



# TESTIMONY

February 18, 2020

## SENATE BILL 707: EMPOWERMENT SCHOLARSHIP ACCOUNTS IN MISSOURI

*By Susan Pendergrass*

Testimony before the Missouri Senate Education Committee

### **TO THE HONORABLE MEMBERS OF THIS COMMITTEE:**

Thank you for the opportunity to testify. My name is Susan Pendergrass, Ph.D., and I am the Director of Research and Education Policy for the Show-Me Institute, a nonprofit, nonpartisan, Missouri-based think tank that advances sensible, well-researched, free-market solutions to state and local policy issues. The ideas presented here are my own and summarize the research regarding the need for Empowerment Scholarship Accounts (ESAs) to serve students in Missouri.

### **WHAT IS AN ESA?**

ESAs are flexible-use spending accounts that families can use on approved educational providers to customize the education that best fits their children's needs. To date, six states offer such programs. Arizona, Florida, Mississippi, North Carolina,

Nevada, and Tennessee offer ESAs to students, and there are nearly 20,000 students in the nation using ESAs.<sup>1</sup>

ESAs represent a major evolution in the world of school choice. To date, when we've talked about offering more options to parents, they have had to use whatever support the government provided in one lump sum, spending it entirely on a charter school or private school in the form of a voucher or tax-credit scholarship. ESAs let parents and students spread the money that they receive among providers, be that a private tutor, an online education program, or a private school. They are free to send all of their money to one provider, or to divide it among as many providers as they see fit. They can even use the funds for textbooks or a host of other approved services and products. The family is in control.

<sup>1</sup> EdChoice. Fast Facts. Available at <https://www.edchoice.org/resource-hub/fast-facts/>. Accessed January 28, 2019.

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## WHY AN ESA?

Critics of ESAs often label these programs as just another voucher scheme, but ESAs are not just another voucher. Matthew Ladner, senior advisor for policy and research at the Foundation for Excellence in Education, states that ESAs “bring Milton Friedman’s original school voucher idea into the 21st century.”<sup>2</sup> Voucher programs are single-use programs; they send state taxpayer dollars directly to private schools and only to private schools. ESA programs, on the other hand, place the funds in an account that offers parents many options.

Some groups of students who may benefit the most from ESAs are underserved populations. Examples are bullied students, students in military families, and special-needs students. These students often get left behind or don’t fit the mold of our current education system. ESAs would provide them the opportunity to find the services that provide safety, high-level academics, or individualized plans.

## DO ESAS SAVE TAXPAYER MONEY?

Senate Bill 160 would fund the ESAs with tax-credit donations. An individual or group donates money to an Education Assistance Organization, a charitable organization registered by the state. The donors then receive a tax credit for 85 percent of the amount donated, up to 50 percent of their total state tax liability. Students who receive ESAs are no longer the responsibility of their local school district. However, their participation in the

<sup>2</sup> Matthew Ladner, “The Way of the Future: Education Savings Accounts for Every American Family.” The Friedman Foundation, 2012, <http://www.edchoice.org/CMSModules/EdChoice/FileLibrary/925/The-Way-of-the-Future--Education-Savings-Accounts-for-Every-American-Family.pdf>.

ESA program only impacts their district’s state funding, not local or federal funding. Show-Me Institute authors have found that a potential tax-credit scholarship, as indicated in the bill text, could be beneficial for the state’s budget.<sup>3</sup>

## CONCLUSION

Many Missouri parents are frustrated with the education that their children are currently receiving at their assigned public schools, but they have no other options. With the right policy, however, it is possible to create an educational environment in which all students can thrive. Those environments exist in many private schools across the state. Providing access to these, as well as to other educational resources, for parents who can’t otherwise afford them would help families get the education that best serves their children.

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*Susan Pendergrass is the director of research and education policy for the Show-Me Institute.*

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<sup>3</sup> <https://showmeinstitute.org/publication/school-choice/estimating-fiscal-impact-tax-credit-scholarship-program>



5297 Washington Place, Saint Louis, MO 63108—314-454-0647

3645 Troost Avenue, Kansas City, MO 64109—816-561-1777

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