



NH SCHOOL
Funding Fairness
Project

NH School Funding Fairness Project

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

Kearsarge School District: January 28, 2025

Slides and handouts: fairfundingnh.org/Kearsarge

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, legislation, and state leaders that may impact school funding and property taxes

5 | ACTIONS YOU CAN TAKE

How can you support school funding reform?

THE CHALLENGE

We value and invest in our public schools

In 2024, NH was 8th in the country for cost-adjusted per-pupil funding according to the Education Law Center.

“If you look at our education funding and combine the state and the local funding, we’re in the top 10 funding in the nation...

what we need to do is make sure that we’re spending those dollars effectively.” – Governor Kelly Ayotte

New Hampshire School Funding

NH Relies Overwhelmingly on Local Property Taxes to Fund Public Education

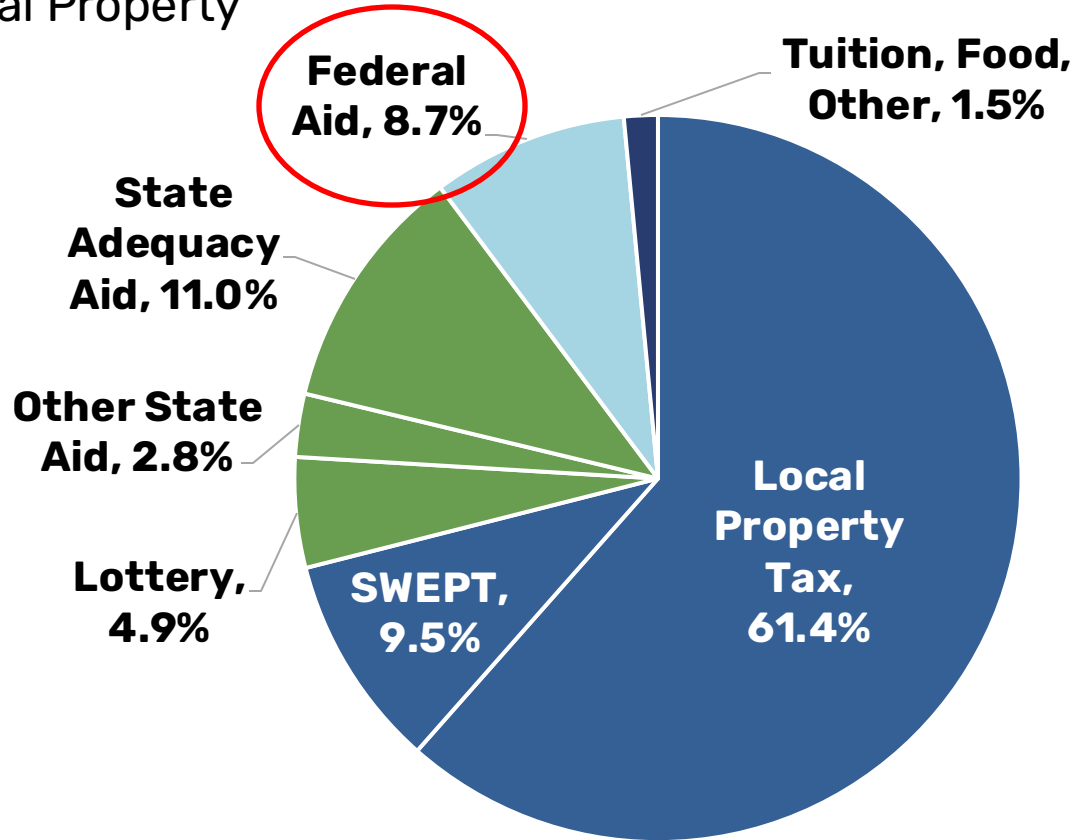
Current System:

\$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.

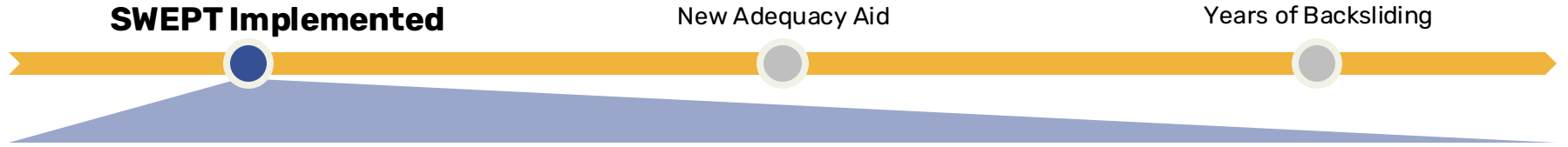


The Scope of an “Adequate Education”: Expansive and Future-Oriented

“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

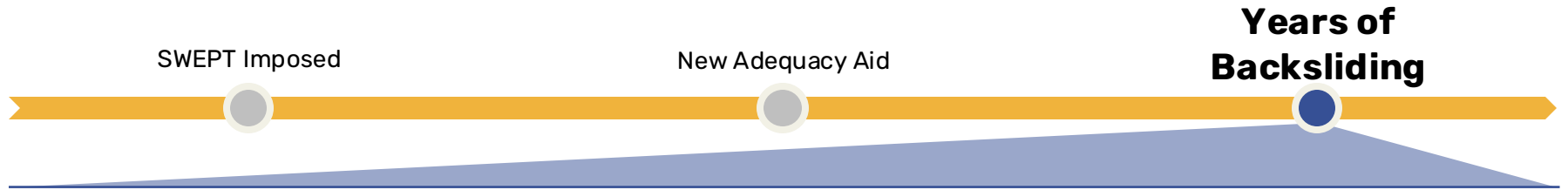
Post-Claremont Reforms



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 **\$4,182** in 'Base Adequacy'

+ \$2,346

For each student eligible for free and reduced-priced meals

+ \$2,142

For each student receiving special education services

+ \$816

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 in Kearsarge

Function	Amount
Instruction	\$7,487,895.66
Instruction Related	\$151,388.63
Administration	\$748,700.96
Legal	\$12,308.30
Transportation	\$120,662.14
TOTAL	\$8,520,955.69

In 2023, Kearsarge had 263 students with IEPs. On average, this was an additional \$32,399 per student.

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+\$29,556

~~**+\$2,142**~~

For each student receiving special education services

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For each student who qualifies as an English Language Learner

\$5,995

Average Adequacy Aid Per Student

\$20,322

Actual Average Cost Per Student

New Hampshire schools told to expect less state aid for special education costs

New Hampshire Public Radio | By **Annmarie Timmins**

Published November 15, 2024 at 7:04 PM EST



New Hampshire schools told to expect less state aid for special education costs

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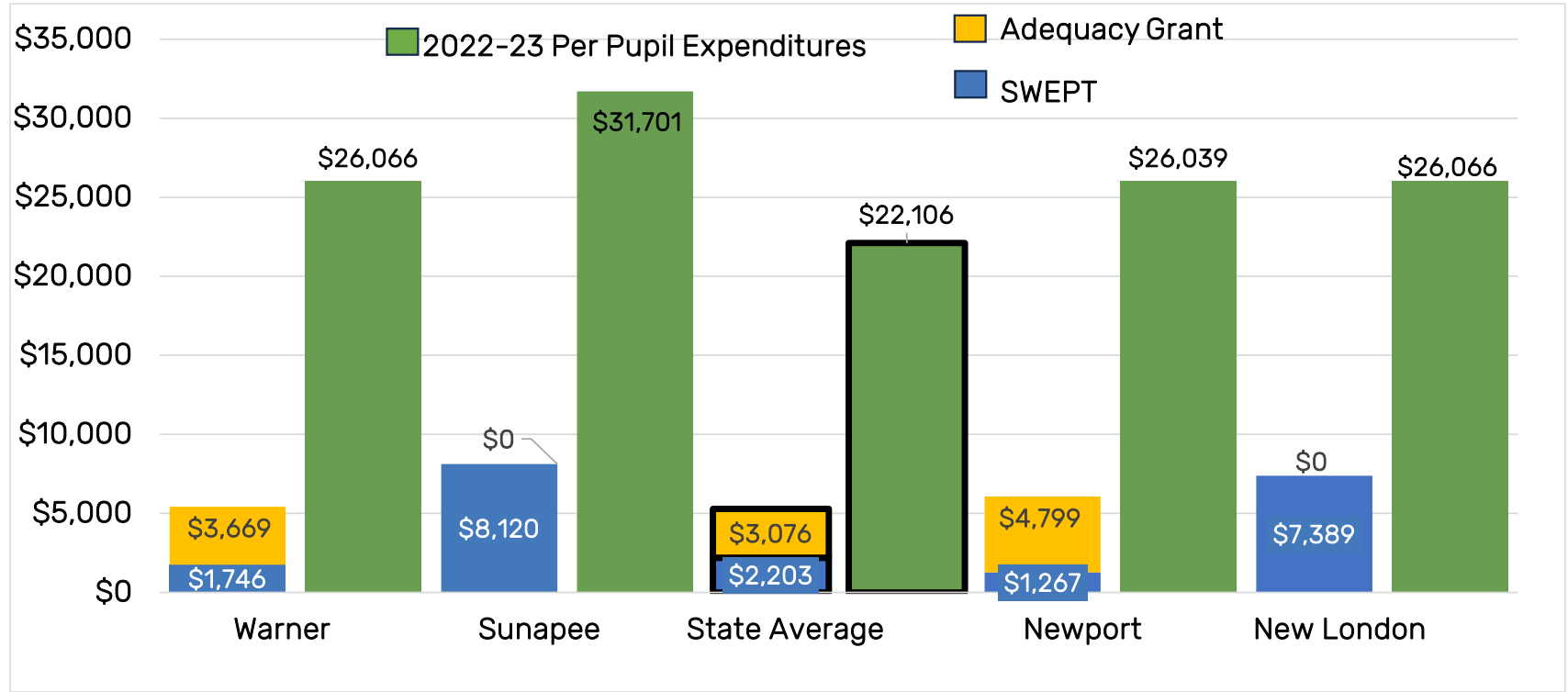


Under Edelblut's plan, the state would pick up 67.5% of its portion of special education aid in 2025, down from 87% this year and 98.3% in 2023.

"The gap between Special Education Aid claims and the amount in the state budget to reimburse districts creates real challenges, and **we acknowledge the strain this places on your districts.**" - Commissioner Frank Edelblut

Edelblut did not ask to increase his funding for special education aid in his preliminary budget presentation to lawmakers this week...Instead, Edelblut wants the state to consider whether it can provide special education services **more effectively** and for less money.

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?**

Not Just in Theory – Kearsarge Regional School District Budget Cap Vote

- A small number of residents utilized a new law (SB 383 signed into law 2024) to propose a dramatic spending cap on the Kearsarge Regional School District.
- The cap would have cut the school districts budget by about 17%.
- More than 1,500 people attended the deliberative session to vote on the spending cap.
- 92% voted against the cap and in support of their public schools.

Kearsarge School Budget Cap Defeat

House Majority Leader in response to Kearsarge School District voting 92% to defeat a 17% cut to the school budget: *“Perhaps, if they are unwilling to cap themselves, the state will step in and cap local taxes for them.”* (NH Journal)

Asked about complaints from towns and school districts that the state isn’t sending them enough money, [**the Senate President**] pushed back. *“Quite frankly, a lot of the problems that municipalities and school districts are experiencing are creatures of their own making,”* (NH Journal)

HOUSE BILL

675-FN-A-LOCAL

AN ACT

increasing the total revenue raised under the statewide education property tax, requiring municipalities to remit excess statewide education property tax payments to the department of revenue administration, limiting the authority of school districts to make certain appropriations, and increasing base adequacy costs per pupil.

SPONSORS: Rep. Sweeney, Rock. 25; Rep. Osborne, Rock. 2

COMMITTEE: Education Funding

ANALYSIS

This bill changes the formula for determining statewide adequacy aid, ties education funding increases to the Consumer Price Index, requires municipalities to remit excess education tax revenue back to the state, establishes a tax cap for local school districts, and increases the total revenue raised under the statewide education property tax.

Not Just in Theory – Proposed Bill Would Gut Adequacy

HB 283 - AS INTRODUCED

2025 SESSION

25-0633
02/08

HOUSE BILL **283**

AN ACT relative to the list of subjects that comprise an adequate education.

SPONSORS: Rep. D. McGuire, Merr. 14

COMMITTEE: Education Policy and Administration

ANALYSIS

This bill reduces the list of subjects which comprise an adequate education.

Current law

Beginning in the school year 2008-2009, and for each year thereafter, the specific criteria and substantive educational program that deliver the *opportunity for an adequate education* shall be defined and identified as the school approval standards in the following learning areas:

- (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, including a policy for violations of RSA 126-K:8, I(a).
- (8) Physical education.
- (9) Engineering and technologies including technology applications.
- (10) Personal finance literacy.
- (11) Computer science.

HB 283 proposed cuts

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- ~~(10) Personal finance literacy.~~
- ~~(11) Computer science.~~

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
Warner	362	\$1,638,360	\$11.47	\$18,792
Bradford	199	\$1,646,215	\$10.72	\$17,647
Wilmot	191	\$1,721,392	\$10.70	\$18,419
New Hampshire	151,990	\$2,082,222	\$8.61	\$17,928
Sutton	247	\$2,169,347	\$9.57	\$20,761
Springfield	162	\$2,327,025	\$9.91	\$23,061
New London	345	\$6,716,284	\$6.39	\$42,917
Newbury	201	\$10,000,997	\$3.78	\$37,804

Which Home Has the Larger Property Tax Bill?



Commercial auto garage and house for sale on 2 separate lots with heated outbuilding for atvs, side by side's, toys, small car etc. The commercial garage has 3 interior lifts (one is a vehicle alignment machine) inside and a 4th lift outside. Used oil heating system installed in the garage.



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?



Newport

2024 market price: \$649,900
Total School Tax Rate: \$12.61

2024 School Property Tax: **\$8,183**



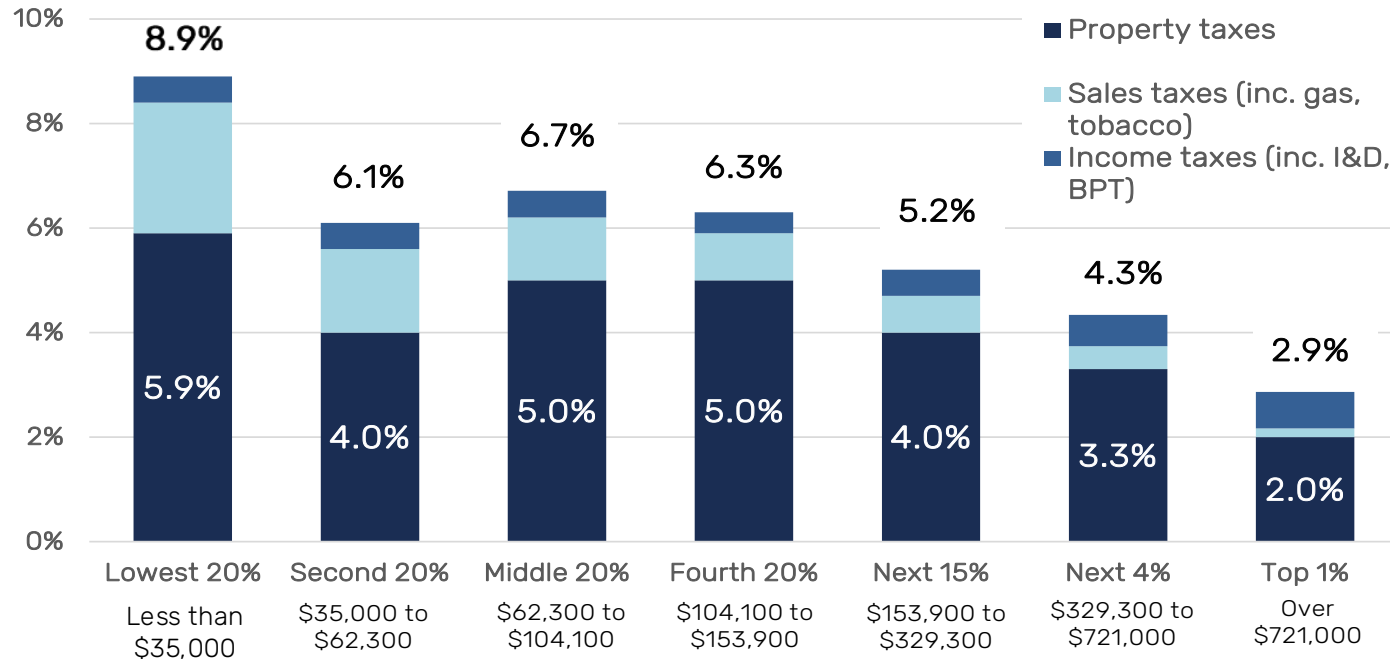
Meredith

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

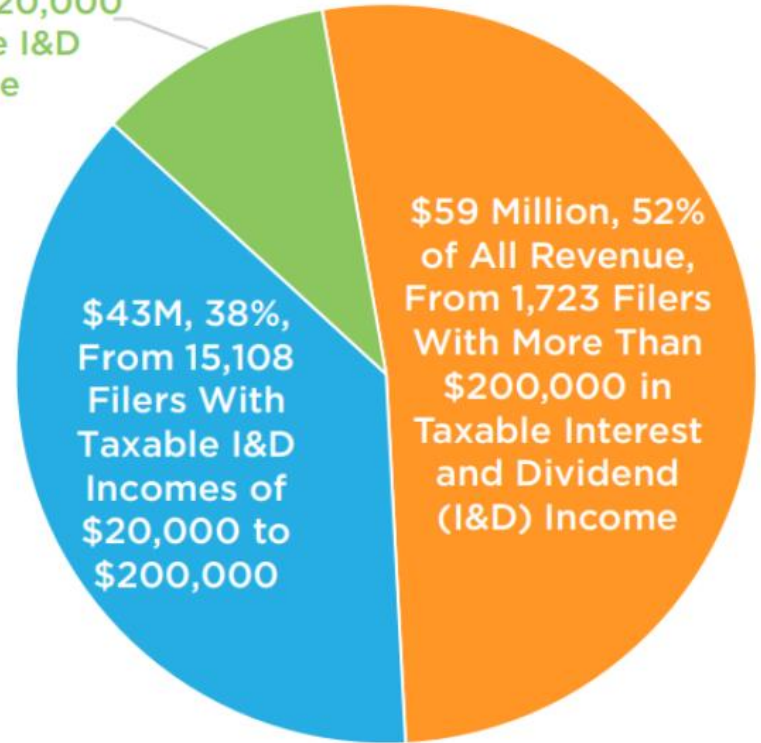


Source: Institute on Taxation and Economic Policy

Repeal of Interest and Dividends Tax Disproportionately Benefits Wealthy NH Households

I&D brought in \$184.3 million in fiscal 2024, according to unaudited figures from the Department of Administrative Services.

\$12M, 10%, From
51,833 Filers With
Less Than \$20,000
in Taxable I&D
Income

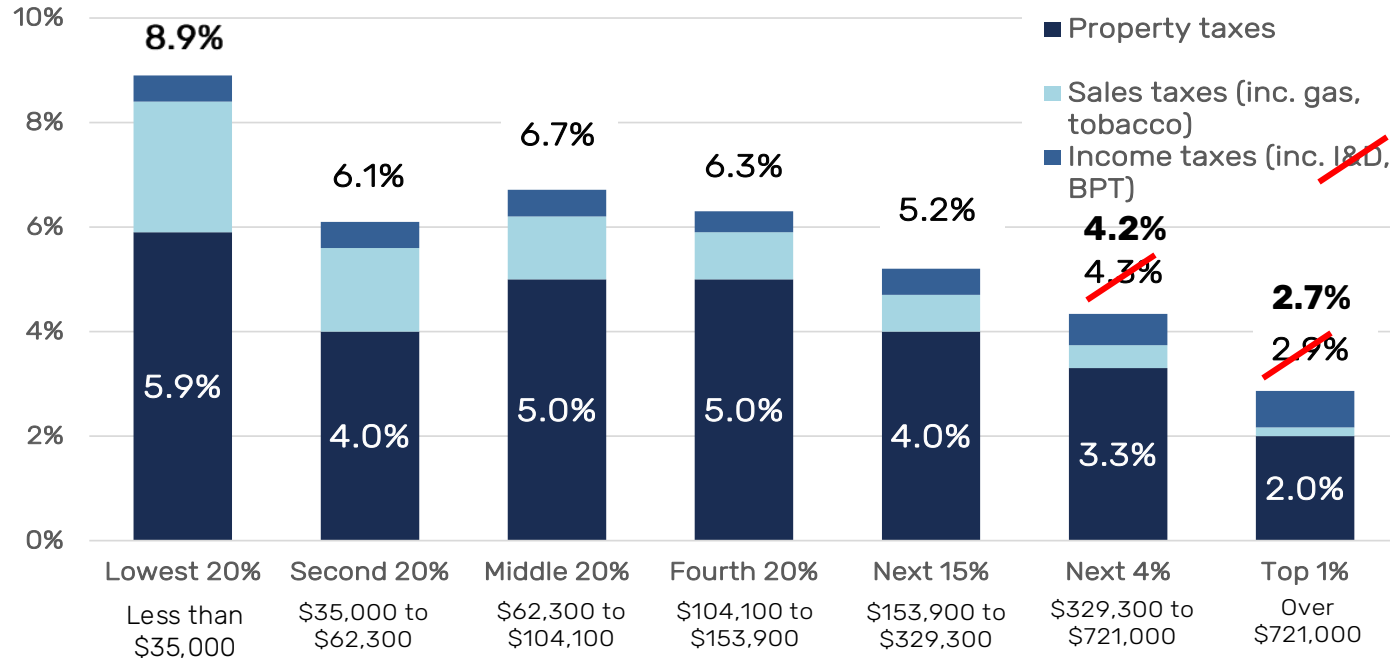


Source: New Hampshire Department of Revenue Administration, 2022 Annual Report



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

STATE BUSINESS TAX RATE REDUCTIONS LED TO BETWEEN \$496 MILLION AND \$729 MILLION LESS FOR PUBLIC SERVICES

“Recent State business tax revenue growth does not appear to have been spurred by tax rate reductions”

“No clear correlation exists between Business Profit Tax rates and employment, or overall economic growth relative to regional growth”

“Key research indicates policies targeted at supporting individuals and families with low and moderate incomes likely have a more significant positive effect on economic growth than reducing taxes on corporate profits”

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

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

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

"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.**"

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

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

"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*

Misinterpretation of ConVal Ruling

“A recent decision by Judge Ruoff in the Con-Val Lawsuit would mandate a \$500 million annual increase in Base Adequacy payments. This ruling has been appealed to the New Hampshire Supreme Court, where I believe it will be overturned. But if upheld, increasing Base Adequacy for every New Hampshire student to \$7,536.01 would likely force the Legislature to forego efforts to target additional aid to serve students with greater financial and education needs, such as those in poorer communities and with special education requirements.” – Chair of Senate Education Committee

Misinterpretation of ConVal Ruling

“Defeat any attempts to undermine our Student-Centered Education Funding Formula and will continue to fight against judicial overreach that mandates the spending of over half a billion dollars that would have resulted in an income tax, sales tax, or both” – NH Senate Majority 2025 Policy Platform

'22 - '23 Revenue Breakdown of NH School Districts

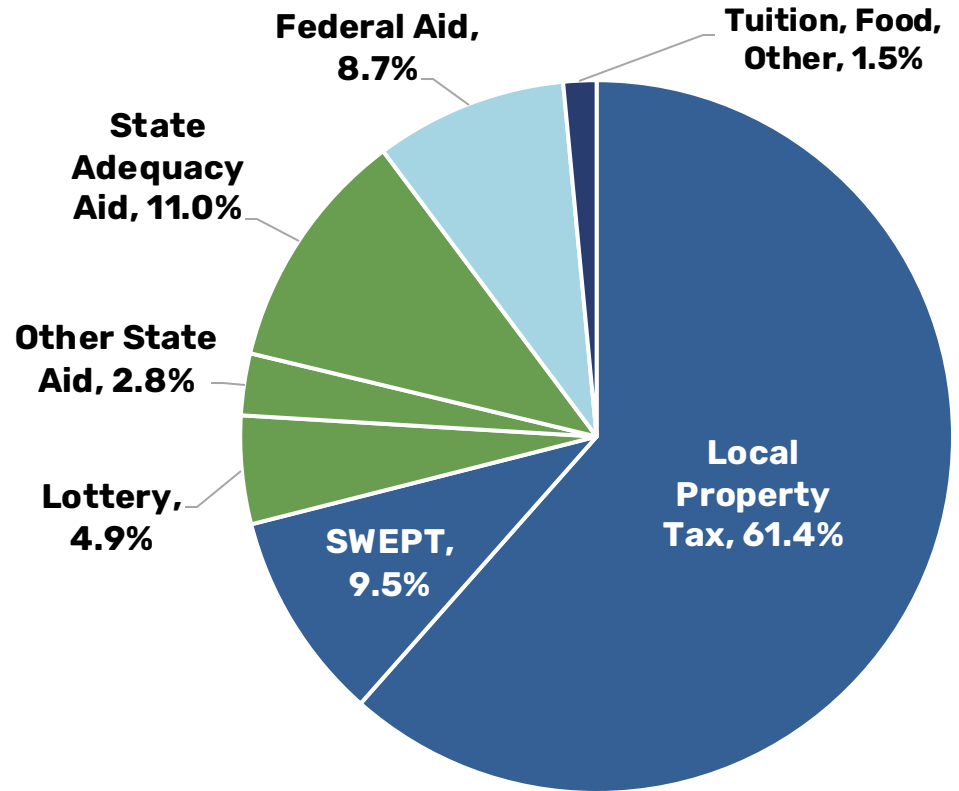
Current System:

\$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:

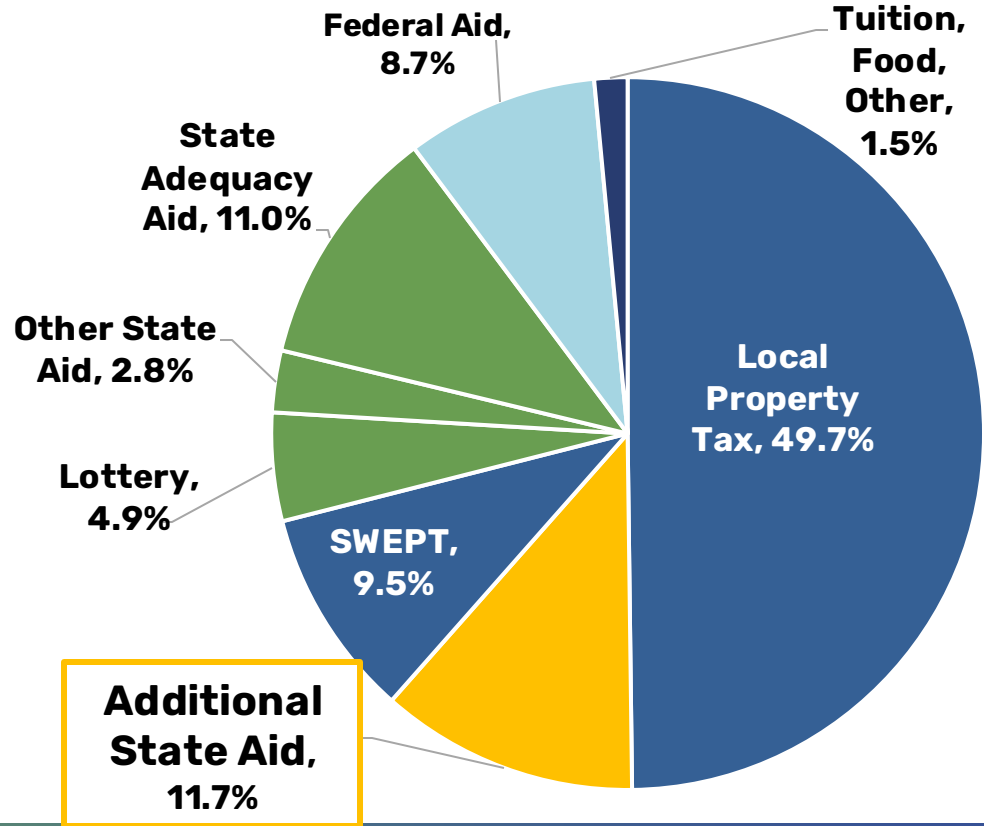
\$3.8B in Total Revenue

Federal Aid: 8.7%

State Revenue: 18.7%

Property Taxes: 59.2%

Additional State Aid: 11.7%



Voucher “Education Freedom Account” Expansion

House Bill 115, *relative to universal eligibility for the education freedom account program*, had a public hearing today, January 16th.

Sponsors: Representatives McDonnell, Ladd, Noble, Soti, Verville, Cordelli, Sweeney, Seidel, Alexander Jr., Weyler, and Senators Murphy, Ward, Sullivan, and Innis.

New analysis by Reaching Higher NH estimates this bill would cost the state about **\$102 million** in just the 2025-2026 school year. This is up from about \$26 million for the 2024-2025.

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

** Would **dramatically offset** local property taxes for most communities

Existing Low and Moderate Income Property Tax Relief Program

- In 2003, there were 27,207 claims granted (\$7.5 million)
- 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
- 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

CAPITAL GAINS TAX

Rand vs. the State of New Hampshire (2022)

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

- 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).

Rand vs. the State of New Hampshire (2022)

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.

School Funding Related Legislation- 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 and include increases to property tax relief program

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.
- State leaders are intentionally shifting dollars and blame to local schools, school boards, and property tax payers
- **\$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
-  2 Testify on Legislation (first ConVal bill being heard on Tuesday!)
-  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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THANK YOU