

HB 742-FN-A - AS INTRODUCED

2025 SESSION

25-0784
07/08

HOUSE BILL **742-FN-A**

AN ACT requiring catastrophic special education state aid funding to be drawn from the education trust fund.

SPONSORS: Rep. Luneau, Merr. 9; Rep. Balboni, Rock. 38; Rep. Cornell, Hills. 22; Rep. Damon, Sull. 8; Rep. M. Hall, Merr. 9; Rep. Woodcock, Carr. 1; Sen. Fenton, Dist 10; Sen. Prentiss, Dist 5

COMMITTEE: Education Funding

ANALYSIS

This bill:

I. Removes the prorated distribution requirement for in instances of insufficient special education funding.

II. Requires funding for special education programs be drawn from the education trust fund.

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 Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.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 requiring catastrophic special education state aid funding to be drawn from the education trust fund.

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

1 1 Education; Special Education; State Aid. Amend RSA 186-C:18, III(a) to read as
2 follows:

3 III.(a) The state board of education through the commissioner, department of education,
4 shall distribute aid available under this paragraph as entitlement to such school districts as have a
5 special education pupil for whose costs they are responsible, for whom the costs of special education
6 in the fiscal year exceed 3 /2 times the estimated state average expenditure per pupil for the school
7 year preceding the year of distribution. ~~[If in any year, the amount appropriated for distribution as~~
8 ~~special education aid in accordance with this section is insufficient therefor, the appropriation shall~~
9 ~~be prorated proportionally based on entitlement among the districts entitled to a grant. If there are~~
10 ~~unexpended funds appropriated under this paragraph at the end of any fiscal year, such funds shall~~
11 ~~be distributed for court-ordered placements and episodes of treatment under RSA 186-C:19 b. The~~
12 ~~state may designate up to \$250,000 of the funds which are appropriated as required by this~~
13 ~~paragraph, for each fiscal year, to assist those school districts which, under guidelines established by~~
14 ~~rules of the state board of education, may qualify for emergency assistance to mitigate the impact of~~
15 ~~special education costs. The state may designate up to an additional \$250,000 of the funds which are~~
16 ~~appropriated under this paragraph for each fiscal year for any community of 1,000 or fewer residents~~
17 ~~to mitigate the impact of special education costs when emergency assistance is necessary to prevent~~
18 ~~significant financial harm to such district or community. Upon application to the commissioner of~~
19 ~~education, and approval by the commissioner, such funds may be accepted and expended by school~~
20 ~~districts in accordance with this chapter; provided, however, that if a school district has received~~
21 ~~emergency assistance funds for certain children with disabilities, it shall not receive special~~
22 ~~education aid for those same children with disabilities. If any of the funds designated for emergency~~
23 ~~assistance under this paragraph are not used for such emergency assistance purposes, the funds~~
24 ~~shall be used to assist school districts in meeting special education cost increases in their special~~
25 ~~education programs as provided by this paragraph.]~~

26 2 Education; Special Education; State Aid. Amend RSA 186-C:18, IV to read as follows:

27 IV. ~~[The state shall appropriate an amount for each fiscal year to assist special education~~
28 ~~programs that are statewide in their scope, and that meet the standards for such programs~~
29 ~~established by the state board of education. Funds under this paragraph shall be administered and~~
30 ~~distributed by the state board of education through the commissioner.]~~ ***The source of funds for***

1 *payments under this section shall be moneys from the education trust fund established in*
2 *RSA 198:39. The governor is authorized to draw a warrant from the education trust fund*
3 *to satisfy the state's obligation under this section. Such warrant for payment shall be*
4 *issued regardless of the balance of funds available in the education trust fund. If the*
5 *balance in the education trust fund, after the issuance of any such warrant, is less than*
6 *zero, the state comptroller shall transfer sufficient funds from the general fund to*
7 *eliminate such deficit. The commissioner of the department of administrative services*
8 *shall inform the fiscal committee and the governor and council of such balance. This*
9 *reporting shall not in any way prohibit or delay the distribution of payments.*

10 3 Effective Date. This act shall take effect 60 days after its passage.

HB 742-FN-A- FISCAL NOTE
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AN ACT requiring catastrophic special education state aid funding to be drawn from the education trust fund.

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 Increase - Likely \$16.4M or More Per Year		
Funding Source(s)	Education Trust Fund			
Appropriations*	\$0	This bill allows for the Department of Education to draw necessary funds		
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	\$0	\$0	\$0
Local Expenditures	\$0	Indeterminable Increase - Likely \$16.4M or More Per Year		

METHODOLOGY:

This bill eliminates the proration provision for the determination of special education (SPED) aid to school districts under RSA 186-C:18 and provides authority for the Department of Education to draw additional funds from the education trust fund should appropriated amounts be insufficient to make full payments. The Department states this bill's impact on state expenditures and local district revenue is indeterminable as the number of students that could qualify each year cannot be predicted. The total amount of claims submitted for SPED aid for school year 2023-2024 (FY 2025) was \$50,273,602. The FY 2025 appropriation is \$33,917,000, resulting in a proration of 67.5%. Based on those figures, this bill would increase SPED aid by \$16,356,602, or more, per year beginning in FY 2026.

AGENCIES CONTACTED:

Department of Education

