

SB 145-FN-LOCAL - AS INTRODUCED

2021 SESSION

21-0887

06/04

SENATE BILL

***145-FN-LOCAL***

AN ACT

relative to a temporary change in the formula for school funding.

SPONSORS:

Sen. Kahn, Dist 10; Sen. Watters, Dist 4; Sen. Prentiss, Dist 5; Sen. Sherman, Dist 24; Sen. Rosenwald, Dist 13; Sen. Soucy, Dist 18; Sen. Cavanaugh, Dist 16; Sen. Perkins Kwoka, Dist 21; Rep. Myler, Merr. 10; Rep. Luneau, Merr. 10

COMMITTEE:

Education

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ANALYSIS

This bill makes temporary changes to the formula for school funding because of changes in the average daily membership in attendance during the COVID-19 pandemic

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Explanation:

Matter added to current law appears in ***bold italics***.

Matter removed from current law appears ~~[in brackets and struckthrough]~~

Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.

## STATE OF NEW HAMPSHIRE

*In the Year of Our Lord Two Thousand Twenty One*

AN ACT relative to a temporary change in the formula for school funding.

*Be it Enacted by the Senate and House of Representatives in General Court convened:*

## 1 Purpose:

I. This act is intended to maintain the level of fiscal year 2022 state funding for school districts which have experienced significant disruptions during the COVID-19 pandemic in fiscal year 2021. These disruptions have affected fall 2020 average daily membership in attendance, upon which fiscal year 2022 funding is based. This act will help school districts plan for town meetings, and help stabilize local property taxes.

II. During the 2020-2021 school year, average daily membership attendance (ADMA) fell by approximately 8,000 students, because classes shifting between in-person and remote learning have caused more families to educate students at home. Additionally, the free and reduced lunch enrollment fell by approximately 10,000, because of COVID-19 related USDA special exemptions to qualify all students eligible by school district without a parent application form. ADMA is a basic building block figure for calculating the amount of school aid any town receives. School aid will vary from year to year by how many students were served the previous fall. Schools are notified of that census count by November 15 of the preceding year.

2 Average Daily Membership in Attendance; Fiscal Year 2022. For the fiscal year ending June 30, 2022, the commissioner of the department of education shall compare the average daily membership in attendance (ADMA), defined in RSA 198:38, for each district and town for school year 2019-2020 and school year 2020-2021. The greater enrollment shall be used to calculate school adequacy aid plus differentiated aid under RSA 198:40-a.

3 Consumer Price Index Adjustment. For fiscal year 2022, the commissioner of the department of education shall not apply the Consumer Price Index adjustment to the calculation of adequate education grants.

4 New Subparagraph; Fiscal Capacity Disparity Aid. Amend RSA 198:41, I by inserting after subparagraph (c) the following new subparagraph:

(d) Add the municipality's additional aid for fiscal capacity disparity aid pursuant to RSA 198:40-c.

5 Fiscal Capacity Disparity Aid. Amend 2019, 346:440, XVI to read as follows:

XVI. **Paragraphs I and III of section 236 shall take effect July 1, 2021.**

**XVI-a. Paragraph II of section 236, relative to fiscal capacity disparity aid, shall take effect July 1, 2022.**

6 Repeal. RSA 198:41, I(d), relative to fiscal capacity disparity aid, is repealed.

**SB 145-FN-LOCAL - AS INTRODUCED**

**- Page 2 -**

1       7 Effective Date.

2           I. Section 6 of this act shall take effect July 1, 2022.

3           II. The remainder of this act shall take effect upon its passage.

**SB 145-FN-LOCAL- FISCAL NOTE  
AS INTRODUCED**

AN ACT relative to a temporary change in the formula for school funding.

**FISCAL IMPACT:**    ☒ State                    ☐ County                    ☒ Local                    ☐ None

STATE:	Estimated Increase / (Decrease)			
	FY 2021	FY 2022	FY 2023	FY 2024
<b>Appropriation</b>	\$0	\$0	\$0	\$0
<b>Revenue</b>	\$0	\$0	\$0	\$0
<b>Expenditures</b>	\$0	\$67,165,721	\$0	\$0
<b>Funding Source:</b>	<input type="checkbox"/> General <input checked="" type="checkbox"/> Education <input type="checkbox"/> Highway <input type="checkbox"/> Other			

**LOCAL:**

<b>Revenue</b>	\$0	\$67,165,721	\$0	\$0
<b>Expenditures</b>	\$0	\$0	\$0	\$0

**METHODOLOGY:**

This bill seeks to make the following changes to the formula for school funding in FY 2022:

- Require the average daily membership in attendance (ADMA) used in the formula be the greater of school year 2019-2020 or 2020-2021. Under current law, the ADMA that would be used to calculate FY 2022 payments would be from the 2020-2021 school year.
- Eliminate the consumer price index (CPI) adjustment in FY 2022. Under current law, per pupil aid amounts are adjusted for CPI at the beginning of each biennium.
- Extend fiscal capacity disparity aid (FCDA) through FY 2022. Under current law, FCDA would apply only to FY 2021.

Based on the proposed changes, the Department of Education has provided the following summary of this bill's impact:

STATE TOTALS	FY 2022	
	Current Law*	Proposed
<b>Per Pupil Aid</b>		
Base Adequacy Aid	\$3,786.66	\$3,708.78
<i>Differentiated Aid</i>		
Free and Reduced Lunch	\$1,893.32	\$1,854.38
Special Education	\$2,037.11	\$1,995.21
English Language Learner	\$740.87	\$725.63
3 <sup>rd</sup> Grade Reading	\$740.87	\$725.63

<b>ADMA</b>		
Base	160,191	167,477
<i>Differentiated Aid</i>		
Free and Reduced Lunch	34,628	45,785
Special Education	29,375	29,375
English Language Learner	4,962	4,962
3 <sup>rd</sup> Grade Reading	2,270	2,270
<b>Fiscal Capacity Disparity Aid</b>	\$0	\$36,713,143
<b>Total Adequacy Grant</b>	\$559,383,315	\$626,549,035
<b>Total SWEPT Retained Locally</b>	\$363,283,230	\$363,283,230
<b>Total Education Grant</b>	<b>\$922,666,545</b>	<b>\$989,832,266</b>

\*Preliminary Estimates

Based on the Department's analysis, this bill would increase state education trust fund expenditures and local revenues by \$67,165,721 in FY 2022.

**AGENCIES CONTACTED:**

Department of Education