



FAMILY ISSUE FACT SHEET

No. 2017-04 (February 2017)

SB 1281 – EMPOWERMENT SCHOLARSHIP ACCOUNTS; REVISIONS

EXECUTIVE SUMMARY

Arizona's Empowerment Scholarship Account (ESA) program provides students from certain underserved populations the funding necessary to allow them to pursue the education that will help them achieve their fullest potential. SB 1281 revises several provisions to improve the operation of the program.

BACKGROUND

In 2011, the Arizona Legislature created the first-of-its-kind Empowerment Scholarship Account program to provide parents and students with meaningful educational options that put students' needs first. The ESA program disburses 90% of the funds the state would have paid for that student at a public school into an account that parents can use for tuition at a qualified school, textbooks, curriculum, and even fees for standardized tests.

SB 1281 addresses a few areas of the program's rules and operations that need refinement in order to better fulfill the purpose of the ESA program in meeting the needs of students. The bill makes the following changes:

- Eliminates the Annual Education Plan requirement that was intended to replace a public school's Individualized Education Program (IEP).
- Removes language requiring additional time attending a public school or charter school for students who previously qualified under the Arizona Scholarships for Pupils with Disabilities program or the Lexie's Law scholarship program.
- Clarifies that children under age 7 are eligible to enroll in kindergarten.
- Allows the Department of Education (ADE) to confirm that a student is not receiving a scholarship from a school tuition organization at the same time that the student is receiving ESA funds.
- Caps contributions to qualified college savings plans at \$2000 per year.
- Allows program funds to be used to pay for evaluations required by ADE to determine whether a student is eligible for educational therapies or services.
- Allows students to continue in the ESA program until they graduate, obtain a GED, or reach age 22 if they continue to attend a qualified school, just like public school students with disabilities are permitted to do.
- Directs ADE to allow students to identify all potential criteria to qualify for enrollment and prohibits ADE from restricting students to only one of the qualification criteria.
- Requires ADE and the Treasurer to contract with financial management firms to manage the ESA accounts.

- Clarifies that parents may appeal a decision from ADE regarding enrollment eligibility and requires ADE to notify parents of the right to appeal any administrative decision at the time of the decision.
- Requires ADE to deposit monies immediately (or retroactively if necessary) when the parent signs the contract, rather than delaying the deposit until the subsequent quarter.
- Changes the time frame from 45 days to 30 days for ADE to review applications for eligibility and requires ADE to notify parents of the specific deficiencies in the application if an application is denied.
- Directs ADE to develop and implement policies and procedures in keeping with the purposes of the program to maximize educational choice for families.
- Requires ADE to create a policy handbook for parents after a public comment period.
- Provides greater transparency for the expenditures made under the program by requiring ADE to post aggregated amounts of all transactions by category and the total number of enrolled students on its website monthly.
- Directs ADE to contract with private entities to administer the program, including processing applications and managing expenditures from the accounts.
- Creates the ESA Review Council made up of parents of students in the program, the chairpersons of the House and Senate education committees, and the superintendent of public instruction or the superintendent's representative.

SB 1281 makes changes that address issues faced by actual participants in the program. These revisions will continue to make the innovative ESA program a success.

TALKING POINTS

- **SB 1281 ensures the Empowerment Scholarship Account program serves its intended purpose.** This program can make a big difference in the lives of children, especially those with special needs. The changes in SB 1281 help improve the overall operation of the program so that meeting the needs of students stays a top priority.
- **Arizona Empowerment Scholarship Accounts save the state money.** With ESAs, 90% of what the state would have spent on that student in a charter school setting is available to the parent for the child's educational costs, providing a cost savings to Arizona.
- **Empowerment Scholarship Accounts allow parents to direct their children's education to best meet the needs of each child.** The program has been a successful option for parents looking for an alternative to public schools, and SB 1281 will make the program even more effective.

CONCLUSION

Arizona's Empowerment Scholarship Account program is providing critical aid to children whose needs are best met in a nontraditional public school environment. SB 1281 will ensure the program continues to serve students in the way the program was initially created to do.