

SB 295-FN - AS AMENDED BY THE HOUSE

03/13/2025 0793s
8May2025... 1857h
5Jun2025... 2271h

2025 SESSION

25-0955
07/02

SENATE BILL ***295-FN***

AN ACT relative to education freedom accounts.

SPONSORS: Sen. Sullivan, Dist 18; Sen. Gannon, Dist 23; Sen. Murphy, Dist 16; Sen. Innis, Dist 7; Sen. Avar, Dist 12; Sen. Pearl, Dist 17; Sen. Gray, Dist 6; Rep. McDonnell, Rock. 25; Rep. Noble, Hills. 2; Rep. Rice, Hills. 38; Rep. Notter, Hills. 12

COMMITTEE: Education Finance

AMENDED ANALYSIS

This bill:

I. Increases the number of students eligible for education freedom accounts by removing household income thresholds.

II. Removes certain conditions tied to education freedom account funds.

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 Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.

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STATE OF NEW HAMPSHIRE

In the Year of Our Lord Two Thousand Twenty Five

AN ACT relative to education freedom accounts.

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

1 1 Education; Education Freedom Accounts; Definitions. Amend RSA 194-F:1, VI to read as
2 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 whose annual household income at the time the student applies~~
5 ~~for the program is less than or equal to 350 percent of the federal poverty guidelines as updated~~
6 ~~annually in the Federal Register by the United States Department of Health and Human Services~~
7 ~~under 42 U.S.C. section 9902(2). No income threshold need be met in subsequent years, provided the~~
8 ~~student otherwise qualifies].~~ Students in the special school district within the department of
9 corrections established in RSA 194:60 shall not be eligible students.

10 2 New Paragraphs; Education; Education Freedom Accounts; Application for an Education
11 Freedom Account. Amend RSA 194-F:1 by inserting after paragraph XII the following new
12 paragraphs:

13 XIII. "Priority Guidelines" means the ordered list:

- 14 (a) A student currently enrolled in the EFA program;
15 (b) A sibling of a student currently enrolled in the EFA program;
16 (c) A child with disabilities as defined by RSA 186-C:2;
17 (d) A student whose family income is less than or equal to 350 percent of the federal
18 poverty guidelines as updated annually by the United States Department of Health and Human
19 Services under 42 U.S.C. section 9902 (2).

20 XIV. "Enrollment Cap" means the total number of students that may be enrolled in the EFA
21 program in a given school year before further enrollment is closed to all but students meeting
22 priority guidelines, for whom enrollment is always open.

23 3 Education; Education Freedom Accounts; Application for an Education Freedom Account.
24 Amend RSA 194-F:3, I to read as follows:

25 I. A parent may apply to the scholarship organization to establish an EFA for an eligible
26 student. The scholarship organization shall accept and approve applications ~~[for the fall and spring~~
27 ~~semesters]~~ **for enrollment on a rolling basis** each year and shall establish procedures for
28 approving applications **for enrollment** in an expeditious manner. **Priority guideline students**
29 **shall not be subject to the enrollment cap and shall be enrolled on a rolling basis.**

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1 4 Education; Education Freedom Accounts; Application for an Education Freedom Account.
2 Amend RSA 194-F:3, I to read as follows:

3 I. A parent may apply to the scholarship organization to establish an EFA for an eligible
4 student. The scholarship organization shall accept and approve applications for enrollment on a
5 rolling basis each year and shall establish procedures for approving applications for enrollment in an
6 expeditious manner. ~~[Priority guideline students shall not be subject to the enrollment cap and shall~~
7 ~~be enrolled on a rolling basis.]~~

8 5 New Paragraphs; Education; Education Freedom Accounts; Application for an Education
9 Freedom Account. Amend RSA 194-F:3 by inserting after paragraph I the following new
10 paragraphs:

11 I-a. For the 2025-2026 school year, the enrollment cap shall be 10,000. For each subsequent
12 year, if the total enrollment of the prior year is greater than 90 percent of the prior year's enrollment
13 cap, then the enrollment cap shall be increased once by 25 percent when enrollment begins for the
14 year. The department of education shall publish on its website information identifying the
15 enrollment cap when it is increased pursuant to this paragraph.

16 I-b. The scholarship organization shall prioritize current EFA students for renewal in the
17 subsequent year by reserving space for them under that subsequent year's enrollment cap before
18 enrolling new EFA students in that subsequent year.

19 6 Repeal. The following are repealed:

20 I. RSA 194-F:I, XIII and XIV, relative to definitions related to education freedom accounts.

21 II. RSA 194-F:3, I-a and I-b, relative to education freedom account eligibility.

22 7 Contingency. Sections 4 and 6 of this act shall take effect on the date the department of
23 education certifies to the secretary of state and the director of the office of legislative services that
24 student applications for the education freedom account program have not exceeded the enrollment
25 cap for 2 consecutive school years.

26 8 Effective Dates.

27 I. Sections 4 and 6 of this act shall take effect as provided in section 7 of this act.

28 II. The remainder of this act shall take effect upon its passage.

**SB 295-FN- FISCAL NOTE
AS INTRODUCED**

AN ACT expanding the number of students eligible for education freedom accounts.

FISCAL IMPACT:

Estimated State Impact				
	FY 2025	FY 2026	FY 2027	FY 2028
Revenue	\$0	\$0	\$0	\$0
Revenue Fund(s)	None			
Expenditures*	\$0	Indeterminable		
Funding Source(s)	Education Trust Fund			
Appropriations*	\$0	Statutory Appropriation Under RSA 194-F:11 for Any Amount Necessary to Fund Program		
Funding Source(s)	Education Trust Fund			

***Expenditure = Cost of bill**

***Appropriation = Authorized funding to cover cost of bill**

Estimated Political Subdivision Impact				
	FY 2025	FY 2026	FY 2027	FY 2028
Local Revenue	\$0	Indeterminable		
Local Expenditures	\$0	Indeterminable		

METHODOLOGY:

This bill eliminates the income requirement for eligibility for the education freedom account (EFA) program. As of September 2024, 5,321 students were in the EFA program with an annualized cost estimated at \$27.7 million with the grant averaging \$5,204 per student. The average adequacy education grant (FY 2026 preliminary estimates as of November 15, 2024) to public district schools is \$7,108, which includes cost of an opportunity for an adequate education, and extraordinary needs and hold harmless grants. Students entering the program under this bill would likely receive a grant less than the current average, since the newly eligible population would not be eligible for free or reduced-priced meal (F&R) differentiated aid. It is estimated that the average EFA grant for the newly eligible population under this bill would be approximately \$4,419 (assuming 7% are eligible for special education differentiated aid).

The Department of Education states this bill will 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 attending non-public schools or home education settings would likely receive an estimated average grant of \$4,419. This would be an increased cost to the state as these students currently do not receive any state support.
- Students leaving a charter public school would have a net cost savings to the state of \$5,098; approximately \$9,517 (current charter school per pupil rate based on 7% special education differentiated aid eligibility) – \$4,419 (average new EFA) = \$5,098.
- Students leaving a traditional district system would have a net cost to the state if the student left a community that has statewide education property tax (SWEPT) collections in excess of its calculated cost of an opportunity for an adequate education (“excess SWEPT”). The cost would be the average new EFA grant of \$4,419 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 should result in a net neutral cost to the state, as there would be cost for the EFA grant (\$4,419) and a decrease in local school district aid for the student (\$4,419). However, there would be a 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 for any student leaving the district and going to the EFA program. Therefore, this grant would cost on average \$2,209.50 for each student leaving a district (50 percent of \$4,419) in year one. Under current law, phase-out grants will terminate for new EFA students receiving an EFA effective July 1, 2026 (FY 2027).

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.

It should be noted, that under current law, EFA and charter school grants are paid based on current year enrollments, while district adequacy grants are paid based on the previous school year enrollments (one year lag).

AGENCIES CONTACTED:

Department of Education