

NH SCHOOL

Funding Fairness Project

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

Doug Hall, Board of Directors

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 School District A

- **79%** of 3rd graders are proficient or above in math and **87%** in reading
- **96%** of students graduate
- **91%** of AP test takers score a 3 or above
- Teachers make an average of **\$79,219**
- Education property taxes are **\$8.14** per \$1,000 of value, resulting in a **\$2,849** on a \$350,000 home

Public School District B

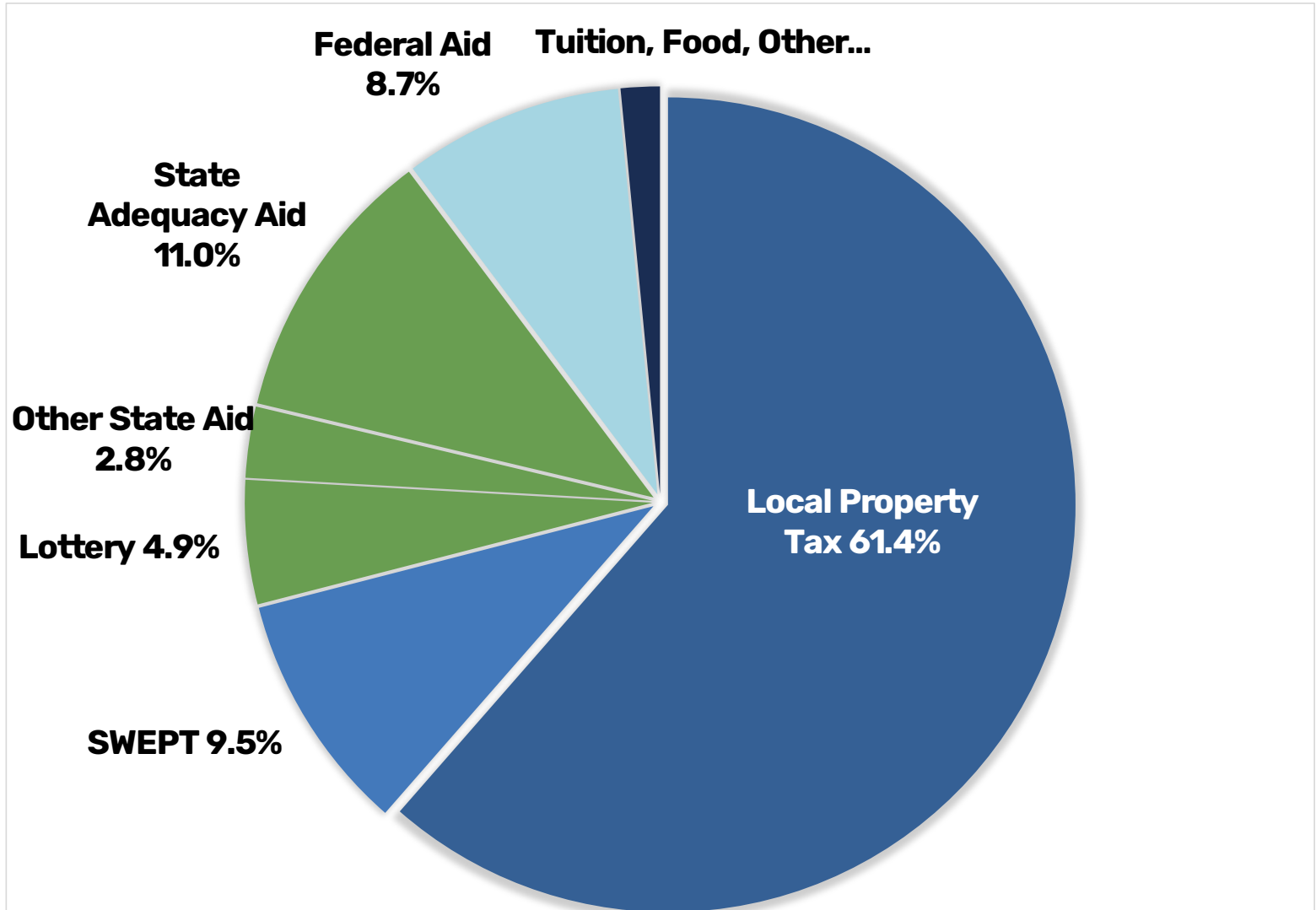
- ~~79%~~ **31%** of 3rd graders are proficient or above in math and ~~87%~~ **29%** in reading
- ~~96%~~ **78%** of students graduate
- ~~91%~~ **39%** of AP test takers score a 3 or above
- Teachers make an average of ~~\$78,930~~ **\$51,491**
- Education property taxes are ~~\$8.14~~ **\$12.49** per \$1,000 of value, resulting in a ~~\$2,849~~ **\$4,372** on a \$350,000 home

Hanover (A) compared to Claremont (B)

- **31%** **79%** of 3rd graders are proficient or above in math and **29%** **87%** reading
- **78%** **96%** of students graduate
- **39%** **91%** of AP test takers score a 3 or above
- Teachers make an average of **\$51,491**
\$79,219
- Education property taxes are **\$12.49** **\$8.14** per \$1,000 value, resulting in a **\$4,372**
\$2,849 on a \$350,000 home
- Only 30 miles apart

NH Relies Overwhelmingly on Local Property Taxes to Fund Public Education

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



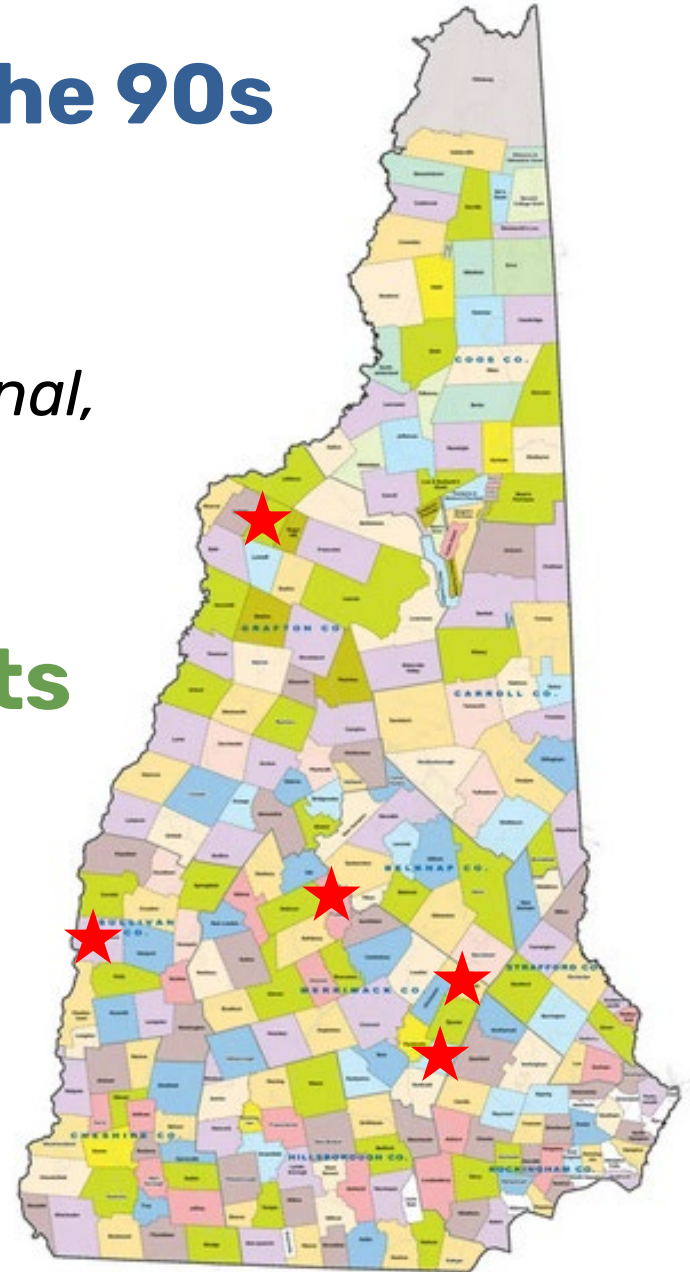
State of NH Got Sued in the 90s

Five School Districts

Claremont, Pittsfield, Lisbon Regional, Franklin, and Allenstown

Eight Taxpayers & Parents

Five Students



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



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 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

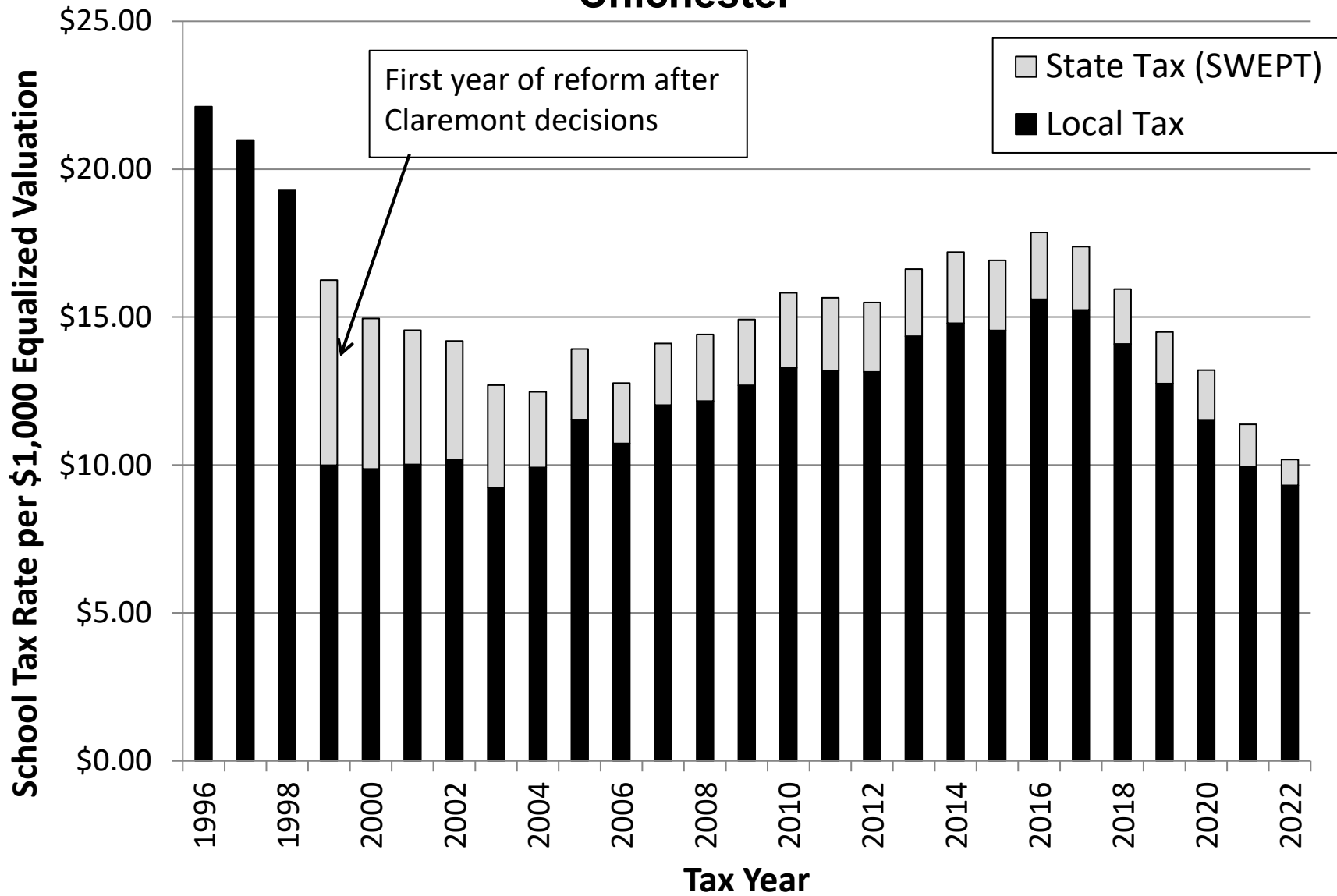
Statewide Education Property Tax - SWEPT (\$6.04)

New “adequacy cash aid” from State Education Trust Fund.

In Chichester, local education property taxes **decreased** from \$19.29 in 1998 to \$9.99 in 1999. When combined with the new SWEPT rates, average total education property taxes **still decreased** to \$16.25.

Equalized Property Tax Rate for Schools by Year

Chichester



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*

Our legislature has ignored these findings and recommendations as it has court orders.



“Calculated Cost of an Adequate Education”

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

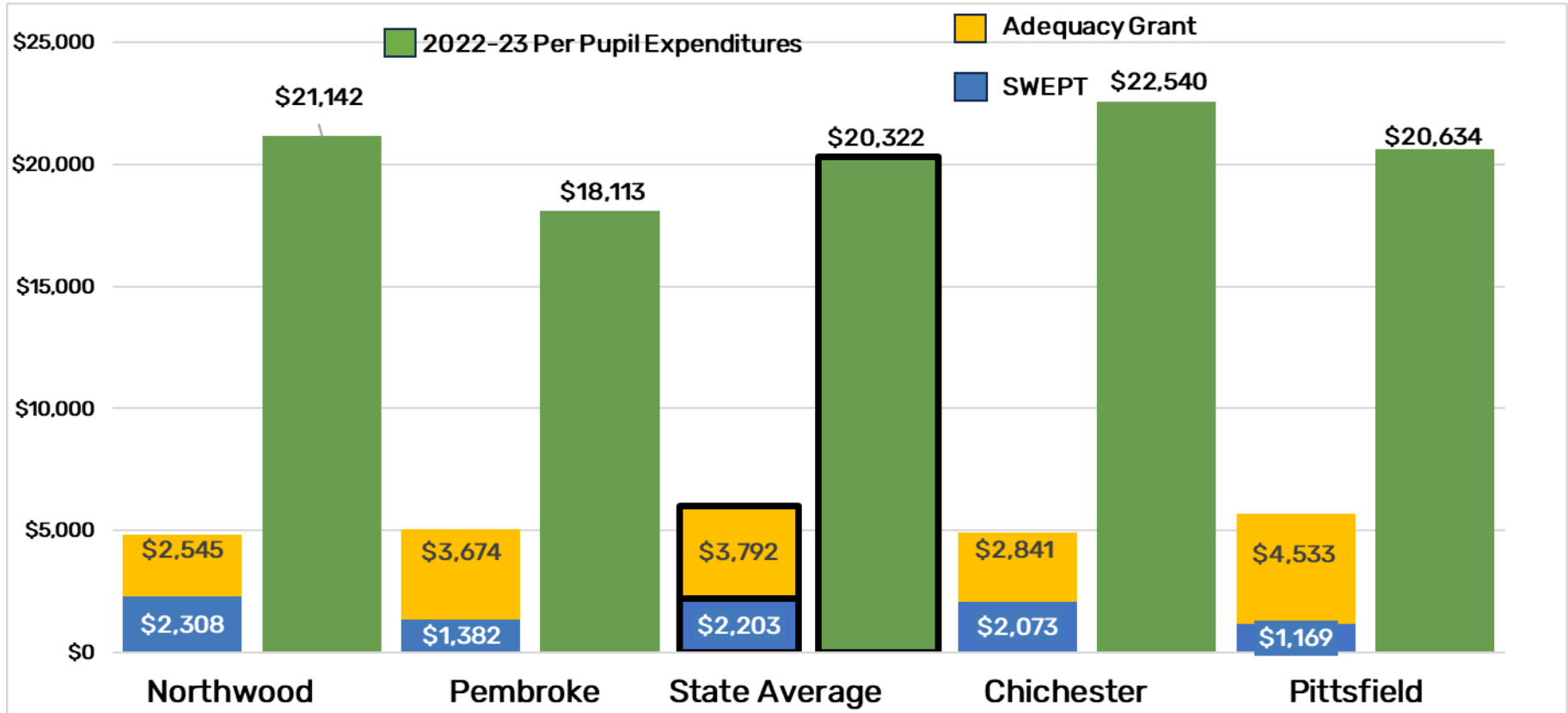
- + \$2,300** for each student eligible for free or reduced-priced lunch
 - + \$800** for each student who is an English Language Learner
 - + \$2,300** for each student receiving special education services
- = \$5,148 per student on average**

State Calculated Cost of Adequate Education for Chichester Students 2023-24

Base Cost per Pupil	\$1,219,132
Extra for Low Income	\$130,069
Extra for Special Education	\$109,752
Extra for English Learners	\$800
TOTAL	\$1,459,753
Less SWEPT	-\$615,904
Net Cash for Adequacy	\$843,849



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?

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

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

It's simple math.

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

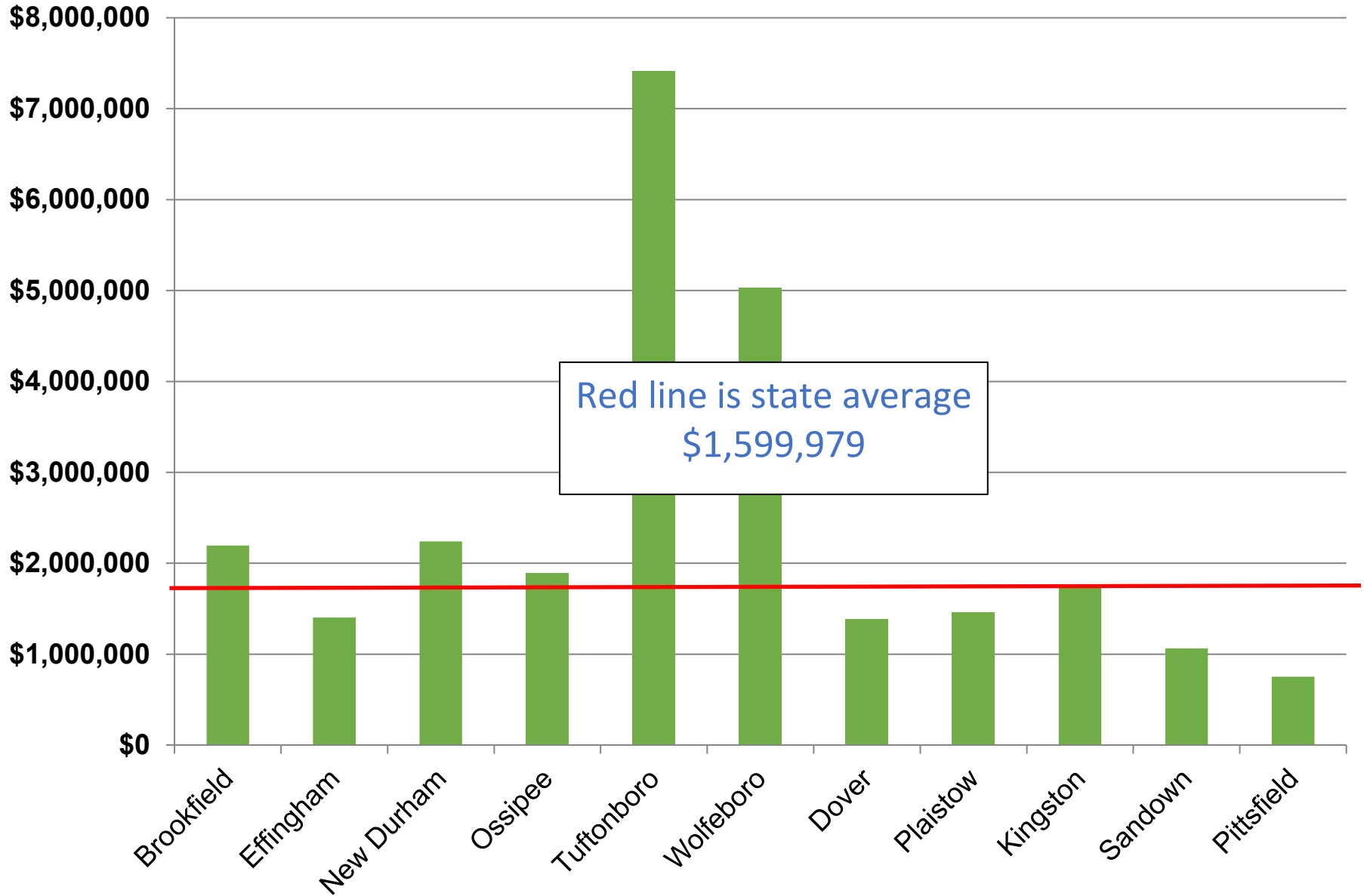


Comparing Communities

Town	Pupils	Equalized Value Per Pupil	Equalized School Tax Rate	Amount Raised Per Pupil
Boscawen	464	\$939,361	\$11.24	\$10,558
Pittsfield	500	\$989,175	\$8.67	\$8,576
Allenstown	483	\$1,040,342	\$11.11	\$11,558
Epsom	556	\$1,221,498	\$13.14	\$16,050
Chichester	297	\$1,713,064	\$10.19	\$17,456
New Hampshire	157,405	\$1,884,285	\$8.55	\$16,111
Canterbury	217	\$2,247,379	\$9.45	\$21,238
Portsmouth	2,119	\$4,445,024	\$4.70	\$20,892



Equalized Property Value per Pupil 2021-22



Which Home Has the Larger School Tax Bill?



3 bedroom, 5 bath, 4,960 sq. ft. home facing HOA owned golf course.



3 bedroom, 2 bath, 1,404 sq. ft. double-wide manufactured home



Which Home Has the Larger School Tax Bill?



Sold for \$1,625,000 in 2022

2022 Equalized Tax Rate for
Schools
\$0.79

**2022 Taxes for Schools
\$661**



Sold for \$75,000 in 2024

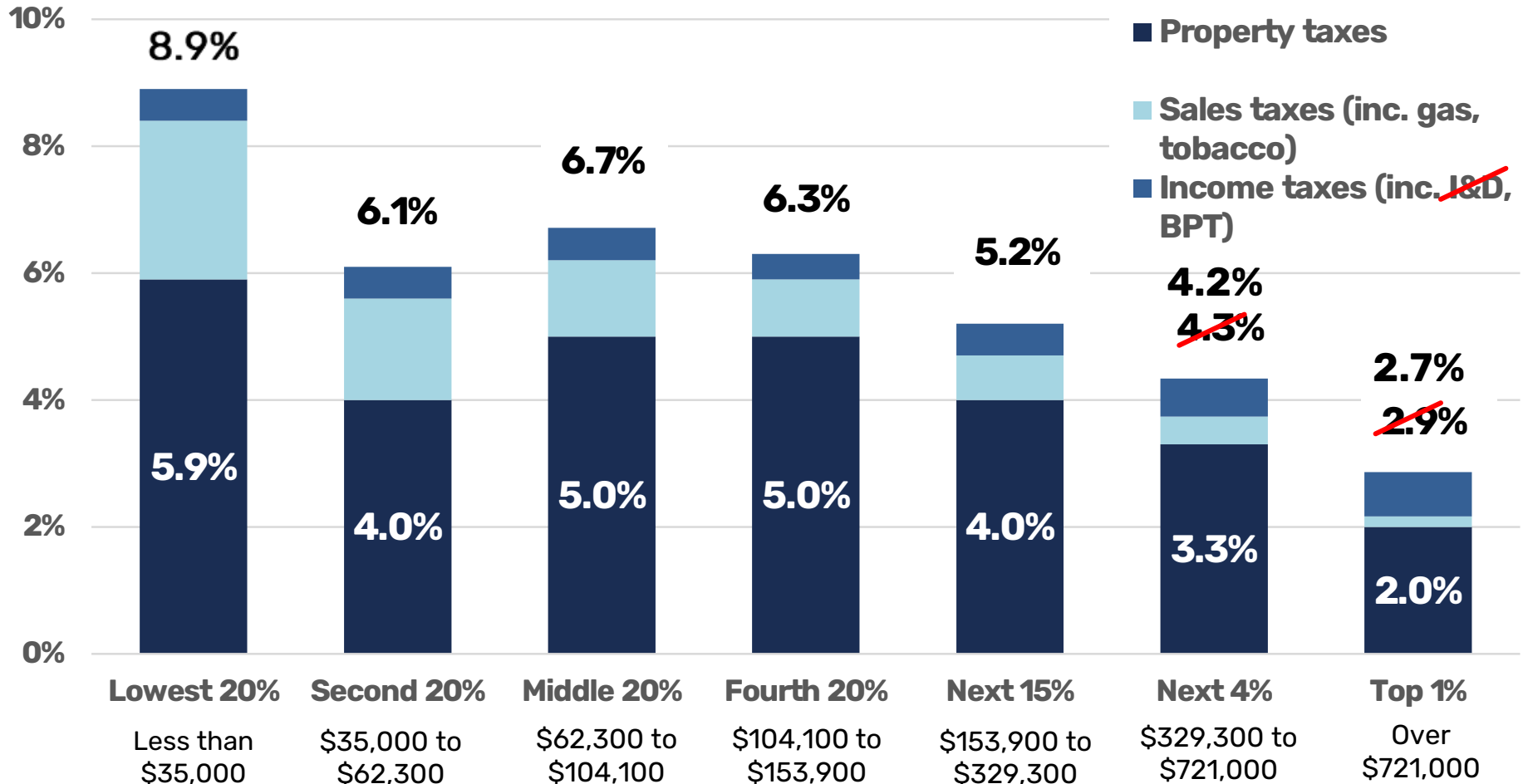
2022 Equalized Tax Rate for
Schools
\$15.69

**2022 Taxes for Schools
\$1,292**

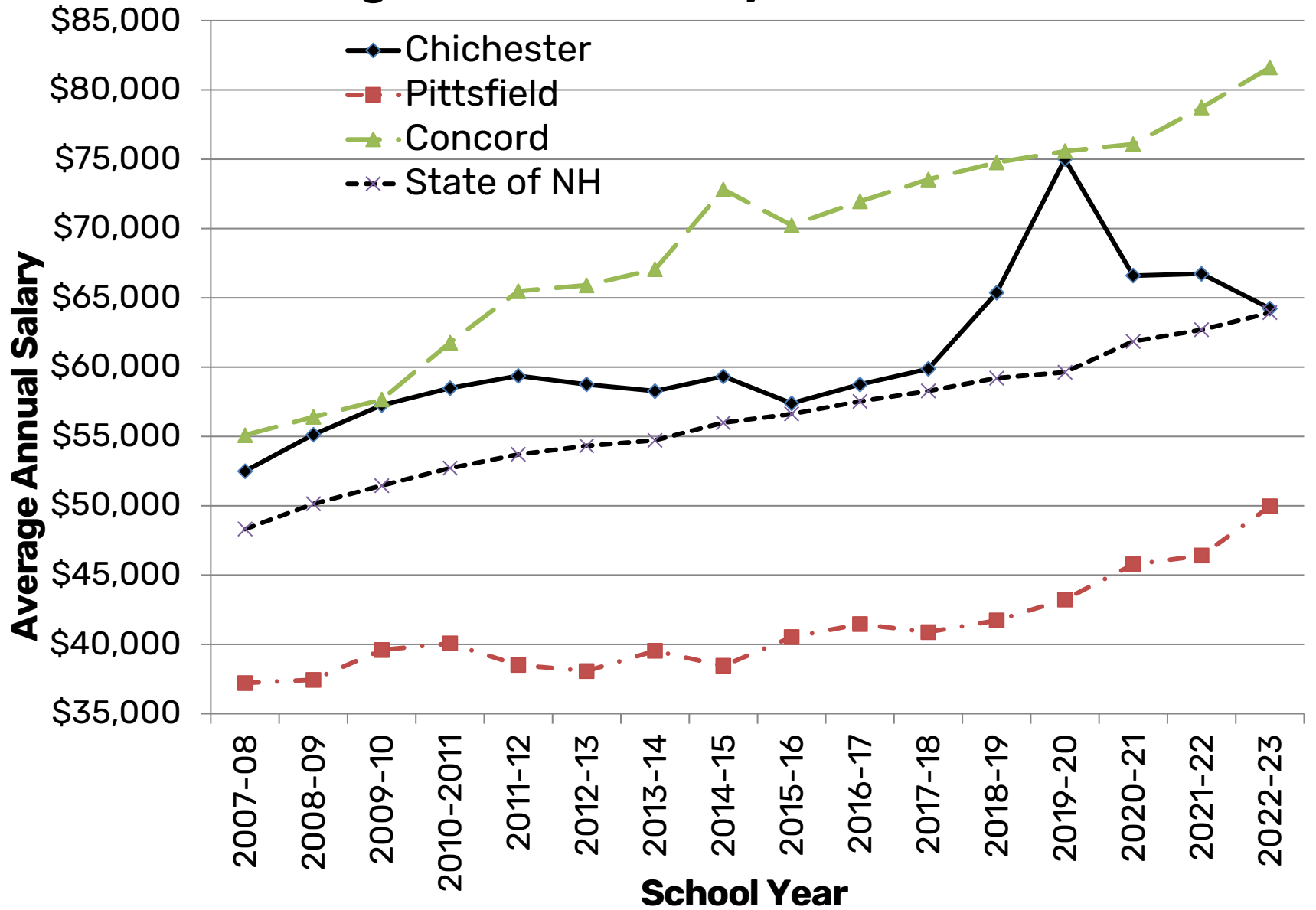


Property Tax Reliance Adds to Regressivity of New Hampshire's Tax System

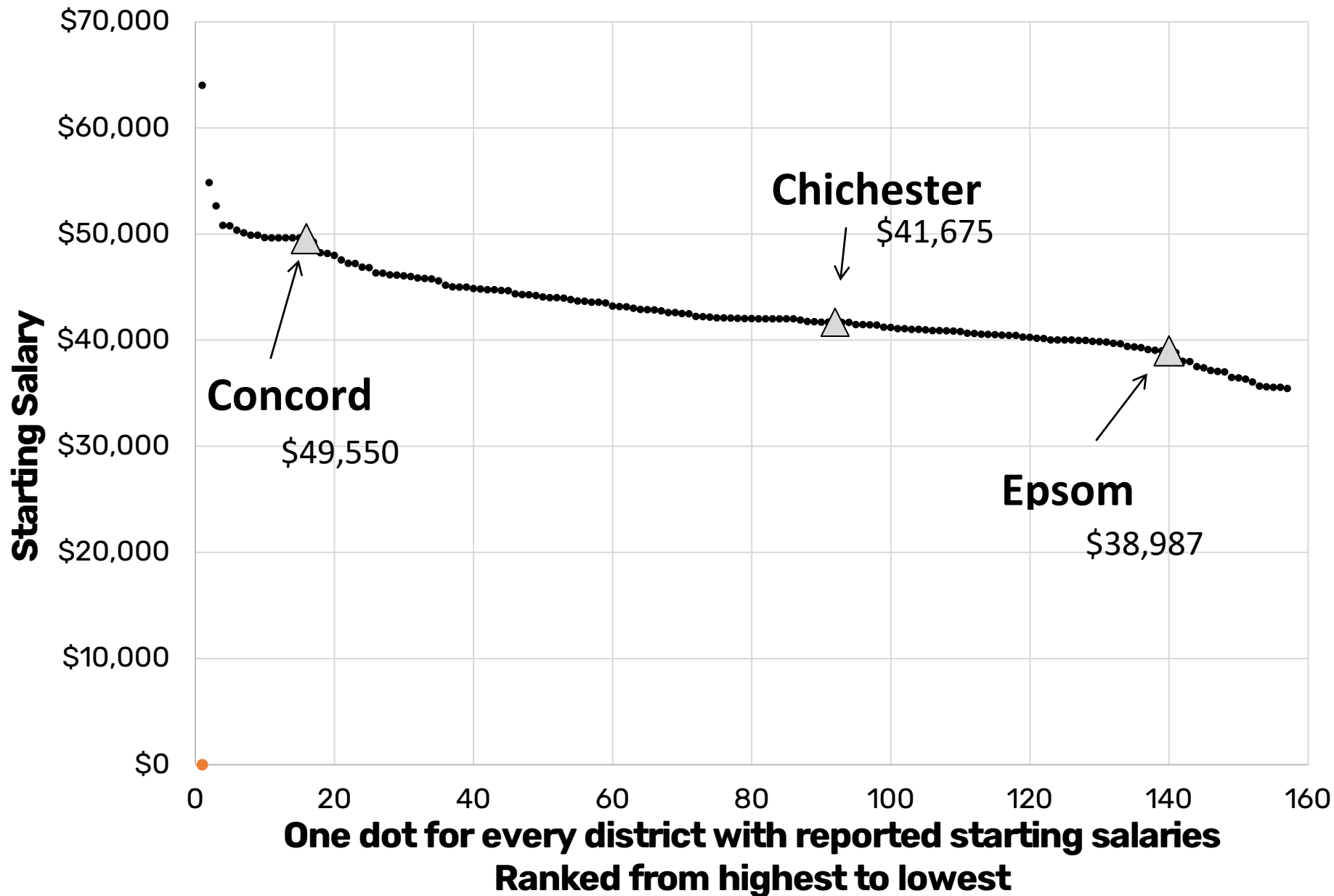
Taxes as a Share of Income, by Income Group, 2024



Average Teacher Salary 2007-08 to 2022-23



Starting Teacher Salaries with BA: 2022-2023



State of NH Gets Sued AGAIN

ConVal v. State of NH

School districts sue the state

Rand v. State of NH

Property tax payers sue the state

State of NH Gets Sued AGAIN

ConVal v. State of NH (2019)

Started by the Contoocook Valley School District (ConVal) in 2019. They argue that the base amount per pupil in the adequacy calculation 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***



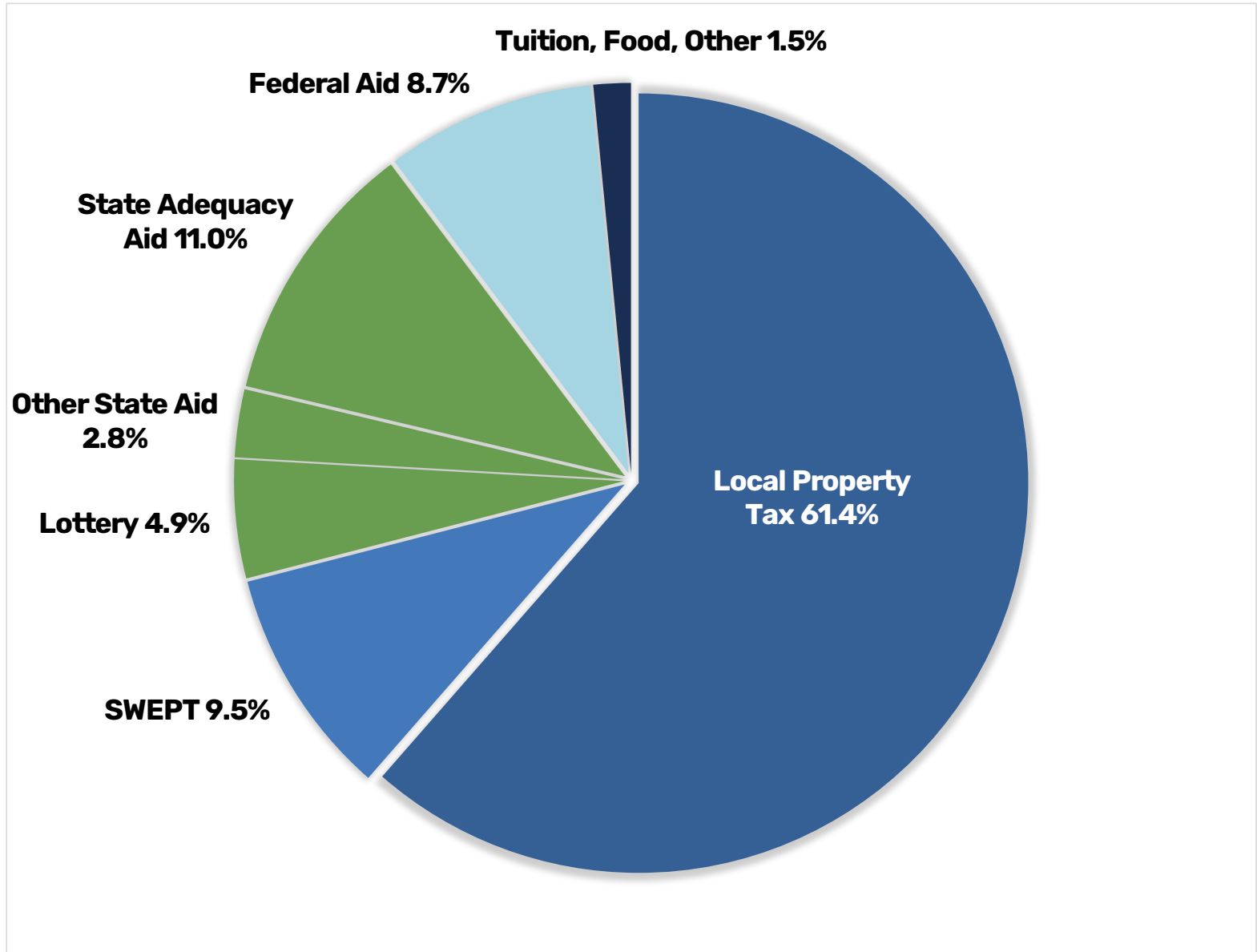
ConVal v. State of NH Ruling

"**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*

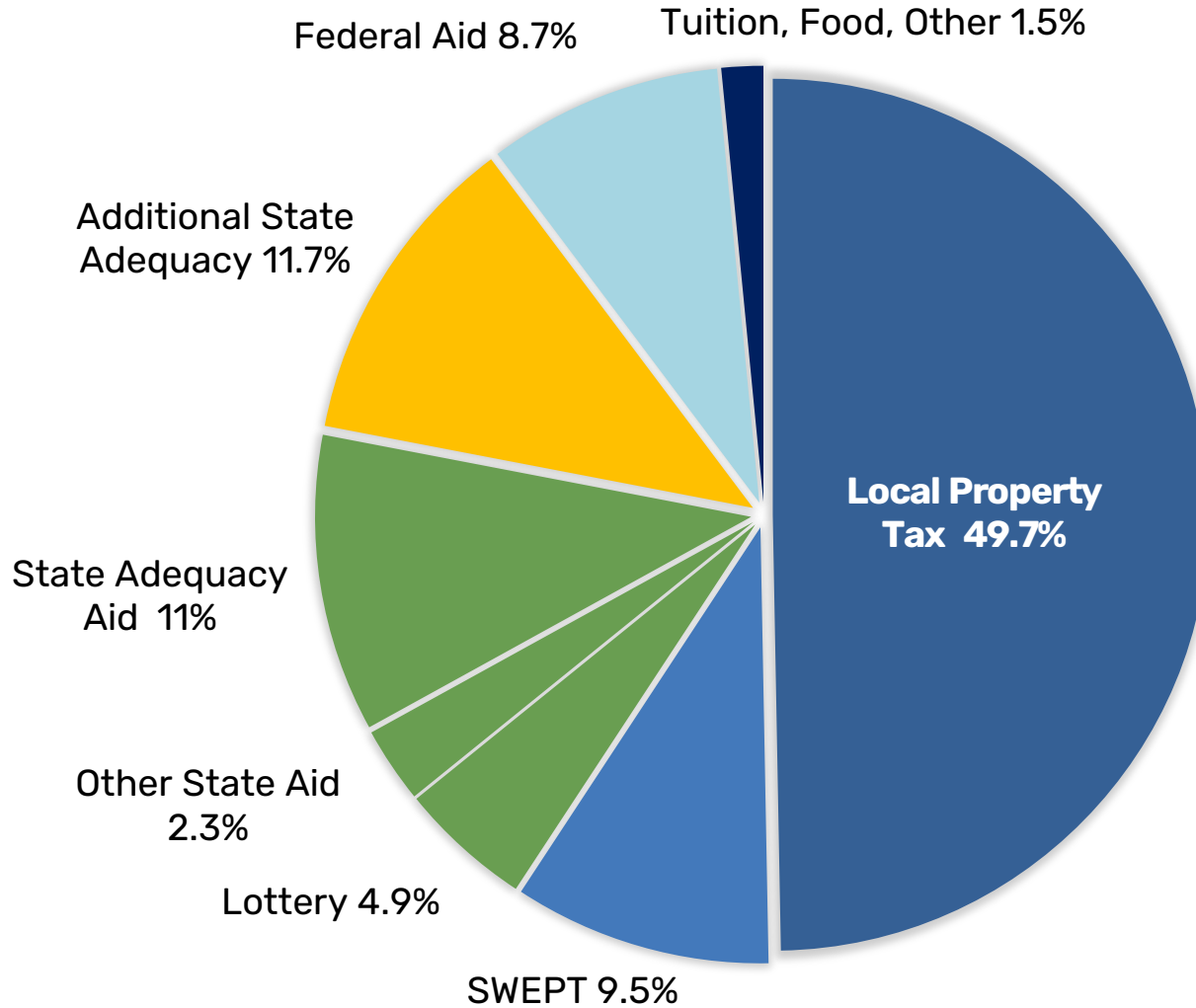
Impact of ConVal Ruling on School District Revenue

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



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 unconstitutional 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 and Londonderry 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 Judgment Motion

1. The State allowing municipalities to retain excess SWEPT revenues is **unconstitutional**.
 - Currently, 52 municipalities retain about \$26 million in excess SWEPT annually and use it for other purposes.
2. The NH Department of Revenue Administration approving negative local education tax rates to offset the payment of SWEPT is **unconstitutional**.
 - In 2022, 19 locations offset SWEPT with negative local education tax rates, resulting in only generating \$239,464 for schools from \$282.7 million in property values.

2024 Legislation – Funding Proposals

- **HB 1583** – increase base adequacy to \$10,000
- **HB 1656**– increase special education adequacy grant to \$27,000 per student
- **HB 1670**– state pays for all special education costs
- **HB 1586**–changes to adequacy formula, SWEPT, and property tax relief in line with Commission to Study School Funding recommendations



2024 Legislation – Amended on 2/22/24

- **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~~
 - Recommended to Interim Study
- ~~**HB 1586** – changes to adequacy formula, SWEPT, and property tax relief in line with Commission to Study School Funding recommendations~~
 - Recommended to Interim Study



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**



Summary

- Neither taxpayers nor students are treated equitably or fairly.
- The problem is getting worse.
- **Over \$2.3 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.

