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Summary:

Education Savings Accounts put more education options within reach for all students, especially those who need them the most. Senate Bill 668 would create an ESA program for Oregon K-12 students.

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4850 SW Scholls Ferry Road
Suite 103
Portland, Oregon 97225

t: 503.242.0900
f: 503.242.3822
info@cascadepolicy.org
www.cascadepolicy.org

Education Savings Accounts Give Parents the Power of Choice in K-12 Education

By Kathryn Hickok

This month, the Tennessee legislature [passed a new Education Savings Account \(ESA\) law](#) for its state’s K-12 students. The law creates the second ESA program that will operate in the Volunteer State.

The new Tennessee law provides families there with alternatives to low-performing public schools in the form of [about \\$7,300 per student](#) in education funding annually, if parents want to withdraw their children from their zoned district schools. Parents may spend ESA funds on private school tuition, tutoring, educational therapies, or other education-related expenses.

Education options are widespread in America, unless a family can’t afford an alternative to their zoned public school. Education Savings Accounts give parents the ability to customize their children’s education in the ways that are best for them as individual students. ESAs put parents, rather than government school bureaucracies, in the “driver’s seat” of their kids’ education. Arizona, Florida, Mississippi, North Carolina, and Tennessee are [operating ESA programs today](#).

Unlike school voucher programs, ESAs give parents the flexibility to spend education funds on more than just private school tuition. Depending on the specifics of individual ESA programs, approved uses for ESA funds also can include textbooks, online classes, tutoring, testing, AP classes, dual-enrollment courses, homeschool expenses, and education-related fees. Some ESA programs operate like controlled-use debit cards, with which parents can pay only for legitimate education expenses.

[Senate Bill 668](#), introduced in Oregon’s 2019 Legislative Session, would [create an Education Savings Account program](#) here. Participating children from families with income less than 185 percent of the federal poverty level and participating children with a disability would receive \$6,500 deposited into their accounts. All other participating children would receive \$4,900 deposited into their accounts. Funds remaining in a child’s account after expenses are paid each year could be “rolled over” for use in subsequent years, including post-secondary education within Oregon.

ESA programs are frequently designed so the amount of funding support provided to participating students would be less than the amount the state would have spent for a student to attend a public school, with the state recouping the difference. In this way, ESAs can provide a net fiscal benefit to state and local government budgets.

A fiscal analysis of Oregon's SB 668 found the program, if enacted, likely would cost the state approximately \$128 million a year but would lead to savings of about \$130 million a year to local school districts, for a net state and local impact of approximately \$2.2 million in reduced costs. There would be virtually no net impact on per-student spending for students who continued to choose public K-12 education.

Because parents, not the government, direct the spending of funds in their children's ESAs, ESA programs have stood up to constitutional challenges. A state's government is not involved in picking "winners and losers" in the non-public education sector, nor is it directing taxpayer funds to religious institutions. Schools chosen by parents are accountable to parents, who are free to "vote with their feet" and enroll in schools that are providing value. Because ESAs are not a "use it or lose it" benefit, parents are further incentivized to use their ESA funds with education providers with whom they are satisfied.

Senate Bill 668 will receive an informational hearing in the Senate Education Committee on Wednesday, June 5, at 1 pm at the Oregon State Capitol in Salem. If you support more parental choice in education, you may wish to attend the hearing or to submit your own testimony or comments to the committee online.

Children in 29 states and the District of Columbia currently benefit from 62 operating school choice programs. Oregon students, regardless of their ZIP Codes or income levels, deserve the opportunity for an education that fits their unique needs and goals. Education Savings Accounts put more options within reach for all students, especially those who need them the most.

Kathryn Hickok is Executive Vice President at Cascade Policy Institute, Oregon's free market public policy research organization.

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Please contact:

Cascade Policy Institute
4850 SW Scholls Ferry Rd.
Suite 103
Portland, Oregon 97225

Phone: (503) 242-0900
Fax: (503) 242-3822

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