

Adequacy Work Group – Commission to Study School Funding

5/21/20 Notes

Attendees: Jay Kahn (chair), Bill Ardinger, Iris Estabrook, Barbara Tremblay, Jane Bergeron, Val Zanchuk, Bruce Mallory, Chris Dwyer, Dick Ames, Jordan Hensley, Dave Luneau

Guests: Duane Ford, Nathan Lunney, Tim Ruehr, Kim Disalvo, Jennifer Dolloff,

SBOs

- Tim Ruehr – CFO in Keene/SAU29; Duane Ford – Bow/SAU 67 SBO; Nathan Lunney – Portsmouth SBO (incoming)/SAU52
- Jay: Laid out task of the adequacy workgroup and the efforts to determine what is an adequate education? Work done in '08 and moving forward to now. Asked SBOs to guide group forward, what do we need to know? What goes into adequacy?
- Tim: I actually think there is a lot right with the current statutes. A lot of building blocks in the current structure. Some specifics that highlight shortcomings in current formula:
 - Transportation. We are a rural state and this formula is not geared towards the current structure. Realize power is in the population centers, but lot of formula works on 1-500 students. Not practical for an elementary to hire a part time principal (300 students for example). Think that as a state we are rural, should embrace that, and formula currently geared toward a large city laden state. But also leads to less money.
 - Class Size. Formula does try to look at 30 students for grades 3+ or 20 below. Our own class standards say we try to hit that, but formula disagrees. Most egregious is that labs cannot be more than 25 students. It's a pretty onerous requirement for one building schools especially. If you have 26 students, there's a problem. Can be done more intelligently
 - Average Cost for a Teacher (or other average costs). Base of formula makes sense, but average cost of teacher is \$60k-ish. Use a benefit package that doesn't make sense. Use 81k as an average teacher, but average loaded teacher cost is 87k. No school can use step 3 teachers as average. Benefit costs are understated.
- Those three factors are leading to not paying – underpayment area. Don't want to be philosophical, just practical there.
- Jay – what is benefit percentage in Keene?
 - Tim – would have to look. Out of 87, about 37 is benefits.
 - Nathan – your payroll taxes and everything is about 26%. Not reasonable to get to 33% with benefits on top of that.
 - Duane: have about a 30 million budget in bow, wages 12million and benefits about 6 million. So benefits about 50%. That includes positions with no benefits.
- Duane: A couple things in the adequacy standards – health services mandated but not in the formula. Have 4 schools in SAU 67 and all have a nurse. Could not go to community and say we want to cut down on a full time nurse, especially in environment we are in today. Has to be factored in to something in the adequacy calculations

- Psychological services mandated through IEP process. There is a separate revenue stream but don't feel like speech, psych, OT, PT services were reflective in the '08 formula.
- Agrees on transportation. Deal with an expectation that transportation provided in a very service friendly way for kids to get to school especially in k-8.
- Fixed and variable costs are a gray area. For instance, HS transportation not required but for kids that depend on that how can you not provide?
- Facilities. There really appears to be little if any thought to heat, lights, maintenance – having a learning environment conducive to success. 1250 dollars per student but in formula cost is way lower. For most districts costs per student will approach that or be higher, especially for schools not at capacity.
- Nathan
 - Want to echo that in Portsmouth 15million in benefits to 27ish in salaries
 - Facilities. Looking through the universal cost calculation and struck that based on number of students the formula could be reasonable. But night custodial services forgets about day custodial issues. Just as health services go beyond what administrator can do, so too do custodial services.
 - Technology. Impressed that there was an allowance for technology, but 1 for 1200 students misses need for infrastructure and technology networking role, especially given the remote work going on today. Has to be someone on the tech side rather than instruction. When you lump in security, that becomes all the more concerning. HB1612 – adds to bottom line of essential costs.
 - \$75/student allowance lets a student lease a chromebook but if total cost it is inadequate. Formula makes no allowance for school district leadership or school board or changes in the process
 - Appreciate the identification of particular students whose costs might be greater, but in the grand scheme of things for students with IEPs all of money given in currently formula costs get eaten up quickly. 2, 3, 4 kids could easily challenge total costs for a district of 1000 students.
 - Impact of COVID. Hearing more about the social emotional impacts now and in the future. Needs for psychological services that might want to be included.
- Jane: Costs allotted to charter schools for special ed were not mentioned. Has that been an expense?
 - Duane: We have a couple of really successful charter schools in capital area. Amount of services provided to students on site at charters or to those students in own locations. Costs higher than people are aware of. Provide a lot of services to students. Either paying charter staff or doing it themselves. Obviously any amount received for that appreciated, but not dollar for dollar
 - Nathan: Involved in launching two charters in Exeter. Costs aren't necessarily out of the norm of what we are dealing with in district, but charters can't deal in economies of scale so feels like we are paying more. Seen cases where costs can be managed/projected but also seen where costs can be a difficulty

- Bill: Two questions – What do you think the right way to ID those districts that are most “in need” – what are criteria you would focus on in terms of getting differentiated aid to districts that need it? Second, NH is one of the highest spending states per pupil ON AVERAGE at around \$19k/pupil. Current adequacy formula does not get to that. In your districts, what is the current % of your total spend that is represented by state sources? If you are willing to offer an opinion, what is the proper %?
 - Duane: Has to be multi-tiered. FRPL numbers a good way of looking at poverty, but a significant drawback is that HS student numbers go down for various reasons. Any metric to look at a community’s ability to pay has to look at property valuation per student. Bow has very small business base and small utility base, mostly single family. Last thing I would try to find a measure for is some kind of income for population. Median income? Bow has higher median income which helps, whereas a place like Somersworth has a harder time paying. In Bow, property taxes (including SWEPT) – 70% is local for school. Don’t know what the percentage of state aid should be, but should be more than now and less than all of it.
 - Nathan: In Portsmouth about 80% locally raised, but still learning.
 - Tim: about 22% state funded and 7% federal. A lot of the statistics in NH come back to who we are as a state. Spend a lot because we don’t have a lot of large cities to bring down the average. Have to tailor our legislation and our view with which we look at statistics to that reality. Socioeconomic status most important factor – NH looks good because low poverty numbers. As far as differentiating to communities, have to look at exactly what Duane said – property value/pupil.
 - I think it would be a mistake to think about %. State is obligated to fund an adequate education and wherever that comes out, it comes out. Can tell that we are underfunding currently. Looking at a % should be different in different communities – local control important in NH.
- Barbara: all touched on issue of disparity. Any thoughts on how we can reduce these disparities we are seeing?
 - Tim: I think you’re on the right track. Under Gov. Benson formula was changed to target communities that had low property wealth/pupil. But not enough funding overall. With differentiation/disparity aid, can we agree on a base that keeps others from trying to take away disparity aid? Have to get buy in on base formula first, but have to take care of areas that are less able. Also have to look at what incentives we can build into law for people to be efficient. Should money be tied to following state standards and having an efficient number of students/teacher. Communities can choose to be inefficient, but have a stick and a carrot.
 - Duane: Agree with Tim. Have been attempts to differentiate, but key is that base cost that is required for everyone has to be something that all communities look at and say that makes sense, but then above that go to communities in need.
 - Nathan: It feels like local control is the greatest blessing and greatest challenge. Need buy in so that education delivered meets standard. With local control a lot of opportunities for dollars to chase different priorities. Not sure you can legislate or

mandate as effectively as you can invite it because of agreement/buy in.
Appreciate the comments about all students – looking at all those items help.

- Chris: any other comments about inefficiencies, especially non-instructional?
 - Nathan: Room for organizational efficiency – deconsolidation leads to expenses.
 - Duane: We have a number of communities in the state with extremely small schools. Your costs per pupil will be very high. Not inefficient necessarily, but lends to high costs
- Jay: is there a mechanism for us to gather costs in a comprehensive way? Can association help?
 - Nathan: feels like there are elements of definition that need to be changed. Mandates that could reasonably be funded. Association could help with some of that feedback
 - Duane: Our SAU is big enough where some of the things we do get aggregated, but some things are small enough to pick out. When you get into what is cost/student for PE expenses that is difficult. If the commission said “these are the things that should be in adequacy, how much will it cost” Duane could do that. But bigger districts might have a harder time.
 - Tim: we do have everyone’s email and can answer questions. Another easy way to do it is if you have specific data (as DOE does) that can be filled out with 80-90% participation.
 - Nathan: one answer is that some of what you might want to institutionalize may already be reported. Could probably tweak reporting for some things, but other items harder to collect/capture. They could provide input on what falls in which categories
- Jay: some additional dialogue to be had around some other areas. A lot of territory covered and more to cover as we go on. We will follow up with how to engage expertise.

Special Education Directors

- Dr. Jennifer Dolloff/Goffstown, Mary Steady/Manchester, Kim DiSalvo/PemiBaker
- Kim overview
 - Cost trends. For us in SAU48 costs rise every year. Lately in the areas of social/emotional needs. Schools are finding themselves becoming engaged and funding areas they did not in the past. Preschool driving a lot of costs. IDEA grant gives about \$8500, which educates 1 special needs preschooler.
 - Mix of funding. Local budgets from taxes/towns. Go from towns with good tax bases and some very small districts with small tax bases. Costs in special education felt strongly.
 - Out of district placement costs. Most court ordered for their students. Maybe a couple from schools.
 - Charters. Elementary charter in Plymouth – 1-2 students from each town involved. Fund the special education costs – very difficult to fund one or two students. Expensive, hard to organize and have teachers traveling back and forth.

- Relationship between poverty and special needs. We are at about 16% across the board. Think that is because we are under one SAU and strive to provide services across all schools.
- Jennifer overview
 - Started as a special ed teacher in Bedford, then coordinator in SAU 38. Went to Nashua for 5 years. Spent time auditing districts with DoE. District level factors and predicting achievement. Been a lot of NH research done – don't see it on commission site but could be added.
 - Disparities are significant. Diseconomies of scale. Larger district gets the more challenging. More poverty equals fewer per pupil spending. Disparities significant district to district.
 - Special education funding. Chapter 402 costs. Court ordered costs. In larger districts get 100s of placements, impossible to deal with the numbers especially when districts can't afford admin to do paperwork. Chapter 402 requires state picks up costs 3x or beyond traditionally, but state changed rules so that school districts have to apply to get those costs which is onerous. Little control with 402.
 - Special education aid 3.5x (catastrophic costs). State will pay 80% past 3.5x state average, but prorated on what legislature has to offer. Money never comes back to special education. Very challenging.
 - DoE used to have tons of data, but gone now. Positive relationship between poverty and disability. Strong positive relationship. As costs have gone up districts getting smaller and smaller amounts of IDEA funds. Chapter 402 was supposed to allow schools not to pay up front but new rules have changed that. Annual out of district costs going up 5% annually. Lost considerable amounts of Medicaid revenues.
 - Preschool. Special ed obligated to provide at a 50/50 split. State does not provide preschool but large demands on special education to provide.
 - Biggest disparity is with poverty. When you compare students in poverty vs not, bigger disparities there than racial disparities. Urbanicity plays a huge role. Some of our larger districts at large disadvantages. Bruce Baker and others in school finance have identified the NH has biggest disparities between special education and not. Very challenging.
- Mary Steady – Manchester School District
 - Hard to speak about special education in isolation because that is not what law requires.
 - 14,000 students in Manchester. 3000 special education students. FRPL population 61% - some schools at nearly 100%. 57% white, 43% other racial/ethnicities.
 - Charter Schools. Manchester has 19% of charter schools with new ones every year. Special education is supplemental services. It is in addition, not base. Special education department responsible for all services despite having no control over core work for charter students. In normal public schools, have control over both core and special education. If a charter school's model is to have a paraprofessional in each class and only two special education students/class, then

they have to fund that even if in local schools provide services differently (with one para for two classes). For students in charters, services provided are extra and does not reduce costs for public schools necessarily. Not anti-charter but need to reconsider funding structures.

- Who gets to determine cost for special education in charter schools?
Students from various schools getting service. Don't get to pick and choose how much schools are charging for services and how much things cost. Should only need to pay a certain % but not always case. Some conflicts in law, where educators are not necessarily certified in charters but required for students by law. Information requirements require tons of work and money. Very difficult and moves focus away from the child in some instances.
- Special education costs. 100s of court ordered placements. Placements could change three times in three weeks, supposed to have IEPs signed for each of those. Playing catch up all the time. Court ordered placements going up every year. Expensive and difficult. Catastrophic aid over time – more students hitting the cap, reimbursement rates decreasing. At one point our cap for SPED aid was \$50,000 and getting 90% reimbursement, but now cap higher and reimbursement lower. Transportation costs for kids also expensive.
- Poverty. 61% of students FRPL. ID rate 21% - it's a response system. Hard to tease out environmental factors vs educational disabilities.
- Jennifer – court ordered placements motivate ID of students. If not ID'd district has to pay for that. Nobody else requires public schools to provide special education costs for charter school students – NH is unique. Recreating special education very challenging in charter schools.
- Jay: When there is the differentiated aid for special education, are charter special education students part of headcount?
 - Jennifer – supposed to get aid but in Manchester were not. Had to work with DoE. Very difficult. Charter school differentiated aid the only thing they were getting, small amount.
 - Mary – kids go back and forth between charters and publics.
- Jay: Should we be considering more costs in the special education funding stream? You've pointed out areas where costs are not recognized. Should we be?
 - Jennifer: challenge is that sometimes provide incentives and disincentives. Adequacy is so underfunded not sure that incentivizing via differentiated aid will have same impact as increasing adequacy overall. But something to consider.
 - Mary – federal dollars – Manchester gets 120,000 dollars from federal sources, can provide for 9 preschool students. Have to have 50%+ in pre-k without disabilities, and cap of 12 students in a self-contained program if not. No other funding for preschool.
- Bruce: in the 50/50 classes, do districts charge families tuition for pre-k for non special education students?

- Mary: because we have 500+ can't offer to non-title I students. Were at one point offering tuition but low, would not have covered costs.
- Jennifer: many districts do charge but doesn't compensate for costs. A challenge.
- Kim: A hidden cost to preschool in SAUs with large geographic region. Can't have multiple preschools in small towns, so hidden cost is transportation to move students 2 ½ hours a day. Have to do it – can be 100k/student. For a small school like Wentworth, can see that for one student.
- Mary: even Manchester only has pre-k in 6 of 14 schools – transportation an added cost as well.
- Jennifer: our costs go up, our revenues go down
- Jane: NH known for being a highly inclusive state. IOD, DOE. How does that impact? What is the difference between a self contained model vs an inclusive model?
 - Jennifer: Yes. You'll see NH's paraprofessional numbers increased relative to other states.
 - Kim: absolutely. Worked previously in NJ under very different model. Teams and teams of people here.
 - Jennifer: another thing committee could look at is number of school psychologists per district.
 - Mary: other area to look at is all the other support services out there to provide to students to keep them in their district. Social workers, special education teachers (including all the extra paperwork and requirements), counselors, MH folks, OT, PT, speech, ADA services. Easy for Manchester to need 10-15 people to help individual students not counting those other positions. Very little support across the board. Not a complaint but when you only have x dollars and those dollars have to go to students with complex needs we are short doing other things at the level they would like to do them.
- Chris: Do you think that, in your observations, if there were changes in core curriculum or other services would ID rate for students less involved be lower?
 - Jennifer: one of the unintended consequences of testing movement is that gamesmanship and more need to ID. Sat on school improvement committees – destroyed core of academics. Hopeful to move away from this to a more student centered system.
- AIR SOW – exec team met with AIR, expressed concerns around adequacy
- Jay: This group needs to own definition of adequacy. AIR will tease out a lot of variables/pieces.
- Bruce: we will distribute SOW from AIR when it arrives.
- Chris: how do we deal with costs we define as outside our purview?
- Iris: had recommended looking further into early childhood. May also want to recommend looking further into special education
 - Jay/Barbara: If we can identify specific areas for further research/legislation that would be a good takeaway without walking away.
 - Bruce: Similar item is scale and size of districts.