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**STATE-LEVEL FISCAL IMPACT OF THE
SUCCEED SCHOLARSHIP PROGRAM 2017-2018**

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Executive Summary

This report examines the expected fiscal impact of the Succeed Scholarship Program in Arkansas. Succeed Scholarships are available for special education students with an Individualized Education Plan and pay for private school tuition up to the Foundation Funding amount for the year. When comparing the public school funding saved to the scholarship tuition costs we find the program should save the state at least \$268,185 per year at its current size of 174 students. When compared to all special education students in Arkansas, students choosing to use Succeed Scholarships are more likely to have been in a regular classroom less than 40% of the day and have an Autism diagnosis.

I. Introduction

Arkansas created the Succeed Scholarship Program in the spring 2015 legislative session when House Bill 1552 was passed. This program allows students with disabilities to receive state funding for private school tuition up to the foundation funding amount determined by the matrix funding system used in Arkansas. For a brief synopsis of the nuts and bolts of the Succeed Scholarship Program (SSP), and how it is likely to affect students, see the brief released by the Office for Education Policy in January of 2017, which can be found here:

<http://www.officeforeducationpolicy.org/the-succeed-scholarship-program-a-voucher-for-arkansas-students-in-special-education/>.

The act was amended in the 2017 legislative session to allow more students and schools to participate. Act 327 allows private schools in the process of achieving accreditation to participate. Act 637 allows the superintendents of the students' local districts to waive the requirement that the students attend their local public school for at least one year. In addition, Act 894 allows up to 20 scholarships for students who do not have an Individualized Education Program (IEP), but who live in foster care homes or facilities. For the 2017-18 school year, there are 174 students participating in the SSP for at least one semester. This includes 14 students in foster care and 85 who required a superintendent waiver for eligibility. Students are enrolled in 22 of the 31 private schools eligible for the SSP and have left 33 different districts.¹

In this study, we calculate the fiscal impact to the state resulting from the students using SSP scholarships to attend private schools. We find that the SSP results in less education spending by at least \$268,185 per academic year. This amount should be interpreted as the lower

¹ The statistics in the paragraph come from reports provided by Arkansas Department of Education. SSP Report 121017.pdf, and the Education Reform Alliance.

bound of net savings for a variety of reasons that will be discussed throughout the analysis.

Although we are confident the actual effect is larger, we intentionally use conservative estimates when exact data are not available.

II. Assumptions

For any fiscal impact estimate, when detailed and current financial information is not available, some assumptions must be made. The following assumptions were used in this analysis:

- We assume all school districts fall on a portion of the state funding curve that is continuous² and differentiable³ with respect to enrollment. There are some features of the Arkansas school funding formula that create non-differentiable and/or discontinuous points on the school funding formula. The effect of those are discussed in the appendix to this report.
- We assume the costs avoided in the public school for an SSP enrollment take place in the same year as private school tuition costs are incurred. We realize Arkansas funds public schools based on prior year enrollment and are conducting a follow-up fiscal impact study that incorporates the funding lag.
- We assume the student leaving a district is a representative student of the district. This means the student takes on the district average as far as the probability of having characteristics that qualify for categorical funding.
- We do not include any funding related to increasing or declining student enrollment provisions. By excluding it from the analysis we implicitly assume the number of

² Continuity is a mathematical term referring to a function whose value at each point is closely approached by values of neighboring points.

³ Differentiability is a mathematical term indicating that the derivative of the function exists at that point on the function.

students coming from districts with declining enrollment is twice as large as the number coming from increasing enrollment districts. This results from declining enrollment student funding set at half the amount applied to increasing student enrollment.

- We assume none of the students using the SSP would have received special education services in the summer from the local district. If any of them would have used summer services if not in the SSP, the true savings to the state are an additional \$74 per day of services used.
- We assume none of the SSP students would have triggered catastrophic expenses for their local district. If any SSP user would have been eligible for additional funding, the savings to the state will be larger than our estimates.
- We assume SSP users do not interfere with the home districts' ability to meet Maintenance of Effort funding standards for Special Education.
- We assume all students getting superintendent waivers for the one year public school attendance would have attended public school without the waiver. Appendix 2 shows the fiscal impact for different rates of students switching from public to private school with the scholarship.

III. Methodology

To estimate the fiscal impact of the program, we compare the tuition cost covered by the SSP (an expense to ADE) to the additional funding districts would receive if the SSP did not exist and the student instead attended public schools (an expense avoided for ADE). The difference between the voucher amount used and the public school funding avoided is the net fiscal effect. This relationship is illustrated in the equation below:

$$\textit{Net Fiscal Effect} = \textit{Costs Avoided in Public Schools} - \textit{Private School Tuition Costs Incurred}$$

The tuition covered by the SSP each year will be the lesser of the foundation funding amount or the tuition charged by the private school. The additional public school funding is based on the state’s school funding formula. It is unique for each district and can vary with the number of students enrolled.

To understand where the foundation funding comes from, and some of the calculations we use, a quick primer on Arkansas’s school funding process is in order. In Arkansas, as in most U.S. states, public school funding is a combination of local, state, and federal funds. Arkansas uses a matrix funding formula to set the annual foundation funding amount (per student) that each district needs to provide an adequate education. For the 2017-18 school year, the foundation funding amount is \$6,713 per student. Table 1 below shows the foundation funding projected for the next fiscal year (as well as the previous five years).

Table 1: Arkansas Foundation Funding Amounts (per student)

Fiscal Year	Foundation Funding
2019	\$6,781
2018	\$6,713
2017	\$6,646
2016	\$6,584
2015	\$6,521
2014	\$6,393
2013	\$6,267

This funding is provided by a combination of local and state revenue for public school districts. The local district generates revenue that varies with the local tax base and the state provides whatever additional funds are needed to get to the foundation funding level. The state then provides additional funding for students who are in categories warranting additional

resources: English language learners, alternative learning environments, and students eligible for free or reduced priced lunches through the national school lunch program. The state provides professional development funding based on enrollment and additional funding for districts experiencing enrollment fluctuations from year to year.

When a student leaves public school to utilize the SSP, the local district has one less student to educate, so the total foundation funding needed will change. However, since the local tax base is unaffected, local tax revenue does not change. The same amount of local revenue, spread over fewer students, increases the local funding per pupil and reduces the state funding needed for every student in the district.

We use the Arkansas School Finance Manual for the 2017-2018 Academic Year⁴ and the Annual Statistical Report for the 2015-2016 academic year⁵ to calculate the change in state funding a district would receive for a one student change in enrollment based on each district's unique tax base, tax rate, and student population. Each student using the SSP is assumed to be a representative student of the district, meaning they take on the district average as far as propensity to be an English language learner, participate in national school lunch program, or be educated in an alternative learning environment. The ADE funding data are from two academic years ago (the most recent data available at the time of this research). Since ADE funding for schools increases annually, this should make our estimates lower than the actual cost savings.

IV. Fiscal Impact

Table 2 below shows cost savings for the average student. The average state funding saved when a student leaves a public school is \$8,230, but varies considerably depending on the

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http://www.arkansased.gov/public/userfiles/Fiscal_and_Admin_Services/Publication%20and%20reports/Arkansas_School_Finance_Manual/Arkansas_School_Finance_Manual_FY18_.pdf

⁵ http://www.arkansased.gov/divisions/fiscal-and-administrative-services/publication-and-reports/report_categories/annual-statistical-reports

local economy and demographics. Though there is considerable variation, 90 percent of all districts would receive between \$7,460 and \$9,760 for a one-student enrollment change. The first column in Table 2 shows the distribution of funding needs for all districts, and the last column shows the distribution for districts that have students utilizing the SSP.

As shown in the table below, even though the state only provides part of the foundation funding, when this is combined with the reduction in categorical funding based on student enrollment, the savings to the state usually exceed the foundation funding amount. When the additional funding the state provides to the district for one additional student exceeds the SSP tuition, the state needs less education funding overall when students choose to utilize the SSP. From our analysis, this is true for 225 out of the 234 districts (96 percent) in the state, and true for every district that has had a student leave to use the SSP.

Table 2: Summary Statistics of Additional State Funding For Each Additional Student

	All Districts	SSP Districts
Student Weighted Average	\$8,230	\$8,329
Minimum	\$1,014	\$7,458
5 th percentile	\$7,460	\$7,458
10 th percentile	\$7,577	\$7,578
25 th percentile	\$7,786	\$7,933
50 th percentile	\$8,163	\$8,535
75 th percentile	\$8,802	\$8,788
90 th percentile	\$9,280	\$8,900
95 th percentile	\$9,760	\$8,944
Maximum	\$12,472	\$9,373

We then compare the scholarship costs to the additional funding expenses avoided for each student utilizing the SSP. For this analysis, the Education Reform Alliance provided a spreadsheet with information on the local district each student attended prior to utilizing the SSP and tuition paid for the student. For most of the students, we compare the tuition costs to the funds no longer allocated to their district. There were seven students who were either new to Arkansas, a military dependent, or a transfer student from a district that is currently less than two years old (and therefore not in the financial data file). For these students, we do not have district funding amount to match, so we estimate how much state funding was avoided for these students. If other SSP students attend the same private school, we used the lesser of the minimum cost avoided by a public school district among their schoolmates, or the state average of \$8,230. If no other SSP students attend the same school, we used the state average of \$8,230. There are eight students who attended a charter school before using the SSP. For these students, the state would have paid the foundation funding amount (\$6,713) to the charter school, so that is the cost reduction we use in our calculations. For students who started using the SSP for the spring semester, half of the annual amounts for tuition and public school funding were used to calculate the net fiscal effect.

The average SSP scholarship amount per full-year student is \$6,544. This is less than the foundation funding amount because many private schools participating in the program have tuition less than the foundation funding level. The average cost avoided per full-year student is \$8,246, for a savings to the state of \$1,703 per child. With 157.5 full-year weighted students enrolled in the program, this generates a net savings to the state of \$268,185.

Table 3: Fiscal Impact

	Scholarship Funding	Expenses Avoided	Net Fiscal Effect
State Total	\$(1,030,634)	\$1,298,819	\$268,185
Per Full-Year Student	\$(6,544)	\$8,246	\$1,703

Note: (All amounts rounded to nearest dollar.)

Once again, we believe these numbers are the lower bound of the actual savings. The estimates we use for costs avoided are from two years ago, when the foundation funding amount was only \$6,584. Also, we have not considered the possibility of funding for special education students. In Arkansas, the state does not provide any additional resources for students with IEPs until the district has spent more than \$15,000 on specialized resources for the student. If any of the students using the SSP would have triggered additional funding, those resources are not included in our estimation.

V. Student Characteristics

When a school choice program generates a net savings to the state, a common concern is that the choice program is designed so that private schools attract only the students who are the least costly to educate and leave public schools to educate the more challenging students. We explore this possibility with the data available by comparing information on SSP users to all students classified as special education students in Arkansas.⁶ We first compare the percentage of time the student spent in a regular classroom prior to using the SSP for students where the information is available. The results are shown in Table 4 below. The first two columns have the number and percentage of Arkansas students in each category, and the third and fourth columns

⁶ Data on Arkansas special education population obtained from <https://www2.ed.gov/programs/osepidea/618-data/state-level-data-files/index.html>

have the same information for SSP students. The last two columns show the difference in the percentage of students in the category and the probability that SSP students are equally likely to be in that category given the observed differences. We highlight wherever the p-value is less than 0.05 in Table 4 below, which indicates that we can be at least 95 percent confident that the difference between the two groups is not random. The class time data suggest SSP students are more likely to have been in a regular classroom less than 40 percent of the time, and less likely to have been in the regular classroom between 40 percent and 79 percent of the time. Presumably, the students in the regular classroom less than 40 percent of the time are those who need the most specialized and intensive resources and those are the students more likely to be SSP users.

Table 4: Comparing Time Spent in Regular Class for SSP students

Time in regular class	All Arkansas Students		SSP Students		Difference	P-Value
	Number	Percent	Number	Percent		
80% or more	29,078	54.77%	47	51.65%	- 3.12%	0.5505
40% - 79%	16,931	31.89%	20	21.98%	- 9.91%	0.0427
Less than 40%	7,086	13.35%	24	26.37%	13.03%	0.0003
<i>Total</i>	<i>53,095</i>		<i>91</i>			

We also compare the SSP student disability diagnosis category to all Arkansas students. Those results are shown in Table 5 below, and the columns are arranged just as in Table 4. The data in this table suggest SSP students are more likely to have an Autism or Pre-School Non-categorized diagnosis and less likely to have been diagnosed with Speech-Language Impairment or Specific Learning Disabilities. This may provide some clues as to where private schools and public schools handle disabilities differently.⁷ Since the two groups are not statistically different

⁷ For evidence that public charter schools also disproportionately attract students with Autism see Wolf, P. J., & Lasserre-Cortez, S. (2018, January). [Special education enrollment and classification in Louisiana charter schools](#)

in Multiple Disabilities and Traumatic Brain Injury, it would suggest the SSP is not only attracting students requiring minimal special education resources.

Table 5: Comparing Disability Diagnosis for SSP students

Disability	All Arkansas Students		SSP Students		Difference	P-Value
	Number	Percent	Number	Percent		
Autism	4,372	6.56%	24	17.65%	11.09%	0.0000
Intellectual Disability	6,131	9.20%	13	9.56%	0.36%	0.8854
Multiple Disabilities	1,459	2.19%	5	3.68%	1.49%	0.2369
Other Health Impairments	11,033	16.56%	23	16.91%	0.35%	0.9117
Orthopedic Impairment	209	0.31%	1	0.74%	0.42%	0.3803
Preschool Non-Categorized	7,851	11.78%	25	18.38%	6.60%	0.0171
Speech-Language Impairment	16,900	25.36%	23	16.91%	- 8.45%	0.0236
Specific Learning Disability	18,528	27.81%	21	15.44%	-12.36%	0.0013
Traumatic Brain Injury	150	0.23%	1	0.74%	0.51%	0.2108

VI. Conclusion

Despite being a relatively small program with only 174 students receiving SSP scholarships during the 2017-2018 academic year, our analysis of recent data suggests that the Succeed Scholarship Program can reduce overall education spending by the Arkansas Department of Education by at least \$268,185 per year, which is \$1,504 per scholarship student. The net impact would be expected to increase over time as categorical funding amounts increase and if the number of students using the program increases.

and traditional schools (REL 2018–288). Washington, DC: U.S. Department of Education, Institute of Education Sciences, National Center for Education Evaluation and Regional Assistance, Regional Educational Laboratory Southwest, <https://ies.ed.gov/ncee/edlabs/projects/project.asp?projectID=4495>.

Furthermore, the program does not appear to generate cost savings by attracting only students who use few specialized education resources. Students choosing to use the program are more likely to have received specialized instruction over 60 percent of the time (in a regular classroom less than 40 percent) and are more likely to be diagnosed with Autism or in a non-specified preschool diagnosis. Students using SSP scholarships are equally likely to have multiple disabilities or traumatic brain injury.

Appendix 1: Components of Funding Formula

The Appendix goes through the components of the Arkansas School Finance formula that are discussed in the School Finance Manual in more technical detail. Some of these are not discussed in the main text of the paper. We will explain how those features are likely affected by the SSP or why they are not affected and therefore excluded from the analysis. We will also go into more detail for the funding components that are mentioned briefly in the main text. In this analysis we look at the marginal effect on state funding, or how much it changes when the district experiences a one student change in enrollment. For readers familiar with calculus, this is the first derivative of the school funding function with respect to enrollment.

Assessment and Local Taxes

The local assessment and taxes collected are determined by the value of the local tax base, the assessment rates, and tax collection rates. Since none of these factors will change when one student switches from public to private school, the marginal change is assumed to be zero for this analysis.

Funding Matrix

The funding matrix outlines the formula the state uses to arrive at the foundation funding amount per student each year. It is a function of the market prices of resources needed to provide education via public schools: salaries of school personnel, prices of instructional materials and technology, and expected operational, maintenance, and transportation expenses. These expected resource prices do not change with the number of students in a school, so foundation funding per pupil does not vary with the number of students.

Categorical Funding

The categorical funding changes are included in the analysis. Arkansas provides categorical funding for Alternative Learning Environments (ALE). Funding is \$4,640 per full-time equivalent student (FTE) calculated using students in ALE for at least 20 consecutive days in the prior year. English language learners (ELL) receive an extra \$338 in funding per year. We assume the students utilizing the SSP have the district average as far as probability of qualifying for ALE and ELL categorical funding. Professional development funds are provided based on student enrollment. The amount is \$26.05 per student and this is included in our analysis.

Students eligible for the national school lunch program (NSL) also receive additional funding. This category formula for this component of school funding creates a discontinuity in the funding formula. The per student categorical funding varies discretely with the percentage of NSL students in the school. Districts with over 90 percent of students in NSL receive \$1,576 per student. Districts with 70-90 percent NSL receive \$1,051, and districts with less than 70 percent the previous year receive \$526 per student. When a school moves from one category to another for NSL funds, the transition is made over 3 years. In our analysis we assume all districts stay within the same category for NSL funding. It is possible that a one student change in enrollment will cause a district to move to another NSL category if the district is right at the 70 percent or 90 percent NSL student ratio. If a NSL student leaves and it causes the district to move to a new category, it would be a lower NSL rate as seen below. A one student enrollment change can have a significant change in funding for the district, but NSL eligible students and non-NSL eligible students have very different affects.

If NSL is the number of NSL eligible students and Reg is the number of regular price lunch, or non-NSL eligible students, and S is the total number of students, such that NSL + Reg = S.

$$\frac{NSL}{S} > \frac{NSL-1}{S-1}.$$

When a NSL student leaves the district the percent of NSL students falls. If this is not immediately obvious, consider what happens to the percentage of regular price lunch students:

$$\frac{Reg}{S} < \frac{Reg}{S-1}.$$

The number of regular price lunch students has not changed, but the total number of students has decreased, causing the percentage of regular lunch students to increase and the percentage of NSL students to decrease. If a student causes the NSL rate to move into a lower category, this would generate a much larger reduction in expenses for the state, phased in over 3 years. However, if a student who is not NSL eligible leaves the district and it causes the district move into a different NSL category, it would trigger higher per student funding from the state. Since it is a higher per student funding, the amount of the additional funding varies dramatically by school size.

Using the most recent data available online at the time of this research⁸ (2015-2016 school year data based on 2014-15 NSL counts) we consider how many districts are within 1percentof a different NSL funding category. There are 14 districts within 1 percent of the 70 percent threshold. Five of them are below and 9 are above. There are 4 districts within 1percentof the 90percentthreshold, and all of them are above 90%, between 90percentand 91%. This would suggest if a district were to move between

⁸ <http://www.arkansased.gov/divisions/fiscal-and-administrative-services/e-rate/free-and-reduced-school-lunch-data>

categories for a small number of student enrollments, there are 13 districts that may move down, and 5 districts more likely to move up. From the 2014-2015 data only 1 of the districts near a funding threshold has a student using the SSP. This district is right above 70 percent, and quite large. It is unlikely student enrollment changes due to the SSP could cause a change, but if it does, it is likely to go down rather than up and generate a much larger savings to the state than we have estimated.

It should be noted that student enrollment changes for any reason where NSL and other students do not change equally can cause the same discrete jumps in state funding via the discontinuous NSL categorical funding formula. These discrete funding changes could also happen if total enrollment does not change, but because of NSL eligibility changing as parents of students lose jobs or have their work hours reduced (making more students eligible based on income), or get promotions with pay increases, additional hours, or better jobs (making fewer students eligible based on income). This is a characteristic of the funding formula and not a result of the SSP.

The state also provides additional NSL funds for districts experiencing enrollment growth. We do not include the additional NSL funding for enrollment growth. This causes our fiscal impact to be understated for all students using the SSP from districts experiencing increasing enrollment

Student Growth, Declining Enrollment, and Isolated Funding

To provide funding for students new to the district (since foundation funding is based on enrollment in the previous school year) the state provides additional funding for student enrollment growth. It is calculated quarterly with 25 percent of the foundation funding amount attached to each academic quarter.

Districts may also receive additional funds for decreasing enrollment, but they will receive only the maximum of declining enrollment funds or Special Needs Isolated Funding, but not both. Declining enrollment funding is determined by average daily enrollment in the third quarter compared to same time period in the previous year. The district gets half of the Foundation Funding amount for each student enrollment loss.

In our analysis, we exclude the Student Growth and Declining Enrollment funding. If a student leaves a district experiencing enrollment growth, the growth amount is 1 student less, and the state avoids a cost equal to the foundation funding. If a student leaves a district experiencing declining enrollment, the decline is one student larger and the state incurs additional expenses equal to half of the foundation funding amount. Looking at the home districts of students using the SSP and actual funds received in the 2015-2016 financial report, 107 students come from districts receiving enrollment growth funding and 49 come from districts with declining enrollment funding. If this ratio of increasing and decreasing students holds, the net fiscal savings to the state would be much larger than the effect estimated. The financial report for 2016-2017 and budget for 2017-2018 have been made available since the first draft of this report. On the current school year budget 41 come from districts budgeted to get increasing enrollment funds and 79 come

from districts expecting declining enrollment funds. This is very close to the 2 to 1 ratio we implicitly assumed when we excluded these funding changes from our analysis.

Isolated funding is available to some districts based on a series of criteria such as the distance to nearest high school, residential density of students who ride busses to school, total area of the district, percentage of gravel roads on bus routes, school enrollment under 350. There are 57 districts that qualify for isolated funding for the 2017-2018 school year and the per student funding ranges from \$1 to \$2,219. While one of the criteria used to determine eligibility is enrollment, is it unlikely a student using the SSP would cause the home district to be eligible. And it would only increase the costs to the state if the isolated funding for that district is larger than the declining enrollment funding (which would be true if a one student enrollment change causes the district to be eligible.) It is also possible the student utilizing the SSP would cause a bus route to change, making the district no longer eligible for isolated funding and reducing state education funding costs. Isolated funding is excluded from our analysis. None of the home districts of current SSP users are currently eligible for isolated funding.

Bonded Debt Assistance

Arkansas provides funding to help districts pay for bonded debt. This part of the funding formula is independent of student enrollment, and therefore is unaffected by students using the SSP and excluded from our analysis.

Miscellaneous Funds

The miscellaneous funds section of the Arkansas School Finance Manual includes a variety of local and federal funding sources and how they are used in the bonded debt calculation. Since they are independent of student enrollment they are not included in our analysis.

Federal Title Funds

Local districts may be eligible for federal education funds for a variety of student and district characteristics. Since these do not affect the state funding, they are not included in our analysis.

E-Rate

This is a discount program to help schools pay for technological infrastructure. It does not vary with the number of students, so it is not included in our analysis.

Educational Excellence Trust Fund

This is special funding to help pay for teacher salaries. It assumed to not vary with student enrollment and is not included in our analysis. It is possible, but extremely unlikely, that a one student decrease in enrollment would cause a district to employ one less teacher, in which case the state funding obligations in the category would be lower.

If this were to be the case, our estimates would be under-stated, and the actual savings would be higher.

Special Education Services

There are a variety of funding mechanisms for special education. The state provides \$74 per day for summer services. We assume no SSP users would have received summer services. If any of them would have received summer services, the savings to the state are even larger than estimated.

Once a district has spent more than \$15,000 on a single special education student (beyond reimbursement from Medicaid or other third-party insurance), the state will reimburse at least some of these catastrophic expenses. We assume no SSP users would have triggered catastrophic reimbursement. If any would have, our estimates are lower than actual savings to the state. We do not include adjustments for residential or juvenile detention center reimbursement, nor maintenance of effort (MOE) costs. Since districts can adjust spending based on changes in the number of students, there should not be additional MOE expenses except in very rare circumstances.

Child Nutrition

The ADE serves as an intermediary in administering federal dollars for nutrition programs with \$2 million in state matching funds expected. This cost likely varies with number of students who are NSL eligible, but the reimbursement rate varies from year to year. We do not include this expenditure in our analysis. If a NSL eligible student uses the SSP, the actual savings will be higher than our estimate. If a student not eligible for NSL uses the SSP, state expenditures in this category should be unchanged.

Better Chance Program

This is a preschool funding program for disadvantaged students. It is not included in our analysis since the SSP is for K-12 students.

Medicaid and ARMAC

Medicaid is a federally funded program that allows districts to be reimbursed for medical services provided as part of an IEP or IHP. ARMAC is a federally funded program that helps districts cover the cost of administrative activities related to Medicaid or other health services. Since these are federally funded, they are excluded from our analysis.

Appendix 2: Counterfactual attendance of students using superintendent waivers

In the initial draft of this report, we assumed all students utilizing superintendent waivers to access the SSP were entering kindergarteners or other students who intended to exercise the SSP as soon as they were otherwise eligible. If these students would have attended public schools without the superintendent waiver, the state does avoid some public school costs as calculated in this report. We refer to these students as “switchers” since the SSP allows them to switch from public to private schools.

After the initial draft was circulated, we became aware of some anecdotal cases of superintendents signing waivers for students already attending private schools. If students would have attended the private school without the SSP scholarship, the students represent a cost to the state for the scholarship tuition, but there are no public school costs avoided for these students.

The data available for SSP students do not allow us to match up students eligible via a waiver with a residentially assigned district or previously attended school. After becoming aware of potential non-switchers using the program, we requested information from the Reform Alliance on the number of students using the waiver. Their information does not include the grade the student enrolled in, but we were able to identify 14 students using the waiver whose birthdate would suggest they were entering kindergarteners and 13 waiver students who are using the SSP for only the spring semester. With 95 students using the waiver, this leaves 85.5 full-year equivalent students who are potential non-switchers. Based on this information, we estimate the lower bound of the fiscal effect for a variety of switcher rate scenarios. If large numbers of students using the waiver would not have attended public schools under any circumstances, it is possible the net fiscal effect of the SSP is negative.

Table 6: Fiscal Effect by Switcher Rate

Switcher Rate	Fiscal Effect
100%	\$268,185
90%	\$197,682
80%	\$127,179
70%	\$56,675
60%	(\$13,828)
50%	(\$84,331)
40%	(\$154,835)
30%	(\$225,338)
20%	(\$295,841)
10%	(\$366,345)
0%	(\$436,848)
