

Fiscal Effects

Do School Choice Programs Make Dollars and Sense?

School Choice in America Summit

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“I think it’s an attempt to strip the public schools of the resources that they have, and the resources we have are not enough.”

- Member of Palm Beach County School Board

“I feel that vouchers would contribute to the deterioration of schools.”

- Ohio representative

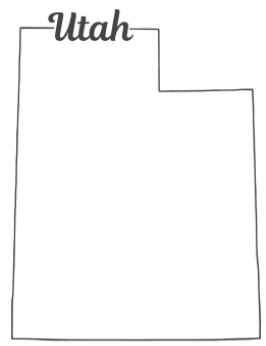
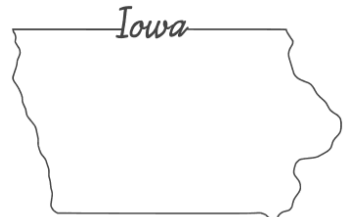
“This will kill public education...”

- Chair of the Florida Chapter of the NAACP

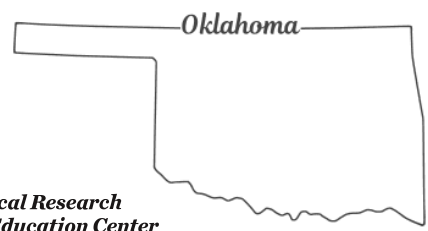


Opponents will oppose any choice program you introduce with *equal vigor*, no matter how much it is funded or who the program is open to.





be awe some GO big

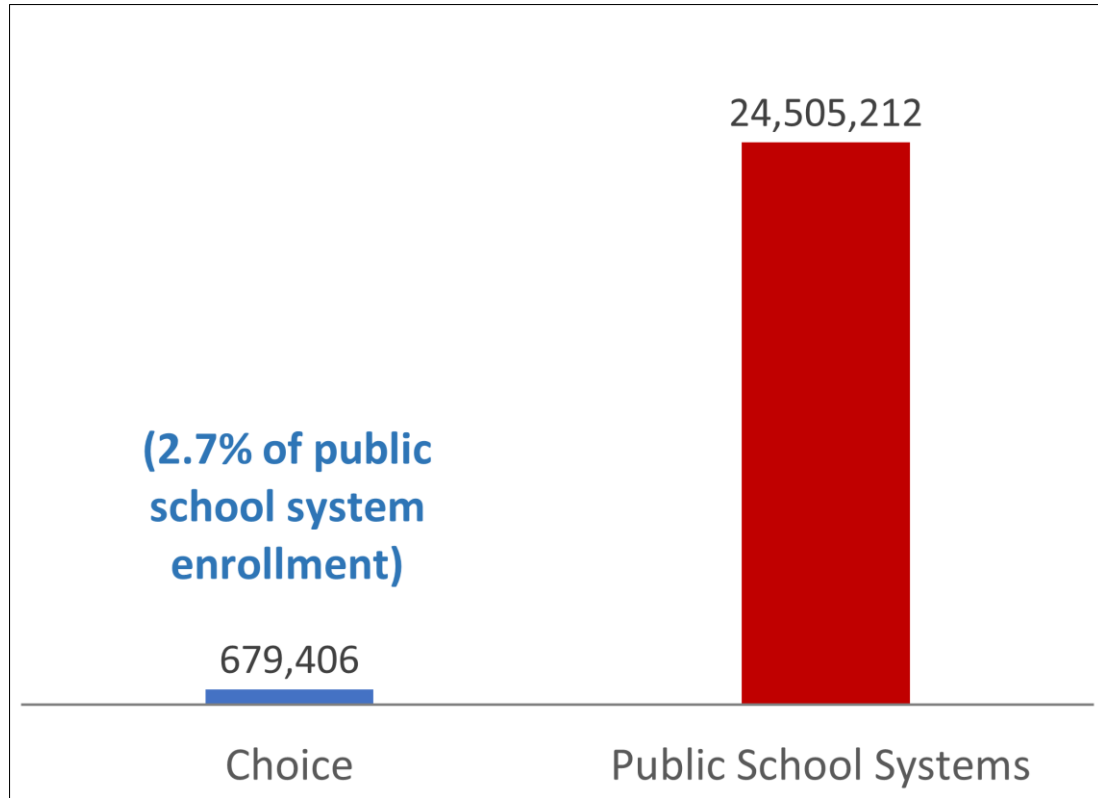




How much of a
“drain” is choice on
the public school
system?

Will choice “weaken”
or “destroy” the
system?

Basic Fact #1:
Students in
choice
programs
comprise 3%
of publicly
funded K-12
students
nationally

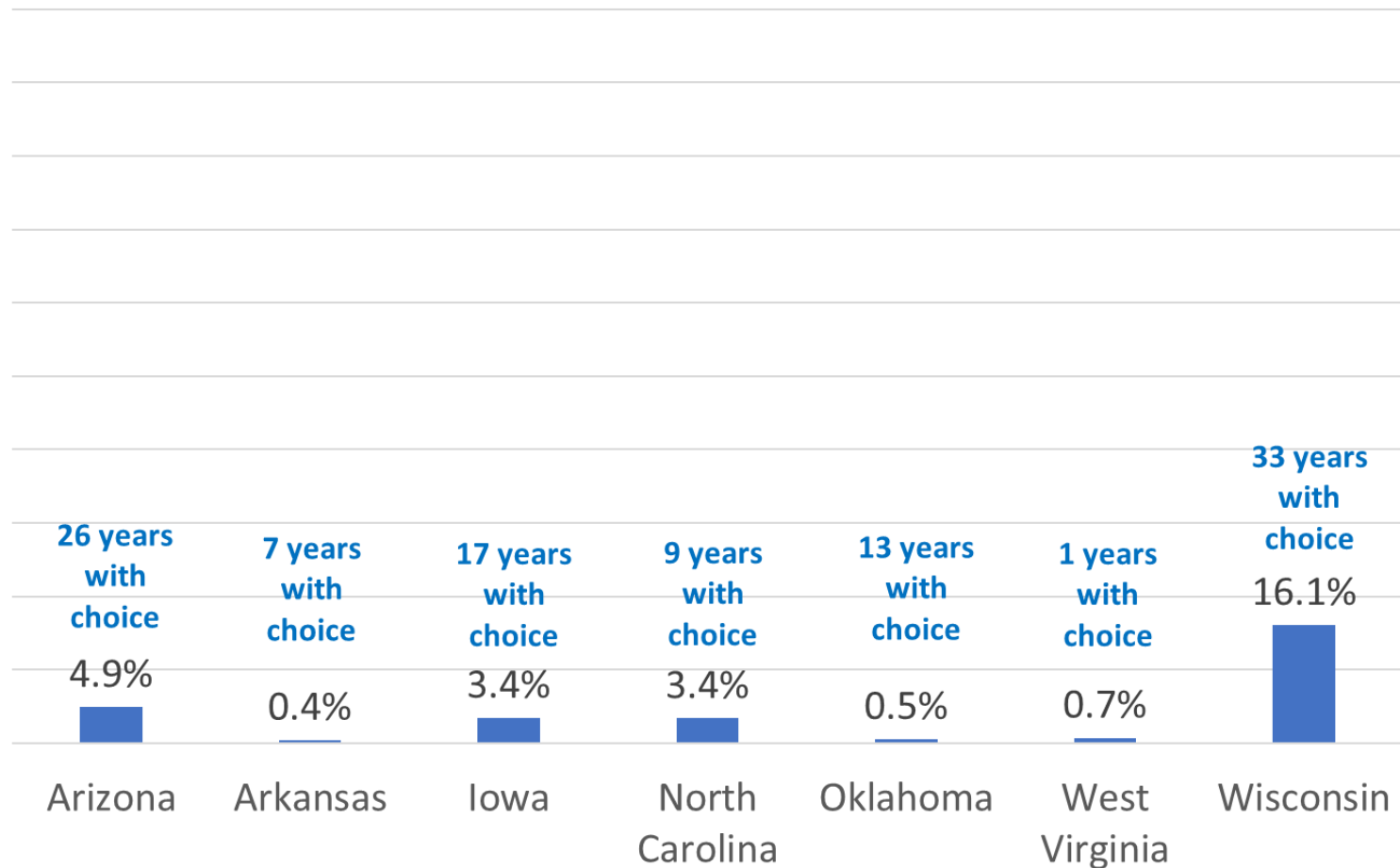


Participation as % of *eligible* students

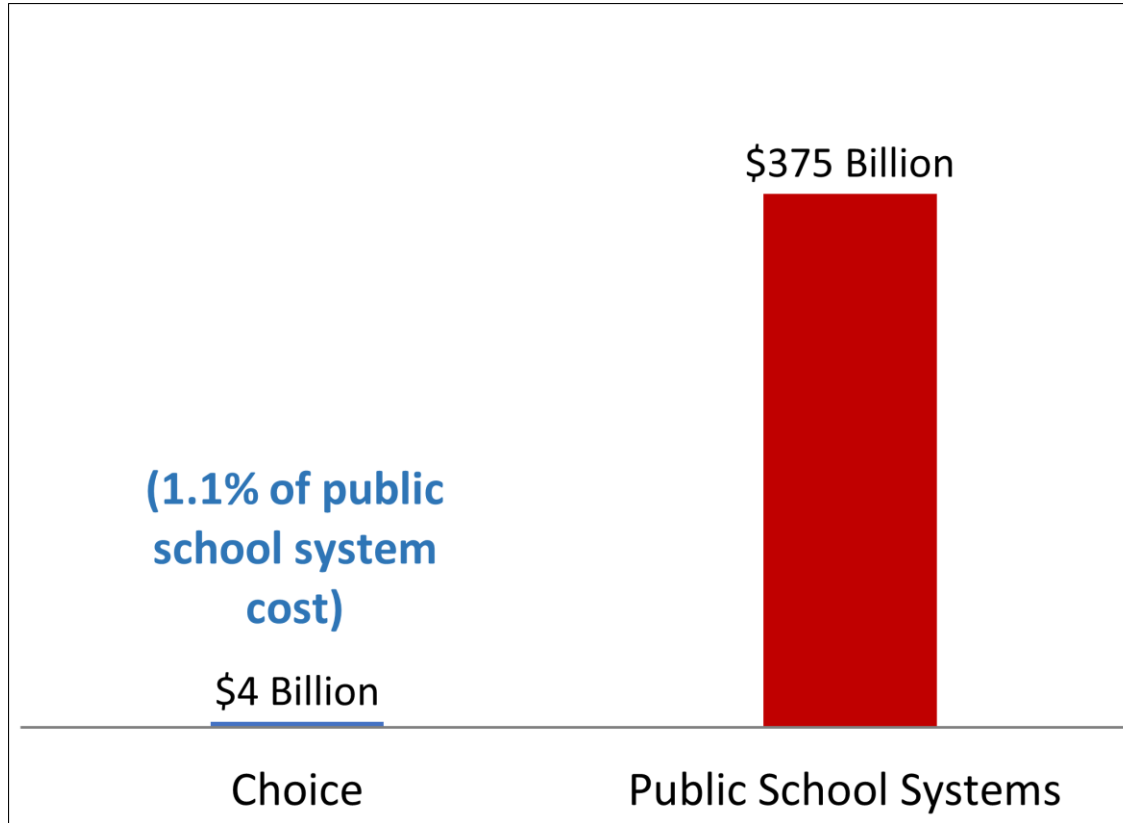
Overall Take-Up Rates By Program Type, 1990-2021
(47 programs in 25 states & D.C.)

	Year 1	Year 2	Year 3	Year 4	Year 5
all programs	0.46%	0.86%	1.12%	1.44%	1.68%
ESA	0.25%	0.66%	1.07%	1.72%	2.16%
Tax Credit	0.35%	0.59%	0.87%	1.10%	1.23%
Voucher	0.70%	1.36%	1.77%	2.12%	2.51%

Participation Rates for Choice Programs as % of Eligible Students, as of FY 2023



Basic Fact #2: Public spending on choice programs represents 1% of total public spending on K-12





Fiscal Effects Studies

These studies examine the fiscal effect that private school choice programs have on taxpayers, state budgets and public school districts.

There have been **74 fiscal studies** of choice programs that account for both costs and savings from these programs.

68*

Net fiscal benefits

*This includes 4 studies which reported net costs in the short run and net benefits in the long run.


5

Cost-neutral

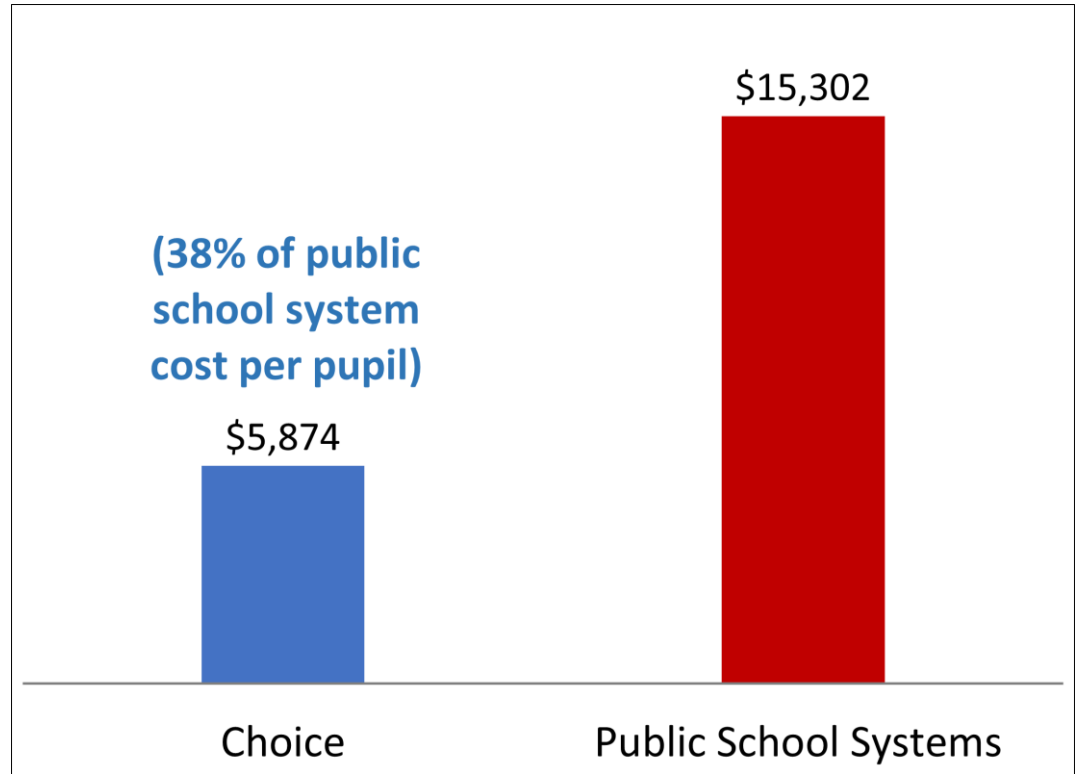
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Net costs

*This includes 4 studies which reported net costs in the short run and net benefits in the long run.



Basic Fact #3:
Choice
programs
receive 62%
less per
student than
what public
schools receive



Short-Run Fiscal Effects

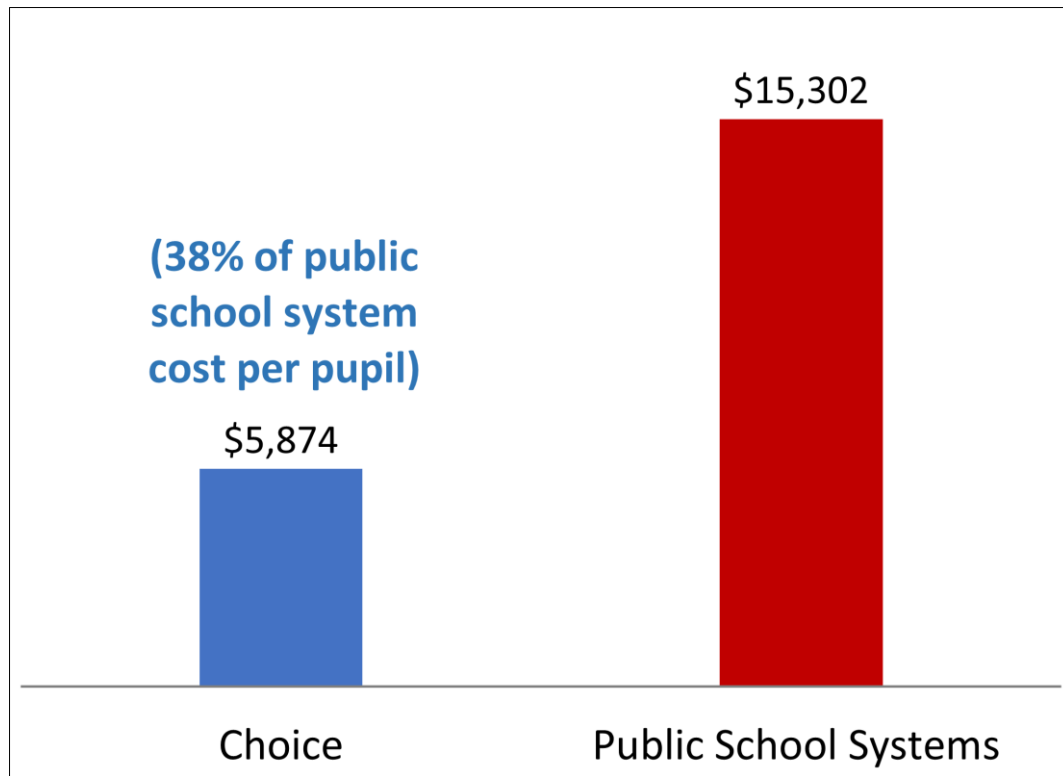
Overall net fiscal effect (NFE) on state and local taxpayers

$$\text{NFE} = [\text{Short-run variable savings from switchers}] - [\text{Cost of ESA Program}]$$

Fiscal alignment for a school choice program to result in savings:



This funding gap suggests significant savings in the long run when students switch out of the public school system



Long-Run Fiscal Effects

Fundamental economic principal: in the long run,
all costs are variable

Long run NFE measured by comparing cost of the
choice program with the total cost to educate
participants in the public school system

Fiscal study of
40 education
choice
programs in
the U.S.
through FY
2018

- Estimated cumulative net fiscal savings for state and local taxpayers were \$12.4 billion to \$28.3 billion, or up to \$7,500 per student participant
- Put another way, for each dollar spent on choice programs, taxpayers experienced between \$1.80 and \$2.85 in fiscal benefits

*** Almost all programs in the study have been in operation for at least 5 years, suggesting that fiscal effects are closer to the upper-end estimates

Fiscal Effects of Private Educational Choice Programs through FY 2018, By State

State	Short Run Total Cumulative Savings	Long Run Total Cumulative Savings	Short Run Cumulative Savings Per Student	Long Run Cumulative Savings Per Student	Short Run Savings For Each Dollar Spent	Long Run Savings For Each Dollar Spent
Arizona	\$1,221.2 M	\$3,181.7 M	\$1,853	\$4,827	\$1.72	\$2.89
Iowa	\$656.4 M	\$1,194.0 M	\$5,399	\$9,820	\$6.79	\$11.53
North Carolina	\$74.1M	\$154.3M	\$3,373	\$7,022	\$1.81	\$2.69
Oklahoma	\$24.9 M	\$54.3 M	\$2,794	\$6,084	\$1.72	\$2.56
Wisconsin	\$381.4M	\$2,166.6M	\$1,065	\$6,048	\$1.16	\$1.93
All Programs	\$12,356.4M	\$28,282.5M	\$3,296	\$7,543	\$1.81	\$2.85

Note: Parentheses () denotes a negative number



**Will more choice
harm students
who remain in
public schools?**

Effects on Public School Students



These studies examine whether a private school choice program affects the academic outcomes of students who remain in public schools

There have been **29 competitive effects studies** of educational choice programs.

26

Positive Effects

1

No Detected
Effect

2

Negative Effects



Do Educational Choice Programs Harm Public School Students? (1)

A 2019 meta-analysis (statistical analysis for a “study of studies”) concluded:

“In general, competition resulting from school-choice policies does have a small positive effect on student achievement. The lack of an overall negative impact on student outcomes might ease critics’ concerns that competition will hurt those students ‘left behind’ due to school-choice policies.”

- Jabbar et al. (2019), The Competitive Effects of School Choice on Student Achievement: A Systematic Review, *Education Policy*

Do Educational Choice Programs Harm Public School Students? (2)

When choice programs expand funding and eligibility, students who remain in public schools:

- Improve student learning
- Lower absenteeism
- Lower suspension rates

- Figlio, Hart, and Karbownik (2021), *Effects of Scaling Up Private School Choice Programs on Public School Students*, Munich Society for the Promotion of Economic Research - CESifo

Recap

Educational choice:

- 3% of students, 1% of funding
- Substantial fiscal benefits for taxpayers
- Leaves public school system intact, even improves when choice enters its picture

Thank you!

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Net fiscal effects estimates for each student participating in choice programs, by state

