

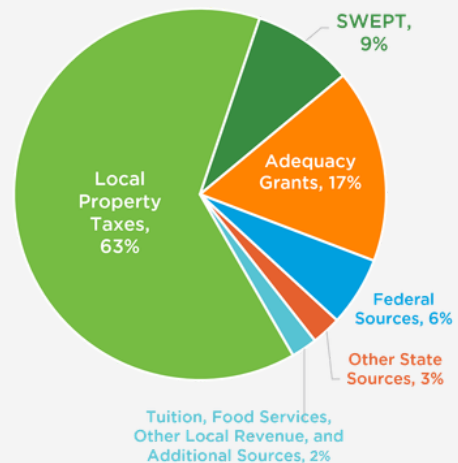
How Education Funding is Paid For and Calculated in New Hampshire

Public education is administered primarily at the local level, with property taxpayers contributing nearly seven out of ten dollars of the total cost of public education. The State government provides aid for local public education called Adequate Education Aid, which is distributed through the State's education funding formula. New Hampshire ranks last in the nation for the percentage of education revenue provided by state funding.

The State uses the education funding formula to provide local governments with funding for the State's definition of an adequate education. The State calculates aid based on the number and certain characteristics of students living in each community, applies revenue from the Statewide Education Property Tax (SWEPT), and provides additional funding through Adequacy Grants (cash from the State) when required by law.

Where Revenue Comes from to Fund Public Education

In the 2024-2025 school year, New Hampshire school districts had more than \$4.15 billion in revenue for local public education. Property taxes accounted for 72% of public school district revenue, with 9% from SWEPT and 63% from local property taxes. However, the State considers state funding to include both SWEPT and Adequacy Grants and when taken together, the State provided about 29%. The remaining 8% came from federal funding, tuition, food service, non-property tax local revenue, insurance settlements, and other sources.



Source: New Hampshire Department of Education's State Summary Revenue and Expenditures of School Districts 2024-2025



Local

Local property taxes are the primary revenue source for school districts, accounting for nearly two-thirds of all public school district education revenue.



State

Most State funding comes through the Education Trust Fund. The Fund receives revenue from SWEPT, portions of the Business Profits Tax, Business Enterprise Tax, Tobacco Tax, and Real Estate Transfer Tax revenue. It also receives tobacco settlement funds and most of the profits from the Lottery and Gaming Commission.



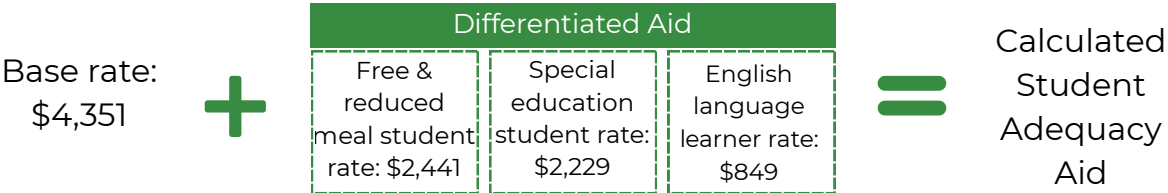
Other

Federal aid, tuition, food service, and other sources provide smaller shares of revenue. Federally-sourced revenue helps support student meals and educator trainings.

State funding for New Hampshire's public schools comes from several different sources.

Calculating Adequate Education Aid

The State provides funding to school districts based on the number of students they serve and the needs of those students. Every student generates a base amount of funding, and schools receive additional funding for students from lower-income households, students with disabilities, and English language learners.



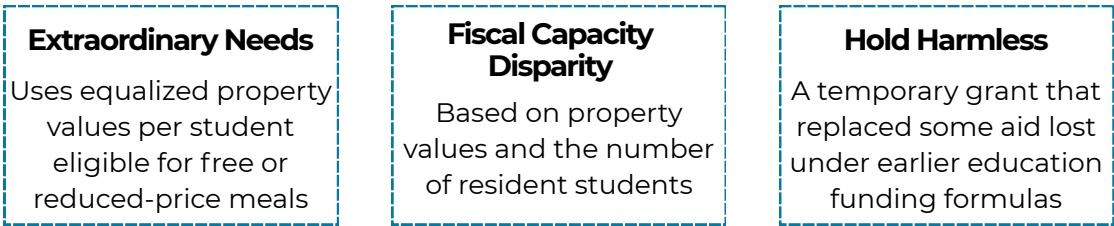
Applying SWEPT Funds

SWEPT is a State property tax that is collected and retained by local communities to help fund public schools. The State uses SWEPT to help cover the Calculated Student Adequacy Aid. If a community raises less than the amount it is owed through the State's funding formula, the State makes up the difference using the other revenue sources in the Education Trust Fund. When a community raises more SWEPT than its Calculated Student Adequacy Aid, the community keeps the excess SWEPT locally, but it must be used for public education.



Some Communities Receive Additional Grants

When a municipality's SWEPT is not enough to cover the Calculated Student Adequacy Aid, the municipality may be eligible for additional grants based on community characteristics. For SFY 2027, there are three possible sources of additional aid that a municipality may qualify for, depending on their community-level characteristics.



Any remaining Calculated Student Adequacy Aid owed and any additional grants a municipality may receive make up the Adequacy Grant, which the State pays with the other revenue sources in the Education Trust Fund. A municipality cannot receive an Adequacy Grant if it has excess SWEPT revenue retained locally.

Adding It All Up

The final step of the education formula combines the Adequacy Grant with SWEPT, or the SWEPT that covers the Calculated Student Adequacy Aid with any excess SWEPT. Together, these revenue sources make up the Total Adequate Education Aid amount obligated by State law to local governments.