

February 6, 2025

EdFund

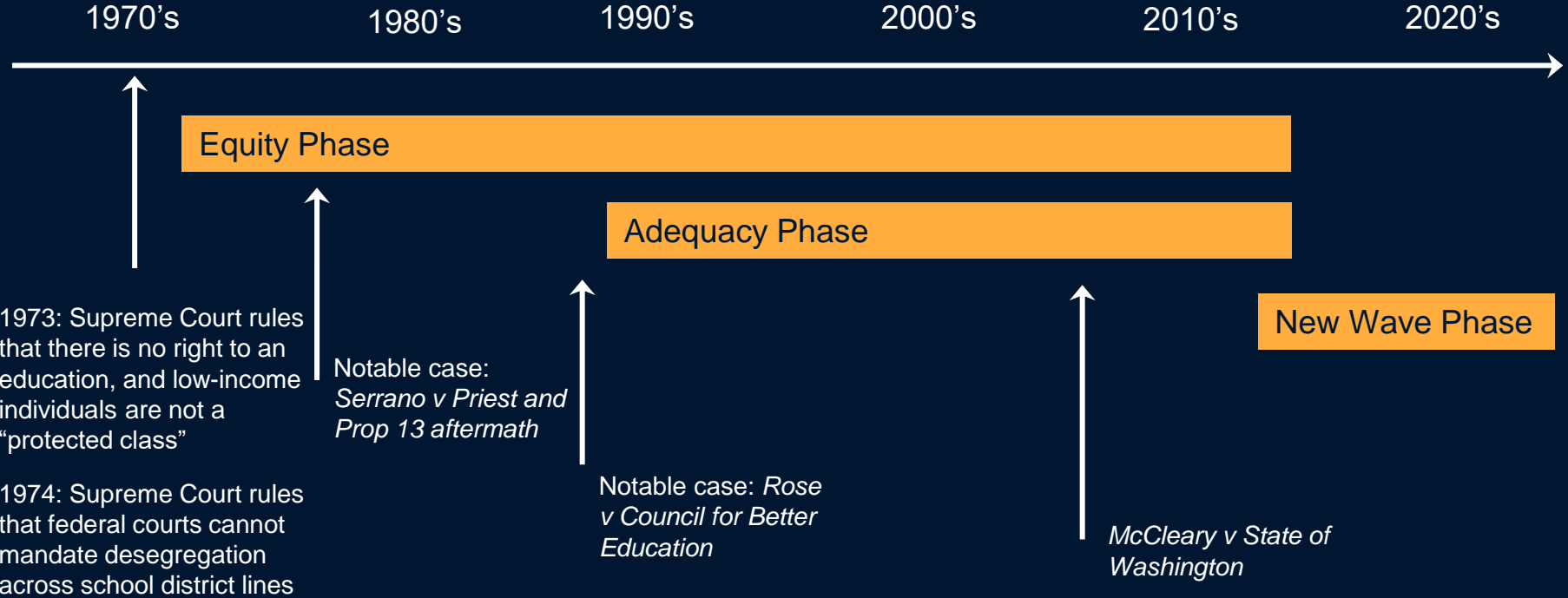
Testimony before the Vermont Senate Finance Committee



EdFund: An organization focused on bridging the gap between research and policy in order to support research-informed, actionable policy



Quick History of School Funding Theory



Equity Theory

School districts should receive equitable funding for schools

- Began with a focus on **equalizing resources** across school districts, regardless of wealth
- Evolved to focus on “**vertical equity**”, meaning that some students and districts need more funding in order to get an equitable start
- Remedies were largely clustered around increasing the state’s responsibility to provide funding to close wealth gaps **and** limiting resources that could be raised at the local level

Adequacy Theory

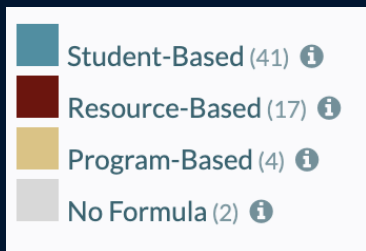
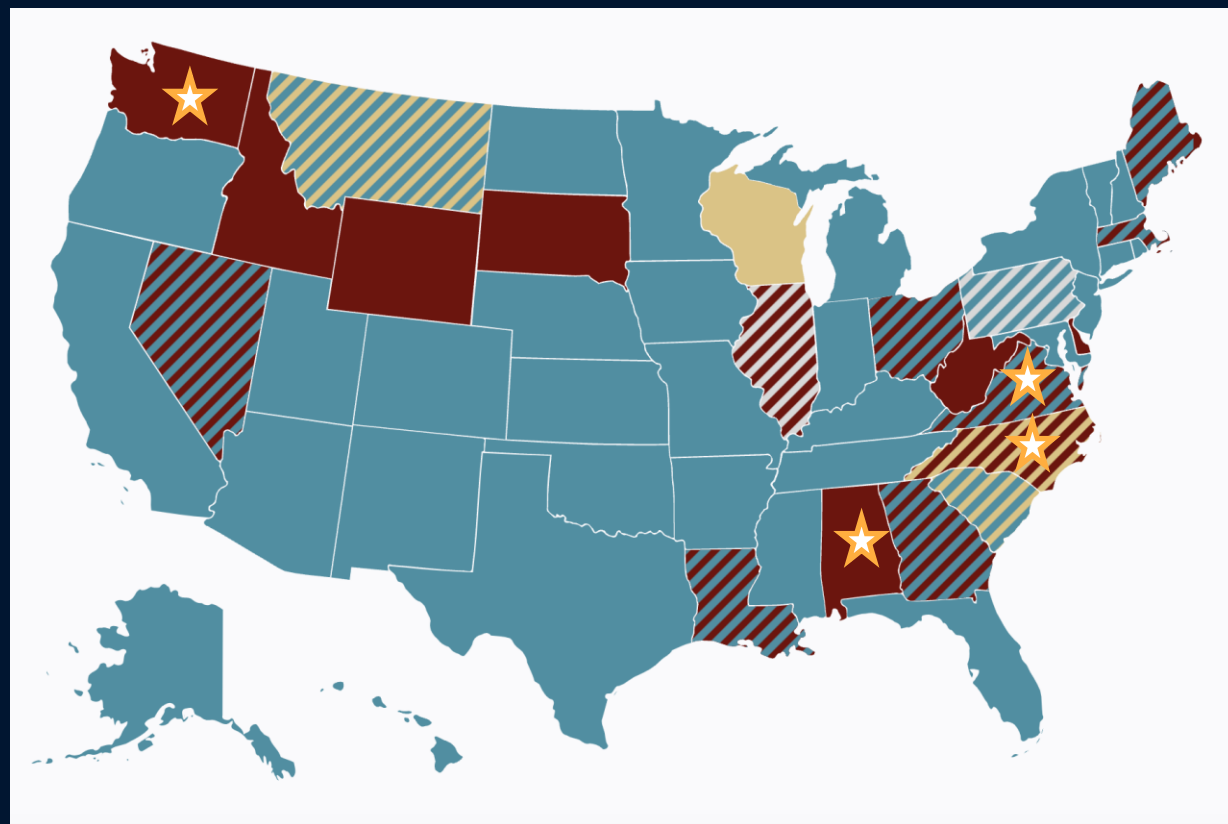
School districts should receive adequate funding for schools

- Began with a focus on **increasing resources** across school districts, regardless of wealth
- Focus was largely **increasing funding in the system** (lifting all boats)
- The financial burden that this put on states to find billions in additional funding led to the loosening of local fund restrictions

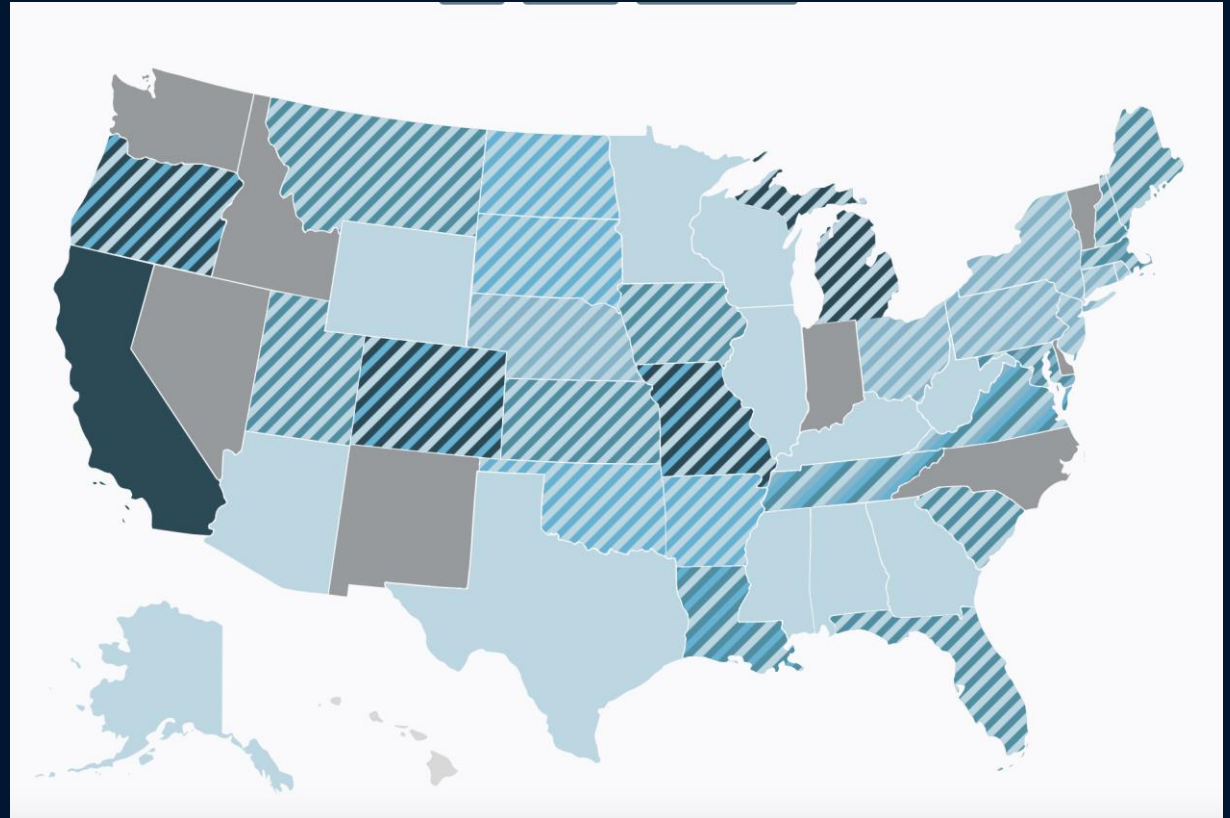
Weighted Student Funding: Emerging Research

- Weighted student funding formulas, wherein states provide funding based on the needs of their students, appear to provide more flexibility to districts that allow for administrators to vary programs and staffing models to meet the needs of their students. Emerging research suggests that this flexibility leads to moderate to large student achievement increases, particularly for low-income and English language learners.
- In the past, our ability to isolate the effects of these formula changes was limited by a lack of detailed school-level enrollment and expenditure data
- Additional research is needed on the more detailed effects of new formula changes. EdFund awarded two grants in 2024 to study these effects in Tennessee and Nevada.

A Nationwide Look at Formula Types

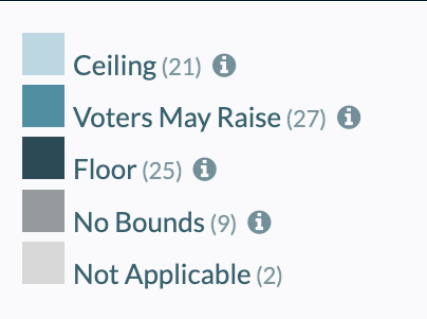
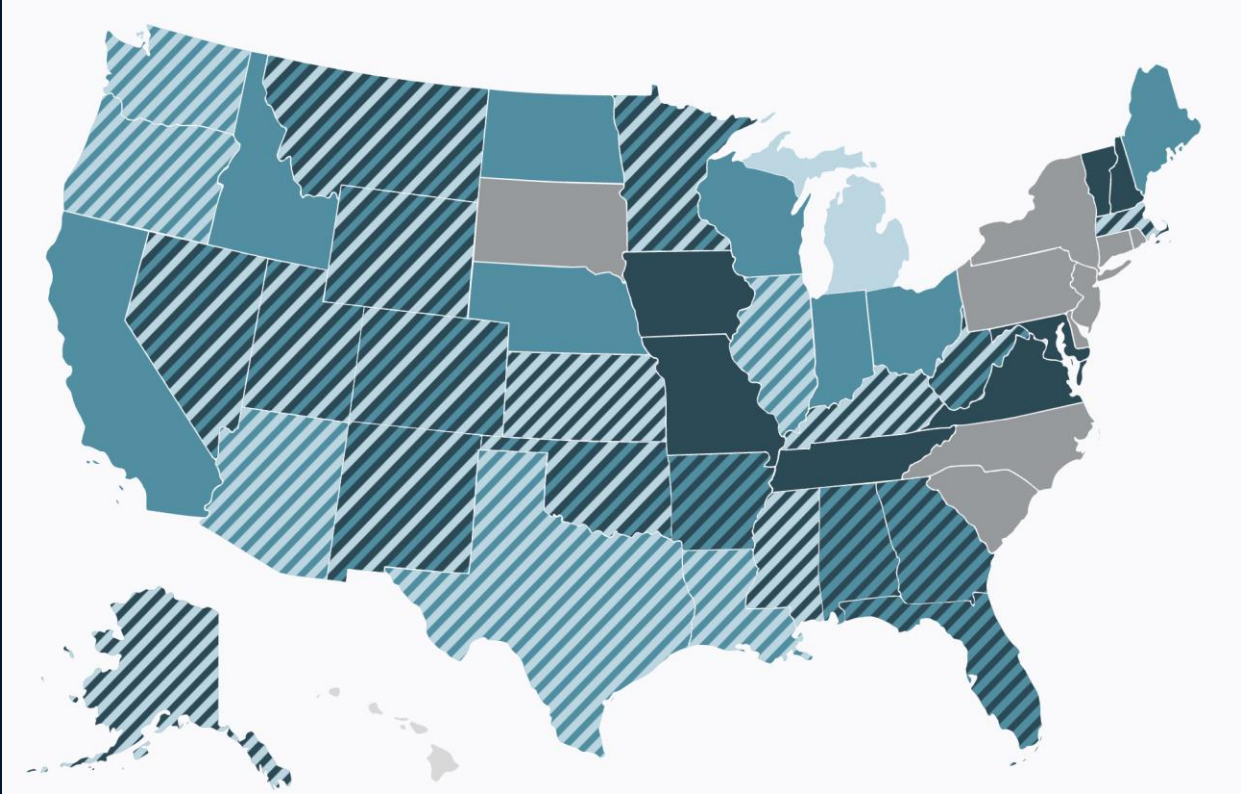


What Local Taxes Communities Can Raise

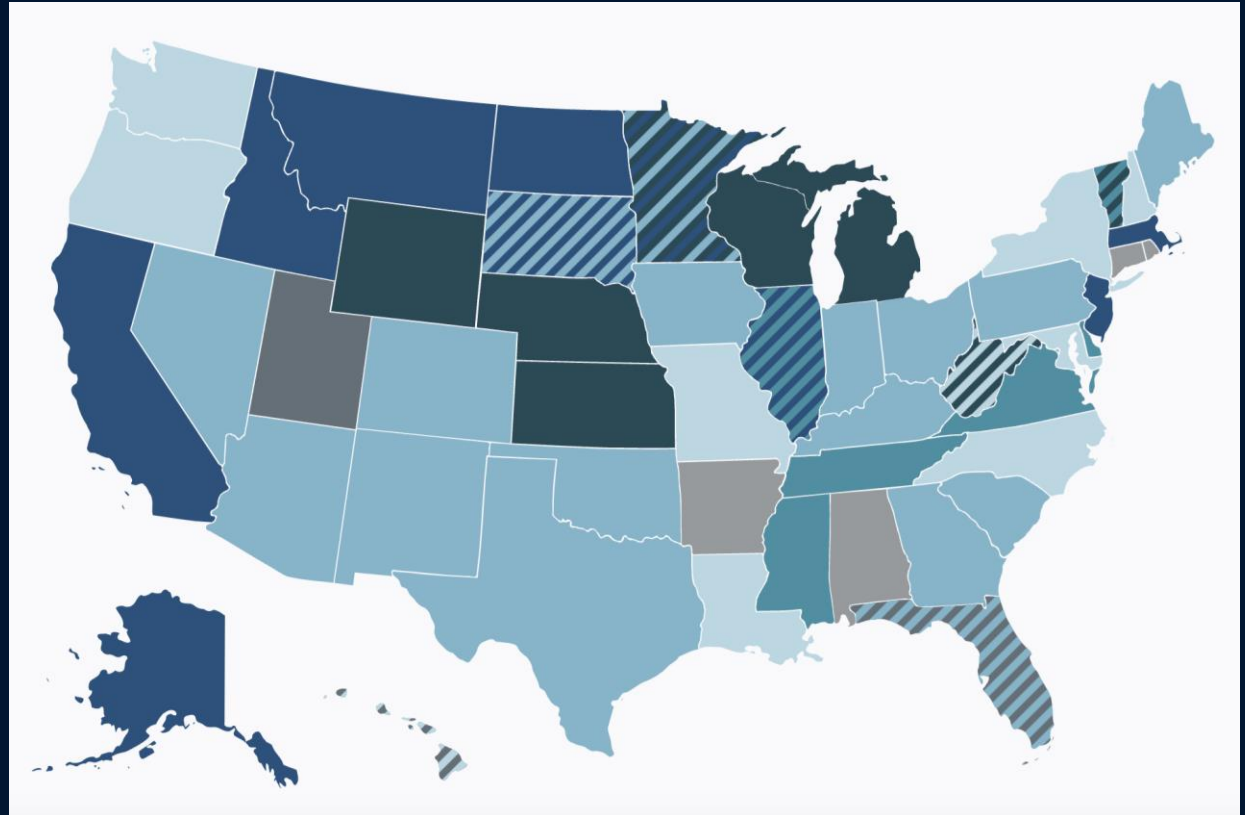


- Property Valuation (40) ⓘ
- Income/Wealth (11) ⓘ
- Other Local Receipts (10) ⓘ
- Share of Costs (13) ⓘ
- Historical Levels (5) ⓘ
- No Specific Expectation (8) ⓘ
- Not Applicable (2)

How Local Contributions Can Affect Funding



How Special Education is Funded



- Single Student Weight (10) ⓘ
- Multiple Student Weights (18) ⓘ
- Resource-Based (6) ⓘ
- Census-Based (10) ⓘ
- Partial Reimbursement (8) ⓘ
- Block Grant (3) ⓘ
- No Separate Special Education Funding (4) ⓘ

Recent Reforms

2022: Tennessee passed the most sweeping funding reform since California's Local Control Funding Formula passed in 2014. The state moved from a completely resource-based formula to a pure student-based formula, moving away from daily student averages and implementing weights for most special student needs.

2023: Michigan overhauled how it funds low-income communities, radically modernizing to recognize the needs of districts serving high concentrations of families below the poverty line

2024: Mississippi and Colorado pass substantial reform. Mississippi mirrors the Tennessee reform, moving from a resource- to a student-based formula and moving away from funding based on student averages. Colorado moves a cost of living and sparsity adjustment from the middle of their formula to the end (creating much more equity for low-income and rural students)

2025: Alabama will be creating a weighted or hybrid-weighted student funding formula based on a resolution, leveraging a savings account passed in 2024.