

Summary of Findings from Study of Pupil Weights in Vermont's Education Funding Formula

Presentation to the Vermont School Boards Association

June 4, 2020

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Legislative Request

- The Vermont Agency of Education (AOE) was directed, under Section 11 of No. 173 of the 2018 Acts and Resolves of the Vermont General Assembly (Act 173) to undertake a study that examines and evaluates whether:
 - The **current weights** for economically-disadvantaged students, English language learners (ELL), and secondary-level students **should be modified**
 - **New cost factors** and **weights** should be incorporated into the equalized pupil calculation; and
 - The **special education census grant should be adjusted** for differences in the incidence of and costs associated with SWD across school districts.

Differences in the Cost of Education

- States are **responsible for ensuring equal educational opportunities** for all students. However, equal opportunity **does not** necessarily translate to **equal educational resources**.
 - Students come to school with **dissimilar learning needs** and socioeconomic **backgrounds** that may **require different** types and levels of **educational supports** for them to **achieve common outcomes**.
 - **Schools in different contexts** may also require **different levels of resources** to provide **equal opportunities** – e.g., **scale of operations** or the **prices** they must pay for key **resources**.

Adjusting for Differences in Educational Costs

- **ALL** state education funding formula include adjustments for differences in educational costs across school districts.
- This is accomplished by:
 1. Identifying **specific factors** that account **differences in educational costs** across districts
 2. Developing policies that **direct state aid** in ways that **offset (or equalize) cost differences** across school districts

Vermont's School Funding Policy

- The State's existing policy largely relies on localities to make appropriate adjustments to their annual budgets for cost factors and then adjusts for differences in costs in its funding policy through:
 1. **Categorical grants** that provide supplemental funding for specific programs or services.
 2. **Weighting** a district's average daily membership for cost factors, and then **using districts' weighted membership to equalize local per pupil spending** for the purpose of calculating **local tax rates**.

Weighting

Vermont's education funding formula uses **weights** to **calculate the number of equalized pupils** in a school district.

Specifically, the weights:

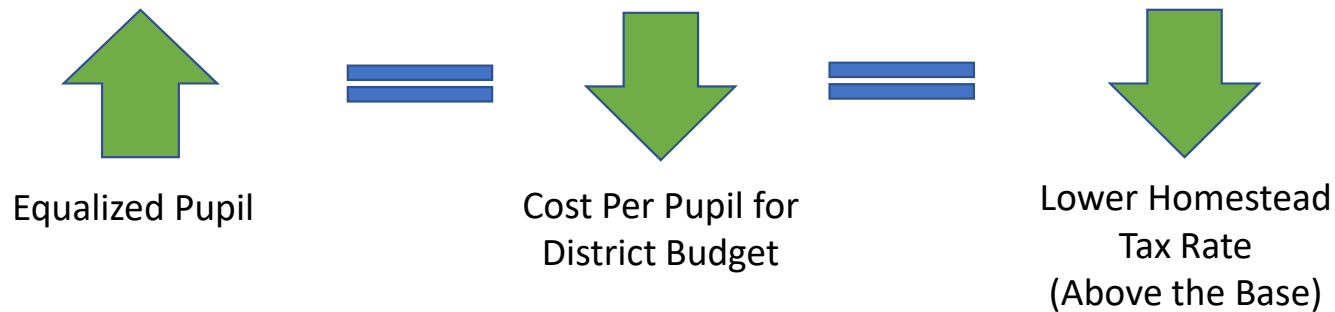
- **Implicitly adjust** for spending differences by equalizing per pupil spending across districts according to differences in educational costs
- **Impact local tax burden** to pay for the additional cost of ensuring all students achieve common educational standards

Weights DO NOT generate additional state revenue for local school districts; rather they impact local tax capacity to generate education-related revenues

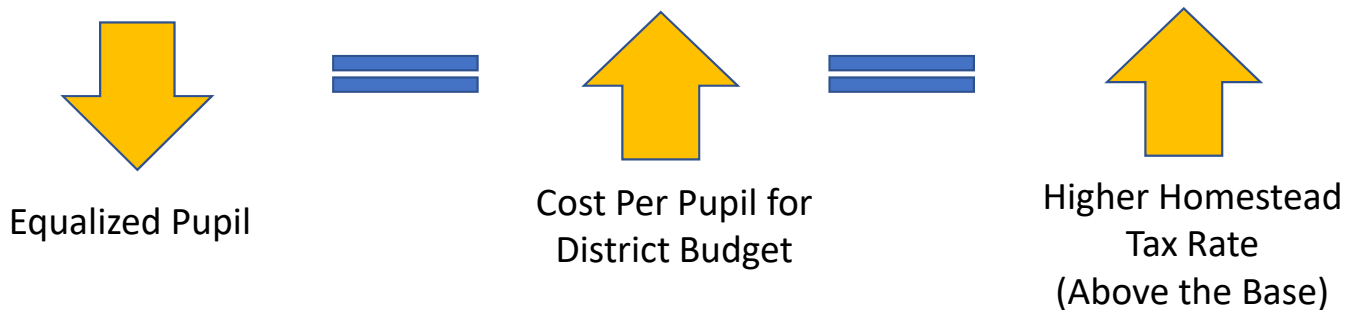
Impact of Equalized Pupil Calculation on Tax Rates

Assuming the same level of education spending in a school district, the number of equalized pupils in a district impacts local tax capacity.

Example 1



Example 2



Existing Weights

- Currently, Vermont recognizes four categories of students that are presumed to have higher or lower costs (current weighting in parentheses):
 - 1. Economically-disadvantaged students (1.25)**
 - The value of the weight predates the passage of Vermont Act 60 (1997)
 - 2. English language learners (ELL) (1.20)**
 - The value of the weight predates the passage of Vermont Act 60
 - 3. Secondary students (grades 7-12) (1.13)**
 - 2017 AOE report evaluated secondary weight and found a ratio of 1.18 between secondary and elementary per pupil spending (when elementary spending was about 1.0)
 - 4. Pre-kindergarten students (0.46)**

Stakeholder Perspectives on Cost Factors & Weights in Vermont's Existing Formula

- There was agreement among stakeholders that:
 1. The **cost factors** incorporated in the calculation **do not reflect current educational circumstances**.
 2. The **values** for the existing **weights** used to calculate districts' equalized pupil counts have **weak ties** with the actual differences in the **costs for educating students** with disparate needs or **operating schools in different contexts**.
 3. The State's **Small Schools grant** program is **problematic** in its design and current operation
 4. There is a **need for specific and targeted grant aid** to support schools struggling to meet different and increased levels of student need due to **childhood trauma** and **mental health concerns**.

Stakeholder Perspectives on Special Education Census Block Grant Calculation

- Stakeholders were **mixed in their perspectives** on the **need for potential adjustments** to the census grant calculation for differences in student poverty across school districts.
 - In their words:
 - At one end of continuum, *“The sky is not going to fall.”*
 - At the other end of continuum, *“The correlation between poverty and disability is strong.”*
 - Somewhere in the middle, *“It’s too soon to tell whether the grant will be a problem.”*
- Stakeholders who were concerned about how the census grant will be calculated also recognized that, in part, their **apprehension** was **tied to concerns** about challenges with the **existing system for weighting pupils**.

For example:

- If the weight for poverty was adjusted to reflect what they thought was the *“true differential in costs”* in educating economically-disadvantaged students and students with complex socio-emotional needs stakeholders indicated they would be *“more comfortable”* with the existing census grant calculation.

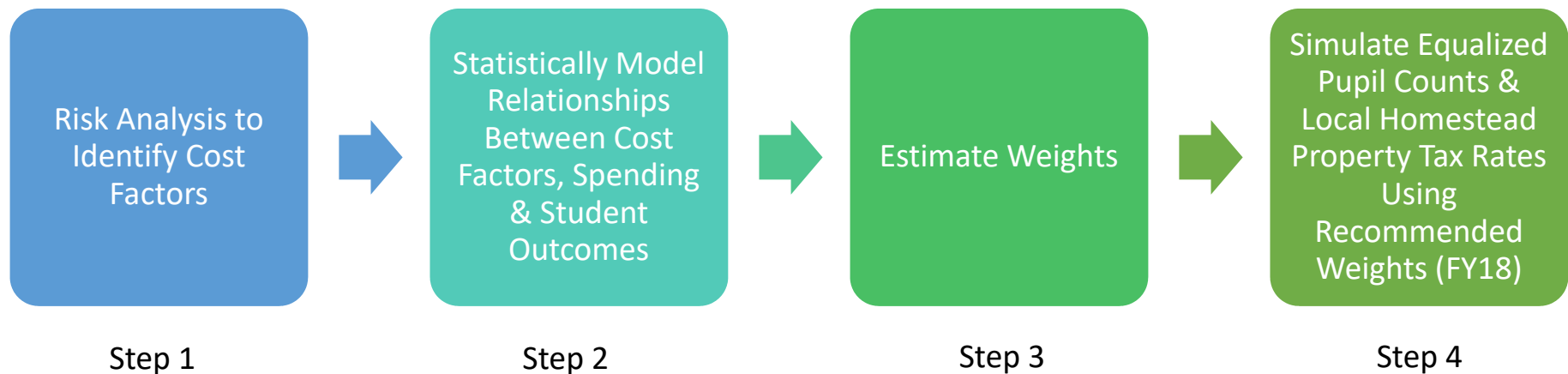
Stakeholder Perspectives on Small Schools Grant

- Stakeholders were **uniformly opposed** to continuing the Small Schools grant program.
 - In the words of one stakeholder, *“Everyone is looking for a better way forward.”*
- Nearly all interview participants viewed the Small Schools grant program as **fundamentally at odds with the policy goals articulated in Act 46.**
- There was general agreement, however, that the state needs to support **geographically-necessary small schools.**
 - In the words of one stakeholder, *“We don’t want to create disincentives with respect to Act 46 – but, we want to address factors that stress schools and impact risk to equal opportunity.”*
- In general, stakeholders felt that **incorporating weights** for **school size** and **“rurality”** in the equalized pupil calculation would **alleviate concerns** related to eliminating the Small Schools grant program.

Other Considerations Identified by Stakeholders

- Concerns about the impact of Vermont's **Early College Program (ECP)** on a districts' long-term weighted membership.
 - General consensus that ECP students **should be counted** in a district's weighted long-term membership as a **fraction of a full FTE student**, as opposed to the existing practice of not including them at all
- Underlying concern that efforts to **update the equalized pupil calculation** to better reflect costs and introduce "*more equity into the system*" **may not translate** to increased levels of spending in districts with higher need.
 - In some low-spending districts, additional tax capacity generated by a higher equalized pupil count would be seen as an **opportunity to reduce taxes, rather than increase spending**.

Analysis Steps



Cost factors & weights were empirically-derived using sophisticated statistical models, based on national, regional and state education spending data.

Identified Cost Factors

- **Five cost factors** were identified that are related to differences in educational costs across Vermont school districts.
 1. Percentage of students who are **economically disadvantaged**
 2. Percentage of students who are **ELL**
 3. Percentage of students who are enrolled in the **middle-** and **secondary-grades**
 4. Indicators for **geographically-necessary small schools**
 5. **Population density** of the community in which a district is located

Recommended Weights for Equalized Pupil Calculation

- Recommended weights were derived from the **Vermont-specific school-level models**.
- Weights derived from the school-level model were **most consistent** with those derived using data for **districts in the Northeast region**, particularly the weights for economic disadvantage and ELLs.

Cost Factor	Measure	Weight Value	
		Existing Weight (1)	Weights Recommended by Cost Function Models (2)
Student Needs	Poverty Rate (AOE)	0.25	2.97
	% of ELLs	0.20	1.58
Context			
Enrollment	<100 Students		0.26
	101–250		0.12
	Population Density		
Population Density	<36 Persons per Square Mile		0.23
	36 to <55		0.17
	55 to <100		0.11
Grade Range	% Middle Grades Enrollment		1.23
	% Secondary Grades Enrollment	1.13	1.20
	Pre-kindergarten	0.46	

The decision to adopt weights from column 2 assumes that policymakers decide to: 1) not make adjustments to the SPED census grant at this time; or 2) adjust for differences in special education costs by modifying the census block grant calculation.

Conclusions

- **Vermont's approach to adjusting for differences in educational costs across school districts has remained relatively unchanged for the past 20 years.**
 - Stagnation in the State's education funding policies has been a source of concern.
 - Existing policies are **widely viewed as outdated** and falling short of equalizing educational costs across school districts and, by extension, opportunities to learn for students across the state.
 - The manner in which the state currently calculates the number of equalized pupils in a school district has been criticized for being **out of step with contemporary educational conditions**.
 - Existing funding programs **fail to recognize significant shifts in the State's educational policies** and practices.
 - Policies such as the Flexible Pathways Initiative, including ECP, pose new challenges for how the state counts the number of students for which a district is responsible.

Conclusions

- Findings from this study suggest that it is **time to incorporate new cost factors and weights** into Vermont's education funding formula.
 - Findings suggest that **existing weights for economically-disadvantaged and ELL students fall far short of appropriately adjusting for the cost** of educating these students to standards
 - **New cost factors for school size and population density** could replace the existing Small Schools grant program.
 - **Refining the secondary school weight**, to include middle- and secondary-level adjustments better align weights with educational policy and practice.

Conclusions

- **Modifying** the equalized pupil **calculation**, however, **may not translate** to increased levels of spending in districts with higher need.
 - The additional tax capacity generated by a higher equalized pupil count may be seen as an **opportunity to reduce taxes** rather than increase spending.
 - Need for **new sources of categorical state aid** for student **mental health** and trauma-based instruction.