

HB 1557-FN - AS INTRODUCED

2026 SESSION

26-2845

12/05

HOUSE BILL ***1557-FN***

AN ACT modifying the state average expenditure per pupil relative to students in special education.

SPONSORS: Rep. Wallner, Merr. 19; Rep. Luneau, Merr. 9; Rep. Ames, Ches. 13; Rep. Damon, Sull. 8; Rep. Cornell, Hills. 22; Rep. K. Murray, Rock. 22; Rep. Simpson, Rock. 33; Rep. Rollins, Sull. 3; Sen. Rosenwald, Dist 13

COMMITTEE: Education Funding

ANALYSIS

This bill modifies the required state aid to be provided to school districts for the costs of special education. The bill also removes the proration of such appropriations relative to the costs of special education for each fiscal year.

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Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.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

AN ACT modifying the state average expenditure per pupil relative to students in special education.

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

1 1 Special Education; State Aid Reduced; Proration of Appropriation Removed. Amend RSA 186-
2 C:18, III to read as follows:

3 (a) The department of education shall distribute aid available under this paragraph as
4 entitlement to such school districts as have a special education pupil for whose costs they are
5 responsible, for whom the costs of special education in the fiscal year exceed [~~3 and 1/2~~] **1 and 1/2**
6 times the most current state average expenditure per pupil for the school year preceding the year of
7 distribution. ~~If in any year, the amount appropriated for distribution as special education aid in~~
8 ~~accordance with this section is insufficient therefor, the appropriation shall be prorated~~
9 ~~proportionally based on entitlement among the districts entitled to a grant, provided that the~~
10 ~~department of education shall distribute to the school district not less than 80 percent of the~~
11 ~~district's entitlement in the fiscal year. The state may designate up to \$250,000 of the funds which~~
12 ~~are appropriated as required by this paragraph, for each fiscal year, to assist those school districts~~
13 ~~which, under guidelines established by rules of the state board of education, may qualify for~~
14 ~~emergency assistance to mitigate the impact of special education costs. The state may designate up~~
15 ~~to an additional \$250,000 of the funds which are appropriated under this paragraph for each fiscal~~
16 ~~year for any community of 1,000 or fewer residents to mitigate the impact of special education costs~~
17 ~~when emergency assistance is necessary to prevent significant financial harm to such district or~~
18 ~~community. Upon application to the commissioner of education, and approval by the commissioner,~~
19 ~~such funds may be accepted and expended by school districts in accordance with this chapter;~~
20 ~~provided, however, that if a school district has received emergency assistance funds for certain~~
21 ~~children with disabilities, it shall not receive special education aid for those same children with~~
22 ~~disabilities. If any of the funds designated for emergency assistance under this paragraph are not~~
23 ~~used for such emergency assistance purposes, the funds shall be used to assist school districts in~~
24 ~~meeting special education cost increases in their special education programs as provided by this~~
25 ~~paragraph.~~

26 (b) The school district shall be liable for [~~3 and 1/2~~] **1 and 1/2** times the estimated state
27 average expenditure per pupil for the school year preceding the year of distribution, plus 20 percent
28 of the additional cost, up to 10 times the estimated state average expenditure per pupil for the school
29 year preceding the year of distribution.

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1 (c) The department of education shall be liable for 80 percent of the cost above the [~~3-1/2~~]
2 **1 and 1/2** times the estimated state average expenditure per pupil for the school year preceding the
3 year of distribution, up to 10 times the estimated state average expenditure per pupil for the school
4 year preceding the year of distribution. The department of education shall be liable for all costs in
5 excess of 10 times the estimated state average expenditure per pupil for the school year preceding
6 the year of distribution.

7 2 Effective Date. This act shall take effect July 1, 2026.

**HB 1557-FN- FISCAL NOTE
AS INTRODUCED**

AN ACT modifying the state average expenditure per pupil relative to students in special education.

FISCAL IMPACT: This bill does not provide funding, nor does it authorize new positions.

Estimated State Impact				
	FY 2026	FY 2027	FY 2028	FY 2029
Revenue	\$0	\$0	\$0	\$0
<i>Revenue Fund(s)</i>	None			
Expenditures*	\$0	Indeterminable Increase		
<i>Funding Source(s)</i>	General Fund and Education Trust Fund			
Appropriations*	\$0	\$0	\$0	\$0
<i>Funding Source(s)</i>	None			

*Expenditure = Cost of bill

*Appropriation = Authorized funding to cover cost of bill

Estimated Political Subdivision Impact				
	FY 2026	FY 2027	FY 2028	FY 2029
Local Revenue	\$0	Indeterminable Increase		
Local Expenditures	\$0	Indeterminable Increase		

METHODOLOGY:

This bill, effective in FY 2027, makes the following changes to the formula for the calculation of Special Education Aid paid to districts. The bill changes the 3.5x estimated cost per pupil as the cap districts must reach before reimbursement is begun to 1.5x. The legislation also removes language regarding \$250,000 to assist school districts which may qualify for emergency assistance to mitigate the impact of special education costs and \$250,000 for any community of 1,000 or fewer residents to mitigate the impact of special education costs when emergency assistance is necessary to prevent significant financial harm to such district or community.

The Department of Education assumes this would have a substantial impact on the state funding provided through special education aid as well as local district funding for special education. The Department assumes that all 32,000+ students identified as in need of special education would qualify for special education aid. The Department states this would increase funding to districts however it would also increase staffing requirements for districts and the

state. On the District side they would need additional staff to submit all associated paperwork through the NH Special Education Information System (NHSEIS). This includes breaking out costs for each individual student then submitting for said costs either through invoices obtained for services or created based on districts costs within their budget. On the state side there would be a need for additional staffing to process, review and verify all invoices as compared to each students IEP and in some cases two IEPs as the IEP is typically renewed within the school year. Currently the state has six (6) positions that work on special education aid for just under 900 students. This work is done between July 1 and December 1. In order to process all paperwork, based on the number of staff currently used for 900 students, there would need to be 213 staff members to process this documentation in the July 1 to December 1 timeframe. The Department has not provided any details as to positions needed or the potential cost. This bill provides neither authorization nor appropriation for new personnel.

AGENCIES CONTACTED:

Department of Education