





## Reaching Higher NH: A Public Education Policy Resource

#### What we do

Track, report on, and explain public education legislation in a way that stakeholders can understand and use to make informed decisions.



Convene and work with parents, students, educators, and business and community leaders to gather stories, different points of view, and information to share with the Granite State community.



Prepare and deliver policy briefs on critical topics in education.



Support local innovation through special projects in communities throughout NH.





Reaching Higher NH is a nonpartisan public education policy resource for New Hampshire families, educators, and elected officials.

Our mission is to support high quality public education for every student in New Hampshire.

Photo (Cover) and Photo (Left) by Allison Shelley/The Verbatim Agency for EDUimages

### **Agenda**

- Welcome and Introduction to the NH Education Network
- Overview of the Statewide Education Property Tax (SWEPT)
- Discussion and Questions



#### **Overview and Purpose of the Network**

The NHEN functions as an information and resource sharing hub for members, where we share the goal of a high-quality public education for all students.

Responsive to needs of young people, families, and communities

Equitable opportunities and outcomes

Student-centered:
Deeper Learning
High Standards
Meaningful Pathways

Knowledge & Skills to Thrive



#### **NH Department of Education**

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# SWEPT is one of the four common tax rates that property tax payers have to pay their local tax collector.

- 1) Municipal Property Tax
- 2) County Property Tax
- 3) Local Education Property Tax
- 4) Statewide Education Property Tax (SWEPT)

#### How is the SWEPT tax rate calculated?

#### **SFY 2022 SWEPT Calculation**

\$363 Million Revenue

\$199 Billion In State Property

=

\$1.82 Per \$1,000

## SFY 2023 SWEPT Calculation (Estimated)

\$263 Million Revenue

\$214 Billion In State Property

=

\$1.23 Per \$1,000





#### What is SWEPT?

- SWEPT is both a State Revenue and a State Expenditure which results in local education revenue.
- State Revenue: As a State revenue, SWEPT is unique in that the money never enters a State bank account.
- State Expenditure: As a State expenditure, SWEPT is unique in that the State never cuts a check for school districts to receive the SWEPT money owed to them.
- The SWEPT is raised and retained locally (collected by the municipality & paid to school districts).





#### **State's Perspective:**

From the State's perspective, this is a State tax we assess and record as State revenue and also record the act of letting School Districts retain 100 percent of the SWEPT as a State expenditure.

#### **School District's Perspective:**

From the perspective of the School District, the SWEPT received from their local municipal tax collector is considered unrestricted State revenue just like non-SWEPT adequacy payments. While the District through local fiscal decisions can influence the local education property tax rate, they cannot directly influence the Statewide Education Property Tax.

#### **Property Tax Payer's Perspective:**

From the perspective of the local residential property tax payer, the SWEPT likely <u>feels</u> no different than the local education property tax they pay to support their school. However, from the perspective of the State and School District the difference in the two taxes becomes more apparent.





Base Adequacy Aid	Base Aid A	mount Per Pupil	(7)	Pupil (	Count		Calculation	Explanation
(Aid amount CPI adjusted every two years)	s	3,786.66	X	Pupils during Sci 2021-2	A CONTRACTOR OF THE PARTY OF TH	=	Base Adequacy Aid Amount	Based on Average Daily <u>Membership</u> for al students enrolled in the district public school
1	F&R Am	ount Per Pupil	9.	Pupil C	Count		+ Calculation	1
Differentiated Aid  F&R = Free and	\$	1,893.32	X	Greater of Two: SY 2 or the % of F&R pup applied to all SY	021-22 F&R pupils ils during 2019-20	=	F&R Aid Amount	Based on free and reduced price meal eligible students
Reduced Price Meals			9.				+	
	SPED An	nount Per Pupil	33	Pupil (			Calculation	Based on students receiving special
SPED = Special Education	S	2,037.11	X	Pupils during Sci 2021-2	Contract of the contract of th	=	SPED Aid Amount	education services,
ELL = English	90-	Chapter Story of the C	9.	20			+	
Language Learners	ELL Am	ount Per Pupil	0.83	Pupil C			Calculation	Based on students who are english language
TGR = Third Grade	\$	740.87	X	Pupils during Sci 2021-2		=	ELL Aid Amount	learners
Reading	57 <u></u>		30	16			+	
(Aid amount CPI adjusted	TGR Am	ount Per Pupil		Pupil (	Count		Calculation	Students not eligible for F&R, SPED, or
every two years)	S	740.87	740.87 X		X Pupils during School Year (SY) 2021-2022		TGR Aid Amount	ELL, testing below proficient in third grade reading
	2.						=	2 3346-1
		Stabi	lizatio	n Grant			Adequate Education Cost	Base Aid + Differential Aid categories is
Additional Grants		grants were awa	rded ir	on in stabilization a SFY 2012 to hold ue to SFY 2011			Cost of An Adequate Education	the cost of an adequate education.  Sometimes referred to constitutional adequacy.
Additional Grants		formula change	s. Stab	ilization grants are			-	
(I=				is greater than cost nicipality has no			Subtract SWEPT	Subtract the SWEPT required to be raised
Stabilization Grant		students, or no	stabil	ization grant was FY 2012.			(Statewide Education Property Tax)	retained locally to determine preliminary grant, but total education grant cannot be negative.
+	1907.3						+	S 501
Relief Aid	Relie	f Aid Grant	SV	VEPT Reduction He	old Harmless		Add Additional Grants	Add additional grant if eligible, including:
+	reduced price me	s eligible for the free and eal program (F&R) by a	Nos	chool districts can be	ava a total erant	=	Stabilization, Relief Aid, SWEPT Hold Harmless Grant	Relief Aid 3) SWEPT holdharmless     Stabilization
SWEPT Reduction		ween \$150 to \$600. The	7.37	No school districts can have a total grant less than the total education grant award			=	*
Hold Harmless	grant amount awarded is based on the percentage of F&R eligible pupils with the lowest possible grant amount starting at 12% F&R pupils and maximum starting		ha	had the SWEPT raised and retained			Total Education Grant	#24.10 SELECTION OF THE PROPERTY OF THE PROPER
00 300 H2 3000 T			atewide been \$363 million instead of 33 million. A SWEPT Hold Harmless ant will be awarded to eliminate any decrease.			Total Education Grant	Total education grant is calculated by calculating the cost of an adequate education, subtracting SWEPT, adding additional grants as eligible. Total education grant cannot be negative.	





#### **SWEPT Reduction - SFY 2023**

(State & Local SWEPT Impact <u>Before</u> Considering <u>Adequacy</u> <u>Grants or HB2 SWEPT Hold Harmless Grants</u>)

	State Perspective		
	SWEPT State Revenue	SWEPT State Expenditure	
Original Amount	\$363 Million	\$363 Million	
SWEPT Reduction	(\$100 Million)	(\$100 Million)	
New SWEPT Amount	\$263 Million	\$263 Million	

Local Perspective		
Local SWEPT Revenue		
\$363 Million		
(\$100 Million)		
\$263 Million		





## SWEPT Reduction & State Adequacy Aid Impact - SFY 2023

	State Perspective		
	State Revenue State Expenditure		
SWEPT Reduction	(\$100 Million)	(\$100 Million)	
Existing Adequacy Formula Increases Automatically	\$0	\$85 Million	
SWEPT Reduction Hold Harmless Grant	\$0	\$15 Million	

Local Perspective
Local Revenue
(\$100 Million)
\$85 Million
\$15 Million
ĆO Million
\$0 Million

New Aid	¢o.	\$100 Million
Amount	ŞU	\$ 100 Million





## Example #1 - Non-Excess SWEPT School District Has Their Adequacy Grant Increase As SWEPT Decreases

	Cost of Adequate Education	New SWEPT Amount @ \$263 Million Raised Statewide	Adequacy Grant
District #1	\$22 Million	\$5 Million	\$17 Million

Old SWEPT
Amount @ \$363
Million Raised
Statewide
\$7 Million

Prior to the SWEPT decrease, their Adequacy Grant was \$15 million so it increased \$2 million.

Net Impact to the School District:	Zero – Receives \$22 million regardless
Net Impact to the Tax Payers	\$2 million tax cut due to reduced SWEPT





## Example #2 – Excess SWEPT School District Receives Hold Harmless Grant for Loss in SWEPT Revenue

	Cost of Adequate Education	New SWEPT Amount @ \$263 Million Raised Statewide	Adequacy Grant
District #2	\$2 Million	\$4.5 Million	\$0 Million

Old SWEPT
Amount @ \$363
Million Raised
Statewide
\$6.5 Million

Hold Harmless Grant
To Mitigate Loss in
SWEPT
\$2 Million

Prior to the SWEPT decrease, the SWEPT Grant was \$6.5 million, so \$2 million was added to the \$4.5 million.

Net Impact to the School District:	Zero – Receives \$6.5 million regardless
Net Impact to the Tax Payers	\$2 million tax cut due to reduced SWEPT





#### Example #3 – Previous Excess SWEPT School District Becomes a Non-Excess SWEPT District, Thereby Increasing Their Adequacy Grant But They Are Also Held Harmless Due to the Loss in SWEPT Revenue

	Cost of Adequate Education	New SWEPT Amount @ \$263 Million Raised Statewide	Adequacy Grant
District #3	\$3 Million	\$2.5 Million	\$0.5 Million

Old SWEPT
Amount @ \$363
Million Raised
Statewide
\$3.5 Million

Hold Harmless Grant
To Mitigate Loss in
SWEPT
\$0.5 Million

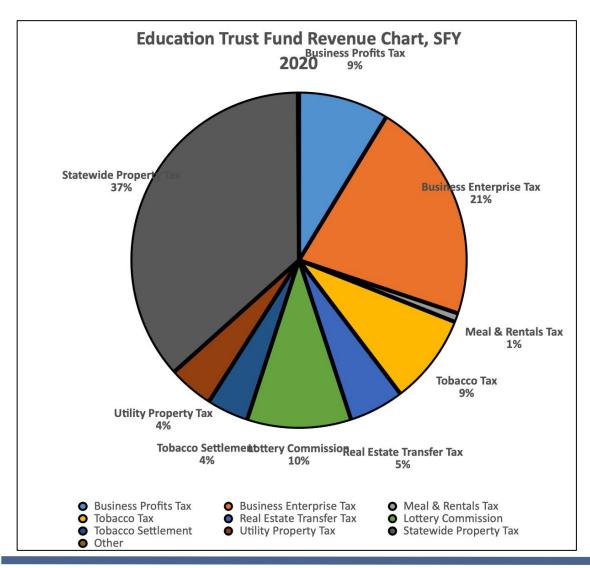
Prior to the SWEPT decrease, the SWEPT Grant was \$3.5 million, now the district receives \$2.5 million in SWEPT and \$0.5 million in adequacy grant and \$0.5 million in SWEPT hold harmless. The total remains at \$3.5 million.

Net Impact to the School District:	<u>Zero</u> – Receives \$3.5 million regardless
Net Impact to the Tax Payers	\$1 million tax cut due to reduced SWEPT





#### **State Revenue For Education**



#### SFY 2020 Education Trust Fund Revenue By Category (Dollars in Millions)

Revenue Category	SFY 2020
Business Profits Tax	\$ 86.6
Business Enterprise Tax	213.2
Meal & Rentals Tax	8.6
Tobacco Tax	86.2
Real Estate Transfer Tax	52.8
Lottery Commission	99.8
Tobacco Settlement	40.0
Utility Property Tax	43.3
Statewide Education Property Tax	363.2
Other	1.1
Total	\$ 994.8
Source: SFY 2020 State of NH Comprehensive Annual Financial Report	





### What about fiscal capacity disparity aid?





### What about fiscal capacity disparity aid?

- For 48 communities, the amount of fiscal capacity disparity aid (FCDA) they received in 2021 was larger than the tax relief provided as part of the SWEPT reduction (\$22 million difference\*)
  - SWEPT provided \$0.60 per \$1,000 in tax relief
  - FCDA provided targeted relief
    - Derry: \$2.40 per \$1,000 (\$1.6 million difference\*)
    - Northumberland: \$8.81 per \$1,000 (\$447k difference\*)
    - Pittsfield: \$6.89 per \$1,000 (\$580k difference\*)





#### What about fiscal capacity disparity aid?

**NORTHUMBERLAND** DERRY MOULTONBOROUGH Average Home Value\* \$111k \$385k \$533k Impact on Tax Bill: \$56 savings \$192 savings \$267 savings **SWEPT** Impact on Tax Bill: \$596 increase \$358 increase No change Targeted Relief Funds Impact on Property \$267 tax savings \$540 tax increase \$166 tax increase Tax Bill

\*Average home values according to Zillow, accessed June 10, 2021







### **Questions & Comments**





#### **Reminders & Announcements**

- Register for the NH Education Network: Link in chat
- Next meeting date: November 8
- Survey:
  - What other topics would you like to see covered?
  - How would you like to stay involved?





Photo by Allison Shelley/The Verbatim Agency for EDUimages

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