

HB 607-FN - AS INTRODUCED

2021 SESSION

21-0006

06/04

HOUSE BILL            **607-FN**

AN ACT                establishing local education savings accounts for students.

SPONSORS:            Rep. Verville, Rock. 2; Rep. Cordelli, Carr. 4; Rep. Jeudy, Hills. 10; Rep. A. Lekas, Hills. 37; Rep. Seaworth, Merr. 20; Rep. Greene, Hills. 37; Rep. Potucek, Rock. 6; Rep. Hill, Merr. 3; Rep. Yokela, Rock. 33; Rep. Cushman, Hills. 2; Sen. Reagan, Dist 17

COMMITTEE:          Education

---

ANALYSIS

This bill establishes local education freedom savings accounts for children between 5 and 20 years of age.

-----

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Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.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

AN ACT establishing local education savings accounts for students.

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

1 1 New Chapter; Local Education Freedom Accounts. Amend RSA by inserting after chapter  
2 194-D the following new chapter:

3 CHAPTER 194-E

4 LOCAL EDUCATION FREEDOM ACCOUNTS

5 194-E:1 Definitions. In this chapter:

6 I. "Account" means a local education freedom savings account established for an eligible  
7 student pursuant to this chapter.

8 II. "Commissioner" means the commissioner of the department of education.

9 III. "Department" means the department of education.

10 IV. "Eligible student" means a resident of a school district that adopts the provisions of this  
11 chapter, who is at least 5 years of age and not more than 20 years of age, who has not graduated  
12 from high school and is:

13 (a) Currently attending a New Hampshire public school, including a chartered public  
14 school; or

15 (b) A kindergarten student; or

16 (c) Receiving home education pursuant to RSA 193-A.

17 V. "Nonpublic school" shall mean any public academy or private school approved for  
18 attendance by the department.

19 VI. "Parent" means the natural or adoptive parent or legal guardian of an eligible student.

20 VII. "Postsecondary institution" means an institution within the university system of New  
21 Hampshire or the community college system of New Hampshire.

22 VIII. "Program" means the local education freedom savings account program established in  
23 this chapter.

24 IX. "Resident school district" means the public school district in which the eligible student  
25 resides.

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

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

30 (b) Complies with applicable state and federal anti-discrimination and privacy laws;

31 (c) Is registered with the department of justice, director of charitable trusts; and

1 (d) Has been approved by the department of revenue administration for the purpose of  
2 issuing scholarships pursuant to RSA 77-G:5.

3 XI. "Treasurer" means the treasurer of the state of New Hampshire.  
4 194-E:2 Program Eligibility.

5 I. There is established a local education freedom savings account program. In any school  
6 district that adopts this chapter pursuant to RSA 197:3-b, the parent of an eligible student may  
7 receive a grant from a scholarship organization if the parent signs a contract with the scholarship  
8 organization.

9 II. The parent of an eligible student who signs a contract with a scholarship organization  
10 agrees to use the funds deposited in an eligible student's account for any of the following qualifying  
11 educational expenses:

12 (a) Tuition for course fees at any public school, chartered public school, nonpublic school,  
13 or program approved by the department pursuant to RSA 186-C:5.

14 (b) Textbooks, curriculum, or materials required to supplement or administer the  
15 curriculum.

16 (c) Payment to a tutor or tutoring facility.

17 (d) Fees for transportation to and from an educational service provider paid to a fee-for-  
18 service transportation provider, not to exceed \$750 per school year.

19 (e) Tuition and fees for online learning programs.

20 (f) Educational services or therapies from a licensed or certified practitioner or provider,  
21 including licensed or certified paraprofessionals or educational aides.

22 (g) Computer hardware and software and other assistive devices if an eligible school,  
23 licensed or certified tutor, licensed or certified educational service practitioner or provider, or  
24 licensed medical professional verifies in writing that these items are essential for the student to  
25 meet annual, measurable goals.

26 (h) Fees for a nationally standardized norm-referenced achievement test, advanced  
27 placement examination, or any exam related to college admission.

28 III. The parent of an eligible student shall be provided copies of all signed agreements.

29 IV. The parent of an eligible student shall be required to annually renew the agreement to  
30 continue participation in the program.

31 V. No eligible student shall receive a grant under this chapter and an education tax credit  
32 scholarship pursuant to RSA 77-G in the same school year.

33 VI. Eligible students participating in the program may participate in curricular and co-  
34 curricular courses and programs pursuant to RSA 193:1-c. Students in the special school district  
35 within the department of corrections established in RSA 194:60 shall not be eligible students.

36 VII. An agreement shall be automatically terminated if the eligible student no longer resides  
37 in the school district, and all unencumbered moneys shall revert back to the school district.

1 VIII. The failure to enter into an agreement pursuant to this chapter for any school year for  
2 which an eligible student is required to attend a public school shall not preclude the parent of such  
3 student from entering into an agreement for a subsequent school year.

4 194-E:3 Computation of Local Education Funds.

5 I. The superintendent of the school district shall calculate the funds for local education  
6 freedom savings accounts based on the local district's approved budget from the previous year as  
7 follows: the total moneys raised by taxation in the district at the rate set by the commissioner of  
8 revenue administration under RSA 76:3, less special education spending, multiplied by 85 percent,  
9 and divided by the previous year's average daily membership in attendance. The funds shall not  
10 include any federal grants or state funding. The superintendent of the school district shall make  
11 such funds available to each student requesting a local education freedom savings account.

12 II. The scholarship amount shall be recalculated annually. The amount granted shall be the  
13 original grant or the recalculated grant, whichever is greater. No eligible student shall receive a  
14 scholarship that is less than the scholarship the student received in his or her first year of  
15 participation in the program,

16 III. If a student no longer resides in the local district, or attends the chartered public school,  
17 during the regular school year, the funds the student has been approved to receive shall be prorated  
18 and the balance shall be distributed to the local school district.

19 IV. The superintendent of the local school district shall transfer the funds to each student's  
20 local education freedom account no later than July 14 prior to the beginning of the school year.

21 194-E:4 State Level Program Funding and Payment.

22 I. The scholarship organization shall notify the commissioner of any eligible student whose  
23 parents have signed an agreement under RSA 194-E:2.

24 II. The commissioner shall transfer to the scholarship organization 90 percent of the per  
25 pupil adequate education grant amount pursuant to RSA 198:40-a, plus any differentiated aid, which  
26 would be disbursed to the municipality in which the student resides, for deposit into the eligible  
27 student's education freedom savings account.

28 III. Funds received pursuant to this program shall not constitute income taxable to the  
29 parent of the eligible student or to the eligible student.

30 IV. In exchange for the parent's agreement pursuant to RSA 194-E:2, the state treasurer  
31 shall transfer funding to the eligible student's account established by the scholarship organization.  
32 The transfers shall be made in accordance with the distribution of adequate education grants under  
33 RSA 198:42.

34 V. All eligible student accounts shall be held in institutions qualified by the state treasurer.

35 VI. A scholarship organization shall receive 5 percent of the adequate education grant,  
36 including any differentiated aid for which the student would be eligible pursuant to RSA 198:40-a,  
37 for administrative expenses.

1 VII. The department may conduct an audit of an eligible student's account as needed to  
2 ensure compliance with this chapter.

3 VIII. The department may remove any eligible student from the program for non-compliance  
4 with program eligibility requirements of RSA 194-E:2.

5 (a) The parent may appeal the decision of the scholarship organization to the  
6 department.

7 (b) Any funds remaining in the account for that student shall revert to the school  
8 district.

9 IX. The scholarship organization or the department may refer cases of fraudulent misuse of  
10 funds to the attorney general for investigation.

11 X. A school or educational service provider pursuant to RSA 194-E:2 shall not share, refund,  
12 or rebate any program funds with the parent or eligible student in any manner.

13 XI. Parents may make payments for the costs of educational programs and services not  
14 covered by the funds in their accounts.

15 XII. A scholarship organization may receive and expend gifts, grants, and donations of any  
16 kind from any public or private entity to carry out the purposes of this chapter.

17 194-E:5 Scholarship Organization: Requirements. A scholarship organization shall:

18 I. Develop and maintain agreement forms in cooperation with the department.

19 II. Provide copies of agreements signed by parents of eligible students to the department.

20 III. Comply with all federal and state laws regarding student privacy.

21 IV. Review all receipts for fees and services pursuant to 194-E:2, II.

22 V. Provide annual reports on the number of students participating in the program, the  
23 providers of services to students, and the value of the program funds to the department.

24 VI. Conduct an annual survey of parents of eligible students with accounts. The survey  
25 shall include the number of years the parent has been in the program, the relative satisfaction of the  
26 parent with the program, and suggestions of the parent for improvement. The survey shall be  
27 included in the annual report.

28 VII. Conduct an annual audit of all accounts of eligible students.

29 194-E:6 Schools and Providers of Educational Services; Requirements.

30 I. Schools and educational service providers shall comply with all federal and state laws  
31 regarding student privacy.

32 II. Schools and educational service providers shall furnish receipts for eligible services  
33 pursuant to RSA 194-E:2, II to the parent.

34 III. The school district in which the eligible student resides shall provide a participating  
35 school or educational service provider that has admitted an eligible student under this program with  
36 a copy of the student's school records, while complying with the Family Educational Rights and  
37 Privacy Act of 1974, 20 U.S.C. section 1232 (g), and state policies.

**HB 607-FN - AS INTRODUCED**

**- Page 5 -**

1       194-E:7 Rescission. If a school district that has adopted local education freedom savings accounts  
2 votes to recind its action under RSA 197:3-b, IV, any parent of an eligible student who has entered  
3 into a contract with a scholarship organization prior to the time of such rescission may continue to  
4 receive grants as long as the eligible student is under the age of 20 years and has not graduated from  
5 high school.

6       194-E:8 Severability. If any provision of this chapter or the application thereof to any person or  
7 circumstances is held invalid, such invalidity shall not affect other provisions or applications of the  
8 chapter which can be given effect without the invalid provision or application, and to this end the  
9 provisions of this chapter are declared to be severable.

10       2 New Section; Method of Adopting Local Education Freedom Savings Accounts. Amend RSA  
11 197 by inserting after section 3-a the following new section:

12       197:3-b Method of Adopting Freedom Savings Accounts.

13       I. Upon the written application of 25 or more registered voters or 2 percent of the registered  
14 voters in the school district, whichever is less, although in no event shall fewer than 10 registered  
15 voters be sufficient, presented to the school board or one of them not later than the fifth Tuesday  
16 before the day prescribed for an annual meeting, the school board shall insert in their warrant for  
17 such meeting the petitioned article with only such minor textual changes as may be required. Such  
18 corrections shall not in any way change the intended effect of the article as presented in the original  
19 language of the petition. For the purposes of this section, the number of registered voters in a school  
20 district shall be the number of voters registered prior to the last state general election. The right to  
21 have an article inserted in the warrant conferred by this section shall not be invalidated by the  
22 provisions of RSA 32. In school districts with fewer than 10,000 inhabitants upon the written  
23 application of 50 or more voters or 1/4 of the voters in town, whichever is fewer, and in school  
24 districts with 10,000 or more inhabitants upon the written application of 5 percent of the registered  
25 voters in the district, so presented not less than 60 days before the next annual meeting, the school  
26 board shall warn a special meeting to act upon any question specified in such application. The  
27 checklist for an annual or special school district meeting shall be corrected by the supervisors of the  
28 checklist as provided in RSA 654:25-31. Those persons qualified to vote whose names are on the  
29 corrected checklist shall be entitled to vote at the meeting. The same checklist used at a recessed  
30 school district meeting shall be used at any reconvened session of the same school district meeting.  
31 In no event shall a special school district meeting be held on the biennial election day.

32       II. The wording of the question shall be: "Shall we adopt the provisions of RSA 194-E to  
33 allow the establishment if a local education freedom savings account program in (local school  
34 district)?"

35       III. If a 3/5 majority of those voting on the question vote "yes," RSA 194-E shall apply within  
36 the school district at the annual or special meeting next following. Only votes in the affirmative or  
37 negative shall be included in the calculation of the 3/5 majority.

**HB 607-FN - AS INTRODUCED**

**- Page 6 -**

1           IV. Any school district which has adopted RSA 194-E may consider rescinding its action in  
2 the manner described in paragraphs III-VI, except that the question shall be placed on the official  
3 ballot. The wording of the question shall be: "Shall we rescind the provisions of RSA 194-E, as  
4 adopted by the (local school district) on (date of adoption), so that a local education freedom savings  
5 account program will no longer be used in the district?" A 3/5 majority of those voting on the  
6 question shall be required to rescind the provisions of this chapter. Only votes in the affirmative or  
7 negative shall be included in the calculation of the 3/5 majority.

8           3 Effective Date. This act shall take effect 60 days after its passage.

LBA  
21-0006  
1/13/21

**HB 607-FN- FISCAL NOTE  
AS INTRODUCED**

AN ACT                    establishing local education savings accounts for students.

**FISCAL IMPACT:**

The Office of Legislative Budget Assistant is unable to complete a fiscal note for this bill, as introduced, as it is awaiting information from the Department of Education. When completed, the fiscal note will be forwarded to the House Clerk's Office.

**AGENCIES CONTACTED:**

Department of Education