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THE POLICY CIRCLE

EDUCATION SAVINGS ACCOUNTS



➤ WHAT ARE EDUCATION SAVINGS ACCOUNTS? ◀

AN EDUCATION SAVINGS ACCOUNTS, ALSO KNOWN AS AN “ESA,” ENABLES PARENTS TO “WITHDRAW THEIR CHILDREN FROM PUBLIC DISTRICT 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 SERVICES FOR THEIR CHILDREN, SUCH AS PRIVATE SCHOOL TUITION, PRIVATE TUTORING FEES, COMMUNITY COLLEGE COSTS AND OTHER CUSTOMIZED LEARNING SERVICES.



➤ FACTS TO KNOW ◀



ARIZONA, FLORIDA, MISSISSIPPI, NORTH CAROLINA, AND TENNESSEE HAVE ACTIVE ESA PROGRAMS. NEVADA'S PROGRAM IS INACTIVE.

AS OF 2020, OVER 20,000 K-12 STUDENTS WERE RECIPIENTS OF ESA PROGRAMS IN THE U.S.

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.

ACCORDING TO THE NATIONAL CENTER FOR EDUCATION STATISTICS, THE NUMBER OF STUDENTS AGES 3-21 WHO RECEIVED SPECIAL EDUCATION SERVICES UNDER THE INDIVIDUALS WITH DISABILITIES EDUCATION ACT HAS AVERAGED BETWEEN 13% AND 14% OF ALL PUBLIC SCHOOL STUDENTS SINCE 2000. IN 2018, THERE WERE 7.1 MILLION PUBLIC SCHOOL STUDENTS RECEIVING SERVICES. OF THOSE, ONE-THIRD HAVE SPECIFIC LEARNING DISABILITIES. HAVING CHOICES IN EDUCATIONAL SERVICES ALLOWS ALL CHILDREN TO RECEIVE A CUSTOMIZED EDUCATION EXPERIENCE THAT CAN MEET THEIR INDIVIDUAL LEARNING NEEDS, THEREBY PREPARING THEM FOR THE FUTURE.

➤ FUNDING ◀



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.

ESAS ARE FUNDED BASED UPON THE STATE'S AVERAGE "PER PUPIL FUNDING." THIS FIGURE IS DERIVED FROM TAKING THE OPERATIONAL BUDGET OF A SCHOOL SYSTEM AND DIVIDING IT BY THE TOTAL NUMBER OF STUDENTS THE SYSTEM SERVES, BUT NOT ALL STATES DO IT EXACTLY THE SAME. FOR EXAMPLE, ARIZONA AND NEVADA GIVE 90% OF THE TOTAL PER PUPIL REVENUE (FEDERAL, STATE, AND LOCAL) THAT WOULD OTHERWISE GO TO THE PUBLIC SCHOOL TO THE ESA PROGRAM. THE FINAL 10% OF FUNDS FOR THAT STUDENT ARE USED TO COVER ADMINISTRATIVE COSTS ASSOCIATED WITH THE PROGRAM'S OVERSIGHT.



IN ARIZONA, FAMILIES FOR NON-SPECIAL NEEDS STUDENTS RECEIVED AN AVERAGE FUNDING OF JUST OVER \$6000 IN 2019, APPROXIMATELY \$4000 LESS THAN ARIZONA'S PUBLIC SCHOOL AVERAGE PER PUPIL SPENDING. IN FACT, FOR FISCAL YEAR 2020, ARIZONA'S BUDGET INCLUDES "AN EXPLICIT SUBSIDY FOR THE PUBLIC SCHOOL SYSTEM USING ESA PROGRAM SAVINGS," WITH APPROXIMATELY \$3 MILLION GOING TO UPDATING THE DEPARTMENT OF EDUCATION'S IT SYSTEM.

THE ESA EXPENSES ARE AUDITED BY THE SERVICING ENTITY (A CONTRACTED THIRD PARTY, AS IS THE CASE IN FLORIDA, OR THE STATE, AS IS THE CASE IN ARIZONA) TO ENSURE THAT THE FUNDS ARE BEING USED PROPERLY.





➤ FRAMING THE ISSUE ◀

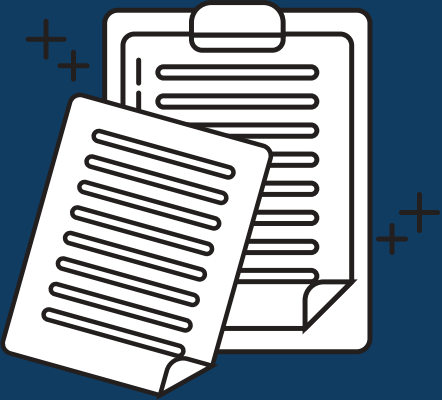
THE FACT THAT ESA FUNDS COME FROM TAXPAYER MONEY IS A MAIN CONCERN FOR MANY OPPOSED TO ESAS. SINCE ESAS COME FROM TAXPAYER FUNDS AND CAN BE USED FOR RELIGIOUS SCHOOLS, IT COULD MEAN ESAS RUN “COUNTER TO STATE AND FEDERAL PRINCIPLES OF SEPARATION OF CHURCH AND STATE.” OTHERS ARE CONCERNED THAT FUNDING FOR ESAS DIVERTS RESOURCES AWAY FROM PUBLIC SCHOOLS AND THE STUDENTS THAT REMAIN THERE, ALTHOUGH WHETHER IS THIS TRUE IS STILL TO BE DETERMINED.

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, AND, “GIVEN THAT SCHOOL CHOICE PROGRAMS RELY ON PUBLIC FUNDS, THERE IS A FAIR ARGUMENT THAT TAXPAYERS DESERVE ASSURANCE THAT STUDENTS ARE PROGRESSING ACADEMICALLY” 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.

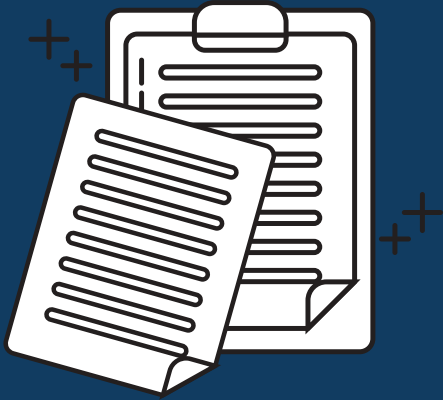
THE PRIMARY BENEFACTORS OF ESAS HAVE BEEN STUDENTS WITH SPECIAL NEEDS, AS WELL AS STUDENTS WITH CHALLENGING CIRCUMSTANCES, SUCH AS CHILDREN IN MILITARY FAMILIES OR IN FOSTER CARE. SOME PROPSOALS OF UNIVERSAL ELIGIBILITY HAVE FACED LEGAL CHALLENGES, ALTHOUGH SURVEY DATA INDICATES PARENTS ARE MORE SATISFIED WITH EDUCATIONA OPTIONS OF CHOICE, AS OPPOSED TO TRADITIONAL PUBLIC SCHOOLS OF ASSIGNMENT.

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 ALWAYS 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.





➤ SUCCESS & SOLUTIONS ◀



EDUCATION FREEDOM SCHOLARSHIPS (EFS), IN THE SHORT TERM, HAVE BEEN CONSIDERED AS A MEANS OF PROVIDING EMERGENCY ASSISTANCE TO STUDENTS AND THEIR FAMILIES AS AMERICANS ACROSS THE COUNTRY DEAL WITH THE COVID-19 PANDEMIC. IF APPROVED, THE SHORT TERM EFS LEGISLATION WOULD AUTHORIZE “ONE-TIME, EMERGENCY APPROPRIATIONS FOR SCHOLARSHIP-GRANTING ORGANIZATIONS IN EACH STATE.” THESE SGOS WOULD PROVIDE FAMILIES WITH DIRECT EDUCATION ASSISTANCE TO FIND THE BEST EDUCATION OPTIONS FOR THEIR CHILDREN, AS WELL AS “HELP PRIVATE SCHOOLS SURVIVE CORONAVIRUS, AND PRESENT AN INFLUX OF STUDENTS INTO PUBLIC SCHOOLS THAT MAY ALREADY BE STRUGGLING WITH OVERSIZE CLASSROOMS.”

ESAS ARE ONLY ONE OF THE MANY SCHOOL CHOICE OPTIONS AVAILABLE FOR FAMILIES LOOKING OUTSIDE OF PUBLIC SCHOOLING OPTIONS, INCLUDING VOUCHERS (13 STATES AND THE DISTRICT OF COLUMBIA), TAX-CREDIT SCHOLARSHIPS (18 STATES), CHARTER SCHOOLS (44 STATES AND THE DISTRICT OF COLUMBIA), AND PRIVATE SCHOOL CHOICE PROGRAMS (26 STATES AND THE DISTRICT OF COLUMBIA). THE EDUCATION FREEDOM SCHOLARSHIPS AND OPPORTUNITY ACT WOULD CREATE “A \$5 BILLION ANNUAL FEDERAL TAX CREDIT FOR BUSINESSES AND INDIVIDUALS WHO VOLUNTARILY DONATE TO SCHOLARSHIP GRANTING ORGANIZATIONS (SGOS).”

➤ WHAT YOU CAN DO ◀

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?



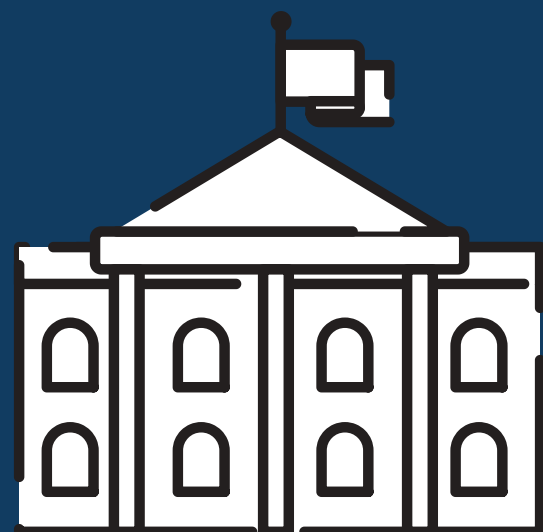
IDENTIFY -

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 OFFICIAL TAKEN? WHO ARE THE LOCAL ORGANIZATIONS OR GROUPS THAT ARE INVOLVED IN EDUCATION REFORM NEAR YOU?



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.



PLAN -
SET MILESTONES BASED ON YOUR STATE'S LEGISLATIVE CALENDAR OR LOCAL COMMUNITY CALENDAR.



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 TEACHERS' VIEWS, HOW THE SCHOOL RUNS, AND HOW DECISIONS ARE MADE.

