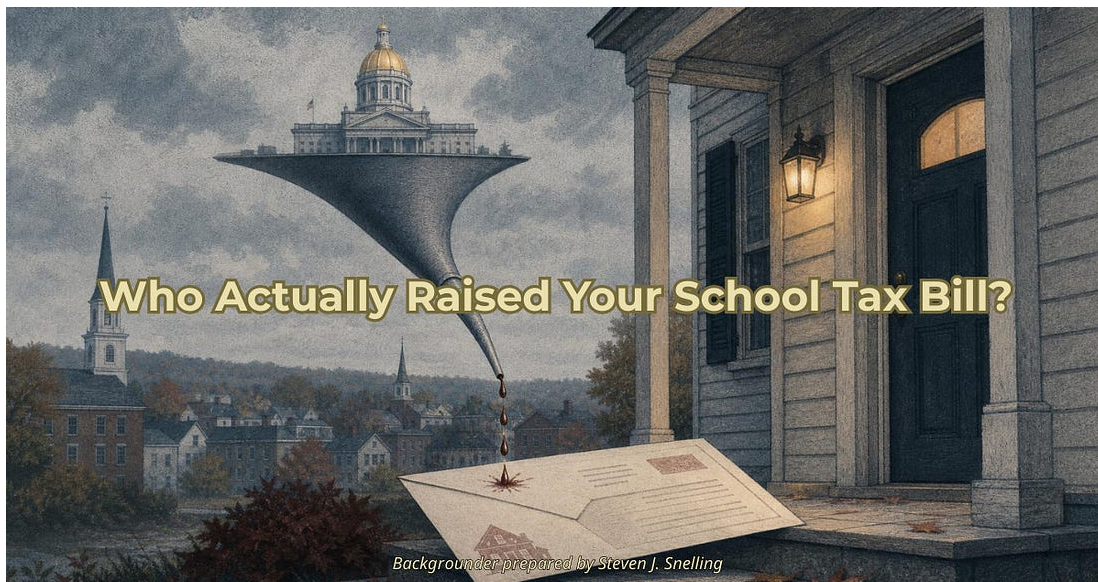


The Quiet Cost: Who Actually Raised Your School Tax Bill?



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A backgrounder on New Hampshire's property tax escalation, and why the anger aimed at school boards is aimed at the wrong address.

The complaint, and the disconnect

Every spring, New Hampshire town meetings and budget hearings fill with residents furious about rising property tax bills tied to their local school district. School board members, superintendents, teachers, and business administrators absorb the anger in person, at podiums, in comment sections, and at the ballot box.

But the decisions that do the most to drive that bill upward mostly aren't made in those buildings. They're made in Concord — by the Legislature and the Governor's office, in budget cycles that most of the people showing up angry at local budget meetings never track, and often voted for.

This piece lays out the mechanics: what the state controls, what it has chosen to do with that control over roughly the last decade and a half, and why the resulting bill lands on a local property tax statement instead of a state one.

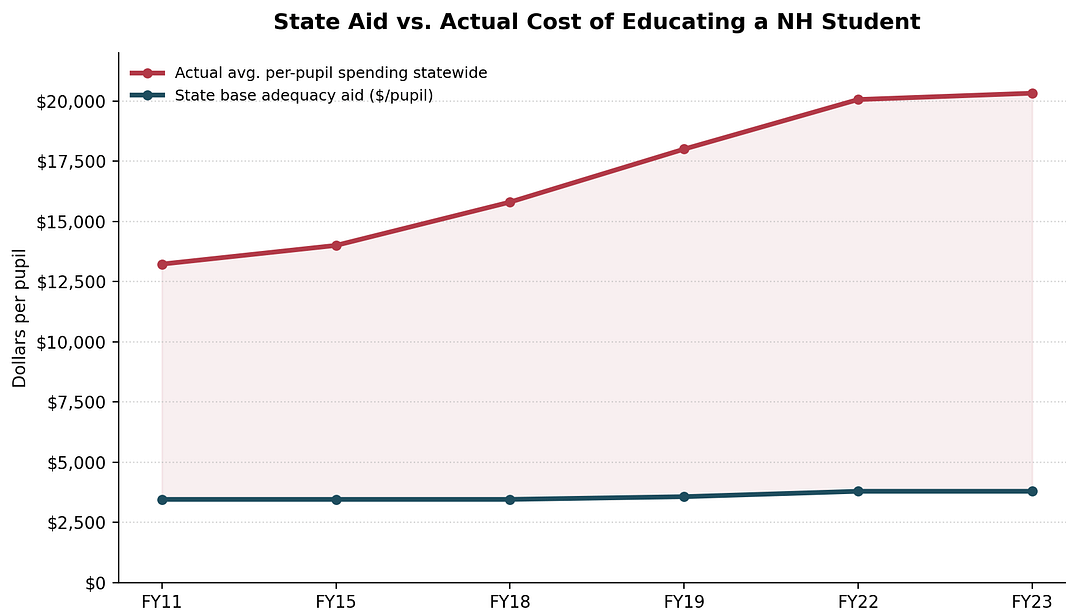
Mechanism 1: The state sets the price of an “adequate education” — and set it low

New Hampshire's constitution, under the *Claremont* rulings of the 1990s, requires the state to fund an “adequate education” for every child. The Legislature decides what that costs, via a per-pupil “adequacy” grant.

For years that base rate sat far below what districts actually spend. Reporting has put the state's *total* adequacy aid per pupil — base grant plus differentiated add-ons — at under \$6,000, against actual per-pupil costs of roughly \$20,000, with local property taxes covering about 70% of all school revenue — the highest local share of any state in the country. The *base* grant alone, shown year by year in the appendix below, has run several hundred dollars lower than that combined figure throughout this period. A 2023 superior court ruling found the base rate unconstitutionally low and ordered it raised; the state appealed, and the state Supreme Court's 2025 ruling in *ConVal* upheld that the Legislature and Governor must fix the funding system, though it left the timeline and method to them.

That gap — between what an education actually costs and what the state formula pays toward it — doesn't disappear. It gets “downshifted” onto the local school tax line, town by town, every year.

Here's the part worth sitting with: nobody in Concord was forced to set the price this low. The people who did it were elected, re-elected, and elected again, by a majority of the voters who turned out each cycle — a majority that includes plenty of the same people now paying the difference. Realistically, they acted contrary to their own economic interest, and then blamed the wrong people, rather than holding their elected **officials** accountable.



State base adequacy aid (blue) against actual average per-pupil spending statewide (red). The shaded gap is what gets downshifted onto the local property tax.

Mechanism 2: “Downshifting” isn’t a metaphor — it’s a tracked number

The New Hampshire Municipal Association has quantified this. Looking at 2015–2025, it attributes roughly \$2.1 billion of the state’s local property tax growth to the school-side downshift alone — reduced state education aid, chronic special-education underfunding, charter tuition costs, and other unfunded mandates pushed onto districts. Add municipal and county downshifts (eliminated state retirement

contributions, reduced municipal aid, Medicaid shortfalls), and the total tracked downshift runs close to \$3 billion over that decade.

That's not school boards spending more. That's the state spending less and letting the local property tax absorb the difference.

Three billion tracked dollars didn't downshift itself. It moved because the people with the authority to stop it chose not to — and kept their jobs anyway, because a majority of voters kept sending them back to Concord. As voters and property taxpayers, they didn't connect the ballot to the bill they'd be paying — they blamed the wrong entities instead, while their elected officials kept smiling, kept asking for their votes, and kept getting them.

Mechanism 3: Special education aid — a shortfall the state has repeatedly declined to close

Special education costs are mandated but the state's reimbursement has consistently lagged. Reporting identified a roughly \$27 million shortfall in the state's Special Education Aid fund as of early 2025 — money legislative leaders had the option to close through existing revenue and chose not to.

That was a choice with a name attached to it on a ballot, not an act of nature — and the people who made it are still in office because a majority of voters who could have removed them chose not to.

Mechanism 4: The donor-town fix that wasn't a fix

Before 2011, wealthy towns that raised more statewide education property tax (SWEPT) revenue than they needed sent the surplus to the state, which redistributed it to property-poor towns — the “donor town”

system. In 2011, the Legislature eliminated that redistribution, letting high-value towns keep the excess locally. New Hampshire's Supreme Court upheld that arrangement in a 2025 ruling (*Rand v. State*), over objections that it recreates the inequity the original *Claremont* decisions were meant to fix. About 17% of NH communities now collect more SWEPT than the state's own adequacy formula says they need — money that, under the pre-2011 rules, would have helped equalize the burden statewide.

The effect: towns without that high-value tax base are left leaning harder on their local levy to make up the difference the state used to help cover.

That 2011 vote had authors and sponsors, all of them accountable to voters at the next election — an accountability moment a majority of voters mostly declined to use against them. With their vote, they kept sending the arsonists back to guard the firehouse.

Mechanism 5: Where the money went instead

While adequacy aid, special-education reimbursement, and school building aid have all lagged need, the Legislature and Governor made other fiscal choices in the same years: phasing out the Interest and Dividends Tax, and — more recently — expanding the state's Education Freedom Account (EFA) voucher program, raising eligibility to 350% of the federal poverty level in 2024 even as the program had already run hundreds of percent over its original budget. Those are dollars that could have gone toward adequacy aid or special-education reimbursement instead.

State School Building Aid, meanwhile, has stayed capped at \$50 million a year against far higher documented need — in one recent year, \$227 million in state-approved eligible projects went largely unfunded by the state, leaving bonding and construction costs to local budgets.

These were priorities, ranked in a budget, by people who ran for office promising to set exactly these kinds of priorities — and a majority of voters gave them the votes to keep doing it, term after term.

Mechanism 6: When courts order more funding, the response has been to shrink the definition, not raise the money

After the 2025 *ConVal* ruling found the state's per-pupil base inadequate and ordered an increase, the response from a majority in the House was not to fund the gap. It was legislation (HB 1815 / SB 659) redefining “adequate education” in statute — narrowing it to a fixed list of academic components — explicitly framed by sponsors as a way to avoid a broad-based tax increase or a \$500-million-plus jump in state aid. Critics, including the Democratic sponsor of the competing funding bill, argued this lets the state meet a legal minimum on paper while leaving property taxpayers holding the actual bill. Separately, one Republican legislator has floated more than quadrupling SWEPT itself to close the gap — which would raise the state property tax, just framed differently.

The throughline across both parties' proposals: more of the cost keeps landing on property owners. The disagreement in Concord is about *how* to keep it there, not whether to move it elsewhere.

Even under direct court order, the reflex in Concord was to protect the state budget, not the local property taxpayer — a reflex a majority of the electorate has had every chance to punish and largely hasn't. Instead, they keep reelecting the people doing them the most harm on their education property taxes. The Free State/GOP have shunned their own voters.

Mechanism 7: The state didn't just underfund the gap — it pushed actual

costs up

Everything above is about the *aid* side: the state paying less than it should toward a fixed cost. But there's a second, distinct story worth telling separately, because it undercuts a common defense of school boards' critics — the idea that rising actual per-pupil spending reflects local school boards simply choosing to spend more.

Some of that spending growth was compelled directly by the state, onto local budgets, by statute — including a pension contribution shift phased in from 2010 to 2013, and a special-education reimbursement gap running at least \$27 million a year as of 2025.

The clearest example is the New Hampshire Retirement System. When the state consolidated municipal and school pension systems in 1967, it agreed to cover 35% of the employer cost, as the inducement for towns and school districts to join. That arrangement held for decades. Then, amid the 2008–09 recession, the Legislature began unwinding it: reporting describes the state's share being cut to 30% in 2010, 25% in 2011, and eliminated entirely by 2013. Separately, more than 300 municipalities, school districts, and counties sued the state over related NHRS reforms enacted in this period, arguing they amounted to an unfunded mandate; courts upheld the Legislature's authority to make the changes anyway. (Sources describe the underlying reforms slightly differently by year — worth pinning down the exact statute and session before this goes out again, given the precision this piece needs.) Either way, the bill for retirement contributions that used to be split with the state became, in significant part, a local school and municipal budget line.

Mandated special-education services work similarly: districts are legally required to provide them regardless of what the state chooses to reimburse, so when the state's Special Education Aid falls short (Mechanism 3, above), the actual cost still gets paid — just locally. Your property tax bill. My property tax bill.

This is a distinction worth making explicit for readers: a school board voting to increase its budget is not the same decision as a school board being legally required to fund a retirement contribution rate, or a special-education plan, that the state used to help pay for and no longer does. **The line item shows up the same way on a local tax bill either way, which is exactly why it's easy — and wrong — to read all local budget growth as local choice. The people who *did* choose this were the voters who put in Concord the officials now inflicting that cost.**

The pension cost-shift alone was a deliberate, votable decision — and the legislators and governors who backed it have faced the voters who now pay for it several times since, and a majority sent them back each time.

A caveat we should state plainly, since it cuts against the thesis: not all of the growth in actual per-pupil costs is state-driven, and a piece that implies it all is invites easy rebuttal. New Hampshire's K-12 enrollment has declined roughly 22% since 2004, and fixed costs — buildings, transportation routes, a baseline level of staffing — don't shrink proportionally with fewer students, which mechanically drives per-pupil cost up even when total district spending is flat or falling. Health insurance and teacher-salary inflation are also part of the picture, and those track national labor-market and healthcare-cost trends more than any specific Concord decision. The honest version of this argument is: the state's own choices are a major, documented, and often overlooked driver of both the aid gap and the underlying cost — not the only driver.

Who put those choices in place

The pension cost-shift, the 2011 donor-town elimination, the frozen adequacy base, the capped building aid, the tax-cut trade-offs — these were not accidents of bureaucracy. They were votes, taken by legislators and signed or vetoed by governors, in budget cycles that happen every two years in Concord. The people who cast those votes stood for election, and were returned to office, because a majority of voters who turned out chose them over the alternative — not necessarily every taxpayer now angry about the bill, but enough of them, cycle after cycle, to keep the outcome the same.

That's the sense in which this is self-inflicted at the level of the electorate, not the individual: no single taxpayer personally chose the 2011 pension reform, and plenty voted against the people who did. **But the majority that state elections actually turn on has, term after term, kept in office the people making these specific, traceable choices — while the loudest frustration lands on school boards and administrators who have the least power to change any of it. Now those same voters blame others for the choices they themselves made at the ballot box.**

Why the anger lands on the wrong door

School boards operate inside a funding formula they don't write. They can trim programs, defer maintenance, or ask voters for overrides — but the base cost structure (state adequacy rate, SWEPT distribution, special-ed reimbursement rate, building aid caps) is set in Concord, not at the district office. When the state contribution stays flat or shrinks while mandated costs and real education costs rise, the local levy is the only lever left to pull, and the school board is the only body legally required to pull it.

The people who set the upstream numbers — legislators and the Governor — face voters in November, in low-turnout statewide and legislative races. The people who administer the downstream consequences — school boards, superintendents, teachers — face

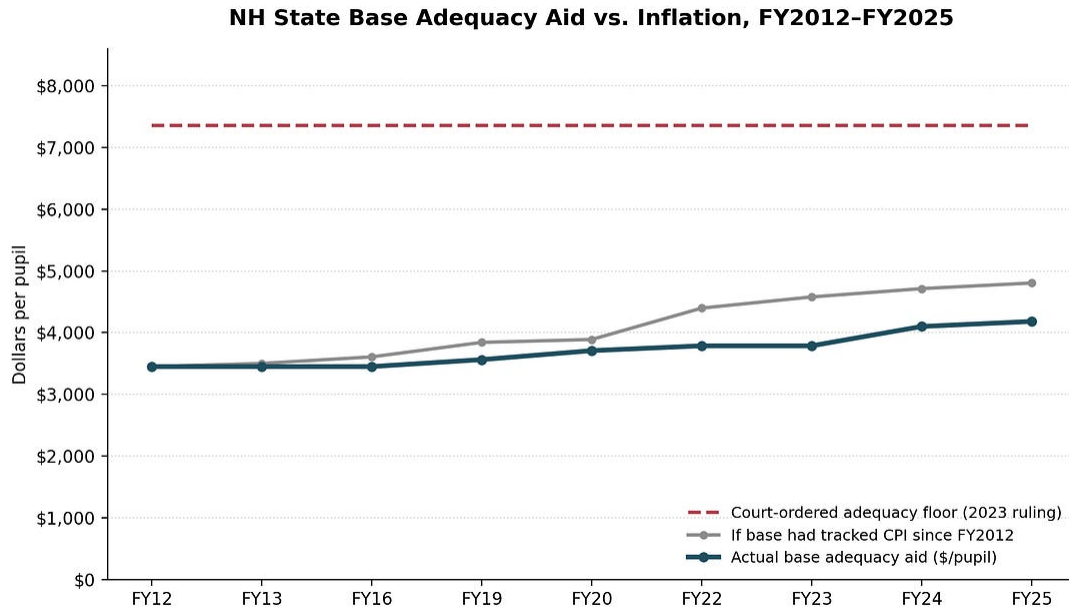
voters (and public comment) far more often and far more visibly, at budget votes, deliberative sessions, and school board meetings throughout the year.

That mismatch in visibility is, in a sense, the whole story: **the body with the least control over the property tax number gets the most direct public anger about it, while the body with the most control keeps getting re-elected on other issues — by a majority of the electorate, some of whom are the very people angry about their tax bill, and some of whom voted the other way and are outvoted every time.**

The number worth doing yourselves

The specific claim that “the majority of the escalation is a direct result of legislative and gubernatorial action” is the kind of thing this piece should let readers check, not just assert. The NHMA’s downshift accounting (~\$2.1B school-side over 2015–2025, against a \$4.74B total 2024 gross levy) is a defensible starting point for a district-level or statewide “what share of your bill growth is state-driven vs. locally-driven” calculation — worth building out as a follow-up piece with your own town’s data, since NHMA’s breakdown is statewide and your readers will want their own numbers.

Appendix: The base adequacy rate, year by year



Actual base adequacy aid (blue) against what it would be had it merely kept pace with inflation since FY2012 (gray), and the per-pupil floor a state judge found constitutionally required in 2023 (red dashed).

The state’s “base adequacy” grant is set in statute (RSA 198:40-a) and only changes when the Legislature acts — it doesn’t drift or adjust on its own, which is why it sits flat for years at a time below. Figures are the base per-pupil rate only; districts also receive smaller “differentiated aid” add-ons for free/reduced-meal-eligible, special-education, and English-language-learner students, which are not included here.

FY2011 — Base adequacy aid: \$3,450 (set by 2008 law) · Actual avg. per-pupil spending: \$13,224

FY2012 — Base adequacy aid: \$3,450.00 · CPI-tracked equivalent: \$3,450 (baseline)

FY2013 — Base adequacy aid: \$3,450.00 · CPI-tracked equivalent: ~\$3,501

FY2015 — Base adequacy aid: \$3,450 ("stagnant," per contemporaneous reporting — that article rounded to "\$3,500") · CPI-tracked equivalent: ~\$3,562 · Actual avg. per-pupil spending: ~\$14,000+

FY2016 — Base adequacy aid: \$3,450.00 (a bill to raise it to \$3,458 died in committee) · CPI-tracked equivalent: ~\$3,607

FY2018 — Base adequacy aid: \$3,450 (no confirmed change on record) · CPI-tracked equivalent: ~\$3,773 · Actual avg. per-pupil spending: ~\$15,800 (2017–18)

FY2019 — Base adequacy aid: \$3,562.71 · CPI-tracked equivalent: ~\$3,842 · Actual avg. per-pupil spending: \$18,000+ (2018–19)

FY2020 — Base adequacy aid: \$3,708.08 · CPI-tracked equivalent: ~\$3,889

FY2022 — Base adequacy aid: \$3,786.66 · CPI-tracked equivalent: ~\$4,398 · Actual avg. per-pupil spending: \$20,060 (2021–22)

FY2023 — Base adequacy aid: \$3,786.66 · CPI-tracked equivalent: ~\$4,579 · Actual avg. per-pupil spending: \$20,323 (2022–23)

FY2024 — Base adequacy aid: \$4,100.00 · CPI-tracked equivalent: ~\$4,714

FY2025 — Base adequacy aid: \$4,182.00 · CPI-tracked equivalent: ~\$4,805

FY2026 — Base adequacy aid: \$4,265.64 · (2026 CPI not yet finalized)

FY2027 — Base adequacy aid: \$4,350.95 (as projected in the FY26–27 budget planning table; final enacted figure not independently confirmed) · (2027 CPI not yet finalized)

Court-ordered floor (2023 ruling, upheld 2025) — \$7,356.01

The bill comes due either way

None of this required a conspiracy. It required a pattern: freeze the aid, shift the pension cost, cap the building fund, redirect the tax cuts, and — when a court finally said stop — redefine the obligation instead of meeting it. Seven separate mechanisms, seven separate votes, one destination: the local property tax bill.

School boards didn't write that formula. They administer what's left after Concord decides how much of the cost to keep and how much to pass down. **The people who made those decisions have stood for election — repeatedly — in front of the same voters now angry about the result, and a majority of those voters, cycle after cycle, sent them back.**

That's not an accusation. It's the mechanism working exactly as designed, term after term, until someone decides to vote on it differently.

Notes on the table: CPI-adjustment uses annual average CPI-U (BLS, U.S. city average, all items), indexed to FY2012. Entries marked with “+” or described as “more than” in source reporting are lower-bound figures, not exact averages. Years without a confirmed statutory change carry forward the last confirmed base rate, since the figure is fixed by law until amended — this is accurate to how the number actually behaves, not an estimate.

Primary sources: NH Department of Education adequacy aid municipal summaries (FY2012, FY2013, and FY2022–FY2027 budget documents); Superior Court rulings in *ConVal Regional School District v. State* (June 2019 and November 2023); NH Supreme Court decision in *ConVal* (2025); Concord Monitor editorial (2015); Valley News reporting (2019, 2026); Reaching Higher NH funding series; NH Fiscal Policy Institute budget briefs; NH School Funding Fairness Project; New Hampshire Bulletin (January 2025); Ballotpedia (NCES per-pupil spending data, 2011); Bureau of Labor Statistics CPI-U historical tables.

Sources for this piece include reporting and data from the New Hampshire Bulletin, New Hampshire Municipal Association, Reaching Higher NH, the NH School Funding Fairness Project, the Union Leader, the Dartmouth Rockefeller Center for Public Policy, and court filings in Claremont v. State, ConVal Regional School District v. State, Rand v. State, and the 2009 NHRS employer-contribution litigation.

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