

HB 1665-FN - AS INTRODUCED

2024 SESSION

24-2646
02/10

HOUSE BILL ***1665-FN***

AN ACT relative to student eligibility for the education freedom accounts program.

SPONSORS: Rep. Cordelli, Carr. 7; Rep. Ladd, Graf. 5; Rep. Pitre, Straf. 1; Rep. Noble, Hills. 2;
Rep. Soti, Rock. 35; Rep. Verville, Rock. 2; Rep. Brouillard, Rock. 1; Rep. A. Lekas,
Hills. 38; Sen. Murphy, Dist 16

COMMITTEE: Education

ANALYSIS

 This bill changes the annual household income limit to qualify for the education freedom account program.

Explanation: Matter added to current law appears in ***bold italics***.
 Matter removed from current law appears ~~in brackets and struckthrough~~.
 Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.

STATE OF NEW HAMPSHIRE

In the Year of Our Lord Two Thousand Twenty Four

AN ACT relative to student eligibility for the education freedom accounts program.

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

1 1 Education Freedom Account; Definitions. Amend RSA 194-F:1, VI to read as follows:

2 VI. "Eligible student" means a resident of this state who is eligible to enroll in a public
3 elementary or secondary school and whose annual household income at the time the student applies
4 for the program is less than or equal to [~~350~~] **500** percent of the federal poverty guidelines as
5 updated annually in the Federal Register by the United States Department of Health and Human
6 Services under 42 U.S.C. section 9902(2). No income threshold need be met in subsequent years,
7 provided the student otherwise qualifies. Students in the special school district within the
8 department of corrections established in RSA 194:60 shall not be eligible students.

9 2 Effective Date. This act shall take effect 60 days after its passage.

HB 1665-FN- FISCAL NOTE
AS INTRODUCED

AN ACT relative to student eligibility for the education freedom accounts program.

FISCAL IMPACT: ☒ State ☐ County ☒ Local ☐ None

Estimated State Impact - Increase / (Decrease)				
	FY 2024	FY 2025	FY 2026	FY 2027
Revenue	\$0	\$0	\$0	\$0
Revenue Fund(s)	None			
Expenditures	\$0	Indeterminable Increase - Up to \$3,000,000 Per Year - See Methodology Below		
Funding Source(s)	Education Trust Fund			
Appropriations	\$0	EFA Program Includes Statutory "Open Warrant"		
Funding Source(s)	Education Trust Fund			

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

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

METHODOLOGY:

This bill increases the income eligibility threshold for the Education Freedom Account (EFA) program from 350 percent of the federal poverty guidelines to 500 percent. 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 will result in an indeterminable number of new students accessing the program. Based on assumptions, it is estimated that an approximate 9.887% of New Hampshire households fall within 350 and 500 percent if evenly distributed. Based on this estimate, and the current number of students enrolled in the EFA program, this bill could potentially increase enrollment by approximately 450 students. Based on the typical

grant averaging \$5,235, this would be approximately \$2,355,750 in additional EFA spending per year. These estimated costs could first be incurred beginning in FY 2025.

The following is information relative to the different situations in which a student may access the EFA program:

- Students accessing the program by going from the non-public or home education systems and entering the EFA program would likely result in a grant 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 cost to the state as these students accessed the program through proposed removal of income requirements.
- Students leaving a charter public school would have a net cost savings to the state of \$4,365 to the state; \$9,600 (current average charter school per pupil cost) – \$5,235 (average EFA) = \$4,365.
- Student leaving a traditional district system would have a net cost 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 cost would be \$5,235 per student.
- Students leaving a non-excess SWEPT community would see the adequacy grant go to the EFA program for educating the student instead of the school district. This would result an approximate decrease of \$982 (\$6,217 - \$5,235) in state adequacy grants, and a decrease in local revenues per student. This would also result in a net cost 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 grant would cost on average \$2,624 for each student leaving a district (50 percent of \$5,248) in year one.

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

AGENCIES CONTACTED:

Department of Education