

FY2021 Estimated Adequate Education Aid

How the Cost of an Opportunity for an Adequate Education is Determined

RSA 198:38 through 198:42 specify how aid is calculated and distributed.

In the 2019 legislative session, HB4 amended the formula for the calculation and distribution of Adequate Education Aid for FY2020 and FY2021. Included in the budget compromise bill was repealing the phasing out by 4% annually of the stabilization grant. Towns will now receive 100% of the FY2012 stabilization amount. In addition, full day, district paid kindergarten students will now be calculated at their full ADM value. Both these changes went into effect in FY 2020 and are in perpetuity, barring future changes in legislation.

For school year 2020-21 only, two additional one-time calculations will be added to adequacy aid:

- Additional aid for students that qualify for free or reduced priced meals based on a town's percentage of free and reduced Average Daily Membership (ADM) as a percentage of the full ADM. Towns with less than 12% of F&R students will not receive this additional aid.
- Fiscal capacity disparity aid based a town's property value as calculated by the Department of Revenue divided by the town's ADM. Town's with a per pupil value of over 1 million dollars will not receive this aid.

Students:

Adequacy Aid is calculated using the Average Daily Membership (ADM) of the students who reside within a municipality. A full-time student enrolled in school for the entire year has an ADM of 1.00. If a student moves mid-year, he is counted as a fractional ADM in each municipality. For FY2021 Adequacy Aid, school year 2019-2020 ADM will be used.

The total ADM for a municipality consists of:

- Students who attended a school operated by their resident district.
- Students tuitioned by the resident district to a district-operated school in NH or another state.
- Students tuitioned by the resident district to a non-public school, such as a special education program.
- Home school students enrolled in high school academic courses at the rate of 0.15 ADM per course. These students will be counted only if the appropriation has excess funds available.
- Preschool students are not included.
- Charter schools students are not included, except as provided for in RSA 194-B:11.

Cost of Adequacy:

Every two years the base per pupil cost and additional costs for certain students are adjusted for inflation and used for both years of the State's biennium. RSA 198:40-d specifies that the US Bureau of Labor Statistics' Consumer Price Index for All Urban Consumers, Northeast Region, special

aggregate index of “services less medical care services” will be used to make the adjustments. For the biennium starting July 1, 2019, this inflation adjustment is an increase of 2%.

For FY2020 and FY2021, the base per pupil rate is \$3,708.78 per ADM. Adequacy includes an additional rate for certain students as follows:

- \$1,854.38 for a free or reduced-price meal eligible student. This eligibility determination is based on household income not participation in a lunch program. Students from households receiving TANF or SNAP are automatically eligible. Others are certified if parents/guardians provide income information.
- \$1,995.21 for a special education student who has an individualized educational plan (IEP).
- \$725.63 for an English Language Learner receiving English Language instruction. Students who have advanced to the monitoring stage are not included.

- \$725.63 for each 3rd grade pupil whose achievement score on the state assessment for reading was below the proficient level, provided the student is not already counted in any of the above three categories. Students who did not take the test are not counted.

For each municipality, the cost of an opportunity for an adequate education is calculated by applying the base rate and applicable additional rates to the ADM of each student.

How Adequacy Grants are Determined

Statewide Education Property Tax Assessment:

Each December, the Department of Revenue Administration determines the minimum tax rate needed to raise at least \$363 million from the Statewide Education Property Tax (SWEPT) for the following school year. The tax rate, rounded to the nearest one-half cent, is applied to equalized valuations without utilities. (RSA 76:3 and RSA 76:8.) Municipalities collect the SWEPT and send the total assessment amount directly to its school district(s). Within cooperative districts the assessment amount is credited to the individual towns. While municipalities are responsible for collecting and distributing this tax revenue, SWEPT is a state tax, not a local tax. For FY2021, a tax rate of \$1.925 per thousand will be applied to April 1, 2018 equalized values.

F&R Aid

Free and reduced grants first calculate the F&R percentage of each town, using the K-12 ADMR. For towns that have an F&R percentage greater than 12%, a grant on a sliding scale of \$87.50 to \$350 per F&R student will be determined. Towns with F&R less than 12% are not eligible for this additional grant.

Fiscal Disparity Aid

Fiscal Disparity grants first calculate the Equalized Valuation per Pupil for each town by using the 2018 Equalized Valuation with utilities and then dividing it by 2018-19 ADMR. Towns with an Equalized Valuation per Pupil of \$350,000 or less shall receive the equivalent of \$1,750.00 per ADMR. A town with an Equalized Valuation per Pupil between \$350,001 and \$999,999 shall receive a grant equal to \$0.0027 for each dollar of difference between its equalized valuation per pupil and \$1,000,000 per ADMR. Towns with an Equalized Valuation per Pupil exceeding \$1,000,000 per student are not eligible for this additional grant.

Preliminary Grant:

The Preliminary Grant is determined by taking the Total Cost of an Adequate Education subtracting the SWEPT assessment adding both the F&R Additional Aid and Fiscal Disparity Aid. If the preliminary grant is less than zero the municipality receives no grant.

Stabilization Grant:

When a new funding formula was enacted for FY2012, to ease the impact on municipalities facing a decrease in aid, the Legislature utilized a stabilization grant to cover the decreases. Not all municipalities received a stabilization grant in 2012. For FY2021, the stabilization grant will be 100% of the 2012 amount.

Inclusion of Home-Schooled Course Credit:

Prior to the final payment of adequacy grants in April, the Department of Education will determine if the appropriation allocated in the state budget for adequacy aid is sufficient to allow for inclusion of an ADM credit of 0.15 for each enrollment in an academic course by a home-schooled student.

Total Grant:

A municipality's total grant is the sum of its preliminary and stabilization grants. For the final calculation in the spring of 2021, the total grant will be no less than 95% of the November 15, 2019 estimate, and will include home-schooled course credit funding if applicable.

Publication and Payment Schedule

Publication Schedule for Adequacy Aid

The first estimate is published on the November 15th that precedes the beginning of the fiscal year. ADM is estimated using data from the second preceding school year and applying adjustments for anticipated enrollment increases or decreases. This estimate is generally used to set school budgets.

The second estimate is made on October 1st of the fiscal year using preliminary ADM data for the previous school year. This estimate is used by the Department of Revenue Administration to set school tax rates.

The final calculation is usually made by March using the prior year's ADM that has been closely reviewed. For FY2021, adjusted 2018-2019 school year ADM data will be used for the first estimate, and 2019-2020 data will be used for the second estimate and final determination.

Grant Payment Schedule:

The first payment of 20% by September 1st is based on the first estimate from the Nov 15th of the previous year. The second and third payments of 20% by November 1st and 30% by January 1st are based on the October 1st "final" estimate. The final payment (of approximately 30%) is made by April 1st and based on finalized ADM data.