

What School Choice Could Do for North Dakota

Patrick J. Wolf, Ph.D.

February 2025

Executive Summary

North Dakota is currently the only state without public charter schools or a private school choice program. Yet across the country, 68 such programs operate in 33 states plus the District of Columbia and Puerto Rico, and 46 states allow public charter schools. This Challey Institute at North Dakota State University paper considers how a universal Education Savings Account (ESA) program—phased in over four years—could affect North Dakota’s K–12 students and taxpayers.

Background

Existing Options: Families can open-enroll in any public school or choose private/homeschool settings without public funding.

Recent Trends: All three, public, private, and homeschool, have grown since the pandemic, yet student performance on the National Assessment of Educational Progress (NAEP) has steadily declined since 2017.

Learning from Others: States like West Virginia have adopted universal ESAs, showing how North Dakota could implement a similar phased-in approach.

Forecasted Impact

Participation Growth

- Drawing from West Virginia’s adoption rates, Year 1 could see ~1,200 ESA participants in North Dakota, rising to nearly 3,000 in Year 2 and about 4,900 in Year 3.
- In Year 4, when current private-school students become eligible, participants could exceed 13,000.

Academic Benefits

- For ESA Participants: Studies suggest multi-year private school choice boosts test scores (especially in math and reading) and raises high school graduation rates by around 7 percentage points.
- For Public School Peers: Even small test-score gains among the much larger number of public school students can add up to meaningful improvements in overall district performance.

Fiscal Projections

- Years 1–3: Because only new switchers from public schools would receive ESAs, the state’s per-pupil outlay per ESA student is below what would have been spent in a district school. Result: net state savings of roughly \$10 million (Year 1), \$26.5 million (Year 2), and \$45 million (Year 3).
- Year 4: Enrolling the existing 11,800 private-school students creates a one-time cost of about \$56 million, offset by continued savings from public school switchers.
- Net Over Four Years: Total fiscal impact still comes out positive, with roughly \$91 million in overall savings—representing about a 48% return on each public dollar spent in the program’s initial phase.

Long-term Returns

When adding the value of higher lifetime earnings tied to improved test scores and graduation rates, the combined economic and fiscal benefits significantly exceed initial costs, yielding an estimated 91% overall return on investment within four years.

Conclusion

A universal, phased-in ESA program can strengthen North Dakota’s educational landscape. By tapping into lessons from other states, policymakers can craft a design that increases academic achievement, enhances high school graduation rates, and delivers net long-term savings to taxpayers—all while giving families expanded choices for their children’s education.