A WIN-WIN SOLUTION PART III: FISCAL IMPACTS ON TAXPAYERS AND PUBLIC SCHOOLS

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What opponents say: School choice programs “drain money” from public schools.

What the facts say: School choice saves money for taxpayers through improved stewardship of resources and creates savings for state budgets.

What the studies show: There here have been 28 empirical studies examining the fiscal impact of school choice on taxpayers and public schools. Of those, 25 find school choice programs save money, and three find the programs studied are revenue neutral.

Location	Author	Year	Results		
			Positive Effect	No Visible Effect	Negative Effect
D.C.	Spalding	2014	X		
Florida	Spalding	2014	X		
Florida	Spalding	2014	X		
Georgia	Spalding	2014	X		
Louisiana	Spalding	2014	X		
Cleveland	Spalding	2014	X		
Ohio	Spalding	2014	X		
Ohio	Spalding	2014	X		
Utah	Spalding	2014	X		
Milwaukee	Spalding	2014	X		
D.C.	Wolf & McShane	2013	X		
Florida	LOEDR*	2012	X		
Milwaukee	Costrell	2010	X		
San Antonio	Merrifield & Gray	2009	X		
Florida	OPPAGA**	2008	X		
Vermont	Aud	2007		X	
Maine	Aud	2007		X	
Milwaukee	Aud	2007	X		
Cleveland	Aud	2007	X		

Note: This table shows all empirical studies using all methods; the total fiscal effect of school choice programs is referenced.

*LOEDR stands for Legislative Office of Economic and Demographic Research (State of Florida).

**OPPAGA stands for Office of Program Policy Analysis and Government Accountability (State of Florida).

Location	Author	Year	Results		
			Positive Effect	No Visible Effect	Negative Effect
Arizona	Aud	2007	X		
Florida	Aud	2007	X		
Florida	Aud	2007	X		
Pennsylvania	Aud	2007	X		
Florida	Aud	2007	X		
D.C.	Aud	2007	X		
Ohio	Aud	2007	X		
Utah	Aud	2007		X	
D.C.	Aud & Michos	2006	X		

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Conclusion: Most states have two major systems for funding schools: a "formula funding" system that distributes the majority of spending based on number of students and a separate fund for capital expenses, such as building costs.

As a result, school choice creates savings and costs for state budgets. When a student uses school choice to leave public school for a private school, the state must cover that student's cost to the choice program, but it also spends less on public schools by an amount equal to one student's worth of funding.

For example, if the share of public school funding that comes out of the state budget is $5,000 per student, and the state offers vouchers equal to $4,000 per student, a typical student using the program will save state taxpayers $1,000. For each student entering the voucher program from a public school, the state's spending on vouchers will go up by $4,000, but its spending on public schools will go down by $5,000.

Thus, students who leave public schools because of the school choice program create savings for the state budget. The net effect of the program is equal to the amount of savings from students leaving public schools minus the total cost of the program. This total cost includes costs associated with the small number of voucher participants who would have self-financed private education even in the absence of the program, generating costs but no savings.

Source: Greg Forster, A Win-Win Solution: The Empirical Evidence on School Choice, 4th ed. (Indianapolis: Friedman Foundation for Educational Choice, 2016).