

HB 583-FN-LOCAL - AS INTRODUCED

2025 SESSION

25-0022

07/02

HOUSE BILL

583-FN-LOCAL

AN ACT relative to state participation in the Medicaid direct certification program for free and reduced price school meals.

SPONSORS: Rep. Telerski, Hills. 11; Rep. M. Murray, Hills. 37; Rep. Mandelbaum, Rock. 21; Rep. N. Murphy, Hills. 12; Rep. Long, Hills. 26; Sen. Long, Dist 20

COMMITTEE: Education Funding

ANALYSIS

This bill requires the department of education to seek participation in the Medicaid direct certification methodology for school meals program for free and reduced price meals for students in public kindergarten, elementary, and secondary schools.

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 Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.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 state participation in the Medicaid direct certification program for free and reduced price school meals.

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

1 1 Department of Education; Application for Medicaid Direct Certification Program; Public
2 Kindergarten, Elementary, and Secondary Schools. The department of education shall seek
3 participation in the Demonstration Projects to Evaluate Direct Certification with Medicaid
4 administered by the United States Department of Agriculture (USDA). The department of health
5 and human services shall assist the department of education as needed in pursuing and
6 implementing this new direct certification methodology.

7 2 Effective Date. This act shall take effect upon its passage.

HB 583-FN-LOCAL- FISCAL NOTE
AS INTRODUCED

AN ACT relative to state participation in the Medicaid direct certification program for free and reduced price school meals.

FISCAL IMPACT: This bill does not provide funding, nor does it authorize new positions.

Estimated State Impact				
	FY 2025	FY 2026	FY 2027	FY 2028
Revenue	\$0	\$0	\$0	\$0
Revenue Fund(s)	None			
Expenditures*	\$0	<u>Adequacy Grant Impact</u> FY 2026 - \$0 FY 2027 - Indeterminable Increase (first year of charter school grant and EFA impact) FY 2028 - Indeterminable Increase (first year of district adequacy impact) When fully implemented, impact could be up to \$49 million per year (see methodology below) <u>Nutrition Program State Aid</u> \$81K Increase Per Year <u>Staffing and Contract Costs</u> \$152K in FY 2026, \$104K in FY 2027, and \$107K in FY 2028		
Funding Source(s)	General Fund and Education Trust Fund			
Appropriations*	\$0	\$0	Statutory Open Appropriation Exists for Adequacy Aid	
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>Adequacy Grant Impact</u> FY 2026 and FY 2027 - \$0 FY 2028 - Indeterminable increase up to or exceeding \$48M per year (see methodology below) <u>Nutrition Program</u> State Aid - Increase of \$81K Per Year Federal Funds - Indeterminable Increase Local Food Sales - Indeterminable Decrease		

Local Expenditures	\$0	\$0	\$0	\$0
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METHODOLOGY:

The bill requires the Department of Education (NHED) to seek participation in the United States Department of Agriculture's (USDA) Demonstration Projects to Evaluate Direct Certification with Medicaid program. This program allows states to certify a student's eligibility for free and reduced-price meals (F&R) using Medicaid eligibility. To be eligible, the Medicaid eligibility determination must meet equivalent incomes standards which are used to access the F&R program. Upon passage of this bill, the earliest NHED could apply to the USDA would be September 30th, 2025. If the application is approved, the earliest the USDA would allow the program to go into effect is for school year 2026–2027. By allowing Medicaid to be used as part of direct certification to determine F&R eligibility, adequacy programs that pay additional funding for each F&R pupil will likely see an increase in spending (e.g., district public school adequacy, charter public school adequacy, and education freedom account adequacy). Additionally, NHED provides state and federal funding for districts and charters to provide meals at free and reduced prices. According to data NHED received from the Department of Health and Human Services (DHHS), New Hampshire has approximately 51,739 children ages 5 through 18 which were enrolled in Medicaid as of October 2024 and eligible for free and reduced-price meals.

Education Funding Impact

Based on the data and assumptions outlined below, the Department of Education (NHED) states education trust fund expenditures in FY 2027 and beyond could be increased up to, or exceeding, \$49 million, with most of the increases occurring in FY 2028 and beyond.

For school year 2024-2025, NHED estimates 40,874 district public school students will be F&R eligible. The Medicaid Direct Certification process could identify 51,379 F&R students, based on information provided by the Department of Health and Human Services (DHHS). However, some of those students might have selected an educational pathway other than their district public school. Out of all district, charter, or education freedom account (EFA) students, district schools are responsible for educating approximately 92% of students within the state funded educational pathways. Therefore, it is estimated approximately 47,687 district students will be identified as F&R eligible under the proposed Medicaid Direct Certification program, which is an increase of 16.68% increase.

District Adequacy – When the 47,687 F&R students are considered in the district adequacy formula, the increase in adequacy is estimated to be \$48 million due to the increase in F&R

differential aid and the extraordinary needs grant. This aid increase would impact FY 2028 and beyond.

Charter Adequacy – If charter schools experience a 16.68% increase in F&R students, the approximate charter adequacy F&R differential aid increase would be approximately \$450,000. This is calculated by taking 16.68% of the total F&R differential aid in FY 2024 of \$2.57 million and applying a compounding 2% aid boost over the subsequent fiscal years. This aid increase would impact FY 2027 and beyond.

EFA Adequacy – If the EFA program experiences a 16.68% increase in F&R students, the approximate increase in EFA adequacy would be approximately \$750,000. This is calculated by taking 16.68 percent the total F&R differential aid in FY 2024 of \$4.3 million and applying a compounding 2% aid boost over the subsequent fiscal years. This aid increase would impact FY 2027 and beyond.

Nutrition Program Aid Impact

District schools serving an approximate increase of 6,800 students would have an impact on State spending on school nutrition, as the state general fund reimburses breakfast for F&R eligible students. Approximately, 85% of F&R students are “free” and 15% are “reduced”. Using that information, and assuming the newly eligible student have 100 percent breakfast participation for all 180 days breakfast is served within a school year, the general fund impact would be approximately \$81,000.

Meal Program	New Students	Pay Rate	Estimate
Free Breakfast	5,791	\$0.03	\$31,271
Reduced Breakfast	1,022	\$0.27	\$49,669
Total State General Funds			\$80,940

The districts would receive these additional general fund dollars in the form of revenue. Additionally, districts would receive an increase federal funding from the USDA for both breakfast and lunch programs by serving these newly eligible students. While federal and state revenue would increase, districts would see a loss in local food service sales revenue as the local sales revenue for the nutrition program is replaced with state and federal funding. This is assumed to have a net neutral impact on total district revenue. However, students identified by Medicaid direct certification may not be currently accessing their school’s nutrition program and the proposed bill could increase overall participation in school nutrition, which would increase local revenue and local expenditures.

Department of Education Staffing/Contract Costs

To administer the increase in program participation, NHED states it would need one new position (Miscellaneous Business Operations Specialist, SOC 13-5, step 3) at an estimated cost of \$102,000 in FY 2026, \$104,000 in FY 2027, and \$107,000 in FY 2028, assuming a start date of July 1, 2025. This bill provides neither appropriation nor authorization for new personnel.

Also, the Department states in FY 2026 it would expend an additional \$50,000 relative to changes needed to the data system, which currently is able to receive direct certification data from other DHHS programs such as SNAP & TANF, but not the Medicaid program.

Department of Health and Human Services Impact

The Department of Health and Human Services (DHHS) states it anticipates that this bill may require system and process changes to New HEIGHTS, its eligibility maintenance system. This would be an estimated one-time general fund cost of \$25,000 in FY 2026.

AGENCIES CONTACTED:

Department of Education and Department of Health and Human Services