



tn educational equity coalition

# Your Guide to EDUCATION SAVINGS ACCOUNTS AND VOUCHERS IN TENNESSEE

We believe that all children have the right to achieve their fullest potential in a high quality school environment that nurtures their growth and equips them for success. We also believe that a **key lever for student success includes a strong accountability system**, supported by high standards and aligned assessments, that communicates expectations, prompts action and aligns appropriate and equitable resources. Our expectation is that **any school or system utilizing local, state and federal public dollars to educate students must be held accountable to the goals and expectations laid out in Tennessee's accountability plan.**

## What does Governor Lee's Education Savings Account Proposal Include?<sup>1</sup>

In his State of the State address on March 4, 2019, Governor Bill Lee proposed investing \$25.5 million dollars in a pilot program that provides education savings accounts (ESAs) for up to 5,000 students in Tennessee. Governor's Lee's ESA plan would let eligible families receive \$7,300 in taxpayer money to pay for private tuition or tutoring, online courses, or other education services. **Eligible students must come from a low-income family and attend a district in which at least three or more schools are counted in the bottom 10 percent of Tennessee's public schools based on academic performance.** In order to offset the loss of funding from ESAs, districts would receive school improvement grants for the first three years of the program. The number of eligible students would gradually increase year-to-year based on demand. In order to better understand this potential policy and fiscal change in Tennessee, here are some important terms to consider:

### KEY TERMS

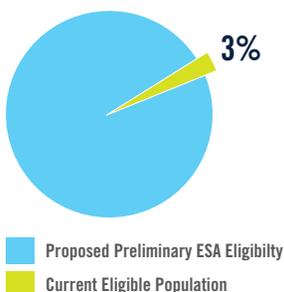
**TRADITIONAL VOUCHER:** the most well-known form of private school choice, vouchers provide families with tuition dollars to be used to send their child to a private school of choice.

**EDUCATION SAVING ACCOUNTS (ESAs):** ESAs are a hybrid school voucher, providing families with, in effect, a "debit card" of public funds to be used for services related to their child's education. Funds may be used for qualifying education services, however ESA programs in other states are usually used by families for private school tuition, essentially utilizing them as traditional school vouchers. For example, 83 percent of Arizona families used their ESAs as a voucher for private school tuition.<sup>2</sup>

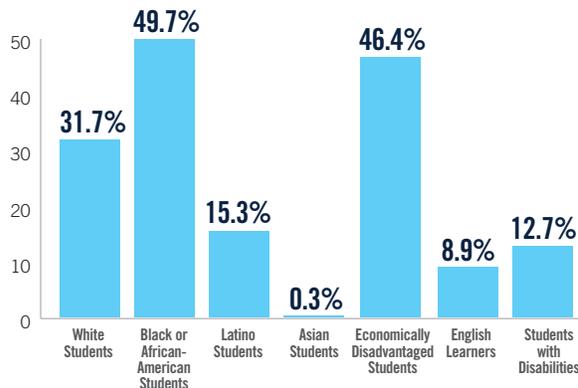
**SCHOLARSHIP TAX CREDIT:** scholarship tax credits incentivize corporations and businesses to make private donations to nonprofit organizations that offer scholarships to eligible children. In turn, these corporations receive an additional tax credit based on their participation in the program.

### WHO IS ELIGIBLE?

Out of over 145,000 low-income students in these districts\*, 5,000 might benefit.



### WHO ARE THE STUDENTS IN ELIGIBLE DISTRICTS?



\*ESA eligible districts are Hamilton County Schools, Jackson-Madison Public Schools, Knox County Schools, Metro Nashville Public Schools and Shelby County Public Schools.

Source: Tennessee Department of Education, State Report Card 2017-2018

## CURRENT EDUCATION SAVINGS ACCOUNT PROGRAM IN TENNESSEE

Tennessee's **Individualized Education Account (IEA)**, created in 2015, provides roughly 140 students (out of 42,000 eligible) who have an individualized education program (IEP) with an average annual award of \$6,700. This account can be used for educational-related expenses, including private school tuition, tutoring services or homeschool curriculum.<sup>3</sup>

It is important to note that families who accept this funding waive their student's rights under education law (the Individuals with Disabilities Education Improvement Act - IDEA). These include the right to disciplinary protections, accommodations for instruction or assessments, or access to services laid out in a student's Individualized Education Program (IEP).

Tennessee's IEA requires two tests: (1) financial accountability and (2) academic accountability. Tennessee's ESA is supported by statutes that are designed to prevent fraud and abuse, which require reviews of student accounts and termination of accounts that are misused. For academic accountability, however, students in grades 3-8 must take an assessment of some kind. The Tennessee Department of Education verifies that students take assessments, but does not compile, track or report results. If education savings accounts are expanded to other students groups in Tennessee, academic accountability must be established in order to assess the quality of the educational services received, and to judge the effectiveness of deploying taxpayer dollars for the ESA program.

# DO EDUCATION SAVINGS ACCOUNTS/VOUCHERS BENEFIT STUDENTS?

## What Does the Research Say?

Overall, the impact of **school vouchers on student success** is **inconclusive**. While ESAs may be used broadly for education services, most families utilize existing ESAs for private school tuition - and so a summary of voucher research in the last decade is helpful for gauging the potential impact of Tennessee's ESA program.

School voucher research is complex, with many studies relying on older data to analyze the voucher's impact on outcomes. Additionally, **positive**, **negative**, or **neutral** impacts are often tied to a specific type of student outcome. For example, a voucher recipient's student achievement may appear to decrease, while their likelihood for college enrollment may increase.

STATE	IMPACT ON...	WHAT THE RESEARCH SAYS
Louisiana	Student Achievement	Students that received a voucher <b>experienced a dramatic decrease in academic achievement</b> compared to eligible voucher recipients that remained in public schools. <sup>4</sup>  Most <b>negative effects were concentrated in lower-quality private schools</b> , which were also schools with low tuition and enrollment rates.
Ohio	Student Achievement	Students receiving vouchers performed worse on state exams compared to non-voucher recipients - <b>and students experiencing the greatest decrease in achievement attended higher-performing public schools prior to receiving a voucher.</b> <sup>5</sup>
Indiana	Student Achievement	<b>Voucher recipients scored significantly lower on math assessments</b> compared to similar, non-voucher students. <sup>6</sup>
Washington, D.C.	College Enrollment	Students that received an opportunity scholarship were <b>no more or less likely to attend college</b> than students that did not receive a scholarship. <sup>7</sup>
Wisconsin	Student Achievement	<b>No significant differences</b> are observed between test scores of voucher and non-voucher students. <sup>8</sup>
North Carolina	Student Achievement	A sample of students receiving school vouchers in North Carolina <b>experienced increased test scores.</b> <sup>9</sup>  The study used a <b>sample composed of mostly private Catholic schools - which only formed 10 percent of the state's voucher-eligible schools.</b>
Wisconsin	Public School Performance	<b>No evidence indicates that private school competition improved public school performance</b> on student achievement measures. <sup>10</sup>
Washington, D.C.	High School Graduation	Voucher recipients <b>experienced increased high school graduation rates - and suggestive gains in reading</b> - compared to non-voucher recipients. <sup>11</sup>
Florida	College Enrollment	Long-term voucher recipients <b>are more likely to enroll in college</b> , particularly if recipients spent longer periods of time in a private school. <sup>12</sup>
New York	College Enrollment	No significant impact on college enrollment overall, but <b>African-American voucher recipients did experience a significant increase in college enrollment.</b> <sup>13</sup>

## LEGAL CHALLENGES

Apart from inconclusive findings, many state and local voucher programs across the country have faced numerous legal challenges. The primary issue has centered on the separation of church and state and the constitutionality of sending public funds to sectarian private schools. Specifically in question are the approximately 36 state constitutional amendments that prohibit states from providing public funds to religious schools. These amendments, collectively called the "Blaine Amendments" have been at the center of various legal disputes across the country.<sup>14</sup> The outcomes of these challenges have been varied, with some states upholding the programs and others finding them unconstitutional.

# QUESTIONS FOR CONSIDERATION

## OVERSIGHT:

1. Who or what agency will be responsible for the management of ESAs in Tennessee?
2. What systems will be established to prevent fraud or abuse?
3. What happens to unspent funds in ESA accounts?
4. Who will verify the quality, capacity, and background of education service providers that will offer tutoring, instruction and other services in the home?
5. Will there be oversight of the type and quality of curriculum used, of teacher licensure, or quality of instructional materials available for purchase with ESAs?
6. What happens to the funding when/if a student returns to their public school? Will the ESA be returned to the school system?

## ACCOUNTABILITY:

1. Will recipients of ESAs take State assessments each year? If not, how will we verify the success of the ESA program?
2. What data will be gathered on the academic performance of students who receive taxpayer funded ESAs?
3. How will this information be shared with the public, and with families considering applying for ESAs?
4. Will this information be disaggregated by student group?
5. What actions will be taken if students fare worse with ESAs than they did in their public schools?
6. If a school or education service provider is not improving outcomes for students, how long would it take before they are denied access to ESA funding?

## FAMILY RIGHTS:

1. Will families waive their constitutional and statutory rights upon receipt of the ESA?
2. Will schools that accept ESAs be required to accept any student, regardless of ability or need? What happens if they do not?
3. What assurances will be in place so that families are not compelled to pay other costs above and beyond the payment from the ESA?
4. What recourse or due process will families have if their students are harmed, receive inadequate services or education, or are subject to discriminatory practices?

## WANT TO STAY UP TO DATE?

1. Sign up for our weekly legislative newsletter and access our bill tracker.
2. Submit your own ESA or voucher question.
3. Visit our website with timely information on the new Tennessee ESA legislation.

Learn more at  
[TNEDEQUITY.ORG/ESAINFO](https://TNEDEQUITY.ORG/ESAINFO)

# THE BOTTOM LINE

Overall, numerous academic studies over time show inconsistent results for voucher and ESA programs across the country, with positives, negatives, and neutral impacts of school choice options on student outcomes. Regardless of who receives an education savings account, or what specific metric we are hoping to address, Tennessee must commit to conducting rigorous and public evaluations of any ESA program, and ensure that students succeed in their educational environment.

**Every single student deserves the right to an education with high standards and rigorous learning environments, and ESA-eligible schools and programs must be evaluated according to the accountability framework created under the Tennessee Succeeds ESSA State Plan.<sup>15</sup>**

# ENDNOTES

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## About the Tennessee Educational Equity Coalition

The Tennessee Educational Equity Coalition is a group of diverse civil rights and education advocacy organizations that have built a shared policy agenda to address chronic disparities in achievement and opportunities for students of color in the state of Tennessee.

Our members include 2,180 individual advocates representing more than 525 national, state and local organizations and over 70 partner organizations across the state. Our robust network of allies spans multiple sectors and includes students, parents, school-level personnel, district-level leaders, policymakers, non-profit leaders, governmental organizations, and advocates in the K-postsecondary sectors.

The Coalition was formed in the spring of 2016 and is convened by Conexión América, a long-standing Nashville-based nonprofit that serves the Latino community.