



Indiana Coalition for Public Education

Talking Points: Why Indiana should not create Education Scholarship Accounts (ESAs)

What are ESAs?

ESAs have several different names: Education Scholarship Accounts, Education Savings Accounts, Empowerment Scholarship Accounts or Education Options Accounts. They are simply another word for VOUCHER. Proponents of ESAs use different names because the word “voucher” is tainted. These are known as neo-vouchers because they still, through a more circuitous route, transfer taxpayer money to private schools/entities.

- ESAs provide parents who opt out of the public school system with public funds (that would otherwise go to the public school) to purchase educational services such as private schooling, online education, private tutors, supplies and therapies. The primary difference between ESAs and conventional vouchers is that ESAs allow parents to use public funds to purchase almost any educational services and supplies with little oversight, transparency or accountability to the public. In some states the money is loaded onto a debit card.
- Tax dollars are taken out of public school budgets to subsidize private school tuition, online or home schooling or other educational related goods and services.
- As we have seen in other states, ESAs are often introduced for a small needy subset of students, with the intent to expand and grow the program to eventually apply to everyone . ESAs become a slippery slope to universal vouchers. ESAs, as currently proposed in the Indiana State Budget, will apply to students with special needs, students in foster care or children of active military families. But experience tells us the definition of eligible students will grow in future legislative sessions and so will the costs.
- ESAs are not the same as 529 Savings Plans for post-secondary education. 529 Savings Plans are actually “savings” accounts with money set aside by parents, students, grandparents and others for a specific student. A K-12 ESA is funded by YOUR tax money and given to applicants who meet the state’s requirements.

Financial Accountability/Transparency Issues

Public dollars generated by public taxes should come with public scrutiny.

- ESAs allow parents to withdraw their children from public schools and receive money in a state-approved account, often attached to a debit card. The proposed ESAs in the Indiana state budget will be run through an online app “like Amazon.” Families can then spend the funds on private school tuition, tutoring, materials and therapies. There are very limited guardrails.

- ESAs are often rife with fraud. Fiscal conservatives often worry about expenditures, but oversight is lax and accountability is minimal with ESAs. In other states, there have been hundreds of thousands in misspending annually in these programs. People buy things and use the money for purposes are not allowed. For example, an Arizona Auditor General report revealed that ESAs have been used to buy jet skis, family trips to Disneyland, big screen TVs, beauty supplies and were even were used to pay for an abortion.
- Members of the Indiana General Assembly have not pursued Indiana Virtual School after it defrauded the state of \$85 million, nor have they enacted any new laws to prevent such fraud in the future. Yet they are comfortable with your tax money being given to parents with lax oversight via an ESA.
- There are no background checks required for families who receive state ESA money.
- In Indiana’s proposed program, purchasing electronics would be allowed. What would stop someone from reselling or returning these items for a gift card or cash to be used for anything?
- In other states, parents have withdrawn funds, deposited them into a 529 fund and then returned to the public school that was defunded by their ESA “choice.”
- There is no stipulation that the funds be used for students in-state. Which means that Indiana tax dollars could be spent out of state.
- ESAs would be used in private schools and home schools which would not accountable to taxpayers for the expenditures they make with public funds. Unlike public schools, they are not audited by the State Board of Accounts and do not have to publish an annual financial report.
- ESAs would be used in private or home schools that are largely exempt from federal and state mandates, regulations, and reporting requirements. Unlike public schools, they do not receive federal accountability ratings and are not required to employ licensed teachers. All schools that receive public funds should play by the same rules.
- There are many potential safety issues. Microschools, home schools and other service providers are unregulated. There are no background checks required. Someone with no education experience could educate kids in their bedrooms or in a home where firearms could be unsecured and pharmaceuticals are not locked up.
- This will not be a separate line item in the budget for citizens to easily monitor the program costs and growth.

Diversion of Funds from Public Schools

- ESA vouchers take more money away from our already underfunded schools. ESA creation and expansion would cost the state millions, all coming from cuts to public education. ESAs divert needed resources from public schools. Indiana spent \$170M on vouchers last year, adding up to \$1 billion on vouchers over the past 10 years. ESAs and vouchers are funded out of the tuition support appropriation, depleting the money available for public schools. Indiana ranked 22nd in per-pupil spending in 2004 but has since fallen to 39th, contributing to the lowest teacher salary growth in the nation over the past two decades, according to the Governor's teacher pay commission.
- ESAs will not save the state money. When Indiana adopted its voucher program in 2011, proponents claimed vouchers would save taxpayer money as poor children left "failing public schools," (a false narrative) to be educated for less money at a private school. Vouchers stopped being a savings after the second year of the program. As the eligibility for vouchers expanded, the majority of students using a voucher had already been attending a private school. What changed is that taxpayers were now paying for these students' private education.
- Sixty-one percent of students who received a voucher in Indiana last year never attended a public school.
- ESAs subsidize students who are already in private school. There is no requirement to have attended a public school. Students in private schools will suddenly be eligible to take this windfall of ESA funds. This is not saving the state money.
- If a parent can buy a new Macbook computer under Indiana's proposed ESA program, but public school parents are still lugging Kleenex, Lysol wipes and Xerox paper to school and being subjected to unrelenting fundraisers, perhaps we should focus on properly funding our public schools instead of diverting funding to ESAs.
- ESAs cannibalize public schools and are a way to divert public dollars into private pockets.
- Since charter schools in Indiana are funded by public taxpayer dollars, they will suffer from ESA and voucher expansion too.
- Every time a student takes a voucher or ESA, more money goes to DC that doesn't come back to Indiana. Once a student leaves the public system, the school and state no longer receive that student's share of federal funding (for Free and Reduced Lunch and Title I programs). That doesn't mean Indiana's federal income taxes will go down. Hoosiers will still send the same money to the federal government, but less federal support will be coming back to Indiana. Indiana federal tax monies will be reinvested in other states' infrastructure instead of in Indiana's.

- ESAs impact rural and small schools. ESA vouchers are even more harmful for rural Indiana, because the local public school is the only option in most rural areas, By reducing the total budget available for per-pupil tuition support, ESAs further underfund rural area's already poorly-funded schools, even if no students in their area participate. Public school districts are often one of the top employers in a rural community. When the school's budget is cut, people lose jobs.
- The ESA program is projected to cost \$5 million for setup. This doesn't include future audits or maintenance of the program.

Equity and Access Issues:

Public schools should provide equitable access and ensure that all students have the knowledge and skills to succeed as contributing members of a rapidly changing, global society, regardless of factors such as race, gender, sexual orientation, ethnic background, English proficiency, immigration status, socioeconomic status, or disability.

- ESAs force parents to waive rights to IDEA protections. Special needs families waive federal protections as soon as they walk out the door.
- For students with complex special needs, the amount is not nearly sufficient to cover the cost of tuition to a private school.
- Discrimination protection is not there for religious private schools that openly discriminate.
- The modern-day voucher program is borne out of resistance to Brown v Board and the requirement that schools integrate.
- Special needs students can be kicked out of private schools and service providers can choose to not support those students. It's not really a parental choice. The schools and providers choose the students.
- ESA programs like to tout the idea of parental empowerment, but one can also see these programs as parental abandonment. "Here," says the state. "Take this ESA money, go get your kid an education, and good luck to you." And then the state washes its hands.
- ESAs do not improve achievement. If ESAs are proposed with the intent for equity and the end goal is achievement or educational growth, then measurable progress metrics should be mandated in these proposals.
- ESAs say they offer real choice, but ESAs and vouchers give choice to private schools and private service providers, not families. Unlike public schools, private and religious schools often discriminate in who they educate and are not required to accept all students.

- What will happen to students with special needs whose families opt for an ESA and then discover the ESA and the available service providers can't meet their child's needs? It happens all the time. The students will return to public school. While the family explores options, there may be a gap where the child isn't adequately served. When the student returns to public school, there may be a gap where the school isn't being paid for the expensive services and general education they are required to provide.
- Public funds should only be used for education that is open and inclusive to all Hoosiers.
- ESAs will mostly benefit the upper class and more wealthy families who have the means to navigate the system. The program is unlikely to benefit students from low-income families.

Philosophical Issues: Who Wants This?

- Heritage, Cato, AFC (Betsy Devos), Goldwater, Ed Choice have spent millions of dollars on influencing elections and legislators across the country resources to expand ESAs/vouchers. Together, they are working to dismantle public education, changing it from the force which propelled America to world superpower status into a money-making scheme to benefit the already very rich.
- This has been pushed in many states by the American Legislative Exchange Council as fill-in-the-blank template "model" bills.
- Indiana's proposed voucher expansion and ESA bill will help fulfill Milton Friedman's vision of dismantling public schools and undermining anything that is publicly funded.
- Proponents are against all public or collectively funded institutions: Medicare, Social Security, public pensions.
- Children represent a market opportunity for those who want to privatize everything about K-12 education
- This is an effort to unbundle schooling from public education and create a la carte schooling.

Economic Issues

- In the long term, disinvestment in public K-12 funding may cost Indiana much more in diminished economic growth. To prosper, businesses require a well-educated workforce. Deep education funding cuts weaken that future workforce by diminishing the quality of elementary and high schools. At a time when Indiana is trying to produce workers with the skills to master new technologies and adapt to the complexities of a

global economy, cuts in funding for basic education undermine a crucial building block for future prosperity.

- Public schools need investment so that they can provide more resources to help vulnerable students in more sustainable ways. Doing this increases educational attainment and leads to higher wage, more stable family-supporting jobs. The governor has said that there are unfilled jobs waiting and Indiana employers are craving a skilled workforce.
- If Indiana truly wants to produce highly skilled graduates, why would we want to send more students to schools that don't adhere to the same high academic standards?

I don't have children in school. Why should this matter to me?

Strong public schools make a strong state. Just as an educated population strengthens our state economy and maintains property values, a poorly funded public school system lowers wages and property values, discourages business from locating in Indiana, and depresses our economy overall. An Indiana teacher can move to Illinois to do the same job for an immediate \$15,000/year raise — and some do. A business owner would take immediate action if their business was falling behind. We cannot afford not to invest in Indiana's economic future.

My children attend private school. Why shouldn't I get to use an ESA or a voucher?

The economic future of our state is at stake. Indiana struggles to provide the skilled workforce it needs to compete with other states. If teachers continue to flee the state and we continue a disinvestment in public education, Indiana will not be able to ensure economic prosperity for its citizens and create the workforce of the future. With over 90% of Indiana families choosing public schools, our state must invest its resources in those students in order to succeed.

The Indiana General Assembly is required by the state's Constitution to provide a uniform system of common schools where tuition shall be without charge and equally open to all.

General Assembly members should concentrate on fully funding Indiana's public schools. Continuing to endanger public schools and reduce their funding is a dereliction of their Constitutional obligation.