

NH SCHOOL

**Funding Fairness
Project**

***Advocating to make
school funding more equitable
for students and taxpayers alike***

***Zack Sheehan, Project Director
Jen Boylston, Board of Directors
October 13, 2022***



School Funding and Property Taxes



NH SCHOOL
Funding Fairness
Project



Local property taxpayers face greater and greater strains on their budgets.



School Funding and Property Taxes

Overview

- Taxpayers and students are not treated equitably or fairly.
- The problem is getting worse.
- The current system is unconstitutional.



Agenda

School Funding and Property Taxes

New Hampshire's Constitutional Responsibilities

Role of Property Taxes in Funding & Resulting Inequities

Enormous Gap Between State Aid & Actual School Costs

Consequences & Implications of New Hampshire's Current School Funding System

Current and Future Steps

The New Hampshire Supreme Court's decisions in the Claremont case re-established two fundamental responsibilities:

1. The State of New Hampshire has a duty to pay for the cost of a constitutionally adequate education for every K-12 student.
2. The taxes that the State of New Hampshire uses to pay for this education must have a uniform rate across the state.



The Scope of an “Adequate Education”: Expansive and Future-Oriented

“Mere competence in the basics—reading, writing, and arithmetic—is insufficient in the waning days of the twentieth century to insure that this State's public school students are fully integrated into the world around them. A broad exposure to the social, economic, scientific, technological, and political realities of today's society is essential for our students to compete, contribute, and flourish in the twenty-first century.”

Claremont II, 142 N.H. at 474



Connection Between Defining and Funding an Adequate Education

“Whatever the State identifies as comprising constitutional adequacy it must pay for. None of that financial obligation can be shifted to local school districts, regardless of their relative wealth or need.”

Londonderry School District v. State of NH, 154 N.H. at 162 (2006)



The Constitutional Standard for Using Property Taxes for School Funding

“To the extent that the property tax is used in the future to fund the provision of an adequate education, the tax must be administered in a manner that is **equal in valuation and uniform in rate** throughout the State.”

Claremont II, 142 N.H. at 471



School Districts and Taxpayers Are Again Suing the State

- The “ConVal” suit, filed in 2019, argues that the State definition of “adequacy” is not sufficient and therefore downshifts the burden to local property taxpayers.
- The “Rand” suit, filed in June 2022, argues that because the local property tax rates used to fund the bulk of the cost of public education are **not** uniform in rate, that is a violation of standard outlined in the Claremont rulings.



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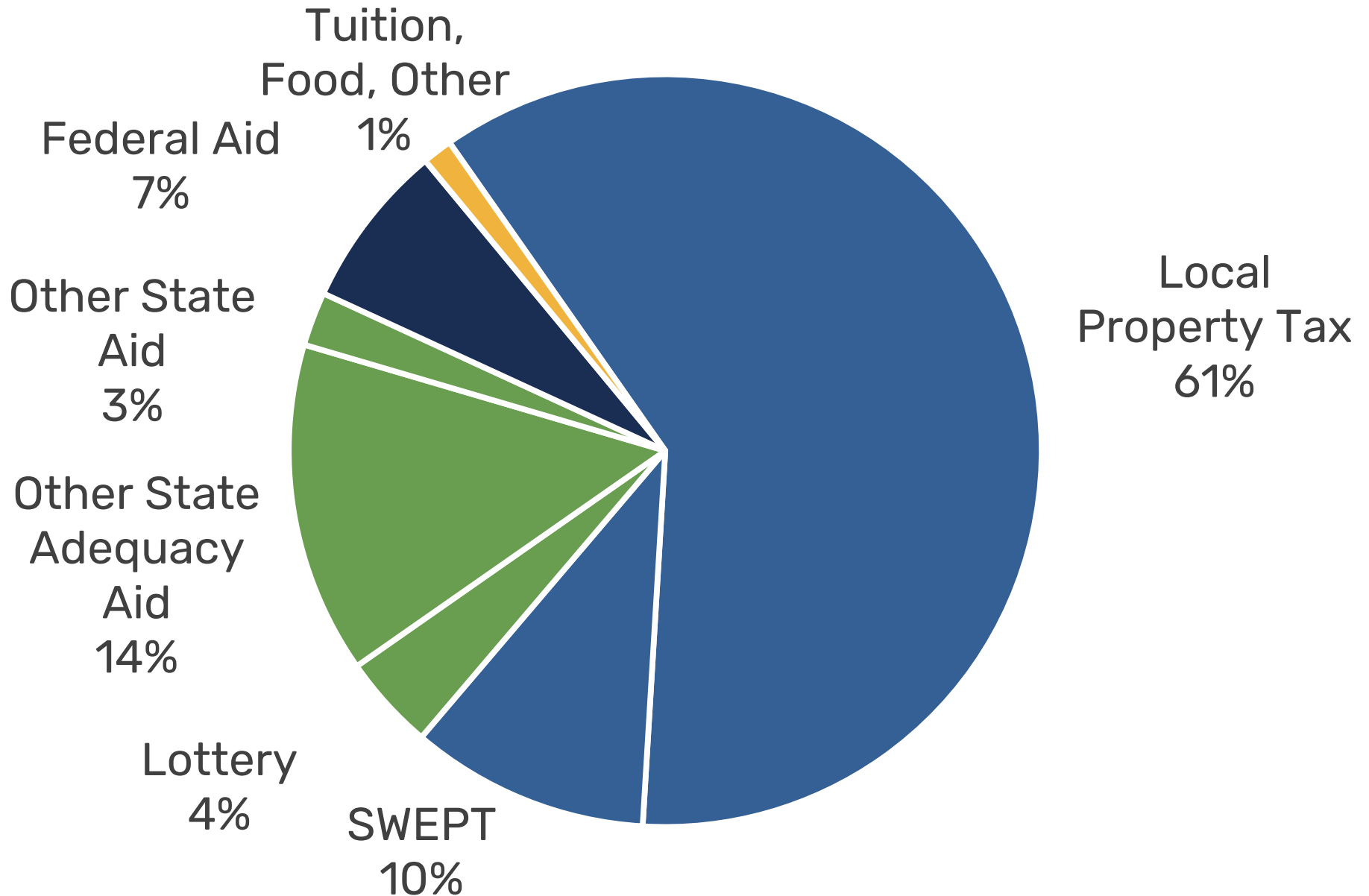
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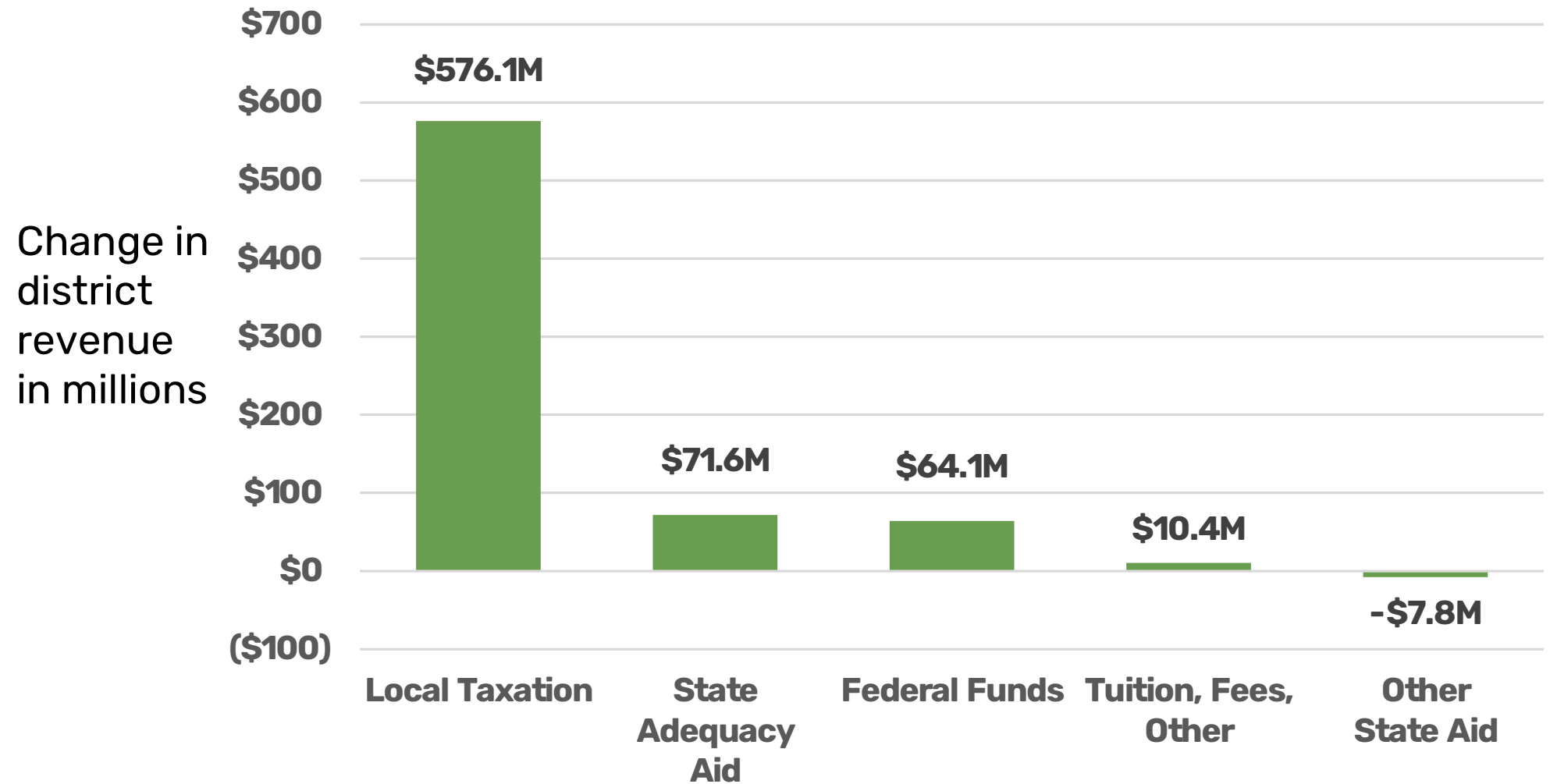
NH Relies Overwhelmingly on Local Property Taxes to Fund Public Education

2020-2021 Revenue of NH School Districts - \$3.54 billion



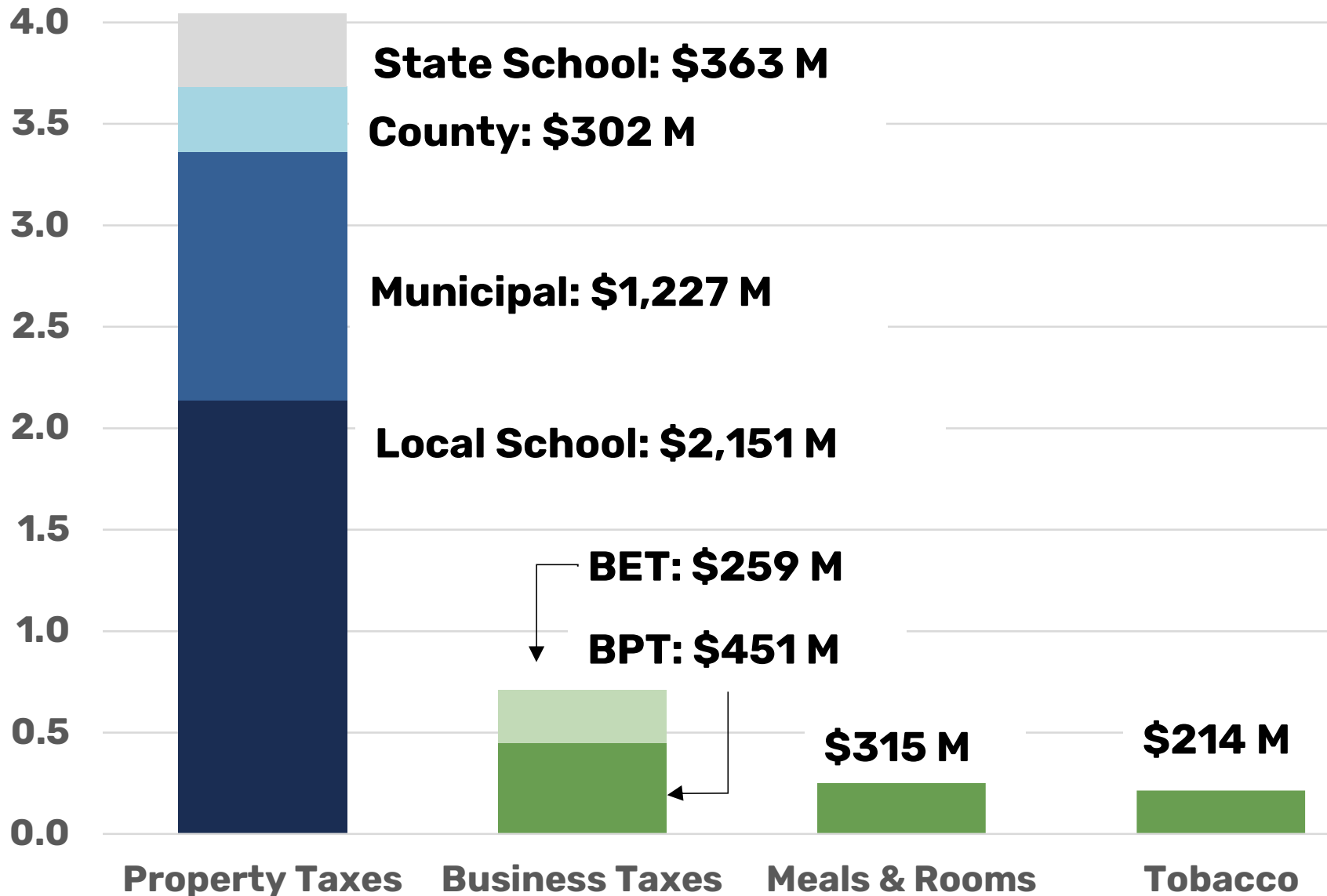
Reliance On Local Property Taxes Has Grown Over Time

Change in School District Revenue, 2012– 2021



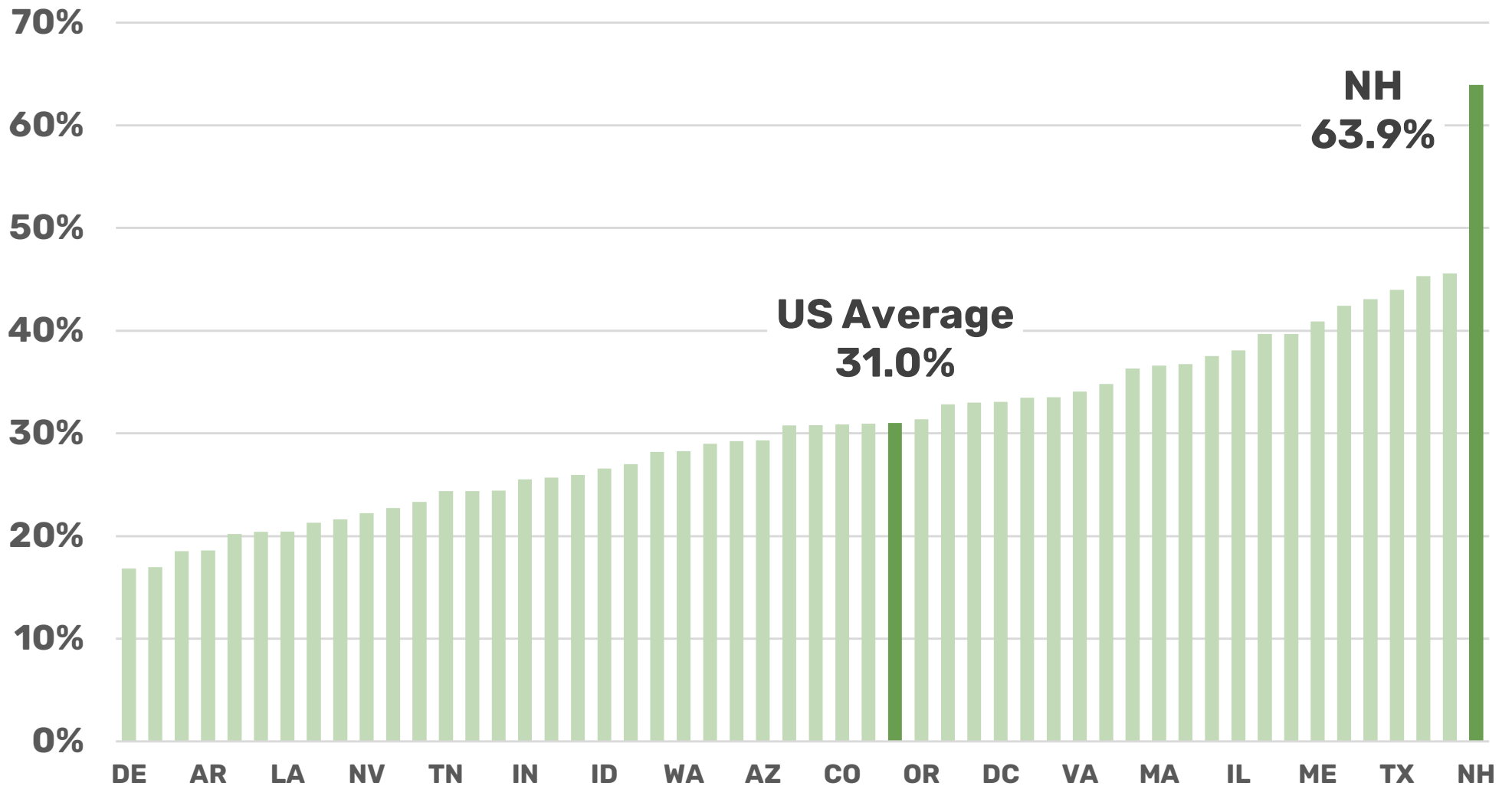
The Property Tax is the Largest Tax in NH

Tax revenue by source, 2020 (all figures in \$million)



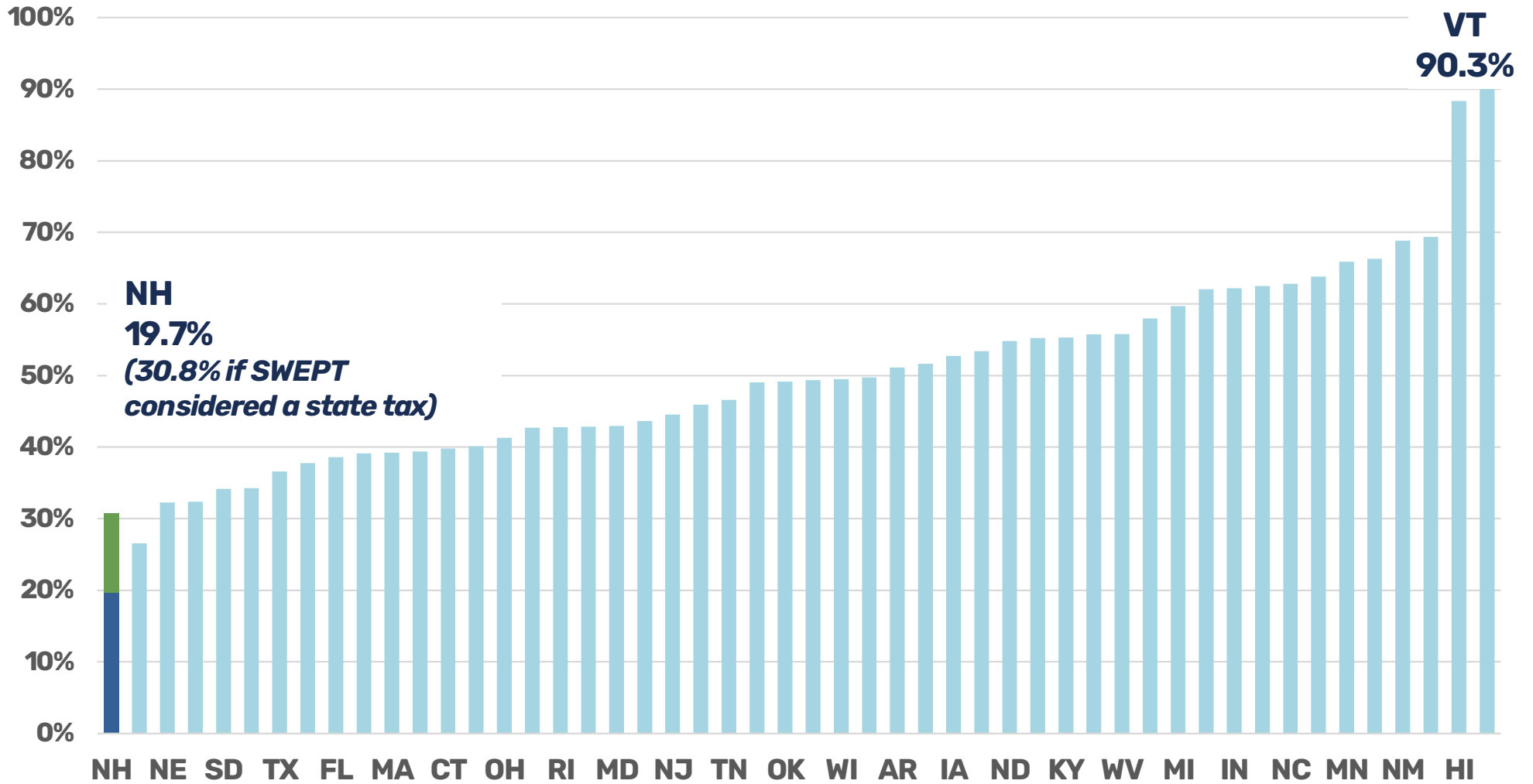
NH's Property Tax Reliance is the Highest in the Country

Property tax revenue as a share of total state and local tax revenue, 2017-2018



State's Share of School Funding in NH is the Smallest in the Country

Percent of school revenue from state sources, 2018-19



Role of Property Taxes & Resulting Inequities

**The key concept for
comparing school tax rates:
Equalized value per pupil**

**How much property value
is available in a town
to be taxed to support
each student's education?**



Role of Property Taxes & Resulting Inequities

It's simple math.

Property Value	Tax Rate (Per Thousand)	Revenue Raised
\$1,000,000	\$10.00	\$10,000
\$400,000	\$10.00	\$4,000



Role of Property Taxes & Resulting Inequities

It's simple math.

Property Value	Tax Rate (Per Thousand)	Revenue Raised
\$1,000,000	\$10.00	\$10,000
\$400,000	\$25.00	\$10,000



Role of Property Taxes & Resulting Inequities

There would be no problem...

IF

The distribution of property value

AND

the distribution of students
were approximately the same.

They are not.



Role of Property Taxes & Resulting Inequities

Equalized Valuation and Tax Rates for Select NH Schools, 2020-21

Town	Pupils	Equalized Value Per Pupil	Equalized School Tax Rate	Amount Raised Per Pupil
New Hampshire	166,261	\$1,346,793	11.21	\$15,098
Portsmouth	2,117	\$3,399,350	6.10	\$20,736
Milford	2,184	\$902,842	16.21	\$14,635
Bow	1,440	\$943,418	14.64	\$13,812
Claremont	1,609	\$523,285	20.37	\$10,659
Newport	790	\$649,873	15.42	\$10,021
Brentwood	748	\$1,085,324	17.23	\$18,700
New London	342	\$4,264,231	9.67	\$41,235
Bristol	349	\$1,662,424	10.35	\$17,206



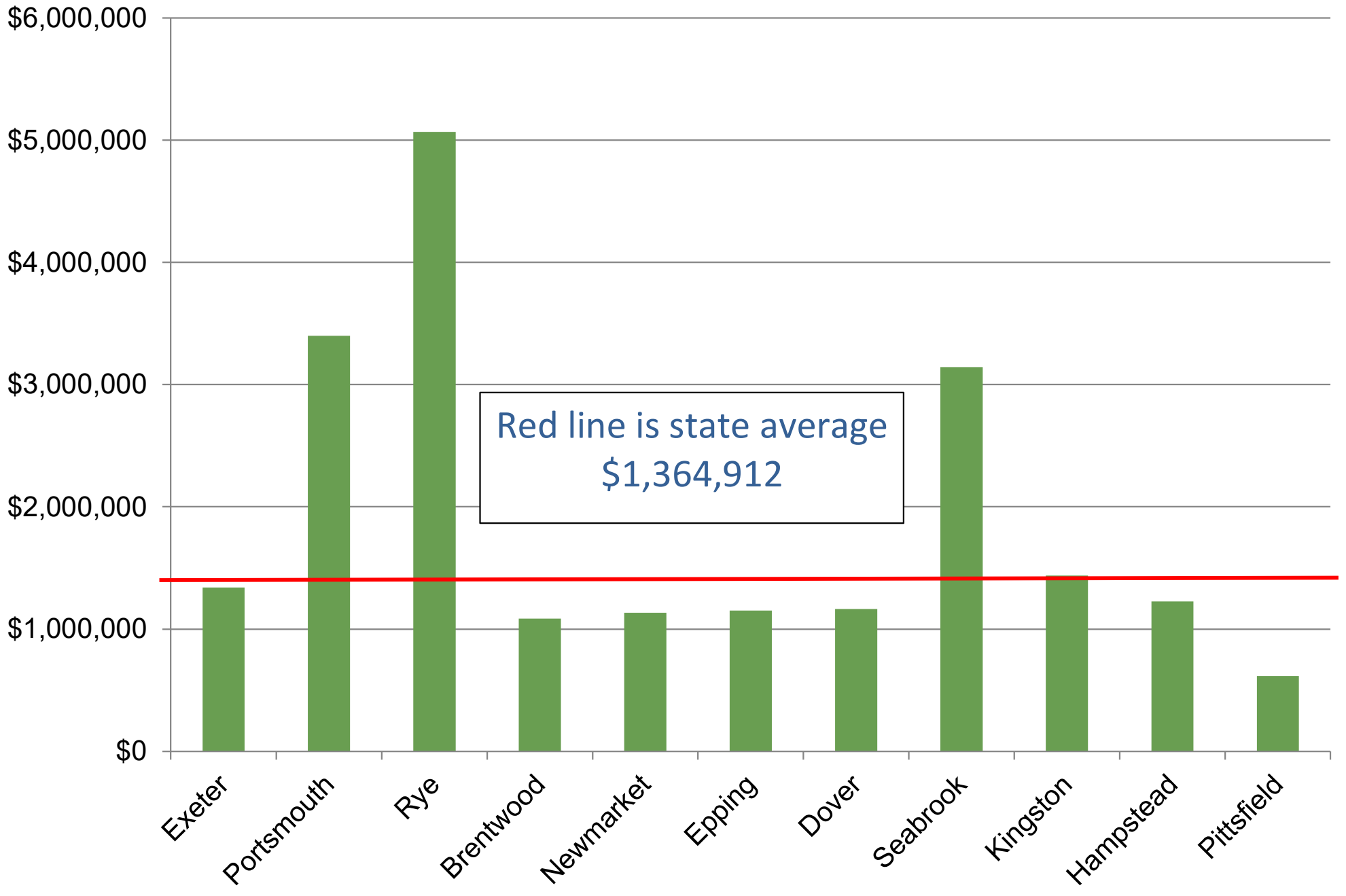
Role of Property Taxes & Resulting Inequities in this Region

Equalized Valuation and Tax Rates for Select NH Schools, 2020-21

Town	Pupils	Equalized Value Per Pupil	Equalized School Tax Rate	Amount Raised Per Pupil
Brentwood	748	\$1,085,324	17.23	\$18,700
Newmarket	1,016	\$1,133,301	15.80	\$17,906
East Kingston	345	\$1,299,631	15.58	\$20,248
Newfields	247	\$1,307,673	15.71	\$20,544
Exeter	2,027	\$1,338,754	14.71	\$19,693
New Hampshire	166,261	\$1,346,793	11.21	\$15,098
Stratham	1,146	\$1,458,739	14.29	\$20,845
Kensington	299	\$1,690,277	13.94	\$23,562
Portsmouth	2,117	\$3,399,350	6.10	\$20,736

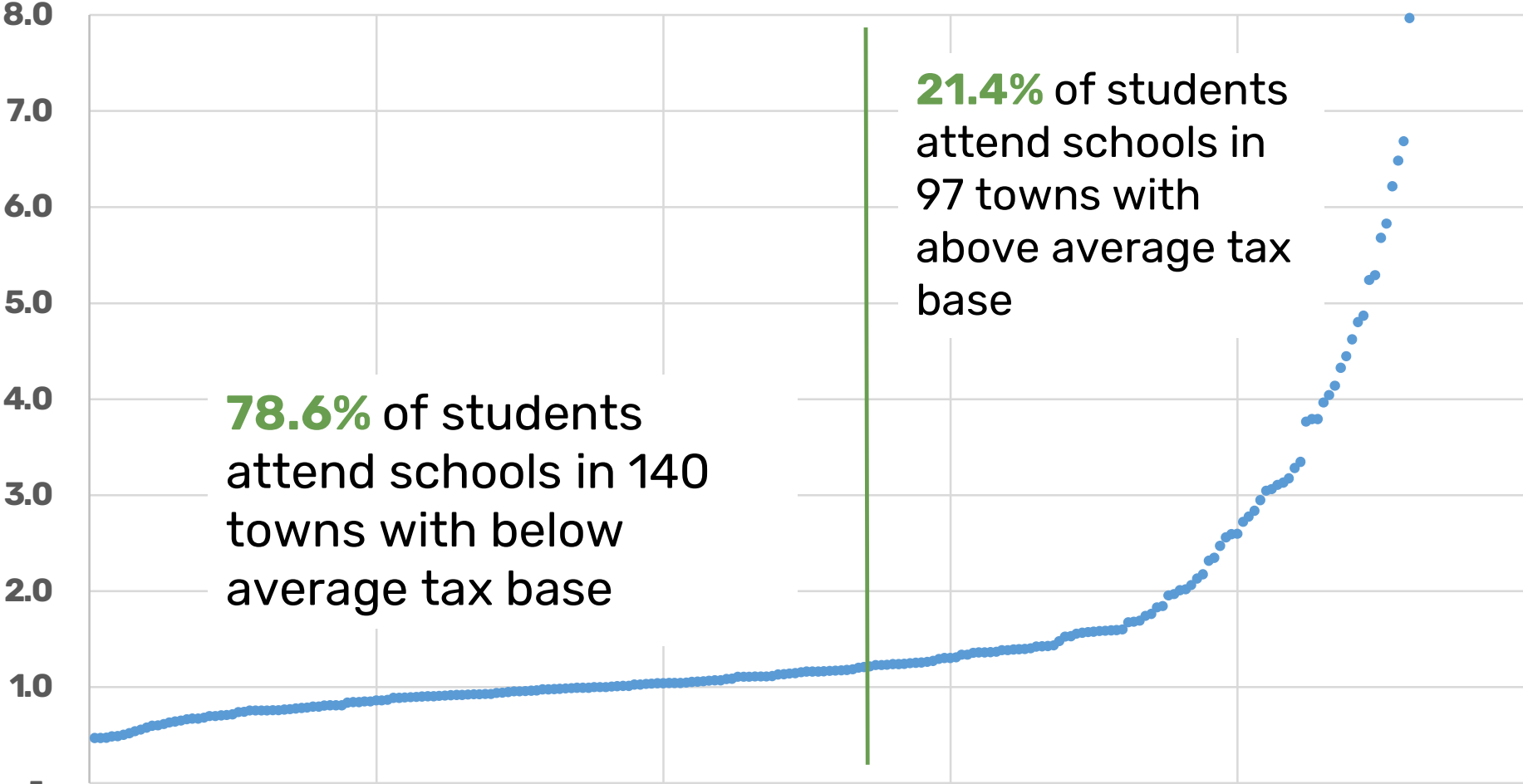


Equalized Property Value per Pupil 2020-21



Most NH Children Attend School in Communities with Below Average Property Values

2020 Equalized Value Per Pupil for 237 Towns (in \$M)



One dot for each of 230 towns, sorted from lowest EVP to highest (7 towns with EVP over \$8 million not shown)

Which Home Has the Larger Property Tax Bill?



“Exceptional waterfront home located on private 200 ft. shoreline...First level includes master with full bath & 2 additional bedrooms & full bath, eat in kitchen...Lower walkout level offers great family room, 2 large bedrooms with sliders, full bath...Huge lower level screened porch & patio facing lakefront for entertaining, relaxing”



“Charming antique cape with center chimney. Fireplaces in every room on the first floor, 4 in total...Wide pine floors and large rooms. Two bedrooms and 1.5 baths...Lovely yard with mature plantings and access to Exeter River.”



Which Home Has the Larger Property Tax Bill?



Freedom

2020 market price: \$910,000
2020 assessed value: \$869,600

2020 school property tax: \$5,192



Brentwood

2021 market price: \$335,000
2020 assessed value: \$278,300

2020 school property tax: \$5,143



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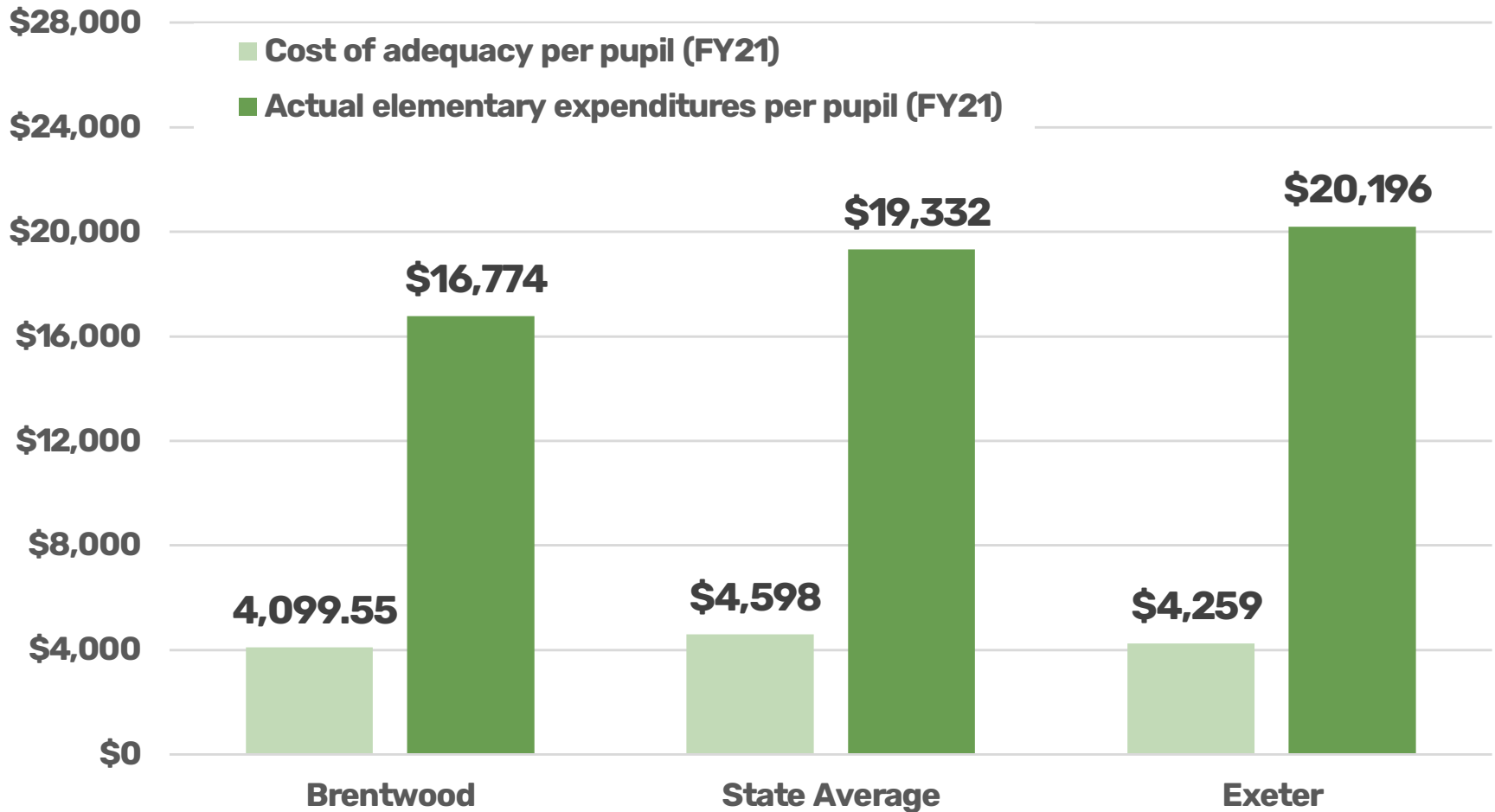
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Current State Adequacy Grants Fall Well Short of Costs Communities Face in Educating Children



What Does an “Adequate” K-12 Education Cost?

An Example

The State of New Hampshire said that, for Pittsfield’s 581 students, an adequate education should cost **\$2,690,333** or **\$4,630** per student in 2018-19.

The Pittsfield School District budget for 2018-19 was **\$10,302,402** or **\$17,732** per student.

So, let’s pare that budget down.....



So let's pare that budget down...

Eliminate 5 of the 16 teachers at the elementary school

Eliminate all art, music, and physical education classes in all grades

Eliminate all school nurses and any medical support

Eliminate all regular and special education transportation services
(parents to transport their children to and from school)

Eliminate one of the two office secretaries at the elementary school

Eliminate one of the two office secretaries at the middle/high school

Eliminate teachers for business ed, family & consumer science, and health

Eliminate one of four science teachers at the middle/high school, thus
eliminating some labs and electives

Eliminate all building and grounds maintenance and repairs

Eliminate student participation in Concord Regional Technical Center classes

Eliminate all foreign language courses

Eliminate both counselor/behavioral professionals and support staff

Eliminate four of eight custodians: building cleaning only twice per week



So let's pare that budget down...

Eliminate health insurance and other benefits in current teacher contract

Eliminate all field trips

Eliminate all athletic programs: soccer, basketball, softball, and baseball

Eliminate the district reading specialist

Eliminate 34½ paraprofessional positions, including special ed teacher aides

Eliminate purchase of equipment, supplies, books, subscriptions, technology

Eliminate ESOL program (English for speakers of other languages)

Eliminate all substitute teachers, thus requiring students to be dismissed

Eliminate three special education teachers

Eliminate provisions for teacher development courses, workshops

Eliminate mentor teachers who support new teachers

Eliminate all technology personnel, equipment, training, software, etc.

Eliminate consulting specialists such as vision specialists and psychologists

Eliminate travel reimbursement for training events, meetings, home visits, etc.



So let's pare that budget down...

Eliminate all co-curricular programs (clubs, activities, student council, etc.)

Eliminate the summer recreation program

Eliminate all guidance personnel

Eliminate substance abuse counselor

Eliminate speech/language, PT, OT, and vision services for special needs students

Eliminate stipend for teachers' summertime work on innovation and development

Eliminate stipends for teacher leaders

Eliminate all librarians and media center staff and close media centers

Eliminate school board stipends

Eliminate school board expenses, including lawyers and auditing services

Reduce time of superintendent to one day per week

Eliminate all photocopiers and their supplies

Eliminate maintenance of athletic field

Eliminate one school principal, leaving only one for both school buildings

Eliminate all office incidentals: postage, supplies, advertising, etc.



What Does an “Adequate” K-12 Education Cost?

An Example

With the above reductions...

- Most “core” K-12 classrooms are maintained
- Class size averages **29 students/teacher**
- Budget is now **\$5,289,610**

Now cut to the State’s “adequacy” level of **\$2,690,333**

- Nearly everything else has been eliminated, so now eliminate nearly half of the remaining teachers
- Class size averages **60 students/teacher**

How does anyone believe that this will provide an adequate education for Pittsfield’s 581 students?



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Comparing Starting Teacher Salaries

(RHNH 2022 Teacher Salaries Data)

School	BA Level 1 Teacher Salary
Exeter	\$47,936
Hanover	\$47,932
Portsmouth	\$47,867
Allenstown	\$35,614
Stratford	\$33,700
Pittsfield	\$32,794

School	MA Level 1 Teacher Salary
Portsmouth	\$55,301
Exeter	\$54,552
Hanover	\$53,204
Allenstown	\$41,245
Pittsfield	\$36,962
Stratford	\$35,200



SAU 16 Starting Teacher Salaries with BA

(RHNH 2022 Teacher Salaries Data)

School	BA Level 1 Teacher Salary
Exeter Regional	\$44,256
Brentwood	\$44,573
Newfields	\$45,261
East Kingston	\$46,081
Stratham	\$46,747
Kensington	\$47,847
Exeter	\$47,936



2020-21 School Tax Rate Variations: Plymouth Regional High School

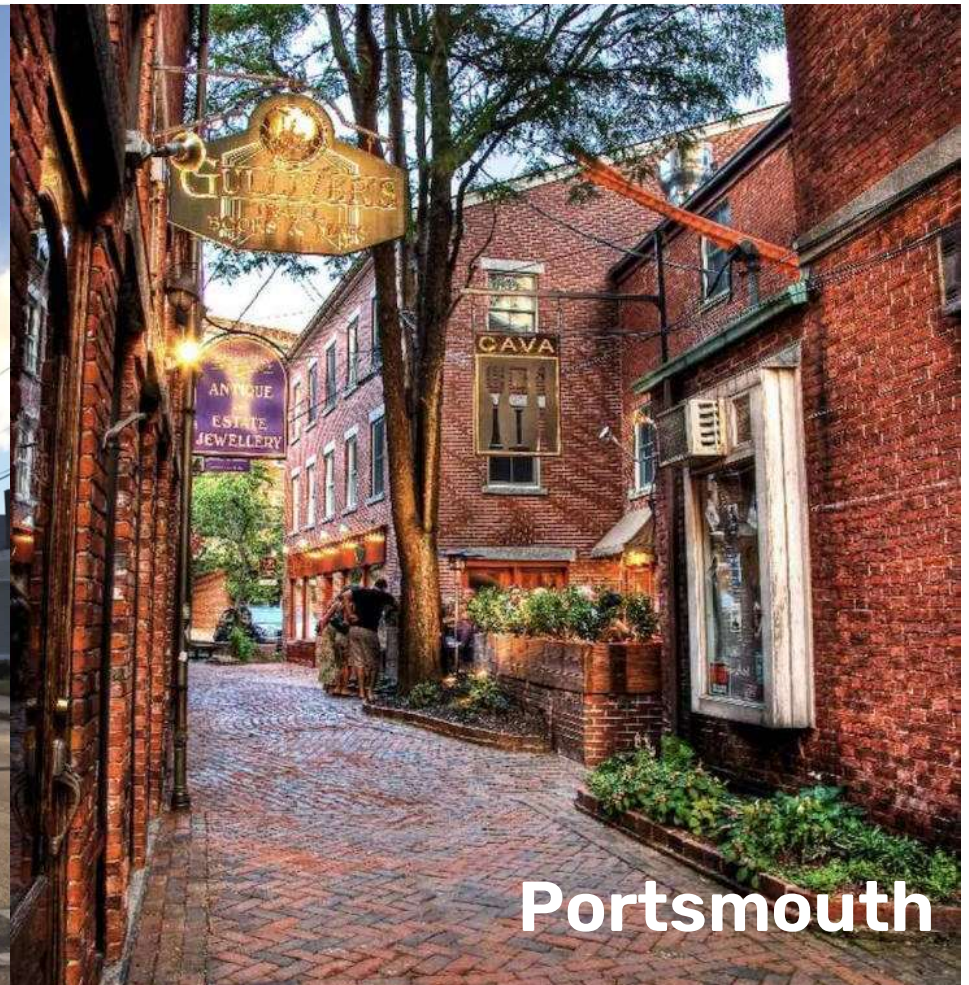
	Equalized Value Per Pupil	Combined Education Tax Rate	Tax on \$300,000 Home
Plymouth	\$942,652	\$13.69	\$4,107
Campton	\$1,122,326	\$15.25	\$4,575
Holderness	\$4,754,006	\$6.90	\$2,070
Waterville Valley	\$5,469,546	\$3.33	\$999



Current System Impedes Economic Development in Property-Poor Towns



Berlin



Portsmouth



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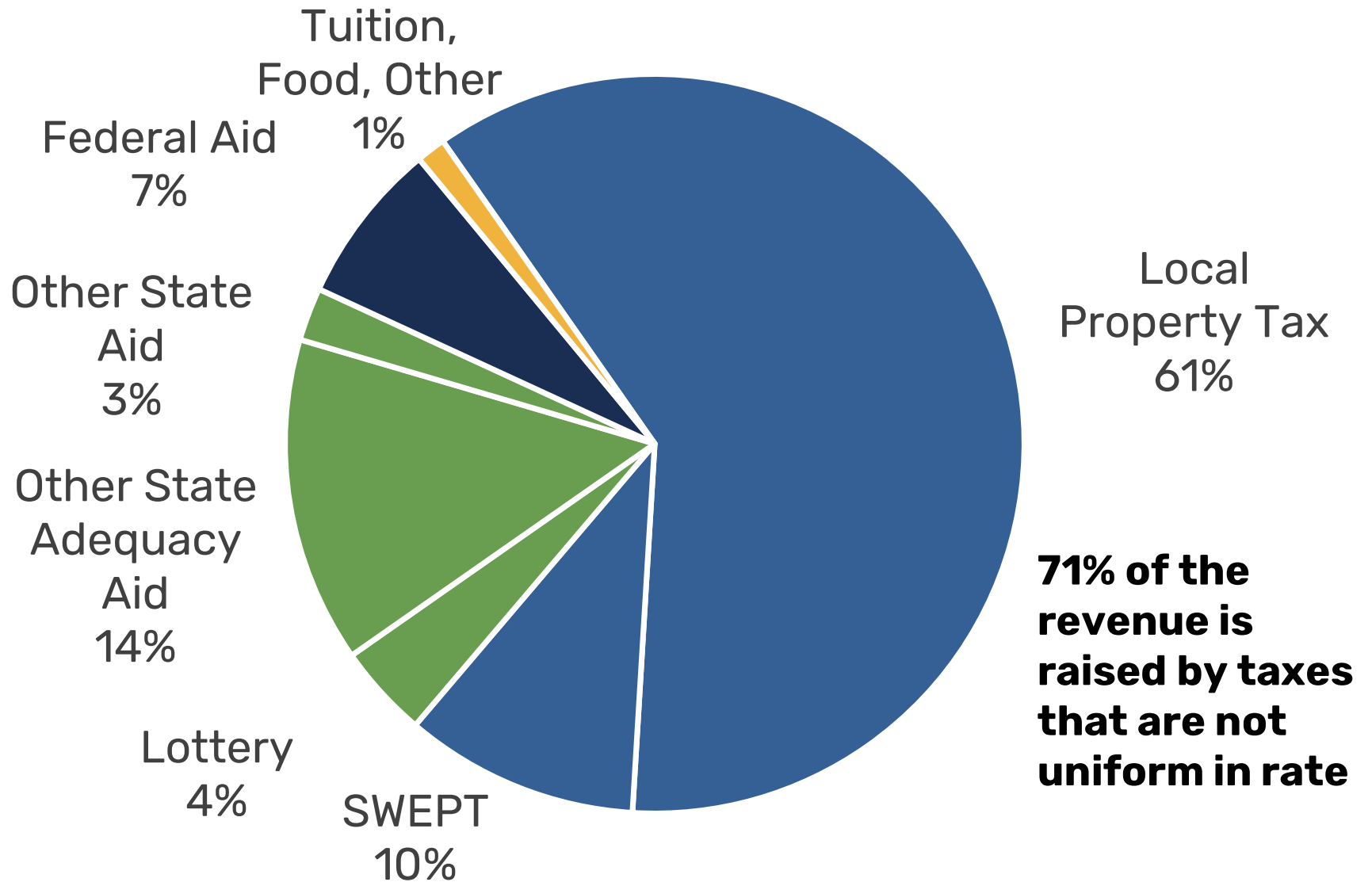
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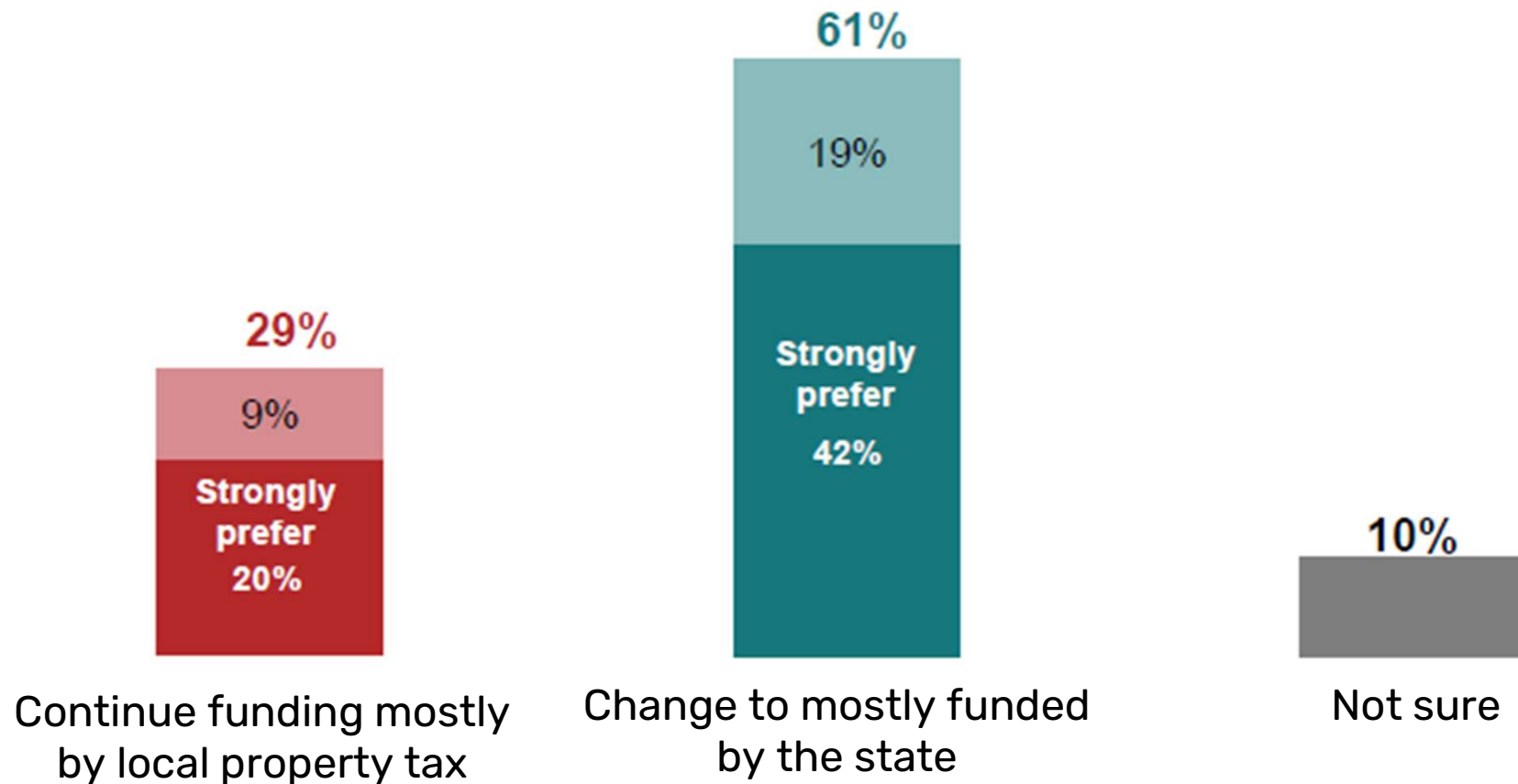
Consequences & Implications of New Hampshire's Current School Funding System

Current and Future Steps

The Problem Lies with the Blue Portion of the Pie



When presented with the gap in state and town funding compared with the state is providing, three in five respondents prefer the state contributing more.



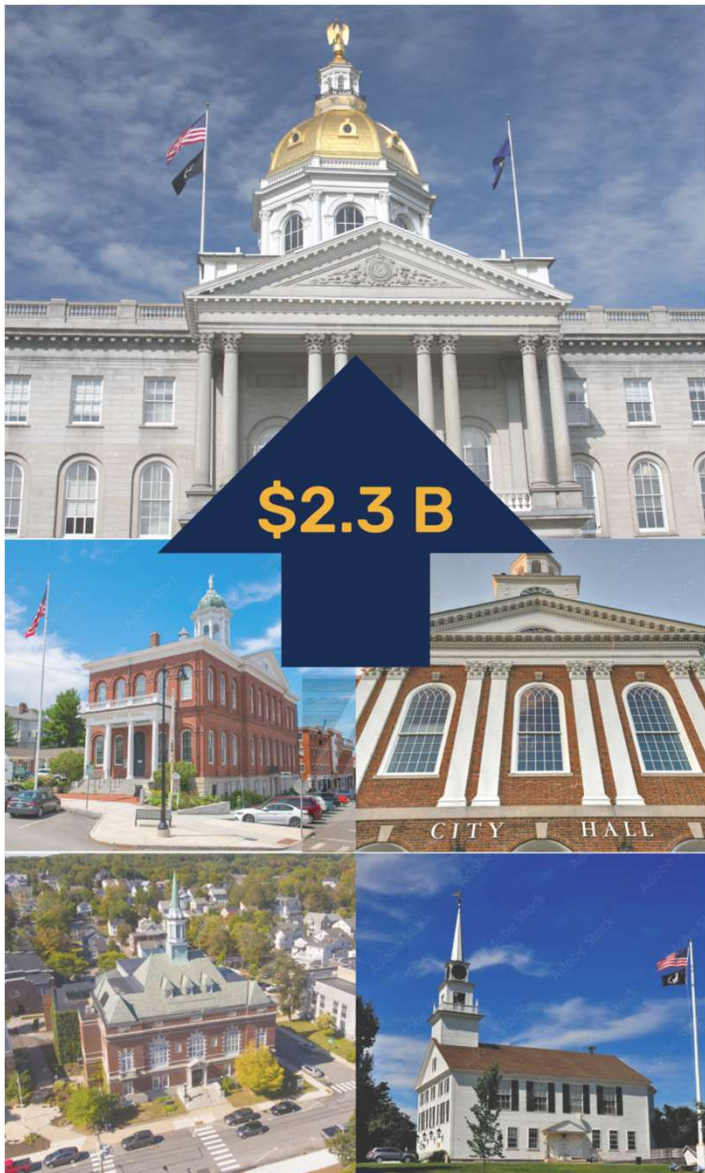
The Heart of the Problem

**The State of New Hampshire
has shifted
public school funding
onto local
property taxpayers.**



The Heart of the *Solution*

**Shift responsibility
for providing
an adequate education
back to where the
Constitution says
it belongs:
the State of
New Hampshire**



AIR Report: Clear Diagnosis of the Problem

“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.”

Equity and Adequacy of New Hampshire School Funding
American Institutes for Research, August 2020





Multiple Approaches Available for Generating Additional State Revenue

- **Restore prior levels / forms of taxation**
 - Return business tax rates to 2015 levels
 - Forestall elimination of the I&D tax
 - Reinstate estate/inheritance taxation
- **Extend current use of wealth taxation**
 - Institute a tax on capital gains
 - Establish a financial transactions tax
- **A true statewide property tax of \$10.24 per thousand**
- **Income tax**
- **Sales tax**

School Funding and Property Taxes

Summary

- Taxpayers and students are not treated equitably or fairly.
- The state is downshifting about \$2.3 billion dollars per year to communities.
- The problem is getting worse.
- The current system is unconstitutional.
- The solution lies with state level lawmakers.



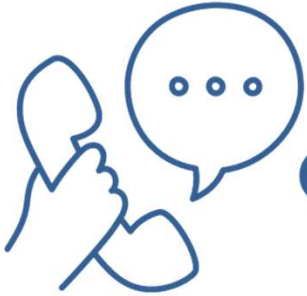
A Final Thought

**New Hampshire students'
educational opportunities
and property owners'
school tax rates
should not depend
on their zip codes.**



Help Take Action

Get answers from Candidates running for Office



Share your story



Write a Letter to the Editor



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Keep Learning





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603-496-5552

**THANK
YOU!**



A photograph of a classroom where several students have their hands raised, indicating they want to ask a question or answer. The focus is on the hands in the foreground, with the students' faces and the classroom background blurred. A dark blue rectangular box is overlaid on the left side of the image, containing the text 'QUESTIONS?'.

QUESTIONS?