

# The Claremont School Funding Reforms: Then and Now

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The so-called Claremont lawsuit brought against the State of New Hampshire in 1991 was decided by the Supreme Court in the *Claremont I* decision of 1993 and *Claremont II* decision of 1997. There was a two-fold goal of the lawsuit: (1) to reduce the disparity in funding per student among the school districts, and (2) to reduce the disparity in tax rates paid by tax payers for the purpose of educating the state's students.

The court concluded that the provision of an "adequate education" was a state responsibility and under the constitution must therefore be funded by taxes that are uniform in their rates.

The first reform measure enacted by the New Hampshire legislature to comply with the Supreme Court decisions went into effect in 1999. It included a uniform statewide property tax to be distributed to the school districts and increases in other taxes.

So what have been the results?

## 1. Spending per pupil

One goal of the Claremont lawsuit was to provide a more equal investment in education for students who lived in different school districts. In their case, the plaintiffs used spending per pupil as one proxy measure of the differences in the quality of education between districts and the NH Supreme Court cited such differences in its *Claremont I* ruling.

By comparing each town's funding per elementary student in school years 1998/99 (before reform) and 1999/2000 (immediately after reform), it is clear that the disparity in funding per student never really changed.

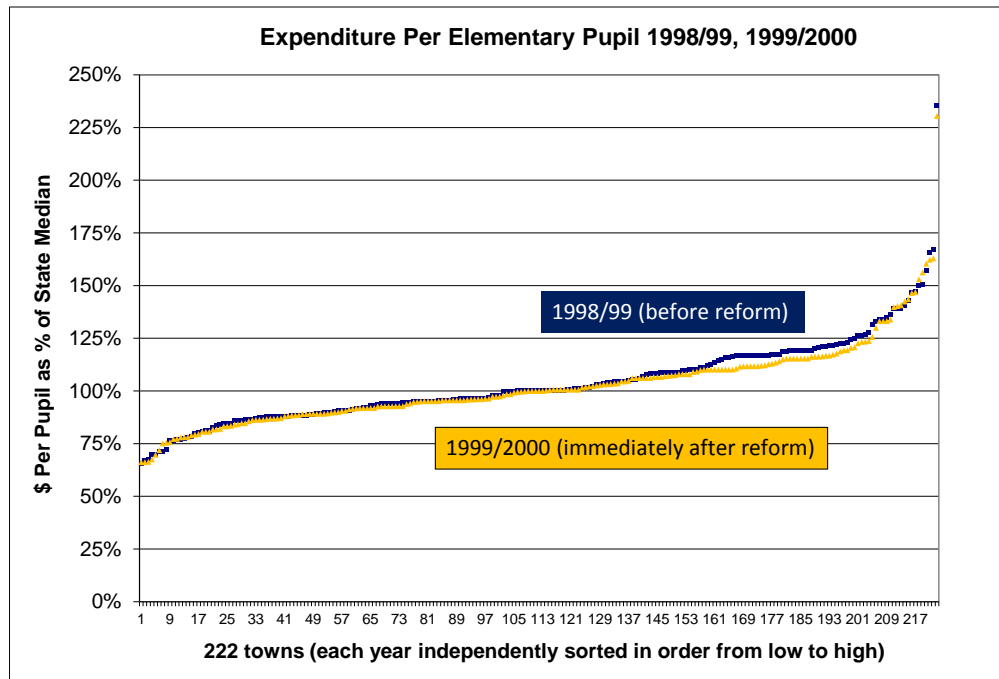


Figure 1

2016/2017 is the most recent school year for which data are available. The same pattern that existed in the 1998/1999 school year (before reform) continues with the exception that the highest spending schools are now spending even more than before (in comparison with the year's median town).

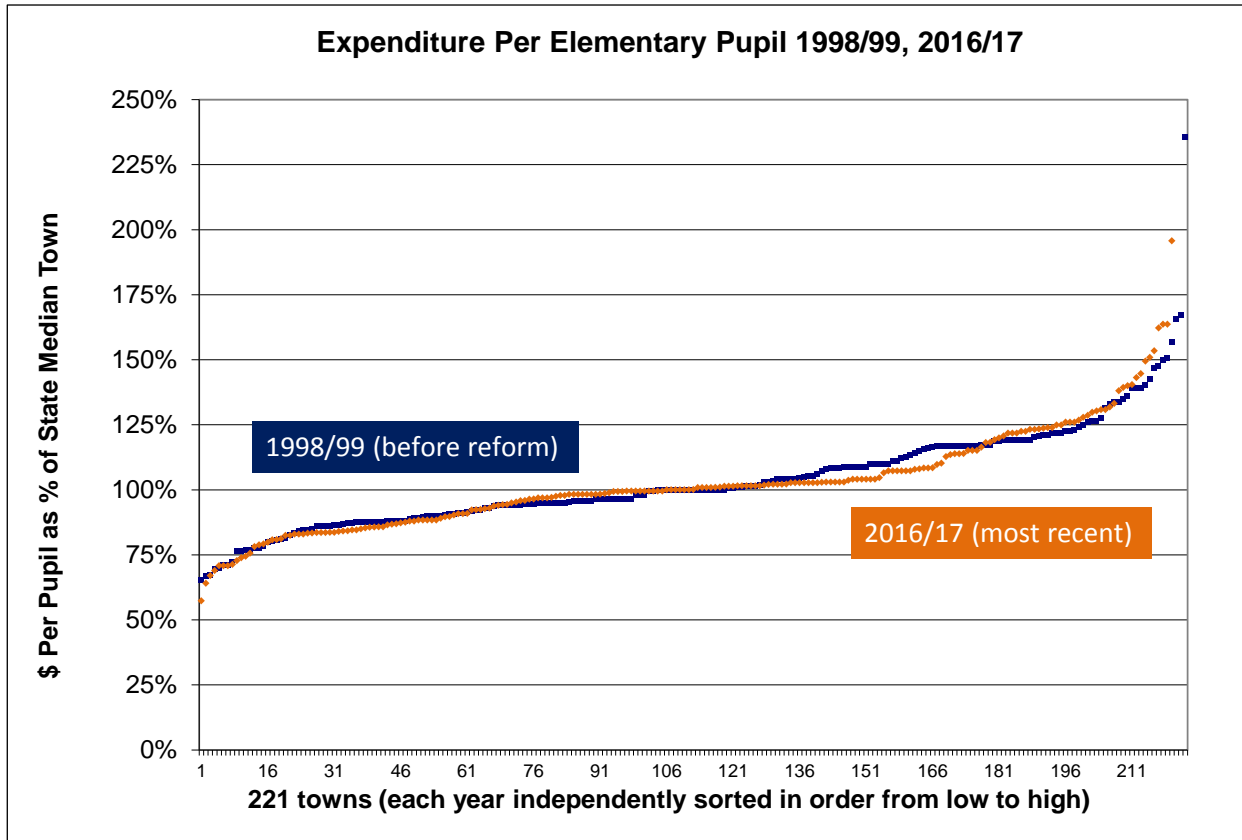


Figure 2

Comparing selected towns reveals that the variations across the distribution have not changed much at all since 1998/99.

Spending per Elementary Pupil	Before Reform	After Reform	
	1998/99	1st year 1999/00	18th year 2016/17
6th lowest	\$4,223	\$4,656	\$11,837
15th lowest	\$4,668	\$5,111	\$13,243
median	\$5,945	\$6,475	\$16,742
15th highest	\$8,014	\$8,625	\$22,272
6th highest	\$8,904	\$9,903	\$25,646
6th lowest as % of median	71%	72%	71%
15th lowest as % of median	79%	79%	79%
15th highest as % of median	135%	133%	133%
6th highest as % of median	150%	153%	153%
6th highest/6th lowest	2.11	2.13	2.17
15th highest/15th lowest	1.72	1.69	1.68

Table 1

In 2016/17 the town with the 6<sup>th</sup> highest spending per elementary pupil (Stratford) spent 2.17 times that of the town with the 6<sup>th</sup> lowest spending per elementary pupil (Greenville).

For an elementary class of 20 students, Stratford is spending \$264,000 more than Greenville for the same size class. And this will continue every year.

Data for spending per pupil at the high school level show a similar pattern. The Court's rulings and the state's response never made any difference in the large disparities in spending per pupil.

## 2. Property tax rates for schools

(Note: This section will be updated when the 2017 equalized tax rates are released June 1, 2018.)

A second goal of the Claremont lawsuit was to reduce the differences in property tax rates among the towns to support their schools. The NH Supreme Court cited large differences in property taxation in its *Claremont II* ruling.

By comparing each town's equalized tax rate for schools between tax year 1998 (before reform) and tax year 1999 (after reform), it is clear that the tax disparity was reduced, although it was far from eliminated.

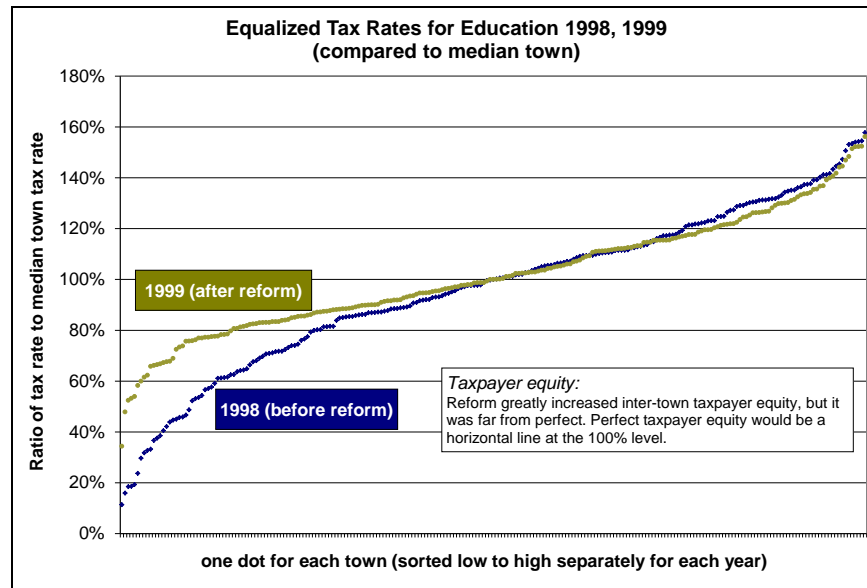


Figure 3

However, in the years since 1999, the legislature changed school finance laws many times. 2016 is the most recent year for which equalized tax rates are available. The same pattern that existed before reform in 1998 is again in place. In fact, some disparities have marginally increased

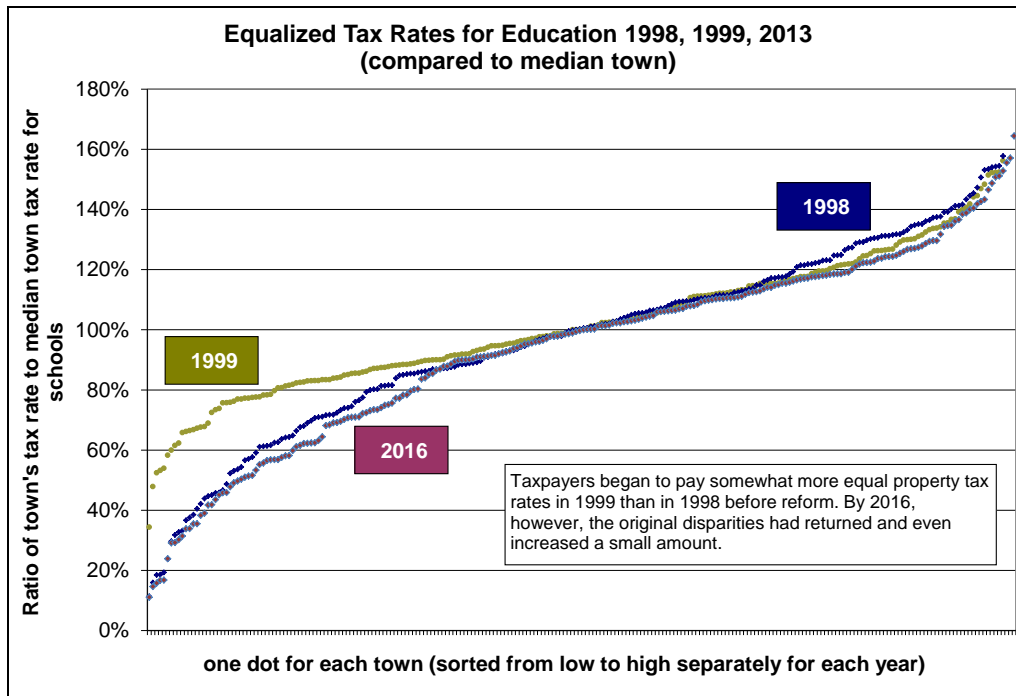


Figure 3

Comparing selected towns reveals that the reduction in differences in tax rates that occurred between 1998 and 1999 has now been reversed. The wide variation in tax rates that existed in 2016 was nearly identical to that of 1998.

Equalized Tax Rate for Schools	Before Reform	After Reform	
	1998	1999	2016
6th lowest	\$4.65	\$8.23	\$3.55
15th lowest	\$8.26	\$9.55	\$5.68
Median	\$19.61	\$14.13	\$14.81
15th highest	\$27.50	\$19.31	\$20.56
6th highest	\$30.03	\$20.96	\$22.39
6th lowest as % of median	24%	58%	24%
15th lowest as % of median	42%	68%	38%
15th highest as percent of median	140%	137%	139%
6th highest as % of median	153%	148%	151%
6th highest as % of 6th lowest	646%	255%	631%
15th highest as % of 15th lowest	333%	202%	362%

Table 2

In its 1997 Claremont II decision, the Court stated “...we hold that the present system of financing elementary and secondary public education in New Hampshire is unconstitutional. To hold otherwise would be to effectively conclude that it is reasonable, in discharging a State obligation, to tax property owners in one town or city as much as four times the amount taxed to others similarly situated in other towns or cities. This is precisely the kind of taxation and fiscal mischief from which the framers of our State Constitution took strong steps to protect our citizens.”

The Supreme Court ruled that the conditions it was presented with in 1997 were unconstitutional. What would it say today when the disparities in spending and taxes are identical to those of that time?

In its 1997 Claremont ruling, the Court stated, “The right to an adequate education mandated by the constitution is not based on the exclusive needs of a particular individual, but rather is a right held by the public to enforce the State’s duty. Any citizen has standing to enforce this right.”

**Is anyone up to the challenge? Will somebody bring the Court’s attention to the current situation?**