

# Senate Education Committee

*Ryan Meleedy 271-4151*

**SB 207-FN**, requiring the department of education to administer the education freedom account program.

**Hearing Date:** February 11, 2025

**Members of the Committee Present:** Senators Ward, Sullivan, Abbas, Prentiss and Altschiller

**Members of the Committee Absent :** None

**Bill Analysis:** This bill transfers the administration of the education freedom account program under RSA 194-F from scholarship organizations to the department of education.

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**Sponsors:**

Sen. Altschiller  
Sen. Watters  
Sen. Fenton  
Rep. Wallner

Sen. Reardon  
Sen. Long  
Rep. Cornell

Sen. Rosenwald  
Sen. Perkins Kwoka  
Rep. Selig

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**Who supports the bill:** 514 People signed in support of SB 207-FN. To see the full list of sign-ins, please email the committee aide ([ryan.meleedy@gc.nh.gov](mailto:ryan.meleedy@gc.nh.gov)).

**Who opposes the bill:** 9 People signed in opposition of SB 207-FN. To see the full list of sign-ins, please email the committee aide ([ryan.meleedy@gc.nh.gov](mailto:ryan.meleedy@gc.nh.gov)).

**Who is neutral on the bill:** No one signed in neutrality on this bill.

**Summary of testimony presented in support:**

**Senator Altschiller**

- Senator Altschiller introduced Senate Bill 207-FN, explaining that it would require the Department of Education to administer the Education Freedom Account Program.
- Senator Altschiller established that SB 207-FN would allow the administration of auditing to be done by the Legislative Budget Assistant.
- Senator Altschiller cited the Legislative Budget Assistant website and provided that fiscal transparency is key to a healthy democracy, and public

scrutiny helps ensure that the government is operating for the people and is spending their tax dollars wisely.

- Senator Altschiller stated that Transparent NH serves as a portal to view how New Hampshire spends revenues for state services, but the EFA program audit is not on there.
- Senator Altschiller said that the Children's Scholarship Fund can use up to 10% of deposits or deductions for administration costs. She claimed that pulling the program under the Department of Education would reduce this by no more than 5% of the cost.
- Senator Altschiller referenced other efficiencies and highlighted on Page 4, Section 6, part B, the Department of Education would have the option of extending the option to Class Wallet to compete with a competitive bid to be the financial technology company to assist with payments, purchases, and reimbursements. The states of Florida, Arkansas, Indiana, Massachusetts, and Michigan already use this vendor for their financial services.
- Senator Altschiller highlighted Page 5, Section 13, lines 18-20, to address the issue of evaluating preferred vendors and clarify the scope of preferential status.
- Senator Altschiller highlighted Page 6, Section 14 E, allowing the Legislative Budget Assistant to access the necessary information to conduct a complete audit and report to the Joint Legislative Performance Audit Committee.
- Senator Altschiller explained that SB 207-FN will align the program with other state agencies regarding the public rule-making process. Senator Altschiller established that all the information and the decisions made by the third-party contractor are not available for the taxpayers to review.
- Senator Altschiller addressed the rollover issue, which is when there is unused money left in the EFA to be rolled over year after year, expressing that she knew of instances of "banking" their money for a larger future expense. She continued that there is no way to know how much money is being banked because the third-party company does not disclose it.
- Senator Altschiller testified that the exact number of families participating in the EFA program that fall under the 350% poverty threshold is unknown.
- Senator Altschiller claimed that, under current law, the wealthy receive the government subsidy after qualifying in only the first year.
- Senator Altschiller asked the committee to support SB 207-FN to gain control over this program's spending.
- Senator Prentiss asked Senator Altschiller about the change from 10% being allocated for administrative costs to the 5% allocated under this legislation. Once averaged out, she said it would be roughly \$1,500,00 of the proposed budget. Senator Altschiller responded that the bill states on Page 3, Section

5, that the Department may withhold deposits or deduct from EFAs to cover the administrative, monitoring, and compliance costs for up to 5% annually. She continued that currently, it can take up to 10%.

- Senator Prentiss acknowledged the state is already spending within the Department of Education to connect the Department and Children's Scholarship fund. She provided that in the view of Government efficiency and transparency, \$1.5 million is a lot of money, and she doesn't see what the resistance would be for bringing it under the Department of Education.
- Senator Sullivan asked Sen. Altschiller if she knew that EFA balances are carried forward and listed in the third party's audit and tax fillings. Senator Altschiller responded that her testimony was about the rollover in the Class Wallet and the voucher system becoming "use it or lose it". Funds that go unspent will be returned to the program, and the participant can reapply the following year to receive more funds.

### **Doris Hohensee**

- Ms. Hohensee testified in support of SB 207-FN and expressed her belief that it is inappropriate for the Commissioner of Education and the Chairman of the State Board of Education to advocate in favor of Education Freedom Accounts.
- Ms. Hohensee expressed disappointment in the financial disclosures by the department regarding the aggregate scores
- Ms. Hohensee claimed that the Department of Education is failing to do its job and failing to disclose information but still thinks the DOE should be overseeing the EFA program.
- Ms. Hohensee said the Class Wallet Program charges 3% and retains the interest on outstanding balances. She expressed that the Department would be better suited to manage these funds.
- Sen. Altschiller asked Ms. Hohensee if, during her time on the school board, the board would budget for the advertising of the Nashua Schools the way schools participating in the EFA program are able to advertise.
- Ms. Hohensee replied that the Nashua School Board never did, but she is aware that the schools participating in the EFA program advertise their schools.

### **Brian Hawkins - National Educators Association New Hampshire**

- Mr. Hawkins testified in support of SB 207-FN, referring to it as a common sense move for the legislature to make that would benefit taxpayers, families, and students.

- Mr. Hawkins expressed confidence in New Hampshire's state departments' ability to operate the EFA program.
- He stated that this bill will be the start of providing accountability and transparency to the EFA program.
- Mr. Hawkins expressed concern that the legislature delegated rule-making authority to a private organization. He explained that the state has granted the organization discretion over participation eligibility, accountability measures, and funding without providing standards.
- Mr. Hawkins supported limiting rollover and cited situations in Arizona's universal school choice program that has accumulated \$360 Million in carryover funds.
- He highlighted that the compliance review produced some dollars that needed to be returned to the education trust fund.
- Senator Ward asked Mr. Hawkins if he had any additional information regarding the Arizona report. Mr. Hawkins responded that he would send the committee the Arizona report the Grand Canyon Institute conducted.
- Senator Abbas asked if the quarterly distribution language, referenced on page one of the bill, is sufficient. Mr. Hawkins believed it was sufficient because it struck a balance between flexibility for the family and limiting the money remaining that could go back to the education trust fund.

**Debrah Howes - American Federation of Teachers, New Hampshire**

- Ms. Howes testified in support of SB 207-FN.
- Ms. Howes explained that the bill provides common sense oversight of the voucher program and will provide the necessary data for the legislature to evaluate the effectiveness of the program.
- Ms. Howes stated that the state is obligated to fund public schools, and funding the school choice program is a choice.
- Ms. Howes believed that bringing the program under the Department of Education would increase funds for student education instead of covering overhead costs, expressing that doing so would end the current practice of taxpayer money being spent on EFA advertisements.
- Ms. Howes viewed school choice programs as having a negative impact on student achievement, but that the state needs to have access to student data to evaluate the student achievement in the EFA program.

## David Trumble

- Mr. Trumble testified in support of SB 207-FN
- Mr. Trumble expressed concern that the rights of students receiving special education services are not protected under the private administration of the school choice program and believed the state would better protect these students' rights.
- Mr. Trumble believed it is incumbent on the EFA schools to follow the laws protecting special education students, but many private schools have removed the word "disability" from their non-discrimination statements. He feels that this grants EFA schools the right to discriminate.
- Mr. Trumble cited that an EFA school principal said his school doesn't provide special education services.