

FR: Jay Kahn

TO: CSSF Members

RE: Adequacy and Distribution Interim Report

DATE July 27, 2020

Objectives

1. Develop a definition of adequate education
2. Identify disparities in opportunities and outcomes
3. Suggest a framework for a distribution of effort/funding that remedies disparities
4. Ensure a uniform and equitable design for the cost of an adequate education
5. Establish means for on-going review and accountability

Definition of Adequacy

We have reviewed a compendium of state education statutes that have altered aid to school districts and that place obligations on school districts. NH's school district obligations are broadly incorporated in RSA 186-200 or more narrowly described in RSA 193. Vermont has an adequacy definition that tries to broadly incorporate school obligations. Some modification of RSA 193 may be useful to incorporate obligations added over the past 10 years: school nurses, social and emotional behavior supports, food programs, and career and technical education, including work based learning. These wrap-around support services required for student success are not articulated in RSA 193, whereas curricula requirements are defined and updated. It's important to view RSA 193 as a whole, which includes assessments of input and performance based accountability.

Constitutional Context

Part 2, Article 5 reasonable and proportionate taxation

Part 2, Article 83, Knowledge and learning spreading the opportunity and advantages of education ...the duty of the legislature to cherish the interest in literature and sciences ... to encourage ...public and private institutions for the promotion of the trades etc. No money raised through taxation can used for private religious education

Further discussion is needed to parse the difference between the cost of an adequate education versus the cost of the opportunity for an adequate education.

Linkages to workforce needs (promotion of the trades) also need greater consideration. A Career and Technical Education presentation demonstrated low engagement and structural limitations to enrollment.

Base Adequacy Cost and Disparity Aid

A number of studies have been a source for understanding the relationship between school funding, state aid, local capacity and student success: Shaheen, 2002, Lynch, 2005, Legislative Commission 2008. The 2008 Study has provided a foundation for state funding for base adequacy and disparity aid. NH Department of Education updates base adequacy cost prior to each new biennium. For FY2020-21, base adequacy was based on FY 2018 costs and led to an adjustment in base adequacy to \$3709. In response to a CSSF request, a preliminary FY2020 estimate would adjust base adequacy to \$4,340 for FY2022-23. The current ConVal et. al. vs. NH case before the NH Supreme Court claims base adequacy, less transportation costs, would require \$9,929 per student. The differences to the current state model for base adequacy cost are student to teacher ratio, benefit costs, and school operation costs. We can't find a good source for average teacher salary; the current base adequacy is based on 3rd year teacher average salary.

A statewide average expenditure per pupil is \$19,800, based on 168,000 students and \$3.2B annual public school district budgets. AIR will use this figure less costs CSSF asks to insulate as non-standard costs such as special education, pre-k, transportation and debt service.

Disparities

Disparity aid has long been a part of the State's method for addressing inequities in opportunities and community capacity to support public schools. Reaching Higher NH, the NH Fiscal Policy Institute and Fair Funding NH all have undertaken recent studies showing disparities that exist among towns in the same school district and between districts. Most significant are the relationship between outcomes, and median income and property valuation. Proxies for income and community capacity include free and reduced lunch, Medicaid enrollment, households under the poverty line. AIR's regression analysis will show relationships between community capacity and student outcomes. Based on this, further investigation could lead to interviews with the schools with outcomes that exceed what would be expected given community capacity, giving more insight into what inputs contribute to greater than expected success.

Pre-kindergarten

About 25-30% of 3 and 4 year old children access pre-k education and services through public schools. A recent \$26M award to UNH and NH Dept. of Education has led to a new Council on Thriving Children appointed by the Governor. Their report is due at the end of 2021.

Special education

Special education funding from the state to school districts comes from disparity aid, \$1,000 per student, and from a unique appropriation that kicks in at 3.5 times average cost per student. Predictability of funding and reliability of services are concerns.

Capital Projects

After a moratorium on building aid, a small appropriation, \$8.5M, is in the FY2020-21 state operating budget. If the state could keep up with a 20-year facilities investment strategy, it would require over \$50M per year. There is little doubt that school environment impacts educational outcomes. New concerns are for air quality in the post COVID-19 outbreak school start-up. One-time state funding was

helpful to address school safety concerns in FY2018-19. A similar type of fund could provide a match for broad but narrow school capital investment. Base adequacy contains per pupil operating funds for operation of a physical plant. However, there is wide variation on the amount needed. Current base adequacy contains \$300 per student for operation of a physical plant. The ConVal base adequacy figure is \$1400 per student.

Public Charter Schools

A presentation on Public Charter School funding is to be scheduled. What obligations do the state and local education districts have for providing funding and opportunities for public charter school students?

Next Steps

The current definition of Adequate Public Education is sufficient for now to determine if student opportunities differ from district to district. There may be adjustment recommended for future legislative consideration to incorporate wrap-around services required for vulnerable populations.

AIR's analysis due preliminarily on August 10th and more completely in early September is crucial for understanding outcome disparities and how they relate to inputs, and community effort and capacity. Distribution and fund sources are tied to outcomes in the next phase of study. The current work group structure should be reviewed for efficiency in the next phase.