

Adequacy/Distribution Workgroup
 Commission to Study School Funding
 Oct. 13, 2020, 3-5 pm

Present: Jay Kahn, Val Zanchuk, Rick Ladd, Barbara Tremblay, Iris Estabrook, Jane Bergeron-Beaulieu, Dick Ames, Bill Ardinger, Rick Ladd, Dave Luneau, Mel Myler. Also in Attendance: Bruce Mallory, Jordan Hensley. 8 public attendees.

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

Jay – last Monday we took to the full Commission a draft motion/straw poll around proceeding with an outcome-based method for distributing aid for school funding.

The group began with a conversation around the topic of whether or not to include transportation: Should the AIR per pupil transportation cost of \$895 be included in the base per pupil cost formula?

Bruce noted page 38 of the AIR report, footnote 21 and the relative merits of including transportation in the funding formula (or not).

Jay – at this point in time don't have great data on per pupil true transportation costs, feels like pulling things out starts to break down the whole. Came out in favor of including transportation in the formula.

Bill – Where does this come in to the AIR process? In step one, they come up with a predicted cost per district to achieve an average state outcome. If what we're talking about – how does that impact the step one calculation? If what we want to do is predict the costs of achieving an outcome, having transportation costs in shouldn't change the core relationship between spending and outcomes. We aren't doing the input-based system, so troubled by a continuing conflict between an outcomes-based discussion and the sense of "should transportation costs be included in or out?" Once the relationships are set, those relationships are pretty constant without regard to transportation costs being in or out. Step 2 is about assigning weights to core factors that get to per pupil targets generated by step one. How does this actually impact anything?

Jay – it reduces 2.9 billion dollars in total to 2.8 billion.

Bill – so what impact does that have between Manchester and Bedford? I don't think this is significant an issue.

Jay – that's the point, that it doesn't change the relationship. But if you feel that there are transportation relationships per pupil it does change that. There probably are better ways of distributing it than a per pupil basis, but we don't have that information, square miles, miles traveled, a mix between special education and regular students.

Rick – the costs of transportation are so significantly different from one district to another. Vast majority of schools have a categorical item for transportation, which I agree with. It's not like the substantive criteria for an adequate education. The current formula had an amount in it (\$315 then, \$340 now). Adds up close to \$58 million. Then we have statutory language saying we aren't funding grades 9-12. Think there should be a study commission looking at transportation. Got to a point where we didn't have enough data. Lot of different models out there, and need to have a healthy study on this. Either leave it alone right now as part of the cost of education –

don't want anyone up there arguing against it. Leave it alone and recommend to fix this via a committee or commission study, getting the right people involved.

Dave – is that a suggestion that school districts, transport services directors, etc are laying out bus routes willy nilly, etc? Don't want to second guess those people and don't think they are making inefficient decisions. Can see both ways of proceeding, either in the formula or moving it out to categorical, but don't know if we need a committee/commission. I think we know how to make the dollar decisions the same in Concord as Portsmouth as Lincoln.

Val – Confused as well. Are transportation costs not lumped in with other adequacy costs? If so, why not keep them all. If state decides that total costs are \$19k and adequacy is \$15k don't know if we can change. Have to have some input assumptions to get to \$19k. Maybe getting into the sorts of stuff legislators get into, we shouldn't be pre-deciding all these final items. Don't have clarity as to what the states responsibility is of the \$19k? Somewhere in our work need to say what portion is the state's? Not a black box – has to be inputs. Not responsibility of Commission to break it down.

Jay – that will be the \$3b question. I think people are winding up at the same place. AIR gave a report with transportation in and out, but in April when looking at other states and how they are distributing aid, transportation was categorical in many states.

Val – as we heard yesterday at the CTE meeting we have districts who have cut transportation spending to \$0. That district is stretching the definition of adequacy doing that.

Bill – Val has raised the key question. If we go down this path and suggest that we are going to choose a total spending number that reflects reality as a way to start our analysis and suggest that \$3b is all state responsibility, I can't support that. Think it would harm quality. Don't know when we get to that discussion. What is the state budget share and what is local? No way this particular member could ever support a number that is \$3b all from state budget. If we leave this issue to the end could all blow up.

Dave – talked about a little this morning when the representatives from MA were with us. They started with a lower amount and moved toward actual over a 7 year period. One of the things we are going to look at is to determine if there is a correlation between state share of spending and outcomes. MA and NH are towards the low end of state spending but high in outcomes.

Iris – I have thought about it as the key issue all along. Come at it over concern in identifying what the state's obligation is in a different way than the court has defined and how the legislature may roll that back. Could not support straw poll because the step one in defining adequacy and costing has led to places that I am not sure that I can support. I can't support something without knowing what that is. You can call this starting with outcomes but what you're doing is financing the inputs. People won't support one town getting X and one getting Y just because regression said so. I see it as sort of a circle between inputs/outputs. Not that the starting point stirred me, don't understand what the process is and it cannot remain that way. I want to support the commission the best I can but need to understand the direction it's going is.

Jay – trying to equalize opportunity for outcomes with funds available in the state. Clearly the discussion about the source of funds today and in the future, that is where the tax policy and this workgroup need to come together, and commission as a whole, to determine and provide whatever guidance you can. Fiscal erosion possible. I am mostly struck by top line observation by AIR that community capacity and student need define the opportunity for comparable educational outcomes. I don't know the allocation that is going to get us there, but I do know that this is a fairer way of looking at what community need is. This is measurable to student outcomes. Inputs are just that, can't get to whether one community needs this or that input.

Bill – the question is, our modeling sets \$3b as the total spend number and then tries to split between a local component and state component. That is very similar to what MA was doing. In MA, they do not fund the total budget with state budget dollars. If you have an aggressive reading of the first/last dollar ruling that is a problem. What is the answer to that?

Jay – We are working very much with comparable factors as were recommended a dozen years ago, recalibrating based on student outcomes and whatever pot of funds the state has to distribute.

Bruce – at the next full Commission meeting, Drew from AIR will be presenting a memo on AIR's regression model. There is a rational explanation of how the base costs were arrived at as well as weights. Still an open question for the Commission. More to come.

Jay – exhibit 22 in the AIR report lays out the cost factors. Start with the constant, and then build out the model based on what it takes to provide those comparable outcomes.

Dick – I share the concern that Bill in particular articulated. Need to think long and hard about what is the adequacy amount the state in some way will be obligated to pay for, and not convinced that it is \$2.9b. Need to talk that through and look forward to Drew's presentation.

Want to add that whatever that number is – if not \$2.9b it's \$2b, that isn't the end of the discussion. It gets back to what are state dollars? MA's effort where they pay for their foundation budget involves both local and state dollars all raised at something approaching a uniform rate. I can see this Commission after a lot of discussion and thought embracing a local minimum requirement as a part of the state meeting its obligation to fund adequacy and defining that in constitutional terms that withstand attack via litigation or persuade those who might otherwise challenge that it is the right thing to do. The source of funding is a second question but we aren't going to escape it. Going to have to come to it after we define adequacy across the state and by locality.

Val – in our discussion with AIR next week – is the base number the fictitious “no differentiated aid” per student or is that the base operating cost per student. Would want to hear their response to that. Has to be some fundamental base overhead not tied to adequacy – not necessarily in the formula but there has to be some amount of cost that should be considered as part of the consideration of what is state and what is local spending.

Barbara – going back to some of what others have said, I do agree that outcomes are measurable and we need accountability but don't want to lose sight of inputs. Rick, you have brought up minimum requirements of that many times. It's very easy when money is tight to lose some of those elements, because we know it's happened in a number of districts. I'm walking between the outcomes and the inputs. I'm thinking like Val – some costs like superintendent, nurses, and all the others we have discussed – can't lose sight of minimum state requirements and how that plays out on the fiscal part. I've worked through a number of districts in the AIR model but concerned with the final costs – what is included, not included. Want to hear it one more time. Other thing is working with the fiscal policy group, would like to hear where their thinking is going and how we can work together. Had brought up the possibility of us meeting as a group together, should work on the fiscal aspects being discussed today.

Rick – I truly believe we need to have outcomes everyone is looking toward. I don't want the state funding apples to oranges. Have to be some standards set aside here. Goes into the business of transportation, what are we including? Some costs are responsible to the local, but taking the total aggregate from DOE25 is a mistake. Need the sub elements to get to adequacy.

Bruce – Seems to me that the question we are grappling with is, how much does it cost to educate a child to a target outcome AND how much does it cost to run a school? The latter is

how we currently fund adequacy. The target outcome immediately goes to the student's characteristics and their needs. Right now the AIR analysis is figuring out educating a child to a target outcome.

Iris – I think we're trying to fund the opportunity for an adequate education. What comprises that? Reaching a target outcome comprises that opportunity, so you're funding the parts that get a student to a target outcome. As you fund that, what happens as those districts' outcomes change or don't change over time. I am quite confused about that.

Mel – Aren't we talking about two different things here? We're talking about the cost of an adequate education and also how that cost relates to outcomes. Is it too simplistic to say "this is what it costs" and in some districts that cost provides good outcomes. And in some districts it doesn't, primarily because they can't raise the money to get there. Is there a point where the costs we define can be applied to the outcomes so we don't miss what AIR says (which is that more money should go to places that cannot produce outcomes)?

Dave – The only thing I would add on that is, let's separate what you're getting from the state and the estimated cost to achieve an outcome. We know to achieve state average outcomes for all public schools across the state is \$3.1b, \$2.9b if you take out federal spending, etc. Because we made the goal state average (which is a good mark), if we were to set that mark differently, at more or less than state average, then we need to figure out what that is going to cost. Going back to step one – we know what the total already is, and that every district is getting different outcomes. Can see in the AIR report. That indicates that the estimated costs for lower outcome district spending has to go up to achieve state average, and for higher do not need as much spending. Using a lot of knowns on that.

Jane – I would just echo some of the thoughts Barbara has brought forward. This is a bold and visionary model for us and we should stay focused on student outcomes. Still a little foggy in not connecting it directly to inputs and hopeful that AIR will help walk us through what that looks like and how to articulate that. Worried about the timeline and the short amount of time to get a lot of work done.

Iris – Can you ask Drew to be prepared to talk about how things unfold over time? As you give districts money they either achieve or not, and how does that fit in to the overall scheme?

Jay – had a similar question this AM, your point about accountability has to be part of our report.

Bruce then showed AIR's exhibit 22 – weight estimation model and some discussion was had of the model, average predicted costs to achieve state average outcomes in every district, and what each of the factor and weight represents and how that works. Some further discussion was had of data analysis in general, AIR's weights, the model, data limitations, and other parts of the process and their validity.

Dave noted that a recommendation from the Commission should involve recommendations for data collection from DOE. Iris talked about the fact that she would like to see the small school weight taken out (a la transportation) and the weights recalculated. Bill proposed that the Commission or those watching the proceedings should look at AIR's simulator and note which districts are receiving funding differently than what they might have assumed prior to the model. The topic of small schools by choice vs necessity was also discussed. Rick noted that schools are ranked 4-1, and mentioned that those schools should be assessed relative to outcomes and those rankings.

The work group then moved to the topics of categorical grants and charter schools.

Jay – lay out broad parameters, like on building aid given options to approach. Can identify what we do currently in each area and lead us to recommendations for legislature outside of the basic education distribution model.

Bruce – In the final report, will the Commission make recommendations about funding of CTE or building aid, or will they say to the legislature: these are the issues that need to be addressed to get to a better funding model? Will specific recommendations be landed on or will policy areas to consider more broadly be more the focus of the report?

Jay – a goal can be turned into a policy question (CTE for example – only 9% of students attend a CTE course, which is awfully low. Could be turned into a question what ought to be the state's goal for exploring career options in high school/attending career prep courses, broadening definition. Same thing on building aid). Can posit policy questions and begin to tee up what the goals for the state might be.

Mel – so what you're saying is that the Commission was charged to do this but in the process have heard a bunch of other issues that need to be addressed, and can come up with a list of questions that need to be answered in the legislature beyond the charge.

Iris – Of these 4 areas, what costs are currently in the amount defined as the cost of adequacy? I have a really hard time saying you can reach the outcomes targeted without a decent physical space, and the idea of setting a 30 year goal is really kind of shocking to me that we would let unhealthy environments go on that long. I have a hard time with the idea ignoring physical space.

Jay – it is outside of the model currently, and it is an unavoidable question in the next legislature. Is that going to be a categorical funding independent of the formula? Probably has to be. This is one of those questions that the state needs to address.

Iris – they have been tracking the schools that are in need of repair and replacement. Concerns me that leaving it on the side is how it got to where it's at right now. Might get beefed up in response to the pandemic, etc, but will erode once again being outside main funding. So health needs linger on. Maybe we can make a statement about air quality at least, don't think it would be too hard to get cost estimates.

Dave – on building aid, and maybe all of these, should take a crack at putting parameters down for each of the 4 proposed categorical areas and have something in writing, may be short, just so that we can debate it and have something to work from. If we go back to not giving 80% of the grant up front and do it differently, can take on many more projects. Would be happy to take that on.

Jay – maybe that's how we do it, and Val on CTE, work with Bruce to get that going.

Bruce – we will need to create sections in the report for each of these categorical areas.

Dick – catastrophic aid important and those students need the same support in achieving adequacy as every other student.

Bruce – both for kids up to 3.5X but also for students in that category. Need to collect and share special education data.

Barbara – all of these areas need to be addressed and give some guidance/questions to the legislature.

Jane – I would just raise the question since we are looking at funding in public schools. We haven't said much about charter schools and we have heard about the impacts of special education costs to school districts, and is that something that needs to be commented on since charters are public schools and we are charged with examining public schools.

Bruce – absolutely, part of this Commission's work.

Dave – seems like we have A and B assigned on categorical, but C & D assignments would be great at least to get thoughts on paper.

Some assignments were handed out for members of the adequacy work group to tackle discrete categorical items.

Items placed in Zoom's Q/A Box (not addressed during meeting):

Carolyn Mebert 04:25 PM

How is 1754 in that weight table? What happens, weight wise, to the 22 districts that have ADM > 2000? Per pupil adequacy aid in 2018-19 ranged from 0 (SWEPT covered calculated cost) to 9894.97

Carolyn Mebert 04:28 PM

And, how do you predict to a constant? That is, if the state average is 55% proficiency, did AIR do a logistic regression, i.e., $dv = 55$ or not? Given that states have different tests, it may not be reasonable to say that NH is doing well relative to other states.

Doug Hall 04:37 PM

Do

DoE does have average salaries and published is by district every year.. DoE has teacher turnover data. Those were not selected to be variables for the regression analysis. They could have been.