Municipal and School Leader Reprise
Summary for the Commission to Study School Funding

Facilitated and compiled by New Hampshire Listens and Carsey School of Public Policy staff for the Commission to Study School Funding to promote further discussion and understanding of community voices.

This report summarizes the Municipal and School Leader reprise discussion, a gathering of local leaders and decision-makers on October 27th, 2020 who participated in or registered for focus groups in June 2020 – see https://carsey.unh.edu/sites/default/files/media/2020/08/report_municipalschoolleaders_fgs_june2020_final_08052020.pdf. In June 2020, New Hampshire Listens and Carsey School of Public Policy staff facilitated 12 focus groups with approximately 50 local leaders; over 100 leaders registered.

The purpose of this second convening was to offer municipal and school leaders who participated in the focus groups, and those who registered and were unable to attend, another opportunity to discuss public school funding as a group to inform the Commission as it carries out its last weeks of work. The session provided an opportunity to share findings from the American Institutes for Research (AIR) report -- https://carsey.unh.edu/sites/default/files/media/2020/09/2012685_nh_final_report_v10.pdf -- and offered time for discussion and comment. Four members of the Commission, plus two Carsey School of Public Policy/NH Listens staff attended to support the conversation.

Participants Roles in their Communities and at Home

- 15 leaders attended the session
  - School Board Members from Waterville Valley, Allenstown, Dover, SAU47, and Kearsarge.
  - City Councilors from Somersworth, Newington, Dover, and Lyme.
  - Other: Allenstown Municipal Budget Committee member, Somersworth Deputy Mayor, NHSBA member, Dover parent, Somersworth Chair of Elections Commission, Derry resident, Lyme parent, Somersworth middle school science teacher.

- Total registered for the session: project manager, chief financial officer, 4 principals, 3 city councilors, scientist, teacher, 4 school board members, associate professor, 3 selectmen, city manager, community organizer, risk manager, assistant principal, administrator, 8 parents/guardians – all from across New Hampshire.

Summary Themes and Example Points from Comments and Discussion

During the Municipal School Leaders discussion on October 27th, 2020, attendees focused mostly on the method of funding. Main issues in the current system of funding and factors to take into account moving forward are reliability and sustainability in funding. Overall, attendees agreed that the current system of funding is not working. As one attendee put it,

“The disparities that we see now have persisted despite the many efforts to reform the system. Maybe the systemic problem is the reliance on the property tax.”

Since the reliance on the property tax has proven to be not enough for adequate education outcomes, new funding sources and taxes have to be part of the conversation. As another attendee reaffirmed,

“Meeting this need by use of the property tax system has inherent inequities and may sustain the disparities over time.”
Another attendee noted that we do not rely on municipal taxes in the same way for other benefits, so why is there such a reliance when it comes to education? In other words, we would not expect property rich towns to reallocate other types of funds to property poor towns, so we need to take the property value tax out of the equation.

Some members brought up that this is an issue that is becoming contentious between communities who have disparate resources and funding. It is also important to look at the current time, where the COVID-19 pandemic has led to an influx of wealthier families fleeing urban areas and buying property in New Hampshire, increasing the market value in some towns and limiting the availability of affordable homes for residents. One attendee noted,

“This further increases the hardship experienced by longer-term residents who may have higher valued homes but not the income to support the resulting taxes.”

Property taxes are getting so high in these areas where residents are having to move away because they are spending 30-40% of their income on housing.

Overall attendees suggested that more exploration of different sources of funding is needed. They believe decision-makers should be looking at the cost of each individual student, while recognizing that students have different needs, to determine funding, regardless of the property value of the community. There was also a concern for accountability and oversight in exploring new structures of funding, where attendees wanted to make sure the necessary measures were in place to continue to evaluate for equity. It seemed that most of the attendees wanted to continue this conversation and keep exploring the best way to fund New Hampshire schools equitably and adequately.
Appendix

Slides Shared with Participants

Commission to Study School Funding in New Hampshire Overview 2020

Prepared with and for the Commission by:

University of New Hampshire
Carsey School of Public Policy

October 27, 2020

Key Questions

• What constitutes an adequate education in 2020? [to meet NH’s Constitutional requirement]
• What is the scope of current inequities relative to the opportunity for all students to achieve comparable educational outcomes?
• What does a basic adequate education cost per pupil?
• How do the costs of adequacy vary by type of student need, and how should those factors be represented in NH’s funding formula? [differentiated aid]

October 27, 2020
Key Questions cont.

- How does community property wealth [equalized valuation] affect educational opportunity?
- What are the sources of revenue to pay for adequacy and address inequities? [state-mandated locally collected property tax + local property tax + other sources that fit within the Supreme Court decisions]
- How can a funding formula take into account differences in capacity to raise revenue? [community capacity and individual ability to pay taxes]
- How should that revenue be collected and distributed?

October 27, 2020

Some Givens

- New Hampshire currently provides a relatively high level of funding per pupil, as a statewide average, compared to most other states; there is no rationale for infusing new, additional resources into the overall total being spent.
- Students in New Hampshire, on average, currently perform at relatively high levels with respect to outcome measures.

October 27, 2020
Some Givens cont.

- Disparities in student opportunities and outcomes persist, in spite of decades of litigation and legislative action.
- Those disparities are correlated with the capacity of local communities to raise property tax dollars sufficient to meet the needs of their students.
- Local control over how public education is delivered and structured remains an important principle to guide policies and standards.

October 27, 2020

American Institutes for Research Findings

The American Institutes for Research (AIR) team analyzed the effects of the current school funding formula and reviewed the cost and revenue models needed to achieve greater student and taxpayer equity. They found that:

- NH districts with higher poverty rates and lower equalized value per pupil spend less, on average, than districts with lower poverty rates and higher property wealth.
- Districts with the highest poverty rates typically have outcomes that are 1–2 standard deviations below the state average.
- Some districts are severely underfunded, defined by the resources students need to achieve at levels comparable to their peers in other districts.
- These findings make clear the need for a redesigned funding system that provides more resources to districts with greater student needs.

October 27, 2020
In NH districts with higher needs have fewer education resources

Districts with higher property values generally spend more than districts with lower property values
Districts with the lowest poverty rates typically have outcomes that are 1–2 standard deviations above the state average

Exhibit 14. Relationship Between Student Outcomes and Free or Reduced-Price Lunch Rate

Adequacy defined in terms of outcomes

Original Formula was Input Based – What does it cost to run a school?
- Add up list of associated costs and determine base
- Assign extra weights for students who have special needs, are low income, are English learners—differentiated aid

2020 Approach is Outcome Based – What does it cost to educate a student?
- Construct composite outcome score (graduation rate, performance on state assessments, attendance)
- Determine desired level of performance for all...set at average statewide student performance
- Statistically determine what extra costs are required by students with different needs
- Predict cost required for each district to achieve adequacy
Exhibit 23. Estimated Base Per-Pupil Costs and Formula Weights

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<td><strong>Weights</strong></td>
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<td>Special education rate</td>
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<tr>
<td>English Learners rate</td>
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Base per pupil cost FY 18-19
Free and reduced lunch student costs 1.49 times more than base
Special ed student costs 4.29 times more than base (not catastrophic aid)

October 27, 2020

NH Education Funding Simulator

- What are the revenue and expense consequences of applying the ECM to individual towns?
- What are the consequences of changing the target outcome variable?
- What are the consequences of changing the minimum local contribution to a statewide property tax?
- Simulator and Documentation at [https://carsey.unh.edu/school-funding/resources](https://carsey.unh.edu/school-funding/resources) - Simulator Modeling Tool

October 27, 2020
Discussion Notes

NOTE: The numbers and assertions in these statements may be arguable. They are notes taken during the focus groups and comments recorded in writing to help the Commission inform their decisions as well as hear and understand local perspectives. Overall, these notes and findings serve as a means to help enhance discussion during the process of studying school funding.

Based on AIR’s findings, and what you just heard about the Commission’s work, what are your initial thoughts and reactions about shifting to state-distributed funding that focuses on average student outcomes, students’ identified differential needs, and a community’s ability to pay? (Note: with the finding that outcomes are dependent on communities’ capacity and student needs and the linkage to communities’ tax rates and property valuations).

- Question/Comment: Newbury budget committee for school committee. The cost of an adequate education, it doesn’t matter what school district or what you are doing, it should be the same for every student. Determine the cost and then take the average cost derived by then DOE 25 every year. Base the average cost of student and then every school district gets that money no matter where you live no matter the EVPP of your community, and inflation would cause it to go up.
- Response: Clarification -- that is not the same amount per student, and more so about outcomes
- Question/Comment: Wondering about the overall scope of the Commission – are you looking at other sources of revenue besides property taxes.
- Response: The Commission is not currently creating an expectation to add other sources of revenues because the conversation would shift to these sources rather than solving the issue of school funding inequities. We recognize that relying on property taxes is regressive – NH does rely proportionately very heavily on property taxes – to relieve local property tax payer burden a greater proportion needs to be distributed by the state.
- Questions/Comment: Was looking at other streams part of the charge, or did the Commission Decide.
• Response: We know that spending is leading to good outcomes, but the sources (local v. state) is the discussion as well as the input-based model that funds each student the same versus differentiated costs based on their needs.

• Response: The Commission is looking at property tax relief. The process has not been looked at for over 20 years, and the Commission is looking at how the current dollars are spent as well as how we as a state can have a process for people who are struggling with their property taxes (ex. circuit breakers)

• Question/Comment: The current SWEPT is set at a set amount and then is back filled through municipalities filling in. The capped amount hasn’t been changed in many years. In 2020, we are filling a fund that has not kept up with inflation – will the new system keep up with inflation? There are no plans to introduce any other taxation, but will the administration of SWEPT we addressed moving forward? Will it be locally assessed? Will it be state assessed? Overall, where will it be assessed for municipalities?

• Response: The current rate applied to SWEPT is insufficient. The second set of questions about assessment is on the docket for discussion. The collection of property-taxes will be collected locally, DRA will account for statewide proportion, and then allocate it back out based on the funding formula the Commission attends. Municipalities will remain central to tax collection.

• Response: The policy recommendations will be reviewed by the legislature, then the legislature will have a deliberation that would move forward to a final act.

• Question/Comment: Concern about the lack attention to stabilization grants and the way funding occurs right now. AIR was doing an output-based orientation (student outcomes, related to cost). Manchester pays relatively little and Bedford pays a lot. Noted spending and proficiency of Claremont, Bedford, Berlin, and Manchester – there are communities that are getting a lot of money from stabilization grants. Most districts are getting stabilization grants that are contributing a lot to costs per pupil, and we aren’t seeing that much increase in outcomes from stabilization. Didn’t see much of an analysis of the current situation overall from AIR. We are talking about a regression to the mean – when we look at high performing districts – that means their students’ achievement is going down – if we are talking about bringing them down to then mean, we don’t want to do that. Higher EVPP will end up adding funding – which will increase disparities. What are we talking about here? It doesn’t make sense for communities who are doing well? It also doesn’t make sense for communities that are getting stabilization (from the perspective of Dover without stabilization, doing okay). The funding of stabilization was not included.

• Response: The intent is not to create a funding formula that pushes performance down, districts will still be allowed to spend above what the funding formula will provide. This will not eliminate differences in student outcomes. It provides greater opportunity to provide an adequate education to all students across NH regardless of community.

• Questions/Comment: Where is the differential aid going?

• Response: The accountability questions are important. Most states have complimented the weights with accountability provisions to make sure the funding can be used for the correct purposes. There can be a lighter or heavier touch in terms of that accountability. You are not guaranteed outcomes, you are guaranteed the opportunity. You cannot just add money, you need some qualifications for how money is used, monitored, and accounted for.

• Questions/Comment: Before I go back and report I want to make sure I understand that the commission appears to be leaning toward recommending state funded education.

• Response: It is the state’s obligation to provide an opportunity for an adequate education. It is challenging because the adequate obligation falls to the state, and local communities share in the
responsibility, but the state obligation (first and last dollar). Ultimately it will be a shared responsibility of local and state government. We are not talking about sole state responsibility. Right now, about 32% comes from state dollars and the rest from local dollars – and this points to the disparities. We are looking to smooth out the disparities through a distribution formula.

- **Question/Comment:** It may cost more to bring lower EVPP and low-income children up to the average outcome. It would be interesting and useful if just putting money into the schools is the solution. Families need help in NH, just putting money into the schools will not share those problems. Disappointed and hard to wrap my head around the Commission’s revenue discussion – it’s a political discussion. In the Upper Valley, people are struggling and having to move because the reliance on the property tax makes a challenge for people to afford living in the community. The communities are not adding to their property, there are limited homes, people are spending a 30 to 40% of their income on housing. The situation for people is difficult – need to move toward a different tax revenue – appreciated Dick Ames comment about Capital Gains. It is frustrating that people are moving out communities and out of NH. Also, if you are not proficient by 4th grade students.

- **Questions/Comment:** I heard it is going to take a little over 5 plus years to implement. Hoping that whatever is passed in Concord will make it so that the funding formula cannot go back to before.

- **Response:** Also looking at building aide.

- **What issues need to be addressed relative to categorical programs (CTE, early childhood, catastrophic aid, transportation, building aid, charter schools)?**

### Large Group – Closing Thoughts, Next steps, and Questions

After the November 3 election, we will offer an information and discussion webinar to newly elected and continuing legislators regarding the Commission’s charge and emerging findings. By mid-November, the Commission will be deliberating the policy recommendations it will submit to the General Court on December 1st, 2020.

All Commission presentation, reports, and related resource materials received by the Commission are available at [https://carsey.unh.edu/school-funding-study/resources](https://carsey.unh.edu/school-funding-study/resources). Visit the following link to find Commission meetings and public commenting sessions: [https://carsey.unh.edu/school-funding/calendar](https://carsey.unh.edu/school-funding/calendar). Questions and comments may be submitted through [https://unh.az1.qualtrics.com/jfe/form/SVe4gwYUyg0FHQNxP](https://unh.az1.qualtrics.com/jfe/form/SVe4gwYUyg0FHQNxP)