Welcome/Call to order/Tech check/Chair’s comments:
Dave Luneau called the meeting to order just after 2pm and conducted a roll call of all members and staff/researchers present. Dave checked in with Jordan on access for public attendees. Dave noted Senator Guida will talk to the full Commission on October 5th to talk about Class A,B, and C properties in communities and how that can inform the funding formula. Next Monday, September 14, workgroups will gather Fiscal Policy (10am-12pm), Public Engagement (1-3pm), and Adequacy (3-5pm). Bruce Mallory read the group agreements for the Commission’s work. Dave praised the Commission members for their conversation and participation. Dave called for the approval of two sets of minutes from August 10th and August 24. Mel Myler moved to approve August 24th and seconded by Val Zanchuck. No edits or comments. Dave conducted a roll call for approval, Bill Ardinger said yes and noted that the XX is 65%, David Ryan Abstained, Barbara Tremblay abstained. The minutes carried. Dave motioned for the August 10, Mel moved to approve and seconded by Barbara. Dave conducted a roll call for approval, Corinne Cascadden abstained, David Ryan abstained. The minutes carried.

Dave turned the meeting over to Bruce. Bruce noted that the report is available online. Bruce noted the discussion will begin with questions submitted prior to the meeting. Then the Commission will go through the report page by page to focus on clarifying and factual questions with the goal to view the entire report. The agenda item on costing adequacy will be deferred to the Adequacy workgroup meeting next week. Transportation will most likely be attended to during the AIR report discussion instead of a separate agenda item. Bruce thanked the AIR team for their responsive support, research, and work overall throughout the process. Bruce passed to Drew Atchison from AIR.
AIR Final Report—Equity and Adequacy of New Hampshire School Funding: A Cost Modeling Approach

Available at: https://carsey.unh.edu/school-funding-study/resources under AIR Briefs and Reports.

Drew Atchison, brief introduction/overview:
Drew introduced the main three categories of analyses AIR undertook Chapter 2: Equity analyses from the student and tax payer perspectives. The take away from this section was NH is not achieving equity from a student perspective or a tax payer perspective. Chapter 3: The purpose was on the characteristics that really drive students’ needs across NH with the focus on Free and Reduced Lunch, English Language Learners, and Special Education. Chapter 4: Explains the cost modeling used to look at how much each district would need to spend based context and students. This chapter includes the weights described at previous meetings and the simulator tool. The conclusion was more funding needs to be driven to school districts based on the needs of students, the rates of FRPL, ELL, Special Education and attention to spending of smaller districts.

Dave opened the floor to questions from Commissioners, looking page by page. Commissioner who sent questions ahead of time posed their questions.

Questions and discussion:

Introduction. On Page 9, Bill Ardinger referenced that on page 28 of the report noted the results that NH students perform on average and are above average nationally and the reference to cost of students. Drew noted the points Bill brought up as key contextual information and assumptions rather than key findings from the analysis completed by AIR. It is background information for the study and informed the analysis but did not come from the analyses completed. Bill noted that the two items are facts, and the Commission may want to include them in its final report work.

On Page 5, Rick noted the reference, footnote 3. Rick noted the term achievement and draw to certain communities for the higher level of achievement. Are average outcomes, an appropriate starting point for adequacy if we have districts that spend more, achieve more, and draw higher educated people to the community, economic draw, and therefore prosperity, How do we bring other communities/districts without these resources up to the average achievement. Drew noted the study looks at these differences through data. The distribution and weights explore how to provide more resources for the communities that have fewer resources to help them achieve a higher standard then they currently are. Drew noted the AIR group will discuss the footnote for wording. Some factors mentioned may not be specifically used, but the findings and model do provide proxies and attend to higher need students and communities.
On Page 7, the costs factors are listed that many states utilize. Rick noted that there are bills that have come forward regarding gifted education. Is this an area that the Commission is considering? The AIR team did not consider it in this study, nor found data on the NH DOE website. The Commission would need to find sufficiently detailed data to consider this. Conceptually, Drew noted it can go both ways. Gifted and talented tends to be in wealthier communities and can weaken other student factors you may want to emphasize. Overall, the data was not available during the AIR analyses. Rick noted there was work completed previously and other states include Gifted and Talented.

**Chapter 2: Equity of Funding.** Drew noted there was an error in the definition of regressive, which has been fixed in the current version.

Dave had a question on the last paragraph of “evaluating equity of school funding.” AIR discussed this with Jay. Most education finance systems are not notably progressive, a sentence was struck because there was a concern. Drew noted that the cost factors have been included in the NH formula. In the current formula, the state property tax is dwarfed by the local property tax.

On page 11, Bill had a question about exhibit 4. Bill noted the correlation coefficient, and highlighted Manchester. This is most consistent with the assertion FRPL rate is correlated with spending per pupil. Is this correlation significant? What happens when you take Manchester out of the database to test the relationship and correlation? What impact does the city potentially have on the statistical analysis? Drew noted the correlation needs to be interpreted in context with the variables. Districts have different costs with variation of spending per student. There are many reasons why districts spend more than others. Drew anticipated that the correlation coefficient would change if it was taken out. The AIR team did not take it out, and noted that the city is important to the analysis. There is enrollment weighting in the analysis, so a student in Manchester is the same as a student in smaller districts – rather than districts, as they vary in size. Bill asked if this result points to a bifurcated school funding formula? There may be a supplemental formula for districts like Manchester and Nashua. State aid might be driven more highly to these cities rather than others. Is there some bifurcation that could improve progressive distribution. Drew said they would not recommend that approach, and referenced the AIR report on New Jersey. Helping out Manchester would improve the overall picture in NH, but an overall a funding formula for across the state is conceptually a better option.

On Page 28, Iris Estabrook mentioned the issue of concentrations - the focus on concentration needs of some districts. Greater poverty indicators have greater costs – in reference to Bill’s thoughts about page 11.

On Page 11, Jay Kahn wanted the axis labels in percent. Drew pointed out that Jay also asked AIR to identify the averages of the orange vertical and horizontal lines. AIR will identify the values of the lines in subsequent drafts.

Exhibit 5, Drew references a question from Chris Dwyer about the interpretation of the regression results. Drew noted the need for interpretation. Chris noted that assuming the report is being read by many people, the z-scores and rates, etc. may be not used to looking a
regression table, so context and narrative to help people understand what the regression exhibit 5 table means. Bill seconded.

Exhibit 5 explanation – It is a regression table with an outcome variable and predictor variables (cost). Predicting spending in districts. The regression accounts for all these variables simultaneous to show the variation in spending across districts. Drew also explained the coefficients. See ~58 minutes into the recording. AIR will also provide some guidance per Chris’ suggestion. Exhibit 4 shows a scatterplot that is only looking at FRPL and spending per pupil and does not consider any other characteristics that influence spending. Exhibit 5 regression table does account for the other characteristics. Explanation of this is at ~60 minutes into the recording.

Rick Ladd asked about Exhibit 5, does this include K-6, or tuition out of district, or catastrophic aide for students. The calculation does not include tuition sent to other districts. It shows the amount of spending on the students who are attending that district. Catastrophic aide is included. The only time it is removed is in the weight estimation model.

Jay noted people need to note the direction of the relation – negative equals spending less, and positive means spending more. The amount of spending and the strength of the relation is important to consider. For Drew, would it help in this table if the constant was shown? Drew will add the constant back into the table.

Dave asked about exhibit 5, along the lines of Rick’s point about smaller districts. The NH DOE data points to about 40 towns with an ADM of less than 100. There seems to be unique circumstances here, like raising more than it costs to educate students, so the average spent is extraordinarily high. Is there any removal of high and low in this analysis. Drew noted later in the report that some of the smaller ADM districts were combined. There is some limited data in smaller districts, so combining <100 and less than or equal 200 made for a more manageable category. Drew pointed the group to the overall pattern that was consistent and displayed in Exhibit 5.

Iris brought up small schools. When you run the smaller communities through the simulator with the weights recommended from the simulator. Small wealthier districts receive more than less wealthy districts. This needs more consideration. Can we put fiscal parameters around small schools? This issue could be addressed through fiscal policy workgroup. Dave shares the concern that if these factors influence spending in small districts, they need further study and discussion. Rick agreed, as did Bill.

Rick noted there is a small school district that is wealthy and tuition students out of district. Small districts can be a result of choice, large property values. Barbara Tremblay agrees that this needs to be talked about more (Page 25). Chris clarified that these findings are not a formula but rather an explanation of what it costs to provide aides. This is not an application of aide, this is a description of cost. Chris explained that these are facts described in the AIR report. Drew explained that further in the report there is an explanation of costs and application of a school funding formula. Iris asserted that it creates an illusion of need. Drew
points to the number of students in districts. Dave noted that this is an area of further discussion later.

Drew explained Exhibit 6 and Exhibit 7 compares NH to other states in the region. These are on pages 15 and 16, ~75 minutes into the recording. Dave noted there are some comments about the “tax payer equity” - referencing first sentence after the comma “For a system to be equitable for taxpayers, district spending levels should not be systematically related to property wealth, and districts with similar tax rates should be able to raise similar amounts of overall revenue per pupil.” Drew explained that similar amounts overall which includes state and local revenue.

Bill asked about the terms spending and adequacy in the report. Bill clarifies, AIR’s goal is to try for the total spent is progressive. NH has been stuck in a world in which adequacy is a state amount, but are focused on state spending to equalize spending overall. Dave noted that the term revenue can cause misinterpretation. NH readers may struggle with the content due to the dynamic of adequacy being a state number rather than an overall number for the state. Jesse Levin, noted adequacy comes from the cost side of the research. The point is to allow all students to allow an equal opportunity to achieve at a certain level. Multiple sources of revenues create multiple levels of spending – see ~80 recording for clarity. Chris suggested a sidebar explanation for readers.

Iris wanted a clarify whether the Commission agrees about this total cost explained in the report. Bill clarified that the AIR report shows costs at a total number. NH has a mandatory judicial state funding rule. The report provides raw data and analysis to further discussion. Dave agrees that the data provides simulated spending based on the statewide expenditures today. AIR is showing the costs necessary for students to achieve certain outcomes in the state. All funding sources have to be considered that contributed student outcomes. Bill asked: Is it accurate that the AIR report that funding is not solely from state funding dollars? Drew confirmed.

Dave asked about the last sentence on page 16. This sentence is in regards to Exhibit 8 - spending per pupil and Equalized Valuation per pupil. “Unless the highest wealth districts are also taxing themselves at higher tax rates compared with lower wealth districts (we show below that this is not the case), this indicates that New Hampshire’s system is not equitable to taxpayers.” This sentence sets up the three exhibits that follow. It does not set up the argument that higher districts need to pay higher tax rates. Jay agrees with Dave, that this last sentence needs reconsideration – need to omit. Rick agrees the last sentence needs to be struck. Dave interpreted the sentence different than the interpretation provided in the report.

Dave iterated that this session is not to word smith but the report needs to stand overtime. Drew will rewrite and explained the coefficient does not stand on its own, readers need to look at all the exhibits together. Jay agreed that Drew could add that guidance.
Drew noted Jay suggested moving 1,000 to millions. Bill noted that the Y axis on exhibit is in reference to total current spending per pupil which includes all funding sources.

Page 18 - Drew noted a comment about the correlation coefficient that is weak in Exhibit 9. Drew will clarify what this exhibit means. Chris suggested more examples of districts throughout would be helpful for readers to understand. Drew noted that Dave did not think Northumberland was an outlier, and so Drew will use another example. Dave notes in the last sentence on 18 that Berlin is not as illustrative as Claremont may be. David Ryan suggested Allenstown. Drew explained how it was an appropriate example in terms of the rate. Rick asked what the local ed rate for Berlin is. Dave referenced the DRA table and noted the local equalized school tax rate from the 2019 data is $10.98, municipal is $15.71. Drew will check the numbers again. Rick questioned the use of Berlin, and Dave agreed – wanting to think about context now and 5 years from now.

Jay pointed in the summary on page 19, second paragraph last sentence as an inappropriate place to introduce districts with ELL. Drew explained this is explained on page 14. There are also tables and figures for reference in the appendix.

Chapter 3: Student Outcomes and Student Needs. Drew noted some Commission comments about clarifying z-scores and outcome factor scores. Reference ~99 minutes into the meeting recording. Z-scores offer average scores, and Drew will clarify this more in subsequent versions. Chris would like an earlier explanation of why the work is completed at the district rather school or municipal level. Drew explained the outcome and educational expenditures is on the district level. When looking at distribution and funding side, then there is a pivot to the school and municipal level.

Bill would like to see a list of the district on one side and outcome factor on the other side – goal see in a list where each district falls, reference to Page 23. Bill notes exhibit 14 – would be nice to see a list and actual number with the outcome relationships illustrated. Can AIR add the table somewhere else in the report rather than in the report body? AIR said the executive team has the table, and they will distribute as needed. Bruce said the spreadsheet can be shared in advance to the adequacy workgroup or full Commission.

Page 24 – Exhibit 14. Iris asked Drew to address the issue of concentrations. Why were these not included as a weighting mechanism, and are there ways he has seen them accounted for? Drew notes FRPL students are included in the model. It is a linear relationship – more FRPL students, more funding for those students. Exhibit 14 shows this linear relationship, and it does not point to a need to focus on concentrations. Iris references Page 28 – greater shares of certain need require greater costs. Dave explains that what is extraordinary about these costs, is it is clear that there are districts in our state that out-perform the average by 2 standard deviations. There are also districts who under-perform by 2 standard deviations.
Page 24 - Bill notes this data is important from a policy perspective – is our state as a system giving all students in our state an equal opportunity to an average outcome. We have an opportunity to help all students achieve the average outcome. Dave agrees that Exhibit 14 is key and debunks myths about education costs. Rick would like to see Exhibit 14 completed during 2012, when funds were at times twice the funding of base adequacy. Dave said the z-scores are available, and Drew concurs the data is available for 2009-2010 or 2010-2011 and could run the analysis for longitudinal comparison and historical context. Bruce will follow up with AIR.

Page 24, exhibit 15 – Drew references the outcome of the regression analysis. All the student need factors are indicative of lower student outcomes ~110 minutes into the recording for Drew’s interpretation of the table. The figure holds up even when including all the factors listed that influence student performance. Jay noted that FRPL has such a strong effect on the outcome factors for students, that one is a measure of the other. When you start to put student need and outcome score together, the .89 correlation on Page 23, that one variable compensates for the other. Drew affirmed the r value of .89 - FRPL explains about 80% of student outcomes. All the factors of FRPL, ELL, Special education explain about 70%. There is significant independent relationships on outcomes.

Concluded discussion of Chapter 3. Iris referenced Pages 25 and 28. Jay asked about focusing on these issues in the adequacy workgroup – small schools and concentrations. Dave asks Jay to dive into this conversation with the adequacy workgroup on Monday, September 14th. Iris asked if AIR could weigh in, and Bruce will work with Drew to join the adequacy group on September 14th. The conversation will be reviewed at the next full Commission meeting.

The next full Commission meeting will begin on Chapter 4. Dave noted in Fiscal Policy they are talking about statewide property taxes. Public Engagement workgroup will focus on the educator survey report findings and Reaching Higher will report on their survey findings.

**Agenda Items on Hold**
- Initial discussion of RSA 193:E-2b, 193:E-3b, 193:E-3c—costing adequacy based on outcomes/performance:
- Transportation—categorical funding vs. base formula

**Public Comments:**
Doug Hall thanked the group for their work.

No other comments or additional Commission comments.

Direct public comments to Commission Chair David Luneau at schoolfunding.commission@unh.edu
Next open public comment period: Wednesday, September 16, 4-5 pm
Dave thanked Drew and Jesse for their time and patience throughout the study and process.

Adjourn

Documents:
Documents for this meeting can be found on the Commission website under 9/10 materials - https://carsey.unh.edu/school-funding/school-funding-study/resources/meeting-documents-video