

**10 Years Later: Property Poor School
Districts are Still Left
Behind By the State**



New Hampshire Citizens' Voice Project
www.nhcvp.org

Who We Are

The New Hampshire Citizens Voice Project (NHCVP) is a coalition of organizations that have come together to provide information about educational issues and to increase the role of citizens in shaping educational policy. Organizations involved include:

- New Hampshire School Administrators Association
- New Hampshire School Boards Association
- New Hampshire NEA
- New Hampshire Children's Alliance
- Claremont Coalition

10 Years Later Property Poor School Districts are Still Left Behind By the State

In 1990, five New Hampshire school districts, five students, and five taxpayers filed a lawsuit challenging the State's education funding system.¹ As part of the lawsuit there was a six week trial ten years ago, in June 1996. During the trial, the plaintiffs in the lawsuit presented data regarding a number of factors about the schools in the five school districts and about state education funding. This study examines this same data 10 years later to see how the Claremont Lawsuit school districts are doing.

During the trial in 1996, the most recent data available was from the 1993-94 school year. This study compares those 1993-94 figures to 2004-2005 figures (the most recent data available now).

Money Makes a Difference

At the time of the trial, the State provided funding to local school districts through a "foundation aid" program that provided varying amounts of funds to school districts based on a complicated formula called the Augenblick formula. Some school districts did not receive any foundation aid. The State at that time did not recognize its constitutional obligation to provide and fund an adequate education, so it did not provide any "adequacy funds," or any funds for that purpose.

The foundation aid provided was in most cases only a small percentage of the school district's actual educational costs. Table 1 shows the amount of foundation aid provided to the school districts involved in the Claremont Lawsuit compared to the schools' actual costs per pupil as reported by the State in 1993-1994.²

¹ For more information about the Claremont Lawsuit go to www.claremontlawsuit.org.

² Cost per pupil is a commonly used data point to review school districts' educational costs, but it is important to note that the cost per pupil figure does not represent a school districts' total costs to educate students. The cost per pupil figure excludes expensive items like certain facility costs (building and acquisition costs and bond and interest costs), some capital expenditures, transportation expenditures, and food expenditures.

Table 1 – State Funding Percentage 1993-94			
District	Cost Per Pupil 1993/94	Foundation Aid Per Pupil 1993/94	Percent of Cost Per Pupil State Funded 1993/94
Allenstown	\$4,310	\$1,816	42%
Claremont	\$5,419	\$1,099	20%
Franklin	\$3,541	\$703	19%
Lisbon	\$6,017	\$1,697	28%
Pittsfield	\$4,493	\$1,288	28%

After the Claremont trial, the New Hampshire Supreme Court ruled that the State’s education funding system was unconstitutional. Since that time, the State has enacted a number of different funding plans. In 2004-2005, the State provided “adequacy grants” to schools. These grants essentially replaced the foundation aid funds and increased the amount of state funds provided to the Claremont Lawsuit school districts. Table 2 shows the funding provided to the Claremont Lawsuit school districts in 2004-2005.

Table 2 – State Funding Percentage 2004-05			
District	Cost Per Pupil 2004-05	Adequacy Grant Per Pupil 2004-205	Percent of Cost Per Pupil State Funded 2004-05
Allenstown	\$9,150	\$4,361	47%
Claremont	\$10,379	\$4,058	39%
Franklin	\$6,530	\$4,407	67%
Lisbon	\$9,651	\$4,471	46%
Pittsfield	\$9,887	\$4,691	47%

Ten years after the trial, the State had increased the amount of state funds being provided to the school districts in the Claremont Lawsuit, but at the same time, the school districts’ costs had just about doubled. Still, in most of the Claremont Lawsuit school districts, the State increased its funding from about one-quarter of the school’s cost per pupil to about half of the school’s cost per pupil. Table 3 shows the comparisons.

Table 3 – Comparison of State Funding Percentages						
District	Cost Per Pupil 1993/94	Foundation Aid Per Pupil 1993/94	Percent of Cost Per Pupil State Funded 1993/94	Cost Per Pupil 2004-05	Adequacy Grant Per Pupil 2004-05	Percent of Cost Per Pupil State Funded 04-05
Allenstown	\$4,310	\$1,816	42%	\$9,150	\$4,361	47%
Claremont	\$5,419	\$1,099	20%	\$10,379	\$4,058	39%
Franklin	\$3,541	\$703	19%	\$6,530	\$4,407	67%
Lisbon	\$6,017	\$1,697	28%	\$9,651	\$4,471	46%
Pittsfield	\$4,493	\$1,288	28%	\$9,887	\$4,691	47%

The additional state funds have been well spent by the Claremont Lawsuit school districts and have paid dividends for the school districts and for the state as a whole. The Claremont Lawsuit school districts have for the most part been able to increase their teacher salaries, reduce their student to teacher ratios, improve their state assessment test scores, and improve their graduation rates and drop-out rates over this 11 year period.

Table 4 shows the increases in average teacher salary:

Table 4 – Avg. Teacher Salaries		
District	Avg. Teacher Salary 1993-94	Avg. Teacher Salary 2004-05
Allenstown	\$28,587	\$43,161
Claremont	\$31,383	\$38,767
Franklin	\$25,059	\$34,006
Lisbon	\$31,752	\$42,717
Pittsfield	\$24,000	\$33,874
State Avg.	\$34,166	\$43,941

Table 5 shows the improvements in student to teacher ratios:

Table 5 – Student Teacher Ratios		
District	Student Teacher Ratio 1993-94	Student Teacher Ratio 2004-05
Allenstown	17.1	12.9
Claremont	14.1	11.7
Franklin	18	12.8
Lisbon	11.9	11.6
Pittsfield	17.2	11.8
State Avg.	15	13.2

Table 6 shows the state assessment scores:

Table 6 3 rd Grade Assessment scores – Percentage Scoring Basic And Above				
District	1993/94	2004/205	1993/94	2004/05
	Language Arts	Language Arts	Math	Math
Allenstown	42	70	54	64
Claremont	45	58	42	63
Franklin	32	44	31	66
Pittsfield	34	71	36	72
Lisbon	77	63	67	70

Table 7 shows the percentage of students going to post-secondary schools:

Table 7 Post-Secondary Rates				
District	Percent to 4 Year Colleges 1993-94	Percent to 4 Year Colleges 2004-2005	Percent To All Forms Of Post- Secondary 1993-94	Percent To All Forms Of Post- Secondary 2004-2005
Allenstown ³	n/a	n/a	n/a	n/a
Claremont	32	35	53	60
Franklin	28	18	59	57
Lisbon	47	33	65	54
Pittsfield	14	25	40	46

³ Allenstown students go to Pembroke Academy for high school along with students from neighboring school districts, so drop out and post-secondary information for Allenstown was not presented at trial.

Table 8 shows the drop out rates in the school districts:⁴

Table 8 School District Drop-out Rates				
District	Annual Percentage In 1993-94	Annual Percentage In 2004-2005	Four Year Cumulative Percentage In 1993-94 ⁵	Four Year Cumulative Percentage In 2004-2005
Allenstown	n/a	n/a	n/a	n/a
Claremont	12.75	6.7	46	24.2
Franklin	4.79	2.6	18.39	10
Lisbon	3.19	2.6	12.24	10
Pittsfield	4.74	4.6	17.72	17.2
State avg	4.29	3.4	17	12.9

The Claremont Lawsuit School Districts Are Still Left Behind By The State

While the school districts in the Claremont Lawsuit have made progress, when compared to other schools, they are still being left behind by the State.

During the trial in June of 1996, the Claremont Lawsuit school districts presented data comparing their schools to 5 comparison school districts that were similar in terms of size and demographics, but were different in that they were located in “property wealthy” areas. The comparisons are important since students from schools throughout New Hampshire compete for post-secondary educational opportunities and for employment opportunities. The New Hampshire Supreme Court has recognized these realities and has stated that the constitutional duty to provide an adequate education is to help prepare New Hampshire students to become “competitors in the marketplace of ideas.”⁶

While the constitution does not require the results between the Claremont Lawsuit school districts and the comparison districts to be identical or equal, there should not be too large of a gap between them in terms of the data points that are often used to measure schools. These include educational “inputs” like spending, student to teacher ratio, and average teacher salaries, and “outputs” like assessment test scores, drop out rates and post-secondary rates.

⁴ The State made some changes to the way it calculates drop out rates over the 11 year period from 1993-94 to 2004-05. Even with those changes, we believe the numbers still show that the Claremont Lawsuit school districts reduced their drop out rates to some extent over this 11 year period.

⁵ The State did not calculate cumulative percentages in 1993. This number is our calculation using the formula proposed by the New Hampshire Center for Public Policy Studies. See One in Four: School Drop-outs in New Hampshire at <http://www.unh.edu/nhepps/dropouts.pdf>. The State uses this same formula now and calculates the cumulative percentages. The cumulative percentages in 2004-2005 come directly from the State. See NHDOE Drop-out Rates for Grades 9-12 in 2004-2005 at <http://www.ed.state.nh.us/education/data/ReportsandStatistics/DropOuts/DropOuts%202004-2005/Dropouts%202004-2005%20Frameset.htm>.

⁶ To view the Claremont court decisions, go to http://www.claremontlawsuit.org/claremont_court_decisions.htm.

At trial in 1996, there were large gaps between the Claremont Lawsuit school districts and the comparison school districts in just about all of these areas. Despite the improvements noted over the past 11 years in the Claremont Lawsuit school districts, these large gaps continue.

For example, table 9 shows that while the Claremont Lawsuit school districts have received increased state funds and have increased their spending as a result, the property wealth school districts still spend on average \$3,249 more per pupil. The data also shows that the percentage difference between the Claremont Lawsuit school districts cost per pupil and the comparison districts cost per pupil is still roughly the same as it was 10 years ago. This means that the State funds have not been enough to allow the Claremont Lawsuit school districts to gain much ground on the comparison districts. It also highlights how low the funding amounts were at the time of the trial in 1996.

Table 9 - Cost per Pupil by District 1993-94 to 2004-05		
District	1993/94	2004/05
Allenstown	\$4,310	\$9,150
Rye	\$5,813	\$11,922
Dollar difference	\$1,503	\$2,771
Percent difference	34%	30%
Claremont	\$5,419	\$10,379
Lebanon	\$6,861	\$12,652
Dollar difference	\$1,442	\$2,273
Percent difference	26%	22%
Franklin	\$3,541	\$6,530
Gilford	\$6,442	\$11,795
Dollar difference	\$2,901	\$5,264
Percent difference	82%	81%
Pittsfield	\$4,493	\$9,887
Moultonborough	\$6,426	\$13,470
Dollar difference	\$1,933	\$3,582
Percent difference	43%	36%
Lisbon	\$6,017	\$9,651
Lin-Wood	\$7,167	\$12,007
Dollar difference	\$1,150	\$2,355
Percent difference	19%	24%

At trial in 1996, a big issue in our state was the fact that the lack of state education funding resulted in local communities funding the majority of educational expenditures with local property taxes. Property wealthy towns have high property values, so they can raise large sums of money for their schools with very low tax rates. By contrast, property poor school districts have low property values and require very high tax rates to raise revenue for their schools.

Even with these higher rates, the property poor school districts like the Claremont Lawsuit school districts are not able to raise the same amounts of money that their property wealthy counter-parts raise.

The insufficient increases in state funds noted in Table 9 have also resulted in the continuation of this problem. Tax rates remain high in most of the Claremont Lawsuit school districts when compared to the comparison school districts. Table 10 shows the education property tax rates from 1993-94 to 2004-2005.

Table 10 - Education Property Tax Rates		
District	1993/94	2004/05
Allenstown	\$24.84	\$13.24
Rye	\$6.88	\$6.5
Dollar difference	\$17.96	\$6.74
Claremont	\$19.77	\$16.94
Lebanon	\$18.71	\$12.33
Dollar difference	\$1.06	\$4.61
Franklin	\$16.26	\$8.37
Gilford	\$12.33	\$9.89
Dollar difference	\$3.93	\$-1.52
Percent difference		
Pittsfield	\$25.32	\$13.7
Moultonborough	\$5.48	\$5.24
Dollar difference	\$19.84	\$8.46
Lisbon	\$20.53	\$15.22
Lin-Wood	\$7.89	\$5.92
Dollar difference	\$12.64	\$9.3

While Table 10 shows that the tax rate disparity has been reduced to some extent over the past 11 years, when you combine the remaining difference with the additional amounts the comparison districts are able to spend per pupil at those lower rates, the remaining difference is still very real and significant. Table 11 shows the tax rates and cost per pupil variances between the districts.⁷

⁷ As noted in Table 10, Franklin's tax rate is now lower than Gilford's. This is a result of two factors: 1) Franklin has a local tax cap that limits the increases the town may impose on its local tax rate, and 2) Franklin's spending per pupil is very low. With a cost per pupil of \$6,530 in 2004-2005, Franklin was the second lowest spending school district in the state behind only Weare. The state average cost per pupil in 2004-2005 was \$9,098 per pupil. At \$11,795 per pupil, Gilford spent almost twice as much as Franklin in 2004-2005. Moreover, Table 11 still illustrates the point that with a tax rate of only \$1.52 per thousand more, Gilford is able to raise and spend \$5,265 per pupil more than Franklin

Table 11 – Tax Rate and Cost Per Pupil Comparison				
District	Tax Rate 1993-94	Cost Per Pupil 1993-94	Tax Rate 2004-2005	Cost Per Pupil 2004-2005
Allenstown	\$24.84	\$4,310	\$13.24	\$9,150
Rye	\$6.88	\$5,813	\$6.50	\$11,922
Claremont	\$19.77	\$5,419	\$16.94	\$10,379
Lebanon	\$18.71	\$6,861	\$12.33	\$12,652
Franklin	\$16.26	\$3,541	\$8.37	\$6,530
Gilford	\$12.33	\$6,442	\$9.89	\$11,795
Pittsfield	\$25.32	\$4,493	\$13.70	\$9,887
Moultonborough	\$5.48	\$6,426	\$5.24	\$13,470
Lisbon	\$20.53	\$6,017	\$15.22	\$9,651
Lin-Wood	\$7.89	\$7,167	\$5.92	\$12,007

Similarly, while the Claremont Lawsuit districts have been able to increase their average teacher salaries, the disparity between the average teacher salaries has increased. The Claremont Lawsuit school districts pay on average over \$8,000 per year less than the comparison districts. This affects the districts’ ability to attract and maintain high quality teachers – an essential component of a quality education. The differences are shown in Table 12:

Table 12 - Average Teacher Salary Comparison		
District	1993-94	2004-05
Allenstown	\$28,587	\$43,161
Rye	\$35,076	\$50,724
Difference	\$6,489	\$7,563
Claremont	\$31,383	\$38,767
Lebanon	\$38,821	\$49,330
Difference	\$7,438	\$10,563
Franklin	\$25,059	\$34,006
Gilford	\$36,280	\$46,346
Difference	\$11,221	\$12,340
Lisbon	\$31,752	\$42,717
Lincoln	\$33,285	\$40,134
Difference	\$1,533	-\$2,583
Pittsfield	\$24,000	\$33,874
Moultonborough	\$34,274	\$46,800
Difference	\$10,274	\$12,926
State Avg.	\$34,166	\$43,941

Differences in student to teacher ratios still exist as well in 2004-2005 as shown in Table 13:

Table 13 - Teacher Student Ratio Comparisons		
District	Student Teacher Ratio 1993-94	Student Teacher Ratio 2004-05
Allenstown	17.1	12.9
Rye	13.6	10.1
Difference	3.5	2.8
Claremont	14.1	11.7
Lebanon	15	10.3
Difference	-.9	1.4
Franklin	18	12.8
Gilford	12.7	11.5
Difference	5.3	1.3
Lisbon	11.9	11.6
Lincoln	12.8	8.7
Difference	-.9	2.9
Pittsfield	17.2	11.8
Moultonborough	16	10.3
Difference	1.2	1.5
State Avg.	15	13.2

As noted in Table 6, the Claremont Lawsuit school districts have increased their scores on the statewide assessment test over the last 11 years, but as noted in Table 14 below when the results are compared to the “property wealthy” districts, there are still large gaps in student achievement.

Table 14 - State Assessment Scores Comparison				
District	1993/94	2004/205	1993/94	2004/05
	Language Arts	Language Arts	Math	Math
Allenstown	42	70	54	64
Rye	87	90	96	92
Difference	45	20	42	28
Claremont	45	58	42	63
Lebanon	50	73	55	71
Difference	5	15	13	8
Franklin	32	44	31	66
Gilford	78	89	75	93
Difference	46	45	44	27
Pittsfield	34	71	36	72
Moultonborough	66	86	65	90
Difference	32	15	29	18
Lisbon	77	63	67	70
Lin-Wood	48	91	52	77
Difference	-29	28	-15	7

Similarly, a large gap still exists between the Claremont Lawsuit school districts and most of their property wealthy counterparts in terms of drop out rates and students going on to post-secondary opportunities as shown in tables 15 and 16:⁸

Table 15 - Drop Out Rate Comparison				
District	Annual Percentage 1993-94	Annual Percentage 2004-2005	4 year Cumulative Percentage 1993-94	4 year Cumulative Percentage 2004-2005
Claremont	12.75	6.7	46	24.2
Lebanon	2.84	1.9	11.04	7.4
Franklin	4.79	2.6	18.39	10
Gilford	1.16	2.6	4.45	10
Lisbon	3.19	2.6	12.24	10
Lincoln	1.68	0	6.72	0
Pittsfield	4.74	4.6	17.72	17.2
Moultonborough	.59	1.4	2.31	5.5
State Avg.	4.29	3.4	17	12.9

⁸ Allenstown and Rye are not included since they are K-8 school districts.

Table 16 - Post Secondary Comparison				
District	Percent to 4 Year Colleges 1993-94	Percent to 4 year Colleges 2004-2005	Percent to All Forms of Post-Secondary 1993-94	Percent to All Forms of Post-Secondary 2004-05
Claremont	32	35	53	60
Lebanon	56	58	71	68
Franklin	28	18	59	57
Gilford	63	45	75	82
Lisbon	47	33	65	54
Lincoln	41	42	55	58
Pittsfield	14	25	40	46
Moultonborough	73	55	85	84

Impediments To Real Progress

There have been a number of factors at the State level that have contributed to the continued disparities between the Claremont Lawsuit school districts and their property wealthy counterparts. The primary reason has been the State’s failure to properly determine the specific components of an adequate education and failure to provide local school districts with the funding and other resources necessary to help them meet those components and provide an adequate education.

This failure has resulted in ever changing and inconsistent amounts of funds to school districts that don’t even cover their basic operating expenditures. For more information about how state education funds don’t even pay for the “bare essential” educational expenditures see NHCVP’s “Fund the Gap” report at www.nhcvp.org.

A couple of additional data points show the arbitrary and political nature of education funding since the Claremont trial 10 years ago. One is that the amount of funds that the State has determined to be necessary to provide an adequate education has decreased over the years while local school districts’ costs have increased.

Table 17 shows the cost of an adequate education according to the State for each of the Claremont Lawsuit school districts and statewide since 2001-2002:

Table 17 - Decreasing Cost of Adequacy				
Total Cost Of Adequacy According To The State By District	2001-2002	2002-2003	2003-2004	2004-2005
Allenstown	\$3,729,616	\$3,825,104	\$3,777,417	\$4,272,639
Claremont	\$10,392,144	\$10,398,433	\$9,818,452	\$9,569,685
Franklin	\$6,934,918	\$6,976,293	\$6,677,726	\$6,866,654
Lisbon	\$1,518,965	\$1,515,812	\$1,507,216	\$1,575,502
Pittsfield	\$3,768,557	\$3,780,071	\$3,531,244	\$4,313,739
Statewide	\$880,657,284	\$896,869,535	\$885,141,619	\$804,800,238

The State's calculations of an adequate education have no rhyme or reason. Claremont and Franklin's adequacy costs simply cannot be less expensive in 2004-2005 than they were in 2001-2002 when the actual costs in those school districts have increased over the same period of time (see Table 18). The marginal increases for Allenstown, Lisbon and Pittsfield were not nearly enough to keep up with increased actual costs.

During this same four year period of fluctuating adequacy funds, the cost of providing educational services has increased each year in each of the Claremont Lawsuit school districts and statewide as shown in the cost per pupil and total state educational expenditure figures in Tables 18 and 19.

Table 18 – Increasing Actual Costs				
	2001-2002	2002-2003	2003-2004	2004-2005
Allenstown Cost Per Pupil	\$5,994	\$7,012	\$8,088	\$9,150
Claremont Cost Per Pupil	\$8,806	\$9,350	\$9,814	\$10,379
Franklin Cost Per Pupil	\$5,821	\$5,665	\$6,291	\$6,530
Lisbon Cost Per Pupil	\$7,961	\$8,199	\$8,917	\$9,651
Pittsfield Post Per Pupil	\$7,096	\$7,381	\$8,784	\$9,887
State Avg. Cost Per Pupil	\$7,233	\$7,809	\$8,496	\$9,098
Total State Expenditures Per Pupil ⁹	\$8,948.50	\$9,453.52	\$10,391	\$10,885.86

⁹ This figure includes the expenditures that are excluded in the State and local school district cost per pupil figures. See Footnote 2.

Table 19 Increasing Expenditures vs. Decreasing Adequacy Amounts		
Year	State Total Educational Expenditures	State Adequacy Amount
2001-2002	1,798,818,174	\$880,657,284
2002-2003	1,896,791,232	\$896,869,535
2003-2004	2,048,737,201	\$885,141,619
2004-2005	2,129,318,576	\$804,800,238
2005-2006	2,364,455,427	\$836,204,501 ¹⁰

The decreasing adequacy figures by the State when actual expenses are increasing shows that state adequacy funding has not been based on actual school expenditures or what it actually costs to educate students. Rather, the State determined adequacy amounts arbitrarily go up and down in various districts and on a statewide basis because of sheer political reasons.

HB 616 (The Gatsas Plan) Does Not Correct The Problems

The State's current funding plan will not correct these problems, nor allow the Claremont Lawsuit school districts to gain much ground on their property-wealthy counterparts. Despite all the talk of targeting funds to needy school districts, HB 616 does not make much of a difference in the Claremont Lawsuit school districts when compared to their actual expenditures as shown in Table 20.

Table 20 Funding Under Current Education Funding Plan (Gatsas Plan or HB616) Compared To Prior Year Funding Plan						
District	Cost Per Pupil 2004-05	Adequacy Grant Per Pupil 2004-05	Percent of Cost Per Pupil State Funded 2004-05	Estimated Cost Per Pupil 2005-06 ¹¹	State Grant Per Pupil 2005-06	Percent of Cost Per Pupil State Funded 2005-06
Allenstown	\$9,150	\$4,361	47%	10,202	\$4,885	47%
Claremont	\$10,379	\$4,058	39%	10,903	\$4,984	45%
Franklin	\$6,530	\$4,407	67%	6,766	\$5,341	78%
Lisbon	\$9,651	\$4,471	46%	10,214	\$5,633	55%
Pittsfield	\$9,887	\$4,691	47%	10,816	\$5,309	49%

¹⁰ In 2005-2006, the State changed the name of its adequacy funds to "equitable education aid."

¹¹ The school districts' actual cost per pupil for 2005-2006 is not yet available. This estimated cost per pupil adds the average increase in the specific school district over the last five years to the school district's 2004-2005 cost per pupil figure.

Other than Franklin, the State is still only paying around half of the Claremont Lawsuit school district's costs per pupil (a cost figure that itself excludes a number of costs regarding facilities, transportation and food). Local school districts have to make up the unfunded difference and pay for the other half or more of their educational expenditures with local funds raised by local property taxes.¹²

With this system, property wealthy districts will always continue to out-spend their property poor counterparts since they can raise much more money with much lower tax rates. As shown in this report, this additional spending has resulted in lower student to teacher ratios, higher teacher salaries, lower drop out rates, and higher assessment scores and post-secondary opportunities in these property-wealth communities over the past 11 years.

Until the State addresses this problem in a real and meaningful way, the Claremont Lawsuit school districts and other property poor districts in the State will continue to be left behind.

For more information

This report and more information about these issues are available on our website www.nhevp.org

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¹² The State does provide some small amounts of additional state funds to at least some school districts in the form of building aid and catastrophic aid for special education. These funds are not mentioned here because they are minimal and don't affect our analysis or conclusions. For example, building aid and catastrophic aid for the Claremont School District in 2004-2005 was \$234 per student total.