

Fast Facts

Education Scholarship Accounts (ESAs)

Across the nation, an innovation known as Education Scholarship Accounts (ESAs) are enjoying strong, bipartisan, legislative, parental and taxpayer support. Why? Because with ESAs, a basic principle of fairness and freedom is achieved: *state-appropriated education dollars follow the child*. With that aspiration fulfilled, all children, but especially the most vulnerable, can finally receive the customized education they need to reach their full potential.

No other education reform can promise the *quality* of learning, the *preparation* for the future, the *flexibility* to meet the individual needs of a child, and the *immediacy* of impact that ESAs offer.

In South Carolina, the ESA concept has been developed into what would be known officially in the Palmetto State as Equal Opportunity Education Scholarship Accounts, or EOESAs.

How Do ESAs Work?

- Parents of eligible students apply for an account funded by a portion of state education funds that would have otherwise been spent on the student’s behalf in the public school to which the child was assigned.
- Families choose from an approved list of services and providers to customize their child’s education. This could include school tuition, tutoring, textbooks, therapy or any approved education service that accommodates their unique needs. This customization is particularly important for students who may have specific physical, mental, sociological or academic challenges.
- Following the application and approval process, parents would

be granted access to a special bank account reserved for use to pay providers to meet their child’s specific education needs.

- Any unused funds may be rolled over to use for college, creating new opportunities for low income students.

Why are ESAs Needed?

- The SC Supreme Court’s *Abbeville* decision demands better learning outcomes, particularly in poor and rural areas.
- South Carolina’s education system was recently ranked 50th in the nation by *U.S. News and World Report*.

<p>20th Century Education: Status Quo</p> 	<p>VS.</p>	<p>21st Century Education: ESAs</p> 
<ul style="list-style-type: none"> • One-size-fits-all approach • School assigned by zip code • Designed for an agrarian or industrial economy • One education provider 		<ul style="list-style-type: none"> • Customized to the student • Flexible education options • Designed for an innovation economy • Multiple education providers

The Evolution of School Choice Programs in America

VERSION 1.0

Vouchers date back to 1989. Voucher funds are distributed from a governmental entity directly to a private school on behalf of a student, based on a parent’s choice of school and can be used only for tuition expenses.

VERSION 2.0

Tax Credit Scholarships* became popular in the 1990s. A private individual or entity contributes to a non-profit organization that in turn awards tuition grants to schools on behalf of students. **Individual Tax Credits*** are when parents receive a tax credit directly. With “refundable” credits, parents can be reimbursed for tuition expenses, regardless of their actual tax liability. South Carolina is one of only two states with Refundable Individual Tax Credits.

* currently available in South Carolina on a limited basis

VERSION 3.0

Education Savings Accounts, also known as **Personal Learning Accounts** or **Empowerment Accounts**, arrived in 2011. With this program, if a parent or student decides the public school they are assigned to is not meeting their needs, they can leave their school and instead receive money from the state to pay for alternative education options and expenses. This is by far the most flexible of all school choice innovations and would build upon the success of South Carolina’s current Exceptional SC scholarship program.

- A national poll conducted by Beck Research, a Democratic Party-associated polling firm, showed that 65% of American voters support the idea of ESAs.
- Arizona, Florida, Mississippi, Nevada and Tennessee have all passed ESA-like legislation in recent years and several other states are considering the idea.

How Will ESAs Help South Carolina Specifically?

Overlaying more offices, mandates, and spending on top of outdated systems is a poor response to *Abbeville* and will not work. Instead, South Carolina must think strategically about how to leverage scarce dollars and new innovations to deliver better results for students. An ESA program customized to South Carolina's needs could help address education gaps in our rural communities, take pressure off communities that face overcrowded public schools, and increase education options for families across the state.

While many reforms could take years to effect change, ESAs would deliver immediate results. With ESAs, students, teachers and parents are treated as unique individuals, not cogs in the wheel of a one-size-fits-all system. That scenario may play itself out with rising graduation rates, increase college enrollment among minorities, fewer of the most vulnerable being left behind and community satisfaction with education skyrocketing.

Does ESA Legislation Have Bipartisan Support?

Both Mississippi and Arizona passed ESA legislation with strong bipartisan support. In 2014, when a bill came up for a vote in the Florida House Choice & Innovation committee to allow families of disabled students to use education funds for a variety of different expenses, the measure passed 11-2 with support from both Democrats and Republicans.

What Does the South Carolina Bill Look Like?

Building on the existing ExceptionalSC tax credit scholarship program, the South Carolina ESA bill first seeks to meet the needs of more students with special needs who need the flexibility that ESAs provide. According to the bill text, student populations who are eligible to receive an ESA include:

- students with disabilities diagnosed by a physician or psychologist
- students residing in a household eligible for free and reduced lunch
- current and previous foster care students
- children of military families

For South Carolina students who have been unable to reach their full potential in their current educational circumstances, ESAs will provide new opportunities. For parents who know their child would perform better if more opportunities were afforded to them to get ahead but feel stuck by a rigid system or financial stress, ESAs are a gateway to new possibilities. With ESAs, "dollars following the child" or "backpacking" education choice would be a true reality, helping children in the Palmetto State from the Pee Dee to the Golden Corner.



Would South Carolina Parents Sign Up for ESAs?

Evidence that parents would like more education choice is recognized in the fact that students enrolled in South Carolina's Exceptional SC tax credit scholarship program jumped from 405 students to 1,066 in its first year.

What do Parents Say?

In states where they are available, ESAs have been embraced by parents. In a 2013 Arizona survey, 100% of parents of ESA students reported satisfaction with the program and no parent expressed dissatisfaction. Parents also like the flexibility and the control that accompany ESAs.

Do ESAs Hurt Public Education?

The answer to this question depends on whether we are concerned about the level of funding flowing into district offices versus how well public education dollars actually achieve the goal of providing quality education for every student. ESAs represent simply a transfer of existing appropriations from one educator to another.

In states where robust school choice programs like ESAs exist, public schools have not suffered harm, and in many cases, have improved.

ESA legislation leaves behind a percentage of state student funding for fixed overhead costs, all while relieving the school entirely of the presence of the student and the costs associated with having the student in the school.

In Arizona, there has not been a mass exodus from traditional schools: although about 20% of all public school students were eligible for an ESA, there were 2,501 participants in 2015-2016. Each of those 2,501 students represent a story of new hope for reaching their full potential.

What is the Bottom Line?

Education Scholarship Accounts are vital if we are to claim the promise of dollars following children to ensure that the most vulnerable students in South Carolina thrive academically.