



# education policy PERSPECTIVES

FROM THE  Education & Law Project

## FISCAL ANALYSIS:

### Senate budget’s Section 11A.3’s changes to Opportunity Scholarship Program would cost state millions

The Senate’s budget proposal makes changes to the Opportunity Scholarship voucher program which are expected to cost North Carolina citizens over \$170 million over the next five fiscal years. Annual costs will continue to climb in subsequent years.

The Opportunity Scholarship Program contains no meaningful accountability measures, so it is unclear what benefit North Carolina’s citizens are receiving in exchange for these increased

costs. Policymakers have no way to determine whether the changes proposed under Section 11A.3 of the proposal will hurt or harm educational delivery for North Carolina’s students.

FIGURE 1: SECTION 11A.3 FISCAL IMPACT

	Current Law	Section 11A.3	Section 11A.3 Fiscal Impact
2015-16	(\$6,123,512)	(\$6,123,512)	\$0
2016-17	(\$4,930,441)	(\$39,770,441)	(\$34,840,000)
2017-18	\$284,713	(\$20,305,350)	(\$20,590,063)
2018-19	\$213,906	(\$27,256,965)	(\$27,470,871)
2019-20	\$159,491	(\$38,464,843)	(\$38,624,334)
2020-21	\$156,035	(\$48,746,087)	(\$48,902,122)
			<b>(\$170,427,389)</b>

#### WHAT WE DO KNOW IS THAT:

- 1. The changes proposed under Section 11A.3 are expected to cost North Carolina taxpayers over \$170 million over the next five years, with costs increasing each year.**
- 2. Voucher programs like the Opportunity Scholarship Program decrease funding to school districts based on the average cost per student. This figure includes fixed costs that can’t be reduced when the student leaves school, thereby putting additional financial strain on public schools.**
- 3. 93% of Opportunity Scholarship funds in FY 15-16 went to Christian, Islamic and other faith-based schools that are allowed to discriminate on the basis of religion or sexual orientation, and which often rely on unqualified instructors and faith-based curricula.**

#### What does Section 11A.3 propose to do?

[Section 11A.3 of the Senate budget proposal](#) proposes annual increases in funding to the [Opportunity Scholarship Program](#). The Opportunity Scholarship Program provides public funding for vouchers of up to \$4,200 per year to eligible students with a family income of less than 246.05% of the federal poverty level, which equates to \$59,790 for a family of four based on [federal poverty guidelines for 2016](#). The Opportunity Scholarship voucher may be used only on tuition and required fees at participating nonpublic schools.

Section 11A.3 creates a reserve fund in an attempt to “forward-fund” the Opportunity Scholarship programs, and makes statutory appropriations to

increase program funding by \$10 million per year until annual appropriations reach \$144.8 million in FY 27-28. These changes are purportedly done in order to expand the program by at least 2,000 students per year, and to provide funding stability.

### **How do you determine the fiscal impact of a voucher bill?**

A fiscal impact study of the Opportunity Scholarship Program must estimate how many vouchers will be awarded to students who will be transferring from a public school to a private school (“transfer students” who save the State money) and how many will be awarded to students who would have gone to a private school even in the absence of the program (“private students” who cost the State money).

For transfer students in FY 15-16, the State saves the difference between the average public school expenditure per student (\$4,875) and the average scholarship amount (\$3,474), for total savings of \$1,401 per student for each student who uses the scholarship to transfer from a public school to a private school.<sup>1</sup> The overwhelming majority of eligible Opportunity Scholarship applicants in grades 2-12 had to have been enrolled in a public school the prior semester. These students would likely have continued to attend a public school in the absence of the voucher program, and are therefore counted as transfer students.

Things are more complicated when you look at awards made to students in grades K-1 for whom there is no requirement that you had to have previously been enrolled in a public school. Each private student represents a pure fiscal loss for the State. There are no offsetting savings, as public school expenditures are not reduced for students who were never part of the public school system. Each of these students costs the State the average voucher award, or \$3,990 in most years.

Ultimately, the fiscal impact is determined by the following formula each year:

$$\frac{\text{Reduction in public school expenditures as a result of transfer students leaving public school} - \text{Expenditures on Opportunity Scholarship vouchers}}{\text{Net fiscal impact}}$$

### **Estimated program fiscal impact**

Determining the net impact of Section 11A.3 requires estimating the Program’s fiscal impact under current law (“current scenario”) and comparing against what the estimated impact would be if Section 11A.3 were to become law (“proposed scenario”). The difference between the two scenarios provides the net fiscal impact of this bill.

As mentioned above, the State saves money on each transfer student and loses money on each private student. Because eligible scholarship students can carry their scholarship forward to the next year, this analysis examines how cohorts of each type of voucher student (transfer or private) advance through school from year-to-year. Once it has been determined how many students will be carrying their voucher forward to the subsequent fiscal year, remaining available funds are distributed based on the relative demand for scholarships between transfer and private students. These calculations are displayed in Appendix B.

Under both scenarios, the demand for scholarships in K-1 is predicted to exceed the legislative cap on new scholarships being awarded to students in these grades in each of the next five years. When there is an estimated unmet demand for scholarships in grades 2-12, scholarships in grades K-1 are reduced and redistributed to other students, based on estimated demand by

grade level and by type of student (transfer or private). When there is no estimated unmet demand for scholarships in grades 2-12, awards in grades K-1 are reduced to comply with the 35% cap requirement.

Section 11A.3 is expected to cost the State over \$170 million over the next five fiscal years.<sup>2</sup> It is important to note that the annual cost is increasing each year beginning with FY 17-18 and will continue to increase as the Program “matures” and the initial cohort of private students carries their scholarships from kindergarten through graduation.

**Comparing the scenarios**

While the above clearly shows that Section 11A.3 is expected to cost the State over \$170 million over the next five fiscal years, it is also important to note that the cost will continue to rise in future years. As can be seen, the expected Program savings are continuing to decline, while Program costs under Section 11A.3 would continue to increase. The result will be continually increasing costs to North Carolina taxpayers if Section 11A.3 becomes law.

Much of Section 11A.3’s \$170 million cost over the next five years is driven by the decision to expand the supply of vouchers far beyond the level that would be supported by demand for vouchers. Based on the historical data, demand for Opportunity Scholarship vouchers maxes out at about 8,000 students per year. Yet Section 11A.3 would be providing funding sufficient to offer 163,741 vouchers by FY 27-28. Under Section 11A.3, unused funds would remain in the reserve fund, providing no use to North Carolina citizens. By the time the program reaches its maximum size, the reserve fund created by Section 11A.3 will have a balance of approximately \$665 million and will be accumulating over \$100 million of unused funds per year.

FIGURE 2: Section 11A.3 will needlessly accumulate State funds

	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Dollars Available for Scholarships	\$23,846,400	\$33,448,560	\$49,820,150	\$77,352,830	\$115,156,830	\$162,633,650
Number of Scholarships Available	5,977	8,383	12,486	19,387	28,861	40,760
Demand for Scholarships	7,333	7,624	7,872	7,973	7,956	7,967
Unused Funds	\$0	\$6,480,15	\$24,012,830	\$51,816,830	\$89,293,650	\$136,535,060
Reserve Balance	\$34,840,000	\$44,842,160	\$61,320,150	\$88,852,830	\$126,656,830	\$174,133,650

  

	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
Dollars Available for Scholarships	\$219,875,060	\$286,920,960	\$363,775,340	\$450,438,200	\$546,913,530	\$653,325,020
Number of Scholarships Available	55,107	71,910	91,172	112,892	137,071	163,741
Demand for Scholarships	7,986	8,002	8,018	8,034	8,028	7,970
Unused Funds	\$193,580,960	\$260,435,340	\$337,098,200	\$423,573,530	\$519,985,020	\$626,520,200
Reserve Balance	\$231,375,060	\$298,420,960	\$375,275,340	\$461,938,200	\$558,413,530	\$664,825,020

1. The average scholarship award in FY 15-16 was artificially depressed, as a court injunction prevented a number of students from taking full-year awards. For future years, this analysis assumes an average award of \$3,990.
2. Additional details can be found in Appendix B.
3. Steven Ruggles, J. Trent Alexander, Katie Genadek, Ronald Goeken, Matthew B. Schroeder, and Matthew Sobek. Integrated Public Use Microdata Series: Version 5.0 [Machine-readable database]. Minneapolis: University of Minnesota, 2010.
4. North Carolina State Education Assistance Authority, as found at [http://www.ncseaa.edu/documents/OPS\\_Summary\\_Data.pdf](http://www.ncseaa.edu/documents/OPS_Summary_Data.pdf), as retrieved on April 28, 2016.

## Appendix A - DETAILED METHODOLOGY

### TECHNICAL APPROACH TO ESTIMATING SECTION 11A.3'S FISCAL IMPACT

Estimating the fiscal impact of Section 11A.3 requires first estimating the impact the Opportunity Scholarship Program in its current form will have on future enrollment patterns and expenditures (the "current scenario"). This data can then be compared against a scenario that incorporates the changes to the eligibility requirements and the increased availability of new scholarships to students in grades K-1 proposed by Section 11A.3 (the "proposed scenario").

Estimating the impact of each scenario requires estimates of the following variables:

1. Elasticity of demand for private education;
2. Average scholarship size;
3. Projected average private school tuition costs in North Carolina;
4. Projected enrollment at North Carolina's private schools, absent the Program;
5. Projected expenditures per student in North Carolina's public schools;
6. Share of public school students meeting the Program's income eligibility;
7. Private school demand for scholarships; and
8. Turnover rate of scholarship students.

Both the current scenario and the proposed scenario use the same values for each of these variables.

Determining the net fiscal impact is further complicated by two factors:

1. Timing of allotted average daily membership (ADM) calculations: Funding for North Carolina's public schools is based on a measure of student headcount called allotted ADM. When a student leaves a public school, the district's allotted ADM remains unchanged. The departure of the student would only be reflected in the district's allotted ADM in the subsequent fiscal year. As a result, the operational savings that arise from transfer students leaving a public school for a private school are not realized until the subsequent fiscal year.
2. Fiscal impact of reversions: Approximately \$5.2 million of available funds will go unspent in FY 15-16. Unspent funds revert to the State, and therefore the unspent FY 15-16 funds show up as an addition to revenue in FY 16-17. Under the current scenario, reversions are de minimis in subsequent years. Under the proposed scenario, there are no reversions because all unused funds remain in the Opportunity Scholarship Reserve.

#### Elasticity of demand for private education

The elasticity of demand for private education versus public education shows how many students would be expected to leave public schools and enter private schools as the price for private schools goes down. For example, an elasticity of 0.50 means that for every 10% decrease in the cost of private education, one would expect a 5% increase in the number of children attending private schools.

We can estimate the elasticity based on the first year of Program implementation, when the Program was only available to students who had previously been enrolled in a public school (i.e., transfer students). In FY 2014-15, there were 4,218 eligible applications for Opportunity Scholarships. This implies an elasticity of 0.26, given the estimated cost of private school tuition and the estimated percent of students meeting the income eligibility criteria (see below). Thus, an elasticity of demand of 0.26 means that, on average,

a 10% decrease in the cost of a private K-12 education in North Carolina will result in a 2.6% increase in the number of North Carolina students attending private schools.

### **Average scholarship award**

Opportunity Scholarship vouchers are capped at the larger of \$4,200 per year, or the private school tuition. Since some private school tuitions are less than \$4,200 per year, the actual scholarship size will be somewhere below this amount. For mature voucher programs, such as Florida's Tax Credit Scholarship Program, average awards have been about 95% of the maximum amount allowed under the program. As a result, this analysis assumes that the average scholarship size of issued scholarships will be 95% of the maximum scholarship amount of \$4,200, or \$3,990.

### **Private school tuition costs in North Carolina**

According to the most recent data from the US Department of Education's National Center for Education Statistics, private school tuitions across the country averaged \$10,740 per year in 2011-12. This figure is adjusted downward by 10% to account for North Carolina's lower cost of living. The figure is estimated to increase in future years in accordance with forecasted inflation numbers for salaries & wages.

### **Annual private school enrollment increases**

Based on an examination of the past 10 years of private school enrollment data, this analysis assumes that private school enrollments would continue to increase at a rate of 0.5% per year in the absence of the Opportunity Scholarship Program.

### **Growth of public school expenditures**

Per-student public school expenditures are based on the most recently available per-student appropriation, reduced to exclude funding for children with disabilities and a portion of funds for students with limited English proficiency. Based on historical analysis, this figure is estimated to increase by 1% per year.

### **Share of public school students meeting income eligibility requirements**

Under normal circumstances, an elasticity of 0.26 would mean that for every 10% decrease in the cost of private education, you would expect a 2.6% increase in the number of children attending private schools. This relationship, however, assumes that the lower cost of private schools would be available to all public school students. However, the Opportunity Scholarship voucher is only available to students living in households below 246.05% of the federal poverty level. As a result, it is necessary to discount the expected increase in private school enrollment based on the percent of public school students meeting the income eligibility criteria.

Data from the IPUMS-USA database indicates that 56% of public school students in North Carolina live in households meeting the Opportunity Scholarship income criteria.<sup>3</sup> As such, the elasticity is discounted by 44% (1-56%) when estimating increases in private school enrollment.

### **Private student demand for Opportunity Scholarships**

Based on actual Program data, approximately 8% of North Carolina's private students meet Program eligibility requirements and are interested in receiving a voucher. As mentioned above, data from FY 14-15 indicated that the elasticity of demand for Opportunity Scholarships is 0.26. An elasticity of 0.26 implies that transfer students accounted for 4,933 new eligible scholarship applications in FY 15-16. According to the North Carolina State Education Assistance Authority ("the Authority"), there were 6,140 eligible new applicants for FY 15-16 vouchers.<sup>4</sup> This implies that 1,207 of the eligible new applications were from private students in FY 15-16. Given that there are about 16,000 private school students in grades K-1, this indicates that about 8% of private school students meet the eligibility requirements and also applied for a scholarship.

### **Turnover rate of scholarship students**

This analysis requires examining how cohorts of each type of scholarship student advance through school from year-to-year. The Authority did not report the turnover rate of scholarship students between FY 14-15 and FY 15-16. This analysis assumes that transfer students re-apply 85% of the time, while private students re-apply 90% of the time, as private students are more likely to persist given their initial preference for private schools.

## Appendix B - DETAILED CALCULATIONS

## FISCAL IMPACT - OPPORTUNITY SCHOLARSHIP VOUCHERS: Current Scenario

	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Appropriation	(\$17,640,000)	(\$24,840,000)	(\$24,840,000)	(\$24,840,000)	(\$24,840,000)	(\$24,840,000)
Admin Costs	(\$400,000)	(\$400,000)	(\$400,000)	(\$400,000)	(\$400,000)	(\$400,000)
Existing Private Student Awardees	0	423	956	1,017	1,064	1,110
Existing Transfer Student Awardees	1,034	2,536	4,294	4,239	4,188	4,146
Available Dollars for New Scholarships	\$13,114,340	\$12,633,590	\$3,492,500	\$3,468,560	\$3,484,520	\$3,468,560
Cost of Pvt Education	\$9,732	\$9,819	\$9,944	\$10,089	\$10,207	\$10,344
Maximum Scholarship Amount	\$4,200	\$4,200	\$4,200	\$4,200	\$4,200	\$4,200
Average Scholarship Granted	3,474	\$3,990	\$3,990	\$3,990	\$3,990	\$3,990
Tuition Discount	43%	43%	42%	42%	41%	41%
Elasticity of Demand	0.26	0.26	0.26	0.26	0.26	0.26
Percent of Public School Students Eligible	56%	56%	56%	56%	56%	56%
% Change in Private School Demand	6.17%	6.11%	6.04%	5.95%	5.88%	5.80%
Expected Pvt. School Population (absent vouchers)	96,728	97,212	97,698	98,186	98,677	99,171
Private Student Demand for New Scholarships	1,207	966	777	1,002	1,034	1,041
Transfer Student Demand for New Scholarships	4,933	3,408	1,604	1,604	1,616	1,610
Total Demand for New Scholarships	6,140	4,374	2,382	2,606	2,650	2,651
Value of New Scholarships Demanded	\$21,329,141	\$17,452,232	\$9,502,558	\$10,398,005	\$10,574,755	\$10,578,877
New Scholarships Granted	2,426	3,166	875	869	873	869
% of New Scholarships to Pvt School Students	20%	21%	21%	21%	21%	21%
New Private Student Awardees	477	650	181	181	183	184
New Transfer Student Awardees	1,949	2,516	694	688	690	685
Avg. Public School Exp. Per Child (charter \$)	\$4,875	\$4,924	\$4,973	\$5,023	\$5,073	\$5,124
Reduced Public School Expenditures	\$5,928,328	\$14,688,851	\$25,123,463	\$25,052,656	\$24,998,241	\$24,994,785
Net Impact - General Fund Expenditures	(\$11,711,672)	(\$10,151,149)	\$283,463	\$212,656	\$158,241	\$154,785
Prior Year Unspent Funds (Gen. Fund Revenue)	\$5,588,160	\$5,220,708	\$1,250	\$1,250	\$1,250	\$1,250
NET FISCAL IMPACT ON STATE	(\$6,123,512)	(\$4,930,441)	\$284,713	\$213,906	\$159,491	\$156,035

### COHORT ANALYSIS: Current Scenario

**Private Student Awardees**

	K	1	2	3	4	5	6	7	8	9	10	11	12	
15-16 Demand	570	506	12	12	12	12	12	12	12	12	12	12	12	1,207
15-16 Legacy		0	0	0	0	0	0	0	0	0	0	0	0	0
15-16 Unmet Demand	570	506	12	12	12	12	12	12	12	12	12	12	12	1,207
15-16 New	225	200	5	5	5	5	5	5	5	5	5	5	5	477
<b>15-16 Total</b>	<b>225</b>	<b>200</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>477</b>
16-17 Demand	573	508	12	12	12	12	12	12	12	12	12	12	12	1,213
16-17 Legacy		203	180	4	4	4	4	4	4	4	4	4	4	423
16-17 Unmet Demand	573	305	8	8	8	8	8	8	8	8	8	8	8	966
16-17 New	381	203	6	6	6	6	6	6	6	6	6	6	6	650
<b>16-17 Total</b>	<b>381</b>	<b>406</b>	<b>186</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>1,073</b>
17-18 Demand	576	511	12	12	12	12	12	12	12	12	12	12	12	1,219
17-18 Legacy		343	365	167	9	9	9	9	9	9	9	9	9	956
17-18 Unmet Demand	576	168	3	3	3	3	3	3	3	3	3	3	3	777
17-18 New	125	37	2	2	2	2	2	2	2	2	2	2	2	181
<b>17-18 Total</b>	<b>125</b>	<b>380</b>	<b>367</b>	<b>169</b>	<b>11</b>	<b>11</b>	<b>11</b>	<b>11</b>	<b>11</b>	<b>11</b>	<b>11</b>	<b>11</b>	<b>11</b>	<b>1,137</b>
18-19 Demand	579	513	12	12	12	12	12	12	12	12	12	12	12	1,225
18-19 Legacy		113	342	330	152	10	10	10	10	10	10	10	10	1,017
18-19 Unmet Demand	579	400	2	2	2	2	2	2	2	2	2	2	2	1,002
18-19 New	97	67	1	1	1	1	1	1	1	1	1	1	1	181
<b>18-19 Total</b>	<b>97</b>	<b>180</b>	<b>343</b>	<b>331</b>	<b>153</b>	<b>11</b>	<b>11</b>	<b>11</b>	<b>11</b>	<b>11</b>	<b>11</b>	<b>11</b>	<b>11</b>	<b>1,198</b>
19-20 Demand	582	516	12	12	12	12	12	12	12	12	12	12	12	1,231
19-20 Legacy		87	162	309	298	138	10	10	10	10	10	10	10	1,064
19-20 Unmet Demand	582	429	2	2	2	2	2	2	2	2	2	2	2	1,034
19-20 New	96	70	2	2	2	2	2	2	2	2	2	2	2	183
<b>19-20 Total</b>	<b>96</b>	<b>157</b>	<b>164</b>	<b>311</b>	<b>300</b>	<b>140</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>1,247</b>
20-21 Demand	585	518	12	12	12	12	12	12	12	12	12	12	12	1,237
20-21 Legacy		86	142	147	279	270	126	10	10	10	10	10	10	1,110
20-21 Unmet Demand	585	432	2	2	2	2	2	2	2	2	2	2	2	1,041
20-21 New	96	71	2	2	2	2	2	2	2	2	2	2	2	184
<b>20-21 Total</b>	<b>96</b>	<b>157</b>	<b>144</b>	<b>149</b>	<b>281</b>	<b>272</b>	<b>128</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>1,294</b>

**Transfer Student Awardees**

	K	1	2	3	4	5	6	7	8	9	10	11	12	
15-16 Demand	484	487	478	464	444	438	464	466	469	509	457	418	390	5,967
15-16 Legacy		6	98	96	94	90	89	93	94	95	102	92	85	1,034
15-16 Unmet Demand	484	480	380	368	351	348	375	372	376	414	355	326	305	4,933
15-16 New	191	190	150	145	139	137	148	147	148	164	140	129	121	1,949
<b>15-16 Total</b>	<b>191</b>	<b>196</b>	<b>248</b>	<b>242</b>	<b>232</b>	<b>227</b>	<b>237</b>	<b>241</b>	<b>242</b>	<b>258</b>	<b>242</b>	<b>221</b>	<b>206</b>	<b>2,983</b>
16-17 Demand	482	485	476	462	443	436	462	464	468	507	455	417	389	5,944
16-17 Legacy		177	181	225	220	212	208	216	219	221	234	220	202	2,535
16-17 Unmet Demand	482	308	295	237	223	224	254	248	249	287	221	196	186	3,409
16-17 New	320	204	224	180	169	170	193	189	189	218	168	149	141	2,516
<b>16-17 Total</b>	<b>320</b>	<b>381</b>	<b>405</b>	<b>406</b>	<b>389</b>	<b>382</b>	<b>401</b>	<b>405</b>	<b>408</b>	<b>438</b>	<b>402</b>	<b>370</b>	<b>344</b>	<b>5,051</b>
17-18 Demand	478	481	472	459	439	433	458	460	464	503	451	414	386	5,898
17-18 Legacy		296	349	369	369	355	349	365	368	371	397	366	339	4,293
17-18 Unmet Demand	478	185	124	90	70	78	109	95	96	132	54	48	47	1,605
17-18 New	104	40	72	52	41	45	63	56	56	77	32	28	27	694
<b>17-18 Total</b>	<b>104</b>	<b>337</b>	<b>421</b>	<b>421</b>	<b>410</b>	<b>400</b>	<b>413</b>	<b>421</b>	<b>424</b>	<b>448</b>	<b>429</b>	<b>394</b>	<b>366</b>	<b>4,987</b>
18-19 Demand	473	476	468	454	435	429	454	456	460	498	447	410	382	5,843
18-19 Legacy		114	312	383	384	374	366	377	384	386	407	390	361	4,239
18-19 Unmet Demand	473	362	156	71	51	54	88	79	76	112	40	19	21	1,604
18-19 New	79	61	111	51	36	39	63	57	54	80	29	14	15	688
<b>18-19 Total</b>	<b>79</b>	<b>175</b>	<b>423</b>	<b>434</b>	<b>420</b>	<b>413</b>	<b>429</b>	<b>433</b>	<b>438</b>	<b>466</b>	<b>436</b>	<b>404</b>	<b>376</b>	<b>4,927</b>
19-20 Demand	470	473	465	451	432	426	451	453	457	495	444	407	379	5,804
19-20 Legacy		94	175	386	396	384	378	391	395	399	423	397	370	4,188
19-20 Unmet Demand	470	379	289	65	36	42	73	62	62	96	21	10	9	1,616
19-20 New	77	62	208	47	26	30	53	45	44	69	15	7	7	690
<b>19-20 Total</b>	<b>77</b>	<b>156</b>	<b>383</b>	<b>433</b>	<b>422</b>	<b>414</b>	<b>430</b>	<b>436</b>	<b>439</b>	<b>468</b>	<b>438</b>	<b>404</b>	<b>377</b>	<b>4,878</b>
20-21 Demand	470	473	465	451	432	426	451	453	457	495	444	407	379	5,804
20-21 Legacy		92	160	352	395	385	379	392	397	400	425	399	370	4,147
20-21 Unmet Demand	470	381	305	99	37	41	72	61	60	95	20	8	9	1,657
20-21 New	75	61	207	67	25	28	49	41	41	65	13	5	6	685
<b>20-21 Total</b>	<b>75</b>	<b>153</b>	<b>367</b>	<b>420</b>	<b>420</b>	<b>413</b>	<b>428</b>	<b>434</b>	<b>438</b>	<b>465</b>	<b>438</b>	<b>405</b>	<b>376</b>	<b>4,831</b>

## FISCAL IMPACT - OPPORTUNITY SCHOLARSHIP VOUCHERS: Proposed Scenario (Section 11A.3)

	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Appropriation	(\$17,640,000)	(\$59,680,000)	(\$44,840,000)	(\$54,840,000)	(\$64,840,000)	(\$74,840,000)
Beginning Reserve Balance		(\$34,840,000)	(\$44,842,160)	(\$61,320,150)	(\$88,852,830)	(\$126,656,830)
Available for Vouchers		(\$24,840,000)	(\$34,842,160)	(\$51,320,150)	(\$78,852,830)	(\$116,656,830)
Admin Costs	(\$400,000)	(\$993,600)	(\$1,393,600)	(\$1,500,000)	(\$1,500,000)	(\$1,500,000)
Existing Private Student Awardees	0	423	932	1,131	1,133	1,167
Existing Transfer Student Awardees	1,034	2,536	4,193	4,668	4,419	4,329
Available Dollars for New Scholarships	\$13,114,340	\$12,039,990	\$12,999,810	\$26,682,140	\$55,200,350	\$93,227,790
Cost of Pvt Education	\$9,732	\$9,819	\$9,944	\$10,089	\$10,207	\$10,344
Maximum Scholarship Amount	\$4,200	\$4,200	\$4,200	\$4,200	\$4,200	\$4,200
Average Scholarship Granted	3,474	\$3,990	\$3,990	\$3,990	\$3,990	\$3,990
Tuition Discount	43%	43%	42%	42%	41%	41%
Elasticity of Demand	0.26	0.26	0.26	0.26	0.26	0.26
Percent of Public School Students Eligible	56%	56%	56%	56%	56%	56%
% Change in Private School Demand	6.17%	6.11%	6.04%	5.95%	5.88%	5.80%
Expected Pvt. School Population (absent vouchers)	96,728	97,212	97,698	98,186	98,677	99,171
Private Student Demand for New Scholarships	1,207	966	793	898	1,036	1,033
Transfer Student Demand for New Scholarships	4,933	3,408	1,705	1,175	1,385	1,427
Total Demand for New Scholarships	6,140	4,374	2,499	2,073	2,421	2,460
Value of New Scholarships Demanded	\$21,329,141	\$17,452,232	\$9,969,388	\$8,271,335	\$9,661,045	\$9,816,787
New Scholarships Granted	2,426	3,017	1,634	669	848	986
% of New Scholarships to Pvt School Students	20%	21%	21%	21%	21%	21%
New Private Student Awardees	477	620	336	138	174	204
New Transfer Student Awardees	1,949	2,397	1,298	531	674	782
Avg. Public School Exp. Per Child (charter \$)	\$4,875	\$4,924	\$4,973	\$5,023	\$5,073	\$5,124
Reduced Public School Expenditures	\$5,928,328	\$14,688,851	\$24,534,650	\$27,583,035	\$26,375,157	\$26,093,913
Net Impact - General Fund Expenditures	(\$11,711,672)	(\$44,991,149)	(\$20,305,350)	(\$27,256,965)	(\$38,464,843)	(\$48,746,087)
Prior Year Unspent Funds (Gen. Fund Revenue)	\$5,588,160	\$5,220,708	\$0	\$0	\$0	\$0
Net Fiscal Impact on State	(\$6,123,512)	(\$39,770,441)	(\$20,305,350)	(\$27,256,965)	(\$38,464,843)	(\$48,746,087)



COHORT ANALYSIS: Proposed Scenario (Section 11A.3)

Private Student Awardees

	K	1	2	3	4	5	6	7	8	9	10	11	12	
14-15	0	0	0	0	0	0	0	0	0	0	0	0	0	0
15-16 Demand	570	506	12	12	12	12	12	12	12	12	12	12	12	1,207
15-16 Legacy		0	0	0	0	0	0	0	0	0	0	0	0	0
15-16 Unmet Demand	570	506	12	12	12	12	12	12	12	12	12	12	12	1,207
15-16 New	225	200	5	5	5	5	5	5	5	5	5	5	5	477
<b>15-16 Total</b>	<b>225</b>	<b>200</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>477</b>
16-17 Demand	573	508	12	12	12	12	12	12	12	12	12	12	12	1,213
16-17 Legacy		203	180	4	4	4	4	4	4	4	4	4	4	423
16-17 Unmet Demand	573	305	8	8	8	8	8	8	8	8	8	8	8	966
16-17 New	363	193	6	6	6	6	6	6	6	6	6	6	6	620
<b>16-17 Total</b>	<b>363</b>	<b>396</b>	<b>186</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>1,043</b>
17-18 Demand	576	511	12	12	12	12	12	12	12	12	12	12	12	1,219
17-18 Legacy		327	357	167	9	9	9	9	9	9	9	9	9	932
17-18 Unmet Demand	576	184	3	3	3	3	3	3	3	3	3	3	3	793
17-18 New	229	73	3	3	3	3	3	3	3	3	3	3	3	336
<b>17-18 Total</b>	<b>229</b>	<b>400</b>	<b>360</b>	<b>170</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>1,268</b>
18-19 Demand	579	513	12	12	12	12	12	12	12	12	12	12	12	1,225
18-19 Legacy		206	360	324	153	11	11	11	11	11	11	11	11	1,131
18-19 Unmet Demand	579	307	1	1	1	1	1	1	1	1	1	1	1	898
18-19 New	82	44	1	1	1	1	1	1	1	1	1	1	1	138
<b>18-19 Total</b>	<b>82</b>	<b>250</b>	<b>361</b>	<b>325</b>	<b>154</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>1,269</b>
19-20 Demand	582	516	12	12	12	12	12	12	12	12	12	12	12	1,231
19-20 Legacy		74	225	325	293	139	11	11	11	11	11	11	11	1,133
19-20 Unmet Demand	582	442	1	1	1	1	1	1	1	1	1	1	1	1,036
19-20 New	92	70	1	1	1	1	1	1	1	1	1	1	1	174
<b>19-20 Total</b>	<b>92</b>	<b>144</b>	<b>226</b>	<b>326</b>	<b>294</b>	<b>140</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>1,307</b>
20-21 Demand	585	518	12	12	12	12	12	12	12	12	12	12	12	1,237
20-21 Legacy		83	129	204	294	265	126	11	11	11	11	11	11	1,167
20-21 Unmet Demand	585	435	1	1	1	1	1	1	1	1	1	1	1	1,033
20-21 New	109	81	1	1	1	1	1	1	1	1	1	1	1	204
<b>20-21 Total</b>	<b>109</b>	<b>164</b>	<b>130</b>	<b>205</b>	<b>295</b>	<b>266</b>	<b>127</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>1,371</b>

Transfer Student Awardees

	K	1	2	3	4	5	6	7	8	9	10	11	12	
14-15	0	108	106	103	99	97	103	103	104	113	101	93	86	1,216
15-16 Demand	484	487	478	464	444	438	464	466	469	509	457	418	390	5,967
15-16 Legacy		6	98	96	94	90	89	93	94	95	102	92	85	80
15-16 Unmet Demand	484	480	380	368	351	348	375	372	376	414	355	326	305	4,933
15-16 New	191	190	150	145	139	137	148	147	148	164	140	129	121	1,949
<b>15-16 Total</b>	<b>191</b>	<b>196</b>	<b>248</b>	<b>242</b>	<b>232</b>	<b>227</b>	<b>237</b>	<b>241</b>	<b>242</b>	<b>258</b>	<b>242</b>	<b>221</b>	<b>206</b>	<b>2,983</b>
16-17 Demand	482	485	476	462	443	436	462	464	468	507	455	417	389	5,944
16-17 Legacy		177	181	225	220	212	208	216	219	221	234	220	202	2,535
16-17 Unmet Demand	482	308	295	237	223	224	254	248	249	287	221	196	186	3,409
16-17 New	305	195	214	172	161	162	184	180	180	208	160	142	135	2,397
<b>16-17 Total</b>	<b>305</b>	<b>372</b>	<b>395</b>	<b>397</b>	<b>381</b>	<b>374</b>	<b>392</b>	<b>396</b>	<b>399</b>	<b>428</b>	<b>394</b>	<b>363</b>	<b>337</b>	<b>4,933</b>
17-18 Demand	478	481	472	459	439	433	458	460	464	503	451	414	386	5,898
17-18 Legacy		283	340	359	361	348	342	357	360	363	388	359	332	4,193
17-18 Unmet Demand	478	198	132	99	78	85	116	104	104	140	64	55	53	1,706
17-18 New	190	79	132	99	78	85	116	104	104	140	64	55	53	1,298
<b>17-18 Total</b>	<b>190</b>	<b>362</b>	<b>472</b>	<b>459</b>	<b>439</b>	<b>433</b>	<b>458</b>	<b>460</b>	<b>464</b>	<b>503</b>	<b>451</b>	<b>414</b>	<b>386</b>	<b>5,491</b>
18-19 Demand	473	476	468	454	435	429	454	456	460	498	447	410	382	5,843
18-19 Legacy		189	335	429	417	401	395	417	419	422	455	411	379	4,667
18-19 Unmet Demand	473	288	133	26	18	28	59	39	41	77	0	0	3	1,184
18-19 New	67	41	133	26	18	28	59	39	41	77	0	0	3	531
<b>18-19 Total</b>	<b>67</b>	<b>230</b>	<b>468</b>	<b>454</b>	<b>435</b>	<b>429</b>	<b>454</b>	<b>456</b>	<b>460</b>	<b>498</b>	<b>455</b>	<b>411</b>	<b>382</b>	<b>5,198</b>
19-20 Demand	470	473	465	451	432	426	451	453	457	495	444	407	379	5,804
19-20 Legacy		84	222	425	413	397	391	413	415	418	451	414	376	4,419
19-20 Unmet Demand	470	389	242	27	19	29	59	40	42	77	0	0	3	1,399
19-20 New	74	61	242	27	19	29	59	40	42	77	0	0	3	674
<b>19-20 Total</b>	<b>74</b>	<b>145</b>	<b>465</b>	<b>451</b>	<b>432</b>	<b>426</b>	<b>451</b>	<b>453</b>	<b>457</b>	<b>495</b>	<b>451</b>	<b>414</b>	<b>379</b>	<b>5,092</b>
20-21 Demand	470	473	465	451	432	426	451	453	457	495	444	407	379	5,804
20-21 Legacy		89	150	422	411	394	389	410	412	415	448	410	379	4,328
20-21 Unmet Demand	470	384	315	30	22	32	62	43	45	80	0	0	1	1,482
20-21 New	85	69	315	30	22	32	62	43	45	80	0	0	1	782
<b>20-21 Total</b>	<b>85</b>	<b>159</b>	<b>465</b>	<b>451</b>	<b>432</b>	<b>426</b>	<b>451</b>	<b>453</b>	<b>457</b>	<b>495</b>	<b>448</b>	<b>410</b>	<b>379</b>	<b>5,110</b>