



NH SCHOOL  
Funding Fairness  
Project

# NH School Funding Fairness Project

Advocating to make school funding more  
equitable for students & taxpayers alike

Pembroke – September 19, 2024

# AGENDA

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We view these challenges in 3 core tenets:

- 1. Taxpayers and students are not treated equitably or fairly**
- 2. The problem continues to get worse**
- 3. The current system is unconstitutional**

## 1 | THE CHALLENGE

Taxpayers and students are not treated equitably

## 2 | AN ADEQUATE EDUCATION

The definition of an adequate education and what are the components

## 3 | UNEQUAL TAXES

Highlighting the difficulties with the property tax model as a result of community differentiation

## 4 | CURRENT COURT CASES

Recent changes & lawsuits that have impacts the financials around schooling & education

## 5 | POLICY AND TAX ALTERNATIVES

What you should take away from our discussion today and how you can support our cause

# THE CHALLENGE

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# School District Comparison

Criteria	School District A	School District B
3 <sup>rd</sup> graders who test proficient or above	78% Math, 71% Reading	29% Math, 31% Reading

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Education property tax bill on \$350,000 home	\$1,645	\$4,371

# School District Comparison

Which Districts are these...

Criteria	Portsmouth	Claremont
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# New Hampshire School Funding

NH Relies Overwhelmingly on Local Property Taxes to Fund Public Education

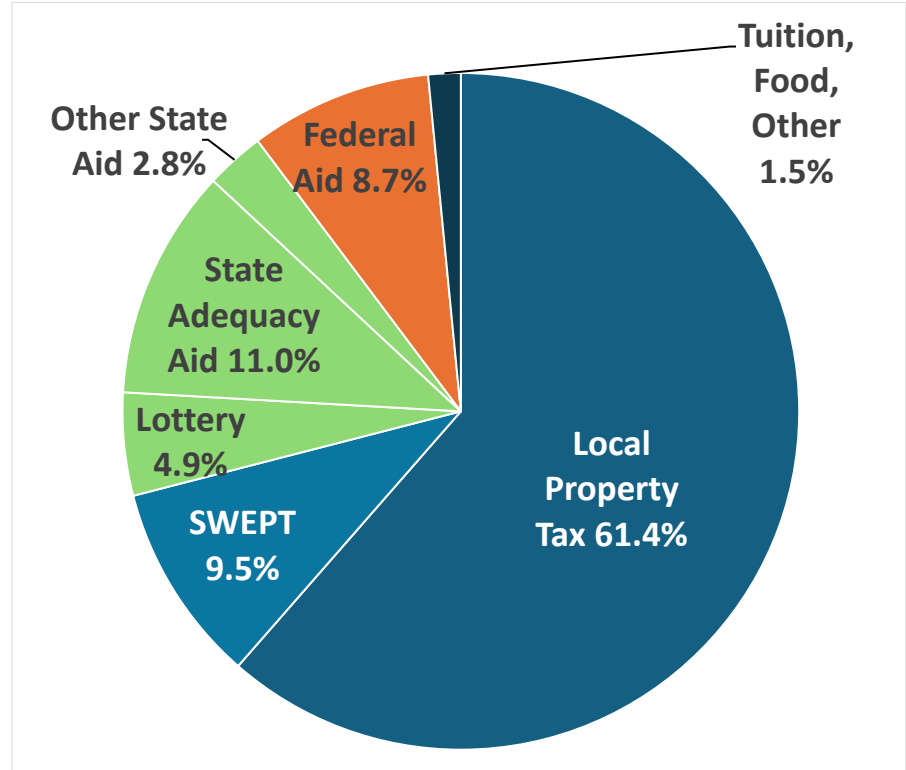
## '22 - '23 Revenue Breakdown of NH School Districts

**\$3.8B in Total Revenue**

**Federal Aid: 8.7%**

**State Revenue: 18.7%**

**Property Taxes: 70.9%**



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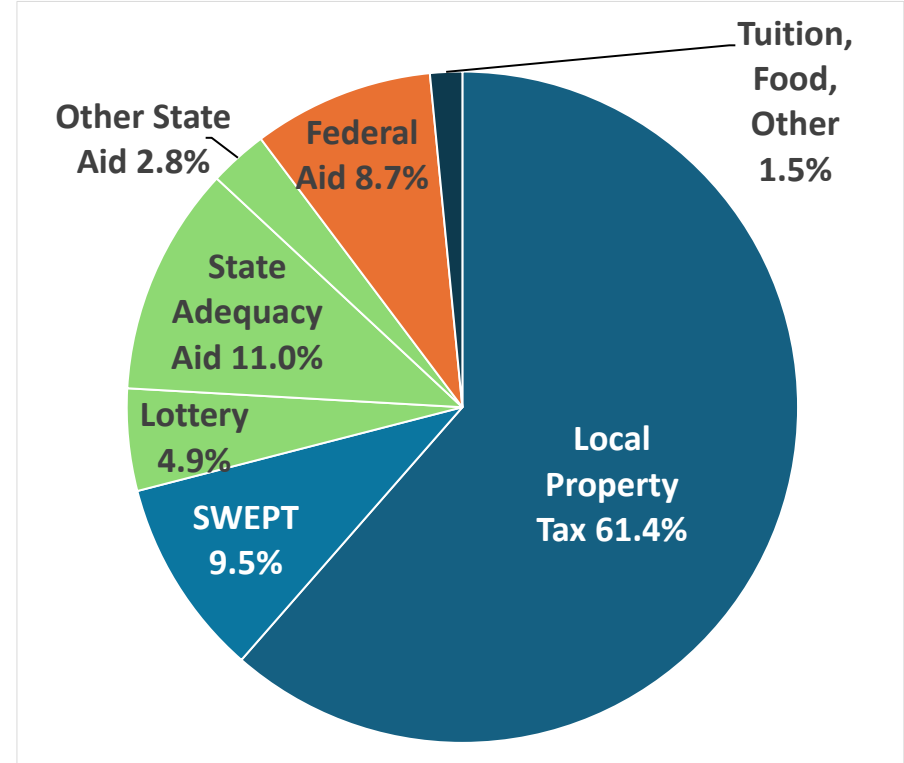
## '22 - '23 Revenue Breakdown of NH School Districts

**\$3.8B in Total Revenue**

**Property Taxes: 70.9%**

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**Almost \$2.7 Billion  
Downshifted Annually**



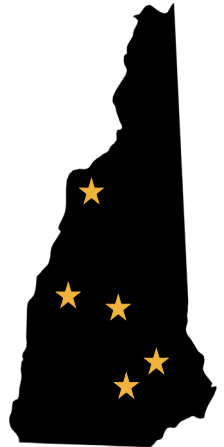
# AN ADEQUATE EDUCATION

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# The Claremont Case and Supreme Court Decisions

In the 1990s, 5 school districts came together to sue the state to fight for education funding equality. After 7 years, they were victorious. The Court declared the State's system of funding schools unconstitutional and made two important rulings.

- 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 Claremont Case and Supreme Court Decisions

“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.”

# Adequate Education as Defined in RSA 193-E:2-a

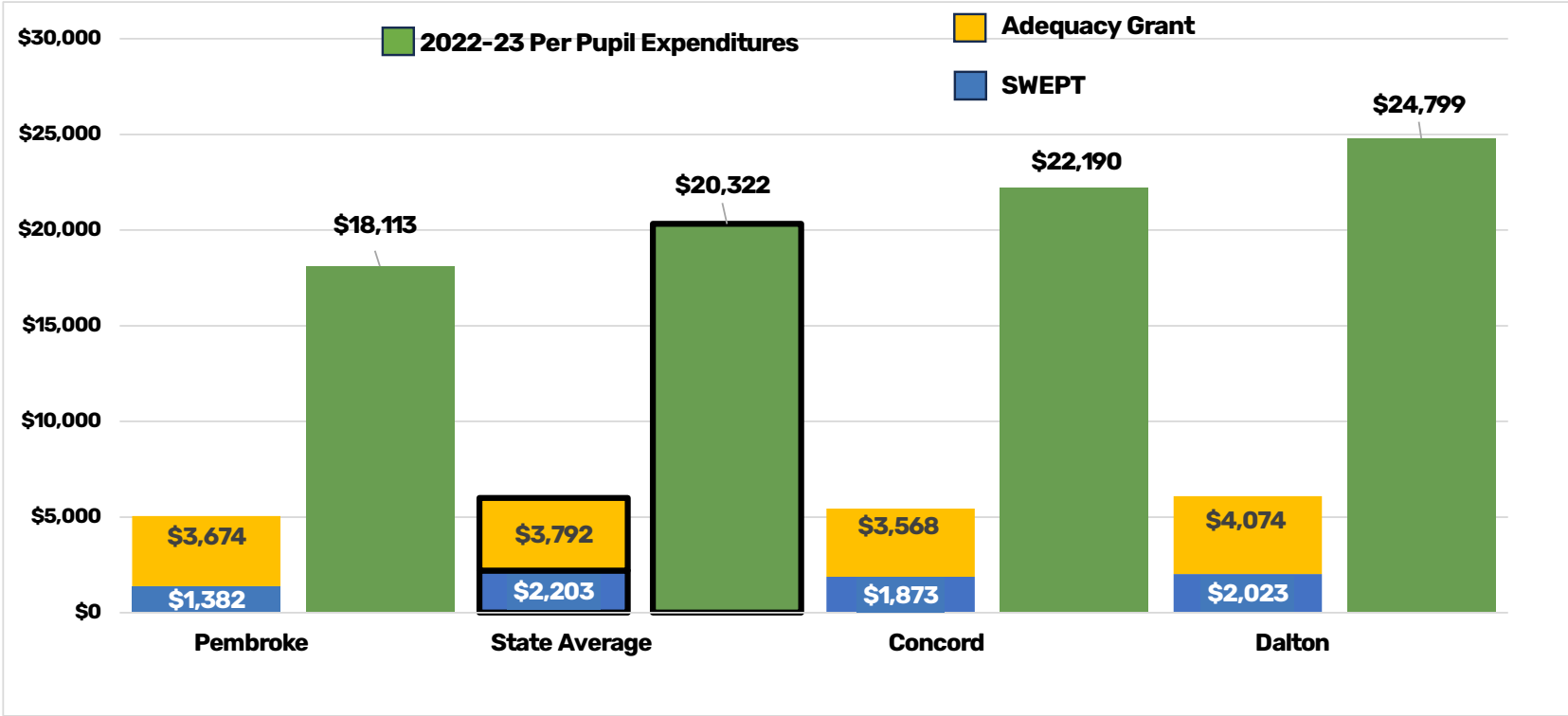
- (1) English/language arts and reading.
- (2) Mathematics.
- (3) Science.
- (4) Social studies, including civics, government, economics, geography, history, and Holocaust and genocide education.
- (5) Arts education, including music and visual arts.
- (6) World languages.
- (7) Health and wellness education
- (8) Physical education.
- (9) Engineering and technologies including technology applications.
- (10) Personal finance literacy.
- (11) Computer science.

# State Determined Cost of an Adequate Education

\$4,100	For each student
+ \$2,300	For each student eligible for free and reduced price meals
+ \$2,100	For each student receiving special education services
+ \$800	For each student who qualifies as an English language learner

**This was \$5,168,180 for Pembroke in 2023-24 school year**

# Current State Adequacy Grants Are Far Less Than True Costs



# What Would an 'Adequate' School System Look Like?

An Example...

In 2022-23 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.

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

*Let's see what we must pair down to reach the adequate education target budget...*

# What does an 'Adequate' K-12 Education Cost?

An Example...

- X Eliminate all busing (including special education busing)
- X Eliminate all educational materials (including new textbooks)
- X Eliminate all art, music, PE, both teachers and equipment
- X Eliminate all Chromebook technology and software contracts
- X Eliminate all payments on the school building bond (*default !*)
- X Eliminate all grounds maintenance including plowing
- X Eliminate all special education contracted services
- X Eliminate 3 of 4 custodians
- X Eliminate all substitute teachers

# What does an 'Adequate' K-12 Education Cost?

An Example...

- X Eliminate all English Language Learner support
- X Eliminate all special education appraisal services
- X Eliminate all special education out-of-district placements
- X Eliminate all clubs, sports, field trips, and student assemblies
- X Eliminate 1 of the 2 nurses
- X Eliminate both guidance counselors
- X Eliminate both street crossing guards
- X Eliminate technology support personnel
- X Eliminate the assistant principal

# What does an 'Adequate' K-12 Education Cost?

An Example...

- ✗ Eliminate the behavior teacher
- ✗ Eliminate 1 of 7 special education teachers
- ✗ Eliminate the library media specialist
- ✗ Eliminate the speech language pathologist
- ✗ Reduce library aid to half-time
- ✗ Eliminate the reading specialist
- ✗ Eliminate 2 of 17 special education paraprofessionals
- ✗ Eliminate special education speech/language pathologist
- ✗ Eliminate the library media specialist

# What does an 'Adequate' K-12 Education Cost?

An Example...

The budget at this point was still far above the State's "adequacy" level. K-8 classroom teachers and high school had not been touched. Two more steps would have to be taken.

Eliminate all tuition payments to Pembroke Academy. Education in Allenstown would end at 8<sup>th</sup> grade.

Eliminate many classroom teachers.

Grades K-4 would have 29 students per teacher

Grades 5-8 would have 38 students per teacher

# What does an 'Adequate' K-12 Education Cost?

An Example...

**How does anyone believe that this would provide an adequate education for Allenstown's 511 students?**

The State of New Hampshire's Legislature, Department of Education, and Attorney General's Office evidently believe it would.

# UNEQUAL TAXATION

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# Basing School Funding on Local Property Taxes results in inequity based on Property Value

Property Value Per Pupil	Tax Rate (per Thousand)	Revenue Raised Per Pupil
\$1,000,000	\$1.00	<b>\$1,000</b>
\$2,000,000	\$1.00	<b>\$2,000</b>

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\$2,000,000	\$1.00	<b>\$2,000</b>
<i>For a town with lower property value, to raise the \$1,000, a significantly higher tax rate would be required against the property value</i>		
\$1,000,000	<b>\$2.00</b>	<b>\$2,000</b>

# Community Comparison

Town	Pupils	Equalized Value Per Pupil	Equalized School Tax Rate	Amount Raised Per Pupil
Pittsfield	500	\$989,175	\$8.67	\$8,576
Derry	4,568	\$1,105,715	\$11.44	\$12,649
Pembroke	1,033	\$1,116,018	\$10.41	\$11,618
Concord	4,029	\$1,267,215	\$11.14	\$14,117
Manchester	11,652	\$1,288,050	\$6.83	\$8,797
Northwood	551	\$1,660,145	\$12.57	\$20,868
Londonderry	3,769	\$1,846,006	\$9.71	\$17,925
<b>New Hampshire</b>	<b>157,405</b>	<b>\$1,884,285</b>	<b>\$8.55</b>	<b>\$16,111</b>
Portsmouth	2,119	\$4,445,024	\$5.58	\$24,803

# Which Home Has the Larger Property Tax Bill for Schools?



Built in 1947  
2 bedrooms, 2 baths, 5 rooms  
2,147 sq. ft.  
1/6 acre



Built in 2000  
4 bedrooms, 3 baths, 12 rooms  
2,800 sq. ft.  
4 acres

# Which Home Has the Larger Property Tax Bill for Schools?



## Pembroke

2023 equalized value: \$284,355  
Equalized School Tax Rate: \$12.65  
2023 School Property Tax: **\$3,597**

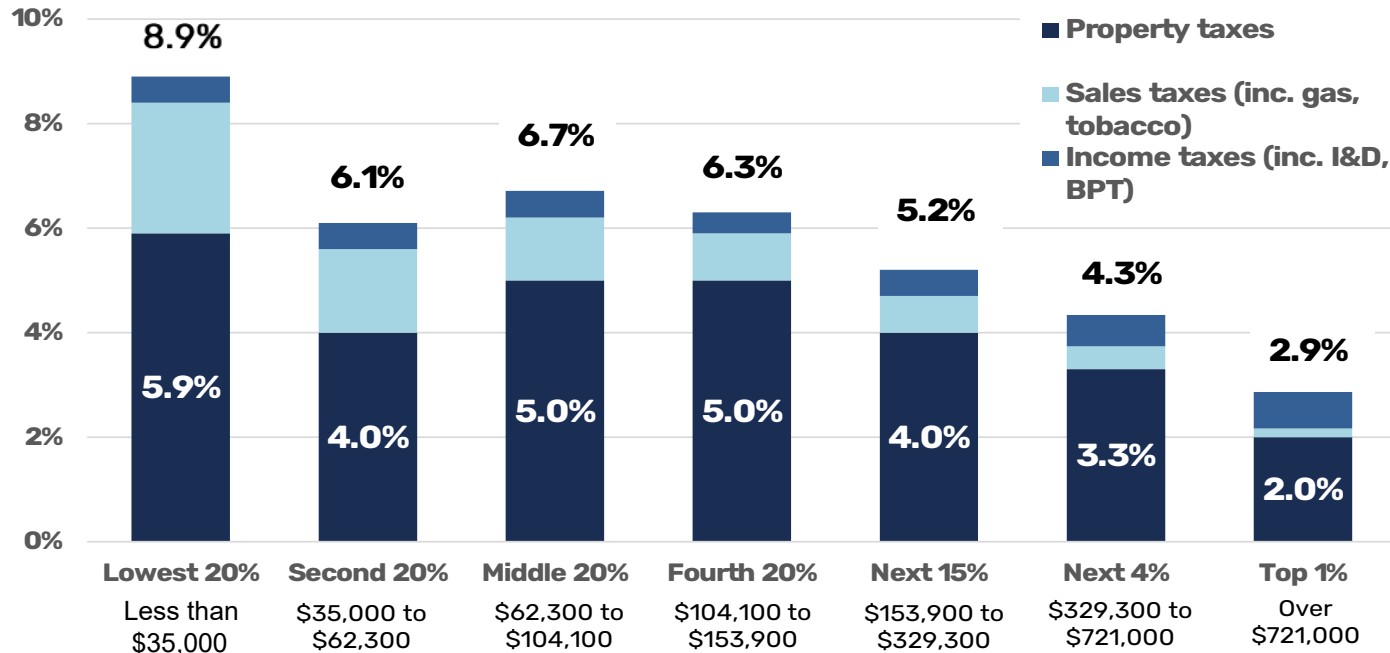


## Tuftonboro

2023 equalized value: \$798,700  
Equalized School Tax Rate: \$3.67  
2023 School Property Tax: **\$2,928**

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

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



Source: Institute on Taxation and Economic Policy

# CURRENT COURT CASES

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## • **Contoocook Valley School District vs. New Hampshire**

Started by the Contoocook Valley School District (ConVal) in 2019. Plaintiffs include 19 school districts representing 25% of all public school students.

- Winchester
- Mascenic
- Monadnock
- Fall Mountain
- Claremont
- Newport
- Hillsboro-Deering
- Grantham
- Oyster River
- Manchester
- Windham
- Derry
- Hill
- Mascoma Valley
- Nashua
- Lebanon
- Hopkinton
- Plainfield

# Contoocook Valley School District vs. New Hampshire

Trial was held in Rockingham Superior Court in 2023. Plaintiff districts sought to prove that the base cost of adequate education must be almost \$10,000 per student. They did not address other costs or the tax rate differences.

The judge issued his decision in November 2023.

“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 base adequacy cost can be no less than \$7,356 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 in base adequacy aid to New Hampshire Schools. **Thus, the current allocation of \$4,100 per pupil is unconstitutional.**”

# Contoocook Valley School District vs. New Hampshire

The State has appealed the ConVal decision to the NH Supreme Court. When that court will hear the appeal has not yet been determined.

Importantly, the Judge noted in his decision the following...

"**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."

# Steven Rand vs. the State of New Hampshire

A group of taxpayers from Plymouth, Newport, Penacook, and Hopkinton claim that their constitutional right to pay a uniform tax to support schools is being violated. In particular they argue that

1. The State downshifts to the local property tax its responsibility to fund a realistic base cost as well as services for handicapped, low income, and non-English-speaking students.
2. Nonuniform taxes violate the Supreme Court's Claremont case decisions.
3. The Statewide Education Property Tax (SWEPT) is being administered in an unconstitutional manner.

# Steven Rand vs. the State of New Hampshire

The Rand trial will take place during the first two weeks of October.

The judge has already issued a decision based on evidence submitted at a preliminary hearing that SWEPT is not in compliance with the constitutional requirement that all taxpayers must pay the same rate.

The State has appealed the decision about SWEPT to the NH Supreme Court. When that court will hear the appeal has not yet been determined.

# POLICY AND TAX ALTERNATIVES

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# Legislation Introduced in the 2024 Legislative Session

**HB 1583** – increase base adequacy to \$10,000

*Sent to “interim study”*

**HB 1656** – increase special education to \$27,000 per student

*Sent to “interim study”*

**HB 1670** – state pays for all special education costs

*Sent to “interim study”*

**HB 1586** – change adequacy formula, SWEPT, and property tax relief in line with Commission to Study School Funding recommendations

*Sent to “interim study”*

# Ideas for 2025 Legislative Session

Significant homestead exemption for property taxes

Increase base adequacy aid to \$10,000

Dedicate 5% Interest & Dividends tax to public schools

State pays for all special education costs

True SWEPT at \$8.00

Sales Tax dedicated to Education Trust Fund

Add Capital Gains Tax

Restore the Estate and Legacy Tax

Expand Low/Moderate Income Property Tax Relief

Income Tax dedicated to Education Trust Fund

Return business taxes to normal rates

# Summary

- Neither taxpayers nor students are treated equitably or fairly.
- The problem has been getting worse.
- **\$2.7 Billion** is downshifted to local property tax payers each year, resulting in wildly uneven tax rates to support schools.
- The current system is unconstitutional.
- The solution lies with the courts and state level lawmakers, but we need to engage with them to push for change and progress.

# What actions can you take?

-  1 Talk to your Legislators
-  2 Testify on Legislation in 2025
-  3 Can't testify in person? Use our advocacy tools to email testimony
-  4 Share our content on social media
-  5 Write letters to the editor
-  6 Talk to your family, friends, and neighbors
-  7 Subscribe to our newsletter to stay up to date with school funding news and ways to get involved

# QUESTIONS COMMENTS

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