

Fiscal Factbook

Data-driven insights into the realities
of K–12 education funding and
educational choice programs

2026 EDITION



INTRODUCTION

Welcome to the second edition of *The School Choice Fiscal Factbook*. This resource is intended to provide clear, data-driven insights into the realities of K–12 education funding and educational choice programs in the United States. In this guide, you will find key facts, figures, and findings that dispel common myths, highlight important trends, and support informed decision-making. *Fiscal Factbook* offers historical context and current data. We hope it fosters a deeper understanding of how public school funding operates, how educational choice programs affect state and district finances, and how funding reforms can better serve students and families.

In this edition, we updated all data and analyses and added a few new sections. So what's new?

With growing momentum and interest among states to expand educational options for families by enacting and expanding choice programs to all students, there is also uncertainty and concern about its effects, particularly on state coffers. To help inform these concerns, we include a fiscal analysis of universal expansion for Arizona's ESA program.

A lot of debates about choice also revolve around short-term effects without so much as a nod to the potential longer-term impacts from these programs. We include a section that summarizes the research on this topic. We believe that policymakers should keep the long view in their sights, in addition to short-term concerns.

Fiscal Factbook Roadmap

I. Basics of Public School Funding (Pages 5-8)

This section gives an overview of how K–12 public school funding operates. It focuses on the sources of school revenue and funding formulas.

II. Increases in Public School Resources over Time (Pages 9-19)

Section two analyzes long-term trends in per-pupil spending, staffing growth, and the fiscal health of public schools.

III. Funding Protections for School Districts (Pages 20-24)

Section three describes the current state of policies that provide districts cover for financial losses due to enrollment declines.

IV. The Emergence and Scale of Educational Choice (Pages 25-34)

This section looks at the growth in how school choice programs are becoming more popular with the American public.

V. The “Choice Drains Funding” Claim (Pages 35-56)

This section looks at the costs of choice programs and how they affect taxpayers, schools and other stakeholders. It analyzes fixed costs and variable costs that schools face, and compares the costs of school choice programs to the costs of all public school systems, and then compares both to state budgets. It also discusses the long-term effects from choice programs.

VI. Policy Considerations and the Future (Pages 57-58)

The final section offers ideas for how states can improve their funding systems while emphasizing equity, efficiency, and opportunity.

It may help to explain how Fiscal Factbook can inform common debates about educational choice. Table 1 below matches frequently stated claims to the sections that provide relevant evidence or context. Readers will be able to see where key questions are addressed throughout this publication.

TABLE 1 FISCAL CLAIMS ABOUT EDUCATIONAL CHOICE AND WHERE ADDRESSED IN *FISCAL FACTBOOK*

Fiscal Claims and Concerns	Relevant Section(s) of <i>Fiscal Factbook</i>
<i>"State and local taxpayers are being burdened by choice."</i>	- Educational Choice Program Cost Shares (Section V) - The Sticker Price Is Not the Same as Net Cost (Section V) - Fiscal Effects (Section V) - Cost of Arizona's ESA universal expansion (Section V) - The Long View: Choice Beyond the Fiscal Note (Section V)
<i>"The program's total cost tells us its full fiscal impact."</i>	
<i>"Fiscal notes capture the full cost and value of choice programs."</i>	
<i>"Taxpayers are double-paying for students who leave public schools."</i>	
<i>"Choice programs are bankrupting states."</i>	- Fiscal Effects (Section V) - Educational Choice Program Costs as a Percentage of Total State Expenditures (Section V)
<i>"Public schools are being drained of resources because of choice programs."</i>	- School Funding Protections (Section III) - Enrollment Decline Windfall (Section III) - Educational Costs (Section V) - Staffing Surge (Section II)
<i>"Choice programs will cause a mass exodus from public schools."</i>	- Market Shares for Universal Programs (Section IV)
<i>"Choice only benefits a few families; it doesn't impact the system overall."</i>	- Market Shares for Universal Programs (Section IV) - The Long View: Choice Beyond the Fiscal Note (Section V)
<i>"Universal ESAs will blow up education budgets because demand will be uncontrollable."</i>	- Market Shares for Universal Programs (Section IV) - Fiscal Effects (Section V) - Cost of Arizona's ESA universal expansion (Section V)
<i>"Public schools' fiscal health is deteriorating because of school choice."</i>	- Fiscal Health of Public Schools (Section II) - School Funding Protections (Section III)
<i>"Public schools have been underfunded for decades."</i>	- Total Expenditures (Section II) - Staffing Surge (Section II)
<i>"Teacher salaries are stagnant because of underfunding. Choice will make it worse."</i>	
<i>"Fixed costs mean public schools can't adjust when students leave."</i>	- Educational Costs (Section V)

	Notes
	Choice programs represent a very small fraction of education and state spending and often generate taxpayer savings. Short-run fiscal measures also do not capture potential long-run benefits from higher educational attainment, including higher earnings, greater tax payments, improved health, and lower crime.
	Total cost is only the starting point. Net fiscal impact also depends on offsetting savings from switchers and, more broadly, long-run benefits from improved student outcomes.
	Fiscal notes usually focus on near-term costs. They often omit offsetting savings from switchers and long-run benefits associated with higher educational attainment.
	Choice programs are cost-effective; districts shed variable costs and taxpayers enjoy savings.
	Choice programs remain a small share of state budgets and often generate savings. Programs and costs start very small and grow slowly over time, allowing states ample time to manage and adapt.
	Funding systems are very favorable for public school districts, especially to those that experience enrollment declines. Many states offer them funding protections, and enrollment declines often lead to higher per-student spending.
	Market shares of choice programs are modest; there is no evidence of mass exits from public schools.
	Participation remains small relative to overall K–12 enrollment, but choice programs can still produce broader benefits through improved student outcomes. Research generally finds neutral to positive effects on educational attainment, and higher attainment is linked to long-run benefits for students, taxpayers, and society.
	ESA participation has grown over time, but market shares remain modest relative to total K–12 enrollment in most states. The per-student cost of choice programs is generally much lower than that of public schools.
	Districts have had stronger cash reserves and less debt even as choice becomes more common. Most states also have funding protections that give districts more time to adjust as enrollment changes.
	Real per-pupil public school spending has increased significantly over time, even as choice programs have grown.
	Teacher salaries stagnated even as school staffing and spending rose. The issue isn't necessarily lack of funding, but how funding is allocated and the decisions district officials make. This stagnation appears to be a feature of the public school system and predated choice programs.
	Some costs are fixed in the short run and some are variable, but over time, all costs become flexible.

I. BASICS OF PUBLIC SCHOOL FUNDING

HOW K–12 PUBLIC SCHOOL FUNDING WORKS

- Funding for public schools comes from state governments, local governments and to a small extent, the federal government.
- Funding formulas vary by state, but most states' formulas include a base amount per student, with additional “weights” or “add-ons” for students needing extra support.
- There are primarily three types of funding formulas:
 - Student-weighted funding formulas allocate funding with a “base” or “foundation” amount per student, with additional “weights” or “add-ons” for students needing extra support.
 - Resource-based funding formulas determine the cost of education in a district based on the costs of inputs such as staffing needs/salaries and materials.
 - Program-based funding formulas allocate resources based on the specific costs of delivering distinct educational programs or services, such as special education, career and technical education, or bilingual instruction, rather than distributing funds uniformly per student.

At a Glance

Public school funding in the U.S. primarily comes from three sources: state governments, local governments, and (in smaller amounts) the federal government. Most of the money used for day-to-day operations—like paying teachers, paying for utilities, and buying classroom materials—comes from state and local sources (largely property taxes). Each state has its own formula to determine how much each school district receives from state and local sources.

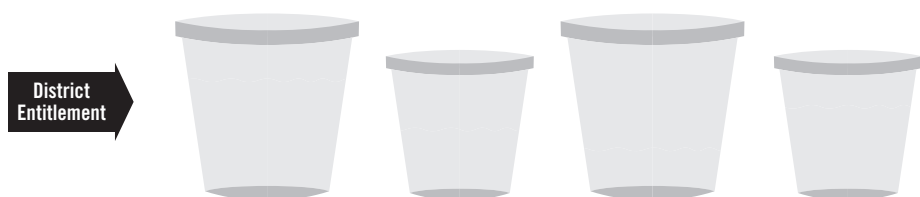
Most states have student-based school funding formulas. These formulas start with a base amount of funding per student, then add extra dollars for students who may need additional support—such as students from low-income families, students with disabilities, or English language learners. “Student-weighted funding formulas” means that the formulas assign more “weight” (and funding) to students who face greater challenges. These funding mechanisms are also known as “equalization formulas.” That’s because districts are expected to contribute a portion of their own funding (usually based on local property wealth) and the state fills in the rest. Other, less common approaches to funding include resource-based funding formulas and program-based funding formulas. These funding mechanisms base the cost of public schooling on the cost of resources, such as staff salaries and other inputs, or specific programs.¹

Check the next page to see how funding works in most states

Filling the School Funding Buckets: *How state and local funds equalize education*

Imagine every school district receives a bucket to be filled with water (money) for operating schools. This bucket is sometimes known as a ***district's entitlement***. Each bucket needs a certain amount of water (the entitlement) based on how many students it serves and what kinds of support those students need.

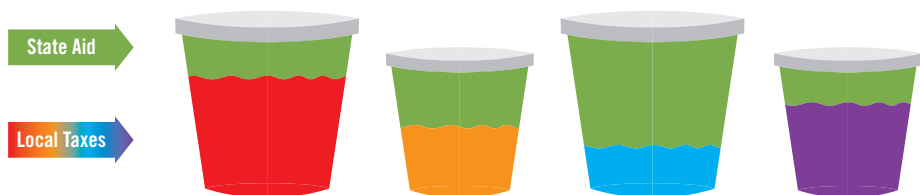
Some buckets are larger because they serve ***more students***. Some serve students who ***need more resources***—like those with disabilities or who are learning English. When a district's enrollment grows, it receives a larger bucket, and when its enrollment declines, it receives a smaller bucket. The state uses a funding formula to figure out how much funding each bucket holds.



Each district first fills its own bucket with ***local taxes***, such as property taxes. In most states, the amount of local effort required is usually based on ***property wealth*** and sometimes other factors, ***not the number of students***. Wealthier communities can pour in more water because they collect more in local taxes. Poorer communities can't fill their buckets as high, which is where the state steps in.



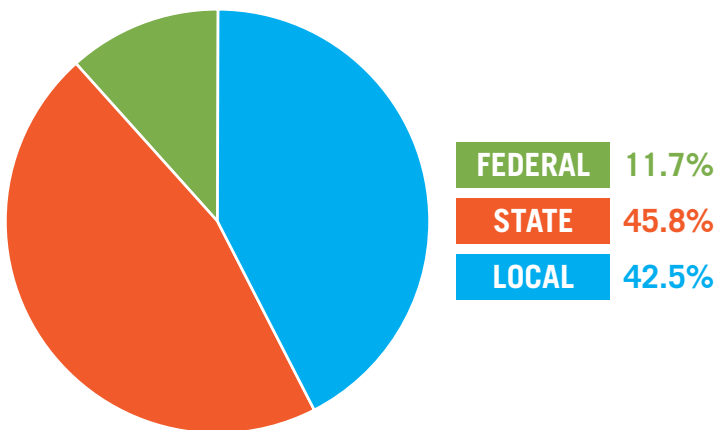
It looks at how much water is already in each bucket and adds some to top it off, so every bucket gets to the right level. This extra state funding is sometimes known as ***"equalization aid"*** or ***"state aid"*** because it equalizes funding across districts to balance differences across districts.



Districts get most of their funding from state and local sources (Figure 1). The rest comes from the federal government, which provides roughly 8-10% of total revenue. (Its share can be much larger if we include COVID relief funding).² Federal funding is targeted towards specific populations, such as low-income students (Title I) and students with disabilities (Individuals with Disabilities Education Act, or IDEA). These funds are intended to supplement state and local money.

While public school funding can seem complicated, the goal is straightforward: ensure all students—regardless of where they live—have access to the resources they need to succeed. Most states aim to achieve this through a balance of local, state, and federal funding, with state formulas promoting equal opportunity across districts. By adjusting for differences in student needs and local tax capacity, these formulas try to create a more level playing field.

FIGURE 1 PERCENTAGE OF TOTAL REVENUE BY SOURCE, FY 2023



Sources: Calculations using data from National Center for Education Statistics, U.S. Department of Education

II. INCREASES IN PUBLIC SCHOOL RESOURCES OVER TIME

- Taxpayer investments in public school systems in the United States have tripled on a per-student basis, on average, between 1970 and 2024.
- Since 2000, total expenditures per pupil increased by more than \$5,000 after inflation, from \$15,000 to more than \$20,000.

At a Glance

A common concern is that as school choice programs expand, the amount of funding taxpayers invest in public schools will decrease. But the data tell a different story — one of increased investment in public school systems over many decades.

Investments in total expenditures per pupil have steadily grown over time (Figure 2). In fact, taxpayer investment in public school systems as measured on a per-pupil basis tripled between 1970 and 2024. In 2000, total expenditures per pupil, adjusted for inflation, was \$15,000 . But now, American taxpayers invest more than \$20,000 per student — more than \$5,000 more after inflation — all while private school choice programs operated across the country.

FIGURE 2**PUBLIC SCHOOL TOTAL EXPENDITURES PER PUPIL, FY 1970 TO FY 2024**

Sources: National Center for Education Statistics, U.S. Department of Education, U.S. Bureau of Labor Statistics

The inflation adjustment was made using the CPI-U from the U.S. Bureau of Labor Statistics, retrieved from <https://data.bls.gov/cgi-bin/surveymost?bls>

THE STAFFING SURGE CONTINUES (FY 1992 VS. FY 2024)

- From 1992 to 2024, school employment surged 49% while student enrollment grew just 17%. (Figure 3)
- Teaching positions increased 33%, but non-teaching staff expanded at more than double that pace (69%).
- While total spending per pupil increased by 84% in real terms, teacher salaries increased slightly by 11%. (Figure 4)
- Keeping growth in the non-teaching staff in line with growth in student enrollment would have generated sufficient savings to provide every teacher employed during this time an \$20,420 annual raise. Alternately, it could have funded \$8,000 educational savings accounts each year for 8,303,825 students. As another option, policymakers could have cut taxes or increased spending on other services.

At a Glance

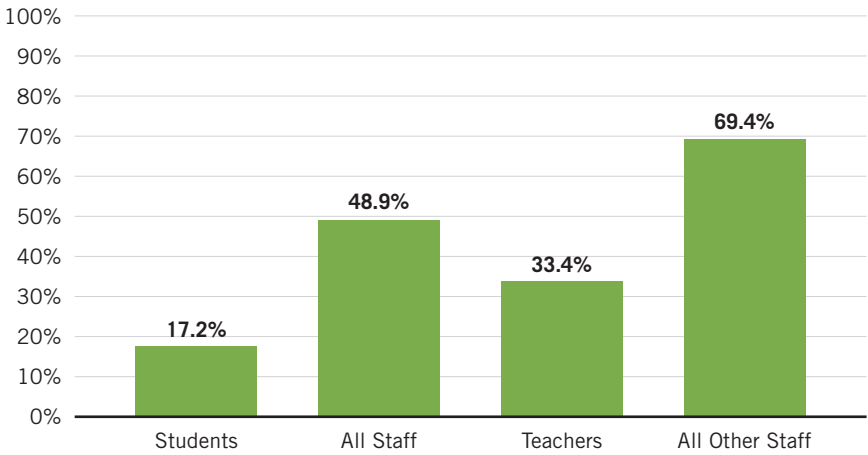
Over the past few decades, public K–12 schools have experienced a notable surge in staffing levels — particularly in non-teaching roles — despite flat or declining student enrollment in many states. This trend raises important questions about how education dollars are being spent and whether adding administrators and support staff is consistent with the goal of improving student outcomes. States must grapple with budget constraints, enrollment shifts, and increasing demand for educational alternatives. Consequently, it's important to understand the reasons for and consequences of this trend toward adding more non-teaching staff.

In 2017, EdChoice released *Back to the Staffing Surge*, which examined nationwide K–12 staffing trends from FY 1992 to FY 2015. It compared the hiring trends for both types of school employees. In this analysis, economist and Friedman Fellow Benjamin Scafidi examined staffing trends by comparing two buckets: full-time equivalent (FTE) teachers and non-FTE teachers (all other staff).

This present publication updates the 2017 analysis with newly collected data spanning FY 1992 to FY 2024 (Table 2). The chief finding: Districts added non-teaching staff at a much higher rate than they added teachers.

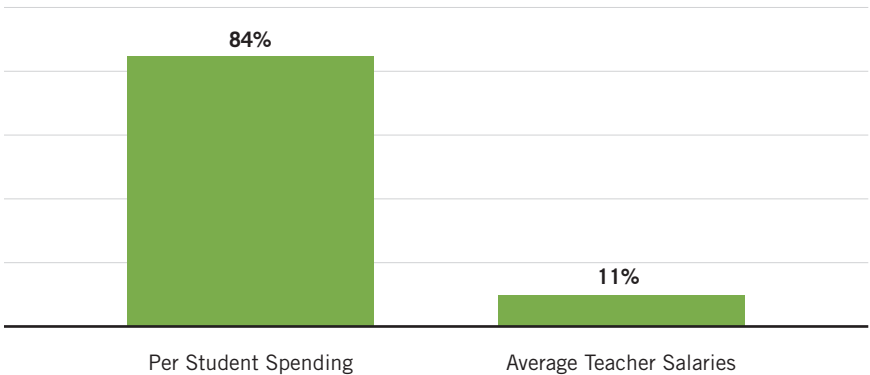
The staffing surge has major implications for how education dollars are spent, and it reveals the need to rethink funding priorities to ensure more resources reach students and families directly. These staffing patterns also carry significant opportunity costs, as funds used for administrative growth could otherwise support higher teacher salaries, expanded student services, or educational choice initiatives.

FIGURE 3 CHANGES IN PUBLIC SCHOOL STUDENTS, STAFF AND TEACHERS FROM FY 1992 TO FY 2024



Sources: Calculations using data from National Center for Education Statistics, U.S. Department of Education.

FIGURE 4 CHANGES IN PER STUDENT SPENDING AND TEACHER SALARIES, FY 1992 TO FY 2024



Sources: Calculations using data from National Center for Education Statistics, U.S. Department of Education and National Education Association. Inflation adjustments use Chain-type Price Index (PCEPI) from the U.S. Bureau of Economic Analysis, Personal Consumption Expenditures.

TABLE 2 CHANGES IN PUBLIC SCHOOL STUDENTS, STAFF, AND TEACHERS FROM FY 1992 TO FY 2024

State	Percent Change from FY 1992 to FY 2024			
	Students	All Staff	Teachers	All Other Staff
United States	17%	49%	33%	69%
Alabama	4%	(2%)	6%	(11%)
Alaska	11%	17%	1%	34%
Arizona	70%	67%	45%	90%
Arkansas	11%	56%	50%	61%
California	14%	47%	20%	77%
Colorado	46%	94%	62%	130%
Connecticut	7%	68%	25%	123%
Delaware	39%	72%	63%	84%
District of Columbia	15%	57%	31%	91%
Florida	49%	54%	42%	67%
Georgia	49%	88%	94%	83%
Hawaii	(3%)	49%	28%	80%
Idaho	40%	71%	55%	99%
Illinois	(0%)	37%	24%	53%
Indiana	8%	26%	24%	28%
Iowa	3%	29%	15%	45%
Kansas	9%	46%	27%	70%
Kentucky	2%	28%	14%	41%
Louisiana	(11%)	(2%)	4%	(8%)
Maine	(20%)	38%	(1%)	89%
Maryland	21%	61%	44%	82%
Massachusetts	8%	49%	39%	63%
Michigan	(10%)	14%	4%	24%
Minnesota	12%	64%	32%	108%
Mississippi	(13%)	16%	20%	13%
Missouri	6%	28%	33%	23%
Montana	(7%)	13%	7%	20%
Nebraska	18%	44%	26%	67%

Sources: Calculations using data from National Center for Education Statistics, U.S. Department of Education.

Savings at \$60,000 per FTE	Increase in Teacher Compensation	Number of Students Given \$8,000 ESAs
\$66,430,605,768	\$20,421	8,303,826
(\$353,669,746)	(\$8,252)	(44,209)
\$96,018,917	\$13,297	12,002
\$378,383,841	\$7,681	47,298
\$783,239,957	\$20,210	97,905
\$7,723,760,769	\$28,799	965,470
\$1,484,726,888	\$27,610	185,591
\$1,826,528,110	\$42,375	228,316
\$131,988,811	\$13,320	16,499
\$217,257,805	\$26,065	27,157
\$1,208,421,511	\$7,756	151,053
\$1,418,750,577	\$11,475	177,344
\$304,624,289	\$25,149	38,078
\$248,399,413	\$13,827	31,050
\$2,775,600,880	\$20,335	346,950
\$651,201,733	\$9,666	81,400
\$714,364,210	\$19,806	89,296
\$824,942,845	\$22,196	103,118
\$940,100,675	\$21,877	117,513
\$97,313,839	\$1,992	12,164
\$766,470,475	\$50,135	95,809
\$1,323,325,986	\$21,087	165,416
\$1,410,971,218	\$18,176	176,371
\$1,944,806,432	\$22,608	243,101
\$1,908,839,847	\$32,254	238,605
\$490,469,400	\$14,556	61,309
\$494,167,581	\$7,081	61,771
\$145,310,496	\$13,420	18,164
\$459,190,955	\$19,091	57,399

Notes: Values presented in parentheses () indicate negative numbers.
Seven state departments of education reported inaccurate data on public school staffing to the National Center for Education Statistics (US Department of Education) for FY 1992, FY 2024, or both years. Alternative years using accurate data are reported for six of those states as indicated: Louisiana: FY 1993, Montana: FY 1993, Nevada: FY 1994, Texas: FY 1993, Utah: FY 2020, Virginia: FY 1993. South Carolina has not reported accurate data on non-teaching staff for several decades, meaning total staff figures are also inaccurate.

TABLE 2 **CHANGES IN PUBLIC SCHOOL STUDENTS, STAFF, AND TEACHERS FROM FY 1992 TO FY 2024** *(CONTINUED)*

State	Percent change from FY 1992 to FY 2024			
	Students	All Staff	Teachers	All Other Staff
Nevada	126%	124%	79%	180%
New Hampshire	(6%)	52%	26%	85%
New Jersey	25%	68%	47%	93%
New Mexico	1%	4%	23%	(16%)
New York	(4%)	31%	27%	35%
North Carolina	41%	57%	55%	59%
North Dakota	1%	48%	25%	79%
Ohio	(6%)	58%	(3%)	128%
Oklahoma	19%	31%	14%	52%
Oregon	10%	59%	16%	107%
Pennsylvania	0%	35%	29%	41%
Rhode Island	(4%)	37%	11%	82%
South Carolina	27%	N/A	54%	N/A
South Dakota	8%	44%	16%	85%
Tennessee	21%	58%	54%	62%
Texas	56%	86%	72%	101%
Utah	51%	83%	83%	83%
Vermont	(15%)	38%	13%	64%
Virginia	22%	64%	38%	94%
Washington	26%	58%	46%	73%
West Virginia	(23%)	0%	(11%)	14%
Wisconsin	(0%)	32%	15%	57%
Wyoming	(11%)	29%	14%	44%

Sources: Calculations using data from National Center for Education Statistics, U.S. Department of Education.

Savings at \$60,000 per FTE	Increase in Teacher Compensation	Number of Students Given \$8,000 ESAs
\$318,157,458	\$14,120	39,770
\$492,587,418	\$33,985	61,573
\$2,764,258,364	\$23,420	345,532
(\$169,981,758)	(\$7,871)	(21,248)
\$3,932,382,432	\$18,078	491,548
\$685,833,149	\$6,791	85,729
\$276,138,648	\$28,648	34,517
\$7,324,294,757	\$72,763	915,537
\$631,097,045	\$14,762	78,887
\$1,388,702,795	\$44,678	173,588
\$2,220,378,371	\$17,140	277,547
\$297,240,727	\$27,689	37,155
N/A	N/A	N/A
\$273,509,113	\$26,515	34,189
\$1,034,919,197	\$15,582	129,365
\$5,399,471,911	\$14,338	674,934
\$289,582,290	\$8,635	36,198
\$327,398,252	\$41,120	40,925
\$2,538,155,688	\$26,992	317,269
\$1,002,758,396	\$16,031	125,345
\$383,735,121	\$20,534	47,967
\$1,237,375,930	\$20,753	154,672
\$217,615,898	\$29,204	27,202

Notes: Values presented in parentheses () indicate negative numbers.
Seven state departments of education reported inaccurate data on public school staffing to the National Center for Education Statistics (US Department of Education) for FY 1992, FY 2024, or both years. Alternative years using accurate data are reported for six of those states as indicated: Louisiana: FY 1993, Montana: FY 1993, Nevada: FY 1994, Texas: FY 1993, Utah: FY 2020, Virginia: FY 1993. South Carolina has not reported accurate data on non-teaching staff for several decades, meaning total staff figures are also inaccurate.

FISCAL HEALTH OF PUBLIC SCHOOLS: DEBT AND ASSET TRENDS IN PUBLIC SCHOOLS

- Between FY 2002 and FY 2023, U.S. public schools enjoyed stronger long-term fiscal health and liquidity. Their inflation-adjusted debt increased by 53%, but their cash and securities holdings nearly doubled (95%). During the COVID-19 period and its economic disruptions, districts reduced debt and grew reserves. Federal relief helped, and fiscal resilience rather than vulnerability ruled even as educational choice expanded.
- States with established and growing school choice programs — such as Florida, Georgia, Mississippi, and Wisconsin — demonstrated significant improvements in their cash-to-debt ratios. Their success offers evidence that growth in school choice did not undermine, and may have coincided with, improved district fiscal stability.

At a Glance

From FY 2002 to FY 2023, public schools in the United States experienced a 53% increase in debt, adjusted for inflation, while real cash and securities holdings almost doubled (Figure 5 and Figure 6). Public school debt refers to long-term obligations, typically bonds a district issues to finance capital projects such as constructing or renovating buildings. Cash and securities, by contrast, represent liquid assets such as savings, reserve funds, and investments. Districts can use them for operational or capital needs.

District reserves have increased significantly faster than district debt. In short, the fiscal position of districts has improved.

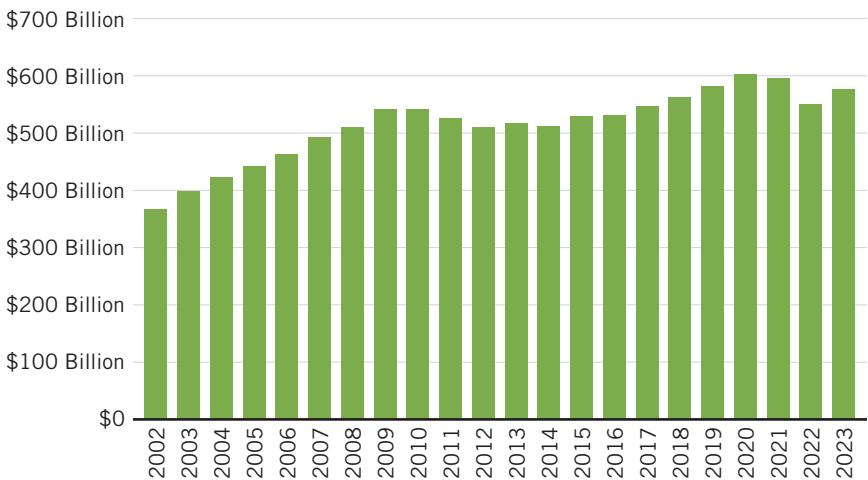
From FY 2020 to FY 2023 — amid the COVID-19 pandemic and post-pandemic recovery — school districts reduced their debt by 3%. They also increased their cash and securities by 19%, after adjusting for inflation. These shifts largely reflect the unprecedented influx of federal relief funds and temporary spending slowdowns during school closures. Some observers

worried in those years that expanding educational choice programs (e.g., vouchers and education savings accounts) would strain public school finances. The data, however, suggests that public schools remained fiscally stable and, in many cases, emerged in a stronger financial position.

Several states with established and growing school choice programs saw significant improvements in their cash-to-debt ratios from FY 2002 to FY 2023. Florida's ratio increased by 80%, while Georgia and Mississippi posted increases over 100%. Arizona, despite already high levels of choice participation, improved by 24%. (Figure 7)

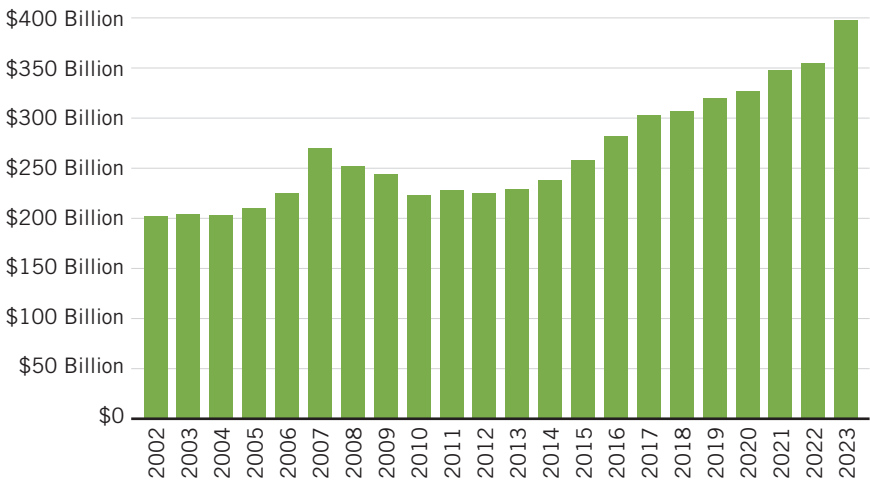
These patterns provide evidence that the growth of school choice did not compromise district finances in these states. Indeed, the ratio of cash reserves to debt obligations consistently improved. This suggests that districts maintained or even enhanced their fiscal stability, contradicting claims that school choice policies inevitably weaken public school funding.

FIGURE 5 TOTAL DEBT FOR PUBLIC SCHOOLS IN THE UNITED STATES, FY 2002 TO FY 2023



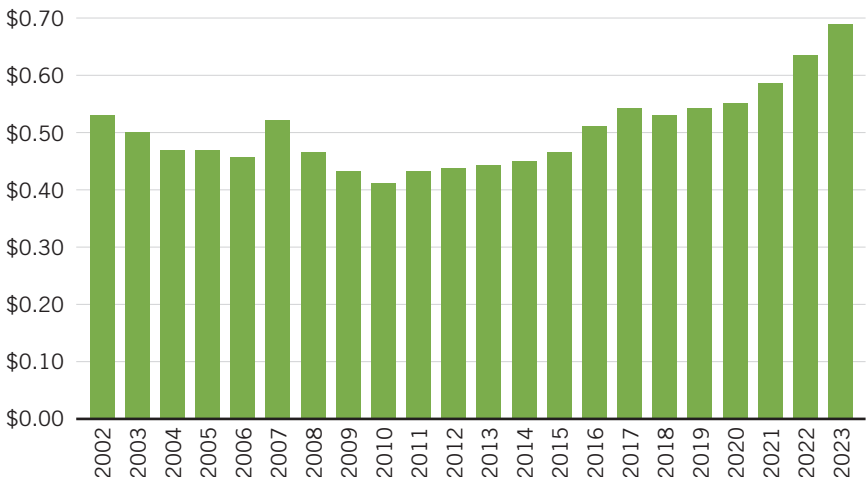
\$ adjusted for inflation

Source: Public Education Finances: 2002-2023, U.S. Bureau of the Census, retrieved from <https://www.census.gov/programs-surveys/school-finances/data/tables.html>. Inflation adjustment was made using the CPI-U from the U.S. Bureau of Labor Statistics, retrieved from <https://data.bls.gov/cgi-bin/surveymost?bls>

FIGURE 6**TOTAL CASH AND SECURITIES FOR PUBLIC SCHOOLS IN THE UNITED STATES, FY 2002 TO FY 2023**

\$ adjusted for inflation

Source: Public Education Finances: 2002-2023, U.S. Bureau of the Census, retrieved from <https://www.census.gov/programs-surveys/school-finance/data/tables.html>. Inflation adjustment was made using the CPI-U from the U.S. Bureau of Labor Statistics, retrieved from <https://data.bls.gov/cgi-bin/surveymost?bls>

FIGURE 7**CASH RESERVES TO DEBT RATIO FOR PUBLIC SCHOOLS IN THE UNITED STATES, FY 2002 TO FY 2023**

\$ adjusted for inflation

Source: Public Education Finances: 2002-2023, U.S. Bureau of the Census, retrieved from <https://www.census.gov/programs-surveys/school-finance/data/tables.html>. Inflation adjustment was made using the CPI-U from the U.S. Bureau of Labor Statistics, retrieved from <https://data.bls.gov/cgi-bin/surveymost?bls>

III. FUNDING PROTECTIONS FOR SCHOOL DISTRICTS

SCHOOL FUNDING PROTECTIONS AGAINST ENROLLMENT DECLINES

- Most states have one or more forms of funding protections for school districts that lose students.
- States have two main types of funding protections for school districts:
 - Declining enrollment provisions provide base funding on multi-year average enrollment numbers instead of current numbers, which smooths out the financial impact of shrinking enrollment.
 - Hold harmless provisions allow districts to receive funding at or above previous levels, even if enrollment drops.

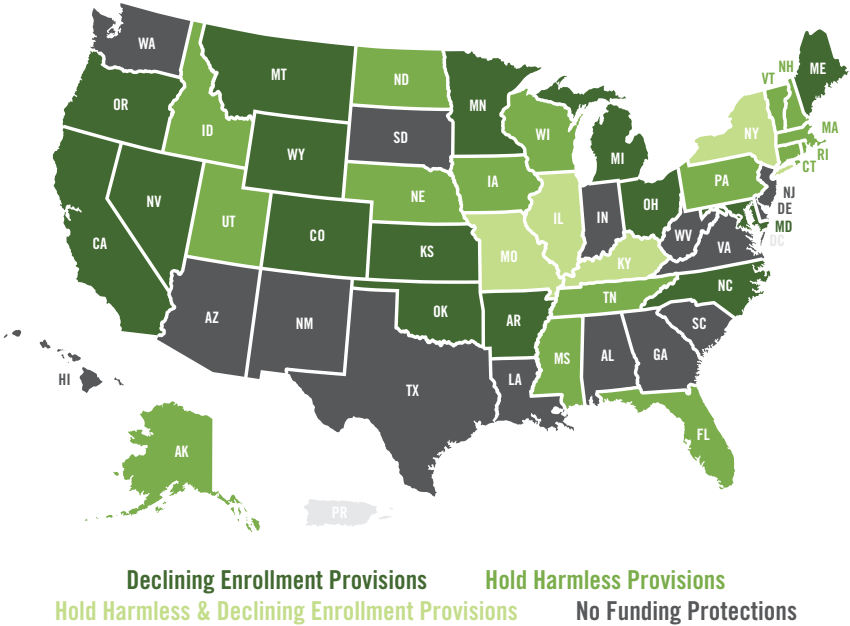
At a Glance

A common concern is that educational choice programs will put financial strain on public schools by siphoning away students and funding. Most states, though, have funding mechanisms to protect school district budgets if student enrollment declines. These funding mechanisms provide protections not seen when consumers leave service providers in health care, preschool, higher education, and retail establishments. In 2023, EdChoice released a series of reports exploring school districts' unique safeguards.

Funding protections are designed to mitigate significant funding reductions when enrollment declines. There are two primary types of funding protections: declining enrollment provisions and funding guarantees, commonly known as "hold harmless" provisions. Declining enrollment provisions aim to mitigate the financial impact on districts experiencing student population decreases. One provision bases a district's funding on multi-year average enrollments rather than current figures. Funding guarantees ensure districts receive a predetermined level of aid, often by matching or exceeding previous years' allocations, regardless of enrollment changes. These guarantees are frequently implemented during transitions to new funding formulas to prevent sudden financial shortfalls for districts.

Most states (30) use a funding formula that is largely student-based, meaning funding is tied directly to how many students enroll or attend a district. Many states, however, layer on protections to soften the financial blow when enrollment drops. As of the latest data, 34 states provide districts with declining enrollment protections, funding guarantees, or both. Specifically, 16 states use declining enrollment provisions, while 22 have hold harmless policies (Figure 8).

FIGURE 8 HOLD HARMLESS POLICY SCAN



Sources: James V. Shuls and Martin F. Lueken, How States Protect Funding for K–12 Public Schools: A Primer on Funding Protection Policies, EdChoice, 2023, <https://www.edchoice.org/wp-content/uploads/2023/11/Hold-Harmless-PRIMER-1.pdf>.
Martin F. Lueken, How States Protect Funding for K–12 Public Schools: A Summary of State Policies (Prepared by Hanover Research), EdChoice, 2023, <https://www.edchoice.org/wp-content/uploads/2023/11/Hold-Harmless-POLICY-SCAN-1.pdf>.
Martin F. Lueken, How States Protect Funding for K–12 Public Schools: State Profiles Index (Prepared by Hanover Research), EdChoice, 2023, <https://www.edchoice.org/wp-content/uploads/2023/11/Hold-Harmless-INDEX.pdf>.

While these funding protections offer districts financial stability and predictability, they come with trade-offs. One is an increased financial burden for taxpayers, as states may allocate funds for students no longer in attendance. For instance, in FY 2023, California taxpayers paid \$4 billion for 401,000 “ghost” students no longer in the state’s public schools.³ Policies such as this can inadvertently reduce incentives for districts to enhance services or efficiency because declining enrollment does not affect their funding. Balancing the benefits of financial stability with the potential downsides of mitigation measures is crucial. Funding protections should be thoughtfully designed to meet district needs while also ensuring fiscal responsibility. Empirical evidence suggests that centering funding on student enrollment improves academic outcomes.⁴ But for our purposes, these funding protections provide districts with a fiscal “windfall” when their enrollment declines, as discussed in section III.

THE ENROLLMENT DECLINE WINDFALL: REIMAGINING SCHOOL RESOURCES

- From 2018 to 2019, districts with declining enrollment saw a 7.1% increase in per-student spending, compared to a 3.7% increase in per-pupil spending in districts with growing enrollment. Both increases outpaced inflation during that period, which was only 1.5% based on the Personal Consumption Expenditures (PCE) Price Index, a widely accepted measure of cost-of-living changes.
- Districts with declining enrollment saw per-student spending increase by \$1,047, from \$14,745 to \$15,792. Districts with enrollment growth saw a smaller increase of \$526 per student, from \$14,066 to \$14,592. Districts losing students already spent more per student, so the spending gap widened in their favor.

- From AY 1998 to AY 2019, districts with declining enrollment saw their total staff per 100 students increase 25.5%, reaching 13.3. Districts with growing enrollment saw a 14.4% increase, reaching 12.1 staff members per 100 students.
 - During the same period, per-employee salaries and benefits rose 76.7% in declining districts compared to 72.4% in districts with increasing enrollment.
- In the 2015 and 2019 timespan, 59.7% of rural public school districts experienced enrollment decline. These districts received \$1,117 more in total expenditures per student compared to districts with enrollment gains. This shows that rural districts, like others, benefit from increased per-student resources amid declining enrollment.

At a Glance

Districts losing students often see larger increases in per-student funding than those with growing enrollment. This windfall happens mainly because of how public schools are funded. For example, most states use funding formulas based on prior years' enrollment rather than current student counts. Most states also have funding protections in the form of declining enrollment provisions or funding guarantees (aka "hold harmless" policies) meant to give districts time to adjust to changes. Some funding sources, such as property taxes and certain state and federal allocations, are not directly tied to student enrollment numbers. When student numbers drop but funding stays relatively stable, favorable funding mechanisms mean that the amount of money available per student increases. This creates a financial cushion that districts can use for things like staff raises, smaller class sizes, or other expenses. But it also means taxpayers may be funding services for students who are no longer there.

Between fall 2022 and fall 2031, public school enrollment will decline by an estimated 5.5% — nearly 3 million students. It may seem reasonable to believe that fewer students will lead to fewer resources for public schools. Thanks to funding guarantees, however, significant financial benefits will accrue to the remaining students and the employees who serve them.

In a recent study, economist and EdChoice Friedman Fellow Dr. Ben Scafidi examined how changes in student enrollment impact school district finances and resources over varying durations. He used data from the National Center for Education Statistics to explore enrollment drops across multiple time frames: a short-term one-year period covering academic year (AY) 2018-2019, a medium-term period (four years) spanning AY 1995-1999, and a long-term period (21 years) from AY 1998-2019. Results across all three periods were qualitatively similar.

An updated and technical version of this paper can be found at:

Matthew H. Lee and Benjamin Scafidi (2025). *The Fiscal and Resource Effects of Enrollment Increases and Decreases on American Public School Districts*, Ed Working Paper No. 25-1266, Annenberg Institute, Brown University, <https://edworkingpapers.com/sites/default/files/ai25-1266.pdf>

IV. THE EMERGENCE AND SCALE OF EDUCATIONAL CHOICE

MARKET SHARES FOR UNIVERSAL AND NEAR-UNIVERSAL EDUCATIONAL CHOICE PROGRAMS BY YEAR IN OPERATION

- Of the 14 programs included, market shares remain modest overall, though a few programs exceed 7%. (Table 3).
- These numbers suggest that well-established choice programs have not led to a mass exodus from public schools.

At a Glance

The financial impact of universal school choice programs will depend in part on the share of eligible students who participate in them (the choice market share of K–12 students in a state).

Among universal choice programs, market shares remain modest overall, though a few programs exceed 7% in at least one year of operation. Most programs remain below 6%, while the highest observed market shares are for programs in Arizona, Arkansas, and Florida.

Some programs were introduced as fully universal programs in the first year (Utah, West Virginia, and Oklahoma). Others became universal through a planned phase-in period (Iowa and Arkansas). Yet other programs were expanded by discrete decisions to fully universal coverage (Arizona, Florida, Indiana, North Carolina, and Ohio).

- Iowa's ESA program will become fully universal by its third year (SY 2025-26).
- Indiana's voucher program allowed 98% of students to be eligible in SY 2024-25 and all students in SY 2025-26.

- Ohio's voucher expansion program allows 96% of students to be eligible (i.e., all students in Ohio who do not qualify for the Cleveland Scholarship program).
- West Virginia's ESA program allows 93% of students to be eligible until 2026-27, when the program will become fully universal.

*** The table on the next spread presents data for each program by year in operation**

*** Market share is the number of students participating / number of public and private school students**

*** Black numbers are for the years when the program was not universal that year**

*** Green numbers indicate the years that program was universal or near-universal that year**

*** Yellow numbers indicate that the program was universal but phased in that year**

*** Red numbers indicate that the program was universal that year with an enrollment or funding cap**

TABLE 3 UNIVERSAL CHOICE PROGRAM MARKET SHARES BY PROGRAM YEAR IN OPERATION (YEARS 1-15)

	AL Education Savings Account	AR Education Savings Account	AZ Education Savings Account	FL Education Savings Account*	IA Education Savings Account	IN Voucher	
Year Launched	2026	2024	2012	2020	2024	2012	
Year 1	2.27%	0.94%	0.01%	0.53%	3.01%	0.34%	
Year 2		2.78%	0.03%	1.06%	5.04%	0.79%	
Year 3		9.05%	0.07%	2.57%		1.72%	
Year 4			0.12%	2.53%		2.48%	
Year 5			0.22%	4.13%		2.73%	
Year 6			0.30%	6.73%		2.89%	
Year 7			0.44%	8.55%		3.00%	
Year 8			0.55%			3.08%	
Year 9			0.90%			3.15%	
Year 10			0.82%			3.11%	
Year 11			1.01%			3.86%	
Year 12			5.14%			4.64%	
Year 13			6.54%			6.12%	
Year 14			7.28%			6.60%	
Year 15			8.03%			6.89%	

Sources: Calculations using data from the National Center on Education Statistics, U.S. Department of Education; U.S. Census Bureau; EdChoice School Choice in America Dashboard, last modified March 2, 2026, <https://www.edchoice.org/school-choice/dashboard/>.

	LA Education Savings Account	NC Voucher	NH Education Savings Account	OH Voucher Expansion	OK Refundable Tax Credit	TN Education Savings Account	UT Education Savings Account	WV Education Savings Account
	2026	2015	2022	2014	2024	2026	2025	2023
	0.78%	0.07%	1.08%	0.05%	3.70%	1.81%	1.43%	0.89%
		0.22%	1.59%	0.18%	4.11%		2.09%	2.24%
		0.34%	2.54%	0.29%	5.36%			4.33%
		0.44%	3.03%	0.39%				5.60%
		0.58%	5.40%	0.50%				
		0.73%		0.57%				
		0.98%		0.65%				
		1.23%		0.93%				
		1.53%		1.10%				
		1.95%		1.24%				
		4.78%		4.70%				
		6.14%		5.41%				

* Rates are for the Florida Family Empowerment Scholarship for Educational Options program.

EDCHOICE SHARE

- In 2000-01, the number of students participating in choice programs was slightly over 60,000 (0.11% of all K–12 students).
- About a quarter century later, more than 1.5 million students, or 2.8% of all K–12 students, participate in choice programs.
- Today, 45% of students in the United States are eligible for a private educational choice program.⁵

At a Glance

The EdChoice Share tracks the share of students in a state (or the nation) who are enrolled in various choice programs: education savings account (ESA), voucher, refundable tax credit, tax-credit ESA, or tax-credit scholarship. Table 4 below reports on a national basis the percentage of students enrolled in various education settings. Table 5 reports these percentages by state for the 2025-26 school year, and it ranks states by their EdChoice Share.

TABLE 4 THE PERCENTAGE OF STUDENTS ENROLLED IN VARIOUS EDUCATION SETTINGS IN THE UNITED STATES BY YEAR (2000-01 TO 2025-26)

	Traditional Public	Magnet	Charter	Tuition-Paying Private	Homeschool	Educational Choice
2000-01 (%)	84.62	2.26	0.84	10.47	1.70	0.11
2001-02 (%)	84.57	2.67	1.06	9.71	1.80	0.18
2002-03 (%)	84.42	2.85	1.22	9.43	1.90	0.18
2003-04 (%)	84.19	2.97	1.45	9.19	2.01	0.20
2004-05 (%)	83.91	3.01	1.62	9.06	2.19	0.21
2005-06 (%)	82.85	3.80	1.83	8.90	2.37	0.25
2006-07 (%)	83.38	2.87	2.08	8.88	2.55	0.24
2007-08 (%)	81.98	3.84	2.30	8.84	2.74	0.29
2008-09 (%)	81.61	4.16	2.58	8.48	2.85	0.32
2009-10 (%)	82.91	2.73	2.91	8.16	2.97	0.32
2010-11 (%)	81.80	3.71	3.22	7.94	2.97	0.36
2011-12 (%)	81.05	4.05	3.71	7.69	3.08	0.42
2012-13 (%)	80.20	4.44	4.07	7.67	3.18	0.46
2013-14 (%)	79.31	4.56	4.50	7.59	3.12	0.57
2014-15 (%)	78.70	4.62	4.82	7.75	3.07	0.64
2015-16 (%)	78.32	4.59	5.02	7.94	3.02	0.70
2016-17 (%)	78.28	4.46	5.29	7.83	2.97	0.79
2017-18 (%)	77.73	4.68	5.52	7.75	2.97	0.85
2018-19 (%)	77.77	4.72	5.80	7.50	2.78	0.92
2019-20 (%)	77.84	4.76	6.07	7.23	2.58	1.00
2020-21 (%)	76.47	4.99	6.63	7.56	2.70	1.12
2021-22 (%)	76.46	4.97	6.61	7.45	2.69	1.28
2022-23 (%)	76.32	4.98	6.73	7.06	2.69	1.67
2023-24 (%)	74.73	4.88	6.61	6.79	4.67	1.78
2024-25 (%)	74.80	4.90	6.60	6.80	4.70	2.20
2025-26 (%)	74.00	5.00	7.20	6.10	4.80	2.80

Sources: Calculations using EdChoice internal data

TABLE 5 THE PROPORTION OF STUDENTS ENROLLED BY EDUCATION TYPE BY STATE IN 2026

State	EdChoice Share Rank	Number of Programs	Private Educational Choice Programs Share (%)
Florida	1	3	14.5
Arizona	2	5	10.2
Ohio	3	8	9.3
Arkansas	4	2	8.6
Indiana	5	3	8.0
Iowa	6	2	8.0
Wisconsin	7	4	6.5
North Carolina	8	2	6.2
New Hampshire	9	2	6.0
West Virginia	10	1	5.6
Oklahoma	11	3	5.5
Minnesota	12	1	4.9
Pennsylvania	13	2	4.6
Vermont	14	1	4.0
Alabama	15	3	2.6
Tennessee	16	3	2.4
Utah	17	2	2.2
Georgia	18	3	1.9
South Carolina	19	3	1.4
District of Columbia	20	1	1.3
Louisiana	21	3	1.3
South Dakota	22	1	1.1
Maine	23	1	1.0
Montana	24	2	0.7
Kansas	25	1	0.5
Virginia	26	1	0.4
Nevada	27	1	0.3

Sources: Colyn Ritter, (2026). 2026 EdChoice Share: Exploring where America's students are educated. EdChoice. Retrieved from <https://www.edchoice.org/2026-edchoice-share/>

Other Private School Share (%)	Traditional Public School Share (%)	Magnet School Share (%)	Public Charter School Share (%)	Homeschool Share (%)
0.3	50.8	18.6	11.4	4.4
0.3	67.7	N/A	18.3	3.4
1.8	79.2	N/A	6.7	3
0.3	76.5	3.3	6.3	5
1.7	79.7	1	4.5	5.1
0.6	87.4	N/A	<0.1	3.8
7.9	76.8	0.2	5.3	3.2
1.1	66	9.2	8.4	9
5.6	83.3	N/A	3.4	1.9
0.3	88.5	N/A	0	4.6
0.3	83.5	N/A	6.8	3.7
3.2	77.9	3.7	7.4	2.8
7.2	75.8	1.5	8.8	2.1
5.5	86.4	0.5	0	3.6
4.9	84.2	2	0.8	5.5
7.0	77.9	7.2	4	1.5
0.3	82.6	1.5	11.2	2.3
6.1	84	0.4	3.4	4.2
5.6	72.9	10	6.3	3.8
16.6	36.7	N/A	44.4	1
12.4	68.4	3.2	12.4	2.3
7.5	84.8	N/A	0	6.5
8.1	83.8	0.1	1.4	5.7
5.5	89.1	N/A	0	4.7
7.7	87.5	3.1	0.5	0.6
8.5	72.3	14.5	0.1	4.2
4.5	62.4	13.3	13.8	5.8

TABLE 5 THE PROPORTION OF STUDENTS ENROLLED BY EDUCATION TYPE BY STATE IN 2026 (CONTINUED)

State	EdChoice Share Rank	Number of Programs	Private Educational Choice Programs Share (%)
Rhode Island	28	1	0.3
Missouri	29	1	0.3
Maryland	30	1	0.2
Mississippi	31	3	0.2
Alaska	32	1	0
Wyoming	33	1	0
California	34	0	0
Delaware	35	0	0
Michigan	36	0	0
Hawaii	37	0	0
New York	38	0	0
Colorado	39	0	0
Connecticut	40	0	0
Idaho	41	1*	0
Kentucky	42	0	0
New Mexico	43	0	0
Oregon	44	0	0
Texas	45	1*	0
Illinois	46	0	0
New Jersey	47	0	0
Massachusetts	48	0	0
Nebraska	49	0	0
Washington	50	0	0
North Dakota	51	0	0

Sources: Colyn Ritter, (2026). 2026 EdChoice Share: Exploring where America's students are educated. EdChoice. Retrieved from <https://www.edchoice.org/2026-edchoice-share/>

*Idaho and Texas each have a private educational choice program but data were not yet available at the time of publishing.

Other Private School Share (%)	Traditional Public School Share (%)	Magnet School Share (%)	Public Charter School Share (%)	Homeschool Share (%)
11.3	76.6	N/A	8.7	2
9.3	80.1	1.4	2.5	6.4
12.6	64.9	16.8	2.5	2.8
9.3	84.3	0.7	0.8	4.8
3.1	68.5	12.4	5.6	10.4
1.8	92.4	N/A	1.1	4.7
9.2	67.9	8.2	12	2.8
12.8	70.7	1.6	11.9	2.9
8.1	71.4	9.8	10.6	0.1
18.8	72.4	N/A	6.4	2.4
13.4	73	4.7	6.9	2
6.0	75.8	1.4	15.7	1.1
10.2	76.6	8.6	2	2.6
5.3	76.9	3	8.9	5.9
9.1	78.6	6.8	0	5.4
7.1	78.9	N/A	10.3	3.7
7.3	80.6	N/A	7.2	4.9
4.5	80.8	3.8	7.4	3.4
9.0	80.9	4.2	3	2.8
12.1	81	N/A	4.1	2.9
10.7	83.1	N/A	5	1.2
10.0	86.7	N/A	0	3.2
8.6	86.8	1.6	0.4	2.6
8.6	87.6	N/A	0	3.7

V. THE “CHOICE DRAINS FUNDING” CLAIM

EDUCATIONAL COSTS

- School costs behave differently with enrollment changes: Some costs are fixed in the short run, while others are variable or quasi-fixed; over time, all costs become variable.
 - Fixed costs (e.g., buildings, utilities) do not adjust immediately with enrollment changes. Variable costs (e.g., supplies, salaries) fluctuate more directly with student numbers.
 - In the long run, all costs become variable: Districts can consolidate or expand facilities, adjust staffing costs, and manage budgets as student enrollment patterns shift.
- Cost estimates from all states show that 39% of public school spending is fixed and 61% is variable. In FY 2024, average per-student spending was about \$20,600, with roughly \$8,100 in fixed costs and \$12,500 in variable costs. These cost estimates are cautious; they likely understate variable costs.
- Districts routinely manage enrollment shifts, and school choice is only one shift. A few students leaving has minimal budgetary impact. As larger shifts occur, more costs become adjustable. The real-world mix of fixed and variable costs means districts can and do adapt without harming students, as was shown in section III of this almanac.

At a Glance

The fiscal impact school choice programs have on public schools often hinges on an important but overlooked question: What happens to school costs when enrollment changes? Understanding the distinction between fixed and variable costs is essential to answering this question. Policymakers debating the effects of school choice must recognize that while some school costs remain constant in the short term, many others adjust when students leave,

and all costs become flexible over time. This economic reality means that enrollment shifts caused by choice programs are financially manageable. Schools have always adapted to enrollment changes due to demographic trends, residential moves, and family preferences. Enrollment changes caused by school choice programs do not present new challenges.

In education, fixed costs — such as facilities, utilities, and debt payments — do not immediately change with student enrollment. In contrast, variable costs — such as textbooks, classroom supplies, and staff salaries — adjust more directly as enrollment rises or falls. Some costs, like transportation, are quasi-fixed. A bus fleet represents a fixed cost in the short-term, but the cost of fueling it is variable as districts can economize on mileage.

An important principle in both accounting and economics is that all costs become variable in the long run. Even costs that seem to be fixed, like school buildings, can be shed or repurposed as enrollment patterns shift. School districts may face short-term fiscal adjustments when educational choice expands. But the long-term flexibility of budgets lets them respond in ways that protect both financial health and student outcomes. Choice simply introduces another source of enrollment change into an already dynamic system.

We estimate that, on average, 39% of public school spending is on short-run fixed costs and 61% is on variable costs, using FY 2024 data from the U.S. Department of Education across all 50 states and Washington, D.C. Table 6 below shows estimates of the average short-run fixed and variable costs for all 50 states. Total expenditures per student averaged about \$20,600, with short-run fixed costs comprising around \$8,100 and variable costs about \$12,500 per student. These estimates suggest that a substantial portion of school spending is already flexible enough to adapt to enrollment changes. In short, school choice policies can be financially sustainable over time.

To estimate short-run variable costs, we used national school finance data from the U.S. Department of Education and considered the following expenditure categories as variable in the short run: instruction, instructional support services, and student support services. We treated all other spending categories as fixed, though some could be at least partially variable: capital costs, transportation, administration, food service, and others. This

approach is conservative and leads to lower estimates of variable costs than some studies would produce. For example, while some researchers included additional categories like food service in their variable cost estimates, the method used here intentionally errs on the side of caution to avoid overstating taxpayer savings from choice programs.

Critics sometimes argue that districts can't reduce costs when only a few students leave. Districts have high fixed costs, they say. By that logic, districts would not need additional funding when enrollment grows, which is obviously not true. In practice, districts routinely manage fluctuations in enrollment caused by residential moves, demographic shifts, and other factors, not just school choice. The loss of a few students typically represents only a small fraction of a district's multimillion-dollar budget, and some districts are already accustomed to navigating that change. As time proceeds or enrollment changes grow larger, more costs become variable, allowing districts greater opportunities to adjust and economize. Managing these transitions can be challenging. However, the benefits of expanding educational options for students often outweigh the temporary budgeting adjustments that administrators must make.

TABLE 6 SHARE OF TOTAL EDUCATIONAL COSTS THAT ARE FIXED AND VARIABLE, BY STATE, FY 2024

State	Total Expenditures per Student	Short-Run Fixed Costs	% of Total Costs That are Short-Run Fixed Costs	Short-Run Variable Costs	% of Total Costs That are Short-Run Variable Costs
United States	\$20,582	\$8,119	39.4%	\$12,463	60.6%
Alabama	\$16,136	\$6,938	43.0%	\$9,198	57.0%
Alaska	\$23,096	\$8,509	36.8%	\$14,587	63.2%
Arizona	\$14,722	\$6,518	44.3%	\$8,204	55.7%
Arkansas	\$16,204	\$6,802	42.0%	\$9,402	58.0%
California	\$23,930	\$9,328	39.0%	\$14,602	61.0%
Colorado	\$19,380	\$8,793	45.4%	\$10,587	54.6%
Connecticut	\$28,684	\$10,038	35.0%	\$18,646	65.0%
Delaware	\$23,519	\$8,464	36.0%	\$15,055	64.0%
District of Columbia	\$38,446	\$17,275	44.9%	\$21,171	55.1%
Florida	\$16,297	\$6,480	39.8%	\$9,817	60.2%
Georgia	\$18,094	\$6,810	37.6%	\$11,284	62.4%
Hawaii	\$26,053	\$9,301	35.7%	\$16,752	64.3%
Idaho	\$12,743	\$4,826	37.9%	\$7,917	62.1%

Source: Calculations from data in Moore, C. and Nelson, M. (2026). Revenues and Expenditures for Public Elementary and Secondary Education: School Year 2023–24 (Fiscal Year 2024): First Look (NCES 2026-008). U.S. Department of Education. Washington, DC: National Center for Education Statistics. Retrieved from <http://nces.ed.gov/pubsearch>.

TABLE 6 SHARE OF TOTAL EDUCATIONAL COSTS THAT ARE FIXED AND VARIABLE, BY STATE, FY 2024 (CONTINUED)

State	Total Expenditures per Student	Short-Run Fixed Costs	% of Total Costs That are Short-Run Fixed Costs	Short-Run Variable Costs	% of Total Costs That are Short-Run Variable Costs
Illinois	\$25,240	\$9,418	37.3%	\$15,822	62.7%
Indiana	\$15,971	\$6,968	43.6%	\$9,003	56.4%
Iowa	\$17,871	\$7,721	43.2%	\$10,150	56.8%
Kansas	\$16,418	\$6,131	37.3%	\$10,287	62.7%
Kentucky	\$17,619	\$7,724	43.8%	\$9,895	56.2%
Louisiana	\$17,679	\$7,276	41.2%	\$10,403	58.8%
Maine	\$22,471	\$7,861	35.0%	\$14,610	65.0%
Maryland	\$23,188	\$8,073	34.8%	\$15,115	65.2%
Massachusetts	\$28,428	\$8,047	28.3%	\$20,381	71.7%
Michigan	\$20,733	\$8,902	42.9%	\$11,831	57.1%
Minnesota	\$21,024	\$8,755	41.6%	\$12,269	58.4%
Mississippi	\$14,863	\$6,408	43.1%	\$8,455	56.9%
Missouri	\$17,540	\$7,951	45.3%	\$9,589	54.7%
Montana	\$16,071	\$6,524	40.6%	\$9,547	59.4%
Nebraska	\$18,436	\$7,260	39.4%	\$11,176	60.6%
Nevada	\$15,004	\$4,675	31.2%	\$10,329	68.8%
New Hampshire	\$25,163	\$8,281	32.9%	\$16,882	67.1%
New Jersey	\$30,210	\$9,757	32.3%	\$20,453	67.7%
New Mexico	\$21,341	\$8,824	41.3%	\$12,517	58.7%
New York	\$34,240	\$11,991	35.0%	\$22,249	65.0%
North Carolina	\$14,486	\$5,444	37.6%	\$9,042	62.4%
North Dakota	\$20,980	\$9,468	45.1%	\$11,512	54.9%
Ohio	\$19,598	\$7,647	39.0%	\$11,951	61.0%
Oklahoma	\$14,003	\$6,007	42.9%	\$7,996	57.1%
Oregon	\$21,741	\$9,252	42.6%	\$12,489	57.4%
Pennsylvania	\$24,377	\$9,394	38.5%	\$14,983	61.5%
Rhode Island	\$25,388	\$8,505	33.5%	\$16,883	66.5%
South Carolina	\$17,999	\$7,915	44.0%	\$10,084	56.0%
South Dakota	\$17,515	\$8,708	49.7%	\$8,807	50.3%
Tennessee	\$15,187	\$5,739	37.8%	\$9,448	62.2%
Texas	\$17,031	\$8,248	48.4%	\$8,783	51.6%
Utah	\$13,949	\$5,621	40.3%	\$8,328	59.7%
Vermont	\$32,510	\$10,706	32.9%	\$21,804	67.1%
Virginia	\$19,075	\$6,718	35.2%	\$12,357	64.8%
Washington	\$21,565	\$7,978	37.0%	\$13,587	63.0%
West Virginia	\$18,543	\$7,908	42.6%	\$10,635	57.4%
Wisconsin	\$20,074	\$8,656	43.1%	\$11,418	56.9%
Wyoming	\$23,102	\$8,686	37.6%	\$14,416	62.4%

Source: Calculations from data in Moore, C. and Nelson, M. (2026). Revenues and Expenditures for Public Elementary and Secondary Education: School Year 2023–24 (Fiscal Year 2024): First Look (NCES 2026-008). U.S. Department of Education. Washington, DC: National Center for Education Statistics. Retrieved from <http://nces.ed.gov/pubsearch>.

THE STICKER PRICE IS NOT THE SAME AS NET COST

- A program's total cost is not the same as its net fiscal effect. Total cost measures what the state spends on scholarships, ESAs, or other choice benefits; net fiscal effect also accounts for offsets, especially savings generated when students who would have attended public schools instead use a choice program.
- For policymakers, the sticker price is not the full story. Sound fiscal analysis should consider both the cost of choice benefits and the savings that occur when students leave or avoid entering public schools.

At a Glance

Stakeholders want to know if choice programs drain money from public schools or state budgets. To answer that question, it's important to distinguish between a program's total cost and its net fiscal effect.

When evaluating the fiscal effects of private school choice programs, it is important to distinguish between a program's **total cost** and its **net cost**. Total cost refers to the amount spent on scholarships, education savings accounts, or other choice benefits. Net cost accounts for fiscal offsets, including savings generated when students leave or avoid entering public schools and instead use a choice program.

This distinction matters because the total program cost is usually the number that receives the most attention in headlines and fiscal debates. But total cost alone does not tell policymakers whether a program saves money, costs money, or breaks even. From a fiscal perspective, the key question is how many participating students are “switchers” — students who would have otherwise attended public schools. When a student switches from a public school to a choice program, taxpayers incur the cost of the choice award, but public school systems also avoid some costs associated with educating that student.

Counting switchers is not always simple. In states with multiple choice programs, students may move from one program to another, even though they originally came from public schools. Looking only at a student's most recent school may understate the number of switchers and overstate the net fiscal cost of a program.

For policymakers, the lesson is straightforward: the sticker price is not the full story. Sound fiscal analysis should consider both program costs and offsetting savings.

FISCAL EFFECTS OF EDUCATIONAL CHOICE PROGRAMS

- From their inception through FY 2024, the 51 programs analyzed generated total savings for taxpayers ranging from \$23.8 to \$61.5 billion. (Table 7)
- For every student who participated in a choice program, taxpayers saved an average of \$3,000 to \$7,600.
- Choice programs generated \$1.58 to \$2.51 in taxpayer savings for every dollar spent.
- Choice programs overall break even fiscally if 57% of participants are switchers in the short run and 36% are switchers in the long run.

At a Glance

Choice critics contend that school choice programs divert funding from public schools, potentially disadvantaging the students who remain. Advocates, on the other hand, often note that funding gaps between choice programs and public school systems generate fiscal benefits for taxpayers when students leave public schools via these programs. Policymakers, who must maintain balanced state budgets and uphold their state's constitutional responsibility to provide public education, are rightly focused on understanding the financial impact of these programs.

In 2024, EdChoice analyzed the fiscal effects of 48 educational choice programs in 25 states and Washington, D.C., from their inception through FY 2022. In this edition of the *Fiscal Factbook*, we update that analysis through FY 2024 by employing the same methodology from that report. Readers should refer to that report for details.

The present updated analysis includes eight education savings account programs, 22 school voucher programs, and 21 tax-credit scholarship programs in 26 states and Washington, D.C. Each program had been operational for at least five years, with 46 programs running for a decade or longer.

The analysis uses data from the National Center for Education Statistics to estimate short-run and long-run variable costs and establish lower and upper-bound cost calculations.⁶ It includes programs with at least three years of data through FY 2024.

The break-even switcher rate is the share of choice-program participants who would need to have otherwise attended public schools for the program to have no net fiscal cost. In simple terms, it compares the public cost of the choice award with the variable cost-savings from a student no longer being educated in a public school. This measure offers policymakers a clear fiscal benchmark: if the actual switcher rate is above the break-even rate, the program is likely saving taxpayer dollars; if it is below that rate, the program may produce net costs.

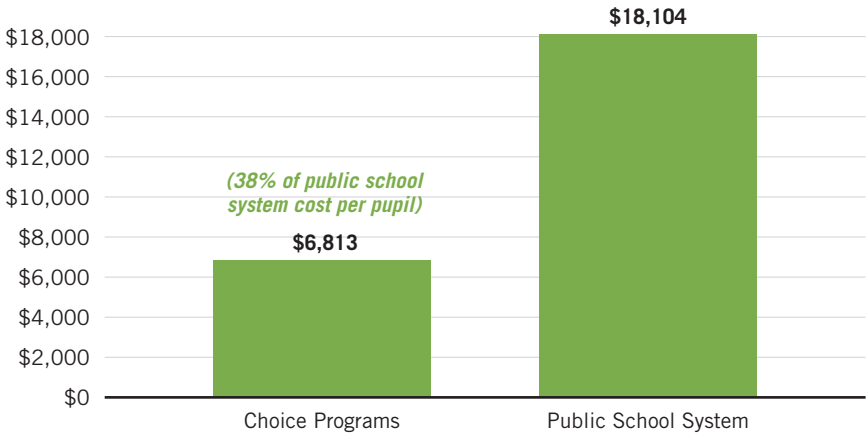
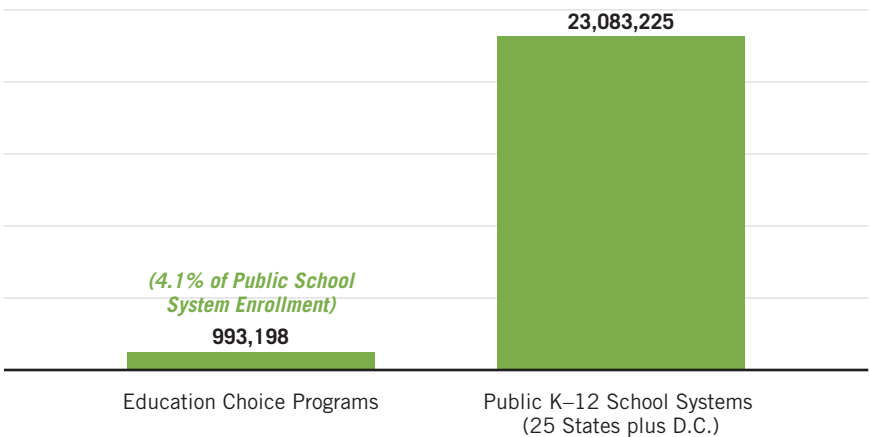
Given momentum and increased interest in states to enact universal educational choice programs, we include a follow-up analysis that estimates the net fiscal impact of universal expansion for Arizona's Empowerment Scholarship Account (ESA) Program.

Reasons Why School Choice Programs Generate Savings

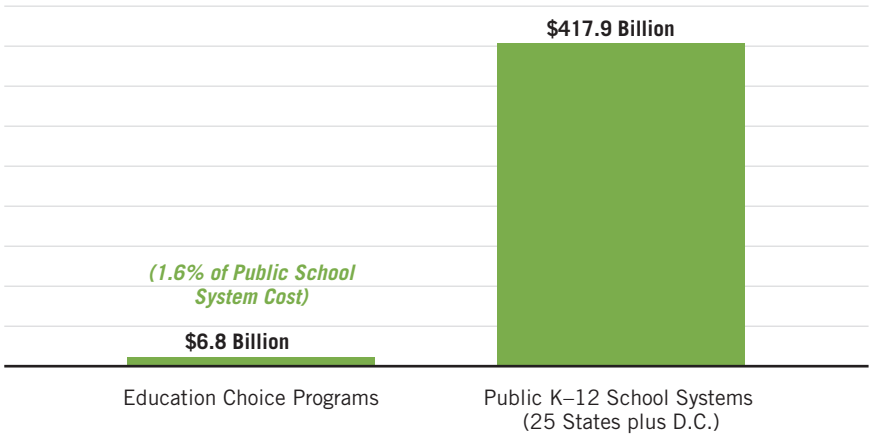
- School choice programs cost taxpayers approximately \$6,800 per student, about 38% of the average public school expenditure of about \$18,100 per pupil (Figure 9).
- As student enrollment drops, district costs decline, with savings increasing over time as school leaders can increasingly adjust operations and budgets.
- Choice programs can help mitigate school overcrowding, potentially preventing expensive infrastructure and staffing expansions.

The Size and Scope of Choice Programs

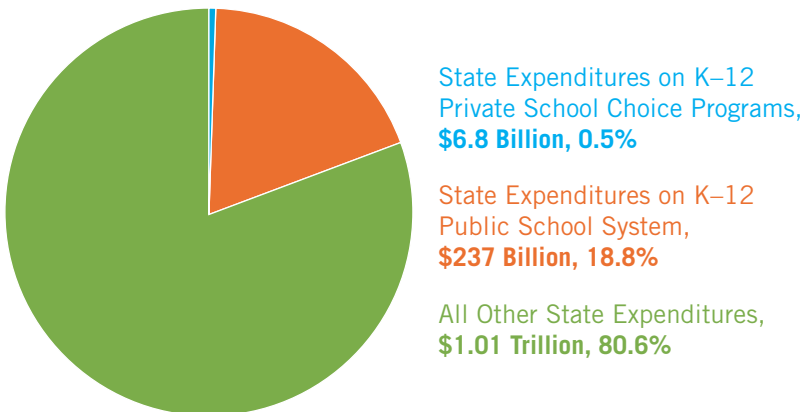
- In FY 2024, nearly one million students participated in the 51 choice programs under study, representing 4.1% of publicly funded K–12 students in states with such options. (Figure 10)
- In states where choice programs exist, they account for 1.6% of total K–12 education funding overall and 0.5% of total state expenditures on all public services. (Figure 11 and Figure 12)

FIGURE 9**PER-PUPIL FUNDING FOR EDUCATION CHOICE PROGRAMS AND K–12 PUBLIC SCHOOL SYSTEMS IN 26 STATES AND WASHINGTON, D.C., FY 2024****FIGURE 10****TOTAL NUMBER OF STUDENTS ENROLLED IN EDUCATION CHOICE PROGRAMS AND K–12 PUBLIC SCHOOL SYSTEMS IN 26 STATES, FY 2024**

Sources: National Center for Education Statistics, U.S. Department of Education; various state government agencies; EdChoice.

FIGURE 11**TOTAL FUNDING FOR EDUCATION CHOICE PROGRAMS
AND K–12 PUBLIC SCHOOL SYSTEMS IN 26 STATES,
FY 2024**

Sources: National Center for Education Statistics, U.S. Department of Education; various state government agencies; EdChoice.

FIGURE 12**TOTAL STATE EXPENDITURES ON PRIVATE EDUCATION
CHOICE PROGRAMS, TOTAL STATE EXPENDITURES ON
OTHER K-12 EDUCATION, AND TOTAL STATE
EXPENDITURES ON ALL OTHER PUBLIC SERVICES IN 26
STATES, FY 2024**

Sources: Various state government agencies; National Association of State Budget Officers

TABLE 7 SUMMARY OF NET FISCAL EFFECTS FOR 51 PRIVATE EDUCATIONAL CHOICE PROGRAMS THROUGH FY 2024 BY STATE

				Lower Bound (Short Run) Fiscal Effects	
State	Number of Programs Included	Number of years state has had choice	Total Number of Scholarships Awarded Since Program Inception	Short-run net fiscal effect	Short-run net fiscal effect per choice student
AL	1	12	38,762	(\$13,531,037)	(\$349)
AR	1	9	2,784	\$30,333,265	\$10,896
AZ	5	28	1,421,498	\$2,131,549,325	\$1,500
DC	1	21	31,107	\$89,477,633	\$2,876
FL	4	25	2,405,242	\$2,922,871,366	\$1,215
GA	2	18	285,294	\$1,550,557,032	\$5,435
IA	1	19	198,334	\$1,175,935,968	\$5,929
IL	1	7	40,940	\$192,319,920	\$4,698
IN	2	15	565,967	\$1,430,665,468	\$2,528
KS	1	10	6,630	\$31,691,453	\$4,780
LA	3	17	105,663	\$248,536,253	\$2,352
MD	1	9	23,917	\$52,187,641	\$2,182
MO	1	3	4,327	\$7,095,279	\$1,640
MS	2	13	5,569	\$43,916,480	\$7,886
NC	3	11	154,238	\$598,658,810	\$3,881
NH	2	12	16,412	\$87,490,648	\$5,331
NV	1	10	13,488	(\$9,734,851)	(\$722)
OH	5	29	870,016	\$3,871,496,151	\$4,450
OK	2	15	31,888	\$141,621,506	\$4,441
PA	2	23	1,078,266	\$7,718,414,306	\$7,158
RI	1	18	7,822	\$58,511,574	\$7,480
SC	1	11	16,791	\$176,862,343	\$10,533
SD	1	9	7,383	\$42,456,749	\$5,751
TN	1	8	1,788	\$17,307,392	\$9,680
UT	1	20	14,889	\$73,024,905	\$4,905
VA	1	12	42,646	\$830,302,095	\$19,470
WI	4	35	690,015	\$329,207,603	\$477
All Programs	51		8,081,676	\$23,829,225,277	\$2,949

Source: Updated analysis based on data from National Center for Education Statistics, U.S. Department of Education, Private School Universe Survey (PSS); Common Core of Data (CCD), "Local Education Agency (School District) Universe Survey"; "State Nonfiscal Public Elementary/Secondary Education

		Upper Bound (Long Run) Fiscal Effects			
Short-run savings per dollar spent	Short-run break-even switcher rate	Long-run net fiscal effect	Long-run net fiscal effect per choice student	Long-run savings per dollar spent	Long-run break-even switcher rate
\$0.94	85%	\$137,036,075	\$3,535	\$1.59	51%
\$2.76	36%	\$44,417,614	\$15,955	\$3.58	28%
\$1.43	59%	\$7,539,057,915	\$5,304	\$2.53	33%
\$1.32	68%	\$460,671,677	\$14,809	\$2.65	34%
\$1.17	67%	\$10,705,453,207	\$4,451	\$1.64	48%
\$2.11	46%	\$2,810,381,353	\$9,851	\$3.01	32%
\$6.67	13%	\$2,161,576,760	\$10,899	\$11.43	7%
\$1.71	50%	\$476,464,712	\$11,638	\$2.77	31%
\$1.62	55%	\$4,398,330,514	\$7,771	\$2.92	30%
\$1.97	50%	\$72,241,374	\$10,896	\$3.20	31%
\$1.43	63%	\$797,577,254	\$7,548	\$2.37	38%
\$1.88	20%	\$113,307,737	\$4,738	\$2.92	13%
\$1.27	67%	\$34,845,318	\$8,053	\$2.31	37%
\$2.30	41%	\$67,448,096	\$12,111	\$3.00	31%
\$1.77	54%	\$1,262,410,052	\$8,185	\$2.62	37%
\$2.30	27%	\$164,306,472	\$10,011	\$3.45	18%
\$0.90	95%	\$44,764,301	\$3,319	\$1.47	58%
\$1.73	51%	\$9,065,819,913	\$10,420	\$2.71	33%
\$2.20	41%	\$273,119,577	\$8,565	\$3.32	27%
\$4.60	18%	\$15,259,487,680	\$14,152	\$8.12	10%
\$3.62	24%	\$100,713,742	\$12,876	\$5.50	15%
\$3.64	25%	\$262,565,742	\$15,637	\$4.93	18%
\$4.12	24%	\$89,841,585	\$12,169	\$7.60	13%
\$2.19	46%	\$24,264,706	\$13,571	\$2.66	38%
\$1.92	47%	\$120,536,771	\$8,096	\$2.51	36%
\$9.42	10%	\$993,661,449	\$23,300	\$11.07	9%
\$1.07	84%	\$4,012,569,839	\$5,815	\$1.80	50%
\$1.58	53%	\$61,492,871,432	\$7,609	\$2.51	34%

Survey" and methods from Martin F. Lueken (2024). The Fiscal Effects of School Choice: The costs and savings of private school choice programs in America through FY 2022, EdChoice, October, <https://www.edchoice.org/wp-content/uploads/2024/10/Fiscal-Effects-2024.pdf>.

Note: parentheses () denote a negative number or cost.

THE CASE OF ARIZONA'S UNIVERSAL ESA EXPANSION

- Arizona's universal ESA expansion produced a net short-run fiscal cost in each year analyzed, but estimated savings offset most of the expansion's total cost. From FY 2023 to FY 2026, estimated savings offset 44% to 75% of total ESA expansion costs under the fiscal effects analysis.
- The expansion's net fiscal impact was small relative to Arizona's overall public budgets. In the most recent year (FY 2026), the estimated short-run net fiscal cost was \$138.8 million, equal to about 0.9% of total K–12 funding and 0.2% of total state spending on all public services.
- Two of Arizona's four tax-credit scholarship programs have switcher requirements (i.e., the program requires participants to have been enrolled in public schools). This means that all ESA students from those two programs are, by definition, switchers. The AZ DOE reports the “number of universal-eligibility students attending public school immediately before ESA enrollment” but does not account for ESA students who transfer from tax-credit scholarship programs.
 - During the first two years of ESA expansion, the number of scholarships for the two tax-credit scholarship programs with switcher requirements decreased by more than 20,000, after a decade of steady growth, implying that more than 20,000 ESA students are switchers.
 - When accounting for students from those two programs who transfer to the ESA program, and cautiously assuming that all student transfers from the other two programs are non-switchers, **the cumulative switcher rate for universal ESA students range from 63% to 73%.**
 - These switcher rates are significantly higher than rates reported by the AZ DOE (ranging from 21% to 58%), which do not account for the more than 20,000 student transfers from other choice programs who were switchers.

- The sticker price overstates the fiscal impact. In FY 2026, the ESA expansion cost \$550.9 million, but estimated short-run savings totaled \$432.0 million, leaving a net short-run fiscal cost of \$118.9 million. (Figure 13 and Table 8)

At a Glance

Arizona's universal ESA expansion has received significant attention because of its rapid growth and visible program cost. **The program's total cost, however, is not the same as its net fiscal impact.** A full fiscal analysis should account for savings generated when students who otherwise would have enrolled in public schools instead use an ESA.

In FY 2023, the first year of universal expansion, Arizona's ESA expansion cost an estimated \$324.9 million. Based on estimated number of switchers and average short-run variable costs, the expansion generated approximately \$142.4 million in short-run savings, offsetting 44% of the total cost. That left an estimated short-run net fiscal cost of \$178.3 million. By FY 2026, the total expansion cost is \$550.9 million, with estimated savings of \$432.0 million, leaving an estimated net short-run fiscal cost of \$118.9 million.

Steps for Calculations

Here are the steps for deriving the FY 2023 estimates:

Step 1: Cost of expansion = (41,157 universal ESA students) x (median ESA amount of \$7,194) = \$324.9 million

Step 2: Number of switchers = (6,157 new ESA students reported by AZ DOE as previously enrolled in public school immediately prior to ESA enrollment) + (12,181 transfers from tax-credit scholarship programs with switcher requirements) = 18,338 switchers

Step 3: Short-run variable savings for taxpayers = (18,338 switchers) x (\$7,766 average short-run variable cost per student for public schools) = \$142.4 million

Step 4: Short-run net fiscal effect = (\$142.4 million savings) – (\$324.9 million program cost) = \$182.4 million net cost

These results illustrate why policymakers should look beyond a program’s sticker price. In each year analyzed, estimated savings offset a substantial share of the ESA expansion’s total cost. The fiscal effects depend heavily on the number of participating students who are switchers — students who would have otherwise attended public schools.

The expansion’s net cost also remains small relative to Arizona’s overall public budgets. In FY 2026, the estimated short-run net fiscal cost represented 0.8% of total K–12 funding and 0.1% of total state spending on all public services.

Arizona’s experience highlights a broader lesson for fiscal debates over universal choice programs: total cost is easy to observe, but it is not the same as net cost. When switchers are properly counted and variable-cost savings are included, the fiscal footprint of universal ESA programs can be much smaller than the headline cost suggests.

FIGURE 13 NET SHORT-RUN FISCAL EFFECTS OF UNIVERSAL EXPANSION FOR ARIZONA'S ESA PROGRAM, FY 2023 TO FY 2026: NET COST AND ESTIMATED VARIABLE SAVINGS



Sources: Calculations using data from the National Center for Education Statistics, U.S. Department of Education; Arizona Department of Education; Arizona Department of Revenue

TABLE 8

FISCAL EFFECTS ESTIMATES FOR ARIZONA'S ESA UNIVERSAL EXPANSION, FY 2023 TO FY 2026

	FY 2023	FY 2024	FY 2025	FY 2026
Step 1: Cost of universal expansion				
Median ESA award	\$7,194	\$7,409	\$7,561	\$7,740
Number of universal-ESA students	45,157	55,590	62,184	71,173
Expansion cost	\$324.9M	\$411.9M	\$470.2M	\$550.9M
Step 2: Switchers				
Number of new ESA students enrolled in public school immediately before ESA enrollment	6,157	9,250	7,021	7,504
Number of students from tax-credit scholarship programs with switcher requirements	12,181	8,120	0	0
Cumulative number of switchers	18,338	35,708	42,729	50,233
Step 3: Savings from switchers				
Est. average short-run variable cost per student	\$7,766	\$8,204	\$8,024	\$8,204
Est. short-run variable savings	\$142.4M	\$292.9M	\$350.5M	\$412.1M
Step 4: Net fiscal effect (= savings - cost)	-\$182.4M	-\$118.9M	-\$119.6M	-\$138.8M

Sources: Calculations using data from the National Center for Education Statistics, U.S. Department of Education; Arizona Department of Education; Arizona Department of Revenue

EDUCATIONAL CHOICE PROGRAM COSTS AS A PERCENTAGE OF TOTAL K–12 REVENUE FOR PUBLIC SCHOOLS

- The share of K–12 spending allocated to choice programs tends to start small (most states were less than 0.1%) and grow slowly over time.
- Even after years or decades of operation, choice cost shares of total K–12 revenue generally remain modest. In the most recent year, 15 of the 28 states shown were still below 1% of total K–12 revenue, and 23 states were below 3%.
- A few mature or rapidly expanding states account for the highest cost shares. Florida, Arizona, Wisconsin, Arkansas, and Ohio have the largest most-recent cost shares, ranging from 3.28% to 8.99%, while most other states remain far lower. (Table 9)

At a Glance

While private school choice programs have expanded rapidly across the country, their financial footprint remains small compared to total education spending, even after decades in operation.

In the most recent year, 15 of the 28 states shown had cost shares below 1 percent of total K–12 revenue, and 23 states were below 3 percent. No state exceeded 10 percent. Florida had the highest most-recent cost share at 8.99 percent, followed by Arizona at 7.47 percent, Wisconsin at 4.47 percent, and Arkansas at 4.32 percent.

Program age alone does not determine cost share. Some states with long-running programs still have relatively low-cost shares, while some newer or recently expanded programs have grown more quickly. It is also important to note that these figures represent program costs as a share of total K–12 revenue, not net fiscal impact; they do not account for fiscal offsets such as savings from students switching out of public schools or other revenues and offsets associated with program participation. These figures suggest that choice programs can expand family options without consuming a large share of overall K–12 funding.

TABLE 9

PRIVATE SCHOOL CHOICE PROGRAM COST SHARES AS A PERCENTAGE OF TOTAL K-12 REVENUE BY FIRST AND MOST RECENT YEAR IN OPERATION

State	Number of Programs	Years With Any Choice Program	Year 1 Cost Share	Most Recent Cost Share
AL	3	14	0.35%	0.90%
AR	3	10	0.002%	4.32%
AZ	5	29	0.04%	7.47%
DC	1	22	0.60%	0.47%
FL	6	27	0.001%	8.99%
GA	3	19	0.03%	0.63%
IA	2	21	0.05%	2.70%
IL	1	5	0.12%	0.17%
IN	3	17	0.001%	2.97%
KS	1	11	0.02%	0.08%
LA	5	18	0.03%	0.76%
MD	1	10	0.03%	0.04%
MO	1	5	0.04%	0.08%
MS	3	14	0.003%	0.08%
NC	4	16	0.01%	1.51%
NH	3	14	0.01%	1.25%
NV	2	11	0.11%	0.07%
OH	5	30	0.02%	3.28%
OK	3	16	0.01%	2.68%
PA	2	25	0.10%	0.53%
RI	1	20	0.05%	0.04%
SC	3	13	0.07%	0.54%
SD	1	10	0.02%	0.21%
TN	3	10	0.003%	1.35%
UT	3	21	0.02%	1.26%
VA	1	14	0.001%	0.05%
WI	4	32	0.04%	4.47%
WV	1	4	0.21%	1.55%

Sources: EdChoice national catalog of program data; the National Center for Education Statistics, U.S. Department of Education.

EDUCATIONAL CHOICE PROGRAM COSTS AS A PERCENTAGE OF TOTAL STATE EXPENDITURES ON ALL PUBLIC SERVICES

- In the most recent year, private school choice program costs were less than 1% of total state expenditures on all public services in 23 of the 28 states shown. Only five states exceeded 1%: Florida (3.63%), Arizona (1.30%), Ohio (1.10%), Wisconsin (1.06%), and Indiana (1.04%). (Table 10)
- Choice programs generally start very small relative to state budgets. In the first year of operation, every state's cost share was at or below 0.10% of total state expenditures, and most were far below that level.
- Program age alone does not explain cost share. Some long-running states remain well below 1%, while some newer or recently expanded programs have grown more quickly. Overall, the table suggests that choice program costs remain modest when compared with total state spending across all public services.

At a Glance

Private school choice programs represent a very small share of total state expenditures across the country, even after many years of operation. Table 10 shows that in most states, private choice programs account for well below 1% of total state spending. Only five states exceed that mark in the most recent year: Florida (3.63%), Arizona (1.30%), Ohio (1.10%), Wisconsin (1.06%), and Indiana (1.04%). In many states, the figure is far lower, often below one-half of 1%, meaning choice programs account for only a small fraction of each dollar states spend across all public services, including healthcare, infrastructure, public safety, and higher education. Even in states with long-running or larger programs, the budgetary footprint remains modest relative to total state spending. These figures do not prove the absence of budget tradeoffs, but they provide little evidence that private school choice programs consume enough of state budgets to meaningfully crowd out other essential public services.

TABLE 10

PRIVATE SCHOOL CHOICE PROGRAM COST SHARES AS A PERCENTAGE OF TOTAL STATE EXPENDITURES BY FIRST AND MOST RECENT YEAR IN OPERATION

State	Total Number of Programs	Years With Any Choice Program	Year 1 Cost Share	Most Recent Cost Share
AL	3	14	0.10%	0.30%
AR	3	10	0.0005%	0.98%
AZ	5	29	0.01%	1.30%
FL	6	27	0.0004%	3.63%
GA	3	19	0.01%	0.32%
IA	2	21	0.02%	0.77%
IL	1	5	0.06%	0.06%
IN	3	17	0.0005%	1.04%
KS	1	11	0.01%	0.03%
LA	5	18	0.01%	0.21%
MD	1	10	0.01%	0.01%
MO	1	5	0.02%	0.03%
MS	3	14	0.001%	0.02%
NC	4	16	0.002%	0.44%
NH	3	14	0.004%	0.59%
NV	2	11	0.04%	0.03%
OH	5	30	0.01%	1.10%
OK	3	16	0.002%	0.98%
PA	2	25	0.04%	0.19%
RI	1	20	0.01%	0.01%
SC	3	13	0.03%	0.20%
SD	1	10	0.01%	0.07%
TN	3	10	0.001%	0.35%
UT	3	21	0.01%	0.43%
VA	1	14	0.0002%	0.01%
WI	4	32	0.02%	1.06%
WV	1	4	0.05%	0.37%

Sources: EdChoice national catalog of program data; the National Center for Education Statistics, U.S. Department of Education; National Association of State Budget Officers.

THE LONG VIEW: CHOICE BEYOND THE FISCAL NOTE

- Long-run benefits often emerge gradually and are usually left out of short-term fiscal debates. A program's cost is visible right away, but benefits may unfold over years or decades.
- Fiscal notes do not capture the full value of education choice. Policymakers should consider outcomes like high school graduation, college enrollment, college completion, employment, health, and crime reduction.
- Research on choice and educational attainment is generally positive or neutral. Studies find effects ranging from no measurable effect to meaningful gains in high school graduation and college outcomes. (Table 11)
- Higher attainment can produce large public and private benefits. More education is linked to higher earnings, more tax revenue, better health, longer life, and lower crime; one estimate places the total lifetime value of each additional high school graduate at about \$716,000.

Short-run budget effects matter, but they are not the only fiscal question policymakers should consider. Education policy is also about long-run outcomes: whether students graduate from high school, enroll in college, complete college, find stable work, avoid crime, and live healthier lives. These outcomes matter for students and families, but they also matter for taxpayers and society.

Researchers often describe outcomes such as high school graduation, college enrollment, and college completion as educational attainment. The research on private school choice programs generally finds positive or neutral effects on attainment. Across the available studies, estimated effects range from no discernible impact in some programs to meaningful gains in high school graduation, college enrollment, and college completion in others. Recent evidence also suggests that choice competition may improve attainment for some students who remain in public schools.

The value of increased educational attainment can be substantial. Economists have linked higher levels of education to higher earnings, greater tax payments, better health, longer life expectancy, and lower crime. Patrick Wolf and Mike McShane combined several of these private and public benefits and estimated that each additional high school graduate generates about \$716,000 in total lifetime value.

These long-run benefits are usually not included in short-term fiscal notes. A program’s near-term cost may be visible immediately, while the benefits of higher attainment may emerge over years or decades. Policymakers should therefore consider both the short-run budget effects and the long-run value of improved student outcomes.

TABLE 11 PRIVATE SCHOOL CHOICE ATTAINMENT STUDY RESULTS

Program	Year	Finding
<i>Attainment of Program Participants</i>		
Ohio EdChoice	2025	+15 pct pts College Enrollment, +9 pct pts College Graduation
Indiana Choice Scholarship	2021	+3 pct pts HS graduation, +8 pct pts College Attendance
Louisiana Scholarship Program	2021	No Impact on College Enrollment
D.C. Opportunity Scholarship Program	2023	No Impact on College Enrollment
Milwaukee Parental Choice Program	2019	+5 pct pts College Enrollment, 3 pct pt College Graduation (4 year)
D.C. Opportunity Scholarship Program	2013	+12 pct pts HS graduation
Florida Tax Credit Scholarship	2019	+6-10 pct pts College Enrollment, 1-5 pct pts increase in College Graduation (growing with more years in program)
		+8% College Enrollment, 7% College Graduation for minority students
New York Scholarship Program	2020	+7 pct pts High School Graduation; +4 pct pts College Enrollment (4 year)
Milwaukee Parental Choice Program	2013	
<i>Attainment of Non-Participants in Public Schools</i>		
Ohio EdChoice	25	+3 pct pts College Enrollment, +6 pct pts College Graduation

VI. POLICY CONSIDERATIONS AND THE FUTURE

THE FUTURE OF K-12 FUNDING

As educational choice becomes a permanent feature of K-12 education, policymakers should consider whether the traditional school finance system, built primarily around districts and school assignments, is still well matched to the needs of families. A more coherent approach would attach funding to students, with dollars weighted according to need and portable across a range of approved educational options.

A well-designed K-12 funding system should advance three goals: equity, efficiency, and opportunity. **Equity** means funding students according to their needs, with additional resources for students who require more support. **Efficiency** means using public dollars in ways that improve outcomes while respecting taxpayers. **Opportunity** means ensuring that families can access educational environments that work for their children, rather than tying public support to a single assigned provider.

Yet too many choice initiatives such as intra- and inter-district enrollment, charter schools, vouchers, tax-credit scholarships, and education savings accounts are financed separately from the traditional public education funding system. That fragmentation can make funding less transparent, less equitable, and harder to sustain. The next generation of school finance reform should move toward a more student-centered model: one that funds students consistently across sectors, weights dollars according to need, and gives families meaningful access to a range of educational options.

POLICY RECOMMENDATIONS FOR SUSTAINABLE, STUDENT-CENTERED FUNDING SYSTEMS

- **Attach dollars to students, not institutions.** States should allocate education dollars on behalf of individual students, with funding levels based on student characteristics and educational needs.
- **Use weighted student funding.** Funding formulas should provide additional resources for students who require more support, including students from low-income households, students with disabilities, English learners, and other students with greater educational needs.
- **Make funding portable across sectors.** States should design funding mechanisms that allow dollars to follow students to the educational setting that best serves them, including district schools, charter schools, private schools, and other approved providers.
- **Build ESAs into the broader finance system.** Universal ESA programs should be funded through predictable and sustainable revenue streams rather than treated as temporary add-ons to the K–12 system.
- **Give families flexibility while maintaining clear guardrails.** ESA programs should allow families to use funds for a wide range of educational expenses while maintaining transparency, parent-driven accountability, and safeguards against misuse.

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