

Comments on the Draft Report

Testimony To: Task Force on the Implementation of the Pupil Weighting Factors Report

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Date: December 10, 2021

I want to thank the Task Force for its work. The issues you studied and provided recommendations on are some of our most complex education policy issues. I think the draft report reads well and strikes a nice balance between surfacing actionable options while also sharing the detail behind those options to support further analysis.

The draft report was issued two days ago, so I have not had much time to review the report in depth. I thought I would take this opportunity, however, to offer some preliminary comments and observations knowing you are quickly moving towards a final version of the report for publication.

Comments

1. Cost Equity Payment Option – The Cost Equity Payment option is an interesting option and deserves more study beyond its impact on equalization. The draft report highlights the complexity of Vermont’s education finance system and a concern over transparency for voters. Complexity and transparency are related variables to a certain extent since the goal of equalization requires some complexity which in turn impacts the ability of voters to understand what they are voting on. A related dimension that I think is missing from much of the narrative of the draft report is cost containment. This stands out to me as a significant omission since many of the more recent legislative innovations related to our education finance system (e.g., Act 82 two vote, mandating specific warning language for budget votes, etc.) pertained to a concern over rising costs while the number of pupils was declining significantly. It is not clear to me how Cost Equity Payments would function from a cost containment perspective. I think it is important to understand this better, particularly if there is interest in suspending the excess spending penalty for implementation purposes. The penalty has been one of the few mechanisms to be successful in cost containment over the years.
2. Categorical Grants – The draft report contains a useful discussion of categorical grants. The report links out to a review of how categorical grants function as local revenues in the formulation of school district budgets and Education Spending amounts. I think the

report could be clearer, however, in its explanation around the source of funding for proposed categorial grants, and how the use of such grants is connected to the goal of equalization. In a true foundation aid system, categorial grants are essentially supplemental funding provided by the state on top of a foundation amount. Under Vermont's education finance system, however, categorial grants are not necessarily supplemental since they are also funded from the Education Fund. Using categorial grants instead of pupil weights could lead to a recursive equity problem if the districts receiving the categorial grants are also paying for them in a regressive or non-equitable manner.

3. I support the elimination of the Small Schools Grant in favor of a sparsity weight and a consideration of rural population density. The implementation of such a weight, however, needs to be considered relative to the maintenance of the Merger Incentive Grant program. Some districts might inadvertently benefit from both programs at the same time if a transition process is not created that considers both programs.
4. English Language Learners Categorial Aid – It could be problematic to single out this group of students for a different equalization approach from a civil rights perspective. If a categorial grant is utilized, the amount of funding needs to be adequate to support the true costs of educating these students.
5. I support a modification of the current PreK weight and agree this deserves further study before implementation. There is likely to be new federal investment in PreK under the proposed Build Back Better Act. It might be a good opportunity to consider shifting PreK funding to a categorial grant to better target aid based on regional variations of need.
6. I agree it will be critical to consider the phased implementation of revisions to the larger funding system while districts are simultaneously making the transition to a special education block grant funding system as required by Act 173. Now that the financial regulations for Act 173 implementation have been finalized and potential changes to the larger funding system are coming into focus, it will be important to go back and evaluate to what extent the combination of a special education block grant and revised pupil weights provides sufficient funding for districts with higher numbers of students with disabilities.
7. #6 in the section under Additional Recommendations points to the need for a standard method to set public school tuition. I think such a method already exists. It would be very challenging to incorporate weights into a variable tuition cost calculation since the basis for equalized pupil amounts is a two-year average of ADM, and patterns of attendance for students supported by tuition can vary by semester to semester in any given school year.

8. I think the idea of an Education Tax Advisory Committee to oversee periodic updates to the funding system has merit.