

Education Funding 101

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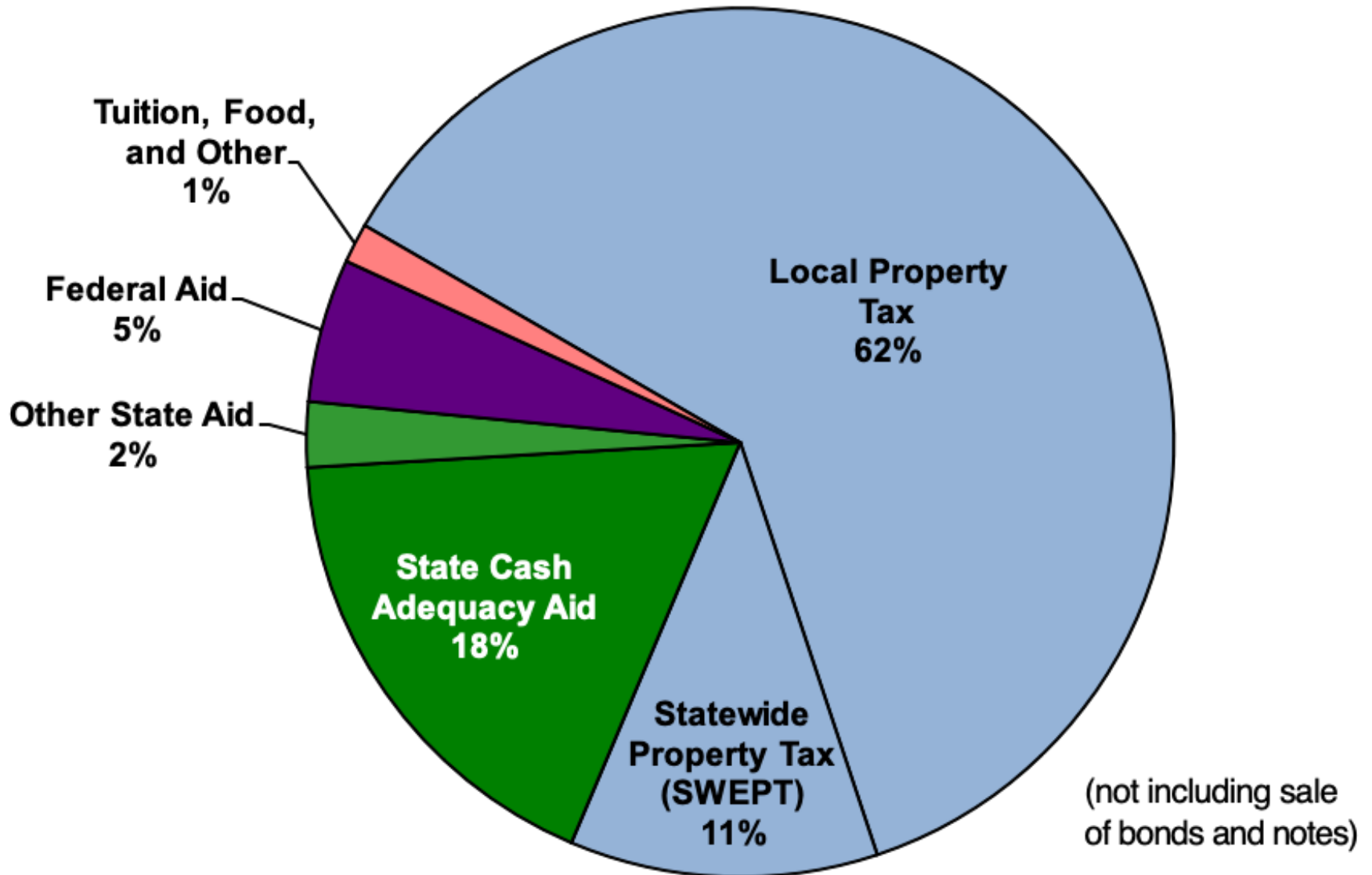
John Tobin (jtobinjr@comcast.net)

Doug Hall (doughallnh@comcast.net)

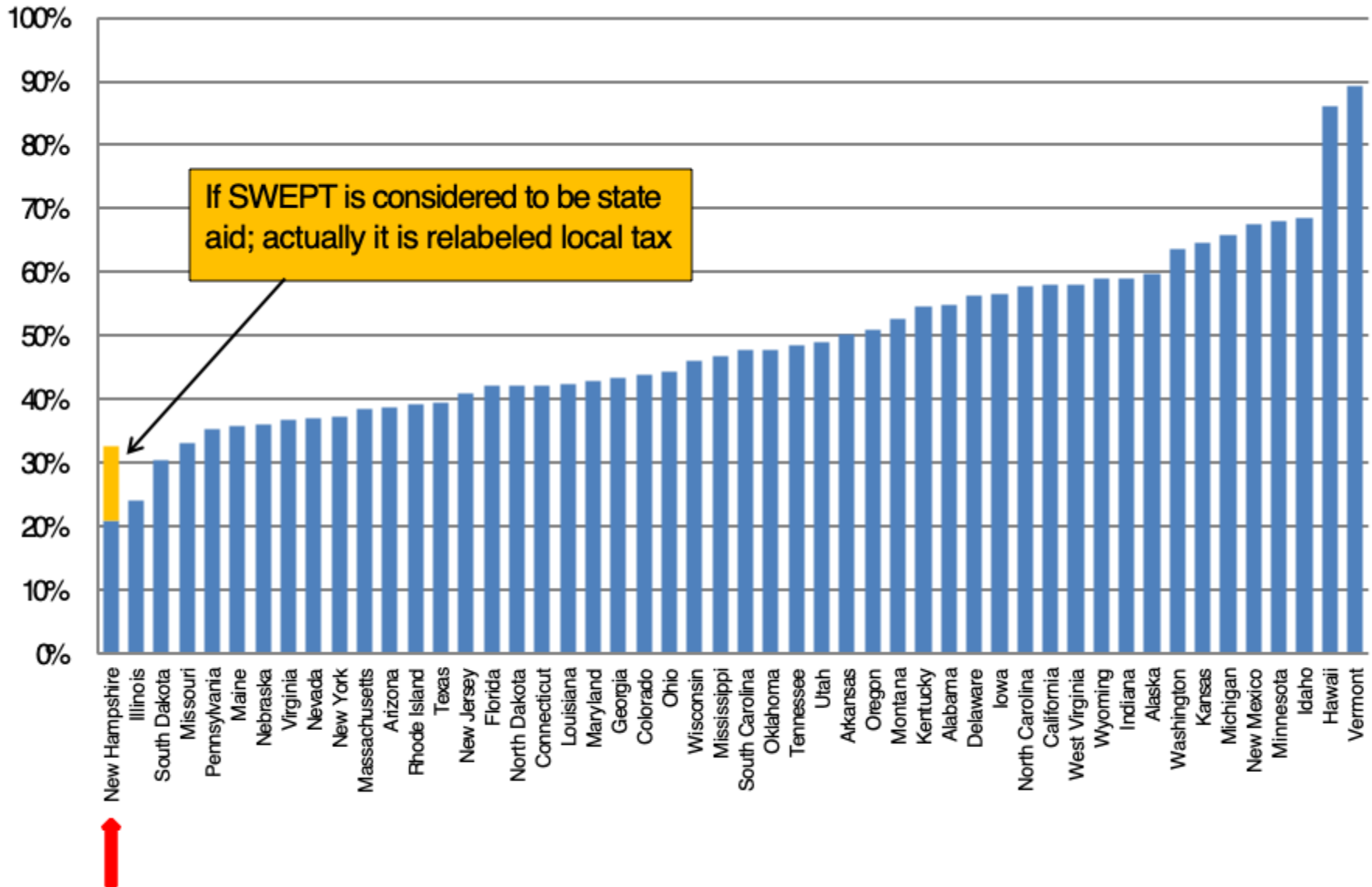
The NH Constitution sets two core requirements for K-12 public education:

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

2017/18 Revenue of School Districts: \$3.17 Billion



Percent of School Revenue from the State 2017/18



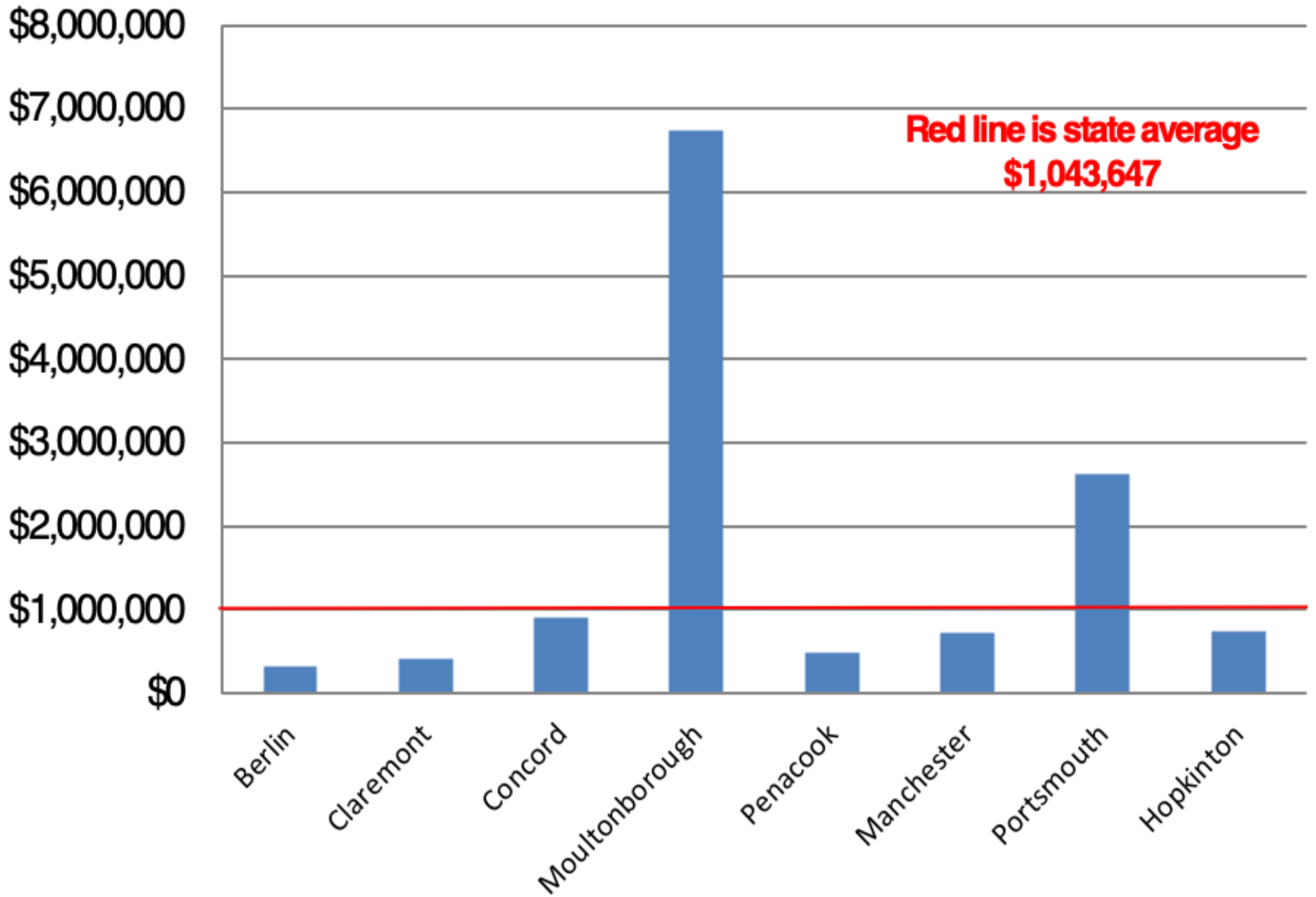
The core concept

Eq Val/pupil

It's a simple math problem!

Property Value		Tax Rate		Funds Raised
\$20	x	2	=	\$40
\$4	x	2	=	\$8

Equalized Property Value per Pupil 2017/18



Representative Equalized Valuations
per Pupil 2017-18

State Average

\$1,043,647/pupil

(Median \$978,684/pupil)

<u>Hopkinton</u>	\$739,329	(949 students)
Claremont	\$405,976	(1,729 students)
Concord	\$900,409	(4,287 students)
Derry	\$632,071	(5,078 students)
Franklin	\$558,384	(1,083 students)
Henniker	\$835,784	(368 students)
Manchester	\$724,178	(13,968 students)
<i>Moultonborough</i>	<i>\$6,731,382</i>	<i>(473 students)</i>
Nashua	\$906,503	(11,565 students)
<i>Portsmouth</i>	<i>\$2,630,274</i>	<i>(2,205 students)</i>

Local + State Educ. Equalized Tax Rates 2017-18

<i>State Average</i>	<i>\$12.70/1000</i>	<i>\$2,480/\$200,000</i>
		<i>(Median \$14.69/1000)</i>
Hopkinton	\$21.22/1000	
Claremont	\$24.87/1000*	\$4,974/\$200,000
Concord	\$14.69/1000	
Derry	\$16.96/1000	
Franklin	\$8.44/1000**	
Henniker	\$19.24/1000	
Manchester	\$9.91/1000**	
<i>Moultonborough</i>	<i>\$4.07/1000</i>	<i>\$814/\$200,000</i>
Nashua	\$11.19/1000	
<i>Portsmouth</i>	<i>\$6.68/1000</i>	

*\$42.62/1000 overall tax rate: NH's highest. **Tax caps in effect

Bringing it all together!

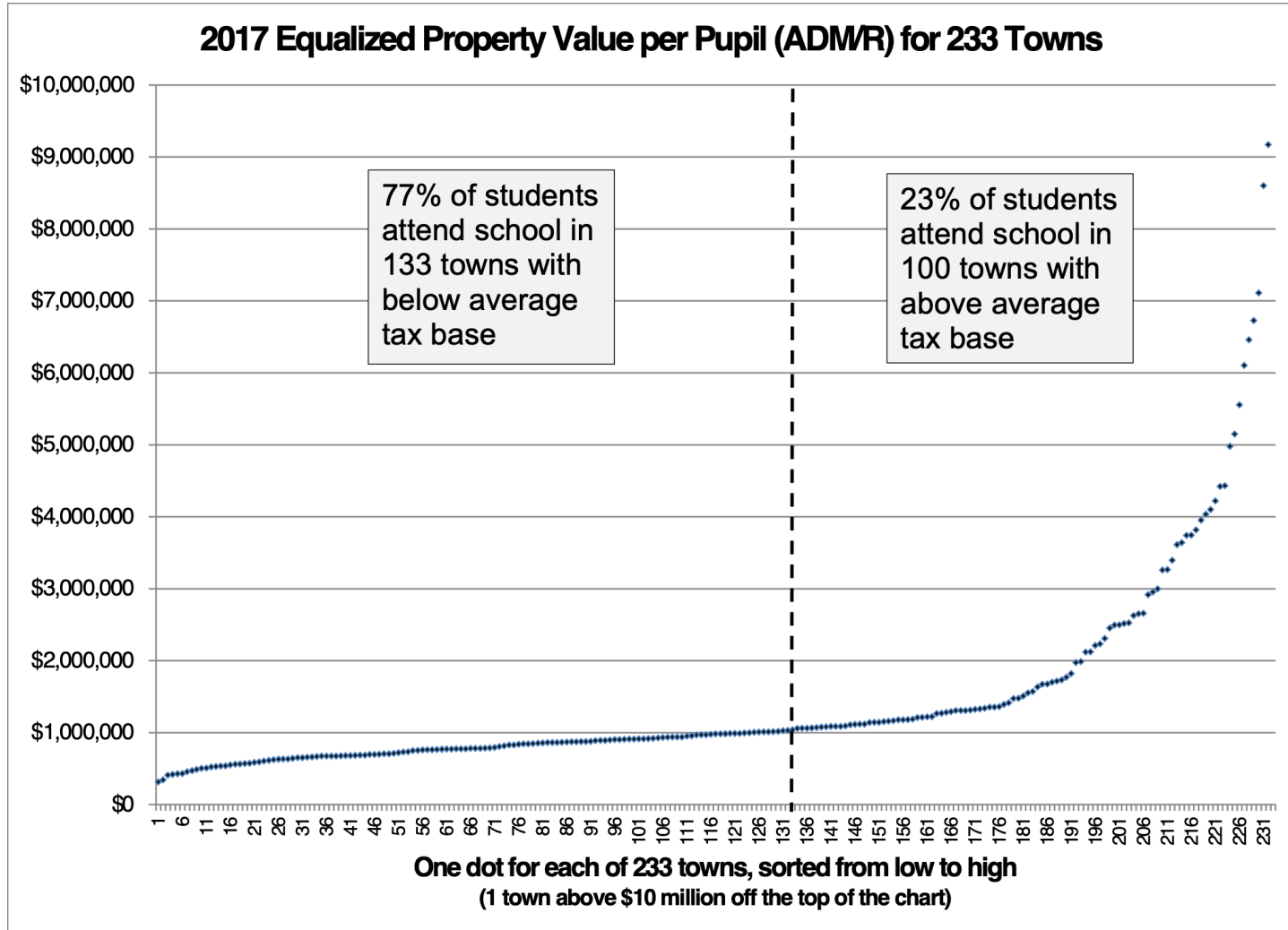
<u>District</u>	<u>Equalized Val/ Pupil</u>	<u>Tax Rate</u>	<u>Spending/Pupil</u>
Hopkinton	\$729,329	\$21.22/1000	\$17,266
Claremont	\$405,976	\$24.82/1000	\$16,476
Concord	\$900,409	\$14.69/1000	\$15,639
Derry	\$632,071	\$16.96/1000	\$15,014
Franklin	\$767,398	\$8.44/1000	\$14,198
Henniker	\$835,784	\$19.24/1000	\$17,816
Manchester	\$724,178	\$9.91/1000	\$12,024
Moultonb.	\$6,731,382	\$4.07/1000	\$25,430
Portsmouth	\$2,630,274	\$6.68/1000	\$18,346
Average	\$1,043,647	\$12.70/1000	\$15,865

Implications for one child and one class – and for taxpayers - in one year and over a school career.

Portsmouth raises \$18,346 per pupil with only a \$6.68 school tax rate while Hopkinton raises \$17,266 per pupil, \$1,080 less, with a school tax rate of \$21.22, more than three times as high.

Assuming 20 students per class, that's \$21,600 per class. Over 13 years (K-12), that's more than a \$280,800 spending difference on a per class basis, even though Hopkinton taxpayers sacrifice much more for their children.

77% of Children Attend School in Communities with Below Average Equalized Values

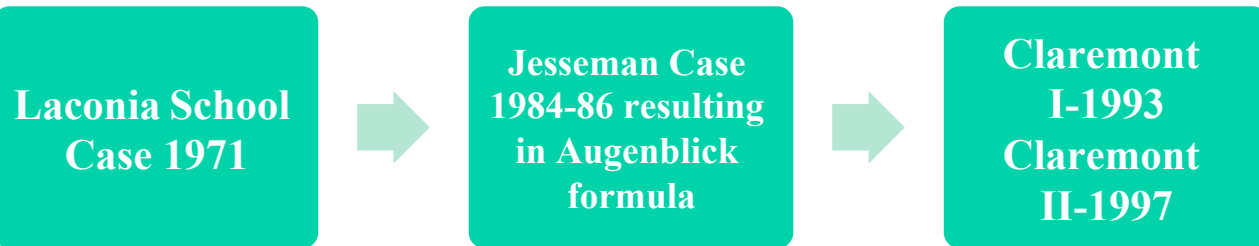


Other Implications

- **Barrier to Economic Development (new businesses and business expansion)**
- **Works Against Attracting and Keeping Young Families: Workforce Housing;**
- **Discourages Regional Cooperation and Efficiency/Economies of Scale**
- **Uneven Burdens of Current Use Taxation and Untaxable State/Federal Land**



Litigation Timeline



***Claremont Sch. Distr. V. Gov.*, 138 NH 183 (1993) (*Claremont I*) ---Recognized right to constitutionally adequate education provided by the state with standard being for all children to become competitors in the marketplace of ideas.**

***Claremont School Distr. V. Gov.*, 142 N.H. 462 (1997) (*Claremont II*)---School Tax is a state tax and is unjust because not uniform throughout the state and education is a fundamental right.**

School Funding Litigation in New Hampshire

Claremont School Dist. v. Governor, 138 N.H. 183, 635 A.2d 1375 (1993) (Recognized Right)

Claremont School Dist. v. Governor, 142 N.H. 462, 703 A.2d 1353 (1997) (Funding System Found Unconstitutional)

Claremont School Dist. v. Governor, 142 N.H. 737, 712 A.2d 612 (1998) (Motion to Vacate)

Opinion of the Justices, 142 N.H. 892, 712 A.2d 1080 (1998) (Governor's ABC Plan)

Claremont School Dist. v. Governor, 143 N.H. 154, 725 A.2d 648 (1998) (Extension of Deadline)

Opinion of the Justices, 143 N.H. 429, 725 A.2d 1082 (1999) (Referendum)

Claremont School Dist. v. Governor, 144 N.H. 210, 744 A.2d 1107 (1999) (Phase-in Unconstitutional)

Claremont School Dist. v. Governor, 144 N.H. 590, 761 A.2d 389, (1999) (Fees)

Opinion of the Justices, 145 N.H. 474, 765 A.2d 673 (2000) (Fred King Plan)

Claremont School Dist. v. Governor, 2002 WL 534644 (N.H., Apr 11, 2002) (NO. 97-001)

Londonderry School District SAU No. 12 v. State

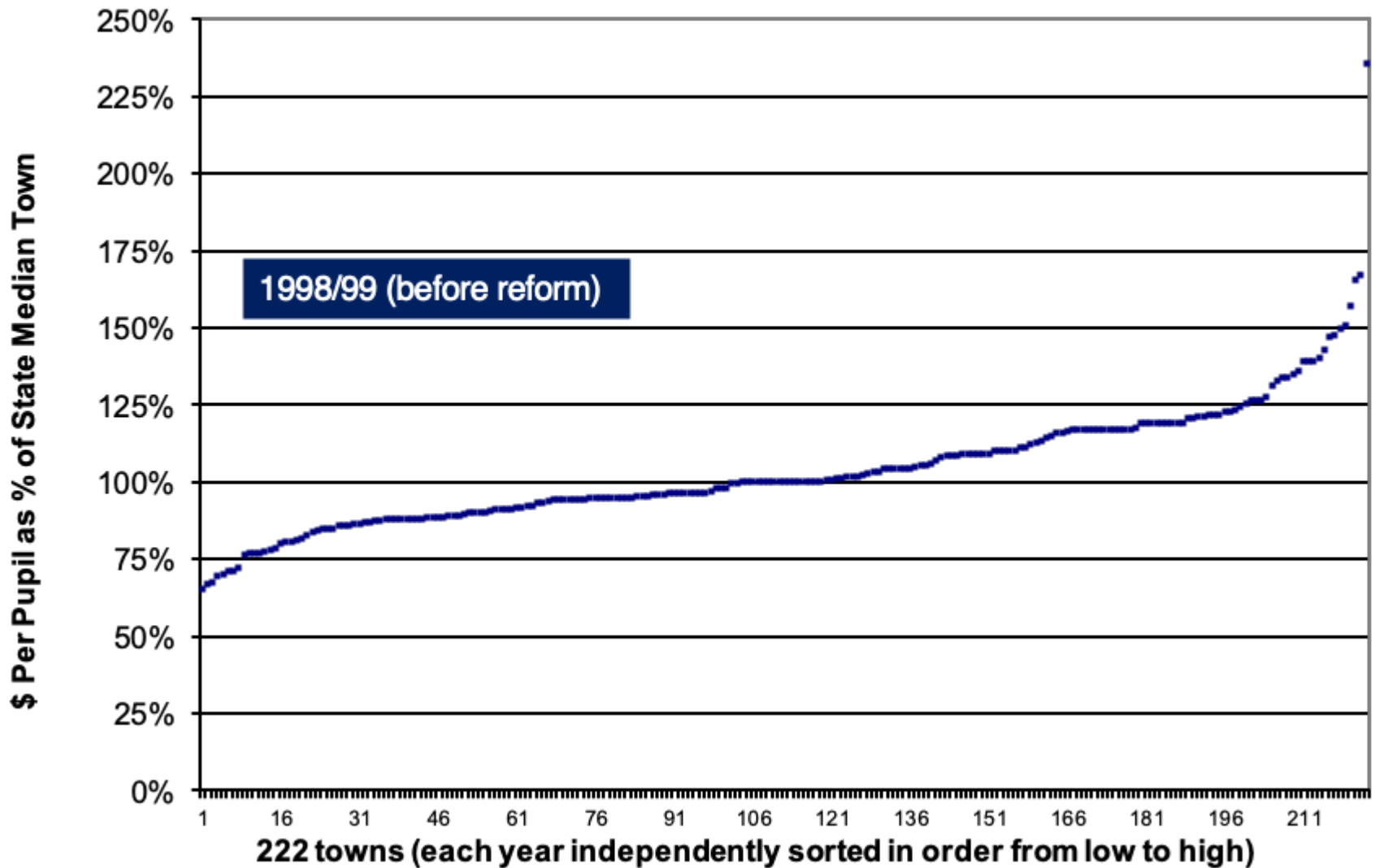
154 N.H. 153 (2006). State found not to have defined constitutional adequacy.

Londonderry School Dist. SAU #12 v. State

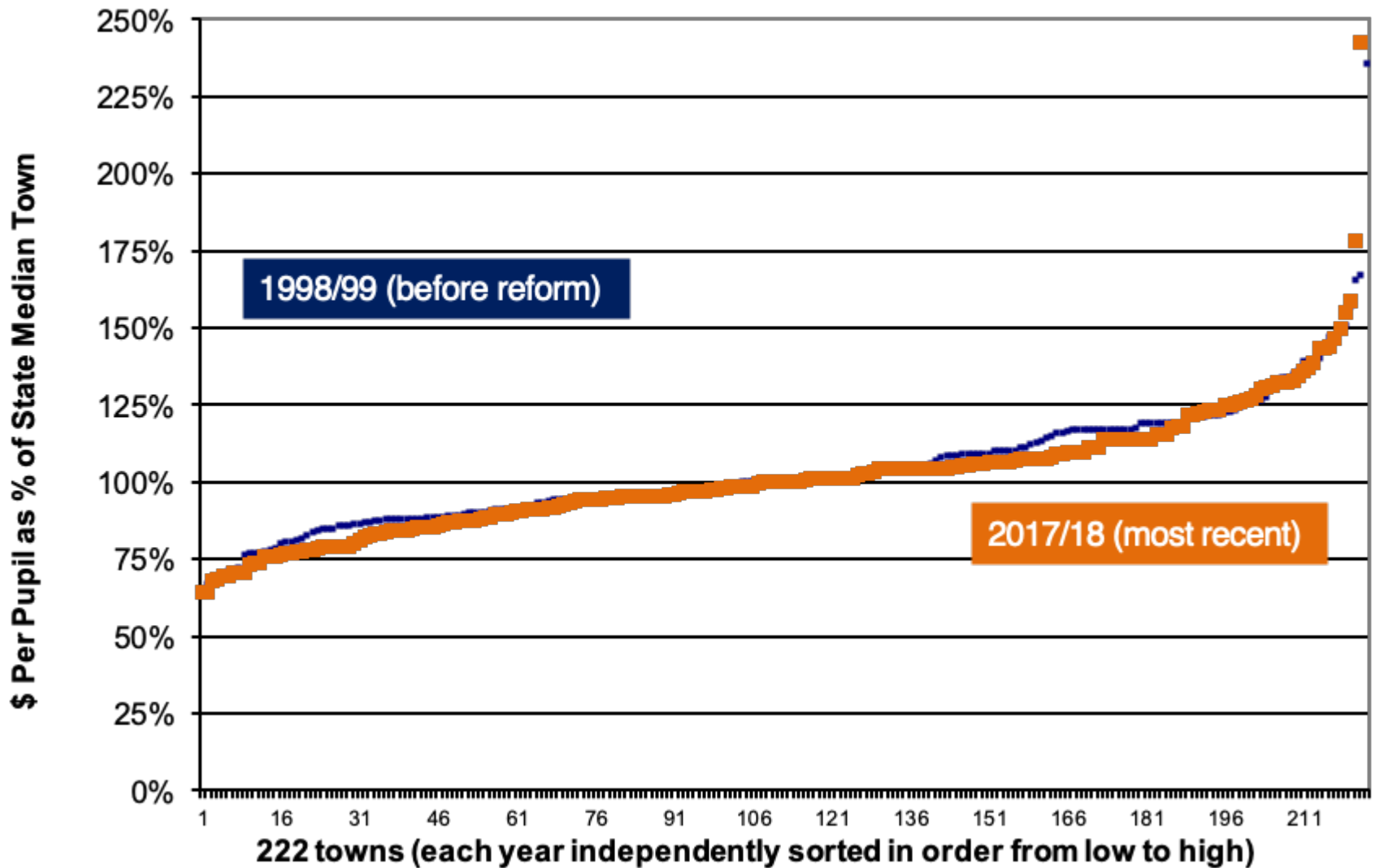
157 N.H. 734 (2008) Case dismissed as moot. 3-2

Definition adopted as RSA 193-E

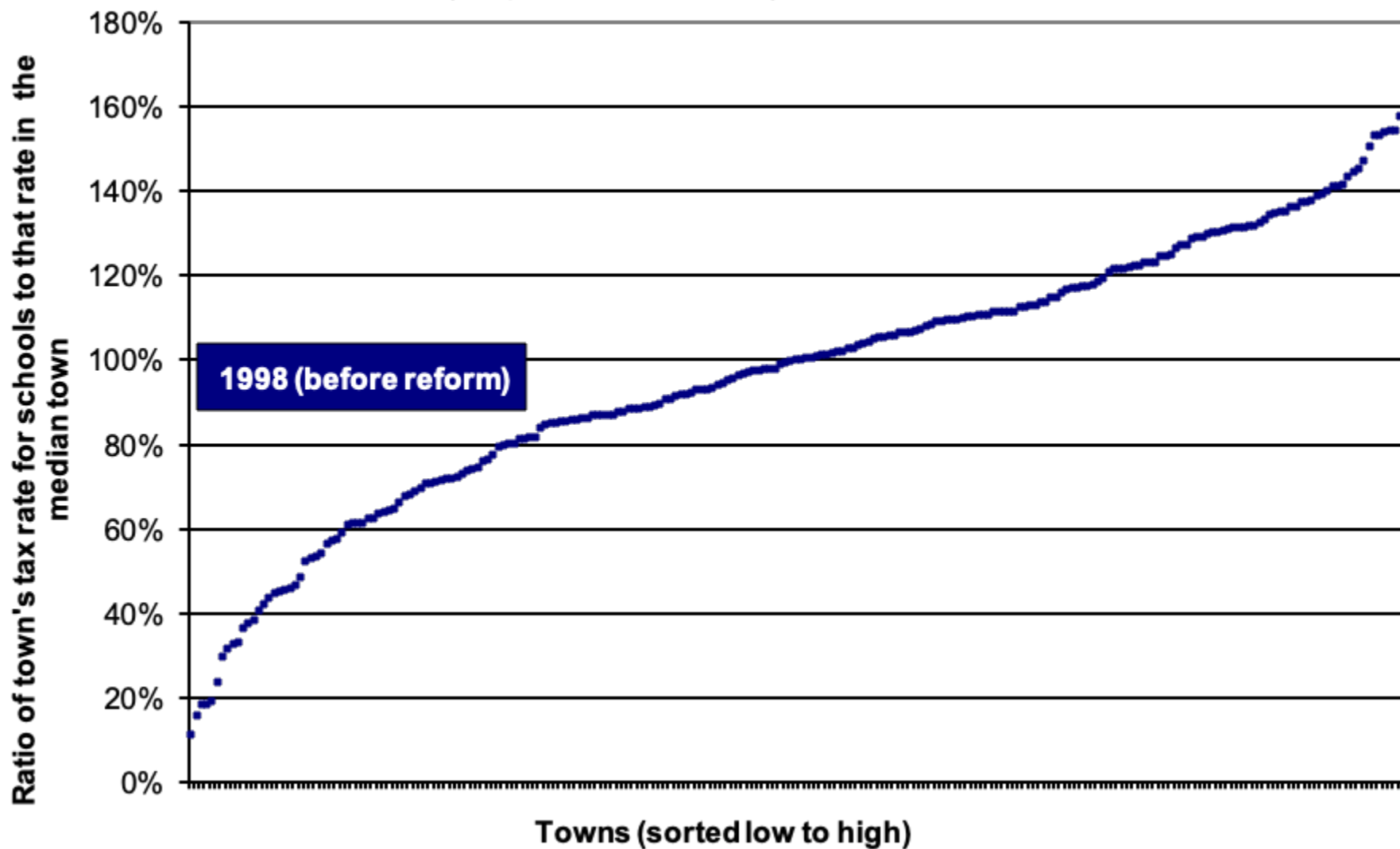
Expenditure Per Elementary Pupil 1998/99, 2017/18



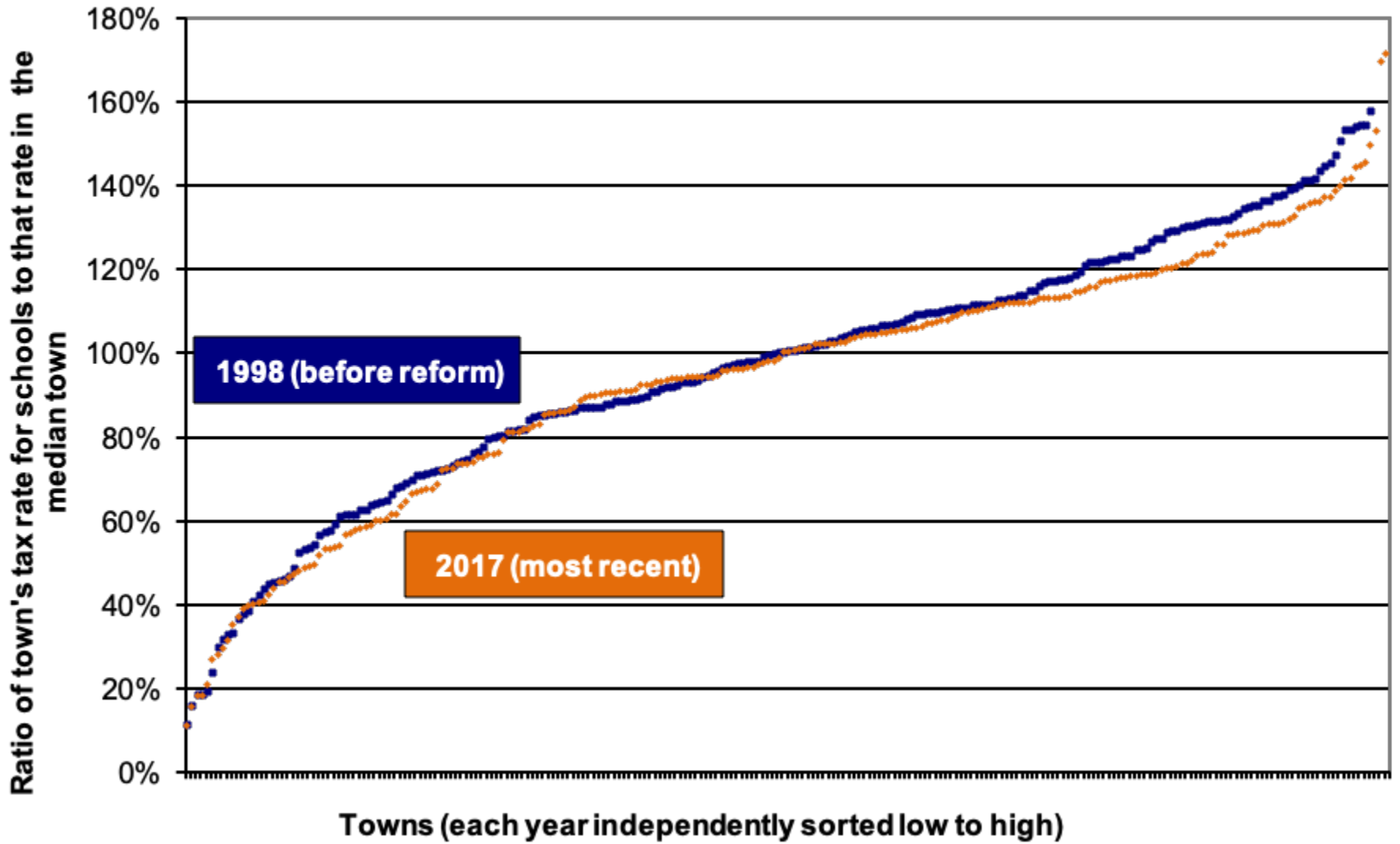
Expenditure Per Elementary Pupil 1998/99, 2017/18



Equalized Tax Rates for Education 1998 (compared to median town)



Equalized Tax Rates for Education 1998 and 2017 (compared to median town)



Adequacy Aid

For FY2018 and FY2019—

**Statewide Base Rate is \$3,636/pupil
(with differential aid, \$4,477/pupil)**

Hopkinton

NH says \$4,196/pupil is adequate

Hopkinton is spending \$17,266/pupil

SWEPT

StateWide Education Property Tax

- **Target: \$363 million out of \$3.2 billion.**
- **Municipalities collect the SWEPT and send the total amounts collected directly to their own school districts. The SWEPT money is never transferred to the state. The SWEPT does not reduce disparities among school districts.**
- **Mean SWEPT tax rate was \$2.17 for 2016-17. For 2017-18 it is \$2.06.**

Stabilization Grants

(a lifeline being withdrawn)

Stabilization Grant:

- **Enacted for FY2012 to replace Disparity Aid calculation which was part of adequacy**
- **Removed \$160 million from Adequacy Aid**
- **Stabilization reduced at the rate of 4% per year since FY2017. For FY2019, the stabilization grant will be 88% of the 2012 amount**
- **Berlin loses \$219,824/year**

In Berlin, it takes \$0.55 to make up for this loss each year. Berlin's school tax rate will increase by \$13.75/1000, all other things remaining equal, just to replace the loss of stabilization aid over 25 years.

Examples of Stabilization Losses

(using 2016-17 data).

<u>District</u>	<u>Annual Loss</u>	<u>Tax Rate to Overcome/1000</u>
Berlin	\$219,824	\$0.55
Claremont	\$251,312	\$0.36
Concord	\$71,765	\$0.02
Franklin	\$161,400	\$0.29
Manchester	\$498,178	\$0.06
Nashua	\$191,757	\$0.02
Bedford, Derry and Londonderry	\$0.00	\$0.00

Building Aid

**(doesn't exist any longer--was once an
incentive for districts to combine)**

\$54,353,188.20-distributed in 2008-09

NHLottery

\$1.7 billion to education

FY2017

Total Oper. Revenue **\$304,221,428**

Total Expenses **\$228,167,737**

Distributed to Education **\$76,119,818**

That's just over \$76 million contributed last FY. Total spending on education in NH was more than \$3.1 **billion, meaning **NH** Lottery accounts for 2.5% of school funding.**



Free and Reduced-Price Lunch Program Across School Districts, School Year 2017-2018

	School District	Student Enrollment	Number of Students Eligible	Percent of Students Eligible
Highest Eligibility	Stratford	57	47	82.46%
	Manchester	12,257	7,090	57.84%
	Winchester	348	191	54.89%
	Berlin	1,066	571	53.56%
	Stewartstown	64	34	53.13%
	Franklin	930	490	52.69%
	Ashland	135	68	50.37%
	Laconia	1,734	868	50.06%
	Claremont	1,600	800	50.00%
	Wentworth	50	25	50.00%
State Average		159,664	42,192	26.43%
Lowest Eligibility	Souhegan Cooperative	787	40	5.08%
	Bow	1,561	78	5.00%
	Bedford	4,195	203	4.84%
	Hollis-Brookline Cooperative	1,225	52	4.24%
	East Kingston	123	5	4.07%
	Dresden	1,097	39	3.56%
	Windham	2,753	84	3.05%
	Hollis	581	17	2.93%
	Newfields	103	2	1.94%
	South Hampton	70	1	1.43%

Notes: Only students in grades 1 through 12 included; state totals do not include charter school enrollment.

Source: New Hampshire Department of Education

NH BUSINESS REVIEW

The other New Hampshire.

The state of the state's 19 largest 'property-poor' communities.

...more than half the acreage of 17 of these 19 property-poor municipalities is taxed at less than its full market value or not taxed at all. The portion of discounted or non-taxable acreage in Berlin is 87 percent...Boscawen 78 percent, in Allenstown 76 percent... in Claremont and Pittsfield 68 percent and in Bennington, Northfield and Greenville 66 percent.

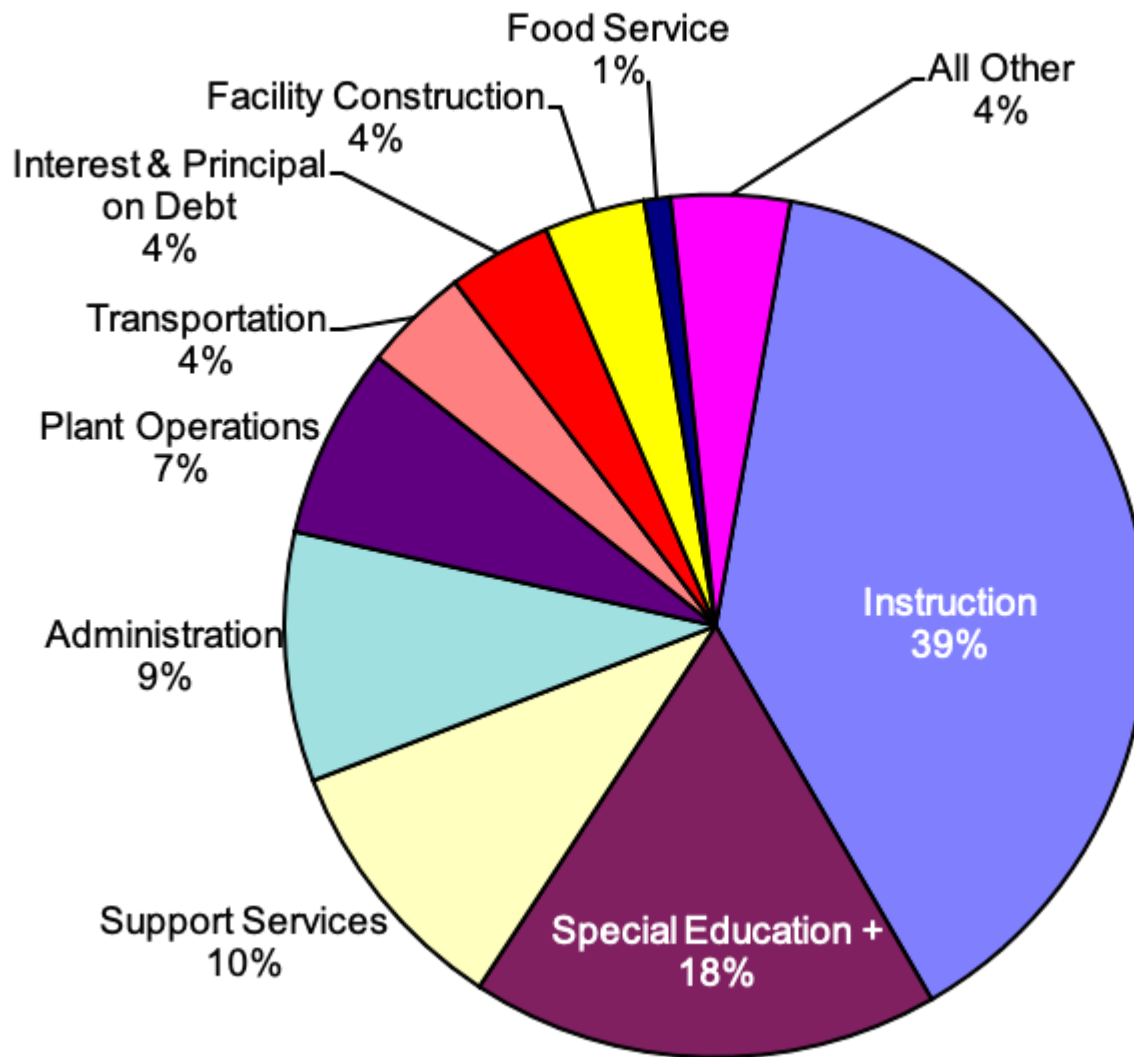
Goals for 2018 Legislative Session

- Immediate – Stop 4% cuts and restore “Stabilization aid” to the poorest districts to 2012 levels
- Medium Term – Increase base cost per pupil from \$3,636 to \$7,500 as interim step
- Long Term – Establish a funded and professionally staffed Commission to review and recommend school funding model for future legislative action

Questions?



2017/18 Spending by School Districts: \$3.39 billion



Fall Mountain Co-op (100%ADM)

	<u>Eq Val/Pupil</u>	<u>Ed. Tax Rate</u>
Acworth	\$1,111,171	\$12.74
Alstead	\$704,534	\$17.41
Charlestown	\$427,325	\$23.46
Langdon	\$769,932	\$21.35
Walpole	\$996,298	\$14.20

Difference in tax rates-46%.

2016-2017 data

ConVal Co-op
(Eq Val/Pupil and Tax Rates
50:50 Eq. Val. and ADM)

	<u>Eq Val/Pupil</u>	<u>Ed. Tax Rate</u>
Antrim	\$694,523	\$14.03
Bennington	\$563,646	\$16.64
Dublin	\$1,401,015	\$18.40
Francestown	\$1,063,161	\$16.49
Greenfield	\$800,745	\$15.78
Hancock	\$1,528,395	\$16.34
Peterb.	\$902,106	\$17.43
Sharon	\$1,212,909	\$14.10
Temple	\$1,023,680	\$17.53

Difference in tax rates—24%

2016-17 data

The West Wing

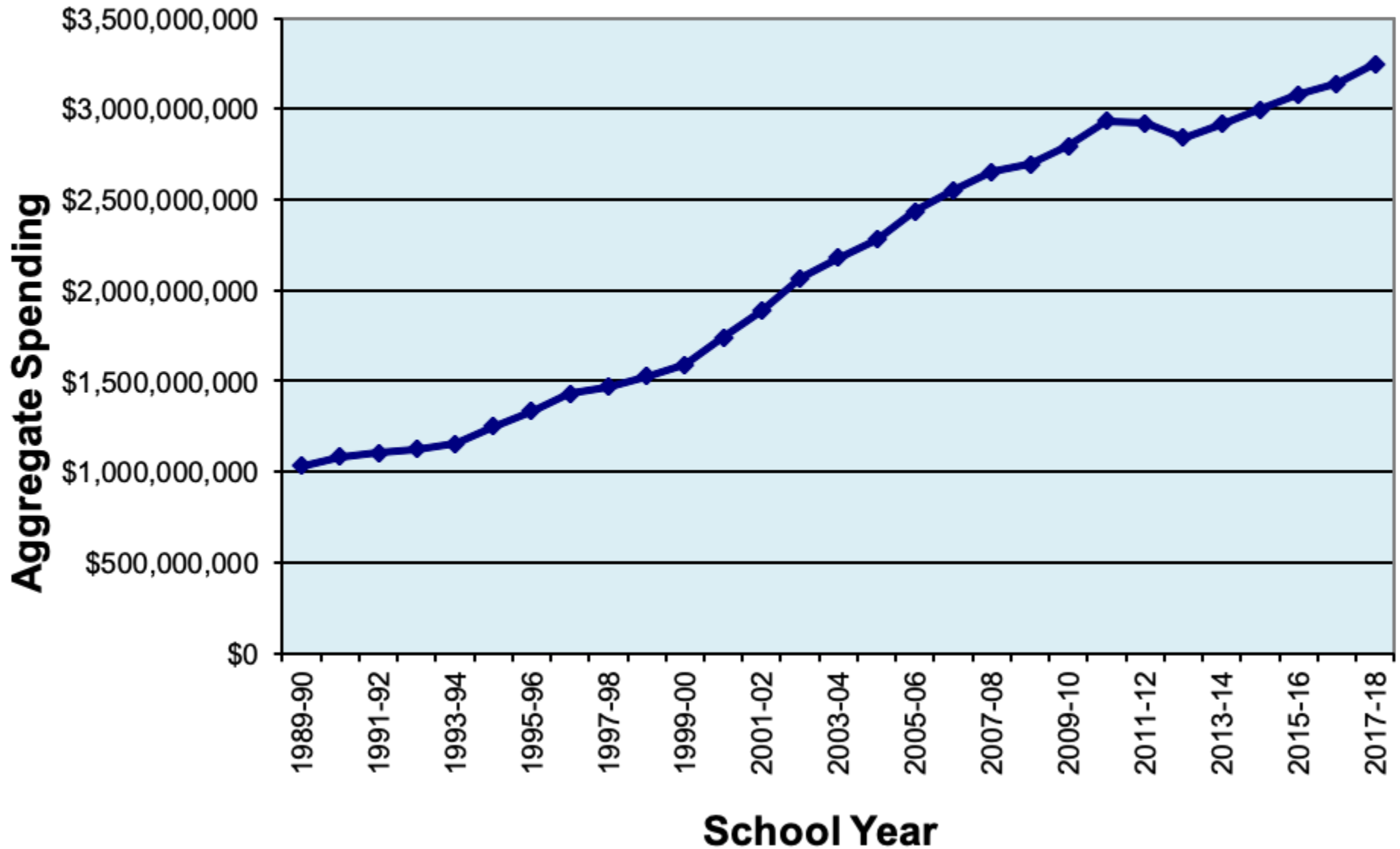
Season 6

January 2005

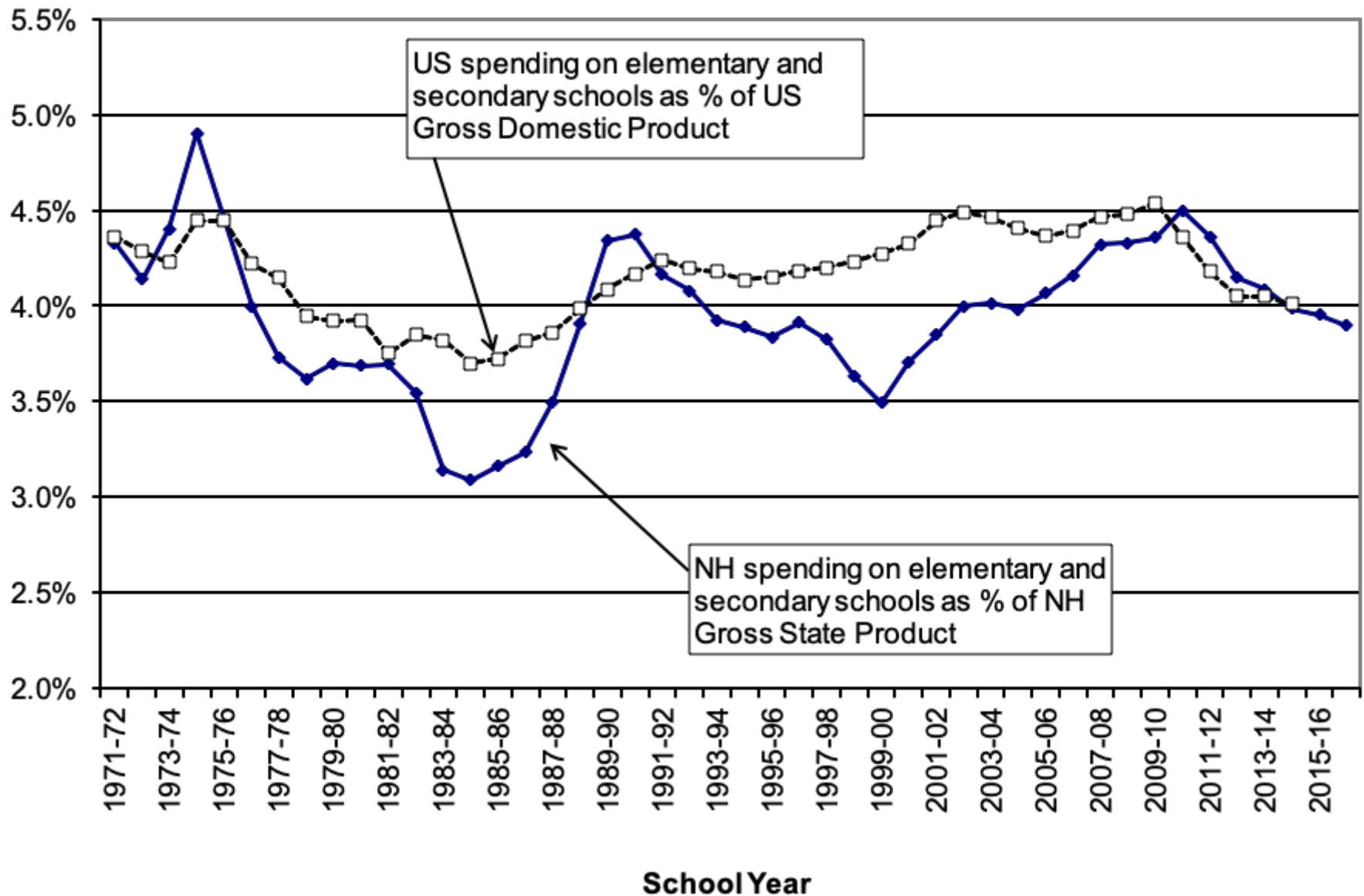
Josh Lyman brings
Congressman
Matt Santos to NH
to begin his
campaign for
President of the
United States



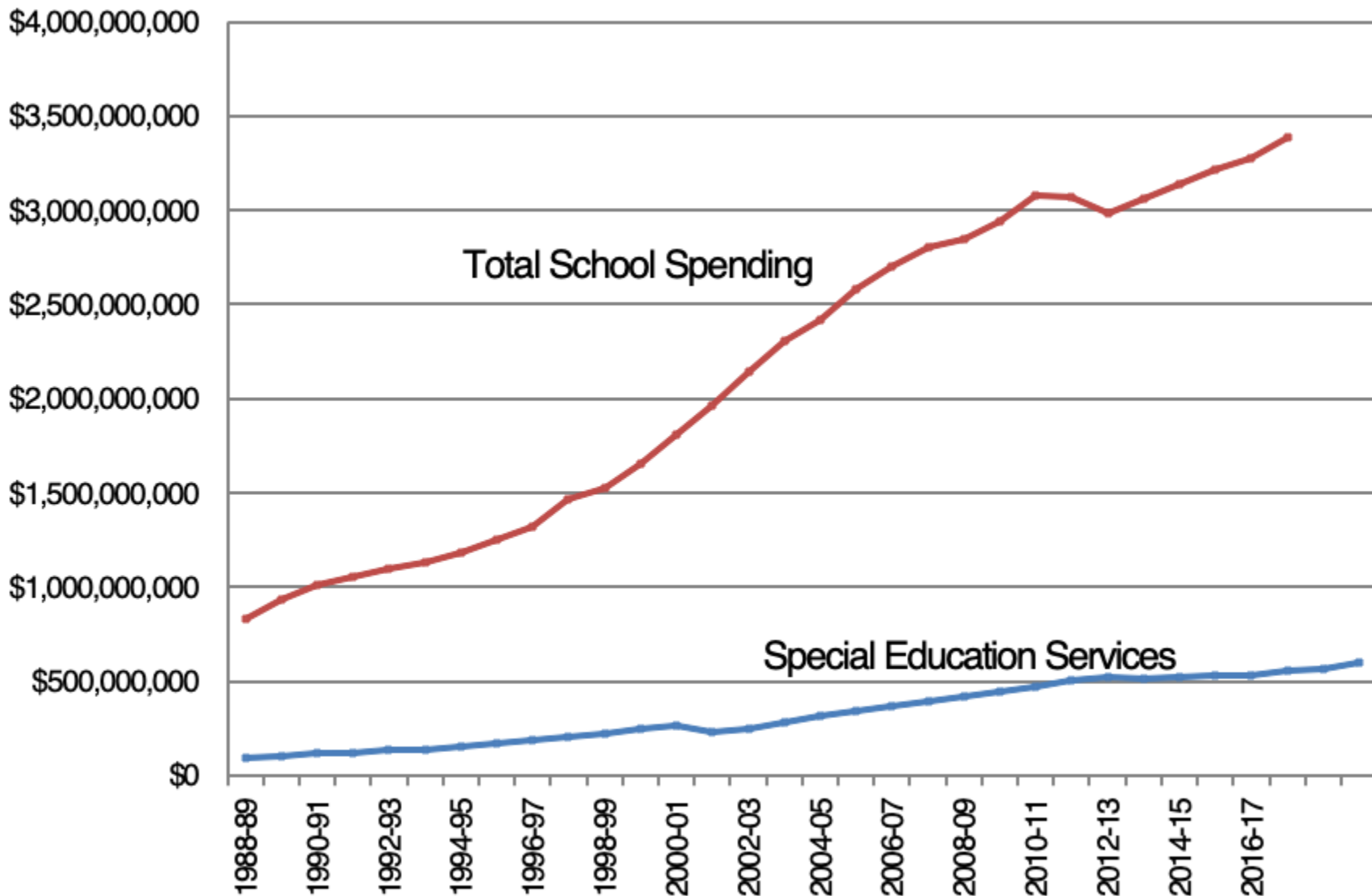
Spending of NH School Districts 1989/90-2016/17 (includes debt service and facilities construction)



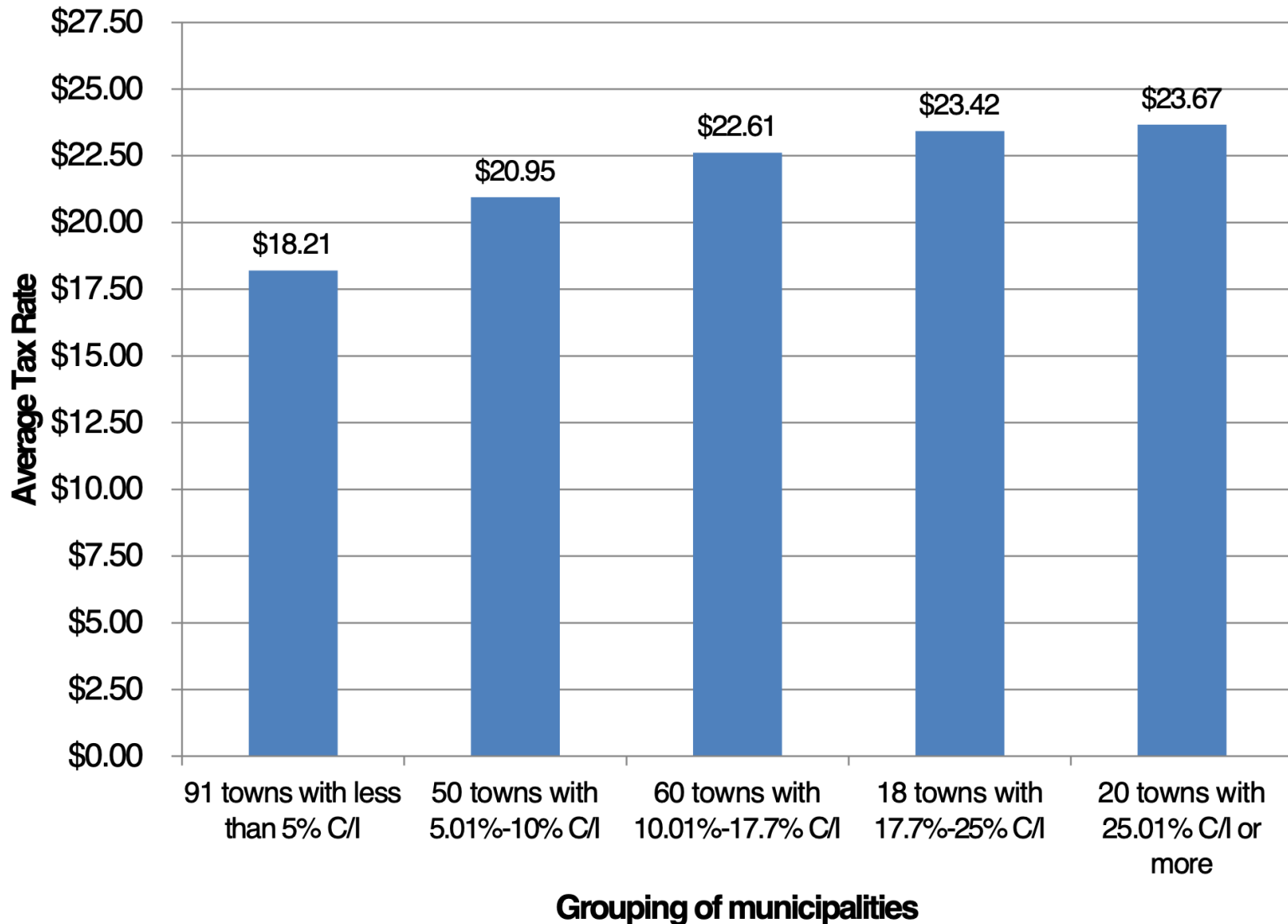
Public School Spending as Percent of the Overall Economy 1972-2017



NH School Spending 1998/99 to 2017/18



2017 Average Tax Rates by % of Commercial/Industrial Property



Stabilization Grants

(A lifeline being withdrawn)

- **Replaced Fiscal Disparity Aid in FY 2012**
- **But Stabilization has been reduced 4% per year since FY2017.**
- **Berlin loses \$219,824/year: it takes \$0.55 increase in local tax rate to make up this loss each year.**

State Building Aid

(Doesn't exist any longer)

- **It was once an incentive for districts to combine;**
- **\$54,353,188.20-distributed in 2008-09**