



The Moyo Family: Bridging the Education Gaps



Thandiwe and her brother Zamani Moyo attend Cardinal Lacroix Academy using New Hampshire Education Tax Credit scholarships and Education Freedom Accounts.

Entrepreneur, truck-driver, and single father of two elementary school age children, Sheunesu Moyo is currently finishing off a degree in business management at Granite State. "I like the kids to see that education is important... My hope is that they will see themselves through college and graduate degrees. It's important, even if you're not going to follow a career in that setting. It helps to be well-rounded member of community."

Sheunesu's son Zamani started his K-12 education in their local public school. "My son is a talented student, but he had some issues in the public school system and got moved around a lot because they couldn't accommodate his level."

Sheunesu realized he needed to make a change to ensure that both his children would thrive in school. As he sought alternative education options that could accommodate and challenge Zamani at his learning level, Moyo was referred to Children's Scholarship Fund NH through Southern New Hampshire Services.

The two Moyo children – Zamani and his younger sister Thandiwe – now both attend Cardinal Lacroix Academy. Sheunesu was drawn toward it because he had gone to a Catholic school and "It checked all the boxes."

Between the Education Tax Credit (ETC) scholarships and Education Freedom Accounts (EFA), Sheunesu tells us that he is now able to exercise his "Freedom to choose how I educate my kids, freedom to choose where I educate them at. It's allowed me to align my kids with an education that I was exposed to when I grew up, but would not be available if not for Children's Scholarship Fund."

The funds have primarily covered tuition at Cardinal Lacroix, but have also helped out with uniforms, educational materials, and a computer for Zamani to use for math and reading after school.

Zamani is now in fifth grade and thriving. Cardinal Lacroix can accommodate his level of learning and keep him focused while giving him the attention he needs. He has been able to maintain good grades, show improvement in social skills, and has been part of the school basketball team for two years.

Kindergartner Thandiwe likes to learn and truly loves her school experience so far. In fact, she's not happy when she is not in school, Sheunesu tells us. "She's always laughing and smiling, and she always has an opinion!"

"I'm grateful that these programs exist. Being up in NH, there's not a lot available compared to bigger cities like Boston that have more programs that are targeted to lower income families. Having programs like this definitely helps bridge some of the gaps that exist in the education systems."





Children's Scholarship Fund

New Hampshire

Ludwigs Thrive with Academic Challenge



When Jason and Dené Ludwig first moved to New Hampshire from Massachusetts in 2018, they researched scholarships for homeschooling their four children (ranging at the time from Kindergarten to seventh grade). On a minister's salary - Jason serves as Northeast Director of Straight Ahead Ministries - private schools weren't financially attainable and homeschool costs added up quickly. They had decided early on that they wanted their children's academic experiences to match their religious

beliefs. They never dreamed private school could ever be an option.

Dené discovered Children's Scholarship Fund NH (CSF) while familiarizing herself with New Hampshire State laws on homeschooling. She and Jason were delighted to find out that a CSF scholarship would help with the cost of homeschooling and, combined with Portsmouth Christian Academy's (PCA) variable tuition program, would put private school within reach for their oldest, who was going into seventh grade at the time.

The Ludwigs are grateful for what CSF resources have enabled them to access over the years, including homeschool curriculum, technology (e.g. laptops), private school tuition, uniforms, school lunches, music lessons, tutoring, testing, and even driving school.

Now, between the Education Freedom Account program (implemented in 2021) and CSF scholarships, the Ludwigs are able to send all four of their children to PCA. Finding an education environment that aligned with their beliefs and supported the different learning needs of their children was critical for them, Dené shared. "Being able to place my children in a school environment that I feel is spiritually, mentally, emotionally, and physically safe... has allowed us to know that our children are getting an education without compromising our morals and religious beliefs. We have a tailored education for two of the children. One has an IEP, and the other needs more of a rigorous challenge. The other two fall in the average spectrum and school has challenged them to go beyond their average. PCA has challenged them to see what they're capable of and beyond."

Jason and Dené are thrilled with their decision to send their children to PCA, having the security of knowing their children are exactly where they need to be in an academic setting. Dené shared, "The culture at PCA is instilling in them who they can be and pushing them beyond their comfort zones." Their 10th grader, who receives tutoring and individualized attention, has greatly increased his NWEA standardized test scores. Their sixth grader has been able to take violin lessons. She learned the instrument so fast that it caught her teacher's attention and won her two music awards this year. Although she was invited to go on an international trip with her music class and perform in Ireland, it just wasn't financially possible. However, the compliment alone had a huge impact on her inner confidence. Their youngest was behind in reading until PCA worked with her in the Mosaic program for a few months. She has since catapulted above the average.

"Being able to place my children in a school environment that I feel is spiritually, mentally, emotionally, and physically safe... has allowed us to know that our children are getting an education without compromising our morals and religious beliefs."

And their oldest has had a great experience in terms of leadership development roles, challenging him to go beyond his average. He is thriving academically and athletically. This year he won the Most Valuable Player award for his participation in the 21st Annual Granite State Conference Tournament and the hard work he contributed to PCA's JV Basketball league. He also just served on a Missions Trip to Puerto Rico with fellow classmates - a trip that not only impacted the lives of an underprivileged community but also impacted the lives of the students serving them.

In looking to the future, the Ludwigs have a vision for their children. "We didn't have opportunities growing up, and plans for our futures, unfortunately, weren't emphasized. Thankfully, God had a different plan. We hope our children continue to have opportunities even when they fall outside of our financial abilities. We hope they will attend college and strive for new heights. More than that we want them to know their worth, never to give up, and never forget the generosity those around them have shown. Many of whom they have never met. We hope they will pay it forward in the future and carry the torch of impacting the lives of underprivileged youth, knowing firsthand the difference it can make."



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ENGAGE by EdChoice

How Education Freedom Accounts are Helping Homeschool Families Unbundle Education in New Hampshire

By: Ann Marie Miller
Published April 4, 2024



Before they had kids, Jonathan and Megan Ebba knew they wanted to be in charge of their children's education. They wanted education to be a family adventure because education is very important to them. When Meg chose to become a stay-at-home mom, it was clear their income would not allow them to send their three children to private school, so they turned to homeschooling.

"Homeschooling is so fun. When you're raising your own kids and you get to be there for their educational successes, it's very rewarding. I'm so glad that I get to be there for that, 'ah ha' moment when something clicks for them."

Thanks to New Hampshire's Education Freedom Accounts, the Ebba family has even more options to customize their children's education.

"In New Hampshire, there are now two legal pathways for homeschooling. One of them is traditional homeschooling, the way most people think about it. And then we have this new program called Educational Freedom Accounts. We're able to take our choices to the next level.

There is no way, as a low-income family, that we could be able to afford the newest curriculum or the latest version of an edition of a textbook," said Meg. "I would say we take a hybrid approach to our children's education. We have them attend in person co-op classes. They take a la carte classes at a private school. We do some stuff at home. They have online classes, and my oldest is doing dual enrollment."

Enacted in 2021, the New Hampshire Educational Freedom Accounts (EFA) program provides education savings accounts that can be used by families with a maximum income of 350% of the poverty line (\$105,000 for a family of four in 2023-24) for a variety of educational expenses. Education Freedom Accounts have given the Ebba family the ability to personally customize education around the interests of each of their children.

"My oldest is looking at college classes because she knows she'll need them to study medicine. With the EFA, we were able to send her to a top private school in our area for in-person lab chemistry while she takes online courses. She's also been able to start earning college credit through dual enrollment classes," said Meg. "My son either wants to be a rocket scientist or an electrician. Last summer, he did a welding camp to see if he liked the trades. We're also looking at some mechatronics certificate courses that he can do while he's still in high school to see if he prefers robotics."

"Our youngest wants to be a nurse midwife. In New Hampshire, you can become a Licensed Nursing Assistant (LNA) at 16, and the EFA program will cover the coursework. Thanks to the EFA, she can start working as an LNA and see if she really likes it. If not, she can explore other options."

"We told our kids from the beginning that being well-educated and a critical thinker is the priority over going to college. If they choose a career path that needs higher education, we will certainly encourage that, but we're encouraging them to explore their interests before they go to college. The EFA has empowered us to do that in new ways," Meg said.

During the pandemic, the number of homeschooling students in New Hampshire doubled from around 3,000 to nearly 6,000. Meg found herself feeling survivors guilt knowing that many of her friends and neighbors would be homeschooling for the first time, while her family had already become accustomed to this type of education. So, she decided to offer her support.

"I ended up having two or three backyard meetings at my house with my neighbors where we all sat with our little folding chairs 6 ft apart, to show them how they could homeschool for a year and then go back to traditional schooling. I had curriculum samples that people could review, and we just talked about it," Meg said.

She was surprised to learn that many parents really enjoyed home education and decided to continue with homeschooling after classes resumed in person.

"They liked the freedom to make different choices with education and to go faster in some subjects or slower in some subjects or ditch certain subjects altogether. I know people worry about how to homeschool their children if they themselves weren't the best students or didn't go to college. The truth is that there's so much support out there now and that the problems that you have with homeschooling are almost always parenting problems that you would have had anyway. When it comes to homeschooling challenges, sometimes it's the wrong set of a curriculum; or discovering your child has a learning disability or is special needs; and you have to figure out what's best for your child with each subject."

In New Hampshire, 48% of families are eligible for the Education Freedom Accounts program, and in Fall 2023, the program supported 4,470 students. Meg hopes more families will consider homeschooling as an option and that the Education Freedom Account program will expand to support more families in customizing their education.

"In New Hampshire there's a huge homeschooling community. We have a statewide home school prom annually, so every homeschooler could go to prom if they want. It's really fun. There are a lot of different co-ops, experiences and organizations to support you," Meg said.

"And if there's a group that you'd like to see, but doesn't exist yet, you can just start one and people will show up. It's very grassroots around here. Homeschool parents like the freedom of tailoring their education to their child, which I think is sort of the point of school choice. You are the parent, and you know your child the best."

Ann Marie Miller

As EdChoice's communications and content associate, Ann Marie leads project management, content creation and supports all Communications projects. She comes to EdChoice with a background in storytelling, writing and social media marketing. Prior to this role, Ann Marie served as a storyteller for the Illinois Policy Institute illustrating the intersection of public policy and people's lives, business and choices. She graduated from George Mason University with a master's degree in economics and earned an interdisciplinary bachelor's degree in Economics, Spanish and Japanese from Western Carolina University.

| EDUCATION FREEDOM ACCOUNT FINANCIAL FACT SHEET | | | | | | | | |
|--|-----------|----------------|-------------------|---------------|--------------------------|------------------|-----------|--------------|
| Education Freedom Account Grants | | | | | | | | |
| | 2024-2025 | | 2023-2024 | | 2022-2023 | | 2021-2022 | |
| | Students | \$ | Students | \$ | Students | \$ | Students | \$ |
| Base Aid | 5,321 | \$ 22,252,422 | 4,211 | \$ 17,265,100 | 3,025 | \$ 11,454,647 | 1,635 | \$ 6,191,189 |
| Free and Reduced (F&R) | 1,974 | \$ 4,631,004 | 1,871 | \$ 4,303,300 | 1,504 | \$ 2,847,553 | 879 | \$ 1,664,228 |
| Special Education (SpEd) | 377 | \$ 807,534 | 264 | \$ 554,400 | 187 | \$ 380,940 | 88 | \$ 179,266 |
| English Language Learner (ELL) | 2 | \$ 1,632 | 8 | \$ 6,400 | 10 | \$ 7,409 | 81 | \$ 60,011 |
| 3rd Grade Reading (3rd Gr) | N/A | N/A | N/A | N/A | 3 | \$ 2,223 | 3 | \$ 2,223 |
| EFA Spending | | \$ 27,692,592 | | \$ 22,129,200 | | \$ 14,692,772 | | \$ 8,096,917 |
| EFA Cost Per Student | | \$ 5,204 | | \$ 5,255 | | \$ 4,857 | | \$ 4,952 |
| Award Amount Frequency for EFA Students | | | | | | | | |
| | 2024-2025 | | 2023-2024 | | 2022-2023 | | 2021-2022 | |
| | Students | \$ | Students | \$ | Students | \$ | Students | \$ |
| Base Aid | 3,118 | \$ 4,182 | 2,210 | \$ 4,100 | 1,424 | \$ 3,787 | 720 | \$ 3,787 |
| Base Aid and F&R | 1,824 | \$ 6,528 | 1,731 | \$ 6,400 | 1,404 | \$ 5,680 | 819 | \$ 5,680 |
| Base Aid and SpEd | 229 | \$ 6,324 | 128 | \$ 6,200 | 90 | \$ 5,824 | 2 | \$ 5,824 |
| Base Aid and ELL | | | 2 | \$ 4,900 | 2 | \$ 4,528 | 2 | \$ 4,528 |
| Base Aid and 3rd Gr | | | | | 3 | \$ 4,528 | 3 | \$ 4,528 |
| Base Aid, F&R, and ELL | 2 | \$ 7,344 | 4 | \$ 7,200 | 5 | \$ 6,421 | 3 | \$ 6,421 |
| Base Aid, SpEd, and F&R | 148 | \$ 8,670 | 134 | \$ 8,500 | 94 | \$ 7,717 | 10 | \$ 7,717 |
| Base Aid, SpEd, and ELL | | | | | 2 | \$ 6,565 | 29 | \$ 6,565 |
| Base Aid, SpEd, F&R, and ELL | | | 2 | \$ 9,300 | 1 | \$ 8,458 | 47 | \$ 8,458 |
| FY 2025 Estimated Taxpayer Spending and Savings | | | | | | | | |
| | EFA | | Charter Schools*^ | | District Public Schools* | | | |
| | Students | State Aid | Students | State Aid | Students | State Aid | Students | State Aid |
| State Formula Funding | 5,321 | \$ 27,692,592 | 4,799 | \$ 37,249,801 | 159,397 | \$ 970,618,080 | | |
| Other State Funding | | | | \$ 2,526,669 | | \$ 107,058,474 | | |
| Local | | | | \$ - | | \$ 2,335,861,602 | | |
| Federal | | | | \$ 7,775,106 | | \$ 330,981,901 | | |
| Tuition, Food, & Other Local Revenue | | | | \$ 7,185,351 | | \$ 58,604,167 | | |
| Total Estimate Education Spending | | \$ 27,692,592 | | \$ 54,736,927 | | \$ 3,803,124,224 | | |
| | | \$ 5,204 | | \$ 11,406 | | \$ 23,860 | | |
| Total Public Education Estimated Per Student Spending if EFA Students Were in District | | \$ 99,263,866 | | | | | | |
| Cumulative Program Taxpayer Impact | | | | | | | | |
| EFA ESTIMATED TAXPAYER SAVINGS OVER LIFE OF PROGRAM | | \$ 266,002,700 | | | | | | |
| 2024-2025 Estimated Savings for Public School Switchers | | \$ 11,622,383 | | | | | | |
| 2023-2024 Estimated Savings for Public School Switchers | | \$ 8,762,725 | | | | | | |
| 2022-2023 Estimated Savings for Public School Switchers | | \$ 6,270,990 | | | | | | |
| 2021-2022 Estimated Savings for Public School Switchers | | \$ 3,940,500 | | | | | | |
| EFA 2025 ESTIMATED CUMULATIVE TAXPAYER SAVINGS FOR SWITCHERS | | \$ 30,596,598 | | | | | | |

Independent Auditors Find New Hampshire Education Freedom Account Program is Efficiently Run

Last week, the audit committee of the Children’s Scholarship Fund (CSF) Board of Directors approved the organization’s audited financial statements for Fiscal Year 2024. The independent auditor, Grant Thornton LLP, conducted a risk-based audit and gave the organization an unqualified opinion, noting that the audit did not result in any control findings and there were no modifications or issues.

The audit includes a special note (Note J on pages 16-17) detailing the New Hampshire Education Freedom Account (EFA) Program for the 2023-24 academic year. While the law allows for CSF to retain up to 10% of the EFA funds received annually to cover administrative costs incurred in operating the program, the audit shows that CSF only spent 7.9% of the total funds on administration.

All told, in 2023-24, CSF received a net total of \$23,497,865 from the State of New Hampshire for the EFA program, and \$1,856,889 of that amount was set aside by CSF to run the program. Personnel costs (salaries, payroll taxes, and benefits) made up the bulk of the administrative costs (\$1,148,875). This line item accounts for 19 staff who manage every aspect of the program, including carefully analyzing each EFA application for eligibility and purchase to ensure EFA funds are used only for eligible expenses under the law and no taxpayer dollars are wasted or misused.

Even though CSF is spending less on administrative costs than allowed by law, the number of EFA awards it is managing has increased significantly, growing from serving more than 1,600 students at the beginning of the 2021-22 school year to almost 5,600 students using EFAs in December, 2024.

These positive audit results underscore recognition CSF received earlier this year, when EdChoice cited the implementation of the New Hampshire EFAs as the “most effective implementation” of an educational choice program in the country. In its praise, EdChoice noted that the New Hampshire program has grown rapidly “while preserving the highest level of program accountability and integrity” and, “[I]t’s clear that New Hampshire’s success in implementing the Education Freedom Account program is a model for states across the nation.” CSF also has a four-star rating from Charity Navigator, the charity watchdog’s highest possible score a nonprofit can attain for accountability and transparency.

“We at Children’s Scholarship Fund are extremely honored to have been entrusted by the State of New Hampshire to run the EFA program. Our small but mighty staff takes pride in being careful stewards of taxpayer dollars while helping a growing number of Granite State families to provide their children with the education they need to succeed,” said CSF Executive Director Kate Baker Demers.

But don’t just take our word for it. Visit our website to hear what EFA families are saying about how they use EFAs to make sure their children are learning in an environment that best meets each child’s particular needs. For example, “My grandson is learning to think. He is learning to problem solve and, most importantly, he is building pathways in his brain that will allow him to succeed in whatever he chooses to do. This is educational choice at its best!,” grandmother Donna Chick recently wrote in a *New Hampshire Union Leader* op-ed.

To learn more about the New Hampshire Education Freedom Accounts Program, the New Hampshire Education Tax Credit Program, and Children’s Scholarship Fund in New Hampshire, contact Kate Baker Demers at (603) 785-0174 or kbaker@scholarshipfund.org.

The Children's Scholarship Fund
NOTES TO FINANCIAL STATEMENTS - CONTINUED
August 31, 2024 and 2023

NOTE J - NEW HAMPSHIRE EDUCATION FREEDOM ACCOUNTS

In accordance with CSF's agreement with the State of New Hampshire, CSF must provide details of annual administrative expenses, that comply with Chapter 194-F of the New Hampshire Revised Statutes, associated with operating the Education Freedom Account program. For the year ended August 31, 2024, CSF received \$24,467,290 from the State of New Hampshire for the Education Freedom Account ("EFA") program. As of August 31, 2024, \$969,425 of the fiscal 2024 funds received were due to be returned to the State of New Hampshire, due to certain students exiting the program or being determined to be ineligible, and this amount is included in Due to State of New Hampshire on the accompanying statement of financial position. The net amount received totaled \$23,497,865 for the 2023-2024 school year EFA grants and fiscal year ended August 31, 2024. As of August 31, 2024, unspent New Hampshire EFA program account balances totaled \$8,394,450 and is included on the accompanying statement of financial position.

Per Chapter 194-F, Section 4V., for the year ended August 31, 2024, CSF withheld \$1,856,889 from the fiscal 2024 EFA funds received, to cover the costs of administering the EFA program, which amounts to an administrative rate of 7.90%. \$1,580,082 of this amount withheld has been recognized as program service revenue in the accompanying statement of activities for the year ended August 31, 2024, and the remaining \$276,807 has been deferred as the cost to administer the unspent funds as of August 31, 2024, and is recognized as deferred program service revenue on the accompanying statement of financial position. CSF received approximately \$137,000 in fiscal 2024 private contributions that were restricted and used for certain fiscal 2024 EFA administrative expenses, which contributed to lowering the administrative rate.

The 2023-24 EFA program funding and administrative expenses as of and for the year ended August 31, 2024 were as follows:

| | | |
|--|---|---------------|
| Total funds received from the State of New Hampshire | | \$ 24,467,290 |
| Less: funds due to the State of New Hampshire | Annual year end reconciliation of exits and graduates. Returned to Education Trust Fund Nov 2024 | (969,425) |
| Net funds received for New Hampshire EFA | | 23,497,865 |
| Less: funds retained by CSF for administrative costs | | (1,856,889) |
| Funded Education Freedom Accounts | | 21,640,976 |
| Funds spent on approved educational expenses | | (17,917,691) |
| New Hampshire EFA balance - September 1, 2023 | | 4,671,165 |
| New Hampshire EFA balance - August 31, 2024 | | \$ 8,394,450 |

The Children's Scholarship Fund

NOTES TO FINANCIAL STATEMENTS - CONTINUED

August 31, 2024 and 2023

The following table includes the EFA administrative expenses for the year ended August 31, 2024. Such expenses are also included within the accompanying statement of functional expenses.

| | |
|--|---------------------------|
| Personnel costs related (salaries, payroll taxes & benefits) | \$ 1,148,875 |
| Public awareness and outreach | 225,000 |
| Information technology (database fees) | 241,285 |
| Technology - hardware | 7,773 |
| Technology - software | 4,333 |
| Professional fees | 25,788 |
| Occupancy costs | 17,877 |
| Insurance | 17,223 |
| Depreciation and amortization costs | 11,249 |
| Telecommunications | 9,656 |
| Office supplies (including printing and postage) | 4,372 |
| Travel and meeting expenses | 3,395 |
| Dues and subscriptions | 600 |
| | <hr/> |
| Total current administrative expenses | 1,717,426 |
| Expected cost to administer EFA balances if program ended on August 31, 2024 (Deferred program service revenue) | <hr/> 276,807 |
| Total administrative expenses | 1,994,233 |
| Less: private contributions received | <hr/> (137,344) |
| Net funds retained by CSF for administrative costs | <hr/> <u>\$ 1,856,889</u> |

NOTE K - COMMITMENTS AND CONTINGENCIES

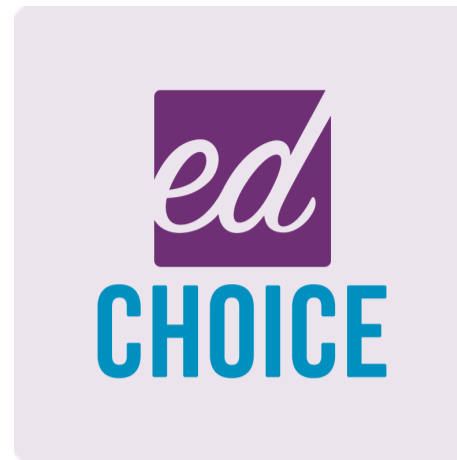
As of August 31, 2024, CSF has outstanding conditional grants to other scholarship organizations totaling approximately \$5.8 million for the purpose of awarding scholarships to children from low-income families that are in kindergarten through eighth grade. These grants are subject to the satisfaction of stipulated conditions, including the achievement of matching fund requirements. If these conditions are satisfied, expenditures will be recognized and payments will be made during the year ending August 31, 2025 and August 31, 2026.

NOTE L - AVAILABLE RESOURCES AND LIQUIDITY

CSF considers contributions without donor restrictions and investment income without donor restrictions to be available to meet cash needs for general expenditures. General expenditures include management and general expenses, fundraising expenses and program management, outreach and support expenses.

In addition, CSF receives significant contributions with donor restrictions that are used to fund scholarships and matching grants to other scholarship organizations. During fiscal year 2024, CSF received donor restricted contributions for scholarships and matching grants of approximately \$17,516,000.

CSF manages its financial assets to meet general expenditures, liabilities and scholarship and matching grant obligations as they come due. CSF invests cash in excess of its near-term requirements in various short-term investments including money market funds, U.S. Treasury bills and certificates of deposit.



Projected State Costs of Universal EFAs in Years 1 & 2

February 2025

Executive Summary

New Hampshire's Education Freedom Account (EFA) program is restricted to families that make no more than 350% of the federal poverty level. (That's \$90,370 for a family of three and \$112,525 for a family of four.) Republicans in the state Legislature have proposed removing the income cap and allowing all students to participate in the program. Opponents of expansion have incorrectly asserted that taking EFAs universal would cost the state more than \$100 million in Year 1. But to reach that number, they included thousands of ineligible pre-school students, out-of-state students and current EFA students. They also assumed without evidence that every eligible student would take an EFA. No school choice program in the country has a 100% take-up rate among eligible students outside the public school system, and no program has a take-up rate that's even in the same ballpark.

After removing ineligible students and using more realistic take-up rates based on actual program experience in New Hampshire and other states, we estimate that only 1,479 students not currently enrolled in a public school are likely to take an expanded EFA in Year 1, and 2,501 are likely to take one in Year 2. Because this new population of eligible students comes from households with incomes above 350% of the federal poverty level (FPL), the average EFA grant will be smaller than in the early years of the program in which eligibility was restricted to lower-income students, about 40% of whom received additional aid for having incomes lower than 185% of the FPL. We project a per-pupil EFA grant of \$4,410 for newly eligible students above 350% of FPL vs. \$5,204 in the current school year. That leads to an estimated fiscal impact on the state budget of \$6,522,390 in Year 1 and \$11,029,410 in Year 2.

This report was prepared by the Josiah Bartlett Center for Public Policy and EdChoice.

Accounting for Ineligible Non-Public School Students

State Education Department (NHED) data show 17,670 students currently enrolled in non-public schools in New Hampshire. That number includes more than 9,000 students not eligible for an Education Freedom Account. Using state data, we subtracted 1,516 pre-school students and 4,990 non-residents. New Hampshire has several famous boarding schools as well as smaller private schools within a short drive of our neighboring states. These schools attract thousands of non-residents who are ineligible for EFAs.

In addition, students who currently receive an EFA and use it to attend a non-public school are included in the total non-public school enrollment numbers published by NHED. Because they have an EFA, they are not eligible to receive another one. Therefore, they should be subtracted from the total. We conservatively estimated that half of current EFA students attend a non-public school. The percentage is likely higher. To avoid double counting, we removed these current EFA students from the non-public school student total.

Home-Schooled Students

When a home-schooled student takes an EFA, the state classifies that student as an EFA student, and not as a home-schooled student. Therefore, we cannot subtract the remaining home-schooled EFA students from the list of registered home schoolers. The state does not keep statistics on the total number of home schoolers. We used the state-reported figure of 3,499 home schoolers this fall and counted all of them as eligible for an EFA.

Accounting for Household Income

Families earning 350% of the FPL or less are currently eligible for an EFA, so making the program universal does not make them newly eligible. Census data show that 65.8% of New Hampshire households with children earn more than 350% of the FPL. So we multiplied the total population of eligible state-resident non-public school and home-school students by 65.8% to estimate how many would be eligible if the income cap is lifted.

Take-Up Rates Among Eligible Non-Public School Students

Opponents of school choice commonly make the mistake of assuming that every eligible student will take advantage of school choice programs. That is not the case. No school choice program in any state has a 100% take-up rate among eligible students outside the public school system, and no program has a take-up rate that's even in the same ballpark.

To estimate take-up rates for expanded EFAs, we looked at New Hampshire, Arizona, which has a universal education savings account program, and Indiana, which expanded eligibility for its program from 370% of the FPL to 740% from 2021-2024. Annual take-up rates among eligible non-public school students in Arizona and Indiana ranged from 15.9% to 29.5%. New Hampshire's take-up rates among non-public school students eligible for the EFA were 19.1% in 2021 and 32.3% in 2022. Since the other state rates were lower, we applied New Hampshire's higher take-up rates to be more cautious.

Estimating EFA Spending Per-Student

Because the EFA program has been limited to lower-income families, a significant percentage of participants has received additional state aid for students who participate in the free-and-reduced-price lunch program. Thirty-seven percent of EFA students in the 2024-25 school year received this aid, which was \$2,346 per-student. To be eligible, a family's income must not exceed 185% of the FPL. Because every family that qualifies for this aid is already eligible for an EFA, we removed this aid when calculating the cost of expanding eligibility above 350% of the FPL. We estimate that the average per-student EFA cost for newly eligible students will fall from \$5,204 to \$4,410.

Final Estimated Cost

After making these calculations, we estimate that 1,479 students newly eligible after making EFAs universal would enroll in the program in the first year, and 2,501 in the second year. At an average per-student cost to the state budget of \$4,410, this would lead to a Year 1 cost of \$6,522,362 and a Year 2 cost of \$11,029,962.

Universal Education Freedom Accounts, Estimated Effect on State Budget, Years 1 & 2

| | Statewide Total | Non-resident private-school students | Current EFA students in private schools (low estimate) | Total Eligible Population |
|---|-----------------|--------------------------------------|--|---------------------------|
| Private School Enrollment K-12 | 16,154 | -4,990 | -2,897 | 8,267 |
| Homeschool Enrollment | 3,499 | | | 3,499 |
| Total | 19,653 | | | 11,766 |
| % of NH Households over 350% of FPL | 65.8% | | | |
| Total Non-Public & Homeschool Students Newly Eligible for EFA | | | | 7,743 |
| Estimated Take-Up Rate Year 1 | 19.1% | | | |
| Resident Non-Public & Home-School Students Newly Enrolled Year 1 | | | | 1,479 |
| Estimated Per-Student Cost of Expanded EFAs above 350% FPL | | | | \$4,410 |
| Estimated Fiscal Impact of Non-Switchers in Year 1 | | | | \$6,522,362 |
| Estimated Take-Up Rate Year 2 | | | | 32.3% |
| Resident Non-Public & Home-School Students Newly Enrolled Year 2 | | | | 2,501 |
| Estimated Per-Student Cost of Expanded EFAs above 350% FPL | | | | \$4,410 |
| Estimated Fiscal Impact of Non-Switchers in Year 2 | | | | \$11,029,962 |

For comparison, we also calculated the cost if the average per-student EFA grant remained at the current amount of \$5,204. Using this per-student average, we get a Year 1 cost of \$7,696,716 in Year 1 and \$13,015,204 in Year 2.

Even if we were to increase by 50% our estimated number of EFA enrollees in each year, using our more realistic \$4,410 as the average per-student EFA grant, the total cost to the state would come to only \$9,785,790 in Year 1 and \$16,546,320. These projections are miles below the \$100 million cost of EFA expansion that some opponents project.

Conclusion

It's important to note that these numbers do not include cost savings to taxpayers from EFAs. It costs taxpayers an average of \$26,320 in total state, federal and local spending to educate a single student in the public schools. But EFAs have averaged a cost of only \$5,204 so far. Universal eligibility would lower the average per-student EFA cost even further. Even at the state level, the per-pupil cost would shrink, as EFA students receive only adequacy grant funds, while school districts receive some additional funding. State Education Department data show that the average per-student state adequate education grant in the 2023-24 school year was \$6,177. For EFAs, the grant average was \$5,204.

Opponents have claimed that making EFAs accessible to all students would cost the state more than \$100 million in the next fiscal year, as every home-schooler and every student attending a non-public school would enroll in the program immediately. This is not only unrealistic. It's impossible. The student figures used to reach the alarming \$100 million number included more than 9,000 students who are not legally eligible for an EFA.

When ineligible and already eligible students are removed, a more realistic picture of expansion's effect on the state budget emerges. In our estimates, the fiscal impact on the state budget would be minimal, ranging from \$6.5 million in Year 1 to \$11 million in Year 2. Even if we increase our enrollment estimates by 50%, the fiscal effect rises to only \$9.8 million in Year 1 and \$16.5 million in Year 2.

K-12 district public school enrollment has fallen by more than 54,000 students since 2001, as spending increased from \$2.8 billion to \$4 billion. Though the state has increased both total spending and per-pupil spending, the Education Trust Fund remains flush, with an estimated balance of \$158.4 million at the end of the 2024 Fiscal Year, according to the preliminary Annual Comprehensive Financial Report for 2024. The modest fiscal effect of making EFAs universal is not only manageable, but it would allow the state to purchase a quality education at a lower per-pupil amount going forward.

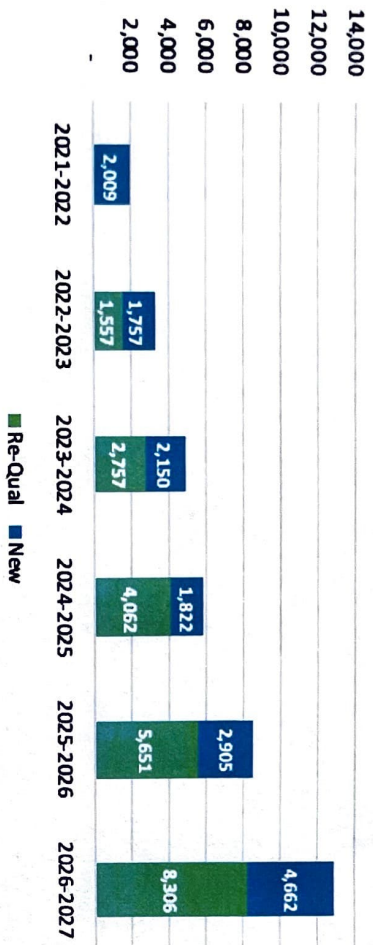
Non-public & homeschool students newly eligible for EFAs under universal expansion

| | |
|---|---------------|
| K-12 enrollment in NH non-public schools: | 16,154 |
| Out-of-state students enrolled in non-public schools: | -4,990 |
| Conservative estimate of non-public school students in the EFA program: | <u>-2,897</u> |
| Total NH resident non-public school students not in the EFA program: | 8,267 |
| Reported home-school population not in the EFA program: | +3,499 |
| Resident non-public school and home-school students newly EFA eligible: | 11,766 |
| Percentage of NH households over 350% of FPL (newly eligible): | 65.8% |
| Non-public school & homeschool students newly eligible for EFAs: | 7,743 |

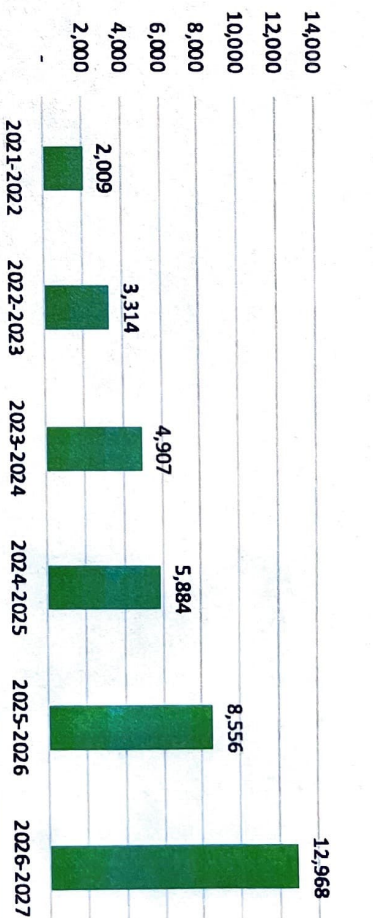
Fiscal impact of non-switchers above 350% of FPL

| | |
|---|---------------------|
| Non-public school & homeschool students newly eligible for EFAs: | 7,743 |
| Estimated take-up rate in Year 1: | 19.1% |
| Estimated number of new non-public & homeschool EFA students: | 1,479 |
| Estimated average per-student cost of new EFA students above 350% of FPL: | \$4,410 |
| Estimated fiscal impact of non-switchers in Year 1: | \$6,522,362 |
| Estimated take-up rate in Year 2: | 32.3% |
| Resident non-public school and home-school students newly EFA eligible: | 2,501 |
| Estimated average per-student cost of new EFA students above 350% of FPL: | \$4,410 |
| Estimated fiscal impact of non-switchers in Year 1: | \$11,029,962 |

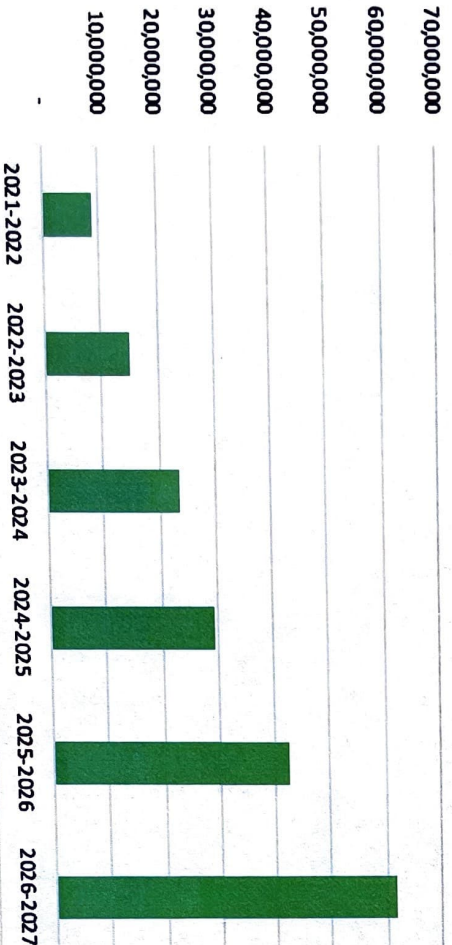
EFA Enrollment Current and Projected with Universal



EFA Enrollment Current and Projected with Universal



EFA Grants in \$ by Year (Rounded)



CSF Projections are likely max / not conservative

