

# Fiscal Effects

## Do School Choice Programs Make Dollars and Sense?

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School Choice in America Summit

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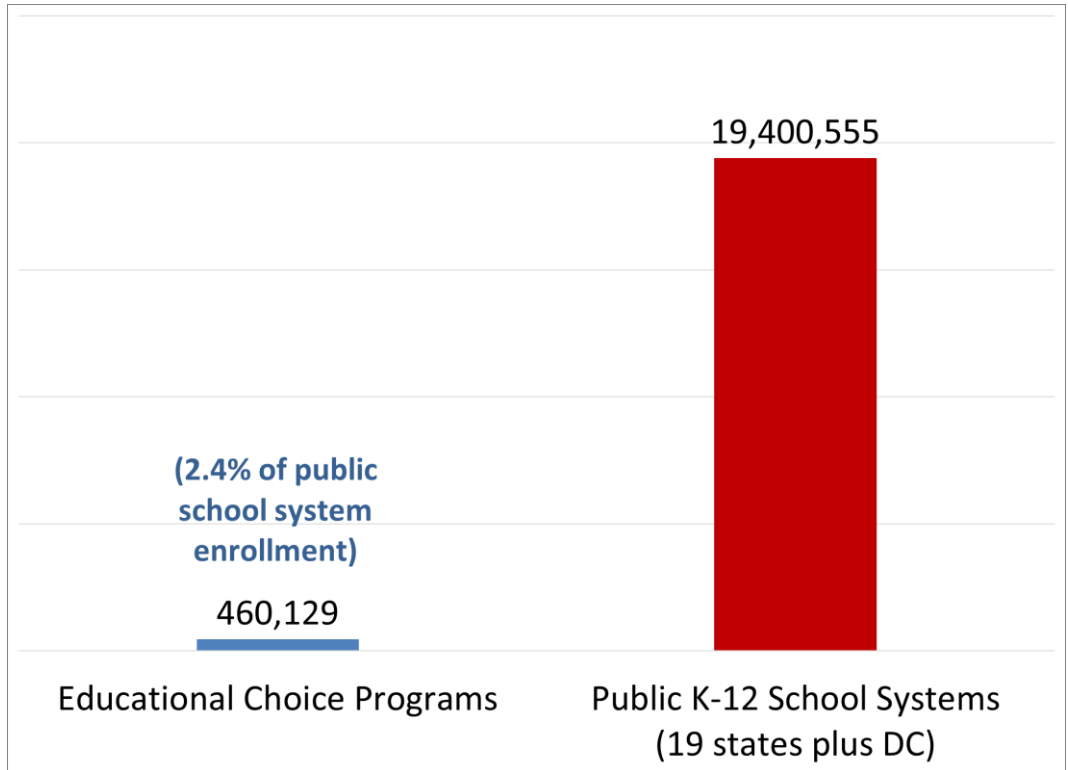
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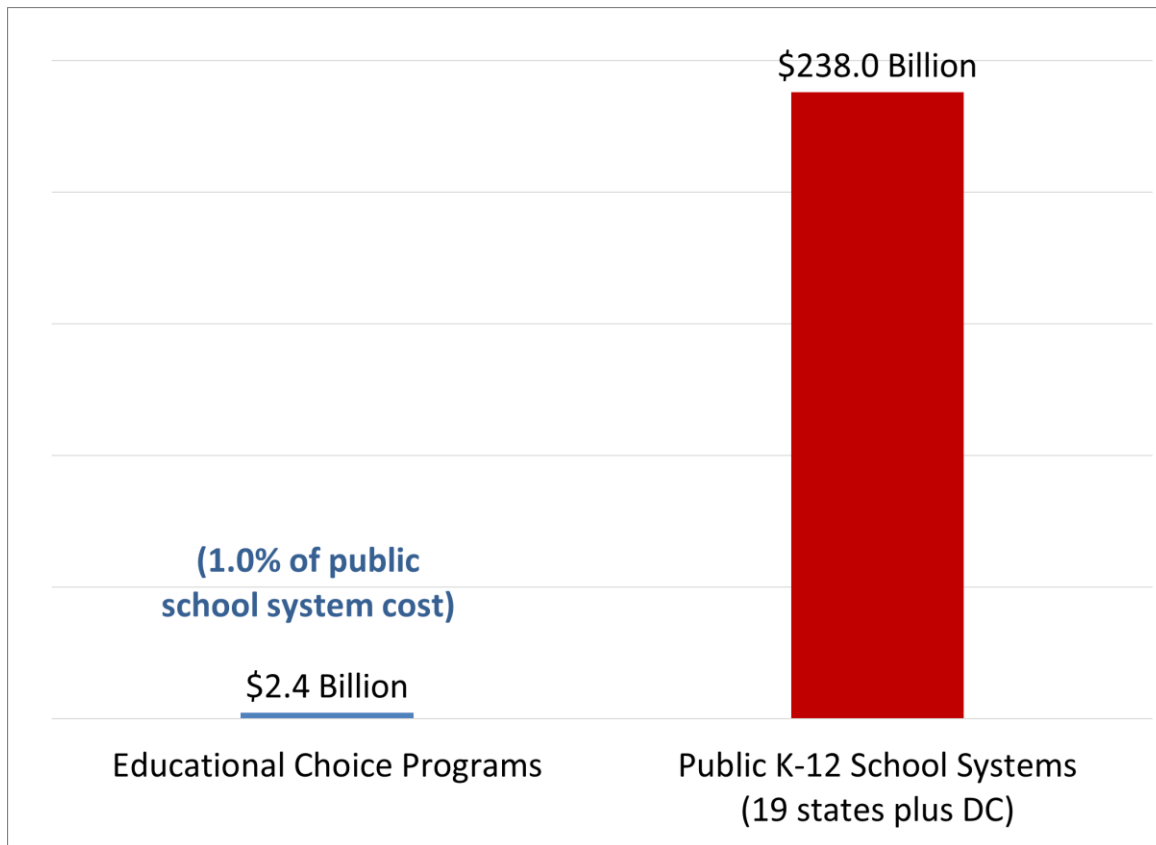


**Does school choice  
“siphon” resources  
from public schools  
and harm public  
school students?**

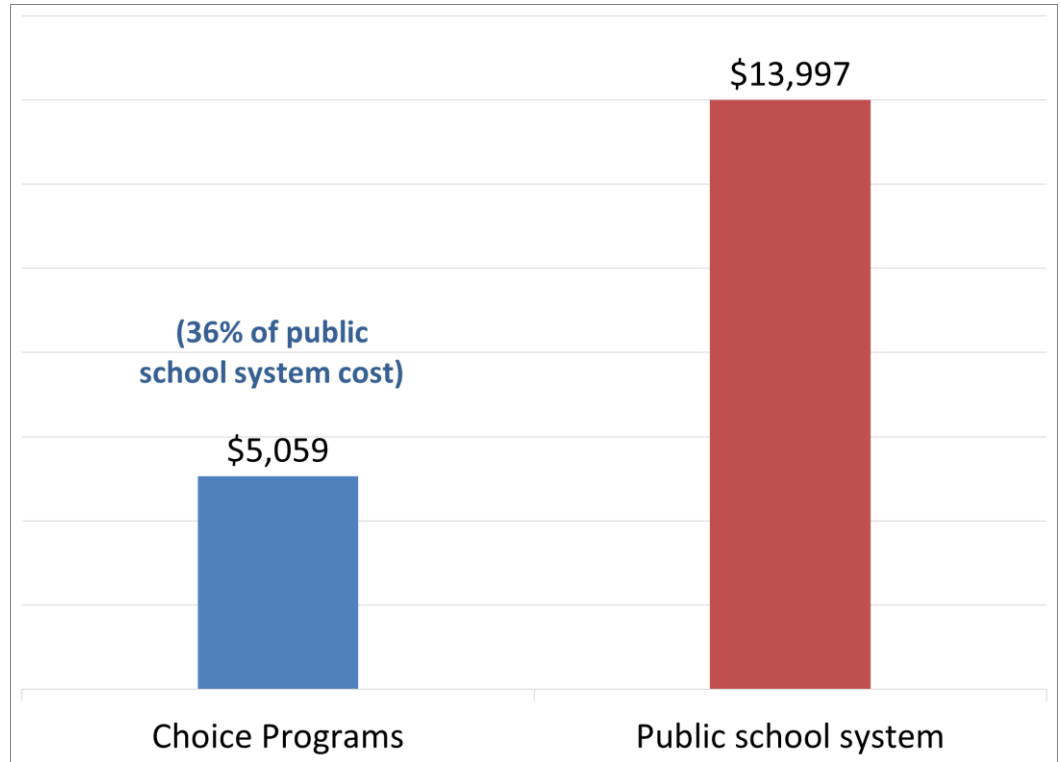
Basic Fact #1:  
Students in  
choice  
programs  
comprise 2%  
of publicly  
funded K-12  
students  
nationally



# 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:



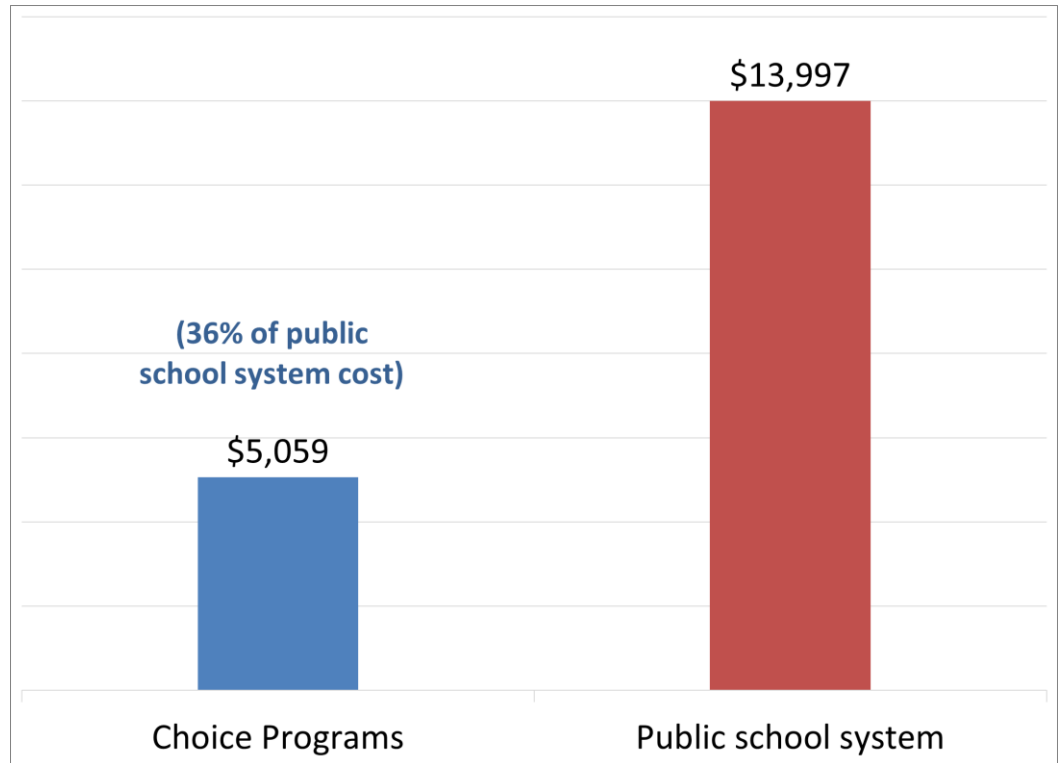
# Long-Run Fiscal Effects

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

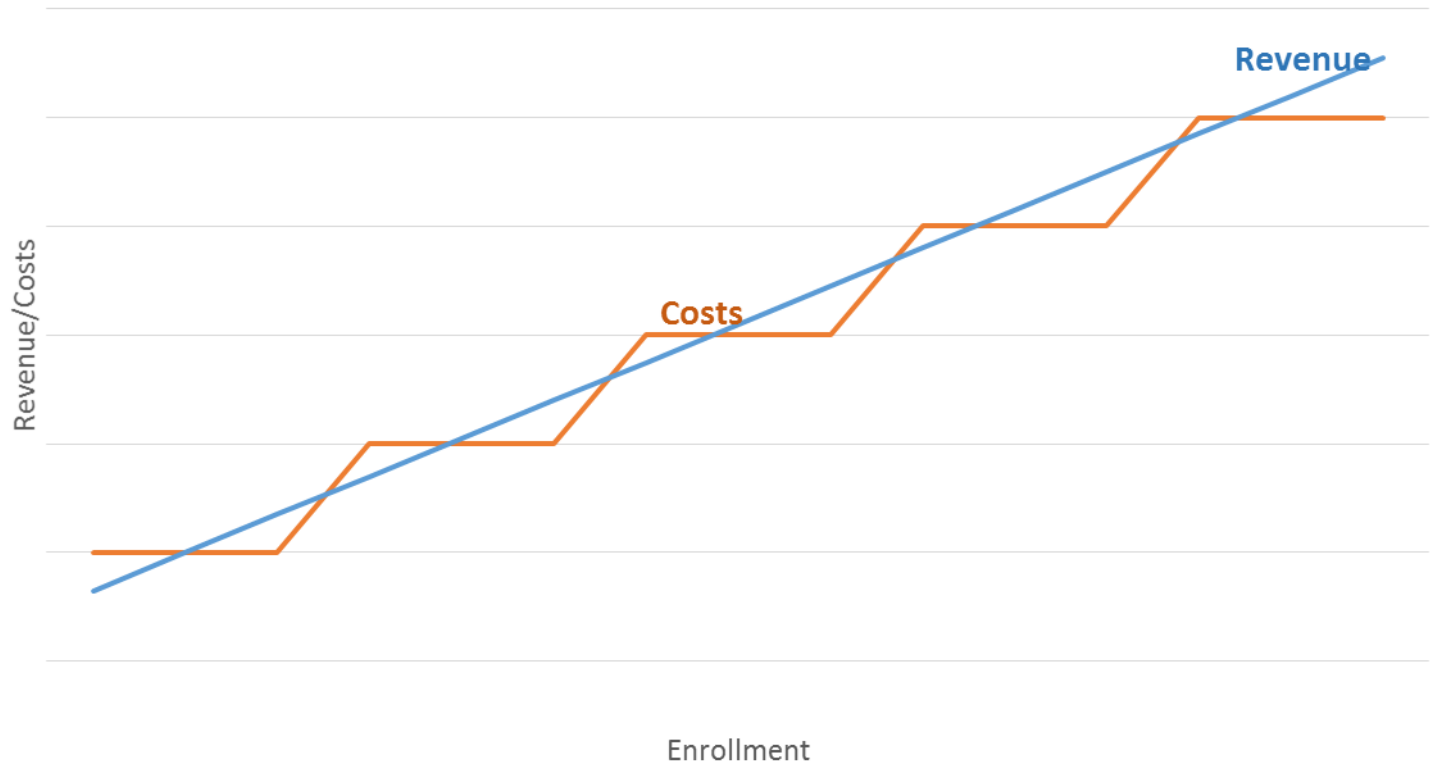
Long run NFE measured by comparing cost of the  
choice program with the total cost to educate  
participants in the public school system



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? (1)

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? (2)

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

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

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

# Do Educational Choice Programs Harm Public School Students? (3)

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

- Improve student learning
- Lower absenteeism
- Lower suspension rates

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

# 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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