

# How Policymakers Can Support Equal Learning Opportunities Beyond the Bell

*Out-of school learning allowances could close the enrichment gap for low-income families—and may help with other gaps, too*

## Students have unequal access to out-of-school learning

Two decades of school reform have sought to address educational inequality by “fixing” schools. And yet, students increasingly rely on experiences outside traditional K-12 schools to prepare them for success in life.

Families understand the value of sports and recreational programs, music and art lessons, and tutors and coaches. The proof is their investments. The wealthiest 10 percent of U.S. households [spend \\$9,000 annually on enrichment](#) for their children, compared to less than \$1,000 for families in the bottom quintile. This gap has grown steadily, with affluent families tripling their investments since the 1970s.

Right now, our education system relegates these consequential learning opportunities to the periphery. For students in under-resourced schools, or whose parents lack the resources to pay for them, they are largely left to chance. These students have to be lucky enough to live in a school that offers rich learning experiences or to obtain a scholarship that lets them attend a summer camp or participate in afterschool enrichment. Summer and other breaks remain an academic dead zone for many students—particularly those whose parents can’t afford to pay for enrichment programs.

According to a [2015 survey conducted by the Pew Research Center](#), children of wealthy parents are substantially more likely to have participated in sports, done volunteer work, taken music, dance or art lessons, and participated in religious instruction or youth groups. Just 7 percent of children attend summer camp, compared to nearly 40 percent of high-income children. In addition to their intrinsic value for families, these activities [can help instill positive character traits](#) like tolerance and empathy.

To date, education programs have not addressed the “enrichment gap.” At best, existing solutions are incomplete. Learning opportunities during breaks are not always open to all students. Some may provide structured academic learning, but deny students non-academic enrichment opportunities likely to benefit them. In-school programming, like year-round-schooling, vacation academies, extended school days, or school-based art and music lessons can be effective, but are vulnerable to budget cuts, given the view that enrichment activities are outside the scope of core academics K-12 schools must provide. Government, nonprofit, and for-profit providers have sought to fill the gap by providing scholarships to low-income families that apply. These create burdensome paperwork requirements for families who might tap

opportunities at more than one provider and artificially limit family access to the full array of enrichment opportunities offered in their communities.

A policy agenda designed to equalize access to the “[shadow education system](#)” — including after school enrichment, summer learning, and one-time, informal experiences like theater trips that [can contribute to positive academic outcomes](#)—must address the out-of-pocket spending disparity, and allow lower-income families to make choices with the same flexibility as their affluent peers. For that reason, we propose an education program that would give lower-income families access to an enrichment allowance to support their children’s education and childcare needs outside the regular school day and year.

This proposal has the potential to unite parental choice advocates on the political right with equity advocates on the left. It offers a potential middle ground between a school voucher proposal advocated by Education Secretary Betsy DeVos, which would have allowed vouchers to be used for enrichment programming, and an expansion of afterschool programming advocated by U.S. Senator and presidential candidate Bernie Sanders.

However, while simply offering parents enrichment accounts may help address spending disparities, we believe it is not sufficient to meet the out-of-school learning needs of underserved families. Policymakers must also build the necessary infrastructure—information, guidance and support—to help all students take advantage of opportunities and build connections between out-of-school experiences, in-school experiences, and community life.

### **The vision: Enrichment allowances to close the gap**

We envision states or localities creating enrichment allowance programs. Families with eligible children would have accounts, worth several thousand dollars. When they apply for summer camp, they could pay for the experience with their accounts. If they wanted to take a trip to a theatrical performance or an art museum, they could pay for it with a debit card. If they wanted to enroll in an afterschool program, their account would cover the fees.

Parents could log onto an online system, like the [BluePrint4Summer](#) program currently operating in Colorado and Missouri or [Chicago’s City of Learning](#), and browse among the full range of eligible enrichment opportunities for their students, including:

- Museums
- Theaters and performing arts centers
- Summer camps
- Afterschool providers
- Art and music lessons
- Science, nature and technology programs
- Sports and recreational programs
- Internships and career-based learning
- Libraries and literacy programs

The online platform could also allow parents to mix and match activities tailored to their children's interests and learning goals, and fit their fees into a budget. It could also allow students to track their learning experiences, mark learning milestones through badges, connect with fellow program participants or adults.

Some of the parent's expenditures could receive automatic approval, and be purchased directly through the online platform, or in-person using a debit card. Other expenditures may require approval from the program administrator. If parents had money left over at the end of the year, they could roll those expenditures over for future years. When students finish high school, any money left over in their accounts could be converted to college savings accounts or expended on other dependents of the same family, or donated to a scholarship pool for other families.

### **Making enrichment allowances work**

Out-of-school learning allowances would provide parents public funds they could use to purchase qualified goods and services that support their children's educational enrichment. The structure of the program would resemble existing workplace benefit and social-service programs that allow beneficiaries to direct program funds toward relevant expenses of their choice, such as health savings accounts, dependent-care accounts, or Supplemental Nutrition Assistance (SNAP).

Their closest analogue in education policy may be K-12 education savings accounts, which currently exist in seven states. A proposed enrichment allowance could borrow the best operational techniques from these existing programs to maximize educational opportunities for families receiving allowances, and ensure the highest and best uses of public funds.

As with other benefit programs that use a spending allowance model, policymakers must establish rules governing participation, eligible expenses, administration, and funding. It is too early to dial in all of these programmatic details, which can and will vary based on policymakers' goals. Instead, we offer a set of key questions that policymakers must resolve as part of designing an out-of-school allowance program as well as relevant analogies for similar programs.

**Who should be eligible for an allowance?** Participation rules define how allowances will be targeted. They can also shape program costs and politics. We identify two viable participation rules:

- *Universal allowances:* Provide an allowance to all families with school-aged children. This option will either increase the costs of the program or reduce the size of the average allowance. But it could help secure political support and improve program sustainability since universal public benefit programs tend to be resistant to cuts.

- *Targeted allowances:* Limit participation to families that meet certain income guidelines (for example, below 150 percent of the federal poverty level). This could keep program costs down and/or improve the size of the average allowance.
- *Sliding scale option:* In either universal or targeted programs, policymakers might consider employing a sliding scale such that higher income families receive less generous benefits than lower income families. Alternatively, they could provide cash funds for lower income families, while also allowing all families to hold funds spent on educational enrichment in tax-advantaged savings accounts.

**How can policymakers ensure expenditures are appropriate?** One key implementation challenge for this proposal is the importance of establishing a process for screening and approving family expenditures to ensure the money is used for its intended purpose, as well as preventing fraud.

Similar benefit programs, such as flexible spending accounts for health care expenses, rely upon a combination of pre-approved expenditures and direct monitoring. This option minimizes the costs of oversight by predefining, or “whitelisting,” the most common set of approved expenses and vendors while still providing families the option to seek approval for specialty expenses that may be less common and require additional review.

This approach seems appropriate given the large range of eligible vendors including private instructors, state and local governments, and for- and non-profit providers as well as the many types of enrichment spanning subject areas (academic and non-academic domains) as well as type (e.g., courses, programs and experiences of varying length and duration).

State agencies and nonprofit organizations in several states have created reimbursement systems to administer ESA programs. However, these systems have not been perfected. In Arizona, the state Department of Education administers an ESA program that state auditors [have flagged for fraud and mispending](#). While these transactions amount to a [small fraction of total funds available](#), they undermine trust that taxpayer funds are being used appropriately.

In Florida, Step Up For Students, a nonprofit ESA administrator, is [collaborating with SAP Ariba to develop an online marketplace](#) where ESA users can purchase approved educational items directly. These automated systems help ensure program integrity. They also enable scale—especially in programs where per-student scholarship amounts, and overall administrative funding, are low.

Step Up For Students now administers a \$500 per-student reading scholarship program, which allows parents to receive reimbursement for tutoring, literacy materials, and other related expenses. The organization receives an administrative allowance worth 3 percent of program costs. For the program to become economically viable, it needs to automate the majority of transactions.

This can be accomplished by “whitelisting” certain expenses. For example, if program administrators approve a particular summer camp provider, parents could pay that camp’s fees could be paid directly through the online marketplace.

For expenditures that have not been whitelisted, administrative approval becomes more complicated. Parents can apply for reimbursement for eligible expenditures (a process common for health savings accounts). This can create hardship for low-income families, however, who may not have money available to purchase enrichment goods or services out-of-pocket. Arizona addressed this problem by allowing parents to make advance purchases using a debit card. However, this process has opened the door to fraudulent spending and to instances where program administrators have needed to “claw back” funds for unapproved purchases, or [remove families from the program](#).

To make a debit card model feasible, program administrators will need to collaborate with vendors to develop debiting systems that only authorize eligible expenditures (like a museum entrance fee) and bar unauthorized spending (like museum gift shop purchases)—much like the systems that allow administrators of health savings accounts to enable drug purchases at a pharmacy, but not purchases of candy or groceries.

**Who should administer the accounts?** We believe both governmental and nongovernmental organizations could administer out-of-school allowances though there are advantages and disadvantages to different administering organizations.

- *City governments.* Municipal governments already support after school programs and oversee other initiatives—from parks and recreation departments to museums—that may serve as enrichment providers. However, allowing city governments to administer the allowances could create confusion for students who live in other cities, or in areas where municipal boundaries overlap.
- *School districts.* School districts may be well-suited to administer enrichment allowances in some jurisdictions, but in others, they may suffer from the same geographic challenges as city governments. There is also a question of independence. Districts or their schools may provide afterschool programming or other forms of enrichment directly, so policymakers would want to consider their independence as program administrators. There is a risk they may try to steer parents toward programs they offer themselves, and away from other providers. Whether or not they administer a program directly, school districts can provide a vital curation function—ensuring the mix of providers meets the needs of a community, new providers [help fill gaps in programming available in underserved neighborhoods](#), and the additional investment in parent-controlled scholarships supplements, rather than supplants, existing scholarship or discount programs afterschool and enrichment vendors already offer.
- *State governments.* State governments do not suffer from the geographic constraints that face cities and school districts. In some places, [such as New Hampshire](#), state

governments are leading efforts to support new out-of-school learning opportunities, accredit providers, give families information about offerings, and even issue course credit for students' community activities. However, state administered programs must be designed to incorporate opportunities for local input, since most students will be accessing enrichment in their local communities.

- *Nonprofits.* While not an obvious choice, there is precedence for allowing private nonprofits to administer out-of-school allowances.<sup>1</sup> The two nonprofit organizations receive administrative fees up to 3 percent of scholarships they administer. They receive parent scholarships, screen expenditures, and coordinate with the Florida Department of Education to ensure parents who apply for scholarships are eligible. These entities, or other nonprofit organizations willing to take on this capacity in other localities, may be well-suited to administer enrichment allowances in some jurisdictions. However, policymakers would want to ensure these entities remain independent from providers so parents can gain access to unbiased information.

**Where should the money come from?** Our proposal will likely require funding from multiple sources, and a combination of new investments and repurposed funding from existing programs. Depending on jurisdiction, there are different ways states, cities, school districts, municipalities, individuals could support the development of an enrichment allowance. The effort will also require startup funding to cover the cost of infrastructure.

**Federal.** There are three potential models through which the federal government could support out-of school enrichment account.

1. The federal government supports state after school programs through the 21st Century Learning Centers program [at a cost of approximately \\$720 per student](#). A revised version of this block grant program could give state the opportunity to create parent-controlled enrichment programs, and provide matching funds to states that choose to make their own investments in these programs.
2. Education Secretary Betsy DeVos has proposed creating a \$5 billion federal tax credit program in which states could participate voluntarily. The program has faced political pushback, in part because it has largely been focused on providing federal support for K-12 school vouchers. However, it would also allow the creation of vouchers for out-of-school learning, and a program narrowly focused on promoting new investment in those initiatives might be more politically viable.
3. Sen. Bernie Sanders, a Democratic candidate for president, has proposed a \$5 billion investment in afterschool programs. This additional investment could be structured in a

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<sup>1</sup> The nation's largest education savings account is administered by two nonprofits. Florida families whose children have special needs apply to Step Up For Students and the AAA Scholarship Foundation for Gardiner Scholarships. Those families receive an average of approximately \$10,000, which they can use to pay for a wide range of educational services.

way that allows parents to direct resources toward programs that meet their children's out-of-school learning needs.

**State.** Afterschool programs offer an intriguing place for states to make targeted investments in enrichment. Some states already fund specific afterschool programs, and many others have investments in childcare resources for families. Others, like New Hampshire, have embraced outside-the-box approaches to supporting enrichment. While the amount to type of revenue in each state will differ, our proposal encourages states to think about these programs holistically and their connections to student outcomes.

**Local.** School districts and city and county governments already make significant investments in recreational and afterschool programming and support scholarships to low-income families. Some existing after school grants could be repurposed so that they commingle with state or local initiatives that fund out-of-school enrichment allowances.

**Private (individual).** As noted above, affluent families spend a growing amount of their own money on enrichment opportunities for their children. While it may make sense to target enrichment scholarships at low-income families, policymakers might also wish to provide partial scholarships for middle-class families that could supplement their spending with public funds. For these families, it might make sense to structure accounts in ways that allow them to merge their own funds with public subsidies, similar to health savings accounts that might receive an employer subsidy or match. This may require the creation of new savings vehicles for this purpose, or an expansion of authorized uses of 529 or Coverdell education savings accounts.

**Private (vendor).** Many vendors of afterschool and enrichment programming already offer scholarships to low-income families. Local governments might coordinate with vendors to arrange contributions to a local out-of-school school scholarship program that families could use at a list of contributing vendors. This could be done on a voluntary basis or as part of fee-based program related to the licensing of such providers.

**Private (philanthropic).** Philanthropy has supported some small efforts to develop, or at least test, scholarships for afterschool or summer enrichment programs. However, for these efforts to operate sustainably at scale, they will likely need to receive sustainable public funding. Beyond funding small pilots that can prove the concept, there are other potential uses for philanthropic support. Private foundations can fund the development of technological platforms that allow families to browse available enrichment offerings in their communities, the training of "learner advocates" who can help train parents to navigate their enrichment options (a model being pioneered by ReSchool Colorado), and the incubation of new, high-quality enrichment providers. The cost of these initiatives would be front-loaded, meaning a jolt of philanthropic funding could help cover short-term startup expenses, but long-term costs could come from stable public funding sources.

**Out-of-school learning allowances benefit kids and families**

Unequal access to out-of-school learning doesn't just translate into fewer "fun" experiences for low-income children. Out-of-school learning experiences offer important ways for students to develop academic skills like critical thinking and problem solving, as well as social emotional skills such as persistence and teamwork. These experiences may be especially important for low-income students and students of color, who are less likely to have access to teachers and curricula that develop these skills in school.

Out-of-school enrichment allowances could:

- Increase access to out-of-school learning opportunities
- Increase access to high quality child care
- Increase diversity of out-of-school learning providers
- Increased students academic and social-emotional skills
- Improve academic outcomes

### **Evidence of success:**

While our proposal has never been tried, research and experience suggest out-of school learning matters. Sports and [music lessons](#) provide structured environments where students can build soft skills, like collaboration and persistence. Trips to the [museum and theater](#) can boost academic outcomes. [Afterschool activities unlock deeper learning](#) by creating spaces where students perform tasks—like putting on theater productions—that resemble work adults perform in the real world.

Existing education savings account programs, and analogous programs in other fields, lend credence to the feasibility of a reimbursement-based administrative allowance.

### **IMPLEMENTATION PLAN**

#### **Vision for Impact:**

*We envision our proposal shaping federal policy by:*

- **Informing efforts to modify existing Title IV programs.** The current federal administration has proposed cutting, merging, or significantly modifying various programs, including those funded through Title IV-B. Those proposals, however, have been strongly opposed by existing afterschool providers, and met bipartisan opposition in Congress. Our proposal provides a pathway to revamp the existing programs and support the administration's goal of increasing parental choice opportunities available to families, without eliminating an important source of federal support for after school learning opportunities.
- **Encouraging new investments in enrichment programming, both inside and outside Title IV, that place resources directly in the hands of parents.** Other federal programs recognize the importance of providing low-income families access to high



quality care environments when they're not in school. But too often these programs remain disconnected from policymakers goal of supporting equal educational opportunity. Policymakers might expand the types of programs families can access through traditional childcare funds like the Child Care and Development Fund and Temporary Assistance to Need Families, as well as those focused on education such as Title I.

*We envision our proposal shaping state policy by:*

- **Encouraging new investments in out-of-school learning opportunities.** A growing number of states have enacted, or are considering, legislation that would create education savings accounts—a more flexible form of school vouchers that help parents pay for homeschooling, tutoring or diverse “unbundled” learning opportunities. However, for a majority of families that use them, these programs function more like traditional school vouchers, and families use them only to pay private school tuition. As a result, they divide policymakers and citizens in ways familiar to private school choice programs. Out-of-school learning allowances don't suffer from these political roadblocks and tackle an issue important to Democrats and Republicans.

*We envision our proposal shaping local policy by:*

- **Prompting school districts and other local government entities to rethink and reinvest in programs that support out-of-school learning.** Many cities, school districts and other local investments already invest in after school programs. Right now, these programs operate in parallel with other initiatives: Museums, public libraries, parks and recreation departments. All of these offerings work together to complement out-of-school learning opportunities available to students.

### **Examples of how this program could work in local jurisdictions**

- **Jacksonville, Fla.** highlights the potential to merge existing programs in a way that can place more funding in the hands of low-income families. The city currently spends about \$550 per student on summer learning vouchers, and about \$3,000 for a slot in a yearlong after school program. In addition, the state of Florida recently created a \$500 reading scholarship program for children who do not pass third- or fourth-grade reading tests. If families were allowed to control these funds, and commingle them, they could access a range of enrichment and out-of-school learning opportunities.
- In **New Orleans**, despite sustained gains in the schools, many unmet needs remain across the city's decentralized school system. For example, advocates in the city have pointed to a lack of gifted programming, especially for low-income children of color, who constitute a majority of public-school students in the city. But it's challenging to implement district-wide solutions in a decentralized school system with dozens of independent charter school governing boards. Afterschool enrichment vouchers offer an intriguing possibility for the Orleans Parish School Board to enable new providers to

emerge that cater to younger gifted and talented low-income youth without, to give organizations like [Electric Girls](#) a new source of potential sustaining revenue, and to support new startups that want to test models that could one day blossom into full-fledged schools.

- Efforts are already underway in **Denver** to expand access to diverse summer and learning opportunities. ReSchool Colorado launched a “Blueprint for Summer” initiative, which offers families an online guide to summer enrichment opportunities, in-person support, and scholarships of \$250. Early results from the program highlight important considerations for policymakers who want to expand access to out-of-school enrichment activities. First, it shows a mismatch between family preferences and existing offerings. Parents were more likely to seek out athletic and outdoor programs, while programs available often favored academics. Second, an analysis of options in Denver found programs were often located in places that made them less accessible to black, Hispanic, and low-income children. The placement of these programs matters. While this suggests districts, policymakers, and program administrators should work to ensure programs locate in areas where disadvantaged students can access them, it also highlights the potential power of demand-side pressure to produce more enrichment opportunities whose locations and programmatic offerings are more in line with family preferences. The Colorado effort also supplies two key elements lacking in other jurisdictions: An online platform that aided families in their search for programs, and trained learner advocates who helped families find programs that match their needs.
- **New Hampshire** has recently launched an effort that would allow community organizations grant secondary education credits to students for various out-of-school activities. Providers that want to offer credit-bearing opportunities need to be approved by the state, which could provide an intriguing template for approving out-of-school learning providers and measuring academic outcomes for students who use them.

## **Budget**

Out-of-school enrichment allowances have both programmatic and administrative costs. Programmatic costs are those associated with providing allowances to families and can be considered on a per-participant basis. Administrative costs are the costs associated with administering the program, including oversight of vendors and expense approval.

### **Programmatic costs**

Programmatic costs depend significantly on the design of the program. Programs that provide larger allowances to more participants will cost more than programs that provide smaller allowances to fewer participants. These design features will also shape program outcomes as allowances that are too small to support participant access to meaningful programming are unlikely to achieve the outcomes we outline above. As a result, we believe states and localities should engage in careful study of spending associated with out-of-school learning and use the results to inform the design of the program and associated program costs. Based on existing studies of spending on out-of-school learning, which show wealth families spending upwards of \$9,000 per child, we estimate that a minimum allowance of \$1,000 per child would be necessary

for viability. This would not come close to eliminating the gap between affluent and low-income families but would meaningfully improve low-income families' access to out-of-school learning.

## **Administrative costs**

Administrative costs for an enrichment allowance would fall into two categories: Ongoing administration costs, which will need to be supported throughout the course of the program's operation, and one-time startup costs.

### Ongoing administration

The two education savings account programs currently operating in Florida provide insight into administrative costs. The two nonprofit organizations that administer the state's K-12 education savings account program for students with disabilities, known as the Gardiner Scholarship, receive administrative allowances worth 3 percent of total program appropriations. For the 2018-19 school year, these administrative allowances [total an estimated \\$3.7 million](#) to serve just under 12,000 students. Additionally, Step Up For Students—the larger of the two organizations—administers the state reading scholarship program. So far, that program has received funding worth about \$2.7 million, yielding a 3 percent administrative allowance of approximately \$81,000. The appropriate level of administrative allowance may depend on the size of the program, the requirements placed on program administrators, and the number of students served.

Beyond the administrative expenses that are funded as part of program appropriations, Florida's ESA programs also depend on the labor of staff in state agencies, principally the state Department of Education, which assists with functions such as the transfer of state appropriations, verification of participant eligibility, and the approval and ongoing oversight of eligible providers. The state does not provide standalone appropriations for these expenses.

Additional administrative functions, such as curating the portfolio of enrichment opportunities available in communities, may entail additional administrative overhead.

### Startup expenses

Because the efficiency and integrity of the program likely depend on the development of online platforms described in previous sections, the development of these platforms would be a major driver of initial startup costs. These expenses are likely to be several million dollars, but the exact amount depends on the specifications program administrators require. Additionally, pilot jurisdictions may be able to develop proper administrative infrastructure that other cities or states could adopt at lower costs.

## **Communicating the concept**

Out-of-school learning has potential for wide appeal in part because its value is readily understandable to policymakers, city and district leaders, and families. Specific talking points include:

- Student learning doesn't stop when the school bell rings. Summer camp, afterschool programs, and enrichment offerings can help reinforce the learning that happens in school while providing students with opportunities to build 21st century skillsets like leadership, collaboration, and problem solving.
- Not all students have access to out-of-school learning. Low income children and children of color are less likely than their peers to participate in enrichment activities. These gaps reinforce inequalities that exist in schools and leave students less prepared for college and life.
- Out-of-school learning is especially important given the cuts to enrichment programs in K-12. Students with access to out-of-school learning can pursue their ambitions in sports, art, and music whether or not their school supports such offerings.
- Out-of-school learning may help address gaps in achievement between low-income students and their peers and reduce summer learning loss.
- Current efforts to support out-of-school learning through investments in school-based programs and city-run recreation centers limit low-income families' access to out-of-school learning that isn't offered by these providers.
- Low-income families should have the same choices for out-of-school learning as affluent families do including the choice of academic or non-academic programs, sports, outdoor programs, academic tutoring, one-off experiences like trips to the theater, the timing of those programs (over spring or summer break, before and after school), and more. Out-of-school learning allowances provides low-income families those same opportunities