

Senate Education Committee

Ryan Meleedy 271-4151

HB 115-FN, relative to universal eligibility for the education freedom account program.

Hearing Date: April 22, 2025

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

Members of the Committee Absent : None

Bill Analysis: This bill increases the income eligibility for the EFA program in fiscal year 2026 and removes the income eligibility criteria beginning in fiscal year 2027.

Sponsors:

Rep. McDonnell

Rep. Soti

Rep. Sweeney

Rep. Weyler

Sen. Sullivan

Rep. Ladd

Rep. Verville

Rep. Seidel

Sen. Murphy

Sen. Innis

Rep. Noble

Rep. Cordelli

Rep. Alexander Jr.

Sen. Ward

Who supports the bill: 92 People signed in support of House Bill 115-FN. To access the full list, please contact the committee aide (ryan.meleedy@gc.nh.gov).

Who opposes the bill: 988 People signed in opposition to House Bill 115-FN. To access the full list, please contact the committee aide (ryan.meleedy@gc.nh.gov).

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

Summary of testimony presented in support:

Representative Valerie McDonnell

- Representative McDonnell expressed that House Bill 115 is her preferred bill to move forward with when comparing House Bill 115 and Senate Bill 295.
- She explained that this bill is different from Senate Bill 295 because it launches the universal school choice program beginning in Fiscal Year 2027 and increases the income eligibility cap to 400% of the federal poverty guidelines in FY26. She expressed concern that Senate Bill 295 requires parents to complete a form, and students are accepted on a first-come, first-served basis.

- She said that Senate Bill 295 does not include rolling applications, which would limit participation for those looking to participate in the Education Freedom Account Program (EFA) during the course of the school year.
- Senator Altschiller referred to pending lawsuits and believed that the settlement would lead to the EFA program being wildly underfunded due to the under-accounted fiscal note. She asked how Representative McDonnell justifies spending millions on the few students who currently participate in the EFA program. Representative McDonnell replied that the fiscal note was produced prior to the amended version of the bill, and therefore reflects universal school choice being offered in FY26, while the amendment calls for its implementation in FY27.
- Senator Altschiller asked if Representative McDonnell was aware that a student with special education needs enrolled in the EFA program relinquishes all of their rights under IDEA. Representative McDonnell expressed awareness and stated that if a parent chooses to sign away their rights, that is their prerogative, and this program recognizes that.
- Senator Prentiss clarified that after June of 2026, the program, under this legislation, would become universal with no checks and balances. Representative McDonnell agreed that the program would become universal but disagreed that there would be no checks and balances. She explained that the program's application, Class Wallet, verifies every transaction a family makes using EFA dollars, and the grant is not given to the family in one lump sum. She also noted that any money remaining in an EFA at the time of graduation is transferred back to the scholarship fund.
- Senator Prentiss asked how many currently enrolled students have not spent their entire EFA account balance. Representative McDonnell could not provide that number but established that the Children Scholarship Fund, which administers the program, is audited, and the audits are published on their website.
- Senator Sullivan clarified that the scholarship fund receives the funds, families do not receive the funds, and must submit an invoice for reimbursement. She asked if Representative McDonnell was aware of the Josiah Bartlett fiscal impact analysis that said this program would cost \$20 million for the first two years. Representative McDonnell expressed that she was aware and believed the Josiah Bartlett figures to be accurate because they did not include a 100% take-up rate. Representative McDonnell also established that the funds are not given directly to families, which is a significant reason why EFAs are *not* classified as vouchers.
- Senator Altschiller asked if Representative McDonnell was aware that the unspent EFA funds are rolled over and the student can bank that money.

Representative McDonnell expressed that this was not her understanding of the program.

- Senator Prentiss posited that this bill allows families who could afford to pay for private education to take advantage of the program and asked why she should support a measure of this nature. Representative McDonnell said she does not expect a high take-up rate for those high-earning families. She expected this bill to allow middle-income families to utilize the program.
- Senator Sullivan clarified that EFA funds will roll over as long as the student remains enrolled in the program. But once the student graduates, the money is returned to the Education Scholarship fund. She asked Representative McDonnell if she was aware that wealthy families are allowed to use public schools that cost taxpayers \$24,000 a year, whereas EFA students only cost taxpayers \$5,000. Representative McDonnell said she was aware that public schools do not have means testing.

Alicia Houston

- Ms. Houston explained that while traditional public schools work well for some students, many students' needs would be met more adequately at non-traditional schools, such as monasteries or homeschooling. She established that universal EFAs would give students the ability to access these schools when they might not have been able to without EFAs.
- She stated that EFAs level the educational playing field for lower-income students with fewer means of attending schools outside of their district.
- She pointed out that the critics of the EFA program often frame it as unaccountable. She challenged this, explaining that EFAs come with 'built-in' accountability. She explained that any program that accepts EFA funding is subject to mandatory annual audits to track how the money is spent.
- She refuted claims that EFAs will damage public schools. She highlighted other states with similar universal EFA programs, explaining that many of these states have seen a broad improvement in overall education statistics due to competition to attract new students and to keep students from leaving their district.

Kelly Santos & Eli Santos

- Kelly Santos testified in support of the bill, explaining that she uses EFAs for both of her sons; one being a homeschooled student, and the other attending traditional school.

- She explained that both her sons have disabilities and that EFAs have helped to bolster their education.
- She explained that it has been difficult for her son Eli to access special education because he has a very high IQ, yet severely struggles in other essential, school-related facets. She explained that the EFA program has allowed her children to access special education tailored to their needs, allowing them to thrive.
- Eli Santos explained that being homeschooled has helped to eliminate distractions that exist in the regular classroom, even with a small class size and special education assistance.

Alyssa Sosa-Molina

- Ms. Sosa-Molina explained that she formerly attended public school, but that she wasn't receiving the education that truly suited her best.
- She explained that by participating in the current EFA program, she was able to receive the funding that she needed to receive an adequate education through homeschooling, explaining that she could not have gotten this without the EFAs.
- She said that she would not be able to experience the benefits of this particular bill because she was graduating in a few months, but she wanted to make sure that other New Hampshire students were able to access EFAs, which she deemed necessary for lots of students, including her close friends.
- She said that, despite the existence of the 'No Child Left Behind Act', students are still being "left behind", and that the implementation of this bill would help to fix this issue.

Ed Tarnowski - Ed Choice

- Mr. Tarnowski explained that his organization conducted a study into school choice programs to determine what the likely outcomes would be if a universal EFA program were implemented in New Hampshire.
- He explained that no state has ever experienced a 100% take-up rate. He said that in states like Indiana, which have implemented a similar program to the one that House Bill 115 proposes, there has only been a 30% take-up rate for private school students. He added that he expected New Hampshire to experience a similar trend.
- He said that for public school switchers, the average take-up rate was somewhere between 1-2%.

- He said that their research estimates that there will be a public school student take-up rate of about 0.9% in the first year (before the program becomes universal), followed by a rate of 2.2% the following year when the program becomes fully universal. The study predicted a 19% take-up rate for homeschool and private school students in the first year, and 32% in the second year.
- He explained that the predicted costs of the EFA program in its first year, with potential savings accounted for, would be roughly \$358,000, and \$5,049,000 in the second year. He explained that both figures are less than 0.01% of the state’s annual service expenditures. He added that expanding EFAs would not come at the cost of other state services.
- He disagreed with previous testimony that this program would primarily benefit New Hampshire’s wealthiest families. He said that the data collected in the report points to half of all students enrolled in the program coming from families making less than \$100,000. He added that 69% of students come from families making less than \$150,000.
- Senator Altschiller asked who funded the study that Mr. Tarnowski referred to and what the intent behind the study was. He explained that the Josiah Barlett Center, Ed Choice, and Andrew Cline all worked together to create the report. He explained that the purpose was to provide a detailed and accurate analysis of universal school choice programs and how such a system would likely play out in New Hampshire.
- Senator Alstchiller clarified that she wanted to know precisely who funded the report. He explained that there was a large number of people who participated in fundraising for the project, and said that he would be happy to provide the committee with a list of the project’s donors. He added that his organization is a non-partisan non-profit organization that doesn’t receive direct funding from distinctly partisan sources.
- Andrew Cline volunteered to testify alongside Mr. Tarnowski to help answer questions regarding funding.
- He explained that each participant of the study pays their own share (Josiah Barlett Center paying his salary, Ed Choice paying Mr. Tarnowski’s salary, etc.). He stated that the study was jointly funded via the salaries of each staffer involved in the study.
- Senator Prentiss stated her concerns that *any* family, regardless of income, could take advantage of this program. She pointed out Mr. Tarnowski’s earlier remarks, in which he explained that the majority of families using these programs in other states are not wealthy. She asked how and if other states are tracking this information if there really is no income threshold for participation in other states. She pointed out that, based on the bill’s language, there is no established mechanism for tracking these income statistics. Mr. Tarnowski

established that Indiana is extremely transparent regarding statistics related to open enrollment, so for the report, they simply used the data that the Indiana state government publishes. He said that each state tracks data differently, and that Indiana just happens to have a well-established system for doing so, which is why they are included so heavily in the report.

- Senator Prentiss asked if there is a provision in place to track this data. Mr. Tarnowski said that he was unaware, but suggested asking the bill’s prime sponsor, Representative McDonnell, if there was any built-in mechanism in the bill.
- He explained that his organization did not believe that means testing was necessary for public education.

Representative Glenn Cordelli

- Representative Cordelli established that he intended to correct certain claims made throughout the hearing from those opposed to the bill, which he viewed as inaccurate.
- He refuted the claim that the Scholarship Fund has been fiscally unaccountable, explaining that their audit was currently underway.
- He contradicted the estimate provided earlier, which stated that the universal EFA program would cost \$100,000,000 per year. He explained that this estimate was flawed because it was made under the assumption that every student would take part in the EFA program, which he explained was obviously not the case. He added that it includes ineligible students, including those who are already enrolled in the EFA program, foreign students, and out-of-state students.
- He referenced a SCOTUS case, which established that EFA dollars being spent to attend religious schools is constitutional, despite being referred to as unconstitutional by others in prior testimony.
- He refuted the claim made earlier, which asserted that the universal school choice program bankrupted the state of Arizona. He provided evidence that the program ended the 2024 fiscal year with a surplus of \$4,000,000, despite claims of being in a deficit.
- Senator Sullivan, referencing earlier testimony of claims that parents receive cash handouts through the EFA program, asked Representative Corelli if this was accurate. Representative Corelli established that cash handouts are not provided via the EFA program, and all funds are managed by the Scholarship Fund. He explained that this was not a voucher program despite being purported to be by many of those testifying in opposition.

Summary of testimony presented in opposition:

Sandra Gannon

- Ms. Gannon testified in opposition to House Bill 115 because it helps wealthy families afford to send their children to private school.
- She expressed concern that the Children Scholarship Fund does not have to comply with Right to Know Laws and wished that the program be administered by the State.
- She expressed disapproval of public dollars being used to fund private religious schools. She expressed that there needs to be a separation between church and state.
- She established that students who receive special education services in public schools need to have a diagnosis and have their condition recognized by advanced testing. In the EFA program, the student only needs a diagnosis to receive special education services.
- Senator Sullivan asked if she was aware that the scholarship fund has their financial information posted on their website. Ms. Gannon said she was aware but stated that the program is still not subject to the Right to Know law.

Terry Ellen Carter

- Ms. Carter testified in opposition to House Bill 115.
- Ms. Carter expressed concern that there is no means testing requirement in House Bill 115. She established that there is means testing to participate in the Free and Reduced Lunch Program, which costs \$475 annually per student, but this program has no similar measure.
- She expressed concern that the program is set to still be administered by a third-party organization with little accountability. She characterized an EFA grant as an unrestricted cash handout.

Nancy Brennan

- Ms. Brennan testified in opposition to House Bill 115.
- Ms. Brennan expressed that a bill like House Bill 115 would hurt her town's budget.
- She explained that this program does not offer choice because if a child were disabled or identified as LGBTQ, they would not be allowed entry into some of the schools that participate in the EFA program.

- She also expressed concern that there are not sufficient accountability measures for the program.
- Senator Sullivan asked what specific schools do not allow LGBTQ applicants. Ms. Brennan said that she did not have the list but would be happy to send it following the conclusion of the hearing.
- Senator Prentiss asked how much it costs to educate a student in Weare and what the financial impact is when a student leaves the school using an EFA. Ms. Brennan said that it costs about \$20,000 to educate a student in Weare. Ms. Brennan explained that she does not believe there will be cost savings because the costs of maintaining the public school remain even after student leaves.

Sarah Thorn

- Ms. Thorn testified in opposition to House Bill 115.
- Ms. Thorn expressed that EFAs are not fair for public schools.
- She viewed this bill as a deterrent for young adults who are considering which state they want to raise their children in.

Janet Ward - League of Women Voters, New Hampshire

- Ms. Ward stated that for an efficient and properly functioning democracy, an educated population is required.
- She highlighted the fact that public taxpayer dollars are spent on private schools by applying through a private company (the scholarship fund) for students *not* to attend public schools.
- She explained that the LBA is required to administer an audit of the scholarship fund on a regular basis, but it is unable to do so because the scholarship fund has failed to provide the necessary financial information that they are supposed to present.
- She expressed concern with the concept of taxpayer dollars having no oversight once they have been collected. She pointed out that local tax dollars for schools have a high degree of accountability for how they are spent because the public is permitted to weigh in at school board meetings, whereas state tax dollars given to the scholarship fund lose all public accountability once collected.
- She characterized this as taxation without representation. She explained that this was the fundamental reason behind the United States' revolution against Great Britain.
- Senator Sullivan asked if Ms. Ward was aware that the first schools in the United States were protestant schools that disallowed catholic immigrants, leading to the existence of catholic schools. Ms. Ward replied that she was aware

of this, and asked Senator Sullivan if she was aware that she had been present for a speech given by the author of a book that addressed the history of catholic schools. She explained that over time this has changed, and that at public schools she is allowed to address school administrations and school boards regarding the accountability of tax dollars, which isn't the case for private catholic schools. She explained that there are plenty of wealthy families that can afford private catholic schools and asserted that these families don't need a tax-funded subsidy for their children to attend them.

Patty Long

- Ms. Long referenced written testimony submitted to the committee members with data regarding how EFA funds have been spent in recent years. She explained that her initial understanding of EFAs was that there were strict parameters of where the money was allowed to be spent. She explained that this notion was contradicted by the data she provided.
- She prompted the committee members to look at certain pages of the data, which showed EFA funds being spent on things such as the purchase of pianos, ski passes, and other non-educational services or items. She added that unspent funds are not returned to the taxpayers but are instead rolled over in the scholarship fund.
- She questioned why New Hampshire taxpayers should be required to fund leisure activities and hobbies for students from wealthy families while the university system and benefits for disabled people are being stripped from the state's budget.
- Senator Altschiller asked if the public has been led to believe that EFAs are only used for education, contrary to the data that Ms. Long provided. Ms. Long said that this was correct, but she did clarify that not *all* families use EFAs for non-educational reasons. The underlying issue is that they have the ability to do so based on the current structure.

Margaret Van Valkenburgh

- Ms. Van Valkenburgh explained that the bill requires the full attention of the legislature and that she fully disagreed with the current structure of the EFA program. She explained that expanding this program would be disastrous and unfair to New Hampshire taxpayers.
- She questioned how the state could afford to pay for such a program when it is facing massive cuts to its budget in the upcoming fiscal year.

- She referenced her time as a public school teacher, explaining that if she wanted something like microscopes in her classroom, she had to provide extensive evidence of their educational value to even be considered for this allowance. She continued by saying that even after the use of something like microscopes, she would be held accountable for making sure they were worthwhile for the students' use. She questioned why the state held teachers and schools extremely accountable in this regard, yet would allow students to spend EFA money however they see fit, with a presumable lack of accountability.
- She questioned whether, under this bill, there would be the same standards of accountability.

Anne Staley

- Ms. Staley established that she was opposed to the removal of the income threshold for any form of EFA funding.
- She explained that the proposed funding methods of the bill were not fiscally responsible, and that the state should not offer handouts to millionaire families.
- She highlighted current budget concerns due to a lack of state revenue. She used this as an additional reason as to why New Hampshire shouldn't be using state taxpayer dollars to fund EFAs.

Heather Robitaille

- Ms. Robitaille explained that the bill was nonsensical because EFAs in their current form are already limited to students from households making 350% or less of the federal poverty level. She explained that the bill's purported intention to support families in need is false because this would simply open the program up to middle-class and wealthy people.
- She referenced testimony from the bill's first hearing in the House, where a woman said that she loved EFAs because they covered certain education costs, which allowed her to pay for her daughter's gymnastics lessons. She established that this is *not* what EFAs were intended to do, yet this is the reality for many who take advantage of the program.
- She clarified that the bill is not one of equal opportunity, but rather provides handouts to some of New Hampshire's wealthiest families.
- Ms. Robitaille stated that ensuring adequacy for public schools should be the state's priority, as it is a requirement that is not being lived up to. EFAs effectively defer this responsibility. She added that due to struggling public schools, residential property taxes have soared in many towns, while commercial properties have plummeted in value.

- Senator Altschiller asked Ms. Robitaille if she was asserting that families are using EFAs to fund their children's extracurricular activities. Ms. Robitaille explained that this was correct and referenced the example of gymnastics again.
- Senator Alstchiller followed up by asking if she was aware of any other government programs that funded extracurricular activities in New Hampshire. Ms. Robitaille said she was unaware of any such programs and explained that it was wrong for senior citizens and low-income families to have to fund the extracurricular activities for students from wealthy families.
- Senator Sullivan asked if Ms. Robitaille was aware that extracurricular activities are included in a well-rounded education for students and are part of the school experience. She replied that she was aware of this.

Kaitlyn Bernier – Merrimack School Budget Committee

- Ms. Bernier explained that her opposition to House Bill 115 was rooted in the perceived negative fiscal impact that the bill would have.
- She explained that she is not completely opposed to EFAs and felt that they were of good use for lower-income families who fall below a certain income threshold. She further acknowledged the differing educational needs of students.
- She stated that by removing the income threshold for EFA program eligibility, New Hampshire would effectively widen the financial gap between wealthy and low-income families. She added that the \$5,000 provided to EFA users is not enough for a low-income family to switch their children's school or to get a specialized tutor, yet it would be enough to help subsidize things like extracurricular activities for wealthier students who are in less need of government aid.
- She speculated that the implementation of universal EFAs would contribute to a stark rise in property taxes to cover unmanageable school budgets.
- She questioned the motives behind the switch of EFA funding from the education trust fund to the state's general fund. She explained that this would allow the program to consume more funding than it would with its original source.

Debrah Howes - American Federation of Teachers

- Ms. Howes established that students are entitled to an adequate, robust public education, which the state is mandated to provide based on the New Hampshire Constitution and extensive affirmation via case law.

- She explained that the existing EFA program prioritizes private education and emphasizes students' rights to switch schools, which isn't mandated by the New Hampshire Constitution.
- She questioned why the legislature would prioritize funding an EFA program and potentially expanding it to universal when schools struggle to provide an adequate education. She posited that the state should be prioritizing the improvement of education at schools that are struggling, not funding a program for wealthier students to leave these schools.
- She pointed out that school spending typically experiences a high degree of accountability, with much of it being directly voted on by school district residents. She explained that EFA spending is the opposite, and most of it lacks any sort of oversight.
- She reemphasized that the New Hampshire state government is already not fulfilling its obligation to provide a robust education for every student, and this would further extend this shortcoming.

Mary Wilke

- Ms. Wilke disagreed with Representative McDonnell's notion that the EFA program is highly accountable, expressing her belief that it is completely unaccountable.
- She explained that the EFA program has published nothing about how funding was spent in the last year, and it is anything but transparent.
- She explained that in the early days of the EFA program, the DOE published funding records, which provided members of the public with evidence of nefarious use of EFA money in the past. She explained that this is no longer being practiced.
- She stated that in the last two years, the state has provided the Scholarship fund roughly 2 million dollars in funding for EFAs, and that nothing has been published about the use of these funds.
- She questioned how the legislature could be in favor of expanding the EFA program so broadly with such a lack of transparency of how the money is currently being spent in the small capacity that it exists in now.

Lisa Beaudoin - NH Council of Churches

- Ms. Beaudoin explained that New Hampshire Reaching Higher predicts that the implementation of this bill could cost roughly \$100,000,000. She prompted the committee to consider this estimate because the cost of the initial EFA program rollout was far greater than the state estimated.

- She stated that 75% of EFA money is used by students who are already attending private school when they enroll. She questioned how this program provides for low-income students if it is providing \$5,000 to students who are wealthy and already experience “educational freedom”.

David Trumble

- Mr. Trumble explained that universal EFAs would drain New Hampshire’s trust fund. He explained that the average rate of ‘switchers’ was less than one per school, which wouldn’t save the sending schools any money in their respective budgets.
- He explained that by funding the top half of income earners, you would likely only experience a slight increase in school switchers. He questioned how this could possibly save schools any money.
- He added that the bill’s guise of “choice” for students is misleading. He claimed that it simply provides a choice for private schools to pick who they want to take, not for families.
- He cited examples from Arizona, explaining that when universal EFAs were implemented there, only one out of every hundred students from low-income families switched schools, whereas twenty out of every hundred students from high-income families switched. He clarified that the proposed benefits of this bill would only be reasonably accessible to families with a lot of money.
- He noted that when a special needs child enrolls in the EFA program, they relinquish their entitlement to complete accommodations from public schools. Mr. Trumble added that when a child enrolls in the EFA program, they are no longer required to engage in rigorous testing to determine whether they have special educational needs, and that it is much easier to get a doctor’s note claiming these needs instead of genuinely being evaluated.

Representative David Luneau

- Representative Luneau explained that voters across New Hampshire have shown distinct opposition to the EFA program and its potential expansion.
- He explained that providing taxpayer dollars to subsidize the educational needs of wealthy people is an improper use of funds and is not what the EFA program was initially intended to do.
- He stated that 17 towns passed resolutions last year to urge the legislature not to expand the EFA program. He elaborated by explaining that these towns generally represent both ends of the political spectrum.

- He acknowledged the budget constraints that the state is currently facing, and he reiterated his point about the misuse of taxpayer dollars.
- Senator Prentiss explained that there is a notion that has been presented, which asserts that the cost per pupil associated with a student at any given school is saved when a student enters the EFA program. She asked if Representative Luneau knew if this money is truly being saved in the way that it is purported to be. Representative Luneau explained that it is more of a nuanced answer. He explained that a very low rate of students actually use the EFA program. He explained that money is only truly saved when a much larger group of students enters the EFA program and leaves their in-district school. He explained that with the current rates of students leaving, schools are not saving any tangible amount of money to have a realistic impact on school budgets.
- Senator Altschiller asked how much this will cost the state throughout the next budget year. From his own interpretation, Representative Luneau said the estimated number would be roughly \$32,000,000. He added that this is a conservative estimate, and that 64,000 students would be eligible to participate. He explained that this could bankrupt the state government, much like the state of Arizona.

Representative Hope Damon

- Representative Damon explained that passing this bill would be irresponsible governance.
- She explained that she and many other members of the legislature have received countless emails regarding House Bill 115, 95% of which are opposed to it. She established that New Hampshire residents do not want universal school voucher programs.
- She referenced Representative Luneau's testimony regarding warrant articles. She explained that no town that brought it forward for a vote said no to it. All towns that did so approved it, with one tabling it.
- She explained that, considering shrinking state revenues, tough budget decisions must be made, and the notion of spending \$100,000,000 of taxpayer dollars to back this EFA program is ill-advised.

Representative Timothy Horrigan

- Representative Horrigan established that the amount of money that the state would allocate for the EFA program would cover the entire amount of money being cut from UNH in the newly released House Budget. He explained that the

amount of money that would go towards EFAs would be better used elsewhere in the state budget, generally speaking.

- He said that taxpayer money shouldn't be spent on sending students to Catholic schools, as the government is secular, and its missions do not perfectly align with the missions of the Catholic church.