

## **FY 2027 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 (2025-2026) is used in calculating the next fiscal year (FY 2027) 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.
- Home school students enrolled in high school academic courses at the rate of 0.15 ADM per credit.

#### Cost of Adequacy:

Effective July 1, 2026, the base per pupil aid rate and additional rate for certain students will be increased by 2 percent each year and rounded up to the nearest dollar. From July 1, 2023 to June 30, 2026 aid rates were increased by 2 percent, but were not rounded up to the nearest dollar. Prior to July 1, 2023, the rate adjustment was based on the consumer price index and occurred every other year.

For 2027, the base per pupil rate is \$4,351.00 per ADM. Adequacy includes an additional rate for certain students as follows:

- \$2,441.00 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.
- \$2,229.00 for a special education (SPED) student who has an individualized educational plan (IEP).
- \$849.00 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 FY2027, a tax rate of \$1.03 per thousand will be applied to April 1, 2024 equalized values.

### **Extraordinary Needs Grant**

The Extraordinary Needs Grant is an additional targeted 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 \$7,003,972, then no Extraordinary Needs Grant will be awarded. If the EVFRP is under \$1,697,933, then the grant will be calculated by multiplying each F&R eligible pupil by \$11,730. A municipality with an EVFRP between \$1,697,933 and \$7,003,972 will have a grant equal to \$0.00221069 for each dollar below \$7,003,972 per F&R ADM.

### **Fiscal Capacity Disparity Aid**

The Fiscal Capacity Disparity Aid grant is an additional targeted grant for municipalities based on the equalized property value over the number of students (EVPP). 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 students to get the EVPP for each municipality. If the EVPP is over \$1,600,000, then no Fiscal Capacity Disparity Grant will be awarded. If the EVPP is under \$1,000,000, then the grant will be calculated by multiplying each pupil by \$1,250. A municipality with an EVPP between \$1,000,000 and \$1,600,000 will have a grant equal to \$0.002083333 for each dollar below \$1,600,000 per ADM-R.

### **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 and Fiscal Capacity Disparity grant is added. If SWEPT is more than the cost of adequacy, then the preliminary grant is zero.

### **New Hold Harmless:**

In Fiscal Year 2025, the hold harmless grant was calculated and awarded to ensure the adequacy grant for a community was at least 104 percent of the Fiscal Year 2024 estimate of the adequacy grant as estimated by NHED on 11/15/2022. For Fiscal Year 2027, the hold harmless grant will be 80 percent of

the amount provided in Fiscal Year 2025. No hold harmless grant is awarded to any community with a SWEPT higher than the calculated cost of an adequate education.

#### 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 2027, the total grant will be no less than 95% of the November 15, 2025 estimate.

#### **Publication and Payment Schedule**

##### Publication Schedule for Adequacy Aid:

The first estimate is published on the November 15<sup>th</sup> 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 and likely final calculation is made on September 1<sup>st</sup> of the fiscal year using certified ADM data for the previous school year. This calculation is used by the Department of Revenue Administration to set school tax rates. Districts have the opportunity to revise certified data after the September 1<sup>st</sup> calculation. However, pursuant to RSA 198:41, V, the adequacy aid used to set taxes is required to be submitted to the Department of Revenue Administration by October 1<sup>st</sup>. After October 1<sup>st</sup>, NHED or any District may petition the State Board of Education by January 15<sup>th</sup> to have their adequacy adjusted due to revised certified data. The State Board of Education will have until February 15<sup>th</sup> to approve or deny the petition.

##### Grant Payment Schedule:

- September 1<sup>st</sup> is 20 percent of your annualized adequacy grant.
- November 1<sup>st</sup> is 20 percent of your annualized adequacy grant.
- January 1<sup>st</sup> is 30 percent of your annualized adequacy grant.
- April 1<sup>st</sup> is 30 percent of your annualized adequacy grant and will include any adjustment if approved by the State Board of Education.