

Report of the WRSD Formula Study Committee to the School Board-October 30, 2023

The Winnisquam Regional School District Cost Apportionment Formula Study Committee was authorized by vote of the District Meeting on March 25, 2023, in accordance with Article 6 of the District Warrant. Consistent with the terms of the Articles of Agreement, Article 14, District Moderator Kent Finemore called for the appointment of members of the Committee. Members of the Committee from Northfield are: Selectman Ross Cunningham, School Board Member Ernest Roy and public member Mary Steady; from Sanbornton: Selectman Glenn Frederick, School Board Member Sean Goodwin and public member Nina Gardner; and from Tilton: Selectman Scott Ruggles, School Board Member John Cormier and public member Tim Pearson. The first organizational meeting was held on July 18, 2023, during which time Kent Finemore explained the charge of the committee and the proposed schedule, which required a final report within 120 days of Annual District meeting. He provided some background on past committees' work, swore in members, and called for election of a chair and vice chair. Nina Gardner was elected Chair and Tim Pearson elected Vice Chair. Meetings were held on July 18, August 14, August 28, September 11, October 17, 2023, and October 30, 2023.

The current apportionment formula for the district is based upon a 70/30 split where 70% of the formula is based on Average Daily Membership (ADM) students from each town, and the remaining 30% of the formula is based on Equalized Assessed Property Valuation (EV) of each town. The current formula was phased in and has been in effect since 2009. Prior to that time the district used a fixed percentage based formula. There is a significant amount of historical data available showing the impact of this formula on each of the towns and their tax rates over the intervening years. This became a starting point for discussion.

In addition to understanding how the present formula operates, the Committee reviewed additional information including: other districts' cost allocation formulas; minutes and reports of past study committees; district enrollment; distribution of students by town; economic data from NHDES for each town; the new state adequacy formula adopted by the state for FY 2024-2025; NESDEC 2022-23 enrollment report study for WRSD; NHRSA Chapter 195 Cooperative School District statutes; and specific amendments to NHRSA 195:8 specifying the process for amending Articles of Agreement after the expiration of 5 years.

A wide sample of variations of the EV/ADM formulas were considered and cost estimates were provided by the district Business Administrator tied to the proposed 2023 district operating budget, which served as a basis for comparison. Goals of the committee following this analysis were to try to smooth out tax rate spikes, consideration of declining enrollment, and a recognition of the importance of state education aid to the district. There was consensus that our funding formula, much like the state' adequacy grant, should reflect the responsibility of the communities for their own student enrollment. Our local formula cannot make up for the fluctuations and the inadequacy in state aid. The recommendation of this Committee must be a formula that best reflects the needs of our local communities.

There was a general consensus that the real costs of education are driven by student needs and, as such, an adjustment to the formula to reflect that was appropriate for consideration. Various proposals were considered to raise the ADM component of the formula to 80%, looking at the most effective way of implementing that change with the least fiscal impact. It became apparent that a gradual increase in the ADM rate by 1% each year for five years would result in a smooth and a less abrupt impact on the tax rates. It should be noted that the fluctuating and declining student enrollment is district-wide. Slight adjustments in enrollment occur within each

community. An adjustment in ADM should be more reflective of what the actual community costs of education are.

In considering enrollment data and trends, several recent developments at the state level may further impact actual student enrollment (ADM). Union Sanborn School was recently purchased and has become home to a charter school, providing a local opportunity for parents to select another option for their students. Education savings accounts, now set at 350% of the poverty level for eligibility, enables more parent choice for students to attend private and religious schools. Some families also choose to home school their children. All these factors are part of current educational trends. Additionally, overall birthrates and in-migration of families with school age children have declined significantly within the three towns.

The relationship between EV and how it affects the ability of a community to raise taxes, and the true source of cost for a school district, namely student population or ADM, was seriously taken into consideration. It was noted that Northfield and Tilton had higher ADM than Sanbornton, with Northfield's share of the student population declining and Tilton's showing the greater potential for increased growth. The Sanbornton population has remained fairly constant over the years. Equalized Valuation (EV portion of the formula) is determined by the Department of Revenue Administration, utilizing statewide and local data. This considers the varying dates of revaluations by towns, sales ratios in given communities, and varying methods of assessments, among other factors. This EV data provided by the state lags two years, and the ADM data provided by the Department of Education lags one year. Property is valued differently in each of the communities, with similar properties being assessed at very different rates. The Committee encourages the respective Boards of Selectmen to consider whether there may be ways to coordinate the assessment process and the timing of future revaluation in the three communities.

Looking further at the character of the communities, it is noted that Tilton has a more significant portion of its tax base tied to its business and commercial development as compared with Northfield and Sanbornton, which are primarily rural communities. New large-scale residential development has not been a major factor in any of the communities in recent years. There is a shortage of available and affordable housing in all three communities, which may ultimately impact student population growth. The economics of the three communities reaffirmed patterns and trends that have been considered previously as well. The capacity of taxpayers in the towns was discussed and carefully considered, especially considering the amount and importance of state aid to each.

Several developments at the state level were reviewed, including the new State Adequacy Formula passed by the Legislature in 2023, which increases base adequacy aid for education. There are also currently two ongoing lawsuits against the state, the ConVal case, remanded back to the Superior Court by the Supreme Court, for further review. This case challenges the amount of aid the state provides. The Judge in this case is expected to rule in the near future. There is also a more recently filed case, In the matter of Rand, which challenges the way the state provides the aid and the varying local tax rates that result. How these legal challenges play out, may well become clear, by the next formula review.

For the past several study committees, there has been a cautious response tied to the on-going role state aid plays in the district and how changes and reductions could and have occurred, which could impact adversely any of the communities. As a result since the 2006 study, there have been no recommendations to change the current formula, as once a formula has been voted at District Meeting, it cannot be changed again for five years. Now with the recent

legislative action in 2023, perhaps with awareness of pending litigation, the State Adequacy Formula has been revised. Although it has not yet significantly increased total state aid, there is a path forward for the Legislature should it chose to do so, or by direction of court order.

The recommendation to shift to a formula based on a greater percentage of ADM is based on it being a more quantifiable number that is the same across all the towns, whereas valuations (EV) can differ due to the use of differing assessment firms, timing of assessment, and other local factors.

Lastly, in addition to reviewing the cost allocation portion of the formula (Paragraph 5), the Committee also reviewed the entire Agreement for any necessary updating. It specifically recommends amending Article 3 regarding grades and locations of school.

Final recommendations, as voted unanimously by the Formula Study Committee, are as follows:

Paragraph 3- The Winnisquam Regional School District shall be responsible for grades K-12. Elementary grades K-4 shall be maintained in Sanbornton and Northfield. Assignment of students to attendance areas shall be at the discretion of the School Board. The Middle School and High School shall be located in Tilton. The Middle School shall provide grades 5-8 and the High School shall provide grades 9-12.

Paragraph 5-The operating and capital expenses of the Winnisquam Regional School District payable in each fiscal year shall be apportioned as follows:

	FY 24-25	FY 25-26	FY 26-27	FY 27-28	FY 28-29
Northfield	71%ADM 29% EV	72%ADM 28% EV	73%ADM 27% EV	74%ADM 26% EV	75%ADM 25% EV
Sanbornton	71%ADM 29% EV	72%ADM 28% EV	73%ADM 27% EV	74%ADM 26% EV	75%ADM 25% EV
Tilton	71%ADM 29% EV	72%ADM 28% EV	73%ADM 27% EV	74%ADM 26% EV	75%ADM 25% EV

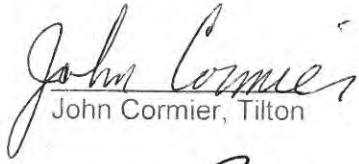
Thereafter, the seventy five percent (75%) ADM/twenty-five percent (25%) apportionment formula shall remain in place until such time as a new apportionment of operating and capital expenses is adopted by the voters at a District Meeting.

This report is submitted to the Winnisquam Regional School Board for their submission of a legally worded warrant article to be voted upon at the Annual District Meeting, March 23, 2024, per Article 13, and preceded by public hearing properly noticed.

Nina C. Gardner, Chair
Tim Pearson, Vice Chair
Dated-October 30, 2023

Signatures of Committee Members located on Page 4

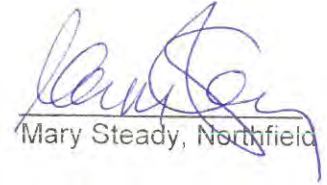

Scott Ruggles, Tilton

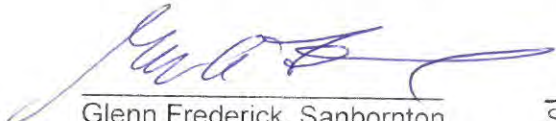

John Cormier, Tilton


Tim Pearson, Tilton


Ross Cunningham, Northfield


Ernie Roy, Northfield


Mary Steady, Northfield


Glenn Frederick, Sanbornton


Sean Goodwin, Sanbornton


Nina Gardner, Sanbornton