



NH SCHOOL
Funding Fairness
Project

NH School Funding Fairness Project

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

Timberlane: December 5th, 2024

Slides and handouts: fairfundingnh.org/Timberlane

AGENDA

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 constitutional requirements and the specific components

3 | UNEQUAL TAXES

The current property tax system aggravates inequality for students and taxpayers, because of great disparities in property wealth across the state

4 | ADVOCACY IN COURT AND IN THE LEGISLATURE

Two lawsuits and proposed legislation that may impact school funding and property taxes

5 | ACTIONS YOU CAN TAKE

How can you support school funding reform?

THE CHALLENGE

Public High School Metric Comparison

Criteria	Public High School A	Public High School B
Percentage 3 rd Graders who are Proficient or Above in Math & Reading	78% Math, 71% Reading	29% Math, 31% Reading

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Education Property Tax Bill on \$350,000 Home	\$1,645	\$4,371

Public High School Metric Comparison

Which Schools are these...

Portsmouth

Claremont

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New Hampshire School Funding '22-'23

NH Relies Overwhelmingly on Local Property Taxes to Fund Public Education

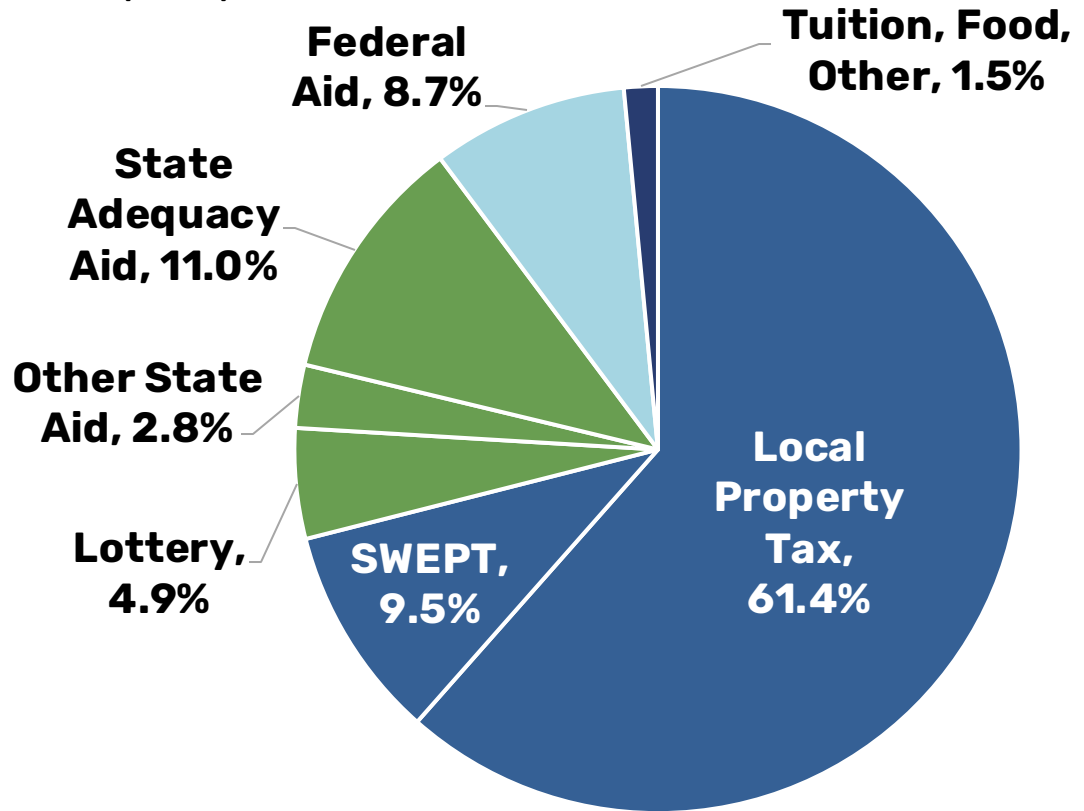
Current System:

\$3.8B in Total Revenue

Federal Aid: 8.7%

State Revenue: 18.7%

Property Taxes: 70.9%



AN ADEQUATE EDUCATION

The Claremont Rulings

In the 90s, 5 school districts came together to sue the state to fight for education funding equality

School Districts including Claremont, Pittsfield, Lisbon Regional, Franklin, and Allenstown as well as 8 taxpayers & parents and 5 students all came together to sue the state of New Hampshire.

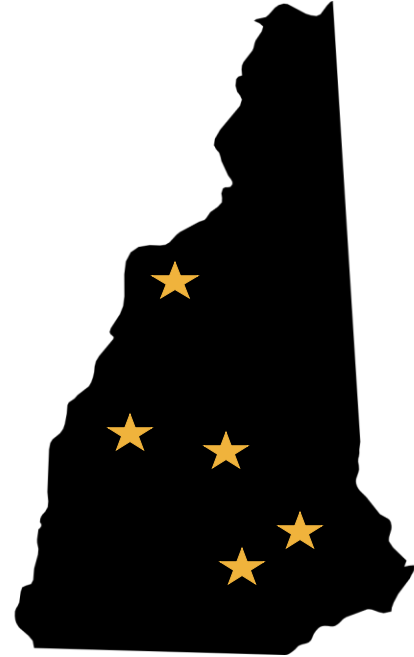


The Claremont Rulings

In the 90s, 5 school districts came together to sue the state to fight for education funding equality

After 7 years, the Plaintiffs come out victorious.
The ruling can be summarized into 2 key factors:

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.

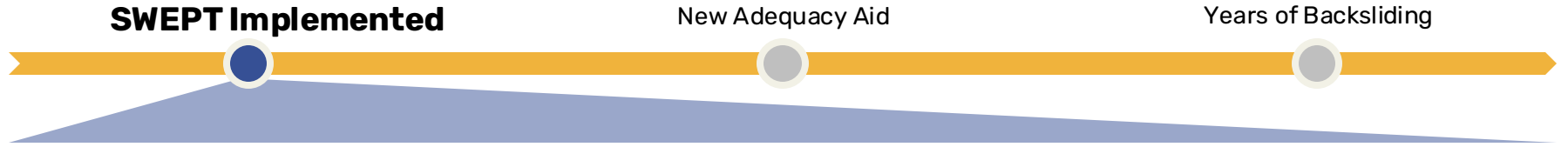


The Scope of an “Adequate Education”: Expansive and Future-Oriented

“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

Post-Claremont Reform



SWEPT Implemented

New Adequacy Aid

Years of Backsliding

State-
Wide
Education
Property
Tax

1999 - SWEPT (\$6.60)
implemented in the state
of New Hampshire

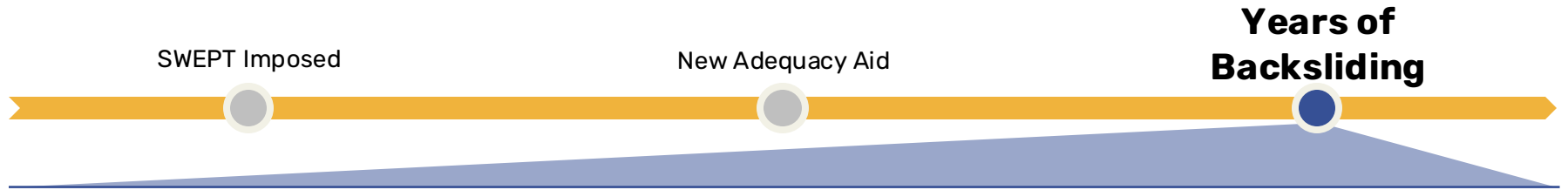
Post-Claremont Reforms



New 'adequacy aid' funding comes from the 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

Post-Claremont Backsliding



- Coalition of property wealthy towns lobbied to change SWEPT to a local-only tax (Now, some locations have **negative** tax rates)
- Courts again ruled legislature must define & pay for an adequate education in 2006
- From '12-'22, the burden on local property tax payers to fund public education increased by \$614M (compared to the State's \$47M increase)

Calculating the Cost of an Adequate Education

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

+ \$2,300

For each student eligible for free and reduced-priced meals

+ \$2,100

For each student receiving special education services

+ \$800

For each student who qualifies as an English Language Learner

= \$5,995

Average Adequacy Aid Per Student

School Funding & Students with Disabilities

During the 2022-2023 school year, 30,964 (19.67%) students received services through an Individualized Education Program (IEP).

State and Federal Governments only paid 17.47% of costs associated with IEPs in 2023, which was one percent less than in 2022.

In 2023, 60 New Hampshire public school districts spent over 25% of their total expenditures on IEP related expenses.

Special Education Spending at Timberlane

Function	Amount
Instruction	\$13,057,516.38
Instruction Related	\$1,317,908.98
Administration	\$482,281.17
Legal	\$182,760.10
Transportation	\$792,130.26
TOTAL	\$15,832,596.89

Timberlane had 700 students with IEPs. On average, this was **\$22,617** for each such student. In the state overall there were 30,965 such students and the total cost was \$915,220,911. The statewide average was \$29,557. The average cost for extra services for each student with an IEP at Timberlane was lower than the average throughout the state

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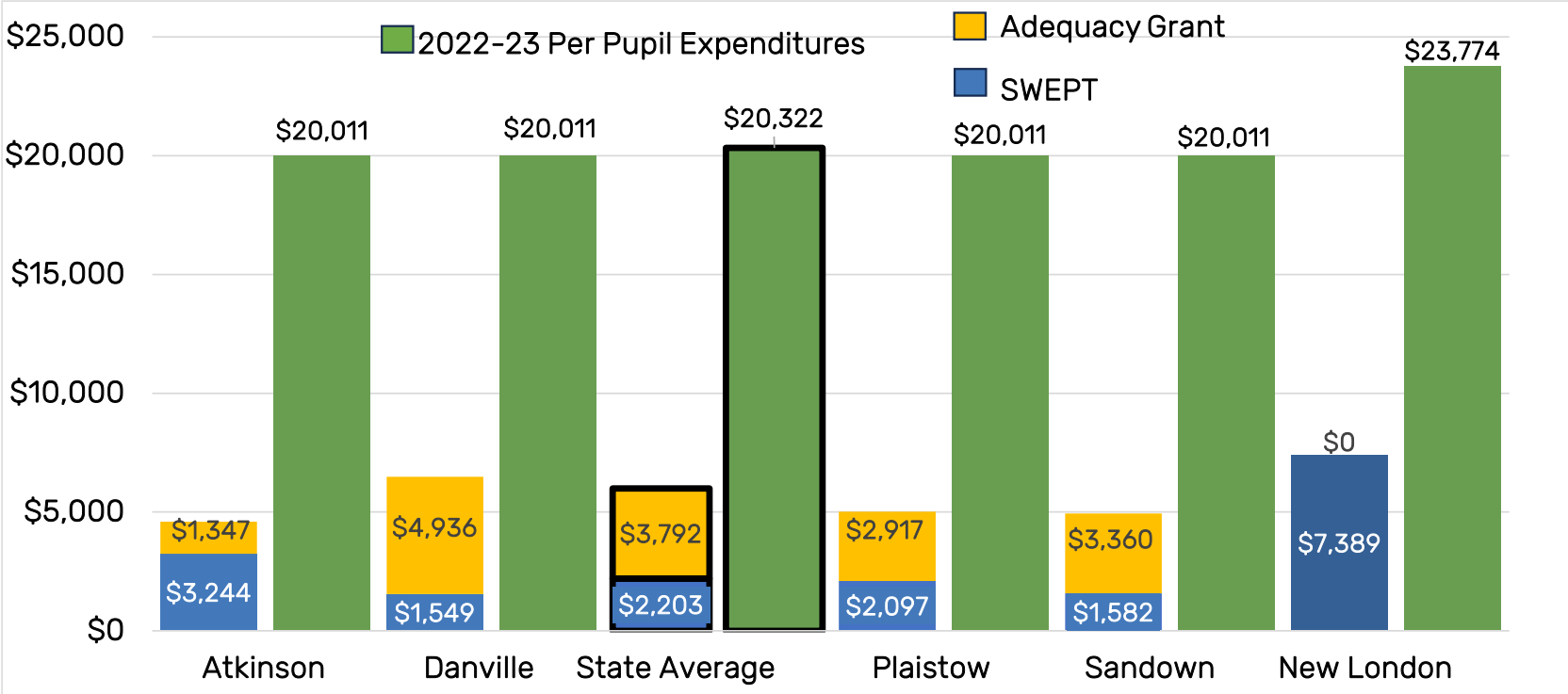
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= \$5,995

Average Adequacy Aid Per Student

\$20,322

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.

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

Eliminate...

- X all busing (including special education busing)
- X all supplies, copier machines, liability insurance, plumbing and heating repairs
- X all educational materials (including new textbooks)
- X all art, music, and PE equipment
- X all Chromebook technology and software contracts
- X all payments on the school building bond (*resulting in default*)
- X all food services
- X grounds maintenance (including plowing)
- X SAU 53 costs (including the superintendent and staff) and fees for audits and attorneys

Eliminate...

- X all English Language Learner support
- X all special education contracted services
- X all special education appraisal services
- X all special education out-of-district placements
- X all co-curricular clubs, sports, field trips, and student assemblies
- X all summer programs
- X two secretaries
- X three of 4 custodians
- X all school board stipends and fees
- X one of the 2 nurses
- X both guidance counselors
- X both street crossing guards
- X technology support personnel
- X the assistant principal
- X 2/17 special education paraprofessionals (special education coordinator cut to half-time)

Eliminate...

- X special education speech/language pathologist
- X all substitute salaries
- X the reading specialist
- X the special education secretary
- X the library media specialist
- X the speech language pathologist
- X reduced library aid to half-time
- X the art teacher
- X the music teacher
- X the physical education teacher
- X the behavior teacher
- X one of 7 special education teachers

What about High School?

In addition, cut all tuition payments for 147 High School students

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

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

In order to reach the State's "adequacy" level of \$2,418,121 and given everything else that has been cut, the remaining items involve teaching staff

- Grades K-4 would have 29 students / teacher ratio
- Grades 5-8 would have 38 students / teacher ratio
- An "adequate education" would need end in the 8th grade...

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

Unequal Taxation

Basing School Funding on Property Tax results in inequity based on Property Value

Property Value	Tax Rate (per Thousand)	Revenue Raised
\$1,000,000	\$10.00	\$10,000
\$400,000	\$10.00	\$4,000

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Property Value	Tax Rate (per Thousand)	Revenue Raised
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\$400,000	\$10.00	\$4,000
<i>For a community with lower property value, to raise the target \$10,000, a significantly higher tax rate would be required</i>		
\$400,000	\$25.00	\$10,000

Town	Pupils	Equalized Value Per Pupil	Equalized School Tax Rate	Amount Raised Per Pupil
Sandown	132	\$1,296,506	\$15.79	\$20,472
Danville	561	\$1,312,725	\$14.57	\$19,126
Warner	340	\$1,432,483	\$11.44	\$16,388
Plaistow	956	\$1,848,559	\$12.35	\$22,830
New Hampshire	157,405	\$1,884,285	\$8.55	\$16,111
Atkinson	684	\$2,624,084	\$9.18	\$24,089
New London	328	\$6,511,842	\$6.51	\$42,392

Which Home Has the Larger Property Tax Bill?



Come see a wonderful and expansive home boasting 9 acres, 2 sundecks, a pool, and even a barn. The house starts with a huge, shared driveway with 5 spots. Then there is an approximately 30x15 front sun deck to enjoy.



Discover the perfect blend of tranquility, luxury, and modern convenience in this stunning 3-bedroom, 2-bathroom waterfront home, nestled in a peaceful no-wake cove on the shores of Lake Winnepesaukee.

Which Home Has the Larger Property Tax Bill?



Plaistow

2024 market price: \$749,000

Total School Tax Rate: \$15.79

2024 School Property Tax: **\$11,826**



Meredith

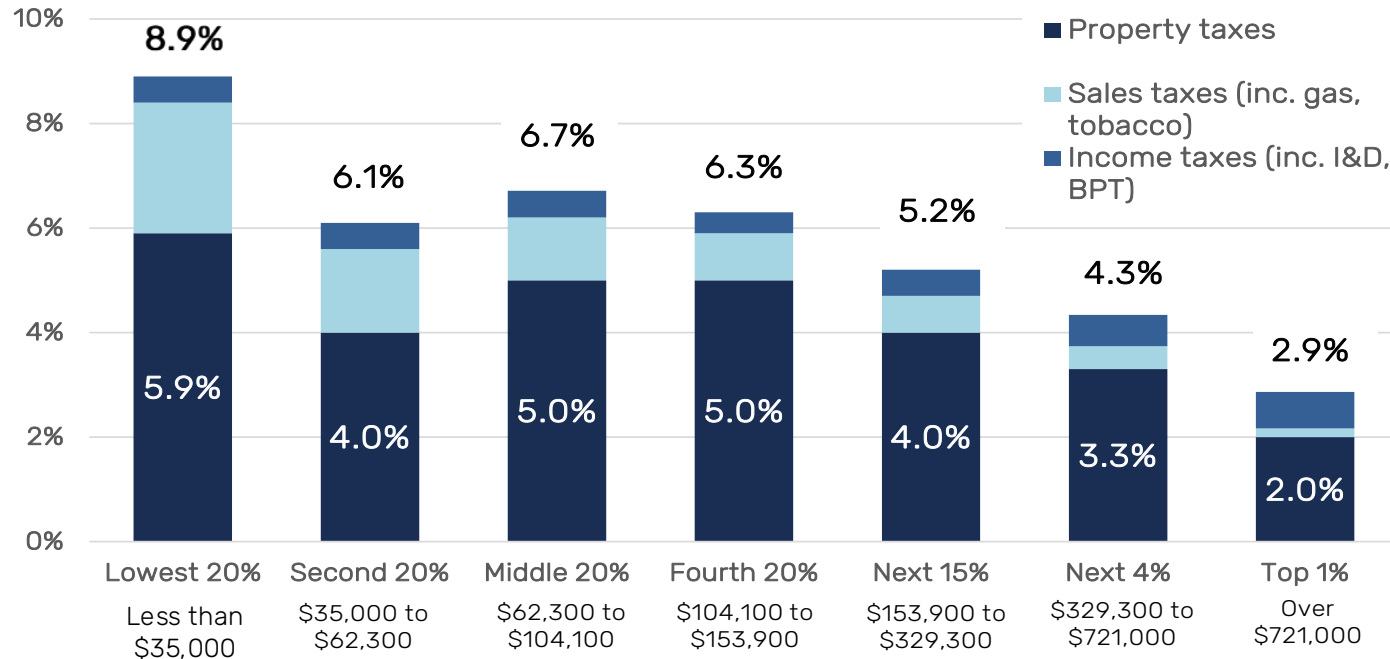
2024 market price: \$1,659,000

Total School Tax Rate: \$5.15

2024 School Property Tax: **\$8,543**

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

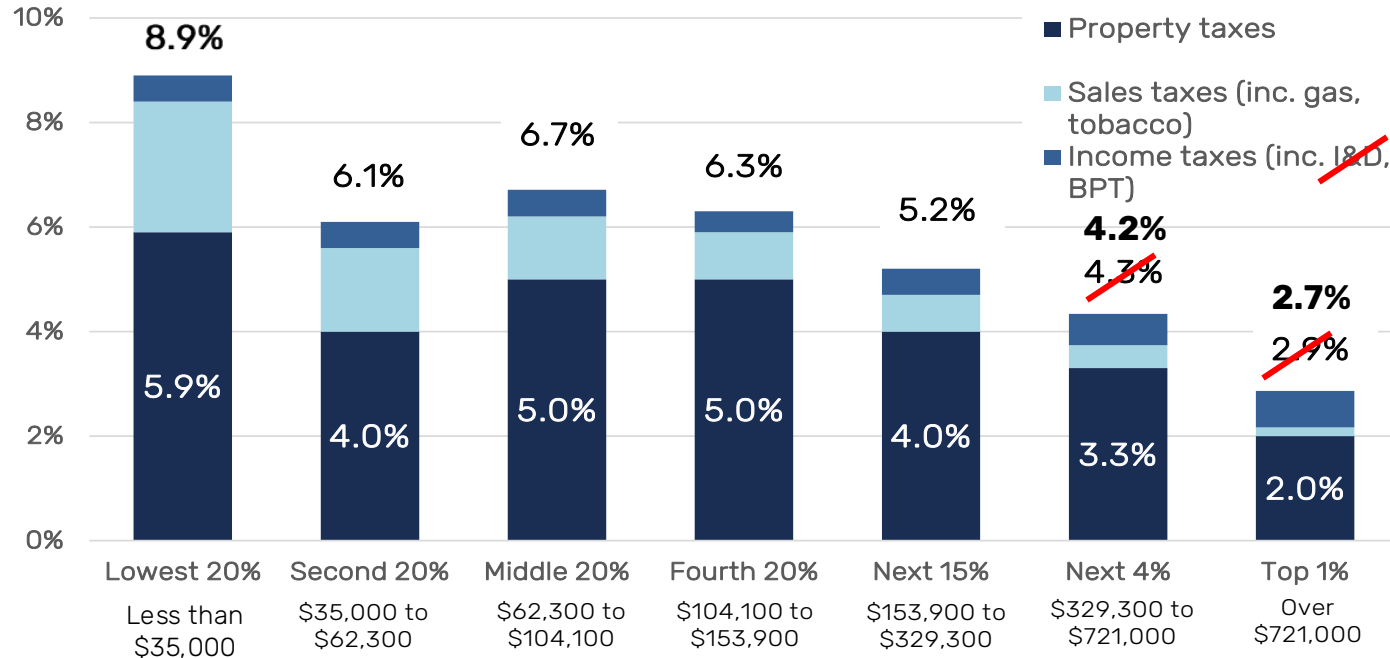
Taxes as a Share of Income, by Income Group, 2024



Source: Institute on Taxation and Economic Policy

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ADVOCACY IN COURT AND THE LEGISLATURE

Contoocook Valley School District vs. New Hampshire

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

SUPPORT

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
- Plainfield



DECISION



JUSTIFICATION

Contoocook Valley School District vs. New Hampshire

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

DECISION

SUPPORT

"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.**"

JUSTIFICATION

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

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

DECISION

"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."

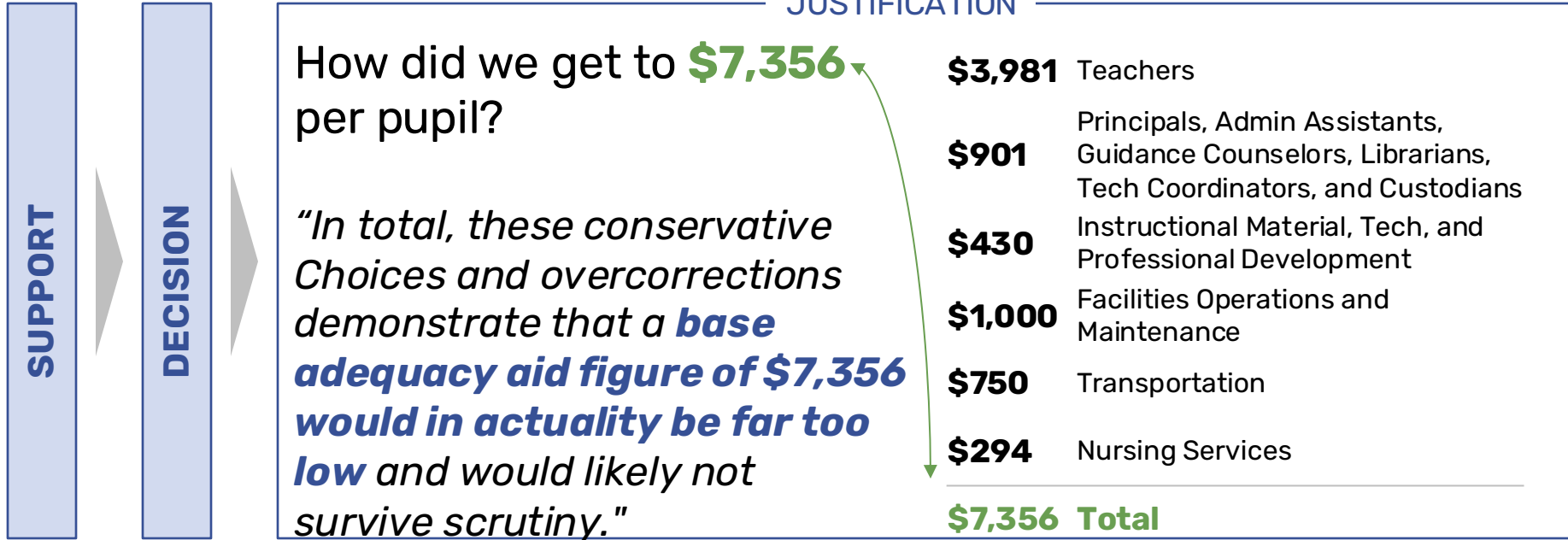
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'22 - '23 Revenue Breakdown of NH School Districts

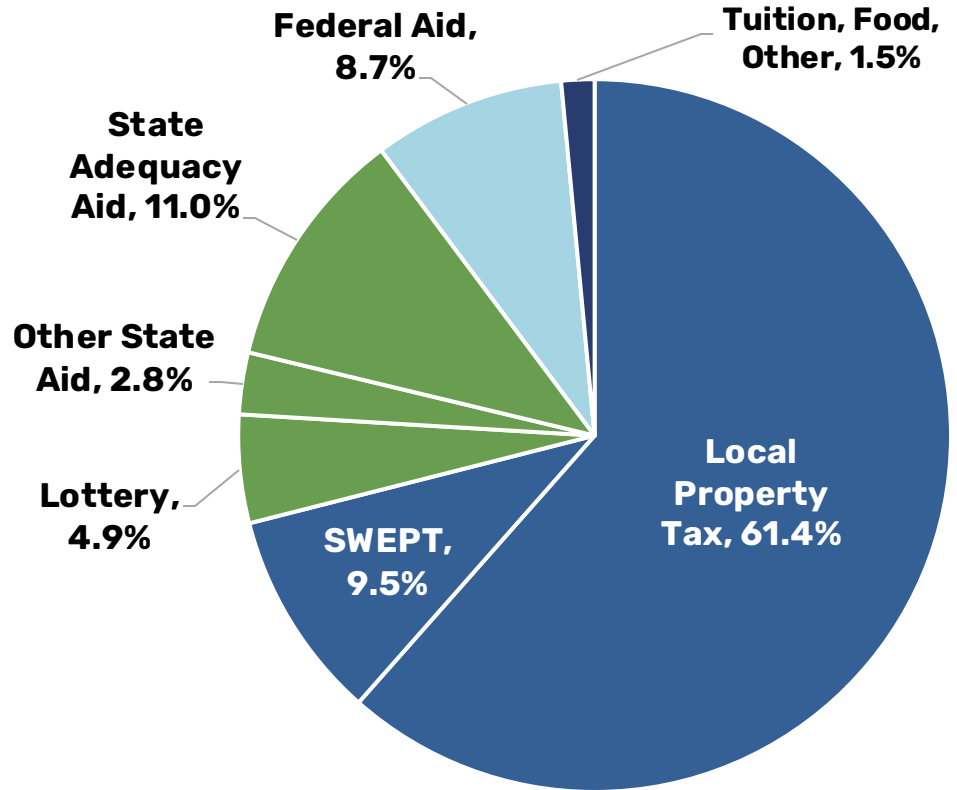
Current System:

\$3.8B in Total Revenue

Federal Aid: 8.7%

State Revenue: 18.7%

Property Taxes: 70.9%



'22 - '23 Revenue Breakdown of NH School Districts

System with ConVal Ruling:

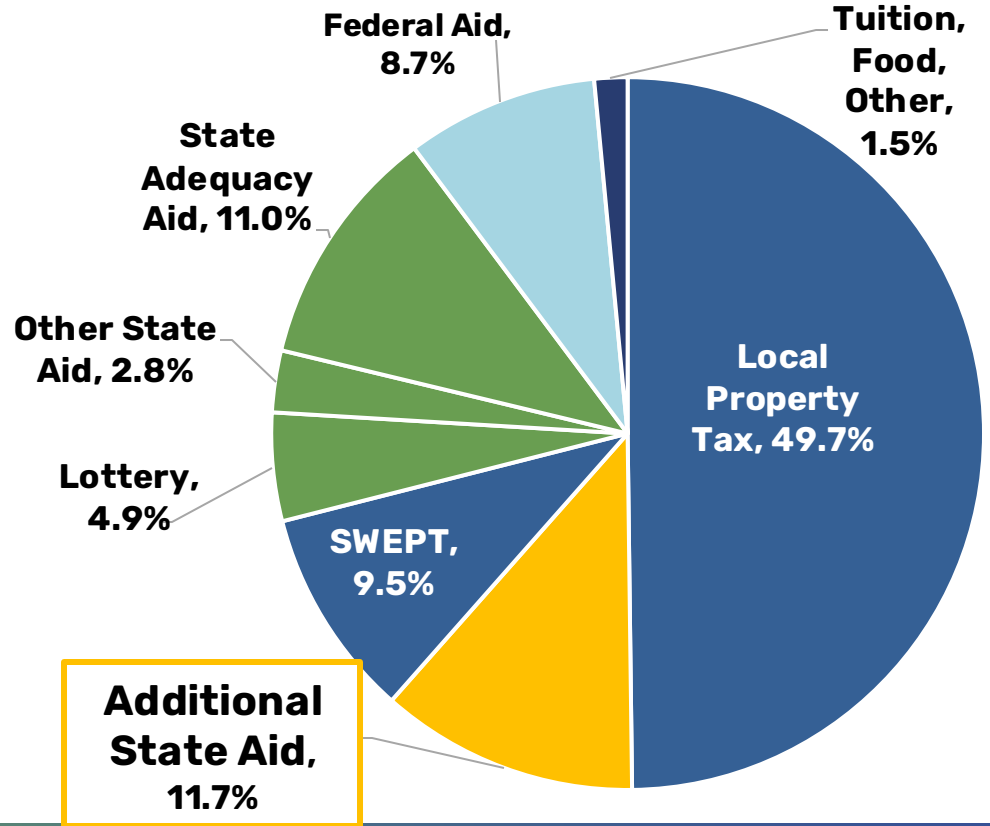
\$3.8B in Total Revenue

Federal Aid: 8.7%

State Revenue: 18.7%

Property Taxes: 59.2%

Additional State Aid: 11.7%



Possible Revenue Sources

INCREASE CONTRIBUTION FROM SWEPT

Example revenue estimates:

- ConVal lawsuit base adequacy amount (\$9,929 per pupil)
 - SWEPT of about \$9 per \$1,000
- ConVal Superior Court ruling base adequacy minimum (\$7,356.01) – SWEPT rate of about \$5 per \$1,000

Could be paired with policies to protect lower income residents, such as a Homestead Exemption or increases to the Low and Moderate Property Tax Relief Program

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

Possible Revenue Sources

INTEREST & DIVIDEND TAX

Reinstate the interest & dividend tax ~\$135M

BUSINESS TAXES

The NH Fiscal Policy Institute estimated the state lost ~\$496M - \$729M between 2015-2022 due to cutting business taxes

Rand vs. the State of New Hampshire (2022)

Group of taxpayers from Plymouth, Newport, Penacook, and Hopkinton.

Argument

- Rand argues that local property taxes, used to fund the bulk of the State's funding obligation for public education, are **not uniform in rate**, which 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).

JUDGMENT MOTION



Rand vs. the State of New Hampshire (2022)

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

SUMMARY JUDGMENT MOTION

ARGUMENT

1. The State allowing municipalities to retain excess SWEPT revenues is unconstitutional.
2. The NH Department of Revenue Administration approving **negative local education tax rates** to offset the payment of SWEPT is unconstitutional.

Potential Legislative Approaches - 2025

Increase base adequacy in line with ConVal lawsuit (\$10,000) or Court ruling (\$7,356)

Increase special education adequacy grant to \$29,556 per student (actual average additional cost)

Reform SWEPT back to legitimate State tax, could include increases to property tax relief program to offset

Reinstate Interest and Dividends Tax to increase funding for public schools and offset property tax burden

Summary

- Neither taxpayers nor students are treated equitably or fairly.
- The problem is getting worse.
- **\$2.7 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?

-  1 Talk to your Legislators and Candidates
-  2 Testify on Legislation
-  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



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