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Education Transformation Proposal: Funding Formula

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Components of the Proposed Funding Formula

- The proposed Vermont foundation funding formula includes:
 - An evidence-based base per-pupil funding amount, which represents the resources needed for a student with no special needs, in a district with no special circumstances, to receive a quality education;
 - Adjustments (through weights or funding amounts) to target additional resources to support student needs, including for economically disadvantaged students, English Learners (ELs), and Career and Technical Education (CTE) students, along with categorical funding for special education students; and
 - Adjustments to address school and district circumstances including scale and geographic sparsity.

Methodology

- Establishing the recommended parameters of the funding formula involved:
 - Reviewing current funding system components, approaches of other states, and the findings of other states adequacy studies
 - Leveraging the wealth of research that has been completed in Vermont about education funding and the resources necessary to support high quality education, including:
 - University of Vermont, Study of Vermont State Funding for Special Education, no date
 - University of Vermont and American Institutes of Research (AIR), *Pupil Weighting Factors Report*, Dec. 2019
 - Legislative Task Force, *Task Force on the Implementation of the Pupil Weighting Factors Report*, Dec. 2021
 - AOE, *Legislative Report: Prekindergarten Pupil Weights*, Dec. 2023
 - Tammy Kolbe, *Report on the Additional Cost of Educating Vermont's English Learner Students*, January 2024
 - Picus Odden and Associates, *An Evidence-Based Approach to Identifying an Adequate Education Spending Level In Vermont*, Sept. 2024
 - Forthcoming study from Augenblick, Palaich and Associates (APA) on CTE governance and funding



Proposed Funding Formula

BASE AMOUNT THAT ENSURES EDUCATION QUALITY

Evidence-Based Funding Amount

- Beginning work with Picus Odden and Associates (POA) Vermont Evidence-Based (EB) Analysis from the September 2024 report
 - One of four recognized adequacy approaches
 - Used in Arkansas and Wyoming as basis for formula, and upheld by their courts as meeting each state's legal requirements
- Approach builds prototype schools and district based on available research on best practices in educational resources
- The EB Model relies on a specific theory of action outlined in their report which guides the resources identified

Base Resources Identified in the EB Model

- Key resources include:
 - Class size ratios of 15:1 K-3 and 25:1 4-12
 - Specials (or elective) teachers to ensure planning and collaboration time for teachers, robust course offerings at secondary level
 - Instructional support:
 - 1 Instructional Coach for every 200 students to work with teachers to improve practice, use data to drive instruction
 - 1 Interventionist for every school to work directly with students to provide Tier II intervention (through push in/pull out one-on-one or small group instruction)
 - 1 Library Media Specialist per school
 - Student support:
 - A counselor per 450 students in elementary and per 250 students in secondary
 - A nurse for every 750 students
 - A principal and assistant principal in high school, plus secretarial staff
 - Supervisory aides to cover duties and protect teacher planning time

Adjustments to the EB Model Base to Reflect Vermont Context and Priorities

- AOE and APA recommend adjustments to the EB Model Base to address:
 - Vermont context – recognizing the EB Model as presented is built on a set of prototypes that are larger than the current VT context
 - Including teacher, family, and community feedback from Listen and Learn Tour
 - Areas where the EB is commonly seen as under resourced when reviewed as part of other state studies
 - APA has partnered with POA in several states to implement and adjust, or reconcile, the EB model's recommendations based upon the feedback of educators
 - Key policy priorities such as CTE and college and career readiness courses

Recommended Adjustments

- Recommended adjustments include:
 - Staffing specials or elective teaching staff at the middle school similar to the high school to allow for more robust course offerings, including career exploration, and needed planning time for staff;
 - Adding additional high school teaching positions to offer college and career readiness coursework;
 - Adding additional student support, including mental health professionals at all levels;
 - Adding assistant principals at the elementary and middle school level;
 - Adjusting the nurse staffing level from 700:1 to 500:1 to align with Vermont education quality standards;
 - Increasing teacher salaries and ensuring teacher pay equity across the state; and
 - Adding additional per-student funding to provide CTE coursework in middle and high schools, as well as to support flexible pathways.

Adjustments to EB Model

	Elementary 450 Students	Middle School 450 Students	High School 600 Students
Core Teachers	26.00	18.00	24.00
Specials/Elective Teachers	5.20	6.00	8.00
College and Career Readiness Course Teachers	0.00	0.00	2.00
Instructional Coaches	2.25	2.25	3.00
Interventionist	1.00	1.00	1.00
Counselor/Social Worker/Mental Health Professional	2.00	3.60	4.80
Nurse	0.90	0.90	1.00
Supervisory Aides (to protect teacher planning)	2.00	2.00	3.00
Library Media Specialist	1.00	1.00	1.00
Substitute Teachers	1.72	1.36	1.90
Principal	1.00	1.00	1.00
Assistant Principals	1.00	1.00	1.00
School Secretary	2.00	2.00	3.00



Proposed Funding Formula

STUDENT ADJUSTMENTS THAT ENSURE FUNDING IS FAIR

Adjustments to Support Student Needs

- Act 127 established student taxing capacity weights, not weights that drive dollars to meet student needs directly
 - Review of expenditure data has demonstrated that higher need communities are not fully leveraging these weights and are not necessarily spending at the proportionate levels
- Available research in Vermont produced varying weights and/or targeted funding levels to serve students including: economically disadvantaged students, English Learners, preschool students, CTE students and special education students
 - It can be difficult to compare student weights without a known base amount; a student weight without a base figure does not target a specific level of funding
 - Considered the overall amount of additional funding recommended for specific students (when available)

Economically Disadvantaged Students

- **Current Act 127 weight:** 1.03
- **Vermont study findings:**
 - 2021 Task Force report's weight was the same as the current weight
 - 2024 EB Study weights ranged from 0.34 to 0.49 based upon the assumed percentage of students that would participate in extended learning opportunities
 - Focused on academic resources and not wrap around services
- **Recommendation:** APA and AOE recommend a weight for economically disadvantaged students that, when applied to a robust base amount as proposed, will generate a level of funding that is closer to what is recommended by the 2021 Task Force report
 - Will be one of the highest weights for economically disadvantaged students in the country

English Learners

- **Current Act 127 weight:** 2.49
- **Vermont study findings:**
 - 2019 UVM/AIR report weight was 1.58
 - 2024 EB study's weight ranged from 0.44 to 0.58
 - 2024 Kolbe study recommended \$19,845 per EL student on average (FY23 dollars)
- **Recommendation:** APA and AOE recommend that a single EL weight be lower than the current Act 127 tax capacity weight, but significantly higher than the 2024 EB report weight and high nationally, in order to generate additional funding at a scale similar to what is recommended in the 2024 EL report
 - Also recommend exploring a tiered weighting approach

CTE Students

- **Current Act 127 weight:** none
- **Vermont study findings:**
 - Over the past year, APA has been conducting a study of CTE governance and funding in Vermont. This work examined current CTE program costs in technical centers, including analyzing the variance in costs based upon program and setting.
 - APA has found that on average, CTE programs cost around \$25,000 per student to provide a full-time program, not including any costs still incurred by sending districts to support students
- **Recommendation:** APA and AOE recommend a system that will fund a single unified CTE governance entity for all students attending CTE centers using a CTE weight
 - Full-time CTE students will receive the full weight and part-time CTE students will be funded proportionally
 - Sending districts will also retain a portion of the students base funding to provide the guidance and support services needed for their students

Preschool Students

- **Current Act 127 weight:** -.54
- **Vermont study findings:**
 - 2023 Prekindergarten Report recommends a weight of at least 1.0
- **Recommendation:** APA and AOE recommend that instead of funding preschool students as partial ADM that four-year-old preschool students should be counted and funded as a full 1.0 ADM and receive the full base amount. No recommendation is made for early essential education (EEE) students at this time with the students modeled at the current weight.
 - The AOE and APA recommend further consideration be given to adjusting both these weights in the future following additional analysis of costs and program delivery.

Special Education Students

- **Current approach:** Currently funded through the census block grant
- **Vermont study findings:**
 - Special Education study recommended census block grant approach, noted that current special education spending (at the time of study) was higher than needed
- **Recommendation:** Absent further study, the AOE and APA recommend maintaining the current approach to funding special education through the census block grant
 - However, recommend that the amount of funding be adjusted to reflect the portion of special education costs that are currently not addressed through the census block grant; level of adjustment necessary is still being determined



Proposed Funding Formula

DISTRICT ADJUSTMENTS THAT ADDRESS SCALE

School Scale Adjustment

- **Current Act 127 weights:** .21 for schools less than 100 students, 0.07 for schools between 100 and 249 students; only in schools in sparsely populated areas
- **Vermont study findings:**
 - 2019 UVM/AIR report recommended weights of .24 and .12, respectively
 - 2024 EB report did not adjust for scale and acknowledged that Vermont schools much smaller than the 450 or 600 student prototype schools
 - Prototype school sizes represent the point of efficiency and can serve as the foundation of an upwards adjustment to account for higher costs to run smaller settings
- **Recommendation:** APA and AOE recommend a differentiated weighting by size that is more similar to the weights of the 2019 UVM/AIR study, with some adjustments
 - Use a formula to eliminate funding “cliffs;” weighting for schools between 250-450 students and additional weighting below 100 students; funding all small schools until criteria for necessarily small schools established

District Scale and Sparsity Adjustments

- **Current Act 127 weights:** to address district sparsity weights are $<.36 \text{ pop/mi}^2 = 0.15$, $36 \leq \text{pop/mi}^2 < 55 = 0.12$; $55 \leq \text{pop/mi}^2 < 100 = 0.07$; no weights for size
- **Vermont study findings:**
 - 2021 Task Force weights are the same, while 2019 UVM/AIR Study use same thresholds, but higher weights.
 - 2024 EB model does not adjust for district scale.
- **Recommendation:** Recognizing that more sparsely populated, rural areas face higher costs of doing business, APA and AOE recommend continuing the adjust for district sparsity using the current system weights and exploring adjustments, if necessary, in the future.
 - With the proposed governance change, APA would not recommend an additional adjustment for district size as all proposed districts would be above the 3,900 prototypical district size used to generate the EB base model



Questions?