

## The True Cost of Private School Voucher Programs

### ➔ **VOUCHER PROGRAMS ARE EXPENSIVE; FRAUD & WASTE BOOST COSTS FURTHER**

Educating students using private school vouchers is more expensive than educating them in public schools. A 2018 study found the cost of educating a student through an Arizona private school voucher program was 75% higher than the cost of educating a public school student.<sup>1</sup> Another study estimated that shifting to a system of private school vouchers could raise education costs by 25% or more when accounting for students who would have attended private schools without a voucher, plus the additional administrative costs for the program, such as record keeping and monitoring.<sup>2</sup> A 2021 policy brief estimated that universal vouchers could increase the total public cost of education by 11-33%, amounting to \$66-\$203 billion per year.<sup>3</sup>

Voucher programs become even more costly when factoring in misuse and waste. An analysis of North Carolina's voucher program found numerous private schools received more vouchers than they had students, totaling over \$2.3 million in fraudulent payments, and several others received voucher payments after they appeared to close.<sup>4</sup> In Utah, the state auditor found that the third-party organization that distributes vouchers spent beyond the legal limits on marketing and administrative costs.<sup>5</sup> In Wisconsin, voucher payments have been provided to private schools despite problems such as failure to meet financial and administrative reporting requirements and losing accreditation.<sup>6</sup> A state audit of Arizona's voucher program found parents received funds after enrolling students in public schools and purchasing non-permitted items.<sup>7</sup> And in Florida, voucher payments were sent to private schools that falsified fire and safety inspections and had unsafe facilities.<sup>8</sup> Moreover, audits and oversight to address such abuse consume additional public resources.

### ➔ **SPENDING ON VOUCHER PROGRAMS INCREASES OVER TIME**

A report examining private school voucher programs in seven states found that from fiscal years 2008 through 2019, each state dramatically increased expenditures of public funds on voucher programs, with growth in Georgia reaching 883 percent. While Florida led the pack in voucher spending levels, nearly all the states were diverting hundreds of millions of dollars to voucher programs annually by the end of the period studied.<sup>9</sup>

Another report on voucher spending in Florida found that public school funds diverted annually to private education increased by approximately \$1 billion between 2019-20 and 2022-23.<sup>10</sup> The state's Empowerment Scholarship voucher programs cost \$1.4 billion in the 2022-23 school year alone.<sup>11</sup> Additionally, nearly \$1.1 billion in tax credits were offered to fund the state's tax credit voucher program in fiscal year 2023.<sup>12</sup> These costs do not include the dramatic expansion to universal voucher eligibility beginning in 2023-24.

An analysis found that the North Carolina voucher program launched in 2014 has also grown significantly over the last decade. The program was initially capped at \$10.8 million per year, but funding more than doubled by 2016-17. Additional funding increases approved in 2016 are expected to bring the total to \$144.8 million per year by 2027-28. The program was further expanded in 2020, and the expansion could increase costs by more than \$270 million over the next ten years.<sup>13</sup>

### ➔ **THE COST OF VOUCHER PROGRAMS FREQUENTLY OUTPACES INITIAL ESTIMATES**

Arizona's universal voucher program was initially projected to increase costs to the state by about \$65 million in fiscal year 2024.<sup>14</sup> The Legislature appropriated \$624 million for the program in the 2024 budget, an increase of \$150 million over 2023. However, updated figures released by the Governor's Office put the estimated cost almost \$320 million higher, or over \$943 million in total. More than 50% of that is due to applicants who were

already enrolled in private school or homeschooled. The updated figures show that 53% of all new K-12 education spending in fiscal year 2024 goes toward only 8% of Arizona students (those using vouchers).<sup>15</sup> This information contradicts claims by some state officials that the voucher program would save the state money.

The cost of New Hampshire's education savings account voucher program was severely underestimated at the time of its enactment in 2021. It was projected to cost the state about \$130,000, but by 2023, spending on the program was nearly \$15 million.<sup>16</sup> Eligibility for the program was expanded in 2023, though the fiscal impact of the expansion was deemed "indeterminable" by the New Hampshire Department of Education as the number of new students who will use vouchers is unknown.<sup>17</sup> An independent analysis projects that the expanded voucher program could cost \$48 million per year.<sup>18</sup>

A fiscal analysis by the Florida Legislature projected that expanding the state's Empowerment Scholarship vouchers to allow universal eligibility would lead the program to cost an additional \$209 million in year one. But an independent analysis estimated that the true additional cost would be several times that number, and the total cost of the program could reach \$4 billion.<sup>19</sup>

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<sup>1</sup> Dave Wells, Grand Canyon Inst., *\$10,700 Per Student: The Estimated Cost of Arizona's Private School Subsidy Programs* (2018), [https://grandcanyoninstitute.org/wp-content/uploads/2018/09/GCI\\_Policy\\_Private\\_School\\_Program\\_Costs\\_2018\\_Sept\\_5\\_2018.pdf](https://grandcanyoninstitute.org/wp-content/uploads/2018/09/GCI_Policy_Private_School_Program_Costs_2018_Sept_5_2018.pdf).

<sup>2</sup> Henry M. Levin & Cyrus E. Driver, *Cost of an Educational Voucher System*, 5(3) Educ. Econ. 265 (1997), <https://www.tandfonline.com/doi/abs/10.1080/09645299700000023>.

<sup>3</sup> Robert Shand & Henry M. Levin, *Estimating a Price Tag for School Vouchers*, National Education Policy Center (2021), <https://nepc.colorado.edu/publication/voucher-costs>.

<sup>4</sup> Kris Nordstrom, *New analysis shows many private schools in N.C. have more vouchers than students*, North Carolina Justice Center (2023), <https://www.ncjustice.org/analysis-nc-private-school-voucher-program/>; Ali Ingersoll, *SBI investigating fraud allegations against director of Selma private school*, WRAL News (July 7, 2023), <https://www.wral.com/story/sbi-investigating-fraud-allegations-against-director-of-selma-private-school/20944741/>.

<sup>5</sup> Office of the State Auditor, *Utah State Board of Education, Limited Review For the Year Ending June 30, 2023, Report No. 23-02* (2023), <https://reporting.auditor.utah.gov/servlet/servlet.FileDownload?file=0151K000008NKuDQAW>.

<sup>6</sup> Erin Richards, *State moves to remove private school from Milwaukee voucher program*, Journal Sentinel (Dec. 24, 2013), <https://archive.jsonline.com/news/education/state-moves-to-remove-private-school-from-milwaukee-voucher-program-b99170674z1-237092841.html>; Erin Richards, *3 voucher schools got state money after losing accreditation*, Journal Sentinel (Mar. 13, 2013), <https://archive.jsonline.com/news/education/three-voucher-schools-received-state-money-after-losing-accreditation-ts952un-197872781.html>.

<sup>7</sup> Office of the Auditor General, *Arizona Department of Education: Department Oversees Empowerment Scholarship Accounts Program Spending, but Should Strengthen its Oversight and Continue to Improve Other Aspects of Program Administration* (2016), [https://www.azauditor.gov/sites/default/files/16-107\\_Report.pdf](https://www.azauditor.gov/sites/default/files/16-107_Report.pdf).

<sup>8</sup> Leslie Postal, Beth Kassab & Annie Martin, *Florida Private Schools Get Nearly \$1 Billion in State Scholarships with Little Oversight, Sentinel Finds*, Orland Sentinel (Oct. 17, 2017), <https://www.orlandosentinel.com/news/education/os-florida-school-voucher-investigation-1018-htmlstory.html>.

<sup>9</sup> Samuel E. Abrams & Steven J. Koutsavlis, *The Fiscal Consequences of Private School Vouchers*, Public Funds Public Schools (2023), [https://pfps.org/assets/uploads/SPLC\\_ELC\\_PFPS\\_2023Report\\_Final.pdf](https://pfps.org/assets/uploads/SPLC_ELC_PFPS_2023Report_Final.pdf).

<sup>10</sup> Mary McKillip & Norin Dollard, *Florida's Hidden Voucher Expansion: Over \$1 Billion from Public Schools to Fund Private Schools*, Education Law Center & Florida Policy Institute (2022), <https://edlawcenter.org/assets/Florida/Florida-Hidden-Voucher-Expansion.pdf>.

<sup>11</sup> Florida Dep't of Education, *Florida Education Finance Program 2022-23, Fourth Calculation* (Apr. 14, 2023), <https://www.fldoe.org/core/fileparse.php/7507/urlt/22-23FEFPFourthCalc.pdf>.

<sup>12</sup> Florida Dep't of Rev., *Florida Tax Credit Scholarship Program Tax Credit Cap Will Increase* (2022), [https://floridarevenue.com/taxes/tips/Documents/TIP\\_22ADM-05.pdf](https://floridarevenue.com/taxes/tips/Documents/TIP_22ADM-05.pdf).

<sup>13</sup> Kris Nordstrom, *Legislative changes to voucher program will likely drain \$272 million from NC over next decade*, North Carolina Justice Center (2020), <https://www.ncjustice.org/publications/legislative-changes-to-voucher-program-will-likely-drain-272-million-from-nc-over-next-decade/>.

<sup>14</sup> Fiscal note for Ariz. House Bill 2853, <https://www.azleg.gov/legtext/55leg/2R/fiscal/HB2853.DOCX.pdf>.

<sup>15</sup> Office of the Governor, *Governor Katie Hobbs Statement on New School Voucher Cost Projections* (July 25, 2023), <https://azgovernor.gov/office-arizona-governor/news/2023/07/governor-katie-hobbs-statement-new-school-voucher-cost>.

<sup>16</sup> Peter Greene, *The Empty and Expensive Promise of School Voucher Programs*, The Progressive (April 3, 2023), <https://progressive.org/public-schools-advocate/empty-expensive-school-vouchers-greene-030423/>.

<sup>17</sup> New Hampshire House Bill 367, [https://legiscan.com/NH/text/HB367/id/2825227/New\\_Hampshire-2023-HB367-Enrolled.html](https://legiscan.com/NH/text/HB367/id/2825227/New_Hampshire-2023-HB367-Enrolled.html).

<sup>18</sup> Reaching Higher NH, *School voucher expansion could come with a \$48 million price tag* (May 25, 2023), <https://reachinghighernh.org/2023/05/25/school-voucher-expansion-could-come-with-a-48-million-price-tag/>.

<sup>19</sup> Education Law Center & Florida Policy Institute, *The Cost of Universal Vouchers: Three Factors to Consider in Analyzing Fiscal Impacts of CS/HB1*, <https://edlawcenter.org/assets/Florida/FL%20HB1%20Cost%20Estimate%20Comparison.pdf>.