

HB 550-FN - AS INTRODUCED

2025 SESSION

25-0233

02/11

HOUSE BILL ***550-FN***

AN ACT modifying the base cost of an adequate education.

SPONSORS: Rep. Luneau, Merr. 9

COMMITTEE: Education Funding

ANALYSIS

This bill increases the base cost of an adequate education and expands the definition of an adequate education.

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 Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.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 modifying the base cost of an adequate education.

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(a) 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~~] **\$7,356.01** per pupil in the ADMR, plus differentiated aid as follows:

8 2 Cost of an Adequate Education. Amend RSA 193-E:2-b, I to read as follows:

9 I. The general court shall use the definition of the opportunity for an adequate education in
10 RSA 193-E:2-a to determine the resources necessary to provide essential programs, considering
11 educational needs. The general court shall make an initial determination of the necessary specific
12 resource elements to be included in the opportunity for an adequate education. ***The necessary***
13 ***specific resource elements shall include the costs for teachers, teacher benefits, student***
14 ***teacher ratios, principals, administrative assistants, school counselors, library-media***
15 ***specialists, technology coordinators, custodians, nurse services, instructional materials,***
16 ***technology, professional development, facilities operation and maintenance, and***
17 ***transportation. The general court shall update the cost of an adequate education at least***
18 ***every 2 years. The general court shall use evidence from actual costs from all approved***
19 ***schools to determine the cost of an adequate education.***

20 3 Effective Date. This act shall take effect July 1, 2025.

**HB 550-FN- FISCAL NOTE
AS INTRODUCED**

AN ACT modifying the base cost of an adequate education.

FISCAL IMPACT:

Estimated State Impact				
	FY 2025	FY 2026	FY 2027	FY 2028
Revenue	\$0	\$0	\$0	\$0
Revenue Fund(s)	None			
Expenditures*	\$0	FY 2026 District Adequacy - Approximately \$454.5M Charter School Grants - Approximately \$24.3M Education Freedom Accounts - Approximately \$20.1M Total - Approximately \$498.9M FY 2027 and Beyond Indeterminable, but similar magnitude expected (see methodology below)		
Funding Source(s)	Education Trust Fund			
Appropriations*	\$0	Statutory Open Warrant ¹		
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	<u>FY 2026</u> Approximately \$454.5M <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, increases the base aid amount for the cost of an opportunity for an adequate education under RSA 198:40-a, II(a) as follows:

	FY 2026	FY 2027	FY 2028
Current Law	\$4,265.64	\$4,350.95	\$4,437.97
Proposed	\$7,356.01	\$7,503.13	\$7,653.19

Increase	\$3,090.37	\$3,152.18	\$3,215.22
-----------------	-------------------	-------------------	-------------------

This change will impact district adequacy grants, charter school grants, and education freedom accounts (EFAs).

District Adequacy

Based on preliminary data, this bill will increase adequacy grants to school districts by an estimated \$454,496,789 in FY 2026:

	Current Law	Proposed	Increase
Adequacy Grant	\$716,948,319	\$1,171,445,108	\$454,496,789
Statewide Education Property Tax (SWEPT)	\$363,516,836	\$363,516,836	\$0
Final State Grant	\$1,080,465,155	\$1,534,961,944	\$454,496,789

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 \$460 million to \$470 million range per year.

Charter School Grants

Based on the estimated student count of 7,868, this bill would increase aid to charter schools by \$24,315,031 in FY 2026 (\$3,090.37 x 7,868 students). 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 \$25 million per year.

Education Freedom Accounts (EFAs)

Based on the estimated student count of 6,500 this bill would increase EFAs by \$20,087,405 in FY 2026 (\$3,090.37 x 6,500 students). 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 \$20 million per year.

¹ Statutorily, the Department of Education may draw a warrant to make all necessary district adequacy, charter school grant, and EFA payments, regardless of available funds in the education trust fund, with any deficit at the end of the fiscal year covered by the general fund. It should be noted that the most recently available preliminary draft (November 13, 2024) of the FY 2024 State of New Hampshire Annual Comprehensive Financial Report (ACFR) reports the following balances, as of June 30, 2024 (actual amounts may differ when final audited report is released):

Education Trust Fund..... \$158.9 million

General Fund..... \$79.7 million
Revenue Stabilization Reserve Account..... \$292.5 million
("Rainy Day Fund")

AGENCIES CONTACTED:

Department of Education