

## EDUCATION BRIEF:

# Vouchers and School Funding Efforts

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The harms that school voucher programs have on students who accept vouchers have been well documented. Research has shown that voucher programs tend to have **severe, negative academic impacts** on the students who use vouchers to attend private schools. The programs push costs onto voucher families by making them responsible for uncovered tuition costs, transportation, and school meals that are all provided free of charge in inclusive public schools.

And vouchers open up such families to **unchecked discrimination**.

Other research has examined the effect that **large-scale voucher programs are having on students in traditional public school systems**. Do such programs have negative impacts on school funding or academic outcomes for students who remain in the traditional, inclusive public school system?

## School Funding

State-level voucher usage appears to be negatively associated with funding for public schools. That is, public school funding tends to be lower in states that have adopted school voucher programs than it is in states that have rejected such programs. Additionally, public school funding tends to decrease as states expand their voucher programs.

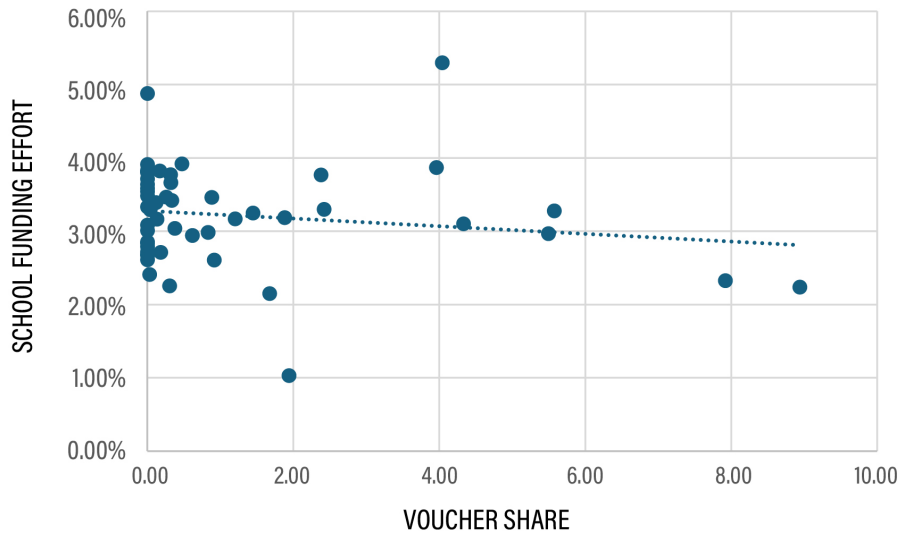
To reach these conclusions, this report first calculated each state's voucher usage rate. The voucher usage rate is simply the number of students receiving a voucher in a state as a share of that state's school-aged population. For the purposes of this report, vouchers include direct vouchers, tax credit vouchers, and so-called education savings accounts.

The voucher usage rate was compared to each state's public school funding effort. Funding effort measures how much a state spends on its schools (from local and state revenue sources) as compared to its economic capabilities (gross domestic product). Effort is preferred to per-student spending measures because effort largely accounts for states' differing cost factors, most notably, the cost of labor.

## Voucher usage negatively correlates with public school funding effort

For the 2022-23 school year (the most recent for which all data exists), voucher usage rate is negatively correlated with public school funding effort. That is, states with larger voucher usage tend to spend less on their traditional public schools.

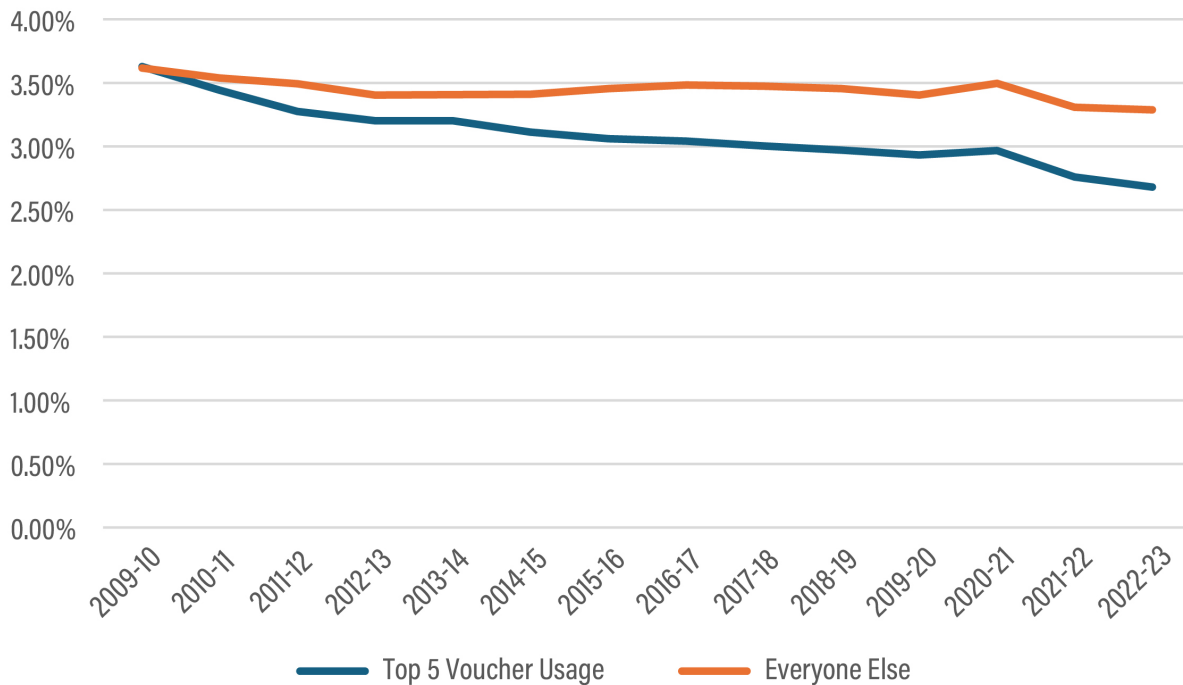
**FIGURE 1: State voucher usage is negatively correlated with public school funding effort**



One can also examine how voucher usage is related to changes in states' school funding efforts. Traditional public school funding effort has fallen in most states over the past eight years. Overall, states with the highest voucher usage have experienced the largest declines in public school funding effort over the past eight years.

In the states with the five highest voucher shares (Arizona, Florida,

**FIGURE 2: Public school funding effort in highest-usage voucher states versus all other states**



Indiana, Ohio, Wisconsin), public school funding effort has decreased far more than in other states. In 2010, these five states dedicated 3.6 percent of their gross state product (GSP) to public schools; the same effort level as other states. However, public school funding effort began to diverge from other states, falling much faster in the high-voucher-usage states than in other states.

In 2023, the most recent year for which there is data, the top voucher states are dedicating just 2.7 percent of their GSP to public schools, compared to 3.3 percent in other states.

To meet the funding effort of the rest of the nation, the top voucher states would need to increase their public school funding by 23 percent, (\$2,657 per school-aged child, or \$22.5 billion).

## Declining effort in voucher states is NOT a product of declining public school enrollment

On the surface, it might not appear entirely surprising that public school funding effort has fallen in states where an increasing share of students are being paid to attend nonpublic schools. If vouchers are incentivizing families to depart the public school system in favor of nonpublic schools, then these states have fewer public school students to educate. However, that is not how voucher programs have been operating in practice.

Data confirms that the vast majority of state spending on voucher programs simply subsidizes the disproportionately wealthy families who have already enrolled their children in private schools. [In states for which data is available](#), an average of 76 percent of voucher recipients were already attending private schools.

Overall, public school enrollment in the top five voucher states between 2015 and 2023 has increased slightly (0.4 percent). In the rest of the country, public school has declined 1.7 percent.

In both groups of states, the share of students in public schools has fallen. But the decrease in public school share between 2015 and 2023 was actually smaller in the top five voucher states than it was in the rest of the nation.

Taken together, these facts indicate that the declining public school funding effort in high-voucher states is absolutely indicative of disinvestment from public schools.

It also undermines one of the original selling points of voucher programs: that such programs would result in cost savings that could be reinvested in traditional public schools. What we observe in states with the largest voucher programs is that the state instead disinvests from its public schools at rates far greater than other states. ■

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