

FAQs

Does school choice drain funding and resources away from public schools?

No. Real world experience and evidence show that states and cities with school choice programs have not seen their public school budgets go down.

When students leave public schools using voucher programs, they free up more money for the students who remain. Taking a student out of public school removes the cost of educating that student. Most of these savings remain in local school budgets where they benefit other students; the rest of the savings go into state budgets. States and cities with school choice programs have all increased their per-student instructional spending in the years since the programs began.

Two examples may help for consideration. By 1992, Milwaukee's school choice program had been in place for two years, and according to the U.S. Census, the city's public schools spent \$9,038 per student; by 2007 that figure had swelled to \$11,725 – a 30 percent increase in real dollars. Cleveland's school choice program launched in 1997, when the city was spending \$9,293 per student. Cleveland was spending \$11,383 per student in 2007 – a 22 percent increase in real dollars over eleven school years.

The cost of a voucher or scholarship for a participant in a school choice program is less than what would have been spent on that student if he or she had remained in public schools. While the average public school spends about \$10,000 per student, the average private school charges about \$6,000 in tuition. That difference is the fundamental reason school choice policies will save money.

Myth: Vouchers Cost Big, Drain Money From Public Schools

Opponents claim that vouchers cost taxpayers money. Vouchers use tax funds to pay for private schooling, and some assert that this creates a negative fiscal effect on state governments.

More important, many are concerned that public schools are harmed as vouchers divert their funding as well as their students to private schools. As enrollment shrinks because of vouchers, public schools lose the portion of revenue that is dependent on enrollment. Opponents argue that public schools are unable to sufficiently reduce their spending when students leave with vouchers.

Facts: Vouchers Boost State and Local School District Budgets

State budgets typically save money when students use vouchers to attend private schools. Vouchers usually redirect state education spending from school districts to parents. If the vouchers are not worth the entire amount of state education spending, as is generally the case, then the state saves money on the difference. For example, if a state spends \$6,000 per student annually in public schools, and offers a \$5,000 voucher, the state saves \$1,000 each year for each participating student. In some cases, the voucher is worth the same amount the state spends on public school students, making the program fiscally neutral.

At the same time, school districts typically receive a big financial benefit because their costs are reduced much further than their revenues. When a student uses vouchers, the local school district only loses some of the revenue associated with that student—a large portion of school revenues come from property taxes and other sources that don't change with enrollment levels. However, the district loses the entire cost of educating the student. This frees up more money for school budgets and helps increase per-student public school spending.

School districts do have some fixed costs that aren't reduced when students leave, such as the cost of keeping the lights on in the building. However, studies have repeatedly

found that the savings from school choice are much larger than the fixed costs left behind in schools.

Evidence: Research Shows Voucher Programs Save Money

Susan Aud has conducted the largest study on the fiscal effects of school choice. She examined the fiscal effects of all existing voucher and tax-credit scholarship programs in the United States from 1990 through 2006. To ensure that the study accounted for

fixed costs, she only included public school cost reductions in the category of instructional expenditures, which excludes transportation, lunch programs, administration, and many other non-instructional expenditures. As a result, the savings calculated in the study reflect a conservative estimate of the real cost reductions from school choice programs.

Aud found that no school choice program had a negative overall fiscal impact, and most of them saved significant amounts of money. Her results

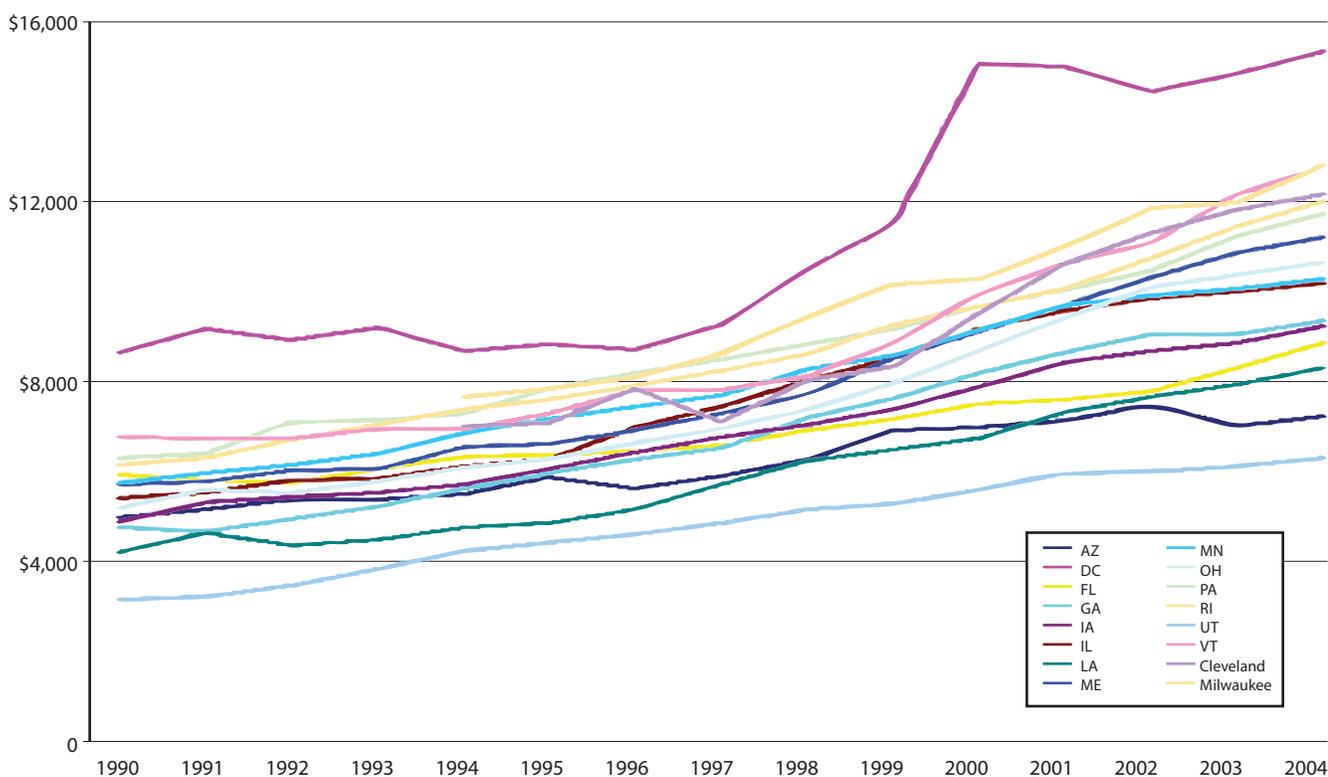
showed that school choice programs saved a net total of \$22 million for state budgets and \$422 million for local school districts between 1990 and 2006, a grand total fiscal benefit of \$444 million.

Aud also found that every city and state with a school choice program had seen instructional spending per student rise since the enactment of the program. Data from the U.S. Department of Education confirm that the same holds true for total education spending (see graph below).

FISCAL IMPACT OF SCHOOL CHOICE PROGRAMS, 1990-2006

State Budgets	Local School Districts	Total
+\$22 million	+\$422 million	+\$444 million

SCHOOL SPENDING UP EVERYWHERE WITH SCHOOL CHOICE



¹ Susan Aud, "Education by the Numbers: The Fiscal Effect of School Choice Programs, 1990-2006," Friedman Foundation for Educational Choice, April 2007.

² Data obtained from the U.S. Department of Education's Common Core of Data.