

Funding Inequities in New Hampshire School Districts: Political Realities and Public Attitudes

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ABSTRACT

Equity has a central role in recent research on rural school finance policy, especially in the analysis of the effects of disparities in district funding on educational opportunity. Fiscal inequities have led to recent major tax reform efforts throughout the nation, in states such as Texas, Kentucky and Tennessee. An appropriate and current state case study of inequality is New Hampshire, where a primarily rural public school system is funded by regressive property taxes and lottery revenues. Although there is a wide spread in pupil expenditures between rich and poor schools in New Hampshire, with none of the ten poorest districts offering kindergarten, the existing funding plan has not been restructured by the politically conservative state legislature. Despite the commitment of most state legislators to "the pledge" of no new taxes, the results of a recent survey of over 500 New Hampshire citizens indicate that the public supports equalized funding efforts through the raising of broad-based state income or sales taxes.

INTRODUCTION

New Hampshire is at a critical point in its lack of support for public education. Similar to many other rural states, New Hampshire is part of a national trend towards greater disparity in the allocation of funds for school districts. State supreme court decisions have recently overturned school financing plans in Texas, Kentucky, Tennessee, New Jersey and Montana; and educational finance litigation cases are active or planned in nearly one-half the states (Odden and Kim, 1991). Major issues in the court cases which have sought greater equity in financing schools include the fundamental right of a student to an education, equal protection under the Fourteenth Amendment, and equal opportunities for all public school children. According to Thompson (1990), "funding disparities result in unequal opportunity by treating students in poor districts differently from students who have access to greater resources" (p. 69).

With the highest property taxes in the nation and among states with the lowest in per pupil expenditures, New Hampshire has an increasing gap between rich

and poor districts. Although the state average for pupil expenditures is a low \$4,441, the small "north country" town of Milan only allocates \$2,583 per pupil expenditure, whereas the ski resort village of Jackson, New Hampshire, spends \$8,067, nearly four times as much for each student. The politically conservative New Hampshire legislature has not recommended any tax reform measures to address these inequities. Only 7 percent of educational funds are paid by state revenues, largely derived from lottery revenues, because 90 percent of public school expenditures are based on property taxes, locally collected and administered. New Hampshire has no state income or sales taxes to relieve these property taxes, which fall heaviest on low income families.

Some public policy issues in the financing of New Hampshire public schools are highlighted in a recent survey of 538 randomly selected adult residents of the state. In contrast to the New Hampshire legislature's support of the status quo in state tax measures, survey findings indicate public support for equalized funding efforts, even if new revenues must be raised. Part of this state case study research also involves a

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comparison in equal opportunity, as measured by kindergarten access, between the ten wealthiest and the ten poorest of the 159 school districts with annual per pupil expenditures.

Several recent state supreme court decisions have challenged tax structures which are similar to the revenue raising measures in New Hampshire. A review of three cases reveals the correlation between fiscal inequities and inadequate educational opportunities in rural states.

NATIONAL ISSUES

School Finance Litigation Trends

In the past decade, the gap between wealthy and low income districts has increased nationwide. This 1980s trend of the "rich getting richer" and the "poor getting poorer" is being addressed in the current wave of state supreme court orders, invalidating the methods by which public schools are being funded. In this new period of school finance litigation, at least eleven states have had their school funding systems declared unconstitutional. Since 1988, there have been lawsuits relating to fiscal inequities in several rural states. In addition to Texas, Kentucky and Tennessee, state funding formulas have been challenged in the state supreme courts of Arizona, Kansas, and West Virginia. Concomitant with an increase in educational and social service costs, rural school districts have been faced with an erosion of their tax base. Thompson (1990) cites further reasons for fiscal inequities:

The history of education has been characterized by inadequate and inequitable state funding, intergovernmental competition for revenues, tax protests, and other issues relating to shifting demographics such as consolidation, legislative reapportionment, and other needs which have operated to disadvantage rural educational opportunity (p. 74).

Texas, Kentucky and Tennessee Cases

The Texas, Kentucky and Tennessee cases are especially important. In those largely rural states the supreme courts have ruled the school funding formulas as unconstitutional by citing both inadequate and inequitable distribution of resources.

The supreme court of Texas declared in 1989 that the state's funding formula was unconstitutional in

denying some children equal access to educational opportunities. The proposed remedy in Texas is an education bill which would raise sales taxes and the "sin taxes" on alcoholic drinks and tobacco. However, this new funding plan, placing an additional \$528 million from sales taxes into school financing, has recently been ruled "insufficient" by a Texas district court. In the Kentucky case, the supreme court struck down its entire state educational funding system. The 1989 Kentucky decision mandated that the state lawmakers increase the overall funding and eliminate disparities among the school districts, "Thus, the issue was not one of zero sum wherein equalization was to be achieved by leveling down and the Court made it clear that the Legislature was to substantially increase appropriations" (Alexander, 1989, p. 134).

In Tennessee, it was found that the state funding plan favored urban and suburban areas by denying rural districts equal access to educational expenditures. Similar to New Hampshire, property tax effort was the greatest in the more rural towns of Tennessee.

Because sales tax collections and property values are higher in urban areas and conversely lower in rural districts, the plaintiffs rest their case that the state has discriminated against rural districts where the state aid plan underfunds an 'adequate' expenditure level by 43 percent and where as a result of the TFP [Tennessee Foundation Plan] rural districts cannot meet minimum accreditation requirements because of insufficient revenue (Thompson, 1990, pp. 73-74).

The policy ramifications of these tax reform decisions have far reaching consequences for educators in all the United States. With national economic decline and recent setbacks in state and federal aid to education, state supreme courts are mandating that new revenues be raised to fund adequate levels of education as well as to eliminate disparities among districts.

NEW HAMPSHIRE EDUCATIONAL FUNDING SYSTEM

The foremost fiscal policy problem of New Hampshire is finding the means to provide a greater degree of equity for students in the state's public schools. Although New Hampshire is a small rural state with about one million residents, school

enrollments of 175,000 are climbing and yearly education costs of almost one billion dollars are increasing. This is the only state which does not require kindergarten, yet births to residents have shown significant growth since 1984, indicating an even greater need for such programs.

Property Tax

The current funding system is unfair to the child and the taxpayer in the state's rural areas. New Hampshire is last in the United States in the percentage of state support for education because it relies on local property taxes more than any other state. The national averages for fiscal support of public education are: federal, 6.4 percent; state, 49.8 percent; and local, 43.8 percent. Of all the states, New Hampshire would still rank fiftieth in the percentage the state pays for education, despite being seventh in per capita income, even if it quadrupled the percentage of educational funds it appropriates, from 7 to 28 percent (National Education Association, 1988, p. 42). Like Alaska, but no other state, New Hampshire has no sales tax and no state income tax. Although the national average of property taxes as a percentage of state funds is 30 percent, the New Hampshire average is the highest, at 90 percent. The state's share of educational costs is being borne by local property owners, and this burden is shouldered unequally because of the great discrepancies in equalized property values among New Hampshire communities.

There is a greater tax effort in the poorer New Hampshire towns because in these low per pupil expenditure districts there are high property taxes. For instance, the homeowners of a \$100,000 house in the small town of Charlestown, New Hampshire pay \$1,661 in property taxes to support local schools, whereas the residents of a \$100,000 home in suburban Newington pay only \$97 in annual property taxes. In a Center for Educational Field Services study of three equal pupil groups based on property wealth per student, it was found that from 1981 to 1987 discrepancies between the rich and poor groups actually increased:

In 1981, wealthy districts had 2.09 times the property wealth per pupil as poor districts. This increased to 2.6 in 1987. Poor districts paid 1.65 the school tax rate of wealthy districts in 1981: they paid 1.91 the rate in 1987. Wealthy districts raised 1.25 the revenue per pupil of poor districts in 1981: in 1987 they raised 1.36 the amount. Cost per pupil differences were

much less significant, with wealthy districts spending 1.17 the amount of poor districts in 1981 and 1.19 in 1987. However, this figure reflects an increase in spending discrepancy even after receiving foundation aid. Similar comparisons between the two groups are made to the state average. Once again, wealthy districts and poor districts are moving further away from the state average, showing the discrepancies are actually increasing (Michener, 1989, p. 2).

Although poor districts have double the tax effort of wealthier school districts, the low income areas generate one third less per pupil expenditures.

Lottery Revenues

In 1964, New Hampshire initiated the first modern state lottery in the United States. The expressed purpose for the inception of the sweepstakes was for the New Hampshire legislature to avoid the adoption of state income and sales taxes (Allen, 1991). Among the states which currently have lotteries, eleven, including New Hampshire, designate all or part of the revenues to education. New Hampshire earmarks the lowest percentage (28%) of proceeds to education, and New York allocates the highest percentage (45%) to support the schools.

Webb (1990) and Allen (1991) contend that taxpayers hold misperceptions that the state lotteries are raising sufficient funds for education, obscuring the responsibility of state legislatures to raise more direct, progressive taxes. Webb states:

... the lottery holds little potential as a significant source of increased revenues for education. Lottery revenues are expected to level off by the middle of the next decade, and the average contribution to state revenues is not expected to exceed its current level. Yet one thing is certain: Regressive, inefficient, and relatively unproductive as they are, political realities favor lotteries. Unlike tax increases, they are popular and politically achievable (p. 55).

Further, Allen suggests that "current conservative political beliefs" are deceiving the public because proceeds are being used as policy tools, "Generating public funds through lotteries gives the appearance of

meeting needs of education while masking the relative drop in more direct tax-based public finance" (p. 296).

Based largely on lottery revenues, a New Hampshire state funding formula, the "Augenblick plan" or Foundation Aid, was initiated in 1985. Unfortunately, the formula is inadequately funded. The Foundation Aid formula measures local fiscal ability and student needs, but only 7 percent of the total educational budget is from state aid, and only 3 to 4 percent of that is equalization aid.

With the economic recession, even the meager lottery funds are in jeopardy. Because the sweepstakes revenues targeted for education are lagging behind projections, fewer funds are being distributed to local school districts. In the 1990-91 fiscal year, Foundation Aid had accounted for 5 percent or \$47 million of the \$933 million cost of New Hampshire public education. Current estimates are that Foundation Aid will drop to about \$33 million this year (1991-1992), accounting for only 3.5 to 4 percent of the cost of education statewide (Goodman and Michener, 1990). The Augenblick plan has thus proved clearly inadequate to redress inequities for students and taxpayers, with a low state aid contribution which has recently dropped one or more percentage points.

One of the additional funding problems of the Augenblick plan is that this year the state withdrew all general fund monies to support the program, leaving the Foundation Aid Program totally dependent on state sweepstakes revenues. The lower income, rural residents of New Hampshire therefore have to rely on lottery players to provide educational opportunities for their children. Moreover, the lottery is a regressive, implicit tax which adversely affects low income individuals, who spend larger portions of their incomes on sweepstakes tickets than other economic groups. The New Hampshire lottery is not a viable substitute for broad-based taxes because the Augenblick plan is "so underfunded that unequal educational opportunities for children persist in the poorer school districts, despite the higher local tax effort" (Goodman and Michener, 1990, p. 35).

Educational Opportunities and Kindergarten

Educational opportunity for students in New Hampshire is dependent on the property values of the school district in which the child is living. In fact, the increase of non-education expenses for town and city governments has created greater disparities in the

property taxes levied in recent years. New Hampshire has cut aid to municipalities by fifty percent over the last decade. During this ten year period, New Hampshire's population grew by 15 percent, escalating the costs of schools and local services (Ragan, 1990). In a national study of equal opportunities and educational expenditures, New Hampshire was found to be one of only six states "which worsened on all [equity] measures for all periods [1969-70, 1976-77, 1984-85]" (Berne, 1988, p. 176).

A 1990 case study of Gilford and Franklin, two small New Hampshire school districts, reveals the unfairness of the current funding system. Gilford is an upper income, resort area, whereas neighboring Franklin is a lower income, mill town.

Even though Gilford's per capita income is 52 percent higher than Franklin's, Franklin residents still are subject to a higher property tax rate (22.74) than Gilford (19.89). Because of the huge differences in property values, Franklin's higher tax rate raises only \$2,799 in property taxes per pupil compared to Gilford's \$5,384, a 92 percent difference. Franklin is able to spend \$4,082 per pupil because it receives supplemental funding from various state and federal sources. Even with that help, Gilford is still able to spend 38 percent more on its students (Benham, 1990, p. 16).

This additional funding translates into better educational opportunities for Gilford high school students, who score 67 points higher on the Scholastic Aptitude Test, are less likely to drop out of school, are more likely to attend college, and have greater access to performing arts and athletic programs than their Franklin counterparts.

Unequal educational opportunities are even more evident for younger students in the state. Despite the overwhelming research in favor of preschool programs as educationally sound and effective, New Hampshire remains the only state in the nation which does not provide kindergarten for all five year olds. Although public kindergarten is available to only about half (54%) of New Hampshire's preschoolers, current estimates are that merely one third (6,109) of the entire five year old population actually attend public kindergarten and about one third attend private kindergarten, with the remaining one third attending no kindergarten at all.

A striking example of the relationship between property wealth and educational opportunity is the lack

of access to kindergarten in the poorest New Hampshire school districts. Of the 159 New Hampshire towns and cities which have public schools, none of the ten lowest ranking districts in per pupil expenditures offer kindergarten. Two of the ten wealthiest districts have only secondary level schools, of the eight remaining towns which could offer kindergarten, all districts but the wealthy seacoast area of Hampton Falls (where parents prefer to send their preschool children to private schools) have public kindergarten programs. The highest district in per pupil expenditures is Jackson, New Hampshire, a prosperous ski resort area which spends \$8,067 per pupil, including the funding of kindergarten. Ranked at the bottom of the 159 New Hampshire school districts is the low income, "north country" town of Milan, which cannot offer kindergarten because the residents can afford only about \$2,583 per pupil annually, about one third of what Jackson spends. Jackson's per capita income is \$18,082, nearly twice that of Milan's \$9,250, yet the richer district spends more than three times in per pupil expenditures. This inequity in fiscal support is aggravated by the New Hampshire state tax structure which places a greater property tax burden on the poorer, more rural districts.

In addition, the research findings on the financial benefits of preschool programs indicate that from four to nine dollars are returned for every one dollar spent on pre-six-year-old programs. The savings to school districts which can afford to offer kindergarten are viewed in terms of the lower rate of grade retention and the reduced need for special education services. A comparison between the dropout rate in New Hampshire with the rate in Iowa, both with similar demographics, reveals the importance of kindergarten.

Iowa's dropout rate of 12 percent is far below that of New Hampshire (approximately 30%). Both states are largely rural with low minority populations. In Iowa, it is the public's expectation that all children will go to kindergarten. Iowa has had universal public kindergarten for many years. In New Hampshire, kindergarten is only available to those children who happen to live where it is publicly provided or whose families can afford to have them attend private kindergarten programs. As with dropouts, there is an obvious relationship between attendance at kindergarten and the socioeconomic status of the family (New Hampshire Department of Education, 1988, p. 3).

Equity Litigation

As the economy worsens and the gap between the wealthy and the poor New Hampshire school districts widens, school district litigation efforts are increasing. Without broad based taxes such as state income or sales taxes, the poorer and more rural New Hampshire towns are finding it difficult to support public education. In 89 districts voters adopted the school budgets with few new or expanded educational programs. In another 49 school districts budget levels were greatly reduced, and in 27 districts significant cuts were made in existing programs. The property poor district of Franklin is a case in point of the effects of severe budgetary cutbacks.

In Franklin, taxpayers last November enacted a cap that tied tax increases to the national inflation rate. To stay within the cap and still make a \$511,000 payment in a new school building, the council has instructed the school board to come up with cuts totalling \$670,000. Kindergarten fell first, then the district's athletic program. 'If those cuts are implemented, it will take us another 20 to 25 years to catch up' to minimal education standards, says Superintendent Fokion Lafionatis (Ragan, 1990, p. 19).

These current school budget cuts have caused conflict between those protesting new taxes and those supporting aid to education.

Given the lack of political leadership on the funding inequities issue at the state level, grass roots movements are now underway to challenge New Hampshire's tax system. The New Hampshire School Boards Association is supporting litigation through the courts which tests the constitutionality of the state's reliance on the property tax as the primary funding source of education. One difficulty school boards are facing is that the New Hampshire constitution is more vague than other states on whether education is a "fundamental right" that must be provided by the state.

The Claremont School Board is asking other district school boards to join it in filing and funding a lawsuit against the State of New Hampshire that would challenge the constitutionality of the state's method of funding education. The recent Kentucky and Texas rulings, on the unconstitutionality of reliance on property taxes to fund education, found that differences in property values among districts denied children equal access to education. These decisions were influential in the Claremont School Board's step towards litigation.

The letter which the Claremont Board wrote to other districts for support states:

As in most cities and towns in the State, the City of Claremont is facing substantial increases in its property taxes without a corresponding increase in the tax base. Our property taxpayers face a financial burden that is having catastrophic proportions and it is the educational system and our children who are being victimized (Saunders, 1990, p. 11).

At least 20 school districts have voted to financially support the Claremont School Board in this lawsuit, which contends that the state is obligated to give all children equal educational opportunities. Although the New Hampshire constitution guarantees all children in the state an equal right to educational opportunity, many property poor rural districts such as Claremont believe that the current funding system is a violation of those rights.

NEW HAMPSHIRE LEGISLATURE

There are at least three possible ways in which state legislative action could relieve the property tax burden and address the inequities in New Hampshire school district funding: one, additional sources of tax revenues could be raised by creating a state sales or income tax; two, existing state funds could be reallocated to provide more aid for education; or three, a statewide property tax would alleviate disparities between rural and suburban school districts. None of these reform measures have been implemented by the New Hampshire state legislature, which, comprised of 424 members, is one of the world's largest governing bodies.

In the last legislative session five bills were submitted to the legislature, aimed at reducing property taxes by introducing broad-based state sales or income taxes. Four of these five property tax relief bills died in committee, and the fifth was set aside for further study. A resolution supported by the New Hampshire School Boards Association to increase the level of state funding for education from 7 to 20 percent became part of legislative discussions on a constitutional amendment calling for a three percent state income tax, but the proposal was rejected by the House Ways and Means Committee. Furthermore, no action was taken to establish a more updated educational funding plan.

Although a bill was passed by the House Education Committee calling for \$50,000 to fund an independent study of the Foundation Aid formula, it was defeated in the House Appropriations Committee due to lack of funding.

It is thus a political reality that the conservative, unwieldy New Hampshire legislature is unwilling to reform the inequities which result from the current state tax structure. As the survey results will suggest, there is a difference in political ideology between the New Hampshire legislature and the electorate. Among the 424 state legislators (400 representatives and 24 senators), conservatives outnumber liberals by a margin of four to one; whereas, among the voters, conservatives outnumber liberals by a margin of only three to two. Demographic factors indicate further differences between the state's elected representatives and the citizens. Although only one-third of the New Hampshire population is over fifty years old, more than two-thirds of the legislature are over fifty. In addition, two-thirds of all legislators in the state are male, as compared with only one-half of the general population. This older, retired, Republican male majority in the New Hampshire legislature has a conservative bias towards maintaining "the pledge" of no new taxes.

PUBLIC ATTITUDES IN NEW HAMPSHIRE

Public policy issues in the unequal funding of New Hampshire public school districts were examined in a recent survey of 538 randomly selected adult residents of the state. The general goal of the study was to measure the degree of public support for tax reform and educational opportunity, as measured by kindergarten access.

Survey Method and Data Collection

The respondents were asked the following seven questions related to school district funding, state tax structure, and kindergarten availability:

1. Recently there has been some controversy over the differences in the amount of money some school districts spend on education compared to what other districts spend. How much have you heard about this?

2. Do you think these differences in the amount of money spent by some school districts compared to others is serious?
3. Do you think that the state government should provide money to poorer districts to help equalize spending or should the responsibility for the cost of education be left to the individual school districts?
4. Would you support or oppose a state sales or income tax if the money would be used to help poorer districts pay for education?
5. Would you say that your school district spends more toward education than the average, less than the average, or about the same as other districts?
6. Does your school district offer kindergarten classes, or are you unsure?
7. Do you think that school districts in New Hampshire should offer kindergarten, or should parents who want it for their children pay for it themselves?

These questions were posed to 538 New Hampshire residents in a telephone survey. The sample of telephone numbers was randomly selected from a complete list of published telephone numbers in the state. Dillman (1978) suggests the validity of this sampling method, "The circumstances under which directory listings work best are the same ones in which random digit dialing can best be implemented and vice versa. In rural areas in which directories are usually adequate, random digit dialing also encounters few problems" (pp. 241-242). New Hampshire is considered to be a rural state in which nearly 100 percent of households have a telephone.

However, to insure that both published and unpublished residential numbers would be included, a constant was added to the selected numbers. Thus, this sample is equivalent to a random digit dialing sample, in which each residential number in the state has the same probability as every other residential number of being included in the sample. The results based on this sample will differ by no more than five and a half percentage points in either direction from what would have been obtained by interviewing all adult residents in the state. However, the margins of

error for this smaller subsamples of the survey will be greater than the 5.5% margin for the whole sample.

Survey Results

Figures 1 through 4 are graphs in which there are statistical correlations between two factors. Supplementing these bar charts are tests of statistical validity. Chi square tests on the data indicate if any of the factors influence support for broad based taxes or publicly funded kindergarten ($T = <.05$ levels). Regression analysis (Beta levels) measures the most statistically significant variables in determining public support for new taxes or kindergarten.

Figure 1, "Perceptions of the Seriousness of District Spending Differences Correlated with Public Support for New Hampshire State Sales or Income Tax to Equalize School District Spending," correlates public attitudes towards funding inequities with support for new taxes. The graph shows that 76% of those New Hampshire residents who perceive of school district spending differences as "very serious" support state sales or income taxes. Only 32% of those 482 individuals polled, who view inequitable funding patterns as "not serious," support these new broad based taxes.

In addition, the perception of seriousness of differences in district spending variable, when correlated with public support for New Hampshire sales or income taxes, is more statistically significant ($T = .0000$, $Beta = .2006$) than the demographic factors of political ideology or gender. According to this survey, state citizens who are aware of funding inequities among districts are the most likely to favor broad-based tax remedies.

Figure 2, "Political Philosophy Correlated with Public Support for New Hampshire State Sales or Income Tax to Equalize School District Spending," correlates ideology with the attitudes of 494 respondents towards new taxes. In this graph, it is evident that liberals (77%) are much more likely to support new taxes than conservatives (55%). Furthermore, this is a statistically valid correlation ($T = .0004$, $Beta = .1688$).

With a conservative majority in the state legislature, it would still appear that tax reform is possible, because over half of the self-proclaimed conservative respondents approve of broad-based taxes. The New Hampshire legislators may be more conservative than those surveyed, or the Republican majority representatives and senators may not see themselves

Figure 1: Perceptions of the Seriousness of District Spending Differences Correlated with Public Support for New Hampshire State Sales or Income Tax to Equalize School District Spending

(Statistical Significance: $T = .0000$, $Beta = .200605$)

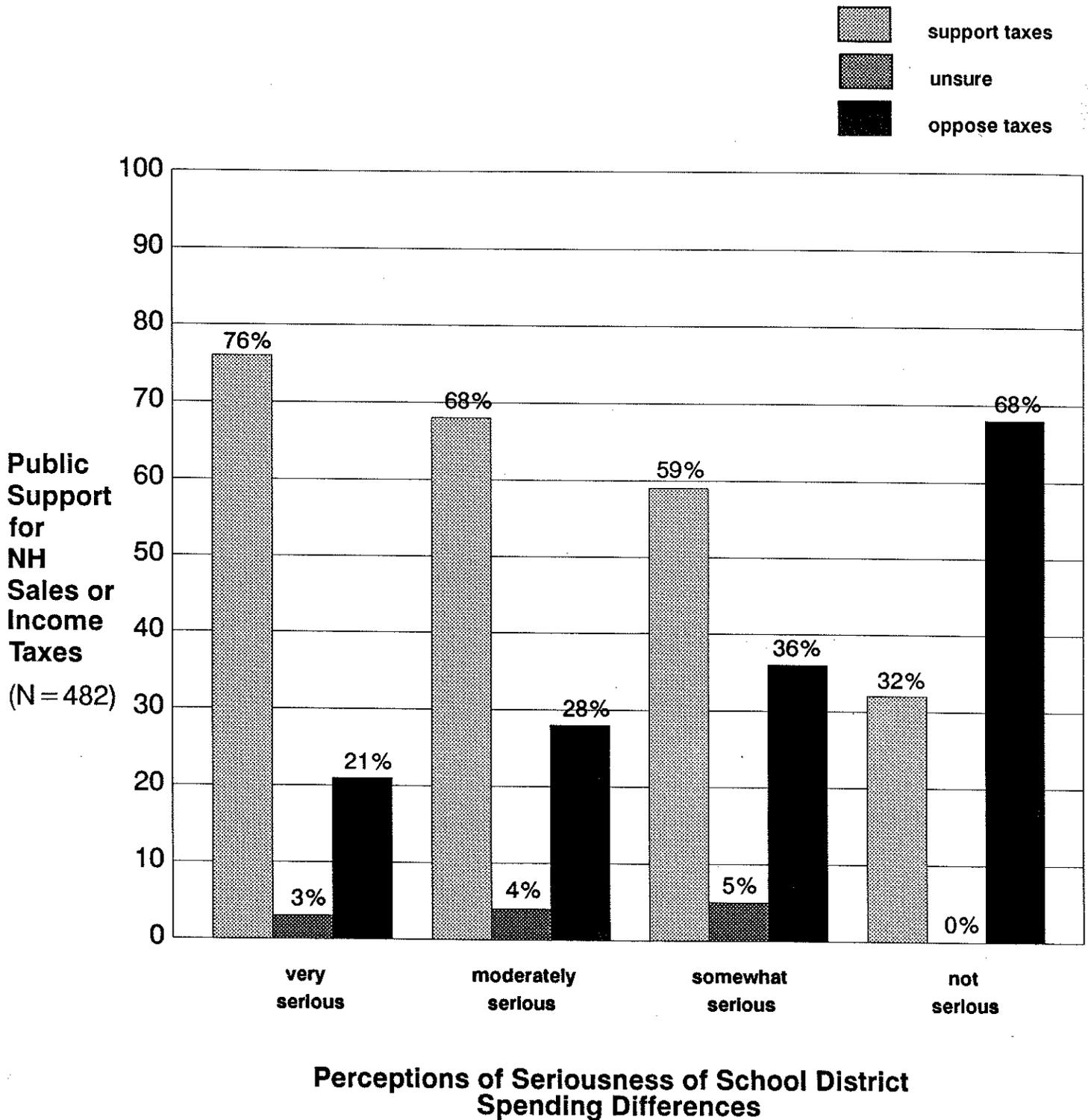


Figure 2: Political Philosophy Correlated with Public Support for New Hampshire State Sales or Income Tax to Equalize School District Spending

(Statistical Significance: $T = .0004$, $Beta = .168889$)

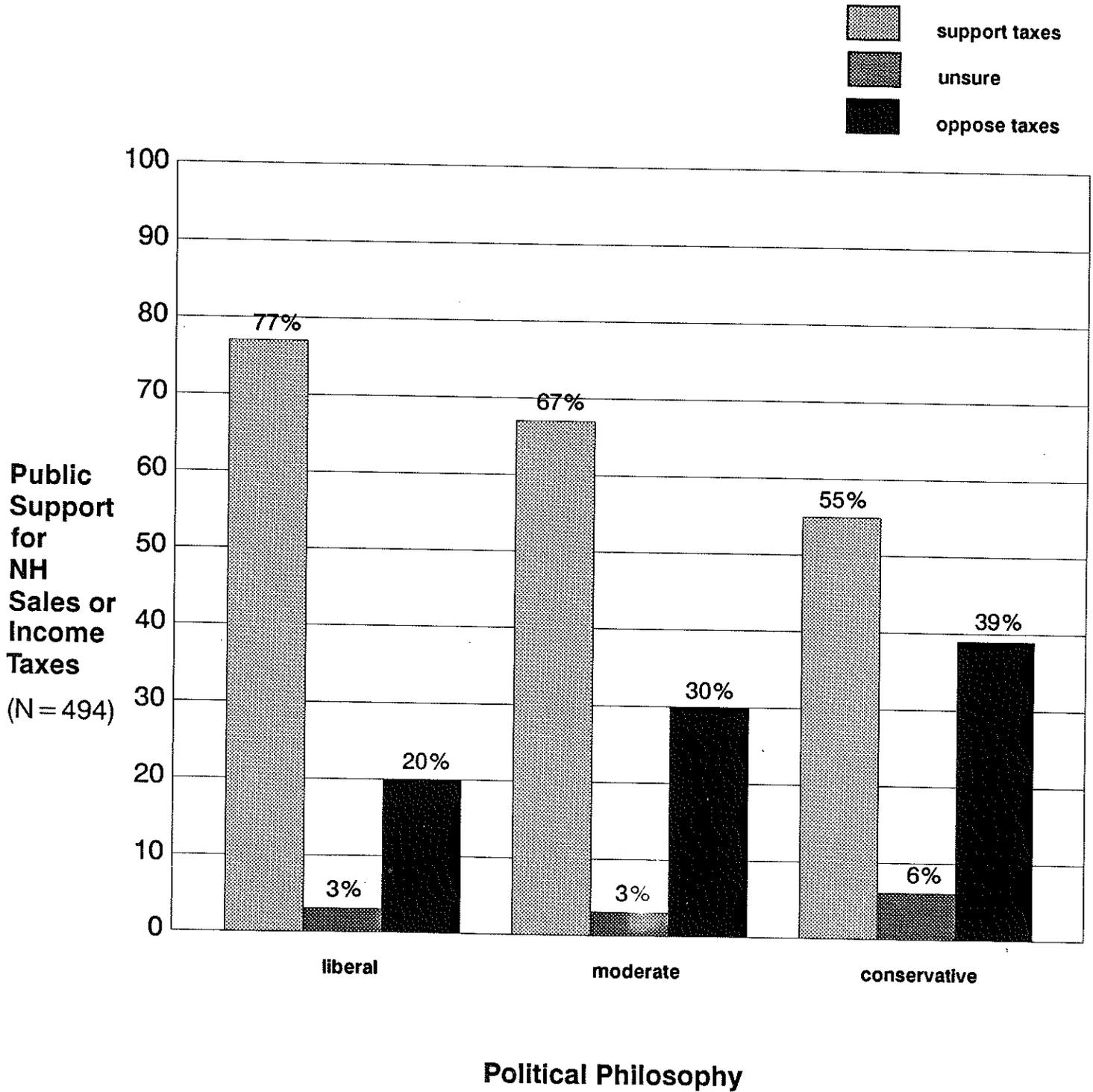


Figure 3: Gender of Respondent Correlated with Public Support for the Provision of Kindergarten (K) by New Hampshire School Districts

(Statistical Significance: $T = .0003$, $Beta = -.165188$)

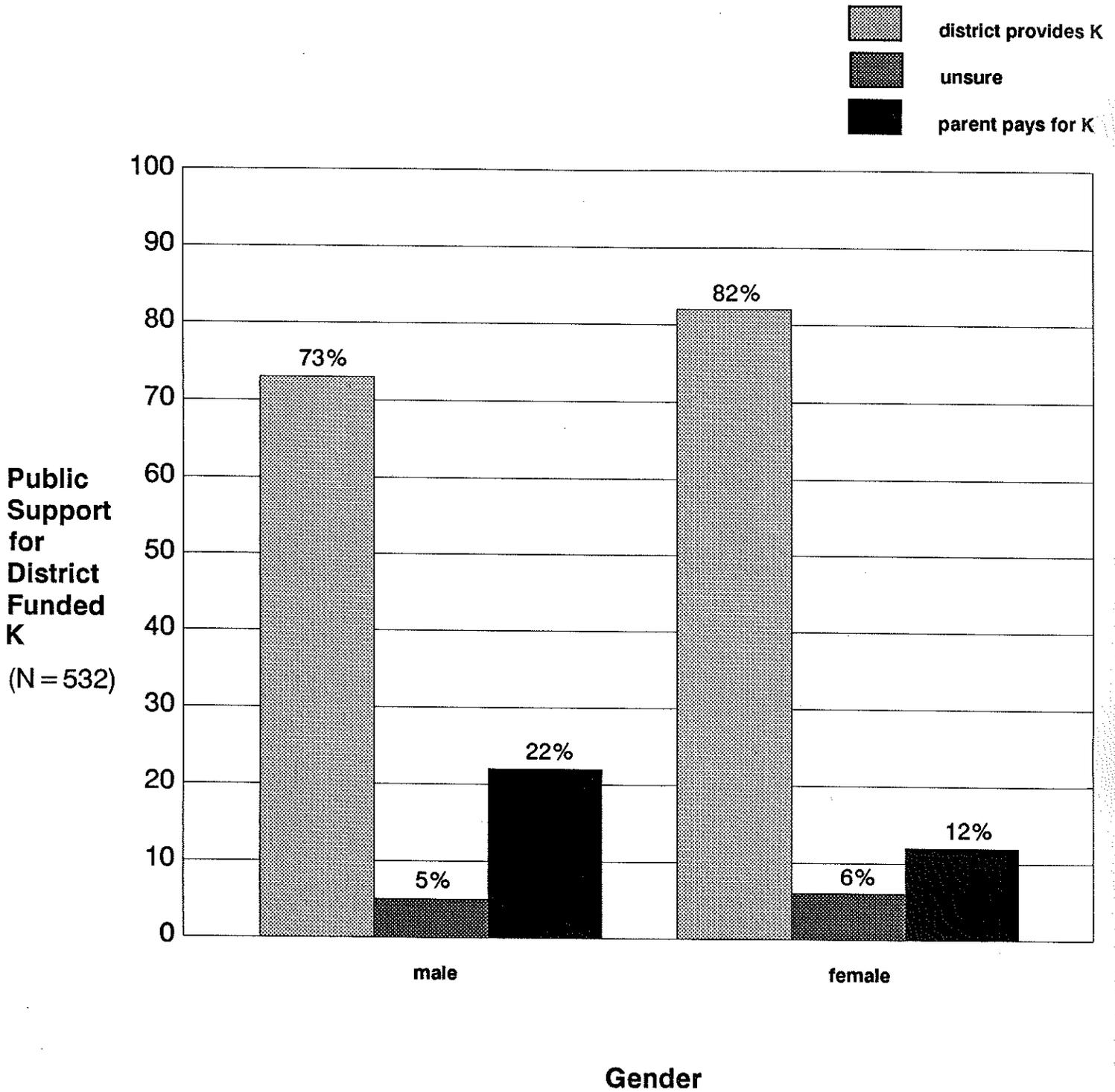
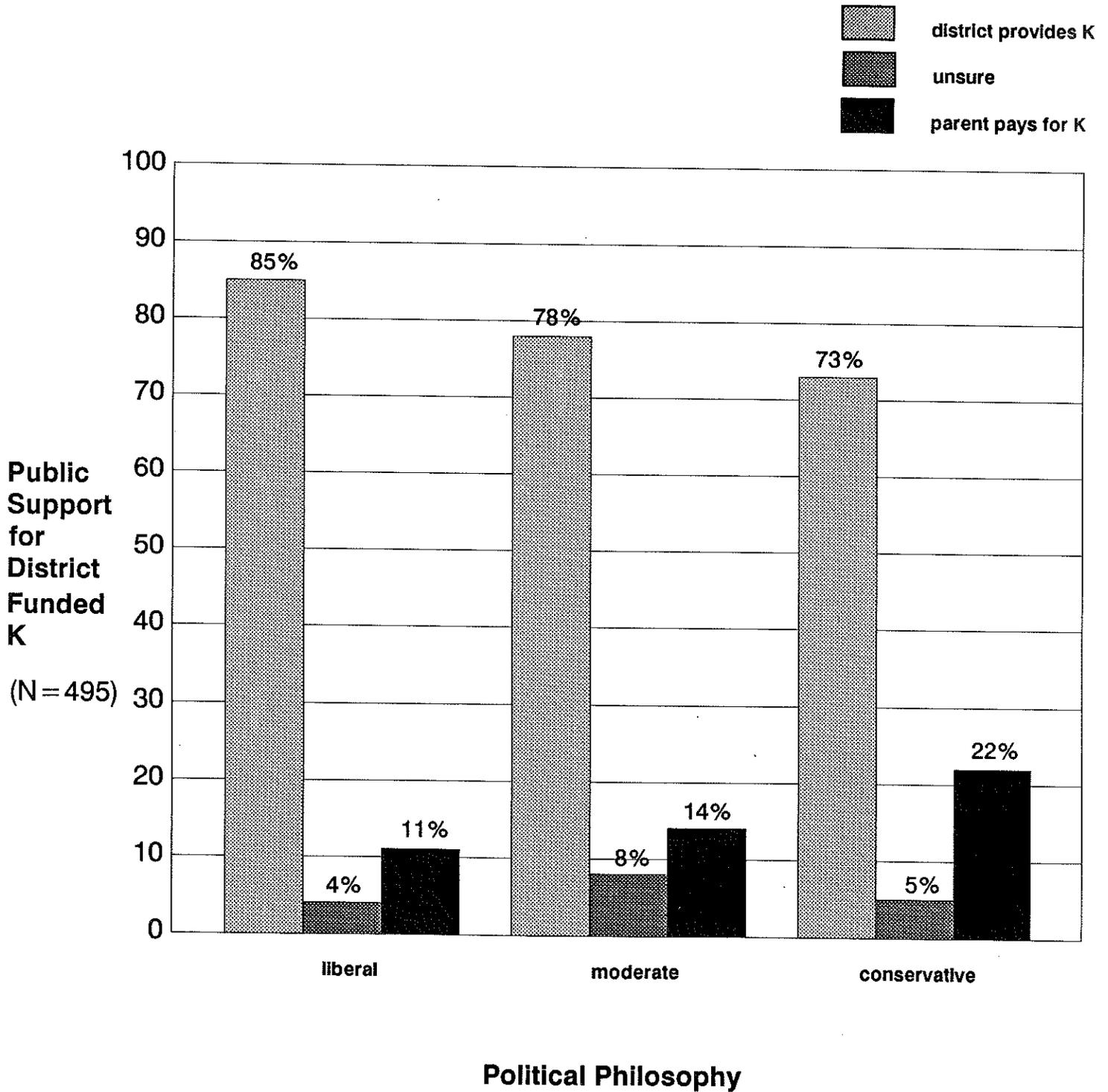


Figure 4: Political Philosophy Correlated with Public Support for the Provision of Kindergarten (K) by New Hampshire School District

(Statistical Significance: $T = .0370$, $Beta = .096312$)



as re-elected by advocating new state sales or income taxes.

In Figure 3, "Gender of Respondent Correlated with Public Support for the Provision of Kindergarten by New Hampshire School Districts," it is clear that women (82%) are more supportive of publicly funded kindergarten programs than men (73%). The correlation of gender with public endorsement of kindergarten in this survey of 532 New Hampshire residents is also statistically significant ($T = .0003$, $Beta = -.1652$).

Although women are more in favor of kindergarten access than men, only one-third of the legislators are female. Still, almost three-fourths of the surveyed males support public kindergarten. Over two-thirds of the legislators are over fifty years old, usually not of the age to be parenting preschoolers. The high percentages of retired (40%), male (67%) state representatives and senators may be other factors for the legislators' reluctance to implement costly kindergarten programs for all five year olds.

Figure 4, "Political Philosophy Correlated with Public support for the Provision of Kindergarten by New Hampshire School Districts," is a correlation of ideology with attitudes towards public kindergarten programs. Although self-designated liberals, moderates, and conservatives all support state funded kindergarten, liberals (85%) are slightly more likely to advocate these preschool programs. The correlation between political philosophy and public kindergarten is statistically significant ($T = .0370$, $Beta = .0963$).

Despite this overwhelming support for kindergarten access by the range of political ideologies represented in this survey, the state legislature has steadfastly refused to provide this educational opportunity to all five year old children. New Hampshire thus remains the only state in the nation without publicly funded kindergarten programs in all school districts.

DISCUSSION

Local Control

Local control emerges as a political justification for educational inequality in New Hampshire. The state's decentralized system of school funding relies more on the property tax than any other state. Alexander (1990) explains the powerful social and economic effects of local control:

They [persons in wealthy districts] thus stoutly defend local taxation and local control as a kind

of divine right. From this frame of reference, the citizens of the more affluent school districts view the plight of the poor school districts with a natural complacency, a 'benign neglect,' as it were, toward the injustice. Efforts toward more equalization and redistribution of fiscal resources are viewed as incursions of malcontents into what is perceived as a well-ordered and operationally efficient educational system (p. 306).

Yet, the findings of this survey indicate a strong degree of public support for new broad based taxes to equalize school district funding in the state of New Hampshire. Unfortunately, the New Hampshire state legislature is not dealing effectively with the issues of student and taxpayer inequities. Successful politicians in this state are unwilling to campaign for tax reform measures. In the last four years, all bills which come before the New Hampshire legislature to study educational funding failed. Lacking legislative action responsive to funding inequities, reforms are being initiated by "malcontents" on local levels. The Claremont suit is a grass roots impetus for court action to restructure the way New Hampshire schools will be fiscally supported. If successful, this litigation will enable all children to have equal educational opportunities, including access to publicly funded kindergarten programs, regardless of where they live or their parents' socioeconomic status.

Recommendations

The New Hampshire tax system is archaic in its almost total reliance on the property tax for supporting educational costs. The continuing economic recession has led to lower state revenues, including lottery proceeds. State spending cuts have been accompanied by property tax increases; and some taxpayers are becoming reluctant to pay more for education. These factors are causing rural communities to cut all levels of school programs, including many kindergarten programs. Maintaining the status quo will cause even greater fiscal disparities because the discrepancies in educational opportunities among districts are becoming greater each year.

The New Hampshire funding system could be restructured by doubling the state fiscal support for Foundation Aid and demanding legislative review of all tax laws, with the purpose of creating greater equity for both children and taxpayers. The experiences of other rural states, in which the constitutionality of funding

formulas has been challenged, suggest that school finance reform must involve the highest levels of political leadership in state government. The goal of educational finance policy in New Hampshire should be to increase educational opportunities for students in districts where there are limited resources as well as to reduce tax burdens in districts where the property tax is excessive. Kozol (1991), in *Savage Inequalities*, his recent study of educational opportunities in America's schools, proposes to replace the property tax as a source of educational revenue with the progressive income tax, the latter at a rate high enough to equitably fund all districts. New Hampshire could take a moderate step in this direction by initiating a state income tax.

If the Claremont lawsuit was to prove successful in the state courts, the judge may order that either more money is needed for funding public education, or that the available state funds be distributed more equitably. To bring New Hampshire up to the national average of 50% state funding would mean an increase from the current \$90 million state support to \$450 million in state funds for the public schools. The extra \$360 million could be raised with a 3 1/2% state income tax. With public support behind such a broad based tax, as the survey results indicate, there is a chance for equity in the education of New Hampshire's children.

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