Fiscal Factbook

Data-driven insights into the realities of K–12 education funding and educational choice programs

2025 EDITION

EdChoice

FREC Fiscal Research & Education Center
By EdChoice

INTRODUCTION

The EdChoice *Fiscal Factbook* is intended to provide clear, data-driven insights into the realities of K–12 education funding and educational choice programs in the United States. In this guide, you will find key facts, figures, and findings that dispel common myths, highlight important trends, and support informed decision-making. *Fiscal Factbook* offers historical context and current data. We hope it fosters a deeper understanding of how public school funding operates, how educational choice programs affect state and district finances, and how funding reforms can better serve students and families.

Fiscal Factbook Roadmap

I. Basics of Public School Funding
This section gives an overview of how K–12 public school funding operates. It focuses on the sources of school revenue and funding formulas.

II. Increases in Public School Resources Over Time
Section two analyzes long-term trends in per-pupil spending, staffing growth, and the fiscal health of public schools.

III. Funding Protections for School Districts
Section three describes the current state of policies that provide districts cover for financial losses due to enrollment declines.

IV. The Emergence and Scale of Educational Choice
This section looks at the growth in school choice programs and their popularity with the American public.

V. The "Choice Drains Funding" Claim
This section looks at the costs of choice programs and how they affect taxpayers, schools and other stakeholders. It analyzes fixed costs and variable costs that schools face, and compares the costs of school choice programs to the costs of all public school systems and then compares both to state budgets.

VI. Policy Considerations and the Future

The final section offers ideas for how states can improve their funding systems while emphasizing equity, efficiency, and opportunity.

It may help to explain how *Fiscal Factbook* can inform common debates about educational choice. Table 1 matches frequently stated claims to the sections that provide relevant evidence or context. Readers will be able to see where key questions are addressed throughout this publication.

TABLE 1 FISCAL CLAIMS ABOUT EDUCATIONAL CHOICE AND WHERE ADDRESSED IN *FISCAL FACTBOOK*

Fiscal Claims and Concerns	Relevant Section(s) of *Fiscal Factbook*
"Choice programs are bankrupting states."	Fiscal Effects of Educational Choice Programs (Section V) Educational Choice Program Costs as a Percentage of Total State Expenditures (Section V)
"Public schools are being drained of resources because of choice programs."	School Funding Protections (Section III) Enrollment Decline Windfall (Section III) Educational Costs (Section V) Staffing Surge (Section II)
"Fixed costs mean public schools can't adjust when students leave."	Educational Costs (Section V)
"Choice programs will cause a mass exodus from public schools."	Take-up Rate Tables (Section IV)
"Public schools have been underfunded for decades."	Total Expenditures (Section II) Staffing Surge (Section II)
"Choice only benefits a few families; it doesn't impact the system overall."	EdChoice Share and Take-up Rate Tables (Section IV)
"Universal ESAs will blow up education budgets because demand will be uncontrollable."	Take-up Rates (Section IV) Fiscal Effects (Section V)
"Public schools' fiscal health is deteriorating because of school choice."	Fiscal Health of Public Schools (Section II)
"Taxpayers are double-paying for students who leave public schools."	Fiscal Effects (Section V) Educational Costs (Section V)
"State and local taxpayers are being burdened by choice."	Educational Choice Program Cost Shares (Section V) Fiscal Effects (Section V)
"Teacher salaries are stagnant because of underfunding. Choice will make it worse."	Staffing Surge (Section II)

Notes
Choice programs remain a small share of state budgets and often generate savings. Programs and costs start very small and grow slowly over time, allowing states ample time to manage and adapt.
Funding systems are very favorable for public school districts, especially to those that experience enrollment declines. Many states offer them funding protections, and enrollment declines often lead to higher per-student spending.
Some costs are fixed in the short run and some are variable, but over time, all costs become flexible.
Take-up rates of choice programs are consistently low; there is no evidence of mass exits from public schools.
Real per-pupil public school spending has increased significantly over time, even as choice programs have grown.
Participation rates remain small relative to overall K–12 enrollment, but resources and outcomes for students remaining in public schools improve.
Demand for ESAs is steady and manageable. The per-student cost of choice programs is much lower than that of public schools.
Districts have had stronger cash reserves and less debt even as choice becomes more common.
Choice programs are cost-effective; districts shed variable costs and taxpayers enjoy savings.
Choice programs represent a very small fraction of education and state spending; they usually benefit local taxpayers.
Teacher salaries stagnated even as school staffing and spending rose. The issue isn't necessarily lack of funding, but how funding is allocated and the decisions district officials make. This stagnation appears to be a feature of the public school system and predated choice programs.

I. BASICS OF PUBLIC SCHOOL FUNDING

HOW K–12 PUBLIC SCHOOL FUNDING WORKS

- Funding for public schools comes from state governments, local governments and to a small extent, the federal government.

- Funding formulas vary by state, but most states' formulas include a base amount per student, with additional "weights" or "add-ons" for students needing extra support.

- There are primarily three types of funding formulas:

    - Student-weighted funding formulas allocate funding with a "base" or "foundation" amount per student, with additional "weights" or "add-ons" for students needing extra support.

    - Resource-based funding formulas determine the cost of education in a district based on the costs of inputs such as staffing needs/salaries and materials.

    - Program-based funding formulas allocate resources based on the specific costs of delivering distinct educational programs or services, such as special education, career and technical education, or bilingual instruction, rather than distributing funds uniformly per student.

At a Glance

Public school funding in the U.S. primarily comes from three sources: state governments, local governments, and (in smaller amounts) the federal government. Most of the money used for day-to-day operations—like paying teachers, paying for utilities, and buying classroom materials—comes from state and local sources (largely property taxes). Each state has its own formula to determine how much each school district receives from state and local sources.

Most states have student-based school funding formulas. These formulas start with a base amount of funding per student, then add extra dollars for students who may need additional support—such as students from low-income families, students with disabilities, or English language learners. "Student-weighted funding formulas" means that the formulas assign more "weight" (and funding) to students who face greater challenges. These funding mechanisms are also known as "equalization formulas." That's because districts are expected to contribute a portion of their own funding (usually based on local property wealth) and the state fills in the rest. Other, less common approaches to funding include resource-based funding formulas and program-based funding formulas. These funding mechanisms base the cost of public schooling on the cost of resources, such as staff salaries and other inputs, or specific programs.[1]

Check the next page to see how funding works in most states

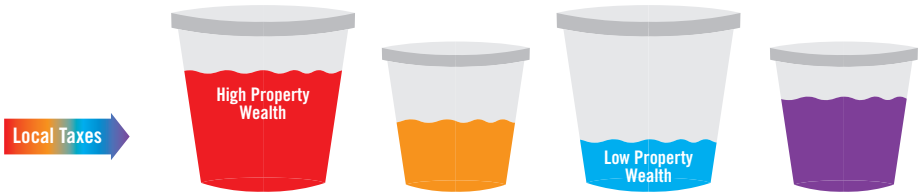
Districts get most of their funding from state and local sources (Figure 1). The rest comes from the federal government, which provides roughly 8-10% of total revenue. (Its share can be much larger if we include COVID relief funding).[2] Federal funding is targeted towards specific populations, such as low-income students (Title I) and students with disabilities (Individuals with Disabilities Education Act, or IDEA). These funds are intended to supplement state and local money.

Filling the School Funding Buckets:
How state and local funds equalize education

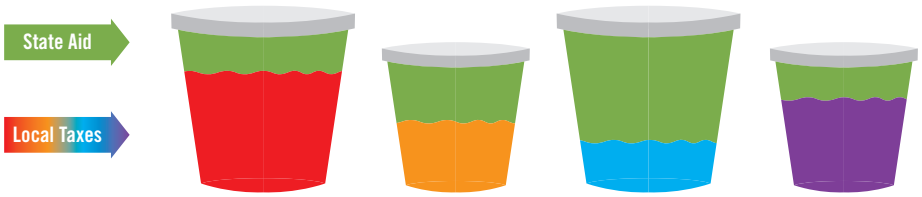
Imagine every school district receives a bucket to be filled with water (money) for operating schools. This bucket is sometimes known as a ***district's entitlement***. Each bucket needs a certain amount of water (the entitlement) based on how many students it serves and what kinds of support those students need.

Some buckets are larger because they serve ***more students***. Some serve students who ***need more resources***—like those with disabilities or who are learning English. When a district's enrollment grows, it receives a larger bucket, and when its enrollment declines, it receives a smaller bucket. The state uses a funding formula to figure out how much funding each bucket holds.

Each district first fills its own bucket with ***local taxes,*** such as property taxes. In most states, the amount of local effort required is usually based on ***property wealth*** and sometimes other factors, ***not the number of students***. Wealthier communities can pour in more water because they collect more in local taxes. Poorer communities can't fill their buckets as high, which is where the state steps in.

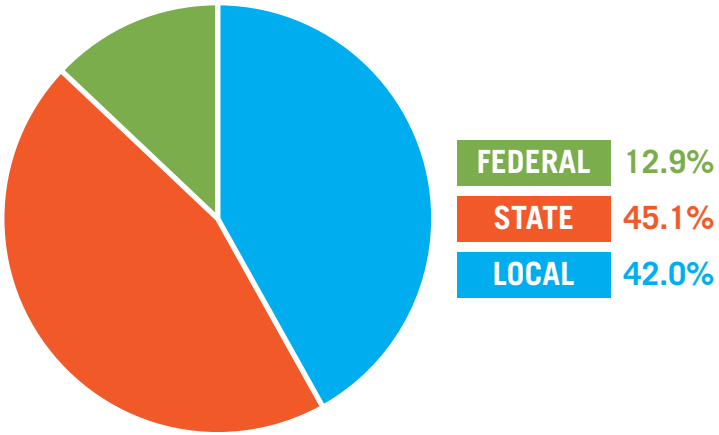


It looks at how much water is already in each bucket and adds some to top it off, so every bucket gets to the right level. This extra state funding is sometimes known as ***"equalization aid"*** or ***"state aid"*** because it equalizes funding across districts to balance differences across districts.



While public school funding can seem complicated, the goal is straightforward: ensure all students—regardless of where they live—have access to the resources they need to succeed. Most states aim to achieve this through a balance of local, state, and federal funding, with state formulas promoting equal opportunity across districts. By adjusting for differences in student needs and local tax capacity, these formulas try to create a more level playing field.

FIGURE 1 **PERCENTAGE OF TOTAL REVENUE BY SOURCE, FY 2023**



Sources: Calculations using data from National Center for Education Statistics, U.S. Department of Education

A table with data for all states is available online here: infogram.com/1px266l69qpvmyhqxg9pryr5q9inrw-3950k.

II. INCREASES IN PUBLIC SCHOOL RESOURCES OVER TIME

- Taxpayer investments in public school systems in the United States have more than tripled on a per-student basis, on average, between 1970 and 2023.
- Since 2000, total expenditures per pupil increased by $4,000 after inflation, from $14,000 to more than $18,000.

At a Glance

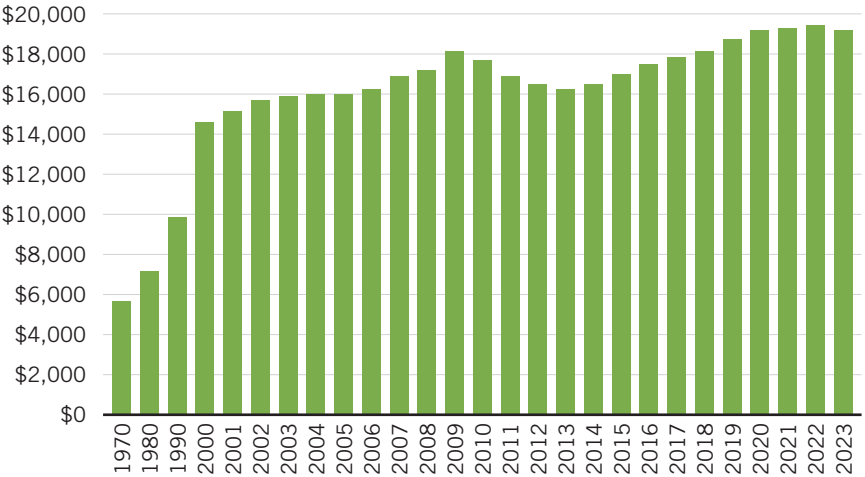
A common concern is that as school choice programs expand, the amount of funding taxpayers invest in public schools will decrease. But the data tell a different story—one of increased investment in public school systems over many decades.

Investments in total expenditures per pupil have steadily grown over time (Figure 2). In fact, taxpayer investment in public school systems as measured on a per-pupil basis more than tripled between 1970 and 2023. In 2000, total expenditures per pupil, adjusted for inflation, was more than $14,000. But now, American taxpayers invest more than $18,000 per student—nearly $4,000 more after inflation—all while private school choice programs operated across the country.

THE STAFFING SURGE CONTINUES (FISCAL YEAR (FY) 1992 VS. FY 2024)

- From 1992 to 2024, school employment surged 49% while student enrollment grew just 17%.
- Teaching positions increased 33%, but non-teaching staff expanded at more than double that pace (69%).
- While total spending per pupil increased by 68% in real terms, teacher salaries declined slightly by 6%.

FIGURE 2 **PUBLIC SCHOOL TOTAL EXPENDITURES PER PUPIL, FY 1970 TO FY 2023**



Sources: National Center for Education Statistics, U.S. Department of Education

The inflation adjustment was made using the January CPI-U, accessed April 15, 2024 retrieved from https://data.bls.gov/cgi-bin/surveymost?bls

A table with data for all states is available online here: infogram.com/1px266l69qpvmyhqxg9pryr5q9inrw-3950k.

- Keeping growth in the non-teaching staff in line with growth in student enrollment would have generated sufficient savings to provide every teacher employed during this time a $20,420 annual raise. Alternately, it could have funded $8,000 educational savings accounts each year for 8.3 million students. As another option, policymakers could have cut taxes or increased spending on other services.

At a Glance

Over the past few decades, public K–12 schools have experienced a notable surge in staffing levels—particularly in non-teaching roles—despite flat or declining student enrollment in many states. This trend raises important questions about how education dollars are being spent and whether adding administrators and support staff is consistent with the goal of improving student outcomes. States must grapple with budget constraints, enrollment shifts, and increasing demand for educational alternatives. Consequently,

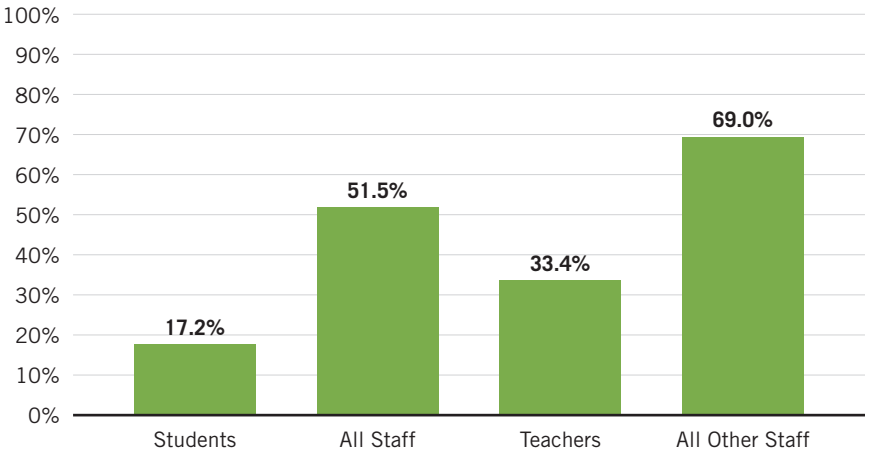
it's important to understand the reasons for and consequences of this trend toward adding more non-teaching staff.

In 2017, EdChoice released *Back to the Staffing Surge*, which examined nationwide K–12 staffing trends from FY 1992 to FY 2015. It compared the hiring trends for both types of school employees. In this analysis, economist and Friedman Fellow Benjamin Scafidi examine staffing trends by comparing two buckets: FTE-teachers and non-FTE teachers (all other staff).

This present publication updates the 2017 analysis with newly collected data spanning FY 1992 to FY 2024 (Table 2). The chief finding: Districts added non-teaching staff at a much higher rate than they added teachers.

The staffing surge has major implications for how education dollars are spent, and it reveals the need to rethink funding priorities to ensure more resources reach students and families directly. These staffing patterns also carry significant opportunity costs, as funds used for administrative growth could otherwise support higher teacher salaries, expanded student services, or educational choice initiatives.

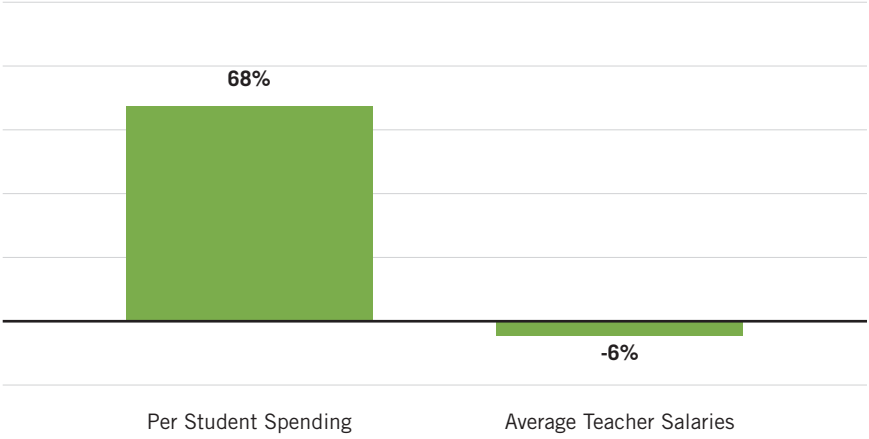
FIGURE 3 **CHANGES IN PUBLIC SCHOOL STUDENTS, STAFF AND TEACHERS FROM FY 1992 TO FY 2024**



Sources: Calculations using data from National Center for Education Statistics, U.S. Department of Education.

A table with data for all states is available online here: infogram.com/1px266l69qpvmyhqxg9pryr5q9inrw-3950k.

FIGURE 4 **CHANGES IN PER STUDENT SPENDING AND TEACHER SALARIES, FY 1992 TO FY 2023**



Sources: Calculations using data from National Center for Education Statistics, U.S. Department of Education.

A table with data for all states is available online here: infogram.com/1px266l69qpvmyhqxg9pryr5q9inrw-3950k.

FISCAL HEALTH OF PUBLIC SCHOOLS: DEBT AND ASSET TRENDS IN PUBLIC SCHOOLS

- Between FY 2002 and FY 2022, U.S. public schools enjoyed stronger long-term fiscal health and liquidity. Their inflation-adjusted debt increased by 48%, but their cash and securities holdings went up by 75%. During the COVID-19 period and its economic disruptions, districts reduced debt and grew reserves. Federal relief helped, and fiscal resilience rather than vulnerability ruled even as educational choice expanded.

- States with established and growing school choice programs—such as Florida, Georgia, Mississippi, and Arizona—demonstrated significant improvements in their cash-to-debt ratios. Their success offers evidence that growth in school choice did not undermine, and may have coincided with, improved district fiscal stability.

At a Glance

From FY 2002 to FY 2022, public schools in the United States experienced a 48% increase in debt, adjusted for inflation, alongside a 75% increase in real cash and securities holdings (Figure 5 and Figure 6). Public school debt refers to long-term obligations, typically bonds a district issues to finance capital projects such as constructing or renovating buildings. Cash and securities, by contrast, represent liquid assets such as savings, reserve funds, and investments. Districts can use them for operational or capital needs.

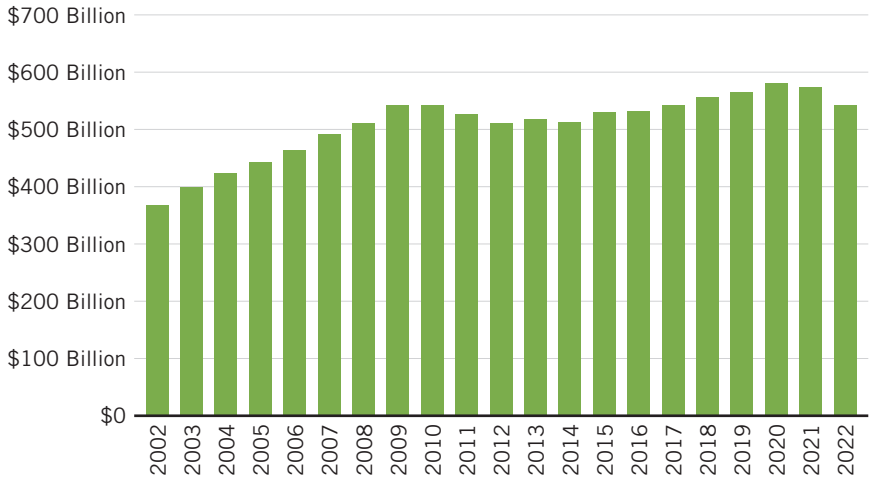
District reserves have increased significantly faster than district debt. In short, the fiscal position of districts have improved.

From FY 2020 to FY 2022—amid the COVID-19 pandemic and the early stages of post-pandemic recovery—school districts reduced their debt by 7%. They also increased their cash and securities by 7%, after adjusting for inflation. These shifts largely reflect the unprecedented influx of federal relief funds and temporary spending slowdowns during school closures. Some observers worried in those years that expanding educational choice programs (e.g., vouchers and education savings accounts) would strain public school finances. The data, however, suggests that public schools remained fiscally stable and, in many cases, emerged in a stronger financial position.

Several states with established and growing school choice programs saw significant improvements in their cash-to-debt ratios from FY 2002 to FY 2022. Florida's ratio more than doubled (105.1%), while Georgia and Mississippi posted increases over 100%. Arizona, despite already high levels of choice participation, improved by 12.4%.

These patterns provide evidence that the growth of school choice did not compromise district finances in these states. Indeed, the ratio of cash reserves to debt obligations consistently improved. This suggests that districts maintained or even enhanced their fiscal stability, contradicting claims that school choice policies inevitably weaken public school funding.

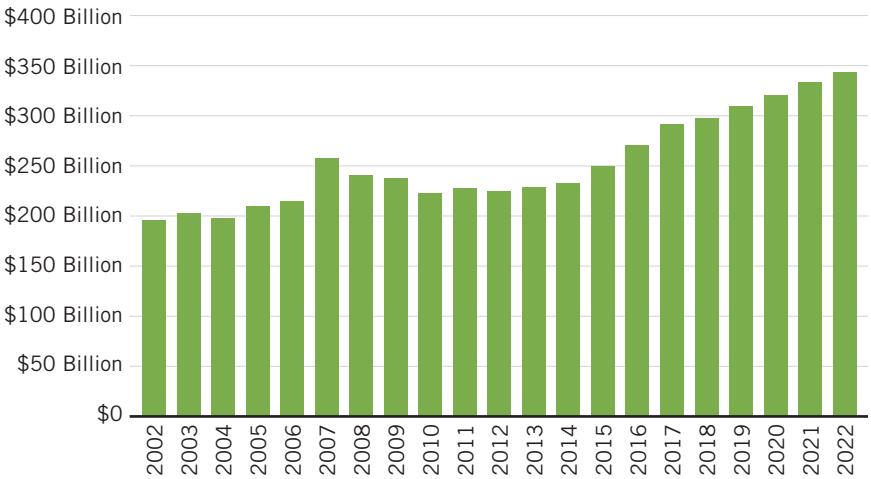
FIGURE 5 TOTAL DEBT FOR PUBLIC SCHOOLS IN THE UNITED STATES, FY 2002 TO FY 2022



$ adjusted for inflation

A table with data for all states is available online here: infogram.com/1px266l69qpvmyhqxg9pryr5q9inrw-3950k.

FIGURE 6 CASH AND SECURITIES FOR PUBLIC SCHOOLS IN THE UNITED STATES, FY 2002 TO FY 2022



$ adjusted for inflation

Source: Public Education Finances: 2002-2022, U.S. Bureau of the Census, accessed April 22, 2025, retrieved from https://www.census.gov/programs-surveys/school-finances/data/tables.html. Inflation adjustment was made using the January CPI-U, accessed April 15, 2024 retrieved from https://data.bls.gov/cgi-bin/surveymost?bls

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TABLE 2 CHANGES IN PUBLIC SCHOOL STUDENTS, STAFF, AND TEACHERS FROM FY 1992 TO FY 2024

State	Percent Change from FY 1992 to FY 2024			
	Students	All Staff	Teachers	All Other Staff
United States	17%	49%	33%	69%
Alabama	4%	(2%)	6%	(11%)
Alaska	11%	17%	1%	34%
Arizona	70%	67%	45%	90%
Arkansas	11%	56%	50%	61%
California	14%	47%	20%	77%
Colorado	46%	94%	62%	130%
Connecticut	7%	68%	25%	123%
Delaware	39%	72%	63%	84%
District of Columbia	15%	57%	31%	91%
Florida	49%	54%	42%	67%
Georgia	49%	88%	94%	83%
Hawaii	(3%)	49%	28%	80%
Idaho	40%	71%	55%	99%
Illinois	(0%)	37%	24%	53%
Indiana	8%	26%	24%	28%
Iowa	3%	29%	15%	45%
Kansas	9%	46%	27%	70%
Kentucky	2%	28%	14%	41%
Louisiana	(11%)	(2%)	4%	(8%)
Maine	(20%)	38%	(1%)	89%
Maryland	21%	61%	44%	82%
Massachusetts	8%	49%	39%	63%
Michigan	(10%)	14%	4%	24%
Minnesota	12%	64%	32%	108%
Mississippi	(13%)	16%	20%	13%
Missouri	6%	28%	33%	23%
Montana	(7%)	13%	7%	20%
Nebraska	18%	44%	26%	67%

Sources: Calculations using data from National Center for Education Statistics, U.S. Department of Education.

Savings at $60,000 per FTE	Increase in Teacher Compensation	Number of Students Given $8,000 ESAs
$66,430,605,768	$20,421	8,303,826
($353,669,746)	($8,252)	(44,209)
$96,018,917	$13,297	12,002
$378,383,841	$7,681	47,298
$783,239,957	$20,210	97,905
$7,723,760,769	$28,799	965,470
$1,484,726,888	$27,610	185,591
$1,826,528,110	$42,375	228,316
$131,988,811	$13,320	16,499
$217,257,805	$26,065	27,157
$1,208,421,511	$7,756	151,053
$1,418,750,577	$11,475	177,344
$304,624,289	$25,149	38,078
$248,399,413	$13,827	31,050
$2,775,600,880	$20,335	346,950
$651,201,733	$9,666	81,400
$714,364,210	$19,806	89,296
$824,942,845	$22,196	103,118
$940,100,675	$21,877	117,513
$97,313,839	$1,992	12,164
$766,470,475	$50,135	95,809
$1,323,325,986	$21,087	165,416
$1,410,971,218	$18,176	176,371
$1,944,806,432	$22,608	243,101
$1,908,839,847	$32,254	238,605
$490,469,400	$14,556	61,309
$494,167,581	$7,081	61,771
$145,310,496	$13,420	18,164
$459,190,955	$19,091	57,399

Notes: Values presented in parentheses ( ) indicate negative numbers.
Seven state departments of education reported inaccurate data on public school staffing to the National Center for Education Statistics (US Department of Education) for FY 1992, FY 2024, or both years. Alternative years using accurate data are reported for six of those states as indicated: Louisiana: FY 1993, Montana: FY 1993, Nevada: FY 1994, Texas: FY 1993, Utah: FY 2020, Virginia: FY 1993. South Carolina has not reported accurate data on non-teaching staff for several decades, meaning total staff figures are also inaccurate.

TABLE 2 CHANGES IN PUBLIC SCHOOL STUDENTS, STAFF, AND TEACHERS FROM FY 1992 TO FY 2024 *(CONTINUED)*

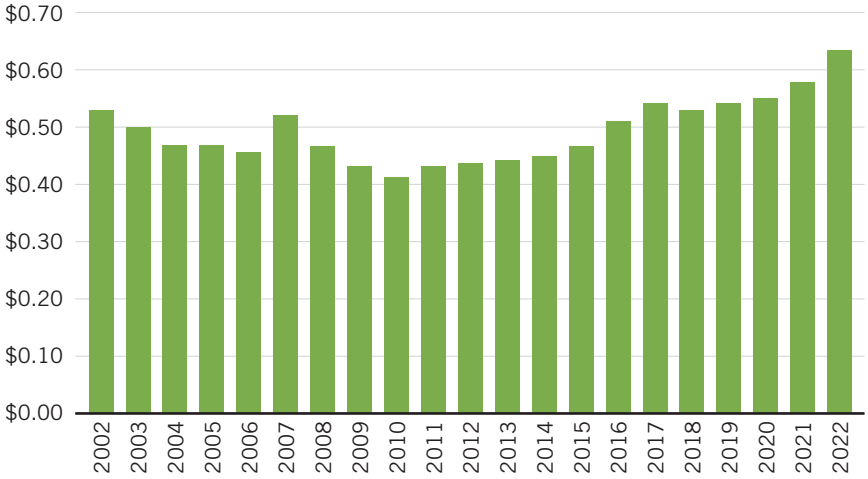
State	Percent change from FY 1992 to FY 2024			
	Students	All Staff	Teachers	All Other Staff
Nevada	126%	124%	79%	180%
New Hampshire	(6%)	52%	26%	85%
New Jersey	25%	68%	47%	93%
New Mexico	1%	4%	23%	(16%)
New York	(4%)	31%	27%	35%
North Carolina	41%	57%	55%	59%
North Dakota	1%	48%	25%	79%
Ohio	(6%)	58%	(3%)	128%
Oklahoma	19%	31%	14%	52%
Oregon	10%	59%	16%	107%
Pennsylvania	0%	35%	29%	41%
Rhode Island	(4%)	37%	11%	82%
South Carolina	27%	N/A	54%	N/A
South Dakota	8%	44%	16%	85%
Tennessee	21%	58%	54%	62%
Texas	56%	86%	72%	101%
Utah	51%	83%	83%	83%
Vermont	(15%)	38%	13%	64%
Virginia	22%	64%	38%	94%
Washington	26%	58%	46%	73%
West Virginia	(23%)	0%	(11%)	14%
Wisconsin	(0%)	32%	15%	57%
Wyoming	(11%)	29%	14%	44%

Sources: Calculations using data from National Center for Education Statistics, U.S. Department of Education.

Savings at $60,000 per FTE	Increase in Teacher Compensation	Number of Students Given $8,000 ESAs
$318,157,458	$14,120	39,770
$492,587,418	$33,985	61,573
$2,764,258,364	$23,420	345,532
($169,981,758)	($7,871)	(21,248)
$3,932,382,432	$18,078	491,548
$685,833,149	$6,791	85,729
$276,138,648	$28,648	34,517
$7,324,294,757	$72,763	915,537
$631,097,045	$14,762	78,887
$1,388,702,795	$44,678	173,588
$2,220,378,371	$17,140	277,547
$297,240,727	$27,689	37,155
N/A	N/A	N/A
$273,509,113	$26,515	34,189
$1,034,919,197	$15,582	129,365
$5,399,471,911	$14,338	674,934
$289,582,290	$8,635	36,198
$327,398,252	$41,120	40,925
$2,538,155,688	$26,992	317,269
$1,002,758,396	$16,031	125,345
$383,735,121	$20,534	47,967
$1,237,375,930	$20,753	154,672
$217,615,898	$29,204	27,202

Notes: Values presented in parentheses ( ) indicate negative numbers.
Seven state departments of education reported inaccurate data on public school staffing to the National Center for Education Statistics (US Department of Education) for FY 1992, FY 2024, or both years. Alternative years using accurate data are reported for six of those states as indicated: Louisiana: FY 1993, Montana: FY 1993, Nevada: FY 1994, Texas: FY 1993, Utah: FY 2020, Virginia: FY 1993. South Carolina has not reported accurate data on non-teaching staff for several decades, meaning total staff figures are also inaccurate.

FIGURE 7 **CASH RESERVES-TO-DEBT RATIO FOR PUBLIC SCHOOLS IN THE UNITED STATES, FY 2002 TO FY 2022 ($ ADJUSTED FOR INFLATION)**



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III. FUNDING PROTECTIONS FOR SCHOOL DISTRICTS

SCHOOL FUNDING PROTECTIONS AGAINST ENROLLMENT DECLINES

- Most states have one or more forms of funding protections for school districts that lose students.
- States have two main types of funding protections for school districts:
  - Declining enrollment provisions provide base funding on multi-year average enrollment numbers instead of current numbers, which smooths out the financial impact of shrinking enrollment.
  - Hold harmless provisions allow districts to receive funding at or above previous levels, even if enrollment drops.

At a Glance

A common concern is that educational choice programs will put financial strain on public schools by siphoning away students and funding. Most states, though, have funding mechanisms to protect school district budgets if student enrollment declines. These funding mechanisms provide protections not seen when consumers leave service providers in health care, preschool, higher education, and retail establishments. In 2023, EdChoice released a series of reports exploring school district's unique safeguards.

Funding protections are designed to mitigate significant funding reductions when enrollment declines. There are two primary types of funding protections: declining enrollment provisions and funding guarantees, commonly known as "hold harmless" provisions. Declining enrollment provisions aim to mitigate the financial impact on districts experiencing student population decreases. One provision bases a district's funding on multi-year average enrollments rather than current figures. Funding guarantees ensure districts receive a predetermined level of aid, often by

matching or exceeding previous years' allocations, regardless of enrollment changes. These guarantees are frequently implemented during transitions to new funding formulas to prevent sudden financial shortfalls for districts.

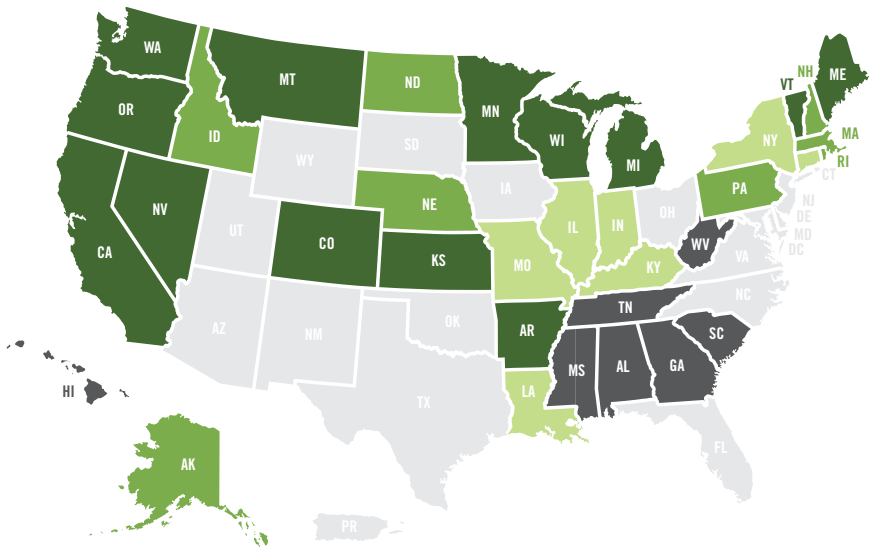
Most states (30) use a funding formula that is largely student-based, meaning funding is tied directly to how many students enroll or attend a district. Many states, however, layer on protections to soften the financial blow when enrollment drops. As of the latest data, 34 states provide districts with declining enrollment protections, funding guarantees, or both. Specifically, 16 states use declining enrollment provisions, while 22 have hold harmless policies (Figure 8).

While these funding protections offer districts financial stability and predictability, they come with trade-offs. One is an increased financial burden for taxpayers, as states may allocate funds for students no longer in attendance. For instance, in FY 2023, California taxpayers paid $4 billion for 401,000 "ghost" students no longer in the state's public schools.[3] Policies such as this can inadvertently reduce incentives for districts to enhance services or efficiency because declining enrollment does not affect their funding. Balancing the benefits of financial stability with the potential downsides of mitigation measures is crucial. Funding protections should be thoughtfully designed to meet district needs while also ensuring fiscal responsibility. Empirical evidence suggests that centering funding on student enrollment improves academic outcomes.[4] But for our purposes, these funding protections provide districts with a fiscal "windfall" when their enrollment declines, which is discussed next.

THE ENROLLMENT DECLINE WINDFALL: REIMAGINING SCHOOL RESOURCES

- From 2018 to 2019, districts with declining enrollment saw a 7.1% increase in per-student spending, compared to a 3.7% increase in per-pupil spending in districts with growing enrollment. Both increases outpaced inflation during that period, which was only 1.5%, based on the Personal Consumption Expenditures (PCE) Price Index, a widely accepted measure of cost-of-living changes.

FIGURE 8 **HOLD HARMLESS POLICY SCAN**



- Districts with declining enrollment saw per-student spending increase by $1,047, from $14,745 to $15,792. Districts with enrollment growth saw a smaller increase of $526 per student, from $14,066 to $14,592. Districts losing students already spent more per student, so the spending gap widened in their favor.

- From academic year (AY) 1998 to AY 2019, districts with declining enrollment saw their total staff per 100 students increase 25.5%, reaching 13.3. Districts with growing enrollment saw a 14.4% increase, reaching 12.1 staff members per 100 students.

    - During the same period, per-employee salaries and benefits rose 76.7% in declining districts compared to 72.4% in districts with increasing enrollment.

- In the 2015 and 2019 timespan, 59.7% of rural public school districts experienced enrollment decline. These districts received $1,117 more in total expenditures per student compared to districts with enrollment gains. This shows that rural districts, like others, benefit from increased per-student resources amid declining enrollment.

At a Glance

Districts losing students often see larger increases in per-student funding than those with growing enrollment. This windfall happens mainly because of how public schools are funded. For example, most states use funding formulas based on prior years' enrollment rather than current student counts. Most states also have funding protections in the form of declining enrollment provisions or funding guarantees (aka "hold harmless" policies) meant to give districts time to adjust to changes. Some funding sources, such as property taxes and certain state and federal allocations, are not directly tied to student enrollment numbers. When student numbers drop but funding stays relatively stable, favorable funding mechanisms mean that the amount of money available per student increases. This creates a financial cushion that districts can use for things like staff raises, smaller class sizes, or other expenses. But it also means taxpayers may be funding services for students who are no longer there.

Between fall 2022 and fall 2031, public school enrollment will decline by an estimated 5.5%—nearly 3 million students. It may seem reasonable to believe that fewer students will lead to fewer resources for public schools. Thanks to funding guarantees, however, significant financial benefits will accrue to the remaining students and the employees who serve them.

In a recent study, economist and EdChoice Friedman Fellow Dr. Ben Scafidi examined how changes in student enrollment impact school district finances and resources over varying durations. He used data from the National Center for Education Statistics to explore enrollment drops across multiple time frames: a short-term one-year period covering academic year (AY) 2018-2019, a medium-term period (four years) spanning AY 1995-1999, and a long-term period (21 years) from AY 1998-2019. Results across all three periods were qualitatively similar.

IV. THE EMERGENCE AND SCALE OF EDUCATIONAL CHOICE

TAKE-UP RATES FOR UNIVERSAL AND NEAR-UNIVERSAL EDUCATIONAL CHOICE PROGRAMS BY YEAR IN OPERATION

- Of the 10 programs included, none had a take-up rate exceeding 7%—even those in operation for well over a decade (Table 3).
- These numbers suggest that well-established choice programs have not led to a mass exodus from public schools.

At a Glance

The financial impact of universal school choice programs will depend in part on the share of eligible students who participate in them. This is called the take-up rate.

Some programs were introduced as fully universal programs in the first year (Utah , West Virginia, and Oklahoma). Others became universal through a planned phase-in period (Iowa and Arkansas). Yet other programs were expanded by discrete decisions to fully universal coverage (Arizona, Florida, Indiana, North Carolina, and Ohio).

- Iowa's ESA program will become fully universal by its third year school year (SY 2025-26).
- Indiana's voucher program allows 98% of students to be eligible in SY 2024-25 and all students in SY 2025-26.
- Ohio's voucher expansion program allows 96% of students to be eligible.
- West Virginia's ESA program allows 93% of students to be eligible in 2024-25 and will become fully universal in 2025-26.

*** The table *on the next spread* presents data for each program by year in operation**

*** The take-up rate is the number of students participating / number of students eligible**

*** Black numbers are for the years when the program was not universal that year**

*** Green numbers indicate the years that program was universal or near-universal that year**

*** Yellow numbers indicate that the program was not universal that year**

TAKE-UP RATES IN ALL EDUCATIONAL CHOICE PROGRAMS, BY STATE BY YEAR IN OPERATION

Table 3 analyzes the take-up rates of 53 educational choice programs. It shows the take-up rate for the first year a state had private school choice as well as the rate for the most recent year. The columns "Number of Programs" and "Years with Choice" indicate the number of school choice programs a state has and how long it has had at least one program, respectively. Florida, for example, has four choice programs and has had at least one choice program for 26 years. In that time, the percentage of eligible students using choice has grown from .01% to 13.33%.

EDCHOICE SHARE

- In 2000-2001, the number of students participating in choice programs was slightly over 60,000 (0.11% of all K–12 students).
- Some 25 years later, more than 1.2 million students, or 2.2% of all K–12 students, participate in choice programs.
- Today, 45% of students in the United States are eligible for a private educational choice program.[5]

TABLE 3 TAKE-UP RATE BY PROGRAM, YEAR-BY-YEAR (YEARS 1-14)

	AZ Education Savings Account	AR Education Savings Account	FL Education Savings Account*	IN Voucher	
Year Launched	2012	2024	2020	2012	
Year 1	0.12%	3.39%	1.02%	0.74%	
Year 2	0.24%	5.99%	2.04%	1.69%	
Year 3	0.59%		4.10%	3.64%	
Year 4	1.02%		4.19%	5.27%	
Year 5	1.89%		4.15%	5.93%	
Year 6	2.62%		6.55%	6.45%	
Year 7	3.62%			6.87%	
Year 8	4.54%			7.23%	
Year 9	7.33%			7.25%	
Year 10	6.53%			6.95%	
Year 11	4.24%			4.74%	
Year 12	4.89%			5.97%	
Year 13	6.15%			6.16%	
Year 14	6.93%			6.55%	

Sources: Calculations using data from the National Center on Education Statistics, U.S. Department of Education; U.S. Census Bureau; John Hopkins University Homeschool Hub; EdChoice School Choice in America Dashboard, last modified June 7, 2024, https://www.edchoice.org/school-choice/dashboard/.

At a Glance

The EdChoice Share tracks the share of students in a state (or the nation) who are enrolled in various choice programs: education savings account (ESA), voucher, refundable tax credit, tax-credit ESA, or tax-credit scholarship. Table 5 below reports on a national basis the percentage of students enrolled in various education settings by year. Table 6 reports these percentages by state for the 2024-2025 school year, and it ranks states by their EdChoice Share.

	IA Education Savings Account	NC Voucher	OH Voucher Expansion	OK Refundable Tax Credit	UT Education Savings Account	WV Education Savings Account
	2024	2015	2014	2024	2024	2023
	3.31%	0.23%	1.15%	3.74%	1.43%	0.96%
	5.41%	0.54%	1.91%	4.02%		2.36%
		0.85%	2.09%			4.84%
		1.15%	2.15%			
		1.54%	3.72%			
		1.92%	3.94%			
		2.56%	3.81%			
		2.70%	4.64%			
		3.60%	2.74%			
		1.81%	3.32%			
		2.11%	4.99%			

** Take-up rates are for the Florida Family Empowerment Scholarship for Educational Options program.*

A table with data for all states is available online here: infogram.com/1px266l69qpvmyhqxg9pryr5q9inrw-3950k.

TABLE 4 TAKE-UP RATES BY STATE DURING THEIR FIRST AND MOST RECENT YEARS IN OPERATION

State	Number of Programs	Years with Choice	Take-up Rate for Program(s) in First Year	Take-up Rate for Program(s) in Most Recent Year
Alabama	1	12	0.01%	0.79%
Arizona	5	28	0.01%	6.93%
Arkansas	2	9	0.03%	5.99%
District of Columbia	1	20	5.51%	4.20%
Florida	4	26	0.001%	13.33%
Georgia	2	16	0.47%	1.44%
Illinois	1	5	0.90%	1.20%
Indiana	3	16	0.08%	6.62%
Iowa	2	19	3.42%	5.42%
Kansas	1	9	0.01%	1.08%
Louisiana	2	16	1.18%	1.83%
Maryland	1	9	1.25%	0.99%
Mississippi	3	13	0.23%	0.92%
Montana	1	7	0.02%	0.66%
Nevada	1	9	0.21%	0.57%
New Hampshire	2	13	0.16%	7.67%
North Carolina	3	12	0.14%	2.11%
Ohio	5	28	2.73%	8.24%
Oklahoma	3	15	0.05%	4.02%
Pennsylvania	2	22	1.94%	7.96%
Rhode Island	1	17	0.47%	0.93%
South Carolina	1	10	0.41%	1.34%
South Dakota	1	8	0.52%	2.02%
Tennessee	2	9	0.04%	0.50%
Utah	2	20	0.16%	0.17%
Virginia	1	11	0.01%	1.10%
West Virginia	1	3	0.96%	4.48%
Wisconsin	4	30	2.67%	12.94%

Sources: Calculations using data from "School Choice in America Dashboard," EdChoice, last modified June 7, 2024, https://www.edchoice.org/school-choice/dashboard/.

A table with data for all states is available online here: infogram.com/1px266l69qpvmyhqxg9pryr5q9inrw-3950k.

TABLE 5 THE PERCENTAGE OF STUDENTS ENROLLED IN VARIOUS EDUCATION SETTINGS IN THE UNITED STATES BY YEAR (2000-2001 TO 2024-2025)

School Year	Traditional Public (%)	Magnet (%)	Charter (%)	Tuition-Paying Private (%)	Home-school (%)	Educational Choice (%)
2000-2001	84.62	2.26	0.84	10.47	1.70	0.11
2001-2002	84.57	2.67	1.06	9.71	1.80	0.18
2002-2003	84.42	2.85	1.22	9.43	1.90	0.18
2003-2004	84.19	2.97	1.45	9.19	2.01	0.20
2004-2005	83.91	3.01	1.62	9.06	2.19	0.21
2005-2006	82.85	3.80	1.83	8.90	2.37	0.25
2006-2007	83.38	2.87	2.08	8.88	2.55	0.24
2007-2008	81.98	3.84	2.30	8.84	2.74	0.29
2008-2009	81.61	4.16	2.58	8.48	2.85	0.32
2009-2010	82.91	2.73	2.91	8.16	2.97	0.32
2010-2011	81.80	3.71	3.22	7.94	2.97	0.36
2011-2012	81.05	4.05	3.71	7.69	3.08	0.42
2012-2013	80.20	4.44	4.07	7.67	3.18	0.46
2013-2014	79.31	4.56	4.50	7.59	3.12	0.57
2014-2015	78.70	4.62	4.82	7.75	3.07	0.64
2015-2016	78.32	4.59	5.02	7.94	3.02	0.70
2016-2017	78.28	4.46	5.29	7.83	2.97	0.79
2017-2018	77.73	4.68	5.52	7.75	2.97	0.85
2018-2019	77.77	4.72	5.80	7.50	2.78	0.92
2019-2020	77.84	4.76	6.07	7.23	2.58	1.00
2020-2021	76.47	4.99	6.63	7.56	2.70	1.12
2021-2022	76.46	4.97	6.61	7.45	2.69	1.28
2022-2023	76.32	4.98	6.73	7.06	2.69	1.67
2023-2024	74.73	4.88	6.61	6.79	4.67	1.78
2024-2025	74.80	4.90	6.60	6.80	4.70	2.20

Sources: Calculations using EdChoice internal data

A table with data for all states is available online here: infogram.com/1px266l69qpvmyhqxg9pryr5q9inrw-3950k.

TABLE 6 THE PERCENTAGE OF STUDENTS ENROLLED BY EDUCATION SETTING, BY STATE, IN 2025

State	EdChoice Share Rank	Number of Programs	Private Educational Choice Programs Share (%)
Florida	1	3	12.8
Arizona	2	5	10.0
Ohio	3	8	8.1
Indiana	4	3	7.4
Iowa	5	2	6.9
Wisconsin	6	4	6.3
Oklahoma	7	3	4.5
West Virginia	8	1	4.2
Vermont	9	1	4.1
Pennsylvania	10	2	4.0
New Hampshire	11	2	3.7
Arkansas	12	2	2.8
North Carolina	13	2	2.3
Maine	14	1	2.1
District of Columbia	15	1	1.8
Utah	16	3	1.7
Georgia	17	3	1.4
Louisiana	18	4	1.2
South Dakota	19	1	1.0
Montana	20	2	0.6
Alabama	21	3	0.4
Nevada	22	1	0.4
Tennessee	23	2	0.4
Virginia	24	1	0.4
Rhode Island	25	1	0.3
Maryland	26	1	0.3
Kansas	27	1	0.3

Sources: Colyn Ritter, (2025). 2025 EdChoice Share: Exploring where America's students are educated. EdChoice. Retrieved from https://www.edchoice.org/2025-edchoice-share-exploring-where-americas-students-are-educated/

A table with data for all states is available online here: infogram.com/1px266l69qpvmyhqxg9pryr5q9inrw-3950k.

Other Private School Share (%)	Traditional Public School Share (%)	Magnet School Share (%)	Public Charter School Share (%)	Homeschool Share (%)
0.3	51.8	19.0	11.7	4.5
0.3	68.1	N/A	18.2	3.4
2.4	76.4	N/A	6.3	2.7
2.6	79.7	0.9	4.4	5.0
1.9	87.2	N/A	<0.1	3.9
8.2	76.8	0.2	5.3	3.2
0.3	84.2	N/A	7.1	3.9
0.3	90.3	N/A	N/A	4.4
5.7	86.0	0.5	N/A	3.7
7.4	76.7	1.4	8.5	2.1
7.7	83.7	N/A	3.0	1.9
3.3	79.0	3.3	6.5	5.1
4.8	67.1	8.9	8.2	8.7
6.6	84.3	0.1	1.4	5.5
17.2	32.8	N/A	47.1	1.1
0.5	82.7	1.5	11.2	2.3
6.4	84.3	0.4	3.4	4.1
12.2	69.3	3.1	12.0	2.2
7.8	84.8	N/A	N/A	6.5
5.5	89.2	N/A	N/A	4.7
7.1	84.1	2.0	0.8	5.5
4.3	62.6	13.2	13.7	5.8
9.0	78.0	7.2	4.0	1.5
8.1	73.7	13.8	0.1	4.0
10.8	78.7	N/A	8.3	1.9
12.1	66.3	16.2	2.4	2.7
7.9	87.7	3.1	0.5	0.6

TABLE 6 THE PERCENTAGE OF STUDENTS ENROLLED BY EDUCATION SETTING, BY STATE, IN 2025 *(CONTINUED)*

State	EdChoice Share Rank	Number of Programs	Private Educational Choice Programs Share (%)
Missouri	28	1	0.2
South Carolina	29	3	0.2
Mississippi	30	3	0.1
Minnesota	31	1	N/A
Wyoming	32	1	N/A
Alaska	33	0	N/A
California	34	0	N/A
Delaware	35	0	N/A
Michigan	36	0	N/A
Hawaii	37	0	N/A
New York	38	0	N/A
Colorado	39	0	N/A
Connecticut	40	0	N/A
Idaho	41	0	N/A
Kentucky	42	0	N/A
New Mexico	43	0	N/A
Illinois	44	0	N/A
Texas	45	0	N/A
Oregon	46	0	N/A
New Jersey	47	0	N/A
Massachusetts	48	0	N/A
Nebraska	49	0	N/A
Washington	50	0	N/A
North Dakota	51	0	N/A

Sources: Colyn Ritter, (2025). 2025 EdChoice Share: Exploring where America's students are educated. EdChoice. Retrieved from https://www.edchoice.org/2025-edchoice-share-exploring-where-americas-students-are-educated/

A table with data for all states is available online here: infogram.com/1px266l69qpvmyhqxg9pryr5q9inrw-3950k.

Other Private School Share (%)	Traditional Public School Share (%)	Magnet School Share (%)	Public Charter School Share (%)	Homeschool Share (%)
9.3	80.3	1.4	2.5	6.2
6.8	73.0	10.0	6.3	3.8
8.8	85.1	0.7	0.7	4.5
8.1	78.1	3.7	7.4	2.8
1.8	93.4	N/A	0.7	4.1
3.1	68.8	12.2	5.8	10.3
8.6	70.1	7.7	10.9	2.7
12.6	72.0	1.6	11.6	2.2
7.9	72.5	9.5	10.1	0.0
17.9	74.4	N/A	5.9	1.8
12.8	74.6	4.5	6.3	1.9
5.8	76.5	1.3	15.4	1.0
9.9	77.3	8.3	2.0	2.5
5.4	77.1	3.1	8.4	6.0
8.9	79.3	6.6	N/A	5.2
6.7	80.7	N/A	9.3	3.3
8.8	81.3	4.1	3.0	2.8
4.5	81.3	3.8	7.0	3.4
7.0	81.6	N/A	6.7	4.7
11.7	81.6	N/A	3.9	2.8
10.4	83.6	N/A	4.9	1.2
10.0	86.8	N/A	N/A	3.2
8.3	87.3	1.5	0.4	2.4
8.7	87.6	N/A	N/A	3.6

FUNDED ELIGIBILITY

- Funded eligibility depends on both eligibility rules and the amount of public funding for a program.

- Only seven states have funding mechanisms that allow 100% of families to access better education options through a choice program.

At a Glance

This year, EdChoice formally introduced the Friedman Index, which ranks states by the strength of their educational choice programs.

At the core of the index is *funded eligibility*. Funded eligibility measures the number of students who can participate in a choice program. It reflects both eligibility requirements for various programs and the funding allocated to them.

Not all programs identified as universal actually are universal. If a program is open to all students but it has a funding cap, it is not truly universal, because not all students can participate. To calculate a state's funded eligibility rate, we divided the number of students it funds by the total number of students in the state. States are then organized from the highest- to the lowest-funded eligibility rates.

Unfortunately, many school choice programs lack the funding required to support every student, so they risk becoming accessible in name only. Utah's Fits All Scholarship program is one example. Theoretically, any Utah student can participate in the program and receive a scholarship worth approximately $8,000. Yet, this past year the program received $80 million in funding, so only 10,000 students were able to participate. The remaining students who applied were placed on a waiting list with slim chances of receiving a scholarship.

The EdChoice Friedman Index lists the states that have a school choice program. It reports for each state the share of students who are eligible for funding (Table 7). Seven states have 100% funded eligibility, meaning

that families who want to access better education options through a choice program can do so. Many states, however, have significant room for improvement.

TABLE 7 FUNDED ELIGIBILITY RATES BY STATE

Sorted by Funded Eligibility Rate		*Sorted by State Alphabetically*	
State	Funded Eligibility Rate	State	Funded Eligibility Rate
Alabama	100%	Alabama	100%
Alaska	100%	Alaska	100%
Arizona	100%	Arizona	100%
Arkansas	100%	Arkansas	100%
Florida	100%	District of Columbia	1%
Iowa	100%	Florida	100%
Ohio	100%	Georgia	15%
Indiana	98%	Idaho	3%
New Hampshire	48%	Indiana	98%
West Virginia	40%	Iowa	100%
Minnesota	33%	Kansas	1%
Oklahoma	19%	Louisiana	1%
Georgia	15%	Maine	2%
Montana	13%	Maryland	0.3%
Pennsylvania	9%	Minnesota	33%
Mississippi	7%	Mississippi	7%
Tennessee	6%	Missouri	1%
North Carolina	5%	Montana	13%
Vermont	4%	Nevada	0.4%
Idaho	3%	New Hampshire	48%
Maine	2%	North Carolina	5%
South Carolina	2%	Ohio	100%
South Dakota	2%	Oklahoma	19%
Utah	2%	Pennsylvania	9%
District of Columbia	1%	Rhode Island	0.4%
Kansas	1%	South Carolina	2%
Louisiana	1%	South Dakota	2%
Missouri	1%	Tennessee	6%
Virginia	1%	Utah	2%
Nevada	0.4%	Vermont	4%
Rhode Island	0.4%	Virginia	1%
Maryland	0.3%	West Virginia	40%

Source: Ben Scafidi and Colyn Ritter, The 2025 EdChoice Friedman Index: All Students, All Options, All Dollars, EdChoice, 2025, https://www.edchoice.org/research/the-2025-edchoice-friedman-index/

A table with data for all states is available online here: infogram.com/1px266l69qpvmyhqxg9pryr5q9inrw-3950k.

V. THE "CHOICE DRAINS FUNDING" CLAIM

EDUCATIONAL COSTS

- School costs behave differently with enrollment changes: Some costs are fixed in the short run, while others are variable or quasi-fixed; over time, all costs become variable.
    - Fixed costs (e.g., buildings, utilities) do not adjust immediately with enrollment changes. Variable costs (e.g., supplies, salaries) fluctuate more directly with student numbers.
    - In the long run, all costs become variable: Districts can consolidate or expand facilities, adjust staffing costs, and manage budgets as student enrollment patterns shift.
- Cost estimates from all states show that 39% of public school spending is fixed and 61% is variable. In FY 2023, average per-student spending was about $19,300, with roughly $7,400 in fixed costs and $11,900 in variable costs. These cost estimates are cautious; they likely understate variable costs.
- Districts routinely manage enrollment shifts, and school choice is only one shift. A few students leaving has minimal budgetary impact. As larger shifts occur, more costs become adjustable. The real-world mix of fixed and variable costs means districts can and do adapt without harming students, as was shown in section III of this *Factbook*.

At a Glance

The fiscal impact school choice programs have on public schools often hinges on an important but overlooked question: What happens to school costs when enrollment changes? Understanding the distinction between fixed and variable costs is essential to answering this question. Policymakers debating the effects of school choice must recognize that while some school costs remain constant in the short term, many others adjust when students leave, and all costs become flexible over time. This economic reality means that

enrollment shifts caused by choice programs are financially manageable. Schools have always adapted to enrollment changes due to demographic trends, residential moves, and family preferences. Enrollment changes caused by school choice programs do not present new challenges.

In education, fixed costs—such as facilities, utilities, and debt payments—do not immediately change with student enrollment. In contrast, variable costs—such as textbooks, classroom supplies, and staff salaries—adjust more directly as enrollment rises or falls. Some costs, like transportation, are quasi-fixed. A bus fleet represents a fixed cost in the short-term, but the cost of fueling it is variable as districts can economize on mileage.

An important principle in both accounting and economics is that all costs become variable in the long run. Even costs that seem to be fixed, like school buildings, can be shed or repurposed as enrollment patterns shift. School districts may face short-term fiscal adjustments when educational choice expands. But the long-term flexibility of budgets lets them respond in ways that protect both financial health and student outcomes. Choice simply introduces another source of enrollment change into an already dynamic system.

We estimate that, on average, 39% of public school spending is on short-run fixed costs and 61% is on variable costs, using FY 2023 data from the U.S. Department of Education across all 50 states and Washington, D.C. Table 8 below shows estimates of the average short-run fixed and variable costs for all 50 states. Total expenditures per student averaged about $19,300, with short-run fixed costs comprising around $7,400 and variable costs about $11,900 per student. These estimates suggest that a substantial portion of school spending is already flexible enough to adapt to enrollment changes. In short, school choice policies can be financially sustainable over time.

To estimate short-run variable costs, we used national school finance data from the U.S. Department of Education and considered the following expenditure categories as variable in the short run: instruction, instructional support services, and student support services. We treated all other spending categories as fixed, though some could be at least partially variable: capital costs, transportation, administration, food service, and others. This approach is conservative and leads to lower estimates of variable costs than

some studies would produce. For example, while some researchers included additional categories like food service in their variable cost estimates, the method used here intentionally errs on the side of caution to avoid overstating taxpayer savings from choice programs.

Critics sometimes argue that districts can't reduce costs when only a few students leave. Districts have high fixed costs, they say. By that logic, districts would not need additional funding when enrollment grows, which is obviously not true. In practice, districts routinely manage fluctuations in enrollment caused by residential moves, demographic shifts, and other factors, not just school choice. The loss of a few students typically represents only a small fraction of a district's multimillion-dollar budget, and some districts are already accustomed to navigating that change. As time proceeds or enrollment changes grow larger, more costs become variable, allowing districts greater opportunities to adjust and economize. Managing these transitions can be challenging. However, the benefits of expanding educational options for students often outweigh the temporary budgeting adjustments that administrators must make.

TABLE 8 SHARE OF TOTAL EDUCATIONAL COSTS THAT ARE FIXED AND VARIABLE, BY STATE, FY 2023

State	Total Expenditures per Student	Short-Run Fixed Costs	% of Total Costs That are Short-Run Fixed Costs	Short-Run Variable Costs	% of Total Costs That are Short-Run Variable Costs
United States	$19,132	$7,383	38.6%	$11,749	61.4%
Alabama	$14,587	$6,018	41.3%	$8,569	58.7%
Alaska	$22,279	$8,010	36.0%	$14,268	64.0%
Arizona	$14,001	$6,234	44.5%	$7,766	55.5%
Arkansas	$14,844	$6,114	41.2%	$8,730	58.8%
California	$21,465	$8,188	38.1%	$13,278	61.9%
Colorado	$18,553	$8,640	46.6%	$9,913	53.4%
Connecticut	$27,399	$9,593	35.0%	$17,806	65.0%
Delaware	$22,385	$8,164	36.5%	$14,221	63.5%
District of Columbia	$38,305	$18,020	47.0%	$20,285	53.0%
Florida	$14,580	$5,561	38.1%	$9,019	61.9%
Georgia	$16,075	$5,795	36.1%	$10,280	63.9%
Hawaii	$21,804	$7,822	35.9%	$13,982	64.1%
Idaho	$11,913	$4,573	38.4%	$7,340	61.6%

Source: Calculations based on data in Cornman, S.Q., Doyle, S., Moore, C., Phillips, J., and Nelson, M.R. (2025). Revenues and Expenditures for Public Elementary and Secondary Education: School Year 2022–23 (Fiscal Year 2023): First Look (NCES 2025-302). U.S. Department of Education. Washington, DC: National Center for Education Statistics. Retrieved [date] from http://nces.ed.gov/pubsearch.

A table with data for all states is available online here: infogram.com/1px266l69qpvmyhqxg9pryr5q9inrw-3950k.

TABLE 8 SHARE OF TOTAL EDUCATIONAL COSTS THAT ARE FIXED AND VARIABLE, BY STATE, FY 2023 *(CONTINUED)*

State	Total Expenditures per Student	Short-Run Fixed Costs	% of Total Costs That are Short-Run Fixed Costs	Short-Run Variable Costs	% of Total Costs That are Short-Run Variable Costs
Illinois	$23,751	$8,922	37.6%	$14,829	62.4%
Indiana	$15,181	$6,472	42.6%	$8,709	57.4%
Iowa	$16,954	$7,175	42.3%	$9,779	57.7%
Kansas	$15,747	$5,830	37.0%	$9,918	63.0%
Kentucky	$17,087	$6,992	40.9%	$10,095	59.1%
Louisiana	$16,417	$6,606	40.2%	$9,811	59.8%
Maine	$21,123	$7,416	35.1%	$13,707	64.9%
Maryland	$21,715	$7,416	34.2%	$14,299	65.8%
Massachusetts	$26,060	$7,129	27.4%	$18,931	72.6%
Michigan	$19,634	$8,189	41.7%	$11,444	58.3%
Minnesota	$19,759	$8,245	41.7%	$11,514	58.3%
Mississippi	$14,128	$5,830	41.3%	$8,299	58.7%
Missouri	$16,489	$7,402	44.9%	$9,087	55.1%
Montana	$15,764	$6,381	40.5%	$9,383	59.5%
Nebraska	$17,502	$6,989	39.9%	$10,513	60.1%
Nevada	$13,075	$4,580	35.0%	$8,495	65.0%
New Hampshire	$23,580	$7,585	32.2%	$15,995	67.8%
New Jersey	$29,106	$9,145	31.4%	$19,961	68.6%
New Mexico	$18,430	$7,287	39.5%	$11,143	60.5%
New York	$32,495	$10,937	33.7%	$21,558	66.3%
North Carolina	$13,681	$4,924	36.0%	$8,757	64.0%
North Dakota	$19,775	$8,894	45.0%	$10,881	55.0%
Ohio	$18,624	$7,146	38.4%	$11,478	61.6%
Oklahoma	$12,746	$5,522	43.3%	$7,224	56.7%
Oregon	$21,060	$9,116	43.3%	$11,944	56.7%
Pennsylvania	$23,082	$8,796	38.1%	$14,287	61.9%
Rhode Island	$24,271	$8,239	33.9%	$16,031	66.1%
South Carolina	$16,286	$6,907	42.4%	$9,379	57.6%
South Dakota	$15,765	$7,571	48.0%	$8,194	52.0%
Tennessee	$13,974	$5,460	39.1%	$8,514	60.9%
Texas	$15,848	$7,354	46.4%	$8,493	53.6%
Utah	$12,441	$4,890	39.3%	$7,551	60.7%
Vermont	$28,956	$8,336	28.8%	$20,620	71.2%
Virginia	$17,810	$6,155	34.6%	$11,655	65.4%
Washington	$21,066	$7,682	36.5%	$13,384	63.5%
West Virginia	$16,909	$6,960	41.2%	$9,949	58.8%
Wisconsin	$18,118	$7,509	41.4%	$10,609	58.6%
Wyoming	$21,318	$7,740	36.3%	$13,578	63.7%

Source: Calculations based on data in Cornman, S.Q., Doyle, S., Moore, C., Phillips, J., and Nelson, M.R. (2025). Revenues and Expenditures for Public Elementary and Secondary Education: School Year 2022–23 (Fiscal Year 2023): First Look (NCES 2025-302). U.S. Department of Education. Washington, DC: National Center for Education Statistics. Retrieved [date] from http://nces.ed.gov/pubsearch.

A table with data for all states is available online here: infogram.com/1px266l69qpvmyhqxg9pryr5q9inrw-3950k.

FISCAL EFFECTS OF EDUCATIONAL CHOICE PROGRAMS

- From their inception through FY 2022, the 48 programs analyzed generated total savings for taxpayers ranging from $19.4 billion to $45.6 billion. (Table 9)
- For every student who participated in a choice program, taxpayers saved an average of $3,300 to $7,800.
- Choice programs generated $1.70 to $2.64 in taxpayer savings for every dollar spent.

At a Glance

Choice critics contend that school choice programs divert funding from public schools, potentially disadvantaging the students who remain. Advocates, on the other hand, often note that funding gaps between choice programs and public school systems generate fiscal benefits for taxpayers when students leave public schools via these programs. Policymakers, who must maintain balanced state budgets and uphold their state's constitutional responsibility to provide public education, are rightly focused on understanding the financial impact of these programs.

In 2024, EdChoice analyzed the fiscal effects of 48 educational choice programs in 25 states and Washington, D.C., from their inception through FY 2022. The research included five education savings account programs, 22 school voucher programs, and 21 tax-credit scholarship programs. Each program had been operational for at least five years, with 31 programs running for a decade or longer.

The analysis used data from the National Center for Education Statistics to estimate short-run and long-run variable costs and establish lower and upper-bound cost calculations.[6] The available data for the analysis encompassed the years before any states created universal educational choice programs; therefore, no universal program is included in that report's main analysis. The study included a separate fiscal analysis on Arizona's universal ESA program by using data from the state for fiscal years 2023 and 2024.

Reasons Why School Choice Programs Generate Savings

- School choice programs cost taxpayers approximately $6,000 per student, about 35% of the average public school expenditure of about $17,000 per pupil. (Figure 9)
- As student enrollment drops, district costs decline, with savings increasing over time as school leaders adjust operations and budgets.
- Choice programs can help mitigate school overcrowding, potentially preventing expensive infrastructure and staffing expansions.

The Size and Scope of Choice Programs

- In 2022, about 600,000 students participated in 48 choice programs, representing 2.4% of publicly funded K–12 students in states with such options. (Figure 10)
- In states where choice programs exist, they account for 1% of total K–12 education funding overall and 0.3% of total state expenditures on all public services. (Figure 11 and Figure 12)

The Case of Arizona

- Arizona's Empowerment Scholarship Account program cost $730 million in FY 2024.
- The $730 million price tag accounts for 0.9% of state expenditures on all public services.
- The net cost, after adjusting for "switchers" (students who are likely to enroll in a public school without financial assistance from a choice program), was $37 million in the short term.

- The $37 million accounts for 0.2% of taxpayer support for K–12 public schools and only 0.05% of total state expenditures on all public services.

- The analysis projects that funding the current cohort of ESA students will yield $244 million in long-run savings for taxpayers.

FIGURE 9 **PER-PUPIL FUNDING FOR EDUCATION CHOICE PROGRAMS AND K–12 PUBLIC SCHOOL SYSTEMS IN 26 STATES, FY 2022**

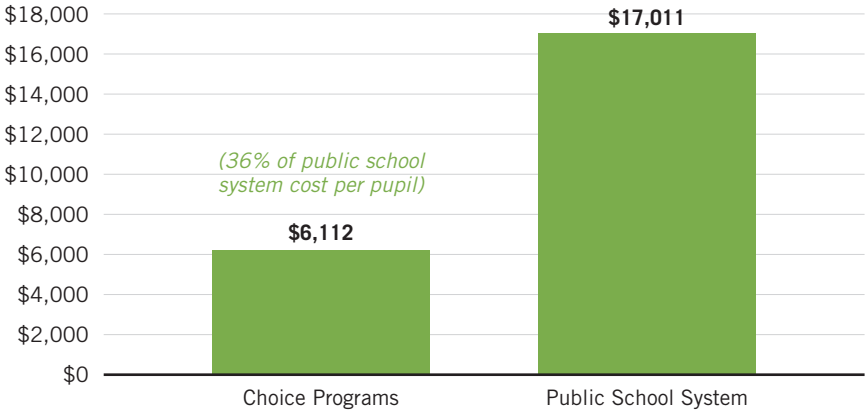
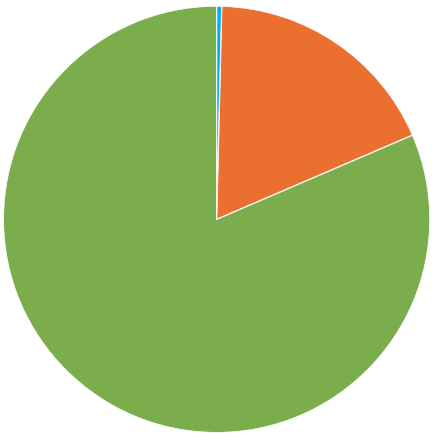


FIGURE 12 **TOTAL EXPENDITURES ON PRIVATE EDUCATION CHOICE PROGRAMS, TOTAL STATE EXPENDITURES ON OTHER K–12 EDUCATION, AND TOTAL EXPENDITURES ON ALL OTHER PUBLIC SERVICES IN 26 STATES, FY 2022**

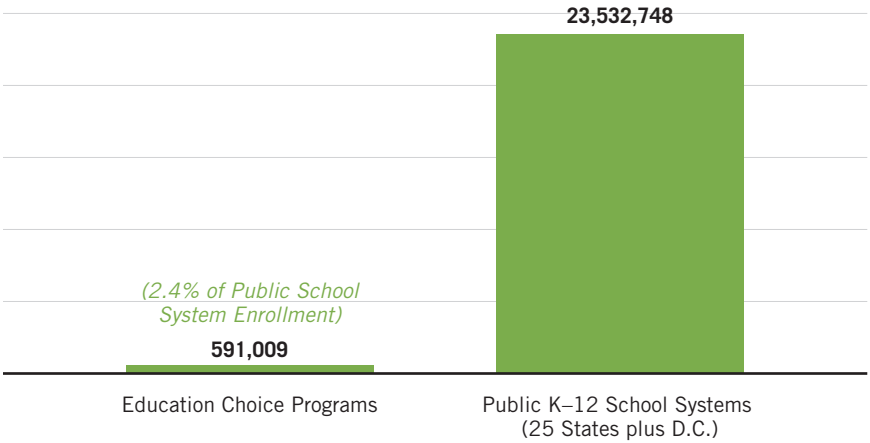


State Expenditures on K–12 Private School Choice Programs, **$3.7 Billion, 0.3%**

State Expenditures on K–12 Public School System, **$226 Billion, 18%**

All Other State Expenditures, **$1.02 Trillion, 82%**

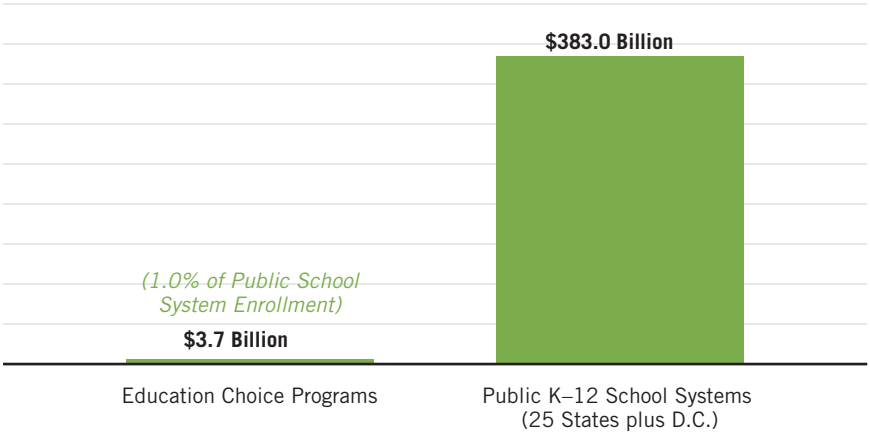
FIGURE 10 TOTAL NUMBER OF STUDENTS ENROLLED IN EDUCATION CHOICE PROGRAMS AND K–12 PUBLIC SCHOOL SYSTEMS IN 26 STATES, FY 2022



Sources: National Center for Education Statistics, U.S. Department of Education; various state government agencies; EdChoice.

A table with data for all states is available online here: infogram.com/1px266l69qpvmyhqxg9pryr5q9inrw-3950k.

FIGURE 11 TOTAL FUNDING FOR EDUCATION CHOICE PROGRAMS AND K–12 PUBLIC SCHOOL SYSTEMS IN 26 STATES, FY 2022



Sources: National Center for Education Statistics, U.S. Department of Education; various state government agencies; EdChoice.

A table with data for all states is available online here: infogram.com/1px266l69qpvmyhqxg9pryr5q9inrw-3950k.

TABLE 9 SUMMARY OF CUMULATIVE SAVINGS (OR COST) FOR 48 PRIVATE EDUCATIONAL CHOICE PROGRAMS THROUGH FY 2022 BY STATE

State	Number of Programs	Total Number of Scholarships Awarded Since Program Inception	Short-Run Cumulative Savings from Inception Through 2021-22	Short-Run Cumulative Savings Per Student From Inception Through 2021-22
Alabama	1	32,354	($2,021,832)	($62)
Arizona	5	916,799	$1,589,679,944	$1,734
Arkansas	1	1,989	$21,197,306	$10,657
D.C.	1	26,237	$74,331,143	$2,833
Florida	3	1,672,460	$3,692,346,147	$2,208
Georgia	2	229,724	$1,107,475,677	$4,821
Illinois	1	31,284	$156,233,475	$4,994
Indiana	2	418,688	$1,078,977,845	$2,577
Iowa	1	171,538	$984,576,494	$5,740
Kansas	1	3,326	$7,421,447	$2,231
Louisiana	3	86,939	$183,723,153	$2,113
Maryland	1	17,097	$34,547,589	$2,021
Mississippi	2	4,332	$31,159,291	$7,193
Nevada	1	10,086	($18,804,461)	($1,864)
New Hampshire	1	5,174	$48,416,334	$9,358
North Carolina	3	89,178	$379,577,522	$4,256
Ohio	5	628,070	$2,864,532,122	$4,561
Oklahoma	2	22,933	$96,884,898	$4,225
Pennsylvania	2	894,295	$6,023,544,464	$6,736
Rhode Island	1	6,916	$52,634,122	$7,610
South Carolina	1	14,009	$134,212,446	$9,580
South Dakota	1	4,223	$23,820,347	$5,641
Tennessee	1	1,027	$9,508,028	$9,258
Utah	1	12,835	$58,986,436	$4,596
Virginia	1	30,523	$213,597,971	$6,998
Wisconsin	4	529,671	$586,766,446	$1,108
All Programs	48	5,861,708	$19,433,324,353	$3,315

Source: Martin F. Lueken (2024). The Fiscal Effects of School Choice: The costs and savings of private school choice programs in America through FY 2022, EdChoice, October, https://www.edchoice.org/wp-content/uploads/2024/10/Fiscal-Effects-2024.pdf.

Short-Run Savings For Each Dollar Spent	Long-Run Cumulative Savings From Inception Through 2021-22	Long-Run Cumulative Savings Per Student From Inception Through 2021-22	Long-Run Savings For Each Dollar Spent
$0.99	$113,534,270	$3,509	$1.65
$1.51	$4,619,846,016	$5,039	$2.48
$2.74	$30,117,027	$15,142	$3.48
$1.33	$395,092,450	$15,059	$2.76
$1.34	$8,826,598,995	$5,278	$1.82
$2.00	$1,998,679,524	$8,700	$2.81
$1.81	$361,655,178	$11,560	$2.87
$1.71	$3,109,771,030	$7,427	$3.06
$6.89	$1,791,178,338	$10,442	$11.71
$1.35	$27,444,050	$8,251	$2.29
$1.39	$593,156,021	$6,823	$2.26
$1.86	$74,470,332	$4,356	$2.85
$2.22	$48,167,932	$11,119	$2.88
$0.76	$21,730,202	$2,154	$1.28
$4.61	$77,074,009	$14,896	$6.74
$2.01	$692,111,973	$7,761	$2.83
$1.89	$6,594,899,295	$10,500	$2.96
$2.21	$181,060,049	$7,895	$3.26
$4.56	$11,887,658,771	$13,293	$8.03
$3.69	$83,683,965	$12,100	$5.28
$3.32	$208,461,564	$14,881	$4.61
$4.60	$46,329,482	$10,971	$8.00
$2.30	$13,145,223	$12,800	$2.80
$1.90	$94,721,815	$7,380	$2.45
$4.26	$355,248,862	$11,639	$6.42
$1.16	$3,372,521,086	$6,367	$1.90
$1.70	$45,618,357,457	$7,782	$2.64

EDUCATIONAL CHOICE PROGRAM COSTS AS A PERCENTAGE OF TOTAL K–12 REVENUE FOR PUBLIC SCHOOLS

- In most states, private choice programs are less than 1% of all K–12 spending.
- The share of K–12 spending allocated to choice programs grows slowly over time. Even in states with robust choice programs, funding devoted to choice programs still makes up a small portion of total K–12 funding.

At a Glance

While private school choice programs have expanded rapidly across the country, their financial footprint remains small compared to total education spending, even after decades in operation.

In most states, the cost of private choice programs is under 1% of total K–12 revenues, according to the most recent data. Only in a few states—Arizona (6.98%), Wisconsin (4.07%), Indiana (2.89%), Florida (7.46%), and Ohio (3.21%)—does it exceed 2%. Table 10 shows in the early years, these programs accounted for less than 0.1% of K–12 revenues, and they generally grow slowly over time. Even in states with long-standing programs (20 years or more), private school choice expenditures remain a modest portion of total K–12 funding. This demonstrates that choice programs expand family options without meaningfully displacing public school funding.

TABLE 10 PRIVATE SCHOOL CHOICE SPENDING AS A PERCENTAGE OF TOTAL K–12 REVENUE BY FIRST AND MOST RECENT YEAR IN OPERATION

State	Number of Programs	Years With Any Choice Program	Year 1 Cost Share	Most Recent Cost Share
Alabama	2	12	0.34%	0.19%
Arizona	5	27	0.04%	6.98%
Arkansas	2	8	0.002%	1.55%
District of Columbia	1	20	0.60%	0.58%
Florida	7	25	0.001%	7.46%
Georgia	2	17	0.03%	0.44%
Indiana	3	15	0.001%	2.89%
Iowa	2	19	0.05%	1.67%
Kansas	1	9	0.02%	0.07%
Louisiana	5	16	0.03%	0.56%
Maine	1	3	1.51%	1.33%
Maryland	1	8	0.03%	0.05%
Mississippi	3	12	0.003%	0.07%
Missouri	1	3	0.04%	0.09%
Nevada	1	9	0.11%	0.14%
New Hampshire	2	12	0.01%	0.08%
North Carolina	4	14	0.01%	1.21%
Ohio	5	28	0.02%	3.21%
Oklahoma	3	14	0.01%	1.88%
Pennsylvania	2	23	0.10%	0.59%
Rhode Island	1	18	0.05%	0.05%
South Carolina	2	11	0.07%	0.02%
South Dakota	1	8	0.02%	0.10%
Tennessee	2	8	0.01%	0.18%
Utah	2	19	0.02%	1.08%
Virginia	1	10	0.001%	0.05%
West Virginia	1	2	0.22%	0.57%
Wisconsin	5	34	0.02%	4.07%

Sources: EdChoice national catalog of program data; the National Center for Education Statistics, U.S. Department of Education.

A table with data for all states is available online here: infogram.com/1px266l69qpvmyhqxg9pryr5q9inrw-3950k.

EDUCATIONAL CHOICE PROGRAM COSTS AS A PERCENTAGE OF TOTAL STATE EXPENDITURES ON ALL PUBLIC SERVICES

- For the most recent year, public funding devoted to private choice programs, compared to total state expenditures for all public services, is under 1% in every state, except Ohio (1.03%) Arizona (1.27%), and Florida (2.64%).

- Even in states with long-standing choice programs, the associated program costs represent a small fraction of total state spending.

At a Glance

Private school choice programs represent a very small share of total state expenditures across the country, even after many years of operation. Table 11 shows that in most states, private choice programs account for well below 1% of total state spending. Only in a few states—such as Ohio (1.03%), Arizona (1.27%), Indiana (0.83%), Florida (2.64%), and Wisconsin (0.88%)—does it approach or slightly exceed that mark. The number in most states is closer to 0.1% or less, meaning that school choice programs account for just a fraction of a penny on every dollar states spend across all public services, including healthcare, infrastructure, public safety, and higher education. Even in states with long-running or larger programs, the budgetary impact remains modest and manageable. Private school choice programs, in short, do not significantly crowd out funding for other essential state services.

TABLE 11 PRIVATE SCHOOL CHOICE PROGRAM COST SHARES AS A PERCENTAGE OF TOTAL STATE SPENDING BY THE FIRST AND MOST RECENT YEARS OF OPERATION

State	Number of Programs	Years With Any Choice Program	Year 1 Cost Share	Most Recent Cost Share
Alabama	2	12	0.10%	0.05%
Arizona	5	27	0.01%	1.27%
Arkansas	2	8	0.0005%	0.30%
Florida	7	25	0.0004%	2.64%
Georgia	2	17	0.01%	0.20%
Indiana	3	15	0.0005%	0.83%
Iowa	2	19	0.02%	0.47%
Kansas	1	9	0.01%	0.02%
Louisiana	5	16	0.01%	0.13%
Maine	1	3	0.43%	0.37%
Maryland	1	8	0.01%	0.01%
Mississippi	3	12	0.001%	0.01%
Missouri	1	3	0.02%	0.03%
Nevada	1	9	0.04%	0.05%
New Hampshire	2	12	0.004%	0.04%
North Carolina	4	14	0.002%	0.40%
Ohio	5	28	0.01%	1.03%
Oklahoma	3	14	0.002%	0.57%
Pennsylvania	2	23	0.04%	0.20%
Rhode Island	1	18	0.01%	0.01%
South Carolina	2	11	0.03%	0.01%
South Dakota	1	8	0.01%	0.03%
Tennessee	2	8	0.001%	0.04%
Utah	2	19	0.01%	0.31%
Virginia	1	10	0.0002%	0.01%
West Virginia	1	2	0.05%	0.12%
Wisconsin	5	34	0.05%	0.88%

Sources: Calculations using data from National Center for Education Statistics, U.S. Department of Education; National Association of State Budget Officers; Martin F. Lueken (2024). The Fiscal Effects of School Choice: The costs and savings of private school choice programs in America through FY 2022, EdChoice, October, https://www.edchoice.org/wp-content/uploads/2024/10/Fiscal-Effects-2024.pdf

A table with data for all states is available online here: infogram.com/1px266l69qpvmyhqxg9pryr5q9inrw-3950k.

VI. POLICY CONSIDERATIONS AND THE FUTURE

THE FUTURE OF K–12 FUNDING

At a Glance

As educational choice becomes a feature of K–12 education, policymakers should consider designing a streamlined funding system that directly funds students. School funding reflects the values of the system that creates it: equity, efficiency, and opportunity. Equity acknowledges the inherent dignity of every student by calling for funding that reflects their unique educational needs. For example, students from socioeconomically disadvantaged backgrounds or with special needs have greater educational requirements and, therefore, should be allocated more resources. Efficiency refers to a K–12 funding system that improves student outcomes while lowering the fiscal burden on states and taxpayers. Finally, opportunity should be at the heart of any well-designed K–12 finance system. Yet too many choice initiatives, such as intra- and inter-district choice, charter schools, vouchers, tax-credit scholarships, and education savings accounts, are funded separately from the traditional public education funding system.

POLICY RECOMMENDATIONS FOR SUSTAINABLE, STUDENT-CENTERED FUNDING SYSTEMS

- Prioritize individual students by allocating funds directly to students based on their characteristics and educational needs.
- Use weighted student funding systems and portable funding mechanisms, such as education savings accounts. They provide more equitable and adaptable alternatives to many funding systems currently in use.
    - Universal ESA programs should directly fund students so they may explore all educational options that can work for them.

- Programs should be available to all students, fully funded with predictable, sustainable revenue streams, and they should offer families wide flexibility in how they may spend program dollars.

- States should include schools from all sectors in an ESA program.

SOURCES

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3. Aaron Garth Smith, *California Taxpayers Spent $4 Billion on 401,000 Students No Longer in the State's Public Schools*, Reason Foundation, 2024, https://reason.org/commentary/california-taxpayers-spent-4-billion-on-401000-students-no-longer-in-the-states-public-schools/

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