

Bill Ardinger Notes for His Comments (July 27, 2020)

- Preliminary Comment
- Address Design Thinking Questions 1, 2 & 4
- Address Design Thinking Questions 5, 6 & 7

Preliminary Comment

- This Commission has completed a deeper dive into the complexities of Public School Policy than most other prior efforts
- We have access to a nationally-recognized school finance consultant – prior efforts have tended to be “home grown”

Questions 1, 2 & 4: Key Facts

- Let's start by focusing on some Key Facts:
 - NH is ranked among the highest quality public school systems in the nation. (Education Week, 2019 Quality Counts – Grading the States)
 - NH is ranked as one of the top ten highest per pupil spending states, on average, in the nation. (2018 US Census)
 - NH is ranked as one of the bottom five states in terms of distribution to poorer towns (a “Regressive Distribution System”). (Dr. Kenyon's Presentation; 2020 Shanker/Rutgers Report)
 - NH has the lowest State Financing Percentage in the nation (NH at 31.3%; compare MA at 38.0%, ranked 45th)(2018 US Census)

The Adequacy and Fairness of State School Finance Systems

Key Findings from the School Finance Indicators Database

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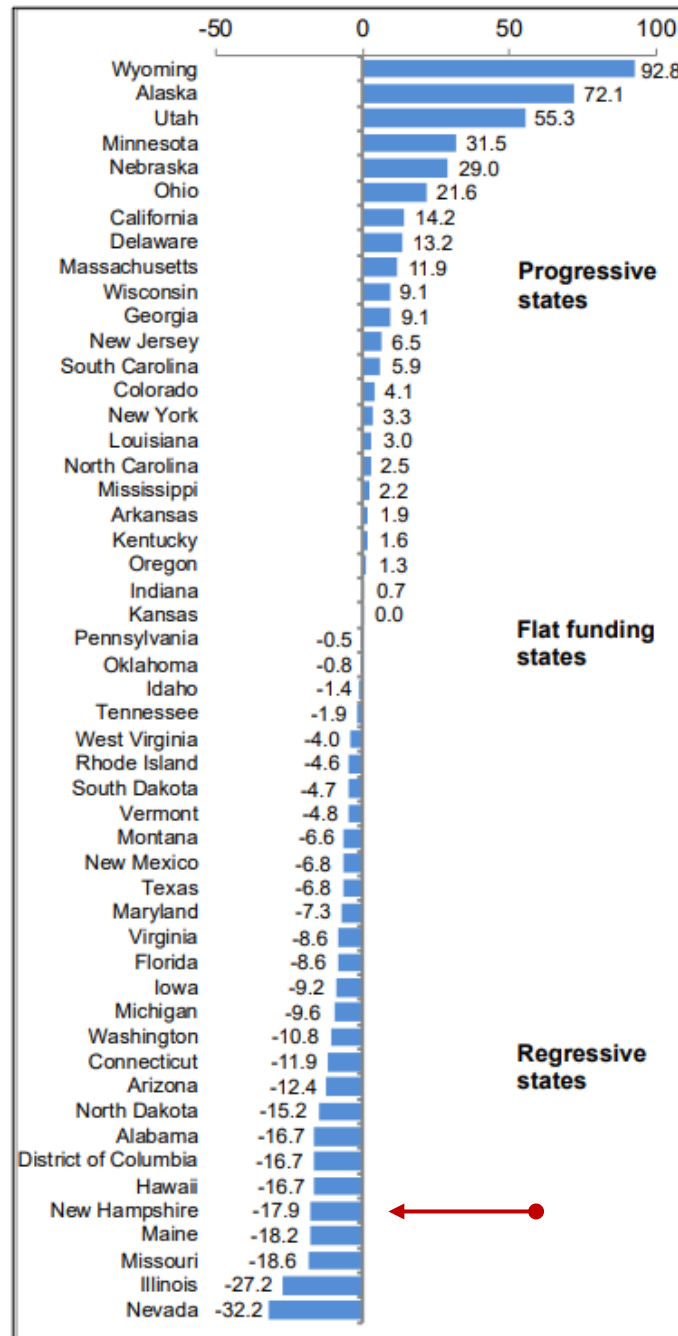


FIGURE 10
Progressivity of state education funding

Percent difference in adjusted state and local revenue between highest poverty districts (30 percent) and lowest poverty districts (0 percent), by state, 2017

Notes: Values indicate the percentage difference in adjusted revenue between 30 and 0 percent poverty districts in each state.

Variables used:
predicted_slocrev0_
predicted_slocrev30_

Values over 0 indicate progressive education funding – that is, the highest (30 percent) poverty districts receive more revenue than 0 percent poverty districts, all else being equal. The states toward the bottom fund education regressively – 0 percent poverty districts actually receive more revenue than the highest poverty districts.

Questions 1, 2 & 4: Core Problem

- For me, these Key Facts point to two key guiding principles for identifying the Core Problem:
 - The most important “broken” aspect of NH’s Public School System is the unfair distribution of resources between less-resourced and better-resourced towns.
 - Whatever we do, let’s not do anything that breaks the things that are good about our system.

Questions 1, 2 & 4: Other Issues

- Other Public School Funding Issues Include:
 - How to provide targeted property tax relief to taxpayers who have low incomes and low wealth?
 - Robust Means-Tested Circuit-Breakers
 - What should NH's "State Finance Percentage" be?
 - Current (31.3%); MA (38.0%); higher; lower?
 - Current low SFP reflects longstanding policy choice that public education is higher quality when local government is vested with local control (both governing and taxing powers)
 - What revenue sources should the State employ to fund its State Finance Percentage?

Questions 1, 2 & 4:

Constituencies and Obstacles

- The most important constituencies are the Children and Their Families who live in less-resourced communities.
- The principal obstacles that have blocked NH from getting to a Highly Progressive State Aid Distribution are:
 - Legislators from property wealthy communities whose communities benefit from a flat per pupil distribution at the expense of poorer communities
 - Perceptions that the NH Supreme Court mandated a regressive distribution formula
 - But the Supreme Court disagreed with this perception in Sirrell:
“Once the revenue from a valid tax has been paid into the State Treasury, the power to distribute is purely legislative, and it is within the legislative power to make a reasonable division of the burden. See Opinion of the Justices, 137 N.H. at 278 (citing Keene v. Roxbury, 81 N.H. 332, 337 (1924)). This distribution may be placed upon different towns in differing degrees, as long as the distribution is reasonable.”
 - Interest groups which seek to use education funding to achieve tax policy goals (e.g., higher or lower taxes, or different forms of taxes)

Questions 4, 5 & 6:

Easy, Complex, Intractable

- The Easiest Step is to agree on the basic policy principle that NH should improve the fairness of its State Aid Distribution Formula by adopting a Highly Progressive System like MA
- The Most Complex Issue to overcome is the uncertainty over the scope and meaning of the alleged “Judicial Mandate” that appears to constrain the Legislature’s discretion to adopt a Highly Progressive System
- Intractable Obstacles include politics over the “Super Big” issues of Tax Policy. These important issues should not delay a movement to a fairer State Aid Distribution Formula.