

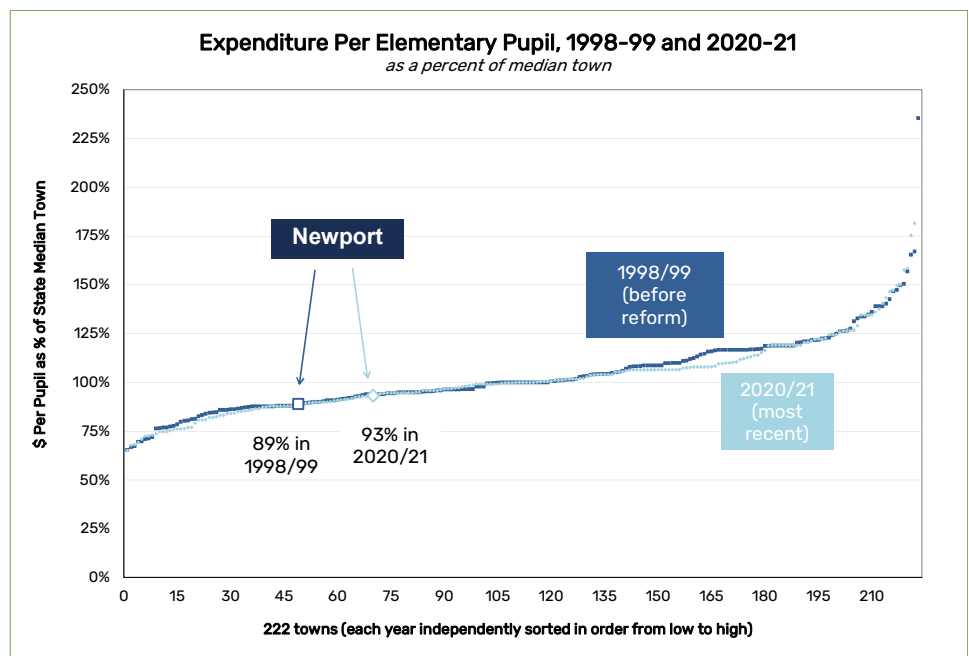
Answers to Key Questions about School Funding in Newport

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 Newport, 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.

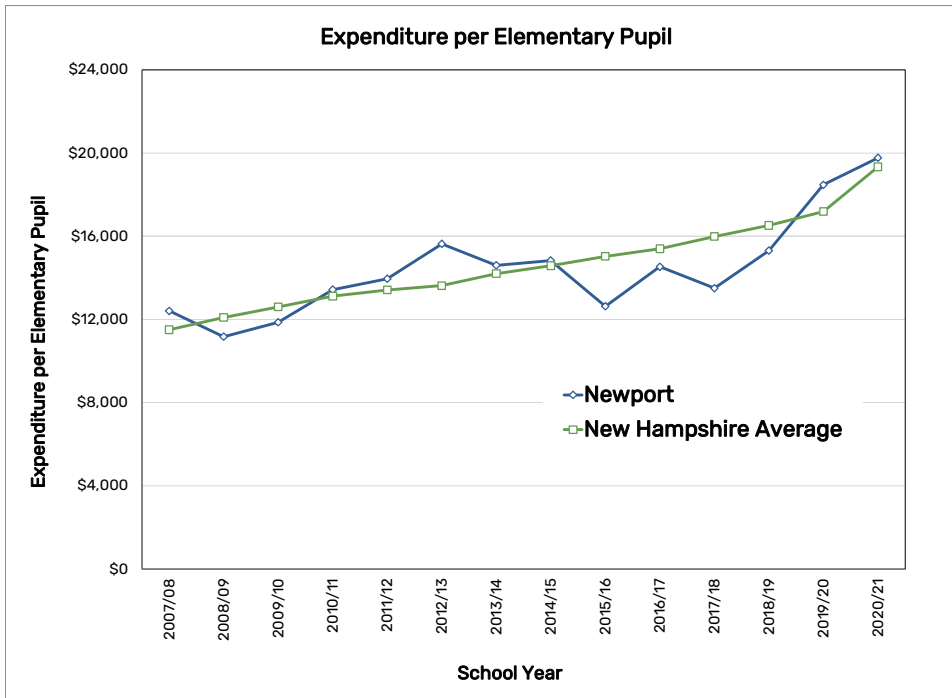
What Does Newport Spend on Public Schools? How Does It Compare to Other Communities?

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, Newport spent \$5,287 per elementary school student or 89 percent of what the typical (or median) town had spent. In school year 2020-21, Newport spent \$19,772 per elementary pupil, again, somewhat less than the typical town.



The chart on the following page compares spending per elementary pupil in Newport and the state average for the past fourteen years. As it shows, spending in Newport varied considerably from the state average from year to year. While at the beginning and end of this period, Newport spent slightly above the state average, there were many years when it devoted fewer resources than the state as a whole toward meeting important educational needs. For instance, though Newport spent 102 percent of the state average in 2020-21, it spent below the state average in each of the four years from 2015-16 through 2018-19.

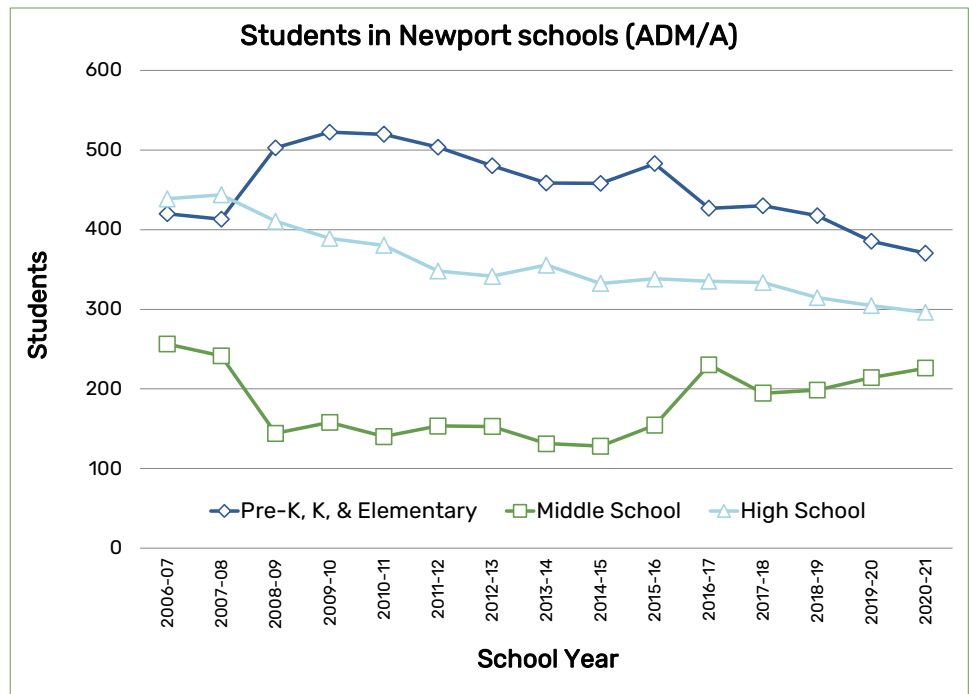
All told, New Hampshire’s public school districts spent \$3.15 billion during the 2019-20 school year. Of that amount, 40 percent was dedicated to regular classroom regular classroom instruction,



22 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. Newport's total school spending that year was \$18.8 million, with 27 percent allocated to regular instruction, 27 percent to other educational programs, and 14 percent to administration.

How Many Students Are Enrolled in Newport's Public Schools?

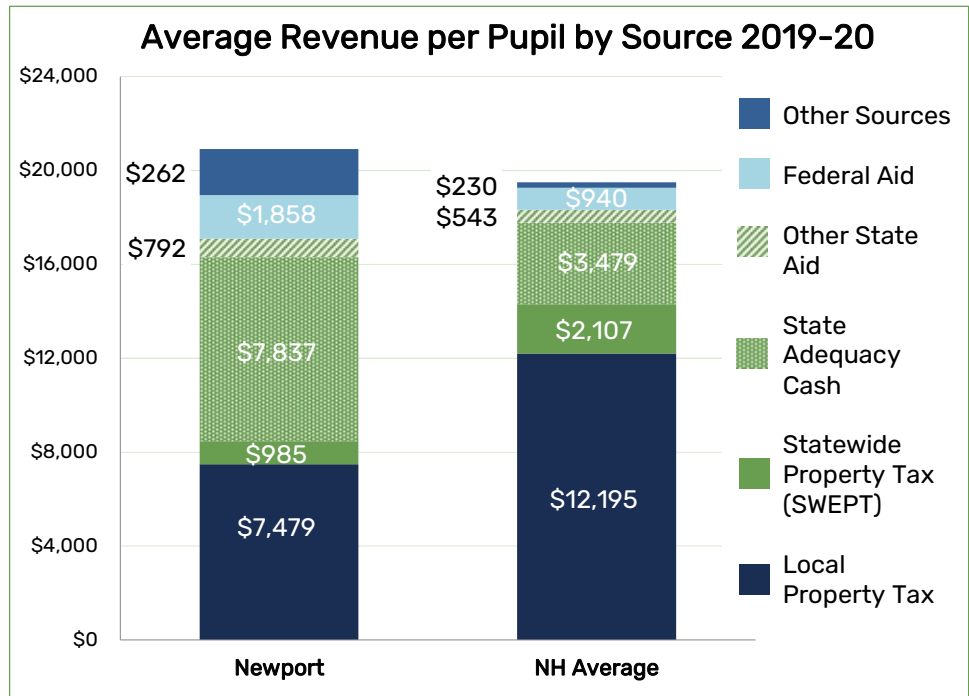
Average Daily Membership in Attendance (ADM/A) is one way in which enrollment is measured. It measures the number of students attending a school district, regardless of where they live. Overall in New Hampshire, ADM/A has been in slow decline in recent years. In Newport, the decline has been 20 percent since 2006-07. The following chart displays enrollment trends for elementary school (pre-school, kindergarten, and elementary grades), middle school, and high school for Newport for the past fifteen years. During this period, the total of pre-K, kindergarten, and elementary students fell 12 percent, while the number of middle school and high school students declined by 12 and 32 percent respectively.



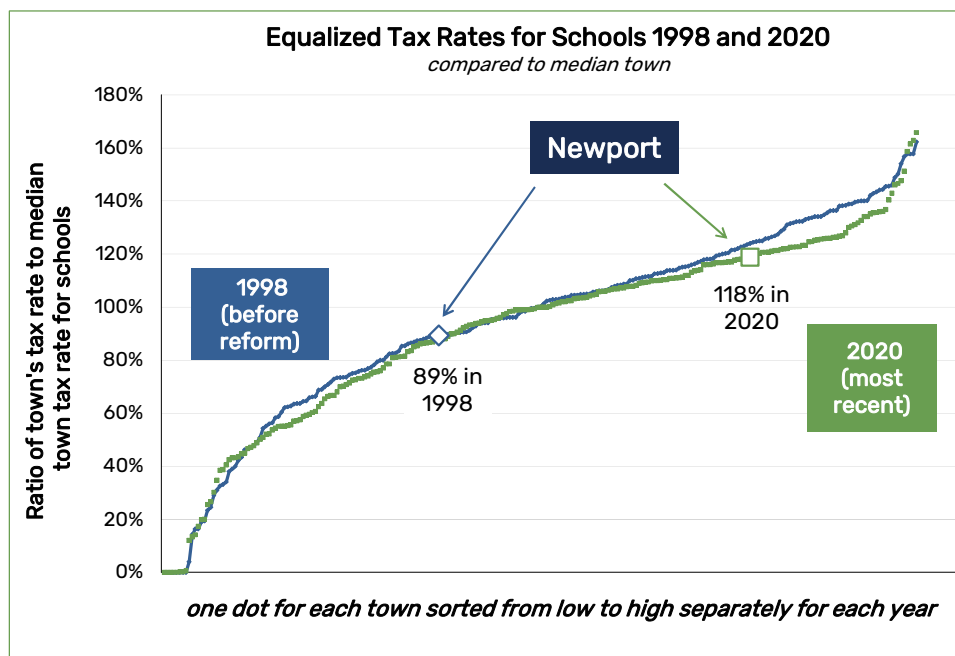
How Does Newport Pay for Public Schools?

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

During the 2019-20 school year, Newport School District's total school revenue was \$20,915 per pupil, slightly above the state average of \$19,493. Local property taxes provided \$7,479 or 36 percent of that overall amount. Newport generated less revenue per pupil from property taxes than the state average, but received more state adequacy aid than average.



How Do Newport'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, Newport's equalized property tax rate for its schools was \$16.64 per \$1,000 of property value. This rate was below that in the typical town – it amounted to 89 percent of the rate for the median town in the state. In 2020, the equalized school property tax rate in

Newport was \$15.47 per \$1,000 of value (a \$13.73 local tax rate plus a \$1.74 state tax rate, which is retained by the town). This total tax rate was higher than the typical town – 118 percent of the state median – but, like many other towns, Newport’s equalized tax rate for schools was lower in 2020 than it was in 1998.

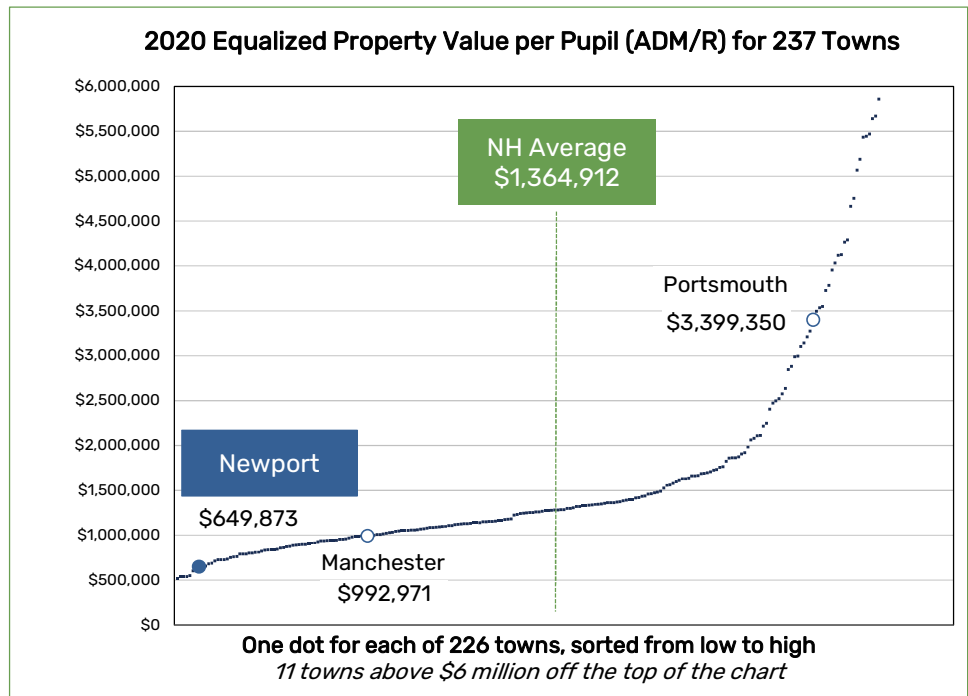
How Do Property Values in Newport Compare to Other Communities?

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, Newport had \$514.9 million of equalized property valuation and 792 students (as measured by average daily membership in residence or ADM-R). This means that Newport’s EQVP that year was \$649,873. The state average EQVP was \$1,364,912. Newport had 48 percent of the state average, but only about 19 percent of Portsmouth’s EQVP, meaning that its capacity to generate revenue for its schools was well below that of other communities.

These differences in property values help to explain where Newport’s tax rates fall compared to other cities and towns. Think about it - if Newport and Portsmouth had to raise the same amount of revenue per pupil for their schools, Newport’s school property tax rate would have to be 5 times higher than that of Portsmouth.

Of course, that is not what happens. In 2020, Portsmouth raised \$20,577 per pupil with only a \$6.10 equalized school tax rate, while Newport was only able to raise \$10,006 per pupil with an equalized school tax rate of \$15.47.



To better understand the impact those differences can have, imagine a classroom of 20 students. Newport raises \$211,411 less for a classroom of that size than Portsmouth does at a tax rate that is 2.5 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.