Updated Cost Estimates and Recommended Weights for Student-based Funding Formula in Vermont

Presentation to Vermont House Committee on Ways and Means

April 3, 2025

Approach to Updating Cost Estimates

- **Updated analyses from the 2019 Pupil Weighting Study** to to incorporate data from the 2018/19 to the 2023/24 school years
- The updated analyses:
    a) Generated an estimate for a **base per pupil cost**, and
    b) Identified **necessary cost adjustments** to the base per pupil cost **for differences in student need and school context.**
- We **inflated the cost estimates to real FY2025 dollars** using the U.S. Bureau of Labor Statistics (BLS) Employment Cost Index (ECI) to reflect spending levels for the 2024/25 school year

Base Cost Per Student & Cost Adjustments from Updated Analyses

	Cost Adjustments Identified in 2019 Pupil Weighting Study	FY2025 Dollars
Base cost per student		$15,033
Cost adjustments		
Student Needs	Students experiencing economic disadvantage	$15,334
	English learners	$20,896
School Enrollment	<100 students	$3,157
	101-250 students	$0
Population Density	<36 persons per square mile	
	36 to <55	$1,954
	55 to <100	$0
Grade Range	% Middle grades enrollment (grades 6-8)	$0
	% Secondary grades enrollment (grades 9-12)	$0

Using Updated Cost Estimates in a Vermont Student-based Funding Formula

Options for Setting a Base Spending Amount

- **Option 1: Single base**
  - A single base spending amount of **$15,033** per student for FY2025 **represents adequate spending for a student** with no additional needs to achieve state performance standards.
- **Option 2: Simple variable base**
  - **Simple variable base spending amount** that accounts for differences in school size and whether a school is in a sparsely populated area.

    For instance:

    - Small schools with less than 100 students, $18,190 ($15,033 plus $3,157).
    - Schools located in sparsely populated areas with fewer than 55 persons per square mile, $16,987 ($15,033, plus $1,954).
    - Small schools in sparsely populated areas, $20,144 ($15,033, plus $5,111)
- **Option 3: Single base + Categorical Grants**
  - Single base ($15,033), plus a **categorical grant program that provides a fixed per student grant to small schools** with fewer than 100 students ($3,157), **schools in sparsely populated areas** with fewer than 55 persons per square mile ($1,954), or **schools that are both small and sparse** ($5,111).

Cost Adjustments That Should Be Included In Formula

- The updated analyses suggest that a future Vermont foundation formula **should include adjustments for:**
  1. Students experiencing economic disadvantage
  2. Students who are English Learners
  3. Students who receive special education services.
  4. School size (<100 students)
  5. School location (<55 persons per square mile)
- The updated analyses suggest that **grade range <u>should not</u> be included as cost adjustment** in a future formula.

Student Weights Derived from Updated Analyses

Base funding amount per student		$15,033
Cost adjustments		**Student Weights**
Student needs	Students experiencing economic disadvantage	1.02
	English Learners	1.39
School enrollment	<100 students	0.21
Population density	<55 persons per square mile	0.13

Refined Student Weights for English Learners

Student Grade Level	WIDA Language Proficiency Levels				Newcomer/ SLIFE
	Level 1	Levels 2/3	Level 4	Levels 5/6	
Average Cost by Proficiency Level	$31,657	$21,195	$18,073	$1,795	$6,329
Pupil weight	2.11	1.41	1.20	0.12	0.42

*A refined set of weights for English Learners would **account for differences in costs associated with different levels of language proficiency** and whether a student is Newcomer/SLIFE.*

Cost Adjustments for Students Receiving Special Education

	Cost Estimates (FY2025 Dollars)	
	U.S. Department of Education Special Education Expenditure Project (SEEP)	Ohio Special Education Cost Study
Average	$22,415	$29,656
Low-cost disabilities	$11,611	$11,872
Specific learning disability (SLD)	$10,800	$9,721
Speech or language impairment (SLI)	$12,422	$14,022
Medium-cost disabilities	$14,725	$20,327
Emotional disturbance (ED)	$19,386	$31,081
Intellectual disability (ID)	$22,344	$31,320
Other health impairment (OHI)	$17,168	
OHI (minor)		$18,908
OHI (major)		$59,948
High-cost disabilities	$25,945	$37,502
Autism spectrum disorder (ASD)	$29,847	$39,810
Deaf–blindness (DB)	$25,768	$29,012
Hearing impairment (HI)	$21,585	$30,047
Multiple disabilities (MD)	$31,571	$23,797
Orthopedic impairment (OI)	$21,354	$22,295
Traumatic brain injury (TBI)	$24,435	$60,411
Visual impairment (VI)	$27,057	$34,696

Special education costs vary considerably according to student disability.

Options for Including Special Education Weights in a Vermont Student-based Funding Formula

- **Option 1 – Single Weight**
  - A **single weight of 1.97 for each student receiving special education,** assuming a base spending amount of $15,033
- **Option 2 – Multiple weights based on disability categories**
  - Assign student weights **based on primary disability classification**, using the 13 disability categories identified in the federal Individuals with Disabilities Education Act (IDEA)
- **Option 3 – Multiple weights based on disability categories grouped by cost**
  1. **Low-cost disabilities (0.79)**, including students with a specific learning disability (SLD) and speech or language impairment
  2. **Medium-cost disabilities (1.35)**, including students with an emotional disturbance (ED), intellectual disability (ID), and other health impairment (OHI)
  3. **High-cost disabilities (2.49)**, including students with autism spectrum disorder (ASD), deaf-blindness (DB), hearing impairment (HI), multiple disabilities (MD), orthopedic impairment (OI), traumatic brain injury (TBI), and visual impairment (VI)

Special Education Weights for Options 1-3

Weighting Categories	Special Education Weights Based on Cost Estimates from Ohio Special Education Cost Study
Overall (Single weight; Option 1)	1.97
Low-cost disabilities (Option 2)	0.79
Specific learning disability (Option 3)	0.65
Speech or language impairment (Option 3))	0.93
Medium-cost disabilities (Option 2)	1.35
Emotional disturbance (Option 3)	2.07
Intellectual disability (Option 3)	2.08
Other health impairment (Option 3)	
OHI (minor; Option 3)	1.26
OHI (major; Option 3)	3.99
High-cost disabilities (Option 2)	2.49
Autism spectrum disorder (Option 3)	2.65
Deaf–blindness (Option 3)	1.93
Hearing impairment (Option 3)	2.00
Multiple disabilities (Option 3)	1.58
Orthopedic impairment (Option 3)	1.48
Traumatic brain injury (Option 3)	4.02
Visual impairment (Option 3)	2.31

Alternative for Developing Special Education Weights

- An **alternative** to the three options presented above could be for **the state to develop a student needs-based framework for assigning weights that does not rely on disability classification**.
  - This would require additional work on the part of the state to develop different measures of student need and to develop cost estimates for students that correspond to the new framework.
  - While disability categories can be imprecise proxies for student need and cost, we also do not have evidence to suggest that need based weights are more efficient or equitable than weights based on disability categories or disability category groupings.

Additional Design Considerations

- Student transportation
- Tuitioned Students
- Students participating in Career and Technical Education
- Adjusting the base spending amount for changes in costs over time

Transportation

- A design consideration will be **whether to continue the state's current transportation grant funding program or to adjust for transportation cost differences within the new student-based funding formula** (e.g., using a weight or fixed grant amount per student).
- **Transportation spending** paid for by the state's existing transportation grant program is **not included in the base spending amount** ($15,033).

Tuitioned Students

A new student-based funding formula **will need to consider how to apply the base spending amount and weights to students for whom a town or unified school district pays tuition** for them to attend another public school or approved independent school (i.e., tuitioned students).

Two key considerations:

1. Whether towns will be allowed to pay tuition amounts that are different from the base spending amount.
2. How formula weights will be applied to tuitioned students.

Whether Towns Will Be Allowed to Spend More Than the Base Amount

- A student-based formula presumes that this amount is ***uniformly applied to all students in the state*** to meet the state's constitutional obligations to ensure equal educational opportunities and fiscal equity among the state's towns and unified school districts.

- Given the state's obligations, a key consideration will be **whether towns can pay tuition amounts that are different from the base spending amount**, and if so, under what circumstances.

    - If towns are allowed to pay a different tuition amount, a related consideration will be **whether towns are limited in the amount they can spend per student above the base amount.**

How Formula Weights Will Be Applied to Tuitioned Students

The **weights from the updated analyses only apply in certain circumstances**.

- Student need-based weights **can be equally applied to tuitioned students *if* the new formula sets the base spending amount equal to the approved tuition amount.**
- **School context weights can be equally applied to students who *attend public schools***; school context weights cannot be applied to tuitioned students who attend non-public schools (in Vermont or elsewhere).
- The student-need and school context **weights can only be applied to the base spending amount ($15,033)**.

Career and Technical Education

- The base spending amount and student weights **do not apply** to students who attend the state's Career and Technical Education programs.
- As a matter of practice, most states' student-based funding formula **do not include weights for students who attend CTE programs** since these programs have different cost structures, and as a result would have a different base spending amount from what is assigned to a typical public-school program.

Adjusting the Base Spending Amount

- **The base spending amount in a student-based funding formula should be adjusted annually to reflect changes education costs** due to general inflation, and in particular employee compensation since most education spending is for personnel wages and benefits.
- **States can develop and adopt state specific employment cost indices (e.g., Wyoming) or use a regional or national employment cost index.**
  - We used the U.S. Bureau of Labor Statistics (BLS) Employment Cost Index (ECI) to adjust the base spending amount to reflect real FY2025 dollars.
  - Other places in Title 16 of Vermont statute calls for using inflation adjustments based on the National Income and Product Accounts (NIPA).
- The choice to use the ECI, NIPA, or some other inflation adjustment to recalibrate the base spending amount in a Vermont student-based funding formula **is consequential to the amount of funding available to school districts and total education spending statewide**.