

NH SCHOOL

**Funding Fairness
Project**

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

***Zack Sheehan, Executive Director
Jen Boylston, Board of Directors***



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. Hearing is currently underway!
- 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. Hearing is scheduled for October.



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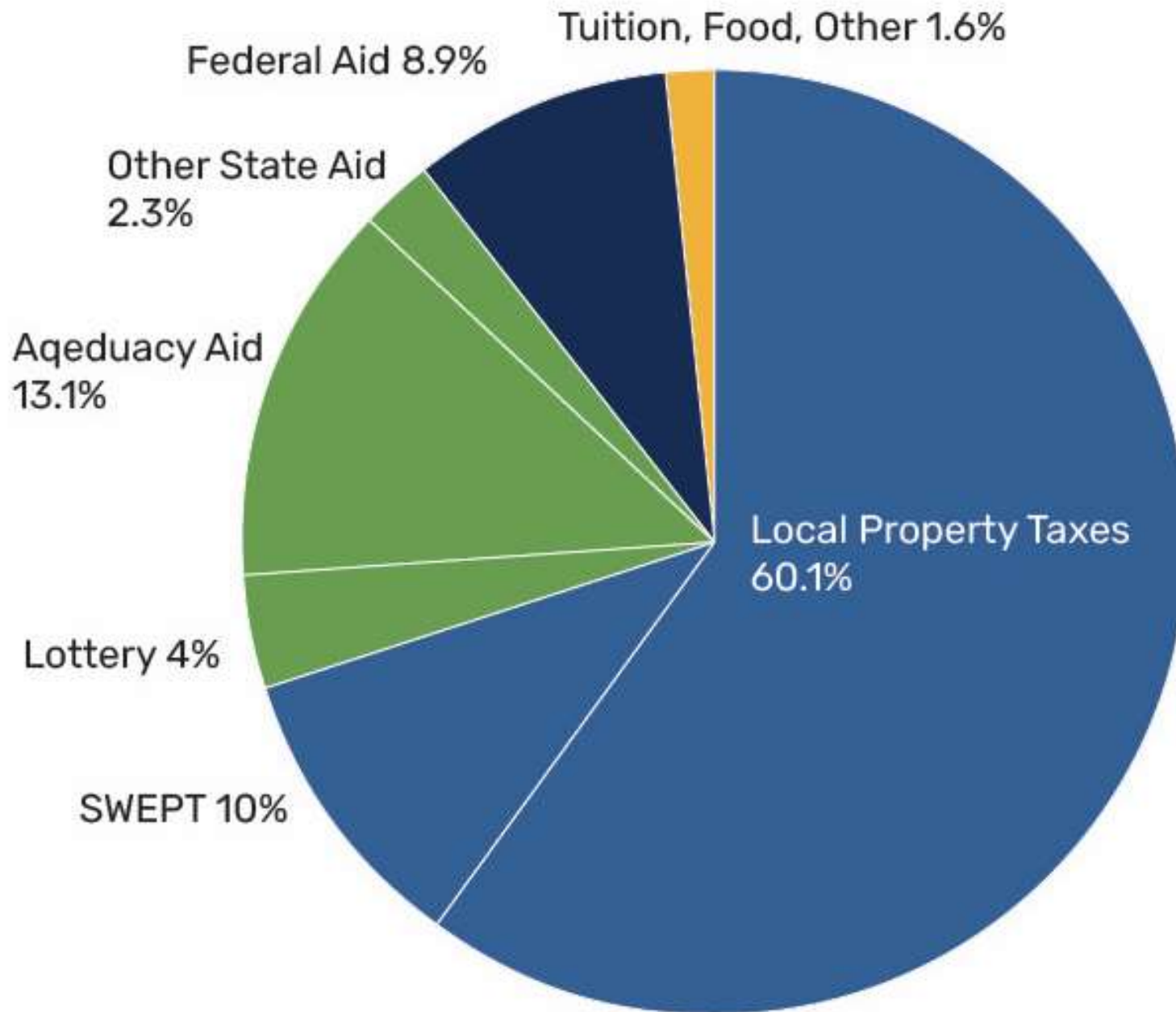
Enormous Gap Between State Aid & Actual School Costs

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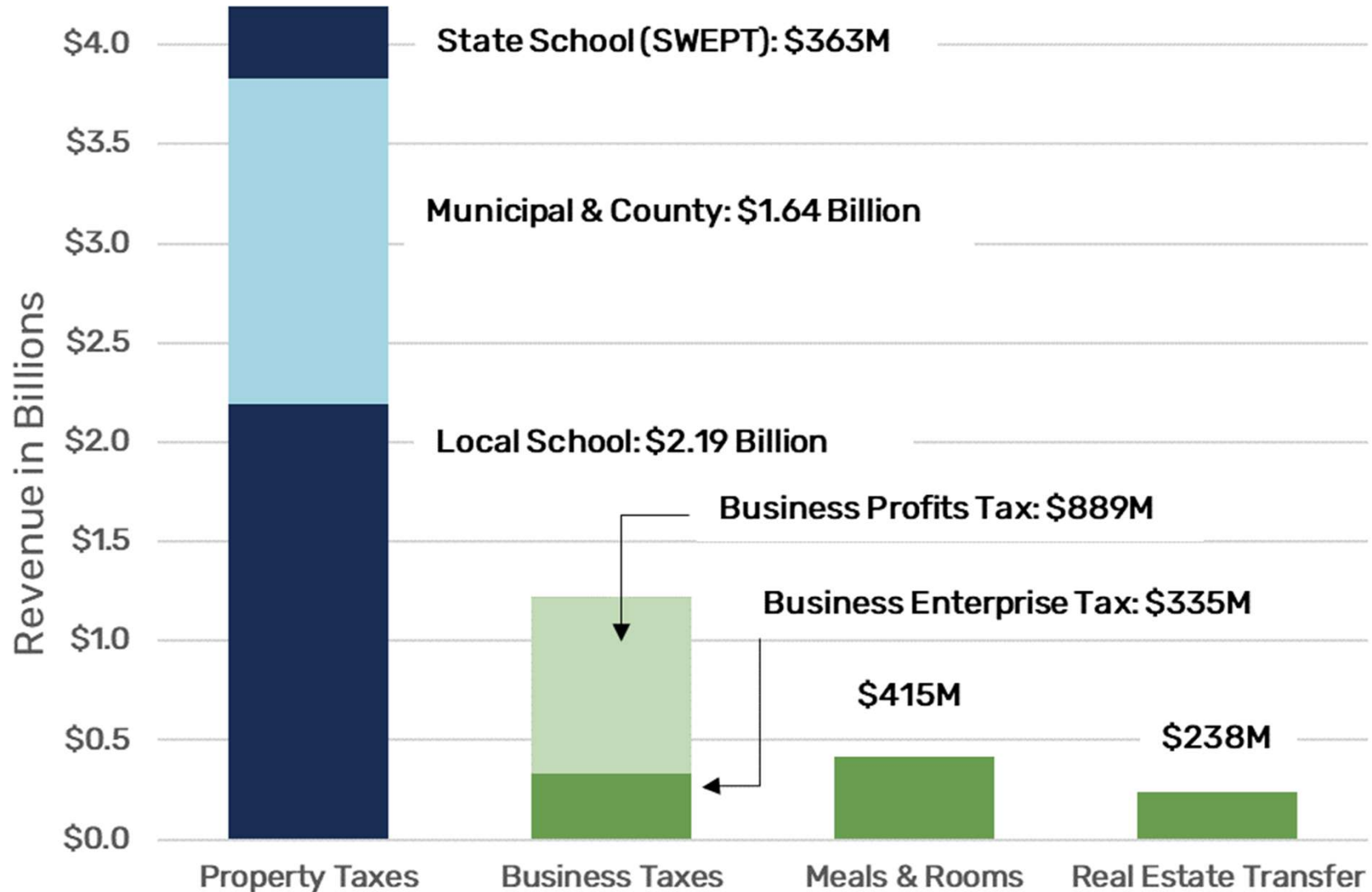
NH Relies Overwhelmingly on Local Property Taxes to Fund Public Education

2021-2022 Revenue of NH School Districts - \$3.64 billion



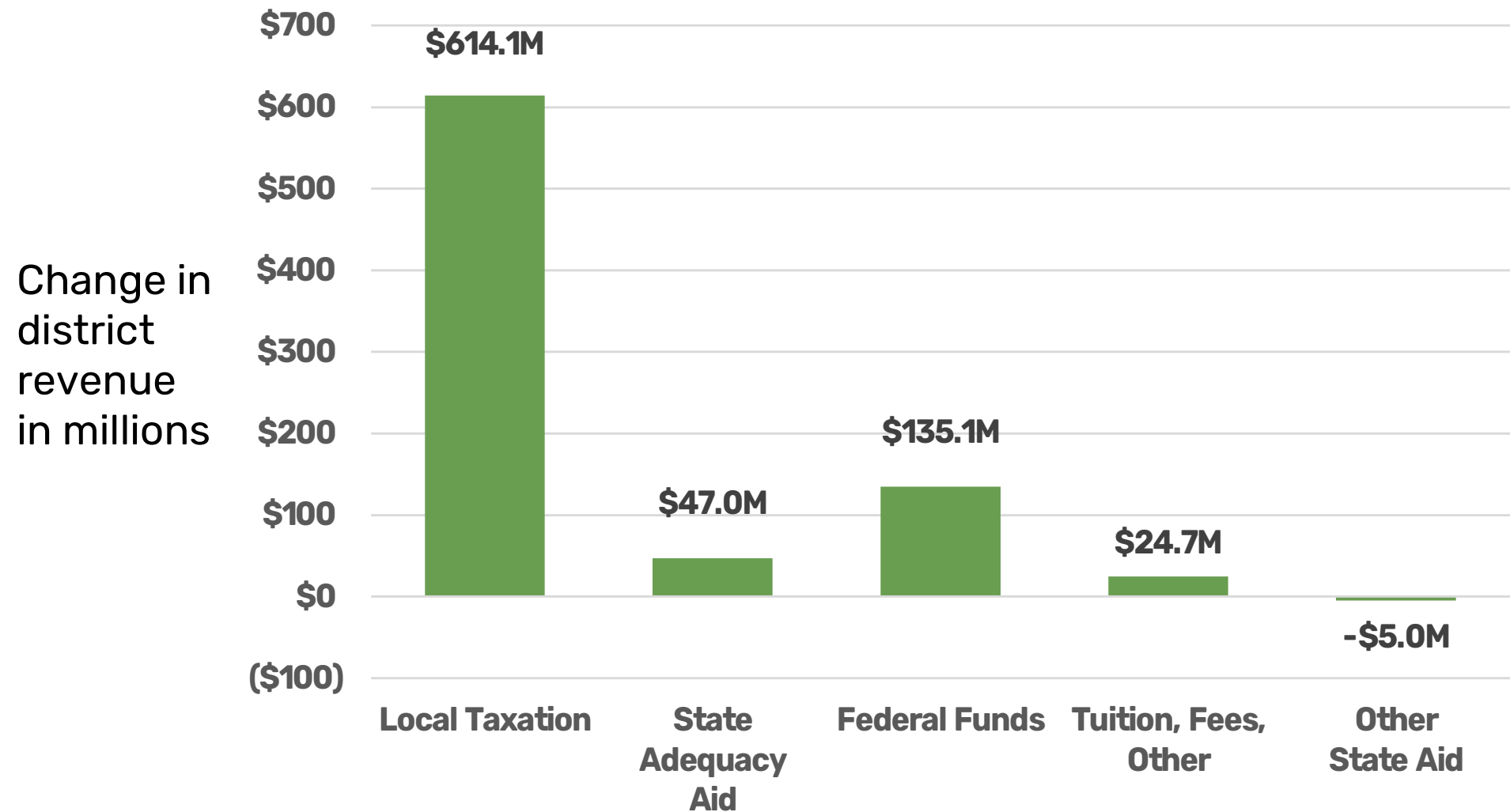
The Property Tax is the Largest Tax in NH

Tax revenue by source, 2022 (all figures in \$million)



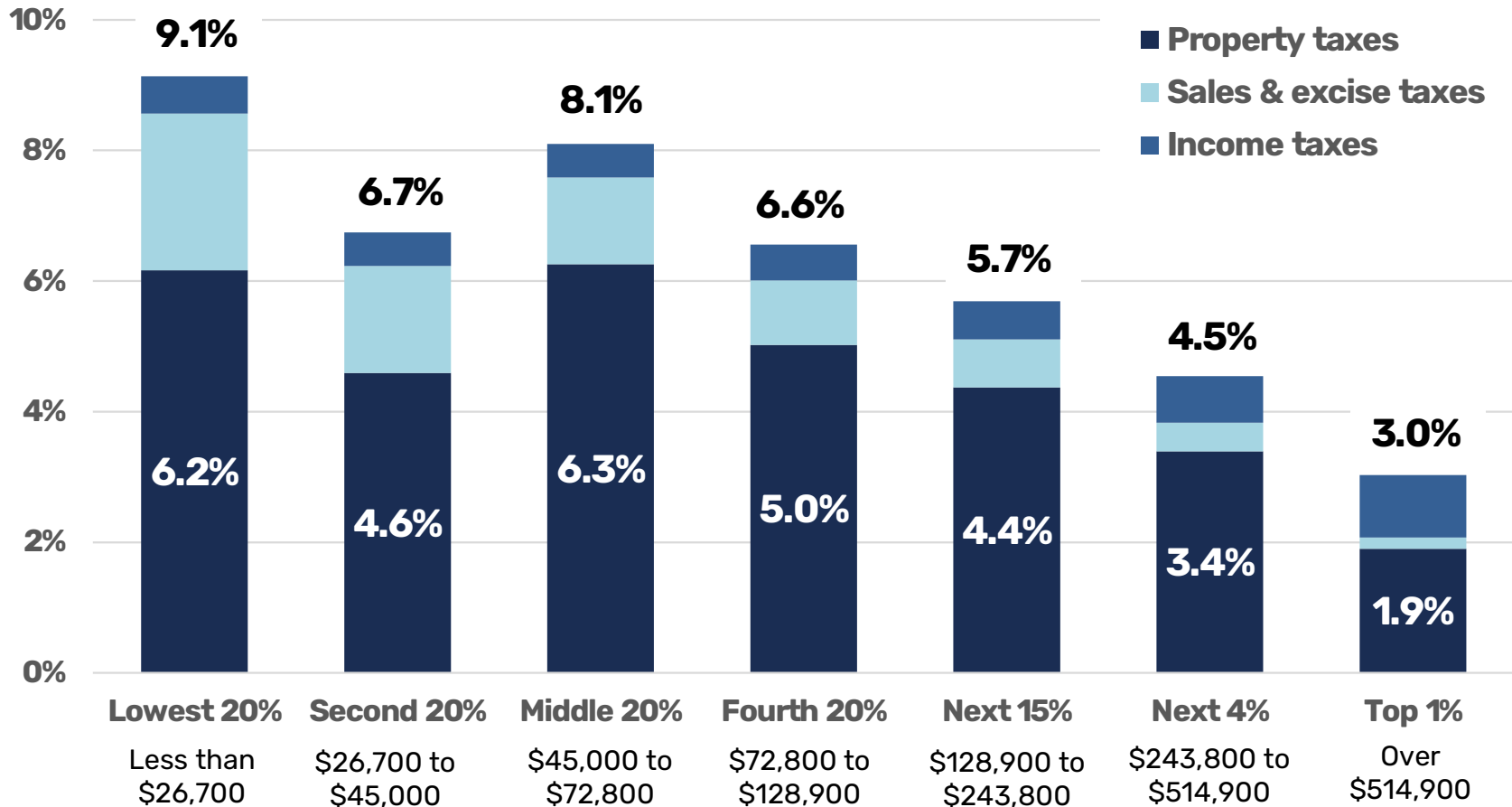
Reliance On Local Property Taxes Has Grown Over Time

Change in School District Revenue, 2012– 2022



Property Tax Reliance Adds to Regressivity of New Hampshire's Tax System

Taxes as a Share of Income, by Income Group, 2018



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, 2021-22

Town	Pupils	Equalized Value Per Pupil	Equalized School Tax Rate	Amount Raised Per Pupil
New Hampshire	165,039	\$1,599,979	9.74	\$15,584
Portsmouth	2,120	\$3,852,473	5.58	\$21,497
Milford	2,093	\$1,051,210	14.16	\$14,885
Bow	1,469	\$1,088,414	12.72	\$13,845
Claremont	1,627	\$1,139,543	13.81	\$15,737
Newport	752	\$857,358	12.35	\$10,588
Brentwood	679	\$1,335,846	13.81	\$18,448
New London	346	\$4,927,438	8.92	\$43,953
Bristol	364	\$2,168,059	7.3	\$15,827

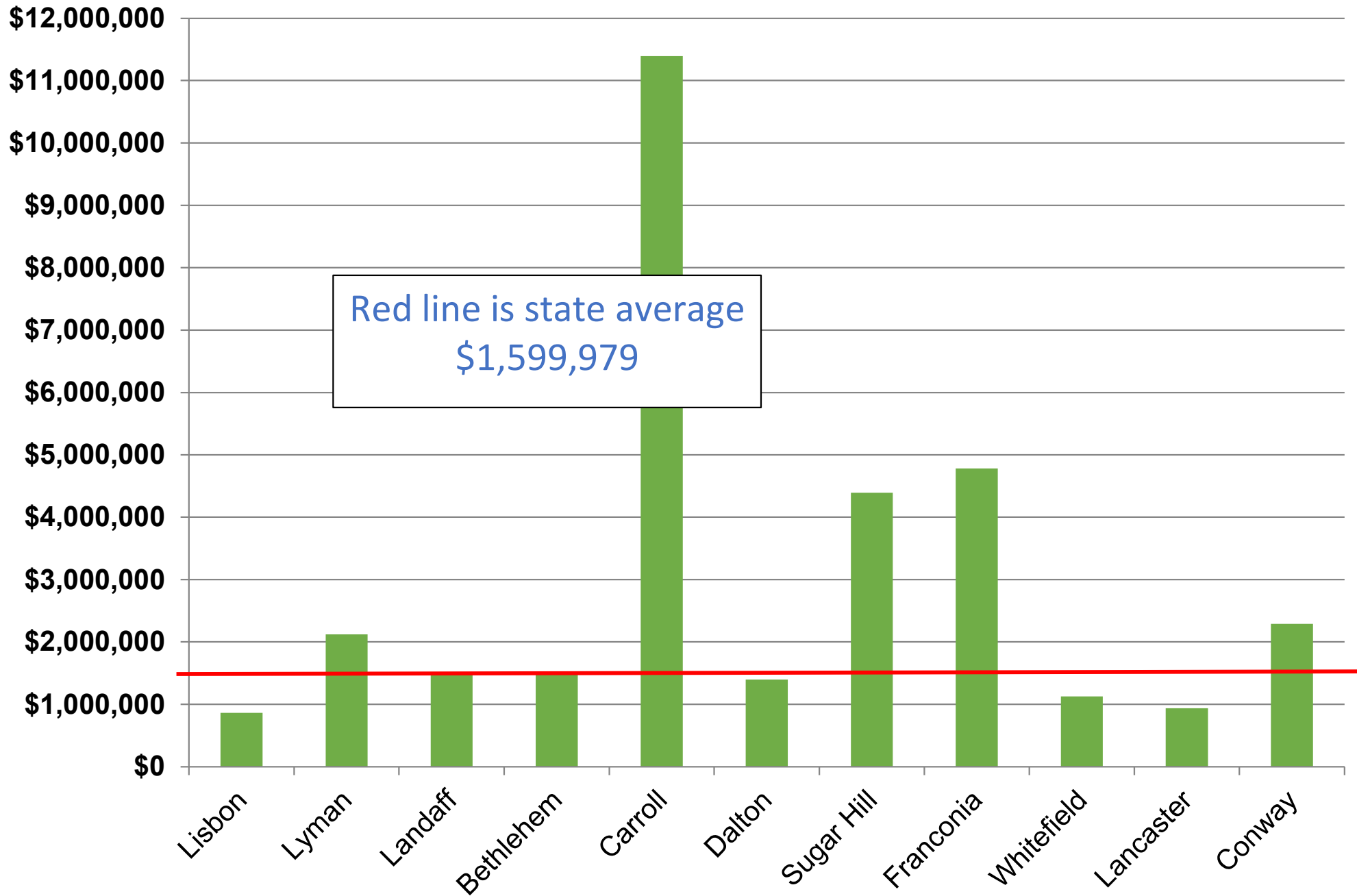
Role of Property Taxes & Resulting Inequities in this Region

Equalized Valuation and Tax Rates for Select NH Schools, 2021-22

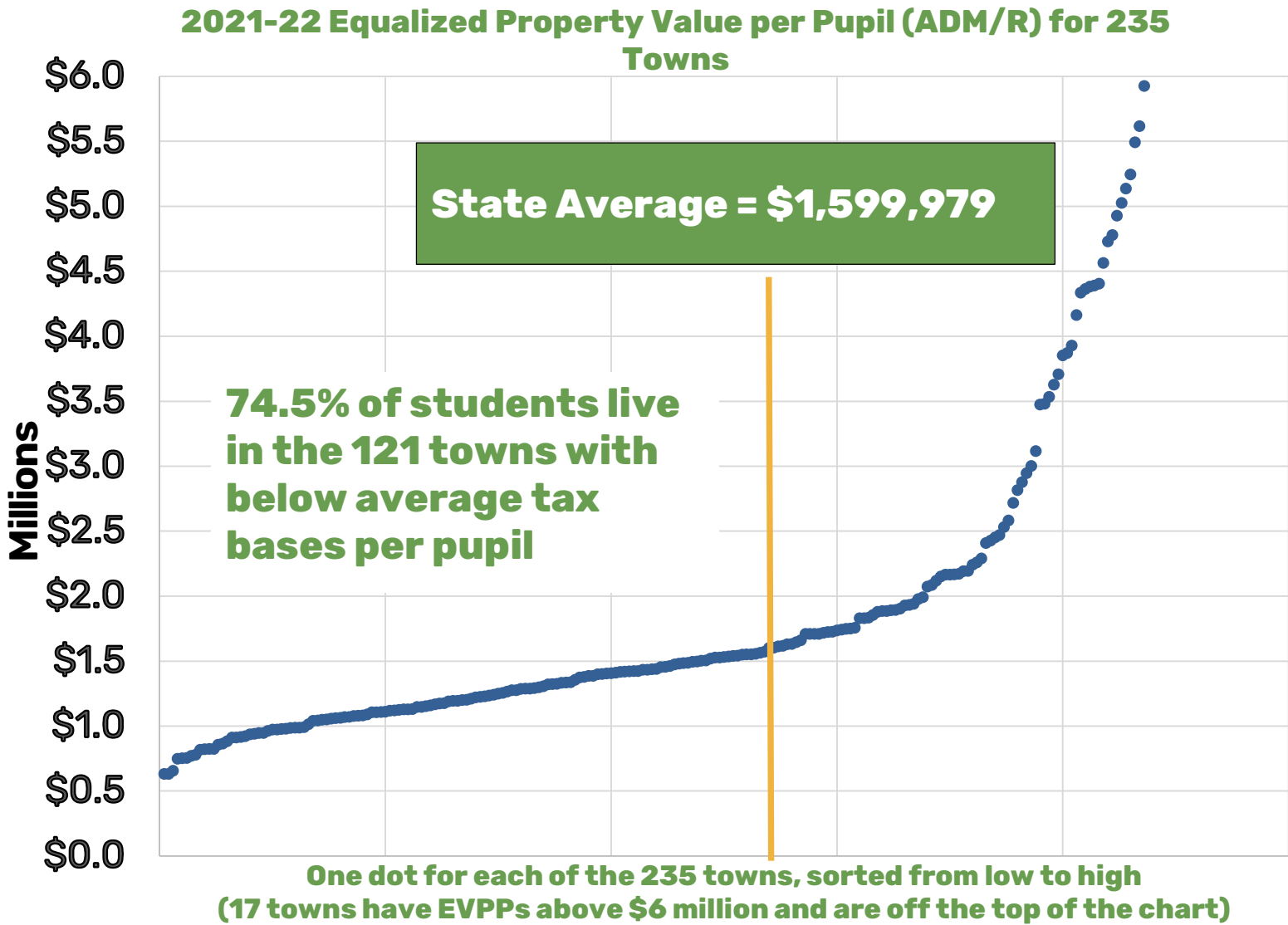
Town	Pupils	Equalized Value Per Pupil	Equalized School Tax Rate	Amount Raised Per Pupil
Lisbon	217	\$865,025	12.41	\$10,735
Lancaster	413	\$937,825	8.13	\$7,625
Dalton	98	\$1,397,254	9.23	\$12,897
New Hampshire	165,039	\$1,599,979	9.74	\$15,584
Jefferson	108	\$1,613,948	10.39	\$16,769
Lyman	46	\$2,119,672	9.28	\$19,671
Sugar Hill	62	\$4,390,094	6.64	\$29,150
Carroll	56	\$11,392,720	4.94	\$56,280



Equalized Property Value per Pupil 2021-22



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



Which Home Has the Larger Property Tax Bill?



“8 room 2 & 3/4 Bath Country Charmer...featuring impressive hardwood floors and ceramic tile throughout. There's plenty of lawn area for your children...or to garden, plant your favorite flowers, or just to relax and breath in the fresh air while sipping your morning coffee or enjoying an evening BBQ on the deck. ”



“1830's cape keeps the charm of yesteryear with its beamed ceilings and efficient wood pass-through, yet carries enough modern charm with its spacious/open rooms downstairs and cathedral ceiling with skylights, to call it a comfortable home...enjoy mountain views, plenty of nature, and be near the ATV trails”



Which Home Has the Larger Property Tax Bill?



Randolph

2021 market price: \$379,000
2020 assessed value: \$289,700

2020 school property tax **\$1,509**



Lancaster

2021 market price: \$178,000
2020 assessed value: \$143,800

2020 school property tax: **\$1,485**



Which Home Has the Larger Property Tax Bill?



“...stunning Cape...updated kitchen with granite counters and a spacious pantry. Five more rooms, with maple floors, plus a full bath on the first floor...Upstairs find 2 mirror image bedrooms plus a third smaller room...Outside find a private patio, lovely landscaping, and a seasonal view of the Connecticut River.”



“...renovated with new kitchen counter tops, new flooring, freshly painted throughout...Easy maintenance vinyl siding, metal roof and replacement vinyl windows...wood floors in the living room and bedrooms...semi open floor plan with kitchen, dining and living room flowing comfortably and all bedrooms upstairs...generous yard is awaiting a gardener or a swing set. ”



Which Home Has the Larger Property Tax Bill?



Monroe

2021 market price: \$380,000
2020 assessed value: \$204,800

2020 school property tax: **\$1,751**



Littleton

2021 market price: \$205,000
2020 assessed value: \$121,700

2020 school property tax: **\$1,746**



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Current and Future Steps

How Adequacy Aid is Calculated

Every student receives **\$3,786.66** in “Base Adequacy”

+ \$1,893.32 for each student eligible for free or reduced-priced lunch

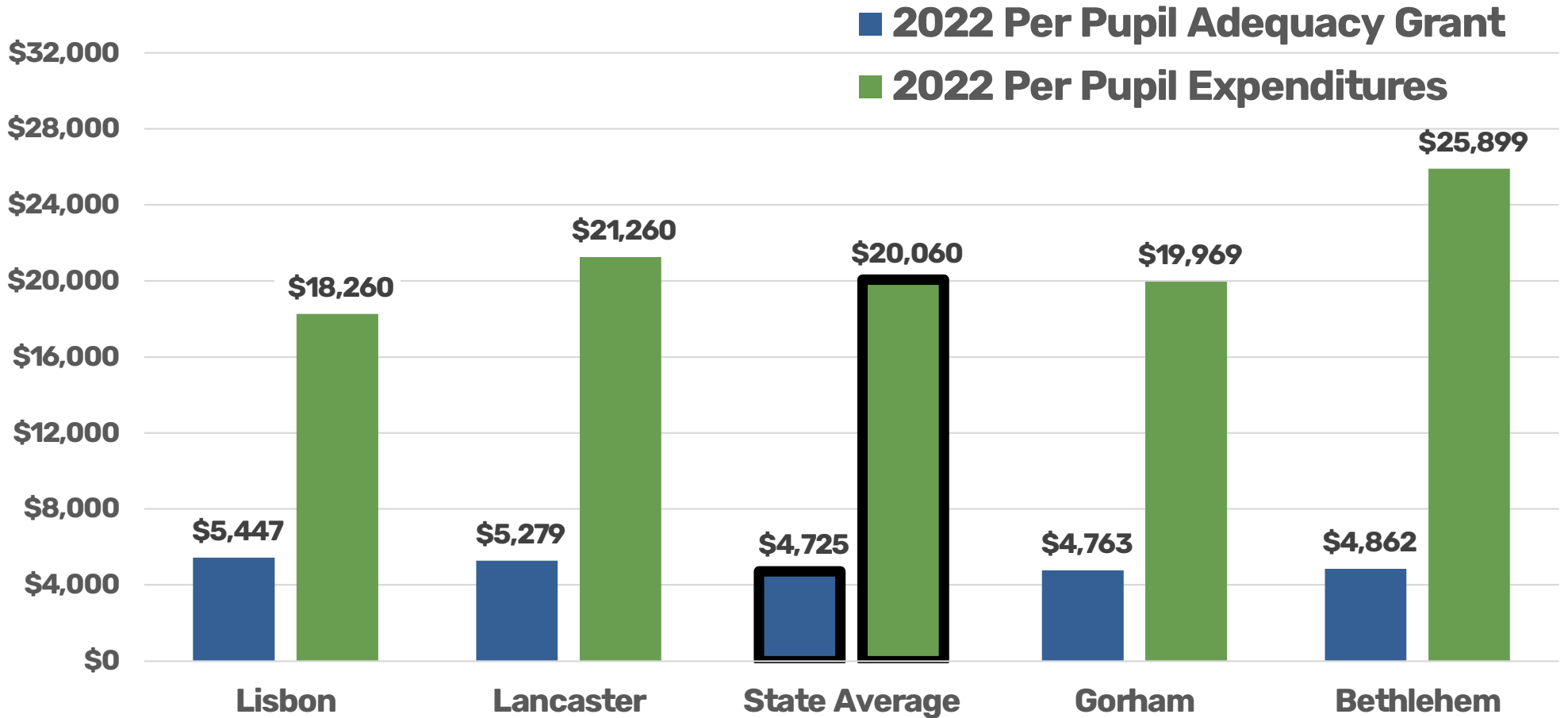
+ \$740.87 for each student who is an English Language Learner

+ \$2,037.11 for each student receiving special education services

+ \$740.87 for each 3rd grader who is below proficient in reading
(who is not already in another category)

= \$4,842 per student on average

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 Allenstown’s 511 students, an adequate education should cost **\$2,418,121** or **\$4,980** per student in 2022-23.

The Allenstown School District budget for 2022-23 was **\$12,243,949** or **\$24,197** per student.

So, let’s pare that budget down.....



So let's pare that budget down...

- Eliminate all busing (including special education busing)
- Eliminate all English Language Learner support
- Eliminate all special education contracted services
- Eliminate all special education appraisal services
- Eliminate all special education out-of-district placements
- Eliminate all supplies, copier machines, liability insurance, plumbing and heating repairs
- Eliminate all educational materials (including new textbooks)
- Eliminate all art, music, and PE equipment
- Eliminate all Chromebook technology and software contracts
- Eliminate all co-curricular clubs, sports, field trips, and student assemblies
- Eliminate two secretaries
- Eliminate three of 4 custodians



So let's pare that budget down...

Eliminate all school board stipends and fees

Eliminate all payments on the school building bond *(resulting in default)*

Eliminate all summer programs

Eliminate all food services

Eliminate the art teacher

Eliminate the music teacher

Eliminate the physical education teacher

Eliminate the behavior teacher

Eliminate all substitute salaries

Eliminate one of the 2 nurses

Eliminate both guidance counselors

Eliminate both street crossing guards

Eliminate technology support personnel

Eliminate the assistant principal



So let's pare that budget down...

Eliminate two of 17 special education paraprofessionals (and reduced special education coordinator to half-time)

Eliminate special education speech/language pathologist

Eliminate one of 7 special education teachers

Eliminate the reading specialist

Eliminate the special education secretary

Eliminate the library media specialist

Eliminate the speech language pathologist

Eliminate reduced library aid to half-time

Eliminate grounds maintenance (including plowing)

Eliminate SAU 53 costs (including the superintendent and staff) and fees for audits and attorneys



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

An Example

Cut all tuition payments for 147 High School students

- Allentown budgeted \$2.2M for tuition to Pembroke Academy
- There is no way to control this line item, so it had to be cut

Budget at this point is still far above the State’s “adequacy” level

Now cut to the State’s “adequacy” level of \$2,418,121

- Nearly everything else has been eliminated, so now eliminate nearly half of the remaining teachers
- Grades K-4 would have **29 students/teacher**
- Grades 5-8 would have **38 students/teacher**
- An “adequate education” would **end in the 8th grade...**

How does anyone believe that this will provide an adequate education for Allentown’s 511 students?

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Comparing Starting Teacher Salaries

School	BA Level 1 Teacher Salary	School	MA Level 1 Teacher Salary
White Mountains	\$35,500	White Mountains	\$38,000
Rumney	\$38,318	Rumney	\$41,318
G-R-S Cooperative	\$38,400	G-R-S Cooperative	\$40,400
Moultonborough	\$38,716	Moultonborough	\$40,932
Berlin	\$39,681	Berlin	\$46,178
Pemi-Baker Regional	\$42,000	Pemi-Baker Regional	\$45,000
Portsmouth	\$47,867	Portsmouth	\$55,301

Reaching Higher NH: Strategies for Recruiting and Retaining High-Quality Teachers. Teacher Compensation in New Hampshire, 2021-2022



2021-22 School Tax Rate Variations: White Mountains Regional School District

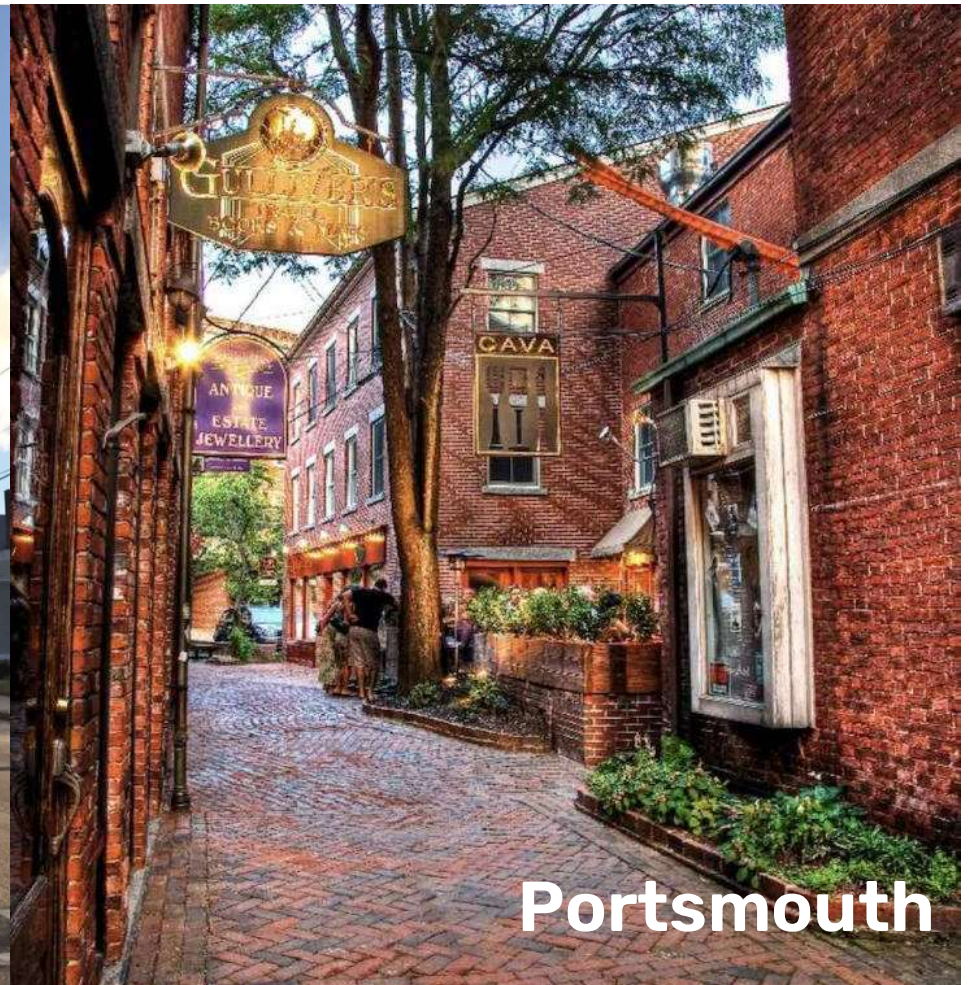
	Equalized Value Per Pupil	Combined Education Tax Rate	Tax on \$300,000 Home
Lancaster	\$937,825	\$12.41	\$3,723
Carroll	\$11,392,720	\$4.94	\$1,482
Dalton	\$1,397,254	\$9.23	\$2,769
Jefferson	\$1,613,948	\$10.39	\$3,117



Current System Impedes Economic Development in Property-Poor Towns



Berlin



Portsmouth



Student Metrics at Lisbon Regional High School Compared to NH Average

	Lisbon Regional High School	NH State Average
Post Secondary Enrollment rate	28.6%	52%
NHIAA Sports	7	19
Credits Required to Graduate	27.25	24.8
AP Test Takers (% of enrollment)	0.6%	10.8%
2018-2021 SAT Score	995	1024
Graduation Rate	88%	88%

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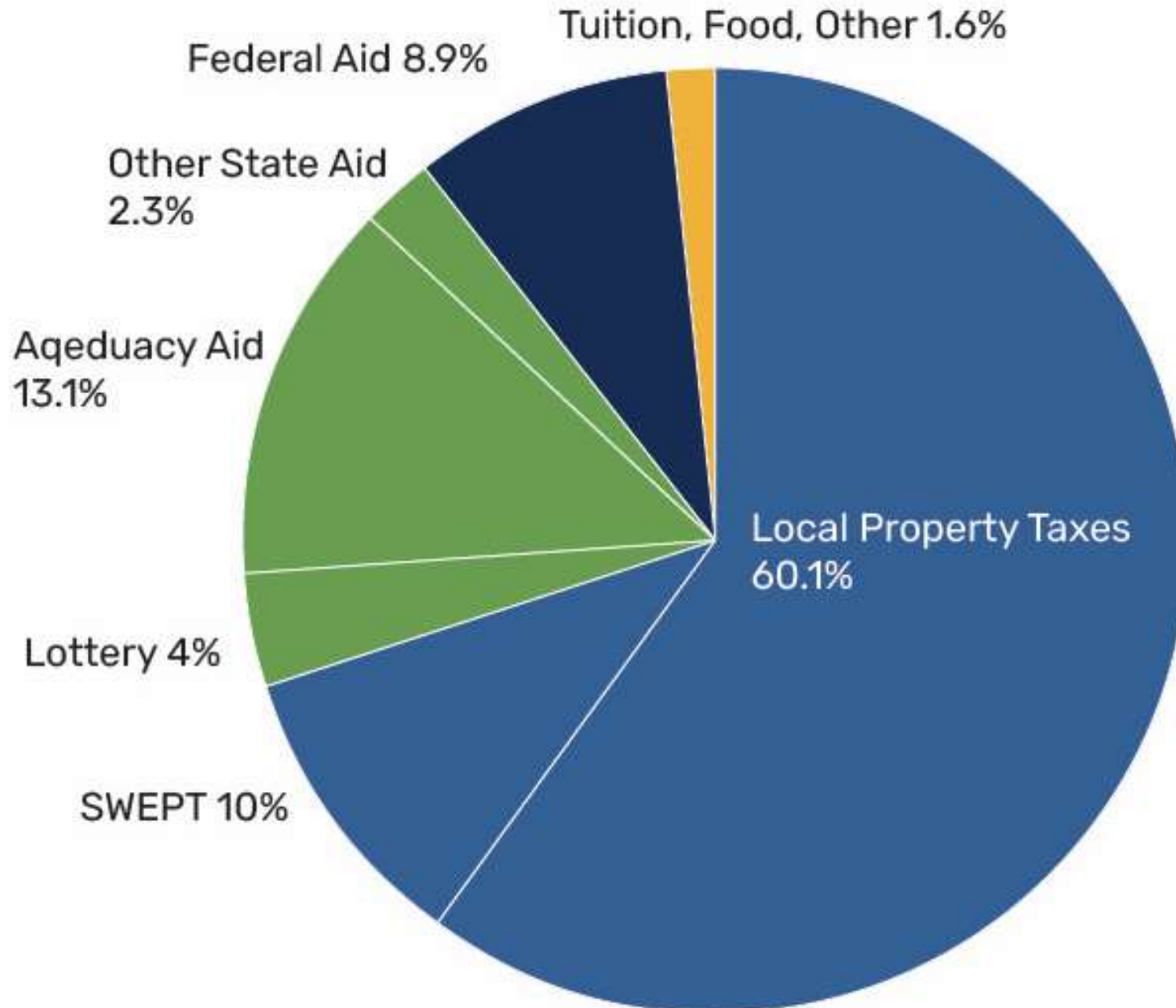
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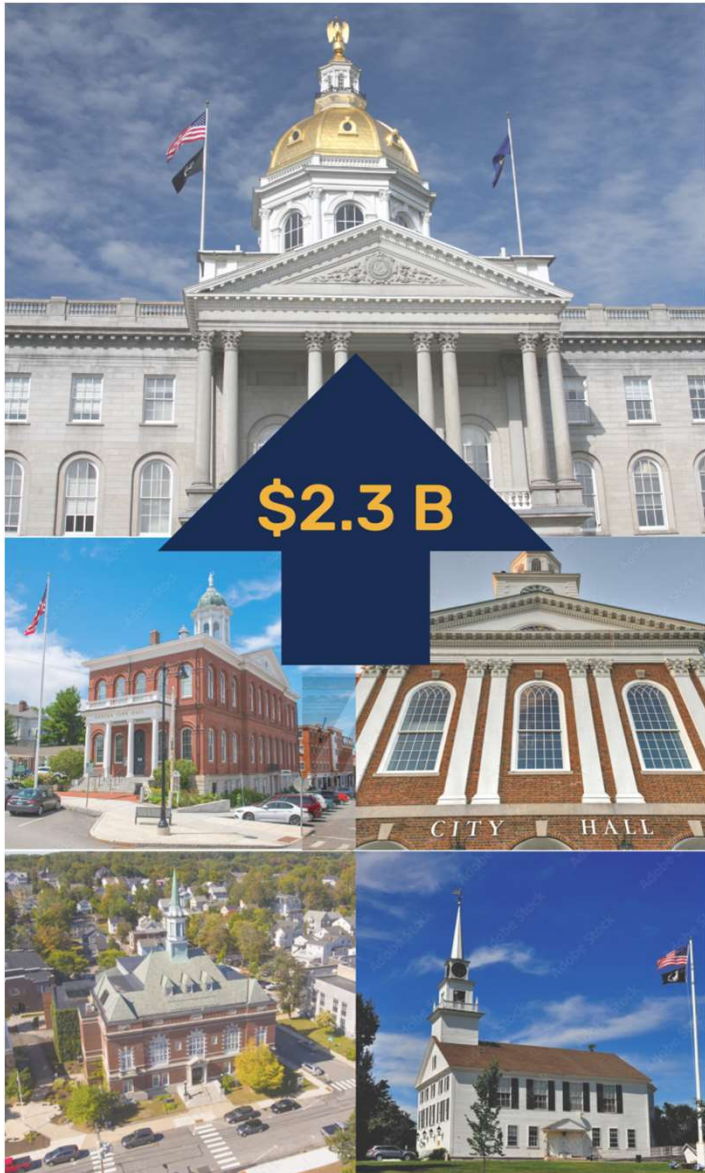
The Problem Lies with the Blue Portion of the Pie



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



State Budget Currently in NH Legislature

- **Governor proposed budget on February 14th**
 - Slight increase to Base Adequacy and per-student funding for students in Free and Reduced Lunch Program
 - Eliminate Stabilization Grants, resulting in public schools losing ~\$1.3 billion in need-based funding over 10 years. This would impact high-need districts like Berlin and Claremont the most
 - 200% increase in voucher funding (up to ~\$30 million/year)
- **Full House Voted on State Budget Proposal on April 6th**
 - Slight increase in need-based funding compared to Gov's proposal, with increased funding starting in FY 24 and 25
 - Decrease funding to Education Trust Fund by ~\$450 million over the biennium
 - Decrease building aid funding in ETF by ~\$174 million
- **Currently in the Senate, public hearing was on May 2nd**





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 about \$10 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.



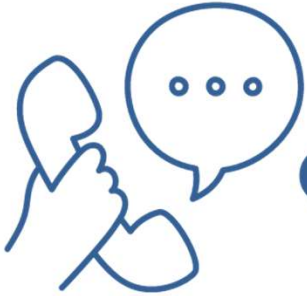
A Final Thought

**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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Share on social media



Keep Learning





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**THANK
YOU!**

