



POLICY FOCUS

SEPTEMBER 2023

Education Savings Accounts

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HIGHLIGHT

A few years ago, the hope of providing all families within a state with funding to select the education avenues that would best serve their individual children was considered nearly unimaginable. Yet parents and advocates achieved huge historic wins for educational freedom during the 2022 and 2023 legislative sessions. As a result, several states have signed universal or near-universal education savings accounts into law.

ESAs ARE ESSENTIAL

An education savings account, commonly referred to as an ESA, is a government-funded account for parents to allocate toward the K-12 education of their children. Parents and students can use funds to pay for a wide range of educational expenses. These include tuition, tutoring, textbooks, curriculum, test fees, therapies for students with special needs, and educational technology. Additionally, in many cases, families can save ESA funds for future college tuition. Due to this flexibility, ESAs are the gold standard of the various types of school choice legislation.

- As of now, 15 states have enacted ESA programs, which grant families the ability to receive a government-authorized savings account that can be used to fund the educational avenue of their choice.
- Nine states—Indiana, Kentucky, Mississippi, Missouri, Montana, New Hampshire, North Carolina, South Carolina, and Tennessee—have ESA programs that reach qualifying students based on varying requirements.
- Six states—Arizona, Arkansas, Florida, Iowa, Utah, and West Virginia—have universal ESA programs with all students statewide qualifying.
- **Other states** are positioned to join the ESA ranks in the coming years.

The advancement of ESA laws has the opportunity to revolutionize K-12 education. Yet, excellent execution in implementing the savings account program will be essential. Families must become aware of the opportunity, be able to apply with ease, and have funds made available in a timely way. Success will be contingent upon all parties involved—including parents, education providers, and the government—being informed of the requirements for their various roles, and responsibly and transparently fulfilling all requirements on time.

THE K-12 PUBLIC EDUCATION MONOPOLY

In America, K-12 public education has operated largely as a monopoly. In fact, other than state-owned monopolies in China, it is the largest government-controlled monopoly in the world.

Individuals pay taxes that fund public schools, and children are assigned to a specific school based on their home address and school zone boundary lines. The majority of families are not able to select a different public school (other

than in communities with mandated public school **open enrollment** laws) regardless of the school's failure to provide quality student learning or to keep children physically safe. In order to move outside of the public system, parents must be able to homeschool or have the ability to pay tuition for private schooling—whether the private school is traditional, hybrid, online, a learning pod, a microschool, cooperatives, tutors, or a combination.

The lack of market competition in K-12 education results in the subpar status quo. The **National Assessment of Educational Progress** (NAEP) exam scores reveal that private school students score **significantly higher** in each individual subject than public school students at all testing grade levels—fourth, eighth, and twelfth. This is despite public schools spending, on average, **\$16,947** per student per year compared to the national private school tuition averaging **\$12,356**.

By stifling competition, innovation suffers, academic accountability is dramatically weakened, and curriculum transparency is not required. Additionally, fiscal responsibility is nearly irrelevant as the vast majority of students are trapped in the public education system, maintaining its near monopoly.

Historically, most parents have accepted this reality, either not understanding how it could change or not believing change was possible.

PARENTAL DEMAND

In response to the COVID-19 pandemic, teachers unions and education bureaucrats closed public schools and kept them closed—in some cases spanning three school years—in order to exercise their control and negotiate for **irrelevant demands**. The lack of quality academic instruction provided, combined with the radical far-left political content

pushed on students during the remote school sessions, triggered a great parent awakening. As parents voiced concerns, they were shot down and **silenced**. Students continued to slip further behind in their learning and development while the degree of inappropriate content peddled to children by public school faculty, staff, and administrators increased. Parents rallied and state legislators took note, resulting in a widespread school choice groundswell.

Furthermore, the astronomical K-12 public education spending drew more scrutiny as schools remained closed and, in many cases, only reopened partial days a week or with daily reduced school hours. Yet the federal government pumped in **\$189 billion**—in addition to the nearly **\$800 billion** in annual K-12 spending—in the name of COVID relief funds. Not surprisingly, in light of the dire student learning results and spending nearing the one trillion dollar mark, recent poll data **reveals** that almost half of parents believe that “taxpayers don’t get their money’s worth from public schools,” and 83 percent of parents say “the cost of education is out of control.”

But it isn’t only parents who have taken note of K-12 public education with growing concern and even outrage; the general public has become increasingly engaged. According to Morning Consult’s July 2023 **poll data**, 67 percent of adults and 78 percent of parents with school-aged students support school choice through education savings accounts (ESAs).

LEGISLATIVE EFFORTS

The tremendous concerns over public education **political priorities**, lack of academic rigor, and poor return on the expensive investment have voters favoring candidates not beholden to the teachers unions. As a result, policymakers in support of

empowering families with taxpayer funding to select the education avenues that will best serve their children were **elected or reelected** into office with historic success.

Upon winning campaign elections on school choice and parental empowerment platforms, these lawmakers went to work. They enacted and expanded school choice laws, touching off a multi-year education reform revolution: 2021 was dubbed the **year of school choice**, 2022 ushered in the **first statewide ESA** program, and 2023 became known as the **year of education freedom** with more than a handful of states passing universal ESAs.

According to **data from EdChoice**, thus far in 2023, there have been 124 school choice bills introduced. This includes more than 80 ESA bills. Arkansas, Florida, Iowa, and Utah passed universal ESA bills into law this year—joining Arizona and West Virginia. This means a total of six states now offer universal ESAs.

Additionally, this year, Montana and South Carolina passed new ESA programs with some of these states’ children being eligible. Indiana, New Hampshire, and Tennessee expanded existing ESA programs. Along with Kentucky, Mississippi, Missouri, and North Carolina, these add up to nine states with ESA programs that reach some students based on varying eligibility.

Therefore, in total 15 states currently have some form of an ESA program. While not passed yet, Pennsylvania and Texas still have the opportunity to enact new ESA legislation, and other states can and should follow.

ESAs VERSUS OTHER SCHOOL CHOICE PROGRAMS

Due to the flexible nature afforded to parents, ESAs are the gold standard of school

choice programs. An ESA gives parents a government-funded account to allocate toward the K-12 education of their children. Parents can allocate those toward a wide range of educational expenses, including tuition, tutoring, textbooks, curriculum, test fees, therapies for students with special needs, and educational technology. Furthermore, in some states, the ESA funds can be saved for the student's future college tuition.

While ESAs are the pinnacle of school choice programs, universal private school vouchers have also witnessed landmark wins in the 2023 legislative session. Indiana and Ohio significantly expanded existing private school voucher programs, which will reach nearly all children in the coming years. **Oklahoma** passed a universal tax credit ranging from \$5,000-7,500 for private school tuition, and \$1,000 for homeschool educational expenses.

OPPOSITION

Teachers unions and Democrat political leaders, notoriously in lockstep, oppose school choice provisions because maintaining the public school monopolies fills their coffers and grants political power. More specifically, Democrat lawmakers are loyal to public school teachers unions. The teachers unions are stark opponents of school choice because the more children enrolled in public schools, the greater the staffing levels, which equates to more members' dues for the unions. Then unions, in turn, spend millions of dollars fueling Democrats' political campaigns every year. For example, in 2022, the National Education Association, the largest teachers union in the nation, spent **nearly \$42 million** on political activism causes while spending \$38 million to protect union members.

Democrat Governor Katie Hobbs, who took office in 2023, is on a mission to end Arizona's universal ESA program that former

Republican Governor Doug Ducey signed into law last year. One of Hobbs's tactics is to claim that the ESA program will bankrupt the state. It's a far-fetched lie because, in reality, the ESA program **saves the state** massive amounts of money. The maximum ESA amount awarded per student is only 90 percent of the state's per-student funding. None of the local or federal funding is granted to families. More specifically, public schools in Arizona receive more than **\$11,300 per student** from state and local taxpayers (not including the federal portion) while the **typical ESA** is \$7,000—saving the state thousands of dollars per ESA student.

ESA APPLICATIONS

Parents are not only in favor of ESAs but are also applying to utilize this school choice avenue immediately after it becomes available. For example, Arizona extended the Empowerment Scholarship Account to all 1.1 million students in 2022. When the ESA application web-based portal went live, it crashed because of the sheer number of individuals accessing it simultaneously. Program participation increased from 12,000 in 2022 to over **64,000** students in August 2023.

Other states witnessed similar demand despite their programs not yet reaching universal or near-universal status.

When Florida made its ESA program universal this year through House Bill 1, Step Up for Students, the scholarship program administrator approved **268,221 income-based scholarships**, up more than 84,000 students than last year. With House Bill 1 removing the income cap, Step Up anticipates **over 400,000 students** participating in the state's scholarship programs this year.

West Virginia witnessed **nearly double** the number of applications in 2023 compared

with 2022 when the program was not as widely known by parents. While [Iowa's and Arkansas'](#) ESA programs are significantly capped for the inaugural year of 2023-2024—before each becoming universal by year three—Arkansas experienced close to 5,000 applications, and Iowa [received](#) over 29,000.

GETTING IMPLEMENTATION RIGHT

While signing ESA bills into law is foundational, implementation is essential for families to utilize these state-issued funds and to ensure good policy in other states in the future. Widespread communication of the program is of critical importance. Parents must first be made aware of the opportunity to apply to receive an ESA for each of their school-aged children. Next, they need to know how to apply, including the website and application window of time.

Implementation does not end once parents have applied and been approved. The need for a clear, simple process with a user-friendly experience from the point of application through submitting expenses and receiving payments for educational providers requires significant backend planning, testing, and monitoring. A key component is clear and quick communication so parents can know which specific education expenses are approved by the ESA program.

Online marketplaces should be set up so parents can shop from education options. Similarly, creating a [digital wallet](#) platform where the ESA funds can be used to directly pay for selected education services will be essential due to the number of families participating. It's a task to have, for example, 10,000 students participate in an ESA program, but it's an entirely different degree of demand to prepare to facilitate an ESA program for over 400,000 students as in the case of Florida's anticipated numbers.

Additionally, part of a state's ability to fully implement a passed ESA bill consists of the supply of educational providers able to meet the demand. This will not occur overnight. [Education entrepreneurs](#) must create more schools, and existing schools must expand to enroll more students. Beyond schools—whether traditional, hybrid, or online—new education avenues will be sought. [Microschools](#) are leading the way, with an explosion of these schools popping up nationwide.

However, with increasing measures in the coming years and decades, individual providers won't necessarily supply all of a student's learning content. Instead, education will be unbundled with families creating a customized education package of providers to fit the needs and interests of students. The flexibility ESAs provide is crucial for this coming future of K-12 education where students don't enroll in a single school but rather design a multi-provider educational experience.

CONCLUSION

The byproducts of a free market K-12 education environment created by statewide universal or near-universal ESAs are far-reaching and significant. More specifically, the free market education landscape will cultivate education innovation, attract entrepreneurs, enhance curriculum transparency, foster fiscal responsibility, and provide accountability for student learning.

Proponents and opponents alike will be watching with keen interest as the states with universal or near-universal ESAs implement their programs. Additionally, all eyes will be on this growing number of states, not just to track the initial years of implementation but the longer-term student educational outcomes, workforce development, economic implications, and societal benefits.

WHAT YOU CAN DO

Get Informed

Learn more about ESAs. Visit:

- [Education Savings Accounts](#) (ESAs), EdChoice
- [ESA Stories](#) from Participating Families, IWF
- [Learn about the School Choice Options in Your State](#), National School Choice Week

Talk to Your Friends

Help your friends and family understand these important issues. Share this information, tell them about what's going on and encourage them to join you in getting involved.

Become a Leader in the Community

Start an Independent Women's Network chapter group so you can get together with friends 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 Politically

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!

Connect with IWF! Follow us on:

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Please visit us on our website iwf.org to get more information and consider making a donation to IWF.

ABOUT INDEPENDENT WOMEN'S FORUM

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.