



How ESAs Can Keep Texas the Land of the Free and Home of the Brave

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Key Points

- Nevada set the standard for education reform in 2015. Texas must act!
- One of the most fundamental questions regarding education is who decides what is best for my child? Government or me?
- ESAs have heralded in a new era of school choice. They are the future of education reform thru the unbundling of education services.
- The Texas education system has become highly centralized and top down.
- It is important that Texas leads in Education Reform.

The State of Nevada ushered in a new era of education reform in 2015. This reform will undoubtedly become the template for 21st Century education for the following reasons.

For more than a century, the fundamental question regarding learning has been: who decides what is best for my child, the government or me? Education reform has been a contentious quagmire for decades.¹ Which books should be used? Is the Common Core good or bad? Who approves the curriculum? How much testing should occur? Should Algebra be a required course? Should all kids take college-prep courses? When should the first day of school be? Who determines teacher qualifications? Which teacher will my child get? Should the day start with the pledge and a prayer? Etc., etc., etc. Regardless of the decisions made, under the current system, some people will always be denied their preferences while others prevail.

Every child is a unique individual. What if we collectively decided what breakfast cereal each of us should eat each morning? Which grocery store we should be assigned? Which car we should drive? We each have our own individual preferences and needs. Collective decisions by definition undermine individual freedom and create winners and losers.²

Education is a fundamental building block of society and one of the most important investments we can make in our future.³ Education has not only been a priority issue, it has also been a very contentious issue throughout state history. As reflected by the Texas Constitution and the 1875 constitutional debates,⁴ Texans rebelled against the highly-centralized, top-down education system imposed upon

them by Yankee carpetbaggers during Reconstruction.⁵ However, today Texas once again has a highly-centralized, top-down education system. Over the years, new laws and regulations have moved more and more power out of the hands of parents and teachers and into the hands of politicians and bureaucrats. To a large extent, we have adopted a one-size-fits-all educational system.⁶

Every child is unique. **What if education could be customized to meet the individual needs of each child?** What if those needs were determined by parents rather than government? What if parents had not only the right to choose the school they believe best meets the needs of their child, but also the options to literally redesign the delivery system for the specific needs of that child? What if parents, as consumers, could make rational cost-benefit decisions in the allocation of educational investments? What if they could save unused funds for college? What if parents were in control? That is exactly what's happening in Nevada.

Nevada put parents, instead of politicians and bureaucrats, in charge of their child's education when they passed Education Savings Accounts [ESAs] in 2015.⁷ ESAs are totally different than any other education reform. Unlike all known voucher and tax credit programs, ESAs not only inject market principles into the delivery of educational services, they also reduce the ongoing third-party pay problem,⁸ that inevitably results in waste and higher costs. In addition, from an economic perspective, ESAs allow costs of various educational inputs to be known as opposed to only knowing what is spent on those inputs.⁹ Throughout the school finance trial in 2012, the judge

asked every superintendent who testified what it cost to educate a child.¹⁰ None could answer that question in a definitive manner. In Texas, as in the rest of the nation, we know how much we spend, yet no one knows real costs because what is spend is determined by the political process rather than supply and demand. ESAs, by allowing consumers to shop for services and allocate resources to achieve maximum value, address that problem effectively.

The Nevada plan, unlike more restrictive plans in Arizona, Florida, Mississippi, and Tennessee, allows every school-age child who attended public school in the prior 100 days to participate in the program.¹¹ What is so unique about the ESA concept is that it allows for the unbundling of educational services.¹² ESAs are not just about choosing a school; they allow for the selection of virtually all education related services. ESAs (in the form of a restricted debit card) can be used not only for tuition, but also for long distance learning, tutoring, computer software, therapy, public school classes, books, college courses, or they can even saved for future college tuition.¹³ Therefore, parents

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can actually pick and choose between various services to customize education for the specific needs of their child. By unbundling education services, they encourage innovation and allow educators with better ideas unlimited new opportunities. As SMU’s Michael Cox said, “Imagine for a moment that government had a telecommunications monopoly in the early 1980s. Had the bureaucrats in charge conceived of the cell phone, they would have seen no gain in introducing a product that even consumers didn’t know they wanted.”¹⁴

ESAs will unleash the creative genius of educators like nothing else can. Parents will have an incentive and the freedom to shop around for educational services and customize those services to the needs of their child.¹⁵ That freedom to shop around will also empower teachers. Educators will be free from bureaucratic constraints and great educators will become rock stars instead of just another number in the ranks of many who are grossly unappreciated. Campus politics will be trumped by results. Kids will win, as will educators and education.¹⁶

School choice has been heralded as a solution to education for years. Although the concept was briefly discussed by Adam Smith in his 1776 book *Wealth of Nations*,¹⁷ the modern discussion of school choice started in 1955 with Milton Friedman.¹⁸ Based on the most successful social program ever implemented by government, the G. I. Bill, school choice for elementary and secondary education was suggested by Friedman in the form of vouchers. Although almost half of states (excluding Texas) now have some form of private school choice, nationwide only 360,000 students participate in such programs due to restrictions on participation.¹⁹ That is a tiny fraction of the 50 million students who will attend public schools in America this year.²⁰

ESAs, especially as passed in Nevada, usher in a new era of education reform and structural transformation. This is due primarily to the ability to customize learning to the needs of each and every child. The first ESA program was passed by Arizona in 2011 with help from The Goldwater Institute and The Friedman Foundation.²¹ However, the first reference we have to the ESA concept is a 1992 proposal by the Heartland Institute for “Individual Education Accounts.”²² In May 2002, Heartland proposed model legislation including the concept of “Education Savings Accounts.”²³ Although these early proposals allowed for the savings of excess funds for future use, including college, they did not allow for the complete unbundling of educational services—now a linchpin of the ESA concept. Today, over a decade later, other states are finally beginning to take up the mantle of parental choice by passing universal ESAs.

We are the “land of the free and home of the brave,” and nowhere is this concept more cherished than in the hearts of Texans. The very purpose of the education clause in the Texas Constitution is the “preservation of the liberties and rights of the people.”²⁴ **There is no more fundamental liberty and right than the freedom to determine how your child is educated.** Yet, Texas is far behind when it comes to education freedom,²⁵ that is not the Texas way, nor is it consistent with the intent of our constitution.²⁶ Texas can be the leader it deserves to be by establishing universal ESAs in the next legislative session. ★

Endnotes

- ¹ Mahler, Jonathon. 2011. [The Deadlock Debate Over Education Reform](#), *The New York Times*. Glum, Julia. 2015. [Common Core Opt-Out Debate For Standardized Testing Rights](#), *International Business Times*; and [Is Testing Students the Answer to America's Education Woes?](#) *The New York Times*.
- ² Trebilcock, Michael. 1997. [The Limits of Freedom of Contract](#), Harvard University Press. "Collective decisions . . . typically such decisions will generate both winners and losers."
- ³ Pace, Frank P. 2014. [System vs. Culture—North American Education and Society in the Balance](#), Friesen Press.
- ⁴ [Edgewood v. Kirby, 777 S.W. 2d 391](#) (Texas 1989).
- ⁵ Walker, Billy, and Daniel Casey. 2016. *The Basics of Texas Public School Finance*.
- ⁶ Grusendorf, Kent, Michael Barba, and Dianna Muldrow. 2014. [Paul Hill's Expert Report: Inefficiency of Texas Public Schools](#), Texas Public Policy Foundation; Kent Grusendorf and Dianna Muldrow. 2014. [Donald R. McAdam' Expert Report for School Finance Litigation](#), Texas Public Policy Foundation; Kent Grusendorf and Michael Barba. 2015. [Terry Moe's Report for School Finance Litigation](#), Texas Public Policy Foundation; Kent Grusendorf and Michael Barba. 2015. *Allen E. Parker's Expert Report for School Finance Trial*, Texas Public Policy Foundation.
- ⁷ Coleman, Starlee. 2015. [Nevada lawmakers Pass K-12 "Education Savings Account" Law](#), Goldwater Institute.
- ⁸ Bast, Joseph. 2005. [Analysis: Time to Consider Education Savings Accounts](#), Heartland Institute.
- ⁹ McShane, Michael Q. 2014. [Helping School Choice Work](#), American Enterprise Institute.
- ¹⁰ Travis County District Court. 2011. [Texas Taxpayers & Student Fairness Coalition, et al. v. Robert Scott, Susan Combs and the Texas State Board of Education](#).
- ¹¹ Staff. 2015. [Editorial: ESA enrollment now open](#), *Las Vegas Review Journal*.
- ¹² McShane, Michael Q. 2014. [Helping School Choice Work](#), American Enterprise Institute.
- ¹³ Nevada 78th Legislature. 2015. [Senate Bill 302](#), 1.
- ¹⁴ Cox, W. Michael and Richard Alm. 2012. [Rebuilding America's Middle Class: Prosperity Requires Capitalism in the Classroom](#), Southern Methodist University, 12.
- ¹⁵ Burke, Lindsey. 2013. [The Education Debit Card](#), Freidman Foundation, 16.
- ¹⁶ Barba, Michael, and Vance Ginn. 2014. [Teachers Win: A Case for School Choice](#), Texas Public Policy Foundation.
- ¹⁷ Smith, Adam. 1776. [The Wealth of Nations](#), London, W. Strahan and T. Cadell, Book V.1,135-136. "Upon the affection, gratitude, and favourable report of those who have attended upon his instructions; and these favourable sentiments he is likely to gain in no way so well as by deserving them, that is, by the abilities and diligence with which he discharges every part of his duty"; "If his emoluments are to be precisely the same whether he does or does not perform some laborious duty, it is certainly his interest. . . either to neglect it altogether or. . . to perform it in as careless and slovenly manner as authority will permit."
- ¹⁸ Friedman, Milton. 1955. [The Role of Government in Education](#), Rutgers University.
- ¹⁹ [2015 Legislative Impact Report](#), American Federation for Children, 3.
- ²⁰ [2014 Digest of Education Statistics](#), National Center for Education Statistics.
- ²¹ Bolick, Clint. 2015. [Nevada Places a Bet on School Choice](#), *The Wall Street Journal*, June 14.
- ²² Bast, Joseph. 2005. [A Short History of Education Savings Accounts](#), Heartland Institute, 1.

²³ Bast, Joseph. 2002. [The Heartland Plan for Illinois: Model School Voucher Legislation](#), Heartland Institute, 2-4.

²⁴ [Texas Constitution, Article 7. Education, Section 1.](#)

²⁵ [The following states have some form of private school choice:](#) Ala., Ark., Ariz, Colo. (Douglas County), Fla., Ga., Iowa, Ill., Ind., Kan., La., Maine, Minn., Miss., Mo., N.C., N.H., Nev., Ohio, Okla., Pa., R.I., S.C., Tenn., Utah, Va., Vt., Wis., and DC.

²⁶ Grusendorf, Kent. 2014. [Texas Education: Original Intent](#), Texas Public Policy Foundation, 4.

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