# The Current-Law Context of Pupil Weighting

## 1. Definitions

*Voters approve a school district's budget, but its homestead tax rate is determined by its "education spending" per "equalized pupil"*

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**What is Education Spending?**

Education spending is budgeted spending minus the following offsets:

- Federal Aid
- State Categorical Aid
- Tuition Revenues from Other School Districts
- Prior-Year Surplus or Deficit, if any
- Other Offsets

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**What is an Equalized Pupil?**

Average daily membership (ADM) is determined through a census in the fall

ADM is averaged over two years and weighted to account for higher-cost pupils:

- Secondary Pupils
- English-Language Learners
- Low-Income Pupils
- Pre-Kindergarten Pupils (receive a fractional weight)

Weighted ADM is divided by an equalization ratio so that the total number of equalized pupils equals total ADM statewide

## 2. The Impact of Pupil Weighting – Foundation Formula and Act 60

*Under Act 60, State aid no longer follows pupils*

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**Foundation Formula (1988)**

Under Vermont's foundation formula, State aid followed pupils; school districts received State aid to close the gap between their need and resources:

State Aid = Need – Resources

- o   Resources = Equalized Property Value x Standard Tax Rate

- o   Need = Statewide Median Per-Pupil Spending x <span style="color:red">Weighted Pupil Count</span>

*Under the Foundation Formula, when a school district's weighted pupil count increased, the district received additional State aid*

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**Acts 60 and 68 (1997/2003)**

Under current law, State aid does <u>not</u> follow pupils; school districts receive State aid to fully fund their voter-approved spending and each district's homestead tax rate is adjusted in proportion to its per-pupil spending:

- o   Per-Pupil Spending = Education Spending / <span style="color:red">Weighted Pupil Count</span>

- o   Homestead Property Tax Rate = Per-Pupil Spending / Yield

*Under current law, when a school district's weighted pupil count increases, the district's homestead property tax rate is reduced – but its spending remains unchanged*

## 3. Pupil Weighting Compared to State Categorical Aid
*Both factors affect homestead tax rates, but in different ways*

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**Pupil Weighting**

A school district's homestead tax rate is based on its per-pupil education spending:

$$\text{Homestead Tax Rate} = \frac{\text{Education Spending}}{\text{Weighted Pupils}} \: / \text{ Yield}$$

*Additional weighted pupils decrease a school district's homestead tax rate by decreasing its per-pupil education spending*

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**Categorical Aid**

Although voters approve school budgets, homestead tax rates are based on each district's "education spending." Education spending is a district's voter-approved budget minus, among other sources, categorical aid:

$$\text{Education Spending} = \text{Budget} - \text{State Categorical Aid and Other Sources}$$

$$\text{Homestead Tax Rate} = \frac{\text{Education Spending}}{\text{Weighted Pupils}} \: / \text{ Yield}$$

*Additional State categorical aid decreases a school district's homestead tax rate by decreasing its total education spending*

**4. Takeaways from <u>Quality Counts 2020</u>, Education Week Research Center***

- When regional costs are considered, Vermont has the nation's highest per-pupil spending at $22,506; the national average is $13,301

- Vermont devotes the highest percentage of its taxable resources to elementary and secondary education at 5.4%

- Only three states – Alaska, Vermont, and Wyoming – provide higher funding for property-poor school districts than for their more affluent peers

- Vermont has the second largest gap between its highest- and lowest-spending school districts at $12,865 per pupil

* Quality counts 2020 is based on 2017 school finance data.