

# Considerations for Public School Funding in the Pandemic and Beyond

Navigating New Hampshire's School Funding Formula and Differentiated Aid for At-Risk Students

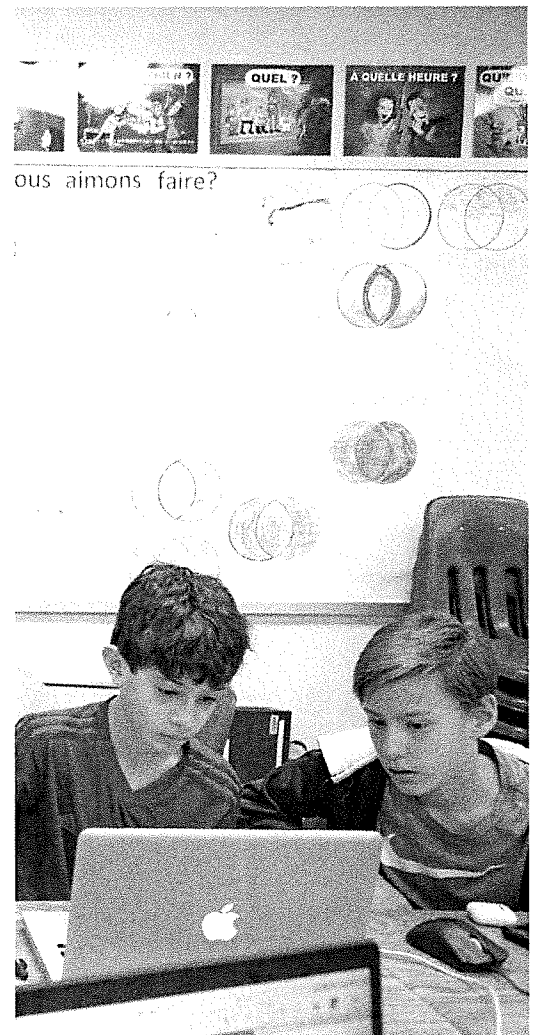
Federal waivers, increased need, and fluctuations in community and school district poverty rates as a result of the COVID-19 pandemic and other factors have created uncertainty and instability in school funding formulas across the country. Several states are considering, or have implemented, innovative strategies for measuring student and community need. These strategies may help inform policymaking in New Hampshire in 2022 and beyond.

Extensive research has suggested that investing in communities with high concentrations of students and families navigating poverty leads to large gains in academic achievement and the reduction of the educational opportunity gap. Closing the opportunity gap and achieving our common goals of a high-quality education for all students in our state requires stable and substantial investments in our communities. Allocating resources to districts with high concentrations of students navigating poverty has been shown to increase schools' capacity to serve students' unique learning needs, and has been shown to reduce the opportunity gap.

Additionally, many school districts in New Hampshire with large concentrations of families navigating poverty also have limited capacity to raise funds for their schools, compounding the pressure on communities to provide an adequate education.

## Legislative Action

In 2007, the Joint Legislative Oversight Committee on Costing an Adequate Education determined that the state should provide additional funding to New Hampshire school districts that serve high concentrations of students navigating poverty, in order to support schools' ability to respond to student needs. The Committee also found that in order to calculate poverty in school districts, participation in the Free and Reduced-Price Lunch program (FRPL), while imperfect, was the best measure of poverty in school districts.



**Finding 1:** The Committee finds that eligibility for the federal free or reduced-price lunch program should be used to identify economically disadvantaged, at-risk students.

**Finding 2:** The Committee finds that as the school concentration of students eligible for the federal free or reduced-price lunch increases, schools need an increasing amount of differentiated aid above the universal cost in order to provide the opportunity for an adequate education.

*2008 Joint Legislative Oversight Committee on Costing an Adequate Education: Final Report and Findings*

## FRPL Enrollment in New Hampshire

The number of students enrolled in New Hampshire public schools has been declining steadily for years, at a rate of about 1% per year. However, as the enrollment rate has decreased, the proportion of students navigating poverty, as measured by enrollment in the federal Free and Reduced Lunch program (FRPL), has increased by about 32% since 2007.

19%

FRPL Enrollment,  
2007

25%

FRPL Enrollment,  
2020

Additionally, there are a number of considerations to using FRPL data as a proxy for poverty or community needs:

- **Families have to opt into the program**, creating a hurdle for both school administrators, who have to ensure that all families receive the forms, and families, who have to complete the forms.
- **Stigma** associated with participation drives participation down despite eligibility. Stigma includes both in-school stigma (perceptions of students from other students, or school staff) and out-of-school stigma (perceptions of students, parents, and/or family members who participate in government programs, pride, regional perceptions of government programs, etc).
- **As students get older, they are less likely to participate** in FRPL despite their eligibility.

## Pandemic Effects

In 2020, the US Department of Agriculture (USDA), the federal agency that manages and administers the FRPL program, issued a waiver for schools nationwide to provide free school meals for all children, regardless of eligibility or application status, through a Seamless Summer Option (SSO) waiver.

Despite considerable efforts by school districts, the application rate for FRPL dropped by approximately 25% in FY2022, from 45,684 students in 2020 to 38,348 students in FY2021. A provision in the state budget bill (HB 2) preserved \$13.5 million in state funding for New Hampshire's public schools for FY2022 by allowing the NH Department of Education to use the greater student count of FRPL-eligible students between FY2020 and FY2021. Included in HB 2 was a provision that the hold harmless provision could extend into FY2023 with the Governor's approval.

Due to the ongoing nature of the pandemic, the waiver was extended into the 2021-2022 school year. Applications are still being processed by the NH Department of Education, but **over 450 of the approximately 500 public and charter schools** in New Hampshire have been approved for this school year as of Friday, October 29, 2021. Therefore, millions of dollars of targeted funding could be at risk without legislative and/or executive action.



## Innovation in Resource Allocation

Of the 44 states that provide schools with additional funding based on poverty metrics, 28 use FRPL figures in their school funding formulas. Twenty-three of these states use FRPL enrollment figures exclusively, while the remainder use a combination of indicators to measure student poverty levels. Other measures of poverty include:

- English proficiency
- Students in foster care or experiencing homelessness
- Direct certification in benefits programs
- Supplemental income forms
- Title I calculations
- U.S. Census Bureau estimates, including poverty metrics

Many states who use FRPL in their school funding formulas are experiencing similar challenges to New Hampshire in trying to measure poverty and community need as accurately as possible. A number of states, including Connecticut, Washington, and Colorado, used similar hold harmless provisions to New Hampshire for the 2021-2022 school year to ensure that schools were not disproportionately affected by federal waivers. Others used preexisting funding mechanisms and stop-gaps to mitigate funding losses for public schools.

### NEW ENGLAND-SPECIFIC EXAMPLES

Of the New England states that primarily use FRPL for their school funding formulas, here is a breakdown of what they are doing to navigate FRPL enrollment:

**Maine:** For 2021-2022, Maine lawmakers instituted a one-time funding formula change to allocate more funds to school districts by lowering the student-teacher ratio. They are exploring alternative solutions for the 2022-2023 school year.

**Massachusetts:** Massachusetts is leveraging flexibilities in their preexisting laws to compensate for FRPL fluctuations. Their funding formula uses the higher of pandemic-enrollment (which includes only direct certification) OR adjusted 2016 figures, whichever is higher.

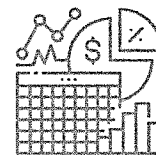
**Connecticut:** Connecticut lawmakers instituted a hold harmless provision similar to New Hampshire for the 2021-2022 school year.

## Examples of Innovation



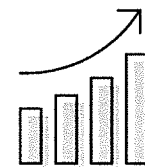
### Eligible once, eligible always

Minnesota lawmakers are considering a proposal that would allow students who are identified as eligible for FRPL to maintain that status for as long as they are enrolled in that site (school)



### Leverage school funding formula to allocate more funds

Maine altered their school funding formula (specifically the student-teacher ratio) to allocate more funds to school districts for the 2021-2022 school year. The state is exploring alternative solutions to identification using data collected by the Maine Department of Education.



### Use highest rate over 3-year span

Missouri uses the highest FRPL eligibility rate across a three-year period to calculate state funding.



### Use 3-year average

California uses a 3-year average of FRL eligibility and attendance to calculate state funding for economically disadvantaged students.



## Sources

Fu, Jessica. "USDA is letting schools serve free meals during the pandemic. Officials fear an unintended funding gap." *The Counter*, February 21, 2021. <https://thecounter.org/covid-19-school-funding-free-meals-waiver/>

How Poverty is Measured Matters for School Funding and Services. Learning Policy Institute, June 25, 2020. <https://learningpolicyinstitute.org/press-release/how-poverty-measured-matters-school-funding-and-services>

Leos-Urbel J, Schwartz AE, Weinstein M, Corcoran S. Not just for poor kids: The impact of universal free school breakfast on meal participation and student outcomes. *Econ Educ Rev.* 2013;36:88-107. doi:10.1016/j.econedurev.2013.06.007

Pogash, Carol. Free Lunch Isn't Cool, So Some Students Go Hungry. *New York Times*, June 1, 2008. [http://www.columbia.org/pdf\\_files/chezpanisse16.pdf](http://www.columbia.org/pdf_files/chezpanisse16.pdf)

Blagg, Kristen. How Are States Funding School Districts in the Wake of Changing Enrollments Caused by COVID-19? *Urban Institute*, February 26, 2021. <https://www.urban.org/urban-wire/how-are-states-funding-school-districts-wake-changing-enrollments-caused-covid-19>

How States Count Students to Determine Funding: A Call for Change. *Allovue*. <https://blog.allovue.com/how-states-count-students-to-determine-funding-a-call-for-change>

Fischer, Adrienne, Chris Duncombe, Eric Syverson. 50-State Comparison: K-12 and Special Education Funding. Education Commission of the States, October 13, 2021. <https://www.ecs.org/50-state-comparison-k-12-and-special-education-funding/>

Bruce D. Baker, Mark Weber, Ajay Srikanth, Robert Kim\*, Michael Atzbi. The Real Shame of the Nation: The Causes and Consequences of Interstate Inequity in Public School Investments. Rutgers University. <https://drive.google.com/file/d/1cm6Jkm6ktUT3SQplzDFJly3G3iLWOtJ/view>

School Finance Reform and the Distribution of Student Achievement Julien Lafortune, Jesse Rothstein, and Diane Whitmore Schanzenbach NBER Working Paper No. 22011 February 2016, Revised July 2016. [https://www.nber.org/system/files/working\\_papers/w22011/w22011.pdf](https://www.nber.org/system/files/working_papers/w22011/w22011.pdf)

Developments from the 2021 Session of the Connecticut General Assembly Affecting Schools. Pullman & Connley, LLC. <https://www.jdsupra.com/legalnews/developments-from-the-2021-session-of-1004647/>

Lopez-Neyman, S., & Warren, C. (2016). Barriers and advantages to student participation in the school breakfast program based on the social ecological model: A review of the literature. *J. Child. Nutr. Manag.* 40.

Local Control Funding Formula. California Department of Education. <https://www.cde.ca.gov/fg/aa/lc/lcfaq.asp>  
Imazeki, J., Bruno, P., Levin, J., Brodziak de los Reyes, I., & Atchison, D. (2018, September). Getting down to facts II: Working toward K-12 funding adequacy. California's current policies and funding levels [Policy brief]. Policy Analysis for California Education. <https://edpolicyinca.org/publications/working-toward-k-12-funding-adequacy-californias-current-policies-and-funding-levels>

Kats, Rachel. Proposal would modify compensatory education revenue formula. Minnesota House of Representatives. March 24, 2021. <https://www.house.leg.state.mn.us/SessionDaily/Story/15841>

Blagg, Kristen. How Are States Funding School Districts in the Wake of Changing Enrollments Caused by COVID-19? February 26, 2021. Urban Institute. <https://www.urban.org/urban-wire/how-are-states-funding-school-districts-wake-changing-enrollments-caused-covid-19>

Greenberg, E. (2018). New Measures of Student Poverty: Replacing Free and Reduced-Price Lunch Status Based on Household Forms with Direct Certification. Urban Institute.

## About Reaching Higher NH

Reaching Higher NH is a nonpartisan 501(c)3. Our mission is to provide all New Hampshire children with the opportunity to prepare for college, for immediate careers, and for the challenges and opportunities of life in 21st century NH, by serving as a public education policy and community engagement resource for New Hampshire families, educators, and elected officials.

Author: Christina Pretorius, Policy Director, Reaching Higher NH

Copyright © 2021 Reaching Higher NH, Inc.

All rights reserved. This publication may not be reproduced, stored in a retrieval system or transmitted in any form or by any means - electronic, mechanical, photocopying, recording or otherwise - without prior permission of the copyright owner.

Any comments relating to the material contained in this document may be sent to:

Christina Pretorius, Policy Director  
Reaching Higher NH, Inc.

[www.ReachingHigherNH.org](http://www.ReachingHigherNH.org)

Email: [christina@reachinghighernh.org](mailto:christina@reachinghighernh.org)

Mail: 40 N Main Street, Suite 204 | Concord, NH 03301

