

## Questions and Answers About NASD and B-HVD

- **What exactly is the problem?**

The Town of Alexandria has submitted a petitioned warrant article to change the Newfound Area School District (NASD or SAU4) apportionment formula from 100% Average Daily Membership (If your town sends 20% of the children to school, your town is billed 20% of the net budget of the school district).

They are proposing a 50% ADM (Average Daily Membership) and 50% equalized valuation of the town to modify the apportionment formula. Equalized Valuation is the sum of all the valuations of Residential, Commercial and industrial properties in a particular community. A community that currently has 10% of the student body could pay 18% of the budget. Valuation of a residence is no indicator of ability to pay nor the median household income of a community.

This measure will shift school cost among the towns comprising the Newfound Area School District. Bridgewater, Hebron and Groton will have substantial upward financial impacts if the article is passed. There was no discussion or analysis of this matter among the towns as the petition was submitted within 15 minutes of the close of the ballot period.

(Bridgewater will have a \$2 – \$3 increase in its tax rate or about a 1-million-dollar increase) Hebron and Groton will also be impacted.

Newfound Area School District (SAU4) theoretically doesn't have a position in this matter. (They are supposedly neutral.)

- **Are there other possible impacts?**

While Alexandria and Danbury will see a noteworthy decline in taxes, a lesser decline will transpire in Bristol and New Hampton. However, those communities will, most likely, see an erosion in lower taxes in subsequent years as they have much more commercial and industrial property. Normally, those asset values would go to reduce or offset municipal taxes. Under this proposal, it will offset school taxes for the petitioning town.

HOWEVER, the Bridgewater-Hebron Village District (B-HVD) is a separate political subdivision. It is comprised of Bridgewater and Hebron. It constructed and owns the Bridgewater-Hebron Village School (B-HVS) building, site, and furnishings. It LEASES those to the NASD for a dollar a year. SAU4 is responsible for salaries, utilities and

insurance. B-HVD has no input on educational policies. Essentially, B-HVD is a landlord and NASD is the tenant. B-HVD is responsible for capital items such as boilers, wiring, pumps, etc.

There are other potential consequences of the warrant. There is a clause in the lease between B-HVD and SAU4 that states "... if the apportionment formula is modified from ADM, the lease may be terminated by either party..." If the funding should change, SAU4 would have one year to renegotiate the lease or vacate the building.

- **"What would happen to students, faculty and staff?"**

Unknown. It would likely be disruptive. Larger class size, labor issues and other costs could arise. The differentiated instructional approach used in NASD would be vulnerable. Many traditional classrooms at B-HVS have been converted with movable partitions to allow for *one-on-one* tutoring for students who need additional help. If B-HVS is closed, a significant loss of classroom inventory would result.

- **"Why is ADM in the lease?"**

In 1999, B-HVD was asking its voters (Bridgewater and Hebron) to step outside the apportionment formula to pay for a school to reduce overcrowding in SAU4. In addition, the impact of adequacy legislation (i.e., Donor Towns) had just impacted Bridgewater and Hebron as well. The clause was to protect B-HVD from adding additional expenses being incurred by the other towns or voters.

- **Does B-HVD get any funds from the school district?**

In 2020, we requested and received \$4500 for a project which replaced all lighting at the school with LED lamping. The total cost of the project was over \$20,000. As a result, the school district received a much lower energy bill. When a manufacturing defect required replacement of two boilers, new more energy-efficient units were paid for entirely by B-HVD. Essentially, no monies are received from NASD for maintenance or upgrades of the building. All maintenance upgrades and normal expenses save NASD funds that can be used elsewhere.

**You cannot compare the academic operational costs (labor, books, etc.) of a building to the acquisition cost of the building plus maintenance and upgrades. It's comparing "apples to oranges."**

- **Does B-HVD get any preferential treatment from NASD?**

No. There is a strict policy of separation of duties. We own and maintain the building and facilitate requests from the principal, teachers, and staff for capital improvements, repairs or needs. We have no input on academic matters, teacher salaries, or benefits, etc. Who attends the school and from what towns is determined by the policies of SAU4. Currently, Bridgewater and Hebron are a minority in the school. Students from all seven towns in the school district attend the school. And, in the many years the school has been in operation, Alexandria has had the highest enrollment in the school.

- **School Utilization**

The design of the school was also to accommodate the public use of the gym as well as the fields. That is governed by the policies of B-HVD and the school. For example, the priority of gym utilization is first for the activities in the school. Likewise, the fields. If any activity could potentially damage the fields or building, we would confer with the principal or administrative offices. Currently, the TTCC uses the facility for basketball and soccer. A local group has an ongoing weekly volleyball game.

- **Would B-HVS close?**

That is up to the SAU4 School Board. Clearly, they were not contacted by the proponents of the warrant article nor the towns. Should this measure pass, the “rent control” and lease would possibly terminate. The future for NASD and B-HVS is up to the voters of the school district.

- **Valuations as an Allocation Method**

ADM is a fairer way to allocate expenses; if you have 20% of the students you pay 20% of the cost; no one pays more than their share, and no one pays less. Nobody should feel “taken advantage of.” It is straightforward, easy to understand, and proportional. Each town simply pays per student that is enrolled.

It’s flexible and self-correcting, as town demographics change so does the contribution.

It allows towns to develop commercial property and invest in infrastructure without fear of an additional tax penalty.

It is hard to account for the varying land values and demographics across multiple towns. Incomes frequently don't match assessments.

True, many cooperative school districts have a 50% ADM and 50% equalized value funding formula. However, when you look at cooperatives of 3+ towns (14 districts in NH) the story changes dramatically, and SAU4 has seven towns.

#### DISTRICTS WITH 4 OR MORE MEMBER TOWNS:

44% = 100% ADM

36% = 60-95% ADM

24% = 50% ADM

Equalized value wasn't designed for school funding; it was backed into to account for areas with large commercial interests. **That is not the case in SAU4.**

**THANK YOU**

- A small group of citizens, primarily from Alexandria, have submitted a petition warrant article for a vote at the next SAU election in March.
- The purpose of the warrant article is to change the funding formula in the whole District from the current *headcount times cost per student* model. That “new” suggested formula uses a basis of value of town property as 50 percent of the apportionment. The other 50% is headcount times cost per student.

Example:

Currently, Bristol pays 30% of SAU4 budget because it has 30% of the students. Others pay similarly. If your town has 15% of the school population, they pay 15% of the budget. Moreover, the school age population of all the towns is very stable. In 2010, Bristol had 31% of the students. Today, Bristol has 30% of the students. In 2010, Alexandria represented 18.2% of the budget. Currently it is 19%. School population for each town in the cooperative school district has varied very little over the last 10 years or about 1% plus or minus for each town. That is consistent for all the schools in this cooperative school district. **Yor tax bill, relative to schools, rises because of increasing school budgets not because any one town is sending more students to school over another..**

A town's total valuation is all the residential, commercial, industrial and lake access property value in your town. **Your town's valuation component will become the overriding factor in what you pay for your town's share of the bill!!!!** The number of children attending the school

district from each town will be steady. (Declining birth rates and aging population factors)

Not all towns will rise or fall at the same rate. If the tax rate rises in one town dramatically because of this proposal, the property values in that community could decline. That will shift “who pays”

**DO YOU REALLY WANT TO PUT RELIANCE ON YOUR PROPERTY VALUE IN THE APPORTIONMENT FORMULA? Currently, there is NO use of property values in the current formula.** The hard work of each town attempting to attract businesses and jobs to lower or contain taxes will be in vain.

If this warrant article is enacted, the first year apportionment will shift in the percentage that each towns pays to support education. It will not change equally. In the future, the town that has more commercial, industrial, residential and lake access values will dominate the percentage of what each town contributes to school costs. They are more at risk.

**If the “new” formula is voted in – you are effectively tying your future taxes to a fast moving “up escalator” of property valuation.**