Testimony on Report of the Task Force on Pupil Weighting

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History

• 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 the weights used in the existing equalized pupil calculation
  – Report submitted to General Assembly: January 2020

• Task Force on Implementing Recommendations from Pupil Weighting Factors Study
  – Request 1: Update/Recalculation of Weights for Revised Assumptions
    • Requested re-analysis using new Assumptions: Revised poverty measure (FRL) and additive weights
    • Calculations provided October 28, 2021 (memorandum)
  – Request 2: Additional Information for Use in Calculating Categorical Aid Programs
    • Requested:
      1. We develop per pupil cost estimates for identified cost factors
      2. Further information and clarification regarding the additional cost of educating ELL students in Vermont
    • Per pupil cost estimates & information provided January 11, 2022 (memorandum)
<table>
<thead>
<tr>
<th>Cost Factor</th>
<th>Proposed Weight (October 28, 2021 Update) (Column 1)</th>
<th>Cost Adjustments Based on School-Level Cost Function Models</th>
<th>Vermont JFO Proposed Amount (December 17, 2021 Task Force Report) (Column 4)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>FY2018 (Column 2)</td>
<td>FY2023 (Column 3)</td>
<td></td>
</tr>
<tr>
<td>Student Need</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Poverty (FRL)</td>
<td>1.03</td>
<td>$9,492</td>
<td>$10,480</td>
</tr>
<tr>
<td>ELL</td>
<td>2.49</td>
<td>$22,947</td>
<td>$25,335</td>
</tr>
<tr>
<td>Grade Level</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Middle Grades (6-8)</td>
<td>0.36</td>
<td>$3,318</td>
<td>$3,663</td>
</tr>
<tr>
<td>Secondary Grades (9-12)</td>
<td>0.39</td>
<td>$3,594</td>
<td>$3,968</td>
</tr>
<tr>
<td>School Enrollment</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>&lt;100 Pupils</td>
<td>0.21</td>
<td>$1,935</td>
<td>$2,137</td>
</tr>
<tr>
<td>100-250 Pupils</td>
<td>0.07</td>
<td>$645</td>
<td>$712</td>
</tr>
<tr>
<td>Population Density (Persons per Square Mile)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>&lt;36 per Square Mile</td>
<td>0.15</td>
<td>$1,382</td>
<td>$1,526</td>
</tr>
<tr>
<td>36 - &lt;55 per Square Mile</td>
<td>0.12</td>
<td>$1,106</td>
<td>$1,221</td>
</tr>
<tr>
<td>55 - &lt;100 per Square Mile</td>
<td>0.07</td>
<td>$645</td>
<td>$712</td>
</tr>
</tbody>
</table>
Evaluating Policy Proposals

• Options under consideration:
  1. Update existing weights
  2. New “cost equity” grants

• Shared goals:
  – To put in place a **fair** and **efficient** mechanism for adjusting for **differences in educational costs** among Vermont districts/schools **within Vermont’s existing school funding policy framework**

• Vermont-specific considerations:
  – Local control
  – Self-equalizing system for revenue generation
Role of Weights in Existing Formula

• Pupil weights *proportionately adjust for differences in local spending that are outside local control*
  – Examples: Economically-disadvantaged children; ELLs

• Spending is adjusted in a way so that in the end towns have *equivalent tax rates for equivalent cost-adjusted spending*
  – Weights are the policy lever in Vermont’s funding formula intended to ensure both student and taxpayer equity
Advantages to Weights
(In Vermont’s Existing Formula)

• “Equalize” spending, while still allowing locals to make spending decisions
  – Proportionately adjusts for differences in local costs
  – Designed to work within Vermont’s existing school funding system

• When appropriately calibrated, the:
  – Fairly and efficiently adjust for cost differences
  – Encourage spending by “needier” districts and disincentivize “overspending” by less needy districts
Identified Challenges with Weights
(In Vermont’s Existing Formula)

• Require regular recalibration
  – Consideration:
    • This is the case with any approach to cost adjustments (including cost equity grants)

• Complicated to explain to taxpayers/citizens
  – Consideration:
    • This is a more general critique of the entire Vermont school funding system, not isolated to the pupil weights
    • Task Force recommendations for new poverty measure and additive weights would simplify

• Lack of influence over and accountability for local spending decisions
  – Consideration:
    • Not so much an issue with the weights, but with existing policy preferences for local control and regulatory limits of AOE and EQS
Option 2: “Cost Equity” Grants

• “Reverse foundation formula” (RFF)

• Provides **fixed dollar grants** to districts for specified categories of students and districts/schools intended to offset differences in educational costs

• Grant amounts are equivalent to the “**average**” additional spending needed for each identified cost factor
Design Considerations: Cost Equity Proposal

• Average costs

  – Grant amounts based on average cost estimates will either provide too much or too little aid to many districts

  – Where grants operate as a “spending threshold” this may result new inequities in opportunities to learn among school districts, and within specific categories of students or types of districts
Design Considerations: Cost Equity Proposal

• **Proportionality**
  
  – While all districts receive the same dollar amount per pupil as cost adjustments, unlike a typical foundation formula, **the effective weight (proportionally) as a cost adjustment of the per pupil grant will be vary by district**

  – The grants **do not equalize costs**, as specified by school budgets – but, rather, **offset some portion of the additional costs** incurred by districts
    
    • The extent of the total offset will vary among districts, depending on spending levels
Design Considerations: Cost Equity Proposal

• “Flypaper Effect”

  – Without changes to statute and regulation, there is no way to ensure that districts in fact spend dollars for intended purposes
    • This is no different from current policy with weights

  – Categorical funding may introduce new administrative inefficiencies into the funding system
Advantages for Cost Equity Proposal

• Transparency & predictability
  – Districts get a set per pupil grant amount, regardless of local spending decisions

• Potential to attach new types of monitoring & accountability for local spending
  – Will require additional changes to statute and regulation
  – May pose equity concerns if monitoring/accountability is differentially applicable to districts/schools
Trade Offs & Limitations with Cost Equity Proposal

- Cost adjustment vs. cost equalization
- Equity concerns
- Efficiency concerns
- Cost containment
- Politization
- Competition for resources
- Timing

*Policymakers may “design around” these trade-offs, but that will take other changes to policy and regulation.*