

HB 430-FN-LOCAL - AS INTRODUCED

2023 SESSION

23-0347

10/08

HOUSE BILL ***430-FN-LOCAL***

AN ACT relative to applications for the education freedom accounts program.

SPONSORS: Rep. Luneau, Merr. 9; Rep. Cascadden, Coos 5

COMMITTEE: Education

ANALYSIS

This bill provides for applications to the education freedom account program for a child currently attending a New Hampshire public school, including a chartered public school, for a minimum of one year, or who is entering kindergarten or first grade.

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 Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.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

AN ACT relative to applications for the education freedom accounts program.

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

1 1 Education Freedom Accounts; Application. Amend RSA 194-F:3, I to read as follows:

2 I. A parent may apply to the scholarship organization to establish an EFA for an eligible
3 student ***who is currently attending a New Hampshire public school, including a chartered***
4 ***public school, for a minimum of one year, or who is entering kindergarten or first grade.***

5 The scholarship organization shall accept and approve applications for the fall and spring semesters
6 each year and shall establish procedures for approving applications in an expeditious manner.

7 2 Effective Date. This act shall take effect 60 days after its passage.

**HB 430-FN-LOCAL- FISCAL NOTE
AS INTRODUCED**

AN ACT relative to applications for the education freedom accounts program.

FISCAL IMPACT: State County Local None

STATE:	Estimated Increase / (Decrease)			
	FY 2023	FY 2024	FY 2025	FY 2026
Appropriation	\$0	\$0	\$0	\$0
Revenue	\$0	\$0	\$0	\$0
Expenditures	\$0	Indeterminable	Indeterminable	Indeterminable
Funding Source:	<input checked="" type="checkbox"/> General	<input type="checkbox"/> Education	<input checked="" type="checkbox"/> Highway	<input type="checkbox"/> Other

LOCAL:

Revenue	\$0	\$0	Indeterminable	Indeterminable
Expenditures	\$0	Indeterminable	Indeterminable	Indeterminable

METHODOLOGY:

This bill intends to limit eligibility to the education freedom account (EFA) program to students who are currently attending a New Hampshire public school for a minimum of one year or who is entering kindergarten or first grade, which would decrease the number of students eligible for the program. As of November 2022, 3,110 students were in the EFA program with an annualized cost estimated at \$15.2 million with the typical grant averaging \$4,900 per student. The average grant for the EFA program is higher than the traditional district cost of an adequate education grant of \$4,740, because the EFA program has income limits and participants are more likely to experience poverty that is documented.

This bill will result in an indeterminable number of students falling out of the program. The Department has provided the following information relative to the different situations in which a student may access the EFA program:

- Students exiting the EFA program and going to non-public or home education option would likely result in a grant elimination of \$4,740 for each student. This would result in a net savings to the state beginning in FY 2024.
- Students exiting the EFA program and going to a charter public school would have a net cost to the state of \$2,753 to the state; \$7,493 (current average charter school rate)

– \$4,740 (average EFA) = \$2,753. This cost could first be incurred beginning in FY 2024.

- Students exiting the EFA program and enrolling in a traditional district system would have a net savings to the state of \$4,740 if the student left a community that had a statewide education property tax (SWEPT) grant in excess of the calculated cost of adequate education. The impact on state EFA payments could first be incurred beginning FY 2024, however impacts to adequacy payments to districts would not be first incurred until FY 2025 (as adequacy payments are made on previous year student counts).
- Students enrolling in a school in a non-excess SWEPT community, which makes up approximately 95 percent of students in NH would result in a net neutral cost to the state in adequacy grants and an increase in local revenues. However, this would also result in net savings to the state due to the EFA phase-out grant not being paid. The EFA phase-out grant compensates districts at a rate of 75 cents on the dollar for any student leaving the district and going to the EFA program. Therefore, there would be a savings on average of \$3,555 for each student exiting the EFA program and enrolling a district school (75 percent of \$4,740). The impact on state EFA payments could first be incurred beginning FY 2024, however impacts to adequacy payments to districts would not be first incurred until FY 2025 (as adequacy payments are made on previous year student counts).

As students potentially leave the EFA program and enroll in 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