Commission to Study School Funding (RSA 193-E:2-e)
Meeting Minutes
July 13, 2020, 2-4 pm


Welcome/Call to order/Tech check/Chair’s comments:
Commission chair Dave Luneau welcomed everyone and conducted roll call. Dave mentioned again that this week on Wednesday from 4-5pm the Commission will be holding its first virtual public comment listening session. The goal is to provide greater opportunity for the public to provide feedback. Commenters are encouraged to also provide text feedback to schoolfunding.commission@unh.edu. There will be another public comment period in August and biweekly opportunities beginning in September. These will be in addition to the 15-20 minutes of public comment at the end of each commission meeting.

Jay Kahn and Mel Myler noted that the STRRT committee has developed some recommendations. A joint session of the House and Senate education committees will take place on July 21 beginning at 9am to gather information and talk about school reopening. They invite Commission members and members of the public to listen in – calendar notices in the House and Senate calendars will go out shortly.

Bruce Mallory briefly reminded the Commission of its group agreements.

Rick Ladd moved to approve the minutes from 7/7, seconded by Mary Heath. The minutes passed unanimously with the approval of all those present.

Discussion of AIR Briefs:
Bruce and Michele set up the conversation, followed by a brief presentation outlining the relevant briefs from Drew Atchison at AIR. Drew noted that the national scan was meant to provide an overview of the factors states consider when creating school funding formulas as well as funding mechanisms. Each of the state-level briefs provided some relevant information for the Commission’s consideration. Bruce Baker noted that a cost model process (like the one occurring with AIR and the Commission) is hopefully a shorter distance to legislation than the processes that occurred in NJ or KS. Tammy Kolbe added that a key takeaway from the state policy scan is that there is no single silver bullet or one model for education funding. Regarding Vermont, she encouraged the Commission to consider how Vermont makes decisions differently in education funding compared to New Hampshire’s model, but that there is also a strong tradition of local control.
**Commission Comments – Initial Takeaways:**

Val: Seems like there are a number of common methods of approaching this work with the assumption that there is a similar response across locales. What keeps bugging me is that assumption – spend x dollars, get y units of result – I keep thinking about the root cause of the problem and I suspect that the root causes may vary a bit with locale. Not about dollars but how dollars are spent. Going back to the reaching higher analysis, there were three factors that correlated with outcomes. We probably can’t do much about family finances/resources but we can do something about teacher salaries. Is there some mechanism in our power to recommend, for instance teacher salaries, that is within the commission’s power – maybe a base salary across the state to avoid teachers moving from Berlin elsewhere, for instance.

Mary: Like the idea of estimating individual costs per district and ability to pay. Going through VT, had the experience of hearing from legislators in VT who were worried about not having control over amount spent. In terms of teacher pay had previously discussed statewide contracts, which conflicted with local control. Could have a statewide health plans etc. No silver bullet – this has to be a NH solution. Items in formulas can be chopped off, like how things were chopped out of the 2008 funding formula.

Jane: Took away from KS model the idea of student outcomes. Thinking about special education and student outcome data, it’s a desert. Statewide assessments can be varied, and move toward competency-based learning a lot of questions came up for Jane re: a student outcome model.

Bill: Thought these reports were excellent. Bill offered three comments. First, he presented a page (attached to these minutes) comparing the subject states using graphics from a Shanker Institute/Rutgers February 2020 report (one author Bruce Baker). Chart showed that NH fared well on fiscal effort and adequacy (total spending), but was highly regressive in terms of support for poorer communities. Second, on accountability, Bill noted that VT has quality standards, but they are not integrated into its school funding formula – he thinks they should be to enhance accountability. Third, Bill noted that other states used categorical grants – he recommended that the special education aid should be integrated into a “holistic” school finance formula.”
Susan: Liked the idea of outcomes-based, but questioned how CTE and special education fit with the outcomes based model. Likes the notion of treating students as individuals.

Barbara: Found these very interesting. Major issue for me was the issue of disparity and how that concept is captured in each of the briefs. Of particular concern is the area of poverty and low density districts, but also “what is included?” Special education and CTE mentioned, but transportation, facilities, etc – should they be included in what the commission recommends? We’ll be looking at the definition of adequacy, but pre-K needs to be considered. Interested in the mechanisms of funding but also key what is included (or not).

Rick: Really drawn by the VT report. Noted that they have categorical grants for transportation, small schools, and special education. Read on page 3 about education quality standards – enjoyed those nine bullets and thought those could be rolled to NH. Noticed that there is no connection between Vermont’s quality standards and the school funding formula. Curious as to where the accountability comes from at the state level to ensure that there is progress occurring and to make sure that a district that needs help receives corrective and improvement assistance. Concerned about accountability and three categorical grant areas – or is that just a local issue?
Corinne: Root causes and disparities jumped out. For KS, outcome standards stood out (NH also collects similar data), but also was thinking about college and career readiness metrics. NJ funding system concerns me, thinks universal pre-k should exist but doesn’t want to see private providers close. Curious about county-level funding. Not a fan of placing greater weight on secondary students for funding. In terms of VT, standards similar but broader. The funding mechanism of 1/3, 1/3, 1/3 seemed clean and simple. Not a fan of homestead vs nonresidential.

Chris: With KS, idea of having a school finance council that adjusted annually for inflation interesting and important idea. Notion of extreme difference in cost per pupil across districts interesting. Intrigued by the idea of not weighting on a continuous scale but ID’ing some specific districts that have high needs because of poverty and treating them more absolutely. Very interested in NJ calling out the need for early childhood facilities and separate components that need to be considered. The notion that high needs districts need supplemental funding is important conceptually. Have to consider both income and property wealth. Sliding scale important. Cautionary tale about outcomes and need highlighted. Concerned about the reality of what acrimony has arisen out of formula and EQS implementation – want to talk more about that.

Jay: Liked EQS in VT because of its comprehensiveness. Thought it looked a lot like NH’s education statutes. The way that was presented was a fair way of trying to show what is in the “bushel backet”. Intrigued by outcomes-driven differentials and how those need to be simplified for legislative consumption (lesson from KS). Intrigued with the amount of categorical aid categories that are suggested in the various models. Thinks that this will be thought provoking for commission to consider – peels away important elements (facilities, ELL, transportation, more) that are costs for schools. Likes what KS did for poverty, integrating into their distribution formula.

Dick: Very impressed and grateful for the national overview, and the framework for understanding differences in educational costs and what they had gleaned from various state approaches and various factors that rise to the surface. In table 1 in that document they lay out factors by category. See a great advantage to an approach that starts with a base cost to adequacy informed by outputs to the extent it can be, with other factors weighted in. Would love to see AIR go forward and develop for us a model that draws on the best learning as they see it that allows commission to then tear that down/build it up.

Iris: In KS, struck by issue of whether and how much our work should be aspirational vs politically feasible/fundable and their experience informative. Struck by VT that their work was more about tax equity than education equity. They still have districts that spend from 12k-32k/pupil. Money may not be everything but it is something. Finds that alarming in the sense that they have left some education equity issues unresolved and up to local control. Found the categorical grant around mental health and childhood trauma very interesting. From NJ took away that it was brilliant what the courts did around districts and special education funding.
Dave: Thought that maybe solving the tax equity problem would solve the whole problem, but VT’s experience indicates that may not be the case. NH needs a robust revenue distribution framework as well. Thought that the over/under on spending and the impact on the property tax rate showed the need for rigorous access component.

Mel: Thing that was surprising was the issue of a base amount that would go to every school district and then adding funding dependent on factors, but that there is some equity around what that base is with add-ons. Intrigued by VT in similar ways to what Rick talked about, and also how do you deal with providing some ceiling for folks of low income. As we begin to think about tax equity questions and the fiscal nature of the problem. The idea of beginning to provide a clear program for low income folks/senior citizens to give a ceiling for those who can’t pay. How the hell do you get the legislature to understand what we’ve spent 8 months going through? How to expedite a knowledge base for these issues.

Mary: How willing are we to step outside the box of what we’ve been doing forever? Is there some opportunity to work at the county level? Could we be more creative at reducing the fees and expenses districts have? Know that consolidation has run into problems in other states, but NH has so much redundancy – there are things we know we need to do (ex: pre-K), is this a format to think about education differently/deliver it more effectively?

Corinne: Goal for elimination of stabilization grants? Dave + Mel: no legislation repealing stabilization grants currently, but have to take it legislative session by legislative session. This commission is looking at creating a sustainable formula that works for all NH communities.

Rick: With regard to VT. We have a ton of SAUs in this state. Do not fund them at the state level, but expect them to do certain things regardless of size.

Dick: On equalization – it’s a hold harmless. A finger in the dike. Didn’t say anything about revenue previously – the statewide education property tax needs work and that the concept of a statewide property tax with features (learning from VT, KS), there is a lot of potential there and we should look hard at it. Important to separate costing of an adequate education and funding – do separately and then put together.

Dave: On property tax relief – Mel talked about caps, there may be other ways to do. There are people in extraordinarily complex wealth positions with zero incomes and need to consider what is there for those families and communities that they are in, but not for that to fall on the backs of others in the state.

Val: Our current situation wouldn’t be where it is if original intent of other formulas hadn’t been whittled away. Keep repeating the same effort. Have talked about including CTE in a formula, which is something that was mentioned in the 1984 Augenblick report. A formula was in place 40 years ago but seem to have forgotten or eliminated over time.

Jesse: From California, where there was a terrible experience with categoricals. They are well meaning, but there is an inherent negative relationship between local control and categoricals. At one point there were 125 categorical state funds. Principals had control over less than 10% of their budget. A word of warning about categoricals and how it necessarily infringes on local control. Foundation formulas, on the other hand, requires accountability mechanisms to make
sure that money is being spent where and on whom it is supposed to be spent on. Now have limited property taxes but have other issues in California.

Corinne: Hopes that NH doesn’t follow VT in listing failing schools and going back to a NCLB-style system.

Bill: Request that AIR put a tangible example on the table. Hard to comment without seeing numbers or how the machinery works. Think that it’s unbelievably important to give tools – levers/toggles – to enhance progressivity to schools, students, and families that are most in need. Vital to see ways to improve NH. Tools and methods for enhancing progressivity.

Chris: Would be interested to know if folks think this is a good idea – have noticed that states have attempted to scale need (in poverty, ELL, etc) in more intensely impacted areas, or concentrations of students.

Dick: Interested in Jesse’s comments about accountability needing to accompany a foundation system, and curious about more details. Around categoricals/special ed – there is special education and high need special education. In base formula weights should have some weight for special education, some years there will be more or less. For high end students who are really struggling, one or two kids can mess up a local budget big time. Wouldn’t you need to have a categorical program for high end special needs students?

Iris: Did have different weights for special education students based on their placement before, think that it should be in place going forward.

Jane: Not just categories, but also need to consider charters that are serving special education students as well as those out of state.

Iris: Give charter schools a much higher per pupil funding than other schools – would like to know if that’s common practice or if there are other structures.

Corinne: For special education teachers, they have a ratio of 1:8. There is no mechanism to supplement that cost. Requires more teachers, a greater cost.

Rick: Tagging in on special education – when I was up in Alaska got more funding with students who needed more 1:1 services. Curious to know if there are some states that break down special education services for students with greater need.

Bruce thanked AIR for providing the resources to allow the commission to have this robust discussion. Noted the longer July 27 meeting to dig in deeper.

**Focus Group Themes Summary:**
Carrie gave the commission an overview of top-level findings from the June focus groups of school and municipal leaders. The presentation slides can be found on the Carsey-Commission website.

Dave thanked Carrie and Mel for their work. He and Bruce noted that the Commission will discuss in the coming weeks the plan for the “back half” of the Commission’s work.

**Public Comments:**
No public comments were made.

Adjourn

Documents

- 7/13 Agenda
- 7/7 Minutes
- State Funding Formulas - A National Review
- State Finance Reform Vignette - Kansas
- State Finance Reform Vignette - New Jersey
- State Finance Reform Vignette - Vermont
- Update from Education Focus Groups

Direct public comments to Commission Chair David Luneau at schoolfunding.commission@unh.edu

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