

Memorandum

To: Task Force on the Implementation of the Pupil Weighting Factors Report
 From: Stephanie Yu and Jack Hoffman, Public Assets Institute
 Re: Task Force's draft report and Dec. 10, 2021 meeting discussion
 Date: December 14, 2021

First, we would like to thank the Task Force for its thorough and comprehensive analysis of the Pupil Weighting Factors Report and for its due diligence in understanding the inner workings of the weighting model. We now can see that there is a flaw in the way Vermont has used weighting in the distribution of education funding. Although Vermont has applied relatively small weights for more than 25 years, there had never been an analysis of how weighting actually affected the allocation of resources under Acts 60 & 68, the system put in place in 1997. As your work revealed, the weights produce an unintended consequence by increasing the disparity between low-spending and high-spending school districts.

To be clear, pupil weights are useful in calculating additional costs associated with poverty, learning English as a second language, middle and high school grades, school size, and geographic isolation. The challenge, as you discovered in the last six months, is finding the fairest way to distribute money to cover those added costs.

One of the strengths of Vermont's unique school funding system is the control local communities have over their own spending. The system gives communities equal access to funds, regardless of their wealth, but local voters determine their per-pupil spending, which in turn determines their tax rates. This system, while preferable to more centralized control, produces disparities. Some communities spend more per pupil than others for many different reasons. Because the original University of Vermont Weighting Report proposed a dramatic increase in weights—for example, nearly a 12-fold increase in the weight for a student in poverty—the Task Force was right to examine how weights actually work within Vermont's school funding system.

Weighting not only increases funding for certain targeted students, it also increases the gap between districts with disparate spending per pupil. Looking at the dollars going to districts where there is already a gap in per-pupil spending, we see that the higher-spending district gets a bigger boost and the gap grows wider when weights are applied. (Please see example below.)

	Without weighting			With weighting				
	LTADM poverty (A)	Spending Per LTADM (B)	Total spending (A * B) (C)	Added poverty pupils (A * 1.03) (D)	Weighted poverty pupils (A+D) (E)	Equalized pupils (E * .63729) (F)	Spending Per Eq Pup (G)	Total spending (F * G) (H)
School A	5.00	\$10,000	\$50,000	5.15	10.15	6.47	\$10,000	\$64,685
School B	5.00	\$20,000	\$100,000	5.15	10.15	6.47	\$20,000	\$129,370
		Spending gap	\$50,000				Spending gap	\$64,685

This is an important consideration when determining the fairest way to distribute funds to cover the additional costs associated with educating students in certain categories or school districts. When distributing additional funding to these target groups or districts, weights direct a disproportionate share to districts that spend more per pupil.

The cost equity payment model you have developed addresses this problem. By allocating an average amount to students in each weighting category, the cost equity payments would provide the same additional amount per targeted pupil to both lower- and higher-spending districts, which would have the effect of narrowing disparities.

We listened on Friday to the questions raised about potential weaknesses of cost equity payments. We also followed the Task Force discussion in the afternoon, and we agree with committee members who pointed out that cost equity payments and weights carried the same risks.

- If student demographics change and require an adjustment in cost equity payments, those same demographic changes would require adjustment to pupil weights.
- The costs underlying the cost equity payments will be derived from pupil weights. Therefore the costs to the system will be the same. If they produce competition for resources, the competition will occur with either approach.
- Weights would be just as susceptible to “legislative manipulation” as cost equity payments—or the current system. What will reduce this risk is the creation of an outside advisory panel with expertise and familiarity with Vermont school funding system. We support the Task Force recommendation to create such a body.

We also support your approach to funding for English Language Learners (ELL). As some Task Force members pointed out, the skewed distribution of ELL around the state raised questions about the accuracy of costs calculated through regression analysis. And while no one appeared on Friday to support your approach to ELL funding, we would urge you to review testimony in early October from Lynne Pekala Manley, director of Teaching and Learning for Milton Town School District, and Libby Bonesteel, superintendent for Montpelier Roxbury Public Schools. Both spoke in favor of specific dollar allocations over weights.

Finally, we offer a couple of observations on the Task Force discussion about education costs and whether weighting might increase spending. A question frequently asked in Vermont is why the cost of education has risen when enrollment has fallen. What the weighting study tells us is that we have been understating our weighted pupil population and therefore the full cost of education. Instead of 92,000 weighted students—using our current weights—we have the equivalent of 137,000 students when we take into account the addition costs for poverty, ELL, grade weights, school size, and geographic isolation. The message from the weighting study is that certain school districts need additional resources. It seems unlikely that the other school districts will conclude that they now spend too much and should cut back.