

To: Arizona State Board of Education
From: Christine Accurso, ESA Executive Director
Re: Explanation of Proposed Changes to the ESA Handbook
Date: March 6, 2023

Allowable Education-Related Expenses

This program will be audited. We cannot justify, to an auditor, non-educational use of taxpayer funds. Here are some examples of what was approved under the prior administration: Bounce houses, water slides, above ground pools, kayak, hitch trailer for the kayak, chicken coop, chicken deplucker, freeze dryer, outdoor pizza oven, smoker/grill, baby grand piano, large standing greenhouse, garden shed, firepits, motorized go carts, motorized scooter, and large trampolines.

If we were to continue with such a policy, we would be sanctioned by the auditor, the program would fall into disrepute, and Arizona's role both within the state, and as the first in the nation, and example to the rest of the country, would be ruined. What we have said so far is that we cannot approve items primarily for family consumption or entertainment, rather than valid educational purposes.

Some people have commented that we should make a list of what is approved. This would be a very long list. If the board wishes us to create such a list, we will do it. We will also provide that if a family produces a valid educational purpose, that we did not think of, we will approve it, and add it to the list available to the participants in the program. That list would reside on our website.

For any new proposal, there should be a scope/overview of the class and the sequence/method of teaching/lesson plans that explains how the class is taught and the materials/supplemental list. This is because in the past instruction manuals and "how to" guides were accepted as curriculum.

ESA students with special needs will always have the items listed on their IEP, IEE, ISP, MET or 504 documents. They can also have a qualified examiner (defined in ARS 15-2403 as a licensed physician, psychiatrist, or psychologist) write a letter stating the need and listing that item in the letter.

Accreditation for Tutors/Teaching Services

ARS 15-2402 (B)(4)(d) states that an acceptable use of ESA funds can be used for: "Tutoring or teaching services provided by an individual or facility accredited by a state, regional or national accrediting organization." (Emphasis added)

The statute clearly requires that not just individual tutors, but “facilities” are to be accredited. Our administration found that there was not a single accreditation on file for any facilities/businesses that offered tutoring/teaching services, listed as approved vendors in ClassWallet.

Because the prior administration did not enforce this statute, it would be too disruptive to require that all employees of the facility have a college degree. We want to strictly enforce the law without being disruptive. If facilities do not have accreditation because the law was not enforced, we as a state agency, can give them accreditation. All they need to do is fill out an attestation form that is on our website, which is as easy as sending us a quick letter, stating that all their tutors have a high school diploma.

If the state board chooses to keep the requirement of a college degree, we will enforce that. But it is our view that it would be extremely disruptive because the law was not enforced with the last administration. Protests could be great when people have relied on non-college degree tutors now that the law is being enforced those tutors are no longer available. A high school graduate ought to be able to tutor courses in K-12. If they are not qualified to do so, parents won't want to use them.

Pursuant to ARS 1-701 all homeschool high school diplomas will be accepted.

Access to ESA Funds & The pre-paid debit card issue

There are four ways that ESA account holders can currently access their funds. With respect to the debit card, we are not taking the card away from anyone who has been in compliance. The debit card is problematic because these tax dollars are immediately spent without accountability, except after the fact, which may be too late.

750 cards out of 47,000 were not in compliance and their cards are scheduled to be cancelled on March 13th. It takes a lot of staff resources to review receipts and verify the items that were purchased. Many receipts do not have a description or item number. Our staff then needs to search each one of them online, or call the store to verify what the item was. In January I witnessed a staff member on hold for quite a while, with customer service at a retail store.

Because of the fact that the program is growing so fast, verifying debit card transactions, in a fast-growing quantity, simply cannot be done without additional staff, far in excess of what the legislature has authorized.

When people are used to a way a program has operated, it is natural for any change in the status quo to generate an adverse emotional reaction. But with how quickly this program is growing, it is simply impossible to continue in the same way and make payments in a reasonable time. If we try to do that, the delay in payments will create far more problems than anything we have expressed so far.

ClassWallet - Third Party Vendor

There have been complaints about the performance of ClassWallet. A request for proposals from other providers is scheduled to go out from the State Treasurer's office on March 20th. Proposals will be available to the evaluation team on April 21st. We anticipate a contract being selected by the end of May.