

Do charter schools and vouchers save money?

No. Charter schools increase education costs to taxpayers because they have become a parallel school system that drains money from what's available to serve all students. School voucher programs can add extra layers of administrative costs and make education funds less transparent and accountable. The result of both programs is more money going to more service providers instead of directly to students and classrooms.

This is why

Charter schools and vouchers expand education bureaucracy. Charter school administrative staffing adds another expensive layer of management to school systems. Money to pay for more executive salaries often comes at the expense of resources for classrooms. Vouchers often use public money to reimburse private school expenses formerly borne solely by the private school.

Charter and private school costs are often charged to the public. When students transfer to charters and private schools, the costs to provide those students transportation, free or reduced-priced lunch, and special education are often charged to the public schools or become parents' responsibilities.

Charter and voucher schools can hide their costs. Many charter and voucher schools receive substantial private dollars they either don't have to report or keep hidden from view.

Charter schools and vouchers are a financial burden on public school systems. These programs drain available funds that school districts could use to serve all students and often make it more difficult for public school districts to borrow money and maintain debt.

Look at the facts

A **national study** found charter schools on average spend \$774 more per pupil per year on administration and \$1141 less on instruction than traditional public schools.¹

In **New Orleans**, where all schools converted to charters, administrative spending increased by 66 percent while instructional spending dropped by 10 percent.²

In states like **Connecticut**, public schools pay for costs of transporting students to charter schools and providing those students with special education services. In **New York City**, some charter schools occupy public school buildings practically rent free.³

An analysis of charter schools in **Ohio** found these schools received \$7,141 per pupil in state money—more than twice the \$3,399 traditional public schools received from the state after charter deductions.⁴ Ohio private schools receiving state voucher money collect more than \$414,000 million per year, including \$141.6 million for private schools to cover costs of counseling services, standardized testing, purchasing of secular textbooks, and other “auxiliaries.” \$65.2 million goes to private schools for administrative reimbursements.⁵

A state auditor in **Pennsylvania** released a report in 2012 saying charter schools could be over-funded by more than \$365 million per year.⁶ In 2016, his predecessor said the state's charter school funding laws were the worst in the U.S., wasting millions in tax dollars every year.⁷

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“The whole people must take upon themselves the education of the whole people and be willing to bear the expense of it.” – John Adams



A study in **North Carolina** found that when all funding sources are taken into account, local spending on charters exceeds traditional public schools by \$215 per student. If local funds were truly shared equally, charter schools would have sent \$3 million to local school districts.⁸

School choice advocates in **Indiana** claimed a voucher program would save state taxpayers money. But since the 2013-2014 school year, the small savings turned into a deficit, reaching \$40 million last school year and expected to grow to \$53 million this school year.⁹

Popular charter chains in **New York City**—including KIPP, Achievement First, and Uncommon Schools—spend

substantially more (\$2,000 to \$4,300 per pupil) than similar district schools through access to philanthropy.¹⁰

Credit rating agency **Moody's** has warned that expanding charter school enrollments will likely have a negative credit impact on urban school districts which would lead to adverse credit pressure that threatens the districts' abilities to borrow and manage debt.¹¹

A **national voucher program** could add as much as \$73 billion per year to the cost of education nationwide, according to a 2002 study. Much of the additional cost is due to the shifting of private education costs, currently shouldered by parents, to the state.¹²

WHAT PRIVATIZERS BELIEVE	WHAT WE BELIEVE
Charter schools and vouchers make fiscal sense.	Charter schools and vouchers are a drain on public school budgets.
Charter schools and vouchers are more cost efficient.	Charter schools and vouchers add to education bureaucratic bloat.
Charter schools operate like a sustainable business.	Charter schools need propping up with private foundations and wealthy individuals.

Bottom Line

Charter schools and vouchers are not a way to get better education on the cheap. Because each school or network of schools is its own financial entity, they don't have the economies of scale that public schools have. So charters and private schools supported with vouchers have to continually find more ways to tap into public school budgets or generate funds from the private sector. This drain on resources threatens the capacity of public education budgets to serve all students.

¹ "Is administration leaner in charter schools? Resource allocation in charter and traditional public schools," David Arsen and Yongmei Ni, Education Policy Analysis Archives, 2012.

² "Does School Reform = Spending Reform? The Effect of the New Orleans School Reforms on the Use and Level of School Expenditures," Education Research Alliance for New Orleans, January 17, 2017.

³ "Review of Charter Funding: Equity Expands," Bruce D. Baker, National Education Policy Center, May 2014.

⁴ "Report: Unfair Funding - Charter Schools Cost State Twice as Much per Student as Traditional Schools," Stephen Dyer, Innovation Ohio, Thursday, February 14th, 2013.

⁵ "Private schools' \$400M public check," Hannah Sparling and Jessie Balmert, Cincinnati Enquirer, March 9, 2017.

⁶ "Funding for charter school students irks officials," Peter Cameron, The Citizen's Voice, April 7, 2013.

⁷ "Auditor General: Pa. charter school law is 'absolute worst,'" Rick Kauffman, Delco Times, October 16, 2016.

⁸ "Education Policy Carolina Justice Center Perspectives: Fair Funding for Charter Schools - Mission Accomplished," Kris Nordstrom, North Carolina Justice Center, September 2016.

⁹ "School Voucher Program Cost State \$18 Million More Than Previous Year," Claire McInerney, Indiana Public Media, July 18, 2016.

¹⁰ "Do For-Profit Managers Spend Less on Schools and Instruction? A National Analysis of Charter School Staffing Expenditures," Mark Weber and Bruce Baker, Sage Journals, February 7, 2017.

¹¹ "Moody's: Charter schools pose greatest credit challenge to school districts in economically weak urban areas," Global Credit Research, Oct 2013.

¹² "School Choice Tradeoffs: Liberty, Equity, and Diversity," R. Kenneth Godwin, Frank R. Kemerer, University of Texas Press, Austin, 2002.

