



NH SCHOOL
Funding Fairness
Project

NH School Funding Fairness Project

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

Merrimack Valley: May 19, 2025

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

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	43% Math, 54% Reading

Public High School Metric Comparison

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Percentage of Students who Graduate	97%	92%

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Percentage of AP Test Takers Scoring 3 or Above	79%	64%

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Median Household Income	\$91,915	\$76,625

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Education Property Taxes (includes SWEPT)	\$5.28 per \$1,000	\$11.18 per \$1,000

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Education Property Tax Bill on \$450,000 Home	\$2,376	\$5,031

Public High School Metric Comparison

Which Schools are these...

Portsmouth

Merrimack
Valley

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New Hampshire School Funding

NH Relies Overwhelmingly on Local Property Taxes to Fund Public Education

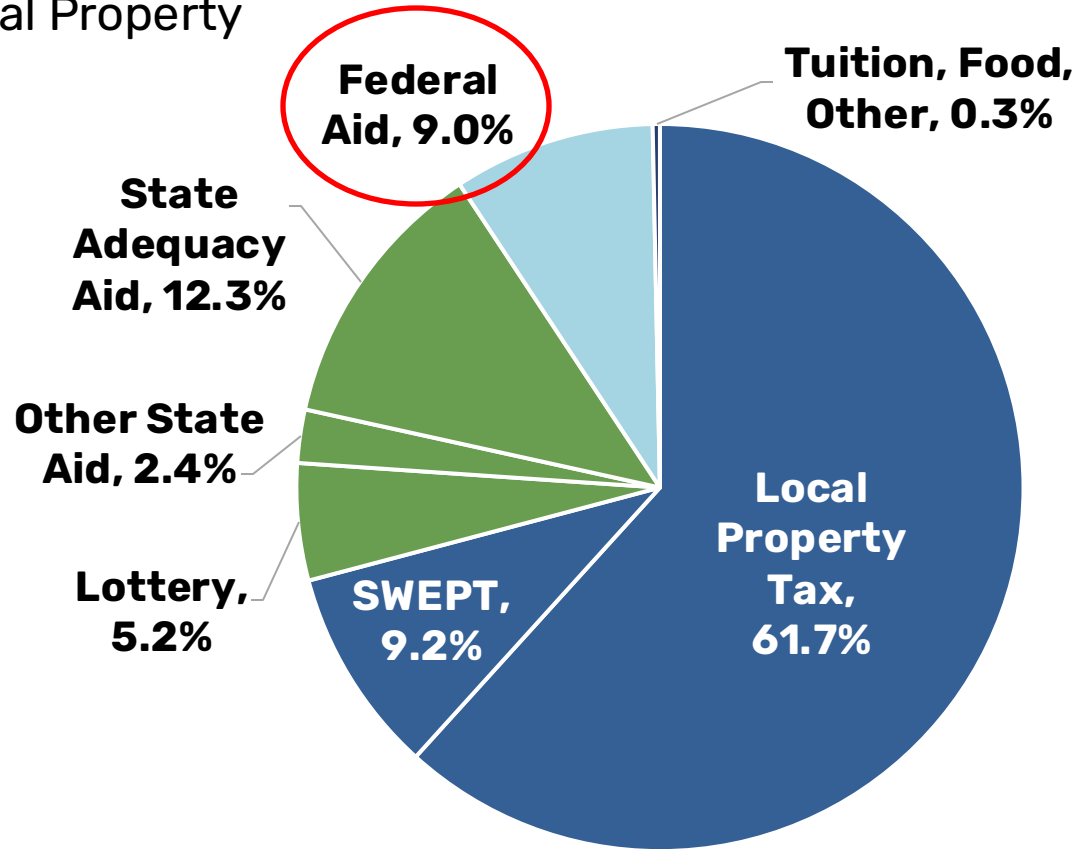
Current System:

\$4B in Total Revenue

Federal Aid: 9%

State Revenue: 19.9%

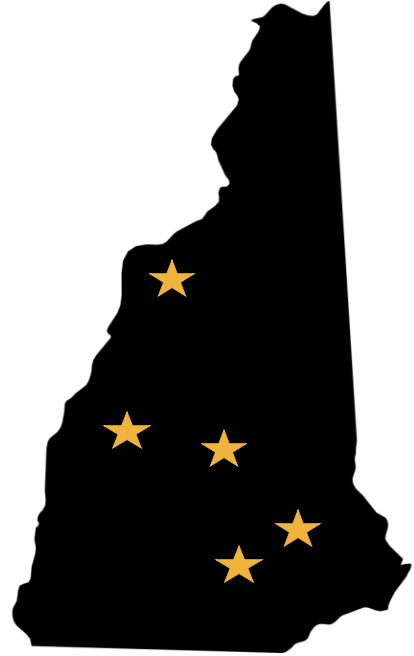
Property Taxes: 70.9%



AN ADEQUATE EDUCATION

The Claremont Rulings

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.



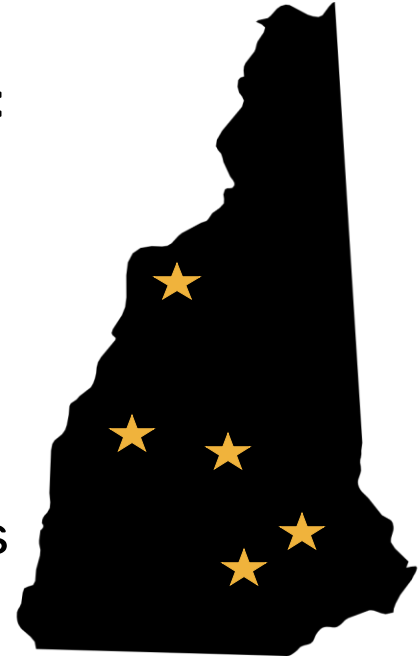
every K-12 student.

The taxes that the State uses to pay for this education must have a **uniform rate** across the state.

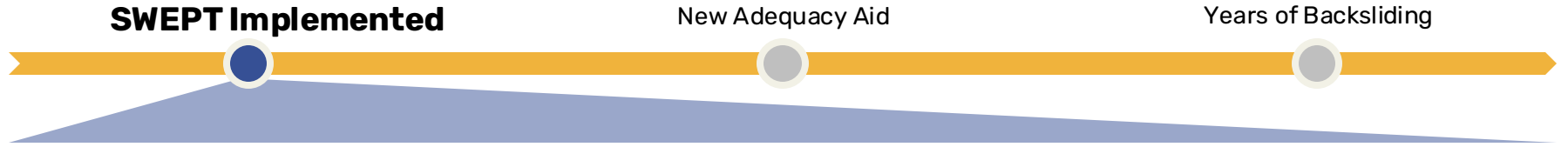
The Claremont Rulings

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.



Post-Claremont Reforms



SWEPT Implemented

New Adequacy Aid

Years of Backsliding

State-
Wide
Education
Property
Tax

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

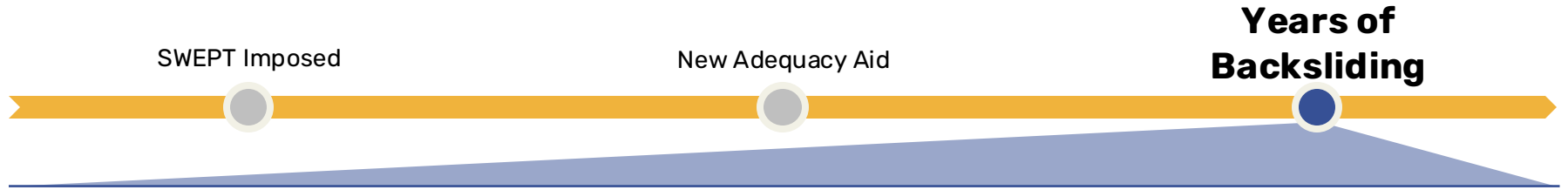
Post-Claremont Reforms



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)
- 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

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School Funding & Students with Disabilities

During the 2023-2024 school year, 31,469 (20.31%) students received services through an Individualized Education Program (IEP).

State and Federal Governments only paid 16.65% of costs associated with IEPs in 2024, which was one percent less than in 2023.

In 2024, 70 (40%) New Hampshire public school districts spent over 25% of their total expenditures on IEP-related expenses.

Special Education Spending at Merrimack Valley

Function	Amount
Instruction	\$10,071,382
Instruction Related	\$2,764,956
Administration	\$1,118,668
Legal	\$34,619
Transportation	\$1,157,338
TOTAL	\$15,146,963

In 2023, Merrimack Valley had 522 students with IEPs. On average, this was an additional \$29,017 per student.

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Average Adequacy Aid Per Student

\$22,106

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



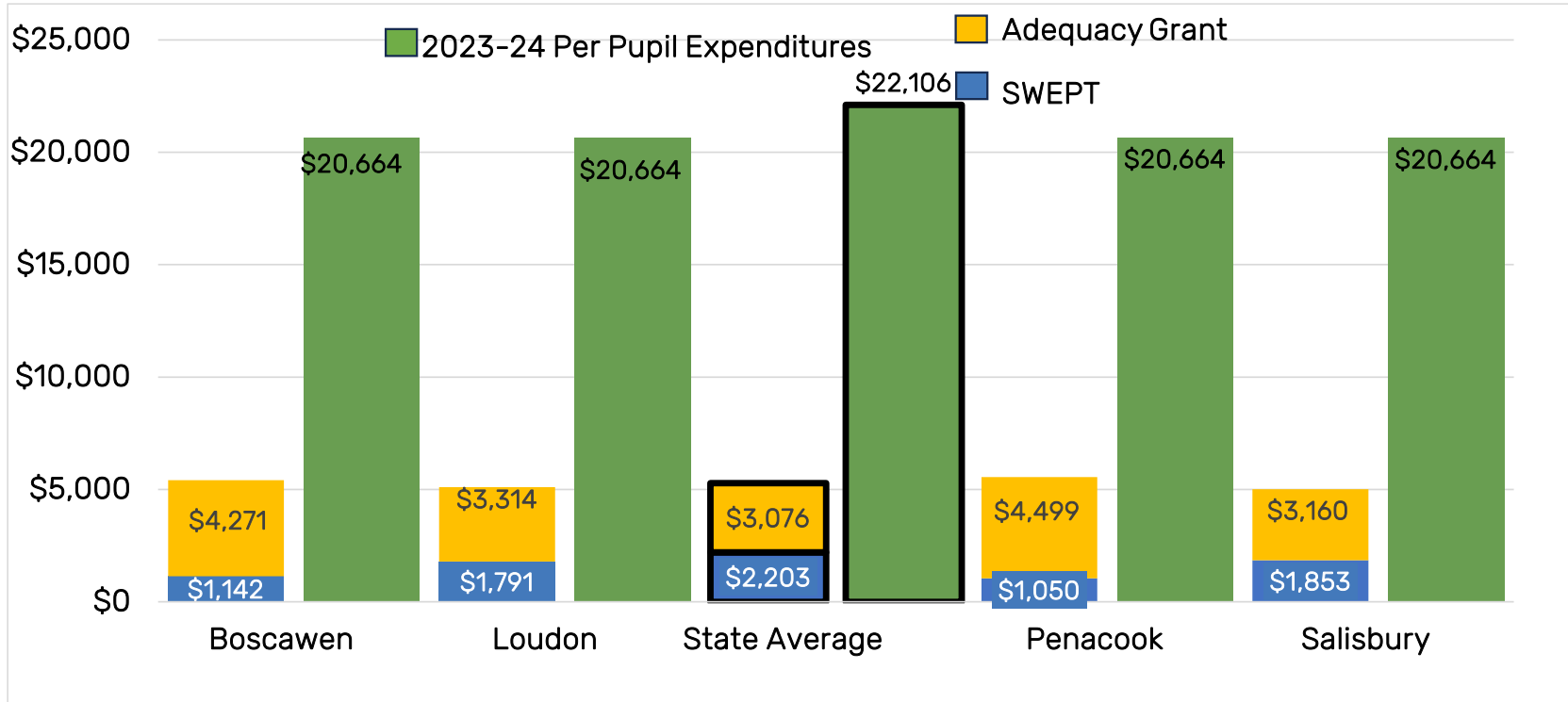
Amid public outcry, Edelblut pledges state support for rising special education costs

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

Published January 15, 2025 at 12:06 PM EST



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 pare 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 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 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)

HB 675-FN-A-LOCAL - AS AMENDED BY THE HOUSE

13Mar2025... 0548h

2025 SESSION

25-0505

02/05

HOUSE BILL

675-FN-A-LOCAL

AN ACT

limiting the authority of school districts to make certain appropriations.

SPONSORS:

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

COMMITTEE:

Education Funding

AMENDED ANALYSIS

This bill establishes a tax cap for local school districts.



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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- (4) Social studies, ~~including civics, government, economics, geography, history, and Holocaust and genocide education.~~
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- ~~(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

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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\$1,000,000	\$10.00	\$10,000
\$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

Which Home Has the Larger Property Tax Bill?



The updates to this home are endless! Renovated kitchen and bathroom, extended deck, fenced-in yard, patio, above ground pool...it's all been done for you! All you have to do is move in and enjoy! If that's not enough, the home has a full basement waiting for your finishing touches and all of this on almost an acre of land!!!!



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?



Boscawen

2024 market price: \$429,900
Total School Tax Rate: \$11.18

2024 School Property Tax: **\$4,806**



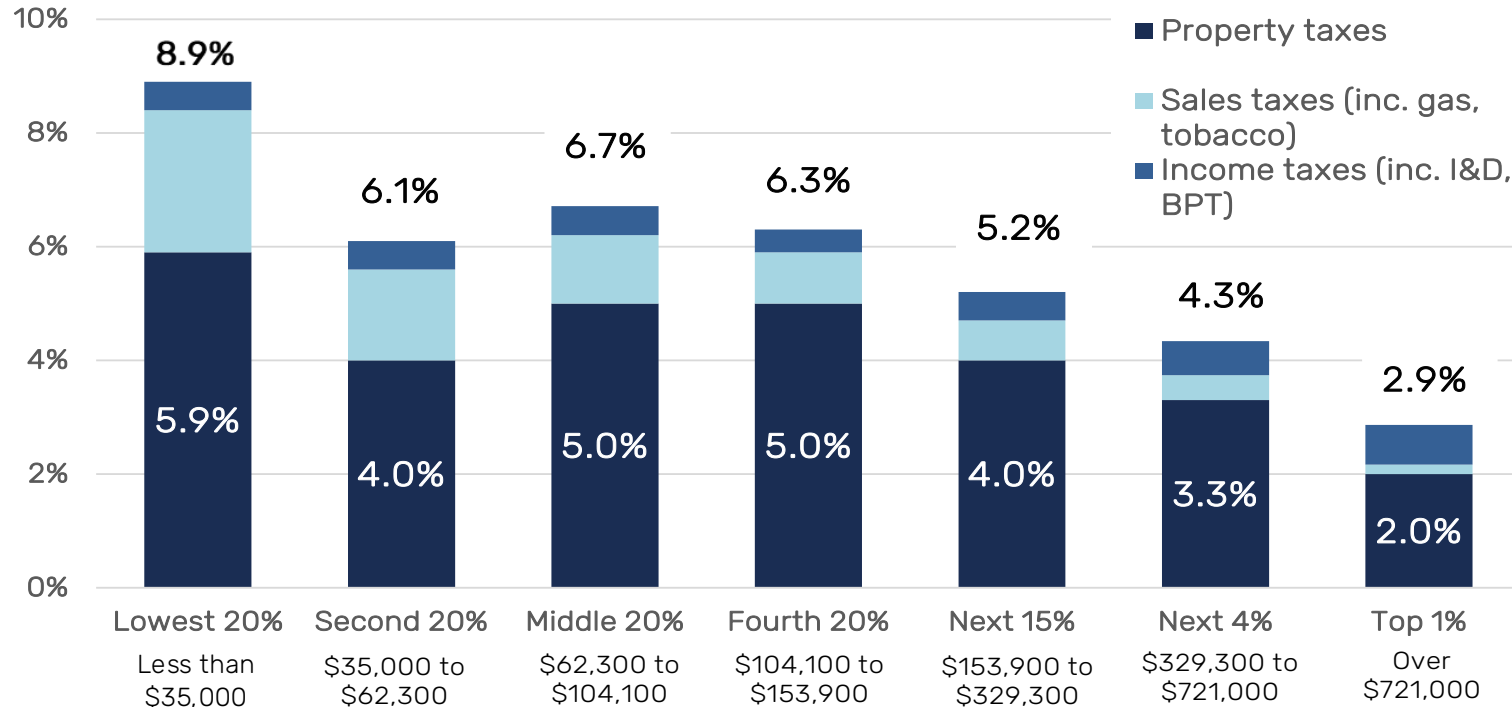
Meredith

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

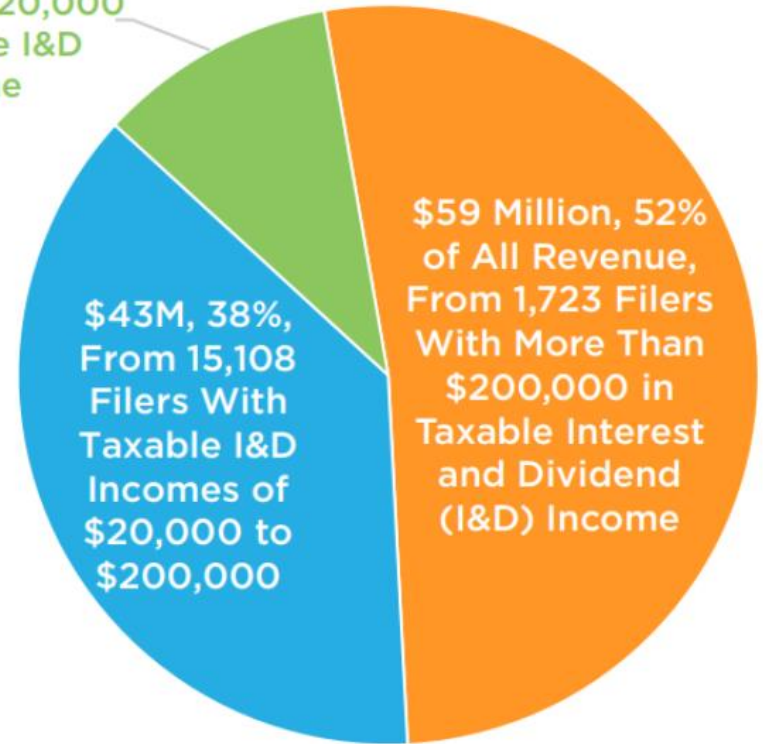




Repeal of Interest and Dividends Tax Disproportionately Benefits Wealthy NH Households

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

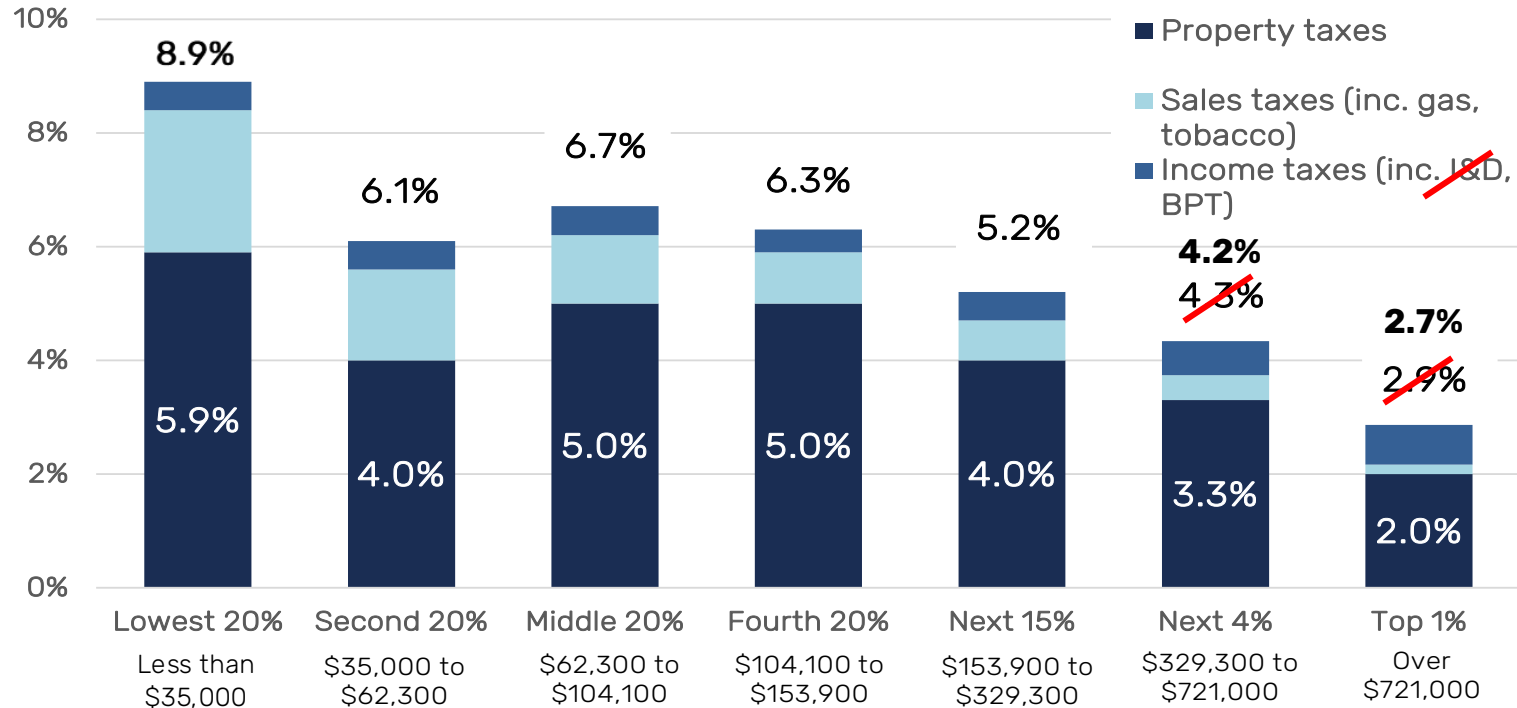
\$12M, 10%, From
51,833 Filers With
Less Than \$20,000
in Taxable I&D
Income



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



Business Tax Rate Reductions Led to Between \$795 Million and \$1.17 Billion in Forgone Revenue for Public Services Since 2015

“Prior research provides no evidence that reducing these tax rates increased revenue.”

“Business tax rate reductions generated net revenue loss, not an increase”

“No significant statistical relationship exists between business profits tax rates and job growth”

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*

'23 - '24 Revenue Breakdown of NH School Districts

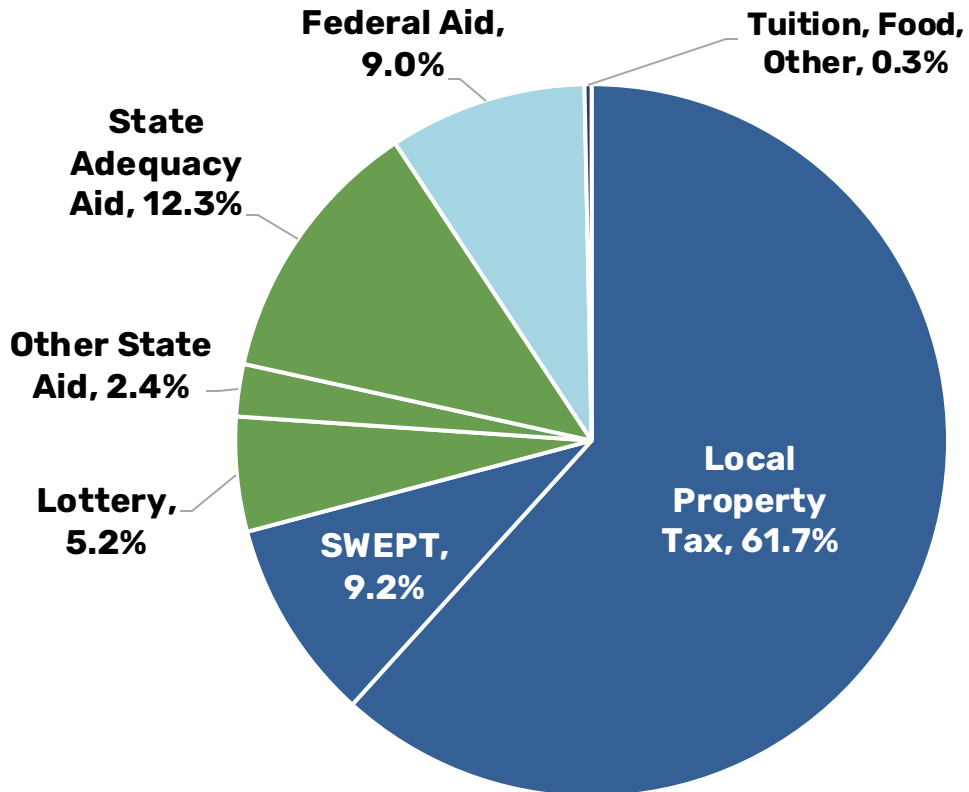
Current System:

\$4B in Total Revenue

Federal Aid: 9%

State Revenue: 19.9%

Property Taxes: 70.9%



'23 - '24 Revenue Breakdown of NH School Districts

System with ConVal Ruling:

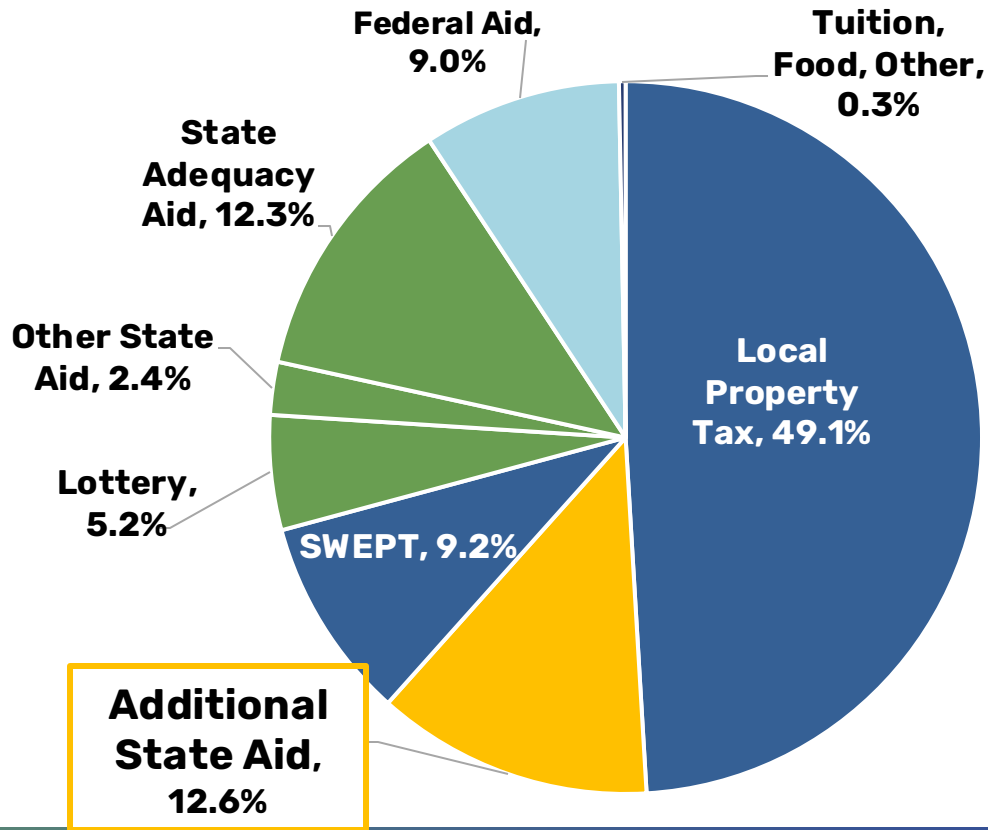
\$4B in Total Revenue

Federal Aid: 9%

State Revenue: 19.9%

Property Taxes: 59.2%

**Additional State Aid:
12.6%**



HB 550 would have complied with ConVal ruling

AN ACT modifying the base cost of an adequate education.

Be it Enacted by the Senate and House of Representatives in General Court convened:

1 Cost of an Opportunity for an Adequate Education. Amend RSA 198:40-a, I-II(a) to read as follows:

I. For the biennium beginning July 1, [~~2023~~] **2025**, the annual cost of providing the opportunity for an adequate education as defined in RSA 193-E:2-a shall be as specified in paragraph II. The department shall adjust the rates specified in this paragraph in accordance with RSA 198:40-d.

II.(a) A cost of [~~\$4,100~~] **\$7,356.01** per pupil in the ADMR, plus differentiated aid as follows:

2 Cost of an Adequate Education. Amend RSA 193-E:2-b, I to read as follows:

This would have been about a \$6 million increase in Adequacy Aid to Merrimack Valley School District if HB 550 had passed as written.

Rand vs. the State of New Hampshire

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

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.

House Budget

Special Education Grants

- Adds \$27 million in the second year of the biennium to support special education services.

Voucher expansion (Education Freedom Accounts)

- Increases voucher expenses by at least \$30 million by expanding then removing the income cap

No Major Boost for Adequacy Aid

- Fails to significantly increase base adequacy or differentiated aid for public schools.

Open Enrollment

- Allows students to enroll in any public school in the state with confusing language and expensive costs for local districts.

Voucher “Education Freedom Account” Expansion

Analysis by Reaching Higher NH estimates universal expansion 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.

A 2023 compliance review found that 25% of approved applications for vouchers were not compliant

2025 SCHOOL FUNDING PETITION

BY THE NUMBERS



1,931 PEOPLE



195 TOWNS



EVERY SENATE DISTRICT

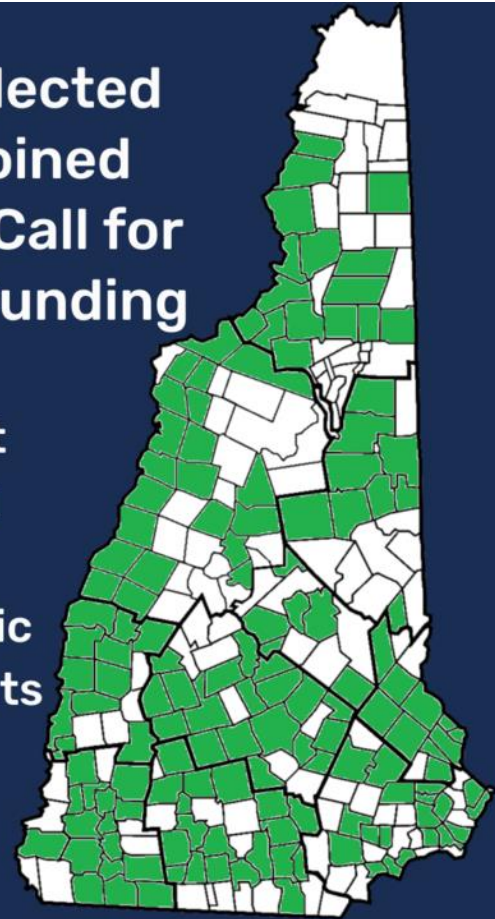


REPRESENTING
95% OF NH'S PUBLIC SCHOOL STUDENTS

438 Local Elected Officials Joined Together to Call for Fair School Funding

They Represent

- 145 Cities and Towns
- 71% of all public school students



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 ~\$150M

BUSINESS TAXES

The NH Fiscal Policy Institute estimated the state lost ~\$795M - \$1.17B since 2015 due to cutting business taxes

CAPITAL GAINS TAX

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



NH SCHOOL
Funding Fairness
Project

THANK YOU