



**Testimony of Jeff McLynch,
Project Director, NH School Funding Fairness Project,
on SB 420 before the Senate Education Committee,
Thursday, January 13**

Chairwoman Ward, Senator Kahn, Members of the Committee, thank you for the opportunity to offer testimony this afternoon on SB 420.

For the record, my name is Jeff McLynch and I am the Project Director of the NH School Funding Fairness Project (NHSFFP), a nonprofit organization that educates citizens and policymakers about the system New Hampshire uses to fund its public schools, builds awareness of the shortcomings of that system, and advocates for changes in law to make that system more fair for students and taxpayers alike.

As the members of this Committee know well, New Hampshire's school funding system suffers from a pair of injustices: deep and enduring inequities in educational opportunity and enormous differences in the property taxes we pay as residents and business owners to support our public schools. The tremendous gap between what the State has determined to be the cost of an adequate education – about \$4,700 per student on average – and the costs communities actually face – roughly \$19,300 per student on average, as of the 2020-21 school year – are a glaring testament to these injustices, as are school property tax rates that range from \$2.27 to \$20.89 per \$1,000 of value.

These two injustices, in turn, arise from a single source. The State of New Hampshire has failed for decades to fulfill its fundamental, Constitutional responsibility to provide an adequate education to every child within its borders. Instead, it has shifted that responsibility onto local property taxpayers, forcing them to bear \$2.3 billion in costs each year, costs that should be met with state revenues.

The only way to remedy those injustices is to end such downshifting and to create a system that enables the State of New Hampshire to meet, at long last, its core educational responsibilities. Stated slightly differently, to achieve greater equity for both students and taxpayers, the State of New Hampshire must generate the \$2.3 billion in funds that local property taxpayers now put up each year.

The Commission to Study School Funding, which met throughout 2020 and issued an extensive final report in December of that year, laid out at least one path that the members of this Committee and your colleagues in the Senate and House could follow in attempting to reach a more fair school funding system. Other paths could certainly reach that same destination as well.

Unfortunately, though, the bill before you this afternoon – SB 420 – would take only the most modest of steps in the direction of comprehensive, lasting, and equitable school funding reform. At its core, the bill seeks to direct additional state education aid to communities that are comparatively property-poor and that serve relatively high numbers of low-income families, aid

for which there is a stark and undeniable need. Indeed, as the American Institutes for Research found in research it conducted on behalf of the Commission:

“The state’s current system is inequitable from both student and taxpayer perspectives. The districts serving the highest proportion of students who are economically disadvantaged spend less, on average, compared with districts serving the fewest such students. Moreover, the districts with the least property wealth per student impose the highest local education tax rates to be able to fund their children’s education.”

However, the funds the bill would allocate through “extraordinary need grants” – nearly \$15 million total in FY 2023, according to the fiscal note included with the measure – fall short of the value of assistance that was delivered through a similar type of aid – fiscal capacity disparity aid – in FY 2021.ⁱ

Far more importantly, though, the funds the bill would allocate also constitute only an exceptionally small fraction of the additional resources the State of New Hampshire must provide to local school districts in order for them to be able to deliver an adequate education. While such resources should be, as SB 420 aims to do, targeted to enable those districts with the least fiscal capacity or the greatest concentrations of higher-need students to meet state educational standards and to achieve desired educational outcomes, targeted aid alone will not be sufficient. Given the tremendous gap that now exists between state adequacy aid and the costs all districts incur in serving the children in their communities, the State of New Hampshire must substantially increase the amount aid it distributes to every district.

It should also be noted that, as the fiscal note included with the bill suggests, the amount of aid that SB 420 would distribute may decline over time. Without modifications to the bill as written, appreciating property values would leave fewer communities eligible and would shrink the size of the grants distributed, thus reducing the bill’s effectiveness as a response to the very real challenges districts now face.

One other modification to the bill may ultimately be necessary as well. As introduced, SB 420 relies upon counts of the number of students eligible to receive a free or reduced-price meal in a municipality’s ADMR in determining eligibility for, and the amount of, extraordinary need grants. Given the trend toward universal eligibility for school meals, it may be necessary to employ a different proxy measure of student economic hardship future years. As the members of this Committee may be aware, members of House Finance and Education Committees have been meeting in recent months to try to identify such a measure, with Medicaid eligibility a focus of their most recent deliberations.

In closing, I hope NHSFFP will have the chance to work with sponsors of SB 420 and the members of this Committee to address the concerns I’ve touched upon here and, ultimately, to build a school funding system that fulfills the state’s responsibilities and that leads to greater equity for students and taxpayers alike. I thank you again for the chance to provide this testimony and would be happy to try to answer any questions you may have.

ⁱ According to data from the New Hampshire Department of Education, fiscal capacity disparity aid disseminated a total of \$47.5 million to 98 communities in FY2021, an average supplement of \$485,000. The fiscal note accompanying SB 420 indicates that extraordinary need grants would accrue to 118 communities in FY 2023 and 93 in FY 2024, with grants averaging just \$124,339 per receiving municipality in FY23 and \$103,730 in FY24.