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## Education Savings Accounts: Myths and Facts

Education Savings Accounts (ESAs) help children grow, satisfy parents, and can improve the quality of education in Pennsylvania. Here's how they work: Funds otherwise earmarked for K-12 education are deposited into a restricted-use, online account controlled by parents and supervised by the state. Families withdraw from public schools and spend ESA funds on a combination of services, including private school tuition, tutoring, home school expenses, and speech/behavioral therapy for students with special needs. Unused ESA dollars carry over from one year to the next, encouraging frugal use.

ESA programs exist in six states and are [advancing in more than a dozen others](#). These flexible spending accounts are [lifelines for students with disabilities](#), as well as for any child struggling to find an education best suited to his or her unique needs. In Pennsylvania, Sen. John DiSanto's [pending legislation](#) will authorize ESAs for students zoned into public schools performing in the bottom 15 percent on the [PSSAs](#). There is a pressing need to empower families with educational options in these areas.

Although tens of thousands of Pennsylvanians benefit from charter schools, tax credit scholarships, and homeschooling, there are still children [stuck on waiting lists](#), unable to enroll in a better, more suitable school. Many others are consigned to persistently low-performing districts, notwithstanding [record levels of spending](#) in Pennsylvania's public schools. This is where ESAs fill a void. Empowered with ESAs, parents are no longer limited to the neighborhood school. Instead, parents are entrusted to design and customize an educational plan for their children from A to Z.

This memo addresses falsehoods raised by opponents of parental choice in education.

### **Myth: ESAs will hurt public schools.**

Not at all. ESAs help children by empowering parents to customize their education. Public schools will remain an option for parents when ESAs are signed into law. Ultimately, public education is about educating children—not propping up bureaucratic systems—and Pennsylvania must allow children to find an education suited to their individual needs.

ESAs will positively impact academic performance in public schools. Out of [31 empirical studies](#) on private school choice's impact on academics in public schools, 29 find choice programs improved the performance of nearby public schools. Clearly, public schools are more attentive to the needs of their students when families have viable alternative options.

It is also a myth that ESAs will “drain funding” from traditional schools. Here's why: Participating ESA families receive the average **state** funding per pupil—deducted from the local district's state education subsidies—as a grant in an account supervised by the Treasury

Department. [Local education dollars remain in the district](#), allowing the district to increase per-student expenditures for students who remain in public schools. These leftover funds more than compensate for a [school district's fixed costs](#).

**Myth: ESAs are unconstitutional because they fund private and religious schools.**

ESAs are perfectly constitutional because they provide funds to parents, not schools. The U.S. Supreme Court ruled in *Zelman v. Simmons-Harris* that because school choice programs provide funding to parents—not to schools—[these programs are neutral with respect to religion and do not violate the Establishment Clause of the Constitution](#). In fact, ESAs were ruled constitutional by Arizona's Supreme Court in 2014 and Nevada's Supreme Court in 2016. To reiterate: these parent-directed accounts may be spent on a variety of educational services, not merely religious schools.

What's more, [Pennsylvania's state budget](#) already includes multiple line items (Nonpublic Pupil Transportation, Special Education – [Approved Private Schools](#)) directly funding private school students.

**Myth: ESAs are school vouchers.**

Vouchers, which do not exist in Pennsylvania, may only be spent on private school tuition. ESAs, on the other hand, provide families with a restricted-use account to create a customized educational program. Unlike vouchers, unused ESA funds roll over from one year to the next.

Defenders of the educational status quo commonly refer to all school choice programs as some sort of “voucher” because they perceive vouchers to be unpopular. However, a [2016 poll from EducationNext](#) found [the general public favors universal vouchers](#), which would “give all families with children in public schools a wider choice, by allowing them to enroll their children in private schools, with government helping to pay the tuition.”

**Myth: Parents don't want ESAs.**

Although ESAs are a new policy innovation, they are succeeding at satisfying parents. For instance, take Arizona, home of the first ESA program. [Per a study from EdChoice](#), all the parents surveyed were at least somewhat satisfied with their ESAs, while 71 percent of parents described themselves as “very

satisfied.” What's more, half of the same parents reported dissatisfaction with their public school in the preceding year. In Mississippi, a survey found [more than nine out of ten parents](#) satisfied with the ESA program, including 63 percent who were “very satisfied.” Among these respondents, fewer than three in ten parents were satisfied with their previous public school.

**Myth: ESAs are ripe for fraud and abuse.**

Everyone agrees that education dollars should be spent on education. That's why Pennsylvania's Treasury Department will maintain and regularly audit ESA funds.

The commonwealth will establish an online ESA payment system where parents may log on, see their funding levels, and allocate funds. The website will include a list of education service providers who must register with the state. The electronic payment system will pay providers

directly. No physical dollars change hands, allowing for clear accountability and oversight. Money can only be spent on approved, authorized uses.

In the event that funds are misused, the Treasury will freeze the account and may seek criminal prosecution. Notably, fraud has not been a problem in other states with ESAs. In Arizona, for example, an [audit of the program](#) found that over 99 percent of ESA spending was on approved expenses.

### **Myth: Parents cannot be trusted to make the right choices for their child's education.**

No one knows a child better than his or her parent, and parents should be empowered to customize the best learning environment for their child. ESAs put faith in parents, rather than entrusting education to systems or bureaucracies.

Different parents have different preferences regarding their child's education. Some will favor schools with impressive student proficiency, growth, and graduation rates. Some want to emphasize values, vocational training, or music and the arts. For others, the most important measure of success is how safe their child feels in school. The beauty of ESAs is that they can satisfy parents of different stripes.

### **Myth: ESAs are untried and unproven.**

Six states have ESA programs (Arizona, Florida, Mississippi, Tennessee, Nevada, and North Carolina), and many more have introduced ESA bills or are on the verge of doing so. We know that choice and flexibility work in education. That's why [nationwide polls](#) regularly show support for school choice.

### **Myth: ESAs will not provide accountability to taxpayers.**

Participating education providers will be required to ensure ESA students take either PSSAs or nationally norm-referenced tests that measure learning gains in math and language arts.

However, we know that standardized tests scores are [not always an accurate indicator of student achievement](#) because they ignore the totality of a student's academic, social, and mental development. School accountability is more complex than a matter of test scores. For many families, school choice is an outlet to satisfy parents and help children grow in ways that cannot always be measured on the PSSA.

After all, low-achieving public schools mandate students to take state tests, and most students do poorly. Where is the accountability for these schools?

Giving parents a choice in how and where their children are educated, with ESAs, gives parents the means and opportunity to remove their children from a poorly performing school and place them elsewhere. This is a level of accountability that can only be achieved through school choice—and cannot be matched by any law or standardized test.

### **Myth: Creating ESAs mean you are giving up on underperforming public schools.**

Right now, Pennsylvania is “giving up” on thousands of students by trapping them in persistently underperforming public schools, without alternatives.

ESAs will be that alternative. Public schools must respond to parents choosing other educational options by making improvements. Otherwise, they should be reorganized to better serve families in their communities.

Importantly, when an ESA family withdraws from the traditional public school system, the district retains local dollars for a student they are no longer educating. ESAs will allow districts to increase per-pupil funding on the students who remain and better focus on serving those children. Meanwhile, parents who participate in the ESA program will find an education that works for their child.

**Myth: ESAs will lead to increased segregation.**

This is not true. [Nine out of ten empirical studies](#) find that school choice provides a more integrated classroom experience, one study found no discernable impact, and none found that school choice worsened segregation. More often than not, it is the public school system—which assigns students based on home address—that leads to increased segregation in schooling.

**Myth: Private schools will face onerous new regulations from state government if they accept ESA students.**

Pennsylvania’s experience with the Educational Improvement Tax Credit (EITC) and Opportunity Scholarship Tax Credit (OSTC) programs demonstrate that private schools can participate in school choice programs without cumbersome regulations.

Nothing in the ESA legislation will require private schools to alter their practices with respect to standards, curriculum, or admission. Participating schools will be required to ensure that ESA students take either the state achievement tests or nationally norm-referenced tests. [Students with special needs for whom testing is not appropriate shall be exempt from this requirement.]

Overall, ESAs will make private schools accessible for thousands of families who previously could not afford to enroll.

**Myth: Public schools won’t be able to compete with private schools because private schools can pick and choose their students.**

Public schools have numerous advantages of which private schools can only dream. Public schools do not charge parents for tuition, and they can raise property taxes to fund more programs and new buildings. Plus, public schools can receive more funding even if their enrollment declines.

In addition, it’s [untrue to suggest](#) that all public schools “accept all students.” First, Pennsylvania’s education-by-zip-code system ensures that many low-income families are barred from attending more affluent districts. Secondly, public schools often contract with private schools to educate children they cannot or will not serve.

Importantly, private schools participating in the ESA program must meet the requirements of the Civil Rights Act and may not discriminate against students.

**Myth: Private schools will only take high performing, well-behaved students and won't enroll special education students.**

This is absolutely false. Private schools have incentives to serve as many families as possible, since they only receive funding (unlike public schools) when parents opt to enroll their child.

For the last 16 years, thousands of Pennsylvania students have left traditional public schools to attend private schools thanks to the EITC and OSTC programs. For 16 years, families have sought educational options in religious and non-sectarian schools with no widespread evidence of families being refused admittance. Why? Because when parents have control, they seek the school that best meets their child's individual needs. And thus, there are numerous schools serving a diverse array of options.

**Myth: Pennsylvania can't have ESAs because it already has the EITC and OSTC.**

ESAs are perfectly compatible with scholarship tax credits. Look at the experience in other states. Arizona operates four separate scholarship tax credit programs while also introducing and expanding its pathbreaking ESA program. Each of Arizona's tax credit programs has grown to serve more families since the enactment of ESAs.

The experience in Florida is similar. Florida, which has enjoyed a voucher program for students with special needs *and* a tax credit scholarship program since 2001, also passed an ESA bill in 2014. Now in its fourth year, Florida's ESA program serves more than 7,000 children. Notably, the number of children served by Florida's tax credit scholarships have grown by 50 percent since the ESA program was enacted.

Supporters of school choice should pursue an "all-of-the-above" strategy when it comes to educational opportunity. This means moving forward with ESAs, as well as [expanding EITC & OSTC](#), strengthening [charter school options](#), and ensuring a vibrant homeschool community.

There is ample room for a new educational choice option in Pennsylvania. Consider that some charter schools have so much demand that nearly [9,200 students entered a lottery for just 96 seats](#) as recently as March.

The EITC and OSTC provided roughly 50,000 scholarships in 2015. But 50,000 is only three percent of the [1,580,000 students](#) enrolled in traditional district schools. Tens of thousands more families must be empowered with expanded options. This is where ESAs can be a lifeline for students in need.