Education Savings Accounts: Fundamental Principles

Education savings accounts (ESA) are an innovative way to bring customization to K-12 education. Through an ESA, parents are able to direct their child's funding to the schools, courses, programs, and services of their choice. Additionally, parents can save unused funds for higher education expenses – creating an incentive for parents to judge K-12 expenses not only on quality, but also on cost effectiveness. By allowing parents to plan for their child's unique needs, ESAs create a personal approach to education where the ultimate goal is maximizing each child's natural learning abilities.

In order to fully realize the benefits of this student-centered approach to education, states must adopt the following fundamental principles:

1. Parents – not school officials – should decide whether eligible students should participate.
2. Allow ESA funds to be used for multiple, restricted purposes.
3. Allow unused funds to be saved for future higher education expenses.
4. Include financial oversights to ensure funds are being used properly.

---

1. Parents - not school officials - should decide whether eligible students should participate.

Once the state has created eligibility requirements for students, parents – not school district officials – should be the ones to decide whether or not their eligible students should participate. Giving parents this ability is a fundamental principle for all areas of school choice, not only ESAs.

2. Allow ESA funds to be used for multiple, restricted educational purposes.

A key feature of an ESA is the ability to customize a child's education. Therefore, allowing ESA funds to be used on multiple, yet restricted educational purposes is a fundamental principle. Most proposals have the following uses:

- tuition and fees at an eligible private school;
- specialized services such as occupational, behavioral, physical, and speech-language therapies;
- college savings, such as contributions to a 529 college plan or a state prepaid college program.
- private tutoring;
- instructional materials and curriculum;
- virtual programs or online courses;

- exam fees (norm-referenced assessments, Advanced Placement, industry certification, etc.); and
- contract services from a public school or district, including individual classes.

3. Allow unused funds to be saved for future higher education expenses.

Another key feature of an ESA is the ability for parents to plan for their child's future. Whether they are allowed to rollover unused funds, contribute to a college savings account, or participate in a state's prepaid college program, parents must be able to use ESA funds to invest in their child's future.

4. Include financial oversights to ensure funds are being used properly.

It is fundamental that all ESA programs include financial accountability mechanisms to ensure that funds are being used properly and to maintain the integrity of the program. Oversights can include any combination of random audits, account monitoring, purchase authorization, etc.