
FISCAL EFFECTS OF SCHOOL VOUCHERS

Examining the Savings and Costs of America's
Private School Voucher Programs

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ABOUT EDCHOICE

EdChoice is a nonprofit, nonpartisan organization dedicated to advancing full and unencumbered educational choice as the best pathway to successful lives and a stronger society. EdChoice believes that families, not bureaucrats, are best equipped to make K-12 schooling decisions for their children. The organization works at the state level to educate diverse audiences, train advocates and engage policymakers on the benefits of high-quality school choice programs. EdChoice is the intellectual legacy of Milton and Rose D. Friedman, who founded the organization in 1996 as the Friedman Foundation for Educational Choice.

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EXECUTIVE SUMMARY

This report provides updated estimates of the fiscal effects of all school voucher programs in the United States. Since EdChoice's original 2014 *School Voucher Audit* report, four additional years of data have become available, allowing us to estimate the fiscal effects of six more programs through 2015, the most recent year with complete data available. To provide useful information for policymakers about program design, this analysis also estimates the break-even switcher rate for each program, meaning the rate at which students must switch from public schools to private schools using vouchers for the state to break even financially.

Most revenue for K–12 public schools come from state and local sources, and K–12 expenditures comprise a significant share of the general fund for all state governments and are a substantial expense for local taxpayers as well. Given the significant state and local taxpayer funding devoted to the education of our youth, policymakers want to know how school choice programs affect their states' budgets and the budgets of local public school districts.

The voucher programs analyzed in this report are:

1. District of Columbia Opportunity Scholarship Program
2. Florida's John M. McKay Scholarships for Students with Disabilities Program
3. Florida's A+ Opportunity Scholarships Program
4. Georgia Special Needs Scholarship Program
5. Indiana's Choice Scholarship Program
6. Louisiana Scholarship Program (formerly known as the Student Scholarships for Education Excellence Program)
7. Louisiana's School Choice Program for Certain Students with Exceptionalities

8. Mississippi Dyslexia Therapy Scholarship for Students with Dyslexia Program
9. Cleveland Scholarship Program
10. Ohio's Autism Scholarship Program
11. Ohio's Educational Choice Scholarship Program
12. Ohio's Jon Peterson Special Needs Scholarship Program
13. Oklahoma's Lindsey Nicole Henry Scholarships for Students with Disabilities Program
14. Utah's Carson Smith Special Needs Scholarship Program
15. Milwaukee Parental Choice Program
16. Wisconsin's Parental Private School Choice Program (Racine)

Florida's A+ Opportunity Scholarships Program was discontinued in 2006 and is not included in our program profiles section. The fiscal effects for this program were estimated and reported in the original *School Voucher Audit* report, and readers are encouraged to refer to that report for details about this program. Any cumulative fiscal effects estimates reported throughout this paper includes the fiscal effects for Florida's A+ Opportunity Scholarships Program.

Two key factors apply to estimating the fiscal effects for all programs:

1. What are the costs directly associated with educating a given student and that would not be spent if that student were not enrolled? These costs are commonly referred to as variable costs.
2. How many students would have attended public schools without the financial assistance of the voucher program? These students are commonly referred to as switchers.

This report makes explicit, extremely cautious estimates of variable costs and the rate of switchers to generate the estimates reported below, which means our findings are likely underestimates of actual savings from school voucher programs.

Typically, all or most of state revenue is based on enrollment while local revenue and some portion of federal revenue is not based on enrollment. Thus, when a student leaves a district for whatever reason, the district's revenue will decline by the state portion only. The district will typically keep all local revenue and some or most federal revenue. This arrangement has the effect of generating positive fiscal effects for taxpayers and school districts. Because districts usually keep some part of funding for students they no longer serve, the amount of resources a district has available per student will increase when enrollment declines.

The key findings from the analysis are:

- The 16 voucher programs analyzed in this report generated cumulative net savings to state and local budgets worth \$3.2 billion from when they were launched to FY 2015.
- These savings represent \$3,400 per voucher recipient.
- In the last year of the analysis (FY 2015), all the programs have generated \$408.5 million in cumulative savings, or almost \$3,100 for each student using a voucher.

No fiscal analysis of any voucher programs in the United States that accounts for both costs and savings—including this one—has found that students exercising choice through voucher programs results in a net negative fiscal impact on taxpayers.

Voucher programs aren't the only way families are switching from public schools to private schools. A recent paper also estimated the fiscal effects of

tax-credit scholarship programs.ⁱ Ten programs in seven states generated taxpayer savings worth between \$1.7 billion and \$3.4 billion, or between \$1,650 and \$3,000 per scholarship student.

Combining those results, voucher and tax-credit scholarship programs in the U.S. have generated between \$4.9 billion and \$6.6 billion in taxpayer savings, equivalent to more than \$3,100 for every voucher and scholarship awarded to children.

ⁱMartin F. Lueken (2018), The Fiscal Effects of Tax-Credit Scholarship Programs in the United States, *Journal of School Choice*, 12(2), pp. 181–215, <https://dx.doi.org/10.1080/15582159.2018.1447725>

TABLE E1

Summary of Fiscal Effects from 16 School Voucher Programs through FY 2015

Program Name	Started	Cumulative Savings from Inception through 2014–15	Cumulative Savings Per Student from Inception through 2014–15	Overall Break-Even Switcher Rate
District of Columbia Opportunity Scholarship Program	2004–05	\$36,250,786	\$2,144	69%
Florida’s John M. McKay Scholarships for Students with Disabilities Program	1999–00	\$1,513,277,535	\$5,535	54%
Florida’s A+ Opportunity Scholarship Program†	1999–00	\$2,897,934	\$1,018	79%
Georgia Special Needs Scholarship Program	2007–08	\$149,873,525	\$7,322	45%
Indiana’s Choice Scholarship Program*	2011–12	\$69,117,070	\$1,115	62%
Louisiana Scholarship Program	2008–09	\$56,041,074	\$2,302	69%
Louisiana’s School Choice Program for Certain Students with Exceptionalities*	2011–12	(\$83,806)	(\$91)	15%
Mississippi Dyslexia Therapy Scholarship for Students with Dyslexia Program*	2012–13	\$1,443,329	\$6,472	42%
Cleveland Scholarship Program (Ohio)	1996–97	\$400,450,680	\$4,177	32%
Ohio’s Autism Scholarship Program	2004–05	\$108,363,412	\$6,181	73%
Ohio’s Educational Choice Scholarship Program	2006–07	\$429,228,122	\$3,780	51%
Ohio’s Jon Peterson Special Needs Scholarship Program*	2012–13	\$46,390,233	\$6,757	57%
Oklahoma’s Lindsey Nicole Henry Scholarships for Students with Disabilities Program*	2010–11	\$3,155,952	\$3,211	69%
Utah’s Carson Smith Special Needs Scholarship Program	2005–06	\$4,737,341	\$850	52%
Milwaukee Parental Choice Program	1990–91	\$343,236,675	\$1,202	75%
Wisconsin’s Parental Private School Choice Program (Racine)*	2011–12	\$2,900,024	\$820	80%
Overall Totals		\$3,167,279,884	\$3,404	

Notes: †Private school choice component ended after 2005–06 school year by court order.
 *These programs were not included in the first School Voucher Audit report

INTRODUCTION

In his 1955 seminal piece, “The Role of Government in Education,” Nobel Laureate Milton Friedman proposed school vouchers could break the link between government’s role in funding and operating public schools.¹ Friedman argued for vouchers as a means to an end to improve the education of children. He said,

“The purpose of vouchers is to enable parents to have free choice, and the purpose of having free choice is to provide competition and allow the educational industry to get out of the 17th century and get into the 21st century and have more innovation and more evolution.”²

School vouchers allow parents to use all or part of public funding, typically expended by a school district, for their children’s education and gives parents the freedom to choose a private school, usually including both religious and non-religious options.

Since Milwaukee enacted the first school voucher program in 1990, the United States today has 26 operating voucher programs in 15 states and the District of Columbia.³ Today, more than 180,000 students are recipients of vouchers via these programs.

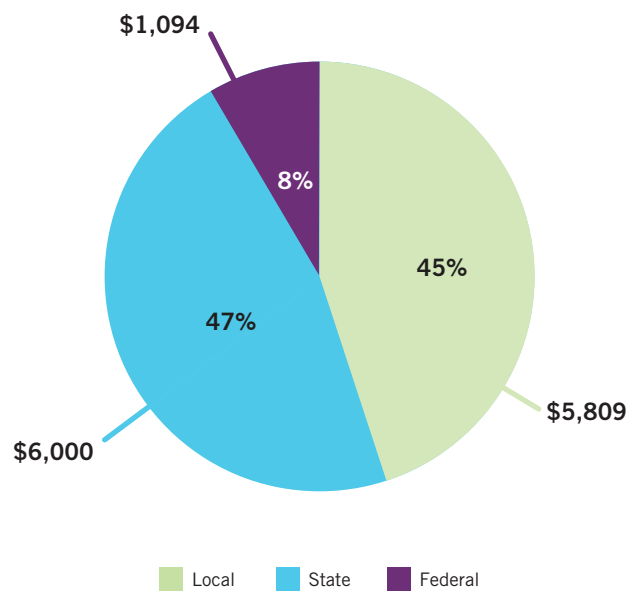
Researchers have studied the effects of these programs on numerous outcomes. Most random assignment studies examining test scores find that private school voucher programs help improve students’ academic performance, especially over time.⁴ Some recent evidence suggests the presence of negative transition effects, where negative effects were detected for students during the first couple years in the program and dissipate after three to four years.⁵ Research on other outcomes tend to be positive overall and suggest that private school choice programs lead to improvements in educational attainment. These programs also have a positive effect on a student’s character, where

students in choice programs tend to be more tolerant than their public school peers and are more likely to vote, volunteer, and engage in other civic activities. They also decrease segregation and increase parental satisfaction.⁶

Nevertheless, two of the most common criticisms levied against private school choice programs is that they will increase costs to taxpayers and “siphon” or “divert” resources from public schools. Given those concerns, policymakers usually want to know the fiscal effects of voucher programs on state and local school district budgets.

In general, most revenue for K–12 public schools comes from state and local sources, and K–12 expenditures comprise a significant share of the general fund for all state governments and are substantial for local taxpayers as well. In 1900, 80 percent of funding was generated locally with the remainder provided by the state.⁷ Since then, the state and federal government have increased their role in K–12 education. Today, the federal, state and local shares of K–12 revenue are 10 percent, 47 percent, and 45 percent, respectively (Figure 1).⁸

FIGURE 1 Per-Pupil Revenue Share by Source, FY 2015



Source: U.S. Department of Education, National Center for Education Statistics, Common Core of Data (CCD), "National Public Education Financial Survey (State Fiscal)", 2014-15 (FY 2015) v.1a; "State Nonfiscal Public Elementary/Secondary Education Survey Directory Data", 2015-16 v.1a.

In FY 2015, 35.2 percent of states' general funds comprised K–12 expenditures and represented the largest share of state general fund spending.⁹ Policymakers are entrusted with being good stewards of taxpayer money, and there have been significant increases in expenditures on K–12 public schools over the past several decades—expenditures on K–12 public education has doubled since 1970.¹⁰ Given their responsibility and given these significant increases in expenditures in the public education system, policymakers want to know how school choice programs affect their states' budgets and the budgets of local school districts.

The fiscal effect of school choice programs is often a contentious area of debate. Supporters argue the programs save taxpayers money, while opponents claim they harm public schools by diverting resources.

This report updates fiscal effect estimates reported in the 2014 *School Voucher Audit*, which examined 10 private school voucher programs and estimated that these programs generated cumulative savings for state and local taxpayers worth \$1.7 billion from their inceptions through FY 2011.¹¹ Since this 2014 report, four additional years of data have become available, which permits fiscal effects estimates for six more programs.

This study also reports estimates for break-even switcher rates for each program. This statistic can provide useful information for policymakers about program design. For example, consider a state with a school choice program for only low-income families. If a goal for policymakers is to maximize educational opportunity for families, regardless of background, while maintaining revenue neutrality, one may view a low break-even switcher rate for a program targeting disadvantaged students, such as students with disabilities or children from low-income families, as an indicator that there is room and opportunity to expand the current program to more families—to provide more educational opportunities for families and more savings for taxpayers.

The hope is that this report can aid policymakers and state budget officials that might be considering expanding existing programs or providing fiscal scores of existing or proposed programs. The analysis in this report generates cautious estimates.

The rest of this report is organized as follows. The next section reviews fiscal analyses of private school voucher programs. The following section identifies the voucher programs included in the analysis and is followed by discussion about the data and methods of the present analysis and a conceptualization of the savings. Results are then reported and discussed, including detailed results for each program included in the analysis.

LITERATURE REVIEW

This section reviews studies that previously have examined the fiscal effects of school voucher programs on state and local public school district budgets.¹²

In a report written for the Friedman Foundation (now EdChoice), Susan Aud estimated the fiscal impact of 19 school choice programs from 1990 to 2006.¹³ She estimated that these programs saved \$444 million in taxpayer dollars. For the six voucher programs she was able to analyze, she estimated taxpayer savings of \$240 million, or \$1,250 per voucher recipient.

The Foundation released the original *School Voucher Audit* report seven years later, authored by Jeff Spalding, who estimated the net fiscal effects of 10 school voucher programs on state governments, taxpayers, and public schools.¹⁴ Spalding estimated that these programs generated \$1.7 billion, or about \$3,400 per voucher awarded, in taxpayer savings from these programs' respective inception to FY 2014. The present report updates this analysis.

Spalding and Aud's data and methods for estimating variable costs differed. Aud also attempted to disaggregate the fiscal effects into effects on the state treasury and on public schools, whereas the *School Voucher Audit* report and the present report do not. The present report also differs from others because it provides the break-even switcher rate for each program.

To date, Julie Trivitt and Corey DeAngelis have conducted two other fiscal analyses of the Louisiana Scholarship Program (LSP). Trivitt and DeAngelis (2016) estimated the fiscal impact of removing the LSP on total K–12 state expenditures.¹⁵ Accounting for both expected costs from students who enroll in district schools per the state's funding formula and savings from no longer funding vouchers, they estimated that if 13.52 percent of voucher students continued to enroll in private schools, then the state would break even. In a companion

study, DeAngelis and Trivitt (2016) examined the fiscal impact of removing the LSP from individual school districts and estimated that between 62 and 67 Louisiana school districts would incur a negative fiscal impact if the state's legislature were to remove the program.¹⁶ Thus, only two to seven school districts would incur a net fiscal benefit if the state's legislature were to remove the LSP. Employing financial data from the Louisiana Department of Education, the analysis estimated variable costs for each district. The mean estimated variable cost was 65.2 percent of total costs, which is in line with what other economists estimated for Louisiana (Scafidi, 2012).¹⁷

Patrick Wolf and Michael McShane (2013) examined the fiscal effects of the District of Columbia Opportunity Scholarship Program and estimated that the program generated a benefit-cost ratio of 2.62 (i.e., each dollar of expenditure generated \$2.62 worth of social benefits).¹⁸ Their analysis differs from the present analysis. The current report estimates the fiscal effects of voucher programs on budgets for state governments, local governments, and school districts, while Wolf and McShane accounted for the fiscal effects on social welfare by monetizing benefits associated with high school graduation.

Robert Costrell (2010) studied the fiscal effects of the Milwaukee Parental Choice Program and documented how those effects were unevenly distributed across different taxpayers.¹⁹ Overall, the program generated a net fiscal benefit for taxpayers worth \$46.7 million. Milwaukee taxpayers incurred a net cost while local taxpayers outside of Milwaukee incurred a net benefit. This arrangement is a unique feature with respect to how voucher programs are funded. Also known as the "funding flaw," this feature will be phased out by 2024–25.²⁰

No fiscal analysis of any voucher programs in the United States that accounts for both costs and savings has found that students exercising choice through voucher programs results in a net negative fiscal impact on taxpayers.

VOUCHER PROGRAMS UNDER ANALYSIS

Today, there are 26 voucher programs currently operating in 15 states plus the District of Columbia.²¹ The present analysis examines 16 of those voucher programs, covering nine states plus the District of Columbia, during the period from 1990 to 2015. In total, the 16 voucher programs in the present analysis represent 91 percent of all vouchers awarded in programs today up to 2015.²² As described in the next paragraph, 10 programs were not included in the present analysis because they are too new to evaluate with available data.

The analysis employs the same inclusion criteria used in the 2014 *School Voucher Audit*. The analysis relies on financial data from the U.S. Department of Education, from which FY 2015 is the most recent year these data are available. Thus, four more years of data have become available since the 2014 report. The analysis includes only voucher programs that were launched prior to 2015. It also includes only programs with at least three years of data, as the full impact of school choice programs usually takes time to materialize and this inclusion rule is consistent with the original report.

The voucher programs included in the analysis are:

- 1) District of Columbia Opportunity Scholarship Program
- 2) Florida's John M. McKay Scholarships for Students with Disabilities Program
- 3) Florida's A+ Opportunity Scholarships Program
- 4) Georgia Special Needs Scholarship Program
- 5) Indiana's Choice Scholarship Program*
- 6) Louisiana Scholarship Program (formerly known as the Student Scholarships for Education Excellence Program)

- 7) Louisiana's School Choice Program for Certain Students with Exceptionalities*
- 8) Mississippi Dyslexia Therapy Scholarship for Students with Dyslexia Program*
- 9) Cleveland Scholarship Program
- 10) Ohio's Autism Scholarship Program
- 11) Ohio's Educational Choice Scholarship Program
- 12) Ohio's Jon Peterson Special Needs Scholarship Program*
- 13) Oklahoma's Lindsey Nicole Henry Scholarships for Students with Disabilities Program*
- 14) Utah's Carson Smith Special Needs Scholarship Program
- 15) Milwaukee Parental Choice Program
- 16) Wisconsin's Parental Private School Choice Program (Racine)*

The six programs marked with an asterisk represent recent programs added to the analysis since the *School Voucher Audit* report. This study includes profiles, along with detailed tables and figures of results for each of the 16 voucher programs analyzed here.

Florida's A+ Opportunity Scholarships Program was discontinued in 2006 and is not included in our program profiles section. The fiscal effects for this program were estimated and reported in the original *School Voucher Audit* report, and readers are encouraged to refer to that report for details about this program. Any cumulative fiscal effects estimates reported throughout this paper includes the fiscal effects for Florida's A+ Opportunity Scholarships Program.

DATA AND METHODS

This update employs the same analytic methods from the 2014 *School Voucher Audit*. We encourage readers to consult that report for additional details. For a program to be included in the analysis, at least three years of data must be available. The final year of the sample period is FY 2015. Thus, I excluded from this analysis the eight voucher programs that started after FY 2012.

As with the 2014 *School Voucher Audit*, this analysis estimates the overall fiscal effects of private school choice programs, namely their effects on state governments and local school districts.

The fiscal effect of a voucher program is the difference between (a) the cost of scholarships awarded under the program and (b) the total cost burden removed from schools no longer obligated to educate students participating in the voucher programs.

$$\text{Net Fiscal Impact} = \text{Savings from not educating students in public schools} - \text{Cost of vouchers}$$

Formally, the net fiscal impact is estimated by the following equation:

$$\text{NFI} = (\text{AVC} \times E) \times (1-p) - (V \times E)$$

Where NFI is the net fiscal impact; AVC denotes the average variable cost per student in public schools; p denotes the share of students who would have enrolled in a private school even without financial assistance from the voucher program; E denotes the number of students who use a school voucher; and V is the average amount of the voucher. The term (1-p) represents the share of students using vouchers who are switchers.

A student who switches from a public school will generate savings overall if the variable cost exceeds the voucher amount. Students who are non-switchers (i.e. would enroll in a private school anyway without a voucher program in place) represent a fiscal cost equal to the voucher amount. As such, two main factors drive the estimates of the fiscal effects of voucher programs:

- 1) The number of students who would have attended public schools without the financial assistance from the voucher program, or switchers, and
- 2) The costs directly associated with educating a given student and that would not be spent if that student were not enrolled, or variable costs.

Because any fiscal analysis of a private school choice program relies on knowing the share of vouchers awarded to switchers, I contacted state government agencies to request information pertaining to where students were enrolled prior to participating in the program. Some programs require all or most eligible students to have been enrolled in public schools during the previous year, though students of kindergarten age are usually exempt from this requirement. For programs with public school pre-enrollment requirements for eligibility, the analysis assumes all students who use a voucher are switchers. The program profiles provide details regarding data related to switchers, and where necessary, what assumptions were used for programs where data on students' prior enrollment were not available.

It is also possible to estimate the break-even switcher rate by setting NFI in the previous equation to zero and solving for (1-p). This statistic tells the percent of voucher students who must be switchers for the program to be cost-neutral. It is simply the ratio of the average voucher amount to the average variable cost per student.

$$\text{Break-even switcher rate} = V / \text{AVC}$$

Break-even switcher rates are reported for all programs in the analysis. It can provide useful information about the fiscal effects of programs that do not track or report data about switchers. In this case, it can at least provide a qualitative sense about whether a program is generating a net benefit or net cost for taxpayers, though it does not say anything precise about the size of the fiscal effect.

For voucher programs that require all or most students to have been enrolled in a public school prior to participating in the program, the analysis counts all voucher recipients as switchers. These programs are:

- Florida’s John M. McKay Scholarships for Students with Disabilities Program
- Georgia Special Needs Scholarship Program
- Indiana’s Choice Scholarship Program
- Louisiana Scholarship Program
- Mississippi Dyslexia Therapy Scholarship for Students with Dyslexia Program
- Ohio’s Educational Choice Scholarships
- Oklahoma’s Lindsey Nicole Henry Scholarships for Students with Disabilities Program

For programs without public school prior-enrollment requirements, attempts were made to obtain data about where students in those programs were enrolled prior to receiving a voucher. When possible, data were obtained from states’ education departments about switchers. For some programs where data about switchers were not available, the analysis relies on information that pertain to switching from studies that have been conducted on those programs.

To estimate variable costs, the analysis employs school finance data from the National Center for Education Statistics and uses the same accounting methods from the 2014 *School Voucher Audit*. Variable cost estimates are based on categorical

expenditures for Instruction, Instructional Support Services, and Student Support Services.²³ The fiscal analysis assumes that all other categorical expenditures are fixed (e.g. capital outlay, maintenance, debt service, school and district administration, transportation, food service, enterprise operations, and numerous other categorical expenditures, some of which may be variable or quasi-variable in the short run). Notably, this approach is more cautious than methods used by some economists.²⁴

School choice programs targeting students with special needs presents a unique challenge to estimating their fiscal effects because, relative to the general student body, the costs for serving students with special needs can vary dramatically depending on the severity of their disabilities. Thus, the average variable cost per student for any group of students using special needs vouchers is unique to that group. While this amount will vary from the overall statewide average variable cost for all students, it can also differ slightly or significantly from the statewide average variable cost for all students with special needs.

This update employs the same methodology as the 2014 *School Voucher Audit* by assuming that educational costs for students with special needs are twice the cost of general education students.²⁵⁻²⁶ Thus, the variable costs for students with special needs is estimated as twice the variable costs for general education students. If the distribution of disabilities of students with special needs using vouchers skews toward more severe disabilities, then savings may be underestimated. Conversely, if the group of students using special needs vouchers are on average less disabled than the statewide distribution, then savings may be overestimated. The primary assumption that students with special needs have, on average, twice the costs as other students, is itself cautious. The U.S. Department of Education reports state-level data about the number of children that receive, and total personnel that help provide, special education services under Part B of the Individuals with Disabilities Education Act (IDEA).²⁷ Based on

Educational Costs

Some nuanced discussion is warranted about the topic of educational costs. Debates about the fiscal effects of school choice programs are about short-run costs. In the long run, all costs are variable—this is a fundamental accounting and economics principle. If a school gains or loses students, its options are somewhat limited in the immediate term. Over time, however, the school can take more actions to adapt. For example, it can open or close classrooms or move into a different building.

In the short run, some costs are fixed while other costs are variable. Public officials often voice concern about the fiscal effects of these programs on district schools. One common line is that schools “need to keep the lights on,” and they argue that because of high fixed costs, school choice programs will cause harm.

If it was true that schools have high fixed costs, and by extension there are no savings from enrollment declines, then it follows that there would be no added costs when enrollment increases. Of course, this is not the case. To be sure, it is common for public school officials to testify in front of appropriations committees to request more funding because they anticipate enrollment growth.

In reality, both revenues and costs change with enrollment, though not in perfect unison. Figure 2 illustrates this reality. Over a broad range of enrollment, costs and revenue correspond to enrollment changes. Over a small range of enrollment change, a school may incur a reduction or increase in revenue while its variable costs remain flat. This corresponds to the horizontal portion of each step. If a school gains or loses a few students, a school cannot simply add or remove a teacher. Teacher pay is not easily changed on a per-student basis.

It’s also notable that the change in revenue associated with small changes in enrollment represents a relatively small portion of a large budget. Enrollment fluctuations are a reality

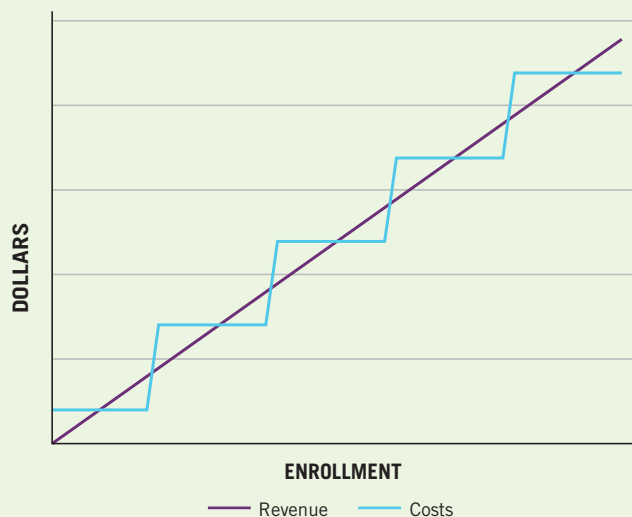
that districts have long dealt with, and changes in demand for services is not unique to schools. All kinds of enterprises face this reality (e.g., prekindergarten, colleges and universities, hospitals, law firms, kiosks, and grocery stores).

Financial management is a standard part of the educational landscape that officials must handle on a routine basis. To be sure, school officials face real challenges when revenue declines, and those challenges shouldn’t be dismissed. The point here is that facing challenges when revenue declines is not a problem uniquely tied to school choice. Rather, it is a natural part of the education landscape that school officials have long faced. Families move in and out of districts and schools for all kinds of reasons. If one’s opposition to a choice program stems from effects on finances, then it follows that he/she would also oppose families moving among districts and support policies that prohibit such movement.

The purpose of this report is to provide policymakers with information about the overall fiscal effects of school choice programs. To be clear, it does not describe what financial decisions were made by school officials when students left to participate in school choice programs. The analysis describes what costs can be adjusted in the short run, rather than what costs were adjusted or will be adjusted.

FIGURE 2

Relationship Between School Enrollment, Variable Costs and Variable Revenue



these data, the child-to-staff ratio for students with special needs in school year 2015–16 was 3.3—versus the overall ratio of eight pupils per public school employee.²⁸ Hiring three personnel to provide services for each student with special needs is indicative of the resources required to provide an adequate education for this population of children. It also indicates that there are considerable variable costs, and assumptions about variable costs used in the present analysis are likely cautious.

UNDERSTANDING VOUCHER FUNDING AND SAVINGS

When students leave public schools, they usually generate fiscal savings because the voucher amount in all programs is significantly less than the overall cost of educating students in district schools, and typically less than the short-run variable costs.

These savings, however, do not necessarily materialize as reductions in K–12 expenditures because public officials must make decisions to reduce expenditures. When they don't reduce those expenditures as public schools lose students, public schools will end up with more resources on a per-pupil basis. A common by-product of introducing school choice programs is that spending per student in district schools increases. Although it may be the case that total revenue for a district may drop, it is usually not the case that revenue per student declines. A 2016 report by EdChoice, *The Tax-Credit Scholarship Audit*, conceptualized fiscal savings from school choice programs:

“It’s worth repeating a distinction made about savings generated by school choice. School choice generally results in economic savings, which is not the same as a reduction in expenditures. If K–12 expenditures do not drop after school choice is offered, it doesn’t “prove” that the school choice program didn’t generate savings. What is going on if we do not observe lower expenditures? Put simply, public officials are making choices to re-spend the savings that school choice programs generate. In fact, public schools usually end up with more

resources per student because they typically don’t lose all funds previously spent on the students who leave. Public officials may simply be opting to spend the savings and carry on business as usual. For instance, in 2014, 9,532 students in Iowa who received scholarships to enroll in private schools originally came from public schools. Savings that year were about \$73 million. That was \$73 million that could have been directed to classrooms for the remaining 503,000 students enrolled in Iowa schools, generating an additional \$145 per student. We simply do not know, however, where these savings were directed.”²⁹

PARTICIPATION IN SCHOOL VOUCHER PROGRAMS

For the 16 voucher programs analyzed here, from their inceptions through FY 2015, more than 930,000 school vouchers have been awarded to students (Table 1). The addition of six programs and four more years of data represents more than 425,000 voucher awards added since FY 2011, the final year analyzed in the 2014 *School Voucher Audit* report. More than 80 percent of all vouchers were awarded through four programs: the Milwaukee Parental Choice Program, Florida’s John M. McKay Scholarship for Students with Disabilities Program, Cleveland Scholarship Program, and Ohio’s Educational Choice Scholarship Program. Three of these four programs (Milwaukee, Cleveland, and McKay) are the oldest voucher programs in the nation.³⁰

Figure 3 shows the steady growth of programs over time since 1991 and resembles an exponential pattern. Growth was very slow during the 1990s, as the Milwaukee Parental Choice Program (MPCP), the first voucher program enacted in the 20th century, was also the only voucher program in operation for the first half of the decade until the Cleveland Scholarship Program enrolled students in 1997. Then in 1998, participation in MPCP experienced a jump in participation as private schools with a religious affiliation, prohibited from participating in the program up to this point, were allowed to sign up.

TABLE 1

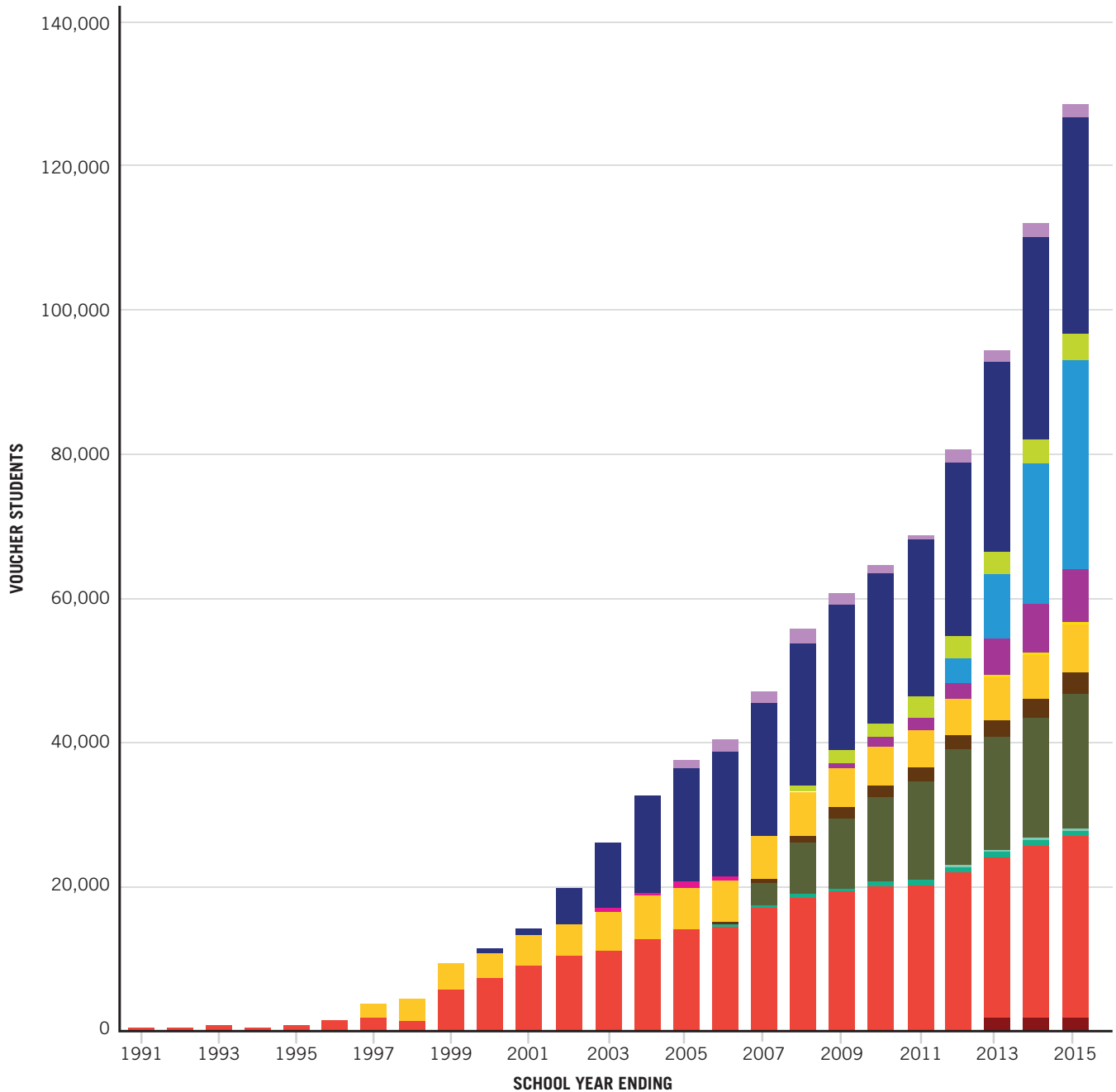
Total Participation in School Voucher Programs (SY 1990–91 to SY 2014–15)

School Year Ending	Washington, D.C.	Florida		Georgia	Indiana	Louisiana		Mississippi	Ohio				Oklahoma	Utah	Wisconsin		Annual Total	
	D.C. Opportunity Scholarship Program	John M. McKay Scholarships for Students with Disabilities Program	A+ Opportunity Scholarships Program	Georgia Special Needs Scholarship Program	Choice Scholarship Program	Louisiana Scholarship Program	School Choice Program for Certain Students with Exceptionalities	Mississippi Dyslexia Therapy Scholarship for Students with Dyslexia Program	Cleveland Scholarship Program	Autism Scholarship Program	Educational Choice Scholarship Program	Jon Peterson Special Needs Scholarship Program	Lindsey Nicole Henry Scholarships for Students with Disabilities Program	Carson Smith Special Needs Scholarship Program	Milwaukee Parental Choice Program	Parental Privagte School Choice Program (Racine)		
1991															300		300	
1992															512		512	
1993															594		594	
1994															704		704	
1995															771		771	
1996															1,288		1,288	
1997										1,994					1,616		3,610	
1998										2,914					1,497		4,411	
1999										3,674					5,761		9,435	
2000		2	57							3,404					7,575		11,038	
2001		970	51							3,797					9,238		14,056	
2002		5,013	47							4,523					10,497		20,080	
2003		9,130	556							5,281					11,304		26,271	
2004		13,739	640							5,887					12,882		33,148	
2005	1,027	15,910	763							5,710	300				14,071		37,781	
2006	1,716	17,300	734							5,813	475			107	14,604		40,749	
2007	1,805	18,273								6,116	734	3,169		340	17,088		47,525	
2008	1,930	19,852		899						6,272	1,000	7,144		548	18,558		56,203	
2009	1,714	20,530		1,596		640				5,562	1,461	9,772		582	19,428		61,285	
2010	1,322	20,926		2,068		1,100				5,476	1,666	11,784		602	20,372		65,316	
2011	1,017	22,198		2,529		1,678				5,697	1,978	13,733	6	624	20,256		69,716	
2012	1,615	24,194		2,965	3,911	1,823	182			5,030	2,000	16,136	135	679	22,220	219	81,108	
2013	1,584	26,611		3,229	9,139	4,967	197	32		6,001	2,489	15,959	1,342	169	23,812	488	96,733	
2014	1,660	28,370		3,371	19,809	6,778	233	72		6,027	2,496	16,999	2,204	296	24,811	1,169	114,972	
2015	1,520	30,378		3,811	29,148	7,362	311	119		6,703	2,934	18,842	3,319	377	25,745	1,660	132,929	
Total Voucher Count	16,910	273,396	2,848	20,468	62,007	24,348	923	223		95,881	17,533	113,538	6,865	983	5,573	285,504	3,535	930,535

Sources: Various state government agencies; EdChoice, School Choice in America Dashboard, accessed June 27, 2018, retrieved from <https://www.edchoice.org/school-choice/school-choice-in-america>

FIGURE 3

Participation in School Voucher Programs
More than 930,000 vouchers granted nationwide since SY 1990-91



- D.C. - Opportunity Scholarship Program
- FL - John M. McKay Scholarships for Students with Disabilities Program
- FL - A+ Opportunity Scholarships Program
- Georgia Special Needs Scholarship Program
- IN - Choice Scholarship Program
- Louisiana Scholarship Program
- LA - School Choice Program for Certain Students with Exceptionalities
- Mississippi Dyslexia Therapy Scholarships for Students with Dyslexia Program
- Cleveland Scholarship Program
- OH - Autism Scholarship Program
- OH - Jon Peterson Special Needs Scholarship Program
- OH - Educational Choice Scholarship Program
- OK - Lindsey Nicole Henry Scholarship for Students with Disabilities Program
- UT - Casron Smith Special Needs Scholarship Program
- Milwaukee Parental Choice Program
- WI- Parental Private School Choice Program (Racine)

From 2000 to 2011, programs continued to grow at a more rapid and steady pace. Then the overall pace jumped in subsequent years after Indiana introduced its Choice Scholarship Program, the second-largest voucher program in 2015 and largest single program operating today. The total number of vouchers awarded in the 16 programs in FY 2015 doubled the total number of vouchers awarded in FY 2010.

Although the rate of participation growth in voucher programs has been considerably rapid, the number of students participating in these programs remains dwarfed by students enrolled in public school systems, which are still by far the dominant education provider in the United States today. In 2015, almost 133,000 students participated in the 16 voucher programs studied. Student enrollment in public schools in 2015 exceeded 50 million.³¹

FUNDING VOUCHER PROGRAMS IN CONTEXT

The cost of private school choice programs represents a small share of their states' total cost to fund public education (Table 2). In FY 2015, the cost of vouchers for the District of Columbia Opportunity Scholarship Program (DCOSP) was about \$14 million, while total revenue for D.C.'s public K–12 schools was \$2.2 billion.³² The DCOSP's share of the total cost of public education that year was 0.62 percent. The total number of students participating in the DCOSP represents 1.6 percent of D.C.'s K–12 public and private school population. This implies that the per-pupil costs of educating students via vouchers is significantly less than educating students via public schools.

The total cost for Ohio's four voucher programs was \$193 million, or 0.79 percent of the state's total K–12 budget. Wisconsin is the only state whose voucher programs' share of total K–12 revenue exceeded 1 percent (1.8 percent) in FY 2018. For all other states with voucher programs in the analysis, their costs represent less than 1 percent of their states' respective budgets for K–12 education. In each

case, the public cost of these programs as a share of total revenue is less than vouchers as a share of K–12 enrollment, suggesting that the per-student cost of educating students for taxpayers is less than the per-student cost of educating students via district schools.

These data provide important context for evaluating claims that private school choice programs will harm students who remain in district schools. To be sure, many studies have examined private school choice programs' effects on students enrolling in nearby public schools. Nearly all find that students who remain in district schools experience modest and positive gains in learning.³³ Contrary to claims that students in district schools are harmed by increasing educational choice, the evidence suggests otherwise.

OVERALL RESULTS

The 16 voucher programs in the analysis generated net savings worth \$3.2 billion through FY 2015, or about \$3,400 for every student who received a voucher (See Table 3 on Page 19). With the addition of six new programs to the analysis and four more years of data, the estimated fiscal effects on taxpayers nearly doubled in magnitude in overall terms since the first 2014 *School Voucher Audit* report. In terms of estimated savings per student, the estimates are similar.

Combined with the estimated fiscal effects of tax-credit scholarship programs, voucher and tax-credit scholarship programs through FY 2015 have generated between \$4.9 billion and \$6.6 billion dollars, or on average about \$3,000 for every voucher and scholarship awarded in these programs.³⁴

For all voucher programs combined, net annual savings increased almost every year, with a slight decrease of about \$10 million after FY 2011, but savings jumped afterwards (See Figure 4). The programs combined generated more than \$408 million in savings in FY 2015, or \$3,100 for each voucher recipient.

TABLE 2

Combined Cost and Participation of Currently Operating Private School Choice Programs by State as Shares of Total K–12 Revenue and Enrollment, FY 2015

Program Name	State/Jurisdiction	Cost			Participation		
		Total Cost of All Voucher Programs within State	State's Total K–12 Public School Revenue	School Choice Program Share of Total K–12 Revenue	Total K–12 Public and Private School Enrollment Statewide	Number of Vouchers	Voucher Share of State's K–12 Public and Private School Enrollment
District of Columbia Opportunity Scholarship Program	District of Columbia	\$13,986,667	\$2,251,430,002	0.62%	96,814	1,520	1.6%
Florida's John M. McKay Scholarships for Students with Disabilities Program	Florida	\$205,800,583	\$26,789,374,006	0.77%	3,082,369	30,378	1.0%
Georgia Special Needs Scholarship Program	Georgia	\$20,564,499	\$18,772,155,241	0.11%	1,913,155	3,811	0.2%
Indiana's Choice Scholarship Program	Indiana	\$112,707,446	\$12,103,344,434	0.93%	1,195,729	29,148	2.4%
Louisiana Scholarship Program	Louisiana	\$41,518,149	\$8,927,289,410	0.47%	869,755	7,673	0.9%
Louisiana's School Choice Program for Certain Students with Exceptionalities	Louisiana	\$41,518,149	\$8,927,289,410	0.47%	869,755	7,673	0.9%
Mississippi Dyslexia Therapy Scholarship for Students with Dyslexia Program	Mississippi	\$559,434	\$4,550,410,225	0.01%	529,085	119	0.0%
Cleveland Scholarship Program	Ohio	\$193,005,052	\$24,516,266,247	0.79%	1,947,673	31,798	1.6%
Ohio's Autism Scholarship Program							
Ohio's Educational Choice Scholarship Program							
Ohio's Jon Peterson Special Needs Scholarship Program							
Oklahoma's Lindsey Nicole Henry Scholarships for Students with Disabilities Program	Oklahoma	\$2,500,155	\$6,261,169,587	0.04%	715,488	377	0.1%
Utah's Carson Smith Special Needs Scholarship Program	Utah	\$3,739,715	\$5,127,846,163	0.07%	653,213	700	0.1%
Milwaukee Parental Choice Program	Wisconsin	\$201,798,756	\$11,197,989,866	1.80%	871,432	27,405	3.1%
Wisconsin's Parental Private School Choice Program (Racine)							

Sources: Author's calculations; U.S. Department of Education, National Center for Education Statistics, Common Core of Data (CCD), "National Public Education Financial Survey (State Fiscal)", 2014-15 (FY 2015) v.1a; "State Nonfiscal Public Elementary/Secondary Education Survey Directory Data", 2015-16 v.1a. U.S. Department of Education, National Center for Education Statistics, Common Core of Data (CCD), "State Nonfiscal Public Elementary/Secondary Education Survey Directory Data", 2015-16 v.1a; "State Nonfiscal Public Elementary/Secondary Education Survey Membership Data", 2014-15 v.1a. U.S. Department of Education, National Center for Education Statistics, Common Core of Data (CCD), "Local Education Agency (School District) Universe Survey Directory Data", 2015-16 v.1a; "Local Education Agency (School District) Universe Survey Membership Data", 2014-15 v.1a, 2015-16 v.1a. U.S. Department of Education, National Center for Education Statistics, Private School Universe Survey (PSS), 2015-16.

Note: The Florida A+ program was discontinued after FY 2006 and is not included in this table

The four largest programs in the analysis (Milwaukee, Cleveland, Florida's McKay program, and Ohio's Educational Choice Scholarship Program) generated 85 percent of total net savings among the 16 programs analyzed. The McKay program alone accounted for more than half of total net savings (estimated \$1.5 billion) since FY 2000, worth \$5,500 per student who received a voucher.

Since 1990, the Milwaukee Parental Choice Program, the country's oldest modern-day voucher program, generated an estimated \$343 million in savings for the state's taxpayers, or about \$1,200 per

voucher student. Since 1997, Cleveland's voucher program generated an estimated \$400 million, or about \$4,200 per student. Ohio's Educational Choice Scholarships program generated about \$3,800 in taxpayer savings per student, or \$430 million in total cumulatively.

The six recent programs in the present analysis that were not included in first *School Voucher Audit* report comprised just 1.5 percent of the total savings. This low level of savings for these six new programs is indicative of school choice programs needing time to establish themselves

to grow student participation and to thereby generate fiscal benefits. Moreover, only students with special needs are eligible to participate in four of the six new programs, and one program is limited to students residing in a single school district (Racine). Indiana's voucher program is the only statewide program new to the analysis that is not limited to students with special needs. Three of the programs in this group are also the smallest in the analysis, having awarded fewer than 1,000 vouchers since they were launched.

The four special needs programs new to the analysis generated between \$83,000 in net costs (or \$90 per voucher, in Louisiana's School Choice Program for Certain Students with Exceptionalities Program) and \$46.4 million in net savings for

taxpayers (or \$6,800 per voucher, in Ohio's Jon Peterson Special Needs Scholarship Program).

The two non-special needs voucher programs new to the analysis, the Indiana Choice Scholarship Program and Racine's Parental Private School Choice Program, generated net savings worth \$69 million and \$2.9 million, respectively. On a per-student basis, these amounts represent on average \$1,100 and \$820 per voucher awarded, respectively.

Louisiana's School Choice Program for Certain Students with Exceptionalities Program generated a net negative fiscal impact worth \$83,000, or \$90 per voucher awarded, for taxpayers. Most students entering the program for the first time each year were enrolled in a nonpublic school setting prior

to participating in the program and therefore did not generate any savings. This fiscal effect is extremely small, however, when compared to the absolute magnitude of the overall cumulative savings generated by other voucher programs. The program itself is extremely small, both in terms of cost and student participation.

Louisiana’s other voucher program in the analysis, the Louisiana Scholarship Program, generated savings worth \$56 million, or \$2,300 per student. Combined, the state’s two voucher programs have generated a \$56 million net fiscal benefit for

Louisiana taxpayers, or about \$2,200 for each voucher awarded.

Like Louisiana’s School Choice Program for Certain Students with Exceptionalities, the size of the Mississippi Dyslexia Therapy Scholarship for Students with Dyslexia Program is very small. Just 223 scholarships have been awarded in total over the three years analyzed. The program has generated an estimated \$1.4 million in savings for Mississippi taxpayers, or more than \$6,000 per voucher student.

TABLE 3

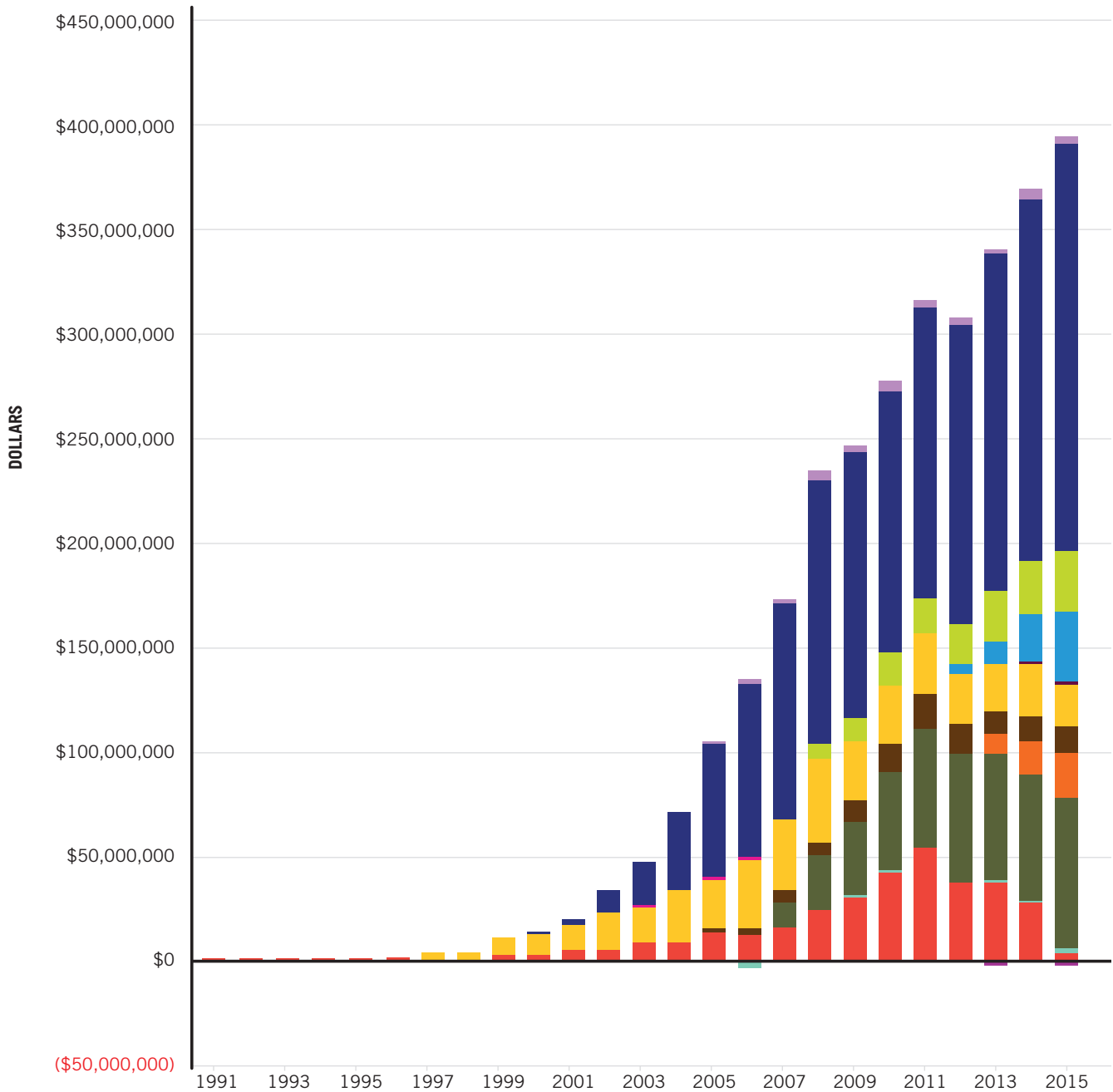
Summary of Cumulative Savings from 16 School Voucher Programs through FY 2015

Program Name	Started	Cumulative Savings from Inception through 2014–15	Cumulative Savings Per Student from Inception through 2014–15	Overall Break-Even Switcher Rate
District of Columbia Opportunity Scholarship Program	2004-05	\$36,250,786	\$2,144	69%
Florida’s John M. McKay Scholarships for Students with Disabilities Program	1999-00	\$1,513,277,535	\$5,535	54%
Florida’s A+ Opportunity Scholarships Program†	1999-00	\$2,897,934	\$1,018	79%
Georgia Special Needs Scholarship Program	2007-08	\$149,873,525	\$7,322	45%
Indiana’s Choice Scholarship Program*	2011-12	\$69,117,070	\$1,115	62%
Louisiana Scholarship Program	2008-09	\$56,041,074	\$2,302	69%
Louisiana’s School Choice Program for Certain Students with Exceptionalities*	2011-12	(\$83,806)	(\$91)	15%
Mississippi Dyslexia Therapy Scholarship for Students with Dyslexia Program*	2012-13	\$1,443,329	\$6,472	42%
Cleveland Scholarship Program	1996-97	\$400,450,680	\$4,177	32%
Ohio’s Autism Scholarship Program	2004-05	\$108,363,412	\$6,181	73%
Ohio’s Educational Choice Scholarship Program	2006-07	\$429,228,122	\$3,780	51%
Ohio’s Jon Peterson Special Needs Scholarship Program*	2012-13	\$46,390,233	\$6,757	57%
Oklahoma’s Lindsey Nicole Henry Scholarships for Students with Disabilities Program*	2010-11	\$3,155,952	\$3,211	69%
Utah’s Carson Smith Special Needs Scholarship Program	2005-06	\$4,737,341	\$850	52%
Milwaukee Parental Choice Program	1990-91	\$343,236,675	\$1,202	75%
Wisconsin’s Parental Private School Choice Program (Racine)*	2011-12	\$2,900,024	\$820	80%
Overall Totals		\$3,167,279,884	\$3,404	

Notes: †Private school choice component ended after 2005-06 school year by court order.
 * These programs were not included in the first School Voucher Audit report

FIGURE 4

Annual Fiscal Effects of School Voucher Programs, SY 1990–91 to SY 2014–15



- SCHOOL YEAR ENDING**
- D.C. - Opportunity Scholarship Program
 - LA - School Choice Program for Certain Students with Exceptionalities
 - OH - Educational Choice Scholarship Program
 - FL - John M. McKay Scholarships for Students with Disabilities Program
 - Mississippi Dyslexia Therapy Scholarships for Students with Dyslexia Program
 - OK - Lindsey Nicole Henry Scholarship for Students with Disabilities Program
 - FL - A+ Opportunity Scholarships Program
 - Cleveland Scholarship Program
 - UT - Casron Smith Special Needs Scholarship Program
 - Georgia Special Needs Scholarship Program
 - OH - Autism Scholarship Program
 - Milwaukee Parental Choice Program
 - IN - Choice Scholarship Program
 - OH - Jon Peterson Special Needs Scholarship Program
 - WI- Parental Private School Choice Program (Racine)
 - Louisiana Scholarship Program

SCHOOL VOUCHER PROGRAM PROFILES



OPPORTUNITY SCHOLARSHIP PROGRAM | DISTRICT OF COLUMBIA

The District of Columbia Opportunity Scholarship Program (DCOSP), authorized by the U.S. Congress in 2004, provides vouchers to low-income students to attend a private school of choice. It is the only federally funded program and is overseen by the U.S. Department of Education. To be eligible for the program, families must be current residents of D.C. and either receive benefits under the Supplemental Nutrition Assistance Program (SNAP) or earn no more than 185 percent of the federal poverty level prior to entering the program (or no more than \$45,510 for a family of four in 2017–18). Students may continue to receive vouchers in later years provided their household income does not rise above 300 percent of the poverty level.

Through 2011, vouchers were fixed at \$7,500 per student. Today, voucher amounts depend on grade level. In 2016–17, students in K–8 may receive a voucher worth up to \$8,654, while students in grades 9–12 may receive vouchers worth up to

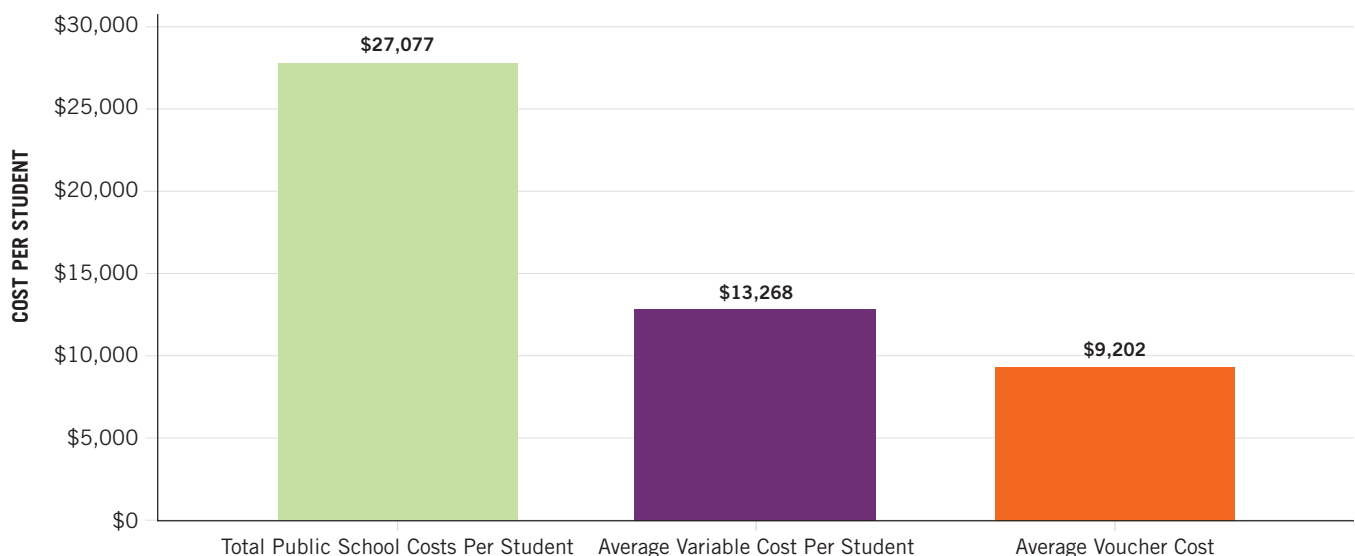
\$12,981. These amounts are adjusted for inflation each year. The program is authorized at \$20 million in available funding, meaning that about 2,000 students would be able to participate in the program, depending on students' grade levels.

Since its launch, participation in the program has been limited by the amount authorized by Congress. The number of vouchers awarded to students has remained below 2,000 every year.

The analysis attempts to account for the likelihood that students would enroll in private schools without financial assistance from the program. While the administrative agency does not collect data on where students were enrolled prior to the program, researchers who evaluated the program surveyed parents about where their children were enrolled prior to receiving a voucher.³⁵ About 12 percent of students in the control group (i.e., students who were not awarded a voucher via a

FIGURE 5

Fiscal Alignment of Educational Costs for D.C. Public Schools and the D.C. Opportunity Scholarship Program



lottery) enrolled in private schools during the year they were “lotteried out.” To my knowledge, this is the best information available about switchers. Thus, the fiscal analysis assumes that only 12 percent of students using a voucher each year would be able to enroll in private schools if not for the program.

Fiscal Alignment

In D.C., the total cost of public schools per student in FY 2014 was \$27,077, and the estimated average variable cost per student was \$13,268. The average voucher amount, \$9,202, is significantly less than these variable costs and indicates that the program is generating cost savings for taxpayers and the district.

Fiscal Impact

The DCOSP saved taxpayers \$36.3 million, or about \$2,100 for each voucher used by students. To be fiscally neutral, 69 percent of students must have chosen to leave or not attend public schools.

How to Read the Table

In FY 2015, the District of Columbia awarded vouchers to 1,520 students in the program. The average amount of the awards was \$9,202 per scholarship, and the total cost to fund vouchers was \$13,986,667. Next, savings were estimated. The analysis for the DCOSP assumes 12 percent of students in the program are not switchers (i.e. students who would enroll in a private school anyway if the program was not in place). This implies that 1,338 students were switchers. With an estimated average variable cost of \$13,268 per student. This enrollment shift generated \$17,747,858 in savings. Thus, the net impact in FY 2015 was \$3,761,191, or \$2,474 in savings per student who participated in the program that year. For the program to have been fiscally neutral in FY 2015, 69 percent of participating students must have been switchers, meaning the program would have been cost-neutral if 31 percent of students would have attended private schools anyway without financial assistance from the program.

FIGURE 6

D.C. Opportunity Scholarship Program
Net Savings Per Voucher Student

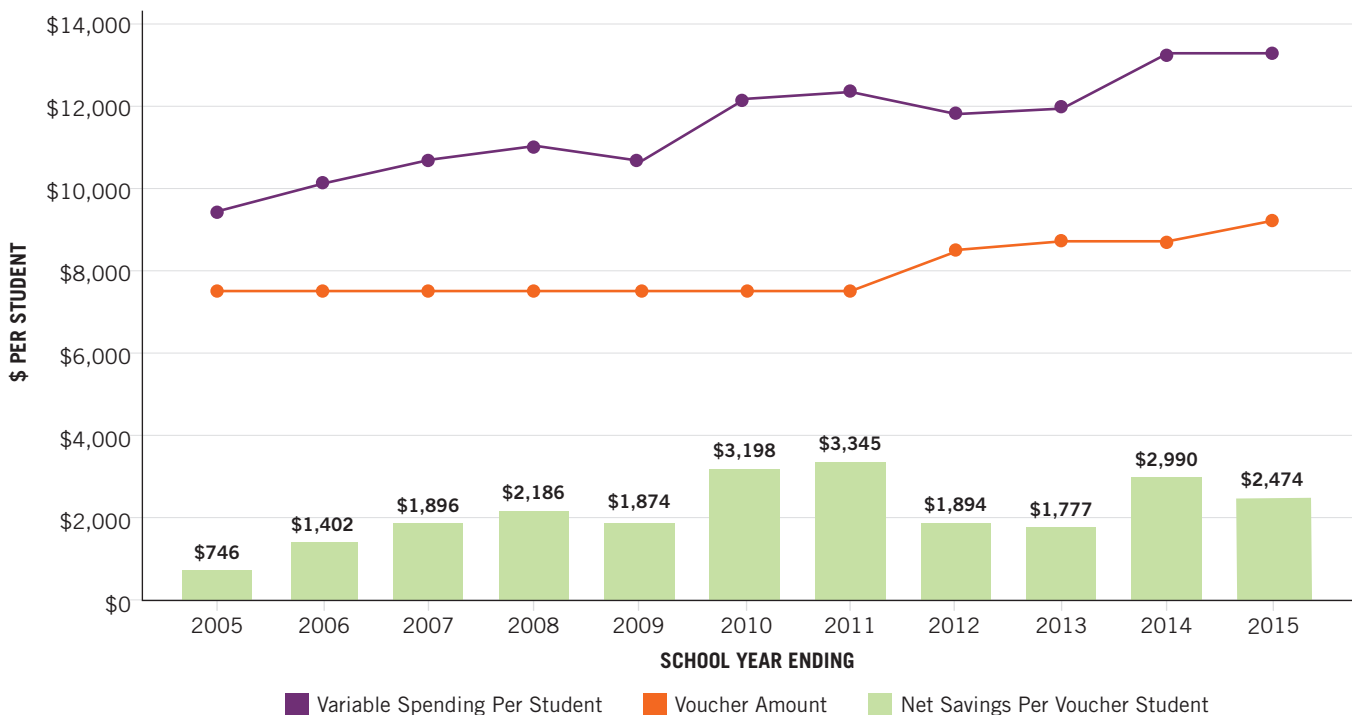


TABLE 4

D.C. Opportunity Scholarship Program
Overall Fiscal Effect

School Year Ending	Voucher Students	Average Voucher Amount	Maximum Voucher Cost (Federal Gov't)	Percent Share of Voucher Students Not Switching from Public Schools	Voucher Students Switching from Public School	"Avg. Variable Spending Per Student (D.C. Schools)"	"Enrollment Effect on Variable Costs (D.C. Schools)"	Total Net Savings	Net Savings Per Voucher Student	Break-Even Switcher Rate
2005	1,027	\$7,500	\$7,702,500	12%	904	\$9,371	\$8,468,707	\$766,207	\$746	80%
2006	1,716	\$7,500	\$12,870,000	12%	1,510	\$10,116	\$15,275,578	\$2,405,578	\$1,402	74%
2007	1,805	\$7,500	\$13,537,500	12%	1,588	\$10,677	\$16,959,140	\$3,421,640	\$1,896	70%
2008	1,930	\$7,500	\$14,475,000	12%	1,698	\$11,006	\$18,693,141	\$4,218,141	\$2,186	68%
2009	1,714	\$7,500	\$12,855,000	12%	1,508	\$10,652	\$16,066,359	\$3,211,359	\$1,874	70%
2010	1,322	\$7,500	\$9,915,000	12%	1,163	\$12,157	\$14,142,412	\$4,227,412	\$3,198	62%
2011	1,017	\$7,500	\$7,627,500	12%	895	\$12,324	\$11,029,275	\$3,401,775	\$3,345	61%
2012	1,615	\$8,483	\$13,700,000	12%	1,421	\$11,792	\$16,758,808	\$3,058,808	\$1,894	72%
2013	1,584	\$8,712	\$13,799,620	12%	1,394	\$11,920	\$16,615,063	\$2,815,443	\$1,777	73%
2014	1,660	\$8,686	\$14,419,297	12%	1,461	\$13,268	\$19,382,530	\$4,963,233	\$2,990	65%
2015	1,520	\$9,202	\$13,986,667	12%	1,338	\$13,268	\$17,747,858	\$3,761,191	\$2,474	69%
							Cumulative Total	\$36,250,786	\$2,144	69%

Sources: National Center for Education Statistics; EdChoice, National Catalogue of School Choice Programs

Notes: District-level financial data were available only up to FY 2014 from NCES. The analysis assumes the average variable cost per student in FY 2015 was the same as FY 2014.



JOHN M. MCKAY SCHOLARSHIPS FOR STUDENTS WITH DISABILITIES PROGRAM | FLORIDA

Launched in 1999 and expanded in 2000, Florida's John M. McKay Scholarships for Students with Disabilities Program allows public school students with disabilities to receive vouchers to attend private schools or other public schools. Vouchers are worth up to the same amount of state funds that public schools would have spent on a participating child, but the amount may not exceed the cost of the private school's tuition and fees. Parents may supplement vouchers with their own money.

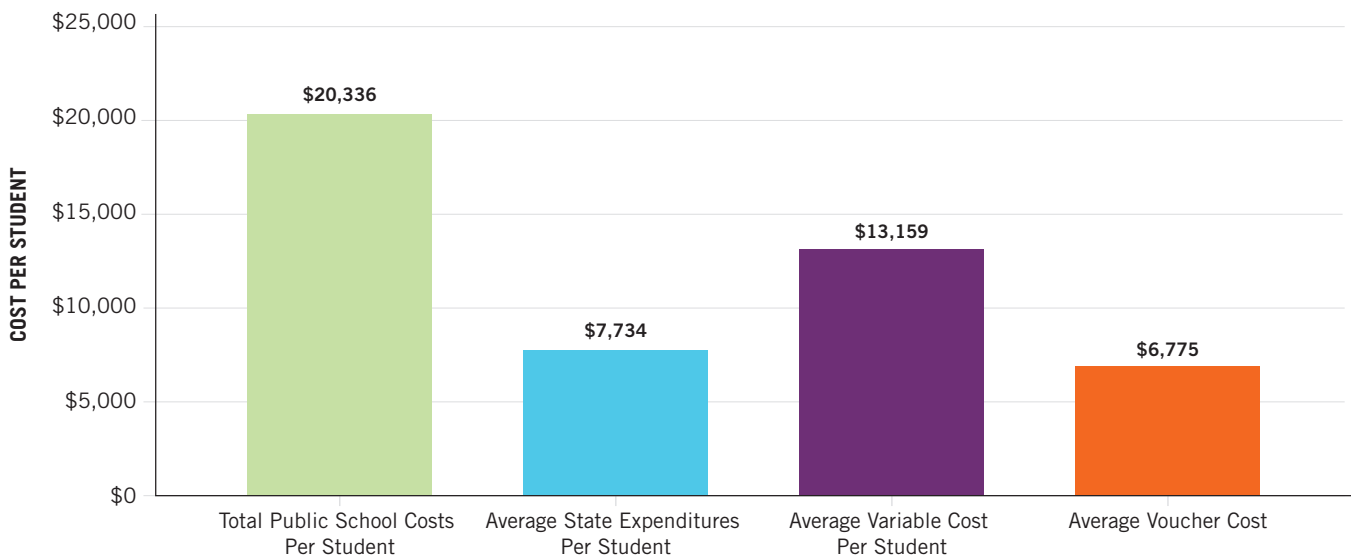
Students who have an Individualized Education Plan (IEP) or a 504 plan may be eligible for the program provided they enrolled in public school for at least one year or are entering kindergarten. With nearly 30,000 students participating in FY 2018, the McKay program is the second-largest voucher program and largest special needs voucher program in the nation in terms of the number of students participating.

The program is designed so there is no fiscal impact on the state government. Students participating in the McKay program continue to be counted in their resident public school district's membership. Thus, the district receives funding for that student according to the state's funding formula. The district then pays the student's private school the voucher amount. The fiscal effect is isolated entirely to the public school district. The voucher amount is restricted to the lesser of funding the student generates per the funding formula and tuition and fees at the chosen private school. Districts incur a net benefit if this amount is less than the reduced variable costs.

The fiscal analysis assumes that the average variable cost per student with special needs is twice the average variable cost per student in general education. This approach is consistent with methods used in the 2014 *School Voucher Audit* and is discussed in further detail in the methods section of this report.

FIGURE 7

Fiscal Alignment of Educational Costs for Florida Public Schools and the John M. McKay Scholarships for Students with Disabilities Program



The program has generated substantial savings for taxpayers, which has increased rapidly over the course of the program's existence. This has been driven by two factors, the higher cost of educating special need students in district schools and the size of the program.

Fiscal Alignment

In Florida, the estimated total cost of public schools per student for students with special needs in FY 2015 was \$20,336, the estimated average cost to the state for students with special needs was \$7,734, and the estimated average variable cost per student for students with special needs was \$13,159. The average voucher amount, \$6,775, is significantly less than these variable costs and indicates that that the program is generating cost savings for taxpayers and the district.

Fiscal Impact

The McKay program saved Florida taxpayers \$1.5 billion, or about \$5,500 for each voucher used by students. To be fiscally neutral, 54 percent of students must have chosen to leave or not attend public schools.

How to Read the Table

In FY 2015, Florida awarded vouchers to 30,378 students in the program. The average amount of the awards was \$6,775 per scholarship, and the total cost to fund vouchers was \$205,800,583. Next, savings were estimated. The analysis for the McKay program assumes all students in the program are switchers (i.e. students who would enroll in a public school if the program was not in place). This implies that 30,378 students were switchers. With an estimated average variable cost of \$13,159 per student, this enrollment shift generated \$399,732,227 in savings. Thus, the net impact in FY 2015 was \$193,931,644, or \$6,384 in savings per student who participated in the program that year. This savings estimate is the cumulative total savings in FY 2015 to state and local taxpayers in Florida.

For the program to have been fiscally neutral in FY 2015, 51 percent of participating students must have been switchers, meaning the program would have been cost-neutral if 49 percent of students would have attended private schools anyway without financial assistance from the program.

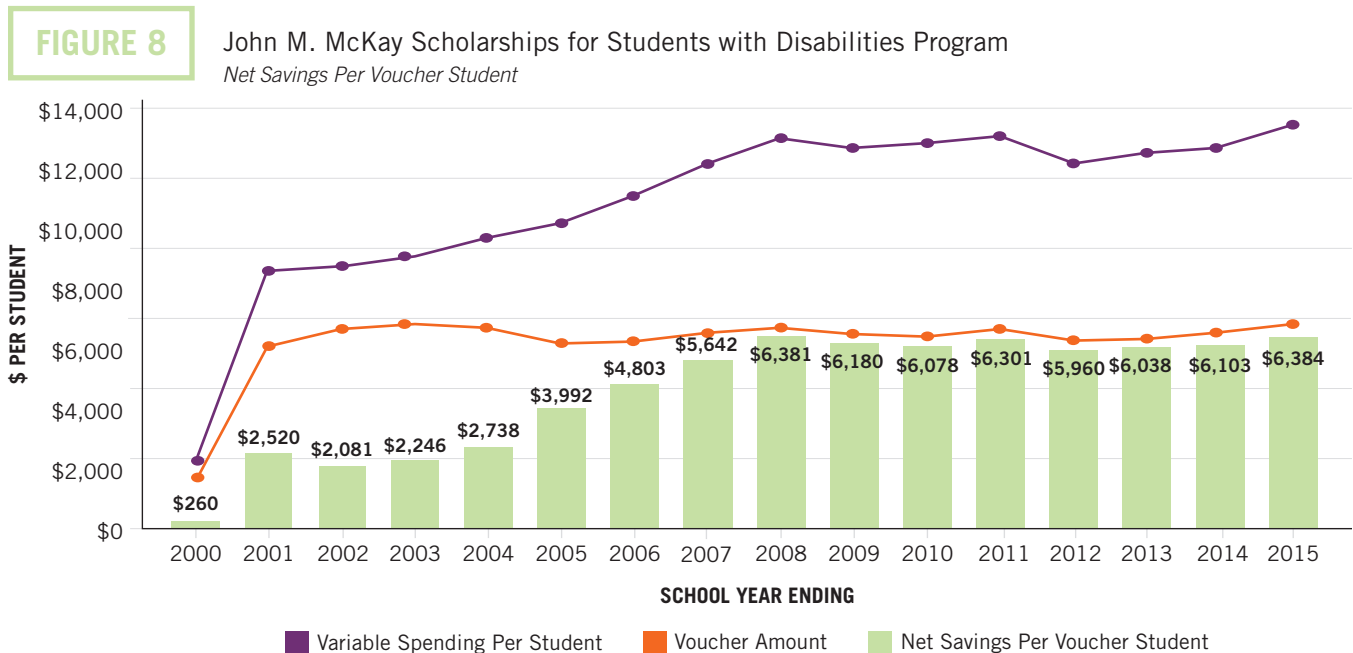


TABLE 5

John M. McKay Scholarships for Students with Disabilities Program
Overall Fiscal Effect

School Year Ending	Voucher Students	Average Voucher Amount	Voucher Cost (FL Gov't)	Voucher Students Switching from Public School	Avg. Variable Spending Per Student (FL Schools)	Enrollment Effect on Variable Costs (FL Schools)	Total Net Savings	Net Savings Per Voucher Student	Break-Even Switcher Rate
2000	2	\$1,763	\$3,526	2	\$2,023	\$4,046	\$520	\$260	87%
2001	970	\$6,066	\$5,884,020	970	\$8,586	\$8,328,649	\$2,444,629	\$2,520	71%
2002	5,013	\$6,634	\$33,256,242	5,013	\$8,715	\$43,686,628	\$10,430,386	\$2,081	76%
2003	9,130	\$6,769	\$61,800,970	9,130	\$9,015	\$82,309,404	\$20,508,434	\$2,246	75%
2004	13,739	\$6,814	\$93,617,546	13,739	\$9,552	\$131,235,734	\$37,618,188	\$2,738	71%
2005	15,910	\$6,114	\$97,276,718	15,910	\$10,107	\$160,794,621	\$63,517,903	\$3,992	60%
2006	17,300	\$6,225	\$107,686,252	17,300	\$11,028	\$190,777,664	\$83,091,412	\$4,803	56%
2007	18,273	\$6,517	\$119,092,632	18,273	\$12,159	\$222,188,468	\$103,095,837	\$5,642	54%
2008	19,852	\$6,613	\$131,285,300	19,852	\$12,994	\$257,962,678	\$126,677,378	\$6,381	51%
2009	20,530	\$6,519	\$133,837,941	20,530	\$12,699	\$260,710,797	\$126,872,856	\$6,180	51%
2010	20,926	\$6,627	\$138,680,128	20,926	\$12,705	\$265,864,059	\$127,183,931	\$6,078	52%
2011	22,198	\$6,693	\$148,566,368	22,198	\$12,994	\$288,444,910	\$139,878,543	\$6,301	52%
2012	24,194	\$6,255	\$151,337,509	24,194	\$12,216	\$295,542,124	\$144,204,615	\$5,960	51%
2013	26,611	\$6,347	\$168,890,916	26,611	\$12,385	\$329,580,019	\$160,689,104	\$6,038	51%
2014	28,370	\$6,485	\$183,968,865	28,370	\$12,587	\$357,101,020	\$173,132,155	\$6,103	52%
2015	30,378	\$6,775	\$205,800,583	30,378	\$13,159	\$399,732,227	\$193,931,644	\$6,384	51%
Cumulative Total							\$1,513,277,535	\$5,535	54%

Sources: National Center for Education Statistics; EdChoice, National Catalogue of School Choice Programs



GEORGIA SPECIAL NEEDS SCHOLARSHIP PROGRAM | GEORGIA

The Georgia Special Needs Scholarship Program allows any student with a disability whose parents are not satisfied with their assigned public school to receive a voucher to attend private school. To qualify, a student must have been enrolled in a Georgia public school for the entire prior school year and must have also received special education services under an Individualized Education Plan (IEP) at any point in that year. Kindergarten students are effectively ineligible for this program. There are no family income limits on eligibility.

Vouchers are worth up to the state cost of the educational program a student would have received in district schools, as calculated by existing state funding formulas. A voucher may not exceed the private school's tuition and fees.

The fiscal analysis assumes that the average variable cost per student with special needs is twice

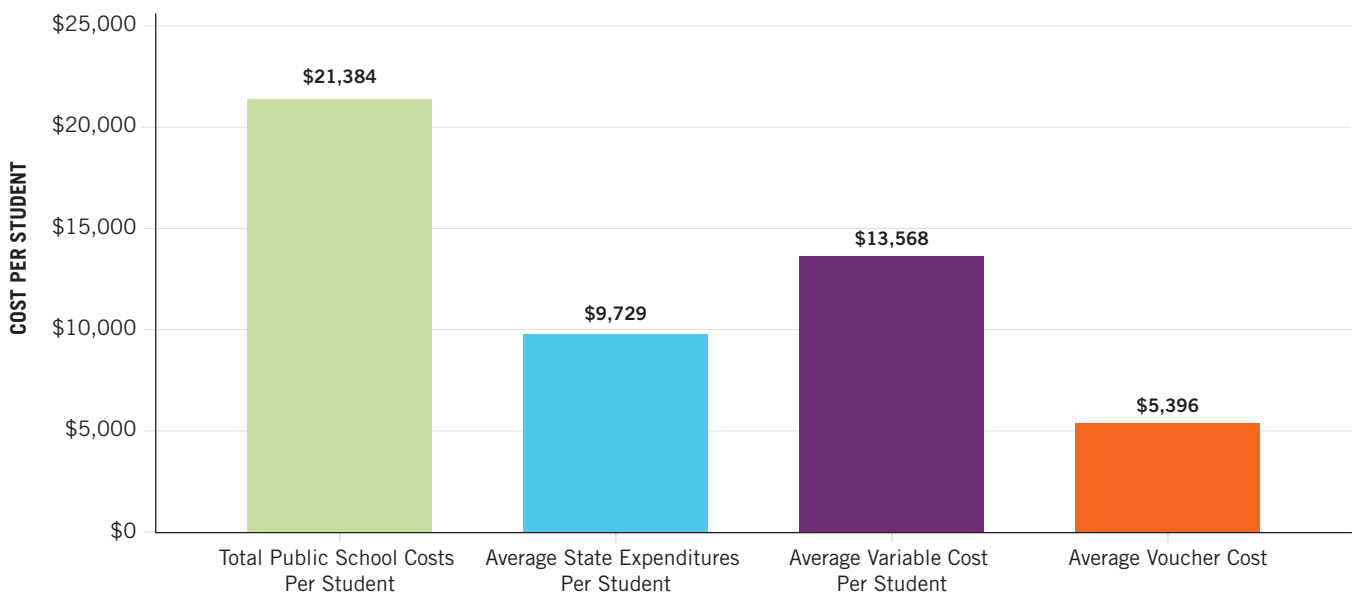
the average variable cost per student in general education. This approach is consistent with methods used in the 2014 *School Voucher Audit* and is discussed in further detail in the methods section of this report.

Fiscal Alignment

In Georgia, the estimated total cost of public schools per student for students with special needs in FY 2015 was \$21,384, the estimated average cost to the state for students with special needs was \$9,729, and the estimated average variable cost per student for students with special needs was \$13,568. The average voucher amount, \$5,396, is significantly less than these variable costs and indicates that that the program is generating cost savings for taxpayers and the district.

FIGURE 9

Fiscal Alignment of Educational Costs for Georgia Public Schools and the Georgia Special Needs Scholarship Program



Fiscal Impact

The Georgia Special Needs Scholarships Program saved Georgia taxpayers \$150 million, or about \$7,300 for each voucher used by students. To be fiscally neutral, 45 percent of students must have chosen to leave or not attend public schools.

How to Read the Table

In FY 2015, Georgia awarded vouchers to 3,811 students in the program. The average amount of the awards was \$5,396 per scholarship, and the total cost to fund vouchers was \$20,564,499. Next, savings were estimated. The analysis for the Special Needs Scholarships Program assumes all students in the program are switchers (i.e. students who would enroll in a public school if the program was not in place). This implies that 3,811 students were switchers. With an estimated average variable cost of \$13,568 per student, this enrollment shift generated \$51,705,883 in savings. Thus, the net impact in FY 2015 was \$31,141,384,

or \$8,171 in savings per student who participated in the program that year. This savings estimate is the cumulative total savings in FY 2015 to state and local taxpayers in Georgia.

For the program to have been fiscally neutral in FY 2015, 40 percent of participating students must have been switchers, meaning the program would have been cost-neutral if 60 percent of students would have attended private schools anyway without financial assistance from the program.

FIGURE 10

Georgia Special Needs Scholarship Program
Net Savings Per Voucher Student



TABLE 6

Georgia Special Needs Scholarship Program
Overall Fiscal Effect

School Year Ending	Voucher Students	Average Voucher Amount	Voucher Cost (GA Gov't)	Voucher Students Switching from Public School	Avg. Variable Spending Per Special Needs Student (GA Schools)	Enrollment Effect on Variable Costs (GA Schools)	Total Net Savings	Net Savings Per Voucher Student	Break-Even Switcher Rate
2008	899	\$6,026	\$5,417,425	899	\$14,174	\$12,742,764	\$7,325,339	\$8,148	43%
2009	1,596	\$6,331	\$10,104,276	1,596	\$13,997	\$22,339,093	\$12,234,817	\$7,666	45%
2010	2,068	\$6,342	\$13,115,256	2,068	\$13,694	\$28,318,264	\$15,203,008	\$7,352	46%
2011	2,529	\$6,860	\$17,348,940	2,529	\$13,332	\$33,717,846	\$16,368,906	\$6,472	51%
2012	2,965	\$7,038	\$20,867,670	2,965	\$13,278	\$39,370,562	\$18,502,892	\$6,240	53%
2013	3,229	\$5,747	\$18,557,063	3,229	\$13,099	\$42,295,412	\$23,738,349	\$7,352	44%
2014	3,371	\$5,386	\$18,156,206	3,371	\$12,909	\$43,515,036	\$25,358,830	\$7,523	42%
2015	3,811	\$5,396	\$20,564,499	3,811	\$13,568	\$51,705,883	\$31,141,384	\$8,171	40%
Cumulative Total							\$149,873,525	\$7,322	45%

Sources: National Center for Education Statistics; EdChoice, National Catalogue of School Choice Programs



CHOICE SCHOLARSHIP PROGRAM | INDIANA

Indiana’s Choice Scholarship Program was enacted in 2011 to allow low- and middle-income families to receive vouchers for their children to attend private schools of their choice. To participate in the program, students must satisfy any of the following requirements:

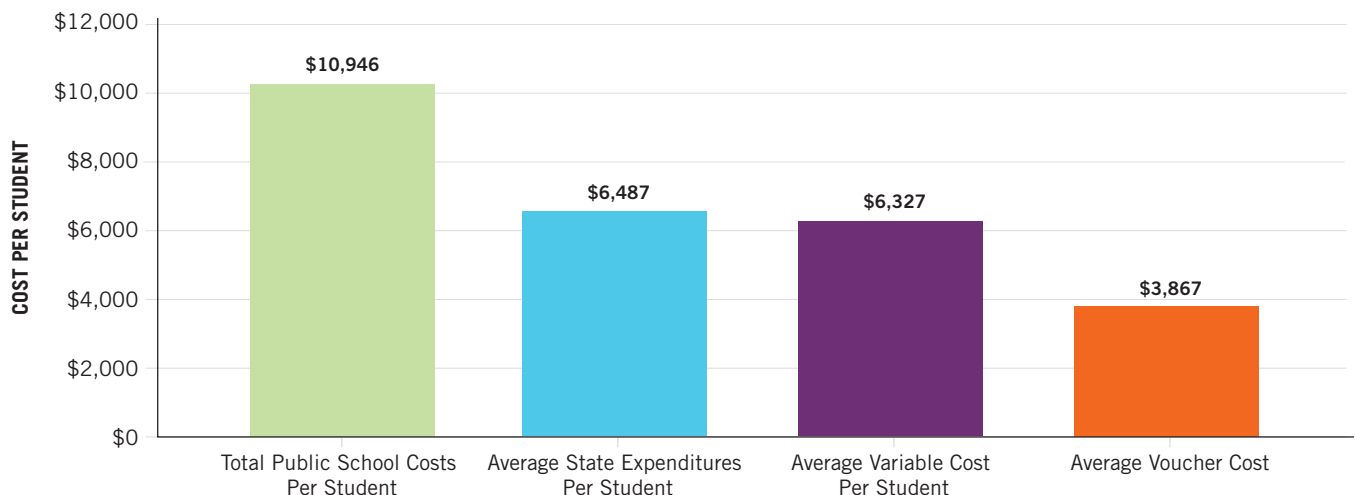
- Must have attended a public school in the preceding two semesters and are from families with income up to 150 percent of FRL;
- Have a disability and are from families with incomes up to 200 percent of FRL;
- Attended or would attend a public school designated F and are from families with income up to 150 percent of FRL;
- Are students or siblings of students who previously received a voucher or tax-credit scholarship worth at least \$500 during the prior year; or
- Students who participated in the voucher program during the previous year and are from families with incomes up to 200 percent of FRL.

Students from families with incomes that qualify them for the federal free and reduced-price lunch (FRL) program can receive vouchers worth up to 90 percent of the state funding allocation for the sending district, and families with income above 100 percent and up to 150 percent of the FRL income threshold can receive awards worth 50 percent of the state’s per-student spending amount for the sending school district. Vouchers cannot exceed \$4,800 for K–8 students and \$4,500 for students in grades 9–12.

Participation in the voucher program roughly doubled in its second and third years. Over its first three years in operation, the program generated almost \$37 million in savings for taxpayers, or more than \$1,100 for each student who received a voucher. The overall break-even switcher rate for Indiana’s program is 63 percent. This means

FIGURE 11

Fiscal Alignment of Educational Costs for Indiana Public Schools and Indiana’s Choice Scholarship Program



that for the program to be cost-neutral, at least 63 percent of students who receive vouchers must be “switchers.”

Fiscal Alignment

In Indiana, the estimated total cost of public schools per student in FY 2015 was \$10,946, the estimated average cost per student to the state was \$6,487, and the estimated average variable cost per student was \$6,327. The average voucher amount, \$3,867, is significantly less than these variable costs and indicates that the program is generating cost savings for taxpayers and the district.

Fiscal Impact

The Choice Scholarship Program saved Indiana taxpayers \$69.1 million, or about \$1,100 for each voucher used by students. To be fiscally neutral, 62 percent of students must have chosen to leave or not attend public schools.

How to Feed the Table

In FY 2015, Indiana awarded vouchers to 29,148 students in the program. The average amount of the awards was \$3,867 per scholarship, and the total cost to fund vouchers was \$112,707,446. Next, savings were estimated. The analysis for Indiana’s program assumes 21 percent of students in the program are not switchers (i.e. students who would enroll in a private school anyway if the program was not in place).³⁶

This implies that 22,910 students were switchers. With an estimated average variable cost of \$6,327 per student, this enrollment shift generated \$144,965,088 in savings. Thus, the net impact in FY 2015 was \$32,257,642, or \$1,107 in savings per student who participated in the program that year. This savings estimate is the cumulative total savings in FY 2015 to state and local taxpayers in Indiana.

For the program to have been fiscally neutral in FY 2015, 61 percent of participating students must have been switchers, meaning the program would have been cost-neutral if 39 percent of students would have attended private schools anyway without financial assistance from the program.

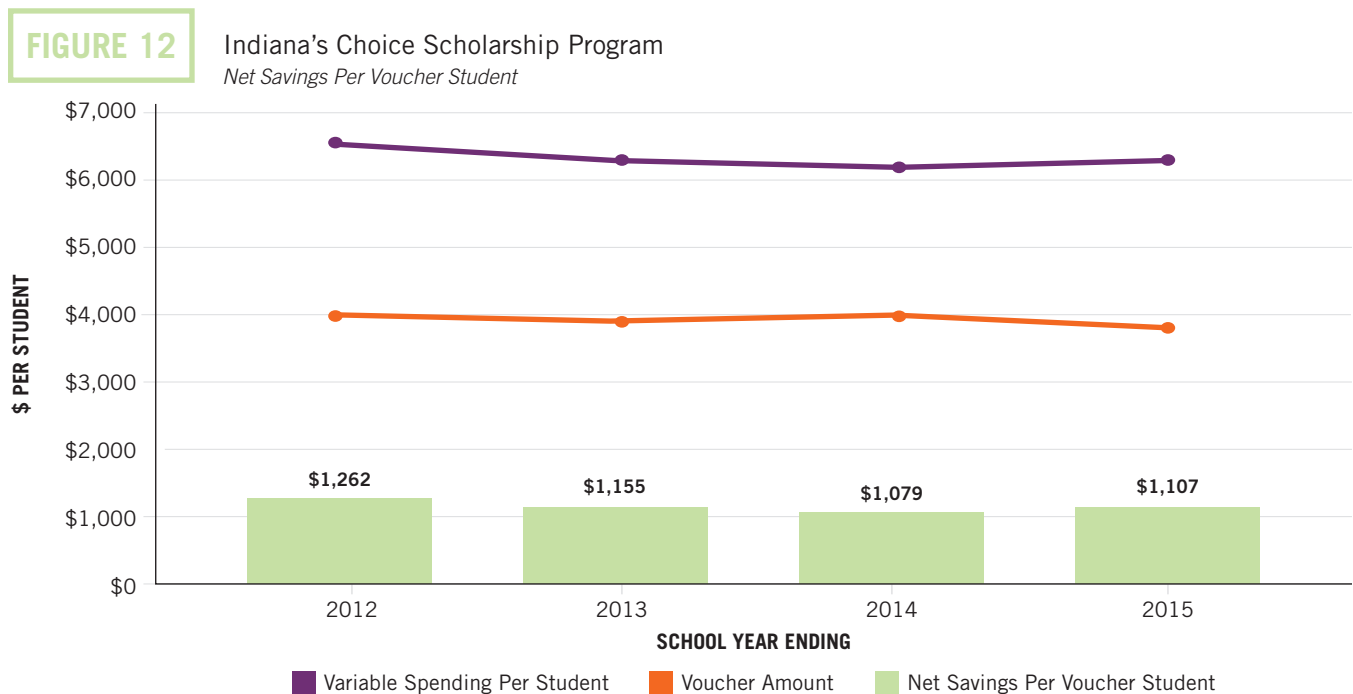


TABLE 7

Indiana's Choice Scholarship Program

Overall Fiscal Effect

School Year Ending	Voucher Students	Average Voucher Amount	Voucher Cost (IN Gov't)	Percent Share of Voucher Students Not Switching from Public Schools	Voucher Students Switching from Public School	Avg. Variable Spending Per Student (IN Schools)	Enrollment Effect on Variable Costs (IN Schools)	Total Net Savings	Net Savings Per Voucher Student	Break-Even Switcher Rate
2012	3,911	\$3,967	\$15,514,025	19.1%	3,164	\$6,463	\$20,448,728	\$4,934,703	\$1,262	61%
2013	9,139	\$3,944	\$36,042,923	19.1%	7,393	\$6,303	\$46,601,406	\$10,558,483	\$1,155	63%
2014	19,809	\$3,968	\$78,593,340	19.1%	16,025	\$6,238	\$99,959,581	\$21,366,241	\$1,079	64%
2015	29,148	\$3,867	\$112,707,446	21.4%	22,910	\$6,327	\$144,965,088	\$32,257,642	\$1,107	61%
Cumulative Total								\$69,117,070	\$1,115	62%

Sources: Indiana Department of Education; National Center for Education Statistics; EdChoice: National Catalogue of School Choice Programs; University of Arkansas, School Choice Demonstration Project, *The Fiscal Impact of the Milwaukee Parental Choice Program, 1993 - 2008*

Notes: Spalding estimated that 19.1 percent of voucher students were non-switchers in FY 2014. This share crept up slightly to 21.4 percent in FY 2015. This analysis assumes a 19.1 percent switcher rate for all years to 2014 and 21.4 percent for 2015. Lueken, M. F. (2016, September 27), How to Accurately Calculate the Fiscal Impact of School Voucher Programs [Blog Post], retrieved from EdChoice website: <https://www.edchoice.org/blog/how-to-accurately-calculate-the-fiscal-impact-of-school-voucher-programs/>



LOUISIANA SCHOLARSHIP PROGRAM | LOUISIANA

The Louisiana Scholarship Program (LSP, formerly known as the Student Scholarships for Education Excellence Program) is available to low-income students in low-performing public schools statewide. Students are eligible if their family income is no more than 250 percent of the federal poverty line (\$61,500 for a family of four in 2017–18) and they either (1) attended a public school designated as C, D, F, or T (turnaround school) in the previous year, (2) are entering kindergarten, or (3) were enrolled at a public school in the Recovery School District. Prior to 2012–13, the program was limited to only Jefferson Parish and Orleans Parish. If the number of applicants exceeds the program’s participation limit or if a private school is oversubscribed under the program, then participation is determined by random lottery.

The voucher is equal to the lesser of a) the minimum foundation program (MFP) formula, which is

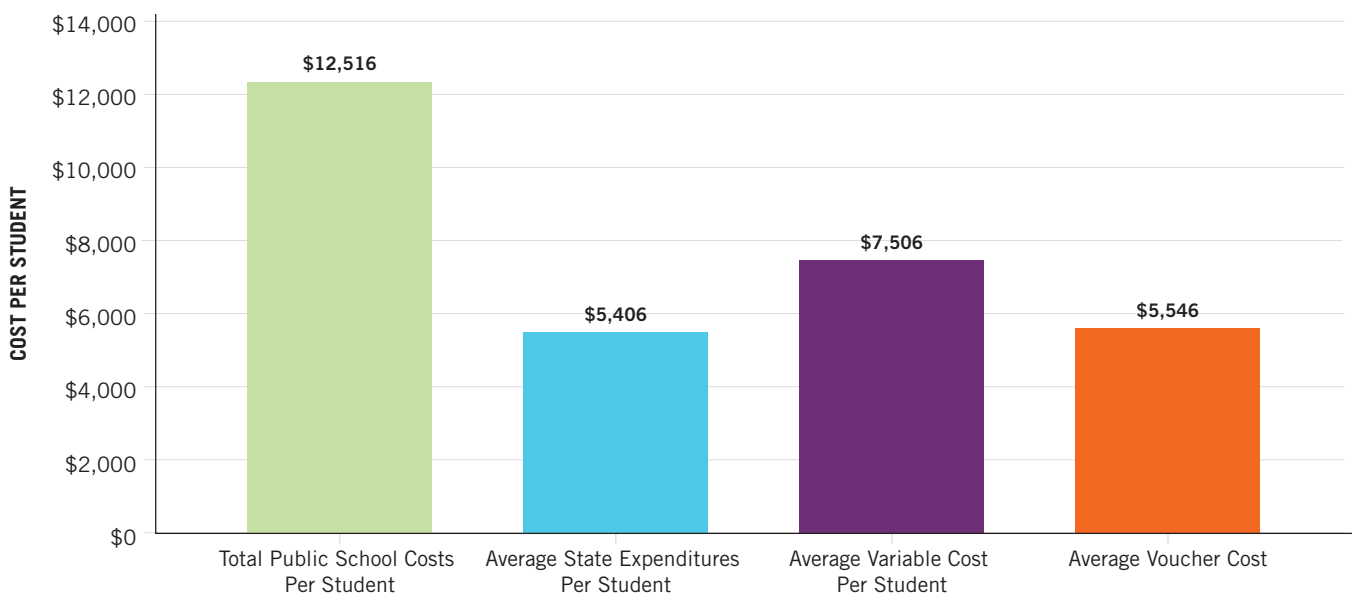
inclusive of state and local per-pupil allocation in the student’s home school district; or b) the tuition and fees charged by the private school. Schools may not charge the difference between these two amounts if tuition and fees exceed the district’s MFP amount. In addition, funding amounts depend upon legislative approval. For FY 2019, the state’s legislature approved \$41.6 million.³⁷ As discussed in the methods section, the present fiscal analysis does not attempt to separately estimate the fiscal effects on the state and the local public schools.

Fiscal Alignment

In Louisiana, the estimated total cost of public schools per student in FY 2015 was \$12,516, the estimated average cost per student to the state was \$5,406, and the estimated average variable cost per student was \$7,506. The average voucher amount,

FIGURE 13

Fiscal Alignment of Educational Costs for Louisiana Public Schools and the Louisiana Scholarship Program



\$5,546, is significantly less than these variable costs and indicates that that the program is generating cost savings for taxpayers and the district.

Fiscal Impact

The LSP saved Louisiana taxpayers \$56.0 million, or about \$2,300 for each voucher used by students. To be fiscally neutral, 69 percent of students must have chosen to leave or not attend public schools.

How to Read the Table

In FY 2015, Louisiana awarded vouchers to 7,362 students in the program. The average amount of the awards was \$5,546 per scholarship, and the total cost to fund vouchers was \$40,829,946. Next, savings were estimated. The analysis for Louisiana’s program assumes all students in the program are switchers (i.e. students who would enroll in a public school if the program was not in place). This implies that 7,362 students were switchers.

With an estimated average variable cost of \$7,506 per student, this enrollment shift generated \$55,257,481 in savings. Thus, the net impact in FY 2015 was \$14,427,535, or \$1,960 in savings per student who participated in the program that year. This savings estimate is the cumulative total savings in FY 2015 to state and local taxpayers in Louisiana.

For the program to have been fiscally neutral in FY 2015, 74 percent of participating students must have been switchers, meaning the program would have been cost-neutral if 26 percent of students would have attended private schools anyway without financial assistance from the program.

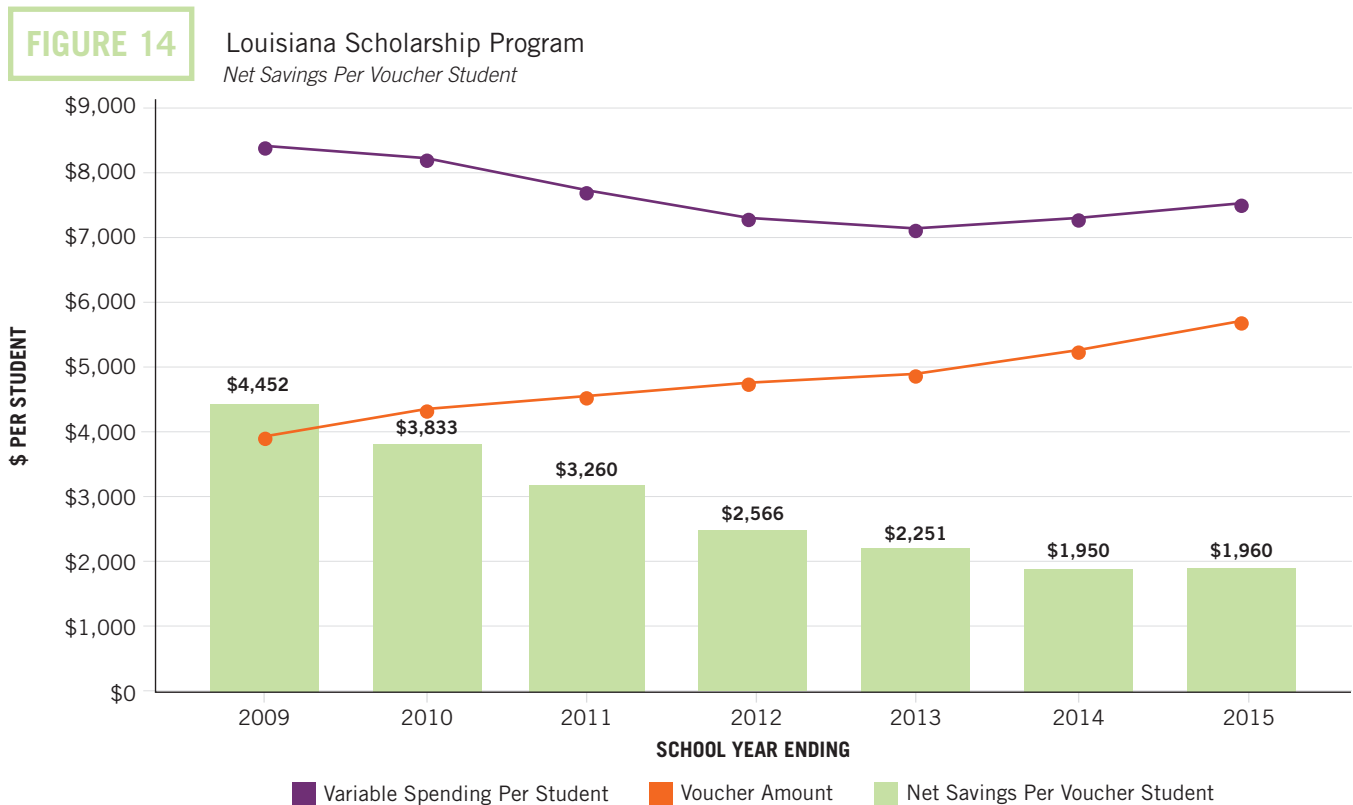


TABLE 8

Louisiana Scholarship Program (formerly known as the Student Scholarships for Education Excellence Program)

Overall Fiscal Effect

School Year Ending	Voucher Students	Average Voucher Amount	Voucher Cost (LA Gov't)	Voucher Students Switching from Public School	Avg. Variable Spending Per Special Needs Student (LA Schools)	Enrollment Effect on Variable Costs (LA Schools)	Total Net Savings	Net Savings Per Voucher Student	Break-Even Switcher Rate
2009	640	\$3,814	\$2,441,198	640	\$8,266	\$5,290,497	\$2,849,299	\$4,452	46%
2010	1,100	\$4,340	\$4,773,881	1,100	\$8,173	\$8,990,560	\$4,216,680	\$3,833	53%
2011	1,678	\$4,480	\$7,516,955	1,678	\$7,739	\$12,986,846	\$5,469,891	\$3,260	58%
2012	1,823	\$4,755	\$8,669,000	1,823	\$7,321	\$13,345,920	\$4,676,920	\$2,566	65%
2013	4,967	\$4,890	\$24,286,160	4,967	\$7,141	\$35,468,376	\$11,182,216	\$2,251	68%
2014	6,778	\$5,309	\$35,982,025	6,778	\$7,259	\$49,200,559	\$13,218,534	\$1,950	73%
2015	7,362	\$5,546	\$40,829,946	7,362	\$7,506	\$55,257,481	\$14,427,535	\$1,960	74%
Cumulative Total							\$56,041,074	\$2,302	69%

Sources: National Center for Education Statistics; EdChoice, National Catalogue of School Choice Programs

Notes: The program was expanded statewide in 2012. Prior to 2012, participation was de facto limited to students attending schools in Orleans and Jefferson parishes. The analysis uses financial data for Orleans and Jefferson parishes during FY 2009 to FY 2011 and state-level financial data for FY 2012 to FY 2014.



SCHOOL CHOICE PROGRAM FOR CERTAIN STUDENTS WITH EXCEPTIONALITIES | LOUISIANA

The Louisiana School Choice Program for Certain Students with Exceptionalities was launched in 2011 to allow students with certain exceptionalities who live in eligible parishes (i.e. parishes with more than 190,000 residents) to attend schools of their parents' choice. Students are eligible for the program if they have one of seven categories of learning exceptionalities or have an Individualized Education Plan. Students deemed gifted or talented are not eligible for this program.

The voucher is worth the lesser of 50 percent of the state's cost to educate the child in his or her public school or the cost of private school tuition. Families are responsible for any additional tuition charged by the school. Participation in this program is very limited, with just a few hundred students receiving vouchers in FY 2014.

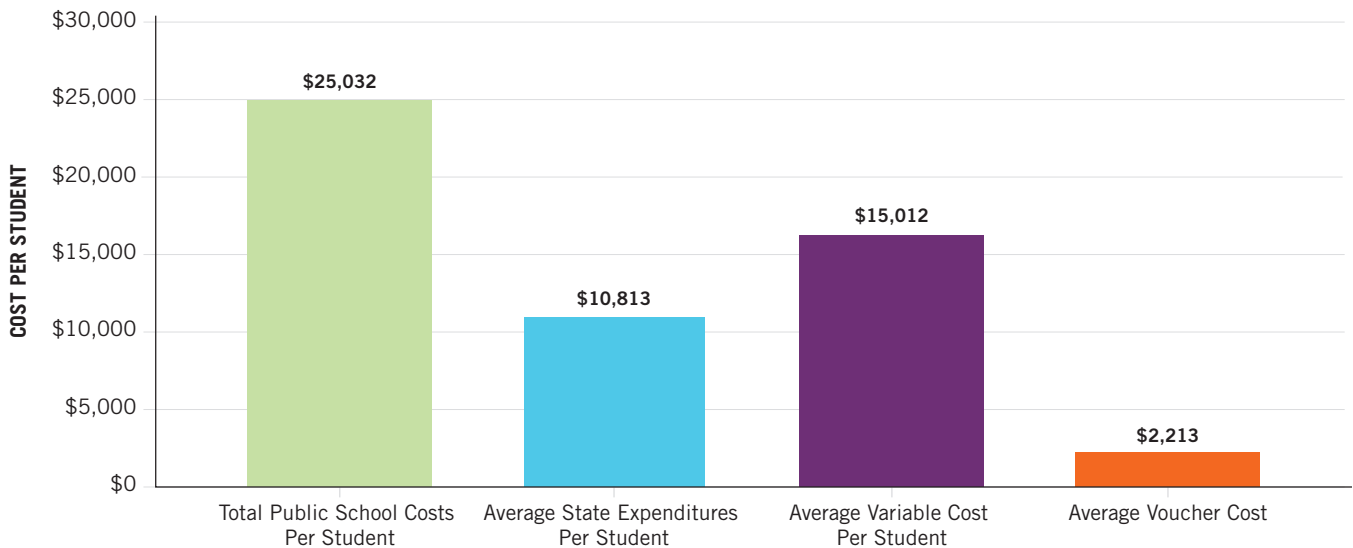
The fiscal analysis assumes that the average variable cost per student with special needs is twice the average variable cost per student in general

education. This approach is consistent with methods used in the 2014 *School Voucher Audit* and is discussed in further detail in the methods section of this report.

The analysis also accounts for switchers by using data obtained from the Louisiana Department of Education about where students were enrolled prior to participating in the program. The significant variation in the number and share of voucher students who were enrolled in public schools before participating in the program may be due to the small sample. In addition, the small number of students switching from public schools may reflect the exceedingly low voucher amount or small supply of private schools that have chosen to participate in the program. It's likely that many families with special needs children who are enrolled in public schools are unable to afford the difference between the subsidy and cost to educate their child outside of the system.

FIGURE 15

Fiscal Alignment of Educational Costs for Louisiana Public Schools and Louisiana's School Choice Program for Certain Students with Exceptionalities



Fiscal Alignment

In Louisiana, the estimated total cost of public schools per student for students with special needs in FY 2015 was \$25,032, the estimated average cost to the state for students with special needs was \$10,813, and the estimated average variable cost per student for students with special needs was \$15,012. The average voucher amount, \$2,213, is significantly less than these variable costs and indicates that the program is generating cost savings for taxpayers and the district.

Fiscal Impact

The School Choice Program for Certain Students with Exceptionalities cost Louisiana taxpayers more than \$83,000, or \$90 for each voucher used by students. To be fiscally neutral, 15 percent of students must have chosen to leave or not attend public schools.

How to Read the Table

In FY 2015, Louisiana awarded vouchers to 311 students in the program. The average amount of the awards was \$2,213 per scholarship, and the total cost to fund vouchers was \$688,203. Next, savings were estimated. In FY 2015, there were 9 students who switched from public schools. With an estimated average variable cost of \$15,012 per student, this enrollment shift generated \$135,104 in savings. Thus, the net impact in FY 2015 was (\$553,099), or (\$1,778) in costs per student who participated in the program that year. This savings estimate is the cumulative total savings in FY 2015 to state and local taxpayers in Louisiana.

For the program to have been fiscally neutral in FY 2015, 15 percent of participating students must have been switchers, meaning the program would have been cost-neutral if 85 percent of students would have attended private schools anyway without financial assistance from the program.

FIGURE 16 Louisiana's School Choice Program for Certain Students with Exceptionalities
Net Savings (Costs) Per Voucher Student

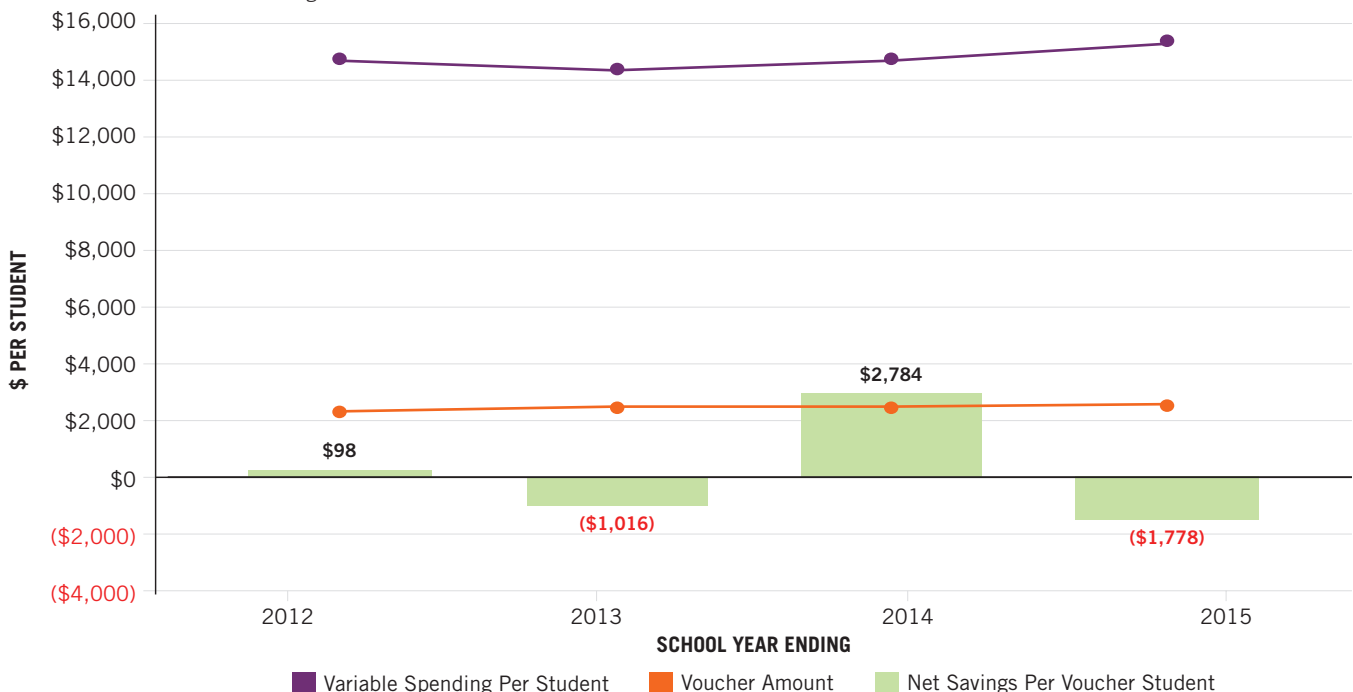


TABLE 9

Louisiana's School Choice Program for Certain Students with Exceptionalities

Overall Fiscal Effect

School Year Ending	Voucher Students	Average Voucher Amount	Voucher Cost (LA Gov't)	Voucher Students Switching from Public School	Avg. Variable Spending Per Special Needs Student (LA Schools)	Enrollment Effect on Variable Costs (LA Schools)	Total Net Savings	Net Savings Per Voucher Student	Break-Even Switcher Rate
2012	182	\$2,155	\$392,210	28	\$14,642	\$409,968	\$17,758	\$98	15%
2013	194	\$2,194	\$425,642	16	\$14,282	\$228,506	(\$197,136)	(\$1,016)	15%
2014	233	\$2,201	\$512,747	80	\$14,518	\$1,161,418	\$648,671	\$2,784	15%
2015	311	\$2,213	\$688,203	9	\$15,012	\$135,104	(\$553,099)	(\$1,778)	15%
Cumulative Total							(\$83,806)	(\$91)	15%

Sources: Louisiana Department of Education; National Center for Education Statistics; EdChoice, National Catalogue of School Choice Programs

Notes: The analysis assumes that variable costs for students with exceptionalities are twice the variable costs for general education students. This program does not have any prior enrollment rule, and the analysis accounts for switchers by using data from the state's education department about where students were enrolled prior to participating in the program.



MISSISSIPPI DYSLEXIA THERAPY SCHOLARSHIP FOR STUDENTS WITH DYSLEXIA PROGRAM | MISSISSIPPI

The Mississippi Dyslexia Therapy Scholarship for Students with Dyslexia Program provides vouchers to children with dyslexia that allow them to attend accredited private schools that provide dyslexia therapy. Children in grades 1–12 are eligible if they have been properly screened and diagnosed with dyslexia, and if they either attended a public school or attended a state-approved private school that “emphasizes instruction in dyslexia intervention.” Students in most private schools in the state, homeschool, virtual school environments, or students in juvenile detention schools are not eligible for the program.

The voucher is equal to the Mississippi Adequate Education Program base student cost amount. This is the base funding amount the state provides to public schools for each student. Participation in this program is extremely limited, with just over a hundred students receiving vouchers in FY 2015.

This low participation is likely driven by the cost differential between the modest voucher amount and the higher cost to educate students with dyslexia.

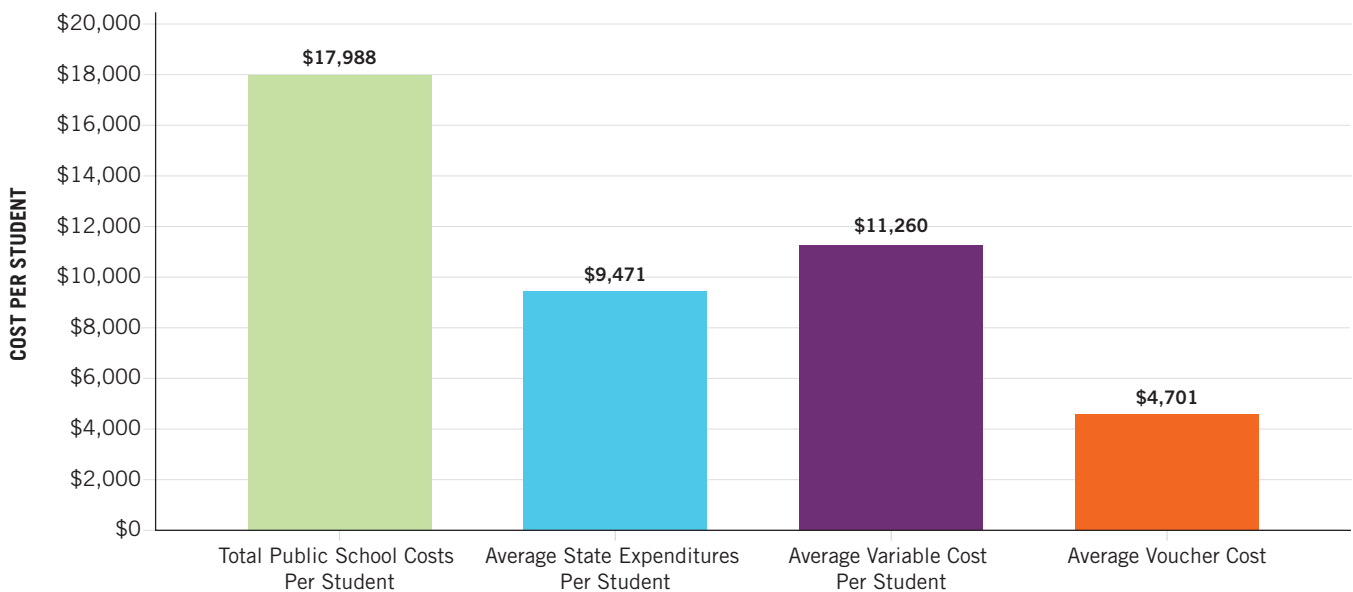
The fiscal analysis assumes that the average variable cost per student with special needs is twice the average variable cost per student in general education. This approach is consistent with methods used in the *School Voucher Audit* and is discussed in further detail in the methods section of this report.

Fiscal Alignment

In Mississippi, the estimated total cost of public schools per student for students with special needs in FY 2015 was \$17,988, the estimated average cost to the state for students with special needs

FIGURE 17

Fiscal Alignment of Educational Costs for Mississippi Public Schools and the Mississippi Dyslexia Therapy Scholarship for Students with Dyslexia Program



was \$9,471, and the estimated average variable cost per student for students with special needs was \$11,260. The average voucher amount, \$4,701, is significantly less than these variable costs and indicates that that the program is generating cost savings for taxpayers and the district.

Fiscal Impact

The Dyslexia Therapy Scholarship for Students with Dyslexia Program saved Mississippi taxpayers \$1.4 million, or about \$6,500 for each voucher used by students. To be fiscally neutral, 42 percent of students must have chosen to leave or not attend public schools.

How to Read the Table

In FY 2015, Mississippi awarded vouchers to 119 students in the program. The average amount of the awards was \$4,701 per scholarship, and the total cost

to fund vouchers was \$559,434. Next, savings were estimated. The analysis for Mississippi's program assumes all students in the program are switchers (i.e. students who would enroll in a public school if the program was not in place). This implies that 119 students were switchers. With an estimated average variable cost of \$11,260 per student, this enrollment shift generated \$1,339,931 in savings. Thus, the net impact in FY 2015 was \$780,497, or \$6,559 in savings per student who participated in the program that year. This savings estimate is the cumulative total savings in FY 2015 to state and local taxpayers in Mississippi.

For the program to have been fiscally neutral in FY 2015, 42 percent of participating students must have been switchers, meaning the program would have been cost-neutral if 58 percent of students would have attended private schools anyway without financial assistance from the program.

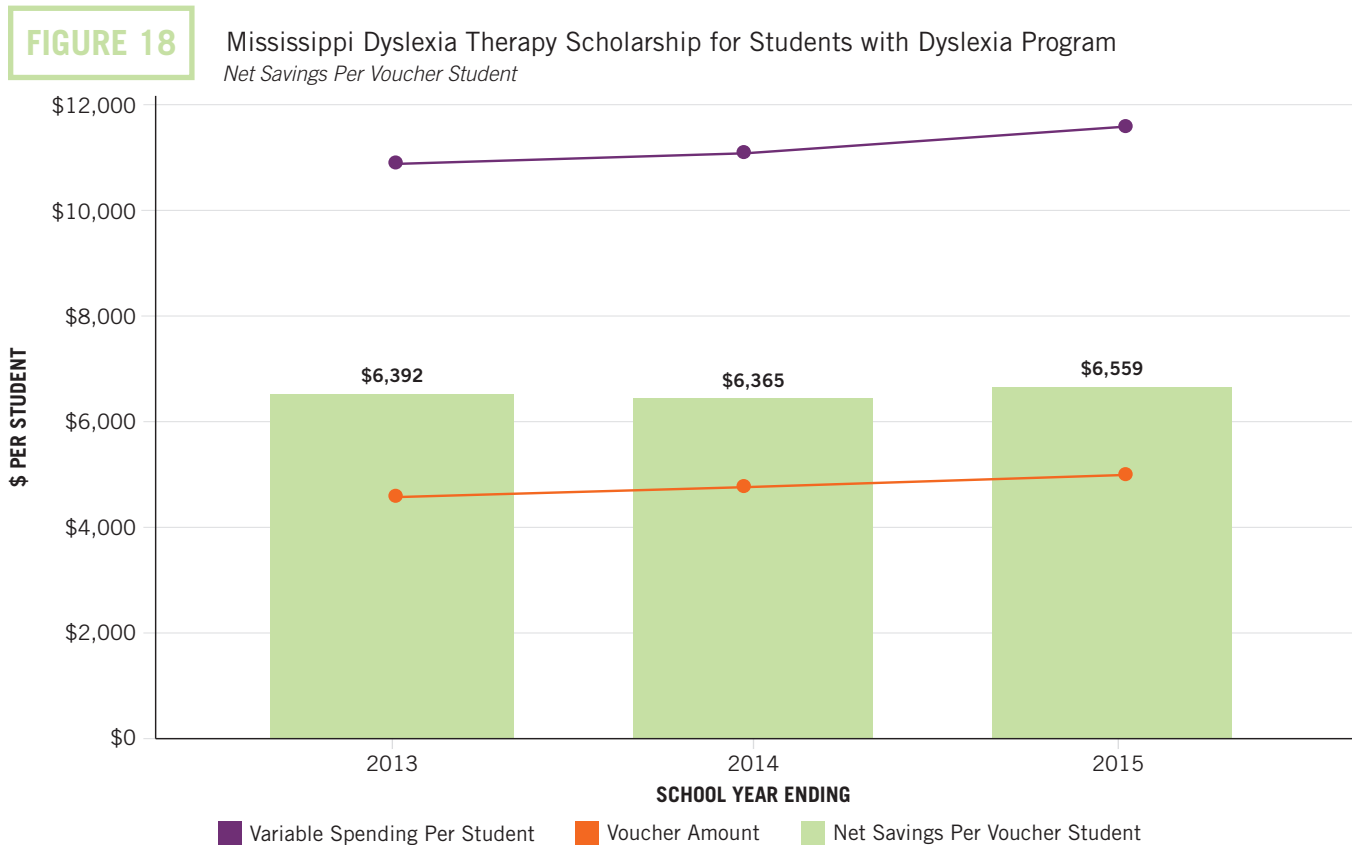


TABLE 10

Mississippi Dyslexia Therapy Scholarship for Students with Dyslexia Program

Overall Fiscal Effect

School Year Ending	Voucher Students	Average Voucher Amount	Voucher Cost (MS Gov't)	Voucher Students Switching from Public School	Avg. Variable Spending Per Special Needs Student (MS Schools)	Enrollment Effect on Variable Costs (MS Schools)	Total Net Savings	Net Savings Per Voucher Student	Break-Even Switcher Rate
2013	32	\$4,464	\$142,863	32	\$10,856	\$347,398	\$204,536	\$6,392	41%
2014	72	\$4,530	\$326,151	72	\$10,895	\$784,447	\$458,296	\$6,365	42%
2015	119	\$4,701	\$559,434	119	\$11,260	\$1,339,931	\$780,497	\$6,559	42%
Cumulative Total							\$1,443,329	\$6,472	42%

Sources: Mississippi Department of Education; National Center for Education Statistics; EdChoice, National Catalogue of School Choice Programs
 Notes: The analysis assumes that variable costs for students with exceptionalities are twice the variable costs for general education students. This program does not have any prior enrollment rule, and the analysis accounts for switchers by using data from the state's education department about where students were enrolled prior to participating in the program.



CLEVELAND SCHOLARSHIP PROGRAM | OHIO

Launched in 1996, the Cleveland Scholarship Program is the second-oldest modern-day voucher program in the U.S. Under this program, parents in the Cleveland Metropolitan School District can receive vouchers for their children to attend private schools or public schools bordering the school district. Children in grades K–12 who reside in the Cleveland Metropolitan School District are eligible. Priority is given to families with incomes less than 200 percent of the federal poverty level (\$49,200 for a family of four in 2017–18). Children from families with incomes above 200 percent of poverty are eligible to receive vouchers if approved by the Ohio Superintendent of Public Instruction. Participating private schools must accept voucher students on a random basis, giving preference to low-income students if they have more applicants than open seats.

The maximum voucher value is \$4,650 for grades K–8 and \$6,000 for high school. K–8 recipients

with a household income no greater than twice the federal poverty level are allowed to use the voucher amount as full tuition payment. Parents whose household income is more than the 200 percent threshold may pay the remaining tuition or provide in-kind services of the same value.

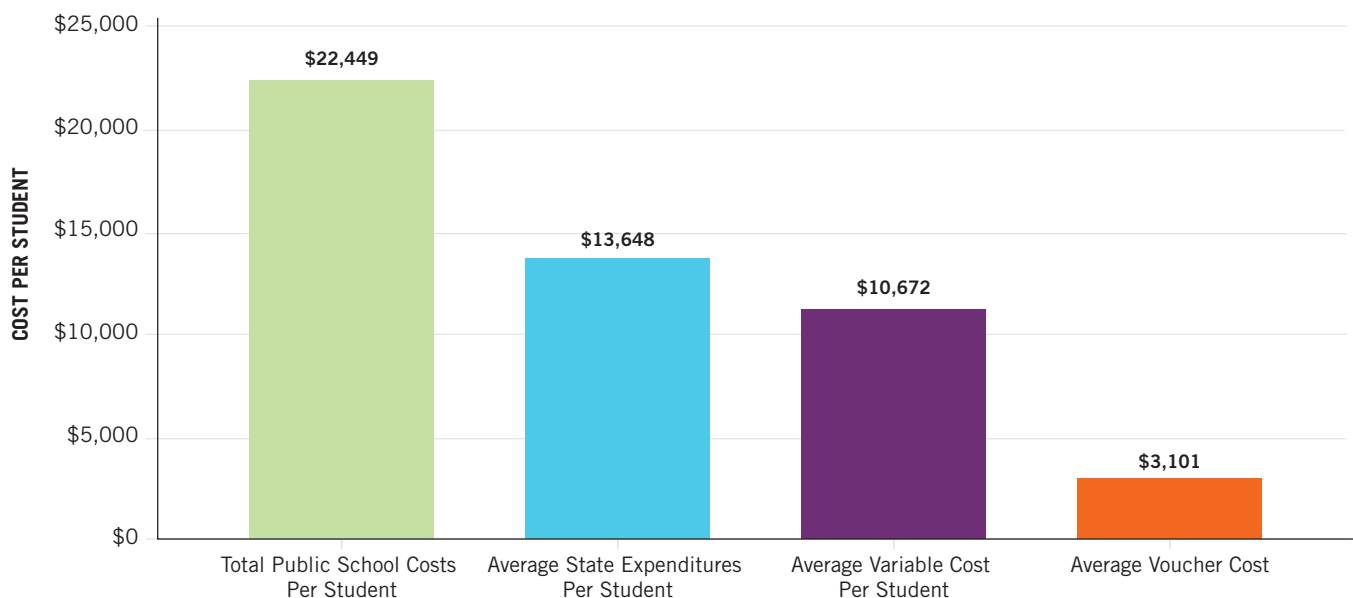
Until recently, no more than half of new recipients may be students previously enrolled in private schools. Historically, the share of vouchers awarded to private school students has been less than 25 percent, although that share has increased in recent years to 43 percent in FY 2015. Even with an increase in the share of switchers, the program continues to generate a net fiscal benefit for taxpayers.

Fiscal Alignment

In Cleveland, the estimated total cost of public schools per student in FY 2015 was \$22,449, the

FIGURE 19

Fiscal Alignment of Educational Costs for Cleveland Public Schools and the Cleveland Scholarship Program



estimated average cost per student to the state was \$13,648, and the estimated average variable cost per student was \$10,672. The average voucher amount, \$3,101, is significantly less than these variable costs and indicates that that the program is generating cost savings for taxpayers and the district.

Fiscal Impact

The Cleveland Scholarship Program saved Ohio taxpayers \$400 million, or about \$4,200 for each voucher used by students. To be fiscally neutral, 32 percent of students must have chosen to leave or not attend public schools.

How to Read the Table

In FY 2015, Ohio awarded vouchers to 6,703 students in the program. The average amount of the awards was \$3,101 per scholarship, and the total cost to fund vouchers was \$20,787,612.

Next, savings were estimated. Based on data obtained from the state’s education department, 43 percent of students entering the program were not switchers (i.e. students who were not enrolled in public school). This implies that 3,821 students were switchers. With an estimated average variable cost of \$10,672 per student, this enrollment shift generated \$40,776,236 in savings. Thus, the net impact in FY 2015 was \$19,988,624, or \$2,982 in savings per student who participated in the program that year. This savings estimate is the cumulative total savings in FY 2015 to state and local taxpayers in Ohio.

For the program to have been fiscally neutral in FY 2015, 29 percent of participating students must have been switchers, meaning the program would have been cost-neutral if 71 percent of students would have attended private schools anyway without financial assistance from the program.

FIGURE 20 Cleveland Scholarship Program
Net Savings Per Voucher Student

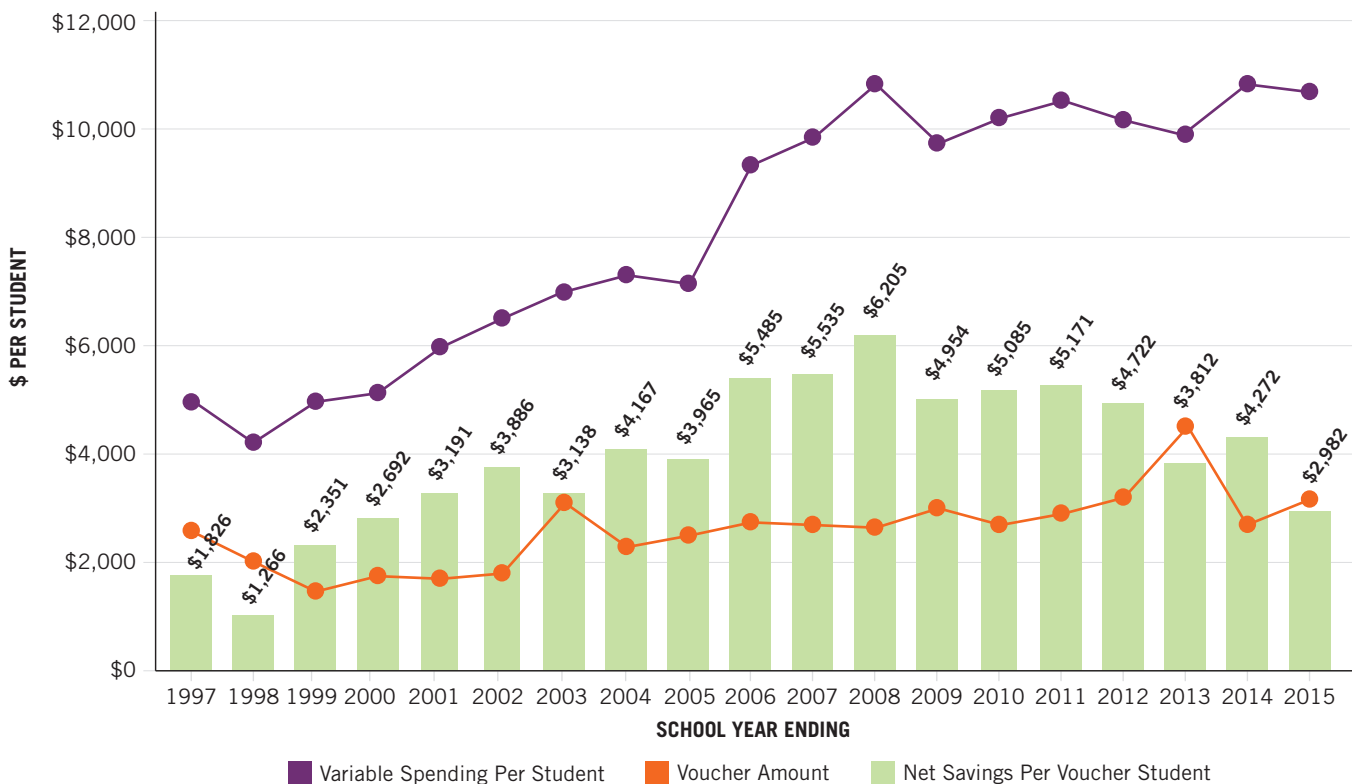


TABLE 11

Cleveland Scholarship Program

Overall Fiscal Effect

School Year Ending	Voucher Students	% Share of Voucher Awards to Prior Private School Students	Voucher Awards to Prior Public School Students	Average Voucher Amount	Voucher Cost (OH Gov't & Cleveland Schools)	Avg Variable Spending Per Student (Cleveland Schools)	Enrollment Effect on Variable Costs (Cleveland Schools)	Total Net Savings	Net Savings Per Voucher Student	Break-Even Switcher Rate
1997	1,994	25%	1,496	\$2,192	\$4,370,078	\$5,357	\$8,011,893	\$3,641,815	\$1,826	41%
1998	2,914	25%	2,186	\$2,043	\$5,953,254	\$4,411	\$9,640,951	\$3,687,697	\$1,266	46%
1999	3,674	25%	2,756	\$1,559	\$5,729,438	\$5,214	\$14,366,351	\$8,636,912	\$2,351	30%
2000	3,404	18%	2,791	\$1,663	\$5,660,535	\$5,311	\$14,823,671	\$9,163,136	\$2,692	31%
2001	3,797	18%	3,114	\$1,687	\$6,403,773	\$5,948	\$18,520,511	\$12,116,738	\$3,191	28%
2002	4,523	15%	3,845	\$1,839	\$8,317,682	\$6,736	\$25,896,225	\$17,578,543	\$3,886	27%
2003	5,281	14%	4,542	\$3,042	\$16,067,155	\$7,186	\$32,637,727	\$16,570,572	\$3,138	42%
2004	5,887	14%	5,063	\$2,314	\$13,623,453	\$7,536	\$38,155,223	\$24,531,770	\$4,167	31%
2005	5,710	12%	5,025	\$2,512	\$14,341,867	\$7,360	\$36,984,843	\$22,642,977	\$3,965	34%
2006	5,813	11%	5,174	\$2,853	\$16,584,560	\$9,369	\$48,469,525	\$31,884,965	\$5,485	30%
2007	6,116	14%	5,260	\$2,870	\$17,555,293	\$9,774	\$51,408,517	\$33,853,225	\$5,535	29%
2008	6,272	16%	5,268	\$2,801	\$17,570,533	\$10,722	\$56,488,365	\$38,917,832	\$6,205	26%
2009	5,562	16%	4,672	\$3,236	\$18,000,424	\$9,751	\$45,556,334	\$27,555,910	\$4,954	33%
2010	5,476	20%	4,381	\$3,027	\$16,576,189	\$10,140	\$44,422,138	\$27,845,949	\$5,085	30%
2011	5,697	20%	4,558	\$3,103	\$17,678,951	\$10,343	\$47,137,526	\$29,458,575	\$5,171	30%
2012	5,030	21%	3,974	\$3,284	\$16,519,666	\$10,135	\$40,273,758	\$23,754,092	\$4,722	32%
2013	6,001	20%	4,801	\$4,112	\$24,677,241	\$9,905	\$47,552,435	\$22,875,194	\$3,812	42%
2014	6,027	33%	4,038	\$2,879	\$17,350,055	\$10,672	\$43,096,207	\$25,746,153	\$4,272	27%
2015	6,703	43%	3,821	\$3,101	\$20,787,612	\$10,672	\$40,776,236	\$19,988,624	\$2,982	29%
Cumulative Total								\$400,450,680	\$4,177	32%

Sources: Ohio Department of Education; National Center for Education Statistics; EdChoice, National Catalogue of School Choice Programs
Notes: District-level financial data were available only up to FY 2014 from NCES. The analysis assumes the average variable cost per student in FY 2015 was the same as FY 2014. Switcher rate estimates are based on pre-enrollment data obtained upon request from the Ohio Department of Education.



AUTISM SCHOLARSHIP PROGRAM | OHIO

Launched in 2004, the Ohio Autism Scholarship Program provides vouchers for students on the autism spectrum to pay for education services from a private provider, including tuition at a private school. Students must be ages 3 to 21, diagnosed with an autism spectrum disorder, registered in a public school special education system and have a current IEP. Students may use the voucher whether or not they were enrolled previously in public schools, though students not previously enrolled in public schools must formally transfer into the public system (they do not need to actually leave their private schools).

The state compensates a student's parents or custodian for education services up to a maximum of \$27,000 per year.³⁸ A child must be in the program for a full academic year to claim the maximum amount. The voucher amount is pro-rated for students enrolled in the program for less than a full

academic year. Parents are responsible for covering any costs above the maximum annual allowance.

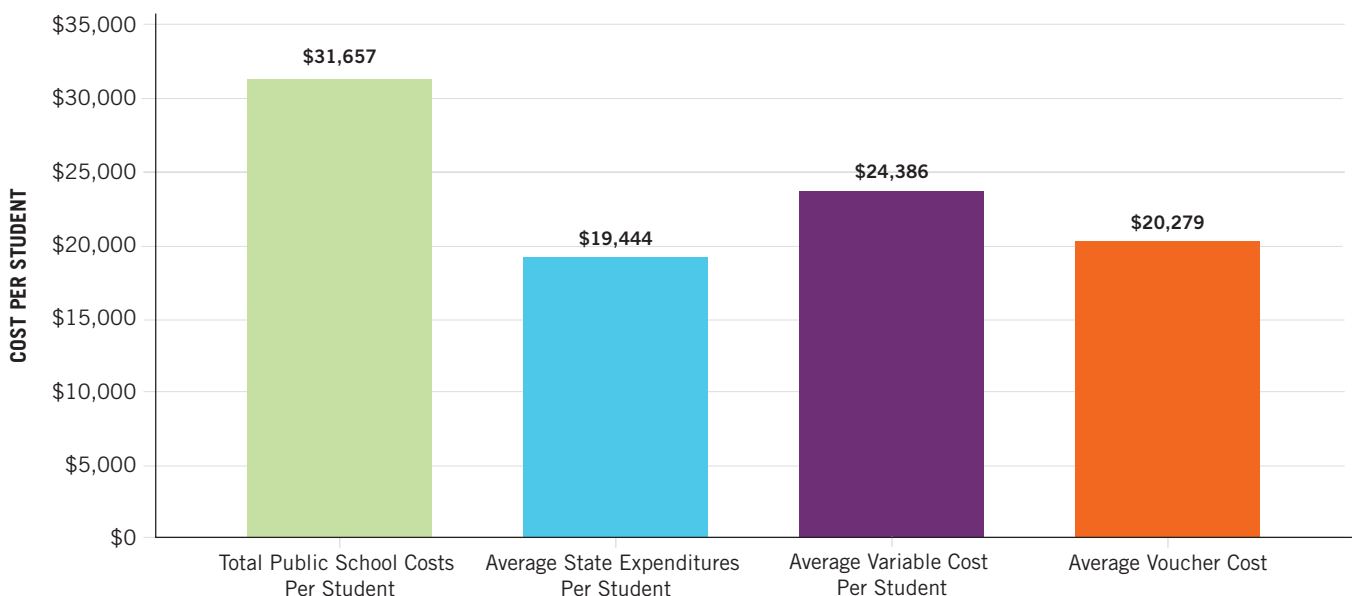
Because this program targets only students with autism, the fiscal analysis for this program applies a cost differential factor of three to estimate the average variable cost reduction for students participating in this program. This factor is based on a report by the Special Education Expenditure Project (SEEP) which estimated the cost differential of educating special needs students by disability type, as noted in note 25.

Fiscal Alignment

In Ohio, the estimated total cost of public schools per student for autistic students was \$31,657, the estimated average cost per student to the state was \$19,444, and the estimated average variable cost per

FIGURE 21

Fiscal Alignment of Educational Costs for Ohio Public Schools and Ohio's Autism Scholarship Program



student for students with autism was \$24,386 in FY 2015. The average voucher amount, \$20,279, is less than these variable costs and indicates that that the program is generating cost savings for taxpayers and the district.

Fiscal Impact

The Autism Scholarship Program saved Ohio taxpayers \$108 million, or about \$6,200 for each voucher used by students. To be fiscally neutral, 73 percent of students must have chosen to leave or not attend public schools.

How to Read the Table

In FY 2015, Ohio awarded vouchers to 2,934 students in the program. The average amount of the awards was \$20,279 per scholarship, and the total cost to fund vouchers was \$59,498,439. Next, savings

were estimated. The analysis for Ohio’s program assumes all students in the program are switchers (i.e. students who would enroll in a public school if the program was not in place). This implies that 2,934 students were switchers. With an estimated average variable cost of \$24,386 per student, this enrollment shift generated \$71,547,755 in savings. Thus, the net impact in FY 2015 was \$12,049,316, or \$4,107 in savings per student who participated in the program that year. This savings estimate is the cumulative total savings in FY 2015 to state and local taxpayers in Ohio.

For the program to have been fiscally neutral in FY 2015, 83 percent of participating students must have been switchers, meaning the program would have been cost-neutral if 17 percent of students would have attended private schools anyway without financial assistance from the program.

FIGURE 22 Ohio's Autism Scholarship Program
Net Savings Per Voucher Student

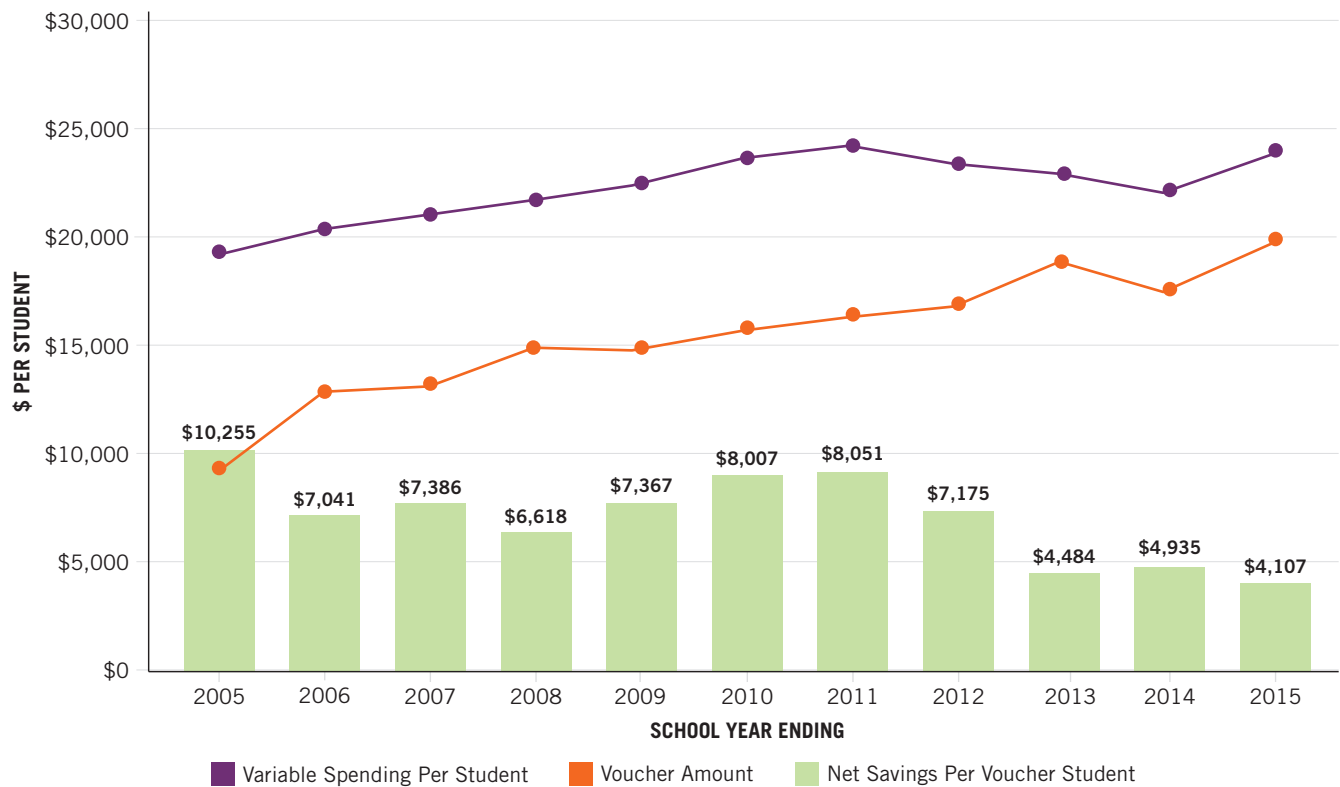


TABLE 12

Ohio's Autism Scholarship Program

Overall Fiscal Effect

School Year Ending	Voucher Students	Average Voucher Amount	Voucher Cost (OH Gov't)	Voucher Students Switching from Public School	Avg Variable Spending Per Autistic Student (OH Schools)	Enrollment Effect on Variable Costs (OH Schools)	Total Net Savings	Net Savings Per Voucher Student	Break-Even Switcher Rate
2005	300	\$9,211	\$2,763,264	300	\$19,466	\$5,839,733	\$3,076,469	\$10,255	47%
2006	475	\$13,225	\$6,281,805	475	\$20,266	\$9,626,285	\$3,344,480	\$7,041	65%
2007	734	\$13,395	\$9,832,186	734	\$20,782	\$15,253,724	\$5,421,538	\$7,386	64%
2008	1,000	\$14,948	\$14,948,045	1,000	\$21,566	\$21,565,570	\$6,617,525	\$6,618	69%
2009	1,461	\$14,903	\$21,773,767	1,461	\$22,271	\$32,537,278	\$10,763,511	\$7,367	67%
2010	1,666	\$15,565	\$25,932,119	1,666	\$23,572	\$39,270,988	\$13,338,869	\$8,007	66%
2011	1,978	\$15,853	\$31,356,706	1,978	\$23,903	\$47,280,891	\$15,924,185	\$8,051	66%
2012	2,000	\$16,537	\$33,073,155	2,000	\$23,711	\$47,422,745	\$14,349,589	\$7,175	70%
2013	2,489	\$19,103	\$47,547,245	2,489	\$23,587	\$58,706,967	\$11,159,722	\$4,484	81%
2014	2,496	\$18,167	\$45,345,679	2,496	\$23,103	\$57,663,887	\$12,318,208	\$4,935	79%
2015	2,934	\$20,279	\$59,498,439	2,934	\$24,386	\$71,547,755	\$12,049,316	\$4,107	83%
Cumulative Total							\$108,363,412	\$6,181	73%

Sources: National Center for Education Statistics; EdChoice, National Catalogue of School Choice Programs

Note: Because Ohio's education department does not track where students were enrolled prior to participating in this voucher program and because the program is targeted towards special needs students, estimated fiscal effects for this program's analysis assumes all students are switchers.



EDUCATIONAL CHOICE SCHOLARSHIP PROGRAM | OHIO

Enacted in 2005 as a pilot program, Ohio's Educational Choice Scholarship Program provides up to 60,000 state-funded vouchers to students who attend chronically low-performing public schools for attending private schools. Students are eligible for the program if the student's resident district is not a school district in which the pilot project scholarship program is operating, and the student satisfies one of the following conditions:

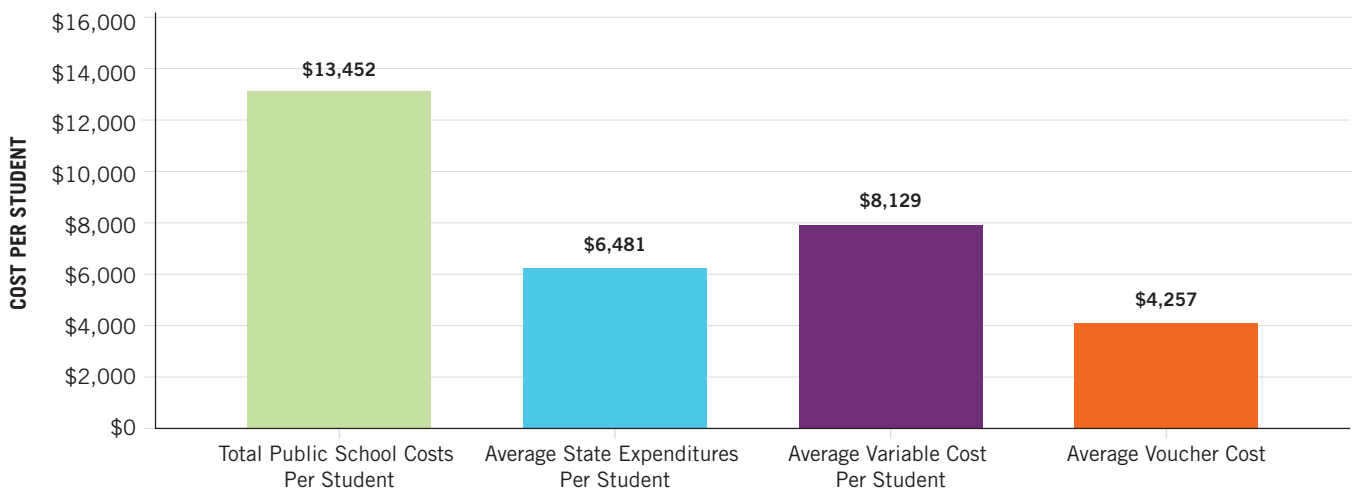
- The student attends a local public school that has received a grade D or F by the state's performance index score;
 - The student attends a charter school that would otherwise be assigned to a D- or F-rated traditional public school;
 - The student attends a local public school that was ranked in the lowest 10 percent of public schools in two of the three most recent rankings and the public school was not declared to be excellent or effective in the most recent rating system; or
- The student is enrolling in grades K–12 for the first time and would be assigned to a qualifying school as long as they are at least 5 years old by Jan. 1 of the school year.

Starting in the 2016–17 school year, eligibility extended to public school students in grades K–3 and students entering grades K–12 for the first time in Ohio who attend a school that received a grade of D or F for making progress in improving literacy in grades K–3 and that did not receive an A grade for making progress in improving literacy in grades K–3 in the most recent published rating prior to the first day of July of the school year for which the student seeks a scholarship.

Vouchers are worth up to \$4,650 in grades K–8 and \$6,000 in grades 9–12, and they may not exceed the private school's actual tuition and fees. Participating schools may charge remaining tuition not covered by the voucher for students whose household incomes exceed 200 percent of the federal poverty level, but must accept the voucher

FIGURE 23

Fiscal Alignment of Educational Costs for Ohio Public Schools and Ohio's Educational Choice Scholarships



as payment in full for students at or below the 200 percent level.

Although participation in the program has grown steadily over the years, the program is currently operating at about one-third of its cap of 60,000.

Fiscal Alignment

In Ohio, the estimated total cost of public schools per student in FY 2015 was \$13,452, the estimated average cost per student to the state was \$6,481, and the estimated average variable cost per student was \$8,129. The average voucher amount, \$4,257, is significantly less than these variable costs and indicates that that the program is generating cost savings for taxpayers and the district.

Fiscal Impact

The Educational Choice Scholarship Program saved Ohio taxpayers \$430 million, or about \$3,900 for each voucher used by students. To be fiscally neutral, 51 percent of students must have chosen to leave or not attend public schools.

How to Read the Table

In FY 2015, Ohio awarded vouchers to 18,842 students in the program. The average amount of the awards was \$4,257 per scholarship, and the total cost to fund vouchers was \$80,213,597. Next, savings were estimated. The analysis for Ohio’s program assumes all students in the program are switchers (i.e. students who would enroll in a public school if the program was not in place). This implies that 18,842 students were switchers. With an estimated average variable cost of \$8,129 per student, this enrollment shift generated \$153,158,692 in savings. Thus, the net impact in FY 2015 was \$72,945,094, or \$3,871 in savings per student who participated in the program that year. This savings estimate is the cumulative total savings in FY 2015 to state and local taxpayers in Ohio.

For the program to have been fiscally neutral in FY 2015, 52 percent of participating students must have been switchers, meaning the program would have been cost-neutral if 48 percent of students would have attended private schools anyway without financial assistance from the program.

FIGURE 24 Ohio’s Educational Choice Scholarships
Net Savings Per Voucher Student

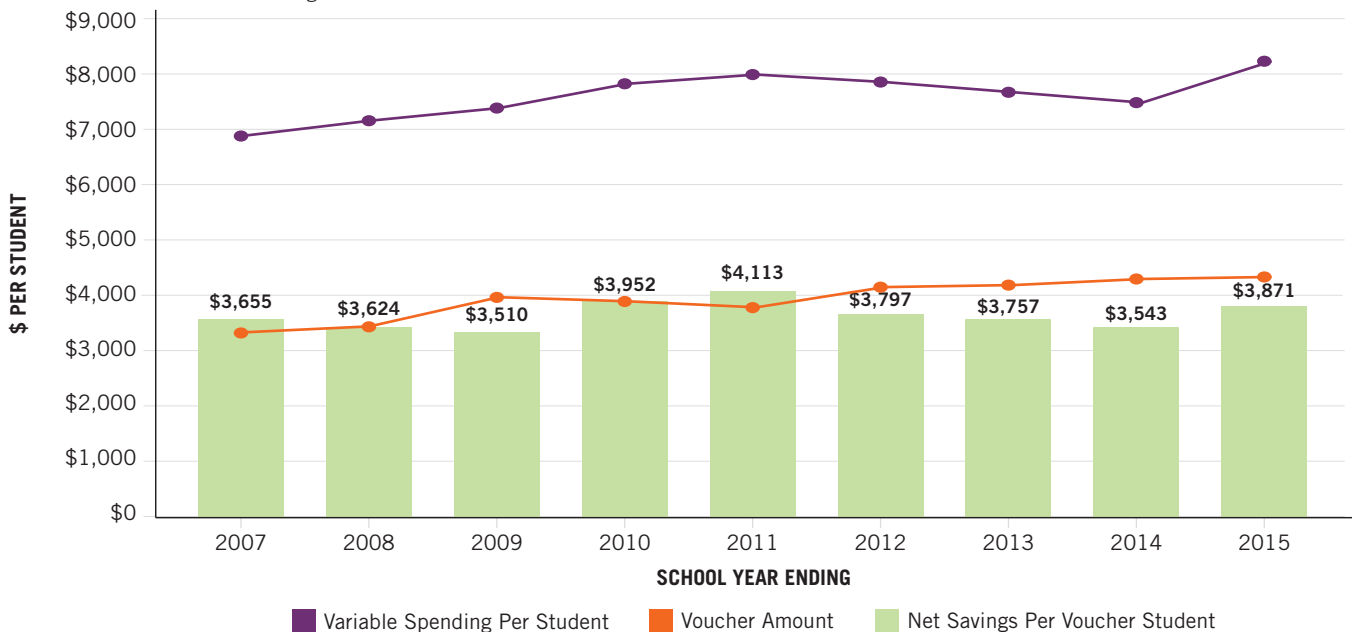


TABLE 13

Ohio's Educational Choice Scholarships

Overall Fiscal Effect

School Year Ending	Voucher Students	Average Voucher Amount	Voucher Cost (OH Gov't)	Voucher Students Switching from Public School	Avg Variable Spending Per Student (OH Schools)	Enrollment Effect on Variable Costs (OH Schools)	Total Net Savings	Net Savings Per Voucher Student	Break-Even Switcher Rate
2007	3,169	\$3,272	\$10,368,839	3,169	\$6,927	\$21,952,340	\$11,583,501	\$3,655	47%
2008	7,144	\$3,564	\$25,462,824	7,144	\$7,189	\$51,354,811	\$25,891,987	\$3,624	50%
2009	9,772	\$3,914	\$38,244,389	9,772	\$7,424	\$72,542,615	\$34,298,226	\$3,510	53%
2010	11,784	\$3,905	\$46,018,260	11,784	\$7,857	\$92,590,901	\$46,572,640	\$3,952	50%
2011	13,733	\$3,855	\$52,943,672	13,733	\$7,968	\$109,421,718	\$56,478,046	\$4,113	48%
2012	16,136	\$4,106	\$66,262,160	16,136	\$7,904	\$127,535,568	\$61,273,408	\$3,797	52%
2013	15,959	\$4,105	\$65,513,240	15,959	\$7,862	\$125,472,677	\$59,959,438	\$3,757	52%
2014	16,999	\$4,158	\$70,680,790	16,999	\$7,701	\$130,906,573	\$60,225,782	\$3,543	54%
2015	18,842	\$4,257	\$80,213,597	18,842	\$8,129	\$153,158,692	\$72,945,094	\$3,871	52%
Cumulative Total							\$429,228,122	\$3,780	51%

Sources: National Center for Education Statistics; EdChoice, National Catalogue of School Choice Programs



JON PETERSON SPECIAL NEEDS SCHOLARSHIP PROGRAM | OHIO

Ohio's Jon Peterson Special Needs Scholarship Program provides vouchers to children with special needs enrolled in public schools that allows them to pay for private school tuition and access services from private therapists and other providers. Because of the pre-enrollment requirement, the analysis counts all participants as switchers. Eligible students must be between ages 5 and 21 and have an IEP from their public school district. Families may use their voucher at public providers if the district accepts the students. Participation in the program is capped at 5 percent of students with special needs statewide.

The voucher amount is equal to the lesser of a) fees and tuition charged by the new school, b) the amount of state aid determined by the state's funding formulas for the district, or c) \$27,000. The state sets a limit on funding which varies by disability type. The voucher amount is prorated if

a child is not enrolled in the alternative or private school for the full year.

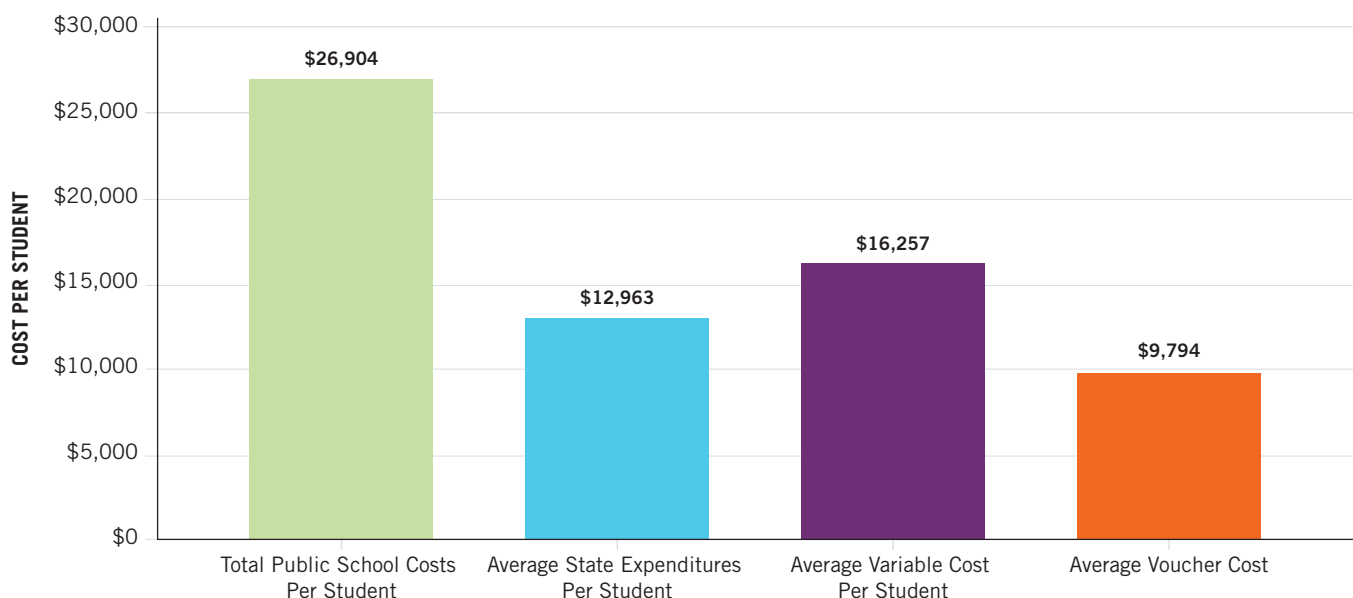
The fiscal analysis assumes that the average variable cost per student with special needs is twice the average variable cost per student in general education. This factor is based on a report by the Special Education Expenditure Project, which estimated the cost differential of educating special needs students by disability type.

Fiscal Alignment

In Ohio, the estimated total cost of public schools per student for students with special needs in FY 2015 was \$26,904, the estimated average cost to the state for students with special needs was \$12,963, and the estimated average variable cost per student for students with special needs was \$16,257. The

FIGURE 25

Fiscal Alignment of Educational Costs for Ohio Public Schools and Ohio's Jon Peterson Special Needs Scholarship Program



average voucher amount, \$9,794, is significantly less than these variable costs and indicates that that the program is generating cost savings for taxpayers and the district.

Fiscal Impact

The Jon Peterson Special Needs Scholarship Program saved Ohio taxpayers \$46.4 million, or about \$6,800 for each voucher used by students. To be fiscally neutral, 57 percent of students must have chosen to leave or not attend public schools.

How to Read the Table

In FY 2015, Ohio awarded vouchers to 3,319 students in the program. The average amount of the awards was \$9,794 per scholarship, and the total cost to fund vouchers was \$32,505,404. Next, savings were estimated. The analysis for Ohio’s program

counts all students in the program as switchers (i.e. students who would enroll in a public school if the program was not in place). This implies that 3,319 students were switchers. With an estimated average variable cost of \$16,257 per student, this enrollment shift generated \$53,957,510 in savings. Thus, the net impact in FY 2015 was \$21,452,106, or \$6,463 in savings per student who participated in the program that year. This savings estimate is the cumulative total savings in FY 2015 to state and local taxpayers in Ohio.

For the program to have been fiscally neutral in FY 2015, 60 percent of participating students must have been switchers, meaning the program would have been cost-neutral if 40 percent of students would have attended private schools anyway without financial assistance from the program.

FIGURE 26 Ohio’s Jon Peterson Special Needs Scholarship Program
Net Savings Per Voucher Student

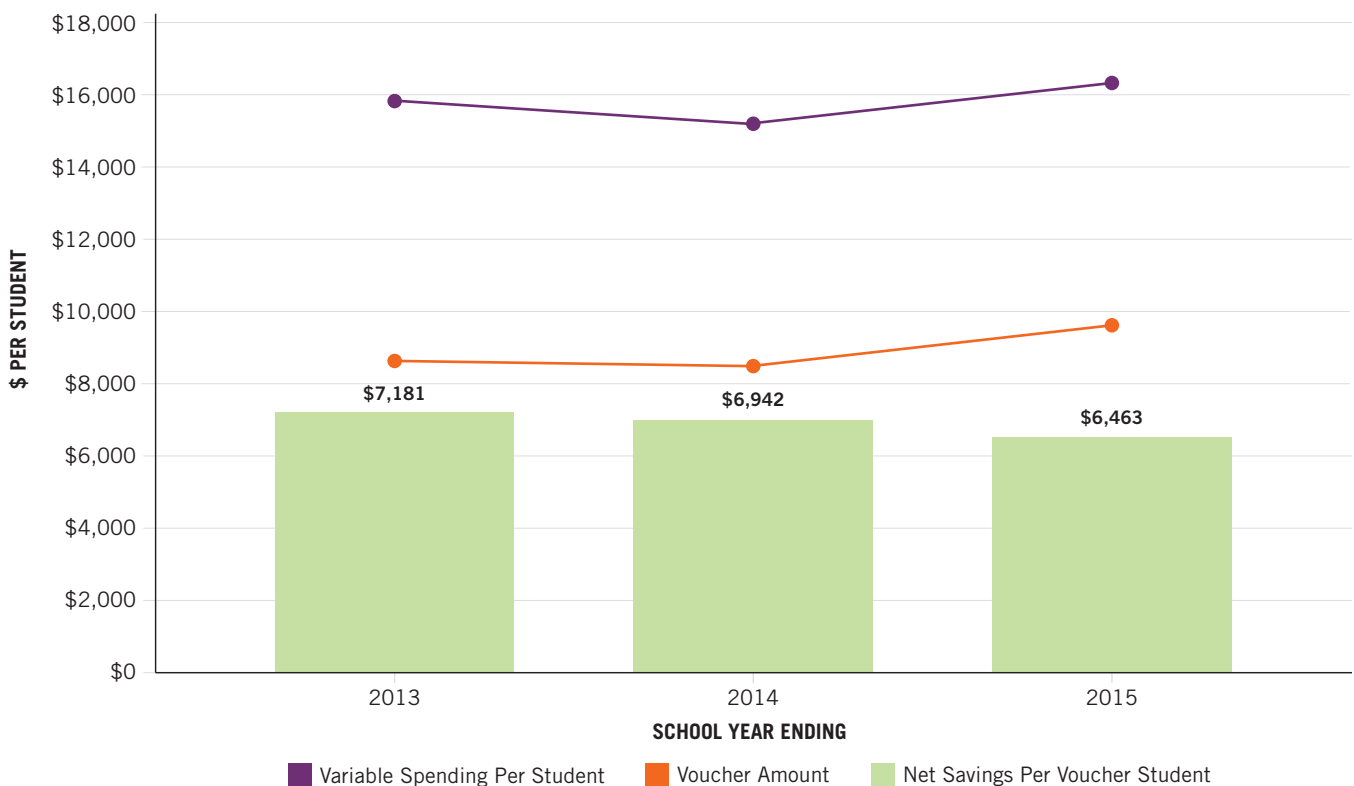


TABLE 14

Ohio's Jon Peterson Special Needs Scholarship Program

Overall Fiscal Effect

School Year Ending	Voucher Students	Average Voucher Amount	Voucher Cost (OH Gov't)	Voucher Students Switching from Public School	Avg Variable Spending Per Autistic Student (OH Schools)	Enrollment Effect on Variable Costs (OH Schools)	Total Net Savings	Net Savings Per Voucher Student	Break-Even Switcher Rate
2013	1,342	\$8,543	\$11,464,562	1,342	\$15,724	\$21,102,116	\$9,637,554	\$7,181	54%
2014	2,204	\$8,459	\$18,644,727	2,204	\$15,402	\$33,945,301	\$15,300,574	\$6,942	55%
2015	3,319	\$9,794	\$32,505,404	3,319	\$16,257	\$53,957,510	\$21,452,106	\$6,463	60%
Cumulative Total							\$46,390,233	\$6,757	57%

Sources: Ohio Department of Education; National Center for Education Statistics; EdChoice, National Catalogue of School Choice Programs

Note: Because Ohio's education department does not track where students were enrolled prior to participating in this voucher program and because the program is targeted towards special needs students, estimated fiscal effects for this program's analysis assumes all students are switchers.



LINDSEY NICOLE HENRY SCHOLARSHIPS FOR STUDENTS WITH DISABILITIES PROGRAM | OKLAHOMA

The Lindsey Nicole Henry Scholarships for Students with Disabilities Program was enacted in 2010 to provide vouchers for any Oklahoma student with special needs. Students eligible for the program must meet the following conditions:

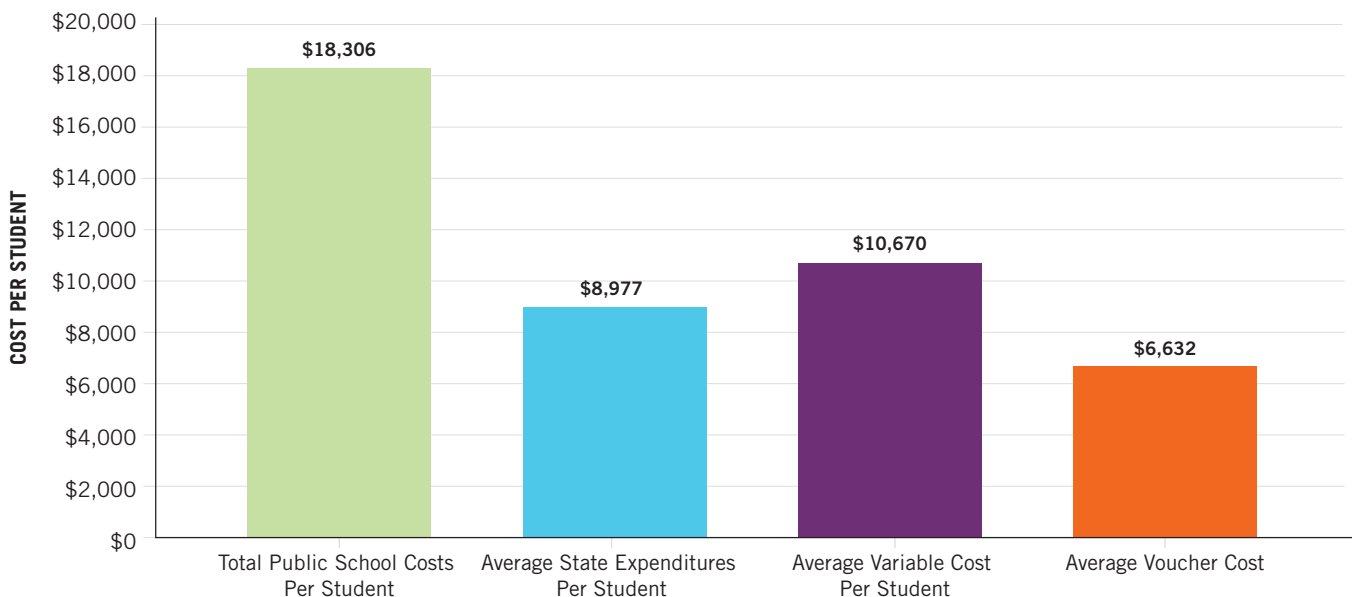
- 1) have an Individualized Education Plan; and
- 2) meet one of these conditions:
 - a. attended an Oklahoma public school the prior year;
 - b. is the child of an active-duty member of the armed forces stationed in Oklahoma;
 - c. is in out-of-home placement; or
 - d. was adopted out of state custody.

Certain students may be exempt from meeting the prior-enrollment in a public school criterion. The voucher amount is equal to lesser of the state and local funds that would have been spent on the child in his or her public school or the choice private school’s tuition and fees. A student’s resident school district can keep up to five percent of the voucher funds for administrative purposes.

The fiscal analysis assumes that the average variable cost per student with special needs is twice the average variable cost per student in general education. This approach is consistent with methods used in the 2014 *School Voucher Audit* and is discussed in further detail in the methods section of this report.

FIGURE 27

Fiscal Alignment of Educational Costs for Oklahoma Public Schools and Oklahoma’s Lindsey Nicole Henry Scholarship Program for Children with Disabilities



Fiscal Alignment

In Oklahoma, the estimated total cost of public schools per student for students with special needs in FY 2015 was \$18,306, the estimated average cost to the state for students with special needs was \$8,977, and the estimated average variable cost per student for students with special needs was \$10,670. The average voucher amount, \$6,632, is significantly less than these variable costs and indicates that that the program is generating cost savings for taxpayers and the district.

Fiscal Impact

The Lindsey Nicole Henry Scholarships for Students with Disabilities Program saved Oklahoma taxpayers \$3.2 million, or about \$3,200 for each voucher used by students. To be fiscally neutral, 69 percent of students must have chosen to leave or not attend public schools.

How to Read the Table

In FY 2015, Oklahoma awarded vouchers to 377 students in the program. The average amount of the awards was \$6,632 per scholarship, and the total cost to fund vouchers was \$2,500,155. Next, savings were estimated. The analysis for Oklahoma’s program counts all students in the program as switchers (i.e. students who would enroll in a public school if the program was not in place). This means that 377 students were switchers. With an estimated average variable cost of \$10,670 per student, this enrollment shift generated \$4,022,766 in savings. Thus, the net impact in FY 2015 was \$1,522,611, or \$4,039 in savings per student who participated in the program that year. This savings estimate is the cumulative total savings in FY 2015 to state and local taxpayers in Oklahoma.

For the program to have been fiscally neutral in FY 2015, 62 percent of participating students must have been switchers, meaning the program would have been cost-neutral if 38 percent of students would have attended private schools anyway without financial assistance from the program.

FIGURE 28 Oklahoma’s Lindsey Nicole Henry Scholarship Program for Children with Disabilities
Net Savings Per Voucher Student

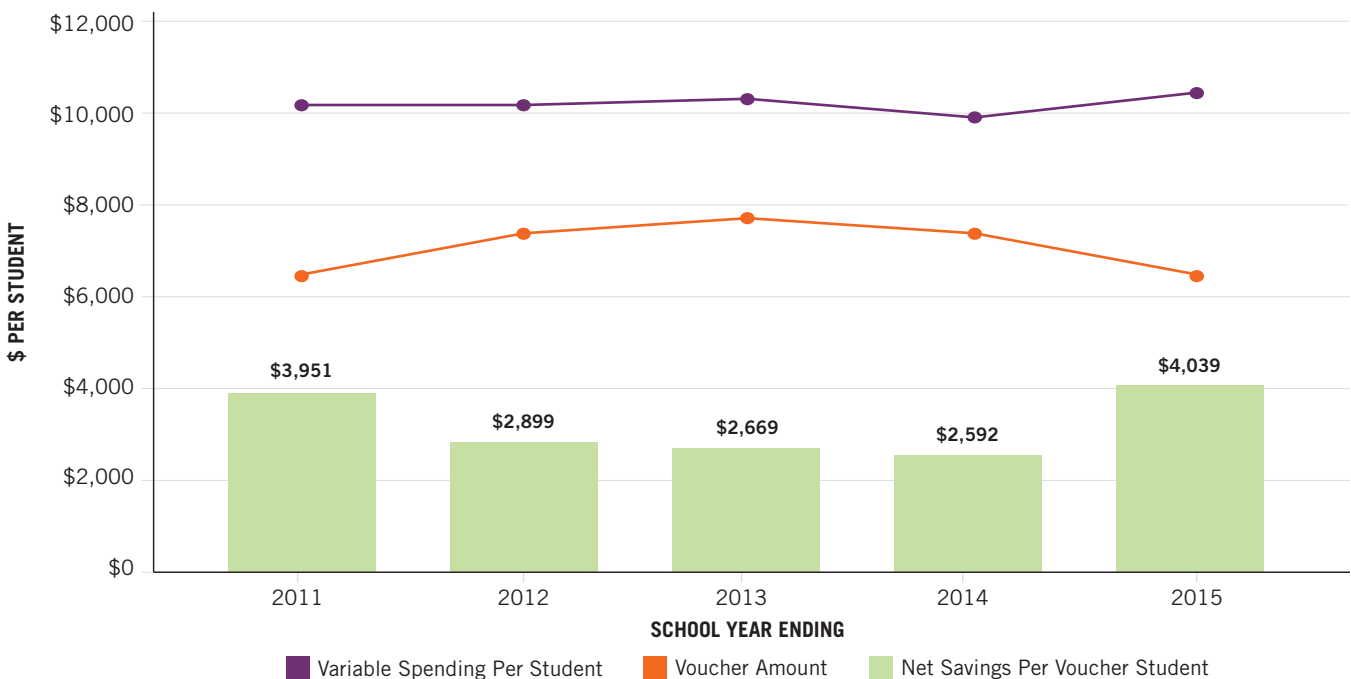


TABLE 15

Oklahoma's Lindsey Nicole Henry Scholarship Program for Children with Disabilities

Overall Fiscal Effect

School Year Ending	Voucher Students	Average Voucher Amount	Voucher Cost (OK Gov't)	Voucher Students Switching from Public School	Avg Variable Spending Per Student (OK Schools)	Enrollment Effect on Variable Costs (OK Schools)	Total Net Savings	Net Savings Per Voucher Student	Break-Even Switcher Rate
2011	6	\$6,381	\$38,288	6	\$10,332	\$61,994	\$23,706	\$3,951	62%
2012	135	\$7,436	\$1,003,860	135	\$10,335	\$1,395,198	\$391,338	\$2,899	72%
2013	169	\$7,831	\$1,323,489	169	\$10,500	\$1,774,539	\$451,049	\$2,669	75%
2014	296	\$7,514	\$2,224,176	296	\$10,106	\$2,991,423	\$767,247	\$2,592	74%
2015	377	\$6,632	\$2,500,155	377	\$10,670	\$4,022,766	\$1,522,611	\$4,039	62%
Cumulative Total							\$3,155,952	\$3,211	69%

Sources: Oklahoma Department of Education; National Center for Education Statistics; EdChoice, National Catalogue of School Choice Programs

Note: Because Oklahoma's education department does not track where students were enrolled prior to participating in this voucher program and because the program is targeted towards special needs students, estimated fiscal effects for this program's analysis assumes all students are switchers.



CARSON SMITH SPECIAL NEEDS SCHOLARSHIP PROGRAM | UTAH

Launched in 2005, the Carson Smith Special Needs Scholarship Program provides voucher for students with disabilities to attend private school. Funding for the program is currently capped at \$5.1 million, significantly limiting the size of the program.

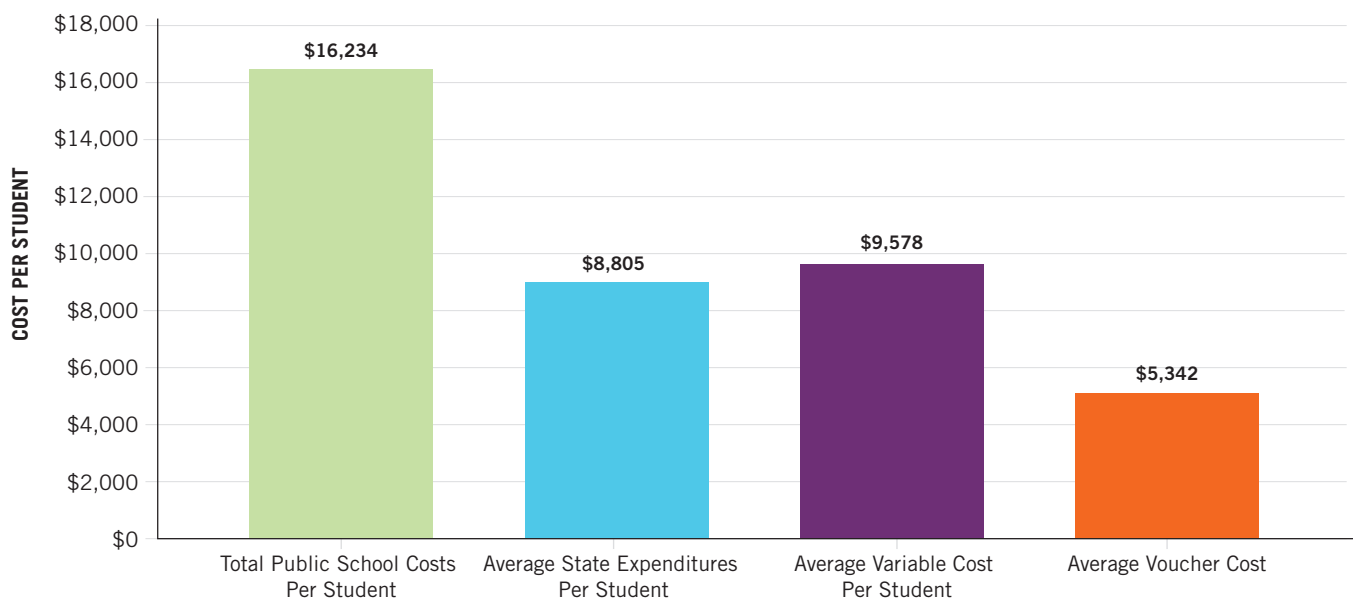
Public school students between ages 3 and 21 identified as disabled under federal disability rights law are eligible to receive vouchers. The program does not require students to be enrolled in public schools prior to joining the program. Thus, special needs students receiving services in private schools may also participate in the program. However, even though there is no prior enrollment eligibility requirement, program growth has been very slow, plateauing in recent years. Given the absence of any prior-enrollment requirements, the fiscal analysis attempts to account for students switching from public schools.

Vouchers are determined by the state’s weighted pupil unit, an element of its school financing formula. Students who receive three or more hours of special education services per day get vouchers worth 2.5 times the weighted pupil unit, whereas students receiving fewer than three hours per day get vouchers worth 1.5 times the weighted pupil unit. In 2017–18, those values amount to \$8,278 and \$4,967, respectively. The voucher may not exceed the private school’s actual tuition and fees.

The fiscal analysis assumes that the average variable cost per student with special needs is twice the average variable cost per student in general education. This approach is consistent with methods used in the 2014 *School Voucher Audit* and is discussed in further detail in the methods section of this report.

FIGURE 29

Fiscal Alignment of Educational Costs for Utah Public Schools and Utah’s Carson Smith Special Needs Scholarship Program



Fiscal Alignment

In Utah, the estimated total cost of public schools per student for students with special needs in FY 2015 was \$16,234, the estimated average cost to the state for students with special needs was \$8,805, and the estimated average variable cost per student for students with special needs was \$9,578. The average voucher amount, \$5,342, is significantly less than these variable costs and indicates that the program is generating cost savings for taxpayers and the district.

Fiscal Impact

The Carson Smith Special Needs Scholarship Program saved Utah taxpayers \$4.7 million, or about \$850 for each voucher used by students. To be fiscally neutral, 52 percent of students must have chosen to leave or not attend public schools.

How to Read the Table

In FY 2015, Utah awarded vouchers to 700 students in the program. The average amount of the awards was \$5,342 per scholarship, and the total cost to fund vouchers was \$3,739,715. Next, savings were estimated. Based on data obtained from the state's education department, an estimated 39 percent of students entering the program were not switchers (i.e. students who were not enrolled in public school). This implies that 429 students were switchers. With an estimated average variable cost of \$9,578 per student, this enrollment shift generated \$4,106,117 in savings. Thus, the net impact in FY 2015 was \$366,402, or \$523 in savings per student who participated in the program that year. This savings estimate is the cumulative total savings in FY 2015 to state and local taxpayers in Utah.

For the program to have been fiscally neutral in FY 2015, 56 percent of participating students must have been switchers, meaning the program would have been cost-neutral if 44 percent of students would have attended private schools anyway without financial assistance from the program.



TABLE 16

Utah's Carson Smith Special Needs Scholarship Program

Overall Fiscal Effect

School Year Ending	Voucher Students	Average Voucher Amount	Voucher Cost (UT Gov't)	Percent Share of Voucher Students Not Diverted from Public Schools	Voucher Students Switching from Public School	Avg Variable Spending Per Student (UT Schools)	Enrollment Effect on Variable Costs (UT Schools)	Total Net Savings	Net Savings Per Voucher Student	Break-Even Switcher Rate
2006	107	\$5,648	\$604,354	37%	67	\$7,823	\$524,146	(\$80,208)	(\$750)	72%
2007	340	\$4,217	\$1,433,612	37%	214	\$8,147	\$1,743,471	\$309,859	\$911	52%
2008	548	\$4,115	\$2,255,213	38%	338	\$8,723	\$2,948,327	\$693,114	\$1,265	47%
2009	582	\$4,264	\$2,481,484	37%	366	\$9,627	\$3,522,796	\$1,041,312	\$1,789	44%
2010	602	\$4,436	\$2,670,195	39%	365	\$9,330	\$3,401,489	\$731,294	\$1,215	48%
2011	624	\$4,893	\$3,053,276	39%	382	\$9,132	\$3,489,854	\$436,579	\$700	54%
2012	679	\$5,374	\$3,648,946	39%	416	\$9,225	\$3,836,204	\$187,258	\$276	58%
2013	714	\$4,733	\$3,379,362	39%	437	\$9,133	\$3,993,672	\$614,310	\$860	52%
2014	677	\$4,965	\$3,361,368	39%	415	\$9,162	\$3,798,790	\$437,421	\$646	54%
2015	700	\$5,342	\$3,739,715	39%	429	\$9,578	\$4,106,117	\$366,402	\$523	56%
Cumulative Total								\$4,737,341	\$850	52%

Sources: Utah State Board of Education; National Center for Education Statistics; EdChoice, National Catalogue of School Choice Programs; Utah State Office of Education

Notes: For the fiscal analysis in the first School Voucher Audit report, data on prior enrollment were obtained from the state's education department. While attempts were made to obtain information for updating the analysis, the State Board of Education recently enacted a requirement for data requests that involve student background information to be approved by the Board, and data were not made available in time. Therefore, the analysis assumes the same switcher rate from FY 2011, the final year of the first report, for each ensuing year.



MILWAUKEE PARENTAL CHOICE PROGRAM | WISCONSIN

Enacted in 1990, the Milwaukee Parental Choice Program (MPCP) is the nation’s first modern school voucher program. As it has experienced various policy changes over time, the MPCP has been ripe for researchers to study the effects of private school choice program. Indeed, it may be the most studied private school choice program (as well as one of the most politically contentious). The program has enjoyed significant growth, the result of several modifications to the program that expanded eligibility. For example, in 1998 the Wisconsin legislature opened the program to allow parents to choose religious as well as secular private schools. The effect from this change is evidenced by the spike in vouchers awarded the following year.

The program today is open to some families in the middle class. Milwaukee families that earn up to 300 percent of the federal poverty guidelines (\$73,800 for a family of four in 2017–18) qualify to receive vouchers. The income limit increases by \$7,000 for married households. Students who are continuing the program from previous years and those who were on a school’s waiting list in the prior year because the school did not have space available do not need to demonstrate income eligibility. Once a student receives a voucher, that

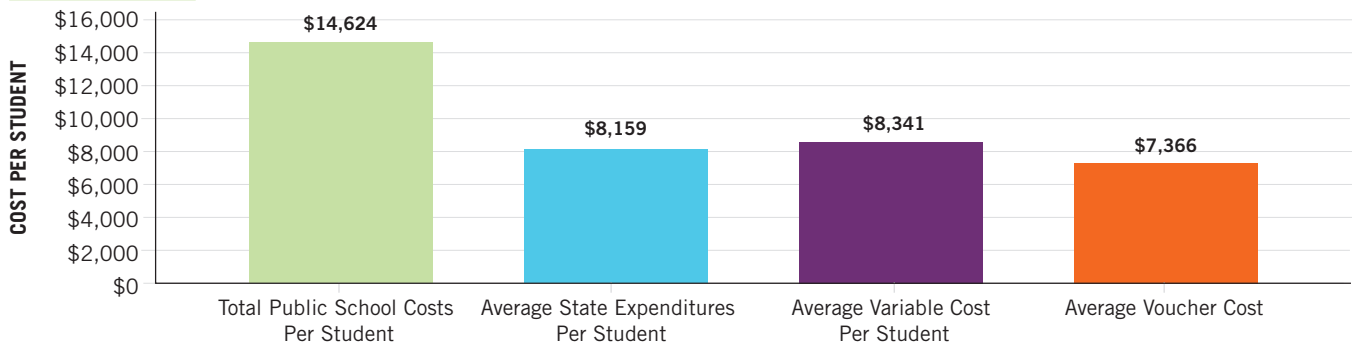
student can keep it, regardless of his or her family’s future income.

In 2017–18, the maximum voucher amounts are \$7,530 for grades K–8 and \$8,176 for grades 9–12. Each school year, maximum voucher payments increase by a dollar amount equal to the dollar-amount increase in general school aid to Wisconsin public schools. Parents of students in grades 9–12 that have an income greater than 220 percent of the federal poverty level (\$54,120 for a family of four in 2017–18) may be charged additional tuition above the voucher amount.

Because the MPCP is open to students enrolled in both public and private schools, a proper fiscal analysis would account for the share of students using vouchers who switch from public schools. The first *School Voucher Audit* report employed an assumption of 90 percent for students who would likely enroll in public schools without financial assistance from the program, and this figure is used here as well. At the time of that report, data were not collected on where students were enrolled prior to participating in the MPCP. This assumption was based on a fiscal analysis conducted by researchers at the University of Arkansas, which was part of an initiative that conducted a comprehensive longitudinal evaluation of the MPCP.³⁹

FIGURE 31

Fiscal Alignment of Educational Costs for Milwaukee Public Schools and the Milwaukee Parental Choice Program



Please note that fiscal effects are distributed unevenly among local taxpayers inside and outside of Milwaukee such that local taxpayers in Milwaukee have incurred fiscal costs while local taxpayers outside of Milwaukee incurred fiscal benefits.⁴⁰ Known as the “funding flaw,” this feature will be phased out by 2024–25.⁴¹ The fiscal effects estimates reported below represent the net effect for all state and local taxpayers in Wisconsin.

Fiscal Alignment

In Milwaukee, the estimated total cost of public schools per student in FY 2015 was \$14,624, the estimated average cost per student to the state was \$8,159, and the estimated average variable cost per student was \$8,341. The average voucher amount, \$7,366, is less than these variable costs and indicates that that the program is generating cost savings for taxpayers and the district.

Fiscal Impact

The MPCP saved Wisconsin taxpayers \$343 million, or about \$1,200 for each voucher used by students. To be fiscally neutral, 75 percent of students must have chosen to leave or not attend public schools.

How to Read the Table

In FY 2015, Wisconsin awarded vouchers to 25,745 students in the program. The average amount of the awards was \$7,366 per scholarship, and the total cost to fund vouchers was \$189,644,478. Next, savings were estimated. Based on a fiscal analysis from the University of Arkansas, the present fiscal analysis assumes that an estimated 10 percent of students entering the program were not switchers (i.e. students who were not enrolled in public school). This implies that 23,171 students were switchers. With an estimated average variable cost of \$8,341 per student, this enrollment shift generated \$193,272,288 in savings. Thus, the net impact in FY 2015 was \$3,627,810, or \$141 in savings per student who participated in the program that year. This savings estimate is the cumulative total savings in FY 2015 to state and local taxpayers in Wisconsin.

For the program to have been fiscally neutral in FY 2015, 88 percent of participating students must have been switchers, meaning the program would have been cost-neutral if 12 percent of students would have attended private schools anyway without financial assistance from the program.

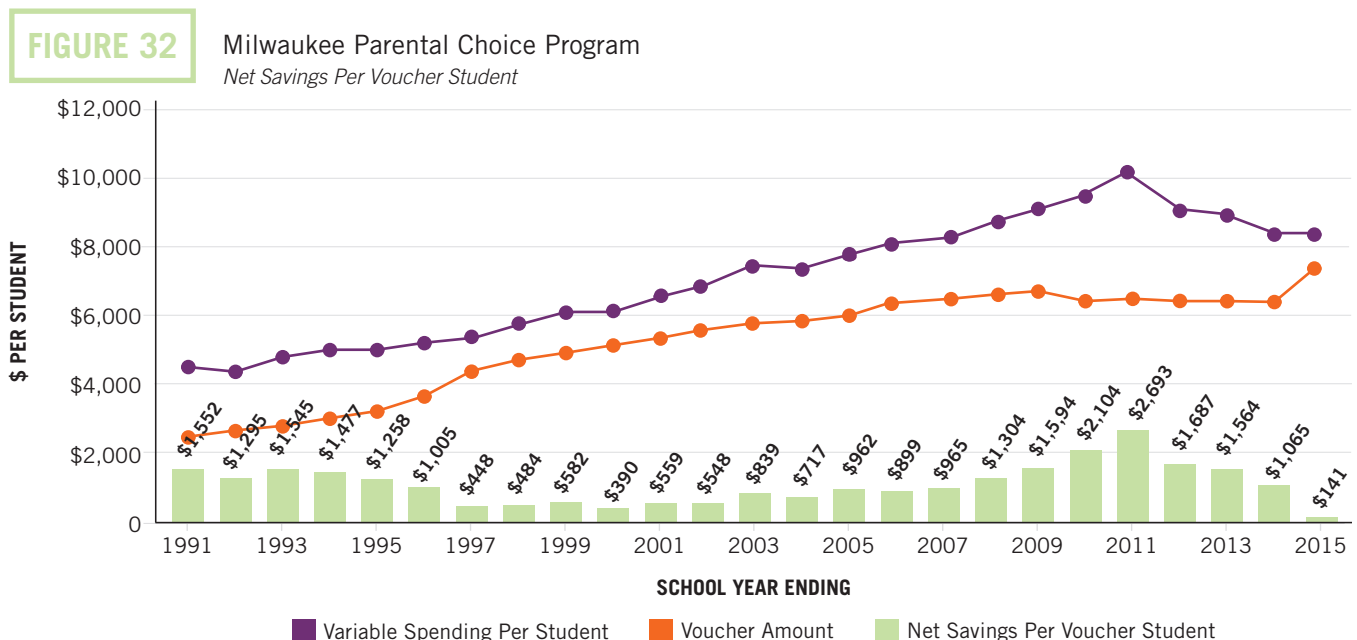


TABLE 17

Milwaukee Parental Choice Program
Overall Fiscal Effect

School Year Ending	Voucher Students	Private School Persistence Rate	Voucher Students Switching from Public School	Average Voucher Amount	Voucher Cost (WI Gov't & Milwaukee Schools)	Avg Variable Spending Per Student (Milwaukee Schools)	Enrollment Effect on Variable Costs (Milwaukee Schools)	Total Net Savings	Net Savings Per Voucher Student	Break-Even Switcher Rate
1991	300	10%	270	\$2,446	\$733,800	\$4,442	\$1,199,294	\$465,494	\$1,552	55%
1992	512	10%	461	\$2,643	\$1,353,216	\$4,376	\$2,016,469	\$663,253	\$1,295	60%
1993	594	10%	535	\$2,745	\$1,630,530	\$4,767	\$2,548,183	\$917,653	\$1,545	58%
1994	704	10%	634	\$2,985	\$2,101,440	\$4,958	\$3,141,242	\$1,039,802	\$1,477	60%
1995	771	10%	694	\$3,209	\$2,474,139	\$4,963	\$3,443,891	\$969,752	\$1,258	65%
1996	1,288	10%	1,159	\$3,667	\$4,723,096	\$5,191	\$6,017,876	\$1,294,780	\$1,005	71%
1997	1,616	10%	1,454	\$4,373	\$7,066,768	\$5,356	\$7,790,105	\$723,337	\$448	82%
1998	1,497	10%	1,347	\$4,696	\$7,029,912	\$5,756	\$7,754,456	\$724,544	\$484	82%
1999	5,761	10%	5,185	\$4,894	\$28,194,334	\$6,085	\$31,547,717	\$3,353,383	\$582	80%
2000	7,575	10%	6,818	\$5,106	\$38,677,950	\$6,107	\$41,631,123	\$2,953,173	\$390	84%
2001	9,238	10%	8,314	\$5,326	\$49,201,588	\$6,539	\$54,363,506	\$5,161,918	\$559	81%
2002	10,497	10%	9,447	\$5,553	\$58,289,008	\$6,779	\$64,045,946	\$5,756,938	\$548	82%
2003	11,304	10%	10,173	\$5,783	\$65,369,875	\$7,357	\$74,850,389	\$9,480,514	\$839	79%
2004	12,882	10%	11,594	\$5,882	\$75,771,924	\$7,332	\$85,004,767	\$9,232,843	\$717	80%
2005	14,071	10%	12,663	\$5,943	\$83,620,982	\$7,672	\$97,154,598	\$13,533,617	\$962	77%
2006	14,604	10%	13,144	\$6,351	\$92,752,227	\$8,056	\$105,881,672	\$13,129,445	\$899	79%
2007	17,088	10%	15,379	\$6,501	\$111,090,713	\$8,295	\$127,572,837	\$16,482,123	\$965	78%
2008	18,558	10%	16,702	\$6,501	\$120,642,633	\$8,672	\$144,835,972	\$24,193,339	\$1,304	75%
2009	19,428	10%	17,486	\$6,607	\$128,363,439	\$9,113	\$159,339,139	\$30,975,700	\$1,594	73%
2010	20,372	10%	18,335	\$6,442	\$131,237,390	\$9,496	\$174,099,918	\$42,862,528	\$2,104	68%
2011	20,256	10%	18,231	\$6,442	\$130,490,763	\$10,150	\$185,034,739	\$54,543,977	\$2,693	63%
2012	22,220	10%	19,998	\$6,442	\$143,140,274	\$9,032	\$180,614,611	\$37,474,337	\$1,687	71%
2013	23,812	10%	21,431	\$6,442	\$153,396,582	\$8,896	\$190,647,929	\$37,251,347	\$1,564	72%
2014	24,811	10%	22,330	\$6,442	\$159,831,496	\$8,341	\$186,256,564	\$26,425,068	\$1,065	77%
2015	25,745	10%	23,171	\$7,366	\$189,644,478	\$8,341	\$193,272,288	\$3,627,810	\$141	88%
Cumulative Total								\$343,236,675	\$1,202	75%

Sources: National Center for Education Statistics; EdChoice, National Catalogue of School Choice Programs; University of Arkansas, School Choice Demonstration Project, *The Fiscal Impact of the Milwaukee Parental Choice Program, 1993 - 2008*
Notes: District-level financial data were available only up to FY 2014 from NCES. The analysis assumes the average variable cost per student in FY 2015 was the same as FY 2014.



PARENTAL PRIVATE SCHOOL CHOICE PROGRAM (RACINE) | WISCONSIN

The Parental Private School Choice Program (Racine) was enacted in 2011 to provide vouchers for students to attend a private school of their choosing. Eligible students must meet one of the following requirements:

- 1) have attended a Racine Unified School District school or home school in the prior year;
- 2) not enrolled in school in the prior year;
- 3) enrolled in a private school under the voucher program in the prior year; or
- 4) be entering kindergarten, first grade, or ninth grade.

In addition, students must be from families with household incomes at or below 300 percent of the federal poverty level. For married parents or legal guardians, this threshold is \$7,000 higher.

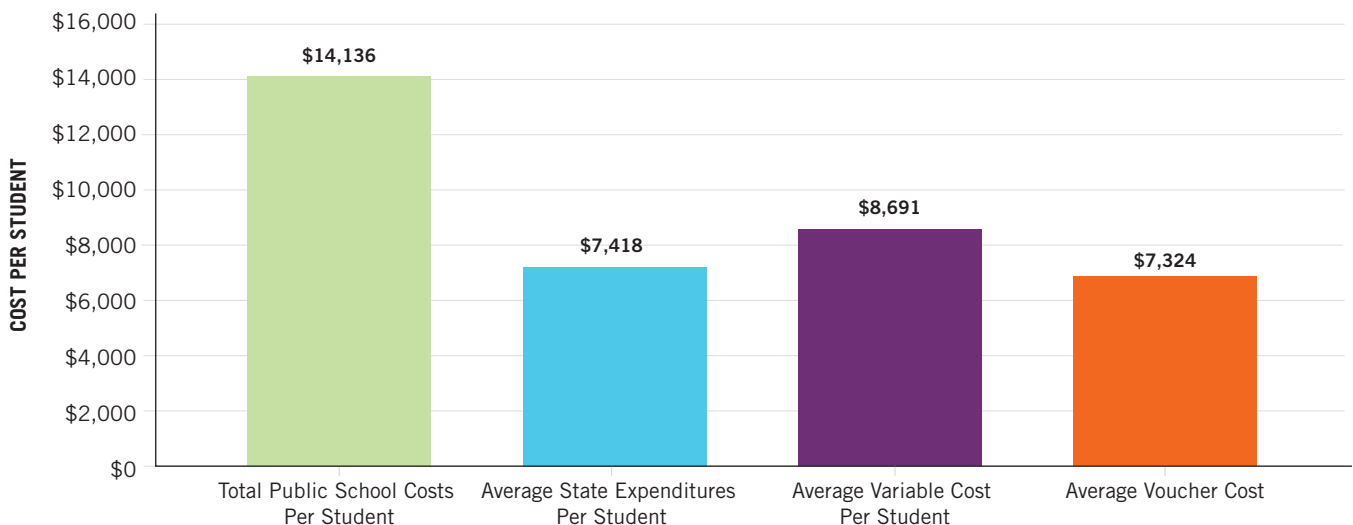
The voucher amount in 2016–17 was equal to \$7,323 for students in grades K–8 and \$7,969 for

students in grades 9–12. Annual increases in the voucher amount is tied to increases in funding for Wisconsin public schools. Private schools may charge additional tuition above the voucher amount if students are in grades 9–12 and come from families with household incomes greater than 220 percent of the federal poverty limit.

The fiscal analysis for this program assumes that 10 percent of students receiving vouchers would enroll in private schools anyway if they didn't receive financial assistance from the program. This is the same rate assumed by economist Robert Costrell (2010) in his fiscal analysis of the Milwaukee Parental Choice Program.⁴² Unfortunately, data to allow for a proper estimate of the share of students who received vouchers were enrolled in public schools prior to joining the program were not readily available from the Wisconsin Department of Public Instruction (DPI). The DPI reports where students were enrolled in the prior year, but this way of reporting prior enrollment does not provide a reliable estimate for switchers.⁴³ The reason is that

FIGURE 33

Fiscal Alignment of Educational Costs for Racine Public Schools and the Parental Private School Choice Program (Racine)



a student who signed up for the program and came from a public school in one year will be counted as incoming from a private school for ensuing years in the program. Although imperfect, we take a likely cautious approach of applying the same 10 percent private school propensity rate used in the fiscal analysis for the Milwaukee Parental Choice Program.

Fiscal Alignment

In Racine, the estimated total cost of public schools per student in FY 2015 was \$14,163, the estimated average cost per student to the state was \$7,418, and the estimated average variable cost per student was \$8,691. The average voucher amount, \$7,324, is less than these variable costs and indicates that that the program is generating cost savings for taxpayers and the district.

Fiscal Impact

Wisconsin’s Parental Private School Choice Program (Racine) saved Wisconsin taxpayers \$2.9 million, or about \$820 for each voucher used by students. To be fiscally neutral, 80 percent of students must have chosen to leave or not attend public schools.

How to Read the Table

In FY 2015, Wisconsin awarded vouchers to 1,660 students in the program. The average amount of the awards was \$7,324 per scholarship, and the total cost to fund vouchers was \$12,154,278. Next, savings were estimated. The analysis for the Racine program assumes that 10 percent of students in the program as not switchers (i.e. students who would enroll in a private school anyway if the program was not in place). This means that 1,494 students were switchers. With an estimated average variable cost of \$8,691 per student, this enrollment shift generated \$12,981,032 in savings. Thus, the net impact in FY 2015 was \$826,755, or \$498 in savings per student who participated in the program that year. This savings estimate is the cumulative total savings in FY 2015 to state and local taxpayers in Wisconsin.

For the program to have been fiscally neutral in FY 2015, 84 percent of participating students must have been switchers, meaning the program would have been cost-neutral if 16 percent of students would have attended private schools anyway without financial assistance from the program.

FIGURE 34 Wisconsin’s Parental Private School Choice Program (Racine)
Net Savings Per Voucher Student

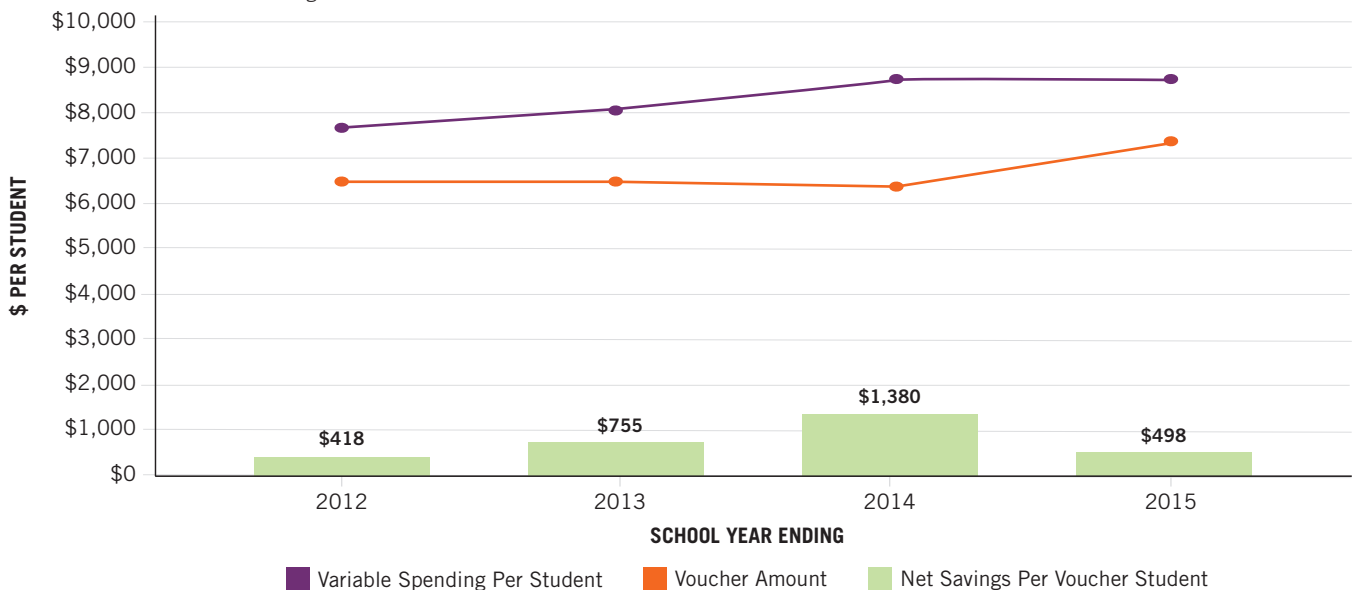


TABLE 18

Wisconsin's Parental Private School Choice Program (Racine)

Overall Fiscal Effect

School Year Ending	Voucher Students	Average Voucher Amount	Voucher Cost (WI Gov't & Racine Schools)	Percent Share of Voucher Students Not Switching from Public Schools	Voucher Students Switching from Public School	Avg Variable Spending Per Student (Racine)	Enrollment Effect on Variable Costs (Racine)	Total Net Savings	Net Savings Per Voucher Student	Break-Even Switcher Rate
2012	219	\$6,442	\$1,408,221	10%	197	\$7,623	\$1,499,683	\$91,462	\$418	85%
2013	488	\$6,442	\$3,144,662	10%	439	\$7,997	\$3,513,228	\$368,566	\$755	81%
2014	1,169	\$6,442	\$7,529,410	10%	1,052	\$8,691	\$9,142,652	\$1,613,242	\$1,380	74%
2015	1,660	\$7,324	\$12,154,278	10%	1,494	\$8,691	\$12,981,032	\$826,755	\$498	84%
Cumulative Total								\$2,900,024	\$820	80%

Sources: National Center for Education Statistics; EdChoice, National Catalogue of School Choice Programs; University of Arkansas, School Choice Demonstration Project, *The Fiscal Impact of the Milwaukee Parental Choice Program, 1993 - 2008*

Notes: District-level financial data were available only up to FY 2014 from NCES. The analysis assumes the average variable cost per student in FY 2015 was the same as FY 2014.

CONCLUSION

Though it is true that district schools experience revenue declines when students leave them to participate in school choice programs, it is also true that schools experience relief from the costs to educate them. When school choice critics claim these programs “drain” resources from public schools, they tend to focus on the revenue side of the coin while ignoring the cost side. Whether intentionally or not, today’s school choice programs are designed in ways that generate cost savings for taxpayers. In essence, this occurs primarily because the cost of voucher awards is typically set at significantly lower levels than the cost to educate students in district schools.

Another concern raised by critics is that these programs will somehow harm students who remain in district schools. Research on the effects of students in public schools experiencing increased competition from voucher programs, however, does not bear this out. Rather, it shows that students in district schools that compete with private schools experience positive, albeit modest, gains in learning after private school choice programs are introduced.⁴⁴ Thus, even if a program is revenue neutral, an argument can be made that it is efficient for taxpayers.

Legislators and legislative fiscal analysts can use the information in this report to inform how currently operating private school choice programs have fiscally impacted state and local taxpayers. Legislators and legislative fiscal analysts in states considering enacting or expanding choice programs can also use information provided in this report to inform expectations about programs’ potential fiscal effects. An important component to any legislative endeavor is the fiscal note, yet there is variation in the quality of these analyses.⁴⁵ Often, legislative fiscal notes for private school choice program bills that are introduced report only the cost side while ignoring potential savings.

This analysis updated the 2014 *School Voucher Audit* report and estimated that voucher programs generated \$3.2 billion in cumulative taxpayer savings through FY 2015. This estimate reflects \$3,400 in savings for every voucher awarded. A recent paper estimated the fiscal effects of ten tax-credit scholarship programs and estimated these programs generated between \$1.7 billion and \$3.4 billion in taxpayer savings. Combined, these two types of school choice programs have generated between \$4.9 billion and \$6.6 billion in net savings, or between \$2,300 and \$3,100 per voucher.

The analysis also estimated break-even switcher rates for each program, which can provide useful information for policymakers about program design. For example, consider a state with a school choice program for only low-income families. If a goal for policymakers is to maximize educational opportunity for families, regardless of background, while maintaining revenue neutrality, one may view a low break-even switcher rate for a program targeting disadvantaged students, such as students with disabilities or children from low-income families, as an indicator that there is room and opportunity to expand the current program to more families—to provide more educational opportunities for families and more savings for taxpayers.

Vigorous debates about educational choice abound, and there are numerous outcomes that people may care about. As for the fiscal effects of school voucher programs, they generate net savings for taxpayers.

NOTES

¹ Milton Friedman (1955), *The Role of Government in Education*, in Robert A. Solo, ed. *Economics and the Public Interest: Essays in Honor of Eugene Ewald Agger*, pp. 123–144, retrieved from <http://la.utexas.edu/users/hcleaver/330T/350kPEEFriedmanRoleOfGovtable.pdf>

Although the origin for the concept of vouchers can be traced back as early as the eighteenth century to Thomas Paine, Friedman is widely credited with popularizing the concept.

Frederick M. Hess (2017, July 17), CAP's Misleading, Historically Inaccurate Report on the Racist 'Origin' of School Vouchers, *National Review*, retrieved from <https://www.nationalreview.com/2017/07/school-choice-not-racist-history-thomas-paine-john-stuart-mill>

² *MSNBC* (2003), Milton Friedman on Vouchers [Interview transcript], accessed July 31, 2018, retrieved from EdChoice website: <https://www.edchoice.org/who-we-are/our-founders/the-friedmans-on-school-choice/article/milton-friedman-on-vouchers>

³ EdChoice, Fast Facts [web page], accessed July 31, 2018, retrieved from <https://www.edchoice.org/resource-hub/fast-facts>

⁴ For the most up-to-date summary of school choice research, please see EdChoice (2018), *Empirical Research Literature on the Effects of School Choice* (last modified July 5, 2018) [SlideShare], accessed July 31, 2018, retrieved from <https://www.edchoice.org/school-choice/empirical-research-literature-on-the-effects-of-school-choice>

For detailed discussion about research methods used to study each outcome, please see:

Greg Forster (2016), *A Win-Win Solution: The Empirical Evidence on School Choice*, The Friedman Foundation for Educational Choice, retrieved from EdChoice website: <https://www.edchoice.org/research/win-win-solution>

⁵ Recent evaluations of the Louisiana Scholarship Program (LSP) and D.C. Opportunity Scholarship Program (DCOSP) found negative effects in the programs' initial two years. Estimated participant effects for the third year of the LSP became statistically insignificant.

U.S. Department of Education, (2017), National Center for Education *Evaluation and Regional Assistance, Evaluation of the DC Opportunity Scholarship Program: Impacts After One Year* (NCCE Publication No. 2018-4010), retrieved from <https://ies.ed.gov/ncee/pubs/20184010/pdf/20184010.pdf>

Jonathan N. Mills and Patrick J. Wolf (2017), *The Effects of the Louisiana Scholarship Program on Student Achievement After Three Years* (Louisiana Scholarship Program Evaluation Report No. 7), retrieved from Education Research Alliance for New Orleans website: http://educationresearchalliancenola.org/files/publications/ERA1706-Policy-Brief-Louisiana-Scholarship-Program_170804_161627.pdf

⁶ For a comprehensive list of studies on school choice, please see: EdChoice, *Empirical Research Literature on the Effects of School Choice*

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⁸ Estimate is for FY 2015. U.S. Department of Education, National Center for Education Statistics, Common Core of Data (CCD), "National Public Education Financial Survey (State Fiscal)", 2014-15 (FY 2015) v.1a; "State Nonfiscal Public Elementary/Secondary Education Survey Directory Data", 2015-16 v.1a.

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¹¹ Jeffrey Spalding (2014), *The School Voucher Audit: Do Publicly Funded Private School Choice Programs Save Money?* Friedman Foundation for Educational Choice, retrieved from EdChoice website: <http://www.edchoice.org/wp-content/uploads/2015/07/The-School-Voucher-Audit-Do-Publicly-Funded-Private-School-Choice-Programs-Save-Money.pdf>

¹² For a review of the fiscal effects of tax-credit scholarship programs, please see: Martin F. Lueken (2018), *The Fiscal Effects of Tax-Credit Scholarship Programs in the United States*. *Journal of School Choice*, 12(2), pp. 181–215, <https://dx.doi.org/10.1080/15582159.2018.1447725> The report version of this paper can be accessed at: <https://www.edchoice.org/wp-content/uploads/2017/03/Tax-Credit-Scholarship-Audit-by-Martin-F-Lueken-UPDATED.pdf>

¹³ Susan L. Aud (2007), *Education by the Numbers: The Fiscal Effect of School Choice Programs, 1990-2006* [School Choice Issues in Depth], Milton & Rose D. Friedman Foundation, retrieved from EdChoice website: <http://www.edchoice.org/wp-content/uploads/2015/09/Education-by-the-Numbers-Fiscal-Effect-of-School-Choice-Programs.pdf>

¹⁴ Jeffrey Spalding (2014), *The School Voucher Audit: Do Publicly Funded Private School Choice Programs Save Money*

¹⁵ Julie R. Trivitt and Corey A. DeAngelis (2016), *The Fiscal Effect of Eliminating the Louisiana Scholarship Program on State Education Expenditures* (EDRE Working Paper 2016-06, retrieved from <https://www.uaedreform.org/report-5-the-fiscal-effect-of-eliminating-the-louisiana-scholarship-program-on-state-education-expenditures>

¹⁶ Corey A. DeAngelis and Julie R. Trivitt (2016), *Squeezing the Public School Districts: The Fiscal Effects of Eliminating the Louisiana Scholarship Program*, (EDRE Working Paper 2016-10) retrieved from <http://www.uaedreform.org/downloads/2016/08/squeezing-the-public-school-districts-the-fiscal-effects-of-eliminating-the-louisiana-scholarship-program.pdf>

¹⁷ Scafidi used data from the U.S. Department of Education and estimated that the average variable cost rate was 64.6 percent.

Benjamin Scafidi (2012), *The Fiscal Effects of School Choice Programs on Public School Districts*, Friedman Foundation for Educational Choice, retrieved from EdChoice website: <https://www.edchoice.org/research/the-fiscal-effects-of-school-choice-programs-on-public-school-districts>

¹⁸ The authors used previous research that monetized the impact of high school graduation on income, criminal behavior, and health. See Patrick J. Wolf and Michael Q. McShane (2013), *Is the Juice Worth the Squeeze? A Benefit/Cost Analysis of the District of Columbia Opportunity Scholarship Program*, *Education Finance and Policy*, 8(1), pp. 74–99. http://dx.doi.org/10.1162/EDFP_a_00083

¹⁹ Costrell estimated the fiscal impact on Wisconsin taxpayers only and did not examine the fiscal effects of the MPCP on district schools. Robert M. Costrell (2010), *The Fiscal Impact of the Milwaukee Parental Choice Program: 2010-2011 Update and Policy Options* (Report #22, School Choice Demonstration Project), SCDP Milwaukee Evaluation

²⁰ Christina Pugh (2015), *Private School Choice Programs* [Informational Paper 25], Wisconsin Legislative Fiscal Bureau, retrieved from http://docs.legis.wisconsin.gov/misc/lfb/informational_papers/january_2015/0025_private_school_choice_programs_informational_paper_25.pdf.

²¹ EdChoice, School Choice in America Dashboard, accessed June 27, 2018, retrieved from <https://www.edchoice.org/school-choice/school-choice-in-america>

²² Author's estimates based on EdChoice program data, as of June 25, 2018.

²³ This is the same method employed in Martin F. Lueken (2018), *The Fiscal Effects of Tax-Credit Scholarship Programs in the United States*, *Journal of School Choice*, 12(2), pp.181–215, <https://dx.doi.org/10.1080/15582159.2018.1447725>

²⁴ Economist Benjamin Scafidi generated statewide average short-run fixed and variable cost estimates of public schools in each state. These estimates were based on the experiences of school districts in Georgia that had enrollment declines from one year to the next. He found that these districts were able to reduce expenditures in the following categories from one year to the next that was more than commensurate with their decrease in enrollment: instruction, instructional staff support, student support, enterprise operations, and food service. Variable cost estimates in the present analysis are lower than Scafidi's, who also includes costs for enterprise operations and food service in addition to the costs that comprise my variable cost estimates. Estimates are also below or within the range of what Bifulco and Rebeck estimate as variable costs for public schools in Albany and Buffalo. Benjamin Scafidi, *The Fiscal Effects of School Choice Programs on Public School Districts*; Robert Bifulco and Randall Rebeck (2014), *Fiscal Impacts of Charter Schools: Lessons from New York*, *Education Finance and Policy* 9(1), pp. 86–107, http://dx.doi.org/10.1162/EDFP_a_00121

²⁵ This decision was based on a study of educational costs for students with special needs, funded by the U.S. Department of Education. The study was mandated in the 1997 reauthorization of the Individuals with Disabilities Education Act (IDEA). For more information about the project, see American Institutes for Research, Center for Special Education Finance, *The Special Education Expenditure Project*, accessed July 31, 2018, retrieved from <http://www.csef-air.org>

²⁶ For the fiscal analysis of the Ohio Autism Scholarship Program, a cost differential factor of three is used to estimate the reduction in variable costs associated with students with autism. This is based on part of the SEEP study which estimated separate cost differential factors by disability type. Education costs for students with autism were on average three times the cost of students without disabilities. Jay G. Chambers, Jamie Shkolnik, and Maria Perez (2003), *Total Expenditures for Students with Disabilities, 1999-2000: Spending Variation by Disability* [Special Education Expenditure Project (SEEP), Report 5]: retrieved from American Institutes for Research website: <https://www.air.org/sites/default/files/SEEP5-Total-Expenditures.pdf>

²⁷ A total of about 6.7 million children ages 3–21 nationwide received services in FY 2016 under Part B of the IDEA from 2.0 million personnel that included special education teachers and professionals,

audiologists, counselors and rehabilitation counselors, interpreters, medical/nursing service staff, occupational therapists, orientation and mobility specialists, physical education teachers and recreation and therapeutic recreation specialists, physical therapists, psychologists, and social workers.

Author's estimates based on data from the U.S. Department of Education, IDEA Section 618 Data Products: State Level Data Files, accessed August 6, 2018, retrieved from <https://www2.ed.gov/programs/osepidea/618-data/state-level-data-files/index.html>

²⁸ The overall pupil/staff ratio of 8.0 was reported by Scafidi and is based on FY 2015 data from the U.S. Department of Education.

Scafidi, Benjamin (2017), *Back to the Staffing Surge: The Great Teacher Salary Stagnation and the Decades-Long Employment Growth in American Public Schools*, retrieved from EdChoice website: <https://www.edchoice.org/wp-content/uploads/2017/06/Back-to-the-Staffing-Surge-by-Ben-Scafidi.pdf>

²⁹ Martin F. Lueken (2016), *The Tax-Credit Scholarship Audit: Do Publicly Funded Private School Choice Programs Save Money?*, p. 17, retrieved from EdChoice website: <https://www.edchoice.org/wp-content/uploads/2017/03/Tax-Credit-Scholarship-Audit-by-Martin-F-Lueken-UPDATED.pdf>

³⁰ Enacted in 1990, the Milwaukee Parental Choice Program is the first modern day voucher program in the United States. Maine and Vermont have town tuition programs dating back to the 1800s.

³¹ U.S. Department of Education, National Center for Education Statistics, Common Core of Data (CCD), "State Nonfiscal Public Elementary/Secondary Education Survey Directory Data", 2015-16 v.1a; "State Nonfiscal Public Elementary/Secondary Education Survey Membership Data", 2014-15 v.1a.

³² The DCOSP is funded by the federal government. All other voucher programs are funded by states.

³³ Thirty-one empirical studies have examined the competitive effects of private school choice programs. Of these, 29 detected that private school choice programs improved the performance of nearby schools, one study estimated a negative effect, and one study could not detect any effect. EdChoice, *School Choice FAQs: How Does School Choice Affect Public Schools?* [web page], retrieved from https://www.edchoice.org/school_choice_faqs/how-does-school-choice-affect-public-schools

For a systematic review of the competitive effects of school voucher programs, please see:

Anna J. Egalite (2013), *Measuring Competitive Effects from School Voucher Programs: A Systematic Review*. *Journal of School Choice*, 7(4), pp. 443–464. <http://dx.doi.org/10.1080/15582159.2013.837759>

³⁴ Martin F. Lueken (2018), *The Fiscal Effects of Tax-Credit Scholarship Programs in the United States*

³⁵ Patrick Wolf, Babette Gutmann, Michael Puma, Brian Kisida, Lou Rizzo, Nada Eissa, and Matthew Carr (2010), *Evaluation of the DC Opportunity Scholarship Program: Final Report* (NCEE 2010-4018), National Center for Education Evaluation and Regional Assistance, Institute of Education Sciences, U.S. Department of Education, retrieved from <https://ies.ed.gov/ncee/pubs/20104018/pdf/20104018.pdf>

³⁶ The Indiana Department of Education issues a report annually that reports the number of students in the Indiana Choice Scholarship Program as "never attended an Indiana public school." Some take this number as a proxy for non-switchers, but this is likely misleading

because it does not account for the different pathways a student may take to enter the voucher program. Some students who use vouchers via these pathways are likely switchers, however, may not show up in the data set. These include kindergarten students who would not appear in the data set, many who were first enrolled in private schools through the School Scholarship Tax Credit Program, and students who moved from out of state and were never previously enrolled in an Indiana public school. The 21 percent switcher rate assumed in the present analysis is based on an estimate that accounted for switchers who participated in the program via different pathways but were identified as children who “never attended an Indiana public school.” Martin F. Lueken (2016, September 27), *How to Accurately Calculate the Fiscal Impact of School Voucher Programs* [Blog post], EdChoice, retrieved from <https://www.edchoice.org/blog/how-to-accurately-calculate-the-fiscal-impact-of-school-voucher-programs>; Jeffrey Spalding (2014, January 31), *Properly Counting Indiana’s Voucher Students, Step by Step* [Blog post], EdChoice, retrieved from <https://www.edchoice.org/blog/properly-counting-indianas-voucher-students-step-by-step>

³⁷ Email correspondence with Louisiana Department of Education, August 7, 2018.

³⁸ Ohio public schools also receive federal funding for special education. In FY 2014, average funding for students with disabilities from federal sources averaged \$1,481 for each student with an individualized education plan (IEP). U.S. Department of Education, National Center for Education Statistics, Common Core of Data (CCD), “Local Education Agency (School District) Universe Survey”, 2013-14 v.1a; “School District Finance Survey (F-33)”, 2013-14 (FY 2014) v.1a; “State Nonfiscal Public Elementary/Secondary Education Survey Directory Data”, 2015-16 v.1a.

³⁹ Robert M. Costrell (2010), *The Fiscal Impact of the Milwaukee Parental Choice Program: 2010-2011 Update and Policy Options*

⁴⁰ Costrell estimated the fiscal impact on Wisconsin taxpayers only and did not examine the fiscal effects of the MPCP on district schools. *Ibid.*

⁴¹ Christina Pugh, *Private School Choice Programs*

⁴² *Ibid.*

⁴³ Wisconsin Department of Public Instruction, Racine Parental Choice Program (RPCP): RPCP Facts and Figures for 2017-18 As of October 2017, accessed August 6, 2018, retrieved from https://dpi.wi.gov/sites/default/files/imce/sms/Choice/Data_and_Reports/2017-18/2017-18_RPCP_Facts_and_Figures.pdf.

⁴⁴ Edchoice (2018), *Empirical Research Literature on the Effects of School Choice*
Dennis Epple, Richard E. Romano, and Miguel Urquiola (2017), *School Vouchers: A Survey of the Economics Literature*, *Journal of Economic Literature*, 55(2), pp. 441–92, <https://dx.doi.org/10.1257/jel.20150679>

⁴⁵ Michael Ford and John Merrifield (2013), *School Choice Legislation: Impact Assessment and Fiscal Notes*, *Journal of School Choice*, 7(1), pp. 37–60, <https://www.tandfonline.com/doi/abs/10.1080/15582159.2013.761826>

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