

POLICY FOCUS

Personalizing Learning through Education Savings Accounts

RECIPES FOR RATIONAL GOVERNMENT FROM THE INDEPENDENT WOMEN'S FORUM

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WHAT YOU NEED TO KNOW

Parents are enjoying a growing number of policies and programs that give them more power to choose how their children are educated. Private school voucher and tax-credit scholarship programs, charter schools, public school choice, and tax credit and deduction programs are all helping give hundreds of thousands of parents across the country more and better educational options.

Education savings accounts (ESAs) are the latest parental choice innovation. ESAs let parents withdraw their children from public school and instead receive a portion of the funding that would have gone to that public school for their child in a designated savings account. Parents can then use those funds to pay for authorized education expenses, including private school tuition, tutoring, test preparation, and online courses. Any leftover funds remain in the child's designated ESA and can be used to pay for future education expenses, such as college.

Currently, ESA programs in Arizona and Florida are helping parents of students with unique needs personalize their children's educational experience, and early research shows that ESAs are working for students. In recent years, Arizona lawmakers have expanded the program to include students in or assigned to failing public schools, students from the foster care system, and students whose parents serve in the military. However, every child is unique, and therefore all states should explore moving toward an ESA system to allow for more personalizing learning for all students.

WHY YOU SHOULD CARE

We all benefit from having a more educated populace. Education savings accounts (ESAs) help us achieve that goal. Here are a few reasons to support ESAs:

- **Personalizing Education:** ESAs empower parents not only to choose the types of schools they think are best but also to tailor educational services to meet their children's unique needs and circumstances.
- **Encouraging a More Diverse Education Marketplace:** By putting parents in charge of their children's educational dollars, ESAs support the kind of customization that's critical to each student's academic success. This encourages education entrepreneurs to seek innovative new ways to help children learn more.
- **Helping Those Most in Need:** Students with disabilities and special educational needs often struggle in a traditional public school setting. Parents of special needs children need flexible, tailored educational settings and services from a variety of providers. ESAs empower parents to personalize their child's learning so they can reach their full potential.
- **Discouraging Waste:** With ESAs, parents have an incentive to use funds wisely. ESAs also reduce the burden on taxpayers, since typically parents receive less in their accounts than what would have been needed to support the traditional public school bureaucracy.

MORE INFORMATION

School Choice Works

Fifteen years ago Nobel Prize-winning economist Milton Friedman noted that just because we finance education through government that does not mean government should be in charge of delivering education. "Education spending will be most effective," Friedman explained, "if it relies on **parental choice and private initiative**—the building blocks of success throughout our society."

Today, significant numbers of children with special needs and circumstances struggle academically, including **students with disabilities**, from **military families**, in the **foster care system**, and those assigned to **failing public schools**. As of the current school year, there are 20 private school parental choice scholarship programs in 14 states **specifically for students with disabilities**, including five programs that also make students from military families, from the foster care system, and/or students assigned to failing public schools eligible for scholarships. These programs are helping nearly 113,000 students.

Research consistently shows how parental choice benefits children and society generally. For example, a study of the country's largest scholarship program for special needs students, **Florida's McKay Scholarship Program**, shows that parental satisfaction rates with their children's chosen private schools are nearly three times

greater than with their previous public schools (93 percent compared to 33 percent). Participating private schools were also more responsive to children's unique needs: participating students had fewer behavioral problems, were victimized less, and enjoyed smaller class sizes. Additional research finds that **public school performance improves** in response to competition from private schools accepting McKay scholarship students, including evidence of **improved academic performance** among special needs students with mild disabilities.

Gold standard research also shows that disadvantaged students, including low-income and minority children, who use scholarships to attend the schools their parents think are best perform better in reading and math, have higher high school graduation rates, college attendance rates, and **higher college graduation rates** than their peers who did not use scholarships.

All this evidence suggests policymakers should seek more ways to give parents more control over their children's education.

New, Growing Options: Education Savings Accounts

Two states have recently enacted education scholarship account programs, or ESAs, for students with disabilities and special needs. ESAs in Arizona and Florida are being used by **nearly 2,600 students** combined and are helping empower parents to customize their children's education to degrees few Americans

could **otherwise afford**. Not only are parents more satisfied, but students are also thriving academically and socially for less than what it costs in a public school setting.

Arizona became the first state to enact an **ESA program** in 2011, officially called Empowerment Scholarship Accounts. In 2014 **Florida** enacted its ESA, the **Personal Learning Scholarship Account Program**. Both programs serve students identified as having special educational needs. Since 2011 Arizona has **expanded its program** to include students in or assigned to failing public schools, students from the foster care system, as well as children of Active Duty members of the military stationed within the state. Proposed expansions introduced this year would make non-disabled students being raised by their **grandparents**, those who live on **Indian reservations**, and children on public school **waiting lists** eligible for Arizona ESAs. Gov. Rick Scott has also proposed **\$5 million** in additional funding to expand Florida's ESA program.

ESAs are Easy to Use

ESAs in Arizona and Florida operate similarly. **Arizona parents** of eligible students who do not prefer a public school education for their child simply inform their state education agency. They sign a contract promising not to enroll their child in a public school during the upcoming year, and the state deposits 90 percent of what it would have spent into a designated ESA for that child instead. **Florida parents** of special education students apply

to one of the two **non-profit scholarship funding organizations** (SFOs) authorized to oversee the ESA program and inform their local public school that their child will be participating in the ESA program. The SFO then deposits an amount worth 90 percent of what the state would have spent into the child's ESA. **Arizona parents** receive an ESA debit card to make authorized educational purchases. The two Florida SFOs overseeing the ESA program have similar procedures for participating families. One SFO issues **unique ID cards** for parents to access their child's ESA account and submit preauthorized payments and expense claims. The other authorizes **debit transfers** for pre-approved purchases.

ESAs Promote Personalized Learning

Parents in **Arizona** and **Florida** can use their child's ESAs to pay for a variety of approved educational services and supplies, including private school tuition and fees, special therapies, tutoring, curricula, online courses, exam fees, and special aides. **Early research** on Arizona's ESA program found that parents are using funds to pay for tuition at a variety of private schools, including faith-based schools (Catholic, Protestant, and Jewish), single-sex schools, schools with dedicated curricula such as Montessori schools and Waldorf academies, and schools specializing in autism. More than one-third of parents (34 percent) also used their children's ESAs to customize learning options, including paying for private tutoring, therapy, specialized materials, and online courses.

The ability to choose not simply where but how their children are educated results in **high parental satisfaction** with ESAs. Fully 100 percent of participating Arizona parents reported being satisfied with the program, with 71 percent reporting they are "very satisfied." In contrast, just 43 percent of parents reported any level of satisfaction with their children's previous public schools.

ESAs are Fiscally Accountable

By design, ESA programs in **Arizona** and **Florida** are fiscally accountable. Participating parents are required to keep expense portfolios and submit regular expense reports to the agencies overseeing the programs. They are also required to abide by clearly defined parent responsibilities. Parents who do not comply forfeit their child's ESA. **Arizona's program** has a zero tolerance policy for misspending. ESA accounts are immediately frozen if there is any suspicion of misspending. If substantiated, parents must repay misspent funds, and they can be immediately removed from the program. In addition to the structural program accountability, research on **Arizona's ESA program** also shows they promote personal fiscal responsibility. Because any unused ESA funds can be rolled over from year to year for future education expenses, parents have a powerful incentive to find the best quality programs at the best prices.

ESAs Pass Constitutional Muster

Parental choice opponents in both **Arizona** and **Florida** filed unsuccessful lawsuits against

the ESA programs in their respective states. The Arizona School Boards Association and the Arizona Education Association, the state's largest teachers union, claimed that ESAs violate the Arizona Constitution's religious establishment clauses because, like voucher scholarships, ESAs direct public funds to private schools. The Arizona Court of Appeals **unanimously upheld** the program because, as Judge Jon W. Thompson wrote, "This program enhances the ability of parents of disabled children to choose how best to provide for their educations, whether in or out of private schools. No funds in the ESA are earmarked for private schools. Thus, we hold that the ESA does not violate the [Arizona Constitution]."

The Florida Education Association and others opposed the state's ESA program on **procedural grounds**, claiming its enabling legislation violated the state constitution's prohibition against including too many issues in a single bill. A Florida circuit court **dismissed** the teachers union's original case and **its appeal** for failing to show palpable damages.

Expanding ESAs

In Arizona and Florida, ESAs are limited to families with special needs or circumstances, and at least **nine other states** are considering enacting similar ESA programs for special needs students. But there is no good reason to limit ESAs to select student populations. Every student, regardless of his or her circumstances, should have the opportunity for personalized learning. Parents, with control of their children's education funding, can seek a

variety of education service providers based on their children's unique needs. And, because education providers are not constrained to work within a rigid, bureaucratic public school system, more providers can enter the education marketplace and innovate in order to meet the needs of individual children. This increased competition for students creates powerful pressure on all providers to offer effective, high quality programs at reasonable prices. ESAs are likely to improve children's and families' experience with the educational system and lead to greater educational achievement. This policy approach is a win-win for students, families, and taxpayers—and every state should consider a universal ESA program.

What ESAs Mean to Families

"We are **very satisfied** with the level of freedom [the] ESA allows in getting our daughter the education she needs to enter into regular classes rather than having the school system keep her in special ed the rest of her life."

"The ESA program has **given us choice** in our child's education and access to a private school aimed at children with autism. She has developed tremendously over the past school year."

"I really love the ESA program. ... It indirectly **raises the expectations of school programs**. It raises the level of care, raises the competition between schools—a giant benefit for the whole population. Bravo! Now the kids who were being bullied and neglected have a chance to get away and go to a place that is better."

"**Liam...is reading on grade level, which is huge**. ... It's helping his speech...and his overall communication has improved. ... This program is just such a game-changer for parents...because the therapies and the education that we want to provide... to make them...reach their maximum potential is very expensive."

WHAT YOU CAN DO

You can help improve educational freedom for all students and their families and fight needless, government micromanaging of parents' education choices for their children!

- **Get Informed:** Learn more about how educational freedom benefits women, men, and children of all ages! Visit:
 - [Independent Women's Forum](#)
 - [The Friedman Foundation for Educational Choice](#)
 - [The Heartland Institute](#)
 - [The Institute for Justice](#)
- **Talk to Your Friends:** Help your friends and family understand these important issues. Tell them about what's going on and encourage them to join you in getting involved.

- **Become a Leader in the Community:**

Get a group together each month to talk about a political/policy issue (it will be fun!). Write a letter to the editor. Show up at local government meetings and make your opinions known. Go to rallies. Better yet, organize rallies! A few motivated people can change the world.

- **Remain Engaged:** Too many good citizens see election time as the only time they need to pay attention to politics. We need everyone to pay attention and hold elected officials accountable. Let your Representatives know your opinions. After all, they are supposed to work for you!

ABOUT THE INDEPENDENT WOMEN'S FORUM

The Independent Women's Forum (IWF) is dedicated to building support for free markets, limited government, and individual responsibility.

IWF, a non-partisan, 501(c)(3) research and educational institution, seeks to combat the too-common presumption that women want and benefit from big government, and build awareness of the ways that women are better served by greater economic freedom. By aggressively seeking earned media, providing easy-to-read, timely publications and commentary, and reaching out to the public, we seek to cultivate support for these important principles and encourage women to join us in working to return the country to limited, Constitutional government.

We rely on the support of people like you! Please visit us on our website www.iwf.org to get more information and consider making a donation to IWF.

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