



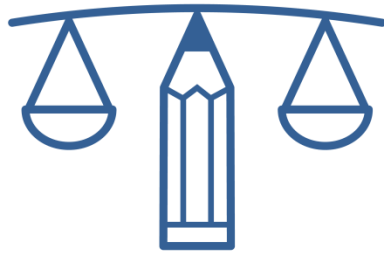
# School Funding in New Hampshire

## *Achieving Equity for Students and Taxpayers*



NH SCHOOL  
**Funding Fairness  
Project**

Zack Sheehan  
Project Director  
March 10, 2022



NH SCHOOL

# Funding Fairness Project

***Advocating to make  
school funding more equitable  
for students and taxpayers alike***





**New Hampshire  
can be a great place to live.**

# New Hampshire Can Be a Great Place to Live

## NH Records Lowest Unemployment in the Nation

The unemployment rate dropped to 2.5% in May – lower than it was before the COVID-19 pandemic. The rate held steady at 2.6% for nearly a year before the pandemic hit...

*New Hampshire Union Leader, June 24, 2021*

## NH Ranked Fourth Best State...

New Hampshire topped the list for crime, was second for natural environment, and third for economy.

*CBS Boston, March 9, 2021*

## NH Ranks Among Nation's Best for Child Well-Being

According to a first-ever comprehensive ranking of U.S. counties released by nonprofit Save the Children, New Hampshire ranks third in the country for states whose children have the most protected childhoods.

*NH Business Review, June 18, 2020*

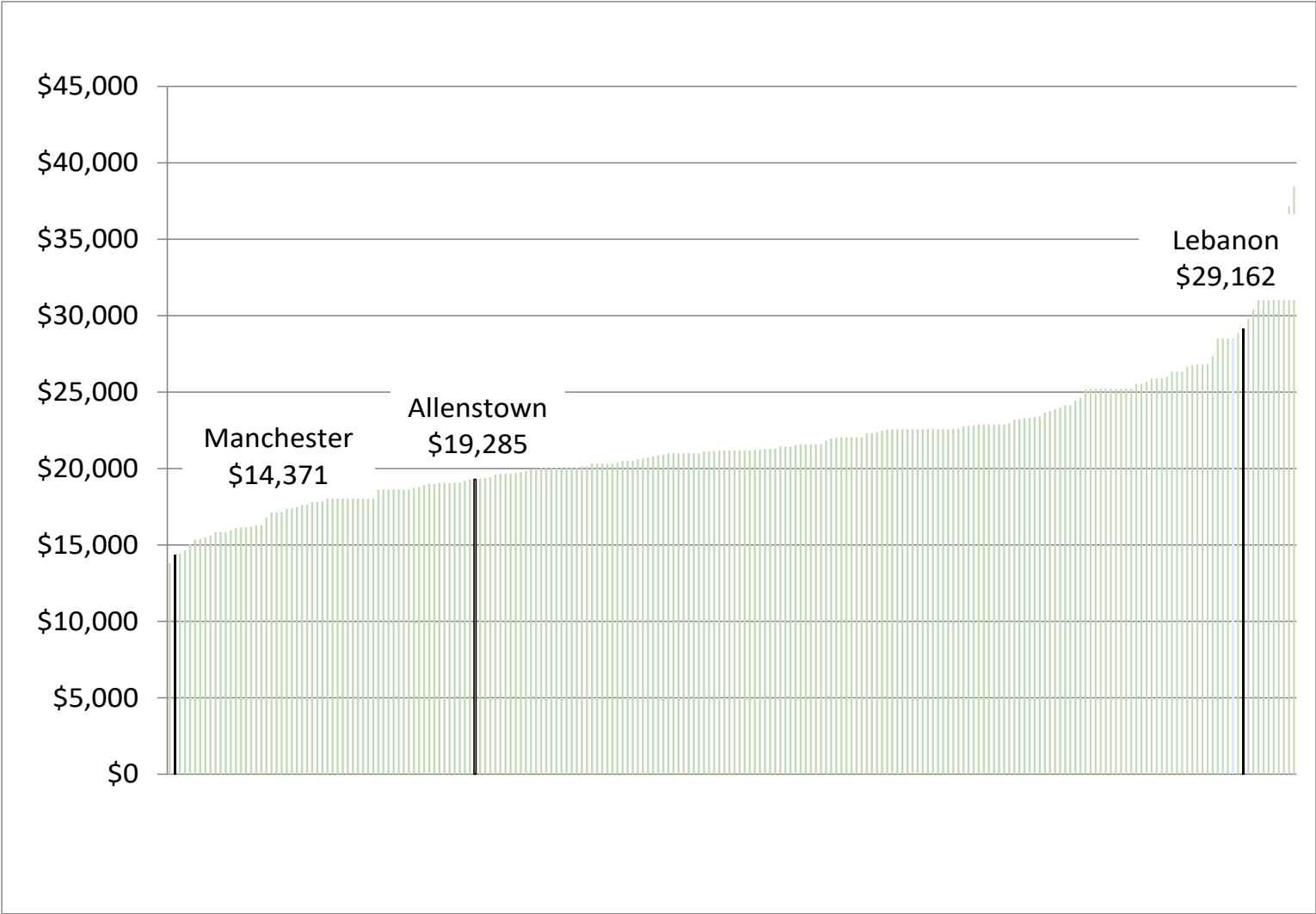




**New Hampshire  
has its problems too.**

# Enormous Disparities in School Spending Across NH

*Elementary per pupil expenditures by municipality, 2020-2021*



# Disparities Can Compound to Limit Opportunity



*Per Pupil Expenditures, 2020-2021*

Newington	\$26,825
Rochester	\$18,205

**PER PUPIL  
DIFFERENCE** **\$8,621**

Classroom size 20

**CLASSROOM  
DIFFERENCE** **\$172,413**



# Sizable Disparities in School Property Taxes Too

*Equalized Valuation and Tax Rates, 2020-2021*

Town	Pupils	Equalized Value Per Pupil	Equalized School Tax Rate	Amount Raised Per Pupil
Moultonborough	429	\$8,987,902	\$3.59	\$32,267
Alton	628	\$3,494,994	\$6.80	\$23,766
Portsmouth	2,117	\$3,399,350	\$6.10	\$20,736
New Hampshire	166,261	\$1,346,793	\$11.21	
Manchester	13,021	\$992,971	\$8.43	\$8,371
Bow	1,468	\$943,418	\$14.64	\$13,812
Allenstown	511	\$731,571	\$13.54	\$9,905
Pittsfield	564	\$615,452	\$13.96	\$8,592
Claremont	1,609	\$523,285	\$20.37	\$10,659





# Which Home Has the Larger Property Tax Bill?



“Attractive and inviting 4 bedroom, 4 bath dormered Cape with attached 2 car garage and a recently constructed barn/garage...oversized deck with electric awning is the perfect spot for outdoor dining and relaxing, or enjoy the lower level patio with hot tub and screen porch that overlooks the private back yard.”



“Cute as a button Cape...features an updated eat-in kitchen with stainless steel appliances...living room and bedroom each with original hardwood flooring, an updated bathroom with tile flooring, and a charming porch/entryway...Detached one car garage and additional shed/storage space.”



# Which Home Has the Larger Property Tax Bill?



## Wolfeboro

2021 market price: \$550,000  
2020 assessed value: \$385,200

2020 school property tax: **\$2,558**



## Allenstown

2020 market price: \$215,000  
2020 assessed value: \$145,100

2020 school property tax: **\$2,455**



# Role of Property Taxes & Resulting Inequities

*Which Home Has the Larger Property Tax Bill?*



**Newington, NH**

2020 market price: \$879,000  
2019 assessed value: \$492,880

2019 school property tax: \$1,360



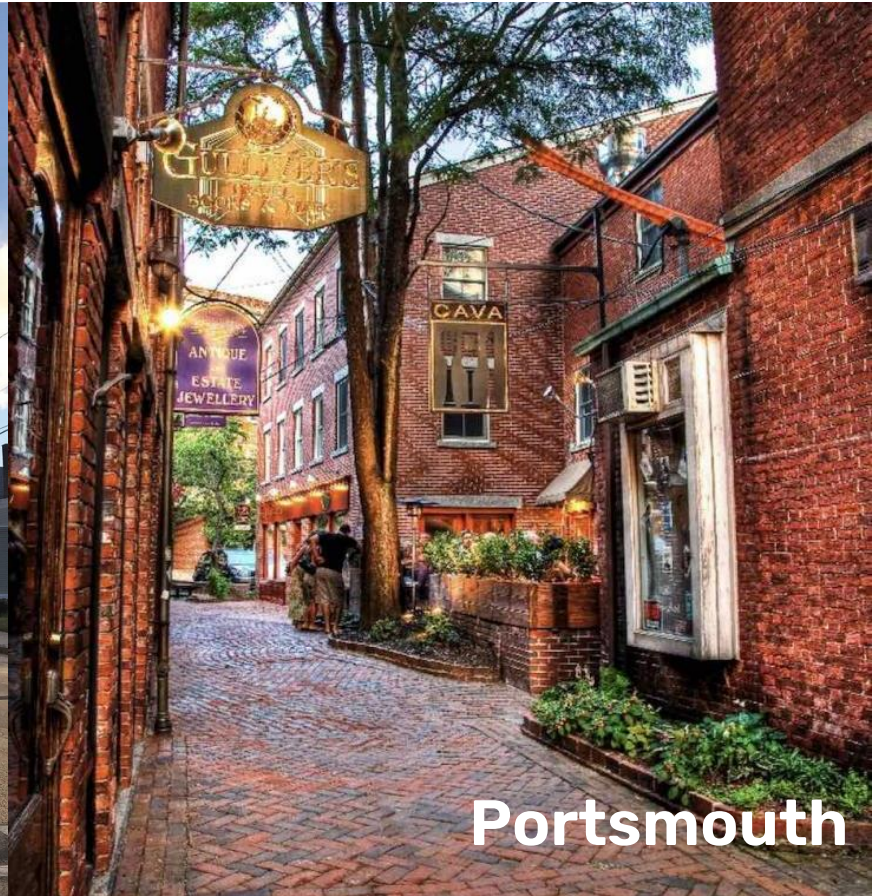
**Charlestown, NH**

2020 market price: \$82,900  
2019 assessed value: \$56,100

2019 school property tax: \$1,464



# Disparities in Property Taxation Impede Economic Development in Property-Poor Towns



# Disparities in Property Taxation Work vs. Attracting or Keeping Young Families or Developing Workforce Housing



# Disparities in Property Taxation Discourage Regional Cooperation and Economies of Scale

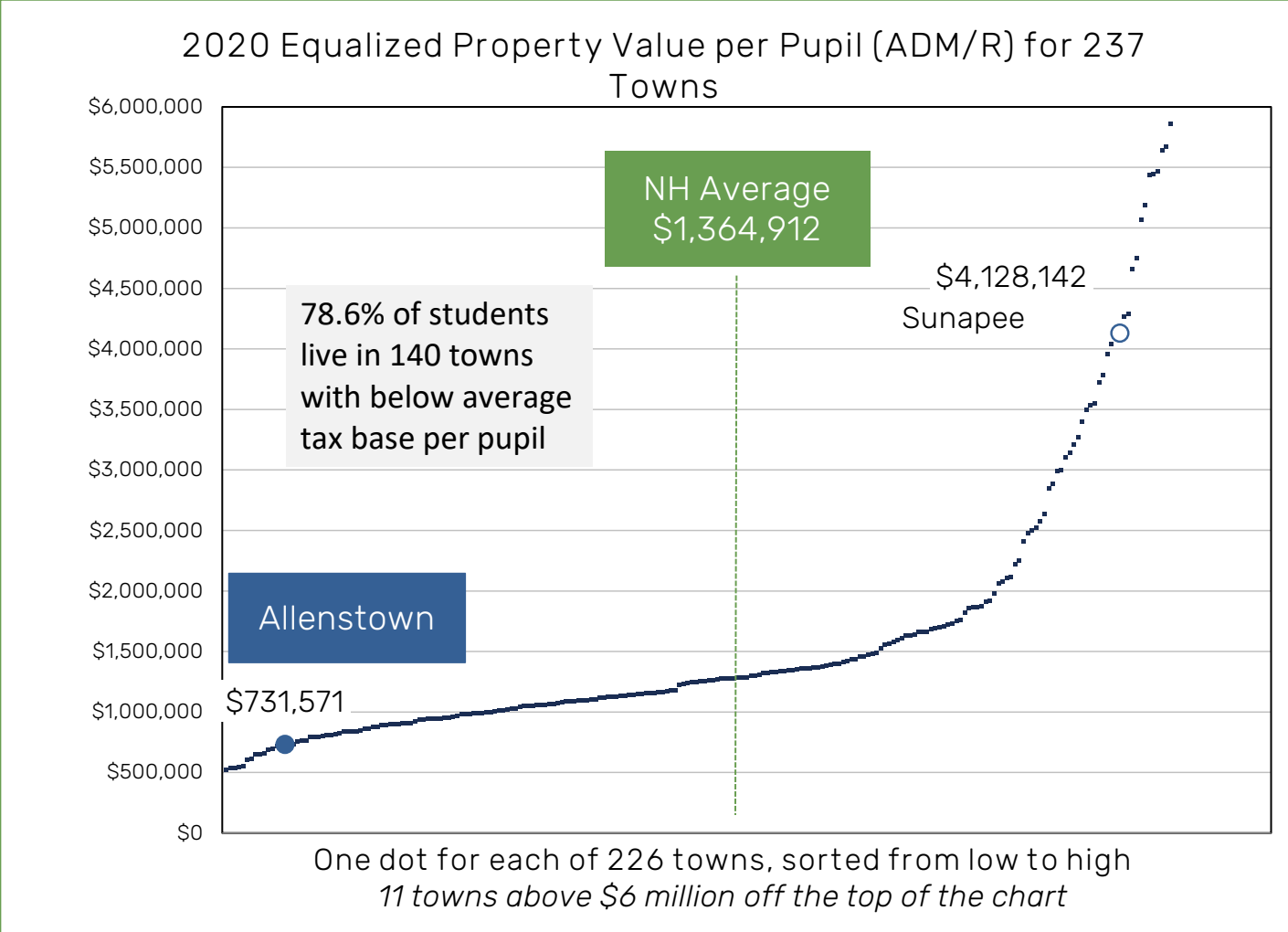
*2020-21 School Tax Rate Variations within Timberlane RSD*

	Equalized Value Per Pupil	Equalized Education Tax Rate	Tax on \$200,000 Home
Atkinson	\$1,733,902	\$11.32	\$2,264
Danville	\$937,186	\$16.28	\$3,256
Plaistow	\$1,401,014	\$13.67	\$2,734
Sandown	\$926,062	\$17.76	\$3,552



# Most NH Children Attend School in Communities with Below Average Property Values

2020 Equalized Value Per Pupil for 237 Towns (in \$M)



## Two Injustices, One Source

These two injustices – deep and enduring inequities in educational opportunity and – enormous differences in the property taxes we pay as residents and business owners – arise from the same source:

New Hampshire's failure to meet its fundamental responsibility to provide an adequate education to every child in the Granite State.





# Education and the New Hampshire Constitution

Knowledge and learning, generally diffused through a community, being essential to the preservation of a free government; and spreading the opportunities and advantages of education through the various parts of the country, being highly conducive to promote this end; it shall be the duty of the legislators and magistrates, in all future periods of this government, to cherish the interest of literature and the sciences, and all seminaries and public schools, to encourage private and public institutions, rewards, and immunities for the promotion of agriculture, arts, sciences, commerce, trades, manufactures, and natural history of the country...

*Article 83, New Hampshire Constitution*



# New Hampshire's Constitutional Responsibilities

The New Hampshire Supreme Court's decisions in the Claremont case establish two fundamental responsibilities:

- The State of New Hampshire has a duty to pay for the cost of a constitutionally adequate education for every K-12 public school student.
- The taxes that the State of New Hampshire uses to pay for this education must have a uniform rate across the state.



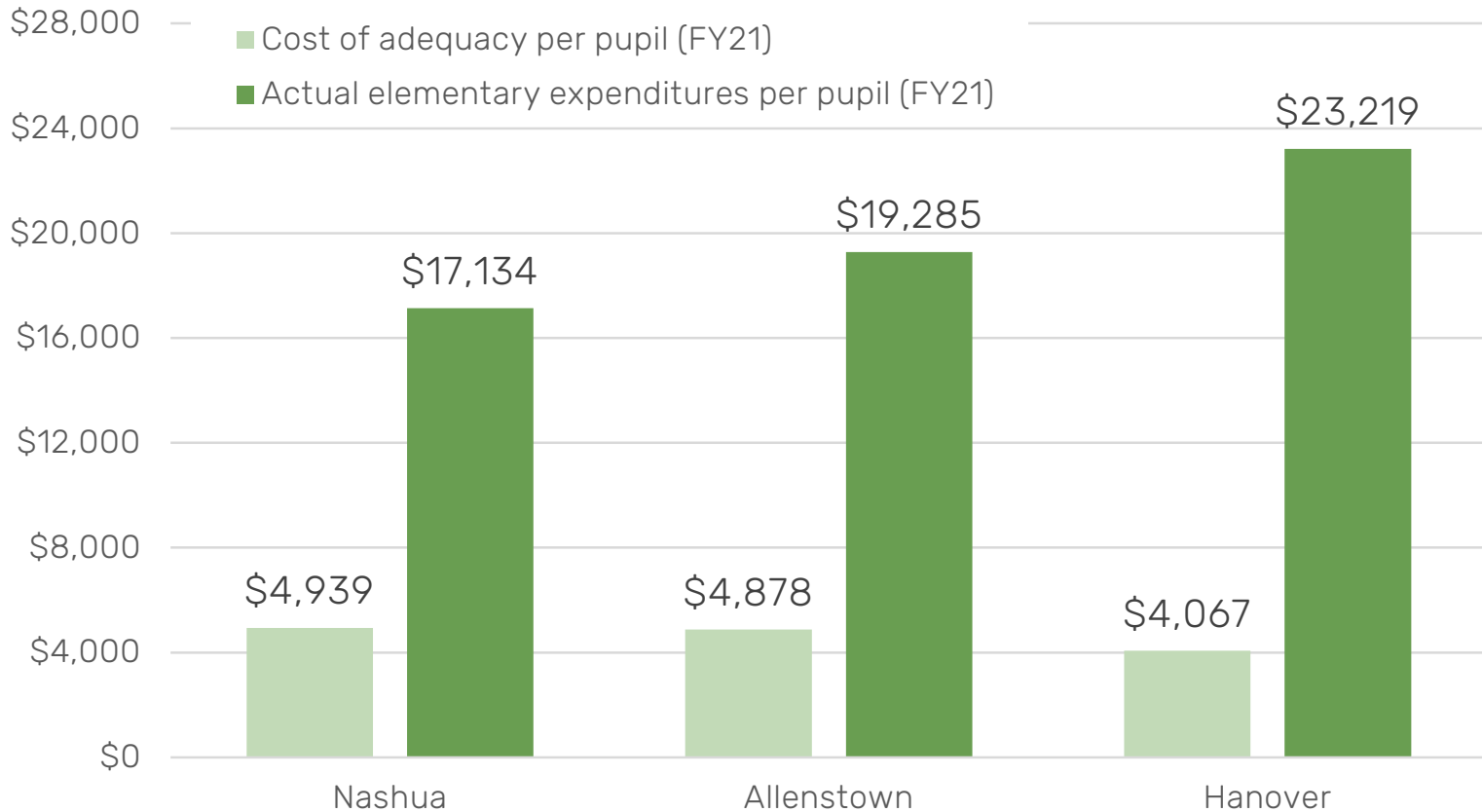
# New Hampshire's Constitutional Responsibilities

## KEY PRINCIPLES

- The scope of an “adequate education” is expansive and future-oriented.  
“Mere competence in the basics—reading, writing, and arithmetic—is insufficient.”
- The resources needed to achieve adequacy may differ from district to district.  
“It is not the right to horizontal resource replication from school to school and district to district.”
- There is a direct connection between defining and funding an adequate education.  
“Whatever the State identifies as comprising constitutional adequacy it must pay for. None of that financial obligation can be shifted to local school districts, regardless of their relative wealth or need.”
- Taxes used to fulfill this responsibility must be “equal in valuation and uniform in rate throughout the State.”



# 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 Pittsfield’s 581 students, an adequate education should cost \$2,690,333 or \$4,630 per student in 2018-19.

The Pittsfield School District budget for 2018-19 was \$10,302,402 or \$17,732 per student.

***So let’s pare that budget down.....***



## ***So let's pare that budget down...***

Eliminate 5 of the 16 teachers at the elementary school

Eliminate all art, music, and physical education classes in all grades

Eliminate all school nurses and any medical support

Eliminate all regular and special education transportation services  
(parents to transport their children to and from school)

Eliminate one of the two office secretaries at the elementary school

Eliminate one of the two office secretaries at the middle/high school

Eliminate teachers for business ed, family & consumer science, and health

Eliminate one of four science teachers at the middle/high school, thus  
eliminating some labs and electives

Eliminate all building and grounds maintenance and repairs

Eliminate student participation in Concord Regional Technical Center classes

Eliminate all foreign language courses

Eliminate both counselor/behavioral professionals and support staff

Eliminate four of eight custodians: building cleaning only twice per week



## ***So let's pare that budget down...***

- Eliminate health insurance and other benefits in current teacher contract
- Eliminate all field trips
- Eliminate all athletic programs: soccer, basketball, softball, and baseball
- Eliminate the district reading specialist
- Eliminate 34½ paraprofessional positions, including special ed teacher aides
- Eliminate purchase of equipment, supplies, books, subscriptions, technology
- Eliminate ESOL program (English for speakers of other languages)
- Eliminate all substitute teachers, thus requiring students to be dismissed
- Eliminate three special education teachers
- Eliminate provisions for teacher development courses, workshops
- Eliminate mentor teachers who support new teachers
- Eliminate all technology personnel, equipment, training, software, etc.
- Eliminate consulting specialists such as vision specialists and psychologists
- Eliminate travel reimbursement for training events, meetings, home visits, etc.



## ***So let's pare that budget down...***

Eliminate all co-curricular programs (clubs, activities, student council, etc.)

Eliminate the summer recreation program

Eliminate all guidance personnel

Eliminate substance abuse counselor

Eliminate speech/language, PT, OT, and vision services for special needs students

Eliminate stipend for teachers' summertime work on innovation and development

Eliminate stipends for teacher leaders

Eliminate all librarians and media center staff and close media centers

Eliminate school board stipends

Eliminate school board expenses, including lawyers and auditing services

Reduce time of superintendent to one day per week

Eliminate all photocopiers and their supplies

Eliminate maintenance of athletic field

Eliminate one school principal, leaving only one for both school buildings

Eliminate all office incidentals: postage, supplies, advertising, etc.





# What Does an “Adequate” K-12 Education Cost?

## *An Example*

With the above reductions...

- Most “core” K-12 classrooms are maintained
- Class size averages *29 students/teacher*
- Budget is now *\$5,289,610*

Now cut to the State’s “adequacy” level of *\$2,690,333*

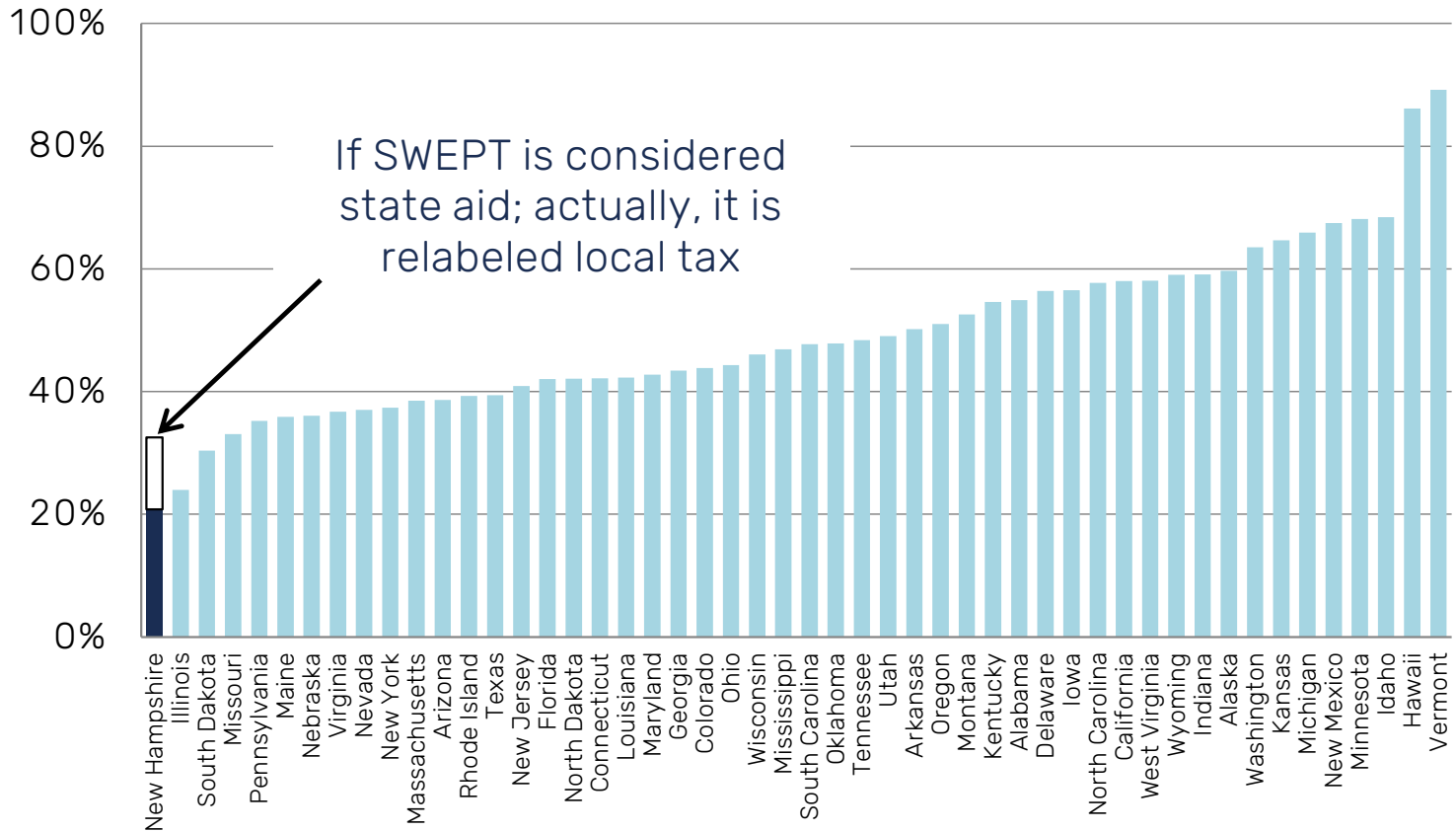
- Nearly everything else has been eliminated, so now eliminate nearly half of the remaining teachers
- Class size averages *60 students/teacher*

*How does anyone believe that this will provide an adequate education for Pittsfield’s 581 students?*



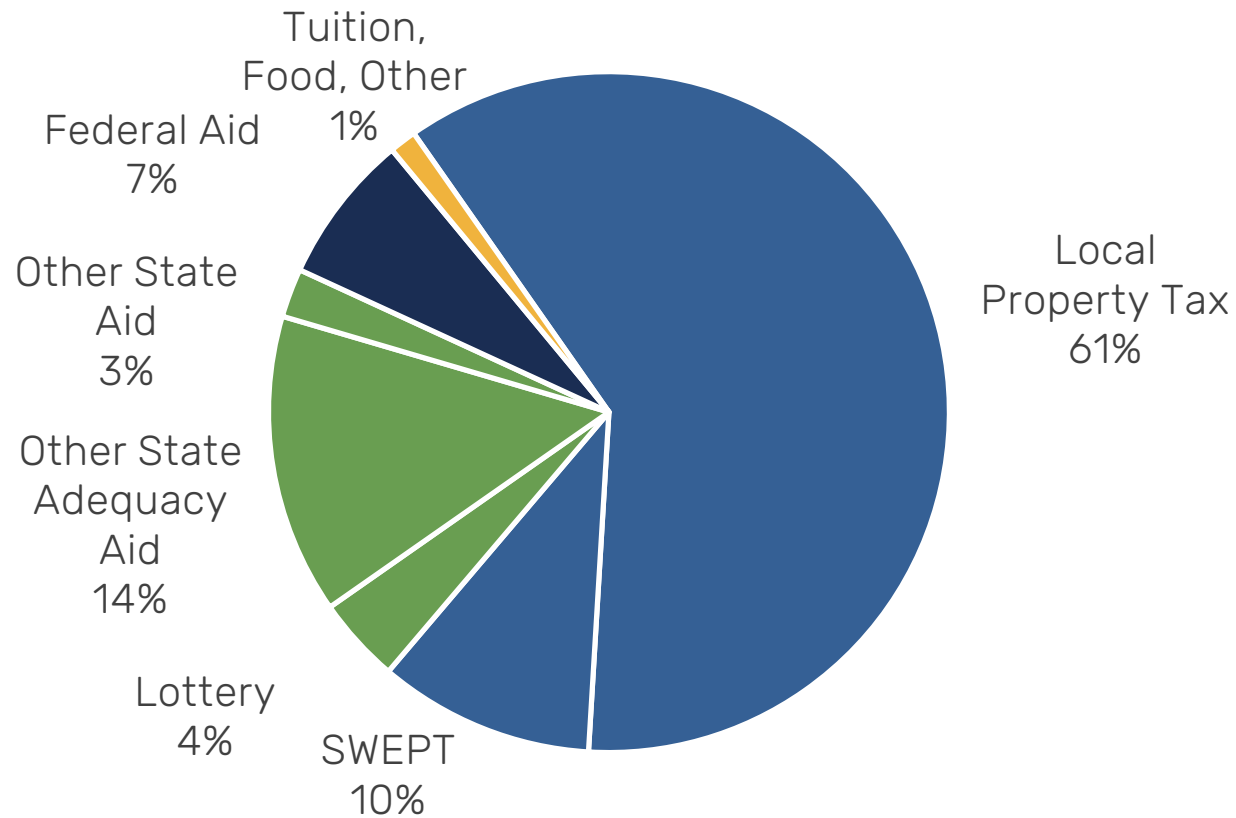
# State's Share of School Funding in NH is the Smallest in the Country

*Percent of school revenue from state sources, 2018-19*



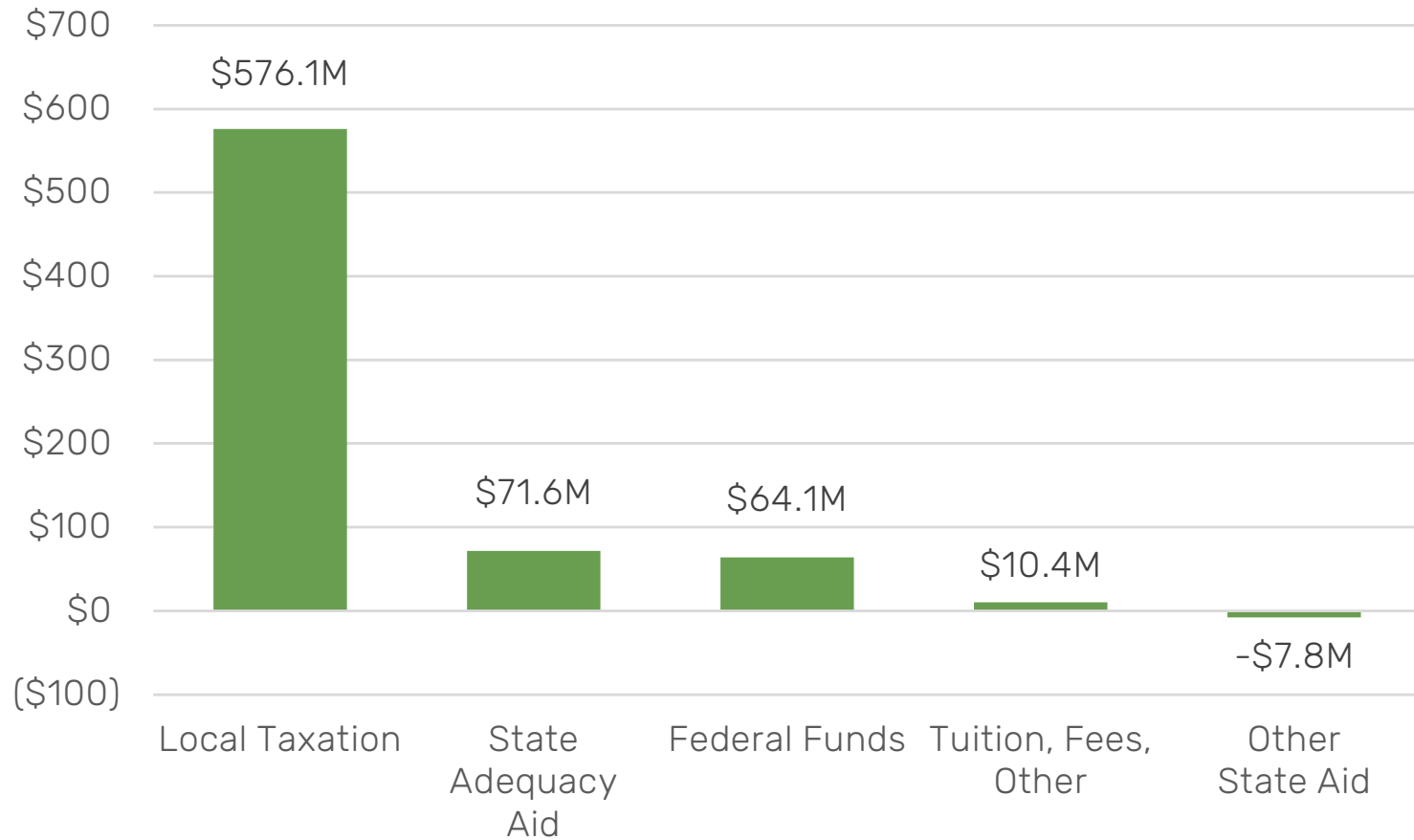
# NH Relies Overwhelmingly on Local Property Taxes to Fund Public Education

*2020-2021 Revenue of NH School Districts - \$3.54 billion*



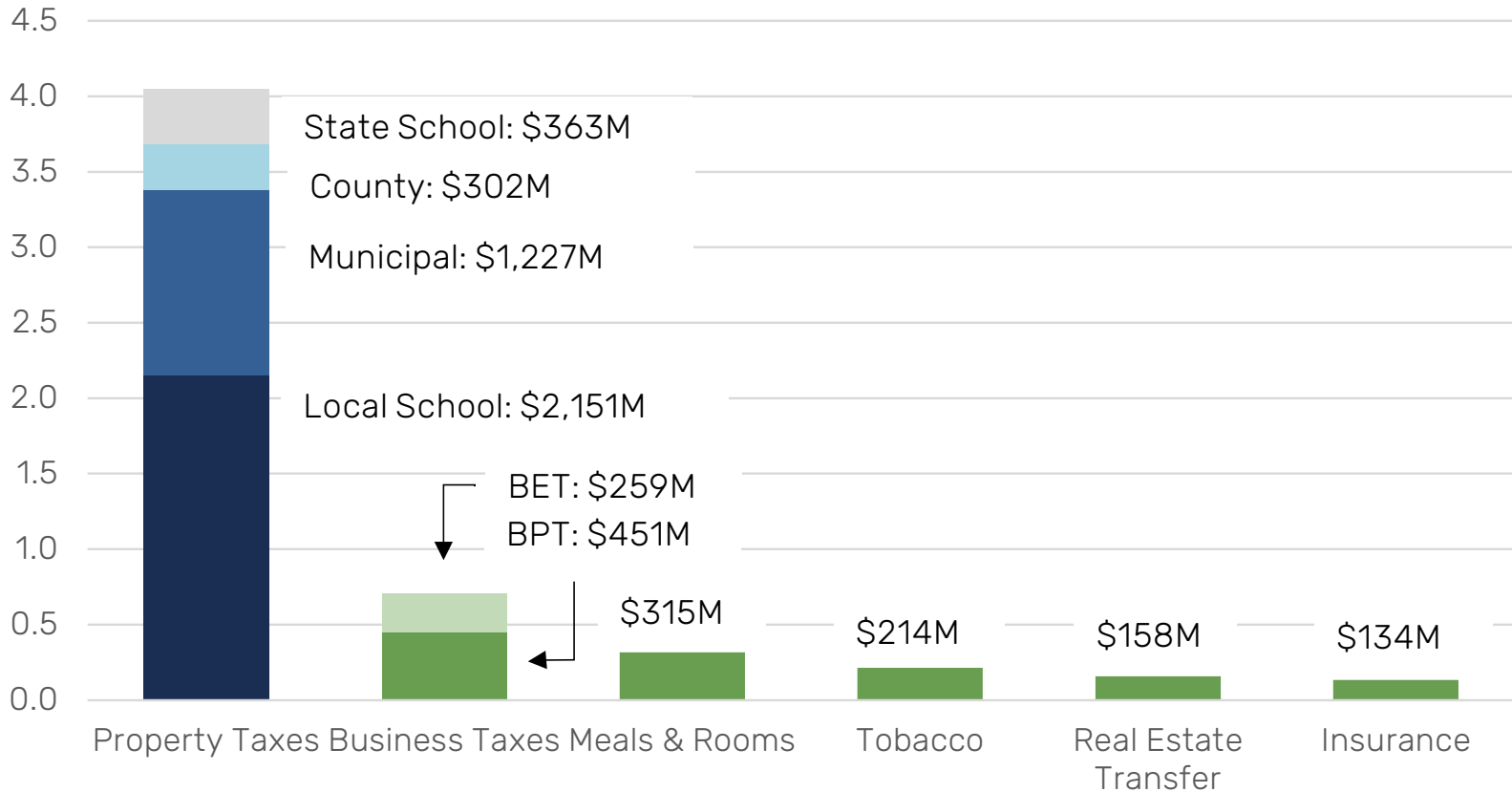
# Reliance On Local Property Taxes Has Grown Over Time

*Change in School District Revenue, 2012– 2021*



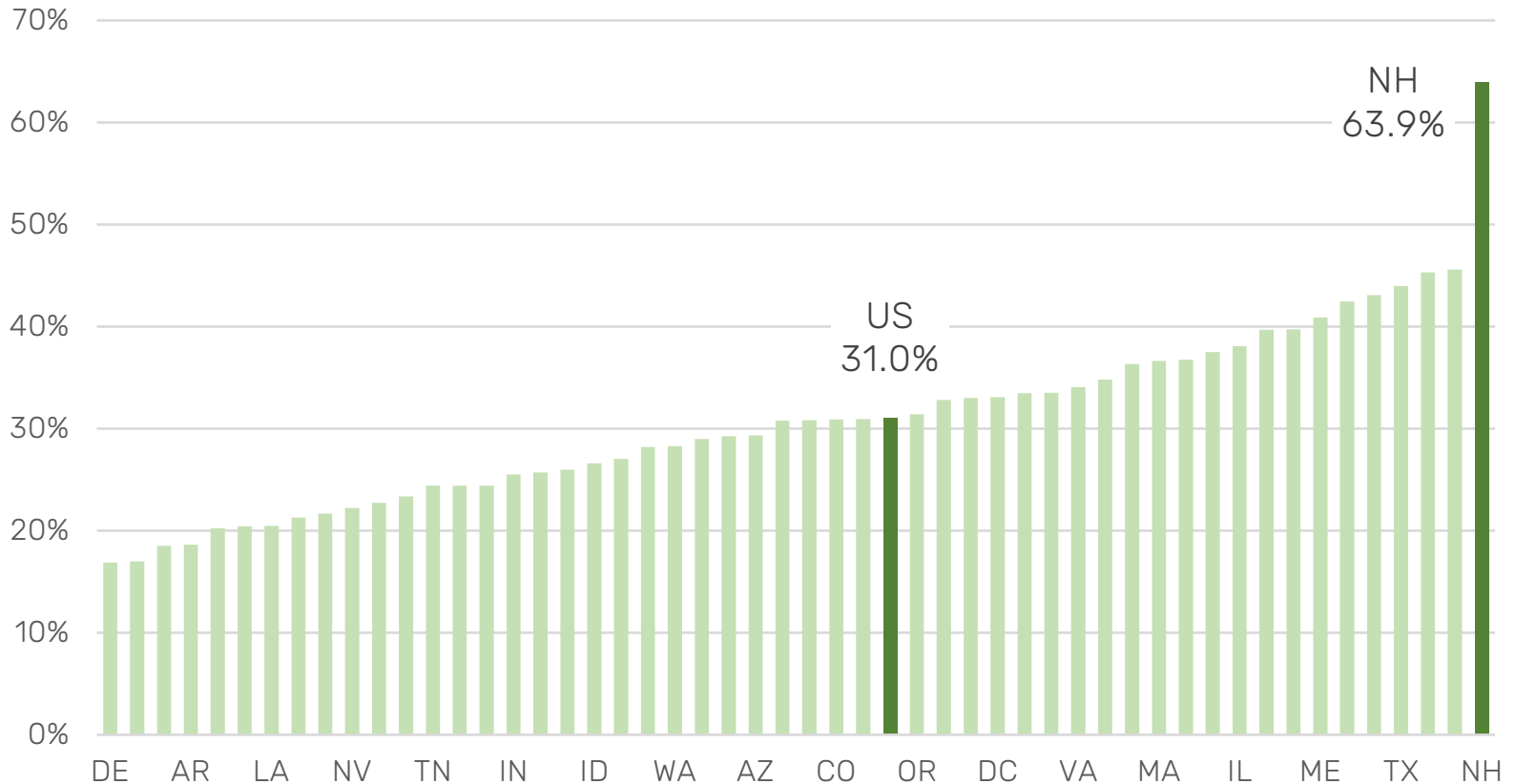
# The Property Tax is the Largest Tax in NH

*Tax revenue by source, 2020 (all figures in \$million)*



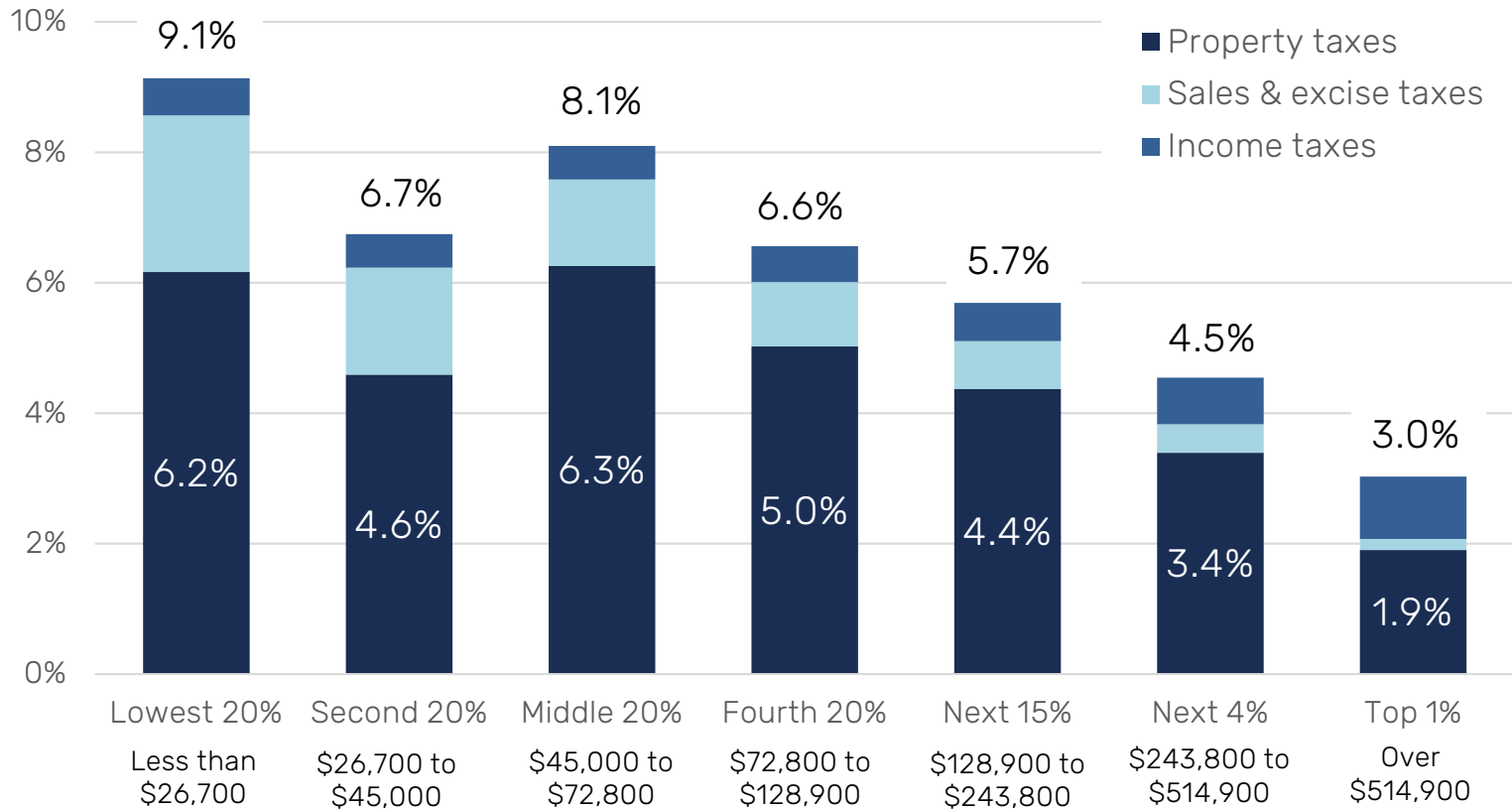
# NH's Property Tax Reliance is the Highest in the Country

*Property tax revenue as a share of total state and local tax revenue, 2017-2018*



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

*Taxes as a Share of Income, by Income Group, 2018*



# The Heart of the Problem

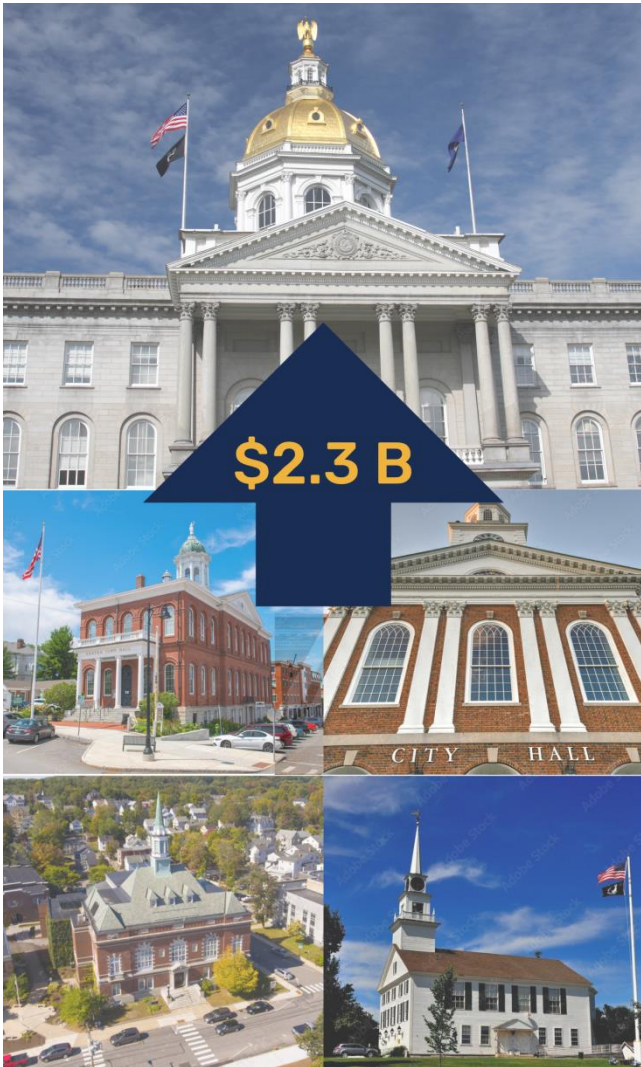
The State of New Hampshire has shifted public school funding onto local property taxpayers.





## The Heart of the *Solution*

Shift responsibility  
for providing  
an adequate education  
back to where  
it belongs:  
the State of  
New Hampshire



## AIR Report: Clear Diagnosis of the Problem

“The state’s current system is inequitable from both student and taxpayer perspectives. The districts serving the highest proportion of students who are economically disadvantaged spend less, on average, compared with districts serving the fewest such students. Moreover, the districts with the least property wealth per student impose the highest local education tax rates to be able to fund their children’s education.”

*Equity and Adequacy of New Hampshire School Funding*  
American Institutes for Research, August 2020



# AIR Report: One Possible Approach to Reform

## *Distribution of Education Aid*

- AIR devised a model to distribute nearly entire sum of state and local education spending (~\$2.9B @ 2018)
- Model would distribute aid to enable every district to achieve statewide average outcomes across three measures: assessment scores, graduation rates, and attendance rates.
- Model identifies the key factors that affect those outcomes and assigns “weights” to those factors to distribute funding (such as free & reduced price meal eligibility, special education needs, and size of enrollment)
- Resulting formula funding would range from just over \$11,500 per pupil in Windham to nearly \$30,000 per pupil in Stratford



# AIR Report: One Possible Approach to Reform

## *Revenue Generation*

- Maintain existing revenue sources flowing to Education Trust Fund
  - Examples: portion of BPT & BET, M&R, RETT, et. al.
  - Approximately \$600 million annually
- Fund remaining \$2.35 billion through single statewide property tax at a rate of \$12.04 per \$1,000 of value

*Additional funds flowing into Education Trust Fund would mean lower statewide property tax rates*

*Revenue generated would largely replace existing local school property taxes*





# Other Approaches for Generating Additional State Revenue

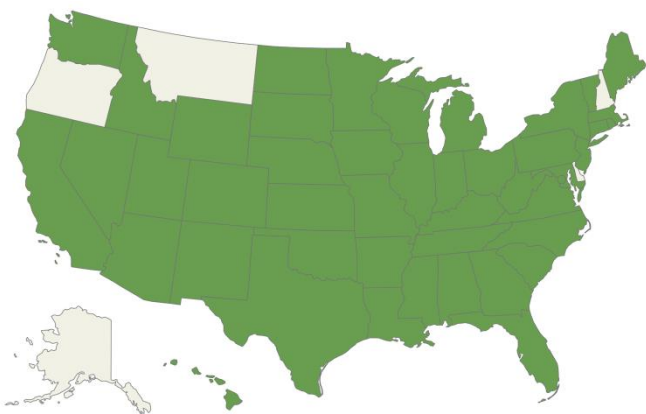
# Multiple Approaches Available for Generating Additional State Revenue



- Restore prior levels / forms of taxation
  - Return business tax rates to 2015 levels
  - Forestall elimination of the I&D tax
  - Reinstate estate/inheritance taxation
- Extend current use of wealth taxation
  - Institute a tax on capital gains
  - Establish a financial transactions tax

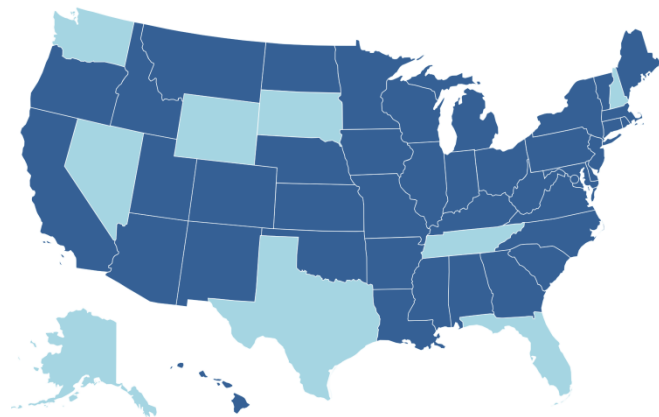


# Multiple Approaches Available for Generating Additional State Revenue



## Sales Taxes

FY 20 Revenue in \$B	
Vermont	0.43
Rhode Island	1.16
Maine	1.67
New Hampshire	-
Connecticut	4.58
Massachusetts	6.82



## Income Taxes

FY 20 Revenue in \$B	
Vermont	0.76
Rhode Island	1.24
Maine	1.84
New Hampshire	0.12
Connecticut	8.18
Massachusetts	17.41



# Summary - School Funding in New Hampshire

- New Hampshire's school funding system is plagued by two injustices: deep and enduring inequities in educational opportunity and enormous differences in the property taxes we pay as residents and business owners.
- These injustices arise from the same source. New Hampshire has failed to meet its fundamental responsibility to provide an adequate education to every child in the Granite State and, instead, shifts \$2.3 billion in costs down onto local taxpayers each year.
- To address these injustices, we must return responsibility to where it belongs: the State of New Hampshire.
- Numerous options are available for generating the \$2.3 billion needed for New Hampshire to meet its fundamental responsibility.

**You can help us help Granite Staters understand the problem – and possible solutions.**





# So, What's Next?



Over the next few months our Get on the Bus tour will bring us to 25 communities...



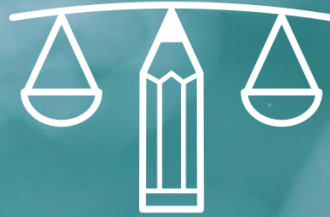
where we will educate citizens like you to understand the inequities baked into our school funding system and empower you to take action...



by talking to your neighbors and reaching out to elected officials and candidates to encourage them to prioritize fair and equitable funding for our schools!



**THANK  
YOU!**



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[www.fairfundingnh.org](http://www.fairfundingnh.org)

@FairFundingNH *Twitter*

@NHSchoolFundingFairness *Facebook*

@fairfunding\_nh *Instagram*

603-945-9988



A photograph of a classroom where several students have their hands raised, indicating they want to ask a question or answer. The focus is on the hands in the foreground, with a blurred background showing other students and a chalkboard. A dark blue rectangular box is overlaid on the left side of the image, containing the text 'QUESTIONS?'.

**QUESTIONS?**