

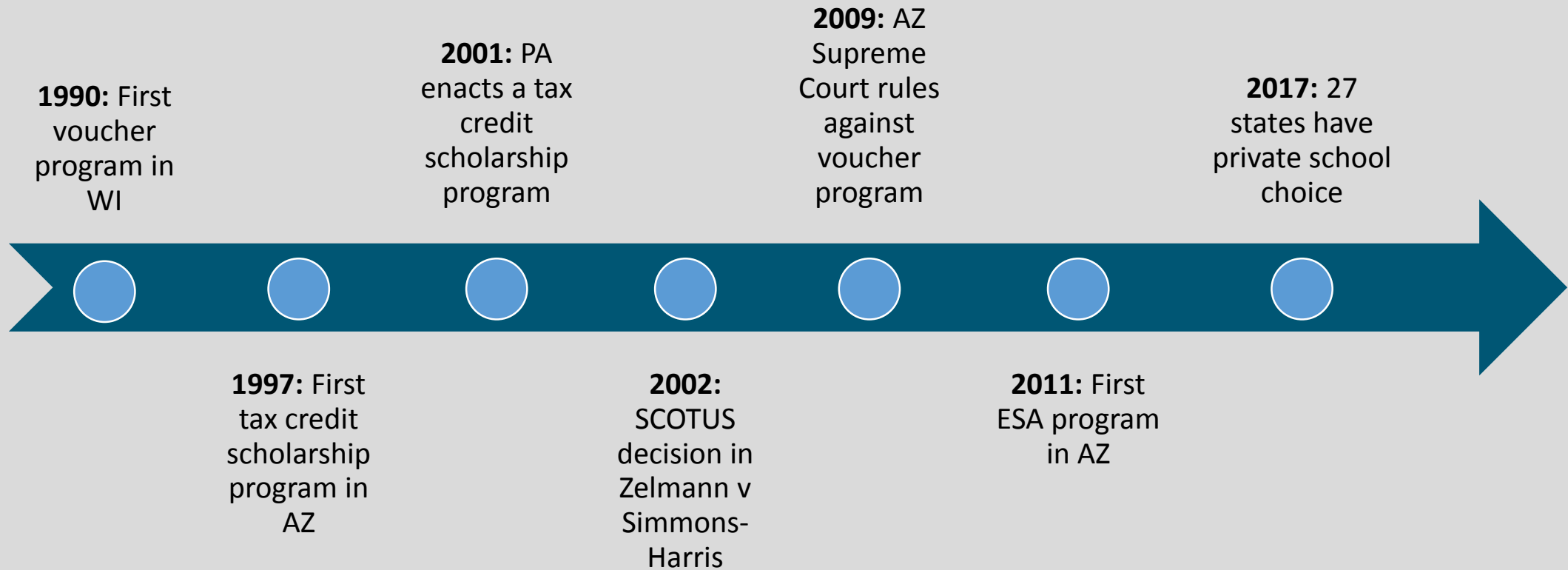


Education Savings Accounts

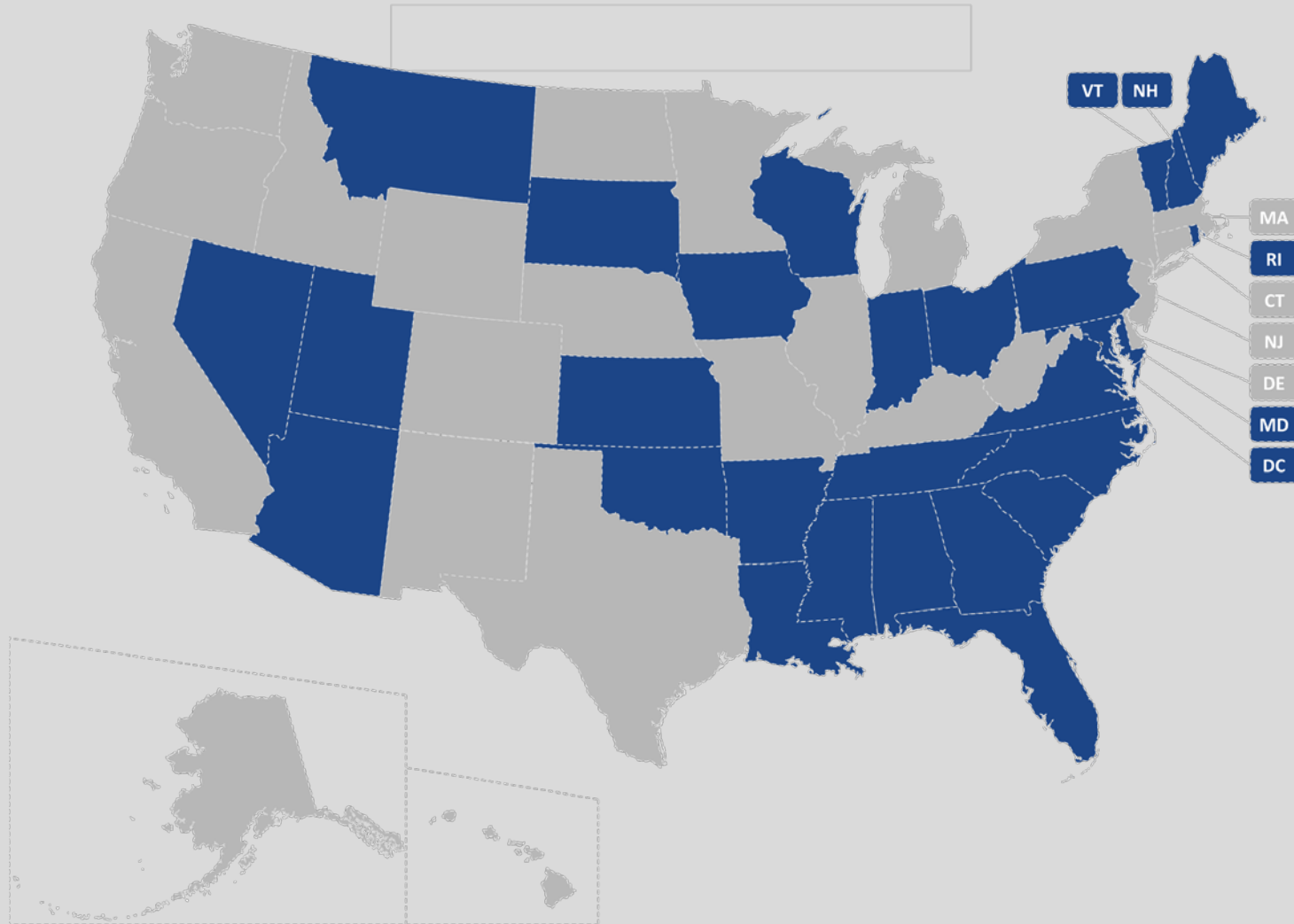


Presentation to the
Pennsylvania Joint Education Committee
by
Josh Cunningham
National Conference of State Legislatures
May 24, 2017

Private School Choice Timeline

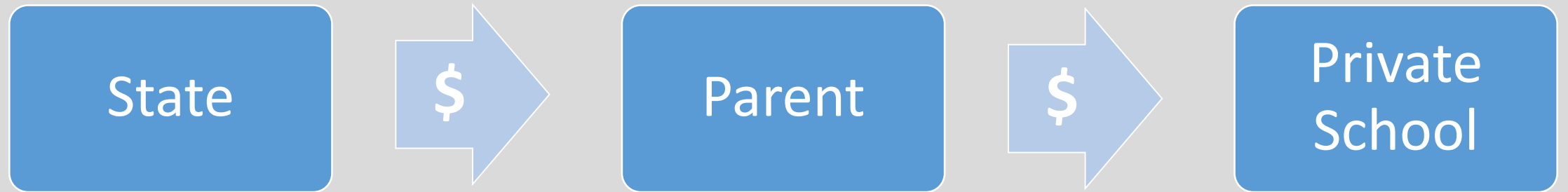


Private School Choice: 27 States + DC

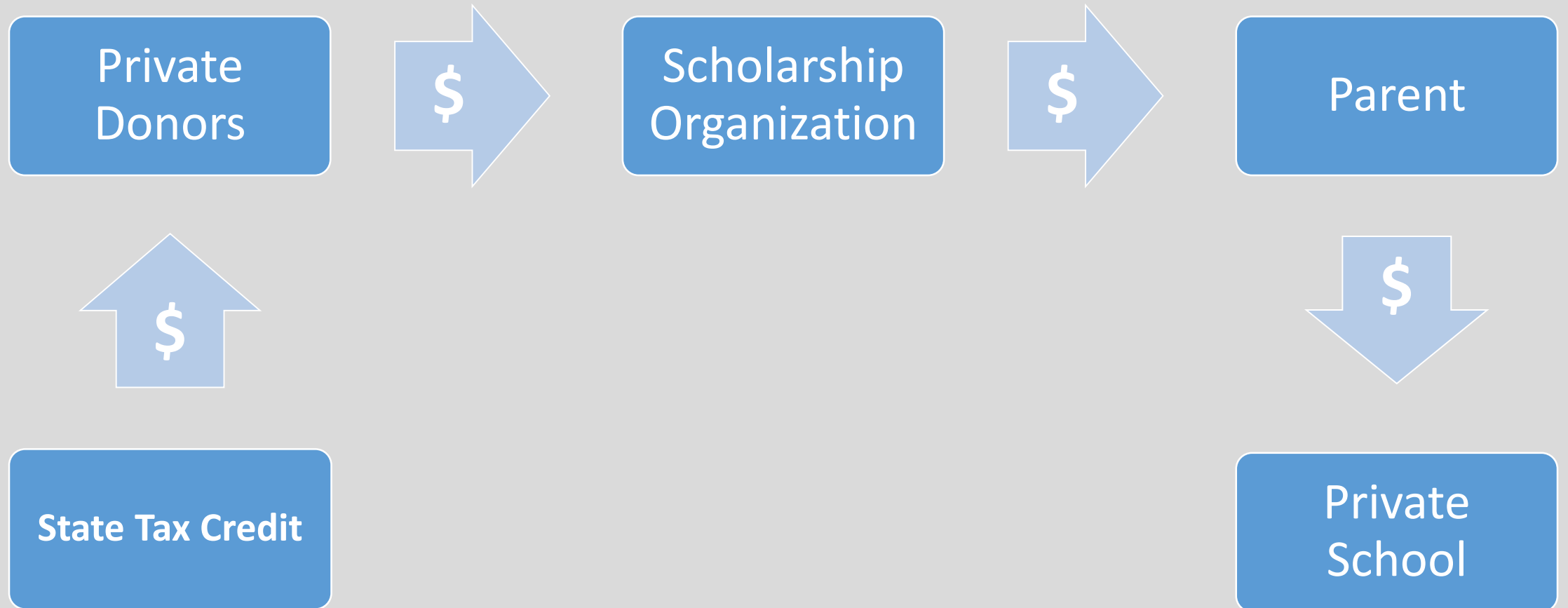


NCSL 2017

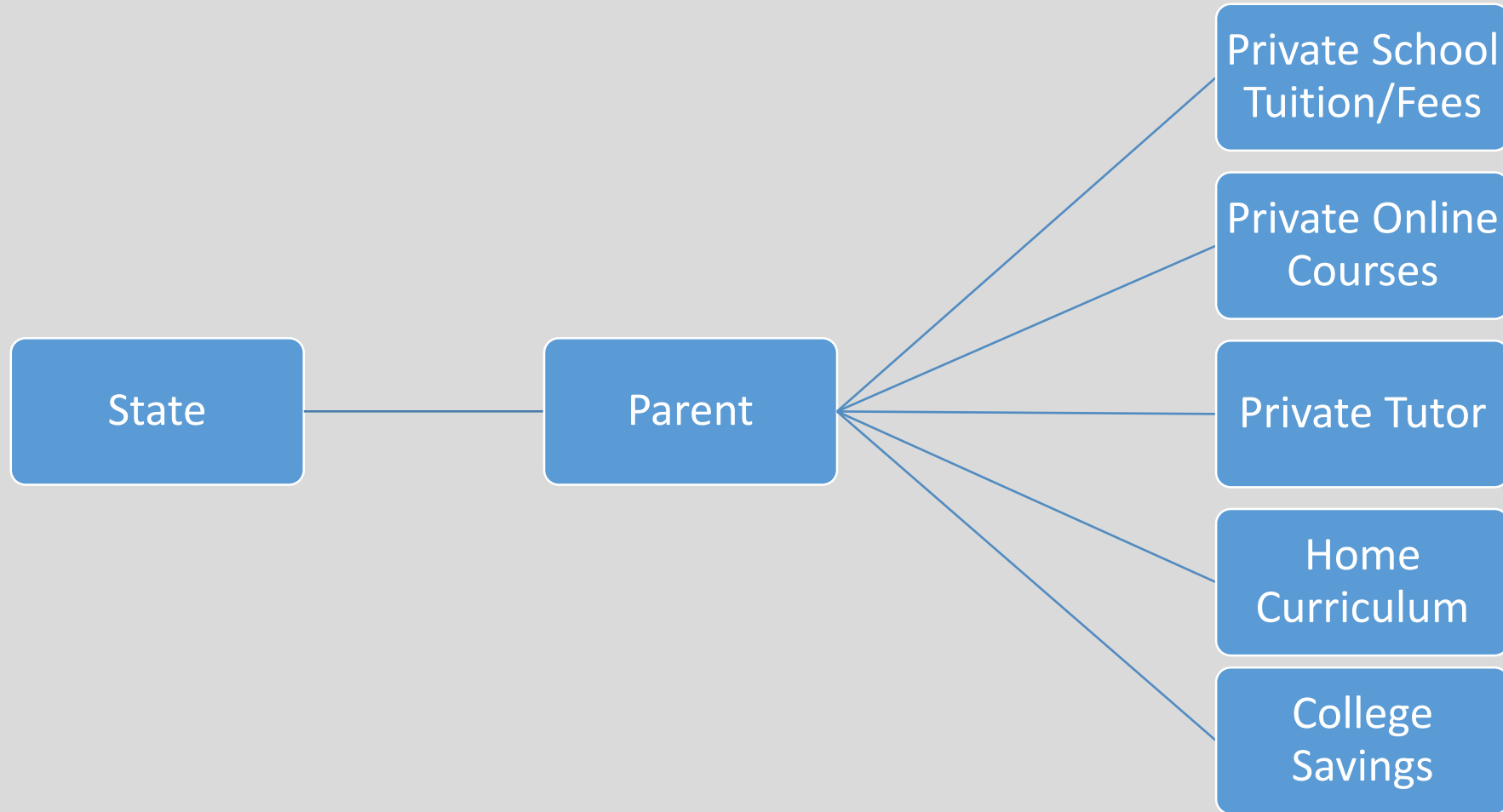
Traditional Vouchers



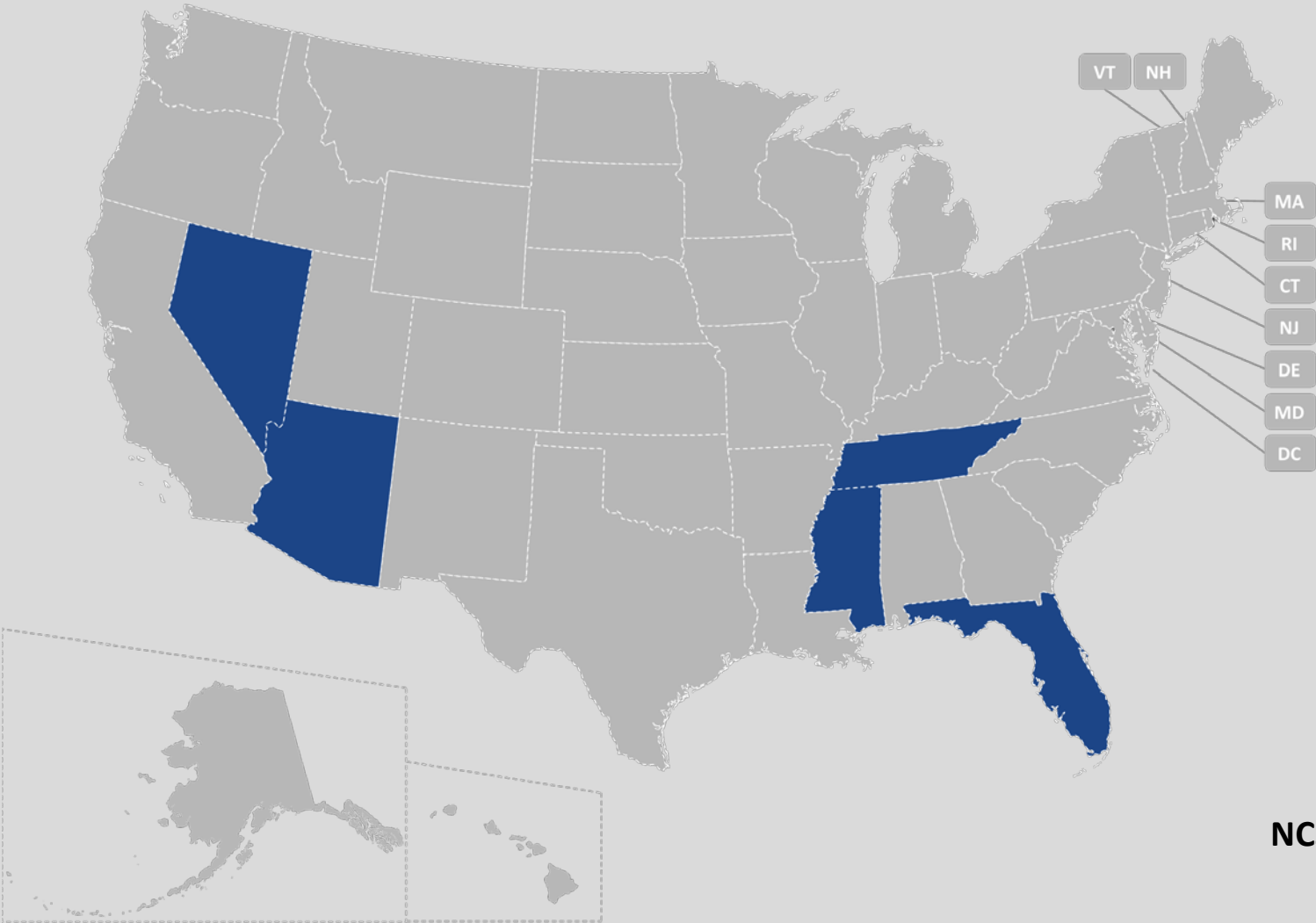
Tax Credit Scholarships



ESAs



ESA Landscape: 5 States



ESAs: How They Work

Statute determines:

- Student Eligibility
- Size of each grant
- Qualifying expenses
- Parent responsibilities
- Who administers the program
- Program accountability – financial and academic

ESAs: How They Work



ESAs: How They Work



Debit Card vs. Reimbursement

| Restricted-use Debit Card | Reimbursement |
|---|---|
| <p data-bbox="682 539 766 582"><u>Pros</u></p> <ul data-bbox="275 654 958 811" style="list-style-type: none"><li data-bbox="275 654 779 696">• Easy for parents to use<li data-bbox="275 768 958 811">• Parents don't pay out-of-pocket | <p data-bbox="1778 539 1862 582"><u>Pros</u></p> <ul data-bbox="1294 654 2244 696" style="list-style-type: none"><li data-bbox="1294 654 2244 696">• Easier to detect and prevent fraud and misuse |
| <p data-bbox="682 958 766 1001"><u>Cons</u></p> <ul data-bbox="275 1072 1207 1339" style="list-style-type: none"><li data-bbox="275 1072 1207 1225">• Unqualified expenses are identified after the fact and require the parent to payback the state<li data-bbox="275 1296 830 1339">• Financial transaction fees | <p data-bbox="1778 958 1862 1001"><u>Cons</u></p> <ul data-bbox="1294 1072 2333 1339" style="list-style-type: none"><li data-bbox="1294 1072 2333 1168">• Parents usually pay out-of-pocket, may be hard for low income families<li data-bbox="1294 1239 2333 1339">• Reimbursement may be slow depending on administrative resources available and technology |

ESAs: Challenges in Implementation

High Administrative Costs

- Building automated systems for processing receipts and reimbursements
- Fraud prevention is burdensome
- May require contracting with a financial institution

Data Collection

- What data should be collected? Should the state track which vendors are receiving funds from parents
- Should the state have any quality controls for vendors?

Questions?

Thank You