

## **Fiscal Policy/Adequacy Work Groups Notes**

**6-1-20**

Present: Dave Luneau, Rick Ladd, Chris Dwyer, Mary Heath, John Beardmore, Jay Kahn, Mel Myler, Bill Ardinger, Jane Bergeron, Iris Estabrook, Barbara Tremblay. Not Present: Dick Ames, Val Zanchuk. Also present: Jordan Hensley, Bruce Mallory, Drew Atchison, Jesse Levin, Caitlin Kearns, Bruce Baker. 11 public attendees.

Dave opened the meeting. Noted the current world events with ongoing protests and invited commission members to comment their thoughts. Members discussed how equity is a key piece of the work being done by the commission. Important to keep the context of how race and educational outcomes are correlated.

The group then reviewed the 2006 Boston Federal Reserve Report “New Hampshire’s Quest for A Constitutionally Adequate Education” and grappled with definitions and obligations around the structure of New Hampshire’s school finance system. In particular, questions arose around the idea of the state of New Hampshire being the taxing district for education funding in New Hampshire.

At 2pm, the Adequacy group joined for presentations from Michael Tierney and John Tobin. Those presentations can be found on the [Carsey-Commission website](#).

Questions covered the definition of adequacy and how that fits in with constitutional requirements around “cherishing” education, whether adequacy is a “bushel basket” or whether it is already de facto defined in statute, reasonableness of tax rates, and how funds should be distributed across the state given varying needs across the state and tax burdens in property poor communities. Attorney Tobin noted that you can’t address the tax problem just by sending a certain amount of money to various districts. Main goal is that everyone pays the same amount for education, rate has to be the same, regardless of whether property taxes or another mechanism. Discussed the difference in the ConVal case of state funding costing as applied only to plaintiff districts vs the state as a whole, how to best fund transportation and constitutional obligations from the state, what is different about NH compared to states that have gone to a targeting only system, how education compares to funding for other statewide services, district and pupil allocation formulas, the importance of early childhood education, and honestly assessing what an education costs.

Jay asked Jordan and Bruce to send over notes from Attorney General Will’s prior presentation to the commission.

Bruce Baker, in response to a question about per-pupil expenditures, noted that AIR can model how transportation costs differ across districts with different sparsities/densities (adjusted per pupil cost or a disparity piece). AIR will be putting some explainer briefs on the topic.

Jay asked what adequacy needed to focus on. Bill noted that it would be helpful to have a side by side to show a formulation of what each state has determined to be most important (ex: benefits in MA). Can help to focus on particulars. Bruce Baker noted that some peer states in court cases

might be Kansas, New Jersey, and to some degree Massachusetts (other peer states across other categories also will be included).

Jay noted that meeting with Amy Clark and getting some more information from her might be helpful. Bruce mentioned that DOE and HHS technical education and behavioral health service administrators will be joining adequacy on Friday. Bruce also noted that there are other pieces of adequacy (technology, behavioral health, etc) that are important, and that the group can't lose sight of distribution in addition to adequacy. Jay highlighted how input work should be tied to the outputs and the work of AIR. Chris reiterated that there is a lack of linearity between equity and disparity in stressed districts. Bruce Baker noted that the model will take some of that into account, and how statistical modeling can find these relationships (linear or not). Bill noted that there are some implications the models will provide to distribution of funds across districts.

Bruce Mallory noted how public health and race relations tie in with our work. He is working on the NH Civic Health Index, and reiterated that African-Americans in NH are impacted by COVID-19 by a rate about 4 times as high as their representation in the population, Latinos 2x. African-Americans earn about 40% as much as whites in NH on average. Increasingly NH is a more diverse state, and in Manchester and Nashua 30% of people below 18 are people of color. Noted that our public education system is key in ensuring that these differences don't become "differences that make a difference" in terms of well-being for our population.

### **Public comments left in chat log:**

Jeanne Dietsch 03:49 PM

Would Lynn Karoly be a good source of information? Karoly, Lynn A., The Economic Returns from Investing in Early Childhood Programs in the Granite State. Santa Monica, CA: RAND Corporation, 2017. [https://www.rand.org/pubs/research\\_briefs/RB9952.html](https://www.rand.org/pubs/research_briefs/RB9952.html).

Doug Hall 03:37 PM

Yes. It can be done per teacher. That helps with the districts where a 4th grade of 28 students with one teacher becomes 31 students with 2 teachers. This works in some states, especially in elementary schools as I understand it.

Doug Hall 03:34 PM

Are there other ways beside per pupil?

Doug Hall 03:11 PM

I would comment on Bill Ardinger's citation of recent changes in Massachusetts as an example. To use that solution in NH would ignore the constitutional requirement for taxes to be proportional. It would work only if the NH Constitution was amended to say New Hampshire taxes should be "proportional and reasonable (except for taxes used to fund education)."

Jeanne Dietsch 03:29 PM

Was Dave correct? Seems like he was tying distribution to generation. In his example, wouldn't Hanover be paying more if taxes were equalized across the state?

Jeanne Dietsch 02:55 PM

The state ignores the third aspect of constitutional requirement: "It shall be the duty of the legislators and magistrates, in all future periods of this government, 1) to cherish the interest of literature and the sciences, and all seminaries and public schools, to encourage private and public institutions, rewards, and immunities 2) for the promotion of agriculture, arts, sciences, commerce, trades, manufactures, and natural history of the country; to countenance and 3) inculcate the principles of humanity and general benevolence, public and private charity, industry and economy, honesty & punctuality, sincerity, sobriety, and all social affections, and generous sentiments, among the people...." Section 2:83 NH Constitution

Jay Kahn 03:02 PM

Looking at the criteria for an adequate ed in 193-E:2

Jeanne Dietsch 03:03 PM

Does it make sense for the cost of an adequate education to be based on a per pupil formula (marginal cost) when most of the costs of in-person education are fixed costs (building maintenance, administration) or staged costs (teachers, classrooms) with very small costs that vary per pupil. Regardless of property-poor vs. property wealthy, won't per pupil funding always be inappropriate?

Jay Kahn 03:04 PM

That's a great question

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