315,006) – Total from Ups & Downs

\* FY26 data for B500 and B501 have been combined for comparison with FY27 numbers.

# B.501 Education Services Positions

- 180.1 Positions
  - 42.8% General Fund
  - 36.05% Federal Fund
  - 9.99% Medicaid Funds



Positions by Fund	General. Fund	Licensing	Interdept.	Medicaid	Federal Funds	Tobacco	Total
Total	77.12	10.55	7	18.38	66.05	1	180.1
% of Total	42.80%	6.10%	3.89%	9.99%	36.66%	0.56%	100.00%

- \*AOE has 2.9 positions in our Afterschool Appropriations to make a total of 183 Positions



# Education Fund

# Education Fund Summary

Expenditure Categories	FY 2026 Appropriation	FY 2027 Recommend	Change FY26 to FY27
Personal Services	2,100,000.00	3,278,000.00	1,178,000.00
Operating	1,506,201.00	1,742,725.00	236,524.00
Grants	2,366,021,213.00	2,488,203,671.00	122,182,458.00
Education Grant	1,991,143,238.00	2,104,739,417.00	113,596,179.00
EL Categorical Aid Act 113 2024	2,250,000.00	2,500,000.00	250,000.00
Essential Early Education Grant	8,977,737.00	9,552,240.00	574,503.00
Flexible Pathways	10,560,396.00	10,821,282.00	260,886.00
Merger Support Grants	1,800,000.00	1,800,000.00	0.00
Special Education Formula	270,736,200.00	275,642,100.00	4,905,900.00
State-Placed Students	17,200,000.00	18,286,500.00	1,086,500.00
Technical Education	18,737,850.00	19,636,750.00	898,900.00
Transportation	26,115,792.00	26,925,382.00	809,590.00
Universal Meals 16 V.S.A. 4017	18,500,000.00	18,300,000.00	-200,000.00
<b>Grand Total</b>	<b>2,369,627,414.00</b>	<b>2,493,224,396.00</b>	123,596,982.00



# Questions