Fiscal Strain on Public Schools: Can Private Schools Help Relieve the Fiscal Burden?

EdChoice Legislator Training Conference
September 2020

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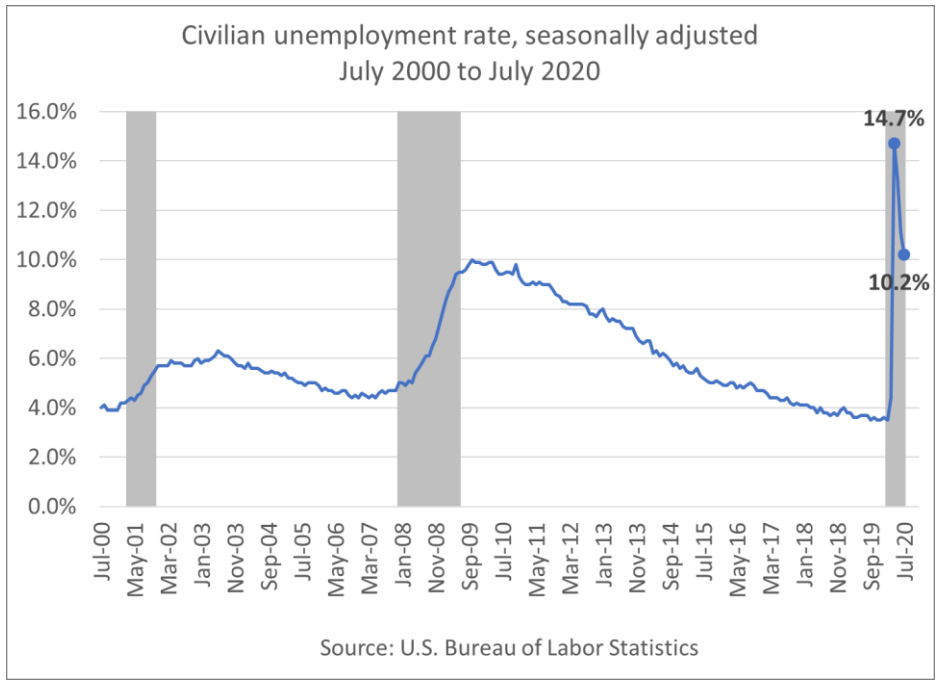
Fiscal turmoil from COVID recession

Economic impact:

- 10.2% unemployment rate
- Predicted state budget shortfalls exceed $500 billion over 2020-2022



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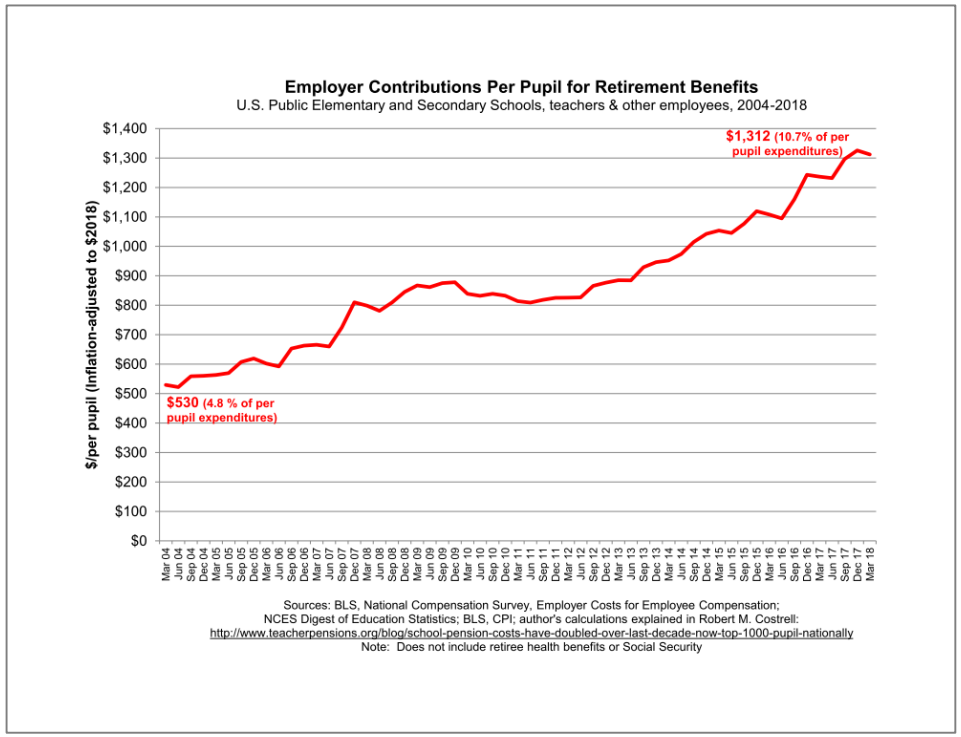
Uncertainty for Schools

Fiscal Strain on K-12 Public School System

- Pension costs will continue to increase (Costrell, 2018)
- 17 states cut K-12 budgets in response to COVID-19 (NCSL)



What will schools do?

- Will schools reopen for in-person learning?
- How will they serve students?
- How to serve high-need students?

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Uncertainty for Families

- What will parents do if they return to work?
- To send or not to send child to in-person schooling?
- What if districts don’t fully open for in-person schooling?

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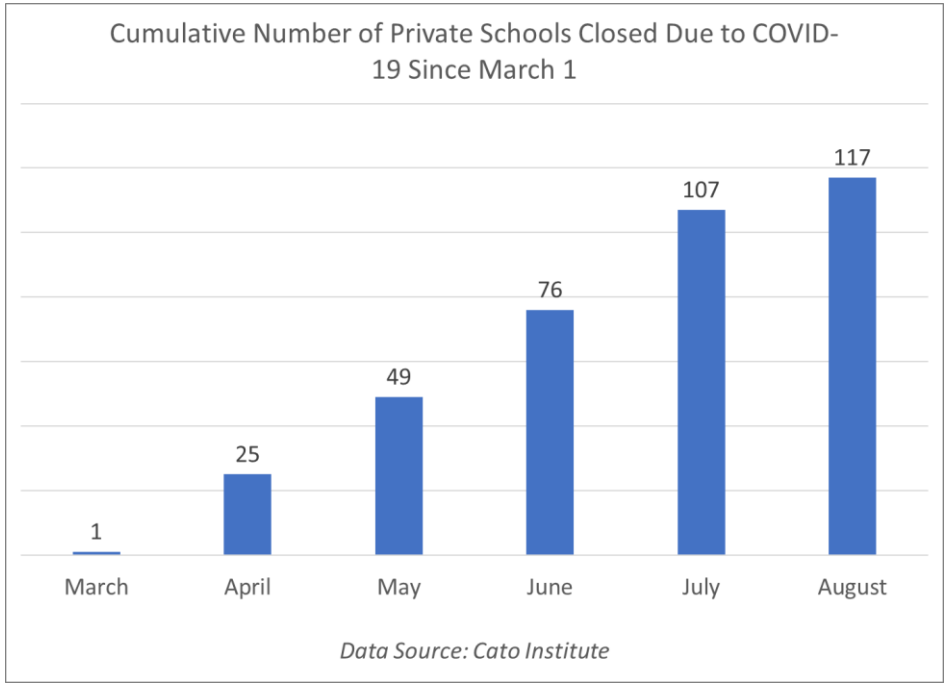
COVID-19 Related Private School Closures

- 117 private schools closed (as of Aug. 14)
- More than 18,000 students displaced
- Most schools are not elite private schools
  - Avg. tuition: $7,200
  - More than 18,000 students displaced
  - 48% minority students displaced



Data Source: Cato Institute

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Costs of Displacing Private School Students

- State + local revenue: $12,800 per student (excludes federal $)
- 10% private school displacement: $6.7 billion increase in cost for public system
- 30% private school displacement: $20 billion increase in cost for public system

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K-12 Landscape is Shifting

- Proliferation of educational options
  - Homeschooling
  - Hybrid homeschooling
  - Tutoring corps
  - “Pandemic Learning Pods,” the New Kid on the Block

- Widening learning gaps (low income vs. non-low income)

What To Do?

- Make education dollars as portable as possible
- Empower families
- More help for low-income, other disadvantaged families
- If districts do not fully re-open, then move some taxpayer dollars to fund alternatives through ESAs
- Recognize important role of private schools, other non-public options
- A good time for some reflection

Thank you!

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