



Testimony for the Ohio House Finance Subcommittee on Primary and Secondary Education

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Chairman Richardson and Honorable members of the Committee,

My name is Marty Lueken, and I am the director of the Fiscal Research and Education Center at EdChoice. **We are a national nonprofit, nonpartisan organization of experts who are offering our expertise and endeavor to be a resource that provides data and information related to experiences by other states who already have choice programs.**

This testimony pertains to the LSC fiscal note on HB 33, known as the Backpack Program (BP). Although I agree with some of the assumptions and stated conclusions in the LSC fiscal note, key assumptions in the LSC fiscal analysis do not reflect experiences of states that have had choice programs, including Ohio. Consequently, LSC's estimated fiscal impact does not reflect a reasonable scenario. Rather, the LSC's conclusion should be considered a worst-case scenario and highly unlikely to materialize.

First, educational choice programs have been operating in more than 30 states, many for more than a decade. Participation in choice programs tend to start very small and grow at a slow, steady pace. This generally holds true for both targeted programs and broader eligibility programs.

Consider the programs currently operating in Ohio. Overall, participation in the initial years of the programs was 1.07%. This grew to 3.07% by year 5 and 3.88% by Year 10. These rates for Ohio choice programs are also only slightly higher compared to overall rates for programs nationwide (0.41% in Year 1, 1.80% in Year 5, and 2.62% in Year 10). See Table 1.

Many choice programs nationwide are open to both public and nonpublic school students, and many of these programs have expanded eligibility over the years. Overall, these programs start small and grow slowly.

In recent years, Arizona, New Hampshire, and West Virginia passed education savings account programs. Arizona's program is open to all K-12 students. New Hampshire's program is limited to students below 300% of the federal poverty level. West Virginia's program is open to almost all K-12 students in the state (93% of all students).

These programs recently enrolled students for the first time. The take-up rates for these programs in AZ, NH, and WV are 2.56%, 5.52%, and 0.68%, respectively. See table below.¹

Assuming that almost 200,000 students will participate in a program is far out of line with programs that have had choice programs for decades. The Florida Tax Credit Scholarship Program is 20 years old and

¹ Table is copied from "Participation in Private Education Choice Programs," Fiscal Research and Education Center, EdChoice, <https://www.edchoice.org/wp-content/uploads/2023/02/Participation-in-Private-Education-Choice-Programs.pdf>

the largest program in the nation. It currently has 85,000 students participating and served about 15,000 students in its first year.

This information suggests that the take-up rates assumed in the LSC analysis are unrealistically high.

TABLE 7 Participation rates for ESA program in AZ, NH, and WV, school year 2022-23

	Students Eligible	Students in program	Eligibility rate	Take-up rate
Arizona ESA	1,192,455	30,471	100%	2.56%
New Hampshire ESA	56,382	3,110	30%	5.52%
West Virginia ESA	263,486	1,797	93%	0.68%

Sources: National Center for Education Statistics, U.S. Department of Education; EdChoice national catalog of choice programs

Second, it is unlikely that 100% of newly eligible non-public and homeschool students will take up a BP scholarship at any point in the life of the program, let alone in the first year. Based on the experiences of government social assistance programs, it is highly unlikely that all nonpublic school students will participate in the BP scholarship program. Take-up rates for well-known programs that have been around for decades are not 100 percent.

1. The take-up rate for the Temporary Assistance for Needy Families (TANF) in 2016 was **24.9 percent**.² Its predecessor, the Aid to Families with Dependent Children (AFDC) was established in 1935.
2. The Earned Income Tax Credit was created in 1975. EITC participation in 2005 was **75 percent**.³
3. The Supplemental Nutrition Assistance Program (SNAP) was preceded by the Food Stamp Program created in 1939. The take-up rate in 2014 was **83 percent**.⁴

Third, some homeschool students will likely not take a BP scholarship. In some states, homeschool organizations even oppose choice programs and do not want to be part of them because of regulations and testing requirements. The same goes for non-chartered non-public schools and Independent schools – they will not accept a BP scholarship for the same reason homeschoolers refuse.

Fourth, if the LSC fiscal note is going to assume a slow take-up rate and long ramp up for public school students taking a BP scholarship, it is reasonable to assume there will be a slow take-up rate and ramp-up for private school students. While the initial take-up rate may be higher for private school students, there will still be a ramp-up period.

Finally, the LSC analysis ignores any potential savings from public school students who switch into the BP program. Random assignment research on choice programs indicate that, on average, 90% of students

² Linda Giannarelli (2019). *What was the TANF Participation Rate in 2016?* Urban Institute, https://www.urban.org/sites/default/files/publication/100521/what_was_the_tanf_participation_rate_in_2016_0.pdf

³ Dean Plueger (2009). *Earned Income Tax Credit Participation Rate for Tax Year 2005*, Internal Revenue Service, <https://www.irs.gov/pub/irs-soi/09resconeitcpart.pdf>

⁴ “SNAP participation rates,” USDA Economic Research Service, <https://www.ers.usda.gov/topics/food-nutrition-assistance/supplemental-nutrition-assistance-program-snap/charts/snap-participation-rates/>

who applied to oversubscribed voucher programs and lost a lottery enrolled in public schools.⁵ These student “switchers” would help offset the cost of the BP program because taxpayers would not have to support them in public school systems. Although the programs in these studies are targeted to students with disadvantaged backgrounds, they indicate that even broad choice programs will likely have a significant portion of participating students who would enroll in public schools without any choice programs in place.

Thank you for this opportunity to testify. I hope you find this information helpful for informing questions surrounding potential choice expansion in Ohio.

Respectfully,

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⁵ : Martin F. Lueken (2021), The Fiscal Impact of K-12 Educational Choice: Using Random Assignment Studies of Private School Choice Programs to Infer Student Switcher Rates, *Journal of School Choice*, 15(2), pp. 170-193, <https://doi.org/10.1080/15582159.2020.1735863>



Table 1: Participation rates of all choice program in Ohio, by year in operation

Year	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Educational Choice Scholarship	0.47%	1.06%	1.48%	1.74%	1.95%	2.23%	2.26%	2.42%	2.77%	3.06%
Autism Scholarship	1.13%	4.16%	5.54%	7.91%	8.54%	8.02%	12.84%	14.26%	15.37%	14.89%
Jon Peterson Special Needs Scholarship Program	3.48%	7.01%	9.00%	11.16%	13.11%	15.26%	17.80%	19.44%	22.05%	n/a
Income Scholarship	1.15%	1.91%	2.09%	2.15%	3.72%	3.94%	3.81%	4.66%	n/a	n/a
All programs combined	1.07%	1.69%	2.18%	2.41%	3.07%	3.47%	3.65%	4.13%	4.34%	3.88%

Source: "Participation in Private Education Choice Programs," EdChoice, <https://www.edchoice.org/wp-content/uploads/2023/02/Participation-in-Private-Education-Choice-Programs.pdf>

Note: Participation rate is defined as number of students participating in a choice program divided by the total number of students eligible for the program.



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