

Education Savings Accounts

What are Education Savings Accounts (ESAs)?

Education savings accounts (ESAs) are flexible spending accounts parents use to customize their child's education. Parents receive a portion of public taxpayer funds that would normally be allocated for their child's education in a public district or charter school to purchase a wide variety of educational goods and services, including online learning programs, tutoring, educational therapy, community college costs, private school tuition and fees, higher education expenses and other approved customized learning services and materials.

ESAs differ from school voucher programs or tax-credit scholarships in that these programs only allow parents to choose from participating schools. ESAs are an educational choice program allowing parents to completely customize where funds are allocated. By allowing parents to plan for their child's unique needs, ESAs create a personal approach to education, where the ultimate goal is maximizing each child's natural learning abilities.

As of January 2017, five states have enacted ESA programs. The first program was created in Arizona in 2011, Florida followed in 2014 and then three states created programs in 2015: Mississippi, Tennessee and Nevada. In 2016, there were an estimated 10,790 ESA recipients in Arizona, Florida and Mississippi; programs in Nevada and Tennessee were not operational in 2016.^{1,2}

Why does North Carolina need ESAs for students with special needs?

- *To ensure all students have the opportunity to graduate from high school.* In a 2016 four-year cohort graduation analysis by the North Carolina Department of Public Instruction (DPI), the state found the cohort graduation rate for students with special needs was 68.9 percent, the lowest percentage of any group or category except those with limited English proficiency (57.1 percent). In 2016, North Carolina's overall four-year cohort graduation rate was 85.8 percent.³
- *To meet the needs of the growing number of students with special needs.* The percentage of students with special needs has increased by 4.9 percent since 2009–10. The North Carolina Department of Public Instruction (DPI) reported the number of children (ages 5–18) in the state classified as students with special needs in 2014–15 was 188,748.⁴
- *To ensure families of children with special needs have access to a larger percentage of funding for their children.* Since 2014, North Carolina children with special needs have had access to the state's Special Needs Scholarship (Disabilities Grant Program). In 2014–15, the average award amount was \$5,134 (maximum grant under law was \$6,000)⁵; over \$3.2 million was awarded to 628 recipients.⁶ During the same year, \$8,296 was spent per pupil in North Carolina schools.⁷ Families with children with special needs should be receiving a larger percentage of the amount of money spent per pupil than they currently do.
- *To reduce the inequitable nature of the funding process families with children with special needs face.* The Special Needs Scholarship (Disabilities Grant Program) creates obstacles for low-income families. When parents choose to use scholarship funds towards a service⁸ that is not one of the predetermined

1 ExcelinEd, "Education Savings Accounts", <http://www.excelined.org/education-savings-accounts/>.

2 EdChoice, "What is an Education Savings Account", <https://www.edchoice.org/school-choice/types-of-school-choice/education-savings-account/>.

3 Department of Public Instruction, "2016 Cohort Graduation Rate", September 1, 2016, <http://www.ncpublicschools.org/docs/accountability/reporting/chrtgrdrt16.pdf>.

4 Department of Public Instruction, "Statistical Profile", <http://apps.schools.nc.gov/pls/apex/f?p=1;14;0::NO>.

5 For 2016–17, the maximum grant for the Special Needs Scholarship (Disabilities Grant Program) was increased from \$6,000 to \$8,000 per year; \$10 million was appropriated and is expected to fund approximately 1,250 students in 2016–17.

6 North Carolina State Education Assistance Authority (NCSEAA), "Disabilities Grant Program - House Select Committee on Education Strategies and Practice", October 18, 2016, [http://www.ncleg.net/documents/sites/committees/house2015-175/October%2018,%202016/Kathryn%20Marker_Disabilities%20Grant%20\(legislative%20committee%2010%2018\).pdf](http://www.ncleg.net/documents/sites/committees/house2015-175/October%2018,%202016/Kathryn%20Marker_Disabilities%20Grant%20(legislative%20committee%2010%2018).pdf).

7 Department of Public Instruction, "Facts and Figures 2015–16", <http://www.ncpublicschools.org/docs/fbs/resources/data/factsfigures/2015-16figures.pdf>.

8 In addition to nonpublic school tuition, the scholarship funds may be used for a number of expenses related to educating a child with special needs (e.g., special education instruction, speech therapy or physical therapy, and education technology).

nonpublic schools, they must cover all the costs upfront. ESAs would help overcome this financial obstacle by providing families at all income levels access to funds upfront, not in a reimbursable model.

- *To expand the educational options of North Carolina families with children with special needs.* Families with children with special needs are limited to 233 nonpublic schools (32.3 percent of total nonpublic schools in the state) under the Special Needs Scholarship (Disabilities Grant Program).^{9,10} ESAs would not only expand the types of educational options, but they would also increase the number of schools in which a parent could enroll their child.

What will ESAs do for kids with special needs?

Individualized educational opportunities and medical therapies can be transformative in the lives of students with special needs. Of the five existing ESA programs in the United States, three (Florida, Mississippi and Tennessee) are exclusively for students with special needs; Arizona's program eligibility originally restricted to students with special needs. Across these ESA programs, families have been able to use funds to send their children with special needs to private schools, purchase learning materials and aids and hire specialists.¹¹

- *Arizona: As a mother with a master's degree in special education, Alexa Bloom knew her son, Julian, was going to need a flexible approach to learning.* When Julian was very young, doctors diagnosed him with autism and a severe sensory and auditory processing disorder. With Julian's ESA, his parents have been able to pay for personal tutors, educational iPad applications to use alongside their curriculum and art and music specialists.¹²
- *Florida: Katie Swingle is a Florida mom with an autistic son named Gregory.* When Gregory was young, his parents were told he would never speak and write. With the help of Florida's ESA (i.e. Gardiner Scholarship (PLSA) program), Katie and her husband have been able to access some of the state funds that would have been spent on Gregory's education in a public school and spend them at a private school that would have been cost prohibitive. Gregory is now writing via dictation and Katie strongly feels that within five years Gregory could return to public school.¹³
- *Mississippi: In 2013, Gary and Martha Beard began looking into New Summit School, a nonpublic special purpose school recommended by their daughter Lanna's pediatrician.* Lanna has trouble processing and retaining information, focusing and staying on task; when she was adopted, she was diagnosed with visual perception disorder, fetal alcohol syndrome and severe ADD. With the assistance of Mississippi's Special Needs ESA, the Beard's have been able to enroll their daughter in a school that would have previously been too expensive.

ESAs extend options for children with special needs to access more services, expand educational opportunity, empower parents to customize their child's education and make education providers directly accountable to parents. **It is time to provide a student-based model that empowers parents to choose the education that works best for their children.**

⁹ North Carolina State Education Assistance Authority (NCSEAA), "Nonpublic School Portal - Current List of Participating Nonpublic Schools", January 20, 2017, <https://www3.ncseaa.edu/cgi-bin/SCHOOLROSTER/NPS500.pgm>.

¹⁰ North Carolina Department of Administration, "Division of Non-Public Education", <http://ncadmin.nc.gov/about-doa/divisions/division-non-public-education>.

¹¹ Jonathan Butcher and Lindsay Burke, "Empowerment Scholarship Accounts serving Arizona well", Arizona Capitol Times, October, 15, 2015, <http://azcapitoltimes.com/news/2015/10/15/empowerment-scholarship-accounts-serving-arizona-well/>.

¹² ExcelEd, "#AutismAwareness: How One State Opened New Doors for Students", The EdFly Blog, April 14, 2016, <http://www.excelined.org/2016/04/14/autismawareness-how-one-state-has-opened-new-doors-for-students/#sthash.sPflcuS.dpuf>.

¹³ Brett Kittredge, "Special Needs ESA enters second year", Empower Mississippi, June 28, 2016, <http://empowerms.org/special-needs-esa-enters-second-year/>.

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Bring Educations Savings Accounts to North Carolina

