

FAMILY ISSUE FACT SHEET

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SB 1395 EMPOWERMENT SCHOLARSHIP ACCOUNTS; PROGRAM REVISIONS

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 1395 enacts a series of reforms meant to enhance the efficiency and transparency of ESA program administration, clarify allowable uses of program funds, and better facilitate parents' understanding of those allowed uses.

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 However, the law was referred to the 2018 General Election as Proposition 305 and was repealed by the voters.

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TRANSPARENCY AND GOOD GOVERNANCE

SB 1395 enacts a series of reforms meant to enhance the efficiency and transparency of ESA program administration, clarify allowable uses of program funds, and better facilitate parents' understanding of those allowed uses.

Specifically, among its provisions, the bill would:

- Require ADE to create a policy handbook that incorporates public input into the department's policies and procedures governing the ESA program.
- Require ADE to post ESA enrollment and aggregate transaction data on its website each month.
- Require ADE to contract with a private management firm to process and manage ESA accounts.
- Allow parents to use their ESA funds not only for materials required by a specific curriculum, but also supplemental materials, workbooks, and reading materials.
- Protect parents from the threat of collections in cases where the Department of Education retroactively rejects their educational purchases if the department has approved their purchase of similar items in the past.
- Clarify that students may not receive both an ESA and a School Tuition Organization (STO) tax credit scholarship at the same time.
- Require that ESA participants in grades 3-12 in a qualified school take a national norm referenced test. Students with special needs are exempt from this requirement.

TALKING POINTS

- **SB 1395 ensures the ESA 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 1395 help improve the overall operation of the program so that meeting the needs of students stays a top priority.
- **SB 1395 increases transparency and accountability of the ESA program.** Critics of the ESA program are always asking for more accountability. SB 1395 accomplishes this.
- **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.

CONCLUSION

SB 1395 would enact a series of reforms meant to enhance the efficiency and transparency of ESA program administration, clarify allowable uses of program funds, and better facilitate parents' understanding of those allowed uses.