

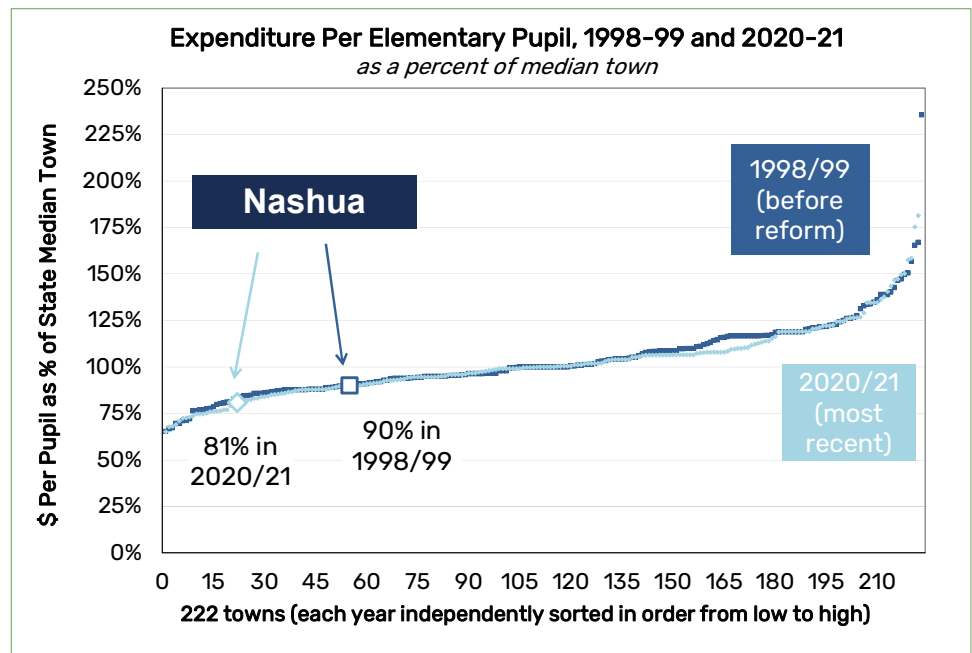
Answers to Key Questions about School Funding in Nashua

January 2022

New Hampshire’s public school system – and the way in which money is raised to pay for it – touches the lives of all Granite Staters, yet can often be difficult to understand. Listed below are a few questions you might have about how schools are funded in Nashua, along with helpful facts and figures in response. After reading them, we hope you’ll have a better appreciation of some of the inequities that plague our school funding system.

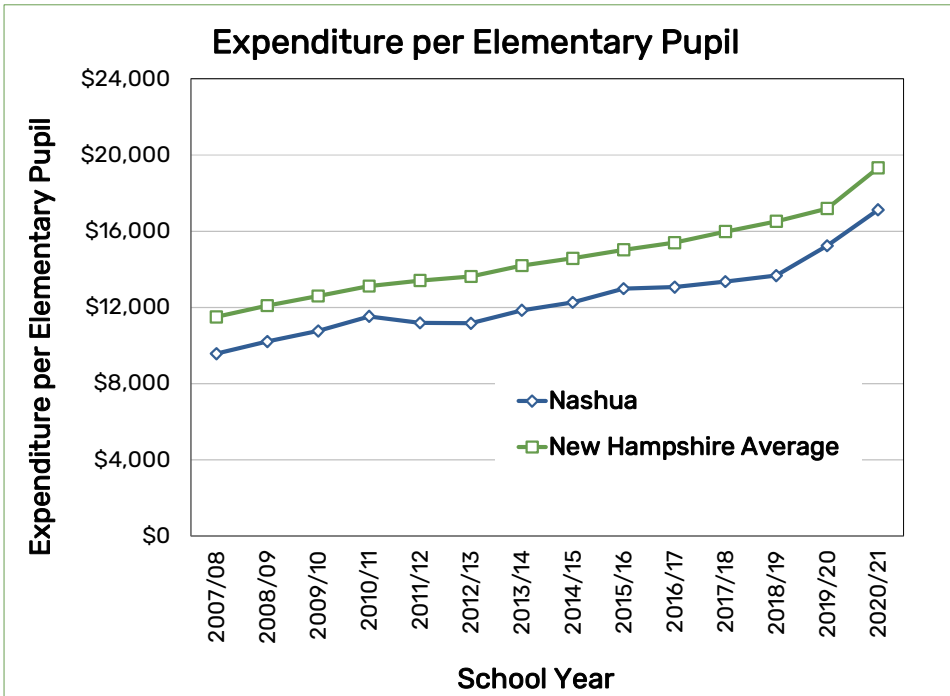
What Does Nashua Spend on Public Schools? How Does It Compare to Other Communities?

The 1998-99 school year was the last school year before the State of New Hampshire, in response to the Supreme Court’s *Claremont* rulings, increased the amount of aid it provides to pay for an “adequate” education. That year, Nashua spent \$5,351 per elementary school student or 90 percent of what the typical (or median) town had spent. In school year 2020-21, Nashua spent \$17,134 per elementary pupil or 81 percent of the typical town’s spending level.



The chart on the following page compares spending per elementary pupil in Nashua and the state average for the past fourteen years. As it shows, throughout this period, Nashua consistently spent less than the state average. At the beginning of these 13 years, Nashua was spending 83 percent of the state average. In 2020-21, Nashua spent 89 percent of the state average (and 81 percent of the median municipality as noted previously). In other words, since the 2007-08 school year, Nashua has not kept pace with the state as a whole in devoting resources toward meeting important educational needs.

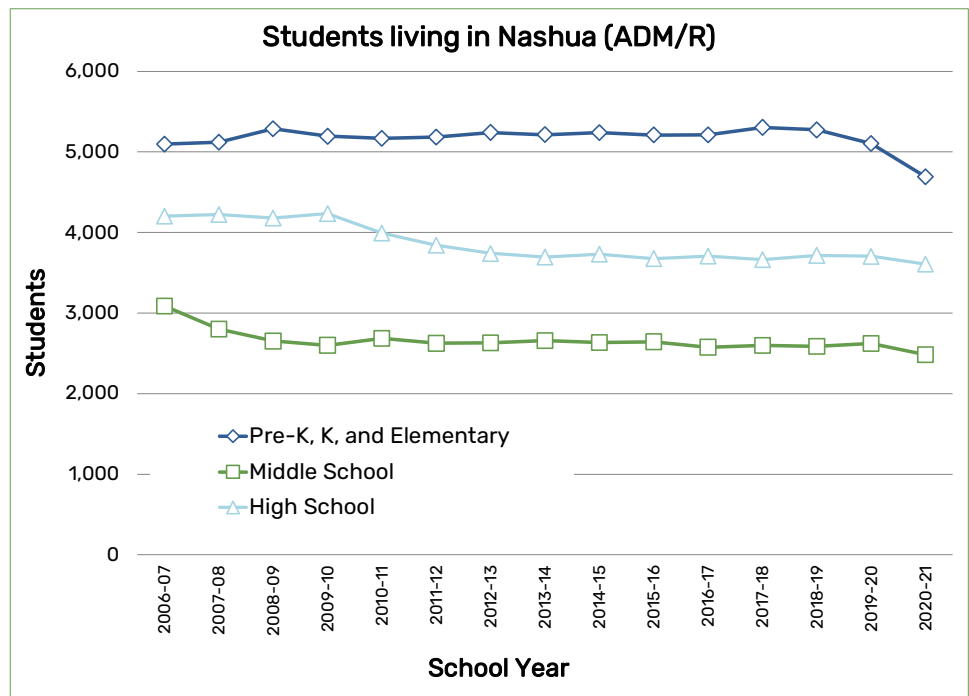
All told, New Hampshire’s public school districts spent \$3.3 billion during the 2020-21 school year. Of that amount, 40 percent was dedicated to regular classroom instruction, 21 percent to other



educational programs (including special education and vocational instruction), 11 percent to administration, and the remainder was devoted to transportation, food services, and other purposes. Nashua’s total school spending was \$175.8 million and was allocated much in the same way: 39 percent was for regular instruction, 23 percent for other educational programs, and 8 percent for administration.

How Many Students Are Enrolled in Nashua’s Public Schools?

Average Daily Membership in Residence (ADM/R) is one way in which enrollment is measured. It measures the number of students residing in a school district. Overall in New Hampshire, ADM/R has been in slow decline in recent years. In Nashua, the decline has been 13 percent since 2006-07. The following chart displays enrollment trends for elementary school (pre-school, kindergarten, and elementary grades), middle school, and high school for Nashua for the past fourteen years.



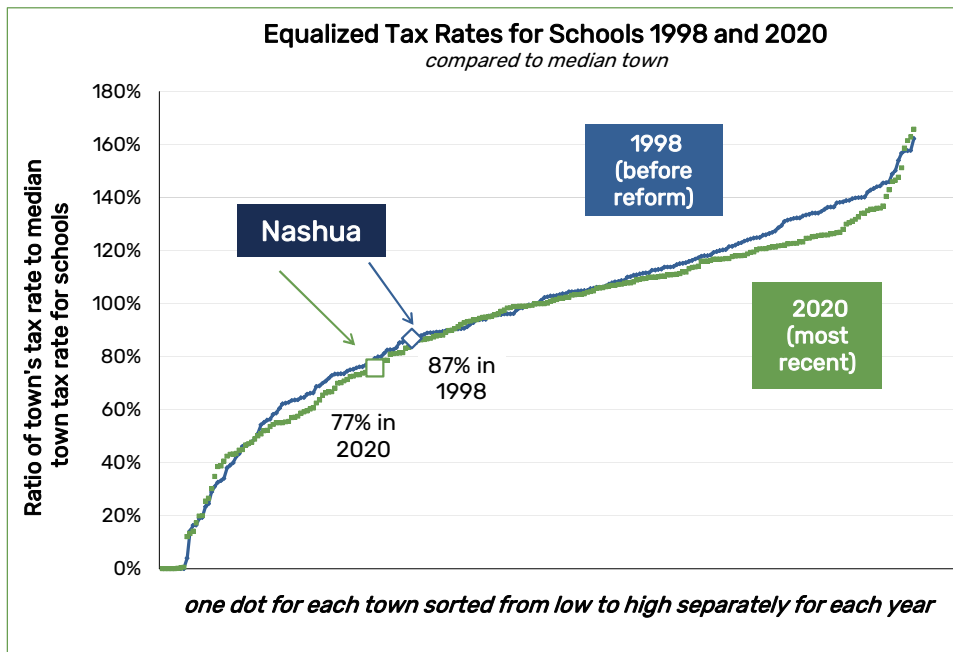
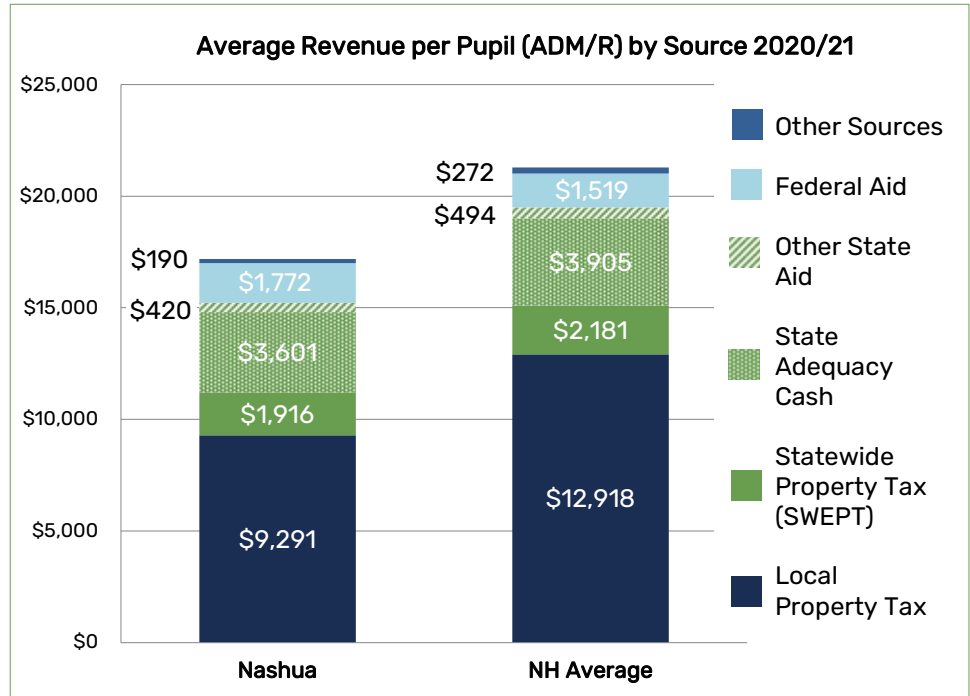
During this period, the total of pre-K, kindergarten, and elementary students dropped 8.0 percent, while the number of middle school and high school students declined by 19.6 and 14.2 percent respectively.

How Does Nashua Pay for Public Schools?

The graph at right shows all of the various revenue sources that Nashua uses to pay for its public schools, measuring them on a per pupil basis. It also compares Nashua's revenue sources to the New Hampshire average. As it makes clear, local property taxes are the single largest source of revenue for public schools, both in Nashua and across the state.

During the 2020-21 school year, Nashua School District's total school revenue was \$17,191 per pupil, 19 percent below

the state average of \$21,288. Local property taxes provided \$9,291 or 54 percent of that overall amount. Nashua generated less revenue per pupil from property taxes than the state average and received less state adequacy aid than average as well.



How Do Nashua's Property Tax Rates Compare to Other Communities?

1998 was the last tax year before the state responded to the Supreme Court's *Claremont* rulings and introduced new aid to pay for an "adequate" education. That year, Nashua's equalized property tax rate for its schools was \$16.18 per \$1,000 of property value. This rate was below that in the typical town –

it amounted to 87 percent of the rate for the median town in the state. In 2020, the equalized school property tax rate in Nashua was \$10.07 per \$1,000 of value (a \$8.38 local tax rate plus a

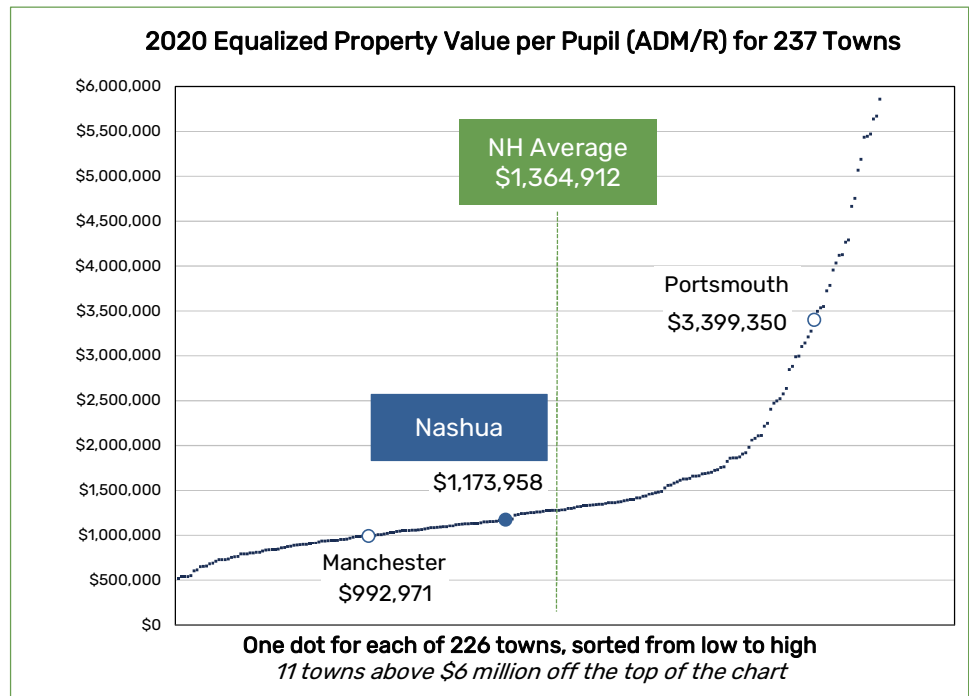
\$1.69 state tax rate, which is retained by the town). This total tax rate was even lower than the typical town – 77 percent of the state median. Like many other towns, Nashua’s equalized tax rate for schools in 2020 was much lower than it was in 1998.

So, since 1998–99, Nashua’s spending per elementary student has declined from 90 to 81 percent of the typical town. Over the same period, its equalized tax rate has decreased from 88 percent of the median town in 1998 to 77 percent in 2020. Stated slightly differently, Nashua has moved farther away from the typical town in both tax rate and spending per student. Thus, while property taxes for Nashua homeowners may have fallen relative their counterparts in the typical New Hampshire community, so too have the resources that Nashua has elected to invest in its schools, on a relative basis.

How Do Property Values in Nashua Compare to Other Communities?

The most important statistic that relates the ability of different towns to raise taxes for the purpose of their schools is Equalized Property Value per Pupil or EQVP. EQVP essentially provides an answer to the question, “What resources are available to be taxed in our town for each of the kids in our schools?” The higher a town’s EQVP, the lower the school property tax rate it needs to use to generate a set sum of money.

In 2020, Nashua had \$12.7 billion of equalized property valuation and 10,781 students (as measured by average daily membership in residence or ADM-R). This means that Nashua’s EQVP that year was \$1,173,958. The state average EQVP was \$1,364,912. Nashua had 86 percent of the state average, but only about 35 percent of Portsmouth’s EQVP, meaning that its capacity to generate revenue for its schools was below that of other communities.



These differences in property values help to explain where Nashua’s tax rates fall compared to other cities and towns. Think about it – if Nashua and Portsmouth had to raise the same amount of revenue per pupil for their schools, Nashua’s school property tax rate would have to be 3 times higher than that of Portsmouth.

Of course, that is not what happens. Portsmouth raises \$20,577 per pupil with only a \$6.10 equalized school tax rate, while Nashua can only raise \$11,757 per pupil with an equalized school tax rate of \$10.07.

To better understand the impact those differences can have, imagine a classroom of 20 students. Nashua raises \$176,395 less for a classroom of that size than Portsmouth does at a tax rate that is 1.7 times that of Portsmouth. And will continue to do so year after year.

Clearly there is not a level playing field when it comes to the ability of towns' property tax bases to support their schools.

Note: Data used in this report are taken from reports and spreadsheets of the NH Department of Education (Equalized Valuation per Pupil, Cost Per Pupil by District, Average Daily Membership Based Upon Attendance and Residence (ADM), Average Class Size by School, and DoE25 Extract for State Profile Data for various years). Such data are reported by New Hampshire school districts to the Department. Tax rates printed on town tax bills are not equalized and cannot be compared among towns. Using equalized data allows an apples-to-apples comparison among town tax rates and property values.