Resources to Learn More

What the Education Choice Movement Can Do Next: Personal-Use Tax Credits for K-12 Education

By Matt Ladner, August 21, 2024
www.heritage.org/education/report/what-the-education-choice-movement-can-do-next-personal-use-tax-credits-k-12

Giving Every Child an Excellent Future with Education Savings Accounts

By Jonathan Butcher and Jason Bedrick, November 21, 2022
www.heritage.org/education/report/giving-every-child-excellent-future-education-savings-accounts

Education Choice at a Crossroads: A Survey of Arizona Families Who Use Empowerment Scholarship Accounts

By Jason Bedrick, December 19, 2024
www.heritage.org/education/report/education-choice-crossroads-survey-arizona-families-who-use-empowerment

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GIVING EVERY CHILD THE CHANCE TO SUCCEED WITH

EDUCATION SAVINGS ACCOUNTS

Dominic and Kristina Furlano (front), of Sarasota, FL, with their son, Seppie, 8, and daughter, Luciana, 10. Both children attend the Curious and Kind Forest School once a week as part of their customized education programs made possible by education choice scholarships.

ESAs: Learning Solutions for the 21st Century

Kristina Furlano was worried when her daughter, Luciana, struggled in first grade. Kristina and her husband decided to hold Luciana back for a year, but the problems persisted.

After more research, Kristina discovered that Luciana has a severe case of dyslexia. "Public schools were most likely never going to be a good fit for her unless there was someone working with her one-on-one through the whole school day," Kristina says.

But Kristina and her family live in Sarasota, Florida, and state officials have made three education savings account options available to families. With an account, the state deposits a portion of a child's spending from the state education formula into a private account that parents can use to buy education products and services.

Families can find personal tutors for their child, choose an education therapist, buy curriculum, pay for online classes and private school tuition, and more. Parents can even educate their child at home, which is what Kristina chose to do for Luciana.

Florida's largest ESA servicer, Step Up for Students, reports that Luciana uses an online reading tutor paid for with her ESA and is now able to read on her own.

Kristina explains that she also found a tutor for Luciana, as well as other learning programs for Luciana and Seppie, the Furlano's middle child. "The tutoring we have received so far has been phenomenal. These are all covered through the scholarship," Kristina says. She explains that all three of her children, two of whom are using ESAs, have a "full, full schedule."

Every parent wants to be able to tell a story like this about their child. Education savings accounts are helping to write these stories of achievement and life change for children across states that have adopted them.

"EVERY CHILD SHOULD HAVE THE CHANCE TO SUCCEED..."

Every child should have the chance to succeed, no matter where they live or their parents' income. With an education savings account, families can challenge their child or find the help a child needs to catch up to their peers. Either way, ESAs are designed to help students succeed—something parents, taxpayers, and lawmakers can agree on.

PHOTO COURTESY OF STEP UP FOR STUDENTS

ESAs: WHAT SETS THEM APART

1. Families and students can use an account to purchase more than one education item or service.
2. Account holders can save money from year to year.
3. Students may use an account to attend a private school but are not required to use their account for private school tuition.

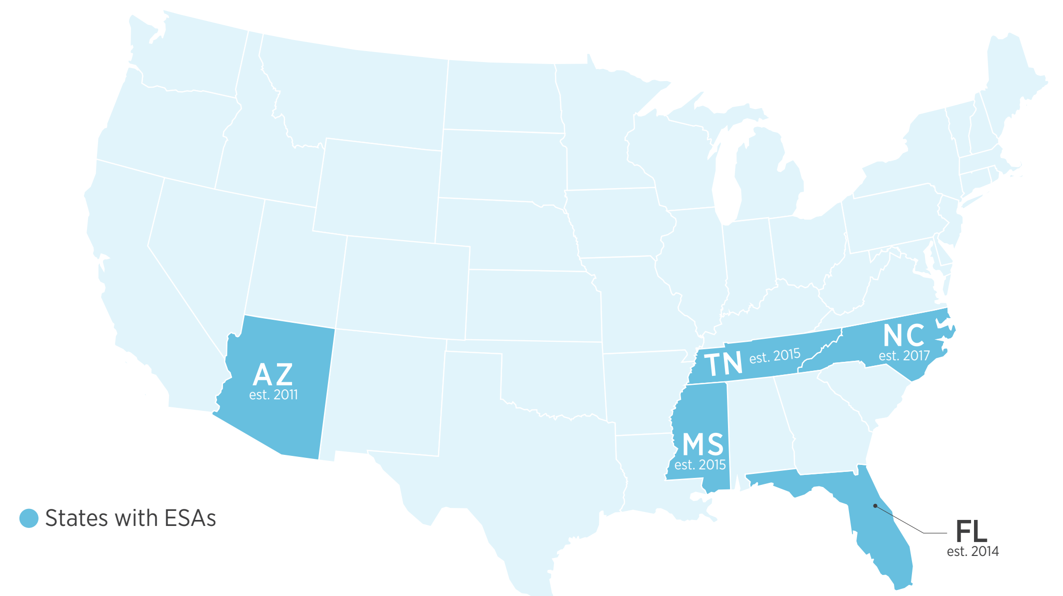
ESAs, TAX-CREDIT ESAs, ACCOUNT-STYLE SCHOLARSHIPS, AND PRIVATE SCHOOL VOUCHERS

Vouchers are private school scholarships that help families afford tuition. With an **ESA,** the state deposits a portion of a child's spending from the K-12 education formula into a private account that parents use to buy education products and services. ESAs give parents greater flexibility than vouchers because they can be used for many different kinds of educational tools to customize a child's education and use multiple learning options at once. With a **tax-credit ESA,** parents buy education items and services and a charitable donor contributing to the scholarship organization receives a credit on their taxes for their contribution. Some states offer **account-style** scholarships that allow families to purchase different learning products but students must attend a private school or families cannot save account funds from year to year.

ESAs in the States

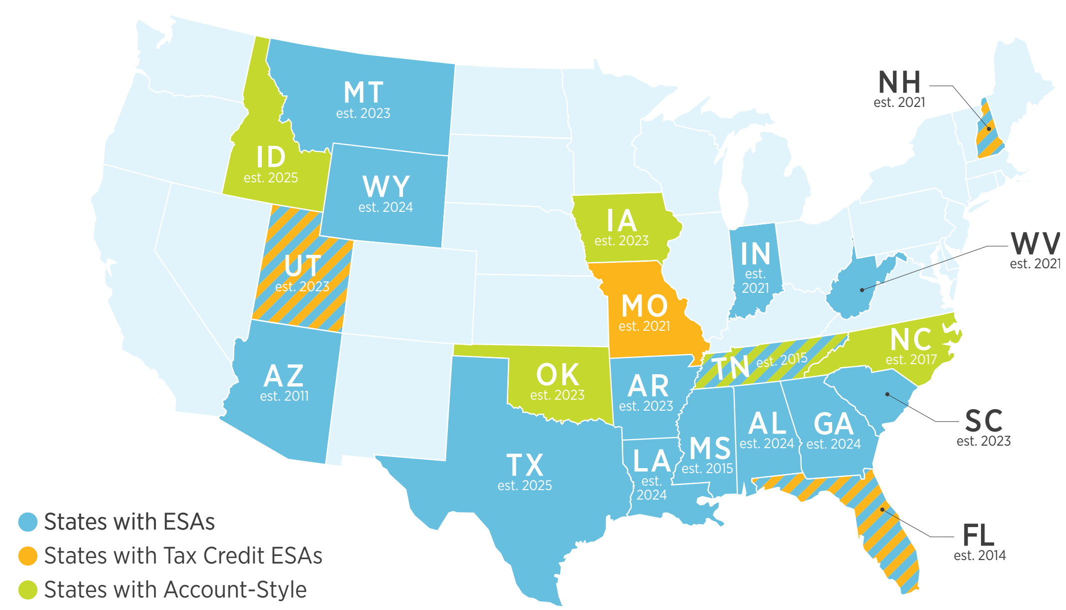
ESA GROWTH IN THE U.S. BETWEEN 2017 & 2026

2017



SOURCE: THE GOLDWATER INSTITUTE

2026

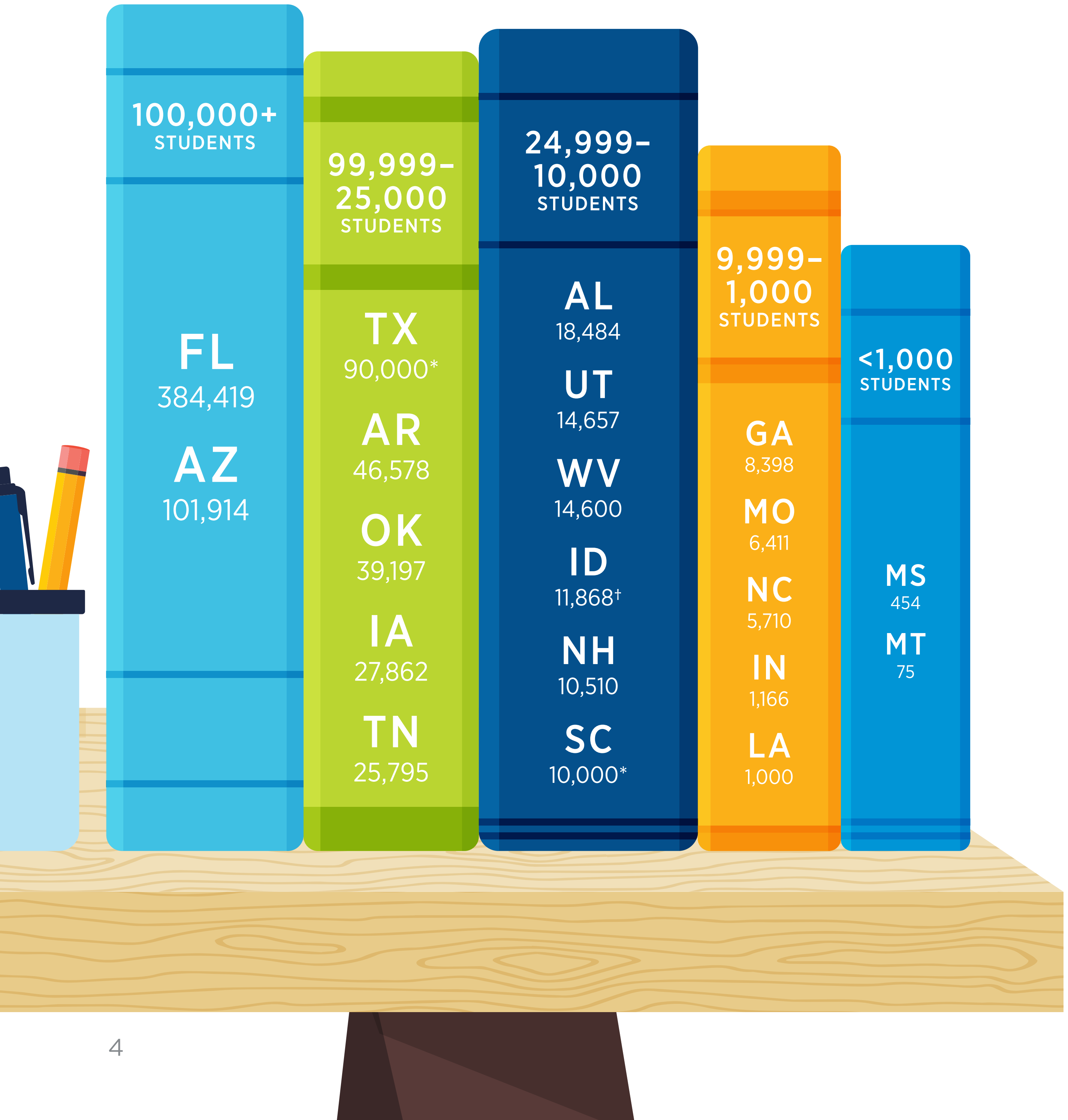


SOURCE: EDCHOICE

ESA ENROLLMENT

Number of students enrolled in an ESA program. Enrollment figures are from 2026 unless otherwise noted. Some enrollment numbers reflect caps, applications, or multiple ESA programs.

* Cap for 2025–2026 or 2026–2027
† Based on applications as of March 3, 2026



ESA AWARD AMOUNTS BY STATE

Each coin represents a state. Coin size is proportional to the annual award amount per student. Award amounts may vary by program, student eligibility, or special needs status.

- $10,000–$20,000
- $7,500–$9,999
- < $7,500
- * For Students with Disabilities
- † For Low Income Students
- ‡ For Homeschooled Students

STUDENT STORY: MICHAEL WILSON

Terri Wilson's grandson is brilliant. So when his teacher asked his class to write a few facts to describe themselves and her grandson, Michael, called himself an "idiot" and said "I'm a mistake." Terri says, "It hurt my soul."

She explains that doctors diagnosed her grandson as having ADHD and being on the autism spectrum. When he was attending his local public school, Terri says, "It was a struggle, to put it mildly." Michael grasps concepts quickly, well before other students, which left him bored while the teacher explained the lesson to the rest of the class. Michael was prone to crawling under desks and moving around the room during class. She received calls almost daily from the principal.

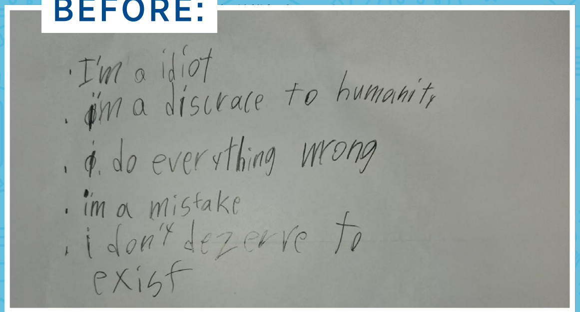
After several frustrating years, Terri learned about West Virginia's Hope Scholarship accounts, the state's education savings account program, which allows K-12 students to receive financial assistance that can be used for tuition, homeschool curriculum, and other qualifying expenses.

Thanks to the credit, Terri began educating Michael at home. With his diagnosis, she says, he needed to be "unschooled." **"He needs to fly free with his creative ideas and his brilliance and I don't think any structured school is going to do that for him."**

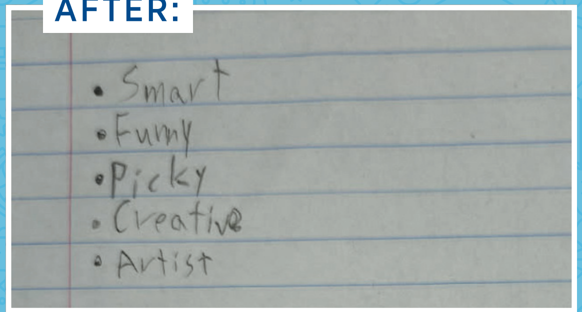
After just eight months using Hope, Terri said Michael's progress was "unbelievably beautiful." "He's always asking questions," she says, and she has not regretted switching to the scholarship.

Recently, she asked Michael to write five things about himself, and he wrote "smart, funny, picky, creative, and an artist." **What a difference eight months, a loving grandmother, and a scholarship called "Hope" can make in a child's life."**

BEFORE:



AFTER:



Michael's first list of five self-descriptions (left) painted a discouraging picture. Just eight months after receiving ESA funding, his second list (right) showed a dramatic shift toward confidence, positivity, and self-belief.

Who Benefits?

STUDENTS

Students receive the greatest benefit from ESAs. Every child is different and has different learning needs. Parents and students can use an account to customize a child's education. Students can take classes online for part of the day, work with a personal tutor in the afternoon, and participate in public school extracurricular activities after school. Children can attend private school full-time or choose to use multiple educational products and services simultaneously.

One Arizona student attended a private school full-time with an account, but his parents decided he would be better served meeting with individual tutors and educational therapists—so they left the private school and used the account to pay for services à la carte.

Students who struggle with certain material can use an account to find additional learning resources or instruction to help them catch up. Students can also use an account to access advanced courses or materials. These accounts are as flexible and challenging as students and parents need them to be.

PARENTS

The accounts give parents a new way to help their children when their district school is not a good fit for their child. Parents who cannot change their neighborhood or have no other public school option for their child have little recourse when their child falls behind in class, routinely gets picked on by other students, or simply needs learning options better matched to his needs. With an account, parents can decide immediately about where and how a child learns. Parents do not have to wait until the next school year for a different class placement or hope that school administrators will intervene—they can improve a child's situation right away with an account.

A Step-by-Step Guide to Education Savings Accounts

1. FAMILIES DETERMINE STUDENT ELIGIBILITY
In some states, lawmakers have made accounts available to all public school students. In others, accounts are only available to children with special needs, who have active-duty military family members, or are in foster care.

2. APPLICATIONS
Some states accept applications all year, while others have an application window.

3. ACCOUNT AWARDS
A state agency or scholarship organization will send account information to families who complete an application.

4. ACCOUNT USAGE
Parents and students use the accounts for eligible expenses. Some states provide a prepaid debit card for expenses. Others reimburse parents for their expenses after the fact.

For examples of allowable educational products and services please see page 11.

5. EXPENSE REPORTS
Typically, at the end of each fiscal quarter, parents complete an expense report. Families submit receipts for each purchase to the agency overseeing the accounts. The agency cross-references the items on the report with the bank's records. Once all transactions have been accounted for, the agency makes the next quarter's deposit.

ALLOWABLE EDUCATIONAL PRODUCTS AND SERVICES OFTEN INCLUDE:

- PRIVATE SCHOOL TUITION
- TEXTBOOKS
- SPECIAL NEEDS THERAPY
- TUITION FOR VOCATIONAL PROGRAMS
- ONLINE CLASSES
- STANDARDIZED TEST FEES (EX: ADVANCED PLACEMENT TESTS)
- SCHOOL UNIFORMS
- ASSISTIVE TECHNOLOGY (EX: BRAILLE TRANSLATION SERVICES)
- PERSONAL TUTORS
- COLLEGE TUITION
- COLLEGE TEXTBOOKS
- PUBLIC SCHOOL CLASS OR EXTRACURRICULAR ACTIVITY FEES
- CURRICULAR MATERIALS (EX: WORKBOOKS)
- TRANSPORTATION COSTS
- COMPUTER HARDWARE

ARKANSAS STUDENTS THRIVE WITH EDUCATION FREEDOM ACCOUNTS

Research from Arkansas shows strong performance among students using the state's education savings account program, known as Education Freedom Accounts. On norm-referenced tests, Education Freedom Account participants attending private schools scored, on average, in the 55th percentile in math and the 57th percentile in English Language Arts. In other words, they outperformed 55 percent of students in math and 57 percent in English Language Arts. Students using their accounts to learn at home scored even higher, reaching the 63rd percentile in math and the 68th percentile in English Language Arts. These results score above the national median and indicate strong academic performance among Education Freedom Account students.

More than one-third of Education Freedom Account participants are children with special needs, and more than one-quarter are children who entered kindergarten using an account. **The program also had a 91 percent retention rate between 2024-2025 and 2025-2026, suggesting strong parent satisfaction.**

ESAs and Transparency

Researchers have conducted rigorous analyses of the ways in which parents use ESAs in Arizona. According to data from the Arizona Department of Education, just 1.9 percent of a random sample of account funds spent by Arizona parents were used for ineligible purchases. Most of these purchases were unintentional errors, such as purchasing backpacks and lunch boxes. The same audit found that 0.3 percent of the spending was actually fraudulent or egregious.

Despite this evidence, critics of ESAs falsely claim the rates of misspending are much higher. Yet ESAs offer taxpayers an unparalleled level of transparency. Public officials or payment processing companies that contract with state agencies review parent spending on a regular basis, sometimes conducting risk-based auditing. With a risk-based audit, officials closely monitor irregular expenses.

When fraud is detected, officials will suspend an account until expenses are properly accounted for—preventing ongoing, widespread misuse of ESA funds. Fraudulent activity in traditional public school districts often goes undetected for years because of poor bookkeeping and weak oversight policies.

DO ESAs HARM PUBLIC SCHOOLS?

Lawmakers in more than half of all states have enacted K-12 private school choice laws, and almost every state allows teachers and community leaders to form public charter schools—public schools of choice. The research literature consistently shows that when states adopt school choice policies, traditional public schools perform as well or better than they did before. Expanding education options improves outcomes. School choice is the rising tide that lifts all boats.

Constructing an ESA Program

A strong ESA policy includes:

ELIGIBILITY REQUIREMENTS
Just as every child can attend a local public school, so should every child be eligible for an ESA. The accounts should be a way for all students to satisfy the state's truancy requirement just like attending a traditional school, charter school, private school, or homeschool.

ALLOWABLE EXPENSES
Lawmakers should include the widest range of possible account uses because every child is unique—different students benefit from different instructional practices. ESAs should cover learning options like private school tuition, online classes, personal tutors, and college expenses because these opportunities help students to find challenging resources inside and outside the classroom. Computer hardware with assistive technologies is valuable for children with special needs. Families should also be allowed to pay for educational summer camps and school uniforms, as such additional fees are common in a child's educational career.

ACHIEVEMENT METRICS
Student results should not be used to determine a child or school's continued eligibility in an education savings account system, and lawmakers should not require account holders to complete a single uniform state test each year in order to remain eligible for an account. Standardized tests are a limited measure of a child's achievement, which makes these assessments an ineffective indicator of a child's progress or a school's success.

However, state policymakers should equip parents to be responsible for their child's academic accountability and to monitor their progress. For example, lawmakers could require families to choose a nationally norm referenced standardized test, college entrance exam, or Advanced Placement test in math and reading each year. For students attending a private school, account holders should be allowed to satisfy this requirement by taking the annual assessment of the school's choice or by choosing a different test outside of school.

MEASURES OF SUCCESS
Student test scores should not be used to determine a child or school's continued eligibility for an ESA, and lawmakers should not require account holders to complete a single uniform state test each year in order to remain eligible for an account. However, state policymakers should equip parents to be responsible for their child's academic performance and to monitor his progress with a wide range of academic options. These results should be aggregated to protect student privacy and made publicly available to assess student performance.

FRAUD PREVENTION MEASURES
To prevent misuse of the accounts, lawmakers should create a 1-800 number for individuals and businesses to report suspected fraud, along with an online fraud-reporting form. In programs that provide reimbursement of expenses, parents may be required to gain approval for expenses in advance. Programs that provide a debit card may restrict their use to certain vendors or review expenses on a regular basis before depositing additional funds in the account.

HOMESCHOOLING PROTECTIONS
Policymakers should allow families to use an account to educate their child at home, using an account to purchase textbooks, curricular materials, and other learning resources. But state or federal laws should treat families homeschooling without an account separately from ESA students who school at home or craft an à la carte educational experience.

Solutions as Unique as Each Child

Some families are satisfied with a student's assigned school, and there is no requirement that anyone use an education savings account if they do not want to. But for students struggling with their coursework or bullied in class or any number of other situations in which parents want to choose how and where a child learns, the accounts can help parents access an educational environment as unique as their child. Every child should have such an opportunity.