

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: [Powerschool](#)
 - ~ \$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

1. 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.
 - < 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 average daily membership (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 temporary 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 except 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 except fiscal disparity



Value is different (\$4.30) than that listed on “Changes in State Adequacy Aid.pdf” and the warrant article (\$82,396.63), which I think is related to raised SWEPT that is used to offset the total award.

- calculated with BOY ADM numbers
- calculated with EOY ADM numbers

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. |