



# EXECUTIVE SUMMARY **EDUCATION SAVINGS ACCOUNTS**

---

Inform. Equip. Connect. [www.thepolicycircle.org](http://www.thepolicycircle.org)

# WHAT ARE EDUCATION SAVINGS ACCOUNTS?

An Education Savings Account, also known as “ESA,” enables parents to “withdraw their children from public or charter schools and receive a deposit of public funds into government-authorized savings accounts with restricted, but multiple uses.”

The accounts operate much like a debit card that parents can use to purchase approved educational savings services for their children, such as private school tuition, private tutoring fees, community college costs and other customized learning services.

## FACTS TO KNOW

- There are currently ESA programs in 13 states (as of January 2024): Arizona, Arkansas, Florida, Indiana, Iowa, Mississippi, Montana, New Hampshire, North Carolina, South Carolina, Tennessee, Utah, and West Virginia.
- Funding from the U.S. Department of Education makes up less than 10% of the elementary and secondary education budget. State and local governments fund the remaining 90% or more.
- As of 2022, 30,992 K-12 students in the U.S. were recipients of ESAs.
- The ESA funds are placed into an account for use by parents to pay for educational expenses such as tuition for a private school, supplies such as textbooks or technology expenses, private tutoring, or specialized educational or therapeutic services based on the needs of the student.
- The ESA expenses are audited by the servicing entity (a contracted third party, as is the case in Florida and Arizona) to ensure that the funds are being used properly.

# FRAMING THE ISSUE

- Each state has its own set of guidelines to determine which students are eligible for ESAs and how much funding students receive.
- Similarly, each jurisdiction has its own way of administering the program, including determining which services are eligible to be purchased with ESA funds and whether the state or a third-party company will administer the program.
- The fact that ESA funds come from taxpayer money is a main concern for many opposed to ESAs. Since ESAs come from taxpayer funders and can be used for religious schools, it could mean ESAs run “counter to state and federal principles of separation of church and state.” Others are concerned that funding for ESAs diverts resources away from public schools and the students that remain there, although whether this is true has yet to be determined.
- The primary benefactors of ESAs have been students with disabilities or special needs, as well as students with challenging circumstances. Some proposals of universal eligibility have faced legal challenges.
- A major factor in determining the success of ESAs is academic progress. Traditional public schools use tools such as standardized tests to determine academic success. With an ESA program, curriculum requirements and teacher qualifications are not factors considered in determining what educational expenses ESA funds can be used for. In some states, parents must submit data on their children’s academic progress, but assessments are not standardized, and therefore difficult to measure.
- How timely and effective audits are in managing the programs and preventing fraud is unclear. A 2019 audit of Florida’s ESA program by the Florida Auditor General found that Step Up INC., the third party in charge of administering the ESA program, did not properly evaluate applicants and spent \$280,000 in program funds on expenses not related to the program. At the same time, audits of public schools from around the country have also uncovered misuse of public funds due to “poor record keeping” or poor accounting practices.

# WHAT YOU CAN DO

**01. MEASURE** Do you know what educational options exist in your state? What school district are you in? What is your school district's budget? Do you know what the average spending per pupil is? Is there an education coalition or task force, or does one need to be formed?

**02. IDENTIFY** Who are the members of boards of education in your state? Who is on your district's school board? What steps have your state's/community's elected/appointed taken? Who are the local organizations or groups that are involved in education reform near you?

**03. REACH OUT** Find allies in your community or in nearby towns and elsewhere in the state. Foster collaborative relationships with community organizations and school boards.

**04. PLAN** Set milestones based on your state's legislative calendar or local community calendar.

**05. EXECUTE** Set up a meeting with your state representatives to discuss their views and understandings of ESAs, or attend school board meetings to ask questions, find out about priorities, and review annual budgets. Meet with a family who chooses private or charter schools as an option for educating their children, and ask their views. Volunteer at your child's school to learn about the teachers' views, how the schools run, and how decisions are made.