



The Way of the Future in Rhode Island

Bright Today Scholarships
for Every Family

March 2015

PUBLIC POLICY GOALS

Every child deserves hope for a bright future. In order to realize that hope, every child must have the opportunity to receive a good education of their parents' choice — today.

The status quo is the enemy of our children's and our state's future. As documented in the January 2015 report, "The Case for Expanded School Choice in Rhode Island," far too many Ocean State students are being underserved by the public school system, while parental demand for school choice greatly exceeds the legislatively capped supply of existing choice options.¹

Rhode Island's educational system spends at a top-10 level, on a national basis, yet produces only average levels of academic achievement, even ranking in the bottom-10 when it comes to various measures of performance, progress, and reform.

Reversing decades of declining returns on taxpayer investment in Rhode Island's government-run educational system is a major challenge. It will require a fundamental culture shift that places the primary focus on best educating each and every child, as opposed to funding a monopolistic system.

The solution will require bold, new reform ideas — ideas that allow immediate new options for families with children forced to attend failing schools, ideas that do not have an adverse impact on the public school system, and ideas that will enhance the economic outlook for our state.

Nationally, such ideas are taking hold in state after state. The time is now for Rhode Island to seize control of its own educational future and break

away from the status quo that is holding back our children and our state.

Any public policy solution must not only create new educational opportunities, but do so without adversely affecting other students. The top 10 goals of a well-crafted "legislative" solution in the Ocean State should:

1. Establish RI as a national leader in education reform
2. Empower all RI parents with immediate choices to obtain adequate education for their children
3. Meet the documented demand for school choice by increasing the supply of available options
4. Create an environment in which public schools are likely to improve academic outcomes
5. Increase or maintain current per pupil funding levels in district schools
6. Save money for school districts that could be used to repair crumbling schools or for property tax cuts
7. Keep all local tax funds for use in local district schools
8. Cost nothing to implement — zero increase in any local or state tax or fee
9. Provide higher value for taxpayer dollars
10. Improve overall statewide educational performance so as to be a boost to economic development

After an evaluation of the most innovative and cutting-edge educational reform ideas throughout the nation, the Bright Today Scholarship Account program, a carefully designed legislative recommendation by the Rhode Island Center for Freedom and Prosperity, meets that challenge and each of these goals.

POLICY OBJECTIVE: A WIN-WIN-WIN SOLUTION

The goals of the Bright Today Scholarship program address the concerns of public school advocates, while empowering parents to provide a customized education for their children, while also supporting what is universally recognized as a path to Rhode Island's economic development resurgence.

Its objective is not to adversely harm the public school system, but to provide an immediate option for dissatisfied parents who feel their children are trapped in failing schools and to create competition among public schools that will lead to overall improvements by raising the standards by which they will be held accountable for their performance.

Based on reviews of school choice programs, such as those in Florida and Arizona, discussions with private school administrators, and a predictive economic model, the Rhode Island Center for Freedom and Prosperity expects an approximate 2–3% participation rate of public school students exiting the public school system and accepting scholarships in the early years — hardly the dismantling of public schools that opponents of educational choice often claim.

The goals of a win-win-win public policy solution should benefit families and children, without adversely affecting public schools, while also aiding Rhode Island's long-term economic development.

Goal #1: Establish the Ocean State as a National Leader in Educational Reform

If enacted, Rhode Island's Bright Today Scholarship program would be the most innovative and universal scholarship program in place across the entire nation.

Goal #2: Empower all Rhode Island Parents with Immediate Choices

Parents demand — today — a better education for their children than what many government schools provide. They cannot wait for vague promises of reforms tomorrow. Nobody knows their children better than parents, who will be empowered to choose a private educational path or another public school, if their current district schools are not meeting the needs of their children.

Goal #3: Meet the Documented Demand for School Choice by Expanding the Supply of Available Options

In practice and in polling, Rhode Islanders demonstrate that demand for school choice options is high. With nationally leading rates of enrollment in private schools and through various public opinion surveys, clearly, in Rhode Island, the demand for school choice exceeds the supply of current school choice options.

Goal #4: Create an Environment That Leads to Enhanced Academic Outcomes for Public Schools

National research clearly demonstrates that public schools actually improve academic performance when they must meet the higher accountability standards of parents empowered with choice. In fact, 22 of 23 major national studies on school choice found that academic outcomes at public schools were positive, with no study showing an adverse impact.²

Goal #5: Increase or Maintain the Per Pupil Funding for Students Remaining in Public Schools

Bright Today Scholarships can be achieved without adversely affecting the public school system, either from a performance or a financial perspective. The recommended legislation would actually increase the funding available for those students who remain in the public school system.

With regard to the finances of the proposed Bright Today Scholarship program, there is one important fiscal point to make. The math of funding the Bright Today Scholarship program is very different and much more favorable to public school districts than the funding of charter schools:

- Charter schools require significantly more funding than the proposed scholarship program.
- Districts are required to contribute locally raised taxpayer funds to charters, but not to Bright Today Scholarships.

- Districts would keep scholarship award recipients in their local state funding-formula calculations.

Goal #6: Save Money for District School Systems That Can Be Put to Other Educational Uses

National research supports the truth that public school districts can actually save money by reducing certain cost burdens via implementation of a program like Bright Today Scholarships:

- These savings occur when the cost burden removed from public schools exceeds the state funding effects
- Savings can be used to repair crumbling school buildings or to meet other obligations. Total cumulative district savings, statewide, could exceed \$100 million in 5–10 years.

Consider the hundreds of millions of dollars in taxpayer and school district savings derived from the approximately 17,000 Rhode Island students in Rhode Island who are currently enrolled in private schools. Imagine the added costs if all of these students were to re-enter the public school system. The Bright Today Scholarship program seeks to capture a portion of the savings of new students exiting the public school system, even after state dollars are used for the scholarships.

Goal #7: Keep 100% of Local Taxes for Use in Local Public Schools

With all scholarships to be funded by the state, 100% of locally generated tax dollars will remain available to be used to fund local public education.

Goal #8: Zero Additional Cost to Taxpayers

The Bright Today Scholarship program will cost taxpayers nothing more to implement — no new state or local taxes or fees are required. Existing levels of educational funding by taxpayers are more than sufficient to provide scholarships to families that want to improve the quality of the education for their children and for administration of the program.

Goal #9: Provide Greater Return Value to Taxpayers for Their Property Tax Payments

When students can be better educated for less public funding, local and state taxpayers receive a greater value for their hard-earned tax payments. It should not matter if children are educated in public or private schools; they're all our kids and both school systems are part of how we educate them.

Goal #10: Support the Universal View That Improving Education Will Improve the Economy

Educational choice is economic development! Elected officials, business leaders, and advocates of all stripes understand this. Expanded educational choice will lead to a faster and more direct path to an improved education for thousands of Rhode Island students, which will attract more companies and workers to our Ocean State. In addition, the increased opportunity for educational choice will likely make Rhode Island more attractive for families to live and work.

WHAT ARE BRIGHT TODAY SCHOLARSHIPS?

The legislation introduced in March 2015 in Rhode Island's General Assembly is named the Bright Today Scholarship and Open Enrollment Act. The stated purpose of the legislation is “to provide parents of K–12 students in Rhode Island with an opportunity to enroll their child in an educational program of their choosing, either via open enrollment in a traditional public school ... in any ... public school district, or by receiving a scholarship, with designated public monies to follow the student to the private school or private curriculum program selected by the parent.”

Why? The education landscape is rapidly changing across America, with new technologies and new education models providing superior schooling options, as compared with the factory-type government school systems that were originally designed in prior centuries.

Innovators are persistently making greater use of technology in the education field. As just one example, an MBA from Harvard University, Salman Khan, has developed an online curriculum with thousands of courses that are available to any student — world-class, virtual lessons *for free!*³

Bright Today Scholarship Accounts are a form of education savings accounts (ESAs), which are considered to be the wave of the future in America and the next generation of school choice programs.

These scholarship accounts allow parents to withdraw their children from traditional district or charter schools and receive deposits of public funds into state-authorized savings accounts with restricted,

but multiple, uses. Those funds can cover private school tuition and fees, online learning programs, private tutoring, or other educational expenses.⁴

Features of Rhode Island's 2015 Bright Today Scholarship Legislation

The bipartisan Bright Today Scholarship legislation that has been introduced in both the House and Senate of Rhode Island's General Assembly in 2015 meets all 10 goals described above. Modeled after the State of Arizona's original ESA program, the first such program implemented in America, the 2015 legislation includes the following features:

- **Universal Eligibility.** Every family in the Ocean State will be eligible for a “scholarship” or for “open enrollment.” Families will have the choice to apply for Bright Today Scholarships for private education or to apply for transfers to other public schools via open enrollment.
- **Not a Voucher.** Although based on a voucher concept, unlike traditional vouchers, there are three distinct characteristics of ESAs, which are the center-piece of the Bright Today Scholarship program:
 - *Funding flow:* Instead of the value of the award being directly transferred to the private school institution, as with vouchers, ESA funds are deposited on a quarterly basis into special debit-card accounts controlled by the parents, which can only be spent on approved educational expenses. This is similar to how health savings accounts (HSA) function.
 - *Flexibility:* Unlike vouchers, which can only be spent on private school tuition, ESA funds, at the parents' direction, can be more flexibly spent on a variety of approved educational expenses.
- *Roll-over capability:* Also unlike vouchers, where unspent funds are returned to the state, ESAs allow parents to save and roll-over funds for future K–12 educational expenses.
- **Approved Educational Expenses.** Parents may access the funds in their children's education savings accounts with debit cards. The 2015 legislation specifies that the funds may only be used for the child's K–12 educational expenses, for the following approved uses:
 - Tuition or fees at an approved, participating private school
 - Textbooks required by a participating school, or by a private curriculum
 - Tutoring services provided by a tutor accredited by a state, regional, or national accrediting organization
 - Home school curriculum
 - Tuition or fees for nonpublic online learning programs
 - Fees for a nationally standardized norm-referenced achievement tests, advanced placement examinations, or any exams related to college or university admission
 - Educational therapies or services for the “special education” student from licensed or accredited practitioners or providers, including licensed or accredited paraprofessionals or educational aides
 - Fees for courses at eligible postsecondary institutions, taken prior to the student's graduation from high school or the equivalent
 - Fees for management of the scholarship account by firms selected by the general treasurer

- Services provided by public schools, including individual classes and extracurricular programs
- **Income Adjusted Scholarships.** While every K–12 family in Rhode Island will be eligible to receive a Bright Today Scholarship, scholarship awards are income-adjusted, with lower-income families receiving the maximum award:
 - Scholarship awards are based on a percentage of the total state and local funding amount for each school district.
 - General education scholarships are capped at \$6,000 per participating student.
 - Special education scholarships allow for 95% of specifically designated state and local “special educational” funding to be deposited into a student’s scholarship account.
 - The 2015 Bright Today Scholarship legislation also provides students currently enrolled in private or home schools with a reduced scholarship opportunity that amounts to 25% of what that student would have otherwise been awarded, as if they were enrolled in a public school.
- While the total state plus local funding amount varies from school district to school district, in virtually all cases, that amount exceeds \$12,000. The five income steps of the 2015 Bright Today Scholarship award schedule are based on the adjusted gross income (AGI) of the student’s

household, as it relates to the household income levels required to qualify for the federal free or reduced price lunch program (FRPL). Per the specifications of the 2015 legislation, families can anticipate scholarship awards as displayed in the table below.

- The \$6,000 cap applies in all instances except for "qualified" or special education students. In most districts, every five-person household below \$100,000 would receive the maximum award of \$6,000.
- It is anticipated that low-income families would be able to use the \$6,000 scholarship to be able to fully fund primary and middle school (K–8) tuitions in many private schools, and could roll-over unspent funds to save for secondary schooling (9–12), which tends to be more expensive.
- Further, with the expansion of the corporate tax credit scholarship program and/or via other scholarship options offered by private schools and other scholarship organizations, many low-income families may be eligible to secure additional funding, so that they may ultimately be required to contribute little, if any, of their personal income.
- With the open enrollment feature described below, low-income families may also choose to transfer their children to other public schools of their preference.

Anticipated Income Adjusted Bright Today Scholarship Levels

	Approximate Family Income (Family of Five)	Maximum Scholarship % of State & Local Funding	Bright Today Scholarship Award
Less than or equal to FRPL	< \$50,000	100%	\$6,000
Between 1 and 1.5 times FRPL	\$50,000–75,000	75%	\$6,000
Between 1.5 and 2.0 times FRPL	\$75,000–100,000	50%	\$6,000
Between 2.0 and 2.5 times FRPL	\$100,000–125,000	25%	\$3,000
Over 2.5 times FRPL	\$125,000 <	15%	\$1,800

Sources: Bright Today legislation and U.S. Census American Community Survey

- **Cost of Administration.** The 2015 Bright Today Scholarship legislation allows the RI Department of Education (RIDE), or any organization it so designates, to maintain up to 3% of the general education scholarship awards in order to fund administration of the program, plus 5% of special education funding. These administrative costs, like the scholarship awards themselves, are funded through existing revenue — no additional taxes or fees are required by any state or local taxpayers.
- **Administrative and Academic Accountability Standards.** The 2015 legislation details multiple accountability requirements for participating parents, private schools, public school districts, and RIDE.
- **Fraud Provisions.** While no public assistance program can be guaranteed to be free from fraud, the 2015 legislation stipulates conditions whereby parents misappropriating scholarship funds can be disqualified from the program or reported to the attorney general's office.
- **Prohibition of State Control over Non-Public Schools or Homeschools.** The legislation includes an entire section that specifically prohibits any government agency from exercising additional controls or requirements of participating private educational service providers, while also stating that such providers should be allowed maximum freedom to meet the educational needs of their students without governmental control.
- **Open Enrollment.** An important and separate aspect of the 2015 legislation is to allow families the option to transfer their children to any other public school in their own school district or any other public school district. Open enrollment transferees are not eligible for Bright Today Scholarships.
- **Transportation.** The existing state school bus transportation policies apply, whether the student accepts a scholarship to switch from public schools to a private educational path or transfers to some other public school via open enrollment.

THE MATH OF THE BRIGHT TODAY SCHOLARSHIP PROGRAM

The Center has developed the Rhode Island District Impact Model of Educational Scholarships (RI-DIMES), which can project the statewide and district-by-district fiscal impact of the Bright Today Scholarship program. Taking into account the unique resident income breakdowns, district financials based on the state funding formula, and student data of each district, along with the income-adjusted award schedules of the Bright Today Scholarship Program, a projected participation rate and financial impact can be calculated for each district.

Soon, the Center will publish a report providing a district-by-district fiscal impact analysis for all 36 traditional public school districts in Rhode Island. In the meantime, there are a few general outcomes we can confidently project. The purpose is to explain the math of ESAs, so except where noted otherwise, the projections below do not include the partial scholarships awarded to current private-school students.

General Findings:

District Savings. If the average scholarship award is less than the average variable cost per student, as is the case with the 2015 legislation, then the district will save money on a net basis. The higher the actual variable cost — that is, the district’s cost to educate one additional student — the greater the district savings. This occurs because the total amount of state revenue reductions (to fund the scholarships) is less than the total amount of (variable) cost reductions realized through lower enrollment levels. See the chart below.

Funding Mix. Because participating scholarship students still count toward the district’s funding formula, the mix of local versus state funding for any public school district is not a factor in its net savings calculations, because it’s one pot of funding. The key factor is average variable cost.

Grandfathering Fiscal Impact. Per the 2015 legislation, providing public funding to students currently enrolled in private schools who do not count toward the districts’ state funding would further reduce state funding to districts and would necessarily reduce district savings, leading to near-term net losses in some districts. In the mid-to-long term, all districts will see net savings.

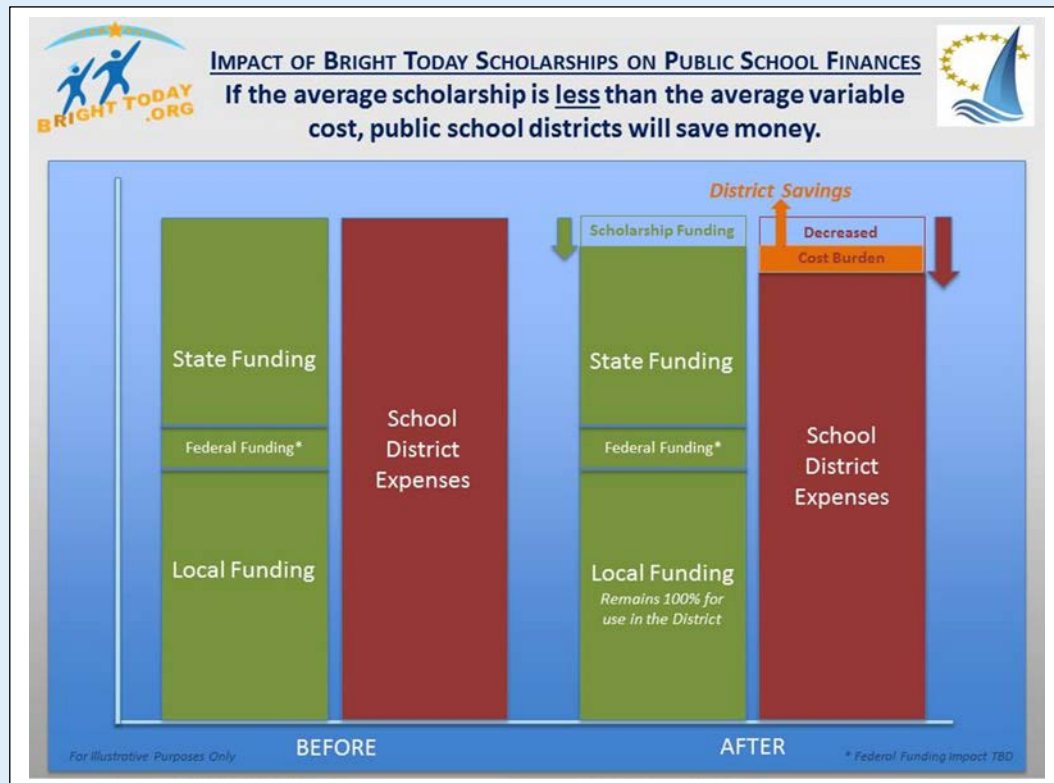
Average Variable Costs. Many critics of school choice point out that lower enrollment does not always translate in to lower variable costs — that a small number of fewer children in a school does not mean a classroom’s worth of savings can be realized. This is sometimes true ... and sometimes not true.

Average variable cost, per RI-DIMES, refers to the incremental (marginal) expenses, on average, to educate an additional student. Average variable cost looks at the longer-term, bigger-picture scenario for entire district populations of students.

How Bright Today Saves Money

If federal, state, and local funding remains constant for a school district, using funds for scholarships will represent a decrease.

However, money saved by not having to educate each student will exceed that loss, becoming savings.



It is true that variable costs savings are not realized on a straight-line, one-to-one enrollment basis. Rather, in reality, there is a stepped relationship between student enrollment and variable student costs, as shown in the chart below.

RI-DIMES takes this reality into account and does not credit districts with variable cost savings with each student, but rather when the districts hit the thresholds at which they are expected to be able to realize the savings.

Statewide Findings

Using RI-DIMES to make financial projections about each of Rhode Island’s 36 school districts, it becomes apparent that Rhode Island school districts will realize the same financial savings that national research suggests.

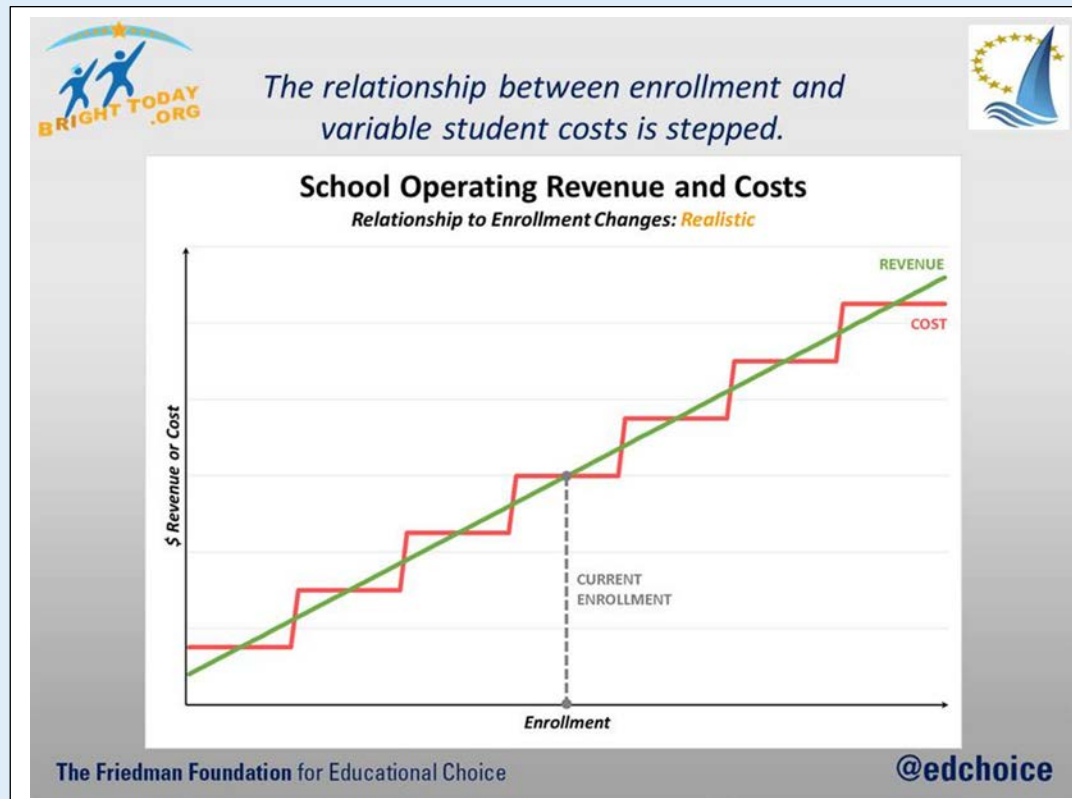
Specifically, after the projected Bright Today Scholarships are awarded within each district, we can expect the following.

< 3% Participation Rate. People often mistakenly believe empowering parents with choice will serve to “dismantle” the public school system. This is a myth about school choice. Historically, across the nation, as validated by the Center’s RI-DIMES, a very low percentage of eligible students will participate in the scholarship program in the early years, giving public schools the chance to improve and make the case for themselves.

While approximately 160,000 Rhode Island students will be eligible to receive Bright Today Scholarships, it is anticipated that just 2–3% of public school students will participate in the program in the early years. This is consistent with national trends, where participation rates are usually less than 3%.⁵ RI-DIMES validates these findings, with a projected

Realizing Variable Cost Savings

As students migrate to private schools, public schools save money on a stepped basis, as they cross thresholds at which they are able to make changes that save money.



2.77% statewide participation rate, ranging from 2.35% to 3.07%, among individual Rhode Island public school districts, in the first year.

This translates to about 3,682 students, statewide, participating in the scholarship program in the first year. According to data available from the Rhode Island Department of Education (RIDE), school districts deal with natural in- and out-migration fluctuations that can significantly exceed this amount.⁶ The projected participation in the Bright Today Scholarship program should not be a new phenomenon for districts to deal with.

Scholarship Award Level. With a cap of \$6,000 per student, and with an income-adjusted scholarship award schedule, the average scholarship award will vary from district to district due to varying projected participation rates that are based on the unique family income and school-type makeup of each district. The statewide average scholarship award is projected to be \$5,016, ranging from \$3,971 to \$5,762 among individual school districts. Total scholarship awards in the first year, statewide, are projected to be \$25.3 million.⁷

Universal Increase in Per Student Funding. Total funding per student will increase in every school district for students remaining in the public school system by a statewide average increase of \$299 per student, ranging from \$143 to \$547 among individual districts.

Near-Universal District Savings. All but the smallest Rhode Island school districts will realize net fiscal savings according to conservative projections by RI-DIMES. Under a slightly more optimistic scenario, every district would realize monetary savings in the first year. Statewide, districts will collectively save over \$16 million in

the first year, ranging from -\$62,472 to +\$3,726,085.

Increase in Statewide Educational Funding.

Total overall spending on education in Rhode Island (public and private) will increase on an annual basis, without any new burden placed on taxpayers.

This occurs because public spending levels will remain as planned, but the scholarships will provide an incentive for families to contribute their own funds toward private education to capture the value of the scholarships. RI-DIMES projects that, in the first year, about \$17.25 million in “new” private money will be spent on education.

Grandfathering Fiscal Impact. When grandfathering existing private school students with scholarship opportunities, most districts are expected to see minor net fiscal losses in the early years. However, in just a few years, these losses are likely to diminish to the point at which districts will realized overall net savings from the legislation. With grandfathering at the 25% scholarship level, per the 2015 legislation, districts statewide would cumulatively lose about \$2.6 million, ranging from -\$682,980 to +\$339,787.

from THE WAY OF THE FUTURE

Education Savings Accounts for Every American Family⁸

By Matthew Ladner, Ph.D.

Providing parental choice through school vouchers has earned a proven record of accomplishment, including improved academic outcomes, stronger

parental satisfaction, and higher high school graduation rates. Now an opportunity exists to build upon that impressive record by designing choice programs that will deepen the level of competition between education providers.

Milton Friedman argued that the biggest winners under a voucher system would be those suffering most with the status quo. Competition and incentives work in every sector of the American economy. K–12 education is not “too important to leave to the market,” as some parental choice critics claim. Rather, Friedman argued, it is too important to *divorce* from the market. Indeed, the competitive mechanisms for K–12 education reward success and either improve or eliminate failure.

Such a program also would encourage innovation and customization of K–12 education as parents would have the incentive to carefully balance quality and cost while seeking the best possible education for their child. American students desperately need schools that are more effective. With current and looming financial difficulties, out-of-control health care spending, and pension and entitlement issues, American taxpayers need less expensive schools. People often assume that education quality cannot improve while its costs are lowered, but such an exchange occurs on a regular basis in the private sector. Adopting a decentralized system of education funding in which service providers compete based on both quality and cost will provide powerful incentives for educators to deliver high-quality services at the lowest price possible. With the correct incentives, Americans can and will reinvent a largely moribund system of schooling into a much more vibrant system.

Education savings accounts shift the way K–12 education in America is delivered. The way states

organize public schools has encouraged skyrocketing costs for decades while millions of students fail to acquire the basic skills needed to succeed in life. In short, the productivity of American education has collapsed over the past four decades. The students who start with the least in life suffer the most under this status quo.

Americans primarily organize their publicly funded K–12 education efforts into local government districts. Boards of elected officials govern those districts, setting policies and hiring a superintendent to serve as the head of the bureaucratic infrastructure overseeing the schools. The district holds a monopoly on public schooling options within its geographic territory, and, likewise, each district school has an attendance boundary in which it is the monopoly provider of public education. School district elections are often low-turnout affairs conducted with limited information available to voters, all too often outside of the standard election dates and even polling places. Low turnout in such elections is neither shocking nor accidental.

Collective bargaining and the unionization of educators also constitute a major feature of today’s public education system.

What have the unions done with their political power? Above all else, they have increased public school spending and hiring. The average American public school student cost taxpayers \$4,060 in 1970, but \$9,391 in 2006 (adjusted for inflation). If schools today were as efficient as those in 1970 were, lawmakers could reduce total state spending and/or tax burdens by 25 percent.

Despite that stunning fact, the public remains largely unaware of the vast increase in spending, and thus consistently supports more spending, both

in polls and at the ballot box. Despite the sizeable rise in per pupil funding, much of the public continues to believe that lawmakers “underfund” public schools. “The pervasiveness of this assumption that schools are inadequately funded says more about the state of our public thought about education than anything else,” Jay Greene wrote. “It is simultaneously the most widely held idea about education in America and the one that is most directly at odds with the available evidence.”

Of course, that increase would be tolerable if the quality of education grew accordingly. Sadly, that has not been the case. American high school seniors score poorly on international exams of academic achievement, and the most reliable longitudinal data (the National Assessment of Educational Progress) show largely flat scores since the early 1970s.

With spending up and achievement flat, America has suffered a collapse in the return on investment in K–12 education. There are actually beneficiaries of public education’s inefficiencies, who cleverly have disguised more of the same (increased spending) as a cure for declining productivity. American schools suffer under a system of local government-run monopolies dominated by producers’ interests.

The substantial decline in the productivity of spending in the public school system in recent decades represents a catastrophic policy failure.

Unacceptable Achievement Gaps Are a Disgrace

Americans do not just suffer from high dropout rates and unacceptable racial achievement gaps: We *build them*. Every system, whether intentionally or

Rhode Island’s government-run public educational system is failing its minority and at-risk students. Minority students, students from low-income families, and children with disabilities in Rhode Island especially suffer in government schools. According to the national report card on schools and national NAEP scores:

- *Black, poor, and Hispanic students in RI perform lower than national averages, as do students with disabilities*
- *Performance of RI students with disabilities has declined over the past seven years.*
- *Hispanic students in Florida outperform overall results for all students in RI in 4th grade reading following aggressive educational reforms in the Sunshine State.*

not, is designed to achieve the results associated with it. The school system in the United States year after year produces extraordinary gaps in achievement based on race and income.

For example, national data show 12th-grade black and Hispanic students scoring middle school levels of achievement. International exams of academic

achievement show disadvantaged American students scoring at levels comparable to Third World countries that spend only a fraction of America's average per pupil while facing far larger poverty challenges. The status quo in American education is unacceptable to the American notions of equal opportunity.

The Arizona ESA Prototype

Arizona lawmakers established Empowerment Scholarship Accounts (ESA) originally for students with disabilities attending public schools. In 2012, lawmakers expanded eligibility to include students attending public schools and school districts graded D or F, kids having gone through the state foster care system, and the children of active duty military members. They can participate in the program starting in the fall of 2013.

The law specifies that the parent or guardian of the eligible child must sign an agreement with the state to provide an education that includes reading, grammar, mathematics, social studies, and science. By signing the agreement, the parent agrees not to enroll their child in a district or charter school for the following year, and releases the school district of residence from any obligation to educate the participating child.

In return, the state of Arizona deposits 90 percent of state funding that would have otherwise gone to the child's public school into the ESA. Parents access those funds with a debit card, and the statute specifies the allowable use of the accounts. Parents may use the funds in their children's Empowerment Scholarship Accounts for the following purposes:

- Tuition or fees at a private school

- Textbooks
- Educational therapies or services from a licensed or accredited practitioner
- Curriculum
- Tuition or fees for a non-public online learning program
- Fees for a standardized norm-referenced achievement exam
- Fees for an Advanced Placement examination
- Fees for a college or university admission exam
- Tuition or fees at an eligible post-secondary institution
- Contributions to a qualified 529 college tuition program
- Management fees from financial institutions selected by the Arizona Department of Education to oversee the accounts

The Arizona Treasurer's office and the Arizona Department of Education oversee the program. The law provides for random audits of accounts, and the Department of Education may remove a family from participation for a serious misuse of funds, subject to appeal. In cases of suspected fraud, the Department of Education is empowered to refer cases to the Arizona Attorney General's office for investigation and possible prosecution.

The law represents a liberal system of state-assisted education to stand beside the state-run system. Arizona lawmakers designed ESAs as an opt-out of the public school system. State taxpayers enjoy a variety of benefits from the agreement with parents, including a direct savings. Possible other benefits to program growth include relieving public school overcrowding and increasing the resources available to school districts per pupil. School districts retain their local funding even when they lose a student to the program

¹ RI Center for Freedom & Prosperity. “The Case for Expanded Educational Choice in Rhode Island. January 2015. Available at: rifreedom.org/2015/01/the-case-for-expanded-educational-choice-in-rhode-island (Accessed 3/2/15)

² Forster, Greg. Friedman Foundation for Educational Choice. “A Win-Win Solution: The Empirical Evidence on School Choice.” April 17, 2013. Available at: www.edchoice.org/Research/Reports/A-Win-Win-Solution--The-Empirical-Evidence-on-School-Choice.aspx (Accessed 3/2/15)

³ Ladner, Matthew. Friedman Foundation for Educational Choice. “The Way of the Future: Education Savings Accounts for Every American Family.” September 9, 2012. p. 1 Available at: www.edchoice.org/CMSModules/EdChoice/FileLibrary/925/The-Way-of-the-Future--Education-Savings-Accounts-for-Every-American-Family.pdf

⁴ Ibid.

⁵ The Center for Education Reform. “School Choice Today: Voucher Laws Across the States.” 2014. Available at: www.edreform.com/wp-content/uploads/2014/08/VoucherRankings-Report5.pdf (Accessed 3/2/15)

⁶ RIDE provides a variety of ways to address this question, including enrollment data as well as Stability and Mobility Indices for the state and each district, available on its Web site, at www.ride.ri.gov.

⁷ Note that scholarship to students who switch from public to private school will account for around \$18.5 million. However, a theoretical one-thirteenth of “current” private school students will be automatically eligible for scholarships simply because they are entering the system — public and private — for the first time. In other words, these are students who would have gone to private school with or without the scholarship, but who cannot be differentiated from students whose parents switched their intentions from public school to private school because the scholarships.

⁸ Ibid at note 3.