

Cost Adjustments for Sparsity and Small Schools

House Committee on Ways and Means

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Outline of Talk

- Review of Pupil Weights Under Current Law
- Review of sparse school grants and small school grants in Act 73
- Considerations



Review of Pupil Weights Under Current Law



Current Law Pupil Weights Adjust Student Counts But Do Not Directly Determine Funding Levels

- Pupil weights are used to account for the potentially higher costs of educating students with differing needs or circumstances
- Under current law, pupil weights are “tax capacity weights”
 - Pupil weights impact a school district’s homestead property tax rate
 - Pupil weights do *not* determine the amount of money a school district spends, nor how funds must be used

Table 1: Current Law Pupil Weights

Weighting Category		Weight
Grade level weights	PreK/Essential Early Education (EEE)	-0.54
	K-5	0
	6-8	0.36
	9-12	0.39
Economically deprived background weight		1.03
English language learners (EL) weight		2.49
Sparsity weight (Number of people in district per square mile)	< 36 persons	0.15
	36 – 54 persons	0.12
	55 – 100 persons	0.07
Small school (Only applicable for districts also receiving sparsity weight <55 persons)	< 100 pupils	0.21
	100 – 249 pupils	0.07



Current Law Sparsity Weights

- Under current law, sparsity is calculated at the *district* level
 - Sparsity is calculated as the number of people per square mile within the district
 - Sparsity weights are tiered – the sparser a district, the more weight students receive
- If a district is deemed sparse, *all* students in the district receive a sparsity weight

Table 2: Current Law Sparsity Weights

Sparsity Weight (Number of persons per square mile)	Weight
< 36 persons	0.15
36 – 54 persons	0.12
55 – 100 persons	0.07



Application of Sparsity Weights in Fiscal Year 2026

In fiscal year 2026:

- Sparsity weights accounted for approximately 4,490 (or about 3%) of LTWADM
 - Of the total weights added to LTADM, sparsity weights made up approximately 7%
- 92 districts (or 77% of districts) received sparsity weights
- Approximately 42,150 ADM (or 51% of ADM) received sparsity weights



Current Law Small School Weights

- Under current law, a school is only eligible for a small school weight if it is in a district considered sparse by fewer than 55 persons per square mile
- Small school weights are tiered – the smaller a school, the more weight students receive
- Small school weights are applied to the average two- year enrollment*

Table 3: Current Law Small School Weights

Small School Weight (Average two- year enrollment of school)	Weight
< 100 pupils	0.21
100 – 249 pupils	0.07

*Note: enrollment means the number of pupils who are enrolled in a school operated by the district on October 1 (16 V.S.A. § 4010).



Application of Small School Weights in Fiscal Year 2026

In fiscal year 2026:

- Small school weights accounted for approximately 1,330 (or about 1%) of LTWADM
 - Of the total weights added to LTADM, small school weights made up approximately 2%
- 55 districts (or 46% of districts) received small school weights
- Approximately 12,228 ADM (or 15% of ADM) received small school weights



Review of Sparse and Small School Grants in Act 73



Act 73 Pupil Weights

- Act 73 established a foundation formula in which student weights determine the amount of the Education Opportunity Payment (EOP) to a district
- The EOP is based on a base amount of \$15,033 per LTWADM, adjusted annually for inflation
- Act 73 established sparse and small school support grants

Table 4: Act 73 Weights

General Pupil Weighting Category	Specific Pupil Weighting Categories*	Weighting Amount
PreK student	Student enrolled in PreK	-0.54
English Learner (EL) <i>(Across levels, English language proficiency weights are mutually exclusive. Newcomer or SLIFE weights are additive to level weights.)</i>	English language proficiency – Level 1	2.11
	English language proficiency – Level 2 or 3	1.41
	English language proficiency – Level 4	1.20
	English language proficiency – Level 5 or 6	0.12
	Newcomer or SLIFE	0.42
Child with a disability <i>(Disability weights are mutually exclusive. Disability weights are applicable to students enrolled in grades kindergarten through 12.)</i>	Category A	0.79
	Category B	1.89
	Category C	2.49
Student from economically disadvantaged backgrounds	Family at or below 185 percent of Federal Poverty Level (FPL)	1.02



Act 73 Sparse and Small School Support Grants

- Instead of including weights for sparse schools and small schools, Act 73 established support grants:
- Sparse school support grant criteria:
 1. In a city, town, or village with a population of fewer than 55 people per square mile
 2. Deemed “sparse by necessity”*
- Small school support grant criteria:
 1. Average enrollment over two years is fewer than 100 pupils
 2. Deemed “small by necessity”*

Table 5: Act 73 Support Grants

Support Grant Category	Specific Support Grant Criteria	FY2025 Grant Amount**
Sparse school	<ul style="list-style-type: none"> • School is in a sparse location • Is “sparse by necessity” 	\$1,954 per pupil (two-year average enrollment)
Small school	<ul style="list-style-type: none"> • School with fewer than 100 enrolled pupils (based on two-year average) • Is “small by necessity” 	\$3,157 per pupil (two-year average enrollment)

Notes:

*<https://education.vermont.gov/sites/aoe/files/documents/SBE%20Small%20Sparse%20presentation.pdf>

** grant amounts are adjusted annually by inflation



A Note About Modeling

- Because standards for “sparse by necessity” and “small by necessity” are outstanding, JFO cannot fully estimate the impact of the support grants
- As a proxy for “small by necessity”, JFO has estimated the small school grant to only be available for schools in sparse locations
- Analysis was conducted using best available data for fiscal year 2026



Estimated Impact of Sparse School Support Grants (Fiscal Year 2026 Hypothetical)

Using assumptions and fiscal year 2026 data, if sparse school support grants had been implemented in fiscal year 2026:

- 60 districts (or 50%) would have had at least one school receiving a sparse school support grant
- Approximately 11,110 LTADM would have been eligible for a sparse school support grant
- Total sparse school support grants would cost approximately \$22.3 million



Estimated Impact of Small School Support Grants (Fiscal Year 2026 Hypothetical)

Using assumptions and fiscal year 2026 data, if small school support grants had been implemented in fiscal year 2026:

- 42 districts (or 35%) would have had at least one school receiving a small support grant
- Approximately 4,472 LTADM would have been eligible for a small school support grant
- Total small school support grants would cost approximately \$14.5 million



Considerations



General Comparison of Cost Adjustments

- There are significant differences between cost adjustments for sparsity and small schools in current law and Act 73:

Cost Adjustment	Comparison	Current law	Act 73
Both	Type of cost adjustment	Taxing capacity weight	Categorical aid
Both	Tiers of cost adjustment	Weights have tiers	Grants do not have tiers
Both	Source of Work	2019 Pupil Weighting Factors Report	2025 Memo: Updated cost estimates and recommended weights for a student-based funding formula in Vermont
Sparsity	Eligibility	Persons per square mile in district	Two Prong Test: 1. In a city, town, or village with a population of fewer than 55 people per square mile 2. Deemed “sparse by necessity”
Small	Eligibility	Two Prong Test: 1. If it is in a district considered sparse by fewer than 55 persons per square mile 2. Average enrollment is fewer than 250 pupils	Two Prong Test: 1. Average enrollment is fewer than 100 pupils 2. Deemed “small by necessity”*



Considerations

- Current law pupil weights were derived from different data than the data used for calculating the cost adjustments for support grants
- Direct comparisons between current law weights and Act 73 grants are not possible because the funding structures are different

