

Amendment to HB 1563-FN-LOCAL

1 Amend the title of the bill by replacing it with the following:

2

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

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6 Amend the bill by replacing all after the enacting clause with the following:

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8 1 Legislative Intent. It is the intent of the general court to reduce administrative burden on
9 school districts and the department, expedite reimbursement of state special education aid, and
10 ensure appropriate stewardship of state funds through a risk-based monitoring methodology.

11 2 Education; Special Education; State Aid. Amend RSA 186-C:18, III to read as follows:

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

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1 used for such emergency assistance purposes, the funds shall be used to assist school districts in
2 meeting special education cost increases in their special education programs as provided by this
3 paragraph.

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

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

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

12 ***(2) 85 percent of the portion of costs exceeding 2.5 times, but not exceeding***
13 ***3.5 times, the state average expenditure per pupil.***

14 ***(3) 20 percent of the portion of costs exceeding 3.5 times, but not exceeding 10***
15 ***times, the state average expenditure per pupil.***

16 ***(4) 10 percent of the portion of costs exceeding 10 times the state average***
17 ***expenditure per pupil.***

18 ~~[(c) The department of education shall be liable for 80 percent of the cost above the 3 1/2~~
19 ~~times the estimated state average expenditure per pupil for the school year preceding the year of~~
20 ~~distribution, up to 10 times the estimated state average expenditure per pupil for the school year~~
21 ~~preceding the year of distribution. The department of education shall be liable for all costs in excess~~
22 ~~of 10 times the estimated state average expenditure per pupil for the school year preceding the year~~
23 ~~of distribution.]~~

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

27 ***(1) 15 percent of the portion of costs exceeding 2.5 times, but not exceeding***
28 ***3.5 times, the state average expenditure per pupil.***

29 ***(2) 80 percent of the portion of costs exceeding 3.5 times, but not exceeding 10***
30 ***times, the state average expenditure per pupil.***

31 ***(3) 90 percent of the portion of costs exceeding 10 times the state average***
32 ***expenditure per pupil.***

33 3 New Paragraph; Education; Special Education; State Aid. Amend RSA 186-C:18 by inserting
34 after paragraph XI the following new paragraph:

35 XII. A district shall be deemed eligible for special education aid when the costs associated
36 with an individual student, after offsets applied by the district for the benefit of the student and for

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1 other available revenue sources, exceed 2 and 1/2 times of the expenditure per pupil pursuant to
2 subparagraph III(a).

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

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

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

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

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

26 4 New Section; Special Education; Administration and Monitoring of State Special Education
27 Aid. Amend RSA 186-C by inserting after section 18 the following new section:

28 186-C:18-a Administration and Monitoring of State Special Education Aid.

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

32 II. The report shall include, at minimum:

33 (a) A student identifier;

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

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

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

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

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

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

7 (b) The monitoring program shall include:

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

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

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

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

15 (c) If systemic errors are identified, the department may take additional measures,
16 including:

17 (1) Conducting a full review of the past years of submissions;

18 (2) Requiring districts to enter into an agreement with an independent auditor to
19 complete an audit of expenditures under this program;

20 (3) Requiring additional review and certification of expenditures by the local school
21 board; and

22 (4) Other measures deemed appropriate.

23 V. For districts selected for review, the department may examine invoices, individualized
24 education programs (IEPs), service documentation, expenditure records, and any other
25 documentation necessary to verify eligibility and accuracy of reported costs.

26 VI.(a) The department shall adjust reimbursement amounts based on monitoring findings.

27 (b) Overpayments shall be subject to recoupment.

28 (c) The department may require corrective action plans for districts demonstrating
29 systemic errors or noncompliance.

30 VII. The department shall adopt rules pursuant to RSA 541-A to implement this section,
31 including reporting formats, certification requirements, monitoring standards, appeal procedures,
32 and recoupment processes.

33 5 Effective Date. This act shall take effect July 1, 2028.

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2026-1086h

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.