ADOPTING OPTIONS

How Tennessee Can Expand Educational Choice to Every Student
Key Points

- Since passing the limited Education Savings Accounts (ESA) program in 2019, Tennessee has been surpassed by 10 states that have offered educational choice to all or nearly all students in their state.

- The current geographically limited ESA program in the Volunteer State provides some of the highest value compared to universal-choice states. Expanding the same value to all students through a universal program would place Tennessee as a leader in universal educational choice programs.

- Seven out of 10 Tennesseans expressed a desire to expand an educational choice program statewide to all students according to a Beacon poll of over 1,300 Tennesseans.

- Further increasing options and adding accountability can be done in a similar fashion to Utah’s universal program, which allows students to combine part-time public school enrollment with a partial-value ESA.

- By making ESA students and homeschooling legally distinct, like Florida’s program, Tennessee can allow “home based” students to use a portion of their education tax dollars while ensuring traditional homeschooling families can continue to operate as they wish.
Introduction

Over the past few years, educational choice programs that allow students options to use a portion of their education dollars to attend schools that best fit their needs, have experienced sweeping changes. Many states have created or expanded choice programs, providing more opportunities for students. Education policy experts dubbed 2021 the “Year of Educational Choice,” with 18 states creating or expanding choice programs.¹ This historic year saw West Virginia pass legislation that gave nearly all its families the ability to send their children to the schools that best suit their needs, and ignited a fire under lawmakers nationwide to follow suit.²

The following year, Arizona raised the bar even further by enacting a fully universal choice program.³ This watershed moment was followed in 2023 with eight other states passing universal choice legislation, rightfully making it the “Year of Universal Educational Choice.”⁴ These new or expanded programs now offer millions of children nationwide the ability to attend the school of their choice, all while costing taxpayers less per public school student.

However, Tennessee lawmakers have been reluctant to provide similar options to all Volunteer State students, despite two limited choice programs that are already available in certain geographic areas or for students with special needs. In fact, 68 percent of Tennesseans support expanding an educational choice program statewide.⁵ These numbers don't simply represent Republican voters, either; more than 56 percent of Democrats and independents polled also expressed support for a statewide program.

Throughout the COVID-19 pandemic, parents became more aware of what traditional public education looks like today—and as a direct result, universal educational choice programs became politically popular. Whether it was the curriculum, virtual learning, the numerous openings and closures of schools, or the inability to cater to children's individual needs, parents began looking for other options while public schools nationwide were closed but still received $190 billion in relief payments from the federal government.⁶ The actions of these traditional public schools and local school boards made parents realize that a “take it or leave it” education system did not best serve their children, and began to vote in droves for candidates who support school choice.⁷

So far, 10 states have answered parent-led calls for reform and created universal options.⁸ If Tennessee wants to keep its position as an attractive state for parents of school-age children, lawmakers need to match the efforts of other states that have given every student the option to attend a school that fits his or her unique needs.
Educational Choice Sweeps the Nation

Universal educational choice programs swept the nation in 2023. Of the 10 states that have created these programs so far, eight came into existence or were expanded just last year.

Universal Choice Programs Are Surging

Though these 10 states have created universal or near-universal choice programs to help students attend the schools best suited to them, dozens of more states, including Tennessee, offer limited choice programs on a much smaller scale or with stringent eligibility requirements.

Programs range in their scope, funding, applications, and other criteria, but it is clear that choice is not simply an issue split between red and blue states. In fact, the first modern educational choice program was passed in bipartisan fashion in Wisconsin in 1990. Polly Williams, a Democrat representative from Milwaukee, has been called the “mother of school choice” for her role in passing the Milwaukee Parental Choice Program. What began as an idea to offer choices for disadvantaged, inner-city children has grown to include programs that provide options for approximately 20 million students across the nation.
Choices, Choices, Choices

The founding of educational choice programs has a long history, from its beginning in the 1800s in New England to the first modern choice program in Milwaukee. The following decades saw more choice programs created, and more data published on their effects. In fact, 84 percent of the 187 empirical studies on educational choice programs show positive effects, including increased graduation rates, saved taxpayer dollars, lower rates of criminal activity, and more parental engagement and satisfaction with their children’s education.

Additionally, 89 percent of studies conducted show that public schools improve their overall performance when parents are given more choices. As a result, dozens of states have created and expanded choice programs since 1990.

These programs can cater to a state’s unique position based on tax sources, geographic area, percentage of low-income students, and other factors. Figure 2 shows a breakdown of states that currently have choice program(s).

### EDUCATIONAL CHOICE IN AMERICA

<table>
<thead>
<tr>
<th>TYPE OF CHOICE</th>
<th>PROGRAM SUMMARY</th>
<th>ADOPTED STATES</th>
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<tbody>
<tr>
<td>Education Savings Account (ESA)</td>
<td>A portion of a student’s education funding is in an authorized savings account where funds can be used on multiple educational items, such as tuition, therapy, tutoring, and others.</td>
<td>AZ, AR, FL, IN, IA, MS, MT, NH, NC, SC, TN, UT, WV</td>
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<tr>
<td>Scholarship Program</td>
<td>Provides a portion of a student’s education funding to be used on private school tuition.</td>
<td>AR, D.C. GA, IN, LA, MA, MD, MS, NH, NC, OH, OK, P.R. UT, VT, WI</td>
</tr>
<tr>
<td>Tax Credit ESA</td>
<td>Taxpayers receive full or partial tax credits for donating to nonprofits that manage K-12 education savings accounts.</td>
<td>FL, MO</td>
</tr>
<tr>
<td>Tax Credit Scholarship</td>
<td>Taxpayers receive full or partial tax credits for donating to nonprofits that provide K-12 private school scholarships.</td>
<td>AL, AZ, AR, FL, GA, IL, IN, IA, KS, LA, MT, NE, NV, NH, OH, OK, PA, RI, SC, SD, UT, VA</td>
</tr>
<tr>
<td>Individual Tax Credits &amp; Deductions</td>
<td>Taxpayers receive tax credits for approved educational expenses such as tuition, therapy, books, and other approved expenses.</td>
<td>AL, IL, IN, IA, LA, MN, OH, OK, SC, WI</td>
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Figure 2
With over 30 states, as well as the District of Columbia and Puerto Rico, adopting some form of choice program over the last three decades, students—particularly those in underserved areas or zoned for failing schools—have new educational options. While some states have created multiple programs to target specific groups, the leading programs provide the same options to all students: universal ESAs.

Tennessee has only nibbled around the edges of educational choice programs. Despite strong bipartisan support from Tennesseans for a universal program, the Volunteer State currently provides only two ESA programs, one directed toward students in geographically limited areas and the other for students with special needs. The most recent numbers from the state Department of Education show that just under 2,900 unique applications have been approved for the geographically limited ESA program, a small but impressive number considering the program has only been operational for about a year. These families are also voicing their approval of the ESA program, with 91 percent of parents saying they are very satisfied with the program and academic growth.14 The number of students benefiting from the special-needs ESA program is at 418 for the 2023-2024 school year.15 These numbers show that extending an ESA statewide would provide untold benefits to students and families. Tennessee is a conservative state that likes to stand tall on “parental rights,” but it seems that for most families, those rights end where education dollars are spent.

Even with these limited programs, however, studies show they benefit students, school districts, and the state as a whole. For the geographically limited Tennessee program, research conducted before the program was operational suggests that participating students would save their district anywhere from $522 to $2,100.16 A statewide ESA would provide even more economic, educational, and societal benefits. Research suggests that over two decades, it would lead to approximately $2.9 billion in economic benefits. These benefits include an additional 13,480 graduates, nearly $700 million in increased personal income for participants, and over $600 million in societal benefits through reductions in felonies and misdemeanors.17

In addition to research, the true impact of the program is seen in real-life stories from current ESA students and families. This is why even those who currently don’t have access to a choice program are voicing
their support, with poll results showing the overwhelming majority of Tennesseans want the state to expand choice programs statewide. But Tennessee has yet to offer educational options to all families, even as more taxpayer dollars go to the public education system and thousands of Tennessee students still struggle to read on grade level year after year.18

Meanwhile, parents in states that recently offered universal choice have been utilizing the program in droves. In 2022, before it was expanded statewide, around 11,000 students were participating in Arizona’s ESA program. As of October 2023, participant numbers have surged to 70,000 students.19 Not only has it provided new and individually tailored education to students, it has been financially beneficial to taxpayers, with the Arizona Department of Education estimating taxpayer spending coming in $72 million below budget due in part to the program.20 Arkansas, whose universal ESA is not even a year old, is already poised to come in 30 percent under budget estimates.21

Iowa, a Republican-controlled and largely rural state, passed its universal ESA legislation in early 2023. The state saw unprecedented demand for choice, with applications coming in from 96 out of 99 counties and the overall number of applications at more than double the state’s estimates.22 Despite this increased demand, per-student spending (averaging $12,300 statewide) is $4,500 less for every public school student that receives an ESA.23 After years of dealing with no options other than traditional public schools, families are showing—and saying—that they need educational choice. The program, still in its infancy, will ramp up to provide ESAs to every Iowa student in the 2025–2026 school year, which will likely cause even more demand.

If Tennessee wishes to remain a strong state, both financially and in the realm of parental freedom and choice, legislators cannot allow other states to continue to leapfrog over us. Whether expanding the geographically limited ESA program statewide or creating a whole new program that encompasses all Tennessee students, given the governor’s recent call for Education Freedom Accounts, state lawmakers need to hear that families are looking for options.24

Unique States, Unique Students, Unique Programs

K-12 education is distinct in each state due to curricula, funding mechanisms, taxing authority, and length of school days, among other factors. As such, universal educational choice programs can be even more unique. With the same goal of giving each student additional education options, universal choice programs can vary widely in their funding amounts, types of choices offered, and approved expenses.
The map in Figure 3 shows the states that have adopted universal, or near-universal, educational choice programs. Though ESAs are the dominant vehicle for choice programs, given their flexibility and options, some states have adopted universal programs that fit their unique needs and taxing authority. For example, Oklahoma’s income tax gives individual tax credits for education costs, while other states, like Ohio, have adopted scholarship programs, sometimes called “vouchers,” to allow for education tax dollars to go specifically towards tuition.
With millions of students now eligible for new opportunities, educational entrepreneurs, from retired educators to concerned parents, have created new and quality private schools to meet demand. In Arizona, one school integrated virtual reality into its lesson plans, allowing students to feel as if they are in ancient Rome or on the moon as they learn about those times and places. Many of these new schools are called “microschools”—that is, innovative education settings that provide personalized education for students through small class sizes that integrate theory and hands-on experience. These schools tend to enjoy high student engagement and because of their small sizes, are efficiently run, and responsive to parents’ concerns.

One often-overlooked benefit of microschools is that they give rural students real choices in their education. Though a universal choice program will always benefit students in large cities because they have more non-public schools to choose from, rural students often have few options outside of the local public school. However, microschools can now provide an option for these students, without the need for millions of dollars to be spent on buildings and property. Lawmakers should be aware that a choice program that only allows education dollars to follow a child to a large, established private school could limit options for rural students.

The explosion of demand for additional educational options seen in the applications for these programs, from both urban and rural families, shows universal school choice is a winning issue. Families are tired of a take-it-or-leave-it education system and want their voices heard, not only by being able to vote for an individual school board member, but by being able to take their education dollars to schools that will truly benefit their children. Again, 91 percent of parents of students taking the geographically limited ESA said they were very satisfied with the program and academic growth. Considering a recent poll shows only 12 percent of Tennesseans are very satisfied with K-12 education, a policy change is needed to improve education, and ESAs are a clear choice.

It’s Time for Tennessee

Tennessee, unfortunately, is too late to the game to be a trendsetter in passing a statewide choice program, but the Volunteer State can learn from what other states have done—or not done—to create a program that provides the best options for its students.

By looking at what has worked for students and families in states with universal choice programs, Tennessee stands at a vantage point, with the ability to create a statewide ESA program for other states to follow. The best practices from other states gives Tennessee policymakers an informative roadmap on how to give educational options and benefits to all students.
Tennessee can look to states like Arizona, Florida, and Utah for how to best craft a universal ESA program.

**Eligibility**
By having a truly universal ESA program, every student in Tennessee is given additional options, especially when their education funds are able to be spent on more than just tuition. Tennessee lawmakers should look to Arizona for how to make a universal ESA, without budget or enrollment caps.
Flexibility
Tennessee lawmakers should look at the Utah Fits All Scholarship program for ways to emulate flexibility in a universal ESA program. Utah’s ESA can be spent on tuition, therapies, textbooks, and a multitude of other education-related expenses, while also allowing a student to use a partial scholarship and enroll part-time for dual-enrollment purposes, in a school district or public charter school. This flexibility allows students to continue attending their local public school for areas from which the student can benefit, but also to use the partial-value ESA to go elsewhere for education in areas where the public school may not be able to meet the child’s needs.

Value
Tennessee’s geographically limited ESA program provides some of the highest values in the nation, at over $8,000. Such an amount expanded to all Tennessee students would make the Volunteer State a leader in universal ESA values. Furthermore, that amount is significantly less than the $11,474 the state government reported spending on each public school student in its most recent revelations. It is also important to remember that only half of every dollar spent on K-12 public education actually makes it to the classroom. This means that a universal ESA, even if valued at around two-thirds of the public education spending per student, provides each student with more real value for their education and learning, and saves taxpayers money.

Testing
Tennessee’s third-grade retention law earlier this year saw an uproar over how a single state test can harm a child’s education. A universal ESA program that provides multiple assessment options, like the ones offered in Utah, gives parents even more choices in their children’s education. These include the state test, nationally norm-referenced tests, annual portfolios, or optional qualifying assessments.

Homeschooling
Since many homeschool families strongly believe the government should have no role in educating their children, universal ESA programs can easily respect that independence. ESAs for families using non-traditional schooling options are a reality in states like Florida and Arizona, without placing additional restrictions on homeschooling families who wish to keep the government completely out of their children’s education, including funding. For Arizona, they delineate homeschool families who accept ESAs from those who do not. Instead of homeschool families submitting an affidavit to their local school district with the intent to homeschool, they submit one to the state. These home-based ESA students are then eligible for their education funding while no changes or interference happens with traditional homeschoolers who wish not to participate in the program. These protections for traditional homeschoolers show ESAs can be options for those families who wish to participate while leaving traditional homeschool families to continue to operate independently.
Conclusion

Educational choice programs have continued to grow in popularity nationwide over the last 30 years. With every family having the opportunity to give their child the best education that fits their needs, universal choice is here to stay, and families and students are no longer willing to be limited to only traditional public schools. Dozens of states already utilize limited educational choice programs, and millions of students are now eligible for options in universal states, proving educational choice programs are not only popular with families fed up with their local schools but with politicians as well. Families are hungry for options, as demonstrated by higher-than-expected applications in states that expanded or created a new universal program. These programs give a much-needed lifeline to a better education and future for the children of families who can’t “vote with their feet” by moving to better school districts in more affluent ZIP codes.

Tennessee cannot allow itself to continue to be surpassed by other states in the arena of educational freedom. Despite public education taking up an ever-growing portion of the state budget, achievement scores continue to stagnate. Clearly, money is not solving the problem, and it is time parents and students get a real voice when it comes to education. Providing a universal ESA to every student will give the power of the purse to families and provide the best educational options for every child in Tennessee.
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