

COALITION COMMUNITIES 2.0

May 19, 2021

Governor Christopher T. Sununu
Senate President Chuck Morse
House Speaker Sherman Packard
Members of the New Hampshire General Court
State House
107 North Main Street
Concord, NH 03301

Re: Coalition Communities 2.0 – State Education Funding

Dear Governor Sununu, Senate President Morse, House Speaker Packard, and Legislative Leaders:

We write to you today on behalf of twenty-seven (27) New Hampshire former “Donor” communities that comprise the “Coalition Communities 2.0”, for which we serve as the Joint Board.

As you will recall, for approximately ten (10) years prior to 2006, New Hampshire funded education through a formula that created what was commonly known of as “donor” and “receiver” towns. Under this formula, a community was characterized as a donor community if it raised more in Statewide Education Property Tax (“SWEPT”) than the state’s calculation of that community’s total cost of an adequate education for its students. This “excess” SWEPT was then distributed by the state to the communities – known as “receiver” communities - whose total cost of education exceeded the amount raised in SWEPT.

Working together at that time, the former donor towns challenged the donor/receiver education funding formula through the formation of a group known as the “Coalition Communities”. Through their advocacy and educational efforts, the legislature abolished the donor/receiver education funding formula and since 2006 through to the present day, communities now retain the “excess” SWEPT they raise.

The Coalition Communities 2.0 has come together in 2021 due to our shared concerns arising from the recent findings and recommendations issued by The Commission to Study School Funding in December 2020 (the “Commission”), and efforts by some to include those recommendations in New Hampshire’s 2022-2023 biennial budget. While we appreciate the hard work and good faith with which the Commission completed its review, we have serious concerns about its newly proposed education funding model.

In its report, the Commission proposed an education funding model that would re-distribute excess Statewide Education Property Tax (“SWEPT”) revenue to school districts based upon need as defined by statute. The Commission concluded that while there is sufficient tax revenue being raised, it is the distribution of the funding that is the issue.

Utilizing the model created by the study using 2018 data showing a theoretical distribution of SWEPT (See Attached Simplified AIR Model Rev. Est), one point becomes plainly apparent: Implementing such a formula would re-introduce the discredited concept of “donor” towns to New Hampshire. Under such a scenario, communities such as ours and others would become

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"donors" - required to remit excess SWEPT revenues to the State for re-distribution to other communities to subsidize the cost of public education. As many as seventy-two (72) New Hampshire municipalities could become "donor" communities under this proposal.

Our coalition opposes this failed approach to education funding because property taxes are already too high and would be increased further, assessed property values do not reflect a taxpayers' ability to pay taxes, and most importantly, this type of funding formula would pit one town against another. The State of New Hampshire rightly rejected the donor town system in 2011 and should do so again now.

Like you, we care deeply about ensuring a quality education for our children. However, redistributing excess SWEPT revenues is not the answer. We believe a more comprehensive study should be conducted looking at all other sources of funding to address this issue instead of focusing solely on SWEPT. As such, we urge you to reject any efforts to include the Commission's education funding recommendations in either the state budget or other standalone legislation presently under consideration.

Looking forward, our communities stand ready to work with each and any of you in offering our thoughts and expertise in finding a fair and appropriate resolution to this challenging policy issue.

We recognize the logistics of legislating during the pandemic have been unique and challenging at times. Please accept our thanks and gratitude for your hard work and service to the citizens of New Hampshire.

Very truly yours,

/s/ Mark DeCoteau

Mark DeCoteau, Chairman
Coalition Communities 2.0
and Waterville Valley Town Manager

/s/ Shaun Mulholland

Shaun Mulholland
Lebanon City Manager

/s/ Terence Murphy

Terence Murphy
Bridgewater Selectman

/s/Joy Nowell

Joy Nowell
Newbury Selectman

/s/ Phil Warren

Phil Warren
Meredith Town Manager

Cc: See Following Page

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New Hampshire State Senators

New Hampshire State Representatives

New Hampshire Education Commissioner Frank Edelblut

Members of the Coalition Communities 2.0

- Town of Bridgewater
- Town of Carroll
- Town of Center Harbor
- Town of Franconia
- Town of Gilford
- Town of Hampton
- Town of Hebron
- Town of Holderness
- Town of Hollis
- Town of Jackson
- City of Lebanon
- Town of Lincoln
- Town of Meredith
- Town of Moultonborough
- Town of Newbury
- Town of New Castle
- Town of Newington
- Town of New London
- Town of North Hampton
- City of Portsmouth
- Town of Rye
- Town of Sandwich
- Town of Sugar Hill
- Town of Sunapee
- Town of Tuftonboro
- Town of Waterville Valley
- Town of Wolfeboro