

FY2014 Estimated Adequate Education Aid

In the 2012 legislative session, SB401FN amended the formula for the calculation and distribution of Adequate Education Aid. It included was the definition of “determination year” for the purpose of calculating adequate education grants. It also authorizes the Commissioner of the Department of Education to make adjustments in adequate education grants based on variation in the average daily membership data. These changes take effect beginning with 2013-2014 school year. RSA 198:38 through 198:41 and RSA 198:46 as amended specify how aid will be calculated and distributed.

Cost of an Opportunity for an Adequate Education

Students:

The Estimated Cost of an Adequate Education has been calculated using FY12 (11-12 school year) data for students in grades kindergarten through grade 12 who were legal residents of New Hampshire and:

- Attended a school operated by their resident district
- Were tuitioned by the resident district to a district operated school in NH or another state, or
- Were tuitioned by the resident district to a non-public school, such as a special education program.
- Home schooled students, even those taking a few courses at a public school, are not included.
- Preschool students are not included.
- The cost for students attending charter schools is addressed in RSA 194-B:11.

Average daily membership (ADM) has been used to count the students. A student who is enrolled in school for the entire year has an ADM of 1.00 and a student who transfers between schools is counted as a fractional ADM at each school. Kindergarten students are counted as no more than .50.

With the passage of SB401, the 2012-13 ADM will be used to determine the final adequacy payments for the 2013-2014 school year. Since the ADM will not be known until after the 2013-14 school year begins, adjustments to these estimates will be made during the 2013-14 school year.

Additionally, SB372 has established an education tax credit that can be used to pay for private school and home school scholarships. Seventy percent of these scholarships during the 2013-14 school year must reduce the adequacy grants to towns. Therefore further adjustments to these estimates will be made during the 2013-14 school year to reflect these scholarship grants.

Cost of Adequacy by Municipality:

The Department of Education calculates the Cost of Adequacy for students in each district-operated public school in NH and for students who attend certain other schools, such as privately operated special education programs or public schools in bordering states. The Department then sorts those students and their cost allocations by municipality of residence. Beginning with July 1, 2013 and every biennium thereafter, the Department of Education shall adjust the base per pupil cost and individual differentiated aid factors by the average change in Consumer Price Index for All Urban Consumers, Northeast Region, using the “services less medical care services” special aggregate index, as published by the US Bureau of Labor Statistics. For the biennium starting July 1, 2013 that adjustment has been determined to be 1.014%. See RSA 198:40-d for a complete explanation.

The base per pupil cost is \$3,498.30 per ADM-R, but certain individual factors (differentiated aid) increase that cost per student. These factors and rates are as follows:

- \$1,749.15 for a free and reduced-price meal eligible student
- \$1,881.98 for a special education student
- \$684.45 for an English Language Learner receiving English Language instruction
- \$684.45 for each 3rd grade pupil who has not tested at proficient level or above in the reading component of the state assessment and who is not eligible to receive additional aid as a special education, English as a second language, or free or reduced-price meal eligible student.

Statewide Education Property Tax Assessment:

Each December, the Department of Revenue Administration notifies each municipality of the amount it must raise through the Statewide Education Property Tax (SWEPT) for the following school year. The Department does this by first determining the rate needed to raise approximately \$363 million statewide. When applied to April 1, 2011 equalized valuations without utilities, the rate is \$2.435 per thousand. Each municipality must raise its proportional share of the total. This process is described in RSA 76:3 and RSA 76:8. Municipalities send the revenue raised by the Statewide Education Property Tax directly to school districts. Within cooperative districts the amount raised is credited to the individual towns.

Determination Preliminary Grants:

Each municipality's grant is determined by adding the base cost and any relevant factors to determine the Cost of Adequacy Aid, then subtracting the Statewide Education Property Tax assessment.

Determination of Estimated Adequate Education Grants for FY14:

Beginning July 1, 2013 and each fiscal year thereafter, the Department of Education shall distribute a total education grant to each municipality in an amount equal to the total preliminary grant for the fiscal year plus the amount of the fiscal year 2012 stabilization grant, if any, distributed to the municipality.

Beginning July 1, 2013, and each fiscal year thereafter, the Department of Education shall not distribute a total education grant on behalf of all pupils who reside in a municipality that exceeds 105.5% of the total education grant distributed to such municipality in the previous fiscal year, FY13.

Districts will receive 70% of the estimated grant using the 2011-12 ADM. Once the 2012-13 ADM has been computed, Adequacy Aid will be recomputed using the prior year ADM (12-13). The Commissioner will adjust the April payment to reflect the actual 12-13 ADM as well as changes due to the education tax credit scholarships.

The commissioner of DOE shall adjust the April adequate education grant disbursement to the extent necessary to ensure that the total education grant for each school district is within 5 percent of the school district's estimated total education grant amount release on November 15, 2012.

Grant payment schedule is 20% by September 1, 20% by November 1, 30% by January 1, and 30% by April 1.