Issues with Transferring ADM for Public High School Choice Students

1. Special education – who pays?
    a. Current law specifies the sending high school district (i.e., the resident district) shall pay the ~40% local share of special education costs – 16 V.S.A. § 822a(g)(1).
    b. Removing the ADM count from the resident district will artificially inflate the spending per pupil figure and the homestead tax rate if special education costs remain with the resident district.
    c. Should the receiving high school district assume special education costs?
    d. Will this conflict with federal law?
2. Distribution of federal IDEA B funds and State special education mainstream block grant – ADM is used for distribution of both to school districts.
    a. Transferring ADM from the district of residence to the receiving district may not work under federal law.
    b. Unless the receiving district assumes the special education costs, the receiving district will be receive more funds than it should due to the transferred ADM while the sending district (the actual district of residence) will receive less while still incurring the costs.
3. Transferred ADM to a union school district would require an allocation method for the member towns.
    a. Equalized pupil counts are based on ADM.
    b. Both equalized pupils and ADM are currently by district of residence.
    c. Union district tax rates are prorated to the member towns based on the ratio of any given member town's equalized pupils attending the union district to the total equalized pupils for that member town.
    d. ADM counts transferred to the union district from non-member towns would need to be allocated across the member towns by some method.
        i. The 20-day census count upon which ADM is based is by district of residence.
        ii. Transferring the ADM count would likely require redesigning the AOE data collection system, which would not be trivial in terms of both time and staff resources.
4. There may be an effect on phantom equalized pupils.
    a. Transferring ADM could potentially create phantom pupils in the district of residence.
    b. If the receiving district's equalized pupil count is capped at 3.5%, the increased ADM will have no impact.
5. Current law specifies the sending district will pay career technical center costs (CTE) – 16 V.S.A. § 822a(g)(1).
    a. CTE billing is based on the number of FTEs, full-time equivalency students.
    b. FTEs are based on district of residence.
    c. The sending district would still have the cost but would no longer have the ADM count, which would reduce its equalized pupil count, thereby increasing its homestead tax rate.
    d. If the receiving district assumes the cost and is a union district, allocation of those costs will need to be assumed by the member towns (similar to number 3 above).
6. Transferring ADM from the sending to the receiving district is based on a presumption that the addition of public high school choice students to a school increases the cost.

a. Based on conversations with business managers, the reality is, if there is any cost whatsoever, it is minimal at most.
b. That implies costs at the sending district will not decrease.
   i. Removing the ADM count will decrease the equalized pupil count for the sending district.
   ii. Decreasing the equalized pupil count will increase the spending per pupil figure for the sending district as costs do not change significantly.
   iii. Increasing the spending per pupil figure will increase the homestead tax rate for the sending district.
c. The reverse would happen at the receiving district – equalized pupil counts will increase, spending per pupil will decrease, and the homestead tax rate will decrease.
7. The equalized pupil calculation will be problematical.
   a. One of the weighting factors in the calculation is poverty.
   b. Poverty data come from DCF and are reported by town, not school district.
   c. Transferring ADM from one school district to another will not change the poverty counts by town as provided.
   d. The resulting equalized pupil counts will be skewed for both the sending and receiving districts.