

HB 603-FN-A - AS INTRODUCED

2025 SESSION

25-0293

02/05

HOUSE BILL

603-FN-A

AN ACT relative to increasing the adequacy grant for pupils receiving special education services.

SPONSORS: Rep. H. Howard, Straf. 4; Rep. Damon, Sull. 8; Rep. Selig, Straf. 10; Rep. Wheeler, Hills. 33; Rep. A. Murray, Hills. 20; Rep. N. Germana, Ches. 15; Sen. Prentiss, Dist 5; Sen. Watters, Dist 4

COMMITTEE: Education Funding

ANALYSIS

 This bill increases the annual cost of an adequate education for each pupil in ADMR receiving special education services.

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 Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.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 increasing the adequacy grant for pupils receiving special education services.

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 to read as follows:

2 198:40-a Cost of an Opportunity for an Adequate Education.

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 per pupil in the ADMR, plus differentiated aid as follows:

8 (b) An additional \$2,300 for each pupil in the ADMR who is eligible for a free or reduced
9 price meal anytime during the determination year; plus

10 (c) An additional \$800 for each pupil in the ADMR who is an English language learner
11 anytime during the determination year; plus

12 (d) An additional [~~\$2,100~~] **\$29,556** for each pupil in the ADMR who is receiving special
13 education services anytime during the determination year.

14 III. The sum total calculated under paragraph II shall be the cost of an adequate education.
15 The department shall determine the cost of an adequate education for each municipality based on
16 the ADMR of pupils who reside in that municipality.

17 2 Effective Date. This act shall take effect July 1, 2025.

**HB 603-FN-A- FISCAL NOTE
AS INTRODUCED**

AN ACT relative to increasing the adequacy grant for pupils receiving special education services.

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 \$841.5M Charter School Grants - Approximately \$26.8M Education Freedom Accounts - Approximately \$10.9M Total - Approximately \$879.2M 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 \$841.5M <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 differentiated aid amount for students receiving special education services under the cost of an opportunity for an adequate education in RSA 198:40-a, II, as follows:

	FY 2026	FY 2027	FY 2028
Current Law	\$2,184.84	\$2,228.54	\$2,273.11
Proposed	\$29,556.00	\$30,147.12	\$30,750.06
Increase	\$27,371.16	\$27,918.58	\$28,476.95

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 \$841,493,389 in FY 2026:

	Current Law	Proposed	Increase
Adequacy Grant	\$716,948,319	\$1,558,441,708	\$841,493,389
Statewide Education Property Tax (SWEPT)	\$363,516,836	\$363,516,836	\$0
Final State Grant	\$1,080,465,155	\$1,921,958,544	\$841,493,389

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 \$840 million to \$850 million range per year.

Charter School Grants

Based on the estimated student count of 978 receiving special education services, this bill would increase aid to charter schools by \$26,768,994 in FY 2026 (\$27,371.16 x 978 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 \$27 million per year.

Education Freedom Accounts (EFAs)

Based on the estimated student count of 400 receiving special education services, this bill would increase EFAs by \$10,948,464 in FY 2026 (\$27,371.16 x 400 students). Data to estimate FY 2027 and FY 2028 student counts is not yet available, therefore, this bill's impact on education freedom accounts beyond FY 2026 is indeterminable, however expected to be approximately \$11 million per year.

¹Statutorily, the Department of Education may draw a warrant to make all necessary district adequacy, charter school grant, and EFA grant 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 from 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