



TESTIMONY

February 9, 2021

SENATE BILL 296: EDUCATION SAVINGS ACCOUNT PROGRAM

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 flexibility and options for the education of Missouri's students.

WHAT IS AN ESA?

Education savings accounts (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, five states

offer such programs. Arizona, Florida, Mississippi, North Carolina, and Tennessee offer ESAs to students, and there are nearly 21,000 students in the nation using ESAs.¹ ESAs represent a major evolution in the world of school choice. ESAs let parents and students determine how they will spend the money that they receive, whether it's for a private tutor, for an online education program, at a micro-school, or at 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, education therapies, or a host of other approved services and products. The family is in control.

¹EdChoice. School Choice in America. <https://www.edchoice.org/school-choice/school-choice-in-america/>. Accessed January 15, 2020.

WHY AN ESA?

Critics of ESAs often label these programs as just another voucher scheme, but ESAs are not just another voucher. Matthew Ladner, the Executive Director of redefinED, states that ESAs “bring Milton Friedman’s original school voucher idea into the 21st century.”² 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 students whose assigned public school doesn’t offer an education that works for the student or their family, bullied students, students in military families, and special-needs students. These students often get left behind in our current “one-size-fits-all” 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 296 would create the Educational Savings Account Program Fund, administered by the state treasurer. The fund would provide participating students with an amount equivalent to what the state would have remitted to the student’s home public school district. The state would be spending the same amount on the participating student but would redirect the funds.

²Matthew 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>.

Students who receive ESAs would no longer be the responsibility of their local school district. However, their participation in the program would only impact their district’s *state* funding, by virtue of the student no longer being included in their home district’s attendance reporting. Local and federal funding would not be affected. Show-Me Institute authors have found that these types of school choice programs typically result in higher per-student spending at the local level, as property tax revenue raised would not be impacted.³

CONCLUSION

This year, more than ever, too 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. Providing access to in-person learning at private or micro-schools, as well as access to other educational resources, for parents who can’t otherwise afford them would help families get the education that best serves their children.

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

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



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