



Real Educational Choice: Education Savings Accounts

January 6, 2015

School vouchers, pioneered by economist Milton Friedman, give tuition dollars to parents to spend at the school of their choice. But what about moving beyond just "school" choice, to educational choice? In 2003, Friedman expressed support for "partial" vouchers, allowing parents to spend their education funds in multiple places. According to Jason Bedrick, education policy analyst at the Cato Institute, and Lindsey Burke, fellow at the Heritage Foundation, education savings accounts (ESAs) work like partial vouchers, allowing families more control and choice over where their children's educational dollars go.

How do ESAs work? So far, they've been enacted in Arizona and Florida. Arizona's program works like this:

- Families choosing to participate in -- and who are eligible for -- the ESA program can receive funds worth 90 percent of the money that would be spent on their child's public education. Children with special needs can receive more.
- Each quarter, funds are deposited into an ESA, and parents can use the money for anything from tuition at private schools to online classes to textbooks. According to a Friedman Foundation analysis, just 66 percent of parents used ESA funds only to pay for private school tuition, while the rest used the funds to pay for various educational products, from tutoring services to curriculum.
- Unused funds roll over from year to year and can be rolled into a college savings account.

Bedrick and Burke explain that the accounts are different from vouchers because they allow parents to customize their child's education to best fit his needs, down to choosing individual classes or educational therapies. The programs work because they harness the power of incentives, say Bedrick and Burke: just as a person is more careful with his own money than he is with another's, ESAs encourage parents to seek the best value for their child's education and maximize their return, creating a competitive market for educational services.