



## The Senate of the State of New Hampshire

107 North Main Street, Concord, N.H. 03301-4951

### MEMORANDUM

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**DATE:** November 30, 2023

**TO:** Honorable Chris Sununu, Governor  
Honorable Sherman Packard, Speaker of the House  
Honorable Jeb Bradley, President of the Senate  
Honorable Paul C. Smith, House Clerk  
Honorable Tammy L. Wright, Senate Clerk  
Michael York, State Librarian

**FROM:** Senator Ruth Ward, Chair

**SUBJECT:** Annual Report for HB 2, Chapter 91:431, Laws of 2021

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Pursuant to HB 2, Chapter 91:431, Laws of 2021, please find enclosed the findings and recommendations of the Education Freedom Savings Account Oversight Committee.

If you have any questions or concerns regarding this report, please do not hesitate to contact me.

Sincerely,

A handwritten signature in blue ink that reads "Ruth Ward".

Senator Ruth Ward  
Senate District 8  
Chair

Enclosures: Annual Report, Committee Meeting Minutes  
CC: Members of the Committee

**AN ACT relative to state fees, funds, revenues, and expenditures.**

**HB 2, Chapter 91:431, Laws of 2021**

**EDUCATION FREEDOM SAVINGS ACCOUNT OVERSIGHT COMMITTEE**

**Annual Committee Report**

**November 30, 2023**

**COMMITTEE MEMBERS:**

- Senator Ruth Ward, Chair
- Senator Suzanne Prentiss, Scribe
- Representative Rick Ladd
- Representative Glenn Cordelli
- Representative Matthew Hicks

**MEETING DATES:**

- Monday, March 27th, 2023
- Monday, June 5th, 2023
- Tuesday, September 12th, 2023
- Wednesday, October 25th, 2023
- Monday, November 20th, 2023

**DUTIES OF THE COMMITTEE:**

Pursuant to HB 2, Chapter 91:431, Laws of 2021, the Committee shall monitor the implementation of RSA 194-F, including the impact of state education funding to local district schools, and make recommendations for any legislative changes to the education freedom savings account program.

**FINDINGS:**

This is the first report from the Education Freedom Savings Account (EFA) Oversight Committee. As you may be aware, there was no report last year due to changes in the previous committee including the untimely passing of a member and the resignation of the first named Senator from her seat. That situation has been remedied and new committee members have been appointed as reflected above in the “committee members” list.

Between 2021-2022 there were 1,635 EFA recipients from multiple educational settings. 42% of the recipients “switch” from public school enrollment (Appendix I).

Between 2022-2023 there were 3,025 EFA recipients from multiple educational settings (Appendix II). As seen in 2021-2022, 42% of the recipients’ “switch” from public school enrollment (Appendix I).

In monitoring the implementation, the Committee has found the program to be implemented to the satisfaction of some, but not all the stakeholders. It has become clear that there needs to be agreement on who the program stakeholders are, this will be addressed in the

recommendations section. Additionally, the recommendations section needs to define what an year end report consists of, and when its due to the Committee.

Enrollment, Education Freedom Account By Residence Of Student, Cost of An Adequate Education Calculation, and Expenditure Reports are published on the NH Education Department's (NHED) website. The Committee, the NHED and the Children's Scholarship Fund will continue to work collaboratively. Performance monitoring and audits have been conducted with no concerns found (Appendix III).

***What is the administrative cost of the program?***

The administrative cost of the program is not an appropriation but rather a small percentage of each child's grant installment. This mechanism, as required by RSA 194-F, provides the correct incentive for the contracted program administrator to keep costs low, find efficiencies, and ensures the accountability of the contracted program administrator to the program participants.

In year one, with start-up costs, the administrative cost was 10% of each grant, start-up costs included all new program infrastructure; software, hardware, fees, additional lease, new staff onboarding and training.

In year two, the administrative cost was reduced to 7.97% of each grant and the additional funds were awarded in EFA grants. Also in year two, in addition to the program's vendor, the Children's Scholarship Fund, the NHED has hired an additional staff person to coordinate the program. This adds costs within state government to administer the program.

***How is the money handled?***

The contracted program administrator provides enrollment reports to the NHED for each grant installment via the NHED i4see state-wide student database, by SASID. NHED cross checks the data and approves funding by student. Payment is then initiated by NHED through the State Treasurer to the contracted program administrator.

The contracted program administrator segregates all financial and operational functions of the EFA program from any other part of business and holds funds in a non-interest-bearing account.

Once transferred grant amounts are reconciled, the administrative fee is calculated and retained by the contracted program administrator in addition to any funds for exited students contained in that EFA payment that will be returned to the state.

All remaining funds are transferred to ClassWallet. The funds are allocated to each student's individual digital wallet / EFA account. ClassWallet holds these funds in a segregated account that is secured with Intrafi, which provides FDIC insurance on all funds held, regardless of the amount.

EFA families can only obtain a ClassWallet account by permission of the contracted program administrator.

At the end of the school year, a final reconciliation of all funds received, disbursed to ClassWallet EFA accounts, expended by students, retained as administrative fee and returned to NHED is prepared by the contracted program administrator and approved by NHED Commissioner.

***Who is eligible?***

In year one and two, an eligible student means a resident of this state who is eligible to enroll in a public elementary or secondary school and whose annual household income at the time the student applies for the program 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 42 U.S.C. section 9902 (2). No income threshold need be met in subsequent years, provided the student otherwise qualifies. Students in the special school district within the Department of Corrections established in RSA 194:60 shall not be eligible students.

In year three, an eligible student means a resident of this state who is eligible to enroll in a public elementary or secondary school and whose annual household income at the time the student applies for the program is less than or equal to 350 percent of the federal poverty guidelines as updated annually in the Federal Register by the United States Department of Health and Human Services under 42 U.S.C. Section 9902 (2). No income threshold need be met in subsequent years, provided the student otherwise qualifies. Students in the special school district within the Department of Corrections established in RSA 194:60 shall not be eligible students. It is expected that change added approximately 200 children to the program.

The contracted program administrator conducts a vigorous financial / household income evaluation for eligibility at the time of initial application only. The differentiated aid including free and reduced, special education and English Language Learners is verified on an annual basis. Residency is confirmed and agreements are re-signed annually. In addition, to remain eligible, the Record of Educational Attainment; test score or portfolio evaluation must be submitted.

***Are funds for public schools being diverted to the EFA program?***

If a child exits their resident district public school that resident district public school is still paid adequate education grant under Section 194-F:10 - Phase-Out Grants even if the child is no longer enrolled. The resident district public school is paid 100% of adequate education grant for the first year, 50% the second year and 25% the third year. It is expected that after three years the school has been able to adjust to the correct number of enrolled students. From that point on, the adequacy grants for each NH school aged child, funded by a mix of taxes, are no longer within the public school system, but follow that child to their choice of educational setting (an amount equal to the adequacy grant). There is one exception to this, some families are using the EFA grants to pay out-of-district public schools for full-time enrollment or to pay for courses and classes.

***Can students receive EFA money and scholarship money?***

The Education Tax Credit scholarship program is not within the purview of this Committee.

***Where is the money coming from?***

Each NH students' adequate education grant comes from the Education Trust Fund. In Section 194-F:2, the commissioner of the Department of Education shall transfer to the scholarship organization the per pupil adequate education grant amount under RSA 198:40-a, plus any differentiated aid that would have been provided to a public school for that eligible student.

New Hampshire's Education Trust Fund has a sizable surplus recently. The fund, which pays out just over a billion dollars a year, was expected to end this fiscal year with about \$184 million unspent. The extra money is largely the result of higher-than-expected business tax returns over the last two years.

***Has there been evidence of fraud?***

Each prospective expenditure of EFA funds through the students' digital wallet / ClassWallet is first reviewed and approved by the contracted program administrator. This closed-loop approval-first system eliminates fraud.

***Why is there a concentration of schools receiving EFA money in the southern part of the state?***

In NH, the highest population density (where most people live) is southern NH and accordingly southern NH has the highest population of low-income families. The EFA grants are managed by the guardian of an eligible child. The guardian chooses their preferred education service providers. If there is a geographic concentration of education providers, it is because of guardians choosing them.

**RECOMMENDATIONS:**

- 1) The NHED and the Children's Scholarship Fund should be required to provide an "end of year" report. This Committee should define what the "end of year report" will consist of and when it will be due.
- 2) The Committee should define who are the program stakeholders.
- 3) Identify current and future tools/metrics for student performance and accountability, including how the school/educational setting demonstrate accountability.
- 4) Define "successful graduation" versus program completion.
- 5) An annual check for program eligibility needs to be applied by the Children's Scholarship Fund at the request of the NHED. If the Department believes that they do not have the statutory authority, then the Legislature should act.

## APPENDICES:

- I. Education Freedom Account Fact Sheet - Year One  
(<https://www.education.nh.gov/sites/g/files/ehbemt326/files/inline-documents/sonh/factsheet.pdf>)
- II. Education Freedom Accounts Fact Sheet - Year Two
- III. Department of Education – Education Freedom Accounts ([Education Freedom Accounts | Department of Education \(nh.gov\)](#))
- IV. Organizational Meeting Minutes – Monday, March 27th, 2023
- V. Regular Meeting Minutes – Monday, June 5th, 2023
- VI. Regular Meeting Minutes – Tuesday, September 12th, 2023
- VII. Regular Meeting Minutes – Wednesday, October 25th, 2023

Respectfully submitted,



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Senator Ruth Ward  
Chair, District 8



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Senator Sue Prentiss  
District 5

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Representative Rick Ladd  
Grafton, District 5

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Representative Glenn Cordelli  
Carroll, District 7

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Representative Matthew Hicks  
Merrimack, District 24

**AN ACT relative to state fees, funds, revenues, and expenditures.**

**HB 2, Chapter 91:431, Laws of 2021**

**EDUCATION FREEDOM SAVINGS ACCOUNT OVERSIGHT COMMITTEE**

**MINORITY REPORT**

The minority recognizes and applauds the efforts of the Chair to reach a compromise; however, they are unable to support the majority's report.

The EFA program has been a success, and it has offered a needed alternative education pathway to over 4,000 Granite State students. Per multiple United States Supreme Court rulings, when public funds are transferred to the parents, they become private funds. In addition, the use of EFA funds for tuition at a public school is not an exception to diversion of public funds; instead, it is a statutory component of the program. There is a concentration of schools receiving EFA funds in the southern part of the state due to the greater availability of education options. As the education marketplace responds, as with any marketplace, this will change.

In Recommendation #2, the stakeholders are already understood to be parents and students. The term "stakeholder" is not in statute. It is an overreach for the Committee to start applying and defining certain terminology.

In Recommendation #3, the term is already identified in RSA 194-F:3. The intent of the program is for parents to find the best education options to meet the needs of their children. Parents are the best form of accountability. If they are not satisfied with the progress of their children, they are free to find other options. The data shows that families in the program have overwhelmingly remained in the program. If anything, there should be an annual survey of parents regarding the program and their satisfaction.

In Recommendation #4, the EFA program already complies with RSA 193:3. As with other alternative programs, this program is designed to address the unique needs of the child including academic achievement, social, and behavioral/emotional considerations. In addition, finding a new definition of graduation could have serious implications.

Respectfully submitted,

 (AJ)

Representative Rick Ladd

Grafton, District 5

 (AJ)

Representative Glenn Cordelli

Carroll, District 7



# Education Freedom Account Fact Sheet

	EFA Enrollment		EFA as % Of Statewide		Statewide Enrollment	
	#	\$	Students	Spend	Students	\$
<b>Base Adequacy</b>	1,635	6,191,189	1.0%	1.0%	160,715	634,282,370
<b>Free and Reduced Price Meals</b>	879	1,664,228	2.3%	1.9%	38,848	87,074,778
<b>Special Education Aid</b>	88	179,266	0.3%	0.3%	29,762	61,491,472
<b>English Learner</b>	81	60,010	1.7%	1.6%	4,641	3,754,740
<b>3rd Grade Reading Non Proficient</b>	3	2,223	0.1%	0.1%	2,482	2,085,841
<b>Public Education Spending</b>		<b>\$ 8,096,916</b>		<b>0.2%</b>		<b>\$ 3,251,342,023</b>
<b>Public Education Cost Per Student</b>		<b>\$ 4,952</b>				<b>\$ 20,230</b>

EFA Switcher Timeline	#
EFA switchers (2021)	280
COVID Switchers (2020)	220
Pre-COVID Switchers (pre 2020)	204
	<b>704</b>
Percent switchers of total participants	<b>43%</b>

- EFA switchers are students who left their assigned public school in 2021.
- COVID switchers are students that left their assigned public school in 2020 and did not return.
- Pre-COVID switchers are students that left their assigned public school prior to 2020.

Grade	K	1	2	3	4	5	6	7	8	9	10	11	12	Total
Student Count	158	160	162	158	149	153	130	122	108	102	92	71	70	1635
% Student Count	10%	10%	10%	10%	9%	9%	8%	7%	7%	6%	6%	4%	4%	100%

Percent of Instruction Virtual for 2020-2021	Percent of students	Number of Students
<10%	15%	43
>10% - <40%	25%	70
>40% - <80%	34%	94
>80%	26%	73
	<b>100%</b>	<b>280</b>

Subgroup	# of Students	% of Students	% in State
<b>Total EFA Enrollment</b>	<b>1,635</b>		
<b>Gender</b>			
Female	803	49%	51%
Male	832	51%	49%
<b>Race</b>			
American Indian or Alaskan	1	0%	>1%
Asian or Pacific Islander	23	1%	>1%
Black or African American	52	3%	1%
Hispanic or Latino	130	8%	2%
Multiple Races	80	5%	1%
White	1,349	83%	93%
<b>Foster</b>			
Not Foster	1,631	100%	
Foster	4	0%	
<b>Migrant</b>			
Not Migrant	1,631	100%	
Migrant	4	0%	
<b>Special Education Aid</b>			
Not Eligible	1,547	95%	
SpEd Eligible	88	5%	
<b>Free and Reduced Price Lunch</b>			
Not Eligible	756	46%	
Eligible	879	54%	
<b>English Learner</b>			
Not Eligible	1,554	95%	
Eligible	81	5%	

<b>Student Municipal Residency</b>		<b>Federal Free &amp; Reduced (F&amp;R) Price Meal Eligible</b>	<b>Special Education Aid</b>	<b>English Language Learn Aid</b>	<b>3rd Grade Reading Aid</b>	
<b>Loc #</b>	<b>Town Name</b>	<b>Base Aid 1,635.00</b>	<b>879.00</b>	<b>88.00</b>	<b>81.00</b>	<b>3.00</b>
3	Acworth	2.00	2.00	1.00	1.00	-
5	Albany	-	-	-	-	-
7	Alexandria	5.00	2.00	-	-	-
9	Allenstown	8.00	7.00	-	-	-
11	Alstead	1.00	-	-	-	-
15	Alton	8.00	7.00	-	-	-
17	Amherst	6.00	3.00	1.00	1.00	-
19	Andover	5.00	5.00	-	-	-
21	Antrim	6.00	6.00	1.00	1.00	-
23	Ashland	2.00	2.00	-	-	-
27	Atkinson	-	-	-	-	-
29	Auburn	1.00	-	-	-	-
31	Barnstead	11.00	10.00	1.00	1.00	-
33	Barrington	8.00	3.00	1.00	1.00	-
35	Bartlett	-	-	-	-	-
39	Bath	-	-	-	-	-
41	Bedford	12.00	11.00	-	-	-
43	Belmont	16.00	8.00	-	-	-
45	Bennington	1.00	1.00	-	-	-
47	Benton	-	-	-	-	-
51	Berlin	32.00	24.00	4.00	4.00	-
53	Bethlehem	3.00	3.00	-	-	-
55	Boscawen	8.00	7.00	-	-	-
57	Bow	10.00	1.00	1.00	1.00	-
59	Bradford	9.00	-	-	-	1.00
63	Brentwood	8.00	4.00	-	-	-
65	Bridgewater	1.00	-	-	-	-
67	Bristol	5.00	3.00	-	-	-
69	Brookfield	-	-	-	-	-
71	Brookline	4.00	4.00	-	-	-
73	Cambridge	-	-	-	-	-
75	Campton	-	-	-	-	-
77	Canaan	3.00	-	-	-	-
79	Candia	1.00	-	-	-	-
81	Canterbury	5.00	4.00	1.00	-	-
83	Carroll	3.00	1.00	-	-	-
87	Center Harbor	1.00	-	-	-	-
89	Charlestown	6.00	3.00	-	-	-
91	Chatham	-	-	-	-	-
93	Chester	3.00	2.00	1.00	1.00	-
95	Chesterfield	3.00	1.00	-	-	-
99	Chichester	12.00	10.00	2.00	2.00	-
101	Claremont	18.00	10.00	1.00	1.00	-
103	Clarksville	-	-	-	-	-
105	Colebrook	3.00	-	-	-	-
107	Columbia	-	-	-	-	-
111	Concord	46.00	16.00	5.00	5.00	-
113	Conway	3.00	3.00	-	-	-
115	Cornish	2.00	-	-	-	-
117	Croydon	2.00	1.00	-	-	1.00
119	Dalton	-	-	-	-	-
123	Danbury	-	-	-	-	-
125	Danville	4.00	-	-	-	-
127	Deerfield	7.00	3.00	-	-	-
129	Deering	10.00	9.00	-	-	-
131	Derry	18.00	10.00	1.00	1.00	-
133	Dix's Grant	-	-	-	-	-
134	Dixville	-	-	-	-	-
139	Dorchester	-	-	-	-	-
141	Dover	37.00	15.00	4.00	3.00	-

<b>Student Municipal Residency</b>		<b>Federal Free &amp; Reduced (F&amp;R) Price Meal Eligible</b>	<b>Special Education Aid</b>	<b>English Language Learn Aid</b>	<b>3rd Grade Reading Aid</b>	
<b>Loc #</b>	<b>Town Name</b>	<b>Base Aid 1,635.00</b>	<b>879.00</b>	<b>88.00</b>	<b>81.00</b>	<b>3.00</b>
143	Dublin	13.00	8.00	3.00	3.00	-
147	Dummer	4.00	4.00	2.00	2.00	-
149	Dunbarton	1.00	1.00	-	-	-
151	Durham	2.00	2.00	-	-	-
153	East Kingston	-	-	-	-	-
155	Easton	-	-	-	-	-
159	Eaton	-	-	-	-	-
161	Effingham	6.00	5.00	-	-	-
162	Ellsworth	-	-	-	-	-
163	Enfield	5.00	5.00	-	-	-
165	Epping	6.00	3.00	-	-	-
167	Epsom	6.00	3.00	-	-	-
171	Errol	2.00	-	-	-	-
173	Exeter	9.00	5.00	1.00	-	-
175	Farmington	16.00	5.00	1.00	1.00	-
177	Fitzwilliam	16.00	8.00	2.00	2.00	-
179	Francestown	4.00	-	-	-	-
183	Franconia	1.00	-	-	-	-
185	Franklin	26.00	8.00	1.00	1.00	-
187	Freedom	-	-	-	-	-
189	Fremont	2.00	-	-	-	-
191	Gilford	7.00	1.00	-	-	-
195	Gilmanton	2.00	1.00	-	-	-
197	Gilsum	-	-	-	-	-
199	Goffstown	21.00	10.00	1.00	1.00	-
201	Gorham	9.00	7.00	1.00	1.00	-
203	Goshen	6.00	3.00	-	-	-
209	Grafton	1.00	1.00	-	-	-
211	Grantham	1.00	1.00	-	-	-
213	Greenfield	9.00	5.00	3.00	3.00	-
215	Greenland	-	-	-	-	-
219	Greenville	4.00	2.00	-	-	-
221	Groton	-	-	-	-	-
222	Hale's Location	-	-	-	-	-
223	Hampstead	1.00	-	-	-	-
225	Hampton	2.00	2.00	-	-	-
227	Hampton Falls	-	-	-	-	-
231	Hancock	-	-	-	-	-
233	Hanover	-	-	-	-	-
235	Harrisville	7.00	6.00	-	-	-
236	Hart's Location	-	-	-	-	-
238	Haverhill	4.00	2.00	-	-	-
243	Hebron	-	-	-	-	-
245	Henniker	7.00	6.00	-	-	-
247	Hill	-	-	-	-	-
249	Hillsboro	22.00	18.00	-	-	-
255	Hinsdale	-	-	-	-	-
257	Holderness	2.00	1.00	-	-	-
259	Hollis	1.00	-	-	-	-
261	Hooksett	15.00	10.00	-	-	-
263	Hopkinton	18.00	2.00	3.00	1.00	-
267	Hudson	12.00	4.00	1.00	1.00	-
271	Jackson	-	-	-	-	-
273	Jaffrey	26.00	15.00	2.00	2.00	-
275	Jefferson	3.00	1.00	-	-	-
279	Keene	36.00	15.00	1.00	1.00	-
281	Kensington	-	-	-	-	-
283	Kingston	6.00	4.00	-	-	-
285	Laconia	52.00	30.00	-	-	-
287	Lancaster	6.00	6.00	-	-	-

<b>Student Municipal Residency</b>		<b>Federal Free &amp; Reduced (F&amp;R) Price Meal Eligible</b>	<b>Special Education Aid</b>	<b>English Language Learn Aid</b>	<b>3rd Grade Reading Aid</b>	
<b>Loc #</b>	<b>Town Name</b>	<b>1,635.00</b>	<b>879.00</b>	<b>88.00</b>	<b>81.00</b>	<b>3.00</b>
291	Landaff	-	-	-	-	-
293	Langdon	-	-	-	-	-
295	Lebanon	11.00	2.00	-	-	-
297	Lee	4.00	1.00	1.00	-	-
299	Lempster	-	-	-	-	-
303	Lincoln	-	-	-	-	-
311	Lisbon	3.00	3.00	-	-	-
315	Litchfield	18.00	8.00	2.00	2.00	-
317	Littleton	10.00	5.00	-	-	-
319	Londonderry	9.00	6.00	-	-	-
321	Loudon	14.00	1.00	-	-	-
323	Lyman	-	-	-	-	-
327	Lyme	-	-	-	-	-
329	Lyndeborough	1.00	1.00	-	-	-
331	Madbury	-	-	-	-	-
333	Madison	6.00	1.00	-	-	-
335	Manchester	166.00	97.00	12.00	14.00	-
339	Marlborough	-	-	-	-	-
341	Marlow	1.00	1.00	-	-	-
344	Martin's Location	-	-	-	-	-
345	Mason	3.00	-	-	-	-
347	Meredith	12.00	5.00	-	-	-
351	Merrimack	10.00	4.00	1.00	1.00	-
353	Middleton	-	-	-	-	-
355	Milan	-	-	-	-	-
357	Milford	12.00	7.00	-	-	-
358	Millsfield	-	-	-	-	-
359	Milton	1.00	1.00	-	-	-
365	Monroe	-	-	-	-	-
367	Mont Vernon	-	-	-	-	-
369	Moultonborough	3.00	2.00	1.00	1.00	-
371	Nashua	64.00	33.00	1.00	1.00	-
375	Nelson	10.00	10.00	-	-	-
377	New Boston	10.00	1.00	1.00	1.00	-
379	Newbury	10.00	3.00	-	-	-
381	New Castle	-	-	-	-	-
383	New Durham	-	-	-	-	-
387	Newfields	-	-	-	-	-
389	New Hampton	18.00	8.00	1.00	1.00	-
391	Newington	-	-	-	-	-
393	New Ipswich	25.00	18.00	1.00	2.00	-
395	New London	6.00	5.00	-	-	-
399	Newmarket	5.00	-	1.00	1.00	-
401	Newport	16.00	8.00	1.00	1.00	-
403	Newton	-	-	-	-	-
404	Northfield	19.00	6.00	-	-	-
405	North Hampton	5.00	4.00	-	-	-
407	Northumberland	4.00	4.00	-	-	-
411	Northwood	4.00	4.00	-	-	-
413	Nottingham	8.00	3.00	-	-	-
414	Odell	-	-	-	-	-
415	Orange	-	-	-	-	-
417	Orford	2.00	-	-	-	-
419	Ossipee	10.00	7.00	-	-	-
425	Pelham	14.00	3.00	1.00	-	-
427	Pembroke	23.00	13.00	1.00	1.00	-
429	Penacook	6.00	3.00	-	-	-
431	Peterborough	9.00	9.00	-	-	-
435	Piermont	4.00	3.00	-	-	-
436	Pinkham's Grant	-	-	-	-	-

<b>Student Municipal Residency</b>		<b>Federal Free &amp; Reduced (F&amp;R) Price Meal Eligible</b>	<b>Special Education Aid</b>	<b>English Language Learn Aid</b>	<b>3rd Grade Reading Aid</b>	
<b>Loc #</b>	<b>Town Name</b>	<b>1,635.00</b>	<b>879.00</b>	<b>88.00</b>	<b>81.00</b>	<b>3.00</b>
437	Pittsburg	-	-	-	-	-
439	Pittsfield	9.00	2.00	-	-	-
441	Plainfield	3.00	3.00	-	-	-
443	Plaistow	5.00	1.00	2.00	1.00	-
447	Plymouth	1.00	-	-	-	-
449	Portsmouth	6.00	2.00	-	-	-
451	Randolph	6.00	3.00	-	-	-
453	Raymond	12.00	-	2.00	2.00	-
455	Richmond	6.00	3.00	-	-	-
459	Rindge	26.00	18.00	1.00	1.00	-
461	Rochester	52.00	33.00	4.00	3.00	-
463	Rollinsford	1.00	1.00	-	-	-
465	Roxbury	2.00	-	-	-	-
467	Rumney	1.00	1.00	-	-	-
471	Rye	1.00	1.00	-	-	-
473	Salem	5.00	4.00	-	-	-
475	Salisbury	-	-	-	-	-
477	Sanbornton	6.00	2.00	-	-	-
479	Sandown	7.00	4.00	1.00	1.00	-
483	Sandwich	1.00	1.00	-	-	-
485	Seabrook	4.00	4.00	-	-	-
487	Sharon	2.00	2.00	-	-	-
489	Shelburne	1.00	-	-	-	-
491	Somersworth	19.00	10.00	1.00	1.00	-
495	South Hampton	-	-	-	-	-
497	Springfield	1.00	1.00	-	-	-
499	Stark	-	-	-	-	-
501	Stewartstown	-	-	-	-	-
503	Stoddard	6.00	3.00	-	-	-
507	Strafford	3.00	2.00	-	-	-
509	Stratford	-	-	-	-	-
511	Stratham	2.00	1.00	-	-	1.00
512	Sugar Hill	2.00	-	-	-	-
513	Sullivan	-	-	-	-	-
514	Success	-	-	-	-	-
515	Sunapee	6.00	5.00	-	-	-
519	Surry	2.00	1.00	-	-	-
521	Sutton	1.00	-	-	-	-
523	Swanzey	16.00	9.00	1.00	1.00	-
525	Tamworth	7.00	2.00	-	-	-
527	Temple	1.00	1.00	-	-	-
531	Thornton	1.00	-	-	-	-
532	Tilton	11.00	6.00	-	-	-
535	Troy	4.00	3.00	-	-	-
537	Tuftonboro	-	-	-	-	-
539	Unity	-	-	-	-	-
543	Wakefield	7.00	7.00	1.00	1.00	-
545	Walpole	3.00	3.00	-	-	-
547	Warner	4.00	2.00	1.00	1.00	-
549	Warren	-	-	-	-	-
551	Washington	2.00	1.00	-	-	-
553	Waterville Valley	2.00	-	-	-	-
555	Weare	15.00	8.00	-	-	-
557	Webster	4.00	2.00	-	-	-
559	Wentworth	-	-	-	-	-
561	Wentworth's Location	-	-	-	-	-
563	Westmoreland	4.00	3.00	1.00	-	-
567	Whitefield	7.00	6.00	-	-	-
569	Wilmot	8.00	3.00	1.00	1.00	-
571	Wilton	5.00	2.00	-	-	-

<b>Student Municipal Residency</b>		<b>Base Aid</b>	<b>Federal Free &amp; Reduced (F&amp;R) Price Meal Eligible</b>	<b>Special Education Aid</b>	<b>English Language Learn Aid</b>	<b>3rd Grade Reading Aid</b>
<b>Loc #</b>	<b>Town Name</b>	<b>1,635.00</b>	<b>879.00</b>	<b>88.00</b>	<b>81.00</b>	<b>3.00</b>
573	Winchester	2.00	1.00	-	-	-
575	Windham	6.00	3.00	-	-	-
579	Windsor	-	-	-	-	-
583	Wolfeboro	13.00	8.00	-	-	-
585	Woodstock	-	-	-	-	-

## Education Freedom Account Fact Sheet

	EFA Enrollment		EFA as % Of Statewide		Statewide Enrollment	
	#	\$	Students	Spend	Students	\$
Base Adequacy	3,025	11,454,647	1.9%	1.9%	159,414	603,645,422
Free and Reduced Price Meals	1,504	2,847,553	4.0%	3.5%	37,174	82,427,920
Special Education Aid	187	380,940	0.6%	0.6%	30,393	61,913,014
English Learner	10	7,409	0.2%	0.2%	4,854	3,595,965
3rd Grade Reading Non Proficient	3	2,223	0.1%	0.1%	2,680	1,985,208
Public Education Spending		\$ 14,692,771		0.4%		\$ 3,409,262,694
Public Education Cost Per Student		\$ 4,857				\$ 21,386

EFA Switcher Timeline	#	Subgroup	# of Students	% of Students	% in State
		<b>Total EFA Enrollment</b>	<b>3,025</b>		
EFA switchers (2021 & 2022)	694	<b>Gender</b>			
COVID Switchers (2020)	272	Female	1,528	51%	51%
Choice Switchers (pre 2020)	294	Male	1,497	49%	49%
	1260	<b>Race</b>			
Percent switchers of total participants	42%	American Indian or Alaskan	9	0%	>1%
		Asian or Pacific Islander	48	2%	>1%
		Black or African American	150	5%	1%
		Hispanic or Latino	199	7%	2%
		Multiple Races	130	4%	1%
		White	2,489	82%	93%
		<b>Special Education Aid</b>			
		Not Eligible	2,838	94%	
		Eligible	187	6%	
		<b>Free and Reduced Price Lunch</b>			
		Not Eligible	1,521	50%	
		Eligible	1,504	50%	
		<b>English Learner</b>			
		Not Eligible	3,015	100%	
		Eligible	10	>1%	

- EFA switches are student who left their assigned public school in 2021 or 2022.  
 - COVID switchers are student that left their assigned public school in 2020 and did not return.  
 -Pre-COVID Switchers (pre 2020).

Grade	K	1	2	3	4	5	6	7	8	9	10	11	12
Student Count	264	297	286	289	282	259	271	237	218	214	168	129	111
% of Student Count	9%	10%	9%	10%	9%	9%	9%	8%	7%	7%	6%	4%	4%



## Education Freedom Accounts

Education Freedom Accounts allow eligible New Hampshire students to direct state funded per-pupil education adequacy grants toward select educational programming of their choice for a variety of learning experiences.

### 2023/2024

- [EFA Fact Sheet 2023](#)
- [EFA by residence of student, cost of an adequate education calculation](#)
- [EFA Enrollment Heat Map](#)

### 2022/2023

- [EFA Fact Sheet 2022](#)
- [EFA Enrollment Heat Map](#)
- [EFA by residence of student, cost of an adequate education calculation](#)

### 2021/2022

- [Spending Summary by Vendor](#)
- [Spending Summary by Category](#)
- [Expenditures Report](#) (March 2022)
- [EFA Accountability Committee Report](#) (March 2022)
- [Report of Independent Certified Public Accountants](#)
- [EFA Fact Sheet 2021](#)
- [Long-term Comprehensive Modeling Analysis](#) (January 2021)

### Press Releases

- [State Senate Votes for Educational Freedom Accounts](#)
- [NHED Publishes Fiscal Analysis of Education Freedom Accounts](#)
- [First Round of Education Freedom Accounts Funding to be Released](#)
- [Second Year of Education Freedom Accounts Prospering](#)
- [More than 4,000 students secure flexible learning options during third year of EFAs](#)

### Eligibility Requirements

- You and your student must be New Hampshire residents
- Your child must be at least 5-years-old and no older than 20-years-old and entering K-12 grade.
- Your family's income must be at or below 350% of the federal poverty level.

### How to Apply

- Visit [Children's Scholarship Fund New Hampshire](#) to apply or seek additional information.

### [Chapter 194-F, Education Freedom Accounts Law](#)

#### Contact:

Children's Scholarship Fund New Hampshire

[603-755-6751](tel:603-755-6751)

[csfnh@scholarshipfund.org](mailto:csfnh@scholarshipfund.org)



## **Education Freedom Accounts (EFA) Oversight Committee - March 27, 2023**

**Attendance:** Senator Ruth Ward, Senator Sue Prentiss, Rep. Glen Cordelli, Rep. Rick Ladd, Representative Matthew Hicks

Called to order at 9:01a.m.

As the first named Senator, Ruth Ward called the meeting to order. Senator Ward stated that this was an organizational meeting.

### **Election of Chair**

**MOTION:** by Rep. Glen Cordelli to elect Senator Ruth Ward, Chair of the Committee. Seconded by Rep. Rick Ladd. Motion passed 5-0

Senator Prentiss volunteered to be the clerk.

Senator Ward cited 194:12-A, the statute language with the scope of the EFA Oversight Committee.

Senator Ward asked the Committee if they had any questions.

Senator Prentiss asked for more information on how many families with homeschoolers rereviewing EFA's, funds are directed to religious education and other, non-sectarian schools. Some of this information is now available based on a request from Senator Prentiss to the Children's Scholarship Fund.

Rep. Ladd and Rep. Cordelli both raised a question about compulsory attendance and the low, the declining numbers.

Rep. Cordelli and Senator Prentiss both have questions about accountability in the program, with Rep. Cordelli inquiring about how expenses are validated?

Rep. Ladd stated that the HB367 passed the House and will come to the Senate. This bill expands the eligibility for EFA's up to 350%. The fiscal note does not include how many students would take advantage of the program.

Senator Ward stated Commissioner Edelblut will be at the next meeting – please forward any questions to Senator Ward to help the Commissioner prepare.

**MOTION:** by Rep Cordelli to adjourn meeting. Rep. Ladd seconded the motion. Motion passed 5-0.

# Education Freedom Accounts (EFA) Oversight Committee Meeting

**6/5/2023**

Meeting called to order at 2:00p.m. ET by Chair Ruth Ward.

**Members Present:** Senator Ruth Ward, Chair, Senator Suzanne Prentiss, Representative Rick Ladd, Representative Matthew Hicks.

Chair Ward opened the meeting, and committee members introduced themselves and stated their town/city of residence. Chair Ward introduced New Hampshire Education Commissioner Frank Edelblut. He provided an update on the EFA program, stating that 3,345 students are believed to be enrolled at this time. The End of Year Reconciliation is being completed this summer by the Department of Education (DOE) for all education programs.

Edelblut briefly shared the stories of three families enrolled in the EFA program. Edelblut thanked the legislators for passing the EFA program and stated that the contract for administering the EFA program would go through an upcoming RFP process. He told the Oversight Committee that at the present time, there is only one organization in New Hampshire eligible and qualified to serve in the scholarship administrator role.

Senator Prentiss asked Commissioner Edelblut about EFA recipients, namely where funds are going to, how many participants were previously homeschoolers who remained homeschoolers, and how many students left the public school system.

Edelblut stated that of the 3,345 EFA recipients, 2% come from charter schools (70), 34.4% formerly home education programs (1,152), 13.12% coming as kindergarteners (434), 34.32% coming from non-public schools (1,148), and 16.17% formerly public school students (541). In response to clarifying questions from Senator Prentiss, Edelblut stated that the 1,148 EFA recipients coming from non-public schools included Catholic and other religious schools.

Prentiss asked about the types of schools and vendors receiving EFA funds. Edelblut stated that he currently had the information with vendor breakdowns through December 2022. He explained that schools are included in the vendor list. He will have information through the end of the year, June 30, 2023 upon completion of the End of Year Reconciliation, which is expected to be complete by August 15, 2023. He stated that Amazon is the top vendor for the EFA program because Amazon sells books, uniforms, and other school supplies. In addition to vendor breakdowns, Edelblut stated that the DOE has also classified funds spent by category which he can provide to the Oversight Committee. Categories include books, electronics, and other categories. Edelblut stated that the reports through December 30, 2022 are available on the DOE website at [education.nh.gov](http://education.nh.gov).

Rep. Hicks asked questions about how reimbursement works in the EFA program, e.g. why Gunstock, Killington, and soccer clubs are on the approved vendor list? Edelblut responded that funds can only go to approved vendors. The examples cited could be related to physical education.

Rep. Ladd asked about the RFP process for EFA administration and the administrative costs, which are up to 10% of the cost of the EFA program, and whether the DOE has a system to track actual costs to run the program. Edelblut stated that the RFP process closes July 17, 2023 and that the RFPs are posted in the typical spots for state RFPs, as well as national organizations connected to EFA programs. He stated that DOE was adding an additional layer of scrutiny for the program, including verification by an auditor.

Ladd asked if it was cheaper for DOE to run the EFA program itself or to hire a third-party scholarship organization? Edelblut stated that this was an issue for the Legislature to decide. His personal opinion is that having a contract with a third-party was good and that it provided the ability for the state to go out for RFP to get the best price available.

In response to questions from Ladd and Prentiss regarding eligibility of families to receive EFA funds, Edelblut stated that current eligibility is 300% (OF WHAT). He explained that an eligibility check is completed at the time of enrollment. No further verification is completed.

Senator Ward asked how the EFA program is funded. Edelblut stated that the DOE currently pays exactly what statute requires us to pay to our public schools. In response to further questioning about funding, Edelblut stated that education in New Hampshire is funded through a combination of state and local funding. He stated that the cost of education per student in a traditional public school is approximately \$20,000, with a breakdown of \$5k from state funds and \$15k from local property tax. State funding comes from SWEPT (Statewide Education Property Tax), Lottery revenues, business taxes, real estate transfer tax, and other items. Those revenues are allocated to the Education Trust Fund and are used to send to public schools, as well as pay for the EFA program.

Ladd asked about the impact of increasing the eligibility from 300% to 350%. Edelblut stated that the DOE estimated that this would increase the number of EFA participants from 3,345 to 3,558. This was an estimate based on 2021 US household census information and World Economic Forum. Edelblut stated that questions about how many families have been rejected that might fall into that category would be better directed to the program administrator since the DOE is not adjudicating applications by families.

Ladd asked about how EFA participants are classified with regard to the four prongs of compulsory education in NH: public, non-public, homeschool, and EFA. Specifically, he asked if EFA participants are counted as homeschoolers. Edelblut stated that EFA students are in their own category and that students are not simultaneously in more than one category.

Prentiss asked about the diversion of funds from public schools to the EFA program. She asked whether funds were leaving public schools and going to home schools or non-public schools. Edelblut stated that the \$5k state contribution toward the per-student cost of education remains in the first year that a student leaves a local public school for the EFA program. In the second year, the school district receives 50%. After the second year, the public school no longer receives the state funding tied to the student participating in the EFA program.

Ward asked if a student can receive both EFA and scholarship money. Edelblut stated that EFA funds and the scholarship program are stackable.

Edelblut concluded his testimony stating that he will make the 6-month numbers available on the DOE website and would present the information for the full year once DOE has completed the end of year reconciliation. He stated that the RFP would be posted on the Department of Administrative Services website.

Children's Scholarship Fund Executive Director Kate Baker Demers introduced herself and offered to answer questions from the committee. In response to questions from Ladd about the cost of administering the program, Demers stated that the administration costs were 10% in the first year of the program, largely due to a new software program, hardware, and additional staff. The program currently requires 10 people to run. In the current year, Demers stated that the administrative costs were 7.97%, allowing an additional \$250,000 to be awarded in EFA funds to students. She stated that they will try to keep administrative costs at 6-8% moving forward. She stated that the annual maintenance cost for the Digital Wallet program is \$10 per student, as well as a 2.5% transaction fee for direct tuition payments.

Hicks asked about how receipts are scrutinized. Demers stated that families use the Digital Wallet program and that there are three ways for families to use the Digital Wallet:

1. Marketplace - Approved vendors are within the platform. Students/families do their shopping within Marketplace. Orders go into a queue which is reviewed and approved by an EFA administrator. EFA administrators also process returns. Families do not handle returns themselves.
2. Pay an Education Provider - This option is predominantly for NH-based providers who seek approval as an approved vendor. Sylvan Learning Center in Bedford, for example, is pre-approved as an education provider. Families can direct payment from their Digital Wallet by uploading an invoice. Order goes into a queue which is reviewed and approved by an EFA administrator.
3. Reimbursement - Families make purchases and submit receipts to EFA administrators for reimbursement. EFA administrators use a checklist used to review receipts before reimbursements are issued.

Demers stated that the verification process is very individualized, rigorous, and not fast or efficient. She suggested that efficiencies in administration costs could be realized by making certain changes, such as allowing reimbursement for anything under \$25.

In response to a question about whether the EFA administrators have detected any instances of fraud, Demers stated that they have not seen instances of fraud. She stated that when reimbursements have been denied it has been related to lack of knowledge about the specifics of what items are eligible and not eligible under the EFA program rules and that these were due to error rather than fraud.

Demers stated that EFA funds are sometimes going to public schools. This is typically for AP tests, bills for classes, or sometimes full-time enrollment. Rural areas can be because of geography. Average cost of sending a child out in a school in Jackson is \$181, in Jackson, if I recall correctly, I think the school negotiated with the family. Examples where students. Number of families, 3,345 is number of students.

Ward asked about the scholarship program. Demers stated that last year, they raised and distributed \$3.2 million in the scholarship program. Demers stated this fall, they raised \$3.6 million allowing them to add 200 students.

In response to questions about private, prep schools receiving funds, Demers stated that this was rare. She explained that students eligible for EFA funds are typically lower-income and qualify for significant financial aid at well-endowed schools. She stated that most EFA and scholarship students are choosing low-cost schools that are within their neighborhoods.

Prentiss asked about the location of schools receiving EFA funds and why they are concentrated in the southern part of the state. Demers stated that the concentration of schools receiving EFA funds is related to the concentration of low-income families in certain parts of the state. Because there are fewer school options in rural areas, there may be more homeschoolers receiving funds in rural areas. Demers stated that it would be difficult to identify which students are homeschooled and who attends non-public schools based on Digital Wallet usage because students could be double-counted if they use funds for school supplies in addition to tutoring. Students use multiple providers.

In response to a question from Ward about an audit, Demers stated that auditors did not find anything of concern in the recently completed audit. She stated that the DOE also does compliance monitoring. She likes the audits because it shows the level of rigor for program administrators. She stated that the scrutiny of receipts using the checklist review by program administrators provides no opportunity for families to receive reimbursement that they should not be receiving.

The Oversight Committee concluded the meeting by discussing the report that will be due November 30 and scheduling another meeting.

Chair Ward recessed the meeting at 3:30p.m. ET

## Education Freedom Accounts (EFA) Oversight Committee Meeting

### September 2023

Meeting called to order at 1:00 p.m. by Chair Ruth Ward.

**Members Present:** Senator Ruth Ward, Chair, Senator Suzanne Prentiss, Representative Glenn Cordelli, Representative Matthew Hicks, Representative Rick Ladd.

Chair Ward opened the meeting. Sen. Prentiss asked about the information that DOE had said they would provide to the Committee at the end of August. Ward stated that she had not yet received that information. Ward discussed the report that the Committee has been tasked with issuing prior to November 15. She stated that she would draft the report and that all Committee members will have a chance to read it in draft form. She laid out the issues that she intends to include in the report:

- Impact of changing eligibility from 300% up to 350% of poverty line
- Where is the money coming from, where is it going?
- Reimbursement phase-out to public schools when EFA student leaves
- Stackability of EFA and Scholarship funds
- Administrative cost of EFA program
- Concentration of EFA recipients where there are low-income families
- How many families are benefitting

Members of the Committee proceeded to ask questions of Scholarship Administrator Kate Baker-Demers.

Sen. Prentiss asked about the audit process and pointed out that the audit showed \$9 Million of funding from the state, while the fact sheet on the DOE website stated that \$12.7 Million was spent for EFAs in 2022. She asked how the discrepancy could be explained. Demers stated that the scholarship organization and the state have different fiscal years. She stated that her organization carries the scholarships as a liability to the families on their balance sheet even if it is not fully spent because the scholarship organization is holding those funds for families. She said the discrepancy would be a good question for her CFO and that she would have the CFO get the numbers. The EFA audit is both risk-based and programmatic. Behind the spending is receipts, and the auditors pull a sample of receipts as part of the audit process.

Rep. Cordelli asked about students who participate in the EFA program and do not return and/or who return to public school. Demers stated that 600 students out of 3300 did not return last year, some due to graduations, for example. She stated that students returning to public schools after participating in EFA is pretty standard, explaining that a lot of kids homeschool or go to private school K-8, and then go to public school for high school.

Demers told the Committee that certain aspects of the NH EFA program are unique to NH, including students using EFA funds to pay a public school (to attend a different district where they can attend if they pay the tuition). The phase-out reimbursement is also unique. Other states do not have these characteristics. She stated that New Hampshire has the ability to identify how many students are attending public schools using EFA funds based on Student Assigned State IDs.

Rep. Ladd asked about the students who did not come back to the EFA program. Demers stated that 4,200 students enrolled in the Fall and that the DOE will post a fact-sheet on their website with more information. In response to a further question about the scholarship program, Demers stated that her organization had raised \$3.4 Million in 2022 and was able to award 1,200 scholarships. She has not evaluated the overlap with EFA recipients, but the funds are stackable. She stated that the Education Tax Credit Scholarships have focused on low-income families and families where there is a gap to pay for a high tuition. She stated that the Department of Revenue has oversight for the Education Tax Credit Scholarship program, and additional info can be pulled from DRA.

Rep. Ladd asked about the completion rates of EFA recipients from last year. Demers stated that she does not yet have the data for last year's participants as she has not surveyed them yet. She stated that the Scholarship program has a 100% graduation rate and that information is tracked on the DRA website. Participants are surveyed two years out.

Rep. Hicks stated that he was interested in accountability of taxpayer dollars and asked about accountability of EFA program. Demers stated that academic performance is measured via a standardized test or a portfolio assessment which mirrors the state's homeschool law. She stated that 65% of EFA dollars are going to private schools and that private school students typically score higher than public school students. She stated her view that the accountability in this program is mobility and that nothing stops a family from moving if a program isn't working. She stated that 90% of families report academic gains for students in the EFA program.

Rep. Cordelli stated his view that the graduation rate for the scholarship program of 100% is a good example of accountability because parents can always walk and find another education option for their kids. He stated that recent surveys about why people choose a public school reported the lowest scoring reason as test scores and the highest scoring reason is because it's their assigned school. The top reason why people leave a public school is bullying and safety.

2% of public school kids (168,000 in total)

Rep. Ladd pointed out that New Hampshire has public school choice in K-12 even aside from EFAs. He stated that many schools have K-8 public schools and then have public school choice for high school and tuition the kids in their districts to different public high schools. He asked whether families had to be denied because they did not meet the income eligibility requirements. Demers stated that increasing the eligibility from 300 to 350% adds about 200 students to the program. She stated that yes, they have had to say no to some families who fell just outside of the eligibility requirements.

Chair Ward stated that the EFA program is small and increasing even to 400% will affect a small group. No matter what, it is a small program, she said. Demers stated that the EFA program affects 2% of public school kids (of 168,000 public school students in total).

Sen. Prentiss asked about teacher certification: When students are in a pod, a collaborative, a Prenda pod, they aren't required to have certified teachers? Why are we requiring public schools to have certain standards, but in other settings, why don't we require that? Demers stated that she was not qualified to talk about teacher certification. She stated that private schools hire the teachers they feel are best qualified and offered examples of former public school teachers who have started learning pods.

Sen. Prentiss pointed out that a parent could choose to move their child into a learning pod for K-12 education, and a student could never see a certified teacher their entire career in a setting where public dollars are being used to pay for that education.

Sen. Prentiss asked if the portfolio assessment is used to determine whether someone graduated from the scholarship program, referencing the 100% graduation rate that Demers had previously stated. Demers answered yes.

Rep. Hicks stated that private schools have reporting requirements to the state and asked if micro-schools have to follow private school rules for reporting. Demers stated that yes, micro-schools are tiny private schools.

Rep. Cordelli stated that public money is currently going to schools without certified teachers via public charter schools.

Sen. Prentiss stated that the EFA program is still relatively new and is the first time that public money is going into private schools. She stated that the purpose of the Committee is to bring about a level of accountability and transparency. She sees a significant difference with teaching certifications.

Sen. Prentiss pointed to RSA 193E - content of an adequate education - and asked how we know whether students in EFA settings are receiving what is in statute for kids in public school settings. Is there a requirement to have an educational plan? Demers stated that this is covered in the order approval process. She stated that all receipts in the digital wallet are tied back to a core knowledge subject requirement. Private school tuition does not get tied back to core knowledge, for example, but a textbook purchase does.

Sen. Prentiss asked how returned items are handled. Demers stated that grants are assigned to students in a digital wallet, there is a marketplace inside of the digital wallet, and her team approves orders inside of the digital wallet. If a family returns a textbook to Amazon, the money goes back into the digital wallet. She explained that families also can receive direct reimbursement with receipts, similar to a Health Savings Account. Responding to a follow-up question from Sen. Prentiss, Demers stated that when a family is reimbursed outside of the digital wallet, there is no way to know if a family subsequently returned the item and received cash from a retailer. Demers stated that she is able to pull a report that would show how many people are purchasing through the marketplace compared to receiving direct reimbursement.

Sen. Prentiss asked how many staff are required to administer the program. Demers stated that there are 12 FTE staffing the program presently. She stated that the program is administratively heavy due to order-processing and application approvals, including 30,000 orders that had to be individually reviewed over the past year.

Sen. Prentiss asked how conflicts of interest are handled. She stated that the state has a conflict of interest policy where officials have to recuse themselves from voting if they have a pecuniary interest. Demers explained how she handles conflicts of interest at the scholarship organization: no staff are EFA participants and staff members do not sit on private or public school boards. She stated that she is not qualified to discuss conflict of interest policies for elected officials voting on the EFA program. Sen. Prentiss asked if vendors have to complete a conflict of interest form. Demers stated that there are 700 approved vendors in the EFA program, and managing conflict of interest for each of those vendors is unwieldy.



Chair Ward concluded the meeting with a brief discussion of the report that the Committee is tasked with preparing prior to November 15. She stated that she would prepare a draft for Committee members to review prior to the next meeting which will take place in mid-October.

The meeting recessed at 2:26 p.m. ET

# Education Freedom Accounts (EFA) Oversight Committee Meeting

**10/25/2023**

**Members Present:** Senator Ruth Ward, Chair, Senator Suzanne Prentiss, Representative Rick Ladd, Representative Matthew Hicks. **Not Present:** Representative Glen Cordelli.

Meeting called to order at 10:00a.m. by Chair Ruth Ward.

EFA Oversight Committee members introduced themselves and stated their town/city of residence. Chair Ward explained that the Committee was gathered to review a draft of the Committee's first Interim Report due November 30 and that the Committee had been delayed by a year due to unforeseen circumstances that took place during the first year, including a resignation and an untimely death. Chair Ward requested that Committee members offer their thoughts on the initial draft and propose changes.

Sen. Prentiss suggested that a paragraph should be added to the Interim Report explaining why the Committee had been delayed by a year. Chair Ward suggested that Sen. Prentiss draft some language to be added to the report, and Sen. Prentiss agreed.

Sen. Prentiss expressed her disagreement with the language in the Interim Report addressing the question of whether public dollars are being diverted from public schools to the EFA program. She referred to testimony from previous Committee meetings establishing that there is public money that is no longer in public education right now because adequacy funds have followed students to private schools, homeschools, or other alternative educational settings. Sen. Prentiss recognized that there are transition funds for public schools now, however, as stated in the report, that will end. She stated that the purpose of the Committee is to exercise oversight, which includes the tracking of public dollars.

Rep. Ladd discussed the rationale of the EFA program and the cost of public school tuition compared to the EFA program. He stated his opinion that EFAs are not diverting public dollars but are instead saving the public schools money.

Sen. Prentiss pointed to the charge of the Committee and stated that we have a duty as an oversight committee to follow the money. Rep. Hicks agreed with Sen. Prentiss and stated that the question about money leaving public schools is not about the rationale of the EFA program, just about accuracy.

Sen. Prentiss turned to the administrative costs of the EFA program. She pointed out that the Interim Report references the administrative costs associated with the Children's Scholarship Foundation but does not include the administrative costs within the Department of Education. Brian Voelk (DOE) stated that his position within DOE is associated with administering EFAs and is separate from CSF administrative costs. Prentiss stated that the total administrative costs of EFAs in the Interim Report should include both CSF costs and DOE costs.

Sen. Prentiss raised the issue of eligibility for the EFA program and stated that all other state programs providing means-based benefits require annual means testing, e.g. Medicaid, SNAP, and TANF. The EFA program is the only state program that allows eligibility to be determined only once upon entry to the program. Chair Ward asked if families receiving Free or Reduced Lunch benefits have to be deemed

eligible every year, and Sen. Prentiss stated that annual eligibility is required for Free or Reduced Lunch benefits.

Rep. Hicks agreed with Sen. Prentiss that a legislative recommendation should be developed about annual eligibility testing.

Rep. Ladd stated that he also supports accountability, but he has concerns about the impact on a student who might go in and out of the program if annual means-testing was required. Sen. Prentiss agreed that this concern should be addressed, and if there is a change in eligibility, there should be a plan, e.g. EFA benefits should continue for the duration of middle school or the duration of high school, etc. Ladd stated that the Committee should look at how other states handle this situation, e.g. EFA decreases proportionately if eligibility changes or no eligibility thresholds at all, etc.

Chair Ward reminded the Committee that this is an Interim Report, and some topics might require further discussion by the Committee and could be included in next year's report. Prentiss stated that means-testing for eligibility should be further investigated by the Committee and legislative recommendations developed. Rep. Ladd pointed out that there are other commissions and reports going on, e.g. a study about teacher shortages. He stated that the Committee should identify issues for the Committee to continue working on in the second year.

Sen. Prentiss expressed frustration that DOE reports were not provided to the Committee in a timely fashion. At the June Committee meeting, the Committee was informed that End-of-Year reports about the EFA program would be available from DOE in August. However, those reports were not available until after the September Committee meeting, impeding the Committee's ability to conduct its work. Sen. Prentiss offered to draft language for inclusion in the Interim Report that DOE and CSF must deliver reports on a timely basis directly to the Committee and inform the Committee if reports are held up beyond statutory deadlines.

Rep. Ladd pointed out that Department reports are often late due to the workload in many state agencies. He stated that the Committee should receive information by the deadlines in state law but that it is not always realistic.

Sen. Prentiss moved on to recommendations about topics for the Committee to continue investigating in the future, including annual verification of eligibility, what 100% graduation means, and conflicts of interest for legislators voting on EFA legislation. She raised questions about whether legislators are declaring conflicts of interest related to EFAs. Her concern is not whether children of legislators are enrolled in the EFA program but whether legislators own businesses that are vendors for the EFA program. Rep. Hicks said that addressing conflicts of interest for legislators is a fair question and that he supports improving transparency. Rep. Ladd pointed out that legislators do currently have to document their conflicts with the Secretary of State's office. He stated that most of the questions about conflicts are already in state law but that perhaps legislators need to be better educated about declaring conflicts during the orientation process.

Sen. Prentiss noted that another issue she had identified after receiving the late report from DOE is the discrepancy between the number of students entering and exiting the EFA program, which are not all due to graduation. Rep. Ladd pointed out that according to the DOE report, 524 students have made "other exits" from the EFA program in the past year. Sen. Prentiss and Rep. Ladd agreed that this should be further investigated by the Committee. Chair Ward stated that it would be discussed at the next Committee meeting.

Chair Ward stated that the Committee has done well in its first year and they will have more time in the future to address the additional topics. Chair Ward suggested that Sen. Prentiss write up her proposed changes to the Interim Report and share with the Committee to be taken up at the next meeting which will take place before the Report is due on November 30.

Rep. Hicks asked about the process of the full Committee signing off on a report versus a Minority Report. Rep. Ladd explained that he wrote a Minority Report for the Education Funding Commission he was a part of and that issuing a Minority Report is always an option and sometimes a good one. Prentiss stated that she will try to draft language that the full Committee might agree on, while knowing that a Minority Report is still an option if everyone cannot agree.

Sen. Prentiss thanked Chair Ward for chairing the Committee over the past year.

The meeting adjourned at 11:03a.m.