

Bill as  
Introduced

HB 370-FN - AS INTRODUCED

2013 SESSION

13-0725  
04/09

HOUSE BILL

**370-FN**

AN ACT

repealing the education tax credit program.

SPONSORS:

Rep. Gile, Merr 27; Rep. Porter, Hills 1; Rep. Frazer, Merr 13; Rep. Gorman, Hills 31; Rep. Gargasz, Hills 27; Rep. Vaillancourt, Hills 15; Rep. P. Sullivan, Hills 10; Sen. Kelly, Dist 10

COMMITTEE:

Ways and Means

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ANALYSIS

This bill repeals the education tax credit program.

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Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.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

AN ACT           repealing the education tax credit program.

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

- 1       1 Repeal. The following are repealed:
- 2           I. RSA 77-A:5, XV, relative to the education tax credit against the business profits tax.
- 3           II. RSA 77-E:3-d, relative to the education tax credit against the business enterprise tax.
- 4           III. RSA 77-G, relative to education tax credit.
- 5       2 Effective Date. This act shall take effect upon its passage.

**HB 370-FN - FISCAL NOTE**

AN ACT repealing the education tax credit program.

**FISCAL IMPACT:**

The Department of Revenue Administration states this bill, **as introduced**, will increase state revenue by \$3,400,000 in FY 2014, \$5,100,000 in FY 2015, and by an indeterminable amount in FY 2016 and each year thereafter. The Department of Education states this bill may increase state expenditures, and increase local revenue and expenditures by an indeterminable amount in FY 2014 and each year thereafter. This bill will have no fiscal impact on county revenue and expenditures.

**METHODOLOGY:**

The Department of Revenue Administration (DRA) states this bill would repeal the education credit against the business profits tax (BPT) and/or the business enterprise tax (BET) for business organizations that contribute to scholarship organizations which awards scholarships to be used by students to defray education expenses of attending an independent school. Currently, the BPT tax credit amounts are established at \$3,400,000 in FY 2014, \$5,100,000 in FY 2015, and can increase by 25% in each fiscal year thereafter if the amount of total donations used for scholarships exceed 80% of the current year's tax program allowed. For the purposes of this fiscal note, the Department assumes the amount of tax credits would be awarded in their entirety in FY 2014 and FY 2015. Estimates were not made beyond FY 2015.

The Department of Education (DOE) states this bill would repeal the Education Tax Credit program under RSA 77-G. The current education tax credit allows for businesses to claim a tax credit against the BET or BPT for 85% of any contribution made to a scholarship organization established pursuant to RSA 77-G. RSA 77-G:7 requires DOE to determine the number of students receiving a scholarship who were counted in the calculation of the average daily membership in attendance for schools, other than chartered public schools, for the student's school district of residence and for each such student, and deduct the adequate education grant calculated on behalf of that student from the total adequate education grant disbursed to that student's district. Assuming the Education Tax Credit program would have decreased state adequacy payments to local school districts, and decreased costs to local school districts as a



result of students leaving public schools to attend private schools, the repeal of such program has the potential to increase adequacy payments (state expenditures and local revenue) and costs to local school districts by removing said program from statute. The exact fiscal impact cannot be determined at this time since although the Education Tax Credit program was established in statute, it has not yet been implemented.

# Committee Minutes

**SENATE CALENDAR NOTICE  
HEALTH, EDUCATION & HUMAN SERVICES**

Senator Nancy Stiles Chairman  
 Senator John Reagan V Chairman  
 Senator Peggy Gilmour  
 Senator Molly Kelly  
 Senator Andy Sanborn

For Use by Senate Clerk's Office ONLY	
<input type="checkbox"/>	Bill Status
<input type="checkbox"/>	Docket
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Proof: <input type="checkbox"/>	Calendar <input type="checkbox"/> Bill Status

**Date: March 14, 2013**

**HEARINGS**

**Friday**

**3/22/2013**

**HEALTH, EDUCATION & HUMAN SERVICES**

**LOB 103**

**1:00 PM**

(Name of Committee)

(Place)

(Time)

**EXECUTIVE SESSION MAY FOLLOW**

1:00 PM HB370-FN

repealing the education tax credit program.

**Sponsors:**

**HB370-FN**

Rep. Mary Gile

Sen. Molly Kelly

Rep. Marjorie Porter

Rep. Carolyn Gargas

Rep. June Frazer

Rep. Steve Vaillancourt

Rep. Mary Gorman

Rep. Peter Sullivan

**HEALTH, EDUCATION, AND HUMAN SERVICES  
COMMITTEE  
Hearing Report**

*Michael Ciccio, Legislative Aide*

**HB 370-FN** -- repealing the education tax credit program.

Hearing Date: 03.22.13

Time Opened: 1:00

Time Closed: 5:14

**Members of the Committee Present:** Senators Stiles, Reagan, Kelly, Gilmour, and Sanborn

**Members of the Committee Absent:** None

**Bill Analysis:** This bill repeals the education tax credit program.

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**Sponsors:** Rep. Gile, Merr 27; Rep. Porter, Hills 1; Rep. Frazer, Merr 13; Rep. Gorman, Hills 31; Rep. Gargas, Hills 27; Rep. Vaillancourt, Hills 15; Rep. P. Sullivan, Hills 10; Sen. Kelly, Dist 10

**Who supports the bill:** Sen. Watters, Sen. Woodburn, Sen. Pierce, Sen. Kelly, Sen. Lasky, Sen. Larsen, Sen. Soucy, Sen. D'Allesandro, Sen. Fuller Clark, Bill Duncan, Tom Southworth, Dianne Bzik, Stephanie Willer, Anne Giaraldi, George Dunham, Barrett Christina (NH School Boards Association), Scott McGilvray (NEA-NH), Rep. Gile, Rep. Lorrie Carey, Rep. Mary Gorman, Charlotte Daly, Michelle O'Rourke, Donna Potterfield, John White, Rep. Mulholland, Rep. June Frazer, Rep. Chris Muns, Andrea Williams, Michael Edger, Gail Mitchell, Jonathan Caldwell, Devon Chafee (NH Civil Liberties Union), David London, Rep. Vaillancourt, Sam Giarrusso, Ellen Fineberg (Children's Alliance), Larry Drake, Caitlin Rollo (Granite State Progress), Laura Hainey, and Kurt Ehrenberg (NH AFL-CIO).

**Who opposes the bill:** Jim Pinard, Kathy Lauer-Rago, Paul Edgar, Claudette Lewis, Miguel Lopez, Amber Smith, Heather Callum, Dominique Vazquez-Vanasse, Heidi Boffito, Ann Marie Banfield (Cornerstone), Addy Simwrayi ( Network for Educational Opportunity, NEO), Kate Baker (NEO) Arlene Quaratiello, Varrin Swearingen, Charlie Arlinghaus (Josiah Bartlett Center), Ashley Pratte (Cornerstone Action), Leah Wolczko, John Leslie, Alan Schaeffer (NEO), Richard Evans, Packy Campbell, Kathy Getchell, Peyton Hinkle, Maria Chamberlain, Richard Fisher, and Greg Hill

**Summary of testimony presented in support:**

- The Constitutionality of education tax credit program is being challenged in court. Article 83 of the NH Constitution states that no money raised by taxation shall be used for a school of any religious sect or denomination. Article 6 of the constitution says no person shall be compelled to pay for religious institutions. Litigation can be a costly and time consuming way to get rid of poor policy.
- There will be ruling by the Superior Court in April. The challenge will then likely go to the Supreme Court over the summer.
- The State wouldn't be in a position to give tax credits without expected tax dollars. The tax credit program uses public dollars to fund a private education. The education tax credit program is a shell game.
- The Constitution is used to protect individual rights. We can't use the Constitution just when it agrees with your view.
- This program will take 8 million dollars away from our State resources in the first year and 135 million dollars over the decade. By allowing the tax credits we are further depleting the money for the towns.
- The average scholarship is 2,500 dollars per student which is not enough to cover the costs for the students to go to a private institution.
- Studies for over 20 years have shown that statistical achievements on those who go to a private school on vouchers are the same as those who attend public schools.
- This is poor public policy which was formed by a group from California, Network of Educational Opportunity (NEO) formally known as the Alliance for Separation of School and State. They registered as non profit in 2012. They are the only scholarship organization that has applied. The group is not impartial; they are anti-government anti-public schools.
- Many of the proclamations by NEO are inflammatory towards our public schools.
- NH parents already have choices. NH Charter Schools (18 in NH), Home schooling, and open enrollment. All these opportunities are inclusive.
- Scholarships could be awarded without a tax credit.
- There is no accommodation for special needs students. The private schools would not be eager to take care of them. Special needs students are not discriminated in public schools.
- There is no requirement for evaluation through standardized tests or any other form. Several other States require various annual reporting models for their programs.
- The tax credit program is about privatization of public schools. This is not an anti poverty program. They want maximum freedom without government control. Milton Friedman said "public schools make them private."

- The businesses have not supported the program. \$100,000 dollars of the donations they have received is from just one business. The other 40,000 dollars they have raised is just from very few businesses
- This program leaves door open for an unaccredited creationist school where they teach the Bible every day as part of every curriculum. There is fundamental separation church and state. We need to be ensuring that State funds are not being funneled for religious activities.
- Competition has not improved the schools
- The bill last year was not revenue neutral and we need money for school building aid. We should not be creating another school choice when we have not fully funded what we have. We don't fund public schools fully and we don't fund charter schools fully.
- The money could be used to invest in early child development or other beneficial programs.
- Many public schools don't accept other public school students. The bill last year is not as broad as it portrays itself.
- Why would the legislature set up a system that sets up the people to leave the public schools?
- No specific scholarships have been offered. The time to repeal is now before parents start accepting scholarships.
- Competition assumes a free market in which supply and demand are the determining factor. Public education does provide choice.
- Private schools are non profits that can raise money for anyone. They are not subject to they State mandates, and they get charitable deductions on their taxes. Do we need to give private schools more money and choice through the tax credit programs?
- The tax dollars would benefit less than 1 percent of students.
- There is already a declining student population.
- The tax credit program will not reduce cost for the schools and will downshift the costs to the local level. The towns will lose more than 2,500 dollars in adequacy aid.
- This would make it more difficult to meet the needs of the special needs children.
- These scholarships benefit private schools more than needy families
- Private schools already give scholarships.
- We must all look at all and not just the few. All children must be taught and that is done through public education.
- The program diverts state funds for religious activity.
- 3/5ths private schools are religious schools.
- 2/3rds of students in religious schools.
- Religious schools discriminate on religious purposes. They require students to participate in religious activities. Such as requiring students to say prayer.

- NH has one of the lowest drop out rates in the country.
- There is fiscal accountability in the public school.
- State is funding public education at 70 percent, school building aid has been, and transportation aid have all seen significant cuts.
- Public schools offer plenty of opportunities and programs.
- Vouchers shift fund and reduce adequacy dollars.

**Summary of testimony presented in opposition:**

- Rep. Lauer-Rago read the testimony of her son who could not attend the hearing. He was unable to take courses in an out of district public school when he was in high school.
- Tri-city Christian academy is a non-sectarian Christian school that has an open admissions policy. They serve a blue collar community. The tax credit program would help them serve the families in their community.
- People are paying for the public school through their tax dollars and for their kids to attend private schools.
- The doctrine of creationism is being attacked. All education takes place in a worldview. Some people oppose the public education worldview.
- The public school is a monopoly feels threatened.
- Public money comes with strings attached.
- If the bill is repealed there will be no educational freedom of choice for the low income families.
- New life home in Manchester allows the children to stay in the institution with their parents. All of them have applied for the NEO scholarship.
- Miguel Lopez is a student at Tri-City Christian Academy. Meeting the tuition for his family is tough and the scholarship law would make thing easier.
- This education tax credit law is not against the constitution.
- If the current law is repealed then you would eliminate choice for lower income families.
- It would help those parents who need the support.
- Varrin Swearingen told his personal story about how he was unsuccessful in a traditional school setting. He transferred late in High School to an unaccredited high school which was then able to meet his needs. As a result he graduated from a traditional four year college and became a pilot.
- Dominique Vazquez-Vanasse said that she would not be able to keep her children in the private school without the tax credit scholarship. Her children have thrived in the small classroom setting and made lasting friendships. Her son Rafael said he likes his school and does not want to go to any other school.
- Leah Wolczko was a teacher who worked with students who struggle. Half of her students were IEP students. She was told when she first

started to not expect them to do homework, bring a notebook to class, or take tests. More than half the people could not comprehend texts at a sixth grade level. Those students deserve a chance. Not every person is the same. Not every person can be put through the system and survive it. We lose too many along the way.

- The educational system is the largest employer outside of the military. The system protects the adults living in it.
- Finland's educational system is currently the best in the world. None of their students start school until seven years of age. The students only take one monitoring test which is an exit exam.
- We are trying to measure humans as if they are the same.
- Every church in the State is tax exempt. There is distinction we make between credits and tax dollars.
- Charlie Arlinghaus said he believes the program was created from a paper the Josiah Bartlett Center conducted.
- Private school tuition is not set amount. Very few people pay the sticker amount. Some families pay a small amount of money. The \$2,500 average scholarship will allow more students to go for free and more for nominal amount.
- What will historians say about the public schools?
- 1 out of 20 can put the right answers on an AP calculus test.
- Private schools pass AP exams at 4 times the rate of public schools. NH public schools passed 5,000 exams. Non public schools passed 2,000. There are ten times as many students in the public schools.
- Kids in public schools are just as capable as the private school counterparts.
- The Blaine amendment was not put in as a way to remove from religion from schools. It was put in when the King James Version of the Bible was being read every day in schools.
- You will never get a perfect bill by throwing it out and starting over.
- Heather Callum told a personal story about sending there kids to private school. Her kids were struggling in public schools and are thriving in the private school. She believes you do need to have choice in this situation. Why should anyone else decide where her children should go? Thy wanted there children to get a public education, but it was not working for them.
- Addy Simwrayi is originally from the Congo. If you do not get private education there you do not get an education. His family moved to America and went to school in Manchester. He was disappointed in the education and wished he was pushed harder. He looked into attending a private school, but his family did not have the money. He would have taken advantage of a scholarship program if it was available.
- This is not a voucher program. Tax dollars are not paying for the program. The money comes from voluntary donations from businesses.



The businesses want to donate because they know it is going towards education. The controversy is making it tough to raise the money.

- Kate Baker believes they would not be as successful with just a donation program as they are with a tax credit program.
- The program allows children to attend a private school, be home schooled, or go to an out of district public school. 600 children have applied for scholarships. The average income of the applicants is \$45,000 (with 5 kids). The children are on free and reduced lunch.
- The rules in public schools allow for prayer.
- 65% of all college freshmen need immediate help and remedial coursework.
- Private schools public school home schools all teach basic academic subjects. It does not matter if they believe in Creationism.
- The parents paying tuition are the ones examining the accountability. If a school isn't working then parent will do what is necessary for their child. Including moving a child out of home school.
- Arlene Quartello saved the state 41,000 dollars last year by not sending her kids to public school. As a college professor she has seen the decline in today's students. Usually her best students come from private schools.
- The education tax credit law has a severability clause. So if the law was found unconstitutional then a child could still receive scholarships for secular private schools, home schools or out of district public schools.
- No one mentions the reduction in adequacy aid from the students who already attend private schools.

**Summary of testimony neutral to the bill:**

- DRA stated that only one scholarship organization has been approved so far, but others can apply.

**Action: The committee took the bill under advisement**

MJC

Date hearing report completed: 3.28.2013

# Speakers

# SENATE HEALTH, EDUCATION AND HUMAN SERVICES COMMITTEE

Date: 03/22/13

Time: 1:00pm · Public Hearing on HB 370-FN

HB 370-FN – repealing the education tax credit program.

Please check box(es) that apply:

SPEAKING	FAVOR	OPPOSED	NAME (PLEASE PRINT)	REPRESENTING
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Senator Watters SD4
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Bill Duncan self
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Tom Southworth self
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Sen. Woodlawn SD1
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Sen. Pierce SD5
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Jim Pinard GSCSA
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Sen. Kelly SD 10
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<del>Sen. Gilmore</del> SD 12
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Sen. Laake SD 13
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Sen. Larsen SD 15
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Sen. Soucy SD 18
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Sen. D'Allesandro SD 20
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Sen. Fuller Clark SD 21
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Kathy Lauer-Rago self
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Dianne Bzik self
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Stephane Willer self
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Anna Gualan self
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	George Dunham self
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Paul Edgar TCCA

# SENATE HEALTH, EDUCATION AND HUMAN SERVICES COMMITTEE

Date: 03/22/13

Time: 1:00pm Public Hearing on HB 370-FN

HB 370-FN – repealing the education tax credit program.

Please check box(es) that apply:

SPEAKING	FAVOR	OPPOSED	NAME (PLEASE PRINT)	REPRESENTING
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/> Claudette Lewis	Self
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/> Miguel Lopez	TCCA
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/> Amber Smith	TCCA
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/> Heather Callum	Self - NEO
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/> Barrett M. Christina	New Hampshire School Boards Assoc
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/> Dominique Vazquez Vanasse	Self
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/> Heidi Boffitto	Self
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/> Ann Marie Benfield	Cornerstone / Bedford Assoc. <small>Taxpayer</small>
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/> Addy Simwazangi	NEO
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/> KATE BAKER	NETWORK FOR EDUCATIONAL OPPORTUNITY
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/> Scott Mc Gilvray	NEA - NH
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/> <del>Rep</del> Rep. Mary Stuart Gile	Merr. 21
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/> Rep. Marjorie Porter	Hillsboro 1
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/> Rep. Lonnie Carey	Merrimack 26
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/> Rep. Mary Gorman	Nashua
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/> <del>Chantia</del> C. Daley	Bedford
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/> Michelle O'Rourke	Bedford
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/> Dawn Potterfield	Manchester.
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/> John B. WHITE	WATERBURY

SENATE HEALTH, EDUCATION AND HUMAN SERVICES COMMITTEE

Date: 03/22/13 Time: 1:00pm Public Hearing on HB 370-FN

HB 370-FN - repealing the education tax credit program.

Please check box(es) that apply:

SPEAKING	FAVOR	OPPOSED	NAME (PLEASE PRINT)	REPRESENTING
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/> ARLENE QUARATIELLO	SELF
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/> Representative Catherine Malachuk	Grafton 17
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/> Representative June Frazee	Merrimack 13
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/> ANDREA WILLIAMS	SELF
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/> REPRESENTATIVE CHRIS MUMFORD	Rockingham 21
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/> Michael Edgar	Self for Hampton
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/> Gal Mitchell	NN CITIZENS-SELF
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/> Jonathan Caldwell	Self - Stratham
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/> VARRIN SWEARINGEN	SELF - KEENE
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/> Charlie Artinghaus	Josiah Bartlett Center
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/> Devon Chaffee	New Hampshire Civil Liberties Union
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/> C. DAVID LONDON	Self - Stratham
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/> Ashley Pratte	Cornerstone Action
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/> Leah Wolczko	teacher
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/> Rep Steve Valmeucci	Hills 15 (Co Spring)
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> SAM GIARRUSSO	AMHERST / self
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/> John Leslie	MCI SELF
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/> Alan Schaeffer	NFO
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/> Richard Evans	self











# Testimony

# NEW HAMPSHIRE • U.S. HISTORY



<b>GRADE</b> <b>F</b>	<b>SCORES</b> Content and Rigor 0/7 Clarity and Specificity 0/3	<b>TOTAL SCORE</b> <b>0/10</b>
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## Overview

New Hampshire's social studies standards offer no coherent outline of U.S. history content. General themes and concepts are openly preferred over historical specifics, which are denigrated as "lengthy and fragmented list[s]." The few historical "examples"—all purely optional—defy historical sense, grouping entirely disparate issues and periods in the name of overarching themes.

## Goals and Organization

New Hampshire's social studies standards are divided into five "content strands": civics, economics, geography, U.S./New Hampshire history, and world history. Each strand is divided into further sub-themes, or "curriculum standards." Charts link each such standard to "suggested expectations" for grade blocks K–2, 3–4, 5–6, 7–8, and 9–12. Ten "themes" are also provided to further categorize the content (conflict and cooperation; civic ideals, practices, and engagement; people, places and environment; and so on). Finally, additional charts link these themes to concepts raised in the five content strands, and relevant themes are also noted after each expectation.

The history strands are organized thematically, not chronologically. Both U.S. and world history are divided, in every grade block, into five identical standards: political foundations and development; contacts, exchanges, and international relations; world views and value systems and their intellectual and artistic expressions; economic systems and technology; and social/cultural.

The U.S./New Hampshire history strand appears in each grade block, but no specific historical scope or time span is assigned to any grade or grade block.

## Evaluation

New Hampshire's purely thematic arrangement of content seems designed to defy historical coherence. Teachers are encouraged to use the ten broad themes "as a way of finding meaningful ways of addressing the standards and expectations and, perhaps more importantly, as a way of using the frameworks to encourage higher-order thinking in our students." But students are, apparently, to engage in such "higher-order thinking" unburdened by anything as mundane as historical content. The expectations listed for each historical sub-theme provide no specific information on any particular events, persons, or periods. They instead lay out broad thematic issues to be considered—ways in which students might explore whatever historical specifics their teachers may happen to present. Most expectations end with a smattering of historical examples, but these only make matters worse, jamming together disparate items from different eras without explanation

### DOCUMENTS REVIEWED

K–12 Social Studies New Hampshire Curriculum Framework, U.S. history segments (2006)

Accessed from:

[http://www.education.nh.gov/instruction/curriculum/social\\_studies/documents/frameworks.pdf](http://www.education.nh.gov/instruction/curriculum/social_studies/documents/frameworks.pdf)

BYA  
Voucher  
Account  
Standards

or context. There is no hint of a chronological outline. Worse, the state makes it clear that even these confusing and content-thin expectations “are not meant to be requirements to be taught,” and are merely “offered as concrete illustrations among many other possibilities.”

No sequence is ever defined: The few examples in the expectations refer to disparate eras in all grades. After conventional consideration of national symbols, holidays, and local history in the early grades, unusable fragments of actual history begin to appear in fifth and sixth grades. While little content is specified, the standards still manage to cite the mythical and discredited claim of Iroquois influence on the U.S. Constitution: Students may “explain how and why people have developed forms of self-government,” the examples given being “the Mayflower Compact or the Iroquois League”; or they might “explain how the foundations of American democracy are rooted in European, Native American and colonial traditions, experiences and institutions.” Vague references to the arts, economic development, and western expansion are also tossed in, all without any explanation or specifics.

In seventh and eighth grades, students continue to focus on broad issues to the exclusion of specific history. A few more examples appear, but these remain trans-historical and decontextualized to the point of inanity. An expectation asking students to “analyze the tension between states’ rights and national authority” gives, as examples, the nullification crisis of 1832 and school integration in the 1960s. Another, discussing “major United States efforts to remove European influence from the Western Hemisphere,” pairs the Monroe Doctrine and the Cuban missile crisis. A directive to “compare and contrast the rationales for entering into war with other nations” mentions just “the American Revolution or the Korean Conflict.” Other items link the XYZ affair with the Vietnam War, the Louisiana Purchase with the Marshall Plan, and the triangular trade with modern multinational corporations. The expectation coming closest to a historically sensible query asks students to “explain major attempts to force European powers to recognize and respect the sovereignty of the United States as a new nation, e.g., the Jay Treaty or the War of 1812.”

This ahistorical, if not anti-historical, pattern is identical in the high school grade block. Here, students are to analyze political parties, such as the Whigs or the Progressives; or compare the separation of church and state in early New Hampshire with the Moral Majority; or examine federalism through the Articles of Confederation and the New Deal, sectionalism through the Hartford Convention and the *Brown v. Board of Education* decision, or America’s global influence through “the Bill of Rights or popular music.” Mercantilism is paired with NAFTA; Anne Hutchinson with “the silent majority”; abolitionism with the abortion debate.

It is ironic that the curriculum framework dismisses chronological and factual history as “fragmented,” when its own hyper-thematic arrangement utterly fragments any historical logic or coherence. Of course, it is made clear that teachers are under no obligation to introduce even the few, random, hopelessly decontextualized events or issues that happen to be mentioned—they (and the thematic expectations themselves) are merely suggestions.

### Content and Rigor Conclusion

New Hampshire’s standards are absent of both content and rigor. No substantive content is ever outlined—students are merely to analyze themes, using whatever content their teachers choose to introduce. Since only vague (and optional) thematic issues are covered, there can be no increase in substance from grade to grade. The only sop to increasing grade-level rigor is that *more* thematic expectations are introduced in each successive grade block. Throughout, however, personal relevance—the habitual social studies approach to history—is stressed as the key aim. New Hampshire’s essentially content-less standards earn a zero out of seven for Content and Rigor. (See *Common Grading Metric*, Appendix A.)

### Clarity and Specificity Conclusion

New Hampshire’s standards make fairly clear what is expected; unfortunately, almost nothing is. It is easy enough to find the “expectations” for each grade block. But since no specific material is assigned to any specific level, there is no sequence. Course scope is all but nonexistent; the only detail is in the haphazard historical examples—and even these are optional. New Hampshire’s empty expectations cannot possibly guide teachers in structuring a course. They might well be better off—or at least less confused—with no “framework” at all. Offering no structure beyond vapid themes and generalizations, New Hampshire’s standards merit a zero out of three for Clarity and Specificity. (See *Common Grading Metric*, Appendix A.)

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*Guest Editorial*

## NH high schools must narrow college prep gap

Roughly 95 percent of the students who attend one of the state's seven community colleges come from New Hampshire. Though many performed well academically in high school, 65 percent of all entering freshmen need some degree of remedial help, according to Ross Gittell, chancellor of the community college system.

Unprepared students are far more likely to drop out and have little to show for the debts they've incurred. Their lack of preparation forces community colleges to teach portions of high school all over again.

That's costly for students, parents and, when higher education is subsidized, taxpayers.

Somewhere along the line, the standards and requirements of public education fell out of sync with those of institutions of higher learning. Some educators fear that admitting so many students who aren't prepared leads colleges to dumb down the curriculum for all. In a global economy, that's something to worry about.

Preparing students for college is not the sole goal of public education. More broadly, it must address the educational needs of all children, college-bound or not, and prepare them for lives as productive citizens.

But that shouldn't excuse schools from their responsibility to teach college-bound students what they'll need to succeed when they get there. Addressing the college preparation gap should be on the agenda of every school board. It should be the concern of every parent and employer.

We found the 65 percent figure surprising, because New Hampshire students routinely do well in national rankings, but it turns out that the situation is the same in Massachusetts. Nationally, about two-thirds of all high school graduates need remedial help in at least one subject area in college.

Academically, American high school students have fallen behind their counterparts in most developed nations, particularly when it comes to science and math. That has to change if the nation is to prosper.

Community college systems in some states have begun working with school districts to address the readiness problem. New Hampshire's system began doing so in 2008, when it launched a 15-high-school pilot program to improve student math skills.

A handbook for math teachers was created that laid out the requirements that a graduate would need to meet to do college level work, and college professors worked with high school math teachers to design two core courses for students.

One covers all the material a student will need to perform in a college introductory math class; the other allows students to take a more advanced course that will earn them joint high school and college credit.

Pembroke Academy is the only area school in the pilot program, which should be expanded to every school if, as early results suggest, it is successful. A similar effort must be undertaken to make sure college-bound graduates have the skills they'll need in two other areas found lacking: reading and writing. To that, we'd also

add science.

Testing this year by the federal Department of Energy found that when it comes to science, American students are very good at following instructions to carry out straightforward experiments. More than 75 percent of those tested did so correctly.

But only one-quarter of the students tested could accurately perform more complex experiments that required them to analyze results, make strategic decisions or, to put it bluntly, think for themselves.

That ability, and a culture that encouraged creativity, helped America become a world leader in science, technology, medicine and other fields. It's an ability that the nation can't afford to lose.

Public education in America must be made more rigorous. If that costs money, the investment is worth every penny.

– Concord Monitor

More facts...

KEY POINTS

BACKGROUND: More than six out of 10 high school graduates need remedial help upon enrolling in one of the state's seven community colleges.

CONCLUSION: Addressing the college preparation gap should be on the agenda of every school board. It should be the concern of every parent and employer.

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# Policy Analysis

No. 605

December 5, 2007

Routing


## *The Public Education Tax Credit*

by Adam B. Schaeffer

### Executive Summary

Public education is an end, not a means. For a democratic nation to thrive, its schools must prepare children not only for success in private life but for participation in public life. It must foster harmonious social relations among the disparate groups in our pluralistic society and ensure universal access to a quality education. Unfortunately, the American school system has long fallen short as a means of fulfilling these purposes.

This paper offers a more effective way of delivering on the promise of public education, by ensuring that all families have the means to choose their children's schools from a diverse market of education providers. All education providers—government, religious, and secular—can contribute to public education because all can serve the public by educating children.

Educational freedom can most effectively be realized through nonrefundable education tax credits—for both parents' education costs for their own children and taxpayer donations to nonprofit scholarship funds. This paper argues that tax credits enjoy practical, legal, and political advantages over school vouchers. These advantages are even more important for choice programs that target low-income children, as tax credits mitigate some disadvantages

inherent to targeted programs. It also contends that broad-based programs are superior to narrowly targeted ones, even when the goal is specifically to serve disadvantaged students. Targeted programs are fundamentally inferior—in both practical and strategic terms—to broad-based programs that include the voting middle class. Finally, accountability in education means accountability to parents and taxpayers. Education tax credits afford this accountability without the need for intrusive government regulations that create political and market liabilities for school choice policies.

To date, school choice policy has spread and grown only slowly, in part because of inadequate legislation. Existing school choice laws fall short in terms of both market principles and political considerations. Pursuing a policy that follows more closely what works economically and politically should increase the likelihood of long-term legislative success, program success, program survival, and program expansion.

Model legislation derived from the policy and political principles detailed below is presented in Appendix B of this paper, and real-world examples of how the legislation would work are given in Appendix A.

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27. Because tax credits can be carried forward for up to three years, a person filing taxes early who is refunded a donation by a scholarship organization that is over its limit may attempt to donate the credit again the next year or include the amount in the total tax liability owed in the next year.

28. Substantial savings should result from this program, however if a fiscal analysis shows that the savings would be distributed unevenly between the state and local level, a savings-sharing provision could be included in the legislation to ensure that savings are enjoyed at by both state and local governments. One major component of other model bills has been left out of this legislation: mandated external program evaluation. Additional evidence that school choice results in greater student achievement and parental satisfaction at a lower cost per pupil is potentially helpful for encouraging program support. But such additional evidence will not likely prove decisive in expanding or reducing support after passage. The cost of the program will be easily determined through the state Department of Revenue. A mandate for studying program effectiveness imposes additional costs on the program while providing little or no data to support the effectiveness of the program during the crucial first years of implementation.

In addition, school choice programs need time for schools and market mechanisms to mature before the full benefits are seen. Premature evaluation may result in premature judgments of the program's effectiveness. The recent furor over the general absence of statistically significant academic gains in the Washington, D.C., voucher program after children had been enrolled in schools of choice for an average of only seven months is a case in point. (See Amit R. Paley and Theola Labbé, "Voucher Students Show Few Gains in First Year," *Washington Post*, June 22, 2007, B1.)

Furthermore, by requiring such studies the government would be imposing a de facto standardized test on the independent schools by defining the parameters of success rather than relying on the judgment of parents, taxpayers, and scholarship organizations. That is a dangerous precedent with which to begin a school choice program.

More important to the long-term survival of the program is the diverse and widespread participation

of individuals, families, community associations, scholarship organizations, and businesses. Any additional state money would be better spent on advertising the existence of the program and publishing brief guides to individual and organizational involvement in the tax credit program. Academic institutions, state policy organizations, and other interested parties are likely to study the effects of the tax credit program without a state-mandated project.

29. Parents may wish to assign their anticipated Public Education Tax Credit to their child's qualifying school, which allows them to effectively pay part or all of their tuition in the fall by promising the tax credit to the school. The cash flow challenge is thus shifted from the family to the school (and, if necessary, schools would be able to borrow funds using the assigned tax credits as collateral). The department will therefore facilitate any such arrangements by providing the necessary guidelines and documentation.

30. The legislation allows the department to establish a mechanism that facilitates regular contributions from a taxpayer's income tax withholdings to a scholarship organization in anticipation of the taxpayer claiming a tax credit. This would likely encourage greater contributions to scholarship organizations.

31. It is fairly common for legislators to consider including severability clauses in new legislation. Legislators should make sure that if such clauses are included and exercised, the remaining legislation produces a program that is workable and achieves the original intent of the bill.

## Acknowledgements

The general structure and much of the language for this model legislation was adapted from model legislation developed by the Education Task Force of the American Legislative Exchange Council. The author thanks ALEC and all who contributed to its model legislation for their work. A special thanks to those who reviewed drafts and provided invaluable feedback.



# The Education Investment Tax Credit

Adam B. Schaeffer, Ph.D.  
Center for Educational Freedom  
Cato Institute  
March, 2012

# Summary

The Education Investment Tax Credit will provide for universal access to all K-12 educational options while minimizing government interference and maximizing educational freedom and achievement for all children.

# Model Legislation

*Be it enacted by the General Assembly of the State of XXXX:*

**Section I. This act may be cited as the "Education Investment Tax Credit Act."**

**Section II.**

A) The General Assembly finds:

- 1) it has the inherent power to determine subjects of taxation for general or particular public purposes;
- 2) expanding educational opportunities and improving the quality of educational services within the State are valid public purposes that the General Assembly may promote using its sovereign power to determine subjects of taxation and exemptions from taxation;
- 3) ensuring that all parents, regardless of means, may exercise and enjoy their basic right to educate their children as they see fit is a valid public purpose that the General Assembly may promote using its sovereign power to determine subjects of taxation and exemptions from taxation;
- 4) expanding educational opportunities and thereby promoting healthy competition is critical to improving the quality of education in the State and ensuring that all children have the opportunity to receive a high quality education; and

B) The purpose of this article is to:

- 1) allow maximum freedom to parents and independent schools to respond to and, without governmental interference, provide for the educational needs of children, and this act must be liberally construed to achieve that purpose;
- 2) enable taxpayers to make private, voluntary contributions to nonprofit scholarship-funding organizations or for direct educational expenses for a qualifying student in order to promote the general welfare;
- 3) provide taxpayers who wish to help parents exercise their basic right to educate their children as they see fit with a means to do so;
- 4) promote the general welfare by expanding educational opportunities for children;
- 5) enable children in this State to achieve a higher level of excellence in their education;
- 6) improve the quality of education in this State, both by expanding educational opportunities for children and by creating incentives for schools to achieve excellence.

**Section III. Chapter Y, Title Z of the XXXX Code is amended by adding:**

**Article X**

**Education Investment Tax Credit Act**

**Section I.**

A) As used in this article:

- 1) 'Department' means the Department of Revenue.
- 2) 'Independent school' means a school, other than a public school, at which the compulsory attendance requirements of the relevant sections in the state code may be met and that does not discriminate based on the grounds of race, color, or national origin.
- 3) 'Owner or operator' includes:
  - a) an owner, president, officer, or director of an eligible nonprofit scholarship funding organization or a person with equivalent decision making authority over an eligible nonprofit scholarship funding organization; and
  - b) an owner, operator, superintendent, or principal of an eligible independent school or a person with equivalent decision making authority over an eligible independent school.
- 4) 'Parent' means the natural or adoptive parent or legal guardian of a child.
- 5) 'Public school' means a public school in the State as defined in the relevant sections in the state code.
- 6) 'Qualifying student' means a student who is a XXXX legal resident and who was enrolled in a XXXX secondary or primary public school at the kindergarten or later year level for the preceding school year, is a new legal resident in the state, or who is eligible to enroll in a qualified five-year-old kindergarten program. Once approved as a qualifying student, the student will remain qualified until the student has obtained a high school diploma or its equivalent or reached twenty years of age.
- 7) 'Receipt' means a document developed by the Department of Revenue that is issued by the receiving school to the organization which makes payment for education expenses on behalf of a qualifying student and that contains, at a minimum:
  - a) the name and address of the school if a school is attended;
  - b) the name, social security number, and address of the qualifying student for whom the expense has been paid; and
  - c) the name of the payer and the date and amount of the expense paid.
  - d) receipts for all specific, reimbursed educational expenses.
- 8) 'Receiving school' means an independent school which the qualifying student seeks to attend.
- 9) 'Resident public school district' means the public school district in which a student resides.
- 10) 'Release of information form' means a document developed by a receiving school, signed by the parent or guardian of a qualifying student, and which

acknowledges the consent of the parent or guardian to release of information contained in the receipt.

- 11) 'Scholarship receipt' means a document developed by the Department of Revenue and issued by the student scholarship organization to a corporation or a person that makes a contribution to a student scholarship organization.
- 12) 'State' means the state of XXXX.
- 13) 'Scholarship organization' means a charitable organization incorporated or qualified to do business in this State that:
  - a) is exempt from federal income taxation pursuant to Section 501(c)(3) of the Internal Revenue Code;
  - b) complies with the applicable state and federal antidiscrimination provisions; and
  - c) is registered with the Office of the Secretary of State.
- 14) 'Education Expenses' means the total amount of money charged for the cost of a qualifying student to be educated, including, but not limited to, fees for attending a private school, education-related transportation, and other instruction-related expenses, including but not limited to, online learning services, tutoring services, and instruction-related materials and equipment.

## **Section II.**

- A) A qualifying student is eligible to utilize tax-credit funds for educational expenses if the student is not enrolled in a public school at the time the education expenses are incurred.
- B) For each student scholarship organization, the average value of a scholarship given to a student may not exceed:
  - 1) in the first year of the program, seventy percent of the state's average public K-12 education spending per student, which includes all funds derived from state revenue sources for any public K-12 educational purpose, multiplied by the number of scholarship students, minus the state income tax liability of each qualifying student's family, and then divided by the number of students receiving scholarships. In years two and each year thereafter, the amount shall be equal to the amount established in the first program year, adjusted for inflation according to XYZ, for each qualifying student who meets the criteria provided in subsection (A).

## **Section IV.**

- A) A corporation may claim a credit against all applicable state taxes, specifically XYZ, for a contribution made to a scholarship organization.
- B) A person who files a state income tax return and who is not a dependent of another taxpayer may claim a credit against state income taxes for a contribution made to a scholarship organization or for itemized and documented educational expenses made on behalf of a dependent qualifying student for whom the taxpayer is the legal guardian.
  - 1) The total credits claimed by a taxpayer for direct expenditures for on behalf of a dependent child may not exceed, in the first year of the program, seventy percent of the state's average public K-12 education spending per student, which includes all

funds derived from state revenue sources for any public K-12 educational purpose. In years two and each year thereafter, the amount shall be equal to the amount established in the first program year, adjusted for inflation according to XYZ.

- C) A tax credit may not be claimed without a scholarship receipt.
- D) A taxpayer can assign his contribution to specific students in an amount no greater than the average value of a scholarship for the scholarship organization as established according to Section II (B).
- E) Each taxpayer must apply, according to procedures established by the Department of Revenue, for authorization to claim a credit.

#### **Section V.**

- A) An independent school, excepting any home school, that accepts students pursuant to this article shall:
  - 1) comply with state and federal anti-discrimination laws;
  - 2) meet state and local health and safety laws and codes;
  - 3) comply with state statutes relating to independent education in Section XXXX;
  - 4) accept scholarship students on the basis of the admissions criteria of the school within the school's capacity to accept additional students;
  - 5) be in operation for three years or post a surety bond or letter of credit equal to two hundred fifty thousand dollars;
- B) The inability of an independent school to meet the requirements of this section constitutes a basis for the ineligibility of the independent school to participate in the scholarship program as determined by the Department of Revenue.

#### **Section VI.**

- A) A student scholarship organization shall:
  - 1) not have an owner or operator who in the last seven years has filed for personal bankruptcy or corporate bankruptcy in a corporation of which he or she owned more than twenty percent;
  - 2) provide scholarships, from eligible contributions, to qualifying students to defray educational expenses;
  - 3) not restrict or reserve scholarships for use at a single independent school or provide scholarships to a child of an owner or operator;
  - 4) verify the eligibility through transcripts and attendance records of a qualifying student who applies for a scholarship;
  - 5) not use more than ten percent of eligible contributions received during the state fiscal year in which the contributions are collected, and for which scholarship receipts were issued for tax credit purposes, for administrative expenses. These administrative expenses must be reasonable and necessary for the organization's management and distribution of eligible contributions pursuant to this section. ;
  - 6) expend an amount equal to 90 percent of the net eligible contributions remaining after administrative expenses are expended for annual or partial-year scholarships during the state fiscal year in which these contributions are collected. No more than

ten percent of these net eligible contributions remaining after administrative expenses during the state fiscal year in which such contributions are collected may be carried forward to the following state fiscal year. Any amounts carried forward must be expended for annual or partial-year scholarships in the following state fiscal year. Net eligible contributions remaining on June thirtieth of each year that are in excess of the ten percent that can be carried forward must be returned to the relevant donor or donors in order that the donor may appropriately amend their tax return and the Department of Revenue informed of each transaction;

- 7) maintain separate accounts for scholarship funds, operating funds, funds given as donation tax credits, and funds given as standard charitable donations;
- 8) provide to the Department of Revenue an annual financial and compliance report of its accounts and records. It also must include a report on financial statements presented in accordance with generally accepted accounting principles provided by the American Institute of Certified Public Accountants for not-for-profit organizations and a determination of compliance with statutory eligibility and expenditure requirements provided in this section. Reports must be provided to the Department of Revenue within one hundred eighty days after completion of the eligible nonprofit scholarship funding organization's fiscal year;
- 9) prepare and submit quarterly reports to the Department of Revenue. In addition, an eligible nonprofit scholarship funding organization must submit in a timely manner any information requested by the Department of Revenue relating to the scholarship program;
- 10) For each independent school subject to Section V(14), the appropriate scholarship funding organization shall notify the Department of Revenue by August 15, 20XX, and annually thereafter of:
  - a) an independent school's failure to submit the report required pursuant to Section V; or
  - b) any material exceptions set forth in the report required pursuant to Section V.

## **Section VII**

- A) Taxpayers may claim credits only for expenses actually paid.
- B) On a form prescribed by the department, taxpayers will provide a detailed listing of educational expenses against which a credit is claimed. They will attach to the form all receipts necessary to document these expenses.
- C) A taxpayer may carry forward unused credits for five years.

## **Section VIII.**

To ensure that schools provide academic accountability to parents of enrolled students and supporting scholarship organizations, receiving schools annually shall make available to parents and supporting scholarship organizations an assessment of educational progress. This provision shall not be construed to require any particular means or method of assessing educational progress on the part of education service providers

## **Section IX.**

The provisions of this article regarding independent schools and their relation to student scholarship organizations apply only to independent schools that choose to accept scholarship students.

## **Section X.**

The total amount of tax credits that may be granted in the first year of operation under this section shall not exceed \$150 million. Following each year in which the total amount of credits claimed are equal to or more than 90 percent of the program cap, the credit cap will increase by 25 percent.

## **Section XI.**

A) The Department of Revenue shall:

- 1) submit annually, by March fifteenth, a list of eligible nonprofit scholarship funding organizations that meet the requirements of Section VI;
- 2) verify annually the eligibility of nonprofit scholarship funding organizations that meet the requirements of Section VI;
- 3) verify annually the eligibility of expenditures as provided in Section VI using the audit required by Section VI(8)

## **Section XII.**

A) The XXXX Department of Revenue shall:

- 1) Develop a procedure for authorizing taxpayers to claim credits on a first-come basis and notify taxpayers in a timely manner regarding the status of their claim. A taxpayer approved for claiming a credit will be given priority in claiming a credit of at least the same amount in subsequent consecutive years.
- 2) notify an eligible nonprofit scholarship funding organization of any of the organization's identified students who are receiving tax credit scholarships from other eligible nonprofit scholarship funding organizations;
- 3) establish a process by which individuals may notify the Department of Revenue of any violation by a parent or independent school of state laws relating to program participation. The Department of Revenue shall conduct an inquiry of any written complaint of a violation of this section, or make a referral to the appropriate agency for an investigation, if the complaint is signed by the complainant and is legally sufficient. A complaint is legally sufficient if it contains ultimate facts that show that a violation of this section or any rule adopted by the Department of Revenue has occurred. In order to determine legal sufficiency, the Department of Revenue may require supporting information or documentation from the complainant;
- 4) require quarterly reports by an eligible nonprofit scholarship funding organization regarding the number of students participating in the scholarship program, the independent schools at which the students are enrolled, and additional information only to the minimum extent necessary for the Department of Revenue to ensure general compliance with the law;

### **Section XIII.**

- A) A receiving independent school that accepts students benefiting from scholarships, grants, or tax credits is not an agent or arm of the state or federal government.
- B) Except as provided by this article, the Department of Education, Department of Revenue, or any other state agency may not regulate the educational program of a receiving independent school that accepts students pursuant to this article.

### **Section XIV.**

If a of this act is for any reason held to be unconstitutional or invalid, this holding does not affect the constitutionality or the validity of the remaining portions of this act, the General Assembly hereby declaring that it would have passed this act, and each section, subsection, paragraph, subparagraph, sentence, clause, phrase, and word thereof, irrespective of the fact that any one or more other sections, subsections, paragraphs, subparagraphs, sentences, clauses, phrases, or words thereof may be declared to be unconstitutional, invalid, or otherwise ineffective.

### **Section XV.**

This act will be implemented by the Department of Revenue no later than the fiscal year following approval by the Governor.



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"ALEC" has long been a secretive collaboration between Big Business and "conservative" politicians. Behind closed doors, they ghostwrite "model" bills to be introduced in state capitols across the country. This agenda-underwritten by global corporations—includes major tax loopholes for big industries and the super rich, proposals to offshore U.S. jobs and gut minimum wage, and efforts to weaken public health, safety, and environmental protections. Although many of these bills have become law, until now, their origin has been largely unknown. With **ALEC EXPOSED**, the Center for Media and Democracy hopes more Americans will study the bills to understand the depth and breadth of how big corporations are changing the legal rules and undermining democracy across the nation.

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**THE FAMILY EDUCATION TAX CREDIT PROGRAM ACT  
(Scholarship Tax Credits)**

Did you know that an online for-profit school company was the corporate co-chair in 2011?

**Summary**

The Family Education Tax Credit Program Act would create a family education tax credit for payment of tuition, fees, and certain other educational expenses and a tax credit for individual and corporate contributions to organizations that provide educational scholarships to eligible students so they can attend the public or private schools of their parents' choice.

**Model Legislation**

**Section 1. {Title}** The Family Education Tax Credit Program Act

**Section 2. {Definitions}**

- (A) "Program" means the Family Education Tax Credit Program.
- (B) "Eligible Student" means any elementary or secondary student who was eligible to attend a public school in [state] in the preceding semester or is starting school in [state] for the first time and whose household income meets the requirements of this program.<sup>1</sup>
- (C) "Parent" includes a guardian, custodian, or other person with authority to act on behalf of the student.
- (D) "Department" means the state Department of Revenue.
- (E) "Qualifying school" means either a public school outside of the resident school district, or any private school that provides education to elementary and/or secondary students and has notified the Department of its intention to participate in the program and comply with the program's requirements.<sup>2</sup>
- (F) "Educational scholarships" means grants to students to cover all or part of the tuition and fees at either a qualifying private school or a qualifying public school, including transportation to a public school outside of a student's resident school district.
- (G) "Scholarship Granting Organization" means an organization that complies with the requirements of this program and provides or is approved to provide educational scholarships to students attending qualifying schools.

(H) "Test" means either the state achievement test or nationally recognized norm-

### Section 3. {Basic Elements of the Family Education Tax Credit Program}

(A) Under certain circumstances, an individual may claim a Family Education Tax Credit against state income taxes by directly paying all or part of the tuition, fees, and other educational expenses of an eligible student.

(B) Parents may claim a separate Family Education Tax Credit for the tuition, fees, and other educational expenses of each of their children. Parents may claim a credit for certain home-schooling expenses.

(C) The Family Education Tax Credit shall be refundable for the parents of a student in the program when the parents' income does not exceed an amount equal to the income standard used to qualify for a reduced-price lunch under the national free or reduced-price lunch program established under 42 USC Section 1751 et seq.<sup>3</sup>

(D) Parents of a student participating in the program may assign their Family Education Tax Credit to their student's qualifying school.<sup>4</sup>

private school ↗

(E) Under certain circumstances, individuals and corporations may claim a Family Education Tax Credit against state income taxes by making contributions to scholarship granting organizations.

(F) Scholarship granting organizations may solicit contributions from individuals and corporations and provide educational scholarships to eligible students who attend qualifying schools.

(G) A corporate taxpayer, an individual taxpayer, or a married couple filing jointly may carry forward a Family Education Tax Credit for three years.<sup>5</sup>

(H) The Family Education Tax Credit may be claimed by a corporate taxpayer in an amount equal to the total contributions made to a scholarship granting organization for educational scholarships during the taxable year for which the credit is claimed up to 50 percent of the taxpayer's tax liability.<sup>6</sup>

(I) For an individual taxpayer or a married couple filing jointly who do not qualify under Section 3(C), the amount of the Family Education Tax Credit shall equal its total direct payments for tuition, fees, and other educational expenses of eligible students plus any contributions to scholarship granting organizations for educational scholarships during the taxable year for which the credit is claimed up to 50 percent of the taxpayer's tax liability.<sup>6</sup>

### Section 4. {Student Eligibility for Family Education Tax Credit Program}

(A) The eligible student's family must have a taxable income for the preceding tax year that does not exceed an amount equal to 2.5 times the income standard used to qualify for a reduced-price lunch under the national free or reduced-price lunch program established under 42 USC Section 1751 et seq.<sup>7</sup>

(B) The eligible student must be enrolled full time in a qualifying school or in a home-schooling program complying with state law.

(C) The eligible student is a resident of the state who has not graduated from high school or reached the age of 21.

### Section 5. {Eligible Expenses for Family Education Tax Credit Program}

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including fees for administrative expenses, transportation costs, and academic programs. They may not claim a tax credit for athletic fees or expenses.

(B) For students taught in a private home-based program, parents may claim a Family Education Tax Credit for educational expenses including tutoring, textbooks, school supplies, academic lessons, and membership fees in an association that sets academic standards or provides educational curricula for home-schooling students. They may not claim expenses for tutoring or academic lessons if the parent conducts them.<sup>8</sup>

(C) Parents will provide the Department with a detailed listing of the educational expenses for each child for which they seek a tax credit on a form prescribed by the Department. They will attach to the form all receipts necessary to document these expenses.

(D) Parents may only claim the Family Education Tax Credit for expenses they actually paid.

### **Section 6. {Responsibilities of Scholarship Granting Organizations}<sup>9</sup>**

(A) Administrative Accountability Standards. All scholarship granting organizations shall:

(1) notify the Department of their intent to provide educational scholarships to students attending qualifying schools;

(2) demonstrate to the Department that they have been granted exemption from the federal income tax as an organization described in Section 501(c)(3) of the Internal Revenue Code;

(3) distribute periodic scholarship payments as checks made out to a student's parent or guardian and mailed to the qualified school where the student is enrolled. The parent or guardian must endorse the check before it can be deposited;

(4) provide a Department-approved receipt to taxpayers for contributions made to the organization.

(5) ensure that at least 90 percent of their revenue from donations is spent on educational scholarships, and that all revenue from interest or investments is spent on educational scholarships;

(6) spend each year a portion of their expenditures on grants for low-income eligible students equal to the percentage of low-income eligible students in the county where the scholarship granting organization expends the majority of its scholarships.<sup>10</sup>

(7) verify annually that no student receiving a scholarship resides in a household whose income in the preceding tax year exceeds an amount equal to 2.5 times the income standard used to qualify for a reduced-price lunch under the national free or reduced-price lunch program established under 42 USC Section 1751 et seq.

(8) ensure that at least X percent of first-time recipients of educational scholarships were not continuously enrolled in a private school during the previous year.<sup>11</sup>

(9) cooperate with the Department to conduct criminal background checks on all of their employees and board members and exclude from employment or governance any individual(s) that might reasonably pose a

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(10) ensure that scholarships are portable during the school year and can be used at any qualifying school that accepts the eligible student according to a parent's wishes. If a student moves to a new qualifying school during a school year, the scholarship amount may be prorated.

(11) publicly report to the Department by June 1 of each year the following information prepared by a certified public accountant regarding their grants in the previous calendar year:

(a) the name and address of the student support organization;

(b) the total number and total dollar amount of contributions received during the previous calendar year; and

(c) the total number and total dollar amount of educational scholarships awarded during the previous calendar year, the total number and total dollar amount of educational scholarships awarded during the previous year to students qualifying for the federal free and reduced-price lunch program,<sup>13</sup> and the percentage of first-time recipients of educational scholarships who were enrolled in a public school during the previous year.

(12) ensure scholarships are not provided for students to attend a school with paid staff or board members, or relatives thereof, in common with the scholarship granting support organization.

(13) grant scholarships to eligible students to cover part or all of the costs associated with attending a qualifying school or the allowable expenses incurred by a student in a home school.

**(B) Financial Accountability Standards**

(1) All scholarship granting organizations shall demonstrate their financial accountability by:<sup>14</sup>

(a) annually submitting to the Department a financial information report for the organization that complies with uniform financial accounting standards established by the Department and conducted by a certified public accountant; and

(b) having the auditor certify that the report is free of material misstatements.

(2) All participating private schools shall demonstrate financial viability, if they are to receive donations of \$50,000 or more during the school year, by:

(a) filing with the scholarship granting organization prior to the start of the school year a surety bond payable to the scholarship granting organization in an amount equal to the aggregate amount of contributions expected to be received during the school year; or

(b) filing with the scholarship granting organization prior to the start of the school year financial information that demonstrates the financial viability of the participating private school.

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**Section 7. {Program Oversight of Participating Schools}**



schools:

(1) comply with all health and safety laws or codes that apply to private schools;

(2) hold a valid occupancy permit if required by their municipality;

(3) certify that they comply with the nondiscrimination policies set forth in 42 USC 1981,<sup>15</sup> and

(4) conduct criminal background checks on employees and then:

(a) exclude from employment any people not permitted by state law to work in a private school; and

(b) exclude from employment any people that might reasonably pose a threat to the safety of students.<sup>16</sup>

(B) Academic Accountability Standards. There must be sufficient information about the academic impact scholarship tax credits have on participating students in order to allow parents and taxpayers to measure the achievements of the program, and therefore:

(1) each scholarship granting organization shall ensure that participating schools that accept its scholarship shall: <sup>17</sup>

(a) annually administer either the state achievement tests or nationally recognized norm-referenced tests that measure learning gains in math and language arts to all participating students in grades that require testing under the state's accountability testing laws for public schools;

(b) allow costs of the testing requirements to be covered by the scholarships distributed by the scholarship granting organizations;

(c) provide the parents of each student who was tested with a copy of the results of the tests on an annual basis, beginning with the first year of testing;

(d) provide the test results to the Department or an organization chosen by the state<sup>18</sup> on an annual basis, beginning with the first year of testing;

(e) report student information that would allow state to aggregate data by grade level, gender, family income level, and race; and

(f) provide graduation rates of participating students to the Department or an organization chosen by the state in a manner consistent with nationally recognized standards.

(2) the Department or an organization chosen by the state shall:

(a) ensure compliance with all student privacy laws;

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(c) provide the test results and associated learning gains to the public via a state Web site after the third year of test and test-related data collection.<sup>19</sup> The findings shall be aggregated by the students' grade level, gender, family income level, number of years of participation in the scholarship program, and race.<sup>20</sup>

#### **Section 8. {Responsibilities of the Department of Revenue}**

(A) The Department shall adopt rules and procedures consistent with this act as necessary to implement the Family Education Tax Credit Program.

(B) The Department shall provide a standardized format for a receipt to be issued by a scholarship granting organization to a taxpayer to indicate the value of a contribution received. The Department shall require a taxpayer to provide a copy of this receipt when claiming the Family Education Tax Credit.

(C) The Department shall ensure that parents are aware of the Family Education Tax Credit and that all procedures for claiming the credit are easy to follow.

(D) The Department shall establish guidelines for parents to easily assign their tax credit to their student's qualifying school.

(E) The Department shall require all scholarship granting organizations to register and annually report the information the Department needs to carry out its responsibilities.

(F) The Department shall annually report to the legislature on the number of parents claiming the tax credit, the dollar amount of the credits claimed by parents, the number of schools accepting eligible students who received a tax credit or educational scholarship, the number of scholarship granting organizations, the number and dollar amount of contributions to a scholarship granting organization, and the number and dollar amount of educational scholarships given to eligible students.

(G) The Department shall have the authority to conduct either a financial review or audit of a scholarship granting organization if possessing evidence of fraud.

(H) The Department may bar a scholarship granting organization from participating in the program if the Department establishes that the organization has intentionally and substantially failed to comply with the requirements in Section 6 or Section 7. If the Department decides to bar a scholarship granting organization from the program, it shall notify affected scholarship students and their parents of this decision as quickly as possible:

(I) The Department shall allow a taxpayer to divert a prorated amount of state income tax withholdings to a scholarship granting organization of the taxpayer's choice up to the maximum credit allowed by law, including carry-over credits. The Department shall have the authority to develop a procedure to facilitate this process.<sup>21</sup>

(J) A qualifying school is autonomous and not an agent of the state or federal government. The Department or any other state agency may not regulate the educational program of a qualifying school that admits eligible students under this program. The creation of the Family Education Tax Credit program does not expand the regulatory authority of the state, its officers, or any local school district to impose any additional regulation of private schools beyond those reasonably necessary to enforce the requirements of the program.

**Section 9. {Effective Date}** The Family Education Tax Credit may be first claimed in the next calendar year.<sup>22</sup>

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These notes are intended to provide guidance to legislators on some of the key policy questions they will encounter in drafting and debating school choice tax credit legislation. In general, legislators and the public seek greater state regulation of programs directly funded by the government than of tax credit programs under the belief that tax credits are private funds kept by taxpayers rather than public funds expended by governments. However, insufficient accountability regulation can produce situations that undermine public and legislative support for the program. In recognition of this potential, we have chosen to recommend the establishment and state regulation of scholarship granting organizations rather than heavy government regulation of private contributions and private schools.

1. The intent of the Family Education Tax Credit is to help low- and middle-income families financially afford the school of their choice regardless of whether their children are presently attending a public or private school. The definition for an eligible student in this model legislation includes students already enrolled in a nonresident public school or a private school. This means many families presently sending their child to a school of their choice will qualify for a tuition tax credit. Therefore, much of the tax credit will assist these families in shouldering this burden while a smaller share will go toward expanding opportunity for families who could not previously afford to attend the school of their choice.

This implies the model bill as drafted would have a significant adverse fiscal impact. Was this disclosed to the public by the legislative sponsor?

Was this "feature" disclosed in a bill introduced in your state?

Similarly, the scholarship tax credit will also necessarily benefit many families who are already financing their child's education at a nonresident public school or a private school. For this reason some states with a scholarship tax credit program have chosen to place a cap on the total amount of scholarships eligible for the tax credit. Alternatively, legislators wishing to draft a bill with a more modest fiscal impact may want to limit the scholarship tax credit to students who attended a public school in the last year or are starting school in their state for the first time. In this case, there may actually be a savings for state taxpayers since a scholarship covering private school costs in many cases will be less than the cost of state support provided to students attending a public school.

2. This model legislation allows students to use a scholarship to attend a public school outside their district as well as a private school. The authors support giving parents the widest possible array of choices so that they can choose the school that best meets their child's needs. Making sure parents can choose either a public or private school is not only the right policy but also the best legal strategy. The U.S. Supreme Court and various state courts have all cited this broad array of choices as an important part of the reason they have found school choice programs constitutional. The courts have reasoned that these tax credit and scholarship programs are not an inappropriate subsidy of religious institutions because the purpose was secular (the education of children) and the parents were given many options including public schools, charter schools, private secular schools, and private religious schools. If a state already has open enrollment or some other form of public school choice, then this legislation should be made consistent with the existing program. In fact, if a state already has a broad array of school choice options available to parents, then a state may be able to add an option for just private schools without encountering constitutional questions.

3. The model legislation makes the tax credit refundable for low-income families because many of them will not have a tax liability sufficient to qualify for much or any of the tuition tax credit. The purpose of the program is to make sure children from poor and middle-income families can afford to attend the school of their choice. This opportunity will not be available to many poor families unless the tuition tax credit is refundable. This provision will significantly increase the fiscal impact of this legislation.

4. The legislation allows a parent to assign their anticipated Family Education Tax Credit to their child's qualifying school. Without an assignment provision, parents would have to pay their child's tuition in the fall and then wait several months to claim the tax credit in the spring. A great many of these families cannot afford to wait several months to be repaid thousands of dollars. The assignment provision allows them to effectively pay their tuition in the fall by promising the tax credit to the school. The cash flow challenge is thus shifted from the family to the school (and, if necessary, schools would be able to borrow funds using the assigned tax credits as collateral.)

5. The bill allows a taxpayer to carry forward any unused tax credits for up to three years. Individual incomes, and corporate profits, are often quite volatile. As a result, taxpayers may not have a liability against which to claim a credit in certain years. Yet the need for tuition payments or scholarship assistance by a student is

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eventually receive the financial assistance for their child's tuition and that contributors will have an incentive to continue to contribute to scholarship granting organizations even in years in which the taxpayer has no tax liability.

6. The bill limits the tax credit an individual, married couple, or corporation can claim to 50 percent of their tax liability. While most states have chosen to implement a dollar cap on the scholarship tax credit available to each entity, this methodology is more equitable since it adjusts the cap to treat all taxpayers proportionately the same. The authors chose 50 percent because in general states spend about one-half of their income tax receipts on education. Allowing taxpayers to claim a tax credit for more than 50 percent of their liability opens the program up to charges that money is being diverted from non-education programs to support private schools.

7. The definition for an eligible student is limited to those children in a household whose annual income does not exceed an amount equal to 2.5 times the income standard used to qualify for the federal free and reduced-price lunch program (FRL). The authors chose this standard for several reasons; 1) the FRL program is familiar to both schools and many parents; 2) the verification procedures are simple and familiar to school administrators; 3) the income guidelines are used for a number of existing state and federal programs; 4) the federal government annually adjusts the income guidelines; and 5) the income guidelines are adjusted for family size.

The authors chose to use a multiple of this familiar income standard to recognize that many low- and middle-income families cannot afford the choice of a private or non-resident public school. Experience suggests that most parents' ability to choose such a school is quite limited until the household income approaches \$75,000 for a family of four. We have chosen a multiple of 2.5 times the FRL standard to reflect this reality. Legislators may wish to use different multiples of this standard but should keep in mind the financial burden many middle-class families face in paying tuition for private or non-resident public schools.

8. The intent of the legislation is to help low- and middle-income families afford the school of their choice. In some cases, parents will choose to home school their children. Home schooling is a legitimate option for parents but it can be expensive. Therefore, the authors have included home-schooling expenses in the qualifying costs for the tuition tax credit. We would encourage legislators to clearly define what home-schooling expenses will be allowed since experience has shown that some hostile revenue agencies have disallowed legitimate home-schooling expenses such as music and language lessons.

9. The model legislation requires the establishment of scholarship granting organizations to protect scholarship recipients, frustrate attempts at fraud, and measure the impact of the program without heavy government regulation of private contributions and private schools. We prefer rigorous self-regulation over intrusive government regulation.

10. The goal of this legislation is to provide every parent with the opportunity to send their child to the school that best meets their child's needs regardless of their family's income. The need for scholarship assistance is obviously greatest among low-income families. This requirement ensures that a proportionate amount of the scholarship assistance is given to the families financially least able to send their child to the school of their choice.

11. The goal of the program is to expand the number of families who can afford to send their children to the school of their choice. Therefore legislators may wish to require that a certain percentage of the scholarship assistance go to children who were not already in private schools. This will also hold down the costs of the program and increase the efficiency of the financial incentive for expanding choice. This requirement will be particularly important in states that choose to place a total dollar cap on the tax credit program since a limited amount of tax credits could be claimed for scholarship assistance to students previously attending private schools.

12. The purpose of the criminal background checks is to protect both the contributors and recipients of scholarship assistance from potential fraud or mismanagement of the funds. The legislation gives the scholarship granting organizations the responsibility to do background checks, which gives them the power to exclude potential risks from the organization and alleviates liability issues for their employment decisions.

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13. Collecting information regarding how many scholarship students qualify for free and reduced-price lunch will give policymakers a sense of the students that are being served by scholarship tax credit programs. These income guidelines are broadly known and already used in private schools.

14. The purpose of the financial information report and the demonstration of financial viability is to protect both the contributors and recipients of scholarship assistance from potential fraud or mismanagement of the funds. The model legislation provides for two methods for participating schools to demonstrate financial viability to ensure that scholarship funds are secure. The first method employs a market-based means of demonstrating viability. Companies that issue surety bonds have a financial interest in making sure that the schools can repay any funds that might be owed to the scholarship granting organization. They will therefore conduct the checks necessary to protect their financial interest as well as the financial interests of the contributors and recipients. Surety bonds can be expensive or invasive for some institutions so the legislation allows these schools to demonstrate by some other means that they have the financial wherewithal to fulfill their scholarship obligations. This might include things like personal guarantees, reserve accounts, or escrow accounts. The legislation does not call for an independent audit because this would be unnecessarily expensive and invasive for these private organizations.

15. Under 42 USC 1981, private schools are already prohibited from discriminating with respect to race, color, and national origin. In addition, if private schools are recipients of federal funds, they are subject to nondiscrimination requirements under 42 USC 2000d (race, color, national origin) and 29 USC 794 (disability).

16. This language is valuable in two cases: 1) a small number of states prohibit discriminating against felons in hiring even for sensitive positions in schools, and this language would give schools clear authority to dismiss or not hire individuals who pose a risk to student safety; and 2) some religious schools see rehabilitation as part of their mission. In this case, the schools could hire someone with a criminal background who they believe is no longer a threat to students, such as someone who committed nonviolent crimes or has decades-old violations followed by a clean record. This language would give schools the responsibility to do background checks, the power to exclude potential risks from the school, and the liability for their employment decisions.

17. The authors believe that empowered parents are the best way to achieve academic accountability. Clear and consistent information about the academic performance of participating students will help empower parents and will also provide the public and policymakers with the information they need to evaluate the effectiveness of the program and participating schools. Therefore, all participating schools should be required to annually administer either the state achievement tests or nationally recognized norm-referenced tests that demonstrate learning gains in math and language arts. Most private schools already administer such norm-referenced tests so this provision should not be seen as burdensome. It is important, however, to give schools the ability to choose between a state test and the nationally recognized test. Many private schools would simply refuse to participate in the program if they were forced to administer the state tests, because it implies that they are no longer independent of the state. The reason many opponents to school choice promote state testing of private schools is, in fact, because they want to discourage school participation and quietly destroy the program.

Participating schools should provide the parents of each student with a copy of the results and should provide the results to the state or an organization chosen by the state, as described in Endnote 18, in a manner that protects the identity and privacy of individual students. The purpose of this testing requirement should be to provide each parent with a measure of their student's progress and to allow the taxpayers to measure the achievements of the program. The number and scope of the tests should be carefully limited to ensure that there is sufficient information to demonstrate the achievements of the program without being so exhaustive or prescriptive as to end up dictating the curriculum at participating schools. If legislators would like an extensive longitudinal study, refer to Endnote 20 and its suggested language to create such a review.

18. If legislators are concerned about the hostility the program would face from the existing state revenue department, they may choose to create a new small agency or contract with a private nonprofit organization to oversee the academic accountability responsibilities of the state. Allowing an organization chosen by the state to oversee this program allows for the flexibility to implement market-based models of academic accountability. In these cases, test results could be reported to a consumer organization, such as GreatSchools.net, where parents can assess participating schools' test results and compare schools to which they may send

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19. The purpose of administering tests is to create transparency in participating students' academic progress and to demonstrate learning gains. These learning gains can only be demonstrated when the public has access to more than one school year. When this information is made public in the first year, the media and opponents often attack school choice programs, noting that participating students are not performing as well as their public school counterparts. This effect is natural because often the students who participate in choice programs are not doing well in public schools and are academically far behind their participating school counterparts, and it will take them a few years to catch up to grade level.

It is important to note that there are multiple ways to achieve the goal of academic accountability in school choice programs. Policymakers must consider the goal of releasing the academic data in order to choose the most effective reporting process. For instance, if the goal is to see how the program is affecting participating students' learning gains, scores of participants statewide should be evaluated and released. If the goal is to evaluate participating school outputs as a tool to help parents choose the best school, scores should be released by participating school. You might also consider a sliding scale approach, where the more participating students a school enrolls, the greater its obligations for transparency and accountability.

20. Legislators sincerely wishing to demonstrate the program's academic success to taxpayers could require a scientific evaluation of the program using the testing data established in Section 7(B). It is crucial that the legislature give the oversight responsibility for this study to a trusted objective nonpartisan source like a legislative service agency or a trusted research university department. We have provided model language for such an independent evaluation of the program in Section X below. The outlined research would evaluate not only whether students who participate in the program are better off but also, more importantly, whether the competition from private schools improves the performance of public schools. The outlined longitudinal study includes a comparison of students in the choice program with a similar cohort in the public schools for at least five years of their education. Unfortunately, a longitudinal study is likely to be quite expensive. Accordingly, the legislation allows the legislature (or a legislative service agency) to accept private grants to completely fund such a study. In some states, the legislature is not allowed to accept such grants, and another trusted agency would have to be selected. It will be tempting for legislators to further define the details of the study, but they should take care not to dictate the methodology or the results in order to maintain the credibility of the research.

21. The legislation allows the Department to establish a mechanism that facilitates regular contributions from a taxpayer's income tax withholdings to a scholarship granting organization in anticipation of the taxpayer claiming a tax credit. This would likely encourage greater contributions to scholarship support organizations.

22. The model legislation is drafted to make the tax credits for tuition and scholarship assistance immediately available in the next tax year. This may represent too great a fiscal impact for the state to absorb at one time. In some states, legislators have chosen to phase in the tax credits by the grade the child is attending over time. Alternatively, a state could phase in the percentage of the costs eligible for a tax credit over time. Legislators should understand that these efforts to address the fiscal impact of the legislation by phasing it in would necessarily create inequitable situations.

#### **Section X. {Evaluation of the Family Education Tax Credit Program }**

*(A) The Legislative Service Agency may contract with one or more qualified researchers who have previous experience evaluating school choice programs to conduct a study of the program with funds other than state funds.*

*(B) The study shall assess:*

*(1) the level of participating students' satisfaction with the program;*

*(2) the level of parental satisfaction with the program;*

This could have a major adverse fiscal impact. Was that disclosed in your state?

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Creates a tax credit for paying private primary or secondary school tuition and fees. It would also create a tax credit for corporations and individuals that give money to be used as "scholarships" to pay tuition and fees to private schools. As the notes accompanying this legislation acknowledge, establishing these tax credits would have a substantial "fiscal impact," meaning it would reduce income to the government and reduce the amount of money available for public schools and other public services (because such funds would be diverted to for-profit or religious or other private schools; and because other revenues from corporate or individual taxes would also be reduced by up to 50%). These "scholarships"-- which would not actually be based on merit-- would really be grants to create income for private schools and enroll more students in them. Proposals such as these are part of efforts to kill the American tradition of public education and to divert projected substantial corporate and individual tax receipts to fund for-profit or religious private schools.

*(4) the resulting competition from private schools on the resident school districts, public school students, and quality of life in a community;*

*(5) the impact of the program on public and private school capacity, availability and quality; and*

*(6) participating students' academic performance and graduation rates in comparison to students who applied for a scholarship under this program but did not receive one because of random selection.*

*(C) The researchers who conduct the study shall:*

*(1) apply appropriate analytical and behavioral science methodologies to ensure public confidence in the study;*

*(2) protect the identity of participating schools and students by, among other things, keeping anonymous all disaggregated data other than that for the categories of grade level, gender and race and ethnicity; and*

*(3) provide the legislature with a final copy of the evaluation of the program.*

*(D) The relevant public and private participating schools shall cooperate with the research effort by providing student assessment results and any other data necessary to complete this study.*

*(E) The Legislative Service Agency may accept grants to assist in funding this study.*

*(F) The study shall cover a period of 13 years. The legislature may require periodic reports from the researchers. After publishing their results, the researchers shall make their data and methodology available for public review while complying with the requirements of the Family Educational Rights and Privacy Act (20 USC Section 1232 g).*

**Additional Note:**

It is fairly common for legislators to consider including severability clauses in new legislation. Legislators should make sure that if such clauses are included and exercised, the remaining legislation produces a program that is workable and achieves the original intent of the bill.

*Adopted by the ALEC Education Task Force at the States and Nation Policy Summit December 11, 2004. Approved by the ALEC Board of Directors January, 2005.  
Amended by the Education Task Force July 16, 2009. Approved by the ALEC Board of Directors on August 27, 2009.*

**Related Files**

[The Family Education Tax Credit Program Act \(Microsoft Word Document\)](#)

**HB370 Testimony**  
**New Hampshire Senate**  
**22 March 2013**

Although my family is not eligible for the Education Tax Credit Scholarships that HB370 would eliminate, I am here today to urge you to vote ITL on this bill. I feel so very fortunate that my three kids are able to go to a school that best serves their needs rather than the one assigned to them by our zip code. I believe very strongly that all children, regardless of family income, should have the same variety of educational opportunities to choose from.

There are two major objections to the law providing Education Tax Credit Scholarships. One argument against it is financial; the other regards its constitutionality. These arguments were debated last year, and the legislature still voted overwhelmingly to override the governor's veto. Now the same arguments are brought up again to repeal this law that has not even had a chance to prove itself.

Some opponents of Education Tax Credit Scholarships mistakenly claim that these scholarships will somehow take money away from public schools. The fiscal note prepared by the Department of Education, however, clearly states that a repeal would cost the state \$550,000. The notion that a law allowing for more students to afford private school will somehow have a negative financial impact on public schools is illogical. My three children alone saved the Timberlane School District the lion's share of \$40,106 last year based on the per-pupil cost figures I found in the district's 2012 annual report. While I realize that there are certain fixed costs that are not based on enrollment, by far the largest expenditures listed in the report are salaries, and the number of teachers in any school is directly related to the number of students.

Supporters of HB370 also claim that the scholarship program is unconstitutional because the funds can be used at religiously affiliated schools. These scholarships, however, are funded by the pre-tax dollars of private businesses. They are not vouchers, a frequently used misnomer in this debate since the term "voucher" implies that public funds are involved. The government is not forcing parents to choose a particular religious school if they use these scholarships; doing that would certainly be the sort of infringement that violates the First Amendment's establishment clause. Recipients are free to choose a public school outside their district, a non-sectarian private school, a religiously affiliated schools, or even to home school. The Supreme Court case of *Zelman v. Simmons-Harris* (2002) has actually already upheld the constitutionality of school vouchers based on this same argument; certainly the non-voucher privately funded Education Tax Credit Scholarships are constitutional then. President Obama himself has supported the American Opportunity Tax Credit which has provided financial assistance to many

families whose children attend religiously affiliated colleges. The main difference between these two programs is that one is concerned with higher education while the other pertains to K-12 schools.

As an English instructor at St. Anselm College, I have been discouraged by the disparity I see in the preparedness of freshman for college-level work. This disparity, I believe, is not just due to individual student ability but to the qualitative differences in the schools these students have come from. Some have come from public schools that have certainly not prepared them well, while others have come from public schools that have. When I ask an above-average student where they went to high school, more often than not they mention a private school. I have also taught some amazing home-schooled students. This experience has led me to believe that those students who get the K-12 education that best meets their needs are better prepared for college, and better prepared to be productive members of society.

An added benefit of expanding school choice will actually be to improve those mediocre public schools that have underserved our children. Many experts, including Nobel-prize-winning economist Milton Friedman, believe that programs such as the Education Tax Credit Scholarships benefit all students, not just those who get the scholarships, by encouraging competition among all types of schools and the excellence that competition encourages.

I urge you to give Education Tax Credit Scholarships a chance; give the more than 500 kids who have already applied for these scholarships—kids whose zip-code assigned public schools have failed them—a chance. Vote ITL on HB370!

Arlene Quaratiello  
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**Testimony on HB 370: Ending taxpayer subsidies for private and religious schools**  
**Senate Health, Education, and Human Services Committee**  
**March 22, 2013**

My name is Caitlin Rollo and I am the political and research director for Granite State Progress, a multi-issue advocacy organization working on issues of immediate state and local concern.

I am here today to urge the Senate to support HB 370, which would repeal corporate-written model legislation that diverts taxpayer dollars to private and religious schools.

HB 370 seeks to repeal a tax credit for businesses that is specifically designed to divert funding for public education to private schools. This program does not save the state or school districts money; rather it is a new way to introduce a voucher system that encourages private education over a strong, functioning public education system for all New Hampshire children.

The law that passed last session began as model legislation from the American Legislative Exchange Council (ALEC), which allows corporations to draft legislation that is then provided to legislators to be submitted in State Houses all across our country. For-profit school companies sat on the ALEC task force that created the school voucher model legislation; I have for the committee today a copy of that model legislation.

Proponents of school vouchers claim that it comes at no cost to taxpayers, a point firmly rebutted by the facts. As the Portsmouth Herald pointed out in an editorial at the beginning of the year, this is a (quote) "tortured argument that somehow the tax credits are not tax dollars. This is absurd on its face, because the state would not be in a position to give credits unless it was owed taxes. No taxes, no credits. No credits, no voucher program." (Portsmouth Herald, 1/24/13)

Thank you for allowing me to testify today and I again urge you to pass HB 370, and return taxpayer dollars to where they belong – in our public school classrooms.

Caitlin Rollo  
Political & Research Director  
Granite State Progress  
(603) 225-2471  
[Caitlin@granitestateprogress.org](mailto:Caitlin@granitestateprogress.org)



My name is Ann Marie Banfield, I'm the Education Liaison for Cornerstone Action. Cornerstone Action represents roughly 6,000 New Hampshire residents. Cornerstone opposes HB 370, which would repeal the tax credit program.

"Let me tell you, what's not working for black kids and Hispanic kids and Native American kids across this country is the status quo. That's what's not working. What's not working is what we've been doing for decades now."

That is a quote from President Barack Obama when he gave a speech about education reform policy at the Urban League's 100<sup>th</sup> Anniversary Convention. Public education is failing and we are neglecting our duties as Americans when we refuse to reach out to help our most vulnerable citizens; our children.

Current Education Secretary, Arne Duncan said in an article from the Chicago Tribune: "In too many places....we are lying to children now. [When] we tell a child they are meeting the state standards, the logical implication is that child's on track to be successful. In too many places.... if you are meeting state standards you are barely qualified to graduate from high school and you are totally unqualified to go to a university and graduate."

Why is Harvard a prestigious institution? Because, they compete with the rest of the Ivy League Schools! Why should our public schools be any different? Why should our most talented students, some of them coming from underprivileged areas, be limited in their choice of education?

As the Education Liaison for Cornerstone Action the last few years, I've been able to connect with legislators, parents, teachers and school board members from all around New Hampshire. This has given me the opportunity to hear from those most concerned about public education.

I get to hear the stories of how well the public schools are working for their children, and on those rare occasions, how the public school is not the best fit for their kids. I think everyone can understand that every child will simply not fit in certain public schools.

School choice has always been available to families who could afford the tuition. This legislation doesn't impact families who can afford school choice. However this program has opened the door for families who have not had that same opportunity.

The current tuition tax credit program operates similar to the Pell Grants that are distributed to college students. Pell Grants provide grant money to low-income students so they can attend the college of their choice.

Everyone has come to appreciate opening up opportunity for higher education to students that can least afford it. Why is there opposition to the same opportunity for students' k-12? \*\* According to a 2012 study, disadvantaged African American students who received private school vouchers in New York City were 24 percent more likely to attend college.

Instead of trying to force a square peg into a round hole, these families can find the right fit for their kids.

For these reasons, we urge you to vote "ITL" on HB 370.

My name is Kate Baker and I am the Executive Director of the Network for Educational Opportunity, the state's first and so far only scholarship organization approved by the Department of Revenue to implement the scholarship program that HB370 would repeal.

I rise today to share with you that the Education Opportunity Scholarship Tax Credit program meets the very real needs of low-income families in our communities.

Studies have demonstrated that Scholarship Tax Credit programs across the country disproportionately serve the needs of low-income families. For example, scholarships in Pennsylvania's Opportunity Tax Credit program average only \$1,165 and yet there are more than 38,000 children participating in the program, a majority of whom come from families earning less than \$29,000 per year.

In my work thus far, on the scholarship program here in NH, I have heard from so many families willing to make incredible sacrifices for their children's education. Single parent families, families that get by with one-vehicle, a parent with 3 jobs, families of children with special needs and several with children that have terminal illnesses.

Thus far I have had the opportunity to accept applications from more than 550 children from all over the state. The greatest proof that New Hampshire's Scholarship Tax Credit program addresses the needs of low-income families is not data from the other scholarship tax credit programs but data from our own applicants, right here in NH. The average family income of these children is less than \$45,000 per year with an average family size of 5 and 58% of the children qualify for free and reduced lunch. For comparison, the median household income in NH is nearly around \$65,000 per year and that is for a household size of 2.8.

The scholarships are 100% means-tested and income is verified using tax returns by a grant and aid assessment provider called FACTS. Scholarships will be awarded to children based on highest need.

The data illustrates that these Education Tax Credit Scholarships do in fact level the playing field for needy families in our communities and provide them with the opportunity to choose an education that they otherwise would not be able to afford.

I urge you, let us keep our promise to the almost 600 low-income children have already applied for the scholarships. Let us give this program our best effort and we will work tirelessly to help low-income families in NH overcome the barriers to an education that is a great fit for their child.





March 22, 2013

HB370

The 16,000 members of NEA-NH, their families and the students and families currently benefiting from public education across New Hampshire are united in their opposition of a system that drains funding from an already underfunded system.

The current voucher scheme will take as much as \$90 million out of New Hampshire's public schools over the next ten years and put it into private, religious and home schools - a practice not allowed by our Constitution, and a betrayal of their fiduciary responsibilities and the public trust by those who voted to enact this law.

Our 16,000 members do not believe the citizens of New Hampshire want public tax dollars that are rightfully owed to the state, diverted, not collected, written off and given to non-public institutions when we are struggling to fund even our most basic obligations as a state, especially in the area of education and related services.

There is no provision for holding the private, religious and home schools accountable for their educational results in the current voucher law, nor any accountability on the quality of education or the credentials and backgrounds of those in charge of our teaching and caring for our young children.

Vouchers shift limited state funds away from public school districts, and downshift the cost of reduced adequacy payments to local communities and property tax payers, allowing private organizations to determine the use of public education funds.

In tough economic times, education is an easy target for budget cuts, but nothing could be more short-sighted. The current voucher plan amounts to a cut to public education funding in New Hampshire. We believe you don't cut education when we know that countries that out-educate us today will out-compete us tomorrow. You don't cut education when the unemployment rate for workers without a college degree is double the rate for those who have one. You don't cut education when eight out of ten new jobs will require retraining or a higher degree by the end of the decade.

It's time to recommit to our kids, our workers, and our future by making sure we have the best educated children and workforce in the world.

For all of these reasons, I urge you to support HB370.

Scott McGilvray  
President, NEA-NH

Testimony of:

Richard Evans, 25 Tumble Road, Bedford, NH 03110 ( Phone 603 471 0160 )

Re: HB370: STRONGLY OPPOSED TO REPEAL.

Prime Minister Blair, in Britain, used to say: "One measure of a place is how many people want 'in' and how many people want 'out'"

A couple of weeks ago I published an Op-Ed in the Union Leader that discussed the moral aspect of using a financial monopoly to trap children in schools that their parents do not want them to attend. I wrote about economic walls manned by guards facing inwards to prevent escape.

The thing about walls that have inward facing guards, in my experience anyway, ( consider East and West Berlin for example ) is that what's inside the wall isn't usually all that great.

A hundred years from now – what will historians say of the economic wall that we have built around the nation's public schools.

My best guess is that they will look at a country that is but a shadow of its former self and say "What? - Were they crazy?"

I think they'll find it completely incomprehensible that as we advanced into a new century – one that everyone agrees will be dominated by knowledge, skills and technology - that here in New Hampshire we used that wall to grant a monopoly to a system in which only one student in 20 statewide can convert 12 or 13 years of math instruction into the right answers on the Advanced Placement Calculus exam. In our largest city, it's one child in a hundred.

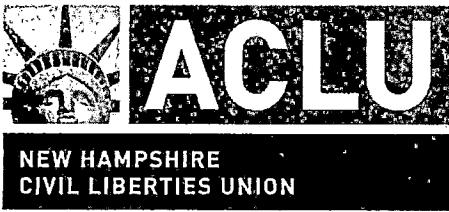
Kids in private schools, incidentally, pass Advanced Placement exams at four times the rate of their public school counterparts.

I'm not religious. I have no axe, whatsoever, to grind in that regard, but I honestly don't think that the historians will be writing that the state or the nation declined because a handful of students, partially funded by money that has a tenuous link, at best, to government, said a prayer in school every morning. Or that our prosperity crumbled because in a system that adds about \$100 million per year to a total cost of \$3 billion, one year they started allocating \$5 million of that growth, less than two tenths of one percent of the overall cost, to enable a few of the kids to attend schools that produced better results.

I think each of you, in casting your vote on HB370, should ask yourselves what that vote is doing. Is it protecting the interests of students and families, or the interests of guards.

History does not tend to smile on inward facing guards, Senators.

"Tear down that wall!"



## NEW HAMPSHIRE CIVIL LIBERTIES UNION

18 Low Avenue  
Concord, New Hampshire 03301  
603-225-3080  
www.NHCLU.org

DEVON CHAFFEE  
EXECUTIVE DIRECTOR

To: Health, Education and Human Services Committee, New Hampshire Senate  
From: Devon Chaffee, Executive Director, New Hampshire Civil Liberties Union  
Date: March 22, 2013  
Re: In Support of House Bill 370

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I submit this testimony on behalf of the New Hampshire Civil Liberties Union (NHCLU)—a non-partisan, nonprofit organization working for over forty years to protect civil liberties throughout New Hampshire—in strong support of HB 370. HB 370 would eliminate an Education Tax Credit Program adopted in 2012 as RSA 77-G that diverts New Hampshire tax revenue to subsidize religious instruction. The NHCLU is currently challenging the ill-conceived Tax Credit Program in Strafford Superior Court as a violation of the New Hampshire Constitution's robust protections of separation of church and state.

Litigation is a time consuming and cumbersome way to shape public policy. The General Court should exercise its authority in the near term to protect taxpayers' constitutional rights by adopting HB 370 and ensuring that the Tax Credit Program is never fully implemented. For these reasons, as explained in greater detail below, the NHCLU respectfully urges the members of this Committee to recommend that the Senate pass HB 370.

- **The New Hampshire Constitution explicitly prohibits using tax dollars to support religious education.** Part I, Article 6 of the New Hampshire Constitution states, "[N]o person shall ever be compelled to pay towards the support of the schools of any sect or denomination." Part II, Article 83 states in part, "Provided, nevertheless, that no money raised by taxation shall ever be granted or applied for the use of the schools of institutions of any religious sect or denomination." The New Hampshire Supreme Court has interpreted these provisions as strictly prohibiting any diversion of tax funds that could be used to support religious activities of religious educational institutions.
- **The Tax Credit Program effectively constitutes public funding for religious education.** By entitling businesses that make donations to scholarship organizations to a tax credit against the business profits and business enterprise taxes equal to 85 percent of their donation, the Education Tax Credit Program requires that the government forgo revenue that it would otherwise receive and allows that money to be diverted to private and religious schools. This is why the New Hampshire Supreme Court has previously found that a similar tax credit program would violate the New Hampshire constitution.<sup>1</sup>
- **The Tax Credit Program will primarily benefit religious schools that will be free to use Program funds for religious indoctrination and proselytization.** The Tax Credit Program will primarily benefit religious schools because approximately two-thirds of New Hampshire's private-school students attend religious schools, and because program scholarships will cover a much greater percentage of tuition at religious schools than at non-religious schools — which typically have much higher tuition rates. Nothing in the Tax Credit Program statute restricts schools from using Program scholarship funds for religious instruction or worship and most of New Hampshire's religious schools require students to take part in religious activities.



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DEVON CHAFFEE  
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www.NHCLU.org

- **Schools and scholarship programs that discriminate based on religion can receive Program Funds.** Most of New Hampshire's religious schools discriminate on the basis of religion, either in hiring employees or in admitting prospective students. The Tax Credit Program statute does not prohibit schools that enroll students receiving Program scholarships from discriminating based on religion in admissions or employment. The statute also does not prohibit scholarship organizations from directly discriminating based on religion among students in awarding scholarships.
- **The tax credit provides virtually no oversight of nonpublic schools that receive program funds.** In fact, the status explicitly states that, "[e]xcept as provided in this chapter, or otherwise provided in law, no state department, agency, or board shall regulate the educational program of a receiving nonpublic school or home education program that accepts students pursuant to this chapter." This means that nothing in the statute prohibits program funds from being used for religious instruction and worship or prevents schools who receive the funds from discriminating in their hiring and admissions on the basis of religion.
- **The amount of funds authorized to be diverted through the Tax Credit Program is significant.** As noted in the Department of Revenue Administration's fiscal note to HB 370, in Fiscal Year 2014 the Department is authorized to award up to \$3.4 million in tax credits, in Fiscal Year 2015 it is authorized to award up to \$5.1 million and in subsequent years, the amount of taxes due to the state that can be diverted to private schools, including religious schools, could increase by up to 25 percent annually.
- **The Tax Credit Program will not improve student education.** According to multiple studies of programs in the District of Columbia, Milwaukee, and Cleveland that diverted public funding for reimbursement of private and religious schools, those programs failed to improve academic achievement.<sup>ii</sup> Studies have also shown that such programs are not an effective market-based mechanism to improve public schools.<sup>iii</sup>

The New Hampshire General Court should stop this constitutionally flawed Tax Credit Program now, before any additional State resources are spent on its implementation. The NHCLU respectfully urges the members of this Committee to recommend that the New Hampshire Senate ought to pass HB 370. Please do not hesitate to contact me if I can provide any additional information.

<sup>i</sup> *Opinion of the Justices*, 109 N.H. 578 (1969).

<sup>ii</sup> See, e.g., *2010 DC Final Report*; U.S. Dep't of Ed., *Evaluation of the D.C. Scholarship Program: Impact After 3 Years* (Apr. 2009); *Cleveland 1998-2004*, Plucker, et al., *Evaluation of the Cleveland Scholarship and Tutoring Program, Executive Report 1998-2002* (Feb. 2006).

<sup>iii</sup> See Dodenhoff, *Fixing the Milwaukee Public Schools: The Limits of Parent Driven Reforms* (Oct. 2007).

I like my school very much, and I like all the excitement there. I have really liked all the years I have attended to this school and I'm sure I will really enjoy the future of this school and I don't want to move to any other school. Please vote NO for HB370. Thank you for letting me speak.

My name is Rafael Vazquez

I am 9 years old and I'd like to say this

My boys, Rafael and Enrique, ages 8 and 5, attend a private school in the Lakes Region of New Hampshire. They would not be able to continue to attend this school they love and NEED if the scholarship program is repealed and they no longer have school choice.

We have managed, with great difficulty and a lot of sacrifice (for example, dropping our auto insurance), to pay for our children's schooling to this point. Next year, tuition costs will be rising and we will not be able to afford to send them anymore without a Network for Educational Opportunity Scholarship. We have already applied for the scholarship for the coming school year, and were looking forward to a reduction in the burden of school costs. *tuition assistance + this*

Our 5-year-old has sensory issues. He has not only thrived and grown at his school, but has made friends as well, a great leap for him. This is all due to the small classroom setting and patient, individual care of his teachers. He would not get this in a public school setting.

Our 8-year-old consistently scores at the top of his class on NEWA testing, and his school in general scores well above public schools nationwide. He also has made lasting, deep friendships in the four years that he has attended his school.

Repealing the tax credit fund would directly affect our children's education and well-being. This is personal. *For the sake of my children and so many other children who would benefit from an Education Tax Credit Scholarship, PLEASE don't repeal it, and vote NO on HB370.*

*Love  
the  
Scholarship  
Chance*

Testimony on March 22, 2013 to the Senate Health, Education and Human Services Committee by Ms. Gail Mitchell in support of HB 370

My name is Gail Mitchell and I'm from Barrington. I am testifying today in support of HB 370 to repeal the tax credit.

I think the biggest problem I have with business tax credits that I do not think we should disinvest in our local public schools that serve everyone in favor of investing in private schools that can select their students and aim their teaching at a narrow group of people.

If I understand how this works, a business donates money for scholarships. Then children in my town get the scholarships and leave for private schools. Kids come and go from our schools all the time, but the tax credit obviously mean that we will lose more kids than we would have otherwise. So our school loses kids and money. And then, we get either less instruction or more taxes.

What is the point of shifting these kids and money from the public schools to private schools when we should be investing in our public schools?

And the problem is not just that the money is going to private schools. There seems to be nothing to keep the money from going to Creationist schools. We don't teach Creationism in New Hampshire public schools. Why should we allow it to be paid for by a program funded by New Hampshire business tax credits. That's coming right out of our pockets, just as if we wrote them a check.

I'm just one voter objecting to state tax credits being involved in teaching Creationism, but I would be that a majority of voters agree with me. They just haven't noticed yet or they would be here too.

I am particularly horrified when I hear people say that this tax credit program saves the State money. Sure, we could take kids out of our local public schools and send them to religious schools that don't cost much. We'd save a lot of money. But at a very high cost to our children's futures. These schools are fine for the families that want them, but it doesn't make sense for the State to use them as a substitute for my local public school.

Businesses don't support the program. The only organization involved has raised almost no money so far. I would not expect New Hampshire business to provide much support in the future either to a group that says it wants to shut down public education. I'm surprised that it is acceptable to the State of New Hampshire to give an inexperienced group like this access to all those tax credits.

This tax credit is bad for New Hampshire and we are fortunate that you have the opportunity to repeal it. I urge you to do so.

My name is Andrea Williams and I live at Hampton Towne Estates in Hampton. I am testifying in support of HB370. Here is my rationale:

The two organizations that have been lobbying for these tax credits — The Network for Educational Opportunity and The Alliance for the Separation of School and State declare on their website:

"I proclaim publicly that I favor ending government involvement in education."

Many of the schools attending NEO's information sessions are religious schools, and the organization appears to put particular emphasis on starting Christian schools. How would they respond to requests for scholarships to Judaic or Islamic schools, or perhaps someday Scientology? It's bad enough that potential state revenue could be used to support religious schools of any denomination. But here is the essential <sup>hypocrisy</sup> ~~contradiction~~: this tax credit -- which prevents revenue from being used to benefit the public under the oversight of our elected representatives, and which the state so desperately needs -- derives from a government created source. In other words, the opponents of the bill do not really want government OUT of their schools. They want potential GOVERNMENT revenue to be *diverted* to the particular schools of THEIR choice.

I would recast their proclamation as follows: "I proclaim publicly that I favor ending government involvement in education. Just find a way to send us the money and then go away."

*Instead,  
government,*



State Representative Chris Muns  
Rockingham District 21 (Hampton)

Testimony in Favor of HB 370

New Hampshire Senate Health, Education and Human Service Committee  
March 22, 2013

Thank you Senators for the opportunity to speak with you today. For the record, my name is Chris Muns. I am a state representative from Rockingham District 21, which includes the Town of Hampton.

I am proud to have voted for HB370 and to repeal the Education Tax Credit Program, when the House approved this bill on February 20. I urge you report this bill as Ought To Pass to the entire Senate.

Two of you currently serving on this committee voted against the Education Tax Credit Program when it was approved last year, not once but twice when you chose not to override the Governor's veto. Clearly, you did not believe that it was good public policy last year.

I agree with you and nothing has changed to make it good policy now. Hopefully, you and the other members of this committee will join in correcting a wrong before any children are directly affected by it.

Families throughout New Hampshire have every right to send their children to a private school, religious or not. Those schools are entitled to teach their students whatever they want. I do not question that. But I do not believe that revenues from the New Hampshire General Fund should be used to support them.

And that is exactly what will happen if this program is implemented. There is no difference between a business receiving an 85% tax credit in exchange for a donation to a "scholarship organization" and the state sending a check directly to that same organization. In both cases, revenues that the state – the people of New Hampshire – are entitled to receive will be funneled to schools who, under this program, are not accountable to the state.

This lack of accountability is unique to New Hampshire, compared to similar programs in other states. For example:

- Arizona, Florida, Georgia, Oklahoma, Iowa, Indiana, Ohio, Utah and Wisconsin require annual financial reporting from the schools. New Hampshire requires none.
- Florida, Georgia, Ohio, Oklahoma, Utah and Wisconsin require proof of financial viability. New Hampshire does not.
- Indiana, Louisiana, Ohio, Utah, Wisconsin, Arizona and Florida require participation in standardized testing. New Hampshire does not.
- Indiana, Louisiana, Ohio, Wisconsin, Arizona and Florida require public reporting of testing results. New Hampshire does not.

- Wisconsin and Florida perform independent evaluations. New Hampshire has no plans for evaluation.

This lack of accountability is in stark contrast to New Hampshire's public charter schools, which are fully accountable to the State Board of Education and the Department of Education. As a result, the citizens of the State have transparent access to charter school performance along side the performance of all New Hampshire schools and can determine whether they feel their investment in charters is well spent; something that is not the case with the investment we are all being asked to make in private and religious schools.

Finally, as the father of a special needs child, I am concerned that children similar to my own will not only be discriminated against by the scholarship organizations who receive the lion's share of any donations that may be made, but that the further diversion of public funds from public education – where most of the children with special needs are educated – will make it that much more difficult for the state to meet its legal liabilities to accommodate these children and ensure that they have the same opportunity to excel as the next child.

Public revenues should be used for the broadest possible public good. We have a rich history in this state of supporting public education because we have always known that it is one of the keys to ensuring long term economic growth and prosperity for all of us and to also create good and engaged citizens.

There is much that can and needs to be done to improve the quality of the education that our children receive; I hope that we never stop working together to do that. Early childhood development programs, nutrition programs, medical health programs, investments in new and exciting technology, building aid and targeting more education funding to poor communities are all very worthwhile investments that we can and should consider. Diverting scarce public resources to subsidize families who wish to send their children to private or religious school should not be one of our priorities at this point in time.

Please vote Ought To Pass on HB370 and encourage your colleagues in the Senate to join with the House of Representatives and send this to the Governor for her signature.

Thank you.

Testimony on HB370 before the Senate Health, Education & Human Services Committee on  
03/22/2013

Dear Chairman Stiles and Committee Members:

Thank you for giving me the opportunity to speak. Most of today's testimony you will have heard already, so I will be brief. I have three points and a real life example.

First is the fact that the only reason that we are here today is because the public school monopoly feels threatened and it is determined to preserve its monopolistic status by overturning the Business Tax Credit Scholarship Law. You might deny that the public school system is a monopoly since private schools are allowed in NH. My response would be that for the reasonably well-to-do that is true, but only for them. For the poorer families of our communities, who are struggling to make ends meet while paying onerous education (i.e. property) taxes or high rents, public education is indeed a monopoly. There will be **no educational freedom of choice** for those lower income families if HB370 passes!!

My second point is that all education takes place in the context of a particular worldview or value system. Public education is no exception to that premise, neutrality in education is a myth. By its very nature as a tax supported institution its worldview ends up being a secular humanism that tries, but fails, to provide a value context for education that is acceptable to all. This current system promotes endless conflict. The Business Tax Credit Scholarship provides a **freedom of choice alternative** that is a win-win for all.

My third point is that once this Tax Credit Scholarship is fully implemented it will provide significant tax savings at the local and state levels. The cost to educate a child in the public schools is approximately \$14,000+/pupil, while the "loss" to the state through the tax credit (of 85%) is \$2,125 per student.

I want to tell you about New Life Home for Women and Children in Manchester whose goal since 1979 has been to rebuild and restore the broken lives of women struggling with alcohol/drug dependencies, abusive relationships, and destructive lifestyles in a disciplined environment of love and compassion. This program **receives no state or federal funding, no food stamps and no welfare**. The children of the women are allowed in the Home as well and currently there are 17 children residing there with 10 of school age who currently attend the Manchester public school system. All the mothers of those 10 children want them in Christian schools and they have all applied for and been approved for a scholarship by N.E.O. Thus this one home would remove 10 students from the Manchester schools saving at least \$140,000. That has to be of financial significance for the taxpayers especially when combined with the many other families of the city who will or already have taken advantage of the Business Tax Credit Scholarship.

For those of you who intend to vote for HB370, which will overturn the Business Tax Credit Scholarship law, I want you to clearly understand what you will be saying to the poorer families of our state, including the young mothers at New Life Home: "You must stay in the monopolistic public school system. **We are taking away your newly won educational freedom of choice**. We do not respect your desire and right to have your children educated in a worldview or value system of your choice. That is a decision that we will make for you." It would be very **cruel indeed to crush their hopes** by taking this opportunity of exercising freedom of choice in education away from them just months after granting it to them.

Thank you honorable committee members for your kind attention!  
Jim Pinard, Lobbyist for the Granite State Christian School Association



New Life Home for Women  
& Children

Rev. George Rosado  
President, Founder & Director

Grace A. Rosado  
Founder & Executive Director

*New Life Home for Women and Children is a non-profit, voluntary, non-denominational, Christian, long-term residential drug and alcohol crisis intervention facility for women and their children.*

*Founded in 1979 by George & Grace Rosado, the program resides in a large home on six beautiful acres of land in the north end of the City of Manchester, New Hampshire.*

Visit our web site and learn more about the home and the amazing stories of lives transformed.

<http://www.newlifehome.org>

Mailing Address:  
P.O. Box 148  
Manchester, NH 03104  
(603) 624-8444

\* All donations are tax deductible

## *New Life Home for Women & Children*

*Manchester, New Hampshire*

### *What it's about!*

New Life is a home for transformations. It is a place for women to start over, to renew their lives. A voluntary, non-denominational, Christian treatment facility like few others, the Home's mission is to come alongside women struggling with alcohol/drug dependencies, abusive relationships, and destructive lifestyles. The goal is to rebuild and restore broken lives in an atmosphere of hope and trust. The method is to deal with the individual's whole being; body, soul, and spirit. New Life emphasizes a life changing relationship with Jesus Christ at its core. The program takes a holistic approach, dealing not only with the obvious dependency issues, but also with fundamental issues of self-esteem and the ability to manage family, household, and employment. Through peer support, a loving staff, and strong spiritual leadership, the women enter into a partnership to put their lives back together so they can enjoy a self sufficient and productive life in today's society.

### *How it started!*

In 1979, George and Grace Rosado realized there were virtually no long term residential programs in the New England area for women struggling with dependencies and other life-controlling issues. They recognized an obvious and desperate need and soon left their jobs to pursue their vision to serve God in this capacity. George and Grace developed a faith-based, structured program that ministered to women trapped in addictive lifestyles. They provided an environment of love and compassion to help reclaim devastated lives. Soon, the program added the unique dimension that differentiates New Life from all others in the area, the addition of children to the home. New Life offered a safe haven, one that allows women to enter the program and bring their children with them. It welcomes pregnant, addicted, and hurting women into the program, and asks only that they commit to the goal of reclaiming their lives.

### *What makes it different?*

**Children & Faith.** Approximately 80% of the residents have children. Numerous organizations offer rehabilitation programs for women but many women will forgo much needed treatment at the expense of leaving their children behind. New Life's residential program not only stresses the reclaiming of a woman's life but also the life of her children who are often overlooked. The New Life staff, volunteers, and graduates pour out love and support to each woman and her children. All efforts are supported by the belief that individual lives are impacted with the Gospel of Jesus Christ and with His power to transform their lives. New Life's motto is "With men this is impossible, but with God all things are possible." (Matthew 19:26 NIV)

### *What have been the results?*

In its 31 years, hundreds of women and children have passed through the doors of New Life. Over 80% of the women who have completed the program are dependency free and living productive, self-supporting lives. As each "new life" graduates from the program, they come to a saving knowledge of the Lord Jesus Christ and the power He has to transform them by His spirit! Their inspiring stories are a testimony to their new faith and desire to reclaim their lives. They have learned how to maintain their own stable home environment and have returned to the community as fit parents and productive citizens.

### *Why we need your help!*

It is essential that New Life continue to offer this unique model of treatment without cost to its participants. While in New Life's care, all of the needs of the women and their children are met through the generous support of individuals, churches, and grants from foundations and corporations. True to its founding vision, New Life does not receive any state or federal funding. Today's society continues to produce women in desperate need and; fortunately, New Life stands ready to receive them. To do so effectively, New Life Home needs your help. There are fewer events more gratifying than "*bringing hope and life to women and their children*". Your investment in this vital work changes lives for eternity.

The argument for the school scholarship or "choice" program is that we need to create "choice" for students. As a mother of four children, my children have gone to public, private and been home schooled. I have *never lacked choice*. We are not wealthy, but education is a family priority and our primary investment. While others save for retirement, we invest in our children's education. That is our choice.

Some may argue that we need to create "competition" for our public schools so that they will improve. This is another argument for the "School Choice" scholarship program. Competition assumes a free market - which is defined as "an economic market in which supply and demand *are not regulated* or are regulated with only minor restrictions." Public schools do not operate in a free market. They are highly regulated and must take **all** students regardless of the student's abilities or interests. It will never be fair for us to advocate for competition between public and private schools. This is not an even playing field and never will be.

There are those who will say that public education does not provide choice. I will disagree based upon my own experience. My children have been able to test out of classes, skip grades, and have dual enrollment at NH Tech while still being in high school. As an innovative alternative learning opportunity, public schooled students can access ELOs -Extended learning opportunities ELOs provide "the primary acquisition of knowledge and skills through instruction or study outside of the traditional classroom methodology, including, but not limited, to

- Apprenticeships
- Community service
- Independent study
- Online courses
- Internships
- Performing groups
- Private instruction"

(NH Department of Education)

Public schools do provide choice for various learning styles and interests through ELOs.

What advantages do **private schools** have over public school? Private schools are nonprofits and can *raise money from anyone at any time*. They do not have to beg the legislature for funding. Individuals or businesses who give money to private schools get a *charitable contribution deduction* on their taxes. Our government *does not tax private school property or buildings*. Private schools *are not required* to follow state mandates or have educational oversight. They *are not required to accept all students*. Do we also need to give private schools more tax breaks and public money through this "School Choice" scholarship program?

The "School Choice" scholarship program suggests that I give the tax dollars I owe to the State of NH- as a business- to a scholarship program, instead of to the State of NH. I have pledged my tax "credits" to projects before. The Grappone Conference Center is one example. The difference is my tax dollars invested in that community asset benefit thousands of people every month. My tax dollars invested in the "School Choice" program has the potential (if fully funded) of benefiting less than 1% of NH students. As a business person, I see this as a poor investment.

Unlike the CDFA with a local board of esteemed community members and transparent lists of well-known donors, which administered my tax credits for the Grappone Conference Center, the "School Choice" scholarships are administered by an out-of-state nonprofit. This nonprofit currently calls itself the **Network for Educational Opportunity** after changing their name from

the **Alliance for the Separation of School and State**. The board members live in California. The President lives in CT. This nonprofit has lost money for years according to its IRS form 990 reports. Its public support has declined to just barely over the minimum of 33.3% according to 990 Section C Computation of Public Support Percentage. During all these years of losses, the president of the board has continued to make \$60,000 a year. Is this the type of fiscal responsibility we want in NH to hand out our tax dollars as scholarships? What about accountability and oversight? Our public schools are accountable to NH taxpayers. But this "scholarship organization" is not. This is the wrong choice for distributing NH education tax dollars.

Let me discuss some background information:

- In NH, we are experiencing a decline in our student population. Our public and private schools have been impacted by the declining student population. For public schools, this decline in enrollment *has not reduced fixed expenses*. The cost to maintain our facilities is constant regardless of student enrollment. Pulling more students out of our public schools and sending them to private schools does not reduce costs to local school districts- it increases them---less revenue coming in--- overhead costs unchanged.
- In addition, NH has created 18 Charter Schools. According to the NH Department of Education, "Charter schools are public schools. They operate with freedom from many of the regulations that apply to traditional public schools but agree to greater accountability." I have two charter schools in my school district and the schools currently service around 60 students. Students who leave public school to go to Charter Schools are another revenue loss to the local public schools.

Saying we need competition between public and private schools is like comparing a homeless shelter competing with a hotel. Both have different purposes, serve different populations and have different assets and funding mechanisms.

If what we truly wish to accomplish is to improve our public schools so that they are the best choice for all students, we need to fully fund our public and charter schools. We need to reduce the regulation in our traditional public schools as we have in our successful charter schools. We should not be creating another "school choice" program when we haven't even fully funded what we have. It is fiscally irresponsible. We are downshifting more expenses to our local school district with this latest school program.

Let me review- this "School Choice" program will cost the Dept of Revenue to administer. There will be no oversight of the nonprofit distributing money. There are no measures of accountability as to how or when the program will be deemed successful or a failure. It diverts my tax dollars owed to the State of NH to an out-of-town nonprofit with a poor fiscal track record. This program does not support the intent of Article 83 in the NH constitution that we "cherish our public school." It costs the local school district money. It has no long term strategic plan for success.

This program is not the answer to our education challenges in NH.

Fiscal incentives from the government like "school choice" are not necessary for good parents to make the best choices for their children's education.

The key to success in any type of education is parental involvement. It costs nothing more than time and interest. That is why I am here today asking you to honor your oath to the NH Constitution to "cherish" our public schools and vote down this bill disguised as "choice" which diverts the tax dollars businesses owe to NH to educate the few, with no accountability, at the expense of many, many NH children.



Dear Senate Committee Members,

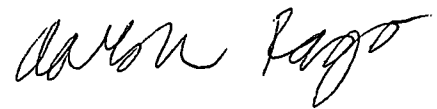
My name is Aaron Rago. I have been a resident of Franklin, NH for 14 years. I am a college student at Lakes Region Community College. As an assignment for my American Government class, I am writing about an issue that concerns me—the issue of School Choice.

Last year the New Hampshire Legislature passed a bill (SB372) that allowed low-income families to receive a k-12 scholarship, so they could finance their children's education at a private school, out-of-district public school, or homeschool. This bill gives students the freedom to go to the school of their choice and receive the best education that suits their individual needs. It is my understanding that another bill (HB370) will repeal SB372 if passed by the Senate and signed by the governor. The House already passed the bill, but I ask that you vote "inexpedient to legislate" on HB370.

When I was a student at Franklin High School, I wanted to take classes at Laconia High School that weren't offered at Franklin. After meeting with the principal of Laconia High, I discovered that my family couldn't afford the high tuition costs for an out-of-district student. I was devastated. Right now there are over 500 students that have applied for these scholarships. If HB370 is passed and SB372 is repealed, the children of these families will not be able to attend the schools of their choice. Without the education that suits them, they may struggle with school and not be able to achieve their full potential.

I don't want future students to miss out on educational opportunities like I did. It is my hope for them that they will be able to have access to a better education or a school that is the best fit for them. I ask again that you vote against HB370. Thank you for your time.

Sincerely,

A handwritten signature in cursive script that reads "Aaron Rago". The signature is written in black ink and is positioned to the right of the typed name "Aaron Rago".

Thank you Madam Chair and committee members. My name is Kathy Rago and I will take four minutes to tell you why it is so important that you ITL HB370.

A bit of history – I am a former legislator and served on the House Education Committee and as its clerk last session. I chose not to run for re-election because I wanted to put my time and energy in to making sure that other families never have to endure what my family went through in trying to find a better education fit for my own kids and this scholarship program is one avenue.

A few years ago my oldest son was a high school senior (he had been homeschooled for ten years prior). He was a percussionist e.g. music major. Our district high school music program had been going downhill for years so we started searching for a better opportunity for him. He auditioned with an out-of-district public school and got in to their band program. We had a “gentlemen’s agreement” with the out-of-district school so no extra costs to us. Well, we also realized he needed to take an Honors Math course which was not offered at our district school in the timeframe needed, but was available at the out-of-district school. We were told that for him to take ONE more class we would now need to pay \$10K for out-of-district tuition! We could not afford that so we started looking around and eventually found the Virtual Learning charter school which is how he took that honors class.

Now along comes my daughter starting 9<sup>th</sup> grade a few years ago. I was not happy with the environment at our district high school so we started looking at other options for her 10<sup>th</sup> grade. We looked at two different private high schools and both were possibilities. We were hopeful for a positive change UNTIL we found out the costs! We could not afford to send her to a private school and Virtual learning charter school was not a good fit for her.

Have you ever had that feeling of utter helplessness? Of not being able to give your child the BEST education because of finances? Well let me tell you it is not a happy place for anyone! She was STUCK with no options and we managed to muddle through.

If this scholarship program were available 3-4 years ago we would have had options! If we are truly all about helping middle-class families THEN leveling the playing field so that EVERYONE has the same educational options (NOT just the wealthy who have school choice). I ask you to look at ALL the benefits of this scholarship program with an open mind and if you do that then I believe that you will see the value to our NH families and vote ITL on HB370!

Thank you.

Hon Kathleen Lauer-Rago

Testimony on HB370 – Recommend ITL

3/22/13



Remarks on House Bill 370

From Rep. Steve Vaillancourt, Hills. 15

March 22, 2013

Thank you Madame Chair, ever cognizant of the oath of office I took to defend the Constitution of the State of New Hampshire, I appear before you in full support of this bill to repeal what I consider to be an unconstitutional education voucher.

If I may paraphrase the immortal bard, Madame Chair. In his play Julius Caesar, Shakespeare had Brutus say, "It's not that I love Caesar less, but that I love Rome more."

In the case of this bill, I say, "It's not that I love vouchers less, but that I love our Constitution more."

In not one, but in fact in two sections, the New Hampshire Constitution prohibits any tax money from going toward education of religious institutions.

Part First, Article 6 states, and I quote, "No person shall ever be compelled to pay towards the support of the schools of any sect or denomination."

Part Second, Article 83—yes that's the article that provides those famous words about cherishing, that is to say, funding education—also states, and again I quote, "No money raised by taxation shall ever be granted or applied for the use of the schools of any religious sect or denomination."

Notice, Madame Chair, that I did not read words detailing how it would be permissible to put money under a shell, move it around like in an old game of hutchenspiel, and then after the proper amount of laundering, voila!, declare it acceptable to give to a religious school.

That's really what the education voucher passed, shamefully in my opinion, by this House last year did. To the extent that businesses are given tax credits for providing vouchers for religious schools, we are allowing tax money to go to religious schools. After all, if the credits were not being granted, the businesses would have to pay their taxes, just like all other businesses.

Here's how the Portsmouth Herald and Nashua Telegraphs explained it in recent editorials, and once again I quote, "The state and other private groups defending the tax credit program make a tortured argument that somehow the tax credits are not tax dollars. This is absurd on its face, because the state would not be in a position to give credits unless it was owed taxes. No taxes, no credits. No credits, no voucher program."

Seldom has an editorial writer summed it up better, Madame Chair.

Except perhaps a Concord Monitor writer who noted, and I quote, "The tax credit would effectively allow a government subsidy for schools that teach religion and discriminate based on their hiring practices. It is the pea under shells manipulated by legal sleight of hand."

Ah yes, the old shell game.

We do not take an oath of office to turn out Constitution into a shell game, Madame Speaker. The Constitution should be used as a shield...to protect our individual rights, not as a spear, a bayonet if you will, to wield against those with whom we disagree.

You cannot, Madame Chair, use the Constitution when it agrees with your point of view and then turn against it with specious arguments, with absurd legal mumbo, jumbo when it clearly opposes what you wish to do.

As I said at the outset, Madame Chair, it is not that I love vouchers less, but that I love our Constitution more. For those who would tell us that our Constitution demands that we allow guns in this body or that we have to address any grievance to come before us, for them to then deny that our Constitution prevents any tax monies going to religious schools...well, that's just the kind of gall...or chutzpah...that would make our founders roll over in their graves.

I will never be any part of it, and I'm frankly ashamed of those who will.

If you don't like what the Constitution says about never giving tax monies to private schools, you are welcome to change the Constitution. There are mechanisms in place to do just that, but as long as the wording is clear in not one but in two places; it should be anathema to let this bill stand.

One final quote, if I might Madame Chair. Bill Duncan, writing an op-ed piece for Fosters of Dover, stated, and again I quote, "Revising previous policy is what Legislatures do, especially when voters have spoken as clearly as we did last November."

This bill allows us to revive previous misguided policy, and I trust all House and Senate members who take their oath of office seriously will vote ought to pass on this bill.

A shield, not a spear Madame Chair, that's what our Constitution is, and shame to those who attempt to wield it as a weapon.

## Who is the Network for Educational Opportunity, the only “scholarship organization” qualified under New Hampshire’s voucher tax credit program?

The voucher tax credit law creates a new kind of organization, a non-profit “scholarship organization,” that can solicit donations from businesses and distribute the funds to private, religious and home schools in the form of tuition for qualified students. To date, one scholarship organization has been approved, the Network for Educational Opportunity (NEO).

NEO started life as The Alliance for the Separation of School and State (ASSS), founded in Fresno, CA in 2000. Since 2010, the organization has filed its tax returns as the Network for Educational Opportunity, giving its address as the office of its treasurer in Clovis, CA, a suburb of Fresno.

Its tax returns show that, in budget terms, the organization’s peak year was 2001, when it had total contributions of \$293,000. By its 2009/10 fiscal year, contributions had diminished to \$138,000. NEO spent about \$141,000 that year, \$110,000 of which was on salaries and professional fees. Alan Schaeffer, who lives in Connecticut and is listed as having worked full time for ASSS/NEO since 2006, was paid \$60,000 of that.

In 2011, Mr. Schaeffer opened an office for NEO in a shared space at 8 North Main Street, Suite 8, in Concord and began working with then Senator Jim Forsythe to develop the New Hampshire education tax credit program. He worked with the study legislative committee that developed the bill (here are the committee materials) and told me he had provided the basic framework for the legislation. Mr. Schaeffer said he planned to open up a scholarship organization when the bill passed. He was featured in a press conference sponsored by Smart Girl Politics (here, introduced by Kate Baker) to publicize the bill. Smart Girl Politics is a conservative action group where Ms. Baker is listed as the Youth Outreach Coordinator.

When the tax credit passed, NEO established itself as a scholarship organization and added to its staff, including Kate Baker as executive director and Kathleen Lauer-Rago (member of the NH House from 2011-12) as “Lakes Region Director.”

On their web sites, NEO and ASSS outline their conviction that public education should be dismantled:

***Our Proclamation: “I proclaim publicly that I favor ending government involvement in education.”***

↳ *...public schools are controlled by the government and subject to all the ills of government bureaucracy and power.*

↳ *....Government schools never sought the permission of parents to educate children. Instead, they used force to secure their audience. As is only natural, the arrogance of the state and its contempt for parents has grown with the years. So also has its power over society.*

*....Our society has become a slave to the state by virtue of government-controlled schools. Children suffer, parents feel helpless, and scores of good educators feel trapped in a system that never should have existed in the first place.*

....Please join us in exploring the problem of state-controlled schooling and the exciting solutions available this very day!

....Why shouldn't the government be involved in education? The Short answer: Government schooling stands in direct opposition to the liberty this country was founded on. It fosters unquestioning obedience, acceptance of authority, herd mentality, and dependency...

→...The system is sick at its core. Its foundation is corrupt – the idea that a government should control what, when and how its citizens learn, that it should have the power to force its agenda on the people it is supposed to serve, that as long as it says it's doing it for our own good, we must submit, is 100% contrary to the principles of liberty, justice and equality.

....We believe parents are the natural and rightful representatives and governors of their children's preparation for life. They possess a sovereignty that is both a right and a responsibility and outweighs any claim a government may make to the lives of children.

....We believe that liberty is the source of innovation and excellence.

...But the courts have made it clear that if parents choose public schools for their children, they have no say in what is taught or who teaches it; parents become irrelevant to the education process.

→ Many of the schools attending NEO's information sessions are religious schools and the organization appears to put particular emphasis on starting Christian schools. Formation of religious schools is common in other voucher programs and NEO provides a list of organizations that would help New Hampshire groups take advantage of the new law. They include:

- Bob Jones University Press (BJU integrates Bible teachings with every lesson on every subject.)
- Southern Baptist Association of Christian Schools
- School of Tomorrow ("How to start a Biblically-Based Educational Ministry"),
- The Morning Star Academy: K-12 On-line Christian Private School Affiliate Program,
- Grace Works Ministries ("How to Start a Christian School")

TESTIMONY ON HB 370-FN  
Presented to  
THE COMMITTEE ON HEALTH, EDUCATION AND HUMAN SERVICES  
March 22, 2013

Good afternoon. For the record, I am Mary Stuart Gile and I represent Merrimack District 27, which includes Concord Wards 1, 2, 3, 4, 6, & 7. I am the prime sponsor of HB 370-FN, an act repealing the education tax credit program. There are multiple reasons for doing so. Mine are as follows:

1. **Constitutionality**, The NH Constitution (Part I-Art 6 and Part II-Article 83) specifically prohibits public funds from going to religious schools. The Education Tax Credit program as enacted is dependent on revenue intended for the general fund as Business Profit Tax (BPT) or Business Enterprise Tax, (BET) and diverting it through an intermediary, non-profit, scholarship organization, to be used as tuition to private schools, out-of-district public schools and possibly religious schools. Currently, the constitutionality of the education tax credit/voucher is before the Superior Court with a decision anticipated in mid-April.
2. **Fiscal impact** - 3.4 million this year; 5.1 in 2014 and up to 135 million in a decade, given our current fiscal constraints, can NH communities afford this? And the \$2500/student scholarship may sound tempting to parents but it falls far short of tuition for secular schools, which range from \$5000/student to \$25,000/student in NH.
3. **Research** - Studies over twenty years show no statistical difference in student achievement between students attending private school on vouchers and those in public schools. In fact public school students in Milwaukee, Cleveland and Washington, DC outperformed students with vouchers when test scores were weighted to reflect socioeconomic level, race and disability. Further, in a 2011 audit report on Milwaukee's parental choice program, which is the nation's oldest, established in 1990, little difference was found in the achievement scores between students in the City's private school voucher program and a matched sample attending Milwaukee's public schools. But the voucher program cost more per pupil.
4. **Accountability** -Prior to the Education Tax Credit/voucher legislation, the BPT and BET went into the State Education Trust Fund and General Fund and were accountable to NH tax payers. There is absolutely no educational or fiscal accountability plan in the 2012 Education tax credit statute for any of this money to anyone!
5. **History**: The education tax credit is risky education policy and a poorly conceived piece of legislation that was initiated in 2011 by the Network for Educational Opportunity, (NEO), formerly known as the 'Alliance for the Separation of Schools and State.'

The Alliance or NEO was incorporated in California in 2000 as a non-profit organization and its current board of directors all reside outside of NH. NEO's stated purpose is 'provide and support a variety of educational programs and promulgate publications designed to increase public understanding and acceptance of school systems independent of government funding and control.' Many of the Proclamations asserted by NEO or the Alliance are particularly inflammatory regarding our Nation's public schools. The legislation creating NH's education tax credit was crafted in collaboration with NEO and introduced and passed in both the House and the Senate in 2012 .

After the legislation passed, NEO registered as a non-profit in NH in August, 2012 and is the only non-profit scholarship organization that has applied so far. Beyond their stated purpose, NEO's goals are to discredit and preferably dismantle public education. In their literature, this is because public schools are controlled by the government and subject to all the ills of government bureaucracy and power, including the 'use of force to secure their audience,' (their language, not mine).

Obviously, NEO was unfamiliar with the fact that NH is a local control state, that while local, state and federal funds provide support for educational programs, decisions about accepting such funds, curriculum, teacher evaluation, student activities etc are all made by local school boards made up of community folks who dedicate their time to ensure that their students have the best education possible. Often at the same town meetings that have just been held around NH. Hardly big government

NEO/ Alliance promotes parent choice. NH parents already have choices... publicly funded charter schools, including the Virtual learning Academy School which is a model for the country, home schooling , open enrollment schools, public schools and any combination of these. All of these opportunities are inclusive to students of all income levels, and learning styles and abilities. Public schools unlike private schools are not selective

NEO may also have been under the impression that NH students are behind others in the nation which is far from the truth. NH students in the most recent NAEP tests scored in the top ten in the country in mathematics and reading. NH is not a Mississippi, or Alabama or even a Louisiana.

Of Course there's always room for improvement, but 20 years of research and data do not support vouchers or education tax credits as the way to improve student learning.

The education tax credit legislation was created by an organization from California that knew nothing about our education system, How it was funded or how it worked. They proposed a plan that disregards our commitment to funding an adequate education for every NH child and includes targeted funds for children receiving free and reduced lunch, and that students who meet specific criteria receive the support that they need. And the irony in all of this is, as a non-profit organization registered in NH, there is nothing to stop NEO from raising funds and establishing a foundation to provide

scholarships to anyone. It would take more time and the scholarships might be much smaller in amount, but they could do it, without taking money from NH's general fund and Education Trust Fund. There would be no limitations on how the scholarships were distributed and many of the religious schools could benefit.

In closing, I have served in this House for 17 years. In December, 2012, I was appointed chair of the House Education Committee, which tells you that my primary concern is Education Policy in NH. I have been an educator for over 45 years, including 17 years in the classroom, preK-college, (all income groups); 16 years as a consultant with the NH Dept of Education in ECE and Title I, ESEA; ( state-wide responsibilities and parent involvement); 6 years as VP for Education and Development for the AAS (gifted and talented) and chair and professor of Early Childhood Education at NHTI, Concord's Community College. I have three degrees including a doctorate in Educational Leadership from Vanderbilt University. I am also a Mother of 4 adult children and 2 adult grandchildren, (all graduates of Concord's public schools, with some private school and home schooling as well). I am a parent, an educator and an advocate for public education. History has proven that with all its challenges, our Nation's commitment to public education is what has made America, the greatest Nation in the World.

Lastly, our primary responsibility as legislators is to ensure that our public schools and the students who attend them are receiving the best education that we can provide and the financial assistance as required by current law, which includes adequacy funding, catastrophic aid, vocational education tuition, transportation and building aid. These are our priorities. It does not make sense to continue a program where we voluntarily decrease state revenue collection in business taxes. We cannot ask our local communities to absorb any more loss of funding and we should not continue a program that so far has proven of no educational value.

Madam Chair, and Honorable Senate Colleagues, the education tax credit is bad legislation that we simply cannot afford. I hope you will support the House of Representatives majority vote of OTP on HB 370. Thank you.

# TITLE V

## TAXATION

### CHAPTER 77-G

#### EDUCATION TAX CREDIT

##### Section 77-G:1

**77-G:1 Definitions.** – The following definitions shall apply in this chapter:

I. "Adequacy cost" means the total cost of the opportunity for an adequate education as defined in RSA 198:40-a, I-III.

II. "Adequacy grant" means the grant calculated under RSA 198:41, or for a chartered public school, the amount calculated under RSA 194-B:11.

III. "Business organization" shall be as defined in RSA 77-A:1, I.

IV. "Business enterprise" shall be as defined in RSA 77-E:1, III.

V. "Donation receipt" means a document submitted by a scholarship organization that contains at a minimum:

(a) The business organization's or business enterprise's name, address, and federal taxpayer identification number.

(b) The scholarship organization's name and address.

(c) The donation amount and date received.

VI. "Educational expenses" means the tuition cost of an eligible student to attend a public or nonpublic school, excluding students who were placed into a nonpublic school by their school district, and in the case of a home educated student, the academic expenses not to exceed 25 percent of the average scholarship as defined in RSA 77-G:2, I(b), incurred in a child's home schooling. Educational expenses shall not include fees or expenses related to participation in athletic programs, transportation expenses, or the cost of a parent's time expended in the home schooling of his or her child.

VII. "Education tax credit application" means a document developed by the department of revenue administration and submitted by a business organization or business enterprise that contains at a minimum:

(a) The business organization's or business enterprise's name, address, and federal taxpayer identification number.

(b) A contact person's name, title, and phone number.

(c) The requested donation amount.

(d) A signed statement certifying that the business organization or business enterprise agrees to make donations in accordance with the requirements established in this chapter.

VIII. "Eligible student" means a New Hampshire resident who is at least 5 years of age and no more than 20 years of age, who has not graduated from high school, and

(a)(1) Who is currently attending a New Hampshire public school, including a chartered public school, and for whom the adequacy grant in the next school year would be reduced if the student were removed from the average daily membership calculation; or

(2) Who received a scholarship under subparagraph (1) or this subparagraph in the prior program year; or

(3) Who does not qualify under subparagraph (1) or (2); and

(b) Whose annual household income is less than or equal to 300 percent of the federal poverty guidelines as updated annually in the Federal Register by the United States Department of Health and Human Services under the authority of 42 U.S.C. section 9902(2). The scholarship organization shall verify eligibility under this subparagraph.



IX. "Nonpublic school" shall be as defined in RSA 193-A:1.

X. "Owner or operator" means an owner, president, officer, or director of an eligible nonprofit scholarship organization or a person with equivalent decision making authority over an eligible nonprofit scholarship organization.

XI. "Parent" means the natural or adoptive parent or legal guardian of a child.

XII. "Program year" means the year beginning January 1 and ending December 31.

XIII. "Receipt" means a document developed by the department of revenue administration that is issued by the receiving school, or parent in the case of a home educated student, to the scholarship organization which makes payment for educational expenses on behalf of an eligible student and that contains, at a minimum and where applicable:

(a) The name and address of the school if a school is attended or, in the case of a home educated student, the name and address of a parent.

(b) The name and address of the eligible student for whom the expense has been paid.

(c) The name of the payer and the date and amount of the expense paid.

(d) Receipts for all specific, reimbursed educational expenses.

XIV. "Receiving school" means a public or nonpublic school which the eligible student seeks to attend.

XV. "Release of information form" means a document developed by a receiving school, signed by the parent or guardian of an eligible student, and which acknowledges the consent of the parent or guardian to release of information contained in the receipt.

XVI. "Scholarship impact survey" means a document developed by the department of education and given to the parents of students who have exited a public school under the provisions of RSA 77-G:8. The survey shall solicit the reasons for seeking the scholarship, and any suggested improvements desired in the public school they are leaving.

XVII. "Scholarship organization" means a charitable organization incorporated or qualified to do business in this state that:

(a) Is exempt from federal income taxation pursuant to section 501(c)(3) of the Internal Revenue Code;

(b) Complies with applicable state and federal antidiscrimination and privacy laws;

(c) Is registered with the director of charitable trusts; and

(d) Has been approved by the department of revenue administration for the purpose of issuing scholarships as provided in this chapter.

XVIII. "Scholarship organization application" means a document developed by the department of revenue administration and submitted by a scholarship organization that contains at a minimum:

(a) The scholarship organization's name, address, and federal taxpayer identification number.

(b) A contact person's name, title, and phone number.

(c) A signed statement that the scholarship organization has met the eligibility requirements of paragraph XVII, and will comply with the provisions of this chapter.

XIX. "Scholarship organization report" means a document developed by the department of revenue administration and submitted by a scholarship organization to the department of revenue administration that shall be a public record, notwithstanding RSA 21-J:14, and contains at a minimum:

(a) The number of scholarships granted under subparagraph VIII(a)(1), and the percentage of these students who were eligible for the federal free and reduced-price meal program in the final year they were in public school.

(b) The number of scholarships granted under subparagraph VIII(a)(2), and the percentage of these students who were eligible for the federal free and reduced-price meal program in the final year they were in public school.

(c) The number of scholarships granted under subparagraph VIII(a)(3), and the percentage of these students who were eligible for the federal free and reduced-price meal program in the prior year.

(d) The total dollar amount of all scholarships granted.

(e) The total dollar amount of donations spent on administrative expenses pursuant to RSA 77-G:5,

I(f).

(f) The total dollar amount to be carried forward pursuant to RSA 77-G:5, I(g).

(g) The total dollar amount of donations used and not used for scholarships.

(h) The number of scholarships granted.

(i) The number of scholarships distributed by the organization, per school, and the dollar range of those scholarships. All home educated students shall be totaled together as a single school.

(j) An analysis, broken down by zip code, of the place of residence for each student receiving a scholarship under this program.

(k)(1) The aggregated results from a survey, designed by the department of revenue administration, and administered by the scholarship organization, which shall solicit and receive information from at least 90 percent of the parents or legal guardians of participating students, broken down by the number of years in the program. In each case, the respondent shall be asked to gauge their level of agreement with the statement as follows: "strongly agree," "agree," "no change," "disagree," "strongly disagree." The following statements shall be included in the survey:

(A) I am satisfied with the school my child is attending as compared to the school my child attended prior to the availability of the education tax credit program.

(B) My child has seen a measurable improvement in academic achievement.

(C) My child would have been unable to attend the school of his or her choice without the education tax credit program.

(2) The survey shall include the following question to the parent or legal guardian of a participating student: "Excluding the education tax credit scholarship, how much did you pay out of pocket for your child to attend school this year?"

(l) The aggregated results from a survey, designed by the department of education, and administered by the scholarship organization, which shall solicit and receive information from the parents or legal guardians of participating students who graduated or stopped attending 2 years prior. A parent's or legal guardian's response to the survey shall be optional. Results shall be aggregated by the scholarship organization and published by the department of education. The survey shall solicit the following information:

(1) Whether the student is attending a private, public, community, or vocational college, or otherwise employed or unemployed.

(2) Whether the student graduated or not.

(m) The number of participating students who graduated from high school in the previous year, and the number that dropped out of school.

(n) A signed statement that the scholarship organization acknowledges compliance with the provisions of this chapter.

(o) An explanation of information omitted from the report because it would reveal private data about an individual student.

(p) The name of any other scholarship organizations who have agreed to combine their data with the scholarship organization for the purposes set forth in RSA 77-G:2, II. The agreement shall only be considered valid if each scholarship organization lists the other scholarship organizations in the agreement.

XX. "Scholarship receipt" means a document developed by the department of revenue administration and submitted by a scholarship organization to the business organization or business enterprise and that contains at a minimum:

(a) The business organization's or business enterprise's name, address, and federal taxpayer identification number.

(b) The amount of the donations used or carried forward and the amount not used.

Source. 2012, 287:4, eff. June 27, 2012.

## Section 77-G:2

**77-G:2 Scholarships. –**

I. (a) An eligible student may receive a scholarship to attend (1) a nonpublic school, except when the student has been placed by the local school district through the special education process; or (2) a public school located outside of the school district in which the student resides and for which the public school is not eligible to receive an adequate education grant payment for the student in the current fiscal year, in an amount not to exceed the tuition cost of the public or nonpublic school. A home education student may also receive a scholarship to cover educational expenses. A student shall not receive a scholarship from more than one scholarship organization.

(b) The average value of all scholarships awarded by a scholarship organization, excluding eligible students who received scholarships for educational expenses related to home education only, shall not exceed \$2,500. Beginning in the second year of the program, the commissioner of the department of revenue administration shall annually adjust this amount based on the average change in the Consumer Price Index for All Urban Consumers, Northeast Region, using the "services less medical care services" special aggregate index, as published by the Bureau of Labor Statistics, United States Department of Labor. The average change shall be calculated using the calendar year ending 12 months prior to the beginning of program year. In each of the first and second program years, a scholarship organization shall award a minimum of 70 percent of all scholarships issued to eligible students as defined in RSA 77-G:1, VIII(a)(1) and (2) and, notwithstanding RSA 193-E:5, shall notify the department of education of the unique pupil identifier and date of birth for each of these students granted a scholarship by July 15. The required minimum percentage of all scholarships issued by a scholarship organization to eligible students as defined in RSA 77-G:1, VIII(a)(1) and (2) shall be reduced by 5 percent each program year for years 3 through 15 of the program, and, at the beginning of the sixteenth program year and every program year thereafter, there shall be no required minimum percentage of scholarships.

(c) The minimum value of a scholarship granted to a student receiving special education programs or services pursuant to RSA 186-C shall be 175 percent of the maximum average scholarship size as defined in subparagraph (b).

(d) At least 40 percent of the scholarships awarded by the scholarship organization to eligible students as defined in RSA 77-G:1, VIII(a)(1) and (2) shall be awarded to students who qualified for the federal free and reduced-price meal program in the final year they were in public school.

(e) A student shall reapply each year for a scholarship.

II. Scholarship organizations may meet the percentage requirements of subparagraphs I(b) and (d) if, pursuant to a mutual agreement, the organizations aggregate their scholarship data and the aggregated data shows compliance with the percentage requirements.

**Source.** 2012, 287:4, eff. June 27, 2012.

**Section 77-G:3**

**77-G:3 Contributions to Scholarship Organizations. –** For each contribution made to a scholarship organization, a business organization or business enterprise may claim a credit equal to 85 percent of the contribution against the business profits tax due pursuant to RSA 77-A, or against the business enterprise tax due pursuant to RSA 77-E, or apportioned against both provided the total credit granted against both shall not exceed the maximum education tax credit allowed. Credits provided under this chapter shall not be deemed taxes paid for the purposes of RSA 77-A:5, X. The department of revenue administration shall not grant the credit without a scholarship receipt. No business organization or business enterprise shall direct, assign, or restrict any contribution to a scholarship organization for the use of a particular student or nonpublic school. No business organization or business enterprise shall receive more than 10 percent of the aggregate amount of tax credits permitted in RSA 77-G:4.

**Source.** 2012, 287:4, eff. June 27, 2012.

### Section 77-G:4

#### 77-G:4 Tax Credits. –

I. The aggregate of tax credits issued by the commissioner of the department of revenue administration to all taxpayers claiming the credit shall not exceed \$3,400,000 for the first program year and \$5,100,000 for the second program year, subject to the provisions of paragraph III. In subsequent years, the aggregate of tax credits shall not exceed the amount allowed for the prior year, unless adjusted pursuant to paragraph II.

II. Beginning with the second program year, if the amount of the total donations used for scholarships exceeds 80 percent of the current program year's tax credits allowed, the aggregate of tax credits allowed for the next program year shall increase by 25 percent, subject to the provisions of paragraph III.

III. In each program year, the increase in the aggregate of tax credits allowed pursuant to paragraphs I and II shall be contingent upon the board of directors of the community development finance authority certifying in writing to the commissioner of the department of revenue administration by the December 1 preceding the program year that the community development finance authority has received \$5,000,000 or more in contributions for the state fiscal year or that the authority has received contribution offers sufficient to meet its state fiscal year limit but did not meet its limit for other reasons.

Source. 2012, 287:4, eff. June 27, 2012.

### Section 77-G:5

#### 77-G:5 Scholarship Organizations. –

I. A scholarship organization shall:

(a) Provide scholarships from eligible contributions to eligible students to defray educational expenses.

(b) Not restrict or reserve scholarships for use at a single nonpublic school and not restrict or reserve a scholarship for a specific student or a specific person.

(c) Verify a student's eligibility to apply for and receive a scholarship through transcripts and attendance records.

(d) Not have an owner or operator who also owns or operates a nonpublic school that participates in the education tax credit program.

(e) Not have an owner or operator who in the last 7 years has filed for personal bankruptcy or corporate bankruptcy in a business organization or business enterprise of which he or she owned more than 20 percent.

(f) Not use more than 10 percent of eligible contributions used during the program year in which the contributions are collected, and for which scholarship receipts were issued for tax credit purposes, for administrative expenses. Administrative expenses shall be reasonable and necessary for the organization's management and distribution of eligible contributions pursuant to this chapter.

(g) In the first program year, there shall be no carry forward of unused eligible contributions. In each program year thereafter, not more than 10 percent of eligible contributions may be carried forward to the following program year. Any amount carried forward shall be expended for annual or partial year scholarships in the program year into which the amount is carried forward.

(h) Maintain separate accounts for scholarship funds, non-tax credit donations, and operating funds.

(i)(1) Not award a scholarship to any lineal descendant or equivalent step-person of any officer, director, or employee of any scholarship organization; and

(2) Not award a scholarship to any lineal descendant or equivalent step-person of any proprietor, partner, or member of any business organization or business enterprise making a contribution to a scholarship organization and claiming a credit against the business profits tax or business enterprise tax, nor any lineal descendant or equivalent step-person of any officer, director, or owner of more than a 5 percent interest in any business organization or business enterprise making a contribution to a

scholarship organization and claiming a credit against the business profits tax or business enterprise tax, nor any employee who is among the highest-paid 20 percent of paid employees in any business organization or business enterprise making a contribution to a scholarship organization and claiming a credit against the business profits tax or business enterprise tax.

(j) Provide to each school district which receives a stabilization grant pursuant to RSA 77-G:8 a copy of the aggregated results of the scholarship impact survey, including total number of students who received scholarships from that school district under RSA 77-G:1, VIII(a)(1).

II. (a) An organization seeking approval as a scholarship organization under this chapter shall submit an application to the department of revenue administration each program year no later than June 15. The department of revenue administration shall approve or deny the application within 30 days of receipt. The department shall deny any application that fails to meet the statutory requirements and shall notify the scholarship organization of the reasons for denial.

(b) A business organization or business enterprise shall submit an education tax credit application to the department of revenue administration no earlier than January 1 and no later than June 15. The department shall approve these applications within 30 days on a first come-first served basis, up to the aggregate tax credit amount allowed under RSA 77-G:4. If multiple education tax credit applications are received on the same day, they shall be processed at random. No business organization or business enterprise shall be granted an education tax credit for more than 10 percent of the aggregate tax credit amount permitted in RSA 77-G:4. The department of revenue administration may approve only a portion of a request if required to prevent exceeding the aggregate tax credit amount allowed under RSA 77-G:4. The approval shall include the amount allowed and the date of approval.

(c) Once an education tax credit application is approved, the business organization or business enterprise shall donate within 60 days of the date of approval or the request shall expire. Donations may be made to multiple scholarship organizations provided the total amount donated by the business organization or business enterprise does not exceed the amount approved. Donations shall be made no later than July 15 of the program year.

(d) Upon receiving a donation, the scholarship organization shall send a donation receipt to the department of revenue administration and to the business organization or business enterprise within 15 days. The department of revenue administration shall notify the scholarship organization and the business organization or business enterprise within 15 days if the donations made by a business organization or business enterprise exceed the amount approved. If a business organization or business enterprise fails to donate the total amount approved within the time permitted, the department of revenue administration may grant credit requests in the order specified in subparagraph (b).

(e) Notwithstanding RSA 193-E:5, on or before July 15, a scholarship organization shall furnish the unique pupil identifier and date of birth for each student eligible pursuant to RSA 77-G:1, VIII(a)(1) and (2) who is receiving a scholarship, and the subparagraph under which he or she was eligible, to the department of education. The department of education shall notify the scholarship organization within 30 days of any students who are ineligible under RSA 77-G:1, VIII(a)(1). The scholarship organization shall notify the department of education within 30 days if any student eligible under RSA 77-G:1, VIII(a)(1) or (2) is not awarded a scholarship or is awarded a scholarship yet subsequently returns to public school. The department of education shall return such student to the calculation of the average daily membership in residence, as defined in RSA 189:1-d, IV, for the student's school district of residence, and add the amount calculated under RSA 198:40-a, I-III to the adequate education grant amount to the student's school district of residence, and include such amount in the next adequate education grant payment made under RSA 198:42.

(f) On or before December 1, the scholarship organization shall send a scholarship receipt to the business organization or business enterprise and to the department of revenue administration. The scholarship receipt shall include the amount of the donation that was used under this chapter which is eligible for the tax credit, and the amount that was not used. The scholarship organization shall return any unused funds to the business organization or business enterprise.

(g) On or prior to December 1, the scholarship organization shall submit a scholarship organization

report to the department of revenue administration. The scholarship organization shall also include a scholarship organization application if it intends to issue scholarships under this chapter in the next program year. The department of revenue administration shall review the scholarship organization report and the scholarship receipts to ensure that the administrative expenses requirement set forth in subparagraph I(f) is not exceeded, that the number of scholarships issued under RSA 77-G:1, VIII(a)(1) and (2) meets the requirements of this chapter, and the average scholarship size does not exceed the amount allowed. If any of these requirements are not met, the department of revenue administration may deny a scholarship organization application for subsequent program years and shall notify the scholarship organization of the reasons for denial.

(h) A business organization or business enterprise may file for the tax credit after receiving the scholarship receipt, and may file a tax credit request for the subsequent program year up to the amount donated in the current program year.

(i) The provisions of this chapter regarding nonpublic schools and their relation to scholarship organizations shall apply only to nonpublic schools that choose to accept scholarship students.

**Source.** 2012, 287:4, eff. June 27, 2012.

### **Section 77-G:6**

#### **77-G:6 Department of Revenue Administration; Requirements. –**

I. The department of revenue administration shall:

(a) Develop, and annually verify and update, by February 1, a list of eligible nonprofit scholarship funding organizations that meet the requirements of this chapter. The department shall post this list on the department's Internet website and update the list monthly until July 15. The department shall forward the list and any updates to the commissioner of the department of education who shall post the list on the department of education's Internet website.

(b) Conduct or require audits in response to any reasonable complaints made. The cost of an independent audit shall be paid by the scholarship organization, but this cost shall be excluded from the administrative expenses requirement set forth in RSA 77-G:5, I(f).

(c) Establish a process by which individuals may notify the department of revenue administration of any violation by a parent, business organization, business enterprise, scholarship organization, or nonpublic school of state laws relating to program participation. The department of revenue administration shall conduct an inquiry of any written complaint of a violation of this chapter, or make a referral to the appropriate agency for an investigation, if the complaint is signed by the complainant and is legally sufficient. A complaint is legally sufficient if it contains facts demonstrating a violation of this chapter or any rule adopted pursuant to this chapter. In order to determine legal sufficiency, the department of revenue administration may require supporting information or documentation from the complainant.

(d) Create, maintain, and post online the relevant forms and reports, and submit scholarship organization reports to the members of the house and senate education committees and to the department of education.

(e) Post to the department's website an up-to-date total of the amount of credits available.

(f) No later than January 1, 2013, adopt rules pursuant to RSA 541-A, relative to:

(1) The application procedure for a scholarship organization applying to accept scholarship donations under this chapter.

(2) The application procedure for a business organization or business enterprise applying for a tax credit under this chapter.

(3) Complaint procedures, including the filing of a complaint and investigations of complaints.

(4) The design and content of the forms and applications required to be filed with, or issued by, the department of revenue administration under this chapter.

Source. 2012, 287:4, eff. June 27, 2012.

### Section 77-G:7

#### 77-G:7 Department of Education; Requirements. –

I. The department of education shall determine the number of students receiving a scholarship under RSA 77-G:1, VIII(a)(1) and (2) who were counted in the calculation of the average daily membership in attendance, as defined in RSA 198:38, I, for schools, other than chartered public schools, for the student's school district of residence and for each such student, shall deduct the amount calculated under RSA 198:40-a, I-III from the total education grant amount disbursed to the student's school district of residence calculated pursuant to RSA 198:40-a, IV(b)-(c). This adjustment shall be completed prior to September 1 of the program year in which the scholarships are granted.

II. The department of education shall verify a student's eligibility under RSA 77-G:1, VIII(a)(1) upon request of a scholarship organization. The department of education shall assist the department of revenue administration, upon request, in the investigation of student eligibility complaints.

III. The state board of education shall adopt rules, pursuant to RSA 541-A, relative to forms necessary for any surveys required and the procedures for determining and disbursing stabilization grants.

Source. 2012, 287:4, eff. June 27, 2012.

### Section 77-G:8

#### 77-G:8 Scholarship Stabilization Grant. –

I. For each school district, the department of education shall calculate the combined amount of reductions in adequacy cost pursuant to RSA 77-G:7 from students receiving scholarships under RSA 77-G:1, VIII(a)(1) and who were in attendance in that district in the year prior to receiving the scholarships. If this combined amount is greater than 1/4 of one percent of a school district's total voted appropriations for the year prior to the scholarship year, the commissioner of the department of education shall disburse a scholarship stabilization grant for the current and next 3 fiscal years to each such school district equal to the amount of the reductions in excess of 1/4 of one percent. This scholarship stabilization grant shall be included in the September 1 disbursement required pursuant to RSA 198:42.

II. The department of education shall order any scholarship organizations that provided scholarships to students from districts that were awarded stabilization grants pursuant to paragraph I to conduct a scholarship impact survey. The organization shall forward the results of this survey to the department of education and the school board of each district. The department of education shall post the results of this survey online.

Source. 2012, 287:4, eff. June 27, 2012.

### Section 77-G:9

#### 77-G:9 Exceptions. –

I. A receiving nonpublic school or home education program that accepts students benefiting from scholarships, grants, or tax credits shall not be considered an agent of the state or federal government as a result of participating in the program established in this chapter.

II. Except as provided in this chapter, or otherwise provided in law, no state department, agency, or board shall regulate the educational program of a receiving nonpublic school or home education program that accepts students pursuant to this chapter.

III. Donations made by a business organization or business enterprise to a scholarship organization

that are not for the purpose of obtaining a tax credit under this chapter shall not be subject to the requirements in this chapter.

**Source.** 2012, 287:4, eff. June 27, 2012.

### **Section 77-G:10**

**77-G:10 Severability.** – If any provision of this chapter or the application thereof to any person or circumstances is held invalid, such invalidity shall not affect other provisions or applications of the chapter which can be given effect without the invalid provision or application, and to this end the provisions of this chapter are declared to be severable.

**Source.** 2012, 287:4, eff. June 27, 2012.



Testimony in support of HB 370  
to the  
Senate Health, Education and Human Services Committee  
by  
Bill Duncan  
March 22, 2013

Thank you, Senators, for the opportunity to speak with you today. My name is Bill Duncan, from New Castle.

I've got 3 points to make briefly.

**The education tax credit program is about privatization, not poor kids**

First, the education tax credit program is all about privatization of our local public schools, not about poor kids. Seen as an effort to help poor kids, it would not be good public policy.

**It's already in trouble**

Second, because of the lack of oversight and business support, the program has fallen on its face right out of the starting gate. There's no need to wait to see that it has failed.

**Unaccredited Creationist schools will have access**

And finally, the lack of school accountability means that unaccredited Creationist schools would have full access to tuition subsidies funded by public money, New Hampshire tax credits. This is not a desirable public policy outcome.

**Privatization, not poor kids**

There can be no doubt that the tax credit program is all about privatization. The legislation said it ("maximum freedom...without governmental control," the bill says). The prime sponsor said it, "Get government, state and federal, out of education." Our one scholarship organization says it - "end government involvement in education," they say. And the godfather of the movement, Milton Friedman said it in his paper: "Public schools: make them private."

In fact, legislators received a red book called "The ABCs of school choice" from the Friedman foundation: It says the goal is "to make [school choice] available to all families nationwide." In other words, disinvest in public education and send the money to private schools where the marketplace can do its work. The report's advice for New Hampshire and every other state is to make scholarships for the full cost of a public education available to every student. You've already heard those proposals this year in the House this year.

So it's not about poor kids. But even if you disagree, you think it is about poor kids, it's bad policy

My wife and I have done anti-poverty work for the last 40 years and have seen many effective programs to help poor kids - early childhood development, nutrition, health programs. Targeting more adequacy funding to poor communities would be an effective anti-poverty policy. There are strategies for helping poor kids, but paying for them to go to private school is not one of them.

The Nashua Telegraph reported on the program. Shalimar Encarnacion said that, with the tax credit scholarships, her two kids could go to the local Christian school instead of the overcrowded Manchester schools.

Never mind that the Encarnacions or the school would have to come up with tens of thousands of dollars more to send the kids there for many years. What if you could do a hundred of these scholarships in Manchester and somehow find hundreds of thousands of dollars of addition private money? Manchester has 13,000 kids, 10,000 of whom qualify for free and reduced lunch. That's over ¾ of the kids! As a policy matter, why would the State of New Hampshire come in and pluck a few kids out to go to private schools? How does that do anything for Manchester or as a strategy for the rest of the State? (Attachment 1)

Universal pre-K is just one example of a far better investment.

So this is a privatization program, not an anti-poverty strategy. But even if you do agree with some of the advocates that the unions are bad and the local public schools are terrible, what we've seen of this program already should worry you.

### **It's already in trouble**

This is a business tax credit with none of the normal oversight or business support. As a result, the program has crumpled at the starting gate in a way that, all by itself, is a basis for repeal.

The Community Development Finance Authority was set up 30 years go to provide "affordable housing and economic opportunity" for poor people. It is an anti-poverty program done right, with a highly qualified staff and full oversight by a board that looks in detail at every tax credit project. Every donor is public. No scandals. And it's a smaller tax credit than this one. Businesses love it because they see the impact in their communities. If you haven't discussed it with Kathy Bogle Shields, the director, you should. You'll be inspired by what our State is doing.

It was done the New Hampshire way – prudent, conservative, a step at a time. We did the same thing with charter schools. They're vetted by the state board, answer to the DOE. So there's wide public support for charters.

But the education tax credit is a whole different animal. There is no oversight group at all. The entire oversight for the program consists of an annual report with a few statistics. As a result, we have only one scholarship organization so far, a California organization that helped write and lobby for the bill (Attachment 2). It now has sole access to millions of dollars in donations funded by New Hampshire business tax credits. They raise the money and decide which students and schools get the scholarships.

A short time ago, this was a one person group with a \$135,000 budget. But if they could raise what the law allows, they could have taken a million dollars off the top in the first two years. They added 7 people and have been getting plenty of scholarship applications, as you would expect, but virtually no support from the business community. They got \$100,000 from one donor and another \$40,000 from several more, but this is not a program business supports.

## **Unaccredited Creationist schools**

Then you get to the schools themselves. Certainly some well qualified schools could participate. But there are no qualifications laid down, so lots of others would get these tuition subsidies as well, including those who lobbied hard for the bill and are marketing the scholarships to their parents.

The lack of school accountability enables New Hampshire's unaccredited Creationist schools to gain full access to the scholarships. I've attached a sampling (Attachment 3). Most voters would be very surprised to see that, while Creationism isn't taught in our public schools, the education tax credit program would be integrating Creationist Bible teaching with every lesson, on every subject, every day.

This is not an anti-Christian statement. But I'm not a Creationist and I don't think most New Hampshire voters will support a program funded by New Hampshire tax credits teaching Creationism.

## **Conclusion**

You'll hear that this is private money. I would say that if you have to budget for an \$8.5 million tax credit for the biennium and figure out how that is going to be paid for, you are funding this program with public money.

And you will hear that this tax credit would save New Hampshire money. And that's true. Every little bit of privatization you do will save the State money. You can take a child from a \$12k/year public school that gets \$4,200 in state aid, give her a \$2,500 scholarship and send her to a private school that teaches that dinosaurs and people were created on the sixth day. That does save money – but at a very high cost to our children's future.

I urge you to support HB 370, repeal of the education tax credit program.

ADVANCING NEW HAMPSHIRE PUBLIC EDUCATION  
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603-682-4748

## Are vouchers really a solution for overcrowding in Manchester schools?

The Telegraph ran a story on March 5th about how a California group with 2 names - Network for Educational Opportunity and The Alliance for the Separation of School and State - is helping the Encarnacion family find an alternative to the sometimes chaotic Manchester public school system. We can all empathize with Shalimar Encarnacion and her beautiful children, Angelica and Angel. The schools Angelica and Angel attend have limited budgets and serve a transient immigrant population. Almost everyone qualifies for a free or reduced lunch. The teachers work their hearts out, but the challenges are huge.

You can hardly blame Ms. Encarnacion for wanting to improve her kids' chances.

What should be our response in a case like this? The story's message is that we should use the new education tax credit program. Advocates for the program say that, while helping the kids, the State would also save money by moving students out of the public and into private schools. That's because, for each child who leaves, the State a scholarship averaging \$2,500 to a private school instead of an adequacy grant averaging \$4,200 to a public school.

That would be great for Angelica Encarnacion, if she is accepted at a private school. And it is particularly attractive to folks who believe, as the California group with two names does, that we should shut down all "government schools." But is providing a ticket out for some of the kids really a solution for Manchester's over-crowded classrooms?

And when the Legislature passed the education tax credit bill over the governor's veto last year, what was the real goal? Was it a signal that we have given up on public education and want to replace it with low cost private schools? I would argue that disinvestment in public education is not a good way to provide a constitutionally adequate education to every child.

The Encarnacion family story is a good example.

Start with the issue of cost. The kids would like to attend Mount Zion Christian School, where the tuition would be \$7,500 for Angelica and \$5,500 for Angel. But the scholarship organization

with two names has many applicants and little money. Will they have \$2,500 each for Angelica and Angel? If so, is Ms. Encarnacion prepared to pay the remaining \$8,000 per year for many years for the two kids? Or is Mount Zion prepared to make that commitment to Angelica and Angel for many years into the future? All in all, this becomes a financially uncertain alternative to public school.

Then look more closely at Mount Zion as a replacement for public school. Mount Zion is a small Christian school. But with 155 students and 15 teachers, it is larger than most - and it is accredited. Many of the tuition payments under this program would go to unaccredited schools with a few teachers and a few dozen students. What they do have in common is their philosophies and curricula. They integrate the Bible into every lesson, every day. Mount Zion says, "a Biblical perspective that permeates all instruction and activities."

Based on the curriculum Mount Zion and many others use, Angel's 6th grade history book could teach him that,

"Unfortunately the United Nations failed to end wars and bring about world peace...Over 1 billion people have been slaves under Communism...The United Nations has not been able to preserve the rights of these people. Many people think it has actually helped to spread Communism."

Angela's high school science book could say that,

"From a Christian standpoint, there are only two worldviews from which to choose — a Christian worldview or a non-Christian worldview. The most important beliefs in a Christian worldview are the beliefs that the Bible is the Word of God and the only completely reliable thing in this world."

It's fine for private family money to pay for this, but is this what we want public funds to pay for as an alternative to public school?

Yes, Ms. Encarnacion wishes that there were no repeal bill or court challenge. She has been sold on the benefit to her of a policy with very little legitimate public purpose. The program promotes the goals of the California group with two names - shut down government schools, they say - but it is not a good response to the needs of many thousands of Manchester and New Hampshire school children.

The House has voted to repeal the education tax credit. The Senate should do the same and save the State from going down the road with this misguided policy.

*Bill Duncan, in the Nashua Telegraph, March 7, 2013*

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## **Who is the Network for Educational Opportunity, the only scholarship organization qualified under New Hampshire's voucher tax credit program?**

The voucher tax credit law creates a new kind of organization, a non-profit "scholarship organization," that can solicit donations from businesses and distribute the funds to private, religious and home schools in the form of tuition for qualified students. To date, one scholarship organization has been approved, the Network for Educational Opportunity (NEO).

NEO started life as The Alliance for the Separation of School and State (ASSS), founded in Fresno, CA in 2000. Since 2010, the organization has filed its tax returns as the Network for Educational Opportunity, giving its address as the office of its treasurer in Clovis, CA, a suburb of Fresno.

Its tax returns show that, in budget terms, the organization's peak year was 2001, when it had total contributions of \$293,000. By its 2009/10 fiscal year, contributions had diminished to \$138,000. NEO spent about \$141,000 that year, \$110,000 of which was on salaries and professional fees. Alan Schaeffer, who lives in Connecticut and is listed as having worked full time for ASSS/NEO since 2006, was paid \$60,000 of that.

In 2011, Mr. Schaeffer opened an office for NEO in a shared space at 8 North Main Street, Suite 8, in Concord and began working with then Senator Jim Forsythe to develop the New Hampshire education tax credit program. He worked with the study legislative committee that developed the bill (here are the committee materials) and told me he had provided the basic framework for the legislation. Mr. Schaeffer said he planned to open up a scholarship organization when the bill passed. He was featured in a press conference sponsored by Smart Girl Politics (here, introduced by Kate Baker) to publicize the bill. Smart Girl Politics is a conservative action group where Ms. Baker is listed as the Youth Outreach Coordinator.

When the tax credit passed, NEO established itself as a scholarship organization and added to its staff, including Kate Baker as executive director and Kathleen Lauer-Rago (member of the NH House from 2011-12) as "Lakes Region Director."

On their web sites, NEO and ASSS outline their conviction that public education should be dismantled:

Our Proclamation: "I proclaim publicly that I favor ending government involvement in education."

*...public schools are controlled by the government and subject to all the ills of government bureaucracy and power.*

*....Government schools never sought the permission of parents to educate children. Instead, they used force to secure their audience. As is only natural, the arrogance of the state and its contempt for parents has grown with the years. So also has its power over society.*

*....Our society has become a slave to the state by virtue of government-controlled schools. Children suffer, parents feel helpless, and scores of good educators feel trapped in a system that never should have existed in the first place.*

*....Please join us in exploring the problem of state-controlled schooling and the exciting solutions available this very day!*

*....Why shouldn't the government be involved in education? The Short answer: Government schooling stands in direct opposition to the liberty this country was founded on. It fosters unquestioning obedience, acceptance of authority, herd mentality, and dependency...*

*....The system is sick at its core. Its foundation is corrupt – the idea that a government should control what, when and how its citizens learn, that it should have the power to force its agenda on the people it is supposed to serve, that as long as it says it's doing it for our own good, we must submit, is 100% contrary to the principles of liberty, justice and equality.*

*....We believe parents are the natural and rightful representatives and governors of their children's preparation for life. They possess a sovereignty that is both a right and a responsibility and outweighs any claim a government may make to the lives of children.*

*....We believe that liberty is the source of innovation and excellence.*

*...But the courts have made it clear that if parents choose public schools for their children, they have no say in what is taught or who teaches it; parents become irrelevant to the education process.*

ADVANCING NEW HAMPSHIRE PUBLIC EDUCATION  
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## A sampling of New Hampshire religious schools and their curricula

(more on the web)

Here is a constantly expanding "inventory" of New Hampshire's religious schools in a form that is easy to scan to see what they're about.

The **Bethlehem Christian School**, an unaccredited K-12 school with 22 students and 2 teachers in Bethlehem, says that it "was founded in 1997 as a ministry of Bethlehem Christian Center, with the original intent of supporting the Christian churches of the North Country by providing a superior, Bible-based education for their children." Tuition is \$2,500. Bethlehem relies heavily on the ACE curriculum, saying, "our doctrinal statement very closely parallels the Statement of Faith of our accrediting, supervising, curriculum provider – Accelerated Christian Education Ministries." Creationism is integral to the curriculum.

- From a typical science: "True science will never contradict the Bible because God created both the universe and Scripture... If a scientific theory contradicts the Bible, then the theory is wrong and must be discarded."
- Social studies: "The New Deal programs were based on the humanistic, socialistic philosophy that the 'end justifies the means.' To achieve FDR's goal of halting the depression, Congress was willing to spend more than it had. Because of this overspending, the government raised taxes."

**Brentwood (Lighthouse) Christian Academy**, an unaccredited preK-2 and 9-12 school with 8 students and 4 teachers in Brentwood, says that it "is a private entity and a ministry of Grace Ministries International." The say their goal is "to prepare students to be leaders in their world. The foundation of the educational program at BCA is the Word of God. We have found that students learn more effectively, understand their world more completely, and will change their world more powerfully when they view every aspect of their lives through the lens of God's Word." Tuition is \$4,500-\$6,500. BCA is a member of the Association of Christian Schools International (ACSI) and uses the ACE curriculum. Biblical teaching is integrated into each course:

- A sample science text says, "Biblical and scientific evidence seems to indicate that men and dinosaurs lived at the same time.... Fossilized tracks in the bed of the Paluxy River near Glen Rose, Texas, also give evidence that men and dinosaurs existed simultaneously. Fossilized human footprints and three-toed dinosaur tracks occur in the same rock stratum.... That dinosaurs existed with humans is an important discovery disproving the evolutionists' theory that dinosaurs lived 70 million years before man. God created dinosaurs on the sixth day. He created man later the same day."
- The social science text says, for instance, "South Africa's apartheid policy encouraged whites, Blacks, Coloureds, and Asians to develop their own independent ways of life. Separate living area and schools made it possible for each group to maintain and pass on their culture and heritage to their children.... Blacks in South Africa earn more money and have higher standards of living than Blacks in other African countries."

The "purpose" of **Calvary Christian School**, an unaccredited K-12 school with 42 students and 7 teachers in Plymouth is "to provide Christian education by integrating Biblical principles throughout the curriculum." Calvary uses the A Beka Book curriculum as a basis throughout the school. Sample teachings include:

- A high school text, describing President Bill Clinton's administration, says "The First Lady announced that she would personally lead the effort to implement a plan for socialized medicine in the United States.
- An economic text says that global warming is a theory that is "simply not supported by scientific evidence.... Global environmentalists have said and written enough to leave no doubt that their goal is to destroy the prosperous economies of the world's richest nations."

The **Claremont Christian Academy**, an unaccredited preK-12 school with 64 students and 8 teachers in Claremont, says the it is "a ministry of Calvary Baptist Church." The Academy says that it believes that "education should: Begin with a concern for the student's relationship with God through Jesus Christ; Guide each child to think biblically, Teach each child to integrate biblical principles into all of life, Train children to become Christian servant leaders, Lead to a



life of loving God with all their heart, soul, mind and strength, and their neighbors as themselves. (Colossians 3:16.17; Mark 12:30)" Tuition is \$4,200-4,800. CCA says that A Beka Book is its "major curriculum" for the elementary grades. They also use ACSI's and Bob Jones University Press curriculum. For instance:

- Concerning slavery in America, a Bob Jones high school text states, "To help them endure the difficulties of slavery, God gave Christian slaves the ability to combine the African heritage of song with the dignity of Christian praise. Through the Negro spiritual, the slaves developed the patience to wait on the Lord and discovered that the truest freedom is from the bondage of sin."
- A Bob Jones civics teachers' guide says, "[Homosexuals] have no more claims to special rights than child molesters or rapists."

**Christian Bible Church School**, an unaccredited 1-12 school with 14 students and 1 teacher in Nashua, requires its students to sign a "Student Pledge of Christian Conduct," in which the students "reaffirm that [they are] born-again Christian[s] striving to live [their lives] according to the Bible," and promise that they will "faithfully and consistently attend the services of the Bible believing church which [their] family attends." Tuition is \$3,000 per year. As with most of the smallest unaccredited religious schools, all curriculum elements are ACE.

- The *Wisdom* supplement to its English text says, "The substance of truth, ideals, and absolutes is on the right. Evil does not have substance: it is a departure from, and absence of the substance of, good. The left is the farthest extreme from that basic substance... Men on the left cannot walk in wisdom....The closer government is to God's absolutes, the more righteous it is. The farther it is to the left, the less righteous it will be. Politicians who reject God's absolutes and believe in extensive government regulations are called liberals. They are way over on the left and are very humanistic."
- Its social studies text says, "Although [President Kennedy's] New Frontier sounds good, it was as socialistic as the New Deal and the Fair Deal had been."

**At Cornerstone Christian Academy**, an unaccredited K-8 school with 35 students and 5 teachers in Epsom, the "purpose" of the school is "to be an extension of the Christian home and church . . . and thus to provide a continuity of training for Christian young people." CCA says, "Curriculum for most subjects emphasizing a Biblical worldview" The school is a member of ACSI

**Dublin Christian Academy** promulgates a "Statement of Faith" that professes that "the Genesis account of creation is to be accepted literally and not allegorically or figuratively"; that "all animal and plant life were made directly by God in six literal, twenty-four hour periods"; and that "any form of homosexuality, lesbianism, bisexuality, bestiality, incest, fornication, adultery, and pornography are sinful perversions of God's gift of sex." This Statement of Faith also condemns all forms of abortion, including for pregnancies caused by rape or incest.

- About their high school history course, they say, "...Special emphasis is given to the founding of our Christian republic, the Constitution, and the guiding principles which brought God's blessing upon our nation. An up-to-date knowledge and understanding of current events is emphasized throughout the year."
- For the high school world history: "...The approach to history is Biblical in its attempt to discern God's working in all periods of history to accomplish His will. The student also studies current events in order to correlate historical lessons with the society of today."

**Mount Zion Christian School**, a preK-12 school with 155 students and 15 teachers in Manchester, says in its Philosophy Statement that, "The Bible is not an add-on but is woven into the very fabric of the curriculum." It goes on to say, "All subjects in the Christian school are presented to ultimately glorify God. Mathematics is taught to show the precise orderliness of God's world. Science is taught to show the creative handiwork of God. History is presented as "His story". Language is taught so we can better communicate the love of Christ and build His kingdom. Music is presented as a means to praise and glorify God....If young people are to stand firmly against the prevailing winds of evil and conflicting philosophies, they must receive Christian education early when patterns of thought, attitude toward God, obedience, and many other elements of personality are being formed." Tuition is \$5,500-\$7,500 per year.

Mount Zion is accredited by ACSI and the New England Association of Schools and Colleges and uses A Beka Book and Bob Jones University Press teaching materials that integrate political and religious views with educational subject matter.

- The A Beka world history and geography book says, "Only about 10% of Africans can read and write." (The actual figure in 1999 was 57%)
- The Bob Jones Biology book says, "Some babies die very soon after birth as a result of genetic disorders. It appears that God designed into the genetic mechanism of humans (and most organisms) a genetic screen that eliminates many greatly deformed individuals, preventing major genetic disorders from continuing."

## 10 Reasons to vote Yes on HB 370 (a bill to repeal SB 372)

1. The original bill does not fit New Hampshire.

The long term goal of SB 372 is to introduce and expand school choice while reducing support for public education. The tax credit/scholarship program expands over fifteen years and shifts away from low income families to the general population.

2. SB 372 will not benefit public schools.

The idea that competition among schools will improve student performance does not hold up. This competition has already existed for many years and any effect has occurred.

3. SB 372 is not revenue neutral.

There currently is a large hole in the NH budget due to reduced revenue. This bill will divert scarce funds to non-public schools at a time when the funds are needed for public school building aid, special education, the CHINS program and the university system.

4. SB 372 does not ensure broad options for parents.

Private schools are out of reach for most families even with a scholarship. Many public schools do not accept tuition students and the cost can run from \$8,000 to \$15,000 per year. That only leaves inexpensive Christian schools and home schooling as choices.

5. The emphasis on scholarships for students switching out of public schools (70% during first two years) sends the wrong message.

Why would a state legislature set up a system that encourages students to leave public schools?

6. It will be challenging for some of the free and reduced lunch students (40% of those switching schools) to change schools.

A significant number of these students need support services and would need substantial financial assistance throughout their school careers.

7. There is no accountability for student success.

The brief survey outlined in the bill does not meet basic standards for accountability.

(over)

8. The only scholarship organization approved to grant scholarships is not impartial.

It has its roots in an out-of-state organization that is against government and public schools. School choice for all families is a high priority.

9. So far no specific scholarships have been promised.

This is the time to repeal SB 372 before families begin to depend on the scholarships and before the strong supporters work to expand the program.

10. An outstanding public education system is vital for businesses and the NH economy.

The Legislature should develop bills to improve public education. SB 372 is not consistent with this goal and should be repealed at this time.

Tom Southworth

Dover, NH

March 23, 2013

HB 370

Senator Nancy Stiles, Chair  
Senate Health, Education and Human Services Committee  
Legislative Office Building, Room 103  
33 North State Street  
Concord, NH 03301

Dear Senator Stiles and Members of the Senate Health, Education and Human Services Committee,

I am writing to ask you to please vote in favor of HB 370-FN, “an act repealing the education tax credit program”. I testified against the education tax bill when it was put forward because I believed that reallocating revenue obtained through the business profits tax would benefit few and harm many children and families.

I believed, and still believe, that the education tax credit program will have a serious and negative impact on our public school system, which is the only educational system that makes an adequate education available to every NH child, regardless of the family’s income or geographic location, and without consideration to whether a child needs special education or other supportive services.

Both historically and today, our public schools have served many purposes, including preparing children to be productive and contributing members of society, and to be good citizens. I believe that the richness and diversity of students in the public education system creates a learning environment that is a microcosm of our larger society, offering an essential benefit to students that cannot be found anywhere else.


I believe the education tax credit program is like a shell game where by taking the money that businesses would have paid to the state and moving it instead into “scholarships” for private school students, the public is left with the illusion that there have been no public funds paid to private, often religious, schools. But, that is all that it is – an illusion. The reality is that when the funds that would have been generated by the NH Business Profits tax are instead redirected (or detoured) through the education tax credit, NH is left with a reduced amount of revenue to meet its obligations to its citizens.

The education tax credit removes necessary financial resources while minimally reducing the number of children each public school must serve. One of the stated purposes of the education tax credit program is to “improve the quality of education in this state both by expanding educational opportunities for children and by creating incentives for schools to achieve excellence”. I have never seen a reputable study that supports that taking away funding from public schools and giving it to private schools improves the quality of the public schools – and NH’s education tax credit program proposes taking away increasing amounts of funding from public schools every year. By increasing the Business Profits Tax credit “25% in each fiscal year that the amount of total donations used for scholarships exceed 80% of the current year’s tax program allowed”, the amount that is diverted to private schools could increase from the \$3,400,000 allowed in FY 2014 to **\$12,451,172** in FY 2019 (*more than 3 ½ times the original amount!*)

I also believe that the “scholarships” provided through the education tax credit would not really save money for the most financially needy families who choose to send their children to private schools. In their testimony before the Senate Education committee last session, many private school representatives stated that they already provide scholarships (most referenced an average amount of \$2,500 - \$5,000) to needy families. It is doubtful that if these families received a \$2,500 “scholarship” through the education tax credit program, the private schools would give them an additional amount of financial aid. Instead of helping needy families, the education tax credit program instead frees private schools from having to fundraise because they would no longer have to provide scholarships for financially needy students.

New Hampshire has one of the highest high school graduation rates in the country, we have high percentages of our students going on to college and graduate school, and NH citizens tend to volunteer in their communities at a higher rate than most states. It seems that our public schools are producing fine young adults. Could we do better? Of course; but diverting financial resources will not only stymie communities' ability to improve their public schools, it will make it difficult for them to even maintain the status quo. I believe NH has an obligation to every child in NH, and repealing the education tax credit program will enable us to honor that obligation. Please support HB 370.

Sincerely,



Bonnie A. Dunham  
16 Wren Court  
Merrimack, NH 03054  
Telephone: 603-860-5445

**Ciccio, Michael**

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**From:** Susan.Almy [susan.almy@comcast.net]

**Sent:** Monday, March 18, 2013 4:48 PM

**To:** ~Senators

**Subject:** Testimony on HB 370 from one who was there

I cannot come Friday, and am submitting this to the committee herewith. This is my floor speech last month. \* indicates the information is a few weeks old now.

You know the story that the camel was designed by a committee. This program is a cross between a camel and a skunk, and I was on the sub-committee that designed it. The program was enacted last year to provide a small public subsidy to private school and home-schooling parents. It is just about to become operational, and did not as of last week\* have any completed donations, and therefore no promised scholarships. There is a lawsuit to stop it that is based on our unique constitutional barrier to public money going to religious schools. The NH Supreme Court has rejected attempts to establish public funding to such schools, including by tax credit, three times in opinions sought by past legislatures. The US Supreme Court has only ruled on this issue that to support a state's authority to decide this for itself. Our state constitution has decided it.

Partly because of this lawsuit, and this repeal bill, the full amount of money pledged has not yet reached \$150,000, as of last week.\* The tax credit itself may be to blame, as it is limited to a single year. And it requires that both business and scholarship organization track the lineal and step progeny of all active investors, passive investors over a threshold, and the highest quintile of employees, to ensure that none of them is related to any scholarship recipient of the scholarship organization. (Since there is only one scholarship organization, this means throughout the state.) On the other hand, due to the interaction with the federal tax system, the state must return to the business, as a tax refund, almost 100% of the money it gave, and the business gets a bonus from its federal taxes to boot. The credit thus has the potential to come popular, *if* an understaffed agency overlooks the paperwork requirements.

Both the Dept of Education and the Dept of Revenue Administration have substantial responsibilities under this law, the former to identify and track the students leaving for, or returning from, private schools, and administer a voluntary survey to parents about the experience; and the latter to regulate the scholarship organization(s), publicize the tax credits, and apply them. If the program grows, these agencies will require more staff to cope.

If you follow the money, the program makes grants that must average no more than \$2500 per pupil, excluding home schoolers that get less. Any special education pupil must get more (at least \$4375). Every student who gets more than \$2500 must be matched with others who will get less, who can afford the tuition without help. The low-income families the sponsors refer to will be limited mostly to non-residential schools that provide other subsidies through fund-raising or volunteer work, and very few of these are secular. If the constitutional lawsuit is won, as the history of the NH Supreme Court tells us it should be, the law will be severed to allow scholarships only to those very few secular schools and the very pricey residential ones. If it remains workable, it will only be because a large number of well-off families are accepting small grants to offset the larger scholarships needed by the low-income ones.

And, following the money, the law immediately claws back the educational adequacy grant from the schools losing students to a private school. Since the grant is more than the cost that

3/19/2013

can be cut, particularly in mid-school year, property taxes would likely rise. In order to pass the bill, therefore, sponsors put a cap on how much funding can be taken from each school district. In my medium-sized district the cap seems to equate to about 1.5-2 teachers. By year four, it would max out at four times that. The money above the cap must be paid by the state's Education Trust Fund, which is usually underfunded. It must therefore be supplemented by the General Fund. If the program were to become successful, there would be pressure to staunch the loss to the state by increasing the school district cap and downshift to local property taxes.

The proponents of the law say that it should have time to work. The proponents of this bill feel that this is the time to end a highly complex, unconstitutional, and unaccountable experiment, which will either fail or generate major effects on state and local budgets. Before the few children it would help become accustomed to an entitlement that the vast majority, supported by our struggling education adequacy program, cannot obtain. We have a constitutional obligation as a state to provide the best opportunities we can in public education. We need to go back to trying to live up to it.

**Ciccio, Michael**

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**From:** Alane Abbett [abbfam5@gmail.com]  
**Sent:** Monday, March 18, 2013 4:54 PM  
**To:** Stiles, Nancy; Reagan, John; Kelly, Molly; Sanborn, Andy; Gilmour, Peggy  
**Subject:** Please oppose HB 370

To the honorable senators of the Senate Health, Education and Human Services Committee -

One thing I value highly in New Hampshire is the educational freedoms that have been granted to us by our the State Constitution and acknowledged in state law. As a parent who is successfully providing a home education to my children, I was very pleased that last year tax credits were being given to businesses that wanted to support all the different ways that children could be education - from private school to homeschooling.

I'm writing you to oppose HB 370, which would repeal this great exercise in freedom.

Often in the past ten years that I have lived in New Hampshire I have heard politicians espouse the need for businesses to play a role in education. Our current is just another alternative for businesses to do just that. Our law is modeled after a successful Arizona law and empowers businesses to help those less fortunate who would like to seek out the best educational option for their children. I have heard some legislators claim it is taking money from the state. That sure is a statist view of business profits, isn't it? No, I'm sorry, this law encourages an education-to-employment connection across all educational options in New Hampshire. The current law is pro growth, pro business, pro education; it is pro New Hampshire.

Let's actually live out our state motto: Live free or die. Let businesses be free to make charitable contributions towards endeavors beside the typical charities. Where best to put our money than in our future - the children ?

Blessings,

Alane Abbett

Rochester NH



**Ciccio, Michael**

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**From:** Shanna Tiede [stiede@tds.net]  
**Sent:** Monday, March 18, 2013 6:25 PM  
**To:** Stiles, Nancy; Reagan, John; Gilmour, Peggy; Kelly, Molly; Sanborn, Andy  
**Subject:** HB370

Dear Members of the NH Senate Health, Education & Human Services Committee:

There has been much excitement over HB370, both among its supporters and those who oppose it. The idea that something good could come out of our struggling economy was an encouraging thought, which was dashed with the introduction of this bill. I'm writing to ask you to think of all the NH families who desperately want to give their children a better education and in turn a better future through the educational opportunities private schools provide. We are the "live free or die" state, a state that stands apart from the rest because of the way we choose to live and work. Those of us less financially endowed than others desire the same opportunities for our children to receive an education at the institutions of our choice. Families paying private school tuition are not exempt from paying a school tax to support their area school, they have a double burden. We have helped NH schools that have ultimately failed us. We are hard working families who simply need some help to offset the costs of private education. We are asking that NH businesses are allowed to defer their tax dollars to a valuable program which will benefit children in their communities. That is New Hampshire at its best...neighbors helping neighbors. Many NH business owners were excited about the initial legislation to provide funds for local scholarships. The chance to do something good for their communities, to see kids afforded opportunities they themselves may not have had, to see their tax dollars working to produce fruit is reason for excitement! I can think of nothing more noble to spend tax dollars on than investing in our future generations. We cannot know what our children will become until we give them every opportunity to advance themselves. I believe that voting in favor of HB370 would hurt NH families and prevent the growth of many an undiscovered star waiting to shine forth light into the world.

All I am asking is that you consider NH families with equal measure to the faith they had to appoint each of you to such offices as you now hold.

Respectfully,

Shanna C. Tiede  
Meredith, NH

**Ciccio, Michael**

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**From:** Steve Cobb [steve.cobb@yahoo.com]  
**Sent:** Tuesday, March 19, 2013 4:09 PM  
**To:** Stiles, Nancy; Reagan, John; Gilmour, Peggy; Kelly, Molly; Sanborn, Andy  
**Cc:** Lasky, Bette  
**Subject:** HB370: An Atheist's View

Madam Chair, Honorable Committee,

I write to encourage you to vote against HB370, repeal of the NH Education Tax Credit program. As I expressed in this column in the Union Leader:

<http://www.unionleader.com/article/20130131/OPINION02/130209979>

if this new program truly diverted taxpayer money to religious institutions, I would have a gut-level reaction against it, but I do not, as it does not.

I suggest that it would be helpful to consider an analogous situation in a less contentious area, e.g. street lighting. While government often provides public goods like street lights, if some businesses were to start putting up their own, they would deserve a tax credit equal to the lesser of their expenses and the average cost of a government-provided street light. They would not be "diverting" taxes, but obviating them.

In the case of the NH education tax credits, the business tax credit is only 85%, and the scholarship is capped at \$2.5K (compared with \$15.7K NH average annual per-pupil spending), so the state wins, too. Seems to me that this is a clear win-win proposition for everyone concerned, unless one is simply implacably opposed to educational choice. Please let this modest experiment run a few years, and we can re-examine it later with the benefit of real experience.

Regards,

Stephen Cobb  
Nashua

3/19/2013

**Ciccio, Michael**

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**From:** Paul Berch [pberch@myfairpoint.net]  
**Sent:** Tuesday, March 19, 2013 7:36 PM  
**To:** Kelly, Molly; Stiles, Nancy; Sanborn, Andy; Gilmour, Peggy  
**Subject:** HB 370 - school voucher repeal

Dear Senators,

With respect, I ask you to support HB 370, the repeal of the school "voucher" program. I am sure you are familiar with the law and the arguments, pro and con. I want to make a short plea to you.

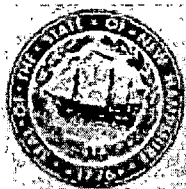
I am Jewish and I have a son that has handicaps. I simply cannot understand why my tax dollars - directly or indirectly - should be allowed to support schools that that can freely discriminate against my son. What a private school does may largely be their own business. My tax dollars should not be used to support an institution that won't allow access to a person of the wrong color or the wrong gender or the wrong religion or the wrong sexual orientation.

It really is that simple.

Thank you for your time and consideration,

Cordially,  
Paul Berch

Rep. Paul Berch  
Cheshire-01  
Chesterfield, Hinsdale, Walpole & Westmoreland



**Ciccio, Michael**

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**From:** Beth Scaer [bscaer@gmail.com]  
**Sent:** Wednesday, March 20, 2013 6:25 AM  
**To:** Stiles, Nancy; Reagan, John; Gilmour, Peggy; Kelly, Molly; Sanborn, Andy  
**Subject:** Please vote against HB 370

Please vote against HB 370. Poor families deserve the same opportunities as wealthy families to send their children to schools where they can get an good education. A vote for HB 370 is a vote to keep the status quo where rich children have a world of educational opportunities and poor children have no choices at all.

Beth Scaer

**Ciccio, Michael**

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**From:** Cgargasz@cs.com

**Sent:** Thursday, March 21, 2013 4:55 PM

**To:** Stiles, Nancy; Reagan, John; Gilmour, Peggy; Kelly, Molly; Sanborn, Andy

**Subject:** HB 370-FN

I am a co-sponsor of this repeal bill. I won't be at the hearing on Friday so I wanted to give you my main reason for wanting this repealed. I am very concerned that we should not lose any business tax revenue in the general fund. I also have questions about how much benefit a low income student would gain from a \$2500 scholarship. In addition to a higher tuition rate, there could be other expenses such as travel. There is nothing to prevent businesses from offering their own scholarships to low income students.

Thanks for considering my reasons for support of this repeal bill.

Rep. Carolyn Gargasz

**Ciccio, Michael**

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**From:** M Levell [mlevell@hotmail.com]  
**Sent:** Thursday, March 21, 2013 5:10 PM  
**To:** Stiles, Nancy  
**Subject:** Reject HB 370, the repeal of the tax-credit scholarship program

Dear Senator Stiles,

I regret that I am unable to attend the public hearing, but please accept this as my testimony on behalf of the New Hampshire Liberty Alliance. My name is Michelle Levell and I am a former board officer of the NHLA.

Please reject HB 370, a bill that seeks to repeal the new tax-credit scholarship program, and give it an Inexpedient to Legislate recommendation.

- To date 575 children have applied for scholarships from families with an average income of only \$45,000. More than 50% of the families qualify for free/reduced lunch.
- The program is in its infancy and the first scholarship organization was approved by the Department of Revenue in January 2013. The scholarship program should be given time. Repealing it now would be flip-flop legislation.
- The average scholarship amount of \$2500 would put educational alternatives within reach for low-income and working-class families in our communities. While it is true that the elite private schools in our state, such as St. Paul's and Phillips Exeter, have extremely high tuition, most private and alternative schools are far, far less and offer financial assistance to families. The combination of financial aid with the tax-credit scholarship would make alternatives feasible for many families.
- The tax-credit scholarships are not just for religious schools. The scholarships may be used for independent private schools, public schools outside the family's district, as well as home education expenses.
- The fiscal note prepared by the Department of Education states that repeal will increase state expenditures by over \$550,000 more than it would increase tax revenue. In other words, the scholarship program saves the state money.
- Vouchers and tax-credit programs are not equivalent and the difference is not an accounting gimmick. Vouchers are distributed from monies received by the government and then distributed. Tax-credit programs such as the scholarship program in New Hampshire, uses pre-tax dollars and come from charitable donations. This is similar to any other voluntary donation to non-profit organizations. Money does not belong to the government before taxes and should be directed as the business owners and individuals choose. Also, the scholarships do not reduce the money that is already given to traditional public schools in the form of local real estate taxes and state funding.

Thank you for your time and consideration on this bill and its potential impacts on needy and working-class families across New Hampshire.

3/22/2013

Sincerely,  
Michelle Levell  
former NHLA board officer  
Windham resident

**Ciccio, Michael**

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**From:** Lane Henderson [lanekh@comcast.net]

**Sent:** Friday, March 22, 2013 11:58 AM

**To:** Stiles, Nancy; johnreagan111@gmail.com; Gilmour, Peggy; Kelly, Molly; Sanborn, Andy

**Subject:** HB 370

Please oppose HB 370. Thank you.

Lane Henderson  
Stratham, NH



March 22, 2013

TO: Health, Education & Human Services Committee  
New Hampshire Senate

RE: HB370, Repeal of Education Tax Credit Program

FM: Jim Verschueren, State Representative, Dover District 13

The education tax credit program is the single most important reason I have become a state representative. As I watched the actions of the NH legislature during the last term, this was the straw that broke the camel's back.

I am absolutely opposed to diverting State revenues to private schools, in particular those with a religious affiliation. You have heard the arguments regarding the questionable constitutionality of this program. You have heard multiple arguments about how poorly this bill is constructed and how lacking it is regarding oversight. You have heard that the impetus for this bill comes from an agency with the express goal of destroying public education. In short, you have heard many good reasons for repealing this program.

What I want to speak to directly is the argument that we should not reverse a program that has only recently been enacted, that it needs an opportunity to be evaluated. Even legislators who concluded that this was a bad idea and voted against the program previously now suggest that this bad program should be continued.

I want to encourage you to think about the harm that leaving this program in place will produce. Right now no one has received a scholarship. Businesses are not counting on this tax relief. The bill is being challenged in the courts. The House has voted to repeal the law. Now is the time to repeal a bad program. If the Senate allows it to remain on the books it will continue a situation of uncertainty. It will continue raising what are very likely false hopes among parents and students. Let's not divert tax dollars; let's not let a mistake stand.

Thank you.

Jim Verschueren  
State Representative  
Dover District 13

**Testimony of**  
**Dianne Kaplan deVries and Willem A. deVries**  
**to the**  
**SENATE HOUSE, EDUCATION AND HUMAN SERVICES COMMITTEE**  
**March 22, 2013**

Thank you for allowing me to submit comments pertinent to **HB370 — An Act Repealing the Education Tax Credit**.

My name is Dianne Kaplan deVries, and I reside at 397 Catamount Road, Northwood, a home that my husband William deVries and I have owned for the past 24 years. I'm a veteran educator who specializes in education of the disadvantaged, and I've spent the past 15 years leading school finance reform efforts in Connecticut through both advocacy and litigation on behalf of municipalities, school districts, and education organizations — a coalition that represents over half of that state's schoolchildren. My husband Bill is a professor at the University of New Hampshire in Durham. This testimony is on behalf of us both.

As reported by the Tax Foundation, average property taxes on owner-occupied housing here in New Hampshire rank 3<sup>rd</sup> in the nation as a percentage of average home value, while per capita, our state and local property taxes per capita rank 4<sup>th</sup>.<sup>1</sup> Although our heavy and regressive property tax burden purportedly enables the state to meet an embarrassingly conservative interpretation of "adequate" funding of our public schools — for today, I'll skip the legitimate arguments attesting to this state's continuing failure to adequately and equitably fund all its public schools and ensure equal educational opportunity to all children — the education tax credit program has diminished public school funding by distributing precious tax dollars to non-public schools via a badly managed process.

Education tax credit programs elsewhere in the nation have been found by researchers to undermine state and local efforts to ensure equity for all children and especially to improve the educational plight of poor students. Most typically, tax credits (and the same is generally true of vouchers) are used to offset some of the cost incurred by middle-class families for children who are already enrolled in those private schools and would be enrolled in those schools whether or not the credits or vouchers existed. And I understand that there's research that was done here in New Hampshire that basically found the same results. The claims of advocates of tax credit programs that they benefit disadvantaged children are simply false. HB370 would put an end to this charade and public largesse in a state that barely ekes out enough property tax dollars to keep even its public school doors open.

**We ask you to put an end to the education tax credit program by passing HB370.** Send the Network for Educational Opportunity, the Friedman Foundation, and other such anti-public school entities packing, back from where they came, far away from our borders.

**We want our tax dollars to support the public schools, not private schools.** All children deserve to be taught by well-qualified, professionally trained, state certified teachers and to have the support of equally well-qualified and certified counselors, school administrators, nurses, and other vital pupil

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<sup>1</sup> Facts and Figures: How Does Your State Compare? Tax Foundation, Washington, D.C., 2013; <http://taxfoundation.org/article/%E2%80%9Cfacts-figures%E2%80%9D-2013-how-does-your-state-compare>, downloaded 03/22/2013.

REV. THOMAS F. CLARK III, *Pastor*  
PAUL T. EDGAR, *Administrator*  
603 • 692-2093



TRI - CITY *Christian Academy*

March 22, 2013

New Hampshire State Senate  
Health, Education, and Human Services Committee  
Concord, New Hampshire 03301

Dear Honorable Committee Members:

Please render HB 370 Inexpedient to Legislate. This proposed bill would overturn the very important and very progressive school choice legislation passed last year, and thus it would substantially limit the educational opportunities of many New Hampshire families, particularly those in a lower or lower-middle income bracket, to select a school program of their choosing for their children.

While it is true that our particular school, Tri-City Christian Academy, is religious in character, it is also true that we have an open admissions policy serving families of all faiths. Further, we are only one of many choices of educational institutions, some religious and some non-religious, in our great state.

Although quantitative data for determining the precise interest level in the new school choice provision is not yet available, I can testify to very strong interest in our local community. Denying opportunity for educational choice would surely adversely impact many New Hampshire families.

Thank you for your stand in upholding freedom of school choice in New Hampshire.

Sincerely,

Paul T. Edgar  
Administrator

*A Ministry of Tri-City Covenant Church*

Testimony  
HB 370 Repealing the Voucher Program  
Health, Education and Human Services Committee  
Friday, March 22, 2013

Submitted by:  
Joan Jacobs  
Portsmouth, NH

Thank you for the opportunity to submit written testimony on HB 370, Repealing the Voucher Program which is being considered in today's hearing.

I am testifying as a concerned citizen of New Hampshire who wants the best education for our children and the most attractive school system for families and businesses thinking about moving to the Granite State.

I support the bill and urge the committee to vote "ought to pass." This will move HB 370 forward towards the goal of total repeal of the "education tax credit program" passed by the last legislature. The program deserves total repeal—it is bad policy, being poorly implemented, and promoted by a suspicious organization.

The more one studies New Hampshire's school voucher program, the more you realize it is a solution in search of a problem—NH's public schools are not failing, and the "tax credit" solution is no real help to low income families. The last thing New Hampshire needs is to use tax-payer dollars to dismantle and privatize public education.

The organization poised to administer the program here in NH is driven by a dangerous agenda. The Alliance for Separation of School and State (now known as the Network for Educational Opportunity) aims to use taxpayer dollars to replace public education with Christian education. I do not want to see this outfit functioning with authority over collecting business dollars (tax credits) and distributing them to entities it deems legitimate schools. I do not want this group taking 10% off the top of scholarship funds. I also object to tax credit funded tuition subsidies going to unaccredited "schools" that teach a conservative version of Creationism.

The program enacted in the last legislature has no accountability mechanisms to make certain participating children get a quality education. Vouchers are sold as a solution to help poor kids get a better education—but better alternatives are available like accountable public charter schools.

Since the voucher program isn't going to do our state any good, the NH legislature needs to repeal the law right now before it has a chance to do serious and enduring damage to our children, our schools, and our state's quality of life.

Thank you for the opportunity to express my views before this committee. I urge you to report out "ought to pass."

# Committee Report

STATE OF NEW HAMPSHIRE  
SENATE  
REPORT OF THE COMMITTEE

Date: 04.09.13

THE COMMITTEE ON Health, Education and Human Services  
to which was referred House Bill 370-FN

AN ACT                      repealing the education tax credit program.

Having considered the same, the committee recommends that the Bill:

**IS INEXPEDIENT TO LEGISLATE**

BY A VOTE OF:    3-2

Senator Nancy Stiles  
For the Committee

Michael Ciccio 271-3093

## New Hampshire General Court - Bill Status System

**Docket of HB370**

Docket Abbreviations

**Bill Title:** repealing the education tax credit program.*Official Docket of HB370:*

<b>Date</b>	<b>Body</b>	<b>Description</b>
1/3/2013	H	<b>Introduced</b> 1/3/2013 and Referred to Ways and Means; <b>HJ 12</b> , PG.193
1/23/2013	H	Public Hearing: 1/31/2013 12:30 PM Representatives Hall
1/31/2013	H	Executive Session: 2/5/2013 3:15 PM LOB 202 ==RECESSED==
2/6/2013	H	Continued Executive Session: 2/12/2013 2:30 PM LOB 202
2/14/2013	H	Majority Committee Report: Ought to Pass for Feb 20 (Vote 10-7; RC); <b>HC 15</b> , PG.275-276
2/14/2013	H	Minority Committee Report: Inexpedient to Legislate; <b>HC 15</b> , PG.275-276
2/20/2013	H	Ought to Pass: MA <b>RC 188-151</b> ; <b>HJ 21</b> , PG.489-492
2/20/2013	H	Reconsider (Rep D.Eaton): MF DIV 140-194; <b>HJ 21</b> , PG.489-492
3/7/2013	S	Introduced and Referred to Health, Education & Human Services
3/14/2013	S	Hearing: 3/22/13, Room 100, SH, 1:00 p.m.; <b>SC12</b>
4/10/2013	S	Committee Report: Inexpedient to Legislate, 4/18/13; <b>SC16</b>
4/18/2013	S	Inexpedient to Legislate Not Voted On;
4/18/2013	S	Sen. Forrester Moved Laid on Table, <b>RC 14Y-10N</b> , MA;
4/18/2013	S	Sen. Bradley Moved Reconsideration of vote on HB 370, MA, VV;
4/18/2013	S	Sen. Forrester Moved Laid on Table, <b>RC 13Y-11N</b> , MA;

NH House

NH Senate

# Other Referrals



# COMMITTEE REPORT FILE INVENTORY

HB 370 ORIGINAL REFERRAL \_\_\_\_\_ RE-REFERRAL

1. THIS INVENTORY IS TO BE SIGNED AND DATED BY THE COMMITTEE AIDE AND PLACED INSIDE THE FOLDER AS THE FIRST ITEM IN THE COMMITTEE FILE.
2. PLACE ALL DOCUMENTS IN THE FOLDER FOLLOWING THE INVENTORY IN THE ORDER LISTED.
3. THE DOCUMENTS WHICH HAVE AN "X" BESIDE THEM ARE CONFIRMED AS BEING IN THE FOLDER.
4. THE COMPLETED FILE IS THEN DELIVERED TO THE CALENDAR CLERK.

- DOCKET (Submit only the latest docket found in Bill Status)
- COMMITTEE REPORT
- CALENDAR NOTICE
- HEARING REPORT
- HANDOUTS FROM THE PUBLIC HEARING
- PREPARED TESTIMONY AND OTHER SUBMISSIONS
- SIGN-UP SHEET(S)

ALL AMENDMENTS (passed or not) CONSIDERED BY COMMITTEE:

\_\_\_\_ - AMENDMENT # \_\_\_\_\_      \_\_\_\_ - AMENDMENT # \_\_\_\_\_  
\_\_\_\_ - AMENDMENT # \_\_\_\_\_      \_\_\_\_ - AMENDMENT # \_\_\_\_\_

ALL AVAILABLE VERSIONS OF THE BILL:

AS INTRODUCED      \_\_\_\_ AS AMENDED BY THE HOUSE  
\_\_\_\_ FINAL VERSION      \_\_\_\_ AS AMENDED BY THE SENATE

\_\_\_\_ OTHER (Anything else deemed important but not listed above, such as amended fiscal notes): \_\_\_\_\_

DATE DELIVERED TO SENATE CLERK

7/24/13

Michael Elcib

BY COMMITTEE AIDE

# New Hampshire Department of Revenue Administration

## Fiscal Note Quick Guide

13-0725.0

**HB 370-FN**, *repealing the education tax credit program.*

House Ways & Means Committee

This bill would repeal the Education Tax Credit Program (RSA Chp. 77-G) effective upon passage. The revenue gained from this repeal is based upon the maximum amount of tax credit that *could be* awarded in each of the first two years of the program. It is assumed that the amount of tax credits awarded would be used in their entirety.

The maximum credit that can be awarded in each of the first two years of the program would be \$3,400,000 and \$5,100,000. The revenue gain is a reversal of the estimated losses that may have occurred under this new program.

The Education Tax Credit Program is a multifaceted and complex program that started on January 1, 2013. Beginning on January 1, 2013 (and no later than June 15, 2013), organizations may apply to the Department for approval as a scholarship organization by filing a "Scholarship Organization Application." Also, beginning on January 1, 2013 (and no later than June 15, 2013), business organizations and business enterprises may apply to the Department for approval to make money donations to approved scholarship organizations for a tax credit by filing an "Education Tax Credit Application." Within 60 days of being approved by the Department to make a donation(s) (but no later than July 15<sup>th</sup>), the business organization or business enterprise must make the donation(s) to the approved scholarship organization(s). Within 15 days of receiving a donation from a business organization or business enterprise, the scholarship organization must issue a "Donation Receipt" to the donor business organization or business enterprise and the Department acknowledging receipt of the donation and the actual donation amount. Anytime after receiving the donation (but before December 1<sup>st</sup>) the scholarship organization may award scholarships and must issue a "Scholarship Receipt" to each donor-business organization or donor-business enterprise and the Department, reporting how much of the donation was actually used by the scholarship organization and how much is available to the business organization or business enterprise as a tax credit.

This bill would repeal the program, effective upon passage. The Department notes that in the time between the start of the program (January 1, 2013) and the eventual repeal date of the program, many actions could occur with unknown consequences. Many scholarship organizations may be formed at a cost to the organization(s). Many businesses may make sizeable donations to the scholarship organizations and the scholarship organizations may have awarded scholarships to eligible students. Those businesses made the donations for a dollar-for-dollar tax credit and those students will have left public school for private school based upon the awarded scholarships.

It is not clear in the legislation whether donors whose contributions had already been given away as scholarships would get an Education Tax Credit for their donation. It appears from the total repeal of the Education Tax Credit Program and the simultaneous repeal of the credit under the Business Profits Tax and Business Enterprise Tax laws, that the business organization or business enterprise would not get a tax credit for their donation.