

Education Funding 101

Dover Presentation

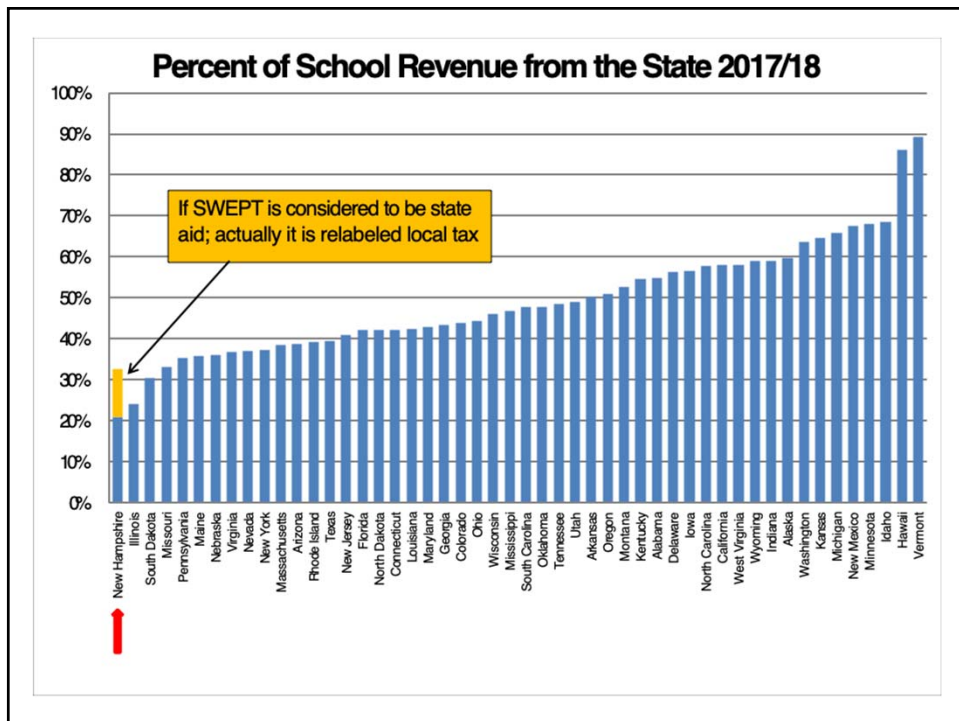
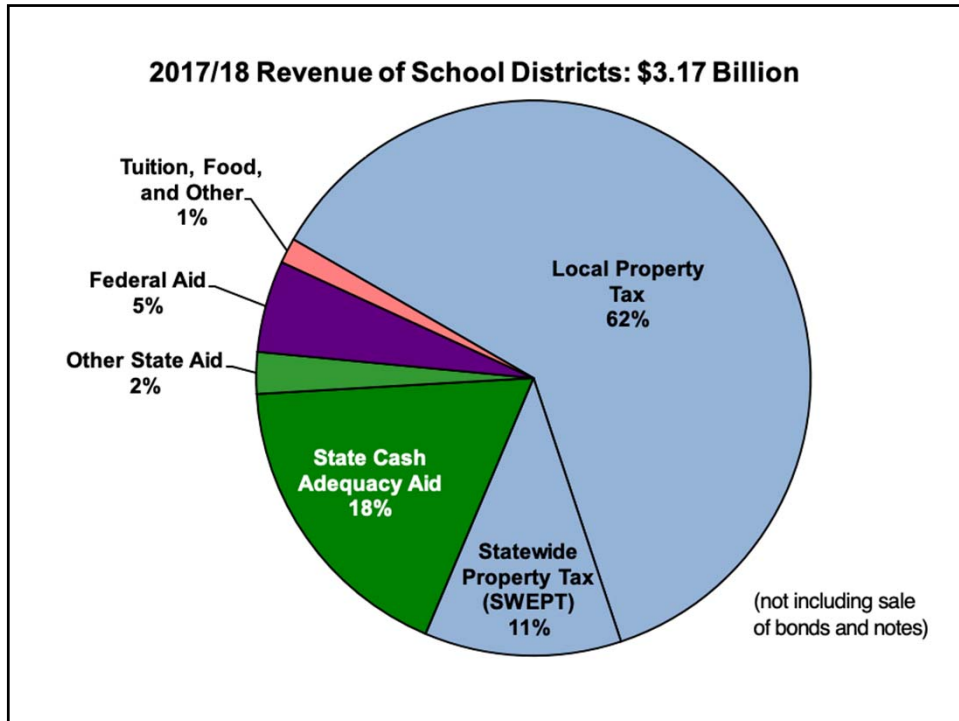
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The NH Constitution sets two core requirements for K-12 public education:

- **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.**



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

Representative Equalized Valuations per Pupil 2017-18

State Average ***\$1,043,647/pupil***

(Median \$978,684/pupil)

Berlin	\$325,535	(1,077 students)
Claremont	\$405,976	(1,729 students)
Concord	\$900,409	(4,287 students)
Dover	\$912,749	(3,811 students)
Farmington	\$572,680	(879 students)
Manchester	\$724,178	(13,968 students)
Moultonb.	\$6,731,382	(473 students)
Portsm.	\$2,630,274	(2,205 students)
Rochester	\$593,282	(4,168 students)
Somersw.	\$617,867	(1,570 students)

Local + State Educ. Equalized Tax Rates 2017-18

State Average **\$12.70/1000** **\$2,480/\$200,000**
(Median \$14.69/1000)

Berlin	\$19.18/1000	
Claremont	\$24.87/1000*	\$4,974/\$200,000
Concord	\$14.69/1000	
Dover	\$11.90/1000**	
Farmington	\$16.12/1000	
Manchester	\$9.91/1000**	
<i>Moultonborough</i>	\$4.07/1000	\$814/\$200,000
<i>Portsmouth</i>	\$6.68/1000	
Rochester	\$13.41/1000**	
Somersworth	\$17.45/1000	

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

Bringing it all together!

<u>District</u>	<u>Equalized Val/Pupil</u>	<u>Tax Rate</u>	<u>Spending/Pupil</u>
Berlin	\$325,535	\$19.18/1000	\$16,680
Claremont	\$405,976	\$24.82/1000	\$16,476
Concord	\$900,409	\$14.69/1000	\$15,639
Dover	\$912,749	\$11.90/1000	\$12,234
Farmington	\$572,680	\$16.12/1000	\$15,355
Manchester	\$724,178	\$9.85/1000	\$12,024
Moultonborough	\$6,731,382	\$4.06/1000	\$25,430
Portsmouth	\$2,630,274	\$6.59/1000	\$18,346
Rochester	\$593,282	\$13.41/1000	\$13,657
Somersworth	\$617,867	\$17.45/1000	\$15,313
Average	\$1,043,647	\$12.70/1000	\$15,865

Concord v. Dover

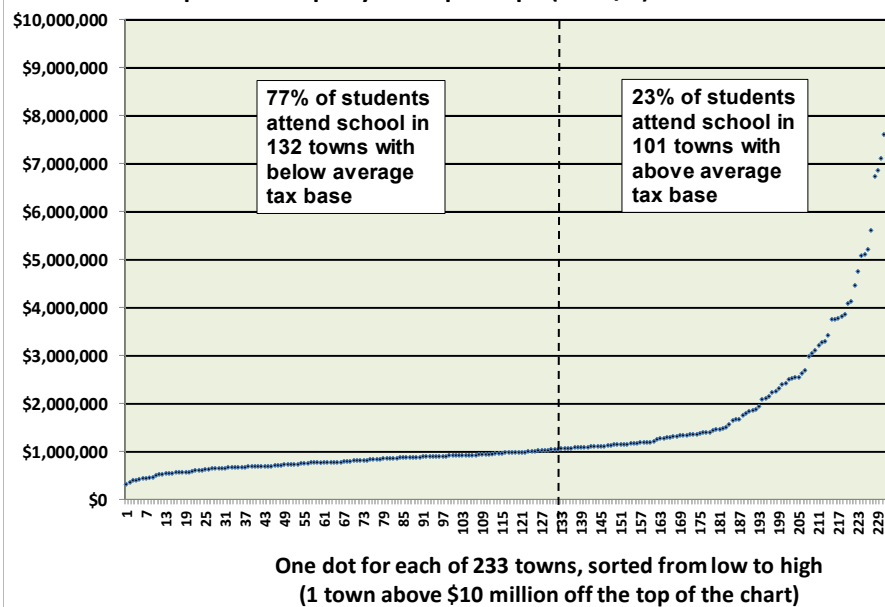
<u>District</u>	<u>Eq. Val/P</u>	<u>Tax Rate</u>	<u>Spending</u>
Concord	\$900,409	\$14.69/1000	\$15,639
Dover	\$912,749	\$11.90/1000	\$12,234

Concord's spending per child is \$3,405 higher than Dover's spending. On a 20 child per classroom basis, the difference is \$68,100. Multiplied across 13 grades, the difference is \$885,300 per classroom.

Dover v. Neighbors

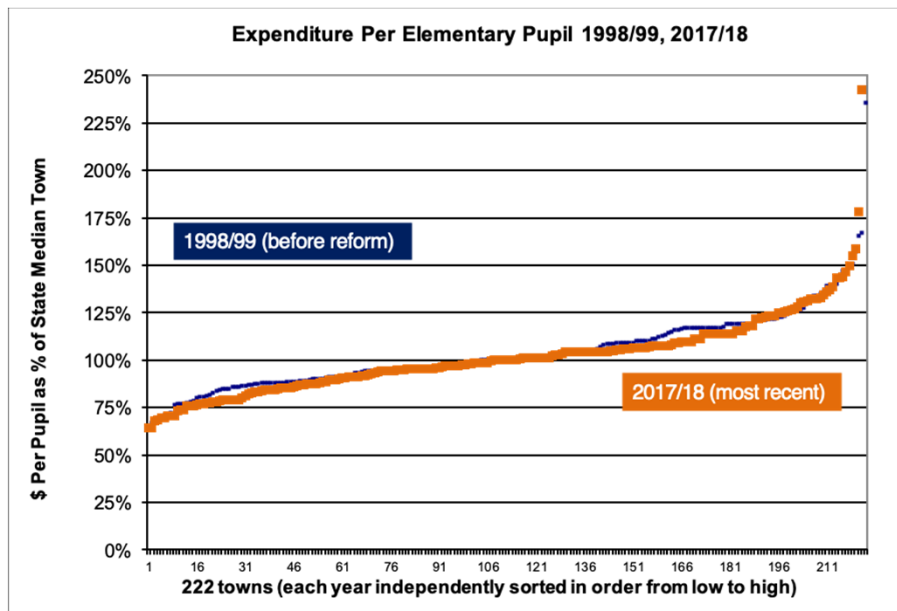
<u>District</u>	<u>Eq Val/Pupil</u>	<u>Tax Rate</u>	<u>Spending</u>	<u>Diff x 20</u>
Dover	\$912,749	\$11.90	\$12,234	--
Farmington	\$572,680	\$16.12	\$15,355	\$62,420
Portsmouth	\$2,630,274	\$6.59	\$18,346	\$122,240
Rochester	\$593,282	\$13.41	\$13,657	\$28,460
Somerswth.	\$617,867	\$17.45	\$15,313	\$61,560

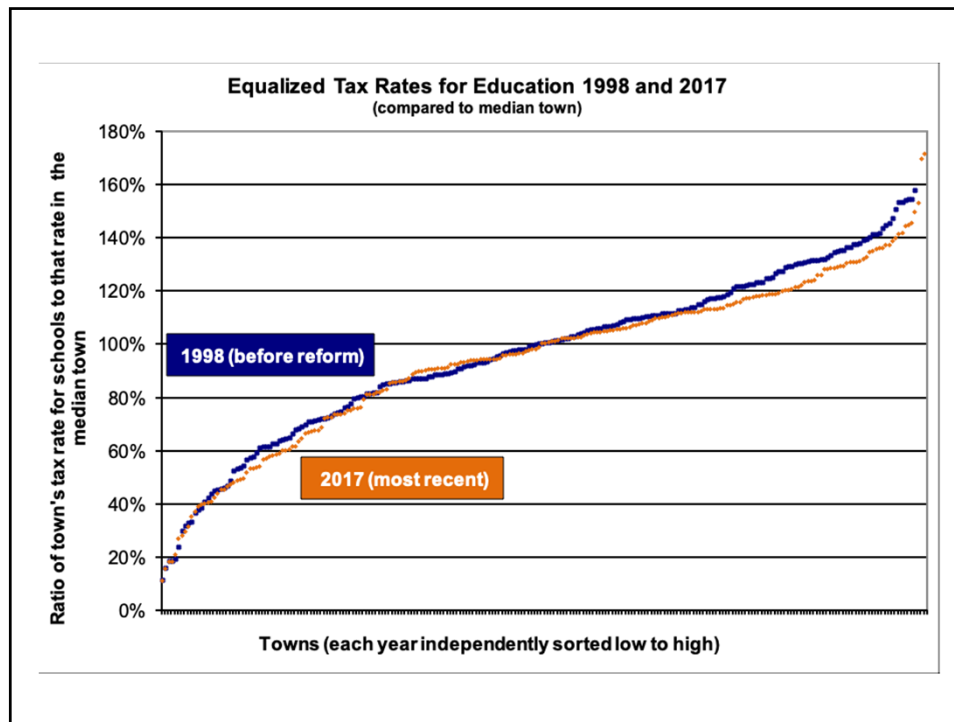
2017 Equalized Property Value per Pupil (ADM/R) for 233 Towns



Implications Beyond Communities with Below Average Property Values

- **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**





Adequacy Aid

For FY2018 and FY2019—

**Statewide Base Rate is \$3,636/pupil
(with differential aid, \$4,477/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.
 Dover does not receive stabilization aid.

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

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

NH Lottery

\$1.7 billion to education

FY2017

Total Oper. Revenue	\$304,221,428
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Total Expenses	\$228,167,737
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Distributed to Education	<u>\$76,119,818</u>
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That's just over \$76 million contributed FY17. Total
 spending on education in NH was more than \$3.1 **b**illion,
 meaning **NH** Lottery accounts for 2.5% of school funding.

Goals for 2018 Legislative Session

- **Immediate** – HB177 to restore “Stabilization Aid” to the poorest districts to 2012 levels passed House 250-96. Two similar bills approved by Senate committee 5-0.
- **Medium Term** – HB709 to provide new Disparity Aid in 2021. Passed House 262-82. HB686 to increase base aid from \$3,636 to \$4,000 passed House 199-143.
- **Long Term** – HB551 to establish a funded Commission to recommend new laws and funding system passed House 207-148.

House bills being retained and above concepts being added to budget bills. Stay tuned. Keep the pressure on.

Questions?



**Want to keep informed?
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