

FY 2025 Adequate Education Aid

How the Cost of an Opportunity for an Adequate Education is Determined

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 (2023-2024) is used in calculating the current fiscal year (FY 2025) adequacy aid.

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.

Cost of Adequacy:

Effective July 1st, 2023, every year the base per pupil aid rate and additional rate for certain students will be increased by 2 percent each year. Previously, the rate adjustment was based on the consumer price index and occurred every other year. This is not the case anymore.

For 2025, the base per pupil rate is \$4,182.00 per ADM. Adequacy includes an additional rate for certain students as follows:

- \$2,346.00 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.
- \$2,142.00 for a special education (SPED) student who has an individualized educational plan (IEP).
- \$816.00 for an English Language Learner (ELL) receiving English Language instruction. Students who have advanced to the monitoring stage are not included.

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.

How Adequacy Grants are Determined

Statewide Education Property Tax Assessment:

Pursuant to Statute, 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 to achieve the minimum amount needed to be raised by the State. (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 FY2025, a tax rate of \$1.220 per thousand will be applied to April 1, 2022 equalized values.

Extraordinary Needs Grant

The Extraordinary Needs Grant is an additional grant for municipalities based on the equalized property value over the number of F&R eligible students (EVFRP). The municipality's equalized valuation includes utilities, railroad properties, and payments in lieu of taxes. This equalized valuation measurement is divided by the number of F&R eligible students to get the EVFRP for each municipality. If the EVFRP is over \$6,732,000, then no Extraordinary Needs Grant will be awarded. If the EVFRP is under \$1,632,000, then the grant will be calculated by multiplying each F&R eligible pupil by \$8,670. A municipality with an EVFRP between \$1,632,000 and \$6,732,000 will have a grant equal to \$0.0017 for each dollar below \$6,732,000 per F&R ADM.

Preliminary Grant Plus Extraordinary Needs Grant:

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

New Hold Harmless:

After the Preliminary Grant Plus Extraordinary Needs Grant is calculated, that number is compared against 104 percent of the Fiscal Year 2024 estimate of the adequacy grant as estimated by NHED on 11/15/2022. If the preliminary grant plus the extraordinary needs grant is less than 104 percent of the 11/15/2022 fiscal year 2024 estimate, then a Hold Harmless Grant is added to ensure that community receives at least 104 percent of the 11/15/2022 estimate from NHED.

Inclusion of Home-Schooled Course Credit:

Effective July 1, 2024, districts will receive adequacy for home-educated students taking courses within their district, regardless of the State appropriations. An ADM-R of 0.15 will be provided for each credit a home-educated student pursued at a district operated school.

Final Grant:

A municipality's final grant is the sum of its preliminary and stabilization grants. For the final calculation in April 2025, the total grant will be no less than 95% of the November 15, 2023 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.

Grant Payment Schedule:

- September 1st is 20 percent of your annualized adequacy grant.
- November 1st is 20 percent of your annualized adequacy grant.
- January 1st is 30 percent of your annualized adequacy grant.
- April 1st is 30 percent of your annualized adequacy grant or whatever percentage is need to ensure you are given your full adequacy amount, if ADM data has changed.