



**CITY OF FRANKLIN
COUNCIL AGENDA REPORT**

City Council Meeting of April, 2016

LEGISLATIVE UPDATE FROM REPRESENTATIVE HORN

STATE OF NEW HAMPSHIRE
SCHEDULE OF STATE AID
CITY OF FRANKLIN (INCLUDING SAU #18)
FY 2013 - FY 2015

Prepared for Representative Horn

Description	FY 2013	FY 2014	FY 2015
<u>Non-Education Aid</u>			
Flood Control	11,322	39,669	66,088
Highway Block Grants	173,872	175,122	178,352
Meals & Rooms Distribution	377,666	376,896	408,298
Water Pollution Control Grants	10,886	10,886	10,886
<u>Education Aid</u>			
Adequate Education Aid	9,817,771	9,413,813	9,309,585
School Building Aid	181,944	181,944	181,944
Tuition & Transportation	7,613	11,133	8,341
Special Education	158,123	245,779	174,219
School Breakfast*	1,650	1,746	1,424
School Lunch*	7,669	7,313	7,584
Total	\$ 10,748,517	\$ 10,464,301	\$ 10,346,721
* Payment to SAU #18, which includes City of Franklin and Town of Hill			

FLOOD CONTROL

RSA 122
RSA 484

The State of New Hampshire pays to certain cities and towns amounts that represent lost taxes due to the United States owning land, rights or other property therein along the banks of the Merrimack and Connecticut rivers for purposes related to flood control. The payments are made by the Department of Revenue Administration annually on a date not later than 30 days following the establishment and approval of tax rates for each city and town.

The State of New Hampshire is reimbursed by the States of Connecticut and Massachusetts for a percentage of the land taxes lost by cities and towns based on the terms of the Connecticut and Merrimack River Flood Control Compacts as shown below.

Connecticut River Flood Control Compact

Massachusetts reimburses 50%
Connecticut reimburses 40%

Merrimack River Flood Control Compact

Massachusetts reimburses 70%

HIGHWAY BLOCK GRANTS

RSA 235:23

The Department of Transportation calculates the amount that is distributed to cities and towns for Class IV and Class V road construction. The amount distributed is the sum of two calculations, Apportionment A and Apportionment B.

Apportionment A - Each fiscal year an amount not less than 12% of the total road toll revenue and motor vehicle fees collected in the previous fiscal year is distributed to each municipality. The amount paid to each municipality is based on a formula in which $\frac{1}{2}$ of the amount is based on the proportion which the mileage of regularly maintained class IV and V highways in each municipality, as of January 1 of the previous year, bears to the total of such mileage in the state. The second $\frac{1}{2}$ of the amount is based on the proportion that each municipality's population bears to the population of the state as a whole as of July 1 of the year of estimate.

Apportionment B - A sum sufficient, when added to equal an amount derived from a tax of 11¢ per \$100 of equalized valuation, to equal \$117 for each mile of regularly maintained class V highway.

MEALS & ROOMS DISTRIBUTION

RSA 78-A:26

Meals and Rooms tax revenue is distributed to unincorporated towns, unorganized places, towns and cities by the terms outlined in RSA 78-A:26. The amount distributed to municipalities is based on population. The ratio of the city or town's population compared to the total population of the state is multiplied by the total amount to be distributed to arrive at the municipality's portion.

The maximum amount of Meals and Rooms tax revenue that can be distributed is 40% of the total tax collected after a deduction for administrative costs. However, beginning in fiscal year 1997 the amount paid is limited to the prior year's distribution plus an amount equal to 75% of the increase in the meals and rooms tax revenue that occurred in the preceding fiscal year, not to exceed \$5,000,000.

PUBLIC WATER SYSTEM GRANTS

RSA 486-A

The Department of Environmental Services provides funding to all public water systems to achieve compliance with the requirements of the surface water treatment rules of the federal Safe Water Drinking Act. The Department accepts applications from public water systems and establishes a priority list that determines which projects will receive funding beginning in the next fiscal year. Once a project is approved the Department pays 20% to 30% of the annual principal and interest on the eligible costs resulting from construction of new wells or a filtration system to comply with the surface water treatment rules of the Department or the EPA, or both.

COST OF AN ADEQUATE EDUCATION

RSA 198:38,40-a, 40-b, 40-d, & 41

The Department of Education computes the cost of an Adequate Education annually. The cost for each municipality is computed by means of a formula contained in statute. The appropriation language is such that whatever amount results from the formula will be paid.

FY 2012 and FY 2013

Chapter 258, Laws of 2011 makes the following changes to the adequate education formula:

- Sets the amount of differentiated aid at \$1,725 for each pupil eligible for the free or reduced-price meal program.
- Repeals the calculation and distribution of fiscal capacity disparity aid.
- Provides a grant in the amount of \$2,000 for chartered public school pupils.

- Provides \$675 for each third grade pupil who has not tested at the proficient level or above in the reading component of the state assessment and who is not eligible to receive special education, English as a second language, or free or reduced-price meal program funds.
- Beginning July 1, 2013, provides that a municipality's total education grant shall not exceed 105.5 percent of the total education grant received in the previous fiscal year.
- Provides a stabilization grant to certain municipalities in fiscal year 2012 equal to the decrease from the municipality's fiscal year 2011 total education grant, and provides that a municipality shall continue to receive this stabilization grant in fiscal year 2013 and each fiscal year thereafter.
- Repeals the statutory provisions requiring that excess education tax payments be remitted to the department of revenue administration thereby permitting municipalities to retain any excess education tax revenues.

Chapter 258, Laws of 2011 states that for the biennium ending June 30, 2013, a municipality's total education grant shall not exceed the municipality's education grant received in FY 2011.

Chapter 258:8, Laws of 2011 requires beginning July 1, 2013 and every biennium thereafter the amounts found in RSA 198:40-a be adjusted to the average change in the Consumer Price Index for All Consumers, Northeast Region, using the "services less medical care services" special aggregate index published by the US Labor Department's Bureau of Labor Statistics.

Chapter 198, Laws of 2012 changes the definition of average daily membership of pupils to be in the school year in which the calculation is made and changes the definition of determination year to be for the school year immediately preceding the school year for which aid is determined. Additionally, the Department of Education Commissioner is granted the authority to make adjustments in grant payments necessitated by variations in the attendance data for a school district for any fiscal year in which the attendance data calculation is made. Chapter 198, Laws of 2012 also allows the Commissioner to adjust the April adequate grant disbursement to the extent necessary to ensure the total education grant is within 5 percent of the school district's estimated total education grant amount for the school year for which the calculation is made.

Chapter 4, Laws of 2013 amended RSA 198:41, IV (b) to provide an additional grant in FY 2013 for certain municipalities in order to maintain total education grants at their FY 2012 level.

FY 2014 and FY 2015

For FY 2014 and FY 2015 the Department shall distribute a total education grant in an amount equal to the total education grant for the fiscal year in which grant is calculated plus the amount of the FY 2012 stabilization grant, if any, distributed to municipalities.

Chapter 144, Laws of 2013 amends RSA 198:41, III(b) to requires that beginning FY 2014 and each year thereafter the Department of Education shall not distribute an education grant that exceeds 108 percent of the education grant distributed in the previous fiscal year.

BUILDING AID

RSA 198:15-a – 15-h, 198:15-v

Building aid is paid to school districts by the State Board of Education to help defray the cost of school buildings. School districts must submit their plans to construct or purchase buildings to the state board. Upon approval of the plans by the state board the district is entitled to receive building aid.

The aid is in the form of an annual grant that equals a percentage of the annual principal payment on all outstanding borrowings of a school district for the cost of construction or purchase of school buildings.

Generally the annual grant equals 30% of the annual principal payment however, it is increased in the following circumstances.

The grant is increased to 40% of the annual principal payment if the building is an educational administration building for School Administrative Unit.

For a cooperative school district, joint maintenance agreement or a receiving district operating an area school the grant is increased to 40% plus an additional 5% for each pre-existing district in excess of two. The grant is capped at 55% for these districts.

TUITION AND TRANSPORTATION

RSA 188-E

The Department of Education is authorized to pay from its budget the cost of tuition and transportation expenses for full or part time students from sending schools who attend regional career and technical education centers. School district reimbursement costs are calculated upon the previous year's actual tuition and transportation costs for each district. The amount of the Department's liability is set by rules. Per Ed 1304.01, the Department is liable for 75% of the cost of tuition and for \$.10 per mile per student for fares on a public carrier or transportation contract or \$.25 per mile for self-transporting students when regularly scheduled school or public transportation is not available for students from sending schools who attend regional career and technical education centers. If sufficient funding is not available, tuition and transportation payments will be reduced based on available appropriation.

SPECIAL EDUCATION

RSA 186-C:18, III
RSA 186-C:18, IV

There are two programs included in this caption, Catastrophic Aid and Statewide Special Education Programs.

CATASTROPHIC AID

Per RSA 186-C:18, III, Catastrophic Aid is paid to school districts that have a special education student for whom costs of special education exceed three and one half times the estimated state average expenditure per pupil of the school year preceding the year of distribution. Catastrophic Aid is an amount equal to 80% of the amount of the special education cost that is between three and one half times and ten times the state average expenditure per pupil plus 100% of the amount over ten times the state average expenditure per pupil.

If the amount appropriated is not sufficient to fund the amount entitled, the appropriation will be prorated proportionally among the school districts.

STATEWIDE SPECIAL EDUCATION PROGRAMS

RSA 186-C:18, IV, as amended by Chapter 224, Laws of 2011, states the state shall appropriate an amount each fiscal year to assist statewide special education programs. The state board of education through the commissioner uses the appropriated funds for programs established by the board.

SCHOOL NUTRITION GRANTS

RSA 189:11-a

Per RSA 189:11-a, schools are required to make a nutritious meal available during school hours to NH school children. Schools meet this mandate primarily through the federal National School Lunch Program which provides meals, milk and nutrition programs to NH school children. The Department of Education provides state funds to match the federal funds received for the nutrition programs. Under federal law (7 CFR 210.17), the state matches an amount equal to 30% of the funding the state received under this program in FY 1981, which is \$832,003. The state apportions this funding proportionally among approved school food authorities according to the number of meals served during the previous school year.

Chapter 127, Laws of 2006 added reimbursement for school breakfasts to schools demonstrating to the department of education that an approved school wellness policy, as required under the Child Nutrition and WIC Reauthorization Act of 2004, is in effect, and the school is providing breakfast meals to pupils that meet or exceed the United States Department of Agriculture's child nutrition criteria. The state pays \$0.03 / breakfast meal.

STATE OF NEW HAMPSHIRE ADEQUATE EDUCATION GRANT SUMMARY FY 2015 - FY 2017

Franklin						
Description (RSA Reference)	FY 2015 <i>(Final, 03-12-15)</i>		FY 2016* <i>(Revised, 10-01-15)</i>		FY 2017* <i>(Preliminary, 11-15-15)</i>	
	<i>ADM</i>	<i>Amount</i>	<i>ADM</i>	<i>Amount</i>	<i>ADM</i>	<i>Amount</i>
Base Adequacy (198:40-a, I)	1,081.18	3,782,292	1,102.83	3,927,475	1,056.96	3,764,120
<i>Differentiated Aid</i>						
Free & Reduced Lunch (198:40-a, I)	663.95	1,161,348	691.58	1,231,448	691.58	1,231,448
Special Education (198:40-a, III)	170.58	321,028	179.04	343,016	179.04	343,016
English Language Learners (198:40-a, II)	9.50	6,502	5.05	3,519	5.05	3,519
3rd Grade Reading (198:40-a, II-a)	5.00	3,422	8.85	6,166	8.85	6,166
<i>Total Cost of an Adequate Education</i>		\$ 5,274,592		\$ 5,511,624		\$ 5,348,269
(Less: Statewide Education Property Tax)		(1,162,694)		(1,216,829)		(1,177,459)
<i>Preliminary State Grant</i>		\$ 4,111,899		\$ 4,294,795		\$ 4,170,810
Add: Stabilization Grant (198:41, IV, (c))		4,034,992		4,034,992		3,873,592
(Less: Cap Reduction) (198:41, III, (b))		-		-		-
Add: 95% Adjustment (198:40-a, VI)		-		-		-
TOTAL STATE GRANT		\$ 8,146,891		\$ 8,329,787		\$ 8,044,402
<i>Change From Previous Year</i>			2.2%	\$ 182,896	-3.4%	\$ (285,385)
Statewide Education Property Tax (76:3)		1,162,694		1,216,829		1,177,459
TOTAL ADEQUATE EDUCATION AID		\$ 9,309,585		\$ 9,546,616		\$ 9,221,861

ADM = Average Daily Membership

AID AMOUNT, PER PUPIL			
	FY 2015	FY 2016	FY 2017
Base Adequacy	\$3,498	\$3,561	\$3,561
<i>Differentiated Aid</i>			
Free & Reduced Lunch	\$1,749	\$1,781	\$1,781
Special Education	\$1,882	\$1,916	\$1,916
English Language Learners	\$684	\$697	\$697
3rd Grade Reading	\$684	\$697	\$697

CAP LEVEL ON TOTAL GRANT			
	FY 2015	FY 2016	FY 2017
Percent of Previous Year Total Grant	108%	108%	160%