The Coalition Communities

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April 13, 2010, Testimony before the House Finance Committee Regarding Senate Bill 465

My name is Pat Remick and I am the coordinator of the Coalition Communities of 35 former Donor communities, led by the City of Portsmouth. I appear today in support of SB465 to extend the transition period of the current education formula an additional year to give time for a study committee to examine the long-term sustainability of the formula – and give communities enough time to adjust if the formula is changed.

We already know the current formula is going to cost the State an estimated $70 million more in FY2012 than FY11. If you add in the anticipated loss of the $80 million in federal stimulus funding already covering the formula's increased cost, the State needs a total $150 million more in FY2012 to fund this formula. Once again, I ask – where will this money come from, especially given the State's current economic situation? How sustainable is this over the long-term and how much more can we ask local taxpayers to bear?

I realize many lawmakers do not want to make any alterations to the education funding formula, but I hope you will consider the following points:

In this economy, does it make sense to go forward with a formula that will cost almost $70 million more – while sending **$29.1 million more** to just one community and **$12.7 million** more to another? That's quite a windfall – almost $42 million to just two communities in one year. This would seem to indicate that perhaps the formula needs some fine-tuning. If you compare these numbers to FY09 -- before the new formula went into effect -- Manchester will see a nearly 50% increase and Nashua a 31% increase in aid.

Putting the formula numbers into a wider perspective – In FY2012, the State will be spending over $119 million more on education funding compared to FY09 – but the percentage increase is just 13%.

The five original Claremont lawsuit, property-poor towns will see only a net gain of $2.48 million from FY11 to FY12 (Allenstown loses $379,062; Claremont received $434,109; Franklin gets $1,882,789 more; Lisbon goes up by $526,603 and Pittsfield gains $20,480) and compared to FY09, the increase is 16.7%. Meanwhile, Berlin's education aid will increase just 7.5% percent compared to FY09 – but that city will get $467,970 less than in FY2011. Derry loses $7.1 million compared to FY11 – a 27% loss. And, as you know, this formula is scheduled to result in 45 Donor communities – to the tune of almost $16 million --- in FY12.

There are some who argue "we can't divert from the path" because this education funding formula is constitutional. However, no court has issued such an opinion. While there are those who claim the per-pupil base payment of approximately $3,450 meets the constitutional challenge, others find it difficult to believe this amount provides an adequate education in a state where the average per pupil cost is almost $14,000 if such items as transportation are included -- and almost $12,000 without them – and the State might be vulnerable to a legal challenge on this issue. Whatever the case, we continue to believe the best solution is a constitutional amendment that targets money to the neediest communities rather than pay the same amount for every schoolchild, especially in communities that can well afford to educate their children.

Others have said that the towns have had two years to prepare for the new formula. But year after year, the Legislature has changed the formula so towns have come to expect that it will be changed again. But our communities also ask – how are they supposed to plan for such large increases two years out? How does a town prepare now for a 30 to 40% increase in their budget in FY2012 – and still deliver services?

There are those who contend this is a State tax and everyone bears the same burden. The elderly on fixed incomes and those with low incomes in our towns would probably disagree. If the formula goes forward as scheduled in FY2012 and reinstates Donor towns, I hope we can count on the members of this committee to support having the State collect its tax – and no longer pile it onto our local tax bills. However, our hope is that the Legislature will agree to take a look at this formula to determine if it is financially sustainable over the long term and delay going to this higher-priced version for at least another year. Thank you.