

SB 442-FN - AS INTRODUCED

2024 SESSION

24-3061

02/05

SENATE BILL

***442-FN***

AN ACT

relative to student eligibility for education freedom accounts.

SPONSORS:

Sen. Lang, Dist 2; Sen. Gray, Dist 6; Sen. Gendreau, Dist 1; Sen. Ward, Dist 8; Sen. Gannon, Dist 23; Sen. Abbas, Dist 22; Sen. Birdsell, Dist 19; Sen. Pearl, Dist 17; Sen. Avar, Dist 12; Sen. Carson, Dist 14; Sen. Innis, Dist 7; Sen. Murphy, Dist 16; Rep. Ladd, Graf. 5; Rep. A. Lekas, Hills. 38; Rep. Moffett, Merr. 4; Rep. Hill, Merr. 2

COMMITTEE:

Education

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ANALYSIS

This bill expands the definition of "eligible student" for the education freedom account program to include students whose enrollment transfer request was denied.

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Explanation:

Matter added to current law appears in ***bold italics***.

Matter removed from current law appears ~~[in brackets and struckthrough.]~~

Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.

STATE OF NEW HAMPSHIRE

*In the Year of Our Lord Two Thousand Twenty Four*

AN ACT                      relative to student eligibility for education freedom accounts.

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

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

2            VI. "Eligible student" means a resident of this state who is eligible to enroll in a public  
3 elementary or secondary school and ***who meets any of the following criteria:***

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

10                      ***(b) A student whose enrollment transfer request was denied pursuant to RSA***  
11 ***193:3.***

12            2 Effective Date. This act shall take effect 60 days after its passage.

**SB 442-FN- FISCAL NOTE**  
**AS INTRODUCED**

AN ACT relative to student eligibility for education freedom accounts.

**FISCAL IMPACT:**    ☒ State                    ☐ County                    ☒ Local                    ☐ None

Estimated State Impact - Increase / (Decrease)				
	FY 2024	FY 2025	FY 2026	FY 2027
Revenue	\$0	\$0	\$0	\$0
Revenue Fund(s)	None			
Expenditures	\$0	Indeterminable		
Funding Source(s)	Education Trust Fund			
Appropriations	\$0	\$0	\$0	\$0
Funding Source(s)	None			

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

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

**METHODOLOGY:**

This bill adds eligibility to the education freedom account (EFA) program for any student whose enrollment transfer request was denied pursuant to RSA 193:3. As of November 2023, 4,552 students were in the EFA program with an annualized cost estimated at \$23.8 million with the typically grant averaging to be \$5,235 per student. The current average education grant to public district schools is \$6,217, which includes cost for an adequate education and extraordinary needs grant.

This bill could result in an indeterminable number of new students accessing the program. The following is information relative to the different situations in which a student may access the EFA program:

- Students accessing the program by going from the non-public or home education systems and entering the EFA program would likely result in a grant of \$5,235 for each student. The

average grant size for these students would likely match the average grant provided to a district student. This would result in a net cost to the state as these students accessed the program through proposed removal of income requirements.

- Students leaving a charter public school would have a net cost savings to the state of \$4,365 to the state; \$9,600 (current average charter school rate) – \$5,235 (average EFA) = \$4,365.
- Student leaving a traditional district system would have a net cost to the state if the student left a community that had a statewide education property tax (SWEPT) grant in excess of the calculated cost of adequate education. This net cost would be \$5,235 per student.
- Students leaving a non-excess SWEPT community would see the adequacy grant go to the EFA program for educating the student instead of the school district. This would result an approximate decrease of \$982 (\$6,217 - \$5,235) in state adequacy grants, and a decrease in local revenues per student. This would also result in a net cost to the state due to the EFA phase-out grant being paid. The EFA phase-out grant compensates districts at a rate of 50 cents on the dollar in year one and 25 cents in year two, for the cost of an adequate education grant portion only (\$5,248) for any student leaving the district and going to the EFA program. Therefore, this grant would cost on average \$2,624 for each student leaving a district (50 percent of \$5,248) in year one.

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

**AGENCIES CONTACTED:**

Department of Education