



**Testimony of Jeff McLynch,  
Project Director, NH School Funding Fairness Project,  
on SB 145 before the Senate Education Committee,  
Tuesday, February 16**

Chairwoman Ward, Senator Kahn, Members of the Committee, thank you for the opportunity to offer testimony this morning on SB 145.

For the record, my name is Jeff McLynch and I am the Project Director of the New Hampshire School Funding Fairness Project, a nonprofit organization that seeks to educate citizens and policymakers about the system New Hampshire uses to fund its public schools, to build awareness of the shortcomings of that system, and to advocate for changes in law to make that system more fair for students and taxpayers alike.

As the members of the Committee are surely aware, due to both the COVID-19 pandemic and to changes in law, state education aid, in total, is expected to fall by some \$90 million between FY 2021 and FY 2022, according to data from the Office of the Legislative Budget Assistant. Such a drop would force many cities and towns to turn to significant property tax increases or severe spending cuts as they set their school budgets for the next academic year; the scale of such property tax increases could drive up the bills some homeowners face by hundreds of dollars.

**SB 145 seeks to address several sources of that anticipated decline and, by extension, to reduce the likelihood and the potential scale of such rate increases or spending cuts. The bill could be strengthened still further by the removal of one provision and the insertion of another. I urge the Committee to make such changes and to recommend SB 145 as ought to pass.**

As members of the Committee know, two of the key determinants of the amount of state education aid a district receives are the number of students it serves generally and the number of low-income students it serves in particular (as measured by the number of students eligible for free and reduced-price lunch). Critically, the vast majority of school districts in New Hampshire have seen those numbers decline in the current 2020-21 academic year due to the COVID-19 pandemic. Attendance has dropped generally, as parents elect to educate their children on their own or to enroll them in private schools in the face of uncertainty about remote or hybrid learning; the reported number of children eligible for free and reduced price lunch has likewise dropped, not because of declines in food insecurity, but because the federal government eliminated the requirement for applications to receive school meals during the pandemic.

More specifically, the Department of Education's November 15 estimates suggest that attendance has declined by about 4 percent overall over the past year; while the long-term trend has been toward declining enrollments, a 4 percent drop is particularly steep. Those

estimates also point to a roughly 24 percent decrease in the count of free and reduced price lunch students; those figures may fluctuate from year to year, but, during times of economic hardship, one would normally expect them to rise, not fall.

Both sets of numbers will almost surely rebound as the pandemic wanes and as schools resume in-person classes full time during the 2021-2022 academic year. However, because of a time lag in New Hampshire's education aid formula, those temporarily lower numbers will be used to decide the amount of state aid districts will receive in 2021-22, even as attendance climbs back to normal levels. SB 145 recognizes that the student counts we are seeing now are not likely to reflect the situation schools will face this fall and thus, as a reasonable alternative, directs the Department of Education to use the higher of a district's or town's 2019-2020 average daily membership in attendance (ADM-A) or 2020-2021 ADM-A in calculating state education aid.

Protecting school budgets from further damage due to the pandemic would certainly be a positive outcome and thus warrants approval of SB 145, but it would nevertheless forestall only about half of the estimated \$90 million decline I alluded to at the outset of my testimony.

To close that gap entirely, the legislature must preserve the progress it made under the current budget in bolstering state education aid and targeting it to those cities and towns most in need. As you will recall, the budget agreement reached in the fall of 2019 added two elements to New Hampshire's funding formula for FY 2021: additional aid, which is intended to assist cities and towns with higher concentrations of low-income students, and fiscal capacity disparity aid, which is designed to help municipalities with comparatively low property values.

More broadly, the purpose of these two forms of aid is to help mitigate long-standing inequities in New Hampshire's school funding system, inequities that will be just as severe in the coming biennium as they are in the current one. Consequently, both additional aid and fiscal capacity disparity aid should be extended and maintained until more comprehensive remedies are adopted. **SB 145 would extend fiscal capacity disparity aid through FY 2022; NHSFFP asks that the Committee amend the bill to do the same for additional aid too.**

**One other enhancement that the Committee may wish to consider, particularly since the state's fiscal outlook is less dim than previously anticipated, is to remove the provision of the bill that suspends the regular inflation adjustments made to the state's adequacy formula for FY 2021.** While that provision is temporary, it would nevertheless, on its own, deny local schools roughly \$14 million in adequacy aid in the coming year, funds that will be desperately needed to help overcome the myriad challenges that will remain even after the pandemic has passed.

In sum, given the long-standing problems that have plagued New Hampshire's school funding system, as well as the new obstacles that students, families, and schools will have to overcome in the year ahead, **I hope that the Committee will strengthen SB 145, that it will recommend the bill as ought to pass, and that the Senate as a whole will act on the bill as quickly as possible.**

Thank you once more for the chance to appear before the Committee today and I'd be happy to try to answer any questions that the members of the Committee may have.