



Education Policy Brief


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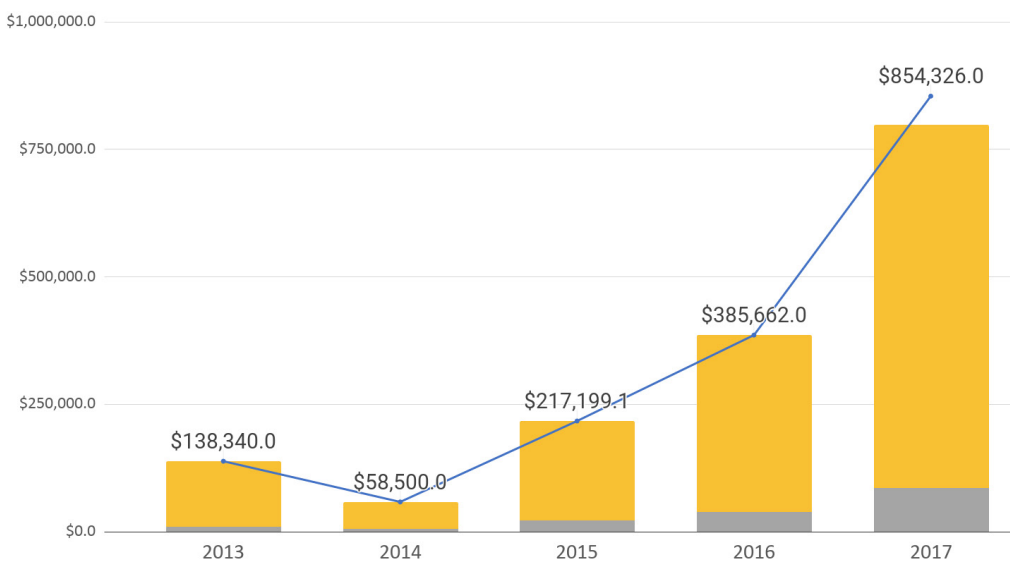
New Hampshire Education Tax Credit Relevant 2019 Legislation - HB 632, SB 270, SB 312

Background:

In June 2012, New Hampshire enacted (over Governor Lynch’s veto) 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 K-12 scholarship organizations that would then provide scholarships to students. In 2017, lawmakers extended the tax credit to individuals for credits against the interest and dividends tax. The scholarships could be used to attend a nonpublic school (aka “private school”) or a public school outside of the student’s residential public school, or to pay for homeschooling educational expenses. Businesses could receive tax credits worth up to 85% of their donation and the qualified scholarship organizations could 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) available a year, but this ceiling can increase under certain conditions. Scholarships are capped at an average (excluding homeschool awards) value of \$2,500 to attend a private or public school and \$625 for homeschool awards; these caps increase with inflation. There are currently two qualified scholarship organizations, the New Hampshire Children’s Scholarship Fund and the Giving and Going Alliance.

Data:

ETC Funds Over Time



 Total Scholarships
 Total Admin
 Total Donations

Notes:

- Annual tax credits may not always equal exactly 85% of donations as tax credits can be taken the year after donating.
- Cat I consists of students who were in public school.
- Cat II consists of students who received a scholarship 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.
- NEO refunded \$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 not available.

Participating Schools (showing number of scholarships and the min and max award size)

	2013	Min	Max	2014	Min	Max	2015	Min	Max	2016	Min	Max	2017	Min	Max
American Vivekanada Academy	3	\$625	\$625												
Beech Hill	2	\$625	\$11,800	5	\$500	\$2,730	5	\$500	\$2,225	6	\$710	\$3,000			
Bishop Brady High School							12	\$500	\$3,000	15	\$893	\$3,000	19	\$1,200	\$4,728
Bishop Guertin High School							2	\$500	\$1,000	3	\$1,121	\$1,868	7	\$2,725	\$3,200
Cardigan Mountain School										1	\$1,927	\$1,927	1	\$2,600	\$2,600
Claremont Christian Academy							2	\$500	\$4,447	4	\$500	\$4,646	7	\$2,067	\$4,728
Concord Christian Academy							17	\$500	\$4,447	24	\$1,669	\$4,646	50	\$2,193	\$4,728
Dublin School				1	\$1,000	\$1,000				1	\$1,031	\$1,031	1	\$963	\$963
Green Valley	2	\$625	\$625	1	\$2,525	\$2,525	1	\$4,446	\$4,446	2	\$3,000	\$4,646	1	\$4,728	\$4,728
High Mowing Waldorf School							2	\$2,000	\$3,000	1	\$1,050	\$1,050	2	\$1,675	\$3,200
Holy Family Academy										1	\$624	\$624	6	\$1,000	\$4,728
Holy Trinity							1	\$1,000	\$1,000	1	\$610	\$610	4	\$248	\$3,200
Home School	56	\$100	\$280	12	\$200	\$750	20	\$150	\$500	29	\$200	\$663	50	\$225	\$675
Infant Jesus School										2	\$1,775	\$1,775	8	\$600	\$2,775
Jesse Remington High School							1	\$1,500	\$1,500	4	\$2,675	\$3,000	4	\$2,738	\$3,200
Kimball Union	1	\$500	\$5,000	1	\$3,000	\$3,000				1	\$3,000	\$3,000	2	\$2,375	\$3,200
Laconia Christian Academy							10	\$1,501	\$4,447	14	\$500	\$2,000	10	\$2,700	\$2,700
Liberty Harbar	2	\$12,000	\$12,000	5	\$500	\$2,000									
Meeting House Montessori	2	\$6,165	\$6,165				1	\$2,000	\$2,000				2	\$3,200	\$3,200
Monadnock Waldorf	13	\$625	\$625	4	\$430	\$2,500	3	\$750	\$3,000	3	\$3,000	\$4,646	4	\$1,513	\$3,200
Montessori Schoolhouse	1	\$625	\$625												
Mount Royal Academy							6	\$2,287	\$2,287	8	\$1,700	\$3,000	14	\$961	\$4,728
Mount Zion School							12	\$300	\$2,000	12	\$714	\$4,646	25	\$1,135	\$4,728
Mountain Shadows School							1	\$500	\$500						
Nashua Christian School							3	\$2,000	\$2,000	4	\$2,248	\$2,820	8	\$2,998	\$3,200
New England Classical Academy				1	\$2,150	\$2,150	1	\$1,900	\$1,900						
New Hampton School							1	\$500	\$500	1	\$725	\$725	3	\$725	\$1,695
Newport Montessori	1	\$625	\$625				2	\$500	\$3,000	1	\$4,646	\$646	2	\$180	\$1,503
Phillips Exeter Academy	1	\$625	\$625												
Pine Hill Waldorf	7	\$625	\$8,850	3	\$4,000	\$4,675	3	\$1,000	\$4,446	2	\$3,000	\$4,646	6	\$2,613	\$4,728
Portsmouth Christian Academy							12	\$500	\$3,915	16	\$1,340	\$5,000	12	\$1,561	\$4,728
Proctor Academy	1	\$5,900	\$5,900	1	\$500	\$500				1	\$2,375	\$2,375	2	\$3,200	\$3,200
Sant Bani School	3	\$625	\$4,375	2	\$700	\$1,000				2	\$1,250	\$4,646	9	\$513	\$4,728
Second Nature Academy				1	\$2,000	\$2,000							1	\$3,200	\$3,200
Southern NH Montessori	1	\$625	\$625												
St. Benedict Academy										3	\$547	\$4,646	4	\$550	\$4,728
St. Casimir School							2	\$1,000	\$2,000	1	\$1,950	\$1,950	4	\$1,025	\$4,728
St. Joseph										2	\$1,350	\$1,350			
St. Joseph Regional School										2	\$2,889	\$2,889	3	\$2,389	\$3,200
St. Thomas Aquinas High School							3	\$1,000	\$2,500	5	\$294	\$4,646	2	\$1,673	\$3,200
The Community School	3	\$625	\$625	2	\$500	\$2,000	1	\$1,900	\$1,900	1	\$4,646	\$4,646			
Tilton School	1	\$12,000	\$12,000	1	\$500	\$500							2	\$640	\$3,200
Tri City Academy							4	\$750	\$4,446	3	\$832	\$4,646	9	\$857	\$4,728
Trinity Christian School										1	\$3,000	\$3,000	4	\$758	\$4,728
Trinity High School										1	\$3,000	\$3,000	3	\$1,450	\$3,200
Well School	2	\$625	\$1,235												
World Academy	1	\$625	\$625												
Total	103			40			128			178			291		

Questions for Consideration

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 not selected (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?

Low. The law requires that at least 70% of scholarships go to students whose annual household income is less than 300% the federal poverty line (approximately \$74,000 for a family of 4 in 2017) in the first two program years, with reductions in that requirement every year thereafter. and requires that 40% of the scholarships (by count, not amount) go to students who qualify for free and reduced price lunch (approximately \$31,590 to \$44,955 for a family of 4 in 2017). In practice the program has awarded 73% of scholarships to students who qualify for free and reduced price lunch; however, the statutory requirements set a low bar in terms of serving families in financial need (relative to other voucher programs). Additionally, the statute does not require any prioritization of students attending poor-performing schools.

Is the process transparent?

Low. It is unclear how students are selected to receive a scholarship. On [NH Children's Scholarship Fund's](#) website, it says that scholarships are awarded based on the metrics in the law, financial need, and funds raised; it is not clear that there is a lottery that makes these decisions 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.)

Is the program constitutional?

Unclear. The program was challenged on Constitutional grounds and in 2014, the New Hampshire Supreme Court ruled that the plaintiffs did not have standing. At that time, the Court did not rule on the Constitutionality of the program. However, a constitutional amendment passed by voters in 2018, would allow the Supreme Court to rule on the program if it were brought up again.

