

Fiscal Policy Work Group - Commission to Study School Funding

AGENDA 6/15/20 1PM

Members: Dave Luneau (chair), John Beardmore, Mary Heath, Chris Dwyer, Dick Ames, Rick Ladd

Present: Dave Luneau, Rick Ladd, John Beardmore, Mary Heath, Chris Dwyer, Dick Ames. Also present: Bill Ardinger, Bruce Mallory, Mel Myler. 8 public attendees.

Chairman Dave Luneau welcomed those present and opened the meeting at 1pm.

The group began with a discussion of task #4.

Dick noted that the state supreme court has ordered the legislature to fund an adequate education. Some communities will spend more, some less. There will be inequities in the system unless the state wanted to somehow conform all districts to a discrete level. Even if the commission does an excellent job, the outcomes are likely to have some inequities. There was discussion of what local funding above and beyond adequacy looks like and implications. Discussion of Vermont's (perhaps old) model and equity as some distribution to funding when districts spend above adequacy. Bill noted that in some sense equity is the total dollars (all levels) spent, but that equal per pupil spending across the state exacerbates inequal spending, and shared some charts outlining spending equity and equality (from Doug Hall and from the AIR brief). John noted that targeted aid has been tried before (under Gov. Lynch) but there is some question of constitutionality. Discussed the need for commission buy-in as a foundational piece. Noted that if spending redistributed, per-pupil spending will still vary widely. NH system lends itself to a never-ending increasing property tax rate. Whether redistributing the current revenue pie or a plan that increases state spending more broadly, the impact on the property tax rate will not be uniform. Discussion of how valuation is key for both individuals and communities, different ways to measure fairness (income, wealth, etc), the property tax relief program for low income homeowners, how the court cases may constrain the commission, and the ways the commission at times is combining various definitions of equity. Chris brought up that the commission should talk about the equity of opportunity for an adequate education and that discussion should focus on all quintiles and groups, not just the highest and lowest. Not a linear relationship. Cannot only talk about the tails of distributions – should hold some assumptions until more data has been gathered. Also not only a matter of dollars in terms of providing adequacy.

The group moved on to discussion of task #5 and discussion of fiscal neutrality. First Jordan read one definition of fiscal neutrality and laid out the need for the commission to define its conception of fiscal neutrality. Dick added another definition from a previous AIR publication that was more focused on wealth and income and how those factors should not have a positive correlation with the education provided to a child. Chris wondered what the correlation in

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communities in NH is between wealth and income – is it highly correlated? Dick noted that not in all cases. Bill noted that one might substitute quality rather than dollars in terms of deciding whether adequacy has been met. New Hampshire more homogenous than many other states. Dave noted that lower income communities often (not always) have higher education costs than wealthier communities. Rick noted that previous formula tried to direct funds, but did not work to direct money with stabilization. Discussion of the role and pressures of stabilization/hold harmless aid and funding. Chris articulated a principle she sees arising in our discussions – that there are some kinds of communities that require relatively more funding per pupil order to fund an adequate education – communities with large numbers of students with particular characteristics (FRPL, ELL, special education) or communities of certain sizes (TBD from data). Notes that a corollary of that is poor management, not using evidence-based practices not a reason to increase adequacy funding. Something that should be brought to the full commission. Dick notes that Adequacy work group is moving in a similar direction. Discussion of how some small schools are small by necessity and some are small by choice. Discussion of fiscal capacity and where that fits into the picture of funding and the ability of parents to influence student success (perhaps mediated through another variable like median household income).

Next, the commission spent time discussion revenue generation principles outlined in the 2000 Shaheen executive order commission report. Discussion included definitions of fairness, stability, competitiveness, exportability, neutrality, and simplicity.