### FY2022 Corrected State Education Funding

Slides prepared for presentation to the Lyme Budget Committee

Meeting date: 09/15/2021

Lyme School Board Finance Committee

### Why we are meeting today

- NH DOE estimated Lyme's FY2022 adequacy grant award in November 2020 this estimation was used during budget preparation
- In September 2021, an accurate FY2022 grant was presented to the school board

	Estimated grant	Actual grant	Difference in dollars	% Difference
FY2022	\$524,287.20	\$606,683.83	\$82,396.63	14.6

Note that the grant is **not** the total cost of an adequate education:

GRANT = (total cost of an adequate education – SWEPT raised – stabilization grant)

- The underestimation occurred because we experienced a temporary drop in enrollment at the start of 2021-21 school year
- The state offers two options:
  - 1. Call a special meeting to ask voters to allocate the difference in funds to the school district
  - 2. Do nothing the difference will move to the town general fund and be used to offset the tax rate
- We hope to the gain support of the budget committee as we pursue option #1

### Warrant Article to present to voters on October 8, 2021

As required by RSA 197:3-a, To raise and appropriate the sum of up to \$82,396.63 to the operating budget to be off-set by the increase of the State of New Hampshire's adequacy aid to the District. No amount to be raised by taxes.

### What we plan to allocate the funds for

- Our district administrator, Jeff Valence, has resigned. The school board is currently seeking an interim superintendent. The appropriate candidate may or may not be 1:1 with Jeff's salary.
- Elevated an administrator salary to compensate for extra work (principal duties)
- Shifted some academic director responsibilities to other personnel who will be paid at per diem or contracted rates
- Facilities issues to be addressed this year
  - HVAC repairs estimated to be ~ \$20,000
  - Covid associated cleaning costs contracting for an additional \$31,000
  - Allocated federal funding: American Rescue Plan (ARP) Act of 2021 Elementary and Secondary Emergency Relief Fund (ESSER) III may cover one but not both costs.
- Moving the school to a commercial data storage system
  - Software and support package: <u>Powerschool</u>
  - ~ \$15,000 in start up costs + ~ \$6,000 in carrying costs in this and future years

# The NH State Biennium budget (FY22-23) made four significant changes to education funding

- Ends "fiscal disparity aid"
  - No impact to Lyme as we weren't eligible for this aid
- 2. Adds "relief funding"
  - 17.5M dollars allocated to towns according to proportion of students eligible for free/reduced lunch (F/R)
  - Town with < 12% of students eligible do not receive any funding.</li>
  - < 12% of Lyme students are eligible, so this funding is not relevant to us
- 3. Reduces statewide education tax by \$100M in FY23
  - Fund target is \$363M, so may expect a 27.5% reduction in SWEPT tax next year with no impact on adequacy funds
- 4. Allows the state to use 19-20 student ADM to calculate adequacy aid owed
  - Adequacy aid is calculated on a per-pupil basis. Typically, Average Daily Membership (ADM = total number of resident students) from the previous calendar year is used to determine the total aid award.
  - To determine FY22 award, NH DOE compared 2020-21 ADMs to 2019-20 ADMs and used the higher value in calculation
    - Goal: to hold districts harmless for artificial drops in enrollment due to the Covid-19 pandemic
  - Lyme's estimated adequacy grant was 15% lower that it has been determined we are eligible for
    - ADM used to estimate adequacy grant was 3.4% lower than actual ADM

### In November 2020, NH DOE calculated adequacy grants using an estimated ADM

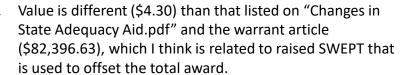


- Districts report <u>a</u>verage <u>d</u>aily <u>m</u>embership (ADM) to the state on three reports:
  - Beginning of Year (BOY)
  - Middle of Year (MOY)
  - End of Year (EOY)
- DOE uses the BOY report to estimate adequacy and the EOY report to finalize the adequacy grant.
- Our BOY and EOY numbers were significantly different. We experienced a <u>temporary</u> drop in enrollment due to Covid at the beginning of the year
  - By EOY, these 10 kids had returned to school for instruction

### NH DOE underestimated Lyme's ADMs for every adequacy calculation variable <u>except</u> fiscal disparity

- Left: a quick reminder of how the adequacy calculation is made
- Awards were increased 2.1% relative to FYs 2020, 2021 to account for inflation
- A specific ADM for each variable is calculated base adequacy is made with the total resident student number
- In November 2020, the state underestimated our ADM for all values except fiscal disparity (measured as kids eligible for F/R lunch)

# NH DOE underestimated Lyme's ADMs for every adequacy calculation variable <u>except</u> fiscal disparity



#### Documents for Reference

• These documents are attached to the email that included this slide deck

Filename	File type	Notes
Changes in State Adequacy Aid	PDF	This document, provided by NH DOE in Sept. 2021, lists additional aid awards by town. Note that Lyme is not eligible for a Relief Aid Grant because < 12.0% of our student population is eligible for F/R lunch.
FY2022 Adequacy Grants Explained September 1, 2021	DOC	Explains the process followed to calculate adequacy awards for FY2022.
State Adequacy Aid Explanation	PDF	This document explains the two options available to school districts as these adequacy awards have been made available after finalizing the operating budget.  1.) Follow RSA 197:3-a and call allocation of funds to vote at a special meeting  2.) Use the additional funds to reduce the next year's tax assessment
Adequacy FY22 By Muni Summary	XLS	From NH DOE, this chart lists final FY22 adequacy grant awards for all municipalities in NH. Lyme is Row 140.
ad-ed-aid-fy2022-est	PDF	From NH DOE, this chart lists the November 2020 estimated FY22 adequacy grants for all municipalities in NH.