

Philanthropists, Please Answer the Nevada ESA Bell

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A key to the educational and political success of the landmark Nevada Education Savings Account (ESA) [legislation](#) is philanthropic dollars to finance ESA top-offs for low income families. The annual ESA deposit is about \$5000. That's enough to get into a lot of parochial private schools, but not enough for very many, if any, of the non-sectarian private options; either those already available or likely to be available soon via entrepreneurial initiative. Through competitive pressure over time, lots of private schooling options costing somewhat more than \$5000/year will likely become available. When the full tuition amount of a preferred private school is more than the ESA amount – say \$5000 for discussion purposes – admission to the preferred school will require shared financing, as it is called in Chile, or a co-payment (the term used in the 2002 U.S. Supreme Court [Zelman](#) decision that green-lighted sectarian school use of tuition vouchers). The likely typical shared financing amount will not be a major problem for middle- and upper-income families. My [Edgewood research](#) has shown that even lower income families will often find the money to cover the difference between the voucher/scholarship and a slightly larger tuition amount. Still, a shared financing requirement is unquestionably a bigger hurdle the lower the family income level. Based on that, Fordham's Michael Petrilli made [this prediction](#): Most of the families lured out of their assigned public school by a \$5000/year ESA will, "I suspect, will be relatively affluent."

Top-off funding - \$2000 from the parents *or a 3rd party like a scholarship fund* to top-off a \$5000 ESA check to pay a \$7000 tuition – is another popular term. Unless philanthropists finance means-tested, top-off scholarships (the \$2000 in the example above) – *not nearly the*

whole tuition, just a substantial portion of the difference between \$5000 ESA and the tuition amount – former Assistant Secretary of Education Petrilli’s prediction is very likely to be accurate. Exclusion of many lower income families from an improving menu of schools would not only be sad in its own right, but also likely highly detrimental, politically, perhaps even within Nevada, and surely a barrier to the spread of such programs to other states. Also, the exclusion of a large number of potential customers will significantly reduce competitive pressures in some regions, and in many places keep the market too small for some of the instructional options that are viable in larger markets. Philanthropic organizations, this is big!! Please answer the bell. And the rest of us need to donate generously to them. Later, I will discuss how this approach to low income family educational support could cost current philanthropic players less than what they spend now to provide full scholarships and or financial support for specific schools, mostly chartered public schools, that are not viable with just the per pupil government funding.