

TEXAS PUBLIC POLICY FOUNDATION

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**LEGISLATOR'S
GUIDE**
to the issues



TEXAS PUBLIC POLICY
FOUNDATION

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The public is demanding a different direction for their government, and the Texas Public Policy Foundation is providing the ideas that enable policymakers to chart that new course.

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Parental Choice

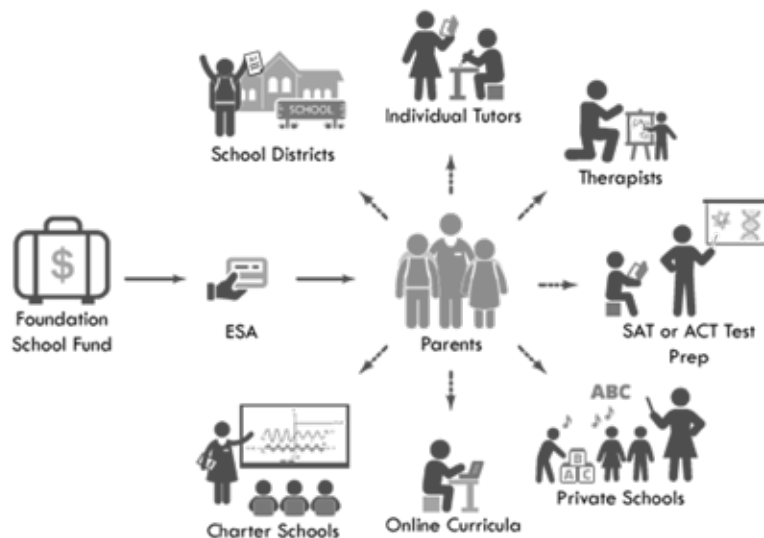
The Issue

Compared to the majority of states, Texas is behind in educational opportunity. Twenty-nine state legislatures and Congress (for the District of Columbia) have established some form of private school choice. Texas has none. Every Texas child should be afforded the opportunity to select the educational options which best suit his or her individual needs.

Though many students in Texas are served well by the public school system, other students need alternative solutions. Over 1,300 (1 in 8) schools in Texas, attended by approximately 800,000 students, are currently categorized as Public Education Grants (PEG) schools, which are schools failing in some or all categories. Over 140,000 students are on waiting lists for high-quality charter schools, indicating unmet demand for better options. A federal investigation recently revealed that special needs students in Texas are being underserved, and the state is searching for ways to meet those students' needs.

In 2015, Nevada passed a law that created an Education Savings Account (ESA) program to allow almost every student in the state the freedom to select the best educational program for their own educational needs. In 2017, Arizona followed Nevada's example with an expansion of their own pioneering ESA program. An ESA can be used for a variety of educational expenses throughout a school year, including therapy, tutoring, test fees, textbooks, transportation expenses, or tuition. Families can roll over unused ESA dollars from one school year, and any remaining funds can be used for higher education expenses. Modeled after Health Savings Accounts, the ESA concept provides an offset to many of the third-party pay problems inherent in education today. The **figure** below illustrates how ESAs might work.

Reformed Flow of Funds through ESAs



ESAs have been established by legislatures in Nevada, Arizona, Tennessee, Mississippi, Florida, and North Carolina. Arizona's and Nevada's programs are the leading models because of their focus on near-universal availability. In Arizona, which has had an ESA since 2011, parents have taken full advantage of the program's flexibility. About one-third of ESA funds are expended on multiple items; in other words, a sizable number of parents choose not to use the entire ESA on tuition. In addition, when Arizona parents were given the option to roll over unused dollars and spend them on future educational expenses—such as college tuition—they rolled over an average of 43% of their ESA allotment.

Special needs students in Arizona were the first to be given access to ESAs. In 2015, they comprised 58% of the 2,406 Arizona ESA holders. Parent satisfaction with the program is notably high: a survey of over half of participating families in the 2012-13 school year found that all respondents were satisfied with the program and none registered negative or neutral feedback. Similar programs created especially for special needs students in Florida have found similarly high levels of parental satisfaction and drastically lowered levels of student victimization.

Student performance improves as a result of educational choice. According to EdChoice, of 18 empirical studies on this topic, 14 found that student achievement improved and 2 found no measurable impact. Choice also has been proven to improve public school performance. Of 33 empirical studies surveyed by EdChoice, 31 found that surrounding public schools improve when students are allowed a choice.

The Facts

- A universal (meaning available to all Texas students) ESA program starting in 2017 could have led to an additional 11,809 students graduating from high school instead of dropping out by 2022. Those 11,809 additional high school graduates could have resulted in five billion dollars' worth of economic benefits to ESA participants and society as a whole. Those societal benefits include higher tax revenues, lower welfare costs, and less criminal activity.
- Public schools will improve significantly with the implementation of universal choice.
- Universal choice will drive up teacher pay as schools divert more funds to classrooms—where they have the greatest effect on students.

Recommendations

- Promote educational excellence in Texas by adopting ESAs for all Texas students, and establish a variety of educational choice alternatives.
- Empower students with special needs with educational choice options.

Resources

[*The Education Debit Card: What Arizona Parents Purchase with ESAs*](#) by Lindsey Burke (Aug. 2013).

continued

Parental Choice (cont.)

[Empowerment Scholarship Account Handbook](#), Arizona Department of Education (2016-17). This work explains the Arizona ESA in detail.

[Texas School Finance: Basics and Reform](#) by Michael Barba, Kent Grusendorf, Vance Ginn, and Talmadge Heflin, Texas Public Policy Foundation (March 2016).

[The ABCs of School Choice](#), EdChoice (2018). This work summarizes school choice programs across the nation.

[How School Choice Affects the Achievement of Public School Students](#) by Caroline Hoxby, Hoover Institution Press (2002).

[Evaluation of the DC Opportunity Scholarship Program: Final Report](#) by Patrick Wolf, Babette Gutmann, Michael Puma, and Brian Kisida, U.S. Department of Education (June 2010).

[School Choice and Climate Survey](#), Grand Prairie ISD (Dec. 2014).

[A Texas-Sized Brand: Education Savings Accounts in the Lone Star State](#), by Inez Feltscher Stepman and Lindsey M. Burke, ALEC (March 2017).

[Whether to Approve Education Savings Accounts: Preventing Crime Does Pay](#) by Corey DeAngelis and Dr. Patrick Wolf, University of Arkansas (Dec. 2016).

[The Moral Case for School Choice](#) by Michael Barba and Kent Grusendorf, Texas Public Policy Foundation (Sept. 2014).

[Children in Need: Special Needs Students in Texas Would Benefit From Education Savings Accounts](#) by Emily Sass and Stephanie Matthews, Texas Public Policy Foundation (May 2017).

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