

# Proposed UPK Language Impact on the Public School System

House Committee on Ways and Means

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# Outline

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  - School Incentives – Financial and non-financial incentives
- Fiscal Impacts of Proposed Language
- Scenarios: District-Level Impacts
  - UPK Provided In-House
  - UPK Provided Outside the District
  - UPK In-House, Demand Exceeds Capacity
- Statewide Impact
- Considerations



# Recap - Universal Prekindergarten(UPK)



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# Universal Prekindergarten (UPK) – Current Law

- All districts are required to provide access to publicly funded PreK education for a minimum of 10 hours for 35 week per year to parents that can secure a slot at a qualified program
- Available to 3-,4-, and 5-year-olds not yet enrolled in kindergarten
- UPK may be provided in a qualified public or private program
- If a district does not offer a PreK program or if a parent chooses to enroll in a different qualified program (public or private) the district must pay the statewide UPK tuition rate to the selected program
  - The tuition payment is part of a district's Education Spending
  - Public programs (both offsetting revenues and program costs) are also part of calculating a district's Education Spending



# Existing PreK weight

- Under current law, and in Act 73, the PreK weight is **-0.54**
- This means that if a child is enrolled in the Universal PreK program, regardless of where they attend, the district will receive at least 0.46 in their LTWADM for each child participating
  - Depending on a pupil's characteristics, they may receive additional weights
  - Possible weights include economic disadvantage, English learner, etc.
- The impact this has on districts differs under current law and Act 73
  - Currently, the 0.46 LTWADM increases a district's taxing capacity
  - Under Act 73, this increases a district's Educational Opportunity Payment (EOP)



# Who pays for UPK?

- If a child is enrolled in a UPK program in a public school in their district:
  - The cost to operate the program is part of the districts budget and treated like another grade
- If the child is enrolled in a UPK program at a qualified private provider **or** a qualified public provider outside of their district:
  - The child's sending district pays a fixed amount for 10 hours a week for 35 weeks
  - For fiscal year 2025, the tuition rate was \$3,884
  - That tuition payment is part of the sending district's budget
  - If the pupil attends a public-school program, they are also part of that district's budget as both an expense (cost to educate) and a revenue (tuition payment)



# Act 73, UPK

- Under Act 73, PreK weights do correspond with funding amounts
- Contingently effective, Act 73 will use a district's LTWADM to determine a district's Educational Opportunity Payment (EOP)
  - This EOP includes PreK students and their weights
- Under Act 73, every PreK LTWADM will receive \$6,915 (in fiscal year 2025 dollars), along with any other weights the student qualifies for.



# Current PreK Spending



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# PreK spending in the Public Setting

- If you know about one public PreK program, you know about one public PreK program
- JFO does not know what is offered in every individual SU/SDs
- JFO received fiscal year 2025 spending information from AOE on PreK and was able to do *some* analysis on public spending
  - It is far from perfect, accounting is not always done the same way
  - It is challenging to make generalized statements about program costs, when the programs aren't the same



# Fiscal Year 2025 UPK Expenditures

- In fiscal year 2025, Education Fund expenditures on general education PreK in public settings was approximately \$33.77 million
  - This excludes federal expenditures and tuition payments to private providers
  - Only includes direct expenditures
    - Indirect and administrative costs are generally not accounted for here

Fiscal Year 2025 Education Fund Expenditures on PreK	
PreK Expenditure Category	Amount (\$ millions)
Est. PreK General Education Expenditures:	\$60.10
<i>Less</i>	
Est. Federal Expenditures	\$ (11.47)
<i>Equals</i>	
Remaining PreK Expenditures	\$48.63
<i>Less</i>	
Est. Private Tuition	\$ (14.86)
<i>Equals</i>	
Est. PreK Expenditures for Public Setting PreK	\$ 33.77



## Fiscal Year 2025 UPK Expenditures (cont.)

- For fiscal year 2025, AOE reported 7,800 PreK LTADMs
- Based on fiscal year 2025 tuition payments to private providers, approximately 3,826 PreK students attended UPK at a private provider
- Approximately 3,974 students attending UPK in public schools

Est. Number of UPK students at a private provider	
Est. Private Tuition <i>(in millions)</i>	\$14.86
<i>Divided By</i>	
Fiscal Year 2025 Statewide UPK Rate	\$3,884
<i>Equals</i>	
Number of students attending UPK at a private provider	3,826



# Fiscal Year 2025 UPK Expenditures (cont.)

Est. Number of UPK students within Public Programs	
Est. Public Expenditures for Public Setting PreK (in millions)	\$33.77
<i>Divided By</i>	
Number of Students attending UPK in public programs	3,974
<i>Equals</i>	
Approximate per pupil cost of UPK Students within public programs	\$8,498

- With 3,974 publicly-served PreK pupils, the estimated cost to for UPK within school districts is approximately \$8,498 per pupil
  - This does not include any offsetting revenues.
- Note, this is a **simple**, numerical average and does **not** correspond to actual spending at a district.
  - Different districts make different choices around PreK, such as program size, hours operated, and program content



# Fiscal Components of Proposed UPK Language



# Fiscal Impacts of New Language, Public Providers

- Fiscal impacts under the new language include:
  - Mandating a UPK Coordinator at each Supervisory Union (SU)
  - Changing the availability of UPK to 4 and 5-year-olds not yet enrolled in kindergarten
    - 3-year-olds no longer eligible
  - UPK students now receive a weight of “0” (LTWADM of 1.0)
    - UPK students would receive the full base in Act 73 (about \$15,033 in FY 2025) and would continue to receive any weights they qualify for
  - Only UPK students enrolled in a public program are counted in a district’s LTWADM
    - The student’s base and weights follow them to a public program they attend



# Scenarios: District-Level Impacts

Applying the proposed language to hypothetical school districts



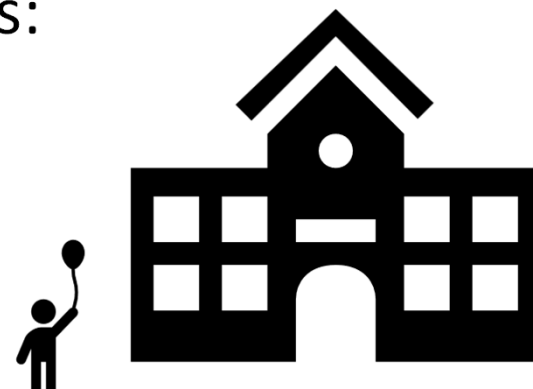
# Hypothetical Scenarios at the District-Level

- Scenario 1, UPK Provided In-House
- Scenario 2, UPK Provided Outside the District
- Scenario 3, UPK Provided In-House, Demand Exceeds Capacity



# Scenario 1, UPK Provided in-House

- In this example, hypothetical “District A” has:
  - 100 PreK pupils:
    - Number aged 3: 40
    - Number aged 4/5: 60
  - “District A” has 75 PreK slots available
    - 60 of them are filled with 4/5-year-olds
    - 15 remain unfilled
      - Recall, all 3-year-olds now served in a private setting



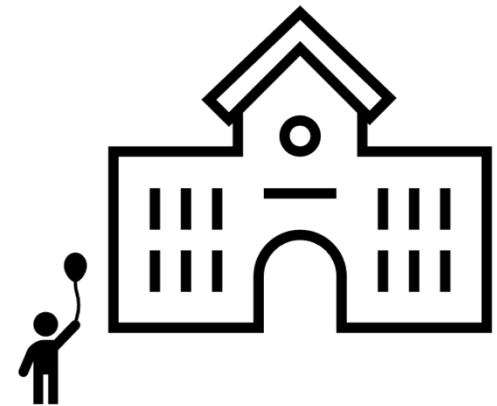
# Scenario 1, UPK Provided in-House (cont.)

- In this example, hypothetical “District A” would:
  - Receive funding for the 60 filled slots
    - In FY25, “District A” would receive about \$902,000 in EOP
      - *Note, this does not reflect any additional weights for these students*
    - “District A” would keep all of this to educate their 60 pupils
    - “District A” could receive additional funds *if* they fill their empty slots
  - The cost of operating the PreK program will depend on the district



## Scenario 2, UPK Provided Outside the District

- In this example, hypothetical “District B” has:
  - 100 PreK pupils:
    - Number aged 3: 40
    - Number aged 4/5: 60
  - “District B” has 0 PreK slots available
    - No students can attend PreK in “District B”
  - Of the 60 eligible pupils:
    - 30 attend a neighboring public district
    - 30 attend a nearby private provider
      - Recall, all 3-year-olds now served in a private setting



## Scenario 2, UPK Provided Outside the District (cont.)

- In this example, hypothetical “District B” would:
  - Receive funding for the 30 public-attending pupils
    - In FY25, “District B” would receive about \$451,000 in EOP
      - *Note, this does not reflect any additional weights for these students*
    - “District B” would send the EOP to the public district attended
    - “District B” would receive and send \$0 for the students attending the private center
  - Note, any administrative costs born by “District B” would have to be provided for by another funding source
  - These costs are unknown and will depend on the district



# Scenario 3, UPK Provided In-House, Demand Exceeds Capacity

- In this example, hypothetical “District C” has:
  - 100 PreK pupils:
    - Number aged 3: 40
    - Number aged 4/5: 60
  - “District C” has 40 PreK slots available
  - Of the 60 eligible pupils:
    - 40 attend “District C”
    - 10 attend a neighboring public district
    - 10 attend a nearby private provider
  - Recall, all 3-year-olds now served in a private setting



## Scenario 3, UPK Provided In-House, but Demand Exceeds Capacity (cont.)

- In this example, hypothetical “District C” would:
  - Receive funding for the 50 public-attending pupils
    - In FY25, “District C” would receive about \$752,000 in EOP
      - District C would retain about \$601,000 to educate the 40 in-house pupils
      - District C would send about \$151,000 for the 10 pupils attending another public district
      - District C would also receive and send \$0 for the students attending the private center
        - *Note, this does not reflect any additional weights for these students*
    - The cost of operating the PreK program will depend on the district
    - Also note, both the direct costs of the program *and* administrative costs for students attending outside the district are born by “District C”
      - These costs will have to be provided for by the district



# Considerations



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# Fiscal Considerations for the New Language, Public Districts

- Overall fiscal impacts under the new language include are unclear; in isolation and holding all else equal:
  - Requiring a UPK Coordinator at each SU will *increase* costs if one is not already employed
  - Removing 3-year-olds from UPK, all else equal, will *decrease* costs to the Ed. Fund
  - Changing the UPK student weight to “0”, all else equal, will *increase* cost to the Ed. Fund
  - Only counting UPK students enrolled in a public program (and not paying tuition to a private center), all else equal, will *decrease* costs to the Ed. Fund



## Fiscal Considerations for the New Language, Public Districts (cont.)

- The impact of a student's base and weights following them are *unclear*
  - Districts may reconsider their PreK offerings as funding changes
- If more students are served at a public district, foundation formula weights may increase
  - An increase of student weights, all else equal, would increase cost to the Ed. Fund
- For these reasons, the ultimate fiscal impact is unclear and depends on behavior at the state and district-level

