

When it comes to school choice, it's critical to know the facts.

SCHOOL CHOICE

ISSUES

IN BRIEF

▶▶▶ GEORGIA ISSUE 1



School Choice for Georgia's Families: Many agree with the concept. Some disagree. And some simply want more information. As the public debate continues to grow louder about how best to provide a quality education to all children, it is critical to know all the facts about school choice proposals and to have an understanding of how school choice programs have impacted communities, parents and students around the country. All of this analysis is done with one goal in mind: The best possible education for all children.

SCHOOL CHOICE WOULD SAVE GEORGIA MONEY

A new study finds that a tax-credit scholarship program in Georgia would save millions of dollars for local school districts. The costs of the program to the state budget would also be offset by significant savings in state education spending. The study examines the fiscal impact of a tax-credit scholarship program similar to the one proposed in H.B. 1133.

Key findings include:

- Scholarships would save Georgia school districts a net total of **\$94 million** due to reduced public school costs and fixed local revenue sources (see reverse for details).
- The state budget would save a net total of **\$6 million** due to reduced educational costs.
- Restricting eligibility for scholarships by income reduces the fiscal benefit of the program, because fewer public school students would be eligible for scholarships and eligibility is decreased most among income groups that have the highest propensity to migrate from public to private schools.
- Tax-credit scholarships are a more efficient way to direct dollars to education than increasing state education spending. Georgia data show that when the state increases its education spending by one dollar, local governments respond by reducing their education spending by 47 cents, so schools really get only 53 cents. By contrast, every dollar spent on a tax-credit scholarship program is a full dollar that goes to education.

For the full text of the study, go to www.friedmanfoundation.org.

For every public school student who uses a scholarship...

...the state saves \$3,931 in education costs.

\$421 per student in state education spending does not change with enrollment.

When a public school student uses a tax-credit scholarship to attend a private school, his or her local school district experiences a reduction in state aid, but it also experiences a reduction in expenditures. Georgia data show that the reduced spending is much greater than the reduced state aid, producing a net fiscal benefit. Moreover, when students leave public schools with scholarships, local school funding is not reduced, which also produces a fiscal benefit.

Tax-Credit Scholarships Save Money For Local School Districts	
	Fiscal Impact per Scholarship Student
State Aid Lost Due to Lower Enrollment	-\$3,931
School Costs Reduced Due to Lower Enrollment	+\$6,299
Local Revenue Associated with Leaving Students that Stays in District	+\$4,230
TOTAL	+\$6,598

Increases in state education spending do not cause the total amount spent on education in Georgia to go up by the same amount. Local school districts respond to increases in state aid by cutting back on their own education spending. They can cut local taxes or shift some of their spending from education to other purposes, or some combination of the two. Georgia data show that for every \$1 increase in state education spending, local governments respond by cutting back their own education spending by 47 cents. Thus, every \$1 spending increase by the state produces a total increase in education spending of only 53 cents.

By contrast, every dollar spent on a tax-credit scholarship program is a full dollar that goes to education. For those most concerned with creating equitable educational opportunities across schools and districts, tax-credit scholarships are a more efficient mechanism for directing expenditures to education and for providing increased educational opportunities than increased state education spending.

For every dollar...

...in increased state education spending:	...in tax-credit scholarships:
	