



Education Policy Brief

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New Hampshire Education Tax Credit

Relevant 2017 Legislation HB 129-FN, HB 297-FN, HB 386-FN

Background

In June 2012, the New Hampshire legislature overruled Governor Lynch's veto and enacted an educational tax credit program allowing New Hampshire businesses to receive tax credits against the business profits tax and/or the business enterprise tax for funds donated to qualified scholarship organizations that would then provide scholarships to students. The scholarships can be used to attend a nonpublic school or a public school outside of the student's residential public school, or to pay for homeschooling educational expenses. Businesses receive tax credits worth up to 85% of their donations and the qualified scholarship organizations can spend up to 10% of donations on administrative costs. The program has a limit of \$5,100,000 tax credits (or \$6,000,000 in donations) a year, but this ceiling can increase under certain conditions. Scholarships, excluding awards made for homeschooling expenses, must have an average value of \$2,500 and homeschool awards are limited to 25% of the overall average (i.e., currently \$625); these amounts increase with inflation. The program was challenged on constitutional grounds and in 2014, the New Hampshire Supreme Court ruled that the plaintiffs did not have standing—the Court did not rule on the constitutionality of the program. There are currently two qualified scholarship organizations, the New Hampshire Children's Scholarship Fund (NHCSF) and the Giving and Going Alliance (GGA).

	2013	2014	2015	2016	2017
Total Donations	\$138,340.0	\$58,500.0	\$217,199.1	\$385,662.0	\$221,694.0
Total Credits		\$20,000.0	\$115,000.0	\$92,868.0	
Total Admin	\$10,000.0	\$5,850.0	\$21,719.9	\$38,566.2	\$22,169.4
Total Scholarships	\$128,340.0	\$52,560.0	\$195,479.2	\$347,095.8	\$199,524.6
Total Cat I Scholarships		19	72	68	
% FRL		53.0%	61.0%	65.0%	
Total Cat II Scholarships		9	13	66	
% FRL		56.0%	77.0%	72.0%	
Total Cat III Scholarships		12	43	44	
% FRL		92.0%	70.0%	77.0%	
Total	103	40	128	178	122
Free & Reduced Price Lunch		65.4%	65.6%	70.6%	
New Scholarship Recipients	103	31	115	112	
Total Unique Students Awarded		134	146	227	

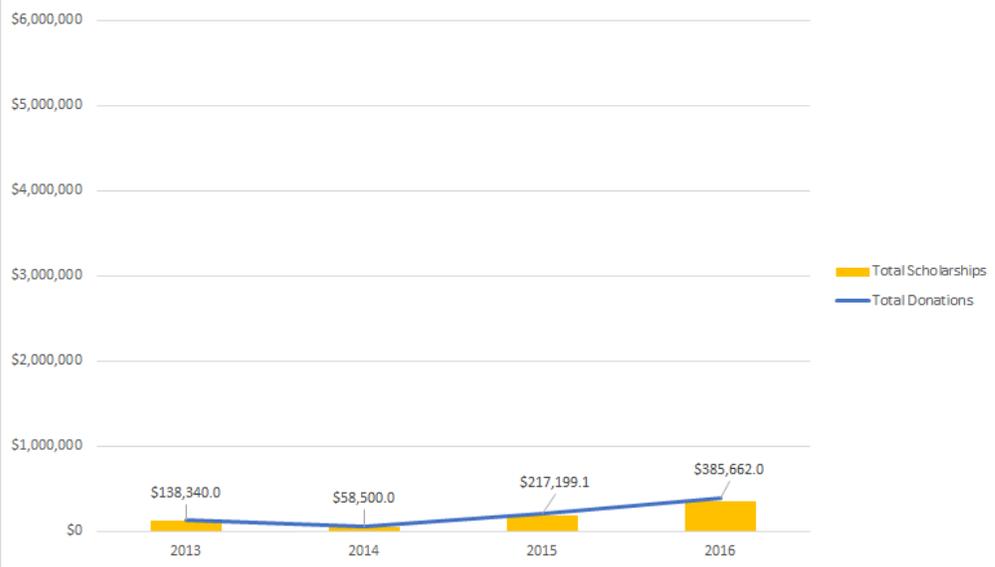
Donation Growth Rates

Annual Change	-57.71%	271.28%	77.56%
Compound Average Growth Rate			40.74%

Notes:

- Annual tax credits may not always equal exactly 85% of donations as tax credits can be taken the year after donating.
- FRL stands for "Free and Reduced Price Lunch," a proxy for poverty.
- Category (Cat) I consists of students who were in public school.
- Cat II consists of students who received a scholarship in the prior program year.
- Cat III consists of students who were in a private school or homeschool and did not receive a scholarship in the prior program year.
- The Network for Educational Opportunity, the precursor to NHCSF, re-funded \$96,660 - in 2014.
- For first 2 years, 70% of scholarships had to go to Cat I & II; that requirement then decreases by 5% annually.
- Figures in red consist only of the data from NHCSF available on its website; figures from GGA are not available.

ETC Funds Over Time



Frequently Asked Questions

Is there evidence of effectiveness? *Moderate.* In a comprehensive [analysis](#) of Washington, D.C.'s Opportunity Scholarship Program (a federally-funded voucher program), researchers found no impact on academic achievement, but significantly higher graduation rates among students who received a voucher, than those who did not (additional analysis [here](#)). Importantly, there are substantial differences between D.C.'s program and New Hampshire's Education Tax Credit, particularly with respect to targeting low-income families and enforcing a randomized awards process (i.e., a lottery).

Are funds targeted to achieve maximum impact? *Minimally.* The program does not provide for robust targeting of either students from low-income families or students attending the lowest-performing public schools. The law requires that scholarships go to students whose annual household income is less than 300% the federal poverty line (approximately \$73,000 for a family of 4 in 2016) and requires that 40% of the scholarships (by count, not amount) go to students who qualify for free and reduced price lunch ([185% of the federal poverty line](#) or \$44,955 for a family of 4 in 2016). In contrast the Washington D.C. scholarship restricts entry [eligibility](#) to only students whose families either receive assistance under the supplemental nutrition assistance program ([SNAP](#)) or whose income does not exceed 185% of the poverty line (once a student has received a scholarship they remain eligible even if the family's income increases). In practice, the NH education tax credit program has awarded approximately 68% of scholarships to students who qualify for free and reduced price lunch; however, the weak targeting requirements in statute present long-term concerns.

Is the process transparent? *Minimally.* It is unclear how students are selected to receive a scholarship. The [NH Children's Scholarship Fund](#) website says that scholarships are awarded based on the metrics in the law, financial need, and funds raised, however, it is not clear whether there is a lottery or whether subjective judgement is applied. (Note: NH Children's Scholarship Fund is a local chapter of the New York based nonprofit [Children's Scholarship Fund](#).) The website of the [Giving Going Alliance](#) states that scholarships will be awarded based upon available funds, available seats, and the metrics of the law. (Note: the website of the Giving Going Alliance only has information from 2015.)

Pending Legislation

HB 129-FN and HB 297-FN both propose to repeal the education tax credit in its entirety.

HB 386-FN proposes the following:

- Provides for education tax credit scholarships to be used for the cost of college or university, accredited tutors or tutoring facility, and/or distance education programs;
- Changes the definition of nonpublic school to the definition encompassed within [RSA 193:1, I\(a\) and \(d\)](#);
- Eliminates the cap on homeschooling educational expenses (currently set at 25% of the average scholarship award);
- Eliminates the requirement that any funds carried forward by a scholarship organization must be used for full or partial scholarships in the year in which the funds are carried forward into (they are currently allowed to carry forward up to 10% of eligible contributions);
- Eliminates the requirement that prior to approving any increases in the total number of available education tax credits, the board of directors of the community development finance authority certify that the community development finance authority has received \$5,000,000 or more in contributions for the state fiscal year, or that the authority has received contribution offers sufficient to meet its state fiscal year limit but did not meet its limit for other reasons;
- Repeals the prohibition on a pupil attending a school other than the school to which the pupil was assigned by the school board; and
- Makes a few other minor technical changes (primarily on the timeline for submission of various documents).

	2013	Min	Max	Total	2014	Min	Max	Total	2015	Min	Max	Total	2016	Min	Max	Total
American Vivekanada Academy	3	\$625	\$625	\$1,875												
Beech Hill	2	\$625	\$11,800	\$12,425	5	\$500	\$2,730	\$8,960	5	\$500	\$2,225		6	\$710	\$3,000	
Bishop Brady High School									12	\$500	\$3,000		15	\$893	\$3,000	
Bishop Guertin High School									2	\$500	\$1,000	\$1,500	3	\$1,121	\$1,868	
Cardigan Mountain School													1	\$1,927	\$1,927	\$1,92
Claremont Christian Academy									2	\$500	\$4,447	\$4,947	4	\$500	\$4,646	
Concord Christian Academy									17	\$500	\$4,447		24	\$1,669	\$4,646	
Dublin School					1	\$1,000	\$1,000	\$1,000					1	\$1,031	\$1,031	\$1,03
Green Valley	2	\$625	\$625	\$1,250	1	\$2,525	\$2,525	\$2,525	1	\$4,446	\$4,446	\$4,446	2	\$3,000	\$4,646	\$7,64
High Mowing Waldorf School									2	\$2,000	\$3,000	\$5,000	1	\$1,050	\$1,050	\$1,05
Holy Family Academy													1	\$624	\$624	
Holy Trinity									1	\$1,000	\$1,000	\$1,000	1	\$610	\$610	\$61
Home School	56	\$100	\$280		12	\$200	\$750	\$3,710	20	\$150	\$500		29	\$200	\$663	
Infant Jesus School													2	\$1,775	\$1,775	\$3,55
Jesse Remington High School									1	\$1,500	\$1,500	\$1,500	4	\$2,675	\$3,000	
Kimball Union	1	\$500	\$5,000	\$5,000	1	\$3,000	\$3,000	\$3,000					1	\$3,000	\$3,000	\$3,00
Laconia Christian Academy									10	\$1,501	\$4,447		14	\$500	\$2,000	
Liberty Harbar	2	\$12,000	\$12,000	\$24,000	5	\$500	\$2,000	\$5,500								
Meeting House Montessori	2	\$6,165	\$6,165	\$12,330					1	\$2,000	\$2,000	\$2,000				
Monadnock Waldorf	13	\$625	\$625	\$8,125	4	\$430	\$2,500	\$5,930	3	\$750	\$3,000		3	\$3,000	\$4,646	
Montessori Schoolhouse	1	\$625	\$625	\$625												
Mount Royal Academy									6	\$2,287	\$2,287	\$13,722	8	\$1,700	\$3,000	
Mount Zion School									12	\$300	\$2,000		12	\$714	\$4,646	
Mountain Shadows School									1	\$500	\$500	\$500				
Nashua Christian School									3	\$2,000	\$2,000	\$6,000	4	\$2,248	\$2,820	
New England Classical Academy					1	\$2,150	\$2,150	\$2,150	1	\$1,900	\$1,900	\$1,900				
New Hampton School									1	\$500	\$500	\$500	1	\$725	\$725	\$72
Newport Montessori	1	\$625	\$625	\$625					2	\$500	\$3,000	\$3,500	1	\$4,646	\$646	
Phillips Exeter Academy	1	\$625	\$625	\$625												
Pine Hill Waldorf	7	\$625	\$8,850		3	\$4,000	\$4,675	\$12,675	3	\$1,000	\$4,446		2	\$3,000	\$4,646	\$7,64
Portsmouth Christian Academy									12	\$500	\$3,915		16	\$1,340	\$5,000	
Proctor Academy	1	\$5,900	\$5,900	\$5,900	1	\$500	\$500	\$500					1	\$2,375	\$2,375	
Sant Bani School	3	\$625	\$4,375		2	\$700	\$1,000	\$1,700					2	\$1,250	\$4,646	\$5,89
Second Nature Academy					1	\$2,000	\$2,000	\$2,000								
Southern NH Montessori	1	\$625	\$625	\$625												
St. Benedict Academy													3	\$547	\$4,646	
St. Casimir School									2	\$1,000	\$2,000	\$3,000	1	\$1,950	\$1,950	\$1,95
St. Joseph													2	\$1,350	\$1,350	\$2,69
St. Joseph Regional School													2	\$2,889	\$2,889	\$5,77
St. Thomas Aquinas High School									3	\$1,000	\$2,500		5	\$294	\$4,646	
The Community School	3	\$625	\$625	\$1,875	2	\$500	\$2,000	\$2,500	1	\$1,900	\$1,900	\$1,900	1	\$4,646	\$4,646	\$4,64
Tilton School	1	\$12,000	\$12,000	\$12,000	1	\$500	\$500	\$500								
Tri City Academy									4	\$750	\$4,446		3	\$832	\$4,646	
Trinity Christian School													1	\$3,000	\$3,000	
Trinity High School													1	\$3,000	\$3,000	
Well School	2	\$625	\$1,235	\$1,860												
World Academy	1	\$625	\$625	\$625												
Total	103				40				128				178			

Reaching Higher NH (RHNH) is a nonpartisan 501c3 public education policy resource for Granite State parents, educators and elected officials. We are dedicated to supporting public education and fostering high standards that give our students the opportunity to prepare for college, immediate careers, and the challenges of life in 21st century New Hampshire. For more information on this brief, contact Dan Vallone, Director of Engagement, at dan@reachinghighernh.org.

RHNH board members proudly support the advancement of NH public education. Tom Rath (Rath, Young & Pinatelli), Alan Reische (Seehan, Phinney, Bass & Green), Steve Duprey (Foxfire Property Mgt.), Kass Ardinger (Concord School Dist. Treasurer/Trustee USNH), Lew Feldstein (Fmr. President NH Charitable Foundation), Mark Joyce (Fmr. Exec. Director NH School Administrators Assoc.), David Juvet (BIA NH), Donnalee Lozeau (Exec. Dir. Southern NH Services), Scott McGilvray, (National Education Association), Selma Naccach-Hoff (Manchester High School Central) and Nancy Stiles (Fmr. NH State Senator/Dir. Of Nutrition, Hampton Schools). To learn more about RHNH, visit www.ReachingHigherNH.org.

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