

CHAPTER 232
HB 1563-FN-LOCAL - FINAL VERSION

19Feb2026... 0546h
26Mar2026... 1086h
4Jun2026... 2140EBA

2026 SESSION

26-2408
07/08

HOUSE BILL ***1563-FN-LOCAL***

AN ACT relative to the special education aid formula and the administration and monitoring of state special education aid.

SPONSORS: Rep. Ladd, Graf. 5; Rep. Erf, Hills. 28; Rep. Peeples, Hills. 14; Rep. D. McGuire, Merr. 14; Rep. Popovici-Muller, Rock. 17; Rep. S. Smith, Sull. 3; Sen. Sullivan, Dist 18; Sen. Murphy, Dist 16; Sen. Innis, Dist 7

COMMITTEE: Education Funding

AMENDED 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.

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 Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.

CHAPTER 232
HB 1563-FN-LOCAL - FINAL VERSION

19Feb2026... 0546h
26Mar2026... 1086h
4Jun2026... 2140EBA

26-2408
07/08

STATE OF NEW HAMPSHIRE

In the Year of Our Lord Two Thousand Twenty-Six

AN ACT relative to the special education aid formula and the administration and monitoring of state special education aid.

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

1 232:1 Legislative Intent. It is the intent of the general court to reduce administrative burden on school
2 districts and the department, expedite reimbursement of state special education aid, and ensure
3 appropriate stewardship of state funds through a risk-based monitoring methodology.

4 232:2 Education; Special Education; State Aid. Amend RSA 186-C:18, III to read as follows:

5 III.(a) ***For the fiscal year ending June 30, 2029, based upon school year 2027-2028 costs, and for***
6 ***each fiscal year thereafter,*** [The] ***the*** department of education shall distribute aid available under this
7 paragraph as entitlement to such school districts as have a special education pupil for whose costs they
8 are responsible, for whom the costs of special education in the fiscal year exceed [3] ***2*** and 1/2 times the
9 most current state average expenditure per pupil for the school year preceding the year of distribution. If
10 in any year, the amount appropriated for distribution as special education aid in accordance with this
11 section is insufficient therefor, the appropriation shall be prorated proportionally based on entitlement
12 among the districts entitled to a grant, provided that the department of education shall distribute to the
13 school district not less than 80 percent of the district's entitlement in the fiscal year. The state may
14 designate up to \$250,000 of the funds which are appropriated as required by this paragraph, for each
15 fiscal year, to assist those school districts which, under guidelines established by rules of the state board
16 of education, may qualify for emergency assistance to mitigate the impact of special education costs. The
17 state may designate up to an additional \$250,000 of the funds which are appropriated under this
18 paragraph for each fiscal year for any community of 1,000 or fewer residents to mitigate the impact of
19 special education costs when emergency assistance is necessary to prevent significant financial harm to
20 such district or community. Upon application to the commissioner of education, and approval by the
21 commissioner, such funds may be accepted and expended by school districts in accordance with this
22 chapter; provided, however, that if a school district has received emergency assistance funds for certain
23 children with disabilities, it shall not receive special education aid for those same children with disabilities.
24 If any of the funds designated for emergency assistance under this paragraph are not used for such
25 emergency assistance purposes, the funds shall be used to assist school districts in meeting special
26 education cost increases in their special education programs as provided by this paragraph.

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

CHAPTER 232
HB 1563-FN-LOCAL - FINAL VERSION
- Page 2 -

1 ***(b) The school district shall be liable for the following amounts, calculated using the most***
2 ***current state average expenditure per pupil for the school year preceding the year of distribution:***

3 ***(1) An amount equal to 2.5 times the state average expenditure per pupil.***

4 ***(2) 85 percent of the portion of costs exceeding 2.5 times, but not exceeding 3.5 times,***
5 ***the state average expenditure per pupil.***

6 ***(3) 20 percent of the portion of costs exceeding 3.5 times, but not exceeding 10 times,***
7 ***the state average expenditure per pupil.***

8 ***(4) 10 percent of the portion of costs exceeding 10 times the state average expenditure***
9 ***per pupil.***

10 ~~[(c) The department of education shall be liable for 80 percent of the cost above the 3 1/2~~
11 ~~times the estimated state average expenditure per pupil for the school year preceding the year of~~
12 ~~distribution, up to 10 times the estimated state average expenditure per pupil for the school year~~
13 ~~preceding the year of distribution. The department of education shall be liable for all costs in excess of 10~~
14 ~~times the estimated state average expenditure per pupil for the school year preceding the year of~~
15 ~~distribution.]~~

16 ***(c) The department of education shall be liable for the following amounts, calculated using***
17 ***the most current state average expenditure per pupil for the school year preceding the year of distribution:***

18 ***(1) 15 percent of the portion of costs exceeding 2.5 times, but not exceeding 3.5 times,***
19 ***the state average expenditure per pupil.***

20 ***(2) 80 percent of the portion of costs exceeding 3.5 times, but not exceeding 10 times,***
21 ***the state average expenditure per pupil.***

22 ***(3) 90 percent of the portion of costs exceeding 10 times the state average expenditure***
23 ***per pupil.***

24 232:3 New Paragraph; Education; Special Education; State Aid. Amend RSA 186-C:18 by inserting
25 after paragraph XI the following new paragraph:

26 XII. A district shall be deemed eligible for special education aid when the costs associated with
27 an individual student, after offsets applied by the district for the benefit of the student and for other
28 available revenue sources, exceed 2 and 1/2 times of the expenditure per pupil pursuant to subparagraph
29 III(a).

30 (a) In calculating costs associated with an individual student, the costs shall be incurred
31 solely as a result of the provision of special education and related services to the student's individual
32 education program pursuant to RSA 186-C:7.

33 (b) All services included in a claim for special education aid shall be specified and
34 documented in an IEP and tied to the child's disability related needs and program. Such costs shall be
35 necessary, reasonable, and directly benefit the student's education and disability needs as outlined in
36 their IEP. The state shall provide funding to school districts to help offset such expenses, but districts
37 shall also be responsible for a portion of the costs.

CHAPTER 232
HB 1563-FN-LOCAL - FINAL VERSION
- Page 3 -

1 (c) The district shall demonstrate and document that it has fully accessed, to the maximum
2 extent possible, other available revenue sources, including Medicaid and private insurance, or provide
3 documentation as to why other revenue sources were unavailable to the district for special education aid.

4 (d) Other available revenue sources, including Medicaid and private insurance, shall be
5 applied by the district as offsets to reimbursable costs for each special education cost reimbursed through
6 special education aid.

7 (e) A pupil's local education agency (LEA) shall provide documentation on the specific costs
8 being claimed for each student. If there are questions about an LEA's claim and its costs are not
9 documented, the claim may be disqualified. Appropriate documentation is included in the IEP for each
10 student. All services included in the claim shall be specified in the IEP, and tied to the child's disability-
11 related needs and programs. All documentation should connect each cost to the IEP, demonstrating that
12 it is an actual cost of special education specific to the students. Appropriate documentation in support of
13 the IEP may include, but not be limited to, daily schedules, payroll records, and invoices.

14 232:4 New Section; Special Education; Administration and Monitoring of State Special Education Aid.
15 Amend RSA 186-C by inserting after section 18 the following new section:

16 186-C:18-a Administration and Monitoring of State Special Education Aid.

17 I. Each school district seeking reimbursement under this chapter shall submit to the department,
18 by a date established by the department, a certified report for each student for whom reimbursement is
19 requested.

20 II. The report shall include, at minimum:

21 (a) A student identifier;

22 (b) A description of services provided pursuant to the student's individualized education
23 program (IEP);

24 (c) Eligible expenditures associated with those services, itemized by category;

25 (d) The total reimbursement amount requested for that student; and

26 (e) Certification by the superintendent that the information submitted is accurate and that the
27 district maintains supporting documentation.

28 III. The department shall determine and issue state special education aid payments based on the
29 certified reports submitted by school districts.

30 IV.(a) The department shall establish a risk-based monitoring program to verify the accuracy and
31 allowability of reimbursement claims.

32 (b) The monitoring program shall include:

33 (1) Annual review of not less than 20 percent of districts submitting claims for state
34 special education aid on a rotating review schedule designed to ensure that each district is reviewed at
35 least once every 5 years;

36 (2) Random selection of additional districts for review;

37 (3) Targeted reviews based on risk indicators, anomalies, prior findings, or other factors
38 identified by the department; and

39 (4) Other criteria as identified by the department.

CHAPTER 232
HB 1563-FN-LOCAL - FINAL VERSION
- Page 4 -

- 1 (c) If systemic errors are identified, the department may take additional measures, including:
- 2 (1) Conducting a full review of the past years of submissions;
- 3 (2) Requiring districts to enter into an agreement with an independent auditor to
- 4 complete an audit of expenditures under this program;
- 5 (3) Requiring additional review and certification of expenditures by the local school
- 6 board; and
- 7 (4) Other measures deemed appropriate.
- 8 V. For districts selected for review, the department may examine invoices, individualized
- 9 education programs (IEPs), service documentation, expenditure records, and any other documentation
- 10 necessary to verify eligibility and accuracy of reported costs.
- 11 VI.(a) The department shall adjust reimbursement amounts based on monitoring findings.
- 12 (b) Overpayments shall be subject to recoupment.
- 13 (c) The department may require corrective action plans for districts demonstrating systemic
- 14 errors or noncompliance.
- 15 VII. The department shall adopt rules pursuant to RSA 541-A to implement this section, including
- 16 reporting formats, certification requirements, monitoring standards, appeal procedures, and recoupment
- 17 processes.
- 18 232:5 Effective Date. This act shall take effect July 1, 2028.

Approved: July 02, 2026
Effective Date: July 01, 2028

