

HB 464-FN - AS INTRODUCED

2023 SESSION

23-0485

10/08

HOUSE BILL **464-FN**

AN ACT relative to eligible students in the education freedom account program.

SPONSORS: Rep. Layon, Rock. 13; Rep. Edwards, Rock. 31; Rep. Mooney, Hills. 12; Rep. Osborne, Rock. 2; Rep. C. McGuire, Merr. 27; Rep. Cordelli, Carr. 7; Rep. Hill, Merr. 2; Sen. Gannon, Dist 23; Sen. Murphy, Dist 16; Sen. Avard, Dist 12; Sen. Pearl, Dist 17

COMMITTEE: Education

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ANALYSIS

This bill expands the definition of who is an eligible student qualifying under the education freedom accounts program.

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Explanation: Matter added to current law appears in ***bold italics***.  
Matter removed from current law appears ~~[in brackets and struck through.]~~  
Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.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 eligible students in the education freedom account program.

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

1 1 Education Freedom Account Program; Eligible Students. RSA 194-F:1, VI is repealed and  
2 reenacted to read as 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 meets one or more of the following conditions:

5 (a) Whose annual household income at the time the student applies for the program is  
6 less than or equal to 300 percent of the federal poverty guidelines as updated annually in the  
7 Federal Register by the United States Department of Health and Human Services under 42 U.S.C.  
8 section 9902(2). No income threshold need be met in subsequent years, provided the student  
9 otherwise qualifies. Students in the special school district within the department of corrections  
10 established in RSA 194:60 shall not be eligible students.

11 (b) Who is a child in foster care. "Foster care" means 24-hour substitute care for  
12 children placed away from their parents and for whom the agency under Title IV-E of the Social  
13 Security Act has placement and care responsibility. This includes, but is not limited to, placements  
14 in foster family homes, foster homes of relatives, group homes, emergency shelters, residential  
15 facilities, child care institutions, and preadoptive homes. A child is in foster care in accordance with  
16 this subparagraph regardless of whether the foster care facility is licensed and payments are made  
17 by the state, tribal, or local agency for the care of the child, whether adoption subsidy payments are  
18 being made prior to the finalization of an adoption, or whether there is federal matching of any  
19 payments that are made.

20 (c) Whose status is as a migratory child. "Migratory child" means a child or youth who  
21 made a qualifying move in the preceding 36 months as a migratory agricultural worker or a  
22 migratory fisher; or with, or to join, a parent or spouse who is a migratory agricultural worker or a  
23 migratory fisher as defined by the federal Department of Education in 34 C.F.R 200.81.

24 (d) Whose status is as a homeless child or youth. "Homeless child or Youth" as defined  
25 in section 725(2) of title VII, subtitle B of the McKinney-Vento Homeless Assistance Act.

26 (e) Whose status is as a student with a parent who (1) is a member of the armed forces  
27 on full-time duty in the active military service of the United States, including full-time training  
28 duty, annual training duty, and attendance, while in the active military service, at a school  
29 designated as a service school by law or by the Secretary of the military department concerned; or (2)  
30 serves on full-time National Guard duty, in training or other duty, other than inactive duty,  
31 performed by a member of the Army National Guard of the United States or the Air National Guard

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1 of the United States in the member's status as a member of the National Guard of a State or  
2 territory, the Commonwealth of Puerto Rico, or the District of Columbia under 32 U.S.C. sections  
3 316, 502, 503, 504, or 505 for which the member is entitled to pay from the United States or for  
4 which the member has waived pay from the United States.

5 (f) Who is an English language learner. "English language learner" means a pupil who  
6 has a predominant language other than English or who is educationally disadvantaged by a limited  
7 English proficiency, and who participated in the annual assessment of English language proficiency  
8 required of such pupils by the Elementary and Secondary Education Act, 20 U.S.C. section 6311  
9 (b)(7).

10 (g) Who is a persistently bullied student. "Persistently bullied student" means a pupil  
11 that has been a victim of 3 or more bullying incidences as defined by RSA 193-F:3.

12 (h) Who is a child with a disability. "Child with a disability" means as defined in RSA  
13 186-C:2, I.

14 (i) Who is a student with a documented approved manifest educational hardship as  
15 defined by RSA 193:3, II (a).

16 (j) Who is a student who lives within the geographic boundaries of a school which has  
17 been identified as a comprehensive support and improvement school using the state methodology as  
18 defined in RSA 193-H:1, III(a)(2), which includes the lowest performing 5 percent of all schools in the  
19 state, and RSA 193-H:1, III(a)(3), which includes any high school that has a graduation rate less  
20 than 69 percent over 2 consecutive years.

21 (k) Any student who lives within the geographical jurisdiction of a school which has been  
22 designated as being a persistently dangerous school, as defined by RSA 193-G:1.

23 (l) Any student who is eligible for a free or reduced price meal.

24 2 Effective Date. This act shall take effect 60 days after its passage.

**HB 464-FN- FISCAL NOTE  
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AN ACT relative to eligible students in the education freedom account program.

**FISCAL IMPACT:**     State             County             Local             None

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

**LOCAL:**

<b>Revenue</b>	\$0	\$0	Indeterminable	Indeterminable
<b>Expenditures</b>	\$0	Indeterminable	Indeterminable	Indeterminable

**METHODOLOGY:**

This bill expands eligibility for the education freedom accounts (EFA) 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 to be \$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 likely result in an indeterminable number of new students accessing the program. The Department has provided the following 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 \$4,740 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. These costs could first be incurred beginning in FY 2024.

- Students leaving a charter public school would have a net cost savings to the state of \$2,753 to the state; \$7,493 (current average charter school rate) – \$4,740 (average EFA) = \$2,753. These savings could first be incurred beginning in FY 2024.
- 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 around \$4,740 per student. 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 leaving a non-excess SWEPT community, which makes up approximately 95 percent of students in NH, would see the adequacy grant go the EFA program for educating the student instead of the school district. This would result in a net neutral cost to the state in adequacy grants and a decrease in local revenues. However, 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 75 cents on the dollar for any student leaving the district and going to the EFA program. Therefore, this grant would cost on average \$3,555 for each student leaving a district (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 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