



# TESTIMONY

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## HOUSE BILL 349: 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, 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.<sup>1</sup> 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, be that for a private tutor, 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.

### **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."<sup>2</sup> Voucher

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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.

While House Bill 349 is a step in the right direction, it is limited to communities with 30,000 or more residents and to students with disabilities or with household incomes that are less than 370 percent of the federal poverty line. Ideally, Missouri would offer a program with a wider reach to make Missouri more attractive to families. It is estimated that as many as 14 percent of parents plan to continue with virtual schooling or education-pod learning even after the pandemic, and just 41 percent of parents surveyed would choose full-time in-person schooling after the pandemic.<sup>3</sup> Offering ESAs to all students would provide a mechanism to encourage those parents to either stay and raise their children in our small towns and rural communities or to move here with confidence that their children will receive the education that best meets their needs.

### **DO ESAs SAVE TAXPAYER MONEY?**

House Bill 349 would fund the ESAs with tax-credit donations. An individual or group would donate money to an Education Assistance Organization, a charitable organization registered by the state. The donors would then receive a 100 percent tax credit for the amount donated, up to 50 percent of their total state tax liability. Even though students who received ESAs would no longer be the responsibility of their local school district, their participation in the program would not impact their home district's finances, as districts could continue to count ESA students in their Weighted Average Daily Attendance (WADA) for five years. In addition, their home district's local and federal funding would not be impacted by the student leaving. While the financial impact of funding students twice is not clear, Show-Me Institute authors

have found that a potential tax-credit scholarship, without the hold-harmless provision for a student's home district, could be beneficial for the state's budget.<sup>4</sup>

### **CONCLUSION**

Over the past year, more Missouri parents than ever have been frustrated with the education that their children are 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 access to other educational resources, for parents who can't otherwise afford them would help families get the education that best serves their children. In addition, Missouri has an opportunity to attract new families by offering them education flexibility regardless of the size of their community.

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**ENDNOTES**

1. EdChoice. School Choice in America. <https://www.edchoice.org/school-choice/school-choice-in-america/>. Accessed January 15, 2020.
2. Matthew Ladner, “The Way of the Future: Education Savings Accounts for Every American Family.” The Friedman Foundation, 2012, <http://edchoice.org/research/the-way-of-the-future>.
3. EdChoice. Gen Pop National Polling Presentation. February 2021. <https://edchoice.morningconsultintelligence.com/assets/113459.pdf>, accessed on 3/22/2021.
4. <https://showmeinstitute.org/publication/school-choice/estimating-fiscalimpact-tax-credit-scholarship-program>



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