

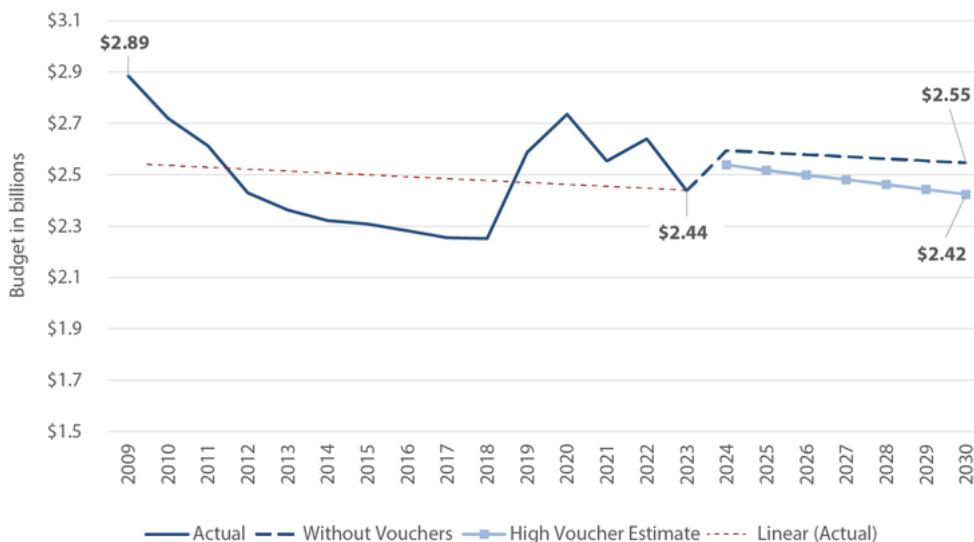
Vouchers/Tax Credits: Another Wrong Turn for Oklahoma Schools

The Oklahoma Policy Institute has released an analysis showing the financial impact — and projected enrollment impacts — from legislative proposals that would create private school tax vouchers in the form of refundable tax credits. So far, the legislative fiscal analysis has only looked at first-year costs. OK Policy took a more comprehensive look through Fiscal Year 2030 and beyond.

Top Line Takeaways

- OK Policy estimates that these impacts from vouchers could reduce the state budget by \$110M-\$232M in the first year and by \$215M-417M by Fiscal Year 2029-30. It's inconceivable that a budget cut of this size would not impact the state's future budget choices.
- If current revenue allocation patterns were maintained, it's reasonable to assume state aid to schools would be reduced by about 30 percent. In that case, vouchers would cut state aid by up to \$123 million every year from 2030 and after.
- When adjusted for inflation, the combination of prior funding cuts and the cost of vouchers would leave the FY 2030 state aid allocation 22 percent lower than in 2009 when Oklahoma had 55,000 fewer students than we do today.
- Using modest assumptions, OK Policy estimates that between 32,000 and 51,000 households would claim the voucher in the first year, growing to between 64,000 and 91,000 in the seventh year, Fiscal Year 2029-30.
- Every district will face a budget crunch as a result of vouchers, regardless of how many students they lose. That's because most costs — like teachers and staff, food service, utilities, and transportation — can't be easily reduced as students leave in small numbers. For example, if a school loses five percent of its students, it may still need the same number of teachers and will almost certainly need the same food service workers, bus drivers, and other support staff, as well as operating costs for building space, buses, and other infrastructure.

Vouchers could leave state aid more than \$400 million below its 2009 level



Note: Solid lines are actual, dotted lines are linear trends, dashed lines are projections
Source: Oklahoma Policy Institute, Budget Highlights 2023 for budgets, Federal Reserve Bank of St. Louis for Consumer Price Index.



Use your phone's camera to scan this QR code and read "Vouchers: Another Wrong Turn for Oklahoma" or visit [OKPolicy.org](https://okpolicy.org)

Vouchers/Tax Credits: Another Wrong Turn for Oklahoma Schools

Vouchers or not, public schools will remain our go-to option for quality education

- OK Policy has estimated a range of projected use and cost of the House and Senate versions of HB 1935. Our estimates are based on trends in Oklahoma school funding and enrollment, data from the earlier generations of limited vouchers, and analysis of similar voucher programs being considered or implemented in other states.
- We expect future enrollment trends to return to pre-pandemic patterns, in which:
 - Home schooling grows fastest, continuing a long-term national trend, and likely aided by technical assistance and support available on the Internet and the growth of cooperative arrangements among local home school parents,
 - Public schools continue growth patterns experienced over the last decade, reflecting modest population growth and the convenience, effectiveness, and strong public support for local schools, and
 - Private schools grow the slowest due to the cost of attendance, loss of students during economic downturns, uncertain demand, and the cost to expand or build new schools.
- Our projections assume that private school households will use vouchers at a higher rate than home school families, and that nearly all users in early years will be existing private and home school students. We expect shifts from public school enrollment will be relatively small.
- With these enrollment changes, vouchers would reduce public school funding through two channels.
 - First, the cost of vouchers will reduce what the state can spend on all services.
 - Second, state school funding is mainly determined by enrollment, so districts that lose students will receive a smaller share of a smaller state education budget.

10 questions Oklahoma should ask about private school vouchers, tax credits

- What will this program be expected to cost three to five years from now?
- How many students — and how much money in lost state aid — will my public school lose if the state subsidizes private schools and homeschooling for wealthy families?
- Vouchers, in the form of tax credits, will likely cost the state hundreds of millions of dollars. How will losing this revenue affect other key state services, such as education and law enforcement?
- Are there enough high-quality private schools in Oklahoma — especially in rural areas — to meet an increased demand for private K-12 schools?
- How will the state ensure the quality of the private schools receiving tax dollars? How do we ensure another EPIC fiasco doesn't happen?
- How does this proposal help retain or increase high-quality teachers for my public schools in my community?
- How would a decrease in public school enrollment impact the ability for my child's school to offer speciality classes or extracurricular activities?
- Private school tuition is expensive, typically thousands of dollars beyond the voucher amounts. How do these voucher programs make private school actually accessible for low-income families?
- My child's rural public school district is really small. Would losing even just a handful of students to private schools or homeschooling cause my school district to consolidate or close?
- Private schools in Oklahoma are predominantly affiliated with churches. Should our tax dollars be used to support religious institutions, including some that might be very different from your own?



Use your phone's camera to scan this QR code and read the full post about questions Oklahomans should be asking about private school vouchers.