



## **Joint Education Committee Public Hearing on Education Savings Accounts**

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Chairman Eichelberger, Chairman Hickernell, and members of the Senate and House Education Committees, good morning and thank you for the opportunity to discuss Education Savings Accounts with you today. I'm McKenzie Snow, Policy Director of Education Choice at the Foundation for Excellence in Education (ExcelinEd). ExcelinEd is a national, bipartisan non-profit that advocates for state education reforms that help students maximize their potential.

I was invited to speak to you about Education Savings Accounts, also known as Education Scholarship Accounts (ESAs), which are accounts that parents can use to pay for state-approved education expenses to create an educational experience customized for their child. Parents know what their children need to be successful in school, and they are motivated to find the best educational fit. There is no one best school for every child; however, there is a best school for your individual child.

For example, a blended learning model may work best for your tech-savvy daughter, while your son may thrive in an educational environment that looks exactly like the school his grandparents attended. These are just innate differences in how children—unique, individual human beings—learn. The importance of educational fit is intensified with special student populations like students with special needs, low-income students, military-connected students, and students who have been placed in foster care and adopted.

ESA programs allow parents of participating students to use an account of public funds to cover the cost of their child's unique needs, including private school tuition, online education, homeschooling, tutoring, therapies, and savings for future educational expenses. With the ability to customize the best possible education for their unique student, parents' creativity and love for their children are unleashed. Furthermore, the incentive to maximize the utility of ESA funds motivates parents to get the most bang for their educational buck.

Explaining the national landscape of these programs, ESAs were first established in Arizona in 2011, followed by Florida in 2014, and Mississippi, Tennessee, and Nevada in 2015. So far this year, almost 20 states have introduced ESA bills across the nation and Arizona has expanded their program to phase in near-universal eligibility. When diving deeper into these programs, five major considerations arise: funding, eligibility, administration, account structure, and accountability. The chart I've provided below summarizes how different states approach each of these topics.

ESA programs in other states also show us that only a small proportion of the eligible students—those who cannot find the right educational fit in a public school environment—participate. According to EdChoice's estimates, Arizona's ESA program has about 254,000 eligible students, amounting to 22 percent of students eligible statewide. At the start of this school year, about 3,370 students—just 1 percent of eligible students—were participating. In Florida, about 2 percent of eligible students participate.<sup>1</sup> Participation rates among eligible students in states with ESA programs illustrate that the vast majority of families are served well in public

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<sup>1</sup> <https://www.edchoice.org/school-choice/school-choice-in-america/>

schools. Pennsylvania is rightfully proud of their strong public schools. ESA programs provide options to parents who desperately need something different for their children.

Children's unique needs are reflected in how their parents prioritize different components of education. When EdChoice asked parents of educational choice students in multiple states to list their top reasons for choosing their child's school, their answers show the diversity of educational preferences. Varying from student discipline and safety to learning environment and smaller classes, responses reflect what parents know their children need most.<sup>2</sup> ESAs empower parents to act on their preferences, utilizing their deep understanding of their children—an understanding that even experts and decision makers just couldn't have.

So far, I've focused on the theory and structure of ESA programs. Now, I'd like to tell you about some remarkable children who have benefitted from ESAs and discuss how their parents are using these much-needed accounts. These stories show how lawmakers can craft ESA policy and eligibility requirements to fit their State's unique circumstances.

Faith Kleffel is a participant in Florida's ESA program, which is called the Gardiner Scholarship program. Faith's mom, Julie, enrolled her in a public special education pre-school. When the class doubled in size, teachers were unable to give Faith, who has Down Syndrome, the individual attention she needed. Julie said, "I mean no disrespect to the teacher, but she was just overwhelmed and Faith was regressing."<sup>3</sup> Julie enrolled Faith in the Gardiner Scholarship program and now uses that account to pay for a tutor, a curriculum that allows her to instruct at home, special shoe inserts that help Faith with her balance, and speech and occupational therapies. These are vital educational services Julie otherwise could not afford. When Faith was born, her doctor was unsure if she would ever be able to sit up by herself. With the progression she's made through opportunities afforded to her by the Gardiner Scholarship, which Julie describes as a life changer and saver, Faith can now walk three miles, speak in full sentences and interact in groups.

Aiden and Erin Yellowhair are members of the Navajo Nation and participants in Arizona's ESA program. Providing a high-quality education to Native American students is a necessary priority for Arizona. According to the 2010 Census, 44 percent of all Navajo Nation Reservation children under 18 years of age are living in poverty, which is almost three times the poverty rate in the State of Arizona.<sup>4</sup> Aiden and Erin's mom Veronica pulled them out of their traditional public school because of issues with bullying, gang activity, and a general lack of respect and discipline in the school. Arizona's ESA program made it possible for Veronica to choose St. Michael Indian School, where 86 percent of students need and receive financial aid, for both of her children. For Veronica, the individual attention her children received and the small class sizes at St. Michael—where the student to teacher ratio is 16 to 1—was very important. Veronica said, "I can sleep better at night knowing that they have their scholarship from now until they graduate." And Aiden and Erin's prospects for graduation are great. Although only 66 percent of Navajo members graduate high school and go on to higher education, at St. Michael, 93 percent of students graduate and go on to college.<sup>5</sup>

These stories are just a snapshot of what innovative policy solutions like ESA programs have done for the most vulnerable students in other states. Even though their designated public school wasn't the best fit, students like Faith, Aiden and Erin deserve the opportunity to reach the fullness of their potential, and parents like Julie and Veronica deserve to be empowered and trusted with the resources and flexibility ESAs provide.

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<sup>2</sup> <https://www.edchoice.org/what-we-do/research/>

<sup>3</sup> [https://www.aei.org/wp-content/uploads/2016/05/Finley\\_education\\_savings\\_accounts\\_conference.pdf](https://www.aei.org/wp-content/uploads/2016/05/Finley_education_savings_accounts_conference.pdf)

<sup>4</sup> [https://gotr.azgovernor.gov/sites/default/files/navajo\\_nation\\_0.pdf](https://gotr.azgovernor.gov/sites/default/files/navajo_nation_0.pdf)

<sup>5</sup> [http://www.stmichaelindianschool.org/at\\_a\\_glance.php](http://www.stmichaelindianschool.org/at_a_glance.php)

# Comparison of Major ESA Policies, by State

	Arizona ESA (Empowerment Scholarship Accounts)*	Florida Gardiner Scholarships	Mississippi ESA (Education Scholarship Accounts)	Tennessee IEA (Individualized Education Accounts)	Nevada ESA (Education Savings Accounts)
<b>Year Enacted</b>	2011	2014	2015	2015	2015
<b>Enrollment; Participation Rate</b>	~3,370; 1%	~7,460; 2%	~425; <1%	~50; <1%	TBD (7,000 applications)
<b>Funding Source</b>	Education Fund	Direct Appropriation	Direct Appropriation	Education Fund	TBD (Direct Appropriation)
<b>Per-Pupil Amount</b>	90% of charter school + weights (Avg. scholarship: \$9,056); Low-income students receive 100%	90% of district school + weights (Avg. scholarship: \$8,840)	\$6,637	100% of state base amount in district of residence (Avg. scholarship: \$6,600)	90% of average state per- pupil funds; Students at 185% federal poverty and with IEP receive 100% (Avg. scholarship: \$5,200, \$5,700)
<b>Eligibility</b>	<p>Phased in universal eligibility by 2022 starting with entry point grade levels (K, 1, 6, 9).</p> <p>Previously special populations:</p> <ul style="list-style-type: none"> <li>• Special needs (MET/Evaluation Report, IEP or 504 plan); includes pre-school</li> <li>• Military families</li> <li>• Failing schools</li> <li>• N.A. reservation</li> <li>• Siblings</li> <li>• Adopted foster</li> </ul>	<p>Special needs</p> <ul style="list-style-type: none"> <li>• 9 disability categories; disability established by an IEP or medical diagnosis</li> <li>• Includes high-risk children ages 3-5</li> </ul>	<p>Special needs</p> <ul style="list-style-type: none"> <li>• IEP</li> </ul>	<p>Special needs</p> <ul style="list-style-type: none"> <li>• IEP within certain IDEA eligibility categories</li> </ul>	<p>Near-universal (prior public school enrollment required for most students)</p>

	<b>Arizona ESA</b> (Empowerment Scholarship Accounts)*	<b>Florida Gardiner Scholarships</b>	<b>Mississippi ESA (Education Scholarship Accounts)</b>	<b>Tennessee IEA</b> (Individualized Education Accounts)	<b>Nevada ESA</b> (Education Savings Accounts)
<b>Prior District Enrollment</b>	100 days (military, kindergarten, or received another choice scholarship (Lexie’s Law) waived)	None	Active IEP in past 5 years	Two semesters	100 days (military, kindergarten, or 1 <sup>st</sup> grade waived)
<b>Expenditures</b>	Does not include: <ul style="list-style-type: none"> <li>Digital devices</li> <li>Transportation</li> </ul>	Does not include: <ul style="list-style-type: none"> <li>Transportation</li> </ul>	Does not include: <ul style="list-style-type: none"> <li>College savings (just tuition)</li> </ul>	N/A	Does not include: <ul style="list-style-type: none"> <li>College savings and tuition</li> <li>Contract public school services</li> </ul>
<b>Administrator; Administration Fee</b>	Dept. of Ed. and Treasury; 3% admin. fee	Nonprofits; 3% admin. fee	Dept. of Ed.; 6% admin. fee	Dept. of Ed.; 4% admin. fee	Treasury; 3% admin. fee
<b>Account Structure; Schedule</b>	Debit cards; Monthly distributions	Online; Quarterly reimbursement	Reimbursement; Quarterly reimbursement	Debit cards; Quarterly distribution	Online and reimbursement; Quarterly distribution
<b>Account Auditing</b>	Annual and random quarterly audits	Annual audits of nonprofits	Random audits	Random audits	Annual account audits
<b>Testing</b>	Private school students annually tested; Choice of state-approved test	Private school students annually tested; Choice of state-approved test	None (Parent can request)	All students annually tested; Choice of state-approved test	All students annually tested; Choice of state-approved test
<b>Public Reporting</b>	Aggregated test and graduation results reported to DOE and results posted online	None	Independent analysis of parental satisfaction, fund usage, and test scores	None	Aggregated test and graduation results reported to DOE and posted online

\*Changes to AZ’s ESA program reflected here will take effect 90 days after the end of the legislative session (5/11/17).