

**Commission on School Funding  
February 10, 2020**

**Applying NH Constitutional Principles  
to Current Property Tax Rates  
and Adequacy Grants**

**Presenter: John Tobin (jtobinjr@comcast.net)  
NH School Funding Fairness Project  
([www.fairfundingnh.org](http://www.fairfundingnh.org))**

# **The Two Provisions of NH Constitution At the Core of the NH Supreme Court Decisions in the Claremont Cases**

- **The State has a duty to pay for the cost of a constitutionally adequate education for every K-12 public school student.**

**NH Constitution, Part 2, Article 83**

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

**NH Constitution, Part 2, Article 5**

## **Supporting Public Schools is a State Duty**

**“That the State, through a complex statutory framework, has shifted most of the responsibility for supporting public schools to local school districts does not diminish the State purpose of the school tax.”**

**Claremont v. Governor (1997)  
(Claremont II)**

# **School Tax Rates That Vary Greatly from Town to Town Are Unconstitutional**

**“There is nothing fair or just about taxing a home or other real estate in one town at four times the rate that similar property is taxed in another town to fulfill the same purpose of meeting the State’s educational duty.”**

**“Compelling taxpayers from property-poor districts to pay higher rate and thereby contribute disproportionate sums to fund education is unreasonable.”**

**Claremont v. Governor (1997)**

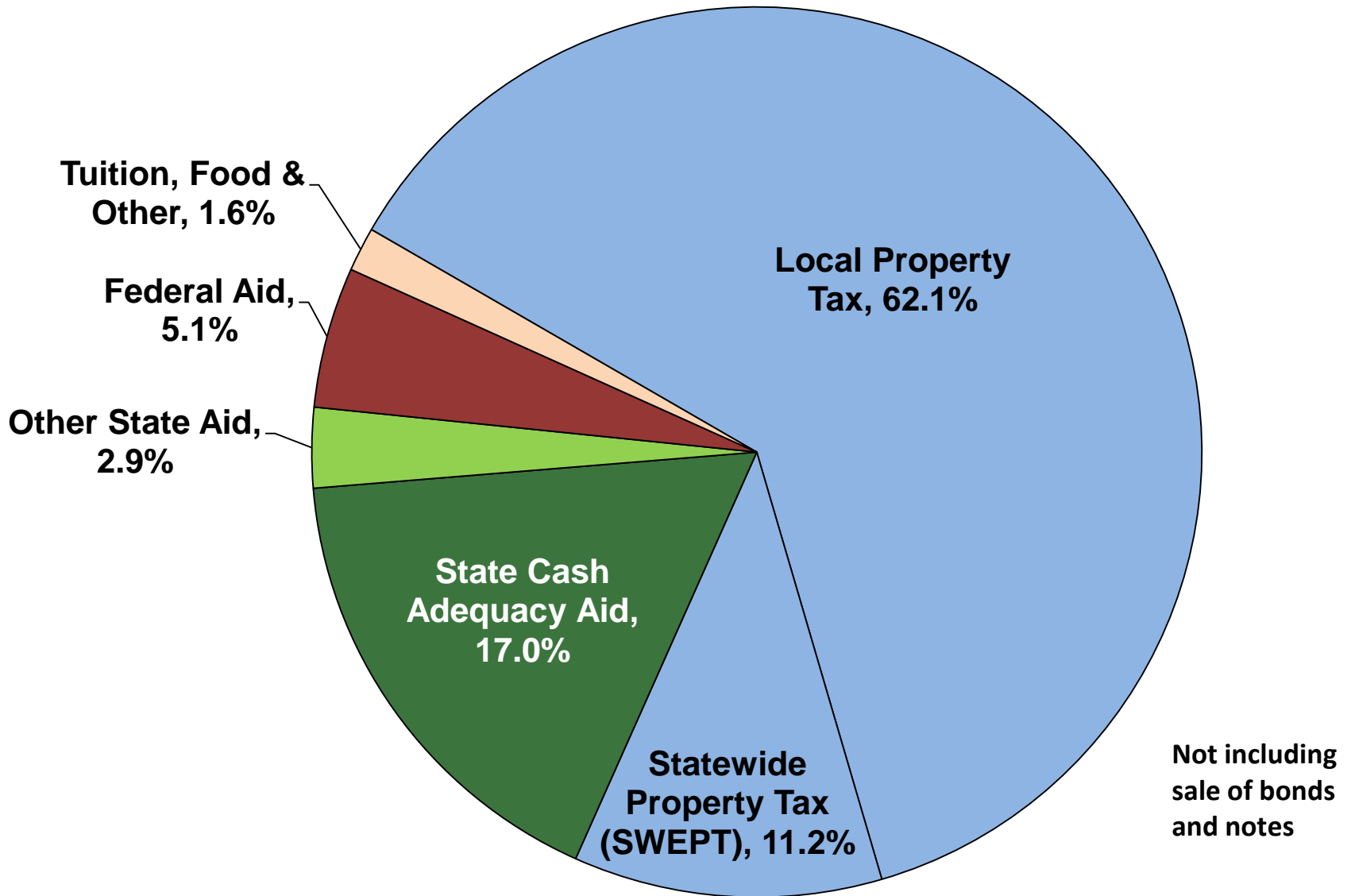
**(Claremont II)**

# **The Constitutional Standard for Using Property Taxes for School Funding**

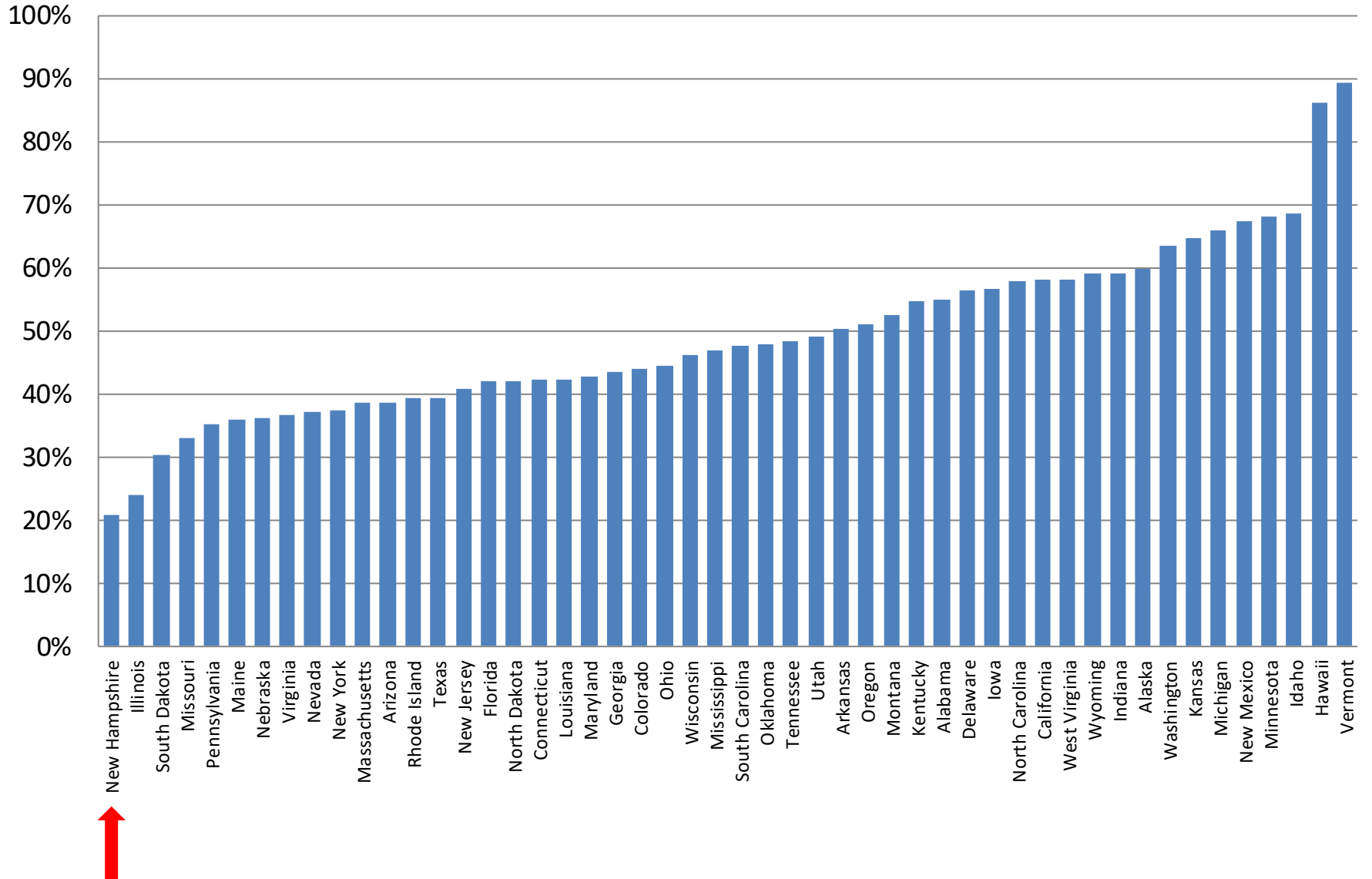
**“To the extent that the property tax is used in the future to fund the provision of an adequate education, the tax must be administered in a manner that is equal in valuation and uniform in rate throughout the State.”**

**Claremont v. Governor (1997)  
(Claremont II)**

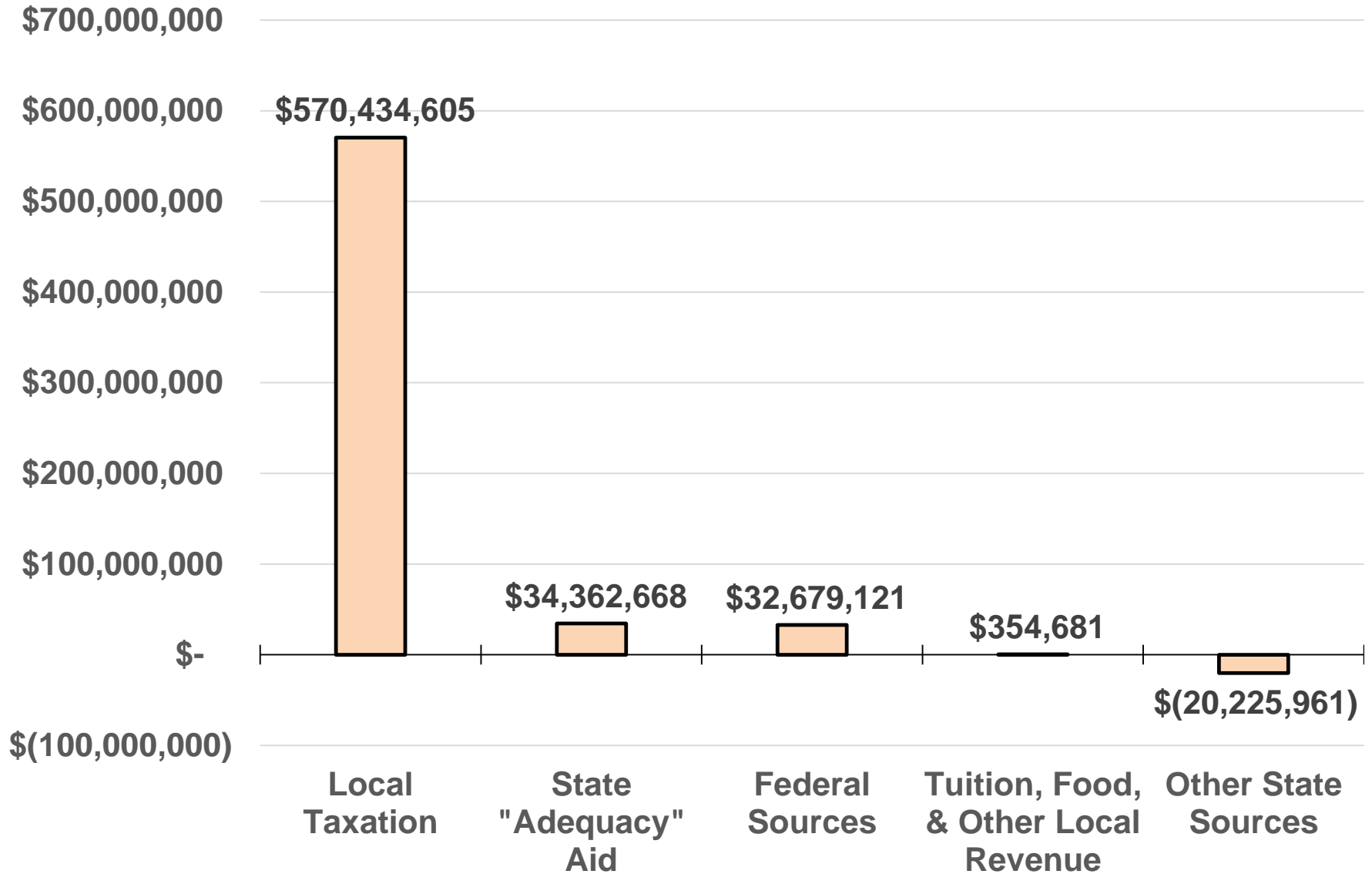
# 2018/19 Revenue of NH School Districts: 3.29 Billion



# Percent of School Revenue from the State 2017/18



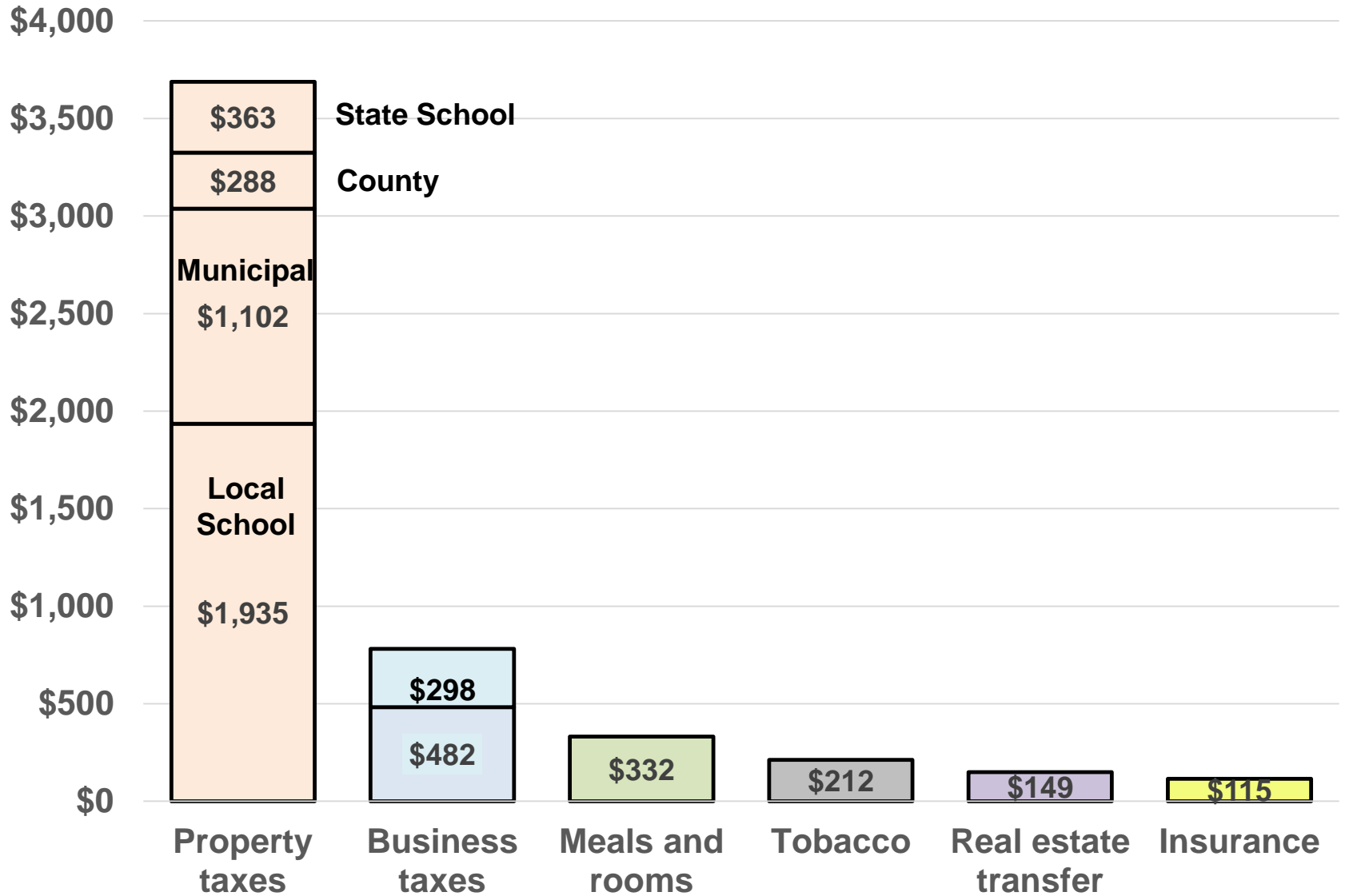
# 2008 to 2018: Change in School District Revenue





# Property Taxes and Other Largest NH Taxes in 2018

(\$ in millions)



**The key concept for  
comparing school tax rates:**

**Equalized value per pupil**

***How much property value is  
available in a town to be taxed  
to support each student's  
education?***

# It's Simple Math

Property Value	Tax Rate (per thousand)	Revenue Raised
\$1,000,000	\$10.00	\$10,000
\$400,000	\$10.00	\$4,000

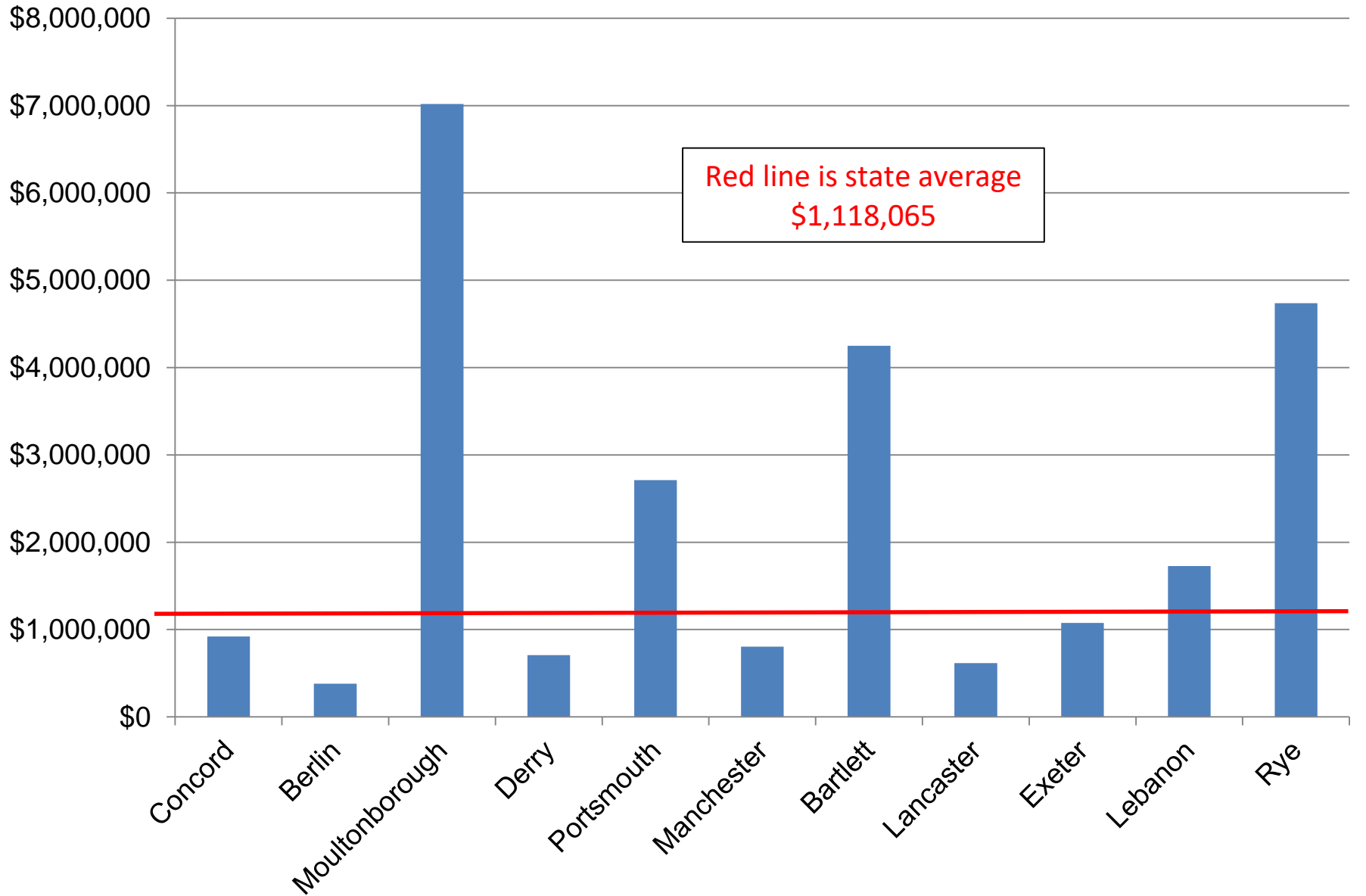
# It's Simple Math

Property Value	Tax Rate (per thousand)	Revenue Raised
\$1,000,000	\$10.00	\$10,000
\$400,000	\$25.00	\$10,000

# 2018/19 Equalized Valuation and Tax Rates for Schools

Town	Pupils	Equalized Value	Equalized Value per Pupil	Equalized School Tax Rate	Amount Raised per Pupil
Moultonborough	469	\$3,293,899,857	\$7,019,499	\$3.79	\$26,604
Sunapee	372	\$1,413,083,541	\$3,800,348	\$7.94	\$30,175
Portsmouth	2,265	\$6,139,020,401	\$2,710,480	\$6.48	\$17,564
Salem	3,522	\$5,311,047,505	\$1,508,126	\$11.65	\$17,570
New Hampton	4,011	\$4,505,177,871	\$1,123,136	\$13.69	\$15,376
<b>New Hampshire</b>	<b>174,101</b>	<b>\$194,655,995,337</b>	<b>\$1,118,065</b>		
Merrimack	3,784	\$3,868,073,978	\$1,022,094	\$15.71	\$16,057
Concord	4,375	\$4,025,460,343	\$920,034	\$14.64	\$13,469
Milford	2,230	\$1,648,363,439	\$739,014	\$18.13	\$13,398
Newport	819	\$454,765,652	\$555,039	\$14.98	\$8,314
Claremont	1,706	\$720,819,194	\$422,632	\$24.08	\$10,177
Berlin	1,070	\$405,305,374	\$378,712	\$17.42	\$6,597

# Equalized Property Value per Pupil 2018/19



## 2018/19 Tax Differences in Towns with Similar Numbers of Students

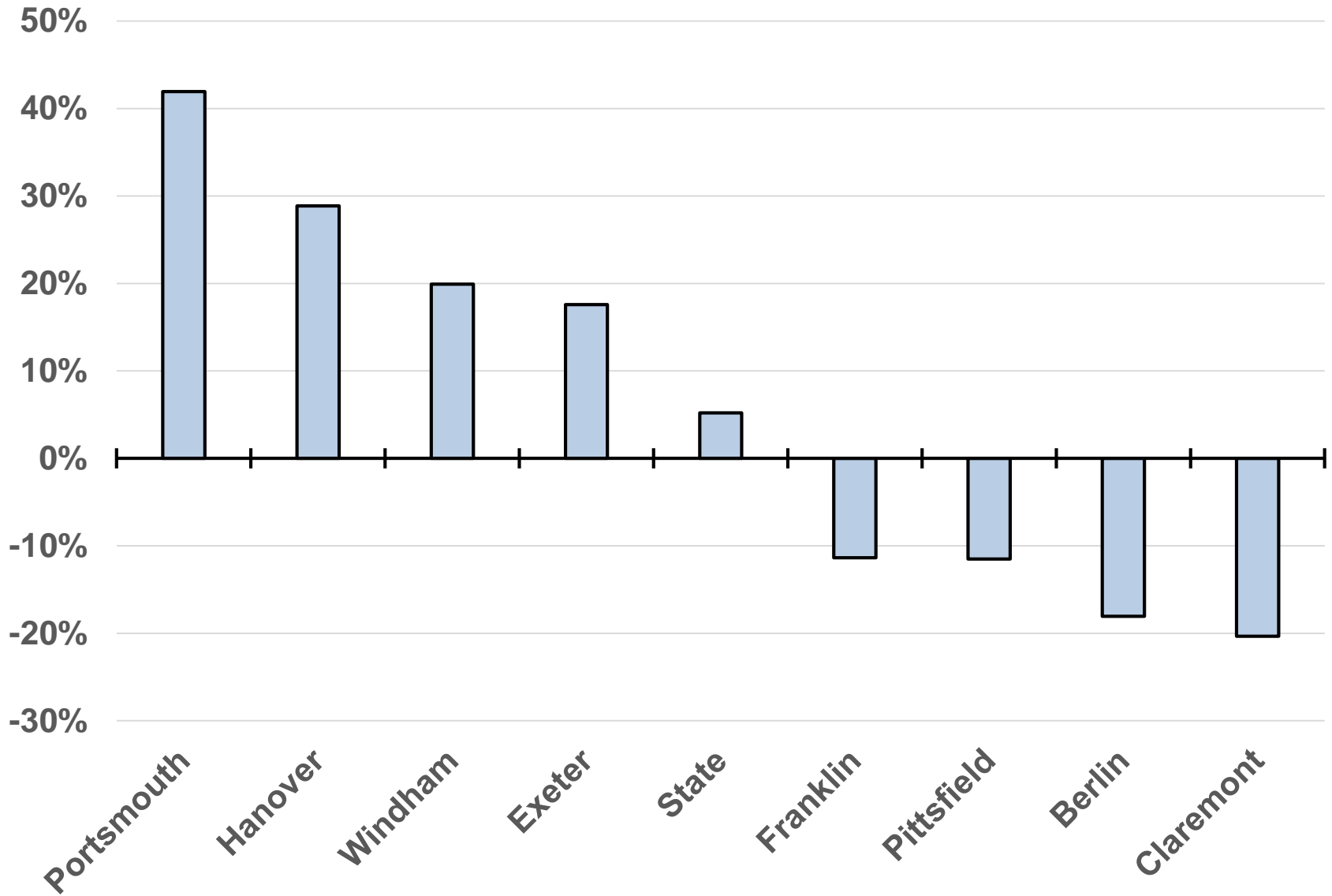
<b>Town</b>	<b>Pupils</b>	<b>Equalized Value per Pupil</b>	<b>Equalized School Tax Rate</b>	<b>Tax on \$200K Home</b>	<b>Tax on \$10M Business</b>
Milford	2,230	\$739,014	\$18.13	\$3,626	\$181,300
Portsmouth	2,265	\$2,710,480	\$6.48	\$1,296	\$64,800
Pittsfield	581	\$493,961	\$19.24	\$3,848	\$192,400
Rye	543	\$4,738,085	\$5.07	\$1,014	\$50,700

**School Tax Rate Variations Within  
Timberlane Regional School District  
(Based on 2017-2018 Equalized Tax Rates)**

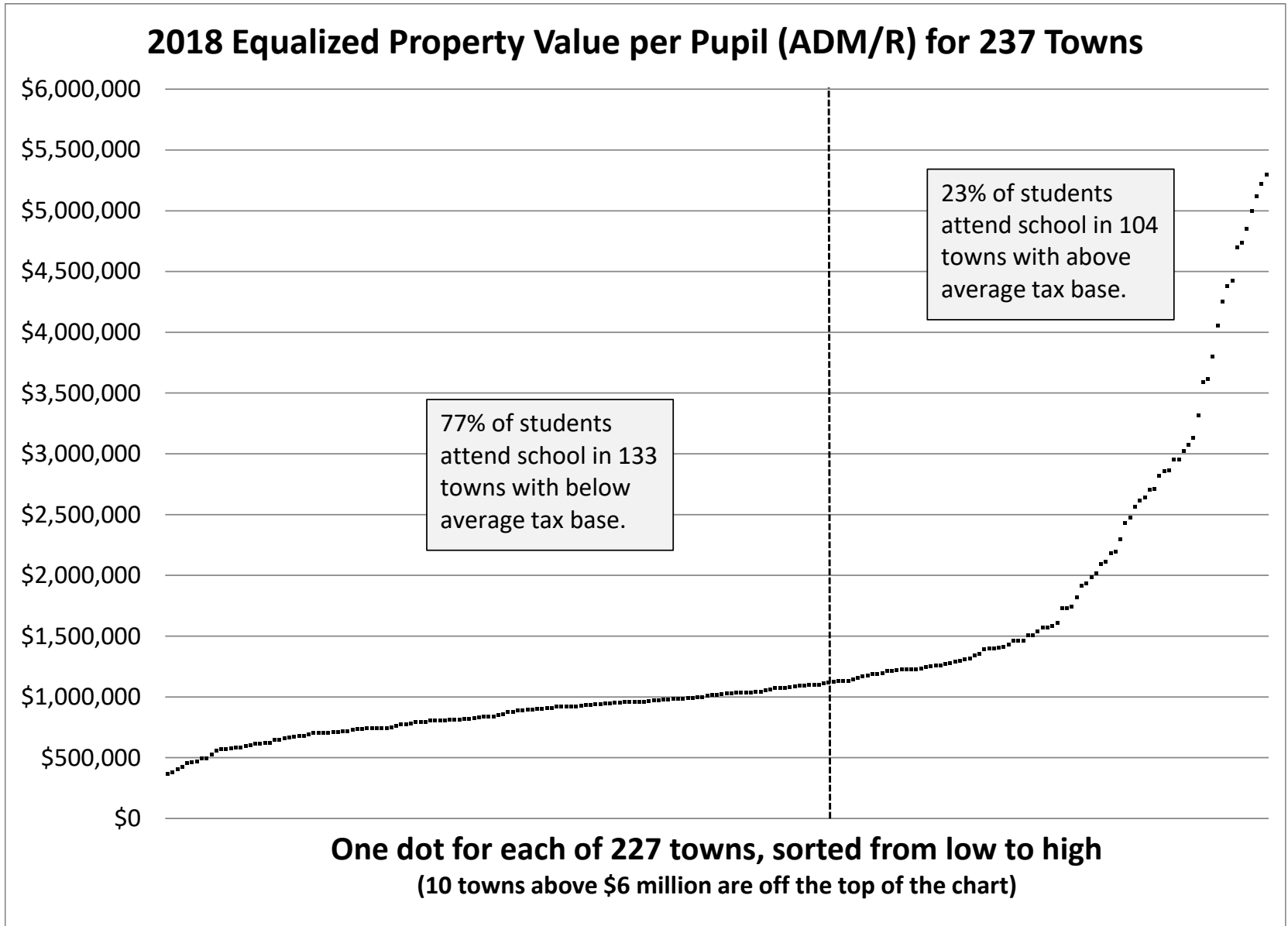
	<b>Eq. Value Per Pupil</b>	<b>Eq. Education Tax Rate</b>	<b>Tax on \$200,000 Home</b>
<b>Atkinson</b>	<b>\$1,350,548</b>	<b>\$13.70</b>	<b>\$2,740</b>
<b>Danville</b>	<b>\$696,084</b>	<b>\$20.46</b>	<b>\$4,092</b>
<b>Plaistow</b>	<b>\$1,101,747</b>	<b>\$15.01</b>	<b>\$3,002</b>
<b>Sandown</b>	<b>\$692,687</b>	<b>\$18.76</b>	<b>\$3,752</b>



# Equalized Property Value - Change 2007 - 2017



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



# **Broad Consequences and Implications of Current School Funding System (Lessons Learned from 70+ Local Forums)**

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

# Parameters for State Funding for an Adequate Education

**“We emphasize that the fundamental right at issue is the right to a State funded constitutional adequate education. It is not the right to horizontal resource replication from school to school and district to district.”**

**Claremont v. Governor (1997)  
(Claremont II)**

# **The Connection Between Defining and Funding an Adequate Education**

**“Any definition of constitutional adequacy crafted by the political branches must be sufficiently clear to permit common understanding and allow for an objective determination of costs. 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.”**

**Londonderry School District v. State (2006)**

# State Adequacy Definition 2020

(2018-2019 State Average Cost Per Pupil: \$16,346)

		Supplements					
	Each pupil	Low income	Special education	English learners	below proficient	Cost of "adequate" education	Cost per pupil
<b>Aid per pupil</b>	\$3,709	\$1,854	\$1,995	\$726	\$726		
<b>Brentwood</b>	789	45	120	4	6	\$3,256,126	\$4,126
<b>East Kingston</b>	366	27	50	1	8	\$1,513,739	\$4,134
<b>Exeter</b>	2060	323	301	20	23	\$8,870,458	\$4,306
<b>Kensington</b>	613	85	102	1	19	\$2,649,748	\$4,324
<b>Newfields</b>	737	117	146	7	2	\$3,247,236	\$4,407
<b>Stratham</b>	1242	52	164	10	10	\$5,043,685	\$4,061

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

**Let’s take an example:**

**The State of New Hampshire says that for  
Pittsfield’s 581 students an adequate  
education should cost \$2,690,333  
(\$4,630/student)**

**The Pittsfield School District budget for  
2018-19 was \$10,302,402  
(\$17,732/student)**

**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**

**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.**  
**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.**

# **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**

**Does this level of funding meet the State’s duty  
to provide an adequate education for  
Pittsfield’s 581 students?**

# **The New Superior Court Decision in The ConVal Case**

**“The Court construes the fundamental right at issue as a right to the opportunity to a fully State-funded adequate education.”**

**Cheshire County Superior Court  
Justice David Ruoff  
June 5, 2019**

# **The Superior Court Ruling in the ConVal Case on the Current Adequacy Standard**

**“RSA 198-40a II(a), the state statute that sets the cost of baseline adequacy (currently \$3,636), is unconstitutional as applied to the petitioner school districts.”**

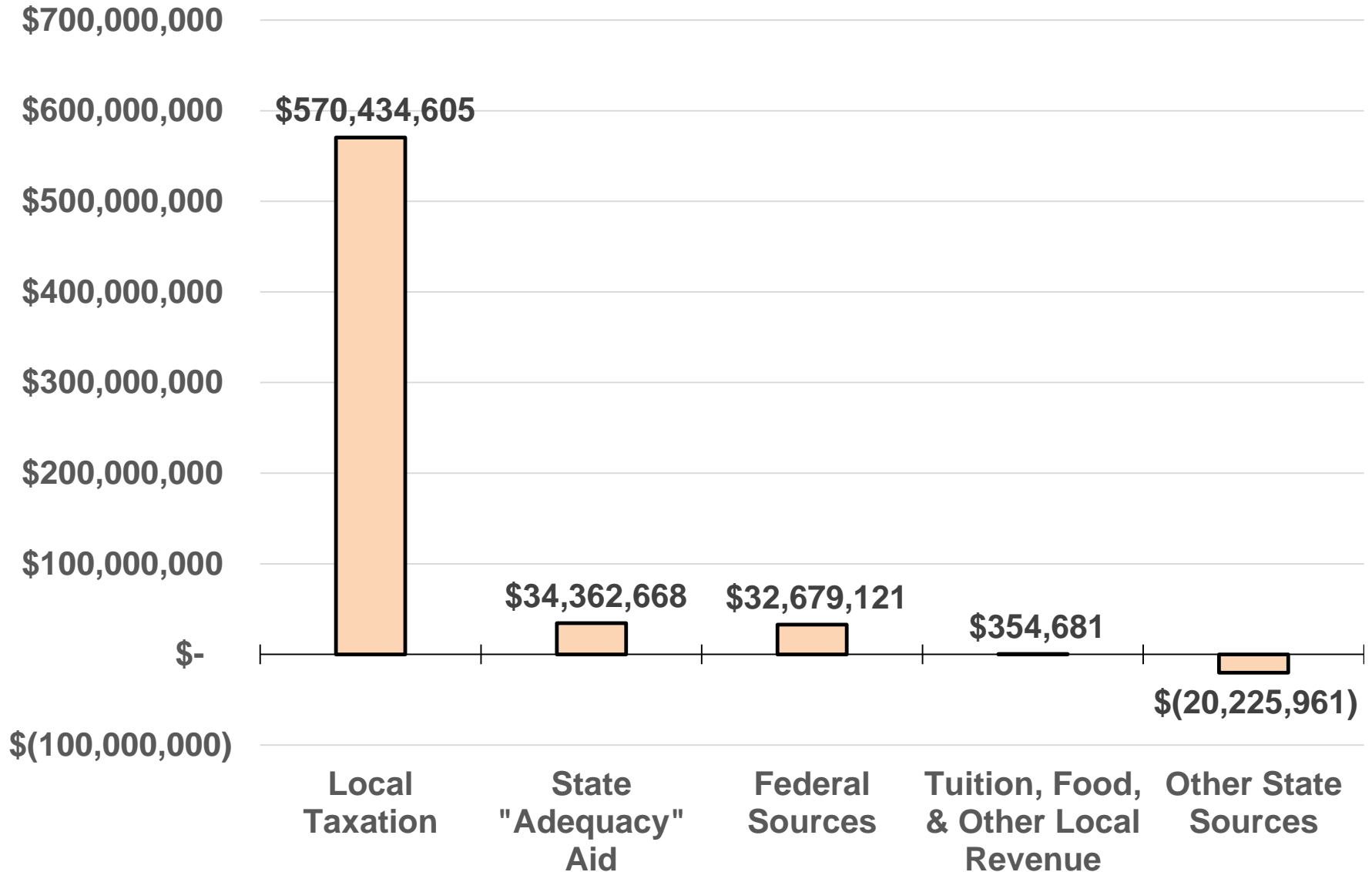
**Cheshire County Superior Court  
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# Comparing Starting Teacher Salaries

<b>New graduate with a BA, first year salary 2018/19</b>			
<b>Portsmouth</b>	<b>\$44,667</b>	<b>Pittsfield</b>	<b>\$30,452</b>
<b>Stratham</b>	<b>\$45,060</b>	<b>Franklin</b>	<b>\$32,782</b>
<b>Hanover</b>	<b>\$45,167</b>	<b>Stratford</b>	<b>\$32,800</b>
<b>Exeter</b>	<b>\$45,462</b>	<b>Allenstown</b>	<b>\$34,331</b>
<b>Lyme</b>	<b>\$47,365</b>	<b>Newport</b>	<b>\$34,363</b>
<b>New graduate with an MA, first year salary 2018/19</b>			
<b>Portsmouth</b>	<b>\$51,604</b>	<b>Pittsfield</b>	<b>\$34,323</b>
<b>Stratham</b>	<b>\$51,917</b>	<b>Franklin</b>	<b>\$35,904</b>
<b>Hanover</b>	<b>\$50,135</b>	<b>Stratford</b>	<b>\$34,300</b>
<b>Exeter</b>	<b>\$51,736</b>	<b>Allenstown</b>	<b>\$39,736</b>
<b>Lyme</b>	<b>\$51,917</b>	<b>Newport</b>	<b>\$36,517</b>

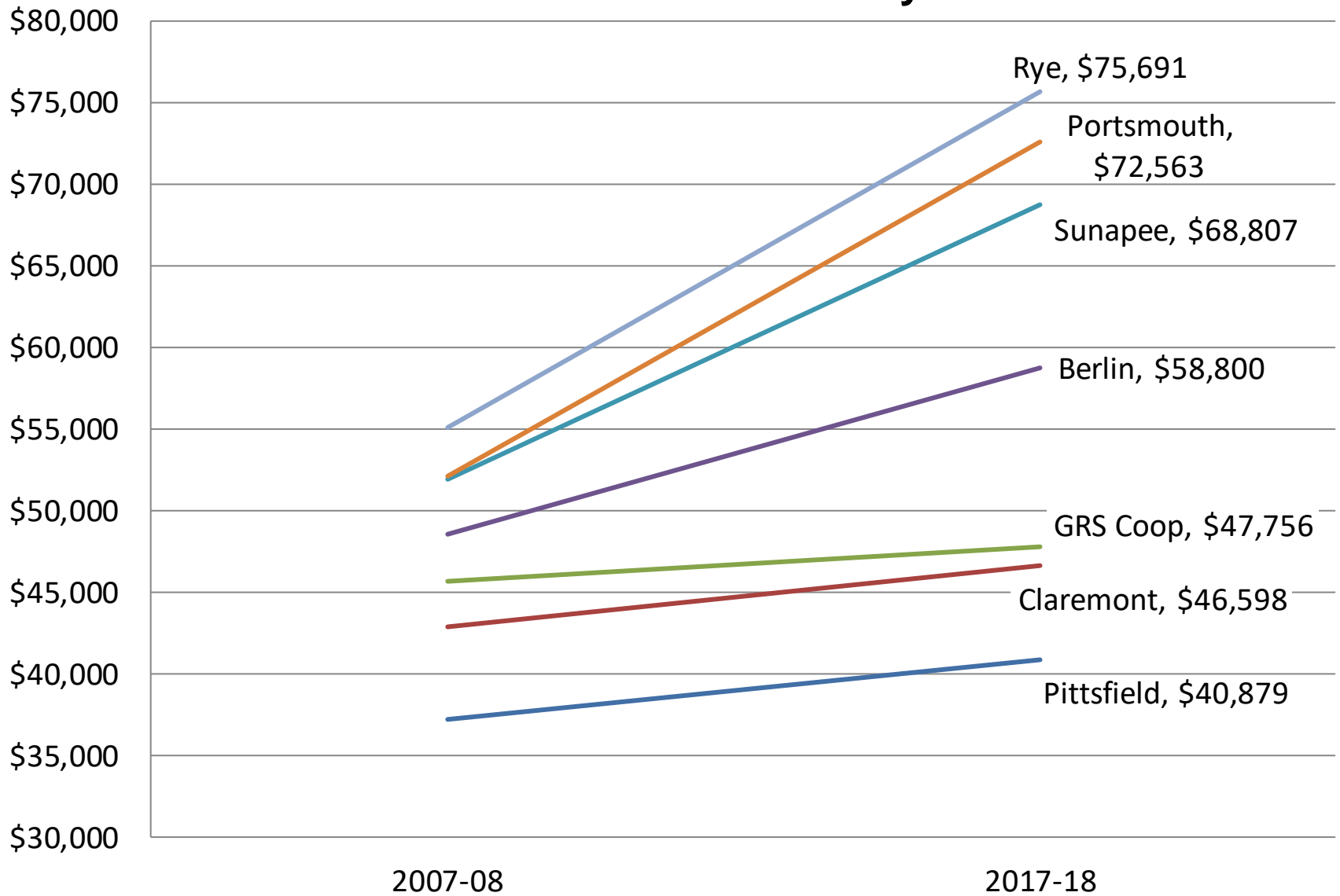
**Starting teachers in Pittsfield, etc., might earn \$15,000 more elsewhere. This causes high teacher turnover**

# 2008 to 2018: Change in School District Revenue



# Average Teacher Salaries in Selected Districts

## 2007/08 & 2017/18 school years



# Questions?

