



**LEBANON CITY COUNCIL
FEBRUARY 4, 2021 - 6:00 PM
AND LEBANON SCHOOL DISTRICT
JOINT PARTNERSHIP TASK FORCE
REMOTE VIA WEBEX**

1. Call to Order

To participate in this meeting, please [join live via WebEx](#) or call 415-655-0001 (access code: 132 009 8875). If you have trouble accessing this meeting, please [email Shaun Mulholland](#).

2. Approval of Minutes

A. October 22, 2020

3. New Business

- A. Report from the Commission on Education Funding and the potential impacts on SWEPT (Statewide Education Property Tax) as it applies to “donor” towns
- B. Status of the Moulton Avenue/Route 4 Crossing/Northern Rail Trail connector project

4. Future Agenda Items

5. Next Meeting Date

6. Other Business

7. Adjournment

Due to the current situation with the COVID-19 Pandemic, the City of Lebanon is offering its meetings via Webex. Members of the public are encouraged to attend by going to [LebanonNH.gov/Live](#) where you will find instructions on how to enter the meeting. Members of the public will be able to participate and ask questions through the Webex software or by phone. Please visit [LebanonNH.gov/Live](#) for full details.

THE AGENDA, IN ITS ENTIRETY IS AVAILABLE ON THE CITY’S WEBSITE AT [LEBANONNH.GOV](#)



MINUTES
LEBANON SCHOOL DISTRICT AND CITY COUNCIL
JOINT PARTNERSHIP TASK FORCE
THURSDAY, OCTOBER 22, 2020
LEBANON MIDDLE SCHOOL
6:00PM

MEMBERS PRESENT: Wendy Hall (School Board Chair), Timothy McNamara (Mayor), Aaron Mills (School Board), Jenica Nelan (School Board).

MEMBERS ABSENT: Bruce Bronner (City Councilor), Karen Liot-Hill (City Councilor)

STAFF PRESENT: Shaun Mulholland (City Manager) and Joanne Roberts (Superintendent)

1. ACCEPTANCE OF MINUTES:

- Motion made by Mayor McNamara to approve the minutes of the January 6, 2020 and the May 4, 2020 meetings. Second by Chairperson Hall. Vote was unanimous.

2. DISCUSSION ITEMS:

- Discussed proposed plans to construct a sidewalk on Moulton Ave., pedestrian crossing of Rt 4 with signals and construction of connecting trail adjacent to the DPW facilities to the Northern Rail Trail.
- Discussed tax rate setting and impacts of the revaluation of property as they relate to the Downtown TIF District.
- City Manager discussed the City's plan to expand broadband in the community. RFI initiated with present providers to determine underserved areas. Discussed the Chesterfield model and the Comcast proposal.
- Discussed funding for the potential community center project.
- Discussed strategies to replace the running track at the high school.

3. FUTURE AGENDA ITEMS:

4. NEXT MEETING DATE: February 2, 2021

5. OTHER BUSINESS:

6. ADJOURNMENT. Motion made by Mayor McNamara to adjourn, second by Chairperson Hall. Motion passed unanimously.

Our Schools, Our Kids: Achieving Greater Equity for New Hampshire Students and Taxpayers

A REPORT FROM THE COMMISSION TO STUDY SCHOOL FUNDING

Submitted to the New Hampshire General Court
December 1, 2020

Relative to RSA 193-E:2-e

Our Schools, Our Kids: Achieving Greater Equity for New Hampshire Students and Taxpayers

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FOREWORD

This is the final report of the Commission to Study School Funding. The Commission was established under New Hampshire law in the 2020-2021 state budget. Following a later-than-expected start, the Commission met in person during the months of January and February, and then moved to remote meetings from April through November. In all, just over 85 public meetings totaling over 170 hours were held, including workgroup and full Commission meetings.

We have a lot to be proud of in New Hampshire when it comes to our public schools. On average, our kids perform among the best in the country. So, what's the problem?

Averages do not tell the whole story. Our students in some places do very well, while students in other places struggle. I think we can all agree this is not just a problem limited to our communities – this is a problem for our economy, our workforce, our businesses, and the civic health of our state.

The need to understand the cost of providing an adequate education is clear given the clauses found in virtually all state constitutions that dictate that the state has a responsibility to provide an education that is considered adequate, sufficient, or some other term that represents a level that allows all students an opportunity to achieve the outcomes expected of the public education system. For New Hampshire to follow through on this obligation, it is necessary to understand both the amount of effort involved in terms of the overall level of public funding required to offer educational adequacy and how to appropriately distribute this funding.

To solve a problem as complex as school funding, we used an approach called Design Thinking. Rather than starting with a specific number or percentage, we began from a point without preconceptions or politics. The Commission took steps to understand the problem, explore possible solutions and then develop the best solutions to solve the problem. An important benefit of using a Design Thinking approach is that it begins with the question “What does the end user need?”

It took nearly eight months of investigation, research, and public engagement in order to understand the problem. For the first time in decades, this Commission engaged a national research team with expertise in education, public policy, and data analysis to help us understand the problem. We engaged focus groups from around the state, including civic leaders, educators, taxpayer associations, students, senior citizens, and the public to learn their perspectives on the problem and receive feedback on potential solutions.

However, in other states, the effectiveness of these studies to result in the implementation of sustained policy reform has been less than impressive. In order to buck the trend, this report establishes key principles for student outcomes and taxpayer fairness that become the foundation for a solution. The report offers examples of how to solve the problem through different policy

approaches using actual New Hampshire data, and includes analysis of student outcomes and tax impact. Ultimately, it is up to the political process to enact durable legislation to solve the problem, and I hope the Governor and lawmakers will find this report to be useful in that endeavor.

Public service is a hallmark of the Granite State, and I must extend my appreciation and gratitude to the seventeen members of the Commission for the hundreds of hours of their time and for their active engagement. Another big thank you goes out to our core team of researchers from the American Institutes for Research for their attention to detail, data-driven analysis, and for the effective communication to link their findings to tangible policy principles. We are grateful for the hours of expert testimony and document sharing from colleagues at the Department of Education, Department of Revenue Administration, Attorney General's Office, State Treasury, and municipal and education leaders. We also appreciate the time and testimony from the representatives from the Massachusetts state legislature, the National Conference of State Legislatures, and the Education Commission of the States, and officials from many state education agencies who provided us with helpful insights in this work. And many thanks to so many people who attended the meetings, visited our website, and contributed to the trove of public comments about the work. The public comment is a substantial part of the body of work and consideration in this report.

Finally, none of this would have been possible without the support and guidance from the Carsey School of Public Policy at UNH, specifically the leadership from Jordan Hensley, Dr. Carrie Portrie and Dr. Bruce Mallory. Jordan, Carrie and Bruce organized the work path, managed the calendar of meetings, reached out to national, regional and state-level experts to inform and advise the commission, coordinated a substantial process of public input, set the rules of engagement for productive dialogue, prepared this report, and helped Representative Mel Myler, Senator Jay Kahn, and me stay on track and follow the evidence. I hope you will find this report is a meaningful step to achieving the goal of designing an equitable way to fund public education for all our kids.

Rep. David J. Luneau, Chair
Commission to Study School Funding

December 1, 2020

EXECUTIVE SUMMARY

As part of the final budget resolution enacted by the New Hampshire General Court in the 2019 legislative session, an independent commission was created to study school funding ([RSA 193-E:2-e](#)). In so doing, the General Court recognized that the long-standing challenge of funding New Hampshire's public schools, which has led to numerous legislative and judicial actions, required intensive study in order to achieve the statutory goal of providing "all students with the opportunity to acquire the knowledge and skills necessary to prepare them for successful participation in the social, economic, scientific, technological, and political systems of a free government, now and in the years to come."¹ The primary purpose of the Commission has been to "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."² Further, the Commission was charged with developing school funding policy that would comply with court decisions calling for uniform revenue sources and fulfillment of the Constitutional requirement for a state-funded adequate education for all preK-12 students. The Commission consists of 16 members and one alternate appointed by the Speaker of the House, the President of the Senate, the Governor, and the Commission chair. This includes 4 Representatives (and an alternate Representative) and two Senators.

The Commission met over a period of 10 months, from mid-January through the end of November, 2020 (with a hiatus of several weeks in March and April due to the COVID-19 pandemic and the need to transition to virtual meetings). As a first step, the Commission retained the Carsey School of Public Policy at the University of New Hampshire (UNH) to provide logistical, analytic, engagement, and communication support. Subsequently, a contract was executed with the American Institutes for Research (AIR) to provide substantial research and analysis on the topics of school funding, cost models for funding educational adequacy, and revenue models for raising and distributing local and state funds for public education.

The Commission adopted a Design Thinking process to guide its fact-finding and deliberations. The process included several steps – understanding the needs of end users (in this case students, parents, educators, taxpayers, state and municipal officials, employers); defining the problem (including reviewing prior efforts to address the issue and collecting relevant data related to school funding); brainstorming to generate possible solutions (informed by extensive public input and empirical analysis); designing policy alternatives (that would align with Constitutional requirements and lead to desired outcomes); and finally testing those alternatives through an iterative process of public engagement and Commission deliberations.

¹ Quoted from the General Court page for Title XV Education Chapter 193-E Adequate Public Education Section 193-E:1 Policy and Purpose, see <https://www.gencourt.state.nh.us/rsa/html/XV/193-E/193-E-mrg.htm>

² Section 193-E:2-e Commission Established, see <https://www.gencourt.state.nh.us/rsa/html/XV/193-E/193-E-mrg.htm>

As a result of Design Thinking, the problem the Commission addressed is how to ensure that all students, regardless of where they live or what their challenges are, have a fair and reasonable opportunity to achieve at the same level as their peers. This requires that some students, and the districts where they are educated, have access to differential resources that can “level the playing field.” At the same time, Constitutional requirements for reasonable and proportionate taxes (in this case the property tax) must be a part of any school funding formula. Thus, the Commission worked to achieve an understanding of how to arrive at greater fairness in outcomes for students and greater fairness for taxpayers who live in communities with a wide range of property values. The Commission focused on five dimensions of the problem: equity and disparity, revenue, funding formula and distribution options, definitions of adequacy, and defining target student outcomes.

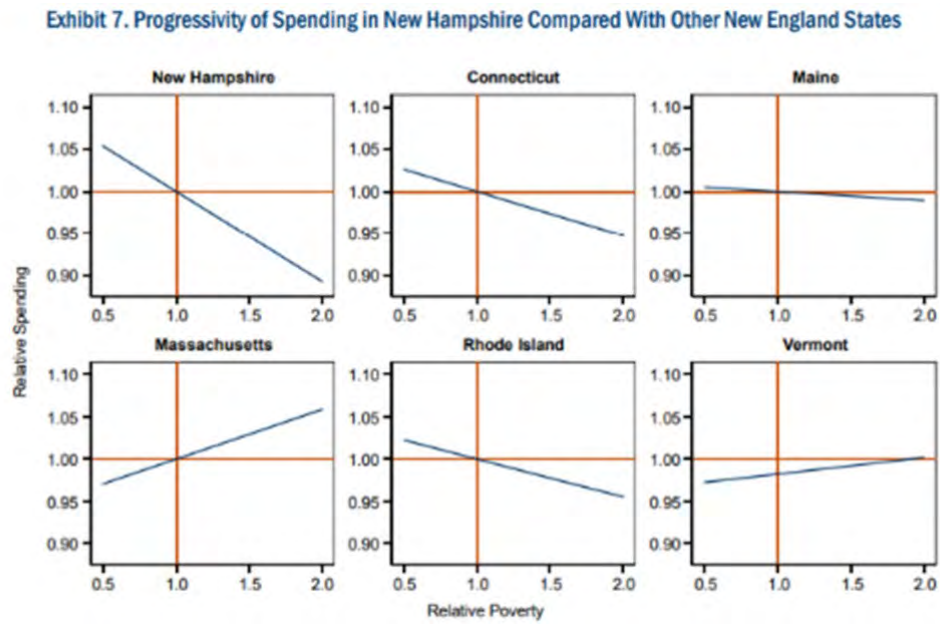
During the summer months, the Commission received extensive input from a wide range of program managers and policy analysts in the New Hampshire Department of Education (NH DOE) and New Hampshire Department of Revenue Administration (NHDRA), the National Conference of State Legislatures and the Education Commission of the States, public education associations and administrators as well as municipal officials, legal experts, and public education advocates. Moving into the fall, we convened focus groups of taxpayers, current and former students, elderly residents, and local town and education officials who raise and spend local dollars. We surveyed 1,768 educators who work across the state’s 177 school districts. We surveyed a randomly selected pool of 1,030 state residents through the UNH Survey Center’s Granite State Poll. We held 10 dedicated public comment sessions, two of which were devoted specifically to hearing from students, in addition to receiving public comments at the end of each Commission meeting and through the Commission e-mail and website portal.

In the fall, we received a comprehensive report from AIR, [*Equity and Adequacy of New Hampshire School Funding: A Cost Modeling Approach*](#). The report concluded that:

- The state’s current system for funding public schools is inequitable from both student and taxpayer perspectives.
- Districts with higher incidences of economically disadvantaged students, students enrolled in special education, and more English language learners performed worse on average than those districts with fewer students with those characteristics.
- Districts with higher student needs and small districts require more spending per student to achieve a common desired level of student outcomes.
- A weighted funding formula that allocates funding to districts according to the costs facing each district is the most effective way to address disparities in student outcomes. The formula results in a distribution of funding that provides more resources for high-need districts, recognizing the higher cost of education in these districts compared to lower-need districts.

- The state could more equitably generate revenue for education through a statewide property tax that collects revenue centrally and distributes the revenue according to the formula.

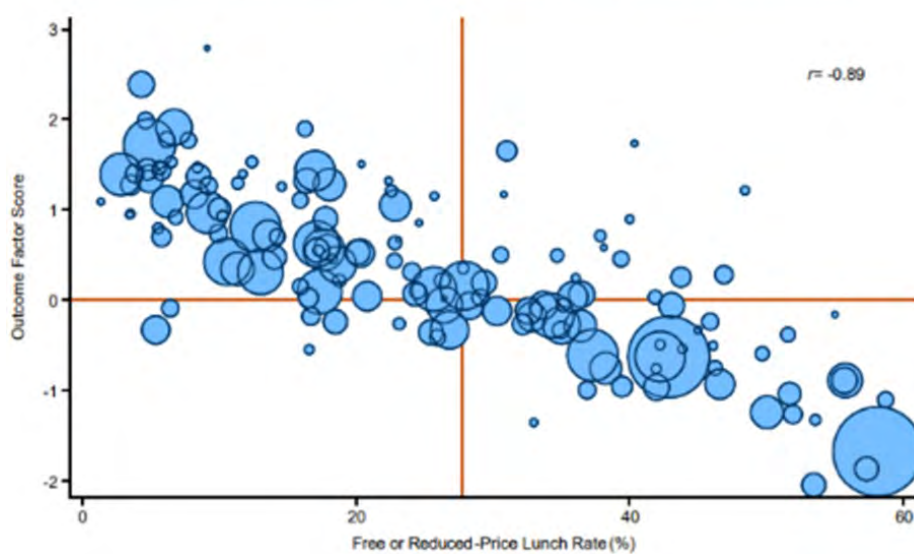
In graphic form, a comparison of the nature of school funding policy in New Hampshire compared to other New England states looks like this (from the AIR report):



What this shows is that school districts with the highest concentration of student needs as measured by poverty (using eligibility for the free and reduced price lunch program as an indicator), number of special education students, and number of English language learners, as well as district size and proportion of students in middle and high school, have the fewest fiscal resources to support those students' education.

Most significantly, students with the greatest needs as defined by eligibility for free and reduced price lunch have the poorest educational outcomes. See the graph from the AIR report below.

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

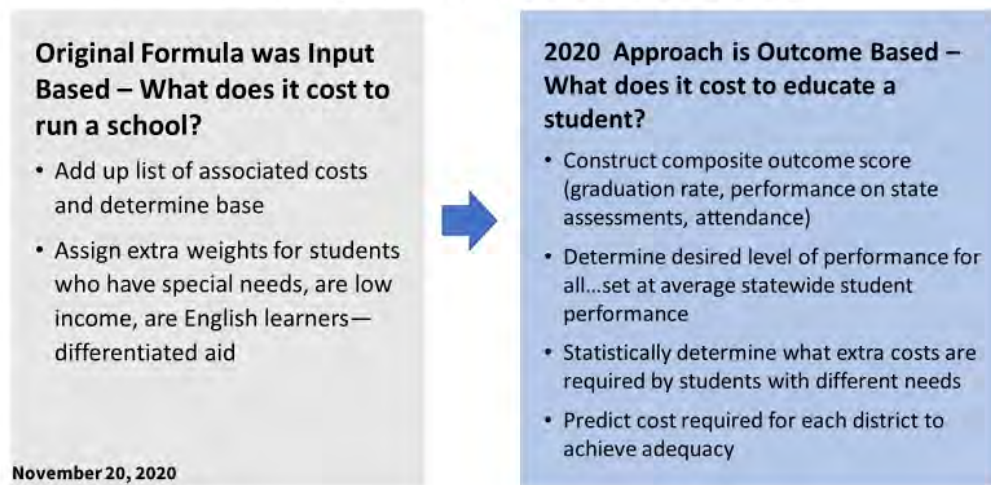


These key findings, along with considerable other evidence, led the Commission to focus on student outcomes as the most effective way to understand the relationship between how the state funds its schools and the degree to which students have the opportunity to gain the kind of education envisioned in RSA 193-E.

The Commission understood that the current method of school funding, which relies on an “input-based” model, perpetuates disparities and unequal opportunities for students and inequities for taxpayers, especially those who live in communities with relatively low equalized valuation per pupil³. Further, the Commission determined that the current funding method relies on inaccurate estimates of actual costs (e.g., related to staff salaries or student-teacher ratios) and fails to take into account the actual variations in resources needed to educate students with varying needs. The difference between current input-based approaches and a student-centered outcome approach is shown here:

³ Information on equalized valuation per pupil of each school district is publicly available from the state of New Hampshire, see <https://www.education.nh.gov/who-we-are/division-of-educator-and-analyticresources/bureau-of-education-statistics/financial-reports>.

Adequacy defined in terms of outcomes



The Education Cost Model put forward in the AIR report was adopted by the Commission as the best, most rational and empirically justified approach to establishing school funding policy (the fourth step in the Design Thinking process). This outcomes-based model sets a target goal for all students to have the opportunity to achieve at the average statewide level of performance, regardless of their particular needs or the relative property wealth of the community where they live.

This approach was then tested to determine how it might be implemented with respect to the distribution of funding to local school districts and how to raise the proper mix of local and state revenues necessary to achieve adequacy (the last step in Design Thinking). This led the Commission to conclude that 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.

Key Findings and Recommendations

A unifying theme throughout the Commission's work, based on the data that were reviewed and the substantial testimony and comment received, is that education funding policy should be guided by the fundamental concept that any solutions must focus on *all our kids*. Funding policies must be student-centered and designed to create equal opportunity in order to narrow the achievement gaps associated with poverty and other forms of social disadvantage. Closing those gaps for all students, regardless of their needs or where they live, became the shared vision among Commission members.

The full report puts forward a number of policy findings and recommendations resulting from the Commission’s work. Among these, the most important are:

1. 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 the average statewide outcomes. The predicted cost is arrived at using the following differentiated weights as the basis for the distribution of funding to districts:

i. Free and reduced price lunch program	1.49
ii. Special education	4.29
iii. English language learners	2.20
iv. Enrollment	
1. Less than/equal to 200	1.08
2. 201-600	0.57
3. 601-1200	0.43
4. 1201-2000	0.24
v. Enrollment in middle grades	1.42
vi. Enrollment in high school grades	0.42

2. 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.
3. With respect to fiscal policy, the Commission found that 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.
4. 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.
5. To the extent that the state budget relies on a State Property Tax to fund some or all of its state budget obligations under a reformed distribution formula, the state should eliminate the “excess-SWEPT”⁴ grant and such excess funds should be applied through the

⁴ See Reaching Higher’s 2019 article for an accessible explanation of the Statewide Property Tax, also known as SWEPT, in New Hampshire <http://reachinghighernh.org/2019/02/01/state-education-property-tax-locally-raised-locally-kept/>

reformed distribution formula to improve student and taxpayer equity. There should be no blanket rebates, abatements, refunds or grants of SPT back to municipalities.

6. The state should enhance taxpayer equity through property tax relief targeted to homeowners and renters and introduce a property tax deferral program.
7. Implementation should begin in the 2022-23 biennium with an emphasis on improved student equity.
8. 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.

HOW THE COMMISSION APPROACHED ITS CHARGE

As part of the final budget resolution enacted by the New Hampshire General Court in the 2019 legislative session, an independent commission was created to study school funding (RSA 193-E:2-e). The General Court recognized that the long-time challenge of funding New Hampshire's public schools, resulting in both legislative and judicial efforts to ensure proportional and equitable financing, demands intensive study in order to create legal and sustainable solutions. The Commission was appropriated \$500,000 to support comprehensive research and public engagement processes that would result in policy recommendations for consideration beginning in the 2021 legislative session. The Commission was created by [HB 551](#) and the Commission's charge was outlined in [RSA 193-E:2-e](#) under Title XV Education, Chapter 193-E Adequate Public Education.⁵

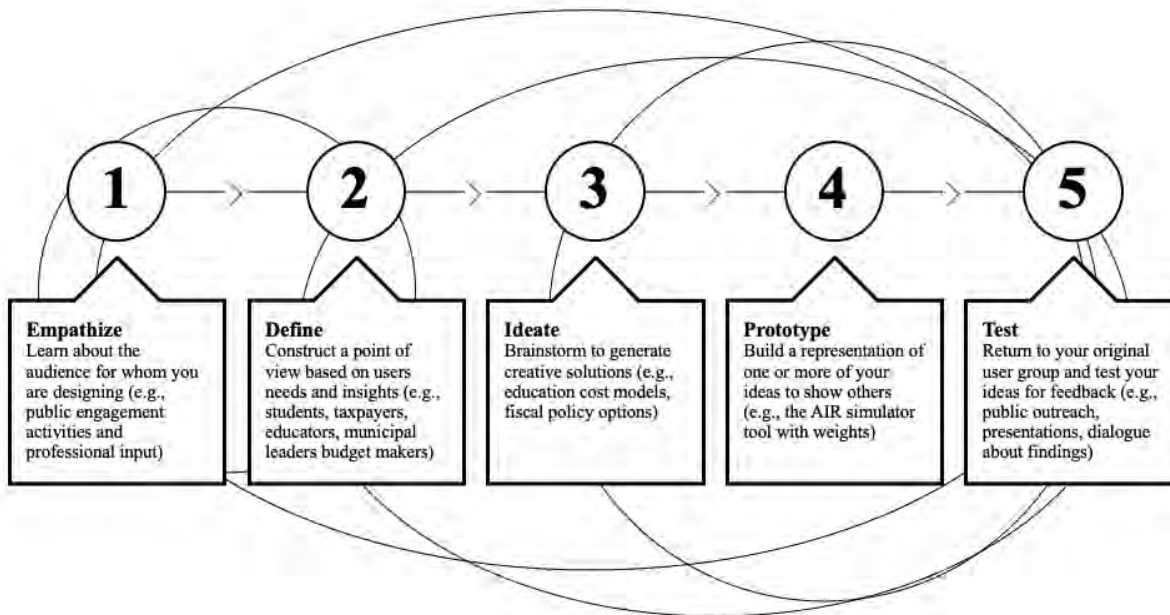
The Commission's main charge is to, "review the education funding formula and make recommendations to ensure a uniform and equitable design for financing the cost of an adequate education for all public school students." The Commission consists of 16 members and one alternate appointed by the Speaker of the House, the President of the Senate, the Governor, and the Commission chair. Ten of these are public members (not currently serving as legislators). The Commission is chaired by [Representative David Luneau of Hopkinton \(Merrimack—District 10\)](#). Other Commission members include:

- Rep. Mel Myler – Merrimack, District 10
- Rep. Dick Ames – Cheshire, District 9
- Rep. Rick Ladd – Grafton, District 4
- Sen. Jay Kahn – District 10
- Sen. Jon Morgan – District 23
- William Ardinger – Attorney, Rath Young Pignatelli
- Jane Bergeron-Beaulieu – NH Association of Special Education Administrators
- Corinne Cascadden – Retired Superintendent of SAU 3
- David Ryan – Superintendent, SAU16
- John Beardmore – Former Commissioner, Department of Revenue Administration
- Iris Estabrook – Former State Senator
- Barbara Tremblay – Retired superintendent, SAU 29, SAU 62
- M. Christine Dwyer – Senior Vice President, RMC Research and Former City Councilor, City of Portsmouth
- Susan Huard – Interim Chancellor, Community College System of New Hampshire
- Val Zanchuk – Past Chairman, Business and Industry Association
- Rep. Mary Heath – Hillsborough, District 14 (alternate member)

⁵ <http://www.gencourt.state.nh.us/rsa/html/XV/193-E/193-E-mrg.htm> and http://gencourt.state.nh.us/bill_status/billText.aspx?sy=2019&id=430&txtFormat=html

Design Thinking Approach to Study School Funding

From the beginning, this Commission to Study School Funding in New Hampshire sought to use a design thinking approach to find long-term, sustainable policy solutions for students and taxpayers across the state of New Hampshire. Design thinking has been used for decades to help with innovative problem solving in many sectors. According to Rebecca Linke’s explanation in the Massachusetts Institute of Technology (MIT) Sloan School of Management blog “Ideas Made to Matter,” it takes certain skills, creativity, and setting aside preconceived notions to critically engage with others in, “modeling, analysis, prototyping, and testing, and to really learn from these many iterations.”⁶ This approach allows for innovation and for the people involved to think big and be bold using a non-linear, iterative process. The design thinking steps below helped to guide the Commission’s approach.



Understanding and Defining the Problem

Part of design thinking is understanding and defining the problem that needs to be addressed. According to the [AIR's](#) final report⁷ prepared for the Commission, school funding formulas should in theory accomplish two goals, “Account for differences in the costs of achieving equal educational opportunity across schools and districts based upon the children they serve (e.g., some districts serve larger shares of students who are disadvantaged than others),” and “Account

⁶ MIT Sloan School of Management, Linke, R (2017, September 14), Design thinking, explained. <https://mitsloan.mit.edu/ideas-made-to-matter/design-thinking-explained>.

⁷ https://carsey.unh.edu/sites/default/files/media/2020/09/20-12685_nh_final_report_v10.pdf

for differences in fiscal capacity, or the ability of local jurisdictions to pay for the cost of education (e.g., their ability to raise local revenue, mostly via property taxes).”⁸ AIR also asserted that municipalities and school districts have differential needs and “vary widely” regarding wealth and their abilities to raise funds through residential property taxes, two factors that are often linked. Furthermore, the linkages between these two factors leads to the likelihood that districts with less property wealth will have higher concentrations of students living in poverty or in need of programs like free and reduced price lunch. AIR noted in their final report that they and colleagues have begun to understand in recent years that state school funding systems should not focus on providing the same financial resources to every district but rather attend to equitable funding and distribution for the statewide benefit of taxpayers and students⁹. Currently, New Hampshire’s school funding system does not attend to equity in this manner for either group. In fact, the system is considered regressive rather than progressive¹⁰. The authors further explained that a regressive system leads to districts with less property wealth having to tax themselves at higher rates to achieve similar levels of funding than wealthier districts in order to achieve comparable student outcomes.

Taking into account this national perspective, the Commission’s charge, and the local realities of New Hampshire school funding, the problem the Commission addressed is how to ensure that all students, regardless of where they live or what their challenges are, have a fair and reasonable opportunity to achieve at the same level as their peers. This will require that some students, and the districts where they are educated, have access to differential resources that can “level the playing field,” and offer an opportunity to an adequate education. At the same time, Constitutional requirements for reasonable and proportionate taxes (in this case the property tax) must be a part of any school funding formula. Thus, the Commission worked to achieve an understanding of how to arrive at greater fairness in outcomes for students and greater fairness for taxpayers who live in communities with a wide range of property values. The Commission focused on five dimensions of the problem: equity and disparity, revenue, funding formula and distribution, definitions of adequacy, and defining target student outcomes.

The Commission met over a period of 10 months, from mid-January through the end of November 2020 (with a hiatus of several weeks in March and April due to the COVID-19 pandemic and the need to transition to virtual meetings). As a first step, the Commission retained the Carsey School of Public Policy at the University of New Hampshire (UNH) to provide

⁸ See p. 12 of the final report for quotation, https://carsey.unh.edu/sites/default/files/media/2020/09/20-12685_nh_final_report_v10.pdf

⁹ (Baker & Green, 2008; Baker & Levin, 2014), see AIR report page 12 at for the verbatim language. This section is paraphrased from the report.

¹⁰ This conception of equity can be formalized by defining school funding systems that systematically provide more resources (revenue) to districts with the highest student poverty rates as being relatively “progressive.” Conversely, those systems that tend to provide fewer resources to districts with the highest student poverty rates are considered to be relatively “regressive.” (Atchison, Levin, Baker, & Kolbe, 2020, p.12) https://carsey.unh.edu/sites/default/files/media/2020/09/20-12685_nh_final_report_v10.pdf.

logistical, analytic, engagement, and communication support (see the abbreviated timeline below and comprehensive calendar in Appendix H). Subsequently, a contract was executed with the AIR to provide substantial research and analysis on the topics of school funding, cost models for funding educational adequacy, and revenue models for raising and distributing local and state funds for public education. Overall, to better understand the problem and engage in design thinking, the full Commission worked as a whole two to three times a month and as three workgroups during additional meetings twice a month. The workgroups were organized around public engagement, adequacy and distribution, and fiscal policy.

Commission Timeline January 2020 to December 2020

Winter-Spring 2020	Review of past reports, collection of existing data Presentations by state agency staff
Spring – Summer 2020*	Research and analysis by national experts Early modeling of new funding methodologies Presentations by state agency staff Statewide public engagement activities
Summer – Fall 2020	Statewide public engagement activities Complete research and analysis Identify policy option(s)
December 1, 2020	Report Due

**meetings went remote due to COVID-19*

Expert Opinion and Input and Hours Committed to Meetings

The Commission members sought local perspectives, expert opinion, and committed numerous hours to meetings (see Appendix H for full listing). The Commission invited many stakeholders to provide input, including professionals from both the public and private sectors who gave presentations and engaged in conversations about the key topics and considerations of school funding in New Hampshire. The Commission gained initial insight from staff of the [National Conference of State Legislatures \(NCSL\)](#) in January 2020, who reviewed approaches to study school funding and developing cost models. The approaches included:

- Input-based (resource-oriented methods)
 - Professional judgment
 - Current spending by high-performing schools (if these schools can produce high achievement, they must be using their resources effectively)
 - Qualitative, case examples
- Evidence-based
 - Spending and other variables and performance outcomes

- Correlational, linear
- Descriptive
- Output-based (performance oriented) methods
 - Successful schools, case examples
 - Current spending by high-performing schools
 - Education cost function
 - Spending and other variables and performance outcomes
- Correlational, linear
 - Quantitative, model-driven

The Commission also gained insights from the [Education Commission of the States \(ECS\)](#) in early March 2020 to understand school funding policies in other states – their challenges and solutions. ECS provided high-level overviews of state funding in the United States, a closer-look at Vermont, Massachusetts, and New Jersey policies, and some background on outcomes-based approaches to school funding.

The Commission began public engagement activities in March 2020 and then again in June 2020 after the Commission shifted to online meetings due to the COVID-19 pandemic. The efforts included: key stakeholder meetings, a survey of public school and district employees, public commenting extended sessions, questions on the UNH Survey Center’s Granite State Poll, and a number of focus groups – local leaders, students, elderly residents, and taxpayer associations (see engagement section of the report for further detail). The Commission also heard from a number of professionals, listed below. The full calendar with speaker names, agenda items, and documents are in Appendix H and can be found on the Commission website).¹¹

- Possible Methodologies for Studying School Funding (National Conference of State Legislatures)
- Court Decisions (New Hampshire Department of Justice and NH School Funding Fairness Project)
- Overview of federal funding streams – “What are the federal funding streams for Pre-K to 12? How are they allocated?” (NHDOE, Education Division of Education Analytics and Resources)
- “How does money flow from local communities to the state and back again through the adequacy grants?” (NHDRA)
- Overview state funding of education – emphasis on Vermont, Massachusetts, and New Jersey (Education Commission of the States)
- The Whole Picture of Public Education in New Hampshire (Reaching Higher NH)
- School Business Officers Panel (SAU 29, SAU 67, SAU 52) and Special Education Directors Panel (SAU 19, SAU 37, SAU 48)
- Plaintiffs’ and defendants’ arguments in *ConVal et al. vs. State of New Hampshire et al.* (John Tobin, Michael Tierney, New Hampshire Solicitor General Dan Will)

¹¹ <https://carsey.unh.edu/school-funding/resources-and-meetings/meeting-documents-video>

- Behavioral Health Services in Schools (New Hampshire Bureau of Children’s Behavioral Health, Bureau of Student Wellness)
- Career and Technical Education (NHDOE Director of Bureau of Career Development)
- School Transition Reopening and Redesign Taskforce (STRRT) (Rep. Mary Heath)
- Early childhood and preschool education (New Hampshire Head Start State Collaboration Office, Endowment for Health)
- Statewide Education Property Tax (SWEPT) presentations and discussion (NHDRA Municipal and Property Division, Legislative Budget Office, State School Board (former chair))
- History of school funding and *The Property Tax--School Funding Dilemma, 2020 update* (Lincoln Institute of Land Policy Resident Fellow)
- Overview of school building aid (Division of Education Analytics and Resources Bureau of School Safety and Facility Management Bureau)
- Overview of school funding formulae in New Hampshire (New Hampshire Department of Justice)
- Measuring Disparities in Municipal Economies and Fiscal Capacities (New Hampshire Fiscal Policy Institute)
- Low- and Moderate- Income Homeowner Property Tax Relief Statewide Property Tax and Phase-in Considerations (NHDRA Administration Municipal and Property Division, Municipal Bureau, Municipal Accounts)
- Public Chartered Schools – Funding, adequacy, and relationship with traditional public schools (Alliance for Public Charter Schools)
- Career and College Readiness (New Hampshire Alliance for College and Career Readiness, Concord Regional Technical Center)
- Impact of Property Taxes on the City of Portsmouth (Assistant City Attorney)
- Conversation about Impact of Property Taxes on School and Municipal Services (Mayor of Berlin, Superintendent of Pittsfield school district)
- State’s Perspective on Possible Changes to the Statewide Property Tax (NH State Treasurer, Chief Deputy Treasurer)
- Municipal Perspective on Possible Changes to the Statewide Property Tax (Government Finance Advisor at the New Hampshire Municipal Association)
- School Funding Survey Report (Reaching Higher NH)
- English language learners—programming and fiscal topics (NHDOE English Language Education, Nashua Student Services and English Language Learning, New Hampshire Technical Institute.
- Conversation with Massachusetts (MA) Joint Committee on Education
- Granite State Poll Findings (University of New Hampshire Survey Center)
- Key Features of the Massachusetts Chapter 70 Foundation Budget (Rep. Dick Ames)

Altogether the full Commission and work groups met almost 90 times and held ten extended public comment sessions between January and December 2020 – for a total of over 170 hours. That number of hours does not include time spent by Commission members working outside of

public meeting times on briefs and reading the extensive materials collected, executive committee meetings, and public engagement activities facilitated by [New Hampshire Listens](#), a civic engagement initiative of the Carsey School, on behalf of the Commission. This number also does not include the hours spent by people across the state and in previous Commissions who built a history and record that served as a foundation for 2020 Commission members.

A BRIEF HISTORY OF SCHOOL FUNDING IN NEW HAMPSHIRE

Background

The Commission's report represents the first comprehensive analysis of school funding in New Hampshire supported by expert consultant advice since the [Augenblick Report](#) of 1984. The goal of that earlier effort was to, "present a comprehensive school finance plan which is designed to achieve greater excellence and equity in education, and which could be implemented without new taxes." The Report noted that, "There has been little attention to overall goals or an overall strategy [for school funding], and even less attention paid to the outcomes of these distribution patterns." Thirty-six years later, the Commission to Study School Funding has worked diligently to create solutions to this long-standing policy challenge.

Judicial History

The Commission's work has taken into account a considerable history of litigation brought by plaintiff school districts seeking to change the way that New Hampshire funds its public schools. Plaintiff arguments have generally focused on the Constitutional provision found in Part 2, Article 83 – "Knowledge and learning, generally diffused through a community, being essential to the preservation of a free government; and spreading the opportunities and advantages of education through the various parts of the country, being highly conducive to promote this end; it shall be the duty of the legislators and magistrates, in all future periods of this government, to cherish the interest of literature and the sciences, and all seminaries and public schools..." As cases have been adjudicated, court decisions have generally found that the state has not fulfilled its obligations under Article 83, due largely to the inequities that result from the high reliance on local property taxes as the primary source of funds for public schools. All relevant court arguments and decisions can be found under the New Hampshire School Funding Court Cases & Legal Resources tab on the [Commission website's resource page](#).

It is worth noting that similar litigation regarding how public schools are funded, especially when the primary revenue source is property taxes, has occurred in numerous other states. Court decisions in those states have generally sided with plaintiff school districts and ordered states to design more equitable forms of education financing so that students are not penalized for living in districts with limited capacity to raise property-based revenue. Many of these cases rely on the concept of "adequacy" as the benchmark for determining the minimum level of quality and scope necessary for students to achieve educational success. Analyses of efforts in other states to respond to court orders and to create more equitable school funding systems are found on the Commission's webpages at <https://carsey.unh.edu/school-funding/resources>.

Legislative and Executive History

School funding has been a subject of legislative and executive action since the first statewide property taxes to pay for local school budgets were set in 1919, when the statewide property tax rate was set at \$3.50. Over the past two decades, legislative study committees and a Governor's commission have addressed the Supreme Court's findings regarding school funding. The most relevant studies include:

- [Commission to Analyze the Economic Impacts of Various School Funding Revenue Options](#) (2000), which analyzed a range of alternative revenue sources for school funding. These included a personal income tax, a state sales or gross receipts tax, a value added tax, a capital gains and excise tax, variations on the property tax, and revenue from legalized video lottery terminals. The pros and cons of each were weighed, but no conclusive recommendations were made. Additionally, the Commission put forward several criteria for judging revenue sources for school funding. These were:
 - Fairness (distributional equity)
 - Adequacy and stability
 - Competitiveness
 - Exportability
 - Neutrality
 - Simplicity
- [Joint Legislative Oversight Committee on Costing an Adequate Education](#) (2008), which calculated a universal cost of an adequate education based on the “per pupil resources [needed] to provide a public school student in New Hampshire with the educational opportunity required under RSA 193-E:2-a.” The inputs to be used for the calculation included teacher salary and benefits; principal and principal assistant salary and benefits; guidance counselor; library media specialist; technology coordinator, custodians; instructional materials; technology; teacher professional development; facilities operation and maintenance; and transportation. This codified the input-based cost formula contained in current statutes. The Committee also recommended the use of differentiated aid for students with greater educational needs, to be added to the universal base cost (\$3456 for FY '09). Kindergarten was included in the definition of adequacy for the first time. The adopted recommendations also included new Fiscal Capacity Disparity Aid to address community differences in fiscal capacity. From the outset of the recommendations being passed into law, the model was never fully implemented as the initial legislation created a “collar” to restrain a community's new grant to no more than 15% growth over FY '09 and held harmless all communities to their FY '09 grant levels. The model was further weakened by the later elimination of Fiscal Capacity Disparity Aid, the creation of Stabilization Grants, and other changes.

- [Committee to Study Education Funding and the Cost of an Opportunity for an Adequate Education](#) (2018), which “evaluated the successes and shortcomings of the funding formula” and reviewed the formula with an eye toward increased costs not addressed in the 2008 universal cost base and addressed disparities in student performance relative to the funding formula. The Committee recommended an end to stabilization grants, a slight increase in the base adequacy amount, a flat increase in differentiated aid for students eligible for free and reduced price lunch, and supplemental grants to school districts with below average equalized valuation per pupil (\$2500 per pupil for Title I schools).

Since 2008, following the recommendations of the Joint Legislative Oversight Committee (see above), a number of statutes have been enacted by the New Hampshire General Court impacting the definition and costing of adequacy and sources of revenue and distribution of funds for education. A complete list of bills enacted since 2008 is included in Appendix F.

THE COMMISSION’S RESEARCH PARTNERSHIP WITH THE AMERICAN INSTITUTES FOR RESEARCH

Beginning May 12, 2020, following a competitive national selection process, the Commission contracted with the American Institutes for Research (AIR). AIR’s proposal emphasized the use of outcomes-based, correlational analyses to determine the cost of an equitable and adequate education. AIR’s scope of work was to identify and collect publicly available data, identify appropriate methods for evaluating education opportunities and outcomes in New Hampshire, apply accepted school finance methodologies to recommend remedies for disparities in education opportunities and outcomes, model recommended options, provide a report to the Commission, and consult additionally as necessary through the Commission’s deliberations. The Commission encourages any Granite Stater interested in the details of student equity in New Hampshire or school funding more generally to read through [AIR’s final report](#) and the [materials](#) they provided to the Commission.

Key Findings

AIR laid out five key findings in its report:

- The state’s current system is inequitable from both student and taxpayer perspectives.
- Districts with higher incidences of economically disadvantaged students, students in special education, and more English language learners performed worse on average than those with fewer students with those characteristics.
- Districts with higher needs and small districts require more spending per student to achieve a common desired level of student outcomes.
- AIR created a weighted funding formula that allocates funding to districts according to the costs facing each district. The formula results in a distribution of funding that provides more resources for high-need districts, recognizing the higher cost of education in these districts compared to lower-need districts.
- The state could more equitably generate revenue for education through a statewide property tax that collects revenue centrally and distributes the revenue according to the formula.

AIR, using available NHDOE and NHDRA data, created an Education Cost Model (ECM) that predicts costs by school districts necessary for New Hampshire students to achieve a target outcome—state average results [as determined](#) by proficiency levels on statewide assessments and attendance and graduation rates.¹² The Education Cost Model 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 education and financial needs.

¹² See AIR’s full report for a more detailed discussion of how AIR modeled student outcomes and costs.

Illustrative Exhibits from the AIR Final Report

Several key figures below illustrate AIR’s key findings. In the first, AIR shows relative spending compared to the relative poverty of districts, finding that New Hampshire is extremely regressive—that is to say, provides less revenue to districts with the highest needs—and more regressive than its neighbors across New England. A more progressive education funding system would provide more revenue to those districts with greater needs. The charts of Massachusetts and Vermont are examples of more progressive funding systems. The second figure shows the relationship between local property tax rate and equalized valuation per pupil, showing that in general the property wealth of a community highly influences its local education tax rate. The third shows the negative relationship between district outcome scores and shares of free and reduced price lunch eligible students, pointing toward the need for greater support needed by those districts. The final figure shows the relationship between the difference in actual vs state average outcomes and actual district spending vs predicted district costs in AIR’s model. It strongly indicates that the model developed by AIR is both producing justifiable cost estimates and demonstrating that those districts with less spending need more support to raise their students’ outcomes toward state average outcomes. On the last three graphs, the relative bubble sizes represent the relative enrollment in each district (e.g., the two largest bubbles are Manchester and Nashua). The orange lines reference state average values.

Exhibit 7. Progressivity of Spending in New Hampshire Compared With Other New England States

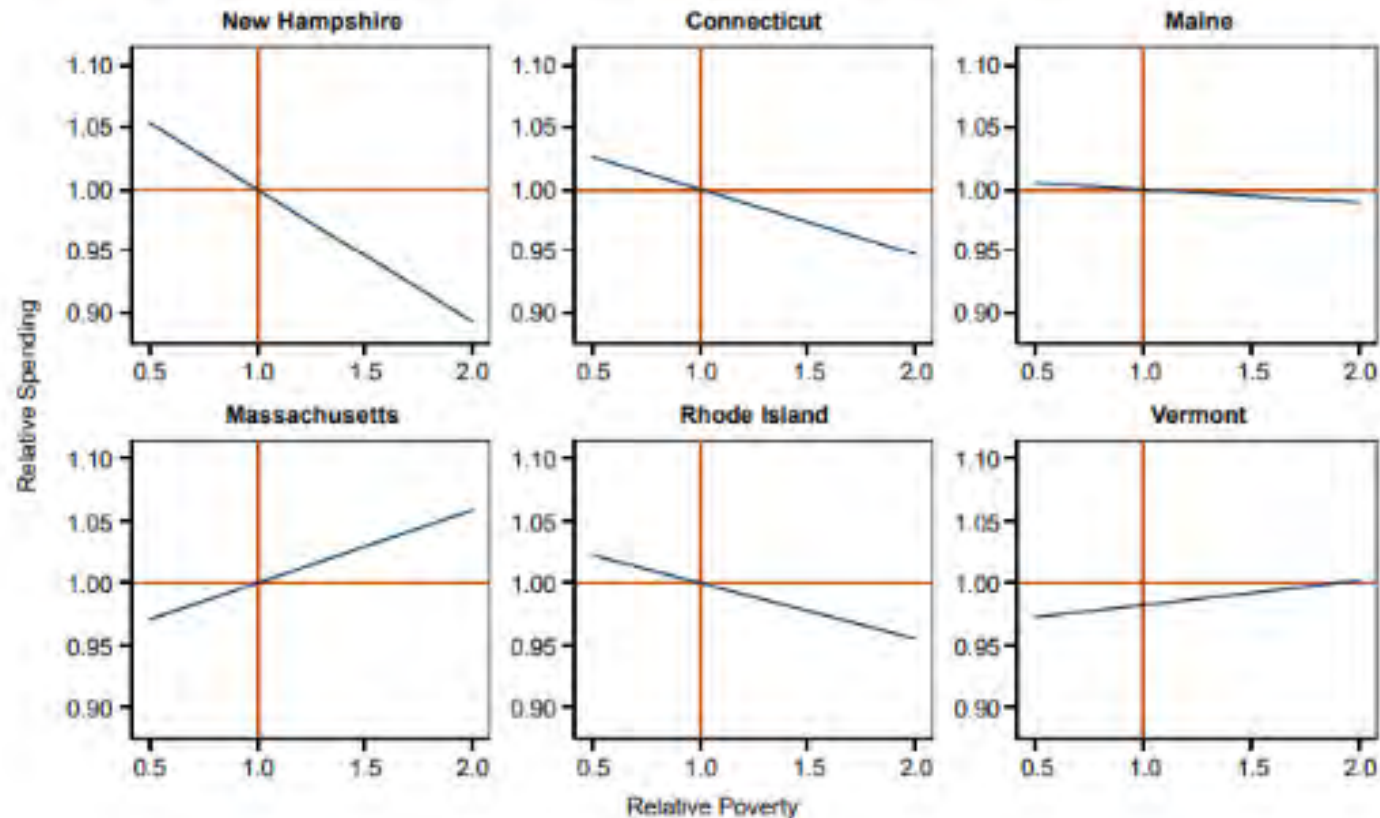


Exhibit 7 of the AIR report shows the relative progressivity of New England states. New Hampshire has the most regressive system of school funding in New England, although only Massachusetts and Vermont have systems that direct more state aid to districts with greater need. The orange lines represent state averages.

Exhibit 10. Property Tax Rates and District Property Wealth

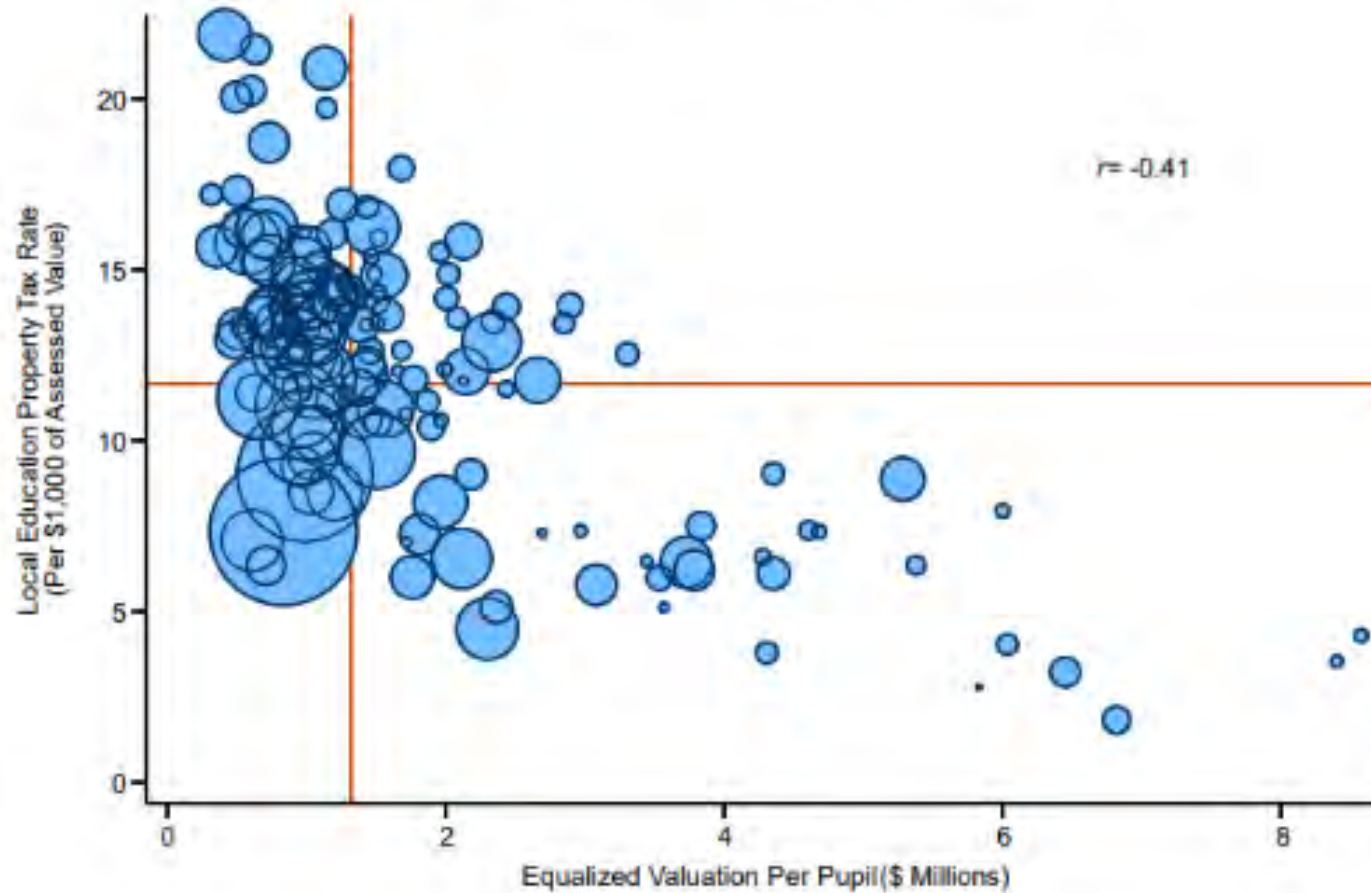


Exhibit 10 shows the relationship between property tax rates and district property wealth. Bubble size represents the number of students in a district. The orange lines represent state averages.

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

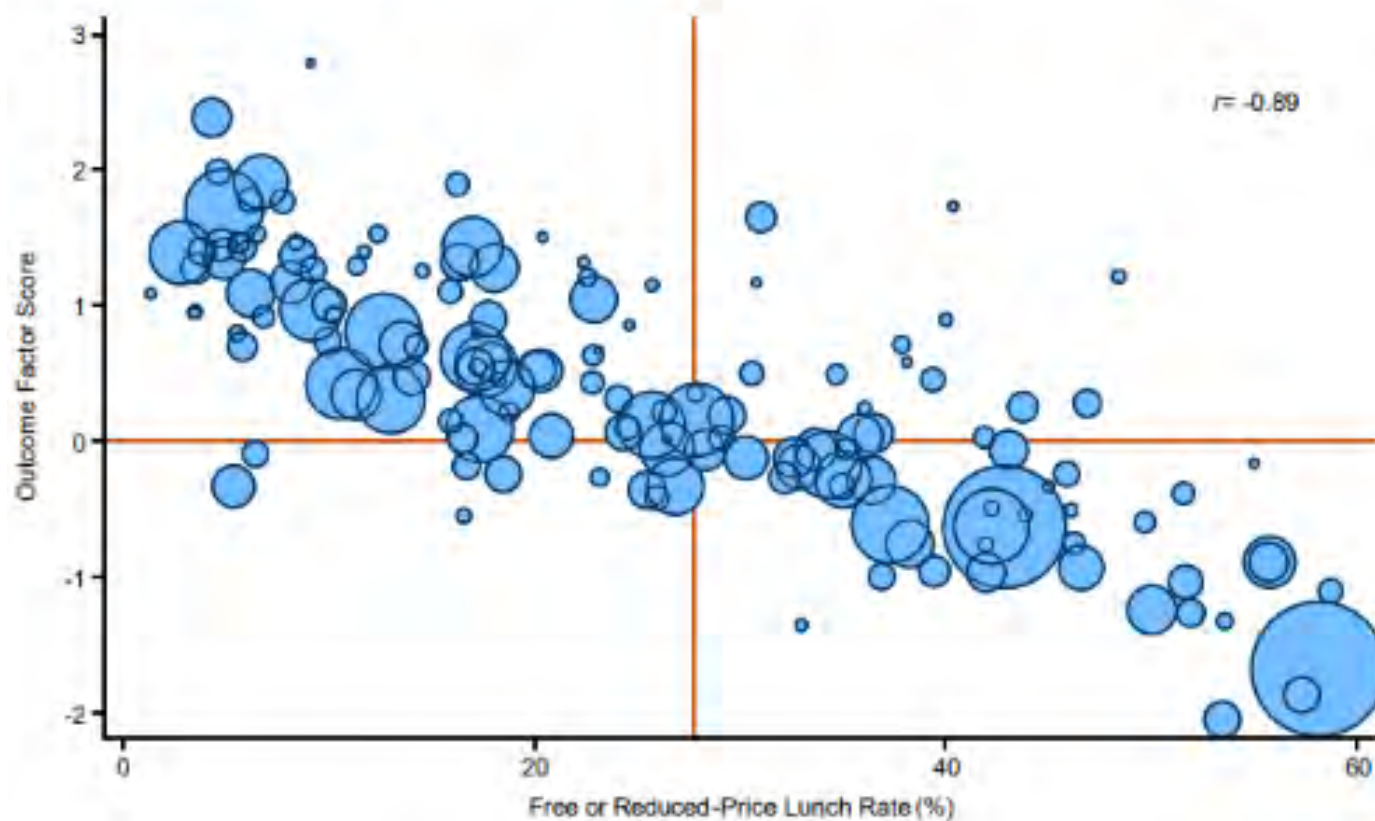


Exhibit 14 shows the relationship between student outcomes and the share of students in a district eligible for free or reduced-price lunch (FRPL). As in Exhibit 10, bubble size reflects number of students in the district. The correlation in this figure is particularly strong at $r = -.89$. The orange lines represent state averages.

Exhibit 21. Outcome Gaps and Funding Gaps



Exhibit 21 shows the relationship between the difference between actual spending and AIR’s predicted costs and the difference between actual district outcomes and state average outcomes. As in the previous figures, bubble size reflects the number of students in a district. The orange lines represent state averages

Research Materials Prepared for the Commission

As part of its work, AIR's research team prepared the following documents for the Commission:

- [AIR Final Report](#)
- [Costing Out an Adequate Education - A Primer](#)
- [Evaluating State School Finance Systems - An Introduction](#)
- [Using Cost Modeling to Inform Education Funding Formulas](#)
- [Setting Outcome Goals and Standards - From a Formal to Functional Definition of Adequacy](#)
- [State Finance Reform Vignette - Kansas](#)
- [Providing Adequate Funding Through Equitable Taxation - An Introduction](#)
- [State Finance Reform Vignette - New Jersey](#)
- [State Finance Reform Vignette - Vermont](#)
- [State Funding Formulas - A National Review](#)
- [Special Education Memo](#)
- [Considering Weight Adjustments to Account for Concentration of Student Needs Memo](#)
- [Eliminating the District Size Weight "Cliffs"](#)

AIR also created a [school funding simulator tool](#) to assist in the modeling of various potential school funding programs. The aforementioned documents, simulator, and documentation outlining how to use the simulator tool can be found on the resource page of the [Commission's website](#). **It is important to note that the simulator created by AIR is a tool for modeling and planning but should not be interpreted as a policy prescription.**

PUBLIC ENGAGEMENT WORKGROUP REPORT

Public Engagement Overview

New Hampshire public school funding has been and continues to be a long-term policy challenge. Many have studied and discussed this for years, as the historical summary indicates. Taxpayers, students, parents, educators, local and state policy-makers all play a role in the system. People who provided their thinking during the Commission's public engagement efforts want New Hampshire to be a state where people can live within their means, find the resources they need, and have a public school system that prepares students for their futures. They are very aware that the financial resources that support public schools are primarily raised by local property taxes. They see the current funding system as flawed overall. It is also a system that many believe the public and decision-makers need to better understand. The public further voiced the need to balance community needs, taxpayer concerns, and the goal that all students will have an opportunity to an adequate education—the major concerns, when stated briefly, focus on equity for both students and taxpayers. This section of the report is an overview of public engagement efforts coordinated by New Hampshire Listens. These qualitative findings provided the Commission members with a sense of the public's knowledge, beliefs, and values regarding public school funding in the state.

Initial Plans, Education Stakeholders Briefing, Determining Input

New Hampshire Listens staff designed an engagement strategy to inform the public about the goals and activities of the Commission that would create pathways for input to inform the Commission's deliberations. The primary engagement activities originally anticipated during the Commission's work included stakeholder focus groups with municipal and school leaders, a statewide survey through the UNH Survey Center, a student voice summit, and statewide community conversations.

To begin this work, the Carsey School and New Hampshire Listens staff gathered key education stakeholders in March 2020 at an initial briefing about the Commission and its work. The 16 attendees represented the New Hampshire School Administrators Association, New Hampshire National Education Association, Career and Technical Education Advisory Board, New Hampshire Association of Special Education Administrators, New Hampshire School Boards Association, New Hampshire Charitable Foundation, Reaching Higher New Hampshire, Governor's Council on Diversity and Inclusion, and the New Hampshire Coalition for Business in Education. They provided their perspectives regarding:

1. What they would like the Commission to consider as it gets started
2. Their hopes for what will happen as a result of the Commission's work
3. The concerns they hold that they want the Commission to keep in mind

Feedback to the Commission from this discussion included:

- Start with the realities and basics
- Need for unified, sustainable, and equitable solutions for students and taxpayers
- Focus on disparities, challenges, and the definition of adequacy
- Identify funding streams and sources
- Keep in mind the politics of communication and clarity of purpose/decisions
- Design creative and thorough solutions

Workgroup Tasks, Questions, and Engagement Activities

Following this initial in-person gathering of stakeholders, all other public engagement efforts were shifted online due to the COVID-19 pandemic (summaries and details in the table on page 31). When the Commission re-convened remotely, the Public Engagement Workgroup was formed and began to focus on the following tasks during workgroup meetings:

- Review specific plans for stakeholder, student, and public engagement (including design, key questions, and locations)
- Identify key groups to recruit to engagement events
- Review input from engagement activities and review summaries of that input
- Identify key findings from all engagement activities (What did we hear from the people involved in these activities and elsewhere? How do the findings inform final recommendations?)¹³

Workgroup members also generated a list of stakeholders who could provide input that would represent multiple points of views and experiences.¹⁴ The following questions prompted discussion:

1. What stakeholders do we need to engage in the focus groups? (e.g., by position, advocacy area, interest area, diversity of racial and social identities)
2. What are the questions we want to ask stakeholders?
3. What data do we need to share with stakeholders so they can provide meaningful input?

The workgroup also generated questions and commented on the design of surveys and focus groups.¹⁵ The questions for public engagement activities focused on the following areas:

¹³ The workgroup met on the following dates with documents linked in Appendix H and the Commission's website under each meeting – May 7, 2020, May 18, 2020, May 21, 2020, June 1, 2020, June 5, 2020, June 15, 2020, July 16, 2020, August 3, 2020, August 7, 2020, August 17, 2020, August 31, 2020, September 14, 2020, September 29, 2020, October 13, 2020, October 22, 2020, and October 29, 2020

¹⁴ Find the planning document here:

https://carsey.unh.edu/sites/default/files/media/2020/05/audit_stakeholderparticipation_final05212020.pdf.

¹⁵ Find a planning document with questions here:

https://carsey.unh.edu/sites/default/files/media/2020/08/schoolfunding_engagementquestionsmarch-sept_08262020_1.pdf

- How the current funding system works from their experiences, perspectives, and roles
- The most important factors in providing an adequate education to students statewide
- The components of an “adequate” education that should be considered as part of the base formula for calculating the cost of adequacy
- The educational outcomes for students across the state and how they should be measured
- Barriers that inhibit the opportunity to an adequate education in New Hampshire
- Understandings and perspectives about how public funding for schools is collected and distributed at the local and state level

From March 2020 through late October 2020 a series of efforts occurred including two statewide surveys—the UNH Survey Center’s Granite State Poll which included a random statewide sample, and a school and district employee survey generated by the Commission engagement workgroup to learn about the top issues educators are thinking about across districts and according to communities’ property wealth. Also, 16 focus groups with school and municipal leaders, youth, elderly residents, and taxpayer associations were facilitated by New Hampshire Listens staff. The table below provides the timing, number of participants, description of each activity, and links to each summary posted on the Commission website. These summaries provide details about participants and findings.¹⁶ Agendas, meeting materials, and minutes are available on the Commission website.¹⁷

Public Engagement Timing, Participation Counts, Efforts, and Summary Links		
Timing	Participants*	Effort¹⁸
March 2020	16	Education stakeholder briefings
September 2020	17	
June 2020	48	Municipal and school leader online focus groups (x12)
October 2020	15	Municipal and school leader reprise briefing and discussion
July 2020	1,768	School and District Employee (Educator) Survey
September 2020	1,030	Granite State Poll – statewide survey conducted by the UNH Survey Center)
October 2020	11	Senior resident focus groups (x2)
October 2020	8	Taxpayer association focus group

¹⁶ The draft designs for each effort is listed on this site under meeting documents. The documents are placed under the meeting date they were discussed – <https://carsey.unh.edu/school-funding>.

¹⁷ On the school funding website hosted by the University of New Hampshire Carsey School of Public Policy, each summary doc is available at <https://carsey.unh.edu/school-funding/resources-and-meetings/meeting-documents-video>. They are linked in this table.

October 2020	21	Student voice public comment and focus group (9/23, 10/7) and focus group (10/14)
July–November 2020	~100	Extended public commenting sessions beyond Commission meetings (x8) Dates to find minutes: 7/15, 8/12, 9/16, 9/30, 10/7, 10/14, 10/28, 11/18, A Summary of Public Comments
Overall Points and Themes Document for Discussion**		Summary of points from each effort

**New Hampshire Listens and Carsey School staff facilitated the discussions. Commission members attended some of the activities to support briefing the public and answer questions. Each focus group began with an overview of the Commission's purpose and work. The taxpayer association and senior focus groups also included local municipal leaders or those seeking election who were interested in learning more. In the case of public comment counts, many stakeholders provided comments multiple times. This is a rough count of comments during meetings, extended commenting sessions, via email, the feedback form on the website. **This summary does not include the UNH Granite State Poll or municipal and school leader reprise summary.*

Key Findings from Engagement Activities

Members of the Engagement Workgroup and Commission leadership along with New Hampshire Listens staff drafted the following list of key findings after reviewing the engagement summary reports and major themes linked in the table above. All Commission members had an opportunity to comment and suggest edits. This list serves three purposes: (1) to share key points and findings that resonated across public engagement activities, (2) to help inform the Adequacy and Distribution and Fiscal Policy Workgroup reports, and (3) to connect policy-making recommendations with local thinking. The findings drafted by the Engagement Workgroup are as follows:

1. Education inequities in public school districts across the state were voiced clearly in each engagement activity. All public input recognized that the current funding system, dependent on local property taxes, does not provide an equitable opportunity for an adequate education for all students regardless of where they live.
2. The general public raised concerns about the reliance on property taxes and the unequal application of taxes across the state when funding public schools. The current system of public school funding does not work in people's minds. A change needs to be made in the current revenue system for taxpayers to seek property tax relief. There is uncertainty about how to raise funds for public schools. The reliance on local property taxes to fund public schools is undesirable, but there is no consensus on alternative forms of revenue.¹⁹

¹⁹ see Granite State Poll report, page 6, https://carsey.unh.edu/sites/default/files/media/2020/10/2020_09_-_granite_state_poll_-_commission_to_study_school_funding_report.pdf

3. People had concerns about disparities in students' opportunities across communities and made reference to the negative impacts on achievement resulting from those disparities. People showed concern for high poverty areas and communities with higher racial and language diversity.
4. The public has varying understanding about how public schools are funded and how funds are allocated to school districts.
5. People agree that funding for public schools should be student-centered and based upon identified student needs and outcomes that will prepare students for diverse career and college pathways.
6. People raised concerns about student needs during the pandemic and short- and long-term funding to meet those needs (e.g., food, health and safety, access to internet and technology, mental and behavioral supports). The needs expressed existed prior to the pandemic; public concern makes many of these needs more visible during this time.
7. Local educators often feel a lack of capacity to implement mandates or requirements from the Department of Education or legislature because of the lack of funds or how funds are distributed. Concerns were especially focused on special education costs, mental and behavioral supports, and building safety, as well as a concern for students' mental and physical well-being while learning.
8. There is concurrence that the key to a quality education is a quality teaching staff. High turnover of staff impacts continuity in the quality of education. Teacher retention and professional development is foundational to a quality education and student performance.

Further Areas of Workgroup Discussion Upon Reviewing Engagement Summaries and Public Comments

In addition to the broad findings summarized above, the Engagement Workgroup also discussed the following topics of concern brought forward by the public. This is a representative but not exhaustive list of public comments and concerns expressed during public engagement efforts.

The current formula covers current funding needs but perhaps not future needs

For instance, building aid is sorely underfunded; when students and parents go to other schools, they notice the disparities in the quality of facilities. How do we ensure all students have a healthy and safe school environment that costs more to implement than what is currently on the table?

The culture of education and teaching is shifting

Educators and students noted the need to support increasingly diverse career and college pathways. Educators also emphasized that schools are looking closely at the evolving needs of students and taking on a more student-centered approach (e.g., through family and community

engagement, competency-based teaching and learning, social-emotional and behavioral supports) that goes beyond traditional academic outcomes and may incur additional expenses.

Staff quality and schools' capacity are at the forefront for educators and students

When schools have quality teachers and adequate staffing, they can offer quality curricular and extracurricular opportunities, which are important to students. Students want experiences in school that are beyond the basics and prepare them for future careers. This links to concerns about equity and outcomes noted by the public across the state.

Accountability measures need further discussion

In reference to the Commission's research on developing an outcome-based model for funding schools, workgroup members discussed the lack of clarity regarding accountability measures in the current funding model. Who determines outcome measures and levels of acceptable outcomes? Who monitors and supports the process?

Sustainable funding across the state continues to be a concern for local leaders

Municipal and school leaders spoke about sustainable funding in relation to certain districts' need to rely on grants to supplement their offerings. They also spoke about struggles to meet unfunded mandates put forward by the NHDOE or the legislature. Some of the areas mentioned by the public related to these two areas included mental and behavioral supports and personnel for students, affording special education costs that include personnel and services for students with higher needs, maintaining health and safety standards, and updating technology.

The public wondered about different revenue sources. Taxpayers had concerns based on where they live in the state, their age, and district/community size

The public wonders and discusses, what might be the new taxes on the table? Is there enough revenue right now? How are funds distributed to each district to meet diverse student needs and outcomes? How are the unique qualities of smaller municipalities considered in an effort toward both student and taxpayer equity? People who participated in the public engagement efforts of the Commission have concerns about students with higher needs across rural, urban, and suburban communities. People in smaller and/or rural communities have concerns unique to their municipalities as well, such as maintaining their local elementary schools and contributing to cooperative or regional schools. Furthermore, people on fixed incomes, including elderly residents, have concerns about property tax increases and their ability to remain in their homes. This links to the need for property tax relief.

Need for Further Educational Outreach and Opportunities for Public Engagement

New Hampshire residents hold varying levels of understanding, beliefs, and perspectives about school funding in New Hampshire. This is not surprising given the complexity and diverse needs

and ways of life across the state. For instance, during focus groups participants noted they attended because they either had substantial experience with school funding in the past, and/or they wanted to learn more about the study and current system. The Public Engagement Workgroup recommends efforts to provide additional public outreach and education about the Commission’s findings and school funding in general. The workgroup brainstormed the following list of stakeholders as suggestions for additional public outreach.

- Legislators learning exchange for new members
- Business and Industry Association
- Chambers of Commerce
- Business and education coalition
- NHDOE
- Superintendents
- Business managers
- Special Education directors
- City managers – New Hampshire Municipal Association
- Local city councilors and select board
- Editorial boards
- Higher education groups
- Career and technical education – 28 CTE directors/principals
- Groups representing People of Color and marginalized communities – English language learners, New Hampshire NAACP, Welcoming New Hampshire, Economic Vitality New Hampshire
- Young leaders – youth organizations and leaders New Hampshire Youth in Government
- Parent and family voices groups – New Hampshire Family Voices, New Hampshire Partners in Education
- Former coalition communities
- School Funding Fairness Project
- County commissioners
- Stakeholders representing educators and school district leadership and staff – School Board Association

Overall, a diverse representation of students, advocates, taxpayers, local and state decision-makers, elected officials and people running for local offices, joined public commenting sessions and engagement activities eager to learn more and offer their knowledge and perspectives. More comprehensive knowledge about how school funding works is needed at multiple levels. The findings offered in this report provide an opportunity to discuss a funding formula based on student outcomes, a formula that can offer an opportunity for achievement benchmarked at the state average for student outcomes, and a funding formula that considers the concerns of local property tax payers.

ADEQUACY AND DISTRIBUTION WORKGROUP REPORT

The current statutory method of determining the cost of an adequate education is based upon the recommendations from the Joint Legislative Oversight Committee on Costing an Adequate Education, February 2008. The state allocation recommended and subsequently implemented established a “single per student universal cost” based on certain input factors, specifically the average cost of third year teacher salaries, average staff salaries, benefits calculated at 1/3 of average full-time salaries, materials, technology, professional development, facility maintenance and transportation. Nearly half of the calculated cost is driven by a student/teacher ratio of 25:1 for grades K-2 and a student/teacher ratio of 30:1 for grades 3-12; ratios that don’t exist anywhere in the state. [Average student/teacher ratios](#) in fall 2019 were 11.9 to 1.²⁰ Average teacher salaries and benefits also vary widely from the current assumptions. (Testimony from school business officers, April, 2020) From the outset of the 2008 recommendations being passed into law, the model was never fully implemented as the initial legislation created a “collar” to restrain a community’s new grant to no more than 15% growth over FY ‘09 and held harmless all communities to their FY ‘09 grant levels. The model was further weakened by the later elimination of Fiscal Capacity Disparity Aid, the creation of Stabilization Grants, and other changes.

The current statutory method for state funding also considers differentiated aid factors recommended in the 2008 report, specifically for students who participate in the free and reduced price lunch program, special education students, English language learners, and students who do not reach a proficient reading level in third grade. For FY21, the state set the adequacy grant (universal cost) at \$3,708.78 per full time student, with an additional \$1,854.38 per student who participates in the free and reduced price lunch program, \$1,995.21 per special education student with an individualized education plan, \$725.63 per English language learner receiving English language instruction, and \$725.63 for each 3rd grade student in the district who scored below proficient on the statewide assessment for reading. On average, New Hampshire provides approximately \$5,900 per student from state funding sources, or about 32 percent of total spending per student. NH’s percent of *state* funding per student is the lowest in the country.²¹

Approximately 85 percent of the total amount of the adequacy grant (approximately \$750 million) is distributed among local districts on a uniform (fixed) per student basis, regardless of a community’s portion of student needs or relative wealth. This defines the overall regressive nature of New Hampshire’s distribution system. The state provides adequacy grants to all school districts based on student enrollment as defined in RSA 198:38. The state also provides a “stabilization grant” totaling approximately \$150 million to specific school districts, which was

²⁰ See https://www.education.New Hampshire.gov/sites/g/files/ehbemt326/files/inline-documents/2020-04/stud_ratio19-20.xlsx

²¹ [US Census School Finance Data](#), 2018, <https://www.census.gov/data/tables/2018/econ/school-finance/secondary-education-finance.html>

established in FY2013 as a hold harmless resulting from decreases in state funding and enrollment loss. From FY08-FY11 and again in FY21, the state provided additional grants to communities with lower-than-average equalized valuation of property per student, approximately \$100 million in FY2021. In total, FY 2021 state appropriations for these state education funding components are \$1 billion of a total \$3.2 billion spent from federal, state and local sources. School districts fund nearly two-thirds of their budgets through local property taxes.

Another supplemental state grant is provided to towns with high property wealth. This grant is known as “excess SWEPT”²² and represents the difference between the total revenue raised in a municipality through the state property tax and the cost of an adequate education as calculated by the NHDOE. In FY21, this grant totaled approximately \$30M. The Commission heard comment from administrators and taxpayers in some towns that receive this grant. The grant is used in some cases to support higher contributions to cooperative school districts to reduce property tax assessments in other municipalities that are members of those districts. And in some towns, the grant is used to offset other education costs and thereby reduce property taxes.

Because so much of state aid is distributed on a uniform per pupil basis, with little assessment of community characteristics and student needs, the current distribution formula results in student outcome inequities and places relatively greater tax burdens on poorer towns. For example, the Commission heard testimony with respect to the budget of the Pittsfield School District, a smaller town with lower property valuations. The testimony demonstrated no way to reduce their spending to reach the calculated cost of an adequate education found in statute today.

The goal of the Commission’s proposed Education Cost Model developed through its work with AIR is to link spending and student outcomes across districts. A student centered outcomes-based distribution uses the same total expenses as the current input based distribution but rather than measuring how much things cost, it is based on school districts achieving statewide average outcomes, directing funds to districts based on their unique student needs, size, and grade levels. The Commission believes this methodology helps the state meet constitutional adequacy giving students in every district an opportunity for an adequate education necessary for the district to achieve statewide average outcomes. The source of the data used in this analysis came from NH Department of Education DOE 25 reports from 2008 to 2019.²³

Total public school expenditures in FY20 of \$3.2 billion were adjusted to include only elementary and secondary education operating spending from state and school district sources. Excluded are school expense not related to K-12 education (e.g., adult and community education), capital expenses, and federal funds. Total expenses in the Education Cost Model are

²² The Statewide Property Tax (SPT) was formerly known as the Statewide Education Property Tax (SWEPT), and is still often colloquially referred to as SWEPT

²³ New Hampshire School District annual financial reports

\$2.915 billion. There were 168,724 students enrolled in schools in fall 2019 (average daily membership in attendance). Hence, the average cost per pupil is \$17,616 in FY20. However, the range of spending per pupil varied widely from \$12,600 per student to \$40,250 per student. There is a high correlation between district spending per student and student outcomes.

Student outcomes were based upon factors that are defined in RSA 193-E:3, Delivery of an Adequate Education—student achievement test scores, attendance rates, and graduation rates. These factors can be combined into a school district composite outcome score, which vary widely due to the proportion of students with greater needs and district characteristics.

Differentiated weight factors apply to all districts across the state. No district has an enrollment weighted at 1, and the average weight per student across all districts is 2.87, with a range among all districts from slightly less than 2 (better outcome scores) to a high of slightly over 4 (lower student outcomes). Weighting is important because it can be applied regardless of enrollment and funding fluctuations and it facilitates determinations of spending inequities.

Each school district's outcome score was evaluated against a state average, which in turn can be used to predict the amount of spending a district needs to achieve average outcomes based on their students' needs (students requiring free and reduced price lunch, special education and English language support) and district characteristics (smaller enrollment and secondary levels of instruction). Free and reduced price lunch students account for 28 percent of all students; special education students comprise 18 percent of all students; and 3 percent of all students require English language instruction.

One would expect that over time an outcomes-based allocation of state funds, in combination with local contributions, would equalize the opportunity for an adequate education and the range on student outcomes and spending per student would narrow. At least these expectations could be evaluated in an outcomes-based funding model, whereas the current input-driven model perpetuates outcome inequities; as this report shows, there is evidence to demonstrate that result.

Definition of the Cost of an Adequate Education

The Commission finds that the statutory definition of an adequate education should reflect the importance of assuring that all students have equal opportunity to achieve a comparable level of educational outcomes as their peers, regardless of the equalized valuation of property in their communities or their particular needs as learners. ***Therefore, 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 the average statewide outcomes.*** The Commission has defined average statewide outcomes based upon performance outcomes described in RSA 193-E:3: attendance rates; graduation rates; and scores on standardized achievement tests. This performance-based definition pegs the cost of an adequate education on outcomes, not inputs. At

the end of this report, the Commission offers suggestions for approaches to student and school district performance assessment consistent with an outcomes-based definition of the cost of adequacy.

The Commission is making no recommendations to change the definition of an adequate education, as defined by existing statutes (RSA 193-E:2 and 2a and elsewhere) and NHDOE standards and rules. The criteria of the skills and knowledge of an adequate education, and the content that schools are required to deliver in their locally-determined curricula are not affected by an outcomes-based definition of the cost of providing an adequate education.

Implementation of an outcomes-based cost formula will require changes to 193-E:2b, Cost of an Adequate Education, which currently states: “The general court shall make an initial determination of the necessary specific resource elements to be included in the opportunity for an adequate education.” The resource elements in an input-based formula are constructed on minimum inputs such as class size, teacher compensation, administrative support, technology, etc. The important question is not what class size might be or number of administrators in a school, but rather whether the school is producing student outcomes that achieve, or are progressing to achieve, statewide average student outcomes.

This outcomes-based definition will facilitate measuring the value of constitutionally adequate education, the term used in court proceedings, by defining the predicted costs for each district to achieve the designated standard of student-centered outcomes. In addition, an outcomes-based definition will facilitate accountability. Establishing standard student outcomes leads to consistent and timely assessment of relative district performance. An outcomes-based definition may also facilitate judicial review of the constitutional duty of the State.

Education Cost Model

The Commission accepts the Education Cost Model developed by AIR. The ECM creates student-centered, outcomes-based cost estimates of total education costs that reflect a “goodness of fit” among statistically significant variables associated with student needs and school district characteristics. The Commission understands that the Education Cost Model operates best when the salient factors of poverty (measured by eligibility for FRPL), special education enrollment, English Language learner enrollment, district size, and grade level are all included to predict the estimated cost of education for each school district. The Education Cost Model enables the legislature to estimate the cost of education based on the characteristics of students and schools throughout the state based on actual statewide costs and an outcome objective. The identification of costs for public schools is determined by the dollars needed for all students in all districts to have opportunities to achieve average statewide performance outcomes. After considering both options of including the cost of transportation in the cost of adequacy calculation or excluding it, the Commission determined that the costs of transportation services should be included in the total cost of educating students.

The Education Cost Model includes a district size weighted differential that reflects the varying expenses associated with district size. Smaller districts operate at a lower level of cost efficiency than larger districts. The Commission was not charged with considering school governance structures, including district size.

Recommendations and Considerations for Categorical Aid Programs

In addition to the adequate education grant that each district receives, districts may also receive categorical aid intended to support specific activities not included in the adequate education cost formula. Summary findings and recommendations relative to categorical aid programs are provided below. Expanded briefs on the categorical aid programs included below are found in Appendix B.

The Commission considered bringing categorical aid programs into the cost of adequate education but lacked a statistical basis for doing so. Adding any categorical programs to the recommended differentiated weights included in the cost of an opportunity for an adequate education will lead to the need to recalculate the ECM, and would affect the level of funding available for each area of differentiated aid (as available dollars are distributed across more categories of aid).

Career and Technical Education

CTE is identified in statute as a critical and necessary component of the opportunity for an adequate education. It should be funded in a manner reflecting its critical importance. Opportunities for CTE are more easily accessed by students at schools hosting CTE centers than by students at sending schools. Opportunities should be expanded in order to meet the state's workforce needs. The Commission affirms the language and intent of HCR 12 (approved May 12, 2016) which calls for 65 percent of the state's working age population to hold a post-secondary education degree or credential by the year 2025. A robust career and technical education program available to high school students is a critical means to achieve that goal.

Process to Achieve Target:

- CTE is part of an adequate education, and the Commission encourages greater funding to support this vital component of an adequate education. This goal could be achieved by allocating a flat dollar per student amount as an incentive for districts to expand access to CTE programs.
- Provide full funding for tuition support for all CTE students, not just those from sending schools.
- Fully reimburse tuition and transportation costs.
- Amend RSA 188 to achieve these policy goals, including provisions to assure continued maintenance of the CTE per pupil allocation and make adjustments aligned with inflation over time.

Building Aid

- Building aid should be distributed over a 20-year period in order to allow more projects to receive awards
- Change the award range to be more reflective of the district resource capacity based on equalized valuation per student
- Require the state budget to appropriate no less than \$50 million each year to cover new projects and an additional appropriation to cover the obligated tail payments
- Prioritize projects for health, security, safety and accessibility (including universal design for learning), with an emphasis on air quality to address virus transmission concerns.
- Request NHDOE to report on school building status (including indoor air quality, health, safety and accessibility), grant applications, awards, tail obligation, 10-year proforma for new projects, and bond rates
- Data collection and assessment of short- and long-term absentee rates, health complaints, health reports and student outcomes

Special Education Aid

- Continue funding Special Education Aid (that exceeds local district responsibility defined in statutes) outside the adequacy funding formula proposed by the Commission, similar to methods used by states across the country.
- Affirm that both Special Education Aid and the federal and state special education laws, rules, and administrative practices are integral components within the state's commitment to provide every child with an opportunity for an adequate education.
- Affirm the commitment on the part of the state of New Hampshire to fully fund Special Education Aid by appropriating sufficient funds in order to pay its full share of excess cost under RSA 186-C:18 (requiring the state to pay 80% of costs between 3.5 and 10 times the state average per pupil cost and 100% of costs above 10 times the average cost).
- Affirm that official guidance documents, including data entry manuals, software manuals, software updates, and related memoranda, must be consistent with special education law.
- Special Education Aid reimbursement should occur within the fiscal year services are provided. Basing reimbursement against previous year or years, later adjusted to actual expenses, should be possible and still consistent with special education laws.
- Special education aid should include provisions to reimburse school districts for charter school students with IEPs who require services from the student's home district. There is a need to create data collection capacity within the Department of Education to enable the setting of reasonable rates for special education services charged to school districts by public charter schools. Rate-setting guidance for chartered schools should be established by the Department.
- A Task Force should be established to examine the complicated issues related to IDEA eligible students who are placed by the juvenile court in private special education facilities or foster homes and the related fiscal costs to school districts.

- Changes to existing special education aid provisions must be aligned with any effect on ECM weights (e.g., if special education aid went to 2 ½ times average statewide per pupil cost).

Early Childhood Education

- Improve access to quality Early Childhood Education for children age 3-5 in school-based and community-based programs
- Focus initial expansion on serving children in families earning up to 250% of the Federal Poverty Level
- Increase eligibility and funding for the Child Care Scholarship Program beyond the current threshold of 250% of the Federal Poverty Level
- Create a Preschool Incentive Program, modeled on the Kindergarten Incentive Program, to include enrolled preschool aged children in the district ADMA in order to encourage expansion of school-based programs
- Invest in the training and compensation of the early education workforce as a critical path to quality (evidenced by lower turnover rates and greater teacher longevity)
- Increase collaboration between the Department of Health and Human Services and the Department of Education; consider opportunities for improved data collection

Public Chartered Schools

The outcomes-based funding model suggested herein is based on current funding levels. The current state per pupil funding level to public chartered schools authorized by the State Board of Education (31 of 32 current chartered public schools) is \$7,120 plus differentiated aid, which brings the average state funding per student to \$9,000. Chartered public schools (except for one) receive no local funding nor student tuition support, are eligible for federal funds, and rely on fund raising to make up differences between state tuition funding and actual cost per student less federal aid. It is difficult to incorporate chartered public schools into the Education Cost Model. They don't have the same legal requirements, have no responsibility for special education, serve a smaller percentage of students receiving free or reduced price lunch or requiring English language learning, and are not required to provide transportation.

The unique funding of public chartered schools is described in RSA 194-B:11. As the state legislature implements the Commission's recommendations for public school districts, consideration should be given to if and how those changes should be reflected in state per student tuition funding to public chartered schools.

As the state authorizes increased capacity of public chartered schools, consideration should be given to the stranded costs of districts -- fixed operating and capital expenses.

Workgroup Findings

1. 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.
2. New Hampshire average student outcomes are in the top 10 percent of all states. However, averages mask inequities across 234 towns and 177 school districts. As noted in the AIR report, "the highest poverty districts [measured by rates of Free and Reduce Price Lunch Program eligibility] in New Hampshire spend less money per student, on average, than more affluent districts." As a corollary, "Districts with higher property wealth spend more, on average, than districts with lower property wealth. This happens despite low wealth districts setting local property tax rates that often are well above the state average local education property tax rate." The Commission found that lower student outcomes are directly related to lower total spending per student which is in turn related to lower property valuations.
3. The Education Cost Model (ECM) adopted by the Commission is based on a formula that calculates the predicted total cost of education using factors specific to the school district, including information about the students who attend schools of varying sizes and at different grade levels. The application of differentiated weights for students receiving Free and reduced price lunch (a proxy for poverty), special education, English language instruction, who attend middle or high school, and who are in relatively smaller districts is an effective predictor of the cost of an opportunity to achieve at the statewide average student outcomes. The "base cost" is not a input-based calculation of many averages of expenditures schools incur to educate a student. The ECM produces a "base per-pupil cost", which represents the predicted cost per pupil for a district that faces none of the factors that put upward pressure on cost (e.g., a large district in a population-dense area with no students who are economically disadvantaged, ELs, or students with disabilities).
4. The current school funding formula (including differentiated aid) and current distribution processes are unable to address the goal of allocating funds in a way that addresses variations in student need as well as variations in local capacity to raise revenue to pay for public schools. Weights for differentiated aid should be aligned with the resources needed by students with greater needs to ensure every student has the opportunity to achieve statewide average outcomes. Based on the AIR findings, differentiated aid weights used to estimate the total cost of education should be as follows (sum of the applicable weight factors times the base cost = differentiated cost. Total cost = total differentiated cost + base cost):
 - a. Free and Reduced Lunch Program 1.49

b. Special education	4.29
c. English language learners	2.20
d. Enrollment	
i. Less than/equal to 200	1.08
ii. 201-600	0.57
iii. 601-1200	0.43
iv. 1201-2000	0.24
e. Enrollment in middle grades	1.42
f. Enrollment in high school grades	0.42

Base cost using FY 2018-2019 data equals \$5,868 (including transportation); this represents the portion of total average cost per student (\$17,000) not explained by the differentiated aid factors above. Base cost will need to be adjusted each biennium as stated in RSA 198:40-D.

5. The integrity of the formula is fundamental to distributing funds in a way that creates greater equity for all students. 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 need.
6. Resources available for career and technical education are inadequate and not consistent with the state's need for a prepared workforce.
7. Significantly reduced building aid distribution has resulted in a backlog of projects and a growing number of aged, inadequate, unhealthy school facilities. Such facilities have been found to be detrimental to positive student outcomes.
8. The costs of meeting special education mandates directed at local school districts are insufficiently matched by state funding.
9. The opportunity for quality early childhood education leads to documented positive educational and lifetime outcomes, especially for children from low income families.

Workgroup Recommendations

1. A student centered, outcomes-based funding formula that raises the opportunity for all students to achieve at current statewide average outcome levels should be adopted and phased in beginning in the second year of the 2022-2023 biennium.
2. Court proceedings over the past 30 years have asked the legislature to define constitutional adequacy. The Commission recommends that the legislature adopt a funding model that recognizes that the cost of constitutional adequacy varies by community and state funding should direct resources in a manner that addresses communities with the greatest need as determined by student outcome factors identified in this report.

3. Weights for differentiated aid should be aligned with the resources required by students with greater needs to assure they have the opportunity to achieve statewide average outcomes.
4. Access to career and technical education programming should be expanded, with full tuition and transportation support for students from sending schools.
5. A regular cycle of building aid should be restored, with an initial increase in the total amount of funds available in order to more quickly address the backlog of projects. It is expected that a portion of building expenses will be contributed by local districts; the proportion of local contribution will vary with local capacity.
6. The current approach to funding special education students attending publicly chartered schools should be changed in order to assure that the district in which the student is enrolled has sufficient funding to cover those additional charges assessed by the chartered school on the district that exceed the weighted allocation received by the district.
7. Access to quality community and school-based early education programs should be expanded to enable all students a better opportunity to achieve an adequate education.

FISCAL POLICY WORKGROUP REPORT

Introduction

Funding of public education continues to be an issue for New Hampshire and the subject of many court decisions and ongoing cases. The New Hampshire Supreme Court has long held that the responsibility to provide a constitutionally adequate education rests with the State (both legislative and executive branches). This Commission sees the objective of New Hampshire's educational fiscal policy²⁴ as ensuring that sufficient resources are available in every school district in order for all students in the state to have the opportunity for a constitutionally adequate education. Well-designed fiscal policy should consider the full costs of educating students and recognize that fiscal capacity varies significantly among cities, towns, and taxpayers.

In this section, the Commission lays out key findings and recommendations related to the fiscal policy necessary to provide a constitutionally adequate education, as well as a brief review of three potential funding models. The fiscal policy work group met seventeen times between May 7 and November 20, 2020, totaling nearly 40 hours of work group meetings.

A thoughtful consideration of fiscal policy for education involves many interlocking parts, all of which are important in improving student and taxpayer equity. The fiscal policy portion of this report is organized as follows:

- Background and Basics of New Hampshire's Current Education Funding System
- Current Fiscal Policy and Constitutional Interpretations of the State's Fiscal Obligations
- Taxation and Taxpayer Equity
- Using the Statewide Property Tax to Improve Student Equity
- Data Collection and Analysis
- Quality Assessment and Desired Performance of a School Funding Plan

Background and Basics of New Hampshire's Current Education Funding System

The Granite State has much to be proud of when it comes to public education. New Hampshire is ranked 3rd in the nation by US News & World Report's PK-12 education rankings, calculated across metrics of college readiness, high school graduation rate, National Assessment of Educational Progress (NAEP) math scores, NAEP reading scores, and preschool enrollment.

Of course, averages do not tell the whole story. While New Hampshire's state-average student outcomes are among the best in the country, that is not true for all school districts. Average

²⁴ Fiscal policy: policies related to the development and distribution of resources, in this case for public education

performance by district falls over a wide range with some districts well above state average and others so far below average that it calls into question whether there was an opportunity for any students in those districts to access an adequate education.

New Hampshire's average total public school spending is in the top 20% of all states, though its total spending per pupil is exceeded by several other New England states. However, the portion of the total spending comprised of state budget support is the lowest of all states.

While the low share of state budget support for public schools can contribute to student inequity across the state, it is not totally responsible for lack of student equity—a principal culprit for student inequity is the method for distributing the state budget resources between poorer and wealthier districts.

Despite having the lowest state budget support share for public education in the nation, New Hampshire spends more per student than most other states.²⁵ The Granite State (see the chart below) spent the 8th most in the nation and 6th most in the Northeast per pupil in 2018, the last year for which comparable data is available. This is an important fact, because most of New Hampshire's school budgets are set and approved by voters and taxpayers who support their public schools largely through local property taxes. The voters and taxpayers place a premium on a high-performance public education system.

²⁵ Data in the preceding and following figures from the US Census Bureau's 2018 [Annual Survey of School System Finances](#)

U.S. School System Spending Per Pupil by Region

Nationwide average school spending per pupil: \$12,612

MIDWEST

Illinois	\$15,741
North Dakota	\$13,758
Ohio	\$13,027
Minnesota	\$12,975
Nebraska	\$12,491
Michigan	\$12,345
Wisconsin	\$12,285
Iowa	\$11,732
Kansas	\$11,653
Missouri	\$10,810
Indiana	\$10,262
South Dakota	\$10,073

Average per pupil current spending: **\$12,773**

NORTHEAST

New York	\$24,040
Connecticut	\$20,635
New Jersey	\$20,021
Vermont	\$19,340
Massachusetts	\$17,058
New Hampshire	\$16,893
Pennsylvania	\$16,395
Rhode Island	\$16,121
Maine	\$14,145

Average per pupil current spending: **\$19,953**

WEST

Alaska	\$17,726
Wyoming	\$16,224
Hawaii	\$15,242
Washington	\$12,995
California	\$12,498
Oregon	\$11,920
Montana	\$11,680
Colorado	\$10,202
New Mexico	\$9,582
Nevada	\$9,417
Arizona	\$8,239
Idaho	\$7,771
Utah	\$7,628

Average per pupil current spending: **\$11,582**

SOUTH

District of Columbia	\$22,759
Delaware	\$15,639
Maryland	\$14,762
Virginia	\$12,216
Louisiana	\$11,452
West Virginia	\$11,334
Kentucky	\$11,110
South Carolina	\$10,856
Georgia	\$10,810
Arkansas	\$10,139
Alabama	\$9,696
Texas	\$9,606
Tennessee	\$9,544
North Carolina	\$9,377
Florida	\$9,346
Mississippi	\$8,935
Oklahoma	\$8,239

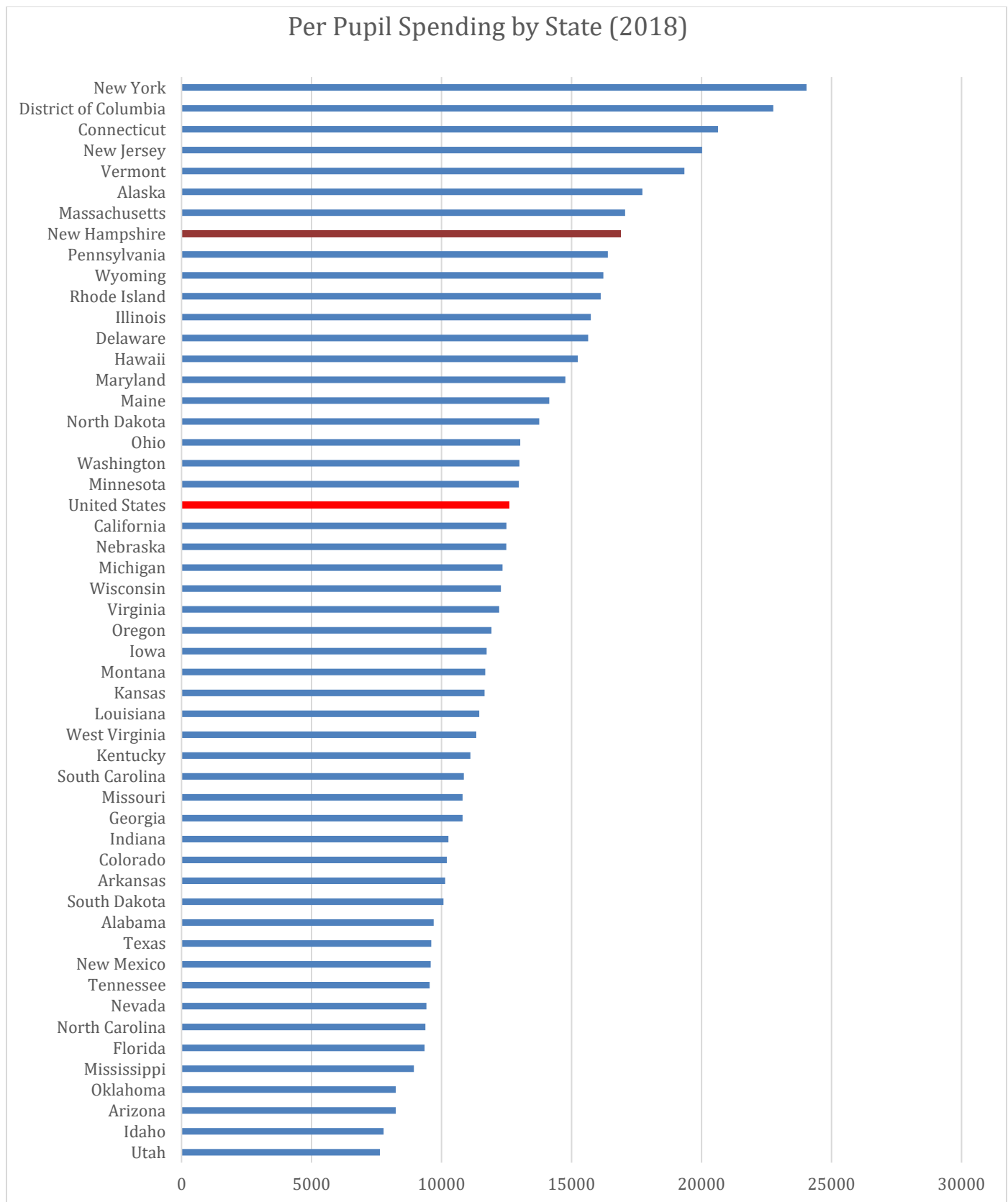
Average per pupil current spending: **\$10,285**

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Census
Bureau

U.S. Department of Commerce
U.S. CENSUS BUREAU
[census.gov](https://www.census.gov)

Note: Data include public elementary-secondary pre-K through 12 school systems.

Source: 2018 Annual Survey of School System Finances



Northeastern States' Education Spending & Progressiveness						
State	2018 Census Report Spending Per Pupil	2018 Census Report Spending PP National Rank	Education Week Overall Quality Ranking	2020 Shanker Report Progressivity Ranking	2018 Census Report State Budget Funding %	2018 Census Report SFP National Rank
NH	18,667	10	5	47	31.3%	50
CT	23,135	3	3	41	37.8%	46
MA	20,581	6	2	9	38.0%	45
ME	15,996	17	13	48	38.6%	43
NJ	22,424	4	1	12	41.6%	34
NY	28,228	2	8	15	39.6%	41
RI	18,628	12	12	29	40.8%	37
VT	21,614	5	7	31	90.5%	1
National	14,840	-	-	-	46.7%	-
Data from the US Census Bureau's 2018 Annual Survey of School System Finances , Education Week's " Quality Counts 2019: Grading the States ", and Rutgers' Shanker Institute's 2020 Report on the Adequacy and Fairness of State School Finance Systems .						

But despite having very high average student outcomes and spending compared to other states, there is a problem, as described below.

From the American Institutes of Research Report “[Equity and Adequacy of New Hampshire School Funding](#)”, August 2020:

New Hampshire’s current system of funding is not working for large segments of New Hampshire’s students and taxpayers. Specifically, communities with higher poverty rates and lower property wealth are doubly penalized under New Hampshire’s current system. Students in these communities, on average, receive fewer resources in the form of funding than students in wealthier communities. Taxpayers in these communities do their best to provide for their children, often levying higher local education property taxes than residents of wealthier communities.

Inequities also manifest themselves in student outcomes. The negative relationship between districts’ aggregated student outcomes and student poverty (proxied by FPRL rates) is clear and strikingly linear. As district poverty rates increase, student outcomes decrease. This relationship holds even after accounting for other district factors that also may be related to poverty, such as special education rates, English language learner (ELL) rates, and district size. Although district poverty rates appear to be the strongest

predictor of district outcomes, special education rates and English language learner rates also have independent effects on student outcomes.²⁶

Fundamental to these findings is that the state’s distribution of funds for education is extremely inequitable, yet the current state funding formula fails to remedy this student inequity. This leads to inequitable student outcomes and inequitable tax burdens for property taxpayers.

New Hampshire has significant variation across municipalities in the equalized property valuations used to generate the local tax revenue necessary to fund municipal and school budgets. The most “property poor” districts have an equalized property valuation per pupil of less than \$400,000, while “property wealthy” districts have equalized property valuations in the millions of dollars.²⁷ “Property wealthy” districts generate more revenue than “property poor” districts per dollar of property tax.

This means “property poor” districts have higher tax rates in order to generate the same revenue for schools as “property wealthy” districts. Some “property poor” districts have a local education property tax rate of more than \$20/mill²⁸ while some “property wealthy” districts have an education property tax rate of less than \$2/mill.

New Hampshire also has significant variation in capacity to pay within municipalities, and the Commission heard substantial testimony to that effect. For example, a homeowner in a “property wealthy” district may live on a fixed income and have limited financial resources when compared to others who live in that district. The state’s property tax relief programs have outdated eligibility requirements which limit their use.

Compared to other states such as Massachusetts, New Hampshire’s failure to direct resources to districts with limited fiscal capacity and provide effective property tax relief programs contributes significantly to student and taxpayer inequities. By minimizing the relationship between the wealth of a community and its school revenues and expenditures, this Commission endorses a notion of fiscal neutrality where the wealth (or lack of it) in a community—as measured by equalized property value, income, or other empirically-derived measures—does not automatically correlate with student outcomes. A well-designed school funding system with a progressive distribution of dollars based on student needs, community characteristics, and capacity to pay allows for all students to have the opportunity to achieve target outcomes. This principle is consistent with the findings from the Commission’s research partners at AIR.

²⁶ p.52

²⁷ For a full reporting of equalized valuation per pupil, please see the New Hampshire Department of Education’s Financial Reports website: <https://www.education.nh.gov/who-we-are/division-of-educator-and-analytic-resources/bureau-of-education-statistics/financial-reports>

²⁸ “mill” in this case refers to mill rate, or rate per thousand dollars of assessed value

Findings

New Hampshire average student performance is among the best in the nation.

New Hampshire's state budget share of total public education spending is the lowest of all states.

New Hampshire average public school spending is among the highest in the nation, though lower than several other New England states.

New Hampshire's current system of funding is not working for large segments of New Hampshire's students and taxpayers.

Inequities manifest themselves in more needy districts through lower student outcomes and higher property tax burdens.

Current Fiscal Policy and Constitutional Interpretations of the State's Fiscal Obligations

A decision by the New Hampshire Supreme Court in [Londonderry v. State of New Hampshire](#) (2006) finding the State had failed to define a constitutionally adequate education was the latest in a long string of court decisions, legislative responses, and subsequent court opinions that have made school funding one of the state's most contentious issues. In its opinion, the Supreme Court gave New Hampshire lawmakers until July 2007 to define a constitutionally adequate education, implying that failure by the legislative and executive branches to remedy the situation could lead to a court-mandated system:

“Since the inception of the education cases in 1993, we have consistently deferred to the legislature's prerogative to define a constitutionally adequate education. ... Deference, however, has its limits. We agree with [the] concern that this court or any court not take over the legislature's role in shaping educational and fiscal policy. For almost thirteen years we have refrained from doing so and continue to refrain today. However, the judiciary has a responsibility to ensure that constitutional rights not be hollowed out and, in the absence of action by other branches, a judicial remedy is not only appropriate but essential.”

In language that went beyond its core holding in the case before it that the State had failed to define a constitutionally adequate education, the Court said that “[w]hatever the State identifies as comprising constitutional adequacy it must pay for. None of that financial obligation can be shifted to local school districts, regardless of their relative wealth or need.”

The Commission believes that this “pay for” language from the Court's Londonderry case, was stated in the context of the then-current system, which relied on the use of a pure and unrestricted delegation to municipalities of the power to tax local property values. Similarly, the [Claremont](#)

II decision also addressed such an unrestricted delegated local property tax system. Neither the Claremont II decision, nor the Londonderry case, examined a system like the Massachusetts Chapter 70 Program, which requires communities to exercise their local property tax power to raise a minimum local contribution that must be devoted to meeting a total spending target that operates in a highly integrated manner to achieve a more progressive distribution of state aid. Indeed, without an affirmative reform to the state aid distribution system, a rigid application of a “pay for” rule would not improve the current regressive distribution of public school resources. Accordingly, the Commission concludes that a singular consideration of a “pay for” rule must not be allowed to stand in the way of the legislature or executive branch’s development of a constitutionally sound solution that improves progressivity of state aid distribution and student equity.”

How the state calculates the cost of an adequate education and distributes state grants to school districts leads most school districts to fund much of their budgets through local property taxes. Because so much of the state aid is distributed on a uniform per pupil basis, regardless of any assessment of community need, the current distribution formula results in student inequities and greater burdens in poorer towns. The Commission’s research partners from AIR estimate that the average statewide total cost of education is approximately \$18,267 per student in 2018-19, factoring in all state and local spending. This 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.

Total statewide costs for school districts in New Hampshire are approximately \$3.27 billion. Around 64% of that total is the responsibility of the school district to raise through local education property taxes. Many districts struggle to raise the amount of money to fund the school budget, and the result is high property taxes in towns served by those districts and below-average student outcomes.

Findings

Enrollment (ADMA²⁹) statewide has decreased from 202K students in FY01 to 168K students in FY19.³⁰

The statewide total collected local education property tax (does not include the State Property Tax) has grown from \$555 million in FY00 to \$2.01 billion in FY19. If the local education property tax share of the total costs of public education had remained the same from FY00 to FY19, the total statewide collected local education property tax would be \$1.1 billion.

²⁹ Average daily membership in attendance

³⁰ For further detail, see the NH Department of Education’s [Attendance and Enrollment Reports page](#)

The amount of state funds for public schools has grown from \$825M in FY00 to \$915M in FY19. If the state share of the total costs of public education remained the same from FY00 to FY19, the state grant would currently be \$1.7B.

New Hampshire's current estimated cost for an adequate education is not reproducible by any empirically based approach.

The current state aid distribution formula fails to direct aid to more needy communities in a meaningful manner, resulting in student inequities.

This 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.

An increase in the state's share of education funding can improve student and taxpayer equity.

Recommendations

The current public school funding system should be reformed to include increased state budget funds that are directed to communities that have greater need, which will also result in greater taxpayer equity by reducing disproportionate burdens on poorer towns. The state should increase the amount of state funds for education to improve student and taxpayer equity.

To the extent that the state budget uses 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. Changes to the amount of SPT raised would require changing [RSA 76:3](#).

Taxation and Taxpayer Equity

Public engagement on the issue of taxes to pay for education did not reveal surprising results.³¹ Granite Staters have a strong distaste for broad-based taxes even if they are dedicated to paying for public education—something that is reflected in New Hampshire's current education funding policy. The cost of public education is paid for through a combination of local, state, and federal revenue sources, and some private grants. State revenues—including the state property tax (SPT) and a variety of non-SPT revenue sources—account for approximately 32% of total education spending. Approximately 64% comes from the local property tax. The percentage of state budget funds used for public education is the lowest in the nation. New Hampshire's current fiscal policy has resulted in the property tax being the primary revenue source to pay for public

³¹ See [The Granite State Poll Report to the Commission to Study School Funding](#) and other prepared reports on public engagement on the Commission's website

education. Non-SPT state revenue sources can reduce the burden of the property tax, but the current reliance on local property taxes has resulted in the inequitable school funding system outlined both in this report and in the work of AIR. Given this reliance on property taxes and engagement work finding little statewide appetite for broad-based taxes, the Commission chose to focus most of its recommendations on ways the property tax system could be improved.

An increase to the state budget share of school funding can help to improve taxpayer fairness, but not without student equity being the primary objective. For example, if the state budget share were to be funded entirely by state taxes with perfectly proportionate tax rates, one could say that taxpayer equity had been improved. If those resources were distributed in the same manner as they are currently, the public school finance system would continue to be regressive (as determined by AIR) and student equity undermined. Any reform of the public school funding system must begin first with consensus on a reformed distribution system that directs state budget aid to the most needy communities first.

“State policy makers should not aim to provide any specific percentage of the total funding for K–12 education. Better policy goals focus on student achievement or limiting property tax burdens to some percentage of household income.”³²

New Hampshire currently funds its schools through a mix of state, local, and federal dollars.

Revenue source	Amount (FY19)	Percent
Federal	\$165,688,054	5%
State (non-SPT)	\$659,000,000	20%
State Education Property Tax (SPT)	\$363,100,000	11%
Local Education Property Tax (all municipalities)	\$2,085,126,298	64%
TOTAL COST	\$3,272,914,352	100%

State dollars are raised from a variety of sources, including a statewide property tax (SPT). The SPT was introduced in terms we would recognize today in 1919 at a rate of \$3.50/mill.³³ Over the years, the SPT for various classes of property has been set at rates between \$0.00/mill and \$6.60/mill. In FY06, the legislature set a fixed amount of \$363 million to be raised by the SPT, and let the rate float based on the amount to be raised divided by the statewide equalized property valuation.³⁴ In FY20, the equalized statewide property tax rate was \$1.93/mill.

³² Kenyon, D. (2007) The Property Tax-School Funding Dilemma. p.3

³³ See New Hampshire Laws Chapter 106. (1919).

³⁴ See [NH RSA 76:3](#)

Unlike the SPT, the local education property tax varies significantly across the state based on the amount of local revenue needed to operate the school district divided by the property valuation. For some cooperative school districts, the calculation may involve other factors agreed to by the towns served by the district. Local education property tax rates range from \$0.52 per mill (thousand dollars of assessed value) in Hart's Location to \$24.02/mill in Charlestown. That means the owner of a \$300,000 home in one community (which, as of this writing, is approximately the average home price in New Hampshire) could pay the same amount in property taxes as the owner of a \$3,000,000 home in another community. Nearly three quarters of New Hampshire's state and local dollars raised for education come from property tax revenue.

New Hampshire relies on a combination of state taxes to finance the state budget's share of the total cost of public education.

Budgeted Education Trust Fund Revenues (FY 2020)	
Education Fund Revenues	FY 2020
Business Profits Tax	90,200,000
Business Enterprise Tax	244,000,000
Meals & Rooms	11,100,000
Tobacco Tax	87,100,000
Real Estate Transfer Tax	52,600,000
Transfer from Lottery	100,400,000
Tobacco Settlement	39,700,000
Utility Property Tax	43,400,000
Education Property Tax	363,100,000
Revenue Adjustments	73,088,000
Total	1,104,688,000
Source: New Hampshire Office of the Legislative Budget Assistant	

The table in Appendix D³⁵ reproduces a page from the New Hampshire Department of Administrative Services' (NHDAS) FY19 Comprehensive Annual Financial Report which provides an illustration of the sources of deposits to the Education Trust Fund (ETF) over the period FY10 through FY19.

In 2000, a [Commission to Analyze the Economic Impacts of Various School Funding Revenue Options](#) was created by then-Governor Shaheen. This report identified six widely accepted tax policy criteria, which are also endorsed by the Commission. These criteria are fairness (distributional equity), adequacy and stability, competitiveness, exportability, neutrality, and simplicity. The 2000 report examined five specific sources of revenue across those criteria: a personal income tax, sales tax, property tax, a value-added tax (VAT), and capital gains tax. This

³⁵ See also [p. 142 of the FY19 New Hampshire Comprehensive Annual Financial Report](#)

Commission believes the evaluations of revenue sources in the report remain mainly true today. A table summarizing each revenue source according to those principles can be found at in Appendix D as well as on the [Commission website's resource page](#) under the "Previous New Hampshire School Funding Reports" tab.

According to their report, the 2000 Commission found the performance of the most significant non-SPT state revenues are more subject to economic volatility than the property tax. The Commission also received testimony concurring with the assessment of the stability of the property tax.

"The rapid historical average growth of taxable property [as of 2000] largely reflects the speculative real estate boom of the late 1980s and early 1990s...Given tighter financial regulation and lessons learned from the boom experience, such volatility is unlikely to be repeated in the foreseeable future."³⁶

New Hampshire is required by the state constitution to enact taxation that is both reasonable and proportional, and any system created by the legislature to fund education must follow those requirements. This means that any tax must be implemented at a uniform rate within the tax jurisdiction, subject to reasonable and uniform exemptions and adjustments. A state tax must be uniform in rate across the state for all taxpayers subject to the tax. A tax by a political subdivision, such as a municipality, village precinct or a school district, must also be uniform in rate across the political subdivision for all taxpayers subject to the tax. To find a tax to violate the constitution, the tax must not only have disproportionate rates, but the tax must also be applied in an unreasonable matter. In *Claremont II*, the Court held not only that the local property tax in 1997 had disproportionate rates—it also found that the tax created an unreasonable burden on poorer communities. Any solution must therefore not just focus on proportionate rates but must also be part of a system that reduces unreasonable burdens on poorer communities.

One takeaway from the 2000 Commission report was that "given [the complexity of administering the property tax across hundreds of municipalities], New Hampshire would have to devote considerably more resources to administering the state property tax than it does currently so that the fairness of the tax does not continue to be called into question or challenged in court." Subsequently the constitutionality of the statewide education property tax was called into question, forming the basis of the complaint in *Evelyn Sirrell, et al. v. State of New Hampshire, et al. 99-E-0692 (1999)*. The court ruled the state property tax unconstitutional because the state did not have systems in place to provide equalized statewide property valuations outside of the local property tax jurisdictions.

³⁶ From the Commission to Analyze the Economic Impacts of Various School Funding Revenue Options' [Final Report](#) (2000)

Following the decision, the General Court made changes to how the SPT was collected and used. Currently, the SPT is collected locally and applied to the municipality's total cost of an adequate education as determined by statute. If the amount of the SPT collected exceeds this cost, the state issues an additional grant to the municipality in the amount of the excess with the stipulation that it be used for public education.

By 2014, the NHDRA had implemented a comprehensive system called MOSAIC to evaluate property sales and develop equalization ratios for all municipalities. Substantial testimony heard by the Commission attested to the efficacy of the system and fairness of equalized valuations. This effort addresses the court's concern in the Sirrell case.

The Commission heard testimony from the NHDRA director of the property division with respect to timely receipts of property tax payments made to municipalities. The on-time collection rate is high and has been reliable even during periods of economic volatility. Testimony from the NHDRA indicated that a state-based system for collecting SPT directly from taxpayers would be very labor intensive and difficult to implement and administer. But the Commission learned that it would be very possible for the NHDRA to administer a process where the SPT is collected locally (as it is today) and then sent in full to the state by the municipal tax collector.

The Commission also heard testimony from the State Treasurer and from the New Hampshire Municipal Association with respect to problems that could develop should the state change from current policy and require municipalities to collect and remit the SPT in full to the NHDRA to be deposited to the ETF. Testimony from the State Treasurer and New Hampshire Municipal Association indicated that style of program would be technically feasible to manage if such a program were put into place.

The Commission has noted repeatedly in its deliberations that while the impact of taxation is often discussed at the municipal level, it is individual taxpayers and property owners who fund the costs of education in New Hampshire. Any changes in the methods of raising revenues for education, particularly those related to the property tax, should be designed with the knowledge that changes in either rates or property value can burden taxpayers with limited capacity to pay. Tax relief should be directed to specific taxpayers based on need and program eligibility, and sufficiently funded by the state.

Findings

The current public school funding system should be reformed to include increased state budget funds that are directed to communities that have greater need, which will also result in greater taxpayer equity by reducing disproportionate burdens on poorer towns.

An increase in non-property tax bases will result in reducing overall reliance on the property tax base, but unreasonable burdens in poorer communities may only be reduced if such additional revenues are distributed first to communities with greater need.

The education trust fund collects deposits from a variety of revenue sources to have the funds available for the state treasurer to make timely payments to school districts. The presence of the education trust fund helps create public trust that dollars earmarked for education are being used for their intended purpose.

Property taxes have been shown over time to be resilient to economic volatility.

Under the New Hampshire constitution, a tax must be implemented at a uniform rate within the tax jurisdiction. A state tax must be uniform in rate across the state for all taxpayers subject to the tax, and the tax must be reasonable.

The methods used by the NHDRA to develop equalization ratios for residential property valuations are fair and accurate.

The statewide property tax is a tax paid by local property taxpayers.

Property taxes have a strong record of stability and on-time payment.

The State Treasurer, Department of Administrative Services, and NHDRA can implement a process to receive statewide property tax from municipal tax collectors.

Recommendations

The state should enhance taxpayer equity through property tax relief targeted to homeowners and renters through a low- and moderate-income property tax relief program. This program should include updated limits to income, home value, and net worth, and be satisfactorily funded by the state.

The state should introduce a property tax deferral program administered by the state for eligible residents and under certain qualified conditions.

New Hampshire's Department of Revenue Administration should collect and organize data appropriate to determine taxpayers' capacity to pay property taxes and to improve the state's ability to evaluate equitable funding mechanisms.

The statewide property tax should be collected by the municipal tax collector and remitted in full to the NHDRA for subsequent deposit to the Education Trust Fund by the state treasurer.

There should be no blanket rebates, abatements, refunds or grants of statewide property tax back to municipalities.

The question of which tax policy is best for public education funding (or any other public sector purpose for that matter) is a fundamental matter of legislative and public policy. The Commission supports the analysis set forth in the 2000 Shaheen Commission Report and believes that all possible revenue options should be open for discussion and debate. However, the Commission believes that no matter what tax policy options are used to fund public education (local and state shares), the first priority must be to reform the public school funding formula so that state budget funds are directed first to the communities with the greatest needs to improve student and taxpayer equity.

Using the Statewide Property Tax to Improve Student Equity

The principle of student equity needs to be central to the framing of fiscal policy. Student equity means every student has the opportunity for an adequate education regardless of exigent circumstances, such as the financial resources of the family or the community where they live. Fiscal policy—that is how state funds are applied to support public education—should be developed to assure student equity throughout New Hampshire.

The costs of education vary by district depending on student needs and exigent conditions that exist in the communities served by the school district. Likewise, the funding of local schools may also vary based on the financial resources available in the communities served by the district. Some districts are well-funded by the communities they serve while others are not. To compensate for this, state funds can be applied in a similar way based on district needs and exigent conditions that exist in the communities served by the school district to improve student equity, as laid out in the [report prepared by AIR](#).

That is not to say that student equity cannot be achieved by 100% state funding of the cost for an adequate education. But by itself, no specific share of state funding assures student equity without student equity being the objective. For example, the fiscal policy model used by the state today does not result in student equity and fiscal neutrality.

The Commission examined a wide range of possible options for reform of New Hampshire's school funding and distribution policies. Within this spectrum of possible options, there are a range of policy modifications and adjustments that can be used in a manner that achieves the primary goal of increasing student equity.

The simulation tool developed by AIR to calculate the total costs for education through its education cost model can illustrate the effects on local property tax rates for every city and town based on a set of achievement outcome and fiscal policy parameters. The user can select student outcome objective (percentile in FY19 statewide performance)³⁷, the level of state funding from

³⁷ For example, state average outcomes are equivalent to 50th percentile outcomes. Setting the target outcome level to more or less means deviating from New Hampshire's current overall level of performance.

non-SPT revenue, and a local minimum tax rate. The tool uses NHDRA data for FY19 municipal equalization valuations and tax rates, NHDOE and NHDRA data for FY19 school district state and local revenues, and New Department of Education data for school district enrollments and calculation of the estimated cost for education to achieve a student outcome objective.

A guide to use the AIR Education Cost Model and fiscal policy [simulation tool](https://carsey.unh.edu/school-funding/resources) is available at: <https://carsey.unh.edu/school-funding/resources> under the “AIR Report, Briefs & Resources” tab.

The following sections present three different approaches to fiscal policy, with different demands on local and state revenues which result in varying degrees of improvement to student and taxpayer equity. The first two examples were presented as “simulation models” as part of the final research submitted by AIR. A third example based on Massachusetts’ Chapter 70 education funding design, with considerations based on the New Hampshire context, is also provided.

It should be noted that any reduction to the predicted total cost of education to reach a statewide average outcome will either result in lower average student outcomes or will place the burden on the school district to raise the additional revenues as predicted to be necessary for statewide average outcomes. The ability to raise this revenue is dependent on the fiscal capacity of the municipalities served by the district, which varies substantially across the state. Such a reduction would reduce the improvements in student and taxpayer equity created by moving to an education finance system with state average outcomes as the target.

Similarly, school districts that currently raise and appropriate more funds than are necessary to cover the predicted costs for a statewide average outcome may want to continue to raise those additional funds as opposed to see a reduction to program. This may lead to student outcomes in these districts that exceed statewide average and continue to perpetuate student inequities. However, over time, this will also cause the statewide average to increase, and all districts would benefit from this when the Education Cost Model is recalibrated in the future based on actual costs and student outcomes.

Municipalities and school districts should not be prohibited or disincentivized to raise additional funds beyond what is required in a fiscal policy model to support local schools.³⁸ The legislature should also consider financial incentives for districts to comply with local tax effort requirements.

Example #1: AIR Simulation Model with Full Funding from the State

This method would involve the state funding 100% of the predicted costs for all school districts to reach a state average outcome objective. In FY19, non-statewide education property tax

³⁸ Please note that the examples to follow show the tax rates to achieve the target outcomes listed NOT including dollars likely to be raised above the predicted costs in the Education Cost Model. Those data can be found using the [AIR Simulator tool](#).

appropriations raised \$601,909,000 of an estimated proposed state obligation for education of \$2,947,379,635. If there were zero reliance on local property tax revenue to fund education in New Hampshire, and no new revenue from other sources, the state would need to raise \$2,345,470,635 via a statewide property tax (SPT) rate of \$12.05/mill. That rate could be lower if additional state revenue were raised from non-SPT sources, or higher with additional state funding directed to the low- and moderate-income property tax relief program.

If the state's target outcome goal were set to less than state average performance, the state-funded costs would be reduced and the necessary state revenues would be less. As noted, this could increase the need for local revenue through a local property tax to pay for the additional costs necessary for a statewide average outcome. The example #1 table on the following page shows the estimated impacts of funding education in full through a statewide property tax to achieve either state average (50th percentile) or 20th percentile student outcomes, and current or increased levels of state revenue for education achieved via sources other than the property tax.

Example #1: AIR Simulation Model with Full Funding from the State					
	State Average Outcomes & Current non-SPT revenue	State Average Outcomes & \$1B Non-SPT Revenue	20th Percentile Outcomes & Current non-SPT revenue	20th Percentile Outcomes & \$1B Non-SPT Revenue	Current Law (FY19)
Equalized SPT rate	\$12.05	\$10.01	\$9.86	\$7.82	\$1.93
Equalized Minimum Local Property Tax	\$0.00	\$0.00	\$0.00	\$0.00	-
ECM Total Estimated Cost of Achieving Target Outcomes	\$2,947,379,635	\$2,947,379,635	\$2,521,283,165	\$2,521,283,165	\$2,972,278,125
Additional Local Cost to Reach State Average Outcome	0	0	\$426,096,470	\$426,096,470	-
State Revenue (non-SPT)	\$601,909,000	\$1,000,000,000	\$601,909,000	\$1,000,000,000	\$601,909,000
State Revenue (SPT)	\$2,345,470,635	\$1,947,379,635	\$1,919,374,165	\$1,521,283,165	\$363,000,000
State Revenue Share	100%	100%	86%	86%	32%
Local Revenue Share	0%	0%	14%	14%	68%
Number of Towns Raising More SPT than Estimated Cost of Target Outcome Level	70	53	64	47	-
Towns with Higher Property Tax	70	52	80	47	-
Number of Students	55,035	29,398	59,493	27,656	-
Towns with Lower Property Tax	167	185	157	190	-
Number of Students	113,689	139,326	109,232	141,068	-
Range of Property Tax Rates					
High	\$12.05	\$10.01	\$18.76	\$16.72	\$24.13
Average	\$12.05	\$10.01	\$12.37	\$10.33	\$13.48
Median	\$12.05	\$10.01	\$12.16	\$10.11	\$14.15
Low	\$12.05	\$10.01	\$9.90	\$7.86	\$2.17
Standard Deviation	\$0.00	\$0.00	\$1.48	\$1.48	\$4.53

Example #2: AIR Simulation Model with Combination of a Statewide Property Tax and Mandatory Minimum Local Contribution

AIR also briefly examined what revenues might be necessary if, holding non-property tax revenue at current levels, there were to be a mandatory minimum local contribution required of \$5 per \$1,000. This kind of mandatory local minimum would in many ways resemble the current statewide property tax. If localities were permitted—as under the current statewide education property tax—to keep any amount raised above the amount estimated in the education cost model to achieve adequacy, a statewide property tax of \$7.24 per \$1,000 of equalized valuation would then be required to raise the remainder of the state’s obligation.

In [their report](#), AIR noted that:

“If we use as an example a \$5.00 per \$1,000 tax rate to define the minimum local contribution, the revenue raised from the minimum local contribution would decrease the state’s funding obligations by \$937 million, leaving approximately \$2 billion in remaining state obligation. If we assume that \$602 million of state revenue comes from non-property tax state revenues, that leaves \$1.4 billion that would need to be funded through a statewide property tax. A statewide property tax of \$7.24 per \$1,000 of equalized valuation would then be required to raise the remainder of the state’s obligation. Adding together the minimum local contribution tax rate and the statewide property tax rate results in an overall education tax of \$12.24 per \$1,000. Using the 2018–19 actual town tax rates as a comparison, under this scenario 70% of towns would see a reduction in property tax rates under the proposed revenue structure.”³⁹

Under this scenario, 38 towns would raise more than the predicted total cost of education with a local contribution of \$5.00/mill.

If the state’s target outcome goal were set to less than state average performance the state funded costs would be reduced and the necessary state revenues would be less. However, this could increase the need for additional local revenue to reach statewide average outcomes and the local education property tax would increase based on the additional revenues needed and the property valuation of each municipality. The example #2 table on the following page shows the estimated impacts of funding education partly through a mandatory local minimum contribution of \$5/mill to achieve either state average (50th percentile) or 20th percentile student outcomes, and current or increased levels of state revenue for education achieved via sources other than the property tax.

³⁹ p.47

Example #2: AIR Simulation Model with Combination of a Statewide Property Tax and \$5 Mandatory Minimum Local Contribution					
	State Average Outcomes & Current non-SPT revenue	State Average Outcomes & \$1B Non-SPT Revenue	20th Percentile Outcomes & Current non-SPT revenue	20th Percentile Outcomes & \$1B Non-SPT Revenue	Current Law (FY19)
Equalized SPT rate	\$7.24	\$5.19	\$5.10	\$3.06	\$1.93
Equalized Minimum Local Property Tax	\$5.00	\$5.00	\$5.00	\$5.00	-
ECM Total Estimated Cost of Achieving Target Outcomes	\$2,947,379,635	\$2,947,379,635	\$2,521,283,165	\$2,521,283,165	\$2,972,278,125
Additional Local Cost to Reach State Average Outcome	0	0	\$426,096,470	\$426,096,470	-
State Revenue (non-SPT)	\$601,909,000	\$1,000,000,000	\$601,909,000	\$1,000,000,000	\$601,909,000
State Revenue (SPT)	\$1,408,008,802	\$1,009,917,802	\$992,858,025	\$594,767,025	\$363,000,000
State Revenue Share	68%	68%	54%	54%	32%
Local Revenue Share	32%	32%	46%	46%	68%
Number of Towns Raising More SPT than Estimated Cost of Target Outcome Level	38	24	30	14	-
Towns with Higher Property Tax	70	51	84	45	-
Number of Students	56,516	29,342	61,033	29,653	-
Towns with Lower Property Tax	167	186	153	192	-
Number of Students	112,209	139,382	107,691	139,071	-
Range of Property Tax Rates					
High	\$12.24	\$10.19	\$19.00	\$16.95	\$24.13
Average	\$12.03	\$9.98	\$12.36	\$10.31	\$13.48
Median	\$12.24	\$10.19	\$12.39	\$10.35	\$14.15
Low	\$7.50	\$5.46	\$5.37	\$3.32	\$2.17
Standard Deviation	\$0.73	\$0.73	\$1.99	\$1.99	\$4.53

Example #3: Massachusetts' Chapter 70 Case Study in the New Hampshire context

During its deliberations, the Commission reviewed public school funding approaches used in other states to provide context for how to address New Hampshire's school funding issues. One state in particular—neighboring Massachusetts—provides an interesting case study as it too has implemented reformed education funding laws in response to judicial decisions over the last two decades.

On October 13, 2020, the Commission received [excellent testimony](#) regarding the Massachusetts experience with its Chapter 70 Program from Representative Alice Peisch, Chair of the Massachusetts Joint Committee on Education, and Research Director Aiden Church. The Fiscal Policy Workgroup followed this presentation with several discussions of the Chapter 70 Program, including reviewing a [summary](#) prepared by member Representative Richard Ames which is set forth in the materials for the October 29, 2020 meeting.

Attached as Appendix C to this report is a case study and summary of the history and structure of the Chapter 70 Program. This case study includes the following parts:

- (1) a summary of the similarities, and differences, between the Massachusetts and New Hampshire litigation that challenged each state's respective public school funding systems in the 1990s;
- (2) an overview of how the Chapter 70 Program works;
- (3) a description of certain specific aspects of how the Chapter 70 Program computes its "Foundation Budget," the minimum "Local Contribution," and the amount of "Chapter 70 State Aid;" and
- (4) some concluding comments adopted by the Commission about how the Massachusetts experience may be used in crafting a better, more progressive answer for New Hampshire's public school finance system.

The example #3 table on the following page shows the estimated impacts of funding education via a Massachusetts Chapter 70-style program with a \$7.50 mandatory local contribution. The table shows the estimated tax rates to achieve either state average (50th percentile) or 20th percentile student outcomes, and current or increased levels of state revenue for education achieved via sources other than the property tax. Please note that the example #3 table is only a partial illustration of a Chapter 70-style model, without adjustments for income, minimum state share of costs, and other attributes that are discussed more fully in the brief in Appendix C.

Example #3: Massachusetts Chapter 70 Model in the New Hampshire Context

	State Average Outcomes & Current non-SPT revenue	State Average Outcomes & \$1B Non-SPT Revenue	20th Percentile Outcomes & Current non-SPT revenue	20th Percentile Outcomes & \$1B Non-SPT Revenue	Current Law (FY19)
Equalized SPT rate	\$5.17	\$3.13	\$3.14	\$1.10	\$1.93
Equalized Minimum Local Property Tax	\$7.50	\$7.50	\$7.50	\$7.50	-
ECM Total Estimated Cost of Achieving Target Outcomes	\$2,947,379,635	\$2,947,379,635	\$2,521,283,165	\$2,521,283,165	\$2,972,278,125
Additional Local Cost to Reach State Average Outcome	0	0	\$426,096,470	\$426,096,470	-
State Revenue (non-SPT)	\$601,909,000	\$1,000,000,000	\$601,909,000	\$1,000,000,000	\$601,909,000
State Revenue (SPT)	\$1,006,622,552	\$608,531,552	\$611,432,079	\$213,341,079	\$363,000,000
State Revenue Share	55%	55%	41%	41%	32%
Local Revenue Share	45%	45%	59%	59%	68%
Number of Towns Raising More SPT than Estimated Cost of Target Outcome Level	24	13	16	2	-
Towns with Higher Property Tax	81	50	90	31	-
Number of Students	64,573	30,984	70,478	35,373	-
Towns with Lower Property Tax	156	187	147	206	-
Number of Students	104,151	137,740	98,247	133,351	-
Range of Property Tax Rates					
High	\$12.67	\$10.63	\$19.54	\$17.49	\$24.13
Average	\$12.13	\$10.09	\$12.49	\$10.45	\$13.48
Median	\$12.67	\$10.63	\$12.93	\$10.89	\$14.15
Low	\$5.44	\$3.40	\$3.41	\$1.36	\$2.17
Standard Deviation	\$1.45	\$1.45	\$2.71	\$2.71	\$4.53

Property Tax “Circuit breakers”

The state should enhance taxpayer equity through property tax relief targeted to homeowners and renters through a low- and moderate-income property tax relief program, also known as a “circuit breaker”. This program should include updated limits to income, home value, and net worth, and be satisfactorily funded by the state. Policy considerations should include updates to eligibility requirements, funding level, and a provision to prorate grants should funds be insufficient to meet the need. An analysis of property data in the MOSAIC system may help to advise the number of low and moderate priced homes effected by changes to property tax rates, and provide insights into the level of appropriate state funding. The DRA should continue to collect data with respect the applications and grants under this program for subsequent adjustment and improvement to the program and funding level.

A property tax deferral program managed by the state for residents with limited ability to pay should also be introduced. Such a program operates much like that of a commercially available reverse-mortgage. Certain conditions would have to apply for a resident to be eligible for such a program. However, it is beyond the scope of this Commission to develop the specific parameters behind such a program.

Quality Assessment and Desired Performance of a School Funding Plan

Once the state has developed and implemented a funding design that supports the principles of student equity, fiscal neutrality and taxpayer equity, the performance of the funding design can be evaluated. It will take years for the performance effects to begin to materialize after implementation of the funding plan. It may take longer than that for the performance measures to reach a steady state. However, annual assessment and evaluation of these performance measures can show whether the funding plan is working as expected.

Student Equity

Student equity can be measured and evaluated based on the average performance of students in each school district. Currently, the average student performance score in each school district is based on equal parts of performance on standardized tests, attendance rate, and graduation rate. The average student performance scores for every school district in FY19 is referenced in this report.

Fiscal Neutrality

The cost of education for each school district is collected annually by the NHDOE on the Form DOE25. To demonstrate fiscal neutrality, there should not be a strong correlation between the relative wealth of a community and the ability of the community to generate local revenues necessary to support their public schools. For example, if a community cannot raise sufficient revenue through local taxation to meet the predicted costs of operating their schools after all

other state and federal revenues have been applied, then fiscal neutrality has not been achieved. The fiscal gap can be calculated for each school district.

Taxpayer Equity

Tax policy is made through the political process, but equity in tax policy can be measured. When considering the property tax, equity is when the tax burden on property taxpayers across the state is relatively the same. Therefore, property taxpayers in one community should not have to work harder than those in another community to raise the local revenues necessary to operate their schools. In addition, the tax burden on taxpayers within the same community should also be similar.

Taxpayer equity is improved on a community basis when funds raised from outside the community, such as state and federal funds, are applied to fully fund the school district or are applied to supplement local tax revenue based on the community's fiscal capacity. Within a community, taxpayer equity can be improved through local tax credits and state tax relief and deferral programs based on meeting eligibility requirements. It is important that these programs are provided with sufficient local and state funding.

When a school funding design results in a narrower range of property tax rates across the state, taxpayer equity is improved. This can be measured by a smaller standard deviation or variance in property tax rates from each municipality and reported annually by the NHDRA. Similarly, when there are sufficient state funds and realistic eligibility requirements for property tax relief programs, taxpayer equity is improved.

Findings

The performance of a school funding plan can be assessed for student equity using data collected annually by the NHDOE, specifically scores on standardized tests, attendance rates and graduation rates.

The performance of a school funding plan can be assessed for taxpayer equity using data collected by the NHDRA, specifically the variation in local education property tax rates among municipalities.

The performance of property tax relief and deferral programs can be assessed using data collected by the NHDRA, specifically the number of grants approved, the total amount of the grants, the budget for the programs, and the net tax paid as a percentage of income.

Recommendations

The NHDOE should conduct an annual assessment of student equity and issue a report to the General Court with the results and comparison to the results from the last ten (or as available) years of such assessments.

The NHDRA should conduct an annual assessment of taxpayer equity and property tax relief and deferral programs and issue a report to the General Court with the results and comparison to the results from the last ten (or as available) years of such assessments.

CONCLUDING FINDINGS AND RECOMMENDATIONS

The Commission's Charge

Throughout the 10 months of the Commission's work, we were mindful of the charge to the Commission as delineated in HB 4. That charge was to:

- a. 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 in pre-kindergarten through grade 12 in the state.
- b. Determine whether the New Hampshire school funding formula complies with court decisions mandating the opportunity for an adequate education for all students in pre-kindergarten through grade 12, with a revenue source that is uniform across the state.
- c. Identify trends and disparities across the state in student performance in pre-kindergarten through grade 12 based on current school funding options.
- d. Re-establish the baseline for the costs, programs, staffing, and facilities needed to provide the opportunity for an adequate education.
- e. Study and produce recommendations regarding all costs and existing funding for special education, including listing any currently unfunded special education mandates issued to date by the state department of education.
- f. Study integrating into the education funding adequacy formula a factor that accounts for the number of Class A, B, and C properties in a community, and the distribution of education funding costs across those numbers and classes of properties.
- g. Consider other policy issues as the commission deems necessary. The commission may consult with outside resources and state agencies, including but not limited to the department of education, the department of revenue administration, and the legislative budget office.

The Commission directly and comprehensively addressed each of these charges with two exceptions. Simply due to lack of capacity and time, we did not identify a complete list of "unfunded special education mandates" (e. above). We received considerable input from special education directors and the New Hampshire Association of Special Education Administrators, which led to a number of findings regarding special education funding. These are contained in the Adequacy and Distribution Workgroup Report and in the summary of findings and recommendations below. In addition, the Commission was unable to address the matter of Class A, B, and C properties, due to a lack of consistent definitions and data on the topic. Future legislative inquiry on this matter may be warranted.

In the following sections, we list the key findings and recommendations for legislative attention in the coming months and years. Throughout this report additional specific findings and recommendations are included that should be considered by future legislatures. Furthermore,

Commission member individual statements are provided in Appendix A. These provide other perspectives on the Commission’s findings that readers will find useful.

Key Findings and Recommendations

Engagement Findings

- E-F1. Education inequities in public school districts across the state was voiced clearly in each engagement activity. All public input recognized that the current funding system, dependent on local property taxes, does not provide an equitable opportunity for an adequate education for all students regardless of where they live.
- E-F2. The general public raised concerns about the reliance on property taxes and the unequal application of taxes across the state when funding public schools. The current system of public school funding does not work in people’s minds. A change needs to be made in the current revenue system for taxpayers to seek property tax relief. There is uncertainty about how to raise funds for public schools. The reliance on local property taxes to fund public schools is undesirable, but there is no consensus on alternative forms of revenue.
- E-F3. People had concerns about disparities in students’ opportunity among districts and communities and made reference to the negative impacts on achievement. People showed concern for high poverty areas and communities with higher racial and language diversity.
- E-F4. The public has varying understanding about how public schools are funded and how funds are allocated to school districts.
- E-F5. People agree that funding for public schools should be student-centered and based upon identified student needs and outcomes that will prepare students for diverse career and college pathways.
- E-F6. People raised concerns about student needs during the pandemic and short- and long-term funding to meet those needs (e.g., food, health and safety, access to internet and technology, mental and behavioral supports). The needs expressed existed prior to the pandemic, and public concern makes many of these needs more visible during this time.
- E-F7. Local educators often feel a lack of capacity to implement mandates or requirements from the Department of Education or legislature because of the lack of funds or how funds are distributed. Concerns were especially focused on

special education costs, mental and behavioral supports, and building safety, as well as a concern for students' mental and physical well-being while learning.

- E-F8. There is concurrence that the key to a quality education is a quality teaching staff. High turnover of staff impacts continuity in the quality of education. Teacher retention and professional development is foundational to a quality education and student performance.

Adequacy and Distribution Findings

- AD-F1. 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.
- AD-F2. New Hampshire average student outcomes are in the top 10 percent of all states. However, averages mask inequities across 234 towns and 177 school districts. As noted in the AIR report, "the highest poverty districts in New Hampshire spend less money per student, on average, than more affluent districts." As a corollary, "Districts with higher property wealth spend more, on average, than districts with lower property wealth. This happens despite low wealth districts setting local property tax rates that often are well above the state average local education property tax rate." The Commission found that lower student outcomes are directly related to lower total spending per student which is in turn related to lower property valuations.
- ADF-3. The current school funding formula (including differentiated aid) and current distribution processes are unable to address the goal of allocating funds in a way that addresses variations in student need as well as variations in local capacity to raise revenue to pay for public schools. Weights for differentiated aid should be aligned with the resources needed by students with greater needs to ensure every student has the opportunity to achieve statewide average outcomes. Based on the AIR findings, differentiated aid weights used to estimate the total cost of education should be as follows (sum of the applicable weight factors times the base cost = differentiated cost. Total cost = total differentiated cost + base cost):
- AD-F4. The Education Cost Model (ECM) adopted by the Commission is based on a formula that calculates the predicted total cost of education using factors specific to the school district, including information about the students who attend schools

of varying sizes and at different grade levels. The application of differentiated weights is an effective predictor of the cost of an opportunity to achieve at the statewide average student outcomes.

- AD-F5. The integrity of the formula is fundamental to distributing funds in a way that creates greater equity for all students. 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 need. listed above.
- AD-F6. Funding available for career and technical education is not adequate to sustain operational costs and to provide an increasing number of high school students the opportunity to acquire the skills and career-recognized credentials necessary for the state's future workforce needs.
- AD-F7. Significantly reduced building aid distribution has resulted in a backlog of projects and a growing number of aged, inadequate, unhealthy school facilities. Such facilities have been found to be detrimental to positive student outcomes.
- AD-F8. The costs of meeting special education mandates directed at local school districts are insufficiently matched by state funding.
- AD-F9. The opportunity for quality early childhood education leads to documented positive educational and lifetime outcomes, especially for children from low income families.

Adequacy and Distribution Recommendations

- AD-R1. A student centered, outcomes-based funding formula that raises the opportunity for all students to achieve at current statewide average outcome levels should be adopted and phased in beginning in the second year of the 2022-2023 biennium.
- AD-R2. Court proceedings over the past 30 years have asked the legislature to define constitutional adequacy. The Commission recommends that the legislature adopt a funding model that recognizes that the cost of constitutional adequacy varies by community and state funding should direct resources in a manner that addresses communities with the greatest need.
- AD-R3. Weights for differentiated aid should be aligned with the resources required by students with greater needs to ensure they have the opportunity to achieve statewide average outcomes.
- AD-R4. Access to career and technical education programming should be expanded, with full tuition and transportation support for students from sending schools.

- AD-R5. A regular cycle of building aid should be restored, with an initial increase in the total amount of funds available in order to more quickly address the backlog of projects. It is expected that a portion of building expenses will be contributed by local districts; the proportion of local contribution will vary with local capacity.
- AD-R6. The current approach to funding special education students attending publicly chartered schools should be changed in order to ensure that the district in which the student is enrolled has sufficient funding to cover the additional charges assessed by the chartered school on the district that exceed the weighted allocation received by the district.
- AD-R7. Access to quality community and school-based early education programs should be expanded to enable all students a better opportunity to achieve an adequate education.

Fiscal Policy Findings

- FP-F1. It is the state’s responsibility to guarantee that all students have an opportunity for an adequate education.
- FP-F2. New Hampshire average student performance on standardized assessments is among the best in the nation.
- FP-F3. The cost of the opportunity for an adequate education varies by student needs and community characteristics.
- FP-F4. New Hampshire average public school spending is among the highest in the nation, though lower than several other New England states.
- FP-F5. New Hampshire’s state budget share of total public education spending is the lowest of all states.
- FP-F6. New Hampshire’s current system of funding fails to direct aid to more needy communities—as measured by property wealth and student characteristics—in a meaningful matter. Inequities manifest themselves in more needy districts through lower student outcomes and higher property tax burdens.
- FP-F7. The state’s current estimated cost for an adequate education is not reproducible by any empirically based approach.
- FP-F8. This 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.

- FP-F9. An increase in the state's share of education funding can improve student and taxpayer equity.
- FP-F10. Under the New Hampshire constitution, a tax must be implemented at a uniform rate within the tax jurisdiction. A state tax must be uniform in rate across the state for all taxpayers subject to the tax, and the tax must be reasonable.
- FP-F11. The methods used by the NHDRA to develop equalization ratios for residential property valuations are fair and accurate.
- FP-F12. The statewide property tax (SPT) is a state tax paid by local property taxpayers.
- FP-F13. Student equity is the most important principle for good fiscal policy in school funding.

Fiscal Policy Recommendations

- FP-R1. Fiscal Policy for education funding should place a priority on student equity.
- FP-R2. The current public school funding system should be reformed to include increased state budget funds that are directed to communities that have greater need, which will also result in greater taxpayer equity by reducing disproportionate burdens on poorer towns. The state should increase the amount of state funds for education to improve student and taxpayer equity.
- FP-R3. To the extent that the state budget uses a statewide 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 apply those state funds to improve student and taxpayer equity. Changes to the amount of SPT raised would require changing [RSA 76:3](#). There should be no blanket rebates, abatements, refunds or grants of SPT back to municipalities.
- FP-R4. The NHDRA should collect and organize data appropriate to determine taxpayers' capacity to pay property taxes and to improve the state's ability to evaluate equitable funding mechanisms.
- FP-R5. The Commission supports the analysis set forth in the 2000 Shaheen Commission Report and believes that all possible revenue options should be open for discussion and debate. Regardless of the tax policy used to fund public education

(local and state shares), the first priority must be to direct state budget funds to the communities with greatest need.

- FP-R6. The state should enhance taxpayer equity through property tax relief targeted to low- and moderate-income homeowners and renters and introduce a property tax deferral program.
- FP-R7. 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.

Accountability and Data Needs⁴⁰

[RSA 193-H](#) addresses “School Performance and Accountability,” including the purpose of an accountability model that will, “enable all students to progress toward college and career readiness with clearly defined learning outcomes.” Further, the chapter sets a target that “all pupils are performing at the proficient level or above on the statewide assessment” and references graduation rates as a key criterion for performance at the high school level. In the current system, the legislature sets the target outcome measures and levels of acceptable performance. The Department of Education is charged with setting standards necessary to achieve these outcomes and monitoring progress toward the targets. Current language makes schools the unit of analysis for measuring performance.

The student outcome measures identified in this report are consistent with those contained in RSA 193-E:3 and RSA 193-H. We recognize that the recommendations below put forward an ambitious set of additional data needs that would require significant expansion of the research and analytic capacities of both Department of Education and Department of Revenue Administration. We believe that the continued monitoring of student equity and the cost of an opportunity for all students to achieve at comparable levels will require that the state make the necessary investments in personnel and technology. Accurate and comprehensive databases should be available to assess progress toward equity, and to assure the public that state grants assist schools in making progress toward the goals of adequacy.

The Commission notes that there is some disconnect between current means to measure district performance and student outcomes and recent changes to RSA 193-E that emphasize individualized student learning, work-study skills, and competency-based learning. These newer ways of defining a student’s education do not yet have corresponding forms of assessment that can allow for comparisons between districts, schools, and students. New Hampshire’s innovative

⁴⁰ In addition to the suggestions offered here, further discussion of accountability and data needs can be found in Appendix E, where Commission Member Chris Dwyer offers expert guidance on ways to conceptualize student assessment and district performance measures.

Performance Assessment of Competency Education (PACE) allows for locally designed and locally administered student-centered assessment. “Proficiency” may be defined differently across districts, making it difficult to apply standardized calculations of student outcomes at the statewide level, which are necessary in application of the Education Cost Model. In the future, the lack of alignment between 21st century approaches to teaching and learning will need to be addressed with accountability systems capable of guiding statewide education and fiscal policy.

The Education Cost Model (ECM) uses three outcomes measures to establish the target for student performance at the statewide average. The district outcome measures applied in the ECM model include attendance rates, graduation rates, and standardized achievement test scores.

The use of an Education Cost Model to guide distribution of state funding creates the opportunity to measure the degree to which the goals of student and taxpayer equity are achieved. Two assessment questions related to the ECM are:

1. Is the disparity in student outcomes across districts with diverse student populations narrowed?
2. Is there less variation in local property tax rates with the implementation of state policies that distribute funds based on student need and equalized valuation per pupil?

The Commission heard various testimony, primarily through public comment, that suggested additional outcome measures could produce a more robust assessment of student outcomes.

Consistent with the career and college readiness focus of RSA 193-E and H, capacity to follow graduates during their post-secondary experience would provide important data for determining the success of schools in preparing students for success after high school. Currently, the onus is on school districts to do that; generally, they lack the capacity and resources to do so. Therefore, capacity should be developed within the Department of Education to create data collection systems on outcomes such as:

1. Post-secondary applications, admissions, matriculation, and completion (in two-year, four-year, and technical training programs)
2. Post-secondary employment and earnings (e.g., up to five years post-high school graduation)

The Commission notes that these measures are not comparable to the outcome measures used in the ECM. The data for post-secondary experience are not available for several years post-graduation and the correlation between these types of outcomes and what districts spend to give students the opportunity for an adequate education is difficult to establish. Immediate post-secondary outcomes such as matriculation to two- or four-year colleges or employment may be

possible to include in the ECM, but any longer-term outcomes are subject to many other intervening variables.

The Commission recommends that the Department work with the legislature to identify additional district-level criteria that align with the state’s goal of graduating students who are career and college ready.

The Commission also heard testimony on the need for other measures of district performance, programmatic offerings and maintaining accountability that is consistent with the outcomes-based formula and with current language in RSA 193 E and H could include:

1. Annual teacher and administrative staff turnover rates
2. Career and technical education participation rates
3. Access to community or school-based early childhood education programs
4. Progress toward competency-based student experiences that emphasize work-study practices and community-based learning (such as extended learning opportunities)
5. Implementation of structural reforms to achieve greater efficiency and effectiveness related to school or district size, technology-mediated instruction, cross-district collaboration, early post-secondary matriculation, etc.

Data Capacity and Collection

The Commission benefited from the publicly available data maintained by the Department of Education and the Department of Revenue. School district expenditures, enrollments, staff salaries, student outcomes, local property tax rates, equalized valuations per pupil and related data were useful for making comparisons across towns and districts and identifying statewide totals. The Commission also relied on guidance from the National Conference of State Legislatures (NCSL) and the Education Commission of the States (ECS) relative to school funding data and analysis from other states. We note the importance of maintaining member relationships with NCSL and ECS to continue to have access to these valuable resources.

Towns report to NHDRA the value of property in different categories, e.g., residential land, commercial buildings, utilities, current use, etc. Other categories are not collected such as owner-occupied, seasonal, rental residences, lake frontage, etc. The DRA can do some calculations regarding the effect of possible different tax rates for different types of property as anticipated in the “A, B, and C” part of the charge to this Commission. The Commission heard testimony around the need for a deeper examination of commercial property valuation. Differing tax rates are allowed for different uses of property by the amendment to the NH Constitution that was passed in 1968. In the past, proposals have been for changes to the property tax itself. DRA has made estimates of the effect of proposed homestead exemptions and “circuit breakers”.

The NHDRA MOSAIC data contains information about every individual piece of taxable property in the state. The NHDRA can use this data to evaluate how possible changes to tax policy could impact taxpayers. For example, these data could be used to evaluate how a change to state and local property tax rates could manifest as a change in the tax burden on residential property taxpayers. These data could also be used to examine the effects changes to tax policy could have on the number of units valued in a specific price range statewide, owner-occupied property, rental property, and property owned by out of state entities. Information like this would be useful in tax policy analysis consistent with the policy criteria presented in the 2000 Commission Report. Improved data collection as part of the assessment standards and NHDRA MOSAIC data can improve the state's ability to evaluate the fiscal impact of changes in tax policy and can help inform the General Court in state funding matters, including the funding of schools and tax relief programs.

The Commission identified several issues that would benefit from improved data collection and analysis capacity in the Department of Education and Department of Revenue Administration. In general, a review of the DOE 25 data system could identify factors directly tied to the ECM that provide more granular data. Candidates for new or improved data collection and analysis in the future, as Commission recommendations are implemented, include:

1. An annual accounting of current operational spending that captures ECM-related costs for differentiated aid and that provides evidence that district spending of differentiated aid dollars is used in general to enhance educational opportunities for students with the most need.
2. An annual compilation of the DOE25 data into a file that would allow for more detailed analysis of fiscal data. Data should be compiled to retain as much detail as possible and expenditures and revenues could be organized by chart of account codes. At a minimum, the Department should report on a number of common mutually exclusive categories that aggregate expenditures according to policy-relevant chart of account codes (e.g. instructional spending, school administration, district administration, transportation, food, etc.).
3. Collection of data on enrollment by grade at the town level that would allow for calculations of the proportion of students by grade who are residents of towns. Currently this exists by school and can be rolled up to districts. However, if funding is going to flow through towns and grade-level weights are to be used and calculated as the percentage of students in middle and high school grades, town-level enrollments by grade will be needed.
4. Monitoring and accountability systems capable of tracking the use of differentiated aid funds at the district level, to assure that those funds are directly applied to programs and services intended for the recipients of the funds (e.g., are ELL differentiated aid funds used to support personnel and programs for enrolled English language learners?).

5. Special education by numbers of served students categorized by severity of need, to create more discrete breakdowns of the special education weighting and align the level of resources needed with the particular characteristics of and services to special education students. This will allow for more granular adjustments to the ECM in the future and closer alignment between student characteristics and distribution of state funds.
6. Creation of research files in the Department of Education that contain unsuppressed data for all data that currently is posted with suppression, including ELL counts and school-level assessment data matched with student demographics. This would also include any special education data that is subject to suppression. Such data could be available on a restricted-use basis for policy-makers and approved researchers working in partnership with policy-makers.
7. Databases on student density as it relates to transportation, e.g., data on the miles traveled by school buses, especially important for more isolated rural districts.
8. Additional community wealth measures beyond number of student eligible for the federal free and reduced price lunch program and equalized valuation per pupil; e.g., household income by town (collected and analyzed by the Department of Revenue Administration).
9. A measure of the distance between schools to evaluate the relative efficiency of districts that chose to remain small and independent. Other measures of efficiency related to school or district size could be developed if policy-makers believe that district size should not be simply a matter of local choice.
10. Creation of a standard data sharing agreement in the Department of Education would allow research requests to be received and processed in a timely manner, while meeting the Department's concerns for protection of sensitive data.
11. Data collection and analysis by the Department of Revenue Administration regarding the implementation of targeted low- and moderate-income tax relief by communities.

Implementation

Most school districts develop their budgets during the winter months, and generally before the state's biennial budget has been approved. School districts need to be able to predict how the state budget will fund schools for the first year of the biennium. Therefore, a phase-in to a new school funding plan should begin in the second year of the biennium.

Changes should be implemented as soon as possible. In the year preceding implementation, any additional state revenue required for the first year should be collected and deposited to the education trust fund.

A fixed statewide property tax (SPT) rate will allow revenues to adjust based on changes in property valuation and real growth in the property base. This would require replacing the specified statewide property tax revenue to be collected with a fixed and uniform equalized property tax rate that applies to all property taxpayers.

If a hold harmless provision, like the state’s current stabilization grant, is required during a transition period, it should not be necessary once the transition is complete. A funding plan focused on student equity should not require a hold harmless provision.

Implementation should include property tax “circuit breakers” such as the low and moderate property tax relief program. The state budget and eligibility requirements for this program should be considered along with any changes to the state property tax to provide relief for taxpayers with limited financial resources.

Every year, an adjustment should be made to the Education Cost Model to factor in changes in consumer prices, energy costs, and costs of living. Every five years, the Education Cost Model should be recalibrated using student outcome data and actual statewide spending, just like what this Commission has done to create the Education Cost Model.

APPENDICES

- A. Commission Member Statements
- B. Categorical Aid Briefs
- C. Massachusetts Chapter 70 Program: Case Study and Possible Options for New Hampshire
- D. Fiscal Policy Appendices: Revenue Criteria, FY2019 CAFR Revenues to Education Trust Fund
- E. Learner Success, Accountability and the ECM Performance Measure
- F. Legislative History, 2008-2019
- G. Resources Shared on the Commission Website
- H. Expert Input for the Commission – Calendar and Minutes for All Public Meetings

A. Commission Member Statements

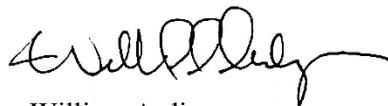
A.1 William Ardinger – Attorney, Rath Young Pignatelli

**SUPPLEMENTAL STATEMENT
OF
WILLIAM ARDINGER
MEMBER, NEW HAMPSHIRE COMMISSION TO STUDY PUBLIC SCHOOL
FUNDING**

This Supplemental Statement is filed by William Ardinger, a member of the New Hampshire Commission to Study School Funding (the “Commission”). The Commission approved its final report by vote at its meeting on November 30, 2020 (the “Final Report”).

I greatly appreciated the opportunity to work as a member of the Commission. I believe that its subject -- primary and secondary public education of our children -- is among the most important public sector priorities for the State of New Hampshire. I respect all of my fellow Commission members, and offer my deepest thanks to each of them for the opportunity to share this important work with them. I would especially like to thank the executive leadership of Representative Dave Luneau, Representative Mel Myler and Senator Jay Kahn. I also would like to express my appreciation to Governor Sununu for the opportunity to serve as his designee on the Commission.

The system of public education and finance is very complex. Even after a year of work, it is very difficult to craft a single report that captures all issues that may be important to each member. Accordingly, I am filing this Supplemental Statement to provide a summary of key findings and conclusions that I believe should be emphasized as central to any effort to reform New Hampshire’s current public school financing system. The views expressed in this Supplemental Statement are mine alone. My general support for the Final Report is subject to the matters set forth in this Supplemental Statement.



William Ardinger
Concord, New Hampshire
November 30, 2020

I. Introduction.

Horace Mann, known as the “father of public education,” led the “common school” reform movement in Massachusetts in the early 1800s. “Common schools” typically served children from ages 6 to 14, were locally governed (often by a local school board), funded by local property taxes, and did not charge tuition. Mann’s overriding reform goal was to provide an opportunity for a public education for

children of all social classes, religions, and geographic areas. By 1870, all states had free elementary schools, and the U.S. population boasted one of the highest literacy rates at the time.

Today, by many measures, public education is the top priority of New Hampshire government. Of New Hampshire's total public sector spending (state, county and local) of over \$12 billion, primary and secondary education spending represents approximately 27% (over \$3.2 billion). This high public priority educates approximately 165,000 children throughout New Hampshire.

In my view, the public schools are the most important public assets in each of our communities. They serve to bring all residents together in a common enterprise of helping all children to have better and happier lives as engaged citizens. The public school enterprise benefits every homeowner, renter, landlord and business that resides in a community, regardless of whether the resident has children currently in the public schools. The "rate of return" on this most important public asset includes higher home values, stronger economies, better functioning civil institutions, and stronger and more vibrant communities. Public schools stand as the principal bulwark against the forces that threaten to undermine our communities and our social capital.

The system of legal rules that govern the operation of public schools is complex. As a practical matter, these rules fall within four main categories: (1) rules by which the state delegates authority to local governments to determine and administer the content and mechanisms for the delivery of public education services, including rules for accountability in performance of delegated powers (*state vs. local control*); (2) rules by which the state delegates taxing power to local governments so that they can raise funds to help defray the costs of public schools (*state vs. local funding share*); (3) rules for appropriating and allocating state budget dollars among local governments (*state aid distribution formula*); and (4) rules governing how the state and the local governments should raise tax revenues to meet their respective shares of the funding needs for delivery of public education services (*tax policy*). In structuring any public school finance system, each of these four issue groups must be tuned – like strings on a violin – into a harmonious balance that ultimately generates high quality outcomes for children throughout the state.

These policy "tuning knobs" all work together. Care must be taken not to focus solely on one issue without considering possible consequences for the other issues. For example, a singular focus on one tax policy issue – for example, substituting state taxes for local taxes – while not considering necessary changes in the state aid distribution formula or unanticipated impacts on local school board decision-making, could easily lead to a clumsy, unintended harm to our public schools.

Exploring how to achieve this balance is the subject of the Commission's work and its Final Report. Important to this effort is to identify the most pertinent current policy problem that we are trying to solve. I believe that the Final Report identifies this principal problem as "Improving Student Equity and Outcomes." As a graduate of Claremont's Stevens High School, I continue to believe that I, and all New Hampshire residents, owe an obligation to improve opportunities for better student outcomes in Claremont and other more needy communities. I have this obligation as a New Hampshire citizen, even though I now live in Concord, and I no longer have any children in the public schools. This Supplemental Statement is provided to emphasize my strong dedication to the principle of enhancing student opportunities, and my commitment to support reform proposals that will direct and focus state budget aid

in a manner that improves the progressivity, fairness and student outcomes of our public education system.

II. The Most Important Finding: We Must Fix the Current Unfair Distribution of State Aid Resources.

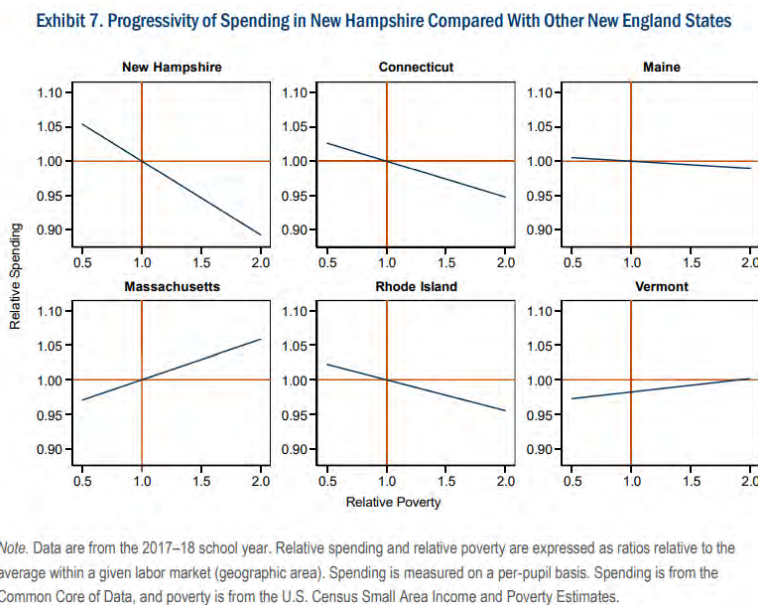
The Commission examined many facts about how the current public education system in New Hampshire is structured. These fact findings include: (1) that New Hampshire’s total K-12 public school spending, on average, ranks very high nationally; and (2) that the quality/outcomes of New Hampshire’s public schools, on average, rank very high nationally.

In addition to these and the other fact findings of the Commission, which I support, I would emphasize three additional factual findings that I believe are central to identifying the most important problem facing New Hampshire’s public school system, and relevant to constructing a reformed balance of policies that is focused on remedying that deficit.

1. *New Hampshire’s current total K-12 distribution of public school spending resources and state aid distribution is regressive and unfair.*

This ultimate finding is derived from several findings in the Commission’s Final Report and the following very important graph from the Final AIR Report:

- From the Final AIR Report at page 7 (showing that New Hampshire’s distribution of total public education resources including state aid is “regressive” compared to Massachusetts, for example):

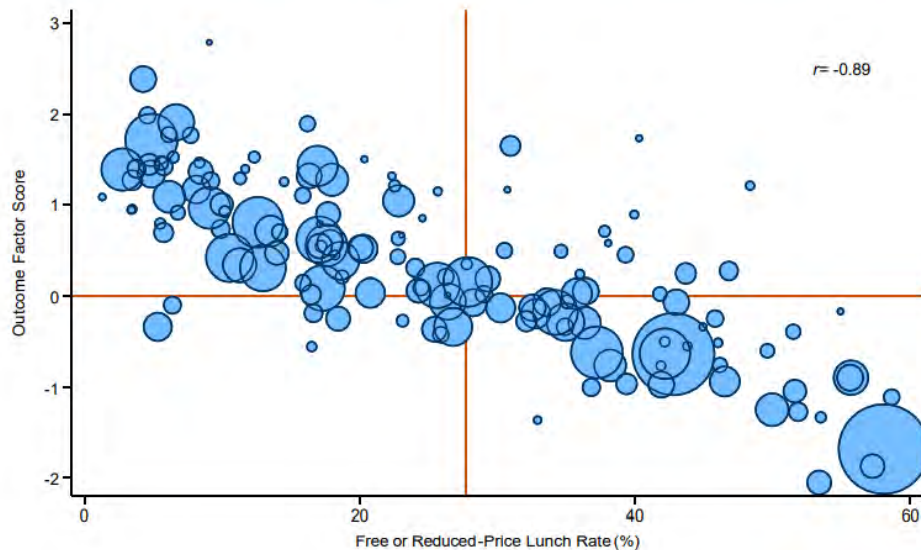


For me, this fact – that New Hampshire’s current distribution formula results in a *regressive and unfair distribution of resources* among local school districts – states in simplest terms the most important challenge facing New Hampshire – how can we modify our distribution formula to improve the progressivity and fairness of the way state aid is allocated to local school districts? In graphical terms, how can we “tilt” New Hampshire’s curve (shown above in Exhibit 7 from the AIR Report) to be more like the Massachusetts curve?

2. *New Hampshire's student outcomes are worse for districts with greater student needs.*

- From the Final AIR Report at page 26 (showing that students in New Hampshire's poorest districts⁴¹ – as measured by free and reduced lunch rates – have worse educational outcomes than students in wealthier districts):

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



Note. The orange lines show enrollment weighted statewide averages of both variables. The average free or reduced-price lunch rate is 28%. The enrollment weighted correlation coefficient (r) equals -0.89. Data come from the New Hampshire Department of Education, 2018–19.

This fact – that New Hampshire's poorer communities are currently producing worse student outcomes than wealthier communities – is a 9-1-1 call for a prompt emergency response. Not all of us are proficient in statistics, but the correlation shown here in this AIR Report Exhibit 14 graph is very strong.⁴² As everybody knows, state government must address many diverse priorities. But, in my view, this factual finding clearly identifies what should be a top priority for every New Hampshire policymaker – how can we modify our distribution formula to improve the student outcomes for children living in our

⁴¹ In the graph, each bubble corresponds to a local school district, and the size of the bubble corresponds to the number of students in the district.

⁴² In statistics, the correlation coefficient “ r ” measures the strength and direction of the relationship between two variables on a scatter plot. The value of “ r ” is always between +1 and -1. The AIR Report Exhibit 14 scatter plot indicates a very strong correlation, measured by the “ r ” score of -0.89. This very high correlation is among the highest in the entire AIR Report.

poorest communities? In graphical terms, how can we cause the “bubbles” shown in the bottom right of the above graph to “rise up” to better student outcomes?⁴³

3. ***Massachusetts faced a similar public education distribution problem in the 1990s, but has achieved a progressive distribution while still maintaining strong local control and a significant role for the locally-governed property tax.***

- With this education funding program, Massachusetts achieved a more progressive distribution of public education resources (see AIR Report Exhibit 7 above) through a highly progressive distribution formula that focuses state aid resources on more needy communities. This progressive goal was achieved while still maintaining a significant role for the locally-governed property tax.
- This comparison of the New Hampshire and Massachusetts public school financing systems shows that both states rely heavily on local property taxes, yet as shown above in the AIR Final Report Exhibit 7, the Massachusetts Chapter 70 state aid distribution achieves a better progressive result.

Percentages for Both States		FY20	FY20
		NH	MA
Total Revenues - All Sources		100.0%	100.0%
Total Revenues - Local		62.5%	57.0%
Total Revenues - State		32.1%	38.7%
Total Revenues - Federal		5.4%	4.3%
Local Property Tax		62.5%	57.0%
State Property Tax		11.6%	0.0%
Other State Taxes		20.5%	38.7%
Federal		5.4%	4.3%

Some observers of New Hampshire’s public school funding deliberations have asserted that it is impossible to have a significant role for the local property tax (with variable rates) and still have a fair public school system. I strongly disagree, and the Massachusetts case study proves that it is possible. Indeed, as noted below, I think that a school finance proposal that would substitute only state taxes in place of any role for local taxes fails completely to focus on the most important goal – to reform the method of distributing state aid for public education in a manner that improves the progressivity, fairness and equity of student outcomes.

⁴³ Hint: The two largest “bubbles” in the lower right quadrant are Manchester and Nashua. If policy changes can help these districts to improve their student outcomes, New Hampshire as a state will be moving in the right direction.

III. Supplemental Recommendations.

a. **The fundamental policy problem is to provide state budget support to local school districts that are determined to have the greatest need.** The most important problem with our current public education system is that it fails to direct state budget support to districts that are determined to have the greatest need. In my view, New Hampshire must focus state budget aid, through whatever means possible, to correct the regressive distribution of total public education spending across districts. All other priorities are secondary. Further, achieving this priority will provide additional resources to poorer districts, which will necessarily have the effect of reducing local property tax burdens in those communities.

b. **The method of determining the value or cost of a “constitutionally adequate” education should be focused on achieving better outcomes within districts determined to have greater needs.** The value of “constitutional adequacy” *should and must* vary significantly among school districts in a manner that is rationally related to achieve the recommendation in paragraph (a) above. Conversely, a uniform value of “constitutional adequacy” per pupil in every district *is inconsistent with* the goals of reducing unreasonable local property tax burdens in more needy communities.

To the extent that any decision of the NH Supreme Court is construed to require a uniform value of “constitutional adequacy” per pupil in every district, regardless of need, I recommend that the Legislature adopt a resolution advising the Court that such a constitutional policy would be inconsistent with achieving a more fair and progressive distribution of total revenues and spending among all NH communities and districts.

c. **The local property tax should continue to play a significant role in financing the total cost of public education.** The delegation of taxing power to local municipalities enhances the vesting of local communities in their local public schools, and such vesting is a positive force for the maintenance and improvement of public school quality. The highest quality public school systems (in New England, including New Hampshire) all rely on the locally-governed property tax to a very significant extent, and reflect varying rates. It is axiomatic that because the value of real property differs across communities, and different voters across communities, that use of local property tax will result in different rates among communities, but such rate differentials are acceptable *as long as the state budget contribution, coupled with the more progressive state aid distribution formula, is sufficient to reduce unreasonable tax burdens in communities with lower property values.*

d. **The so-called “first-and-last-dollar” constitutional rule is bad policy and should not be an obstacle to a substantially more progressive distribution of state aid to the districts determined to have the greatest need.** During the Commission’s deliberations, we heard commenters suggest that decisions of the NH Supreme Court had mandated a wholesale substitution of state taxes for local taxes. I repeatedly expressed my personal views that such a “first-and-last-dollar” rule would be bad policy that would threaten to undermine New Hampshire’s generally high quality public education system.

In this context, I am very concerned that certain special interests might argue that the Commission’s support for the AIR ECM system, which adopts the current total spending amount for public education as a standard for determining a fairer distribution of total public education resources, means that the Commission supports a conclusion that the entire total public education cost must be “paid for” solely with state taxes. Such a position would be a fundamental misstatement of the Commission’s Final Report. To the extent that anyone were to construe the Commission’s Final Report, or seek to manipulate the Report, in such an erroneous manner, I would strongly oppose such an effort, and my support for the Commission’s Final Report is qualified by this recommendation.

For the record, I conclude my Supplemental Statement with the attached explanation of my views on this very important topic.

Some observers of public education funding issues assert that the New Hampshire Supreme Court has mandated a so-called “first-and-last-dollar” rule. Under this alleged rule, if the state government develops total spending goals for local school districts, and calls these spending goals “adequacy,” then the entire cost of that “adequacy” must be paid for with state budget dollars. These observers assert that the Court has prohibited the use of even one local tax dollar to pay for this target “adequacy” cost. Hence, the so-called “first-and-last-dollar” rule.

Advocates for this mandate try to describe the rule in positive terms, saying things like “The State should pay the full cost of an adequate education for every child in the State, regardless of where they live.” But this simplistic summary masks the highly restrictive nature of the alleged rule.

What might this rule mean in New Hampshire? In school year 2019-2020, New Hampshire spent just over \$3.2 billion on K-12 public education, including all sources of funds – state budget, local taxes and federal aid. With 163,500 students, this amounts to approximately \$19,685 per pupil. This total spending level has ranked New Hampshire tenth highest in the nation, according to the U.S. Census Bureau’s 2018 Public Elementary-Secondary Education Finance Data. In comparison, our neighbor Massachusetts spends just over \$20,000 per pupil.

Today, New Hampshire finances this significant total spending through a mix of state, local and federal sources. Indeed, all states use the same sources, though in differing degrees. As shown in the accompanying table, New Hampshire stands out as having the lowest state, and highest local, shares. But all northeast states (other than Vermont) also rely substantially on local sources.

If one assumes that the total spending on public education in each state currently is defined as “adequate,” then under a stringent “first-and-last-dollar” rule, no state – not even Vermont – would satisfy the rule. Why? Because no state is using only state budget dollars to finance that total current spending.

Such a stringent interpretation would require the legislature to entirely upend New Hampshire’s funding system so radically that New Hampshire would move from the state with the greatest local share to the one with the lowest local share. No other state supreme court – except perhaps California, as noted below – has ever ordered such a restrictive mandate for state budget financing in any school finance case.

Territory	State	Local	Federal	Total
District of Columbia.....	N/A	91.0	9.0	100.0
New Hampshire.....	31.3	63.4	5.3	100.0
Nebraska.....	32.8	60.0	7.2	100.0
Texas.....	33.7	56.1	10.2	100.0
South Dakota.....	34.3	52.1	13.6	100.0
Connecticut.....	37.8	58.0	4.2	100.0
Massachusetts.....	38.0	58.1	3.9	100.0
Pennsylvania.....	38.3	55.3	6.4	100.0
Maine.....	38.6	54.8	6.5	100.0
Florida.....	39.2	49.7	11.1	100.0
New York.....	39.6	56.1	4.3	100.0
Virginia.....	40.0	53.6	6.5	100.0
Ohio.....	40.2	53.2	6.6	100.0
Arizona.....	40.4	46.4	13.2	100.0
Rhode Island.....	40.8	52.4	6.8	100.0
Louisiana.....	41.0	47.0	12.0	100.0
Colorado.....	41.2	52.4	6.3	100.0
New Jersey.....	41.6	54.4	4.0	100.0
Missouri.....	41.7	50.4	7.9	100.0
Maryland.....	41.9	52.7	5.4	100.0
Illinois.....	42.0	51.8	6.2	100.0
Montana.....	43.1	44.4	12.5	100.0
Georgia.....	45.8	45.7	8.5	100.0
Oklahoma.....	46.1	43.4	10.5	100.0
Tennessee.....	46.4	42.5	11.0	100.0
United States.....	46.7	45.6	7.7	100.0
South Carolina.....	47.6	43.9	8.5	100.0
Mississippi.....	50.4	35.8	13.8	100.0
Utah.....	52.3	40.0	7.7	100.0
Oregon.....	53.1	39.8	7.1	100.0
Iowa.....	53.2	39.8	7.0	100.0
Wisconsin.....	54.3	39.0	6.7	100.0
Alabama.....	54.9	34.6	10.5	100.0
West Virginia.....	55.2	34.2	10.6	100.0
North Dakota.....	55.8	34.8	9.4	100.0
California.....	56.1	35.3	8.7	100.0
Kentucky.....	56.1	33.1	10.8	100.0
Wyoming.....	56.9	36.8	6.4	100.0
Michigan.....	58.4	33.6	8.0	100.0
North Carolina.....	61.5	27.7	10.8	100.0
Alaska.....	62.5	21.7	15.8	100.0
Indiana.....	62.8	29.7	7.5	100.0
Nevada.....	63.4	28.1	8.6	100.0
Delaware.....	63.4	30.1	6.4	100.0
Washington.....	64.1	29.7	6.2	100.0
Minnesota.....	65.2	29.7	5.1	100.0
Kansas.....	65.2	26.9	7.9	100.0
Idaho.....	65.5	24.9	9.6	100.0
New Mexico.....	67.5	19.1	13.4	100.0
Arkansas.....	76.0	13.4	10.6	100.0
Hawaii.....	89.9	1.9	8.3	100.0
Vermont.....	90.5	3.1	6.4	100.0

Subjecting New Hampshire to such a state budget finance mandate would be bad public school policy. States – especially New England states – have traditionally delegated taxing power to local governments for good reason. It facilitates the benefits of “local control.” But just as the words “The State must pay for every dollar of adequacy” offer an overly simplistic siren call, the phrase “local control” also is often used without careful scrutiny.

“Local control” has two parts. First, it means that local governments are delegated the authority to make decisions about the content, method and cost of public education services for their residents. Second, it means that local governments are delegated the responsibility to vote up or down on taxes that are required to fund their education choices. The delegation of both spending and taxing powers ensures that local voters have “skin in the game” of developing important public goods like public education.

Yet, advocates of a rigid first-and-last-dollar rule promise a kind of “Holy Grail” – you can have the first prong of local control (decisions over content and spending) without the second prong (responsibility for raising local funding). They assert that the state budget will pour all the “adequacy” dollars into each local district, no strings attached, so that local government leaders can be cheered on as they spend these unfettered resources without bearing the pain of local taxpayer concerns. This alchemy is unrealistic for several reasons.

First, while the process of resolving the local tensions between spending desires and taxing constraints may be very challenging and controversial, it has at least one salutary effect – real and comprehensive engagement of the whole local community in the common enterprise of creating quality public schools. Eliminating a significant role for local taxation would undermine this very important public vesting process, and serve to separate local voters from the most important public asset in their communities – their local schools.

Second, the local government process – including both spending and taxing decisions – is, on average, more likely to result in higher spending on public education, as compared to the state budget process. This effect arises from two factors. When voters believe that their tax dollars will support something tangible that favorably impacts their home communities and their home values, they are more likely to vote yes. And, the local government process involves fewer special interests (generally, police, fire and schools) than the more complex state budget process (which involves many well represented and competitive special interests). Both these factors support maintaining a significant role for local government in public school finance systems, both spending and taxing.

Third, it is simply unrealistic to assume that state budget dollars would come with “no strings attached.” Instead, the state legislature and relevant executive branch agencies would impose increasingly onerous requirements as preconditions to state aid. This would lead to a correlative decline in the role of local school boards to govern their own affairs consistent with the needs and demands of local voters.

This important connection between local control (both spending and taxing) and higher quality public education opportunities is not just speculation. In Education Week’s annual rankings of public education quality for 2020, four of the top five ranked states were from New England (Massachusetts, New Jersey, Connecticut, Vermont and New Hampshire) and three of these New England States have the substantial majority of their public school funding attributable to local sources. While correlation is not causation, the success of states that have substantial local revenues, like New Hampshire, cautions against adoption of a stringent “first-and-last-dollar” rule.

Further, there is evidence that states that have enforced a state-budget financed public school system have suffered significant adverse impacts on their schools, including declines in spending, quality and local

vesting. According to Dartmouth Professor William Fischel, in two decisions (*Serrano v. Priest* I (1971) and II (1976)), the California Supreme Court “required the legislature to assure that state plus local spending, excluding a few categories such as aid to handicapped students, should vary by no more than \$100 per pupil across districts.” Fischel argues that these judicial holdings, which essentially mandated a state-financed public school system with no material role for local property taxation, led to material declines in public school spending, quality and ultimately to the adoption of Proposition 13 which “gutted California’s property tax system in 1978.” (As Jesse Levin said during one of our Commission meetings, “Please don’t make the mistakes that we made in California.”)

I fully support the holding of *Claremont I* (1993) that the State has a constitutional duty to ensure that every educable child in New Hampshire has access to a constitutionally adequate public education. Importantly, *Claremont I* did not address, directly or indirectly, any question related to a “first-and-last-dollar” rule. I do not know whether or not the Court went further to mandate a rigid “first-and-last-dollar” rule. (I do know that the Court has repeatedly said things like “[w]e recognize that local control plays a valuable role in public education.”)

While it may be beyond the Commission’s role to conduct a legal analysis of what the Supreme Court decisions may, or may not, mean, it certainly is well within its authority to make policy judgments on the proper role for local taxation within the broader public school system. For the reasons stated above, I believe that adopting a substantially state-budget financed public school system, as would be required by a stringent “first-and-last-dollar” mandate, would effectively end the link between local taxes and better local schools, and risk undermining the generally excellent state of New Hampshire’s public schools. As one member of the Commission, I believe that there should continue to be an important role for local taxation, as part of the “local control” engine that generates high quality, locally-governed public schools.

Further, I believe that the proper role for state budget dollars is, first and foremost, to provide support to those local school districts that have the least capacity to provide an opportunity for an adequate education. Given New Hampshire’s proven high quality and high spending, on average, this role does not require a wholesale substitution of state financing for local taxation. Rather, it requires the identification of districts with greatest need – perhaps as measured by property tax wealth, median income, student needs and other factors – and then a clear formula that directs state budget dollars to support those communities and the children and families who live there.

A.2. Jane Bergeron-Beaulieu – Resident and Taxpayer, Litchfield NH and Executive Director of the NH Association of Special Education Administrators

November 27, 2020

To Whom It May Concern:

RE: Personal Statement, NH Commission on School Funding, Final Report

As a lifelong resident and taxpayer of New Hampshire, I would like to share my personal statement to be included in the final report generated by the NH Commission Studying School Funding. It has been an honor and privilege to serve on the commission and from my perspective the findings of the commission portray detailed information based on sound research that was conducted by the American Institutes for Research (AIR) relative to per student costs and that differentiated aid would help students with greater needs to achieve statewide average outcomes. For this, I wish to express my appreciation to AIR, fellow commission members and the team at the Carsey Center.

As we know, school funding in the state of NH has been a long-time challenge, it has been studied, litigated and there are varying viewpoints in our “live free or die” state. The work of the commission and the recommendations in this report bring us to new and bold horizons. Noteworthy is that the proposed funding model places a priority on student equity and improved equalization of educational opportunities for all students, regardless of where they reside or any exceptional challenges students and families may face. I am particularly pleased that the commission is bringing forward a funding formula that is not only based on student outcomes, but also includes differentiated aid necessary for students with greater needs, including children and youth with disabilities, English Language Learners and those who live in poverty.

New Hampshire’s current school funding model is inequitable from both the student and taxpayer perspectives and districts with higher incidents of economically disadvantaged students, children and youth with disabilities and English language learners are performing below many of their peers. The report of the commission, assisted by the research from AIR, creates a funding model that is progressive and would provide more revenue to those districts with greater needs. For the sake of NH’s children and youth, a student centered, outcomes-based school funding formula that raises the opportunity for all children to achieve at current statewide averages is so important to NH’s future. It is without hesitation that I submit this personal statement and support for the findings and recommendations in this report.

Respectfully Submitted,

Jane Bergeron-Beaulieu,

Resident and Taxpayer, Litchfield NH and Executive Director of the NH Association of Special Education Administrators

A.3. Corinne Cascadden – Retired Superintendent of SAU 3

November 25, 2020

To the Members of the Commission to Study School Funding,

Thank you, and much appreciation to the Commission Members, for having the opportunity to participate in the massive undertaking of solving the public school funding inequities under the chairmanship of Representative David Luneau. The statement that “all students in all our communities” is a key point to be made, in order to understand how all public schools are due their financial supports.

I believe the commission work made significant progress in studying the NH School Funding crisis and prepared substantial and concrete recommendations for the legislative body to establish. Our work was driven thru organization and leadership of Bruce Mallory and the staff at University of New Hampshire’s Carsey School of Public Policy. Evidence of the current public school data includes a statistical analysis of schools and student characteristics, a report from the American Institute for Research (AIR), and the AIR simulator tool. The database resources from AIR should be implemented as the catalyst that provides how NH pays for public school education. I believe the commission members, with all their wisdom and expertise need to take these resources to the next level of practicality and specifics to the next legislative body.

We have heard from many NH citizens that the property tax payers can no longer continue to bear the costs for an adequate education, particularly as legislators enact several unfunded mandates as listed in the final commission report. Our towns and cities are trying to make decisions for school building improvements, infrastructure needs, and academic programming at the expense of continued increases in school education costs and requirements, and at the expense of foregoing many other community needs. The public spoke to the inequities of student opportunities and requested the Commission act boldly, radically, and uniformly in the development of a new school funding formula, i.e. not adding Band-Aids to the current regressive and obsolete funding formula. The research findings on student outcomes is compelling and the statistical analysis provides the distinct characteristics of NH students and their community profiles. Use of the AIR simulator tool is key for the state to fairly support all public schools, and to recognize the weights associated, representing the face of our NH public schools.

Unfortunately, the Commission did not propose a specific recommendation via majority vote on what funding formula would meet the constitutional requirements for an adequate education nor did the Commission decide on a source of additional revenue. I believe we all agree that student equity is the priority, however I suspect, we have differing views on providing property tax relief. While some districts and towns decide on foregoing school safety upgrades, others are deciding on adding advanced courses or turf on the playing fields. The final commission report provides three options for a new public school funding system.

In my opinion, the State of NH is legally responsible to pay for an adequate education. Example #1 of the final report, one uniform state education tax rate via local property taxes, should be the obvious and only solution. For years, local property owners have paid two mandatory education taxes, one called State

Education Tax, and the other Local Education Tax. Setting one uniform statewide education tax is the only solution to provide relief for local property tax payers. A reasonable tax rate can be set based on the use of the AIR Simulator tool. This will assure property poor communities can provide the same student opportunities as property wealthy towns and cities. As identified in the first funding option in the summary report on fiscal policy, it would be paramount for legislators to set a uniform state education tax rate. Local control of towns and cities will still continue and be exhibited at town meetings, council meetings, public school district meetings, where the public voices the priorities for their schools. Funding Examples #2 and #3 include two education taxes, both on the backs of local property tax payers, maybe under different names, but potential for no change in local tax burdens. Examples #2 and #3 may be “wolves in sheep’s clothing”.

The Legislators need to speak to an additional revenue source. The State is not currently paying its fair share to provide an adequate education to all NH public school students. The State will need to determine an additional revenue source other than property taxes, not 2 taxes named state and local. A statewide property tax at a uniform rate, along with the financials in the Education Trust Fund, would not meet the required financial needs. An additional revenue could be the balanced cost for providing an adequate education based on average student outcomes. It appears there is no support for broad based taxes, and I’m not proposing they be added. However, funding will be needed to support oversight of a uniform statewide property tax and funding will be needed to staff for oversight of student outcomes for a consistent and solid accountability support system. In addition, funding for categorical aid programs of special education, career and technical education, and building aid has to be seriously considered.

The final report, unfortunately, does not provide immediate hope and encouragement for financially strapped public school districts across the state who currently struggle to meet requirements, and no property tax relief for all who can no longer afford to maintain their homes. As a Commission, we have come so far in the process but I feel state legislators must not stop short of the finish line. The commission members have gone over and above expectations in doing a due diligence to study the school funding research, learning and understanding the process in other states, and carefully reviewing and discussing the data on NH’s current funding formula. Doing nothing to make changes will continue to widen the gap among communities. Again, we will continue to be the haves and the have nots.

We are all in agreement that all students deserve and should be granted equal educational opportunities. It is in the state’s best interest to invest heavily in the public school system in order to reap its benefits of a thriving and well educated workforce. All NH students should have the choice to work anywhere in the state regardless of where they come from. Don’t we want all our children to work, stay, and play in NH? What a great opportunity for NH citizens and law makers to embrace a ‘togetherness’ approach to enhance the livelihood and economic vibrancy for the State of NH. I implore the state leaders to implement the work of the commission in a fair and equitable manner for the future of all our students and to satisfy local property tax relief.

Respectfully submitted,

Corinne Cascadden, Ed.D.

A.4. M. Christine Dwyer – Senior Vice President, RMC Research and Former City Councilor, City of Portsmouth

COMMENT BY COMMISSION MEMBER M. CHRISTINE DWYER

Early on in the life of the Commission, members of the Commission latched onto the terms “student equity” and “taxpayer equity” as the guideposts for designing an education funding system for New Hampshire. Most of the Commission’s efforts have been devoted to understanding, unpacking, and giving practical meaning to student equity. I think the case for student equity is now on very solid ground, has been empirically demonstrated, and the proposed path to student equity aligned well with the values expressed by Commission members. Endorsing an outcomes-based model that takes into account the array of individual student needs in each district as the basis for determining funding is the ultimate declaration for support of student equity.

The Commission was not able to develop as clear a case for taxpayer equity. From my perspective, the essence of taxpayer equity rests on considerations of the ability of individual taxpayers to pay—a value that is parallel to the conceptual underpinnings of student equity, that is taking the needs of individual taxpayers into account in the same way that the ECM model addresses individual student needs. But individual taxpayer equity has not been the driver for designing the approach to funding student equity. Rather taxpayer equity has been treated more as a “patch” in the form of exemptions for some households (that is, the circuit breaker for low- and moderate-income households and property tax deferral system).

I appreciate that a temporary “patch” is absolutely necessary for our state’s broken system of reliance on the local property tax but regret that the Commission could not have found a more equitable approach to the design of funding mechanisms--especially in light of the fact that the majority of Granite State residents in surveys and focus groups from all communities described the property tax as burdensome. The Commission was not able to develop consensus-based recommendations on alternative sources of funding or inequities in the current property tax system (see examples below). The report includes an exhibit depicting the more progressive approaches to school funding of the other New England states, but it does not note that our sister states have found methods of addressing both student and taxpayer equity. For example, Vermont and Massachusetts have each found ways to incorporate the financial capacity of taxpayers directly in their funding models

Some believe that the concept of equalized valuation of property essentially takes care of taxpayer equity—and the system certainly has improved since the *Sirrell* case which exposed serious flaws in the state’s reliance on local property taxes. But more than a circuit breaker will be needed to encourage Granite State residents to fully support a new system to fund education.

Steps that could enhance fairness if the system is destined to rest on assessing uniform rates of taxation:

- 1) strengthening legislation to require commercial property owners to provide assessors with the information needed to appropriately determine values;
- 2) not exempting the value of properties in current use from taxation for education purposes;
- 3) requiring all communities to adjust property revaluations more frequently;
- 4) allowing alternative assessment methodologies during anomalous events, i.e. during the current pandemic as sales of property in some parts of the state are rising rapidly each month;
- 5) considering the effect of tax caps; and
- 6) taking into account the local tax rate in some communities

which results from state actions such as demands on local community services as a result of state-owned properties and lopsided returns of dollars generated from rooms and meals taxes, and so forth.

During my seven terms as a Portsmouth City Councilor, I've had many discussions about local property taxes. Here are two contrasting examples that illustrate the problems we face as a state in thinking about taxpayer equity:

At a public hearing, a newcomer who has purchased and renovated a historic home in the City's South end brags that he was a successful business leader in Massachusetts, knows how the city could be better managed to save money, and moved to New Hampshire because he didn't want to pay taxes. As I was co-chairing a school building committee at the time, he found it appropriate to proclaim: "I did not move here to pay for your schools." Shortly after taking up residence, he became a vocal supporter of the persistent local school budget critics who want to simply eliminate teachers each year (Portsmouth per pupil spending is about at the state average).

One of my constituents was a Shipyard welder who purchased a modest home in Portsmouth almost four decades ago. His life-long wages would not have been different from Shipyard employees with similar jobs who settled in and purchased homes in Rochester or Somersworth, or many other tri-state communities that make up the Yard's workforce. But he has been and will be faced with substantially higher taxes. The state-required "comparable sales" method of assessing has escalated the value of that modest Portsmouth home dramatically (partly as a result of the purchasing power of the aforementioned self-important Massachusetts transplant). His home is valued at less than the median Portsmouth house price and he currently pays \$7497 annually in property taxes (despite Portsmouth's seemingly low tax rate). His Rochester colleague with a home priced at the median would pay \$5851 in property taxes this year even though Rochester's tax rate is almost double Portsmouth's. The two will also be treated quite differently by a uniform statewide education tax rate; for example, a 5% uniform tax rate would cost my neighbor \$2550 and his fellow retired worker \$1175—more than double.

This doesn't feel like taxpayer equity to me. The divisions caused by the earlier system of donor and receiver towns still hangs over any discussion, including what otherwise might seem logical, e.g. statewide collection of state-designated portions of local property taxes. Convincing the public that a new system respects taxpayer equity is as foundational as ensuring student equity. Building public support for a new funding system will require an intentional and deep review of the current property tax system as well as serious consideration of alternative revenue sources.

A.5. Iris Estabrook -- Former State Senator

I support the commission's deep dive into student and taxpayer equity issues. This has involved significant investment in national and state experts, whose work led to the outcome based approach adopted by the Commission. The outcomes model utilizes statistical analysis to produce the distribution expressed by the stated weights. The difficulty in manipulating a single weight, the exclusion of weights for concentrations of FRPL students and the statistical understanding necessary to fully appreciate the model remain concerns for me, even after discussion and testimony on these points. I also have remaining questions on how the model will play out over time as a new funding distribution formula does or does not produce changes in outcomes.

Whether an input or outcome approach, the most critical point is that the adopted model is fully implemented to truly impact equity. I urge the next legislature to reject proposals that weaken implementation, such as phased-in adoption or mechanisms such as the "collar" that was previously enacted.

I continue to struggle with the fiscal policy implications of adopting the whole of state and local education spending as the cost of the opportunity for an adequate education. The commission has not endorsed any of the fiscal policy options it presents but only one is structured to fulfill the court's Londonderry ruling on the full measure of the state's obligation, which I continue to believe is quite clear. That option of a significantly increased SWPT has negative impacts, which the commission has tried to address through recommended tax relief and tax deferral programs. These would need to be extremely robust to create a funding stream I would endorse. Similarly, I question whether a mandatory local minimum contribution that tails off for property wealthy communities would meet the uniform tax standard and whether the inefficiencies of the mandatory minimum make it less attractive policy as compared to a straight SWPT.

Finally, I want to emphasize the importance of the recommendations surrounding categorical aid programs for Career/Technical Education, Special Education, Building Aid and Early Childhood Education. All of these impact the opportunity for an adequate education and must not be set aside as outside the scope of legislative concern in addressing the commission's work.

I appreciate the opportunity to have participated in this important work.

Iris Estabrook

A.6. Rep. Mary Heath – Hillsborough, District 14 (alternate member)

Mary Sullivan Heath

Serving as an alternate member of the commission and as a member of the NH House Finance Committee, I would like to applaud the final report of the Commission and strongly encourage its adoption by legislative leaders. I also want to thank Dr. Bruce Mallory and his team from the Carsey Institute for their guidance and diligence to the process. In that spirit, it is my hope for New Hampshire to thrive economically and provide an opportunity for a high-quality education for every student in NH regardless of wealth, income, educational background, or zip code as not only a matter of constitutional obligation but of a generational responsibility. Educated children grow into active participants in our democracy and become productive members of our economy with the tools of self-reflection and personal growth that ensure happy, successful, and fulfilled lives that fully unlock their potential, utilize their skills, and fulfill their dreams. Students graduating with these attributes become high achieving employees, employers and community participants and contribute to the overall well-being of our state.

State legislators must be at the center of this discussion. Education is first and foremost a state responsibility. State legislators represent and can bring together the diverse viewpoints at the state and local levels that must be included in setting a vision and priorities for school reforms. NH must work together with local entities to design efforts that are practical and appropriate for each community.

With that in mind, I would encourage the state to take an additional step forward and to continue the work begun by the Commission and to establish an overall effort to create a school reform act wherein NH strives for equity for students and property taxpayers but also looks at the conditions under which children are learning and strives to adapt excellence at all levels regardless of the community within which the child resides. This overall initiative must include:

1. Children enter school ready to learn and extra support is given to struggling students so that all have the opportunity to achieve high standards.
2. A first-class teaching profession that supports a first-class instructional system, where every student has access to highly effective teachers and education is recognized as an essential strategy toward successful NH communities.
3. A highly effective, intellectually rigorous system of career and technical education reforms that are connected and aligned as part of a clearly planned and carefully designed comprehensive system and as such available to those preferring an applied education.
4. Communities must come together to provide the full range of social emotional support systems necessary for each child to succeed; our schools alone cannot do it all.

(Comments are adapted from *No Time to Lose: How to Build a World Class Education System State by State* – NCSL. With credits to Marc Tucker and NCEE.

MINORITY RESPONSE REPORT
COMMISSION TO STUDY SCHOOL FUNDING
Pursuant to RSA 193-E:2-e
NOVEMBER 30, 2020

HISTORICAL CONSIDERATIONS INFLUENCING MINORITY RESPONSE:

NH's public school education funding formula has been an active topic in recent years, including: the Joint Legislative Oversight Committee on Costing an Adequate education in 2008, the Committee to Study Education Funding and the Cost of an Opportunity for an Adequate Education in 2018, and the current Commission to Study School Funding for which this minority report is issued. The ultimate purpose for these studies has been and remains that of improving educational quality while ensuring that all students, regardless of educational needs or inequities shall benefit and have access to core educational services, criteria and elements defined by the State as an adequate education. It is the "State's duty to define the substantive content of a constitutionally adequate education" and for "whatever the State identifies as comprising a constitutionally adequate education [the state] must pay for; none of that financial obligation can be shifted to local districts, regardless of their wealth or need." In addition, "the task of developing specific criteria of a constitutionally adequate education is for the legislature." (Underlined language from: Londonderry School District SAU #12 v. State) Minority responses that follow are in keeping with these judicial considerations.

MINORITY RESPONSE TO COMMISSION FINDINGS/ RECOMMENDATIONS:

1. **Education Cost Model:** The Commission report adopts the Education Cost Model, an outcomes-based performance formula, to identify costs necessary for all students to have a comparable opportunity for an adequate education. The ECM formula is not based upon specific inputs (per pupil resources) that support either defined substantive criteria for an adequate education or the Minimum Standards for Public School Approval. ECM is built upon an average performance outcome derived from district financial cost data sent annually to the department in the DOE25 Form. This form identifies district assets, revenues and expenditures. Reported expenditures contained in the DOE25, with the exception of transportation and tuition, do not separate or disaggregate necessary expenses associated with adequacy pursuant to RSA193-E: 2-a, from other non-adequacy costs. Elements considered part of an adequate education are school or curriculum based. The DOE25 Form includes other expenses such as: athletics, marching bands, athletic travel, central office administrative costs, optional school nurse, teacher aides, food service programs that are self supporting and other costs that are outside the scope of

adequacy. The ECM includes all these expenses when determining the average per pupil performance outcome cost of adequacy. The minority takes the position that only specific inputs and associated expense costs that contribute to “base adequacy and differentiated aid” are the responsibility of the State. Non-adequacy costs belong to the local school district, as these expenditures are optional elements, approved and authorized by local governance. The state does not have responsibility for first and last dollar; yet the ECM uses costing data that aggregates all operational expenses, and by doing so, takes on the responsibility of first and last dollar.

2. **Input-Based, Cost Analysis Model with Performance-Based Accountability:** The minority recommends that the costing of the opportunity for an adequate education be input-based with performance based accountability. The ‘input based’ nature of the definition of the opportunity for an adequate education also leads the minority to support the Cost Analysis Model as described in the, *February 1, 2008 Joint Legislative Oversight Committee on Costing an Adequate Education Report* as follows, “The ‘input-based’ nature of the definition of the opportunity for an adequate education also informed the Committee’s determination to adopt the legislative cost analysis model. This definition identifies the specific criteria and substantive educational content of an adequate education that leads itself to an input-based costing methodology.”
3. **Weighted Values - Differentiated Aid and Fiscal Capacity Disparity/EPVPP:**
 - a. As included in both the 2008 and 2018 study reports, the minority agrees that additional differentiated aid above the base adequacy cost be directed to students with greater educational needs. (See LSR21–0124))
 - b. The minority supports the commission finding that education funding should better address disparity and inequity differences between wealthy and poor districts. In an effort to assist communities with low property valuation, the minority recommends that a grant program be initiated based on equalized property valuation per pupil. (See 2018 Study Report, Recommendation III, including parts A-D).
 - c. The minority does not support the weighted value system and certain categorical provisions in the “Weighted Estimation Model” as accepted by the commission. Weighted values in the ECM are based upon the following categories: Free or Reduced Price Lunch; Special Education; English Learner; Enrollment (4 size categories); Enrollment in Middle Grades, and Enrollment in High School Grades. If the weighted amount for a singular category changes then another category must be altered in cost, either up or down.
 - d. The minority believes that the cost for each weight should be predicated upon specific resource inputs. For example, the ECM weighted multiplier value of 4.29 is used to determine the cost of special education disabilities. All IEP’s and corresponding disabilities are not alike. Some IEP’s may require a few hours or less per week, while others may require full time support. The minority is

opposed to establishing one weighted cost value that requires high funding levels for all special education disabilities while knowing that huge cost differentials exist between IEP's. Data identifying the number and percentage of specific disabilities is available from the department.

- e. The minority does not support the small schools weighted value as proposed. The minority is concerned this weighted element may reward small schools in property wealthy communities where student achievement outcomes are likely to be above average. Initiated with good intent to correct economy of scale issues, the small school category could become a disincentive to fiscally efficient consolidation. Other issues that may impact the financial disposition of small schools or require further consideration before establishing a small school value may include, but not limited to:: geographic isolation, rural verse urban setting, grade spans and curriculum, access, community population, school enrollment numbers, community vision, etc.
4. **Performance Measures:** The education cost model accepted by the commission relies upon three performance indicators used to measure performance outcomes. Although these measures are valid and reliable, and widely used throughout the country, the measures do not reflect the expanded list of performance indicators in RSA 193-E: 3, I (a) through (n). As stated in *Equity and Adequacy of New Hampshire Funding, A Cost Modeling Approach*, (August 2020, American Institutes for Research), analysis of performance levels...suggest that New Hampshire's average student performance and level of spending are 'adequate.' "The results of these comparisons (NAEP and Smarter Balanced Assessment Consortium) show that New Hampshire's students already perform on par with other New England students, and New England students perform well above the national average. New Hampshire's performance levels approach those of Massachusetts, which has been the top-performing state on the NAEP for a number of years." (AIR Report, August 2020) To measure performance, the commission uses data based upon: student assessment scores, graduation rates, and attendance. This data is then aggregated into a single outcome score. Knowing that NH students already score above national outcomes, the minority concludes that the commission report fails to include other challenging performance indicators that are currently required by the department, and designed to move NH education toward attainment of 65/25 and post secondary workforce skills. Performance indicators that all districts are now required to report pursuant to RSA 193-E: 2-a, include the number and percentage of students:
- a. Going on to post secondary education, military service, and an advanced learning program leading to a value added skill or career certification,
 - b. Earning a career and technical education industry recognized credential,
 - c. Completing a career pathway program of study,

- d. High school students who earned post secondary credit of C or better for one or more concurrent or dual enrollment courses from a NH post secondary college or university,
- e. That completed a NH scholars program of study,
- f. That completed and passed an advanced placement exam with a score of 3, 4, or 5; or International Baccalaureate exam with a score of 4, 5, 6, or 7,
- g. That scored at least a level III on the components of the ASVAB as defined in REA 186:68,I, that comprise the Armed Forces Qualification Test (AFQT).

Performance indicators such as these are key measures of student performance outcomes and success. Outcomes used to determine student needs within this report are only those national normed outcome scores intended to be comparable across all school districts in the U.S. This data may be necessary for accountability for use of federal funds, but in determining accountability for state appropriations all statutory indicators should be used.

5. **Categorical Grant Funding Apart from Adequacy:** The minority agrees with the majority that funding support for special education state aid pursuant to RSA 186-C: 18, III, Building Aid, and Career and Technical Education Aid should remain as separate appropriations, commonly known as “categorical funds.” Transportation of pupils should reflect the current practice of providing transportation of all K-12 students to and from school as part of adequacy. Funding transportation on a per pupil basis during a time of declining enrollments is questioned. Other transportation expenses reported in the DOE25 should not be considered part of the adequacy education formula. Draft legislation in support of categorical funding has been submitted:
 - a. Special education state aid pursuant to RSA-C: 18, III (LSR21-0127.0)
 - b. Building Aid (LSR21-0268.0)
 - c. Career and Technical Education Committee Study (LSR21-0400)
6. **Sources of K-12 Funding:** The complicated interaction of state and local funding of public education has raised the question should NH’s reliance upon the property taxes be reduced. It has become increasingly difficult for communities throughout the state to meet education needs due to:
 - a. The percentage of poverty within a municipality without a weighted allocation of resources based upon the percentage of students from poverty situations,
 - b. Below average community median family income levels, and
 - c. Municipalities with the lowest capacity to raise property tax revenue needed to support schools.

To address revenue challenges, the minority proposes that the current input-based formula be updated to ensure that the formula is meeting current disparity and inequities among districts and to better address educational trends and workforce needs. In accordance with the 2018 study, this update should include a legislative review of the

SWEPT. Differentiated dollars allocated for children who are in 3rd grade and reading below proficient level should be redirected to support free and reduced lunch eligible students. In an effort to assist communities that do not have the capability to raise taxes due to below average property valuation and higher levels of poverty, the minority recommends implementation of a grant program based upon equalized property valuation per pupil (EPVPP). HB709, as amended during the 2019 session, provides further EPVPP grant program details. In regard to a possible over reliance on property taxes to support educational funding, the minority understands that states that fund schools largely on sales or income taxes may face shortfalls in times of economic slowdown, thus leave schools in those states worse off than states more reliant on property taxes which are less sensitive to economic condition. The minority is sensitive to disparity and inequities encountered in property poor communities; however, the minority does not support the introduction of either an income tax or sales tax as a remedy to fix education funding or distribution of funds.

7. **Concluding Remarks:** In respecting NH's long tradition of community involvement, an adequate education involves an integrated costing and distribution system of shared responsibility between state and local government. The state controls minimum standards for public school approval while local districts have responsibility for controlling and implementing diverse approaches to instruction and curriculum. Through this shared costing and distribution system, it is also recognized that performance outcomes may vary based upon a number of conditions or variables not associated with the state funding formula. Non funding variables that impact or influence the nature of student performance include: local economy and workforce needs, community expectation, family aspiration, parent support and engagement, quality of school supervision and leadership, attitude and engagement of staff, local control and other conditions including educational choice. K-12 education is in the midst of a shift in how instruction and learning occur. As presented by the NHDOE Commissioner, the Learn Everywhere Program supports effective and efficient curriculum learning that stretches beyond classroom walls. Future education funding should be open to considering and supporting various alternative instructional settings, education choice and instructional approaches that depart from standardized practice.

Respectfully Submitted,
Representative Rick Ladd

Minority Legislative Commission Member
Grafton, District 4

A.8. David Ryan, Ed.D. – Superintendent of Schools, SAU 16

SUPPLEMENTAL STATEMENT
OF
DAVID RYAN, MEMBER
NEW HAMPSHIRE COMMISSION TO STUDY PUBLIC SCHOOL FUNDING

I am forever grateful to have served the students and stakeholders of our New Hampshire public schools in the capacity of Commission member, and I am truly indebted to the leadership and colleagues on the Commission for their perseverance, patience, and flexibility over the course of the experience. Never having seen this type of legislative work performed up close, I have a newly profound level of respect for our state level leaders and their commitment to achieving the mission of serving the common good.

This report is a product of many untold hours of reading, research, and discourse aiming to outline how to fund equitable opportunities for an adequate education for all New Hampshire children while preserving local control and equitable spending for the taxpayers in each New Hampshire town. I am sad to report that this goal remains unachievable without a significant change in how we think about and invest in all of our school communities, and not settle for efficiency over true equity.

Economist Isabel Sawhill⁴⁴ recognized in her 2008 report on U.S. economic mobility that inequality in America has increased, and “as income gaps have widened, the opportunity that children have to do better than their parents is increasingly important.” Taken at face value, this is critically important for children who live in poverty or in property-poor towns where resources are already scarce and early learning experiences are not available, but how is this possible? This Commission has attempted to answer this while only being able to scratch the surface on the difference between economic costs and opportunity costs, and what is encapsulated in these pages should be considered a beginning of the work, not the result.

This is a seismic moment for all children in our state. We need to agree on how we can ensure that our future as taxpayers will be adequately supported, protected, and served by those for whom our tax dollars are currently spent. A combination of student-centered funding and outcomes-based accountability can and will provide all students with the same opportunities for all with varying degrees of support for each.



⁴⁴ Isaacs, J. B., Sawhill, I. V., & Haskins, R. (2008). Getting ahead or losing ground: Economic mobility in America. Brookings Institution.

A.9. Barbara Tremblay – Retired superintendent, SAU 29, SAU 62

Personal Statement to the New Hampshire General Court

**From Barbara Stanford Tremblay
Member of the Commission to Study School Funding**

December 1, 2020

It has been an honor to serve on this Commission, and I must acknowledge the deep commitment and knowledge that were brought to these deliberations by my fellow Commissioners and the Carsey School team. During my decades serving as an educator, Principal, and Superintendent in two very different educational systems in New Hampshire -- SAU29 and SAU62 -- I had an opportunity to truly grasp the scope and impact of funding inequities between schools and between districts in our State, and the resulting inequities in the opportunity for an adequate education provided for each student.

After months of study of cost distribution models by the Commission, coupled with my own understanding and experience, I support the Cost Model and Student-Centered Outcomes-Based Approach for distribution of state aid to education, as defined in this report.

The plan proposed by the Commission should be monitored yearly in order to gather pertinent data and determine progress through standard assessments of our students. While daily attendance, graduation rates, and students' standard assessments will all be used as measurable "outcomes," we must be assured that the "standard assessment" be one that is truly "standardized." This may be difficult until a competency-based education assessment that can be used for all is established and implemented at the statewide level. It is vitally important that the Education Cost Model developed by AIR and supported by the Commission, including the given weights, is NOT to be changed or "tampered with," as this will violate the results.

The Commission has had the opportunity to hear the voices of many decrying the inequities that exist in the current school funding setting – citizens, homeowners, taxpayers, educators, families, and very importantly, our students themselves. What has resonated strongly for me in these individuals' public comments, as it has throughout my career in public education in New Hampshire, has been the concern for the equity of opportunity for all students, in each school, in each district across the State. Having the opportunity to learn, grow, and excel in life by benefiting from equal educational opportunity is as important to students and families in the smallest and the largest schools, in the richest and the poorest communities. A strong, quality early educational foundation and a public education experience, including access to Career/Technical Education, that can lead to success in the world of work, the military, higher education and, ultimately, to a productive citizenry should be the ultimate outcome for our State. Our education system should provide the educational experience that makes this a possible outcome for all New Hampshire students.

I believe the funding proposal presented by this Commission will assure that this is the educational opportunity we are providing in our State.

A.10. Val Zanchuk – Past Chairman, Business and Industry Association

Commission Member Statement Val Zanchuk

**President, Graphicast, Inc.
25 November 2020**

As a business owner, I am focused on the bottom line of my business, the ultimate outcome of all the work we put into the business. If the outcome is positive, we determine the reasons for that success and reapply them to ensure our future success. If the outcome is negative, we perform the same analysis and determine what we have to improve to become profitable. Although we look at inputs to our efforts as part of that analysis, it is the outcome, our bottom line, which is the final arbiter. I am pleased that the commission has concluded that outcomes are the most effective way to determine the success of our public education system. I am also pleased at the reliance on facts and data to determine what resources each district needs to ensure a successful outcome for its students. It is not the same for each district, but a function of district characteristics, demographics, student needs, and fiscal capacity. From the perspective of a business person and engineer, these are rational conclusions.

To provide the opportunity for an adequate education is not just a constitutional requirement, it is also an economic requirement. It is in the compelling interest of the state to ensure that every student in its public school system graduates with the skills and capabilities necessary to become a productive member of our society. With the well documented transitions in our economy highlighted in the state's 65 x25 goals (65% of our workforce to possess post-secondary degrees, training, or certification by 2025), we cannot afford to waste the potential of any student to be a contributor to the state's economic growth and well-being.

A key portion of the education opportunities afforded our students are Career and Technical Education (CTE), work based learning, extended learning opportunities, internships, apprenticeships, and other "real" world experiences. CTE students are more engaged, have higher graduation rates, and see more value in their education than students who do not have this type of hands-on education. The New Hampshire CTE network is excellent, but unfortunately, severely underfunded by the state. Comparisons to similarly sized states, such as Delaware, show New Hampshire's enrollment less than 20% that of Delaware's, and state funding only about 11% of Delaware's. There is much room for growth of our CTE system, and much need for increasing support for this educational driver of a trained workforce. I urge our legislators and governor to consider the economic impact of a better funded CTE system as a high return investment in our future, and significantly increase state support for CTE.

B. Categorical Aid Briefs

B.1. Career and Technical Education

New Hampshire Commission to Study School Funding

Categorical Aid Brief on Career and Technical Education (CTE)

Submitted by Susan Huard, Rick Ladd, and Val Zanchuk

Additional information provided by Eric Frauwirth, Administrator, Bureau of Career Development

November 26, 2020

Introduction

CTE programming in NH prepares high school students with the skills needed for career success, in areas as diverse as agricultural science, automotive technology, careers in education, computer network systems, construction/building trades, culinary arts, graphic design, healthcare professions, hospitality and tourism education, business and marketing education, multimedia communications, precision manufacturing technology, theater stagecraft, and more. In addition to supporting NH's economy and filling key in-demand jobs through education attained at the high school level, CTE programs provide applied learning formats that "match" learning styles for many high school students and provide work-based learning opportunities that link students to future NH employment. CTE education is identified in statute as a critical and necessary component of the opportunity for an adequate education. Moreover, the link between CTE programs and the low-cost, accessible postsecondary education from NH's community colleges offers local pathways beyond HS that deepen these professional skills and provide a learning continuum that supports career advancement.

Current Situation

Adequacy Statutes Citing CTE and Career Skills

RSA 193-E:2 (Criteria of an Adequate Education) identifies that such adequacy shall include "Skills for lifelong learning, including interpersonal and technological skills, to enable them to learn, work, and participate effectively in a changing society."

CTE programming is identified in RSA193-E:3 (Delivery of an Adequate Education), as a measurement indicator for the delivery an adequate education. The following indicators are in statute:

- (e) Number and percentage of graduating high school students going on to post-secondary education, military service, and *an advanced learning program leading to a value added skill or career certification*,
- (f) Number and percentage of *students earning a career and technical education industry recognized credential*,

- (g) Number and percentage of *students completing a career pathway program of study*.

14 indicators have been established in statute to determine successful delivery of an adequate education. The CTE program is written into 3 of the 14 items. This is 21% of the required data within the annual report provided to DOE.

CTE Tuition and Transportation Funding

Currently, there is \$9,000,000 allocated for reimbursement of tuition and transportation costs. The state uses categorical funding to distribute the states portion of this funding. Categorical funding is subject to moratorium and availability of state revenue.

Transportation is currently reimbursed at a rate of 10 cents per student per mile, and not the actual cost incurred. For FY20, the reimbursed amount was \$680,000 (although the actual amount spent by the districts was over \$2.6 million).

Once the transportation amount is removed, the remaining balance is distributed for tuition. The legislation states that the sending district will pay 25% and the state will pay 75%; however there is not sufficient money for the 75%, so the sending districts will receive a supplemental bill for the balance.

Each year, every CTE center submits its CTE program tuition to the DOE. The DOE then calculates the 25%/75% reimbursement split for all students from sending districts (at least 25% from the sending district, up to 75% from the state). No reimbursement is provided for students who attend CTE within their own school district. In other words, Salem pays 100% of the cost of a Salem student to participate in a CTE course, while Pelham only pays 25% of the student cost for the same program.

Annual tuition amounts range from \$3,100 in Rochester to \$7,300 in Berlin, with an average of about \$5,100. In FY20, the state paid approximately \$3,800 in tuition for each student from a sending school (a total of 1,900 students). There were over 9,700 total students enrolled in CTE, however, the bulk of whom come from the host high school. This means that the host high school absorbs the bulk of the cost of running the CTE program with only being reimbursed about 20% for the added expenses. If the state were to have reimbursed CTE centers for the cost of 75% of every enrolled student, then the total tuition expenditure would be approximately \$37,000,000 (\$5,100*.75*9,700).

As a comparison, Delaware enrolls approximately 26,000 students and the CTE budget allocation is \$89,000,000. That comes to about \$3,400 per student. (Appendix A)

Massachusetts recently updated its adequacy payments. The amount for a traditional high school student is \$9,980.05; and for a CTE student it is \$14,765.56 (an additional \$4,785.60).

<https://malegislature.gov/Laws/SessionLaws/Acts/2019/Chapter132>

From these examples, NH is in line with the average cost per student; however we are not actually providing the additional state resources to assist the host schools.

CTE Renovation and Construction

For each budget cycle, the DOE provides funding for capital projects for CTE centers (generally \$6-12M per center). This is for large renovation and construction projects. Under the current system, an average of two centers have been funded during each biennial budget. With 28 centers, it is about a 30-year cycle to complete all of the renovations. Given the speed at which technology and industry needs change, this is a long wait between capital improvements for each school. We are currently three biennial budgets away from completing the cycle and are actively discussing an alternative system. One possible model would be to allocate a set amount of money into a grant program and allow schools to apply for smaller grants at more regular intervals to update facilities and equipment more regularly. An example of this type of program is the Mass Skills Capital Grant program:

<https://www.mass.gov/service-details/massachusetts-skills-capital-grant-program>

Target Situation

There is a strong link between CTE, the Community College System, and a skilled New Hampshire workforce (see maps, Appendix B). The state has a compelling economic interest in successfully creating a workforce that helps meet the overarching goals of 65 X 25 (Specifically, that 65 percent of 25-to-64-year-olds in New Hampshire will have a postsecondary degree or high-value credential by 2025). CTE is identified in statute as a critical and necessary component of the opportunity of an adequate education. It should be funded in a manner reflecting its standing, not through categorical funding, but as a component of the adequacy funding mechanism.

Strengthening the funding stream for CTEs would affect student success by:

- Increasing the number of students who are able to attend CTEs
- Increasing opportunities for expanding the Running Start program, which in turn, encourages students pursuing a postsecondary credential
- Ensuring equity so that more students from CTEs can pursue Running Start programs as well as Early College credits, saving NH families money and creating an efficient path to a postsecondary credential for more students
- Potentially increasing the number of students who remain in NH; at this time 93% of the students completing at NH community colleges remain in state. If more students are given this accessible path, then the likelihood that more will begin and finish postsecondary experiences in NH increases

- Increasing partnerships with area businesses for students in CTEs and community colleges

Process to Achieve Target

- CTE is part of an adequate education, and the commission is encouraged to consider integrating a weighted costing amount into the adequacy formula to support this vital component of an adequate education. Consider a weighted value of 0.80.
- Provide full funding for tuition support for all CTE students, not just those from sending schools
- Fully reimburse transportation costs
- Amend RSA 188 (Appendix C)

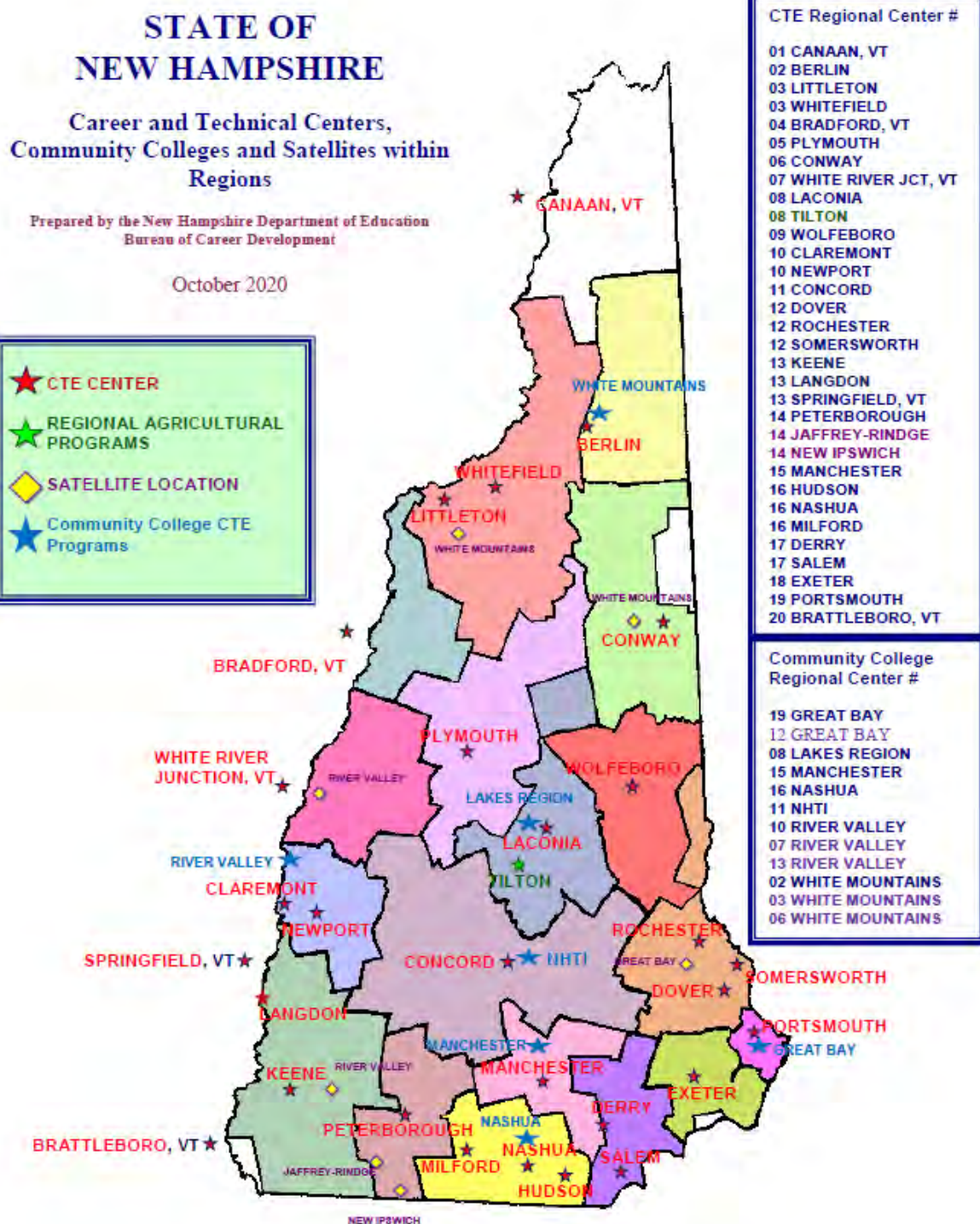
APPENDIX A

	New Hampshire	Delaware
Total Population	1,363,852	975,033
Median Age	42.7	39.8
High School Population	64,000	44,000
Number of School Districts	103+	19
Number of High Schools	82	45
High Schools with CTE Programs	28	43
Percent of HS with CTE	34%	96%
CTE Student Population	9,000	26,000
Percent of HS Students in CTE	14%	59%
Perkins Funding	\$6,100,000	\$5,500,000
State CTE Funding (incl. Perkins)	\$9,000,000	\$89,000,000

APPENDIX B



APPENDIX C



Proposed changes to CTE laws. This includes the changes requested last year that were vetoed.

188-E:2 Definitions

VIII (b)

Current: If a student attends a chartered public school, the sending district shall be the school district in which the student resides.

Proposed: If a student attends a chartered public school, *private school, or is home schooled*, the sending district shall be the school district in which the student resides.

188-E3 Construction or Renovation of Career and Technical Education Centers

I.

Current: The commissioner, department of education, shall make grants available to designated regional centers for construction of career and technical education facilities or renovation of existing regional career and technical education centers. . . .

Proposed: The commissioner, department of education, shall make grants available to designated regional centers for construction of career and technical education facilities or renovation, *expansion, or replacement* of existing regional career and technical education centers . . .

188-E:5 Program

II.

Current: Career and technical education of consistent quality shall be equally available to students and across the state. Each career and technical education program pathway shall include embedded rigorous academic skills and technical core competencies aligned with national business and industry standards delivered through a relevant sequence of courses.

Proposed: *New Hampshire students have a right to a career and technical education*. Career and technical education of consistent quality shall be equally available to students and across the state. Each career and technical education program pathway shall include embedded rigorous academic skills and technical core competencies aligned with national business and industry standards delivered through a relevant sequence of courses.

188-E:8 Transportation

Current: The department of education is authorized to reimburse from its regular budget the cost of transportation for (a) regional career and technical education students who attend regional

career and technical education centers and for (b) at-risk students who attend alternative education programs located at a regional career and technical education center or other comprehensive high school. Transportation costs shall not exceed the rate adopted pursuant to RSA 541-A by the state board. The sending district shall be responsible for paying the transportation costs and shall be reimbursed from state funds.

Proposed: The department of education is authorized to reimburse from its regular budget the *full* cost of transportation for (a) regional career and technical education students who attend regional career and technical education centers and for (b) at-risk students who attend alternative education programs located at a regional career and technical education center or other comprehensive high school. The sending district shall be responsible for *providing transportation and* paying the transportation costs, and shall *then* be reimbursed from state funds.

[this change will also require the removal of Ed 1305.03]

188-E-10 Funding for Renovation and Expansion

I.

Current: The department of education is responsible for maintaining a statewide system of regional vocational education centers to provide and allow for a variety of career and technical education programs funded within state budget appropriations. . . .

Proposed: The department of education is responsible for maintaining a statewide system of regional *career and technical* education centers to provide and allow for a variety of career and technical education programs funded within state budget appropriations. . . .

(f) In this section, "qualified" means the project:

Current:

- (1) Demonstrates need connected to the labor market.
- (2) Accepts students from sending schools.
- (3) Demonstrates adequate numbers of students through enrollment figures based on 3-year averages.
- (4) Demonstrates alignment with program competencies and academic competencies required by the department of education.
- (5) Allows for matriculation into a postsecondary venue.
- (6) Meets all industry and building standards.
- (7) Meets the procedural requirements for requests under this section and any other requirements

in rules of the department of education.

(8) Is a regional career and technical education center within a public school, or a public academy as defined in RSA 194:23, II, in the state of New Hampshire.

(9) Has the capacity to provide academic courses for students from the sending districts who are approved for full-time attendance at the center.

Proposed:

(1) Demonstrates need connected to the labor market.

(2) Demonstrates adequate numbers of students through enrollment figures based on 3-year averages.

(3) Demonstrates alignment with program competencies and academic competencies required by the department of education.

(4) Allows for matriculation into a postsecondary venue.

(5) Meets all industry and building standards.

(6) Meets the procedural requirements for requests under this section and any other requirements in rules of the department of education.

(7) Is a regional career and technical education center within a public school, or a public academy as defined in RSA 194:23, II, in the state of New Hampshire.

(8) Has the capacity to provide academic courses for students from the sending districts who are approved for full-time attendance at the center.

[the reason for the removal of item 2 is that not all of our CTE centers have sending schools, so making this a requirement for renovation would leave out those schools]

188-E10-b Advisory Council on Career and Technical Education [previously submitted legislation that was vetoed]

1 New Subparagraph; Advisory Council on Career and Technical Education. Amend RSA 188-E:10-b, I by inserting after subparagraph (h) the following new subparagraph:

(i) A high school counselor from a sending school district, appointed by the president of the New Hampshire School Counselor Association.

2 Advisory Council on Career and Technical Education. Amend RSA 188-E:10-b, III to read as follows:

III. Members of the advisory council appointed under subparagraphs I(f)-~~(h)~~(i) shall serve for terms of 3 years and may be reappointed, except that terms of initial appointments by the commissioner under subparagraphs (f) and (h) shall be staggered.

3 New Paragraph; Career and Technical Education; Rulemaking. Amend RSA 188-E:10-b by inserting after paragraph VI the following new paragraph:

VII. By June 30, 2021, upon recommendation of the council, the department shall adopt rules, pursuant to RSA 541-A, establishing requirements for a career readiness credential.

188-E:12 Secondary Career and Technical Education Programs; Federal Authorization

Current: In accordance with 20 U.S.C. sec. 9271, the state shall include in its unified plan, all secondary career and technical education programs authorized under 20 U.S.C. 2301 et seq., known as the Carl D. Perkins Career and Technical Education Act of 2006.

Proposed: In accordance with 20 U.S.C. sec. 9271, the state shall include in its unified plan, all secondary career and technical education programs authorized under 20 U.S.C. 2301 et seq., known as the Carl D. Perkins Career and Technical Education Act of 2006 *as amended by the Strengthening Career and Technical Education for the 21st Century Act of 2018*

188-E:16 Membership and Terms [for Pre-Engineering and Technology Advisory Council]

I (d)

Current: The president of the New Hampshire technical institute, or designee.

Proposed: *The chancellor of the community college system of New Hampshire, or designee.*

188-E:22 Membership and Terms [for Advanced Manufacturing Advisory Council]

I (e)

Current: The president of the New Hampshire technical institute, or designee.

Proposed: *The chancellor of the community college system of New Hampshire, or designee.*

188-E:26 Program Established [Dual and Concurrent Enrollment Program]

Current: There is established a dual and concurrent enrollment program in the department of education. Participation in the program shall be offered to high school and career technical education center students in grades 10 through 12. The program shall provide opportunities for qualified New Hampshire high school students to gain access and support for dual and

concurrent enrollment in STEM (science, technology, engineering, and mathematics) and STEM-related courses that are fundamental for success in postsecondary education and to meet New Hampshire's emerging workforce needs.

Proposed: There is established a dual and concurrent enrollment program in the department of education. Participation in the program shall be offered to high school and career technical education center students in grades 10 through 12. The program shall provide opportunities for qualified New Hampshire high school students to gain access and support for dual and concurrent enrollment in *Career and Technical Education courses*, STEM (science, technology, engineering, and mathematics) and STEM-related courses that are fundamental for success in postsecondary education and to meet New Hampshire's emerging workforce needs.

188-E:28 School Board Policy

I.

Current: No later than July 1, 2018, the school board of each school district shall develop and adopt a policy permitting students residing in the district who are in grade 11 or 12 to participate in the dual and concurrent enrollment program.

Proposed: Current: No later than July 1, 2018, the school board of each school district shall develop and adopt a policy permitting students residing in the district who are in grade *10*, 11 or 12 to participate in the dual and concurrent enrollment program.

B.2. Building Aid

CATEGORICAL GRANT PROGRAMS: BUILDING AID

STATUTE AND RULES

RSA 198:15 and implemented under Rules Ed 321

NHDOE CONTACT

Amy C. Clark, building aid program administrator

(603) 271-2037

amy.c.clark@doe.nh.gov

CURRENT IMPLEMENTATION AND HISTORY

Building Aid is state grant program administered by the NHDOE to support local school districts in meeting the costs of constructing or reconstructing school buildings. Building Aid grants range from 30-60% of the cost of construction (30% to more affluent communities, 60% to less affluent communities). The formula is weighted so that most communities get 30% (the average rate is 38%).

From 1946 through 2009, building aid grants were awarded to school districts and then distributed to the districts over a 20-year period. From 2010 through 2017, the state imposed a moratorium on building aid. In 2013, the program was changed to distribute 80% of the award at the start of a project and the balance of the award upon completion, and established a \$50M budget cap each year to cover new projects and the tail commitment on past awards. In 2018 and 2019, the moratorium continued except for a \$2M award for the Hinsdale Elementary School project. In 2020, the moratorium was lifted and three projects were funded using \$8.6M. For biennium FY20/21, the tail payments totaled \$69M.

COMMISSION REVIEW

For the FY22/23 biennium, 53 projects have been proposed totaling \$604M with a potential building grant value of \$231M. After the tail obligation is factored in, total new awards for the biennium would be capped at \$32.1M. Under the program's current design, possibly only 6-7 projects (more or less, depending on the size of the projects) could receive funding.

The current program design does include progressive principles that supports property-poor districts. Because property-wealthy districts are able to raise more funding for capital projects than property-poor districts with the same tax rate, the current school building aid grant process allows for and includes statutory language for the selection and awarding of grants to: "score

each proposal based on...(6) a school district's fiscal capacity based on measurable criteria such as the percentage of pupils eligible for free and reduced priced meals."

The current distribution formula also contains the provision requiring the state to forward 80% of the grant to the district at the front side of the project. While this requirement helps all communities, it most assuredly helps property-poor communities that are already at a property tax affordability level or who may be capped and unable to afford associated interest costs of the grant. However this distribution plan limits the number of project that can be awarded in any given biennium and it may be beneficial to consider other factors, such as current bond rates, in program design.

A 2016 review of schools throughout the state show the following data:

6% built prior to 1900

26% built prior to 1950

7 schools over 68 years old have not had a major renovation in more than 50 years

196 schools (60%) originally built ~50+ years ago

15% of schools are using portables (5% are using 4 or more portables!)

12% state their facility is in fair, poor, or in need of replacement

19% state their HVAC system is in fair, poor, or in need of replacement

There are several schools that have no fresh air handling systems or air filtrations systems. Priority should be placed on projects directed to correct these deficiencies.

COMMISSION RECOMMENDATIONS

The commission recognizes that the 20-year distribution design results in a tail obligation for the state. However, given the present historically low bond rates, it is important for schools to be able to move forward with projects. Therefore, the commission recommends the following changes:

1. Return to a 20-year distribution design would allow more projects to receive awards
2. Change the award range from 30-60% to 20-80% based on equalized valuation per pupil
3. Require the state budget to appropriate no less than \$50M each year to cover new projects and an additional appropriation to cover the obligated tail payments
4. Prioritize projects for health, safety and accessibility
5. NH DOE to report on school building status (including indoor air quality, health, safety and accessibility), grant applications, awards, tail obligation and bond rates
6. Data collection (???)

ATTACHMENTS

- “School Building Aid Summary”, Amy C. Clark, NHDOE building aid program administrator, January 2020, Access: <http://www.gencourt.state.nh.us/statstudcomm/committees/1506/documents/School%20Building%20Aid%20Summary%202-3-20.pdf>
- “Indoor Air Quality Data Collection Report for School Year 2019”, NHDOE, April 2020.

THOUGHTS REFERENCE SCHOOL BUILDING AID – REP RICK LADD OCTOBER 18, 2020

As you are aware, the school building aid formula and associated appropriation of building aid grants has undergone intense debate and study by legislators and third party resources for years.

The formula does include progressive principles that supports property-poor districts. Because property-wealthy districts are able to raise more funding for capital projects than property-poor districts with the same tax rate, the current school building aid grant process allows for and includes statutory language for the selection and awarding of grants to: “score each proposal based on...(6) a school district’s fiscal capacity based on measurable criteria such as the percentage of pupils eligible for free and reduced priced meals.”

The current distribution formula also contains the provision requiring the state to forward 80% of the grant to the district at the front side of the project. This requirement helps all communities, but it most assuredly helps property-poor communities that are already at a property tax affordability level or who may be capped and unable to afford associated interest costs of the grant.

Perhaps the most supportive progressive language within school building aid statute exists in RSA 198:15-u and RSA 198:15-v (Alternative School Building Aid Definitions and Grants). Alternative funding availability is based upon “median family income” and “equalized valuation per pupil.” Although fiscal capacity disparity aid was stripped from the 2008 version of adequacy funding, this principle remains as an option in school building aid. I am very supportive of fiscal capacity disparity aid, and did not support its remove from adequacy in 2011.

I am forwarding this communication in an effort to convey my thoughts that school building statute, although it can be improved, does contain wording in support of districts with high free and reduced meal numbers. Perhaps need these needs require greater priority rating in statute and regulation, along with the issue of safety and security. In addition, legislators have previously proposed that all grants be awarded at a flat 30% rate. Currently, grants are awarded from 30% to 60% of total project cost. Reducing grant amounts to a flat 30% would be a regressive move.

As with all aspects of public education including adequacy/regular education, CTE, charter schools, special education, transportation, etc., appropriations are based upon dollar availability.

In regard to school building aid, existing statute defines that the amount appropriated “shall not exceed \$50M.” We know that this amount is totally inappropriate and not based upon program, primarily based upon paying down debt that at one time exceeded \$540M. I would like to see appropriation language that states in addition to appropriating the necessary amount to pay for obligated debt (the Tail), that an additional amount “no less than \$50M” be appropriated annually for new and renovation projects. Even this amount will not address possible projections or needs; however, this amount could be narrowed to fund only: safety and security and first directed to communities with low equalized property valuation per pupil. Another option, instead of requiring “donor” districts to return access revenue to the state, for these districts to place all access in a local capital savings fund for new and renovation projects.

I’ve sent this document as I’ve noticed that “school building aid” is a sub topic within the adequacy sub group report on Monday (tomorrow).

Thanks,

Rep Rick Ladd, Haverhill

B.3. Special Education

Memorandum

To: NH Commission Studying School Funding

Re: Special Education Aid

Date: October 25, 2020

From: Richard Ames, Jane Bergeron-Beaulieu, Commission Members

As requested by the Commission, below is a summary of key facts/findings on the topic of Special Education Aid as it relates the work of the NH Commission Studying School Funding.

Overview: Funding special education.

Below is a quick overview of the varied funding sources meant to assist in covering the costs related to special education in NH School Districts. Part of the assistance is Special Education Aid, for statutory reference: 186-C18 State Aid

New Hampshire school districts receive some federal and state financial assistance to help defray the cost of special education and related services, but the amount of assistance is small relative to the cost of providing a FAPE.

Nowadays, school districts typically receive from the federal government approximately \$1,500 annually per IDEA-eligible student. This is far less than what Congress promised in 1975 when it enacted the IDEA and induced states to participate.

Under New Hampshire's educational adequacy statute, the State pays the school district in which a student resides \$3,561.27 annually regardless of whether the student qualifies for special education. RSA 198:40-a, II(a). However, if the student receives special education, the state pays the school district an additional \$1,915.86 annually as "differentiated aid." RSA 198:40-a, II(d).

1. **Special Education Aid** (In FY 2020 the state provided the same level of Special Education Aid that it provided in 2007. It often funds well below the 2007 level).

School District Placed Students and High Cost Services Deployed in the Neighborhood School

If a school district places an IDEA-eligible child in an out-of-district program (e.g., a specialized private school), the school district fronts all costs. The state is then supposed to reimburse the

school district for 80 percent of the child's costs in excess of 3.5 times the state average annual per pupil cost up to 10 times the estimated state average expenditure per pupil for the school year preceding the year of distribution. The department of education is then supposed to be liable for all costs in excess of 10 times the estimated state average expenditure per pupil for the school year preceding the year of distribution. RSA 186-C:18, III.⁴⁵ (3.5 times the state average annual per pupil cost is approximately \$52,500.) However, the State often reimburses school districts less than the 80 percent this statute promises, because the legislature frequently fails to appropriate sufficient funds (Special Education Aid).

Additionally, the NHDOE further limits reimbursements by declining to reimburse if data is not entered into NHSEIS as required by the annually updated NHDOE Special Education Manual. For example, if the parent refused to sign the IEP the district may not receive reimbursement.

2. Court Ordered Placement of Students with Disabilities in out-of-district placements (In 2020 the state provided half the funding provided in 2007)

If a juvenile court places an IDEA-eligible child in a residential facility, the school district's annual liability is capped at three times the state average per pupil cost. The responsible school district pays tuition up to 3 times the state average annual per pupil cost and the State pays the balance, RSA 186-C:19-b. the NHDOE further limits reimbursements by declining to reimburse if data is not entered into NHSEIS as required by the annually updated NHDOE Special Education Manual. For example, if the parent refused to sign the IEP the district may not receive reimbursement.

3. Foster Students

If DCYF places an IDEA-eligible child in a foster home, group, residential school, or similar facility, the "receiving district" (where that facility is located) may be responsible for providing special education pursuant to RSA 186-C:13, I, and 193:28, II, but the "sending district" (where the student formerly resided or where the student's parents currently reside) may have to reimburse the receiving district for special education costs. RSA 193:27 and 29.

4. Charter Schools

If parents enroll an IDEA-eligible child in a charter school, the school district in which the student resides is responsible for providing and funding a FAPE. RSA 194-B:11, III. All state adequacy funds (including differentiated aid) tied to that pupil go to the charter school, with the following exception. The differentiated aid arising from the student's eligibility for special education, \$1,915.86 annually, goes to the school district. RSA 194-B:11, I(b)(1)(A). The Charter Schools set their own rate for the costs of the services provided by the local school district.

5. Medicaid

Lastly, if an IDEA-eligible student qualifies for Medicaid, the school district may be entitled to partial reimbursement for certain costs under the Medicaid-to-Schools program. Money a school district receives under that program comes from federal, not state, funds.

6. Rate Setting Ed 1129

While state and Federal funding has plateaued or decreased over the past decade, costs have continued to increase annually.

A recent change to rate setting allows private programs to increase tuition 5% annually. The cost of placing a student in a private school has risen sharply over the past few years as the annual 5% compounds annually.

Recommendations to The Commission Relative to Special Education Aid:

- Affirm that Special Education Aid remain outside of the funding formula proposed by the Commission, similar to other states across the country
- There must be a clear commitment on the part of the state of NH to fully fund Special Education Aid
- Special Education Aid should be a part of the state's commitment to provide an opportunity to an adequate education
- Any Administrative Rules established by the NHDOE must be in alignment with the state's commitment to an adequate education
- The state of NH must appropriate sufficient funds in order to pay its full 80% share of excess cost under RSA 186-C:18 (State Aid)
- Suggest that a Task Force be established to look more closely at the complicated issues related to IDEA eligible students who are placed by the juvenile court in private special education facilities or foster homes and the related fiscal costs to school districts.

B.4. Early Childhood Education

New Hampshire Commission to Study School Funding

Categorical Aid Brief on Early Childhood Education Submitted by Iris Estabrook and Barbara Tremblay

November 1, 2020

With thanks for additional information and resources provided by Debra Nelson, Bureau Chief, Child Development and Head Start Collaboration, NH Department of Health and Human Services and Kimberly Firth, Program Director, Endowment for Health

Introduction and Background

Beginning in the 1970's, a scientific and policy consensus has developed that acknowledges the value of high quality early care and education programs for children from birth to six years of age. Participation in early education programs is especially beneficial for children in low and working income families, as demonstrated by the national Head Start program and other services aimed at families living in poverty or near poverty. Young children ages 3 and 4 who participate in preschool programs prior to entering kindergarten generally demonstrate positive educational outcomes in the early primary grades and through high school graduation. For children with the greatest need as a function of living in poverty, preschool leads to:

- financial savings in terms of fewer special education referrals,
- less frequent grade retention,
- higher secondary completion rates, and
- long-term reduced reliance on social service safety nets.

In general, children who experience good quality early care and education enter public school with the requisite skills for succeeding academically and socially.

Early care and education is an important resource for working families. In New Hampshire, 71% of all children below six live in households where all adults work; or roughly 52,000 children. New Hampshire is one of 7 states that currently offers no state funding to support preschool education programs. Of the remaining 43 states, an average of \$5008 per child is provided through state funding mechanisms (2017). Some children in NH have access to federally subsidized early education programs such as Head Start and the Child Care Scholarship program, but generally only a third or fewer of children eligible for these means-tested programs are able to participate in them. Most children who attend early education programs do so through private, tuition-based services. This results in a much higher portion of children from medium and upper income families having access to preschool than children from poor and working class families.

Preschool-aged children in Rockingham and Hillsborough Counties have much greater access to preschool compared to their peers in other counties, especially Coos and Cheshire.

Most preschool children currently served by public schools are eligible for special education services as defined by state and federal special education laws. In 2017-2018, 94 school districts offered a preschool program, with the large majority of enrollments consisting of children with special needs (about 3900 children total). Roughly one-quarter of 4-year olds participate in preschool programs based in public schools.

In 2019, New Hampshire was awarded a 3-year, \$26.8 million Preschool Development Grant Birth through Five (PDG B–5). This funding provides the opportunity to build an early childhood care and education (ECCE) system that supports New Hampshire’s vision that all families be afforded comprehensive and responsive supports. Governor Sununu’s Executive Order 2020-03 established the Council for Thriving Children which serves as the State’s advisory council on early childhood care and education and is led by the NH Department of Education and Department of Health and Human Services. (National Institute for Early Education Research)

“New Hampshire’s Strategic Plan for Early Childhood” published in June 2020 calls for a multi-year effort to expand the availability, quality, and affordability of early care and education. The Plan was developed by the NH Departments of Education and Health and Human Services as well as the University of New Hampshire College of Health and Human Services. In addition to addressing the child and family benefits of a robust system of early care and education, the Plan calls for an integrated system of governance and service delivery, including close cooperation and joint efforts with public schools. The Plan does not include specific recommendations for funding or policy changes that might support such cooperation.

“Including pre-k in state school funding formulas is a sound policy for several reasons. Formulas tend to be stable and to enjoy strong public and political support, even in difficult economic environments. They are enrollment based, ensuring funding is adequate on an annual basis, and they account for a variety of cost factors, such as income disparities across states and districts and specific student needs, e.g. English language and special education. When designed to support both quality and access over the long term, school funding formulas can enable states and districts to build, grow and sustain high-quality early learning programs.” (Pew Center for the States, Formula for Success: Adding High-Quality Pre-K to State School Funding Formulas)

Relevant Statutes

There are few statutes pertaining to the education of preschool age children in New Hampshire. Those most relevant include:

186-C:10 Responsibility of School Districts (to provide special education services, including children 3-6 years old)

198:48-b Kindergarten Adequate Education Grants (kindergarten students count toward the ADMA)

198:48-c Kindergarten Grants (to provide full ADMA funding for full-day kindergarten)

170-E Child Day Care, Residential Care, and Child-Placing Agencies (DHHS oversight of child care programs, licensing, staff qualifications, etc.)

161 and 167 Child Care Scholarship Program (to subsidize child care costs for income-eligible working parents)

Appropriations

In 2018-2019, the NH DOE allocated \$1.96 million to support preschool special education programs. Of this amount, \$1.44 million was from federal sources; the remaining was from state appropriations.

From Citizens Count: <https://www.citizenscount.org/issues/early-education-and-kindergarten>
“There is no general state funding for preschool or pre-kindergarten in New Hampshire. The state also makes no formal distinction between preschool/pre-K and daycare for the purposes of licensing, curriculum, and standards. However, individual school districts may choose to provide some public preschool or pre-K if they choose. Several districts in New Hampshire have opted to do so. These programs must be funded through local taxes or federal funds (such as [Head Start](#) or the [Child Care and Development Block Grant](#)). Eligibility for these programs can vary from town to town, but often guarantees space for any children with special needs, making other spaces available to normally-developing children who serve as peer models. The programs may be free or tuition may be charged, though this is generally at far lower rates than those paid for private preschool or pre-K programs.”

In FY 2020, NH received about \$28.4 million in federal allocations under the Child Care and Development Block Grant Program. This included about \$7 million in a one-time CARES appropriation.

Policy Issues

As seen above, public support and oversight of early care and education programs are largely the province of DHHS, with the exception of preschool programs for children receiving special education services. Given the scientific consensus that quality early education has long-term

positive effects on children's educational achievements, the state has an interest in supporting access to quality programs for children at least during ages 3-5. In general, it seems that a policy framework that supports the provision of early education through both the private and public sectors makes sense. Initially, state policy should emphasize programs that serve children living in low income families (e.g., those with household incomes up to 250% of the Federal poverty level). Many of these are children who later benefit from FRPL support. Since this group of students is predicted to have poorer outcomes than their peers, improving their early education experiences can lead to improved educational and other social indicators. This would in turn lead to individual as well as broader social benefits.

The legislature should seek ways to support both public school and community-based quality early childhood education programs. Support for expanding public school preschool programs could begin with an incentive strategy, similar to the first step taken in Gov. Shaheen's administration to expanding kindergarten access. Support for community-based programs should include expanding eligibility and funding for the child care scholarship program beyond 250% of the poverty level, linked to quality standards. Investments in the training and compensation of the early education workforce are also important for improving quality and therefore student outcomes.

It is proposed that the State consider a funding plan, to be phased in over a multi-year period, that would provide direct support for preschool programming offered by public school districts and by licensed nonprofit early education and care programs. For the former, including preschool age children in ADMA counts would direct funds to school districts that provide such services (similar to the kindergarten funding approach). For the latter, expanded funding for the child care scholarship program would increase the capacity of community-based child care programs to serve children from low and moderate income families.

Such an incentive-based approach should be managed through collaborative arrangements between DOE and DHHS, building on the existing office of Child Development and Head Start Collaboration in DHHS. Capacity within DOE to support early education may need to be increased to assure effective collaboration and coordination.

Recommendations

- * Improve access to quality Early Childhood Education for children age 3-5 in school- based and community-based programs
- * Focus initial expansion on serving children in families earning up to 250% of the Federal Poverty Level
- * Increase eligibility for the Child Care Scholarship Program beyond 250% of the Federal Poverty Level

- * Create a Preschool Incentive Program, modeled on the Kindergarten Incentive Program, to encourage expansion of school-based programs
- * Invest in the training and compensation of the early education workforce as a critical path to quality (evidenced by lower turnover rates and greater teacher longevity)
- * Increase collaboration between DHHS and DOE

B.5. Public Charter Schools

Public Charter Schools

Brief prepared by Jane Bergeron-Beaulieu and Jay Kahn

Fiscal Impact Special Education and Charter School: (Examples, not a full inclusive list)

- If parents enroll an IDEA eligible student in a charter school, the school district in which the child resides is responsible for providing and funding a FAPE. RSA 194-B:11, III. All state adequacy funds (including differentiated aid) tied to that pupil go to the charter school with the following exception. The differentiated aid arising from the student's eligibility for special education, \$1,915.86 annually, goes to the school district. RSA 194-B:11, I(b)(1)(A).
- The overall state and federal funding provided for special education poses challenges for LEA's in meeting their obligation to provide a FAPE to all eligible students with disabilities enrolled in charter schools
- Transportation costs and travel time for school personnel servicing students with disabilities in charter schools, particularly outside of the child's resident LEA boundaries can be quite costly for the school district.
- In most situations it is not possible to send district staff to charter schools and independent consultants or agencies are hired to provide services required in IEP's. Such services can be very costly for a school district.
- Specialized equipment, programs, and technology necessary to implement an IEP for a student at charter schools must be purchased by the LEA. While many of these things can be shared items with other students, the LEA has to duplicate and purchase separately for use in the charter school setting.
- State law allows a school district to provide special education and related services by sending its own employees to a charter school or by paying the charter school to provide these services with staff employed by the charter school. Yet there is no mechanism to ensure that the amount a charter school charges the school district is fair and reasonable for the provision of special education and related services with its own employees. The NHDOE sets approved rates for private special education and related services, including rates for tuition and related services, could similar rates be set for special education services provided by charter schools?

Data and Accountability

- Currently there is a lack of data relative to the costs for providing special education and related services to students with disabilities in charter schools; student outcome data for students with disabilities is problematic

- The charter schools are responsible for general education, yet are not held accountable for student progress as related to students with disabilities. Accountability is problematic; specific data related to student performance of students with disabilities, on factors related to the state performance plan, annual performance reports etc. is not available.

	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021
Transportation	\$12,000	\$48,000	\$44,000	\$70,000	TBD
Para Support	\$53,600	\$55,300	\$57,000	\$0	TBD
Services (Special Education and Related Services Combined)	\$15,000	\$18,850	\$63,150	\$30,000	TBD
Total	\$80,600.00	\$122,150.00	\$164,150.00	\$100,000.00	TBD
Number of Students with IEPs enrolled in Charter Schools	5	8	14	7	9 Plus 2 in referral
Average Cost Per Student with an IEP	\$16,120	\$15,268	\$11,725	\$14,285	TBD

C. Massachusetts Chapter 70 Program: Case Study and Possible Options for New Hampshire

Massachusetts Chapter 70 Program: Case Study and Possible Options for New Hampshire

During its deliberations, the Commission reviewed public school funding approaches used in other states to provide context for how to address New Hampshire's school funding issues. One state in particular – neighboring Massachusetts – provides an interesting case study as it too has implemented reformed education funding laws in response to judicial decisions over the last two decades.

On October 13, 2020, the Commission received excellent testimony regarding the Massachusetts experience with its Chapter 70 Program from Representative Alice Peisch, Chair of the Massachusetts Joint Committee on Education & Research Director Aiden Church. Further, the Fiscal Policy Workgroup followed this presentation with several discussions of the Chapter 70 Program, including reviewing a summary prepared by member Representative Richard Ames which is set forth in the materials for the October 29, 2020 meeting.

The following sections provide a brief summary of the history and structure of the Chapter 70 Program. The first section addresses the similarities, and differences, between the Massachusetts and New Hampshire litigation that challenged each state's respective public school funding systems in the 1990s. The second section provides an overview of how the Chapter 70 Program works. The third section addresses some specific aspects of how the Chapter 70 Program computes its "Foundation Budget," the minimum "Local Contribution," and the amount of "Chapter 70 State Aid." Finally, section four provides some concluding comments about how the Massachusetts experience may be used in crafting a better, more progressive, answer for New Hampshire's public school finance system.

A. Historical Context: Judicial Intervention and Legislative Response.

i. The Massachusetts Background. In June 1993, after years of litigation, the Massachusetts Supreme Judicial Court in the McDuffy case⁴⁶ invalidated the Commonwealth's school funding system. The Court made two distinct holdings: (1) that the state constitution's Education clause imposes on the Commonwealth an enforceable duty to provide a public education for all its children, rich and poor, in every city and town; and (2) that the Commonwealth had failed to satisfy that duty in the case of the students from property-poor communities who were plaintiffs in the case.

Just days after the McDuffy decision was issued, the Education Reform Act was signed into law in June 1993. Among other things, this law enacted the "Chapter 70" framework through which

⁴⁶ McDuffy v. Secretary of the Executive Office of Education, 415 Mass. 545, 615 N.E.2d 516 (1993).

state and local governments shall work together “to assure fair and adequate minimum per student funding for public schools in the commonwealth by defining a foundation budget and a standard of local funding effort applicable to every city and town in the commonwealth.”⁴⁷

In 2005, the Massachusetts Supreme Judicial Court reviewed the efforts of the legislature to remedy the McDuffy deficiencies for poorer communities in the Hancock case.⁴⁸ The Court rejected the challenge, finding that the Commonwealth was in fact meeting its duty under the education clause of the Massachusetts Constitution. The Court found:

The legislative and executive branches have shown that they have embarked on a long-term, measurable, orderly, and comprehensive process of reform to provide a high quality public education to every child. ... They have committed resources to carry out their plan, have done so in fiscally troubled times, and show every indication that they will continue to increase such resources as the Commonwealth's finances improve. ...

ii. Comparison to New Hampshire Judicial Decisions. The June 1993 McDuffy case was cited several times by the December 1993 New Hampshire Supreme Court case, Claremont I. Like the McDuffy case, the Claremont I Court found that the Education Clause imposes a duty on the Legislative and Executive Branches of state government: “We hold that part II, article 83 imposes a duty on the State to provide a constitutionally adequate education to every educable child in the public schools in New Hampshire and to guarantee adequate funding.” (“giving weight” to McDuffy because NH modeled its Constitution on Massachusetts and included a “nearly identical provision regarding education.”) Unlike the McDuffy case, the Claremont I Court did not hold that the state had violated this constitutional duty with respect to the property poor plaintiff towns. Instead, the Court simply remanded the case back to the trial court for further proceedings.

Another important difference between the McDuffy case and the Claremont I case is the use of the term “adequacy.” As quoted above, the New Hampshire Supreme Court held that the State has a constitutional duty to provide a “constitutionally *adequate* education” to every educable child. In contrast, the McDuffy Court declined to adopt the term “adequacy:”

We note that both parties engage in a clash of views that focuses on whether the constitutional language requires an “adequate” education, whether the State provides an education that is “adequate,” and if not, who is to blame. We decline to enter this aspect of the debate. To us the words “adequate” and “education” can be viewed as redundant as well as contradictory. ... The word “adequate” does not appear in the constitutional language and the struggle of the parties reveals, with good faith on all sides, necessary biases as to meaning. Thus, we strive to

⁴⁷ Massachusetts General Laws, Chapter 70, Section 1.

⁴⁸ Hancock v. Commissioner of Education, 443 Mass. 428, 822 N.E. 2d 1134 (2005)

ascertain, as we should, the intention of the drafters of the constitutional language and to provide a frame of reference for the implementation of that intent in a modern society. ... We use the word “adequate” only to state the parties’ arguments.⁴⁹

Subsequent to Claremont I, the trial court held a six-week trial.⁵⁰ The plaintiffs pursued four counts – three “education” counts that claimed that the State had failed to satisfy its duty to provide the plaintiffs themselves with an adequate public education, and one “tax” count that claimed that that “the New Hampshire school finance system results in unreasonable, disproportionate and burdensome taxation.” The trial court rejected all counts, finding that the plaintiffs had failed to prove their case on the adequate education counts and that the school funding system did not result in unreasonable and disproportionate taxation.

The plaintiffs appealed, resulting in the New Hampshire Supreme Court’s 1997 Claremont II decision. The Court did not address any of the lower court’s decisions rejecting the education counts, but did overturn the court’s decision on the “tax” count, holding that the local property tax as used to fund the cost of a constitutionally adequate education is a state tax, and that the tax as applied during the years at issue violated the constitution because it had disproportionate rates across the state and resulted in unreasonable burdens on taxpayers residing within property poor communities.

In summary, the judicial education funding cases in Massachusetts and New Hampshire had similarities, and important differences. As noted above, the Massachusetts McDuffy decision affirmatively held that the Commonwealth had failed to satisfy its constitutional “education” duty with respect to the plaintiffs, while the Claremont decisions did not so hold. Further, the Massachusetts decisions did not make any “taxation” holding, while the Claremont II rested solely on the proportional and reasonable requirements of the taxation provisions of the New Hampshire Constitution. Finally, the legislative response to the McDuffy litigation, which focused state aid through the Chapter 70 Program on districts with the greatest student needs, effectively settled the judicial review when the Massachusetts Supreme Judicial Court accepted the Chapter 70 Program in the 2005 Hancock decision, while legislative responses to the Claremont decisions remain the subject of continuing litigation.

B. The Massachusetts Education Funding System: Chapter 70 Program.

The Commission examined the Massachusetts response to the McDuffy litigation, which is referred to as the “Chapter 70 Program.” In Massachusetts, the Chapter 70 program is the major program of state aid to public elementary and secondary schools. In addition to providing state

⁴⁹ McDuffy, 415 Mass. at 550, note 8.

⁵⁰ The details of the trial court proceeding are recounted in J. Lewis and S. Borofsky, “Claremont I and II – Were They Rightly Decided, and Where Have They Left Us?,” 14 U.N.H. Law Rev. 1, pp. 24-43 (February 2016).

aid to support school operations, it also establishes minimum spending requirements for each school district and minimum requirements for each municipality's share of school costs.

i. Purpose. The purpose of the Chapter 70 Program is to ensure that every district has sufficient resources to meet its foundation budget spending level, through an equitable combination of local property taxes (subject to an equalizing wealth factor) and state aid.

ii. Overview of State Aid Formula. A district's Chapter 70 state budget aid is determined in three basic steps:

- First, the law defines and calculates a Foundation Budget, which is set as target funding level that varies for each district, based on the specific grades, programs, and demographic characteristics of its students.
- Second, the law determines a minimum required local district contribution to the total Foundation Budget for each district, which establishes how much of the district's variable Foundation Budget must be paid for by the district's property tax. This minimum required Local Contribution is determined by state law requirements, and is based upon the relative income and property wealth of the district.
- Third, the remainder of each district's Foundation Budget (not covered by the minimum required Local Contribution) is funded by Chapter 70 State Aid.

Accordingly, a district's Foundation Budget (net state law total school spending requirement) is the sum of its Local Contribution plus its State Aid. This net school spending requirement is the minimum amount that a district must spend to comply with state law, and this required spending level is enforced by the state.

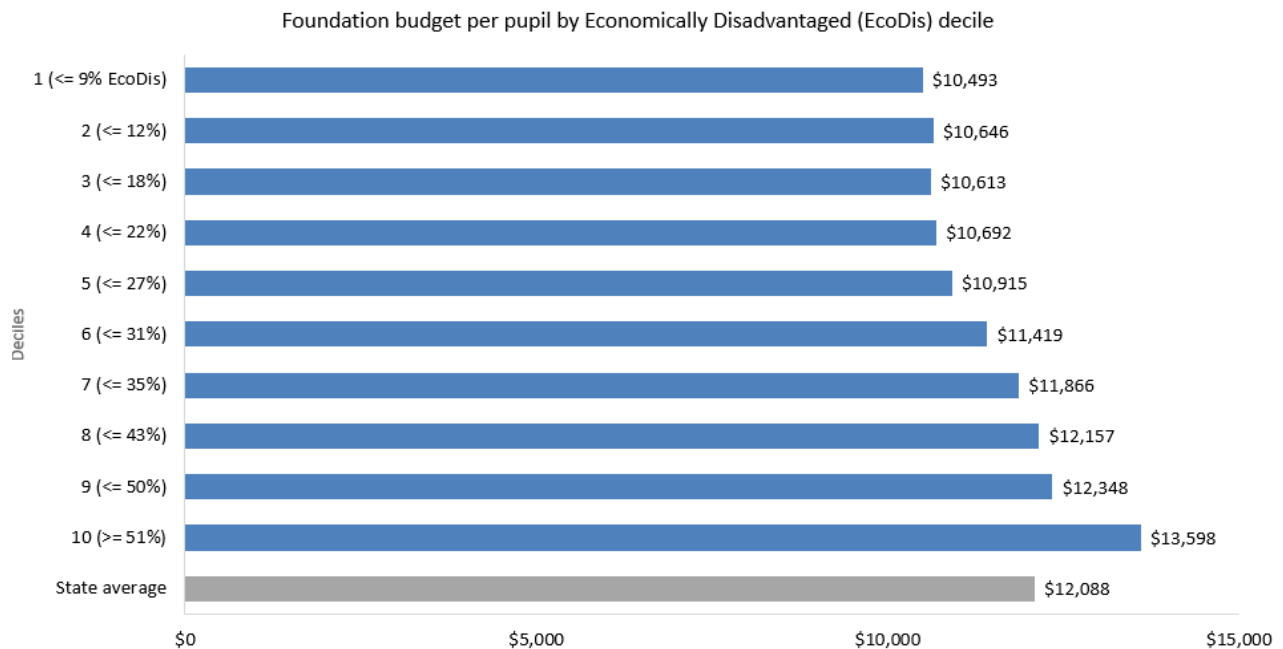
Total Numbers	FY20	FY20
Dollars in \$000	NH	MA
Total Enrollment	163,583	939,683
Total Revenues - All Sources	3,124,636	18,039,476
Total Revenues - Local	1,951,914	10,279,037
Total Revenues - State	1,004,048	6,987,507
Total Revenues - Federal	168,674	772,932
Local Property Tax	1,951,914	10,279,037
State Property Tax	363,246	-
Other State Taxes	640,802	6,987,507
Federal	168,674	772,932
Adequacy/Foundation	779,390	11,359,049
Required Local Contribution	363,246	6,513,607
State Budget Aid	441,990	5,175,694
Per Pupil Numbers	FY20	FY20
\$ Per Pupil	NH	MA
Total Revenues - All Sources	19,101	19,197
Total Revenues - Local	11,932	10,939
Total Revenues - State	6,138	7,436
Total Revenues - Federal	1,031	823
Local Property Tax	11,932	10,939
State Property Tax	2,221	-
Other State Taxes	3,917	7,436
Federal	1,031	823
Adequacy/Foundation	4,764	12,088
Required Local Contribution	2,221	6,932
State Budget Aid	2,702	5,508
Percentages	FY20	FY20
% of Totals	NH	MA
Total Revenues - All Sources	100.0%	100.0%
Total Revenues - Local	62.5%	57.0%
Total Revenues - State	32.1%	38.7%
Total Revenues - Federal	5.4%	4.3%
Local Property Tax	62.5%	57.0%
State Property Tax	11.6%	0.0%
Other State Taxes	20.5%	38.7%
Federal	5.4%	4.3%
Adequacy/Foundation	24.9%	63.0%
Required Local Contribution	11.6%	36.1%
State Budget Aid	14.1%	28.7%

iii. Numerical Overview of the Massachusetts Funding System. The Commission discussed several financial aspects of the Chapter 70 Program. The following paragraphs summarize certain key financial comparisons between Massachusetts and New Hampshire.

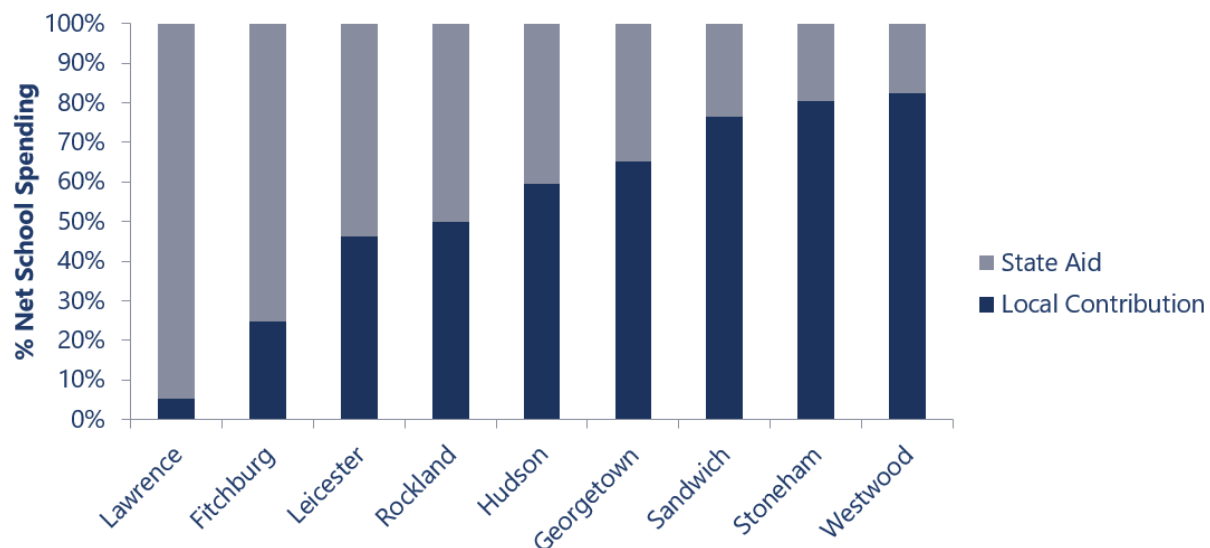
(1) Total System Overview. The neighboring tables present an overview comparison of the two total systems, using FY2020 data compiled from several Massachusetts, New Hampshire and federal sources. The Commission learned that Massachusetts recently adopted enhancements to its Chapter 70 Program and state budget support that is intended to increase the state budget share over the next several years. Some key points:

- NH and MA are among the top ten states with highest per pupil spending in the nation. (MA \$19,197; NH \$19,101)
- NH and MA both rely substantially on local property tax revenues to support total public education spending. (MA 57.0%; NH 62.5%)
- NH and MA have similar shares of total spending funded by state budget aid. (MA 38.7%; NH 32.1%)
- MA's Foundation Budget is funded by both the Local Contribution and State Budget Aid, while NH's significantly lower Adequacy amount is funded entirely with State Budget Revenues.

(2) Foundation Budgets Vary Substantially by District. According to a July 19, 2020 presentation of the Massachusetts Department of Elementary and Secondary Education ("MA DOE Presentation"), Foundation Budgets vary by district based on student need. The MA DOE Presentation includes the following graph to demonstrate that districts with greater student need (in terms of economic disadvantages) have higher Foundation Budgets:



(3)Chapter 70 State Aid Varies Substantially by District. According to the [MA DOE Presentation](#), “districts receive different levels of Chapter 70 aid, because their community’s ability to pay differs.” The MA DOE Presentation includes the following graph of selected districts to demonstrate this important point:



C. Summary of Foundation Budget, Minimum Local Contribution and Chapter 70 State Aid Determinations.

i. The Chapter 70 Foundation Budget is determined using an input cost approach. A district’s Foundation Budget is derived by multiplying the number of pupils (Foundation Enrollment) in 13 enrollment categories (for example, kindergarten, elementary, vocational,

special education, ELL, and economically disadvantaged) by input cost estimates in 11 functional areas (for example, administration, instructional leadership, classroom and specialist teachers, special education tuition). The resulting Foundation Budget varies by district in accordance with different enrollment needs. Statewide, the MA foundation budget represents about 65% of school budgets.

ii. The Minimum Local Contribution is based on a community's ability to pay. Under the Chapter 70 Program, the Foundation Budget is a shared municipal-state responsibility. Each community has a different target local share (ability to pay) based on its unique property values and resident income characteristics. The calculation of each community's Local Contribution amount is complex, but once determined, each community must generate the amount through local property taxes. The target Local Contribution is capped (may not exceed) 82.5% of the community's Foundation Budget, which ensures that every community will receive some amount of Chapter 70 State Aid. According to the MA DOE Presentation, in FY2020, 145 of 351 communities are subject to this cap. Because the Local Contribution is determined based on both equalized valuation and income characteristics, and further is subject to the cap, the local property tax rates necessary for each community to satisfy the minimum requirement vary.

iii. Chapter 70 State Aid is funded from the State budget. A community's Foundation Budget minus its minimum Local Contribution equals its Chapter 70 State Aid amount. Districts are held harmless to the previous year's level of State Aid. In addition, for FY2020, each district received at least \$30 per pupil in additional aid over the FY2019 amount. According to the MA DOE Presentation, 182 districts received this additional aid enhancement for FY2020.

D. Concluding Comments.

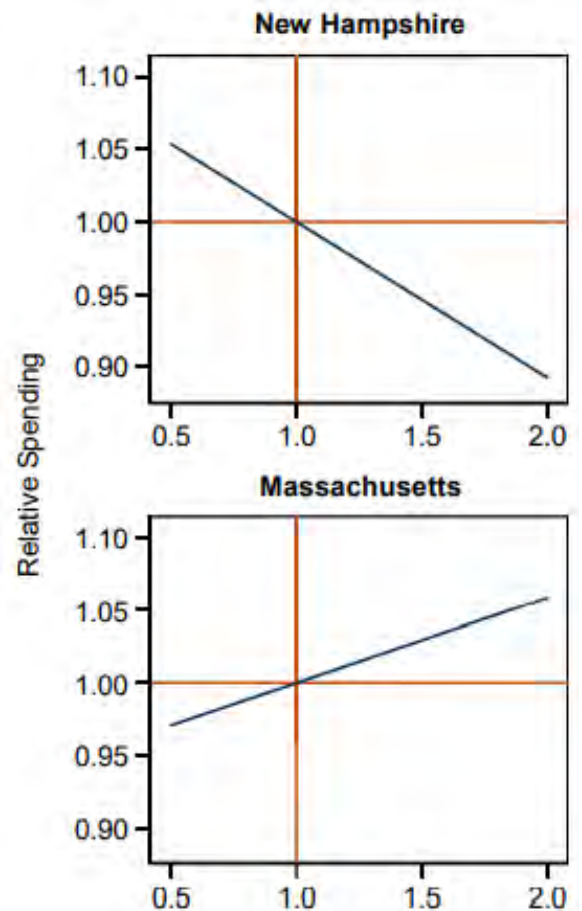
The Massachusetts Chapter 70 Program has been a successful response to the 1993 McDuffy litigation, which held that the prior system failed to satisfy the state’s constitutional duty to provide a quality public education to children in property poor towns. The AIR Report in Exhibit 7 on page 17 included the following two graphs, which highlight that the Massachusetts system has produced a more progressive distribution of total public education resources (higher relative spending in districts with higher poverty) than New Hampshire’s regressive system (lower relative spending in districts with higher poverty).

Massachusetts’ success in achieving a more progressive distribution can be attributed to the effectiveness of its Chapter 70 Program, and therefore the experience and the details of the law should provide a relevant case study for future New Hampshire legislative consideration.

Massachusetts’ progressivity is achieved by several features of the Chapter 70 Program. These include: district Foundation Budgets that vary across districts based on student needs (there is no uniform per pupil requirement); an integrated minimum Local Contribution requirement that varies across districts based on relative property and income wealth (so that poorer districts are not required to raise as great a share of local property tax as wealthier districts); and Chapter 70 State Aid that is highly focused on poorer districts (and much less for wealthier districts, which are able to fund most of their Foundation Budgets with their property tax-funded Local Contribution).

During the Commission deliberations, some members of the public expressed concern that perhaps the Chapter 70 Program would not pass muster under the Claremont II or Londonderry cases, because it still relies quite heavily on local property tax to fund the Foundation Budget. These commenters pointed to a statement in the Londonderry case (in dicta): “Whatever the State identifies as comprising constitutional adequacy it must pay for. None of that financial obligation can be shifted to local school districts, regardless of their relative wealth or need.” According to the commenters, this statement would prohibit the use of a minimum Local Contribution requirement such as that set forth in the Chapter 70 Program.

Some Commission members challenged this interpretation of the Claremont II and Londonderry cases. In those cases, the Court examined the use in the state’s school funding system of a pure



and unrestricted delegation to municipalities of the power to tax local property values in the context of litigation claiming that children in low wealth communities were receiving inferior education. The Court has never examined a system like the Chapter 70 Program, which requires communities to exercise their local property tax power to raise a strict minimum Local Contribution that is designed by the state to vary inversely with local community wealth and that must be devoted to meeting the Foundation Budget spending requirement, all of which operate together in a highly integrated manner with state aid to achieve the much more progressive result shown in the two graphs above. There is a substantial difference between a public school system that does not substantially focus aid on the most needy districts and relies heavily on an unrestrained and unguided exercise of local property tax power (as faced the Claremont II Court) and a public school system whose guiding principle is to provide greater state budget resources to districts with greater need, and requires wealthier districts to have a greater Local Contribution as part of achieving that progressive distribution goal.

As New Hampshire policymakers consider reforms to the current education funding system, consideration should be given to the Massachusetts experience with its Chapter 70 Program.

D. Fiscal Policy Appendices: Revenue Criteria, FY2019 CAFR Revenues to Education Trust Fund

Table of Revenue Source Characteristics According to [2000 Shaheen Report](#) Criteria

	Fairness/ Distributional Equity	Adequacy/Stability	Competitiveness	Exportability	Neutrality	Simplicity
Personal Income Tax	Fairly progressive - more so if using federal AGI, less so if based on federal taxable income. Shaheen 2000 Commission found that "a comprehensive income tax based on AGI used for federal tax purposes would be less progressive than the pre-Claremont...system"	Historically stable, but if tied to federal tax law is impacted by any federal changes. Potential impacts on BPT	Depends on how much tax is passed on to higher labor costs	Non-residents would bear ~11% of burden. Higher income taxpayers would benefit most if itemizing	Most neutral	Additional compliance costs for individuals are low since federal taxes are already required, but would impact businesses. Deductions/exclusions become very salient
Sales Tax	Regressive, though less so with some exemptions	Questions of stability as e-commerce grows, but consumption of services over goods will increase taxable sales.	for most firms, a sales tax would have less overall negative impact on investment in New Hampshire than any tax other than consumption, VAT or state property tax. Major impacts on border cities and towns and to businesses that have to push up wages	27-38% of burden borne by non-residents (as of 2000 report, was 19-22%). A comprehensive rate of 3.1% would reduce statewide sales 11% (much larger in border areas)	Most distortive	Vendors would have to register, collect, and remit tax receipts. DRA would need to audit.
Property Tax	Progressive for low-to-middle class households, though generally not for households with incomes >\$70k (as of 2000). This is mostly due to renters. Property tax regressive over the top part of the income spectrum. Outside the Shaheen report, much comes down to implementation	Relatively volatile, although in many respects traditional indicators do not apply to property tax	Exerts the least depressing effects on returns on investments in NH. Empirical evidence suggesting property taxes stifle growth in employment as much as other taxes. May slow employment growth	74% borne by homeowners, about 12% shifted to nonresidents. 5.5% borne by nonresident vacation homeowners. Industrial and commercial property account for 10 and 8 percent of the tax base, which shift costs to owners of capital/non-resident consumers from outside state as well as within	Behavior is currently distorted due to reliance on property tax	Equalized valuation across properties with a statewide tax could be difficult if imprecise.
Value Added Tax (VAT)	Progressive (more progressive if income-style, less so if consumption-based).	Less volatile than income because businesses can deduct a volatile item - net investment	Would function like the BET with a broader base and higher rate. Would depress returns on investment.	Businesses could export some of the burden of VAT to non-resident customers by raising prices and to non-resident workers by lowering wages and salaries. Non-residents owning shares in New Hampshire firms would also bear some of the burden of a VAT to extent that the tax was reflected in lower profits	Fairly neutral	Would be relatively simple, functioning like the current BET.
Capital Gains Tax	By far the most progressive option	Can be volatile, depends on structure	Depends on rate	Similar applicability to income tax	Fairly neutral	Extension of interest/dividends tax

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STATE OF NEW HAMPSHIRE
SCHEDULE OF STATUTORY FUND BALANCE
EDUCATION TRUST FUND
FOR THE LAST TEN YEARS
 (Expressed in Thousands)

	Fiscal Year Ended June 30									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Balance July 1	21,433									
Additions										
Unrestricted Revenue										
Statewide Property Tax (2)	363,100	363,149	363,432	363,138	363,353	363,599	363,675	363,121	363,647	363,166
Utility Property Tax	39,519	45,166	41,755	43,256	41,044	35,771	33,249	33,067	32,319	29,929
BPT Increase	95,482	88,858	68,397	74,167	61,076	58,442	56,692	55,309	49,264	57,590
BET Increase	235,317	211,035	168,402	181,032	146,338	146,471	149,718	135,815	129,401	122,157
Meals & Rentals	9,997	9,207	8,557	8,525	8,546	7,697	7,232	7,559	6,643	4,235
Real Estate Tax Increase	50,870	49,726	47,198	44,877	38,799	33,700	31,099	29,196	27,975	28,832
Tobacco Tax Increase	82,731	87,077	90,472	94,658	92,575	89,753	79,631	78,843	96,805	113,004
Tobacco Settlement	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
Transfers from Lottery	105,606	87,279	76,120	79,185	77,277	75,414	77,708	70,263	63,460	67,584
Total Revenue	1,022,622	981,497	904,333	928,838	869,008	850,847	839,004	813,173	809,514	826,497
Other Credits (debits)	(2,512)	1,573								
Total Additions	1,020,110	983,070	904,333	928,838	869,008	850,847	839,004	813,173	809,514	826,497
Deductions										
Appropriations										
Adequate Education Grant (1)	548,982	563,972	570,584	570,121	572,711	572,465	577,792	578,204	482,725	336,852
Adequate Education Grant (2)	363,100	363,149	363,432	363,138	363,353	363,599	363,675	363,121	363,647	363,166
Total Grants	912,082	927,121	934,016	933,259	936,064	936,064	941,467	941,325	846,372	700,018
DRA-Property Tax Relief	1,850	1,850	2,150	2,150	2,900	2,887	2,706	1,246	3,300	5,210
DOE-Charter Schools	36,435	34,079	36,993	21,891	22,177	18,905	11,085	5,185	6,407	4,830
DOE-Kindergarten	14,642						1,952	1,952	3,678	3,678
DOE-Fiscal Disparity Grants							5,026	4,266	51,187	39,760
DOE-Education Transition Aid									43,491	43,657
Total Appropriations	965,009	963,050	973,159	957,300	961,141	957,856	962,236	953,974	954,435	797,153
Less Lapses	(2,425)	(1,413)	(15,730)	(410)	(13,505)	(4,968)	(2,272)	(717)	(20,898)	(2,146)
Net Appropriations	962,584	961,637	957,429	956,890	947,636	952,888	959,964	953,257	933,537	795,007
Current Year Balance	57,526	21,433	(53,096)	(28,052)	(78,628)	(102,041)	(120,960)	(140,084)	(124,023)	31,490
End of Year										
Transfers From(To)										
General Fund										
FY 2009										
FY 2010										(31,490)
FY 2011									124,023	
FY 2012								140,084		
FY 2013							120,960			
FY 2014						102,041				
FY 2015					78,628					
FY 2016				28,052						
FY 2017			53,096							
FY 2018										
FY 2019										
Balance, June 30	78,959	21,433								

(1) State Education Grant Disbursed by State

(2) State Education Grant Retained Locally by Cities & Towns

Note: Beginning fiscal year 2011, the fund balance categories were reclassified as a result of implementing GASB Statement 34. Fund balance has not been restated for prior years.

See accompanying Independent Auditors' Report

E. Learner Success, Accountability and the ECM Performance Measure

Submitted: Chris Dwyer

The Commission makes a distinction between:

- 1) the components of the **composite performance measure**--attendance, graduation rate, statewide assessments of proficiency--that was used in the ECM model as an estimate of outcomes;
- 2) the **learner success measures** that will indicate whether the equitable opportunities provided by the education funding system have produced intended results; and
- 3) **accountability measures** that will be needed to assure that resources are allocated as intended in a new education funding system.

In the ECM model, the composite performance measure serves as a proxy. The measure uses statewide-available data that “stands for” indicators that are related to desired educational outcomes. For example, the attendance measure is included in the composite because it tells something about the level of student engagement with opportunities the school offers.

The composite measure is adequate to provide estimates of the resources needed to provide opportunities for students with different needs to succeed. But it doesn’t describe the full picture of learner success. Nor is it sufficient as a district accountability measure because it doesn’t tell us whether district leaders are making good decisions about allocating resources.

Different measures serve different purposes. A new education funding system will require some new measures (or different uses of the results) to determine whether it is achieving the goal of providing equitable opportunities for students statewide.

Learner Success. The essential question: *What statewide measures of learner success will assist decision makers in understanding whether the funding system is producing results that NH students, parents, businesses, etc. value?* Over the long-term, the tax-paying public will want to know whether the new system is making a difference in student results, especially in communities that are receiving substantial statewide resources to fund education. Have the additional resources helped to even the “playing field” for students who are economically disadvantaged, have special needs or are English learners?

While districts are already required to provide various types of data to the Department of Education, it is not clear that there is broad consensus currently on any measures of learner success; that is consensus sufficient to rally public will to support the funding required to support the new system.

Any measure of learner success (e.g., post-secondary outcome) for gauging the success of the education funding system should have a logical relationship to the outcome proxy underlying the distribution of resources in the education funding system. To be fair and useful for decision making about the effectiveness of the funding system, they must be able to be applied universally, have a grounding in research, be relatively proximate to the actual schooling experience and easy to disaggregate by subgroup, be readily understood by the general public, and ideally be direct measures (rather than indirect such as a proficiency assessment). An example that meets the criteria: *measuring post-secondary outcomes by tracking the percentage of graduating students who are attending post-secondary institutions, entering employment or going into the military.*

New Hampshire's Consolidated State ESSA Plan includes development and validation of a postsecondary readiness indicator designed to accomplish a similar purpose.

It may take several years—even a generation of students in the lowest performing districts—for new financial resources, if allocated appropriately, to make a substantial difference in student performance which is why shorter-term accountability measures are required.

Accountability. The essential short-term question: *Are districts using statewide resources in a manner that provides differentiated opportunities for students to succeed?* The NH Department of Education will need the authority to determine on behalf of the tax-paying public whether substantial infusions of statewide resources into some districts are being allocated as intended to provide the additional and differentiated resources that students will need to succeed. Essential decisions include:

- Determination of whether all districts should be treated the same in terms of accountability requirements for this purpose or whether the focus of accountability efforts should be on districts receiving a threshold level of statewide resources;
- Determination of whether district plans for allocation of resources to provide, improve, and expand opportunities and short-term progress measures require Department approval;
- Determination of the level of monitoring of programming, expenditures, and reporting; and
- Determination of triggers for supportive interventions.

Because the goal of statewide dollars is to ensure that all students are provided with the opportunity to succeed, the expectations should be that district choices and plans for the allocation of resources (i.e. criteria for approval) would demonstrate:

- Use of proven programs and practices for instruction (example: choice of reading curriculum that is based on scientific principles);
- Use of resources to ensure pre-K preparation, especially for students with greatest needs (example: direct services, funding slots in existing programs);
- Differentiation of staffing/grouping/instructional time by student needs (example: multi-tier systems of support at all levels);

- Different levels of expenditures by school consistent with the needs of the populations served by the school;
- Assignment of more experienced/high quality teachers to student populations with greatest needs; and
- Adequate numbers of staff assigned to provide student and family support (e.g., social workers, home-school coordinator, translators).

The above expectations are not intended as an exhaustive list of expectations but as examples of practical indicators of “opportunity creation.” Current school approval standards are not adequate to serve as criteria for determining whether resources are allocated in a way to provide all students with the opportunity to succeed.

Accountability beyond the district. Accountability to the tax-paying public for the appropriate use of statewide education resources extends to larger questions of size and scale. Small districts (like small schools) are expensive to maintain. Is maintaining the relatively high administrative costs of small districts a good use of taxpayer resources.

F. Legislative History, 2008-2019

See a comprehensive spreadsheet here on the Commission website:

https://carsey.unh.edu/sites/default/files/media/2020/11/new_hampshire_education_statutes.xlsx

- [SB539](#) (2008): An act relative to the cost of an adequate education and provision of fiscal capacity disparity aid.
- [SB180](#) (2009): An act establishing an accountability system to ensure the opportunity for an adequate education and repealing the legislative committee on costing an adequate education.
- [HB338](#) (2011): An act allowing towns and cities to exempt farm buildings and structures from property taxation.
- [SB67](#) (2011): An act establishing a committee to study the implementation of an education tax credit plan in New Hampshire.
- [SB372](#) (2012): An act establishing an education tax credit.
- [SB401](#) (2012): An act relative to reporting the average daily membership of pupils in the public schools and relative to adjustments to adequate education grants.
- [HB2](#) (2013): An act relative to state fees, funds, revenues, and expenditures
- [SB350](#) (2014): An act relative to the transfer of adequacy aid estimates from the department of education to the department of revenue administration.
- [HB2](#) (2015): An act relative to state fees, funds, revenues, and expenditures
- [SB227](#) (2016): An act relative to calculating the cost of an adequate education.
- [HB354](#) (2017): An act making an appropriation to the department of education to provide additional adequate education grant payments to certain municipalities.
- [HB356](#) (2017): An act establishing a committee to study education funding and the cost of an opportunity for an adequate education, establishing a committee to study the organizational structure of the department of education and the duties and responsibilities of the commissioner of the department of education, and relative to the duties of the commissioner of the department of education.
- [HB386](#) (2017): An act relative to technical corrections to the education tax credit statute.
- [SB191](#) (2017): An act establishing keno and relative to funding for kindergarten.
- [HB1495](#) (2018): An act relative to standards for determining an adequate education.
- [HB1496](#) (2018): An act relative to requirements for performance based accountability for an adequate education and relative to reporting requirements for the civics competency assessment.

- [HB1674](#) (2018): An act relative to computer science and digital skills required for an adequate education.
- [HB1686](#) (2018): An act relative to applications for and the use of education tax credits.
- [SB539](#) (2018): An act making appropriations to the department of education for adequate education grants and relative to certain provisions for Medicaid waivers.
- [HB4](#) (2019): An act relative to state fees, funds, revenues and expenditures.
- [SB137](#) (2019): An act relative to the certification of school nurses.
- [SB276](#) (2019): An act relative to career readiness credentials for high school students.
- [HB130](#) (2020): An act relative to property tax relief for totally and permanently disabled veterans.
- [SB684](#) (2020): An act relative to Medicaid to schools.
- [HB1558](#) (2020): An act relative to discipline of students, addressing students' behavioral needs; kindergarten funding; violence in schools; policies for students with head injuries; child sexual abuse prevention education and training; authorizing the issuance of bonds or notes by a municipality; adding the chancellor of the university system of New Hampshire to the department of business and economic affairs council of partner agencies; change of school or assignment due to manifest educational hardship; school board expenditure of year-end fund balances; a children's system of care; student wellness; and criminal background checks for bus drivers.
- [HB709](#) (2020): An act relative to the formula for determining funding for an adequate education.
- [HB551](#) (2020): An act establishing a school finance commission and making an appropriation therefor.

G. Resources Shared on the Commission Website

Each resource is linked to the Commission website: <https://carsey.unh.edu/school-funding/resources-and-meetings/resources-and-analyses>.

American Institutes of Research Report, Briefs and Resources

[AIR Final Report](#)

Briefs & Memos

[Costing Out an Adequate Education - A Primer](#)

[Evaluating State School Finance Systems - An Introduction](#)

[Using Cost Modeling to Inform Education Funding Formulas](#)

[Setting Outcome Goals and Standards - From a Formal to Functional Definition of Adequacy](#)

[State Finance Reform Vignette - Kansas](#)

[Providing Adequate Funding Through Equitable Taxation - An Introduction](#)

[State Finance Reform Vignette - New Jersey](#)

[State Finance Reform Vignette - Vermont](#)

[State Funding Formulas - A National Review](#)

[Special Education Memo](#)

[Considering Weight Adjustments to Account for Concentration of Student Needs Memo](#)

[Eliminating the District Size Weight "Cliffs"](#)

Simulator Modeling Tool

[Simulator Documentation \(10/2\)](#)

[AIR School Funding Simulator \(10/2\)](#)

[District Outcome Z-Scores](#)

Public Comment

During Regular Commission Meetings and Dedicated Comment Sessions

[Public Comment from Regular Meetings](#)

[7/15 Public Comment](#)

[8/12 Public Comment](#)

[9/16 Public Comment](#)

[9/23 Youth Voice](#)

[9/30 Public Comment](#)

[10/7 Youth Voice Public Comment](#)

[10/14 Public Comment](#)

[10/28 Public Comment Notes](#)

[11/18 Public Comment Notes](#)

Public Comment from [Qualtrics Comment Form](#)

[Public Comment From Qualtrics](#)

Public Emails Received at SchoolFunding.Commission@unh.edu

[Emails received at Commission email address](#)

NOTE: Visit the resources page to view updated public comments

Commission Program Report and Contracts

[Commission Progress Report June 22, 2020](#)

[Commission-Carsey Sponsored Services Agreement Contract](#)

[RFP \(Released 3/19/20\)](#)

[AIR-Commission Contract](#)

Research Vendor Documents

[RFP Released 3-19-20](#)

[APA-WestEd Proposal](#)

[AIR Proposal](#)

[AIR-Commission Contract](#)

Previous New Hampshire School Funding Reports

[1984 Augenblick Report](#)

[Shaheen EO 2000-2 Report: A Commission to Analyze the Economic Impacts of Various School Funding Revenue Options](#)

[Tax Policy Criteria by Source of Revenue Summary](#)

[New Hampshire's Quest for a Constitutionally Adequate Education \(2006\)](#)

[2008 Joint Legislative Oversight Committee on Costing an Adequate Education](#)

[2018 Committee to Study Education Funding and the Cost of an Opportunity for an Adequate Education](#)

New Hampshire School Funding Court Cases and Legal Resources

Previous Rulings

[Claremont I \(1993\)](#)

[Claremont II \(1997\)](#)

[Sirrell \(2001\)](#)

[Claremont \(2002\)](#)

[Londonderry \(2006\)](#)

[Dover \(2016\)](#)

Ongoing ConVal Litigation

[Conval Superior Court Ruling \(June 5, 2019\)](#)

[Defendant's Brief to the NH Supreme Court \(February 18, 2020\)](#)

[Petitioner's Brief to NH Supreme Court \(April 5, 2020\)](#)

[Brief of Amici School Districts \(April 17, 2020\)](#)

[Appendix Amici - School Districts \(April 17, 2020\)](#)

[ACLU-NH Amicus Brief \(April 20, 2020\)](#)

Other Resources

[Policy Brief - Amending the New Hampshire Constitution \(CACR 12\): Education Will No Longer Be Fundamental to the Citizens of New Hampshire \(2012\)](#)

[What Did They Mean By "Cherish" or New Hampshire's Founding Fathers Put the State in Charge of School Funding and Taxation \(2019\)](#)

New Hampshire State Agency

[New Hampshire Education Laws - NH DoE](#)

[DRA Annual Reports](#)

[Municipal Property Tax Rates & Related Data](#)

[Excess Swept Example \(Fiscal Note to 2018's HB 1802\)](#)

[New Hampshire School and District Report Card](#)

[iPlatform, NH Department of Education](#)

National Policy Analyses

National Policy

[Presentation from ECS to Commission Members \(3-9-20\)](#)

[A Comprehensive Review of State Adequacy Studies Since 2003 \(2014\)](#)

[Toward a Rich Data Future for School Finance Research \(2019\)](#)

[Stanford Education Data Archive \(2018\)](#)

[No Time to Lose: How to Build a World-Class Education System State by State \(2017\)](#)

[Moving Mountains: Six Things to Consider When Updating Your K-12 School Finance Formulas \(2019\)](#)

[50-State Comparison: K-12 Funding](#)

[Constitutional Obligations for Public Education \(2016\)](#)

[The Workforce of the Future - Shaping Technology and Institutions \(2019\)](#)

[School Finance Reform and the Distribution of Student Achievement \(2016\)](#)

[Does School Spending Matter? The New Literature on an Old Question \(2018\)](#)

[Schooling During the Great Recession: Patterns of School Spending and Student Achievement Using Population Data \(2019\)](#)

[School Finance Reforms, Teacher's Unions and the Allocation of School Resources \(2018\)](#)

[Spending More on the Poor? A Comprehensive Summary of State-Specific Responses to School Finance Reforms from 1990-2014 \(2019\)](#)

[Who Benefits from Local Financing of Public Services? A Causal Analysis \(2019\)](#)

[School District Operational Spending and Student Outcomes: Evidence from Tax Elections in Seven States \(2019\)](#)

[Sharing the Wealth: How Regional Finance and Desegregation Plans Can Enhance Educational Equity \(2019\)](#)

[Investing for Student Success: Lessons From State School Finance Reforms \(2019\)](#)

[The Education Combination: 10 Dimensions of Education Resource Equity to Unlock Opportunities for Every Student \(2019\)](#)

[ROI for After School Programs - ECS Information Request Response \(2020\)](#)

[Improving Early Childhood Education Programs \(2020\)](#)

[50-State Comparison: English Learner Policies \(2020\)](#)

[Public Education Finance Systems in the United States and Funding Policies for Populations with Special Education Needs \(2011\)](#)

Property Taxes

[Significant Features of the Property Tax \(Database\)](#)

[The Property Tax-School Funding Dilemma \(2007\)](#)

[Payments in Lieu of Taxes - Balancing Municipal and Nonprofit Interests \(2010\)](#)

[Rethinking Property Tax Incentives for Business \(2012\)](#)

[Opposing Views: The Divide in Public Education Funding - Property Tax Revenue \(2013\)](#)

[Property Tax Circuit Breakers - Fair and Cost-Effective Relief for Taxpayers \(2009\)](#)

[Property Tax Limitation Regimes: A Primer \(2018\)](#)

[State Limits on Property Taxes Hamstring Local Services and Should be Relaxed or Repealed \(2018\)](#)

Costing Methods

[Measuring Equity and Adequacy in School Finance \(2015\)](#)

[Introduction to Conventional Methods of Costing Out an Adequate Education \(2018\)](#)

[An Analysis of Professional Judgements \(2008\)](#)

Title I

[Fast Facts - Title I \(2019\)](#)

[Study of the Title I Part A Grant Program Mathematical Formulas \(2019\)](#)

[Allocation of Funds Under the Title I-A of the Elementary and Secondary Education Act \(2018\)](#)

[Small Area Income and Poverty Estimates \(SAIPE\) Program, US Census Bureau](#)

[Title I - US Department of Education](#)

COVID-19

[K-12 Fiscal Relief in the Aftermath of Covid-19 \(2020\)](#)

[The K-12 Financial Cliff: What States Could Face if Students Switch Schooling Sectors \(2020\)](#)

[The Trillion Dollar Problem: Pandemic Puts State Pension Plans at Even Greater Risk \(2020\)](#)

[K-3 Literacy Interventions - ECS Information Request Response \(2020\)](#)

Additional Data Resources

[Opportunity Atlas \(2018\)](#)

[National Center for Education Statistics](#)

[EdBuild School District Data Dashboard](#)

[EdBuild Dividing Lines 2013-2018 Interactive Map](#)

State-Level Policy Analyses and Resources**New Hampshire**

[New Hampshire Education Commission-Relevant RSAs and other data](#)

[Education Finance in New Hampshire - Headed to a Rural Crisis? \(2017\)](#)

[The Whole Picture of Public Education in New Hampshire \(2020\)](#)

[Putting the Bite on Education \(1976\)](#)

[NH DoE Strengthening Career and Technical Education for the 21st Century Act 2020-23 State Plan](#)

[The Whole Picture of Public Education in New Hampshire](#)

[Charter Schools: Education Policy Brief, Reaching Higher New Hampshire](#)

[Reaching Higher NH Interactive Data Visualizations](#)

[Reaching Higher NH Community and District Profiles](#)

[Title I Program Assurances - NH Department of Education \(2019\)](#)

[The Economic Returns from Investing in Early Childhood Education in the Granite State \(2017\)](#)

[Mosaic Property Tax Equalization Reference Guide](#)

[New Hampshire Strategic Plan for Early Childhood \(2020\)](#)

[Understanding the New Hampshire Birth through Five System - A Needs Assessment \(2020\)](#)

[An Odd Love Affair with Property Taxes in New Hampshire \(2020\)](#)

[Report from the Commission to Study Issues Relating to Students Receiving Special Education Services While Attending a Chartered Public School \(2016\)](#)

[Appendix E: Summary of Commission Members' Input Used in Developing Findings and Recommendations](#)

[Memo: Proposed Statutory Amendments](#)

Massachusetts

[Massachusetts Foundation Budget Review Commission Final Report \(October 2015\)](#)

[Massachusetts Student Opportunity Act Fact Sheet \(November 2019\)](#)

[Massachusetts Student Opportunity Act Section Summary \(November 2019\)](#)

[Hancock v. Commissioner of Education \(2005\)](#)

Vermont

[Using the Evidence-Based Method to Identify Adequate Spending Levels for Vermont Schools \(2016\)](#)

[Study of Pupil Weights in Vermont's Education Funding Formula \(2019\)](#)

[Vermont's Statutes Annotated, Title 16, Chapter 133: State Funding of Public Education](#)

[An Evaluation of Vermont's Education System \(2012\)](#)

[Introduction to Vermont's Education Finance System \(2018\)](#)

[Introduction to Vermont's Education Finance System \(2019\)](#)

[Vermont Education Funding System Video \(2017\)](#)

[Vermont State Summary of Education Funding Policy](#)

[Vermont Excess Spending Thresholds Overview](#)

[Vermont Excess Spending Thresholds by Year](#)

[Vermont Education Fund and Education Finance \(2019\)](#)

Maine

[Maine Report of the Commission to Study the Adequacy and Equity of Certain Cost Components of the School Funding Formula \(2015\)](#)

Michigan

[Education Inputs, Student Performance, and School Finance Reform in Michigan \(2007\)](#)

California

[Adequacy and State Funding Formulas: What Can California Learn from the Research and National Context? \(2018\)](#)

[Delayed Benefits: Effects of California School District Bond Elections on Achievement by Socioeconomic Status \(2019\)](#)

[California's Weighted Student Funding Formula: Does it Help Money Matter More? \(2017\)](#)

Texas

[The Effect of Increased Funding on Student Achievement: Evidence From Texas' Small District Adjustment \(2019\)](#)

[School Finance 101: Funding of Texas Public Schools \(2014\)](#)

Wisconsin

[Wisconsin Equalization Aid Formula \(2020\)](#)

Kansas

[Kansas School Finance Studies](#)

Connecticut

[Estimating the Cost Function of Connecticut Public K-12 Education: Implications for Inequity and Inadequacy in School Spending \(2020\)](#)

Maryland

[Kirwin Commission Report & The Blueprint for Maryland's Future
An Analysis of the Kirwan Commission Recommendations \(2018\)
Maryland HB 1300 \(2020\)](#)

H. Expert input for the Commission – Calendar and Minutes for all public meetings

Each date in the table below links to meeting materials and video stored at: <https://carsey.unh.edu/school-funding/resources-and-meetings/meeting-documents-video>. All full Commission meetings included public comments at the end, the public comment sessions linked here are extended sessions.

Meeting & Date**	Topics (Speakers)	Documents
Full Commission November 30, 2020	Final Meeting: Report Discussion and Comment	
Full Commission November 23, 2020	Final Report Drafting and Comment	
Fiscal Policy & Adequacy Work Group November 20, 2020	Continued review and discussion of findings and recommendations in Adequacy Workgroup draft report and Fiscal Policy draft report	11/20 Agenda 11/20 Adequacy Section DRAFT 11/20 Fiscal Policy Section DRAFT 11/20 Notes
Adequacy Work Group November 19, 2020	Continued review and discussion of findings and recommendations in Adequacy Workgroup draft report – Initial thoughts on Accountability and Data draft (if time)	11/19 Agenda Adequacy Work Group Report DRAFT
Public Comment November 18, 2020		
Full Commission November 16, 2020	Discussion and action on contract extension with Carsey School Final report structure – Inclusion of individual member statements	11/16 Agenda Final Report Outline DRAFT Engagement Principles/Recommendations DRAFT

	Discussion of next drafts of workgroup reports -- Public Engagement, Adequacy and distribution, Fiscal policy and resources Discussion of high level findings and policy principles -- Phased implementation, Accountability, Alignment with Commission's charge	Adequacy Principles/Recommendations DRAFT Fiscal Policy Principles/Recommendations DRAFT DRAFT Accountability Section 11/12 Minutes
Full Commission November 12, 2020	Discussion and action on contract extension with Carsey School Final report structure – Inclusion of individual member statements Discussion of next drafts of workgroup reports (Public Engagement, Adequacy and distribution, Fiscal policy and resources) Discussion of high level findings and policy principles -- Phased implementation, Accountability, Alignment with Commission's charge	11/12 Agenda Draft Contract Amendment Engagement Work Group DRAFT Report Section Fiscal Policy Work Group DRAFT Report Section Adequacy Work Group DRAFT Report Section 11/2 Minutes
Adequacy Work Group November 9, 2020	Continue discussion of categorical aid briefs Come to consensus about general concepts/language and maintenance of RSA 193 Core principles for costing adequacy and distribution. The formula for distributing state allocations to school districts and municipalities should direct (relatively greater) state aid to districts that are determined based on outcome measures to have greater need in terms of outcome measures and relative property wealth.	11/9 Agenda DRAFT Adequacy Recommendations Working Document 10/29 Notes
Engagement Work Group November 9, 2020 (no meeting)	No Meeting	School and Municipal Leaders Focus Group Summary Youth Voice Summary Educator Survey Summary 10/29 Notes
Fiscal Policy Work Group November 9, 2020	Key Features of the MA Chapter 70 Foundation Budget -- Ames Summary, Pros/Cons in NH Context Policy Considerations/Recommendations for Report and Legislature -- Fiscal Modeling, Phase-In, Funding Tax Relief Programs	11/9 Agenda Ames Mass Chapter 70 10/29 Notes

Commission Meeting November 2, 2020	Adequacy Principles/Recommendations -- Work time following on the adequacy work group's 10/29 deliberations Fiscal Policy Principles/Recommendations -- Work time following on the fiscal policy work group's 10/29 deliberations Full Commission continued review of policy questions/principles/recommendations-- Acceptance of principle finding from engagement efforts, Where are the sticking points that need priority attention? What topics need further review/consideration in the next legislative session? Anything missing?	11/2 Agenda DRAFT Building Aid Brief DRAFT Career and Technical Education Brief DRAFT Special Education Brief DRAFT Early Childhood Education Brief DRAFT Charter Schools Brief DRAFT Adequacy Recommendations Working Document DRAFT Fiscal Policy Principles Working Document Engagement Workgroup DRAFT Working Document 10/26 Minutes 11/2 Minutes
Adequacy Work Group October 29, 2020	Drew Atchison (AIR) memo on differentiated aid weights Categorical aid briefs (Building Aid, CTE, Early Childhood, Charter Schools, Special Education) Core principles for costing adequacy and distribution Shape and contents of the Adequacy/Distribution report to the full Commission	10/29 Agenda AIR Alternative Weight Estimation Model Configurations 10/22 Notes DRAFT Building Aid Brief - Luneau DRAFT Building Aid Brief - Ladd School Building Aid Summary (2/3) DRAFT CTE Brief - Huard, Ladd, Zanchuk DRAFT ECE Brief - Estabrook, Tremblay DRAFT Special Education Brief - Ames, Bergeron
Engagement Work Group October 29, 2020	Public Engagement Overview Discussion -- What do we need to share in the report? What are key findings and core principles to share? What recommendations will we make? What questions may/should persist in future engagement efforts for guiding policy decision-making and implementation? Review “crosswalk” and recall what we have heard from the public during commenting sessions to determine key themes and points, notable unique	10/29 Agenda 10/26 DRAFT Public Engagement Overview/Crosswalk 10/19 Engagement Update 10/22 Notes

	considerations, and then form principles and recommendations for a final report.	
Fiscal Policy Work Group October 29, 2020	Fiscal Policy Work Group Principles -- Drafting recommendations to bring before full Commission Key Features of the MA Chapter 70 Foundation Budget (Rep. Dick Ames Summary) Structure of Fiscal Policy Section of Final Report	10/29 Agenda Ames Mass Chapter 70 DRAFT Fiscal Policy Principles for Discussion Ardinger Position on First/Last Dollar Rule 10/22 Notes 10/29 Work Group Mark Ups to Fiscal Policy Principles DRAFT
Public Comment October 28, 2020		
Full Commission October 26, 2020	Update on Public Engagement activities -- Granite State Survey results, Review outreach package, to finalize and share with members this week Timeline for drafting workgroup and final reports Review of key policy questions , by workgroup and overall, Anything missing? Where are the sticking points that need priority attention? What topics need further review/consideration in the next legislative session? Initial discussion of phase-in plan and timeline	10/26 Agenda Granite State Poll Report DRAFT Discussion Policy Questions 10/21 10/19 Minutes 10/26 Minutes
Adequacy Work Group October 22, 2020	Discussion of remaining questions to be addressed by the workgroup -- Are these the right questions? What's missing? Who and how will these questions get addressed? Review Draft Report Outline	10/22 Agenda Commission Final Report Working Doc DRAFT 10/13 Notes 10/22 Notes
Engagement Work Group October 22, 2020	Review all key themes and points from engagement activities and begin to note consistent trends that will inform our recommendations for the final report.	10/22 Agenda Granite State Poll Report Engagement Overview Summary 10/13 Notes

	Granite State Poll Presentation (Sean McKinley & Zach Azem, UNH Survey Center) Final Task Review – Comments about Next Steps and Tasks	10/22 Notes
Fiscal Policy Work Group October 22, 2020	MA Chapter 70 Discussion Reflections from Rep. Peisch’s Presentation What is Relevant for New Hampshire? Municipal Spending Levels Potential Phase In Property Tax Relief Programs Reviewing What We’ve Learned & Current Legislative Programs -- August 17 DRA Presentation, July 7 Presentation on Property Taxation by Dr. Kenyon Considerations for Moving Forward How to Estimate Need Recent Legislative Efforts	10/22 Agenda Property Tax Deferral: A Proposal to Help Massachusetts' Seniors (Munnell et al. 2017) Low and Moderate Income Homeowner Legislative Fiscal Notes Property Tax Circuit Breakers Policy Focus Report, Lincoln Land Institute 10/13 Notes 10/22 Notes
Full Commission October 19, 2020	Discussion of Education Cost Model , including explanation of regression analysis to generate differential aid weights (Drew Atchison, AIR) Workgroup updates Engagement: Granite State Poll results, Focus group summaries (youth, taxpayers, seniors), Final report, educators survey (pending), Outreach packet for Commission members (pending), Upcoming engagement, including legislator’s briefing and municipal and school leaders convening, Oct. 27 Adequacy: Base adequacy, transportation, and differentiated weights – recommendation to accept these provisionally and include them in the adequacy cost model going forward, Treatment of middle school grades in K-8 schools, Analysis of categorical funding programs – CTE, early childhood, catastrophic aid, building aid (pending, to be completed by Oct. 26) Fiscal Policy: Alternative approaches to first/last dollar, state responsibility for education funding, MA chapter 70 funding plan, Statewide property tax, administrative issues and circuit breaker/tax relief program (pending, to be completed by Oct. 26), LBA role in modeling fiscal policy using ECM data	10/19 Agenda Regression and Cost Model Results Presentation - AIR Engagement Work Group Update Slides Critical Questions 10/19 10/19 Minutes

Final report structure and contents, and timeline for drafting
Key questions remaining; policy recommendations vs. policy considerations

Public Comment

[October 14, 2020](#)

Adequacy Work
Group

[October 13, 2020](#)

Discussion From Oct. 5 Commission meeting about language for RSA 193-E:2-a -- determining the cost of an opportunity for an adequate education.

Provisional decisions on base adequacy, weights for differential aid, categorical grants – Discussion of AIR’s provisional weights

How do we want to address categorical grants for: CTE, Building aid, Catastrophic aid, Early childhood education

Chartered Public School considerations: What considerations or recommendations, if any, do we want to make regarding funding of public charter schools.

Outcomes-based model discussion: In light of our adoption of an outcomes-based, student-centered adequacy cost formula, do we want to address performance indicators? Are the current three indicators sufficient? If not, what should be added or excluded? Does this change imply a need for new or different district-level accountability processes?

[10/13 Agenda](#)

[9/29 Notes](#)

[10/13 Notes](#)

Engagement Work
Group

[October 13, 2020](#)

Granite State Poll Presentation (Sean McKinley and Zach Azem, UNH Survey Center)

Review of Senior Resident and Taxpayer Association Focus Group findings

Brief review of recent public comment – See entries on October 7th for youth voices, and September 30th for general public commenting session:
<https://carsey.unh.edu/school-funding/school-funding-study/resources/meeting-documents-video>

Review initial frame for municipal and school leader reprise (10/27)

[10/13 Agenda](#)

[Granite State Poll Report](#)

[School Funding Municipal Leader Reprise Discussion Guide 10/11 DRAFT](#)

[Senior Resident Focus Group Summary](#)

[Taxpayer Focus Group Summary](#)

[9/29 Notes](#)

[10/13 Notes](#)

Fiscal Policy Work Group October 13, 2020	Conversation with MA Joint Committee on Education (Chair Rep. Alice Peisch & Research Director Aiden Church) MA Chapter 70 & Lessons for New Hampshire FY21 Preliminary Ch. 70 Aid Looking Ahead to Decisions About Recommendations & FPWG Section of Report	10/13 Agenda MA Chapter 70 9/29 Notes 10/13 Notes
Youth Voice Comment October 7, 2020		See Table D.2
Full Commission October 5, 2020	Updated simulator, including adjustments for cooperative districts (see simulator documentation from Drew Atchison) Smoothing enrollment weights to avoid cliff effects (see memo on enrollment weights from Drew Atchison) Adequacy Workgroup recommendation re: RSA 193-E:2-b, draft language to establish an outcomes-based definition of adequacy and basis for costing adequacy: Drafting amended language on RSA 193-E:2 to reflect a public education funding distribution formula that creates the opportunity to attain comparable educational outcomes for all students (example language shared for discussion)	10/5 Agenda 9/21 Minutes AIR Simulator (updated 10/2) AIR Simulator Documentation (updated 10/2) Brief - Eliminating District Size Weight "Cliffs" 10/5 Minutes
Public Comment September 30, 2020		
Adequacy Work Group September 29, 2020	Costing Adequacy—discussion of statutory language re: cost modeling and outcomes-based policy (draft recommendation for full Commission action)	9/29 Agenda AIR Memo on Concentration DRAFT Adequacy Legislative Text for Discussion Purposes

	Transportation – included or separate from base adequacy formula? (draft recommendation for full Commission action) 9/29 Notes Concentration factors—see AIR memo (attached) Other outstanding issues— Further consideration of grade level and school size factors, including cliff-effect protections (memo forthcoming from AIR), Treatment of debt service, Resolution of cooperative district questions	
Engagement Work Group September 29, 2020	A review of themes from engagement activities (March to September 2020) Review of the most recent youth discussion guide and outreach efforts – means for the Commission and partners to “pitch-in” to make sure we hear from students past and present Review of questions for taxpayer association (10/1) and senior resident (10/6) focus groups Meetings moving forward – Do we maintain our every other week WG meeting and then plan to observe Adequacy and Fiscal Policy with the following in mind: Accessible means for sharing the Commission’s findings to the general public (taxpayers, students, educators, residents in general, etc), Connecting AIR findings and potential recommendations that may emerge to public engagement – funding, local, and policy concerns, Clarify the differences between an input model and outcomes-based model -- Especially thinking ahead to our convening with Municipal and School Leaders, Connecting findings to: future workforce, higher education, competency-based learning, These? Or other concerns for public dissemination and understanding?	9/29 Agenda Student Voice Discussion Guide DRAFT 9/24 Taxpayer & Senior Discussion Guide DRAFT 9/24 Public Engagement Overview and Crosswalk DRAFT 9/24 Notes 9/14 9/29 Notes
Fiscal Policy Work Group September 29, 2020	Reflections on AIR Presentations & Fiscal Policy Impacts (p. 46-51) Mandatory Minimum Local Contribution & First/Last Dollar Considerations Court Rulings: Particularly Londonderry “Best Policy” vs Constitutional Obligations	9/29 Agenda Brief - First and Last Dollar Considerations 9/29 Notes

Other fiscal policy considerations and Looking Ahead to Decisions About Recommendations & FPWG Section of Report

Youth Voice Public
Comment

[September 23, 2020](#)

Full Commission
[September 21, 2020](#)

Property classification and taxing – (Senator Bob Giuda – Unavailable to Present)

[9/21 Agenda](#)

[9/10 Minutes](#)

Updated simulator, including adjustments for cooperative districts (see simulator documentation from Drew Atchison)

[Petition of Support](#)

Smoothing enrollment weights to avoid cliff effects (see memo on enrollment weights from Drew Atchison)

Adequacy Workgroup recommendation re: RSA 193-E:2-b, draft language to establish outcomes-based definition of adequacy and basis for costing adequacy:

Public Comment

[September 16, 2020](#)

Adequacy Work
Group
[September 14, 2020](#)

English language learners—programming and fiscal topics (Wendy Perron, EL Education Consultant/Title III, NHDOE, Robert Cioppa, Nashua Director of Student Services and English Language Learning, Dawn Higgins, Academic Advisor and NH State-certified English Language Educator, NHTI)

[9/14 Agenda](#)

[District Outcome Z-Scores](#)

[9/14 Notes](#)

Review and discussion of AIR outcomes scoring (spreadsheet attached)

Costing Adequacy—discussion of statutory language re: cost modeling

Engagement Work
Group

Reaching Higher NH School Funding Survey Report (Liz Canada Interim Deputy Director and Director of Policy & Practice)

[9/14 Agenda](#)

[School Employee Survey Presentation 9/14](#)

September 14, 2020	District and School Employee Survey Findings (Carrie Portrie, NH Listens) Update on engagement activities fall 2020 – work group members provide their thoughts about current status of promotion, any questions they think are important to ask each group, etc.	Reaching Higher NH School Funding Survey Analysis Presentation 9/14 Notes
Fiscal Policy Work Group September 14, 2020	State’s Perspective on Possible Changes to the Statewide Property Tax (NH State Treasurer Monica Mezzapelle and Chief Deputy Treasurer Rachel Miller) Municipal Perspective on Possible Changes to the Statewide Property Tax (Becky Benvenuti, Government Finance Advisor at the NH Municipal Association) Reflections on AIR Presentations & Fiscal Policy Impacts	9/14 Agenda Tax Billing Frequency Spreadsheet 9/14 Notes
Full Commission September 10, 2020	AIR Final Report—Equity and Adequacy of New Hampshire School Funding: A Cost Modeling Approach (Drew Atchison, brief introduction/overview) Questions and discussion Initial discussion of RSA 193:E-2b, 193:E-3b, 193:E-3c —costing adequacy based on outcomes/performance Transportation —categorical funding vs. base formula	9/10 Agenda AIR Final Report DRAFT 9/10 9/10 Minutes
Adequacy Work Group August 31, 2020	Discussion of base adequacy formula – Goal: to develop recommendations for consideration by the full Commission. Should base adequacy be calculated on district costs and student outcomes? For modeling purposes, do we use AIR’s base adequacy calculations of \$5964/5069 (with and without transportation)? Should transportation be included in the base adequacy formula? If so, should the amount be weighted for district size and/or density? What categorical programs and expenses should <u>not</u> be part of the base formula (e.g., CTE, early childhood, catastrophic special education, etc.)? How should these be addressed in the final report? What should be included in	8/31 Agenda Special Education Memo - AIR 8/31 Notes

	the differential, weighted components of adequacy? (Free and reduced lunch, Special education (below 3.5 times pp costs) English language learners, 3 rd grade reading scores (currently but not recommended going forward), District size (new, per AIR), Grade level (new, per AIR) What are the desired weights for the above?	
Engagement Work Group August 31, 2020	Review and discuss educator survey: What stands out to you from reviewing the findings so far? What questions do you have? How does this inform the Commission's charge? Review and discuss student voice focus group draft guide Question brainstorm for fall 2020 stakeholder focus groups (65+ residents, taxpayer association, municipal and school leaders reprise (with additional outreach to missing communities) Awareness and learning materials for focus group: What is essential to include in discussion guides that will help participants have an informed conversation?	8/31 Agenda Student Voice Discussion Guide DRAFT Engagement Work Task Update Engagement Questions 8/26 School and District Employee Survey Report - Part 1 8/17 Notes 8/31 Notes
Fiscal Policy Work Group August 31, 2020	Impact of Property Taxes on the City of Portsmouth (Presentation by Jane Ferrini, Assistant City Attorney, City of Portsmouth) Conversation about Impact of Property Taxes on School and Municipal Services (Paul Grenier, Mayor of Berlin) Reflections on AIR Presentations & Simulator	8/31 Agenda 8/31 Notes Assessing Standards Board Overview of Property Income and Expense Information and its Impact on Property Assessment
Full Commission August 24, 2020	AIR Key Findings: Round Two and Review of Simulator Tool -- Two revenue options with statewide property tax, Introduction of simulator -- use by Commission and guidelines for public access Review of public engagement plans – September and October	8/24 Agenda 8/10 Minutes Engagement Work Group Task Update AIR Presentation - Considerations for the Use of a State Property Tax and Mandatory Minimum Local Effort Granite State Poll Survey Questions (8/20 Version) Simulator Documentation (8/24)

		AIR School Funding Simulator (8/24) 8/24 Minutes
Adequacy Work Group August 17, 2020	Public Charter Schools – Funding, adequacy, and relationship with traditional public schools (Matora Fiorey, Board President, Alliance for Public Charter Schools) Career and College Readiness (Nicole Heimarck, Director of the New Hampshire Alliance for College and Career Readiness & Steve Rothenberg, CTE Director, Concord Regional Technical Center) AIR Cost Model (Drew Atchison – Further discussion of out-of-district tuition; further discussion of simulated cost per student and ADM weightings; clarification of preschool accounting in costing data)	8/17 Agenda Understanding Charter School Funding Presentation - NH Alliance for Public Charter Schools Comparing Public Education Funding and Charters - NH Alliance for Public Charter Schools Indicators of College and Career Readiness Presentation - NH Alliance for College and Career Readiness Report from the Commission to Study Issues Relating to Students Receiving Special Education Services While Attending a Chartered Public School (2016) Appendix E: Summary of Commission Members' Input Used in Developing Findings and Recommendations Memo: Proposed Statutory Amendments 8/17 Notes
Engagement Work Group August 17, 2020	Educator survey findings (Brief update about analysis and reporting schedule) Granite State Poll question review with UNH Survey Center suggestions Student voice (September and October) Stakeholder Focus Groups Part II (focus groups with 65+ residents, taxpayer associations, municipal and school leaders reprise) Outreach and awareness	8/17 Agenda 8/17 Work Group Tasks Update (Working Document) Granite State Poll Sample Questions - Draft 4 8/3 Notes 8/17 Notes
Fiscal Policy Work Group August 17, 2020	Presentation by Drew Atchison of AIR Considerations and discussion for use of state property tax, mandatory minimum local effort, Revenue Simulation	8/17 Agenda AIR Presentation - Considerations for the Use of A State Property Tax and Mandatory Minimum Local Effort

	DRA Presentation (James Gerry, Bruce Kneuer, Linda Kennedy, Natalie Duffy) Low and Moderate Income Homeowner Property Tax Relief Statewide Property Tax and Phase-in Considerations Discussion of Revenue Simulation Options – Next Steps	NHDRA Low and Moderate Income Homeowner Property Tax Relief Presentation NH DRA Statewide Property Tax Presentation 8/17 Notes
Public Comment August 12, 2020		
Full Commission August 10, 2020	Engagement Workgroup Report -- Municipal and School Leaders Focus Groups Summary Report, Granite State Poll AIR Key Findings: Round One -- Funding equity, Risk analysis, Cost analysis, Weight	8/10 Agenda 7/27 Minutes Municipal and School Leader Focus Group Report Granite State Poll DRAFT Questions AIR Presentation of Findings - Part I 8/10 Minutes AIR Responses to Public Questions Submitted During 8/10 Meeting
Engagement Work Group August 7, 2020	Granite State Poll Question Review	Granite State Poll Questions DRAFT Design Thinking/Definition of the Problem
Adequacy Work Group August 3, 2020	Core elements for costing base adequacy (inputs) Universal cost calculation Student performance and accountability criteria – Post-secondary enrollment data (Val) – what do we know about career and college readiness? What does this tell us about the relationship between local capacity/wealth and student outcomes? Future presentations and input – what are our priorities for August?	8/3 Agenda Costing Adequacy - NHDOE and ConVal 8/3 Notes

Engagement Work Group August 3, 2020	Educator Survey Findings (analysis in process, preliminary share) Preparing for the Granite State Poll – Aim August/September 2020 Municipal and School Leader Focus Group report Student voice public commenting session outreach and opportunities for online discussions	8/3 Agenda 7/16 Work Group Notes Granite State Poll Sample Questions DRAFT School Satisfaction Gallup Poll (2018) Municipal and School Leader June 2020 Online Focus Group Summary Report DRAFT Preliminary Analysis, Question 11, School and District Employee Survey DRAFT 8/3 Notes
Fiscal Policy Work Group August 3, 2020	<u>Sirell (2001)</u> issues resolved? Pros and Cons of Revenue Sources Group conversation reflecting on what we have heard so far – what are the realistic options and how do we start narrowing down? Taxes to Model, Property, Income, Sales, Decisions on combinations and requests to be made, <u>Massachusetts’ Chapter 70</u> , Tasks 6 & 7, Model fiscal policy options for a variety of funding levels, revenue sources, equitable factors and the distribution of education funding costs across class A, B, and C properties Planned conversation with Sen. Giuda Propose alternative sources and mix of revenues to achieve for every child an equal opportunity for an adequate education, with pros and cons of each	8/3 Agenda 8/3 Notes
Full Commission July 27, 2020	Workgroup reports —progress on charges and tasks to date (20 min. each) Design Thinking Discussion -- Round 1: Phase I questions: What are the core elements of the problem? What constituent groups are most impacted by the problem, and how does that impact vary by group? Why haven’t previous efforts at solutions worked or been sustained? Round Two: Phase II questions: What components of the problem are most malleable, easiest to address? What components are the most complex, most difficult to address? What components are the most intractable?	7/27 Agenda 7/20 Minutes Discussion Framing Draft Document DRAFT Fiscal Policy Work Group Update Memo DRAFT Engagement Work Group Update Memo DRAFT Adequacy Work Group Update Memo Bill Ardinger Note Slides from Discussion

	Responses from AIR team and how cost modeling will contribute to our next steps	
Adequacy Work Group July 23, 2020	Continued discussion of <i>Defining and Costing Adequacy</i> Legislative and rules inventor Broad definition of opportunity to an education that encompasses students to be successful – Existing cost estimates for adequacy and statewide per pupil expenditure average, “Universal cost of adequacy” -- “base adequacy” -- “base plus differentiated aid” What we can expect from AIR’s cost modeling, draft available Aug. 10 -- Duke’s average cost/high performance concept – need to identify “high fliers” and then get their input (interviews?)	7/23 Agenda 7/23 Notes
Full Commission July 20, 2020	Overview of school funding formulae in New Hampshire (Anne Edwards, Associate Attorney General, NH Department of Justice Historical) Measuring Disparities in Municipal Economies and Fiscal Capacities, http://nhfpi.org/research/state-economy/measuring-new-hampshires-municipalities-economic-disparities-and-fiscal-capacities.html (AnnMarie French, Executive Director and Phil Sletten, Senior Policy Analyst, NH Fiscal Policy Institute) Workgroup updates and framing the July 27 extended work session	7/20 Agenda 7/13 Minutes NHFPI Presentation 7/20 Minutes
Adequacy Work Group July 16, 2020	Overview of school building aid (Amy Clark, Bureau Administrator, Division of Education Analytics and Resources, Bureau of School Safety and Facility Management) Discussion paper – <i>Defining and Costing Adequacy</i> -- What are the questions we need to answer next? How will AIR’s cost modeling help to address those questions?	7/16 Agenda School Building Aid Summary Amy Clark Presentation - Funding School Facilities 2019-20 Universal Cost of Adequacy Spreadsheet DRAFT Defining and Costing Adequacy Discussion Draft Memo ConVal Lawsuit Cost Per Student Summary Draft

		7/16 Notes Indoor Air Quality Report Data ASHRAE: American Society of Heating, Refrigerating and Air-Conditioning Engineers: ASHRAE Position Document on Infectious Aerosols, April 14, 2020 REHVA: Federation of European Heating, Ventilation and Air Conditioning Associations: REHVA COVID-19 guidance document, April 3, 2020
Engagement Work Group July 16, 2020	Review of Findings from June 2020 Focus Groups Educator Survey Updates and a Few Comments about Findings Preparing for the Granite State Poll – Aim August/September 2020 Revisiting engagement audit and online engagement options , Additional focus groups, Youth, Seniors, and Families, Community-wide conversations or cross-community	7/16 Agenda 7/16 Notes
Fiscal Policy Work Group July 16, 2020	Reflections from 7/7 Property Tax Presentation & Monday’s Discussion Continue discussion of fiscal options Tax options weighed against criteria (fairness/distributional equity, adequacy, stability, competitiveness, exportability, neutrality, simplicity) Starting to think about modeling various revenue options Discussion and reflection on “Providing Adequate Funding Through Equitable Taxation” Other considerations “on deck”	7/16 Agenda Tax Policy Criteria Summary 7/16 Notes
Public Comment July 15, 2020		

Full Commission July 13, 2020	Discussion of AIR Briefs , available at https://carsey.unh.edu/school-funding-study/resources , Summary of Municipal and School Leader Focus Groups	7/13 Agenda 7/7 Minutes State Funding Formulas - A National Review State Finance Reform Vignette - Kansas State Finance Reform Vignette - New Jersey State Finance Reform Vignette - Vermont School and Municipal Leader Focus Group Presentation 7/13 Minutes
Full Commission July 7, 2020	History of school funding, Preliminary findings, <i>The Property Tax--School Funding Dilemma, 2020 update</i> (Daphne Kenyon, Resident Fellow, Lincoln Institute of Land Policy) Discussion Paper — <i>New Hampshire's Quest for a Constitutionally Adequate Education</i> , Federal Reserve Bank of Boston, 2006 Discussion, AIR Brief – National Review of State School Funding Formulas	6/22 Minutes 7/7 Agenda The Property Tax School Funding Dilemma New Hampshire's Quest for a Constitutionally Adequate Education State Funding Formulas - A National Review Dr. Kenyon Presentation Additional Sources via Dr. Kenyon
Full Commission June 22, 2020	SWEPT presentations and discussion (James Gerry and Bruce Kneuer, DRA, Michael Kane, LBA, Fred Bramante, State School Board Chair, 2003-2005) Review of draft Commission interim/progress report	6/8 Minutes 6/22 Agenda FY13 and FY21 SWEPT CSSE DRA Presentation Slides Public Comment - 1919 Public Comment - "What Did They Mean by Cherish" 6/22 Minutes
Adequacy Work Group June 15, 2020	Early childhood and preschool education (Debra Nelson, NH Department of Health & Human Services, Administrator, Division for Children, Youth &	6/15 Agenda Head Start Data 2019 State Child Care Facts

	Families, Head Start State Collaboration Office & Kim Firth, Early Childhood Program Officer, Endowment for Health) Reflections on June 8 Full Commission meeting – key takeaways Initial discussion of AIR briefing papers -- Evaluating State School Finance Systems, Costing Out an Adequate Education	Pre-K Program Information Presentation - New Hampshire's Most Important Infrastructure Project: Early Care and Education 6/15 Meeting Notes
Fiscal Policy Work Group June 15, 2020	Discussion of fiscal policy principles, What does “equitable” mean in the context of fiscal policy, Distribution of state funding to assure "fiscal neutrality" in each District Discussion of fiscal options Review <u>Shaheen 2000 Report</u>, What has changed? What are our assumptions now? What taxes could be levied equitably and neutrally for taxpayers, and which will not pass constitutional muster?	6/15 Agenda 2000 Shaheen EO School Funding Commission Report 6/15 Meeting Notes
Engagement Work Group June 15, 2020	Update on June 2020 Focus Groups, update on participants, invitation follow-ups, reporting	6/15 Agenda 6/1 Meeting Notes 6/15 Meeting Notes
Full Commission June 8, 2020	STRRT taskforce (Representative Mary Heath, Hillsborough - District 14) Brief workgroup reports Design thinking – definition of the problem and empathizing with end users...Review the definition of the problem discussion document, focus on p. 1 to start (individually read and jot notes, 5 min.) Round One-Definition of the Problem: We will use a round-robin process to hear each Commissioner’s response. Each member will have a minute to share. (18 min.), Whole group discussion—What did we hear? (10 min.), Round Two-Addressing Disparities: Review the items on p. 2, jot individual notes (5 min.). Then each member take a minute to share thoughts on the reactions to the disparity list on p. 2. (18 min.), Whole group discussion – What did we hear? What are the common ideas and themes? What was new and interesting for you? (10 min.),	6/8 Agenda (revised) 6/8 Design Thinking Worksheet 5/11 Minutes 5/26 Minutes 6/8 Minutes

	Synthesis -- discussion of what we've heard and what further work needs to be done on problem definition (10 min.) Reflections from AIR team and discussion of plans and timeline for Deliverables 1 and 2	
Adequacy Work Group June 5, 2020	Behavioral Health Services in Schools (Erica Ungarelli, Director of Bureau of Children's Behavioral Health at NH Department of Health and Human Services and Kelly Untiet, Director of the Bureau of Student Wellness at NH Department of Education) Career and Technical Education (Eric Frauworth, Director of Bureau of Career Development, NH Department of Education) Continued discussion of disparities relative to the definition of adequacy Comments by AIR staff re: initial modeling and state comparisons	6/5 Agenda Bureau of Student Wellness Presentation Slides CASEL Competencies Funding of CTE Delaware Tuition Transportation 6/5 Meeting Notes
Fiscal Policy Work Group June 5, 2020	Review tasks by Reps Ladd and Ames: Identify all current revenue sources (local/state/federal/grants) for PK-12 education, Identify changes in level and mix of those revenue sources (1999-2020), Discuss how tasks 1 and 2 could help inform task 3, Identify variable impacts on local districts of current funding sources and levels Begin discussion of fiscal policy principles: What does "equitable" mean in the context of fiscal policy. Distribution of state funding to assure "fiscal neutrality" in each District	6/5 Agenda CAFR 2019 Education Revenue 2019 Federal Funds for Education Noteworthy Data Points DRAFT (Ames) History of Revenue/Spending for Schools Revenue History, Selected Data Education Trust Fund Revenues '03 - '12 Education Trust Fund Revenues '09 - '19 NH Comprehensive Annual Financial Reports (DAS) 6/5 Meeting Notes
Fiscal Policy and Adequacy Work Group June 1, 2020	Plaintiffs' arguments in the ConVal litigation (Michael Tierney and John Tobin) Discussion of disparities to consider in the definition of adequacy, in light of judicial rulings--current areas of differentiated aid—special education, FRPL, ELL, 3rdgrade reading. – To what degree should these continue to be	6/1 Agenda (Fiscal Policy) 6/1 Agenda (Adequacy) 6/1 Minutes ConVal Presentation by Michael Tierney

	identified as “additional costs” (198:40-a) or incorporated into the base calculation?--potential additional areas to consider?	ConVal Amici Presentation by John Tobin
Engagement Work Group June 1, 2020	Update on June 2020 Focus Groups Review Key Questions for June Stakeholder Focus Groups Review timeline for Educator Survey	6/1 Agenda 6/1 Minutes
Full Commission May 26, 2020	Review and discussion of scope of work and contract with AIR ; motion to authorize executive team to complete the process and enter into agreement Workgroup reports (Adequacy/Distribution, Public Engagement, Fiscal Policy)	May 11 Minutes 5/26 Agenda
Combined Engagement and Fiscal Policy Workgroup May 21, 2020	Tasks for Review: Review audit of stakeholder participation in engagement activities, Review of invitation for June Stakeholder Focus Groups Discussion: Key Questions for June Stakeholder Focus Groups, Scope of Work Revisions and Further Discussion	5/21 Draft Agenda Invitation to June Stakeholder Focus Groups Audit of Stakeholder Participation Meeting Notes
Adequacy Workgroup May 21, 2020	School Business Officers Panel (Tim Roehr, Keene, SAU 29, Duane Ford, Bow, SAU 67, Nathan Lunney, Portsmouth, SAU 52) Special Education Directors Panel (Jennifer Dolloff, SAU 19, Mary Steady, SAU 37, Kim DiSalvo, SAU 48) Review of AIR Scope of Work	5/21 Agenda Meeting Notes
Adequacy Workgroup May 18, 2020	Reaching Higher New Hampshire Presentation (joined by Fiscal Policy Workgroup) Scope of work discussion: Centrality spreadsheet, AIR Scope of Work, Begin base adequacy definition – what is central, what stays in, what should be added, what should be removed? What presentations do we need for the definition discussion?	5/18 Agenda Reaching Higher NH Presentation

Fiscal Policy Workgroup May 18, 2020	Finalizing Scope of Work recommendations/edits Initial Check-in with AIR around data and process The Whole Picture of Public Education in New Hampshire, Reaching Higher NH (Charlie Toulmin, Liz Canada, Christina Pretorius, and Dr. Adam Gilbert)	5/18 Agenda Reaching Higher NH Presentation
Engagement Workgroup May 18, 2020	Tasks for Review (see graphic handout): Review AIR scope of work, Review Draft Timeline for Engagement Discussion: Draft Timeline for Engagement, Schedule for June Stakeholder Focus Groups, Key Questions for June Stakeholder Focus Groups	5/18 Agenda
Full Commission May 11, 2018	NH School Funding Fairness Project (Doug Hall and Jeff McLynch) Report and recommendation from bidder screening committee Workgroup reports (Adequacy/Distribution, Public Engagement, Fiscal Policy)	May 11th Agenda May 4th Minutes March 9th Minutes NH School Funding Fairness Project Presentation Paper NH School Funding Fairness Project Data PowerPoint Presentation Proposal Review Recommendation
Fiscal Policy Workgroup May 7, 2020	Reacquaint with design thinking process... How will design thinking guide fiscal policy tasks? How does the design thinking process apply to WGs? What is the problem we're trying to solve? Problem understanding... Mix of state, local, federal and other revenue sources to fund opportunity for adequate education...With fiscal neutrality...For each district...Bottom up, or top down Review task list: What's missing? Are there items that should be removed/changed? Agree on guiding assumptions, or sets of guiding assumptions for outlining various fiscal policy options. Review DRA Presentation from March 2...Defining equity in context of fiscal policy	Fiscal Policy Work Group Agenda 5/7 March Monthly Revenue Summary 9-25-19 Surplus Statement

	Define data needs -- Organize existing data, what formats will be most useful. What data do we not have? Is it available? Are there proxies if not? Interface points with AWG and EWG?	
Engagement Workgroup May 7, 2020	Overview of Tasks, What can online engagement look like? Outreach, Review of input from workgroup members, Granite State Poll timing, Key questions (discussion), Who to involve? (discussion)	Engagement Work Group Agenda 5/7 Engagement Draft Charge/Plan Stakeholder Focus Group Maps
Adequacy Workgroup May 7, 2020	Review and revise as needed the current task list, which is to: Develop a definition of adequate education, which can “ensure a uniform and equitable design for financing the cost of an adequate education.” Identify disparities in opportunities and outcomes. Suggest a framework for a distribution of effort/funding that remedies disparities. Establish means for on-going review and accountability. Begin consideration of our approach to the definition of adequacy Consider the public’s most general observation about the cost of education (why do I have to pay for it).	Adequacy/Distribution Work Group Agenda 5/7 Equity and Inequity in NH Supreme Court Past Rulings
Full Commission May 4, 2020	Reviewing progress to date, Affirming our charge, Design Thinking process, Overview of Presentations, Workgroup organization	May 4th Agenda Adequacy Work Group Draft Charge Fiscal Policy Work Group Draft Charge Engagement Work Group Draft Charge
Full Commission March 9, 2020	Carsey School of Public Policy Full Contract Review (Bruce Mallory, UNH Carsey School) Education Commission of the States - Presenting a high-level overview of state funding across the country, with a focus on VT, MA, and NJ as closer-look states. Also, providing a background on outcomes-based funding into that presentation (ECS, Mary Fulton, Senior Policy Analyst and Joel Moore, State Relations Strategist and Team)	March 9th Agenda March 2nd Minutes ECS Presentation Slides Defining the Problem - Design Thinking March 9th Minutes ECS Follow Up Responses to Questions from March 9th Meeting

	Definition of the problem – Top priorities continued discussion from March 2nd, 2020 meeting, Adequacy – What is the statutory definition of adequacy? Are there components that should be modified, added, or eliminated? Could we create three scenarios that reflect a continuum of adequacy, from the “least inclusive” to the “most inclusive”? Commission working structure -- Defining and costing adequacy, Fiscal policy, sources and distribution, Engagement (Bruce Mallory, UNH Carsey School)	
Full Commission March 2, 2020	Department of Revenue Administration - “How does money flow from local communities to the state and back again through the adequacy grants?” (Lindsey Stepp, Commissioner, Department of Revenue Administration (DRA)) Summary of “Definition of the Problem” and “What will Success” look like conversation, Revisiting the Commission working structure – subcommittees? March 5 Key Stakeholder Convening – Discussion of Questions (Bruce Mallory, UNH Carsey School)	March 2nd Agenda February 21st Minutes Defining the Problem- Responses DRA Presentation
Full Commission February 21, 2020	Overview of federal funding streams – “What are the federal funding streams for Pre-K to 12? How are they allocated?” (Caitlin Davis, NHDOE, Director, Education Division of Education Analytics and Resources) RFP subcommittee discussion, Summary of Hopes, Concerns, and Questions, Design Thinking and Guiding Questions (Definition of the Problem and What will success look like?, Commission working structure – subcommittees? Ad hoc working groups? Plans for March 5 Key Stakeholder Convening (Bruce Mallory, UNH Carsey School)	February 21st Agenda February 10th Minutes Shaheen EO 2000-2 Report on Education Funding Revenue Options
Full Commission February 10, 2020	Norms/group agreements for discussion and deliberation, Members’ questions, hopes, and concerns, RFP for research and policy analysis (Bruce Mallory, UNH Carsey School) Court Decisions NH Department of Justice and NH School Funding Fairness Project (Daniel Will, NH Solicitor General and John Tobin, NH School Funding Fairness Project)	February 10th Agenda February 3rd Minutes RFP Draft Will Presentation Slides Tobin Presentation Slides

		Carsey Questionnaire for Commissioners Proposed Group Agreements February 3rd Transcript
Full Commission February 3, 2020	UNH Carsey School contract (Bruce Mallory, UNH Carsey School) NCSL methodologies review for costing out school funding (Jordan Hensley, UNH Carsey School) Draft RFP for technical contractor (Bruce Mallory, UNH Carsey School) Current adequacy formula and funds to schools, Building aid (Caitlin Davis and Amy Clark, NH Dept. of Education)	February 3rd Agenda January 27th Minutes RFP Key Sections for commission meeting School Building Aid Summary Carsey school update and next steps January 27th Transcript
Full Commission January 27, 2020	UNH Carsey School - proposal for services to the commission (Bruce Mallory, UNH Carsey School) National Conference of State Legislatures (NCLS) - overview by videoconference (Dan Thatcher, National Conference of State Legislatures) Current adequacy formula and funds to schools (Caitlin Davis, NHDOE)	January 27th Agenda January 13th Minutes DOE School Finance Resources Cost-funding methodologies NCSL Group agreements proposed NCSL Finance Fellows Meeting Slides 7.9.18 FINAL January 13th Transcript
Full Commission January 13, 2020	Court Case History	2019 ConVal Claremont I Claremont II 2018.8.29 2008 SB 539 Jt Leg Oversight on Accountability for an Adequate Education 2018 Committee to Study Education Funding and the Cost of an Opportunity for an Adequate Education 2008 JLOC on Costing an Adequate Education 1984 Augenblick Report

**Actual Revenue Estimates by Paul Deschaine Based on AIR Simulation Model Adopted by the
Commission as Part of their Report on 12/1/2020**

	A	B	O	P	R	S	T
1	Town Name	Simulated Total State Grant for an Adequate Education (Using 2018 Data)	Simulated Total State Education Tax Rate Revenues (Using 2018 data)	Difference between the Total State Education Tax and the State Grant -----(+ means raising more tax than needed and to be Paid to the State, - means raising less tax than needed and receiving additional Grant Funds)	2018 Actual Revenues Spent for School Operations from All Sources	Difference between Total State Grant and Actual Revenues Spent in 2018	Net Gain (-) or Loss (+) of Tax Revenue For Education at Previous Spending Levels (green column P plus red column S)
2	Portsmouth	\$35,322,819	\$75,120,162	\$39,797,342	\$39,539,254	\$4,216,435	\$44,013,777
3	Hampton	\$22,847,203	\$47,847,694	\$25,000,491	\$32,436,223	\$9,589,020	\$34,589,511
4	Moultonborough	\$8,868,147	\$32,704,474	\$23,836,327	\$12,459,220	\$3,591,073	\$27,427,400
5	Rye	\$7,922,321	\$26,547,461	\$18,625,140	\$13,040,295	\$5,117,974	\$23,743,113
6	Seabrook	\$16,407,228	\$32,969,115	\$16,561,887	\$21,438,189	\$5,030,961	\$21,592,848
7	Wolfeboro	\$9,069,988	\$25,277,141	\$16,207,153	\$16,817,155	\$7,747,167	\$23,954,320
8	Salem	\$49,854,594	\$64,988,666	\$15,134,072	\$66,676,753	\$16,822,159	\$31,956,231
9	Hanover	\$16,144,714	\$29,603,258	\$13,458,544	\$26,861,911	\$10,717,197	\$24,175,741
10	Meredith	\$14,187,049	\$27,486,392	\$13,299,343	\$17,842,115	\$3,655,066	\$16,954,409
11	Alton	\$10,835,833	\$22,745,874	\$11,910,041	\$14,962,153	\$4,126,320	\$16,036,361
12	Sunapee	\$6,608,095	\$16,833,883	\$10,225,788	\$11,204,804	\$4,596,709	\$14,822,497
13	New London	\$3,851,747	\$12,970,539	\$9,118,791	\$9,853,388	\$6,001,641	\$15,120,432
14	Bartlett	\$5,240,955	\$13,888,240	\$8,647,285	\$7,043,267	\$1,802,312	\$10,449,596
15	Tuftonboro	\$4,011,583	\$12,045,336	\$8,033,753	\$6,762,351	\$2,750,768	\$10,784,521
16	Gilford	\$17,254,936	\$25,033,512	\$7,778,576	\$19,540,120	\$2,285,184	\$10,063,760
17	Newington	\$1,378,441	\$8,696,435	\$7,317,993	\$2,094,389	\$715,948	\$8,033,941
18	Lincoln	\$2,439,380	\$9,432,017	\$6,992,636	\$4,790,717	\$2,351,337	\$9,343,973
19	Newbury	\$3,525,050	\$9,626,880	\$6,101,830	\$6,662,902	\$3,137,852	\$9,239,681
20	Holderness	\$4,120,489	\$9,543,214	\$5,422,725	\$6,556,114	\$2,435,625	\$7,858,350
21	New Castle	\$1,458,003	\$6,780,554	\$5,322,551	\$2,180,921	\$722,918	\$6,045,469
22	Lebanon	\$23,430,432	\$28,135,448	\$4,705,016	\$34,255,437	\$10,825,005	\$15,530,022
23	North Hampton	\$7,493,045	\$15,994,212	\$8,501,167	\$12,407,577	\$4,914,532	\$13,415,700
24	Freedom	\$2,570,427	\$6,730,203	\$4,159,776	\$3,540,313	\$969,886	\$5,129,663
25	Center Harbor	\$1,607,371	\$5,110,842	\$3,503,471	\$3,229,261	\$1,621,890	\$5,125,362
26	Atkinson	\$10,221,748	\$13,539,814	\$3,318,065	\$14,579,800	\$4,358,052	\$7,676,117
27	Bridgewater	\$1,530,993	\$4,617,063	\$3,086,070	\$1,570,236	\$39,243	\$3,125,313
28	Greenland	\$7,968,540	\$11,006,240	\$3,037,700	\$10,518,144	\$2,549,604	\$5,587,304
29	Jackson	\$1,639,190	\$4,619,267	\$2,980,077	\$2,365,676	\$726,486	\$3,706,563
30	Sandwich	\$2,324,122	\$5,271,532	\$2,947,410	\$3,263,938	\$939,816	\$3,887,225
31	Windham	\$33,011,100	\$35,756,798	\$2,745,699	\$50,460,112	\$17,449,013	\$20,194,711
32	Carroll	\$843,862	\$3,548,679	\$2,704,817	\$3,161,611	\$2,317,749	\$5,022,566
33	Waterville Valley	\$639,625	\$3,129,271	\$2,489,647	\$1,270,688	\$631,063	\$3,120,710
34	Hebron	\$799,883	\$3,072,580	\$2,272,698	\$680,911	-\$118,972	\$2,153,726
35	Durham	\$12,761,816	\$14,983,551	\$2,221,735	\$21,569,028	\$8,807,212	\$11,028,947
36	Pittsburg	\$1,106,745	\$3,249,235	\$2,142,490	\$2,102,323	\$995,578	\$3,138,069
37	Monroe	\$2,315,773	\$4,411,917	\$2,096,145	\$3,217,816	\$902,043	\$2,998,188
38	Wakefield	\$11,656,333	\$13,587,843	\$1,931,510	\$9,400,440	-\$2,255,892	-\$324,382
39	Hampton Falls	\$4,533,957	\$6,296,848	\$1,762,891	\$8,249,886	\$3,715,929	\$5,478,820
40	Franconia	\$2,173,325	\$3,692,813	\$1,519,489	\$3,113,120	\$939,795	\$2,459,284
41	Sanbornton	\$5,171,183	\$6,454,654	\$1,283,471	\$6,330,462	\$1,159,280	\$2,442,750
42	Dublin	\$2,139,652	\$3,302,743	\$1,163,092	\$3,939,753	\$1,800,101	\$2,963,193
43	Madison	\$6,038,560	\$7,135,240	\$1,096,681	\$6,936,376	\$897,817	\$1,994,497
44	Harrisville	\$1,561,443	\$2,526,832	\$965,389	\$1,752,213	\$190,770	\$1,156,160
45	Hancock	\$2,253,295	\$3,184,014	\$930,719	\$4,375,173	\$2,121,879	\$3,052,598
46	Eaton	\$490,521	\$1,354,673	\$864,153	\$765,960	\$275,439	\$1,139,592
47	New Durham	\$5,232,796	\$5,979,559	\$746,763	\$6,894,887	\$1,662,090	\$2,408,853
48	Sugar Hill	\$1,198,502	\$1,891,580	\$693,078	\$1,471,387	\$272,884	\$965,962
49	Millsfield	\$25,074	\$702,530	\$677,456	\$7,450	-\$17,624	\$659,831
50	Groton	\$1,082,594	\$1,753,392	\$670,798	\$728,935	-\$353,659	\$317,139
51	Errol	\$252,414	\$885,239	\$632,825	\$426,578	\$174,164	\$806,989

**Actual Revenue Estimates by Paul Deschaine Based on AIR Simulation Model Adopted by the
Commission as Part of their Report on 12/1/2020**

	A	B	O	P	R	S	T
1	Town Name	Simulated Total State Grant for an Adequate Education (Using 2018 Data)	Simulated Total State Education Tax Rate Revenues (Using 2018 data)	Difference between the Total State Education Tax and the State Grant -----(+ means raising more tax than needed and to be Paid to the State, - means raising less tax than needed and receiving additional Grant Funds)	2018 Actual Revenues Spent for School Operations from All Sources	Difference between Total State Grant and Actual Revenues Spent in 2018	Net Gain (-) or Loss (+) of Tax Revenue For Education at Previous Spending Levels (green column P plus red column S)
52	Hale's Location	\$30,164	\$612,283	\$582,119	\$0	-\$30,164	\$551,955
53	Brookfield	\$966,400	\$1,547,360	\$580,961	\$1,534,891	\$568,491	\$1,149,452
54	Washington	\$2,458,343	\$3,011,614	\$553,270	\$2,456,311	-\$2,033	\$551,238
55	Conway	\$21,021,944	\$21,566,329	\$544,386	\$21,478,609	\$456,665	\$1,001,051
56	Easton	\$470,442	\$896,584	\$426,142	\$398,091	-\$72,351	\$353,791
57	Dummer	\$460,273	\$847,092	\$386,819	\$483,891	\$23,618	\$410,438
58	Hollis	\$17,279,000	\$17,655,145	\$376,145	\$22,540,670	\$5,261,670	\$5,637,814
59	Randolph	\$427,375	\$776,864	\$349,489	\$347,095	-\$80,280	\$269,209
60	Nelson	\$1,215,474	\$1,552,729	\$337,256	\$1,274,418	\$58,945	\$396,200
61	Stratham	\$17,891,817	\$18,213,556	\$321,740	\$22,537,931	\$4,646,115	\$4,967,854
62	Canterbury	\$3,457,730	\$3,703,874	\$246,144	\$4,924,020	\$1,466,290	\$1,712,434
63	Clarksville	\$478,551	\$619,006	\$140,454	\$437,900	-\$40,652	\$99,803
64	Hart's Location	\$27,619	\$153,446	\$125,827	\$63,674	\$36,055	\$161,882
65	Wilmot	\$2,304,763	\$2,429,018	\$124,254	\$2,921,747	\$616,984	\$741,238
66	Woodstock	\$3,252,608	\$3,350,652	\$98,045	\$2,620,961	-\$631,646	-\$533,601
67	Springfield	\$2,585,728	\$2,672,871	\$87,143	\$3,584,662	\$998,934	\$1,086,078
68	Lyman	\$727,535	\$808,683	\$81,148	\$1,050,310	\$322,774	\$403,922
69	Stark	\$807,961	\$855,980	\$48,019	\$898,189	\$90,229	\$138,247
70	Windsor	\$332,787	\$366,411	\$33,624	\$215,334	-\$117,453	-\$83,829
71	Roxbury	\$294,377	\$327,992	\$33,616	\$463,862	\$169,485	\$203,101
72	Cornish	\$2,317,698	\$2,337,089	\$19,391	\$3,286,148	\$968,451	\$987,842
73	Shelburne	\$734,297	\$740,240	\$5,942	\$591,795	-\$142,503	-\$136,560
74	Ellsworth	\$223,725	\$186,834	-\$36,891	\$280,937	\$57,211	\$20,320
75	Stoddard	\$3,505,676	\$3,400,739	-\$104,937	\$2,513,004	-\$992,672	-\$1,097,609
76	Dorchester	\$607,645	\$501,867	-\$105,778	\$787,691	\$180,046	\$74,268
77	Sharon	\$760,058	\$638,785	-\$121,273	\$944,806	\$184,749	\$63,476
78	Pelham	\$24,687,392	\$24,565,458	-\$121,934	\$28,137,405	\$3,450,013	\$3,328,078
79	Langdon	\$870,229	\$744,360	-\$125,869	\$1,425,913	\$555,684	\$429,815
80	New Hampton	\$4,107,273	\$3,962,552	-\$144,721	\$4,194,993	\$87,720	-\$57,001
81	Orange	\$575,934	\$423,999	-\$151,935	\$869,591	\$293,657	\$141,722
82	South Hampton	\$2,155,937	\$1,970,867	-\$185,070	\$2,216,878	\$60,940	-\$124,130
83	Chesterfield	\$6,701,051	\$6,505,808	-\$195,243	\$7,555,641	\$854,589	\$659,346
84	Piermont	\$1,449,845	\$1,253,886	-\$195,960	\$1,717,592	\$267,747	\$71,787
85	Bristol	\$6,714,407	\$6,487,341	-\$227,067	\$6,423,251	-\$291,156	-\$518,223
86	Thornton	\$5,173,341	\$4,911,153	-\$262,188	\$6,148,311	\$974,970	\$712,782
87	Temple	\$2,131,798	\$1,866,010	-\$265,789	\$3,017,524	\$885,726	\$619,938
88	Walpole	\$5,470,241	\$5,204,140	-\$266,100	\$8,043,361	\$2,573,121	\$2,307,020
89	Francetown	\$2,780,644	\$2,514,230	-\$266,414	\$3,785,431	\$1,004,787	\$738,374
90	Grantham	\$6,768,568	\$6,460,573	-\$307,995	\$9,171,704	\$2,403,136	\$2,095,141
91	Gilsum	\$1,168,434	\$825,687	-\$342,747	\$1,510,488	\$342,054	-\$693
92	Lyndeborough	\$2,485,248	\$2,120,937	-\$364,311	\$3,312,429	\$827,182	\$462,871
93	Jefferson	\$2,057,909	\$1,667,500	-\$390,409	\$2,221,628	\$163,719	-\$226,691
94	Kensington	\$5,172,614	\$4,770,535	-\$402,079	\$6,220,428	\$1,047,814	\$645,735
95	Fitzwilliam	\$3,851,727	\$3,434,072	-\$417,655	\$5,063,692	\$1,211,966	\$794,311
96	Chatham	\$1,133,421	\$687,252	-\$446,169	\$829,352	-\$304,069	-\$750,238
97	Benton	\$818,488	\$336,202	-\$482,286	\$499,360	-\$319,128	-\$801,414
98	Enfield	\$7,869,650	\$7,375,035	-\$494,615	\$9,915,608	\$2,045,958	\$1,551,343
99	Plainfield	\$4,139,590	\$3,644,393	-\$495,196	\$6,426,411	\$2,286,821	\$1,791,625
100	Columbia	\$1,481,744	\$946,950	-\$534,794	\$1,160,555	-\$321,188	-\$855,982
101	Orford	\$2,539,344	\$1,982,858	-\$556,486	\$2,946,929	\$407,585	-\$148,901

**Actual Revenue Estimates by Paul Deschaine Based on AIR Simulation Model Adopted by the
Commission as Part of their Report on 12/1/2020**

	A	B	O	P	R	S	T
1	Town Name	Simulated Total State Grant for an Adequate Education (Using 2018 Data)	Simulated Total State Education Tax Rate Revenues (Using 2018 data)	Difference between the Total State Education Tax and the State Grant -----(+ means raising more tax than needed and to be Paid to the State, - means raising less tax than needed and receiving additional Grant Funds)	2018 Actual Revenues Spent for School Operations from All Sources	Difference between Total State Grant and Actual Revenues Spent in 2018	Net Gain (-) or Loss (+) of Tax Revenue For Education at Previous Spending Levels (green column P plus red column S)
102	Landaff	\$1,183,891	\$623,664	-\$560,227	\$913,317	-\$270,574	-\$830,801
103	Newfields	\$4,187,161	\$3,623,676	-\$563,485	\$5,008,617	\$821,456	\$257,971
104	Acworth	\$1,867,056	\$1,236,930	-\$630,126	\$2,080,490	\$213,433	-\$416,693
105	Bradford	\$3,270,422	\$2,627,421	-\$643,002	\$3,547,888	\$277,466	-\$365,536
106	Sutton	\$4,416,783	\$3,757,041	-\$659,742	\$5,079,524	\$662,741	\$2,999
107	Wentworth	\$1,977,741	\$1,295,826	-\$681,916	\$1,900,118	-\$77,623	-\$759,539
108	Croydon	\$1,872,238	\$1,162,142	-\$710,096	\$1,281,187	-\$591,051	-\$1,301,147
109	Marlow	\$1,559,893	\$815,141	-\$744,751	\$1,480,567	-\$79,326	-\$824,077
110	Mason	\$2,981,027	\$2,203,679	-\$777,348	\$2,754,114	-\$226,913	-\$1,004,261
111	Plaistow	\$16,218,972	\$15,388,279	-\$830,693	\$19,341,610	\$3,122,638	\$2,291,945
112	Danbury	\$2,294,301	\$1,461,079	-\$833,222	\$2,276,098	-\$18,204	-\$851,425
113	Greenfield	\$2,954,088	\$2,093,150	-\$860,939	\$3,606,043	\$651,954	-\$208,985
114	Goshen	\$1,812,586	\$922,547	-\$890,039	\$1,592,164	-\$220,421	-\$1,110,460
115	Surry	\$1,961,945	\$1,065,206	-\$896,739	\$1,597,497	-\$364,448	-\$1,261,186
116	Albany	\$2,322,287	\$1,406,035	-\$916,253	\$1,866,943	-\$455,345	-\$1,371,597
117	Candia	\$7,373,120	\$6,447,867	-\$925,253	\$8,255,191	\$882,071	-\$43,181
118	Sullivan	\$1,603,070	\$666,873	-\$936,197	\$1,623,265	\$20,194	-\$916,003
119	Webster	\$3,646,979	\$2,687,813	-\$959,165	\$3,646,664	-\$314	-\$959,480
120	Lyme	\$5,509,993	\$4,543,258	-\$966,735	\$6,824,947	\$1,314,954	\$348,219
121	Effingham	\$3,175,459	\$2,196,027	-\$979,432	\$3,166,218	-\$9,241	-\$988,673
122	East Kingston	\$5,729,414	\$4,671,668	-\$1,057,746	\$6,850,288	\$1,120,874	\$63,128
123	Ossipee	\$10,765,372	\$9,695,946	-\$1,069,426	\$11,141,767	\$376,395	-\$693,031
124	Salisbury	\$2,947,425	\$1,842,165	-\$1,105,260	\$3,082,245	\$134,820	-\$970,440
125	Stewartstown	\$2,334,495	\$1,220,498	-\$1,113,997	\$2,013,408	-\$321,087	-\$1,435,084
126	Alexandria	\$3,778,235	\$2,660,346	-\$1,117,890	\$3,748,307	-\$29,929	-\$1,147,818
127	Chichester	\$5,016,266	\$3,889,381	-\$1,126,885	\$5,963,130	\$946,865	-\$180,020
128	Lempster	\$2,982,909	\$1,790,623	-\$1,192,286	\$3,186,303	\$203,394	-\$988,892
129	Deering	\$3,848,450	\$2,614,639	-\$1,233,812	\$4,476,982	\$628,531	-\$605,280
130	Dalton	\$2,350,053	\$1,085,038	-\$1,265,015	\$1,974,299	-\$375,754	-\$1,640,769
131	Hill	\$2,387,672	\$1,121,874	-\$1,265,798	\$1,798,125	-\$589,547	-\$1,855,345
132	Richmond	\$2,533,503	\$1,245,530	-\$1,287,973	\$2,787,418	\$253,914	-\$1,034,059
133	Tilton	\$8,651,904	\$7,349,077	-\$1,302,827	\$8,540,916	-\$110,989	-\$1,413,816
134	Grafton	\$2,883,092	\$1,548,069	-\$1,335,023	\$3,171,661	\$288,569	-\$1,046,454
135	Warren	\$2,312,849	\$932,080	-\$1,380,768	\$2,166,036	-\$146,813	-\$1,527,581
136	Alstead	\$3,764,503	\$2,349,674	-\$1,414,830	\$1,866,943	-\$1,897,560	-\$3,312,390
137	Stratford	\$2,136,975	\$721,792	-\$1,415,183	\$1,887,825	-\$249,150	-\$1,664,333
138	Warner	\$5,535,668	\$4,110,684	-\$1,424,984	\$5,930,524	\$394,856	-\$1,030,128
139	Rumney	\$3,541,424	\$2,113,873	-\$1,427,552	\$3,946,115	\$404,691	-\$1,022,861
140	Ashland	\$4,579,951	\$3,087,286	-\$1,492,666	\$4,582,442	\$2,491	-\$1,490,175
141	Bath	\$2,905,411	\$1,380,896	-\$1,524,515	\$2,557,063	-\$348,348	-\$1,872,862
142	Unity	\$3,246,085	\$1,703,831	-\$1,542,254	\$3,139,854	-\$106,231	-\$1,648,485
143	Campton	\$7,141,895	\$5,509,004	-\$1,632,891	\$8,290,266	\$1,148,371	-\$484,520
144	Gilmanton	\$7,885,790	\$6,231,960	-\$1,653,830	\$9,677,163	\$1,791,373	\$137,543
145	Andover	\$5,338,970	\$3,675,220	-\$1,663,750	\$4,984,046	-\$354,924	-\$2,018,674
146	Bethlehem	\$5,022,804	\$3,327,577	-\$1,695,227	\$5,822,296	\$799,492	-\$895,735
147	Westmoreland	\$3,898,990	\$2,114,006	-\$1,784,984	\$3,659,329	-\$239,661	-\$2,024,645
148	Rindge	\$9,858,256	\$8,059,376	-\$1,798,880	\$11,522,271	\$1,664,016	-\$134,864
149	Tamworth	\$6,602,490	\$4,713,950	-\$1,888,541	\$6,753,612	\$151,121	-\$1,737,419
150	Strafford	\$9,200,081	\$7,249,544	-\$1,950,537	\$10,560,987	\$1,360,906	-\$589,630
151	Nottingham	\$10,523,440	\$8,550,477	-\$1,972,962	\$12,443,457	\$1,920,017	-\$52,945

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	A	B	O	P	R	S	T
1	Town Name	Simulated Total State Grant for an Adequate Education (Using 2018 Data)	Simulated Total State Education Tax Rate Revenues (Using 2018 data)	Difference between the Total State Education Tax and the State Grant -----(+ means raising more tax than needed and to be Paid to the State, - means raising less tax than needed and receiving additional Grant Funds)	2018 Actual Revenues Spent for School Operations from All Sources	Difference between Total State Grant and Actual Revenues Spent in 2018	Net Gain (-) or Loss (+) of Tax Revenue For Education at Previous Spending Levels (green column P plus red column S)
152	Kingston	\$12,426,270	\$10,391,085	-\$2,035,185	\$15,237,049	\$2,810,779	\$775,594
153	Madbury	\$5,533,360	\$3,375,948	-\$2,157,412	\$6,492,119	\$958,759	-\$1,198,654
154	Peterborough	\$11,391,341	\$9,139,811	-\$2,251,530	\$15,062,183	\$3,670,842	\$1,419,312
155	Bedford	\$54,071,624	\$51,804,891	-\$2,266,733	\$64,819,644	\$10,748,020	\$8,481,287
156	Bennington	\$3,771,662	\$1,497,849	-\$2,273,813	\$3,246,030	-\$525,632	-\$2,799,444
157	Loudon	\$10,375,886	\$8,096,961	-\$2,278,925	\$10,618,746	\$242,860	-\$2,036,065
158	Londonderry	\$57,445,321	\$55,127,638	-\$2,317,683	\$71,544,226	\$14,098,906	\$11,781,223
159	Colebrook	\$4,463,958	\$2,066,824	-\$2,397,134	\$4,548,183	\$84,225	-\$2,312,909
160	Rollinsford	\$6,461,534	\$3,825,105	-\$2,636,429	\$5,825,366	-\$636,168	-\$3,272,597
161	Henniker	\$8,519,027	\$5,871,326	-\$2,647,701	\$10,920,944	\$2,401,917	-\$245,784
162	Marlborough	\$5,142,105	\$2,346,951	-\$2,795,155	\$5,527,128	\$385,022	-\$2,410,132
163	Antrim	\$6,073,682	\$3,205,285	-\$2,868,397	\$6,149,528	\$75,846	-\$2,792,550
164	Milan	\$4,298,590	\$1,419,971	-\$2,878,619	\$3,096,961	-\$1,201,630	-\$4,080,248
165	Wilton	\$8,107,361	\$5,219,508	-\$2,887,853	\$8,432,531	\$325,170	-\$2,562,683
166	Mont Vernon	\$6,772,752	\$3,880,025	-\$2,892,727	\$7,533,095	\$760,343	-\$2,132,384
167	Northfield	\$11,456,350	\$4,518,393	-\$6,937,957	\$9,022,365	-\$2,433,986	-\$9,371,943
168	Northwood	\$10,156,706	\$7,136,509	-\$3,020,197	\$11,429,582	\$1,272,877	-\$1,747,320
169	Auburn	\$13,696,456	\$10,554,756	-\$3,141,700	\$12,975,869	-\$720,587	-\$3,862,287
170	Epsom	\$9,282,890	\$6,137,379	-\$3,145,511	\$10,678,546	\$1,395,657	-\$1,749,854
171	Dunbarton	\$7,638,494	\$4,475,672	-\$3,162,822	\$5,728,798	-\$1,909,696	-\$5,072,518
172	Whitefield	\$5,715,777	\$2,438,053	-\$3,277,724	\$4,472,915	-\$1,242,862	-\$4,520,586
173	Greenville	\$4,733,841	\$1,418,866	-\$3,314,975	\$3,914,561	-\$819,280	-\$4,134,254
174	Danville	\$9,093,043	\$5,692,858	-\$3,400,185	\$11,510,668	\$2,417,625	-\$982,560
175	Newton	\$10,797,775	\$7,371,463	-\$3,426,311	\$12,177,068	\$1,379,293	-\$2,047,019
176	Deerfield	\$11,337,666	\$7,811,668	-\$3,525,998	\$12,615,288	\$1,277,623	-\$2,248,375
177	Newmarket	\$16,249,301	\$12,712,237	-\$3,537,064	\$19,198,614	\$2,949,313	-\$587,751
178	Fremont	\$9,789,509	\$6,249,203	-\$3,540,306	\$11,282,814	\$1,493,305	-\$2,047,001
179	Chester	\$11,901,617	\$8,359,295	-\$3,542,321	\$11,559,022	-\$342,595	-\$3,884,916
180	Middleton	\$5,906,635	\$2,217,326	-\$3,689,309	\$4,398,146	-\$1,508,489	-\$5,197,798
181	Brentwood	\$11,736,979	\$8,005,597	-\$3,731,383	\$13,583,233	\$1,846,254	-\$1,885,129
182	Exeter	\$31,478,492	\$27,726,612	-\$3,751,880	\$37,988,625	\$6,510,134	\$2,758,254
183	Lee	\$10,776,231	\$6,857,189	-\$3,919,042	\$12,221,245	\$1,445,014	-\$2,474,029
184	Canaan	\$8,436,154	\$4,441,958	-\$3,994,196	\$10,357,439	\$1,921,285	-\$2,072,910
185	Lisbon	\$5,597,488	\$1,555,213	-\$4,042,274	\$4,038,097	-\$1,559,391	-\$5,601,665
186	Merrimack	\$51,482,964	\$47,331,712	-\$4,151,253	\$69,496,011	\$18,013,047	\$13,861,794
187	Troy	\$5,959,280	\$1,607,880	-\$4,351,400	\$5,212,283	-\$746,998	-\$5,098,398
188	Plymouth	\$10,413,391	\$6,005,621	-\$4,407,770	\$10,009,562	-\$403,829	-\$4,811,599
189	Gorham	\$7,520,116	\$3,083,505	-\$4,436,611	\$6,720,878	-\$799,238	-\$5,235,849
190	Pembroke	\$13,601,695	\$8,832,614	-\$4,769,081	\$16,359,538	\$2,757,843	-\$2,011,237
191	Littleton	\$14,266,867	\$9,447,090	-\$4,819,776	\$14,464,201	\$197,334	-\$4,622,442
192	Lancaster	\$8,075,588	\$3,240,105	-\$4,835,483	\$6,940,135	-\$1,135,453	-\$5,970,936
193	Northumberland	\$6,201,737	\$1,246,560	-\$4,955,177	\$4,590,632	-\$1,611,105	-\$6,566,282
194	Amherst	\$28,591,832	\$23,636,550	-\$4,955,282	\$38,930,199	\$10,338,367	\$5,383,085
195	Boscawen	\$8,451,759	\$3,464,185	-\$4,987,575	\$7,350,657	-\$1,101,103	-\$6,088,677
196	Milton	\$10,865,324	\$5,862,573	-\$5,002,751	\$9,299,557	-\$1,565,767	-\$6,568,518
197	Hooksett	\$30,367,782	\$25,259,108	-\$5,108,673	\$30,622,956	\$255,174	-\$4,853,499
198	Barnstead	\$12,454,705	\$7,161,077	-\$5,293,628	\$12,616,152	\$161,448	-\$5,132,180
199	Epping	\$16,648,089	\$11,263,074	-\$5,385,015	\$17,398,471	\$750,383	-\$4,634,632
200	Hampstead	\$21,940,177	\$16,180,825	-\$5,759,352	\$24,917,815	\$2,977,639	-\$2,781,713
201	Allenstown	\$9,584,770	\$3,817,195	-\$5,767,575	\$9,103,942	-\$480,828	-\$6,248,403

**Actual Revenue Estimates by Paul Deschaine Based on AIR Simulation Model Adopted by the
Commission as Part of their Report on 12/1/2020**

	A	B	O	P	R	S	T
1	Town Name	Simulated Total State Grant for an Adequate Education (Using 2018 Data)	Simulated Total State Education Tax Rate Revenues (Using 2018 data)	Difference between the Total State Education Tax and the State Grant -----(+ means raising more tax than needed and to be Paid to the State, - means raising less tax than needed and receiving additional Grant Funds)	2018 Actual Revenues Spent for School Operations from All Sources	Difference between Total State Grant and Actual Revenues Spent in 2018	Net Gain (-) or Loss (+) of Tax Revenue For Education at Previous Spending Levels (green column P plus red column S)
202	Jaffrey	\$12,701,111	\$6,743,024	-\$5,958,087	\$10,856,011	-\$1,845,100	-\$7,803,188
203	Hudson	\$47,398,313	\$40,790,980	-\$6,607,333	\$48,958,767	\$1,560,454	-\$5,046,879
204	Bow	\$21,722,977	\$15,005,509	-\$6,717,468	\$23,220,328	\$1,497,351	-\$5,220,117
205	Hopkinton	\$15,775,438	\$8,899,765	-\$6,875,674	\$17,741,814	\$1,966,376	-\$4,909,298
206	New Ipswich	\$12,317,447	\$5,363,627	-\$6,953,820	\$11,537,891	-\$779,555	-\$7,733,375
207	Charlestown	\$11,135,905	\$3,706,082	-\$7,429,824	\$12,376,186	\$1,240,280	-\$6,189,543
208	Hinsdale	\$11,651,860	\$4,092,026	-\$7,559,835	\$11,927,849	\$275,988	-\$7,283,846
209	Swanzy	\$15,138,895	\$7,507,880	-\$7,631,015	\$16,233,678	\$1,094,783	-\$6,536,232
210	Sandown	\$16,774,017	\$8,776,627	-\$7,997,390	\$18,392,560	\$1,618,543	-\$6,378,847
211	New Boston	\$16,845,105	\$8,672,058	-\$8,173,047	\$14,480,169	-\$2,364,935	-\$10,537,982
212	Haverhill	\$12,408,787	\$4,219,746	-\$8,189,041	\$11,878,420	-\$530,366	-\$8,719,407
213	Penacook	\$13,393,297	\$5,006,376	-\$8,386,921	\$11,898,342	-\$1,494,955	-\$9,881,876
214	Litchfield	\$21,039,090	\$12,494,570	-\$8,544,521	\$21,157,325	\$118,234	-\$8,426,286
215	Winchester	\$11,900,779	\$3,235,791	-\$8,664,988	\$10,320,825	-\$1,579,953	-\$10,244,941
216	Brookline	\$16,863,756	\$7,913,675	-\$8,950,081	\$18,930,362	\$2,066,605	-\$6,883,476
217	Pittsfield	\$12,815,719	\$3,509,537	-\$9,306,183	\$10,077,242	-\$2,738,477	-\$12,044,660
218	Laconia	\$38,413,325	\$28,836,828	-\$9,576,497	\$31,250,417	-\$7,162,908	-\$16,739,405
219	Farmington	\$16,221,099	\$6,585,738	-\$9,635,362	\$13,254,405	-\$2,966,695	-\$12,602,056
220	Raymond	\$23,298,564	\$13,594,613	-\$9,703,950	\$22,790,382	-\$508,182	-\$10,212,132
221	Franklin	\$18,619,250	\$8,200,391	-\$10,418,858	\$13,123,938	-\$5,495,312	-\$15,914,171
222	Belmont	\$19,863,759	\$9,362,705	-\$10,501,054	\$15,836,444	-\$4,027,315	-\$14,528,369
223	Barrington	\$24,516,118	\$13,833,075	-\$10,683,043	\$22,577,565	-\$1,938,553	-\$12,621,597
224	Hillsboro	\$17,563,324	\$6,668,283	-\$10,895,042	\$14,908,777	-\$2,654,547	-\$13,549,589
225	Weare	\$24,162,040	\$11,781,495	-\$12,380,544	\$22,679,302	-\$1,482,737	-\$13,863,282
226	Newport	\$18,936,715	\$5,564,743	-\$13,371,972	\$13,880,452	-\$5,056,263	-\$18,428,234
227	Milford	\$33,681,307	\$20,170,210	-\$13,511,098	\$37,592,372	\$3,911,064	-\$9,600,033
228	Goffstown	\$36,424,087	\$21,401,451	-\$15,022,636	\$23,301,930	-\$13,122,157	-\$28,144,793
229	Dover	\$63,702,700	\$46,499,474	-\$17,203,226	\$54,489,411	-\$9,213,289	-\$26,416,515
230	Somersworth	\$30,651,946	\$13,411,743	-\$17,240,203	\$24,707,811	-\$5,944,135	-\$23,184,338
231	Berlin	\$24,135,873	\$4,959,522	-\$19,176,352	\$17,442,865	-\$6,693,008	-\$25,869,360
232	Keene	\$45,434,027	\$23,497,130	-\$21,936,897	\$46,306,015	\$871,988	-\$21,064,908
233	Claremont	\$33,568,049	\$8,820,309	-\$24,747,740	\$30,750,985	-\$2,817,063	-\$27,564,803
234	Concord	\$74,237,319	\$49,257,571	-\$24,979,748	\$73,071,841	-\$1,165,478	-\$26,145,226
235	Derry	\$80,259,047	\$42,412,592	-\$37,846,456	\$79,376,098	-\$882,949	-\$38,729,404
236	Rochester	\$73,750,457	\$33,646,709	-\$40,103,748	\$59,961,436	-\$13,789,021	-\$53,892,769
237	Nashua	\$203,803,738	\$134,386,041	-\$69,417,697	\$157,503,258	-\$46,300,480	-\$115,718,177
238	Manchester	\$272,931,345	\$136,963,601	-\$135,967,744	\$163,702,001	-\$109,229,344	-\$245,197,087
239	Totals	\$2,915,379,635	\$2,345,470,635	-\$569,909,000	\$2,969,901,787	\$54,522,152	-\$515,386,848
240							
241			\$2,345,470,635	\$2,915,379,635	-\$54,522,152		

Actual Revenue Estimates by Paul Deschaine Based on AIR Simulation Model Adopted by the Commission as Part of their Report on 12/1/2020

<u>THIS SPREADSHEET IS A SAMPLE OF ONE WAY TO APPLY THE AIR MODEL AS OF 12/1/2020 AS RECOMMENDED BY THE SCHOOL FUNDING COMMISSION. IT IS SUBJECT TO CHANGE DEPENDING ON ACTUAL LEGISLATION SUBMITTED. FOR DISCUSSION PURPOSES ONLY. NOT FOR GENERAL DISTRIBUTION.</u>
Columns A & B are taken directly from the AIR Simulator. Light Green Column A is the name of municipality. They have been sorted based on the amount shown in the Darker Green column P. Light Blue column B is the amount of State Grant the model predicts it will cost to provide an Adequate Education to students in that
Yellow column O is the estimated amount of State Property Tax (SPT) to be raised by each town for education.
Darker Green column P is the difference between the estimated SPT (Yellow Column O) to be raised and the Light Blue Column B Total State Grant. If this amount is positive, this excess amount will paid to the State. If this amount is negative, this would be the estimated additional State Grant money owed to that town to meet the
Orange column R is taken from the AIR Simulator which states the total revenues in 2018 that each town devoted to education from all sources.
Column R) and the total State Grant (Light Blue Column B). This would be how much the State Grant amount is less or more than your current Education Revenues from all sources. This would be the amount needed to meet your 2018 spending on education versus what the model predicted.
Darker Blue column T is the addition of column P (Darker Green) and column S (Salmon), which represents the funding by town needed to meet its SPT obligation <u>and</u> meet the actual 2018 spending on education in excess of

	E	R	S	T	Y
1	Estimated FY2022				
2	Municipal Summary of Adequacy Aid as Interpreted by Paul Deschaine, Town of Newington				
3		Total Calculated Cost of an Adequate Education	SWEPT @	Excess SWEPT to be sent to the State	
4		\$	\$1.825	\$	
5	State Total	737,350,886	363,283,230	\$374,067,656	
6					
7	Moultonborough	1,949,351	6,520,888	-\$4,571,537	
8	Portsmouth	9,320,429	12,043,851	-\$2,723,422	
9	Rye	2,248,998	4,611,845	-\$2,362,847	
10	Wolfeboro	2,825,415	4,244,568	-\$1,419,153	
11	Lincoln	590,331	1,855,168	-\$1,264,837	
12	New Castle	233,618	1,461,482	-\$1,227,864	
13	Bartlett	1,048,464	2,261,385	-\$1,212,921	
14	Tuftsboro	1,067,707	2,166,667	-\$1,098,960	
15	Sunapee	1,600,956	2,688,500	-\$1,087,544	
16	Meredith	3,162,330	4,239,607	-\$1,077,277	
17	New London	1,350,677	2,387,037	-\$1,036,360	
18	Hampton	6,318,272	7,202,600	-\$884,328	
19	Newington	287,778	1,103,024	-\$815,246	
20	Newbury	867,602	1,655,815	-\$788,213	
21	Alton	2,815,612	3,602,058	-\$786,446	
22	Freedom	447,549	1,093,545	-\$645,996	
23	Center Harbor	364,394	932,360	-\$567,966	
24	Holderness	984,901	1,536,970	-\$552,069	
25	Jackson	344,126	863,513	-\$519,387	
26	Carroll	201,468	694,873	-\$493,405	
27	Bridgewater	357,316	761,930	-\$404,614	
28	Pittsburg	197,516	576,820	-\$379,304	
29	Hebron	215,324	572,472	-\$357,148	
30	Waterville Valley	248,132	602,993	-\$354,861	
31	North Hampton	2,010,693	2,324,606	-\$313,913	
32	Sandwich	536,526	815,639	-\$279,113	
33	Franconia	433,693	595,288	-\$161,595	
34	Hale's Location	3,787	147,484	-\$143,697	
35	Eaton	116,673	206,754	-\$90,081	
36	Hanover	4,504,558	4,582,585	-\$78,027	
37	Errol	72,687	145,440	-\$72,753	
38	Sugar Hill	250,043	302,615	-\$52,572	
39	Randolph	78,909	120,210	-\$41,301	
40	Success	-	26,594	-\$26,594	
41	Harrisville	374,725	396,687	-\$21,962	
42	Easton	117,962	137,664	-\$19,702	
43	Cambridge	-	18,653	-\$18,653	
44	Hart's Location	16,211	34,406	-\$18,195	
45	Dixville	-	16,276	-\$16,276	
46	Wentworth's Location	-	15,813	-\$15,813	
47	Millsfield	7,717	18,572	-\$10,855	
48	Pinkham's Grant	-	8,438	-\$8,438	
49	Odell	-	5,772	-\$5,772	
50	Dix's Grant	-	2,047	-\$2,047	
51	Groton	215,496	217,188	-\$1,692	
52	Washington	490,542	491,542	-\$1,000	
53	Martin's Location	-	-	\$0	
54	Shelburne	87,476	85,897	\$1,579	
55	Nelson	242,550	231,925	\$10,625	
56	Windsor	59,125	47,545	\$11,580	
57	Ellsworth	51,264	30,870	\$20,394	
58	Clarksville	125,679	95,947	\$29,732	
59	Dummer	98,790	63,365	\$35,425	

	E	R	S	T	Y
1	Estimated FY2022				
2	Municipal Summary of Adequacy Aid as Interpreted by Paul Deschaine, Town of Newington				
3		Total Calculated Cost of an Adequate Education	SWEPT @	Excess SWEPT to be sent to the State	
4		\$	\$1.825	\$	
5	State Total	737,350,886	363,283,230	\$374,067,656	
60	Roxbury	83,675	47,811	\$35,864	
61	Orange	114,241	60,455	\$53,786	
62	Dublin	547,912	481,786	\$66,126	
63	Lyman	203,672	135,376	\$68,296	
64	Chatham	185,144	108,921	\$76,223	
65	Benton	126,144	48,787	\$77,357	
66	Dorchester	184,065	78,856	\$105,209	
67	Stark	217,034	110,497	\$106,537	
68	Sharon	204,070	97,524	\$106,546	
69	Stoddard	659,286	539,234	\$120,052	
70	Landaff	223,222	99,814	\$123,408	
71	Columbia	277,019	142,324	\$134,695	
72	Brookfield	353,911	217,266	\$136,645	
73	South Hampton	453,985	308,155	\$145,830	
74	Langdon	258,148	109,140	\$149,008	
75	Piermont	331,349	180,406	\$150,943	
76	Woodstock	698,950	543,448	\$155,502	
77	Gilsum	283,297	122,889	\$160,408	
78	Hancock	685,433	505,076	\$180,357	
79	Madison	1,256,683	1,071,638	\$185,045	
80	Goshen	336,156	144,708	\$191,448	
81	Croydon	375,181	177,205	\$197,976	
82	Albany	429,542	219,219	\$210,323	
83	Sullivan	333,434	111,072	\$222,362	
84	Lyndeborough	622,880	394,823	\$228,057	
85	Hampton Falls	1,222,493	991,553	\$230,940	
86	Acworth	429,337	180,769	\$248,568	
87	Wilmot	642,771	388,920	\$253,851	
88	Mason	587,944	331,018	\$256,926	
89	Stewartstown	428,828	166,979	\$261,849	
90	Temple	558,936	291,251	\$267,685	
91	Canterbury	846,491	576,838	\$269,653	
92	Warren	412,503	134,031	\$278,472	
93	Hill	450,062	171,463	\$278,599	
94	Jefferson	536,484	256,913	\$279,571	
95	Orford	573,984	287,502	\$286,482	
96	Cornish	642,158	353,688	\$288,470	
97	Stratford	382,980	87,771	\$295,209	
98	Marlow	431,222	133,326	\$297,896	
99	Wentworth	489,450	188,079	\$301,371	
100	Springfield	710,877	404,442	\$306,435	
101	Surry	466,329	159,820	\$306,509	
102	Rumney	678,949	348,854	\$330,095	
103	Gilford	4,206,111	3,862,024	\$344,087	
104	Kensington	1,083,755	729,321	\$354,434	
105	Unity	591,039	236,416	\$354,623	
106	Francestown	751,949	396,907	\$355,042	
107	Danbury	610,816	243,174	\$367,642	
108	Bradford	823,578	449,222	\$374,356	
109	Bath	596,886	220,546	\$376,340	
110	Monroe	550,581	161,530	\$389,051	
111	New Hampton	988,322	595,332	\$392,990	
112	Lempster	677,535	274,314	\$403,221	

	E	R	S	T	Y
1	Estimated FY2022				
2	Municipal Summary of Adequacy Aid as Interpreted by Paul Deschaine, Town of Newington				
3		Total Calculated Cost of an Adequate Education	SWEPT @	Excess SWEPT to be sent to the State	
4		\$	\$1.825	\$	
5	State Total	737,350,886	363,283,230	\$374,067,656	
6					
113	Dalton	599,389	182,559	\$416,830	
114	New Durham	1,389,959	970,815	\$419,144	
115	Westmoreland	769,822	337,126	\$432,696	
116	Newfields	983,333	528,643	\$454,690	
117	Grafton	699,850	244,856	\$454,994	
118	Sanbornton	1,438,432	981,827	\$456,605	
119	Lyme	1,148,617	677,074	\$471,543	
120	Alexandria	875,523	397,898	\$477,625	
121	Richmond	678,154	191,084	\$487,070	
122	Salisbury	781,997	290,877	\$491,120	
123	Milan	703,677	209,281	\$494,396	
124	Fitzwilliam	977,338	471,552	\$505,786	
125	Webster	934,622	419,660	\$514,962	
126	Deering	901,535	386,111	\$515,424	
127	Sutton	1,112,509	588,357	\$524,152	
128	Ashland	1,014,535	465,725	\$548,810	
129	Greenland	2,252,576	1,693,511	\$559,065	
130	Chesterfield	1,661,179	1,100,265	\$560,914	
131	Alstead	913,423	334,573	\$578,850	
132	Effingham	939,339	351,838	\$587,501	
133	Bristol	1,592,775	1,004,148	\$588,627	
134	Thornton	1,352,785	762,463	\$590,322	
135	Greenfield	920,384	320,549	\$599,835	
136	Plainfield	1,192,523	563,816	\$628,707	
137	East Kingston	1,332,090	692,796	\$639,294	
138	Rollinsford	1,257,193	591,429	\$665,764	
139	Chichester	1,291,703	615,152	\$676,551	
140	Tamworth	1,389,822	709,095	\$680,727	
141	Bennington	924,615	233,482	\$691,133	
142	Bethlehem	1,240,139	529,994	\$710,145	
143	Marlborough	1,086,369	373,697	\$712,672	
144	Colebrook	1,064,240	319,560	\$744,680	
145	Andover	1,313,711	534,415	\$779,296	
146	Grantham	1,794,989	1,003,164	\$791,825	
147	Greenville	1,032,783	210,229	\$822,554	
148	Middleton	1,192,921	354,869	\$838,052	
149	Tilton	1,938,502	1,090,282	\$848,220	
150	Atkinson	3,018,745	2,167,525	\$851,220	
151	Antrim	1,365,767	499,931	\$865,836	
152	Wakefield	3,052,840	2,183,973	\$868,867	
153	Enfield	2,011,239	1,129,811	\$881,428	
154	Candia	1,880,163	966,138	\$914,025	
155	Warner	1,493,609	570,787	\$922,822	
156	Whitefield	1,328,004	397,276	\$930,728	
157	Seabrook	4,401,529	3,456,679	\$944,850	
158	Lisbon	1,202,073	213,275	\$988,798	
159	Madbury	1,526,123	504,261	\$1,021,862	
160	Walpole	1,819,184	797,039	\$1,022,145	
161	Mont Vernon	1,641,555	576,247	\$1,065,308	
162	Campton	1,875,807	783,181	\$1,092,626	
163	Rindge	2,408,749	1,245,537	\$1,163,212	
164	Gorham	1,584,131	416,900	\$1,167,231	
165	Troy	1,451,738	241,228	\$1,210,510	

	E	R	S	T	Y
1	Estimated FY2022				
2	Municipal Summary of Adequacy Aid as Interpreted by Paul Deschaine, Town of Newington				
3		Total Calculated Cost of an Adequate Education	SWEPT @	Excess SWEPT to be sent to the State	
4		\$	\$1.825	\$	
5	State Total	737,350,886	363,283,230	\$374,067,656	
6					
166	Wilton	2,071,200	844,092	\$1,227,108	
167	Dunbarton	1,956,023	723,069	\$1,232,954	
168	Northumberland	1,418,126	168,347	\$1,249,779	
169	Northwood	2,362,617	1,110,541	\$1,252,076	
170	Newton	2,447,627	1,110,992	\$1,336,635	
171	Gilmanton	2,348,826	982,585	\$1,366,241	
172	Ossipee	2,831,814	1,460,292	\$1,371,522	
173	Milton	2,272,773	895,548	\$1,377,225	
174	Fremont	2,386,891	1,001,250	\$1,385,641	
175	Canaan	2,143,569	736,361	\$1,407,208	
176	Henniker	2,301,613	878,940	\$1,422,673	
177	Kingston	3,009,082	1,585,463	\$1,423,619	
178	Epsom	2,357,537	924,943	\$1,432,594	
179	Strafford	2,603,723	1,143,764	\$1,459,959	
180	Lancaster	1,976,911	516,416	\$1,460,495	
181	Durham	3,777,038	2,316,107	\$1,460,931	
182	Loudon	2,738,226	1,211,279	\$1,526,947	
183	Boscawen	2,081,660	538,119	\$1,543,541	
184	Lebanon	5,946,100	4,396,112	\$1,549,988	
185	Danville	2,441,831	857,991	\$1,583,840	
186	Brentwood	2,858,110	1,233,794	\$1,624,316	
187	Littleton	3,226,650	1,543,380	\$1,683,270	
188	Peterborough	3,150,031	1,433,218	\$1,716,813	
189	Nottingham	3,114,874	1,366,458	\$1,748,416	
190	Deerfield	2,961,819	1,172,450	\$1,789,369	
191	Plymouth	2,765,504	940,021	\$1,825,483	
192	New Ipswich	2,696,149	870,350	\$1,825,799	
193	Stratham	4,658,750	2,829,553	\$1,829,197	
194	Lee	2,940,250	1,084,091	\$1,856,159	
195	Chester	3,210,342	1,327,985	\$1,882,357	
196	Allenstown	2,494,392	596,805	\$1,897,587	
197	Conway	5,180,682	3,270,747	\$1,909,935	
198	Barnstead	3,047,675	1,130,685	\$1,916,990	
199	Haverhill	2,587,613	651,229	\$1,936,384	
200	Auburn	3,730,960	1,709,324	\$2,021,636	
201	Hinsdale	2,550,003	504,597	\$2,045,406	
202	Plaistow	4,253,734	2,191,861	\$2,061,873	
203	Northfield	2,775,289	699,277	\$2,076,012	
204	Pittsfield	2,672,347	575,033	\$2,097,314	
205	Winchester	2,617,115	504,737	\$2,112,378	
206	Epping	3,923,326	1,734,144	\$2,189,182	
207	Hampstead	4,774,587	2,512,545	\$2,262,042	
208	Hollis	5,069,699	2,803,214	\$2,266,485	
209	Jaffrey	3,252,403	963,499	\$2,288,904	
210	Newmarket	4,379,267	1,944,085	\$2,435,182	
211	Hopkinton	3,915,656	1,434,605	\$2,481,051	
212	Charlestown	3,041,702	557,763	\$2,483,939	
213	Penacook	3,192,865	701,602	\$2,491,263	
214	Hillsboro	3,604,012	1,025,486	\$2,578,526	
215	Swanzey	3,792,126	1,133,953	\$2,658,173	
216	Sandown	4,069,173	1,394,353	\$2,674,820	
217	Farmington	3,707,450	1,016,448	\$2,691,002	
218	New Boston	4,151,527	1,350,394	\$2,801,133	

	E	R	S	T	Y
1	Estimated FY2022				
2	Municipal Summary of Adequacy Aid as Interpreted by Paul Deschaine, Town of Newington				
3		Total Calculated Cost of an Adequate Education	SWEPT @	Excess SWEPT to be sent to the State	
4		\$	\$1.825	\$	
5	State Total	737,350,886	363,283,230	\$374,067,656	
6					
219	Belmont	4,533,708	1,492,832	\$3,040,876	
220	Pembroke	4,421,519	1,375,534	\$3,045,985	
221	Raymond	5,275,909	2,130,251	\$3,145,658	
222	Newport	3,991,790	836,264	\$3,155,526	
223	Litchfield	5,222,363	1,939,191	\$3,283,172	
224	Franklin	4,532,634	1,190,971	\$3,341,663	
225	Brookline	4,715,067	1,260,913	\$3,454,154	
226	Hooksett	7,891,973	4,241,650	\$3,650,323	
227	Barrington	5,840,032	2,145,197	\$3,694,835	
228	Weare	5,493,434	1,790,610	\$3,702,824	
229	Amherst	7,392,932	3,672,792	\$3,720,140	
230	Pelham	7,392,504	3,624,639	\$3,767,865	
231	Bow	6,002,887	2,197,686	\$3,805,201	
232	Exeter	8,211,590	4,333,654	\$3,877,936	
233	Berlin	5,182,292	645,350	\$4,536,942	
234	Somersworth	6,540,434	1,981,798	\$4,558,636	
235	Laconia	9,153,330	4,584,319	\$4,569,011	
236	Salem	14,905,701	10,311,794	\$4,593,907	
237	Milford	9,291,769	3,216,970	\$6,074,799	
238	Goffstown	9,615,140	3,364,276	\$6,250,864	
239	Windham	12,248,276	5,637,667	\$6,610,609	
240	Claremont	8,066,855	1,359,614	\$6,707,241	
241	Hudson	13,215,263	6,294,306	\$6,920,957	
242	Keene	11,089,737	3,494,360	\$7,595,377	
243	Merrimack	15,388,270	7,180,915	\$8,207,355	
244	Londonderry	16,530,718	7,319,077	\$9,211,641	
245	Bedford	17,045,548	7,789,229	\$9,256,319	
246	Dover	16,749,938	7,093,652	\$9,656,286	
247	Concord	18,745,169	7,308,384	\$11,436,785	
248	Rochester	19,420,978	4,928,157	\$14,492,821	
249	Derry	21,680,355	6,617,882	\$15,062,473	
250	Nashua	49,032,277	20,986,522	\$28,045,755	
251	Manchester	62,176,447	20,862,186	\$41,314,261	
252	Totals	\$737,350,886	\$363,245,325	\$374,105,561	\$374,105,561
253					\$37,905
254					Checks
255	ATK. & GILMANTON AC/	-	1,652		
256	BEAN'S GRANT	-	-		
257	BEAN'S PURCHASE	-	-		
258	CHANDLER'S PURCHAS	-	78		
259	CRAWFORD'S PURCH.	-	485		
260	CUTT'S GRANT	-	-		
261	ERVING'S GRANT	-	96		
262	GREEN'S GRANT	-	16,572		
263	HADLEY'S PURCH.	-	-		
264	KILKENNY	-	-		
265	LIVERMORE	-	249		
266	LOW & BURBANK GR.	-	-		
267	SARGENT'S PURCHASE	-	3,984		
268	SECOND COLLEGE GR.	-	2,796		
269	THOM. & MES. PURCH.	-	11,988		

HB 504-FN-LOCAL - AS INTRODUCED

2021 SESSION

21-0628

10/08

HOUSE BILL

504-FN-LOCAL

AN ACT relative to the state education property tax and the low and moderate income homeowners property tax relief program.

SPONSORS: Rep. Ames, Ches. 9; Rep. Luneau, Merr. 10; Rep. Heath, Hills. 14; Rep. Porter, Hills. 1

COMMITTEE: Ways and Means

ANALYSIS

This bill requires the department of revenue administration to receive the revenues from the state education property tax and deposit them in the education trust fund, and revises the procedures for calculating state education grants. The bill modifies the criteria for relief under the low and moderate income homeowners property tax relief program, and establishes a committee to study the low and moderate income homeowners property tax relief program.

Explanation: Matter added to current law appears in ***bold italics***.
 Matter removed from current law appears ~~[in brackets and struckthrough]~~
 Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.

STATE OF NEW HAMPSHIRE

In the Year of Our Lord Two Thousand Twenty One

AN ACT relative to the state education property tax and the low and moderate income homeowners property tax relief program.

Be it Enacted by the Senate and House of Representatives in General Court convened:

1 1 Property Taxation; Commissioner's Warrant. Amend RSA 76:8, II to read as follows:

2 II. The commissioner shall issue a warrant under the commissioner's hand and official seal
 3 for the amount computed in paragraph I to the selectmen or assessors of each municipality by
 4 December 15 directing them to assess such sum and ~~[pay it to the municipality for the use of the~~
 5 ~~school district or districts]~~, ***after subtracting the municipality's actual cost carrying out the***
 6 ***functions required by this subdivision, pay the remainder to the department of revenue***
 7 ***administration for deposit in the education trust fund. Such payments by municipalities,***
 8 ***and the subtractions for actual costs, shall be made in accordance with schedules,***
 9 ***standards, and procedures established by rules adopted by the department of revenue***
 10 ***administration after consultation with the commissioner of education.*** Such sums shall be
 11 assessed at such times as may be prescribed for other taxes assessed by such selectmen or assessors
 12 of the municipality.

13 2 Property Tax Bill Information. Amend RSA 76:11-a, II to read as follows:

14 II. The tax bill shall also contain a statement informing the taxpayer of the types of tax
 15 relief for which the taxpayer has the right to apply. ***The statement shall explicitly list the low***
 16 ***and moderate income homeowners property tax relief program specified by RSA 198:57 and***
 17 ***shall include information on how to apply for the program.*** The following statement shall be
 18 considered adequate:

19 "If you are elderly, disabled, blind, a veteran, or veteran's spouse, or are unable to pay taxes due
 20 to poverty or other good cause, you may be eligible for a tax exemption, credit, abatement, or
 21 deferral, ***which can reduce your current property tax bill.*** For details and application
 22 information, contact (insert title of local assessing officials or office to which application should be
 23 made ***and deadline for application.***)

24 ***Depending on your income, you may also be eligible for a refund of some of your taxes***
 25 ***under the low and moderate income homeowners property tax relief program. To find out***
 26 ***how to get a refund, call the New Hampshire department of revenue administration at***
 27 ***(insert current telephone number here) or visit the department's website (insert current***
 28 ***website address here). Applications for refunds are due by June 30."***

29 This statement shall be prominent ~~[and]~~, legible, ***and printed in at least 12-point boldface type,***
 30 and may either be printed on the tax bill itself, or on a separate sheet of paper enclosed with the tax

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- Page 2 -

1 bill. A municipality may in its discretion choose to include more detailed information about the
2 eligibility criteria for different forms of tax relief, provided, however, that the information in the
3 above statement shall be considered a minimum.

4 3 New Subparagraph; Education Trust Fund. Amend RSA 198:39, I(l) to read as follows:

5 (l) ***The full amount of education property tax payments from the department of***
6 ***revenue administration pursuant to RSA 76:8, II.***

7 (m) Any other moneys appropriated from the general fund.

8 4 Repeal; Tax Warrant; Determination of Education Grants. RSA 198:41, I(b) relative to
9 subtracting the amount of the state education tax warrant in the determination of grants, is
10 repealed.

11 5 Determination of Education Grants; Tuition. Amend RSA 198:41, II(b) to read as follows:

12 (b) The total amount paid for items of current education expense as determined by the
13 department of education ~~[minus the amount of the education tax warrant to be issued by the~~
14 ~~commissioner of revenue administration for such municipality reported pursuant to RSA 76:8 for the~~
15 ~~next tax year]~~.

16 6 Determination of Grants; Stabilization. Amend RSA 198:41, IV(d) to read as follows:

17 (d) For fiscal year 2017 and each fiscal year thereafter, the department of education
18 shall distribute a total education grant to each municipality in an amount equal to the total
19 education grant for the fiscal year in which the grant is calculated plus a percentage of the
20 municipality's fiscal year 2012 stabilization grant, if any, distributed to the municipality; the
21 percentage shall be 96 percent for fiscal year 2017, 92 percent for fiscal year 2018, 88 percent for
22 fiscal year 2019, and 100 percent for fiscal year 2020 and each fiscal year thereafter. No
23 stabilization grant shall be distributed to any municipality for any fiscal year in which the
24 ~~[municipality's education property tax revenue collected]~~ ***amount of the commissioner's warrant***
25 ***for the municipality's education tax assessment*** pursuant to RSA 76 exceeds the total cost of an
26 adequate education or to any municipality for any fiscal year in which the municipality's ADMA is
27 zero.

28 7 Low and Moderate Income Homeowners Property Tax Relief. Amend RSA 198:57, III and IV
29 to read as follows:

30 III. An eligible tax relief claimant is a person who:

31 (a) Owns a homestead or interest in a homestead subject to the education tax;

32 (b) Resided in such homestead on ~~[April 1 of]~~ ***the date of the final tax bill as defined***
33 ***in RSA 76:1-a*** for the year for which the claim is made, except such persons as are on active duty in
34 the United States armed forces or are temporarily away from such homestead but maintain the
35 homestead as a primary domicile; and

36 (c) Realizes total household income of:

37 (1) ~~[\$20,000]~~ ***\$55,000*** or less if a single person;

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(2) ~~[\$40,000]~~ **\$70,000** or less if a married person or head of a New Hampshire household.

IV. All or a portion of an eligible tax relief claimant's [state] education property taxes~~[-RSA 76:3,]~~ shall be rebated as follows:

(a) Multiply the total local assessed value of the claimant's property by the percentage of such property that qualifies as the claimant's homestead;

(b) Multiply ~~[\$100,000]~~ **\$150,000** by the most current local equalization ratio as determined by the department of revenue administration;

(c) Multiply the lesser of the amount determined in subparagraph (a) or (b) by the ~~[education tax rate as shown on the tax bill under RSA 76:11-a;]~~ **sum of the following:**

(1) The local education tax rate as shown on the tax bill under RSA 76:11 and;

(2) The state education tax rate as shown on the tax bill under RSA 76:11.

(d) Multiply the product of the calculation in subparagraph (c) by the following percentage as applicable to determine the amount of tax relief available to the claimant, **provided that the maximum amount of tax relief available to any claimant in any fiscal year shall not exceed \$1,000:**

(1) If a single person and total household income is:

~~[(A) less than \$12,500-\$20,000, 100 percent;~~

~~(B) \$12,500 but less than \$15,000, 60 percent;~~

~~(C) \$15,000 but less than \$17,500, 40 percent; or~~

~~(D) \$17,500 but less than or equal to \$20,000, 20 percent.]~~

(A) less than \$20,000, 100 percent;

(B) \$20,000 but less than \$55,000, a percentage that is reduced by 5 percent for each \$1,750 of household income above \$20,000;

(C) more than \$55,000, zero percent.

(2) If a head of a New Hampshire household or a married person and total household income is:

~~[(A) less than \$25,000, 100 percent;~~

~~(B) \$25,000 but less than \$30,000, 60 percent;~~

~~(C) \$30,000 but less than \$35,000, 40 percent; or~~

~~(D) \$35,000 but less than or equal to \$40,000, 20 percent]~~

(A) less than \$30,000, 100 percent;

(B) \$30,000 but less than \$70,000, a percentage that is reduced by 5 percent for each \$2,000 of household income above \$30,000;

(C) more than \$70,000, zero percent.

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(e) The amount determined by subparagraph (d) is the allowable tax relief in any year, *provided however that the aggregate of tax relief checks issued by the commissioner to all taxpayers claiming eligibility for tax relief shall not exceed \$25,000,000 for the fiscal year to which the claim applies, exclusive of late filed claims which are accepted by the commissioner pursuant to paragraph VI(b) which shall be counted against the \$25,000,000 limit for the fiscal year in which the claims are received, and that the commissioner shall reduce proportionally the amount of each taxpayer's tax relief check for that fiscal year when a reduction is necessary to conform to the \$25,000,000 limit for that fiscal year.*

8 New Paragraphs; Low and Moderate Income Homeowners Property Tax Relief; Adjustment for Inflation; Forms. Amend RSA 198:57 by inserting after paragraph VIII the following new paragraphs:

IX. The amounts specified in subparagraph III(c), IV(b), IV(d), and IV(e) shall be adjusted annually for inflation and rounded to the nearest \$100 by the commissioner of the department of revenue administration based on the average change in the Consumer Price Index for All Urban Consumers, Northeast Region as published by the Bureau of Labor Statistics, United States Department of Labor. The average change shall be calculated using the calendar year ending 12-months prior to the beginning of the program year.

X. Each year, on or about May 1, the department of revenue administration shall mail the current year forms necessary to apply for property tax relief to each homeowner who received property tax relief under the provisions of paragraph IV in the prior year.

9 Study Committee on Low and Moderate Income Homeowners Property Tax Relief. There is established a committee to study the low and moderate income homeowners property tax relief program authorized by RSA 198:57-58.

I. The members of the committee shall be as follows:

(a) Three members of the senate, appointed by the president of the senate.

(b) Four members of the house of representatives, appointed by the speaker of the house of representatives.

II. Members of the committee shall receive mileage at the legislative rate when attending to the duties of the committee.

III.(a) The committee shall study, with the assistance of the commissioner of the department of revenue administration, issues relating to the extension of the low and moderate income homeowners property tax relief program to tenants who indirectly pay education property taxes as part of the rent that they pay for the right to live in their principal place of residence and domicile and shall make recommendations regarding said extension;

(b) The committee shall also study, with the assistance of the commissioner of the department of revenue administration, the relationship between household income, property values, and property taxation, as well as the sufficiency of data relating to that relationship that is currently

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1 available to the department of revenue administration, including data needed to determine the
2 impact of property tax changes by property classification, value, and ownership status, including
3 owner-occupied, out-of-state, commercial, residential, or other relevant ownership categories, and
4 shall report on its findings and recommendations on said relationship, data sufficiency, and changes
5 in assessment data collected, eligibility, and funding levels that would improve the low and
6 moderate income homeowners property tax relief program.

7 (c) The committee shall also study, with the assistance of the commissioner of the
8 department of revenue administration, the components of a statewide property tax deferral program
9 designed to provide relief to homeowner property taxpayers where taxpayer-specific circumstances
10 temporarily impair such taxpayers ability to timely pay their property tax bills, and shall make
11 recommendations regarding the development of such a program.

12 (d) The committee may solicit input or testimony from any person or organization the
13 committee deems relevant to the study.

14 IV. The members of the committee shall elect a chairperson from among the members. The
15 first meeting shall be called by the first-named house member. The first meeting of the committee
16 shall be held within 45 days of the effective date of this section. Four members of the committee
17 shall constitute a quorum.

18 V. The committee shall report its findings and any recommendations for proposed legislation
19 to the president of the senate, the speaker of the house of representatives, the senate clerk, the
20 house clerk, the governor, and the state library on or before November 1, 2021.

21 10 Effective Date.

22 I. Section 9 of this act shall take effect upon its passage.

23 II. The remainder of this act shall take effect July 1, 2021.

**HB 504-FN-LOCAL- FISCAL NOTE
AS INTRODUCED**

AN ACT relative to the state education property tax and the low and moderate income homeowners property tax relief program.

FISCAL IMPACT: ☒ State ☐ County ☒ Local ☐ None

STATE:	Estimated Increase / (Decrease)			
	FY 2021	FY 2022	FY 2023	FY 2024
Appropriation	\$0	\$0	Indeterminable Increase	Indeterminable Increase
Revenue	\$0	Indeterminable Decrease	Indeterminable Decrease	Indeterminable Decrease
Expenditures	\$0	\$0	Indeterminable Increase	Indeterminable Increase
Funding Source:	☒ General	☒ Education	☐ Highway	☐ Other

LOCAL:

Revenue	\$0	Indeterminable	Indeterminable	Indeterminable
Expenditures	\$0	Indeterminable	Indeterminable	Indeterminable

METHODOLOGY:

This bill requires municipalities to pay the statewide education property tax (SWEPT) assessed, less collection costs, to the Department of Revenue Administration for deposit into the Education Trust Fund (ETF) and amends the calculation of state education grants. The bill also changes the thresholds and criteria for eligibility for the low and moderate income homeowners property tax relief program and specifies language and format for an additional tax relief statement regarding this program on municipal property tax bills..

The Department of Revenue Administration states that municipalities currently collect and retain the SWEPT locally to fund the state's share of education funding. The amount retained is recognized by the State as revenue to the ETF. By requiring municipalities to remit the SWEPT to the State after deducting collection costs, there would be an indeterminable reduction in revenue to the State based on the municipal deduction of costs from the \$363,100,000 that is assessed and collected. Municipal revenue will decline with the direct payment to the State but overall impact is indeterminable based on whether the SWEPT which would have been retained locally is more or less than what is remitted to the state. The DRA indicates that this change could be administered without any new positions but there would be an indeterminable cost for creating a new electronic filing and payment mechanism for the SWEPT to be paid to the

Department from the municipalities. The DRA states the proposed changes to the Low and Moderate Income Homeowners Program will increase claimants and relief amounts, resulting in an indeterminable increase in state expenditures up to a capped amount of \$25 million. The DRA would require an indeterminable additional appropriation for these claims beginning in FY 2023.

The New Hampshire Municipal Association states that any additional municipal costs related to new schedules, standards and procedures established by the Department of Revenue Administration for the remittance of education taxes are presumed to be deductible prior to sending such tax to the Department, therefore there would be no net effect on municipal expenditures. There may be cash flow issues related to how school districts will receive their allocated state education tax funds if this amount is no longer received directly from the municipality, but such possible impact is not known. The requirement to include additional information in a required format for tax relief statements may result in an indeterminable cost for software upgrades, additional paper and postage costs.

AGENCIES CONTACTED:

Department of Revenue Administration and New Hampshire Municipal Association

MEMORANDUM OF UNDERSTANDING
FOR PROFESSIONAL SERVICES
BETWEEN THE COALITION COMMUNITIES 2.0

This Memorandum of Understanding ("MOU" or "Agreement") is entered into by the City of Portsmouth and the Towns/Cities of ----- (hereinafter referred collectively as "Coalition Communities 2.0") and each understands and agrees to the commitments, terms, and conditions contained in this Agreement.

WHEREAS, For approximately ten years prior to 2006, the state funded education through a formula that created what was commonly known of as "donor" and "receiver" towns. Under this formula, a community was characterized as a donor community if it raised more in Statewide Education Property Tax ("SWEPT") than the state's calculation of that community's total cost of an adequate education for its students. This "excess" SWEPT was then distributed by the state to the community's whose total cost of education exceeded the amount raised in SWEPT (known as "receiver" communities).

WHEREAS, The former donor towns worked together to challenge the donor/receiver education funding formula through the formation of a group known as the "Coalition Communities". In part, due to the advocacy and lobbying efforts of the Coalition Communities, the legislature abolished the donor/receiver education funding formula and from 2006 through the present, communities now retain the "excess" SWEPT they raise.

WHEREAS, A Commission to Study School Funding ("Commission") was created by the NH Legislature in 2019 to "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." RSA 193-E:2-e;

WHEREAS, The Commission's Report, issued on December 1, 2020, recommends, in part, the return of a donor/receiver education funding model by recommending that communities that generate excess SWEPT remit the "excess" SWEPT to the state for redistribution to towns whose cost of an adequate education is more than the SWEPT the town generates;

WHEREAS, The Commission's Report was comprehensive in its analysis of students' needs and in identifying the deficiencies in how the state fulfills its constitutional obligations to provide students with an adequate education but seriously deficient in its misplaced reliance on the broken and overburdened system of funding education through the property tax.

WHEREAS, Legislation will be introduced in 2021 that adopts in similar fashion the Commission's recommendation of a donor/receiver education funding formula, which will have a substantially negative effect on the taxpayers from newly created donor communities ("Coalition Communities 2.0");

WHEREAS, All Coalition Communities 2.0 are members of the New Hampshire Municipal Association ("NHMA"). NHMA provides advocacy and lobbying services to its members but it may not lobby on behalf of specific legislation supported or opposed by a municipality unless it is of interest to its members generally and supported by clear member-

adopted policy positions as legislative principles. NHMA's current legislative policy on education does not specifically oppose a donor/receiver education funding model. NHMA does not take a position on issues that pit one set of communities against another set of communities. Without majority membership support, NHMA's ability to lobby on behalf of the Coalition Communities 2.0 is severely limited and leaves its Coalition Community 2.0 members at a disadvantage in their ability to effectively advocate in opposition to legislation that would recreate a donor/receiver education funding formula;

WHEREAS, RSA 31:9 provides that "[t]owns may at any legal meeting authorize the employment by the selectmen of counsel in legislative matters in which the town is directly or indirectly interested, or may ratify the previous employment by the selectmen of such counsel and may grant and vote money therefor.";

WHEREAS, Education funding is a complex issue and it would be unduly burdensome and costly for each town to separately track, advocate and lobby in opposition to education funding legislation that supports a donor/receiver model, particularly during COVID-19;

WHEREAS, The Coalition Communities 2.0 seek to share the cost of professional services, including but not limited to lobbying, communication, legal, and other professional services if required to advocate and educate others regarding its opposition to public policies related to the use of the property tax to fund education

THEREFORE, the Coalition Communities 2.0 enter into this Agreement for the purposes set forth above, as follows:

I. DEFINITIONS

A. "Advocate" shall mean the individual hired to provide professional lobbying services, as further described in the Request for Proposal attached as Exhibit A.

B. "Agreement" shall mean this document, this Memorandum of Understanding for Professional Services Between the Coalition Communities 2.0.

C. "Biennium" shall mean the current two-year term of the legislature beginning January, 2021 and ending December, 2022.

D. "Coalition Communities" shall mean donor towns under prior education funding formulas.

E. "Coalition Communities 2.0" shall mean any potential donor towns under an education funding formula that adopts the Commission's recommendation or any portion thereof that returns to a donor/receiver education funding formula. See also Member.

F. "Commission" shall mean the Commission to Study School Funding created by RSA 193-E:2-e.

G. "Donor communities" shall mean a community that when SWEPT is assessed

on the municipality's total equalized assessed property value, SWEPT raises more funds than the state's calculated cost of an adequate education assessed for all students. This excess SWEPT is remitted to and distributed by the state to receiver communities.

G. "Excess SWEPT" shall mean when the SWEPT is applied to the equalized property value of a town, it raises more in SWEPT than the state's calculated cost of an adequate education for all students in its community.

H. "Joint Board" shall mean the Joint Board for the Coalition Communities 2.0's Joint Board, which will be the oversight board for the Coalition Communities 2.0. This Joint Board shall not be confused with the Board of Selectmen for the individual towns that are members of the Coalition Communities 2.0.

I. "Lobbying Services" are the professional lobbying services, as further described in the Request for Proposal attached as Exhibit A.

J. "Member" shall mean a town or city that is a potential new donor town and party to this Agreement. A Member has contributed its full Assessment and is a full voting member. The Joint Board may create Associate Membership or other types of memberships for those towns who have made a contribution but not in the full amount of the suggested Assessment.

K. "Receiver Communities" shall mean a community that when SWEPT is assessed on the municipality's total equalized assessed property value, SWEPT raises less than the state's calculated cost of an adequate education for all its students. The state distributes excess SWEPT raised by donor communities to receiver communities to meet its obligation to fund an adequate education.

L. "Report" shall mean the report of the Commission entitled *Our Schools, Our Kids; Achieving Greater Equity for New Hampshire Students and Taxpayers, A Report From The Commission to Study School Funding, Submitted to the New Hampshire General Court, December 1, 2020 Relative to RSA 193-E:2-e*.

M. "SWEPT" shall mean the Statewide Education Property Tax or any other form of property tax assessed by the State of New Hampshire.

II. PURPOSE OF THIS AGREEMENT

The purpose of this Agreement is to allow the Coalition Communities 2.0 to jointly hire an advocate for professional lobbying, communication and legal services or other professional services and to share the costs associated with these services as more fully set forth in the Scope of Services attached as Exhibit A or other future contracts or Requests.

III. DURATION OF AGREEMENT

The term of this Agreement runs concurrent with the current biennium of the legislature from January , 2021 through December 31, 2022. This Agreement may be renewed for an additional two-year term by vote of the majority of the Members after receipt of authorization

from its board of selectmen or city council at its annual meeting held in July.

IV. MEMBERSHIP

The undersigned hereby organize and constitute themselves as Members of the Coalition Communities 2.0. The Members are listed in Exhibit B, which is attached and incorporated hereto. Each Member is authorized to participate by vote of its Board of Selectmen or City Council and copies of these votes are attached and incorporated as Exhibit C. Each signatory is an authorized representative of its town or city.

Members shall be limited to fifty (50). There will be an organizational meeting of the Members within 15 days of the execution of this Agreement. At the organizational meeting the Members will elect the Joint Board members as more fully described in Section V. Each Member is afforded one vote in all matters upon which require action. A majority vote of those Members present and voting shall be needed to act upon any business associated with this Agreement. One third of the total Membership shall constitute a quorum.

V. JOINT BOARD

1. Purpose of Joint Board

A. The Joint Board has the authority to enter into contracts on behalf of the Members, including but not limited to professional services contracts for lobbying, communication, legal and other professional services approved by majority vote of the Members, to hire, supervise, advise and direct the activities of the professionals hired under the terms any contract, to negotiate with respect to all matters relating to this Agreement, to request, collect, hold, accept, invest, disperse and expend funds, to approve bills and circulate documents necessary in order to keep Members informed of activities pursuant to this Agreement and conduct such other activities as the Joint Board deems necessary and proper to carry out the purposes of this Agreement.

B. The Joint Board shall have the sole authority to approve an annual operating budget, which it shall transmit to the Members.

C. Officers: Beginning with its first meeting and then annually thereafter, the Joint Board shall elect a Chair, Vice Chair and a Clerk from the members of the Joint Board. The Chair shall serve as the official spokesperson for the Members.

2. Membership of Joint Board

A minimum of five regular members of the Joint Board shall be comprised of three town/city managers and two elected officials from its Members. All Joint Board members shall be nominated at the Members' organizational meeting and serve through the expiration of the term of this Agreement. If this Agreement is renewed by the Members for an additional term,

the Members will elect Joint Board members at its first meeting during the first 30 days of the second term. There are no term limits for Joint Board members. Joint Board members may be supported by appropriate staff from its community.

Joint Board members and its officers shall not be personally liable for any debt, liability or obligation of the Coalition Communities 2.0. All persons having any claim against the Coalition Communities 2.0 may look only to its funds for payment of any such contract or claim, or for the payment of any debt, damages, judgment or decrees, or of any money that may otherwise become due and payable to them from the Coalition Communities 2.0.

3. Meetings:

A. Annual meetings. The Joint Board shall schedule one annual meeting of the Members during the term of this Agreement after the close of the legislative session in July.

B. Regular meetings. The Joint Board shall meet regularly at quarterly meetings or more frequently at the call of the Chair at such times and places that are mutually convenient to discuss issues of mutual concern to the Members. The Joint Board shall meet once a month with the Members while the legislature is in session. These meetings shall be held on the first Monday of every month at 11:00am. Additional meetings with Members may be scheduled either by the call of the Chair or by written request of five or more Members. The Clerk shall post proper notice of all meetings and shall record minutes pursuant to RSA 91-A:2. Attendance for purposes of quorum and voting may be by telephone or video, subject to the provision of RSA 91-A.

4. Voting and Alternates.

A. Number of Joint Board members. The membership of the Joint Board is comprised of five regular members and two alternate members.

B. Quorum. Three of the five Joint Board members in attendance at a meeting are necessary to form a quorum.

C. Majority vote. All votes will pass by simple majority.

D. Role of Alternates.

Alternate member(s) shall sit with all other Joint Board members during the meetings and may participate but may only vote if regular member can't participate on said item. If an alternate has already been appointed to sit in for a regular member, then the second alternate shall be appointed by the Chair.

If a Joint Board member has unexcused absences for 2 consecutive or 3 total meetings during the term of this Agreement, they will be deemed to have vacated their position and the Joint Board will be free to appoint an alternate as a regular member to the vacant position upon majority vote of the Joint Board. If a Joint Board member resigns or is unable

to continue to serve, the Joint Board will appoint an alternate as a regular member by majority vote of the Joint Board.

If alternates become regular members of the Joint Board, new alternates will be appointed by the Joint Board from all applicants that have been nominated by five or more Members.

VI. FINANCIAL AGREEMENT

A. **Apportionment of Cost:** The Coalition Communities 2.0 agree that they will apportion costs as follows:

Apportionments shall be assessed annually to each Member by the 30th of January (or no later than 30 days after the execution of this Agreement by all parties) of each year of the Agreement. The Apportionment may be based on each Member's percentage of the group's total equalized property value as determined by the most recent and available data from the NH Department of Revenue Administration. Once adopted, this Apportionment formula may not be amended without a majority vote of the Members. This Apportionment will take into account the contributions transferred by Members from the Claremont Coalition Account.

B. **Special Associate Member.** Special Associate Member Assessment shall be assessed by the Joint Board to Associate Members who are not parties to this Agreement and may not vote but have requested information and/or support the Coalition Communities efforts.

C. **Fiscal Agent.** The Members agree that the City of Portsmouth ("City") will be the fiscal agent for the funds described in paragraph A above. The funds will be collected by the Joint Board and held by the City for purposes set forth in this Agreement and the Request for Proposals set forth in Exhibit A. However, the Members have delegated all decisions relative to the acceptance and expenditure of funds to the authority to the Joint Board, as described more fully in section IV above

D. **Accounting for Funds.** The Joint Board with assistance from the Fiscal Agent shall provide to the Members from time to time, but at least quarterly, a formal accounting of monies received, spent, and obligated, and a final accounting upon the termination of the Agreement.

E. **No funds will inure to the benefit of any member of the Joint Board, private individuals, or employee of municipalities subject to this Agreement except that reasonable compensation may be paid for services rendered to the Members, including but not limited to contracted services and administrative support.**

F. **Funds upon Termination.** Upon termination of this Agreement, no individual employee or member of the Joint Board shall be entitled to a share in the distribution of any funds upon dissolution. Upon termination, the funds shall be distributed to each Member at the time of distribution in proportion to the percentage of its contribution relative to the total contribution of the all Members made in the year of distribution.

VII. Termination

A. **Mutual Agreement.** This Agreement may be terminated at the end of the two-year term upon mutual agreement of the Members' Boards of Selectmen and City Council. The Boards of Selectmen and City Council shall make the decision to terminate in July of the second year of the term of this Agreement.

B. **Terminate Without Penalty.**

If this Agreement is renewed for a second term, a Member wishing to withdraw from the Agreement shall give notice three months before the expiration of the initial two-year term and shall be responsible for its share of the Apportionment until the expiration of the term. Notice shall be in writing from the Board of Selectmen of the withdrawing Member to the Joint Board. The Joint Board will notify the other Members of any Member's withdrawal through their authorized agents who have executed this Agreement. This Agreement shall terminate upon completion of its two-year term if not renewed.

C. **Termination With Penalty**

A Member wishing to withdraw from the Agreement before the end of the two-year term shall be responsible for its share of the Apportionment until the completion of the term. Notice shall be in writing from the Board of Selectmen of the withdrawing Member to the Joint Board. The Joint Board will notify the other Members of any Member's withdrawal through their authorized agents who have executed this Agreement.

VIII. Other

A. **Amendment:** This Agreement may be amended only by written Agreement signed by the majority of Members.

B. **City Council and Board of Selectman Approval:** All Members undersigned have received approval of this Agreement by its City Council or Board of Selectman and have been authorized to participate by votes taken on dates attached and incorporated as Exhibit C.

C. **Notices:** Notices for each party shall be in writing and mailed to the individuals listed in Exhibit B which is attached and incorporated hereto.

D. **Severability:** If any provision of this Agreement is deemed invalid or unenforceable, the remaining provisions shall remain in full force and effect.

E. **Governing Law:** This Agreement shall be governed by and interpreted in accordance with the provisions of the laws of the State of New Hampshire.

F. Separate Document: This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

t/2021legislative//donortown/MOUandIM/mou2021

SCOPE OF WORK

OBJECTIVE: The Coalition Communities 2.0 seek to enter into an independent contractor relationship with an individual or organization to provide three (3) tiers of services to include lobbying, legal, and/or communication services for the legislative years 2021-2022.

BACKGROUND: For approximately ten years prior to 2006, the state funded education through a formula that created what was commonly known of as “donor” and “receiver” towns. Under this formula, a community was characterized as a donor community if it raised more in Statewide Education Property Tax (“SWEPT”) than the state’s calculation of that community’s total cost of an adequate education for its students. This “excess” SWEPT was then distributed by the state to communities whose cost of an adequate education exceeded the amount raised in SWEPT (known as “receiver” communities). Portsmouth, along with other donor towns, worked together to challenge the donor/receiver education funding formula through the formation of a group known as the “Coalition Communities”

A Commission to Study School Funding (“Commission”) was created by the Legislature in 2019. On December 1, 2020, the Commission issued its final report which recommends, in part, the return of a donor/receiver education funding model by recommending that communities that generate excess state education property tax to remit the “excess” to the state for redistribution to towns whose cost of an adequate education is more than the state education property tax the town generates. While the Commission did a thorough job in assessing students’ educational needs throughout the state, it failed to adequately address how those needs should be funded by improperly relying on the historically overburdened property tax to fund education. (see https://carsey.unh.edu/school-funding?utm_source=email&utm_medium=lmnm&utm_campaign=carsey-research for further details)

Education funding is a complex issue and it would be unduly burdensome and costly for each potential donor town to separately track, advocate, and lobby in opposition to education funding legislation that supports a donor/receiver model, particularly during COVID-19. A new group of donor towns, called the Coalition Communities 2.0 is in the process of forming to pool resources for professional services as more fully set forth below. (See Exhibit I—a draft of the organizing Memorandum of Understanding)

BASIC SERVICES: Responsibilities of the Lobbyist/Advocate: The Lobbyist shall work with the Joint Board of the Coalition Communities 2.0 to represent their interests before the New Hampshire Legislature during the 2021-2022 session. Specifically, the Lobbyist shall advocate for, provide information about and oppose selected bills, which are introduced during the session that address education funding primarily through an increase in the state education property tax

and/or local property tax which would create an education funding formula that returns to a donor and receiver town education funding concept. The Lobbyist will exercise their responsibilities consistent with the legislative rules governing the conduct of lobbyists in New Hampshire. It is further expected that, when necessary, the Lobbyist will participate remotely or be physically present at the legislature to attend hearings, discuss bills with legislative members, and testify on pending matters. The Lobbyist will regularly communicate on activities to the Joint Board of the Coalition Communities 2.0 and work with its members to create communication plans and strategies for messaging and outreach to oppose donor/receiver education funding legislation.

SERVICE TIERS TO BE PROVIDED

1. Lobbying and legislative advocacy (Basic)
2. Communications Planning
3. Legal Services if required

HB 110 - AS INTRODUCED

2021 SESSION

21-0077

06/08

HOUSE BILL **110**

AN ACT relative to the distribution of adequate education grants.

SPONSORS: Rep. Steven Smith, Sull. 11; Rep. Aron, Sull. 7; Rep. Baldasaro, Rock. 5; Rep. Love, Rock. 6; Rep. Potucek, Rock. 6; Rep. Hill, Merr. 3; Rep. D. Thomas, Rock. 5; Rep. Greene, Hills. 37; Rep. True, Rock. 4; Sen. Ward, Dist 8

COMMITTEE: Education

ANALYSIS

This bill requires the department of education to distribute adequate education grants to municipalities and requires such municipalities to transfer the grants to their school district or districts.

Explanation: Matter added to current law appears in ***bold italics***.
Matter removed from current law appears ~~[in brackets and struckthrough]~~
Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.

STATE OF NEW HAMPSHIRE

In the Year of Our Lord Two Thousand Twenty One

AN ACT relative to the distribution of adequate education grants.

Be it Enacted by the Senate and House of Representatives in General Court convened:

1 1 Education Trust Fund; Distribution of Adequate Education Grants. Amend RSA 198:42 to
2 read as follows:

3 198:42 Distribution Schedule of Adequate Education Grants; Appropriation.

4 I. The adequate education grant determined in RSA 198:41 shall be distributed to each
5 ~~[municipality's school district or districts]~~ **municipality** from the education trust fund in 4
6 payments of 20 percent on September 1, 20 percent on November 1, 30 percent on January 1, and 30
7 percent on April 1 of each school year~~[- provided that for a dependent school district, the grant~~
8 ~~determined in RSA 198:41 shall be distributed to the municipality, which].~~ **Each such**
9 **municipality** shall appropriate and transfer the grant funds to its ~~[dependent] school [department]~~
10 **district or districts**.

11 II. For the fiscal year beginning July 1, 2005, and every fiscal year thereafter, the amount
12 necessary to fund the grants under RSA 198:41 is hereby appropriated to the department from the
13 education trust fund created under RSA 198:39. The governor is authorized to draw a warrant from
14 the education trust fund to satisfy the state's obligation under this section. Such warrant for
15 payment shall be issued regardless of the balance of funds available in the education trust fund. If
16 the balance in the education trust fund, after the issuance of any such warrant, is less than zero, the
17 comptroller shall transfer sufficient funds from the general fund to eliminate such deficit. The
18 commissioner of the department of administrative services shall inform the fiscal committee and the
19 governor and council of such balance. This reporting shall not in any way prohibit or delay the
20 distribution of adequate education grants.

21 III. The department of education shall certify the amount of each grant to the state
22 treasurer and direct the payment thereof to the ~~[school district or]~~ municipality.

23 2 Education Trust Fund. Amend RSA 198:39, I to read as follows:

24 I. The state treasurer shall establish an education trust fund in the treasury. Moneys in
25 such fund shall not be used for any purpose other than to distribute adequate education grants to
26 ~~[municipalities' school districts]~~ **municipalities** and to approved charter schools pursuant to RSA
27 198:42, to provide low and moderate income homeowners property tax relief under RSA 198:56-
28 198:61, and to fund kindergarten programs as may be determined by the general court. The state
29 treasurer shall deposit into this fund immediately upon receipt:

30 3 Effective Date. This act shall take effect 60 days after its passage.