The Fiscal Impacts of Expanded Voucher Programs and Charter-School Growth on Public Schools: Recommendations for Sustaining Adequate and Equitable School Finance Systems

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Executive Summary

The U.S. Department of Education has projected nationwide enrollment declines over the next 10 years. Because per-pupil federal and state funding is based on enrollment, school districts experiencing enrollment declines will also experience budget cuts, which will be especially impactful in urban and rural areas serving the most vulnerable student populations. In such cases, districts can reduce long-term costs by closing schools and reducing personnel. However, identifying short-term savings will be more challenging, particularly since many districts are also transitioning from reliance on federal COVID-19 stimulus funds. Although survey data show that many superintendents and principals made short-term investments (such as hiring temporary staff, running summer or after-school programs, or making capital improvements), federal policymakers encouraged local leaders to backfill budget shortfalls their districts faced at the start of the pandemic. Thus, in the absence of any major new state funding, both enrollment declines and the end of federal stimulus funds mean that many school districts must now make difficult decisions about cutting expenditures.

This fiscal context is crucial to understanding the current expansion of voucher programs and charter schools. Rather than commit new funding for district-run K-12 schools, many state legislators have instead invested heavily in this school-choice expansion of vouchers and charter schools. In 2023, lawmakers in nine states adopted voucher-expansion legislation, and many states have expanded charter school authorizations as well, despite limited enrollment growth. This brief seeks to draw policymakers' attention to the connections between decreasing school enrollment, school privatization, and public school funding cuts.

Research shows, for example, that charter school growth and voucher programs have negatively affected traditional public school financing. Meanwhile, a network of philanthropists and wealthy donors have reshaped the political economy of school finance, advocating for school voucher policies, charters, and privatization in the face of declining public school enrollments.

Given the current education policy context facing traditional public schools, sustaining adequate and equitable school finance systems will require bold actions from local, state, and federal policymakers. Some of these actions should directly address the funding of traditional public schools to help reduce the fiscal harms of voucher and charter growth. Other actions should attempt to level the playing field, requiring charter schools and private schools receiving voucher funding to abide by the same core rules and regulations as do traditional public schools. Based on this analysis and the review of recent policy developments, therefore, we recommend the following steps at four different levels of governance:

U.S. Department of Education:

- Fully enforce protections of the Individuals with Disabilities Education Act (IDEA) in the charter school sector, which provide due process rights for families including manifestation determination reviews for suspension/expulsion and ensuring children with disabilities have access to a free and appropriate public education in the least restrictive environment.
- Enforce states' compliance with the U.S. Department of Education's Charter School Program by requiring fiscal transparency, oversight, and accountability in their administration of program funds.

State Legislatures:

- Provide enrollment stabilization funds or "hold harmless" provisions for districts experiencing enrollment declines; include expiration dates for all hold harmless provisions.
- Include robust anti-discrimination provisions in statutes creating voucher programs, such as prohibiting the denial of students based on race/ethnicity, sexual orientation, disability, and other identity markers.
- Adopt separate legislation to require private schools receiving taxpayer subsidies to provide the protections of the federal Individuals with Disabilities Education Act.
- Adopt legislation preventing taxpayer-funded schools, including charter schools and private schools, from avoiding or disenrolling students perceived as "less desirable," whether because of prior academic performance, disability status, or membership in a particular demographic group.
- Require private school students to take standardized state tests and require the public reporting of student test scores.
- Fund and promote research to analyze trends in the school-aged population across the state and in key regions to inform school finance and charter and voucher expansion

policies and oversight. Then limit the amount of expansion that can take place based on expected housing and enrollment changes, and review choice programs each year.

State Agencies and Departments:

- Require fiscal transparency for federal Charter School Program grantees, including the source and spending patterns for all capital and operations funding; establish procedures that require noncompliant grantees to immediately and transparently implement corrective actions.
- Collect data on voucher usage and private school tuition rates, especially which students use the program (including their demographics and program classifications), how many students switch from public schools, how much money is allocated, how long students remain in the program, and the extent to which private schools alter tuition rates following the introduction of voucher program expansion.
- Conduct annual and real-time analyses examining how choice programs affect special education enrollment trends as well as other enrollment classifications and demographic indicators.
- Collect the enrollment trend and financial impact data and secure the expertise necessary to conduct analyses of how charter and private schools are impacting traditional public schools, including their financial viability and their ability to provide high-quality education programs for their students.

School Districts:

- Communicate regularly with state legislators and the public about their fiscal realities by publishing district reports about fiscal health; be transparent about school budgets and other data; directly advocate for the district with stakeholders and policymakers; and undertake broad informational outreach to publicize school district fiscal health, enrollment levels, school budgets, and data—including the impact of charter schools and/or vouchers on tax revenues.
- Advocate for state policies that support adequate and equitable funding, such as short-term enrollment stabilization funding, levy or tax base equalization, and student funding weights or categorical programs that drive more funds to students based on need.

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II. Introduction

Education represents a significant expense to U.S. taxpayers, who invest over one trillion dollars each year to support a free public K-12 school system.[1] Research shows this investment provides immense benefits to society, including nurturing generations of well-informed citizens, culturally thriving communities, and productive workers.[2] Over the past 50 years, states have substantially expanded funding for public schools, and a large portion of new funding has been targeted at higher-poverty school districts, where financial investments in education tend to have the most significant benefits.[3]

However, districts face several fiscal challenges moving forward. The U.S. Department of Education has projected declining school enrollments nationwide over the next 10 years, through 2035, citing fewer school-age children in the population and reductions in immigration.[4] Because federal and state funding is allocated on a per-student basis, districts with declining enrollment will face lower budgets.[5] Over the past two decades, declining enrollment has disproportionately impacted schools located in urban and rural higher-poverty areas, including schools enrolling a greater number of Black, Latine, Indigenous, and other students of color.[6]

While states have looked for ways to help districts address enrollment shifts, state legislators have also introduced policies that exacerbate enrollment decline and its fiscal impact.[7] In 2023, as many as nine states advanced legislation to support school vouchers or voucher-related policies, such as education savings accounts or tax credit scholarship programs.[8]

Vouchers provide families with a publicly funded grant to pay for a child's private school tuition. Education savings accounts are similar, except that funds can be used for other private school expenses. Tax credit scholarships provide individuals, households, and businesses a tax credit (or deduction) in return for a donation to a private school scholarship granting organization (SGO)—which then grants students private school scholarships. In most cases, voucher policies cover only a portion of the cost of private school tuition, with families expected to make up remainder.[9] In Georgia, for example, the state's policy (the Qualified Education Expense Tax Credit, or QEEC) provides $4,400 per student, and private school tuition ranges from $4,250 to about $22,575.[10] Research shows that conventional vouchers, education savings accounts, and tax credits and deductions, collectively referred to as voucher policies, can have negative consequences for public school systems.[11]

States have also advanced policies in recent years that support growth in the charter school sector.[12] Charter schools are publicly funded but privately managed and tuition-free. Since their inception in the early 1990s, charter schools have increased enrollments annually. Growth in the sector during the post-pandemic period has been led by virtual charters, which engaged in extensive marketing during the pandemic[13] and have benefitted from recent state legislative reforms.[14]

Meanwhile, traditional local public school districts across the country—which state constitutions have explicitly established to serve all children in a community[15]—have recently been facing budget challenges in large part because of declining enrollments. While declining enrollments due to falling birth rates sometimes require districts to make such structural changes as school closures or reorganization, some enrollment pressures result from specific state policy actions and thus require state policy responses. For example, to the extent that recent charter and voucher policies have negatively impacted school districts, state and federal policymakers share responsibility with local district leaders to ensure students' educational opportunities are not disrupted. Understanding how charter and voucher policies influence school district enrollment and finance, and identifying action steps for local, state, and federal policymakers, is critical for providing stable learning environments for all students. Education leaders would benefit from greater understanding of the recent growth in school choice policies across states and how those policies may impact public school finance systems.

Responding to this urgent need, this brief synthesizes research on the fiscal impacts of charter and voucher school policies on public school systems. It then provides a snapshot of recent developments, including the influx of voucher policies—often promoted by large philanthropic donations and messaging campaigns. Based on this analysis and in light of recent policy developments, the brief concludes by offering school district leaders, as well as state and federal policymakers, specific recommendations for sustaining adequate and equitable public school finance systems.

III. Research on the Fiscal Impacts of Charter Schools and Privatization

Charter schools and privatization primarily impact the finances of traditional public schools by reducing their enrollments; private school voucher programs can also lower overall state tax revenues funding traditional public schools. Both policies create additional education costs by supporting a parallel education system requiring additional school buildings and infrastructure and potentially duplicating some services.[16] Research has documented negative effects of these policies on traditional public school finance and district fiscal health.

Public School Funding in the Context of Declining Enrollments

State and federal funding for K-12 education is distributed on a per-student basis, so declining enrollment implies that a school will receive less overall funding as enrollment declines. In theory, a school district with declining enrollment can reduce the number of personnel and other services to reduce cost and offset funding reductions.

However, studies show that as enrollment declines, districts are not able to reduce spending at the same rate as they lose funding.[17] While districts can reduce long-term costs by cutting personnel and closing schools, they can struggle to identify short-term savings from gradual shifts in enrollment.[18] For example, if a district loses one or two students at each of its 20 elementary schools, it may not save any money at each school since one fewer student does not reduce the need for a given number of teachers, staff, or services. However, at the district level, the total decline of 20 to 40 students would cause a significant loss in revenue. In fact, an analysis of districts in Michigan identified declining enrollment as among the strongest predictors of districts entering financial distress.[19] And this pattern of districtwide enrollment decline without obvious ways to reduce costs at any school site is a common problem.[20] Some researchers have termed this phenomenon "indivisibilities," a situation in which the cost of providing a given set of educational services remains constant over a certain enrollment range.[21]

In short, the reduction in cost associated with losing one student is small compared to the reduction in state and federal per-pupil funding. Over time, a district can restructure to reduce costs, but the transition involves periods of time when expenditures often exceed revenues.[22]

Fiscal Impacts of Charter Schools on Traditional Public Schools

Given the negative impacts of enrollment declines on school district fiscal health, researchers have studied how the addition of charter schools into a region impacts traditional school district enrollment and finance trends.[23] Most studies identify reductions in per-student spending and negative effects on district financial health, while a few studies find increases in instructional spending or teacher salaries in traditional public school districts.[24] Differences in findings are closely related to varying state policy contexts, especially whether states provide "hold harmless" or transitional aid for districts with declining enrollment.[25]

For example, districts in New York and Massachusetts receive partial funding for up to three years for students who transfer to charter schools. By receiving enrollment loss stabilization funds, districts can maintain services while keeping expenditures at or below funding levels. However, even with those additional funds, the introduction of charter schools can present challenges for traditional public school districts. For example, districts in New York must pay local charter schools a per-student amount equal to current per-pupil expenditures, but that amount includes current retiree healthcare expenditures—a component of spending that districts cannot reduce.[26] While stabilization funds provide some support, districts nevertheless often struggle to reduce expenditures once the funds expire.

Where states provide no such support, charter school growth presents even greater fiscal challenges. A policy change in Pennsylvania provides a useful case study.[27] Lawmakers first added, then removed, a policy that provided districts with 30% reimbursement of funding lost because of charter school enrollments. An analysis of the policy changes found that before stabilization funds were available as well as after they were removed, districts experienced reduced spending and lower student achievement. Those negative impacts were largely attenuated, however, during school years when stabilization funds were available. Two studies in Michigan, a state that similarly provides no charter enrollment stabilization funding, found that traditional school districts there also suffered negative financial impacts from charter school growth.[28]

The introduction of charter schools can alter the cost of meeting academic outcomes for traditional public schools.

More broadly, the introduction of charter schools can alter the cost of meeting academic outcomes for traditional public schools. By enrolling fewer students who receive costly special education services, for example, charter schools increase the proportion of students with disabilities served within the traditional public system.[29] Some evidence suggests that charters engage in "cream skimming," taking measures to attract and retain more academically prepared students. One study found that charter schools became more likely to enroll students who were low-income only after the state implemented a new finance system that provided more funding for those students, suggesting that charters respond to state finance incentives for how different students are funded.[30] Analyses of the fiscal impact of charter schools on traditional public schools must therefore consider not just changes in funding, spending, and fiscal health as discussed above, but also changes in amount and quality of services provided and in the educational outcomes achieved.[31]

In summary, extant research indicates that charter school enrollment growth typically reduces traditional public school enrollments and alters the composition of the student population. Thus, by leveraging strategies to enroll the most able and academically prepared students from traditional public schools, charter schools can increase the cost for helping remaining students attain a specific outcome. Moreover, charter school growth requires duplicating some services provided in the traditional setting, increasing the overall cost of education across sectors. Past studies provide important lessons for state policymakers, especially related to reimbursement or transitional aid to support districts with declining enrollment.[32]

Fiscal Impacts of Voucher Policies on Traditional Public Schools

Vouchers can affect traditional public schools in multiple ways: channeling state funds to private schools when the same funds could be used to invest in public schools, causing enrollment shifts in the public sector, and influencing adult behaviors within public schools.[33] Over the past decade, the number of students accessing vouchers has approximately tripled nationally, leading to commensurably large increases in public funding for private schools.[34] A recent analysis of longer-standing voucher programs in seven states found that all seven had doubled public spending on voucher programs over an 11-year period from 2008 to 2019, with most spending hundreds of millions per year by 2019.[35] Over the same period, those states invested less in their traditional public school systems compared to all other states on average. That report highlights Arizona and Florida in particular, which experienced declines in public education spending of 5.7 and 12.0 percent, respectively, while increasing spending on voucher programs by 270 and 313 percent. The study does not draw a causal link between state investment in voucher programs and state divestment in public education, but the pattern reveals a shifting in funding priorities, whether explicit or not. In short, one key mechanism through which vouchers influence school district finances is by altering state fiscal priorities, transferring public funding to private schools.

Studies show this large transfer of public funding to private schools does not result from parents switching from public to private schools.[36] Instead, parents already enrolling their children in private schools—usually a wealthier, more economically advantaged population—frequently use vouchers to pay less tuition themselves, shifting the cost of private school tuition from families to taxpayers.[37] This pattern directly contrasts with the claims of some state legislators and advocates, who have argued that private school vouchers could save states money.[38] Voucher programs may reduce state education expenditures if they encourage public school families to move their children from a public school to a private school and those families are able to pay for any difference between private tuition and the voucher rate.[39] However, the extent to which this takes place in practice is unclear. Prior enrollment status for voucher users is a key factor: Potential savings depend upon the "switcher rate"—the proportion of voucher users who would otherwise attend public schools. This rate is difficult to estimate with certainty because families may switch sectors for reasons unrelated to voucher availability. Voucher programs with more stringent eligibility criteria (such as a requirement that students must have been enrolled in a public school prior to receiving a voucher, or must meet certain income thresholds, or must live near a public school with a lower test-based accountability rating) are more likely to have a higher switcher rate and thus are more likely to generate savings. More universal voucher programs with fewer eligibility criteria will generally have a lower switcher rate, since they can be accessed by current private school students—which, as noted earlier, is often known to be the case.[40] Universal programs therefore result in lesser savings for states and instead simply transfer public education funding to private school families, reducing support for traditional public school districts.

School voucher advocates argue that vouchers have indirect fiscal impacts on school districts, through increased competition that will lead to improvements within traditional public schools.[41] But research has not specified the mechanisms for how this would work. For example, advocates refer vaguely to economic theory and competition by suggesting that "vouchers are also thought to improve the school's production technology by breaking its monopoly on enrollment, which forces them to compete in a market for students"[42] or that schools could alter their "policies, practices, or effort . . . improving the educational quality that they offer in order to maintain their clientele."[43] A 2021 treatment of the subject acknowledges that "schools must respond to increased competition in ways that improve their students' academic achievement," but fails to say how this happens other than by making "substantive changes to curriculum or facilities."[44] Simply put, there does not exist in the literature any clear articulation of how external competition will make educational professionals more effective at their jobs.[45]

Competition may also lead to negative, unintended consequences. Economic theory often used to promote vouchers also assumes that influences and processes operating in a competitive marketplace apply to schools. In particular, economic theory assumes that schools produce clearly defined "products," or outcomes, as in manufacturing.[46] However, schools produce a multitude of outcomes beyond academic learning and test scores. For example, critics of vouchers argue that under threat of losing students, schools with low test scores will focus more on increasing test scores at the expense of other important aims, such as socioemotional learning, development in the arts, or mental health. Or educators may engage in other problematic behaviors in response to voucher competition. Studies of the Florida voucher programs found that public schools with a greater number of voucher-accepting private schools in a close vicinity were more likely to classify students into multilingual learner status—so that their test scores would not automatically qualify them for voucher eligibility.[47] In short, school vouchers can indirectly affect the finances of traditional school districts by changing the incentive structures for particular outcomes, such as standardized test scores, but whether and how competitive forces make traditional public schools more effective is not immediately clear from the available literature.[48]

In short, voucher policies' primary impact is to move taxpayer money or benefits away from public schools and into voucher programs, with no assurance of any savings or improved efficiency or outcomes.

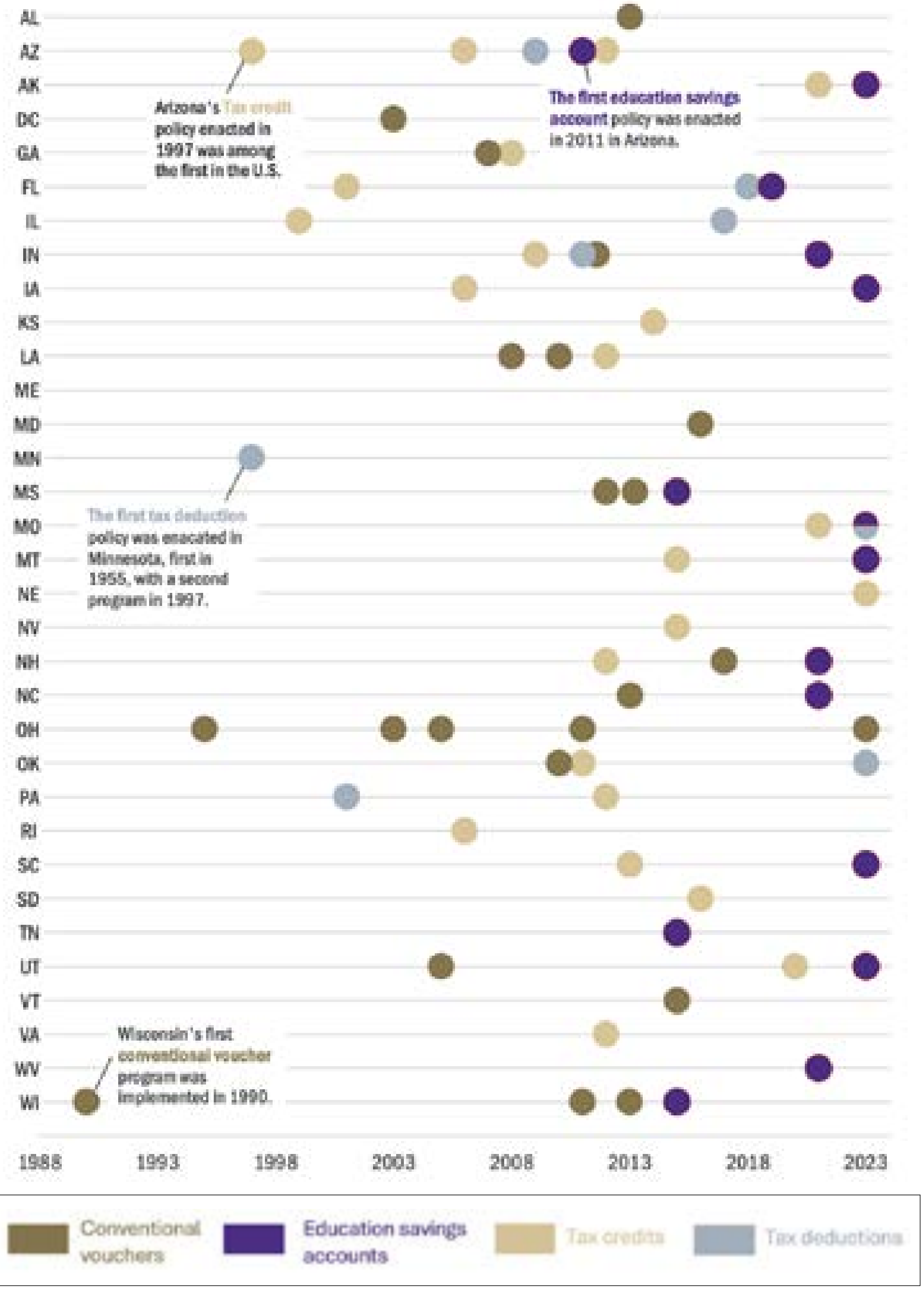
IV. Recent Developments

The pandemic shifted K-12 enrollment trends, and many states and school districts have faced significant financial impacts of enrollment declines for several years; in some cases those trends predate the pandemic.[49] And now, schools are also transitioning out of reliance on federal COVID-19 stimulus funds, which expired at the start of the 2024-2025 school year. While survey data show that many principals made short-term investments such as hiring temporary staff, running summer or after-school programs, or making capital improvements, federal regulators encouraged school leaders to backfill budget holes districts faced at the pandemic's start.[50] Therefore, in the absence of any major new state funding, many school districts are facing fiscal challenges from external policy shocks over which they have little control. Rather than making significant new investments, however, many states have instead expanded voucher and charter school policies.

A Scan of Voucher Policies

To better understand recent growth in voucher policies over time, we conducted a policy scan across the 50 states and U.S. territories.[51] Figure 1 shows the general trajectory of different voucher policies from 1966-67 to 2023-24, highlighting the notable growth over the past decade. The figure shows slow growth of conventional school vouchers, tax credits, and tax deductions in the 1980s and 90s, and more rapid growth beginning in the 2000s. The graph shows continued increase in voucher policies through 2023-24, including the addition of education savings accounts beginning in 2011.

FIGURE 1
Timeline of Recent Voucher Policies Among U.S. States, 1989-1990 to 2023-2024



Source: Authors' calculation based on policy scan. Note: Tax credits and tax deductions refer specifically to income tax credits or deductions that households may claim by incurring private school expenses or making donations. Our policy scan determined there are no current voucher policies in: CA, CO, CN, DE, HI, ID, KY, MA, MI, NJ, NM, NY, ND, OR, TX, WA, WY, American Samoa, Guam, Puerto Rico, or the U.S. Virgin Islands.

FIGURE 2

Number of Voucher Policies Among U.S. States and Territories by Voucher Policy Type, 2023-2024

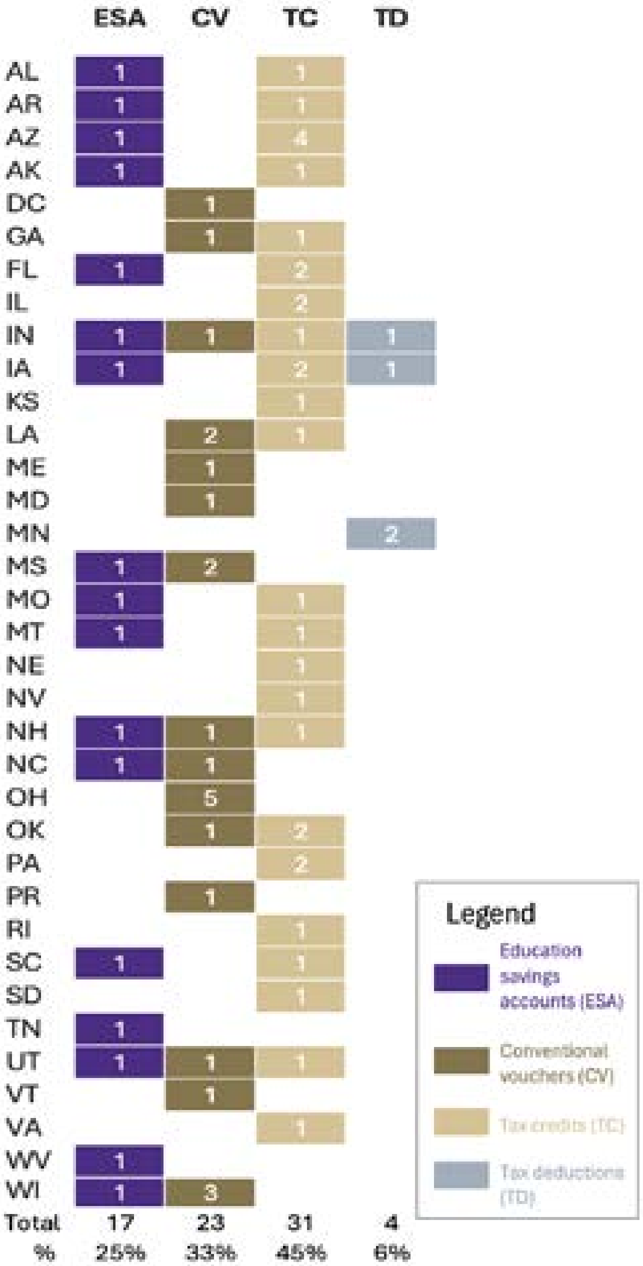


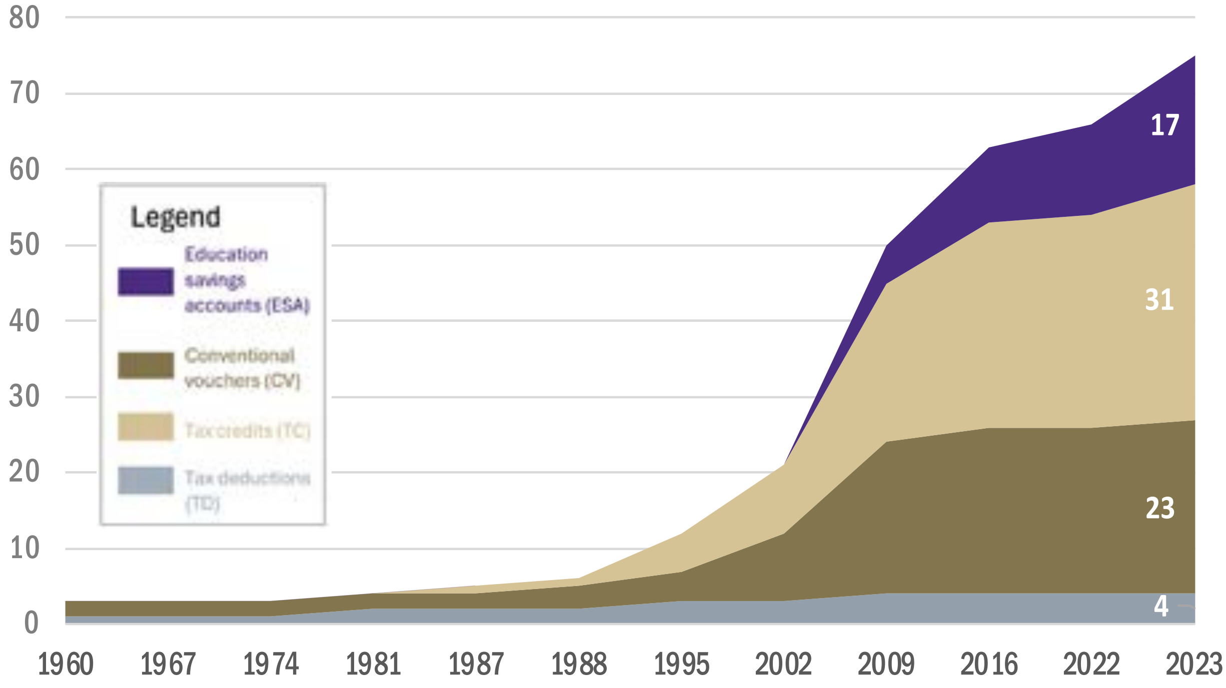
Figure 2 shows a more detailed timeline of recent voucher policies among U.S. states, 1989-1990 to 2023-2024.[52] As noted, fewer voucher policies were passed in the 1990s, while a noticeable increase began around 2000 and again in 2011. The figure also indicates that while many different states adopted voucher policies, several states that passed voucher laws in recent years already had some form of a voucher policy. For example, many states that added Education Savings Accounts in recent years, such as Arkansas, Indiana, and Nevada, already had other voucher policies in place. Some 18 states (including California, New York, and Texas) have no voucher policies in place, while others are clearly active proponents. Nationwide, just 33 states have 70 school voucher policies in 2023-24. Figure 2 also highlights education savings accounts as a relatively recent addition, with Arizona enacting the first, its Empowerment Scholarship Accounts program, in 2011. Education savings accounts have grown considerably since then: They appear in a total of 15 states, representing just under half of all states (and Washington, DC) with at least one voucher policy. Voucher growth has continued since 2000 when the trend emerged, particularly in the 2023 legislative session, when a total of eight new voucher policies were enacted.

Source: Authors' calculation based on policy scan. Note: Numbers in each box refer to the number of active policies for each voucher policy type. We identified no voucher policies in the following states or territories: CA, CO, CN, DE, HI, ID, KY, MA, MI, NJ, NM, NY, ND, OR, TX, WA, WY, American Samoa, Guam, or the U.S. Virgin Islands.

Finally, Figure 3 includes an aggregate count of voucher policies by type over time. The most common are tax credits, which exist in almost half (22) of all U.S. states. A total of 28 tax credit programs are active, with several states operating multiple programs. The next most common policy is conventional school vouchers, with 15 states operating 23 programs. Despite their more recent appearance, education savings accounts are also widespread, operating in 15 states. Tax deductions are less common, with a total of four programs across three states. Appendix Figure A1 shows the percent of student enrolled by sector including traditional public, magnet, charter, and private, for every U.S. metropolitan area. The figure demonstrates wide variation in public school participation across geographies, ranging from less than half of all enrolled students in some cities, to well over 90 percent in others.

FIGURE 3

Number of Voucher Policies Among U.S. States, 1963-1964 to 2023-2024



Source: Authors' calculation based on policy scan. Numbers indicate total voucher policies as of 2023-24 (n=75)

Overview of Charter School Policies

As with voucher policies, many states have recently expanded laws supporting charter schools, even as the number of school-age children in many states declines. In Texas, 2023 legislation increased the charter school cap, and major charter management organizations responded quickly with plans to expand.[52] The state requires charter networks to maintain certain performance thresholds to open new schools; however, a *ProPublica* investigation revealed that the education commissioner waived expansion requirements on at least 17 occasions in recent years, leading to the expansion of charter networks with underperforming schools.[53] In 2021, Iowa, West Virginia, and Wyoming created statewide charter school authorizers, allowing parties to bypass approval from local school boards to create new charter schools.[54] Since then, two of those states, Iowa and Wyoming, have advanced further legislation to channel additional state revenues to charter schools.[55] North Carolina similarly shifted charter authorizing authority from its state school board to the newly created Charter School Review Board, consisting of appointed members. That board has the authority to approve charters that were previously denied. The new board has already approved some charter school applications the state board had rejected based on poor academic performance.[56] Colorado legislators have approved a new mechanism for charter school management organizations or other charter school leaders to access funds for building construction, and several other states have recently enacted similar construction policies.[57]

In contrast to both the private school sector, where enrollment was stable during the pandemic period, and the public sector, where enrollment declined, the charter school sector experienced significant enrollment growth during the pandemic period, especially among cyber charter schools. Several researchers have noted concerns about growth among online charter schools given their poor track record for student outcomes and extensive marketing efforts.[58] According to the National Alliance of Public Charter Schools (NAPCS), a trade organization that promotes charters, U.S. enrollment in charter schools increased by nearly 9% (about 300,000 students) from 2019-2020 to 2022-2023, while traditional public school districts experienced a 3.5% decline in enrollment (1.5 million students) over the same period.[59] Many of the states experiencing the largest increases in charter school enrollment, including Texas, New Mexico, Iowa, North Carolina, and New Jersey, passed significant legislation to support this expansion.

In summary, over the past decade, states have expanded policies supporting both school vouchers and charter schools. Rather than rethinking this approach during the COVID-19 pandemic, many states have continued passing additional laws even as their traditional public school sectors struggle with transitioning out of the pandemic. Unregulated expansion of costly school voucher programs and charter schools funded with public resources will create continuing fiscal challenges for both state governments and local school districts.

V. Discussion and Analysis

Federal Rulemaking

The Department of Education in 2022 proposed new rules for the federal Charter School Program, which provides up to $440 million per year to support new and existing charter schools.[60] The changes would have required that new charters conduct an “impact analysis” on how they would affect enrollment and finances in nearby traditional public school districts. The new rules would have also prevented grants from being awarded to for-profit charters, which make up roughly 10 percent of charter schools.[61] However, substantial lobbying from charter advocates helped soften the new provisions. As adopted, the rules no longer require analysis of community impact but instead require a report on community needs. In practice, this means that charter applicants can simply demonstrate community need via charter school parent waitlists without concern for their impact on existing traditional schools.

A string of U.S. Supreme Court decisions has limited the federal government's ability to regulate voucher programs. In *Zelman v. Simmon-Harris*, the court determined that the Cleveland Scholarship Program, which provided students from low-income families with scholarships for private schools, did not violate the Establishment Clause since parents were provided with a range of secular and religious private school options.[62] While the Cleveland program required that private schools accepting vouchers not discriminate based on race, ethnicity, or religion, it did not include protections for students with disabilities. In several other cases, including *Espinoza v. Montana Department of Revenue* and *Carson v. Makin*, the court solidified the legality of tax credit-funded vouchers for private religious schools that are permitted to discriminate based on student disability, sexual orientation, or other background characteristics.[63] These rulings limit the federal government's ability to ensure that voucher laws do not violate federal protections for students pertaining to disability, sexual orientation, or other protected classes under the equal protection clause of the 14th Amendment.

State-Level Policy Problems

Many of the fiscal challenges that school district leaders face today are outside their control and therefore need to be addressed at the state level. State legislators can play a key role by identifying concerns early and building consensus about how school enrollment and finance issues related to demographic and enrollment changes can best be addressed. As detailed in this brief, many states and metropolitan areas are likely to see enrollment declines, even as those same states advance school choice and voucher policies. Being proactive gives legislators the opportunity to prioritize policies that support equitable funding while also paying close attention to the fiscal impact of any current or potential school choice policies.

State education agencies play a key role in ensuring adequate oversight over the charter sector, especially as it relates to growth and adherence to state and federal laws. Many states currently require charter expansion to be strategic and mindful of community needs and impact.[64] However, in general they do not collect sufficient data—particularly from charters or private schools—to assess the impact of choice policies on the finances and educational programs of traditional public schools. Data that could inform such analyses include enrollment trends, school expansions, student outcomes, and factors that affect student experience such as class sizes, materials, facilities, and school staff compensation levels and retention rates. State education agencies may form state or regional task forces or workgroups to secure the requisite datasets and expertise to analyze enrollment trends and their finance implications.

Education agencies in states with voucher laws face transparency and reporting challenges. Families are not always aware of the services (or lack of services) offered in private schools, especially those that accept public vouchers. Moreover, studies indicate that private schools often have poorly paid staff members and high turnover, as well as outdated curriculum and pedagogical strategies. Such information is not typically available to parents.[65] No state has adopted separate legislation to require private schools receiving taxpayer subsidies to follow a set of rules akin to the federal Individuals with Disabilities Education Act (IDEA), and states only rarely and sparingly attach anti-discrimination provisions to the statutes creating voucher programs.[66] Few states require the public reporting of student test scores, and few require private school students to take standardized state tests in the first place.[67] Families with students with disabilities therefore have no recourse if they enroll their child in a private school that does not address their child's educational needs in the least restrictive environment. States implementing voucher laws have not developed effective policies for addressing transparency and reporting challenges related to the quality of private school services.

Challenges for Local School Districts

At the local level, public school districts will continue to face challenges that are the result of enrollment decline and school choice expansion. Districts may benefit from community audits and studies to evaluate enrollment changes across the district and to help strategize school construction or renovation. Traditional public schools can also help explain to policymakers and community members how enrollment declines coupled with the expansion of school choice will impact their ability to provide high-quality education.

The New Political Economy of Voucher Policies and Charter Schools

Ideological individuals and philanthropies have had an outsized influence in promoting choice policies such as vouchers and charter schools.[68] Researchers identify three primary mechanisms through which philanthropists influence voucher and charter school policy: (1) through support for policy advocacy couched as research and related information campaigns, including lobbying and news media; (2) through contributions to state legislator and school board election campaigns[69]; and (3) through direct support of charter school organizations and private schools.[70] Much of the research on vouchers and charter schools is funded by right-leaning think tanks such as Walton Foundation, Cato Institute, Broad Foundation, Fordham Institute, and others that are strong school choice advocates.[71] These organizations are often networked with other organizations whose lobbying arms then use such research to promote specific policies.

The interests of school choice advocates are not always aligned. The Charter Schools Now PAC, for example, made significant donations to legislators in Texas who voted against school vouchers.[72] In some cases, charter school advocates may be more aligned with traditional public schools, since both are negatively impacted when public funds are made available for private school tuition. Meanwhile, some advocacy groups for religious schools aim to prevent private school voucher expansion, out of concern that public funds for private schools may reduce private school autonomy.[73] Irrespective of these tensions, the political economy of voucher and charter school policies is an important feature of policy landscape. While existing research does not draw direct cause-and-effect relationships, several reports highlight the role of privately financed public messaging and information campaigns to explain the recent expansion of voucher policies charter schools nationally.[74]

VI. Recommendations

Sustaining adequate and equitable school finance systems requires local, state, and federal action. In the longer term, educational stakeholders across all levels have significant responsibility to ensure the sustainability of the public education system. We recommend that:

U.S. Department of Education:

- Fully enforce protections of the Individuals with Disabilities Education Act (IDEA) in the charter school sector, which provide due process rights for families including manifestation determination reviews for suspension/expulsion and ensuring children with disabilities have access to a free and appropriate public education in the least restrictive environment.
- Enforce states' compliance with the U.S. Department of Education's Charter School Program by requiring fiscal transparency, oversight, and accountability in their administration of program funds.

State Legislatures:

- Provide enrollment stabilization funds or "hold harmless" provisions for districts experiencing enrollment declines; include expiration dates for all hold harmless provisions.
- Include robust anti-discrimination provisions in statutes creating voucher programs, such as prohibiting the denial of students based on race/ethnicity, sexual orientation, disability, and other identity markers.
- Adopt separate legislation to require private schools receiving taxpayer subsidies to provide the protections of the federal Individuals with Disabilities Education Act.
- Adopt legislation preventing taxpayer-funded schools, including charter schools and private schools, from avoiding or disenrolling students perceived as "less desirable," whether because of prior academic performance, disability status, or membership in a particular demographic group.
- Require private school students to take standardized state tests and require the public reporting of student test scores.
- Fund and promote research to analyze trends in the school-aged population across the state and in key regions to inform school finance and charter and voucher expansion policies and oversight. Then limit the amount of expansion that can take place based on expected housing and enrollment changes, and review choice programs each year.

State Agencies and Departments:

- Require fiscal transparency for federal Charter School Program grantees, including the source and spending patterns for all capital and operations funding; establish procedures that require noncompliant grantees to immediately and transparently implement corrective actions.

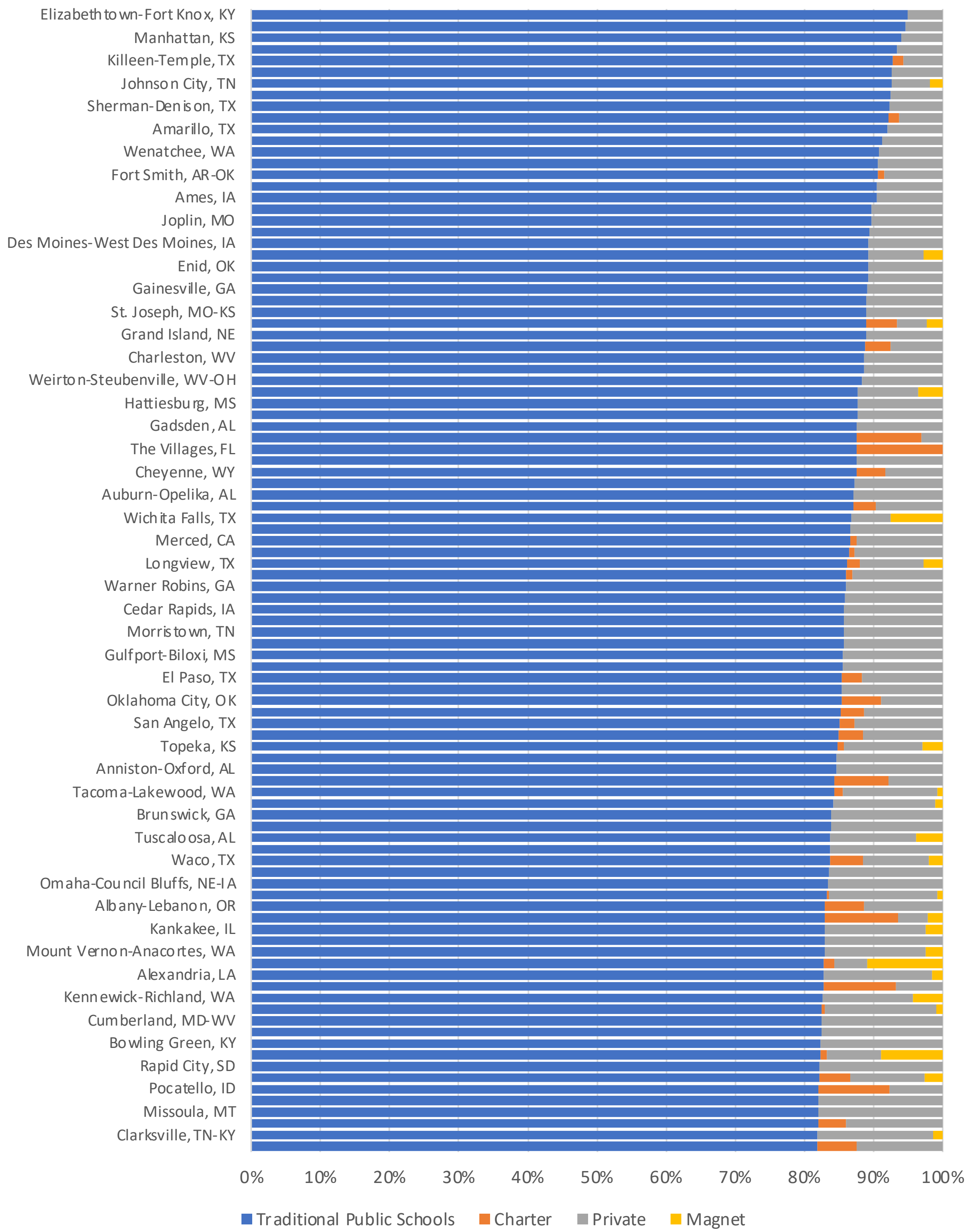
- Collect data on voucher usage and private school tuition rates, especially which students use the program (including their demographics and program classifications), how many students switch from public schools, how much money is allocated, how long students remain in the program, and the extent to which private schools alter tuition rates following the introduction of voucher program expansion.
- Conduct annual and real-time analyses examining how choice programs affect special education enrollment trends as well as other enrollment classifications and demographic indicators.
- Collect the enrollment trend and financial impact data and secure the expertise necessary to conduct analyses of how charter and private schools are impacting traditional public schools, including their financial viability and their ability to provide high-quality education programs for their students.

School Districts:

- Communicate regularly with state legislators and the public about their fiscal realities by publishing district reports about fiscal health; be transparent about school budgets and other data; directly advocate for the district with stakeholders and policymakers; and undertake broad informational outreach to publicize school district fiscal health, enrollment levels, school budgets, and data—including the impact of charter schools and/or vouchers on tax revenues.
- Advocate for state policies that support adequate and equitable funding, such as short-term enrollment stabilization funding, levy or tax base equalization, and student funding weights or categorical programs that drive more funds to students based on need.

Appendix

Percentage of Schools by Sector in All Major U.S. Metropolitan Areas, 2016-2017



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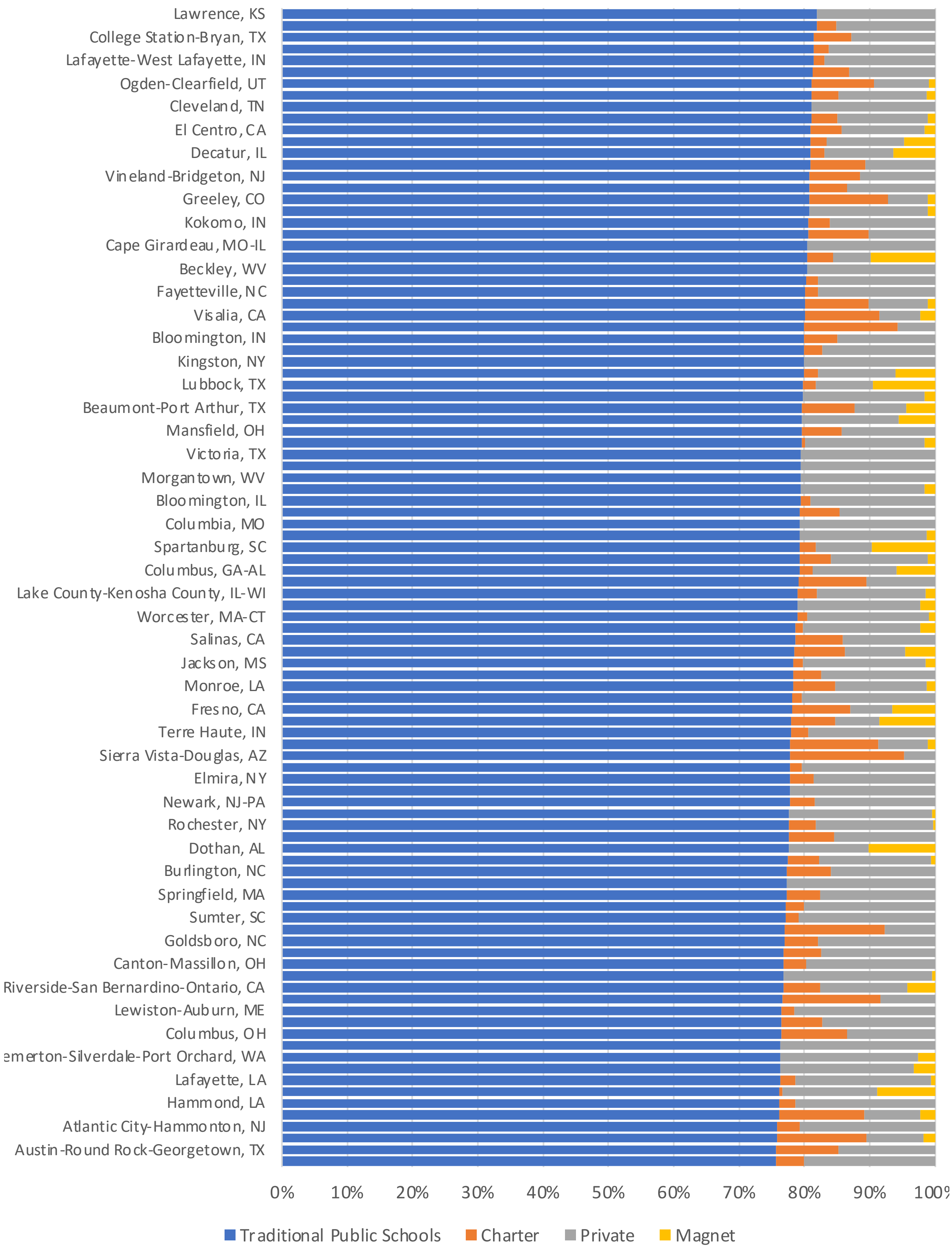

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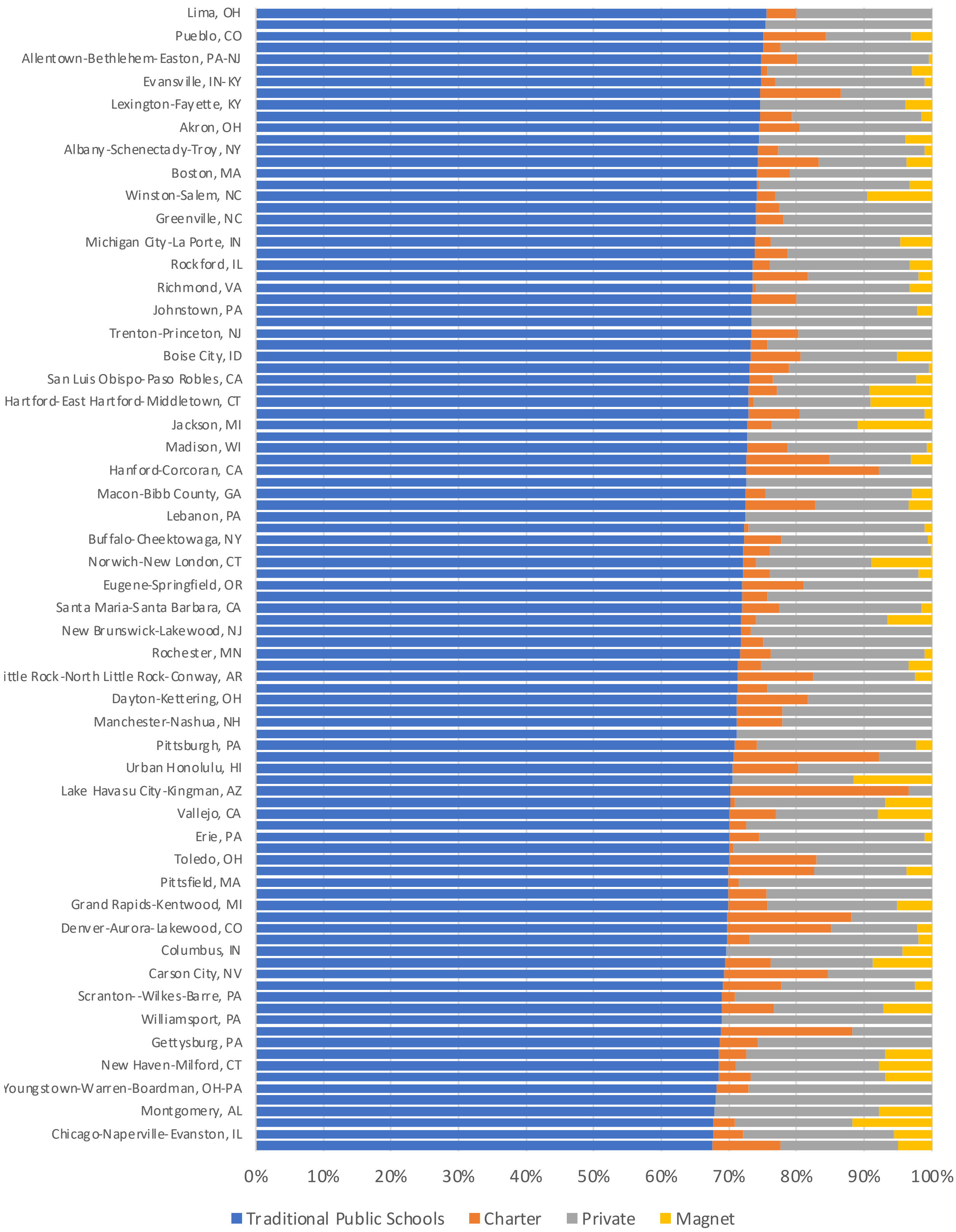

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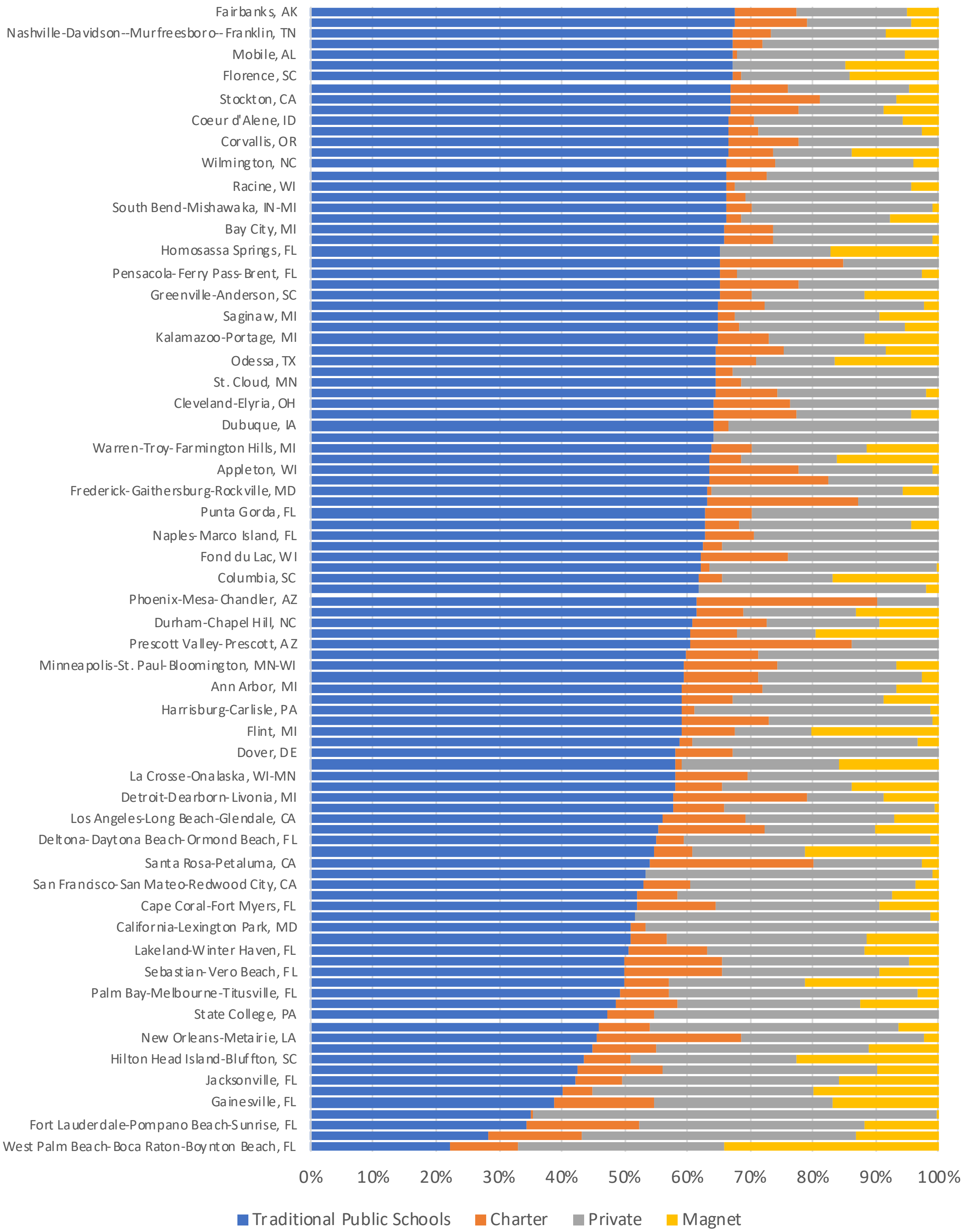

Source: Authors' calculations based on Common Core of Data, 2017-2018. Data compiled The Century Foundation (Potter, 2022). We use 2017-2018 data because this is the most recent year for which The Century Foundation compiled these national datasets.[76]

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Taylor, L.L. (2010). Competition and teacher pay. *Economic Inquiry, 48*(3), 603-620. Retrieved October 10, 2024, from https://onlinelibrary.wiley.com/doi/abs/10.1111/j.1465-7295.2008.00130.x

25 A “hold harmless” provision is a stipulation added to a legislative reform that prevents any district from experiencing reduced state funding because of a policy change. Such provisions are often useful in securing enough votes to pass legislation, where the sponsor of a legislative bill will secure votes from their colleagues by dictating in the law that all school districts will be “held harmless,” or not harmed in terms of total funding, by a policy change. Hold harmless provisions also include “enrollment hold harmless” policies, where districts do not immediately lose funding as a result of declining enrollment, and instead receive funding based on prior year enrollment figures (Presume, 2021; Roza & Jarmolowski, 2020).

Presume, R. (2021). *How temporary ‘hold harmless’ policies could save schools and districts*. EdTrust. Retrieved October 14, 2024, from https://edtrust.org/blog/how-temporary-hold-harmless-policies-could-save-schools-and-districts/

Roza, M. & Jarmolowski, H. (2020). When it comes to school funds, hold-harmless provisions aren’t “harmless.” Education Next. Retrieved October 10, 2024, from https://www.educationnext.org/when-it-comes-to-school-funds-hold-harmless-provisions-arent-harmless/

26 Bifulco, R. & Reback, R. (2014). Fiscal impacts of charter schools: Lessons from New York. *Education Finance and Policy, 9*(1), 86-107. Retrieved October 10, 2024, from https://direct.mit.edu/edfp/article-abstract/9/1/86/10177/Fiscal-Impacts-of-Charter-Schools-Lessons-from-New

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27 Mann, B.A. & Bruno, P. (2022). The effects of charter school enrollment losses and tuition reimbursements on school districts: Lifting boats or sinking them? *Educational Policy, 36*(5), 1078-1107. Retrieved October 10, 2024, from https://journals.sagepub.com/doi/epub/10.1177/0895904820951124

28 Arsen, D. & Ni, Y. (2012). The effects of charter school competition on school district resource allocation. *Educational Administration Quarterly, 48*(1), 3-38. Retrieved October 14, 2024, from https://journals.sagepub.com/doi/full/10.1177/0013161X11419654

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Although these two studies from Michigan are over a decade old, the policies for funding charter schools and supporting traditional public schools experiencing charter school induced enrollment declines has not changed

(Xu & Zarate, 2023).

Xu, Y.C. & Zarate, M. (2023). *How are charter schools funded?* National Alliance for Public Charter Schools. Retrieved October 14, 2024, from https://data.publiccharters.org/digest/charter-school-data-digest/how-are-charter-schools-funded/

29 Brunner, E.J., Imazeki, J., & Ross, S.L. (2010). Universal vouchers and racial and ethnic segregation. *The Review of Economics and Statistics, 92*(4), 912-927. Retrieved October 10, 2024, from https://www.jstor.org/stable/pdf/40985802.pdf

Gilmour, A.F., Shanks, C., & Winters, M.A. (2023). Choice, mobility, and classification: Disaggregating the charter school special education gap. *Remedial and Special Education, 44*(4), 272-282. Retrieved October 10, 2024, from https://journals.sagepub.com/doi/full/10.1177/07419325221115421

Winters, M.A. (2013). *Why the gap? Special education and New York City charter schools*. Center on Reinventing Public Education. Retrieved October 10, 2024, from https://eric.ed.gov/?id=ED581421

30 Bruno, P. (2022). Weighted student funding and the incentives of charter schools. In T. Downes & Killeen, K.M. (Eds.), *Recent Advancements in Education Finance and Policy* (pp. 209-238). Charlotte, NC: Information Age Publishing Inc. Retrieved October 10, 2024, from https://www.infoagepub.com/products/Recent-Advancements-in-Education-Finance-and-Policy

Knight, D.S., Shin, J.S., & McMorris, C. (2022). Student mobility between charter and traditional public school sectors: Assessing student selection patterns among major charter management organizations in Texas. *Education Sciences, 12*(12), 1-17. Retrieved October 14, 2024, from https://www.mdpi.com/2227-7102/12/12/915

Knight, D.S. & Toenjes, L.A. (2020). Do charter schools receive their fair share of funding? School finance equity for charter and traditional public schools. *Education Policy Analysis Archives, 28*. Retrieved October 10, 2024, from https://epaa.asu.edu/index.php/epaa/article/view/4438

31 Arsen, D. & Ni, Y. (2012). The effects of charter school competition on school district resource allocation. *Educational Administration Quarterly, 48*(1), 3-38. Retrieved October 14, 2024, from https://journals.sagepub.com/doi/full/10.1177/0013161X11419654

Bifulco, R. & Reback, R. (2014). Fiscal impacts of charter schools: Lessons from New York. Education Finance and Policy, 9(1), 86-107. Retrieved October 10, 2024, from https://direct.mit.edu/edfp/article-abstract/9/1/86/10177/Fiscal-Impacts-of-Charter-Schools-Lessons-from-New

Ni, Y. (2012). The impact of charter schools on the efficiency of traditional public schools: Evidence from Michigan. *Economics of Education Review, 28*, 571-584. Retrieved October 14, 2024, from https://www.sciencedirect.com/science/article/pii/S0272775709000235

32 Lake, R., Jochim, A., Hill, P., & Tuchman, S. (2019). *California charter schools, costs, benefits, and impact on school districts*. Charter Schools and District Enrollment Loss. Center on Reinventing Public Education. Retrieved October 10, 2024, from https://crpe.org/california-charter-schools-costs-benefits-and-impact-on-school-districts/

Mann, B.A. & Bruno, P. (2022). The effects of charter school enrollment losses and tuition reimbursements on school districts: Lifting boats or sinking them? *Educational Policy, 36*(5), 1078-1107. Retrieved October 10, 2024, from https://journals.sagepub.com/doi/abs/10.1177/0895904820951124

33 Abrams, S.E. & Koutsavlis, S.J. (2020). The fiscal consequences of private school vouchers. Retrieved October 14, 2024, from https://www.splcenter.org/sites/default/files/2023-splc-pfps-report.pdf

Cohen and DiMarco reach similar conclusions in a more recent report: Cohen, L. & DiMarco, B. (2024). *Early returns: First results from the new wave of public funding of private schooling*. FutureEd. Retrieved October

17, 2024, from https://www.future-ed.org/early-returns-first-results-from-the-new-wave-of-public-funding-of-private-schooling/

34 EdChoice (2024). *Fast facts*. Retrieved October 14, 2024, from www.edchoice.org/school-choice/fast-facts

One concern for this trend is that the voucher laws in many states do not explicitly prevent private schools from discriminating on the basis of race, sexual orientation, disability, or income level.

35 Abrams, S.E. & Koutsavlis, S.J. (2020). *The fiscal consequences of private school vouchers*. Retrieved October 14, 2024, from https://www.splcenter.org/sites/default/files/2023-splc-pfps-report.pdf

36 Knight (2023) describes some of the challenges with estimating the proportion of school voucher recipients who decide to switch from a public to private school as a result of the receiving the voucher (the "switcher rate"). Lueken (2021) and Costrell (2008; 2010) estimate the switcher rate based on lottery-based evaluations of voucher programs, but their methodology conflates several factors. For example, Lueken's (2021) method incorrectly assumes that "the percent of students who lost the lottery and then enrolled in a public school in subsequent years is a reliable measure of the switcher rate" (p. 172). Many families with access to a voucher are still not able to afford private school tuition, including families who gain access through an application- and lottery-based voucher program, as well as those who have access through more traditional universal or targeted programs (Mast, 2023). Thus, these authors' faulty assumption is that all families who apply for a voucher but are not selected based on lottery and then subsequently enroll in a public school, would have chosen a private school had they won the voucher. The authors introduce a "lower-bound" estimate of the switcher rate as an attempt to correct for this issue. They use the same lottery-based studies to estimate the proportion of voucher families that would have attended a private school anyway, based on the ratio of private school enrollees between voucher lottery losers and winners (i.e., they use the percent of voucher lottery losers attending private schools divided by the percent of voucher lottery winners attending private schools). One problem with this approach is that the method still draws on a sample of families who actively apply for a voucher program, and in some cases those families were not eligible if currently enrolled in private schools. But the authors apply their findings and policy implications to non-lottery voucher programs with universal access, including voucher programs accessible to families already enrolled in private schools. Moreover, some evidence suggests that private schools sometimes increase tuition rates in direct response to a new state-sponsored voucher program (Hungerman & Rinz, 2016). The result is a significantly inflated estimate of the potential cost savings for states that could result from private school voucher programs.

Costrell, R.M. (2008). *The fiscal impact of the Milwaukee parental choice program in Milwaukee and Wisconsin, 1993–2008* (SCDP Milwaukee Evaluation Report 2). University of Arkansas Department of Education Reform. Retrieved October 17, 2024, from https://files.eric.ed.gov/fulltext/ED508632.pdf

Costrell, R.M. (2010). *The fiscal impact of the Milwaukee parental choice program: 2010–2011 Update and policy options* (SCDP Milwaukee Evaluation Report 22). University of Arkansas Department of Education Reform. Retrieved October 17, 2024, from https://files.eric.ed.gov/fulltext/ED518596.pdf

Hungerman, D.M. & Rinz, K. (2016). Where does voucher funding go? How large-scale subsidy programs affect private-school revenue, enrollment, and prices. *Journal of Public Economics, 136*, 62-85. Retrieved October 14, 2024, from https://www.sciencedirect.com/science/article/pii/S0047272716000426

Knight, D.S. (2023). *NEPC review: Qualified education expense tax credit: Economic analysis (Georgia Department of Audits and Accounts, June 2023)*. National Education Policy Center. Retrieved October 17, 2024, from https://nepc.colorado.edu/review/tax-credit

Mast, N. (2023). Sta*te and local experience proves school vouchers are a failed policy that must be opposed: As voucher expansion bills gain momentum, look to public school advocates for guidance*. Economic Policy Institute. Retrieved October 14, 2024, from https://www.epi.org/blog/state-and-local-experience-proves-school-vouchers-are-a-failed-policy-that-must-be-opposed-as-voucher-expansion-bills-gain-momentum-look-

to-public-school-advocates-for-guidance/

37 Cowen, J. (2023). *Research on school vouchers suggests concerns ahead for education savings accounts*. Retrieved October 10, 2024, from https://www.brookings.edu/articles/research-on-school-vouchers-suggests-concerns-ahead-for-education-savings-accounts/

Hinh, I. (2023). *State policymakers should reject K-12 school voucher plans: Proposals would undermine public schools*. Center on Budget and Policy Priorities. Retrieved October 10, 2024, from https://www.cbpp.org/research/state-budget-and-tax/state-policymakers-should-reject-k-12-school-voucher-plans

Hinh, I. & Tucker, W. (2023). *State lawmakers are draining public revenues with school vouchers*. Center on Budget and Policy Priorities. Retrieved October 10, 2024, from https://www.cbpp.org/blog/state-lawmakers-are-draining-public-revenues-with-school-vouchers

Hungerman, D.M., & Rinz, K. (2016). Where does voucher funding go? How large-scale subsidy programs affect private-school revenue, enrollment, and prices. *Journal of Public Economics, 136*, 62-85. Retrieved October 14, 2024, from https://www.sciencedirect.com/science/article/pii/S0047272716000426

Kilgore, E. (2023). *Rural Republicans revolt against school-voucher plans*. The Intelligencer. Retrieved October 29, 2024, from https://nymag.com/intelligencer/2023/04/rural-republicans-revolt-against-school-voucher-plans.html

38 Dana, J. (2024). *Verify: Are ESA savings claims by AZ Speaker Toma and Republicans true?* Retrieved October 10, 2024, from https://www.12news.com/article/news/verify/verify-esa-funding-taxpayer-savings/75-d06875fe-a6ef-4461-9558-3ab971f18b9b

39 See for example: Scafidi, B. (2012). *The fiscal effects of school choice programs on public school districts*. The Friedman Foundation for Educational Choice. Retrieved October 10, 2024, from https://www.edchoice.org/wp-content/uploads/2015/07/The-Fiscal-Effects-of-School-Choice-Programs.pdf

40 Knight, D.S. (2023). *NEPC review: Qualified education expense tax credit: Economic analysis (Georgia Department of Audits and Accounts, June 2023)* Boulder, CO: National Education Policy Center. Retrieved October 17, 2024, from https://nepc.colorado.edu/review/tax-credit

Cohen and DiMarco reach similar conclusions in a more recent report: Cohen, L. & DiMarco, B. (2024). *Early returns: First results from the new wave of public funding of private schooling*. FutureEd. Retrieved October 14, 2024, from https://www.future-ed.org/early-returns-first-results-from-the-new-wave-of-public-funding-of-private-schooling/

41 Figlio, D. & Hart, C.M. (2014). Competitive effects of means-tested school vouchers. *American Economic Journal: Applied Economics, 6*(1), 133-156. Retrieved October 10, 2024, from https://www.aeaweb.org/articles?id=10.1257/app.6.1.133

Most articles still cite Milton Freidman to explain their theories, who advocated for educational privatization in the 1950s and 1960s, when segregation academies were popularized as a way for southern Whites to avoid school integration (MacLean, 2017). As Howell and Peterson (2006) noted, Friedman's "ideas initially were put to ill use" (Howell & Peterson, 2006, p. 14). After the Brown v. Board of Education (1954) decision, many southern states sought to maintain White supremacy and racial segregation. White Citizen's Councils mobilized to pressure elected officials from taking steps toward racial integration. Their policy solution was a voucher system that would publicly subsidize "segregation academies" (Fuquay, 2002; Hughes et al., 2006). Segregation academies were private schools in the South created to avoid racial integration following the Brown decision. Perhaps the most well-documented case is that of Black families from Prince Edward County, Virginia who were one of the original plaintiffs in the Brown case. After the decision and several years of stalling integration, the Prince Edward County Board of Supervisors decided not to levy local taxes for the 1959-60 school year. The Virginia General Assembly adopted a "tuition grant program" offering families of children $125 for elementary school and $150 for high school tuition to attend nonsectarian private schools or another nearby public school. Many White citizens organized to raise funds, build, and privately operate private schools that would not admit Black students. The district remained closed for several years, while the voucher program served as a model for years to come in other southern states.

Howell, W.G. & Peterson, P.E. (2006). *The education gap: Vouchers and urban schools*. Rowman & Littlefield. https://www.brookings.edu/wp-content/uploads/2016/07/education_gap_chapter.pdf

Hughes, D., Rodriguez, J., Smith, E.P., Johnson, D.J., Stevenson, H.C., & Spicer, P. (2006). Parents' ethnic-racial socialization practices: A review of research and directions for future study. *Developmental psychology, 42*(5), 747. https://psycnet.apa.org/fulltext/2006-11399-001.html

Fuquay, M.W. (2002). Civil rights and the private school movement in Mississippi, 1964–1971. *History of Education Quarterly, 42(*2), 159-180. Retrieved October 14, 2024, from https://www.cambridge.org/core/journals/history-of-education-quarterly/article/abs/civil-rights-and-the-private-school-movement-in-mississippi-19641971/07B7E72330FFEBDF46E4CF98E0A96B04

MacLean, N. (2021). *How Milton Friedman exploited white supremacy to privatize education*. Institute for New Economic Thinking Working Paper Series, (161). Retrieved October 10, 2024, from https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3932454

Magness, P.W., Carden, A., & Geloso, V. (2019). James M. Buchanan and the political economy of desegregation. *Southern Economic Journal, 85(*3), 715-741. Retrieved October 14, 2024, from https://onlinelibrary.wiley.com/doi/abs/10.1002/soej.12317?casa_token=yr4snf2q7LoAAAAA%3AlJZRuMovaREVLktgowOy_WgpDrw4IkeTEv6xMIL_2JdWz_Dz2Q3DtfHr4jyAmd_IAhWW7qGEeJ3L4fz8VA

Magness, P. & Surprenant, C.W. (2019). School vouchers, segregation, and consumer sovereignty. *Journal of School Choice, 13*(3), 410-434. Retrieved October 14, 2024, from https://www.tandfonline.com/doi/abs/10.1080/15582159.2019.1591157

Gooden, M.A., Jabbar, H., & Torres, Jr, M.S. (2016). Race and school vouchers: Legal, historical, and political contexts. *Peabody Journal of Education, 91*(4), 522-536. Retrieved October 10, 2024, from https://www.tandfonline.com/doi/full/10.1080/0161956X.2016.1207445?src=recsys

42 Winters, M.A. & Greene, J.P. (2011). Public school response to special education vouchers: The impact of Florida's McKay Scholarship Program on disability diagnosis and student achievement in public schools. *Educational Evaluation and Policy Analysis, 33*(2), 138-158. (direct quote from p. 142). Retrieved October 14, 2024, from https://journals.sagepub.com/doi/abs/10.3102/0162373711404220

43 Bagley, C. (2006). School choice and competition: A public-market in education revisited. *Oxford Review of Education, 32*(3), 347-362. Retrieved October 10, 2024, from https://www.tandfonline.com/doi/pdf/10.1080/03054980600775656

44 Egalite and Mills (2021) describe the conditions that must be satisfied for school choice to have positive competitive effects, noting that families must first have valid and reliable information about school quality and be equipped to make enrollment decisions aligned with that information. Second, schools must respond to competition, which "requires that private and public school providers are able to identify specific characteristics of high-performing schools so they can judge which responses to competition are associated with school success" (p. 69). The authors do not specifically explain what changes schools would make, instead referring readers to a study by Bagley (2006), who "identifies five categories of operational responses by which schools might potentially respond to competition" (p. 69). The Bagley (2006) article highlights several changes schools made, including appointing new staff and making changes to the school schedule, but these findings are based on a case study of one school district in the United Kingdom with four schools, which is difficult to

generalize especially to a U.S. context. In another example, Dobbie and Fryer (2015) document the practices of highly effective charter schools, but most of those practices, such as updated curriculum and evidence-based pedagogy, are already widely adopted in traditional public schools.

Bagley, C. (2006). School choice and competition: A public-market in education revisited. *Oxford Review of Education, 32*(3), 347-362. Retrieved October 10, 2024, from https://www.tandfonline.com/doi/pdf/10.1080/03054980600775656

Dobbie, W. & Fryer Jr., R.G. (2013). Getting beneath the veil of effective schools: Evidence from New York City. *American Economic Journal: Applied Economics, 5*(4), 28-60. Retrieved October 10, 2024, from https://pubs.aeaweb.org/doi/pdfplus/10.1257/app.5.4.28

Egalite, A.J. & Mills, J.N. (2021). Competitive impacts of means-tested vouchers on public school performance: Evidence from Louisiana. *Education Finance and Policy, 16*(1), 66-91. Retrieved October 10, 2024, from https://direct.mit.edu/edfp/article-abstract/16/1/66/94960

45 Jabbar, H. (2015). "Every kid is money" Market-like competition and school leader strategies in New Orleans. *Educational Evaluation and Policy Analysis, 37*(4), 638-659. Retrieved October 10, 2024, from https://www.jstor.org/stable/43773530

46 Harris, D.N. (2024). How free market logic fails in schooling—and what it means for the role of government. *Educational Researcher, 53*(2), 111-122. Retrieved October 14, 2024, from https://journals.sagepub.com/doi/abs/10.3102/0013189X231216953

47 Chakrabarti, R. (2013). Accountability with voucher threats, responses, and the test-taking population: Regression discontinuity evidence from Florida. *Education Finance and Policy, 8*(2), 121-167. Retrieved October 14, 2024, from https://direct.mit.edu/edfp/article-abstract/8/2/121/12340

48 Of the many studies examining the effects of school competition, few if any explore the actual changes traditional public schools enact. Ironically, studies examining the practices of high-performing charter schools—which operate in a more competitive enrollment environment—often identify strategies common in traditional public schools, such as teacher mentoring and coaching, intensive tutoring, and updated curriculum.

Dobbie, W. & Fryer Jr., R.G. (2013). Getting beneath the veil of effective schools: Evidence from New York City. *American Economic Journal: Applied Economics, 5*(4), 28-60. Retrieved October 10, 2024, from https://pubs.aeaweb.org/doi/pdfplus/10.1257/app.5.4.28

Dobbie, W. & Fryer Jr., R.G. (2015). The medium-term impacts of high-achieving charter schools. *Journal of Political Economy, 123*(5), 985-1037. Retrieved October 14, 2024, from https://www.journals.uchicago.edu/doi/full/10.1086/682718

Figlio, D., Hart, C.M., & Metzger, M. (2010). Who uses a means-tested scholarship, and what do they choose? *Economics of Education Review, 29*(2), 301-317. Retrieved October 14, 2024, from https://www.sciencedirect.com/science/article/pii/S0272775709000995

Fryer Jr., R.G. (2014). Injecting charter school best practices into traditional public schools: Evidence from field experiments. *Quarterly Journal of Economics, 129*(3), 1355-1407. Retrieved October 14, 2024, from https://academic.oup.com/qje/article-abstract/129/3/1355/1817328

Fryer Jr., R.G. (2012). Learning from the successes and failures of charter schools. Brookings. Retrieved October 14, 2024, from https://www.brookings.edu/articles/learning-from-the-successes-and-failures-of-charter-schools/

49 Goulas, S. (2024). Breaking down enrollment declines in public schools. Brookings. Retrieved October 14, 2024, from https://www.brookings.edu/articles/breaking-down-enrollment-declines-in-public-schools/

LaFortune, J. & Prunty, E. (2023). Factors and future projections for K–12 declining enrollment. Public Policy Institute of California. Retrieved October 14, 2024, from https://www.ppic.org/publication/factors-and-future-projections-for-k-12-declining-enrollment/

50 Knight, D.S., Almasi, P., Urness-Straight, B., & Loeb, H. (2024). *Funding the digital divide? How school district financing for educational technology changed during the COVID-19 pandemic*. Retrieved October 14, 2024, from https://appam.confex.com/appam/2024/meetingapp.cgi/Paper/54746

Brown, C.H. & Knight, D.S. (2024). Student-to-school counselor ratios: Understanding the history and ethics behind professional staffing recommendations and realities in the United States. *Ethics & Behavior*, 1-19. Retrieved October 14, 2024, from https://doi.org/10.1080/10508422.2024.2342520

Jackson, M., Osworth, D., Knight, D.S. & Saavedra Smith, C. (2024). Catalyst for equity: Conceptualizing district COVID-19 response as a portal for increasing equitable access. *Leadership and Policy in Schools*, 1-18. Retrieved October 17, 2024, from https://doi.org/10.1080/15700763.2024.2347914

51 To conduct this scan, we searched all recent state statues using Lexis and Westlaw, which post recently passed state laws. We categorized each new law as primarily a traditional school voucher policy, an education savings account, a tax credit, or a tax deduction. We used search terms such as "voucher," "education savings account," and "scholarship granting organization" and conducted additional hand searches and cross-references this process with internet searchers to confirm new laws and their categorization.

52 The figure omits prior voucher policies. Voucher policies emerged at various points in U.S. history, in the earliest iteration, an 1869 law in Vermont provided families with vouchers to attend private schools. One hundred years passed between this first voucher law and the reemergence of private school vouchers in the 1960s and 1970s, popularized by Milton Friedman, and motivated in part as a mechanism to support "segregation academies," private schools that only White students could attend, a direct response to the 1954 Brown v. Board U.S. Supreme Court ruling. The impact of segregation academies in Southern states lasted into the 1970s, until a 1976 U.S. Supreme Court ruling held that private schools that discriminate based on race or establish racial segregation are in violation of federal law.

Runyon v. McCrary, 427 [No. 75-62] U.S. 160, 1976.

53 Texas House Bill No. 1707. *An act relating to the applicability of certain laws to open-enrollment charter schools*. Retrieved November 14, 2024, from https://capitol.texas.gov/tlodocs/88R/billtext/pdf/HB01707F.pdf#navpanes=0

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U.S. Const. amend. 1.

64 Many states include in their constitutions a "Blaine Amendment" to stop public funds flowing into private religious schools. In 2015, the Montana legislature created a tax-credit scholarship program allowing individuals and businesses to contribute up to $150 to qualified scholarship organizations. The Montana Department of Revenue concluded that students were not able to use scholarships to attend religious schools because of the state constitution's Blaine Amendment, which stated: "the legislature, counties, cities, towns, school districts and public corporations shall not make any direct or indirect appropriation or payment from

any public fund or monies… to aid… any [organization] controlled in whole or in part by any church, sect. or denomination" (MONT. CONST. art X, § 1). Three families with children using the scholarship program sued and won the initial trial, before the Montana State Supreme Court struck down the entire tax-credit scholarship program. Ultimately, the U.S. Supreme Court's landmark decision in *Espinoza v. Montana Department of Revenue* prohibited the state from excluding students at private religious schools from a tax-credit scholarship program.

In 2022, the U.S. Supreme Court ruled on another case related to the First Amendment. *Carson v. Makin* (2022) centered on limits of vouchers in a Maine state law that gave parents tuition assistance to enroll a child in a public or nonreligious school of their choice if their town does not have a public high school. The case centered on the First Amendment's Free Exercise Clause, which states in part that "Congress shall make no law respecting an establishment of religion or prohibiting the free exercise thereof." The Court ruled that the Maine law was unconstitutional on the grounds that it violated the Free Exercise Cause in a 6-3 decision. The decision was partly based on the fact that the law allowed funds to go to nonreligious private schools but excluded religious private schools.

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