

SB 303-FN - AS AMENDED BY THE SENATE

02/21/2019 0469s

2019 SESSION

19-1058

06/04

SENATE BILL

***303-FN***

AN ACT relative to state aid to school districts.

SPONSORS: Sen. Kahn, Dist 10; Sen. Watters, Dist 4; Sen. Dietsch, Dist 9; Sen. Morgan, Dist 23

COMMITTEE: Education and Workforce Development

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ANALYSIS

This bill:

I. Deletes the requirement that state aid for special education be prorated if the amount appropriated is insufficient.

II. Requires the department of education to distribute 100 percent of a district's entitlement for special education aid beginning in 2021.

III. Clarifies reimbursement procedures for school districts or school administrative units enrolled as Medicaid providers.

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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Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.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 Nineteen*

AN ACT relative to state aid to school districts.

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

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

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

21       2 New Subparagraphs; Special Education; State Aid. Amend RSA 186-C:18, III by inserting  
22 after subparagraph (c) the following new subparagraphs:

23       (d) The department of education shall distribute to the school district not less than 80  
24 percent of the district's entitlement for special education aid in fiscal year 2020, and 90 percent of  
25 the district's entitlement for special education aid beginning in fiscal year 2021.

26       (e) The governor is authorized to draw a warrant for the amount necessary to provide  
27 the funding required by subparagraph (d) out of any money in the treasury not otherwise  
28 appropriated.

29       3 Medicaid to Schools Program. Amend RSA 186-C:25, VI to read as follows:

30       VI. New Hampshire local school districts or school administrative units shall be the  
31 enrolled Medicaid providers for the purpose of administration and billing, **and for receipt of any**

1    *reimbursements provided through this section.*

2            ***VI-a. Reimbursements under paragraph VI shall be paid to the school district or***  
3    ***school administrative unit that expended the funds for which the reimbursements are***  
4    ***being provided. Reimbursements*** shall be included as revenue in the school district's special  
5    education budget for use by the district's special education program.

6            4 Effective Date. This act shall take effect July 1, 2019.

**SB 303-FN- FISCAL NOTE**  
AS AMENDED BY THE SENATE (AMENDMENT #2019-0469s)

AN ACT relative to state aid to school districts.

**FISCAL IMPACT:**    ☒ State                      ☐ County                      ☒ Local                      ☐ None

STATE:	Estimated Increase / (Decrease)			
	FY 2020	FY 2021	FY 2022	FY 2023
<b>Appropriation</b>	\$3,888,461	\$8,045,880	\$8,956,256	\$9,893,943
<b>Revenue</b>	\$0	\$0	\$0	\$0
<b>Expenditures</b>	\$3,888,461	\$8,045,880	\$8,956,256	\$9,893,943
<b>Funding Source:</b>	<input checked="" type="checkbox"/> General	<input type="checkbox"/> Education	<input type="checkbox"/> Highway	<input type="checkbox"/> Other

**LOCAL:**

<b>Revenue</b>	\$3,888,461	\$8,045,880	\$8,956,256	\$9,893,943
<b>Expenditures</b>	\$0	\$0	\$0	\$0

**METHODOLOGY:**

This bill amends the proration of special education grants (formerly “catastrophic aid”), by requiring no less than 80% of the entitlement amount in FY 2020 and 90% beginning FY 2021. Under current law, special education grants are calculated as 80% of special education costs that exceed 3 ½ times the state average expenditure per pupil and 100% of special education costs exceeding 10 times the average expenditure per pupil. However, these grants are prorated down to the amounts that would be covered by the actual budgeted appropriation. Below is a recent summary of this grant program:

CURRENT LAW				
	Total Calculated Entitlement	Budgeted Appropriation	Proration %	Actual Expenditure
<b>FY 2017</b>	\$30,796,051	\$22,300,000	72.4%	\$22,300,003
<b>FY 2018</b>	\$30,800,817	\$22,300,000	72.4%	\$22,300,000
<b>FY 2019</b>	\$31,782,113	\$22,300,000	70.2%	\$22,317,665

Under this bill, the amount paid in FY 2020 is assumed to be 80% of the entitlement amount and 90% in FY 2021 and beyond. To determine this bill’s impact on state general fund expenditures and local revenue, the traditional \$22,300,000 appropriation was used as a base to determine the increase in state expenditures and local revenue:

<b>PROPOSED</b>
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	<b>Total Estimated Entitlement<sup>1</sup></b>	<b>Proration %</b>	<b>Total Amount to Be Paid</b>	<b>Increase to State Expenditures / Local Revenue<sup>2</sup></b>
<b>FY 2020</b>	\$32,735,576	80.0%	\$26,188,461	<b>\$3,888,461</b>
<b>FY 2021</b>	\$33,717,644	90.0%	\$30,345,880	<b>\$8,045,880</b>
<b>FY 2022</b>	\$34,729,173	90.0%	\$31,256,256	<b>\$8,956,256</b>
<b>FY 2023</b>	\$35,771,048	90.0%	\$32,193,943	<b>\$9,893,943</b>

<sup>1</sup> Assumes a 3% annual growth

<sup>2</sup> Amount in excess of traditional \$22,300,000 appropriation

**AGENCIES CONTACTED:**

Department of Education