

LEGISLATIVE COMMITTEE MINUTES

SB158

Bill as Introduced

SB 158-FN-LOCAL - AS INTRODUCED

2021 SESSION

21-1052
06/10

SENATE BILL

158-FN-LOCAL

AN ACT relative to the formula for funding an adequate education.

SPONSORS: Sen. Kahn, Dist 10; Rep. Myler, Merr. 10; Rep. Luneau, Merr. 10

COMMITTEE: Education

ANALYSIS

This bill:

- I. Develops a formula for funding an opportunity for an adequate education.
- II. Modifies the determination of education grants.
- III. Modifies the statewide education property tax and its collection.
- IV. Develops rates for special education services provided by chartered public schools.
- V. Modifies property tax relief for low and moderate income homeowners.

Explanation: Matter added to current law appears in ***bold italics***.
Matter removed from current law appears ~~[in brackets and struckthrough.]~~
Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.

STATE OF NEW HAMPSHIRE

In the Year of Our Lord Two Thousand Twenty One

AN ACT relative to the formula for funding an adequate education.

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

1 1 Findings: The commission to study school funding identified a means of funding an adequate
2 education based upon each student in every school having an opportunity to achieve statewide
3 average performance outcomes. This formula differs from the current funding formula based on
4 input ratios that don't exist in any New Hampshire school and lead to a universal cost per student.
5 However, the cost of providing an opportunity for an adequate education, as required by RSA 198:40-
6 a, can be calculated by a district educating all of its students to a statewide average outcome based
7 on student needs and district characteristics. Average outcomes are based upon student
8 achievement scores, absentee rates, and graduation rates for every school in New Hampshire. The
9 commission recommends a costing formula using weighted enrollment that reflects factors that can
10 predict the cost for each New Hampshire school district. It is the obligation of the state to ensure
11 that every district has access to the resources necessary to provide an adequate education. The goal
12 is an allocation of state funds that provides greater student equity and taxpayer equity across the
13 state.

14 2 Cost of an Adequate Education. Amend RSA 193-E:2-b, I-II to read as follows:

15 I. The general court shall use the definition of the opportunity for an adequate education in
16 RSA 193-E:2-a to determine the resources necessary [~~to provide essential programs, considering~~
17 ~~educational needs~~] **for students to achieve measurable student outcomes, as defined in RSA**
18 **193-E:3, such that all students have a comparable opportunity for an adequate education**
19 **regardless of need or location of the district in which they are enrolled.**

20 The general court shall make an initial determination of the [~~necessary specific resource elements to~~
21 ~~be included in~~] **outcome performance measures to achieve** the opportunity for an adequate
22 education.

23 II. The general court shall create a process for the periodic determination of the [~~specific~~
24 ~~resource elements essential to providing the substantive educational content of~~] **outcome**
25 **performance measures to achieve the opportunity for** an adequate education. This review
26 should occur no less frequently than every [10] 5 years.

27 3 Cost of an Opportunity for an Adequate Education. RSA 198:40-a is repealed and reenacted to
28 read as follows:

29 198:40-a Cost of an Opportunity for an Adequate Education.

SB 158-FN-LOCAL - AS INTRODUCED

- Page 2 -

1 I. Beginning July 1, 2022, the annual cost of providing the opportunity for an adequate
2 education as defined in RSA 193-E:2 and RSA 193-E:2-a shall be as specified in paragraphs II
3 through IV.

4 II. The allocation of state funds to schools and towns shall be based on an education cost
5 formula that differentiates aid to school districts based on the average daily membership in
6 attendance (ADMA) as defined in RSA 198:38, student differentiated need, and community
7 characteristics.

8 III. Predicted costs are based upon weighted student ADMA calculated on the following base
9 cost plus the base times each weighted student in a district:

10 (a) Base cost of \$6,107 per student in the ADMA, plus differentiated aid based on
11 weighted cost per pupil that are multipliers to the base cost as follows:

12 (b) An additional weighted student of 1.49 for each student in the ADMA who is eligible
13 for a free or reduced price meal; plus

14 (c) An additional weighted student of 2.20 for each student in the ADMA who is an
15 English language learner; plus

16 (d) An additional weighted student of 4.29 for each student in the ADMA who is
17 receiving special education services; plus

18 (e) An additional weighted student for each student in the ADMA based on enrollment
19 in:

20 (1) Between 1 and 200 students - weighted student of $(-0.00451 * \text{enrollment} + 1.621)$

21 (2) Between 201 and 600 students - weighted student of
22 $(-0.00065 * \text{enrollment} + 0.845)$.

23 (3) Between 601 and 1200 students - weighted student of
24 $(-0.00006 * \text{enrollment} + 0.494)$.

25 (4) Between 1201 and 2000 students - weighted student of
26 $(-0.00049 * \text{enrollment} + 1.008)$.

27 (f) An additional weighted student by level of instruction:

28 (1) Grades 6-8 - weighted student of 1.42

29 (2) Grades 9-12 - weighted student of 0.42

30 IV. The sum total calculated weighted student ADMA times the base cost under paragraph
31 III shall be the a district's predicted cost of an adequate education. The department shall determine
32 the cost of an adequate education for each municipality based on the weighted ADMA of students
33 who reside in that municipality.

34 4 Determination of Education Grants. Amend RSA 198:41, I-II to read as follows:

35 I. Except for municipalities where all school districts therein provide education to all of their
36 pupils by paying tuition to other institutions, the department of education shall determine the total
37 education grant for the municipality as follows:

SB 158-FN-LOCAL - AS INTRODUCED

- Page 3 -

1 (a) Add the per pupil cost of providing the opportunity for an adequate education for
2 which each pupil is eligible pursuant to RSA 198:40-a, I-III, and ~~from~~ to such amount

3 (b) ~~[Subtract the amount of the education tax warrant to be issued by the commissioner
4 of revenue administration for such municipality reported pursuant to RSA 76:8 for the next tax year;
5 and]~~

6 ~~[(e)]~~ add the municipality's additional aid for free or reduced-price meals pursuant to
7 RSA 198:40-b and fiscal capacity disparity aid pursuant to RSA 198:40-c.

8 II. For municipalities where all school districts therein provide education to all of their
9 pupils by paying tuition to other institutions, the department of education shall determine the total
10 education grant for each municipality as the lesser of the 2 following calculations:

11 (a) The amount calculated in accordance with paragraph I of this section; or

12 (b) The total amount paid for items of current education expense as determined by the
13 department of education. ~~[minus the amount of the education tax warrant to be issued by the
14 commissioner of revenue administration for such municipality reported pursuant to RSA 76:8 for the
15 next tax year.]~~

16 5 Determination of Education Grants RSA 198:41, I is repealed and reenacted to read as
17 follows:

18 I. For each municipality where the result is greater than zero, the department of education
19 shall determine the education grant for the municipality as follows:

20 (a) Multiply the municipality's equalized valuation by 0.0075; and

21 (b) Deduct that amount from not less than 90 percent of district's predicted cost of an
22 adequate education pursuant to RSA 198:40-a, I-III; however:

23 (c) If the result is greater than zero and the municipality's equalized local education
24 property tax rate is less than \$7.50/mill, then the education grant shall be reduced by the same
25 proportion.

26 6 Chartered Public Schools; Funding. Amend RSA 194-B:11, III(c) to read as follows:

27 (c) Consistent with section 5210(1) of the Elementary and Secondary Education Act and
28 section 300.209 of the Individuals with Disabilities Education Act, when a parent enrolls a child with
29 a disability in a chartered public school, the child and the child's parents shall retain all rights under
30 federal and state special education law, including the child's right to be provided with a free and
31 appropriate public education, which includes all of the special education and related services
32 included in the child's IEP. The child's resident district shall have the responsibility, including
33 financial responsibility, to ensure the provision of the special education and related services in the
34 child's IEP, and the chartered public school shall cooperate with the child's resident district in the
35 provision of the child's special education and related services. ***The department of education shall
36 develop rate setting for special education services provided by chartered public schools
37 and charged to public school districts.***

1 7 Education Tax. RSA 76:3 is repealed and reenacted to read as follows:

2 76:3 Education Tax.

3 I. Beginning July 1, 2021, and every fiscal year thereafter, the commissioner of the
4 department of revenue administration shall set the education tax rate at \$2 per \$1,000 of equalized
5 assessed valuation.

6 II. The education property tax rate is imposed on all persons and property taxable
7 pursuant to RSA 76:8, except property subject to tax under RSA 82 and RSA 83-F. The statewide
8 education property tax rate shall be collected by the municipal tax collector and paid to the
9 department of revenue administration for deposit to the education trust fund.

10 8 Property Taxation; Commissioner's Warrant. Amend RSA 76:8, II to read as follows:

11 II. The commissioner shall issue a warrant under the commissioner's hand and official seal
12 for the amount computed in paragraph I to the selectmen or assessors of each municipality by
13 December 15 directing them to assess such sum and ~~[pay it to the municipality for the use of the~~
14 ~~school district or districts]~~, **after subtracting the municipality's actual cost carrying out the**
15 **functions required by this subdivision, pay the remainder to the department of revenue**
16 **administration for deposit in the education trust fund. Such payments by municipalities,**
17 **and the subtractions for actual costs, shall be made in accordance with schedules,**
18 **standards, and procedures established by rules adopted by the department of revenue**
19 **administration after consultation with the commissioner of education.** Such sums shall be
20 assessed at such times as may be prescribed for other taxes assessed by such selectmen or assessors
21 of the municipality.

22 9 Property Tax Bill Information. Amend RSA 76:11-a, II to read as follows:

23 II. The tax bill shall also contain a statement informing the taxpayer of the types of tax
24 relief for which the taxpayer has the right to apply. **The statement shall explicitly list the low**
25 **and moderate income homeowners property tax relief program under RSA 198:57 and shall**
26 **include information on how to apply for the program.** The following statement shall be
27 considered adequate:

28 "If you are elderly, disabled, blind, a veteran, or veteran's spouse, or are unable to pay taxes due to
29 poverty or other good cause, you may be eligible for a tax exemption, credit, abatement, or deferral,
30 **which can reduce your current property tax bill.** For details and application information,
31 contact (insert title of local assessing officials or office to which application should be made **and**
32 **deadline for application**). **Depending on your income, you may also be eligible for a refund**
33 **of some of your taxes under the low and moderate income homeowners property tax relief**
34 **program. To find out how to get a refund, call the New Hampshire department of revenue**
35 **administration at (insert current telephone number here) or visit the department's website**
36 **(insert current website address here). Applications for refunds are due by June 30."**

1 ~~[This statement]~~ ***These statements*** shall be prominent and legible, ***printed in at least 12-point***
 2 ***boldface type***, and may either be printed on the tax bill itself, or on a separate sheet of paper
 3 enclosed with the tax bill. A municipality may in its discretion choose to include more detailed
 4 information about the eligibility criteria for different forms of tax relief, provided, however, that the
 5 information in the above statement shall be considered a minimum.

6 10 Education Trust Fund. Amend RSA 198:39, I(l) to read as follows:

7 (l) ***The full amount of education property tax payments from the department of***
 8 ***revenue administration pursuant to RSA 76:8, II.***

9 (m) Any other moneys appropriated from the general fund.

10 11 Low and Moderate Income Homeowners Property Tax Relief. Amend RSA 198:57, III and IV
 11 to read as follows:

12 III. An eligible tax relief claimant is a person who:

13 (a) Owns a homestead or interest in a homestead subject to the education tax;

14 (b) Resided in such homestead on ~~[April 1 of]~~ ***the date of the final tax bill as defined***
 15 ***in RSA 76:1-a for*** the year for which the claim is made, except such persons as are on active duty in
 16 the United States armed forces or are temporarily away from such homestead but maintain the
 17 homestead as a primary domicile; and

18 (c) Realizes total household income of:

19 (1) ~~[\$20,000]~~ ***\$55,000*** or less if a single person;

20 (2) ~~[\$40,000]~~ ***\$70,000*** or less if a married person or head of a New Hampshire
 21 household.

22 IV. All or a portion of an eligible tax relief claimant's state education property taxes, RSA
 23 76:3, shall be rebated as follows:

24 (a) Multiply the total local assessed value of the claimant's property by the percentage of
 25 such property that qualifies as the claimant's homestead;

26 (b) Multiply ~~[\$100,000]~~ ***\$150,000*** by the most current local equalization ratio as
 27 determined by the department of revenue administration;

28 (c) Multiply the lesser of the amount determined in subparagraph (a) or (b) by the
 29 ~~[education tax rate as shown on the tax bill under RSA 76:11-a;]~~ ***sum of the following:***

30 (1) ***The local education tax rate as shown on the tax bill under RSA 76:11***

31 ***and;***

32 (2) ***The state education tax rate as shown on the tax bill under RSA 76:11.***

33 (d) Multiply the product of the calculation in subparagraph (c) by the following
 34 percentage as applicable to determine the amount of tax relief available to the claimant, ***provided***
 35 ***that the maximum amount of tax relief available to any claimant in any fiscal year shall***
 36 ***not exceed \$1,000:***

37 (1) If a single person and total household income is:

- 1 (A) less than [~~\$12,500~~] **\$20,000**, 100 percent;
- 2 (B) [~~\$12,500~~] **\$20,000** but less than [~~\$15,000, 60 percent~~] **\$55,000, a percentage**
- 3 **that is reduced by 5 percent for each \$1,750 of household income above \$20,000;**
- 4 (C) [~~\$15,000 but less than \$17,500, 40 percent; or~~
- 5 (~~D) \$17,500 but less than or equal to \$20,000, 20 percent~~] **more than \$55,000,**
- 6 **zero percent.**

7 (2) If a head of a New Hampshire household or a married person and total household

8 income is:

- 9 (A) less than [~~\$25,000~~] **\$30,000**, 100 percent;
- 10 (B) [~~\$25,000~~] **\$30,000** but less than [~~\$30,000, 60 percent~~] **\$70,000, a percentage**
- 11 **that is reduced by 5 percent for each \$2,000 of household income above \$30,000;**
- 12 (C) [~~\$30,000 but less than \$35,000, 40 percent; or~~
- 13 (~~D) \$35,000 but less than or equal to \$40,000, 20 percent~~] **more than \$70,000,**
- 14 **zero percent.**

15 (e) The amount determined by subparagraph (d) is the allowable tax relief in any year,

16 **provided however that the aggregate of tax relief checks issued by the commissioner to all**

17 **taxpayers claiming eligibility for tax relief shall not exceed \$25,000,000 for the fiscal year**

18 **to which the claim applies, exclusive of late filed claims which are accepted by the**

19 **commissioner pursuant to subparagraph VI(b) which shall be counted against the**

20 **\$25,000,000 limit for the fiscal year in which the claims are received, and that the**

21 **commissioner shall reduce proportionally the amount of each taxpayer's tax relief check**

22 **for that fiscal year when a reduction is necessary to conform to the \$25,000,000 limit for**

23 **that fiscal year.**

24 12 New Paragraphs; Low and Moderate Income Homeowners Property Tax Relief; Adjustment

25 for Inflation; Forms. Amend RSA 198:57 by inserting after paragraph VIII the following new

26 paragraphs:

27 IX. The amounts specified in subparagraph III(c), IV(b), IV(d), and IV(e) shall be adjusted

28 annually for inflation and rounded to the nearest \$100 by the commissioner of the department of

29 revenue administration based on the average change in the Consumer Price Index for All Urban

30 Consumers, Northeast Region as published by the Bureau of Labor Statistics, United States

31 Department of Labor. The average change shall be calculated using the calendar year ending 12-

32 months prior to the beginning of the program year.

33 X. Each year, on or about May 1, the department of revenue administration shall mail the

34 current year forms necessary to apply for property tax relief to each homeowner who received

35 property tax relief under the provisions of paragraph IV in the prior year.

36 13 Repeal. 2019, 346:236, I-III, relative to the repeal of free or reduced price meals and fiscal

37 capacity disparity aid, is repealed.

SB 158-FN-LOCAL - AS INTRODUCED

- Page 7 -

1 14 Repeal. RSA 198:41, IV, relative to relative to stabilization grants, is repealed.

2 15 Effective date.

3 I. Sections 2, 3, 5, and 14 of this act shall take effect July 1, 2022.

4 II. Section 13 of this act shall take effect June 30, 2021.

5 III. The remainder of this act shall take effect July 1, 2021.

**SB 158-FN-LOCAL- FISCAL NOTE
AS INTRODUCED**

AN ACT relative to the formula for funding an adequate education.

FISCAL IMPACT: State County Local None

STATE:	Estimated Increase / (Decrease)			
	FY 2021	FY 2022	FY 2023	FY 2024
Appropriation	\$0	\$0	\$0	\$0
Revenue	\$0	Indeterminable Increase	Indeterminable Increase	Indeterminable Increase
Expenditures	\$0	Indeterminable Increase	Indeterminable Increase	Indeterminable Increase
Funding Source:	<input checked="" type="checkbox"/> General	<input checked="" type="checkbox"/> Education	<input type="checkbox"/> Highway	<input type="checkbox"/> Other

LOCAL:

Revenue	\$0	Indeterminable	Indeterminable	Indeterminable
Expenditures	\$0	\$0	\$0	\$0

METHODOLOGY:

This bill makes changes to the calculation of an adequate education and total education grants, modifies the statewide education property tax (SWEPT) and its collections, and modifies the Low and Moderate Income Homeowners Property Tax Relief program (L&M). Sections 1-6 and 13-14 make numerous changes to laws relating to the method and formula for funding the State's portion of the cost of public education in New Hampshire, while sections 7, 8, and 10 relate to SWEPT and sections 9, 11, and 12 relate to L&M. The Department of Education (DOE) has provided information on the sections relative to education grants and the Department of Revenue Administration (DRA) has provided information on changes relative to property taxes.

Changes to Education Grants

Effective FY 2022, this proposed bill would make the following changes:

- Extends additional aid based on free and reduced lunch populations and fiscal capacity disparity aid (RSA 198:40-b and RSA 198:40-c). Under current law, these aid components are effective only in FY 2021.
- Sets the rate of SWEPT at \$2.00/\$1,000 and eliminates it from the determination of total education grants. Also requires all SWEPT raised be credited to the state education trust fund (net of municipality's cost to carryout collection). Under current law, all SWEPT is raised and retained locally.

Based on these changes, and utilizing data available as of FY 2021, DOE estimates this would result in the following:

STATE TOTALS	FY 2022	
	Current Law	Proposed
Calculated Preliminary Grant	\$402,137,319	\$737,350,886
<i>Additional Aid:</i>		
Stabilization Grant	157,245,996	158,475,445
Based on F&R	-	7,521,820
Fiscal Capacity Disparity Aid	-	39,203,981
SWEPT Raised and Retained Locally	363,245,325	-
Total Education Grants	\$922,628,640	\$942,552,133

Based on these estimates, of the 245 municipalities as part of the DOE analysis, 166 would see an increase in total education grants, while 44 would see a decrease (35 would be unaffected). Below are the top ten municipalities with the greatest increase or decrease (in dollars):

TOP 10 INCREASES / (DECREASES)			
Manchester	4,036,340	Moultonborough	(4,556,899)
Rochester	3,526,655	Portsmouth	(2,698,806)
Derry	3,474,436	Rye	(2,362,847)
Claremont	2,566,816	Wolfboro	(1,266,140)
Berlin	1,805,360	Lincoln	(1,260,771)
Brookline	1,288,637	New Castle	(1,227,864)
Keene	1,229,909	Bartlett	(1,187,856)
Milford	1,123,653	Sunapee	(1,055,843)
Goffstown	1,123,368	New London	(1,036,360)
Newport	965,360	Hampton	(884,328)

Ultimately, due to inability to predict future data (local tax rates, enrollments, etc...) and technical issues with the bill (discussed below), DOE is unable to provide an estimated fiscal impact for FY 2023 and beyond. However, DOE has provided the following information on this bill's changes (effective FY 2023):

- The proposed formula is written to first determine a cost of an adequate education based on weighting the cost of each average daily membership in attendance (ADMA) component and applying the weights against a base cost of \$6,107. These weights use existing metrics included in differential aid, but exclude 3rd grade reading proficiency. Additionally, metrics are added as weights, such as, grade-level and student enrollment size. The following technical issues have been identified by DOE:

- Enrollment is not clearly defined. Students may move throughout the school year between schools and even grade levels. ADMA is a number that encapsulates an entire school year. A moment in time, or “snapshot,” for enrollment is needed to calculate this weight.
- Since ADMA is an average and not based on a single student count, ranges should use the word “equal to.” For example, an ADMA of 200.22 would not be included in this bill since it assumes student counts and not ADMA.
- ADMA tracks students based on municipality location and not school enrollment location. This proposed bill appears to use these data sets interchangeably.
- Based on the newly calculated predicted costs, adequacy is calculated using the following steps:
 - Multiple the predicted cost by .0075 of the equalized valuation;
 - Deduct the amount in step one from at least 90 percent of the district’s predicted costs (DOE notes a technical error in the language as predicted cost is determined at the municipal level using ADMA and not at the district level); and
 - If the result is greater than zero and the municipality’s local school tax rate is less than \$7.50, then the grant is reduced by the same proportion (DOE notes a technical error that the same proportion is not clearly defined or referenced but appears to refer to the deduction in the previous step).

Changes to Statewide Education Property Tax (SWEPT)

The sections in this bill relative to SWEPT are effective July 1, 2021 which the DRA interprets to mean that it will first apply to property taxes assessed on April 1, 2022.

Under current law, the DRA sets the rate of the SWEPT at a level sufficient to generate \$363,000,000 for the education trust fund (ETF). Each municipality collects the SWEPT on behalf of the state and retains it locally to fund the state’s portion of education funding. Sections 7 and 8 of this bill would instead require the municipality to collect the SWEPT and it in full to the state for deposit into the ETF. Each municipality would be permitted to first deduct the actual cost of carrying out the collection function before remitting the remainder to the state. Additionally, Section 7 modifies the amount of SWEPT to be assessed by DRA to \$2.00 per \$1,000 of equalized assessed valuation. Section 10 of this bill modifies the statute to permit the deposit of SWEPT into the ETF.

The DRA is unable to predict property valuations in future years and is therefore unable to calculate the fiscal impact of the SWEPT components of this bill. However, using a prior year's total state equalized value (not including utilities) based on warrants for property taxes assessed on April 1, 2021 (total of assessed value of \$199,059,304,361), a new tax rate of \$2.00 per \$1,000 of equalized assessed value would have resulted in a total amount of SWEPT collected in the amount of approximately \$398,000,000, an increase of \$35,000,000 per year to the ETF. The DRA does not have data to determine the municipal costs of collection that may be deducted from the amount of SWEPT collected before remission to the DRA.

The DRA states it could administer the SWEPT provisions of this bill without any new positions, however, there would be an indeterminable cost associated with implementing the electronic filing and payment mechanism that would be required to facilitate payment of the SWEPT over to the state.

Low and Moderate Income Homeowners Property Tax Relief (L&M)

Section 9 of this bill requires information about the L&M program be printed on each municipal property tax bill and provides additional detail about how that information should be printed. Sections 11 and 12 amend RSA 198:57 to increase the income limitations for the receipt of L&M awards as well as the maximum amount of tax relief available to an awardee as follows:

- Increases the total household income that may qualify for an L&M award from \$20,000 to \$55,000 for single applicants and from \$40,000 to \$70,000 for married applicants or applicants that file as heads of household.
- For purposes of calculating the maximum award available, the maximum homestead value is increased from \$100,000 to \$150,000.
- For purposes of calculating the total award each recipient receives, the existing income brackets for single applicants are replaced with the following:
 - Income of less than \$20,000 will result in an award of 100% of the requested amount.
 - Income of \$20,000 but less than \$55,000 will result in an award that is a percentage that is reduced by 5% for each \$1,750 of household income above \$20,000.
 - Income of \$55,000 or more will result in an award of 0% of the requested amount.
- For purposes of calculating the total award each recipient receives, the existing income brackets for married applicants and applicants that file as heads of household are replaced with the following:
 - Income of less than \$30,000 will result in an award of 100% of the requested amount.
 - Income of \$30,000 but less than \$70,000 will result in an award that is a percentage that is reduced by 5% for each \$2,000 of household income above \$30,000.
 - Income of \$70,000 or more will result in an award of 0% of the requested amount.

- For both single applicants and applicants who are married or that file as heads of household, the maximum award will be capped at \$1,000.
- Allows for a refund of property taxes paid for both the local education tax rate and the state education tax rate. Currently, only a refund can be received for the state education tax rate under the L&M program.
- Total relief under the L&M program will be capped at \$25 million.
- All dollar values will be adjusted annually for inflation by the DRA.

The DRA is unable to determine the fiscal impact of sections 11 and 12 of this bill as it does not possess the necessary data to make an estimate. However, because the proposed legislation would increase the maximum qualifying household income, the maximum qualifying homestead value, and the income thresholds for award determination, all with respect to the amount of tax relief available to the claimant, the DRA assumes there will both an increase in claimants and an increase in relief amounts, which will result in an indeterminable increase to state expenditures in an amount up to \$25 million, which is the program cap. The application period for the program for property taxes assessed on April 1, 2022 will begin on May 1, 2023. Therefore, the DRA would require additional appropriations in an indeterminable amount to pay these additional claims beginning in FY 23.

AGENCIES CONTACTED:

Department of Education and Department of Revenue Administration

**SB 158-FN-LOCAL FISCAL NOTE
AS INTRODUCED**

AN ACT relative to the formula for funding an adequate education.

FISCAL IMPACT: State County Local None

STATE:	Estimated Increase / (Decrease)			
	FY 2021	FY 2022	FY 2023	FY 2024
Appropriation	\$0	\$0	\$0	\$0
Revenue	\$0	Indeterminable Increase	Indeterminable Increase	Indeterminable Increase
Expenditures	\$0	Indeterminable Increase	Indeterminable Increase	Indeterminable Increase
<i>Funding Source:</i>	<input checked="" type="checkbox"/> General	<input checked="" type="checkbox"/> Education	<input type="checkbox"/> Highway	<input type="checkbox"/> Other

LOCAL:

Revenue	\$0	Indeterminable	Indeterminable	Indeterminable
Expenditures	\$0	\$0	\$0	\$0

METHODOLOGY:

This bill makes changes to the calculation of an adequate education and total education grants, modifies the statewide education property tax (SWEPT) and its collections, and modifies the Low and Moderate Income Homeowners Property Tax Relief program (L&M). Sections 1-6 and 13-14 make numerous changes to laws relating to the method and formula for funding the State's portion of the cost of public education in New Hampshire, while sections 7, 8, and 10 relate to SWEPT and sections 9, 11, and 12 relate to L&M. The Department of Education (DOE) has provided information on the sections relative to education grants and the Department of Revenue Administration (DRA) has provided information on changes relative to property taxes.

Changes to Education Grants

Effective FY 2022, this proposed bill would make the following changes:

- Extends additional aid based on free and reduced lunch populations and fiscal capacity disparity aid (RSA 198:40-b and RSA 198:40-c). Under current law, these aid components are effective only in FY 2021.

- Sets the rate of SWEPT at \$2.00/\$1,000 and eliminates it from the determination of total education grants. Also requires all SWEPT raised be credited to the state education trust fund (net of municipality's cost to carryout collection). Under current law, all SWEPT is raised and retained locally.

Based on these changes, and utilizing data available as of FY 2021, DOE estimates this would result in the following:

STATE TOTALS	FY 2022	
	Current Law	Proposed
Calculated Preliminary Grant	\$402,137,319	\$737,350,886
<i>Additional Aid:</i>		
Stabilization Grant	157,245,996	158,475,445
Based on F&R	-	7,521,820
Fiscal Capacity Disparity Aid	-	39,203,981
SWEPT Raised and Retained Locally	363,245,325	-
Total Education Grants	\$922,628,640	\$942,552,133

Based on these estimates, of the 245 municipalities as part of the DOE analysis, 166 would see an increase in total education grants, while 44 would see a decrease (35 would be unaffected). Below are the top ten municipalities with the greatest increase or decrease (in dollars):

TOP 10 INCREASES / (DECREASES)			
Manchester	4,036,340	Moultonborough	(4,556,899)
Rochester	3,526,655	Portsmouth	(2,698,806)
Derry	3,474,436	Rye	(2,362,847)
Claremont	2,566,816	Wolfeboro	(1,266,140)
Berlin	1,805,360	Lincoln	(1,260,771)
Brookline	1,288,637	New Castle	(1,227,864)
Keene	1,229,909	Bartlett	(1,187,856)
Milford	1,123,653	Sunapee	(1,055,843)
Goffstown	1,123,368	New London	(1,036,360)
Newport	965,360	Hampton	(884,328)

Ultimately, due to inability to predict future data (local tax rates, enrollments, etc...) and technical issues with the bill (discussed below), DOE is unable to provide an estimated fiscal impact for FY 2023 and beyond. However, DOE has provided the following information on this bill's changes (effective FY 2023):

- The proposed formula is written to first determine a cost of an adequate education based on weighting the cost of each average daily membership in attendance (ADMA) component and applying the weights against a base cost of \$6,107. These weights use existing metrics included in differential aid, but exclude 3rd grade reading proficiency. Additionally, metrics are added as weights, such as, grade-level and student enrollment size. The following technical issues have been identified by DOE:
 - Enrollment is not clearly defined. Students may move throughout the school year between schools and even grade levels. ADMA is a number that encapsulates an entire school year. A moment in time, or “snapshot,” for enrollment is needed to calculate this weight.
 - Since ADMA is an average and not based on a single student count, ranges should use the word “equal to.” For example, an ADMA of 200.22 would not be included in this bill since it assumes student counts and not ADMA.
 - ADMA tracks students based on municipality location and not school enrollment location. This proposed bill appears to use these data sets interchangeably.
- Based on the newly calculated predicted costs, adequacy is calculated using the following steps:
 - Multiply the predicted cost by .0075 of the equalized valuation;
 - Deduct the amount in step one from at least 90 percent of the district’s predicted costs (DOE notes a technical error in the language as predicted cost is determined at the municipal level using ADMA and not at the district level); and
 - If the result is greater than zero and the municipality’s local school tax rate is less than \$7.50, then the grant is reduced by the same proportion (DOE notes a technical error that the same proportion is not clearly defined or referenced but appears to refer to the deduction in the previous step).

Changes to Statewide Education Property Tax (SWEPT)

The sections in this bill relative to SWEPT are effective July 1, 2021 which the DRA interprets to mean that it will first apply to property taxes assessed on April 1, 2022.

Under current law, the DRA sets the rate of the SWEPT at a level sufficient to generate \$363,000,000 for the education trust fund (ETF). Each municipality collects the SWEPT on behalf of the state and retains it locally to fund the state's portion of education funding. Sections 7 and 8 of this bill would instead require the municipality to collect the SWEPT and it in full to the state for deposit into the ETF. Each municipality would be permitted to first deduct the actual cost of carrying out the collection function before remitting the remainder to the state. Additionally, Section 7 modifies the amount of SWEPT to be assessed by DRA to \$2.00 per \$1,000 of equalized assessed valuation. Section 10 of this bill modifies the statute to permit the deposit of SWEPT into the ETF.

The DRA is unable to predict property valuations in future years and is therefore unable to calculate the fiscal impact of the SWEPT components of this bill. However, using a prior-year's total state equalized value (not including utilities) based on warrants for property taxes assessed on April 1, 2021 (total of assessed value of \$199,059,304,361), a new tax rate of \$2.00 per \$1,000 of equalized assessed value would have resulted in a total amount of SWEPT collected in the amount of approximately \$398,000,000, an increase of \$35,000,000 per year to the ETF. The DRA does not have data to determine the municipal costs of collection that may be deducted from the amount of SWEPT collected before remission to the DRA.

The DRA states it could administer the SWEPT provisions of this bill without any new positions, however, there would be an indeterminable cost associated with implementing the electronic filing and payment mechanism that would be required to facilitate payment of the SWEPT over to the state.

Low and Moderate Income Homeowners Property Tax Relief (L&M)

Section 9 of this bill requires information about the L&M program be printed on each municipal property tax bill and provides additional detail about how that information should be printed. Sections 11 and 12 amend RSA 198:57 to increase the income limitations for the receipt of L&M awards as well as the maximum amount of tax relief available to an awardee as follows:

- Increases the total household income that may qualify for an L&M award from \$20,000 to \$55,000 for single applicants and from \$40,000 to \$70,000 for married applicants or applicants that file as heads of household.
- For purposes of calculating the maximum award available, the maximum homestead value is increased from \$100,000 to \$150,000.

- For purposes of calculating the total award each recipient receives, the existing income brackets for single applicants are replaced with the following:
 - Income of less than \$20,000 will result in an award of 100% of the requested amount.
 - Income of \$20,000 but less than \$55,000 will result in an award that is a percentage that is reduced by 5% for each \$1,750 of household income above \$20,000.
 - Income of \$55,000 or more will result in an award of 0% of the requested amount.
- For purposes of calculating the total award each recipient receives, the existing income brackets for married applicants and applicants that file as heads of household are replaced with the following:
 - Income of less than \$30,000 will result in an award of 100% of the requested amount.
 - Income of \$30,000 but less than \$70,000 will result in an award that is a percentage that is reduced by 5% for each \$2,000 of household income above \$30,000.
 - Income of \$70,000 or more will result in an award of 0% of the requested amount.
- For both single applicants and applicants who are married or that file as heads of household, the maximum award will be capped at \$1,000.
- Allows for a refund of property taxes paid for both the local education tax rate and the state education tax rate. Currently, only a refund can be received for the state education tax rate under the L&M program.
- Total relief under the L&M program will be capped at \$25 million.
- All dollar values will be adjusted annually for inflation by the DRA.

The DRA is unable to determine the fiscal impact of sections 11 and 12 of this bill as it does not possess the necessary data to make an estimate. However, because the proposed legislation would increase the maximum qualifying household income, the maximum qualifying homestead value, and the income thresholds for award determination, all with respect to the amount of tax relief available to the claimant, the DRA assumes there will both an increase in claimants and an increase in relief amounts, which will result in an indeterminable increase to state expenditures in an amount up to \$25 million, which is the program cap. The application period for the program for property taxes assessed on April 1, 2022 will begin on May 1, 2023. Therefore, the DRA would require additional appropriations in an indeterminable amount to pay these additional claims beginning in FY 23.

AGENCIES CONTACTED:

Department of Education and Department of Revenue Administration

Committee Minutes

SENATE CALENDAR NOTICE

Education

Sen Ruth Ward, Chair
Sen Erin Hennessey, Vice Chair
Sen Denise Ricciardi, Member
Sen Jay Kahn, Member
Sen Suzanne Prentiss, Member

Date: February 11, 2021

HEARINGS

Tuesday	02/16/2021	
(Day)	(Date)	
Education	REMOTE 000	9:00 a.m.
(Name of Committee)	(Place)	(Time)

- 9:00 a.m. **SB 145-FN-LOCAL** relative to a temporary change in the formula for school funding.
- 9:15 a.m. **SB 158-FN-LOCAL** relative to the formula for funding an adequate education.

Committee members will receive secure Zoom invitations via email.

Members of the public may attend using the following links:

1. Link to Zoom Webinar: <https://www.zoom.us/j/92318740828>
2. To listen via telephone: Dial (for higher quality, dial a number based on your current location): 1-301-715-8592, or 1-312-626-6799 or 1-929-205-6099, or 1-253-215-8782, or 1-346-248-7799, or 1-669-900-6833
3. Or iPhone one-tap: US: +19292056099, 92318740828# or +13017158592, 92318740828#
4. Webinar ID: **923 1874 0828**
5. To view/listen to this hearing on YouTube, use this link:
<https://www.youtube.com/channel/UCjBZdtriRnQdmg-2MPMiWrA>
6. To sign in to speak, register your position on a bill and/or submit testimony, use this link:
<http://gencourt.state.nh.us/remotecommittee/senate.aspx>

The following email will be monitored throughout the meeting by someone who can assist with and alert the committee to any technical issues: remotesenate@leg.state.nh.us or call (603-271-6931).

EXECUTIVE SESSION MAY FOLLOW

Sponsors:

SB 145-FN-LOCAL

Sen. Kahn
Sen. Rosenwald

Sen. Watters
Sen. Soucy

Sen. Prentiss
Sen. Cavanaugh

Sen. Sherman
Sen. Perkins Kwoka

Rep. Myler
SB 158-FN-LOCAL
Sen. Kahn

Rep. Luneau

Rep. Myler

Rep. Luneau

Ava Hawkes 271-4151

Ruth Ward
Chairman

Senate Education Committee

Ava Hawkes 271-4151

SB 158-FN-LOCAL, relative to the formula for funding an adequate education.

Hearing Date: February 16, 2021

Time Opened: 9:35 a.m.

Time Closed: 11:00 a.m.

Members of the Committee Present: Senators Ward, Hennessey, Ricciardi, Kahn and Prentiss

Members of the Committee Absent : None

Bill Analysis: This bill:

- I. Develops a formula for funding an opportunity for an adequate education.
 - II. Modifies the determination of education grants.
 - III. Modifies the statewide education property tax and its collection.
 - IV. Develops rates for special education services provided by chartered public schools.
 - V. Modifies property tax relief for low and moderate income homeowners.
-

Sponsors:

Sen. Kahn

Rep. Myler

Rep. Luneau

Who supports the bill: Please refer to sign-in sheet.

Who opposes the bill: Bonnie Moroney, Deaglan McEachern, Jamie Sullivan, Richard Rita, Joy Nowell, Susan Bruce, Tom Luther, Margaret Turner, Paul Deschaine

Who is neutral on the bill: Jeff McLynch, Mark Manganiello (NHDOE),

Summary of testimony presented in support:

Senator Jay Kahn - Senate District 10

- Senator Kahn introduces SB 158.
- This bill is based on student performance and outcomes, not an input driven model.

- This bill is a legislative outcome of the Commission to Study School Funding; 12 months of committee work and full report can be found on the website of UNH's Carsey School.
- In spite of the pandemic, the 17 members of that commission attended 85 meetings in 2020 to arrive at these recommendations and conclusions.
- The goal of the commission was to work to understand how to ensure a uniform and equitable design for financing the cost of an adequate education for all public students.
- This bill is a longer view to look at FY23 and beyond as to how we can better allocate funds.
- NH spends \$3.3 billion dollars annually in funding public school districts. In FY21, state spending with disparity aid of \$60 million dollars makes up 31% of total funding. Without implementing a bill such as this, the percentage can and will decrease.
- These low percentages are the lowest in the country.
- The current formula, from 2008, follows the no child left behind model. It arrived with the ED25 report, completed by each school district and submitted annually. That report does a good job accounting and it yields a universal state funding per student of \$3,709. That unbelievable amount is our fiscal measure of an adequate education.
- The three measures used in the funding formula are based on measures that don't exist in any school district in NH.
- In grades four through twelve, there is an average student-per-teacher ratio of 30 students to 1 teacher. This ratio does not exist in our state.
- Currently in NH, the average ratio is 12 to 1. The highest ratio is 22 to 1. This is the largest driver of cost.
- The second largest driver of cost is teacher's salaries. Average salaries of third-year teachers is not the basis of all teachers.
- The third largest factor is that full-time staff that receive benefits are calculated at one third of salaried dollars. That average across the state is closer to 58%.
- The universal funding per student of \$3,709 makes up 60% of \$1.24 billion stabilization grant.
- Stabilization funding, which is based on enrollments, makes up another 20%.
- Universal funding and stabilization funding makes up 85% of school grant funding to school districts.
- This bill proposes an education cost model which is based on student need and community characteristics.
- The model begins with the actual spending by school districts of each students, which in FY20, averaged around \$17,000 per student.
- Over the entire state, spending \$17,000 per student totals \$3.3 billion dollars which achieves a competitive statewide student average outcome.
- Average student outcomes are based on three things: test scores, graduation rates and attendance rates. These are all apart of student performance standards established by statute.
- If a school district spends less than the average, there is often a 1:1 correlation that student outcomes will be below the average.
- Poverty can be measured by free and reduced lunch program numbers.
- Special education needs and English language students need more funding to achieve average student outcomes.
- These are weighted factors that you will see further in sections three and four of this bill.

- There are community characteristic factors as well. From small school sizes to higher grade levels as a result of elective/advanced courses, when there is more of that available, the cost of a school district to achieve, the average student outcome needs to be higher.
- Using 10 years of state data, the legislature can use that data to understand comparable student outcomes and taxpayer equity.
- We do not need to raise taxes to put this not effect.
- Senator Hennessey asked when the fiscal note will be available. Senator Kahn said NHDOE might be better suited to answer that question as they were in the process of preparing it when they spoke last.
- Senator Ricciardi also asked about the status of the fiscal note regarding the comparison and the impact of each and every town. Senator Kahn said the commission's full report provides such a comparison. The Carsey School site has a model for comparisons.

Representative David Luneau – Merrimack, District 10

- This is comprehensive school funding reform based on the findings of the School Funding Commission.
- Education funding policy should be guided by solutions that should be focused on all of our kids in hopes to find equal opportunities and close gaps.
- The commission found that inequities tend to manifest themselves in more needy districts in lower student outcomes and higher property tax burdens.
- Overall, NH students perform very well and rank as one of the highest in the country.
- The commission looked at 10 years of data on our schools and developed a formula.
- Not every city and town are the same and will need more help than others to ensure every district has access to what they need. That is where the state comes in.
- Currently, the state allots every student the same amount. Leaving the rest up to the district.
- The remaining funding is left to the property taxes to figure out.
- Student outcomes are tied to this fiscal disparity.
- The formula for calculating the cost of an adequate education. This bill works to separate the calculation of the cost versus the calculation of the funding.
- These are two separate things. Cost is what it takes the state to achieve positive student outcomes as where grants are based on what the district needs to do that.
- Section five lays out the framework on how to calculate the grants for each city and town.
- The goal is to make sure that every district has the means to fund the estimated cost for an adequate education.
- Reasonable and proportionate tax burden.
- This funding model is working well in Massachusetts. Taxpayers in Lawrence work just as hard as the taxpayers in Westwood to fund their schools, its just that Lawrence needs more help from the state to get them closer to ensuring an adequate education of students.
- There is some work that can be done to the language of the bill.
- Section 7 and 8 repeals the fixed amount of property tax collected and replaces it with a fixed rate. After deducting reasonable collection costs, the collected tax is remitted in whole to the state.

- Section 10 directs it to be deposited to the education trust fund.
- Section 9 notifies taxpayers about this relief program.

Representative Mel Myler – Merrimack, District 10

- Member of the Commission to Study School Funding.
- One of his charges was to develop a robust outreach program on the commission.
- They sought input from school employees, taxpayers, local and state officials, employers, elder residents, students, etc.
- They did a survey of over 1,800 educators in 177 districts. The University Survey Center surveyed over 1,000 people and asked 8 questions.
- There were 10 dedicated public comment sessions before the commission as well.
- The conclusion was there are inequities in public education and equal opportunities are not being provided to all students.
- There is an unequal application of property taxes across the state and relief was necessary. The conundrum was there was no consensus on the best method of funding schools.
- Understanding how schools are funded and the grant process was key to their work.
- There was a general consensus that funding should be student centered based upon students needs.
- Local educators felt there was a lack of capacity for them to implement legislative and department mandates due to the lack of funds coming to the state.
- Another general consensus was that the quality of the teaching staff provides the quality of the education.
- In districts that have less capacity to find funds for schools, there is high turnover of staff in those schools resulting in no continuity.

Drew Atchison – American Institutes for Research

- Directed the study of school funding in NH led by the AIR as part of the commission's work.
- They used an education cost model to evaluate educational adequacy in NH. This approach has also been taken in other states in response to state court cases and legislative requests.
- An education system that is adequate provides an equal opportunity for all students to reach a common, worthy set of outcomes and goals.
- Given that students have different educational needs, achieving adequacy is providing different levels of support which require differential levels of funding.
- The education cost model used in the study is the most rigorous approach to studying adequacy which results in information that can directly inform state funding formulas.
- The model is an outcome-based method grounded in data on actual levels of spending, student outcomes, and other factors.
- Using this data, the model produces data on observed relationships.
- Other input-based methods are largely based on guess work where estimates and hypotheticals are needed.
- Their study was based on only our state's data provided by NHDOE.

- The data used is easily accessible.
- The funding formula that resulted from their study, which is the basis of this legislation, is based on actual costs and needs of school districts and promotes student equity.
- The formula is transparent and easy to describe and administer. It also provides predictable and stable funding for districts.
- Senator Kahn asked Mr. Atchison what other states has AIR worked with to evolve outcome driven school funding formulas. Mr. Atchison said the most recent was Vermont and they're currently in the process of adopting their study's outcomes. Kansas has done something similar even though AIR did not work directly in their case(s).

Val Zanchuk – President of a Manufacturing Company in Jaffrey, NH

- Former Chairman of the Business Industry Association.
- Commissioner on Commission to Study School Funding.
He has been involved in education and workforce development for years.
- The success of our business community in NH is closely tied to the success of our public education system.
- As time progresses, the population shift in our state results in lower and lower enrollments in our schools.
- The constant demand for a high-quality workforce puts pressure on public schools.
- This demand exists everywhere in the state.
- The way we currently fund schools does not produce such education uniformity.
- We cannot afford to have different educational student outcomes based on wealth.
- Education has been a great equalizer in our country for over a hundred years.
- Businesses are scrambling to find a workforce to address their needs. There is a struggle to find younger workers.
- Focusing on education outcomes makes more sense when measuring the success of public schools.
- The data presented showed the inadequacies in our education funding system.
- It is bad business to continue doing something you know does not work.

Bill Ardinger – Attorney, Rath, Young, Pignatelli

- He is speaking on his own behalf and not on behalf of any of his clients or his firm.
- Under the current education funding system, most of the funding goes out on a uniform, per-pupil basis.
- This is not the right answer.
- He was proud to serve on the education funding commission as the Governor's appointee.
- The recommendations of the commission are very important to the future of NH's public education system.
- Public education is one of the largest expenditure by our state. We are one of the leading states in spending per-pupil on average.

- The problem is that we need to focus on the districts and students that need the greatest help.
- The bill is a starting point. This issue is complex.
- This committee should consider the ways that federal relief dollars, as a result of the COVID-19 pandemic, could potentially be used to assist in this transition of models.
- A court case is still pending before the NH Supreme Court.
- This committee is the right place to hold this vehicle and continue this work.
- Senator Kahn asked about the work that navigates the court cases Mr. Ardinger referenced and what could encourage a space to allow us to solve this problem. Mr. Ardinger said the state has struggled to solve this issue for decades. Massachusetts faced similar issues and embodied a framework similar to what is proposed in this legislation.

Bruce Mallory – Professor, University of New Hampshire

- He is a team leader at the Carsey School of Public Policy.
- Provided support to the commission and serve as a resource.
- One product of their work is the creation of the website. It will be maintained over the next five years. They will continue to add public comment and any research/data that becomes available in the future.
- This is one of the most complex policy changes that this legislature faces.

Jeff McLynch – Project Director, NH School Funding Fairness Project

- Applauds the efforts of the bill's sponsor which will lead to lasting, comprehensive reform.
- This bill will make NH's tax system fairer.
- They support a lot of the principal elements of the bill with a few concerns about tax equity.
- AIR made two exceptionally valuable contributions to the commission's work.
- AIR diagnosed inequities and constructed a model to address said inequities.
- AIR did explore a few different models.
- They have a few concerns about implementation and the impact on NH's taxpayers.
- In the absence of a fiscal note, it is hard to see how the revenue generated would be sufficient to support funding levels through the cost model.
- However, this bill does include other tax related provisions that they strongly endorse.
- For instance, it would require every community to do their part in funding the adequate education of students in our state.
- This bill would significantly increase the number of folks eligible to participate in this property tax relief program.
- This bill would absolutely contribute to fair school funding.

Jim O'Connell – City of Manchester School Board Member-at-Large

- He commends the work of the commission.
- Opportunity for our state to address out inefficiencies in the way we distribute money.
- The needs in Manchester are stark. There are even disparities in one part of their city in comparison to another.

- There are roughly six surrounding towns that offer a unique comparison for English language learners. Manchester has over 1,400 English language learners where each of the surrounding six towns have anywhere from 0 students up to 31 students.
- There is roughly a \$5,000 difference (less) in how much Manchester spends on elementary school students versus how much the state average per-pupil.
- With regard to homelessness, based off of 2016 data, the surrounding six towns had numbers that range from 0 to 12 students experiencing homelessness, as where Manchester had 796 children experiencing homelessness.
- The system we have traps taxpayers to finance public education.
- The city of Manchester still produces children who go off to attend Ivy League colleges.
- Their average math efficiency is 24% versus the state average of 48%.
- Their reading proficiency scores are 35% versus the state average of 58%.
- Manchester's School Board has an upcoming budget meeting where they will discuss their roughly \$12 million dollar shortfall. The plan is to take \$2 million from contingency money and cuts of \$8 million dollars. There are also plans to close one of their schools.
- This committee has a wonderful opportunity to move the state forward. We need to do better as a state.

Bonnie Moroney – Selectmen, Town of Carroll

- Please consider not going back to donor towns.
- It is assumed that they have high property values but the average person, as herself, are retired with limited incomes.
- There are basically no controls as they need to educate their children.
- Not everyone is living in wealth in her area of the state.
- The format for the tax relief is somewhat cumbersome as some seniors do not have computer access.
- People need to know this property tax relief exists.

Summary of testimony presented in opposition:

Deaglan McEachern – City Councilor, City of Portsmouth

- Opposed to this bill. Speaking for himself and the city.
- Does not seek to return to the donor language of the past. He was seven when five NH communities sued the state arguing donor towns were unconstitutional.
- He agrees with the supreme court in that NH is one community and every child should get the same opportunities.
- Without his education and that of his parents, he would not be sitting here today.
- His time as a councilor has shown that many are struggling.
- A return to donor towns would drive folks out of city's like Portsmouth and places like it.
- The argument that increased evaluations result in lower tax rates misses what is driving the pain of taxpayers.
- Our communities are here to rely on one another.

Neutral Information Presented:

Mark Manganiello – NHDOE

- Senator Hennessey asked if NHDOE is working with the LBA on a fiscal note for this bill. Mr. Manganiello said the department has reached out to the LBA regarding some of the technical challenges faced on this bill. They are actively trying to resolve those challenges.
- Senator Kahn asked if NHDOE has some sense as to when to expect the fiscal note. Mr. Manganiello said they do not.
- Senator Ward asked if Mr. Manganiello had any comments he'd like to add.
 - Mr. Manganiello said one technical challenge in section five is when the language brings in the local tax rate in the grant amount. That is a moving part. It would be different at the beginning of the fiscal year versus at the end of the fiscal year. Creates movement in the calculation. Creates the question as to whether the tax rate will be a moving target.

Senator Kahn asked if Mr. Manganiello thought this technical challenge could be worked through by NHDOE and LBA. Mr. Manganiello said yes, with some talking through it

Eric Frauwirth – Bureau of Career Development Administrator, NHDOE

- Adding CTE was discussed as one of the differentiated aid categories but he noticed the bill does not include it.
- RSA 193:E, which covers adequate education, the word “career” appears more frequently than any other term, which indicates that it is a vital component to an adequate education.
- Asks that the committee would consider the inclusion of differentiated aid for students participating in career education programs.
- Currently, the allocation in the budget solely addresses students who attend CTE at non-host schools. This represents only 29% of students participating in CTE. The host high school, on average, is covering 71% of the cost of CTE.
- Similar to ELL and special education, CTE programs are substantially more expensive than traditional education.
- In some school districts, like Rochester, this figure is as high as 98%, i.e. 98% of students are from Rochester High School. Therefore, Rochester is footing the entire bill with no state support.
- Senator Kahn asked Mr. Frauwirth if it is also true that 71% of enrollment is made from host schools. Mr. Frauwirth said that is correct.
- Senator Kahn asked if then the funding was following those students. Mr. Frauwirth said no, there is currently no funding for that 71% of students. The monies are allocated only for students coming from sending high schools.
- Senator Kahn asked Mr. Frauwirth if the funding the schools get is within the cost per student. Mr. Frauwirth said yes, however, for example, if a Dover student is attending a CTE program in Rochester, the town of Dover sends 25% of the added tuition for CTE. Then, money from a separate state account covering 75% of the

added CTE tuition is sent to Rochester. However, if a student comes from Rochester, Rochester foots the entire bill for the added cost of CTE education.

- Senator Kahn reiterated that by implementing the cost model, as Rochester is a district that underspends, it indeed should receive a better distribution of the state's funds if we're trying to provide greater equity.
- Senator Kahn asked if there is any increase for CTE between the current year and FY22 and the rates allotted rates are still frozen. Mr. Frauwirth said he is not aware of any increases and rates are still frozen to his knowledge.

amh

Date Hearing Report completed: February 25, 2021

Speakers

Name	Representing	Position	Testifying
Mallory Bruce	Carsey School of Public Policy UNH	Support	Yes
Moroney Bonnie	Town of Carroll	Oppose	Yes
McEachern Deaglan	City of Portsmouth	Oppose	Yes
Zanchuk Val	Myself	Support	Yes
OConnell Jim	Myself	Support	Yes
Manganiello Mark	DOE	Neutral	Yes
Myler Mel	Myself	Support	Yes
LUNEAU DAVID	Co-sponsor of the bill	Support	Yes
McLynch Jeff	NH School Funding Fairness Project	Neutral	Yes
Atchison Drew	Myself	Support	Yes
Raspiller Cindy	Myself	Support	No
Ingold Kerry	Myself	Support	No
Brown Howard	Myself	Support	No
King Marcia	Myself	Support	No
Sullivan Jamie	Myself	Oppose	No
Brown William	Myself	Support	No
Brown Morgan	Myself	Support	No
perez maria	District 23	Support	No
Aranzabal Luis	Myself	Support	No
Jones Andrew	Myself	Support	No
Moe Carmeiita	Myself	Support	No
Keeler Margaret	Myself	Support	No
Phillips Betsey	Myself	Support	No
McLeod Martha	Myself	Support	No
ZAVGREN JOHN	Myself	Support	No
Bergeron Jane	NH Association of Spec. Education Administrators	Support	No
DeMark Richard	Myself	Support	No
Feder Marsha	Myself	Support	No
Hayward Marcia	Myself	Support	No
Schissel Mary	Myself	Support	No
Tuttle Megan	NEA-NH	Support	No
Bergevin Leslie	Myself	Support	No
Cascadden Corinne	Myself	Support	No
Ingraham Sheryl	Myself	Support	No
Rardin Laurie	Myself	Support	No
Spielman Kathy	Myself	Support	No
Spielman James	Myself	Support	No
Woods Renia	Myself	Support	No
Petrucelli Maxine	Myself	Support	No
Petrucelli Charles	Myself	Support	No
Shields Lara	Myself	Support	No
Stinson Ben	Myself	Support	No
barnes ken	Myself	Support	No
Glynn Nancy	Myself	Support	No
Wicks Pam	Myself	Support	No
Heslin Mary	Myself	Support	No

Chase Susan	Myself	Support	No
van der Bijl Dana	Myself	Support	No
St Germain Diane	Myself	Support	No
Rita Richard	Myself	Oppose	No
Abruzzese Cathleen	Myself	Support	No
Nowell Joy	Myself & Newbury	Oppose	No
Day Karen	Myself	Support	No
Folsom Andrea	Myself	Support	No
Baker Sarah	Myself	Support	No
Murphy Molly	Myself	Support	No
Connolly Brenna	Myself	Support	No
Brackett Glenn	The working people of the New Hampshire AFL-CIO	Support	No
Willing Maura	Myself	Support	No
King Walter	Myself	Support	No
Gordon Laurie	Myself	Support	No
Neville Betsey	Myself	Support	No
blakeney gordon	Myself	Support	No
Mattlage Linda	Myself	Support	No
Platt Elizabeth-Anne	Myself	Support	No
Smith Bruce	Myself	Support	No
Emerson Patti	Myself	Support	No
QUISUMBING-KING CORA	Myself	Support	No
Carter Lilian	Myself	Support	No
Minton Faith	Myself	Support	No
Christina Barrett	NH School Boards Association	Support	No
Spencer Louise	Myself	Support	No
Spencer Rob	Myself	Support	No
Richman Susan	Myself	Support	No
Brennan Nancy	Myself	Support	No
Cevasco Karin	Myself	Support	No
Crichton Lucy	Myself	Support	No
Bartlett Rep Christy	Merrimack 19	Support	No
Clark Denise	Myself	Support	No
Jamback Susan	Myself	Support	No
McLaughlin Barbara	Myself	Support	No
Jarnis Deborah	Myself	Support	No
Reed Barbara	Myself	Support	No
Mooney Bridget	Myself	Support	No
Dewey Karen	Myself	Support	No
McCue Dara	Myself	Support	No
Rettew Annie	Myself	Support	No
Ellermann Maureen	Myself	Support	No
Straiton Marie	Myself	Support	No
Irwin Virginia	Myself	Support	No
Nardino Marie	Myself	Support	No
Corell Elizabeth	Myself	Support	No
Larson Ruth	Myself	Support	No

Taylor Gale	Myself	Support	No
Vincent Laura	Myself	Support	No
Hackmann Kent	Myself	Support	No
Doherty David	Myself	Support	No
Heard Virginia	Myself	Support	No
Fedorchak Gaye	Myself	Support	No
Bruce Susan	Myself	Oppose	No
Cascadden Dean	SAU 67	Support	No
jakubowski dennis	Myself	Support	No
Jakubowski Deborah	Myself	Support	No
Anderson Keryn	Myself	Support	No
Destefano Kim	Myself	Support	No
Lengyel Dorene	Myself	Support	No
Clark Michelle	Myself	Support	No
MacArthur John	Myself	Support	No
Clark Sandra	Myself	Support	No
Perencevich Ruth	Myself	Support	No
Bickford Jessica	Myself	Support	No
Garland Ann	Myself	Support	No
Starmer John	Myself	Support	No
Damon Claudia	Myself	Support	No
Harvey Danielle	Myself	Support	No
Strayer Frances	Myself	Support	No
Blankenhorn Pj	Myself	Support	No
Franklin Kristin	Myself	Support	No
Porter Margaret	Myself	Support	No
Dunham Bonnie	Myself	Support	No
Garen June	Myself	Support	No
Stanton Cynthia K	Myself	Support	No
Jachim Nancy	Myself	Support	No
Podlipny Ann	Myself	Support	No
Raymond Kris	Allenstown School District	Support	No
Hinebauch Mel	Myself	Support	No
Heath Mary	hills 14	Support	No
luther tom	Myself	Oppose	No
Johnson Sara	Myself	Support	No
Garcia de Paredes Erin	Myself	Support	No
Jordan Pamela	Myself	Support	No
Bates David	Myself	Support	No
Fenner-Lukaitis Elizabeth	Myself	Support	No
Turner Margaret	Myself	Oppose	No
Fordey Nicole	Myself	Support	No
Falk Cheri	Myself	Support	No
Wallner Mary Jane	Myself	Support	No
MacLean Meghan	Myself	Support	No
Steel Sandy	Myself	Support	No
Hope Lucinda	Myself	Support	No

Thompson Laura	Myself	Support	No
Barnes Linda L.	Myself	Support	No
Deschaine Paul	Town of Newington	Oppose	No
Oâ€™Connell Jim	Myself	Support	Yes
Ardinger William	Myself	Support	Yes
Blanchard Sandra	Myself	Support	No
Koch Helmut	Myself	Support	No
Mayne Kenneth	Myself	Support	No
Bartlett Susan	Myself	Support	No
Griffin Elisha	Myself	Support	No

Testimony

Comments in Support of SB 158
February 16, 2021

Val Zanchuk

President of Graphicast, Inc., a manufacturing company located in Jaffrey, NH
Former Chairman of the Business and Industry Association of New Hampshire
Commissioner – New Hampshire Commission to Study School Funding

Besides being a business owner and a spokesperson for the business community, I have been involved in education and work force development work for over twenty years. Business and our education system go hand in hand. The success of the business community in New Hampshire is closely tied to the success of our public education system, especially as the demographic shift in New Hampshire's population forecasts lower enrollment in our schools as time progresses. The constant demand for a high quality workforce puts more pressure on the public schools to educate a shrinking number of graduates prepared for the demands of 21st century jobs. This demand exists everywhere in the state, not just in certain areas. The manufacturers in the North Country need top quality graduates entering their employ as much as companies in Nashua. Yet, the way we currently fund schools does not produce that kind of quality educational uniformity. It skews that quality based on the property wealth of the community. From the perspective of a statewide policy, this makes no sense. We can ill afford to have different outcomes based on wealth. Public education had been the great equalizer of American society for over one hundred years. It drove broad growth in the economy. Now, businesses are scrambling to find a workforce prepared for their needs. Several of my most recent hires are in their sixties. All of us struggle to find younger workers.

As a member of the Commission to Study School Funding, I had the opportunity to review the data that quantified the cost of a quality education and the mechanism of funding that quality in a manner consistent with current costs and constitutional obligations. Employing the Statewide Property Tax as it was originally envisioned is a constitutionally consistent and, with proper tax relief boundaries, equitable method to fund the state's obligation to provide the opportunity for an adequate education. Focusing on the outcomes of the education process makes infinite sense and provides a better mechanism to measure the effectiveness of the public schools. It's no different than measuring the success of a business by its sales or new products developed, not on how much it spends without regard to outcomes. The data powerfully presented the inadequacies of our current input funding method. The state would be remiss in its obligations to continue this process, knowing the continuing tax burden placed on those least able to pay those taxes, and the overt neglect of the potential of our students in these property poor areas. It is just bad business to continue doing something you know doesn't work.



OFFICE OF
SELECTMEN

The Town Of Newington New Hampshire

Established 1713

February 16, 2021

NH State Senate
Senate Education Committee
RE: SB 158

NH State House of Representatives
House Education Committee
RE: HB 608

NH State House of Representatives
House Way and Means Committee
RE: HB 504

Dear Sirs and Madams,

We address you regarding the above stated bills being considered by your respective committee this week and subject to a public hearing. Although each bill is unique in its intent of addressing statewide education funding resultant from the December 1, 2020 report of the Commission to Study School Funding, each approach has the same fundamental flaw of relying solely on a property tax funding model, which recreates the donor and receiver communities paradigm.

The continued used of a statewide property tax to meet the state's obligations of providing an adequate education perpetuates a myth that this regressive tax system is some how fair and equitable and bears some relationship with one's ability to pay this tax. Continued use of this myth contributes to the divisiveness of pitting communities against one another by creating winners and losers in state support of education. Not that we are oppose to the state assisting communities that need financial assistance in meeting their children's educational needs. It is when this assistance takes of the form confiscating one community's resources for the benefit of another that our opposition is clear.

Throughout the Commission's deliberation, its final report, and now manifesting itself in the noted pending legislation is the belief that the only way to achieve a fair and equitable statewide property tax system is to ensue that all property taxpayers pay high property taxes. The principle shown is that a property tax school funding model is only successful if there is a collective high misery index. Whether it is an annual estimated additional \$815,000 +/- in taxes payable by the residents of Newington under HB 504 or HB 608, to a possible annual increase of \$4,342,000 +/- under SB 158, the premise is that somehow 60-70 communities in this state are not currently experiencing a comparable level of fiscal pain as the remaining communities. A statewide property tax system of funding education ignores individual property taxpayer's ability to pay and destabilizes communities that have positioned

themselves as desirable locations for investment. What becomes of the NH Advantage if communities like Newington are no longer competitive with neighboring states caused by the ever-increasing burdens and uncertainties of a school funding model based on the property tax? This model becomes a disincentive for communities to grow their tax base and for companies to invest in our communities.

With regard to SB 158 and HB 504, it is laudable that elements of each bill attempt to provide much needed relief to low and moderate income homeowners. This program has been long neglected and fallen way behind in being an effective relief to those who qualify. The irony is that both bills attempt to address the burden of high statewide property tax bills by increasing the property tax burden on +/- 45 communities by almost \$28,000,000. This program as currently structured only offers relief to statewide property taxpayers, and does not address the added burden on the local taxpayers who will have to make up the difference when this \$28 million is paid to the state. There is no taxpayer assistance program for those homeowners who local education property taxes will rise due to these 2 proposals.

We all know the problem but the only solution offered is higher property taxes in an endless feedback loop of property taxation. That is why the Town of Newington and other communities believe it is time to go back to the drawing board and revisit how we fund education. This past year's Commission did a creditable job on focusing why we fund education and who needs the assistance most. They skirted the how part of the study by defaulting to a statewide property tax because that is the only way we have done it despite all the known faults with such a system.

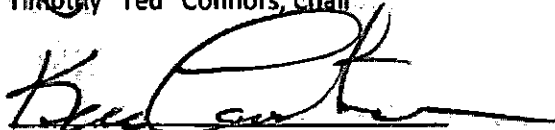
We ask that you report each bill (SB 158, HB 504 and HB 608) as Inexpedient to Legislate, and explore an amendment that charges the Commission to readdress how school funding is done in New Hampshire that has long-term stability, sustainability, fairness and equity to all taxpayers.

Sincerely,

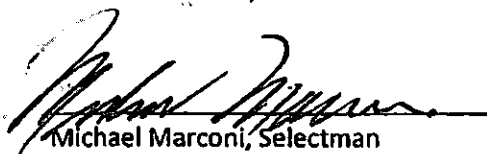
Board of Selectmen



Timothy "Ted" Connors, Chair



Kenneth Latchaw, Selectman



Michael Marconi, Selectman

I come before you today to speak against SB 158.

I don't wish to return to the donor town language of the past. I was seven when five New Hampshire communities sued the state, arguing that the education funding system was unconstitutional. 30 years later I agree with the Supreme Court that for purposes of providing an adequate education, New Hampshire is one community and I believe that every child in NH should get the same opportunities as I will strive to give my two daughters. I believe so strongly, because if it were not for my own education, and that of my parents I wouldn't be sitting in front of you today.

I speak today as more than a dad who believes in education. I am a Councilor from the City of Portsmouth, my hometown. I live across the street from the house my dad grew up in, one that my grandfather built. I didn't need to take my dad's word for it that Portsmouth has changed. You have all likely seen it for yourself. You might look at the room and meals revenue and wonder if there is a home cook among us. But equally foolish is to look at our assessed values and believe a majority of folks could afford to buy their homes at that price. I certainly couldn't and I've only owned my home for 6 years.

My time on the council has shown that there are many struggling. A return to a donor town education funding model through SWEPT, notwithstanding some of the modest increases in deductions, will drive residents from ours and other similarly situated communities.

In any municipal election you speak to a lot of people. I love meeting new people and hearing their stories, but I hate hearing a familiar refrain of neighbors that don't know what to do because of the property tax. In a year when a budget might go up 1-2% due to the downshifting of state responsibilities, some tax bills would go up 20-30%. Why? Valuations. You might point out 'Deaglan, increased valuations means lower tax rates. The whole reason we are here is that Portsmouth has a lower tax rate than another community.' That type of logic is what I will call halfway there. If you look at the rate and not the valuation you miss what is driving the pain. Because of the comparable home sale appraisal method your tax rate can, and often will fall in property rich areas, only to see your taxes rise when similar homes sell. This similar appraisal method, required by the state in order to fulfill our assessment duties, means that when a house in a neighborhood sells at an increased value, it will cause other houses to be assessed at higher values, which results in higher taxes—creating a vicious circle. Having to replace education funding sent to the State through the reinstatement of a donor town education

funding model, will only accelerate this cycle. Many in these communities will be forced to leave and by their leaving, we will be losing a piece of our history.

There are a few that understand this last point and still shrug their shoulders. "Are we supposed to cry for someone's house increasing in value?" I hear that a lot as if our houses weren't places to raise our families but investment vehicles, flipped frequently in search of ever increasing gains. Our communities are places to rely on one another, forming bonds and friendships, people we can count on in a snowstorm when our blower dies-- not just containers for investments since everyone will sell in 4-6 years once they maximize their profit and are ready to bring their house to market like a farmer brings their corn. Call me old fashioned but I want more than that in a house and a community. Perpetuating a broken system, that will one day break for everyone, will first destroy communities like Portsmouth.

I grew up here, I've stayed here. I want to be sharing stories with the New Hampshire I know, not telling stories of the New Hampshire I remember. If you have any compassion for our history, and the people that make up each donor town community, if you believe like I do that the strength of a tree is not just in the new leaves and branches sprouting looking for sunlight but also the roots that dig deep into the soil then I ask that you reject this bill.

Thank you for your consideration,

Deaglan McEachern
Portsmouth City Councilor



**Testimony of Jeff McLynch,
Project Director, NH School Funding Fairness Project,
on SB 158 before the Senate Education Committee,
Tuesday, February 16**

Chairwoman Ward, Senator Kahn, Members of the Committee, thank you for the opportunity to offer testimony this morning on SB 158.

For the record, my name is Jeff McLynch and I am the Project Director of the New Hampshire School Funding Fairness Project (NHSFFP), a nonprofit organization that seeks to educate citizens and policymakers about the system New Hampshire uses to fund its public schools, to build awareness of the shortcomings of that system, and to advocate for changes in law to make that system more fair for students and taxpayers alike.

The bill before you this morning, SB 158, seeks to advance a number of the recommendations put forward by the Commission to Study School Funding in its final report from December 1 of last year. NHSFFP applauds the efforts of the bill's sponsors to continue the critical conversations initiated by the Commission, conversations that we hope will lead to lasting, comprehensive, and equitable reform of New Hampshire's school funding system, and supports many of the principal elements of the bill, as they would make considerable progress toward achieving that longer-term goal. However, NHSFFP does have reservations about some of the provisions in the bill and their possible implications for tax equity across various communities in New Hampshire.

As the members of the Committee will recall, as part of the FY 2022-23 budget agreement, the Legislature created a Commission to Study School Funding and charged it, among other responsibilities, with reviewing "the education funding formula and [making] recommendations to ensure a uniform and equitable design for financing the cost of an adequate education for all public school students in pre-kindergarten through grade 12 in the state." To assist it in fulfilling its responsibilities, the Commission engaged the American Institutes for Research (AIR), a widely-recognized research and evaluation organization, to conduct a rigorous, detailed, and empirical assessment of New Hampshire's school funding system.

Broadly speaking, AIR made two exceptionally valuable contributions to the Commission's work. First, it provided a stark and compelling diagnosis of the problems plaguing New Hampshire's current school funding system. It found that:

"[the] 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."

Second, it constructed a model that New Hampshire could employ to address these inequities and to provide communities with comparatively fewer resources or with student populations that exhibit greater need the means to achieve a particular set of educational outcomes. More specifically, the model devised by AIR takes nearly the entire sum of existing state and local education spending – without any increases to that aggregate amount – and distributes it in such a way as to enable every school district in New Hampshire to attain statewide average outcomes across three measures: assessment scores, graduation rates, and attendance rates. In constructing that model, AIR used a decade’s worth of data from New Hampshire and sophisticated statistical analysis to identify the key factors that affect those outcomes and to assign “weights” to those factors to determine the distribution of school funding.

Under SB 158, that “education cost model” would be used to allocate state education aid beginning in FY 2023. Moreover, as part of the transition to that new approach, SB 158 appears to extend two forms of state education aid available to cities and towns in FY 2021: additional aid, which is intended to assist cities and towns with higher concentrations of low-income students, and fiscal capacity disparity aid, which is designed to help municipalities with comparatively low property values. While further refinements to AIR’s model may be desirable – for instance, to reflect several years’ worth of additional data that are now available or to improve its use of enrollment and grade level information – NHSFFP believes it represents a path toward greater school funding fairness that this Committee and the Legislature as a whole ought to follow.

AIR also explored two possible options for generating the revenue necessary to support its education cost model. Both options would continue to rely upon the roughly \$600 million in existing revenue sources flowing into the Education Trust Fund (exclusive of the Statewide Education Property Tax and including such levies as the business profits tax, the business enterprise tax, or the tobacco tax). While one option would generate the remaining necessary revenue through a single, statewide property tax, the other would produce that sum through a smaller statewide tax in combination with a mandatory minimum contribution derived from local property taxes; SB 158 appears to employ this latter option.

NHSFFP has concerns about the implementation of mandatory local minimum contributions and their potential ramifications for property taxpayers in different parts of the state. If New Hampshire chooses to institute mandatory local minimum contributions as part of school funding reform, the rate for those contributions must be the same across the state. Moreover, any cities or towns that generate an amount of revenue from their mandatory local minimum that exceeds the local cost of providing an adequate education must be required to remit that excess to the state. Otherwise, the effective tax rate of a mandatory local minimum contribution would vary from place to place, perpetuating the inequities of New Hampshire’s current approach to school funding and violating a key constitutional principle.

On a related note, it is not yet clear whether the revenue that SB 158 would generate would be sufficient to support funding levels through the education cost model that would enable every district to achieve statewide average outcomes. If the bill were to fall short of such levels, it could run the risk of leaving it to cities and towns to make up the difference and thus perpetuate the same kinds of disparities that plague the existing system.

While some questions about these mechanisms may still need to be answered, SB 158 includes several other provisions related to school property taxes that NHSFFP strongly endorses, as they would help to make New Hampshire's property tax system more fair.

Of note, while the research AIR conducted for the Commission was the focus of considerable deliberation, the Commission also received hours of input from local officials, tax administrators, academic experts, and members of the public, much of which centered on the property tax. Indeed, the Commission examined New Hampshire's school property tax system at length and, after doing so, arrived at two conclusions embodied in SB 158. First, in its final report, the Commission recommended that:

"the state should eliminate the "excess-SWEPT" grant and such excess funds should be applied through the reformed distribution formula to improve student and taxpayer equity. There should be no blanket rebates, abatements, refunds or grants of [SWEPT] back to municipalities."

To that end, SB 158 would end the preferential treatment that some property-wealthy municipalities now enjoy under the Statewide Education Property Tax (or SWEPT) and require every community to pay the full amount of the tax to the state. Under the New Hampshire Constitution, it is the duty of the state to provide an adequate education to every child regardless of where she or he may live. Moreover, as the New Hampshire Supreme Court ruled in *Claremont II*, 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."

In its current form, the SWEPT is far from uniform. Cities and towns with comparatively high property wealth are permitted to retain any revenue from the tax over and above what is needed to meet the cost of an adequate education, rather than remitting the difference to the state, as they did when the tax was first instituted, thus lowering the effective rate of the tax. Consequently, the SWEPT, as it exists today, exacerbates the wide disparities in school property tax rates that persist throughout New Hampshire and that curtail the opportunities available to students in less well-to-do areas.

The Commission's final report likewise recommended that:

"The state should enhance taxpayer equity through property tax relief targeted to homeowners and renters through a low- and moderate-income property tax relief program. This program should include updated limits to income, home value, and net worth, and be satisfactorily funded by the state."

SB 158 aims to put that recommendation into law by significantly increasing both the number of homeowners eligible to participate in the Low- and Moderate Income Property Tax Relief Program and the value of the rebates they would receive. It would raise the income thresholds for the program – which have not been adjusted since its inception nearly two decades ago – to allow single homeowners with incomes under \$55,000 and married couples with incomes less than \$70,000 to take part. It would also raise the limit on the amount of assessed value used to determine homeowner rebates from \$100,000 to

\$150,000 and, even more critically, extend the program to apply not simply to the Statewide Education Property Tax, as it does at present, but to local school property taxes as well.

Among the other improvements to the Low- and Moderate Income Property Tax Relief Program included in SB 158 are a requirement that the program's parameters be adjusted for changes in the Consumer Price Index each year, so that inflation does not erode the program over time, and a requirement that cities and towns enhance promotion of the program, so that homeowners are better aware of the rebates for which they might be eligible.

Changes to the existing Low- and Moderate-Income Homeowners Property Tax Relief are imperative, for the program has all but evaporated in recent years. In 2003, the program provided roughly \$7.5 million in property tax relief to over 27,000 Granite State households; by 2018, those figures had dwindled to fewer than 7,000 households receiving a total of just \$1.1 million in rebates – even as property taxes continued to climb and despite the disproportionate responsibility the property tax places on families struggling to make ends meet.

In sum, SB 158, and the Commission recommendations it aims to implement, would travel a considerable distance on the road toward a fairer school funding system in New Hampshire. NHSFFP looks forward to working with the members of the Committee to strengthen the bill still further and to reaching that ultimate destination together. I again thank you for the opportunity to offer this testimony and would be happy to answer any questions you may have.

Ava Hawkes

From: Jay Kahn
Sent: Monday, February 15, 2021 10:17 PM
To: Ruth Ward; Erin Hennessey; Denise Ricciardi; Sue Prentiss; Jennifer Horgan
Cc: Jessica Bourque
Subject: SB 158 Testimony - Jay Kahn
Attachments: School Testimony CSSF SB158-JK1.docx

Attached please find a portion of my testimony on SB 158 that I submit as part of the record for Senate Education Committee Feb. 16, 2021 hearing.

Jay

Jay Kahn
State Senator
Senate-District 10
Keene, NH
603-381-2930 (c)

Commission to Study School Funding

Full report, references, previous studies and court finding, presentations and public input can be found at <https://carsey.unh.edu/school-funding>

Quick Summary of Findings

- New Hampshire currently provides a relatively high level of funding per pupil, as a statewide average, compared to most other states; overall public education spending is sufficient but wide spending disparities exist across school districts.
- Students in New Hampshire, on average, currently perform at relatively high levels with respect to outcome measures, but averages obscure significant student outcome disparities among communities, including those in close proximity.
- New Hampshire's state allocations to education as a share of total spending is the lowest among all states.
- Spending disparities exist and are correlated with the capacity of local communities to raise property tax dollars sufficient to meet the needs of their students.
- New Hampshire's current state allocation of funds fails to direct aid to more needy communities in a meaningful manner, and inequities manifest themselves in more needy districts through lower student outcomes and higher property tax burdens.
- The significant disparity between the full cost of educating a student and the state's contribution means that municipalities are currently obligated to raise substantial funds through local property taxes to pay for their students' education. These disparities are exacerbated by the differences in property wealth between communities and their relative abilities to raise the necessary funds.

Recognition and gratitude are extended to the Commission's seventeen members and supporting professionals who, in spite of a pandemic, attended 85 meetings during 2020.

- Commission Chair Rep. David Luneau Merrimack – District 10
- Rep. Mel Myler Merrimack – District 10
- Rep. Dick Ames Cheshire – District 9
- Rep. Rick Ladd Grafton – District 4
- Sen. Jay Kahn – District 10
- Sen. Jon Morgan – District 23
- William Ardinger – Attorney, Rath Young Pignatelli
- Jane Bergeron-Beaulieu – NH Association of Special Education Administrators
- Corinne Cascadden – Interim Superintendent, SAU 84
- David Ryan – Superintendent, SAU16

- John Beardmore – Former Commissioner, Department of Revenue Administration
- Iris Estabrook – Former State Senator
- Barbara Tremblay – Retired superintendent, SAU 29, SAU 62
- M. Christine Dwyer – Vice President, RMC Research
- Susan Huard – Interim Chancellor, Community College System of New Hampshire
- Val Zanchuk – Past President, Business and Industry Association
- Rep. Mary Heath Hillsborough – District 14

UNH Carsey School for Public Policy, School Funding Team

- Dr. Bruce Mallory, Mr. Jordan Hensley, Dr. Carrie Portrie

American Institute for Research (AIR) Project Team

- Jesse Levin, Drew Atchison, Bruce Baker, Tammy Kolbe

Ava Hawkes

From: Lucinda Hope <lmhope46@gmail.com>
Sent: Sunday, February 14, 2021 1:58 PM
To: Ava Hawkes
Subject: constituent in SUPPORT of SB158

To Members of the Senate Education Committee,

There are many reasons I am in strong support of SB158.

Because our state is primarily reliant on property taxes, everything about this bill makes sense.

Using weighted factors to predict the differing costs for schools across the state will be so valuable/helpful for both the state and the school districts.

It's exciting that the state finally has a method to reach the goal of providing greater equality for taxpayers & for students. Yes, ... do it!!

As stated in this bill, accesses to resources necessary for an adequate education is an obligation of the state. Make it fair and good.

Sincerely,

Lucinda Hope, M.Ed.

Voting Sheets

Senate Education Committee
EXECUTIVE SESSION RECORD
2020-2021 Session

Bill # SB 158.FN.L

Hearing date: 2/16/21

Executive Session date: 3/19/21

Motion of: Reverter Vote: 2-3

Committee Member	Present	Made by	Second	Yes	No
Sen. Ward, Chair	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Sen. Hennessey, VC	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Sen. Ricciardi	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Sen. Kahn	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Sen. Prentiss	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Motion of: ITL Vote: 3-2

Committee Member	Present	Made by	Second	Yes	No
Sen. Ward, Chair	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Sen. Hennessey, VC	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Sen. Ricciardi	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Sen. Kahn	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Sen. Prentiss	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Motion of: _____ Vote: _____

Committee Member	Present	Made by	Second	Yes	No
Sen. Ward, Chair	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sen. Hennessey, VC	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sen. Ricciardi	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sen. Kahn	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sen. Prentiss	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Reported out by: Sen. Ricciardi

Notes: _____

Committee Report

STATE OF NEW HAMPSHIRE
SENATE
REPORT OF THE COMMITTEE

Tuesday, March 9, 2021

THE COMMITTEE ON Education

to which was referred **SB 158-FN-LOCAL**

AN ACT relative to the formula for funding an adequate
education.

Having considered the same, the committee recommends that the Bill

IS INEXPEDIENT TO LEGISLATE

BY A VOTE OF: 3-2

Senator Denise Ricciardi
For the Committee

Ava Hawkes 271-4151

EDUCATION

SB 158-FN-LOCAL, relative to the formula for funding an adequate education.

Inexpedient to Legislate, Vote 3-2.

Senator Denise Ricciardi for the committee.

Docket of SB158

Docket Abbreviations

Bill Title: relative to the formula for funding an adequate education.

Official Docket of SB158.:

Date	Body	Description
2/9/2021	S	Introduced 02/04/2021 and Referred to Education; SJ 4
2/11/2021	S	Remote Hearing: 02/16/2021, 09:15 am; Links to join the hearing can be found in the Senate Calendar; SC 11
3/9/2021	S	Committee Report: Inexpedient to Legislate, 03/18/2021; SC 15
3/18/2021	S	Inexpedient to Legislate, RC 15Y-9N, MA === BILL KILLED === ; 03/18/2021; SJ 8

NH House

NH Senate

Other Referrals

Senate Inventory Checklist for Archives

Bill Number: SB 158-FN-L

Senate Committee: Education

Please include all documents in the order listed below and indicate the documents which have been included with an "X" beside

Final docket found on Bill Status

Bill Hearing Documents: {Legislative Aides}

- Bill version as it came to the committee
- All Calendar Notices
- Hearing Sign-up sheet(s)
- Prepared testimony, presentations, & other submissions handed in at the public hearing
- Hearing Report
- Revised/Amended Fiscal Notes provided by the Senate Clerk's Office

Committee Action Documents: {Legislative Aides}

All amendments considered in committee (including those not adopted):

- ___ - amendment # _____
- ___ - amendment # _____
- Executive Session Sheet
- Committee Report

Floor Action Documents: {Clerk's Office}

All floor amendments considered by the body during session (only if they are offered to the senate):

- ___ - amendment # _____
- ___ - amendment # _____

Post Floor Action: (if applicable) {Clerk's Office}

- ___ Committee of Conference Report (if signed off by all members. Include any new language proposed by the committee of conference):
- ___ Enrolled Bill Amendment(s)
- ___ Governor's Veto Message

All available versions of the bill: {Clerk's Office}

- ___ as amended by the senate
- ___ as amended by the house
- ___ final version

Completed Committee Report File Delivered to the Senate Clerk's Office By:

Committee Aide

Date

Senate Clerk's Office 