

**Adequacy/Distribution Workgroup**  
 Commission to Study School Funding  
 Sept. 29, 2020, 3-5 pm

Present: Jay Kahn, Val Zanchuk, Rick Ladd, Barbara Tremblay, Iris Estabrook, Jane Bergeron-Beaulieu, Dick Ames, Dave Luneau, Mel Myler. Also in Attendance: Bruce Mallory, Jordan Hensley. 9 public attendees.

Just after 3pm Jay Kahn welcomed the group and called the roll.

Jay – I want to begin with a general question: what changes would need to be made for members of this group to be comfortable with using an outcomes-based methodology for determining the cost of an adequate education? Bruce – not necessarily agreeing with AIR’s weights, but on a conceptual level saying that adequacy should be based on outcomes. Looking for a conceptual endorsement of this approach, which differs from existing statutes. What language should be changed is a second step. Dave – We have been at this for quite a while with the AIR team and looking at an outcome-based approach to estimate costs to educate students across the state and have an opportunity for similar outcomes. We have said from the beginning we are operating this Commission on consensus to move forward and have been working on this outcome-based model for a few months. If someone feels differently need to have that discussion. Agree that it’s not about endorsing the weights from AIR and have more questions to work through.

Jay – at previous Commission meeting accepted report. Bruce – yes, AIR has met its contractual obligation, but not unanimous agreement over everything by all members of Commission. Jay – so then, need to discuss here if education cost model will use an outcome-based approach. Is there any hesitation from this group about moving forward with that?

Iris – I am still not totally comfortable with it because I don’t totally understand it. Not opposed but also not sold. Also not satisfied if a beefed up input-oriented approach wouldn’t also work. But if leap going to be made want it to be made as well as possible, and that is why I suggested some language.

Val – difficulty reconciling old way and new way of doing this. Everyone is so familiar with input. In some respects this is a black box. The analysis says in general the inputs used have created the outputs we were hoping for, and now years later saying it’s worked out pretty well. There is value in affirming the outputs confirming inputs were reasonable. Another difficulty – is the AIR number the adequacy number? Is \$19k the state’s obligation? To me there is no way you can carve out what aspect of the state’s constitutional obligation whereas the input system created that, although the input system is horribly flawed. Can’t provide adequacy with \$3700, as supreme court noted recently and will likely say when decisions come out. I put the old SWEPT \$6.63 in, and state’s obligation is about \$10k, which is similar to the ConVal plaintiffs. Can get some convergence not only on the outputs but also of the inputs that were in place. Tried to find the “Rosetta Stone” to tie one to the other. Otherwise it’s hard to know how they are related. Need to provide the bridge so when the Governor and legislature looks at this they can see what discrepancies exist and fund to common outcomes.

Jay – that sounds supportive of the outcome approach.

Barbara – I did the same thing as Val and went through and did the same thing and came in with the input and the output, some very interesting things coming together, and listening to the case the other day on how we would even present such a thing. Needs to be clearly defined. The other

thing that came to mind is the Winchester school district, which stated that they did not need to add any money because outcomes are high. So we need to be clear when we talk about outcomes. Other thing we should include is OPPORTUNITIES for an adequate education, and opportunity is a very important word. Very different than an adequate education.

Jay – you're right about how they are used interchangeably in statutes.

Dave – it might also be worth noting discussion this morning in Fiscal Policy with respect to first/last dollar. What we talked about in fiscal policy this morning is not to take a hard line about New Hampshire's constitutional requirement for funding adequacy because taking a hard line could drive us in certain directions in how we go about costing, because it could very much tighten up what decisions are made. So having some flexibility in looking at what the state's requirements are in looking at the estimated cost model.

Iris – I think you need to be more specific because it sounds like you're rejecting that interpretation.

\*Cross talk and discussion about adequacy, flexibility, and first and last dollar\*

Iris – I'm not debating but want to understand clearly what you mean when you say not take a hard line. If we are rejecting the '06 ruling that is what we should say.

Jay – When I hear not take a hard line that says to me we should consider both circumstances so we can understand and policymakers can see what the consequences and how you would need to approach a first/last dollar system vs an equal opportunity.

Iris – say looking at both, then. I still think there is some way that an improved input-based methodology may bring in more equity, but we haven't looked at that.

Bruce – at the next full Commission meeting we are going to take a step back and look at how Commission got from January to the present. Heard multiple options for a research vendor, and decided on AIR and an outcomes-based approach.

Val – The fact that all of our existing statutes are based on input, it is reasonable to look at outputs (looking at the balance between the two) we should measure how well we've done with those. I think it's very difficult to go into the input side and try to tweak things without looking at what inputs were changed years ago. Useful to get that information because it gives us a discussion of what inputs lead to what outputs. If anything we've reaffirmed that inputs are reasonable in terms of criteria, classes, subjects, etc. Not a confirmation of the amount of money for adequacy, because we see that we have districts that can't afford to provide outcomes, but gives a stronger and more holistic view of the situation and offer alternatives to how do we get there and what are the state's obligation. Have boundaries and cause and effect and can balance that out. Had we gone the input-based side not knowing the outcomes were successful. By going to outcomes side we can see how well we're working and the outcomes are good. Don't have to tweak one to get the other, we know the relationship reasonably well.

Jay – one of the things that becomes clearer to us is if the state can move to disparity aid as a basis for distributing then the outcomes-based model is very supportive of that. You wouldn't use an input-based model to address disparities. You need the weights and need to know how to equalize opportunities. So there is a path that links up and I think you're saying too that we know the input model leads to first/last dollar has led to unrealistic results and maybe we can move to something more realistic.

Bruce – strikes me that there are two separate sets of inputs. Things like salaries, class size, transportation, etc, the cost inputs that go into running a building. But also list inputs that all students need to be exposed to in order to achieve adequacy/be contributing citizens. So there are cost inputs but also student inputs. We don't need to throw up all the bathwater. That list of

content areas, at least to me, seem quite relevant. Where the shift is taking place is how to determine the cost of providing those curriculum inputs to achieve a statewide average.

Val – the analysis I did over the weekend basically said on the cost input side, came out with about the same number had we not changed the original intent of the SWEPT rate. If that had been kept over the years the state would be paying about what ConVal says it should be paying. So this tells us that the content part is good but the cost part is not, and we should be suggesting ways to change those. Not saying schools or DOE should change but the way we pay for things is hurting taxpayers and students. That is the real power of the output analysis, to see changes the outcomes related to FRL, ELL, and other things that impact outcomes. The arguments in the letter we got this morning said that nothing would change by shifting dollars, but the outcomes model says there is an impact. Strongly suggests that there is a relationship between spending and outcomes/achievement.

Dave – the AIR demonstrates with a high correlation the relationship between average student costs and outcomes. The other thing we have to keep in mind is the \$3.1B all in spending on education in New Hampshire is not buying outcomes, it is buying inputs that then lead to outcomes. The other important thing in the AIR in the report is that it is not 18 or 19k, that is average. There are specific costs by district to achieve outcomes. Sometimes it's \$15k and sometimes it is \$21k given districts' unique characteristics.

Dick – as I understand it MA's per pupil foundation cost is about \$11,500, but we are talking here at a proposed cost/student of \$18k. That's a big jump, are we comfortable with that? If the Commission said that it agreed and is adopting an output-based formulation, Val were you saying that there is no way to cut into it and that has to be our adequacy cost?

Val – All its saying it here is your number. It's not saying who is responsible for it. The AIR model is telling us a number for adequacy, and we are saying what % belongs to the state. Creating a situation where you will have 424 opinions about what that is unless there is some way of taking the current thought process, tying it to the AIR information, and trying to come to a number in between. Is the AIR number the number for adequacy?

\*cross talk about adequacy and the simulator\*

Val – Doesn't say what the state's share is. They have \$5 (minimum mandatory contribution), how can you throw that in there and say that is the right split? ConVal number of \$9900 is a more realistic way to show the portion that is adequacy. Any of the numbers that are fixed that don't allow for increases in cost makes the state's position worse. Unless cost of education is flat the share of contribution continuously gets lower, which is the flaw. If there was a mechanism in 2008 to increase the \$3700 each year by CPI, etc, would not be in the same bad position.

Iris – There was a cost of living increase in the original legislation, but got butchered out. The \$3700; there is no district that gets that because of weights. Similar to how AIR's model doesn't give just the base to anyone.

Jay – I think the black box notion undermines a lot of known results of our analyses in that the analysis in the approach the Commission has used to date ends up with the same variables being significant as those used in 2008. I think we've found the error we've got is not valuing the weights appropriately. So now we have a reevaluation. I think relative to the way this is addressed in a funding is that the state will continue to raise the same amount of revenue from non-property tax that it currently does. The remainder needs to be shared state/local responsibility. And where the dollars that the state would allocate would go in toward equalizing opportunities. I put those out there because I think that is what this model is suggesting.

Rick – As I spoke this morning, right now if we are going to accept that our constitutional requirement to provide the opportunity for an adequate education is done by taking the average of everything we're spending in DOE25 and use that but not look at the sub-element...we have the responsibility as a legislature to define an adequate education and set standards for accountability for an adequate education. What we have done in the last 12 years is strip out a lot of what the formula used to have. We have destroyed and weakened the formula. The inputs are not all together bad, but there is another statute that dealt with educational elements and varying educational challenges. I think we have to find some combination of inputs and outputs and valid ways to measure. I think there are other good ways to assess where we are. What schools are doing now with DOE25 they are sending all their costs, including things like football, which some may say are or are not adequacy. Also need to look at categorical aids and CTE.

Jay – I recognize there are various levels of comfort and interests in the outcome-based model. Personally I find the consistency of our thought process to try to aim at something more outcome driven than input gives us a basis for knowing if our inputs are leading to equitable opportunity. Maybe we can drill down on some of the words that define this.

\*words put from Iris on screen for suggested changes to RSA 193-E:2-b\*

Iris – basically took out some verbiage on proposed alternate language, added word educational...

More discussion was had around the wording of the text to that statute, full video showing the discussion specifics and wording changes discussed can be found on the [Carsey-Commission website's Meeting Documents/Video page](#).

\*Bill's proposed text edits placed on screen, discussion was had. Text can be found under the September 29 tab of the [Carsey-Commission website's Meeting Documents/Video page](#). Video is also available on that page\*

Dave – want to put one other item out there. Engagement work group may be cancelling some meetings, and Adequacy and Fiscal Policy may want to reserve that time for a joint meeting.

Jay – Want to move on to transportation. Are there opinions on whether to include transportation or not in the adequacy?

Iris – I listened to part of the court arguments yesterday, and the plaintiffs made a point about how high school transportation is not included...is that not listed in the standards? Jay – it is not. Iris – then that would be a justification.

Jay – My concern is that once we start pulling out categories that there is almost no end to it. And then becomes subject to getting pulled apart. Once you start doing that it suggests that there are other costs in the other 2.9B that could be taken out and I don't think that is either true or good. I don't disagree that there is an argument to be made about pulling transportation out, but think the timing is important.

Rick – the DOE has very little information on transportation costs outside of DOE25. I do believe in the long run that there are several areas which should be there own categorical funding. Most states with separate funding have it based on linear density or students in an area, but also have a breakdown of scale for special services. That becomes an easier way to see the

money going towards that end. Important that we fund our special education transportation costs but the transportation costs that I would fund may not be the same as those if you only take the DOE25 costs. They may be enriching adequacy through a field trip for instance. Would like to see a categorical transportation for to and from schools and special education. Need to do it similarly to DoT block money. Need to move there, but not ready yet. Really redefine how we're doing it, it's not working now with declining enrollments funding per capita. Jay – We in this group have examined a number of categories that we lack the data to proceed with pulling apart elements of the total spending. We need more data and have said that on other occasions. Need a vision for not losing the thread of a conversation on transportation but a framework for how we are going to include a need to carry on that inquiry. This formula isn't perfect but it's a great transition and we need more data to move along the way. Bruce – just a reminder that the AIR has a differential in spending for transportation.

Iris – Are charter school students, as public students, entitled to an adequate education?

Currently don't offer transportation, which eliminates opportunity for many students. Should be thought about whether transportation is in or out. Otherwise favor having it in the formula.

Jay – you're right about reminding us about charter schools. We had a previous conversation, but they do shift certain costs back to school districts. Another one of those sections worth noting where some of the intersections are with our adequate education model.

Dave – in the current ECM where you can choose to include/exclude transportation; when you exclude transportation where is special education transportation?

Jay – have heard they are part of overall transportation costs. We need to check on that.

Dave – if we have anything enumerating where transportation costs and other costs are, should have that broken out.

Jay – we had on the agenda on concentration factors, and want to make sure that we are clear there. AIR did not find a curvilinear correlation but rather a linear one.

Iris – I yield to the statistical analysis, but my gut and experience tell me otherwise.

Jay – other outstanding issues. Let's talk about debt service for a moment. Have asked AIR and Drew about debt service, and not in the model. Also need to talk about capital spending, because there is none unless it's covered in the model. It is not covered in the model.

Dave – isn't that tied to building aid? Yes.

Iris – is the fiscal committee going to make any recommendation about building aid being strengthened? Dave – I hope we do, think it falls in our scope. Iris – glad to hear that. Have said before, but think a lot of students are learning in substandard conditions that make it hard to learn. Should make a strong statement and do something about that.

Rick – the way we are doing currently is funding \$50mil/year, just a few projects. Every session I introduce a bill that says we will fund no less than \$50mil but we need to hit on this because buildings are part of adequacy. Have heard from several people that we are now funding projects at 80% up front and saving districts interest. But if we were to fund what they used to, districts would have to pay the interest.

Iris – should look at it from an outcomes perspective. Dave – will never get through the list of outstanding projects with current levels of funding. Would be supportive of the state awarding more projects. Rick – state had half a billion dollars of debt for bonding.

Iris – not sure we have to endorse a method of bonding but simply push for a solution to be adopted, because conditions in many schools are horrible. Rick – has been proven that new

facilities lead to higher achievement by 15-20% over those without. DOE building aid director has this information available.

More discussion was had of building aid and previous efforts to improve school building quality in the state.