

## Fiscal Research Center Analysis Needs to be Fixed

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The Fiscal Research Center (FRC) at Georgia State University produced a [fiscal analysis of Georgia's tuition tax credit scholarship program](#). I had a long list of [specific critiques](#) of their report. The authors of the FRC report have written a [reply](#). Below is my response.

I stand by every word I wrote in the critique of the FRC's original report. Nothing in their reply convinced me otherwise. The FRC's reply to my critique ignored most of my concerns about their original report. Other concerns I raised were not seriously considered. I will leave it to state policymakers to carefully consider my concerns of the FRC's original report. For their benefit I address three issues here:

- 1) My critique pointed out that the FRC was using a much lower figure for public school spending relative to actual spending. The correct figure was listed in the original FRC report, but was not used. In their reply, the authors wonder "how DOE calculates this (much higher) number." (words in parentheses added for clarification) Presented with two very different figures for average state and local spending per student in Georgia public schools, the FRC used the dramatically lower figure.

This [Georgia Department of Education \(DOE\) webpage](#) states that "average state and local expenditures per student" in Georgia public schools was \$8,983 in 2014 (and \$9,046 in 2013)—acknowledged on page 4 of the original FRC report. Instead of using this figure, the FRC authors used a lower figure from this second [Georgia DOE webpage](#). However, at the bottom of the tables at this latter webpage is a long list of "excluded funds". The former DOE webpage does not exclude funds.

To provide further evidence that the FRC is using Georgia public school revenue data that is far below the truth, I offer a second source of financial data that comes from the Georgia Department of Education—data they report to the U.S. Department of Education. The latest data available from this second source is for FY 2011, and a comparison of data for this year is instructive. For FY 2011, the U.S. Department of Education—based on data it receives annually from the Georgia Department of Education—reports that [Georgia public schools had \\$18.05 billion in revenues](#) in FY 2011 (Table 235.20, 2013 Digest of Education Statistics). For that same fiscal year, at the webpage used by the FRC researchers, the Georgia Department of Education reports that Georgia public schools had only \$14.8 billion in revenues—That is because, as the DOE states on this latter webpage, it has "excluded funds". This difference between the data sources is \$3.25 billion dollars, or almost \$2,000 per student. Failure to use the

higher and correct figures for public school revenues leads to very large underestimates of fiscal benefits to taxpayers in all rows of Table 5 of the FRC's original report. [I agree with the FRC that a small portion of state funds are not a function of enrollment, but that does not explain this significant discrepancy.]

- 2) In my critique I suggested that the FRC authors consult two studies that used different approaches to estimate variable costs per student in public schools. I noted that, "Using one of these two approaches would lead to much higher estimates of the fiscal benefits of the Georgia tax credit scholarship program for local taxpayers."

In their reply, the FRC authors ignored [my study that used Georgia data](#) to develop an approach to estimate variable costs per student. While they consulted the second study (by Bifulco and Rebeck), they suggest that using the "data" from this study is "hardly a reasonable basis for comparison". I agree. That is why I suggested they use the "approach" in this study—not the data. Every state—and every school district—has different data. The FRC should use the approach used to estimate variable costs from Bifulco and Rebeck or the approach in my study (which was crafted with Georgia data). Using either the approach in Bifulco and Rebeck or in my study would yield much higher estimates of savings for taxpayers in all rows in Table 5 of the FRC report.

[Using the Bifulco/Rebeck approach or my approach on data for any given district or state yield almost identical estimates of variable costs, which are much higher than the estimate used by the FRC. One could suggest that the approaches used to estimate variable costs in Bifulco/Rebeck and in my study are bad, but the FRC does not attempt to make such a suggestion. I refer readers to carefully consider both studies of variable costs so they can make their own judgments.]

- 3) The FRC report makes a claim they cannot make—that a corporate-only means-tested scholarship program is likely to save taxpayers more money relative to the current tuition tax credit scholarship program. I explained why they cannot make that claim. They ignored my reasoning in their reply—and restate their erroneous claim.

I was not convinced on other issues not addressed here, and I refer readers to the FRC's [original report](#), [my critique](#), and the [FRC's reply](#).