



CAMPAIGN FOR FISCAL EQUITY, INC.

**Studies in Judicial Remedies
and Public Engagement**

**MOVING MOUNTAINS IN
THE GRANITE STATE:**

**REFORMING SCHOOL FINANCE AND DEFINING
ADEQUACY IN NEW HAMPSHIRE**

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This paper is one in a series of case studies of education finance litigations in various states. Through these studies, we hope to understand how court-ordered remedies were implemented and to determine what role, if any, public engagement processes played in these events. Specifically, we aim to test the hypothesis that reform initiatives are most likely to succeed in states where citizens have been involved in the remedial policy-making process. For that reason, the studies will encompass a wide range of reform experiences, including those where there was much public engagement and those where there was none.

The term “public engagement” is currently used to describe a wide range of activities. CFE’s working definition of public engagement is a collaborative process in which a diverse range of individuals work together to arrive at solutions to complex social problems that a large majority of them can accept. Our hope is that this series of papers will help shape and refine our understanding of public engagement and its uses as a tool for change.

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**MOVING MOUNTAINS IN THE GRANITE STATE:
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by Drew Dunphy¹

INTRODUCTION

The *Claremont* decisions on school finance in New Hampshire have spurred sweeping change and heated debate in two separate but related areas: taxation and educational adequacy. In the wake of the state supreme court's invalidation of New Hampshire's school finance system, legislators were charged with devising a new way to pay for schools. They were also forced to confront their state's long tradition of strict local control and opposition to statewide taxes. At the same time, New Hampshire's leaders and citizens began to engage in one of the most extensive discussions ever conducted about what constitutes an adequate education for the children of a particular state. None of these processes is yet complete.

While New Hampshire has laid the foundation for lasting reform, the rapid implementation of new definitions, funding streams and formulas has been a bumpy ride. Discontent with the state's temporary solutions has risen from many corners, and the hard work of comprehensive reform is far from over. Opportunities for substantive public engagement on the issues have been few and far between, and often they have focused on only one half of the issue, taxes or adequacy. The New Hampshire story highlights some of

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the most difficult questions about finance reform, adequacy, accountability and economic justice. It also illustrates the difficult process of implementing reform principles, a process that may require a more comprehensive public policy dialogue and change in political will before New Hampshire sees a lasting solution to its school funding crisis.

BACKGROUND

Schools & School Finance

Prior to the *Claremont* litigation, New Hampshire ranked last in the nation in direct state support of public education: 8% of total K-12 funding came from state sources, while nearly 90% came from local property taxes. New Hampshire also suffered from widely varying property valuations, a problem that has not yet been fully addressed.²

Primarily because of differences in property values, tax rates and per-pupil spending varied greatly as well. At trial, *Claremont* plaintiffs submitted lengthy expert witness reports pairing school districts across the state to highlight differences in funding, tax burdens and student performance.³ To take one example, plaintiffs emphasized the disparities between Pittsfield, a plaintiff district, and Moultonborough. While the median incomes of residents in the two towns are similar, Moultonborough has many expensive vacation homes; thus, in 1995, Moultonborough's equalized property valuation per pupil was almost ten times that of Pittsfield. Accordingly, Moultonborough's tax rate of \$5.48 raised \$7,251 per pupil, while Pittsfield's rate of \$25.32 generated only \$3,555 per pupil.⁴

² See discussion, *infra.*, p. 29.

³ VAN D. MUELLER & TERRY H. SCHULTZ, OPPORTUNITY TO LEARN IN PAIRED NEW HAMPSHIRE SCHOOL DISTRICTS, June 1995.

⁴ CLAREMONT LAWSUIT INFORMATIONAL BOOK 3, available on line at <http://www.wissinst.org> [hereinafter CLAREMONT INFO. BOOK]. This document, prepared by the Claremont Lawsuit Coalition, was distributed in 1998 to state legislators, the State Board