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July 23, 2013

Re: Adequacy Aid Calculations
From: Virginia Barry, Commissioner
To: NH Superintendents

We want to inform you of recent legislative changes in the Adequacy Aid formula and updates to the estimated adequacy payments that have been posted on the department's website http://www.education.nh.gov/data/state_aid.htm.

Effective July 1, 2012, the General Court amended RSA 198:38 to require the Department of Education (DOE) to use more recent average daily membership in attendance data (ADMA) to determine adequacy payments. See RSA 198:38, I and IV. Specifically, DOE must use data from the "school year immediately preceding the school year for which aid is determined." Accordingly, for the '13-'14 school year adequacy payments must be based on '12-'13 ADMA.

As you are aware, pursuant to RSA 198:42, I, the first two adequacy payments are made on September 1 and November 1; before the DOE has processed the data from the prior school year. As a result, the first two quarterly payments will be made based on the DOE's best estimate of the prior year's data (estimate calculation discussed below). Any upward or downward adjustments necessitated by the final audited data will be made in the third and fourth payments.

Additionally, HB 2 (2013) recently modified the adequacy formula (RSA 198:41) to increase the cap used to determine adequacy grants from 105.5% to 108% of prior year grants. For towns and cities that were impacted by the change in the cap, we have adjusted the estimates.

In light of these changes, as authorized in RSA 198:42, I, we have adjusted the anticipated ADMA based upon the statewide enrollment trend, showing a reduction in enrollment. These new estimates will be used to determine your September and November payments. **Once we have finalized the '12-'13 ADMA data this fall, we will again revise the calculations, in early November, based upon variations in ADMA. These revised calculations will be used to adjust your final payments in January and April of 2014.** As towns and cities work with DRA and report their estimated revenues (MS-24) for setting the tax rate, please understand that pursuant to RSA 198:40-a, the actual payments will be within five percent of the school district's estimated total education grant amount as published on November 15th, 2012.