

What School Choice Could Do for North Dakota

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Introduction

School choice is making waves across the country. As of early 2024, 68 programs were running in 33 states, plus the District of Columbia (DC) and Puerto Rico, collectively serving over 1 million K-12 students.[i] Additionally, public charter schools are authorized in 46 states and DC, offering another form of educational choice. North Dakota stands as the only U.S. state without either form—no school choice programs or public charter schools. That is likely to change soon.[ii] What could this shift mean for the Peace Garden State?

In this white paper, I forecast the likely benefits to North Dakota from enacting a universal school choice program with a three-year phase-in period. Similar programs have launched over the past three years in Alabama, Arkansas, Iowa, New Hampshire, Utah, and West Virginia. I draw from the wealth of research evaluating existing school choice programs in the U.S. to predict how many students will participate in such a program in North Dakota and what changes school choice will bring to the test scores and educational attainment of those participants, the test scores of students who remain in district-run public schools, and the fiscal health of the

state. I use common forecasting techniques and conservative assumptions to develop these predictions. Because the forecasts are based on a hypothetical, but common, program design as well as past experiences in other states, they are merely estimates. The actual effects of the school choice program eventually adopted in North Dakota could and likely will vary somewhat from those forecasts. As investment advisors like to say, “Past performance is not a guarantee of future outcomes.”

What is School Choice?

The term “school choice” commonly refers to any government program that provides resources to parents to assist them in obtaining services for their child from “an approved education provider of their choosing.”[iii] Some programs only pay for private school tuition and fees while others cover an expansive set of educational products and services. School choice initiatives are funded either by government appropriation or state tax credits. Programs that only cover private school tuition and fees and are funded by government appropriation are called “school vouchers.” There are 25 voucher programs in 14 states plus DC and Puerto Rico.[iv] Programs that

only cover private school tuition and fees but are funded by state tax credits to reimburse donors for contributions to scholarship organizations are called “tax-credit scholarships.” There are 26 tax-credit scholarship programs in 22 states.[v] Programs that allow parents to select from a variety of educational products and services from multiple vendors, funded by government appropriation, are called “Education Savings Accounts” or ESAs.[vi] There are 19 ESA programs in 17 states. Finally, programs that allow parents to select from a variety of educational products and services from multiple vendors, funded by state tax credits to reimburse donors for contributions to scholarship organizations, are called “tax-credit ESAs.” There are 2 tax-credit ESA programs in Florida and Missouri.[vii]

The earliest school choice initiatives were voucher programs in Vermont (1869), Maine (1873), Milwaukee (1990) and Cleveland (1995). The Vermont and Maine initiatives were limited to students who lived in rural areas with private but not public schools. The Milwaukee and Cleveland programs were targeted to low-income students. The latest wave of school choice enactments, in contrast, have taken the form of ESAs and are available to all K-12 students in the state, albeit with a phase-in period.

How Might School Choice Help North Dakota?

School choice enables students to switch from public to private forms of schooling.

Participating students may or may not benefit, in terms of their own educational achievement or attainment, due to being educated in a private school of choice. School choice also affects the broader education system by placing competitive pressure on public schools and by funding students in lower-cost private schools instead of higher-cost public schools. Thus, the potential effects of a school choice program could include participant effects on achievement or attainment, and systemic effects on public school performance or state fiscal health.

The effects of school choice programs on all four of those outcomes have been studied by social scientists over the past 30 years. The research on the participant effects of school choice on achievement, the systemic effects of choice on public school performance, and the fiscal effects of private school choice programs is so extensive that meta-studies exist consolidating all the evidence regarding those topics. The results of those meta-studies, along with the highest-quality studies of the participant effects of school choice on attainment, will inform this white paper, as I apply the best science regarding school choice to the case of North Dakota.

The Education Scene in North Dakota

North Dakota is distinctive educationally. It is a leader in offering all North Dakotans their choice of district-run public schools to attend regardless of their home address. According to House Bill 1376, signed into law by Governor Burgum in May of 2023, such

“open enrollment” in public schools is available to any student in the state that requests it, subject to the capacity limits of the receiving school. State foundation aid follows the child to whichever public school district they attend. The state also offers some virtual instruction options and course choice, which allows students to take individual classes at public schools in which they are not enrolled as full-time students.

Like all U.S. states, North Dakota permits K-12 students to attend private schools or be schooled at home. The state does not provide financial support for families exercising either of those schooling options. Homeschooling in North Dakota is more highly regulated than in most states, as homeschool parents are required to cover specific subjects, and their children are required to take standardized achievement tests.[viii] Certified teachers are allowed to operate micro-schools which are classified as homeschools in the state. Public charter schools are not permitted in North Dakota even though such publicly funded but privately managed schools operate in 46 U.S. states plus the District of Columbia. Thus, North Dakota has three K-12 school sectors: traditional public schools (TPS) operated by districts, private schools, and homeschools.

As of the 2023-24 school year, North Dakota had a total of 504 public schools that enrolled 118,878 students (Figure 1).[ix] The share of K-12 students in those traditional public schools was 87.7%. In addition, 60 private schools served 11,819 students, composing 8.7% of the school-age

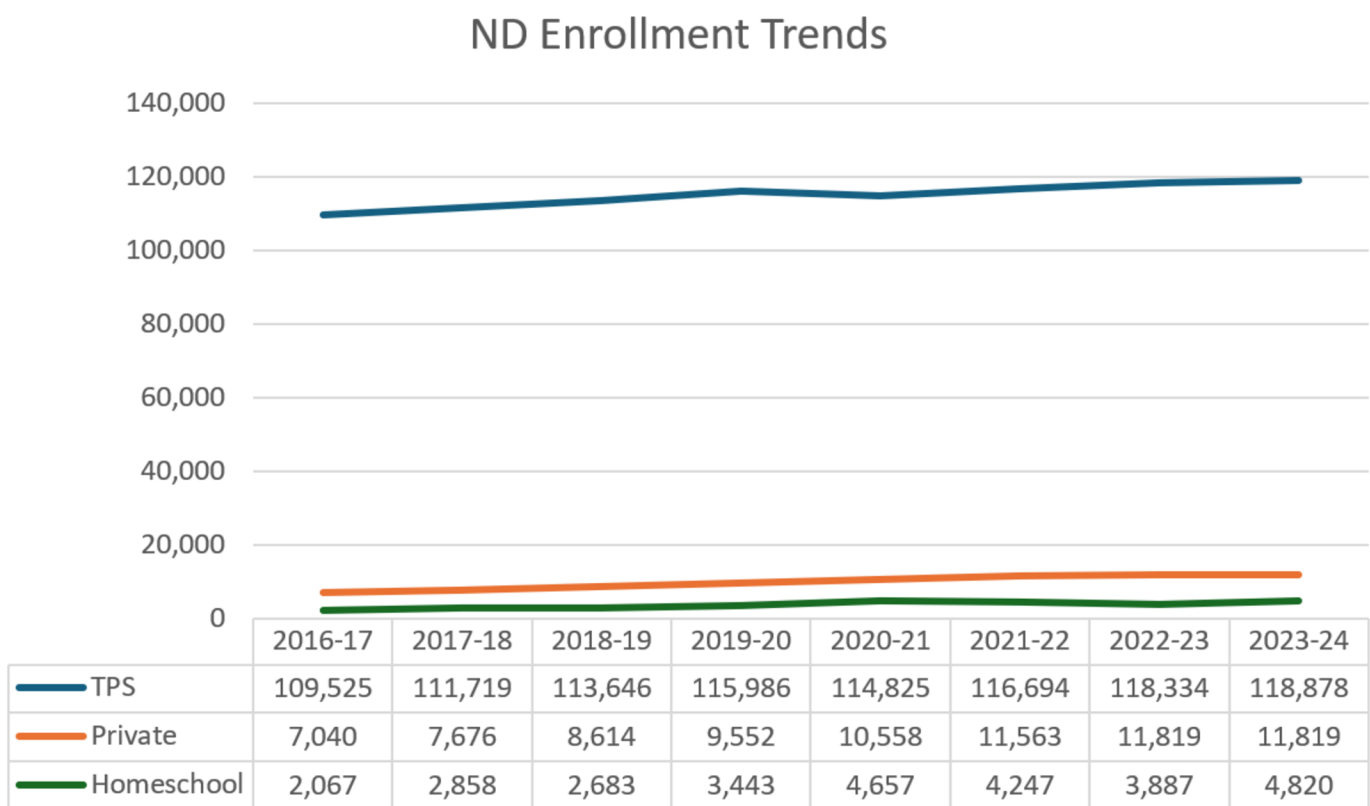
population. The annual tuition at North Dakota private schools averaged \$6,143.[x] Finally, 4,820 students were homeschooled in the state, accounting for the remaining 3.6% of North Dakota schoolchildren.[xi]

North Dakota is one of the few states in which student enrollments in all three school sectors have grown since the onset of the COVID-19 pandemic. Since the 2019-20 school year, public school enrollment has grown by 2.5%, private school enrollment by 23.7%, and homeschool enrollment by 40.0%. While enrollments in public schools declined in North Dakota during the first full pandemic year of 2020-21, as it did in public schools in every state, North Dakota public schools only lost about 1,000 students that year, amounting to less than a 1% decline. Public school enrollments not only bounced back in 2021-22, they surged to a new record level, to be eclipsed in 2022-23 and again in 2023-24. The post-pandemic increase in enrollments in North Dakota private schools is much larger than the national average of 7.7%.[xii] Homeschooling is estimated to have increased by 64% nationally since the pandemic,[xiii] well above even the sizable homeschooling increase in North Dakota.[xiv]

Reliable enrollment demographics are only available for the public school sector in North Dakota. A total of 73% of the K-12 students are white, 10% are Native American, 7% are Black, 7% are Hispanic, and the remaining 3% are a mix of Asians, Pacific Islanders, and students of two or more races.[xv] The North Dakota Department of

Public Instruction reports that public schools received \$16,763 from all sources to educate each student in 2022-23, with \$10,430 of that total coming from the mix of state and local dollars programmed into the Weighted Student Unit foundation aid formula.[xvi]

Figure 1: Enrollment Trends in North Dakota Public, Private, and Homeschools, 2016-17 through 2023-24



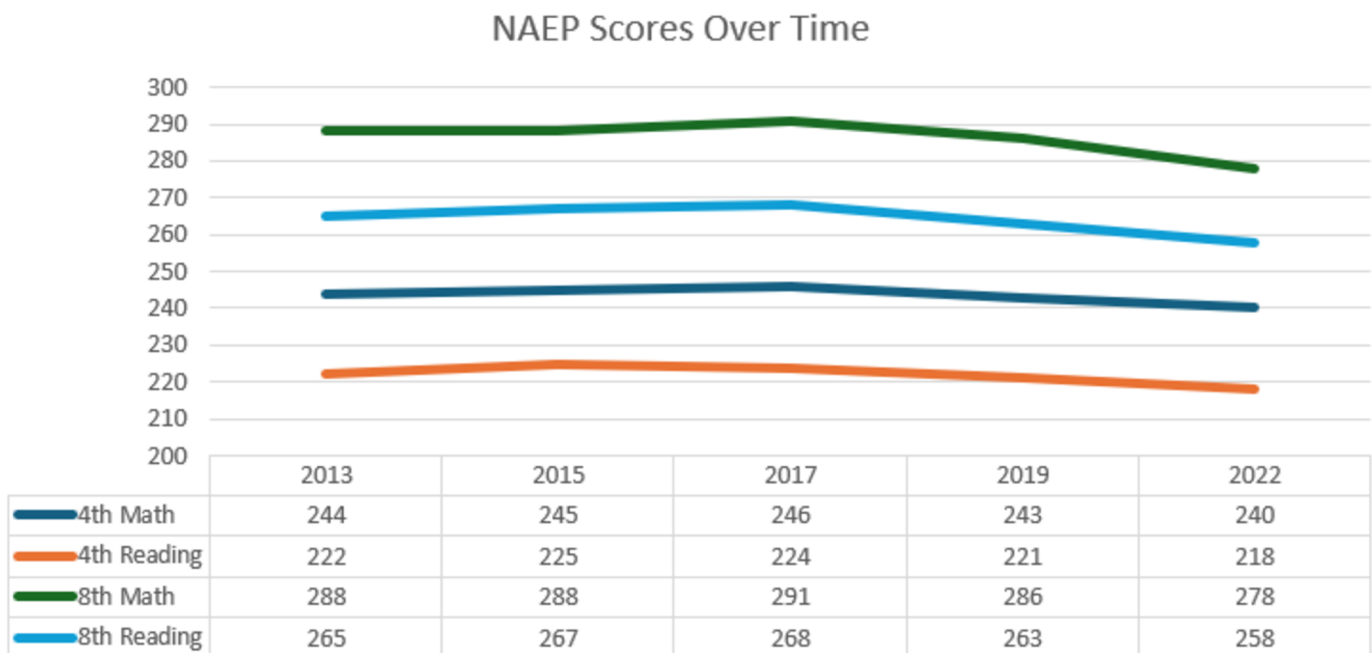
Source: North Dakota Department of Public Instruction. (n.d.). [State enrollment statistics](#).

The performance of North Dakota students on the National Assessment of Educational Program (NAEP), widely known as “The Nation’s Report Card,” recently dropped substantially (Figure 2). The decline began in 2017, predating the pandemic, which then accelerated the drop. From 2017 to 2022, the most recent data available, North Dakota 4th graders lost 6 points in both math and reading. Students in 8th grade dropped even further, losing 13 points in math and 10 points in reading.[xvii]

Public school students graduate from high school on time in North Dakota at a rate of 83%. The Department of Public Instruction classifies two-thirds of its graduates Choice Ready, meaning they are prepared for success after graduation, whether they pursue higher education, enter the workforce, or enlist in the military.[xviii] Only 44.5% of public school students are rated proficient in English Language Arts and 39.3% are proficient in math.[xix] Public school students in the state are classified as chronically absent from school at a rate of nearly 20%.[xx]

Given these education conditions in North Dakota, what would a universal private school choice program likely do to improve student outcomes in the state? I turn to that question next.

Figure 2: Average Scores of North Dakota Students on the National Assessment of Educational Progress, 2013-2022



Source: National Center for Education Statistics. (2022). [North Dakota state profile: Overview](#). The Nation's Report Card.

Forecasted Benefits of a Universal ESA Program with Staged Implementation

North Dakota would be late coming to the school choice party. One benefit of being a late adopter of a policy is that the experiences of earlier adopters can inform our expectations of what a school choice program likely would do for the students and taxpayers of the Peace Garden State. Any forecast of a future policy effect must rely upon a combination of

assumptions and data. In the case of forecasting school choice effects for North Dakota, the assumptions required are modest and defensible because the available data are extensive and rigorous.

A. Methodology of the Forecasts

Step 1 in this policy forecast is to predict the basic design that school choice will take in the state and the number of students that will participate in the program over the first four years of its operation. School choice policymaking is moving decisively in two directions. First, the preferred policy design is universal eligibility with staged implementation over three or four years. If a state is going to offer support for private school choice, it should offer it to everyone, or at least everyone currently in public schools, policymakers are deciding. Second, the preferred program structure is Education Savings Accounts (ESAs). The ESA policy design enables parents to fully customize their child's education by either replacing or augmenting private school tuition with education supports such as tutoring, on-line courses, educational technology, educational therapies, credentialing programs (such as career and technical education), and specialized curricula. Thus, for purposes of this paper, I assume that North Dakota policymakers will enact a law establishing a statewide universal ESA program with a four-year implementation timeline that excludes students currently in private or home schools until year four.

West Virginia has done exactly that, starting

in 2022. It serves as an excellent model for forecasting participation rates in a universal ESA program in North Dakota, thus satisfying step 2 of this forecasting project. Like North Dakota, West Virginia is a largely rural state with a relatively small population concentrated in a few medium-sized cities. West Virginia was a late adopter of school choice, opening its first public charter schools and launching its first private school choice program both in the fall of 2022. The West Virginia Hope Scholarship Program will soon become a universal ESA program. Students already enrolled in private or home schools are ineligible for the program until fall 2026.[xxi] That requirement only excludes about 11% of West Virginia schoolchildren, as the state has the lowest percentage of school-age students attending private school in the country (5%), and nearly 6% of West Virginia students are homeschooled. That leaves 89% of West Virginia K-12 students enrolled in public schools, very similar to the 88% rate for North Dakota. The West Virginia Department of Education reports that public school students in the state are achieving a 45% proficiency rate in English Language Arts and 39% proficiency in math, nearly identical to the rates reported by the North Dakota Department of Public Instruction for students in the Peace Garden state. The racial demographics of West Virginia similarly mirror those of North Dakota, though the racial compositions of the minority populations in the two states differ somewhat and a higher percentage of students in West Virginia than North Dakota qualify for the federal school lunch program.

Participation in the Hope Scholarship Program has been modest through the first three years of implementation. Just 2,333 students, representing 0.9% of the total school-age population in the state, participated in the program in its inaugural year of 2022-23. The school choice program experienced a healthy increase in participation in its second year of 2023-24, enrolling 5,791 students, representing 2.2% of the schoolchildren of West Virginia. As of July 1, 2024, participation for the 2024-25 school year, the program's third, totaled 9,980 students or just over 3.6% of all school-age children in the state.[xxii] These Hope Scholarship Program "take-up rates" of 0.9% in year one, 2.2% in year two, and 3.6% in year three are the best signal available for what might reasonably be expected during the first three years of a similarly-designed private school choice program in North Dakota. Based on 2023-24 statewide school enrollment numbers for North Dakota, assuming no change in the school-age population over the next three years, we might expect school choice participation totals of 1,216 students in year one, 2,982 in year two, and 4,873 in year three.

The forecast for enrollment in year four, the first year of universal eligibility, is more complicated, as West Virginia has not yet allowed private and home schooled students into its program. Fortunately, other states have done so, providing us with real-world data to inform our estimates. The take-up rate for public school students switching into the program is assumed to continue to increase by 1.4%, consistent with the annual

trend in the first three years, to 5% in year four. That means that the program would then serve 6,776 North Dakota students who previously attended public schools. Iowa opened its universal ESA program up to private school students in 2022-23. Only 22.7% of the 21,538 private school students eligible to join the program that year did so.[xxiii] In Arkansas, 11% of homeschoolers enrolled in its universal ESA program the first year they were eligible to do so.[xxiv] To make my fiscal impact forecast extremely conservative, I assume that the initial enrollment rate for private and homeschooled students in North Dakota will be double those rates, 45.4% for private school students and 22% for homeschooled students. Thus, the universal eligibility provision for year four would add 6,426 non-public-school students to the program. Total program enrollment for year four thus is forecast to be 13,202 students or 9.7% of all K-12 students in North Dakota.

Why wouldn't 100% of private and homeschooled students participate in a universal ESA program? Isn't it free money for their families? Families who have enrolled their child in a private school or homeschool already have passed on free money in the form of public schooling. They have made a conscious decision to forgo the free public schools and assume the costs of an alternative schooling environment for their child. Even when a government program, such as an ESA, offers to provide them with extra resources to support their child's private school enrollment or homeschooling, most parents turn down the

offer. Their child's private school might not participate in the program, or they might be concerned about government regulation of their child's education. Whatever the reason, states that already have permitted private and homeschooled students to participate in universal ESA programs report that they do so at surprisingly low rates that end up supporting the state's fiscal bottom line.

Step 3 in the forecasting process is to estimate the effects that a North Dakota school choice program will have on participants and the wider education system. For those estimates I draw upon statistical meta-analyses when they exist, or the most rigorous individual research studies when systematic summaries of the findings are not available. Step 4 is to associate those average policy effects with their economic costs or benefits, based on established research literature. Step 5 is to discount the value of economic benefits in the future to account for the expected effects of inflation and time preference. This forecasting process is summarized in Equation 1:

$$\text{Benefit} = N \times \text{AveEffect} \times \text{NomValue} \times \text{NPVdiscount} \quad (1)$$

Benefit represents the economic value of launching a universal ESA program. N is the estimated number of students affected by the policy. AveEffect is the estimated average effect of the ESA program on each of those students. NomValue is the nominal value of any benefits associated with the average effect. NPVdiscount is the fraction that converts benefits from the distant future

into Net Present Value based on an annual discount rate of 3.5% to account for the impact of inflation and time preference on the relative value of future economic benefits. Any benefits in the form of increased lifetime earnings are discounted over a 40-year career.

Equation 1 is applied to three well-established outcomes of private school choice programs: (1) participant achievement gains, (2) participant attainment gains, and (3) systemic achievement gains. A separate formula is used to estimate (4) systemic fiscal gains. The values of the benefits related to these four outcomes are then summed to determine the total likely economic benefit to the state of North Dakota from launching a universal ESA program with four-year staged implementation in 2025.

B. Participant Achievement Gains

The meta-analysis of the achievement effects of private school choice programs shows that test score gains do not emerge until the third year of program participation.[xxv] Students who participate in school choice programs tend to be highly mobile so I assume that 25% of the 1,216 students who enroll in year one will leave the program in year two and another 25% of the remainder will leave the program in year three.[xxvi] That leaves 684 students from the year one cohort to experience achievement gains in year three. Applying the same program attrition estimates to the year two cohort of 2,982 program participants, we get 1,677 additional students to realize the 3-year achievement

benefits of the program by year 4. The average increase in test scores in math and reading combined due to participation in a private school choice program for three years is 16% of a standard deviation.[xxvii] Stanford economist Eric Hanushek has determined that an achievement gain of 100% of a standard deviation produces a 13% increase in lifetime earnings that dissipates by 30% over time.[xxviii] According to the Georgetown University Center on Education and the Workforce, average lifetime earnings for a high school graduate in North Dakota will be \$1,900,000.[xxix] Plugging these numbers into our forecasting equation we get (Equation 2):

$$\bullet \text{ Achieve Benefit}(2025) = (684 + 1,677) \times (.16 \times (.13 \times \$1,900,000 \times .7) \times NPVdiscount) \quad (2)$$

$$\bullet \text{ Achieve Benefit}(2025) = 2,361 \times (\$27,664 \times .533877) \quad (2a)$$

$$\bullet \text{ Achieve Benefit}(2025) = 2,361 \times \$14,769 \quad (2b)$$

$$\bullet \text{ Achieve Benefit}(2025) = \$34,872,166 \quad (2c)$$

The forecasted increase in lifetime earnings for each student from the years one and two cohort of the program who remains in the program for three years, due to achievement gains, is \$14,769 (Equation 2b), after discounting the amount to Net Present Value (Equation 2a). Multiplying that per-student gain times the estimated number of affected students leads to a total estimated achievement benefit of \$34,872,166 in 2025 dollars (Equation 2c) realized by year four of the program.

C. Participant Attainment Gains

There is no meta-analysis of the attainment effects of private school choice programs. There are, however, several rigorous studies of the effect of individual private school choice programs on attainment outcomes including high school graduation, college enrollment, and college completion. [xxx] The most consistent result from those studies is that participating in a private school choice program increases the likelihood of graduating from high school as opposed to dropping out. I use the conservative estimate of a 7 percentage point increase in the high school graduation rate taken from the 2013 evaluation of the Milwaukee Parental Choice (voucher) Program.[xxxi] As with the forecast of achievement benefits above, I estimate only the gains for the students in the years one and two cohorts of participants who persist in a North Dakota program for three years. Thus, I limit any attainment benefits to the 684 students from the year one cohort and the 1,677 students from the year two cohort estimated to experience three years of private schooling through the program. Benefits for subsequent cohorts of students would follow longer into the future. Social scientists have estimated that graduating from high school instead of dropping out results in increased lifetime earnings and health and longevity benefits that average \$476,237.[xxxii] I use the same discount rate here to convert that total to 2025 Net Present Value as I calculated for the lifetime achievement benefits above. Plugging these numbers into our forecasting equation we

get (Equation 3):

$$\bullet \text{ Attain Benefit}(2025) = ((684 + 1,677) \times .07) \times (\$476,237 \times 0.533877) \quad (3)$$

$$\bullet \text{ Attain Benefit}(2025) = 165 \times \$254,252 \quad (3a)$$

$$\bullet \text{ Attain Benefit}(2025) = \$42,022,833 \quad (3b)$$

The forecasted increase in lifetime earnings and economic benefits of increased health and longevity for each extra high school graduate in the years one and two cohorts due to the program, discounted to 2025 Net Present Value, is \$254,252 (Equation 3a). Multiplying that per-student gain times the estimated 165 additional high school graduates leads to a total estimated attainment benefit of \$42,022,833 in 2025 dollars (Equation 3b).

D. Systemic Achievement Gains

As shown above, students who participate in private school choice programs, on average, experience substantial benefits in terms of higher levels of educational achievement and attainment. Private school choice programs, however, influence more than just participants. They even affect students who remain in public schools, by generating competition that pressures those schools to improve their delivery of education services. The most recent and complete meta-analysis of the effects of competition from private school choice programs on the achievement of students who remain in public schools demonstrates that the average gain is 0.1% of a standard deviation.[xxxiii] Although this

systemic achievement gain for non-participating students is tiny, it affects a lot more students than do the participant effects of a private school choice program. I assume that school choice program enrollments will be sufficiently large to produce a competitive achievement effect on the students in the five largest school districts in North Dakota: Bismark, West Fargo, Fargo, Minot, and Grand Forks. Combined public school enrollment in those districts is 53,829. [xxxiv] Again we draw upon the Georgetown estimate of the average lifetime earnings of a North Dakota high school graduate and the Hanushek estimate that a one standard deviation gain in achievement produces a 13% increase in lifetime earnings but with a 30% fadeout. Plugging these numbers into our forecasting equation we get (Equation 4):

$$\bullet \text{ System Achievement Benefit}(2025) = 53,829 \times (.001 \times (.13 \times \$1,900,000 \times .7)) \times 0.533877 \quad (4)$$

$$\bullet \text{ System Achievement Benefit}(2025) = 53,829 \times \$172.90 \times 0.533877 \quad (4a)$$

$$\bullet \text{ System Achievement Benefit}(2025) = 53,829 \times \$92.31 \quad (4b)$$

$$\bullet \text{ System Achievement Benefit}(2025) = \$4,968,810 \quad (4c)$$

The forecasted increase in lifetime earnings for each North Dakota public school student in one of the five largest districts from competition from the first year of operation of a private school choice program is \$172.90 (Equation 4a), discounted to a Net Present Value of \$92.31 (4b). Multiplying that per-student gain times the estimated number of

affected students leads to a total estimated systemic achievement benefit of \$4,968,810 in 2025 dollars (Equation 4c).

E. Fiscal Benefits

Launching a private school choice program affects public and private school enrollments. It affects the number of students supported by public funds and the average amount the state spends on each student it supports. Since ESA amounts always are lower than the total per-pupil funding of students in public schools, every student who switches out of a public school and into a private or homeschool to participate in the program or is diverted from the public sector to the private sector as a rising kindergartner saves money for a state's taxpayers. Conversely, every student currently in private or home school who joins the program costs money for state taxpayers, as those students were "free" to the state before joining the ESA program. Thus, the fiscal effect of launching an ESA program in North Dakota will depend upon three factors: The number of students who participate, the size of the differential between public school per-pupil funding and the ESA amount, and the proportion of participants who switch out of public schools, or are rising kindergartners, to take advantage of the program.[xxv] Fortunately, those numbers are clear in the case of a North Dakota ESA program that excludes existing private and homeschooled students until year four of its operation, thus following the West Virginia Hope Scholarship Program model. We can

estimate the likely fiscal impact of a universal ESA program for North Dakota with great confidence that the actual impact will closely mirror our estimates.

Unlike the participant achievement and attainment effects of school choice, which take years to demonstrate themselves, the fiscal impacts of a school choice program are almost immediate. Thus, we can draw from our estimates of program enrollments for the first three years of staged implementation of such a program in North Dakota of 1,216 students in year one, 2,982 students in year two, 4,873 students in year three. For year four, we add 1,903 new switchers out of public school to the 4,873 from year three, bringing the total prior-public participation rate to 5% of all K-12 students, plus 45.4% of private school students (5,366) and 22% of homeschooled students (1,060), for a total of 13,202 ESA participants that year. Total per-pupil revenue for public school students in North Dakota is conservatively estimated to be \$16,763 in 2025,[xxvi] increasing 3% a year thereafter. The foundation aid portion of that total per-pupil revenue is \$10,237, estimated to increase by 2% a year. Typically, states set the value of an ESA at 80% of the public school foundation aid amount. That would be about \$8,190 for participants in our hypothetical North Dakota program in 2025, increasing by 2% a year along with the increases in foundation aid. The ESA amount is 49% of the amount that would be spent on the ESA student in public school for the year one cohort, saving North Dakota taxpayers \$8,573 for every student who switches out of

a public school to participate in the program, increasing modestly each subsequent year.

The key “switcher rate” would be 100% in the first three years of a program that excludes current private and homeschooled students. In the crucial year four, when we assume that 45.4% of private school students and 22% of homeschooled students join the program, the “switcher rate” would be 51%. Notably, the switcher rate is likely to increase after year four because most if not all private and homeschooled students who want to join the program and whose private schools are participating will have already enrolled; but interest from public school students will likely continue increasing. Most new enrollees available to join the program after year four would be switchers out of public school and rising kindergartners diverted from enrolling in public school, both of which yield fiscal savings to the state. Thus, this fiscal impact estimate is conservative in that it ends with the one year, year four, when the universal ESA program proposed here faces the least-favorable fiscal conditions.

A universal ESA program that initially excludes current private and homeschooled students is forecast to save the taxpayers of North Dakota over \$10 million net in its first year of operation (Table 1). That is because every program participant would be a switcher out of the public schools, or a rising kindergartner diverted from attending public school, and the maximum value of the ESA is about half the total amount of foundation aid that would be spent on that

student had they remained or initially enrolled in the public school sector. Fiscal savings would increase to about \$26.5 million in year two and \$45 million in year three, as increasing numbers of students switch out of the more expensive public school sector into the less expensive private school sector with the assistance of an ESA.

Year four would present the most challenging fiscal circumstances for the universal ESA program we are modeling here for North Dakota. The over \$65 million that the state would save from the 6,776 students continuing or initially enrolling in the program after switching out of public schools would be diminished by the nearly \$56 million cost of providing a government-funded ESA to the 5,366 private school and 1,060 homeschool students whose education previously was costless to the state. Still, even factoring in the cost of subsidizing previous private and homeschooled students, the program in year four still is projected to save the state over \$9 million. In subsequent years, the program would generate even larger net benefits to taxpayers, as the proportion of public school switchers above the program “break even” switcher rate of 45.14% will likely increase from the 51% level of year four.

The forecasted fiscal benefit of a universal ESA program in North Dakota that excludes private and home school students in its first three years of staged implementation, then funds all interested applicants with an ESA in year four, is over \$91 million. The cost savings in the first three years of the

program, realized by only funding students switching out of the public schools, would be nearly \$82 million. The program is projected to continue to deliver sizeable fiscal savings to the state even after adding private and home school students to the program in year four. The net fiscal savings across those first four years of program implementation represent a net 48% return on every dollar spent on a North Dakota universal ESA program, independent of the economic effects of the benefits of the program to students.

Table 1: Fiscal Impact Estimate for a Universal ESA Program in North Dakota

Choice Program Participation	Public	Public	ESA	Differential	Differ	Total Amount	Switch	Fiscal
Year K-12 Stud Takeup ESA Enroll Per-Pupil Found. Amount	Amount	%	Spent	Rate	Impact			
1 135,517 0.9% 1,216	\$16,763	\$10,237	\$8,189.60	\$8,573.40	49%	\$9,958,131	100%	\$10,424,811.54
2 135,517 2.2% 2,982	\$17,266	\$10,442	\$8,353.39	\$8,912.50	48%	\$24,906,125	100%	\$26,573,132.57
3 135,517 3.6% 4,873	\$17,784	\$10,651	\$8,520.46	\$9,263.41	48%	\$41,521,021	100%	\$45,141,473.87
4 135,517 9.7% 13,202	\$18,317	\$10,864	\$8,690.87	\$9,626.51	47%	\$114,737,514	51%	\$9,381,071.65
Total						\$191,122,791		\$91,520,489.63
						Savings per \$ spent		\$1.48

F. Total Monetized Benefits

Adding up the forecasted benefits from the achievement and attainment gains of participating students and the system-wide achievement gains and fiscal impact, my forecast is that the effects of the first four years of a North Dakota universal ESA program will pay for itself while delivering over \$173 million in benefits based on 2025 Net Present Value (Table 2). These total benefits consist of over \$91 million estimated to accrue to the state in fiscal savings by the conclusion of the fourth year of operation plus an estimated \$82 million in present value of future benefits to North Dakota school children. That means that such a private school choice program in the Peace Garden State would, conservatively, generate a financial return of 91% over four years with no loss of principle. Clearly, school choice would be a good investment for North Dakotans.

Table 2: Total Estimated Economic Gains from the First Four Years of a Universal ESA Program in North Dakota

Source	Benefit
Achievement	\$34,872,166
Attainment	42,022,833
Systemic	\$4,968,810
Fiscal	\$91,520,490
Total Net Benefits	\$173,384,299
Cost	\$191,122,791
Return	1.91

Conclusion

Thirty-five political jurisdictions in the U.S. operate private school choice programs. Forty-six U.S. states allow public schools of choice governed by charters instead of school districts. North Dakota is the only U.S. state that does neither. Based on conservative estimates derived from the documented experiences of other states, I forecast that North Dakotans would earn a net return of 91% over four years on their investment in an Education Savings Account (ESA) program available to all interested students in the state and phased-in over those four years, much like the implementation of the West Virginia Hope Scholarship Program. While the actual benefits from a North Dakota school choice program will depend on how well it is designed and delivered, policymakers in the state can profit from the experiences of 33 other states in crafting a school choice program that works for North Dakota students, families, schools and taxpayers.

References

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- [iv] EdChoice (2024). The ABCs of school choice: The comprehensive guide to every private school choice program in America, p. 50.
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