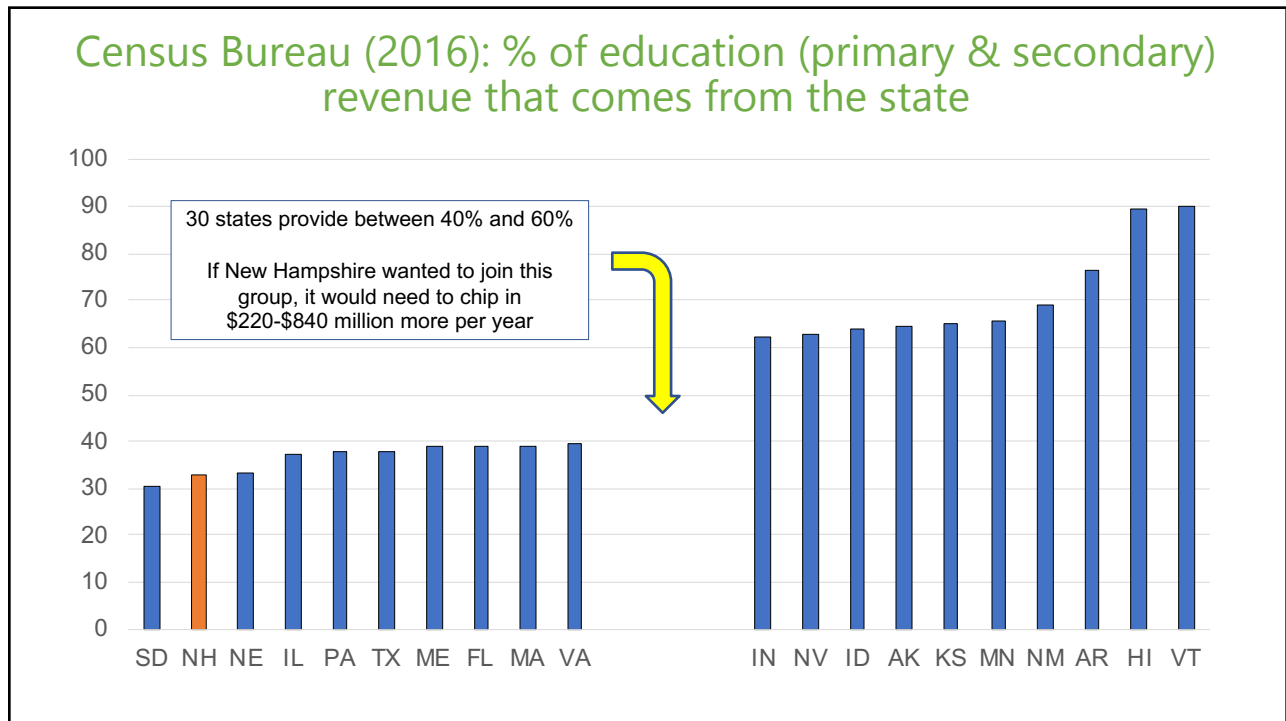
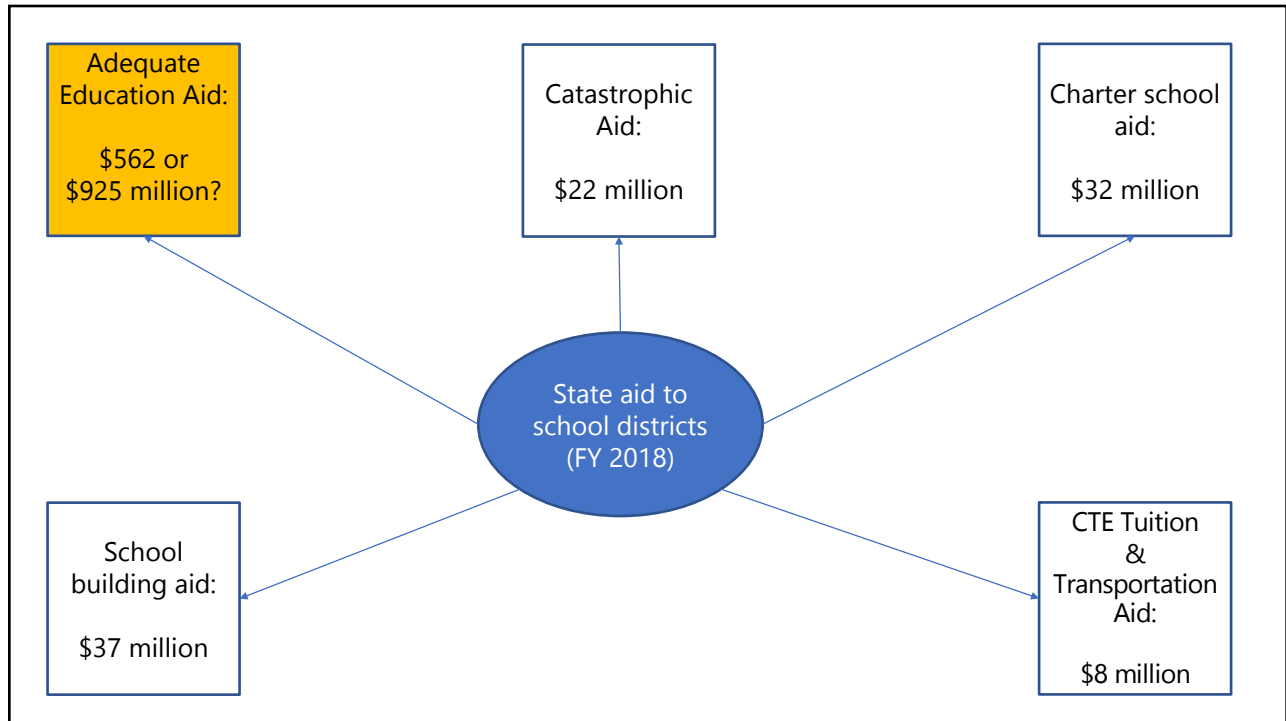
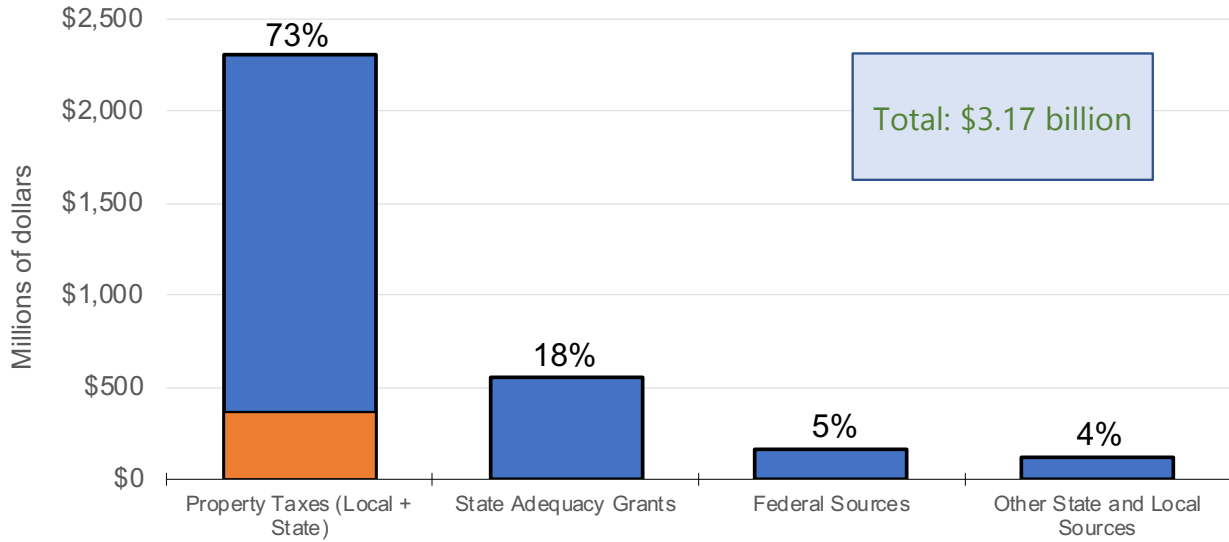




When we talk about “education funding”
what exactly are we talking about?



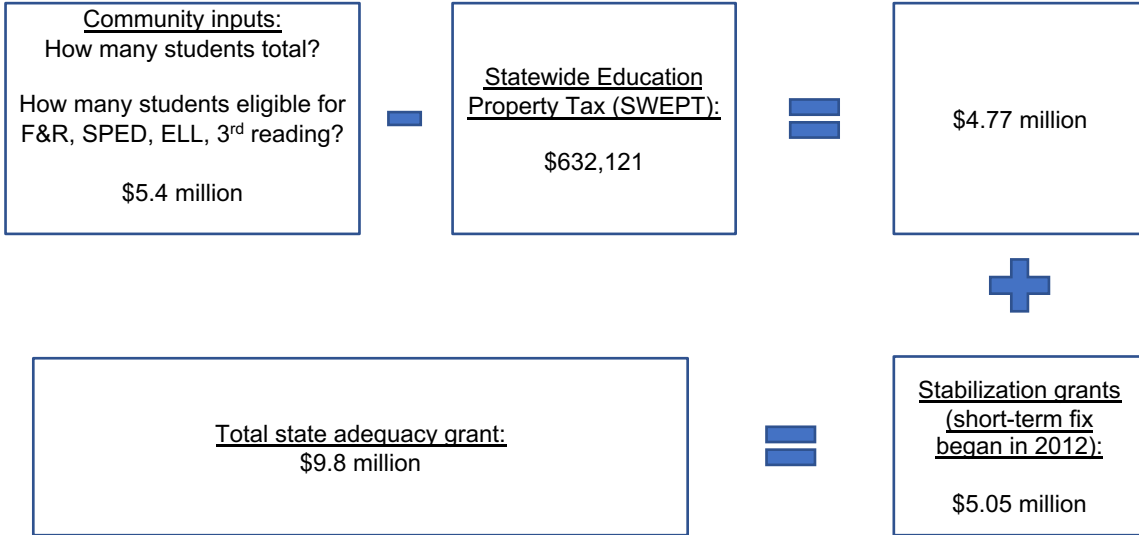
Total revenues for public elementary & secondary education (ex. charter, school year 2017-18)



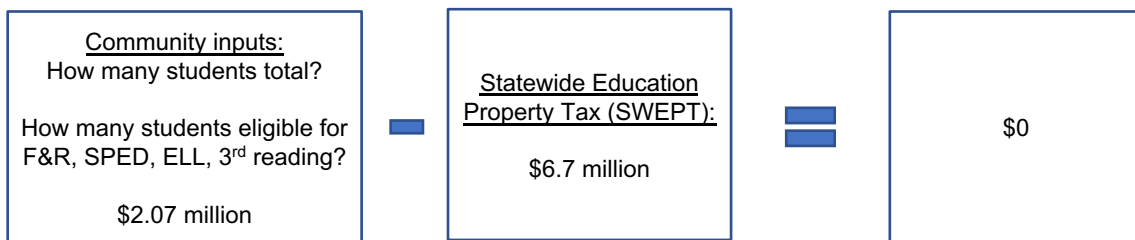
State education aid...not important for some, crucial for others

	New Hampshire		Moultonborough	
Property Taxes (Local + State)	\$2,223,317,101	72%	\$12,830,083	84%
State Adequacy Grants	\$563,059,450	18%	\$0	0%
Federal Sources	\$173,816,060	6%	\$501,960	3%
Other State and Local Sources	\$136,104,293	4%	\$2,042,247	13%
	Manchester		Berlin	
Property Taxes (Local + State)	\$96,737,740	51%	\$5,700,730	28%
State Adequacy Grants	\$56,954,983	30%	\$10,014,976	49%
Federal Sources	\$21,783,711	12%	\$2,838,024	14%
Other State and Local Sources	\$12,831,857	7%	\$1,754,746	9%

Berlin: The "black box" that is the state's adequacy formula (FY2018)



Moultonborough: The "black box" that is the state's adequacy formula (FY2018)



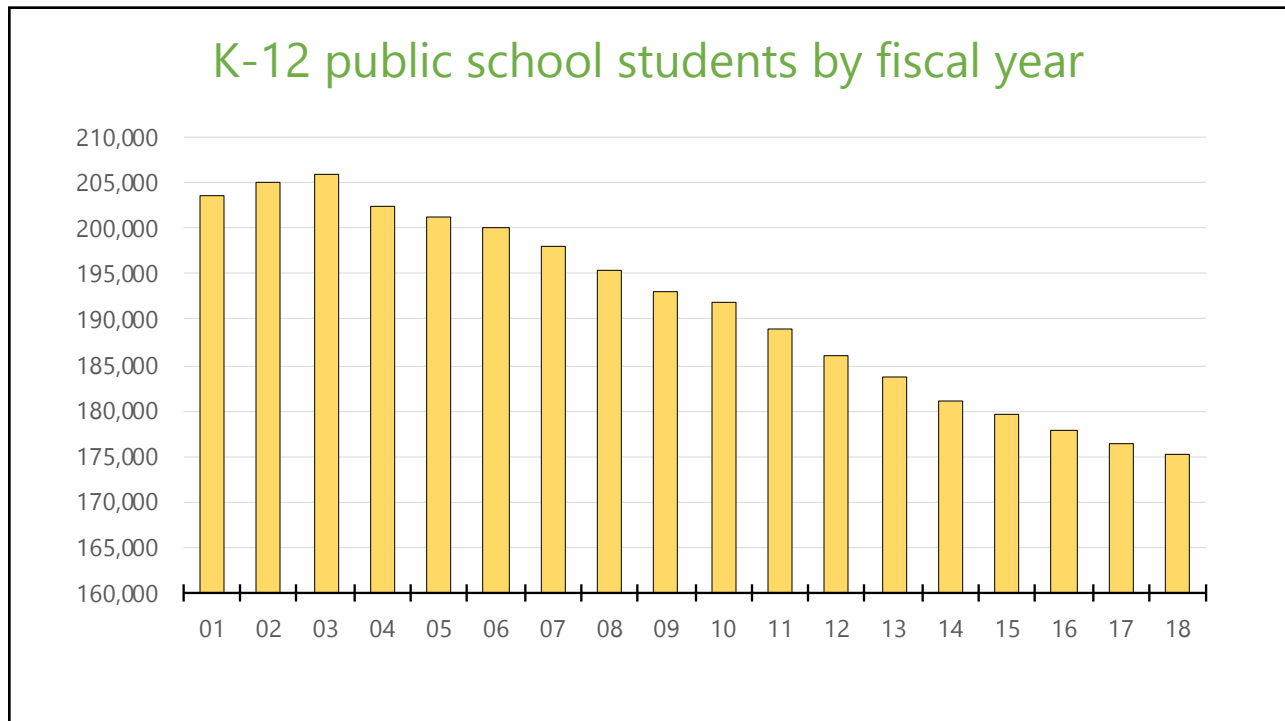
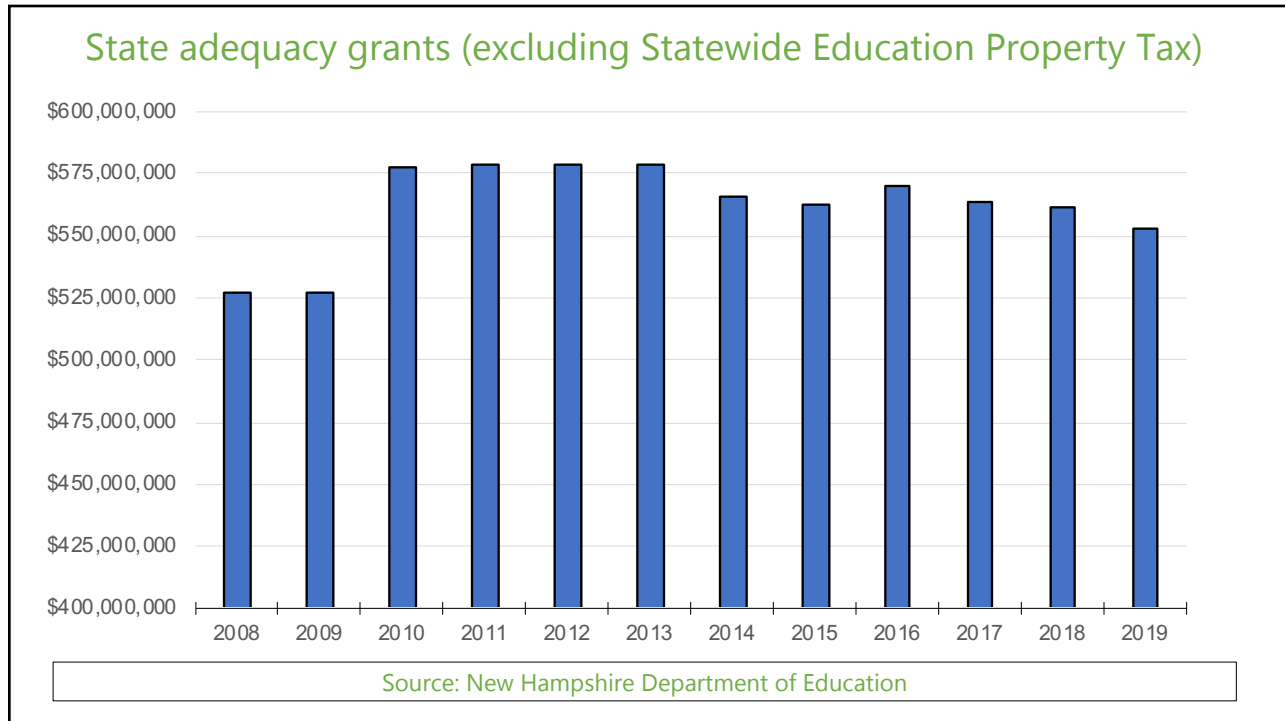
FY2018: State aid per pupil (excluding Statewide Education Property Tax)

Stratford	\$	10,307				39 communities receive \$0
Dorchester	\$	9,573				
Berlin	\$	9,285				
Northumberland	\$	8,864				
Hinsdale	\$	8,433				
Greenville	\$	7,996				
Sullivan	\$	7,986	25th percentile	\$	1,691	
Newport	\$	7,948	75th percentile	\$	4,793	
Lisbon	\$	7,905				
Lancaster	\$	7,777				
Pittsfield	\$	7,747				
Charlestown	\$	7,665				
Allenstown	\$	7,644				
Marlow	\$	7,567				
Claremont	\$	7,562				

Okay...so we have started to learn about the "what"...

...let's transition to the recent past and see what's been happening...

...to attempt to unpack the "why", why is education funding a hot topic



FY2012: Legislature made large changes to the formula

Stabilization Grants

Elimination of Fiscal Capacity Disparity Aid

Eligibility Requirement	Per Pupil Aid
Top half of the lowest quartile of municipalities based upon equalized valuation per pupil & where median family income < state average	\$1,250
Bottom half of the lowest quartile of municipalities based upon equalized valuation per pupil & where median family income < state average	\$2,000

~\$50 million

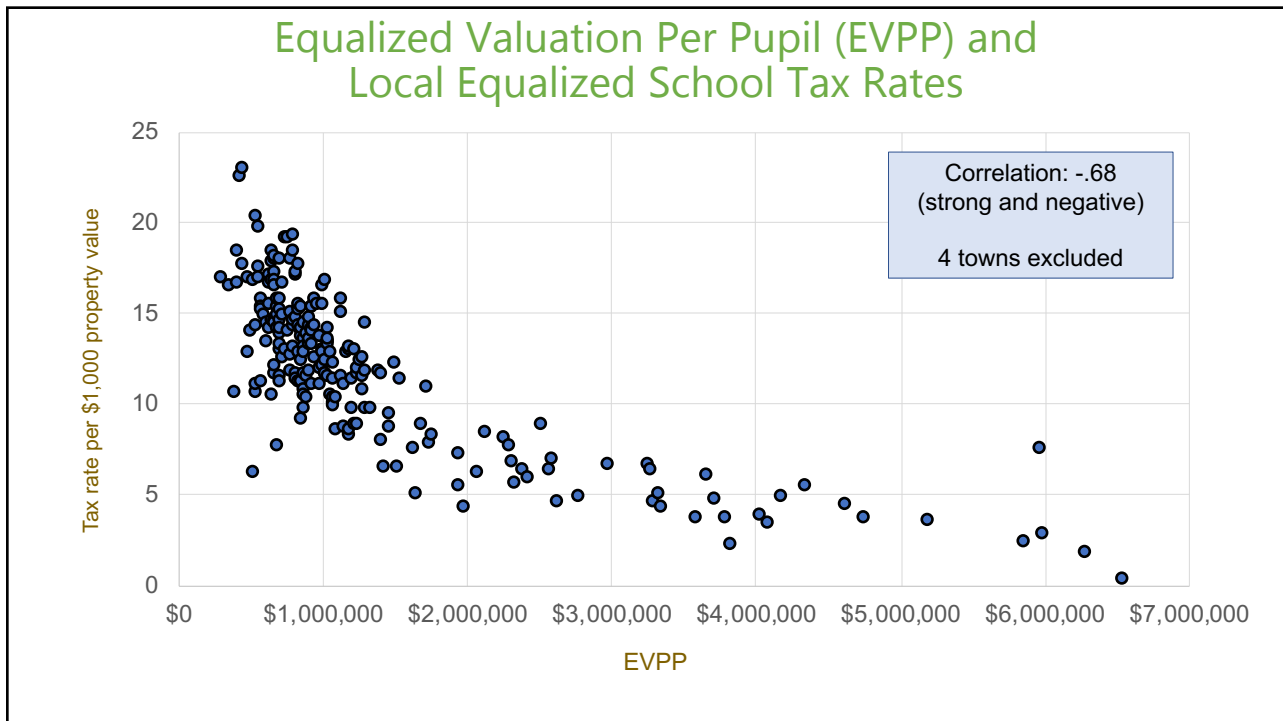
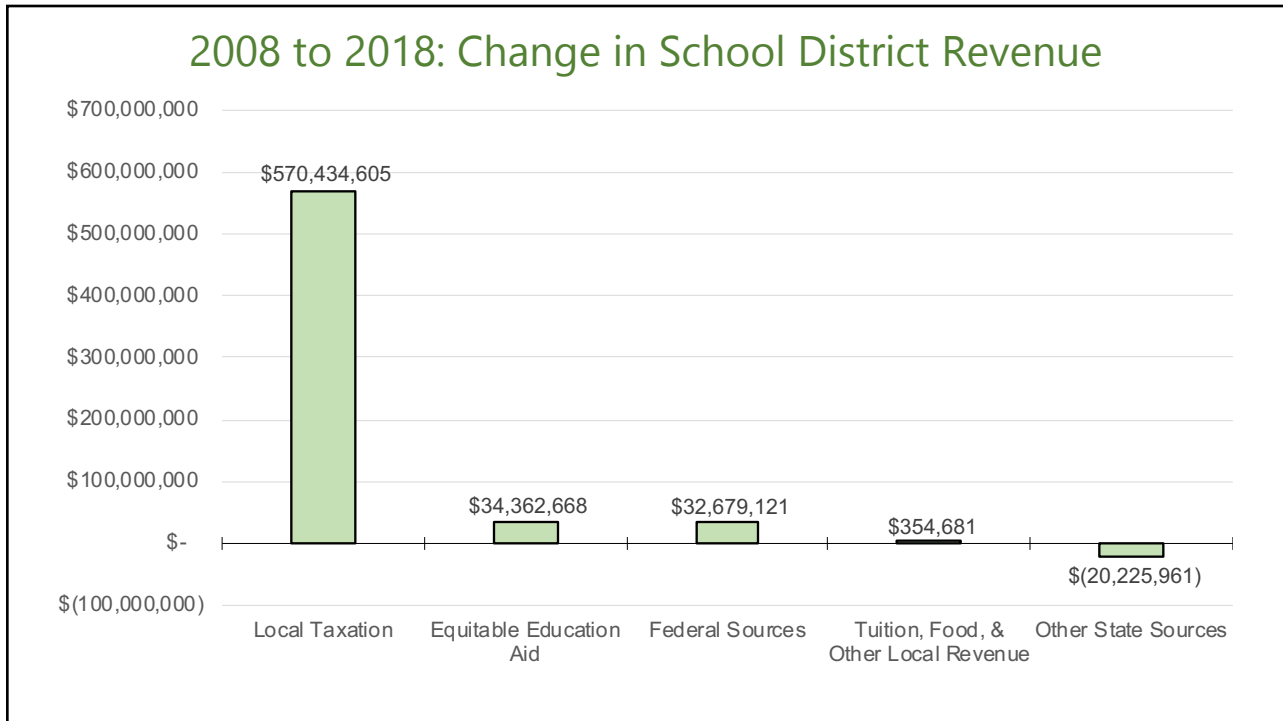
Changes to Differentiated Adequacy Grants

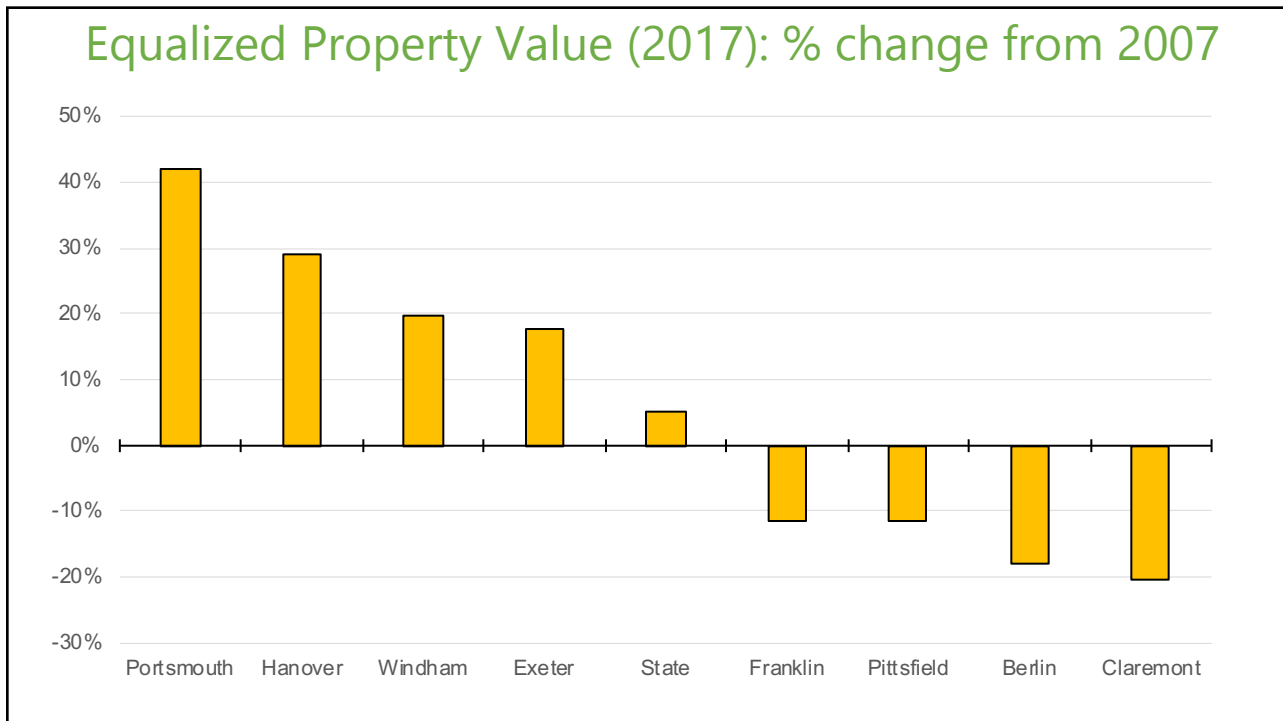
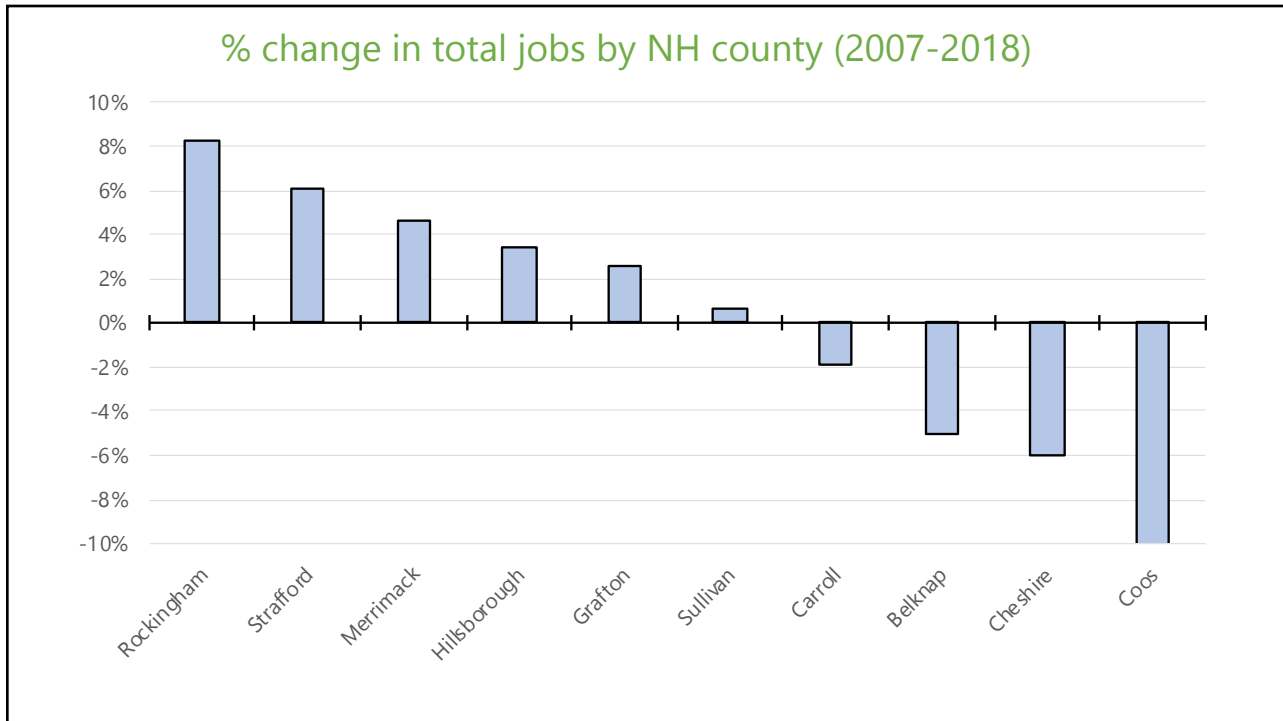
Before		After
% FRL Students	Per Pupil Aid	Per Pupil Aid
1% - 12%	\$431	\$1,725
12% - 24%	\$863*	
24% - 36%	\$1,725*	
36% - 48%	\$2,588*	
> 48%	\$3,450*	

~100 million

*Allocated for all students in the school regardless of whether they qualify for FRL

Top 15 communities in terms of stabilization grant per student (> 100 students)				
	Stabilization grant per student (FY2016)	Equalized education tax rate (2018)	Property wealth per student (2018)	Free and reduced lunch (FY2019)
Berlin	\$5,076	\$18.82	\$325,535	57%
Hinsdale	\$4,922	\$18.08	\$670,678	49%
Northumberland	\$4,779	\$18.42	\$364,793	48%
Newport	\$4,514	\$15.16	\$517,989	55%
Greenville	\$4,388	\$12.74	\$457,080	39%
Allentown	\$4,345	\$18.85	\$537,689	41%
Lancaster	\$4,236	\$13.23	\$536,496	44%
Pittsfield	\$4,136	\$19.83	\$469,334	50%
Colebrook	\$4,127	\$16.36	\$696,066	42%
Troy	\$3,962	\$18.43	\$431,066	37%
Milan	\$3,944	\$16.60	\$623,668	32%
Charlestown	\$3,917	\$25.11	\$411,462	44%
Lisbon	\$3,756	\$19.05	\$447,828	62%
Antrim	\$3,666	\$13.24	\$786,746	37%
Claremont	\$3,664	\$24.82	\$405,976	53%
These communities	\$4,229	\$17.92	\$512,160	46%
New Hampshire	\$919	\$13.87	\$1,044,933	28%





Downshifting

- New Hampshire Retirement System (NHRS)
 - In 2011, the state eliminated its 35% contribution (in place since 1977) to public sector pensions. According to the New Hampshire Municipal Association, in FY2016, this added about \$80M in extra costs to localities
- School building aid
 - Moratorium placed on new projects in 2011.
 - This is a program through which the state helped local school districts meet the costs of constructing or renovating school buildings
 - Nearly a decade later, \$650M worth of projects are on the waiting list
- Revenue sharing
 - State suspended general revenue-sharing with municipalities and counties (representing a cumulative loss of \$250 million from FY2010-2019).

So...what happened between the Legislature and the Governor?

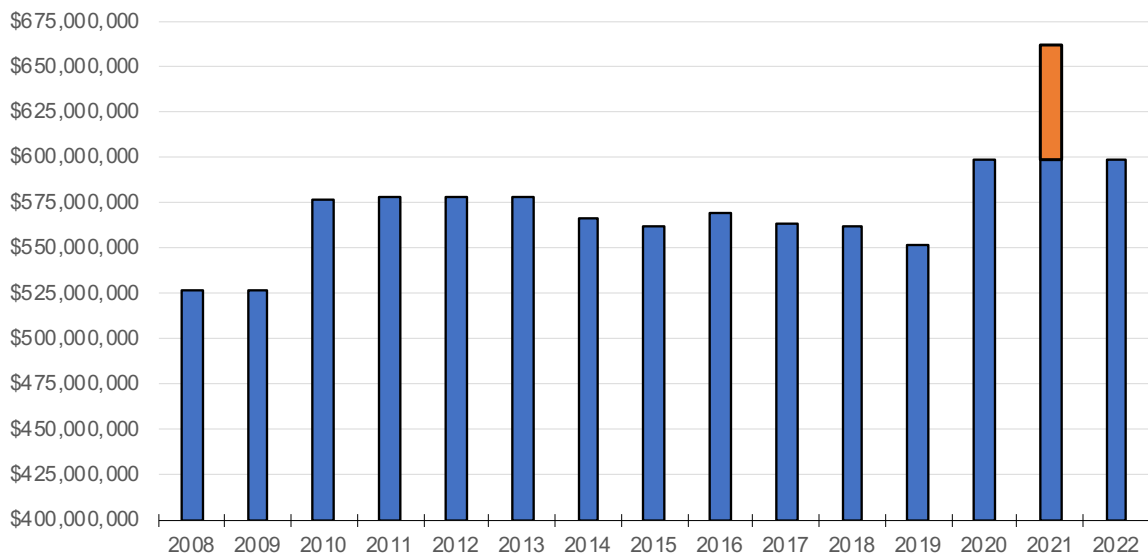
Where are we heading?

Compromise Budget (HB3 and HB4): Passed on September 25, 2019

- FY 2020
 - Restore stabilization grants to 100% of FY2016 levels
 - Eliminates "Kenogarten". Fully funds full day kindergarten students through the adequacy formula

- FY 2021
 - Fiscal Capacity Disparity Aid (+\$50 million):
 - Extra Free and Reduced Aid (+\$13 million):
 - Note: These are repealed in FY2022

State adequacy grants (excluding Statewide Education Property Tax)



Compromise Budget (HB3 and HB4): Passed on September 25, 2019

- Commission to Study School Funding
 - Members of the legislature and the public
 - Tasked with:
 - Make recommendations to ensure a uniform and equitable design for financing the cost of an adequate education
 - Determine whether the school funding formula complies with court decisions mandating the opportunity for an adequate education for all students with a revenue source that is uniform across the state.
 - Re-establish the baseline for the costs, programs, staffing, and facilities needed to provide the opportunity for an adequate education.
 - Report due on September 1, 2020

Contoocook Valley School District, et al vs State of New Hampshire

- March 2019: Lawsuit filed
 - The State's current funding of only \$3,636 per child does not fund the actual transportation costs incurred by districts, does not apply the actual teacher-student ratios, does not accurately reflect the actual benefits required by the State, does not provide any funding for school nurses, superintendent services, or food services as required by state law and provides less than 20% of the actual statewide average facilities operations and maintenance costs.
- June 2019: Cheshire County Superior Court decision
 - According to the Petitioners, the per pupil cost set forth in RSA 198:40-a, II(a) fails to sufficiently fund an adequate education as guaranteed by Part II, Article 83 of the New Hampshire Constitution.
- September 2019: State of New Hampshire appeals to State Supreme Court. The court has accepted the appeal.