

NH SCHOOL

Funding Fairness Project

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

Zack Sheehan, Executive Director

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.



Public High School A

- **45%** of 3rd graders are proficient or above in math and **37%** reading
- **94%** of students graduate
- **65%** of AP test takers score a 3 or above
- Teachers make an average of **\$54,450**
- Median household income is **\$63,094**
- Education property taxes are **\$6.15** per \$1,000 of value, resulting in a **\$2,152** on a \$350,000 home

Public High School B

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Kennet/Conway (A) compared to Berlin (B)

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- 1 hour drive

2020 Commission to Study School Funding

“The state’s current system is inequitable from both student and taxpayer perspectives... 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.”

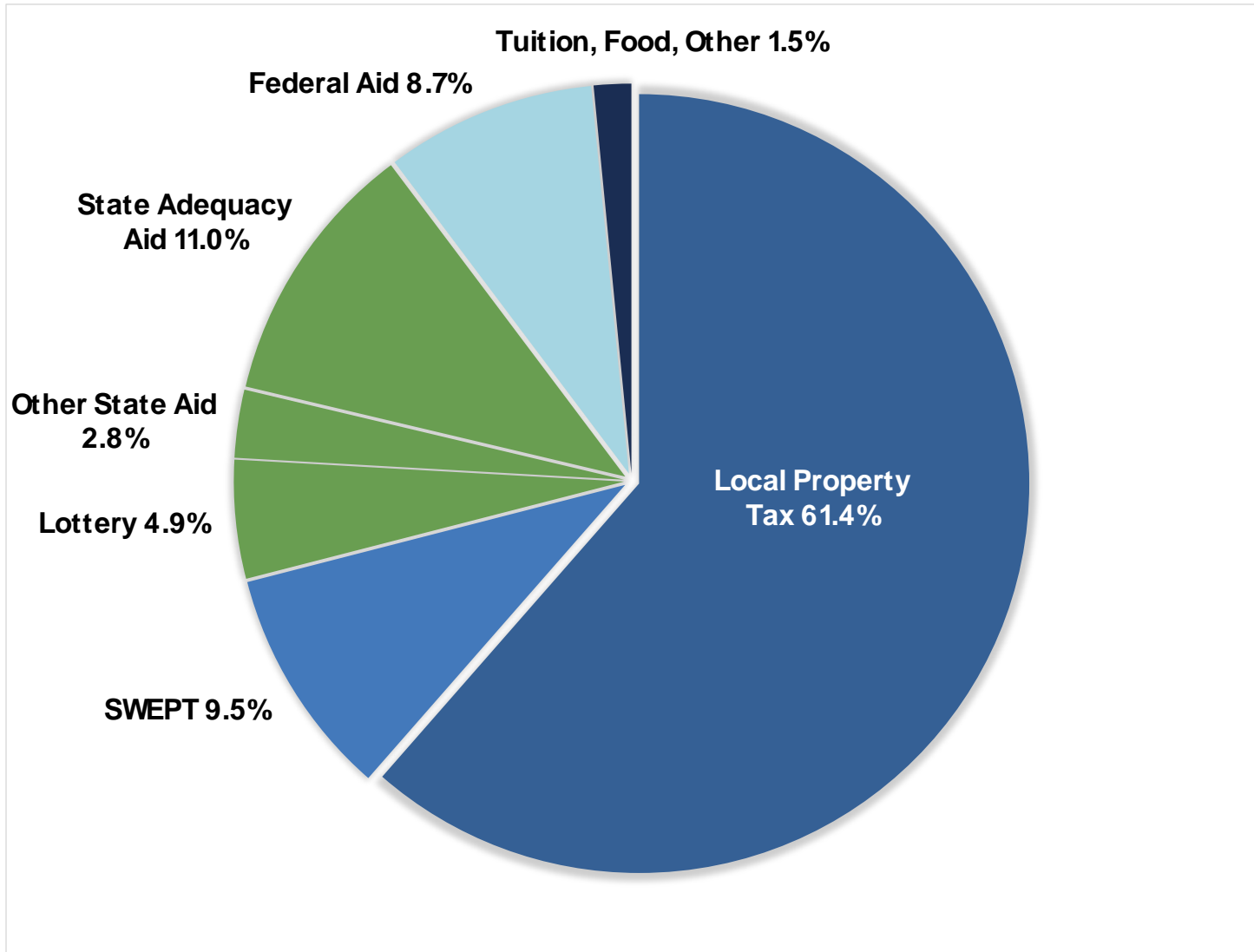
“The negative relationship between districts’ aggregated student outcomes and student poverty (proxied by FRPL rates) is clear and strikingly linear.”

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



NH Relies Overwhelmingly on Local Property Taxes to Fund Public Education

2022-2023 Revenue of NH School Districts - \$3.80 billion



State of NH Gets Sued in the 90s

Five School Districts

Claremont, Pittsfield, Lisbon Regional, Franklin, and Allenstown

Eight Taxpayers & Parents

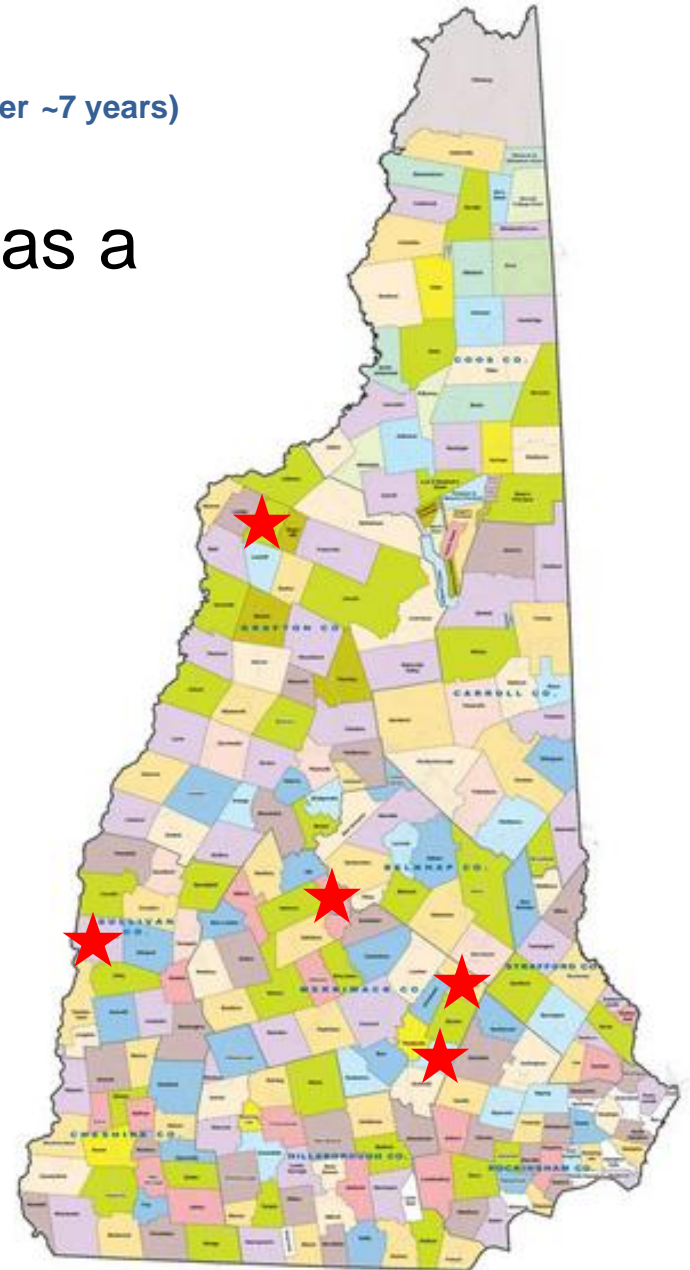
Five Students



Plaintiffs Win! (after ~7 years)

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 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



Reforms Following Claremont Rulings

Stawide Education Property Tax – SWEPT (\$6.04)

New “adequacy aid” funding from State

Local education property taxes **decreased** from \$17.68 in 1998 to \$7.22 in 1999. When combined with the new SWEPT rates, average total education property taxes **still decreased** to \$13.26.

20 Years Following Claremont

- Coalition of property wealthy towns lobbied to change SWEPT – only a local tax
 - Now, some locations have **negative** tax rates
- Courts **again** ruled legislature must define and pay for an adequate education in 2006 (Londonderry v. NH)
- From 2012-2022, the burden on local property tax payers to fund public education increased \$614 million (compared to the State's increase of \$47M)
- Multiple legislative commissions (2008, 2018, 2020) study the issue without significant reform

“Calculated Cost of an Adequate Education”

Every student receives **\$4,100** in “Base Adequacy”

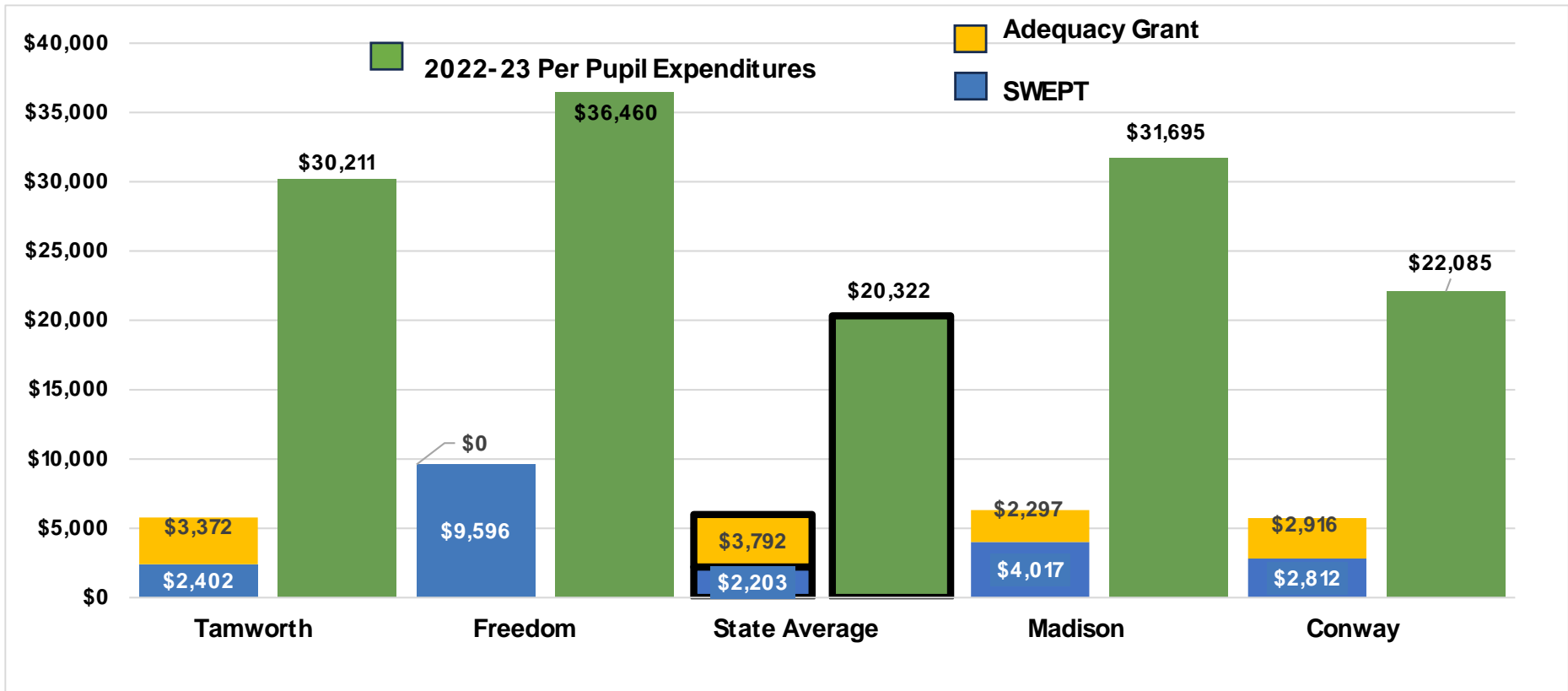
+ \$2,300 for each student eligible for free or reduced-priced lunch

+ \$800 for each student who is an English Language Learner

+ \$2,300 for each student receiving special education services

= \$5,148 per student on average

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



“Calculated Cost of an Adequate Education”

Freedom adequacy funding SFY 2023-2024

\$588,559	Calculated Cost of an Adequate Education
- \$1,261,982	Raised by SWEPT
+ \$0	Additional adequacy funds from the State
= \$673,423	Excess SWEPT that the town keeps

Tamworth adequacy funding SFY 2023-2024

\$1,600,977	Calculated Cost of an Adequate Education
- \$800,851	Raised by SWEPT
+ \$1,351,169	Additional adequacy funds from the State
= \$0	Excess SWEPT that the town keeps

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?

Allenstown School Funding Resolution

Passed 2.12.24

WHEREAS the town of Allenstown, must spend significantly more money to educate its students than the State of New Hampshire provides for that purpose, and;

WHEREAS the New Hampshire Supreme Court has ruled on multiple occasions that the State of New Hampshire has a constitutional responsibility to pay for the cost of an adequate education for all K-12 public school students, and;

WHEREAS this constitutional responsibility was recently upheld and reaffirmed by a NH Superior Court, which ruled that the current base adequacy amount of \$4,100 is unconstitutionally low, and that the legislature must increase base adequacy to at least \$7,356.01, plus the cost of transportation, and;

WHEREAS the town of Allenstown and its students and taxpayers have been harmed by New Hampshire's school funding model, relative to students and taxpayers in other communities, and;

WHEREAS increasing base adequacy and shifting a larger portion of the cost of education from local property tax payers to the State will help alleviate these harms in Allenstown and for the vast majority of communities around New Hampshire, and;

WHEREAS the New Hampshire General Court has the ability to change how education is funded in New Hampshire, and has been charged once again by the Courts with the task of bringing statute in line with 30 years of Court precedent;

NOW THEREFORE BE IT RESOLVED that the School Board of Allenstown calls upon all of the elected representatives serving in the State Legislature to work toward and support a school funding solution in the best interest of students and taxpayers, that complies with the recent court rulings and increases the amount of State education funding received by Allenstown Schools and reduces the property tax burden on the taxpayers of Allenstown.



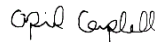
Jody Moore School Board Chair



Kelsey Menelaus Charest School Board



Kris Bellerose School Board



April Campbell School Board



Crystal Venegas School Board

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
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\$400,000	\$25.00	\$10,000



Comparing Communities

Town	Pupils	Equalized Value Per Pupil	Equalized School Tax Rate	Amount Raised Per Pupil
Freedom	105	\$9,068,889	2.89	\$26,209
Madison	248	\$2,945,234	6.15	\$18,113
Concord	4,029	\$1,267,215	11.14	\$14,117
Tamworth	278	\$1,939,210	9.32	\$18,073
New Hampshire	157,405	\$1,884,285	8.55	\$16,111
Berlin	940	\$780,708	11.11	\$8,674
Lisbon	197	\$865,025	15.05	\$13,019
Conway	1,069	\$2,289,858	6.15	\$14,083



Which Home Has the Larger Property Tax Bill?



Welcome to Jackson Village, (Original home built in 1879, renovated later in 1990's), this property has River Frontage, Mtn.Views, & walking distance to the Wentworth Golf Course, if that's not enough, the back yard connects to Ellis River Trail, Wow!



Three Bedrooms, full bath with bright living room and kitchen area. Enjoy the three-season enclosed porch. The home has hardwood floors, full basement with laundry facilities in the basement. The exterior offers a metal roof, vinyl siding and attached garage. Plenty of area for gardening, child play and family gatherings."



Which Home Has the Larger Property Tax Bill?



Jackson

2024 market price: \$489,900

2023 school property tax: **\$1,636**



Berlin

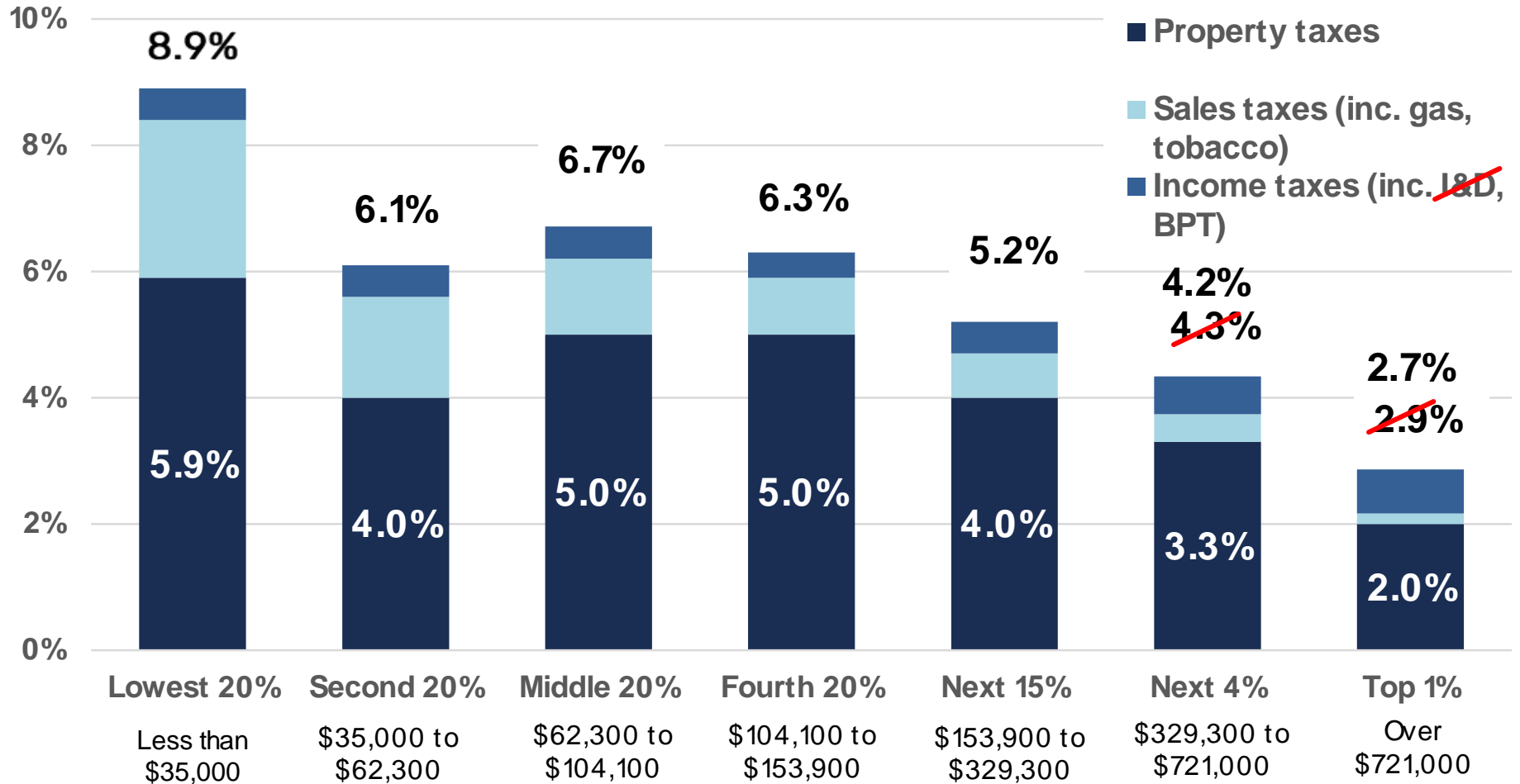
2024 market price: \$152,500

2023 school property tax: **\$1,989**

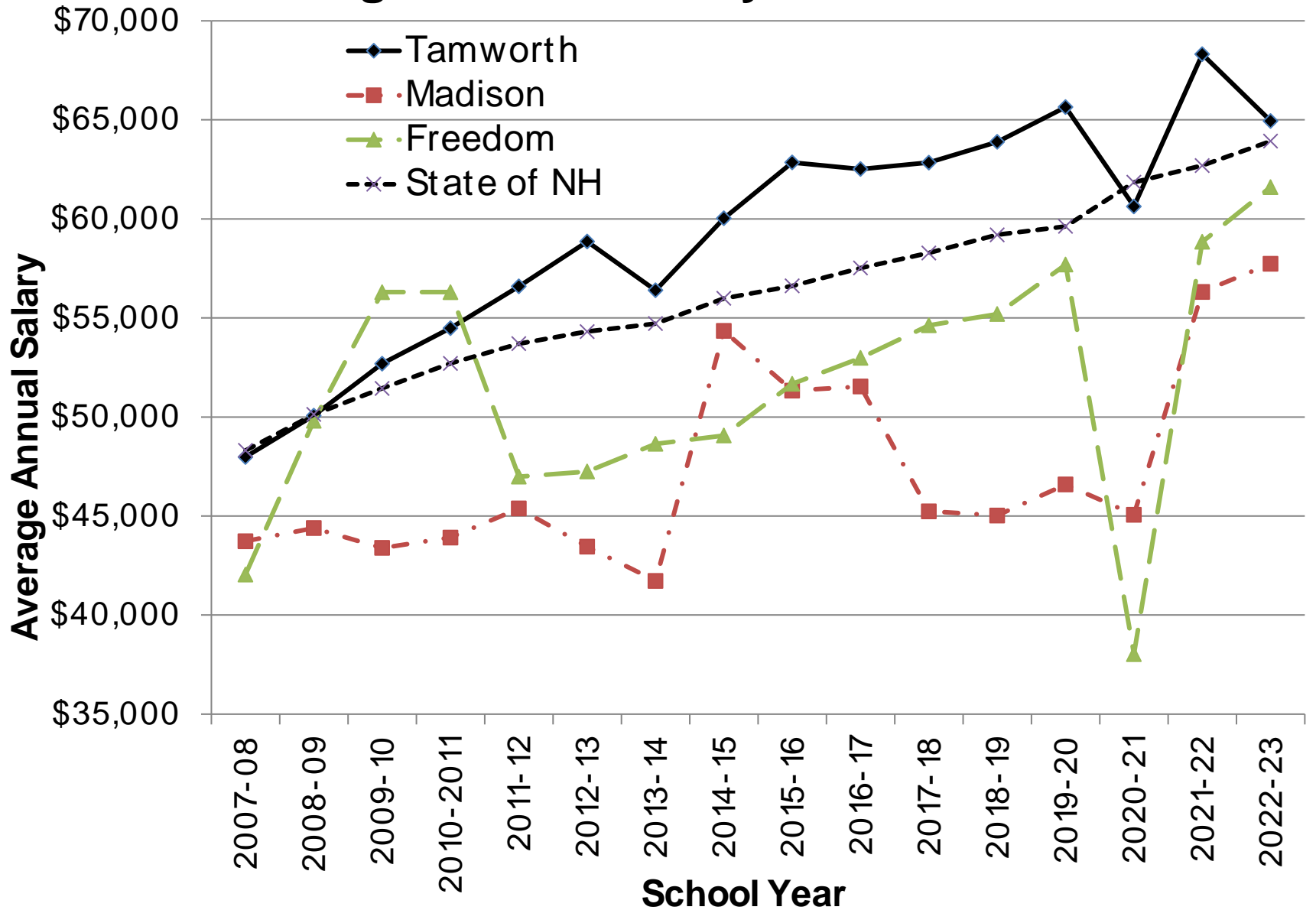


Property Tax Reliance Adds to Regressivity of New Hampshire's Tax System

Taxes as a Share of Income, by Income Group, 2024



Average Teacher Salary 2007-08 to 2022-23



Kennet/Conway (A) compared to Berlin (B)

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Existing Low and Moderate Income Property Tax Relief Program

- In 2021, just 5,572 claims averaging only \$236 were granted
- In 2022 the total amount of relief provided for the entire state was only \$1.4 million
- In 2003, there were 27,207 claims granted (\$7.5 million)
- The average property tax bill for Granite Staters was about \$7,470 in 2021

State of NH Gets Sued AGAIN

ConVal v. State of NH

Started by the Contoocook Valley School District (ConVal) in 2019. They argue that the amount of adequacy money is insufficient to provide an opportunity for an adequate education.

Other school districts representing 25% of all public school students joined: Winchester, Mascenic, Monadnock, Fall Mountain, Claremont, Newport, Hillsboro-Deering, Grantham, Oyster River Cooperative, Manchester, Windham, Derry Cooperative, Hill, Mascoma Valley Regional, Nashua, Lebanon, Hopkinton, and Plainfield.

ConVal v. State of NH Ruling

"What is the base cost to provide the opportunity for an adequate education 239 years after that fundamental right was ratified in our Constitution? The short answer is that the Legislature should have the final word, but 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.** At a minimum this is an increase of \$537,550,970.95 in base adequacy aid to New Hampshire Schools. **Thus, the current allocation of \$4100 per pupil is unconstitutional.**"

-Decision in ConVal v. State of New Hampshire

ConVal v. State of NH Ruling

- **Why \$7,356 per pupil?**
 - **\$3,981** for Teachers
 - **\$901** for principals, administrative assistants, guidance counselors, librarians, technology coordinators, and custodians
 - **\$430** for instructional material, technology, and professional development
 - **\$1,000** for facilities operation and maintenance
 - **\$750** for transportation and **\$294** for nurse services

"In total, these conservative choices and overcorrections demonstrate that a base adequacy aid figure of \$7,356.01 would in actuality be far too low and would likely not survive scrutiny."

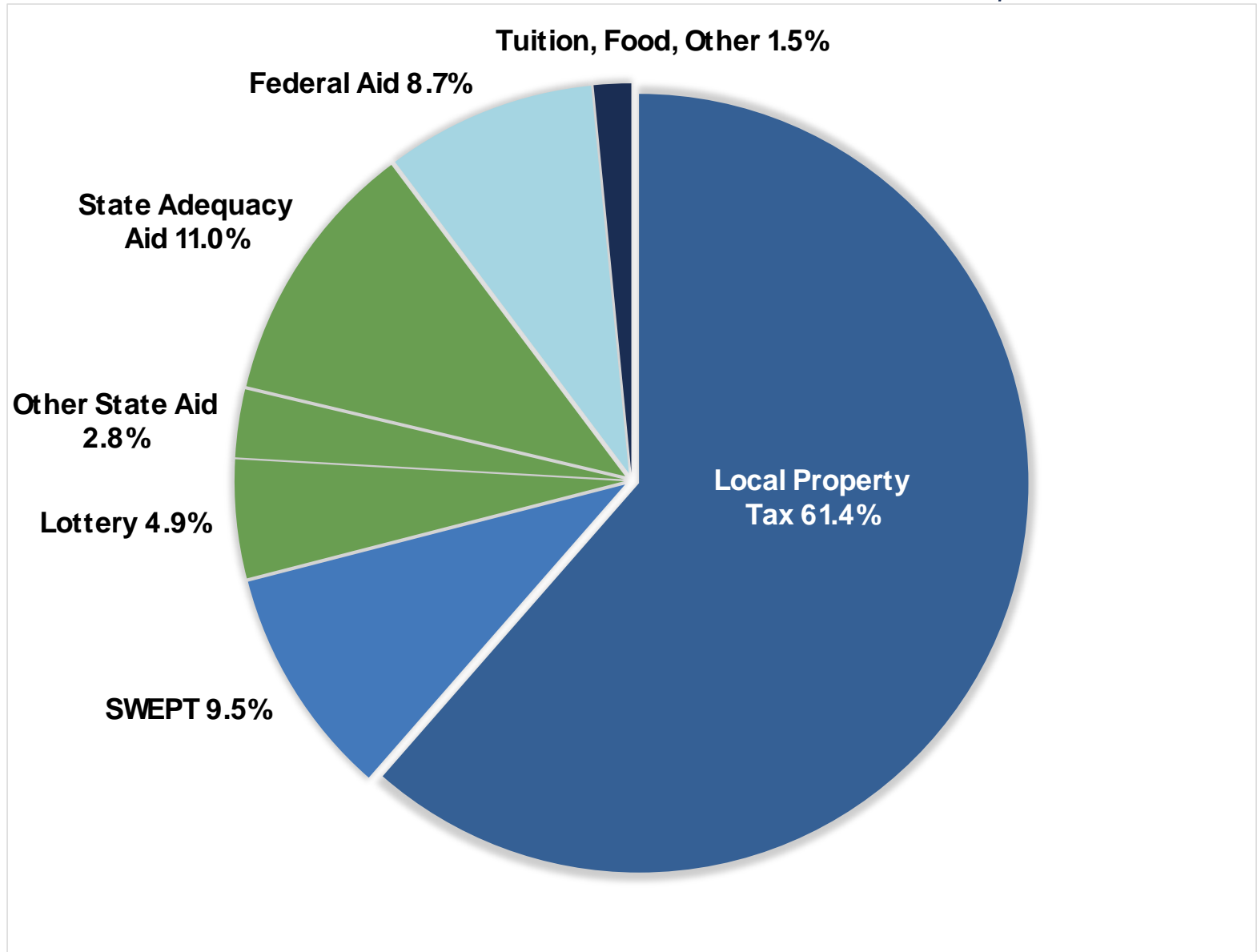
ConVal v. State of NH Ruling

"The State presented no evidence to justify the current base adequacy amount. As predicted by the Court in its prior order on summary judgment, the evidence at trial overwhelmingly established that no school could provide the opportunity for an adequate education if it had to rely solely on the base adequacy aid from the State."

-Decision in *ConVal v. State of New Hampshire*

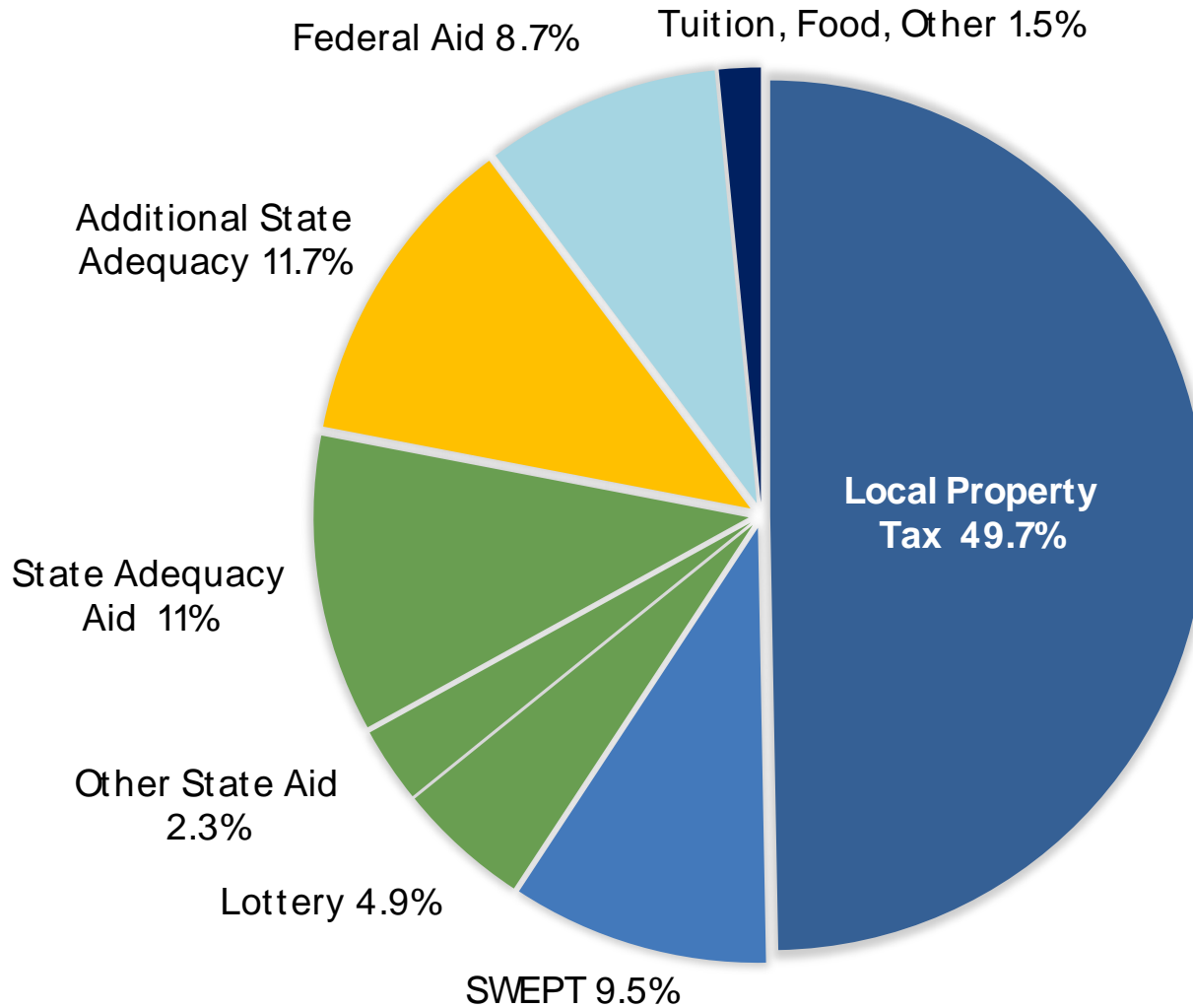
Impact of ConVal Ruling on School District Revenue

2022-2023 Revenue of NH School Districts - \$3.80 billion



Impact of ConVal Ruling on School District Revenue

Same revenue – reduced reliance on local taxes



Possible Revenue Sources

Some revenue sources that could be used to fill \$537m

- Additional true SWEPT of about \$2.03 per \$1,000
- Interest and Dividends Tax ~\$135 million
 - *52% of revenue from 2.5% of filers with >\$200k in I&D Income*
- Return Business Taxes to 2015 Levels
 - According to analysis done by the NH Fiscal Policy Institute, “the State lost between \$496 million and \$729 million in revenue” between 2015 and 2022 due to cuts in businesses taxes.
- “...the Legislature should have the final word, but 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.” -Decision in *ConVal v. State of New Hampshire*

and The State Gets Sued AGAIN

Rand v State of NH (2022)

Group of taxpayers from Plymouth, Newport, Penacook, and Hopkinton claim that their rights are being violated due to non-uniform tax rates.

Steve Rand at his family's hardware store in Plymouth, NH.





Rand v. State of NH

- Argues that because local property taxes used to fund the bulk of the State's funding obligation for public education are **not** uniform in rate, that is a violation of standard defined in the Claremont rulings.
- The plaintiffs challenge both base adequacy aid and differentiated aid, contending that the State's obligation should be closer to average spending in the state (roughly \$18,400 plus transportation when filed).



Rand v. State of NH Ruling on Partial Summary Judgement Motion

1. The State allowing municipalities to retain excess SWEPT revenues is unconstitutional.
 - Currently, 52 municipalities retain excess SWEPT, and are estimated to retain \$26 million this year.
2. The NH Department of Revenue Administration approving negative local education tax rates to offset the payment of SWEPT is unconstitutional.
 - In 2022, 19 municipalities had negative local education tax rates, resulting in only generating \$239,464 from \$282.7 million in property value.

2024 Legislation

- **HB 1583** – ~~increase base adequacy to \$10,000~~
 - **Amended:** ~\$64M in FY24 & +\$34M in FY25
- **HB 1656**– ~~increase special education adequacy grant to \$27,000 per student~~
 - **Amended:** ~\$35M in FY 24
- ~~**HB 1670**– state pays for all special education costs (IS)~~
- **HB 1586**–changes to adequacy formula, SWEPT, and property tax relief in line with Commission to Study School Funding recommendations
 - **Recommended to Interim Study**



2024 Legislation

- **HB 1583** – ~~increase base adequacy to \$10,000~~
 - **Amended:** ~\$64M in FY24 & +\$34M in FY25

Estimated increase in funding from HB 1583:

Tamworth -	\$106,976 (FY25)	\$145,055 (FY 26)
Madison -	\$45,998 (FY25)	\$78,905 (FY26)
Freedom -	\$0 (FY25)	\$0 (FY26)



Summary

- Neither taxpayers nor students are treated equitably or fairly.
- The problem is getting worse.
- **Over \$2 Billion** is downshifted to local property tax payers each year.
- The current system is unconstitutional.
- The solution lies with state level lawmakers, but we need to engage with them to push for change and progress.



What Actions Can You Take?

- Talk to your legislators
- Testify on legislation
- Can't testify in person? Use our advocacy tools to email testimony
- Share our content on social media
- Write letters to the editor
- Talk to your family, friends, and neighbors
- Subscribe to our newsletter to stay up to date with school funding news and ways to get engaged.



A Final Thought

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

