

## Estimated State Fiscal Impact of SB 233

### Overview of SB 233 (LC 49 1388S)

Senate Bill 233 would establish a promise scholarship account for each participating student containing state funds of \$6,000, which could be used for educational expenses including: tuition and fees at private schools, tutoring services, purchase of a curriculum and supplemental materials, services from a physician or therapist, and up to \$500 annually for transportation to and from a private school or an educational service provider. Funds could also be used for expenditures approved by the State Board of Education, the Georgia Student Finance Commission, or a parent review board established by SB 233. Students who are residents of Georgia could be awarded a scholarship account if they are:

- Eligible to enroll in pre-kindergarten, kindergarten or first grade
- Are in second through 12<sup>th</sup> grades and attend a Georgia public school for six weeks immediately prior to receiving a scholarship account

The six week public school attendance requirement for students in grades two through 12 can be waived under certain conditions.

In the absence of a fiscal note for SB 233, PAGE has developed a limited estimate of the state's cost of the scholarship account promise contemplated in the bill. The focus of the estimate is on the state cost for providing scholarship accounts to kindergarten and first grade students who attend or plan to attend private schools. This estimate is not intended to replace a fiscal note prepared by the Department of Audits and Accounts but to highlight the need for a fiscal note from the department for SB 233.

Legislators should determine the potential cost to the state of implementing the promise scholarship account program contemplated in SB 233 before approving it. This is particularly important as the program, if passed into law, would be the third state program that subsidizes private schools. Neither of the existing programs has been evaluated for their impact on student learning.

### Cost Analysis Over Five Years

This analysis of the impact of SB 233 on state expenditures is based on the number of kindergarten and first grade students who would be awarded a

scholarship account and already attend a private school. These students would not switch from a public school to a private school and are referred to as "non-switchers." Pre-kindergarten students in private programs who receive a scholarship account will also generate an additional cost, and there may be other costs to the state related to participation of students second through 12<sup>th</sup> grade or program administration. However, these costs are not included in this analysis.

Pre-kindergarten, kindergarten, and first grade students are not required to attend a public school prior to receiving a scholarship account. Private school students who enter the program while in one of these grades could receive the \$6,000 award every year until they graduate from high school. The number of these students would increase each year as a new cohort of students enroll in pre-kindergarten, kindergarten, and first grade in private schools without switching from a public school. Their participation in the scholarship program would be a new fiscal obligation for the state.

The specific number of kindergarten and first grade students in private schools who would be non-switchers is unknown but is likely sizable. SB 233 includes no disincentive to deter parents of kindergarten and first grade students who attend a private school from accessing a scholarship account, nor does it cap the number of students who could receive one. In addition, the experience of other states indicates that many students would be non-switchers. In Arizona, Indiana, New Hampshire, and Wisconsin, 75% or more of students who receive a voucher did not attend a public school prior to receiving the voucher.<sup>1</sup>

The additional cost to the state of providing a scholarship account to private school students in kindergarten or first grade is uncertain, but could be as high as \$60 million in the first year of implementation and more than \$180 million by the fifth year. The table, below, outlines the potential additional cost to the state if 25%, 50%, 75%, or 90% of kindergarten and first grade students in private schools who receive a scholarship account are non-switchers.

**Estimated State Cost for Private School Students Awarded a Scholarship Account in Kindergarten or First Grade**

	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Students	11,164	16,746	22,328	27,910	33,492
25% Non-switchers	\$ 16,746,000	\$ 25,119,000	\$ 33,492,000	\$ 41,865,000	\$ 50,238,000
50% Non-switchers	\$ 33,492,000	\$ 50,238,000	\$ 66,984,000	\$ 83,730,000	\$ 100,476,000
75% Non-switchers	\$ 50,238,000	\$ 75,357,000	\$ 100,476,000	\$ 125,595,000	\$ 150,714,000
90% Non-switchers	\$ 60,285,600	\$ 90,428,400	\$ 120,571,200	\$ 150,714,000	\$ 180,856,800

The range of estimated state costs outlined in the table is based on multiple assumptions, including:

- The number of current private school students in Georgia is comparable to the number of students enrolled in private schools in 2019-2020 (the most recent year available), and these students are distributed equally across grade levels from kindergarten through grade 12.<sup>2</sup>
- The number of private school students will remain constant over the next five years.
- Fifty percent of kindergarten and first grade students in private schools would be awarded a scholarship account.
- Private school students awarded an account in kindergarten and first grade would retain the account in subsequent grades.

<sup>1</sup> Indiana University, Center for Evaluation and Education Policy. (2023). *Summary of Research on School Vouchers: Policy Brief #23-2*. Retrieved from <https://ceep.indiana.edu/education-policy/policy-briefs/2023/research-on-school-vouchers.pdf>

<sup>2</sup> There were 145,135 students enrolled in private schools in Georgia in the 2019-2020 school year. (U.S. Department of Education, National Center for Education Statistics, Private School Universe Survey (PSS), 2019-2020. Retrieved from <https://nces.ed.gov/surveys/pss/tables/TABLE15f1920.asp>)