

The Fiscal Impact of School Choice on States and Public School Districts

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How are public school districts typically funded?

- Federal \$
- State \$
- Local \$

• How are school choice programs typically funded?

- State \$

To my knowledge, traditional public schools are the only endeavor in these United States ...

- That retains funds for customers they no longer serve.
 - They typically retain locally generated taxpayer funds and federal funds.
- In higher education, for example, when students transfer from one institution to another: state scholarship funds, Pell Grants, state formula funds, and tuition and fees ALL flow to the receiving institution
 - All funds follow college students to their new institutions.

Three studies have endeavored to estimate short-run fixed and variable costs of public school districts

- Scafidi (2012)
- Bifulco and Reback (2014)
- Lueken (2016)
 - Each of these studies estimates that about two-thirds of public school costs can be considered as variable costs, even from one year to the next.
- In the long-run, ALL costs are variable.

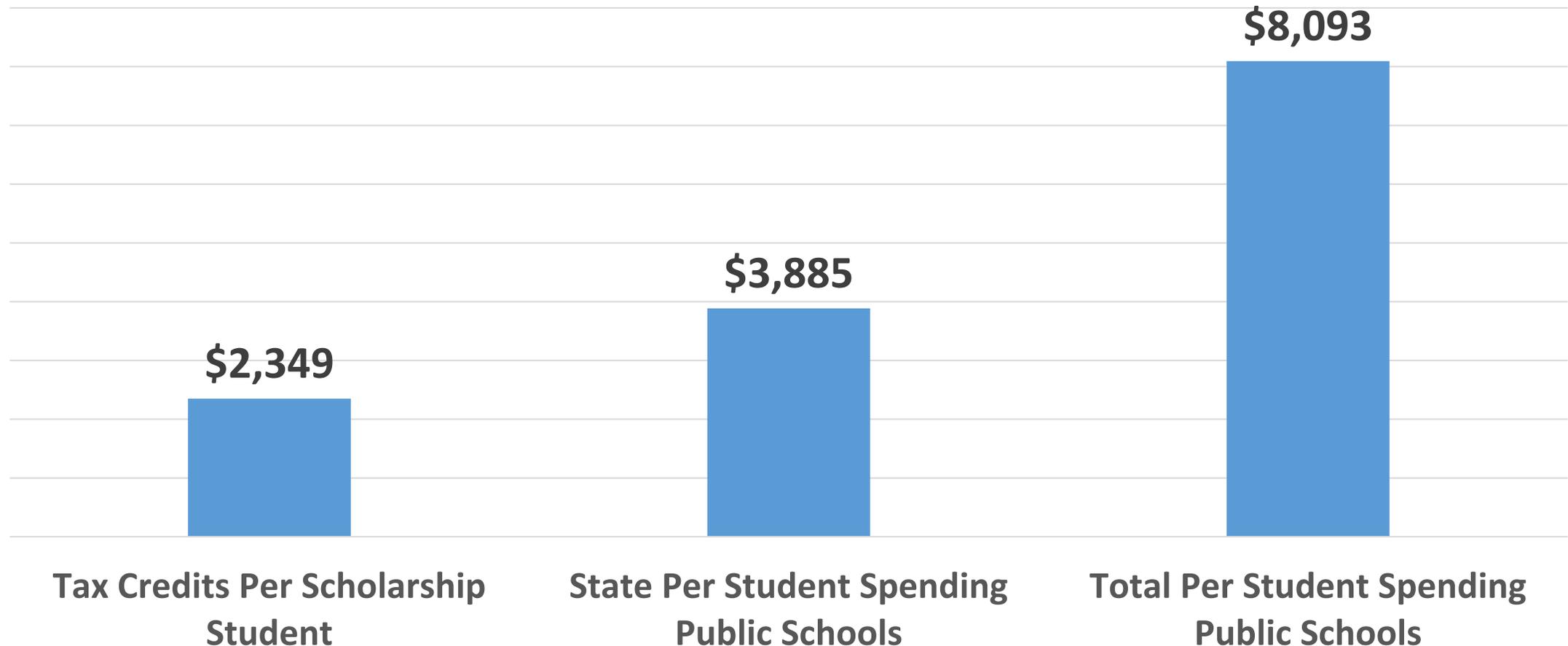
Studies find modest to significant fiscal savings from school choice programs

- Florida's large tax credit scholarship program, FY 2008 saved state taxpayers \$38.9 million - estimate
- Oklahoma small tax credit scholarship program saved state taxpayers \$824,000 in FY 2016 - estimate
- <https://www.edchoice.org/research/tax-credit-scholarship-audit/>
- Average scholarship amounts are below state taxpayer funds per student and well below estimates of variable costs of educating students.

That choice programs save state taxpayers money and leave more resources for students who remain in public schools should not be surprising, when ...

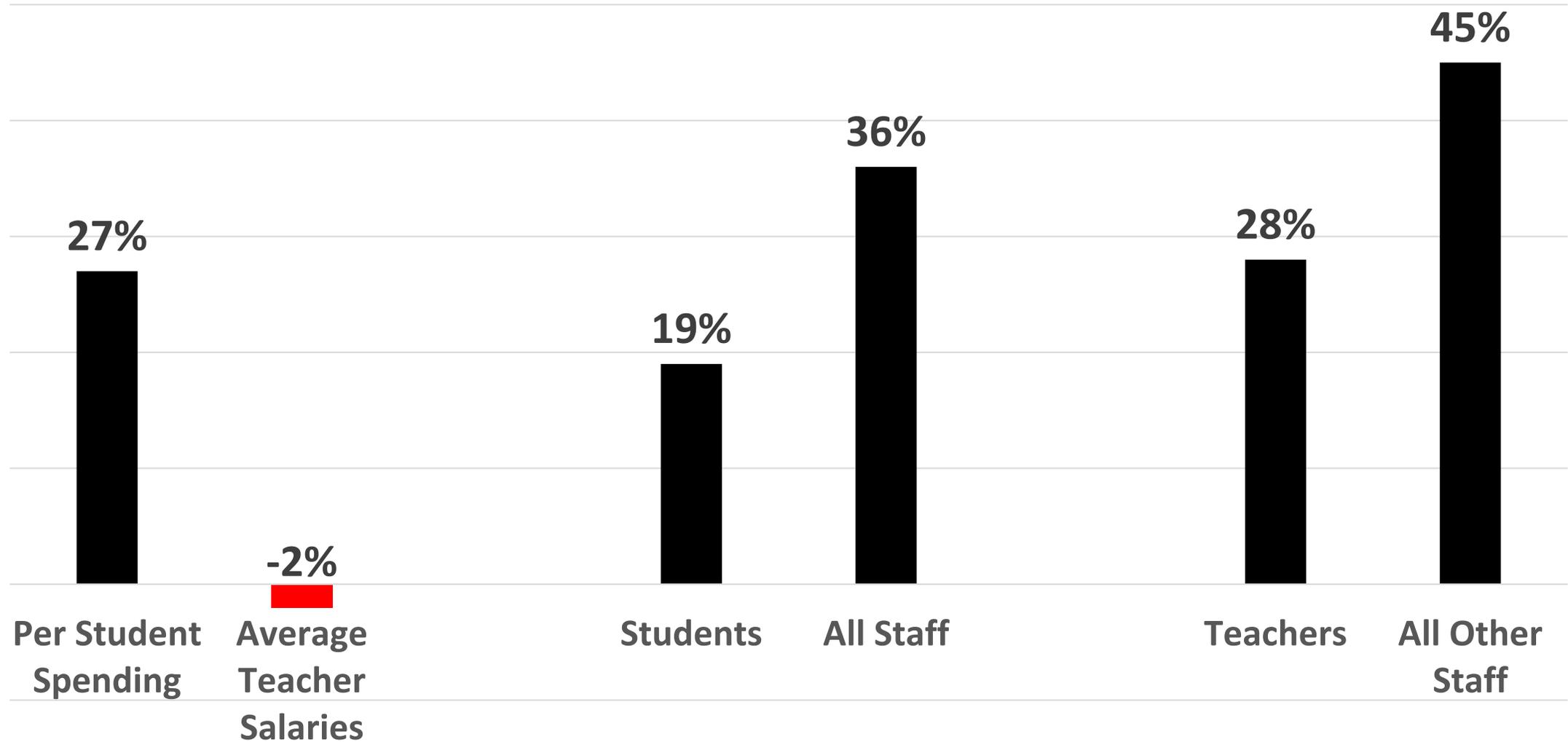
FY 2016, Oklahoma

Source: https://www.okcu.edu/uploads/Fiscal-Impact-Study_Scholarship-Tuition-Tax-Credit.pdf

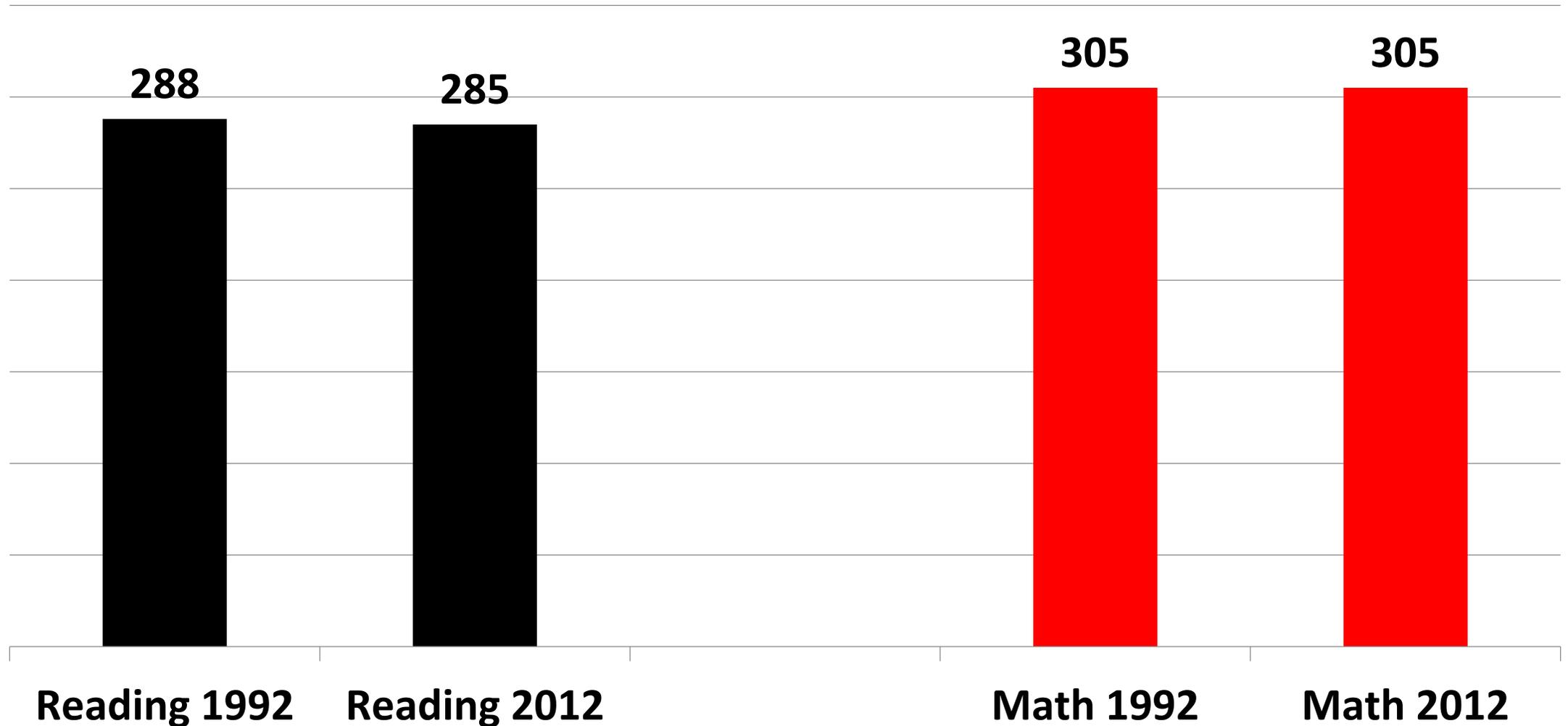


FY 1992 to FY 2014, American Public Schools

Source: Back to the Staffing Surge, <https://www.edchoice.org/research/back-staffing-surge/>



NAEP Test Scores – Age 17, American Public Schools



Providing the same educational and social outcomes at a lower taxpayer cost ...

- Is a clear win for choice.
- But, we should aspire for more—both lower costs and better outcomes