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Contact: Dan Vallone, Policy Director

Phone: 603-724-8705

Email: dan@reachinghighernh.org

Reaching Higher NH Analysis:

Amendment to SB 193 Improves Bill, but Increases Financial Impact on School Districts

March 1, 2018 -- Reaching Higher New Hampshire, a nonpartisan education policy nonprofit, has released an analysis of a new amendment to [SB 193](#), a bill to create a statewide education savings account (ESA or voucher) program.

The analysis finds that the amendment addresses some technical issues raised by previous amendments. At the same time, it increases the financial impact on many districts, particularly several of the largest school districts in the state.

Reaching Higher's analysis shows that:

- School districts could lose between **\$2.4 million** and **\$6.3 million** in state aid in year 1;
- The state could incur new costs (adjustment grants) of between **\$900,000** and **\$2.4 million** in year 1;
- The private scholarship organization could receive between **\$110,000** and **\$290,000** of public dollars in year 1; and,
- Financial impacts of the new amendment would likely be most challenging for some of NH's **largest** and **least affluent districts**. **Manchester, Nashua, Rochester, Laconia, and Claremont** are each projected to **lose between approximately \$95,000 and \$850,000 annually**, should the maximum number of students allowable participate in the voucher program.

Reaching Higher will publish an analysis detailing all of the substantive changes proposed by the new amendment, but for the purposes of the analysis released today, there are three important considerations:

1. The amendment restricts eligibility to students in public school grades 2-12 who have family incomes below 185% of the [Federal Poverty Level](#) (~\$45,510 for family of 4) or who attend a school that has not met state accountability standards for 2 consecutive years;
2. The amendment creates annual caps on participation. In any year, participation in SB 193 shall not exceed (for any given district):
 - a. 5% of a district's student population eligible for free and reduced-price lunch (FRL) for districts where average daily membership in residence (ADM-R) is less than 101;

- b. 4% of a district’s FRL student population for districts where ADM-R is greater than 100 but less than 301; and,
- c. 3% of a district’s FRL student population for districts where ADM-R is greater than 300.

(Note: the amendment also creates a minimum “floor” in terms of participation meaning that at minimum the cap will be set at 3 students per year for any given district; in addition, no single school can see an annual outflow of students to exceed 5% of its ADM-R;) and,

- 3. The amendment eliminates the proposed “stabilization grants” and instead compels the state to provide an “adjustment grant” to each municipality in the amount of \$1,500 for each student who participates in SB 193 for the first time.

(Note: although the amendment restricts eligibility to students in grades 2-12, the participation caps are set using the total district population, increasing overall projected participation. In Manchester for example, the annual cap is over 200 students.)

To run its analysis, Reaching Higher looked at two different scenarios with the new amendment. In the first case, Reaching Higher analyzed financial impacts assuming conservative participation rates that range from 0.5% to 2.5% of eligible students per year based upon the concentration of private schools in a district’s geographic footprint. In the second scenario, Reaching Higher analyzed financial impacts assuming school districts saw maximum participation allowable (per the new caps proposed in the amendment).

The House Finance Subcommittee assigned the bill continues to deliberate on the proposed amendment and as such, Reaching Higher will continue to update and revise its financial models to reflect ongoing changes to the legislation.

See the full analysis, with district-level information, [here](#). See the full Summary of Financial Impact [here](#).

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Reaching Higher NH is a nonpartisan 501c3 public education policy resource for NH families, educators, and elected officials. Our mission is to support high-quality public education and the infinite potential of every child in New Hampshire. Learn more at ReachingHigherNH.org.