

Pupil Weights and PreK in Vermont's Education Finance Formula

Julia Richter, Fiscal Analyst, Joint Fiscal Office
House Committee on Education
April 18, 2023



JFO

1 Baldwin Street • Montpelier, VT 05633-5701 • (802) 828-2295 • <https://jfo.vermont.gov>

Outline

- Review of pupil weights
- Example of applying pupil weights to a district's pupil count
- Considerations of pupil weights
- PreK in the Education Fund



Review of pupil weights



Review of Pupil Weights

- Pupil weights adjust student counts to account for the variation in costs incurred by schools serving different student needs or circumstances
- After Average Daily Membership (ADM)¹ is reported, weights are applied to certain types of students to account for the potential higher costs to school districts to educate these students



Note: 1) ADM is Average Daily Membership (ADM) is a count of resident and state-placed students who receive an elementary or secondary education at public expense (16 V.S.A. § 4001)

JFO

1 Baldwin Street • Montpelier, VT 05633-5701 • (802) 828-2295 • <https://jfo.vermont.gov>

Review of the Adjustment to Homestead Tax Rates Based on Locally-Voted Education Spending Per Equalized Pupil

Recall:

- After voters approve the school budget, the homestead property tax rate and income tax rate are adjusted by education spending per weighted long term average daily membership (WLT ADM)

$$\text{Education spending per equalized pupil} = \frac{\text{Education spending}}{\text{WLT ADM}}$$

$$\text{Spending adjusted equalized property tax rate} = \$1.00 \times \frac{\text{ed. spending per WLT ADM}}{\text{property yield}}$$

$$\text{Spending adjusted equalized income tax rate} = 2.0\% \times \frac{\text{ed. spending per WLT ADM}}{\text{income yield}}$$



Act 127 Adjusted and Added Pupil Weights

- Pupil weights adjusted for:
 - Grade levels
 - Students from economically deprived backgrounds
 - English language learners
- Pupil weights added for:
 - Low population density districts
 - Small schools

Changes are effective FY 2025 (school year 2024/2025)



Act 127 Adjusted Pupil Weights

Weighting category		Weight
Grade level weights	PreK/EEE	-0.54
	K-5	0
	6-8	0.36
	7-12	0.39
Poverty weight		1.03
EL weight		2.49
Sparsity weight <i>(Number of people in district)</i>	< 36 persons	0.15
	36 – 54 persons	0.12
	55 – 100 persons	0.07
Small school <i>(Only applicable for districts also receiving sparsity weight <55 persons)</i>	< 100 pupils	0.21
	100 – 249 pupils	0.07



Example of applying pupil weights



Example of the process for determining the weighted pupil count of a district

Example of determining weighted pupil count of “District A” and “District B”:

1. First, determine long-term average daily membership (LT ADM) as an overall student count
 - Long-term membership is essentially the mean average of the district’s average daily membership over two years

• *Example:*

	District A	District B
LT ADM	120	120

2. Next, apply weights to the LT ADM of certain types of students to account for potential varied costs incurred by schools serving different student needs or circumstances
 - *Example on next slide*
3. Finally, add the LT ADM (calculated in Step 1) and the weighted pupil count (calculated in Step 2) to calculate the total Weighted LT ADM (WLT ADM)



Example of applying weights to LT ADM for District and District B

a.		b.	c.	d.	e.	f.
Weighting category		Weight factor	District A LT ADM	District A Weighted pupils	District B LT ADM	District B Weighted Pupils
Grade level weights	PreK/EEE	-0.54	15	-8	10	-5
	K-5	0	30	0	50	0
	6-8	0.36	30	11	25	9
	7-12	0.39	45	18	35	14
Poverty weight		1.03	30	31	10	10
EL weight		2.49	4	10	4	10
Sparsity weight <i>(Number of people in district)</i>	< 36 persons	0.15	-	-	-	-
	36 – 54 persons	0.12	120	14	-	-
	55 – 100 persons	0.07	-	-	-	-
Small school <i>(Only districts receiving sparsity weight <55 persons)</i>	< 100 pupils	0.21	-	-	-	-
	100 – 249 pupils	0.07	120	8	-	-
LT ADM			120	84	120	38
Total Weighted LT ADM				204		158



Interpreting Example of District A and District B

- In this example:
 - District A and District B have the same LT ADM
 - District A has more weighted pupils than District B
- All else equal, this means:
 - If District A and District B have the same education spending, than District A will have a lower locally adjusted homestead tax rate
 - District A can have higher levels of overall education spending than District B while maintaining the same locally adjusted homestead tax rate



Considerations of Pupil Weights

- Pupil weights directly impact a district's taxing capacity, *not* the amount of funding a school district receives
- Pupil weights do not limit how district funds must be spent
- Act 127 changed and/or adjusted pupil weights across all categories except for PreK



PreK Funding



PreK is funded through the Education Fund

- Public PreK costs are funded through the statewide Education Fund
- In FY 2022, approximately \$64 million could be attributed to “PreK Expenditures” in the Education Fund
- The cost of public PreK is part of each school district’s locally approved budget

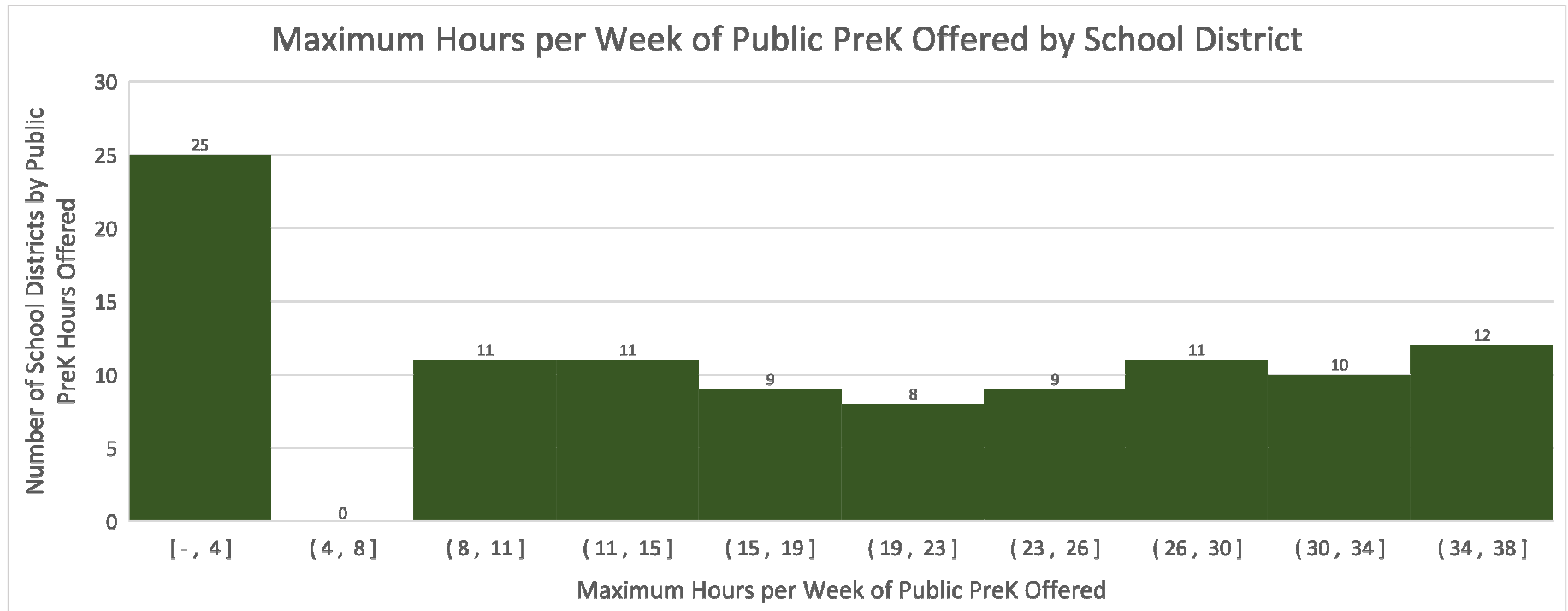


PreK Offerings and Expenditures Vary Widely by District

- PreK costs and offerings vary by school district decisions and parent decisions
 - Parents may choose to enroll their PreK child in the prequalified program operated by the school district where they live
 - Some school districts offer full day PreK programs, others do not.
 - Parents may choose to enroll their PreK child in a prequalified public or private program other than a program operated by school district where they live.
 - The law sets a specific amount that district will pay for the first 10 hours of PreK education.
 - In FY 24, the PreK Tuition Rate is \$3,764 for 10 hours per week for 35 weeks annually.



Public PreK Hours Vary By District



Notes:

- This chart only refers to the hours of public PreK and does not include hours at private providers.
- These data were collected from an informal survey of business managers and should not be considered comprehensive.

Source: Informal survey of business managers by AOE; Analysis by JFO



PreK Pupil Weights and District PreK Costs Directly Impact Local Tax Rates

- PreK directly impacts a district's locally adjusted tax rate in two ways:
 - A district's number of PreK students and the PreK pupil weight, and
 - The level of education spending attributable to PreK costs
- A -0.56 pupil weight is applied to all PreK students in each district
 - Weight is applied regardless of whether the school district offers the 10 hours of PreK or more
- The cost of PreK is part of each school district's locally approved budget
 - This cost is generally included in a school district's "education spending"



Considerations of PreK Funding in the Ed Fund

- Regardless of the district's PreK offerings, all school districts have the same PreK pupil weight
 - For example, two districts with the same number of PreK pupils will have the same weighted PreK pupil count
 - A district that offers a full day PreK program, and a district that provides tuition for 10 hours per week for 35 weeks annually use the same PreK pupil weight to calculate WLT ADM
- All else equal, the more a district spends on PreK, the higher its locally adjusted homestead property tax rate
 - This is also true with other education spending decisions and corresponding tax impacts in the Education Fund



Questions?



Resources

- AOE Universal Prekindergarten: Funding:
 - <https://education.vermont.gov/student-support/early-education/universal-prekindergarten-act-166/funding>
- Act 127 (2022):
 - <https://legislature.vermont.gov/Documents/2022/Docs/ACTS/ACT127/ACT127%20As%20Enacted.pdf>
- Overview of Education Finance in Vermont:
 - https://ljfo.vermont.gov/assets/Subjects/Education-Finance-101/f8ce800b5a/GENERAL-364387-v1-Ed_Finance_101_W+Ms.pdf

