

HB 115-FN - FINAL VERSION

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2025 SESSION

25-0061
07/02

HOUSE BILL

115-FN

AN ACT making temporary appropriations for the expenses and encumbrances of the state of New Hampshire.

SPONSORS: Rep. McDonnell, Rock. 25; Rep. Ladd, Graf. 5; Rep. Noble, Hills. 2; Rep. Soti, Rock. 35; Rep. Verville, Rock. 2; Rep. Cordelli, Carr. 7; Rep. Sweeney, Rock. 25; Rep. Seidel, Hills. 29; Rep. Alexander Jr., Hills. 29; Rep. Weyler, Rock. 14; Sen. Murphy, Dist 16; Sen. Ward, Dist 8; Sen. Sullivan, Dist 18; Sen. Innis, Dist 7

COMMITTEE: Education Funding

AMENDED ANALYSIS

This bill makes temporary appropriations for the expenses and encumbrances of the state of New Hampshire from July 1, 2025 until an operating budget is enacted but in no event later than January 1, 2026.

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Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.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 making temporary appropriations for the expenses and encumbrances of the state of New Hampshire.

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

1 1 Rate of Expenditures; State Agencies.

2 I.(a) Each state agency or state entity for which the general court appropriated funds for its
3 operating budget for fiscal year 2025 shall obligate additional funds for expenditures during the period this
4 act is in effect at a rate not in excess of 45 percent of, and for the same purposes of, the appropriations for
5 fiscal year 2025 contained in HB 1 of the 2023 regular legislative session (2023, 106), with any authorized
6 adjustments made to fiscal year 2025 appropriations as contained in the October 1, 2024 agency budget
7 submissions pursuant to RSA 9:4, I plus any additional appropriation needs associated with payroll during
8 the period of this act, unless due to an emergency it shall be otherwise authorized by the governor with
9 the advice and consent of the council with prior approval of the fiscal committee of the general court. For
10 the purposes of this act, the provisions of HB 2 of the 2023 regular legislative session (2023,79) which
11 relate to the 2024-2025 biennium shall apply; and

12 (b) Enactment of this legislation shall constitute acceptance by the state of federal funds in
13 such amounts as under applicable state or federal law shall be necessary to give effect to the provisions
14 of this act and shall further constitute the appropriation of such state funds as under federal law shall be
15 required to be added to such federal funds as a condition of their transfer to the state. The authorization
16 provided in this act shall be deemed to be a budget within the meaning of RSA 9; and

17 (c) Funds subject to obligation under this act shall be deemed subject to transfer under the
18 provisions of RSA 9:16 through 9:17-d, with prior approval of the fiscal committee of the general court.
19 The governor is authorized by and with the advice and consent of the council to draw warrants for the
20 sums necessary to discharge obligations authorized by this act out of any money in the treasury not
21 otherwise appropriated or, in the case of special funds, out of any such special funds. Expenditures
22 obligated under authority of this act shall be charges upon any appropriations subsequently enacted with
23 respect to identical purposes and periods.

24 II. The provisions of RSA 9 inconsistent with the provisions of this act and the provisions of any
25 other statutes so inconsistent are hereby suspended to the extent of such inconsistencies during the time
26 this act is in effect. The state of New Hampshire hereby indemnifies any state official, commissioner,
27 trustee, or other person having control of public funds appropriated by the general court for any liability
28 personally incurred because of the provisions of RSA 9:19 and RSA 9:20 for whatever period of time
29 elapses from 12:01 a.m. July 1, 2025, until the time that the provisions of this act making temporary
30 appropriations become law.

31 2 Applicability. Section 1 of this act shall take effect July 1, 2025 and shall continue in effect until an
32 operating budget is enacted into law but in no event later than January 1, 2026.

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- 1 3 Effective Date.
- 2 I. Section 1 of this act shall take effect as provided in section 2 of this act.
- 3 II. The remainder of this act shall take effect July 1, 2025.
- 4
- 5 VETOED July 15, 2025 | Veto Sustained December 17, 2025

**HB 115-FN- FISCAL NOTE
AS INTRODUCED**

AN ACT relative to universal eligibility for the education freedom account program.

FISCAL IMPACT:

Estimated State Impact				
	FY 2025	FY 2026	FY 2027	FY 2028
Revenue	\$0	\$0	\$0	\$0
Revenue Fund(s)	None			
Expenditures*	\$0	Indeterminable		
Funding Source(s)	Education Trust Fund			
Appropriations*	\$0	Statutory Appropriation Under RSA 194-F:11 for Any Amount Necessary to Fund Program		
Funding Source(s)	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	Indeterminable		
Local Expenditures	\$0	Indeterminable		

METHODOLOGY:

This bill eliminates the income requirement for eligibility for the education freedom account (EFA) program. As of September 2024, 5,321 students were in the EFA program with an annualized cost estimated at \$27.7 million with the grant averaging \$5,204 per student. The average adequacy education grant (FY 2026 preliminary estimates as of November 15, 2024) to public district schools is \$7,108, which includes cost of an opportunity for an adequate education, and extraordinary needs and hold harmless grants. Students entering the program under this bill would likely receive a grant less than the current average, since the newly eligible population would not be eligible for free or reduced-priced meal (F&R) differentiated aid. It is estimated that the average EFA grant for the newly eligible population under this bill would be approximately \$4,419 (assuming 7% are eligible for special education differentiated aid).

The Department of Education states this bill will result in an indeterminable number of new students accessing the program. The following is information relative to the different situations in which a student may access the EFA program:

- Students accessing the program attending non-public schools or home education settings would likely receive an estimated average grant of \$4,419. This would be an increased cost to the state as these students currently do not receive any state support.
- Students leaving a charter public school would have a net cost savings to the state of \$5,098; approximately \$9,517 (current charter school per pupil rate based on 7% special education differentiated aid eligibility) - \$4,419 (average new EFA) = \$5,098.
- Students leaving a traditional district system would have a net cost to the state if the student left a community that has statewide education property tax (SWEPT) collections in excess of its calculated cost of an opportunity for an adequate education (“excess SWEPT”). The cost would be the average new EFA grant of \$4,419 per student.
- Students leaving a non-excess SWEPT community would see the adequacy grant go to the EFA program for educating the student instead of the school district. This should result in a net neutral cost to the state, as there would be cost for the EFA grant (\$4,419) and a decrease in local school district aid for the student (\$4,419). However, there would be a cost to the state due to the EFA phase-out grant being paid. The EFA phase-out grant compensates districts at a rate of 50 cents on the dollar in year one and 25 cents in year two, for the cost of an adequate education grant portion only for any student leaving the district and going to the EFA program. Therefore, this grant would cost on average \$2,209.50 for each student leaving a district (50 percent of \$4,419) in year one. Under current law, phase-out grants will terminate for new EFA students receiving an EFA effective July 1, 2026 (FY 2027).

As students potentially leave traditional district schools and join the EFA program, districts may feel pressure to reduce their local expenditures to better fit the reduced population served. It is unknown the impact this would have on local expenditures, but this could potentially result in an indeterminable decrease.

It should be noted, that under current law, EFA and charter school grants are paid based on current year enrollments, while district adequacy grants are paid based on the previous school year enrollments (one year lag).

AGENCIES CONTACTED:

Department of Education