

Fiscal Effects

Do School Choice Programs Make Dollars and Sense?

School Choice in America Summit

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

- Member of Palm Beach County School Board

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

- Ohio representative

“It will only drain resources from our schools.”

- Wisconsin district superintendent



“This will kill public education...”

- Chair of the Florida Chapter of the NAACP

“I think vouchers would weaken and, in some cases, destroy public schools.”

- Ohio representative



“It will go a long way in destroying public schools in the state of Indiana.”

- Indiana senator



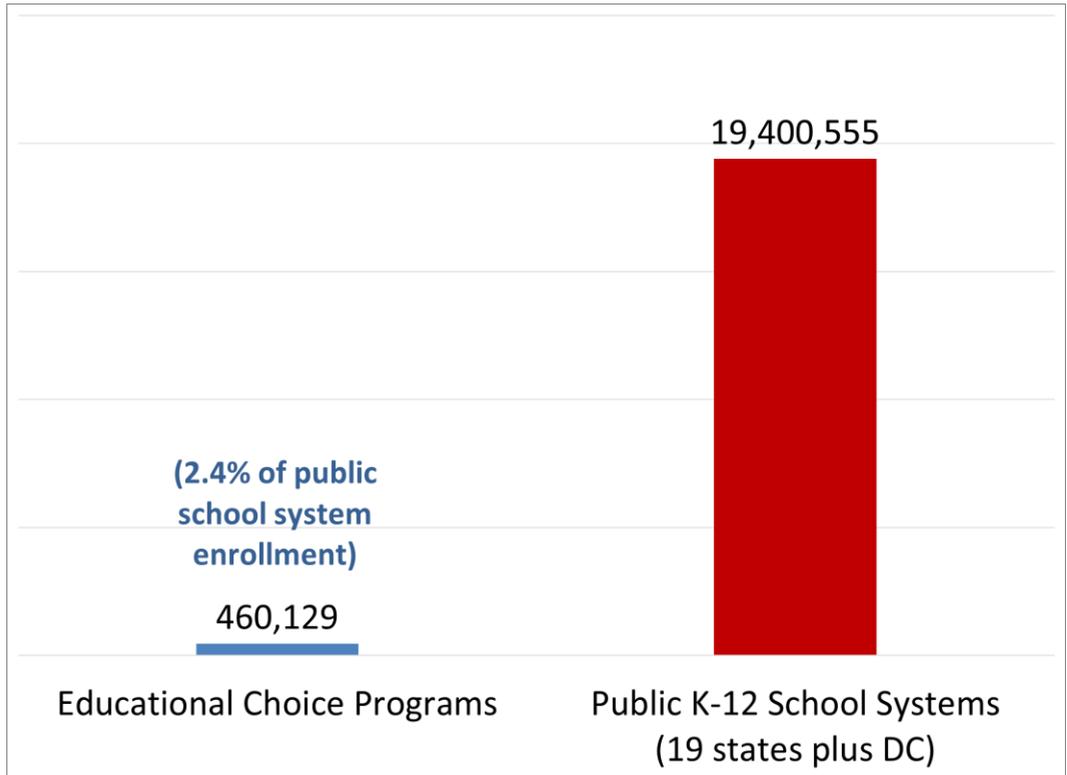
Opponents will oppose any choice program you introduce with *equal vigor*, no matter how much it is funded or who the program is open to.



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

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

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

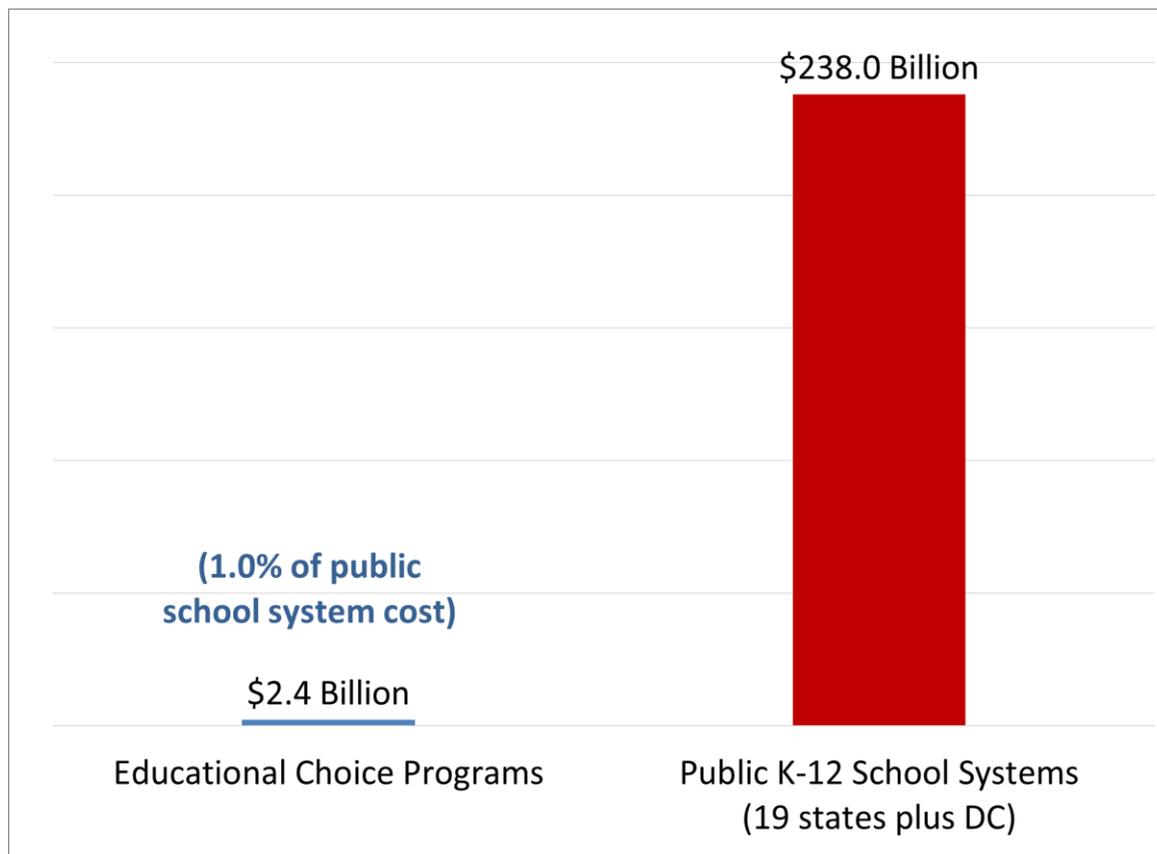


Participation as % of *eligible* students

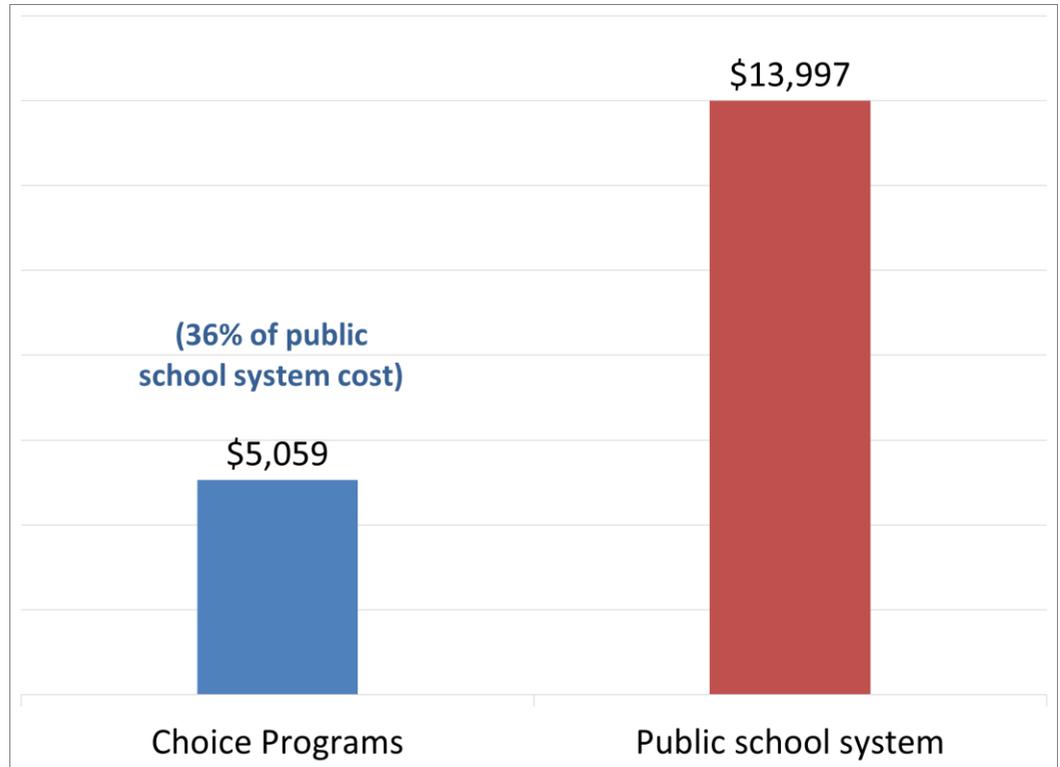
Overall Take-Up Rates By Program Type (45 programs in 24 states & D.C.)

	Year 1	Year 2	Year 3	Year 4	Year 5
all programs	0.40%	0.78%	0.93%	1.24%	1.49%
ESA	0.25%	0.66%	1.07%	1.72%	2.16%
Tax Credit	0.35%	0.59%	0.87%	1.10%	1.23%
Voucher	0.58%	1.15%	1.40%	1.93%	2.45%

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

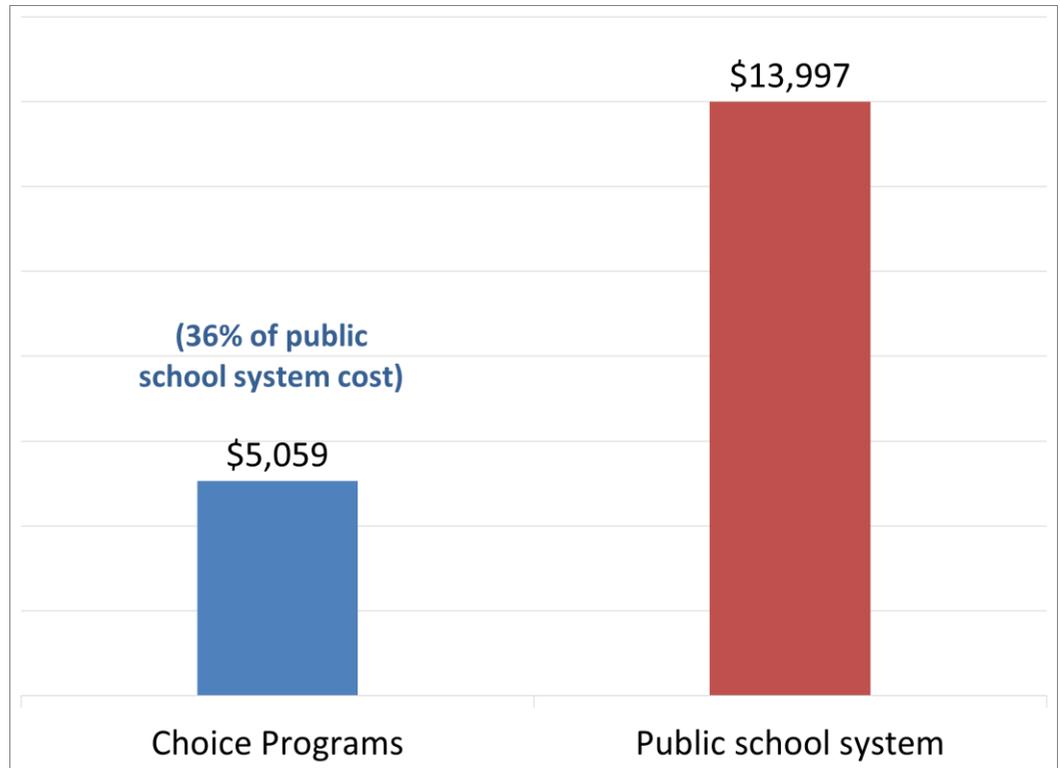
Overall net fiscal effect (NFE) on state and local taxpayers

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

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



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



Long-Run Fiscal Effects

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

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

FISCAL EFFECTS OF SCHOOL CHOICE

Analyzing the costs and savings of private
school choice programs in America

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Director, Fiscal Research and Education Center



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

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

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

Fiscal Effects of 40 Private Educational Choice Programs through FY 2018 By State

State	Short Run Total Cumulative Savings	Long Run Total Cumulative Savings	Short Run Cumulative Savings Per Student	Long Run Cumulative Savings Per Student	Short Run Savings For Each Dollar Spent	Long Run Savings For Each Dollar Spent
Arizona	\$1,221.2 M	\$3,181.7 M	\$1,853	\$4,827	\$1.72	\$2.89
Iowa	\$656.4 M	\$1,194.0 M	\$5,399	\$9,820	\$6.79	\$11.53
Mississippi	\$11.8 M	\$17.3 M	\$7,230	\$10,635	\$2.40	\$3.05
Oklahoma	\$24.9 M	\$54.3 M	\$2,794	\$6,084	\$1.72	\$2.56
Utah	\$31.3 M	\$54.6 M	\$3,666	\$6,390	\$1.75	\$2.31
Virginia	\$77.9 M	\$132.3 M	\$6,446	\$10,950	\$4.49	\$6.93
All Programs	\$12,305.3 M	\$28,266.3 M	\$3,282	\$7,539	\$1.80	\$2.84

Note: Parentheses () denotes a negative number



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

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

28 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
- ✓ 2 studies 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

Recap

Educational choice:

- 2% of students, 1% of funding
- Substantial fiscal benefits for taxpayers
- Leaves public school system intact, even improves when choice enters its picture





Thank you!

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