

Agency of Education Fiscal Year 2027 Budget Recommendation Presentation

January 27, 2026

Agenda

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

Purpose Statement

The Agency of Education implements state and federal laws, policies, and regulations so that all Vermont learners have equitable access to high-quality learning opportunities. The Agency accomplishes this mission through the provision of **leadership, support, and oversight** of Vermont's public education system.

Agency Overview

Secretary's Office

- Policy & Communications
- Legal

Operations

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

Academics

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

Strategy and Accountability

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



Secretary's Message

Secretary's Message

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

Key Policy Initiatives

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

Strategic Pillars

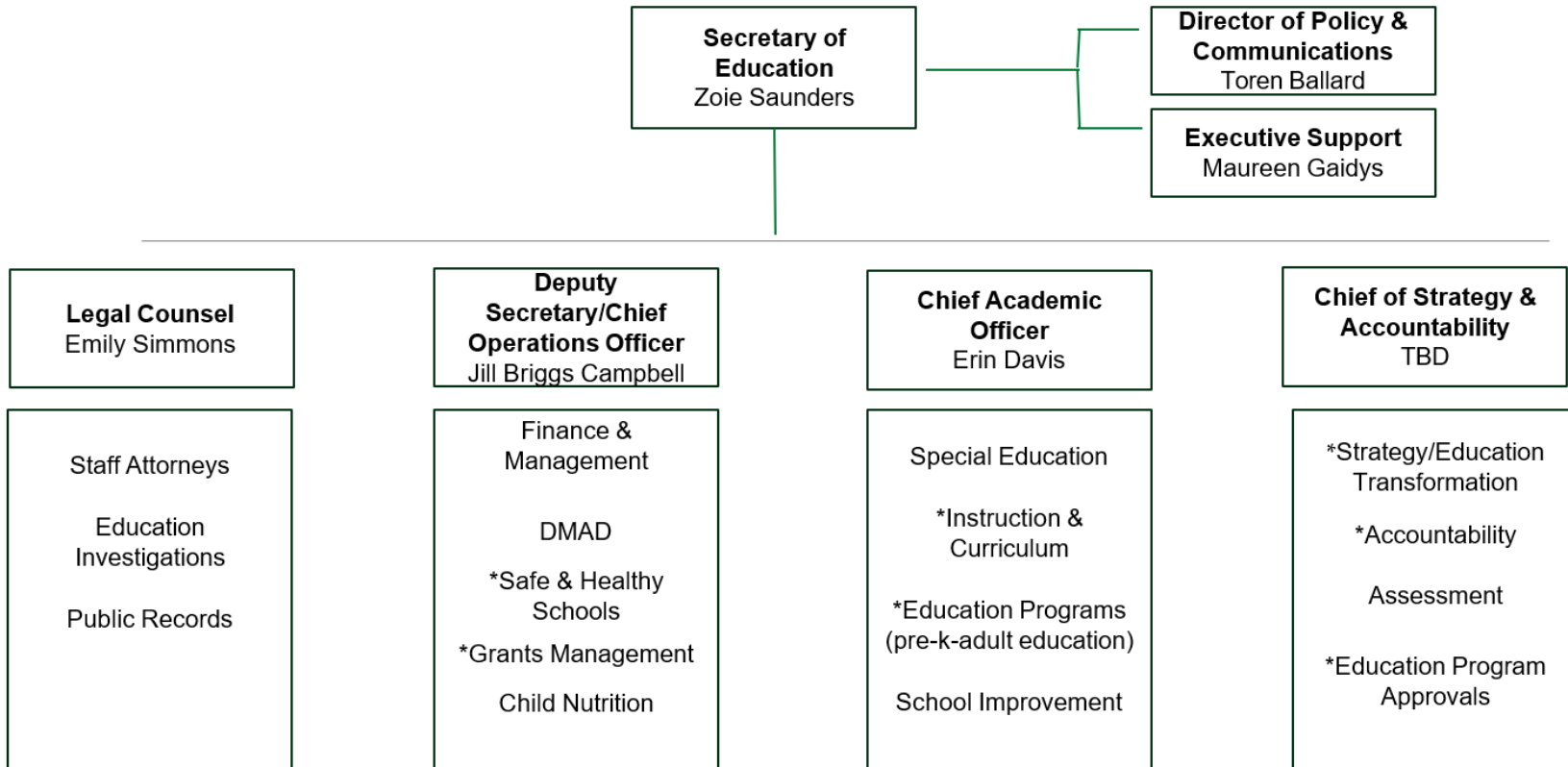
1. Improve statewide academic performance
2. Expand college and career readiness
3. Promote safe and healthy schools
4. Support operational effectiveness
5. Ensure high-quality special education services and differentiated support for all students



Accelerated Initiatives

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

Agency Reorganization



*New Team



Budget Summary

Recommended Budget - Key Drivers

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

Recommended Budget Key Drivers (continued)

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

Agency Budget Request Notables

New Requests:

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

Reversion and Reappropriation:

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

New appropriation structure

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

Overview of AOE Budget Appropriations

Total Appropriation Categories

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

Overview of AOE Budget Appropriations

General Fund Appropriation:

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

Overview of AOE Budget Appropriations

Federal, Special and Interdepartmental Funds Appropriation:

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



B.501 – Education Services

Education Services: Executive

- Secretary's Office
 - Leadership of the Agency, Whole Agency Projects, Support for Boards and Commissions and Working Groups (Including State Board)
- Legal Team
 - Litigation, contract review, legislative support, administrative rule drafting, and public records, Educator license investigations and sanctions, Administrative appeals, hearings and dispute oversight for special education
- Policy & Communications
 - Public Information, Legislative Affairs, Digital Communications and Publishing, Accessibility and Language Access

Education Services: Operations

Finance Management

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

Grants Management

- Bulletin 5 Grants Administration,, Internal Controls,

Safe and Healthy Schools

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

Data Management and Analysis

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

Education Approvals

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

Education Services: Academics

Academics

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

Education Services: Strategy and Accountability

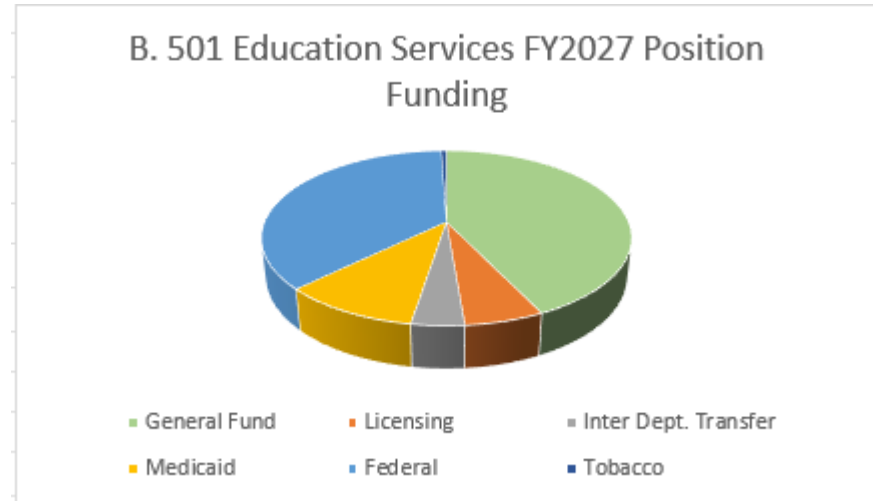
- Strategy and Education Initiatives
 - Strategic plan project management, strategic budgeting and contracting
- Assessment
 - VTCAP and NAEP administration, reporting and analysis
- Accountability
 - DQS/EQS, ESSA State Plan, Federal Compliance
- School Improvement and District Support
 - CSI/TSI/ATSI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

B.501 Education Services Appropriation

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

B.501 Education Services Positions

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



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

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

Grant programs at AOE

21st Century: Grants
 Act 173 Census Block Grant
 Act 230
 ADP
 Adult Education and Secondary program
 AEL Basic Grant
 Afterschool (Cannabis) Grants
 BEST
 Cash in Lieu
 Child & Adult Care Food
 Child Care: Sponsor Admin
 Child Nutrition - School Lunch
 Child.Nutrition Summer Food
 Child.Nutrition: Child Care
 Child.Nutrition: Equipment
 Child.Nutrition: State Match
 Child.Nutrition: TEFAP Fed
 Child.Nutrition: TEFAP State
 Child.Nutrition:Breakfast Add'l Reim
 Child.Nutrition:Breakfast State Match
 Child.Nutrition:Summer Food Pgm
 Child.NutritionFree Lunch Initiative
 Child.NutritionLocal Food Initiative
 CN Universal Meals Supp Breakfast
 CN Universal Meals Supp Lunch
 CP Basic Grant Secondary & Adult
 CP Corrections
 CP Leadership
 CP Post Secondary
 CP Post Secondary Reserve
 CP Reserve Fund
 Driver Education
 Dual Enrollment Ed Fund
 Dual Enrollment Gen Fund

E3 SL AI Comm Sch Gr
 Early College
 EL Categorical Aid
 Emergency Meal Sites
 English Language Acq: Grants
 ESSER III Grants
 Extraordinary Reimbursement
 Fruit & Vegetables Grants
 General State Support Grant
 Governor's Institute
 Homeless - Grants
 Hunger free Vermont
 IDEA Flow Thru
 Innovative Program Development
 Licensing Fee Grants
 Local Essential Early Education
 Medicaid LEA Reimb
 Medicaid SCHIP
 Merger Support Grants
 Migrant Consortium
 Migrant Grants
 NSLP Equipment Assistance
 Outright VT
 PDG grants
 Physician Claims-Global
 Preschool Flow Thru
 Rural and Low-Income Schools Grants
 Salary Assistance Adult Coordinator
 Salary Assistance Co-Op
 Salary Assistance Director
 Salary Assistance Guidance
 School Breakfast
 Secondary School Reform
 Special Milk

Special Olympics
 State Placed Individual Residential
 State-Placed LEA Reimbursement
 State-Placed Other
 State-Placed Regular Ed Tuition
 Statewide Hearing Impaired
 Statewide I-Tm & Rg MH Sp
 Statewide Visually Handicapped
 Stronger Connections Grants
 Summer Sponsor Admin
 T. 1 School Impr or TA
 Teacher of the Year
 Tech Ed Adult
 Tech Ed Transportation
 Title I Grants
 Title II A Grants
 Title IV Grants
 Tobacco Litigation
 Transportation - GSSG
 Tuition Reduction
 Unusual and Unexpected Special Ed Expenditures
 (2% sped 16 V.S.A. 2975)
 Virtual Learning
 Youth Leadership

Overview of AOE Contracts

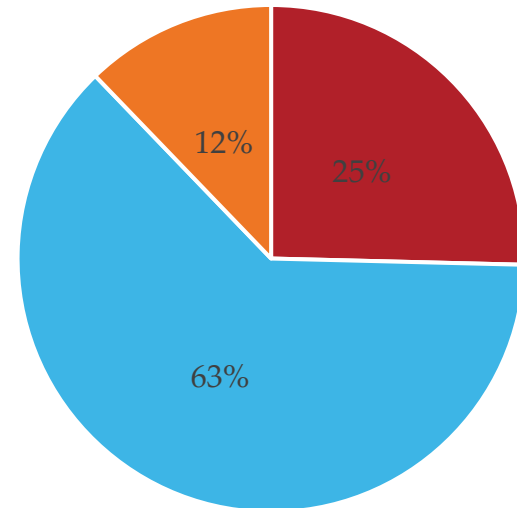
Contracts make up approximately 23% of the Agency's total operating budget.

62% are long term data/technology platform and support services

25% are long term services related (e.g. legal or peer review, program evaluation and research, annual convenings)

Only 12% represent short term support for initiatives (e.g. targeted training or PD)

AOE Contracts FY27



- Long-term Services
- Long-Term Technology Platform and Support
- Short-Term Services or Initiatives

27



Education Fund

Education Fund Summary

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



Questions