

# Education Funding Commission

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A SHORT UPDATE ON PROGRESS TO DATE



# Series of Interrelated Questions

**What is the scope of current inequities in educational opportunities?**

**What constitutes an adequate education in 2020? [to meet NH Constitutional requirement]**

**What does a basic adequate education cost per pupil?**

**How do the costs of adequacy vary by type of student need, and how should those factors be represented in NH's funding formula? [differentiated aid]**

**How does community property wealth [equalized valuation] affect educational opportunity?**

**What are the gaps between current education funding and costs of adequacy?**

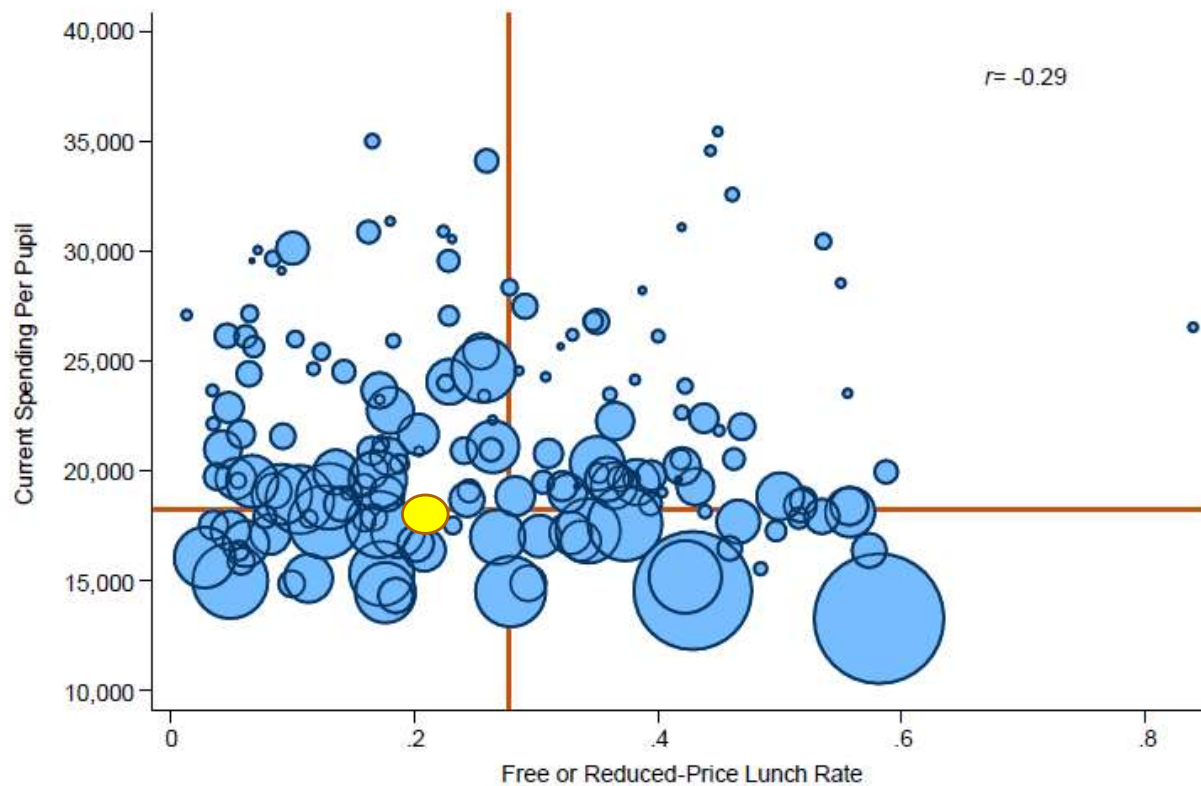
**What are the sources of revenue to meet the gaps, i.e. pay for adequacy and address inequities? [state-mandated locally collected property tax + local property tax + other approaches that will fit within the Supreme Court mandates]**

**How should a formula take into account differences in capacity to raise revenue? [community capacity and individual ability to pay]**

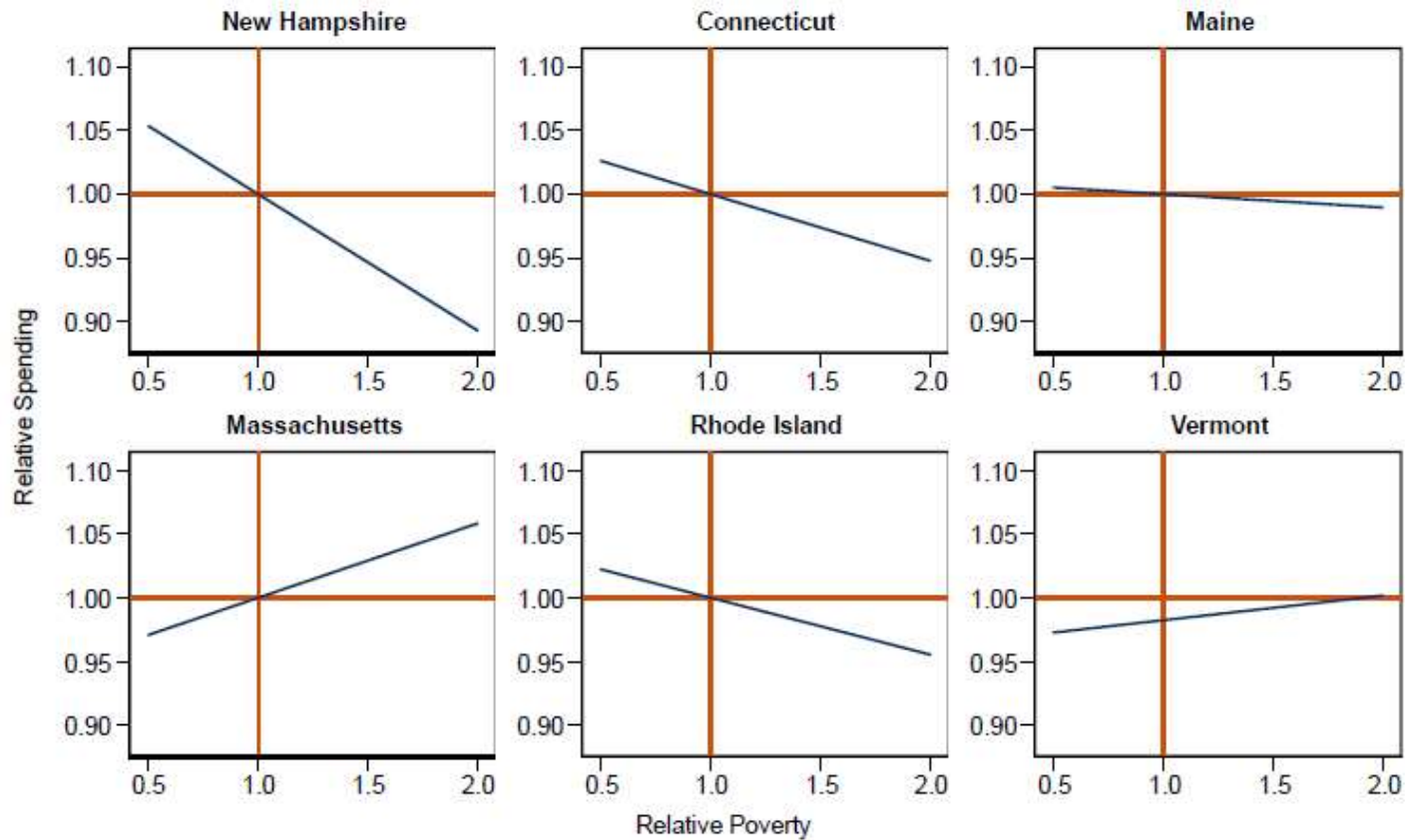
**How should that revenue be collected and distributed?**

# NH districts with higher poverty rates spend less, on average, than with districts with lower poverty

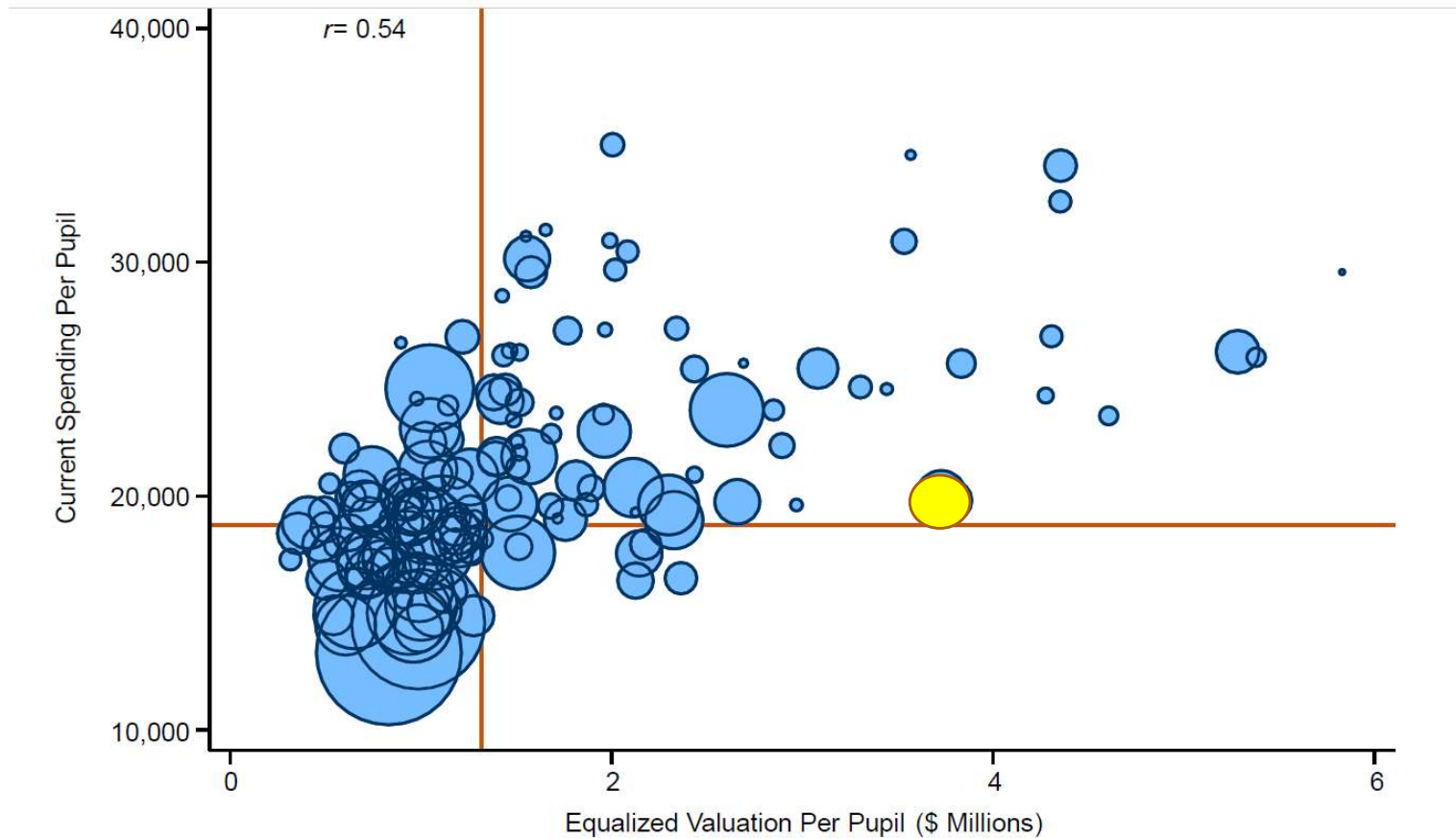
Exhibit 4. Relationship Between Current Spending Per Pupil and Free or Reduced-Price Lunch Rate



# In NH districts with higher needs have fewer education resources



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



## Adequacy defined in terms of outcomes

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### Original Formula was

#### Input Based

Add up list of associated costs and determine base

Assign extra weights for students who have special needs, are low income, are English learners—differentiated aid



### 2020 Approach is Outcome Based

Construct composite outcome score (graduation rate, performance on state assessments, attendance)

Determine desired level of performance for all...set at 50% ile

Statistically determine what extra costs are required by students with different needs

Predict cost required for each district to achieve adequacy

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

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

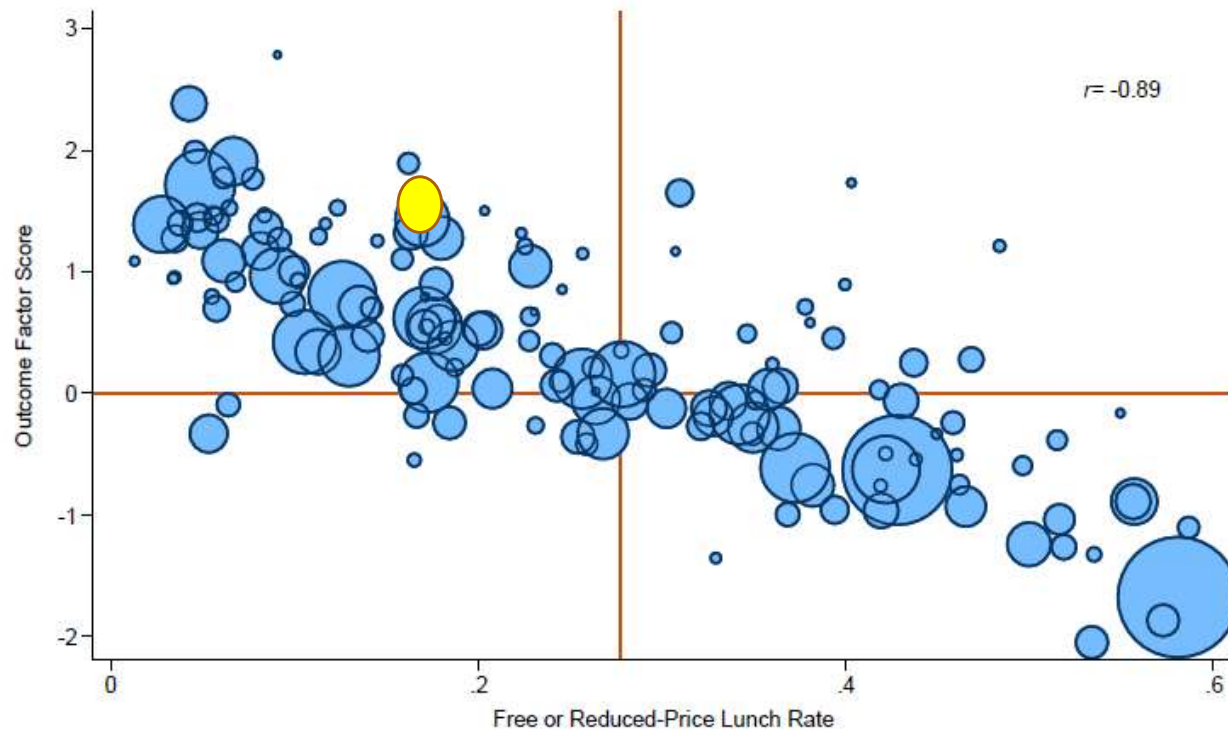


Exhibit 23. Estimated Base Per-Pupil Costs and Formula Weights

	Including transportation	Excluding transportation
<b>Weights</b>		
Low income	1.49	1.80
Special education rate	4.29	4.99
English learners	2.20	3.01

Base per pupil cost FY 18-19

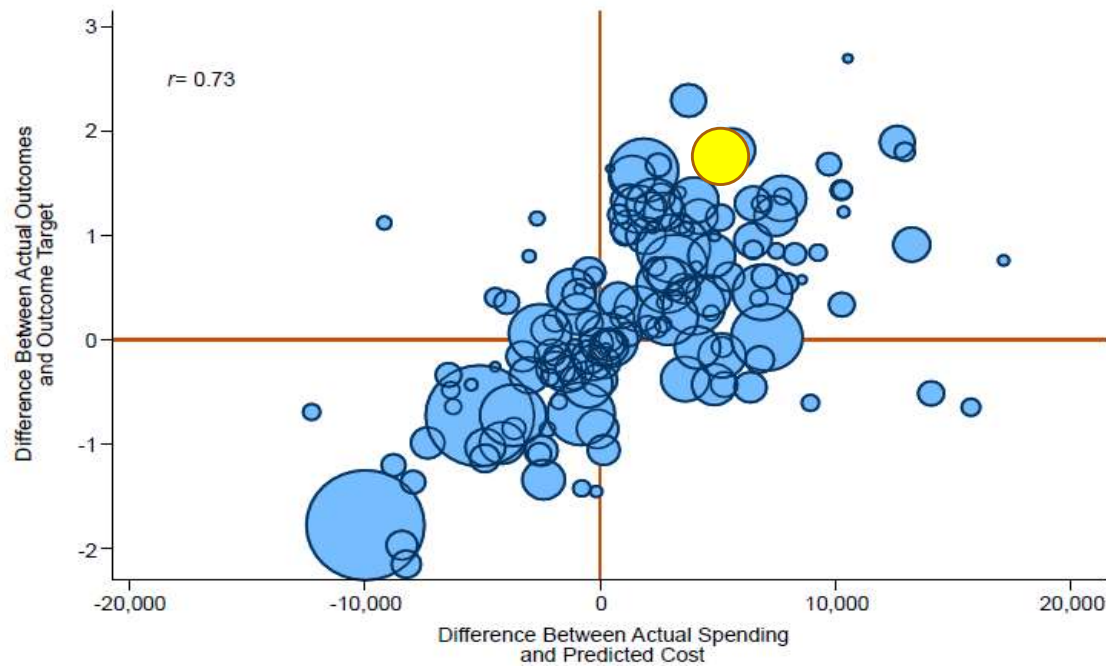
FRPL student costs 1.49 times more than base

Special ed student costs 4.29 times more than base (not catastrophic aid)



**Some districts are severely underfunded (gap between actual and predicted cost ) and they tend to perform well below state average**

Exhibit 21. Outcome Gaps and Funding Gaps



## Example: Simulation bringing all districts to 50<sup>th</sup> %ile performance

Town name	Total simulated formula funding	Simulated formula funding per pupil	Actual state and local revenue per pupil	Simulated minimum local education tax	Simulated local revenue raised	Simulated remaining state obligation	Simulated percentage of formula funding from state	Simulated combined education tax	Actual combined education tax
Portsmouth	\$35,322,819	\$15,754	\$17,635	\$5.00	\$30,695,102	\$4,627,717	13%	\$12.24	\$6.48

With estimated weights and outcomes at 50<sup>th</sup> percentile, per pupil:

\$15,754 (simulation)

\$17,635 (actual)

If ONLY property taxes as revenue source, requires another \$5.76/\$1000  
+ the cost to address the gap between simulated and actual

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How should a formula take into account differences in capacity to raise revenue? [community capacity and individual ability to pay]

How should that revenue be collected and distributed?

## EMERGING QUESTIONS

How should taxpayers' ability to pay be considered?

What would constitute a meaningful property tax "circuit breaker" for low income home owners?

Should different types of property be taxed at different rates?

What legal changes are necessary to ensure more accurate valuation of commercial property?

How could accountability be increased for districts receiving substantial state funding? [assurances that \$ are spent on education, requirement for using evidence-based approaches]

What efficiencies could reduce overall education costs in NH? [e.g., regionalization of administration]