



# Falling Students, Rising Spending: N.H. Public School Funding, 2001-2019



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## Executive Summary

New Hampshire taxpayers are constantly told that their local public schools are underfunded because, year after year, public education spending is cut, not increased. Using official government spending and enrollment data from 2001-2019, this report demonstrates that far from cutting school funding, New Hampshire taxpayers have lavished funding on district public schools at rates that far exceed spending increases on other government services.

From the 2000-2001 school year to the 2018-2019 school year, New Hampshire public school district spending increased by more than \$1.5 billion in nominal dollars, or \$937 million when adjusted for inflation.

This massive spending increase—40% when adjusted for inflation—occurred as public school enrollment was cratering. From 2001-2019, New Hampshire district public school enrollments fell by more than 29,946 students, or 14%.

The increase in spending is even more dramatic when capital and debt spending are removed. Current spending (operational spending that excludes capital projects and debt service) increased by 74% from 2001-2019.

A large portion of that spending went to hire new staff, even as enrollment fell. While the number of students in New Hampshire district public schools fell by 14%, staffing increased by 15%. (Teacher pay rose by 12%, indicating that the emphasis was on hiring, not raising pay.)

Parents might assume that nearly \$1 billion in additional spending above the rate of inflation bought improvements in performance on national metrics. That did not happen. As current spending rose by 74% and staffing levels rose by 15%, New Hampshire's National Assessment of Educational Progress Reading and Math scores fell by 4 points. Nationally, scores rose by 15 points, which means that New Hampshire fell behind relative to other states despite a massive increase in spending.

On a per-pupil basis, New Hampshire public school spending increased by 66.8%, adjusted for inflation. In nominal dollars, New Hampshire spent \$8,245 per student in 2001. That figure reached \$18,905 in 2019, representing a 129% increase before accounting for cost of living increases. Adjusting for inflation, the increase was a stunning 66.8%. The increase was so large that New Hampshire went from being 4% below the national average in per-pupil expenditures in 2001 to 25.7% above the national average in 2019.

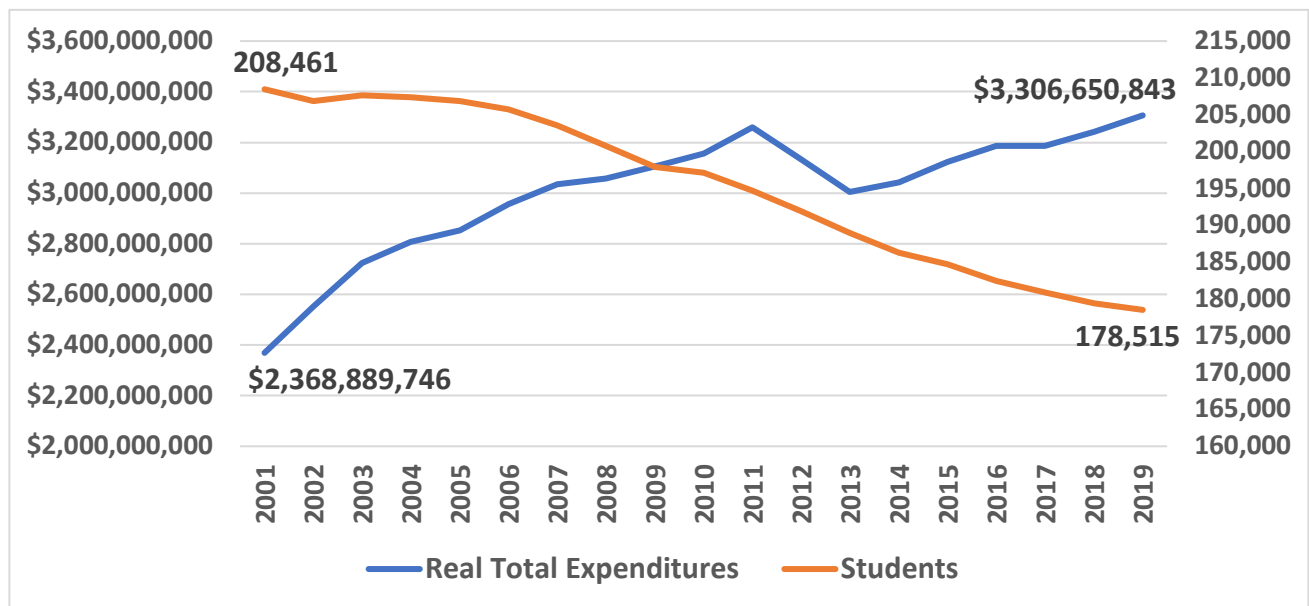
The big picture is that during the first two decades of this century New Hampshire spent 40% more to educate 14% fewer students, and those students wound up doing slightly worse in reading and math.

This report uses official State of New Hampshire data reported to the U.S. Department of Education. Because the COVID-19 pandemic produced serious disruptions in public schooling in 2020, this report ends its review in 2019. All inflation adjustments were made using the Personal Consumption Expenditures Price Index (PCE), a more accurate gauge of inflation than the Consumer Price Index (CPI). Since charter schools did not exist in New Hampshire in 2001, this report considers changes in enrollments and spending in district public schools only.

A dozen discreet data points show how New Hampshire spent more money on fewer students, with no gain in national reading and math scores, between the 2000-2001 and 2018-19 school years:

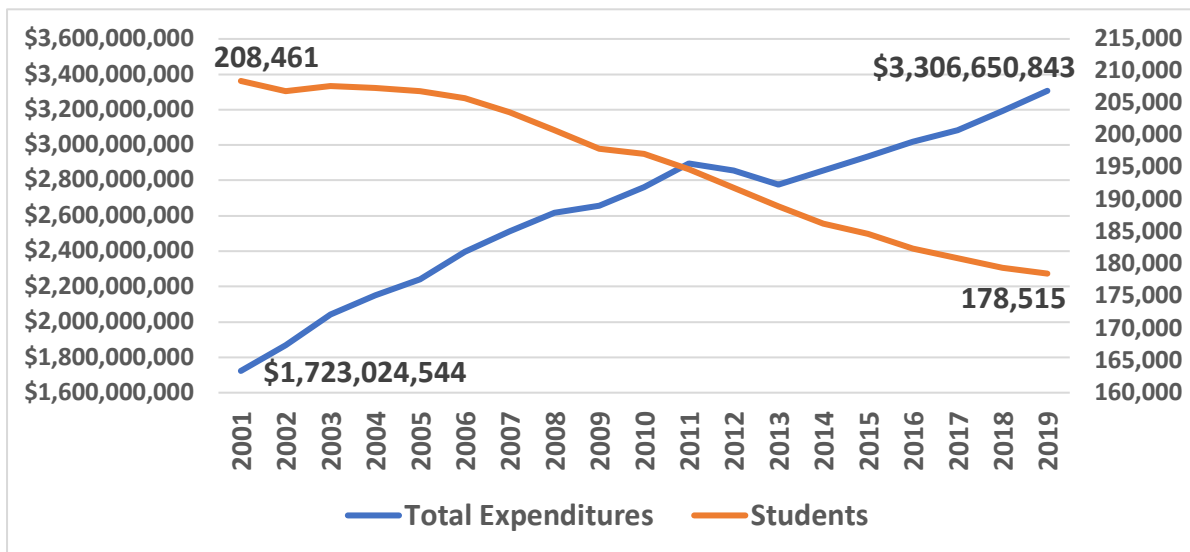
- 1) Between 2001-2019, the number of students in New Hampshire public schools declined every year except one. Meanwhile, total public school spending, adjusted for cost of living, increased in all years except two (2012, 2013) at the end of the Great Recession.

**Figure ES.1. N.H. Public School Enrollment and Total Expenditures,  
Adjusted for Inflation, 2001-2019**



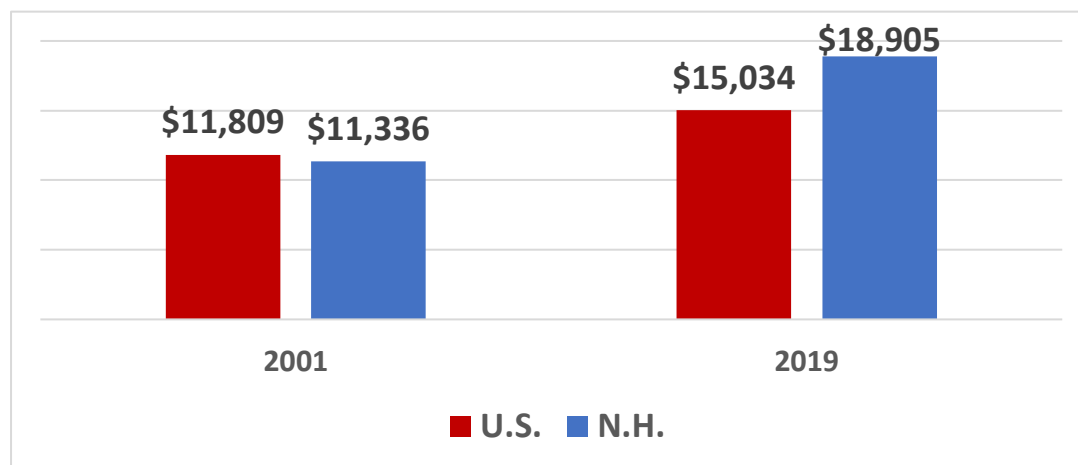
As shown in figure ES.1 above, the number of public school students fell from 208,461 in 2001 to 178,515 by 2019, a decline of 29,946. Despite this drop in students served, total expenditures in New Hampshire public schools, adjusted for inflation, increased from \$2.37 billion in 2001 to \$3.31 billion by 2019. Figure ES.2 below shows that in nominal terms, not adjusting for inflation, total spending increased by \$1,583,626,299, above the \$1,723,024,544 spent in 2001. By 2019, New Hampshire public school districts were spending a total of \$3,306,650,843.

**Figure ES.2. N.H. Public School Enrollment and Total Expenditures, Nominal (Actual) Dollars, 2001-2019**



- 2) Spending per pupil, adjusted for inflation, rose by 66.8 percent, from \$11,336 in 2001 to \$18,905 in 2019 (figure ES.3 below).<sup>1</sup> That means that New Hampshire public school students in 2019 had 66.8 percent more in real taxpayer funding devoted to their education relative to New Hampshire public school students in 2001. This huge increase vaulted New Hampshire from 4% below the national average in per-pupil spending in 2001 to 25.7% above the national average in 2019.

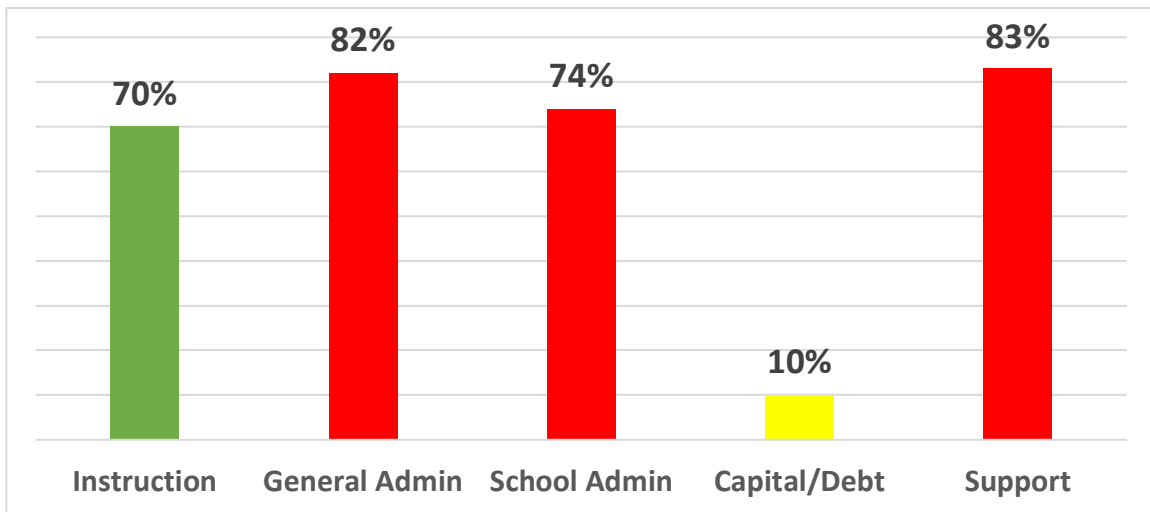
**Figure ES.3. Real (inflation-adjusted) Expenditures Per Student in Public Schools**



<sup>1</sup> Actual spending in New Hampshire public schools in academic year 2001 was \$8,245 per student—below the \$11,336 dollar amount reported in figure ES.3 above. Adjusted for the rise in the cost of living between 2001-2019, \$8,245 in 2001 was equal to the purchasing power of \$11,336 in 2019.

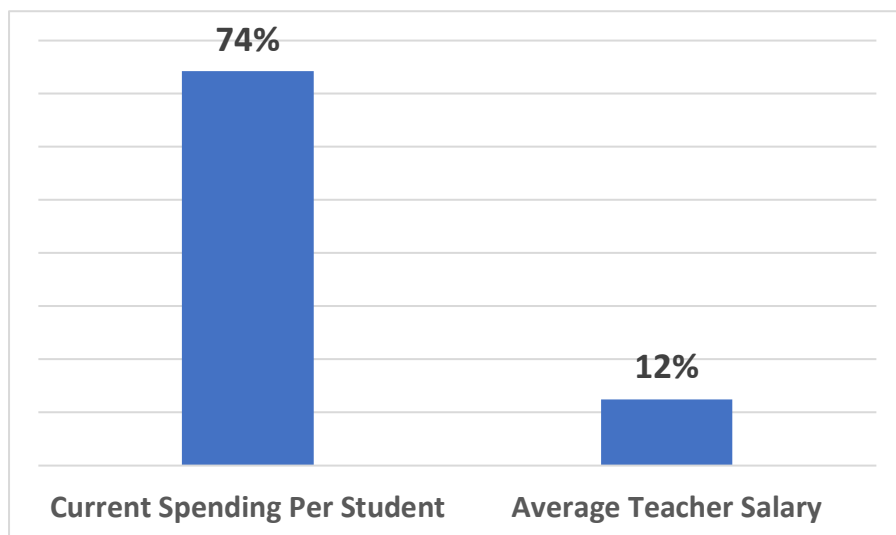
- 3) Adjusted for inflation, per-pupil spending increased 83 percent for support services, 82 percent for general administration, 74 percent for school administration, 70 percent for instruction, and 10 percent for capital & debt service.

**Figure ES.4. Real (inflation-adjusted) Percent Increases in Spending Per Student**



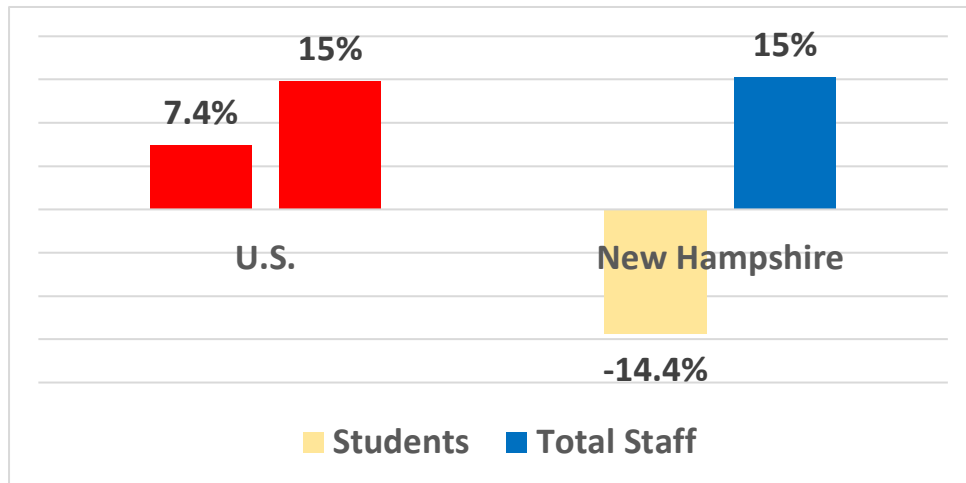
- 4) Current spending (which excludes capital and debt service) rose by 74 percent. Average teacher salaries increased by only 12 percent. (Both are adjusted for inflation.)

**Figure ES.5. Change in N.H. Public School Current Spending Per Student and Average Teacher Salaries, 2001-2019, inflation-adjusted**



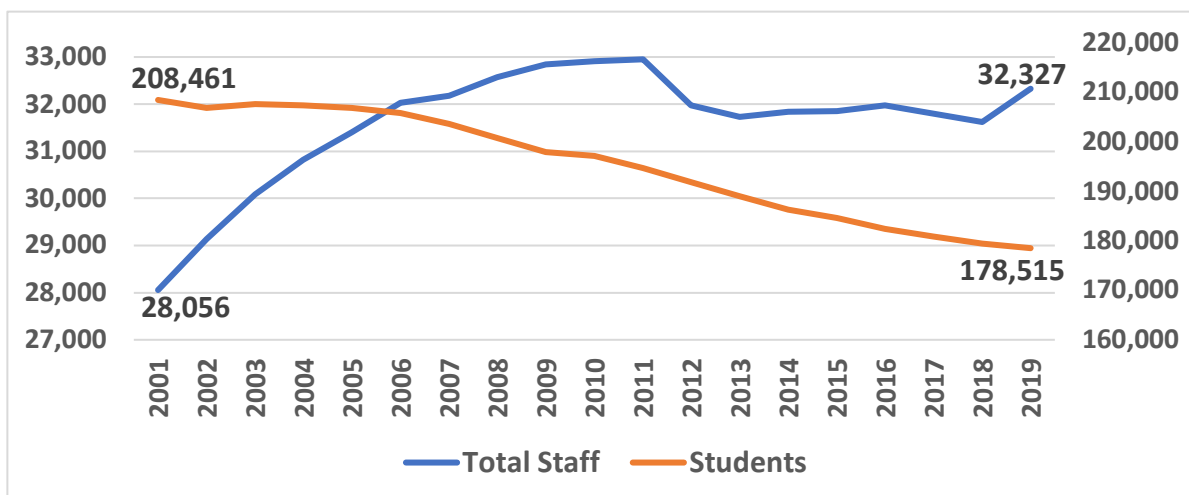
- 5) While the number of students served in New Hampshire public schools decreased by 14.4 percent between 2001-2019, the number full-time equivalent (FTE) total staff increased by 15 percent. Public schools nationally also increased their staffing by 15 percent during this period. But unlike New Hampshire, which experienced a large enrollment decline, the number of students served nationwide increased by 7.4 percent.

**Figure ES.6. Staffing Surge in Public Schools, U.S. and New Hampshire, 2001-2019**

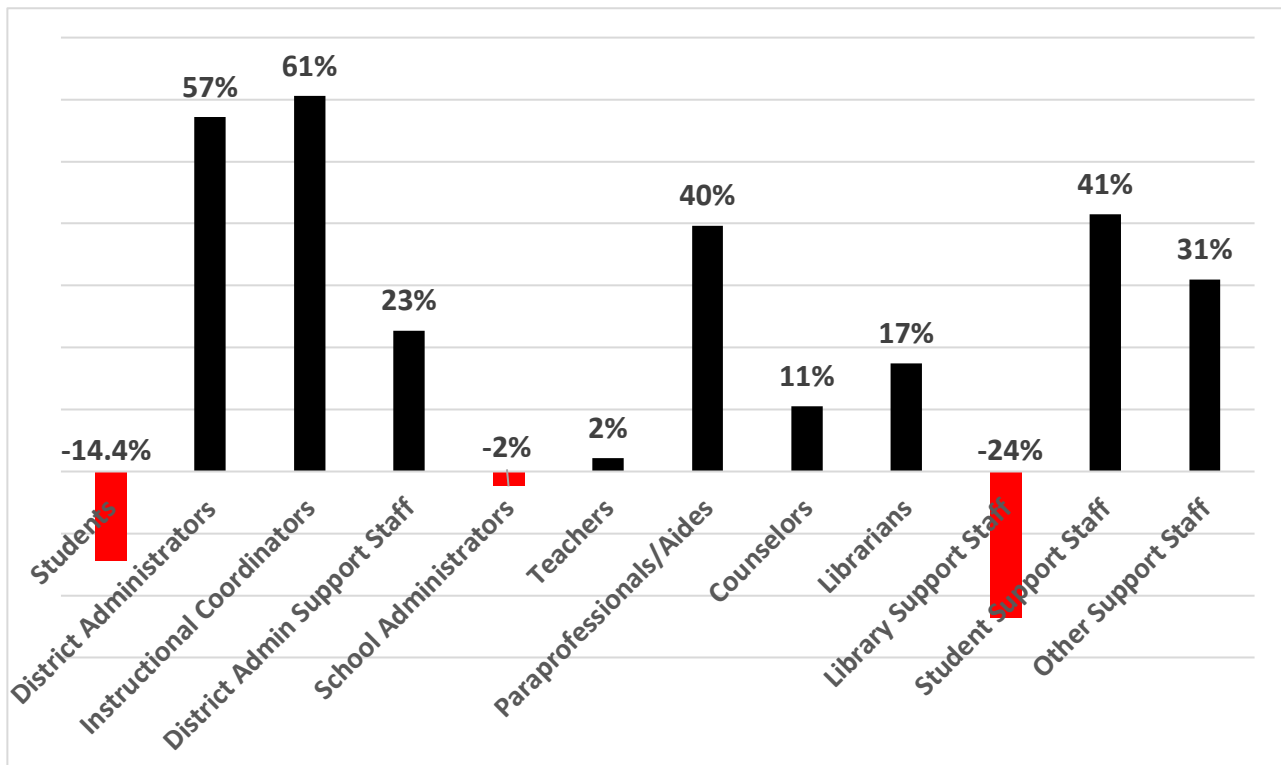


The number of New Hampshire public school staff increased in every year except three between 2001-2019, while the number of students served declined in 18 of those 19 years, as shown in Figure ES.7. Thus, the trend of adding more staff than are needed to accommodate student enrollment growth was much more pronounced in New Hampshire.

**Figure ES.7. New Hampshire Public School Enrollment and Total Staff, 2001-2019**



**Figure ES.8. New Hampshire Public School Staffing Surge by Employee Category, 2001-2019**

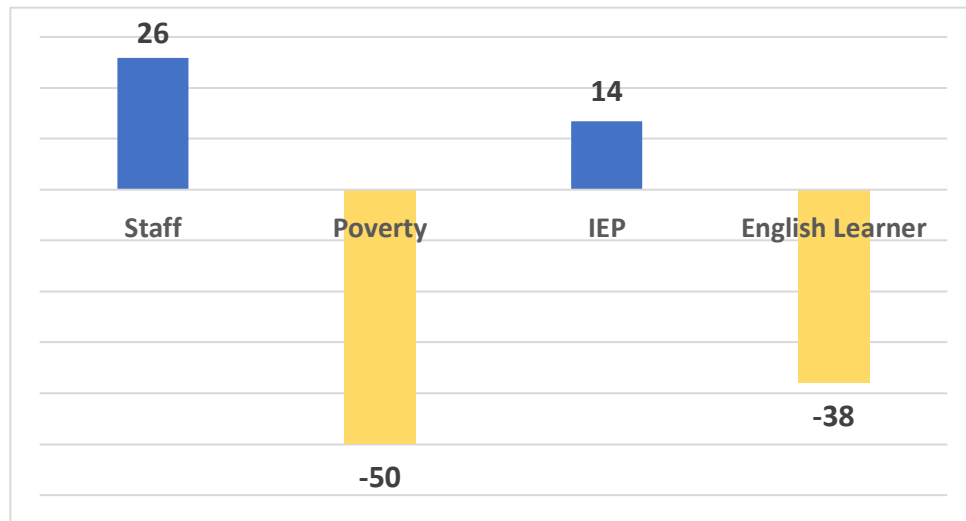


The largest percentage increase in staff in New Hampshire public schools between 2001-2019 occurred in district administration. Instructional coordinators, who are considered district administrators by the U.S. Department of Education, increased by 61 percent, while the number of other district administrators increased by 57 percent. Student support staff increased by 41 percent, while the number of paraprofessionals/aides increased by 40 percent. These increases are in stark contrast to the decrease of 14.4 percent in the number of students served—a decline of almost 30,000 students.

The number of teachers increased by 2 percent, which means that New Hampshire public schools should have been able to reduce class sizes significantly, given the enrollment drop. The number of school administrators declined by 2 percent from 2001-2019. The number of library support staff declined by 24 percent. (Long experience with public school staffing data suggests to me that it is extremely likely that at least some library support staff were coded as student support or other support staff. Thus, there may not have been much of a decline or even any decline in library support staff.)

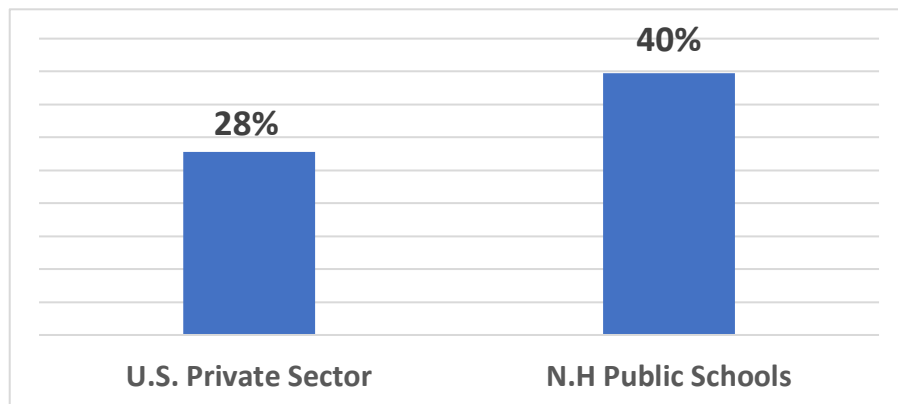
- 6) A 500-student public school in New Hampshire would have 14 more special needs (IEP) students than the national average, 50 fewer students living in families who are in poverty, and 38 fewer English Language Learner (EL) students. However, that representative New Hampshire public school would also have 26 more FTE staff relative to the national average.

**Figure ES.9. For a 500-Student Public School in 2019, Average Differences in the Number of Total Staff and the Number of Students Between New Hampshire and the National Average**



- 7) New Hampshire public school staff (teachers, administrators, support personnel) experienced, on average, a 40 percent real increase in their compensation (pay plus benefits) above the increase in the cost of living (figure ES.10 below). This increase was 12 percentage points above the national average for private-sector workers. Before adjusting for inflation, in 2001 the average employee in New Hampshire public schools received \$41,208 per year in total compensation (including all salaries, wages, and benefits). By 2021, average compensation per public school employee had increased to \$74,725.

**Figure ES.10. Increase in Real (inflation-adjusted) Compensation 2001-2019**

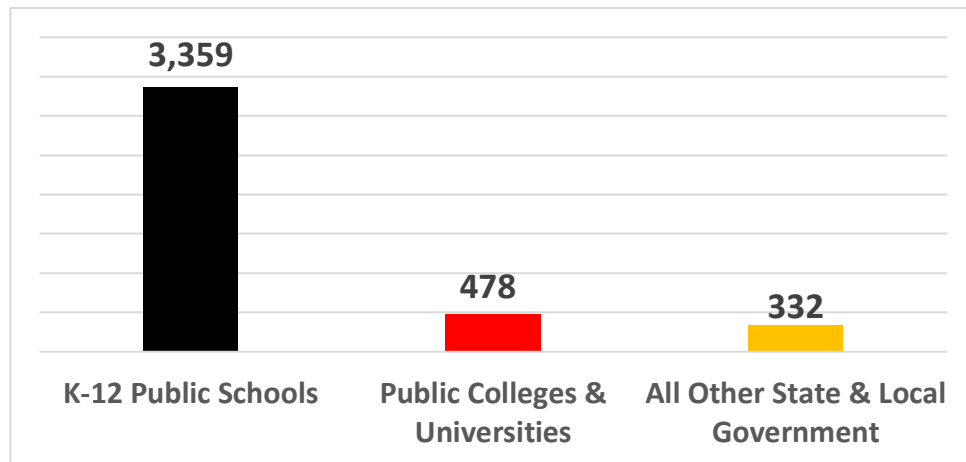


- 8) K-12 public education has been the top priority of state and local governments in New Hampshire this century, even as enrollment fell. From 2001-2019, employment in New Hampshire public schools increased by 3,359 FTE (Full Time Equivalent) employees.



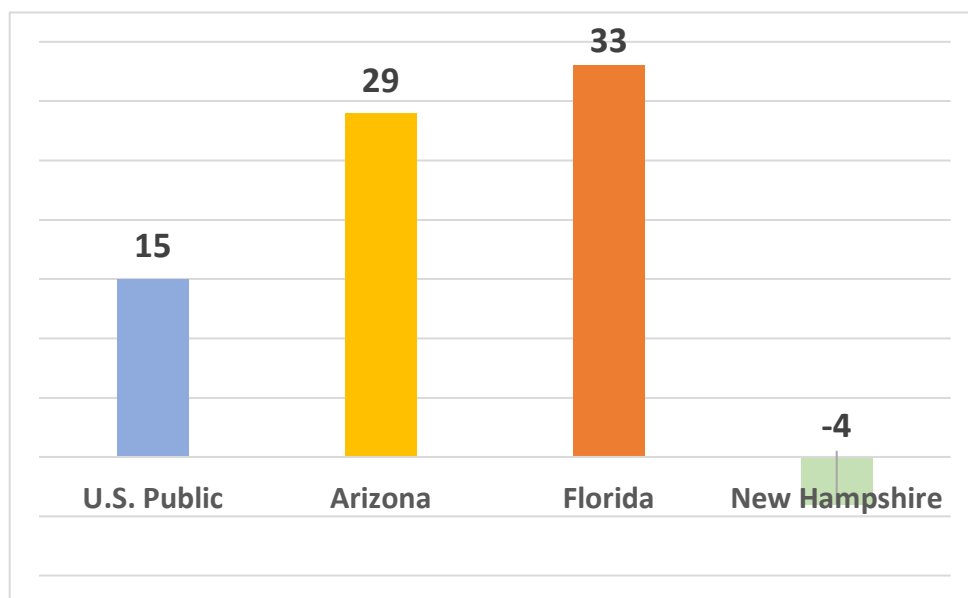
Employment in public colleges and universities increased by 478 FTE employees. All other state and local government added just 332 FTE employees (figure ES.11).

**Figure ES.11. Change in Total FTE State and Local Government Employment in New Hampshire, 2001-2019**



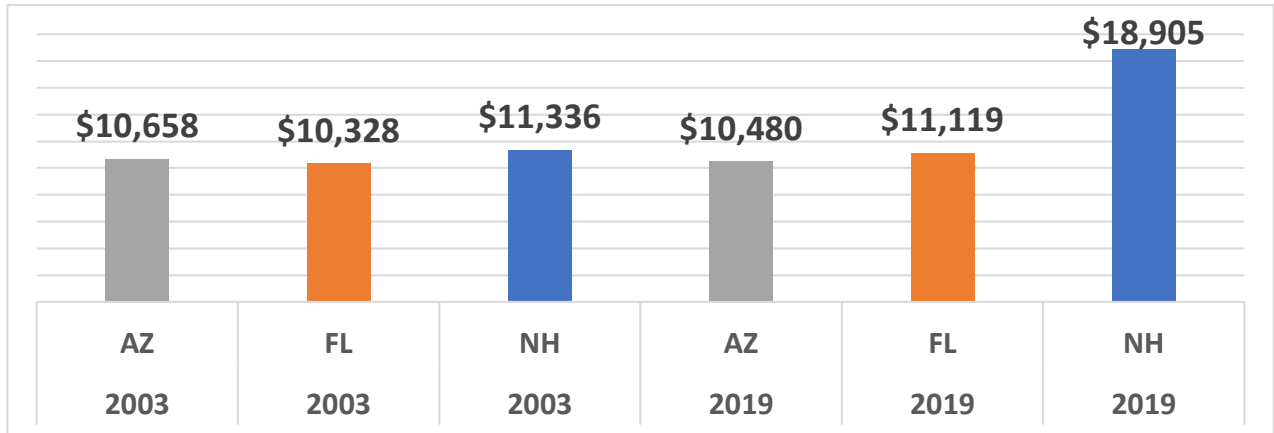
- 9) On the National Assessment of Educational Progress (NAEP) grade 4 and grade 8 reading and mathematics exams, the national average increased 15 points between 2003-2019. In New Hampshire, these NAEP scores fell by 4 points (figure ES.12). By contrast, Arizona and Florida posted gains roughly double the national average.

**Figure ES.12. Change in NAEP 4<sup>th</sup> and 8<sup>th</sup> Grade Reading and Math Scores Between 2003-2019**



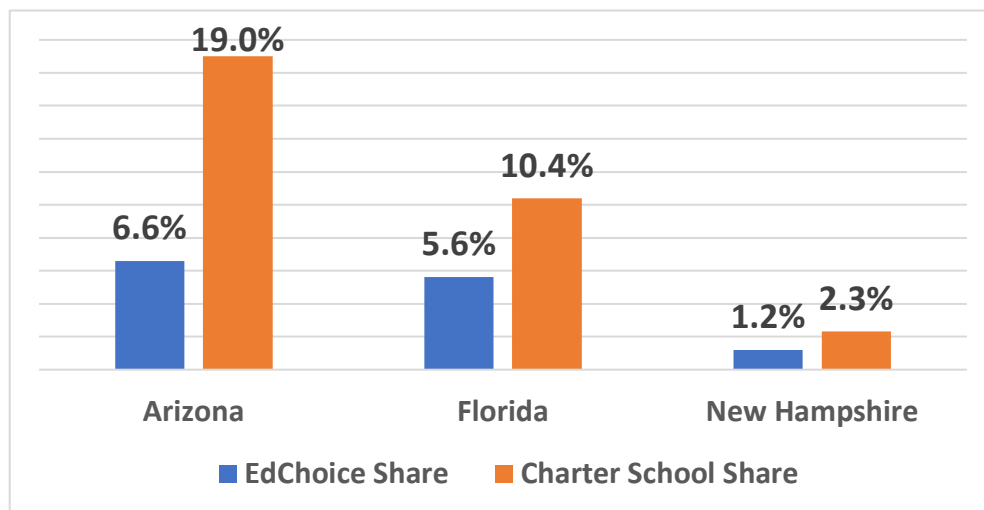
- 10) In 2019, New Hampshire public schools spent 80 percent more per student than Arizona public schools and 70 percent more than Florida public schools.

**Figure ES.13. Total Spending Per Student, 2003 and 2019, Real (inflation-adjusted) Dollars**



- 11) Figure ES.14 shows the percentage of school-aged children in each of the three states who participate in a taxpayer-funded private school choice program (EdChoice share) and the percent of children who attend a charter public school (Charter School Share). Arizona and Florida have the most private school choice in the nation, with 6.6 percent of Arizona children and 5.6 percent of Florida children participating in a taxpayer-funded private school choice program. Another 19 percent of Arizona students and 10.4 percent of Florida students attend a public charter school.

**Figure ES.14. Share of School Aged Children Participating in a Private School Choice Program (EdChoice Share) or Attending a Charter Public School (Charter School Share), 2021-2022**



12) The performance of Arizona and Florida relative to the rest of the nation is compelling, particularly given the success of their school choice programs. A voluminous amount of additional empirical research on the effects of educational choice programs has shown overwhelmingly positive results, which are summarized at the end of this report. Given these successes, and the failure of massive spending increases to produce similar results, policymakers should consider changes that have proven effective in other states, including:

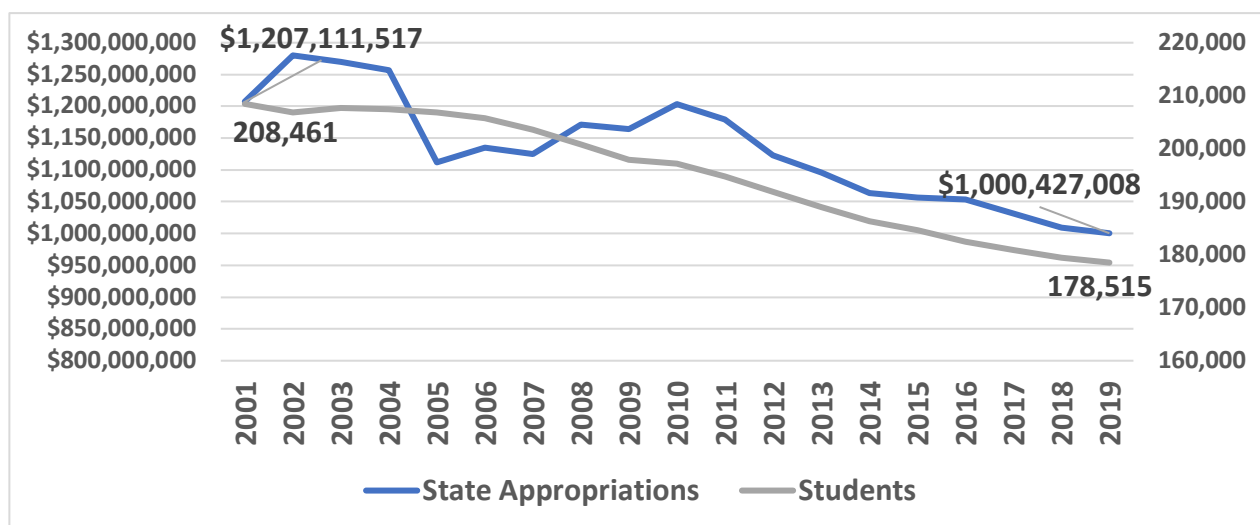
- Universal eligibility for Education Freedom Accounts (EFAs), regardless of family income.
- Higher funding levels for EFA students, especially for students with special needs. At less than \$5,000 per student, EFA awards are roughly a quarter of the amount currently spent on students who attend traditional public schools.
- Expanded access to charter schools, with funding set to 90-95% of other public schools.

#### *School district revenues by level of government*

While total spending on district public schools rose by 40% from 2001-2019, the percentages varied by level of government—local, state, and federal. And inflation was an important factor.

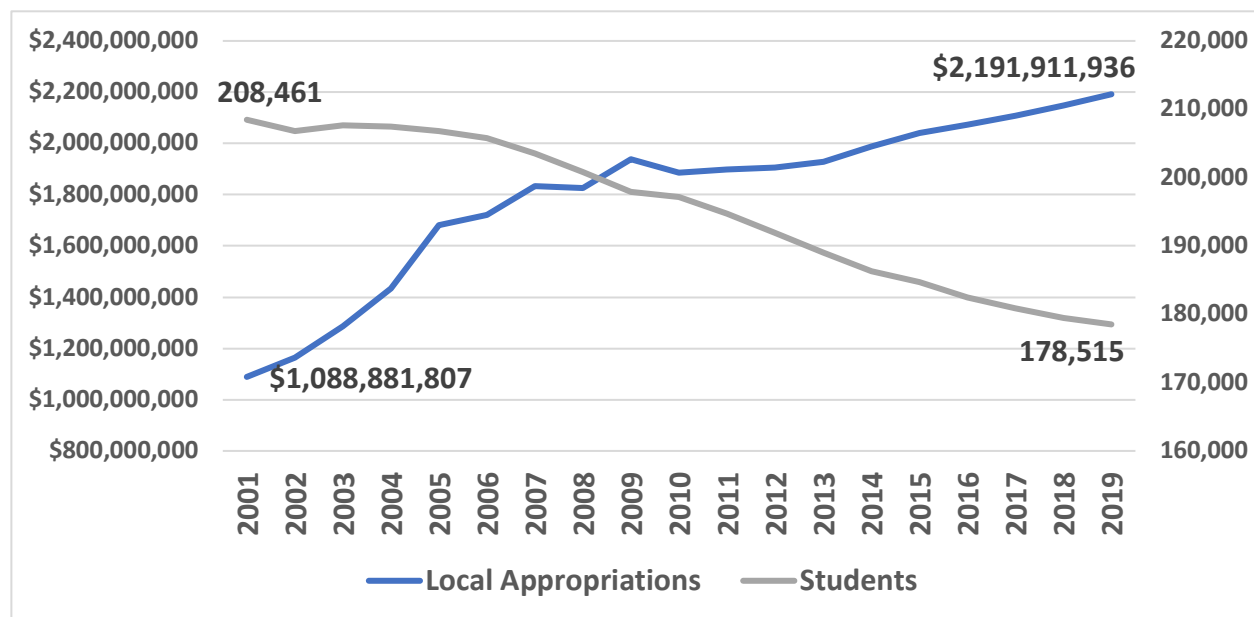
Total state taxpayer funding to district public schools increased in nominal dollars from about \$878 million in 2001 to approximately \$1 billion in 2019. However, much of that increase was consumed by inflation. As shown in Figure ES.16, when adjusted for inflation total state appropriations to district public schools shrank from an inflation-adjusted \$1.2 billion in 2001 to \$1 billion in 2019—a decline of 17 percent. Most of this decline, 83.9%, is due to declining student enrollments. The remaining 16.1 percent was due to actual increases in state appropriations coming close to, but not quite keeping up with, inflation. The number of students in district public schools declined by 14 percent. (This data excludes chartered public schools.)

**Figure ES.15. Total State K-12 Spending (Inflation-Adjusted) and Students Served, 2001-2019**



As shown in Figure ES.16, adjusted for inflation, total local appropriations doubled, going from \$1.09 billion in 2001 to \$2.19 billion in 2019. That's a 101% increase in spending as the number of students served fell by 14%.

**Figure ES.16. Total Local Appropriations (Inflation-Adjusted) and Students Served, 2001-2019**



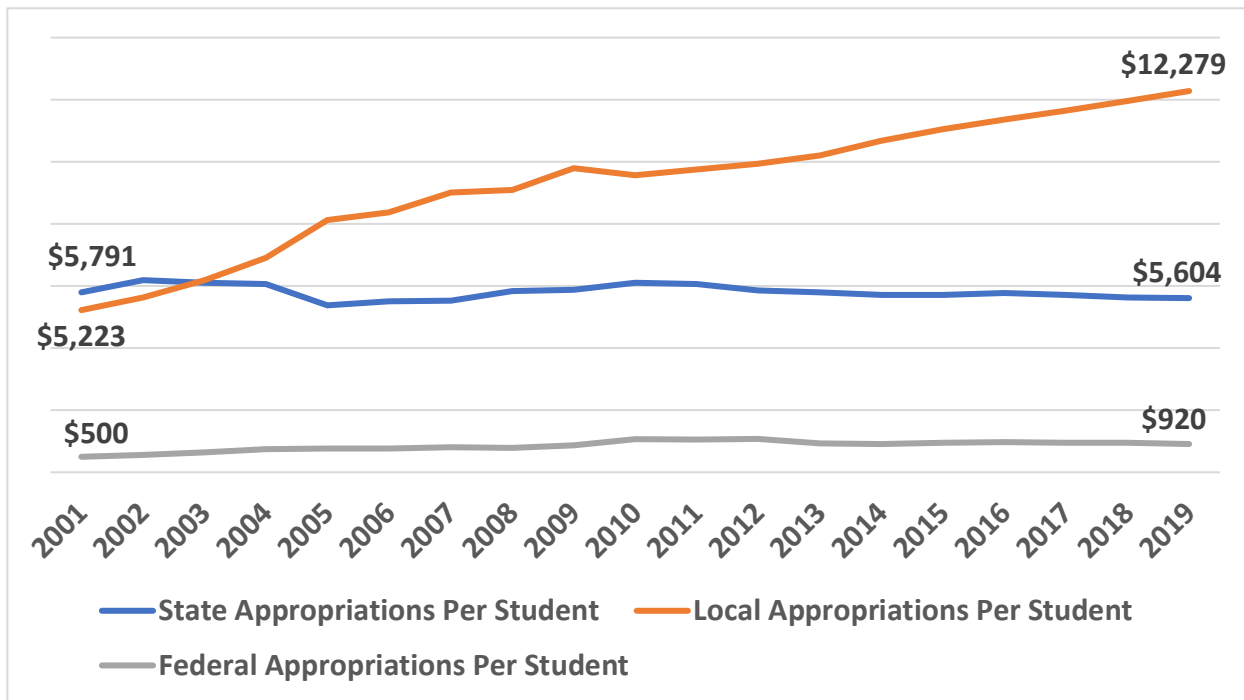
On a per-pupil basis, local, state, and federal spending saw nominal (actual) increases. But after adjusting for inflation, state government spending per pupil experienced a slight decline.

In actual (nominal) dollars, federal spending per student increased by 153 percent between 2001-2019, from \$364 to \$920. State spending per student increased by 33 percent, from \$4,212 to \$5,604. And local spending per student more than tripled, from \$3,799 to \$12,279.

Adjusting for inflation, however, federal spending increased by 84%, going from \$500 in 2001 to \$920 in 2019, and local spending per student increased by 135%, going from \$5,223 in 2001 to \$12,279 in 2019.

State spending per student, however, was fairly flat during this period, when adjusted for inflation. Inflation-adjusted state spending per student was 3 percent lower in 2019 relative to 2001, a decline from \$5,791 to \$5,604 by 2019.

**Figure ES.17. Inflation-Adjusted Federal, State, and Local Spending Per Student, 2001-2019**



District-specific findings are included in two tables attached to the full report. A sample of individual district findings is below for six school districts.

**Figure ES.18. Findings for Six Select School Districts, 2001-2019 (Adjusted for Inflation)**

District	Percent Change Students	Percent Change Total Expenditures	Percent Change Total Expenditures Per Student
CLAREMONT	-15.7%	30.7%	55.0%
CONTOOCOOK VALLEY	-32.6%	26.0%	86.9%
MANCHESTER	-22.3%	22.7%	58.0%
NASHUA	-17.8%	2.8%	25.1%
NEW CASTLE	-36.6%	62.3%	156.1%
PLYMOUTH	-20.0%	25.0%	56.3%