Senate Education Finance Committee

Joshua Schauer 271-3077

SB 296, increasing the percentage of nonpublic school scholarships awarded to students who qualify for the federal free and reduced-price meal program.

Hearing Date: February 19, 2025

Time Opened: 1:20 p.m. **Time Closed**: 2:03 p.m.

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

Members of the Committee Absent : Senators Carson and Innis

Bill Analysis: This bill increases the percentage of nonpublic school scholarships awarded to students who qualify for the federal free and reduced-price meal program. The bill also removes income qualification requirements for scholarship recipients after the initial year of qualification.

Sponsors:

Sen. Rochefort	Sen. Sullivan	Rep. Potenza
Rep. Peternel	Rep. Noble	

Who supports the bill: 9 people signed in support. Please contact aide for a full list; Joshua.schauer@gc.nh.gov

Who opposes the bill: 107 signed in opposition. Please contact aide for a full list; Joshua.schauer@gc.nh.gov

Summary of testimony presented in support:

<u>NH State Senate Deputy Chief of Staff Grant Bosse</u>

- Grant Bosse introduced the bill on behalf of the Prime sponsor, Senator Rochefort.
- This program has been in place for years serving roughly 900 students. This program is funded through business donations. They donate to the scholarship fund and qualify to get a tax credit and families can then use those funds to use in a way they see fit.
- This would remove the income requirement and it would increase the targeting to the families most in need; from 40% to 50% of families most in need. Senator

Rochefort believes since there is not a means test for local public schools than there should not be a means test for school choice programs.

Senator Rosenwald asked if the income-cap was removed, would students who do not qualify for free and reduced lunches then qualify?

Mr. Bosse said there are three tiers to the program, free and reduced lunch at the bottom, then the income cap, then there is everybody else. Everybody would qualify but half would need to be below that free and reduced threshold.

Senator Rosenwald said when looking back at the history of the scholarship program, the most money available for scholarships is $5.5 million. This legislation does not raise that amount of money available, but it does increase the number of students eligible. She asked if it was her understanding that if you make more kids eligible, then any kid who gets it will get less because the total amount of money is not being increased?

Mr. Bosse said he would speak to Senator Rochefort and get back to the committee.

Senator Rosenwald stated there is nothing in state law that prevents a family from getting an EFA scholarship and the breakfast scholarship program. Senator Rosenwald inquired if he would be open to a friendly amendment stating that a family can get one or the other, but not both?

Mr. Bosse reiterated he would speak to Senator Rochefort and get back to the committee.

Senator Altschiller inquired about Lines 21-22 which removes the auditing process and Lines 12-15 which are stricken. She said that "we are not getting access, at a time when we are hearing is government efficiency is a priority". Why would New Hampshire then get rid of this safeguard for the program?

Mr. Bosse stated this was a policy question that he will direct to Senator Rochefort.

Senator Altschiller said the bill proposes to raise the eligibility of students on the program, what are the protocol guidelines for allocating the funds? Will it be a first-come-first serve allocation or will it prioritize low-income students?

Mr. Bosse said that the legislation doesn't change the policy. The number simply changes from 40% to 50% of the students eligible to qualify for free and reduced meals.

<u>Representative Kelly Potenza: Strafford District 19</u>

- Rep. Potenza said this legislation simply removes the income limits from education tax credit scholarships. This would ensure a child from a family that goes over the limit by $1 will not be kicked off the program.
- This bill creates stability in the system. The scholarship organization will ensure assistance for low-income children and will not have to remove a child due to family income restrictions or fluctuations.

- She stated the education tax credits are funded from private business contributions. Businesses voluntarily donate for the benefit of these children.
- This bill helps more low-income children, which is the priority of this program.

Senator Rosenwald asked since this bill does not increase the amount available for the scholarships but opens up the eligibility rate and there is no prohibition on double-dipping, if it concerned her that children would actually have access to less funds?

Rep. Potenza said that the funds are coming out of a separate bucket and no child would be pulled from the program. Opening up the program without income restrictions allows more kids to qualify for the program. However, it is privately funded so there is no expectation of a large increase in funds, but that wouldn't lead to less funds being available to students in the program.

Senator Rosenwald stated there is no prohibition in state law from participating in both programs and asked, "would you rather help more low-income students with a declining amount of money, or do you want to continue to allow families to double-dip"?

Rep. Potenza explained there are enough students in the program, and one is a private funded program and the other is publicly funded, so it is not double-dipping. There is a limited amount of funds in this program so nothing would be pulled from it.

Senator Altschiller stated that the businesses were not doing it charitably because they are getting a benefit (tax credit). She said that Lines 12-15 which eliminates the 300% above poverty income requirement. She inquired, why not create language to create a buffer period to not allow wealthy kids to participate?

Rep. Potenza stated she has personally benefited from this program and described that the program is different in actuality of how it works. The bill was written to eliminate income requirements to prevent kids from being kicked off the program due to a family's slight change in income. She doesn't believe there is a floodgate of kids becoming eligible to this program. Most people do not know about this program and it is exclusive to low-income families. It is not open enrollment; it is a short enrollment application period. She described the great opportunities that it gives children, including hers.

<u>Kate Baker Demers: Executive Director of the Education Tax Credit</u>

Senator Rosenwald asked Ms. Baker-Demers for the latest report from the Department of Revenue Administration (DRA***)*** on the program. There has been around $2.1 million, which is about 40% of the $5.1 million funds available that have been used, is that correct?

Kate Baker-Demers: There are $5.1 million in available credits which means we can raise up to $6 million a program year which extends from July to July.

Senator Rosenwald stated that the number of scholarships granted was 268 in the last report from DRA.

Ms. Baker-Demers went to the website to get the exact number for the Senator because she believed the number of students was closer to 900.

Senator Rosenwald asked how she felt about the potential for double-dipping in both the education freedom account and the education tax credit program if all income-restrictions are lifted.

Ms. Baker-Demers pointed to where she can find the number of students that received scholarships and said she does not have a strong feeling about the "double-dipping". If it is a low-income family needing more money, it is reasonable that they receive from both programs.

Senator Altschiller stated that, from former testimony it was said that this legislation will not create more applications because it is too low-profile, so she asked if there are any plans for advertisement of this program?

Ms. Baker-Demers replied there are no plans to advertise this legislation, and the funds are used up every year. There are two leading metrics that were mentioned; not only does it specifically target low-income families, but the eligibility markers also target students switching from public schools. There is a small group that were kicked out of the program due to income, a small number of about 24 students.

Senator Altschiller followed up that the targeting of low-income families is gone when the income restrictions are removed. She asked how it could be asserted that the program is for low-income families if the income-cap is removed?

Ms. Becker-Demers said there is an application process that targets low-income families. They must prioritize low-income students to get to the 50% of families. She went on to describe the application process and how students' eligibility and situation is looked at when approving applications.

Senator Rosenwald asked about language on the website, and it states that it is for students leaving public schools, yet on Lines 7-8 it says, *or students leaving kindergarten and first grade* and Senator Rosenwald asked if the language should be changed.

Ms. Becker-Demers said she would not have an opinion on language, she just facilitates the program as it is written.

Summary of testimony presented in opposition:

<u>Mary Wilke: Concord</u>

- Ms. Wilke Spoke in opposition to the legislation. She reiterated that if you don't have to meet an income threshold, then is 50% considered below the level for free and recued lunch?
- She expressed concern with the lack of accountability. She noted there hasn't been an audit for this program and she contacted the auditing office, and they clarified that they do not look at this program unless there is fraud.
- She said that between 2015 and 2022, 80% of scholarships were going to religious schools, 30% were attending four schools, and 11% attended one

specific school. She was confused at the percentages and numbers of where grant money is going compared to which school's students are attending.

- Ms. Wilke asked about "double dipping" in EFA and meal scholarships? Families could have received $89,000 assuming they received the maximum from both programs, which is more than the average cost per public student and is not okay.

JS
Date Hearing Report completed: February 26, 2025