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September 24, 2007

To: Joint Legislative Oversight Committee on
Costing An Adequate Education

From: Dean Michener, NH School Boards Association

Subject: School District Expenditures and Adequacy

The Claremont and Londonderry Court decisions have highlighted numerous responsibilities of the state. Claremont I noted the constitutional obligation to provide and pay for an adequate education for all children. Claremont II emphasized that an adequate education is a fundamental right; the state has the obligation to define adequacy, determine the cost, and provide the education, funding it with monies that are raised proportionally with equal rates. Your committee has the important task of studying models and formulae for determining the cost of adequacy as defined in HB 927, as well as the educational needs and resources required to deliver that education to our state's children.

The NH School Boards Association has a standing resolution that has been continually adopted specifically referencing this task:

NHSBA urges the Legislature to utilize the resources of the NH Department of Education, including the Department's statistical data, to define a curriculum that comprises an "adequate education" in the State of NH, and further to calculate the actual cost of an "adequate education," and to develop an Adequate Educational Funding distribution formula which is consistent with the spirit of the Claremont decisions.

HB 927 addressed the first part of this process, providing the specific criteria and educational program that comprises an adequate education. This is accomplished by reference to the school approval standards that are required for approval by the state board of education through administrative rules. In addition to covering specific curriculum areas, HB 927 also recognizes that variation exists among our state's schools in the challenges faced to provide such a curriculum program to their local student body.

As your committee works toward a recommendation on determining the cost of an adequate education, I trust you will keep in mind the policy and purpose of the state with respect to an Adequate Public Education. The state has embraced its duty for every child in the state, and by meeting its obligation through an integrated system of shared responsibility between state and local government will ensure that both now, and in the years to come, all students will be provided with the opportunity to acquire an adequate education.

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The New Hampshire School Boards Association has several standing resolutions specifically addressing this issue. Resolutions #7 and #10 acknowledge the need for additional revenue, supporting an equitable and sustainable tax dedicated solely for education and used for the purpose of meeting the state's obligation to help support public education.

NHSBA proposes that the state develop an equitable and sustainable tax plan dedicated solely to education for the purpose of fully funding a constitutionally adequate education for all students in the state. (2002)

NHSBA resolves that the New Hampshire Legislature solve the educational funding crisis in a fair and equitable manner throughout the state and that all education monies so raised be distributed to school districts for the purpose of educational funding. (2001)

The total amount of money for education available to school districts is a sum of locally raised revenues, state aid, federal aid and miscellaneous revenues. The role of the state's participation is to provide all children of the state an adequate education, as well as improve the quantity and quality of school services in those districts identified as in need of additional resources.

State aid to education can be used to overcome disparities/inequities in school districts to deliver an education: an equalization approach to funding. Equalization can address wealth issues, such as the income or property wealth of a district; or educational issues, such as the number of pupils in a district and the corresponding cost of their educational needs. Varying per pupil costs reflect not only differences in program, such as vocational courses or special education courses, but also differences in the cost of living throughout the state.

The goal for this committee lies in recommending an objective determination of resource levels needed to provide all students with the education outlined in HB 927. Professional, or expert, judgment models have been used to provide details on model programs for the delivery of each educational content area, and successful schools approaches, or statistical cost functions, can provide details on the associated costs. Our State Department of Education is able to provide detailed analyses of the various costs currently incurred by our school districts throughout the state. Accounting for special needs is another area where comparative costs can be reviewed to determine variations in student populations and whether substantial additional resources are needed to provide the same opportunities to students with disabilities, or additional English requirements, or low-income backgrounds. Advice and input on these additional requirements can be obtained from those practitioners in these areas with experience in the actual programmatic requirements of students with special needs.

An important message for this Committee to consider comes from the state's school board members – locally elected officials who struggle daily with the oversight of implementing local education programs for the overwhelming majority of children who attend our public schools. Since the Claremont decision, school districts have seen extensive variation and swings in the annual amount of state support to districts. The total state share of Adequacy has ranged between \$800 and \$900 million: if the statewide property tax is excluded, state grants to communities have been between \$400 and \$500 million. Local property taxes, still the major source of revenue, have almost doubled in the past five years: from almost \$676

million to over \$1.2 billion. The statewide property tax adds another \$363 million, leaving districts statewide to raise almost 70% of the education budget.

Much discussion and attention has been focused on the need to “target” state aid, often at the expense of other, less “needy”, communities. While a few extreme outliers of towns in our state may be given as examples of high income and/or low property taxes, the simple fact is that the bulk of our communities are not gold coast, wealthy towns. Different measures of wealth [property wealth – income wealth - % children eligible for free/ reduced price meals - % at-risk population, etc.] simply result in different rankings: it is only a relative position on a continuum.

Many of our middle tier communities have been here before, and know very well the uncertainty that can result from not knowing one year to the next whether they “fall off” the funding continuum or remain as a receiver of needed state aid. The reality is that the majority of districts in our state need additional resources, i.e. funding, to help implement the educational programs offered within their schools. Discretionary funds allow local decisions on where the money is best spent, and on what programs will maximize the outcomes. These decisions are best left to local officials, elected to oversee the appropriations and expenditures of the district. As for accountability of the use of these monies, no other state in the nation has more scrutiny. Local expenditures are reviewed, debated, and monitored by those most impacted: local citizens who ultimately vote on the budget. Just attend the bulk of our annual school district meetings and witness the debate and discussion over budgets, reviewing local, state and federal revenue sources and the resulting impact on local property taxes.

In closing, school board members would also appreciate your attention to the school district meeting process. Next year’s budget development has already begun, and budget committee work and deliberations will come to a close in December or January, with public hearings in February and school district meetings in March. In recent years, school districts have experienced turmoil due to the uncertainty of school funding that changes after budget votes in March. To address this concern, we would like to share another NHSBA resolution that acknowledges the budget and funding process school districts must follow, and that legislative changes affecting the funding of schools should not take effect after the budget and school district meeting process: any change in statute should become effective in the following biennium, allowing boards to plan appropriately.

NHSBA opposes the dramatic and unpredictable changes in educational funding each year – often with solid information only coming to the school districts after the balloting or school district meetings are done.

The NHSBA opposes any new educational funding legislation, passed and enacted by the Legislature, which takes effect any earlier than the next biennium. School boards cannot be expected to work with legislation passed after the budget cycle for the following year is completed. (2005)

Thank you for your time, attention and consideration as you move forward with your important task concerning the cost of adequacy and resources needed for its provision.