NH Department of Education
Division of Education Analytics and Resources
Office of School Finance
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FY 2022 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.
Chapter 91, Section 51, Laws of 2021 also describes changes to the FY 2022 calculation.

Students:

Adequacy Aid is calculated using the Average Daily Membership (ADM) of the students who reside within a municipality. Any full-time student K-12 enrolled in school for the entire year has an ADM of 1.00. If a student moves mid-year, they are counted as a fractional ADM in each municipality. Pursuant to statute, the previous school year ADM (2020-2021) is used in calculating the current fiscal year (FY 2022) adequacy aid. However, Section 51 of House Bill 2 of the 2021 State Budget Session requires the Department of Education to incorporate school year ADM prior to school year 2020-2021 into the calculation.

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.
- Preschool students are not included.
- Charter schools students are not included, except as provided for in RSA 194-B:11.
- Home school students enrolled in high school academic courses at the rate of 0.15 ADM per course, only if excess adequacy aid appropriations exist at the end of the year.

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, 2021, this inflation adjustment is an increase of 2.1%.

For FY2022 and FY2023, the base per pupil rate is $3,786.66 per ADM. Adequacy includes an additional rate for certain students as follows:

- $1,893.32 for a free or reduced-price meal (F&R) 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.
- $2,037.11 for a special education (SPED) student who has an individualized educational plan (IEP).

- $740.87 for an English Language Learner (ELL) receiving English Language instruction. Students who have advanced to the monitoring stage are not included.
- $740.87 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.

Calculating ADM for FY 2022

The ADM used for FY 2022 will be calculated by comparing school year 2020-2021 ADM and school year 2019-2020 ADM, and selecting the greater of the two ADM numbers. This comparison will occur for the Base ADM multiplied by the rate of $3,786.66, the F&R ADM multiplied by the rate of $1,893.32, the SPED ADM multiplied by the rate of $2037.11, and the ELL ADM multiplied by the rate of $740.87. For the 3rd Grade reading ADM multiplied by $740.87, the ADM will be calculated by selecting the grader ADM when comparing school year 2020-2021 and school year 2018-2019.

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 FY2022, a tax rate of $1.825 per thousand will be applied to April 1, 2019 equalized values.

Relief Aid:

The Relief Aid grant is an additional grant for municipalities based on the percentage of F&R eligible ADM relative to the total ADM. Eligibility starts at 12% F&R eligible with a grant equal to $150 per F&R student. The grant then increases by 12.5 cents (i.e., $0.125) for each additional .01% increase in F&R percentage (e.g., 12.01% has $150.125 grant). At 48 percent F&R eligible, the grant amount reaches a maximum of $600 per F&R ADM. The Relief Aid Grant is prorated to $17.5 million based on each municipality's percentage of the statewide Relief Grant award as initially calculated.

Preliminary Grant Plus Relief Aid:

When the SWEPT assessment is subtracted from the cost of adequacy, the balance is the preliminary grant. Next, the Relief Aid grant is added. If SWEPT is more than the cost of adequacy, then the preliminary grant is zero.

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 FY2022, the stabilization grant with 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 is 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 April 2022, the total grant will be no less than 95% of the November 15, 2020 estimate.

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 September 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 FY2022, adjusted 2019-2020 school year ADM data will be used for the first estimate, and 2020-2021 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.