

Senate Education Finance Committee

Joshua Schauer 271-3077

SB 295-FN, expanding the number of students eligible for education freedom accounts.

Hearing Date: February 12, 2025

Time Opened: 3:20 p.m.

Time Closed: 5:37 p.m.

Members of the Committee Present: Senators Murphy, Innis, Carson, Ward, Rosenwald and Altschiller

Members of the Committee Absent : None

Bill Analysis: This bill increases the number of students eligible for education freedom accounts by removing household income thresholds.

Sponsors:

Sen. Sullivan
Sen. Innis
Sen. Gray
Rep. Rice

Sen. Gannon
Sen. Avarad
Rep. McDonnell
Rep. Notter

Sen. Murphy
Sen. Pearl
Rep. Noble

Who supports the bill: 243 people signed in support. Please contact aide for a full list; Joshua.schauer@gc.nh.gov

Who opposes the bill: 3060 signed in opposition. Please contact aide for a full list; Joshua.schauer@gc.nh.gov

Summary of testimony presented in support:

Senator Sullivan introduced SB 295

- She stated that this bill simply removes the cap on EFA income requirements. It will allow parents and guardians to use these funds freely no matter what their financial situation.
- She said that New Hampshire voters want this expansion. She has families come to her all the time praising the ability to change schools freely. Students thrive with access to education freedom accounts (EFA).
- She refers to other legislation, SB 203, that is trying to restrict this program. Children should not be restricted from going to a school that they do not thrive

in. These funds can be used to go from public school to public school not just to private schools.

- Senator Sullivan states this expansion creates a new pathway of school freedom and the choice of preferred education.

Senator Rosenwald mentioned some families under the current law would not qualify due to an annual income restriction. She asked since the state Medicaid program has an income threshold of 322% above poverty rate. Would you support lifting the requirements on that program as well as this one? She went on to say that children's health is as important as school choice.

Senator Sullivan stated that it is not relevant to the legislation but she is open to moving people off welfare.

Senator Altschiller stated that since there are claims this is a successful program, where is the data? Is there data that shows graduation rates and enrollment in trade apprenticeships? Where is the data by any given measurement?

Senator Sullivan pointed to the school voucher program and after every year, students submit progress reports and it shows data, but ultimately it's the parents that decide if it is successful or not. She said that 60% of granite staters want the expansion of this program for their children.

Senator Altschiller followed up and said that she is on an oversight committee for the education freedom account and there is no data. She personally knows how it works, but there is no set data as a state, and therefore how do we justify a program that in a budget year, will be spending millions of dollars on a program that has no applicable measurements?

Senator Sullivan argues that there are measurements of success such as proficiency tests and standardized tests. She asks senator Altschiller if she thinks that schools with low proficiency testing should no longer get funding? She asked if the state is only funding based-off of assessments and test outcomes?

Senator Rosenwald, said there are estimates of lifting the cap, one being a projection of around \$100 million a year for this program. She asked if Sen. Sullivan had specific ideas of how the education trust fund can be made sustainable monetarily due to the upcoming budget?

Senator Sullivan said that the number is skewed because of out-of-state students going to schools in NH such as Phillips Exeter.

Senator Rosenwald stated that the department of education has consistently said that if a student leaves the school for this program, on average the school district would save \$16,000. However, they have never demonstrated what are the marginal savings of a student leaving a school. Sen. Rosenwald asked if she believed that there are marginal savings that the DOE has never been able to identify?

Senator Sullivan said that she could not answer on behalf of the department of education, but says there is a breaking point where it should demonstrate a good financial investment to the taxpayers.

Senator Rosenwald asked where she saw the local property tax savings. Where are the savings to the school district?

Senator Sullivan said that it is bigger than the cost. It is important to parents and children that can excel in other schools. This is about the opportunity for students, not putting a cost-per-child on this program.

Senator Carson asked about a heritage foundation document, "would you agree that our schools are better funded than ever according to NH public schools spending?"

Senator Sullivan said she agreed with that statement.

Senator Carson stated that on average, the EFA award was \$5,282. In some instance it was only \$2,825 compared to the \$26,320 for public schools that is currently in place and asked Sen. Sullivan what her thoughts were on those numbers.

Senator Sullivan said that's factual and she has seen that to be the case in many circumstances.

Senator Carson stated that changes in enrollment generated savings of \$352,200 in FY24 relative to the enacted budget, would you agree this is a good outcome?

Senator Sullivan agreed, the more we expand the better the program will save.

Senator Carson asked if she was aware of sustainability grants? But for those that were not familiar, she explained it is where the state gives money to a school district for a student that's not attending to keep a school subsidized. So, the state is paying districts for students that are not going to public schools, would you agree with that?

Senator Sullivan said that she was aware of that and read an article on how New Hampshire is funding its students.

Senator Altschiller wanted to follow-up on per-pupil spending (PPS). Are you aware that in the PPS, each municipality must encompass the unfunded liability of the retirement system? The state used to pay for the fund but now do not pay that and it is being put on the backs of the localities. She asked if Sen. Sullivan was aware that it gets factored in to the per-pupil spending?

Senator Sullivan said that it is an issue for local-level budgets and should be up to the local municipality, not the State.

Sarah Scott: Deputy State Director Americans for Prosperity

- Ms. Scott said that every child is different and unique; with that comes different learning needs. Families know their children's need more than anyone else. This legislation gives them an opportunity to succeed.

- There is data that says the program could be over \$100 million a year and that is false. According to a study from the Josiah Bartlett Center, it put an actual cost of just under \$17 million over the course of 2 years.
- The data assumes that every child in New Hampshire schools is a New Hampshire resident. However, this is not the case. There are multiple schools along the borders of Vermont, Maine, and Massachusetts. As well as religious schools with out-of-state students. These students are not eligible for the EFA program. This number also assumes pre-school students are eligible, which is not the case
- She referenced the take-up rate, she said that the 12 states that have universal choices, don't come near 100% enrollment in the program.
- She said the bottom line is by expanding this program, it is fiscally responsible and it creates opportunities for every family to find the fit that works best for their family. NH public schools don't ask for income to utilize them, so the EFA program should not either.
- She said that New Hampshire values families and values choice. This bill makes clear that it is putting the best interest of students first.

Senator Rosenwald said there is a difference between public and private schools. The public must take all children with a disability, but private schools don't. She asked about cherry picking schools, schools that can pick and choose which students they allow to attend and how she felt about that.

Ms. Scott said they are not picking and choosing schools, but gives parents the choice where to send their children. Every child learns differently, and many children would leave the school system entirely if not for this.

Senator Murphy asked if she considered EFA public education?

Ms. Scott stated yes and explained there are many pathways to choose the direction which includes public schools and charter schools in the program.

Jen Deml: Granite State Taxpayers

- Ms. Deml supports legislation that gives financial relief to taxpayers. From a tax perspective, expanding EFA is a fiscally responsible reform. It optimizes public funds by introducing market driven competition in education and reducing long-term tax burdens.
- She said this legislation gives parents the ability to choose the best option for their students. GST have spent decades of analysis on school funding and systemic problems in New Hampshire. EFA's are good for a long-term tax benefit on granite staters.
- She expressed that now is the time for fiscal restraint and this is a tax efficient approach to educational reform.

Senator Rosenwald asked if GST is interested in property tax? She explained that if the avg Per-pupil-cost is \$18,000 and 4,000 students leave a district with an EFA, but there are no marginal savings, How is there not an increase in property tax?

Ms. Deml said that it is focusing on financially putting the money where it is market driven, creating efficiency in the program for a long-term solution. There will be some upfront cost at the beginning but will be more efficient in the long-term.

Senator Altschiller asked about the repeated phrase “Market driven” and where the service to the community is, given we have a constitutional obligation to provide to all students. How do you apply market driven to educational outcome for all NH students that we are bound to give every child according to the constitution?

Ms. Deml said this is about the educational outcome. Outcomes are decreasing while costs are increasing. She explained that her hard of hearing daughter, was told she needs to go to a special-needs school, however chose not to take her out of public school because she did not have any learning disability. As a parent, she saw the potential in her child, and she excelled in her school but public school only saw one problem and called her disabled. Parents get to customize their education for their child and fit their needs for a better outcome.

Senator Altschiller asked where does GST see the measurements? Where is the data for these students that are excelling but have no data showing their success?

Ms. Deml stated that they have the data of public schools failing NH students.

Bernadette Ensley: Merrimack

- Ms. Ensley is a home school parent of five. She went to school in Manchester.
- Her family’s choice to home school came at a high price, they thought they would succeed if they could get an EFA scholarship but made too much money while barely scraping by financially. EFA’s would be a huge impact on younger generations ability to learn at their parents hand or choosing. Parents should have the same access to funding that public schools receive.
- She asked the committee to remove the income restrictions so that all families can have the freedom to give their children the best education.

Kevin Gurly: Manchester NH

- Mr. Gurly stated that he has two boys that have been going to private school the past 7 years. He said there was mention of no data being recorded, but he can attest to the successfulness of this program which has given his children the ability to improve their grades and moods.
- They are right on the income line and were narrowly accepted for EFA’s. He wants to see the program expanded so that other kids like his can succeed.

Paul Edgar

- Mr. Edgar is a 50-year New Hampshire resident. EFA's are helping families support their worldview and decide what their kids learn. Education is not a neutral area. There is a worldview that is embodied in every subject and every fact. Parents feel they are subsidizing a worldview they do not agree with in public education. Universal eligibility is a movement towards freedom.

Angelique Donati:

- She is a single mom with two children at Bishop Brady school, but doesn't qualify for EFA. She said she is not a rich person like some have said but works hard for her kids to be able to go to a private school. She said she is paying lots of money in property tax and supports a program that will give parents the freedom to choose for their children.

Leah Leahy:

- Ms. Leahy expressed her support for SB 295. She referred to her personal home school experience and stated it is better because of EFA's. She can choose a pathway that is best for her family.
- She explained that both of her parents worked two jobs to educate her and her siblings. They would use library loans to get curriculum. However, now because of EFA's, she can purchase whole curriculums to teach her children. They open the door to new generations, and it should be an option for all New Hampshire residents. It can supply a high education no matter what their income or residence.

Alyssa Sosa-Molina: Senior in High School, recipient of EFA

- Stated that she was home schooled, but the last 3 years, she has been able to afford private school which has given her more opportunities.
- She explained there are students stuck in positions when they could be excelling but are missing out because they do not qualify for an EFA and they struggle, their emotions struggle because they do not have the opportunity to choose their education since there is an income requirement.
- The public school system is not working for kids and EFA's give kids like Alyssa the opportunity to succeed. She is grateful to have been given the chance to go to private school.

Adam Haverstock: supports EFA. Hudson resident

- Mr. Haverstock said that he would like to send his child to private school, but their income is just above the requirement. By approving this program, it gives parents the choice in how their children are educated. It gives parents more control of their child's education and the critical steps needed to make a more equitable system in NH.

Summary of testimony presented in opposition:

Cornelia Schneider

- Ms. Schneider spoke of her friend Hannah that could not come to testify. She said that they would never be able to afford to send their children to other schools even with EFA's. They cannot make up the difference in the cost even with an EFA grant. They cannot transport their children to another school or take the time to home school.
- She stated that the way EFA is designed will suck funds out of public schools. She gave an illustration of "school vouchers".

Jane Harrington

- Expressed her strong opposition to SB 295. She has had the privilege and honor to retire from the New Hampshire public school system. She stated that the committee talked about data and then she referred to a study in Scandinavia. She said that Norway and Sweden were both found in a study where Sweden chose a similar voucher program to SB 295 and Norway did not. She stated that school scores in Sweden plummeted and there is an increase in segregation of schools while Norway has remained a well-funded and educated public system.

Paula young: Moultonborough

- Speaking on behalf of a friend, she read the testimony and stated that she benefited from public education. She expressed her opposition to tax dollars that are going to students to go to private schools.
- She said that diverting money in this fashion and not funding public education fully, will have unintended effects. Private schools cannot provide education to all or be affordable to many rural families.

Leonard Witt: sandwich NH

- Mr. Witt expressed his opposition to the bill and read his testimony.
- When it comes to paying property taxes for public education, he thought it a responsibility but is disgusted with this bill. He said that this program would mean he would be paying taxes for the most wealthiest in the state to go to private schools.
- There is a large imbalance in rural counties for students able to go to private schools but still taxpayers must pay for others in urban centers to attend private schools while kids in rural areas are stuck in under-funded public schools.

Tom Randall: Moultonborough

- Mr. Randall has Lived in New Hampshire for 15 years and he opposed the bill. When he moved to NH with his two children, they attended public school and integrated with the local community through the school. He feels that it is important for communities to stay intact and does not feel it expands freedom. Local schools cannot afford to have these funds taken away. He feels it is a state subsidy to better-off families in the state.

Doris Hohensee:

- Ms. Hohensee said it is far too early to consider a program with no data. Stated funding should not go to private schools and the state should not spend \$100 million on a program with no data. Without school psychologists and teachers with qualified experience, students' education will deteriorate.
- She described the effect of less funding on public schools and lack of private schools with qualified professionals. She said that NH needs to stop federal agendas and promote local public schools.

David Trumble: Weare

- The New Hampshire Constitution mandates education for our children. He talked about saving money for children in the NH system. He says the cost of running the school will not change if one child leaves the school, but if more leave, it will adversely affect the spending on per-pupil-spending. It is not a choice for all people, in reference to special education. He said that 20% of public-school students receive special education, only 6% under EFA's receive the same.
- He said that private schools have lifted disability out of their statements and are refusing to take special education students.
- Low-income families cannot afford this program. The average cost of private schools in New Hampshire is \$21,000 per student, low income families cannot afford this even with a scholarship program.
- He said this program statistically overall is an exclusionary program. There is widespread disparity between rural and urban towns in New Hampshire.

Patty Long: Peterborough

- Ms. Long is a retired public teacher and expressed her strong opposition to SB 295. She provided the committee with copies of the children's scholarship fund expenditures and states that it is an unrestricted use of the funds. From looking over the expenditure list, she was surprised to learn they were not for curriculum research or tuition, but some fees were used for summer activities paid for by EFA. The list goes on to include other extracurricular activities and non-educational purposes.

- She asked if the income-cap is removed, does every student get to go to Pats-Peak with a voucher? It is estimated to cost \$102 million for the next school year. This is bad for NH taxpayers.
- Each dollar given to the education freedom account is diverted from public schools funding. NH taxpayers need more transparency from this program before expansion.
- She said that all public-school students are held accountable and so should EFA students. If the cap is removed, it will be giving a family of 4 approximately \$20,000 a year for their students. She asked the committee to not remove the income threshold.

Deborah Howes, President of American federation of teachers.

- Ms. Howes stated she was opposed to SB 295. Every student in NH has the right to a well-rounded education and it is the state's responsibility to fund that, however this is where it runs into a problem. Spending on vouchers is spending on choice, but we need to ensure spending is spent on public education so students can get a valuable education from all public schools and money is not diverted away from that.
- The Department of Education estimated it will only cost \$15 million, but she is hesitant because they said when the program first started, it would only cost \$129,000, those estimates were widely off. She saw projections of \$102 million a year which is worst case scenario, but they must assume that everybody will use it and when looking at the budget, the State must look at the worst.
- The American Federation of Teachers is opposed to the expansion of this program and would rather see the money spent on strengthening our public-school districts.

Joe Mundy: Teacher

- Mr. Mundy said that this bill would undermine public schools. New Hampshire public schools serve our public and money should not be taken from the many and given to the few. It is the choice of parents to take their students to private school and it should be their responsibility to finance it not the taxpayer.

Senator Altschiller asked since he is a public-school administrator, “within your capacity, when exploring curriculum to support it, how much latitude do you have when purchasing supplies?”

Mr. Mundy stated that administrators and schools must go through their process and procedures. There is a lot of cooperation to get materials, and it goes through a chain to get curriculum for all students.

Dr. Sydney Leggett: North Valley

- She said that she started as an educator in 1994 and is opposed to the bill. New Hampshire has a long-valued self-reliance of local control and community responsibility.
- This bill threatens community schools and public funding. There is a huge lack of transparency and an adverse financial impact.
- She claimed this would cost more than \$25 million and it has accumulated \$75 million since 2021. This should strengthen education for all students, yet it only benefits a small group of students. This expansion makes it difficult for taxpayers to stay in their homes because of rising property taxes. It endangers small rural schools.
- NH taxpayers want to know where their money is going. There is minimal regulation in the EFA program. There are multiple cases of inaccurate income verification and residency requirements. Students should be learning, and the public has been denied right-to-know in how EFA funds are being used and data from the program. NH needs more transparency in these voucher programs.
- She said that New Hampshire schools are the "roads that take our kids to the future" and should be available to access by everyone, not just a select few with no regulations from the public.

Senator Innis refers to his experience in Higher-education, and asked why costs have gone up so much and yet not seen any effective outcomes in public schools?

Dr. Leggett said that more money is being sent to public schools because of more mandates from that State that fall on local taxpayers. It has been proven that better-funded schools provide more educated and successful students. Money should go to that and not divert away from public education.

Senator Altschiller: superintendent budget, have you noticed an increase in money that has downshifted because the State doesn't pay special education costs and retirement costs that add to per-pupil-cost?

Dr. Leggett said she is superintendent to two districts, and both have presented negative budgets and taxes will increase due to this. Schools are cutting budgets but increasing taxes and many people do not understand this.

Senator Carson asked if she was aware of Article 28-A? She clarifies that the section cannot mandate anybody without paying for it. If the state mandates something, then they must pay for it.

Dr Leggett said that the phrase "unfunded mandate" unfortunately is what New Hampshire is known for. Said that Article 28-a sounds good in theory, but it is not true in reality. An example is that special education is required by the State in every public school, but it is not fully funded.

Senator Carson pointed to earlier testimony of a document from the Children's Scholarship Fund that was given and it shows the transparency of spending on the EFA program.

Dr. Leggett said that the EFA refused to do a full audit and what you see must be piece-meal. If anybody wants any information from a school district, they can get a right-to-know because districts are required to share information. But the children's scholarship fund and EFA are not required to. She went on to say that NH taxpayers deserve accountability.

Brian Hawkins: NEA NH

- Mr. Hawkins addressed the finances of education in NH. Regarding the Arizona program, he said it is costing \$1 billion a year, and the NH program is currently at \$30 million a year. That budget is growing and the higher income you go, the higher participation you will have. There is no adequate funding for this program and no way of sustaining it. We are struggling to retain educators, he said that instead of investing more into the Education Freedom Account, New Hampshire should consider investing in schools to retain and recruit educators.

Senator Carson asked if he could give the committee a figure on how much NH spends on education a year?

Mr. Hawkins said he will get back to committee on an exact number. The state has a major investment in school funding and results are tied to the investment, that is a known fact.

Mary Grassit: Goffstown

- Ms. Grassit said that she was a result of the New Hampshire public school system.
- She has had the honor of serving as president of Goffstown teacher association and is in strong opposition to the bill. She said that the bill endangers the financial stability of the NH school system. She pointed to the history of NH regarding Puritans education and the importance that it is a moral obligation to educate students.
- She said there are inadequate resources and expanding programs like EFA is diverting funding to much needed resources in public school systems. This would lead to a dual system forcing granite staters to fund both programs and threatens to be a financial burden on local taxpayers.
- She stated that by removing the income threshold, it allows people to receive a scholarship but don't need it and wastes taxpayer dollars.

Amanda Wheaton: Rochester Resident

- Said she has 4 children that were home-educated. This program has devastated the home-school environment. As a taxpayer, this is fiscally irresponsible and stated there is no way to pay for this program without depleting the education trust fund. Taxpayers should not be responsible for extra expenses that are

accessible through this program. It needs to be administered well and monitored.

- She said the current program has issues that need to be addressed before being expanded.

Michelle Rohrbacher:

- Ms. Rohrbacher expressed her strong opposition to SB 295
- She stated that she falls into the original criteria that the EFA program was set up to capture. Her family also qualifies for the education tax credit scholarship that they participate in. The education freedom account is for low-income students trying to escape failing schools. Families that need educational choices have them already.
- She said that when a family leaves a school, they have other avenues to obtain funding. By removing the restriction, it will still not incentivize low-income families to participate. The spending will get out of control and families who make well over the federal poverty rate will abuse this program while those who do qualify for the program will still choose not to participate in the EFA program.

JS

Date Hearing Report completed: February 19, 2025