



Education Savings Accounts: the Next Evolution in School Choice

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Education Savings Accounts, also referred to as ESAs, are the next evolution in school choice. While they are new to New Hampshire, they are not new to other states.

Education Savings Accounts are funds that children receive to a designated account that are used for specified educational purposes. Approved uses often include school tuition, online educational programs, tutoring, textbooks, AP classes, assessments, and other education-related fees. Some ESAs allow funds to roll over year to year and be used for post-secondary education. Some ESAs are limited to students with special needs, military families, or children in zip-code assigned failing schools or districts, while others are less restrictive. They put an expanded range of educational services and options within reach, particularly for low-income families who face the greatest challenges financing their children's educational needs.

Currently five states — Arizona (2011), Florida (2014), Mississippi (2015), Nevada (2015), and Tennessee (2015) — have ESA programs. Each state's program is unique with respect to the approved uses, eligibility qualifications, administration, accountability mechanisms, and funding sources. The two established programs have been immensely successful. The AZ program is funded by a state budget line item, and the FL program is funded through private contributions that are eligible for a state tax-credit. They provide good sources of information and serve as models for other states. Arkansas just introduced a universal ESA bill funded by private donations and Texas is expected to consider ESA legislation this year.

Education Savings Accounts have widespread support across demographic groups. A 2015 survey by EdChoice (formerly the Friedman Foundation for Educational Choice) indicates favorable opinions by 62% of all 1002 respondents, 67% of school parents, 69% of urban residents, and higher ratings of 75% of people aged 18 to 34 and 70% of people with family incomes under \$40K.

ESAs have withstood constitutional challenges. In the Arizona case, Niehaus v Huppenthal, 233 Arizona 195, 310 P.3d 983 (Ct. App. 2013), Judge Jon Thompson said,

“...the ESA does not result in an appropriation of public money to encourage the preference of one religion over another, or religion per se over no religion. Any aid to religious schools would be a result of the genuine and independent private choices of the parents. The parents are given numerous ways in which they can educate their children suited to the needs of each child with no preference given to religious or nonreligious schools or programs.”

” The ESA is neutral in all respects toward religion and directs aid to a broad class of individuals defined without reference to religion. The ESA is a system of private choice that does not have the effect of advancing religion.”

In the Nevada case, Justice James W. Hardesty echoed these opinions.

“Once the public funds are deposited into an education savings account, the funds are no longer ‘public funds’ but are instead the private funds of the individual parent who established the account. The parent decides where to spend that money for the child’s education and may choose from a variety of participating entities, including religious and non-religious schools. Any decision by the parent to use the funds in his or her account to pay tuition at a religious school does not involve the use of ‘public funds.’”

New Hampshire has two bills that will introduce ESAs to the Granite State. The first, SB 193, establishing education freedom savings accounts for students, has a public hearing on Tuesday, February 7th at 10:30am in the Senate Education Committee in room 103 of the Legislative Office Building (LOB). This bill has few restrictions regarding eligibility and is considered a “universal” ESA. This bill requires students to be enrolled in a traditional public school or chartered public school, a kindergarten student, or home educated, and be between the ages of 5 and 20 years old. The funds may be used for a variety of educational services including tuition, textbooks and curriculum, tutoring support, transportation fees to access the educational services, online learning, therapies from a licensed or certified provider, postsecondary tuition, various testing services, and more. Participation in the ESA would not preclude access to curricular and co-curricular programs through resident districts as indicated in RSA 193:1-c. The dollar amount would be 90% of the per pupil state adequacy amount plus any differentiated aid the home district would receive for students in grades 1 and above; 50% for kindergarten students. With 5% going to administration, the state keeps 5% which represents a savings. Enrollment is optional.

The second bill, HB 647, establishing education freedom savings accounts for children with disabilities, will also have a public hearing on Tuesday, February 7 right after at 11:00am in the House Education Committee in LOB 207. This ESA is available for students with a disability – children with IEPs or 504 plans – and attend a traditional public school or chartered public school, or is a kindergarten or first grade student. The approved uses are the same as the senate bill, as are the funding amounts.

When these ESA programs pass and become law, they will expand school choice to thousands more New Hampshire children!

Cato, EdChoice (formerly the Milton Friedman Foundation for Educational Choice), and other respected experts have published excellent resources about Education Savings Accounts to demystify these relatively new school choice options.

[Cato: Jason Bedrick Discusses Educational Savings Accounts during National School Choice Week, Hosted by the Wisconsin Institute for Law & Liberty](#)

[Cato: Jason Bedrick Testifies in Front of the Michigan House of Representatives on Education Savings Accounts](#)

[EdChoice: The ABCs of School Choice – Education Savings Accounts](#)

[EdChoice: Education Savings Accounts Policy Handout](#)

[EdChoice: What is an Education Savings Account](#)

[ExcelinEd: ESAs, read Education Savings Accounts: Giving Parents a Choice by Foundation for Excellence in Education](#)

[National Affairs, Winter 2015: The Next Step in School Choice](#)