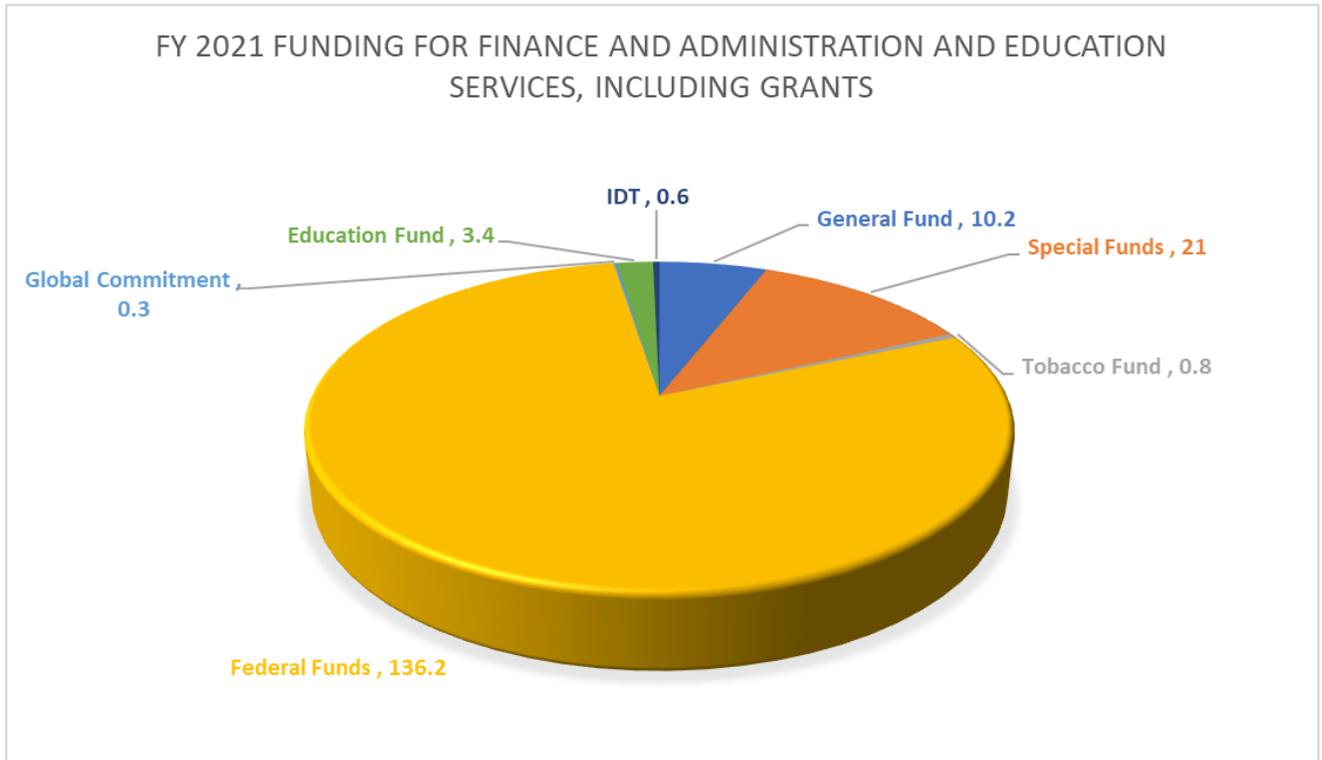


## Agency of Education FY 2021 Budgetary Overview

The FY 2021 operations budget (excluding the Education Fund grant appropriations) is reflected in Sections B.500 **Finance and Administration** and B.501 **Education Services**. These two appropriations support all of the work that is done by the Agency associated with the implementation of the initiatives adopted by the General Assembly, the State Board of Education, the U.S. Department of Education, the U.S. Department of Agriculture and several smaller programs funded by a few other Federal Agencies.

\$172.5M is appropriated in these two sections. The following chart shows the distribution of these funds by funding source:



Of the \$172.5M appropriated to Agency operations, \$30.7M supports operating and personnel, or about 18% of the two appropriations. Agency operations as a percentage of the total amount appropriated for general education from all sources is only 8.7% of the total \$1,977M appropriated.

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

## Summary of Agency of Education Appropriations with and without Grants

<i>(Dollars in Millions)</i>	Including Grants		Without Grants		Difference
General Fund	\$10.2	5.9%	\$8.2	26.7%	\$2.0
Special Funds	21.0	12.1%	4.6	15.0%	16.4
Tobacco Fund	0.8	0.5%	0.2	0.7%	0.5
Federal Funds	136.2	79.0%	13.7	44.6%	122.5
Global Commitment	0.3	0.2%	-	0.0%	0.3
Education Fund	3.4	2.0%	3.4	11%	-
Inter Departmental Transfers (IDT)	0.6	0.3%	0.6	2.0%	-
<b>Total</b>	<b>\$172.5</b>		<b>\$30.7</b>		<b>\$141.8</b>

### General Funds to Support Education

In FY 2019 the General Assembly repealed the long-standing transfer of General Funds to the Education Fund. Instead of the General Fund transfer, the General Assembly dedicated 100% of the Sales and Use Tax and 25% of the Rooms and Meals Tax to the Education Fund.

Additionally, the following expenditures were moved from the Education Fund to the General Fund:

- Adult Education and Literacy,
- the Community High School of Vermont,
- the unfunded liabilities for the Teachers' Pension
- Other Post-Employment Benefits, and
- the Administration at the Agency that is not covered by Federal Funds or other sources.

General Fund appropriated to the AOE operations budget support activities including:

- The Secretary's Office and Legal Division
- The Finance Division (to manage and allocate state and federal dollars),
- 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 can only be used for authorized educational purposes and cannot be used for state level activities. Therefore, Education Fund dollars cannot support AOE operations or activities. Historically, however, 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. These costs are about \$1.1M.

In the FY 2021 budget and with prior approval from the General Assembly (16 V.S.A. § 4025(b)(5)), the Agency is continuing the \$2.3M for the administrative appropriation to support two statewide technology activities from the education fund. These two activities include the Statewide Longitudinal Data System (SLDS) and the Statewide School District Data Management System (SSDDMS) which are required by state and federal law and will be utilized by all school districts.

This appropriation ensures that the Agency has the funds necessary to continue to implement/operate these systems to meet state and federal data reporting requirements to achieve statewide efficiencies through the use of a centralized system.

### **Federal Funds**

Federal dollars fund many of the education initiatives at the Agency, including AOE staff for support of:

- Career and Technical Education,
- Accountability,
- Special Education,
- Education Quality and School Improvement,
- Nutrition support for day cares, PKs, schools and adult care programs.

Of the \$135M federal funds appropriated to the AOE, approximately 8.7%, or \$11.8M, are used to fund personal services and operating costs of the Agency, the remaining \$123.2M is granted out.

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 also provides a "small state minimum" allocation. It's worth noting that this small state minimum has not increased in about 20 years and has not been adjusted for inflation.

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