

# Building an ESA Program from the Ground Up:

## A Step-by-Step Implementation Guide for States



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## PREFACE

This implementation guide was developed to assist states that want to give more families access to needed educational opportunities and the ability to customize their children’s learning. Surging enthusiasm among voters and policymakers means more states are likely to launch Education Scholarship Account (ESA) programs in the immediate future. The first part of this guide is written for a general audience, or anyone seeking a brief refresher on the decades-long rise of private school choice and the emergence of ESAs. Insights are also offered into the hallmarks of sound ESA legislation that help to ensure a program serves participating students and parents well.

Readers who are most interested in the nuts and bolts of implementation may want to skip ahead to the step-by-step guide section, starting on page 15. The heart of this report draws on the wisdom of a broad group of ESA administrators. Each step includes both key questions to consider and a spotlight of a state that has implemented an ESA program. The purpose of the step-by-step guide is to support new ESA administrators as they make high-quality programs available to families and sustain those programs for the foreseeable future.

## INTRODUCTION

In 2021, states passed a record number of private school choice programs, allowing families to bring state funds to private schools and other providers outside of their assigned school districts. In most states, these programs took the form of Education Scholarship Accounts, sometimes known as Education Savings Accounts (ESAs). Indiana, Kentucky, Missouri, New Hampshire and West Virginia all adopted ESAs in 2021, doubling the number of ESA programs that had been in place nationwide before the pandemic. More recently, the original ESA program in Arizona expanded its availability to every K-12 student in the state.

Education Scholarship Accounts put parents squarely in the center of educational decision-making by allowing them to direct state funds to cover a range of state-approved educational expenses. Parents may choose to spend state funds not just on private school tuition but also on tutors, therapists, curriculum, online courses and more. State-appointed administrators manage these accounts with parents. ESAs are one of the newest policies that give more and more families broad access to educational experiences typically reserved for those who can afford them.

**New Hampshire’s Education Freedom Accounts are available to any family of four making less than \$83,250 per year (in 2022). Once approved, a family typically receives about \$4,600 to spend on their child’s behalf. Parents access the money in a secure account to pay for education services from one of the state’s many approved providers. Funds from the state allocation can underwrite everything from private school tuition to tutoring, extracurricular activities and special educational therapies.**

Approving ESA legislation is just the beginning. Once ESAs are established in statute, implementation requires extensive planning, often in a short amount of time. Program administrators must create systems that accept applications from families and providers and verify both student and provider eligibility. Administrators must also focus energy on recruiting participants to maximize available opportunities.

In a strong program, administrators do all these things while ensuring that the process of obtaining and using an ESA is *easy for all parents to navigate from beginning to end*. For example, a well-functioning program



allows parents to apply to the program and purchase goods and services all in one digital marketplace. Ideally, the same marketplace allows parents to purchase a variety of goods and services without having to pay up front and wait for reimbursement from the state. In some instances, a “purchase” could indicate to the state that it needs to transfer tuition funds from a parent’s account to a private school of the parent’s choosing. In other cases, parents might purchase textbooks and see the cost automatically deducted from the total amount in their child’s account without physical money ever changing hands. The idea of a secure digital platform is to minimize out-of-pocket expenses for parents, as many cannot afford to wait for reimbursements.

In early 2020, ExcelinEd created a network of government and not-for-profit entities that oversee the nation’s Education Scholarship Account programs. We call it the ESA Administrator Network. At the time of our first meeting, there were active ESA programs in five states. At the publication of this guide, ten states have enacted 11 total ESA programs, with nine actively funding students at the start of the 2022-23 school year. Through the ESA Administrator Network, we have worked to identify best practices and facilitate knowledge sharing about what it takes to successfully start and grow an ESA program.

**Education Scholarship Accounts and Microgrants are accounts that parents jointly manage with the state on behalf of students. Parents can designate the money in each account for a variety of state-approved, education-related goods and services. Whereas ESAs allow parents to direct funds to private school tuition, microgrants provide supplemental services to students who remain in their district or charter school. ESAs provide more money to families; they typically come close to the amount of money a student would receive in a district school. Microgrants are smaller, typically ranging from \$500 to \$1,500 per student.**

Drawing on the insights of Network members, this guide provides a roadmap for policymakers and program administrators who want to understand why ESAs are important and how to get these programs up and running. This guide will cover:

- The history of ESAs and how they differ from other parent-centered reforms;
- How ESAs function in practice;
- The hallmarks of high-quality ESA legislation, including funding mechanisms; and
- Ten critical steps administrators should take as soon as ESA legislation is enacted.

In our post-pandemic society, more families than ever are demanding the freedom and flexibility to craft educational experiences that meet their children’s needs. More states have responded by creating Education Scholarship Account programs that expand the range of publicly supported options. Placing more opportunities within reach of families—while preserving program integrity—requires sound policy design and careful, informed execution.

## HISTORY OF EDUCATION SCHOLARSHIP ACCOUNTS

For decades, education reformers have tried to address a fundamental divide: Some families can afford to purchase a home in a desirable school district, hire a personal tutor or pay private school tuition. Others are forced to accept the school they’re assigned based on where they can afford to live. The push to create new



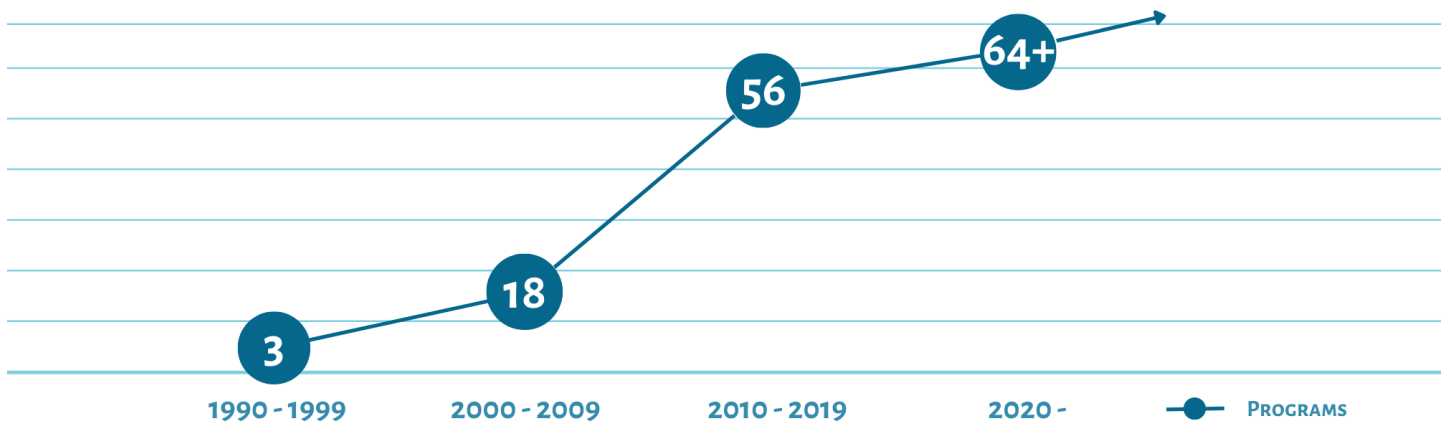
options for these economically disadvantaged families led to the creation of the nation’s first school voucher program in 1990.

Under the Milwaukee Parental Choice Program, Wisconsin leaders authorized giving low-income parents publicly funded scholarships to send their children to private schools. Howard Fuller, former Superintendent of Milwaukee Public Schools, recalled [in his memoir](#) that “many of us in the community were searching for radical ideas that would give poor and working-class families alternatives to public schools that were failing their children.”

After Milwaukee, a movement for *private school choice* gained momentum that continues today. The Cleveland Scholarship Program launched in the 1996-1997 school year. By 2001, Florida officially enacted its statewide [John M. McKay Scholarships for Students with Disabilities Program](#). These first voucher programs distributed designated shares of funds normally spent by a school district to qualifying families to pay for private school tuition.

Legal questions around the constitutionality of using public funds to pay for private (often faith-based) education slowed or stopped some states from passing traditional voucher programs. Soon a different idea for funding private school choice programs emerged. Tuition tax-credit scholarship programs gave tax incentives to individuals and corporations in exchange for donations to nonprofit organizations. These organizations fund eligible students (often low-income students or students with disabilities) to attend private schools. Arizona’s Original Individual Income Tax Credit Scholarship Program was the first in the nation. Florida’s Tax Credit Scholarship Program, which followed suit in 2001, has grown to become the nation’s largest private school choice program, serving [more than 100,000 students](#) since 2018.

### CUMULATIVE PRIVATE SCHOOL CHOICE PROGRAMS OVER TIME



But tax credits presented only a different funding mechanism; they did not change the fundamental function of vouchers for recipient families. Both types of programs could enable parents to send their children to private schools that were otherwise out of reach.

ESAs are different. When Arizona passed the nation’s first education savings account program in 2011, it enabled qualifying families to access a much broader array of educational goods and services—everything from tutors to educational technology and more.



The pioneer of education scholarship accounts, Arizona’s 11-year-old program has grown to serve an increasing number of students. One year after establishing it as an option for students with disabilities, the legislature [expanded](#) the pool of eligibility to include children of active military service members, children in foster care and students attending state-designated failing schools. Children living on Native American reservations were later added as well. The legislature expanded the program to universal eligibility in 2022, a change that took hold when opponents failed in an attempt to challenge the law on the ballot. [Early studies](#) found that about two-thirds of families used account funds strictly for private school tuition, while the rest spent the money on multiple uses, such as tutoring, curriculum and educational therapies.

Educational choice proponents long ago envisioned programs that would allow parents to acquire services from a variety of providers, not just a single school. In the 1970s, University of California Berkley professors John E. Coons and Stephen D. Sugarman proposed “divisible vouchers” that would allow parents to pay for a diverse set of learning experiences for their children. Two decades later, Nobel Prize-winning economist Milton Friedman (who first theorized about private school vouchers in the 1950s) [described](#) a new market for education services, in which parents could purchase math and English instruction separately.

Arizona’s move to adopt an ESA started in 2006, when lawmakers passed two small traditional voucher programs for students with special needs. Education choice critics filed legal challenges against these programs. The Arizona Supreme Court ruled in 2009 that the voucher programs violated the state constitution’s prohibition against “appropriation of public money made in aid of any church, or private or sectarian school.”

This provision represents one of the Blaine Amendments found in 37 different state constitutions. Artifacts of late 19<sup>th</sup>-century bigotry, the amendments were designed to [deny tax funding](#) to the Catholic schools and institutions favored by many incoming immigrant communities. At the time, public schools operated according to the values and teachings of the dominant Protestant consensus and were not considered “sectarian.”

In its ruling, however, the Arizona Supreme Court hinted that another program design might legally permit “ways of providing aid to these student population without violating the constitution.” The state legislature [followed the guidance](#) and converted the special-needs voucher into a tax credit-funded program known as Lexie’s Law, which still operates today.

The following years saw scholarship tax credits grow in popularity as the preferred approach to fund private school choice. Numerous states embraced the strategy to ensure greater protection from hostile litigation. With few exceptions, that justification has eroded. A series of recent U.S. Supreme Court rulings, culminating in *Espinoza* (2020) and *Carson* (2022), effectively neutralized Blaine Amendments as legal weapons against educational choice in nearly every state.

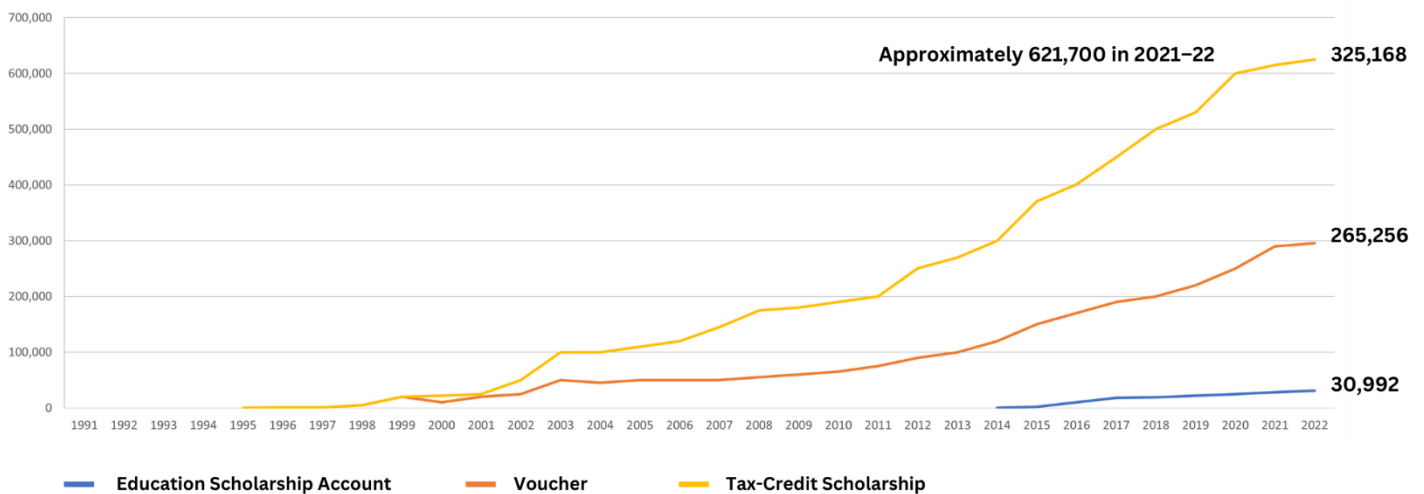
The 2009 Arizona court ruling also created an impetus to bring more flexibility to parent-directed education spending. Advocates [developed an idea](#) for Empowerment Scholarship Accounts that could be used to pay for a variety of education services. The Arizona legislature enacted the program, the first of its kind, in 2011. A decade later, the program served. After the legislature this year approved an expansion to universal K-12 student eligibility, families have submitted an even [greater number of applications](#) to open new ESAs.



## EDUCATION SCHOLARSHIP ACCOUNTS: THE FIRST TEN YEARS

Despite Arizona’s pioneering effort, it would take years for other states to adopt similar programs. Only four other states approved and launched ESA programs by the end of the decade, and all focused exclusively on serving students with disabilities: Florida, Mississippi, North Carolina and Tennessee. Nevada’s legislature in 2015 passed the nation’s first ESA program with near-universal eligibility, but the program never went into effect because the state Supreme Court struck down the original funding mechanism. Nevada lawmakers failed to address the Court’s concern and ultimately repealed the program in 2019.

### NUMBER OF ESAs, VOUCHERS, AND TAX-CREDIT SCHOLARSHIPS



Source: EdChoice, [The ABCs of School Choice \(2022 Edition\)](#)

In contrast, between 2011 and 2018, 14 states established tax-credit scholarship programs, which do not involve state funding and historically have faced fewer legal impediments. As of 2022, most of the nation’s private school choice students are beneficiaries of tax-credit scholarships, about [325,000](#) altogether.

In Florida, the nation’s second ESA program became available exclusively to children with special learning needs in 2014. Today, the Family Empowerment Scholarship for Students with Unique Abilities is the nation’s largest ESA, both in terms of dollars spent and students served. [Early participants reported](#) benefits from the flexibility of Florida’s program, which provides an average of [more than \\$10,000 per student](#). Besides making tuition payments, the program’s earliest participants mostly [used ESA funds](#) to purchase instructional materials and pay for special education services, especially behavioral treatments for autistic children and speech therapy sessions.



Parent frustrations, provoked by unsatisfactory responses to COVID-19, generated newfound legislative momentum for ESAs, even as the federal courts have taken down major legal barriers. In 2021 alone, five more states enacted programs. Each of these programs broadly serves students regardless of disability. Most cap eligibility at a middle- or upper-middle-income level, but West Virginia’s Hope Scholarships are made available to all incoming kindergarteners and all students who previously attended public school.

Meanwhile, existing programs continue to grow. Despite a cap on the number of students the program can serve, Mississippi’s ESA has maxed out its enrollment after a [182% increase](#) in usage since 2016. Tennessee’s program, while small due to its unique population, has seen a dramatic [553% increase](#) in enrollment since 2017.

Even with the rapid expansion of ESAs across the country in the past two years, most American families still do not have access to these flexible spending programs. But when Americans understand what ESAs provide, they like the idea. Since 2017, surveys have found that [at least 7 out of 10 Americans](#) favor ESAs. In 2020, support for ESAs hit its highest level, at [86% support among parents](#). Polling suggests the public (76%) [prefers universal access to ESAs](#), compared to a preference for means-tested eligibility based solely on financial need (51%).

Beyond a few surveys showing parents are generally satisfied and analyses finding mostly positive fiscal impacts, there are no studies on the effectiveness of ESA programs. This is in part because these programs are new and because some of the oldest ESA programs were designed for students who cannot take norm-referenced tests, due to disabilities or other special educational needs. With the proliferation of ESAs, we may have additional data on student outcomes in the future.

Some information about the types of outcomes we might expect for ESA students can be gleaned from private school choice programs, generally. Available data show most ESA recipients use their funds similarly to a voucher or tax-credit scholarship. The [larger body of research](#) on these programs shows improved academic and attainment outcomes for participating students and for surrounding schools through competitive effects. They also mostly find that increased choice bolsters student citizenship and volunteerism and leads to more racially integrated schools. Future analyses of emerging ESA programs may prove even more telling.





In March 2021, West Virginia enacted its first ESA program, known as the Hope Scholarship. With less than a year between legislative adoption and official launch, the State Treasury secured a platform provider and worked with local organizations to raise awareness of the program and develop comprehensive resources for parents and providers. While passing a program is often a great challenge, building a strong coalition that can address parents' needs is just as important for making sure a new ESA program is successful.

The program's vendor, Education Market Assistant, provides not only the online marketplace but also a call center for parents, an email contact and a video tutorial of the Hope Scholarship application process. Local organizations like the Cardinal Institute and WV FUE (Families United for Education) provide parent and provider resources on how to qualify for the program, how the scholarship can be used and requirements for the program. This early work in making sure resources were available for parents has allowed for more than 3,000 student applications to be received and approved by the State Treasurer's Office as of a July 2022 court ruling that enjoined the program for three months before it was overturned by the state supreme court.

## SUPPLEMENTAL ESAs: SMALLER DOSES OF FLEXIBLE SPENDING

"Traditional" ESAs were not the only programs to emerge from the reaction to COVID-19. Smaller and more limited supplemental ESAs (another name for microgrants) also gained popularity during the pandemic. The 2020 school shutdowns shed light on the need to give families access to technology devices and internet connections, as well as flexible options to support student learning while campuses remained closed or only opened intermittently. Five states established supplemental ESAs in 2020 and 2021. These programs granted parents small sums of money for expenses such as tutoring, technology or curriculum.

For example, Idaho Gov. Brad Little used \$50 million from the CARES Act, the initial tranche of federal COVID relief, to create the [Strong Families, Strong Students](#) initiative that families could use to "purchase or receive reimbursement for eligible educational materials, devices, and services." The program provided \$1,500 grants to eligible students, with a maximum of \$3,500 per family, and was subsequently made permanent in state law.

Similarly, Texas Gov. Greg Abbott and the Texas Education Agency (TEA) used federal Governor's Emergency Education Relief (GEER) funds to create the [Supplementary Special Education Services](#) program. This \$30 million program, available to at least 18,000 students with severe cognitive disabilities, provided \$1,500 grants for parents to purchase needed educational services.

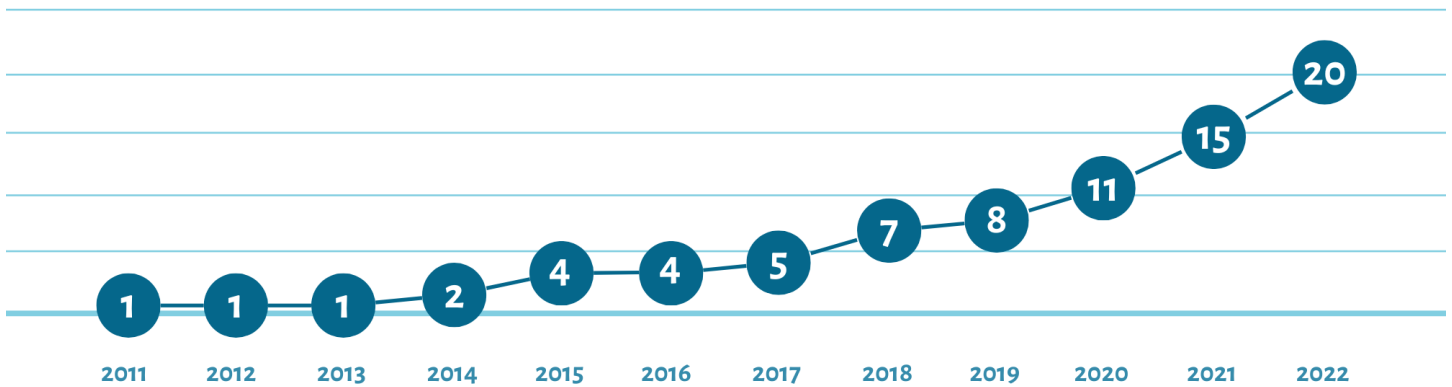
Taken together, both traditional ESA and microgrant programs dramatically increased, as school closures and other educational challenges associated with the COVID-19 pandemic spurred parent demand for more flexible education options. A total of 20 combined programs have been enacted in 17 states. But one of those programs—Kentucky's Education Opportunity Accounts—is currently inactive due to ongoing litigation.



Traditional ESA	Supplemental ESA
<ul style="list-style-type: none"> <li>• Range: \$4,600 - \$14,000</li> <li>• Usually takes the place of public school enrollment</li> <li>• Often used to pay for school tuition, technology, therapies and educational materials</li> </ul>	<ul style="list-style-type: none"> <li>• Range: \$500-\$1500</li> <li>• Available to students enrolled in public school (and also other students, in some cases)</li> <li>• Used for supplemental educational materials (devices, tutoring, books, etc.)</li> </ul>

### ENACTED ESA AND MICROGRANT PROGRAMS

PROGRAMS



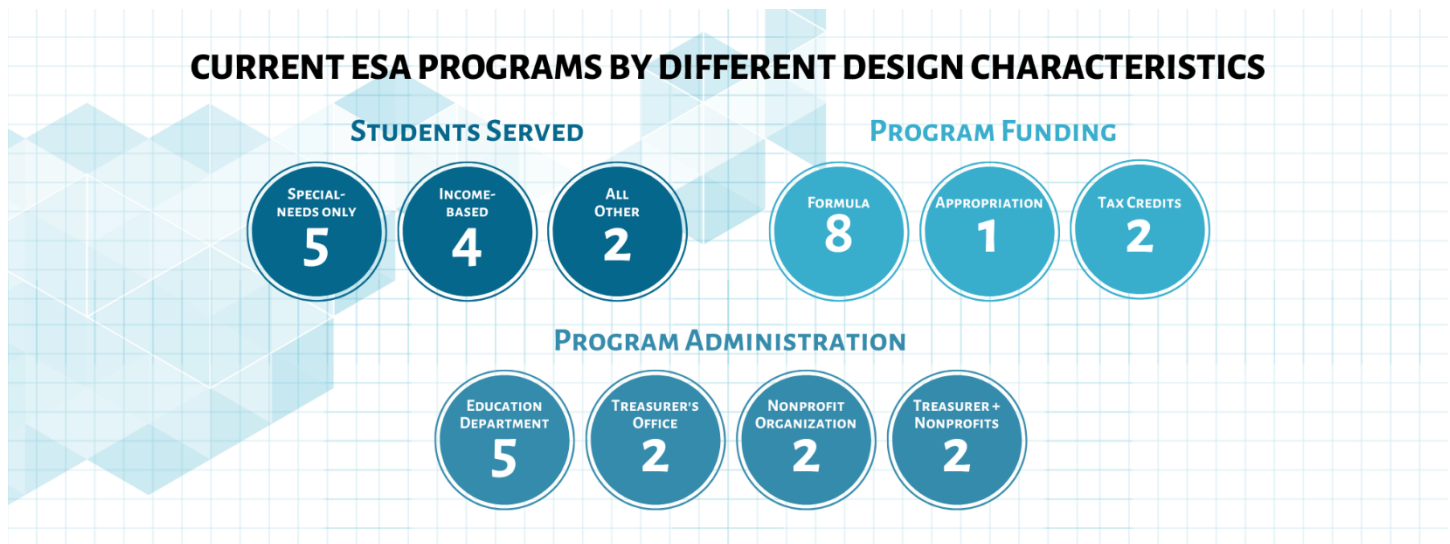
### DESIGNING A SUCCESSFUL ESA PROGRAM

Building a high-quality ESA program requires [legislation that maximizes student access](#) to scholarship accounts and gives an administrator the tools to ensure that all families receive the educational goods and services that will allow them to customize the experience to meet their children’s needs. When crafting (and negotiating) legislation, advocates may want to consider how they can answer several basic questions:

*Who will the ESA serve?* Existing programs range from smaller populations of low-income students and students with disabilities to all students eligible to attend public school in a state.

*How much funding will ESA students receive?* The maximum annual deposit into an individual participant’s account varies among state programs. Considerations include the level of student need, typical costs of tuition and services as well as state public school funding levels. Program designs may also result in a per-student fiscal benefit to states and school districts.

*What will families be allowed to spend ESA funds on?* Existing ESA programs establish guardrails around what parents can purchase with ESA funds. Legislation could delineate categories of expenses that allow parents wide flexibility in assembling an educational experience for students while also ensuring funds are not misused for non-educational purposes.



*How will the program be funded?* States can reallocate some or all the funds a student would otherwise receive in a district, create a special line-item appropriation to fund ESAs or enact a tax credit to raise funds for ESA programs.

- Proposing a program supported by **formula funding** tends to create the greatest political challenge because established school interest groups rely on the same fiscal source, but it provides a reliable stream of dollars to keep up with demand for accounts. This method is the most common among existing programs.
- While an ESA funded by **line-item appropriation** may face fewer political headwinds to cross the initial finish line, it also will have to overcome additional hurdles of reauthorization and well may fall short of helping as many students as another approach might accomplish.
- Using **tax credits** best safeguards against government overreach and promotes philanthropic investment in student success, but the need to fundraise and build capacity within scholarship-granting organizations tends to slow overall growth in the number of students served.

*Who will oversee the program?* Current programs allow state agencies—those that oversee either K-12 education or state revenues—and also not-for-profit organizations to administer programs. Future programs could allow other entities, such as universities, to act as authorizers. Policymakers may choose to favor administrators who are competent about the education provider landscape and have capacity to execute programs effectively. They may consider avoiding entities that are focused on compliance instead of creating a parent-friendly experience that also secures the state’s investment.

*How will the state understand the effectiveness of the program?* Parent satisfaction, transparent data around how parents are using ESA funds and anecdotal or other evidence of student outcomes can help legislators understand if programs are achieving their intended outcomes.



Clear answers to these questions will form the basic contours of an Education Scholarship Account proposal. These programs are designed to expand opportunities for students by giving families more flexible spending power. To ensure a program meets this primary purpose as closely as possible, details matter. Effective implementation depends in part on sound policy design.

*A decade of ESA administration has revealed three hallmarks of high-quality ESA legislation:*

**Broad student eligibility:** ESAs are available to increasing numbers of students. Universal eligibility for K-12 students represents the ideal. Even seemingly small concessions—like the requirement that students be enrolled in a public school for a period before accessing an ESA or capping the number of students that can participate in a year—can hamper program growth over time.

Newer ESA programs limit eligibility based on family earnings. If this approach is the only way to pass an ESA, states can consider including students above the federal Free- and Reduced-Price Lunch income limits. Many middle-income families struggle to afford private school or other out-of-school learning opportunities. Notably, means-tested educational choice does not [poll](#) any better than a similar program designed to serve all students.

**Robust and secure funding:** As highlighted above, there are tradeoffs to consider in determining how to fund education scholarship accounts. The most reliable method for ensuring the program will sustain its support for ESAs is to align dollars with the state’s general formula for funding schools, particularly based on student enrollment. Designating funds as a fixed percentage of the per-student allotment ensures that ESA student support will keep up with support for conventional schooling.

Whichever approach is adopted, the amount of money available for each account must be substantial enough to help families afford quality education options. The earlier adopted ESA programs provide more per account because they serve students with disabilities. States designate more funding for these students, who require different and often more expensive services than their peers. Average funding ranges from about \$6,500 in Mississippi to more than \$15,000 in Arizona.

Average account funding in most newer programs, which do not primarily cater to students who need special education services, ranges from about \$4,600 to \$7,300. Some of the variation is explained by differences in cost of living. Account funds should enable families to cover tuition and costs at a typical private school in the state or to pay for needed materials and services. In some programs, this may entail an extra allotment or higher cap for low-income students.

**Flexible use of accounts:** To ensure that families have access to a wide array of providers, the state should define allowable ESA uses precisely but not narrowly. The law should empower administrators to verify that schools and service providers enforce criminal background checks and demonstrate a baseline of financial viability. While it is important that program administrators have the guidance needed to onboard providers, the goal is to ensure that parents throughout the state have access to as many options as possible that can help promote their child’s growth and success.

Current ESA programs vary when it comes to allowable uses of funds. All specifically permit funds to underwrite private school tuition, like a traditional voucher or scholarship program, as well as recognized special education therapies. Other commonly recognized expenses include tutoring; textbooks, curriculum



and other instructional materials; fees for norm-referenced, advanced placement or college entrance testing; technology primarily used for educational purposes; transportation to and from school or a recognized service provider; and any à la carte services provided by a public school.

Additional consideration may be given for allowing parents to use account funds for online learning; alternative education; dual enrollment courses; career and technical education; afterschool, summer school and extracurricular programs; and school uniforms.

Getting those three crucial aspects of design right will go a long way toward setting up a successful ESA program. The following other facets of beneficial choice policy also merit attention:

*Ongoing access and continuing eligibility:* Voluntary participation is essential to the nature of an ESA program. Application forms should be easily accessible, while rolling deadlines allow families to take advantage of the option throughout the year as the need for alternatives arises. If conditions of eligibility continue to be met, program guidelines can ensure that families should not have to reapply to continue receiving account funds.

*Ability to roll over funds:* Some ESA programs stipulate that a portion of unused account funds can be rolled over to the following year. Such provisions further enhance flexibility for families. Funds remaining in a student's account at the end of his or her K-12 career could be designated to pay for college or other postsecondary educational expenses, or they could be returned to the program to support new ESA students.

*Formalize feedback from participating families:* Program administrators should be attuned to recommendations from families for qualifying specific service providers and other ideas to improve implementation. Policymakers can help guarantee a structured mechanism for grassroots input by establishing a Parent Review Commission as part of the program. The commission can include a geographically diverse group of participating parents who meet periodically to make recommendations that program administrators must consider.

*Appropriate assessment of student progress:* Parent satisfaction is an important measure of ESA effectiveness, but lawmakers may also want to track academic results from student participation. Any mandate to administer state standardized tests as a condition of eligibility should be rejected. Experience from other choice programs shows that such impositions effectively limit options, as some private schools will decline to accept account funds rather than administer an assessment that does not align with their academic program and singles out ESA students for different treatment. A more viable approach is to ensure participants either take a nationally normed referenced test or submit a portfolio of schoolwork to track progress. This option provides academic accountability to the parent and transparency of progress to the state, while maintaining the flexibility and independence of the private school.

*Timely and transparent program data collection:* ESA legislation can require a neutral third party to produce and publish an annual report that monitors program usage and outcomes. The report would, at a minimum, detail what categories of goods and services parents most often choose, parent satisfaction with the program and, if mandated and available, any information about academic outcomes.



*Autonomy of schools and service providers:* States can adopt statutory language that restricts the state’s ability to regulate ESA providers beyond verifying basic fiscal health and compliance with criminal background checks. Such an explicit measure will preserve broad parent latitude by not deterring otherwise viable providers with extra bureaucratic obstacles.

*Basic, not heavy-handed, fiscal protections:* To ensure program integrity, administrators can reserve the right to audit account spending. Systems to collect third-party fraud reporting can also be helpful. States can require providers to file a surety bond that guarantees repayment of funds for failure to deliver promised services. Clear standards can outline how parents and providers lose the ability to participate in the program, with fair opportunities to appeal such judgments.

*Student record sharing:* An ESA student’s most recent district or school can be required to share relevant records with the new school of enrollment or other provider with which the family has engaged for services. This requirement would be constrained by existing federal privacy laws.

The greater the number of hallmarks of high-quality legislation that are established, the greater the conditions for successfully providing meaningful education options to families. An ESA administrator’s chief obligation then is to participating families seeking access to needed services. It can be easy to forget that program vendors—who are primarily platform providers that set up the systems and technical supports to facilitate transactions—serve the program and not the other way around. Platform providers have the laudable and important goal of reducing or even eliminating fraud. But that goal must be balanced against the desires of parents, whose options should not be limited by overzealously implemented procedures.



## 10 STEPS TO IMPLEMENTING AN EFFECTIVE ESA PROGRAM

Once an ESA program becomes law, new administrators may have only a short runway to implementation. The following guide draws upon lessons learned from the field, especially since 2020, when states have authorized most of the ESA programs that exist today.

The steps are presented sequentially, but administrators will almost certainly find it necessary to multi-task, assigning different aspects of the implementation process to different members of an administrative team or larger community of advocates. Each step of the way, new administrators can leverage the experience and expertise of their small group of peers in the field, including through the ESA Administrator Network. Although administrators of each ESA program operate within a specific state context, they have many experienced peers who have gathered ample information over the years and learned a lot about high-quality implementation, mainly through trial and error.

This guide is comprehensive but not exhaustive. It provides critical information that every administrator and advocate will want to have on hand before creating and implementing one of the most innovative reforms in education today.

### STEP 1: LOOK TO THE STATUTE AND LEVERAGE A COALITION OF SUPPORT

The legislative process can be long and confusing. Legislators and other supporters of ESA programs may understand how and why ESAs work but not what it takes to launch and operate a program. Lawmakers may also feel pressure to condense the amount of time from program passage to launch, anticipating that interest groups opposed to ESAs will try to prevent the program from getting up and running.

Some appointed ESA administrators will have experience with the legislative process and be ready to get to work on day one. Others may come from agencies and organizations where educational choice programs are new. They may be less familiar with the steps necessary to launch a program effectively and efficiently and also may have few staff to dedicate to the program right away. New ESA administrators can take comfort in three facts:

- ESA statute provides the roadmap for what the state expects and what parents deserve in a program. Administrators will succeed when they center the interests of parents and adhere to statute.
- ESA and microgrant programs are becoming increasingly common across the country. New ESA administrators are now part of a network of agency and nonprofit managers. That network is replete with advice and lessons learned about what to do in implementation and the order in which things should be done. Much of that advice is captured in this guide.
- Every new ESA program was passed into law because it enjoyed a coalition of supporters (large or small), which administrators can leverage for support.

Coalitions usually comprise state and national advocacy groups and community-based organizations. Sometimes, the coalition has already performed some of the steps outlined in this step-by-step guide. In other cases, members of the coalition haven't begun the legwork but have ample capacity to support. To the extent that statute permits, new administrators should leverage coalition members as they design and launch new programs.



Local coalition members in existing ESA states have had great success in:

- Raising program awareness among parents.
- Raising program awareness among schools and other education service providers.
- Helping new administrators understand the state’s provider landscape.
- Marketing the program(s) and disseminating information to a broad array of stakeholders.

This is especially critical as new administrators, particularly in states without existing school choice programs, take steps to hire staff as they build new ESAs. Accepting support from ESA advocates, particularly those with ties to local communities, can alleviate pressure and save precious time before a program launches.

## Key Questions

- As a new ESA administrator, which implementation steps must be executed by my office? What steps can I take in cooperation with a coalition of program advocates?
- What state and local advocates were involved in the design and passage of ESA legislation? What skills do these advocates bring to the table?
- What communication and other processes can I establish with my coalition to set expectations for performance and timelines?
- What guardrails do I need to put in place to ensure that the members of the coalition are cooperative, organized, not duplicating work and operating in the best interests of parents, students and overall program quality?

### STATE SPOTLIGHT: FLORIDA

When Florida passed the Gardiner Scholarship for Students with Special Abilities in 2014, the state was building on several successful private school choice programs, including the Florida Tax-Credit Scholarship. All of Florida’s programs became reality because they enjoyed strong parent support and were bound together by a strong and diverse coalition of advocates. Step Up for Students, the largest nonprofit administrator of Florida’s choice programs, has been essential in building that coalition, which includes faith-based school partners, private school associations, local community groups and homeschool parent organizations, among others.

The Gardiner ESA expanded rapidly in its first three years and, by 2017, had an extensive waitlist. That expansion occurred, in part, because the coalition raised awareness of the program and kept in close contact with key legislators. Immediately following the legislature’s enactment of Gardiner, the coalition organized parents to talk to legislators about the positive impact of the program on their children. All the while, the coalition was bringing new members into the fold—members who would advocate for the health, sustainability and expansion of the program.

In 2021, [HB 7045](#) repealed the Gardiner Scholarship and folded the program into the Family Empowerment Scholarship, as the Students with Unique Abilities program ([FES-UA](#)). The combined FES-UA is an ESA, funded by formula rather than appropriation. As of 2022, it has served more than 25,000 students.





Examples of Florida’s coalition activities include:

- Quarterly meetings with the administrator and school and education service provider stakeholders to discuss how the coalition can effectively market the program.
- Organizing rallies and gathering parent signatures in support of increasing the initial funding cap on the Gardiner ESA.
- Reaching out to parents to gather program feedback for the administrator (SUF5) so that program improvements can be made in a timely manner.
- Working with the Home Education Foundation to raise ESA awareness and provide information to homeschool families, a population that is sometimes skeptical of government-funded programs.
- Working with parents and leaders of local Down’s Syndrome Associations to provide information via popular social media sites.

Florida’s experience proves the work of building relationships and coalitions is most important after a program is passed into law.



## STEP 2: CONDUCT A SERVICE PROVIDER AND USER LANDSCAPE ANALYSIS

Even before an ESA program passes, administrators should have a good idea of how many students are eligible to participate. Although ESA programs have had high first-round application rates in recent years (especially post pandemic), raising program awareness and helping parents understand eligibility requirements takes time. [Most ESA programs](#) serve [only a fraction](#) of eligible students in [the first years](#) of operation.

As administrators consider how to raise program awareness, they should assess the existing service provider landscape in the state. This requires consulting the statute to understand the goods and services that parents can purchase with an ESA and performing a detailed analysis of whether existing service providers could meet initial demand for ESA services. Parents can purchase goods (computer hardware and software and textbooks, for example) through most ESA programs, and approving the purchase of eligible goods may be easier than helping parents access services from schools and other providers. A thorough landscape analysis will help administrators understand 1) the willingness of existing providers to participate in the ESA program and 2) whether and how soon the administrator will have to work to attract and enroll new providers—perhaps from out of state—to the program.

[Research](#) shows that most families use ESAs to pay for private school tuition, including specialized schools for students with disabilities or other special needs. Any landscape analysis should assess the existing number of private schools in a state that would qualify to participate in the program under statute and whether those schools can serve and/or specialize in serving students with diverse learning needs. For example, if statute requires participating private schools to be accredited and adhere to federal non-discrimination law, the landscape analysis should account for how many private schools meet these requirements.

The second most common use of an ESA is for “multiple learning services,” a customized approach that research suggests [more families will take over time](#). This means that parents will use an ESA to assemble an educational experience that meets the specific needs of their children. Private tutoring and online educational options are very popular with ESA parents. Assessing the number of tutors available in a state requires more in-depth research than assessing the number of eligible private schools. If statute requires tutors to be certified, the administrator may want to survey state-based and national tutoring companies that serve the state and understand their requirements for tutors. Likewise, understanding state regulations that apply to online education providers is critical to launching an ESA program. Administrators should understand, for example, which providers are eligible to provide students formal credit for learning and which providers are eligible to offer only supplemental services. In the process, the administrator should flag providers that may be open to adjusting services so that they can meet state requirements and reach a greater number of students.

A thorough landscape analysis will look beyond the large online service providers and tutoring companies that have the capacity to serve many students or easily qualify to participate in a program. ***ESA programs should center on student needs, which means students should have access to any qualified provider, even “boutique” providers or self-employed consultants.*** Many states have found that parents will drive these otherwise qualified providers to the ESA program. For example, if a family has been employing a local teacher to tutor their child, that family should be able to request that teacher become a qualified service provider eligible for ESA funds. The administrator should leave every avenue open to vet a wide variety of providers effectively and efficiently, as parents drive them to the program.



## Key Questions

- How many students are likely to use the program in year one and how many service providers would be necessary to meet demand?
- How many eligible private schools are operating in the state? What grades and student populations (for example, students with disabilities) do schools serve?
- What virtual providers exist in the state and which of those are eligible for the program?
- What tutoring services exist? Are their tutors qualified under the law?
- How can the state capture “mom and pop” providers (tutors and others) and create easy process to verify their eligibility?
- Based on the results of the landscape analysis, what additional providers will the administrator want to bring to the state?

### STATE SPOTLIGHT: WEST VIRGINIA

In 2021, the West Virginia legislature authorized the [Hope Scholarship program](#), the state’s first school choice program and one of [the most expansive ESAs in the country](#). A full 93 percent of the Mountain State’s roughly 282,000 K-12 students are eligible for the program, which provides each student with roughly [\\$4,600](#) annually, per child, to spend on a wide range of state-approved educational goods and services. Although the program was stalled in 2022 due to litigation, parent demand for the program is clear: Three months after the program began accepting applications, more than 3,000 students were accepted for a scholarship. That is just over 1 percent of the K-12 student population in West Virginia.

Early in the process of launching its ESA, West Virginia’s Treasurer, along with a strong coalition of local advocates, conducted research on the state’s education service providers to determine what services Hope Scholarship students could access right away. Early data indicated that the state would have to encourage the creation of new private school options. In a state where school choice is extremely limited, roughly 130 private schools were operating when Hope was authorized—not enough to meet additional demand from ESA parents. The state realized that it would also have to attract tutors and similar service providers to participate in the program. It leveraged its research to make existing providers aware that they could participate in the program and to identify gaps in services that the state needed to fill.



### STEP 3: COMPOSE PROGRAM RULES AND REGULATIONS

ESA statute will outline the intent of a program and key legal details, but it will not provide administrators with everything they need to know about implementation. Ensuring the timely completion of any rulemaking process is crucial to getting an ESA off the ground as soon as possible. Drawing on lessons learned from other states, administrators should consider drafting interim rules as they work through the first steps of program implementation. Bureaucratic delays force families to wait longer to access flexible education spending and give program opponents the opportunity to organize before families can be served. This is particularly true of efforts to stall choice programs through the courts. Despite recent Supreme Court rulings that clear the way for school choice programs in most states, litigation is still a common tactic to stall a program or mute interest before a program launches, leading to great uncertainty and strife for families.

Program regulations should clarify processes and procedures and avoid placing additional regulations or constraints on participants that aren't outlined in statute. Administrators should design rules to enhance access for families and make the program easy to use, while also providing structures that are transparent, predictable and consistent. In short, program regulations are the administrator's opportunity to create a program that centers on the needs of parents while also limiting the possibility of fraud or the misuse of funds. Fraud is [very rare](#) in existing ESA programs, and administrators should err on the side of providing parents and students with flexibility rather than assuming they will be bad actors. Rules and regulations can be especially useful in clarifying and streamlining processes, especially those described below.

Regulations should reduce obstacles to entering and continuing in the program:

- Establish a rolling deadline for program applications to give parents maximum leeway.
- Provide a schedule for distributing account funds.
- Institute a “once in, always in” rule that allows families to apply once and participate until they are no longer eligible.
- Create a process for families to appeal disqualification from the program.

Regulations should focus on transparent information sharing, while preserving essential privacy:

- Ensure the application form, all eligible expense categories and a full listing of qualified service providers are easily accessible on the program website.
- Clarify what specific information a participating student's school district must share with the administering organization.

Regulations should balance preserving fiscal integrity with family flexibility to access educational services:

- Set up clear and simple procedures for authorizing a parent as the primary account holder.
- Consider creating or utilizing an existing online service and/or phone hotline for anonymous reporting of suspected fraud that can be investigated.



## Key Questions

- What other state ESA programs have enacted rules that offer a template for fair and parent-friendly implementation?
- Which aspects of the ESA law specifically assign a state agency with authority to develop rules?
- Which aspects of the ESA law require additional clarification to ensure that program administrators have the authority to ensure both fair play and a positive customer experience?
- In what areas can the rulemaking body shift extra burdens away from participating families?

### STATE SPOTLIGHT: TENNESSEE

When Tennessee adopted the Education Savings Account Pilot Program in 2019, the state's appointed administrator, the Tennessee Department of Education, had less than a year to get the program up and running. As the department worked to raise program awareness and find a digital platform provider, the new administrators also combed through the statute, which was clear about some administrative processes and silent on others.

One regulatory decision the department took very seriously was the information parents would have to supply the state to verify their children's eligibility for the program. Multiple redundant or difficult-to-find documents can burden otherwise qualified families, yet the state is responsible for ensuring that only qualified families receive funds. The [statute](#) left the decision of how parents could prove eligibility to the department, which decided on a streamlined route: Parents can submit either a tax return from the previous year OR proof of participation in the Temporary Assistance for Needy Families (TANF) program. Crafting the [regulation](#) in this way limits the burden on families while protecting the state.

Another regulatory decision the state left to the department was how to determine if a participating school is no longer fit to serve ESA students. The statute makes clear that schools should have to prove they are not hindering student outcomes; it requires ESA students to take the state's test. Crafting regulations that affect private schools, which are unaccustomed to adhering to state regulations for curriculum and testing, is a balancing act. Unnecessary and onerous mandates deter some private schools from participating in ESA programs, but outcomes matter to states that are investing money in private providers. Ultimately, Tennessee decided that private school-enrolled students would have to show three years of negative growth on the state assessment system before a school would lose its right to participate in the ESA program. This solution gives private schools the time they need to integrate new students into their academic communities and prove they can positively impact student outcomes while also ensuring the overall integrity and academic quality of Tennessee's ESA program.



## STEP 4: DETERMINE PURCHASE MODELS AND SELECT A DIGITAL PLATFORM PROVIDER

In most ESA programs, when parents make a large purchase, money flows directly to the provider. Parents tell the administrator the eligible good or service they intend to purchase (such as private school tuition), and the state transfers the funds directly to the school or service provider. In some cases, a school or provider may solicit payment from the state on an account holder's behalf.

Administrators handle smaller purchases differently. Some states have issued secure, pre-loaded debit cards that allow parents to make eligible purchases. Some Arizona families may still use this method. Although convenient, debit cards require sometimes complicated systems to ensure that only eligible goods and services are available for purchase. If parents are somehow able to make an ineligible purchase, the administrator is responsible for recovering those funds. As an alternative to debit cards, all ESA programs allow parents to make purchases out-of-pocket and submit a receipt for reimbursement. This method works for some families but poses a burden to others, especially parents who cannot afford the cost of an up-front educational expense.

In recent years, ESA programs have tried to replace reimbursement and debit card models partially or fully with digital platforms (or digital marketplaces). These may be easier for parents to use and can dramatically reduce the potential for ineligible purchases or misuse of funds. In a digital marketplace, parents can see how much money is available in their account and, at the same time, view and purchase eligible goods and services directly from a secure web platform that the administrator or its contractor oversees. Even with a digital platform, administrators may continue to directly transfer some funds to service providers or reimburse parents for certain expenses. However, the more transactions that parents can make securely and online, the less burdensome and stressful the oversight process will be.

Before contracting with a digital platform provider, some states require ESA administrators to run a Request for Proposal (RFP) process in which the state requests interested parties to submit a proposal to provide services. Even if statute does not require an RFP, the process may help states understand the range of service providers in the market and help to secure a competitive price.

The market for digital platform providers is expanding as more states authorize ESAs. This competition should increase options and drive down costs, which will benefit states with emerging programs. Even with these new options, administrators should consult other states about their experiences to understand the extent of satisfaction with different digital platforms and any implementation challenges encountered along the way. Some states have developed their own digital platforms over time; their administrators may have unique insights into how platforms can best meet parent and student needs.

Whether using an RFP or another process, ESA administrators should keep three guiding principles in mind when choosing a digital platform provider. First, the provider must ***offer reliable automated processes that provide the greatest ease and satisfaction both for ESA parents and for qualified service providers.*** Second, the provider should ***appropriately balance the needs of parents with the need to limit any potential for fraud.*** Erring too far on the side of limiting fraud may limit options for parents, which defeats the purpose of an ESA. Finally, ***a provider must be willing and able to continuously make minor adjustments to their processes that affect the user experience.*** This includes efficiently approving and making available eligible goods and services that parents request.



## Key Questions

- What purchasing processes will the state make available to parents (direct transfer of funds, reimbursement, digital platform)?
- Is a digital platform able to process both the applications and the purchase of good and services, or will the platform sub-contract with another entity or leave one of these processes to the administrator?
- Will the platform provider assist in recruiting and vetting service providers?
- Can the platform provider easily onboard all types of service providers, large and small?
- How user-friendly and accessible is the platform?
- What assurances can a platform provider give about limiting fraud without limiting options for families?
- Will the platform provider also oversee processes for reimbursing parents? What processes?
- How will the platform provider make its money? Will the state pay up-front costs? Will the platform provider charge a per-transaction fee?

### STATE SPOTLIGHT: INDIANA

Indiana's Office of the Treasurer oversees the state's Education Scholarship Program, enacted in 2021 to serve families of students with disabilities. Indiana partners with ClassWallet to operate its online marketplace of products and services. The state chose ClassWallet after establishing a rigorous RFP (request for proposal) process. While that was the best choice for Indiana, it is important that each administrator choose the system that is appropriate for their circumstance. Incumbent in that is a [well-executed RFP process](#).

In Indiana, state law required the treasurer to request competitive proposals, but the administrator also found value in the RFP process. The team was able to see which platforms were available, the different capabilities of each and then determine which one would best fit into the specifications of the program. In order to meet the deadline the state imposed, they released the RFP on January 31, 2022, with a deadline for inquiries by February 16 and a final deadline for submission by February 25. The treasurer's office selected ClassWallet as the vendor on March 31 after vetting all the applications. The Hoosier State demonstrated that the process of choosing a digital platform can be fair and efficient.

In choosing a digital platform, Indiana considered various needs, including those of parents and of the state. From the beginning, the state prioritized finding a platform that was flexible and parent-friendly and a platform provider that had experience in other states. The Office of the Treasurer began accepting applications for the Education Scholarship Account Program in June 2022.



## STEP 5: CREATE A PARENT OUTREACH PLAN

ESA programs can be a vital resource for students, but only if parents are aware of them. Administrators have various program implementation responsibilities; chief among them is making sure all eligible parents know that an ESA is an option for their child. Some states may require local school districts to inform parents if they are eligible for an ESA, and administrators should provide school districts with accessible information to deliver to parents. But school districts, especially when ESA programs are nascent, are likely not the most effective way to spread the word about new ESA opportunities.

If administrators have formed a coalition early on, they can leverage it to reach out to parents in a coordinated way. Some coalition members involved in passing ESA legislation may have conducted research into parent attitudes about ESAs and what parents expect in a program. If that research exists, it should inform implementation. If it does not, administrators should consider whether research or focus groups could help to raise parent awareness and capture information on the kinds of services and providers that parents need.

Current ESA administrators have found that raising program awareness is a local endeavor, which means that administrators and their coalition members should meet parents where they are (physically and otherwise). Fanning out to community events, including sporting events and town and state fairs, is one way to spread the word. Attending local private school fairs is another way, and it serves a dual purpose: Eligible parents already looking for an alternative to their district school will be in attendance as will private schools that can be helpful in making parents aware of their ESA eligibility status upon application. Finally, in all communities, administrators and coalition members should find and cultivate ESA ambassadors, trusted people in the community—pastors, city council members, small business owners, local education leaders and others—who are willing to learn about the new program and disseminate information to those who might benefit.

Administrators and coalition members should come prepared with resources for parents in the form of informational handouts with program requirements and answers to frequently asked questions (FAQs) or even QR codes that allow parents to access ESA program information with a smartphone. All materials should be clearly written with plenty of useful graphics and, whenever possible, presented in the language of the local community.

Administrators should also leverage the power and low cost of social media. Facebook, for example, hosts thousands of local parent groups, many of which are geared toward specific communities, such as students with specific learning needs. Finding one voice within these groups can educate others about the program; placing an ad is also an efficient way to raise awareness. Administrators can use the same venue to solicit suggestions for eligible service providers.

At the end of the day, other parents may be the best way to get the word out about what ESA programs can do for families. New ESA administrators should turn to other states for parent testimonials on how the ESA program has worked for them. They can do this by disseminating videos via social media, hosting town halls featuring ESA parents from other states and/or hosting webinars that serve to raise awareness and guide parents through application processes at the same time. No matter the timeline from ESA conception to launch, administrators should prioritize a multi-pronged, community-based approach to raising program awareness.





## Key Questions

- To what extent does the administrator’s coalition reflect the makeup and diversity of communities across the state? How can the administrator expand and diversify the coalition, if necessary?
- Has the administrator produced succinct materials, in multiple languages and formats, that provide critical program information and push parents to a venue where they can ask questions and apply for the ESA program?
- Who are the local leaders in each community that will support and spread the word about the new program?
- Can local and state education service providers assist in raising ESA awareness?
- What resources, human and otherwise, will the administrator need in order to raise program awareness, both in the beginning and over time?

### STATE SPOTLIGHT: TEXAS

In 2021, Texas launched a microgrant program that would become the nation’s largest in terms of enrollment, using funds from the federal Elementary and Secondary Schools Emergency Relief (ESSER) fund. When the program launched, it was limited to students with specific cognitive disabilities and provided families with \$1,500 to spend on supplemental educational services to mitigate the effects of COVID-related learning loss. Since that time, the legislature has funded the program with an appropriation and also expanded it to include any student with an individualized education plan (IEP). In 2022, Texas has received an estimated 110,000 applications and funded 65,000 accounts. The program has a waitlist of more than 10,000 students, which it hopes to satisfy with more funding from the legislature.

The hurdles that the Texas Education Agency (TEA) and other microgrant administrators face in raising parent awareness are like those that ESA administrators face, with one exception. Microgrant administrators may find it easier to leverage districts as partners in spreading the word, as districts see microgrants—which don’t allow students to use funds for private schools—as a complement to what they are already doing, rather than a threat to their enrollment. In Texas, the law requires districts to make parents aware of the program, and TEA produced customizable letters, in English and Spanish, that districts can send to families.

TEA knew that statutory support wouldn’t be enough to help parents apply for and receive the funds that were available. To that end, the department ran a social media campaign and worked with the state’s Parent Resource Network and other parent advocacy groups that could do the grassroots work of disseminating information in communities throughout the state. TEA officials also made themselves available to local community groups, providing them with information to share.

TEA has found that parents have the most trouble clearing two hurdles: 1) understanding program eligibility guidelines and requirements and 2) deciding what purchases will benefit their students. To address these challenges, the department has funded one of its regional centers to run a call center called SPEDTEX, where trained support staff can help parents through all stages of the application and purchase process.



## STEP 6: CREATE A SERVICE PROVIDER OUTREACH PLAN

Analyzing the existing landscape of private schools and other education service providers is a first step in assembling a diverse set of options from which ESA families can choose. Administrators may set targets based on the landscape analysis to ensure parents have a reasonable range of options starting at the program's launch, but they should also realize that parents often push providers to join the program. To the greatest extent possible, administrators should understand not only who the providers are but the geographies they serve. For example, if practitioners of a certain type of therapy operate in two different metropolitan areas and another outlying region of the state, the aim should be to recruit service providers from all three areas.

When assembling a list of participating providers, administrators should start with low-hanging fruit. They may do this by automatically onboarding schools and programs already recognized by the state's department of education. Specifically, this includes accredited public and private schools, either for individual courses or full tuition. Of course, these providers will have the ability to opt-out of the program, but the administrator will at least know that they are eligible. In states where ESA dollars can pay for dual enrollment or career and technical education, colleges and other institutions already recognized by an appropriate agency should similarly be incorporated into the stable of service providers.

Automatically qualifying certain schools and programs enables the administrator to focus its outreach on tutors, therapists and online course and curriculum providers that can be brought into the fold. When they begin outreach, administrators should already have a clear onboarding process in place. This includes creating a registration form that is easily accessible online. The form should be differentiated based on the category of service that different providers represent, as some categories may require an additional certification to be submitted. The first phase of onboarding should also give providers key program information, ideally on a web page and/or linked separately in a small program handbook that summarizes what providers should know. Examples include how the ESA program works; a list of qualifying expenses; the mechanics of payments, fees and refunds; pre-approval requirements; and service providers' rights and obligations to remain as a qualified option in the program.

Administrators should also embrace the role parents can play in connecting qualified service providers to the program. Direct invitations to families, accompanied by a simple standard form to collect relevant details concerning the recommended school or service provider, can be integrated into parent outreach efforts. To avoid delays, both types of outreach need to unfold simultaneously. Some parents will likely express their desire for a specific school or service provider—such as a sole proprietor who lives in their own neighborhood and doesn't widely advertise their services—to qualify even without the invitation.

Administrators should be prepared to encounter otherwise qualified schools and service providers that are reluctant to participate. Some may be hesitant about receiving state dollars, while others may push back with concerns about the onboarding or payment process. In certain states, operators already serving students through existing choice initiatives may struggle to see added benefit in signing up for one more program. If the administrator has clearly communicated how the ESA works, the opportunity to serve students in need and the accompanying financial benefit, waiting for more parents to push the provider into the program is likely a better approach than spending time trying to make a hard sell.



## Key Questions

- What are reasonable goals to set for each of the service provider categories to help ensure parents have access to a functionally and geographically diverse set of options?
- Which state agencies already have lists of accredited schools and service providers that can be automatically onboarded? Where can those lists be found?
- Are there any unique requirements that different categories of service providers (e.g., tutoring, speech therapy, transportation) must demonstrate before receiving pre-approval?
- In what specific ways can parents be integrated into the process of identifying and registering qualified service providers?

### STATE SPOTLIGHT: ARIZONA

Arizona's Empowerment Scholarship Account program is not only the nation's first of its kind, it also has helped to set the standard for efficiently vetting education service providers to give options to participating families. The ESA platform provider handles the details associated with onboarding. In all, the Department of Education has approved more than 3,000 qualified providers from which parents can make purchases. An [accessible form](#) on the department's website creates an entry point to which prospective providers can be directed. That form is linked through an FAQ that the platform provider directs to ESA parents: "Can't find your school or service provider?"

Growing the array of options has depended heavily on the input and recommendations from program users, who can be the program's most enthusiastic spokespersons. One such ESA parent is the founder of [Love Your School](#), an Arizona-based group that helps inform parents about the state's array of different education options. The mom reached out to the proprietor of a small, brand new [woodworking school](#), a long-time expert craftsman who is passionate about giving young people the opportunity to develop the same skills. Having persuaded him to sign up as a service provider, she helped to promote the woodworking school to other families. Interest grew quickly and dramatically, leaving a long wait list of potential students nearly two years later.

A strong administrative emphasis on customer service entails observing issues related to families seeking and connecting with potential service providers to inform outreach to the broader community. Information is compiled in an annually updated [parent handbook](#), which serves as a reference resource. The Department of Education further employs a full-time staff member to handle parent engagement and communication. Monthly online townhalls and [weekly electronic newsletters](#) keep ESA parents up to date on a host of relevant matters. That includes the opportunity to connect qualified providers to the platform. The department's proactive approach not only equips more families to be program ambassadors but also helps reduce complaints and quell their concerns.



## STEP 7: ELIGIBILITY AND APPLICATION PROCESSES

Every parent's first interaction with a program is the application, and it's imperative that application processes strike a balance between establishing the right guardrails to determine eligibility and ensuring that parents don't have to clear unnecessary hurdles to prove they are eligible. Even universal ESAs will require parents to prove they are residents of a state or, in some cases, that their children have been enrolled in a public school in years prior to their application. Whether universal or for specific populations, ESA applications should be as easy as possible for parents to complete.

To determine the least burdensome route to proving eligibility, administrators should look to other programs that parents use. If an ESA has an income-requirement, allowing families to submit proof of participation in the federal free-and-reduced-price lunch or Temporary Assistance for Needy Families programs should provide sufficient verification of income. Families should also have the option to submit a tax return, although it should not be a requirement, especially if parents qualify for other programs. Multiple options for proving eligibility will enable more families to take advantage of ESAs, and administrators should require nothing beyond what the statute outlines to ask a family to prove eligibility.

ESA programs for students with unique needs might ask a family to provide proof of an Individualized Education Plan (IEP) or receipt of 504 services. In this case, an administrator should be able to guide families through the process of retrieving the appropriate information from their local school district or another state agency that houses the student information.

Administrators can consider partnering with other government agencies to collect necessary paperwork, which will likely require understanding student data privacy laws and executing one or more Memorandum of Understanding (MOU) documents. Parents may be able to provide consent, for example, for the administrator to verify income through the Department of Revenue or to verify IEP status through a school district.

In addition to limiting the burden of documentation, administrators should create applications that can be completed in a short amount of time (some state applications can be completed in 10 minutes or less) and using multiple formats (parents should be able to upload an application via a public or private computer or a mobile phone). To guide the application process, parents should have easy access to live support (either via phone or an Internet chat feature), and a handbook or other document clearly outlining the steps in the application process should be accessible to all. Application guidance should outline the following: each step in the application process, all forms of acceptable documentation, the timeline for eligibility verification and an explanation of what happens after an application is accepted or denied.

Regulations should clarify the maximum time an application process should take, and administrators should be transparent about that timeline. If an application is approved, the application system should automatically notify the family. If an application is denied, the families should be given the reason for denial and an ability to remedy an identified issue or to appeal the decision. For example, if there is missing or expired paperwork, parents should be given an equal amount of time and support to find and upload the proper documentation. It is the administrator's responsibility to clearly outline the steps a parents can take to appeal an application decision.



## Key Questions

- What is the range of documentation parents could use to prove eligibility? What is the minimum amount of documentation the state needs to confirm it has properly vetted every applicant?
- How can the administrator ensure that all processes are parent-centric, including processes for supporting parents who don't speak English?
- How can the administrator forge partnerships with other agencies to streamline the approval process?
- How will parents efficiently access application support?
- What is the state's timeline for vetting an application, and what processes need to be in place for the administrator to consistently meet that timeline?

### STATE SPOTLIGHT: MISSOURI

In 2022, Missouri launched the first of two tax-credit funded Education Savings Account programs in the country. Its program is available only in certain regions of the state and currently has six Educational Assistance Organizations ([EAOS](#)) that are awarding scholarships to students. To streamline the application and awarding process, the EAOs host preliminary applications for the scholarship on their websites. The information collected from these applications is then sent to the State Treasurer's office. Parents upload proof of income, residency, public school enrollment and special education service plans, if applicable, to an EAO website. Organizational staff review the documents before sending them to the Treasurer's office.

Right now, the average wait time for approval is 1 to 2 weeks. The preliminary application was created by the Treasurer's Office in a standard format, despite being hosted on different EAO websites. After students have applied and been awarded a scholarship, their parents do not need to reapply unless the student has left the program or chosen to attend an unaccredited private school (as these schools are not eligible to receive ESA funds). A once-in, always-in application makes the process easy for parents. The program also allows for rolling applications until donated funds from each EAO are depleted. That allows EAOs to award scholarship throughout the year if funds are available. Despite EAOs being unable to fundraise until July 1, 2022, more than 800 students have been awarded accounts as of mid-September 2022.

An ESA program that starts so close to the beginning of the school year may initially struggle with attaining large numbers of applications, as parents may have already decided where their child will be attending. Rolling applications allow parents to apply for slots to transfer to a new education option during the academic year, if needed.



## STEP 8: CREATE A SERVICE PROVIDER APPROVAL AND ONBOARDING PLAN

Processes to vet potential education service providers provide legal and quality guardrails. Quality ESA programs allow parents to choose from a wide range of providers—everything from large corporations that provide educational goods and services to small, independent contractors. Sound vetting processes adhere to the law while ensuring accessibility and support for all service providers. No qualified provider should be shut out of the program simply because of bureaucratic or digital platform requirements.

For each recommended or recruited service provider that completes the simple online registration, the administrator needs to implement an efficient vetting process. To guarantee the program’s legitimacy and eliminate unwelcome surprises and extraneous communication, prerequisites for approval should be outlined on the provider registration form. This includes the standard requirement to identify key provider personnel and run their names through a criminal background check. Vetting some service provider categories may include collecting documentation of certification or other qualifications. Administrators should look for opportunities to make the process more efficient, such as streamlining the verification of multiple therapists’ credentials through one clinic where they all serve on staff.

While credentials are promptly checked, the platform provider’s software should be automatically linked to the prospect’s completion of the administrative sign-up process. A platform provider suitable to the job will then orchestrate the technical steps needed to make a school or service provider appear as a purchase option in the online ESA marketplace. Once vetting is complete, the administrator can effectively “flip a switch” to make approved providers a live option on the platform. ESA administrators should ensure that any platform they choose has this capability.

Handbooks and information developed for use in service provider outreach and recruitment are also useful in onboarding and training. Providers will want to know, for example, how often and when they will be paid, as well as whether payment will come directly from the administrator or if parents will pay them and seek reimbursement from the program. Providers will also need to know about any requirements for periodic re-approval and what happens when a student opts out of the program or no longer wants a provider’s services. Administrators should also be very clear about any statutory or regulatory rule that, if violated, would result in a provider’s expulsion from the program. In these cases, administrators will need to provide thorough documentation of why a service provider no longer meets program requirements. Lastly, administrators will need to inform providers about any processes related to education payment disputes and how those will be handled.

Administrators should periodically update vetting and onboarding processes and resources as they gain experience and also as veteran service providers offer constructive feedback. They should make those changes transparent for providers. Especially in the first few years, program participation will grow, both in terms of students and providers. After the program launches, new service providers will continue to come on board, largely through the recommendations of participating parents who inquire about a desired option that does not appear in the online marketplace.

Understanding how and to what extent individual providers impact student outcomes is complicated. The administrator should closely follow reporting requirements outlined in statute but may not impose additional or extraneous requirements on service providers. Administrators should, however, rely on parents for feedback



about their experience with providers. This could entail periodic satisfaction surveys as well as options to provide direct feedback on transactions.

## Key questions

- What are the basic questions a state should ask to determine if a service provider is eligible for the program?
- How can states ensure ease of eligibility and a wide range of participation from different types of service providers?
- Does the digital platform provider work well with newly registered service providers to bring them online quickly and effectively?
- How can parent feedback concerning specific providers be used to inform the registration and onboarding process?
- What additional metrics, if any, does the law mandate for evaluating outcomes by service provider?

### STATE SPOTLIGHT: NEW HAMPSHIRE

Some new ESA administrators assume that a program can't operate without a wide variety of service providers signed up to participate at the time a program launches. New Hampshire's experience suggests otherwise. With only two months from program authorization to launch its Education Freedom Accounts, New Hampshire's administrator relied on parents to push schools and other providers, such as tutors, to the program. The benefit is that parents are likely to receive the services they choose from desired providers (so long as they meet program qualifications). But parent satisfaction, in this case, came with an administrative challenge: The administrator needed an efficient process to verify service provider eligibility and onboard them quickly and effectively.

Leveraging a small team, Children's Scholarship Fund (CSF) New Hampshire decided to keep all service provider approvals in-house. Employees ask nine key questions (see below) to verify eligibility and then work to efficiently notify both provider and parents when a new provider qualifies. If there are questions about eligibility that can be easily solved with further information or documentation, CSF prioritizes working with providers to ensure parents every opportunity to work with their provider of choice.



### Children's Scholarship Fund New Hampshire Questions for Education Service Provider Approval

1. Is the provider already approved?
2. Does the application include complete contact information?
3. Is the applicant an acceptable provider type?
4. What is the organizational structure? (i.e., school or institution/self-employed individual)
5. If the applicant is a school, institution, clinic, company or organization, is it registered with the appropriate governing body in the state where it is located?
6. If the applicant is a self-employed individual and/or a certified teacher? Has their certification been revoked?
7. If the applicant is a self-employed individual, are they listed on the National Sex Offender Registry?
8. Has the applicant agreed to the Background Check and Program Assurances Statement?
9. If the applicant is a self-employed individual, has the applicant attached a copy of their resume, relevant education/experience, certifications and/or licenses?





## STEP 9: HELP PARENTS NAVIGATE THE PROGRAM

Parent support doesn't end with raising program awareness or creating an easy-to-use platform. Parents will require help throughout the application process, as they purchase goods and services and/or request reimbursements and even as they exit the program.

Administrators should consider all parents when designing a variety of supports, especially as some parents will have limited access to Wi-Fi or technology. Other parents may lack, or have trouble accessing, the documents they need to prove their child is eligible for the program. And after a parent's application has been approved, they might have questions about the goods and services that are best for their child and how to access and assemble those services through the ESA platform.

Strong administrators focus on democratizing access to services. That means considering *how* parents interact with programs, especially if they require technology. Administrators should ensure that parents have multiple access points for everything from program application to selection of goods and services. Not all parents will be working from a home computer. Some will access a program website and platform from a shared, public computer or, increasingly, a mobile phone. Administrators should work with platform providers to consider how a user's access to technology will impact the experience.

Some parents will also need more customized supports. User handbooks and Frequently Asked Questions documents can be helpful, but they are no substitute for a live person. Administrators should plan to dedicate capacity and staff to fielding parent questions and patiently walking applicants through a process. Staff should be qualified in the following areas:

- Supporting parents who speak languages other than English
- Accessing and using platform technology
- Accessing documents that confirm program eligibility

Proving program eligibility may be the most complicated part of the application process for some parents. Administrators should be prepared to work with other agencies, districts and schools to help parents securely access documents that prove income, student disability status or other information that confirms eligibility. As administrators support parents through these processes at the time of an initial application, they should also help parents understand whether they will need to provide or update the same documents if a program requires an annual application.

When an application is approved, administrators will need support staff available throughout the year to help parents understand and select goods and services that are available on the provider platform. Administrators should also be prepared to walk parents through reimbursement processes. It will be necessary to ask parents to pay out of pocket for expenses that an administrator hasn't yet qualified as eligible or cannot house on the digital platform.

In some cases, parents will want advice on what goods or services will be best for their child. This will require administrative staff to be well versed in the kinds of educational goods and materials that benefit children with certain needs. If parents request a good or service that the administrator hasn't already vetted, the administrator has a responsibility to investigate whether that good or service qualifies under the program and make it available to parents in a timely manner.



## Key Questions

- What is the appropriate ratio of support staff to account holders, both at program launch and over time?
- What qualifications (language, technology and other) and training do staff need to effectively support parents?
- What types of training can administrators offer parents immediately and then after they have qualified for the ESA?
- What partnerships (including other parents and parent groups) can administrators leverage to support parents in navigating ESA programs and processes?

### STATE SPOTLIGHT: NORTH CAROLINA

In 2021-22, the North Carolina legislature combined two existing scholarship programs into a new ESA+, which allows students with disabilities to use state funds to pay for private school tuition, therapeutic services and transportation. Home school students and part-time enrolled students also qualify. The average ESA+ award is roughly \$9,000, but students are eligible for up to \$17,000, depending on type of disability and level of need.

As parent awareness of and demand for ESAs has increased over time, the North Carolina State Education Assistance Authority (NCSEAA) identified a need to rethink how it was serving parents. The creation of ESA+ provided an opportunity to improve and expand existing parent resources.

Prior to ESA+, the state already provided general information for parents as well as onboarding and live support services through a small call center. But staff realized parents needed more specific information, and they decided to target that information through personalized training to larger groups of parents on specific aspects of the ESA+ program. In 2022, staff designed a series of webinars on various topics, allowing them to delve into greater detail on some of the most frequently asked program questions. Webinar topics included:

- Choosing and changing schools
- Updating disability information for continuous program eligibility
- Understanding what expenses qualify for the program and how to purchase those expenses
- Challenges unique to dual-enrolled or part-time enrolled students
- How to use your ESA+ over the summer

NCSEAA also ran a series of webinars to benefit both parents and participating schools. Helping parents understand what qualifies a school to participate—and how the state pays schools when a child chooses them—can ease anxiety when a student enrolls in a tuition-based school for the first time.

Information from parent webinars is housed on the NCSEAA website so that all parents can easily access this information at any time. In addition to more general documents that outline program regulations and frequently asked questions, parent webinars and in-person events are helping North Carolina families maximize the opportunities that ESA+ provides.



## STEP 10: DATA COLLECTION, TRANSPARENCY, AND CONTINUOUS IMPROVEMENT

When a new ESA program enrolls and begins to serve students, administrators will spend time streamlining processes. This is the first step in what should become an ongoing effort to improve every aspect of implementation, from getting the word out to eligible families and processing applications to vetting providers and assisting parents in navigating services.

Most ESA statutes will require the administrator to collect and publish basic program information in a manner the public can easily consume. Taxpayers and participants have a right to know, for example, what types of goods and services parents can purchase with ESA funds, who provides those services, how many students are enrolled in the program and whether parents are generally satisfied with the ESA experience. Understanding these things is important for public accountability and can help the administrator understand how to keep improving the program over time.

Transparent systems can also help parents as they choose ESA services for their children. Administrators can develop mechanisms that allow parents to share information about their experiences with service providers. These reviews could serve the dual purpose of helping other parents understand which providers might be a good fit for their children and helping the administrator understand a key aspect of provider quality.

Some ESA program statutes also require students to participate in state or nationally norm-referenced assessments. Students with disabilities or other special educational needs may be exempt from these requirements or eligible to submit a portfolio of work as evidence of progress. While it is difficult for administrators or others to draw reliable conclusions about the effects of ESA use on student outcomes, administrators should attempt to understand, in general terms, whether ESA students are benefiting from the service providers that they choose.

Gathering basic data on student test scores, graduation rates and overall satisfaction can ensure that high-quality providers remain in the program and that all stakeholders have a basic understanding of *overall* ESA program quality. While administrators cannot and should not impose regulations on parents or providers that aren't outlined in statute, collecting and transparently publishing information permitted by statute (in a manner that protects student privacy) can inform program design and support continuous program improvement.

A commitment to helping students and families design the education that will help students excel should be at the core of all ESA programs. Following the steps to sound implementation outlined in this guide can help new and established administrators fulfill that commitment. As ESA programs continue to grow in scope and in number, ExcelinEd's ESA Administrator Network offers the kind of collaborative support among states that can help maintain this student-centered focus and strengthen best practices for years to come.