

Lessons from the Commission to Study School Funding

Coffee & Conversations, December 9, 2020

Prepared with and for the Commission by:



University of
New Hampshire

Carsey School of Public Policy



Commission's Beginnings

- Created by the NH General Court, enshrined in RSA 193-E:2-e
- Main task: “Review the education funding formula and make recommendations to ensure a uniform and equitable design for financing the cost of an adequate education for all public school students”
- 17 members, appointed by the Speaker of the House, President of the Senate, Governor, & Commission Chair
- Contracted with the Carsey School & American Institutes for Research (AIR)
- Design Thinking Approach

Background

- Commission informed by prior NH court decisions (e.g. Claremont I & II, Londonderry, ongoing ConVal litigation)
- Engagement a key Commission priority – educators, municipal and school leaders, taxpayers, and all Granite Staters
- Split into three work groups: Adequacy/Distribution, Fiscal Policy, & Engagement
- Met 85+ times, over 170 hours of public meetings (not including other engagement and public comment sessions)

Key Questions

- What constitutes an adequate education in 2020? [to meet NH's Constitutional requirement]
- What are the scope of current inequities relative to the opportunity for all students to achieve comparable educational outcomes?
- What does an adequate education cost?
- 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]

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?
- 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?

Top Line Findings

- The opportunity for an adequate education is based on education that
 - (a) conforms to the state's minimum standards and other state requirements for public education,
 - (b) provides every student with the opportunity to perform at or above the state average student outcome level, and
 - (c) appropriately responds to differentiated student needs and community characteristics.

Top Line Findings

- 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 significant 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.
- Disparities exist and are correlated with the capacity of local communities to raise property tax dollars sufficient to meet the needs of their students.

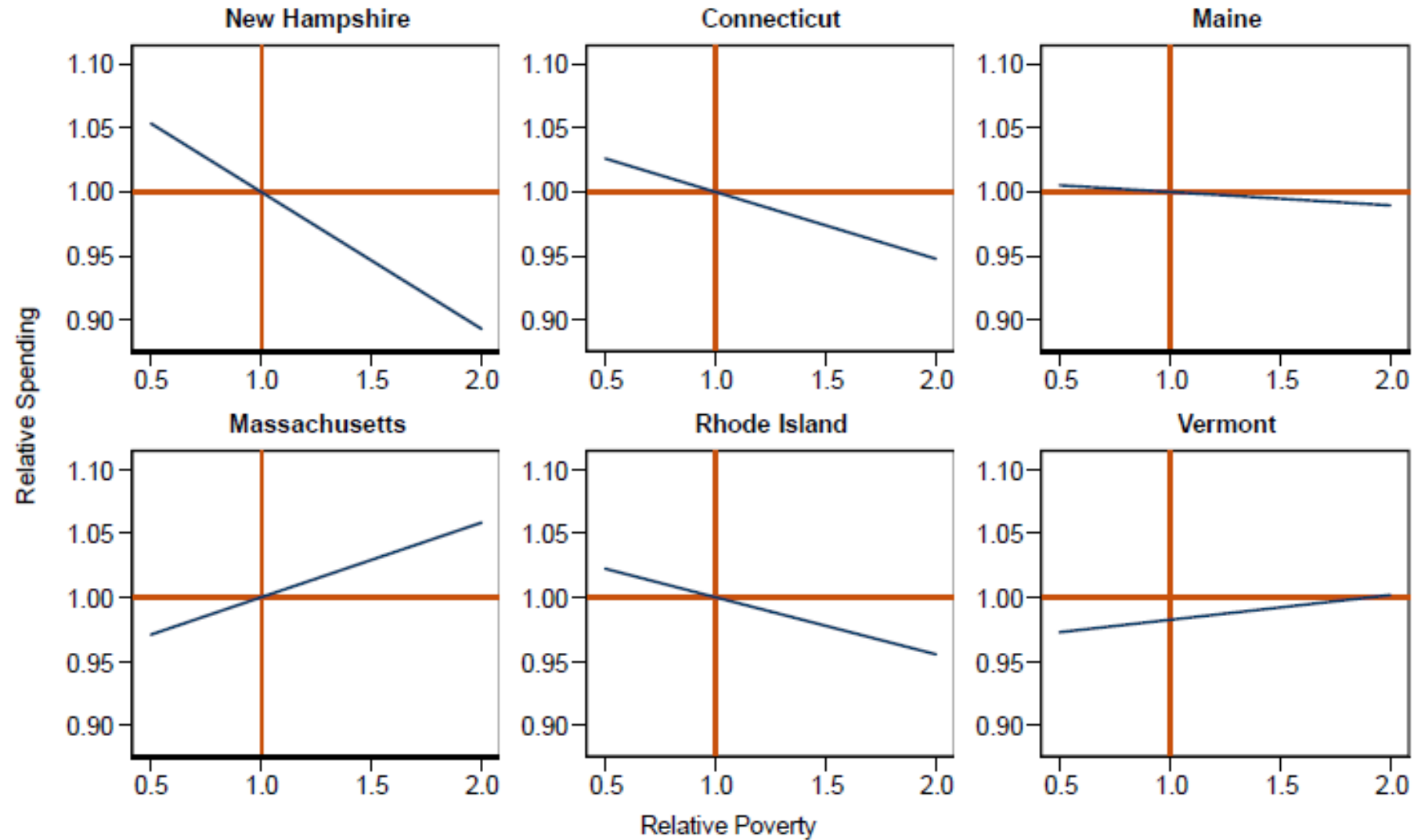
Top Line Findings

- New Hampshire's current system of funding fails to direct aid to more needy communities in a meaningful manner, and inequities manifest themselves in more needy districts through lower student outcomes and higher property tax burdens.
- The significant disparity between the full cost of educating a student and the state's contribution means that municipalities are currently obligated to raise substantial funds through local property taxes to pay for their students' education. These disparities are exacerbated by the differences in property wealth between communities and their relative abilities to raise the necessary funds.

American Institutes for Research Report

- 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 *below* the state average.
- AIR created an education cost model (ECM) to predict district costs based on district and student characteristics.
- Some districts are severely underfunded relative to the resources students in those districts 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.

In NH, districts with higher needs have fewer education resources



Adequacy defined in terms of outcomes

Current Formula is 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

Summary Recommendations

- The Commission defines the cost of an adequate education as the predicted cost for each school district to provide every student with the opportunity to achieve average statewide outcomes. The predicted cost is arrived at using the following differentiated weights as the basis for the distribution of funding to districts:

• Free and reduced price lunch program	1.49
• Special education	4.29
• English language learners	2.20
• Enrollment	
• Less than/equal to 200	1.08
• 201-600	0.57
• 601-1200	0.43
• 1201-2000	0.24
• Enrollment in middle grades	1.42
• Enrollment in high school grades	0.42
- In the full report, the Commission makes a number of additional recommendations regarding the costing of an adequate education, including the need to expand access to career and technical education, the need to ensure that special education expenses are fully funded on a timely basis, the need to restore a predictable and meaningful capital projects funding cycle, and the need to expand access to affordable quality early childhood education.

Summary Recommendations cont.

- The current public school funding system should be reformed to include increased state budget funds that are directed to communities that have greater student needs, which will also result in greater taxpayer equity by reducing disproportionate burdens on poorer towns.
- The state should enhance taxpayer equity through property tax relief targeted to homeowners and renters and introduce a property tax deferral program.
- To the extent that the state budget relies on a State Property Tax (SPT) to fund some or all of its state budget obligations under a reformed distribution formula, the state should eliminate the “excess-SWEPT” grant and such excess funds should be applied through the reformed distribution formula to improve student and taxpayer equity. There should be no blanket rebates, abatements, refunds or grants of SPT back to municipalities.

Summary Recommendations cont.

- Implementation should begin in the 2022-23 biennium with an emphasis on improved student equity.
- Performance data should be collected by the NHDOE and NHDRA to assess student equity, taxpayer equity, and the performance of property tax relief and deferral programs.

Website, Resources, Comments

- All presentations, reports, and related resource materials received by the Commission are available at <https://carsey.unh.edu/school-funding>
- Provide comments to the Commission at: SchoolFunding.Commission@unh.edu

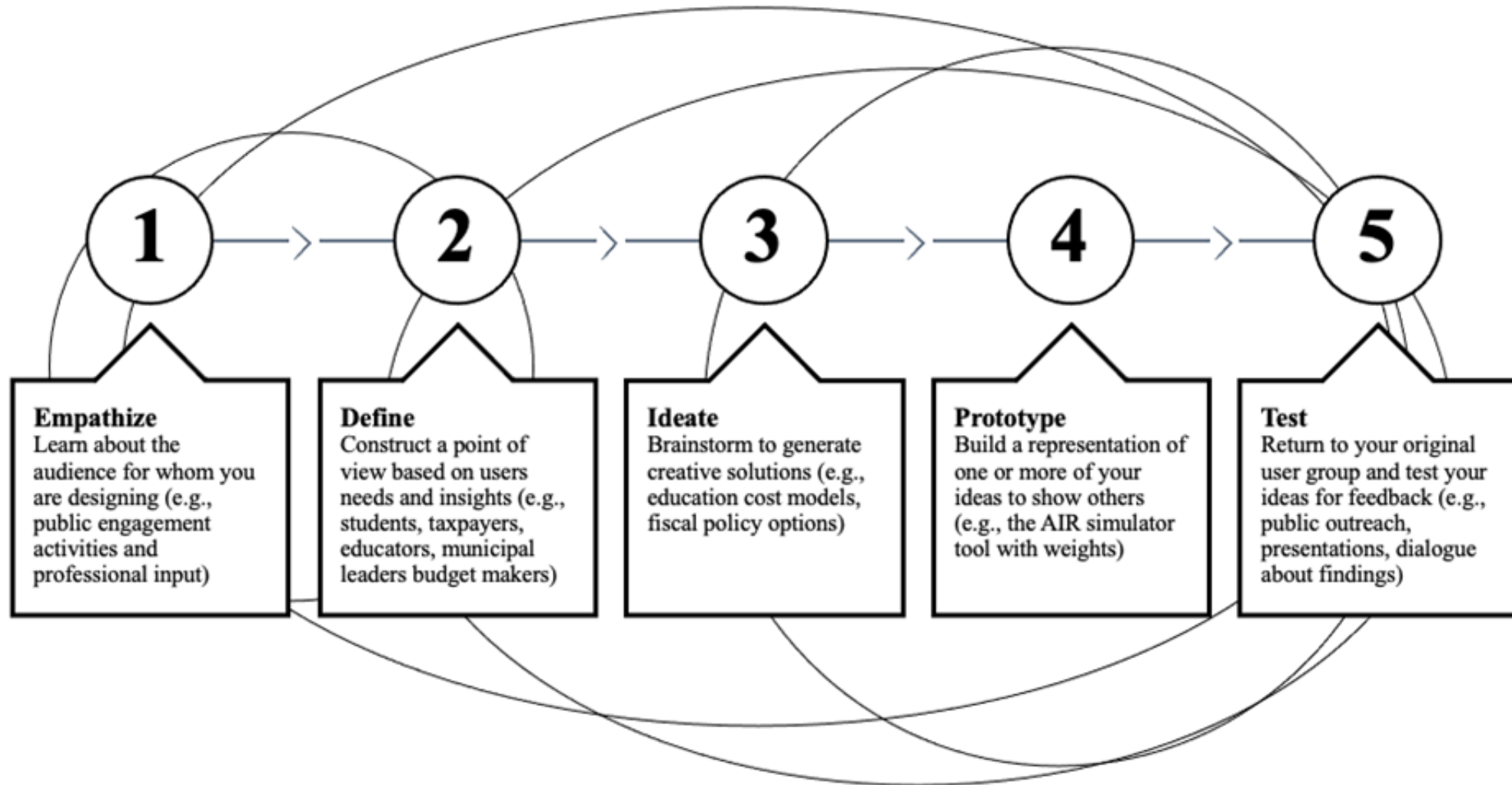


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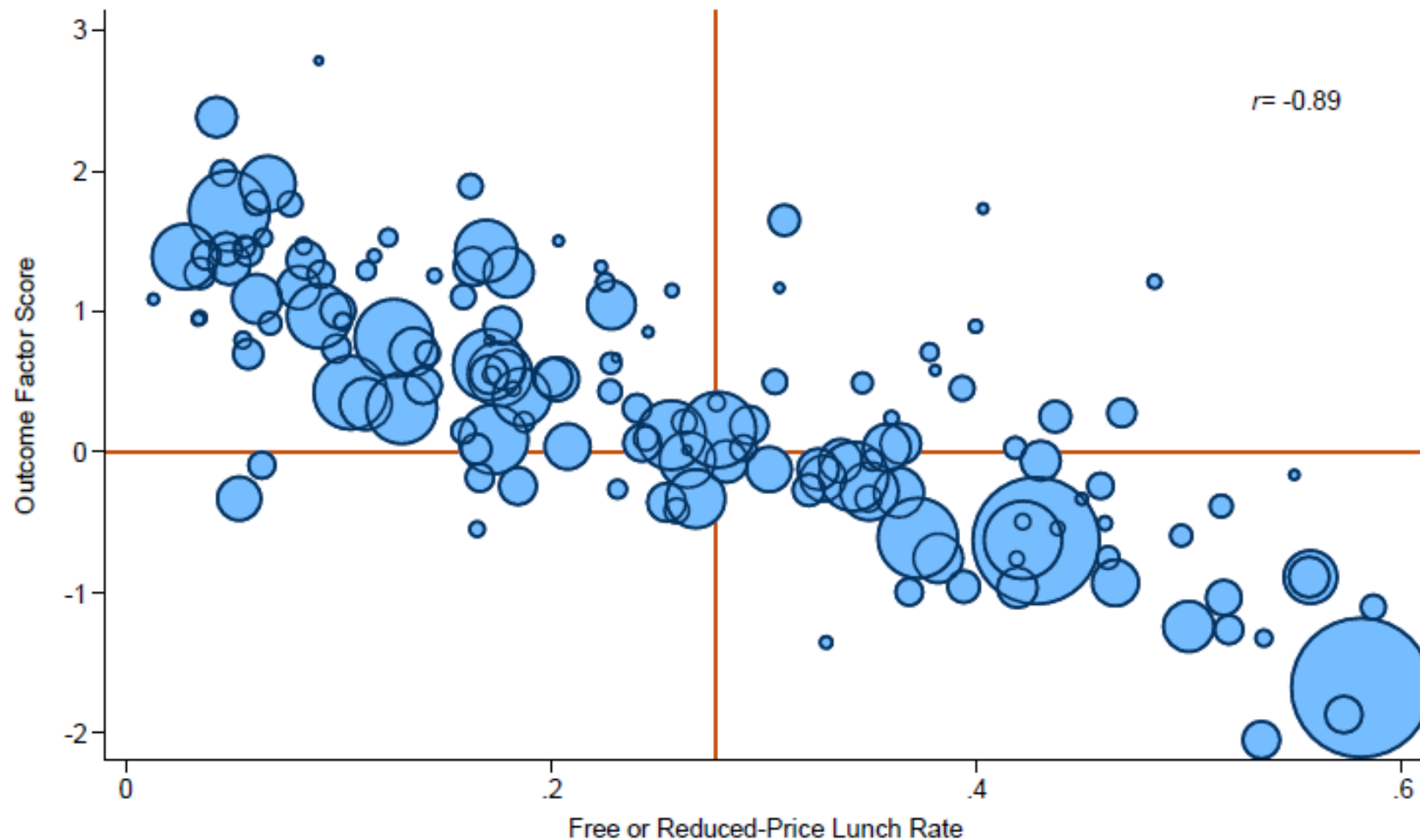


Design Thinking Approach

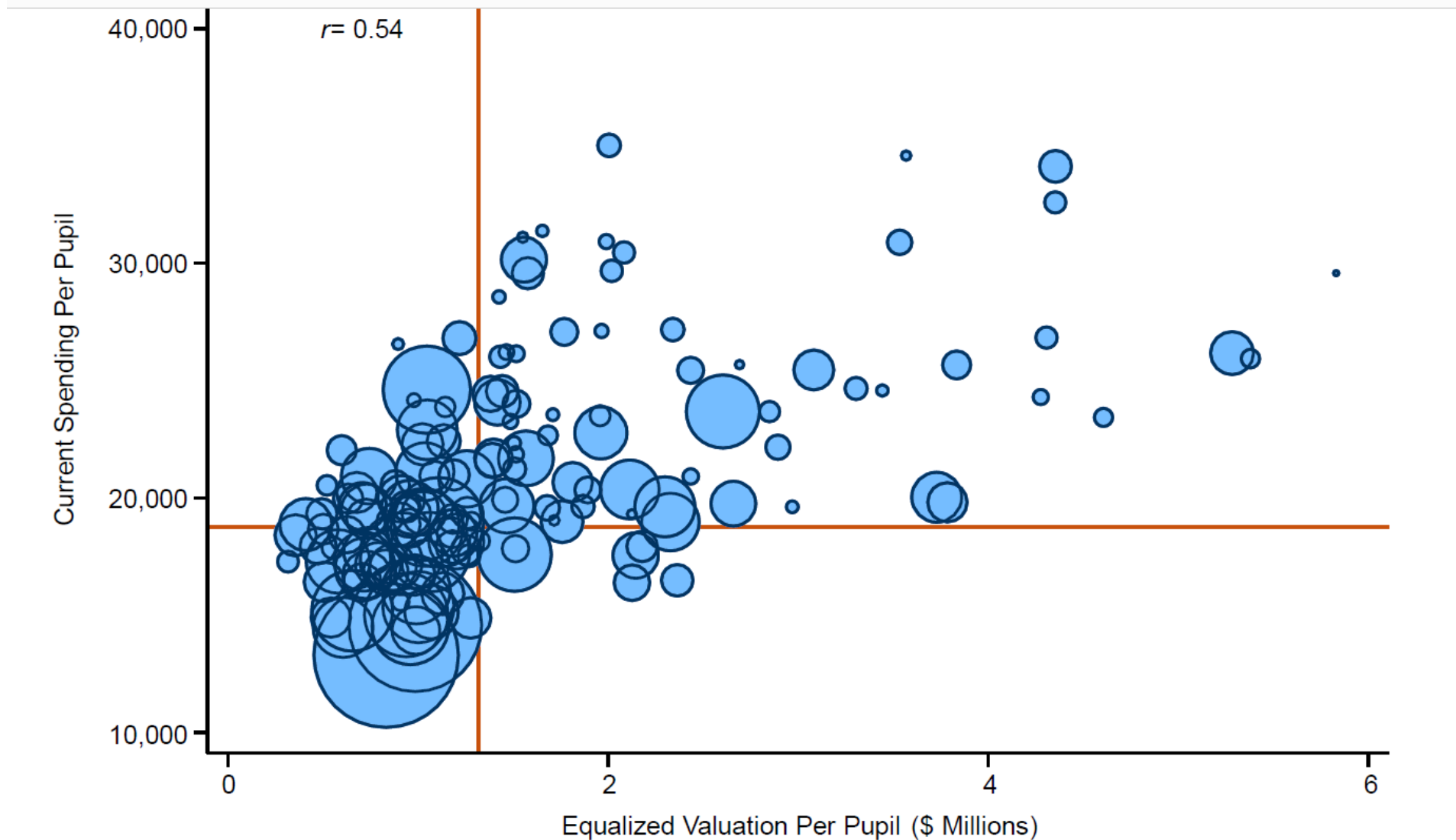


Districts with the lowest poverty rates typically have outcomes that are 1–2 standard deviations above the state average

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



Districts with higher property values generally spend more than districts with lower property values



Districts with lower current outcomes relative to state average outcomes correlated strongly with districts spending less than the predicted costs to achieve those outcomes

Exhibit 21. Outcome Gaps and Funding Gaps

