



Testimony of Zack Sheehan,
Executive Director, NH School Funding Fairness Project,
On amendment 1005h to HB 1583 before House Finance Committee March 26, 2024

Chairman Weyler, Members of the Committee, thank you for the opportunity to offer testimony on amendment 1005h to HB 1583. For the record, my name is Zack Sheehan and I am the Executive 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 the law to make that system fairer for students and taxpayers alike.

New Hampshire's school funding system continues to make worse the deep and enduring inequities in educational opportunity for our students and enormous differences in the property taxes we pay as residents and business owners to support our public schools.

The gap between what the State has determined to be the cost of an adequate education – **about \$5,148 per student, on average** – and actual per pupil expenditures – **\$20,323 per student, on average**, for the 2022-23 school year – highlight these inequities. This lack of funding creates huge disparities in equalized school property tax rates, ranging from \$1.21 in Millsfield to \$15.79 in Hinsdale per \$1,000 of value.

These two injustices exist because 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, the State continues to downshift that responsibility onto local property tax payers, forcing them to bear **over \$2 billion** in costs each year. That is \$2 billion that is currently being raised by local property taxes to support our public schools. About 70% of all school district revenue comes from local property taxes.

This amendment was proposed with the stated purpose to address the lack of funding from the State, the unconstitutional and disproportionate taxes used to fund our public education, and the recent rulings in both the ConVal and Rand lawsuits.

HB 1583 as it currently stands, passed the House in February with broad bipartisan support, would not solve our school funding inequities but it would be a step in the right direction during a non-budget year.

Amendment 1005h has four major components.

The first increases the base adequacy payments from \$4,100 to \$7,356.01 (the Superior court's suggested bare minimum in the ConVal ruling). NHSFFP supports this increase, but wants to remind the committee that the Court said *"the base adequacy cost can be no less than \$7356.01 per pupil per year and the true cost is likely much higher than that."*

The second change increases the amount of money raised by the Statewide Education Property Tax (SWEPT) to about \$773 million. NHSFFP is not opposed to using the SWEPT to raise additional funding for schools.

Amendment 1005h also would require all excess SWEPT to be remitted to DRA and deposited in the Education Trust Fund. The ruling in the Rand case in November very clearly stated that keeping excess SWEPT for local use is unconstitutional. No longer allowing this to happen would help bring SWEPT into compliance with the constitution. However, as you have heard today, there are concerns from some communities about the impact this would have on their local budgets. We urge the committee to consider the benefits to districts around the state contained in HB 1583 as passed by the House compared to resistance to some of the changes proposed in this amendment.

Lastly, amendment 1005h would force a cap on local school district budget increases from year to year by a combination of CPI and enrollment change measures. **This provision undermines the entire intent of both the ConVal and Rand lawsuits.** The reason we need school funding reform is because there are districts that are currently struggling significantly. If they were to receive desperately needed additional funding, but not be allowed to make the local decision on how to spend it on their schools, then they would be frozen in time with the significant disparities we all know exist locked in place.

For example, under amendment 1005h, let's look at Franklin, Manchester, and Rochester. Their final state grants (including SWEPT) would increase about \$2.4 million, \$46 million, and \$13 million respectively. Sounds pretty good right? Unfortunately, none of these communities would be able to use this additional funding entirely for their schools, even if that is what they wanted to do locally.

Franklin 2023 budget - \$20.86 million (approximately 13.10% increase from 2022)

Manchester 2023 budget - \$234.02 million (approximately 12.86% increase from 2022)

Rochester 2023 budget - \$73.09 million (approximately 4.77% increase from 2022)

Manchester is a part of the ConVal lawsuit. I'm not a lawyer, but it seems like increasing the adequacy funding for Manchester, but then restricting their ability to spend that money on their schools, would not satisfy the case brought by the plaintiffs. They are explicitly arguing that the State does not provide enough funding for **schools**, so restricting their ability to spend additional state aid on schools does not make sense.

Our children have a constitutional right to an adequate education.

The continued lack of funding from the state is detrimental to our students, our taxpayers, and our communities across the state. Taxpayers deserve to be treated fairly by our government, not subjected to widely different rates. Public education is the bedrock of our society, and every child deserves access to an excellent education regardless of their zip code.

Just six weeks ago, the Rockingham Superior Court ruled that the amount of public school funding from the State does not meet constitutional muster. Not even close. The Court ruled in

the ConVal case that *“the base adequacy cost can be no less than \$7356.01 per pupil per year and the true cost is likely much higher than that.”*

The ruling in ConVal did not call for an increase in school funding, but a shift in where that money comes from. If base adequacy were increased to this figure, local property taxes could be decreased in most communities across the state. The base adequacy number proposed in HB 1583 could decrease the overall share of public school funding paid for by local property taxes from 70% to about 45%.

Preemptively addressing the responses from legislators who do not want to address this issue, the Court stated that it *“is likewise cognizant that school funding is a complicated and politically-charged issue, with a history that suggests some level of judicial intervention is now necessary. Among other things, though the legislature hired [an expert witness] to analyze school funding issues and provide an informed recommendation, base adequacy aid is currently funded at less than half of his recommended level. This is just one example that calls into question whether the politics of this issue are impeding the State’s constitutional obligation to fully fund the opportunity for children in this state to receive an adequate education. That ends today.”*

HB 1583 is one way to address the complaints from the ConVal lawsuit specifically by increasing base adequacy. To be clear, this does not solve the problem. There would still be significant differences between school districts. But it could be a step in the right direction.

It’s also important to note that the other ongoing education funding lawsuit, the Rand case, is actively arguing that adequacy should be closer to the average per pupil expenditures which is about \$20,000 per student.

This is not a new issue. There is not a lack of data or evidence to show that such an inequitable funding scheme harms our students, our taxpayers, and our communities. If any of you need any such data, we would be happy to help supply it.

What is missing is not a lack of data, it is a lack of will to look this issue in the face and address it head on. Yes, that means talking about significant sums of money and examining revenues. Our children have a constitutional right to an adequate education. You have before you the legislative vehicles to work on addressing these issues.

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In addition to my testimony, I am submitting written testimony from over 120 people around the state who could not be here in person.