

# Considerations for Establishing Categorical Aid Programs to Adjust for Cost Differentials Among Districts & Schools

Presentation to the  
Weighting Study Task Force

July 28, 2021



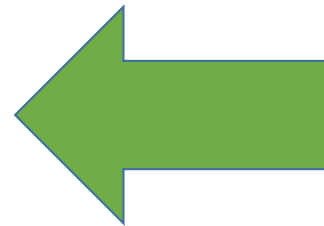
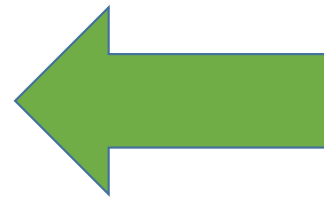
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# Aligning Funding Mechanisms with Policy Goals

## Goals

1. **Equalize costs**, generally across districts and/or schools, for the purposes of **equalizing spending/tax effort** and **opportunities to learn** for students
2. **Providing specific and targeted support** for specific educational **programs** and/or **students**



## Mechanisms

**Cost Adjustments  
Embedded in General  
Education Funding  
Formula**

**Categorical Grant  
Programs**

# When are categorical aid programs most appropriate?

1. There is an **identified cost differential** that requires additional resources to equalize educational opportunities for students
2. A **specific program, population group, or purpose** can be readily **identified** and **measured**)
3. We **can determine** the appropriate or adequate level of **additional resources necessary** to offset differences in cost
4. (In some instances, but not all) – **Desire for accountability & monitoring** for how funds are used

# What concerns arise with categorical aid programs?

- **Challenging to establish appropriate funding level**
  - Establishing unit cost is difficult
  - Vulnerable to political manipulation or updating (if codified in statute)
- **May create “program” silos**
  - Can make it difficult for schools to blend and braid funding in ways that promote efficient program administration and design
- **Additive**
  - In Vermont:
    - Applied to **an inconsistent base** spending amount (i.e., \$500 per pupil additional has a different additive effect in a high vs. low spending school district)
    - May **increase average per pupil spending** levels statewide
- **Administrative burden & cost** (state, districts and schools)
- **Multiple programs are highly inefficient for adjusting for cost differentials or as fiscal equity adjustment**