

# Back on Track ESAs

*Helping Pa. students recover from school shutdowns.*

Students have missed months of schooling.

Back on Track Education Scholarship Accounts (ESAs) help kids catch up and help families afford learning expenses.



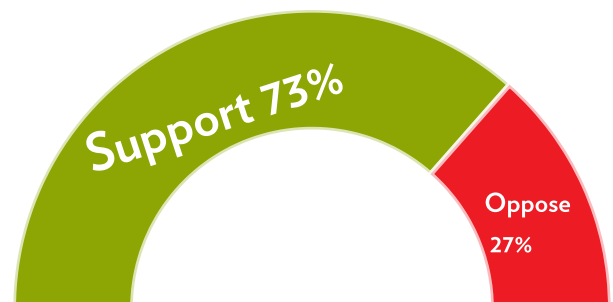
CARES Act money can help kids get back on track.



Directing CARES Act funding to students will empower parents to get their children the specific help they need.

Pa. voters support ESAs

Even before the pandemic, there was strong support for ESAs across all regions and demographic groups.





## **Talking Points: Back on Track ESAs** *Helping Students Recover from School Closures*

*Back on Track Educational Scholarship Accounts (ESAs) are **restricted-use accounts** funded with a portion Pennsylvania's share of federal CARES Act funding. Like health savings accounts or EBT cards for food stamps, funds in Back on Track ESAs could only be used for approved education-related purchases, such as tuition, online classes, curriculum, tutoring, counseling, and services for students with special needs.*

### **Back on Track ESAs will help kids harmed by school shutdowns.**

- With the coronavirus disruption, there is more need than ever for flexible education options. Back on Track ESAs will enable parents to choose the right programs to meet the unique learning needs of their children.
- Kids are falling behind after missing up to three months of schooling due to the coronavirus shutdowns. Back on Track ESAs allow parents, not government bureaucrats, to decide what programs will best help their child make up this lost education time.
- Some schools have navigated remote learning well, but many were not equipped to provide students with the support they needed at home. Back on Track ESAs will empower parents to provide their children with the resources they need to get back on track academically.
- Polling shows **nearly three quarters** of Pennsylvanians support education scholarship accounts.

### **Back on Track ESAs will give parents and teachers more flexibility.**

- Under Back on Track ESAs, Pennsylvania-certified teachers could customize education for individual students through tutoring and earn extra money in the process.
- Students will be dealing with a range of issues—educational and emotional—when they return to school. Back on Track ESAs will allow teachers to recommend individualized action plans for parents seeking to help their kids cope with the transition back to school.
- Back on Track ESAs will help students make up for lost schooling and allow teachers to make faster progress when in-person education resumes in the fall.

### **Back on Track ESAs will allow districts to focus on safely re-opening.**

- School district leaders must focus on safely re-opening schools—not on catch-up summer and after school programs. Back on Track ESAs will allow families to find and afford the help they need now without burdening districts.
- Back on Track ESAs won't affect school district funding; they are simply an additional tool for parents to help their kids get back on track academically.
- Back on Track ESAs will help prevent a potentially overwhelming influx of students into district schools by helping low-income students who already attend private schools remain at their current school.



## Understanding Back on Track ESAs

### Key Points

- Pennsylvania children lost months of schooling—many without access to educational resources. Families are bearing increased expenses from at-home learning.
- Back on Track Education Scholarship Accounts (ESAs) will help kids catch up over the summer and through the fall semester.
- The CARES Act included money specifically for new, coronavirus-related expenses, so Back on Track ESAs could be covered by CARES Act funds.
- Recent polling shows 73% of Pennsylvanians support ESAs, with strong support across all regions and demographic groups.

### What are education scholarship accounts (ESAs)?

ESAs are restricted-use accounts that are funded with a portion of the state's per-pupil education dollars—like SNAP or a health savings account (HSA) but for education. The money can be used for things like tuition, online classes, curriculum, tutoring, and services for students with special needs.

ESAs are currently operational in five states: AZ, FL, MS, NC, and TN. Arizona's was the first program in the nation and now around 7,000 students. Florida has the largest program with 14,000 participants. All of the current ESA programs focus on students with special needs. Arizona's also includes military families, students in low-performing districts, foster children, and children on Native American reservations.

### What are Back on Track ESAs?

ESAs typically follow the traditional school year and are used instead of attending the local district school. Back on Track ESAs are different. Their purpose is to help kids recover from educational harms caused by COVID-19 school closures. They can be used by kids regardless of what type of school they usually attend. Over the summer months, Back on Track ESAs can be used to help kids prepare for the new school year. Once school resumes, they can be used for things like after-school enrichment or tutoring. Rather than attempting a one-size-fits-all solution, Back on Track ESAs will allow parents to get the specific help their kids need.

### How would Back on Track ESAs be funded?

The federal Coronavirus Aid, Relief, and Economic Security (CARES) Act included \$3.9 billion for coronavirus-related expenses in Pennsylvania. While much of that has been appropriated, around \$1.3 billion remains available. Since the purpose of Back on Track ESAs is to help kids catch up from COVID-19 school closures, they would qualify for CARES Act funding.

Taxpayers throughout the state have [asked if they'll receive a tax rebate](#) due to school closures. Other sectors of the economy are offering refunds to account for COVID-19 related service interruptions. Many [colleges](#) are offering partial refunds to students for room and board and other fees. [Auto insurance](#) companies are reimbursing customers because car accidents are down during the quarantine. Attorney General Josh Shapiro has even [threatened \\$1,000-\\$3,000 fines](#) to gyms that continue charging fees for services they can't provide.

Education funds are meant to educate Pennsylvania kids—and that needs to happen even if schools are closed. While Back on Track ESAs aren't a refund, they have a similar impact by providing parents funds to deal with new at-home learning expenses.

### How much will they cost?

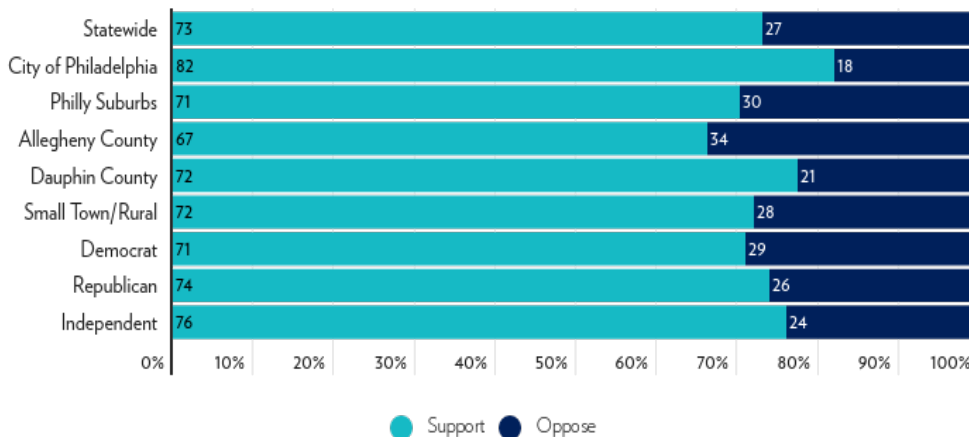
Back on Track ESAs will be worth \$1,000 and initially be limited to families who qualify for the free and reduced lunch (FRL) program. For a family of three, that means households with an income below \$40,182. There are an estimated 600,000 children<sup>1</sup> in Pennsylvania who would qualify for Back on Track ESAs using the FRL guidelines. However, money will be distributed on a first-come, first-served basis with a \$500 million cap using some of the \$1.3 billion remaining from CARES Act funds. This cap means not every eligible child will be able to receive one, but the program will potentially help 500,000 kids catch up on learning they missed during school closures. The final cost of the program will depend on how many students apply for an account.

### Is there public support for ESAs?

Yes! Recent polling shows 73% of Pennsylvanians support ESAs—and the poll was conducted *before* schools were closed due to COVID-19. Now that families across the state are educating their kids at home—with varying degrees of district support—it's likely even more would support Back on Track ESAs.

#### Pennsylvanians Support ESAs

Recent polling shows widespread support across every group.



Source: EdChoice, Pennsylvania K-12 and School Choice Survey (conducted Feb. 23-Mar.11, 2020), Appendix 5

<sup>1</sup>Commonwealth Foundation estimate based on income distribution stats from: <https://www.statista.com/statistics/203183/percentage-distribution-of-household-income-in-the-us/>



## **Back on Track ESAs: HB 2696 and SB 1230**

### *Bill Summary & Analysis*

#### **Overview**

HB 2696 and SB 1230 provide for the creation of Back on Track Education Scholarship Accounts, directing federal CARES Act funding to families to help offset educational costs.

#### **Reason for the Bill**

Due to the coronavirus pandemic, Pennsylvania children lost months of in-person schooling. Back on Track Education Scholarship Accounts (ESAs) will help kids catch up academically, and deal with educational challenges they may face in the fall. Families are bearing increased expenses from at-home learning at a time when many have had their incomes reduced. The scholarships will help them get “back on track” by providing grants to defray educational costs.

#### **Bill Summary**

1. Parents with school age children (K to 12) will receive a \$1,000 scholarship in an account to offset educational costs and help get kids Back on Track in response to the coronavirus’ impact on education. They can be used by kids regardless of what type of school they usually attend.
2. Back on Track ESA money can only be used for “qualified education expenses.” Qualified education expenses include:
  - Tuition and fees
  - Textbooks or uniforms
  - Fees for tutoring or other teaching services
  - Fees for a nationally norm-referenced test, AP or similar examination or standardized examination required for admission to an institution of higher education, and career and technical education examination fees
  - Fees for purchasing a curriculum or instructional materials required to administer the curriculum
  - If the eligible student is a student with a disability, fees for special instruction or special services provided to the eligible student, including, but not limited to, occupational, physical, speech and behavioral therapies
  - Computer hardware and computer software associated with instruction or any of the qualifying education expenses
  - Fees for counseling services related to academic achievement or social and emotional development
  - Other valid educational expenses approved by the PA Department of Education
3. Homeschool families could use the ESA to purchase curriculum, online courses, textbooks, testing fees, and other services. The ESA cannot be used to compensate parents as education providers.
4. The ESAs would be administered by the Treasurer, much like the existing 529 program, with funding coming from the reserved discretionary component of federal CARES Act funds.

5. \$500 million in federal CARES Act funds will be allocated for the Back on Track education scholarship accounts.
6. The Back on Track education scholarship accounts will prioritize low-income students. Priority approval periods will open for students of families at or below 185% of the federal poverty line (\$40,182 for a family of three.)
7. Applications will be approved on a first come, first served basis so long as funds remain
8. The priority application period will run from the establishment of the program through November 16, 2020. In the event there are funds remaining after November 16, 2020, the applications will be opened to all eligible school-aged children in Pennsylvania.
9. During the term of the agreement between the student and the state, the state will retain the right to audit the accounts.
10. If a student terminates the terms of the agreement early (moves out of state, etc.), the funds will be returned to the school district the student was residing in.
11. If funds remain in the account 2 years after a student has graduated high school, the funds will be returned to the General Fund.

### **Other States**

ESAs are currently operational in five states: AZ, FL, MS, NC, and TN. Arizona's was the first program in the nation and now serves around 7,000 students. Florida has the largest program with nearly 14,000 participants. All of the current ESA programs including funding for students with special needs. Arizona's ESA also includes military families, students in low-performing districts, foster children, and children on Native American reservations.

### **Fiscal Impact**

Funding for Back on Track ESAs would come from the reserved discretionary component of federal CARES Act funds, of which \$1.3 billion has been set aside for future appropriation and must be spent by the commonwealth by Dec. 30, 2020. The total funds allocated to Back on Track ESAs will not exceed \$500 million.

Families at 185% of the federal poverty line will receive priority funding. Currently, Commonwealth Foundation estimates that there are 617,304 eligible students in Pennsylvania at this priority level. It is unlikely that all eligible students will apply for or participate in the program, and after Nov. 16, 2020, the applications will be open to all eligible school age children in Pennsylvania.

### **Support**

The following organizations expressed support for Back on Track ESAs:

- Vice President Mike Pence
- White House Office of Policy
- IMS Schools Philadelphia
- Pennsylvania Family Institute
- PA Catholic Conference
- Americans for Prosperity
- Heritage Foundation
- Reason Foundation
- ExcelinEd
- EdChoice
- Excellent Schools PA
- American Federation of Children
- Education Freedom Institute

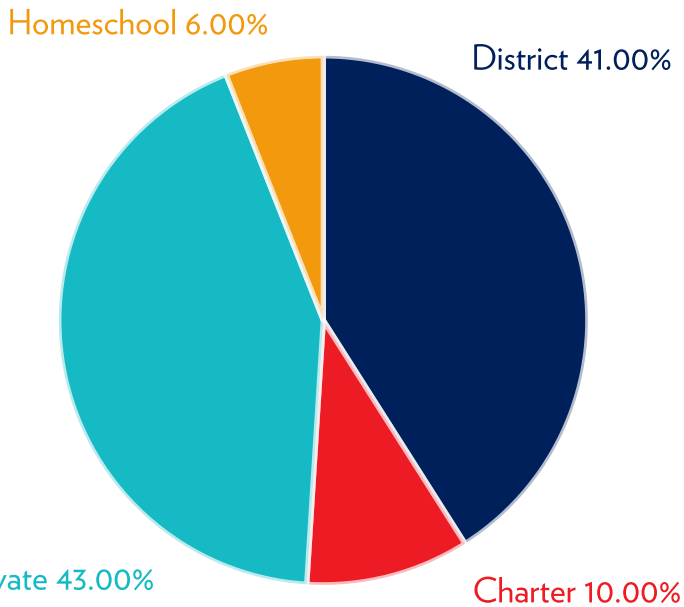
# SCHOOL CHOICE

*Winning Messages for Expanding Educational Options*

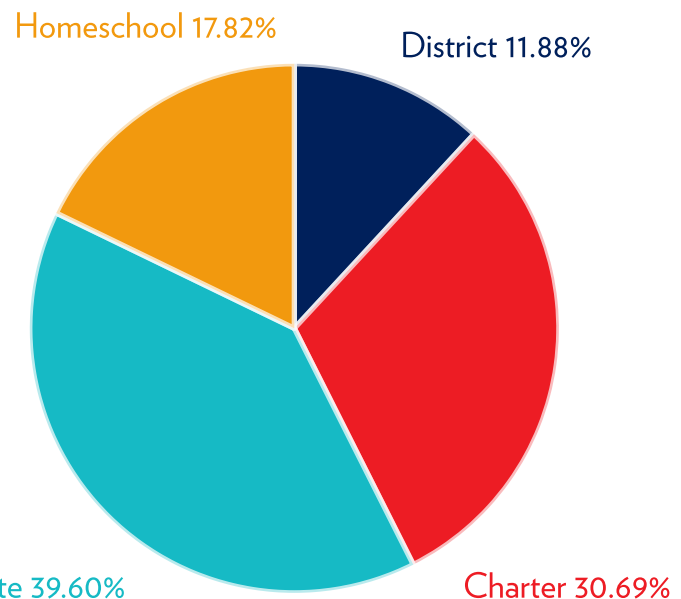
## Pa. Parents Want Educational Options

What school would you choose if money weren't an issue?

Pennsylvania



Philadelphia



## Pa. Voters Support Educational Options

✓ Tax Credit Scholarships

71%

✓ Education Scholarship Accounts

73%

✓ Public Charter Schools

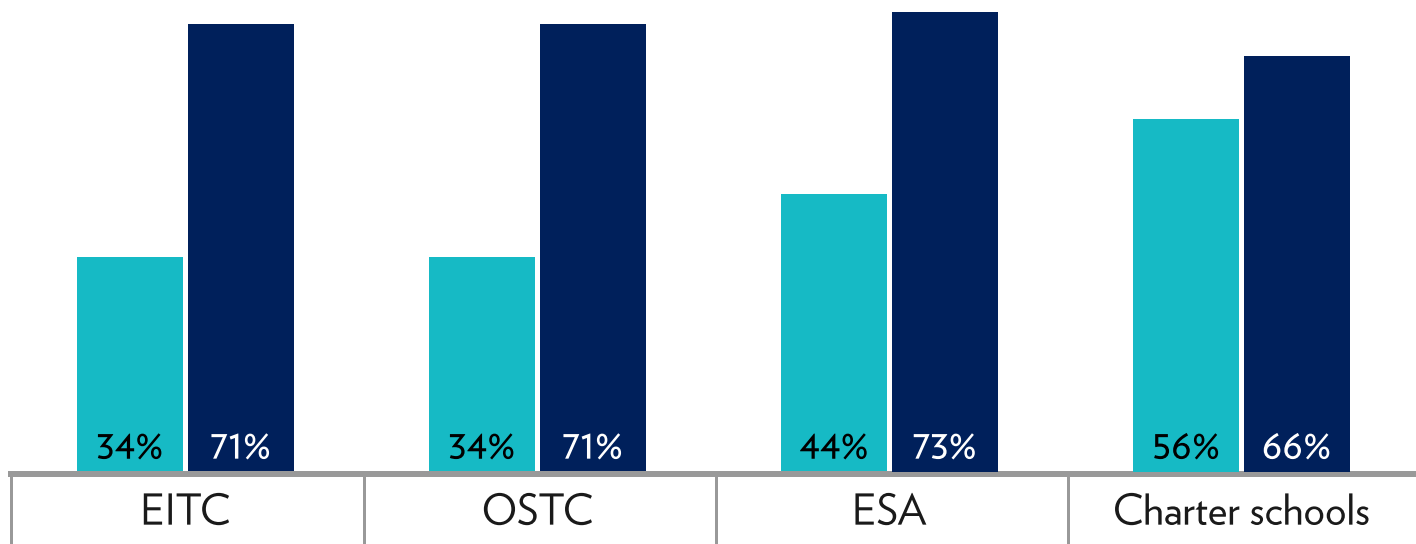
66%



# Top Messages

- 👍 Parents—not government bureaucrats—should decide where kids go to school.
- 👍 One size does not fit all when it comes to education. Education scholarship accounts (ESAs) allow families to customize their child’s education to fit their unique needs.
- 👍 Students are falling behind due to the Coronavirus disruption. Education scholarship accounts (ESAs) will empower parents to keep their students from falling behind.

## Support rose for all school choice options after voters heard program descriptions



*Bottom line: Parents want other options. Voters want to give them those options.*