



# Follow the Money: A Comprehensive Review of the Funding Mechanisms of Voucher Programs in Six Cases

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*This comprehensive review is part of a three-part report, Follow the Money: A Detailed Analysis of the Funding Mechanisms of Voucher Programs in Six Cases; this review contains the cross-case analysis and findings of the funding mechanisms of voucher programs across five states (Arizona, Indiana, Louisiana, Ohio, and Wisconsin) and the District of Columbia. The complete report includes this cross-case review, data visualizations of enrollment and funding patterns, and detailed profiles of each individual case. This comprehensive review discusses the primary patterns in similarities and differences observed across cases; these patterns include impacts on local revenue sources and state spending, student eligibility policies, enrollment count and categorical funding, and fiscal accountability.*

## INTRODUCTION

An educational voucher is a specified amount of money awarded to a student's parent/guardian that must be used for private school tuition for that student. The two primary justifications for vouchers are that they increase school choice options for students and families, thereby ostensibly creating competition and increasing school quality (Friedman & Friedman, 1962), and that they also may save public funds if a voucher costs less than the per-pupil public funding amount (e.g., Spalding, 2014). Vouchers may also be called "scholarships," and this report uses the two terms interchangeably. Publicly funded voucher programs have gradually become more prevalent since the U.S. Supreme Court held that the Cleveland Scholarship and Tutoring Program did not violate the Establishment Clause of the First Amendment separating church and state (*Zelman v. Simmons-Harris*, 2002). Designs of voucher programs differ, but every program interacts with a given state's public school funding formula thereby impacting public funds (e.g., state aid to school districts).

This comprehensive review compares and contrasts the funding mechanisms of the general education voucher programs in six cases, including five states (Arizona, Indiana, Louisiana, Ohio, and Wisconsin) and the District of Columbia. Two cases, Ohio and Wisconsin, contain multiple general education voucher programs, and each case profile analyzes these programs separately. The six cases selected for this study all have general education voucher programs with publicly available data; we excluded other programs based on program details (e.g., program eligibility is restricted to students with special needs; program data are lacking due to the program being very new). This review also includes one case (Arizona) that uses educational savings accounts instead of vouchers or scholarships as defined above. These savings accounts are educational funds not earmarked for specific schools and are designed to give families more leeway in terms of purchasing individualized educational services and resources for students. However, we included Arizona's savings account program as it was previously a voucher program and retains a number of characteristics of a voucher program.



## PURPOSE AND REPORT STRUCTURE

The purpose of this comprehensive review and the accompanying profiles is twofold: (1) to understand how the designs of voucher program funding interact with funding formulas to impact state and local budgets; and (2) to increase transparency around voucher design for taxpayers and policymakers. In short, readers of this report should gain a sense of how different voucher funding mechanisms work.

Research on the actual impact of voucher programs on state and local education funds is sparse, likely due to the difficulty of obtaining data at the level of detail needed to calculate simulations of funding scenarios with and without the existence of vouchers. Our research builds on a small body of work that uses finance data from states and districts—the Center for Tax and Budget Accountability (2015), Costrell (2008, 2010), Scafidi (2012), and Spalding (2014). Most relevant to our work are Costrell’s analyses (2008, 2010) of the impact of the Milwaukee Parental Choice Program (MPCP); these examinations of the MPCP’s net impact on state and local revenues incorporate variables such as school enrollment and estimates of how many MPCP students would have otherwise attended private schools. Spalding’s (2014) discussion of state and local funding variables is also particularly useful, though the analyses of program fiscal effects do not include the level of detail used by Costrell. Scafidi’s (2012) analysis focuses on the role of fixed and variable costs in school funding and the relationship of these costs to the fiscal impact of vouchers; the estimates of proportions of variable and fixed costs served as an estimate in some of our analyses. Like Costrell (2008, 2010), Scafidi discusses those students who would potentially attend private schools without a voucher; unlike Costrell, Scafidi does not address the different impacts, or burden, on state versus local revenues. The Center for Tax and Budget Accountability (2015) restricts its analysis of fiscal impact to

descriptions of how much has been spent on the Indiana Choice Scholarship Program thus far but also predicts the future growth of voucher enrollment and spending in Indiana and potential implications for Indiana’s available state education revenues overall.

Due to the public governance and funding of U.S. public education, more research is needed regarding the financial impact and transparency of voucher funding systems. A federal, state, or local government’s decision to use tax revenues to help families pay for private schooling is often politically contentious (e.g., Debray-Pelot, 2007) and has been the topic of litigation in state and federal courts (Mead, 2015).

The following sections of this review provide some conceptual background on the funding of public school systems and voucher programs, detail on the study methodology and limitations, and findings from cross-case analysis. Our conclusions regarding the impact of voucher programs on public education finance fall into three primary categories: (1) savings and/or losses at the state and local levels; (2) the role of enrollment and student count, including categorical funding and weights based on student characteristics; and (3) fiscal accountability policies. These three patterns in the data demonstrate how finance policies interact with each other to create fiscal impacts significantly more complex than the savings calculations employed by previous work on voucher finance (e.g., Costrell, 2010). Overall, we hope to fill some gaps in existing research as well as inform policymakers and citizens interested in school vouchers and their impacts on school funding.

## FUNDING MECHANISMS: INTERACTION OF STATE, LOCAL, AND VOUCHER FORMULAS

Voucher funding designs vary and thus have different effects on program outcomes and

implementation. State funding formulas (and, in the case of Washington, D.C., district formulas) influence the financial impacts that voucher programs may have on state and local education budgets. Most state funding formulas are based on a combination of factors including student enrollment, property valuation and tax rates, the cost of instruction and other educational and non-educational services, and/or minimum per-pupil funding levels (Lara, Spradlin, & Wodicka, 2012; Odden & Picus, 2008). Often coded in state law, minimum funding amounts or formulas may be termed “foundation” or “guaranteed tax base” funding (Odden & Picus, 2008). In many funding formulas, the local district must contribute a certain proportion of the total education revenues needed, and this contribution is usually based on the wealth of the district. If students leave the district due to voucher programs or other reasons, the total education revenues needed in that district go down, and the state aid goes down, but the local contribution will often remain the same.

The movement of students from public districts to voucher schools may affect these variables, depending on the design of the voucher program. Some programs allow local districts to continue counting voucher students for funding purposes; others do not. Some programs use a multiple-year enrollment calculation in order to “cushion the fiscal impact” (Odden & Picus, 2008, p. 89) of movement in one year, and others use multiple counts per year to ensure that current funding mirrors current enrollment (Lara et al., 2012). Additionally, some states have tax revenue caps for local districts, which may prevent districts from raising money to cover losses (Ballal & Rubenstein, 2009; Blankenau & Skidmore, 2004). The complexity of calculations, which in some states changes every few years, can also make it difficult to fully understand what happens to state and local tax dollars when local students receive vouchers.

Given the proposition that vouchers are a tool for saving public funds (e.g., Spalding, 2014), we considered the costs of educating a child in a traditional public school building. Although some previous analyses of voucher impacts on state and local public education funds have argued that simply moving a portion of a student’s total per-pupil funding amount from public schools to voucher schools results in an overall cost savings (Spalding, 2014), others disagree, as local schools have fixed costs (e.g., Beales, 1992). Fixed costs constitute a proportion of the student’s total per-pupil amount and include those expenses that do not change with marginal increases or decreases in student enrollment; marginal changes refer to increases or decreases “at the margin” (i.e., changes of one or a few students, as opposed to losing or gaining a large number of students). Fixed costs include staff salaries, general administration, capital, and interest on debts. Scafidi (2012) estimated the total cost of educating students in public school in 2008–2009 to be on average \$12,450, with 36 percent of expenses being fixed and 64 percent variable. He argued that when a voucher program transfers less than the equivalent of the variable costs, there will be a cost savings to the educational agency that retains the difference between the total per-pupil funding and the voucher amount. In the majority of our cases, the state retains this difference. However, the funding design of Ohio’s EdChoice program allows the local district to retain the difference between base per-pupil funding and the voucher deduction. In 2008–2009, Ohio’s variable cost per student was approximately \$7,947, and EdChoice vouchers were \$5,200 for students in grades 1–12; theoretically, there was no adverse effect on a public school or district when a student left with a voucher. Thus, in 2008–2009, Ohio’s voucher program design, using these estimates, yielded a cost savings of \$2,747 to public schools for each student that left via the EdChoice program. (See Table 1 for the fixed and variable costs across the

**TABLE 1. ESTIMATED FIXED AND VARIABLE COSTS OF EDUCATING A STUDENT IN A PUBLIC SCHOOL IN 2008–2009**

State or jurisdiction	Total expenditures per student	Short-run fixed costs	Percent of total costs that are short-run fixed costs	Short-run variable costs	Percent of total costs that are short-run variable costs
Arizona	\$9,607	\$3,715	38.7%	\$5,892	61.3%
District of Columbia	\$27,155	\$14,134	52.0%	\$13,021	48.0%
Indiana	\$10,582	\$4,014	37.9%	\$6,569	62.1%
Louisiana	\$12,075	\$4,276	35.4%	\$7,799	64.6%
Ohio	\$12,871	\$4,924	38.3%	\$7,947	61.7%
Wisconsin	\$12,843	\$4,547	35.4%	\$8,296	64.6%

Source: Scafidi (2012).

six cases examined for this report as calculated by Scafidi [2012] for 2008–2009.)

In contrast to the EdChoice design, school districts in the other programs do not retain the difference; that is, the district does not receive any of the per-pupil amount for students who leave via a voucher. For these programs, savings are realized only at the state level. When a student leaves a district via a voucher, the difference between the base per-pupil funding and the voucher amount stays at the state level; the district must therefore stretch its remaining funds to cover the unchanged fixed costs. Only when a critical mass of students leaves a district will the district experience a reduction in fixed costs (e.g., costs for teacher salaries decrease when numerous students leave and a district hires fewer teachers; Beales, 1992; Belfield, 2009).<sup>1</sup>

Another consideration is that if students leave a district due to voucher programs (or other reasons), the total education revenues needed in that district go down, and the state aid goes down correspondingly, but the local tax contribution to the district will often remain the same. Thus, the design of some voucher programs results in

a local impact identical or similar to what would have occurred had a student left a public school for any reason. In this scenario, Scafidi (2012) observed that when a student moves from one district to another, the “left” school loses state and federal funding attached to that student, but the local funding that would have funded a portion of that student’s education does not leave the district.<sup>2</sup> Some of the voucher funding systems do not, however, transfer the full amount of state aid away from the “left” district. In these cases, the state aid for voucher students may be attributed to that student’s district of residence or former assignment. If the voucher amount that is deducted from the district’s state aid—the amount that “follows the student”—is less than the total state and local amount that the public school would have spent for this student, this could be deemed a savings to the local public school district that a student leaves.

## METHODOLOGY

To understand the voucher programs in our six cases and how they interact with public school funding formulas, we used archival analysis of state statutes and legislation, policy analyses

<sup>1</sup> Calculating fixed costs by district and the influence of voucher student participants on those fixed costs requires a complex analysis outside the scope of our research questions and dataset. However, when considering changes to state and district funds, the role of fixed and variable costs should be kept in mind.

<sup>2</sup> The short-lived 2012–2013 policy in Louisiana using the Minimum Foundation Program to fund vouchers is an exception; however, it was quickly overturned by the Louisiana Supreme Court.

from state legislative bureaus, financial records including budgets and fiscal reporting, and state records of school funding formulas and disbursements. Data were collected using website access where possible as well as via open-records requests. We relied heavily on primary sources, using secondary sources with caution where relevant or necessary for corroboration or completeness; careful attention was given to data collection in terms of verification of authenticity and accuracy (Heck, 2004; Merriam, 1988). Our research process was iterative as we worked to identify any trends or differences in the cases studied, using a cycle of data collection, data reduction, data display, conclusion drawing, and verification (Miles & Huberman, 1994). We used the above cycle of cross-case analysis with the purpose of identifying common or divergent patterns (Stake, 2006). We also used simple quantitative calculations to understand the impact on state and local budgets, when this level of financial data was available.

We limited our focus to general education voucher programs, as these have different policy implications than programs targeted at students with special needs. We also recognize that Arizona’s Empowerment Savings Accounts differ in some ways from vouchers that must be used at specific private schools, but they are similar enough in terms of policy design to be meaningfully included in our comparative analysis. We did not consider other programs based on their structure (e.g., a focus only on students with special needs or students who live in towns that do not have public schools) or recentness (i.e., there are not enough data yet for meaningful comparative analyses). In 2015, Nevada passed the first universal education savings account (ESA) program. Florida, Mississippi, and Tennessee all have ESAs but only for families of students with special needs. Likewise, other voucher programs serve students with special needs only: Arkansas (2015), Florida

(1999), Georgia (2007), Mississippi (2012 and 2013), North Carolina (2013), Oklahoma (2010), and Utah (2005). In 2013, North Carolina added a voucher program for low-income households, which was implemented in 2014. Finally, Vermont and Maine have long funded private education for students living in towns without public schools (since 1869 and 1873, respectively).

### Limitations

This report’s limitations include gaps in information based on limited availability, completeness, and reliability. Much of the data we used were not produced specifically for research purposes and were organized or presented in different formats that were not comparable across cases. Additionally, each case has its own political, social, and cultural context which must be acknowledged as we draw comparisons. Finally, we acknowledge that, as researchers, we are reading, interpreting, and evaluating texts, and we must be cautious of our own subjectivity (Heck, 2004). The Center for Evaluation & Education Policy seeks to provide nonpartisan information to education policymakers and other stakeholders.

### Analysis

Proponents of voucher programs often rely on a rationale of cost savings of public funds (Hoyt & Lee, 1998; Spalding, 2014). Thus, our analysis looks critically at the details of these voucher-related spending changes. Throughout this analysis, “state and local savings and costs” refer to increases and decreases in the availability and expenditures of tax revenues. For example, a state-level savings is a decrease in the expenditure of tax revenue at the state level and thus a benefit across all state taxpayers; in contrast, a local cost would be an increased spending of local tax revenue and thus a burden to district taxpayers.

We also examined each state’s student funding formula and the funding mechanism for the

voucher program, including the timing and application of enrollment counts (average daily membership, or ADM) within the funding formulas, and other issues such as categorical or complexity funding. By examining the interaction among these mechanisms, we discerned potential sources of losses and savings that might be realized by states and districts. Here we summarize several key patterns and differences across our six cases. (See each case profile for complete details.)

## INTERACTIONS OF STATE AND VOUCHER FUNDING: SAVINGS AND LOSSES

Funding for vouchers in each of the six cases comes from either the state general fund (or, in the case of the District of Columbia, from federal funds) or from the state portion of a district's total operating funds. Louisiana's program, Arizona's Empowerment Scholarship Accounts, Indiana's Choice Scholarship Program, and Wisconsin's statewide and Racine programs<sup>3</sup> are funded completely through the state general funds. In Ohio's EdChoice program, the state deducts the voucher amount from the state funds that are awarded to districts, but districts may keep a portion of each resident voucher student's per-pupil state aid, depending on the district's wealth. The case of Wisconsin—which has at times shared the cost of vouchers between state and local districts—is particularly complex due to its longevity and to several funding changes. Currently, however, the statewide and Racine programs are moving towards shared funding between the local district and the state general fund, while the Milwaukee program is moving towards full state funding. Unique to the District of Columbia, program monies come from federal dollars, not state or local funds that could be seen as diverted from the “left” public school. Louisiana originally allowed both state and local

allocations to follow the student to the private school. This system was found to be in violation of the state's constitution; now an annually appropriated line item in the state budget directly funds Louisiana's voucher program.

### The impact of student eligibility policies on savings and losses

Eligibility policies also impact the amount of savings or losses incurred by states. In five of the six cases (Arizona [with a few exceptions], the District of Columbia, Louisiana, Ohio's EdChoice program, and Wisconsin), students had to previously attend a public school in order to receive a voucher; that is, students already attending private schools by paying privately could not receive a voucher. Indiana, Arizona (for certain categories of students), and Cleveland have different eligibility policies. Indiana recently added pathways allowing non-public school students to use Choice scholarships. In 2014–2015, approximately 80 percent of new students in the Indiana program had no record of attending an Indiana public school (Indiana Department of Education, 2015). The additional cost of funding these new students from state funds can be seen as a loss to the state. At the local level, these new voucher students have no impact since these students would never have been counted in a local district's membership. Thus, funding these new voucher students creates a new cost to the state instead of a transfer of funds. Arizona allows children of active-duty or killed-in-action armed forces members to receive a scholarship without having previously attended a public school (Ariz. Rev. Stat. 15-2401(6)(a)(vi–vii)). In the case of the Cleveland program, students not previously enrolled in a public school are also eligible for vouchers; until late 2015 this eligibility was limited to no more than 50 percent of recipients, but that limitation was removed for the 2016 fiscal year (Ohio Am. Sub. H.B. 64 § 3313.975(B), 2015).

<sup>3</sup> Policy changes as of fiscal year 2016 will require local districts to contribute a gradually increasing proportion of these program costs; see Wisconsin profile for more detail.

### Other factors: Partial funding, partial counts, mitigating policies, and district size

The funding structure of voucher programs can impact budgets in other ways as well. For example, students in Indiana leaving their assigned public school are only awarded a voucher worth a maximum of 90 percent of the state per-pupil funding for that year; the same is true of Arizona. The remaining ten percent can be seen as a cost savings to the state, although this amount maybe be used for state administration of the programs. With Ohio’s EdChoice program, districts receive a portion of state funding for all voucher students who reside in that district (the per-pupil state funding and local amount minus the voucher amount). The Cleveland Scholarship Program allows certain categories of students to be counted in ADM, but not all. Under current law, Wisconsin’s complex revenue limit formula—intended to equalize revenues between high- and low-wealth districts—interacts with the statewide voucher program by allowing certain categories of voucher students to be considered for the purposes of revenue limits (Wisconsin Act 55 § 3421p, 2015; Wisconsin Department of Public Instruction, 2015).

In the District of Columbia, the federal laws authorizing vouchers also awarded additional funds to public and charter schools with the intent “that funding for the opportunity scholarship program would not lead to a reduction in funding for the District of Columbia public and charter schools” (Pub. Law No. 112-10 § 3002(4), 2011). However, there is no evidence that these allocated amounts are equal to the financial losses resulting from participation in the voucher program. The “left” schools in the District of Columbia also face the same losses regarding marginal and fixed costs as in the five state cases. The District of Columbia funding allocations are based on four-year enrollment projections and a comprehensive staffing model, which may allow the District to cushion the loss

of voucher students through distribution. On the other hand, the thoroughness of the District’s projection process suggests that projections would take voucher students into account, resulting in “left” schools receiving reduced funding based on reduced enrollment.

School district size also has implications. In districts that contribute a local contribution to per-pupil funding, smaller districts bear a slightly heavier burden when voucher students shift to a private school; in small districts, the loss of funding for a single student has a proportionately greater impact on the total funding amount and on the distribution of the remaining fixed costs. Additional funding policies can amplify these losses. In Louisiana, for example, the per-pupil minimum foundation amount is weighted to assist the smallest districts with fixed costs; thus, smaller districts lose even more than the minimum amount per each leaving voucher student, as compared to their larger counterparts, which has a greater proportional budget impact.

## ENROLLMENT AND STUDENT COUNT MECHANISMS

The implications of enrollment and student count mechanisms differ based on how voucher students are counted in district membership and whether or not an additional local contribution is expected or allowed to offset any state aid lost to voucher students. Even in the cases where 100 percent of funding comes from state funds, the impacts on the state and local levels vary depending on the overall funding formula and the structure of the voucher program. Many state funding systems allocate money to districts based on each district’s ADM. The method of ADM counting has implications for funding. Some states use a previous year’s count or the average of several previous years, which cushions districts with decreasing enrollment. Some states use a single count during the current year, which does not involve adjustments for increasing or

decreasing enrollment later in the year, and some states use a multiple-count mechanism, which allows funding to more precisely mirror current enrollment throughout the year. Gain or loss of student enrollment can be due to a number of factors, not just departing voucher students. The local district, however, continues to incur the same fixed costs despite the loss of voucher students. Thus, there also may be a burden at the local level, as the same revenues are now spread over one (or more) fewer students. Similarly, in the District of Columbia, the loss of a student to a voucher program does equate to a loss of incoming funding that would have been received for that student. Thus, the method by which a state or district counts its students can play a role in the financial impact of a voucher program upon a particular district’s budget.

ADM provisions interact with voucher program design in all of the six cases (see Table 2). In four of the cases (Arizona, the District of Columbia, Indiana, and Louisiana), students in the voucher program were simply not counted in ADM; state and district funding for districts changed in the

same way it would have had students left the state for any other reason. In Wisconsin and Ohio, during particular years and particular programs, students were counted towards a district’s ADM and then state aid for those districts was diverted to the voucher program.

**Count complexities: Lag in enrollment growth/decline, hold-harmless, and categorical funding**

In addition to ADM student counts, each case’s overarching formula includes provisions that may change the base student count. Provisions either (1) respond to enrollment growth/decline or (2) allocate additional funding for certain student categories. As Table 2 shows, Wisconsin uses a prior-year count for current year funding, which introduces a slight lag regarding funding losses accompanying student enrollment declines. At the time of publication, half of the cases use multiple-count mechanisms for current year funding, which adjusts local funding throughout the school year based on enrollment fluctuations. As Lara, Spradlin, and Wodicka (2012) point out, using a previous year or single-count mechanism

**TABLE 2. COMPARING AVERAGE DAILY MEMBERSHIP MECHANISMS ACROSS CASES**

Case	Count mechanism and changes by year		
Arizona	Traditional public schools used previous year’s 100th day count until fiscal year 2016–2017 and now use current year’s 100th day count		
District of Columbia	Estimated enrollment based on previous four years’ enrollment and expected changes; actual student count by October 15 for current year funding		
Indiana	Prior to 2011: Current year funding based on average count from previous four years and current year	2011–2013: Single count date for current year funding	2013 to present: Multiple count dates (2) for current year funding
Louisiana	Multiple count dates (3) for 2013–2016		
Ohio	Prior to 2007, single count week for current year funding	2007–2014: ADM is calculated using 75 percent of the first count week and 25 percent of the second count week	2014 to present: Multiple count dates (3)
Wisconsin	Funding based on the full-time equivalent (FTE) student counts taken as an average of two count days during the previous year		

Sources: Ariz. Rev. Stat. 15-185, 15-901; D.C. Code §§ 38-1804.01–02; H. Enrolled Act 1134 (2006); H. Enrolled Act 1189 (2012); Ohio Am. Sub. H.B. 59 § 120.10 (2014); Ohio Am. Sub. H.B. 66 § 3317.02(D) (2005); Senate Concurrent Resolution No. 55 (2014); Senate Concurrent Resolution No. 99 (2012); Wis. Stat. § 121.05(1)(a).



can provide financial stability to districts but also may incentivize districts to put less effort into retaining students after the annual count.

States can create policy responses to fix unintended consequences of count mechanisms. If other policies in place—typically called *hold-harmless* policies—cushion marked decreases in enrollment, changes in student enrollment due to voucher programs may only impact a local district to a limited extent. While none of these policies in our cases were established specifically in response to changes in voucher enrollment, their existence does influence the impact of voucher enrollment. At some point during their voucher program histories, Arizona, Indiana, Louisiana, and Ohio have each had a hold-harmless policy in place. Arizona’s statutes include a provision by which districts may recoup funds lost through sharp decreases in enrollment (high school level only; Ariz. Rev. Stat. 15-954). In Indiana, prior to fiscal year 2016, district funding losses were limited to 10 percent between the September and February counts; for example, if a district lost 20 percent of its enrollment, it would only lose 10 percent of its funding. Starting in fiscal year 2016, however, Indiana school districts lose funding commensurate with enrollment loss. Louisiana has several specific districts in which funding changes due to the switch to the Minimum Foundation Program in 2011 are gradually cushioned from year to year; for these districts, the hold-harmless policy makes it less likely that they would feel the effects of a sharp loss in membership. In Ohio, “transitional aid guarantees” provide districts with a guarantee of at least the previous year’s base or total level of funding, depending on the policy wording in a given year.

Whether voucher students are originally counted in a district’s ADM also affects categorical or weighted funding aids. These aids include, for example, poverty-based aids (based on the

district’s concentration of students categorized as living in poverty); district-wide aids for interventions or professional development; small or rural school assistance; and transportation funding. Categorical funding may be awarded to districts based on the total number or proportion of students falling into that category, and may be awarded as a per-pupil lump sum or calculated as a ratio, or weight, multiplied by the number of students in that category. If a voucher student is counted in that category before the voucher deduction, the district may receive the categorical funding for that student as well. If the voucher student is counted in the total ADM but not in categorical counts, the district would not receive any categorical funding, even if that student would have received categorical funding in the public system. When voucher students are not counted in ADM, the district receives no base level funding nor any of these aids.

Special education funding also interacts with ADM counts and voucher funding, though in a different way. In most programs, funding for students with disabilities does not follow a student to their chosen voucher school. There are four exceptions: the Cleveland Scholarship Program (CSP), the Arizona ESAs, Indiana Choice Scholarships Program, and the Louisiana program. The CSP statutes include a provision allowing “an increase in the basic scholarship amount” for students receiving special education services (Ohio Rev. Code § 3313.978(C)(2)). Indiana allows parents/guardians to choose whether the private school or district will provide services and receive the funding. Mechanisms in Arizona and Louisiana are nearly identical, with each state’s code awarding all funding that would have been awarded to a student’s previous school to the voucher school (or account). In these four programs, the state does not experience any cost savings around categorical or weighted funds; in the other remaining programs, however, the state would save the amounts which would have been

paid to public school districts for categorical and weighted funding. When students with disabilities leave via a voucher, districts in both cases lose the attached state funding which could affect the district’s ability to support special education and other categorical programs (Ahearn, 2010). Indiana is the only state with publicly available data regarding the number of students receiving more than the minimum per-pupil voucher, but no state or district provides data on the number and types of weights that voucher students were awarded.

demonstrated a number of relevant categories across cases (see Table 3). Regarding financial records, institutional and/or public reporting on fund use, and enforcement mechanisms, specific accountability requirements vary widely with one exception: in every case, the state department of education (or comparable entity) has the primary responsibility for meeting any fiscal accountability requirements. In some cases, private schools also have some responsibilities regarding organizational data collection and reporting. Table 3 offers an overview of requirements and other relevant fiscal accountability patterns across cases.

### FISCAL ACCOUNTABILITY POLICIES

Analysis of fiscal accountability provisions

**TABLE 3. CROSS-CASE COMPARISON OF FISCAL ACCOUNTABILITY REQUIREMENTS AND PATTERNS**

	Arizona	District of Columbia	Indiana	Louisiana	Ohio	Wisconsin
Fiscal accountability requirements in state or comparable code	Yes	Yes	No	Yes	No	Yes
Responsible entities (for data collection and/or reporting)	Arizona Department of Education	Secretary of Education, mayor, and school management	n/a [Indiana Department of Education collects and reports some data]	Louisiana Department of Education	n/a [Ohio Department of Education collects and reports a wide variety of data]	Department of Public Instruction and State Superintendent
Required audits	Yes	Yes	No	Yes	No	Yes
Reporting by public agencies	No	Yes [to Congress and to the public upon request]	Minimal	Minimal	Yes	Yes
Reports have been published by other entities	Yes	Yes	Yes	Yes	No	Yes
Evidence of fiscal accountability problems	No	Yes	Yes	Yes	No	Yes
Enforcement mechanisms specified	Yes	No	No	Yes	No	Yes

## CONCLUSION

This comprehensive review contributes to policy conversations about the political and taxpayer implications of school vouchers. Although a few earlier reports examined these issues (Center for Tax and Budget Accountability, 2015; Costrell, 2010; Scafidi, 2012), no cross-case comparisons exist with the level of detail included here. Even though the six cases presented in this report vary in terms of specific funding policies, all six suggest impacts on state and/or local budgets. In almost all cases, districts lose at least some portion of their state per-pupil aid when students opt into voucher programs, but competitive effects are sometimes mitigated depending on the specific funding formulas. Count mechanisms, district characteristics, and individual student categorical weights add complexity when calculating the effects of funding. Each of these variables may or may not be accessible or transparent to policymakers and/or taxpayers, as the analysis of accountability policies demonstrates.

In weighing the effects of voucher programs, policy details are of considerable importance. In order to make informed decisions about whether a voucher program design meets their expectations regarding public governance, funding, and educational services, policymakers and taxpayers should understand the potential impact that specific provisions may have on state and local revenues. Our data and analysis call into question the rhetoric used by both supporters and detractors of voucher programs. The authors hope this analysis will spur policymakers and taxpayers to demand detailed and readily available public information regarding specific voucher provisions and how those provisions translate into fiscal impacts on state and local levels.

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