2024 SESSION

24-2283
02/08

HOUSE BILL   *1594-FN*

AN ACT   establishing an annual review and qualification to determine eligibility to participate in the education freedom accounts program.

SPONSORS: Rep. Myler, Merr. 9; Rep. Heath, Hills. 41; Rep. Cornell, Hills. 22; Rep. Hall, Merr. 9; Rep. Woodcock, Carr. 1; Rep. Ellison, Merr. 28; Rep. Balboni, Rock. 38; Rep. Cascadden, Coos 5

COMMITTEE: Education

ANALYSIS

This bill requires annual determination of eligibility for awarding of education freedom account funds.

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Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.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

AN ACT establishing an annual review and qualification to determine eligibility to participate in the education freedom accounts program.

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

1   1 Education Freedom Accounts; Definition; Eligible Student. Amend RSA 194-F:1, VI to read as

2   follows:

3   VI. "Eligible student" means a resident of this state who is eligible to enroll in a public

4   elementary or secondary school and whose annual household income at the time the student applies

5   for the program*, and for each school year during the student's participation,* is less than or

6   equal to 350 percent of the federal poverty guidelines as updated annually in the Federal Register by

7   the United States Department of Health and Human Services under 42 U.S.C. section 9902(2). [No

8   income threshold need be met in subsequent years, provided the student otherwise qualifies.]

9   Students in the special school district within the department of corrections established in RSA

10   194:60 shall not be eligible students.

11   2 Program Funds. Amend RSA 194-F:2, VII to read as follows:

12   VII. An EFA shall remain in force, and any unused funds shall roll over from quarter-to-

13   quarter [and from year-to-year] until the parent withdraws the EFA student from the EFA program*,*

14   *the student becomes ineligible,* or until the EFA student graduates from high school, unless the

15   EFA is closed because of a substantial misuse of funds. Any unused funds shall revert to the

16   education trust fund established in RSA 198:39 [and be allocated to fund other EFAs].

17   3 Effective Date. This act shall take effect July 1, 2023.

HB 1594-FN- FISCAL NOTE
AS INTRODUCED

AN ACT   establishing an annual review and qualification to determine eligibility to participate in the education freedom accounts program.

FISCAL IMPACT: [X] State   [   ] County   [X] Local   [   ] None

Estimated State Impact - Increase / (Decrease)				
	FY 2024	**FY 2025**	**FY 2026**	**FY 2027**
Revenue	$0	$0	$0	$0
Revenue Fund(s)	None			
Expenditures	$0	Indeterminable		
Funding Source(s)	Education Trust Fund			
Appropriations	$0	$0	$0	$0
Funding Source(s)	None			

• Does this bill provide sufficient funding to cover estimated expenditures? [X] N/A
• Does this bill authorize new positions to implement this bill?   [X] N/A

Estimated Political Subdivision Impact - Increase / (Decrease)				
	FY 2024	**FY 2025**	**FY 2026**	**FY 2027**
Local Revenue	$0	Indeterminable		
Local Expenditures	$0	Indeterminable		

METHODOLOGY:

This bill requires income eligibility for the Education Freedom Account (EFA) program be verified annually. Under current law, income is verified in program participation year one only. As of November 2023, 4,552 students were in the EFA program with an annualized cost estimated at $23.8 million with the typically grant averaging to be $5,235 per student. The current average education grant to public district schools is $6,217, which includes cost for an adequate education and extraordinary needs grant.

The Department of Education states this bill could result in a decrease of EFA program participation. The following is information relative to the different situations in which a student may access the EFA program:

• Students exiting the EFA program and choosing non-public or home education systems would likely result in a decrease of $5,235 for each student. The average grant size for these students

would likely match the average grant provided to a district student. This would result in a net savings to the state.

- Students leaving the program for a charter public school would have a net cost to the state of $4,365 to the state; $9,600 (current average charter school rate) – $5,235 (average EFA) = $4,365.

- Student exiting the program for a traditional district system would have a net savings to the state if the student left a community that had a statewide education property tax (SWEPT) grant in excess of the calculated cost of adequate education. This net savings would be $5,235 per student.

- Students leaving the program and entering a public district school in a non-excess SWEPT community would result in an increase to the adequacy grant for their resident district, rather than the funds going to an EFA. This would result an approximate increase of $982 ($6,217 - $5,235) in state adequacy grants, and an increase in local revenues per student. This would also result in a net savings to the state due to the EFA phase-out grant being paid. The EFA phase-out grant compensates districts at a rate of 50 cents on the dollar in year one and 25 cents in year two, for the cost of an adequate education grant portion only ($5,248) for any student leaving the district and going to the EFA program. Therefore, this savings could be, on average, $2,624 for each student leaving a district (50 percent of $5,248) in year one.

As students potentially leave the EFA program for traditional district schools, districts may feel pressure to increase their local expenditures to better fit the increased population served. It is unknown the impact this would have on local expenditures, but this could potentially result in an indeterminable increase.

AGENCIES CONTACTED:

Department of Education