

Office of Selectmen

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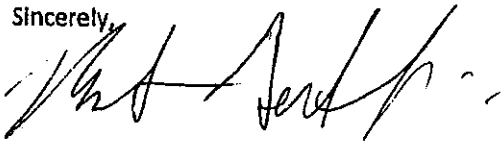
October 28, 2021

New Hampshire Department of Education
State Board of Education
101 Pleasant St
Concord NH 03301-3860

Dear New Hampshire State Board of Education,

Please find attached the "Minority Report" as it pertains to the Town of Carroll's request to initiate a review of the feasibility and suitability of Carroll's withdrawal from the White Mountains Regional Cooperative School District.

Sincerely,



Robert W. Gauthier Jr., Selectman
Town of Carroll

Cc:
White Mountains Regional School Board

Minority Report

Town of Carroll Response to Carroll Withdrawal Feasibility Study Report

November 1, 2021

Introduction

The Town of Carroll representatives on the White Mountain Regional School District (“WMRSD”) withdrawal committee have recommended that the Town of Carroll withdraw from the WMRSD and hereby submit the following minority report, in accord with RSA 195:25

The minority report of the Town of Carroll concerning the issue of its withdrawal from the WMRSD is predicated on the following understandings:

- Towns and cities in New Hampshire must pay, primarily through property tax, for the education of the resident students living in that town or cooperative AND
- Towns and cities in New Hampshire pay for the education of resident students according to formulas set forth by entities representing the state of New Hampshire, WHEREIN
 - In February 1963, residents of Carroll, Dalton, Jefferson, Lancaster and Whitefield voted to form a consolidated school district with funding apportionment based on 60% Average Daily Membership (ADM) and 40% equalized valuation from each town AND
- Current demographic and property valuation data, especially when juxtaposed against decades old demographic and property valuation data, provides a contemporary and precise foundation on which to determine the merits of a withdrawal argument AND
- In 2004 and again in 2021 the Town of Carroll asked for a review of the 1963 apportionment formula to address factual and perceived inequities arising from continued use of the 1963 apportionment formula AND
- In 2021 the Town of Carroll indicated that continued denials of requests to review and adjust the apportionment formula would result in the town’s consideration of withdrawal from the White Mountain Regional School District.

These understandings, from the perspective of the Town of Carroll, lead to the development of the following questions that the Town of Carroll, in its multi-year effort to engage with the WMRSD on the issue of greater school funding equity among the towns of the WMRSD sees as reasonable, in the contemporary context, and as yet unanswered.

1. Is the nearly 60-year-old apportionment formula still the most equitable way for towns in the WMRSD to pay for the education of its resident students?
2. Is the Town of Carroll’s tax rate a true offset to its per pupil cost, as the majority report contends?
3. Notwithstanding statutory requirements concerning the process for withdrawal, and mindful of the financial conflicts of interest arising from any town’s consideration of the withdrawal of any town from the WMRSD, should alternatives to the current funding formula be better considered by parties outside the WMRSD?

4. Are the costs and considerations associated with withdrawal sufficient to deny requests for consideration of the withdrawal?

The Recommendation Report of the WMRSID of the Carroll Withdrawal Feasibility Study, upon which the Minority Report is based, is an extensive document providing nearly ninety pages of financial and historical data attempting to contextualize the case for withdrawal made by the Town of Carroll. Given its heavy reliance on open-source data provided by various state agencies, the Minority Report recognizes the data presented as factual and accurate and need not duplicate or replicate it here for its purposes. However, the Minority Report recognizes the reality that data can and does lead to multiple interpretations, one of which is the foundation of the report of the feasibility committee. For years the Town of Carroll has received similar data produced in response to its periodic requests to reevaluate funding formulae. Similar to other such requests, particularly in 2004, Carroll once again has been presented with data in support of yet another denial of yet another request for reconsideration of funding formulae. This report responds to this latest production of data by providing its interpretation of that data in the context of Carroll's nearly 60-year reality.

Point

“The contention of Carroll (is) that the current funding structure of the WMRSID is unfair to residents because they pay more per pupil than the other four towns.” (Feasibility Study Committee Recommendation Report, p.1, attached as Exhibit A).

Counterpoint

“The counter argument is that their tax rate is lower than the other four towns in the district” (Exhibit A, p.1).

Minority Response

The bulk of the committee's response to Carroll's 2021 request is a rehash of the same argument made in response to Carroll's 2004 request. In fact, the 2021 response is taken almost verbatim from that 17-year-old report:

While it is not the purpose of this report to examine the merits of various arguments it is important to have an understanding of the basic arguments involved. It is the contention of Carroll that the current funding structure of the White Mountain Regional School District is unfair to its residents because they pay more per pupil than the other four towns and in effect are a donor town for the district. The counter argument is that their tax rate is lower than (the) other four towns in the district. Owners of similar property in the other (five) towns pay a higher amount towards education than Carroll residents. Any shift in tax rates that helps to reduce the town of Carroll's local education tax rate would result in higher local education taxes in other towns. If the town of Carroll through its Article 15 Committee cannot reach an acceptable agreement on altering the funding formula they have indicated that they will attempt to withdraw from the WMRSID. This report is intended to assess the potential impact of such a withdrawal.

The 2004 response is instructive here. While it claims not to “examine the merits of various arguments” it immediately takes a side, whether intentional or not, elaborating on the strain any shift

in tax rates would have on the other towns of the WMRSD. Acknowledging Carroll's decision to seek to withdraw from the WMRSD if "it cannot reach an acceptable agreement on altering the funding formula" the report confesses that its intent is only to "assess the potential impact of such a withdrawal" and does not even pretend to consider the conditions (the funding formula) under which Carroll might find itself forced to withdraw. It is, in fact, the hope for an examination of the "merits of various arguments" that has formed the basis of Carroll's multiple requests, over multiple years, for serious reconsideration of the funding formula. Both in 2004 and again in 2021, Carroll contends that it still has not received this serious consideration and uses as evidence of this the 2021 withdrawal committee's reliance on the 2004 report. In fact, the 2021 report once again does not even attempt to examine the foundational concerns of Carroll that would lead it to consider withdrawal. Rather, as in 2004, it relies heavily on considerations of the cost of withdrawal, with particular emphasis on the impact of such costs on other districts in the WMRSD, but, just as in the 2004 report, advances no argument about the merits of Carroll's years-long and multiply expressed concerns. Worse, there is some evidence to conclude that at least some of those charged with considering Carroll's concerns, as part of the Carroll School District Study Committee, already had fixed mindsets concerning the issue and were not particularly interested in pursuing it:

- o November 24, 2020 Carroll School District Study Committee guest Jim Murphy, when asked if there was talk of the funding formula at the board level, responded that he was aware of none and went on to express his agreement with the Business Manager and the Superintendent that "the citizens of Carroll should be grateful for the large taxpayers in our community and the benefits we receive from them."

Grateful for what, exactly?

The chief discernible argument supporting the status quo as a response to Carroll's years of requests for reconsideration of the funding formula in the WMRSD seems to pivot on this point: Carroll's tax rate is lower than the other four towns in the district. That is the only argument advanced by those in favor of the status quo. If there is another, specifically related to Carroll's repeated expressed concerns about the unfair burden it bears for the cost of the education of its students, it is not contained in any of the more than 90 pages of the feasibility study report. Given the lack of additional argument, let's focus on the one made in 2004 and repeated in 2021.

Using 2021 actuals, under the current apportionment formula, the breakdown of per pupil cost for the five towns in the WMRSD are as follows:

Carroll--\$46,035
Dalton--\$9,190
Jefferson--\$14,762
Lancaster--\$5,715
Whitefield--\$9,706

In contrast, as of April 28, 2021, the average per pupil cost to districts for the education of their resident students in the **state of New Hampshire is \$17,400.**

In terms of percentage of contribution, Carroll residents pay:

400% more in per pupil costs than Dalton residents
292% more in per pupil costs than Jefferson residents
706% more in per pupil costs than Lancaster residents
374% more in per pupil costs than Whitefield residents AND
165% more in per pupil costs than the state average

This is all the more striking given the disproportionately small number of Carroll students using the services of the WMRSB when compared to other towns in the cooperative:

Carroll-59 students

Jefferson-103 students

Lancaster-421 students

Whitefield-276 students

Dalton-102 students

Despite the modest and expected fluctuations in total student population throughout the school year, the Town of Carroll has had, throughout the nearly 60-year existence of the WMRSB, the smallest student population among the five towns in the cooperative. Carroll has borne this disproportionate burden in the cost of educating the cooperative's students for all of that time.

It is these realities that Carroll residents have been facing, and paying for, for years and it is these realities that Carroll residents have, for years, been asking neighbor districts and the WMRSB to consider and address. What the 2004 report, cited in the 2021 report, and the 2021 report itself fails to do is answer the following question: What is the dollar for dollar offset on Carroll's tax rate that makes up for the hugely disproportionate share of per pupil costs that it bears, and has borne, for so many years? If the chief argument of the 2021 feasibility study is that Carroll's tax rate is something for which they should be "grateful," perhaps Carroll residents ought to be shown a 2021 real dollars offset to their per pupil costs derived from their tax rate. To this point, no such real dollars argument appears to have been made in a good faith effort to address the obvious and very real concerns of Carroll residents. Lacking that, one could reasonably ask the following: What, exactly, is Carroll to be grateful for?

This report does not have to prove what is an already well known and established fact: Of the five towns in the WMRSB, Carroll contributes the fewest number of students, by far. In fact, in terms of percentage of students to the overall student population of the WMRSB, of its 1147 students, Carroll's contribution to that number is 4.62%. Put another way, Carroll resident students comprise 4.62% of the total population of the WMRSB, and Carroll taxpayers, on average, pay 261% more for the cost of its students' education than the four other towns in the district AND the state of New Hampshire. Such a huge discrepancy between use of resources and the cost of resources begs the following questions:

- Do Carroll students receive a greater benefit from the disproportionate share of the cost they bear for the education of all students in the WMRSB?
- Do Carroll students, or their tax paying families, receive any extra benefit at all, over and above that which accrues to the other towns in the WMRSB?
- If not, why not?

In almost any other circumstance that can be imagined, if an individual or entity pays 261% more for a service than another individual or entity partaking of that same service, the individual or entity paying that disproportionate share of the cost of that service would ask for, or more likely demand, greater or significantly differentiated service. Is that the case for Carroll students or their tax paying families? The short answer, of course, is no. All students of the WMRSD benefit equally from the services it provides. This is not only right and good, but also consistent with the wishes of Carroll residents who have never asked for special treatment as a consequence of the disproportionate share of the cost of educating WMRSD that it bears. What they have asked for, repeatedly over the years, is a good faith reconsideration of the formula that has created this enormous burden on the residents of Carroll.

In 1963, when the current formula was developed and which remains to this day, the relationship between the tax rate and the use of services as represented by the average daily membership was far more equitable than it has become today. This stands to reason given the fact that in 58 years very little has remained the same, particularly as relates to things as changeable as property values and changing demographics? The incontrovertible fact is this: the emphasis in the 1963 formula on average daily membership places a disproportionate financial burden on Carroll residents. Things change. Realities change. The current formula, in place for nearly 60 years, requires Carroll residents to pay disproportionately for the services it receives that are exactly the same as those services received by every other student in the WMRSD.

So what about the tax rate? The 2004 report, and the 2021 report, both make the same claim; Carroll should be “grateful” for its tax rate made possible by the wealthy property owners in the town. The implication is that this lower tax rate is an offset to the high per pupil cost borne by Carroll taxpayers. But the reality in Carroll, well known to all but infrequently, if ever, acknowledged, is that Carroll’s tax rate is based on the disproportionate value of particularly wealthy landowners/business interests in comparison to the property wealth of the average property owners of Carroll. Efforts to make the tax burden proportionate to the value of each property in Carroll, as required by NH constitution, is similar to efforts of every town in the WMRSD. The difference is that Carroll has a larger proportion of high value properties than other towns in the WMRSD. That fact accounts for the relatively lower tax rate in Carroll but has zero impact, or offset, to the cost of a per pupil education of resident students in Carroll. In other words, there is no correlation. If there were, one would imagine that such an argument would have been made in the feasibility report or noted in the minutes of the meetings of the withdrawal committee. None exist.

The other argument advanced in the feasibility study report, citing a strikingly similar argument from the 2004 response to Carroll’s request for funding reconsideration, concerns the potential high cost, and significant impact to other towns, of Carroll’s withdrawal from the WMRSD. Once again it is worth pointing out that Carroll has never sought withdrawal as its first option. Indeed, Carroll’s persistent and years’ long requests for reconsideration of the 1963 apportionment formula are evidence of its wish to remain in the WMRSD, and yet to do so in the context of a more balanced and contemporary funding formula.

The feasibility study report provides page after page of appended documents describing the financial impact of Carroll’s withdrawal. These documents need not be duplicated here as they are a matter of public record and not contested. However, what is worth noting, once again, is the fact that even though the report does not admit to engaging in the merits of Carroll’s argument, it certainly skews its evaluation of the problem heavily in favor of the other towns of the WMRSD. Even a cursory

review of the documents appended to the report reveal a strong case being made for the burden a Carroll withdrawal from the WMRSD would have on the other towns. There is no pretense of balance in the presentation of this burden, as one might well expect from a report whose credibility, it would seem, rests on a fair and impartial evaluation of all the burdens borne by all the parties as a result of this long-neglected problem. Its presentation of the financial burden on the other towns of the WMRSD leaves one wondering whether the report has even considered, much less understood, the financial burden disproportionately borne by Carroll residents for so many years. If it admits to not considering the merits of the arguments in the matter, a reasonable expectation of the report's findings might at least include an examination of the cost, to Carroll, of NOT withdrawing. None exist.

Let's look at the issue this way. If the state average for the per pupil cost of educating a student in the state of New Hampshire is \$17,400, a reasonable evaluation of Carroll's problem *could* conclude that Carroll would be warranted in finding another town willing to accept its students at somewhere around that cost, give or take a few thousand dollars per student. Why would it not do so? It has been established that Carroll students do not receive any additional benefit or extra services from the WMRSD as a consequence of its disproportionate bearing of the cost of educating students in the WMRSD. It receives no financial offset from its tax rate that makes the per pupil cost it bears a reasonable trade off. If the cost of educating a student in New Hampshire is approximately 165% less than that paid by Carroll residents for the very same services, why would the town NOT seek a "better deal" particularly in the context of repeated refusals to consider both the merits of their position and the burden's they bear in contrast to that borne by the other towns in the WMRSD?

Put another way, consider that if a Carroll student were to tuition into another school district in the current context, for any reason, would that receiving town charge Carroll *its* cost of educating a child or the cost Carroll currently pays? The answer, known to all, is that of course the receiving district would charge *its* per pupil cost for the education of Carroll's student, and it would almost surely represent a significant saving to Carroll residents and provide no fewer services to the student than that which the student receives now in the WMRSD. The town of Carroll has never suggested that the cost of its withdrawal would be insignificant or uncomplicated. That is why it has never *led* with that possibility in any of its many attempts to have a fair and honest conversation about *its* challenges. However, patience, and fairness have their limits, and Carroll deserves a better consideration of its financial challenges than what it has received from the WMRSD these past 17 years.

What did Carroll want?

- A balanced and honest review of the current funding formula by which Carroll residents pay disproportionately for the cost of educating its students and for which it receives the same services as every other resident student of the WMRSD.
- Lacking agreement on the above, an evaluation of the cost of its withdrawal that accounts for the impact to Carroll if it does not withdraw, and not merely consideration of the impact on the other towns in the WMRSD if it does.

The current funding formula does not work equally for all residents of the WMRSD.

- There are no offsets from the tax rate that make up for the grave disproportionality wrought by the current funding formula on Carroll.
- It is unsustainable.

Withdrawal has never been a first option and it has never been a desired option. But it now has become Carroll's only option as no other mechanism for burden balancing and cost sharing seems able to be achieved within the WMRSB.

Time and again residents of Carroll have asked their neighbors to reconsider their financial participation in the education of students in the WMRSB. After nearly 60 years of being, for all intents and purposes, a donor town, Carroll has asked its neighbors to consider why, given the current funding formula, they should continue to be required to bear such an unequal cost given their unequal use, per ADM, of the services of the WMRSB. And time and again Carroll's neighbors have rebuffed them. And why wouldn't they? Imagine this scenario: If five people hire a taxi in New York City at the same location, and all five are driven to the same destination, in the same conveyance, and one of the five is required to pay 261% more than the other four passengers for the cost of the ride, regardless of any other mitigating factor, would the other four passengers complain if this arrangement significantly reduced its share of the ride? And wouldn't the passenger paying exorbitantly more for the same service be right to object? Or maybe, at least, to expect to sit in the front seat? And if the matter were put to a vote, wouldn't the outcome be almost preordained by a majority wishing to maintain the financial arrangement so sympathetic to its cause? In such a scenario, would it not be right and fair, for the one passenger to ask a neutral party to adjudicate the case, since ALL parties have a vested interest in seeking a particular outcome?

The Town of Carroll has tried, for years, to seek a good faith reconsideration of the current flawed funding formula. It has been rebuffed by those who have benefited for nearly 60 years from the current funding formula and who have no financial reason to seek an alternative to it now. Carroll has never sought withdrawal as its first principle. Indeed, it has resolutely asked for a reconsideration of the current funding formula so that it can stay within the WMRSB. Its contemplation of withdrawal from the WMRSB is best understood as the inevitable result of years of neglect from a cooperative who is happy, and financially satisfied, with the status quo. The Town of Carroll has always only requested a respectful consideration of its legitimate concerns and has, to date, only received in response a summary of the costs of its withdrawal. Unfortunately, Carroll's years-long requests for a genuine, honest and neutral review of its financial burden, borne of a nearly 60-year-old formula that no longer reflects the realities of educating students in the 21st century, have been ignored. It is now time for Carroll to take the action that it has long sought to avoid and move to plan for its withdrawal from the WMRSB.

Withdrawal Plan Town of Carroll

Per RSA 195:26, the Town of Carroll hereby provides the following information in fulfillment of its obligations to present a withdrawal plan for the Town of Carroll's withdrawal from the White Mountain Regional School District ("WMRSD") for the Town of Carroll's withdrawal from the White Mountain Regional School District (WMRSD) for consideration and approval and approval by the State Board of Education. As noted in Section VII, below, the Town of Carroll is requesting that the State Board approve its proposed withdrawal and the proposed warrant article, for submission to the voters at the March 2022 meeting. As noted in Section VII, below, the Town of Carroll is requesting that the State Board approve its proposed withdrawal and the proposed warrant article, for submission to the voters at the March 2022 meeting.

I. The name of the withdrawing district and the withdrawing grades:

A. The withdrawing district is Carroll, representing grades K-12.

II. The number, composition, method of selection, and terms of office of the school board of the withdrawing district and of the cooperative school board:

A. The WMRSD cooperative board is comprised of 7 (seven) members apportioned as follows:

Carroll 1 (One), Term expires 2023

Lancaster 2 (Two), one Term expires 2023, one Term expires 2024

Whitefield 2 (Two), one Term expires 2022, one Term expires 2024

Dalton 1 (One), Term expires 2023

Jefferson 1 (One), Term expires 2022

Each member is elected for three-year terms. The term of the current member from Carroll expires in 2023. Upon withdrawal, the Town of Carroll proposes to elect a School Board consisting of 3 members, with initial terms ranging from 1-3 years, and subsequent terms consisting of 3 years, so that after the initial election, one member of the School Board will be elected each year.

III. The method of apportioning the operating and capital expenses among the members of the cooperative school district if a change is to be proposed in conjunction with the withdrawal procedure.

A. The Town of Carroll is not proposing any changes to the current method of apportioning the operating and capital expenses of the WMRSD. In order to apportion the operating and capital expenses among the remaining members of the WMRSD, Carroll understands that the remaining towns of the cooperative school district may have to reevaluate the current funding formula in light of its departure to account for the loss of contribution from Carroll based on its Average Daily Membership (ADM). A reevaluation of the funding formula has been advocated by Carroll for multiple years but has been rejected by the WMRSD. Carroll assumes that its current tax rate, based on assessed property, will remain the same post withdrawal.

IV. The proposed date of operating responsibility, at which time the withdrawing district shall be responsible for the education of its pupils and after which the cooperative district will no longer have such financial and educational responsibility.

A. The proposed date on which the Town of Carroll will assume responsibility for the education of its pupils is July 1, 2023.

V. The liability of the withdrawing district for its share of any outstanding indebtedness of the cooperative school district as detailed in RSA 195:27:A:

A. The WMRSD has no debt/liability for which the Town of Carroll has a shared responsibility.

VI. A plan for the education of all students in the withdrawing school district and of the continuation of the school system of the cooperative district. This shall detail the proposed assignment of students in grades operated by the cooperative and withdrawing district or districts including, if any, tuition arrangements or contracts:

A. Upon approval of the withdrawal plan, the Carroll School District anticipates entering into tuition agreements with the Lafayette Regional School Board and the Profile School Board and submitting such agreements to the State Board for approval.

At present, the agreed upon per pupil tuition for Carroll students entering partner districts is:

Lafayette: \$23,797

Profile Middle: \$19,780

Profile High: \$27,335

The Town of Carroll has a total of 59 students currently enrolled in the WMRSD, broken down as follows:

Elementary 31

Middle: 11

High: 17

Based upon current enrollment numbers, the anticipated cost for tuition for Carroll students for the 2023-2024 school year is:

K-6 Students: \$737,707

Middle School Students: \$217,580

High School Students: \$464,695

The Town of Carroll holds that its withdrawal from the cooperative poses no jeopardy to the continued operation of the WMRSD or of the newly formed Carroll School District. It is assumed that the WMRSD will reassess its funding formula with regard to the remaining towns within the WMRSD and may elect to reevaluate teaching assignments in light of a diminished total student population. However, it should be noted that since Carroll's total student population is significantly less than that of all other towns in the cooperative, the impact of its withdrawal on operations will be limited.

VII. Any other matters, not incompatible with law, which the planning committee may consider appropriate to include in the withdrawal plan:

A. The Town of Carroll requests that the State Board adopt a motion to approve the minority report and order its submission to the voters of the White Mountain Regional School District, in the following form:

In accord with RSA 195:25, VI, that the State Board move to approve the minority report submitted by the Town of Carroll and order that it be submitted to the voters of the White Mountain Regional School District in accord with RSA 195:29 for vote at an annual or special meeting to be held no later than March 2022, and further that the State Board approve the following warrant article for submission to the voters:

Shall the school district accept the provision of RSA 195 (as amended) providing for the withdrawal of the preexisting district of Carroll from the White Mountain Regional School District, effective July 1, 2023, in accordance with the provisions of the proposed withdrawal plan filed with the school district clerk.

See RSA 195:25, VI and RSA 195:29.