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# **Lessons from New Hampshire:**

## **What We Can Learn from the History of the State's Role in School Finance 1642 - 1998**

*"Those who cannot remember the past are condemned to repeat it."*  
George Santayana

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April 1998

## **Summary: Lessons Learned and Ironies Discovered:**

1. The state has played a role in defining what is to constitute an education from the earliest provincial days. Interestingly, the earliest definition (1642) included a measurement of what a child should be able to do, "to read perfectly the English tongue". Later definitions focused more on what subjects or courses were to be offered as part of the schooling process. The current discussion of an outcomes-based definition of "adequate education" and measurement of achievement is more closely related to the earliest colonial idea than it is to minimum input standards of the past three centuries.
2. Different subjects and content have appeared to be important in different eras. Instruction in Latin, classical Greek, and forestry were at different times part of state mandated education. Now those subjects would seem passe to all but a few. Geography got included in the mid-19<sup>th</sup> century and more recent years have seen requirements for computer literacy. Whatever is placed in law today is certain to need change in coming decades as society, culture, technology, and the economy change.
3. The current search for a definition of what constitutes an "adequate education" is almost identical in all respects to attempts to define "standard schools", "English Grammar school", or "common school" in the past.
4. The originally perceived purpose of education was one of transmitting civic and moral ideals and practices. As stated in the preamble of 17<sup>th</sup> and 18<sup>th</sup> century laws, education was perceived as a community good, not an individual good. In contrast, most current discussion speaks in terms of advancing the economic well-being of the individual through employability and access to higher education. The benefit the individual presumably will receive from an education presents an emphasis different from the older concepts of improvement in community function or success of democracy itself.
5. Contrary to current rhetoric and assumptions regarding state intervention in education finance, the New Hampshire legislature set the amount to be raised for public schools from local property taxes in each community beginning as early as 1789. This amount was set in a manner that ensured that it was proportional to property values in each community, effectively a statewide property tax at an equalized rate. It was not until the 1830s that towns were clearly given the authority to raise more than this legislated amount. The statutory requirement of a minimum tax rate for education remains on the law books to this day, although it has not been enforced in recent years.
6. Earlier in this century New Hampshire went through two major attempts to reform and equalize educational opportunity, one in 1919 and the other in 1947. Both previous attempts resulted in the passage of major legislation and greatly increased state aid to school districts. Both reforms set forth an expectation that state aid

would ultimately support 50% of the cost of public education and both reforms tried to place a "collar" around local property taxes for schools.

7. The efforts toward equalization in 1919 and 1947 began to fail within 2-4 years of enactment. This happened for the same reason in both cases: subsequent state government appropriations were inadequate to maintain the commitment that had been made. This was also true of the minor 1985 reform that had implicitly set a target of state "foundation aid" at 8% of total education funding.
8. Unwilling to appropriate funds to support the intent of the reform legislation, subsequent legislatures devised methods to distribute less aid to districts than amounts the districts would otherwise been entitled to receive by the reform laws. This was done by pro-rating, triage, or the automatic adjustment of a mathematical factor. These "escape clauses" can be viewed as the primary reason for failure of previous attempts at reform. Once enacted there was no longer any legal compulsion to provide the funding levels for state aid envisioned in the reform legislation.
9. Governor Shaheen's currently proposed "ABC Plan" is identical in principle and closely parallel in detail to the state's equalization aid plans of 1919 and 1947. It has the same basic attributes as the law that was enacted in 1947 and remained in effect through 1985: a maximum tax rate for schools, fixed dollar estimates of the cost per pupil for elementary and high school, authority for districts to spend more if they wish, and state aid to be distributed to districts to make up the difference between the base cost and the maximum tax rate allowed.
10. Ironically, the 1947 law (with its "escape clause") was repealed and replaced in 1985 with the current "Augenblick formula" for state aid partly to avoid a constitutional challenge in the courts. Now that the Court has ruled that the current funding system is not constitutional, the old method is again being debated as is the necessity of an "escape clause" should future legislative appropriations not be adequate to support the entitlement anticipated by the reform.

## **The Chronology**

### **1642**

The first law on education of children that applied to what is now New Hampshire (then part of Massachusetts) was enacted. It's preamble stated "Forasmuch as the good education of children is of singular behoof and benefit to any commonwealth, and whereas many parents and masters are too indulgent, and negligent of their duty in that kind..." It went on to require selectmen to fine parents who neglected to teach their children "to read perfectly the English tongue, and to get knowledge of the capital laws".

## **1647**

The so-called "Great Act of 1647" went further. It required each town with 50 or more households to "appoint one within their town to teach all such children as shall resort to him to write and read, whose wages shall be paid either by the parents or masters of such children or by the inhabitants in general..." The cost of the teacher was not required to be distributed to all by taxation, but it was permitted. (A few years earlier, in 1640, Ralph Wheelock had been paid by the town of Dedham as the first tax supported school master in America. This example was being copied in other provincial towns by 1647.)

## **1719**

A law was passed that required every town in the province with 50 households to provide a schoolmaster to teach children to read and write. Towns with 100 or more households were required to establish a grammar school. In any town that failed to do so, the required costs were to be paid out of the selectmen's own estates.

## **1789**

Six years after the passage of the New Hampshire constitution, the General Court enacted a law entitled "An act for the better regulation of schools within this state; and for repealing the laws now in force respecting them"

"...the Select men ... are impowered and required to assess annually the inhabitants of their respective towns, according to their polls and ratable estates, in a sum to be computed at the rate of five pounds for every twenty shillings of their proportion for public taxes.... Which sums, when collected shall be applied to the sole purpose of keeping an English Grammar School or Schools for teaching reading, writing, and arithmetic within the towns and parishes for which the same shall be assessed; except said town be a Shire or half shire town: in which case the School by them kept shall be a grammer school for the purpose of teaching the latin and greek languages as well as reading, writing, and arithmetic..."

The selectmen were again made personally responsible for this tax being raised and used for schools. If the amount raised did not meet the requirement, the difference "shall be paid out of the goods and estate of such Select men."

Interestingly, this tax "shall not be construed to extend to the lands of nonresidents but that the sum raised be in proportion to the value of the polls and estates of the inhabitants."

## **1791**

The amount to be collected was changed from five pounds to seven pounds, ten shillings.

## **1799**

The land to be taxed was expanded to include "improved land and buildings of non-residents," but unimproved lands of non-residents remained untaxed. The rate of the tax was set at "thirty-five dollars for every one dollar of their proportion of public taxes."

## **1804**

The amount to be raised was changed to "at the rate of forty five dollars for every one dollar of their proportion for public taxes."

The property to be taxed was expanded to include "the improved and unimproved lands and buildings of nonresidents".

## **1834**

A court case (Tucker v. Aiken) resolved the question as to whether towns were allowed to vote to raise more money for schools than the amount established by the state legislature. The court ruled that they did have that power.

## **1842**

Chapter 72 of the Revised Statutes of 1842 stated that the rate is "one hundred dollars for every dollar of the public taxes apportioned to the said town". The court decision of 1834 had been explicitly incorporated into the law: section 2 stated "The town at any legal meeting for the purpose may raise a sum exceeding the amount aforesaid". Thus, towns could tax more but could not tax less than the amount specified by the legislature.

The definition of what was to be funded had changed slightly. "(For the) sole purpose of keeping an English school or schools within such town for teaching reading, writing, English grammar, arithmetic, geography, together with such other branches of English education as are adapted to the advancement of the school, including the purchase of necessary fuel for the school and occasional repairs...."

In addition to the Selectmen, the members of the "prudential committee" responsible for a particular school district within a town were held personally liable if the minimum money were not spent for the intended purpose.

## **1850**

In compliance with a resolution of the legislature the Secretary of State published a "Digest of the Laws of New Hampshire Relating to the Common Schools". This publication was over 60 pages in length and consisted of all the legislated requirements on the school districts and schools of the state.

## **1853**

By the time the Compiled Statutes were published in 1853, the minimum tax rate had been increased to "one hundred and thirty five dollars for every dollar of the public taxes apportioned to said town" (Chapter 76).

## **1867**

Some time before the General Statutes were published in 1867, the minimum rate had been increased to "two hundred and fifty dollars for every dollar of the public taxes apportioned to said town" (Chapter 77).

## **1870**

Chapter 35 of the NH Laws of 1870 raised the rate to "three hundred and fifty dollars for every dollar of the public taxes apportioned to such town"

## **1878**

The rate remained at \$350 per \$1 but this was now termed "the school tax" in the General Laws of 1878.

## **1891**

The rate remained the same in the Public Statutes of 1891, however a change had been made in the description of the purpose for which it could be spent. Added to the list of expenditures to be covered were "appurtenances, and furniture, and the conveyance of scholars to and from school...."

The state aid "Literary Fund" was distributed to school districts "in proportion to the number of scholars not less than five years of age". It was specified that one fifth of the aid "may be applied by the school to the purchase of blackboards, dictionaries, maps, charts, and school apparatus.

All money raised locally by the "taxation of dogs" that was not used to pay for damage caused by domestic animals "shall be applied to the support of the public schools...."

## **1893**

The minimum rate was raised again to \$400 per \$1 of "public taxes apportioned to said town".

*Since we have the actual data for 1893, this might be a good place to explain the meaning of this phrasing. During all of this and the prior century the state of New Hampshire raised revenue from "the state tax". This was a statewide property tax. Each biennium the Board of Equalization (later named the Board of Taxation, the State Tax Commission, and now the Department of Revenue Administration) would determine the percentage of the total value of property in the state that*

*was within each town's borders. The result was then applied to the amount of money to be raised to fund state government. For example, in 1893 the budget for the state government was \$500,000 and it was determined that Concord had 6.491% of the total property value in the state. Therefore, the portion of the state tax to be raised in Concord was \$64.91 for each \$1,000 to be raised in total or  $\$64.91 \times 500 = \$32,455$ . (These town apportionments are published annually even today in the Department of Revenue Administration's Annual Report. Concord's rate in 1996 was \$24.281 per \$1,000 of state tax.)*

*As for the public schools, since Concord's proportion of the state tax was \$64.91, Concord was required by the legislature to raise a minimum of  $\$64.91 \times 400 = \$25,964$  for its public schools.*

*The effect of the law was to set a minimum amount to be raised by local property taxes for the purpose of education and that minimum would be proportional to the equalized value of property in each town. This is exactly the same as a uniform minimum state property tax for education but stated in slightly different terms.*

*Because state government was funded by the statewide property tax, and the minimum funding for schools was calculated based on the same calculations, the need for accurate equalization was important. This was one of the reasons the drafters of the state constitution in 1784 included Part II, Article 6, that states in part "there shall be a valuation of the estates within the state taken anew once in every five years, at least, and as much oftener as the general court shall order."*

## **1895**

The minimum rate was raised to \$500 per \$1.

## **1901**

The minimum rate was raised to \$600 per \$1.

## **1905**

The minimum rate was raised to \$750 per \$1.

## **1919**

The difficult questions of public education and its funding were addressed by the Governor and legislature in this state's most far-reaching attempt at educational reform. Chapter 106 of the laws of 1919 completely revamped the state's role in education and reformed education finance. Some of the laws passed at that time are still in effect. The idea of "foundation aid" was introduced, the State Board of Education was created and given wide powers, school superintendents became state employees, the term

"standard schools" was introduced and defined with minimum standards (for example the school year was set at 180 days).

"The selectmen in each town shall assess an annual tax of three dollars and fifty cents on each thousand dollars of the value of the ratable estate taxable therein for the support of the public schools." The minimum tax was for the costs of "standard elementary schools", grades 1-8. To this minimum tax could be added an additional tax "for the purchase of textbooks, scholars' supplies, flags and appurtenances, and for the payment of tuition of the pupils in the district in high schools and academies...."

A maximum rate was set at \$5.00. "In any district in which the money produced by a tax of five dollars on a thousand dollars of the value of the ratable estates in the district is insufficient to maintain the required elementary and special schools, and to purchase the required textbooks, scholar's supplies, flags, and appurtenances, the state board (of education) shall provide the balance of the money necessary...."

The local property tax for schools was thus collared; in no town was it to be below \$3.50 and in no town was it to be above \$5.00. No rate could be more than 18% above or below the center rate of \$4.25.

*More detail on this major reform is contained in Appendix I "The Words and Actions of 1919."*

## **1921**

Chapter 125 of the laws of 1921 made important changes to the law of 1919.

First, it made explicit what would happen if a town had sufficient property wealth that it could support its standard schools for less than the minimum tax of \$3.50 per \$1,000. "...the treasurer of the district shall pay over to the state treasurer... a sum equal to that raised by the tax of three dollars and fifty cents ... less the amount actually expended during the year for equipping and maintaining standard elementary schools, providing school buildings and for the cost of high school tuition for the pupils of the district." These funds were then part of the money redistributed to the districts that were capped at the maximum rate but could not support their standard schools at that rate.

It also began a process of retreating from the pledge of state support made in 1919. "...if in any year the approved claims of the several districts entitled to state aid shall be in excess of the appropriation a sufficient number of districts shall be omitted from the distribution to bring the total amount of the grants within the limits of the appropriation. The eliminated districts shall be those in which payments for current local expenditures for public education, as measured in dollars of equalized valuation, were, during the previous year, the lowest...." In other words, a triage would take place where the districts least in need of state aid would not be provided any aid in order that the other even poorer districts would get their full entitlement. In addition, a cap of \$6,000 of aid for any district was set into the law.

## **1923**

Chapter 88 of the laws of 1923 changed the method of distribution of state aid if the amount appropriated by the legislature was insufficient to meet the claims under the \$5.00 upper limit on the property tax for schools. The triage method of eliminating districts from those to receive aid was replaced by a pro-rata method. Each eligible district would receive a reduced proportion of the aid to which it was otherwise entitled.

## **1942**

The Revised Laws of NH of 1942 indicate that the basic provisions had remained basically the same, with a minimum tax rate of \$3.50 per thousand, a maximum rate of \$5.00 per thousand with a pro-rating of state aid. High school education had not yet been added to the definition of "standard schools" or to the purposes to which the \$3.50 could be applied.

## **1947**

This was the year of the second major attempt to reform the funding of public education. Chapter 198 of the laws of 1947 was entitled "An act to equalize educational opportunities and to improve the public elementary and high schools of New Hampshire."

"... the state board of education shall provide to each district, out of state funds appropriated ... equalization aid necessary to pay the remaining costs of the required programs of elementary and high school education if the proceeds of a tax of (\$6.00 per thousand) of the equalized valuation of each district fails to equal the costs of these required programs." The maximum rate had been increased and the costs of high school had been folded in for the first time. The maximum state equalization aid for any district was set at \$10,000.

For the first time a standard cost figure was associated with the "standard schools". "... the sum of eighteen hundred dollars annually for each approved one-room school and, for all other schools seventy-five dollars annually per elementary pupil and one hundred dollars annually per high school student." But the state Board of Education was given authority to change this formula. In addition, the state board was required to provide out of state funds "general aid not to exceed thirty-seven and one-half dollars for each elementary pupil and fifty dollars for each high school student. The only districts eligible for this general aid were those that taxed at \$6.00 per thousand or higher "for school purposes".

Thus, while the minimum tax rate of \$3.50 was kept in place, the legal maximum rate of \$6.00 became the eligibility threshold for general aid (per pupil) and well as equalization aid.

The effect of insufficiency of state funds to meet the aid requirements was recognized by pro-rating first any general aid and then any equalization aid.

*More detail on this major reform is contained in the Appendix "The Words and Actions of the 1940s."*

## **1951**

The law of 1947 was amended by adding new language regarding equity, "It is hereby declared to be the policy of the state to share the costs of public elementary and secondary schools with local school districts in such manner that the application of the awards to the several districts shall be made on the basis of need to the end that educational facilities for all children of New Hampshire shall be on a more equitable foundation."

The distinction between "general aid" and "equalization aid" was eliminated. A "foundation program" type of aid was enacted.

The tax rate at which state aid would be provided was raised considerably. The state board of education was to provide to each district "... foundation aid necessary to pay the remaining costs of the required programs of public elementary and high school education over and above the proceeds of a tax of seventeen dollars per thousand on adjusted valuation...." Districts with tax rates for schools below \$17.00 per thousand were ineligible for state aid.

The annual dollar cost of education used in the aid formula was also increased to \$175 for each elementary school pupil and \$225 for each high school pupil. Language that allowed for pro-rating aid if appropriated amounts were insufficient was maintained.

The minimum tax rate of \$3.50 remained in effect. So did the definition of the purposes for which it could be used. The personal liability of the selectmen for not raising at least the minimum was also retained.

## **1955**

Chapter 331 of the laws of 1955 modified the state aid and its formula. "...each district qualifying therefore shall receive annually an amount equal to the remaining costs of the required programs of public elementary and high school education over and above the proceeds of a tax of fourteen dollars per thousand dollars of equalized valuation...." It further set the cost to be used at \$200 for each elementary pupil and \$300 for each high school pupil.

The pro-rating of funds among the districts remained. However, a sentence was added that prohibited reduction of the funds to the poorest districts: "Provided that in any school district where the equalized valuation per pupil is less than \$10,000 the state board shall not reduce by proration the amount of foundation aid."

## **1957**

A change was made in what to do when the amount of funds appropriated was insufficient to provide each eligible district the amount it was due under foundation aid.

Pro-rating was dropped. Instead, "It shall be the duty of the state board of education to adjust the cost of the required programs (\$200 per elementary school pupil and \$300 per high school pupil) ... in accordance with the amount appropriated for distribution as foundation aid." In no case was the calculated cost to exceed the state average cost.

## **1977**

The \$3.50 minimum tax and penalty for not raising it remained in effect. The foundation aid formula, including the calculation of the "cost of required programs" based on amount appropriated also remained. However, by this time many other state aid programs had been added, including building aid, cooperative school district aid, and tuition for foster children.

## **1985**

Chapter 244 of the laws of 1985 was the last major change to affect basic state aid to schools. This law repealed the previous foundation aid laws and set the so-called "Augenblick formula" in its place, a formula that used per capita income, equalized valuation per pupil, equalized school tax rate, revenue per pupil, and pupil weights. All reference to a standard cost that had been set in place in 1947 was repealed. Some other state aid programs were also repealed and consolidated under the revised foundation aid program. This new "foundation aid" plan was based on the goal that the funds it would provide would be approximately 8% of the aggregate cost of public schools.

Should the amount appropriated be insufficient to meet the claims, a new method was included for adjusting the allocation of funds. Instead of the older methods of triage or pro-rating, the law stated, "If the total of the funds computed initially to be distributed ... does not match the total of the funds appropriated ... then the department of education shall determine the constant to be subtracted from each district's percentage (in the complex formula)."

## **1993**

The State Supreme Court ruled that the provision of an adequate education is the constitutional responsibility of the state and that the state must guarantee its funding. (*Claremont I*)

## **1997**

In its so-called *Claremont II* decision, the state Supreme Court ruled that "The State's duty to provide for an adequate education is constitutionally compelled. The present system selected and crafted by the State to fund public education is, however, unconstitutional. While the State may delegate its obligation to provide a constitutionally adequate public education to local school districts, it may not do so in a form underscored by unreasonable and inequitable tax burdens."

## 1998

The \$3.50 minimum tax and the penalty for not raising or spending it remain in effect, but are unenforced.

This history is being written today.

## Two Graphs

The following two figures display aggregate information regarding public school finance in New Hampshire for most of the 20<sup>th</sup> century. Figure 1 displays the annual spending of public schools from 1915 through 1996. It points out the nearly constant rate of growth in spending experienced from 1942 through 1989. Figure 2 displays the percentage of school revenue coming from state aid from 1919 to 1996. The initial impact of reforms enacted in 1919 and 1947 can be seen as well as their subsequent decay. Data for these graphs were taken from annual reports of the NH Department of Education and the biennial reports of the State Board of Education.

Figure 1

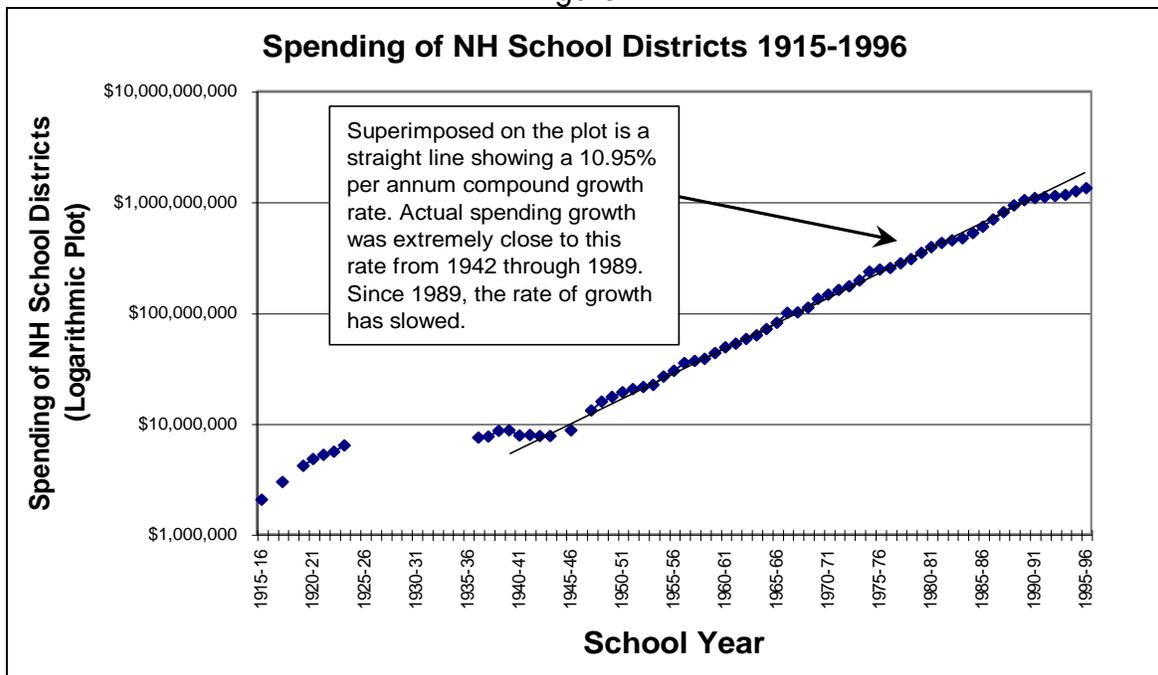
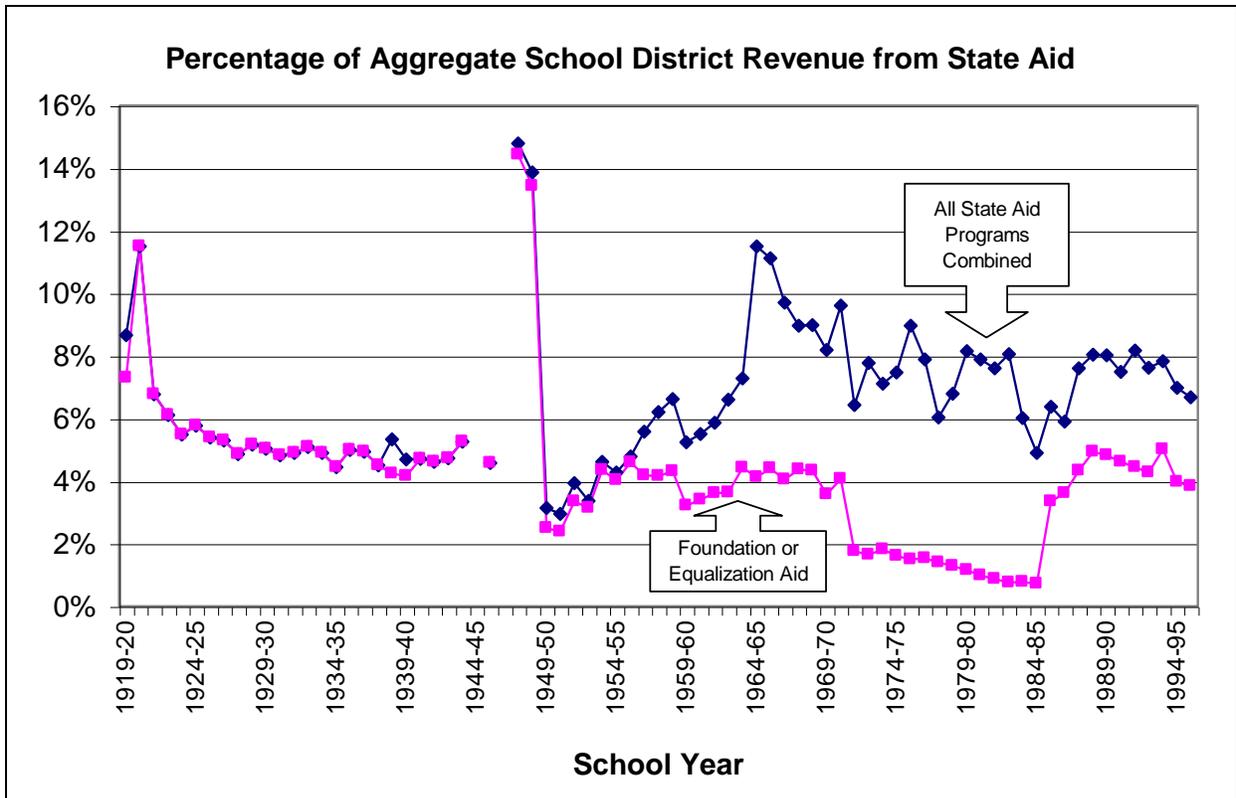


Figure 2



## Appendix I: The Words and Actions of 1919

### The Origins

John H. Bartlett was elected Governor of New Hampshire in November 1918. As Governor-elect he appointed a committee of 7 individuals to advise him on "matters pertaining to the system of public education for the state". The committee consisted of:

General Frank S. Streeter, Concord  
Dr. Ernest M. Hopkins (President of Dartmouth College), Hanover  
Judge John E. Young (Justice of Supreme Court), Exeter  
Rev. Patrick J. Scott (Diocesan Superintendent of parochial schools), Manchester  
Herbert F. Taylor (Superintendent of Manchester schools), Manchester  
Wilfrid J. Lessard (trustee of Manchester Library), Manchester  
Dr. Alpha H. Harriman, Laconia

The committee submitted a report on December 20, 1918. On January 9, 1919, Governor Bartlett transmitted the report to the legislature and said "I do not ask you to feel bound by the letter or detail of the report, but I earnestly ask you to at least approximately solve the great problem".

The House of Representatives referred the report of the Governor's committee to the House Education Committee, along with HB 262 to implement its recommendations. The House committee was chaired by Thomas W. Fry, (of Claremont, ironically).

In February 1919 the committee held public hearings on HB262. Because of the wide and deep impact of the policy changes it proposed, the bill and a special committee report on it were evidently hot sellers in Concord. According to the House Journal, the report went through four extra re-printings and more than 3000 copies were produced in all. The committee *unanimously* endorsed its bill.

On March 4, 1919, the first floor vote in the House took place. The bill was passed. The Concord Monitor reported on the event in its issue of March 4, 1919 (p. 3). The article said:

"The committee takes the position that the assuring of equality of educational opportunity is a function of the state and a measure of self-protection as well and that the cost of providing a fair chance to a child who happens to live in a town financially incapable of maintaining standard schools throughout a full school year is a legitimate and essential charge upon the state."

Later, after going through the Appropriations Committee, the bill passed the House floor a final time. A lengthy report from the Education Committee dated March 13, 1919 accompanied the bill.

## **The Report**

The report, entitled "Statement of Committee on Education To Accompany and Be Taken As a Part of Their Report on House Bill No. 262", deals with many issues: the need for qualified teachers, need to reduce illiteracy and increase the English language among foreign-born adults, need to provide for the physical health of pupils, need to maintain proper standards and supervision of schools, etc. One of the problems it specifically addresses is that "educational opportunity is neither equal nor universal".

The report also stated "Standardization means raising the work of such schools as are now below a reasonable standard, as nearly as practicable to the level of the better schools of the state." It recognized that this would not be possible by reliance on the local property tax: "The bill provides for state aid when local conditions make it impossible for sufficient money to be raised locally to meet the needs of the schools."

The report recognized the issue of complete centralized control versus that of complete local control and constructed a method whereby "No power is to be taken from the school boards...except the power to have poor schools."

The report also recognized that some increased costs would be necessary if better education was to be expanded into areas where it did not then exist: "We cannot expect that improvements such as this bill contemplates....equalization of educational opportunities, a fair chance and no favor for every child in the state - can be made effective without some increase in cost. The real question is whether the improvements are essential to our welfare as a people and whether the price is within our means."

It was also clear that the burden would be borne more by some than by others: "Under this plan, those living in the poorer communities will receive new and greater privileges; the richer communities will contribute out of their prosperity for the benefit of the state as a whole."

Interestingly, they also included the following statement in their report: "it will be reassuring to the members of the House to find that many of the largest corporate and individual taxpayers in our largest cities, including Manchester and Nashua, with a full knowledge of the increase in taxation involved (a substantial part of which will fall upon them), have voluntarily and heartily expressed their approval of this bill."

The report estimated that the total cost of public schools in the state in the prior year had been \$2,591,769 and that the cost under the new system would be \$2,764,612 - an increase of 6.7%. It also recommended that the state expend \$627,000 toward meeting that cost, 22.7% of the total.

## **Some of the Results**

In late March HB262 passed the Senate and became law, Chapter 106 of the laws of 1919. Many of its components are still in law today.

It was comprehensive in its reforms. It created the State Board of Education to centralize authority over education. The board was given thirteen responsibilities. One of them was:

"It will be their duty to .... equalize educational opportunities so that children in the poorer communities may secure, so far as possible, the same education in elementary and high school grades as children in the richer communities."

Specifically, the Committee Report on the bill stated "Equalization of educational opportunity means that the child shall not be handicapped in making a fair start in life through the financial weakness of the community in which he lives. The state as a whole owes the children in the less favored localities the privilege of a good education in the elementary and high school grades; by this act it recognizes that obligation. The state itself, for its own protection, has a direct interest in the education of those who are to be its future citizens. It is just as much interested that the children in its rural towns shall become intelligent, useful, and sound-thinking citizens as in the development of the children in the more favored places. The cost of producing this result cannot be borne entirely by these rural communities; the state must assume a share not only for the good of the child, but for its own good."

The bill set a minimum tax rate of \$3.50 per thousand which all communities must impose to raise funds for public schools. Most importantly, it also set a maximum tax rate that could be imposed locally to fund the schools of \$5.00 per thousand. Funds required above that maximum rate were to be supplied by the state. Local property taxes for education were allowed, therefore, to vary by only +/- 18% from the norm of \$4.25 per thousand. Money from the property wealthy districts went into the state pot that was redistributed to the property poor districts.

Among other provisions, the bill created the supervisory system we know today. It also set up methods of hiring and removing teachers and supervisory personnel.

Many sections of the law passed in 1919 are still in place. Other parts were eroded over time.

The Supreme Court's first appeal decision on the Claremont case relied heavily on historical documents. For the most part, those documents were from further back in the state's history than 1919. However, it is clear that in 1919 the legislature still understood the state's responsibilities in much the same way that the Court has ruled has always been the case.

## Appendix II: The Words and Actions of 1940s

In the mid-1940s a Commission to Study the Educational System was established and funded by the legislature. The Commission members were Henry Phillips, Jr., (Exeter), Donald G. Matson (President of the State Senate), Norris Cotton (Speaker of the NH House), Elsie C. Bailey, (Representative from Newport) and Helen Bell (Representative from Hollis).

After a lengthy study they issued a final report and recommendations. They stated in their conclusion "Serious inequities exist among the school districts in New Hampshire in the amount spent per pupil for education, in the number of educational services provided, and in the cost to local taxpayers. The state's share of the cost of public education is wholly inadequate, thus placing an unnecessary burden upon the local property tax." They went on to say "New Hampshire must face the fact that adequate educational opportunities are being denied the children of the state under the present system of school support. A higher expenditure level, broader and far more adequate state support, and the extension of the principle of equalization are necessary steps to the solution of the problem."

In their proposals for action they stated "It is proposed that the local district's share of the cost of the foundation program be the proceeds of a five mill tax on equalized valuation, thus assuring equality in the burden of local support for this foundation program." This maximum local tax rate for the support of adequate education was, interestingly, exactly the same as that which had been enacted in 1919!

The "foundation program" was to be \$100 per elementary student and \$125 per high school student. These figures were approximately the average cost at that time. Each district would tax at up to \$5.00 per thousand equalized valuation. The state would contribute whatever additional would be needed to meet the per pupil amounts and the districts could raise more to the extent that they wanted to spend above the minimum pupil amounts. The minimum amounts appear to have been very close to the average amounts spent by all districts the prior year.

The report went on to suggest a phase in of increased state aid to schools which would reach \$3 million in 1950-51. This was, in effect, a proposal that the state fund about 50% of the total cost of public education, excluding capital outlay and debt service.

In 1947 the state legislature did appropriate \$2 million for state aid.

In their report, the Commission remarked, "Although it was a step in the right direction, it brought the state's share of the cost of operation of the schools up to only about 17 per cent of the total, while the national average is 40 per cent of the total." The board went on to say "One of New Hampshire's most urgent needs, if its educational system is to keep pace with the changing demands of our society, is some sort of broad-based tax so that the state can assume a proper share of the support of its schools. Only in this way can it assure to the boy or girl who happens to live in one of the economically

less favored communities his or her right to an education as adequate as that given to a boy or girl in the more favored communities. To allow any other condition to prevail is un-American and uneconomic."