

INFORMATION PAPER
DEPENDENTS EDUCATION COUNCIL (DEC)
May 9, 2019

SUBJECT: Developing Military Education Savings Account Legislation

BACKGROUND: Over the past several years, there have been several attempts to expand education options for military connected student through financial incentives and education safety accounts. To date, Congress is considering three bills to expand education options for military families.

As the Department of Defense, does not comment on pending legislation, this information paper is provided as an overview for situational awareness.

DISCUSSION:

H.R. 740, the Military Child Educational Freedom Act

- H.R. 740 was introduced by Rep. Joe Wilson (R-SC-02) on January 24, 2019.
- H.R. 740 allows active-duty Service Members and their spouses to use Coverdell Education Savings Accounts for Education Expenses.
- A Coverdell Education Savings Account is a tax-advantaged investment account designed to encourage parental savings to cover tuition, fees, academic tutoring, special needs services in the case of a special needs beneficiary, books, supplies, and other equipment which are incurred in connection with the enrollment or attendance of an elementary student at a public, private, or religious school.

S. 145, Creating Hope and Opportunity for Individuals and Communities through Education Act (CHOICE Act)

- S. 145 was re-introduced by Sen. Tim Scott (R-SC) on January 15, 2015.
- The bill directs the SECDEF to carry out a 5 year pilot program to award scholarships for children living on military installations to attend public or private schools.
- Provides scholarships to a limited number of qualifying military families who apply.
- Scholarship awards would be approximately \$8,000 for elementary school and \$12,000 for secondary schools.
- Funded from amounts authorized/appropriated (\$10,000,000) to be offset by Department of Education salaries and expenses.

S. 695/H.R. 1605, the Education Savings Accounts for Military Families Act of 2019

- S.695/H.R. 1065 were introduced by Sen. Ben Sasse (R-NE) and Rep. Jim Banks (R-IN-03) in March 2019.
- The bills authorize \$1.2B in FY2020 for tax-exempt military education savings accounts (MESAs) worth approximately \$6,000 per child annually.
- MESAs can be used for educational products and services, including homeschool materials, private school tuition, charter school services, personal tutors, online classes, and education therapies for children with special needs.
- Public school military-connected students are not eligible for a MESA.
- Qualified Educational Service Providers (QESPs) must register, operate an online marketplace for direct education-related purchases, and be approved to provide services and/or receive MESA funds.
- The bill creates a new authorization of appropriations within Federal Impact Aid (Title VII).

KEY POINTS:

- While the Department of Defense has no position on school choice options, the Department supports informed choices about K-12 education.
- The majority of military connected children attend local public schools in the United States. As such, the school districts in these communities rely on the U.S. Department of Education Federal Impact Aid Program.
- Federal Impact Aid provides funding to school districts due to the loss of local tax revenue as a result of the presence of federal tax-exempt land, such as military installations and face increased expenditures due to the enrollment of children from military families.
- If adopted, these amendments would place a great financial burden on public schools who serve the majority of military children and divert federal dollars to education providers that may lack accountability and results. The Department remains concerned about any legislative proposal that would divert critical funding from public schools.
- The high mobility rate of military children makes the implementation of the proposed legislative language impractical. It is much more likely that educational instability would be furthered by the establishment of educational savings accounts since participating families would slide in and out of eligibility as they move from one installation to another. The proposal creates a concerning inequity and sets unrealistic expectations for a limited number of military families.
- While educational savings accounts seem like a viable option to increase school choice, the amount of money proposed by these amendments will create a substantial out of pocket expense to private entities that may be out of reach for military families.
- Families receiving funding through Education Savings Accounts must forfeit their child's right to attend a public school full-time, including all protections under the Individuals with Disabilities Education Act, and the Military Interstate Children's Compact (MIC3).
- Private schools are not required to adhere to the federal civil rights laws, federal education accountability standards or background check screening requirements to protect the safety and well-being of students that all public schools must meet.
- The Department is concerned that these amendments will divert critical funding from public schools for a program for a limited number of qualifying military families and will reduce opportunities for a high-quality education for ALL students.
- DoDEA continues to review and monitor legislative proposals that impact military connected students in a thoughtful manner.
- DoDEA has no formal position on school choice options, however remains concerned about programs that create entitlements for a limited group of military families.

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