

# Education Savings Accounts

In virtually every aspect of life, Nevadans demand choice. They expect a choice of grocers, retailers, food service providers, health care specialists and automobile manufacturers. Choice begets accountability because producers of these goods quickly learn that, to attract and retain customers, they must offer a product consumers are willing to pay for.

In 2015, lawmakers took a bold step toward giving Nevadans similar choices regarding their children's education by passing the nation's first near-universal program of Education Savings Accounts (ESAs).<sup>1</sup> An ESA is a private account into which the state deposits monies that parents can use for certain approved purchases. Approved purchases include tuition at a private or online school, transportation, textbooks, study materials and even private tutoring. The high degree of flexibility associated with an ESA means that each child can receive a course of study customized specifically for their individual needs.

Sadly, ESAs were enjoined by the Nevada Supreme Court in 2016 due to the funding mechanism. The court said the program must be funded through a separate account rather than through the state's account for distributing resources to school districts. Although some lawmakers proposed to do this in 2017 and 2019,<sup>2</sup> this new account was never created.

In 2019, new Senate Majority Leader Nicole Cannizzaro proposed and passed legislation eliminating all statutory authority for ESAs, along with eliminating tax relief and ensuring no additional low-income students could receive grants to pursue alternative education options.

## Key Points

**ESAs give children from poor families the same opportunities previously available only to children from wealthy families.** Educational choice has always been available to those who have money and can afford private-school tuition on their own. It has traditionally been less affluent children who were forced to remain in underperforming public schools, perpetuating a cycle of poverty in some communities. ESAs can end this tragic cycle by offering an equality of opportunity.

**Private schools yield better results.** Nationwide, students in private schools score almost two grade levels higher on standardized math and reading tests than do their government-school peers.<sup>3</sup> Also, graduation rates and the likelihood of attending college are far higher among private school students.<sup>4</sup>

**Every child can learn.** It's not just the wealthy elite who perform well in private schools. Low-income beneficiaries of school choice programs in Washington, D.C., Milwaukee, Florida and elsewhere have shown significant improvement after participating in choice programs for only a few years.<sup>5</sup>

**Choice improves government schools.** Despite opponents' claims that choice programs "cream" the best students away from government-run schools, empirical evidence shows that the presence of alternatives leads to higher test scores and graduation rates even for those who choose to remain in a government school.<sup>6</sup> Because students with ESAs receive lower funding, the per-pupil funding level for those who choose to remain in public schools also rises.

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<sup>1</sup> Nevada Legislature, 78th Session, Senate Bill 302.

<sup>2</sup> Nevada Legislature, 79th Session, Senate Bills 359 and 506; Nevada

<sup>3</sup> U.S. Department of Education, National Center for Education Statistics, Digest of Education Statistics, 2019.

<sup>4</sup> Ibid.

<sup>5</sup> See, e.g., Greg Forster, Ph.D., "A Win-Win Solution: The Empirical Evidence on School Vouchers," The Foundation for Educational Choice, 2011.

<sup>6</sup> Ibid.

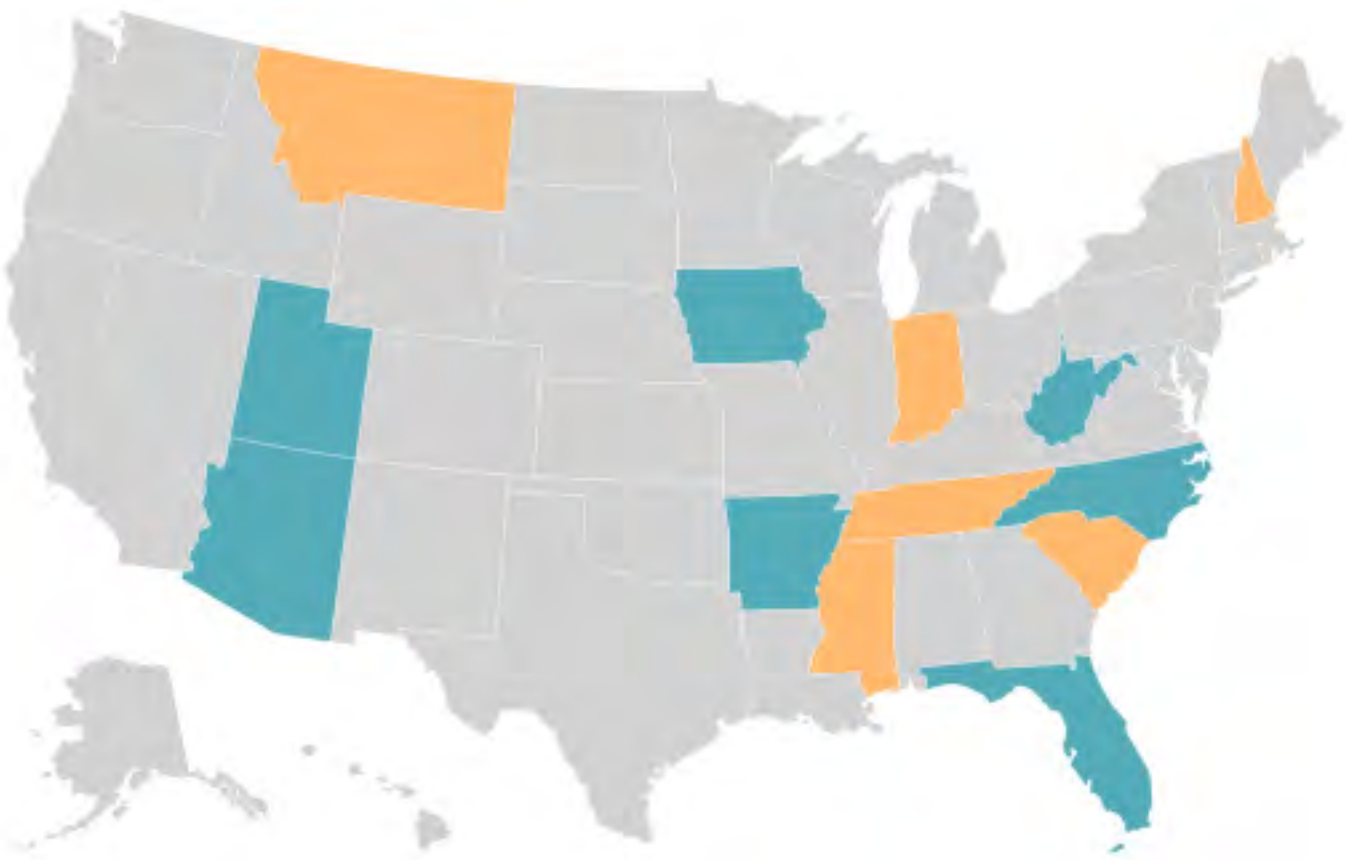
<sup>7</sup> ExcelinEd, "Education Scholarship Accounts."

**ESAs have quickly become popular in other states.** Nevada was an early leader when it first authorized an ESA program. Now, eight states have active ESA programs in place: Arizona, Florida, Indiana, Mississippi, New Hampshire, North Carolina, Tennessee and West Virginia.<sup>7</sup>

## Recommendations

**Restore authorization for Education Savings Accounts and cure funding deficiency.** Lawmakers should restore the authorization provisions from Senate Bill 302 in the 2015 session, while correcting for the funding deficiency identified by the Nevada Supreme Court. Senate Bills 359 and 506 from 2017 each included language to cure this deficiency.

## States with education savings accounts (ESA) programs



- States with universal or near-universal ESA programs
- States with only restricted ESA programs
- States with no ESA programs