Governor Scott's Education Transformation Proposal: Funding Formula Explained

A Plan to Build Stronger Schools, Stronger Students and Vibrant Communities

Executive Summary

Governor Scott's education transformation plan is a comprehensive approach that involves changes to funding, governance, and education quality. This report explains the proposed funding formula, which is predicated on changes to the other policy levers including moving to five regional districts. The foundation funding formula will result in a funding system that will be more transparent, understandable, and predictable for schools, districts, families, taxpayers, and the state. This formula ensures that resources are distributed fairly across the state and that students receive the same level of resources to meet their needs, regardless of where they live.

The foundation formula includes a base amount of $13,200 per student and generous weights based on student need (economically disadvantaged students- 0.75, English Learners- 1.5, career and technical education students- 1.3 and preschool students- funded as 1.0 ADM), school scale and district sparsity. The base amount is an evidence-based model that has been adjusted to the Vermont context and resourced to deliver on Vermont's explicit policy objectives, including:

1. Expanding early childhood education,
2. Increasing afterschool and summer programs in underserved communities,
3. Ensuring every student benefits from essential arts ("specials" like art, music, and world language),
4. Providing additional access to mental health services for students,
5. Extending and enriching college and career pathways, starting in middle school and culminating in graduates being prepared to take on critical jobs in high demand industries; and
6. Raising teacher salaries to ensure that all students have access to a high-quality teacher and that teachers are valued as professionals.

The proposed funding approach also includes increased categorical funding for special education to account for costs outside of the census block grant, and increased funding for transportation.

Initial estimated cost savings assume no changes to the current school portfolio though additional savings could be achieved in the future as the state defines the criteria for schools that are small by choice versus small by necessity. This plan delivers a robust education that is generous compared to other state funding models while reducing overall spending by $183.6 million.

Funding Policy Change

The proposed funding model is one part of a comprehensive education transformation proposal that includes changes to funding, governance, and education quality as put forth in the January 22, 2025, Education Transformation policy brief. The proposed funding approach is predicated on changes happening in these two other areas. In particular, the funding formula reflects the proposed shift in school governance from the current 119 districts and 52 SU/SDs to five regional school districts. There are a number of financial benefits by consolidating into five districts that are reflected in the funding formula recommendations:

- Lower administrative overhead at the district level, both by reducing the number of districts with separate central offices and having districts operate at an efficient scale
- Improved staffing efficiencies by being able to share staff across schools in a district and achieving evidence-based class sizes
- Potential reduced costs in purchasing and centralized service contracts and fees
- Increased equity between districts in terms of student need and community property wealth. The difference between the lowest and highest wealth districts would shrink from the highest wealth district being eleven times more property wealth than the lowest wealth district, to two times more (as measured by net grand list values per student using average daily membership (Net GL/ADM).

The proposed funding formula is designed to support the state's current portfolio of schools, as well as any future configuration of schools.

Table 1. District ADM, Demographics, and Property Wealth

District	Two-Year Average ADM	Free/Reduced Lunch (FRL) %	English Learners (EL)%	Net GL/ADM
Champlain Valley Region	34,104.77	36%	4%	1,276,529
Southwest Region	12,579.76	51%	1%	1,181,238
Northeast Region	10,174.70	55%	0%	917,317
Winooski Valley Region	14,659.62	45%	1%	1,362,387
Southeast Region	11,849.26	47%	1%	1,937,837
State	**83,368.11**	**43%**	**2%**	**$1,327,400**

Maps of proposed districts are included in Appendix A.

Establishing a Foundation Formula for Vermont

The Governor's Plan proposes a foundation formula that prioritizes investments in evidence-based educational strategies and Vermont's expressed policy goals. Foundation formulas that prioritize resources for students are the most common approach to education funding in the country, with 36 states using a student-based funding formula according to the Education Commission of the States. These approaches establish a target funding amount that is provided to educate each student based upon their unique characteristics and their school or district's circumstances. States differ in the specific funding amount they provide, as well as the parameters of

the funding formula itself. **The use of a foundation formula to establish what should be spent, at minimum, on each student is distinct from how the funding is generated.**

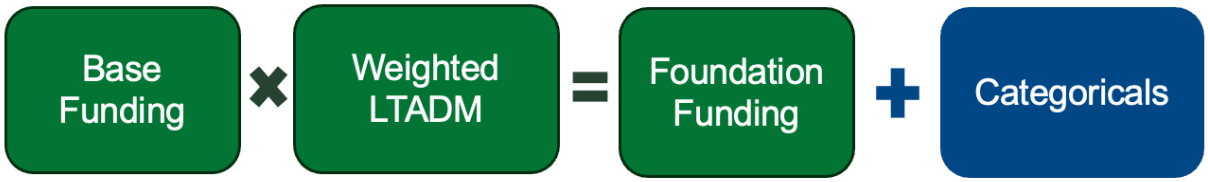
The proposed Vermont foundation funding formula includes:

- An evidence-based per-pupil funding amount as the base, which represents the resources needed for a student with no special needs, in a district with no special circumstances, to receive a quality education;
- Weights to target additional resources to support student needs, including for economically disadvantaged students, English Learners (ELs), and Career and Technical Education (CTE) students; and
- Weights to address school and district circumstances, including scale and geographic sparsity

Outside of the funding formula, additional categorical funding will be available to fund:

- Special education
- State-placed students
- Transportation
- Other categories: Vermont State Teachers' Retirement System (VSTRS) Pension Normal Cost, VSTRS OPEB Normal Cost and Other Uses (Accounting & Auditing, CMF transfer, Financial Systems).

Graphic 1. Funding Formula Components



The foundation funding formula will result in a funding system that will be more transparent, understandable, and predictable for schools, districts, families, taxpayers, and the state. This formula ensures that resources are distributed fairly across the state and that students receive the same level of resources to meet their needs, regardless of where they live.

Further, by explicitly establishing funding levels based on expected educational opportunities for all Vermont students, the formula is designed to further key policy goals including:

- Expanding early childhood education;
- Increasing afterschool and summer programs in underserved communities;
- Ensuring every student benefits from essential arts (“specials” like art, music, and world language);
- Providing additional access to mental health services for students;
- Extending and enriching college and career pathways, starting in middle school and culminating in our graduates being prepared to take on critical jobs in high demand industries; and

- Raising teacher salaries to ensure that all students have access to a high-quality teacher and that teachers are valued as professionals.

Methodology

Establishing the parameters of the funding formula involved a review of the current funding system components, approaches of other states, and the findings of other states' adequacy studies. Additionally, the proposal builds on the wealth of research that has been completed in Vermont about education funding and the resources necessary to support high quality education.

The primary resource was the most recent Picus Odden and Associates study, *An Evidence-Based Approach to Identifying an Adequate Education Spending Level In Vermont*, released September 2024 on behalf of the Vermont Legislative Joint Fiscal Office ("2024 EB Report"). Additional studies considered included:

- District Management Group, *Expanding and Strengthening Best-Practice Supports for Students Who Struggle*, November 2017, on behalf of AOE
- University of Vermont, *Study of Vermont State Funding for Special Education*, no date, on behalf of AOE
- University of Vermont and American Institutes of Research (AIR), *Pupil Weighting Factors Report*, December 2019, Report to the House and Senate Committees on Education, the House Committee on Ways and Means, and the Senate Committee on Finance ("2019 UVM/AIR Report")
- Legislative Task Force, *Task Force on the Implementation of the Pupil Weighting Factors Report*, December 2021 ("2021 Task Force Report")
- Augenblick, Palaich and Associates (APA), *Study on the Funding and Governance of Career Technical Education in Vermont*, report for Vermont Legislative Joint Fiscal Office, March 2023
- AOE, Legislative Report: Prekindergarten Pupil Weights, December 2023, Report to the Vermont General Assembly ("2023 Prekindergarten Report")
- Tammy Kolbe, *Report on the Additional Cost of Educating Vermont's English Learner Students*, January 2024 ("2024 EL Report")
- Forthcoming study from APA on CTE governance and funding

AOE has worked with APA as a consultant to review these sources of information and compile them into a complete set of policy recommendations to establish a new funding formula. As a firm, APA is a nationally recognized expert in school finance, having worked across the country for over 40 years to review, develop and refine state education funding systems, including most recently updating funding systems in Maryland, Nevada and Washington, D.C.

Evidence-based Base Funding Amount

The 2024 Evidence Based (EB) report from Picus Odden and Associates (POA) on behalf of the Vermont Legislative Joint Fiscal Office, identified the cost of providing an adequate education in Vermont, including establishing a base and adjustments. The study used an evidence-based approach to establish the base cost needed for all students. The evidence-based approach is one of four approaches used to establish the cost of an adequate education, nationally. An evidence-based approach has been used as the basis for the funding systems in Arkansas and Wyoming, both of which have

been subject to court decisions, so the approach has been further upheld as meeting each state's legal requirements.

The EB base amount is based on an identified set of resources (personnel and non-personnel) in prototypical schools, to which average salaries and benefits for each personnel position are applied. Key school-level staffing resources include:

- Class size ratios of 15:1 in kindergarten through third grade and 25:1 in grades 4-12
- Specials (or elective) teachers to ensure planning and collaboration time for teachers and robust course offerings at the secondary level.
- Instructional support:
    - 1 Instructional Coach for every 200 students to work with teachers to improve practice and 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:
    - 1 counselor per 450 students in elementary and per 250 students in secondary
    - 1 nurse for every 750 students
    - 1 principal per school, and assistant principal in high school, plus secretarial staff
- Supervisory aides to cover duties and protect teacher planning time.

Additionally, the EB model identifies costs for non-personnel areas like supplies and materials, technology, and maintenance and operations, as well as district-level staff.

While the EB approach identifies a specific theory of action regarding how resources should best be organized to support student achievement, the intention here is not to be prescriptive.

Instead, the approach is used as a means of estimating the necessary per student dollar amount to be distributed to districts who will then make the decisions on how to best use their available funding to support their students.

APA has partnered with POA in several states (Colorado, Maryland, Michigan, Nevada and Washington, D.C.) to implement the evidence-based approach and reconcile the resources identified in the evidence-based model responding to state educator input to adapt it for each state's unique context. Based upon this partnership and prior experience, APA recommended a number of adjustments to the evidence-based model resources put forth in the 2024 EB report in an effort to tailor the model to Vermont. Adjustments were made to account for Vermont's unique scale considerations, feedback from the Agency's Listen and Learn Tour, and state priorities. These adjustments included:

- Staffing specials or elective teaching staff in middle schools at a level 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;
- 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 to support 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 implementation of flexible pathways.

These adjustments were consistent with stakeholder feedback from the AOE's Listen and Learn Tour. Through the Listen and Learn Tour, Vermonters expressed a desire for (1) more robust education opportunities for students, including expanded college and career readiness coursework in all high schools and career exploration in middle schools, as well as (2) additional social-emotional and mental health supports for students. These adjustments are also aligned with state priorities for students and teachers. Finally, based on APA's experience, the additional staffing for student support administration in elementary and middle schools, and middle school electives are common adjustments recommended to the evidence-based model by educators in other states. No adjustments were made to the recommended district level staffing at the prototypical district of 3,900 students, given the proposed governance changes.

The final recommended resources in the adjusted EB model that drive the base cost amount are summarized in the following tables: school-level staffing, district-level staffing, and non-personnel costs. Highlighted cells are adjustments to the evidence-based model that were recommended by APA; otherwise, the resources were the same as recommended in the 2024 EB report.

Table 2. School-level Staffing (FTE) in Adjusted EB Model Base

Position	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 Courses	0.00	0.00	2.00
Instructional Coaches	2.25	2.25	3.00
Interventionists (Teacher Tutors)	1.00	1.00	1.00
Counselors/Social Worker/Mental Health Professional	2.00	3.60	4.80
Nurses	0.90	0.90	1.00
Supervisory Aides	2.00	2.00	3.00
Library Media Specialists	1.00	1.00	1.00
Substitute Teachers	1.72	1.36	1.90
Principals	1.00	1.00	1.00
Assistant Principals	1.00	1.00	1.00
School Secretary	2.00	2.00	3.00

As shown, the EB model is adjusted through adding additional specials/elective staffing in middle school, additional teachers to provide college and career readiness courses in high school, additional student support staff at all levels, a lower nursing ratio (500:1 vs. 700:1) and assistant principals in the elementary and middle school.

Table 3. District-level Staffing in Adjusted EB Model Base (3,900 Student District)

Office	Position	FTE
Superintendent's Office	Superintendent	1.00
	Secretary/Clerical	1.00
Business Office	Business Manager	1.00
	Directors	1.00
	Secretary/Clerical	5.00
Curriculum and Support	Assistant Supt. for Instruction	1.00
	Directors: Pupil Service/ Assessment/ Evaluation	2.00
	Psychologist	3.90
	Secretary/Clerical	3.00
Technology	Director of Technology	1.00
	Secretary/Clerical	1.00
	Network/Systems Supervisor	2.00
	School Computer Technician	4.00
Operations & Maintenance	Director of O&M	1.00
	Secretary/Clerical	1.00

At the base level, no adjustments were made to the district-level staffing identified in the EB model. This is because all districts under the proposed governance structure would be over the identified efficient district size of 3,900 students. **Larger districts would have more staff and likely be staffed differently but are assumed to cost a similar amount per student.**

For example, in a district of 10,000 students, instead of the 29 central office staff members identified above for the district of 3,900 students, the district could have 74 central office staff members at the same cost per student. Further, *as the identified resources are not intended to be prescriptive about how a district decides to use their funding*, they also may choose to structure their central office differently, with different positions, such as having assistant superintendents or assistant directors in the offices noted above, or additional offices for other district strategic priorities.

Table 4. Non-Personnel Costs in Adjusted EB Model Base

Cost Area	Amount per Student
Accelerated Programs (Gifted and Talented in POA report)	$25
Professional Development	$156
Instructional Materials	$256
Short Cycle/Interim Assessments	$25
Technology/Equipment	$250
Student Activities	$360
CTE	$20
Flexible Pathways	$109
Maintenance and Operations	$1,014
Misc. District Expenses	$450

The EB model identified a cost for CTE of $10,000 per CTE teacher. This is adjusted to instead be a per student amount at a higher level to provide additional CTE course offerings within traditional middle schools and high schools (in addition to the robust CTE offerings in technical centers). An additional per student amount is identified to offer other flexible pathways opportunities such as dual enrollment and early college; this would generate a similar amount of funding to what is allocated through a categorical grant in the current funding system and allow for the same uses of funding.

No adjustment is made for maintenance and operations (M&O) costs at the base level, but the higher per student amount needed in small schools was considered as part of the school size adjustment.

Table 5. Salaries and Benefits Applied to Adjusted EB Model Base

Salaries	Vermont statewide average salaries from the 2024 EB study for all positions were used, with an additional $5,000 added to the average salary for teachers and interventionists (teacher tutors) to provide funding to allow for multiple approaches to achieve the goal of teacher pay equity.
Benefits	The benefit rate from the 2024 EB study (developed in consultation with AOE) of 36.1 % was applied to all salaries for health insurance, social security and Medicare, workers compensation and unemployment insurance.

In total, these resources generate the **recommended per pupil base amount of $13,200** when inflated to FY25 dollars.

The adjusted EB base amount represents the resources identified in available academic research as needed for students to be successful, adjusted to fit the Vermont context and state priorities, such as college and career readiness, flexible pathways, and increasing teacher salaries. It is intended to be a generous foundation to ensure every student in Vermont receives a high-quality education.

Policy Considerations: The identified resources are not intended to be prescriptive and instead the use of a foundation formula gives local communities flexibility in how generated funding can be used. Separate policy decisions can be made to provide guidelines or guardrails in how funding could be used, such as class size or salary schedule recommendations, that are separate from funding formula decisions. Additionally, funding for flexible pathways (concurrent enrollment, early college) has been “rolled into” the base and expected to be used for the same purposes as the current categorical grant, but a different policy choice could be made to continue to fund these programs outside of the base.

Weights to Support Student Needs

Currently, Act 127 established student weights, but they are not tied to a base, as is the normal practice in education funding. These weights represent additional taxing capacity, not weights that drive dollars to meet student needs directly. A 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.

The new funding formula instead includes weights that represent the additional funding students with additional need **will** receive. These include student weights for:

- Economically disadvantaged students
- English Learners (EL)
- CTE students
- Preschool students

The above categories for weighting are recommended for reasons including they (1) exist in the current tax capacity/Act 127 weight structure (economically disadvantaged, EL, and preschool), (2) are common categories for weights in states with foundation formulas (all four) and (3) are aligned with Vermont's cradle to career priorities (CTE and preschool).

The current tax capacity structure also includes weights for grade levels, which we are not recommending within the foundation formula. This is because the adjusted EB model accounts for different resources needed at different grade spans to generate a base amount for all students. Under the assumed governance model of five regional districts, all districts would be operational K-12, so it is no longer necessary to differentiate weights as was needed when some districts, for example, only served elementary students.

The above weights represent the most common weight categories seen in other states' funding formulas. Two additional weight categories, accelerated programming (gifted and talented) and for flexible pathway-type programs, are less frequently used, but separate weights for these categories are not recommended at this time. Instead, these resources are identified as part of the base amount. Finally, special education funding is often provided through a special education weight. However, at this time, AOE and APA are recommending that Vermont continue to fund special education as a categorical outside of the foundation formula.

Within this recommended weight structure, AOE and APA referred to the available research in Vermont to determine what the specific weight recommendations should be. The available research in Vermont produced varying weights and/or targeted funding levels to serve students in the above groups.

It is important to make clear that it is difficult to compare student weights without a known base amount as is the case for the current Act 127 weights. A student weight without a base figure does not target a specific level of funding. Where available, the overall amount of additional funding for specific students was considered and prioritized, with efforts to understand the underlying resource set that could be funded.

Economically Disadvantaged Students

The current Act 127 weight is 1.03, which was the same weight identified in the Task Force report. The Task Force report also identified an equity payment amount for economically disadvantaged students of $10,664. The 2024 EB study's weight for economically disadvantaged students ranged from 0.34 to 0.49 (or up to just over $6,000 per economically disadvantaged student) based upon the assumed percentage of students that would participate in extended learning opportunities.

APA reviewed the resources identified in the EB model for economically disadvantaged students and made adjustments to the proposed resource model to generate a total

amount of funding more similar to the level of funding recommended by the 2021 Task Force report. Staffing resources included:

- One-on-one academic tutoring and small group intervention
- Student support through additional counselor/social worker/mental health professionals (ratio of 50:1)
- Additional administration staff
- Extended learning opportunities that are focused on addressing achievement and opportunity gaps- including before and after school, and summer school- for all economically disadvantaged students

Additional per pupil figures for:

- Supplies and materials, including intervention program licensing
- Assessment
- Student activities

These adjustments resulted in a **recommended weight of 0.75 for economically disadvantaged students which would generate $9,900 per economically disadvantaged student** when applied to the robust base recommended.

English Learners

The EL weight recommended by the 2024 EB study was 0.44 to 0.58, again based on the percentage of students participating in extended learning opportunities. This weight is lower than the current Act 127 tax capacity weight of 2.49, and the preceding 2019 UVM/AIR report. The 2024 EB study's weight will generate a lower amount of funding then recommended in the 2024 EL report of $19,845 in FY22-23 dollars.

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, in order to generate additional funding, and available resources, similar to what is recommended in the 2024 EL report which relied on national research and input from Vermont EL educators. **APA and AOE recommend a weight of 1.5 for each EL student, or $19,800 per EL student.**

APA examined the resources identified in Exhibit 12 of the 2024 EL report to estimate the average resource level needed per EL student that could be added into the EB model to verify the estimated weight. The EL report identifies resources in minutes of service for:

- Instructional minutes
- Teacher collaboration
- Extended learning time
- Summer school
- Assessment
- Parent communication

Additional per pupil figures are included for:

- Materials, supplies, and technology
- Student activities
- Translation/interpreter services

The amount of time varies by WIDA and grade level. APA created an estimate of minutes per WIDA/grade level and then created a weighted average resource level need based on the identified resources. The staff resources were converted to a teacher to student ratio and the per pupil figures were added into the model. The estimated ratio produced a weight slightly higher of 1.6, but considering variations in applied costs, APA and AOE believes the 1.5 weight is appropriate. Given the particularly wide achievement gaps seen in Vermont for ELs and the challenges of meeting student language needs in areas with low population levels, this is considered a key investment area.

APA and AOE recommend the state also consider a tiered approach with multiple EL weights based upon student language acquisition levels (as measured by WIDA). This tiered approach was recommended in the 2024 EL report for Vermont and has recently been recommended by APA in Ohio and Colorado, among other states. If Vermont explored a tiered approach, it would put it at the forefront of the field in this area.

Career and Technical Education (CTE)

Over the past year, APA has been conducting a study of CTE governance and funding in Vermont for AOE. 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 median spending for CTE programs is around $25,000 per student to provide a full-time program, not including any costs still incurred by sending districts to support students at their sending school. The new system would have all CTE Center education be overseen by a single statewide CTE BOCES.

AOE and APA propose funding the new CTE BOCES directly for all center-based CTE students. The proposed funding amount for each CTE Full Time Equivalent (FTE) is estimated to be $25,000. Funding would be made up of two parts. Each CTE student will still be eligible for the $13,200 base funding amount, but an “on behalf” payment to the CTE BOCES of $8,000 will be made from that base amount for each full-time FTE CTE student, with a prorated amount for part-time students. Sending districts will keep the remaining base amount to provide the other services needed to serve the CTE students, such as counseling support and special education services, as well as to be able to continue to provide robust course offerings to remaining students. In addition, the CTE BOCES will receive the remainder of the $25,000 through a 1.3 weight in the foundation formula. CTE students will no longer be funded on just the six-semester average but instead on the better of six-semester average or the average of the previous two semesters.

The CTE BOCES would be expected to fund all operations from the $25,000 per FTE including building budgets for each of the public CTE centers. Staff would also be needed to support expanded CTE opportunities in traditional public high school and middle schools which is already funded through the adjusted EB base.

Preschool

After reviewing the 2023 Prekindergarten report, APA and AOE recommend that instead of funding preschool students as partial ADM (-0.54), that four-year-old preschool students should be funded as a full 1.0 ADM to 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 of -0.54. 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.

Weights to Address School and District Circumstances

In addition to adjustments for student characteristics, recognition also needs to be given to the impacts of school and district characteristics on the cost of education delivery. Foundation formulas can include adjustments for:

- School or district size
- Regional cost differences
- Geography, such as isolation or sparsity

AOE and APA recommend that the funding formula include an adjustment for school scale and district sparsity, but not for district size or regional cost differences. With the proposed governance change to five regional districts, AOE and APA would not recommend an additional adjustment for district size, because all proposed districts would be above the 3,900 prototypical district size used to generate the evidence-based model base. The potential for a regional cost adjustment has not been analyzed and is not recommended at this time.

School Scale

The 2024 EB report highlighted that its assumed base resources did not take into consideration the differences in school scale seen in Vermont, where average school sizes are much smaller than the 450 or 600 student prototype schools in the evidence-based model. These prototype school sizes represent the point of efficiency and can serve as the foundation of an upwards adjustment to account for the diseconomies of scale and higher costs to operate smaller settings.

Currently, Act 127 provides weights for schools with fewer than 250 students and fewer than 100 students in geographically sparse communities of 0.07 and 0.21 respectively. These weights are slightly lower than those recommended in the initial 2019 UVM/AIR study (0.12 and 0.24). APA examined the use of the adjusted EB model at different school sizes (300 students, 200 students, 100 students and 50 students). This was done based upon its decades of experience working with educators to identify resources using the professional judgment approach. The results of this work allowed a vetting of the current weights versus the Act 127 weights and the preceding 2019 UVM/AIR study weights.

The following tables are illustrative of the resources needed at different school sizes. The farthest right column represents the resources needed for a school of 450 students, which is the basis of the adjusted EB model. The columns to the left reflect smaller schools, where highlighted cells indicate the need for resource adjustments based on school size. Additionally, based on an analysis of current M&O costs, these costs are estimated to be higher per student in small schools.

Table 6. Example of Adjusted EB Model at Different Elementary School Sizes

Resource Area	50 students	100 students	200 students	300 students	450 students
Personnel					
Core Teachers	3.00	6.00	12.00	18.00	26.00
Elective Teachers	1.00	1.50	2.40	3.60	5.20
Instructional Coaches	0.50	1.00	1.00	1.33	2.25
Interventionists	0.50	1.00	1.00	1.00	1.00
Counselors/Social Worker/Mental Health Professional	0.50	1.00	1.00	1.33	2.00
Nurses	0.20	0.20	0.40	0.60	0.90
Supervisory Aides	0.22	0.44	0.89	1.33	2.00
Library Media Specialists	0.20	0.20	0.50	0.67	1.00
Substitute Teachers	0.25	0.48	0.82	1.20	1.72
Principals	0.50	0.50	1.00	1.00	1.00
Assistant Principals	0.00	0.00	0.00	0.50	1.00
School Secretary	1.00	1.00	1.00	1.50	2.00
Non-Personnel Costs					
Accelerated Programs	$25	$25	$25	$25	$25
Professional Development	$156	$156	$156	$156	$156
Instructional Materials	$256	$256	$256	$256	$256
Short Cycle/Interim Assessments	$25	$25	$25	$25	$25
Technology/Equipment	$250	$250	$250	$250	$250
Student Activities	$360	$360	$360	$360	$360
M&O Per Pupil Costs	$1,900	$1,700	$1,500	$1,400	$1,014
Central Office Per Pupil Costs	$1,194	$1,194	$1,194	$1,194	$1,194

Table 7. Example of Adjusted EB Model at Different Middle School Sizes

Resource Area	50 students	100 students	200 students	300 students	450 students
Personnel					
Core Teachers	3.00	4.00	8.00	12.00	18.00
Elective Teachers	1.00	1.50	2.66	4.00	6.00
College and Career Readiness Courses	0.00	0.00	0.00	0.00	0.00
Instructional Coaches	0.50	1.00	1.00	1.50	2.25
Interventionists	0.50	1.00	1.00	1.00	1.00
Counselors/Social Worker/Mental Health Professional	0.50	1.00	1.60	2.40	3.60
Nurses	0.20	0.20	0.40	0.60	0.90
Supervisory Aides	0.22	0.44	0.89	1.33	2.00
Library Media Specialists	0.25	0.25	0.50	1.00	1.00

Resource Area	50 students	100 students	200 students	300 students	450 students
Substitute Teachers	0.25	0.38	0.63	0.92	1.36
Principals	0.50	0.50	1.00	1.00	1.00
Assistant Principals	0.00	0.00	0.00	0.50	1.00
School Secretary	1.00	1.00	1.00	1.50	2.00
Non-Personnel Costs					
Accelerated Programs	$25	$25	$25	$25	$25
CTE	$25	$25	$25	$25	$25
Professional Development	$156	$156	$156	$156	$156
Instructional Materials	$256	$256	$256	$256	$256
Short Cycle/Interim Assessments	$25	$25	$25	$25	$25
Technology/Equipment	$250	$250	$250	$250	$250
Student Activities	$360	$360	$360	$360	$360
M&O Per Pupil Costs	$1,900	$1,700	$1,500	$1,400	$1,014
Central Office Per Pupil Costs	$1,194	$1,194	$1,194	$1,194	$1,194

Table 8. Example of Adjusted EB Model at Different High School Sizes

Resource Area	50 students	100 students	200 students	300 students	450 students	600 students
Personnel						
Core Teachers	4.00	4.00	8.00	12.00	18.00	24.00
Elective Teachers	1.50	1.50	3.00	4.00	6.00	8.00
College and Career Readiness Courses		0.50	0.67	1.00	1.50	2.00
Instructional Coaches	0.50	1.00	1.00	1.50	2.25	3.00
Interventionists	0.50	1.00	1.00	1.00	1.00	1.00
Counselors/Social Worker/ Mental Health Professional	0.50	1.00	1.60	2.40	3.60	4.80
Nurses	0.20	0.20	0.40	0.60	0.90	1.00
Supervisory Aides	0.25	0.50	1.00	1.50	2.25	3.00
Library Media Specialists	0.25	0.25	0.50	0.50	0.75	1.00
Substitute Teachers	0.33	0.40	0.68	0.98	1.44	1.90
Principals	0.50	0.50	1.00	1.00	1.00	1.00
Assistant Principals	0.00	0.00	0.00	0.50	1.00	1.00
School Secretary	1.00	1.00	1.50	2.00	2.50	3.00
Non-Personnel Costs						
Accelerated Programs	$25	$25	$25	$25	$25	$25
CTE	$50	$50	$50	$50	$50	$50
Flexible Pathways	$354	$354	$354	$354	$354	$354
Professional Development	$156	$156	$156	$156	$156	$156
Instructional Materials	$256	$256	$256	$256	$256	$256

Resource Area	50 students	100 students	200 students	300 students	450 students	600 students
S.C./I. Assessments	$25	$25	$25	$25	$25	$25
Technology/Equipment	$250	$250	$250	$250	$250	$250
Student Activities	$360	$360	$360	$360	$360	$360
M&O Per Pupil Costs	$1,900	$1,700	$1,500	$1,400	$1,014	$1,014
Central Office Per Pupil Costs	$1,194	$1,194	$1,194	$1,194	$1,194	$1,194

Table 9. Adjusted EB Model Weights compared to Act 127 and 2019 AIR/UVM Study Weights

	Adjusted EB Model Estimates as Scale Weights				Possible Scale Weight Options	
School Size	Elementary	Middle	High	Combined	Current Act 127 Weights	2019 AIR/UVM Study Weights
50	0.46	0.59	0.93	0.63	0.21	0.24
100	0.27	0.24	0.31	0.27	0.21	0.24
200	0.10	0.08	0.16	0.11	0.07	0.12
300	0.06	0.06	0.11	0.08	no adjustment	no adjustment
450	0.00	0.00	0.02	0.01	no adjustment	no adjustment
600	0.00	0.00	0.00	0.00	no adjustment	no adjustment

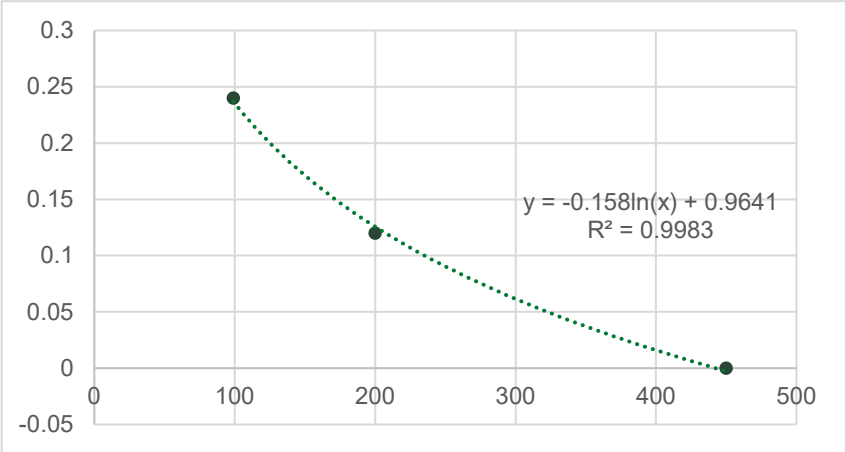
Using this illustrative validation approach, APA and AOE recommend a differentiated weighting by size that is more similar to the higher weights of the 2019 UVM/AIR study based on the resource base illustrated above.

As such, APA and AOE recommend using the 2019 UVM/AIR weights as the basis of a school size adjustment, with the following important changes to how the adjustment is implemented:

- Currently the weights are applied as tiers, leading to funding “cliffs” or very different funding based on having one student above or below the weighting thresholds. For example, if a school has 99 students, they would receive a weight of 0.21 for each of their students but if the school has 101 students, they would receive a weight of just 0.07 for each student. APA would instead recommend a formula to smooth out funding cliffs.
- Provide additional funding for schools between 250 and 450 students through the size adjustment formula (the prototypical school size generating the base amount is 450 students).
- Allow the formula to provide additional funding for schools less than 100 students. Currently, as the maximum weight provided does not change under 100 students, the adjustment is essentially “capped.” APA would recommend allowing for additional weighting through the formula below 100 students until such time as the state defines eligibility criteria for schools that are small by necessity.

- Apply the weight to all schools based upon their enrollment, instead of only schools in sparsely populated areas. In the future, the state can set criteria for schools that are eligible to receive the funding based upon being small by necessity, either due to geography, sparsity, facility constraints or other considerations.

Chart 1. School Size Formula Based on AIR/UVM Weights



School Enrollment	Weight Using Size Adjustment Formula
50	0.35
100	0.24
200	0.13
250	0.09
300	0.06
450	0.00
600	0.00

Policy Considerations: AOE and APA recommend that the size adjustment be applied to all schools in Vermont to support the system at its current school scale. Over time, we recommend considering what schools should be eligible to receive funding because they are "necessarily small," in other words small by necessity, not by choice. This could include because they are in a sparsely populated area, geographically isolated, or have facilities constraints that prohibit their ability to consolidate with another school. Different criteria could be set by grade span; for example, allowing smaller neighbor elementary schools while establishing centralized middle schools and regional comprehensive high schools. Determining the eligibility criteria for which schools are necessarily small is a longer-term policy discussion and the funding formula has been designed to support both the current and future portfolio of schools in Vermont.

District Sparsity

In addition to consideration for school size, the current funding formula adjusts for district scarcity as measured by their population per square mile. Current Act 127 weights are:

- <.36 pop/mi2 = 0.15
- 36 ≤ pop/mi2 < 55 = 0.12
- 55 ≤ pop/mi2 < 100 = 0.07

The 2021 Task Force reports weights are the same, while the 2019 UVM/AIR Study uses same thresholds, but higher weights. The 2024 EB study does not adjust for district scarcity. Recognizing that more sparsely populated, rural areas face higher costs of doing business, APA and AOE recommend continuing to adjust for district sparsity using the current system weights and exploring changes, if necessary, in the future following further study.

Additional Categorical Funding

Special Education

Absent further study, the AOE and APA recommend maintaining the current approach to funding special education through the census-based block grant. However, the APA and AOE 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. The current level of adjustment necessary is estimated at $70 million to account for special education spending that was funded through local budget decisions versus state or federal funding.

Transportation

The current transportation categorical provides reimbursement for up to 50 percent of the costs of transportation. We would recommend increased funding to fully reimburse costs, so for modeling purposes categorical funding for transportation is doubled from $25 million to $50 million.

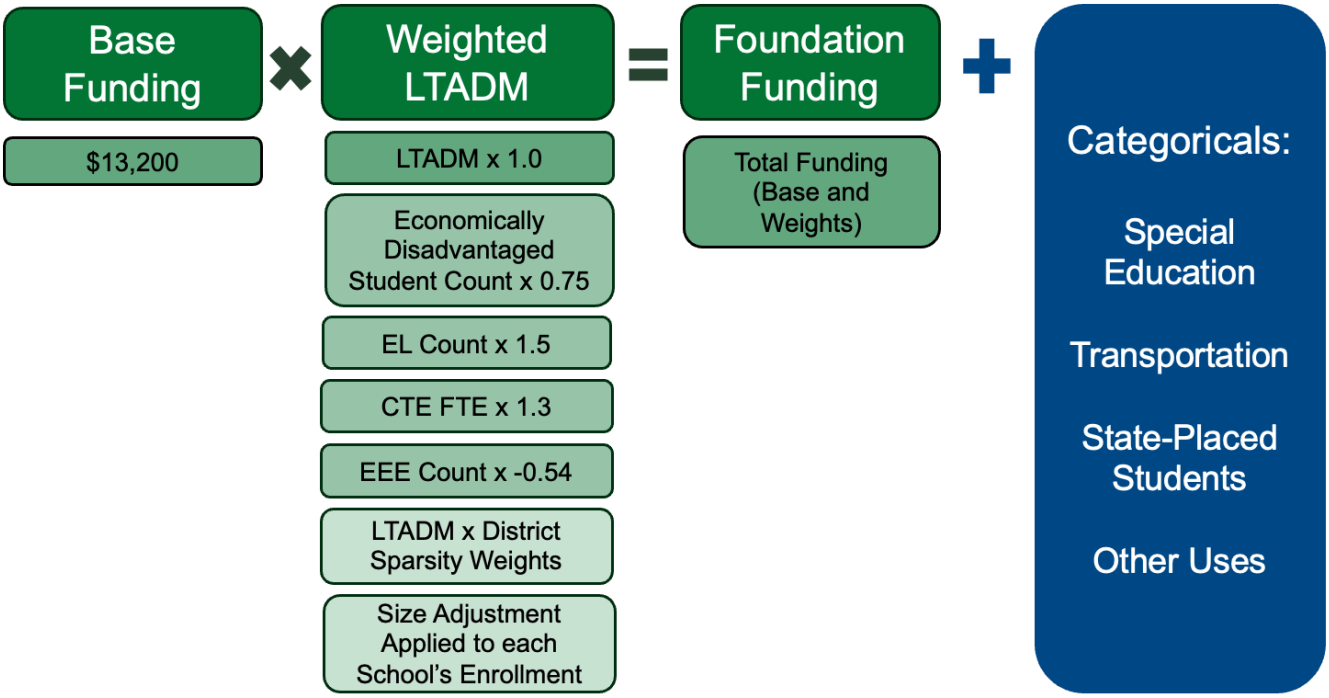
Additionally, categorical funding for **state-placed students, VSTRS Pension Normal Cost, VSTRS OPEB Normal Cost and Other Uses (Accounting & Auditing, CMF transfer, Financial Systems)** were assumed at current funding level for initial modeling, understanding that any changes to the aforementioned programs would require updates to estimates.

Funding for the prior categoricals of flexible pathways, small schools and English learners have been addressed through the foundation formula funding.

Summary of Proposed Funding Formula

The following graphic summarizes each funding formula component and its application.

Graphic 2. Summary of Proposed Funding Formula Components



New Funding Formula Estimates

The following tables present the total weighted student counts for the proposed five districts along with the total amount of foundation funding generated by each formula component. Figures are shown in FY25 dollars.

Table 10. Weighted Student Counts by Category for Each District

District/Entity	Two-Year Average ADM	Econ. Disadvant. ADM	EL WADM	CTE WFTE	EEE WADM	Sparsity WADM	School Size WADM
Champlain Valley Region	34,104.77	9,131.12	2,180.99	0.0	(184.25)	1019.42	1,089.00
Southwest Region	12,579.76	4,822.88	166.73	0.0	(44.08)	705.79	784.00
Northeast Region	10,174.70	4,167.36	49.28	0.0	(37.84)	1,121.39	771.00
Winooski Valley Region	14,659.62	4,924.38	222.50	0.0	(60.36)	1,043.56	1,060.00

District/Entity	Two-Year Average ADM	Econ. Disadvant. ADM	EL WADM	CTE WFTE	EEE WADM	Sparsity WADM	School Size WADM
Southeast Region	11,849.26	4,147.81	190.13	0.0	(43.99)	661.04	1,108.00
CTE BOCES	0.0	0.0	0.0	3,987.04	0.0	0.0	0.0
State Total	**83,368.11**	**27,193.55**	**2,809.61**	**3,987.04**	**(370.52)**	**4,551.20**	**4,812.00**

In total, the proposed funding system will result in an estimated 126,351 weighted students as of FY 25.

Table 11. Foundation Formula Funding for Each District (in millions, FY25 dollars)

District/Entity	Base Funding	Econ. Disadvant. Funding	EL Funding	CTE Center Funding incl. in lieu of payment	EEE Funding	Sparsity Funding	School Size Funding
Champlain Valley Region	450.2	120.5	28.8	(8.3)	(2.4)	13.5	14.4
Southwest Region	166.1	63.7	2.2	(3.5)	(0.6)	9.3	10.3
Northeast Region	134.3	55.0	0.7	(4.0)	(0.5)	14.8	10.2
Winooski Valley Region	193.5	65.0	2.9	(4.3)	(0.8)	13.8	14.0
Southeast Region	156.4	54.8	2.5	(2.9)	(0.6)	8.7	14.6
CTE BOCES	0.0	0.0	0.0	75.5	0.0	0.0	0.0
Total	**1,100.5**	**359.0**	**37.1**	**52.6**	**(4.9)**	**60.1**	**63.5**

Total funding through the proposed foundation formula is currently estimated to be $1,667.8 million, which compares to the FY25 Education Payment of $1,893.3 million. There also are anticipated differences in other categorical appropriates noted in the table below.

Table 12. Comparison to FY25 Appropriations

Appropriations (millions of dollars)	FY2025	Proposed Funding Policy
Education Payment/Foundation Formula	1,893.3	1,667.8
Special Education Aid	264.6	334.6
State-Placed Students	20.0	20.0
Transportation Aid	25.3	50.0
Technical Education Aid	17.9	0.0
Small School Support/Merger Support	1.8	0.0
Essential Early Education Aid	8.7	8.7
Universal School Meals	20.4	0.0*

Appropriations (millions of dollars)	FY2025	Proposed Funding Policy
Flexible Pathways	10.4	0.0
English Learners Services	2.3	0.0
VSTRS Pension Normal Cost	36.0	36.0
VSTRS OPEB Normal Cost	19.1	19.1
Other Uses (Accounting & Auditing, CMF transfer, Financial Systems)	6.0	6.0
Total Uses	**2,325.8**	**2,142.2**

**Removed from future funding per Governor Scott's recommended budget.*

Special education aid is increased by $70 million to reflect special education spending that is not currently covered through the census block grant or other available funding for special education. This is still a placeholder as a final determination in how to treat this additional funding is still being determined. Transportation funding is also estimated to double from the current appropriation which only reimburses up to 50 percent of costs. Categorical grants for technical education, small school support/merger support, and English learner services are recommended to be eliminated, as funding for CTE, small schools, and EL is a part of foundation formula funding.

Overall, within the proposed changes to governance structure and assuming efficiencies, the recommended funding formula and remaining categoricals would require $183.6 million less in funding then the current funding system, using FY25 as basis of comparison. Similar potential savings are anticipated in FY28 when the funding formula is implemented and additional expected savings in the future as schools achieve optimum scale.

Comparing Proposed Funding Formula to Other States

The Education Commission of the States identifies 36 states[1] as having student-based funding formulas. States vary widely in the base funding amount, as well as in the weights for student need characteristics such as at-risk or English Learners (EL). When comparing the proposed Vermont weights to other states, it is important to consider the weight in the context of the base amount, as the same weight will generate different additional dollar amounts on different base amounts. The proposed Vermont base of $13,200 and the funding generated by the proposed weights, 0.75 for economically disadvantaged (at-risk) and 1.5 for EL, are generous in comparison to other states.

The following table shows the proposed Vermont base and weight-generated funding. For other states with student-centered funding, it shows the minimum and maximum base funding amount, and minimum and maximum dollar amounts generated per student through at-risk and EL weights. Base funding amounts range from $4,105 to $14,668 per student, so Vermont's proposed base funding level is approaching the highest base funding levels in other states. Weight-generated funding per student for at-risk students in other states ranges from $108 to $7,559, with Vermont's proposed weight generating $9,900 per economically disadvantaged student. Weight-generated

[1] https://reports.ecs.org/comparisons/k-12-funding-2024

funding per student for EL students in other states ranges from $155 to $8,956, with Vermont's proposed EL weight generating $19,800 per EL student.

Table 13. Comparison to Base and Additional Funding for Economically Disadvantaged (At-Risk) and English Learners in Other States

Formula Element	Vermont Proposed	Minimum, Other States	Maximum, Other States
Base amount per Student	$13,200	$4,015	$14,668
At-risk weight-generated funding per student	$9,900	$108	$7,559
EL weight-generated funding per student	$19,800	$155	$8,956

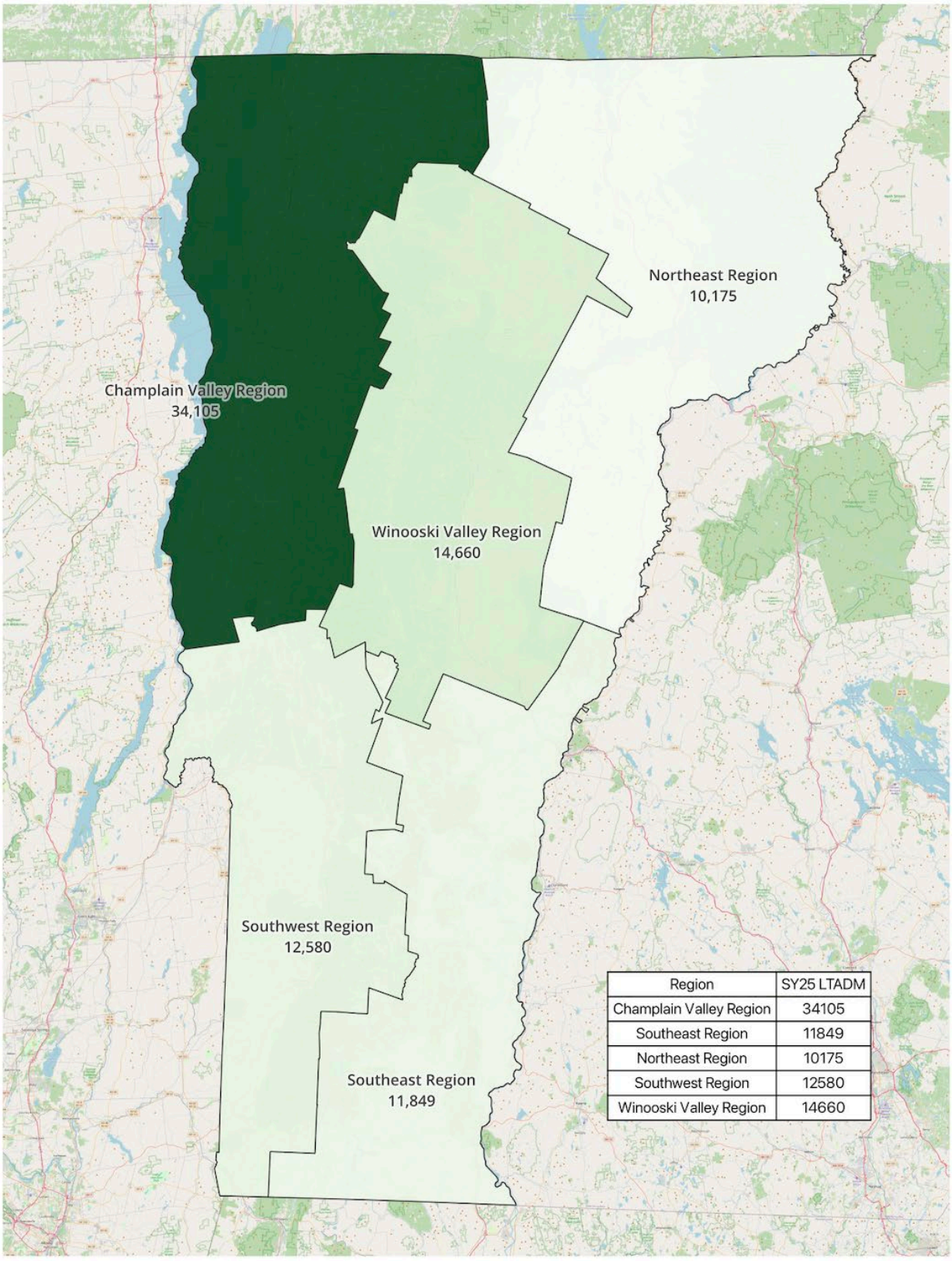
Appendix B includes a table describing the base and weights for each state with a student-based funding formula.

Key Resources

Listen and Learn Tour Summary Report
November 2024 State Education Profile Report Re-Release
Vermont's Education Funding System: Explained and Compared to Other States
Fundamentals of a Foundation Formula
Education Funding Presentation
State Education Profile Presentation
Agency of Education Listen and Learn Tour Summary Presentation

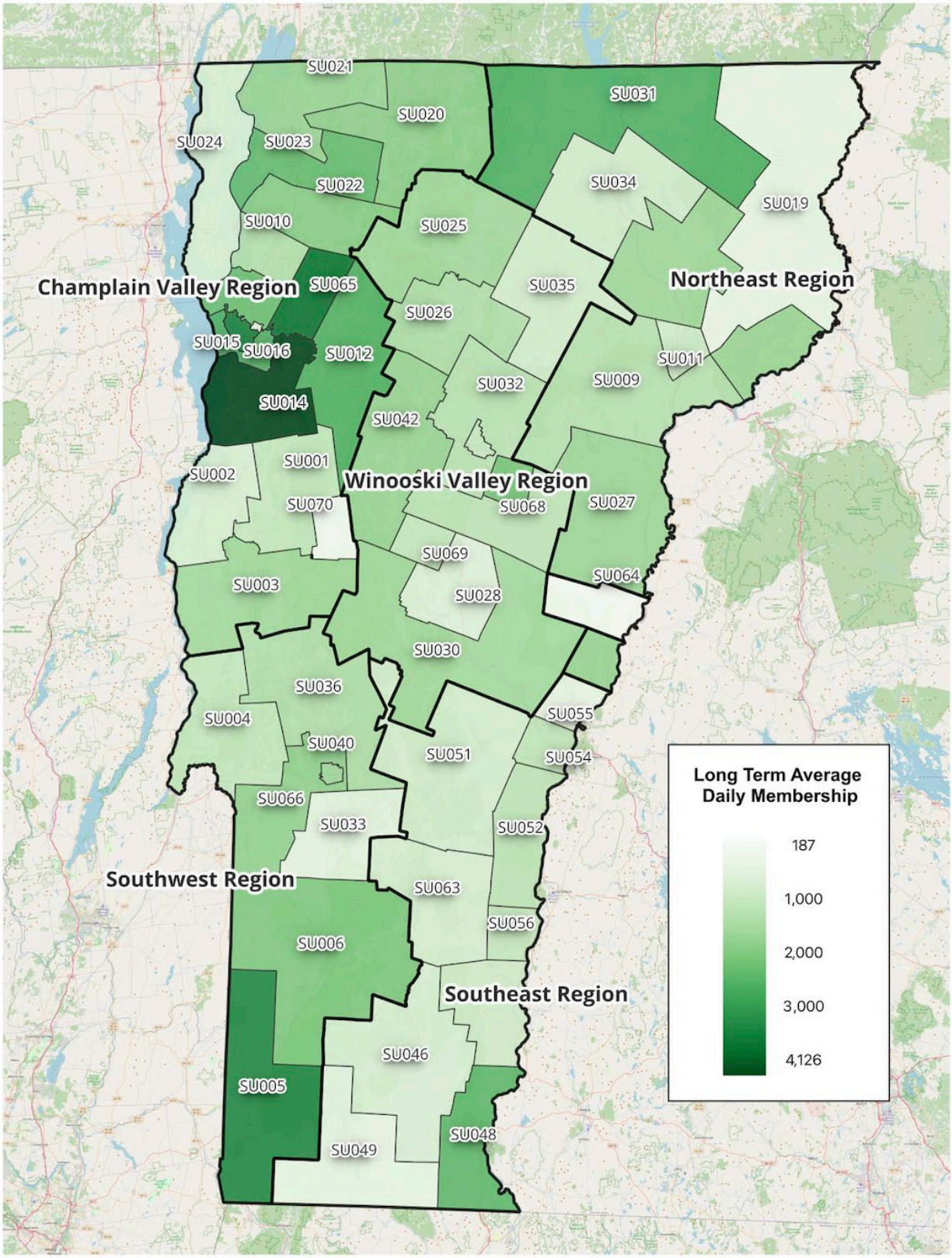
Appendix A: District Maps

Long Term Average Daily Membership by Region (SY25)



Region	SY25 LTADM
Champlain Valley Region	34105
Southeast Region	11849
Northeast Region	10175
Southwest Region	12580
Winooski Valley Region	14660

Long Term Average Daily Membership by SU (SY25)



Appendix B: 2024-25 State Student-Based Funding Formula Base and Weights

This table includes states with a student-based education funding formula, identifying the 2024-25 school year base per pupil funding amount, and for economically disadvantaged (at-risk) and English Learner (EL) students, the weight for each student group, with the funding amount per pupil generated when the weight is applied to the base. Five states[1] with student-based formulas were not included due to the formula calculation resulting in differing base amounts for district across the state or other factors that make the base figure not comparable.

In some instances, states establish a dollar amount per student rather than a weight; in those cases, APA calculated a weight for the current year; those are indicated by shaded cells. The "Census Funding" designation refers to a weight being applied to all students, not just the count of students in the category of funding. The "Multiple Weights" designation indicates that a state has multiple weights in a given category. When weights are based on a school or district's concentration of students in a given category, the lowest concentration weight is displayed.

State	Base per Pupil	At-Risk Weight	At-Risk per Pupil Amount	ELL Weight	ELL Weight per Pupil Amount
Alaska	$5,960	Census Funding	N/A	Census Funding	N/A
Arizona	$4,915	0.022	$108	0.115	$ 565
Arkansas	$7,771	0.588	$4,569	0.085	$661
California	$10,025	0.200	$2,005	0.200	$2,005
Colorado	$8,496	0.120	$1,020	0.080	$680
Connecticut	$11,525	0.300	$3,458	0.250	$2,881
District of Columbia	$14,668	0.300	$4,400	0.500	$7,334
Florida	$5,331	N/A	N/A	0.192	$1,024
Indiana	$6,681	0.600	$4,024	Multiple Weights	N/A
Iowa	$7,826	Census Funding	N/A	0.210	$1,643
Kansas	$5,452	0.484	$2,639	Multiple Weights	N/A
Kentucky	$4,326	0.150	$649	0.096	$415
Louisiana	$4,015	0.220	$883	0.220	$883
Maryland	$8,789	0.860	$7,559	1.020	$8,965
Michigan	$9,608	0.350	$3,363	0.350	$3,363
Minnesota	$7,281	Multiple Weights	N/A	Multiple Weights	N/A
Mississippi	$6,695	0.300	$2,009	0.150	$1,004
Missouri	$6,760	0.250	$1,690	0.023	$155
Nevada	$9,497	0.350	$3,324	0.450	$4,274

State	Base per Pupil	At-Risk Weight	At-Risk per Pupil Amount	ELL Weight	ELL Weight per Pupil Amount
New Hampshire	$4,182	0.561	$2,346	0.195	$816
New Jersey	$13,946	0.470	$6,554	0.500	$6,973
New Mexico	$6,554	Multiple Weights	N/A	0.350	$2,294
New York	$8,040	N/A	N/A	N/A	N/A
North Dakota	$11,072	0.025	$277	Multiple Weights	N/A
Ohio	$8,242	Multiple Weights	N/A	Multiple Weights	N/A
Oklahoma	-[2]	0.300	N/A	0.250	N/A
Oregon	$4,500	0.250	$1,125	0.500	$2,250
Rhode Island	$12,335	0.400	$4,934	0.200	$987
Tennessee	$7,075	0.250	$1,769	Multiple Weights	N/A
Texas	$6,160	0.225	$1,386	Multiple Weights	N/A
Utah	$4,443	0.100	$ 444	0.040	$178