Commission to Study School Funding in New Hampshire

Overview

Prepared with and for the Commission by:

University of New Hampshire
Carsey School of Public Policy
Legislative Charge

• 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

• Determine whether the NH funding formula complies with court mandates

• Identify trends and disparities in pre-K through 12th grade performance

• Establish the cost of an adequate education

• Study the distribution of education funding costs across NH properties
Key Questions

• What constitutes an adequate education today?
• What is the scope of current inequities relative to the opportunity for all students to have an adequate education?
• What does an adequate education cost?
• How do the costs vary by type of student need, and how should those factors be represented in NH’s funding formula?
Key Questions cont.

• How does community property wealth affect educational opportunity?
• What are the sources of revenue to pay for an adequate education?
• How can a funding formula take into account differences in capacity to raise revenue?
Commission Activities in 2020

• Over 200 hours of meetings & public comment
• Stakeholder engagement
• Public outreach
• AIR Expertise
• Carsey Support
• Final Report Issued Dec 1, 2020
School Funding in NH - Now

- Students in New Hampshire, on average, perform at relatively high levels with respect to outcome measures
- School districts spend a relatively high amount per pupil, as a statewide average, compared to most other states
- State funding per pupil is the lowest in the nation
- State funding fairly flat per pupil, some differentiated aid
- Local districts bear most of the burden
Findings

• Districts with lower property values (property wealth) per pupil spend less, on average, than districts with higher property wealth.

• Districts with the highest poverty rates typically have outcomes that are 1–2 standard deviations below the state average.

• States that direct more funds to districts with fewer resources improve student outcomes in those districts (MA and NJ).
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

$r = -0.89$
In NH districts with higher needs have fewer education resources
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
- DOE25s/Accounting Model

**Outcome Based Approach – 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
- Student Centered Model
State funding defined by district means

Current “one-size-fits-all” funding formula

- Every district receives the same state aid per student
- Some districts are not able to raise enough local tax dollars to fund an adequate education
- Property tax rates vary widely across New Hampshire
  - High of $22.50 (Brookline)
  - Low of $2.70 (New Castle)

Commission Approach is based on means

- Reasonable and proportional contribution from all cities and towns
- State funds make up the difference needed for every district
- Improves student and taxpayer equity
  - All students will have the opportunity for an adequate education
  - 144/237 districts receive more state funding
  - Estimated property tax reduction for 137 towns
Property Tax Relief Program

Current program does not work
- Fails to direct relief to homeowners with limited means
- Outdated eligibility requirements so very few homeowners qualify
- Underfunded by the state
- Maximum of $200 doesn’t do much to help anyone

FY22 Significant Updates
- Improves tax fairness for low- and moderate-income homeowners in every city and town
- Up-to-date income and home value eligibility thresholds
- Funded by the state
- Maximum $1000 benefit
- Future updates to include relief for renters and for tax deferral programs
## Recommendations to improve student and taxpayer equity

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<tr>
<th>Cost</th>
<th>Funding</th>
<th>Tax Relief</th>
<th>Legislation</th>
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<tbody>
<tr>
<td>Calculate the cost for school districts to educate students to a state average outcome</td>
<td>Make sure every district has access to the resources they need to fund their school budgets</td>
<td>Design a robust property tax relief program for low- and moderate-income homeowners funded by the state</td>
<td>Implement durable legislation that reflects the state’s constitutional obligation to provide an opportunity for an adequate education for all our kids</td>
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Districts receive different levels of Chapter 70 aid because their community’s ability to pay differs.
Amend RSA 193-E:2-b, I-II to read as follows: I. The general court shall use the definition of the opportunity for an adequate education in RSA 193-E:2-a to determine the resources necessary [to provide essential programs, considering educational needs] for students to achieve measurable student outcomes, as defined in RSA 193-E:3, such that all students have a comparable opportunity for an adequate education regardless of need or location of the district in which they are enrolled. The general court shall make an initial determination of the [necessary specific resource elements to be included in] outcome performance measures to achieve the opportunity for an adequate education.
Website, Resources, Comments

- All presentations, reports, and related resource materials received by the Commission are available at https://carsey.unh.edu/school-funding-study/resources

- Find Commission meetings and public commenting sessions under the calendar https://carsey.unh.edu/school-funding/calendar

- Questions and comments may also be submitted through this form https://unh.az1.qualtrics.com/jfe/form/SVe4gwYUyg0FHQNxP.

- Contact the Commission at: SchoolFunding.Commission@unh.edu