

Senate Education Finance Committee

Karen Davis 271-7875

HB 1563-FN-LOCAL, relative to the special education aid formula and the administration and monitoring of state special education aid.

Hearing Date: April 13, 2026

Time Opened: 9:00 a.m. **Time Closed:** 10:30 a.m.

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

Members of the Committee Absent : Senators Rosenwald and Altschiller

Bill Analysis: This bill:

I. Requires the department of education to distribute aid to school districts for pupils whose special education costs exceed a certain dollar value, but only up to a certain threshold.

II. Creates considerations for calculating costs associated with a special education student's education.

III. Requires each school district seeking special education aid reimbursements to submit a certified report for each student for whom reimbursement is requested.

Sponsors:

Rep. Ladd

Rep. Erf

Rep. Peeples

Rep. D. McGuire

Rep. Popovici-Muller

Rep. S. Smith

Sen. Sullivan

Sen. Murphy

Sen. Innis

Who supports the bill: Rep. Daniel Popovici-Muller, Sen. Victoria Sullivan, Cory Stone, Scott Burns, Julie Smith, Brad Louth, Deborah Steadman, Leo Plante, Suzana Derynioski, Debrah Howes (American Federation of Teachers-NH),

Who opposes the bill: Rep. Janet Lucas, Susan Denker, Karen Roach, Dana Seeley, Danielle Alley, Stephanie Jones, Gertrude Alley, Marianne Bouthillier, Charlotte Lesser, Erin Kerwin, Patricia Demeule, George Demeule, Linda Burnap, Amy Erickson, Angelique Hall, Nathaniel Blair, Cynthia Rodenhauer Stewart, William Copeland Jr., Karin Cevasco, Thomas Stewart, Priscilla Dube, Joyce Weston, Julie Retelle, Stephanie Osborne, Richard Osborne, Nancy Kelley, Sharon Racusin, Margaret Caudill-Slosberg, Margaret Bowles, Barbara Callaway, Ellen Lynch, Carol Lenaham, Karen Chase, Janet Hurd, Karen Burnett-Kurie, William Geraghty, Elisabeth Gross, Lisa Willis, Tami Lanzillo-Zeimetz, Kathleen Turgeon, Priscilla

Benson, Shirley Montgomery, Leigh Hutchinson, Sheila Donahue, Nancy Donahue, Rina Petit, John Petit, Meredith Morgan, Samantha Petit, Kaitlyn Bernier

Who is neutral on the bill: Rep. Hope Damon, David Trumble

Summary of testimony presented in support:

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

Rep. Ladd stated that one out of every four dollars being spent in New Hampshire was for special education. This totaled approximately \$977 million annually.

He broke down special education funding into subcategories: differentiated aid totaled \$68 million; Individuals with Disability Education Act (IDEA) made up \$50 million; and special education aid was approximately \$50 million. He explained that the remainder of funding was being covered by local property taxpayers.

Rep. Ladd explained that there were three reasons for this bill:

- 1) reducing administrative burden on school districts,
- 2) expediting reimbursement of state special education aid, and
- 3) ensuring appropriate stewardship of state funds through a risk-based monitoring methodology.

He also shared that the bill examined how monies were being spent on special education. His testimony included a comparison between the current special education aid formula and the proposed formula in the bill. The current formula required the local school district to pay for the cost of zero to 3.5 times of the per pupil cost, meaning they had to pay the first \$75,000 before they received any state aid.

Also, under the current formula, from 3.5 to 10 times of per pupil cost, the local district was required to pay 20% or a maximum of \$26,000. The state would pick up the other 80% or a maximum of \$104,000. Any amount beyond 10 times per pupil cost was picked up by the state and was its responsibility entirely, he said.

Rep. Ladd testified that in 2024 there were 870 students who received special education services and the cost was around \$50 million. The state budgeted \$34 million that year, which led to a shortfall of \$16 million. This caused funds to be prorated down to 58% of what local districts received, and they still had to pay the difference in special education aid..

This bill would enable policymakers to assess how many students were below the average of 3.5 times per pupil cost. It would drop the bracket down to 2.5 times. Once a student became eligible for special education, the district would have to submit invoices to the Department of Education (DOE) documenting that they had spent \$75,000. They also had to document any offsets, such as whether they had applied for Medicaid dollars.

Rep. Ladd said that the bill specified that claims for reimbursement must be directly tied to an IEP (Individualized Education Program). Paying the cost of special education was a shared responsibility between the state and local districts, and this must be put into law, he declared. The district also had the responsibility to seek other available resources such as Medicaid and private insurance if funds were not available to pay the cost of special education.

Rep. Ladd stated that the bill would also require DOE to establish a risk-based monitoring program, which would include an annual review of 20% of the districts. School districts that had risk indicators would be targeted for review. Through this review, the state would be able to determine over payments or ineligible costs and request reimbursement for the money these districts received.

He concluded by sharing that 47% of special education costs was due to the work of paraprofessionals. This represented a huge change from 10-15 years ago.

Q: Senator Sharon Carson – Sen. Carson wondered if the category of students eligible for special education had been expanded.

A: Rep. Ladd - He responded that there was better identification and better training for students who had disabilities and special needs. He also said that it was important to have teachers, specialists, and parents involved in developing an IEP.

Q: Senator Tim Lang - Sen. Lang looked at lines 32 through 35 and asked if the offsets, such as Medicaid and insurance, were deducted before determining the cost.

A: Rep. Ladd said that this was correct.

Q: Senator Keith Murphy- Sen. Murphy asked about DOE's responsibility for ensuring that districts apply for Medicaid or personal insurance.

A: Rep. Ladd replied that this responsibility was unclear in the fiscal note. Personal insurance depended on the student's family and some families refused to have their personal insurance used. DOE had looked at insurance claims to make sure they were directly related to an IEP and the category for which their disability was categorized. He contended that this monitoring and auditing was extremely important.

Q: Senator Ruth Ward - Sen. Ward asked if there were any studies which explained the large number of kids with IEPs.

A: Rep. Ladd - He answered that when he started as a legislator 18 years ago, there were around 32,000 kids with IEPs. However, the total number of kids in public school had decreased, causing there to be more IEPs proportionally. Rep. Ladd stated that many IEPs were extremely important but the current cost of special education was not sustainable

Q: Sen. Carson - Sen. Carson asked how this bill would affect the funding the federal government provided for special education.

A: Rep. Ladd - He replied that the state was originally promised upwards of 40% but in reality, the state receives around 5.5%. The state should not look to the federal government for any more financial support for special education, he contended.

- **Representative Daniel Popovich-Muller, Windham**

Rep. Popovici-Muller said that this bill would allocate money in the second year of the next biennium. This would give school districts the time to prepare for the reporting requirement. He also stated that districts were not previously required to report anything under the 3.5 times cost per pupil which was why he supported the 2.5 times cost.

He supported this bill because it would have a significant fiscal impact, both because of the reduced reimbursement category and the random 20% sampling as opposed to reviewing every claim.

Neutral Information Presented:

- **David Trumble, Weare**

Mr. Trumble asserted that special education was a public responsibility, not a private responsibility. He suggested adding language to the bill that parents could not be coerced to pay for special education services through private insurance.

- **Representative Hope Damon, Croydon**

Rep. Damon believed that requiring local districts to cover 10% of the costs for students with the most expensive special education was a burden. She also felt that the bill would not increase state responsibility for special education funding and it would also significantly affect smaller school districts with limited budgets.

Rep. Damon addressed Sen. Ward's question about the number of kids with IEPs, stating that the education field had a better capacity to recognize students who would benefit from special education sooner. This caused more kids to be in the system.

KJD

Date Hearing Report completed: April 20, 2026