

PAYING FOR CHOICE

2024

PART 1: THE ESA [R]EVOLUTION



TABLE OF CONTENTS

- WHY ESA PROGRAMS MATTER.....3
- EXECUTIVE SUMMARY5
- THE EVOLUTION AND POLARIZATION OF SCHOOL CHOICE7
- ESA PROGRAMS: AN EVOLUTION IN FUNDING SCHOOL CHOICE.....9
- A COMPLEX ECOSYSTEM OF STAKEHOLDERS..... 11
- FOUNDATIONAL PILLARS: WHAT ARE THE KEYS TO SUCCESS FOR ESA PROGRAMS?..... 13
- APPENDIX 15
 - THANKS AND ACKNOWLEDGMENT 15
 - SURVEY METHODOLOGY 16
 - PREK-12 PARENT SURVEY 16
 - CHOICE PROVIDER SURVEY 18
- ABOUT TYTON PARTNERS 19

WHY ESA PROGRAMS MATTER

On July 7, 2022, flanked by parents and students in a small school gym at Phoenix Christian Prep, then Governor Doug Ducey signed into law Bill 2853, expanding Arizona’s 11-year-old Education Savings Account (ESA) program to cover all 1.4 million school-aged children in the state.¹ Distinguished from other school choice mechanisms like vouchers and tax-credit scholarships, ESAs afford parents wide-ranging flexibility in how they utilize government funding for educational alternatives. In an accompanying press release, Governor Ducey stated,

Our kids will no longer be stuck in under-performing schools. We’re unlocking their educational potential and advancing a bold new era of learning opportunities. Parents and teachers know there is no one-size-fits-all model to education. Kids and families should be able to access the school or learning program that best fits their unique needs—*regardless of income or where they live.*²

The passage of Bill 2853 came at a time of unprecedented disruption to America’s public education system. More than two years after the start of the COVID-19 pandemic, schools were still reeling from closures and student withdrawals. Between Spring 2021 and Spring 2022, public school districts experienced an estimated 9% (or over 4 million students) decline in enrollment, a sharp increase from the 1.2-million-student decline from Fall 2020 to Spring 2021.³ As remote and hybrid learning gave parents unprecedented views into their children’s classrooms, families pulled their children out of traditional public schools in favor of charter, private, home, and other alternative schooling options.⁴

As teachers felt increasingly burned out and started leaving the profession, as student performance declined in significant ways, and as parents’ demand for change became more strident,⁵ Arizona’s decision to enable families to use public dollars to pay for private education options felt like a flashpoint. In the decade after Arizona enacted the country’s first ESA program in 2011, seven other states passed similar bills, all with limited eligibility, usually aimed at students with special needs.

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1. reimaginED. (2022, August 18). Arizona Gov. Doug Ducey and families celebrate establishment of education savings accounts for all students. www.reimaginedonline.org/2022/08/gov-doug-ducey-celebrates-landmark-legislation-establishing-education-savings-accounts-for-every-student-in-arizona
 2. *Ibid.* Emphases added
 3. Tyton Partners. (2022, September 20). *School Disrupted 2022, Part 1*. www.tytonpartners.com/school-disrupted-part-1-pandemic-driven-decline-in-k-12-public-school-enrollment-continues
 4. Hess, R. (2021, August 4). *Let’s Make Transparency the Pandemic’s Educational Legacy*. EdWeek. www.edweek.org/policy-politics/opinion-lets-make-transparency-the-pandemics-educational-legacy/2021/08
 5. Carr, N. & Waldron, L. (2023, July 19). *How School Board Meetings Became Flashpoints for Anger and Chaos Across the Country*. ProPublica. projects.propublica.org/school-board-meetings-flashpoints-for-anger-chaos

Since the passage of Bill 2853 in 2022, seven other states have either passed new ESA legislation or expanded eligibility. A program that at the dawn of the COVID-19 pandemic had roughly 2.2 million eligible students nationwide will cover roughly 10.2 million children in 13 states in 2024,⁶ representing approximately 20% of U.S. K-12 student enrollment.⁷

Figure 1

The Three Milestones in the History of ESAs



Understanding ESA programs demands that we study the needs and desires of families as well as the motivations and challenges of education providers. *Paying for Choice*, published as a three-part series, explores parents and education providers' perspectives on ESAs to examine the programs' potential impact and necessary improvements.

We focused our research on the states of Arizona and Florida, two of the earliest to introduce universal ESAs.⁸ Our research was extensive and included two large-scale surveys with parents and providers in Florida and Arizona with more than 1,200 parent respondents and nearly 180 provider respondents operating in those states, the largest concentrated sample of families and providers in two states on attitudes toward school choice that has been carried out in the U.S. (see Appendix for survey methodology and demographics).

In addition to a quantitative survey, we conducted many conversations with parents, industry experts, and providers and received guidance from an advisory board of leaders with notable exposure to the school choice ecosystem. In examining both demand- and supply-side dynamics in two of the largest ESA programs in the country, our study offers increased visibility into the current state and success of these programs. Moreover, this research builds on multiple other projects on parental attitudes toward school choice that Tyton Partners has conducted over the years, including, notably, *Choose to Learn* and *School Disrupted*.

Our analysis highlights the need for additional support for low-income families to access the same opportunities as their higher-income counterparts. We identify ways ESA programs can raise awareness and trust among both parents and providers; improve access to education solutions that meet families' needs; make programs more usable, especially for low-income students; and increase access to data for both educators and parents so that they can get the information they need to make informed decisions.

The potential large-scale impact of ESAs on the American education system necessitates a comprehensive understanding of the current state of ESA programs, an eye toward their impact on student performance and outcomes, and a steadfast commitment to implementation that upholds principles of equity. Only through such meticulous efforts can we uncover the best ways to improve our education system.

6. Including Arkansas, Montana, South Carolina, and Utah, whose ESA programs will launch in Fall 2024; North Carolina's eligibility numbers are calculated based on universal eligibility, which will go into effect Fall 2024

7. EdChoice. *School Choice Fast Facts*. www.edchoice.org/school-choice/fast-facts

8. In programs with universal eligibility, all school-aged children are eligible for ESAs, in contrast to more limited programs in which only specifically designated student populations, such as students with disabilities or students from low-income families, are eligible

EXECUTIVE SUMMARY

Paying for Choice is written as a three-part series. Each part serves a distinct purpose, but all focus on the central question of if and how the ESA program can be used to drive equitable outcomes for students.

In this first part, we provide an orientation to the evolution of the school choice movement and give a more detailed overview of ESAs nationally and in Arizona and Florida particularly. We examine the history of ESAs, the growth in their popularity, and the policies that enable them, situating ESAs within the broader school choice movement. We also detail our framework for evaluating the impact and potential improvements to ESAs in Florida, Arizona, and other states, a framework we further develop in subsequent sections of this report. Key findings include the following:

- ESAs, despite being a more recent school-choice funding mechanism, have rapidly grown both in terms of student eligibility and enrollment, especially since the start of the COVID-19 pandemic.
 - ESA coverage grew to 2.2 million eligible students nationwide between 2011 and 2021; it has grown exponentially since and will cover roughly 10.2 million children—i.e., ~20% of the U.S. K-12 student population—in 13 states in 2024.
 - Similarly, enrollment in ESAs grew gradually, reaching ~30,000 enrolled students in 2021, before more than tripling enrollment nearly overnight on the tail end of the pandemic.
- ESA programs are complex, involving multiple critical stakeholders with sometimes overlapping or contradictory interests. This multifaceted ecosystem is rendered even more challenging by the diversity of implementation approaches, policy contexts, and other fundamental characteristics that vary across states.
- One noteworthy structural difference between states' ESA programs is the “openness” of the marketplaces dictated by a state's policy framework.
 - Arizona has a more “open” marketplace for providers, allowing nearly any provider to register.
 - Conversely, Florida has a more “closed” or curated ecosystem in which providers must first apply and be approved.
- Four critical pillars serve as the foundation for the success of ESA programs:
 - Awareness & Trust
 - Accessibility
 - Usability
 - Transparency

Although these pillars emerged from our analysis of Arizona and Florida, we believe they hold broad applicability to educational initiatives nationwide. Our analysis of parent and provider attitudes in Parts 2 and 3 of this report revolves around these pillars.

In Part 2, we take a close look at why and how parents make decisions about enrolling their children in alternative education programs and how providers make decisions about accepting public funds. We then assess the general level of awareness and trust that both parents and providers have toward ESAs and explore opportunities for improvement.

Part 3 picks up where Part 2 leaves off, asking, “How accessible and usable do potential participants—both parents and providers—find ESA programs to be, and what can be done to improve this access to make sure that ESAs are driving equitable opportunities?” This edition highlights administrative pain points parents and providers experience with ESAs and potential improvements that can ensure no stakeholders are left behind as they navigate the program. We conclude Part 3 with a set of recommendations for increasing the transparency of data available to parents, providers, and researchers about ESA programs in Arizona, in Florida, and nationwide.

THE EVOLUTION AND POLARIZATION OF SCHOOL CHOICE

Understanding the potential impact of ESA programs requires looking at the evolution of the school choice movement that preceded and contributed to its introduction.⁹ There are several variants of school choice, encompassing a diverse array of programs that offer students opportunities in alternative educational settings. The funding mechanisms for these programs vary.

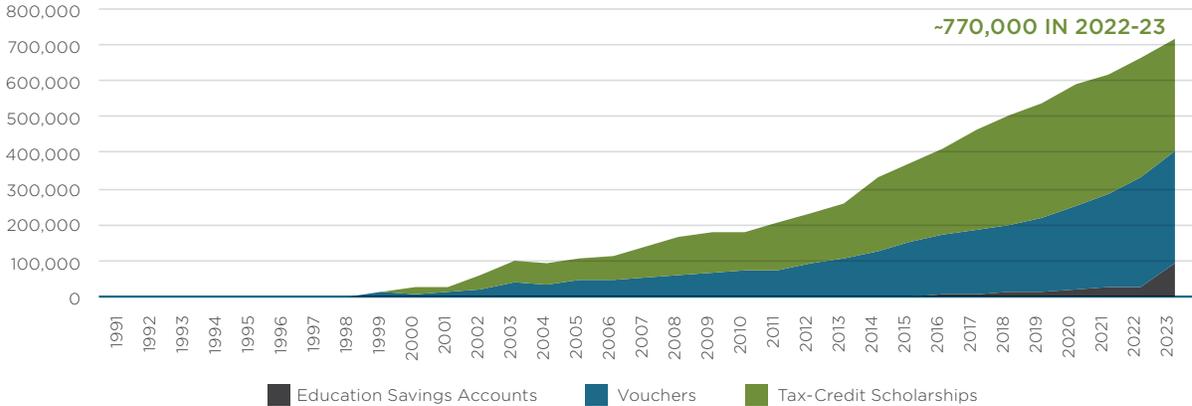
In the early stages of the school choice movement, states introduced tuition vouchers, which redirect public school resources to subsidize lower-income students’ attendance at traditional private schools and are paid directly to the school. Introduced later, tax-credit scholarships, currently available in 22 states, offer tax credits to both individuals and corporations to incentivize contributions to organizations that fund private school scholarships for low-income students.

The newest funding mechanism, education savings accounts (ESAs), originated in Arizona in 2011. With ESAs, state governments allocate a portion of the funds designated for a child’s public education to a specialized account controlled by parents. The specific administration and allowable expenses for ESAs vary by state, and participation generally necessitates the withdrawal of the student from public school.

Since their introduction in the early 1990s, school choice programs have grown gradually and then suddenly, from approximately 100,000 direct beneficiaries in 2006 to 770,000 students in 2022–2023 (see *Figure 2*).

Figure 2

Number of ESAs, vouchers, and tax-credit scholarships used in the U.S.¹⁰



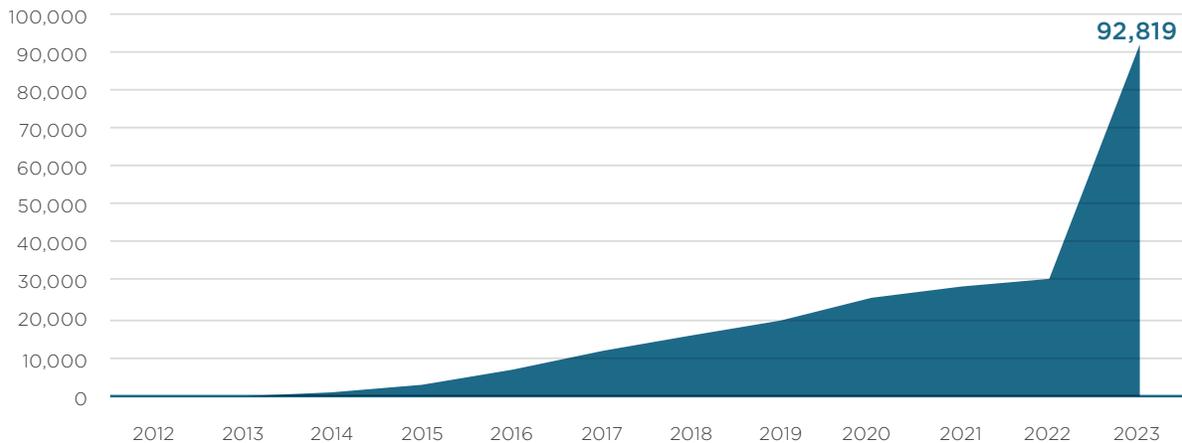
9. In this report, we distinguish between public schools and choice schools. Choice schools include private schools, parochial schools, microschoools, and homeschooling. While ESAs can also be used to pay for after-school programs and other programs that are not full-day school options, our research has focused on full-day options because that is how most families currently use ESAs.

10. EdChoice, *Op. cit.*

In the past few years, ESAs have been a contributor to this growth, gradually reaching ~30,000 enrolled students in 2022, their tenth year of existence, and then tripling enrollment nearly overnight on the tail end of the pandemic (see *Figure 3*).

Figure 3

The number of students nationwide using ESAs has tripled since the start of the pandemic¹¹



Advocates of school choice emphasize the inadequacies they perceive in the traditional public school system. They argue that affording families the autonomy to tailor learning experiences to their children's unique needs is key to educational progress.¹² Conversely, critics express concerns that school choice may potentially place less-resourced parents in the pivotal role of shaping their children's education.¹³

The discourse surrounding school choice and ESAs is notably charged. Generally, the programs are passed through Republican-controlled legislatures and executive branches. Of the 13 states actively implementing ESAs, Arizona and North Carolina currently stand as exceptions with Democratic governors.¹⁴

11. EdChoice, *Op. cit.*

12. American Federation for Students. *School Choice in America*. www.federationforchildren.org/school-choice-in-america

13. Save Our Schools Arizona. *The Truth about ESA Vouchers*. sosarizona.org/the-truth-about-esa-vouchers

14. Office of the Governor Katie Hobbs. (2023, July 25). Governor Katie Hobbs Statement on New School Voucher Cost Projections. <https://azgovernor.gov/office-arizona-governor/news/2023/07/governor-katie-hobbs-statement-new-school-voucher-cost>

ESA PROGRAMS: AN EVOLUTION IN FUNDING SCHOOL CHOICE

Arizona’s introduction of ESAs marked the beginning of a rapidly growing sector.¹⁵ Since its launch, 12 other states have adopted ESAs, six of which are termed “universal programs,” opening up eligibility to all students.¹⁶ Notably, during our report’s development, North Carolina expanded the eligibility for its ESA initiative, adding roughly an additional 1.7 million eligible students.¹⁷ Though we are still in a period of relative infancy in understanding the impact of ESAs, their prevalence is rising, making now a good time to scrutinize the parent and provider dynamics within the ecosystem to inform their evolution.

States with ESA initiatives have diverse eligibility criteria, targeting special-needs students, low-income families, and other vulnerable demographics. Arizona’s Empowerment Scholarship Account originally catered to specific groups like military families and students with special needs.

Figure 4
State ESA Programs Overview (Arizona - North Carolina)

| STATE | YEAR ESA ENACTED | ELIGIBILITY (AS OF 2023-2024) | ESTIMATED # OF ELIGIBLE STUDENTS (AS OF 2023-2024) | ELIGIBLE STUDENTS AS PERCENT OF ALL STUDENTS IN STATE | PARTY OF LEGISLATURE (2023) | PARTY OF GOVERNOR’S OFFICE |
|------------------|------------------|-------------------------------|--|---|-----------------------------|----------------------------|
| Arizona | 2011 | Universal ¹⁸ | 1.4M | 100% | Republican | Democratic ¹⁹ |
| Florida (FES-UA) | 2014 | Limited | 300K | 10% | Republican | Republican |
| Mississippi | 2015 | Limited | 30K | 6% | Republican | Republican |
| Florida (FES-EO) | 2019 | Universal ²⁰ | 3.3M | 100% | Republican | Republican |
| Tennessee | 2019 | Limited | 200K | 68% ²¹ | Republican | Republican |
| New Hampshire | 2021 | Limited | 60K | 30% | Republican | Republican |
| Indiana | 2021 | Limited | 200K | 14% | Republican | Republican |
| North Carolina | 2021 | Universal ²² | 1.9M | 100% | Republican | Democratic |

15. EdChoice, *Op. cit.*
 16. Stanford, L. & Lieberman, M. (2023, March 27). *Education Savings Accounts, Explained*. EducationWeek. www.edweek.org/policy-politics/education-savings-accounts-explained/2023/03 (North Carolina has passed universal ESA since the article was written)
 17. Jacobson *Op. cit.*
 18. Arizona’s ESA program became universal in 2022
 19. During the years that Arizona’s ESA program passed and later became universal, the state had a Republican governor
 20. Florida’s FES-EO program became universal in 2023
 21. Percentage of students in Chattanooga, Memphis, and Nashville only
 22. North Carolina passed universal eligibility for its ESA program in September 2023, but the universality will not go into effect until 2024

Figure 4 (cont.)

State ESA Programs Overview (West Virginia - Utah)

| STATE | YEAR ESA ENACTED | ELIGIBILITY (AS OF 2023-2024) | ESTIMATED # OF ELIGIBLE STUDENTS (AS OF 2023-2024) | ELIGIBLE STUDENTS AS PERCENT OF ALL STUDENTS IN STATE | PARTY OF LEGISLATURE (2023) | PARTY OF GOVERNOR'S OFFICE |
|----------------|------------------|--------------------------------------|--|---|-----------------------------|----------------------------|
| West Virginia | 2021 | Universal | 300K | 100% | Republican | Republican |
| Iowa | 2023 | Universal | 600K | 100% | Republican | Republican |
| Arkansas | 2023* | Not yet launched (will be universal) | 500K | 100% | Republican | Republican |
| Montana | 2023* | Not yet launched (will be limited) | 20K | -12% | Republican | Republican |
| South Carolina | 2023* | Limited | 600K | -71% | Republican | Republican |
| Utah | 2023* | Universal | 700K | 100% | Republican | Republican |
| TOTAL | | | 10.2M | 63% | | |

* Program will launch in 2024

Florida boasts the largest ESA program in the nation: the Family Empowerment Scholarship (FES). It comprises two branches:

- The Unique Abilities program (FES-UA), initiated in 2014, serves students aged three to 22 with an individualized education program (IEP) or a certified disability.²³ More than 69,000 students participated in the FES-UA program during the 2022-2023 school year out of roughly 333,000 eligible.
- The Educational Options program (FES-EO), launched in 2019, extends to all Florida residents in K-12. Priority is given to households at or below 185% of the federal poverty level, as well as those in foster care. Students with household incomes between 185% and 400% of the federal poverty level receive secondary consideration. During the 2021-2022 school year, 83,700 students out of the 3.3 million eligible participated in the program.

23. Under United States law, an IEP is a legal document that is developed for each public-school child who requires special education. It is created by a team that includes the child's guardians and district personnel most knowledgeable about the child's needs

A COMPLEX ECOSYSTEM OF STAKEHOLDERS

Despite their seemingly straightforward financing mechanism, ESAs are complex, involving multiple stakeholders and a diversity of implementation approaches and policy contexts. In seeking to understand how ESA programs can better serve all students, it is crucial to understand which levers are malleable and which are fixed, as well as the roles played by various stakeholders.

Our research identified six stakeholder groups (see *Figure 5*) as critical actors in determining the success of a state's ESA program.

Figure 5

Goals, constraints, and key jobs to be done for key ESA stakeholders

| | Definition – Who makes up the stakeholder group? | Goals – What do they aim to achieve for/ through the ESA program? | Constraints – What limits their actions and behaviors? | Key jobs to be done – What are the main points of responsibility/ authority? |
|---|---|--|--|--|
|  POLICYMAKER | Group responsible for crafting and passing ESA policy | Meet public's educational needs | Political environment it operates within | Write ESA policies |
|  ADMINISTRATIVE PARTNER | State body responsible for operationalizing ESA policy | Actively implement the ESA policy passed | <ul style="list-style-type: none"> • ESA policy statutes • Internal capacity | <ul style="list-style-type: none"> • Action ESA policies • Disseminate information about the ESA program, benefits, and best practices • Administer ESA program from application to payment • Provide support to families and providers using ESAs |
|  PLATFORM PARTNER | Organization(s) responsible for upkeeping technology that enables ESA ecosystem | Work with administrative partner to perform implementation | <ul style="list-style-type: none"> • Administrative partner's management • Internal capacity | |
|  NAVIGATORS | Organizations that help parents and providers participate in ESA program | Facilitate access and information/ resources to end ESA users | Authority/ recognition by other ESA stakeholders | |
|  PROVIDERS | Schools, education programs, and vendors providing services and products that ESA funds can be used for | Maximize student/ consumer reach | <ul style="list-style-type: none"> • Compliance requirements • Internal capacity and resources | Participate in ESA |
|  FAMILIES | Parents and their school-aged children who participate in the ESA program | Ensure children receive a quality education that fits their needs | <ul style="list-style-type: none"> • Access to information • Internal capacity and resources | |

The number of stakeholders and their intersecting interests is further complicated by the blurred lines between them and the roles they play in ensuring the success of ESA programs. As one executive at a platform partner told us, “A big issue is that there is not enough clarity around roles. There needs to be a discussion in terms of what exactly should state departments do, and what should they outsource.”

The novelty of ESAs is an additional complicating factor. Getting new programs off the ground requires constant learning and feedback loops between the stakeholders involved. A policy director focused on national K-12 issues shared, “There’s an issue of continuous learning and improvement where no one has really run these programs at this scale before.”

This type of learning takes time with any program, but learning across programs from one state to another is further impeded by the variability in policy frameworks, program maturity, and schooling structure in different states. Arizona and Florida have similarities in the maturity of their ESA programs. However, one noteworthy foundational difference is the “openness” of the marketplaces their ESA policy enables.

Arizona’s “open” marketplace for providers contrasts with the more “closed” ecosystem approach in Florida. There are tradeoffs to each approach. Open marketplaces allow for a stronger alignment between parents and providers but make quality control more difficult. Conversely, closed marketplaces allow for greater oversight and control of the system but can lead to higher administrative costs, unmet demand, and parent dissatisfaction.

FOUNDATIONAL PILLARS: WHAT ARE THE KEYS TO SUCCESS FOR ESA PROGRAMS?

Our comprehensive research on ESA programs revealed four pillars that serve as the foundation for their success (see *Figure 6*).

Figure 6

Four foundational pillars for ESA program success



Although these pillars emerged from our analysis of Arizona and Florida’s programs, we believe they hold broad applicability to ESA initiatives nationwide. We find, respective to each of the pillars, the following to be true:

- 1. Awareness & Trust:** For informed decisions, both parents and providers need a fundamental grasp of the program, its potential advantages, and confidence in its effectiveness and longevity.
- 2. Accessibility:** Recognizing that not all participants have equal access to the resources required for program involvement, barriers to entry should be minimized for the most vulnerable student populations. This ensures maximum accessibility, particularly for those with fewer resources.
- 3. Usability:** Once parents and providers commit to participation, administrative complexities, such as application processes and fund management, should be streamlined without compromising accountability.
- 4. Transparency:** Access to information is crucial both for parents and providers interested in ESAs, as well as for researchers and advocates. Parents want—and need—to be able to easily access credible information about the quality of programs in their area, for example, knowing what other parents think of those providers. Likewise, providers ask for better data on how many families are interested in programs like theirs so they can increase access in line with demand. Finally, as a publicly funded program, striking the right balance between flexibility for families and

collecting data on program performance is crucial. Stakeholders across the ecosystem, from policymakers to administrative partners to providers, need access to unbiased, longitudinal data to be able to enact improvements that better meet the needs of all students, especially those from low-income backgrounds.

In Part 2 and Part 3 of this report, we delve deeper into each pillar to detail the current behaviors and perspectives of parents and providers that are shaping their ESA experiences and the broader success of the program. From there, we explore potential improvement opportunities that can support the program's objectives of improving education outcomes for all students. The goal of our analysis is to offer a data-based perspective on relative strengths and challenges in two of the most mature ESA states—Arizona and Florida—so that their programs can best serve all students, particularly those with the greatest need, and provide insights to stakeholders in states with new and developing initiatives.

Stakeholders must insist, and funders should help to enable greater research into the impact of ESA programs on student outcomes. Advocates for ESAs should promote objective, longitudinal research that will help to evaluate the program's core thesis: that giving parents and students the ability to pursue the educational approaches that best suit their needs leads to better learning outcomes for students and society alike.

APPENDIX

THANKS AND ACKNOWLEDGMENT

We are grateful to the 11 members of the ESA advisory board who provided market knowledge and helped to sharpen our thinking.

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Opinions expressed in this report remain those of Tyton Partners alone and do not necessarily reflect the opinions of our Advisory Board, study participants, or funders.

Thank you to our graphic designer, Andy Sherman of [Can of Creative](#), whose creativity and guidance were critical to driving the execution of this publication.

Finally, we want to express appreciation for the more than 1,200 parents and more than 180 providers who responded to our surveys and engaged with us in interviews and focus groups. Our work was informed and guided by the school administrators, education advocacy leaders, and policy experts that we interviewed during this process.

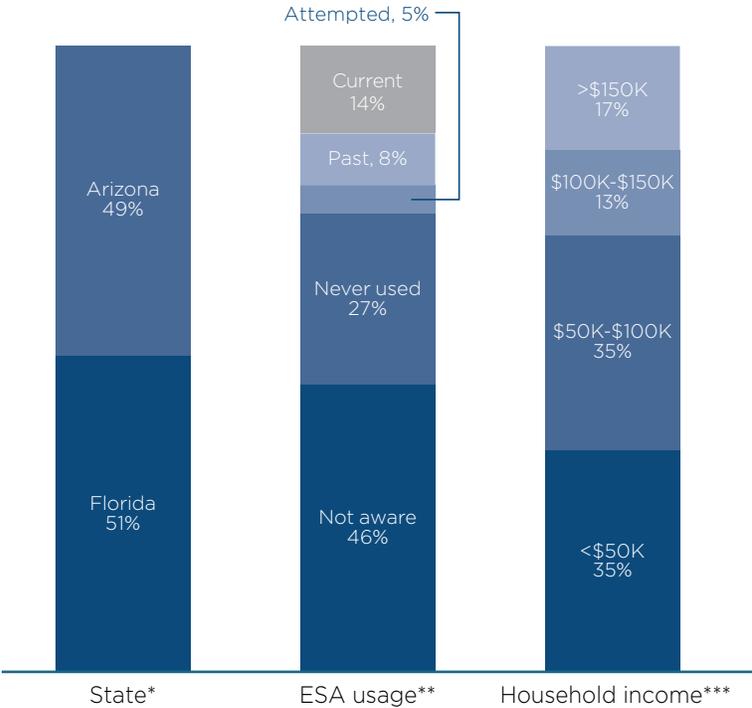
SURVEY METHODOLOGY

Tyton Partners conducted extensive research to collect data on parents’ attitudes and beliefs regarding their children’s education and ESAs. Our primary research, conducted throughout May and June of 2023, includes a survey of more than 1,200 PreK-12 parents and nearly 180 choice providers in Arizona and Florida.

PREK-12 PARENT SURVEY

Parents are core influencers and decision-makers in their children’s educational experience. To best understand how and why families make educational choices, Tyton gathered input from a diverse sample of PreK-12 parents. Parents focused on one child throughout the survey, and we set targets to ensure appropriate levels of representation relative to the demographics in Arizona and Florida.

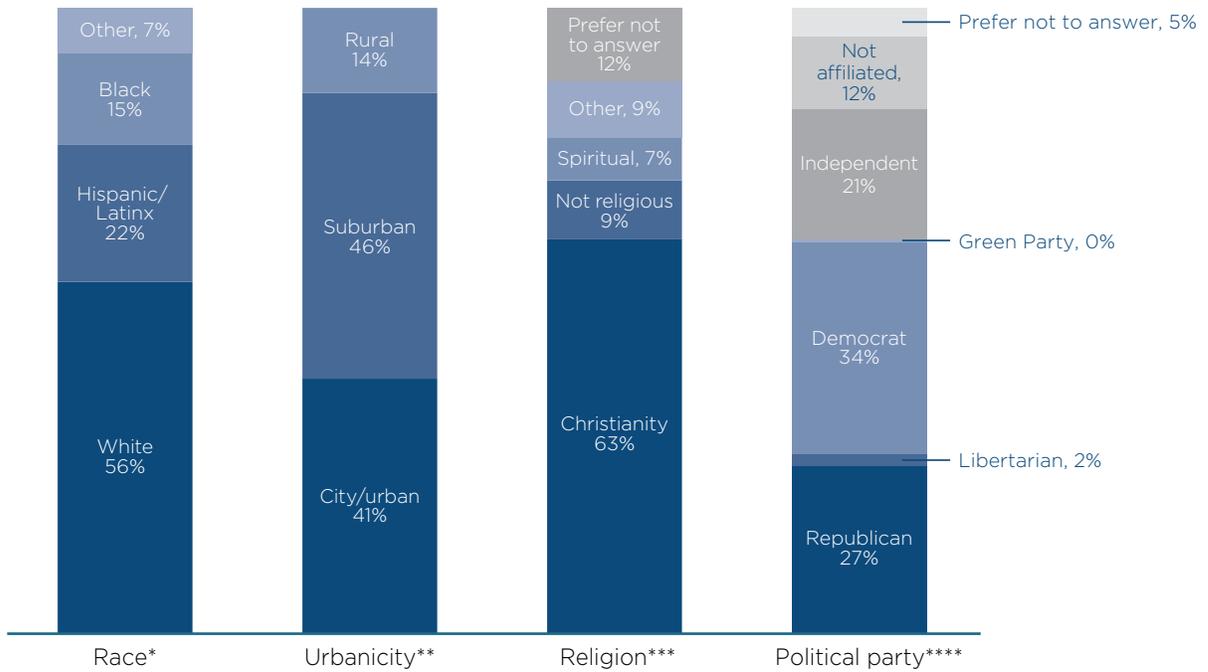
Parent survey demographics



Notes: All data in graph is n=1,224. *Survey question: "In which state do you and your child live?"; **Survey question: "Prior to today, were you aware of your state's ESA (Empowerment Scholarship Account in AZ, Family Empowerment Scholarship in FL) program?"; ***Survey question: "What is your estimated total annual household income?"

Sources: Tyton Partners Parent ESA 2023 Survey, Tyton Partners analysis

Parent survey demographics (cont.)



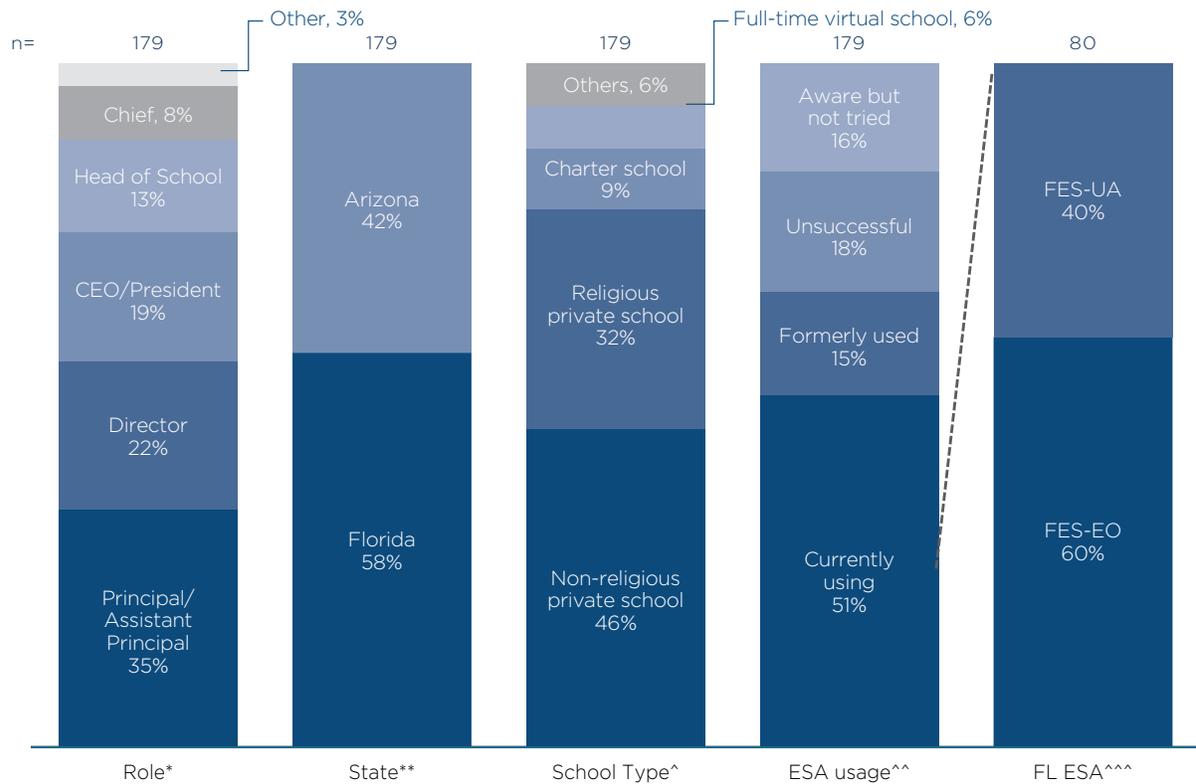
Notes: All data in graph is n=1,224. *Survey question: "Which of the following do you identify with? Select all that apply."; **Survey question: "Which of the following best describes the community in which you live?"; ***Survey question: "Which religion do you identify with?"; ****Survey question: "What political party do you generally support?"

Sources: Tyton Partners Parent ESA 2023 Survey, Tyton Partners analysis

CHOICE PROVIDER SURVEY

Our survey of nearly 180 organizational leaders allowed for a deeper investigation into the motivations and obstacles for choice providers that provide the services to meet parent demand. The scope of our research was focused on full-time alternatives to public schools, with representation across choice school types, states, and experience with the ESA program.

Provider survey demographics



Notes: All data in graph is n=179. *Survey question: "Which of the following best describes your primary role?"; n=179, Other includes superintendent/assistant superintendent (3%), others (please specify) (1%); **Survey question: "In which state is your academic institution located? If you operate across multiple states, please select all that apply."; n=179; ^Survey question: "In which type of academic institution do you currently work?"; n=179, Others include micro schools (3%), supplemental educational provider (2%) and others (please specify) (1%); ^^Survey question: "Which of the following best describes your current academic institution's acceptance of ESAs?"; n=179; ^^^Survey question: "In the state of Florida, which ESA programs do you currently accept funds from? Please select all that apply."; n=80

Sources: Tyton Partners Provider ESA 2023 Survey, Tyton Partners analysis

ABOUT TYTON PARTNERS

Tyton Partners is the leading provider of strategy consulting and investment banking services to the global knowledge and information services sector. With offices in New York City and Boston, the firm has an experienced team of bankers and consultants who deliver a unique spectrum of services from mergers and acquisitions and capital markets access to strategy development that helps companies, organizations, and investors navigate the complexities of the education, media, and information markets. Tyton Partners leverages a deep foundation of transactional and advisory experience and an unparalleled level of global relationships to make its clients' aspirations a reality and to catalyze innovation in the sector. Learn more at tytonpartners.com.

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PAYING FOR CHOICE

2024

PART 2: ADDRESSING THE AWARENESS
AND ACCESSIBILITY GAP OF ESAS



TABLE OF CONTENTS

- INTRODUCTION: WHY DO PARENTS AND PROVIDERS PURSUE ALTERNATIVE OPTIONS TO PUBLIC SCHOOL?3**
- WHAT MOTIVATES DECISIONS FOR PARENTS AND PROVIDERS.....5**
- THE IMPORTANCE OF AWARENESS & TRUST: WHAT PARENTS AND PROVIDERS KNOW AND THINK ABOUT ESAS9**
 - PARENTAL PERCEPTIONS OF ESA PROGRAMS 10
 - PERCEPTIONS OF AND RESERVATIONS ABOUT THE ESA PROGRAM AMONG PROVIDERS 14
- POTENTIAL SOLUTIONS TO IMPROVE EQUITY AND STUDENT OUTCOMES.....18**
- APPENDIX22**
 - THANKS AND ACKNOWLEDGEMENT22
 - SURVEY METHODOLOGY23
 - PREK-12 PARENT SURVEY23
 - CHOICE PROVIDER SURVEY25
- ABOUT TYTON PARTNERS 26**

INTRODUCTION: WHY DO PARENTS AND PROVIDERS PURSUE ALTERNATIVE OPTIONS TO PUBLIC SCHOOL?

On August 7, 2016, a group of Black mothers led by Jenelle Wood convened in Phoenix, Arizona, for the first meeting of the Black Mothers Forum (BMF).¹ On their minds was the failure of their children's schools to provide a high-quality education. To improve learning outcomes for their children—for all children of color—they decided to take their children's schooling into their own hands. A few years later, as the COVID-19 pandemic raged and schools closed across the United States, BMF was opening microschoools around the state of Arizona.²

Families of all backgrounds and socioeconomic positions want schools to provide an education and learning environment that is best suited to their children's needs. This is a truism as much as it is an empirical fact borne out by our survey of more than 1,200 parents in Arizona and Florida. It is further supported by our quantitative research with nearly 180 education providers in those two states, as well as our interviews with educators and families—research that, combined, represents some of the deepest and broadest investigation of Education Savings Accounts (ESAs) conducted thus far in any state.

In **Part 1 of our report** on ESAs in Florida and Arizona, we explored the history and rise of ESAs within the broader context of school choice.³ We examined how both eligibility and enrollment have expanded over the years, with a meteoric rise catalyzed by the pandemic and by parents' **urgent reevaluation** of their child's schooling. We also laid out a framework for exploring the impact of and ways to improve ESAs for all students. Specifically, we proposed four pillars that serve as the foundation for the success of ESA programs:

Four foundational pillars for ESA program success

AWARENESS & TRUST

Parent and provider understanding of and confidence in the ESA program

USABILITY

Ease and efficiency in navigating ESA administrative processes



ACCESSIBILITY

Eligibility and ease of access for parents and providers to participate in the ESA program

TRANSPARENCY

Ability for stakeholders to access nonpartisan, longitudinal data regarding program

1. www.blackmothersforums.com

2. This report is Part 2 of a three-part series on research Tyton Partners conducted in 2023 into parent and provider perspectives on and experiences with ESA programs in Florida and Arizona, two of the oldest and largest ESA programs in the United States. ESAs, which currently exist in 13 states, are programs that allocate a portion of the state funds designated for a child's public education to a specialized account controlled by parents. The specific administration and allowable expenses for ESAs vary by state, and participation generally necessitates the withdrawal of the student from public school. For a more fulsome overview of ESAs, read Part 1 of our report, which can be accessed [here](#).

3. In this report, we distinguish between public schools and choice schools. Choice schools include private, parochial, microschoools, and homeschooling. While ESAs can also be used to pay for after-school programs and other programs that are not full-day school options, our research has focused on full-day options because that is how most families currently use ESAs

In Part 2, we focus on the first two pillars—Awareness & Trust and Accessibility—and take a close look at why and how parents make decisions about enrolling their children in alternative education programs. We also examine providers’ perspectives on and decision-making around accepting public funds. We assess the general level of awareness and trust that both parents and providers express towards ESAs and explore opportunities for improvement. We find the following:

- **Family income matters.** Despite relatively even interest in ESAs among different socioeconomic groups, awareness of and trust in ESA programs among parents varies widely by income level.⁴
 - Low-income families are less likely to know about ESAs and are frequently less able to easily access information about them.
 - Other demographic and psychographic variables did not have significant differences in our sample, both in Awareness & Trust, as well as across other areas such as Accessibility and Usability.
- **Providers’ trust varies with experience.** While providers are overwhelmingly aware of ESAs, their trust in these programs varies widely despite their general willingness to accept public dollars.
 - Providers fall into two camps based on their experience with ESAs. On one hand, there are those providers who currently accept ESAs or who have tried to enroll in the program and were unsuccessful in their application. We call these providers “Promoters.” On the other hand are former participating providers and those who have never applied. We call this group “Detractors.”
 - Promoters are enthusiastic about the potential of ESAs to increase educational innovation and improve their operations as providers. Detractors have a negative view of what ESAs mean both for educational innovation and for their own operations.
 - Both Promoters and Detractors remain hesitant to participate in ESAs as they worry about the durability and stability of these programs, questioning whether public funds may be diverted or the programs may be ended or significantly altered by new administrations.

This analysis continues our assessment of the impact of ESAs and how they can be improved to support all students, regardless of income or where they live.

4. Our focus on income stems from a statistical analysis of more than 1,200 survey respondents. While we collected a full spectrum of demographic variables, the only one that consistently carried statistical weight was family income level. Throughout this report, we draw out the differences across four income groups: those earning below \$50K, those earning \$50-100K, those with household incomes of \$100-150K, and those families whose income exceeded \$150K. A fuller demographic breakdown of our survey sample is available in the appendix

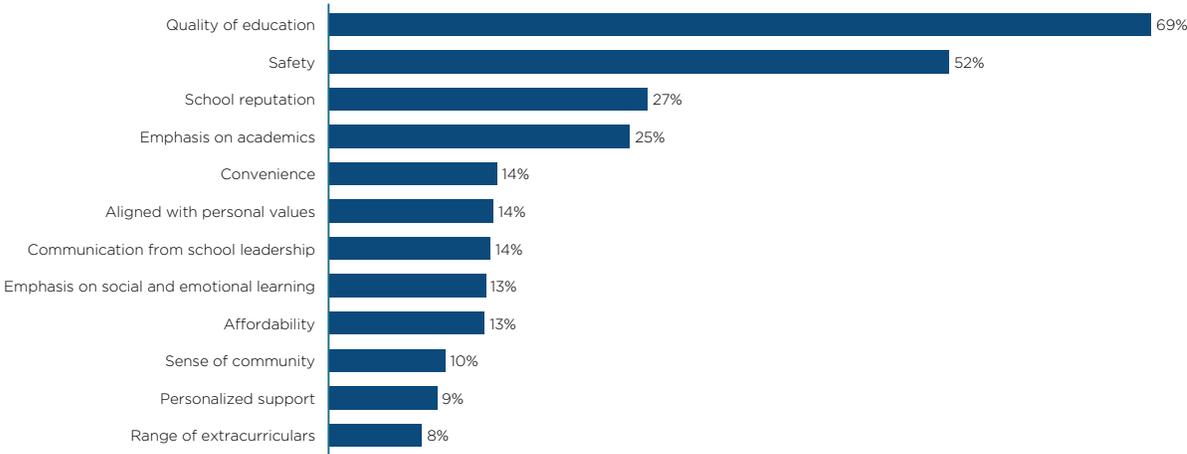
WHAT MOTIVATES DECISIONS FOR PARENTS AND PROVIDERS

The findings of our research are clear: Parents make decisions about education driven by what they believe best serves their child’s interests. This underlying motivation also shapes the strategies of choice providers, who seek to align their offerings with parental preferences. As one private school director told us, “Parents usually come to us because they believe we can meet the specific needs of their child. The reason they stay with us is because we find a way to actually deliver.”

Demand for *quality education* and *student safety* has only increased in importance for parents since the start of the COVID-19 pandemic and is weighted heavily in decisions about sending their child to choice schools.⁵ In fact, the percentage of parents who reported that those two factors were important in choosing their child’s school far outpaced other reasons (see *Figure 1*).

Figure 1

Most important factors when choosing a school type

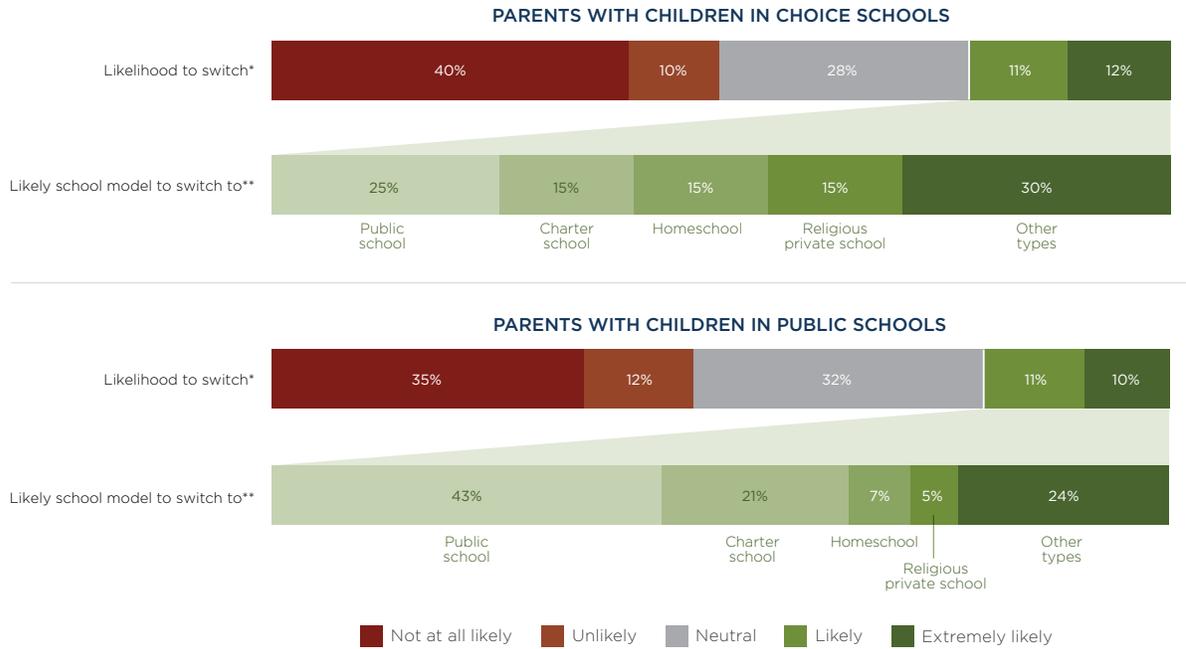


Note: *Survey question: “What are the most important factors to you when choosing a school type (e.g., public school, private school, homeschool) for your child? Select up to three.”, n = 1,224. Other (please specify) answer stem left out
Sources: Tyton Partners Parent ESA 2023 Survey

5. “Quality education” refers to the holistic approach around student outcomes and well-being

Parents are most likely to consider alternative schooling options when there is a mismatch between their child’s needs and what their current school provides (see *Figure 2*).

Figure 2
Likelihood to switch schools in 3 years by school type



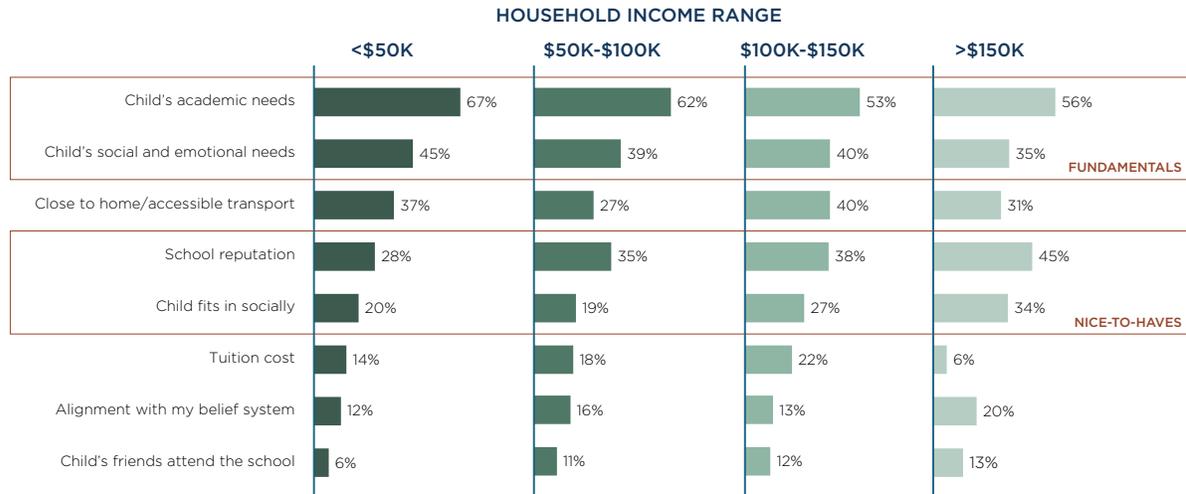
Notes: *Survey question: “How likely are you to enroll your child in a different school type in the next three years?”, n = 388-835; **Survey question: “What school type are you likely to enroll your child in in the next three years?”, n = 87-173
Sources: Tyton Partners Parent ESA 2023 Survey

In our survey of Arizona and Florida parents, more than 20% of both public and choice-school parents expressed intent to change their child’s school in the next three years, with a stark preference for choice schools. Of the 23% of parents with a child in choice schools who are open to switching, only 25% would consider public school. By contrast, of the 21% of public-school parents open to switching school types, 57% would consider leaving the public system and enrolling their child in a choice school.

Importantly, parent motivations for changing their child’s school differ by household income level (see *Figure 3*).

Figure 3

Low-income families are more focused on fundamentals when considering switching schools



Note: *Survey question: "What are top factors that would make you consider enrolling your child in a different school type in the next three years? Select up to three.", n = 91-228. Other (please specify) answer stem left out

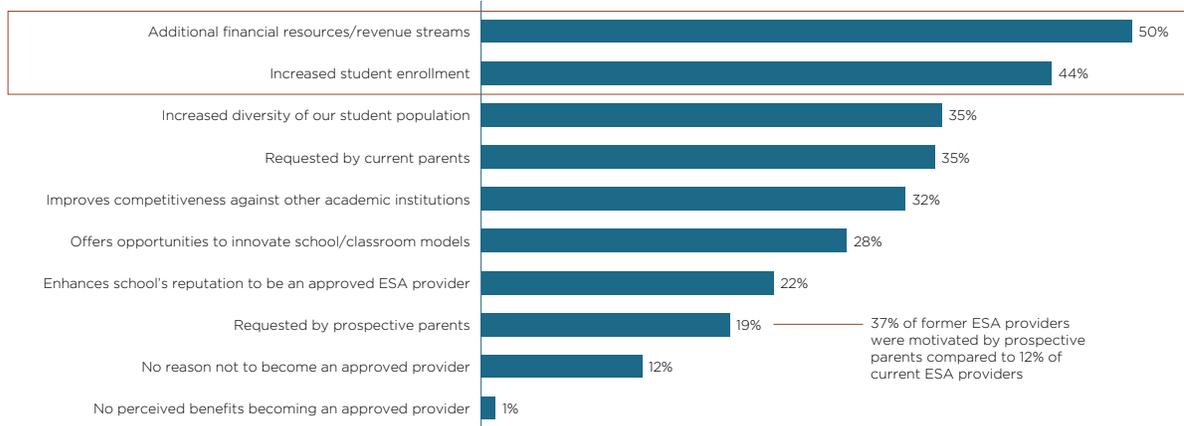
Sources: Tyton Partners Parent ESA 2023 Survey

For low-income families, parental focus centers around what we term *fundamental needs*—specifically, academics and their children’s social and emotional well-being. Accessibility in terms of a school’s location and available transportation also figure prominently. High-income families are more likely to emphasize *nice-to-haves* like a school’s reputation, whether their children have friends at the school, or the school’s alignment with the family’s religious or political belief system.

Choice providers seek to capitalize on these parent preferences and view public funds and programs like ESAs as a way to serve more students (44%) and to capture additional revenue streams (50%) (see *Figure 4*).

Figure 4

Top motivations to become an ESA provider



*Note: Survey question: **What do you perceive as the primary motivations or benefits for your academic institution to become an approved ESA provider? Please select up to three.*, n=179

Sources: Tyton Partners Provider ESA 2023 Survey

This driver may play hand in hand with parents' efforts to find affordable alternatives for their child's education. In theory, at least, ESAs can drive towards a balance of more parents accessing affordable alternatives and more providers participating in the program to meet their needs.

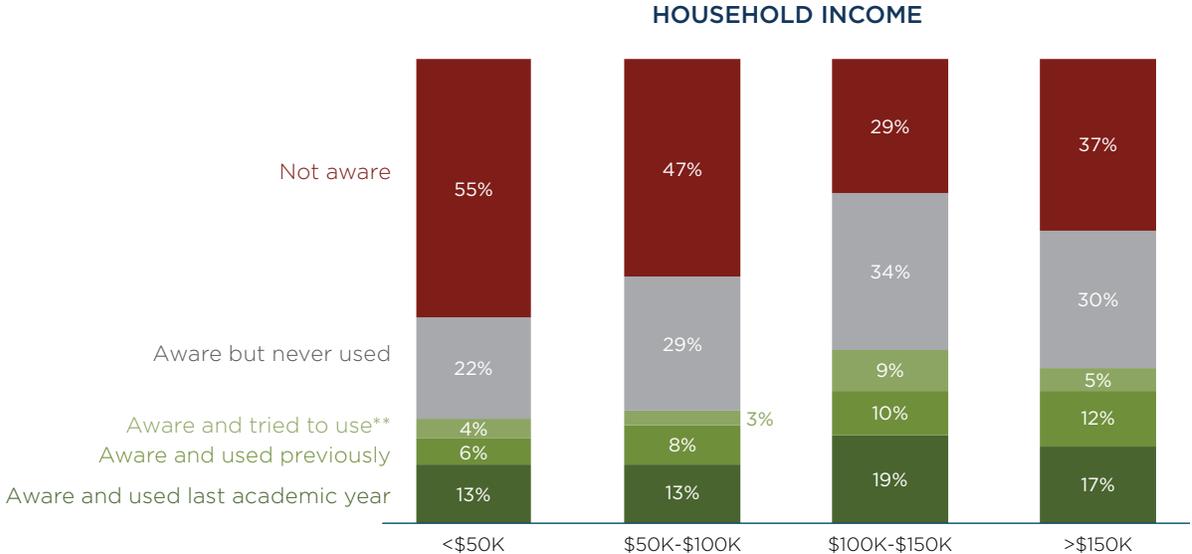
The high percentage of parents considering or enrolling their child in choice schools signifies both a dissatisfaction with their current options and an opportunity for ESAs to provide a means for parents to pursue the alternatives they seek but would otherwise be unable to afford. This dynamic only works, however, if parents know about the options they have and can access them and if the opportunities ultimately lead to better outcomes for their child. The following sections highlight the must-haves for ESA programs to make good on this intent.

THE IMPORTANCE OF AWARENESS & TRUST: WHAT PARENTS AND PROVIDERS KNOW AND THINK ABOUT ESAS

Parental awareness of ESAs exceeds 50% overall. However, this awareness level differs significantly based on household income levels. Those with household incomes under \$50,000 have an awareness rate of 45%, compared to 71% for households earning between \$100,000 and \$150,000 and 63% for those earning above \$150,000. This finding reinforces the need for states and their key stakeholders to ensure implementation of an ESA program includes strategies for broadening access to families across numerous demographic variables.

Awareness of ESAs is extremely high among choice school providers—of the more than 180 leaders we interviewed and surveyed, every single one had at least baseline familiarity with the programs. For the ESA program to drive equity, however, parents also need to be aware of it, especially those groups who stand to benefit the most (see *Figure 5*).

Figure 5
Awareness and usage of ESAs by household income



*Notes: *Survey question: "Prior to today, were you aware of your state's ESA (Empowerment Scholarship Account in AZ, Family Empowerment Scholarship in FL) program?". Arizona n=603, Florida n=618; **Survey question: "You indicated that you have heard of ESA (Empowerment Scholarship Account in AZ, Family Empowerment Scholarship in FL) before. How familiar are you with the concept?". Arizona n=216 Florida n=221*
Sources: Tyton Partners Parent ESA 2023 Survey

Lack of awareness, however, is only the first barrier to accessing ESAs. Even for those familiar with the program, parents and providers alike reported difficulties finding clear and easily available information to navigate the ESA process effectively. For ESAs to have their desired impact and be accessible and usable by families no matter where they live or how much they earn, both parents and providers need the ability to learn about ESAs in a clear way.

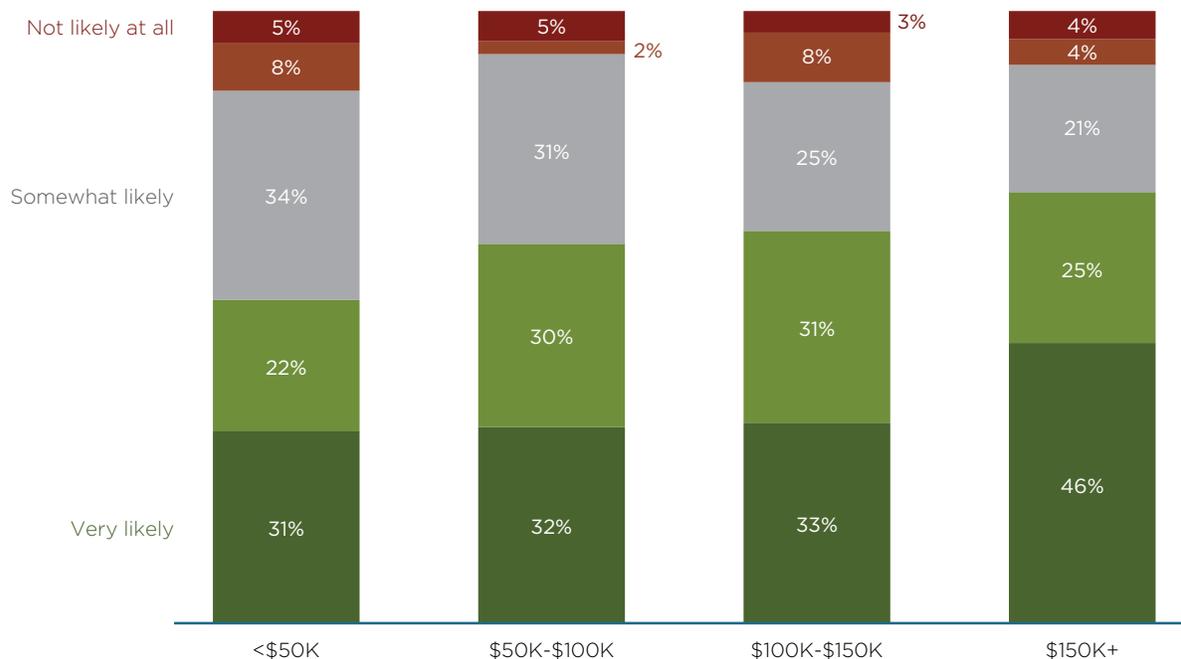
PARENTAL PERCEPTIONS OF ESA PROGRAMS

While awareness varied widely across socioeconomic groups, parents generally express interest in learning about ESAs when provided with brief descriptions of the programs (see *Figure 6*).

Figure 6

Likelihood to reenroll in ESAs in Fall 2024 among current and past (attempted) participants by household income

CURRENT AND PAST (ATTEMPTED) ESA PARTICIPANTS

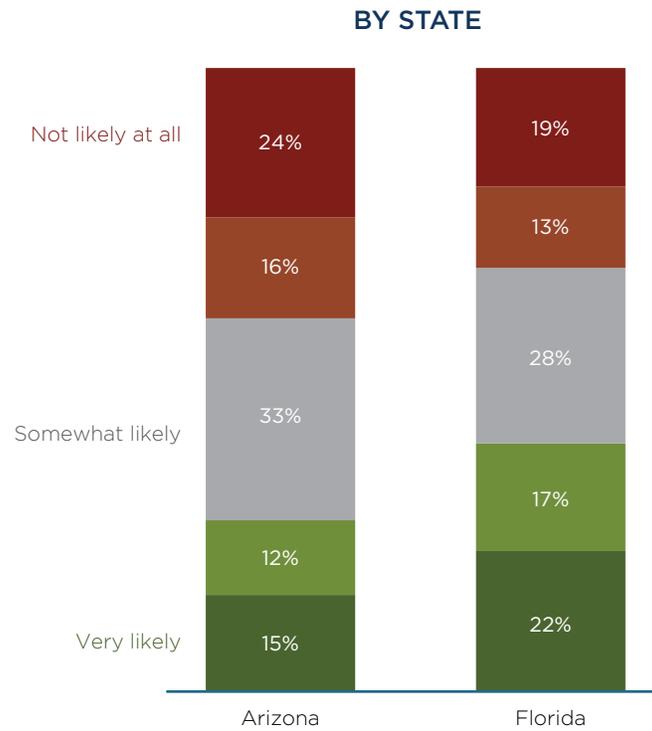


Notes: *Survey question: "How likely are you to enroll your child in the ESA program (Empowerment Scholarship Account in AZ, Family Empowerment Scholarship in FL) in Fall 2024?". n=54-544

Sources: Tyton Partners Parent ESA 2023 Survey

Of the parents who were not currently participating in ESAs, more than 85% were “somewhat” or “extremely interested” in learning more about the program. This interest was evident in parents’ likelihood to enroll in the program in the next academic year. Compared to current participation levels, expected participation in the 2024-2025 academic year is nearly double, with 27% of parents in Arizona and 39% of parents in Florida citing a likelihood to enroll (see *Figure 7*).

Figure 7
Likelihood to enroll in ESAs in Fall 2024 by state



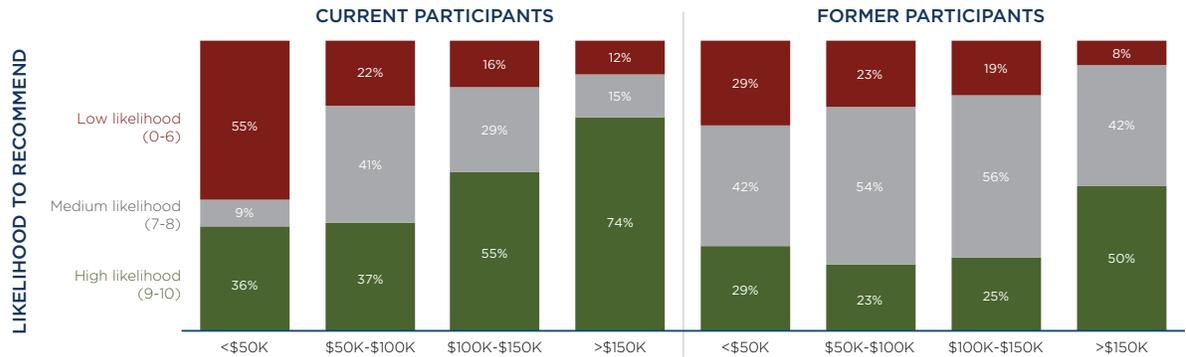
*Notes: *Survey question: “How likely are you to enroll your child in the ESA program (Empowerment Scholarship Account in AZ, Family Empowerment Scholarship in FL) in Fall 2024?”, n=54-544*

Sources: Tyton Partners Parent ESA 2023 Survey

Satisfaction with ESA programs by both current and former participants also varied significantly by household income. Among both current and former participants, the likelihood that parents would recommend ESAs to peers increased based on annual household income level (see *Figure 8*).

Figure 8

Likelihood to recommend ESA program to another parent by participation and household income



Note: *Survey question: "On a scale of 0-10, where 0 is 'not at all likely' and 10 is 'extremely likely,' how likely are you to recommend participating in the ESA program to another parent?", current n = 31-54, former n = 16-35

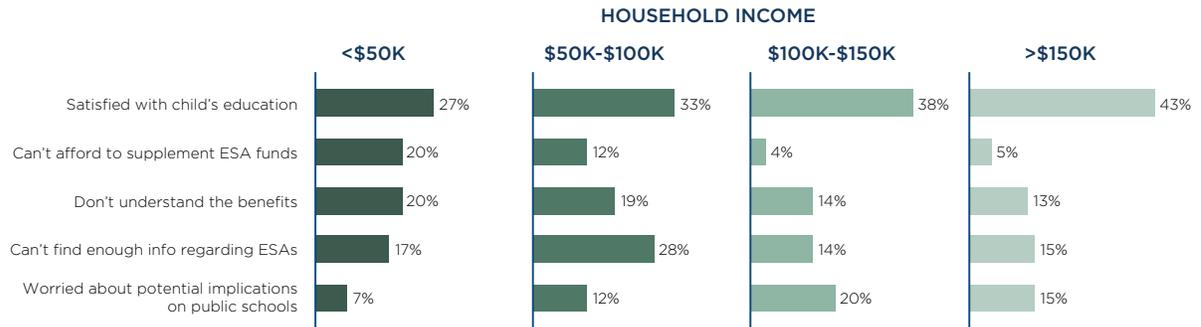
Sources: Tyton Partners Parent ESA 2023 Survey

For example, while nearly three out of every four currently participating parents with household incomes above \$150,000 recommend ESAs, only 36% of currently participating parents earning less than \$50,000 would make a similar recommendation. Similarly, former participants with household incomes above \$150,000 were approximately twice as likely as other groups to recommend ESAs.

To a great extent, the way ESAs are structured and promoted to families may represent a missed opportunity for educational equity. While low-income families are less satisfied with their children’s education, they are also less likely to understand the benefits of ESAs or, importantly, to be able to supplement the cost of choice schools that ESA funds do not cover (see Figure 9).

Figure 9

Top reasons parents do not enroll in ESAs by household income



Note: *Survey question: "What are the top reasons why you haven't enrolled your child in an ESA program? Select up to three." <\$50K n=95, \$50K-\$100K n=122, \$100K-\$150K n= 56, >\$150K n= 61, answer stems with <10% selection rate omitted from chart
Sources: Tyton Partners Parent ESA 2023 Survey

As we discuss in greater detail in Part 3 of *Paying for Choice*, by providing the same funding to all families irrespective of need, ESA programs actually leave low-income families behind. The cost of choice schools very often exceeds by a significant margin the funding provided to families by states. Exploring per-pupil funding mechanisms that tier based on demonstrated student need represents one ESA model innovation worth further consideration in refining current and prospective state programs.

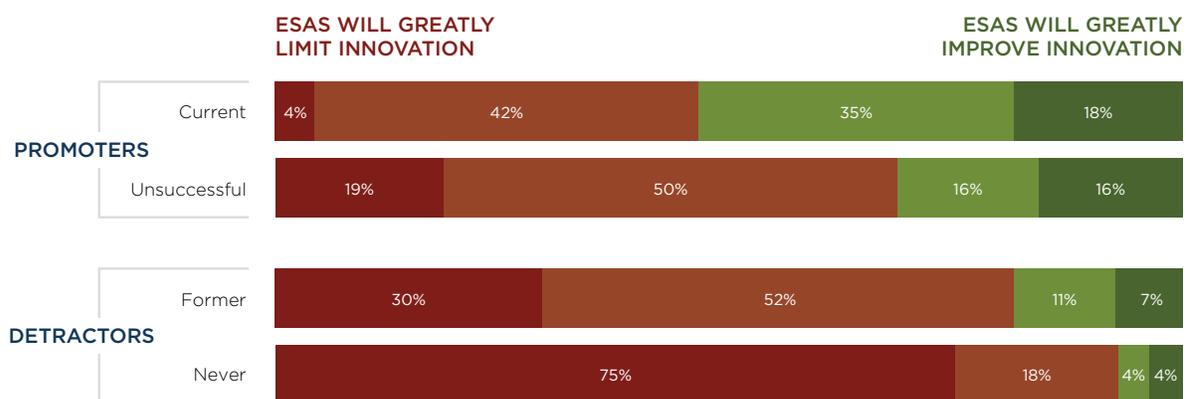
PERCEPTIONS OF AND RESERVATIONS ABOUT THE ESA PROGRAM AMONG PROVIDERS

Providing additional context on school choice and ESA programs is crucial for enabling informed decisions by parents and providers. We identified two distinct sides of providers’ perceptions of ESA programs in Arizona and Florida. On one side are those providers currently participating in ESA programs and those that have previously tried to apply but were not able to get in (which we further term “Unsuccessful Providers”). These two groups had significantly more positive perceptions of ESAs, and we thus refer to them as “Promoters.”

On the other side are those providers who had formerly participated in the program or who have never applied for or shown interest in ESAs. These providers were more likely to express concerns about the extent to which the ESA program would limit their ability to innovate and create differentiated educational programming that aligned with their views and missions. Because these providers tended to have mostly negative views of ESAs, we call them “Detractors” (see *Figure 10*).

Figure 10

Providers’ perceptions of ESAs’ impact on schooling innovation by ESA participation status



Note: *Survey question: “To what extent do you believe the ESA program will impact innovation with school models or classroom pedagogy?”. Arizona n=76, Florida n=103, Current n=92, former n=27, unsuccessful n=32, never n=28

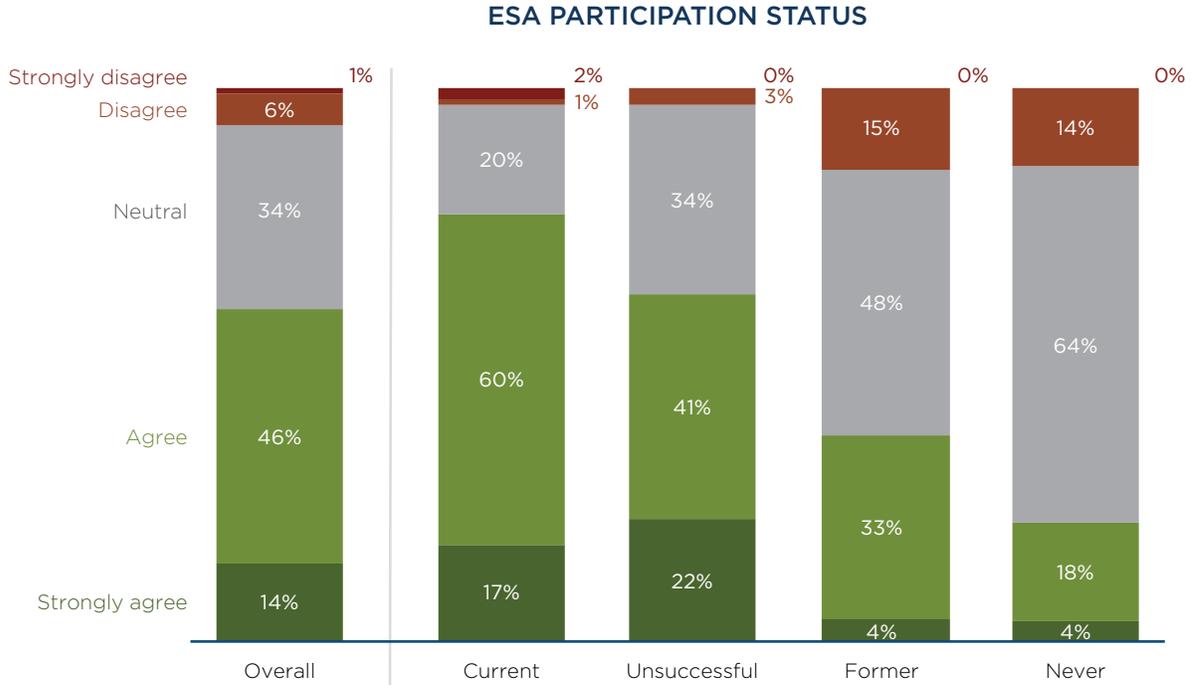
Sources: Tyton Partners Provider ESA 2023 Survey

Providers who were accepting ESAs during the 2022-2023 school year overwhelmingly felt that ESAs would permit them to experiment with different educational models and methodologies—53% reported that ESAs will improve or greatly improve innovation (defined as the ability to implement novel educational practices that deviate from how education is conducted in traditional public schools); only 4% believe ESAs will hinder innovation. By contrast, those who had never attempted to participate in the ESA program in their state had a starkly opposite view. Only 8% believe ESAs were a driver of innovation, and 75% believe they would stifle their efforts at undertaking novel initiatives.

The contrast between education providers who had formerly used ESAs but stopped and unsuccessful providers was not as stark, but instructive nonetheless. Thirty-two percent of *unsuccessful* providers believed ESAs would improve innovation, while 19% of them believed they would not.

Similarly, Promoters view their state's ESA program positively, believing it will also benefit their organization (see *Figure 11*).

Figure 11
Current and unsuccessful providers ('Promoters') believe ESAs will benefit their institutions



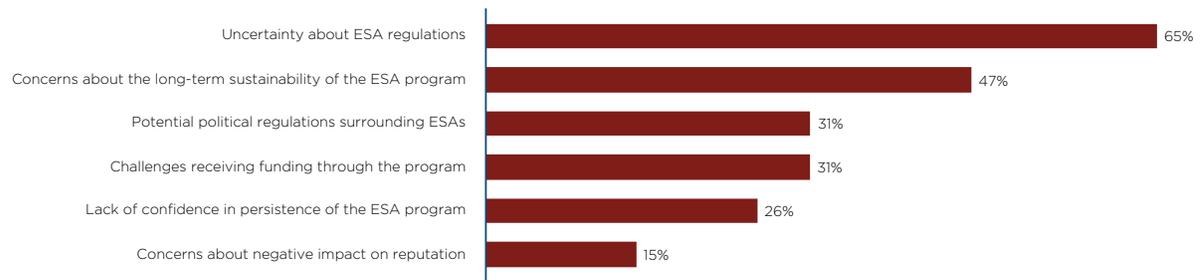
*Note: *Survey question: "To what extent do you agree with the following statement?: Universal ESAs are beneficial for my academic institution.", n=179*
Sources: Tyton Partners Provider ESA 2023 Survey

Among Promoters, an overwhelming majority of current (77%) and unsuccessful (63%) providers “agreed” or “strongly agreed” that ESAs are beneficial to them, while only a small minority (3%) in both categories believed ESAs would harm their institution. Former ESA providers and those who had never participated in ESA programs were less sanguine. While a good portion of them (37% and 22%, respectively) believed ESAs could benefit them, 15% of former providers and 14% of those who had never signed up reported that ESAs could have a negative effect on their programs, with the largest percentage of both groups remaining neutral (48% and 64%).

There is also a general lack of trust in the program’s durability among nearly 50% of providers, as well as concerns that the state government may seek to dictate pedagogical approaches in the future. Even more starkly, 65% of providers reported that their top perceived risk in participation in ESAs was uncertainty about their state’s ESA regulations (see *Figure 12*).

Figure 12

Regulatory uncertainty and concerns about program longevity are top perceived risks of ESA programs among providers



Note: *Survey question: “What do you perceive as the primary risks or challenges for your academic institution when becoming an approved ESA provider? Please select up to three.”, n=179

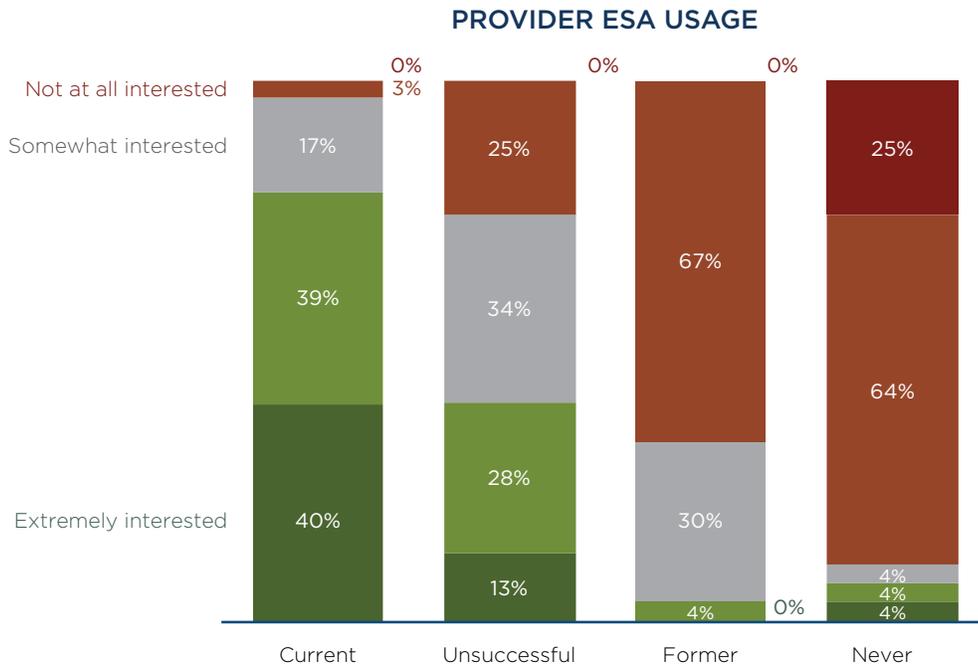
Sources: Tyton Partners Provider ESA 2023 Survey

One private school provider in Florida shared this concern, pointing to the politicization of education generally as a reason to fear government intervention in private schools as public funds flow to pay for them. “Our governor,” an associate director at an independent private school in Florida said, “is influencing what public schools can teach. [Our school] is very tolerant and diverse. If the government starts to meddle with that, we’d have to not participate in ESA.”

Another provider in Florida highlighted a mundane example of regulatory requirements that do not line up with the everyday realities of alternative schools. To participate in the state’s ESA program, her microschool, which initially enrolled less than 10 students in a converted storefront in a shopping mall, was required, like traditional public and private schools in the state, to have at least three restrooms—one for boys, another for girls, and another for adults. Such regulations are sensible, but they also create an undue burden on schools trying to create alternative models.

Similarly, providers' likelihood to participate during the 2024-2025 school year differs starkly based on the level of experience with the ESA program (see *Figure 13*).

Figure 13
Level of interest in ESA program participation for the 2024-2025 school year



*Note: *Survey question: "To what extent is your academic institution interested in being an approved ESA provider?"; Arizona n=76, Florida n=104, current n=92, former n=27, unsuccessful n=32, never n=28*
Sources: Tyton Partners Provider ESA 2023 Survey

Among Promoters, 97% of current ESA participants and 75% of those who have applied reported at least some interest in joining or remaining in the program. Conversely, interest among the Detractors was low—67% of former providers and 89% of those who had never applied expressed limited or no desire to participate.

POTENTIAL SOLUTIONS TO IMPROVE EQUITY AND STUDENT OUTCOMES

Making ESAs work for everyone—for families in all income bands, for providers currently in the program, for those looking to participate, as well as those who are less interested—will require addressing these gaps in awareness and trust. Tyton Partners’ analysis suggests two primary levers can help to allay these challenges.

First, for both parents and providers to become aware of their structure and potential benefits, ESAs need to be more broadly publicized. This is especially true for low-income families who are less aware of ESAs, trust these programs less, and, as we will show in Part 3 of our series, face more barriers to participating.

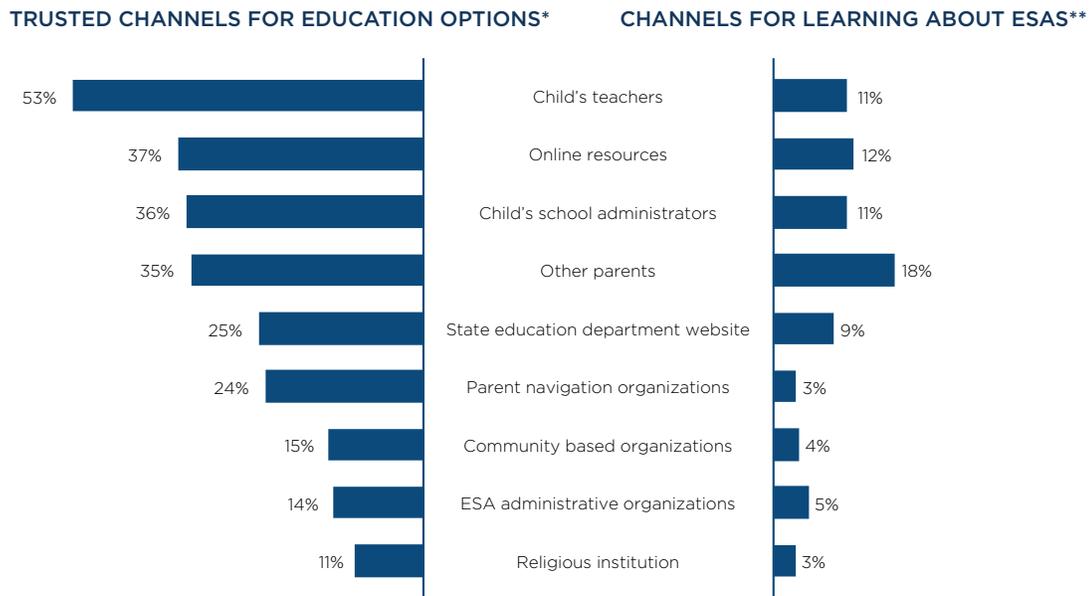
Any awareness and informational campaign targeting parents should aim to ensure that all parents have clear, consistent information regarding the ESA program. Low-income families have the lowest ESA awareness level and lowest enrollment rates due, at least in part, to not receiving adequate information about the benefits of the program, as reported by 20% of parents. An awareness campaign could potentially have the largest impact on these families.

Such a campaign would potentially need to involve and coordinate among various stakeholders, including the administrative agency (typically the state department of education), platform partners (such as ClassWallet and Step Up for Students), and navigator organizations that assist parents in selecting schools and registering for the ESA program in their state.

Maximizing the effectiveness of an information campaign requires working through trusted channels. Parents in our sample reported they most trusted their child’s school (with 53% of parents saying that was a trusted channel), online resources (37%), and other parents (36%) for information about educational options (see *Figure 14*).

Figure 14

Parents are not receiving information about ESAs through channels they trust



Notes: *Survey question: "Which do you trust as reliable sources of information regarding school / education options for your child? Select all that apply." n = 1,198, answer stems with less than 10% selection rate omitted from chart; **Survey question: "How did you first learn about the Empowerment Scholarship Account (ESA) program?" n = 658, News media (9%), advertising (5%), other (4%), politicians (2%) and think tanks (2%) are omitted from chart
Sources: Tyton Partners Parent ESA 2023 Survey

Yet parents reported that trusted channels were underutilized in spreading information about ESAs. In fact, only 11% of parents found out about ESAs from their child’s school or from a school administrator. Importantly, the trust in online resources was also lower among low-income families. Only 32% of parents in the low-income group (i.e., those with household incomes less than \$50,000 per year) reported that they trusted such channels compared to 46% of high-income parents (i.e., those earning more than \$150,000).

Second, inasmuch as a diversity of program offerings is crucial to meeting the needs of all families, special effort should be made to mitigate the concerns of providers who are worried about the durability and stability of ESA policies. Sudden changes in policy, especially ones that appear to limit the options providers have, may drive programs away, exacerbating their perception that ESAs stifle innovation.

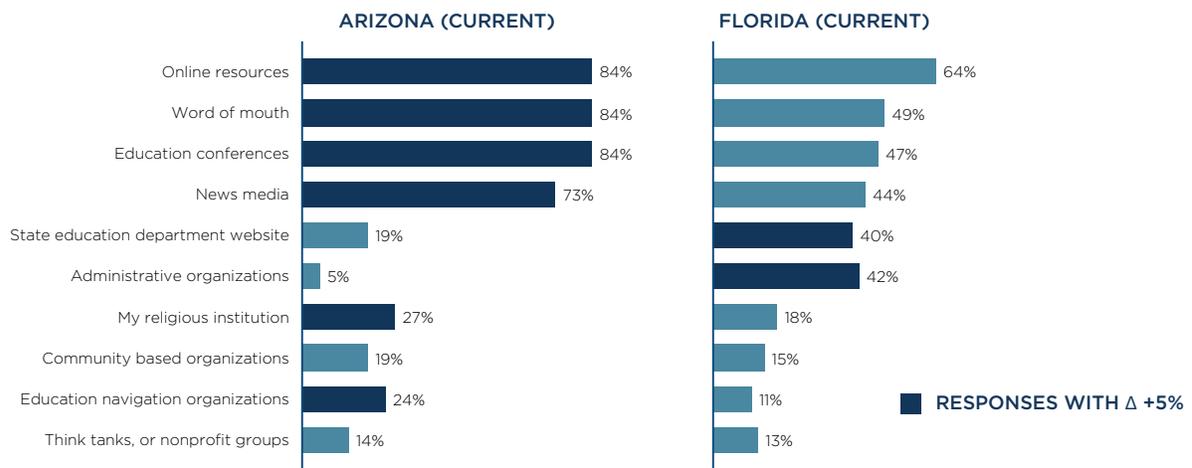
While providers in Florida and Arizona are largely aware of ESA programs in their states, mitigating their fears about the durability of these programs, changes in regulations, and in navigating the regulatory environment could benefit from a targeted campaign that directly confronts these concerns.

Similar to the parent campaign, this effort would require the participation and coordination of agencies, platform partners, and Navigators and would benefit from the transparent release of data about ESA program plans and potential regulatory changes. Moreover, providers' uncertainty about regulations could be allayed by the release of quick guides explicating the policy framework around ESAs. Finally, taking into account many providers' belief that ESAs pose a risk to educational innovation, such a campaign could make use of provider testimonials or case studies of how ESAs encourage diverse approaches to learning and teaching.

Such a campaign would need to lean on the most trusted sources of information for providers, which varies by state. Our research revealed that providers in Florida are more likely to view state education departments and administrative organizations as reliable sources of information, compared to Arizona where online resources and media were more trusted sources (see *Figure 15*).

Figure 15

Top sources for ESA information for providers by state



Notes: *Survey question: "Where do you get your information on ESAs? Please select all that apply.", current n=92, Arizona n=37, Florida n=55
Sources: 2023 Provider Survey

Addressing providers' concerns about the threat of future regulation will be important to drive new participants to the program and create an ecosystem with more options for parents to consider. A database detailing how ESA state regulations have evolved over time can improve program transparency and offer providers evidence that allows for more informed decision-making regarding program participation. To mitigate potential concerns about bias, a third-party organization may be best suited to lead this effort.

Finally, providers who attempted but were unsuccessful in becoming ESA providers exhibit a high level of interest in participating in the program. This group represents a fitting demographic for targeted outreach efforts.

Motivated by what they believe is best for their child, parents participate in ESA programs when they believe it is aligned with their child's interests and needs. Providers participate in the program in order to attract more students. However, there are hurdles. Parents, particularly those who are low-income, lack awareness of ESA programs and express difficulty accessing clear information about them. Providers are skeptical of programs' durability and whether they hinder educational innovation. To increase awareness, engender trust, and help parents and providers navigate ESAs, we need to share more, clearer, and better information across more channels. In the next part of this series, we move beyond the informational challenges of the program and focus on how parents and providers are accessing their state ESA programs and the areas for improvement as they navigate the administrative processes within it.

APPENDIX

THANKS AND ACKNOWLEDGEMENT

We are grateful to the 11 members of the ESA advisory board who provided market knowledge and helped to sharpen our thinking.

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Opinions expressed in this report remain those of Tyton Partners alone and do not necessarily reflect the opinions of our Advisory Board, study participants, or funders.

Thank you to our graphic designer, Andy Sherman of [Can of Creative](#), whose creativity and guidance were critical to driving the execution of this publication.

Finally, we want to express appreciation for the more than 1,200 parents and more than 180 providers school administrators who responded to our surveys and engaged with us in interviews and focus groups. Our work was informed and guided by the school administrators, education advocacy leaders, and policy experts that we interviewed during this process.

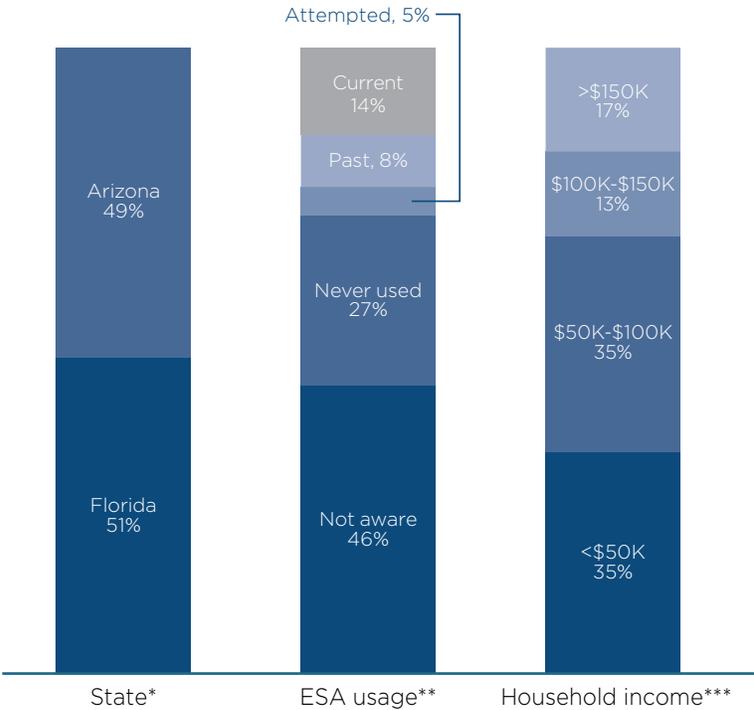
SURVEY METHODOLOGY

Tyton Partners conducted extensive research to collect data on parents' attitudes and beliefs regarding their child's education and ESAs. Our primary research, conducted throughout May and June of 2023, includes a survey of more than 1,200 PreK-12 parents and nearly 180 choice providers in Arizona and Florida.

PREK-12 PARENT SURVEY

Parents are core influencers and decision-makers in their children's educational experience. To best understand how and why families make educational choices, Tyton gathered input from a diverse sample of PreK-12 parents. Parents focused on one child throughout the survey, and we set targets to ensure appropriate levels of representation relative to the demographics in Arizona and Florida.

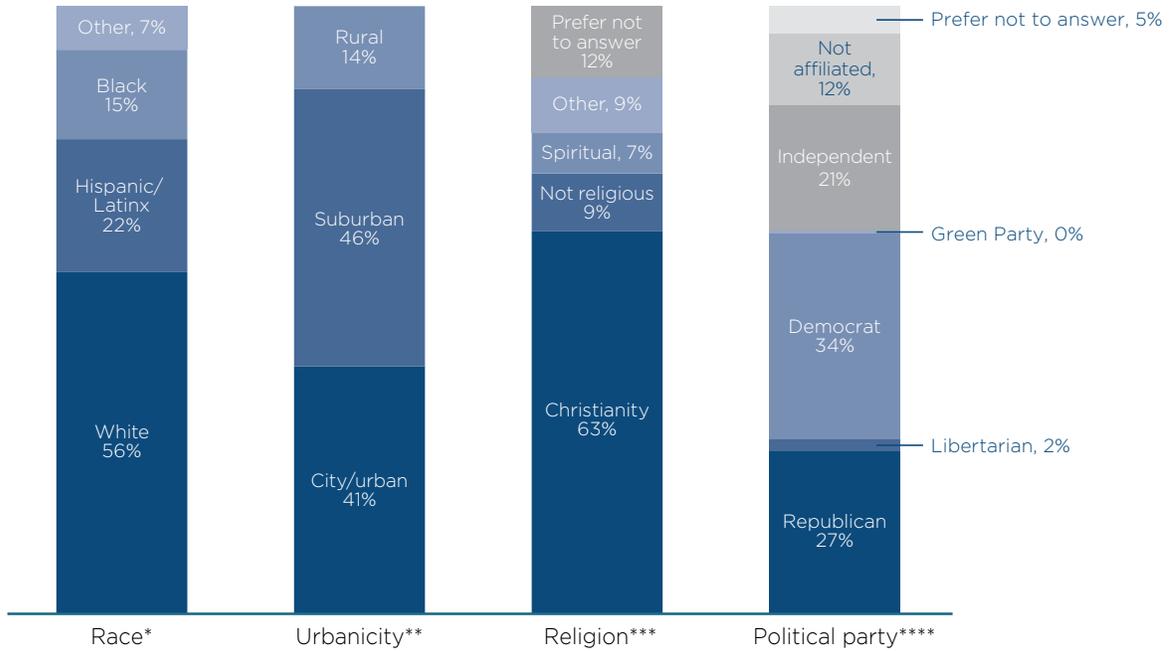
Parent survey demographics



Notes: All data in graph is n=1,224. *Survey question: "In which state do you and your child live?"; **Survey question: "Prior to today, were you aware of your state's ESA (Empowerment Scholarship Account in AZ, Family Empowerment Scholarship in FL) program?"; ***Survey question: "What is your estimated total annual household income?"

Sources: Tyton Partners Parent ESA 2023 Survey, Tyton Partners analysis

Parent survey demographics (cont.)



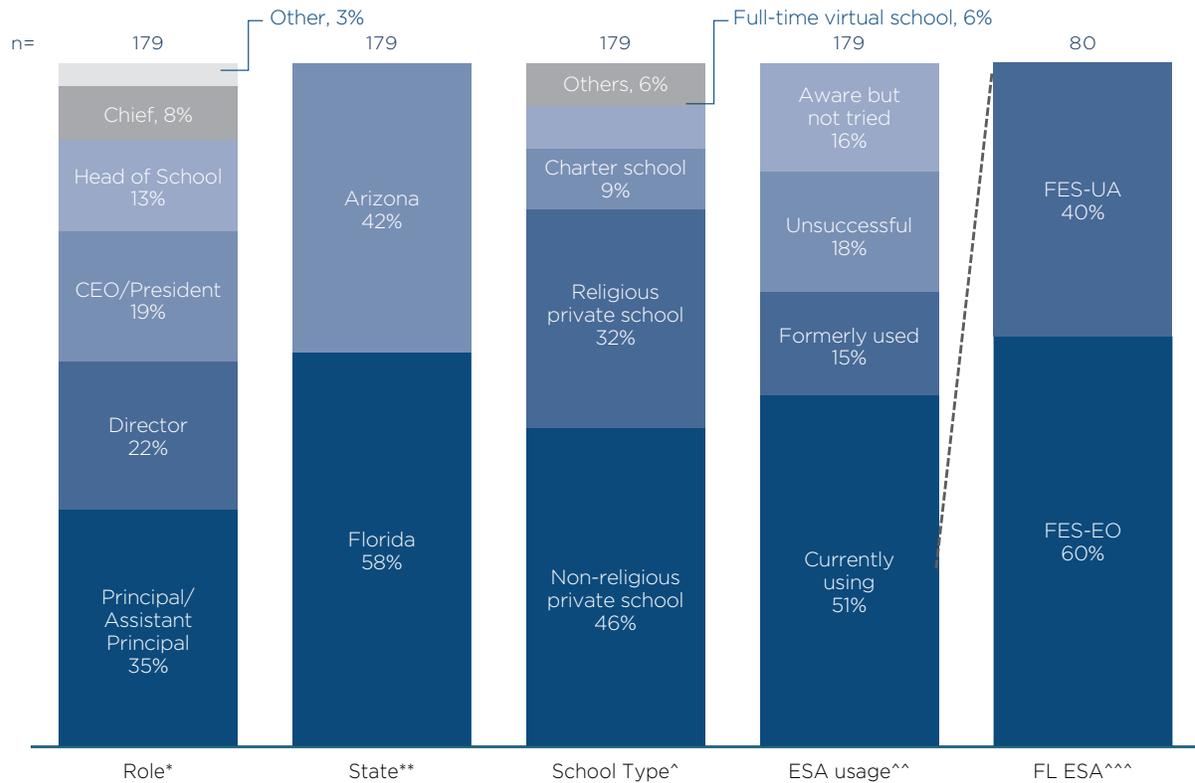
Notes: All data in graph is n=1,224. *Survey question: "Which of the following do you identify with? Select all that apply.;" **Survey question: "Which of the following best describes the community in which you live?"; ***Survey question: "Which religion do you identify with?"; ****Survey question: "What political party do you generally support?"

Sources: Tyton Partners Parent ESA 2023 Survey, Tyton Partners analysis

CHOICE PROVIDER SURVEY

Our survey of nearly 180 organizational leaders allowed for a deeper investigation into the motivations and obstacles for choice providers that provide the services to meet parent demand. The scope of our research was focused on full-time alternatives to public schools, with representation across choice school types, states, and experience with the ESA program.

Provider survey demographics



Notes: All data in graph is n=179. *Survey question: "Which of the following best describes your primary role?"; n=179, Other includes superintendent/assistant superintendent (3%), others (please specify) (1%); **Survey question: "In which state is your academic institution located? If you operate across multiple states, please select all that apply."; n=179; ^Survey question: "In which type of academic institution do you currently work?"; n=179, Others include micro schools (3%), supplemental educational provider (2%) and others (please specify) (1%); ^^Survey question: "Which of the following best describes your current academic institution's acceptance of ESAs?"; n=179; ^^Survey question: "In the state of Florida, which ESA programs do you currently accept funds from? Please select all that apply."; n=80

Sources: Tyton Partners Provider ESA 2023 Survey, Tyton Partners analysis

ABOUT TYTON PARTNERS

Tyton Partners is the leading provider of strategy consulting and investment banking services to the global knowledge and information services sector. With offices in New York City and Boston, the firm has an experienced team of bankers and consultants who deliver a unique spectrum of services from mergers and acquisitions and capital markets access to strategy development that helps companies, organizations, and investors navigate the complexities of the education, media, and information markets. Tyton Partners leverages a deep foundation of transactional and advisory experience and an unparalleled level of global relationships to make its clients' aspirations a reality and to catalyze innovation in the sector. Learn more at tytonpartners.com.

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PAYING FOR CHOICE

2024

PART 3: NAVIGATING THE SYSTEM OF ESAs



TABLE OF CONTENTS

- INTRODUCTION3**
 - JENNY’S STORY: ACCESSING AND NAVIGATING THE ESA PROGRAM 4
- ENSURING EQUITABLE ACCESS TO ESA PROGRAMS FOR ALL STUDENTS.....6**
 - THE NEED FOR NAVIGATION AND FINANCIAL SUPPORT FOR LOW-INCOME FAMILIES 7
 - ADMINISTRATIVE HURDLES CREATE PAIN POINTS FOR BOTH PARENTS AND PROVIDERS 10
 - PARENTS AND PROVIDERS ENCOUNTER DIFFICULTIES IN ACCESSING SUPPORT..... 13
- EMPOWERING FAMILIES: STRATEGIES TO ENHANCE ESA ACCESSIBILITY AND USABILITY15**
 - ENSURING EFFICACY AND EQUITY THROUGH MORE TRANSPARENT PRACTICES 16
 - IMPROVING PARENT VISIBILITY INTO PROVIDER PERFORMANCE AND PROVIDER VISIBILITY INTO LOCAL DEMAND 16
 - ENABLING RESEARCH ABOUT THE IMPACT ON STUDENT OUTCOMES 17
- WHAT’S NEXT?..... 20**
- APPENDIX21**
 - THANKS AND ACKNOWLEDGEMENT 21
 - SURVEY METHODOLOGY 22
 - PREK-12 PARENT SURVEY 22
 - CHOICE PROVIDER SURVEY 24
- ABOUT TYTON PARTNERS25**

INTRODUCTION

In [Part 1](#) of our report on ESAs in Florida and Arizona, we explored the history and rise of ESAs within the broader context of school choice.¹ We examined how both eligibility and enrollment have expanded over the years, with a meteoric rise catalyzed by the pandemic and parents' urgent reevaluation of their children's schooling. We also laid out a framework for exploring the impact of and ways to improve ESAs for all students. Specifically, we proposed four pillars that serve as the foundation for the success of ESA programs:

- Awareness & Trust
- Accessibility
- Usability
- Transparency

In [Part 2](#) of our report, we discussed the levels of awareness and trust of the program among parents and providers. We found that parents' knowledge about ESAs was uneven based on income and that parents and providers alike harbored hesitations about participating because of the programs' novelty. In this edition of the report, we highlight perspectives from parents and providers about how they access and navigate the ESA program and explore opportunities to improve this process to ensure that the system is accessible to all.

Our research shows that low-income families face greater barriers and obstacles when navigating ESA programs, particularly around payment processes and reimbursements. Similarly, providers find payment processes confounding and are discouraged by administrative hurdles. Interestingly, both parents and providers in Arizona report greater difficulties with navigating ESAs than do those in Florida. We find the following to be true:

- **Parents like choice:** We reveal a noteworthy trend of heightened parent satisfaction with their children's education among those enrolled in choice schools. Notably, low-income families opting for alternatives demonstrate satisfaction levels on par with the highest-income families in the public system.²
- **Access to choice is uneven:** However, this positive dynamic is juxtaposed with disparities in program accessibility linked to income levels. Low-income families face enrollment challenges and could greatly benefit from navigation support to make informed decisions about their children's educational alternatives.

1. This report is Part 3 of a three-part series on research Tyton Partners conducted in 2023 into parent and provider perspectives on, and experiences with, ESA programs in Florida and Arizona, two of the oldest and largest ESA programs in the United States. ESAs, which currently exist in 13 states, are programs that allocate a portion of the state funds designated for a child's public education to a specialized account controlled by parents. The specific administration and allowable expenses for ESAs vary by state, and participation generally necessitates the withdrawal of the student from public school. For a more fulsome overview of ESAs, read [Part 1 of Paying for Choice](#). For a report on our findings on awareness of, trust in, and access to ESA programs, read [Part 2](#) of our series.

2. In our survey methodology, the highest income category was those with household income greater than \$150,000

- **Low-income families face greater difficulties in supplementing state funding:** Our findings also shed light on the funding dynamics of ESAs, revealing that funding amounts fail to ensure equitable access among families. While the monetary value that families receive remains consistent at all income levels, the capacity for low-income families to supplement these funds is restricted, hindering their ability to curate their children’s educational experience in the same manner as higher-income families.
- **Administrative challenges remain for parents and providers:** Furthermore, we uncover challenges in the administrative process faced by parents and providers, particularly concerning support for parents, compliance for providers, and payment processes for both.

Finally, access to data is paramount for ESA programs and stakeholders, in a manner that supports accountability without stifling innovation. As such, we conclude this series with a set of recommendations regarding increasing access to data and information about ESA programs in Arizona, Florida, and nationwide to parents, providers, and researchers to enable more informed decisions as well as improvements to ESAs overall. We dive deeper into what will be needed to assess the efficacy of ESA programs more broadly and ensure that they are designed, launched, and refined in ways that provide stakeholders with the information they need to make the right education-related decisions to their needs.

JENNY’S STORY: ACCESSING AND NAVIGATING THE ESA PROGRAM

Among the many interviews we conducted with parents regarding the demand- and supply-side dynamics of education savings account (ESA) programs, a conversation with Jenny,³ a mother of two living near Tampa, Florida, stands out. Soft-spoken but determined, Jenny had enrolled her youngest child in the ESA program and found a school that had the extracurriculars—in this case, STEM-based—that drove his love—or, as she called it, “tolerance”—of school. In many ways, the conversation felt like a promotion for the flexibility and personalization that an ESA program could offer families. As Jenny put it, “I feel like everyone should be able to do this for their children. Shouldn’t this be a country where all kids can get an education that is right for them?”

But her experience with navigating the program was not without hurdles. Jenny faced obstacles in gathering clear and helpful information to help her decide if the ESA program was right for her, a sentiment shared by many and especially by low-income families.⁴ Even more importantly, before enrolling in the program, Jenny was skeptical that ESAs were intended for and accessible to her family. She explained, “It seemed like if this was an option for me, I should have learned about it sooner. My son didn’t have the special needs that I heard were required for programs like this.”

The obstacles persisted even after Jenny overcame her initial hesitation. She applied to the program but did not hear back for months, and she worried that she would not have a school to send her son to in the fall. After her son was approved for the program, she faced a brief scare when tuition was due as she did not have the funds in her ESA account to cover the payment nor the savings to bridge the gap. Moreover, the only education provider that both met her specific educational preferences for her son and accepted ESAs was a full

3. A pseudonym

4. “Low-income families” refer to those whose household income are below \$50,000 a year. In Part 1, we provide more detail on parent perceptions of ESAs.

40-minute drive from her home, a trip she now needs to make twice daily. Jenny is not alone in this commute—other parents mentioned driving an hour-and-a-half to get their children to a choice school.⁵

Notably, Jenny is a strong advocate for the ESA program. She has made it work for her family, and her son is enjoying his experience at his new school. She believes that the quality of his education has improved relative to the options available in his zoned public school. But not all parents have the time, energy, or resources to navigate this process in the same way, and these hurdles can be enough to discourage participation from those who can most benefit from the program.

In this edition of *Paying for Choice*, we highlight perspectives from parents like Jenny, as well as from providers, about how they access and navigate the ESA program. We explore opportunities to improve this navigation process to ensure that the system is accessible to all, focusing on the remaining two pillars of ESA program success: Usability and Transparency.

5. "Choice school" refers to all school types other than traditional public school, including charter schools, private schools, microschoools, and homeschooling.

ENSURING EQUITABLE ACCESS TO ESA PROGRAMS FOR ALL STUDENTS

One of the primary objectives of the ESA program is to ensure that all students can access educational opportunities tailored to their needs, as echoed by educational authorities in both Arizona and Florida.

“The importance of providing a high-quality education to all Arizona children cannot be overstated or hold more emphasis in our state today. In 2011 and under the direction of the Arizona State Legislature, the ESA Program was developed to continue along the state’s path of innovative education reform.”

- Arizona 2023-2024 ESA Parent Handbook⁶

“With these expansions along with other school choice options, Florida is empowering every family and every child to achieve their educational goals.”

- Florida Department of Education website⁷

Currently, only 2-6% of eligible students are participating in the ESA program across the two states.⁸ While early participants were predominantly families with a child already enrolled in private school, this demographic is gradually evolving.

Ensuring that ESAs are equitable and provide all families, regardless of their economic status, with access to the full breadth of options and benefits of these programs is central to the success of the program. Currently, low-income families struggle most with this access. While the potential solutions shared later in this report emphasize the support needed for low-income families specifically, enhancements to program access can likely benefit other vulnerable groups as well.

6. Arizona Department of Education. (2023, July 1). *Parent Handbook – Empowerment Scholarship Account Program*. www.azed.gov/sites/default/files/2023/05/ESA-2023-24-Parent-Handbook-FINAL-PROOF.pdf

7. Florida Department of Education. *Family Empowerment Scholarship*. www.fldoe.org/schools/school-choice/k-12-scholarship-programs/fes

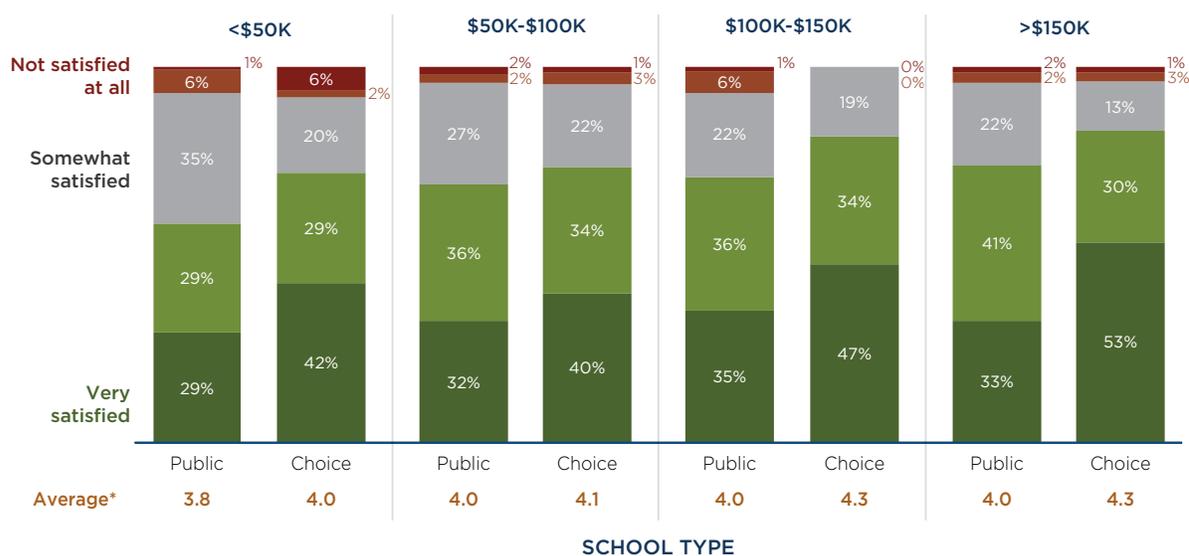
8. In Arizona, 30,471 (www.edchoice.org/school-choice/programs/arizona-empowerment-scholarship-accounts) students participated in the ESA program during the 2022-23 school year, out of over 1.4 million eligible students, putting participation rate at 2%; in Florida, 88,114 (www.stepupforstudents.org/research-and-reports/income-based) students participated in the FES-EO program during the 2022-23 school year, out of roughly 1.5 million eligible students, putting participation rate at 6%

THE NEED FOR NAVIGATION AND FINANCIAL SUPPORT FOR LOW-INCOME FAMILIES

Parents who opt into choice schools are more satisfied with their children’s education than those who send them to public school. This trend holds even when household income is taken into consideration. In fact, despite satisfaction with schools increasing with income, low-income parents who homeschool their children or send them to charter, private, or microschools reported similar satisfaction levels to the highest-income public school parents (see *Figure 1*).

Figure 1

Parental satisfaction with their children’s schooling by household income level and school type



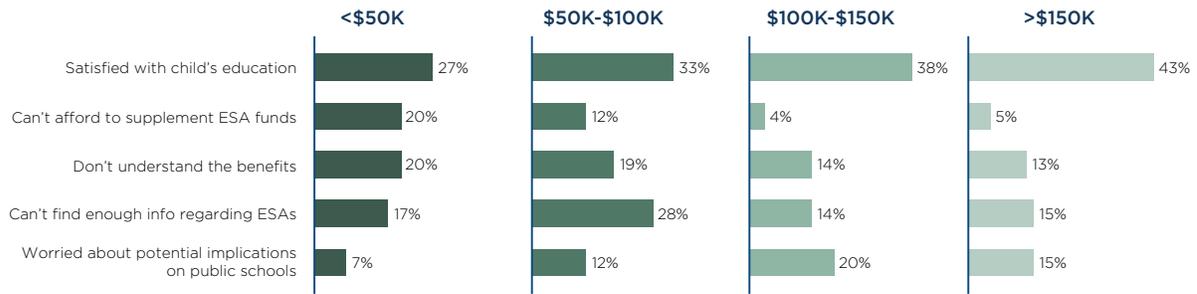
Note: *Survey question: "On a scale of 1 to 5, how satisfied are you with your child's school (including homeschool)? Please answer for the last academic year." public school n = 103-316, choice school n = 59-136
Sources: Tyton Partners Parent ESA 2023 Survey

While we acknowledge that parent satisfaction is only one measure of a program’s success, it is an important indicator of how parents perceive a school’s efficacy.

This comparable satisfaction is especially compelling when considering that significantly more high-income families (43%) opt not to participate in the ESA program because they are already satisfied with their children’s education, compared to only 27% of low-income families who report satisfaction with their non-ESA school (see *Figure 2*).

Figure 2

Top reasons parents do not enroll in ESAs by household income



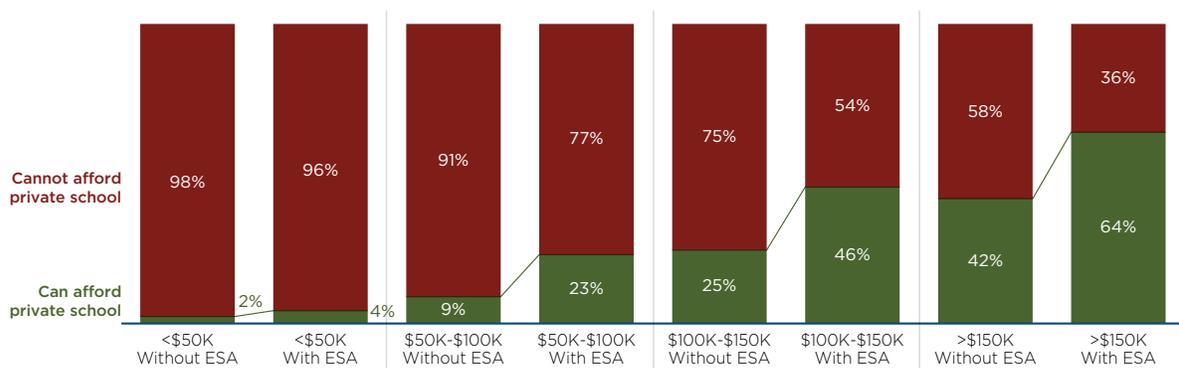
Note: Survey question: "What are the top reasons why you haven't enrolled your child in an ESA program? Select up to three." <\$50K n=95, \$50K-\$100K n=122, \$100K-\$150K n= 56, >\$150K n= 61, answer stems with <10% selection rate omitted from chart
Sources: Tyton Partners Parent ESA 2023 Survey

Despite lower satisfaction with public schools, 20% of low-income families face obstacles in participating due to an inability to supplement ESA funds to cover the cost of choice schools.

From our analysis, ESAs have the potential to help an additional 14% of Arizona and Florida parents afford private school.⁹ However, while "universal" suggests that all students are eligible,¹⁰ the funding provided through Arizona and Florida's ESA programs does not currently afford all students access to the same educational opportunities given their differing abilities to pay for out-of-pocket expenses beyond the amount provided by the state. For low-income families, the ESA funds regularly fall short of covering the average choice school costs in their state; yet, in their current structure, ESA programs in Florida and Arizona do not differentiate funding amounts based on household income (see Figure 3).

Figure 3

Families' ability to afford private school with and without ESAs by household income



Notes: Survey question: "How much are you willing and able to spend out-of-pocket per year on your child's non-tuition, education-related expenses (e.g., tutoring, textbooks)?", n=58-126, Don't know answer stem left out; calculated based on reported willingness to pay for tuition, assuming the full ESA amount (\$7K) is spent on tuition

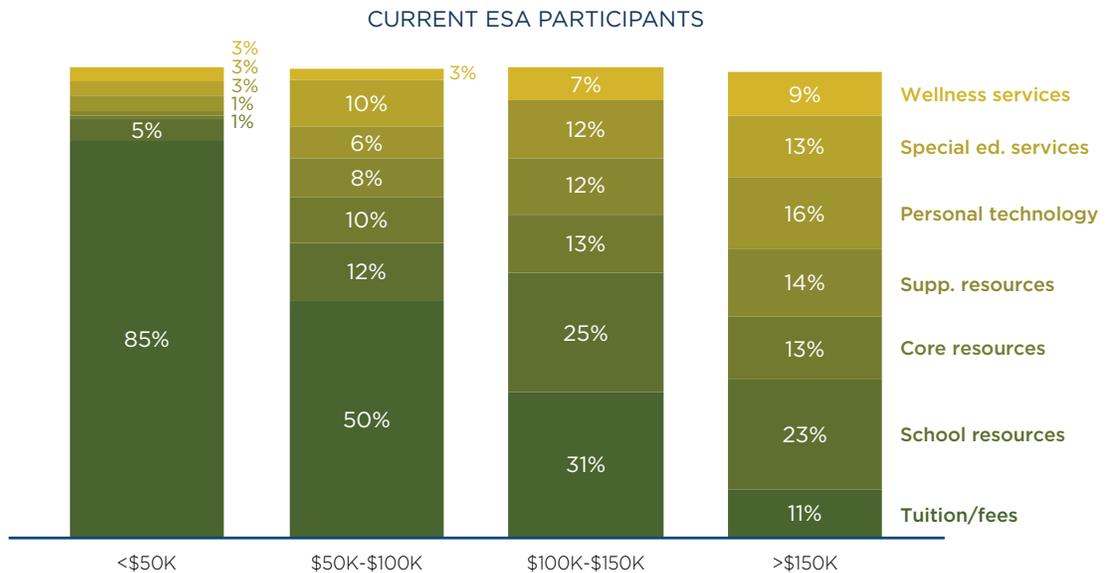
Sources: EducationData.org, Tyton Partners Parent ESA 2023 Survey

9. Analysis based on parents' willingness to pay for private school as indicated in survey, average tuition of \$10K/year for private school in Arizona and Florida
10. In programs with universal eligibility, all school-aged children are eligible for ESAs, in contrast to more limited programs in which only specifically designated student populations, such as students with disabilities or students from low-income families, are eligible.

This funding shortfall can be more clearly seen in the way low-income families who participate in the ESA program utilize the funding they receive, especially as compared to high-income families (see *Figure 4*).

Figure 4

How participating families use ESA funds by household income



Note: Survey question: “Of the categories you used ESA money for, approximately what percent of the ESA funding would you spend on each?”, n = 10-97, Other (please specify) answer stem left out. Core resources are learning materials purchased by parents that cover the main learning objectives, key concepts, and fundamental skills of a core curriculum subject. Supplemental resources are additional learning materials parents may buy that complement and enhance the core learning materials.

Sources: Tyton Partners Parent ESA 2023 Survey

The relationship between income and use of funds is linear. Low-income families spend, on average, 85% of their ESA funds on tuition, compared to 50% for families earning \$50,000-100,000, 31% for families earning \$100,000-150,000, and 11% for high-income families earning above \$150,000. The use of the bulk of funding on tuition limits low-income families’ abilities to access the range of educational options intended by ESAs, whereas higher-income families can utilize the funds for a more curated, holistic approach to their children’s education. As we see in *Figure 4*, high-income families use ESA funding on a broader and more evenly distributed range of educational activities. Tactically, low-income families also have a greater need for more flexible payment methods for using ESA funds, as we explore further below.

ADMINISTRATIVE HURDLES CREATE PAIN POINTS FOR BOTH PARENTS AND PROVIDERS

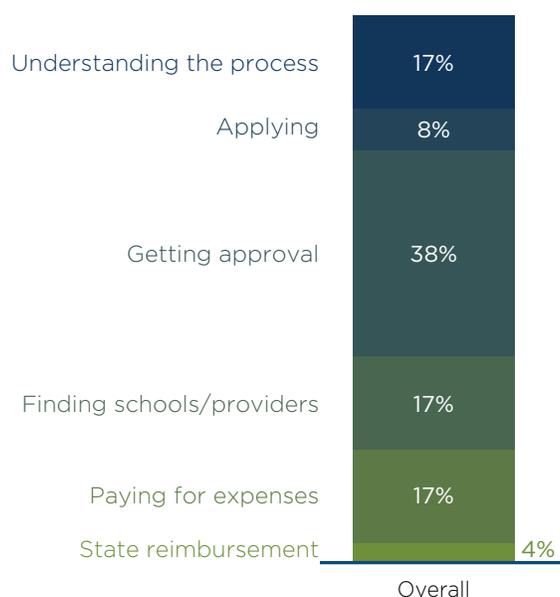
In addition to access and affordability, parents and providers encounter practical challenges while participating in the ESA program. This is particularly pertinent for low-income families who generally have limited time and resources to navigate administrative processes. Participation in ESAs is complicated by the separate application required for the different scholarship programs beyond ESAs that are available to parents in states—with each different program to which they apply, families must dedicate new time and energy to understanding the requirements.

Providers also express frustration with the lack of a streamlined application to access the various programs—of which ESAs may be just one—that states offer. As one private school director exasperatedly asked, “Couldn’t this be a shared application for the different programs? I’ve given the state all the relevant information that should indicate whether we’re qualified or not to participate in different programs.”

Of parents who attempted but were unsuccessful in signing up for the ESA program, 25% dropped out before even receiving approval to participate, 38% dropped out because they had difficulty being approved, 17% dropped out when they could not find providers, and 21% left the program because they had issues with the payment/reimbursement aspect of the process (see *Figure 5*).

Figure 5

Stop-out stage by attempted ESA participants



Note: Survey question: “Of the categories you used ESA money for, approximately what percent of the ESA funding would you spend on each?”. n = 10-97. Other (please specify) answer stem left out

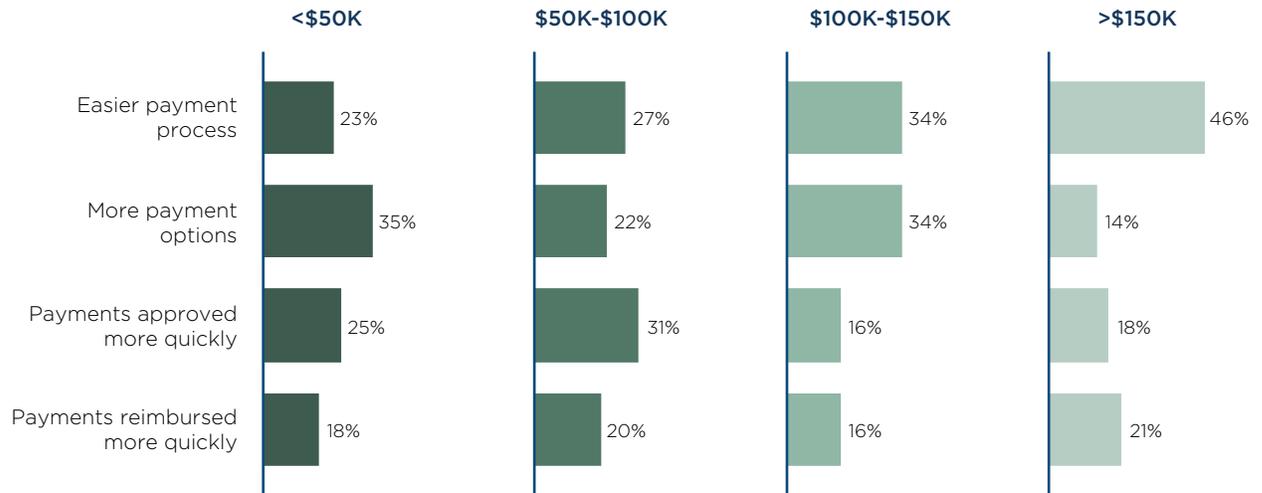
Sources: Tyton Partners Parent ESA 2023 Survey

A common issue for parents is receiving the funds in time. Comments like the following appear on Facebook ESA networking groups multiple times a day and represent the perspectives of the 20% of families who get frustrated and give up: “I bought \$500 worth of workbooks and reading books and ended up returning it all because we needed that money. Whenever I call [ESA support], they say they can’t help, and I just have to wait. Anyone else have these problems?”

Indeed, our survey revealed that parents would be more inclined to enroll in ESAs if payment processes were simplified (see *Figure 6*).

Figure 6

Improvements in payment process that would motivate enrollment by household income



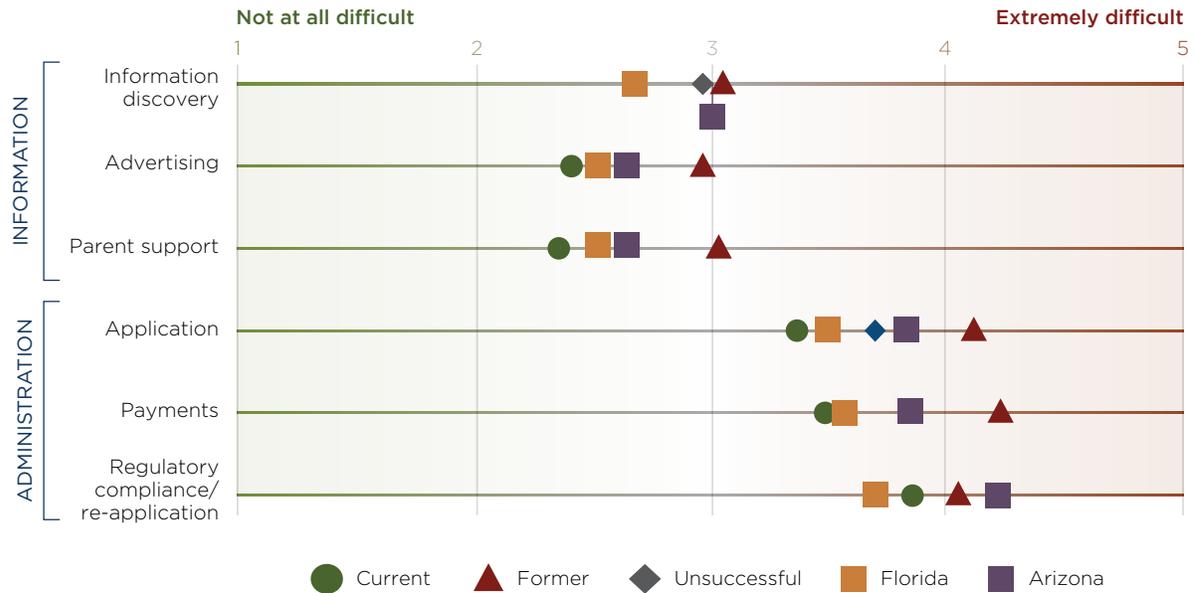
Note: Survey question: "Which of the following expense process improvements would most likely motivate you to continue enrolling your child in an ESA?", <\$50K n=40, \$50K-\$100K n=55, \$100K-\$150K n=32, >\$150K n=28
Sources: Tyton Partners Parent ESA 2023 Survey

Which improvements mattered most depended on household income. For instance, parents in the top income bracket in our survey reported that easier payment processes would be most beneficial, while parents in the lowest income bracket wanted more ways to pay providers. One parent of a sixth-grade student in Arizona told us, "I almost gave up when I could not figure out how to get reimbursed. Everything was taking months to reimburse as well . . . there were too many steps of complexities."

Similarly, providers often grapple with administrative and payment processing challenges. Pain points for providers are sharper in Arizona than in Florida, but on average, providers in both states rate the difficulty of these processes as considerable, indicating even greater challenges in this area than overcoming the informational barriers described in Part 2 of this report (see *Figure 7*).

Figure 7

Providers face varying levels of difficulty with different stages of the ESA participation journey



Note: Survey question: How difficult was it working through each of these various stages of the ESA process?; current n=89, former n=27, unsuccessful n=31, never n=23, Arizona n=76, Florida n=103
Sources: Tyton Partners Provider ESA 2023 Survey

As one school administrator of a parochial school in Arizona told us, “The invoicing requirements have become stricter. Providing invoices to parents has become its own task that requires a significant lift.”

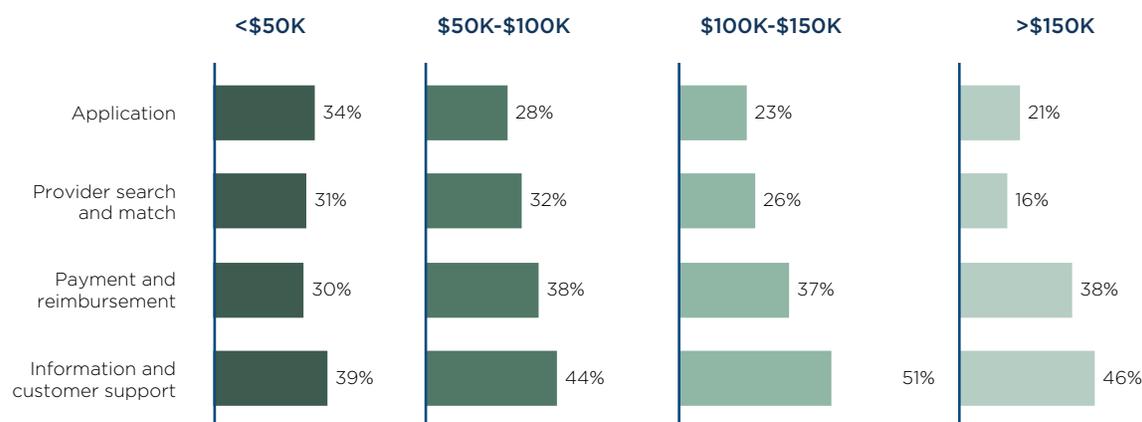
Removing administrative barriers and improving the “usability” of ESAs for parents and providers would likely help increase parent participation and enhance the selection of providers available to parents who are interested in choice options.

PARENTS AND PROVIDERS ENCOUNTER DIFFICULTIES IN ACCESSING SUPPORT

Parents expressed a clear need for more support throughout the administrative process (see *Figure 8*).

Figure 8

Parents' assessment of which improvements in the enrollment process would ease participation in ESAs by household income



Note: Survey question: "Which of the following improvements to ESAs would be most likely to motivate you to enroll your child in an ESA? Select all that apply.", n=381. Other (please specify) answer stem left out; there is not a statistically significance difference across income levels

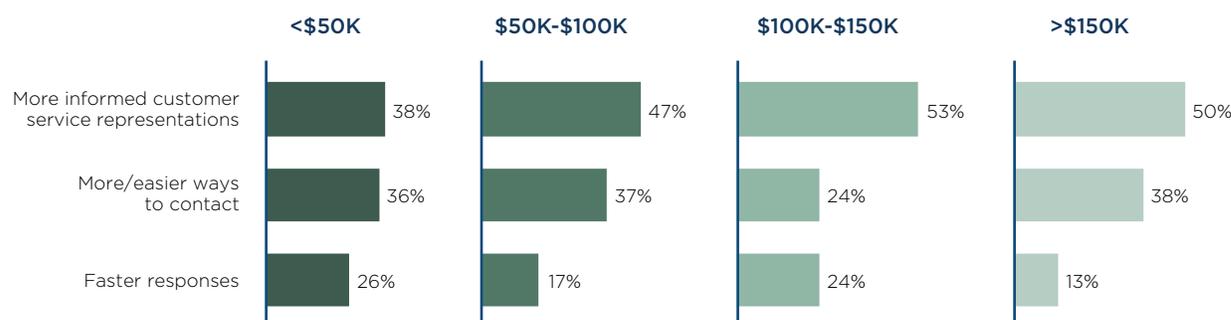
Sources: Tyton Partners Parent ESA 2023 Survey

"Information and customer support" was the most-cited need for improvement across various income levels and states; more than 40% of parents who hadn't successfully enrolled in the ESA program highlighted that improvements in this area would motivate them to re-apply.

Glaringly, the most important improvement to customer support that parents seek is simply more and better-informed customer service representation (see *Figure 9*).

Figure 9

Improvements in customer support that would increase parent motivation to enroll in ESAs by household income



Note: Survey question: "Which of the following customer support process improvements would most likely motivate you to continue enrolling your child in an ESA?"; <\$50K n=53, \$50K-\$100K n=60, \$100K-\$150K n=38, >\$150K n=32

Sources: Tyton Partners Parent ESA 2023 Survey

We learned through interviews with ESA providers that they are often the first line of support for parents navigating the ESA administrative process. While some schools have the administrative resources to dedicate to this task, many providers are unable to take on this burden due to personnel constraints, leading to a wide range in the level and quality of support that families receive.

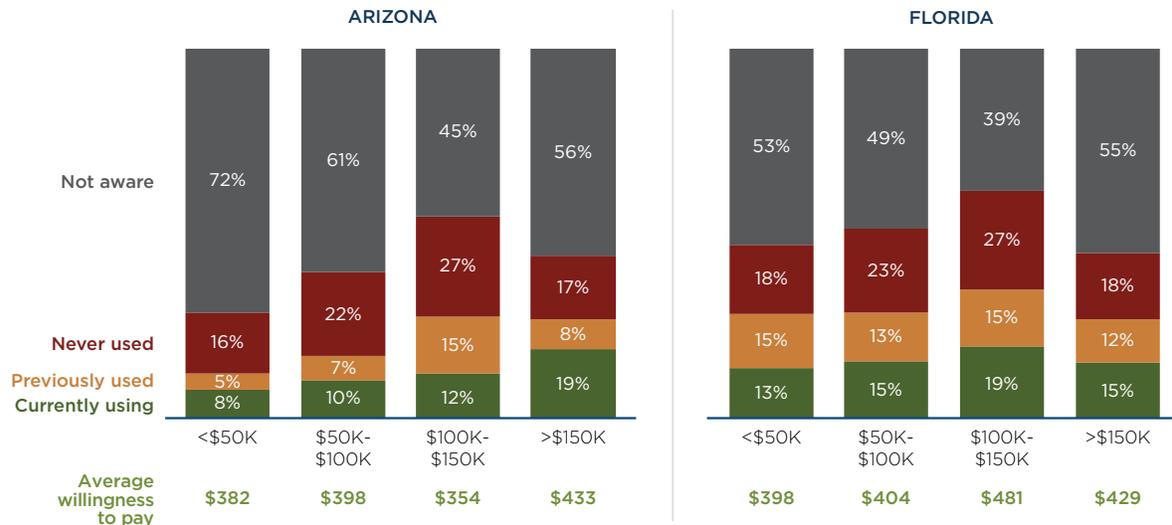
“Many parents call us first and want us to help them through the [administrative] process, which is taking up a lot of bandwidth on our end. We send them to the Department of Education, which has improved their customer service recently, and are debating if we should have additional training for our staff to be able to answer parent questions. But we’re not sure if that’s a good thing or turns us into ESA customer service.”

- Chief of Staff, Arizona Charter Network

In addition to the providers themselves, there are navigator organizations that help parents maneuver through various scholarship and school choice processes. Across all household income levels, willingness to pay for navigator services hovers around \$400, pointing to a tangible and pressing need for help. However, awareness of this resource remains low across all family income levels, especially among low-income families in Arizona (see *Figure 10*).

Figure 10

Awareness and usage of navigators by state and household income level



Note: Survey question: “Are you aware of parent navigator organizations (e.g., Families Empowered, Step Up for Students)? Parent navigator organizations provide families with information and connect them to educational resources (e.g., scholarships, schools) for their child.” Arizona: <\$50K n=265, \$50K-\$100K n=196, \$100K-\$150K n=66, >\$150K n=75, Florida: <\$50K n=163, \$50K-\$100K n=229, \$100K-\$150K n=98, >\$150K n=128
Sources: Tyton Partners Education Savings Account Survey Summer 2023

EMPOWERING FAMILIES: STRATEGIES TO ENHANCE ESA ACCESSIBILITY AND USABILITY

To ensure the success of any program, it is crucial that its key stakeholders can readily access, afford, and comprehend its intended purpose. Enhancements to the accessibility and usability of the ESA program should prioritize facilitating the ability of low-income families to more effortlessly discern, maneuver through, and fund the array of options within the ESA ecosystem.

Enhancing Navigation Services: Data on parent satisfaction indicates that low-income families are the least content with their children’s education when enrolled in public schools, yet they express greater satisfaction than high-income public-school families when accessing choice schools. However, obstacles persist in understanding the available options for their children. Increasing the awareness and availability of navigation services can assist parents, particularly those with lower incomes, in discovering alternative opportunities, potentially leveling the playing field. While parents in all income groups show a willingness to pay for these services, making them free and accessible to low-income families can enhance access given their financial constraints and concerns about choice school affordability.

Differentiating ESA Funding Based on Income: For truly equitable outcomes and to provide equal opportunities to families irrespective of income, policymakers should consider differentiating the amount of ESA funding families receive based on household income. This would enhance access to options that are otherwise unaffordable for those families who are least well off. Offering more flexible payment methods for low-income families can also alleviate financial challenges. These measures can empower families, even at the lowest income levels, to engage in school choice and fully benefit from tailoring an educational experience for their children on par with the benefits of ESAs that accrue to higher-income families.

Localized Support Offices: Moreover, policymakers should weigh introducing localized support offices for parents interested in the ESA program. Such support centers can aid parents in understanding local options, obtaining guidance to secure necessary funding, and overcoming administrative hurdles, obstacles that all families, but especially lower-income ones, cited in navigating the ESA process. Similarly, equipping providers with the resources needed to guide parents through the administrative process or offering onsite trainings and support for interested families can further enhance program access and usability. These services could be mutually beneficial for parents and providers, considering that both groups express frustration and time constraints in navigating the process.

Standardizing the Administrative Process: Finally, standardizing the administrative process across various choice programs, such as implementing a single application portal, would significantly improve usability for both parents and providers. This improvement would require policymakers to standardize eligibility requirements across scholarship programs and administrative partners to update program web pages and application portals to facilitate this standardization.

ENSURING EFFICACY AND EQUITY THROUGH MORE TRANSPARENT PRACTICES

So far, we have focused on insights and strategies for refining ESA programs for greater equity and student outcomes. Transparency, the fourth pillar in our assessment of what is needed to create a healthy and thriving ESA ecosystem, requires taking a step back to reflect on the broader efficacy of an ESA program. By “transparency,” we refer to two distinct but interrelated ideas: First, both parents and providers need better data to, respectively, know which programs are best for them and where to open programs that will meet demand. Second, increasing transparency also means providing better access to data for researchers, advocates, and policymakers to track how and whether ESA programs enable improved student outcomes and experiences. For this transparency to exist, all stakeholders within the ecosystem should have access to objective, accurate, honest, and interoperable longitudinal data regarding its efficacy.

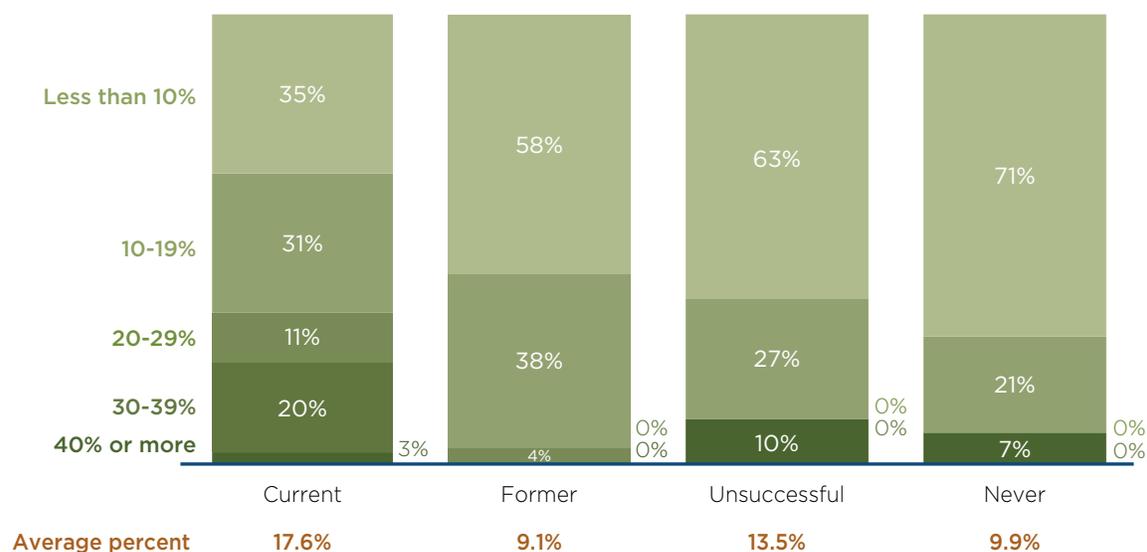
IMPROVING PARENT VISIBILITY INTO PROVIDER PERFORMANCE AND PROVIDER VISIBILITY INTO LOCAL DEMAND

Parents have emphasized the need for heightened transparency concerning the quality and effectiveness of individual providers. While some states, such as Florida, have a standardized rating system for public schools, these ratings seldom extend to alternative school types. This places the responsibility on parents to evaluate provider quality with often incomplete information.

Conversely, enhancing visibility for providers into local demand could lead to a more efficient matching of supply and demand. Among providers that accept ESAs, 65% indicated plans to increase capacity by more than 10% for the 2023-24 academic year (see *Figure 11*).

Figure 11

Providers’ estimates of expected capacity increases by ESA participation status



Notes: Survey question: “How much do you expect your academic institution’s total maximum capacity will increase in the next academic year (AY23-24)?”, n=179
Sources: Tyton Partners Provider ESA 2023 Survey

As one provider with schools in both Arizona and Florida told us, “The difficulty with capacity planning is getting the right estimate on variables like density, public school enrollment trends, and private school availability, to name a few.”

While this expansion of capacity for alternative schools may broaden options for families in the area, parents might not be aware of the specific locations where increased capacity is available or which nearby providers can best address their children’s educational needs.

To further enhance visibility and understanding, organizing local “school fairs” for providers¹¹ and families emerges as another impactful solution. In these efforts, the administrative partner¹² would play a role in coordinating events that connect families with available educational options. Simultaneously, regularly releasing data on local parent demand for educational services could significantly contribute to better capacity planning for providers, with the administrative partner taking the lead in organizing these data collection efforts.

ENABLING RESEARCH ABOUT THE IMPACT ON STUDENT OUTCOMES

In this report, we highlighted that parents choosing alternative schools exhibit greater satisfaction with their children’s education compared to those opting for public schools. This holds true even when factoring in household income. Yet, parent satisfaction is a necessary but insufficient measure of effectiveness. To ensure progress toward the ultimate goal of improving the quality of educational options for students, it will be necessary to enable evaluations of ESA programs’ impact on student outcomes.

Some such data already exists regarding the effectiveness of alternative schools and school choice programs, but more is needed to enable robust analysis. Moreover, data becomes truly valuable only if it is easily accessible to the public and stakeholders within the school choice ecosystem, especially parents. There should be a deliberate effort to create, maintain, and share data to ensure a more complete understanding of the impact of school choice initiatives.

Conducting multiyear research on the effectiveness of choice programs in influencing various dimensions of student outcomes is crucial for assessing the impact of ESA programs. This research ideally should be spearheaded by a nonpartisan institution to ensure credibility and rigor. The resulting data, indicative of program effectiveness, must be easily accessible on dedicated websites. Moreover, this information should be shared directly with parents through user-friendly navigators. A curated data repository managed by a reputable nonprofit organization could serve as a valuable resource, consolidating research on school choice and best practices in ESA implementation. This approach could help foster transparency and also nurture trust among parents and providers invested in ESA programs.

Introducing a centralized database of choice providers, complemented by genuine reviews from fellow parents, holds the potential to offer families insightful perspectives on providers in their localities. An administrative partner could facilitate this by sharing a comprehensive

11. In our conversations, multiple experts raised the risk that lower-quality providers tend to target low-income students, with one interviewee calling them “fly-by-night outfits.” While this concern is not addressed directly in this report, it is a noteworthy one that impacts the success of ESA programs.

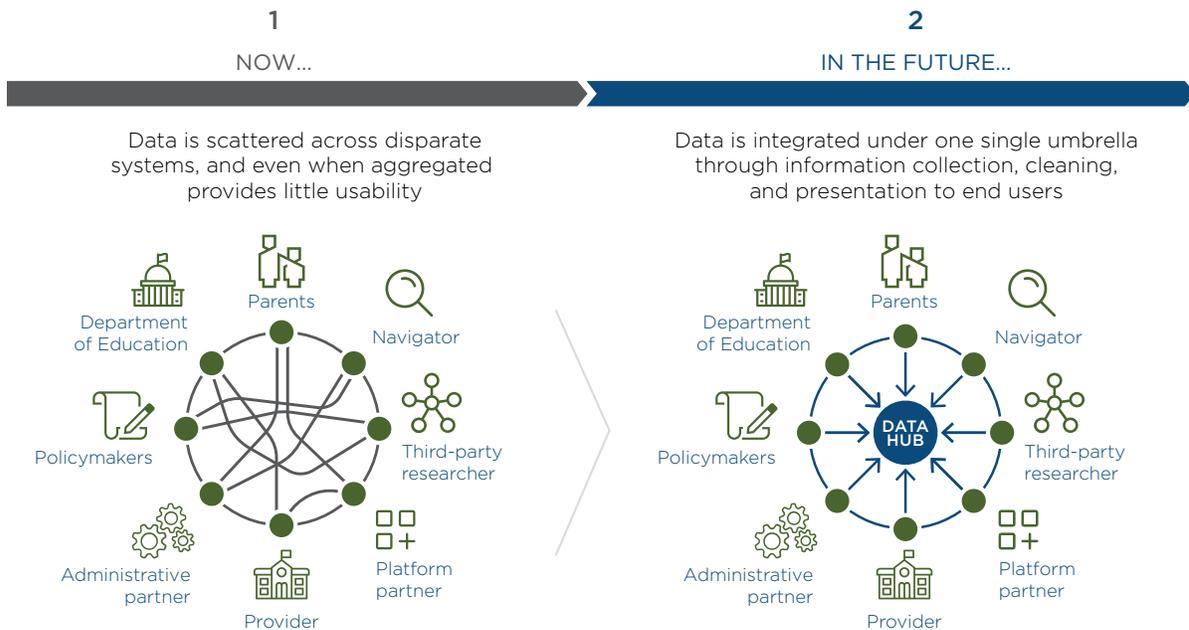
12. The “administrative partner” is the state body responsible for operationalizing each state’s ESA policy. For more detail on the various stakeholders in the ESA ecosystem, see [Part 1 of our report](#).

list of participating ESA providers for parents' reference. Additionally, platform provider(s) could contribute to this transparency by incorporating features that encourage parents to leave reviews on approved providers.

Lastly, establishing a comprehensive data hub that consolidates and aggregates information from various sources, promoting openness and interoperability, is essential to address the fragmentation and gaps in the availability of critical data on ESA programs (see *Figure 12*).

Figure 12
ESA Data Hub strategy

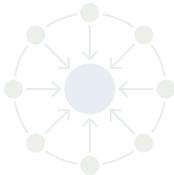
Investing in the development of an ESA data hub could aggregate inconsistent, disparate data across numerous stakeholders under one source of truth



This centralized hub, acting as a comprehensive reporting environment, could efficiently compile data collected through various studies of the ESA ecosystem, including parent and provider satisfaction, student performance, and other indicators of success. Ultimately, such an initiative fosters a data-driven decision-making approach for the benefit of students and all stakeholders involved (see *Figure 13*).

Figure 13

ESA Data Hub

| HIGH-LEVEL PRIORITIES | KEY OFFERINGS | KEY DATA ITEMS | IMPACT |
|---|---|--|--|
| Collect and aggregate data | <ul style="list-style-type: none"> ▣ Automated data aggregation ▣ Real time updates ▣ Standardized data formats ▣ Quality assurance measures ▣ Data privacy and security measures ▣ Parent ratings and feedback | <ul style="list-style-type: none"> ○ Enrollment and usage statistics ○ Eligibility and administrative criteria ○ Comprehensive list of provider options ○ Detailed provider information and reviews ○ Academic performance and success data | <ul style="list-style-type: none"> ✓ Improve school success outcomes of students exploring school choice ✓ Empower parents to make data-informed ESA decisions ✓ Enable providers to identify demand-supply gaps in the market ✓ Transform the ability of stakeholders to conduct research and drive support/improvements ✓ Accelerate change at local, state, federal, and institutional levels through policy and funding initiatives |
| Offer insights to inform decision-making | <ul style="list-style-type: none"> ▣ User-friendly dashboard ▣ Data visualization, analytics, and advanced reporting tools | <ul style="list-style-type: none"> ○ Ability to understand how/if ESAs are beneficial for students ○ View for parents to pick the right school (rankings, capacity) ○ View for providers to understand competition and how many ESA parents are looking for options |  |

Driving equitable and lasting impact from an ESA program requires addressing gaps in the four foundational pillars of program success: Awareness & Trust, Accessibility, Usability, and Transparency. Our research has uncovered opportunities for improvement across these pillars. In future years, we anticipate conducting additional research to measure the progress that is being made toward ensuring equitable opportunities for *every child, regardless of income*, in Florida, Arizona, and beyond.

WHAT'S NEXT?

The ESA landscape is undergoing rapid transformation, warranting further in-depth investigation. A key area to track will be evolving parent and provider perceptions of ESA programs and how state politics exert influence over the program's perception and durability.

For those readers empowered to implement large-scale transformations in the ESA ecosystem, we recommend four key criteria when assessing potential changes to these programs. These same criteria have been integral in shaping the opportunities highlighted in this report and are outlined below:

1. **Demand impact:** Evaluating the magnitude and timeliness of impact on families and students
2. **Equity:** Analyzing the effect on low-income student populations and other underrepresented groups in particular
3. **Durability:** Assessing the potential applicability of the action to other states and considering the risk of politicization
4. **Cost:** Scrutinizing both one-time and recurring costs associated with the proposed changes

The realization of the full potential of new programs is often a gradual process as early participants test the waters before beginning to realize the (full) intended benefits. This dynamic is evident with ESAs. Presently, many parents are primarily allocating their ESA funds toward tuition expenses rather than exploring a diverse range of programs to thoroughly customize their children's learning experience—a goal championed by proponents of ESAs. How might the further maturation of these programs and the duration of students' enrollment in the ESA system influence parents' spending choices? Could longer program participation lead to increased parent-led curation of educational experiences?

The trajectory of the American education system, one of the linchpins of our society, is at a pivotal juncture. In this critical moment, it is paramount that decisions and reforms within the education system are anchored in the best interests of students. We hope that this inaugural effort to understand early feedback from parents and providers in leading ESA states helps to sharpen the evolution required to ensure that innovative educational programs, like ESAs, positively impact students' long-term educational journeys.

APPENDIX

THANKS AND ACKNOWLEDGEMENT

We are grateful to the 11 members of the ESA advisory board who provided market knowledge and helped to sharpen our thinking.

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Opinions expressed in this report remain those of Tyton Partners alone and do not necessarily reflect the opinions of our Advisory Board, study participants, or funders.

Thank you to our graphic designer, Andy Sherman of [Can of Creative](#), whose creativity and guidance were critical to driving the execution of this publication.

Finally, we want to express appreciation for the more than 1,200 parents and more than 180 providers school administrators who responded to our surveys and engaged with us in interviews and focus groups. Our work was informed and guided by the school administrators, education advocacy leaders, and policy experts that we interviewed during this process.

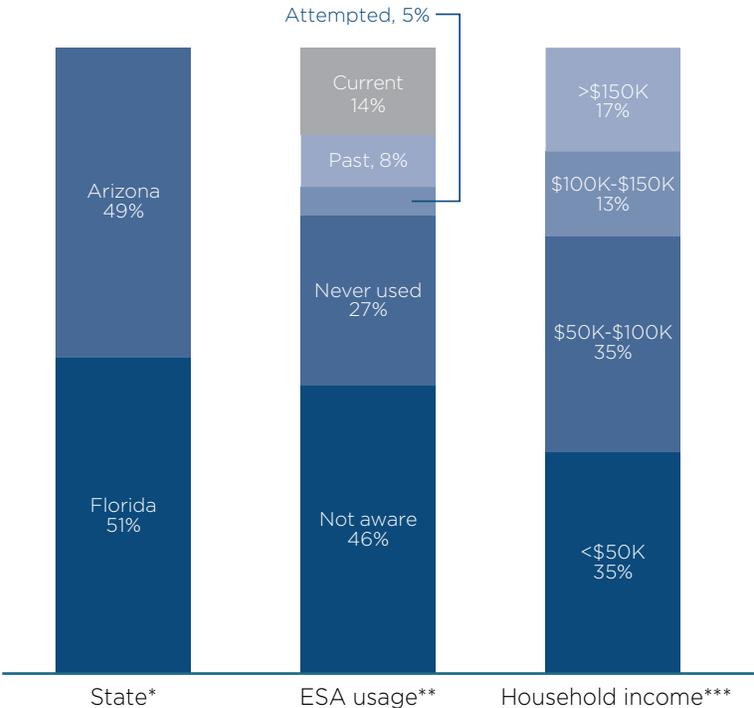
SURVEY METHODOLOGY

Tyton Partners conducted extensive research to collect data on parents’ attitudes and beliefs regarding their child’s education and ESAs. Our primary research, conducted throughout May and June of 2023, includes a survey of more than 1,200 PreK-12 parents and nearly 180 choice providers in Arizona and Florida.

PREK-12 PARENT SURVEY

Parents are core influencers and decision-makers in their children’s educational experience. To best understand how and why families make educational choices, Tyton gathered input from a diverse sample of PreK-12 parents. Parents focused on one child throughout the survey, and we set targets to ensure appropriate levels of representation relative to the demographics in Arizona and Florida.

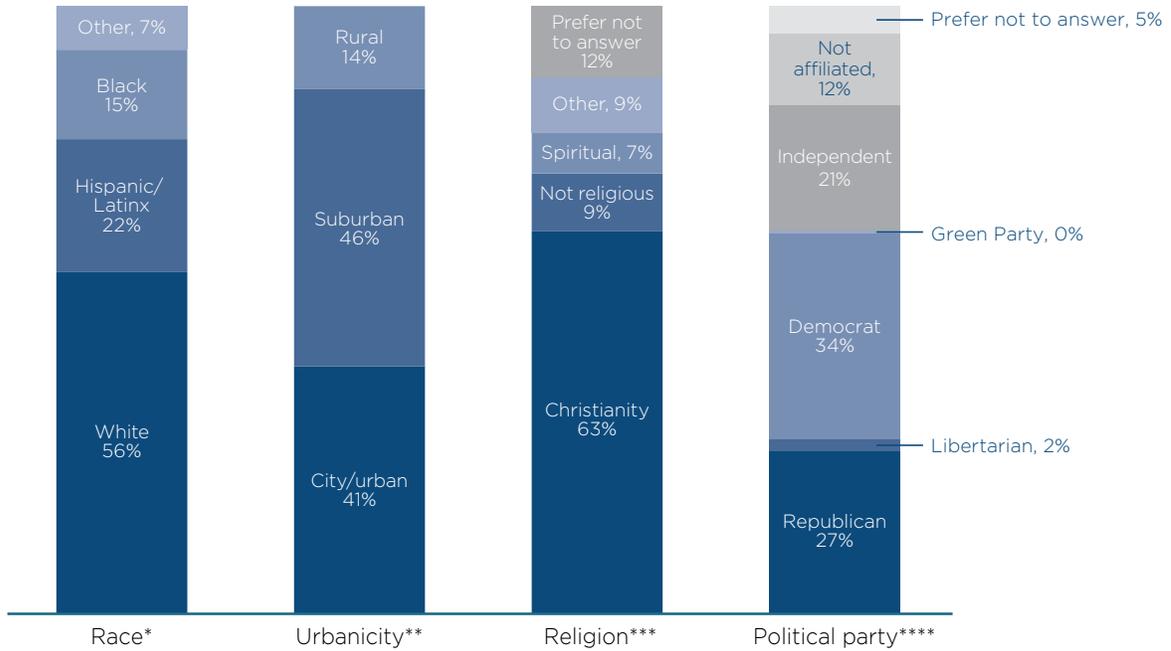
Parent survey demographics



Notes: All data in graph is n=1,224. *Survey question: "In which state do you and your child live?"; **Survey question: "Prior to today, were you aware of your state's ESA (Empowerment Scholarship Account in AZ, Family Empowerment Scholarship in FL) program?"; ***Survey question: "What is your estimated total annual household income?"

Sources: Tyton Partners Parent ESA 2023 Survey, Tyton Partners analysis

Parent survey demographics (cont.)



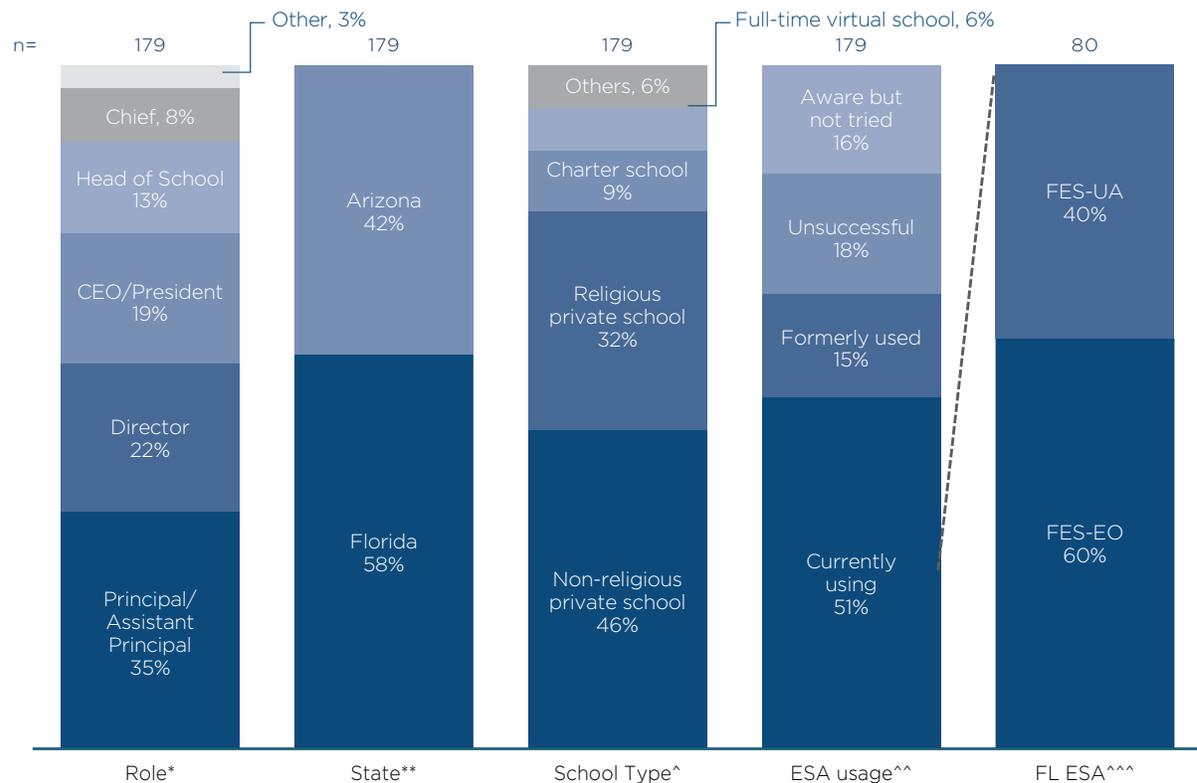
Notes: All data in graph is n=1,224. *Survey question: "Which of the following do you identify with? Select all that apply.;" **Survey question: "Which of the following best describes the community in which you live?;" ***Survey question: "Which religion do you identify with?;" ****Survey question: "What political party do you generally support?"

Sources: Tyton Partners Parent ESA 2023 Survey, Tyton Partners analysis

CHOICE PROVIDER SURVEY

Our survey of nearly 180 organizational leaders allowed for a deeper investigation into the motivations and obstacles for choice providers that provide the services to meet parent demand. The scope of our research was focused on full-time alternatives to public schools, with representation across choice school types, states, and experience with the ESA program.

Provider survey demographics



Notes: All data in graph is n=179. *Survey question: "Which of the following best describes your primary role?"; n=179, Other includes superintendent/assistant superintendent (3%), others (please specify) (1%); **Survey question: "In which state is your academic institution located? If you operate across multiple states, please select all that apply."; n=179; ^Survey question: "In which type of academic institution do you currently work?"; n=179, Others include micro schools (3%), supplemental educational provider (2%) and others (please specify) (1%); ^^Survey question: "Which of the following best describes your current academic institution's acceptance of ESAs?"; n=179; ^^Survey question: "In the state of Florida, which ESA programs do you currently accept funds from? Please select all that apply."; n=80

Sources: Tyton Partners Provider ESA 2023 Survey, Tyton Partners analysis

ABOUT TYTON PARTNERS

Tyton Partners is the leading provider of strategy consulting and investment banking services to the global knowledge and information services sector. With offices in New York City and Boston, the firm has an experienced team of bankers and consultants who deliver a unique spectrum of services from mergers and acquisitions and capital markets access to strategy development that helps companies, organizations, and investors navigate the complexities of the education, media, and information markets. Tyton Partners leverages a deep foundation of transactional and advisory experience and an unparalleled level of global relationships to make its clients' aspirations a reality and to catalyze innovation in the sector. Learn more at tytonpartners.com.

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