

HB 563-FN - AS INTRODUCED

2025 SESSION

25-0223

02/11

HOUSE BILL ***563-FN***

AN ACT relative to adequate education grant amounts for pupils receiving special education services.

SPONSORS: Rep. Ladd, Graf. 5; Rep. Cordelli, Carr. 7; Rep. Drye, Sull. 7; Rep. Spilsbury, Sull. 3; Rep. S. Smith, Sull. 3; Rep. Leishman, Hills. 33; Rep. Cornell, Hills. 22; Sen. Ward, Dist 8

COMMITTEE: Education Funding

ANALYSIS

This bill increases education adequacy costs, and provides 3 weighted categories of special education services for consideration regarding differentiated aid in adequacy education grant funds.

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Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.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

AN ACT relative to adequate education grant amounts for pupils receiving special education services.

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

1 1 Cost of an Opportunity for an Adequate Education. Amend RSA 198:40-a, I-II(c) to read as
2 follows:

3 I. For the biennium beginning July 1, [~~2023~~] **2025**, the annual cost of providing the
4 opportunity for an adequate education as defined in RSA 193-E:2-a shall be as specified in
5 paragraph II. The department shall adjust the rates specified in this paragraph in accordance with
6 RSA 198:40-d.

7 II.(a) A cost of [~~\$4,100~~] **\$4,266** per pupil in the ADMR, plus differentiated aid as follows:

8 (b) An additional [~~\$2,300~~] **\$2,393** for each pupil in the ADMR who is eligible for a free or
9 reduced price meal anytime during the determination year; plus

10 (c) An additional [~~\$800~~] **\$832** for each pupil in the ADMR who is an English language
11 learner anytime during the determination year; plus

12 2 Cost of an Opportunity for an Adequate Education; Special Education Services. RSA 198:40-a,
13 II(d) is repealed and reenacted to read as follows:

14 (d)(1) An additional \$2,185 for each pupil in the ADMR who is receiving special
15 education services with a category A disability, \$3,278 for each pupil in the ADMR who is receiving
16 special education services with a category B disability, and \$7,648 for each pupil in the ADMR who
17 is receiving special education services with a category C disability.

18 (2) For this subparagraph, "category A disability" applies to pupils receiving special
19 education services inside regular class 80 percent or more of the day; "category B disability" applies
20 to pupils receiving special education services inside regular class less than 80 percent of the day; and
21 "category C disability" applies to pupils receiving special education services in separate schools,
22 residential facilities, homebound, or hospital placements. Categories A, B, and C apply to pupils ages
23 5 through 21. Any pupil receiving special education services identified by the department that was
24 not identified in the department's data collection efforts to determine categories A, B, and C, shall
25 default to category A.

26 3 Effective Date. This act shall take effect July 1, 2025.

**HB 563-FN- FISCAL NOTE
AS INTRODUCED**

AN ACT relative to adequate education grant amounts for pupils receiving special education services.

FISCAL IMPACT:

Estimated State Impact				
	FY 2025	FY 2026	FY 2027	FY 2028
Revenue	\$0	\$0	\$0	\$0
<i>Revenue Fund(s)</i>	None			
Expenditures*	\$0	<u>FY 2026</u> District Adequacy - Approximately \$7.1M Charter School Grants - Approximately \$50K Education Freedom Accounts - Approximately \$44K Total - Approximately \$7.2M <u>FY 2027 and Beyond</u> Indeterminable, but similar magnitude expected (see methodology below)		
<i>Funding Source(s)</i>	Education Trust Fund			
Appropriations*	\$0	Statutory Open Appropriation		
<i>Funding Source(s)</i>	Education Trust Fund			

*Expenditure = Cost of bill

*Appropriation = Authorized funding to cover cost of bill

Estimated Political Subdivision Impact				
	FY 2025	FY 2026	FY 2027	FY 2028
Local Revenue	\$0	<u>FY 2026</u> Approximately \$7.1M <u>FY 2027 and Beyond</u> Indeterminable, but similar magnitude expected (see methodology below)		
Local Expenditures	\$0	\$0	\$0	\$0

METHODOLOGY:

This bill, effective for FY 2026, replaces the current special education (SPED) differentiated aid definition for students receiving (SPED) services with the following categories:

- Category A Disability – Student who is receiving SPED services for less than 80 percent of the school day

- Category B Disability – Student who is receiving SPED services for 80 percent or more of the school day
- Category C Disability – Student who is receiving SPED services in separate schools, residential facilities, or homebound/ hospital placements.
- “Catch All” – Student who is receiving SPED services within the categories, however, is not identified in such category as of the annual October 1 data collection date.

This bill will impact adequacy payments to school districts, charter school grants, and education freedom accounts (EFAs).

Disability Category	Estimated # Students		
	District Public Schools	Charter Public Schools	EFAs
Category A	22,077	583	360
Category B	5,007	46	40
Category C	325	0	0
"Catch All"	4,060	348	0
Grand Total	31,469	977	400

In addition to the SPED per pupil aid amount change, this bill also seeks to update the statute for base and other differentiated aid per pupil amounts with the 2% annual adjustment increase calculated by the Department of Education. Below is a summary of this bill’s impact on per pupil aid amounts:

Per Pupil Aid Amount	Current Law	Proposed	Increase / (Decrease)
Base Adequacy	\$4,265.64	\$4,266.00	\$0.36
<i>Differentiated Aid</i>			
Free-Reduced Price Meal Eligible	\$2,392.92	\$2,393.00	\$0.08
English Language Learner	\$832.32	\$832.00	(\$0.32)
Special Education	\$2,184.84	\$0.00	(\$2,184.84)
SPED - Category A	\$0.00	\$2,185.00	\$2,185.00
SPED - Category B	\$0.00	\$3,278.00	\$3,278.00
SPED - Category C	\$0.00	\$7,648.00	\$7,648.00
SPED - "Catch All"	\$0.00	\$2,185.00	\$2,185.00

District Adequacy

Based on the SPED data and per pupil aid amounts presented above, this bill will increase adequacy grants to school districts by an estimated \$7,139,756 in FY 2026:

	Current Law	Proposed	Increase
Adequacy Grant	\$716,948,319	\$724,088,075	\$7,139,756
Statewide Education Property Tax (SWEPT)	\$363,516,836	\$363,516,836	\$0
Final State Grant	\$1,080,465,155	\$1,087,604,911	\$7,139,756

Data for FY 2027 and FY 2028 is not yet available, therefore, this bill’s impact on district adequacy beyond FY 2026 is indeterminable, however expected to be in the \$7 million to \$8 million range per year.

Charter School Grants

Based on the SPED student data presented above, this bill would increase aid to charter schools by \$50,434 in FY 2026. Data to estimate FY 2027 and FY 2028 student counts is not yet available, therefore, this bill’s impact on charter school grants beyond FY 2026 is indeterminable, however expected to be approximately the same as the FY 2026 estimate.

Education Freedom Accounts (EFAs)

Based on the SPED student data presented above, this bill would increase EFAs by \$43,784 in FY 2026. Data to estimate FY 2027 and FY 2028 student counts is not yet available, therefore, this bill’s impact on EFAs beyond FY 2026 is indeterminable, however expected to be approximately the same as the FY 2026 estimate.

The Department notes that “point in time” counts done on October 1 are on a federal fiscal year (FFY) basis (FFY 23 = school year 2023-2024 = October 2023 counts), and there is an approximate six-month lag between when the “point in time” counts are available from the Bureau of Special Education to the Bureau of School Finance. Therefore, annual November 15th preliminary estimates will not be able to use current school year “point in time” counts. Also, the SPED “point in time” counts are done in the fall, which means the Bureau of School Finance wouldn’t be aware if a student shifted categories during the school year.

AGENCIES CONTACTED:

Department of Education