

Education Freedom Accounts

The State of New Hampshire funds approximately 30% of each school districts budget. Local funds account for roughly 65% of the total budget and the remaining 5% of funding is provided by the Federal government.

The State of New Hampshire calculates how much it contributes to each school district based the number of students in attendance. If a child changes school districts those funds, follow the child (does not apply to private school). The program is also known as Adequate Education Grants and are provided by the Education Trust Fund

Each school district receives a base rate of approximately \$3,700 per student. Additional funding is then added to this amount based on the individual needs of the student. This is referred to as a “stacking methodology”.

Additional funds are allocated if the student qualifies for participation in the following programs:

- Free and/or Reduced Lunch Costs.
- English Language Learner or English as a Secondary Language.
- Scoring below a 3rd grade reading level by state assessment.
- Differentiated Aid based on qualifying disability.

Children not in enrolled in the public school system (i.e., Homeschooled, Private School, etc..) are not factored into the State of NH’s contribution amount and the local district does not receive any funding associated with the education of these children. Children exercising the Education Funding Account (EFA) are considered enrolled by the State of New Hampshire and are considered in the contribution amount.

Education Freedom Account (EFA):

The Education Freedom Account (EFA) program is designed to assist families, earning up to 300% of the Federally identified poverty line, with accessing funding to pay for tuition at the school of their choice, tutoring, online learning programs, educational supplies, and other qualified educational expenses. These funds are provided by private donations through the **Children’s Scholarship Fund (CSF)**, a 501(c)(3) not-for-profit organization. **No other state education funds** are used for the EFA program.

Funds are only made available for approved education uses (see list of Education Service Providers and allowable expense categories). The average school EFA amount awarded for 2021-22 was \$4,200.

What happens to the public school system budget?

When a student leaves the public school and utilizes the EFA program, the State continues to fund the district for the next four years as though the child is still in attendance on reducing scale. The first year the student exercises the EFA program the district will receive 100% of approximate state funds of \$3,700. If the student continues in the EFA program in year two the State of New Hampshire will reduce the funds by 50% (\$1,850). If the student continues in the EFA program in year three the State of New Hampshire will reduce the funds by 75% (\$2,775). If the student continues in the EFA program in year four the State of New Hampshire will reduce the funds by 100%.

How does the Children's Scholarship Fund raise money?

The Scholarship fund raises money through private donations and offers a robust tax credit incentive for donations to scholarships. Donating businesses may donate up to 600k annually and receive an 85% Education Tax Credit against the state's business profits tax (BPT), Business Enterprise Tax (BET) and the Interest & Dividends Tax (I&D).

How does the school districts receive local funding for education?

School District property owners pay real estate taxes as a percentage of their annual tax bill twice a year. This equates to approximately 65% of the school districts funding.

The approved school districts' budget costs not covered by the State and Federal contributions are divided proportionally, as a real estate tax, across each property in the school district.