



NH SCHOOL  
Funding Fairness  
Project

# NH School Funding Fairness Project

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

Chester: February 12, 2025

Slides and handouts: [fairfundingnh.org/Chester](https://fairfundingnh.org/Chester)

# 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 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

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## We value and invest in our public schools

In 2024, NH was 8<sup>th</sup> 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

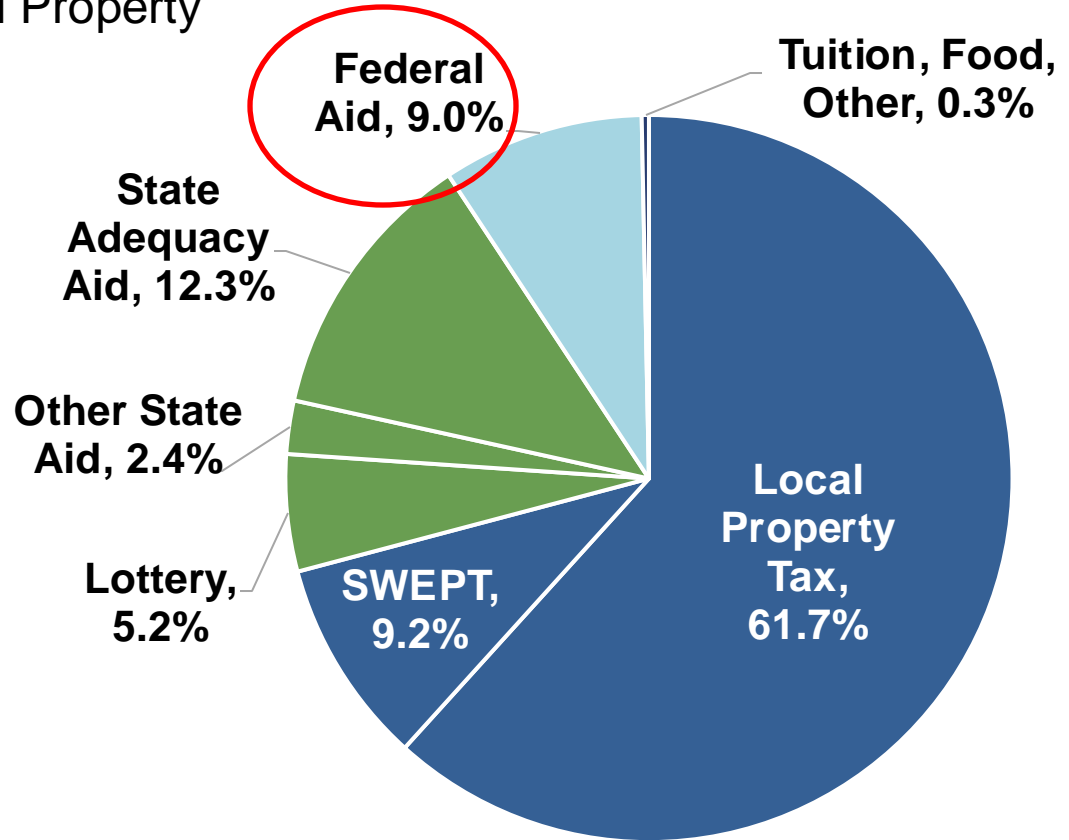
## Current System:

**\$4B in Total Revenue**

**Federal Aid: 9%**

**State Revenue: 19.9%**

**Property Taxes: 70.9%**



# AN ADEQUATE EDUCATION

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# 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.

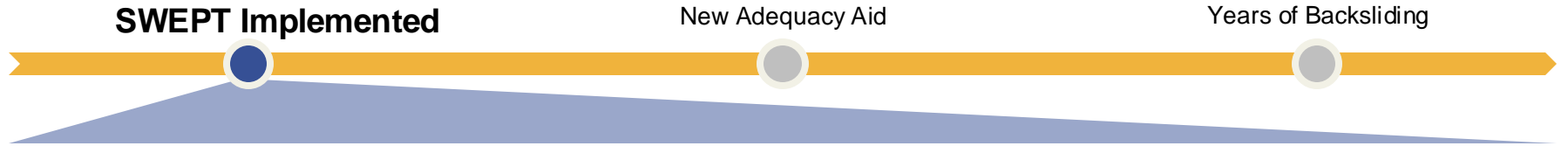


## The Scope of an “Adequate Education”: Expansive and Future-Oriented

“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



**S** tate-  
**W** ide  
**E** ducation  
**P** roperty  
**T** ax

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

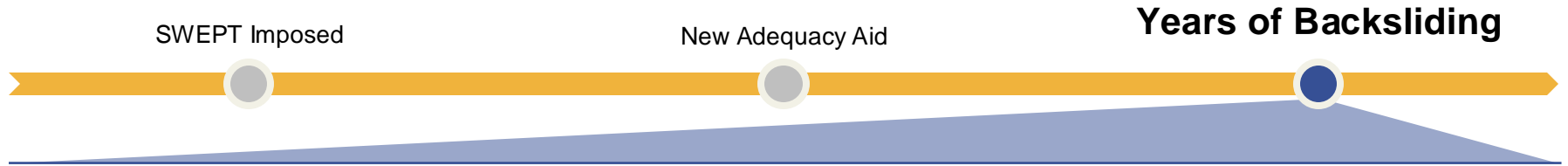
# Post-Claremont Reforms



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 Chester

Function	Amount
Instruction	\$2,078,403.53
Instruction Related	\$280,437.24
Administration	\$191,911.92
Legal	\$546.64
Transportation	\$374,757.33
TOTAL	\$2,926,056.66

In 2023, Chester had 135 students with IEPs. On average, this was an additional \$21,674 per student.

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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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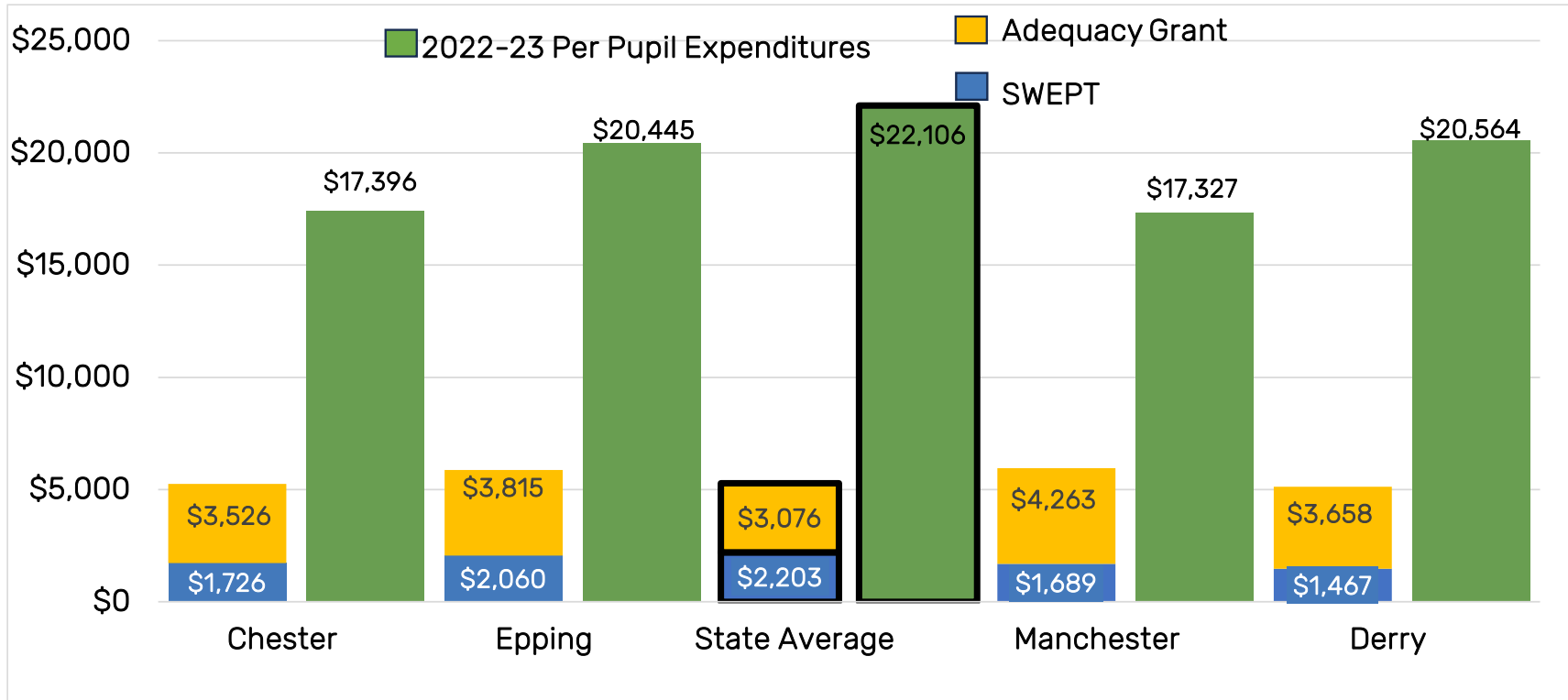


Under Edelblut’s plan, the state would pick up 67.5% of its portion of special education aid in 2025, down from 87% this year and 98.3% in 2023.

“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 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

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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

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## ANALYSIS

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

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# 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

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:

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- (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.~~

# Opposition to HB 283

- 30,107 people from **every single city and town in New Hampshire** submitted opposition online.
- This is the most engagement on any bill ever. Only 71 were in support.



**Universal Opposition Turns Out for Change to Adequate Education**



**Epsom administrators say state rep misrepresented meeting cited as prompting bill that would diminish curriculum requirements**

# Unequal Taxation

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# 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	<b>\$10,000</b>
\$400,000	\$10.00	<b>\$4,000</b>

# 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	<b>\$10,000</b>
\$400,000	\$10.00	<b>\$4,000</b>
<i>For a community with lower property value, to raise the target \$10,000, a significantly higher tax <u>rate</u> would be required</i>		
\$400,000	<b>\$25.00</b>	<b>\$10,000</b>

Town	Pupils	Equalized Value Per Pupil	Equalized School Tax Rate	Amount Raised Per Pupil
Derry	4,717	\$1,214,490	\$11.98	\$14,550
Sandown	909	\$1,336,754	\$15.79	\$21,107
Manchester	12,679	\$1,421,669	\$7.65	\$10,876
Auburn	930	\$1,582,195	\$9.07	\$14,351
Chester	743	\$1,604,409	\$9.71	\$15,579
Londonderry	3,800	\$1,866,198	\$10.11	\$18,867
<b>New Hampshire</b>	<b>151,990</b>	<b>\$2,082,222</b>	<b>\$8.61</b>	<b>\$17,928</b>

# 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.



This beautifully maintained 2-bedroom, 2-bathroom home is nestled on 1.18 acres of landscaped yard in a quiet cul-de-sac, offering the perfect blend of peace and privacy. Just a short walk or golf cart ride brings you to your own 24' deeded dock on 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**



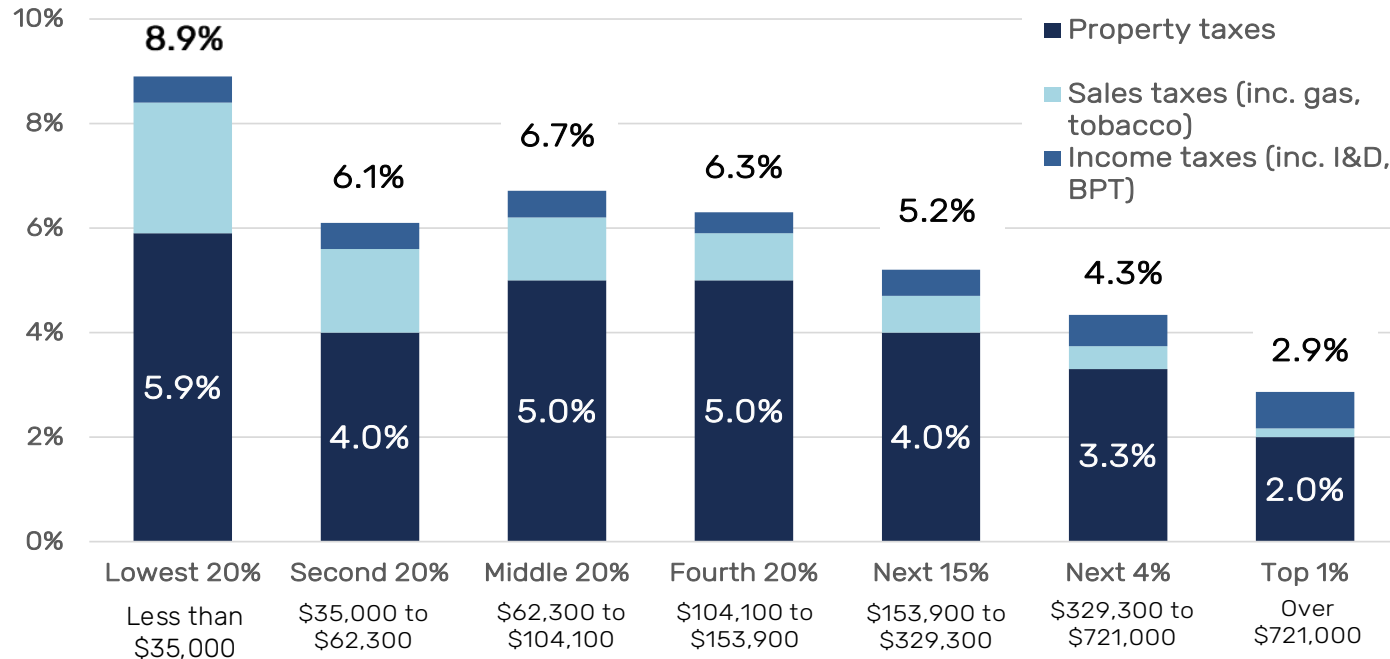
## Meredith

2024 market price: \$944,000  
Total School Tax Rate: \$5.15

2024 School Property Tax: **\$4,862**

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

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

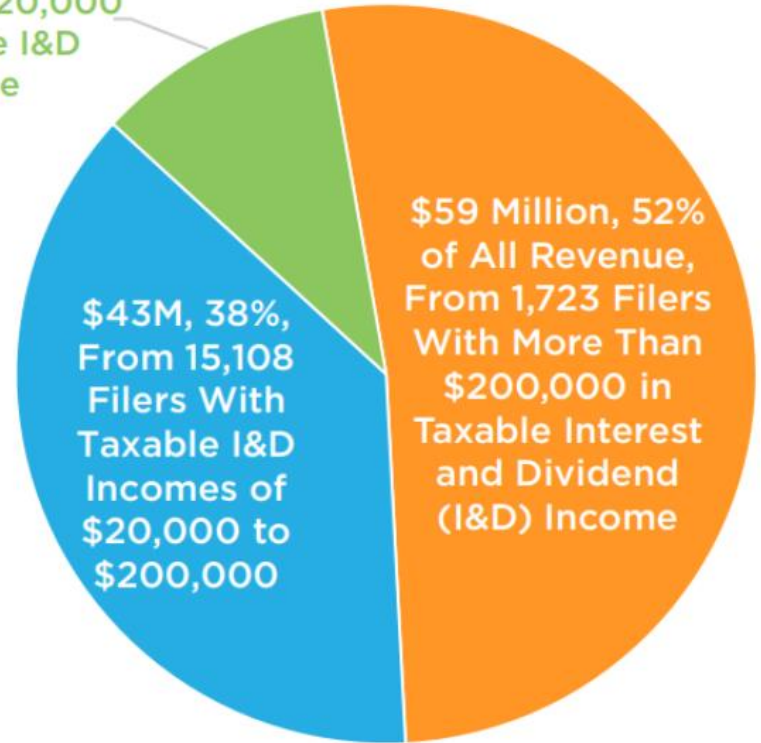


Source: Institute on Taxation and Economic Policy

# 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

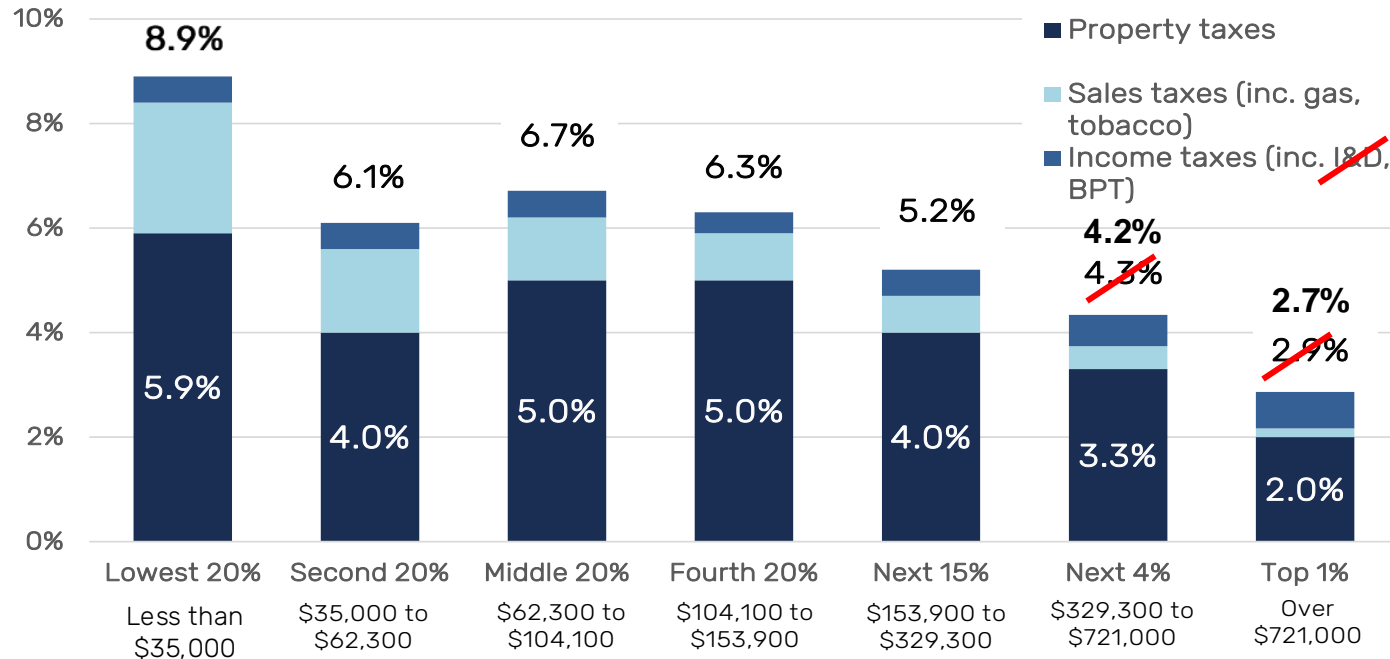


Source: New Hampshire Department of Revenue Administration, 2022 Annual Report



# 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

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# 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

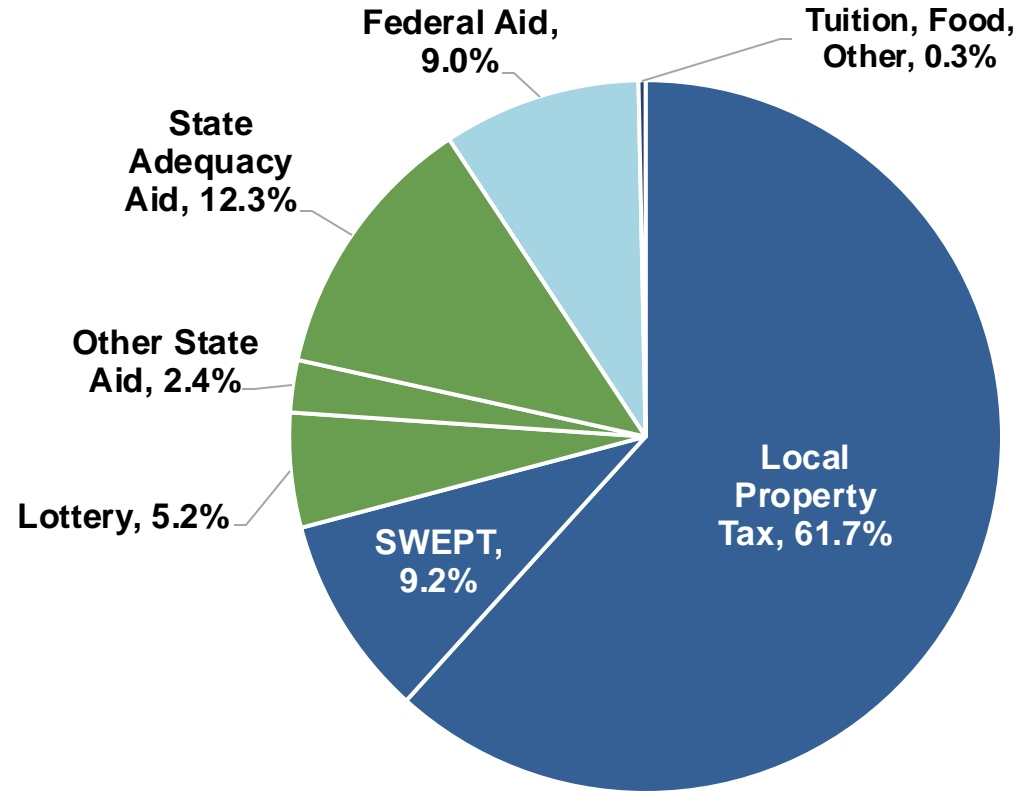
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**\$4B in Total Revenue**

**Federal Aid: 9%**

**State Revenue: 19.9%**

**Property Taxes: 70.9%**



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

**System with ConVal Ruling:**

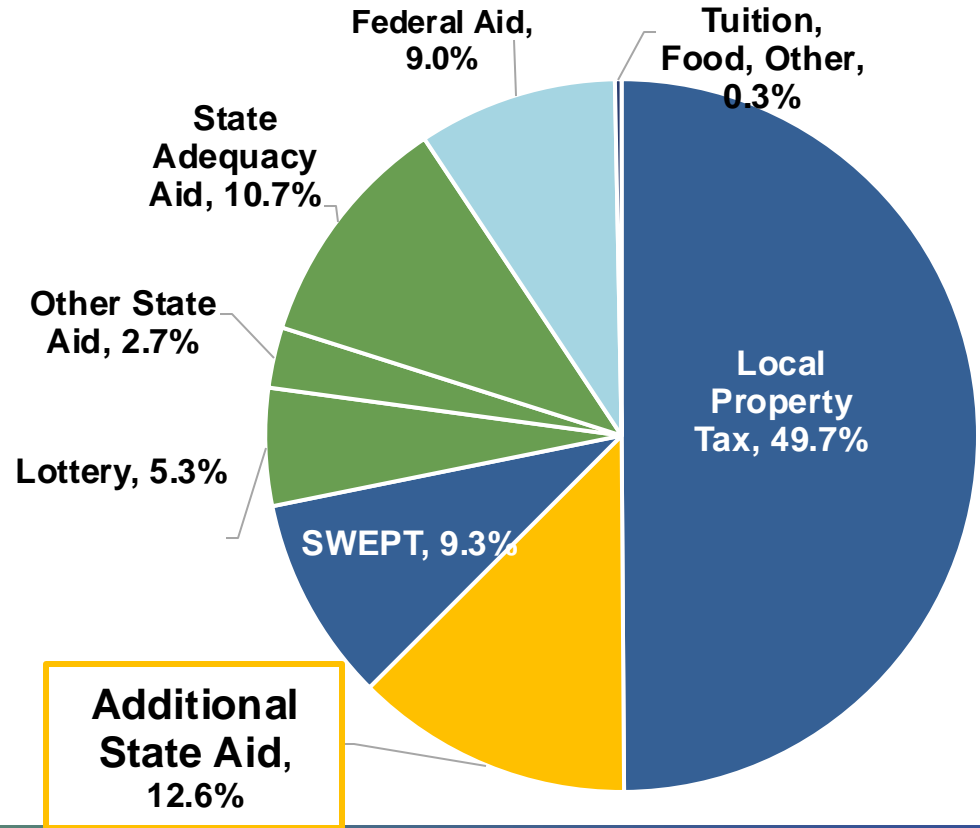
**\$4B in Total Revenue**

**Federal Aid: 9%**

**State Revenue: 19.9%**

**Property Taxes: 59.2%**

**Additional State Aid:  
12.6%**



# Voucher “Education Freedom Account” Expansion

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

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

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**