

HB 1583-FN-A - AS AMENDED BY THE HOUSE

22Feb2024... 0620h

2024 SESSION

24-2209

02/10

HOUSE BILL ***1583-FN-A***

AN ACT relative to the per pupil cost of an opportunity for an adequate education.

SPONSORS: Rep. Wheeler, Hills. 33; Rep. H. Howard, Straf. 4; Rep. Selig, Straf. 10; Rep.
Kenney, Straf. 10

COMMITTEE: Education

AMENDED ANALYSIS

This bill increases the base annual cost of providing an opportunity for an adequate education.
It also establishes relief aid funding and fiscal disparity aid.

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Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.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

AN ACT relative to the per pupil cost of an opportunity for 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 through II(a) to
2 read as 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~~] **\$4,404** per pupil in the ADMR, plus differentiated aid as follows:

8 2 Relief Funding. RSA 198:40-e is repealed and reenacted to read as follows:

9 198:40-e Relief Funding.

10 I. In a municipality in which 48 percent or more of the ADMR is eligible to receive a free or
11 reduced-priced meal, an additional \$800 for each pupil in the ADMR who is eligible for a free or
12 reduced-priced meal.

13 II. In a municipality in which at least 12 percent but less than 48 percent of the ADMR is
14 eligible to receive a free or reduced-priced meal, an amount equal to \$200 plus \$0.166667 for each
15 0.01 percent that its free or reduced-priced meal eligibility rate exceeds 12 percent, for each pupil in
16 the ADMR who is eligible for a free or reduced-priced meal.

17 III. A municipality in which less than 12 percent of the ADMR is eligible to receive a free or
18 reduced-priced meal shall receive no relief aid under this section.

19 3 New Section; Fiscal Capacity Disparity Aid. Amend RSA 198 by inserting after section 40-f
20 the following new section:

21 198:40-g Fiscal Capacity Disparity Aid.

22 I. In addition to aid for the cost of the opportunity for an adequate education provided under
23 RSA 198:40-a, each year the commissioner shall calculate fiscal capacity disparity aid for schools and
24 provide that amount of aid to a municipality's school districts as follows:

25 (a) A municipality with an equalized valuation per ADMR of \$800,000 or less shall
26 receive \$900 per pupil in the municipality's ADMR.

27 (b) A municipality with an equalized valuation per ADMR greater than \$800,000 but
28 less than \$1,900,000 shall receive \$0.0008181 for each dollar of difference between its equalized
29 valuation per ADMR and \$1,900,000, per pupil in the municipality's ADMR.

30 (c) A municipality with an equalized valuation per ADMR of \$1,900,000 or more shall
31 receive no fiscal capacity disparity aid.

II. In this section:

(a) The \$800,000 in equalized valuation per ADMR referenced in subparagraph I(a), shall be called the "grant floor."

(b) The \$1,900,000 in equalized valuation per ADMR referenced in subparagraphs I(b)-(c), shall be called the "grant ceiling."

(c) The \$0.0008181 for each dollar difference between equalized valuation per ADMR in subparagraph I(b) shall be called the "factor."

(d) The \$900 per pupil referenced in subparagraph I(a) shall be called the "max grant."

4 Annual Adjustment. Amend RSA 198:40-d, II to read as follows:

II. Extraordinary need grant ***and fiscal capacity disparity aid grant's*** "grant floor," "grant ceiling," "factor," and "max grant" as defined in RSA 198:40-f, II, (a)-(d) ***and RSA 198:40-g, II(a)-(d)***; and

5 Determination of Education Grants. Amend RSA 198:41, I-II to read as follows:

198:41 Determination of Education Grants.

I. Except for municipalities where all school districts therein provide education to all of their pupils by paying tuition to other institutions, the department of education shall determine the total education grant for the municipality as follows:

(a) Add the per pupil cost of providing the opportunity for an adequate education for which each pupil is eligible pursuant to RSA 198:40-a, I-III, and from such amount;

(b) Subtract the amount of the education tax warrant to be issued by the commissioner of revenue administration for such municipality reported pursuant to RSA 76:8 for the next tax year; ~~and~~

(c) Add the municipality's extraordinary need grant pursuant to RSA 198:40-f[-];

(d) Add the relief aid grant pursuant to RSA 198:40-e; and

(e) Add the fiscal capacity disparity aid grant pursuant to RSA 198:40-g.

II. For fiscal year 2024 and fiscal year 2025, the department of education shall distribute a hold harmless grant equal to any amount in which a municipality's adequacy grant is less than 104 percent of the fiscal year 2024 preliminary estimate for the adequacy grant as of November 15, 2022. No municipality with a current adequacy grant amount that exceeds the fiscal year 2024 preliminary estimate shall receive a hold harmless grant. No hold harmless grant shall be distributed to any municipality in which the municipality's education property tax warrant pursuant to RSA 76:8 exceeds the total cost of an adequate education.

II-a. Current adequacy grant shall not include fiscal capacity disparity aid pursuant to RSA 198:40-g and relief aid pursuant to RSA 198:40-e for the purpose of determining the hold harmless grant pursuant to RSA 198:41, II.

6 Effective Date.

I. Section 1 of this act shall take effect July 1, 2025.

1 II. The remainder of this act shall take effect July 1, 2024.

HB 1583-FN-A- FISCAL NOTE
AS AMENDED BY THE HOUSE (AMENDMENT #2024-0620h)

AN ACT relative to the per pupil cost of an opportunity for an adequate education.

FISCAL IMPACT: ☒ State ☐ County ☒ Local ☐ None

Estimated State Impact - Increase / (Decrease)				
	FY 2024	FY 2025	FY 2026	FY 2027
Revenue	\$0	\$0	\$0	\$0
Revenue Fund(s)	None			
Expenditures	\$0	District Adequacy - \$61.5M in FY25, \$74.3M in FY26, and \$67.7M in FY27 Charter School Adequacy - Approximately \$1.0M in FY26 and Beyond Education Freedom Accounts - Approximately \$678K in FY26 and Beyond		
Funding Source(s)	Education Trust Fund			
Appropriations	\$0	Statutory "Open Warrant" Exists in Current Law for Aid Programs Impacted		
Funding Source(s)	Education Trust Fund			

- Does this bill provide sufficient funding to cover estimated expenditures? ☒ N/A
- Does this bill authorize new positions to implement this bill? ☒ N/A

Estimated Political Subdivision Impact - Increase / (Decrease)				
	FY 2024	FY 2025	FY 2026	FY 2027
Local Revenue	\$0	\$61,500,000	\$74,300,000	\$67,700,000
Local Expenditures	\$0	\$0	\$0	\$0

METHODOLOGY:

This bill makes the following changes affecting the calculation of final adequacy grants to public school districts, aid to public charter schools, and education freedom accounts (EFAs):

- Beginning July 1, 2024 (FY 2025), reestablishes both “relief funding” and “fiscal capacity disparity aid (which for FY 2025 will not be considered for purposes of determining the “hold harmless” grant under RSA 198:41, II).
 - “Relief funding” and “fiscal capacity disparity aid” is not part of the public charter schools or EFAs funding.

- Beginning July 1, 2025 (FY 2026), increases the base per pupil aid under RSA 198:40-a (cost of an opportunity for an adequate education) to \$4,404. Under current law, base per pupil aid is set to be \$4,265.64, therefore this would be an increase of \$138.36 per pupil.
 - A change to base per pupil aid would also apply to public charter schools and EFAs.

Based on FY 2025 preliminary estimate data (published November 15, 2023), this bill is expected to increase State education trust fund expenditures to local school districts by approximately \$61.5 million in FY 2025. Assuming an annual base enrollment decrease of 1%, no change to differentiated aid eligible enrollments, and a 7% annual increase in equalized valuations, this bill would increase State education trust fund expenditures to local school districts by approximately \$74.3 million in FY 2026 and \$67.7 million in FY 2027.

Based on current counts of approximately 7,200 public charter and 4,900 EFA students, this bill would also increase education trust fund expenditures by approximately \$1,000,000 ($\$138.36 \times 7,200 = \$996,192$) for public charter school aid and \$678,000 ($\$138.36 \times 4,900 = \$678,062$) for EFAs.

AGENCIES CONTACTED:

Department of Education