

THE STATE OF NEW HAMPSHIRE  
SUPERIOR COURT

ROCKINGHAM, SS.

SUPERIOR COURT

Contoocook Valley School District, et al.

v.

The State of New Hampshire, et al.

No. 213-2019-CV-00069

“...it shall be the duty of the legislators and magistrates, in all future periods of this government, to cherish the interest of literature and the sciences, and all seminaries and public schools, to encourage private and public institutions, rewards, and immunities for the promotion of agriculture, arts, sciences, commerce, trades, manufactures, and natural history of the country...” Part II, Article 83 N.H Constitution, June 2, 1784.

**Summary**

What is the base cost to provide the opportunity for an adequate education 239 years after that fundamental right was ratified in our Constitution? The short answer is that the Legislature should have the final word, but the base adequacy cost can be no less than \$7356.01 per pupil per year and the true cost is likely much higher than that. At a minimum this is an increase of \$537,550,970.95 in base adequacy aid to New Hampshire Schools. Thus, the current allocation of \$4100 per pupil is unconstitutional.

**ORDER ON THE MERITS**

In this case, the plaintiffs challenge the constitutionality of RSA 198:40-a, II(a), contending that “local school districts require substantially more funding” to “deliver the opportunity for a constitutionally adequate education, as defined in RSA 193-E:2-a . . . .”

Contoocook Valley Sch. Dist. v. State, 174 N.H. 154, 157 (2021) (“ConVal”). The Court held a three-week bench trial on the matter in April of 2023. During trial, the State moved for a directed verdict. See Doc. 235; see also Doc. 236 (State’s Dir. Ver. Mem.); Doc. 238 (Pls.’ Obj. Doc. 235). The Court took that motion under advisement, conditionally allowing trial to proceed. Post-trial, the parties submitted legal memoranda. See Doc. 242 (State’s Tr. Mem.); Doc. 244 (State’s Sep. Powers Mem.); Doc. 245 (Pls.’ Post-Tr. Mem.); see also Doc. 243 (State’s Req. Findings & Rulings). The Court has carefully considered the evidence presented at trial, the parties’ arguments, and the applicable law. After review, the Court finds and rules as follows.<sup>1</sup>

### Background

Part II, Article 83 of the New Hampshire Constitution “imposes a duty on the State to provide a constitutionally adequate education to every educable child in the public schools in New Hampshire and to guarantee adequate funding.” Claremont Sch. Dist. v. Governor, 138 N.H. 183, 184 (1993) (“Claremont I”). To comply with that duty, the State must “define an adequate education, determine the cost, fund it with constitutional taxes, and ensure its delivery through accountability.” Londonderry Sch. Dist. v. State, 154 N.H. 153, 155–56 (2006) (“Londonderry I”) (quotation omitted).

Pursuant to RSA 193-E:2-a, an adequate education requires instruction in:

English/language arts and reading; mathematics; science; social studies, including civics, government, economics, geography, history, and Holocaust and genocide education; arts education, including music and visual arts; world languages; health and wellness education . . . ; physical education; engineering and technologies including technology applications; personal finance literacy, and computer science.

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<sup>1</sup> The Court’s findings and rulings are in narrative form in this Order. The State’s requests for findings of fact and rulings of law are thus granted, denied, or deemed unnecessary, consistent with the following. See Geiss v. Bourassa, 140 N.H. 629, 632–33 (1996); Howard v. Howard, 129 N.H. 657, 659 (1987).

See RSA 193-E:2-a, I (cleaned up). RSA 193-E:2-a, IV(a), explains that the “minimum standards for public school approval for the areas identified in paragraph I shall constitute the opportunity for the delivery of an adequate education.”

To fund this opportunity, the legislature enacted RSA 198:40-a, which provides for funding via “base adequacy aid” and “differentiated aid.” RSA 198:40-a, II. School districts receive base adequacy aid for each pupil in the average daily membership in residence (“ADMR”).<sup>2</sup> Id. By contrast, school districts only receive differentiated aid for each pupil in the ADMR that meets certain statutory criteria. Id.<sup>3</sup> Pursuant to RSA 198:40-a, III, the “sum total” of base adequacy aid and differentiated aid, if any, “shall be the cost of an adequate education.”

Effective July 1, 2023, the legislature amended RSA 198:40-a to provide for base adequacy aid of \$4,100 per pupil in the ADMR. See RSA 198:40-a, II(a) (2023). Before this amendment took effect, the statute set base adequacy aid at \$3,561.27 per pupil, with that amount adjusted each biennium to reflect changes in the federal Consumer Price Index. See RSA 198:40-a, II(a) (2022). For the 2022 fiscal year, the adjusted base adequacy aid amount awarded under the then-existing version of the statute was just under \$3,800. See Joint Ex. 248 (Doc. 83 – Pls.’ 3rd Am. Compl.) ¶ 26.

### Procedural History

At issue in this case is the funding amount set forth in RSA 198:40-a, II(a): i.e., the amount of base adequacy aid. See ConVal, 174 N.H. at 159; see also id. at 157

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<sup>2</sup> Under prior versions of RSA 198:40-a, per pupil calculations considered average daily membership in attendance (“ADMA”), not ADMR. See Doc. 194 (Mar. 20, 2023 Order on Cross-Mots. Summ. J.) at 2–3.

<sup>3</sup> Prior to July 1, 2023, differentiated aid criteria included eligibility for free or reduced-price meals, English language learner status, receipt of special education services, and certain below-proficient test scores. See Laws 2023, 79:150. The 2023 amendment eliminated the test score criterion. See id.

(noting plaintiffs “do not challenge the constitutionality of the definition of an adequate education set forth in RSA 193-E:2-a”). In support of their claim that base adequacy aid is constitutionally insufficient, the plaintiffs highlight the costs of: employee salaries and benefits; transporting students to and from school; maintaining appropriate and realistic teacher-to-student ratios; providing food services; and facilities operation and maintenance. See Doc. 245. In response, the State questions whether and to what extent it must fund these cost-drivers. See Doc. 242. The State further questions the sufficiency of the plaintiffs’ evidence concerning the relevant costs. See id.

Prior to the April 2023 trial, the parties filed two rounds of cross-motions for summary judgment. Upon review of the first round of motions, the Court concluded that the plaintiffs were entitled to partial summary judgment. See Doc. 51 (June 5, 2019 Order). In reaching this conclusion, the Court analyzed certain flaws in a 2008 report and accompanying spreadsheet generated by the Joint Legislative Oversight Committee on Costing an Adequate Education (the “2008 Report”). See ConVal, 174 N.H. at 158, 166; see also Pls.’ Ex. 18 (2008 Report). Because the base adequacy aid figure initially set by the legislature matched the figure set forth in the 2008 Report, the Court reasoned that faulty costing determinations and rationale in the 2008 Report demonstrated the insufficiency of base adequacy aid. See Doc. 51.

On appeal, the Supreme Court concluded that this Court erred in basing its summary judgment ruling on the contents of the 2008 Report because that report is not incorporated by reference into RSA 198:40-a, II(a). See ConVal, 174 N.H. at 166. The Supreme Court explained that in order to “address the plaintiffs’ costing argument,” this Court would need to determine “what is required to deliver an adequate education as

defined in the statute.” Id. at 166–67 (remanding case for trial, and noting determination of components and costs presents mixed question of law and fact). Following remand, the parties again moved for summary judgment. Citing the Supreme Court’s observation that the reliability of and weight to be afforded certain data were necessarily trial determinations, the Court denied those motions. See Doc. 194 at 10 (citing ConVal, 174 N.H. at 167, n.1).

Nevertheless, the second round of summary judgment motions afforded the Court an opportunity to resolve a significant preliminary question: how, if at all, the Court should consider differentiated aid in ruling on the plaintiffs’ claims. See id. at 6. Addressing this issue, the State argued that the correct inquiry is whether the total amount of funding (base adequacy aid plus differentiated aid) is constitutionally sufficient. See id. at 7. The Court disagreed, reasoning that “differentiated aid is intended to fund extra services for those pupils who meet the statutory criteria,” and the State’s approach could improperly divert differentiated aid funds to other purposes. See id. (citing RSA 198:40-a). The Court recognized, however, that “costs attributable to the extra services contemplated by” the differentiated aid scheme “cannot support the plaintiffs’ challenge to the amount of base adequacy aid.” Id. Accordingly, in analyzing the sufficiency of base adequacy aid, the Court clarified that it could not consider “costs attributable to additional services provided to students who qualify for differentiated aid.” Id.; but see Doc. 232 (Apr. 6, 2023 Order on Mots. In Limine) at 18–19 (acknowledging questions regarding degree to which costs can be cleanly divided). In the Court’s view, under the current statutory scheme, a school must be able to provide the opportunity for an adequate education if it had no students who qualified for differential aid. In fact, as

the evidence at trial clearly demonstrates, many schools receive very little differential aid.<sup>4</sup> Consistent with that clarification, the sole issue before the Court is the constitutional sufficiency of base adequacy aid. See Doc. 194 at 10.

### Standard of Review and Burden of Proof

Although the Court has resolved the above-described preliminary question concerning the relevance of differentiated aid, there are additional preliminary questions the Court must now address. The first two concern the applicable standard of review and burden of proof. With respect to the standard of review, the State argues that the Court must presume RSA 198:40-a, II(a), is constitutional. See Doc. 242 at 3 (quoting ConVal, 174 N.H. at 161, for proposition that Court must not declare statute invalid “except on inescapable grounds”). Relying on such a presumption, the State further argues that the plaintiffs must establish “a clear and substantial conflict . . . between [the statute] and the constitution.” Id. (quoting ConVal, 174 N.H. at 161). The State acknowledges, however, that “the right to a State funded constitutionally adequate education” is a fundamental right. See id. at 4 (citing Akins v. Sec’y of State, 154 N.H. 67, 71 (2006), and Claremont Sch. Dist. v. Governor, 142 N.H. 462, 473 (1997) (“Claremont II”)); see also Claremont II, 142 N.H. at 473 (“We hold that in this State a constitutionally adequate public education is a fundamental right.”). Thus, as the State recognizes, if the plaintiffs establish such a clear and substantial conflict, then “the

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<sup>4</sup> Even though the Court granted the plaintiff’s Motion in Limine concerning differential aid, substantial evidence about differential aid was admitted at trial. Many of the plaintiff’s financial spreadsheets contained accountings for the amounts of differential aid received. Thus, the Court allowed cross examination on those figures during trial. The only real impact of the Court’s ruling was that it limited the scope of one expert’s testimony concerning the total amount of differential aid provided to the schools. However, all the numbers and arguments based on them are before the Court.

burden shifts to the government to justify the law under the strict scrutiny standard.” Doc. 242 at 5 (quoting Akins, 154 N.H. at 71).

The plaintiffs maintain that they have “proved a deprivation of the fundamental right to a State-funded adequate education,” thereby shifting the burden to the State to justify the amount of base adequacy aid. See Doc. 245 at 2. The State disagrees. See Doc. 242 at 23–36. Indeed, both at summary judgment and at trial, the State took the position that the plaintiffs’ evidence is so fundamentally flawed that it cannot satisfy their burden. See id. Relying on that view, the State’s trial strategy was to criticize or otherwise attempt to undermine the plaintiffs’ evidence, rather than presenting affirmative evidence defending the sufficiency of base adequacy aid. The State presented no evidence to justify the current base adequacy amount. As predicted by the Court in its prior order on summary judgment, the evidence at trial overwhelmingly established that no school could provide the opportunity for an adequate education if it had to rely solely on the base adequacy aid from the State.

For the reasons set forth below, the Court concludes that the plaintiffs have made the showing necessary to defeat any applicable presumption of constitutionality, thus shifting the burden of proof to the State. More specifically, the plaintiffs have established a clear and substantial conflict between the current amount of base adequacy aid funding, and Part II, Article 83 of the State Constitution. Accordingly, the Court will assume for the purposes of this Order that the above-described standard of review and burden of proof apply here. Cf. Canty v. Hopkins, 146 N.H. 151, 156 (2001) (declining to reach arguments that would not alter court’s conclusion).

### Nature of Plaintiffs' Claim

The final preliminary question the Court must address is the appropriate scope of the plaintiffs' claim. This question arises because, though the plaintiffs have asserted both a facial challenge and an as-applied challenge to RSA 198:40-a, II(a), see Joint Ex. 248, the State argues that this statute cannot be challenged on an as-applied basis. See Doc. 242 at 39–40. As the State correctly notes, a facial challenge to a statute requires a much broader showing than an as-applied challenge. See id. at 4–5 (citations omitted). Indeed, an as-applied challenge “concedes” that the statute at issue “may be constitutional in many . . . applications, but contends that it is not constitutional under the particular circumstances of the case.” Working Stiff Partners, LLC v. City of Portsmouth, 172 N.H. 611, 622 (2019). By contrast, a “facial challenge is a head-on attack of a legislative judgment, an assertion that the challenged statute violates the Constitution in all, or virtually all, of its applications.” Id. The State argues that because RSA 198:40-a, II(a), establishes a “universal cost” figure, the plaintiffs cannot seek to invalidate that figure by establishing a unique entitlement to a greater amount of base adequacy aid as compared to other school districts. See Doc. 242 at 39–40. The State thus maintains that an as-applied challenge to the statute is improper.

For the reasons set forth below, the Court concludes that the plaintiffs have carried their burden with respect to their facial challenge to RSA 198:40-a, II(a). The Court further concludes that the plaintiffs would not be entitled to any greater relief arising out of an as-applied challenge as compared to their facial challenge. Accordingly, the Court need not reach the State's argument concerning the propriety or availability of an as-applied challenge in this context. See Canty, 146 N.H. at 156.

### Questions Presented

Consistent with the rulings set forth above, and given the nature of the plaintiffs' claim, there are three inquiries before the Court: (I) what are the necessary components or cost-drivers of a constitutionally adequate education, as defined by the legislature, exclusive of additional services provided to students eligible for differentiated aid?; (II) what funding is necessary for school districts to provide those components and cost-drivers?; and (III) how does that amount compare to the funding currently provided via base adequacy aid? As the third inquiry is a matter of simple mathematics, the evidence presented at trial largely focused on the first two inquiries.

### Factual Findings

During trial, the Court heard testimony from twenty-seven witnesses, most of whom work (or worked) for one or more of the plaintiff school districts. Much of the testimony concerned amounts individual school districts actually spend on cost-drivers such as employee salaries, benefits, student transportation, and facilities operation and maintenance. In providing testimony on those topics, witnesses relied on personal knowledge as well as information contained in various financial reports, including annual reports submitted to the Department of Education (the "DOE") by each school district. See, e.g., Pls.' Ex. 60 (2017-18 annual DOE report ("DOE 25") for Fall Mountain Regional School District). The data contained in the financial reports was undisputed. Each plaintiff submitted five years of accounting data. There was no dispute at trial about how much school districts spent or received. The central issue for the Court was to discern the difference between the "costs" for an adequate education and "expenditures" contained in the evidence.

Throughout trial, the State attempted to undermine this testimony on two key fronts. First, the State emphasized that RSA 193-E:2-a defines a constitutionally-adequate education as including instruction in specific content areas. The State further emphasized that school districts could organize their financial ledgers in a manner that allocates expenses to individual content areas, but school districts generally have not done so. The State emphasized these points in support of its theory that the plaintiffs chose to gather the wrong kinds of evidence, and thus could not prove their claim.

In response to questioning about these points, the plaintiffs' witnesses testified that a content-based allocation of expenses would be impractical and imprecise because modern teaching methods incorporate a multi-disciplinary approach. Notably, DOE Commissioner Edelblut endorsed this instruction approach during his testimony, agreeing that interconnecting subject matter is a better educational model.<sup>5</sup> Because individual lessons often incorporate several RSA 193-E:2-a content areas, the plaintiffs' witnesses explained that there is no benefit to attempting to track expenses by content area, and any such benefit would be outweighed by the resulting cost. Some witnesses testified that such an endeavor would not be possible, especially in lower grades where one teacher teaches multiple subjects and where blended curriculum is the rule and not the exception.

Upon review, the Court concludes that this issue is largely immaterial. A content-based accounting system might have proven necessary had the evidence demonstrated that school districts devote substantial classroom resources to pursuits outside of the

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<sup>5</sup> By way of example, a math lesson that incorporates word problems also improves a student's reading comprehension. Similarly, assignments involving historical literature (such as Thomas Paine's Common Sense) provide instruction in several content areas, including English, social studies, and history.

content areas delineated in RSA 193-E:2-a. However, the evidence establishes that with respect to classroom instruction, school districts devote at most a negligible amount of resources to such pursuits.

The lone possible exception concerns high school elective courses. See Pls.’ Ex. 16 at 24–25 (Ed 306.27(m)) (requiring that high school students earn at least 20 credits to graduate, including 6 credits in “Open electives”). While the plaintiffs’ witnesses opined that such courses fall within the delineated content areas, reasonable minds could disagree with respect to some specific offerings discussed at trial. Notably, however, the plaintiffs do not maintain that base adequacy aid should cover all school district expenses. Indeed, as explained in more detail below, the plaintiffs’ trial evidence took a conservative approach when identifying the costs associated with providing the opportunity for a constitutionally adequate education, seeking base adequacy aid funding at a level that is approximately half of statewide average expenditures. Given the manner in which the plaintiffs have calculated what they claim to be the requisite amount of base adequacy aid, any constitutional inefficiencies resulting from high school elective offerings do little to undermine the plaintiffs’ overall position.

In summary, the Court finds that school districts devote few if any classroom instruction costs (i.e., teacher salaries and benefits, instructional materials, etc.) to pursuits that fall outside the content areas set forth in RSA 193-E:2-a. The Court further finds that the plaintiffs’ conservative approach to calculating what they claim to be the requisite amount of base adequacy aid corrects for any such unrelated costs. The plaintiffs’ evidence of “costs” significantly discounted the actual instructional expenditures. For these reasons, the Court concludes that the State’s arguments

concerning the possibility of implementing a content area-specific accounting system are unavailing.

The second way in which the State attempted to undermine the plaintiffs' cost evidence was to emphasize that actual costs may not equate to necessary costs, because school districts could choose to spend more than the "bare minimum." For example, a school district could choose to pay higher teacher salaries in an effort to attract the most qualified candidates, or maintain lower teacher-to-student ratios in an effort to improve the quality of instruction. In the State's view, any resulting cost increase would be the product of local control, and would accordingly fall outside of the State's constitutional obligations.

In responding to questioning about this issue, the vast majority of the plaintiffs' witnesses rejected the premise that relevant actual costs are distinguishable from those that are constitutionally required. In particular, the witnesses explained that market forces require school districts to offer a certain caliber employment package—including salary, benefits, and working conditions—in order to recruit and retain qualified teachers and other employees. As was conclusively proven at the three-week trial: a school needs teachers to teach. Witnesses further explained that without such offerings, New Hampshire school districts would be unable to compete with other employers, including school districts in neighboring states. In addition, several witnesses noted that in some cases, actual existing employment packages have proven insufficient to recruit all necessary personnel, resulting in numerous vacancies.

To be sure, the evidence demonstrates that certain individual school districts (such as Oyster River) choose to spend more than is strictly necessary to educate their

students.<sup>6</sup> Nevertheless, the evidence overwhelmingly establishes that statewide (or regional) market forces give rise to a threshold level of employment package that school districts must provide in order to recruit and retain personnel. While school districts do not offer perfectly uniform employment packages, the Court finds that the costs reflected in the plaintiffs' aforementioned conservative calculations generally account for any minor differences in such offerings. For these reasons, the Court concludes that any discrepancies between the relevant actual costs and those that are constitutionally necessary do not meaningfully undermine the plaintiffs' position.

Having addressed the State's broader arguments concerning the sufficiency of the plaintiffs' evidence, the Court now turns to the specifics of that evidence. In brief, the evidence the plaintiffs offered at trial was intended to establish two points: (1) the existing amount of base adequacy aid is constitutionally insufficient; and (2) base adequacy aid funding must be increased to no less than \$9,900 plus actual transportation costs. See Doc. 245 at 33–34. The plaintiffs offered three methodologies in support of these points. First, the plaintiffs presented calculations completed by Dr. Kimberly Rizzo Saunders, superintendent of schools for the Contoocook Valley School District ("ConVal"). See Pls.' Ex. 1 (spreadsheet reflecting calculations). Second, the plaintiffs presented a statistical analysis performed by Dr. Bruce Baker. See Pls.' Ex. 111 (Baker Report). Lastly, the plaintiffs presented evidence concerning the per pupil cost some school districts pay to educate their

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<sup>6</sup> To be clear, Dr. Morse testified that he is fortunate enough to have voters in his SAU who support academics and the many various initiatives that function on the Oyster River School District. He also testified that his teacher salary costs are also attributable to competition in the employment market with several communities in Massachusetts – where teachers make considerably more money.

students in other districts. See Joint Ex. 248 ¶ 112 (“Winchester must pay tuition of \$14,023 to . . . Keene”). The Court will address each methodology, in turn.

I. Calculations Performed by Dr. Rizzo Saunders

Prior to July 1, 2023, base adequacy aid funding was roughly equivalent to the cost figure established in the 2008 Report, adjusted for inflation. Compare Pls.’ Ex. 2 (Compl. Ex. A – 2008 Report Spreadsheet) (reflecting base per pupil cost of \$3,456) with RSA 198:40-a, II(a) (2009) (setting base adequacy aid at \$3,450) and RSA 198:40-a, II(a) (2016) (setting base adequacy aid at \$3,561.27, plus adjustments). To calculate what she characterizes as a more realistic base adequacy aid amount, Dr. Rizzo Saunders modelled her work after the 2008 Report, see Pls.’ Ex. 2, as well as an updated 2018 Report completed by the legislature’s Committee to Study Education Funding and the Cost of an Opportunity for an Adequate Education. See Pls.’ Ex. 19 (2018 Report) at 17–19 (2018 Updated Spreadsheet and Explanations).<sup>7</sup> Dr. Rizzo Saunders explained at trial that after significant discussion with peers in the educational community and review of data gathered by or submitted to the DOE, she affirmatively assessed the validity of each cost figure included in the 2008 and 2018 Report spreadsheets. She then attempted to correct those figures she determined to be the least consistent with real world costs.<sup>8</sup> In light of the foregoing, although the 2008 and 2018 Reports were not incorporated into RSA 198:40-a, see ConVal, 174 N.H. at 166, both provide important context for Dr. Rizzo Saunders’ work.

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<sup>7</sup> As the Court ruled at trial, the exhibit was admitted for the limited purpose.

<sup>8</sup> Given Dr. Rizzo Saunders’ credible testimony, to the extent she retained any 2008 or 2018 Report figures in her own calculations, the Court finds that she deemed such figures sufficiently realistic as to remain part of her conservative cost calculations.

Based on this work, Dr. Rizzo Saunders concluded that base adequacy aid should be funded at \$9,929 excluding transportation. See Pls.' Ex. 4. The following spreadsheet contains the figures used in the 2008 Report and the 2018 Report, as well as the adjustments performed by Dr. Rizzo Saunders:

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TOTALS	2008		2018		Petitioners	
	K-2	3-12	K-2	3-12	K-2	3-12
Teachers	\$2,269	\$1,891	\$2,470	\$2,058	\$7,694	\$6,295
Principal	\$202	\$202	\$223	\$223	\$262	\$262
Admin. assistant	\$84	\$84	\$96	\$96	\$115	\$115
Guidance counselor	\$130	\$130	\$141	\$141	\$182	\$182
Library/media specialist	\$95	\$95	\$102	\$102	\$123	\$123
Technology coordinator	\$39	\$39	\$106	\$106	\$121	\$121
Custodian	\$73	\$73	\$81	\$81	\$98	\$98
Instructional materials	\$250	\$250	\$300	\$300	\$300	\$300
Technology	\$75	\$75	\$100	\$100	\$100	\$100
Prof. development	\$20	\$20	\$30	\$30	\$30	\$30
Facilities	\$195	\$195	\$250	\$250	\$1,400	\$1,400
Transportation	\$315	\$315	\$315	\$315	\$(actual)	\$(actual)
Food services	\$0	\$0	\$0	\$0	\$66	\$66
Nurse services	\$0	\$0	\$0	\$0	\$294	\$294
Superintendent services	\$0	\$0	\$0	\$0	\$158	\$158
Total per pupil universal cost	\$3,747	\$3,369	\$4,214	\$3,802	\$11,213	\$9,544
Blended per pupil cost	\$3,456		\$3,897		\$9,929	

Id.; see Pls.’ Exs. 1–3 (individual spreadsheets).<sup>9</sup>

A. *Per Pupil Teacher Costs*

As set forth below, in analyzing the per pupil cost of teachers, Dr. Rizzo Saunders used the total salary figure set forth in the 2018 Report, but adjusted the cost of benefits, as well as the teacher-to-student ratios used to derive a per pupil figure:

TEACHERS	2008			2018			Petitioners		
		K-2	3-12		K-2	3-12		K-2	3-12
Salary	\$ 33,847			\$ 36,845			\$ 36,845		
+ 5% Salary Increase	\$ 1,692			\$ 1,842			\$ 1,842		
= Total Salary	\$ 35,539			\$ 38,667			\$ 38,667		
+ Benefits	\$ 11,728			\$ 12,767			\$ 27,418		
= Total Teacher	\$ 47,267			\$ 51,454			\$ 66,105		
1 / # Students		1:25	1:30		1:25	1:30		1:9.96	1:12.6
		\$ 1,891	\$ 1,576		\$ 2,058	\$ 1,715		\$ 6,637	\$ 5,246

Pls.’ Ex. 4. As per pupil teacher costs dramatically impact the necessary funding level, the Court will address each component of the relevant calculations, in turn.

i. Teacher Salary

In discussing the \$38,867 salary figure used in the 2018 Report and in her own calculations, Dr. Rizzo Saunders credibly characterized this as a realistic salary level for a first-year teacher. She explained, however, that school districts cannot staff schools with only first-year teachers, as such a staffing pattern would be impossible to maintain from a market perspective. Upon inquiry, Dr. Rizzo Saunders testified that statewide, the average teacher salary is “about \$60,000.” See Tr. Audio 04/10/2023 9:33:03 –

<sup>9</sup> The blended per pupil cost is derived from a simple mathematical formula: because there are 13 school years between kindergarten and grade 12, the formula weights the K–2 per pupil cost at 3/13, and the 3–12 per pupil cost at 10/13. See Pls.’ Ex. 19 (2018 Report) at 16, n.2 (“Blended’ per pupil universal cost is a weighted average of the Grades K–2 cost and the Grades 3–12 cost based on 13 grades.”). The Court finds that this is a logical and appropriate way to blend the respective figures.

9:33:10. She explained that she knows this because she reviews statewide data concerning teacher salaries at least every few years to assess the strength of the employment packages offered in ConVal. The Court finds that this testimony provides ample foundation for her credible claim as to the \$60,000 average salary figure.<sup>10</sup> As explained below, the Court further concludes that in calculating the requisite amount of base adequacy aid, it is appropriate to use a teacher salary figure between \$38,867 (approximate first-year salary) and \$60,000 (approximate statewide average salary).

ii. Teacher Benefits

In her calculations, Dr. Rizzo Saunders used a substantially larger teacher benefits figure (\$27,418) as compared to the 2018 Report (\$12,767). See Pls.' Ex. 4. She explained at trial that RSA 100-A:16, III, requires school districts to contribute the equivalent of 17.80% of teacher salaries to the New Hampshire Retirement System ("NHRS"). See Pls.' Ex. 5 (detailing benefits calculations). School districts also pay 7.65% of a teacher's salary in federal income taxes ("FICA"). Id. Further, school districts pay unemployment insurance of at least \$147.52 per teacher, per year. See id.

In addition, Dr. Rizzo Saunders explained that school districts generally pay for a significant portion of teachers' health insurance benefit premiums. As set forth above, the Court credits the substantial testimony presented at trial indicating this is a significant and essential component of the overall employment package school districts must offer to recruit and retain teachers. In calculating the cost of this benefit, Dr. Rizzo Saunders used actual costs and employer contribution levels from ConVal. She

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<sup>10</sup> In particular, the Court finds that information school districts report to the DOE is credible. This data informs the level of funding school districts receive from the State, and school districts know that the DOE could audit their submissions. The school districts' compelling interest in reporting accurate data establishes the data's credibility.

credibly explained that because there are few health insurance providers in New Hampshire, the actual costs are quite uniform. She further explained that she reviewed collective bargaining agreements from other school districts to confirm that the 88% employer contribution level offered by ConVal is generally consistent with the percentage paid by other school districts. She acknowledged, however, that ConVal will be reducing its contribution level to 86% under its next collective bargaining agreement.

On cross-examination, the State asked Dr. Rizzo Saunders why her calculations used figures for family and two-person benefit plans<sup>11</sup> and did not account for single-person coverage or individuals who forego insurance benefits. In response, Dr. Rizzo Saunders explained that because affordable health insurance has become part of the requisite total employment package for teachers, few opt out of coverage. She elaborated that for most married teachers, it would be far more expensive to obtain coverage through a spouse's employer. Testimony offered by other school district employees echoed the notion that although some teachers may pursue a buy-out or single-person coverage, the vast majority obtain two-person or family plan coverage.

In light of the testimony presented at trial, and subject to the qualifications outlined below, the Court finds that the methodology employed by Dr. Rizzo Saunders in determining the requisite cost of providing necessary teacher benefits is reasonable and sound. In particular, the Court concludes that in calculating teacher benefits, it is reasonable and appropriate to include the cost of health insurance benefits, NHRS contributions, FICA payments, and unemployment insurance.

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<sup>11</sup> Dr. Rizzo Saunders reports that at an employer contribution level of 88 percent, a school district's portion of the annual premium is \$19,967.64 for a family plan, and \$14,790.84 for a two-person plan. See Pls.' Ex. 5. Dr. Rizzo Saunders used an average of these two figures—\$17,378.92—in her calculations.

iii. Teacher-to-Student Ratios

The next area in which Dr. Rizzo Saunders' approach substantially deviates from the 2008 and 2018 Reports is in calculating per pupil teacher costs. Because the DOE permits maximum class sizes<sup>12</sup> of 25 in grades K–2 and 30 in grades 3–12, the 2008 and 2018 Reports simply divided the total teacher costs by those numbers to derive grade range-specific per pupil costs. See Pls.' Ex. 4 (reflecting teacher ratios of 1:25 and 1:30 in 2008 and 2018 Report calculations). By contrast, Dr. Rizzo Saunders used ratios of 1:9.96 for grades K–2 and 1:12.6 for grades 3–12 in her calculations. See id. This issue necessarily has a dramatic impact on per pupil cost figures.

In an effort to justify her chosen ratios, Dr. Rizzo Saunders opined that maximum classroom size is not and cannot be equivalent to a teacher-to-student ratio. She explained that because public school districts must accept all eligible students, they cannot artificially fill every seat in every classroom. If a school district was somehow able to fill every seat, the addition of a single student would require that school district to create another class, thus reducing the overall teacher-to-student ratio. The evidence at trial established that this is the rule rather than the exception and that such a scenario occurs regularly. Schools must budget for it accordingly.

In addition, the Court heard considerable testimony about the need for teacher break or preparation periods during the day. The evidence demonstrates that at most, teachers are routinely scheduled to teach 75% of the school day (i.e., six out of eight blocks in an eight-block day, or three out of four blocks in a four-block day). The evidence further demonstrates that this is not the product of local control, but rather is

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<sup>12</sup> As discuss at trial, “class size” is very different from “student to teacher ratio”. It is very curious that the DOE regulations and rules use class size and not student to teach ratio as a metric.

necessary for teachers to perform their work and for school districts to recruit and retain teachers. At least one defense witness (a former teacher himself) agreed with this. In light of the foregoing, although the Court does not adopt Dr. Rizzo Saunders' ratios, the Court generally credits her rationale for reducing the ratios used in the 2008 and 2018 Reports.

*B. Non-Teacher Employee Costs*

In calculating the costs associated with the following non-teacher employees, Dr. Rizzo Saunders maintained the salary figures and student ratios set forth in the 2018 Report, but adjusted benefit costs in a manner similar to her work with teacher benefits:

<b>Principal</b>	<b>2008</b>	<b>2018</b>	<b>Petitioners</b>
= Total Salary	\$ 78,917	\$ 89,417	\$ 89,417
+ Benefits	\$ 22,097	\$ 22,354	\$ 41,404
= Total	\$ 101,014	\$ 111,771	\$ 130,821
1 / # Students	1:500	1:500	1:500
PER PUPIL	\$ 202	\$ 223	\$ 262
<b>Administrative assistant</b>	<b>2008</b>	<b>2018</b>	<b>Petitioners</b>
= Total Salary	\$ 31,712	\$ 35,912	\$ 35,912
+ Benefits	\$ 10,465	\$ 11,851	\$ 21,477
= Total	\$ 42,177	\$ 47,763	\$ 57,389
1 / # Students	1:500	1:500	1:500
PER PUPIL	\$ 84	\$ 96	\$ 115
<b>Guidance counselor</b>	<b>2008</b>	<b>2018</b>	<b>Petitioners</b>
= Total Salary	\$ 38,998	\$ 42,458	\$ 42,458
+ Benefits	\$ 12,869	\$ 14,011	\$ 30,334
= Total	\$ 51,867	\$ 56,469	\$ 72,792
1 / # Students	1:400	1:400	1:400
PER PUPIL	\$ 130	\$ 141	\$ 182
<b>Library/media specialist</b>	<b>2008</b>	<b>2018</b>	<b>Petitioners</b>
= Total Salary	\$ 35,539	\$ 38,487	\$ 38,487
+ Benefits	\$ 11,728	\$ 12,701	\$ 22,835
= Total	\$ 47,267	\$ 51,188	\$ 61,322
1 / # Students	1:500	1:500	1:500
PER PUPIL	\$ 95	\$ 102	\$ 123

<b>Technology coordinator</b>	<b>2008</b>	<b>2018</b>	<b>Petitioners</b>
= Total Salary	\$ 35,539	\$ 39,718	\$ 39,718
+ Benefits	\$ 11,728	\$ 13,107	\$ 20,882
= Total	\$ 47,267	\$ 52,825	\$ 60,600
1 / # Students	1:1,200	1:500	1:500
PER PUPIL	\$ 39	\$ 106	\$ 121

<b>Custodian</b>	<b>2008</b>	<b>2018</b>	<b>Petitioners</b>
Total Salary	\$ 27,540	\$ 30,446	\$ 30,446
Benefits	\$ 9,088	\$ 10,047	\$ 18,592
Total	\$ 36,628	\$ 40,493	\$ 49,038
1 / # Students	1:500	1:500	1:500
PER PUPIL	\$ 73	\$ 81	\$ 98

See id. (cleaned up). As with teachers, the Court concludes that the benefit costs Dr. Rizzo Saunders used for these non-teacher employees are credible and generally conservative. It may be that Dr. Rizzo Saunders could have been more conservative in calculating the employer contribution (and associated cost) for some benefits offered to these professionals.<sup>13</sup> Nevertheless, given the highly conservative per pupil ratios she used for these employees, the Court finds that any potential overstatement of benefit costs has a negligible impact (if any) on the resulting per pupil costs.

Further, testimony provided by numerous witnesses compels the conclusion that the services provided by these professionals are essential to the provision of the opportunity for a constitutionally adequate education. Principals are necessary to keep a school building running and staffed with qualified teachers. Administrative assistants augment that work, and they also maintain student records and other critical information. Guidance counselors assist students in navigating the day-to-day

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<sup>13</sup> At trial, the State questioned the necessity of certain benefits offered to principals under Dr. Rizzo Saunders' cost model. In response, Dr. Rizzo Saunders testified that the overall cost she assigned to the total principal employment package (salary and benefits) is a conservative figure demonstrating the minimum value school districts must offer to recruit and retain principals. Given the credible testimony offered by Dr. Rizzo Saunders, and the absence of contrary evidence on this point, the Court finds that the overall cost Dr. Rizzo Saunders assigned to principals is a credible, conservative figure.

requirements of the school setting, and in selecting the courses necessary to eventually fulfill graduation requirements. Both library/media specialists and technology coordinators are required for school districts to purchase and maintain necessary instructional materials and technological resources. Lastly, custodians are necessary in order to keep school buildings clean and otherwise appropriately maintained.

Consistent with the foregoing, the Court concludes that the per pupil costs Dr. Rizzo Saunders reports for the above-described cost-drivers are appropriately included in calculating the requisite amount of base adequacy aid.

*C. Instructional Materials, Technology, and Professional Development*

To determine the per pupil cost of instructional materials, technology, and professional development, Dr. Rizzo Saunders again used the same cost figures as those set forth in the 2018 Report:

<b>INSTRUCTIONAL MATERIALS</b>	<b>2008</b>	<b>2018</b>	<b>Petitioners</b>
PER PUPIL	\$ 250	\$ 300	\$ 300
<b>TECHNOLOGY</b>			
PER PUPIL	\$ 75	\$ 100	\$ 100
<b>PROF. DEVELOPMENT</b>			
PER PUPIL	\$ 20	\$ 30	\$ 30

See id. Drawing on common sense and the testimony presented at trial, the Court concludes that these figures are both credible and highly conservative. See 1 NH Civil Jury Instruction 3.2 (2023) (instructing factfinder to “judge the case on the basis of the evidence and the inferences [factfinder] can reasonably draw from it,” and explaining that “[a] reasonable inference is a deduction which common sense and reason lead [factfinder] to draw from the evidence”). The Court further concludes that these cost-drivers are essential to the provision of the opportunity for a constitutionally adequate

education. Instructional materials and technology are obvious necessities. See RSA 193-E:2-a, I(a)(11) (requiring instruction in computer science, among other things). With respect to professional development, the evidence demonstrates that school districts must provide these opportunities to maintain a viable job market to recruit and retain teachers and staff. Absent such a market, the public school system would eventually fail because schools need teachers to teach. The Court thus finds that a modest amount of professional development, such as that contemplated in Dr. Rizzo Saunders’ model, is essential in this context. Accordingly, the Court concludes that the per pupil costs Dr. Rizzo Saunders reports for these cost-drivers are appropriately included in calculating the requisite amount of base adequacy aid.

*D. Facilities*

Facilities operation and maintenance is another cost-driver for which Dr. Rizzo Saunders reports a significantly higher per pupil figure (\$1,400) than the 2008 (\$195) or 2018 (\$250) Reports.

	2008	2018	Petitioners
<b>FACILITIES</b>			
<b>PER PUPIL</b>	\$ 195	\$ 250	\$ 1,400

See Pls.’ Ex. 4. In justifying her figure, Dr. Rizzo Saunders noted at trial that utility costs such as heat and electricity have increased significantly over time. See Pls.’ Ex. 12 (reflecting that statewide, per pupil average facilities costs increased by nearly \$400 between 2017–18 and 2021–22 fiscal years). In addition, she noted that school districts must incur snow removal and other winter maintenance costs to keep schools open and safe. She further explained that these necessary costs are not funded by other State sources such as building aid.

In calculating the relevant costs, Dr. Rizzo Saunders omitted amounts attributable to athletics, which she conceded are not part of the State's base adequacy aid funding obligations. Nevertheless, on cross-examination, Dr. Rizzo Saunders acknowledged that she had not further reduced her figure to account for community use of school facilities (such as the use of schools as polling stations, or after-hours scout meetings in school cafeterias). Dr. Rizzo Saunders opined, however, that such uses are minimal and have little impact on overall costs. She further noted that her per pupil facilities cost figure of \$1,400 is quite close to the \$1,375 difference between State funding provided to in-person versus online charter schools, suggesting that difference is attributable to the need to operate and maintain facilities. She is right.

Again drawing on both common sense and the credible testimony offered at trial, see 1 NH Civil Jury Instruction 3.2, the Court concludes that the methodology Dr. Rizzo Saunders used to calculate facilities costs was generally reasonable and sound. The Court further concludes that facilities costs, including (but not limited to) heat, electricity, and winter maintenance, are essential to providing the opportunity for a constitutionally adequate education in this state. Accordingly, this cost-driver is appropriately included in calculating the requisite amount of base adequacy aid.

#### *E. Transportation*

Transportation is another cost-driver about which the plaintiffs presented substantial evidence. Specifically, Dr. Rizzo Saunders and numerous other witnesses credibly testified that the \$315 per pupil figure used in the 2008 and 2018 Report spreadsheets is woefully inadequate. Indeed, although transportation costs vary amongst school districts—with rural school districts tending to incur higher costs—the

evidence demonstrates that many school districts incur per pupil transportation costs of over \$1,000. See, e.g., Pls.’ Ex. 29 (ConVal 2021 fiscal year DOE 25) (indicating ConVal spent \$1,109.12 per elementary school pupil—\$772,405.62 (total expenditure) / 696.41 (average daily membership)—on transportation costs in 2021); Pls.’ Ex. 62 (Winchester 2021 fiscal year DOE 25) (indicating Winchester spent \$1,619.51 per elementary school pupil—\$595,980.11 / 368—on transportation costs in 2021). Given the range in costs, Dr. Rizzo Saunders recommends funding transportation at actual, district-specific levels:

	2008	2018	Petitioners
<b>TRANSPORTATION</b>			
<b>PER PUPIL</b>	\$ 315	\$ 315	\$ [actual]

See Pls.’ Ex. 4.

The Court credits Dr. Rizzo Saunders’ testimony (which was supported by testimony from many other witnesses) that transportation is essential to the provision of the opportunity for a constitutionally adequate education, is a significant cost-driver, and necessarily gives rise to varying cost levels throughout the State. The Court thus concludes that it was reasonable for Dr. Rizzo Saunders to characterize these costs as a necessary component of base adequacy aid, but to leave these costs out of her reported figure, with the recommendation that they be addressed separately.

*F. Cost-Drivers Added by Dr. Rizzo Saunders*

In calculating what she characterizes as the minimum amount of base adequacy aid, Dr. Rizzo Saunders included three cost-drivers that were not included in the 2008 and 2018 Reports: food services, nurse services, and superintendent services:

2008	2018	Petitioners
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<b>FOOD SERVICES</b>			
PER PUPIL	\$ 0	\$ 0	\$ 66
<b>NURSE SERVICES</b>			
PER PUPIL	\$ 0	\$ 0	\$ 294
<b>SUPERINTENDENT SERVICES</b>			
PER PUPIL	\$ 0	\$ 0	\$ 158

See Pls.’ Ex. 4. The Court will address each additional cost-driver, in turn.

i. Food Services

Emphasizing that hungry or malnourished students do not learn well, Dr. Rizzo Saunders and other witnesses reasonably opined that school districts must offer food services in order to provide students with the opportunity for a constitutionally adequate education. The evidence demonstrates, however, that some food service programs are able to operate in a self-funding manner. The evidence further demonstrates that the unreduced meal costs charged to paying students and staff is incredibly affordable. This suggests prices could be raised by some margin to reduce (if not eliminate) program deficits. The Court heard no evidence indicating such a shift was impossible. The Court takes no position as to the ultimate feasibility or prudence of such a step. On the record presented, however, the Court cannot conclude that food services must be funded via base adequacy aid. In other words, although the Court finds that food services are essential in this context, the evidence does not demonstrate such services are a cost-driver that must be funded via base adequacy aid. Despite the fact that RSA 189:11-a mandates all schools to provide food and nutritional programs, the Court

cannot conclude that it was reasonable for Dr. Rizzo Saunders to include food service costs in her reported base adequacy aid figure.<sup>14</sup>

ii. Nurse Services

With respect to nurse services, Dr. Rizzo Saunders and numerous other witnesses credibly testified to the practical reality that many students require medications that must be administered to them throughout the school day. Witnesses also credibly testified about the likelihood that illness or injury would necessitate nurse services during the school day, on an unpredictable schedule. The Court credits this testimony. Indeed, the recent worldwide pandemic demonstrates how quickly disease can spread, particularly in a population of young students. While school staff might be capable of administering medications or basic first aid, non-nurse staff cannot exercise appropriate medical judgment in determining whether, for example, a stomachache is the product of hunger or a contagious virus. Absent the prompt and accurate exercise of such judgment, illness spreads, temporarily depriving affected students of the opportunity for a constitutionally adequate education. For these reasons, the Court finds that nurse services are a necessary component of base adequacy aid. Though not germane to the Court's constitutional analysis, the Court notes that DOE regulations (Ed 306:12) require schools to provide nursing services. Such a nurse is regulated by the requirements of RSA 200:29.

The Court further finds that the \$294 per pupil cost Dr. Rizzo Saunders attributes to these services is a reasonable, conservative figure. In calculating this figure, Dr.

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<sup>14</sup> The Court notes that food services is also the largest cost per pupil of the differential aid categories. By finding that this should not be included as a cost driver, the State's argument concerning differential aid is deflated.

Rizzo Saunders relied on a 2014 survey of school nurses performed by the New Hampshire Department of Health and Human Services. See Pls.' Ex. 14. Among other things, this report indicates that nurse service needs vary throughout the state: a sentiment confirmed by the testimony presented at trial. See id. Of those schools that employ a full-time nurse, reported nurse-to-student ratios varied from 1:257 in the North Country to 1:528 in South Central New Hampshire. Id. at 13. The statewide average nurse-to-student ratio for all schools, including those employing part-time nurses, was reported to be 1:223. See id. at 3.

Multiplying Dr. Rizzo Saunders' per pupil cost of \$294 by the statewide average number of students for whom a single nurse is responsible (223) leads to a product of \$65,562. Thus, under average conditions, a school nurse's total employment package would need to cost school districts no more than \$65,562. This demonstrates the conservative nature of Dr. Rizzo Saunders' per pupil figure. Indeed, like fuel costs, healthcare costs (and salaries) have risen dramatically since 2014. As a result, a total nurse cost figure of \$65,562 is likely far too low.

Moreover, the Court heard considerable testimony at trial regarding the difficulty of sharing a nurse amongst schools, and the benefits of having a full-time on-site nurse at each school location. In light of that credible testimony, the Court cannot conclude that a funding model requiring schools to routinely share nurses would be constitutionally sufficient. As a result, to the extent more rural schools have lower nurse-to-student ratios, the Court is persuaded that such ratios are largely unavoidable.<sup>15</sup> On the other end of the spectrum, the fact that some schools have

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<sup>15</sup> The Court is not prepared to say that the State must provide funding for a nurse in every school, regardless of size, as this issue implicates some amount of local decision making. Yet, there are some

historically maintained higher nurse-to-student ratios does not prove those ratios are constitutionally sufficient. As explained above, the realistic concern that emergency nurse services become necessary on an unpredictable basis renders a shared nurse model inadequate.

In addition, the Court concludes that although school nurses may provide services to students who qualify for differentiated aid, the entire \$294 per pupil cost included in Dr. Rizzo Saunders' calculations is properly characterized as a necessary component of base adequacy aid. In reaching this conclusion, the Court relies on the fact that a hypothetical school with no differentiated aid-eligible students would still require nurse services to address illnesses, injuries, or medication issues throughout the school day. Such a school could include students who do not qualify for differentiated aid, but require daily medical assistance (such as blood sugar monitoring). Given the conservative nature of the \$294 per pupil figure, and the need for nurse services in all schools, the Court concludes that it is appropriate to include all of this cost in base adequacy aid calculations.

iii. Superintendent Services

The Court takes a different view regarding superintendent services, the last cost-driver added by Dr. Rizzo Saunders. See Pls.' Ex. 4. Like nurse services, the evidence demonstrates that superintendents often perform services that are important to successful school operations. Though required by Ed. 302.01, the Court is not convinced these services fall entirely within the definition set forth in RSA 193-E:2-a. In particular, the evidence did not clearly define the degree to which work customarily

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schools where a lower nurse-to-student ratio is a product of geography and population size, and could not be corrected without incurring substantial transportation costs.

performed by a superintendent could instead be performed by a school principal or other staff member. As a result, on the record presented, the Court has lingering doubts as to whether most school districts must employ a full-time superintendent, or whether they simply choose this approach. Accordingly, although Dr. Rizzo Saunders attributes a conservative per pupil cost to these services (\$158), the Court cannot conclude that it was reasonable to include that cost in base adequacy aid calculations. In other words, the Court finds that some amount of superintendent services is necessary in this context, but the Court cannot ascertain the degree to which base adequacy aid must fund these services.

In so ruling, the Court is in no way finding that superintendent services are not essential to the functioning of a school district. To the contrary, they clearly are essential. The Court is simply making an assessment of the evidence before it.

G. *Impact of Criticisms Offered by Dr. Greene*

In an effort to undermine the credibility of Dr. Rizzo Saunders' work, the State presented expert testimony from Dr. Jay Greene. In brief, Dr. Greene juxtaposed Dr. Rizzo Saunders' process with that underlying the 2008 Report. See Doc. 242 at 26. He opined that the latter approach, which involved consideration of substantial data from diverse sources and viewpoints, was a reliable method for determining base adequacy aid.<sup>16</sup> He further opined that the release of the 2008 Report permitted others to analyze the underlying methodology. Because Dr. Rizzo Saunders relied on more limited data

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<sup>16</sup> As the Court noted in ruling on the parties' motions *in limine*, see Doc. 232, the process underlying the 2008 Report—a process Dr. Greene endorses—is strikingly similar to the Court's experience in presiding over the trial in this matter: *i.e.*, considering substantial data from diverse sources and viewpoints in order to determine an appropriate amount of base adequacy aid.

sources and did not draft a written report, Dr. Greene contends that her work is unreliable, incapable of sufficient review, and otherwise undeserving of weight.

Upon review, Dr. Greene's criticisms do not demonstrate that the work performed by Dr. Rizzo Saunders cannot, in conjunction with other evidence, carry the plaintiffs' burden of proof. The evidence presented at trial empowers the Court to effectively gauge the reasonableness of the input figures used by Dr. Rizzo Saunders. Thus, the absence of a written report explaining the genesis of those figures is not as problematic as Dr. Greene suggests. Moreover, although the Court does not adopt every figure Dr. Rizzo Saunders input into her methodology, any defects concerning those numbers are readily identifiable, and can either be excised or corrected based on other evidence. See Shaw's Supermarkets, Inc. v. Town of Windham, 174 N.H. 569, 573 (2021) ("As the trier of fact, the trial court may accept or reject any portion of the evidence as it finds proper, including that of expert witnesses."); see also 1 NH Civil Jury Instruction 3.2. For these reasons, any limitations of Dr. Rizzo Saunders' data sources or other aspects of her process criticized by Dr. Greene do not undermine the conclusions the Court reaches in partial reliance on Dr. Rizzo Saunders' work.

Consistent with the foregoing, the Court concludes that in calculating the minimum necessary level of base adequacy aid, Dr. Rizzo Saunders used a reliable and otherwise appropriate methodology: analyzing discrete cost-drivers and calculating relevant per pupil costs. The Court further finds that her input figures are generally credible and conservative. Although the Court does not conclude that all such costs should be included in base adequacy aid, any necessary adjustments are readily identifiable and supported by other evidence. Accordingly, the opinions offered by Dr.

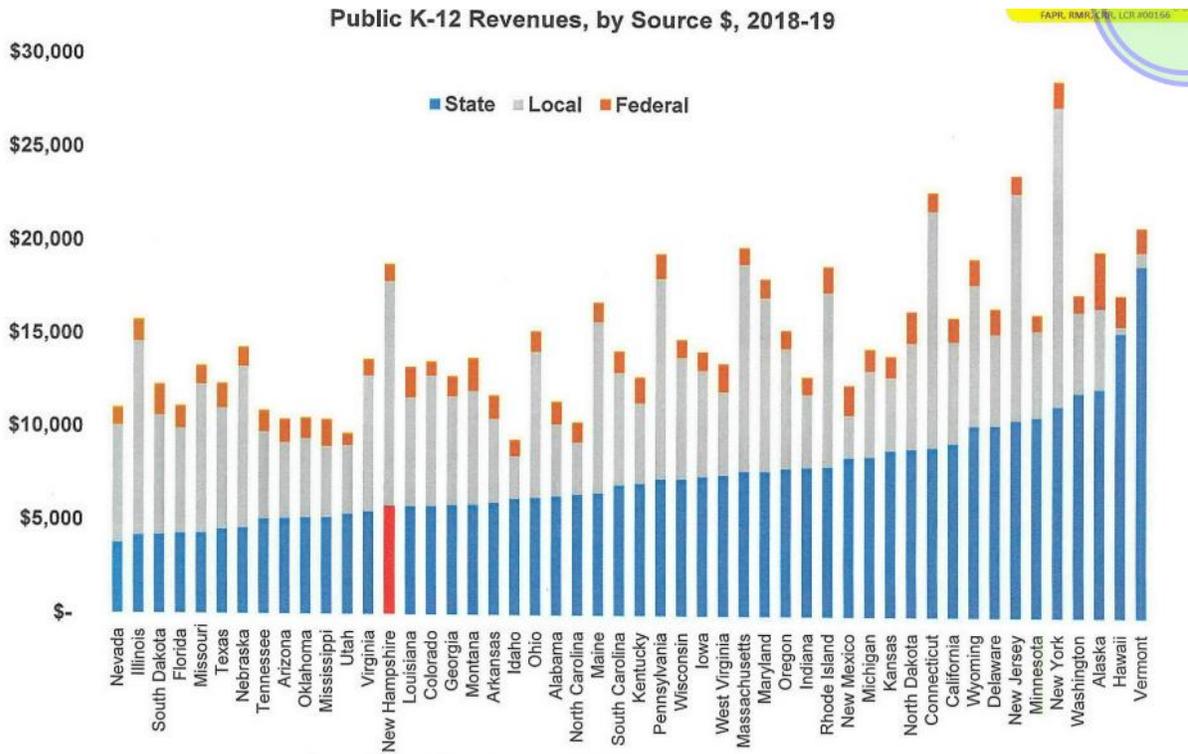
Rizzo Saunders, viewed in conjunction with the other evidence presented at trial, are capable of carrying the plaintiffs' burden of proof in this action.

II. Statistical Analysis Performed by Dr. Baker

In further support of their claim, the plaintiffs presented testimony from Dr. Bruce Baker. See Pls.' Ex. 111 (Baker Report). Dr. Baker described the process he used and conclusions he reached in connection with an outputs-based analysis he performed in 2020 at the request of the legislature's Commission to Study School Funding. See id. Based on this work, Dr. Baker concluded that the cost of an adequate education in a district of average size and grade-level distribution (without adjustments for students who qualify for differentiated aid) is \$9,964 excluding transportation. See id. Dr. Baker explained that to arrive at this figure, he analyzed current spending and various risk factors or needs to determine the spending necessary to achieve certain outcome goals. He further explained that most of the data he used came from the DOE.

Dr. Robert Costrell, another expert witness retained by the State, testified to numerous criticisms of Dr. Baker's work. The evidence demonstrates that this is not the first time Dr. Baker and Dr. Costrell have testified as to their conflicting views on school funding. In this case, Dr. Costrell criticized various aspects of Dr. Baker's methodology, including choices he made in creating and applying his statistical models. Emphasizing that New Hampshire public school students achieve outcomes which exceed constitutional adequacy, Dr. Costrell opined that Dr. Baker's outcome-based analysis does not establish the costs necessary to achieve base adequacy, but rather something more. Dr. Costrell further noted that in 2019, New Hampshire had the eighth highest level of per pupil education expenditures in the nation, suggesting Dr. Baker's reliance

on actual spending gave rise to inflated cost figures. See Joint Ex. 235. Dr. Costrell acknowledged, however, that as of the 2018–19 school year, New Hampshire was on the lower end of the nationwide spectrum vis-à-vis state funding for public schools:



See Joint Ex. 237 (indicating New Hampshire had fourteenth lowest level of state funding for public education in 2018–19 school year).

To summarize, Dr. Baker and Dr. Costrell emphatically defended their respective positions as to whether, and if so how, certain aspects of Dr. Baker’s methodology could undermine the reliability thereof. Ultimately, the Court need not resolve these differences of opinion at this time. Rather, upon reflection, the Court is persuaded that Dr. Baker’s work was designed to answer a different question than that presented here: this case concerns the State’s obligation to fund the opportunity for a constitutionally adequate education, whereas Dr. Baker analyzed the spending necessary to achieve a particular result. While the quality of instruction may be a significant factor impacting

actual student performance, it is not the only such factor. For this reason, the Court cannot conclude that Dr. Baker's work is directly applicable to the inquiry before the Court. Nevertheless, as explained below, it provides a helpful benchmark in measuring the plaintiffs' claim concerning the requisite level of base adequacy aid funding.

### III. Tuition Agreements

The final method by which the plaintiffs attempted to prove their claim was to present evidence concerning the per pupil cost some school districts pay to educate their students in other districts. See Joint Ex. 248 ¶ 112 ("Winchester must pay tuition of \$14,023 to have . . . students attend Keene High School."). Several witnesses credibly testified that school districts enter tuition agreements based on the conclusion that it would cost more to educate those students within the tuitioning (sending) school district. As a result, these witnesses opined that tuition figures constitute the lowest per pupil cost at which the school districts can educate those students. Via cross-examination, however, the State established that tuition figures generally include costs associated with athletics and other pursuits that fall outside of the State's base adequacy aid funding obligations. In addition, the plaintiffs' witnesses were unable to meaningfully refute the State's suggestion that some school districts choose to tuition students to academically strong districts when consolidating with other smaller districts might lower per pupil costs. On the record presented, the Court cannot conclude that tuition costs are necessarily the lowest achievable cost of delivering the opportunity for a constitutionally adequate education to the relevant students.

## Analysis

### I. Sufficiency of Plaintiffs' Evidence

Given the above-described standard of review and burden of proof, see Doc. 242 at 3 (quoting ConVal, 174 N.H. at 161, for proposition that Court must presume statute is constitutional and “not declare it invalid except on inescapable grounds”), and in light of the State’s pending motion for a directed verdict, see Doc. 235, the Court’s first task is to analyze whether the plaintiffs put forth sufficient evidence to demonstrate that the existing level of base adequacy aid is constitutionally insufficient “in all, or virtually all,” of New Hampshire’s school districts. See Working Stiff Partners, 172 N.H. at 622. Based on the evidence the plaintiffs presented at trial, the Court is persuaded that the costing methodology employed by Dr. Rizzo Saunders is a reliable way to determine the requisite level of base adequacy aid funding. Thus, as a preliminary step, the Court applies that methodology to those cost-drivers that are essential to educating students in the content areas set forth in 193-E:2-a.<sup>17</sup> In completing this task, the Court employs conservative figures that likely undervalue the requisite level of funding. In the Court’s view, such a conservative approach best reflects the standard of review and burden of proof, particularly in the context of the plaintiffs’ facial challenge. In addition, as discussed below, this approach affords appropriate deference to the legislature.

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<sup>17</sup> As explained above, those cost-drivers include: teachers, principals, administrative assistants, guidance counselors, library/media specialists, technology coordinators, custodians, nurses, instructional materials, technology, professional development, transportation, and facilities operation and maintenance. Although some amount of superintendent services is also necessary, the Court cannot reliably quantify the corresponding level of necessary funding.

A. *Per Pupil Teacher Costs*

The first necessary cost-driver is teachers. To calculate an appropriate per pupil amount for this cost-driver, the Court must determine what salary figure and benefit costs should be input into Dr. Rizzo Saunders' model. The Court must then determine an appropriate teacher-to-student ratio.

i. Teacher Salary

As previously noted, in calculating a highly conservative per pupil teacher cost, Dr. Rizzo Saunders utilized a total salary figure of \$38,867. See Pls.' Ex. 4. She credibly testified that this figure represents a realistic statewide average for a first-year teacher salary, see Joint Ex. 481 (chart depicting minimum starting teacher salaries for 2021–22 school year, and reflecting average starting salary of \$40,478.90), whereas the statewide average teacher salary is approximately \$60,000. As set forth above, the Court credits Dr. Rizzo Saunders' explanation as to why school districts cannot hire only first-year teachers. Thus, in calculating the requisite level of base adequacy aid, it is appropriate to use a figure higher than \$38,867 as the teacher salary cost.

Nevertheless, the Court cannot conclude that it would be appropriate to use the statewide average teacher salary figure of \$60,000. The Court credits evidence presented at trial indicating that at least one school district—Oyster River—chooses to pay teachers more than the bare minimum, a choice that necessarily raises the state average. See id. (reflecting first-year teacher salary in Oyster River of \$43,864.00 for 2021–22 school year). On the other hand, the Court also credits testimony offered by numerous witnesses indicating that the vast majority of New Hampshire school districts keep costs as low as possible to minimize local property tax rates. Having weighed the

evidence, and drawing on the Court's common sense, see 1 NH Civil Jury Instruction 3.2, the Court concludes that an average teacher salary figure of \$57,000—five percent less than the average figure reported by Dr. Rizzo Saunders—is a conservative estimate of the average statewide teacher salary level necessary to maintain an education market in New Hampshire, and to recruit and retain qualified teachers.<sup>18</sup> The evidence at trial clearly established that the school districts with low teacher salaries cannot retain teachers or recruit new ones to replace the ones that leave. Some of the plaintiff districts have had vacancies that have gone unfilled for years because they cannot compete with the salaries (or employment packages) of other districts. While the five percent reduction (from an already conservatively low number) is almost certainly an overcorrection in the State's favor, this is the most reasonable approach under the circumstances.

ii. Teacher Benefits

The Court's conclusion regarding teacher salary impacts the relevant benefit costs. As set forth above, the Court finds that in calculating teacher benefits, it is reasonable and appropriate to include the cost of health insurance benefits, NHRS contributions, FICA payments, and unemployment insurance. Using the above-described conservative average salary figure of \$57,000 and given the contribution level of 17.80% of teacher salaries, see Pls.' Ex. 5, the average cost associated with NHRS benefits is \$10,146. Applying that same approach to FICA payments, which total 7.65% of teacher salaries, see id., the average cost associated with FICA payments is \$4,361.

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<sup>18</sup> The 2008 Report, the 2018 Report, and Dr. Rizzo Saunders' calculations all included a 20% increase for "specialty teachers." See Pls.' Ex. 4. The Court has no basis to conclude such an adjustment is necessary when using a salary figure close to the statewide average. Accordingly, the Court will not make a similar adjustment in its own cost calculations.

Because the Court cannot discern whether an increased salary figure leads to a higher cost of unemployment insurance, the Court will maintain the \$147.52 yearly figure used in Dr. Rizzo Saunders' calculations. Accordingly, the evidence demonstrates that \$14,654.52 is a conservative average cost of teacher benefits excluding health insurance.

In calculating the cost of health insurance benefits, Dr. Rizzo Saunders used an average of the costs associated with a two-person plan and a family plan, funded at an employer contribution level of 88%. See Pls.' Ex. 5 (indicating school district portion of two-person plan is \$14,790.84, and school district portion of family plan is \$19,967.64, when funded at 88% level). As set forth above, however, there was evidence presented at trial indicating that some teachers opt for a single person plan, a buyout, or no health insurance coverage at all. Unlike teacher salary information, the record does not contain concrete information concerning the number of teachers pursuing each type of coverage. While the Court credits testimony reflecting that the vast majority of teachers avail themselves of two-person or family plans, the Court concludes that some adjustment to Dr. Rizzo Saunders' input figure is necessary.

Once again taking an overly conservative view of the evidence, the Court concludes that in gauging the sufficiency of base adequacy aid, it is appropriate to consider the cost associated with a two-person health insurance plan. Again drawing on common sense and the evidence presented at trial, see 1 NH Civil Jury Instruction 3.2, the Court concludes that this approach will overcorrect for Dr. Rizzo Saunders' failure to account for the minority of teachers who obtain single-person or no health insurance coverage. In light of the Court's overarching conservative approach, the

Court also concludes that it is appropriate to calculate health insurance costs using the 86% funding level included in ConVal's forthcoming collective bargaining agreement, rather than the present 88% funding level used by Dr. Rizzo Saunders. As a result, the evidence demonstrates that \$14,454.68<sup>19</sup> is a conservative average cost of teacher health insurance benefits. Adding this figure to the aforementioned \$14,654.52 cost of other benefits and the \$57,000 salary figure leads to a conservative per teacher cost of \$86,109.20.

iii. Teacher-to-Student Ratios

The Court must next convert this figure into a per pupil cost. As previously explained, the 2008 and 2018 Reports used maximum class sizes of 25 (for grades K–2) and 30 (for grades 3–8) to derive per pupil costs, whereas Dr. Rizzo Saunders used much lower teacher-to-student ratios. At this stage of the analysis—i.e., determining whether the plaintiffs have met their initial burden of proof—the Court need not determine precisely what ratio is appropriate. It is sufficient to state that using a ratio of 1:25 leads to a per pupil teacher cost of \$3,444.37, whereas a ratio of 1:30 leads to a per pupil cost of \$2,870.30. Blending these numbers in the manner described above (i.e., a weighted average) results in a per pupil teacher cost of \$3,157.34.

B. *Other Necessary Costs*

As set forth above, the Court credits Dr. Rizzo Saunders' per pupil cost figures for principals (\$262), administrative assistants (\$115), guidance counselors (\$182), library/media specialists (\$123), technology coordinators (\$121), custodians (\$98), and nurse services (\$294), totaling \$1,195. See Pls.' Ex. 4. In addition, the evidence

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<sup>19</sup> Since \$14,790.84 constitutes 88% of the two-person premium cost, the total cost must be \$16,807.77 (\$14,790.84 divided by 0.88). 86% of the total figure is thus \$14,454.68.

demonstrates that like teachers, these employees are essential to the delivery of the opportunity for a constitutionally adequate education. Adding these \$1,195 in costs to the aforementioned blended per pupil cost of \$3,157.34 leads to a running total of \$4,352.34: \$252.34 more than the 2023 level of base adequacy aid funding. See Laws 2023, 79:150 (setting amount at \$4,100). Adding the per pupil costs of instructional materials (\$300) and technology (\$100) leads to a running total of \$4,752.34—thus demonstrating the insufficiency of the \$4,100 base adequacy aid figure set in 2023. See id.; Pls.’ Ex. 4.<sup>20</sup>

Notably, the foregoing calculations do not include costs attributable to professional development, facilities operation and maintenance, or transportation. These cost-drivers were included in the 2008 and 2018 Reports, and the evidence demonstrates that they are essential to the provision of the opportunity for a constitutionally adequate education. While the evidence reflects a minimum per pupil professional development cost of only \$30, per pupil facilities and transportation costs often must exceed \$1,000 each. These realities further demonstrate the insufficiency of the \$4,100 base adequacy aid figure set in 2023.

Consistent with the foregoing, the Court concludes that the plaintiffs have defeated any applicable presumption that the current level of base adequacy aid funding is constitutionally sufficient. See Doc. 242 at 3 (quoting ConVal, 174 N.H. at 161). Indeed, the plaintiffs have proven a “clear and substantial conflict” between the current level of base adequacy aid funding and the amount necessary to fulfill the

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<sup>20</sup> It bears repeating that because the per pupil costs attributed to these cost-drivers were derived using highly conservative ratios, the Court is confident that the reported costs are not inflated by the heightened needs of students who qualify for differentiated aid. Rather, these cost figures reflect the minimum costs that would be incurred by a hypothetical school district in which no students qualify for differentiated aid.

State's constitutional obligations "in all, or virtually all," of New Hampshire's school districts. See id. (quoting ConVal, 174 N.H. at 161); see also Working Stiff Partners, 172 N.H. at 622. Accordingly, the burden shifts to the State to justify the law under the strict scrutiny standard. See Akins, 154 N.H. at 71. As explained above, the State did not offer affirmative evidence justifying the sufficiency of the current funding level, instead seeking to undermine the sufficiency of the plaintiffs' evidence. Because the Court concludes that the plaintiffs offered sufficient evidence to carry their burden, the State's mid-trial motion for a directed verdict is **DENIED**. See Doc. 235. Further, in light of the explanations and analysis set forth above, the plaintiffs' request for a declaratory judgment declaring RSA 198:40-a, II(a), unconstitutional on its face is **GRANTED**. See Doc. 83 at 26.

## II. Separation of Powers Considerations

Prior to trial, the Court repeatedly resisted the plaintiffs' requests for an affirmative determination as to the necessary level of base adequacy aid funding. See, e.g., Doc. 51 at 92–94 (denying request for injunctive relief requiring particular level of funding). This resistance stemmed from the Court's appreciation of the great burden school funding imposes on the legislature, as well as the legislature's role in defining an adequate education. See id. at 92–96. In reflecting on the evidence presented at trial, however, the Court's position on this issue has shifted.

To be sure, the Court remains concerned about respecting the legislature's role in this process. Indeed, as the State correctly points out, the Claremont I court expressly declined to "define the parameters of the education mandated by the constitution as that task is, in the first instance, for the legislature and the Governor."

138 N.H. at 192. Since then, the Supreme Court has repeatedly emphasized the significance of the legislature’s role in this context. See Claremont II, 142 N.H. at 476–77 (permitting existing funding mechanism to remain in effect for set period so legislature had “reasonable time to effect . . . a new system”); Londonderry I, 154 N.H. at 163 (indicating Supreme Court’s respect of legislature’s role has led it to “demure[]” each time it “has been requested to define the substantive content of a constitutionally adequate public education”). As set forth above, the parties’ trial presentations leave the Court with lingering doubts as to whether the legislature intended for base adequacy aid to fund all of the costs included in Dr. Rizzo Saunders’ analysis. For this reason, the Court agrees with the State that “a judicial determination of the exact per-pupil amount of funding necessary to provide for base adequacy would infringe the constitutionally committed responsibilities of the political branches and embroil the courts in weighty policy decisions . . . .” Doc. 244 at 1 (emphasis added).

Notwithstanding the foregoing, the Court is mindful that “the judiciary has a responsibility to ensure that constitutional rights not be hollowed out and, in the absence of action by other branches, a judicial remedy is not only appropriate but essential.” Londonderry I, 154 N.H. at 163 (citing Petition of Below, 151 N.H. 135 (2004)); cf. Norelli v. Sec’y of State, 175 N.H. 186, 200 (2022) (rejecting State’s position that despite unconstitutionality of existing congressional districting statute, judicial non-intervention was “more important than protecting the voters’ fundamental rights”). The Court is likewise cognizant that school funding is a complicated and politically-charged issue, with a history that suggests some level of judicial intervention is now necessary. Among other things, though the legislature hired Dr. Baker to analyze school funding

issues and provide an informed recommendation, base adequacy aid is currently funded at less than half of his recommended level. This is just one example that calls into question whether the politics of this issue are impeding the State's constitutional obligation to fully fund the opportunity for children in this state to receive an adequate education. That ends today.

Given the history and significance of this issue, see Claremont II, 142 N.H. at 473 (holding constitutionally adequate public education is a fundamental right), the Court concludes that it is both necessary and appropriate to grant the plaintiffs a measure of additional relief at this juncture. Specifically, although the Court declines to set a definitive level of base adequacy aid funding, it is now appropriate to establish a conservative minimum threshold such funding must exceed. In the Court's view, this approach strikes the appropriate balance between the competing interests involved.

### III. Conservative Threshold for Base Adequacy Aid Funding

Drawing on the credible evidence presented at trial, the Court's next task is to determine a minimum funding level for those cost-drivers that are indisputably part of the State's base adequacy aid funding obligations. Cf. O'Malley v. Little, 170 N.H. 272, 275 (2017) (citing Jesurum v. WBTSCC Ltd. P'ship, 169 N.H. 469, 476 (2016) for proposition that following a trial on the merits, trial court's "judgment on such issues as resolving conflicts in the testimony, measuring the credibility of witnesses, and determining the weight to be given evidence" are entitled to deference). In reaching such a determination, the Court again employs conservative figures that likely undervalue the requisite costs. Such a conservative approach best aligns with the plaintiffs' facial challenge, and affords appropriate deference to the legislature. It also

takes in to account the gravamen of the State's theory of defense: that actual expenditures are not the same as "costs" in this context. However, costs are a recursive set within expenditures.

*A. Per Pupil Teacher Costs*

Once again, the Court begins the analysis with teachers. As explained above, the Court finds that this cost-driver must be funded at a per teacher level of at least \$86,109.20. To reiterate, this figure is derived from a statewide average teacher salary of \$60,000, discounted by 5% to correct for those rare school districts that opt to pay more than the market strictly demands. At trial, the Court heard evidence of only a single school district falling into this category. Thus, the Court is confident that a 5% reduction more than corrects for this issue.

Teacher benefits, including NHRS contributions, FICA payments, unemployment insurance, and health insurance, make up the remainder of the \$86,109.20 figure. As explained above, the Court has calculated the cost of health insurance benefits using the price of a two-person plan, funded at an 86% employer contribution level. Given the evidence presented at trial, the Court is confident that excluding the cost of family plans more than corrects for those few teachers who opt for single person or no coverage, particularly given testimony indicating many "no coverage" teachers receive a buyout.

As above, the Court must next convert the \$86,109.20 teacher cost into a per pupil amount. The evidence demonstrates that it is inappropriate to use maximum class sizes in this conversion, as school districts cannot fill every classroom to maximum capacity. In addition, in light of market demands and the requirements of a teaching position, teachers must be afforded preparation and break periods. The evidence

demonstrates that although some teachers provide classroom instruction for only 62.5% of the school day (five out of eight blocks), others provide instruction for 75% of the school day (six out of eight or three out of four blocks). Given the conservative inquiry at issue, the Court uses the 75% model to calculate per pupil costs.

Based on a 75% model, each teacher can provide three blocks of instruction in a four-block day. Filling the remaining 25% would use up one third of a second teacher's teaching capacity (i.e., one of the second teacher's three daily teaching blocks). Thus, even if a school district could fill every seat in every classroom, one and one-third teachers would be needed to provide instruction in each classroom for an entire school day. For this reason, in calculating per pupil teacher costs, maximum class sizes must be reduced to account for this reality. This results in teacher-to-student ratios of 1:18.75 for grades K–2 (25 divided by 1 1/3), and 1:22.50 for grades 3–8 (30 divided by 1 1/3), for a blended ratio of 1:21.63.<sup>21</sup>

Although this ratio does not account for the reality that school districts cannot fill every seat in every classroom, the evidence presented at trial does not provide the Court with a reliable way to correct for this. In the Court's view, actual teacher-to-student ratios do not provide meaningful guidance because they are impacted by factors such as the heightened needs of students who qualify for differentiated aid: an issue which, as explained above, the Court has excluded from this inquiry. Moreover, although the DOE encourages school districts to keep certain class sizes below the maximum, the Court concludes that the legislature should determine how, if at all, funding should account for that guidance. For these reasons, in setting a threshold for

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<sup>21</sup> The following calculation determines the blended ratio:  $((3 \times 18.75) + (10 \times 22.50)) / 13$ .

base adequacy aid, the Court employs a highly conservative per pupil teacher cost of \$3,981.01 (\$86,109.20 divided by 21.63).

*B. Non-Teacher Employee Costs*

In addition to teachers, the Court finds that the services provided by principals, administrative assistants, guidance counselors, library/media specialists, technology coordinators, and custodians are all essential to the provision of the opportunity for a constitutionally adequate education. For the reasons articulated above, the Court credits the conservative per pupil cost figures adopted by Dr. Rizzo Saunders with respect to these cost-drivers. These per pupil costs total \$901.<sup>22</sup>

*C. Instructional Materials, Technology, and Professional Development*

The evidence further demonstrates that instructional materials, technology, and professional development costs are inherent in and essential to the provision of the opportunity for a constitutionally adequate education. For the reasons articulated above, the Court credits the conservative per pupil cost figures adopted by Dr. Rizzo Saunders with respect to these cost-drivers. These per pupil costs total \$430.<sup>23</sup>

*D. Facilities*

The Court further finds that facilities operation and maintenance is also essential in this context. The 2008 Report funded this cost-driver at \$195 per pupil, the 2018 Report funded it at \$250 per pupil, and Dr. Rizzo Saunders argues it should be funded at \$1,400 per pupil. See Pls.' Ex. 4. Upon review, the Court concludes that none of

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<sup>22</sup> Component costs include \$262 for principals, \$115 for administrative assistants, \$182 for guidance counselors, \$123 for library / media specialists, \$121 for technology coordinators, and \$98 for custodians.

<sup>23</sup> Component costs include \$300 for instructional materials, \$100 for technology, and \$30 for professional development. See Pls.' Ex. 4. The Court speculates that a per pupil technology cost of \$100 is likely low, but the evidence in the record does not empower the Court to set a higher, more realistic number.

these funding levels are fully supported. Because facilities operation and maintenance includes things like heat, electricity, and winter maintenance, the Court is convinced that the funding levels set forth in the 2008 and 2018 Reports are far too low. This is established by, among other things, the fact that utility and fuel costs (as recorded in the financial reports) have risen sharply in recent years. On the other hand, the State persuasively argued at trial that not all costs included in Dr. Rizzo Saunders' calculations fall within the State's base adequacy aid obligations. The plaintiffs' evidence did not fully refute that argument.

Although the plaintiffs' witnesses opined that community use of school facilities has a negligible impact on costs, the Court has no reliable way to precisely adjust for that reality. Accordingly, the evidence presented at trial does not empower the Court to set a definitive cost figure that excludes unnecessary components, but includes all necessary ones. In addition, the Court perceives that funding this cost-driver involves locally controlled policy determinations: for example, whether to fund air conditioning to prevent school closings on unusually warm days; or whether the local town will cover the costs of snow removal.

Drawing on the evidence presented at trial and the Court's common sense, however, see 1 NH Civil Jury Instruction 3.2, the Court concludes that facilities operation and maintenance must be funded at an amount over \$1,000 per pupil: \$400 less than the \$1,400 figure used in Dr. Rizzo Saunders' calculations.<sup>24</sup> The evidence demonstrates that although some portion of Dr. Rizzo Saunders' \$1,400 figure may be attributable to athletics, community use, or other uses which implicate questions of

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<sup>24</sup> As noted above, \$1,000 is less than the \$1,375 difference in funding the State provides to in-person charter schools as compared to virtual charter schools.

policy, the associated costs account for less than 25% of her figure. Accordingly, reducing that figure by \$400—28.57%—overcorrects for any such issues. However, based on the limitations of the evidence presented at trial, the policy determinations involved, and the conservative nature of the Court’s inquiry, the Court cannot reliably define the requisite funding level to any greater degree.

*E. Transportation*

The next essential cost-driver is transportation. As explained above, the Court concludes that base adequacy aid must include funding for student transportation. New Hampshire is a rural state, and students cannot access the opportunity for a constitutionally adequate education without getting to school. Issues like poverty or parental work schedules cannot be permitted to interfere with such access. Thus, some level of transportation services is undoubtedly essential.

Like facilities costs, however, the Court’s ability to define the requisite funding level for transportation is limited. The evidence amply demonstrates that the \$315 funding level included in the 2008 and 2018 Reports is woefully inadequate. Indeed, as noted above, the evidence indicates transportation costs often exceed \$1,000 per pupil. See, e.g., Pls.’ Ex. 29 (indicating ConVal spent \$1,109.12 per elementary school pupil on transportation costs during 2021 fiscal year); Pls.’ Ex. 62 (indicating Winchester spent \$1,619.51 per elementary school pupil on transportation costs during 2021 fiscal year). Yet, as Dr. Rizzo Saunders acknowledges, it is difficult to determine a reliable, universal figure for this cost-driver, as urban areas will have lower transportation costs than rural ones. Moreover, there are once again policy determinations at play: whether to fund transportation through 12<sup>th</sup> grade when existing statutes only expressly require

transportation through 10<sup>th</sup> grade. Resolution of this issue could have a substantial impact on the requisite level of funding. The legislature should have the opportunity to address this issue in the first instance. See Claremont I, 138 N.H. at 192. However, there must be a floor to this figure given the recursive nature between transportation costs and expenditures. Based on the evidence submitted at trial, the Court finds that approximate mid-point between the costs identified in the 2008 and 2018 Legislative Reports and the actual expenditures is an appropriate – albeit very conservative – figure.

Again drawing on both common sense and the testimony presented at trial, see 1 NH Civil Jury Instruction 3.2, the Court concludes that transportation must be funded at a level that exceeds \$750: slightly more than double the figures used in the 2008 and 2018 Reports, but substantially less than actual per pupil costs incurred by many school districts. Like the above-described threshold for facilities costs, the evidence demonstrates that funding transportation costs at this level would be constitutionally insufficient. However, based on the limitations of the evidence presented at trial, the policy determinations involved with respect to this cost-driver, the wide range of costs incurred in each district, and the conservative nature of the Court’s inquiry, the Court cannot reliably define the requisite funding level with any greater specificity, but there is no doubt that it cannot be lower than \$750.

*F. Cost-Drivers Added by Dr. Rizzo Saunders*

For the reasons articulated above, the Court concludes that nurse services is an essential component of providing the opportunity for a constitutionally adequate education. The Court further finds that in light of the relevant facts and circumstances,

including the practical reasons why a dedicated nurse for each school is far superior to a shared-nurse model, the \$294 per pupil cost assigned by Dr. Rizzo Saunders is a reasonable, conservative figure. Moreover, because schools without differentiated aid-eligible students would still need nurse services, the Court concludes that it is appropriate and necessary to fund the entire \$294 per pupil cost via base adequacy aid.

Although the plaintiffs also urge the Court to require additional funding for food and superintendent services, the Court declines to include these amounts in setting a minimum funding level. As explained above, the evidence demonstrates that some food service programs are self-funding, and that others could potentially become self-funding (or closer to it) by raising meal costs charged to paying customers. Thus, although the legislature may conclude that funding food service programs is necessary or otherwise appropriate, the Court declines to impose such a requirement at this juncture.

Similarly, although the Court finds that some amount of superintendent services is essential, the Court is not convinced that all costs associated with those services fall within the legislature's definition of the opportunity for a constitutionally adequate education. For example, schools require some amount of oversight to secure and pay for necessary staff, materials, and other services, but the evidence does not rule out the possibility that such tasks can be completed by principals and administrative assistants, the costs of which the Court already accounted for in reaching its conclusion. Thus, while school districts may need superintendent services as a practical matter, the Court cannot conclude from the evidence presented that it is appropriate to require a particular level of base adequacy aid funding in connection with those services.<sup>25</sup>

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<sup>25</sup> To the extent the legislature intended to fund these services via base adequacy aid, or otherwise elects to do so, the Court finds that the \$194 per pupil costs calculated by Dr. Rizzo Saunders is a reasonable

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To summarize, the evidence presented at trial demonstrates that the following cost-drivers, and associated per pupil minimum funding levels, are essential to the provision of the opportunity for a constitutionally adequate education, as defined by the legislature: teachers (\$3,981.01); principals, administrative assistants, guidance counselors, library/media specialists, technology coordinators, and custodians (\$901); instructional materials, technology, and professional development (\$430); facilities operation and maintenance (\$1,000); transportation (\$750); and nurse services (\$294). Combined, these amounts establish that base adequacy aid funding must exceed \$7,356.01 per pupil: over \$3,200 more than the current funding level of \$4,100. See Laws 2023, 79:150.

As emphasized above, this \$7,356.01 threshold figure is the product of conservative calculations designed to overcorrect for any conflicts or ambiguities in the evidence, as well as any unresolved policy determinations. The Court's calculations include a \$3,000 (5%) reduction in average teacher salary from that proposed by the Dr. Rizzo Saunders, which in turn reduces NHRS and FICA payments. Further, to overcorrect for the absence of concrete data concerning the number of teachers who opt for single-person or no health insurance coverage, the Court adjusted Dr. Rizzo Saunders' benefits calculations to rely solely on the cost of two-person coverage (whereas Dr. Rizzo Saunders relied on an average of two-person coverage costs and family plan coverage costs). In addition, to establish the ratio used in calculating per pupil teacher costs, the Court relied on a 6 out of 8 (or 3 out of 4) block model, despite

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and conservative figure for funding a full time superintendent position. See Pls.' Ex. 4. Adding that amounts to the threshold figure described above results in a per pupil total of \$7,550.01.

evidence that some teachers only instruct for 5 out of 8 blocks each day. Moreover, the Court did not adjust the ratio to reflect the reality that schools cannot fill every seat in every class.<sup>26</sup> In assigning a facilities cost, the Court reduced Dr. Rizzo Saunders' number by \$400 (28.57%) despite the absence of concrete evidence indicating even 25% of her cost figure could be attributable to unrelated uses. Lastly, although the evidence indicates that transportation costs often exceed \$1,000 per pupil, the Court used a conservative figure of only \$750 in calculating the minimum threshold level set here.

In total, these conservative choices and overcorrections demonstrate that a base adequacy aid figure of \$7,356.01 would in actuality be far too low and would likely not survive scrutiny. Indeed, at the conclusion of this trial the Court felt confident that the requisite level of base adequacy aid funding is quite close to the \$9,929 figure set forth in Dr. Rizzo Saunders' calculations. See Pls.' Ex. 4. That figure is remarkably similar to Dr. Baker's number of \$9,964 which, like Dr. Rizzo Saunders' number, does not include the cost of transportation. See Pls.' Ex. 111 (Baker Report). That figure is also remarkably similar to the results of an analysis Dr. Costrell previously performed to determine the base cost of an adequate education in Massachusetts: an analysis which, adjusted for inflation, suggests that cost would exceed \$10,000 in 2023.<sup>27</sup> It is also closer to the near-unanimous testimony of every school administrator who testified at trial.

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<sup>26</sup> The Court's use of such conservative ratios eliminates any potential impact of increased costs attributable to students who qualify for differentiated aid.

<sup>27</sup> As a matter of interest, the Court observes that in 2023, the legislature considered but ultimately rejected an education funding model that would have eliminated base adequacy and differentiated aid, opting instead to fund public education at half of certain statewide average expenditures. See House Bill 334 (2023). Based on DOE estimates for fiscal year 2022, this would have resulted in a funding level of \$9,517.04 per pupil. See id.

Although the evidence demonstrates that a base adequacy aid level of \$7,356.01 would be constitutionally insufficient, the Court cannot set a higher threshold at this time. Such a step is precluded by the limitations of the evidence presented at trial, as well as the involvement of certain policy considerations. The Court is confident, however, that the guidance offered here will empower the legislature to meaningfully consider and appropriately respond to the relevant issues. In light of the compelling evidence presented at trial, the Court trusts that the legislature will set a base adequacy aid figure meaningfully higher than the \$7,356.01 threshold: a figure that will fulfill the State's obligation to fund the opportunity for a constitutionally adequate public education. See Claremont II, 142 N.H. at 473.

Consistent with the foregoing, the plaintiffs' request for injunctive relief is **GRANTED IN PART** and **DENIED IN PART**. See Doc. 83 at 25.

#### Attorney's Fees

Before concluding, the Court must address the plaintiffs' request for an award of attorney's fees. See Doc. 83 at 26; see also Doc. 245 at 33. The State's post-trial filings do not meaningfully address this issue. As explained in the Court's June 5, 2019 Order, the Supreme Court has previously awarded attorney's fees in the school funding context under the substantial benefit theory. See Doc. 51 at 94 (citing Claremont Sch. Dist. v. Governor (Costs and Attorney's Fees) ("Claremont VIII"), 144 N.H. 590, 595–99 (1999)). This theory permits cost shifting when a particular action confers a "substantial benefit" on the public at large. See id. (citation omitted). The intent of the theory is not to penalize the opposing party, but to compensate plaintiffs for efforts undertaken on behalf of the public. See id. (citation omitted).

The plaintiffs brought this action in an effort to hold the State accountable for the school funding obligations imposed by Part II, Article 83 of the New Hampshire Constitution. In doing so, the plaintiffs sought to safeguard the fundamental right held by New Hampshire children to “a constitutionally adequate public education . . . .” Claremont II, 142 N.H. at 473. As set forth above, the plaintiffs have successfully demonstrated that the current amount of base adequacy aid funding is constitutionally insufficient, and must be increased to more than \$7356.01 per pupil. Thus, like the plaintiffs in Claremont VIII, the plaintiffs in this action “have contributed to the vindication of important constitutional rights,” thereby conferring “a significant benefit upon the general public,” which “would have had to pay the fees incurred if the general public had brought the suit.” 144 N.H. at 598. The Court thus concludes that this is “an appropriate, if not compelling, case in which to exercise [the Court’s] inherent equitable powers and award reasonable attorney’s fees to the plaintiff school districts . . . .” Id.

Consistent with the foregoing, the plaintiffs’ request for an award of reasonable attorney’s fees is **GRANTED**. The plaintiffs are directed to file a detailed affidavit of fees **within thirty (30) days** of the date on the Clerk’s Notice of Decision accompanying this Order. See Scheele v. Vill. Dist. of Eidelweiss, 122 N.H. 1015, 1020–21 (1982) (explaining party requesting fees must submit an affidavit “outlining in reasonable detail the actual time spent . . . and setting forth a rate for that person who performed the work”); In re Metevier, 146 N.H. 62, 64 (2001) (explaining that when determining reasonableness of requested attorney’s fees, courts consider “the amount involved, the nature, novelty, and difficulty of the litigation, the attorney’s standing and the skill employed, the time devoted, the customary fees in the area, the extent to which the

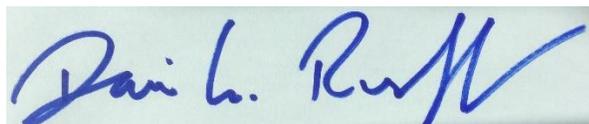
attorney prevailed, and the benefit thereby bestowed on his clients”). The State will thereafter be afforded a period of twenty (20) days to file a response, if any.

Conclusion

For the same reasons articulated in the Court’s June 5, 2019 Order, see Doc. 51 at 96, the Court does not take the decisions outlined here lightly. Moreover, the Court recognizes the significant implications of this Order, and the potential for political strain. However, the Court cannot ignore the substantial evidence put forth by the plaintiffs: evidence that amply demonstrates the insufficiency of the existing base adequacy aid figure. In light of that evidence, the State’s mid-trial motion for a directed verdict is **DENIED**, see Doc. 235, and the plaintiffs’ request for a declaratory judgment deeming RSA 198:40-a, II(a), unconstitutional on its face is **GRANTED**. See Doc. 83 at 26. The plaintiffs’ request for injunctive relief is also **GRANTED** insofar as the Court has established a conservative minimum threshold of \$7,356.01 which base adequacy aid funding must exceed, but is otherwise **DENIED**. See id. at 25. Lastly, the plaintiffs’ request for an award of reasonable attorney’s fees is **GRANTED**. See id. at 26.

Lastly, given the timing of this Order and the fact that the Court is contemporaneously releasing an order in Rand v State of New Hampshire finding the State’s administration of the Statewide Education Property Tax (SWEPT) unconstitutional, the deadline to file a Motion to Reconsider is extended to 30 days.  
SO ORDERED.

Date: November 20, 2023



Hon. David W. Ruoff  
Rockingham County Superior Court

Clerk's Notice of Decision  
Document Sent to Parties  
on 11/20/2023