

(F) General (55 total points)

State Reform Conditions Criteria

(F)(1) Making education funding a priority (10 points)

The extent to which—

- (i) The percentage of the total revenues available to the State (as defined in this notice) that were used to support elementary, secondary, and public higher education for FY 2009 was greater than or equal to the percentage of the total revenues available to the State (as defined in this notice) that were used to support elementary, secondary, and public higher education for FY 2008; and
- (ii) The State’s policies lead to equitable funding (a) between high-need LEAs (as defined in this notice) and other LEAs, and (b) within LEAs, between high-poverty schools (as defined in this notice) and other schools.

In the text box below, the State shall describe its current status in meeting the criterion. The narrative or attachments shall also include, at a minimum, the evidence listed below, and how each piece of evidence demonstrates the State’s success in meeting the criterion. The narrative and attachments may also include any additional information the State believes will be helpful to peer reviewers. For attachments included in the Appendix, note in the narrative the location where the attachments can be found.

Evidence for (F)(1)(i):

- Financial data to show whether and to what extent expenditures, as a percentage of the total revenues available to the State (as defined in this notice), increased, decreased, or remained the same.

Evidence for (F)(1)(ii):

- Any supporting evidence the State believes will be helpful to peer reviewers.

Recommended maximum response length: Three pages

F(1)(i) (F)(1)(i) The link below has a two-page summary of the State budget for FY08 and FY09. Since actual expenditure data has not been published, this is the best available information. New Hampshire did not use any State Fiscal Stabilization funding for FY09.

Budget page 550 (the second page of the link below) shows Education appropriations of \$1,458,949,429 and \$1,470,180,444 for Education (elementary/secondary and higher education) and State total appropriations of \$5,111,164,942 and \$5,236,012,880. While the Education appropriation increased, Education's percentage of the budget decreased from 28.5 percent and 28.1 percent.

From FY08 to FY09 federal funding for Transportation and Health and Human Services increased, but for Education it decreased. Although the appropriation of State (i.e., non-federal) funds for Education increased from \$1,211,831,105 to \$1,223,339,541, the percentage declined from 33.4 percent to 28.1 percent. This occurred because the State had to substantially increase its support of the Health and Human Services budget. The percentage reduction is not due to a lack of support for Education; rather it is the result of necessary funding increases in other areas. It should also be noted that New Hampshire's elementary/secondary population is in decline.

This link to the State budget will take you directly to the summary section at the end.

<http://www.gencourt.state.nh.us/legislation/2007/HB0001.pdf#STATETOTALS>

(F)(1)(ii) New Hampshire's primary elementary and secondary education funding formula, Adequacy Aid, uses five per pupil funding levels. The top tier provides double the per pupil aid as the base tier. Tiers are determined by the percentage of students eligible for free or reduced priced meals at the school level. Unlike most state formulas, ALL students at a school (including those not eligible for meal subsidies) are funded at the same per pupil level. The State's policy to direct substantially more funding to high-need LEAs and schools is demonstrated by the fact that per pupil funding above the base level increases Adequacy Aid by 28 percent.

The formula contains a second equity allocation, Fiscal Capacity Disparity Aid, which provides aid to towns that have a low property tax base. A low property tax base results in higher local tax

rates for education. This allocation adds an additional 7 percent to Adequacy Aid. Allocations for special education and English Language Learners add another 8 percent (There is a separate program that provides additional aid for special education.)

Although Adequacy Aid is treated as unrestricted general fund revenue by LEAs, they must report to the State how Differentiated Aid, (i.e., the per pupil amounts above the base level) will be spent at the school level. This ensures that the neediest schools receive supplemental funding.

Because this is a new funding formula, a transition plan is in effect for the first two years (FY10 and FY11). The full implementation of tiered per pupil funding and accountability for school level spending will begin July 1, 2011.

A description of Adequacy Aid can be found at:

<http://www.ed.state.nh.us/education/data/ReportsandStatistics/StateAid/AdeqAid/AdeqAid2010/AAFY10Explain.htm>

(F)(2) Ensuring successful conditions for high-performing charter schools and other innovative schools (40 points)

The extent to which—

- (i) The State has a charter school law that does not prohibit or effectively inhibit increasing the number of high-performing charter schools (as defined in this notice) in the State, measured (as set forth in Appendix B) by the percentage of total schools in the State that are allowed to be charter schools or otherwise restrict student enrollment in charter schools;
- (ii) The State has laws, statutes, regulations, or guidelines regarding how charter school authorizers approve, monitor, hold accountable, reauthorize, and close charter schools; in particular, whether authorizers require that student achievement (as defined in this notice) be one significant factor, among others, in authorization or renewal; encourage charter schools that serve student populations that are similar to local district student populations, especially relative to high-need students (as defined in this notice); and have closed or not renewed ineffective charter schools;
- (iii) The State’s charter schools receive (as set forth in Appendix B) equitable funding compared to traditional public schools, and a commensurate share of local, State, and Federal revenues;
- (iv) The State provides charter schools with funding for facilities (for leasing facilities, purchasing facilities, or making tenant improvements), assistance with facilities acquisition, access to public facilities, the ability to share in bonds and mill levies, or other supports; and the extent to which the State does not impose any facility-related requirements on charter schools that are stricter than those applied to traditional public schools; and
- (v) The State enables LEAs to operate innovative, autonomous public schools (as defined in this notice) other than charter schools.

In the text box below, the State shall describe its current status in meeting the criterion. The narrative or attachments shall also

include, at a minimum, the evidence listed below, and how each piece of evidence demonstrates the State's success in meeting the criterion. The narrative and attachments may also include any additional information the State believes will be helpful to peer reviewers. For attachments included in the Appendix, note in the narrative the location where the attachments can be found.

Evidence for (F)(2)(i):

- A description of the State's applicable laws, statutes, regulations, or other relevant legal documents.
- The number of charter schools allowed under State law and the percentage this represents of the total number of schools in the State.
- The number and types of charter schools currently operating in the State.

Evidence for (F)(2)(ii):

- A description of the State's approach to charter school accountability and authorization, and a description of the State's applicable laws, statutes, regulations, or other relevant legal documents.
- For each of the last five years:
 - The number of charter school applications made in the State.
 - The number of charter school applications approved.
 - The number of charter school applications denied and reasons for the denials (academic, financial, low enrollment, other).
 - The number of charter schools closed (including charter schools that were not reauthorized to operate).

Evidence for (F)(2)(iii):

- A description of the State's applicable statutes, regulations, or other relevant legal documents.

- A description of the State’s approach to charter school funding, the amount of funding passed through to charter schools per student, and how those amounts compare with traditional public school per-student funding allocations.

Evidence for (F)(2)(iv):

- A description of the State’s applicable statutes, regulations, or other relevant legal documents.
- A description of the statewide facilities supports provided to charter schools, if any.

Evidence for (F)(2)(v):

- A description of how the State enables LEAs to operate innovative, autonomous public schools (as defined in this notice) other than charter schools.

Recommended maximum response length: Six pages

F2(i) *Description of Laws, Statutes and Regulations.* In 1995, the New Hampshire legislature enacted the Charter Schools and Open Enrollment Act (RSA 194-B), which authorized the creation of public charter schools in New Hampshire. The stated purposes of the law were to:

- Promote and encourage the establishment and operation of charter and open enrollment schools;
- Encourage school districts to allow public charter and open enrollment schools;
- Encourage the establishment of public charter schools with specific or focused curriculum, instruction, methods or target pupil groups;
- Improve pupil learning and increase opportunities for learning;
- Exempt charter schools from state statutes and rules, other than where specified, to provide innovative learning and teaching in a unique environment;
- Enhance professional opportunities for teachers;
- Establish results-driven accountability for public charter schools and require the measurement of learning;
- Make school improvement a focus at the school level;
- Encourage the establishment of public charter schools that meet the needs and interests of pupils, parents, communities, regions and the state as a whole.

Under this law, all charter schools are open enrollment schools. They may not restrict enrollment to a particular school district or region.

In the original statute, the approval process required the local school district's legislative authority to vote to allow proposals for charter schools to be presented and to review applications for completeness. Locally-approved charter school applications were submitted to the State Board of Education for consideration. When approved by the State Board, schools were to be granted a five-year charter after ratification by a vote of the local school district's legislative authority.

From 1995-1999, the Board of Education granted five-year charters to six charter schools. Of these, one was approved by the local school district; the others did not receive local approval. The single locally approved charter school was unable to open because of funding issues.

Number and Types of Charter Schools Operating in the State. In 2003, the New Hampshire General Court amended the charter school law to create a ten-year pilot program authorizing the Board of Education to grant up to twenty state charter school applications during that period. The State Board of Education's approval of an application constituted the granting of charter status and the right to operate as a public charter school. To date, 16 charters have been granted via this program, additional approvals have been suspended through 2011 due to budget constraints. Although this limit exists for state-authorized charter schools, there is no statutory limit on the number of LEA-authorized charter schools.

As of fall 2009, fifteen out of 16 applications for charter schools have been authorized by the State Board of Education (see Appendix F for list of current operating charter schools); one of which is dually certified by the State Board and its LEA. The unsuccessful bid was brought by an out-of-state group that had gathered little information about the constituency they strove to educate. A seventeenth school has been authorized by its LEA and plans to open in the fall of 2010. Eleven state-authorized charter schools are currently in operation, while three have closed due to lack of students or financial problems and one never opened (see Appendix F for list of closed charter schools) and one will open in the fall of 2010. This represents 6.7 percent of the total number of schools in the State.

New Hampshire currently ranks 41st in population among the 50 states. It is a small, rural state with numerous northern regions that are sparsely settled due to their mountainous nature. The number of charter schools that can flourish in this setting is lower than in more populous states, and its charter schools face more challenges without the economies of scale often available to charter schools in more populous states.

Despite these challenges, the State has been particularly successful in serving high-needs students at the high school level in charter schools. Each region in the state has a charter school, and together they demonstrate that offering project-based, competency-based, arts-based, or STEM-based learning can be effective means to retain or reclaim disengaged students or students on the periphery.

F2(ii) *Authorization.* After reviewing applications to ensure that a proposed school meets the criteria set forth in RSA 194-B, the State Board of Education authorizes the establishment of state-approved and LEA charter schools.

Accountability. As the agent of the authorizer, the Office of Accountability of the New Hampshire Department of Education is required to carry out the monitoring duties outlined in the charter legislation. Staff members responsible for charter school oversight assure compliance with charter school reporting requirements, assess and provide feedback on the clarity and measurability of the school’s accountability plan goals, including academic goals, and communicate school performance and progress to the State Board of Education.

Charter schools must submit quarterly and annual progress reports to the Department, which enable it to monitor each school’s academic performance (based on statewide assessments and other performance-based measures), its responsible use of public funds and its likelihood of sustainability throughout the term of the charter (see Table F-1 below). The school’s progress reports include descriptions of its attainment of the objectives related to the school’s mission – goals related to unique organizational structures, specific program designs and, most important of all, the impact of the school’s design on student academic achievement. Evidence of organizational sustainability and financial responsibility are additional components of the school’s progress reports.

Table F-1. Timeline for Accountability Checks in Years 1-4

Years 1 through 4	Charter School Submits:	NHDOE Conducts:
December 1 of opening year	Accountability plan	Review and feedback on measurability of goals
Fall reports:	Staff qualifications	Compliance check
October 1	Enrollment	
October 15	Health, fire and safety inspection reports	Compliance check

	Evidence of insurance coverage Calendar of instructional days	Compliance check Review to determine compliance with state requirements
Monthly (or as defined in charter)	Board minutes	Review to assure effective governance practices
Quarterly November 15 January 30 April 15 June 30	Progress toward school goals Financial report	Compare with targets in accountability plan Check to see if complies with standards
Annually (August 1)	Year-end summary of school performance	Review and verification as needed to assess performance
End of Year Reports (August 1)	Attendance, graduation, etc.	
Annually (September 30)	Independent financial audit	Request for action if any material defects

The Department of Education conducts annual assessments of a school’s progress, based on quarterly and annual progress reports submitted by charter schools to the Department. Department staff assesses evidence submitted by the school as to whether the charter school has met, failed to meet or exceeded the targets defined in its annual accountability plan. To assure the accuracy of its audit, the Department may corroborate and augment information submitted by the school through interviews with stakeholders, site visits and requests for confirming documents. Once completed, the Department shares feedback to the school.

At least yearly, the Department is required to report on the status of charter schools to the State Board of Education. This report includes information, gleaned from quarterly and annual reports, on the schools’ academic progress, compliance with state and federal regulations, adherence to governance rules for public schools, evidence of development of a sustainable organization, and Section F Reform Conditions Criteria.doc

financial accounting practices that meet accepted standards for public education agencies and organizations.

Four questions, and several subsidiary questions, serve as a consistent framework for assessment of charter schools. Charter schools respond to these questions in quarterly and annual reports, and the questions form the basis for the annual reviews and the five-year charter renewal process.

- Is the school making progress toward achieving its mission?
 - What progress has the school made toward its academic goals as defined in its accountability plan?
 - What progress has the school made toward its programmatic goals?
 - What progress has the school made toward its organizational goals?
- Is the school responsibly using public funds?
 - Has the school provided quarterly financial reports that comply with acceptable standards of public school accounting?
 - Do the school's purchasing and billing practices meet acceptable standards for public school accounting?
 - Has the school provided an annual external audit with no material defects?
 - Do the school's quarterly financial reports demonstrate reasonable and prudent planning?
 - Do the school's Board minutes indicate clear communication of accurate information about the school's financial condition?
- Is the school promoting student attainment of expected knowledge and skills?
 - Are the students at the school meeting proficiency standards as measured by state assessments?
 - Are students at the school making progress toward meeting state proficiency standards?
 - Are the students at the school meeting credible internally defined measures of proficiency (see also question 1 – school-defined academic goals)?
 - Are students making progress toward any non-academic goals that the school has volunteered in its accountability plan?
- Is the school sustainable?

- Does the school’s governing board function effectively and in accordance with public meeting laws and regulations?
- Has the school established systems to manage operations efficiently?
- Are there systems in place to assure instructional quality?
- Has the school established an appropriate relationship with the local LEA to facilitate high quality services to students with special educational needs?
- Are physical facilities safe, clean and suited to the purposes of the school?
- Is the school psychologically and emotionally safe for children and adults, free from intimidation and bullying?
- Does the school employ teachers who meet state requirements for experience and/or certification?
- Does the school demonstrate an ability to retain skilled and qualified staff?
- Do parents report satisfaction with the school in areas of academic programming, school-family interactions and accurate and timely communication?

Renewal. The charter school law defines the conditions for renewal of a New Hampshire Public Charter School:

By the end of its final contract year, the charter school shall meet or exceed the objective academic test results or standards and goals as set forth in its application. If the school does not meet these results or standards and goals, it shall not be eligible for its charter.

In assessing a charter school’s attainment of performance targets for renewal, the Department considers the school’s cumulative performance over the last five years. In the event that a school is not eligible for renewal, arrangements will be made to bring the school’s operations to an orderly termination in accordance with the charter school law. Consideration would be given to discontinuing school operations in a way that is least disruptive to students and families.

The New Hampshire Board of Education may revoke a charter before the end of its term in accordance with RSA 194-B. Some of the major factors that could lead to early revocation

include extraordinary risk to students, materials violations of the charter, financial instability or legal violations.

F2(iii) *State's Applicable Statutes, Regulations, or Other Relevant Documents on Equitable Funding.* In 1995, RSA 194-B required each charter school pupil's resident school district to pay to the charter school an amount equal to at least 80 percent of that district's average cost per pupil for the prior fiscal year. The current charter school law retains this funding requirement for charter schools approved by the local school district. In addition, the current charter school law provides that charter schools that are eligible for grants "shall match funds provided by the state through private contributions in order to receive funding that exceeds the state's average per pupil cost for the grade level weight of the pupil."

In the December 1997 *Claremont II* ruling, the New Hampshire Supreme Court found that the State has a duty to provide an adequate education to all public school students. In response to this ruling, the General Court enacted the "State Aid for Educational Adequacy" system providing annual grants to cities, towns, and unincorporated places to fund an adequate education for public school students residing in each municipality. The New Hampshire Department of Education is responsible for determining the annual "adequate education" payments, which are based on a series of calculations that are designed to limit state aid to towns with the greatest need. Since charter schools are open enrollment schools, the General Court required that a flat tuition amount per pupil, or "adequacy payment," follow each student enrolled in a charter school approved by the Board of Education under the pilot program. In FY 2010, the State allocated a \$3,450 adequacy payment for each student in the state. Charter schools in the New Hampshire Charter School Pilot program receive an additional \$2,000 per student, or \$5,450 per student.

F2(iv) *Funding for Facilities.* The State does not provide funding for charter school facilities. It does currently provide funding to local districts at a 28-42 percent rate, but a reversal of this policy is currently under consideration by the legislature.

F2(v) *Innovative, Autonomous Public Schools.* The New Hampshire Legislature is currently considering proposed legislation (an addition to RSA 189:24 Standard School) that would enable Section F Reform Conditions Criteria.doc

the establishment of non-standard schools. These alternative schools would utilize innovative practices and flexible scheduling to meet the unique needs of individual students. They would be open enrollment schools that have the flexibility to define their instructional models and associated curriculum, select and replace staff and implement new structures and formats for the school day or year.

(F)(3) Demonstrating other significant reform conditions (5 points)

The extent to which the State, in addition to information provided under other State Reform Conditions Criteria, has created, through law, regulation, or policy, other conditions favorable to education reform or innovation that have increased student achievement or graduation rates, narrowed achievement gaps, or resulted in other important outcomes.

In the text box below, the State shall describe its current status in meeting the criterion. The narrative or attachments shall also include, at a minimum, the evidence listed below, and how each piece of evidence demonstrates the State's success in meeting the criterion. The narrative and attachments may also include any additional information the State believes will be helpful to peer reviewers. For attachments included in the Appendix, note in the narrative the location where the attachments can be found.

Evidence for (F)(3):

- A description of the State's other applicable key education laws, statutes, regulations, or relevant legal documents.

Recommended maximum response length: Two pages

(F)(3) *Demonstrating Other Significant Reform Conditions.* In the last five years, New Hampshire has worked extensively on creating, through law, regulation and policy, as well as through statewide training and demonstration projects, conditions favorable to education reform and innovation. These conditions are showing impact on increased student achievement and graduation rates, including those for underserved students, and results in other important outcomes such as prevention of drop out from high school and recovery of at risk students.

New education rules, laws, and regulations include:

- a) A requirement that all high school courses be based on explicit course level competencies
- b) A requirement that credit towards graduation will be based on student demonstration of mastery of course level competencies rather than instructional time
- c) A rule that allows for rigorous out-of-school learning, called Extended Learning Opportunities, overseen by a highly qualified educator, may earn credit towards graduation through demonstration of mastery of course level competencies
- d) A law requiring that all students remain in school through graduation or to the age of 18.
- e) A rule allowing that 16 – 18 year olds at risk for dropping out may engage in alternative pathways to graduation, including extended learning opportunities, while remaining enrolled in school

In 2003, the New Hampshire department of Education engaged in a survey of the education, business and higher education communities to compare perceptions and actual educational outcomes. As one of the outcomes of this survey, IHEs in NH informed the NHDOE that many newly graduated high school students were unable to apply knowledge on reaching freshman level college classes, even though they had been able to pass exams showing retention of the knowledge.

The NHDOE began the development of training on competency-based assessment for educators to apply at the classroom level, through which students in all NH high schools would have the opportunity to apply the knowledge and skills they were learning through rigorous and benchmarked curriculum. In 2005 the NH legislature passed new rules specifying that all high school courses would be based on course level competencies and that students would be granted

credit toward graduation based only on demonstration of student mastery of course level competencies. The rule states that “the local school board shall require that a high school credit can be earned by demonstrating mastery of required competencies for the course, as approved by certified school personnel.”

Course level competencies for all high school courses are required to be aligned with the same standards and frameworks as the state NECAP, New Hampshire’s collaboratively-developed state assessment, to ensure that students have multiple methods through which to translate standards and information into classroom practice. High schools were given three years in which to build, create or refine their course level competencies, with assistance from NH Department of Education staff, consultants, and contracted professional development agencies. Model course level competencies are freely available on the NHDOE’s website at www.ed.state.nh.us/education on the High School Redesign page. The Department is currently engaged in extensive statewide training on use of course level competencies in teaching and assessment, on performance based assessment and on competency-based grading. These transformative practices have already shown promising results for increasing student achievement for all students.

With course level competencies that are rigorous, transparent and transportable, New Hampshire has been able to develop extended learning opportunities as a viable learning and achievement setting for any student. In 2007, the New Hampshire Department of Education initiated a foundation-funded project to pilot extended learning as defined in the 2005 state rules. A statewide consortium of demonstration site schools was formed to demonstrate the viability and validity of competency-based assessment related to extended learning for course credit. These schools – representing approximately 10 percent of New Hampshire’s high schools and including demographic and economic diversity, have participated in intensive training and practice based on national and international best practice in performance assessment and competency assessment. Analysis of the effort in 2009 indicated that schools involved in the Extended Learning Opportunities project have been reducing their drop-out rate at a faster rate than the state as a whole, especially those schools that began with a drop-out rate greater than the state average, and, if the practices are continued with fidelity and support, will exceed the statewide dropout reduction rate in 2010.

All of these practices are a part of New Hampshire's overall High School Redesign vision, developed through collaboration with practitioners in K-12 education, policy-makers, business and community development, governing and bargaining agencies, and higher education representatives, as well as national consultants. The process of reform and redesign that includes practitioners in the planning and design has been successful in creating momentum and wide buy-in. New Hampshire seeks to build on this effort through this RttT application with the development of a high school network to expand the work. The high school network will include both teacher and leader effectiveness training, technical assistance and embedded professional development leading to increased student achievement.

New Hampshire is currently engaged in regional collaboration with Maine, Vermont, Rhode Island and Connecticut on a vigorous agenda to improve secondary schools in the New England region including examining high leverage state and local policies, global best practices, student demonstrated competency, performance assessment practices and measures and common definitions of 21st century skills. This collaboration has already resulted in policy analysis across the states and documents and tools to guide LEAs through this work.