

FAMILY ISSUE FACT SHEET

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SB 1396 EMPOWERMENT SCHOLARSHIP ACCOUNTS; QUALIFIED STUDENT

EXECUTIVE SUMMARY

Arizona's Empowerment Scholarship Account (ESA) program currently provides students from certain underserved populations the funding necessary to allow them to pursue the education that best meets their unique educational needs. SB 1396 adds low-income students to the list of qualified students for the ESA program.

BACKGROUND

In 2009, the Arizona Supreme Court struck down a voucher program for students with special needs. Immediately after the decision, Governor Jan Brewer convened a special session calling for the enactment of a tax-credit-funded scholarship program to help these students (Lexie's Law). Unfortunately, the tax credit did not generate enough funds—certainly not enough to help all of the students who were depending on the program and the many more who had hoped to use the program.

However, the Court left the door open for a new program. Taking them at their word, a new idea came about—education savings accounts, or Arizona Empowerment Scholarship Accounts (ESAs).

The ESA program allows parents to withdraw their children from district or charter school and receive ninety percent of state funds allocated for their child for a variety of educational expenses, including therapy, tutors, textbooks, curriculum, tuition at private schools, and even fees for standardized tests. Federal and local funds stay with the school district.

As originally passed in 2011, the ESA program was only available to students with disabilities. Since then, Arizona has expanded those qualified for the program, and it now includes:

- Students in foster care
- Students living on an Indian reservation
- Students in failing or underperforming school districts
- Students with a parent who is on active military duty or was killed in the line of duty
- Students with a parent who is legally blind, deaf, or hard of hearing
- Students with a sibling who is a current or former ESA recipient

In 2017, the ESA program was further expanded to include all district and charter school students by phasing in eligibility over four years with the number of students capped at approximately 30,000. However, the law was referred to the 2018 General Election as Proposition 305 and was repealed by the voters.

ADDING LOW-INCOME STUDENTS

SB 1396 adds low-income students to the list of qualified students. It defines low-income student as a child whose family income does not exceed one hundred eighty-five percent of the income limit required to qualify a child for reduced-price lunches. This amounts to an annual income of 38,443 for a household of three and 46,435 for a household of four.

ESA awards averaged over \$5,700 per student in FY 2018 (for non-kindergarten, non-special needs students), compared to median private school tuition costs of approximately \$5,675 and \$6,100 in Arizona for elementary and middle schools, respectively. In other words, contrary to the common misconception, ESAs put private school tuition within the reach of even the most economically disadvantaged families.

The bill also directs the Arizona Department of Education and Department of Revenue to develop a process for verifying families' income levels in order to determine what students would qualify as low-income.

TALKING POINTS

- **Education policy should put children first.** ESAs put children first by ensuring families are able to choose the educational setting that best meets their child's unique needs. SB 1396 would open up this opportunity to low-income families.
- **The average ESA scholarship [\$5,700] puts private school tuition within reach for the most economically disadvantaged families.** The median private school tuition costs are approximately \$5,675 and \$6,100 in Arizona for elementary and middle schools, respectively.
- **ESAs save the state money.** The state would face significantly higher costs if the 5,000 children currently on ESAs were to be forced back into the public schools because the amount that can go into an ESA is limited to 90% of what the state would have spent on the student. Federal and local funding stay with the school district.
- **When it comes to education, one size doesn't fit all.** That's why it's important for parents to have options when deciding how to educate their children.

CONCLUSION

Arizona's Empowerment Scholarship Account program allows parents to find the educational setting that best meets their child's unique educational needs. Now it is time to give low-income families the choice to apply for this pioneering program that has benefited so many children since 2011.