A woman with dark hair and a patterned blue and white shirt is crouching in a garden, looking down at a young girl. The girl is wearing a blue shirt with 'APPY' on it and purple pants, and is holding a red shovel. They are surrounded by tulips, including pink and yellow ones. In the background, there are other children and a brick building with windows.

SCHOOL FUNDING & THE GOVERNOR'S BUDGET

Reaching Higher NH
February 16, 2023

Photo by Allison Shelley for EDUimages



All children deserve a high-quality, rigorous, and student-centered education that prepares them for college, careers, and life.

Reaching Higher NH provides decision makers, leaders, and communities with the research they need to make informed decisions to meet that promise.

WHAT WE'LL COVER

What we know
about school
funding in New
Hampshire

The Governor's
budget proposal:
critical elements

What's next for
NH

What's next &
the budget
process

1 2 3 4

SCHOOL FUNDING IN NEW HAMPSHIRE

Photo by Allison Shelley for EDUimages



CURRENT SCHOOL FUNDING FORMULA

BASE AID
\$3,866

FRL AID
\$1,933

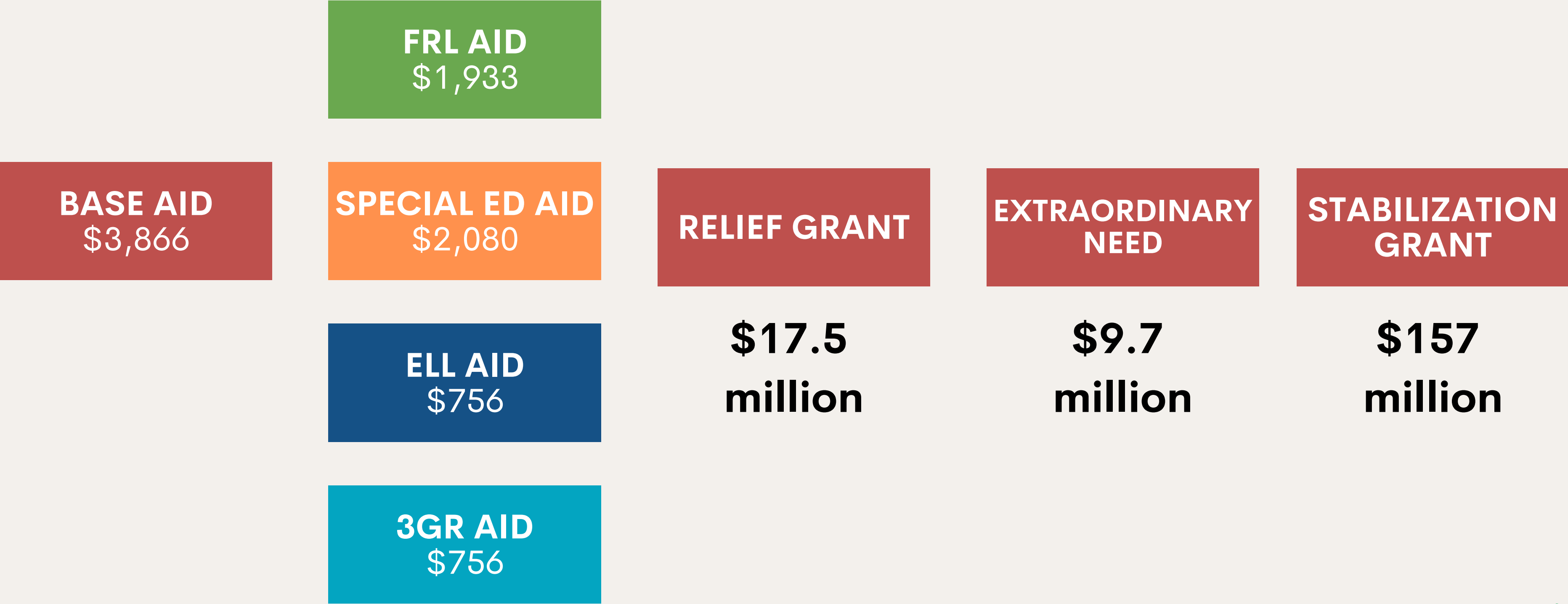
SPECIAL ED AID
\$2,080

ELL AID
\$756

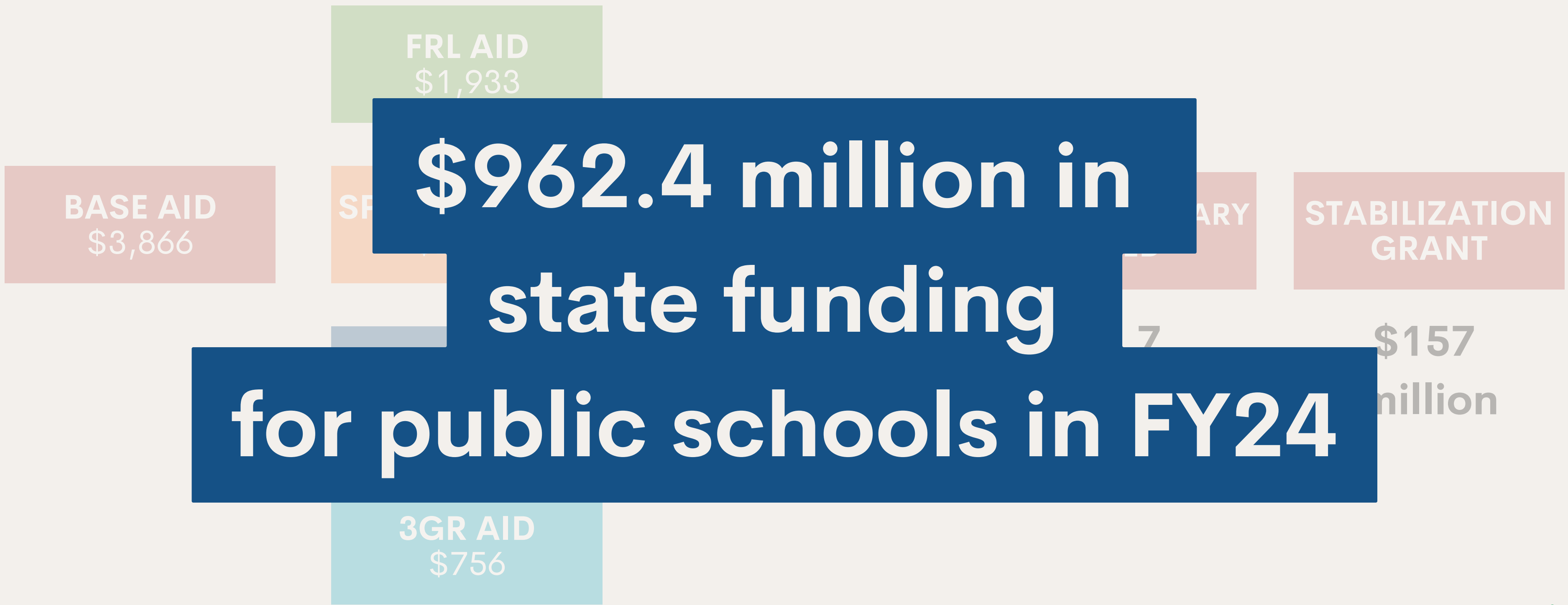
3GR AID
\$756

= \$748.6 million

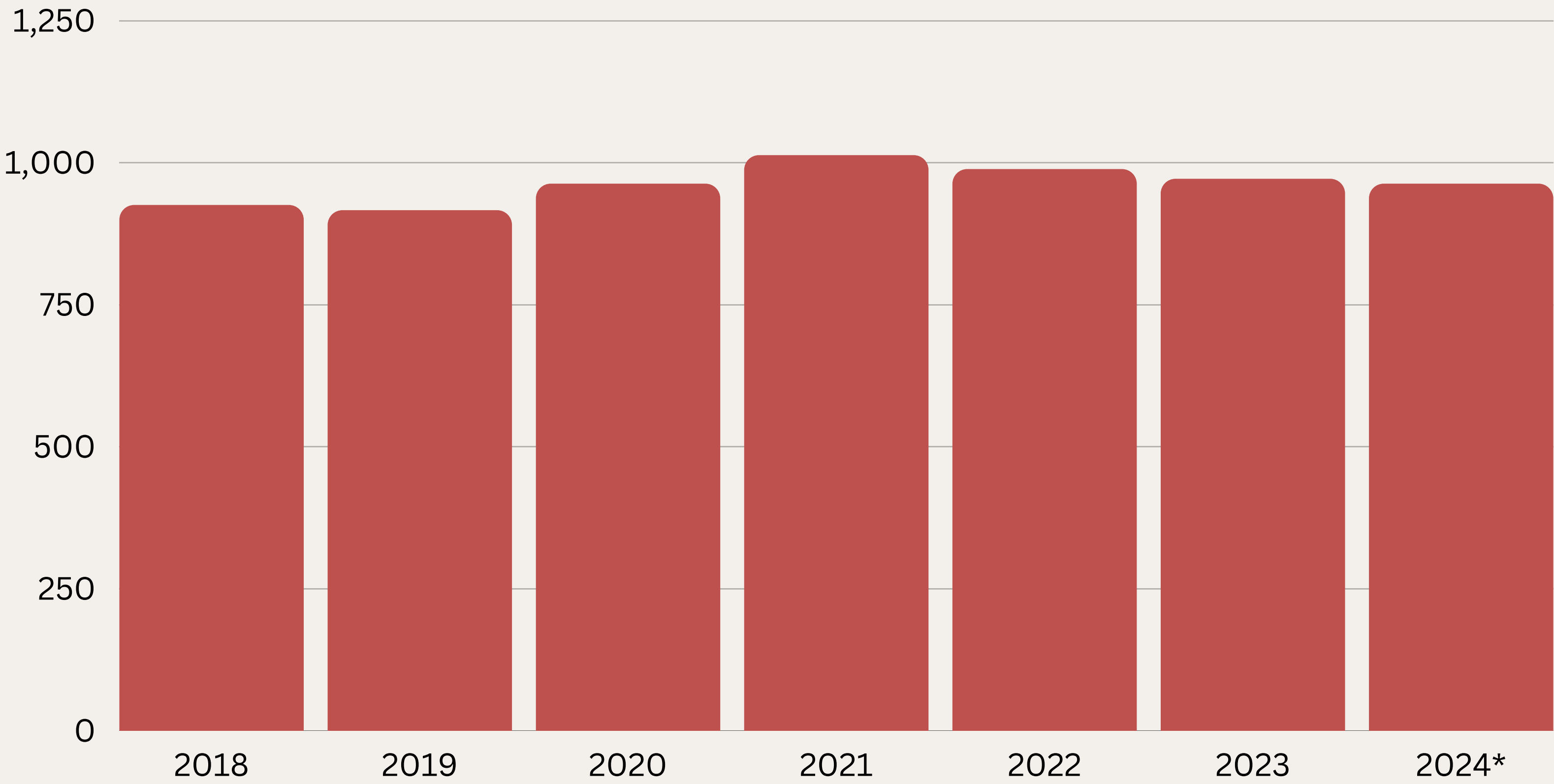
CURRENT SCHOOL FUNDING FORMULA



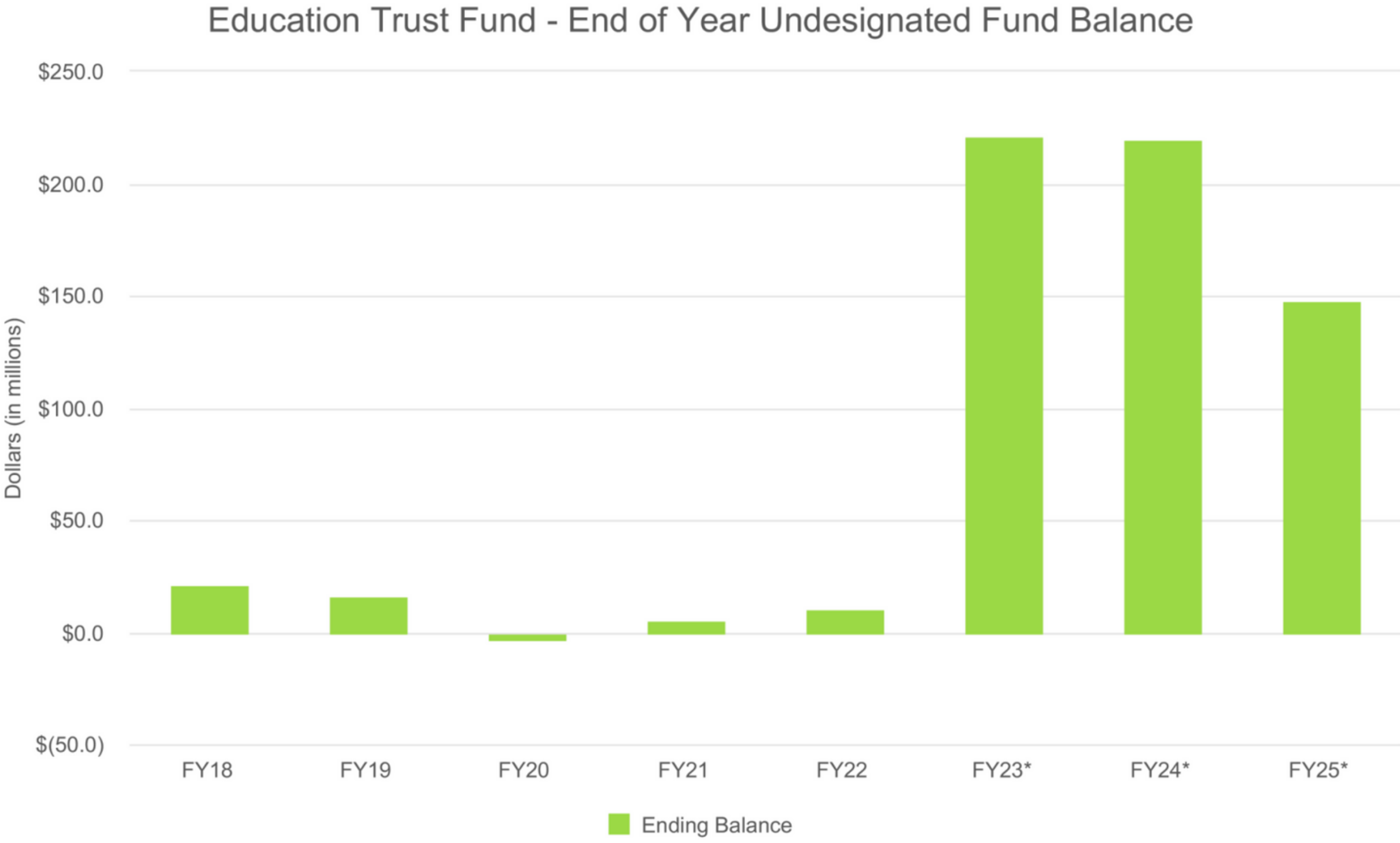
CURRENT SCHOOL FUNDING FORMULA



CURRENT SCHOOL FUNDING FORMULA



CURRENT ETF SURPLUS

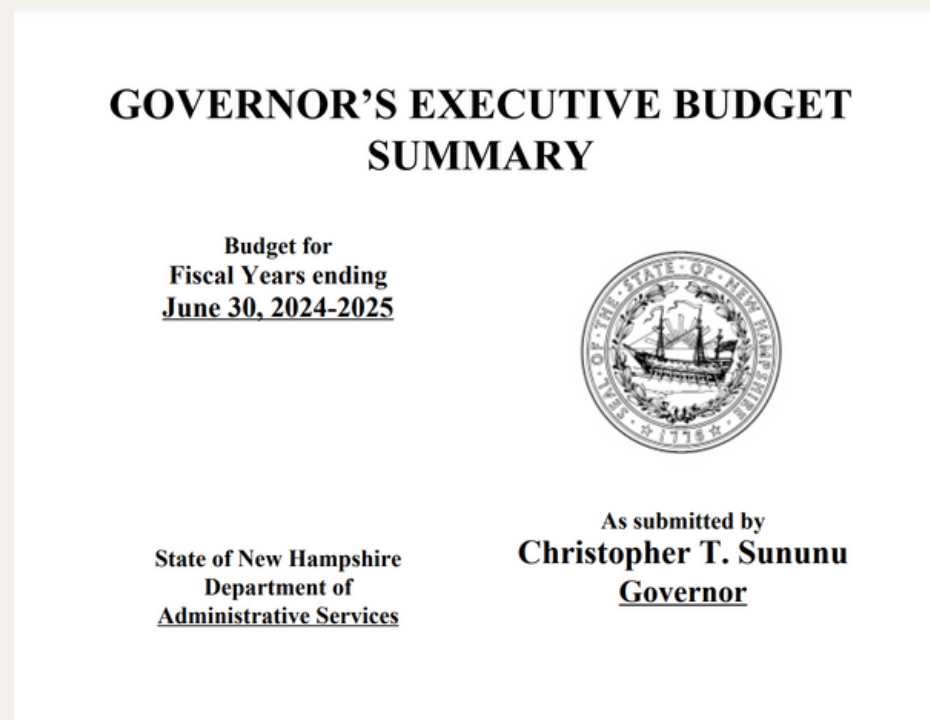


GOVERNOR'S BUDGET OVERVIEW

Photo by Allison Shelley for EDUimages



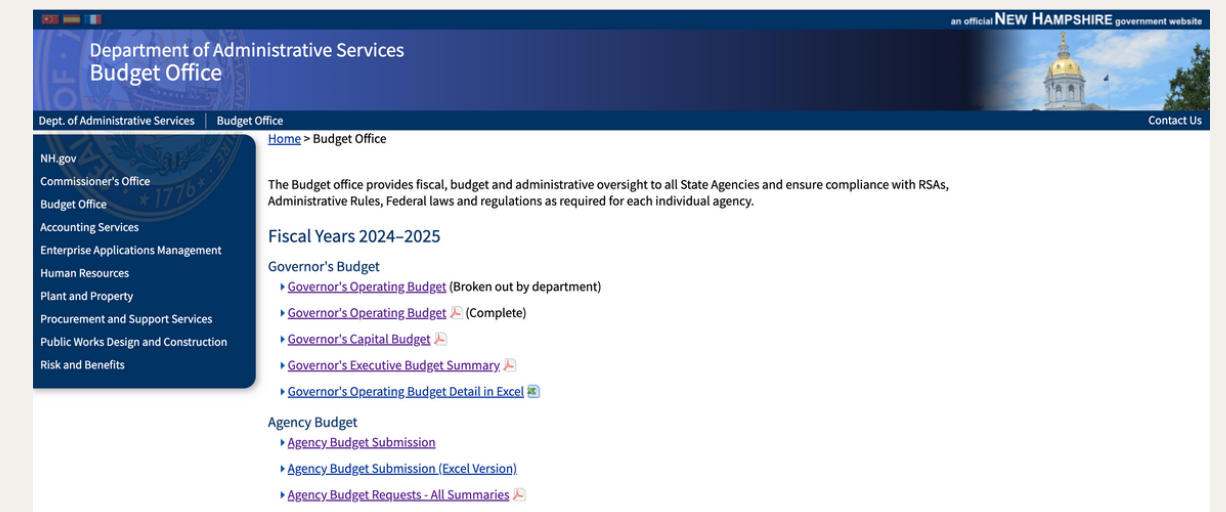
SCHOOL FUNDING IN THE GOVERNOR'S PROPOSED BUDGET



Governor's Executive Budget Summary
das.nh.gov/budget



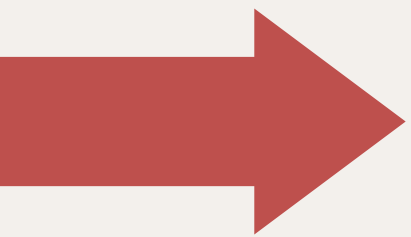
Governor's presentation to House Finance, 2/15/23
LBA Website



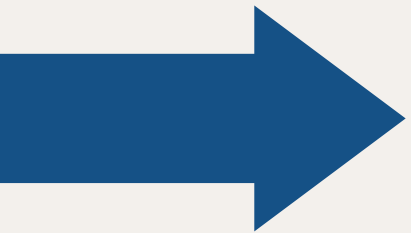
Governor's Operating Budget
das.nh.gov/budget

***Full details will be released in HB 2**

SCHOOL FUNDING IN THE GOVERNOR'S PROPOSED BUDGET



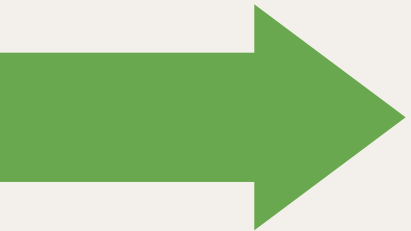
\$218 million increase in education funding in FY24–25



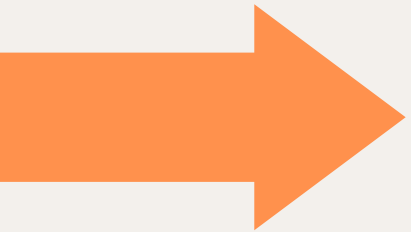
Changes to school funding formula



School voucher expansion



School building aid increase



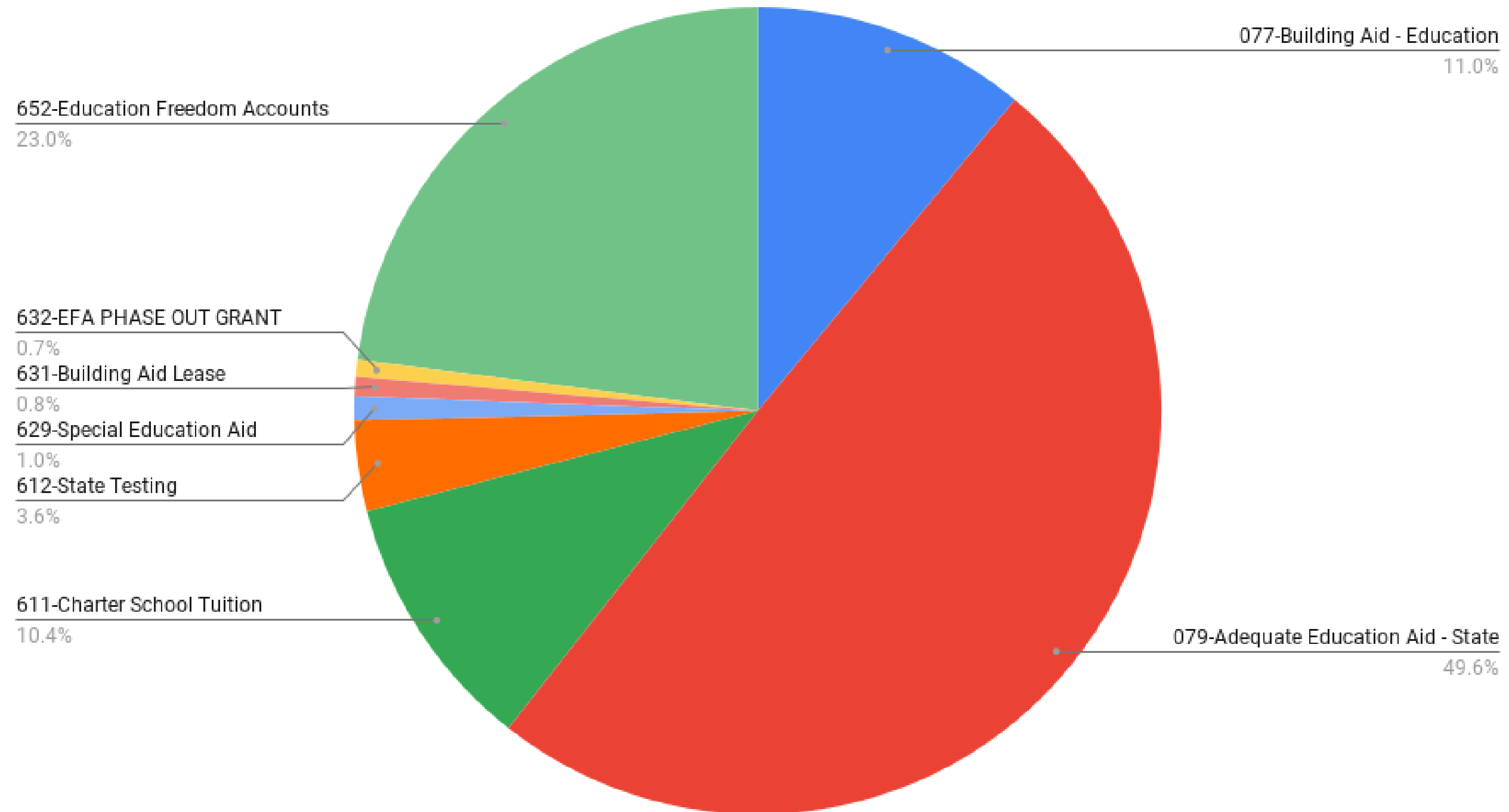
Funding for Computer Science & Civics Education

SCHOOL FUNDING IN THE GOVERNOR'S PROPOSED BUDGET

From the Governor's Proposed Budget				
	22-23 BIENNIUM	24-25 BIENNIUM	\$ Difference, 22-23 to 24-25	% Difference, 22-23 to 24-25
077-Building Aid - Education	\$62,323,347	\$86,584,256	\$24,260,909	38.93%
079-Adequate Education Aid - State	\$1,934,506,844	\$2,043,989,812	\$109,482,968	5.66%
600-Tuition and Transportation Aid	\$18,000,000	\$18,000,000	\$0	0.00%
611-Charter School Tuition	\$93,799,592	\$116,735,695	\$22,936,103	24.45%
612-State Testing	\$0	\$8,000,000	\$8,000,000	
628-Kindergarten Aid	\$2,061,566	\$0	-\$2,061,566	-100.00%
629-Special Education Aid	\$65,714,250	\$67,834,000	\$2,119,750	3.23%
631-Building Aid Lease	\$0	\$1,700,000	\$1,700,000	
632-EFA PHASE OUT GRANT	\$0	\$1,500,000	\$1,500,000	
652-Education Freedom Accounts	\$9,004,046	\$59,703,608	\$50,699,562	563.08%
			\$218,637,726	

SCHOOL FUNDING IN THE GOVERNOR'S PROPOSED BUDGET

Increases by Line Item, Governor's Proposed Budget, 22-23/24-25



SCHOOL FUNDING

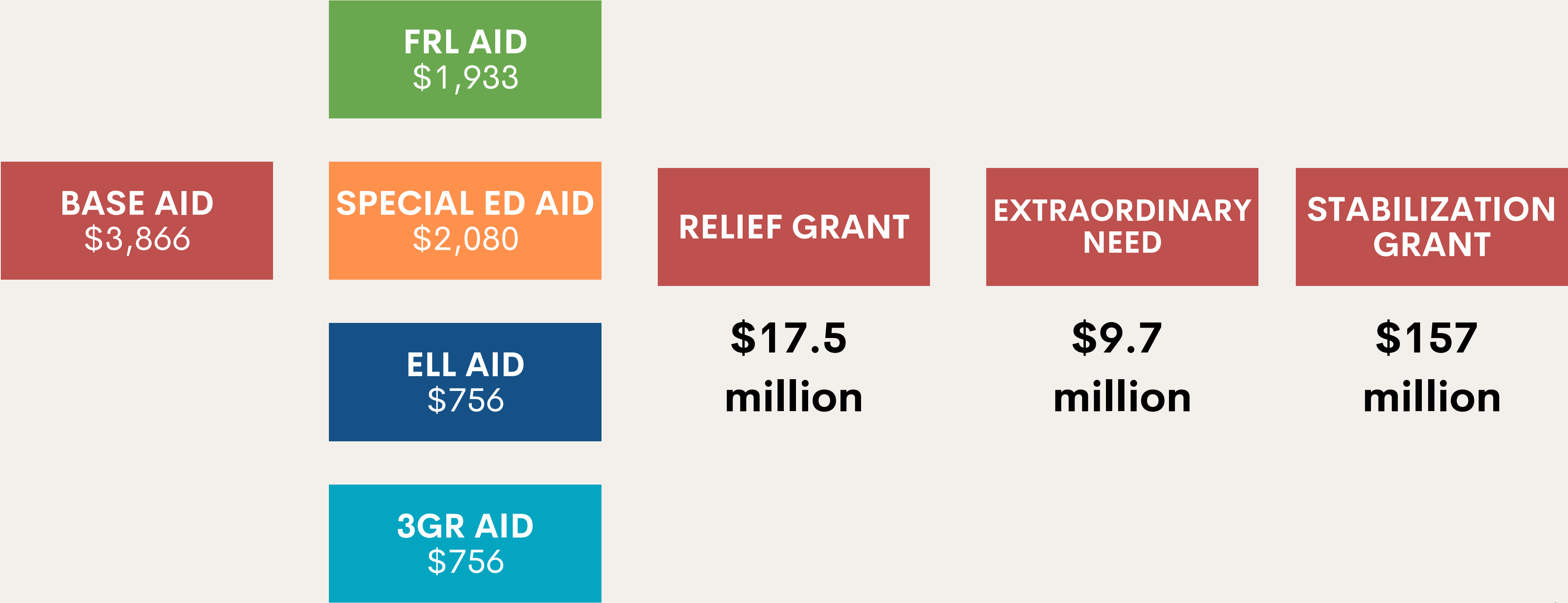
Photo by Allison Shelley for EDUimages



SCHOOL FUNDING IN THE GOVERNOR'S PROPOSED BUDGET

- Increases base aid, FRL aid
- 2% annual increase in foundation formula replaces the biennial adjustment
- Extraordinary need grants increase biennially until 2036
- Eliminates:
 - Stabilization Grants (\$157 million)
 - Relief Grants (\$15.2 million)
 - 3rd Grade Reading Differential (\$2 million)
- Creates a "Hold Harmless" Grant in 2024, 20% biennial phaseout (eliminated in 2036)

SCHOOL FUNDING IN THE GOVERNOR'S PROPOSED BUDGET



SCHOOL FUNDING IN THE GOVERNOR'S PROPOSED BUDGET

FRL AID
\$2,500

BASE AID
\$4,700

SPECIAL ED AID
\$2,080

RELIEF GRANT

**EXTRAORDINARY
NEED**

**STABILIZATION
GRANT**

ELL AID
\$756

**\$17.5
million**

**\$73
million**

(phased in over 10 years)

**\$157
million**

3GR AID
\$756

HOLD HARMLESS

\$87 million

(phased out over 10 years)

SCHOOL FUNDING IN THE GOVERNOR'S PROPOSED BUDGET



	Change in Funding, FY24
Bedford	3,447,983.36
Nashua	3,141,113.37
Salem	2,999,680.88
Dover	2,968,302.89
Hudson	2,600,726.25
Windham	2,481,883.83
Merrimack	2,424,526.04
Londonderry	1,964,171.29
Exeter	1,626,372.82
Hooksett	1,610,734.58
Amherst	1,533,698.13
Concord	1,379,035.25
Pelham	1,369,979.69
Hollis	1,059,340.94

SCHOOL FUNDING IN THE GOVERNOR'S PROPOSED BUDGET

FRL AID
\$2,500

BASE AID
\$4,700

SPECIAL ED AID
\$2,080

RELIEF GRANT

**EXTRAORDINARY
NEED**

**STABILIZATION
GRANT**

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\$756

**\$17.5
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**\$73
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(phased in over 10 years)

**\$157
million**

3GR AID
\$756

HOLD HARMLESS

\$87 million

(phased out over 10 years)

SCHOOL FUNDING IN THE GOVERNOR'S PROPOSED BUDGET

EXTRAORDINARY
NEED

**\$73
million**
(phased in)

- Extraordinary need grants: equalized valuation per FRL student
- Targets funding based on local tax capacity & concentration of students experiencing poverty
- Accountability plan required to receive funds

Extraordinary Need Grants, FY24
(Current Law)

	Extraordinary Need
Manchester	2,750,397.84
Nashua	959,291.67
Rochester	620,752.93
Concord	404,315.41
Claremont	379,464.75
Keene	345,840.46
Berlin	304,153.03
Franklin	283,688.15
Newport	233,336.60
Laconia	222,582.09
Somersworth	197,444.88
Charlestown	153,545.88
Littleton	150,218.05

SCHOOL FUNDING IN THE GOVERNOR'S PROPOSED BUDGET

Extraordinary Need Grants, FY24
(Current Law)

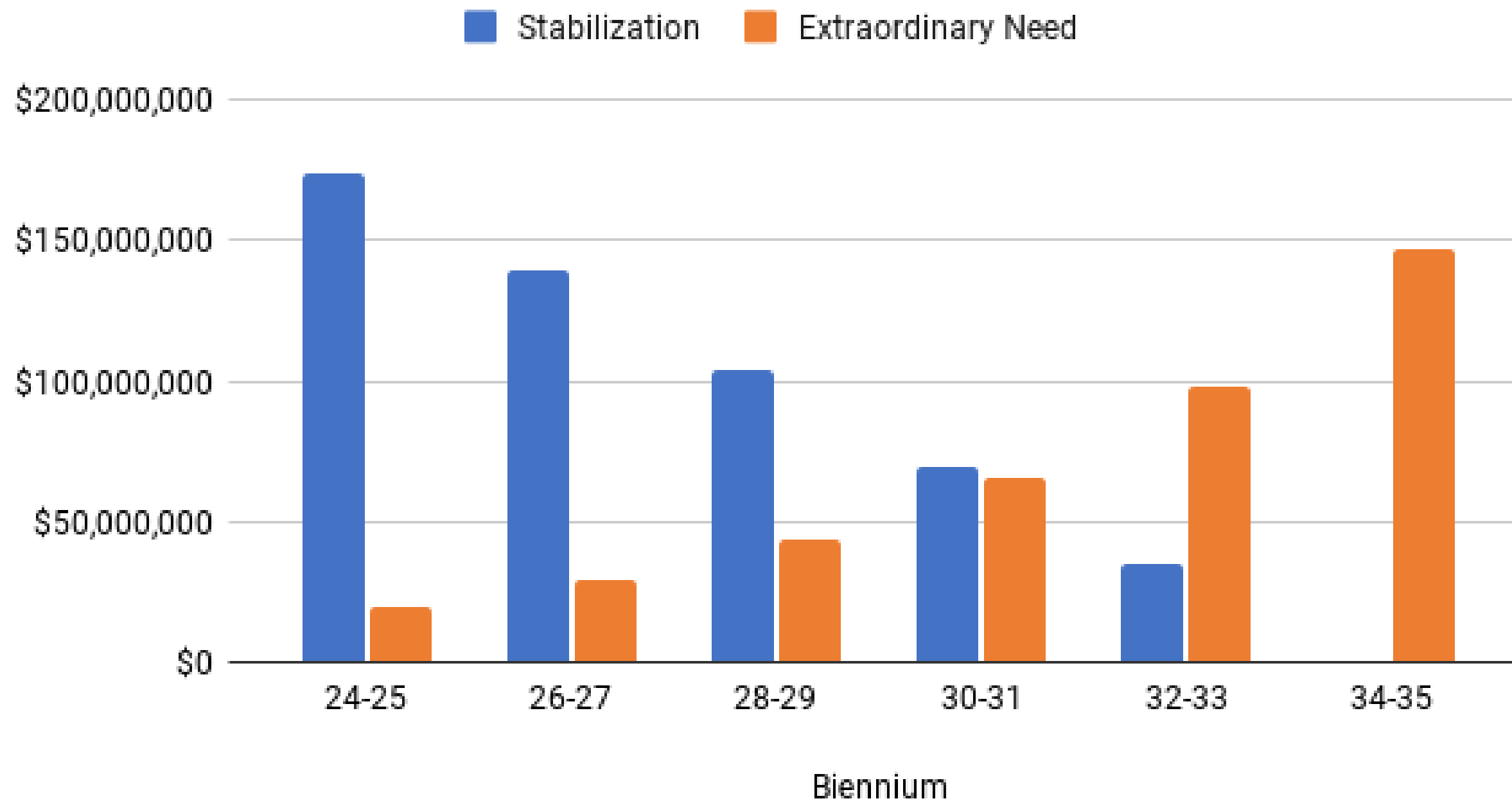
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Nashua	959,291.67
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Concord	404,315.41
Claremont	379,464.75
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Franklin	283,688.15
Newport	233,336.60
Laconia	222,582.09
Somersworth	197,444.88
Charlestown	153,545.88
Littleton	150,218.05

Stabilization Grants, FY24
(Current Law)

	Stabilization Grant (2012)
Manchester	12,454,439.00
Rochester	8,776,808.00
Derry	8,658,713.00
Claremont	6,282,807.00
Berlin	5,495,595.00
Nashua	4,793,937.00
Franklin	4,034,992.00
Newport	3,663,773.00
Keene	3,556,155.00
Weare	3,125,899.00
Farmington	2,914,592.00
Swanzey	2,769,932.00
Charlestown	2,520,022.00

SCHOOL FUNDING IN THE GOVERNOR'S PROPOSED BUDGET

Stabilization and Extraordinary Need



SCHOOL FUNDING IN THE GOVERNOR'S PROPOSED BUDGET: KEY TAKEAWAYS

- Changing from biennial to annual increases better aligns with annual changes in local school district budgets
- Static 2% could be a concern for lawmakers
- Replacing stabilization grants could make the funding formula more responsive to current community needs
- Increasing the base amount could better align state funding with the cost of educating students
- Targeting funding based on community need (low-income, low-wealth) is a critical strategy to improving student outcomes and is one of the most effective ways to create opportunities for all

SCHOOL VOUCHER EXPANSION

Photo by Allison Shelley for EDUimages



CURRENT LAW

- 300% of the Federal Poverty Guideline

GOVERNOR'S PROPOSAL

- 500% Federal Poverty Guideline for the following subgroups:
 - Students in foster care
 - Migratory children
 - Youth experiencing homelessness
 - Children in military families
 - English Language Learners
 - Persistently bullied students
 - Children with disabilities
 - Manifest education hardship
 - Eligible for school meals
- 300% FPG for all other students

300% FPG

HHS Federal Poverty Guideline, 2022	
Household Size	Annual Income Limit
3	\$74,580
4	\$90,000
5	\$105,420
6	\$120,840

500% FPG

HHS Federal Poverty Guideline, 2022	
Household Size	Annual Income Limit
3	\$124,300
4	\$150,000
5	\$175,700
6	\$201,400

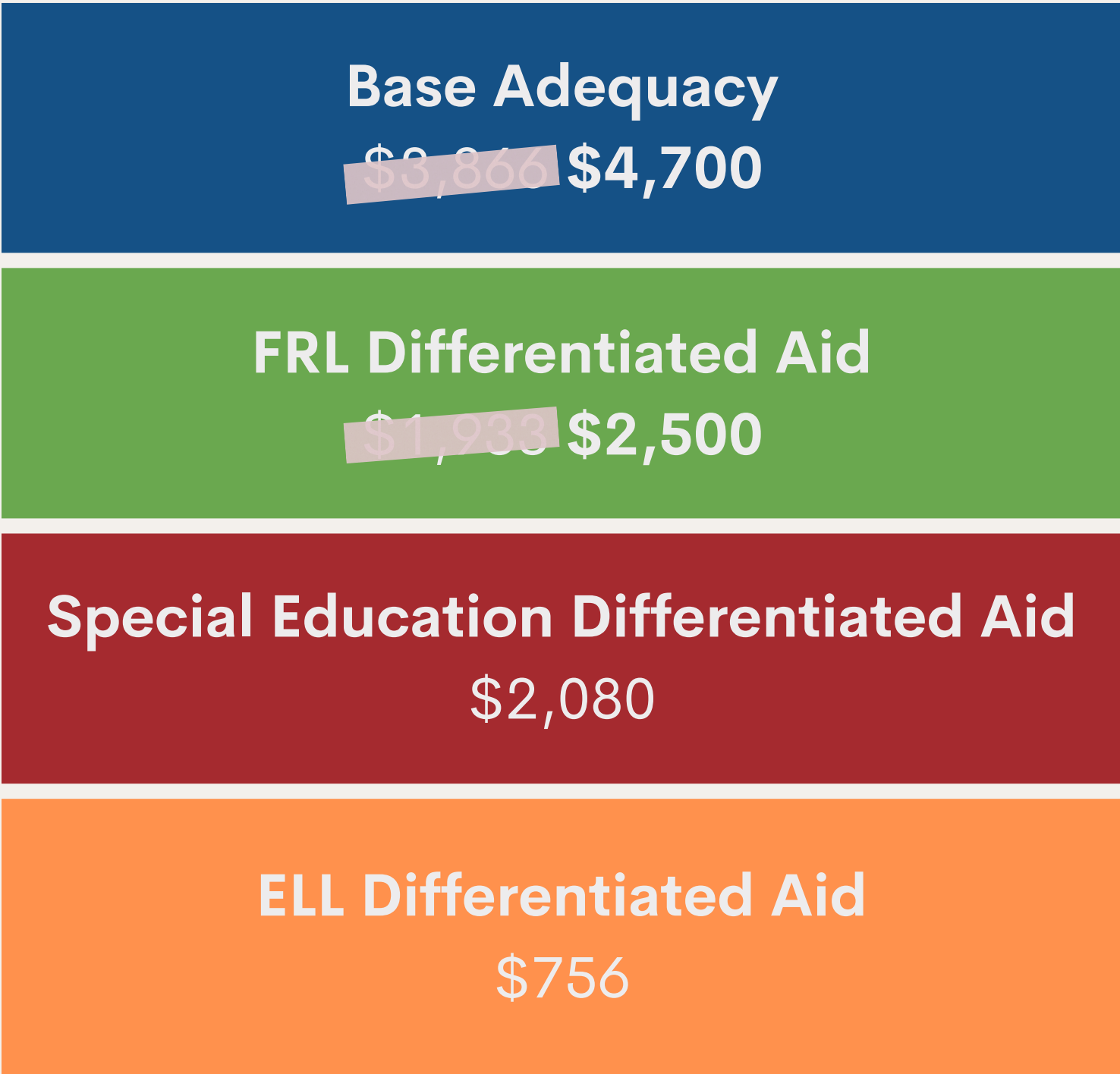
AMOUNT PER VOUCHER (CURRENT)

- The state deposits the full amount of state adequate education grant into the account.
- Children's Scholarship Fund may retain up to 10% of the voucher for administrative purposes
- Average school voucher in 2022–2023 school year: ~\$4,900

Base Adequacy \$3,866
FRL Differentiated Aid \$1,933
Special Education Differentiated Aid \$2,080
ELL Differentiated Aid \$756

AMOUNT PER VOUCHER (GOVERNOR'S PROPOSAL)

- The state deposits the full amount of state adequate education grant into the account.
- Children's Scholarship Fund may retain up to 10% of the voucher for administrative purposes
- Average school voucher in 2022–2023 school year: ~\$4,900



SCHOOL VOUCHER AMOUNT

	Enrollment	Current Law FY2024		Governor's Budget FY2024	
		Per Student	Total	Per Student	Total
Base Adequacy	3,025	\$3,866	\$11,694,650	\$4,700	\$14,217,500
FRL	1,504	\$1,933	\$2,907,232	\$2,500	\$3,760,000
Special Education	187	\$2,080	\$388,960	\$2,080	\$388,960
ELL	10	\$756	\$7,560	\$756	\$7,560
3rd GR	3	\$756	\$2,268	\$0	\$0
		\$15,000,670		\$18,374,020	

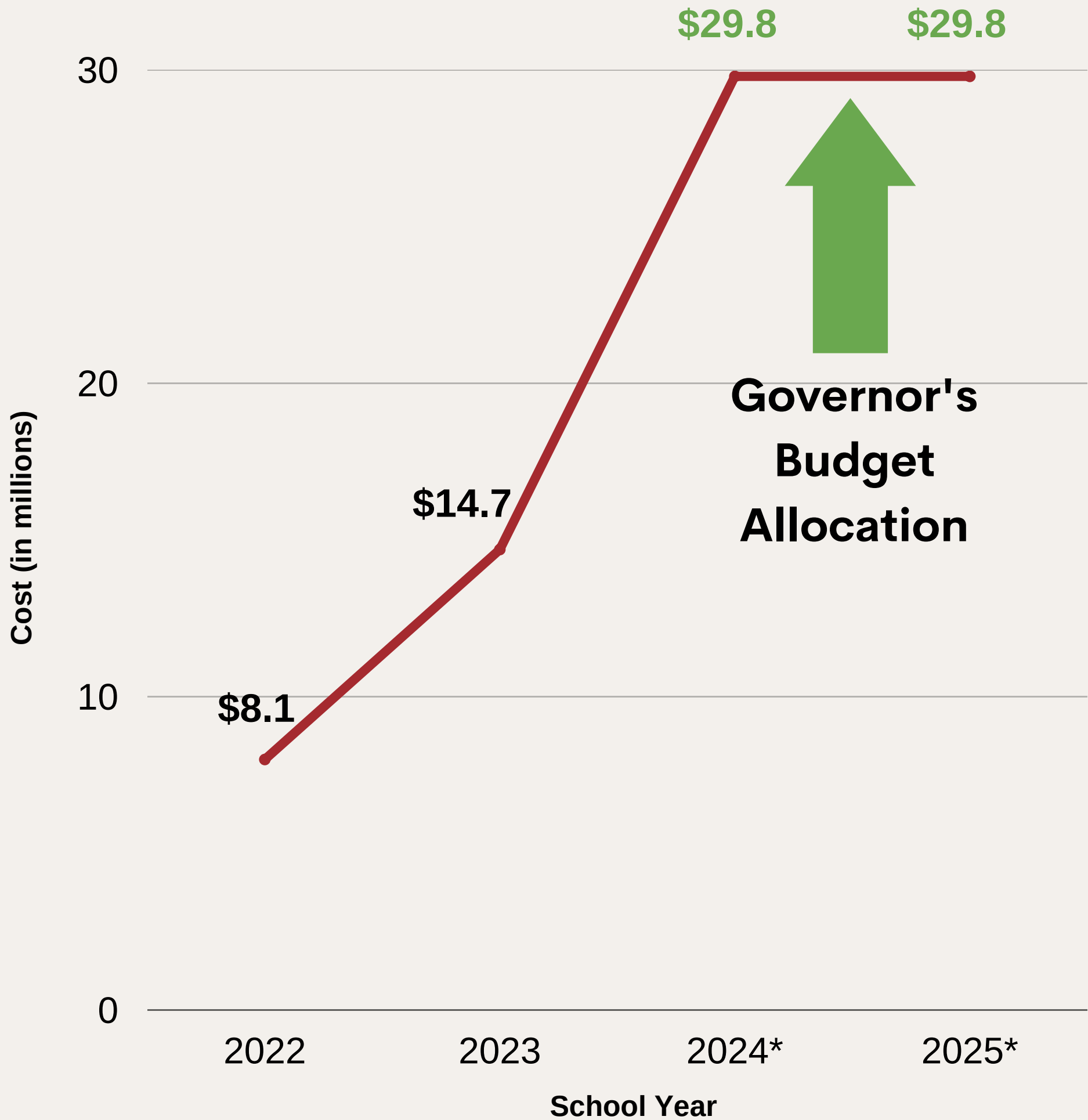
SCHOOL VOUCHER AMOUNT

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ELL	10	\$756	\$7,560	\$756	\$7,560
3rd GR	3	\$756	\$2,268	\$0	\$0
		\$15,000,670		\$18,374,020	

Average, CL: \$4,959
Average, Gov: \$6,074



STATE BUDGET
REQUEST FOR
SCHOOL VOUCHER
PROGRAM,
FY24 - FY25





77%

**of public funds are
going to students who
were already enrolled
in private schools or
homeschooled**

OTHER BUDGET HIGHLIGHTS

Photo by Allison Shelley for EDUimages



OTHER BUDGET HIGHLIGHTS

- One-time appropriation to establish a fund of \$75 million for school building aid to local school districts beyond this biennium
 - ~\$43 million in building aid this biennium
- Investment in Computer Science & Civics
 - CS: \$500k for PD to help teachers obtain a computer science credential; \$10k bonuses for educators to teach computer science (\$4m)
 - Civics: \$2m to "revamp" civics curriculum
- Student debt relief
 - Expands student debt relief for healthcare, biotech, social work, and other in-demand fields
- Increases UNIQUE scholarship fund (\$36.3m) & Governor's Scholarship Fund (\$5.8m)

OTHER BUDGET HIGHLIGHTS

- Level-funds tuition & transportation
- Slight increase in special education aid (3%)
- Doubles allocation for Low & Moderate Income Property Tax Relief (\$3m)
 - 2021 claims: \$1.3 million

WHAT'S NEXT FOR NEW HAMPSHIRE



SCHOOL FUNDING BILLS

House Bill 529

- Restores Fiscal Capacity Disparity Aid & Enhanced FRL
- +\$100 million per year

House Bill 272

- Increases charter school funding by \$1,730 per student (51%)
- +\$7.5 million per year

House Bill 540

- Increases special education funding based on services provided
- +\$20 million per year

SCHOOL FUNDING BILLS

House Bill 529

Restores funding sources that target state resources based on concentration of poverty & local tax capacity

- Fiscal Capacity Disparity Aid: \$81m
- Enhanced Free and Reduced Lunch Aid: \$17m

	Total Aid from HB 529
Manchester	\$13,250,031
Derry	\$5,491,539
Rochester	\$4,670,281
Claremont	\$3,332,431
Keene	\$2,884,984
Concord	\$2,646,846
Nashua	\$2,503,950
Bedford	\$2,100,588
Milford	\$2,083,074
Goffstown	\$1,975,616

SCHOOL VOUCHER EXPANSION

House Bill 464

- Is a child with a disability
- Multilingual student
- In foster care
- Status as a "migratory child"
- Experiencing homelessness
- Eligible for school meals (<185% of FPG)
- Parent who is a member of the armed forces
- Lives within "geographic boundary" of a CSI School
- Has a documented manifest educational hardship
- "Persistently bullied" student
- Executive session: 2/6/23

SCHOOL VOUCHER EXPANSION

House Bill 464

- Cities impacted: Manchester, Nashua, Franklin
- Towns impacted: Barnstead, Farmington, Marlborough, Middleton, Milton, Newport (Richards Elementary), Groveton, Pittsburg, Pittsfield
- Have a CSI-designated charter school: Concord, Keene, Lebanon, Derry, Conway

26,351

students in towns with
CSI-designated schools

+13,358

students in towns with
CSI-designated charter schools

SCHOOL VOUCHER EXPANSION

House Bill 367

- Income eligibility: <500% Federal Poverty Guideline (\$150,000 for a family of four in 2023 -- current limit: <300%, or \$90,000 for a family of four)
- Would nearly double eligibility
- Executive session: 2/1/23

House Bill 331

- Removes income eligibility
- Resident of the state who is eligible to enroll in a public elementary or secondary school

BUDGET PROCESS

HB 1 & 2

- Goes to House Finance
- Education in Division II purview
 - NHED Budget Work Session on 2/28
- Public hearing required -- usually several hearings
- Required to be out of chamber by 4/6
- Goes to Senate Finance
- Required to be out of chamber by 6/8
- Committees of conference in June
- Budget goes into effect 7/1

A hand is holding a smartphone, and several white outline icons of envelopes are floating in the air around it. The background is a soft, out-of-focus light color.

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