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Impact of Education Savings Accounts Under SB 2

In Pennsylvania, tens of thousands of children are trapped in failing schools. While current programs such as tax credit scholarships and charter schools help, they **cannot meet families' demands** for a better education. Six states have already enacted Education Savings Accounts (ESAs) and they are under consideration in more than a dozen states.

ESAs are state-supervised accounts that families control and use to pay for their children's educational expenses. A portion of state per-pupil spending goes into these accounts, which parents use for approved expenses including private school tuition, tutoring, special education services, and more. Unlike vouchers, which can be used only for private school tuition, ESAs have the flexibility to fund a wide variety of needs.

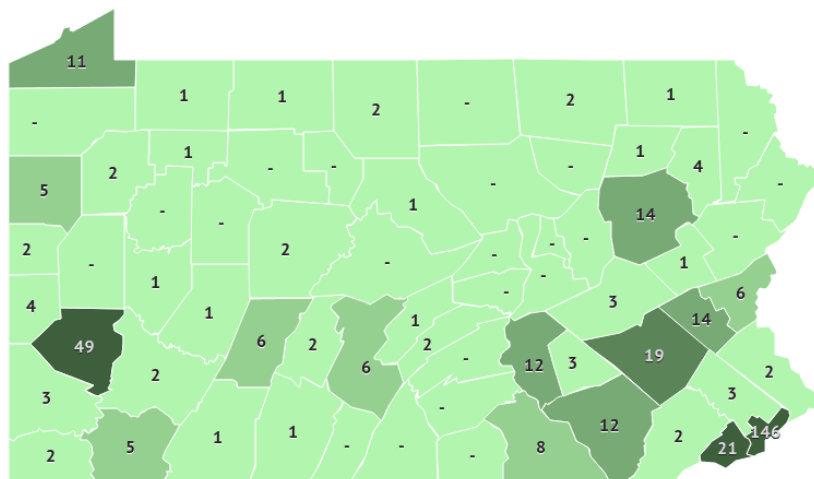
Key Provisions of Senate Bill 2

State Senator John DiSanto is sponsoring Senate Bill 2 to provide Education Savings Accounts for students in low-performing schools.

- **Eligibility:** ESAs would be available to students in the attendance boundaries of the bottom 15 percent of low-performing schools, as defined by the Pennsylvania Department of Education (PDE).

NUMBER OF LOW ACHIEVING SCHOOLS IN COUNTY

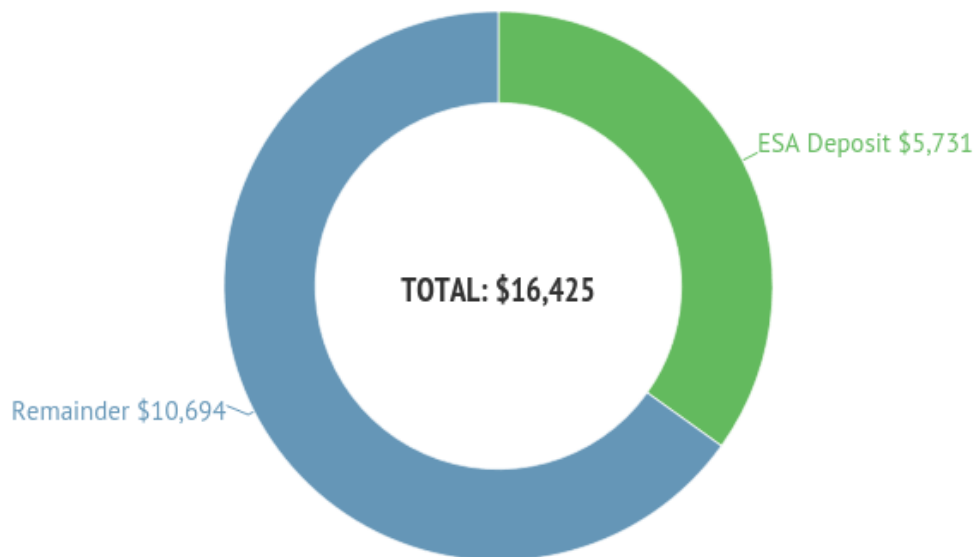
(2015-16 Test Scores)



Source: Pennsylvania Department of Education/Opportunity Scholarship Tax Credit Program

- Eligible students must have completed one semester of public school or be entering kindergarten or 1st grade.
 - There are over **220,000 students in 388 low-achieving schools** across the commonwealth. These schools are spread across 44 counties and 93 school districts.
 - In other states, only **1-2 percent of eligible students** have taken advantage of ESAs. If a similar percentage of students from Pennsylvania's failing schools utilize the program, there would be fewer than 4,400 participants.
 - A 10 percent participation rate would result in 22,000 ESA recipients, or 1.3 percent of the total Pennsylvania public school enrollment.
- **Funding:** A percentage of the state per-pupil spending will be deposited in ESA accounts. The percentage is determined by a formula accounting for transportation costs and special education needs.
 - For students without special needs, the average ESA would represent \$5,731, or about 94 percent of the state per-pupil subsidy, according to 2015-16 figures.
 - Students with special needs would receive a larger ESA, based on need.

ESA SHARE OF TOTAL PER-PUPIL SPENDING



Source: Pennsylvania Department of Education, 2015-16

- **Unused Funds:** Unused funds roll over from one year to the next if the parents renew their annual agreement. If the agreement is terminated by the parents or the state, the remaining state subsidy reverts to the local school district.
 - Unspent ESA dollars can be used to pay for college for up to two years after high school graduation (at which point unused funds revert to the General Fund).

- **Joint Administration:** The Pennsylvania Department of Education will identify low-performing public schools and approve participating entities or education providers and applicants.
 - The State Treasury will then be responsible for establishing and administering the ESAs, including auditing accounts when it deems necessary.

Benefits of Education Savings Accounts

- **ESAs empower families.** Parents have few options if they are unsatisfied with the local public school, unless they can afford to move, pay for private school, or homeschool. Education Savings Accounts give more families the power of choice.
 - An [EdChoice study](#) of Arizona’s ESA program reveals 71 percent of parents were “very satisfied” with the program, while in Mississippi, [more than 90 percent](#) of parents were satisfied, with 63 percent being “very satisfied.”
 - Moreover, [studies](#) show that parents who exercise choice tend to be more actively engaged in their children’s educational experience.
- **ESAs provide accountability.** Senate Bill 2 requires participating education providers to ensure ESA students take either PSSAs or nationally norm-referenced tests that measure learning gains in math and language arts.
 - In addition, [gold standard studies](#) show students in choice programs have higher graduation rates and better long-term outcomes.
- **ESAs improve public schools.** [Dozens of studies](#) confirm that educational choice not only boosts student achievement, but also improves public schools by injecting competition.
- **ESAs protect taxpayers.** Pennsylvania public schools are being funded at [record levels](#). ESA’s provide education for a fraction of the \$16,533 average state and local per-pupil subsidy.