



## NEW VOUCHER REPORT REPLICATES FLAWS OF PREVIOUS ANALYSIS



In 2016, EdChoice, formerly the Friedman Foundation, released a [report](#) that claimed to estimate the impact of voucher-like programs on education budgets. A National Education Policy Center [think tank review](#) by Fellow [Luis A. Huerta](#) and Steven Koutsavlis of Teachers College-Columbia University identified serious flaws with the methodology.

Recently, EdChoice released [another report on the same subject](#). In this newsletter, Huerta and Koutsavlis make the case that the new analysis suffers from the same methodological flaws as the earlier report.

### **Review of Fiscal Effects of School Vouchers: Examining the Savings and Costs of America's Private School Voucher Programs**

*By Luis Huerta and Steven Koutsavlis*

EdChoice, formerly the Friedman Foundation, released a report that purports to estimate the fiscal impact of voucher-like programs on state and local education budgets.<sup>1</sup> The report was authored by Martin Lueken, who wrote a similar report in 2016, focused on tuition tax credits.<sup>2</sup> We reviewed that earlier report<sup>3</sup> and found a flawed methodology and unsupported assumptions, so we took a look at the recent report, with an eye toward determining whether the analyses have improved. They have not.

Like the earlier effort, the new report argues that vouchers can produce substantial savings due to “switchers”— students enticed by the voucher to move from public to private schools. Fiscal savings result from a switch, if the public cost of a voucher is less than the

marginal amount spent to pay for a public school student. On the other hand, the public coffers suffer a fiscal hit if the voucher is used by a student who would have attended the private school even without the enticement of a voucher.

The report claims that a high proportion of students leaving public schools, coupled with public school variable cost offsets, results in sizable financial savings (cumulatively estimated at \$3.2 billion since the inception of the programs). We again find this implausible, due primarily to what appears to be mere speculation resulting in overestimates of the number of switchers. A true accounting of the costs and effects of private school choice must be grounded in more than guesswork, and should include more factors than those used in this report's manipulation of the available datasets. Any useful analysis of this important question requires greater precision.

### **Purported accumulated savings of voucher programs over 25 years is based on unsupported and unsupportable speculations**

The new EdChoice report examines 16 school voucher programs in nine states plus the District of Columbia, through fiscal year 2015. It makes the claim that these 16 programs saved, on average, \$3,400 per recipient. The four largest voucher programs account for 85% of the total fiscal benefits. The report makes similar claims for tax credit scholarship programs, and it estimates that together these voucher programs have saved taxpayers between \$4.9 and \$6.6 billion since their inception.

By all indications, this report considerably overestimates the number of "switchers" within these various programs. Further, the report's calculation of public school variable costs is not transparent (i.e., which expenditures were included), making it impossible to confirm or replicate the calculations.

As an example of why speculative guesses are problematic, consider the fact that only two of the 16 voucher programs analyzed in the report explicitly prohibit participation by students previously enrolled in private schools. All other programs extend eligibility to children who were previously enrolled in private schools, allow enrollment at kindergarten, or delineate other criteria that extends eligibility to students who might have chosen private school even without the voucher enticement. Florida's McKay Scholarship for Students with Disabilities (the largest voucher program, serving 30,378 students, which accounts for more than half of the purported total net savings), extends eligibility to students entering kindergarten, yet in the report all voucher recipients were counted as switchers.<sup>4</sup> As a point of reference, the Florida Department of Education reported that kindergarten and first grade students comprised 30.4% of participating students in the Florida Tax Credit Scholarship Program (FTSCP). The FTSCP, like the McKay program, also extends eligibility criteria for students entering kindergarten (in fact, it adds eligibility to students entering first grade). Claiming that 100% of students participating in such voucher programs are public school switchers results in a gross over-estimate of public-coffer savings.<sup>5</sup>

## Guidance for policymakers requires better data and complete analysis

The report's use of reliable peer reviewed research literature is limited. The rationale for the methods calculating net fiscal impact draws explicitly from previous reports published by EdChoice.<sup>6</sup> Except for data-source notations, virtually all of the 45 endnotes reference school choice advocacy organizations. This ignores a large body of independent research on the costs and the outcomes of school choice. In fact, we already thoroughly reviewed and challenged the literature drawn upon in this new report,<sup>7</sup> since the author cites the same problematic studies as he did in 2016.<sup>8</sup>

The report is also marred by the absence of a calculation of cost effectiveness. As Belfield<sup>9</sup> notes in his review of a report trumpeting the Louisiana Scholarship Program, “maintaining a program because it saves money loses considerable force if the program is not effective.” The current report makes no effort to weigh cost effectiveness, vaguely claiming that “most random assignment studies examining test scores find that private school voucher programs help improve students’ academic performance, especially over time.”<sup>10</sup> But this misrepresents the voucher research, which is vastly less conclusive and far more nuanced on student achievement effects.<sup>11</sup>

The adoption of a program must be predicated on valid data and public accountability measures that hold publicly funded private schools to the same standards as public schools. Unfortunately, voucher and tuition tax credit programs often expressly prohibit or limit the ability of the government to administer standard oversight and accountability measures. For instance, less than half of all voucher-like programs require private schools to administer student achievement tests.<sup>12</sup> As tempting as it may be to fill the information vacuum with reports like those from EdChoice, there is no benefit to doing so. The findings are more misleading than illuminating.

### NEPC Resources on Vouchers

The National Education Policy Center (NEPC), housed at the University of Colorado Boulder School of Education, produces and disseminates high-quality, peer-reviewed research to inform education policy discussions. Visit us at: <http://nepc.colorado.edu>

## Notes and References

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- 1 Lueken, M.F. (2018). *Fiscal effects of school vouchers: examining the savings and costs of America's private school voucher programs*. EdChoice. Retrieved November 1, 2018, from <https://www.edchoice.org/wp-content/uploads/2018/09/Fiscal-Effects-of-School-Vouchers-by-Martin-Lueken.pdf>
- 2 Lueken, M.F. (2016). *The tax-credit scholarship audit: Do publicly funded private school choice programs save money?* EdChoice. Retrieved July 27, 2017, from <http://files.eric.ed.gov/fulltext/ED570441.pdf>
- 3 Huerta, L.A., & Koutsavlis, S. (2017). *Review of "The tax-credit scholarship audit: do publicly funded private school choice programs save money?"* Boulder, CO: National Education Policy Center. Retrieved October 26, 2018, from <https://nepc.colorado.edu/thinktank/review-tax-credits>
- 4 Concerning programs that do not provide such data or do not have pre-enrollment requirements, switcher data is gleaned and estimated from other studies not part of this analysis.
- 5 This methodology may not account for other factors that may influence private school enrollment growth, or adequately consider the nature of new kindergarten enrollees. See extended discussion in Huerta & Koutsavlis (2017).
- 6 Aud, Susan L. (2007). *School choice by the numbers: The fiscal effect of school choice programs, 1990-2006, School choice issues in depth*. Indianapolis, IN: Milton & Rose D. Friedman Foundation. Retrieved July 29, 2017, from <https://www.edchoice.org/wp-content/uploads/2015/09/Education-by-the-Numbers-Fiscal-Effect-of-School-Choice-Programs.pdf>;  
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- 9 Belfield, C.R. (2016). *Review of "Squeezing the public school districts: the fiscal effects of eliminating the Louisiana scholarship program and The fiscal effect of eliminating the Louisiana Scholarship Program on state education."* Boulder, CO: National Education Policy Center. Retrieved July 12, 2017, from <https://nepc.colorado.edu/thinktank/review-louisiana>;  
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- 10 Lueken, M.F. (2016). *The tax-credit scholarship audit: do publicly funded private school choice programs save money?* EdChoice. Retrieved July 27, 2017, from <http://files.eric.ed.gov/fulltext/ED570441.pdf>, p.5
- 11 See Rouse, C.E. & Barrow, L. (2009). School vouchers and student achievement: Recent evidence and remaining questions. *Annual Review of Economics* 1, 17-42, 38-39;  
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- 12 In 2015, only 14 of the 26 voucher programs in operation require private schools that accept voucher students to administer statewide or other assessments (five programs require nationally norm referenced tests). In addition, only 19 of the 30 tuition tax credit programs in operation require private schools that accept tuition tax credit scholarships or deductions to administer statewide or other assessments. And lastly, 4 out of 5 education savings account voucher programs (Arizona, Florida, Mississippi, Nevada, and Tennessee) require private schools that accept education savings account voucher students to administer statewide or other assessments.

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