

Senate Education Finance Committee

Karen Davis 271-7875

HB 1816-FN, relative to the intervention of the department of education into a school or school district during a financial emergency.

Hearing Date: April 1, 2026

Time Opened: 2:12 p.m.

Time Closed: 2:40 p.m.

Members of the Committee Present: Senators Murphy, Carson, Ward, Rosenwald and Altschiller

Members of the Committee Absent : Senator Innis

Bill Analysis: This bill allows the commissioner of the department of education to initiate and implement a district recovery plan if a school district's financial and operational condition is deemed a financial emergency by the state board of education.

Sponsors:

Rep. Ladd
Rep. Peeples
Sen. Innis

Rep. Spilbury
Rep. Kofalt

Rep. Popovici-Muller
Sen. Ward

Who supports the bill: Rep. Daniel Popovici-Muller, Eric Pauer,

Who opposes the bill: Jill Arabus, Cory Stone, Amy Erickson, Linda Burnap, Debra Merrick, Kathy Spielman, Debra Rodd, Daniel Rodd, Meredith Piotrow, Abigail Mather, Barbara Zaenglein, Eric Zaenglein, Curtis Howland, Erin Kerwin, Janet Robertson, Susan Fainburg, Debora Hatcher, Priscilla Dube, Ruth O'Neal, Thomas Stewart, Deborah Fexis, Jane Gottschalk, Barbara Callaway, Mary Burton, Pamela Harders, Leonard Cadwallander, Letitia Ufford, Sharon Racusin, Nancy Miles, William Geraghty, Karen Chase, Susan Shadford, Joanne Scobie, Sandra Scheidt, Patricia Button, Sarah Young, Cynthia Rodenhauser-Stewart, Margaret Bowles, Lois Cote, Lorraine Foster, Margaret Jernstedt

Who is neutral on the bill: Mark Manganiello, Department of Education (DOE)

Summary of testimony presented in support:

- **Representative Rick Ladd**, Haverhill, NH - Prime Sponsor

Rep. Ladd explained that this bill came about after the Claremont budget crisis. He spoke with Commissioner Kaitlyn Davis to find out how the state could help with this crisis. Ms. Davis said that she was not authorized in statute to step in and take over the district. The state board of education was also not authorized to do the same.

This bill addressed that situation by giving the department and the state board the authority to intervene in a school district when there was a financial emergency. This emergency must be declared by the state board and the department would then be enabled to assist in developing a recovery plan to address core financial needs.

Rep. Ladd said that the bill placed a one year limit for the commissioner or designee to provide this oversight. No control would be taken away from the local school board. The bill was adopted unanimously by the House Education Funding Committee.

Q: Sen. Debra Altschiller – She asked what the process would be for the state board to become aware of a financial emergency.

A: Rep. Ladd - He replied that DOE had been writing letters to Claremont, requesting updates on their financial situation. The responses they received were that the district was “broke” and that their capital reserves were all gone. The state board was not receiving a manifest on the district's expenses and revenues. But the signal was there that something was askew. He added that Claremont was doing much better now.

Q: Sen. Cindy Rosenwald – She asked about the section of the bill dealing with emergency financial powers and wondered whether that section's language was too broad for an emergency.

A: Rep. Ladd - He cited how the reserve funds were being used in Claremont and said that this was a policy that needed to be changed. If a district tapped into reserve funds that involved a warrant article, where did those monies go to? Were they moved around? He said that all those issues must be looked at.

Q: Sen. Rosenwald – She wondered whether some of the practices that led to problems in Claremont were administrative in nature.

A: Rep. Ladd - He acknowledged that Sen. Rosenwald was correct and that there were non-financial areas that could be evaluated in terms of how resources were being spent. He said it all came down strong leadership and that a good administrator needed to have familiarity with three areas – education policy, education law, and education finance. If you didn't have that, a school district would not run smoothly.

Summary of testimony presented in opposition: None

Neutral Information Presented:

- **Mark Manganiello**, Bureau of School Finance, DOE – Technical Assistance

Q: Sen. Keith Murphy – He asked whether the allocation of responsibilities in this bill made sense between the state board and the department.

A: Mr. Manganiello - He replied that the way things currently operated, the school district would invite DOE to their community to tell them about their problems. The department would then provide technical assistance. If the district did not invite DOE in, bringing it to the state board was where they would typically have a public dialogue about a school district. He said that it made sense for the state board to be the authority in this area.

Q: Sen. Rosenwald – She asked why the department did not provide a fiscal note.

A: Mr. Manganiello - He explained that this bill was a tool for the state board for use, and that the cost would be around \$200,000,

KJD

Date Hearing Report completed: April 10, 2026