



UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION

November 30, 2016

Mr. Bill Talbott
Deputy Secretary and Chief Financial Officer
Vermont Agency of Education
219 North Main Street
Barre, VT 05641

Dear Mr. Talbott,

This letter is in response to Vermont's request to amend its approved Preschool Development Grant – Expansion (PDG - E) grant. The U.S. Department of Education and the U.S. Department of Health and Human Services (the Departments) approved Vermont's grant projects and scope of work on August 4, 2015. On September 23, 2016, the Vermont Agency of Education submitted a budget amendment request.

As you are aware, the Departments have the authority to approve amendments provided that such a change does not alter the scope or objectives of the approved proposal. On September 14, 2015, the Departments sent a document to Project Directors describing the process by which amendments would be reviewed and approved or denied. To determine whether approval could be granted, the Departments have applied the conditions noted in that document and compared it with PDG program requirements and conditions.

As a result of its newly funded universal preschool program (described below) that will provide preschool services to all three- and four-year-olds Statewide, Vermont has requested to decrease the number of children served in PDG classrooms. Additionally, Vermont has requested to update its budget to more accurately reflect the cost of a High-Quality Preschool Program slot funded through PDG. As a result of these changes, Vermont has requested to reduce its original PDG award amount by \$8,029,215 across budget categories and years.

This amendment to the State's project and scope of work is approved, as described below:

In 2014, the Vermont Legislature passed a new law, Act 166, providing universal Pre-Kindergarten (Pre-K) for all 3, 4 and 5 year old children who are not enrolled in Kindergarten in Vermont. The new law requires school districts to provide access to at least 10 hours of instruction for 35 weeks to any preschool-aged child. As a result of this expansion in State services, additional pre-K facilities and staff across Vermont have been working to provide preschool services to a vastly expanded group of children, which has impacted the number of facilities and staff that can be accessed in the PDG subgrants. While more children are being served as the state moves to implement its universal pre-K provision, this has resulted in an overall decrease in the number of communities that are currently able to participate as PDG subgrantees, thereby reducing the overall number of PDG high-quality slots and needed PDG funding across years two, three and four. In addition, after reviewing subgrantee data, Vermont has

determined that it underestimated the cost for both new and improved slots in its original application, and has accordingly updated its targets for slots in years 2, 3 and 4 accordingly.

The following table indicates the PDG original award, actual funds and children served for Year 1, and proposed funding request and targets for Years 2, 3 and 4:

PDG Grant Award	Year 1	Year 2	Year 3	Year 4	Total Requested
Original Application Award Request	\$7,231,681	\$8,009,167	\$8,631,497	\$9,519,937	\$33,392,282
Budget Proposed through this Amendment Request	\$4,703,781 *(actual)	\$5,506,032*	\$7,313,193	\$7,840,061 ⁺	\$25,363,067
Original Application Targets for children served	498 new 795 improved	575 new 843 improved	575 new 996 improved	575 new 1,243 improved	Total: 6,100
Revised Targets for children served	176 new (actual) 163 improved (actual)	279 new 244 Improved	358 new 355 Improved	301 new 426 Improved	Total: 2,302

We note that across the grant project period, Vermont must spend at least 95% of its PDG funds on High-Quality Preschool Programs for Eligible Children. We expect that the proportion of PDG funds spent on High-Quality Preschool Programs may increase in Years 3 and 4, and that as a result, the number of children served in Years 3 and 4 may surpass the targets included in this table.

The Departments approve these modifications subject to the following conditions:

- 1) Within 60 days, Vermont must submit a revised, detailed scope of work and budget reflecting all changes associated with this amendment.
- 2) Within 60 days, Vermont must submit a revised plan for increasing the numbers of children served in High-Quality Preschool Programs in years 3 and 4.
- 3) Within 60 days, Vermont must submit a revised plan for monitoring its subgrantees providing High-Quality Preschool Programs.

* To date, Vermont has received \$16,006,864 for Year 1, Year 2, and a partial pre-payment of its Year 3 award. The State's revised budget for Years 1 – 3 as a result of this amendment is reflected in this chart.

⁺ To receive a Year 4 award, the Department will review Vermont's progress across the grant project period. The Year 4 amount will depend on Vermont's progress as well as Congressional appropriations for PDG.

Additionally, the Department will be placing Vermont on a Corrective Action Plan in the coming weeks. If Vermont does not sufficiently address all aspects of the conditions described above, as well as all aspects of the Corrective Action Plan, the Department may authorize further appropriate action which may include enforcement measures such as placing the State in high-risk status, putting the State on reimbursement payment status, withholding funds, or denying a Year 4 continuation award.

Please note that this letter will be posted on the Department of Education's website as a record of the amendment request and our approval. All budget changes are recorded in the GRADS360 system and the detailed budget request is saved in the official grant file.

We are confident that Vermont will continue its comprehensive efforts towards building successful state systems of early learning. If you need any assistance regarding PDG-E, please do not hesitate to contact your Project Officer, Rubén J Vázquez at (202) 401-1434 or Ruben.Vazquez@ed.gov

Sincerely,

/s/

Libby Doggett
Deputy Assistant Secretary
Office of Early Learning
Office of Elementary and Secondary Education