

Fiscal Effects

Do School Choice Programs Make Dollars and Sense?

School Choice in America Summit

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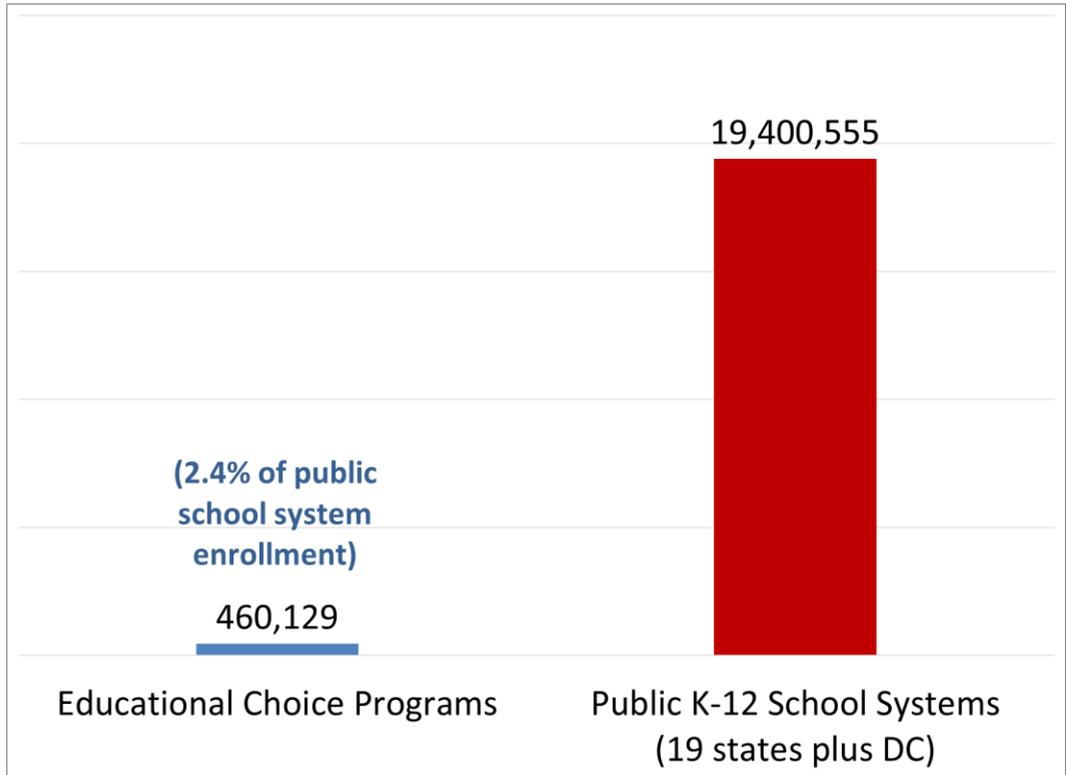
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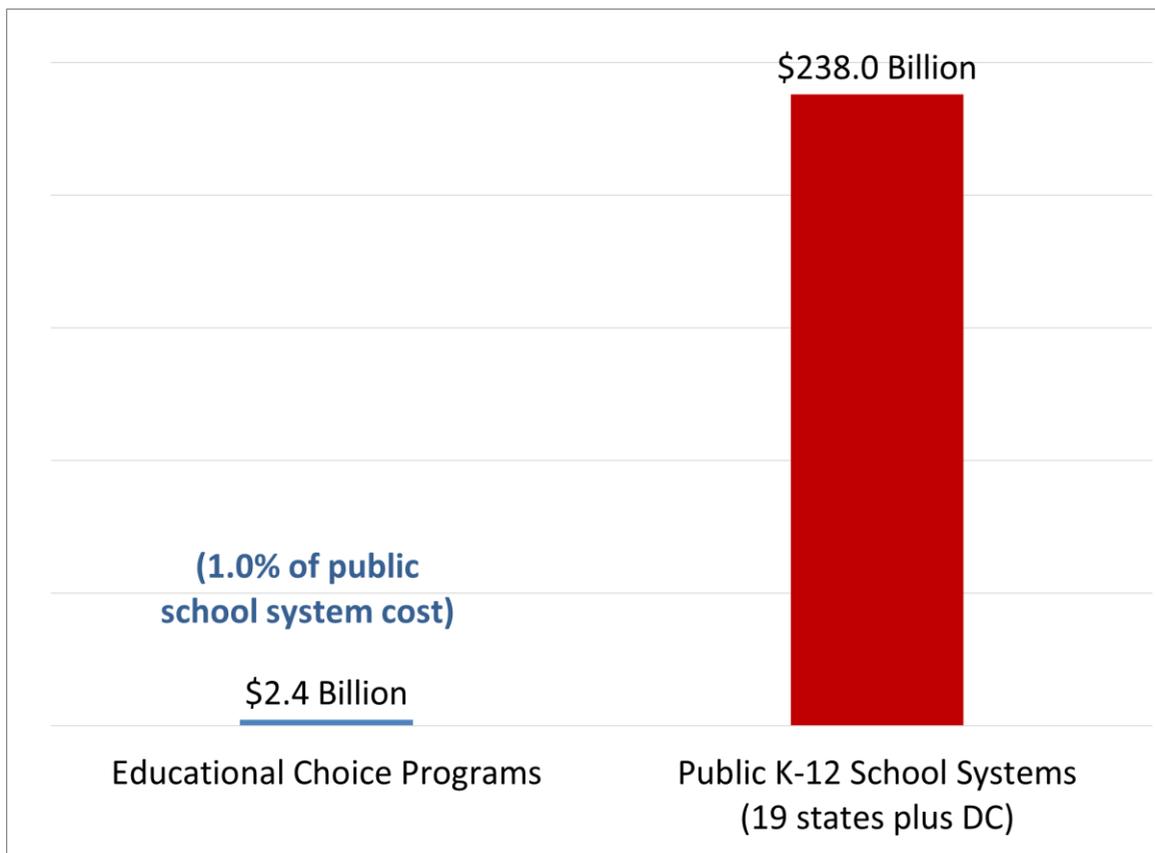


**Does school choice
“siphon” resources
from public schools
and harm public
school students?**

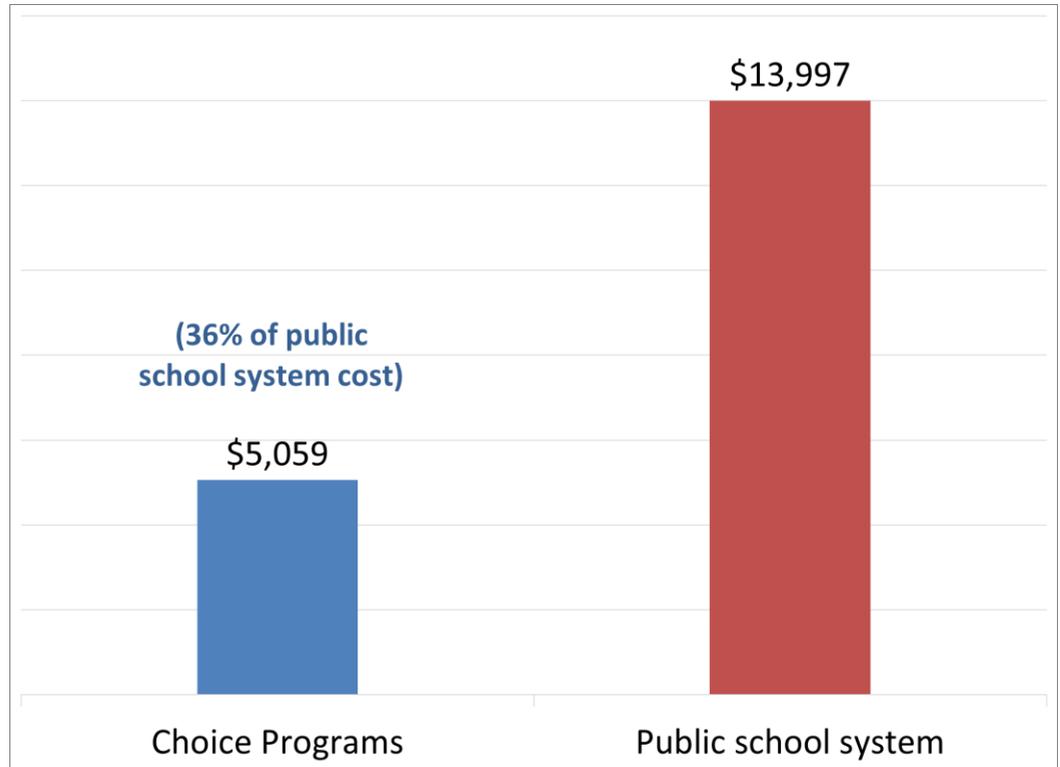
Basic Fact #1:
Students in
choice
programs
comprise 2%
of publicly
funded K-12
students
nationally



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



Basic Fact #3:
Choice programs receive 64% less per student than what public schools receive



Short-Run Fiscal Effects

State net fiscal effect (NFE)

$$\text{NFE} = [\text{Savings from Switchers}] - [\text{Cost of ESA Program}]$$

Local net fiscal effect

$$\text{NFE} = [\text{Short-run variable savings from switchers}] - [\text{Revenue reduction from switchers}]$$

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

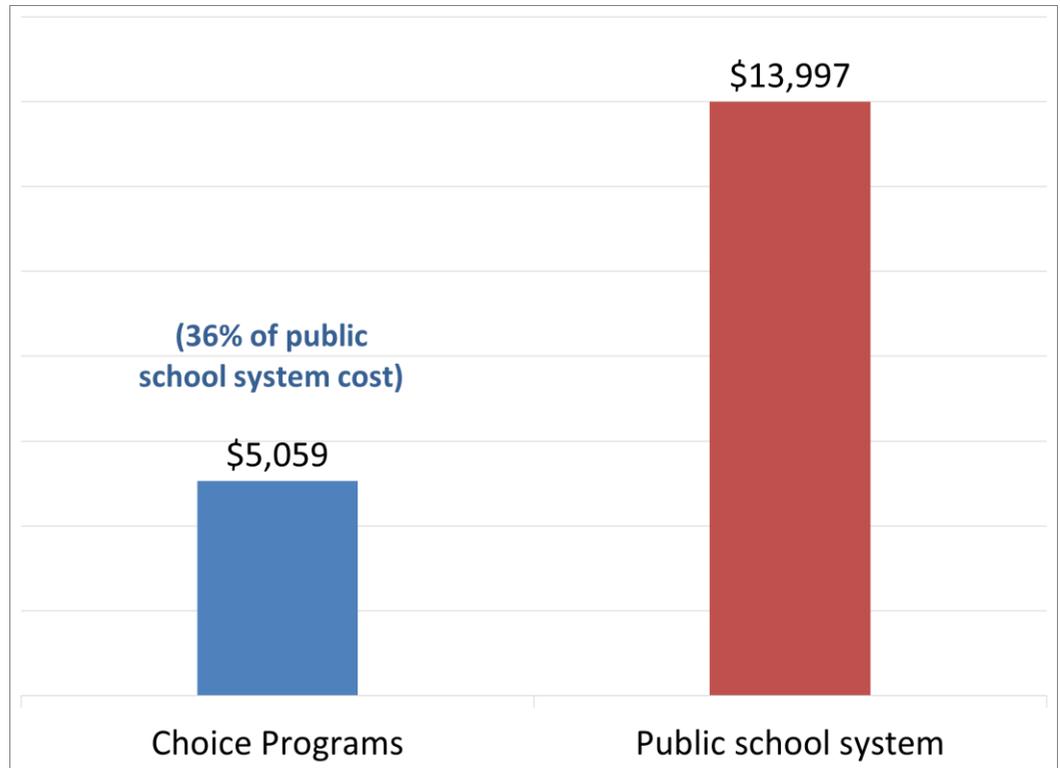


Long-Run Fiscal Effects

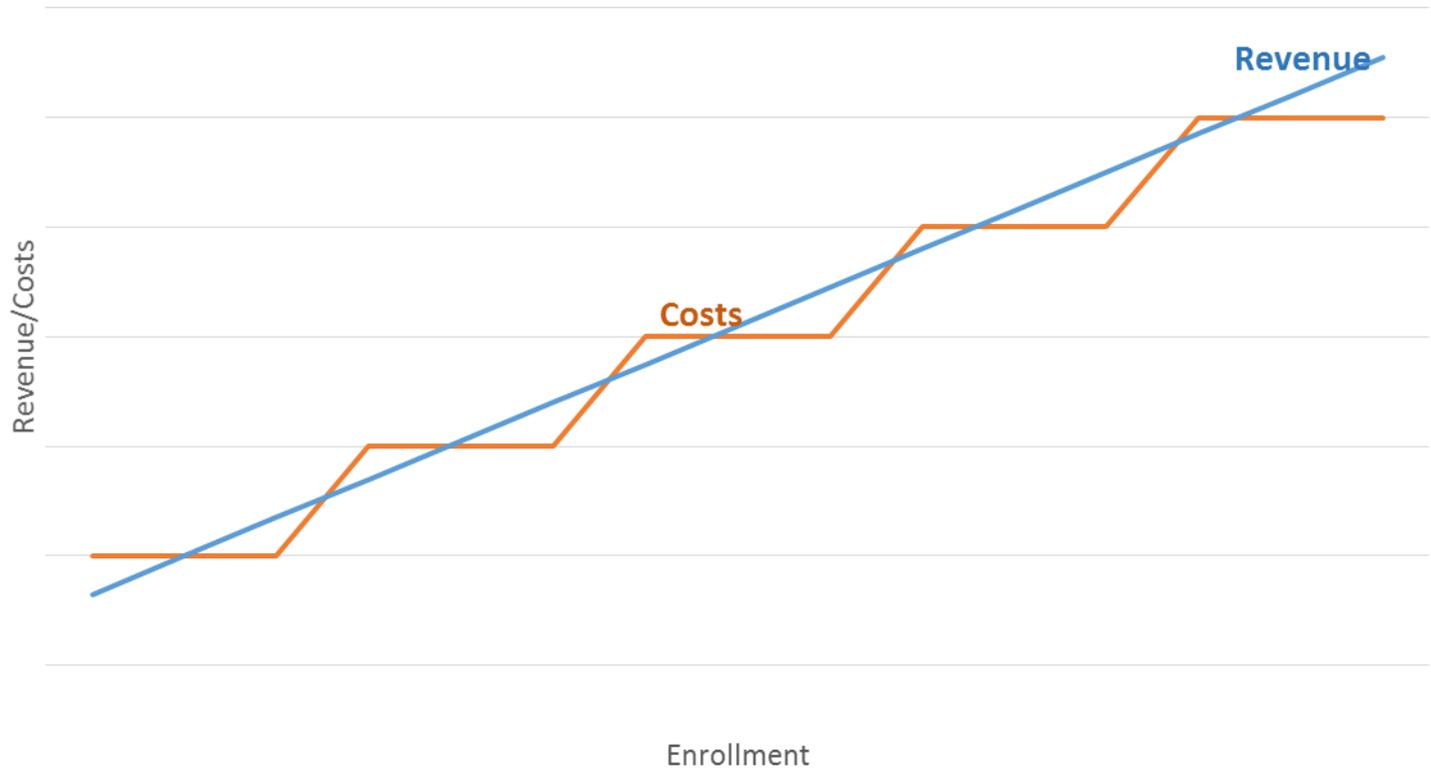
Fundamental economic principal: in the long run,
all costs are variable

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

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



School Operating Costs and Revenue



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

- **Estimated cumulative net fiscal savings for state and local taxpayers were \$12.1 billion to \$27.8 billion, or up to \$7,400 per student participant**
- **Put another way, for each dollar spent on choice programs, taxpayers experienced between \$1.80 and \$2.80 in savings**

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

Do Educational Choice Programs Harm Public School Students?

27 rigorous studies have examined whether students who leave public schools by using educational choice programs have an effect on test scores of students who remain in public schools:

- ✓ 25 studies found students experience modest test score gains
- ✓ 1 study could not detect a visible effect
- ✓ 1 study found students experienced decrease in test scores

Do Educational Choice Programs Harm Public School Students?

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

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

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

Targeted vs. Going Big

Goals for K-12 education system

- Fill empty seats or create new ones?
- Drive innovation? (Better and cheaper options?)
- Equity? (funding all students across all sectors equally according to their characteristics and need)
- Helping low-income and other disadvantaged families

Recap

Educational choice:

- 2% of students, 1% of funding
- About funding students/*public education* vs. funding a system of *public schools*
- Substantial fiscal benefits for taxpayers
- Leaves public school system intact, even improves when choice enters its picture

Thank you!

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