



2019 Budget Book

FY 2019 Budget Recommendations

January 2018

Vermont Agency of Education

www.education.vermont.gov

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Executive Summary

We present for consideration the budget recommendations of the Vermont Agency of Education and the Vermont State Board of Education for FY2019. The intent of this book is to provide both the budgetary figures for the Agency of Education's operating budget and a summary of the expenditures from Vermont's Education Fund.

To contextualize the work at the Agency and the current state of Vermont's Public Education System this book is organized into three sections. The first section is a series of briefs that outline some of the policy analysis, budgetary overview, and legislative work in which the Agency is currently engaged, including:

1. Overview of the funding to support education and the Agency
2. Act 46 Status update
3. Publically funded Prekindergarten policy proposal
4. Status of the implementation of the Uniform Chart of Accounts and the Statewide School District Data Management System.
5. Special Education Funding formula proposed change
6. Summary of current work to build capacity at the Agency

The second section of this book provides an overview of the Agency of Education. We present the two appropriations that fund the Administration and Implementation of Vermont's education initiatives. Included in this section is:

7. Summary of positions in the Agency and organization break down
8. Budget detail of the two operating appropriations that support the Agency
9. Overview of State and Federal grants managed directly by the Agency

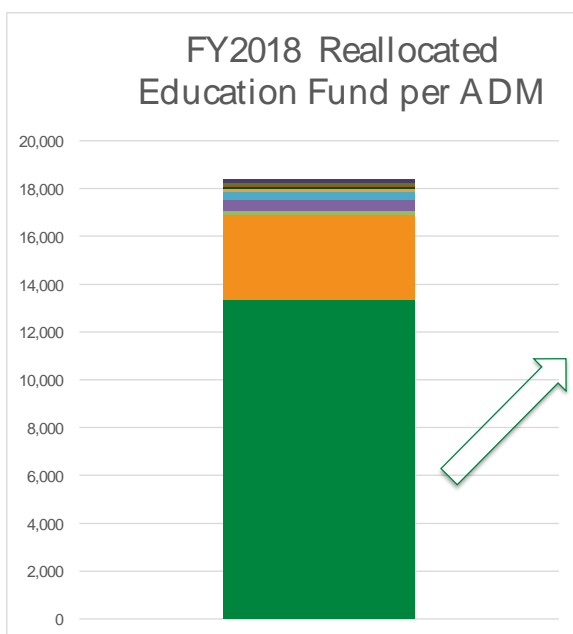
The final provides a budget overview of appropriations from the Education Fund and an update on successes and challenges of Vermont's public education system.

Message from the Secretary

As the first president of our republic, George Washington knew he was not just governing for his own time, but laying the foundation for all that would follow. To this end he emphatically advocated for access to education, saying: “The best means of forming a manly, virtuous, and happy people will be found in the right education of youth. Without this foundation, every other means, in my opinion, must fail.” While the goals have evolved to be more inclusive, this basic purpose endures in this great little state: a thriving and civil Vermont requires that all our children, including our most vulnerable, be able to take advantage of high-quality opportunities to learn, in a way we can afford to support over the long term.

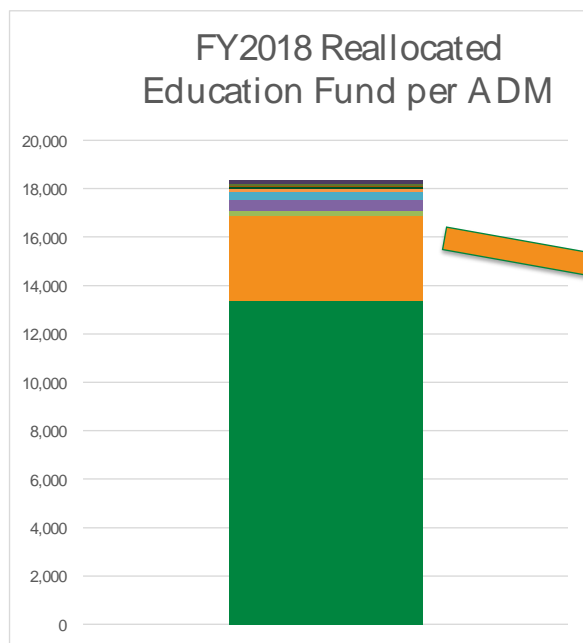
What do we buy with our Education Dollars?

The Agency developed the following figures to visually break down our per pupil expenditures by function. They illustrate why our cost containment strategies have been focused on changes in systems delivery that allow for containment through change in special education practices, scale efficiencies and flexibility in larger systems to manage ratios.

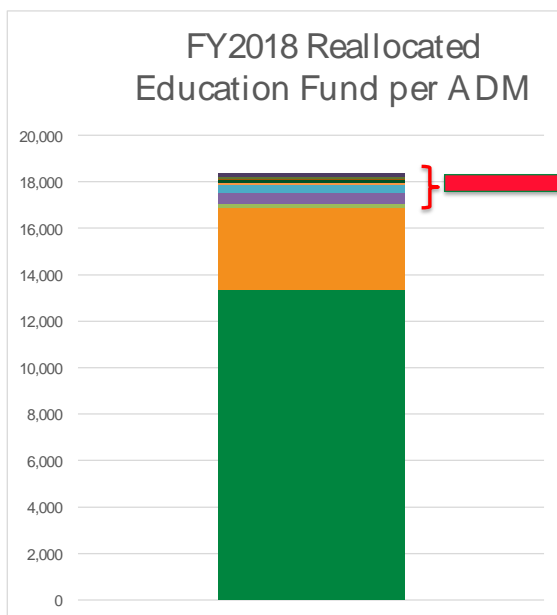


About 73%: “net education payment” which covers items including (but not limited to):

- most costs of our public schools, tuition payments to other public, independent, and out-of-state schools
- tuition payments to Career and Technical Education
- supervisory union costs
- Local costs related to flexible pathways
- Prekindergarten



About 19% is spent on special education costs in public and independent schools.



The rest of the \$1.6 billion we spend per pupil is spread across a number of functions, including:

- subsidies to small schools
- costs associated with children in state custody who are placed in schools near their foster homes.
- Technical ed support
- Small school support
- Flexible pathways
- Community HS of Vermont
- Teacher pensions
- Other

The Agency of Education executes all state mandates with three principles in mind: equity, excellence and efficiency.

Equity:

AOE uses data to illuminate both equity challenges and equity opportunities. We do this for both state mandates and for local school systems. Ensuring the wellbeing of our more vulnerable children enhances the quality and support of the learning environment for all students. In the long run, we all benefit when each of us is able to contribute to civic and economic life to the greatest extent possible. Sample activities include:

- Evaluating all policy initiatives with respect to equity of opportunities and outcomes.
- Incorporate an equity lens into legislative and State Board reports.

- Development of an online dashboard that, starting in the coming fall, will provide comprehensive data for our communities on the status and improvement of our public schools.
- Training of staff to recognize implicit bias.

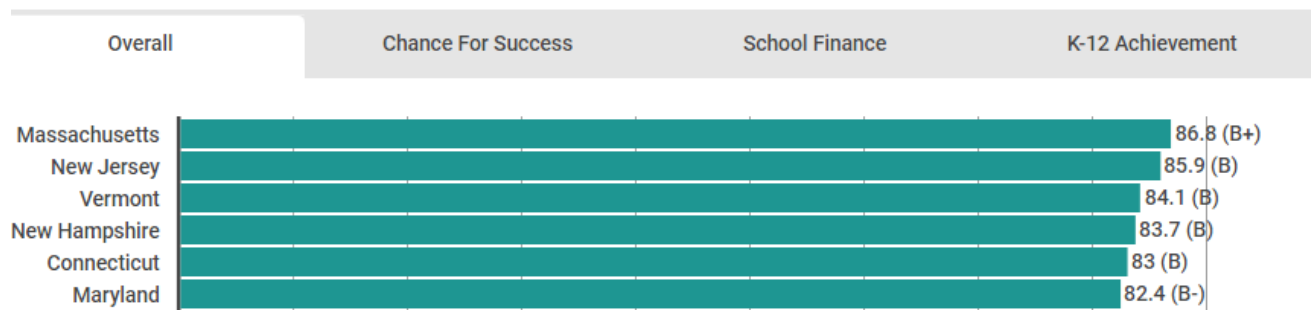
Excellence: In a world transformed by technology and social fragmentation, our students need strong 21st century skills, including the capacity to work in teams, think critically, communicate complex information, solve problems and develop and pursue novel and creative strategies. Our children also need strong civic and communication skills, so they can create and maintain the strong communities we value in Vermont. Sample activities include:

- Implemented the first 11 “Integrated Field Reviews,” which bring teams from neighboring SUs to visit neighboring school systems, to provide feedback and identify and elevate promising practices. Teams will visit, review and provide feedback to about 1/3 of our school systems each year.
- With input from over 2,500 Vermonters across the state, developed Vermont’s plan for federal accountability.
- Developed a working model for career pathways in Vermont that will help young people prepare for education and career options beyond high school. The first articulated pathways support careers in construction and design, advanced manufacturing, healthcare, and information technology.
- Continued support for implementation of the Vermont Education Quality Standards.

Efficiency: We have worked to enhance the AOE’s operational efficiency through strategic investment in new information systems, and we have enhanced the operational efficiency of many school districts by supporting them with the transformational changes associated with Act 46 (Governance reform). Sample initiatives include:

- Supported 28 merger proposals in 2017. Since July of 2015, voters in **135** towns in **31** SUs voted to merge **143** school districts into **35** unified districts – for a net reduction of 108 districts. Nineteen of the new unified districts become operational on July 1, 2018. See our Act 46 legislative report for more information.
- Developed a Universal Chart of Accounts, and now are procuring a statewide system to manage financial data, which will provide higher quality and comparable data in a more affordable way.
- Procured a new online grants management system, to manage approval and monitoring of all major grants in a streamlined way.
- Implemented a new online platform for Act 77/dual enrollment, to ensure access to better data and less error-prone enrollment processes.
- At long last, we expect to bring our State Longitudinal Data System online this spring. This will enhance our analytical capabilities, improve data quality and improve required monitoring.

While in Vermont, we tend to focus on what we can do better, we also are pleased to report that compared to the nation as a whole, and despite the publicized challenges related to poverty and addiction, our public schools and students are still recognized as strong performers compared to the nation. For example, in its recently released report, Quality Counts again ranked Vermont near the top on its measures. For more information, please see [the full report](#).



Many of our districts are currently making transformational changes in their operations in response to Act 46. They are focused on these changes at present, in anticipation of future benefits. During this period of change, we are mindful of the need to support them as they let go of who they have been, to become the places of learning and the communities they want to be. To use an analogy, they are like trapeze artists who have let go of one swinging trapeze, and are reaching out to grab the next. The AOE is doing all it can to make sure we don't jostle the equipment or move the mats beneath them while they are in the air.

State Board of Education

Message from the State Board of Education

The State Board made great progress and also confronted challenges. Successes have been in Act 46, the dual enrollment initiative, educational quality standards, and the initiation of universal pre-school. The challenges have been in the continued procession of legislated mandates with insufficient appropriations and personnel. This systemic support failure threatens the viability of the Legislature's good initiatives.

The implementation of Act 46 has registered better than expected success with 58 towns voting to form 12 consolidated governance structures which contain almost half of the state's students. This initiative has resulted in the greatest governance changes since 1892.

Each year, the State Board asks that new mandates be avoided in light of fiscal constraints. Funding has decreased from \$13.9 million in 2008 to \$9.3 million in 2017. This has led to a 20% reduction in staff since 2008. Yet, the legislated programs continue to increase such as prekindergarten, dual enrollments, drivers' education, home schooling and instructional technology. In the meantime, earlier laws such as Education Quality Standards (EQS) have to be updated and carried-out. We cannot expect to expand programs and cut resources without risking fundamental program failure.

In 2013, the Vermont Legislature created the Agency of Education and assigned the State Board of Education, education policy authority. Legislative board mandates such as Act 46 and EQS over-tax a basically voluntary state board. The Legislature said the "Board shall be supported by adequate staff." (16 V.S.A. § 161). No funding for the State Board of Education staff has been allocated. Thus, an additional \$250,000 for three staff positions is requested. This should not be taken from the Agency budget as that would only shift burdens and stress an over-taxed agency.

The State Board of Education continues to work effectively with the Agency, the Legislature and all our partners. The Legislature has placed the State Board in a buffer role on some controversial programs. We are pleased to serve the state so we do not shy away from difficult work, but these initiatives must be adequately supported if we are to maintain our good progress.

Respectfully submitted,

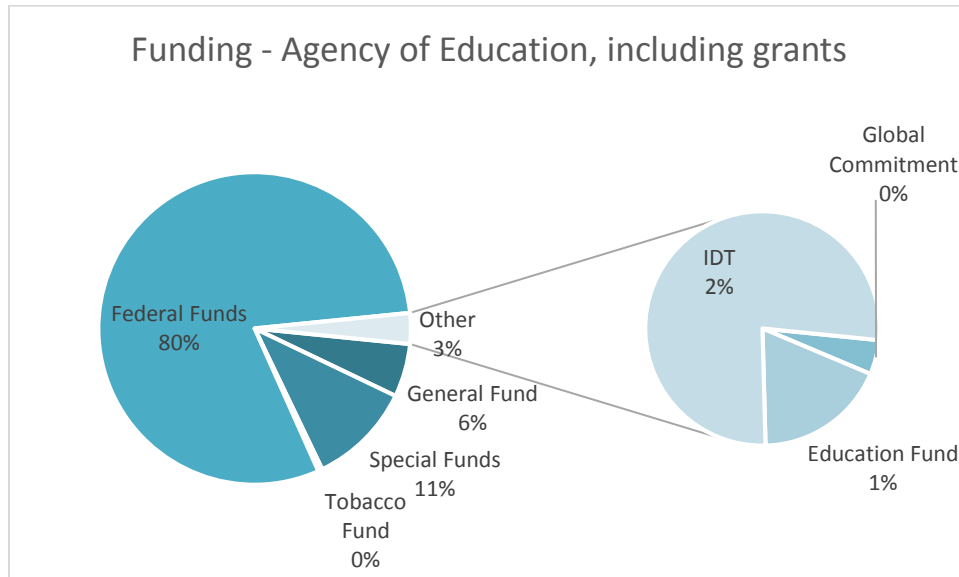
State Board of Education

FY 2019 Budget Overview and Policy Priorities Agency of Education

Agency of Education FY 2019 Budget Highlights

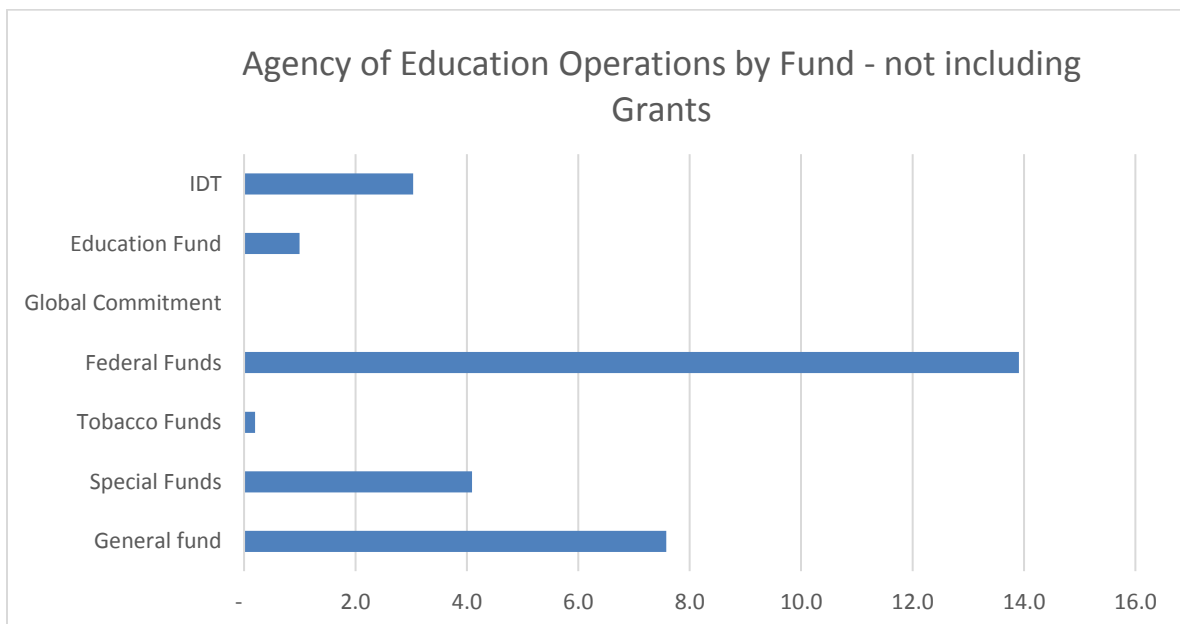
In FY 2019 the budget for the Agency of Education (and excluding the Education Fund expenditures) is reflected in Sections B.500 Finance and Administration and B.501 Education Services. These two appropriations support all work that is done by the Agency of Education to support the implementation of initiatives adopted by the General Assembly, the State Board of Education, and the U.S. Department of Education and the U.S. Department of Agriculture (along with smaller programs funded by a few other Federal Agencies).

\$171.7M is appropriated in these two sections. The following chart shows the distribution of these funds by funding source:



Of the \$171.7M appropriated to the Agency, only \$29.8M supports operating and personnel, or about 17% of the two appropriations. If dollars spent on Agency operations are compared to the dollar value of grants included in the operating budget, as well as all education fund grants, the cost of the Agency's total operations reflects 1.5% of the total \$1,970.7M appropriated for education.

Funding for operations at the Agency are reflected in the chart and table below:



Summary of Agency of Education Appropriations with and without Grants

<i>(Dollars in Millions)</i>	Including Grants		Without Grants		Difference
General Fund	9.5	5.5%	7.6	25.4%	1.90
Special Funds	18.5	10.8%	4.1	13.7%	14.39
Tobacco Fund	0.8	0.4%	0.2	0.7%	0.55
Federal Funds	137.5	80.1%	13.9	46.7%	123.61
Global Commitment	0.3	0.2%	-	0.0%	0.26
Education Fund	1.0	0.6%	1.0	3.3%	-
IDT	4.2	2.4%	3.0	10.2%	1.17
Total	171.7		29.8		141.9

General Funds to Support Education

Vermont invests substantially in education. A FY 2019 Summary of General Fund appropriations indicates that nearly 30% of the General Fund is appropriated to support education related activities (\$456.7M). The 30% dedicated to education includes the cost of the General Fund transfer to the Education Fund (\$322.7M), as well as costs related to the teachers' pension system and retired teachers' health care (\$123.9M), and costs to support Adult Education (\$600K). The remaining funds, \$9.5M or 2% of General Funds for Education, is allocated to the Agency to support operations at the Agency, including the allocation of the Education Fund and activities to support Vermont's public school system. The table below provides a high level summary of the General Fund support for education.

General fund for Education (in millions)		
		FY2019
		Gov Rec
Total		456.7
Less Transfer to the Education Fund		322.7
Less Teachers' Pension/Healthcare		123.9
Less support for Adult Education		0.6
Total Non-Agency GF funding for Education		447.2
Remainder for AOE		9.5
Finance & Administration		3.8
Education Services		5.7
Total Agency General Funds		9.5
AOE percentage Education GF		2%

General Fund at the Agency: the General Fund supports the following activities:

- The Secretary's office and the State Board of Education,
- Our finance division (to manage and allocate state and federal dollars),
- Provides the required minimum state matches to retain federal dollars, and
- Administration of several programs including: Drivers Education, Oversight of Home Schooling, Independent School review and approval, Act 77/Flexible Pathways work, Instructional Technology Support, and Adult Education and Literacy.

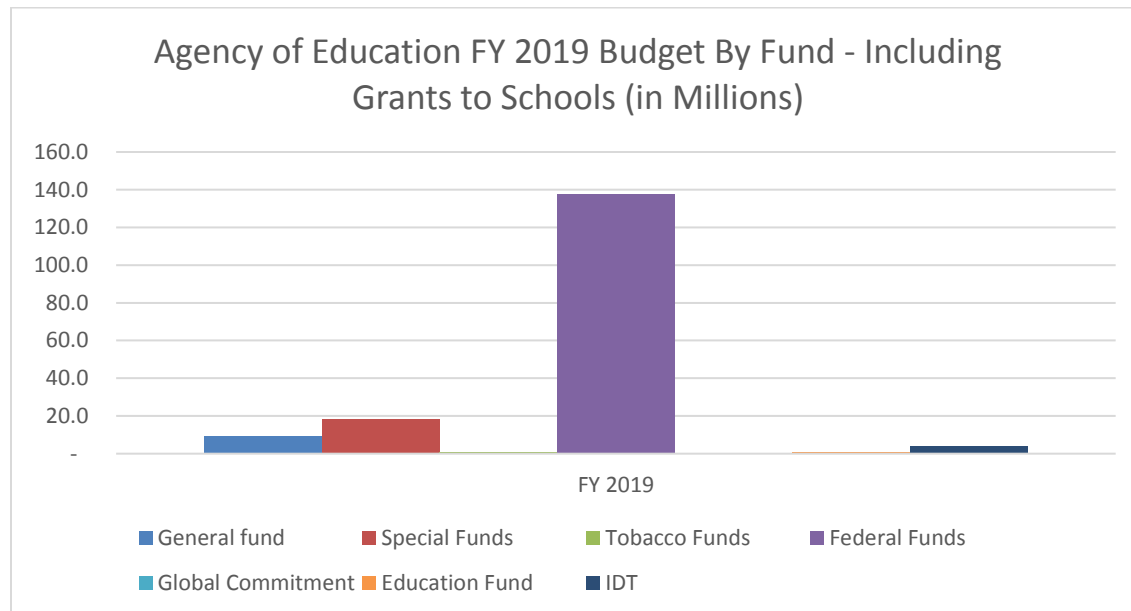
Education Fund and Agency Operations

By statute, Education Fund dollars cannot be used for state level activities, and thus cannot support AOE operations or activities.

The funds appropriated to the Agency from the Education Fund in B.500 reflect the Education Fund's share of internal service fund costs (VISION) and the audit allocation.

Federal Funds

Federal dollars fund almost all education initiatives at the AOE, including AOE staff for support of Career and Technical Education, Accountability, Education Quality and School Improvement, Farm-to-School, and nutrition support for day cares, PKs, schools and adult care programs. Of the dollars appropriated to the Agency, approximately 80% of the two operating appropriations comprises federal funds.



When the state accepts federal funds, we accept the responsibility to execute and monitor the grants on behalf of the federal government. Much of the work of the Agency is to ensure that Vermont continues to be good stewards of allocated federal dollars. The majority of these federal dollars are granted to school districts to support many of Vermont's most vulnerable students. The only way that districts can continue to receive these funds is if the Agency provides the federally required fiscal monitoring and oversight.

In addition to federal funds, the Agency relies on Medicaid funds to support operations at the Agency, innovation grants to school districts, and to supplement revenues in the Education Fund. School districts generate this revenue through billing at the local level. Uncertainty around the future of Medicaid may impact this funding source in the future, with implications for operations at both AOE and AHS.

To support administration of federal funds, the federal government provides a "small state minimum" allocation, however, this small state minimum has not increased in about 20 years and has not been adjusted for inflation. Thus, AOE has many fewer staff administering federal funds than it did 20 years ago, and tight staffing does increase the risk of audit findings. To the extent this threshold does not change as administrative costs increase and absent support from State funds, the Agency will continue to face challenges in meeting its federal requirements.

The breadth of federal grants provided by the Agency are outlined in the specific team budgets throughout this document.

Act 46

Governance Reform: Helping communities rethink governance to enhance effectiveness and improve affordability

Act 46 did not create the current demographic and financial circumstances in which districts find themselves. It merely gives them tools to respond, if they choose to do so. Although Act 46 requires all school boards to self-evaluate and work towards achieving the stated goals, Act 46 also acknowledges that the means and approach to achieving the goals will vary, depending on the specific circumstances of each given school district or the region.

Summary of Decisions:

From July 1, 2015 through **January 10, 2018**:

- Voters in **135** towns in **31** SUs:
 - Voted to merge **143** school districts into **35** new unified districts:
 - **31** unified union school districts (responsible for PK-12)
 - **4** modified unified union school districts (“MUUSDs”)

(In addition, the Mount Mansfield MUUSD was created in in 2014 (before Act 46) when voters in **5** towns voted to merge **6** districts into **1** new unified district – for totals of voters in **140** towns / **149** former districts / **36** new unified districts)
- The 35 post-Act 46 districts are organized to provide for K-12 education as follows:
 - **21** operate all grades
 - **12** operate K-6 or K-8 and pay tuition for the remaining grades
 - **2** pay tuition for all grades
- Voters will reconsider their November votes for **2** proposals in February
- Votes are final for **5** proposals that were not approved by the voters, where the districts have not subsequently presented a revised proposal or indicated they are likely to do so

The post-Act 46 activity also:

- Eliminated at least **4** SUs through redrawn SU boundaries
- Eliminated an additional **8** SUs and their related SU Boards through transformation of SUs into Supervisory Districts (single-district SUs)

Of the 78,733 *Kindergarten*-Grade 12 students living in Vermont in the 2017-2018 academic year, approximately **52,077 (66%)** of them live (or will live) in a unified school district:

- Unified school districts created since Act 46: **33,337** (42% of all VT students)
- Mount Mansfield MUUSD (before Act 46): 2,245
- Existing supervisory districts (Burlington, etc.): 16,495

Although they have received final approval, the districts become fully operational in different years:

- July 1, 2016 – 4 unified districts became operational
- July 1, 2017 – 8 unified districts became operational
- July 1, 2018 – 19 unified districts become operational
- July 1, 2019 – 4 unified districts become operational

Note: *The above numbers do not include any assumptions regarding the potential outcomes of reconsideration votes in:*

- *Ludlow-Mount Holly-Black River or Pawlet-Rupert-Mettawee*

Supervisory Union Benefits:

The 12 unified districts that are operational have described and documented educational benefits, such as a greater flexibility to share staff, resources, and programs among schools and the ability to offer intra-district K-8 choice among the unified district's schools.

Fiscal benefits are also evident, though most districts have chosen to strengthen collaboration and governance with existing school structures, prior to seeking substantial operational changes.

A few examples of the changes enabled by unification include the following:

- Mill River Unified Union School District (operational July 2016): Creation of a new position responsible for the buildings and grounds of all schools operated by the unified district. By centralizing these functions, the unified district realized a net savings of \$250,000 in the first year, even after paying the associated salary and benefits for the new position.
- Otter Valley Unified Union School District (operational July 2016): Prior to unification, some small elementary schools in the SU were unable to hire nurses, librarians, art teachers (etc.) to work one day per week. In contrast, other elementary schools were offering full-time contracts for those positions although they did not have a need for full-time staff. Unification has allowed positions to be shared among the buildings so that even students in the smallest schools have access to those opportunities.
- Essex Westford Unified Union School District (operational July 2017):
 - Consolidation of two central office administrations offered the greatest, and most sustainable, cost reductions for this new unified district. In the first year of operation, three central administration positions were eliminated – a superintendent, a business manager, and a bookkeeper position – for a total annual savings of nearly \$358,000 in salary and benefits. The unified district anticipates that the FY 2019 budget process will eliminate an additional four administration positions, for potential savings of \$400,000.
 - Elimination of the need to make tuition payments for Westford students attending Essex High School resulted in savings of approximately \$100,000 in FY 2018.
- Kingdom East Unified Union School District and NEK Choice School District (both operational July 2018): Creation of these two new unified districts will result in the elimination of one supervisory union for an anticipated net annual savings of approximately \$500,000 in central administration costs.
- White River Unified School District (operational July 2018): Currently, both the Bethel and Royalton School Districts operate schools offering PK-12 education. In its first year of operation, the White River Unified School District will operate one middle school (located in Bethel) and one high school (in Royalton).
 - The middle and high school students in these towns said they wanted a bigger peer group, and in this new district they will have that.
 - The savings that result from bringing more students in the same grade levels under each roof is enabling the new district to dramatically expand the course offerings and extracurricular opportunities available to its students– even as the district saves hundreds of thousands of dollars every year moving forward.
 - From the cost savings realized through unification, the new district will also:
 - Hire two additional interventionists to work with the most needy students, helping them to get back on par with their peers.

- Add an experiential, self-directed environmental program in which students will research and explore the natural world.
- Greater affordability at the middle and high school levels will protect the elementary programs in both towns. In addition, because teachers can move between the buildings, however, these small elementary schools will now have a broader array of programming, including music, world languages, arts and STEM.

Financial Notes:

The Agency of Education does not have enough data to analyze how and if savings have been realized locally beyond anecdotes such as those mentioned above. It is important to remember that only 4 Supervisory Unions have completed a full fiscal year of operations under their new governance structures.

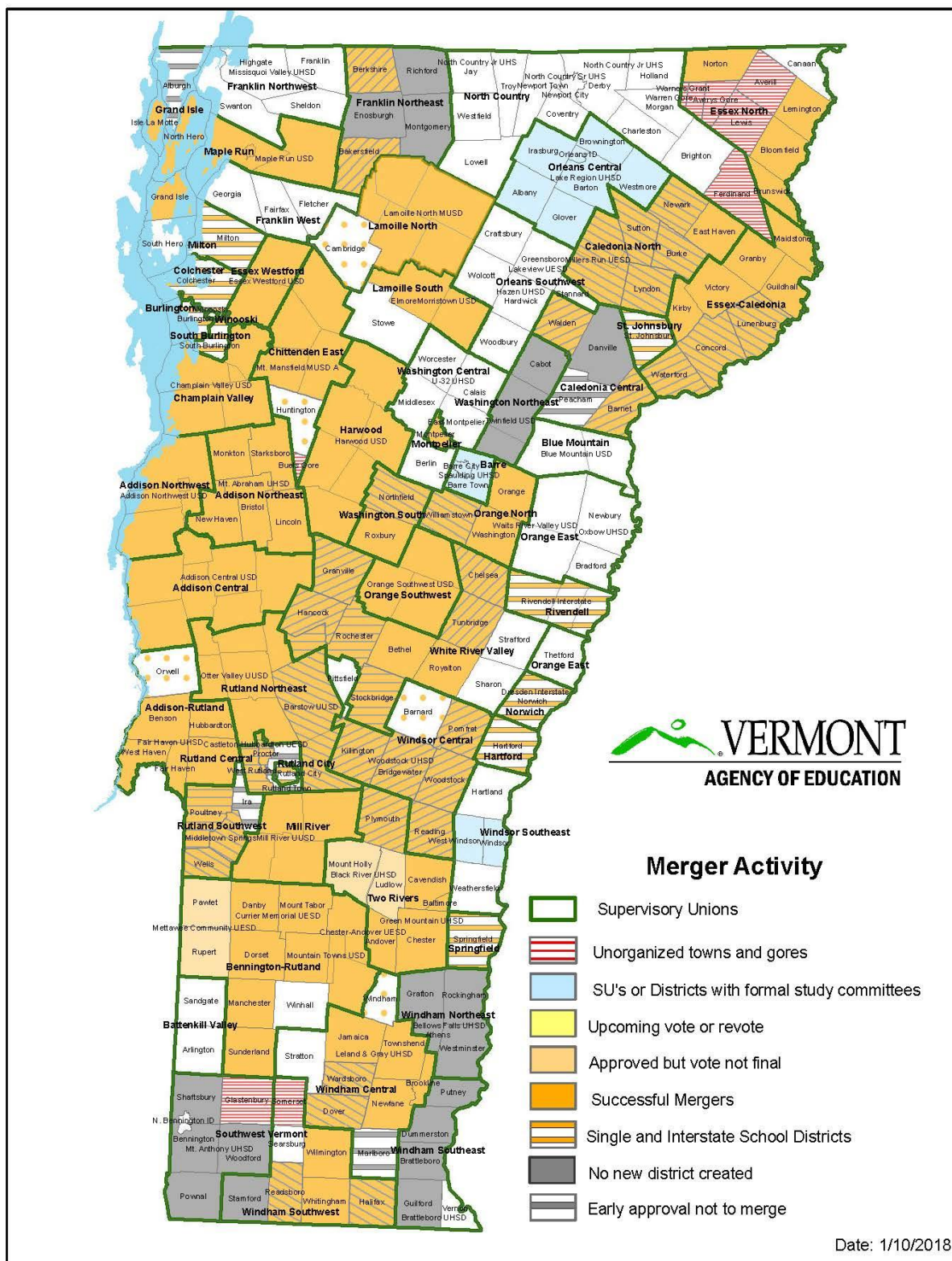
The following table summarizes what has been allocated to districts to help support the implementation of Act 46.

	Exploration Grant		Planning Grant		Transition Facilitation Grant	
	Granted	Spent	Granted	Spent	Granted	Spent
FY16	110,000	48,383	520,000	195,147	555,528	425,528
FY17	20,000	27,171	340,000	281,336	947,790	864,253
FY18	-	-	-	122,839	653,044	251,784
Total	\$ 130,000	\$ 75,555	\$860,000	\$ 9,322	\$ 2,156,363	\$ 1,541,565

Summary	
Total Awarded	3,146,363
Total Spent	2,216,442
Difference	929,921

* some FY 2017 grants cross into FY 2018

Map of Merger Activity



Publically Funded Pre-Kindergarten (prek) Proposed Change

Overview: Act 166 created a statewide voucher program to pay for 10 hours a week for 35 weeks of state funded prek. However the specific implementation model required by the law proved expensive and cumbersome to administer. This past year, the Secretaries of Education and Human Services were charged by the General Assembly with making recommendations to the Legislature to “ensure equity, quality, and affordability, and reduce duplication and complexity in the current delivery of prekindergarten services” per legislative direction in Sec. 37 of Act 49 of 2017.

The Secretaries agreed that 10 hours of prek is intended to serve an education purpose and should be funded with Education Fund dollars. Because the source of funds to support this work would remain Education Fund dollars, it was determined that the Secretary of Education is the appropriate steward of the dollars and should be provided the authority to manage the program.

The goal of the Governor’s recommendation on prek is to simplify a process that has become challenging to supervisory unions/districts and has created significant administrative work. The proposal will eliminate dual regulation of prek programs, clarify the value of prek vouchers for providers, both public and private, and clarify the criteria for participation.

The proposed change will go into effect in May of 2019, for enrollment in programs for the school year starting in the summer of 2019.

Budget Proposal

The Governor’s recommended budget includes an appropriation of \$200K to support the implementation of this project. These funds represent initial implementation funds and the FY 2019 projected cash needed to support the program. In FY 2020, when the program is fully operational, the Agency anticipates needing approximately \$400K. These figures will be finalized once positions are hired, an IT solution identified and a contract adopted.

	FY 2019 Gov Rec	FY 2020 Estimated
Positons	75,000	200,000
IT Contracts	125,000	200,000
Total	\$ 200,000	\$400,000

Two positions have been included in the Governor’s budget recommendation. It is anticipated that these two positions would provide fiscal/operational support to the program. Work will include processing vouchers monthly for prek providers and well as fiscal monitoring to ensure that each child is only receiving 10 hours of publically funded prek per week.

Additionally, AOE anticipates standing up an IT system that will be web-based and hosted by a third party. The system will provide three programmatic functions. First, it will be used for providers to apply for participation in the publically funded voucher program. Second, it will provide a way for parents to request a voucher for their child. Third, it will provide the mechanism for providers to request monthly reimbursement from the Agency. Without a technology solution and adequate staffing, the Agency cannot take on this work.

Future Appropriation

In the FY 2020 Governor’s budget recommendation, the Agency anticipates requesting an appropriation from the Education Fund to support this program. Additionally, if the proposal passes as recommended by the Governor, we anticipate that local budgets will be able to reduce education spending equivalent to the number of vouchers that are currently paid locally and for

any administrative costs they no longer require. If a public school provides more than 10 hours of prek, the additional costs will be included in local budgets. The Agency will develop the appropriation using prior year ADM multiplied by the value of the voucher.

Uniform Chart of Accounts – School District Data Management System

History: Act 179 Sec. E.500.1 of 2014 as amended by Act 58 of 2015 required that the Agency of Education work to implement a uniform chart of accounts (UCOA) to be used by all school districts in the state. The goal of this endeavor is to provide the Agency and the General Assembly the financial data necessary to do fiscal analysis of Vermont's schools to inform policy decisions. Per the law, school districts shall transition to the UCOA by July 1, 2019 for Fiscal Year 2020.

The Agency worked with supervisory unions to determine the best way to achieve the legislative goal. Through this work, the Agency decided to begin an RFP process for a Statewide School District Data Management System (SSDDMS) to provide a centralized mechanism to manage the chart of accounts and provide the Agency with a means to collect school finance and personnel data more efficiently.

Supervisory Unions/Districts will have the option of opting into using the system to achieve the implementation of the UCOA. The supplemental property tax relief fund was reauthorized in the FY 2018 budget adjustment act to provide the Agency with resources to support the implementation of the project. If an SU/SD chooses to adopt the centralized system, the Agency will use these funds to support local implementation of the SSDDMS.

The Agency is currently undergoing an independent review of the project and hopes to enter a contract this spring.

Future challenges: The SSDDMS will provide the Agency and school districts with a centralized system for financial data collection. There are several benefits to the state from this project including higher quality and more consistent comparable school finance and personnel data, centralized contract management and economies of scale, and easier fiscal consolidation following mergers.

However, the funding stream to support this project is one-time in nature. The special fund does not have a revenue source and it only anticipated to support the project for a few fiscal years. Additionally, the position created to support this project is limited service.

In the coming years, an ongoing funding source for this project will need to be identified and resources at the Agency made permanent. If a state funding source is identified, districts that have adopted the SSDDMS will be able to eliminate the costs of a local system from their budgets. The Agency hopes to work with the legislature to address these issues once the independent review has been presented to the Joint Fiscal Committee.

FY 2019 Budget Request: The FY 2019 budget was finalized before the General Assembly adopted the FY 2018 Budget Adjustment. Based on the Governor's original budget adjustment proposal, the Agency did not need to include an appropriation for this purpose in the FY 2019 budget. The BAA includes the reinstatement of the special fund for this project, in order to align the FY 2019 budget with the decision in the FY 2018 BAA, an appropriation from the special fund will be requested when the amount needed in FY 2019 is finalized.

More information can be found on the AOE informational Website: [UCOA Website](#).

Special Education Funding Change

Reports:

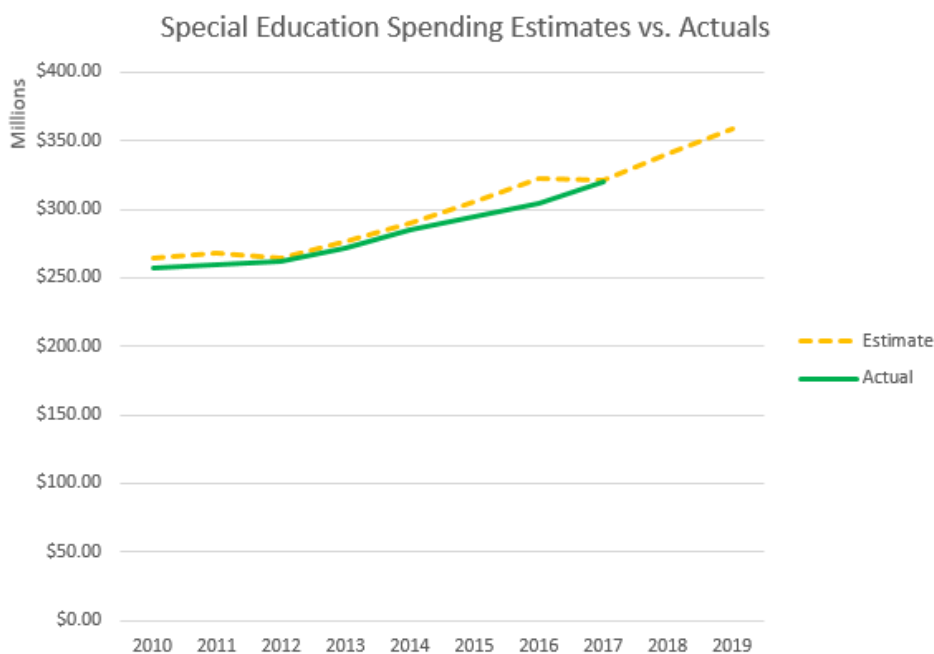
2016 Acts and Resolves No. 148 Sec. 3 charged the Agency of Education to contract for a study to review the special education funding formula and review the feasibility of implementing a census based funding formula. UVM completed a study per this recommendation, and the study was submitted to the legislature in December.

Simultaneously, the Agency was asked to review supports for struggling learners, including students with IEPs, in a representative sample of supervisory unions/districts to evaluate how Vermont schools currently support struggling students. The District Management Group worked with several supervisory union/districts systems to review and assess current practices as well as how these current practices relate to research-supported best practices. This report was delivered to the legislature in November.

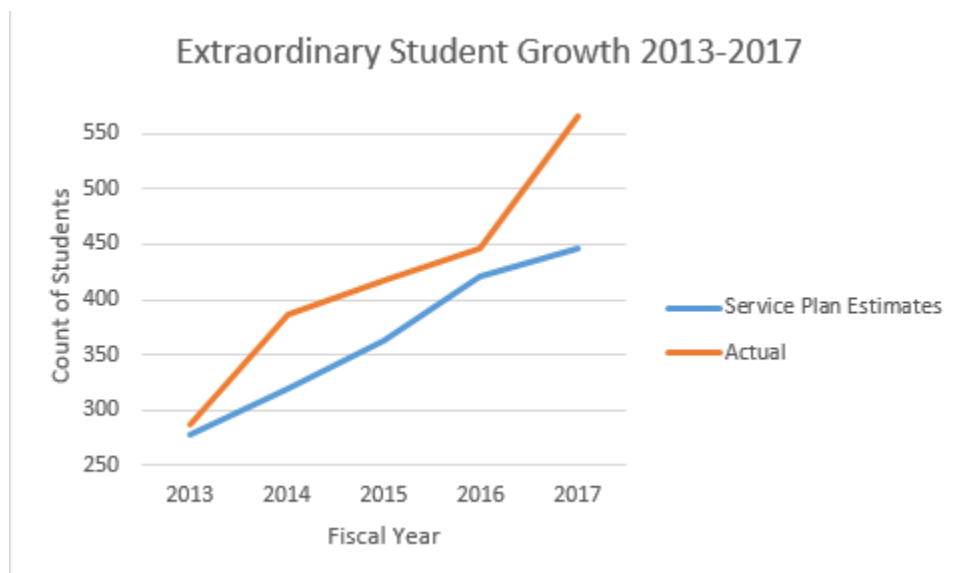
These reports, delivered in tandem, suggests that Vermont could improve how it provides support for struggling learners and students with disabilities, as well as how it finances those services. The UVM study found that Vermont spends nearly two times the national average per IEP. And, some evidence suggests that some ineffective practices may be pervasive because of how the current special education funding model incentivizes decisions. Providing additional flexibility through the funding formula may give school systems the tools necessary to implement the best practices recommended by DMG to improve outcomes for struggling students.

Special Education Funding Trends:

Special education in Vermont is funded through a combined block grant and reimbursement system, where the state provides 60% of total special education costs to supervisory unions/districts. In FY 2015 and FY 2016 there was divergence between the projected budget for special education and the actual local spending, generating significant reversions to the Education Fund. This window coincided with the final, legislatively-mandated push to consolidate special education services at the supervisory (not district) level. The Agency wonders if in the state-mandated transfer of special education services to the supervisory level from the district level, districts had trouble predicting costs and so overestimated costs while making projections. In FY 2017, actual expenditures closely aligned with projected need.



In addition, the number of students with disabilities whose total services cost more than \$50K (students with substantial need for services) has increased significantly over time. This is part due to the fact that threshold for extraordinary cost reimbursement, \$50K, has not changed since the late 1980s. Results of the reports indicate, anecdotally, that an arbitrary threshold has driven IEP team behaviors that drive costs for individual students who are near the threshold.



Special Education Funding Proposal

The legislature is currently examining a proposal that would shift state support for special education from a block grant and reimbursement model to a census-based grant. The Agency is supportive of changing the way that we fund special education. Benefits will come in the form of increased flexibility for supervisory unions/districts in how they allocate resources to support struggling students, including early intervention activities that reduce challenges in subsequent grades. If the changes are made, we also anticipate administrative efficiencies at both the Agency and supervisory unions/districts associated with eliminating the current reimbursement model. These changes will provide a funding model that is more transparent, flexible and predictable and which may result in long term cost savings for the state.

The Agency will work with the legislature this session to review proposed legislation to ensure that service delivery to students is improved and funded effectively, that federal maintenance of effort requirements are met, and that supervisory unions/districts have the resources that they need to provide services that align with best practices.

Building Capacity at the Agency of Education

The AOE continues to evaluate capacity and look for ways to proactively increase capacity within resource constraints. Our two primary functions on behalf of the state are collecting and presenting data the General Assembly needs to make good policy choices, and efficiently distributing dollars to intended recipients.

The following represent long-term commitments to strengthen these core operations and meet statutory requirements more effectively within the constraints of current staffing

Grants Management System

The Agency is in the process of retiring its grants management system and implementing a new tool. The Agency is responsible for managing several hundred grants, mostly with local school districts. A grants management system is critical for efficient and effective allocation, monitoring and implementation of grant programs. When fully implemented, this new system will save districts time by bringing all grants together in one system, prepopulating fields out of a centralized data storage, and bringing applications and monitoring together in one system. It will save the AOE time by streamlining monitoring processes.

State Longitudinal Data System (SLDS)

With the help of ADS, we are in the final stages of standing up a system that will house all the AOE data, and connect in real time to districts. This system will make it easier to store data safely, merge data sets, ensure quality and consistency of data, and support various reporting and analytical functions.

Education Quality Data Dashboard

This dashboard will connect to the SLDS, and will provide “Annual Snapshots” of selected district data that speak to quality and equity of academic outcomes, postsecondary participation, personalization, school culture and climate, and fiscal efficiency.

Dual Enrollment Platform

The AOE reduced cost and increased efficiency and accuracy of the administration of Dual Enrollment by standing up a statewide platform to register students for Dual Enrollment. The enhanced data collected in the platform will support better evaluation long term of this state-mandated initiative.

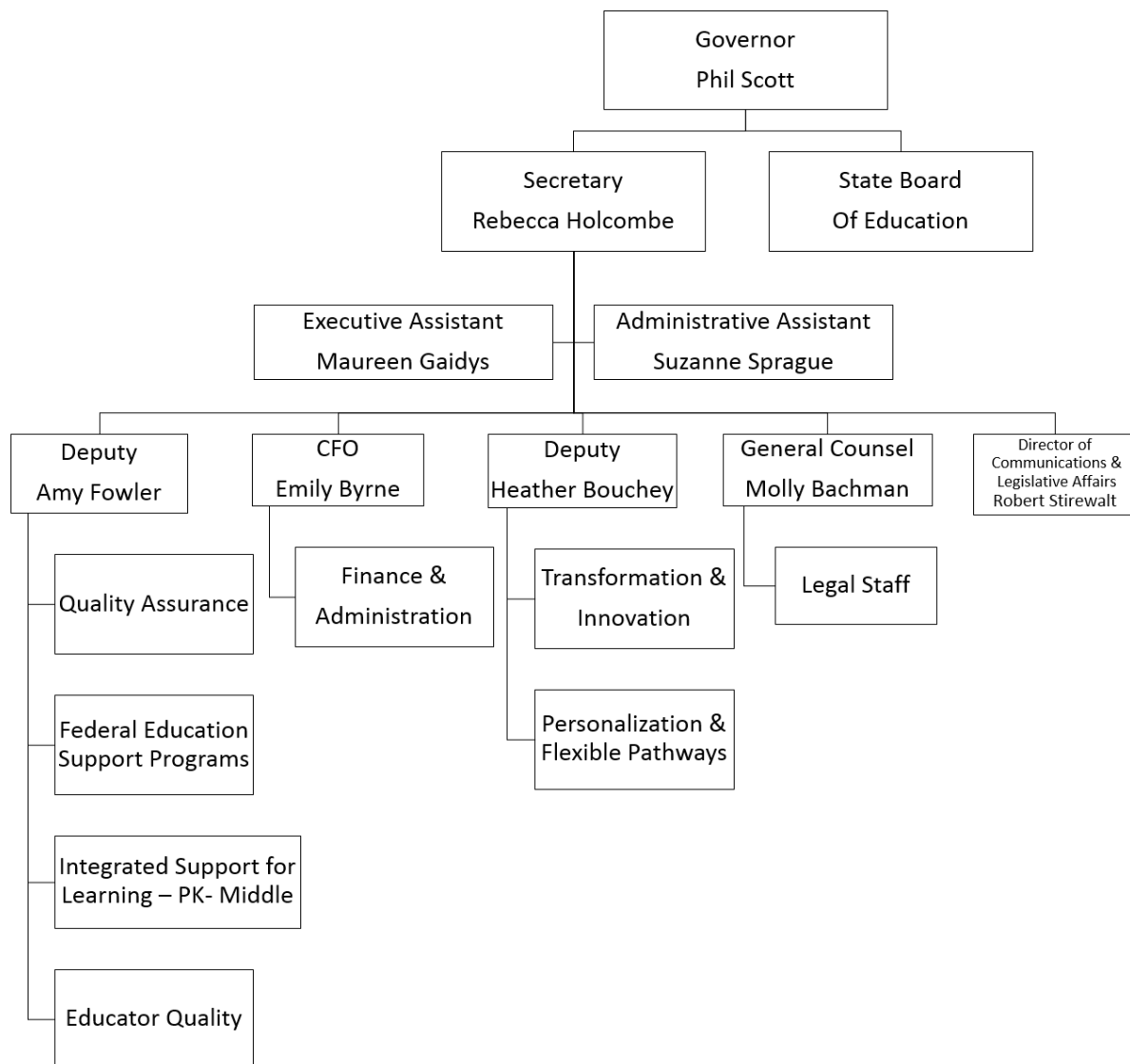
Capital Bill Request – Funding for Adult Technical Education Programs

The Governor’s recommended FY 2018/2019 capital bill adjustment includes \$500K to support investments in technical education centers to support Adult Technical Education Programs. The Agency will work closely with the Department of Labor on the deployment of these funds to support the Governor’s policy priorities around technical education and workforce development.

FY 2019 Operating Budget & Organization Agency of Education

Agency of Education Organization and Positions

The Agency of Education is led by the Agency Secretary. The State Board of Education makes policy and rules, and provides oversight capacity of the implementation of Education Law and Policy by the Agency. Below is a high level summary of the organization of the Agency. A detailed [AOE organizational chart](#) can be found on the Agency's website.

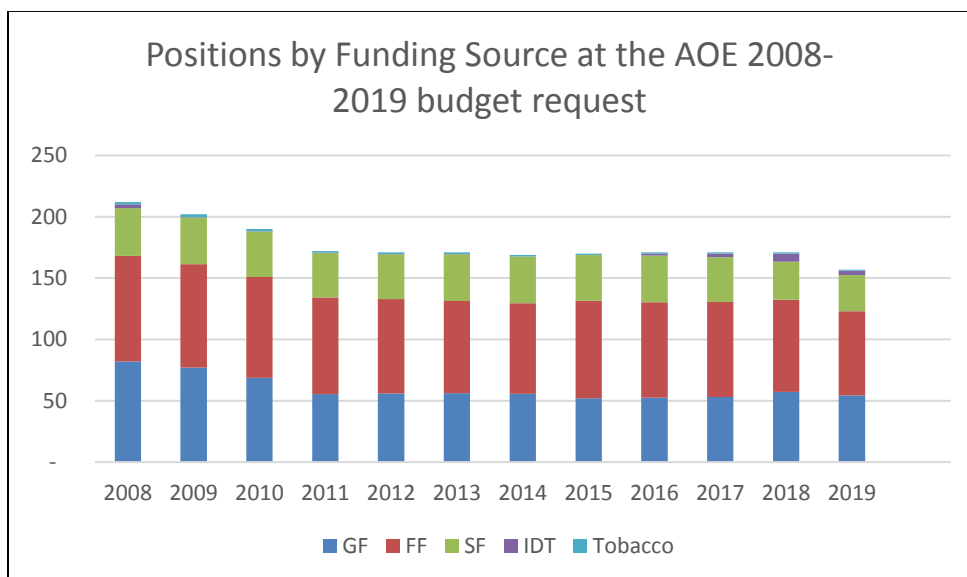


Position Summary

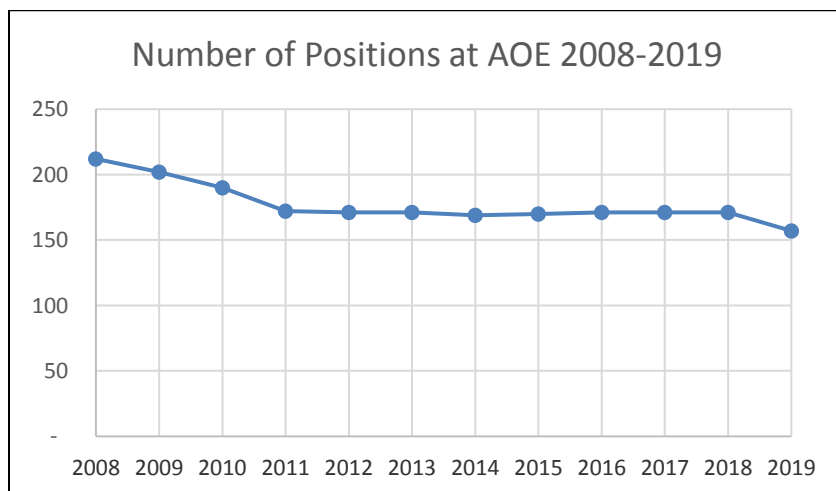
The FY 2019 Executive budget recommendation includes funding for 156 positions at the AOE. This is down from 171 positions in FY 2018. The changes occurred due to:

1. 10 positions were transferred from the AOE to the Agency of Digital Services. These positions are still located at AOE and perform work primarily for the AOE. The money to fund these positions is part of the AOE budget.
2. 3 positions that had been vacant for more than 6 months were swept to the position pool by the Administration.
3. 2 positions are limited service positions that are expiring and no longer will have federal funding available. These positions are currently vacant.

Positions at the Agency are supported by a variety of funding sources. The following figure displays the change in positions by funding source over time.

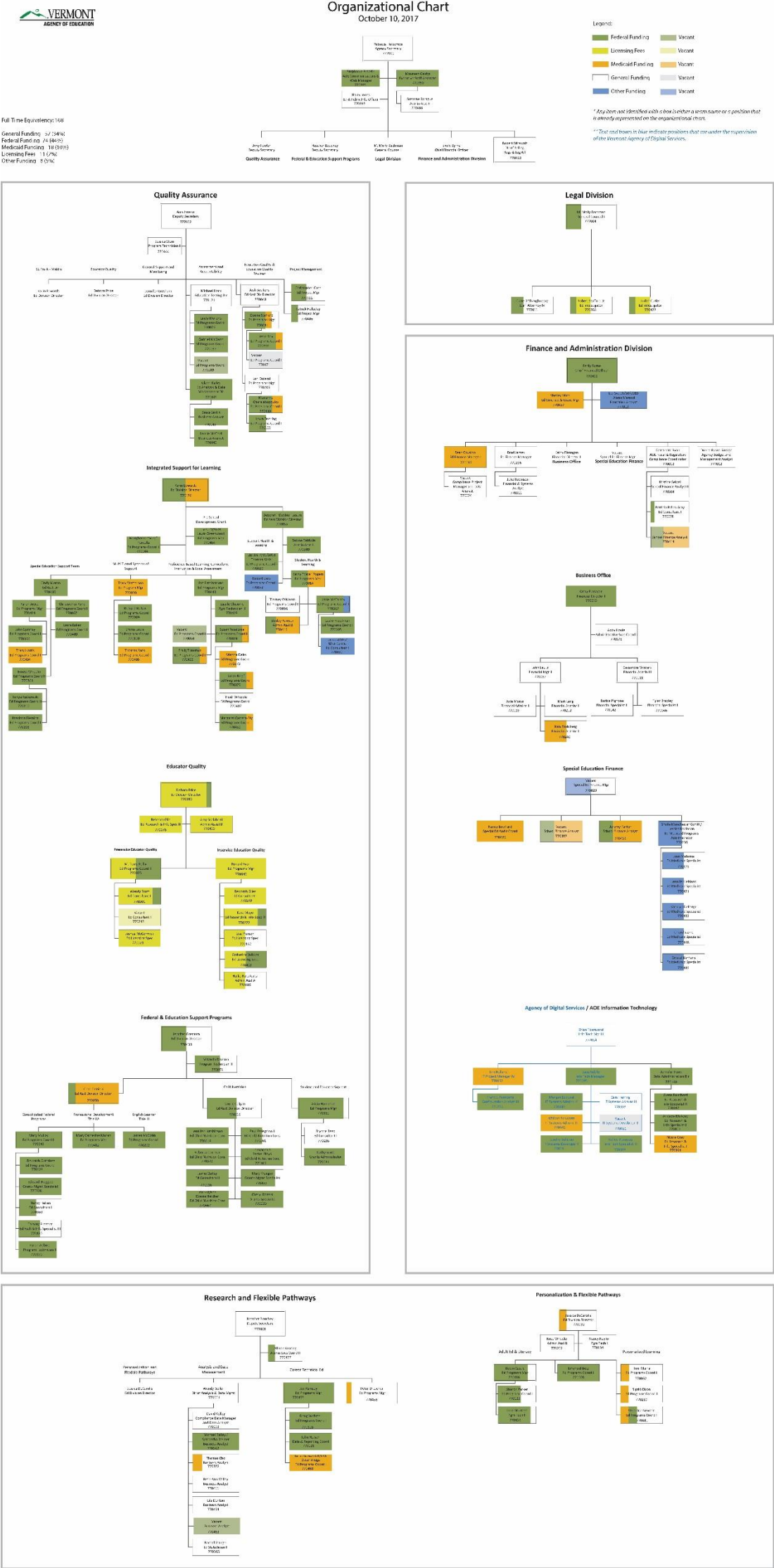


In aggregate, the Agency has 55 less positions that it did in 2008. In the interim, the AOE has taken on new work associated with new statutory mandates. It is important to recognize that in any one year there will be changes, associated with reorganization of government (creation of ADS) and the acceptance and expiration of Federal Grants that include limited service positions.



Organization by Funding Source

The following chart provides a high level summary of the Agency along with the funding that supports each division/team.



B. 500 – Education - Finance and Administration

The Finance and Administration appropriation contains many of the general operational functions that support the central functions of the Agency. The major functions of the division include:

- The Office of the Secretary and the State Board of Education;
- The Legal Division – supporting litigation, contract review, legislative and administrative rule drafting, license investigations and sanctions, and administrative hearing and dispute oversight for special education;
- Business Office – supporting administrative logistics, central fiscal functions such as accounting, budgeting, audit coordination, contract and central grants oversight;
- Coordination with the Agency of Digital Services on Information Technology projects;
- Burlington College Records Administration;
- Fiscal and regulatory compliance of districts;
- Technical assistance for school constructions;
- Implementation of state rules regarding independent and post-secondary school approval;
- Administration of the distribution of funds to school districts per the requirements of state and Federal Law - including funds for General Education, special education, and the Medicaid Program;
- Collection and analysis of school expenditures and revenue;
- Implementation of a statewide uniform chart of accounts;
- Technical support for schools regarding changes in governance in accordance with Act 46 of 2015, Act 153 of 2010 and Act 156 of 2012.

	FY 2017 Actuals	FY2018 Budget	FY2019 Gov Rec	18-19 Change
Major Object				
Personal Services	6,771,480	8,778,194	6,569,932	(2,208,262)
Operating Expenses	2,342,343	2,475,753	3,575,080	1,099,327
Grants	14,795,670	17,087,879	15,540,935	(1,546,944)
TOTAL	23,909,493	28,341,826	25,685,947	(2,655,879)
Funds				
General Funds	3,909,082	3,475,789	3,795,807	320,018
Education Fund	1,014,007	1,015,606	995,597	(20,009)
Federal Funds	2,369,215	2,714,811	2,396,087	(318,724)
Special Funds	16,447,189	18,590,173	15,540,409	(3,049,764)
Interdepartmental Transfer	170,000	2,545,447	2,958,047	412,600
TOTAL	23,909,493	28,341,826	25,685,947	(2,655,879)

	FY 2017 Actuals	FY 2018 Budget	FY 2019 Gov Rec	Delta	Notes
B. 500 - Finance and Administration					
Secretary and State Board	827,804	818,511	977,043	158,532	Principal Assistant moved to Secretary
General Counsel	537,414	605,095	683,185	78,090	Additional Contractual needs
Deputy For Administration	3,634,730	6,636,454	3,616,654	(2,819,800)	Principal Assistant moved Secretary's Office; Removal of Supplemental Property Tax Relief Fund
PreK Funding			200,000		Additional funding for Prek Tech and Positions
IT	3,160,381	4,918,352	3,663,768	15,651	
IT Grants			1,270,235		
Special Education Finance	15,749,164	15,363,414	744,362	(88,352)	
Medicaid Grants			14,530,700		
Total	23,909,493	28,341,826	25,685,947	(2,655,879)	
Finance and Administration - funding					
General Fund	3,909,082	3,475,789	3,795,807	320,018	200K for Prek
Special funds	15,945,856	18,330,173	15,280,409	(3,049,764)	
Education Fund	1,014,007	1,015,606	995,597	(20,009)	
Federal funds	2,369,215	2,714,811	2,396,087	(318,724)	
Global Commitment Fund	501,333	260,000	260,000	-	
Interdepartmental transfers	170,000	2,545,447	2,958,047	412,600	
Total	23,909,493	28,341,826	25,685,947	(2,655,879)	

All other Changes in this appropriation reflect internal service fund charges, annualization of Pay Act and additional minor budgetary updates

Finance and Administration – Grants

Within the Finance and Administration Division there are 4 grants that are appropriated.

	FY 2017 Actuals	FY2018 Budget	FY2019 Gov Rec	18-19 Change
Federal Funds				
1 Longitudinal data System	-	-	300,000	300,000
TOTAL FEDERAL FUNDS	-	-	300,000	300,000
Special Funds				
2 Medicaid	14,521,781	14,010,700	14,010,700	-
3 Global Commitment	210,759	260,000	260,000	-
4 SSDDMS	63,130	2,817,179	-	(2,817,179)
TOTAL SPECIAL FUNDS	14,795,670	17,250,700	14,270,700	(2,980,000)
Interdepartmental Transfer				
5 Race to the Top			970,235	970,235
TOTAL IDT	-	-	970,235	970,235

1. Longitudinal Data Systems: The funding previously slated to be granted to districts has been reallocated with the intention of contracting directly with Student Information System and state reporting vendors on behalf of the districts they serve. After discussing with several districts, vendors, and the U.S. Department of Education, the AOE determined that directly contracting for this work will: 1) result in more equitable, consistent delivery of specifications for all districts, 2) require less overhead and administrative effort for districts, vendors, and the State, and 3) expedite project implementation to the greatest extent possible.
2. Medicaid: School districts use these grants for prevention and intervention programs in grades PreK-12 and for the administrative costs of school-based health services.
3. Global Commitment: Payments to the State's contractor for reimbursement of physician claims to document medical necessity of eligible students.
4. Statewide School District Data Management System (SSDDMS): These funds are being used in two ways. One is to fund an education analyst to assist the Agency in developing appropriate indicators that measure school performance and fiscal efficiency. The second is to fund a contract to provide funds for the implementation of the SSDDMS to provide a centralized system to manage school financial data and a uniform chart of accounts. The details of this project are discussed in the section on the SSDDMS and the Uniform Chart of Accounts.
5. Race to the Top: These funds will be granted to school districts and Head Start associations to allow them to make required changes to their information systems related to Vermont's Race to the Top – Early Learning Challenge grant. These organizations will need to modify their information systems to store and report to the State, information about the delivery of early childhood education which will allow stakeholders to monitor, evaluate, and report on the efficacy of the services that student participants receive.

B. 501 – Education Services

Working under the direction of two Deputy Secretaries, the Education Services Teams provide technical assistance, performance feedback and support to schools, and carry out state and federal requirements for special education, assessment, and other direct support services.

	FY 2017 Actuals	FY2018 Budget	FY2019 Gov Rec	18-19 Change
Major Object				
Personal Services	14,935,292	18,681,101	18,451,314	(229,787)
Operating Expenses	1,248,945	1,604,659	1,473,983	(130,676)
Grants	119,196,221	125,444,492	126,074,411	629,919
TOTAL	135,380,458	145,730,252	145,999,708	269,456
Funds				
General Funds	5,066,742	5,530,968	5,681,029	150,061
Federal Funds	125,617,858	133,477,859	135,118,942	1,641,083
Tobacco Litigation Funds	605,474	750,388	750,388	
Special Funds	2,540,459	3,908,374	3,202,682	(705,692)
Interdepartmental Transfer	1,549,925	2,062,663	1,246,667	(815,996)
TOTAL	135,380,458	145,730,252	145,999,708	269,456

The Education Services division is made up of 5 teams. The goals of each team are described in the following pages, along with details on the grants programs that they support.

The teams include:

- Integrated Support for Learning
- Transformation and Innovation; Research and Flexible Pathways
- Federal Education and Support Programs
- Educator Quality
- Quality Assurance

	FY 2017 Actuals	FY 2018 Budget	FY 2019 Gov Rec	Delta	Notes
B. 501 - Education Services					
Transformation & Innovation Grants	4,351,571	5,833,366	1,716,259 4,232,085	114,978	
Educator Quality Grants	1,184,416	1,694,482	1,429,435 32,500	(232,547)	
Federal and Education Support Programs Grants	81,070,573	80,990,765	3,378,332 79,710,105	2,097,672	New Federal Grant Programs
Flexible Pathways and Personalization Grants	6,890,547	8,412,564	1,496,870 6,850,000	(65,694)	
Integrated Support for Learning Grants	36,225,880	41,733,925	6,853,463 32,986,761	(1,893,701)	Expiration of Grants and Contractual Changes
Quality Assurance Grants	5,657,471	7,065,150	5,050,938.0 2,262,960	248,748	
Total	135,380,458	145,730,252	145,999,708	269,456	
Education Services - funding					
General Fund	5,066,742	5,530,968	5,681,029	150,061	
Special Funds	2,540,459	3,908,374	3,202,682	(705,692)	
Tobacco Fund	605,474	750,388	750,388	-	
Federal Funds	125,617,858	133,477,859	135,118,942	1,641,083	
Interdepartmental Transfers	1,549,925	2,062,663	1,246,667	(815,996)	
Education Services Funding Total	135,380,458	145,730,252	45,999,708	269,456	

All other changes in this appropriation reflect internal service fund charges, annualization of Pay Act and additional minor budgetary update

Integrated Support for Learning (ISL)

Staff with expertise in multi-tiered support systems, school effectiveness, early learning and development, student health and learning, special education, and content-based instruction work together, and in collaboration with other Agency divisions, to create integrated teams of consultants providing support to schools, early learning programs, after school sites, and community-based providers in implementing evidence-based practices, school-wide improvement models, and prevention models to improve instruction and learning outcomes for every student.

ISL - Grants:

	FY 2017 Actuals	FY2018 Budget	FY2019 Gov Rec	18-19 Change
General Funds				
1 Early Reading	97,741	104,860	104,860	-
2 Special Olympics	13,778	13,778	13,778	-
TOTAL GENERAL FUNDS	111,519	118,638	118,638	-
Federal Funds				
3 Title II, ITQ SAHE	185,291	400,000	-	(400,000)
4 IDEA-B; Flow Through	23,920,696	23,834,519	24,300,000	465,481
5 IDEA-B; Preschool Incentive	479,427	781,689	600,000	(181,689)
6 State Improvement Grant (SPDG)	155,696	-	-	-
7 Math & Science Partnership	710,221	900,000	-	(900,000)
8 Health Education	64,596	125,000	125,000	-
9 Preschool Development	3,376,347	7,000,000	7,000,000	-
TOTAL FEDERAL FUNDS	28,892,274	33,041,208	32,025,000	(1,016,208)
Tobacco Funds				
10 Tobacco Grant	466,324	646,980	552,123	(94,857)
TOTAL TOBACCO FUNDS	466,324	646,980	552,123	(94,857)
Special Funds				
11 Act 117	-	91,000	91,000	-
12 SWIFT	13,253	-	-	-
TOTAL SPECIAL FUNDS	13,253	91,000	91,000	-
Interdepartmental Transfer				
13 Race to the Top Health Department	222,148 2,702	200,000	200,000	-
TOTAL IDT	222,148	200,000	200,000	-

1. Early Reading: These funds support improvements in early reading instruction in Vermont schools. Major components include professional development for educators and administrators in order to improve content knowledge and instructional competency in literacy for educators working with children in preschool through grade three.
2. Special Olympics: This program helps ensure that children and adults who have developmental delays have access to unified sports activities with non-disabled peers.

3. Title II, ITQ SAHE: This grant is no longer available to the state, the federal funding has expired.
4. IDEA-B - Sub grants: These federal funds flow directly to schools to assist with the costs of special education for children and youth ages 3 to 22.
5. IDEA, Part B, Preschool (sec. 619) (Preschool Incentive): These funds flow directly to schools to assist with special education costs for children ages 3 to 5. Funds also support statewide projects, technical assistance, and compliance monitoring and training regarding special education costs for children ages 3 to 5.
6. State Personnel Development Grants (SPDG): This grant is no longer available to the state, the federal funding has expired.
7. Math Science Partnership: This grant is no longer available to the state, the federal funding has expired.
8. Health Education: Funding from the Centers for Disease Control to support adolescent health education in schools. Currently the grant supports programs in 11 supervisory unions/districts.
9. Preschool Development Expansion Grant (PDEG): Funds for LEAs and Head Starts to expand part time programs to full day high quality preschool with comprehensive services for four year olds whose families are at or below 200% of the federal poverty level. Currently there are 17 LEAs and Head Starts participating in the grant.
10. Tobacco: While great strides have been made to reduce youth cigarette smoking here in Vermont from 40% in 1995 to a statewide average of 13% in 2013, significant disparities presently exist between Supervisory Unions/Supervisory Districts which range from a low of 6% to a high of 24%. [Source: 2013 Vermont Youth Risk Behavior Survey.] Based upon this reality, FY 2017 brings a change in AOE's grant making effort related to school-based tobacco use prevention from a non-competitive award process to a competitive, targeted award process. This change provides increased funding while at the same time requires funded Supervisory Unions/Supervisory Districts to embrace a comprehensive approach. This comprehensive approach requires implementation of programming in each of six key strategy areas; assessment, curriculum, policy, youth asset development, teen smoking cessation and community engagement. Note: in coming years, this position and these funds will be transitioned to a broader and more comprehensive strategy that addresses substance abuse prevention generally.
11. Act 117: Grants to support the development of tiered systems of support as described in 16 V.S.A. § 2902. Eligible applicants are supervisory unions/districts whose applications demonstrate a sound plan for improving its system.
12. SWIFT: This grant is no longer available to the state.
13. Race to the Top-Early Learning Challenge: Statewide prekindergarten systems level work. Funding for this grant ends December 31, 2018.

Transformation and Innovation; Research and Flexible Pathways

Research and Flexible Pathways (comprises Personalization and Flexible Pathways [P&FP, see below], Career Technical Education, Education Technology, and Data Administration and Reporting Team (DART). Staff in this unit are responsible for operating and monitoring the statewide Flexible Pathways (Act 77) initiative, operating and monitoring the statewide Career Technical Education program and for providing technical assistance to the field regarding educational and instructional technology. In addition, the Agency's data analysis, data governance and data management operations occur within this unit.

Personalization and Flexible Pathways (P&FP): Staff with expertise in adult education, personalized instruction, work-based learning, dual enrollment and early college programs, after school programming, adult education, online and blended learning, and career and college readiness work, together and in collaboration with other units in the Agency, to provide support to schools and community-based providers in implementing evidence-based practices, systems and district-wide improvement models, and ensuring equity in student access to high quality flexible pathways.

Research and Flexible Pathways Grants

	FY 2017 Actuals	FY2018 Budget	FY2019 Gov Rec	18-19 Change
General Funds				
1 Adult Services Coordinator	211,233	211,233	211,233	-
2 Tech Ed Adult Formula	29,320	29,320	29,320	-
3 Governor's Institutes	192,654	192,654	192,654	-
TOTAL GENERAL FUNDS	433,207	433,207	433,207	-
Federal Funds				
4 Carl Perkins Secondary	2,267,014	2,500,072	2,500,072	-
5 Perkins Secondary Reserve	83,742	300,000	200,000	(100,000)
6 Carl Perkins Post-secondary	730,847	881,657	881,657	-
7 Post-secondary Reserve	52,300	100,000	100,000	-
8 Carl Perkins Leadership	28,228	100,000	75,000	(25,000)
9 Carl Perkins Corrections	42,149	42,149	42,149	-
10 21st Century	5,483,675	6,850,000	6,850,000	-
TOTAL FEDERAL FUNDS	8,687,955	10,773,878	10,648,878	(125,000)

1. Adult Technical Education Salary Assistance: These funds are disbursed as payments to each technical center district to pay a portion of its adult education coordinator's salary.
2. Adult Technical Education Formula: These grants are awarded to 15 regional technical centers and 2 independent schools serving their region as a CTE center to support educational services for adults. Grants provide resources necessary to address the training needs of students and businesses in the region.
3. Governor's Institutes: These funds provide about 20 percent of the costs for summer institutes for highly motivated high school students. Institutes are held on Vermont college campuses and draw additional support from businesses, foundations, schools and participating students' families.

4. Carl D. Perkins Secondary: These federal funds are awarded as formula grants to regional technical centers for career technical education (CTE) program development and improvement within the scope of the Carl D. Perkins Career and Technical Improvement Act of 2006.
5. Carl D. Perkins Secondary Reserve: These federal funds are made up of set-aside amounts within the formula grant. Grants awarded from the reserve are competitive and intended for new program development and implementation in the secondary CTE centers.
6. Carl D. Perkins Post-secondary: These federal funds are awarded as formula grants to post-secondary career technical education providers for program development and improvement with transitions from secondary CTE programs.
7. Carl D. Perkins Post-secondary Reserve: These federal funds are made up of set-aside amounts within the formula grant. Grants awarded from the reserve are competitive and intended for new program development, implementation and alignment with secondary CTE programs at regional CTE centers.
8. Carl D. Perkins State Leadership: These funds are used to support and expand CTE within the scope of the Carl Perkins Act and to assist in developing high standards and high-quality curricula.
9. Carl D. Perkins Corrections: This item is a part of Carl Perkins State Leadership and supports career and technical education programming for inmates at correctional facilities throughout the Community High School of Vermont.
10. 21st Century Community Learning Centers: This grant is distributed to school districts that create highly structured innovative extended-day or extended-year programs. Funds provide expanded opportunities for student learning in safe, supervised settings and promote parental involvement in schools.

Federal Education and Support Programs (FESP)

Federal and Educational Support Programs (FESP): This division supports Local Education Agencies (LEAs) with specialized expertise and federal and state funding in closing the achievement gap for students who are: homeless, migrant, neglected and delinquent, English-language learners, and/or placed in foster care. The Consolidated Federal Programs (CFP) team assists LEAs and other eligible entities to apply for competitive and formula grants, comply with grant terms and conditions, and achieve the maximum benefit from grant investments to improve the academic achievement of at risk learners. This team also manages a statewide professional learning contract to deliver statewide, high-quality professional learning focused on instructional leadership and implementation of Education Quality Standards (EQS). The Child Nutrition staff administers the federal meal reimbursement programs, ensuring nutritious meals and snacks are served to program participants in all eligible sites, and ensures programs receive the maximum federal and state funding available. The Student and Educator Support team supports supervisory unions in the coordination and provision of services for students receiving or in need of multi-agency (AHS) services, oversees state-placed student services and verification for reimbursement, provides technical support to LEAs seeking residential placements for students, reviews all Home Study enrollments, and driver education program approval requests.

Federal and Education Support Grants

	FY 2017 Actuals	FY2018 Budget	FY2019 Gov Rec	18-19 Change
General Funds				
1 Child Nutrition (CN) - State Match	407,562	408,348	408,348	-
2 CN - Child Care	201,529	223,268	223,268	-
3 CN - Breakfast	239,288	277,632	277,632	-
4 CN - Summer Food	51,258	51,387	51,387	-
5 CN- Free Lunch Initiative	260,720	297,250	297,250	-
6 CN – TEFAP	83,976	83,976	83,976	-
TOTAL GENERAL FUNDS	1,244,333	1,341,861	1,341,861	-
Federal Funds				
7 Title I Grants to LEAs	31,950,077	32,000,000	32,000,000	-
8 Title I Migrant	722,166	720,000	720,000	-
9 Title I Migrant Consortium	19,320	200,000	100,000	(100,000)
10 Title I Neglected or Delinquent	131,134	150,000	150,000	-
11 Homeless Education Act	93,627	175,000	175,000	-
12 Title II, ITQ	9,881,377	10,500,000	10,500,000	-
13 CN - School Lunch Program	16,828,693	15,883,800	15,883,800	-
14 CN - Child & Adult Care Food Program	6,143,660	6,193,920	6,193,920	-
15 CN - School Breakfast Program	6,655,297	5,890,410	5,890,410	-
16 CN -Summer Food Service Program	1,468,459	1,401,360	1,401,360	-
17 Special Milk Program	32,839	50,660	50,660	-
18 Cash in Lieu of Commodities	257,989	257,240	257,240	-
19 CN Fruits & Vegetables	1,838,498	1,765,370	1,765,370	-
20 CN – TEFAP	89,921	132,460	132,460	-
21 CN Sponsor Admin	526,261	582,730	582,730	-
22 CN Equipment Assistance	35,191	111,310	111,310	-
23 CN State Administration Expense	1,000	-	-	-
24 CN Travel Assistance	2,142	-	-	-
25 Title III EL	404,917	325,000	325,000	-
26 Title IV, Part A	-	-	1,900,000	1,900,000
27 Rural & Low Income Schools	-	-	228,984	228,984
TOTAL FEDERAL FUNDS	77,082,568	76,339,260	78,368,244	2,028,984
Special Funds				
28 Reading Readiness	111,487	238,000	-	(238,000)
TOTAL SPECIAL FUNDS	111,487	238,000	-	(238,000)

1. Child Nutrition – State Match: Regulations for the National School Lunch Program require states to provide funds to schools participating in the school lunch program. The amount is based on appropriated federal funds. Ninety percent of the state match is allocated to schools on a per-meal basis. Ten percent of the total required state matching funds are set aside for a competitive grant program for food service equipment.
2. Child Nutrition – Day Care Home Tier 2 Meal Initiative (Child Care): These funds support tier 2 low breakfasts, lunches and snacks served in day care homes where federal subsidies were cut by the federal Welfare Reform Act of 1996.
3. Child Nutrition – Reduced Price Breakfast Initiative (Breakfast): To the extent funds are appropriated, this program helps to fill the gap between the amount of federal reimbursement schools receive per meal and the actual cost to prepare a school breakfast. This funding also eliminates the reduced price charge of 30 cents for low income students whose household income is between 130% and 185% of poverty.
4. Child Nutrition – Summer Food Service Program: These funds supplement the cost of lunches served at summer food service sites where federal subsidies were cut by the federal Welfare Reform Act.
5. Child Nutrition – Reduced Price Lunch Initiative (Free Lunch Initiative): This funding covers the reduced price lunch charge of 40 cents for low income students whose household income is between 130% and 185% of poverty.
6. Child Nutrition – The Emergency Food Assistance Program (TEFAP): Funds to assist in the distribution and transportation process of donated food to recipient agencies for support of low income households.
7. Title I - Grants to LEAs: Funds allocated to local educational agencies on a formula basis to ensure that all children have a fair, equal, and significant opportunity to reach proficiency on the State academic achievement standards. Funds are focused on meeting the supplemental educational needs of low-achieving students in high poverty schools.
8. Title I - Migrant: These funds are used for the design of educational and support services for children of migratory agricultural workers who have changed school districts within the preceding 12 months.
9. Title I – Migrant Consortium: Funds to help support Vermont’s participation in multi-state consortia to design and implement educational support services for eligible migrant students.
10. Title I – Neglected or Delinquent: These funds support education activities, such as transition and dropout prevention, for youth in state correctional facilities, state-operated institutions or community day programs.
11. McKinney Vento Homeless Education Act: Funds support programs to ensure that homeless children and youth have equal access to the same free, appropriate public education – including preschool – provided to other children and youth.
12. Title II, Part A - Supporting Effective Instruction State Grants: This program is funded by federal monies for LEA entitlement sub grants and State Education Agency technical assistance. Funds support professional development and other initiatives to ensure that schools have highly qualified teachers, principals and paraprofessionals.
13. Child Nutrition - School Lunch Program: Funds are used to provide a per meal reimbursement to school food service programs to support meals serviced in school

lunch programs.

14. Child Nutrition - Child and Adult Care Food Program: These funds are used to provide a per meal reimbursement to program sponsors to support meals served in child care and adult care programs. In addition, centers can receive cash in lieu of commodity foods.
15. Child Nutrition - School Breakfast Program: These funds provide a per meal reimbursement and administrative rate for meals served in breakfast programs.
16. Child Nutrition - Summer Food Service Program: These funds provide a per meal reimbursement and administrative rate for meals served.
17. Child Nutrition - Special Milk Program: These funds are used to provide reimbursement to support the cost of 8-ounce servings of milk served to students at schools or sites that do not participate in a federal meal program.
18. Child Nutrition - Cash in Lieu of Commodities: Funds allow participating child care centers to choose to receive cash payments for lunches/dinners instead of U.S. Department of Agriculture donated food.
19. Child Nutrition Fresh Fruits & Vegetables: These funds provide funding assistance for increasing fruit and vegetable consumption in low-income schools.
20. Child Nutrition – The Emergency Food Assistance Program (TEFAP): Funds to assist in the distribution and transportation process of donated food to recipient agencies for support of low income households.
21. Child Nutrition – Sponsor Admin: Day care home sponsors receive administrative funds on a per home rate to support the cost of managing and administering the program to the day care home recipients.
22. Child Nutrition Equipment Assistance: Federal funds provided through the Healthy, Hungry Free Kids Act of 2010. Funds are provided to low income schools to improve the infrastructure of their food service programs.
23. Title III English Language Acquisition and Language Enhancement for English Learners (EL) and Immigrant Students: These funds assist LEAs in addressing the needs of EL students. Formula-based sub-grants are awarded to eligible LEAs to provide language instruction to help EL students meet Vermont’s academic standards. Districts with substantial increases in Immigrant Youth may also receive grants by formula.
24. Child Nutrition State Administrative Expense: Funds reallocated by the U.S. Department of Agriculture on an annual basis.
25. Child Nutrition Travel Assistance: Funds reallocated by the U.S. Department of Agriculture on a one-time basis.
26. Title IV, Part A Student Support and Academic Enrichment Grants: Formula grants given out to school districts to improve student academic achievement. Grants address needs in the districts by increasing the capacity of the schools to provide all students with access to a well-rounded education, improve school conditions for student learning and improve the use of technology.
27. Rural, Low-Income School Program: Grants provided by formula to school districts that have a certain percentage of students living in poverty and are in a federally designated

rural locale. Funds can be used for activities covered under many other Titles of the Elementary & Secondary Education Act.

28. Reading Readiness: These funds are given as sub-grants to support local and regional efforts to help students meet or exceed literacy standards. Grants support providers of professional development in literacy to provide technical assistance, professional development and resources to educators. The process to support this work was moved to a contract in FY 2019.

Educator Quality

Educator Quality (comprises Licensing of Vermont Educators, Approval of Vermont Educator Preparation Programs, and development of Educator Professional Standards): Well-prepared, supported educators and leaders in the field are essential, as research has shown this makes a significant difference in the educational lives of our students. High-quality teaching standards tied to evidence-based teaching practices provide a foundation for teacher and administrator preparation and ongoing professional learning. The Educator Quality Division facilitates the development of standards that build a career continuum focused on teacher and leader effectiveness, and reviews and rates Supervisory Union/Supervisory District evaluation systems for teachers and leaders. This Division provides professional licensure to Vermont educators, and works with the Vermont Standards Board for Professional Educators (VSBPE) in ensuring compliance to the VSBPE Rules Governing the Licensing of Educators and the Preparation of Educational Professionals. Additionally, the division oversees the selection of the Vermont Teacher of the Year.

Educator Quality Grants

	FY 2017 Actuals	FY2018 Budget	FY2019 Gov Rec	18-19 Change
General Fund				
1 Teacher of the Year	2,500	2,500	2,500	-
TOTAL GENERAL FUNDS	2,500	2,500	2,500	-
Special Funds				
2 Licensing Grants	29,000	30,000	30,000	-
TOTAL SPECIAL FUNDS	29,000	30,000	30,000	-

1. Teacher of the Year: This grant provides some financial support for travel expenses related to being named Teacher of the Year. These funds may be used to support her/his attendance at either the National Teacher of the Year Conference or the annual convening in Washington, D.C. by State Teachers of the Year.
2. Licensing: Generated from educator licensing fees, these funds support the Local and Regional Standards Boards that are responsible for supporting educator and administrator license renewal.

Quality Assurance

In 2015, positions at the AOE were realigned to support the implementation of Vermont's Education Quality Review process. In addition to carrying out the initial implementation of these reviews, staff carries out the statewide assessment systems, analyzes and reports academic and accountability data for use in schools and in policy settings, and leads the work in supporting the Continuous Improvement Plans and the specific support for schools identified through federal legislation and state rules.

Quality Assurance Grants

	FY 2017 Actuals	FY2018 Budget	FY2019 Gov Rec	18-19 Change
Federal Fund				
1 Title I - School Improvement	1,843,601	1,000,000	1,200,000	200,000
2 School Improvement	53,280	1,062,960	1,062,960	-
TOTAL FEDERAL FUNDS	1,896,881	2,062,960	2,262,960	200,000
Special Funds				
3 Nellie Mae	-	125,000	-	(125,000)
TOTAL SPECIAL FUNDS	-	125,000	-	(125,000)

1. Title I School Improvement: Funds allocated to Title I schools that are in need of improvement under the State's accountability system. Funds are to coordinate and implement the school's continuous improvement plan.
2. School Improvement: This is an additional federal grant awarded to school systems with substantial need for improvement to meet state and federal accountability targets.
3. Nellie Mae: This grant is no longer available to the state. .

Education Fund Appropriations FY 2019 Projected Education Fund Uses

Supporting Schools, Educators & Learners: The Numbers

	FY17 School Year 2016-2017	FY18* School Year 2017-2018
Public Schools		
Elementary (K-6).....	149.....	148
Secondary (7-12)	48.....	48
Combined (Elementary & Secondary).....	98.....	98
Total Public Schools.....	299.....	298
Technical Centers	15.....	15
Total Public Schools & Technical Centers.....	314.....	313
Historical Academies, Independent Schools & Approved Programs		
Historical Academies	4.....	4
Approved Independent Schools.....	91.....	90
Approved Kindergartens	3.....	3
Recognized Independent Schools	30.....	31
State Operated Facilities	1.....	1
Approved Tutorials.....	5.....	4
Approved Pregnant and Parenting Programs.....	8.....	7
Total Independent Schools & Approved Programs	142.....	140
Public Education Governing & Administrative Entities		
Town, City and Incorporated School Districts (including 12 supervisory districts)	235.....	235
Union School Districts (includes five unified union districts and one modified union school district)	41.....	39
Interstate School Districts.....	2.....	2
Total School Districts.....	278.....	276
Technical Center School Districts	3.....	3
Supervisory Unions.....	43.....	39
Joint Contract Schools.....	5.....	5
Gores and Unorganized Towns.....	9.....	9
Total Public Education Governing and Administrative Entities.....	338.....	332
Public School Administrators		
Superintendents.....	60.....	**
Principals	307.....	**
Vocational/Tech Center Directors	15.....	**
Business Managers	60.....	**
Special Education Directors	93.....	**
Total Public School Administrators.....	535.....	**
Teachers (FTE)	8,179.....	**
School Boards	266.....	224
Local School Board Members	1,490.....	1386

	FY17 School Year 2016-2017	FY18* School Year 2017-2018
Publicly Funded Students (enrolled as of October 1)		
Vermont Public Schools.....	83,103.....	84,228
Vermont Approved Independent Schools	1,664.....	1,735
Vermont Historical Academies	1,963.....	2,014
Out-of-State Schools	830.....	860
Vermont State Agency and Other	314.....	417
Total Publicly Funded Students	87,874.....	89,254
Public School Enrollment		
K-12	76,220.....	75,510
Early Education (Pre-K).....	6,999.....	7,685
Essential Early Education**	1,104.....	1,389
Total Public School Enrollment	84,323.....	84,584
Historical Academies	2,537.....	2,548
Approved Independent (K-12)	6,340.....	5,655
Recognized Independent (K-12).....	739.....	793
Home Study (K-12).....	2,280.....	2,216*
Approved Independent Kindergartens.....	108.....	140
Total Pre-K-12 Enrollment	96,494.....	95,936
Technical & Adult Education Enrollment (categories not mutually exclusive)		
Technical Centers	4,104.....	4,201*
Adult Education & Literacy	2,702.....	3,000*
GED Certificates Granted	27.....	30*
Education & Training – Criminal Offenders	55.....	60*
Adult Diploma Program.....	61 (101 served).....	75 (125 served)*
High School Completion	247 (340 served).....	250 (375 served)*
Other Secondary Diplomas Awarded Through AEL	11.....	20*
Student Support Programs Enrollment (categories not mutually exclusive)		
Special Education (ages 3-21).....	13,813.....	14,241*
Title I	51,624.....	52,560
Title I (Preschool)**	3,221.....	3,858*
Migrant Education	340.....	296*
Limited English Proficiency (LEP)	1,568.....	1,620*
Neglected and/or Delinquent	155.....	109
Homeless	1,096.....	1,097

*Estimated numbers as of December 2017, subject to change.

**Teacher staff survey data not yet available.

The Education Fund

The Agency manages the allocation of most of the Education Fund appropriations. These appropriations reflect the budgets and statutory requirements to support Vermont's public education systems and students.

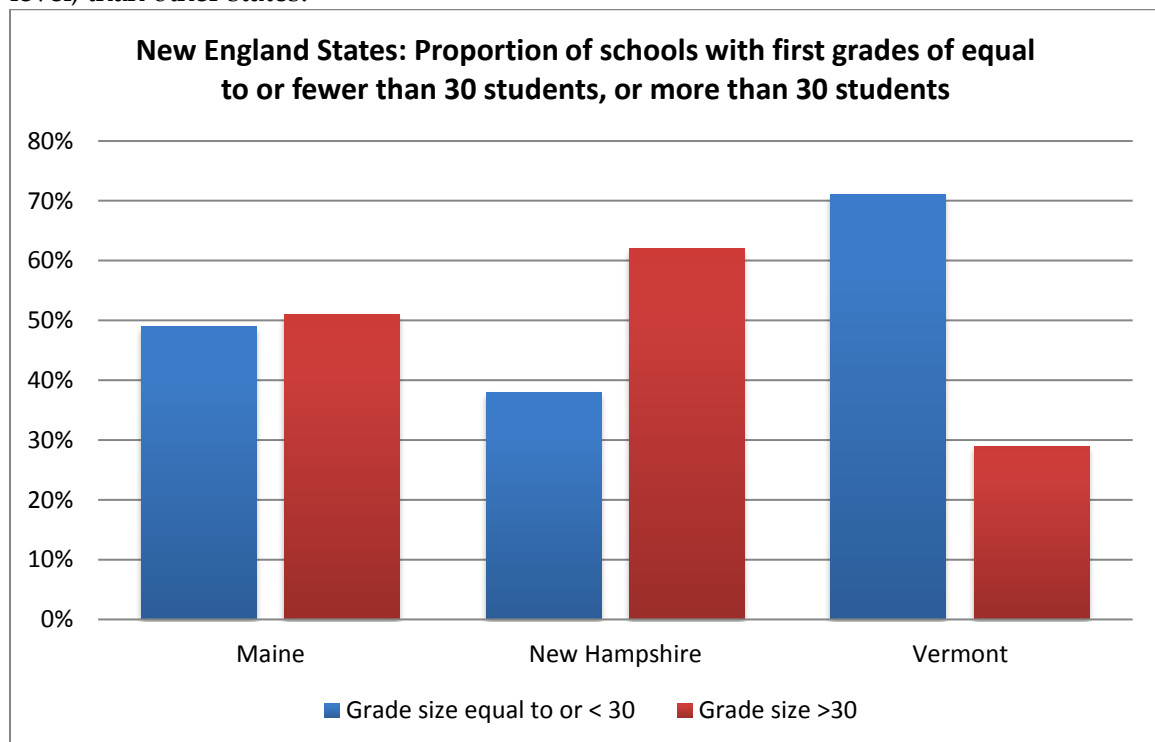
Year-over-year changes in Education Fund Expenses

	FY15 (Final)	FY16 (Final)	FY17 (Final)	FY18 (Estimate)	FY19 (Projection)
Education Expenses (millions)	\$1,514	\$1,553	\$1,578	\$1,621	\$1,681
Year over Year Change	--	2.58%	1.61%	2.72%	3.70%

The [5 year compound annual growth rate change in appropriations](#) to support education, including all funds and the required contributions to teachers' retirement, has been 2.7% according to the JFO.

The Education Fund "funds to budgets" meaning that the state sets the tax rate necessary to fund the budgets already approved by local voters. The main drivers of cost in the Education Fund are demographic:

1. Our publicly funded student population has been declining.
2. We are maintaining most of the public and independent schools we had at our peak (e.g. overhead costs associated with buildings and administration have not changed).
3. The number of teachers has decreased, but not consistently with the loss in number of students (student to teacher ratios and student to school ratios are small).
4. Thus, we have fewer students, the same number of schools and proportionally more overhead to support on a per pupil basis.
5. We tend to deliver education through smaller schools, particularly at the elementary level, than other states:



6. We have proportionally more children living in adversity (poverty) (table 2).

Number and percent of K-12 students identified as living in poverty, FY08 and FY18, using AHS direct certification data:¹

	2-yr Poverty average	Poverty Ratio Statewide
FY08	10,810	12.53%
FY18	16,667	19.97%

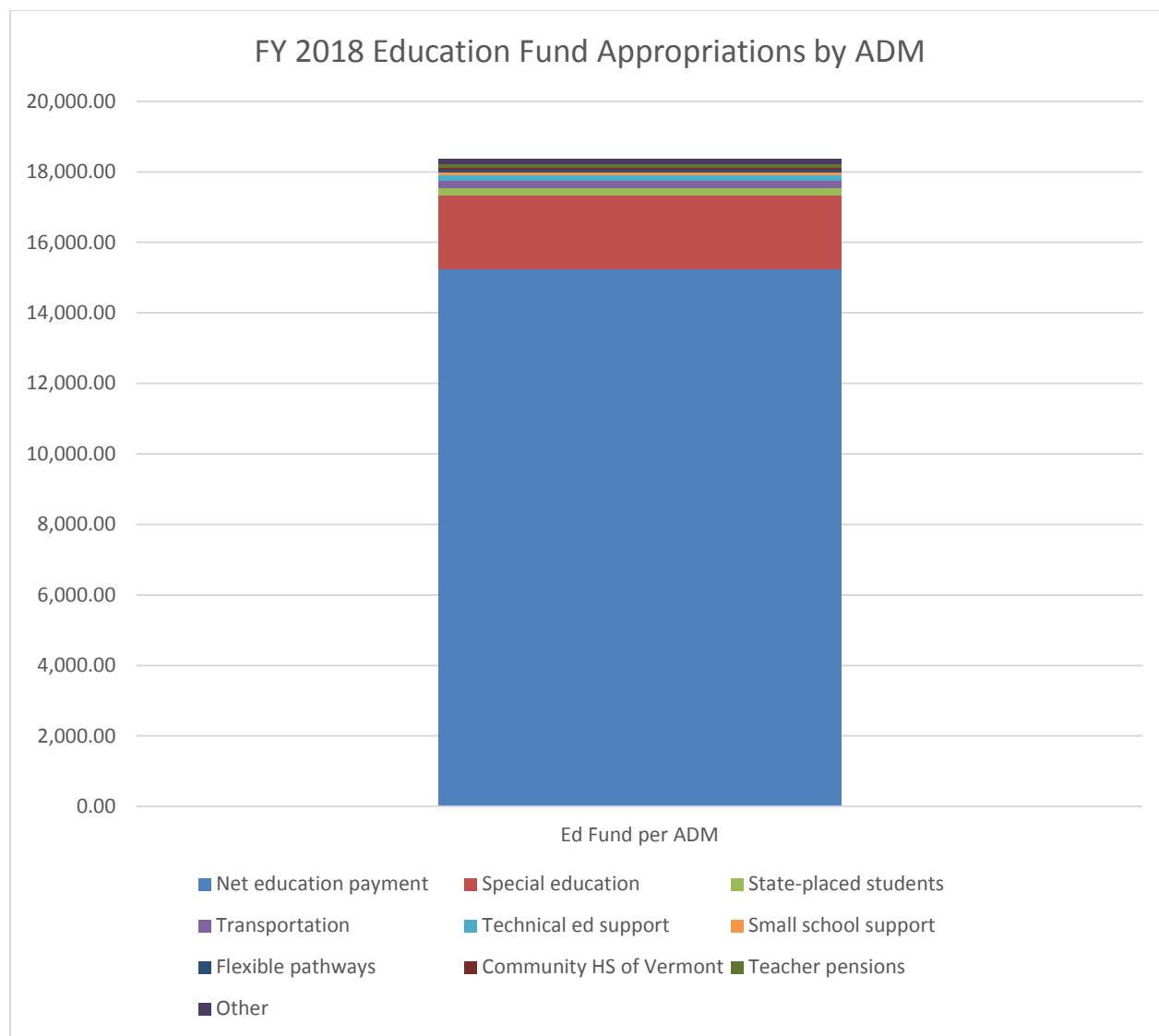
Education Outcomes

On average, our **students are consistently among the highest performing in the nation**, including on the National Assessment of Educational Progress. Because Vermont is one of only 4 states that refused to evaluate teachers based on test scores, we are also a state that for the most part has avoided the endemic test-focused instruction that characterizes public and charter schools in many states. So far, we have maintained strong performance outcomes on traditional measures of academic skills, even as we have required our schools to broaden their focus to include flexible pathways, creativity, health and wellness, technology education, and applied learning.

¹ Based on Direct Certification, which is a more reliable but slightly lower figure than eligibility for Free and Reduced Lunch.

What Vermonters buy with Education Fund dollars

If we count all publically funded students – those enrolled in public schools, those tuitioned to independent schools, and those tuitioned to out-of-state and out-of-country schools – we spend about \$18,400 per Vermont student. The following chart below breaks the \$18,400 into the major appropriations from the Education Fund.



About 83 percent of the Education Fund is spent on our “net education payment,” which covers most costs of our public schools, but also tuition payments to other public, independent, and out-of-state schools, tuition payments to Career and Technical Education centers, and supervisory union costs. This 83 percent also includes the local share of special education costs, which represents about 40 percent of total special education costs, and the local share of transportation costs. Prekindergarten is now also part of our net education payment and explains a large proportion of increased spending in the Fiscal Year 2017.

The next biggest percentage – 12 percent – is spent on the state portion of special education costs in public and independent schools. Over the next several years, by changing how we fund and deliver special education, by building better approaches to early intervention and just-in-time support for struggling learners, we can both improve outcomes for these students and lower the cost to taxpayers.

Some of our larger school districts are looking into building or already operate specialized programs within their districts, so they can rely less on programs out-of-state or at other schools that often have very large price tags. In-district programs also have the advantage of easing the transition of students back to their regular schools when they are ready, such as after treatment for trauma and establishment of appropriate continuing mental health supports, for example.

The rest of the \$1.6 billion we spend on education is spread across a number of functions. Our state contribution to transportation is critical; many of our children depend on buses to get to school, particularly in less affluent communities. We provide subsidies to small schools, and pay costs associated with children in state custody who are placed in schools near their foster homes. We fund dual enrollment programs and early college programs that give students access to college credits while still in high school.

The Table below provides the details on how the Education Fund per ADM breaks down:

General Category	Ed Fund per ADM	% of Total
Net education payment	15,225.1	82.9%
Special education	2,120.0	11.5%
State-placed students	189.2	1.0%
Transportation	211.9	1.2%
Technical ed support	154.1	0.8%
Small school support	86.1	0.5%
Flexible pathways	81.6	0.4%
Community HS of Vermont	66.9	0.4%
Teacher pensions	89.5	0.5%
Other	137.1	0.7%
	18,361.5	

This all adds up to about \$18,361 per child on average, statewide. Locally, communities pay different sums depending on local decisions about how to educate their children. Some pay more and some pay much less.

Three common reasons for higher costs per pupil than average include low student-to-staff ratios, high tuition payments, or a student population with higher than average levels of disadvantage.

Systems with high levels of disadvantage also receive support from more federal dollars. The Agency is working with systems to best utilize those dollars to support our most vulnerable students beyond the local investment in their education.

Some tuition towns have merged elementary schools and/or merged districts to insulate themselves from both increases and fluctuations in tuition payments. Some larger districts have managed ratios effectively by reallocating students and staff across buildings in ways that strengthen programs and maintain affordable ratios in small schools.

Carryforward

Annually the legislature authorized the Commissioner of Finance and Management to allow unspent appropriations from the Education Fund to carryforward. The following table reflects the carryforward authorized by the commissioner from FY 2017 in FY 2018.

	FY 2018 Appropriation	Carryforward	% of FY 2018 Appropriation
Education Fund			
Special Education	180,749,796	2,340,000	1.29%
State placed students	16,700,000	1,254,432	7.51%
Flexible Pathways	7,200,000	948,612	13.18%
Education Payment	1,352,200,000	456,792	0.03%
EEE	6,442,927	41,000	0.64%
Technical education	13,613,512	300,000	2.20%
Total	\$204,649,796	\$4,543,044	

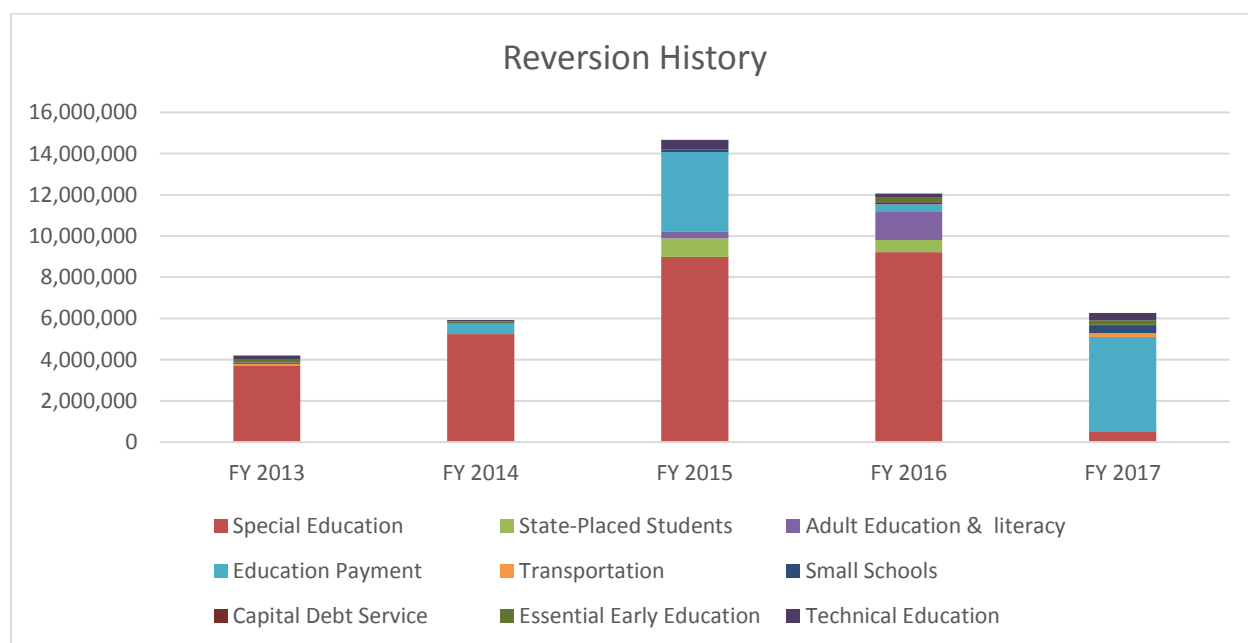
- Special Education – the appropriation was level funded from FY 2017 into FY2018. The carry forward will be used to cover any reimbursement requested over and above the current appropriation as needed.
- State placed students – this funding was carried forward in the event that a recent ESSA change may result in additional expenditure pressure. ESSA changed how a student’s local school is determined, and may impact transportation and other associated costs with these students.
- Flexible pathways - \$448K was carried forward for grants that were awarded in FY2017 but expenditures crossed fiscal years. \$500K was carried forward for Dual Enrollment.
- Education Payment - \$57K was carried forward for a payment to the town of Georgia per 2017 Act 73 Sec. 29a. \$400K was carried forward to support sub-grants for mergers per 2012 Act 156 Sec. 9 and 11 for outstanding payments that crossed fiscal years.
- EEE – funds were carried forward for prior year grant obligations for preschool special education grants.
- Technical Education - \$300K was carried forward to help with programs outlined 2017 Act 69 Sec. E.3, including work to integrate a statewide career pathways and programs in CTE centers.

Reversion History

Each fiscal year, the Legislature grants the Commissioner of Finance and Management the authority to allow unexpended carryforward appropriations in the Education Fund to Carryforward. Any funds that do not carry forward are reverted to the Education Fund.

The following table and chart provide a history of the reversions to the Education Fund for the last five years.

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Special Education	3,724,806	5,235,024	8,986,778	9,212,026	513,046
State-Placed Students			901,038	593,810	
Adult Education & Literacy			338,137	1,397,950	9,484
Education Payment	645	500,294	3,855,610	341,880	4,577,182
Transportation	77,243				180,797
Small Schools	52,883	25,475	123,629		395,595
Capital Debt Service				100,447	8,636
Essential Early Education	180,354	108,109	3,606	209,219	220,782
Flexible Pathways					416,790
Technical Education	171,435	54,912	462,597	203,854	363,463
Grand Total	4,207,367	5,923,815	14,671,395	12,059,186	6,685,775



Items of note:

- In FY 2015 and FY 2016, there were significant reversions from special education, which drove the unreserved/unallocated balance in the Education Fund used in the FY 2018 Budget.
- Reversions in FY 2017 align with historical numbers.

B. 502 - Special Education Formula

The Special Education Formula provides funding for Vermont school districts for their K-12 special education eligible costs not covered by federal funds or other State funds such as State placed student funding. The grant categories 4-9 provide funding for specialized services and training.

	FY 2017 Actuals	FY2018 Budget	FY2019 Gov Rec	18-19 Change
EDUCATION FUND				
GRANTS				
1 Mainstream Block Grant	31,416,399	33,079,717	31,848,426	(1,231,291)
2 Special Ed. Reimbursement	129,358,306	124,692,791	134,489,947	9,797,156
3 Extraordinary Reimbursement	13,842,313	19,218,454	19,218,454	-
4 I-Team & Regional Specialist	1,068,464	1,070,024	1,099,878	29,854
5 Hearing Impaired	940,193	940,193	966,424	26,231
6 Visually Impaired	572,366	572,366	588,335	15,969
7 BEST	572,249	566,098	581,892	15,794
8 Act 230 Training	317,812	417,348	428,992	11,644
9 Higher Education Participation	-	192,805	-	(192,805)
TOTAL EDUCATION FUND	178,088,103.25	180,749,796	189,222,348	8,472,552

Budgetary Changes: The Special Education Appropriation has several changes:

1. Mainstream block grant – the reduction in the mainstream block grant is a factor of the formula that is used to calculate the appropriation. The formula, is based on special educator salary per ADM in a supervisory union. As ADM decreases, the block grant is impacted.
2. Special education reimbursement – the funding for special education reimbursement is a factor of the service plans. This number may be updated when final budgets are submitted to the Agency to finalize the appropriation.
3. I-Team & Regional Specialists, Hearing Impaired, Visually Impaired, BEST, Act 230 Training – these grant amount are increased by the NEEP index.
4. Higher Education Participation – this grant has not been used since 2015, yet the appropriation has continued. The grant is not statutorily required, and it not a cut. It is simply a technical realignment of the appropriation.

Summary of Special Education Grants

1. Mainstream Block Grant – 16 V.S.A. §2961
These funds provide a block grant for each supervisory union/district based on 60 percent of the statewide average salary for: (1) 9.75 special education teaching positions per 1,000 Average Daily Membership (ADM), and (2) up to two special education administrators per supervisory union/district based on ADM.
2. Special Education Expenditures Reimbursement - 16 V.S.A. §2963; 16 V.S.A. §2967
This funding reimburses a portion of eligible special education costs not covered by another part of the formula or by federal or other state funds.
3. Extraordinary Reimbursement – 16 V.S.A. §2962
Funds provide 90 percent reimbursement for high-cost students for costs in excess of \$50,000 for individualized education programs (IEPs).

4. Interdisciplinary Team & Regional Multi-disability Specialist (I-Team) – 16 V.S.A. §2969(b)(3)&(4)

This grant provides parents and school staff services and consultation to support successful inclusion of children who have multiple disabilities. The grant supports statewide consultants with expertise in specialized areas as well as regional consultants.

5. Students who are Deaf or Hard of Hearing (Hearing Impaired) – 16 V.S.A. §2967(b)(2)

These funds support consultation and services for students who are deaf or hard of hearing. Regionally assigned consultants assist school staff and parents in arranging for assistive technology, accommodations, training and technical assistance.

6. Students with Visual Impairments (Visually Impaired) – 16 V.S.A. §2967(b)(2)

These funds support services by the Vermont Association for the Blind and Visually Impaired for itinerant teachers to consult with school staff and parents and provide direct instruction in Braille, assist with selection of low-vision aids, recommend accommodations and provide mobility training.

7. Building Effective Supports for Teaching (BEST) – 16 V.S.A. §2969(c)

These funds assist schools in developing and implementing systemic plans to improve staff's ability to effectively respond to challenging student behaviors. They support training opportunities, coaching, technical assistance and regional partnerships to meet the needs of students who have emotional and behavioral challenges.

8. Act 230 Training Grants – 16 V.S.A. §2969(d)

Funds are granted to supervisory unions/districts for training and technical assistance to better meet student needs and to enhance tiered systems of supports.

9. Higher Education Participation:

These funds were used to support tuition reimbursement and stipends for special education teacher training. This program was not statutorily required, no funds have been expended for this purpose since 2015.

B. 503 - State-placed Students

A state-placed student is a student who is placed by a Vermont State Agency, a state-licensed child care agency, a designated community mental health agency, or any other agency as defined by the Secretary, or by a court of competent jurisdiction in another state, territory or country in a school district outside of his or her parents' /guardians' district(s) of residence. The FESP team works with special education administrators, principals, other school staff and Agency of Human Services (AHS) staff to ensure timely enrollment and educational continuity for students who may be in care outside of their parents' school district or in residential settings.

	FY 2017 Actuals	FY2018 Budget	FY2019 Gov Rec	18-19 Change
EDUCATION FUND				
GRANTS				
1 LEA Reimbursement	7,403,463	8,780,000	8,780,000	-
2 Indiv. Residential Placement	8,064,126	7,500,000	7,500,000	-
3 Special Services	309,506	220,000	220,000	-
4 Regular Education Tuition	168,472	200,000	200,000	-
TOTAL EDUCATION FUND	15,945,567	16,700,000	16,700,000	-

Budgetary Changes: There are not changes in this appropriation. The levels currently funded will support the program.

Summary of State Placed Student Grants

1. LEA (Local Education Agency) Reimbursement – 16 V.S.A. §2950(a)
These funds are used to reimburse school districts for special education costs being incurred for students with individualized education programs (IEPs).
2. Individual Residential Placement – 16 V.S.A. §2950(b)
These funds provide payments to approved independent schools or tutorial programs for educational costs of students in residential facilities.
3. Special Services – 16 V.S.A. §2950(a)
These funds are used to reimburse school districts for special services approved by the Secretary for non-IEP students. They may also be used for payments to the Lund Home for daytime educational services for pregnant or parenting teens, or for tuition or special education costs for Vermont students placed in foster care in other states.
4. Regular Education Tuition – 16 V.S.A. §4012
These funds are used to reimburse the regular tuition to school districts that do not operate their own schools.

B. 504 - Adult Education & Literacy

This appropriation supports the Adult Education and Literacy (AEL) program.

	FY 2017 Actuals	FY2018 Budget	FY2019 Gov Rec	18-19 Change
GENERAL FUND				
1 Adult Education and Literacy				
TOTAL GENERAL FUND	641,955	787,995	635,000	(152,995)
EDUCATION FUND				
1 Adult Education and Literacy	1,800,000	1,800,000	2,070,000	270,000
2 Adult Diploma	850,000	900,000	900,000	-
TOTAL EDUCATION FUND	2,650,000	2,700,000	2,970,000	270,000
FEDERAL FUND				
3 AEL Grants to States				
TOTAL FEDERAL FUND	763,473	766,050	766,050	-

Budgetary Changes: The changes in FY 2019 in this appropriation reflect two separate changes:

1. General Fund; Adult Education and Literacy – The change in this appropriation reflects a technical adjustment to characterize the appropriation to reflect actual spending. These costs were shifted to B.501 to reflect a contractual obligation the Agency has undertaken to support these services.
2. Education Fund; Adult Education and Literacy - \$270K is shifted from the High School Completion program to adult education and literacy to align appropriations with actual spending. The funds for both of these programs go to the same providers; this will ensure that the funds are available to the programs with the most need.

Summary of Adult Education and Literacy Grants

1. Adult Education & Literacy – 16 V.S.A. §4025(b)(1)
This program provides instruction and education services below the postsecondary level for those aged 16 and older that increase the individual's ability to: read, write, and speak in English and perform mathematics or other activities necessary for the attainment of a secondary school diploma or its recognized equivalent; transition to postsecondary education and training; and/or obtain employment.
2. Adult Diploma Program – 16 V.S.A. §945(f)
Described under the Flexible Pathways Initiative, this program is an assessment process administered by the Agency, as part of a comprehensive program, through which adults, 20 years and older, can earn a high school diploma granted by a participating high school or GED program. Payments made to a department or agency that provides an adult diploma program are calculated per 16 V.S.A. § 4011(f)
3. Workforce Innovation and Opportunity Act (WIOA), Title II Adult Ed. and Literacy
The federal funds combine with state funds to provide instruction and education services below the postsecondary level for those aged 16 and older as described above. The federal appropriation may only be used for those who are not enrolled or required to be enrolled in secondary school and for those who are deficient in basic skills (reading, writing, or math skills below the 8th grade level), do not have a secondary school diploma or its recognized equivalent, or are English language learners.

B. 504.1 - Flexible Pathways

16 V.S.A. §941 describes the Flexible Pathways Initiative that requires schools serving students grades 7 - 12 to offer flexible pathways to graduation and to document the personalization process in Personal Learning Plans (PLPs). Flexible pathways, as a component of PLPs, can include work-based learning experiences, CTE, virtual or blended learning, dual enrollment and early college, the High School Completion Program, and other pathways whereby students can demonstrate meeting graduation requirements.

	FY 2017 Actuals	FY2018 Budget	FY2019 Gov Rec	18-19 Change
EDUCATION FUND				
GRANTS				
1 HS Completion for LEAs	3,610,935	4,120,000	3,850,000	(270,000)
2 Dual Enrollment	883,419	600,000	760,000	160,000
3 Early College*	648,725	2,350,000	1,870,000	170,000
4 Vermont Academy of Science	427,908	450,000	450,000	-
5 Secondary School Reform	53,333	200,000	200,000	-
6 Dual Enrollment VT Virtual	100,000	100,000	100,000	-
7 Dual Enrollment VT VSAC	30,000	30,000	30,000	-
TOTAL EDUCATION FUND	5,754,320	7,850,000	7,260,000	60,000

* Part of the FY 2017 Early College Payment was made in FY 2018 using \$650K appropriated in the BAA

Budgetary Changes: The changes in FY 2019 in this appropriation reflect three separate changes:

1. High School Completion Program- \$270K is shifted from the High School Completion Program to adult education and literacy to align appropriations with the function where it is spent. The funds for both of these programs go to the same providers; this will ensure that the funds are available to the programs with the most need.
2. Dual Enrollment: the Dual Enrollment appropriation has not kept up with actual demand for services. The FY 2019 budget begins to address this issue through the additional of \$160K to the appropriation. No additional funding from the Next Generation fund has been added (Notwithstanding language need to be included in the budget bill to account for divergence from Statute).
3. Early College: Enrollment in the Early College program continues to increase. The appropriation has been increased to reflect the projected demand for the program.

Summary of Flexible Pathways Grants

1. High School Completion Program (HSCP) – 16 V.S.A. §943(c)
This grant reimbursement program provides learners with educational services of the scope and rigor needed to attain a high school diploma. Eligible students are at least 16 years old and have not earned a high school diploma. HSCP funding is available once a student reaches an assessment level commensurate with 9th grade. Adult Education and Literacy providers lead student intake and enrollment, the administration of assessments, and work with each student and the assigned school district to develop the Personalized Learning Plan (PLP) that details their pathway to graduation.
2. Dual Enrollment - 16 V.S.A. §944(f)(2)

This program is open to Vermont residents who have completed grade 10 and have not received a high school diploma. The program shall include college courses offered on the campus of an accredited post-secondary institution and college courses offered by an accredited post-secondary institution on the campus of a secondary school. The program may include online college courses or components. Established tuition rates are paid by the Agency to the post-secondary institution. An additional \$600,000 is provided through Next Generation Funds.

3. Early College - 16 V.S.A. §4011(e)

This program directs the Agency to pay an amount equal to 0.87 times the Base Education Amount as the full tuition for each 12th grade Vermont resident student enrolled in an early college program, which includes the Vermont Academy of Science and Technology. Early College programs are developed and operated by Vermont colleges and have been approved by the Secretary for that purpose. Transferred from Statewide Education Spending in FY 2018.

4. Vermont Academy of Science and Technology (VAST) - 16 V.S.A. §4011(e)

VAST operates an approved independent 12th-grade program housed at Vermont Technical College. Transferred from Statewide Education Spending.

5. Secondary School Reform - 16 V.S.A. §941

To support districts in the implementation of Act 77 and the integration of flexible pathways to graduation, the Agency provides funding for projects that focus on innovative school and systems-based work on personalization, flexible pathways and proficiency-based education.

6. Vermont Virtual Learning Cooperative -16 V.S.A. §941(b)(3)(c)(ii)

To support more fully the intent of Act 77, and specifically the flexible pathways represented by virtual learning, this funding supports Vermont Virtual Learning Cooperative to provide online courses – created and vetted by licensed instructors -- for students enrolled in high school. The flexibility of online learning courses allows students to maximize their learning during and beyond the traditional classroom day.

7. Dual Enrollment, VSAC – Previously 2017 No. 85 Sec. B.1100(a)(3)(C)

A \$30,000 amount granted to VSAC to support need-based stipends for dual enrollment and early college students. Students who meet the eligibility criteria (based on FRL status) may receive a stipend to help offset the out-of-pocket expenses of books, fees, or transportation. An additional \$30,000 match is provided through Next Generation Funds.

B. 505 - Statewide Education Spending Grant

This grant is the primary funding source for public education in Vermont under Chapter 133 of 16 V.S.A.

	FY 2017 Actuals	FY2018 Budget	FY2019 Gov Rec	18-19 Change
Education Fund				
GRANTS				
1 Education Grants	1,305,376,131	1,348,999,294	1,391,500,000	42,500,706
2 Tech FTEs Not Enrolled	<i>Included above</i>	500,000	500,000	-
3 Drivers Education	450,693	450,706	450,706	-
4 Act 46	1,302,760	2,250,000	1,600,000	(650,000)
TOTAL EDUCATION FUND	1,307,129,584	1,352,200,000	1,394,050,706	46,350,706

Budgetary Changes: The changes in FY 2019 in this appropriation reflect two changes:

1. Education Spending Grants – \$47M reflects the Agency of Education’s estimate in local school budget growth in FY 2019. The growth rate is projected to be about 3.5% above prior year spending. The growth pressure is associated with typical cost pressures in schools as well as health care cost growth. This number will be updated once local budgets are submitted to the Agency.
2. Act 46 Grants – As Act 46 enters its final phases, it is anticipated that there will be a decreased need in communities for grants to support Act 46 work. As such, the Agency has determined that the funding need can be reduced by \$650K.

Summary of Statewide Education Spending Grants

1. Education Spending Grant – 16 V.S.A. §4011(a), (c): Funds must be appropriated to pay for each district’s education spending amount. The amount provided here is an estimate. This grant is net of the VEHI clawback.
2. Tech Full-time Equivalents Not Enrolled – 16 V.S.A. § 4011(g)
This payment is to refund districts for resident students attending a technical center at public expense but who are not enrolled in a public high school. These students are not counted in the district ADM. The actual spending is reflected in the Education Spending Grant line.
3. Driver Education Program Grants – 16 V.S.A. §1047
These funds provide partial reimbursement to schools that offer driver education programs. The state share of support for this program is less than 25 percent.
4. Act 46 Grants – originally 2011 No. 156 (Adj. Session) Sec. 2, 5, 9, &11 Act 46 of 2015 titled, An Act Relating to Making Amendments to Education Funding, Education Spending, and Education Governance, provides for three types of grants. The first is for \$5,000 to cover consulting services to supervisory unions to explore the various merging options provided in the Act. The second is up to \$20,000 for legal and consulting services once supervisory unions have chosen a governance option and formed a study committee under 16 V.S.A. § 706b. The third is up to \$150,000 to assist with transition costs of a merged district if a merger vote is successful. The \$150,000 transition grant is reduced by the amount expended of the \$20,000 study grant.

B. 506 - Transportation

Administered through the School Finance Team, these funds are used to reimburse up to half of school district expenditures to transport students to and from school. Exact reimbursement percentages are limited by appropriated amounts and are determined by the amount of district expenditures, as per 16 V.S.A. § 4016.

	FY 2017	FY2018	FY2019	18-19
EDUCATION FUND	Actuals	Budget	Gov Rec	Change
Transportation				
TOTAL EDUCATION FUND	18,059,203	18,745,381	19,226,000	480,619

Budgetary Change: The changes in FY 2019 in this appropriation reflects the statutory increase for the appropriation.

B. 507 - Small School Support Grants

Under 16 V.S.A. §4015, these funds provide formula grants to school districts operating schools with a two-year average combined enrollment of less than 100 students, or with an average grade size of 20 or fewer students. They also provide financial stability grants to limit the loss of funds in small schools with declining enrollments. These funds are administered through the School Finance Team.

	FY 2017	FY2018	FY2019	18-19
EDUCATION FUND	Actuals	Budget	Gov Rec	Change
Small Schools Grants				
TOTAL EDUCATION FUND	7,369,013	7,600,000	7,600,000	-

Budgetary Change: No change in FY 2019, based on schools that will qualify per statute. This may be updated once school budgets are submitted.

B. 508 - Capital Debt Service Aid

Administered through the School Finance Team, these formula grants are awarded to eligible school districts for principle and interest payments on projects adopted before July 1, 1997. The bonds are retired and this provision is no longer applicable.

	FY 2017	FY2018	FY2019	18-19
EDUCATION FUND	Actuals	Budget	Gov Rec	Change
Capital Debt Service Aid				
TOTAL EDUCATION FUND	21,634	25,000	-	(25,000)

Budgetary Change: In FY 2019 this appropriation can be eliminated as all bonds have retired and this provision is no longer needed.

B. 510 – Essential Early Education

Essential Early Education grants are made to supervisory union/districts to fund preschool special education services for children ages 3 through 5 per 16 V.S.A. §2948(c). If grant funds are available after providing preschool special education services, the balance of funds can be used to serve preschool children ages 3 through 5 at risk of school failure.

	FY 2017	FY2018	FY2019	18-19
EDUCATION FUND	Actuals	Budget	Gov Rec	Change
Essential Early Education Grant				
TOTAL EDUCATION FUND	6,138,218	6,442,927	6,617,213	174,286

Budgetary Change: The changes in FY 2019 in this appropriation reflects the statutory increase for the appropriation.

B. 511 - Technical Education

This funding supports technical education in accordance with 16 V.S.A. §1563 and 1565, state financial assistance.

	FY 2017 Actuals	FY2018 Budget	FY2019 Gov Rec	18-19 Change
EDUCATION FUND				
GRANTS				
1 Tech. Ed. Tuition Reduction	8,717,729	8,831,000	8,900,000	69,000
2 Tech. Ed. Salary Assistance	2,130,597	2,180,000	2,310,000	130,000
3 Tech. Ed. Transportation	1,726,410	1,780,350	1,900,000	119,650
4 Youth Leadership	99,861	100,000	100,000	-
5 Innovative Program Development	220,391	222,162	222,162	-
6 Tech Ed Equipment	452,977	500,000	500,000	-
TOTAL EDUCATION FUND	13,347,964	13,613,512	13,932,162	318,650

Budgetary Changes: There are three changes in this appropriation in FY 2019. All three increases, Tech Ed Tuition Reduction, Tech Ed Salary Assistance and Tech Ed Transportation are all calculated based on a statutory formula.

Summary of Statewide Technical Education Grants

1. Technical Education Tuition Reduction (CTE) – 16 V.S.A. § 1561(b),(c)
Funds are disbursed as payments to technical centers to reduce the tuition paid by school districts, based on three-year average enrollments.
2. Technical Education Salary Assistance (CTE) – 16 V.S.A. §1565(a)
Funds are disbursed as payments to technical center districts to help defray the costs of salaries for technical center directors, guidance coordinators and cooperative education coordinators.
3. Technical Education Transportation (CTE) – 16 V.S.A. §1563
Funds reimburse costs of transporting students to CTE centers. The per mile adjusted reimbursement rate is calculated annually.
4. Youth Leadership; Career Technical Student Organizations (CTSO) Youth Leadership
Funds support CTSOs that promote youth leadership development activities and participation in regional, state and national skills competitions.
5. Innovative Program Development
Funds help cover start-up costs for new and innovative CTE programs that prepare students for careers and/or further studies in emerging career fields with high skills, high wage and high demand jobs. Provides State match for the Federal Perkins Grant.
6. Technical Education Equipment:
Funds are made available to regional career centers through a reimbursement program to update or replace equipment.

Agency of Education Contact Information

219 North Main Street, Suite 402, Barre, VT 05641/479-1030/ www.education.vermont.gov

Rebecca Holcombe, Secretary of Education	(802) 479-1030
Molly Bachman, General Counsel Legal Division	(802) 479-1756 Molly.Bachman@vermont.gov
Heather Bouchey, Deputy Personalization & Flexible Pathways	(802) 479-1166 Heather.Bouchey@vermont.gov
Jessica DeCarolis, Director Personalization & Flexible Pathways	(802) 479-1265 Jess.DeCarolis@vermont.gov
Amy Fowler, Deputy Quality Assurance	(802) 479-4308 Amy.Fowler@vermont.gov
Karin Edwards, Director Integrated Support for Learning, PK-Middle Division	(802) 479-1407 Karin.Edwards@vermont.gov
Jennifer Gresham, Director Federal Education Support Programs	(802) 479-1191 Jennifer.Gresham@vermont.gov
Debora Price, Director Educator Quality	(802) 479-1701 Debora.Price@vermont.gov
Emily Byrne, CFO Finance & Administration	(802) 479-7459 Emily.Byrne@vermont.gov
Kathy Flanagan, Financial Director Finance & Administration	(802) 479-1766 Kathy.Flanagan@vermont.gov
Brian Townsend, Director Information Technology	(802) 479-1099 Brian.Townsend@vermont.gov

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State Board Contact Information

HULING, Krista (Chair) 2776 VT Route 108N Jeffersonville, VT 05464	2015-2/28/2021	802) 644-8433 (H) Krista.Huling@vermont.gov
MATHIS, William (Vice-Chair) PO Box 345 Brandon, VT 05733	2015-2/28/2021	(802) 247-6720 (H) (802) 383-0058 (O) William.Mathis@vermont.gov
CARROLL, John PO Box 305 Norwich, VT 05055	2017-2/28/2023	(802) 6491988 (H) John.Carroll@vermont.gov
BECK, Callahan 93 Overlook Dr. St. Johnsbury, VT	7-6/30/2019	(802) 274-5635 (H) Callahan.Beck@vermont.gov
JOHNSON-ATEN, Bonnie 557 North Street Montpelier, VT 05602	2012-2/28/2018	(802) 864-8486 (O) (802) 316-9271 (Cell) Bonnie.Johnson-Aten@vermont.gov
O'KEEFE, John 227 Mending Walls Road Manchester Center, VT 05255	2017-2/28/2023	(802) 681-1849 John.Okeefe@vermont.gov
PELTZ, Peter PO Box 41 Woodbury, VT 05681	2015-2/28/2021	(802) 472-6524 (H) (802) 274-1078 (Cell) Peter.Peltz@vermont.gov
PERRIN, MARK 1637 Creek Road Middlebury, VT 05753	2013-2/28/2019	(802) 989-4298 (Cell) Mark.Perrin@vermont.gov
SOLIMANO, CONNOR 301 Wynnridge Drive Rutland, VT 05701	2016-06/30/2018	(802) 855-3726 (Cell) (802) 773-1955 (S) Connor.Solimano@vermont.gov
WEINBERGER, Stacy 14 Summit Street Burlington, VT 05401	2013-2/28/2019	(802) 863-6495 (H) Stacy.Weinberger@vermont.gov