

**Fiscal Policy and Adequacy/Distribution Workgroups**  
Commission to Study School Funding  
November 20, 2020, 2-5 pm

Attendance: Corinne Cascadden, Val Zanchuk, Mary Heath, Dick Ames, Barbara Tremblay, Mel Myler, Bill Ardinger, Jay Kahn, Dave Luneau John Beardmore, Iris Estabrook Also in attendance: Carrie Portrie, Bruce Mallory, Jordan Hensley Public Attendees: 6

Dave called the meeting to order just after 2pm with a check tech and roll call.

Bruce reviewed the timeline for reporting and discussion from the Commission over the next 10 days with the goal of submitting the report on December 1. The calendar provides access to the meetings on November 23 and November 30.

Continued review and discussion of findings and recommendations in Adequacy Workgroup draft report and Fiscal Policy draft report

### **Adequacy Workgroup Draft Discussion**

Bruce reviewed number four and number 2 on page 1:

- #4 “the ECM should only be adjusted following the same calculations used to develop it, with consideration for the impact of any changes on students and school districts with the greatest educational and financial needs.”
- #2 NH average students outcomes are in the top tier of states. However, averages
- Barbara agreed the additions of both 2 and 4 is needed and fundamental
- Bill noted #2, and referenced the AIR report and the correlation in exhibit 14 – FRPL is a proxy for poverty, yet when looking at the data for property value differentials, the correlations was not as high – In 2 need to emphasize the highest correlation in exhibit 14. The job is to tilt the curve to Massachusetts type curve.
- Dick offered some rewording of #2 – Per student after taking into account indicators of differentiated need – (change per student to per weight of student (need)). There is a correlation between student outcomes and ability to raise money in terms of property valuations
- Bruce pointed the group to exhibit 21 – correlation between outcomes and spending
- Jay directed us to page 21 in the AIR report, second paragraph provides a good summary.
- Val referenced #4 – should the ability to play with weights on the simulator be removed? Because if the weights are adjusted then the model does not work anymore.
- The discussion of #4 – the Commission did check out other weights with the simulator, and the predicted weights are appropriate – The ECM are factors to get to the predicted cost – *this is not an actual cost model* which needs to be clear.
- Val asked about #2 – clarifying that the amount of money shouldn’t go up, but it should be distributed differently – not suggesting we need to spend more money on average.
- Jay noted that this may be a premise, but in application this may not be so. We are working on leveling the playing field but not recommending taking money away from people

- Bill noted that it is important the recommendations do include encouragement for funding levels that include CTE and Building Aid are more robust. We need to shift the perspective that the models are holistic.
- Dave noted writing out how the ECM responds to certain outcome objectives. It scales linearly – everything adjusts at the same rate...asked for confirmation from the group. Jay concurred. Dave recommended putting this in the findings.
- Jay noted there is nothing in the findings that says what the suggested average per pupil spending.

Bruce noted there will be a section that will include total findings and recommendations.

Dave noted there is additional discussion in the Fiscal Policy workgroup draft

Bruce directed the group to #5 on page 2 of the draft – reference to charter schools and special education funding

- Dave noted the important piece is that costs are justified based on the need of the student and that they are reasonable for the service based on the IEP.
- Bruce invited the group to send points on #5 to him, Corinne suggested talking to Jane about this number who could add more context. Mary noted the concern that there is no rate process for charter schools.
- Bruce noted on page 5 a clarification was made as well – bullet starting with Special Education Aid. Bruce will send a note to Jane for clarification.

Bruce directed the group to #7

- Val suggested changing “value” to “cost.”
- Bill noted the value is an evaluation of cost – the estimate of a cost of an opportunity for an adequate education – How much spending is required to produced constitutional spending, which is a value.
- The value is a number, a dollar value

The group discussed clarity between recommendations and findings. Bruce directed the group to number 1 on page 1 and then looked at 4. John Beardmore suggested clarification on the findings at the beginning which Bruce noted in red on page 1.

The group looked at the final paragraph on page 2, a section highlighted in yellow and addition of red – conversation about whether the statement is about fiscal policy or adequacy.

- The definition of the cost of an adequate education – matching the language to how the model from AIR works.
- Bill suggested the Commission make certain – this is a common asset investment
- Dave connected each district has the opportunity to achieve average
- The group talked about rewording the sentence for clarity.
- The group wanted to make sure the sentence is clear and deliberated the wording
  - The definition of the cost of an adequate education.
  - The definition is linked to the ECM model.
  - The cost for every student to have an adequate education that allows for students to achieve state-average outcome.

- The discussion continued

Dave asked Bruce to take the group through the final four pages emphasizing the language in highlighted sections. Each member of the Commission has the report and can think further about edits.

- Bruce noted a highlighted section on page 4 – Implementation of an outcomes-based formula will require
- Rate setting issue on page 5
- Mel emphasized that it needs to be clear what the Commission means by graduation rates – competencies, performance, etc – what does graduate rate mean? It means students have met the standards and competencies that each district has set. It's important to include this because it moves public conversation forward. It's not old school or unclear – it's a standard that districts need to make.
- Bruce noted in the accountability section addresses competency-based approaches, district comparisons, statewide average targets, a funding formula based on average outcomes based on diverse definitions of performance and competency.
- Jay suggested looking at the bottom of page 2 and top of page 3 that clarifies the point Mel made as well.
- Barbara wondered about the addition of competency-based in the adequacy workgroup report – Bruce noted this is addressed in the accountability and data section – policy implications regarding the 21<sup>st</sup> century approach to measuring students' learning. Barbara wanted to see this highlighted a little more.
- Monday's assignments include reading the whole report, and Chris Dwyer is also working on the accountability section.

### **Fiscal Policy Workgroup Draft Discussion – Blue highlights note changes**

At 3:30pm Dave walked the group through the Fiscal policy draft. Dave noted the key findings from the AIR report.

On page 4 there is a highlighted section – New Hampshire's current system of funding is not working for large segments of New Hampshire's students and taxpayers. Inequities manifest themselves in outcomes and property tax burden.

On page 5, Dave noted a highlight that says, "The Commission believes that this advisory language from the Court's Londonderry case, issued in the context of excessive..." The comment is focused on first and last dollar linked to fiscal neutrality and student equity.

- Dick noted the term context in the sentence is important because the ruling are issued in the context of a system focused on local property taxes – the disparities are not addressed in this system – the responsibility cannot be shifted to local districts. The point is that in the context of the case, then they said the state needs to pay for everything – in this point made in the report, the goal is to show that we are going to construct a funding system that addresses student equity
- Iris agrees and did not see the statement as disavowing first and last dollar.
- Bill iterated that the top line goal is student equity

- Dave confirmed the report shows three examples of good fiscal policy is centered on student equity.
- Bill noted the paragraph following the blue highlight needed some attention in terms of language.

Dave referenced page 7 of the draft “The state should eliminate the “excess-SWEPT” grant and apply those state funds to improve student and taxpayer equity.

- A discussion was had about income sources.
- An increase in state share would increase student equity.
- Need to add a finding in this area
- Reorder the recommendations
- Emphasize student and taxpayer equity

Dave referenced the section on Taxation to blue section with reference to the Education Trust Fund on page 10, the Education Trust Fund helps reduce the risks of availability of state funds, reliability.

- Jay wondered if there is clarity for the public that the Education Trust Fund is used.
- Recommendation that the state should stop draining the Education Trust Fund into the general fund
- Bill noted that it is a public policy recommendation to have a separate fund, which makes sense, but as a matter of budget policy it does not make sense. The process is confusing from the viewpoint of budget making and track. Combine general fund and Education Trust Fund. Keep a fund that is easier for the public to track.
- John said it would be fine to leave it in place, and need to move to bigger picture discussions.

Dave referenced blue highlights on page 11.

- Barbara and John discussed how the Education Trust Fund works and the general education fund.
- Mary noted that in the budget that just passed shifts in where categorical aid is accounted for.
- Corinne asked Dave to scroll up where Statewide Property Tax is a state tax and clarify that it is drawn from local property tax payers.

On page 11-19 of the report begins to outline fiscal policy models and links to Mass Chapter 70. Dave prompted Dick Ames to talk about the section.

- Dick referenced the minimum mandatory contribution
- This section provides a comparison of the two states MA and NH
- Page 20 summarizes this section... “Some Commission members”
- Iris asked about the section “The Commission recommends that consideration be given to the...” – is this a recommendation or should we remain neutral. Dave noted that the statements and recommendations should be neutral. Dick and Bill agreed.
- How does this work for districts with lower fiscal capacity?
- Bill explained the graphs on page 18 and surrounding pages.

- Comparisons were made between the ECM from the AIR report and the Mass Chapter 70 section of the fiscal policy report

Bruce noted that the entire document will be placed together for the Commission for Monday's meeting.

**Adjourned at 4:45pm**