

MEMORANDUM

Date: December , 2025
To: Honorable Kelly Ayotte, Governor
Honorable Sherman Packard, Speaker of the House
Honorable Sharon Carson, President of the Senate
Honorable Paul C. Smith, House Clerk
Honorable Tammy L. Wright, Senate Clerk
New Hampshire State Library

From: Senator Ruth Ward, Chair

Subject: Annual Report for HB 2, Chapter 91:431, Laws of 2021

Pursuant to HB 2, Chapter 91:431, Laws of 2021, please find enclosed the finding and recommendations of the Education Freedom Account Oversight Committee.

If you have any questions or concerns regarding this report, please do not hesitate to contact me.

Sincerely,

Senator Ruth Ward
Senate District 8
Chair

Enclosures: Annual Report, EFA Facts Sheets, CSFNH Memo, CSFNH Record of Educational Attainment, Grant Thornton LLP Audit Report.

CC: Members of the Committee

PROGRAM OVERVIEW

In 2021, the New Hampshire General Court approved the Education Freedom Account program, a scholarship program by which New Hampshire families would be empowered to use the state's per-pupil adequate education grant in a manner of their choosing to find the best educational options for their child.¹

Eligibility was initially set for New Hampshire families with school-aged children that earned less than 300% of the federal poverty guidelines published annually by the Department of Health and Human Services, increasing to 350% in 2023.² Earlier this year, the Legislature removed the income eligibility cap, replacing it with a rising enrollment cap set at 10,000 students.³

EFA funds, administered through a scholarship organization, could be used in a number of ways, including tuition at non-public schools, textbooks, educational software, school uniforms, tutoring, and transportation.

The legislation creating the EFA program also established a Legislative Oversight Committee tasked to “monitor the implementation” of the program, including “the impact of state education funding to local school districts”, and to make “recommendations for any legislative changes to the education freedom account program” through a report submitted annually on or before November 30.

Implementation of Education Freedom Accounts

In just four years, the Education Freedom Account program has proven itself both popular and successful. Just months after its passage, more than 1,600 New Hampshire families were granted EFA scholarships, making it one of the fastest start-up school choice programs in the nation. Earlier this year, EdChoice determined that “New Hampshire’s success in implementing the expansive Education Freedom Account program is a model for states across the nation”⁴.

Year	EFA Enrollment	Free and Reduced	Special Education
2025-26 ⁵	10,510	2,017	890
2024-25 ⁶	5,321	1,974	377
2023-24 ⁷	4,211	1,871	264
2022-23 ⁸	3,025	1,504	187
2021-22 ⁹	1,635	879	88

¹ [HB 2, 2021](#)

² [HB 367, 2023](#)

³ [SB 295, 2025](#)

⁴ [The 2024 EdChoice Yearbook Superlatives - EdChoice](#)

⁵ NH Department of Education, [November 2025 Education Freedom Account Data Fact Sheet](#)

⁶ NH Department of Education, [EFA Annual Report and Fact Sheet 2024](#)

⁷ NH Department of Education, [EFA Annual Report and Fact Sheet 2023](#)

⁸ NH Department of Education, [EFA Annual Report and Fact Sheet 2022](#)

⁹ NH Department of Education, [EFA Annual Report and Fact Sheet 2021](#)

In the current academic year, the EFA program is serving 10,510. Roughly half, 5,381 are Grades K-5, with 2,408 in Grades 6-8, and 2,721 in Grades 9-12. That total represents 6.7% of New Hampshire's school-aged student population. Participation in the EFA program peaks at over 9% in Grades 1-2, gradually dropping to just over 5% in Grade 12.

More than 83% of EFA enrolled students meet the program's priority status, defined as having been previously enrolled, be the sibling on an enrolled EFA student, have a disability, or be from a family earning 350% or less than the Federal poverty guidelines. Lifting the income eligibility threshold has particularly benefitted Special Needs students. This year, the number of EFA students with a disability increased by 136%, greatly outpacing the growth of the overall program.

Participation by town varies greatly. Manchester continues to have the highest number of students in the EFA program, with 1,122, roughly 9% of its public-school aged student population. By contrast, nearly 29% of eligible students in Rindge participate in EFAs as well as more than 16% of students in New Ipswich. Towns of Derry and Londonderry have under 4% of their students enrolled in the EFA program.

The EFA program requires annual academic assessments for all participating students. There are four alternatives provided:

1. A standardized test, such as the California Achievement Test, the PSAT, or the SAT,
2. The New Hampshire State-Wide Assessment,
3. A review of the student's academic portfolio by a teacher employed at a New Hampshire school, or
4. The student's report card from the student's public or non-public school.

This assessment data is available to parents, who are the decision makers on the value and effectiveness of the EFA program. It provides them feedback and accountability as they chart their children's academic path. Due to the varied assessment methods, and the small number of students in many school districts, it has been difficult to aggregate these assessment results in a way that could be shared publicly without violating an individual student's privacy.

In January, the organization EdChoice ranked New Hampshire's EFA program as the "Most Effective Implementation" for the second year in a row, noting that "New Hampshire's Education Freedom Account (EFA) program stands out for its smooth and efficient implementation."¹⁰ New Hampshire's EFA program was also cited alongside Utah and West Virginia for "Best Universal Usage".

Children's Scholarship Fund Report of Independent Public Accountants

The firm Grant Thornton LLP conducted a thorough and independent audit of the Children's Scholarship Fund for the academic year ending August 31, 2025. That audit included a full review of:

- EFA application and eligibility data

¹⁰ EdChoice, [2025 Yearbook Superlatives](#), January 25, 2025

- ClassWallet transactions and supporting documentation
- Internal controls, financial procedures, and reporting practices
- Program administration costs and compliance with state requirements

The audit confirmed that all records are accurate, compliant, and properly managed. In addition to these findings, Children’s Scholarship Fund New Hampshire has earned a 4-Star Charity Navigator rating and a GuideStar Silver transparency seal.

Impact of state education funding to local school districts

The Education Freedom Account program has not reduced state education funding to local school districts. Over the past five years, state funding for local district schools has steadily increased, despite a falling student population. State Adequacy Spending, which shares its funding formula with the EFA program, approached \$1.08 Billion in 2026.

There is no evidence that increased participation in the EFA program has reduced state support for local school districts across New Hampshire.

Recommendations for legislative changes

Since its initial passage in 2021, the Legislature had considered several changes to the EFA program. This past year, the Legislature rejected several proposals to limit the program, including:

- Forcing parents participating in the EFA program to pay federal income tax on EFA funds. HB 402
- Prohibiting the use of EFA funds for religious schools, in violation of the U.S. Supreme Court’s precedent in the Trinity Lutheran, Gonzalez v, Montana Department of Revenue, and Carson v. Makin cases. HB 549

Several similar bills have already been filed for the 2026 Session. After five years of growth and success, it is obvious that opponents of school choice will never accept the value of giving New Hampshire parents discretion to use state education funds in the manner they believe would best benefit their children.

This committee does recommend that the Department of Education develop a plan to aggregate data from EFA student annual assessments in a manner that protects student privacy and present the Legislature with any recommendations if legislation is necessary to accomplish this goal.

Children’s Scholarship Fund New Hampshire is currently the only approved scholarship organization for the EFA program. Other organizations have expressed interest in fulfilling that role. The EFA statute is not explicit as to whether the Department of Education can approve more than one organization to administer EFA funds. The Legislature should clarify this ambiguity.

MINORITY REPORT

APPENDICES

NH Department of Education EFA Fact Sheets, 2021-2025

Children's Scholarship Fund NH, EFA Program Memo, November 7, 2025

Children's Scholarship Fund NH, Record of Educational Attainment

Children's Scholarship Fund Report of Independent Public Accountants, Grant Thornton LLP,
2025

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