

Senate Education Finance Committee

Karen Davis 271-7875

SB 584-FN, increasing the amount of funding provided for students receiving special education services.

Hearing Date: January 22, 2026

Time Opened: 10:00 am

Time Closed: 10:35 am

Members of the Committee Present: Senators Murphy, Innis, Ward, Rosenwald and Altschiller

Members of the Committee Absent: Senator Carson

Bill Analysis: This bill increases the amount of funding provided for students receiving special education services.

Sponsors:

Sen. Prentiss

Sen. Long

Sen. Watters

Sen. Rosenwald

Sen. Fenton

Sen. Perkins Kwoka

Sen. Altschiller

Who supports the bill: Hon. Marjorie Porter, Lorna Carlisle, Curtis Hamilton, Zack Sheehan (NHSFFP), David Trumble, Micaela Demeter (Dover School Board), Christopher Bober, Delaney Carrier, Shirley Montgomery, Richard Denmark, James Newcomb, 149 Online

Who opposes the bill: Julie Smith, Daniel Richardson, Cindy Kudlik

Who is neutral on the bill: Mark Manganiello, NH Department of Education

Summary of testimony presented in support:

Pete Mulvey, Director of Policy and Communications, Senate Minority Office – Introduced the bill on behalf of Prime Sponsor, **Sen. Sue Prentiss**

- This bill substantially raises the per-pupil differentiated aid amount which is included in the definition of an “adequate education.”
- It increases the \$2,100 per student that the state currently pays for special education services.
- That amount would be raised to \$16,000 per student beginning on July 1, 2026.

- Sen. Prentiss requested a committee amendment, if this bill passes, to change the effective date to July 1, 2027.
- The bill amends RSA 198:40-a, which governs how the state calculates the cost of an adequate education for each municipality.
- It seeks to better reflect the actual cost of providing special education services so that the state pays more instead of shifting the burden to local property taxpayers.
- The goal is to correct a long-standing funding shortfall that has been borne by local municipalities in supporting their students with disabilities.

Hon. Marjorie Porter, Hillsborough, NH – Former NH State Representative

- Ms. Porter said that it is school budget time in Hillsborough as it is everywhere in New Hampshire.
- Her town’s school board is working on ways to keep taxes from being raised.
- 22% of their budget goes towards special education costs, but the amount of aid they receive is 0.3% of their revenues.
- Federal and state aid for special education services has been inadequate to cover the expenses.
- 62% of the town’s revenues come from property taxpayers, which has caused tensions to rise between the school and local residents.
- Ms. Porter urged passage of this bill because "this is unsustainable."

Lorna Carlisle, Merrimack Valley School Board

- Ms. Carlisle is a school board member, but she speaks for herself as a taxpayer.
- Taxes keep going up and people are getting furious, which is pitting taxpayers against the school budget.
- Last year, \$2 million was taken out of their budget. They are currently “digging out of a hole.”
- If we have a special needs student come into our district, we are mandated to take care of their needs. If we can’t meet those needs, the transportation costs can run up to \$100,000 to send that student to another district.
- Something needs to be done to address this issue.

Curtis Hamilton, Vice Chair of Contoocook Valley (ConVal) School Board

- Mr. Hamilton supports this bill on behalf of the entire ConVal School Board.
- The bill addresses a fundamental flaw in how NH funds special education.
- School districts have a legal, financial and moral obligation to provide special education services.
- They are currently receiving a modest adequacy “add-on” for special education students, while higher costs are reimbursed after the fact and often prorated.

- ConVal’s expenditures for special education have increased from approximately \$9.5 million in 2016 to \$17.5 million in 2025. The number of students receiving special services in our district has increased over that time.
- State support has not kept pace with these rising costs.
- In 2025, total state special education aid to ConVal, including both differentiated aid and reimbursement, was 7.57%, down from 12.23% in 2016.
- This bill will strengthen special education within the adequacy formula, thereby reducing the share of mandated costs that must be raised locally.
- Data shows that the average cost of per-pupil special education services remains well above the \$16,000 amount proposed in this bill.
- This bill recognizes those costs upfront, rather than continuing to shift them onto local communities.

Zack Sheehan, Executive Director, NH School Funding Fairness Project

- This bill addresses a fundamental issue in NH’s school funding system, namely how the state has underfunded its share of the costs of special education services.
 - Mr. Sheehan said that over 30,000 NH students receive services through an Individualized Education Program (IEP).
 - The amount of special education differentiated aid provided by the state is currently around \$2,100 per student. When factoring in other forms of special education aid, the state’s average contribution was \$3,285 per student.
 - In 2023-24, special education expenditures accounted for nearly \$980 million, or about 25% of all public education spending statewide.
 - However, local property taxes fund approximately 83% of special education costs, which violates previous court rulings.
 - Mr. Sheehan supports the “measured” approach that this bill takes in addressing this issue. The bill would increase by around 50% the average additional cost of providing services to an IEP student.
 - It also provides a legislative response to the *ConVal* ruling, which found that the state was severely underfunding special education services.
 - This bill is a step in the right direction “that recognizes both fiscal realities and constitutional obligations.”
- **Q: Sen. Altschiller** – In the Rand case, was there any prescriptive action included in that ruling?
 - **A: Mr. Sheehan** – Judge Ruoff did not include a specific amount or date. That case was appealed to the Supreme Court, where the ruling is pending.
 - **Q: Sen. Altschiller** – Did Judge Ruoff find that the current \$2,100 allotted for each special education student to be unconstitutional?

- A: **Mr. Sheehan** - Yes, that was the finding in that case.

David Trumble, Weare, NH

- Special education students have a legal right to receive a free and appropriate education in public school.
- They also have a right to a comparable education to students who do not have disabilities. These rights are established by federal law.
- Mr. Trumble cited the following statistics – the state provides 11% of the cost of special education, the federal government provides 6%, which leaves 83% for the towns and cities to pick up.
- Under the NH Constitution, the state is supposed to pay for all students to be educated, including special education students. This obligation was reinforced by the *Claremont* and *Londonderry* court rulings.
- This lack of state funding for special education leads to funding choices that affect all children in this state.

Micaela Demeter, Dover School Board

- Ms. Demeter said she is representing the Dover School Board.
- As one of the larger communities in the state, Dover has an annual per student expenditure of approximately \$3,400 less than the statewide average.
- However, the district spends on average about \$3,000 more than statewide additional costs for students in special education.
- The state’s current contribution to special education “barely touches the true costs” to school districts and that causes them to struggle to make up the difference.
- The state’s adequacy formula must be revised to cover the real costs to educate students with disabilities. Costs of transporting special education students are going up significantly.
- “It’s beyond time to address this urgent problem”, Ms. Demeter said.

Neutral Information Presented:

Mark Manganiello, Bureau of School Finance, NH Department of Education

- The fiscal note is working its way through the process.
- Mr. Manganiello said that this bill would cost \$450 million of the Education Trust Fund if it was enacted.

- Q: **Sen. Altschiller** – Please break down that \$450 estimate.
- A: **Mr. Manganiello** - \$420 million for district adequacy aid, and \$15 million for both EFA state aid and charter schools state aid.

KJD

Date Hearing Report completed: January 25, 2026