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# Pupil Weighting Task Force Recommendations Overview

— Co-Chairs Senator Ruth Hardy & Rep. Emilie Kornheiser  
Senate Finance and House Ways & Means Committees  
January 6, 2022 —

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# Task Force Membership

Committees on Education  
Senate Finance Committee  
House Ways & Means Committee

## Co-Chairs

Senator Ruth Hardy

Representative Emilie Kornheiser

## Senate Members

Sen. Randy Brock

Sen. Cheryl Hooker

Sen. Andrew Perchlik

## House Members

Rep. Scott Beck

Rep. Peter Conlon

Rep. Kathleen James

# Task Force Charge

**2021 Act 59**

**Ensure all public school students have equitable access to educational opportunities**

- Weighting Calculations & Values
  - Categorical Aid Possibilities
  - Poverty Measurements
  - Mathematical Functions
  - Education Quality Standards
  - Transition Mechanisms
  - Special Education/Act 173
  - Consider Acts 60, 68 & 46
  - Tax Equity Considerations
  - Excess Spending Threshold
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# Task Force Process

- June - December 2021
  - Staffed by JFO, AOE & Leg Counsel
  - 12 official meetings, 2 public hearings
  - 50+ witnesses, 70+ public comments
  - Foundational & historical understanding of VT school finance
  - Policy decisions based on analysis & data - not printout wars!
  - Close communication with Pupil Weighting Factors Report authors
  - Curiosity & desire to create the best system possible
  - Bipartisan, collaborative, collegial
  - Unanimous approval of final report
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# Core Values Guiding Task Force Work

- Commitment to equity for taxation *and* resource allocation
- Focus on providing equitable resources to *every school district in the state*
- Acknowledgement that we are working in a time of crisis
- Preserve the equity already embedded in current system
- Understand and prevent unintended consequences
- Ensure appropriate accountability, evaluation, and oversight
- Improve transparency and simplicity
- Develop a fair and smooth transition to the new financing mechanisms, so districts with reduced taxing capacity can manage budgets and tax rates, while districts that gain taxing capacity can adequately plan how to leverage new resources

# Systemic Change Recommendation Options

## Option 1: Pupil Weighting

*Adopt general set of school-level pupil weights all applied using an additive mathematical function*

- Students living in poverty
- Middle and high school students
- Small schools with fewer than 250 or 100 students
- Sparse school districts with population density below 100, 55, or 36 persons/sq mile

## Option 2: Cost Equity Payments

*Adopt general set of cost equity payments derived from pupil weight cost equivalents. Conduct further analysis to determine payment amounts & impacts on school districts*

- Students living in poverty
- Middle and high school students
- Small schools with fewer than 250 or 100 students
- Sparse school districts with population density below 100, 55, or 36 persons/sq mile

# Further Recommendations to Accompany Systemic Options

**English Language Learners Categorical Aid** - create targeted funding to benefit all schools with ELL students & eliminate pupil weight

**Counting Students Living in Poverty** - change measure from SNAP enrollment to free- and reduced-priced lunch enrollment, then universal income declaration form

**Small School & Merger Support Grants** - eliminate small school grants & use weights, maintain merger support grants for districts that don't qualify for weight

**Transition Mechanisms for Changes** - 5-year phase-in, suspend spending threshold during transition, consider using Education Fund surplus

**Education Tax Advisory Committee** - create entity to oversee updates to weights or cost equity payments; create consensus process with JFO & AOE

**Comprehensive Evaluation Mechanism** - do changes improve student outcomes and equity of opportunity?

**Unified income-based taxation system for K-12 education funding** - eliminate homestead property taxes for education and replace with unified local income tax system

# Additional Recommendations

- Monitor implementation of Act 173 special education block grants
- Education Quality Standard process & oversight
- Property tax credits correspond with current-year tax bills
- Monitor Act 45 childcare financing study & pre-kindergarten weight and Act 72 school facilities study work
- Early College Program fractional weight consideration
- Explore creation of student mental health/trauma-informed instruction grant



# Background on VT School Funding System



- Brigham decision and Act 60 & Act 68 - strong & successful focus on taxpayer equity. One of most equitable systems in country.
- State Education Fund - statewide shared fund with multiple revenue sources, that is essentially “self-balancing”
- Strong local control of school spending decisions - school boards & local voters determine school district budgets
- Combination of pupil weights (equalized pupils) and categorical aid (targeted funding) address student needs
- Complexity & collectivity of system enhances equity, creates confusion, and means any changes deliver ripple effects that impact every school district and taxpayer in the state
- Act 46 school governance changes and expansion of educational opportunities through initiatives including universal PK, curricular pathways, and special education changes

# Task Force Weights Recommendations

Category	Type	Current Value	Proposed Value
<b>Student Needs</b>	Poverty	0.25	1.03
	English Language Learners (ELL)	0.2	NA
<b>Grade Range</b>	Middle Grades Enrollment (6–8)	NA	0.36
	Secondary Grades Enrollment (9–12)	1.13	0.39 <sup>1</sup>
	Pre-Kindergarten	0.46	TBD
<b>Enrollment</b>	<100 Students	NA	0.21
	101–250 Students	NA	0.07
<b>Population Density</b>	<36 persons/square mile	NA	0.15
	36 to <55 persons/square mile	NA	0.12
	55 too <100 persons/square mile	NA	0.07

Note: Not a decrease in weight, but a shift from base of one to base of zero. Weights based on 10/28/21 memo.

# Example Cost Equity Payment Amounts

Category	Type	Weight	Per Pupil Cost Equity Payment
<b>Student Needs</b>	Poverty	1.03	\$10,664
	English Language Learners (ELL)	NA	NA
<b>Grade Range</b>	Middle Grades Enrollment (6–8)	0.36	3,727
	Secondary Grades Enrollment (9–12)	0.39	4,038
	Pre-Kindergarten	TBD	TBD
<b>Enrollment</b>	<100 Students	0.21	2,174
	101–250 Students	0.07	725
<b>Population Density</b>	<36 persons/square mile	0.15	1,553
	36 to <55 persons/square mile	0.12	1,242
	55 to <100 persons/square mile	0.07	725

# Tax Capacity, Resource Allocation, and Local Control

## **Pupil Weights Shift School District Tax Capacity, Not School District Spending or Resource Allocation**

*Tax capacity:* the ability of a school district to decrease its tax rate without reducing its spending *or* the ability of a school district to raise additional tax revenue without increasing its tax rate.

*Local Control:* Individual communities determine the balance between spending and tax rates. New weights would impact local decision-making, but new weights would not change the reality that different school districts have different spending priorities, cultures, and taxing tolerances.

# Pupil Weighting Approach

## Pros

- Maintains current system and familiar framework
- Dynamic to differential budget needs of local school districts
- Adjusts for inflation more easily
- Maintains local control of spending priorities and decisions

## Cons

- Does not guarantee additional funds will be approved by voters or spent on the area of need
- Magnifying impact, benefitting higher-spending districts
- Differential weights for areas of need means larger weights offset impact of smaller weights
- Equalized pupil calculations are confusing to voters
- May increase overall education spending

# Cost Equity Payment Approach

## Pros

- Delivers payments to districts that reflect the per pupil cost for different categories of need.
- Maintains ability for districts to spend additional funding as desired.
- Simplifies formula by eliminating equalized pupil calculation
- Improves transparency and accountability

## Cons

- More extreme tax impact on school districts
- Unknown unknowns
- Not sensitive to differential local budget needs or marginal costs
- Needs regular recalibration or inflation adjustments
- May increase overall education spending

# English Language Learner Categorical Aid

- Growing # of school districts & students requiring ELL services
- Currently concentrated in a few districts with large # of students and a growing # of districts with a small #s of students
- Pupil weight calculation less consistent than other weights
- Per pupil ELL spending highly variable across the state
- Weights do not ensure additional funding is spent on a specific area of need, a targeted categorical aid program does
- Identifiable costs for a specific program or purpose
- Desire for accountability to ensure sufficient funds are spent on ELL students regardless of district location, program size, or # of ELL students
- Important to identify accurate & adequate per pupil grant amount
- Avoids difficult local discussions about race, culture, and immigration status when determining school budgets
- **Statewide commitment to equitable education for all ELL students, including immigrants, guest workers, and refugees**

# Measuring Poverty

- Change measure from SNAP enrollment (current law) to free- and reduced-priced lunch enrollment (available data), then universal income declaration (best practice).
- Change in measurement tools, not income levels. Both are set at 185% of FPL.
- School-based program with local control of administration.
- More accurate measure of students in need.



# Small School and Merger Support Grants

## Replace small school grants with weights for:

- Pupils in schools with fewer than 100 students (.21)
- Pupils in schools with 101–250 students (.07)
- Schools must be in a school district where the population density is less than 55 people per square mile
- Weights only apply to pupils in the small school, not all students in the district

## Maintain merger support grants for:

- Districts that merged through community vote
- Districts merged through State Board of Education order

Districts that qualify for small school weights do not maintain merger support grants

# Transition Mechanisms

- Tax Rate Mitigation: 5-year phase-in of equalized pupils or tax rate changes and/or use of Education Fund surplus to cushion
- Suspend Excess Spending Threshold and Hold Harmless Provisions during transition period: per pupil spending could change significantly with changes in equalized pupils and education spending throughout the state
- Transition Property Tax Credit to Current Year
- Pay attention to total statewide school spending - changes could be a cost driver. Reinstate spending threshold at known level and time
- Move to a fully income based education tax

# Income Tax for Education Funding

## Current Property-Income Tax System

- 70% Vermonters qualify for homestead property tax credit due to lower income and therefore pay education taxes based on income
- 30% Vermonters pay homestead property taxes on the property value of their primary residences
- Businesses, 2nd homeowners, other non-residential property owners pay non-homestead property taxes

## Unified Individual Income Tax System

- All Vermont residents pay local income-based education tax
- All non-residential property owners continue to pay non-homestead property taxes

# Education Quality Standards & Accountability

- Ensure all Vermont students receive high-quality education
- Continuously verified through a formal oversight process and measurable education quality standards
- Provide AOE with positions and resources necessary to support school districts in maintaining and verifying education quality
- Ongoing work of AOE, SBE, school districts, Education Committees

# Special Education Block Grant - Act 173 Transition

- Act 173 passed in 2018, moving from a reimbursement to a census block grant system for funding special education, as well as funding flexibility and significant professional development & best practice expectations
- Implementation delayed twice by Legislature - AOE readiness & COVID
- Pupil Weighting Factors Report analysis of possible changes to block grants based on potential link between poverty & demand for special education services
- Report cautions against conclusion that changes to the block grants are necessary due to lack of causal evidence & likely sufficient aid amounts
- *Task Force chose not to make any recommendations for changes in special education block grants*

# Program Review - Did this accomplish desired outcome?

## **Build in an evaluation mechanism:**

- (1) whether, and the extent to which, each of the goals of equity, simplicity, and accountability (or other goals) have been met;
- (2) how these goals should be measured - a singular outcome was used for Pupil Weighting Factors Report analysis (standardized test scores)
- (3) if a goal has not been met, the reasons for the failure and recommendations to achieve that goal; and
- (4) the fiscal impact of the legislation, including the cost of implementing the goals.

# Other Issues for Further Review

- Pre-Kindergarten weight is likely inadequate. Childcare financing study due in 2023 should address this issue.
- Tuitioning - standardized statewide calculation for announced tuition
- School Facilities/Construction - important to equity. Facilities analysis and needs assessment underway.
- Early College (and CTE) - potential fractional weight and further analysis of funding options
- Student Mental Health & Trauma - potential for grant program to address growing need, particularly following pandemic

# Conclusion and Next Steps

- Further legislative analysis on both updated weights & cost equity payment options
- Additional analysis from original report authors & other education finance experts.
- Updated modeling for all school districts & new modeling for individual taxpayers - data is now available
- Dividing components among committees of jurisdiction - most individual recommendations can proceed separately
- Monitor work of other study groups (childcare, facilities, etc) & implementation of new programs (special education)
- Ensure AOE has sufficient resources to support schools in critical areas
- Work to improve equity outside of school system too (housing, health care, social programs, etc.)
- Be conscious of impact of changes on total cost of K-12 education in Vermont
- Be aware of fatigue & stress on schools, personnel, students & families due to pandemic