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# EdChoice 101

An introduction to the basics  
of school choice

*Brought to you by*



## WELCOME TO EDUCATIONAL CHOICE

There are many different schooling options, and we welcome them all under the broad umbrella of choice. But not all educational choice programs are created equal. Public charter schools and public-to-public transfers, for example, have provided options within the traditional system, but those programs leave many schooling types off-limits for families.

Our goal as the nation's oldest school choice organization is to highlight and promote the programs that create the most pathways for students to lead successful lives. That's why we focus our efforts on three types of programs: education savings accounts (ESAs), vouchers and tax-credit scholarships. In the past, we also highlighted individual tax credits and deductions, but those programs are not far-reaching and tend to provide minimal financial assistance to families. They are included in this publication alongside 529 savings accounts, which also provide limited options.

We believe access should be universal and that all families should be able to find what works for their students—regardless of where they live or how much money they make. This guide will introduce you to the fundamentals of school choice and answer some basic questions about why and how these programs work.

## EMPOWERING PARENTS

Any conversation about K–12 education should start with those who benefit from it: students and their families. We trust parents to know their kids, and we want to open the door to opportunities that will help those students learn and grow.

Far too often, the educational choice debate becomes about money and power when it should be about access and opportunity. The good news is that if families and students are given the funds, they can access options that work for them. And that's our ultimate goal. We want a K–12 system that doesn't walk, talk or act like a massive, unfair bureaucracy. It's not based on your ZIP code or your income, and it's not a faceless algorithm telling you what's best for your child. It's centered around each student's unique needs. We believe that when parents and families come first—and get the respect they deserve—our kids will always come out ahead.

## FEATURED TYPES OF SCHOOL CHOICE

Education Savings Accounts (ESAs)

School Vouchers

Tax-Credit Scholarships

529 Savings Accounts and  
Individual Tax Credits and Deductions

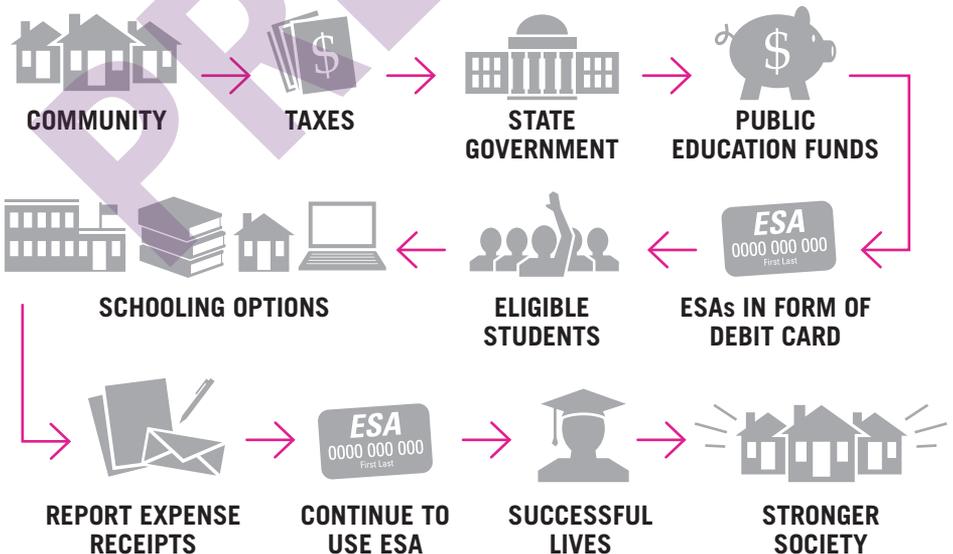
## OTHER TYPES OF CHOICE

- Charter Schools
- Magnet Schools
- Inter/Intra-District  
Public School Choice
- Homeschooling
- Online Learning
- Customized Learning
- Town Tuitioning

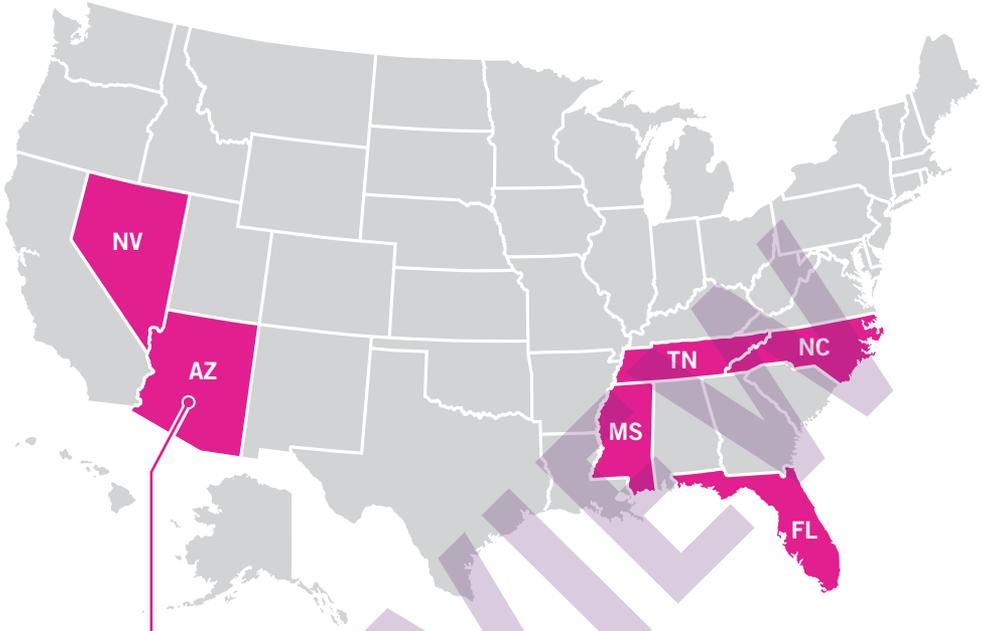
# EDUCATION SAVINGS ACCOUNTS (ESAs)

ESAs allow parents to withdraw their children from public district or charter schools and receive a deposit of public funds into government-authorized savings accounts with restricted, but multiple, uses. Those funds—often distributed to families via debit card—can cover private school tuition and fees, online learning programs, private tutoring, community college costs, higher education expenses and other approved customized services and materials. Some ESAs, but not all, even allow students to use their funds to pay for a combination of public school courses and private services.

## HOW ESAs WORK



## 6 STATES HAVE EDUCATION SAVINGS ACCOUNTS 18,706 STUDENTS USE ESAs NATIONWIDE



When two of Jenny Clark's sons were diagnosed with severe dyslexia and dysgraphia, she knew her children needed more intervention than the local school district offered. First, the family enrolled **Scout and Brooks** in an online charter school, which allowed them to use some dyslexia-specific curriculum. But then Jenny learned about Arizona's Empowerment Scholarship Account program, which Scout, Brooks and their younger brother Tayte are all using.

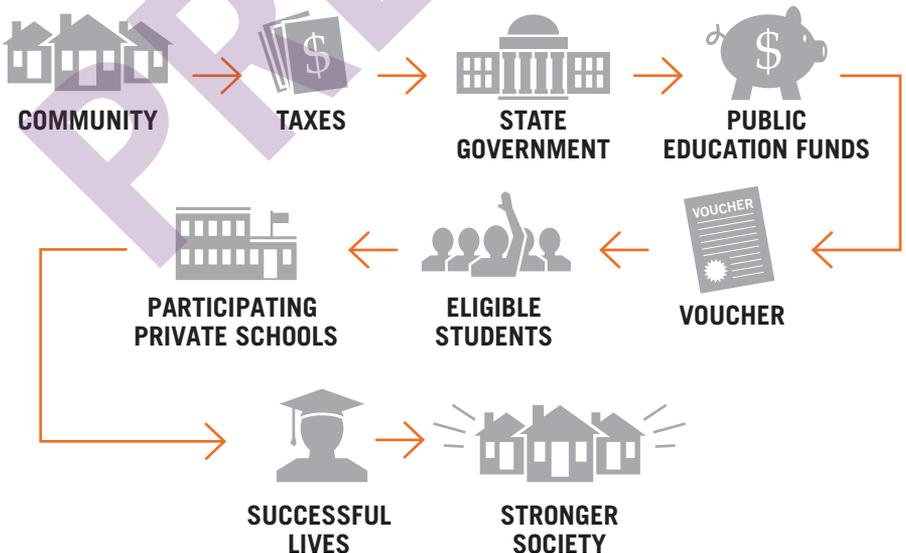
Now Jenny layers specialized curricula and therapies to custom-tailor her children's educational journeys, and they are all thriving. Finding and coordinating services authorized by the ESA program can be complex, but Jenny says it has been completely worthwhile.

"You just have hope that you didn't have before when people were telling you, 'No, no,' and 'Sorry,' and 'We don't have this. We don't have that,'" she said. "And now it's like all of our answers are, 'Yes, we have this, and, 'Yes, you can do this, and, 'Yes, you can help your child.' It puts a whole new spin on how you view your child and their educational abilities and their future."

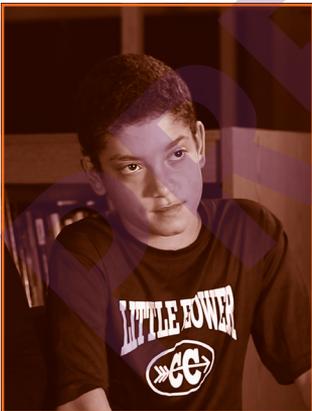
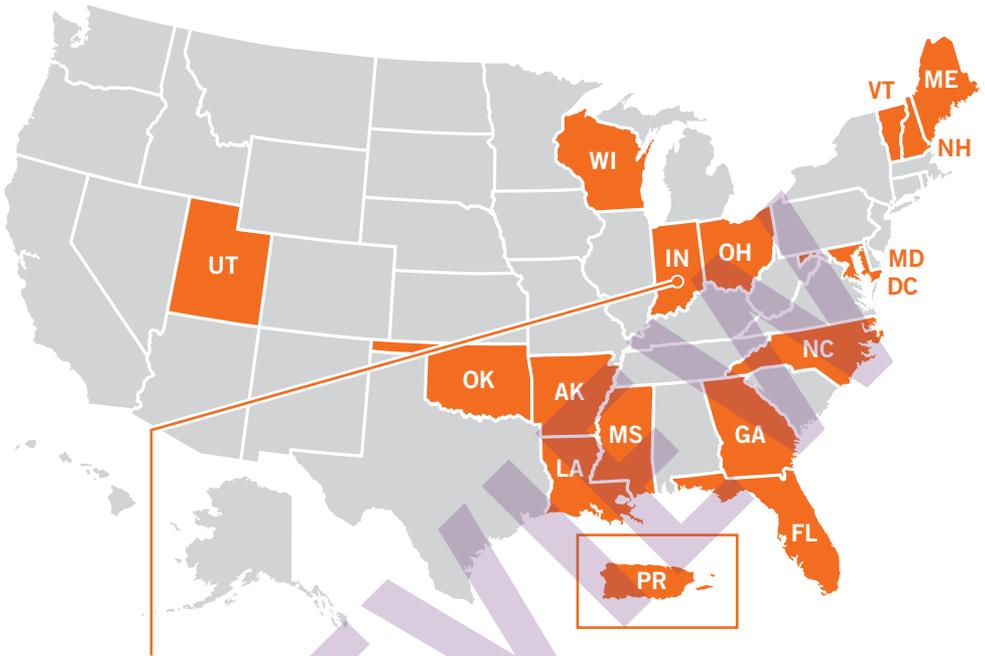
# SCHOOL VOUCHERS

Vouchers give parents the freedom to choose a private school for their children, using all or part of the public funding set aside for their children's education. Under such a program, funds typically expended by a school district would be allocated to a participating family in the form of a voucher to pay partial or full tuition for their child's private school, including both religious and non-religious options.

## HOW VOUCHERS WORK



# 17 STATES AND D.C. HAVE SCHOOL VOUCHERS 190,357 STUDENTS USE VOUCHERS NATIONWIDE



When **AJ Fiesel** attended his zoned public district school, he was unengaged and “wasn’t getting anything out of his schooling,” his mother Shelley said. Now when she picks him up from the private school he is able to attend because of Indiana’s Choice Scholarship program, he’s happy and excited to tell his mom what he did that day.

AJ is also able to participate in his school’s cross country program, where he’s a star runner who is already being recruited for a private high school’s running program next year.

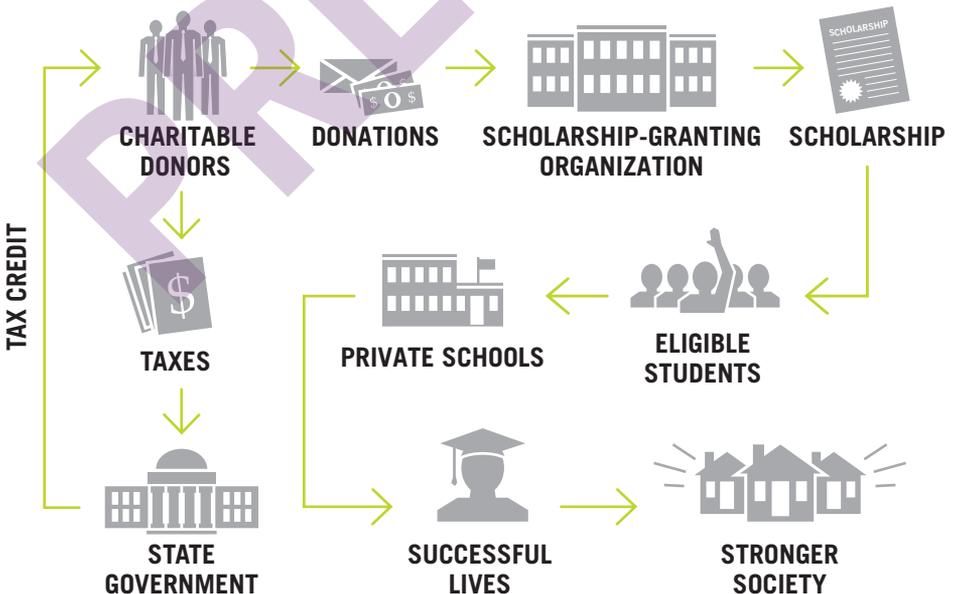
Indiana’s voucher program was enacted and launched in 2011 and is now one of America’s largest school choice programs. It is considered a national example for program design because enrollment is not capped—making the program available to all qualified families.

“It’s the best change that we’ve made in my whole life,” Shelley said. Both of her sons are happy and thriving in their new school thanks to school choice.

# TAX-CREDIT SCHOLARSHIPS

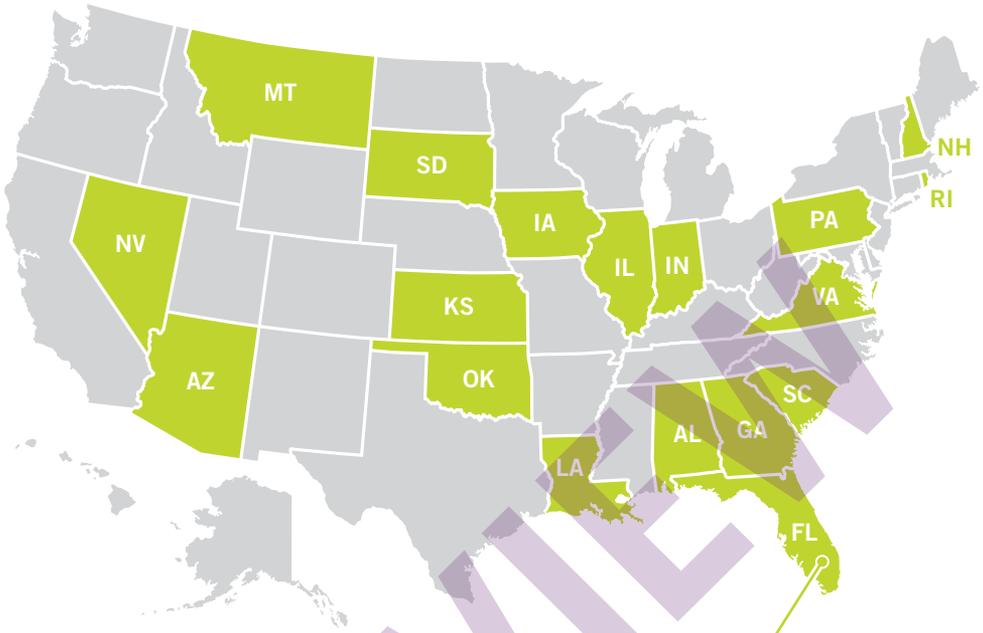
Tax-credit scholarships allow taxpayers to receive full or partial tax credits when they donate to nonprofits that provide private school scholarships. Eligible taxpayers can include both individuals and businesses. In some states, scholarship-giving nonprofits also provide innovation grants to public schools and/or transportation assistance to students who choose alternative public schools.

## HOW TAX-CREDIT SCHOLARSHIPS WORK



# 18 STATES HAVE TAX-CREDIT SCHOLARSHIPS

## 274,929 STUDENTS USE SCHOLARSHIPS NATIONWIDE



As a veteran public school educator and the mother of seven children in a blended family, Olasumbo “Ola” Alayande knew that her children were not getting the rigorous academics they needed at their school. Her school-aged children—Osaremen, Emmanuel, Blossom, Shalom and Sharon—all straight-A students and high performers, were enrolled in the best public schools in their district. But they weren’t getting the challenging education they needed.



Ola decided to find a private school that would offer her children more discipline and structure and a more rigorous curriculum. When she spoke with a Catholic school near her home, she learned about Florida’s tax-credit scholarship program. The family qualified for the scholarships, allowing Ola to send her five school-aged children to private school.

The switch gave all of her children access to a stronger curriculum and even allowed for a differentiated curriculum for her oldest son, who tested an entire grade level ahead in math. With these new opportunities, all of the Alayande children are thriving.

“[When] I was growing up, my parents used to tell me that education is the most important thing in life,” Ola said. “Once you have an education, you can achieve whatever you want to reach. Nothing can stop you.”

# 529 SAVINGS ACCOUNTS and INDIVIDUAL TAX CREDITS AND DEDUCTIONS

## 529 SAVINGS ACCOUNTS

A 529 savings plan is a specialized savings account designed to help families save money to pay for future educational expenses. 529 plans are sponsored by states, state agencies or educational institutions and are authorized by Section 529 of the Internal Revenue Code.

Most commonly, parents or other relatives start a 529 plan with a child as the beneficiary, which means the money is to be used for the child's education, but the parent or other account custodian actually controls the funds.

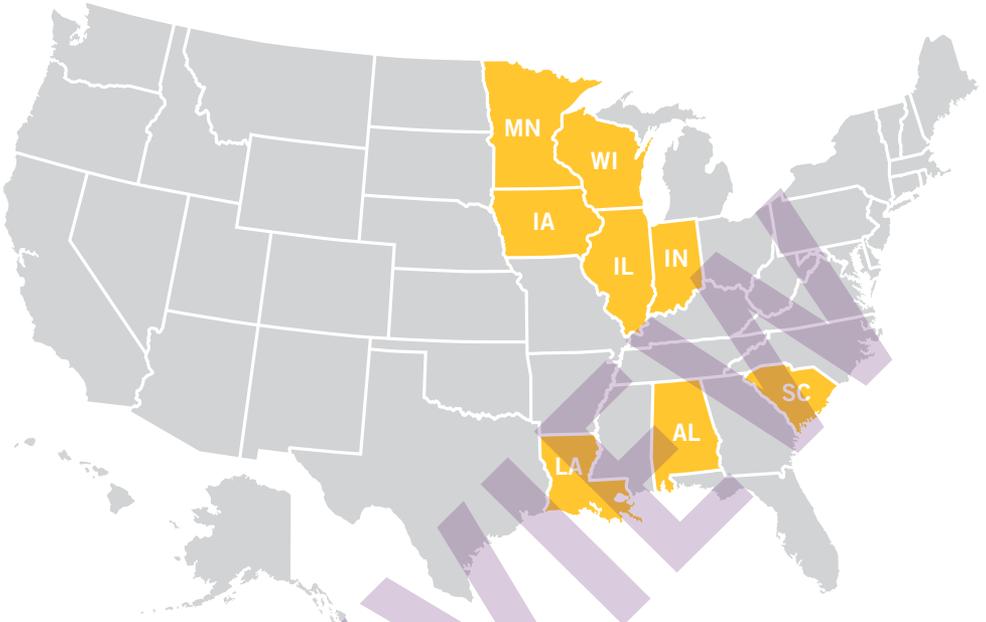
These plans historically operated as college savings accounts. The Tax Cuts and Jobs Act, passed in 2017, expanded the allowable uses of these accounts to include up to \$10,000 in annual private K–12 tuition expenses. That's why we are including them.

The expansion to include K–12 expenses could be helpful for some parents who want to send their children to private elementary or secondary schools, but it's important to note that these plans are only available to those with money to invest—they are not a substantive school choice program where public funds set aside for a child follow that child to the educational setting that works best for him or her.

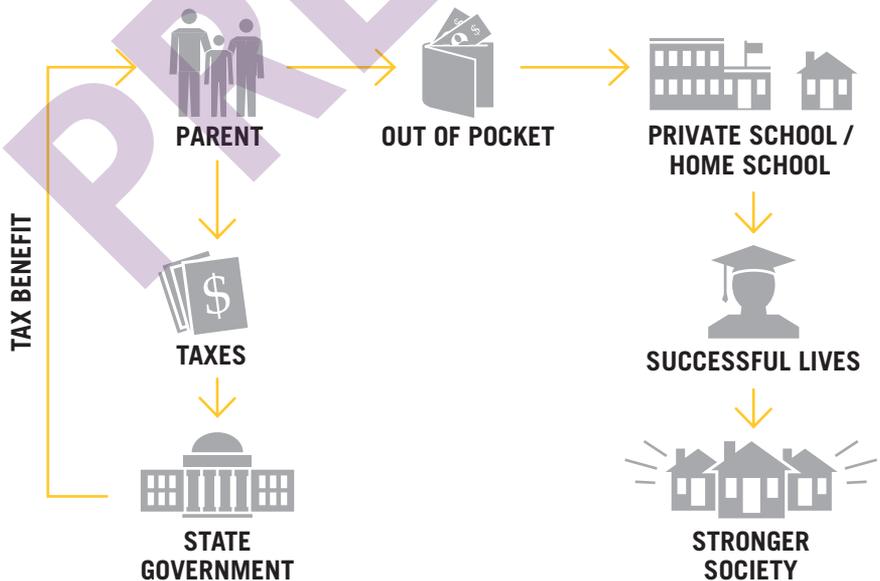
## INDIVIDUAL TAX CREDITS AND DEDUCTIONS

Individual tax credits and deductions allow parents to receive state income tax relief for approved educational expenses, which can include private school tuition, books, supplies, computers, tutors and transportation.

**8 STATES** HAVE IND. TAX CREDITS AND DEDUCTIONS  
**489,206 STUDENTS** USE IND. TAX CREDITS NATIONWIDE  
**412,846 STUDENTS** USE IND. TAX DEDUCTIONS NATIONWIDE



## HOW INDIVIDUAL TAX CREDITS AND DEDUCTIONS WORK



## FREQUENTLY ASKED QUESTIONS

**Q** What do people think about school choice

**A** American parents want access to a more diverse set of educational options than they can get in our current K–12 system. Our most recent national survey found that while more than eight out of 10 American students attend public district schools, only about three out of 10 parents said they would choose a traditional district school as a first choice. But don't take our word for it: National polling by Education Next and USA Today has shown growing support for school choice over the past decade, with the strongest support among Millennials.

**Q** How does educational choice affect school funding?

**A** When a student leaves a school—regardless of type—the school doesn't have to educate that student. When any school gains or loses students, it must adjust accordingly, and schools shouldn't get paid for students they don't educate. The most-used form of school choice in America is when families access a particular school by renting or buying a home in their desired district or utilize public-to-public transfer programs that allow them to attend a school outside the district where they live. The biggest question policymakers have to answer when it comes to K–12 funding is whether the money set aside to educate children should follow them to the people and places that educate them—whether that's in their district, outside their district, in a private setting, online or at home.

**Q** Does school choice cause segregation?

**A** America's public schools are more segregated today than they were when *Brown v. Board of Education* was decided. School choice actually reverses that trend by breaking down geographic and socioeconomic barriers that disproportionately affect communities of color. The research shows that students in school choice programs attend more integrated schools than their public school counterparts, and vouchers are moving students into private schools that are substantially less segregated than public schools.

**Q** Are these programs legal?

**A** School choice is constitutional at the federal level and in most states, as long as policies and programs are designed properly. The U.S. Supreme Court has made it clear that public funding can be allocated to a family to spend on a child's K-12 schooling, including for faith-based education. Some states have constitutional language prohibiting the use of taxpayer dollars to support faith-based schools, but these provisions have been challenged federally and at the state level.

**Q** How are schools held accountable?

**A** Accountability is better left in the hands of families than bureaucrats, and we know that parents care far less about test scores than they do about students having access to quality instruction in a safe, nurturing schooling environment that reflects their values. That said, state policymakers have the ability to design school choice programs that represent the will of their citizens, and those programs can include state-based or nationally norm-referenced tests, health and safety requirements and other regulations. Ultimately, we trust families to know what's best for their kids.

**Q** What about students with special needs?

**A** School choice empowers families with students who have special needs to find what works for them. In fact, many school choice programs across the United States have been designed specifically to serve special needs students because they are often get left behind when they are assigned to a school under the traditional system.

A relatively new form of choice is education savings accounts or ESAs, which allow families to tailor schooling options beyond tuition—for example, with specialized therapy or tutoring. ESAs represent the next wave of school choice and can be particularly helpful for students with special needs who require customized learning opportunities. It's important to note that families of students with special needs are informed of their rights when they opt into non-traditional programs.



## WHO WE ARE

EdChoice is a nonprofit, nonpartisan organization dedicated to advancing full and unencumbered educational choice as the best pathway to successful lives and a stronger society. We're not another stuffy think tank. We believe that families, not bureaucrats, are best equipped to make K-12 schooling decisions for their children, and we work primarily at the state level to educate diverse audiences, train advocates and engage policymakers on the benefits of educational choice. EdChoice is the intellectual legacy of Milton and Rose D. Friedman, who founded the organization in 1996.

## WHAT WE DO

It takes an army of passionate advocates equipped with high-quality research to make school choice a reality. Our mission-driven work breaks down into three categories: providing original research and data analysis; bringing choice-minded folks together for trainings and outreach events; and investing resources in states that embrace the idea that families should be in the driver's seat when it comes to K-12 education.

You can learn more about our work at [edchoice.org](http://edchoice.org), where we regularly publish new reports, policy briefs and blog posts. You also can find and download specific information about school choice in your state and how you can become more involved.

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