

HB 773-FN - AS INTRODUCED

2025 SESSION

25-0792
07/08

HOUSE BILL **773-FN**

AN ACT relative to aid to school districts for the cost of special education.

SPONSORS: Rep. Ladd, Graf. 5

COMMITTEE: Education Funding

ANALYSIS

This bill removes the requirement that catastrophic special education funds be prorated among the school districts entitled to such aid and requires that disbursements for special education to a school district shall be at least 80 percent of the district's entitlement for catastrophic aid costs in the 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 Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.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 Five

AN ACT relative to aid to school districts for the cost of special education.

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

1 1 Education; Special Education; State Aid. Amend RSA 186-C:18, III(a)-(b) to read as follows:
2 III.(a) The state board of education through the commissioner, department of education,
3 shall distribute aid available under this paragraph as entitlement to such school districts as have a
4 special education pupil for whose costs they are responsible, for whom the costs of special education
5 in the fiscal year exceed 3 **and** 1/2 times the estimated state average expenditure per pupil for the
6 school year preceding the year of distribution. [~~If in any year, the amount appropriated for~~
7 ~~distribution as special education aid in accordance with this section is insufficient therefor, the~~
8 ~~appropriation shall be prorated proportionally based on entitlement among the districts entitled to a~~
9 ~~grant.] If there are unexpended funds appropriated under this paragraph at the end of any fiscal
10 year, such funds shall be distributed for court-ordered placements and episodes of treatment under
11 RSA 186-C:19-b. The state may designate up to \$250,000 of the funds which are appropriated as
12 required by this paragraph, for each fiscal year, to assist those school districts which, under
13 guidelines established by rules of the state board of education, may qualify for emergency assistance
14 to mitigate the impact of special education costs. The state may designate up to an additional
15 \$250,000 of the funds which are appropriated under this paragraph for each fiscal year for any
16 community of 1,000 or fewer residents to mitigate the impact of special education costs when
17 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 times the estimated state average
27 expenditure per pupil for the school year preceding the year of distribution, plus 20 percent of the
28 additional cost, up to 10 times the estimated state average expenditure per pupil for the school year
29 preceding the year of distribution. ***The department of education shall distribute to the school***
30 ***district not less than 85 percent of the district's entitlement for catastrophic aid costs in***
31 ***the fiscal year.***~~

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- Page 2 -

1 2 Effective Date. This act shall take effect 60 days after its passage.

**HB 773-FN- FISCAL NOTE
AS INTRODUCED**

AN ACT relative to aid to school districts for the cost of special education.

FISCAL IMPACT: This bill does not provide funding.

Estimated State Impact				
	FY 2025	FY 2026	FY 2027	FY 2028
Revenue	\$0	\$0	\$0	\$0
<i>Revenue Fund(s)</i>	None			
Expenditures*	\$0	Indeterminable Increase - See Methodology		
<i>Funding Source(s)</i>	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 2025	FY 2026	FY 2027	FY 2028
Local Revenue	\$0	\$0	\$0	\$0
Local Expenditures	\$0	Indeterminable Increase - See Methodology		

METHODOLOGY:

This bill amends the proration provision for the determination of special education (SPED) aid to school districts under RSA 186-C:18, however, it is unclear if it eliminates it or sets it at not less than 85% of the entitlement amount. Under current law, SPED aid reimbursement requests are prorated based on the appropriation available from the state operating budget. Currently, the Department of Education does not have authority to draw additional funds to make payments that exceed amounts appropriated, nor is it provided by this bill. At the time of the development of the state operating budget, amounts that will be needed for SPED aid payments is not known, as they are based on actual prior school year costs (FY 2026 = 2024-2025 school year and FY 2027 = 2025-2026 school year).

The Department of Education states this bill's impact on state expenditures and local district revenue is indeterminable as the number of students that could qualify each year cannot be predicted. The total amount of claims submitted for SPED aid for school year 2023-2024 (FY 2025) was \$50,273,602. The FY 2025 appropriation is \$33,917,000, resulting in a proration of

67.5%. Based on those figures, if there is no proration provision SPED aid would increase by \$16,356,602, or more, per year beginning in FY 2026. If the proration provision was set at 85%, the aid amount would be \$42,732,562, resulting in an annual increase of \$8,815,562.

AGENCIES CONTACTED:

Department of Education