

Answers about the education need portion of HB684's formula

Why does HB684 provide additional funds for certain types of students?

In counting students, HB684 adds extra weights for certain types of pupils because national research shows it costs schools more to educate them. These include high school students (HB684 adds 1/10th of a weight), as well as children receiving free and reduced lunch; pupils with limited English proficiency; and special education students. HB684 adds an extra full weight for any child in one or more of the last three groups. Only one extra weight is given per student, however.

Current law only allows extra weighting for free and reduced lunch and low property wealth per pupil, which is not a true measure of education need.

Why a target amount of \$7,809?

It is the most recent NH average operating cost available from DOE (total spending divided by number of pupils), a number of authoritative research studies have shown that a reasonable per pupil target for providing an adequate education is the average state operating cost per pupil, and \$7,809 is not out of line with the per pupil costs in other states.

Why is the per-pupil weighted cost only \$5,816?

Although \$7,809 is the target for NH's 205,427 pupils, adding HB684's "weights" increases the total to 275,000 "weighted students." Multiplying \$7,809 by actual students yields the same total as multiplying \$5,816 by weighted students. HB684 multiplies the \$7,809 by NH's ratio of unweighted to weighted students (.745), which equals \$5,816.

Answers about the fiscal capacity portion of HB684's formula

Why include income in addition to the current system's use of equalized property values per pupil?

HB684 adds median household income to give a truer assessment of fiscal capacity. Research shows little correlation between a town's property wealth and its citizens' income. Median household income is an important factor in gauging a town's ability to support public services. The U.S. Census records it every 10 years but NH could update it more frequently.

Why is median household income multiplied by 4.5?

In order to compare apples to apples, we multiply a town's median household income by 4.5 because total property values in NH are 4.5 times total household income. Most people live in homes worth much more than their income.

Why is a "fiscal effort factor" needed?

Some type of fiscal effort factor is used in all foundation aid formulas. Without it, the formula would say a town should contribute the value of all of its property and all of its income to education. The .89% is well within national standards, and means a town would be expected to contribute less than 1% of its total property value and income to education.