

The Perfect Storm: Limited Oversight and Accountability Contribute to Growing Costs of the Hope Scholarship

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Overview

According to the state constitution, West Virginians are guaranteed “a thorough and efficient system of free schools” provided by the Legislature.¹ However, the ability of our state to fulfill this guarantee for the nearly 90 percent of school-aged children in West Virginia who attend public schools is currently threatened by a variety of challenges. Increased disinvestment from public schools through the Hope Scholarship Program, declining state revenues due to tax cuts, and reduced resources from the expiration of federal pandemic-era funding have resulted in precarious financial circumstances for our public school system.

The Hope Scholarship Program has diverted significant funds from the public school system to private schools and other educational service providers within and outside of the state. West Virginia is one of many states offering school voucher programs, but unlike the programs in several other states, West Virginia’s operates without limits on enrollment, program costs, or the household income of participating families.² The program also operates without required public reporting on key demographic and performance metrics related to the program, enrollees, and the non-public schools that participate. School voucher programs, particularly those without accountability measures or guardrails, are a growing concern for fiscal responsibility and transparency across the country. In the past three years, numerous states have either expanded their school voucher programs or implemented plans for expansion to the detriment of their public school systems. These include West Virginia, Alabama, Arizona, Arkansas, Florida, Indiana, Iowa, Louisiana, North Carolina, Oklahoma, Ohio, and Utah.³ Extensive research evidences the harmful impact that school voucher programs have on public education while providing little to no increase in student opportunities or improvement in student outcomes.⁴

Statewide, the loss of funding from the public school system to the Hope Scholarship is expected to total up to \$52.1 million for the 2024-2025 school year, more than double the cost for the 2023-2024 school year. This total could grow throughout the year due to year-round open enrollment for the program. Even at the current award amount, this program could cost almost \$250 million per year upon expansion. In addition to diverting funds from already underresourced public schools, voucher programs also contribute to broader disinvestment from the public school system. States with longer-running voucher programs provide relatively little funding per student in public schools even though per student spending is associated with positive long-term student outcomes in areas such as income, health, and educational attainment.⁵

¹ Article 12, Constitution of West Virginia.

² Samuel Abrams and Steven Koutsavlis, “The Fiscal Consequences of Private School Vouchers,” Southern Poverty Law Center, March 2023, https://pfps.org/assets/uploads/SPLC_ELC_PFPS_2023Report_Final.pdf.

³ Senator Bernie Sanders, “By the Wealthy, for the Wealthy: The Coordinated Attacks on Public Education in the United States,” U.S. Senate Committee on Health, Education, Labor and Pensions, June 2024, <https://www.sanders.senate.gov/wp-content/uploads/06.24.24-Education-Privatization-Report.pdf>.

⁴ National Education Association, “Vouchers,” December 2, 2021, <https://www.nea.org/advocating-for-change/action-center/our-issues/vouchers>.

⁵ Iris Hinh, “State Policymakers Should Reject K-12 School Voucher Plans,” Center of Budget and Policy Priorities, March 21, 2023, <https://www.cbpp.org/research/state-budget-and-tax/state-policymakers-should-reject-k-12-school-voucher-plans>.

Key Findings

- The Hope Scholarship Program has very limited guardrails: no cost or enrollment caps, no income limits for applicants, no public reporting requirements, and no requirements for schools receiving funds to be based in West Virginia or accredited.
- The Hope Scholarship Program cost \$23.7 million for the 2023-2024 school year, more than double the previous year's cost of \$9.2 million. Programs costs are on track to more than double again for the 2024-25 school year, with an estimated cost of \$52.1 million.
- There were 5,433 recipients of the scholarship at an award amount of \$4,489 per student for the 2023-2024 school year.
- Nearly 40 percent of Hope Scholarship recipients for the 2023-2024 school year came from just five counties: Kanawha (720), Berkeley (439), Wood (357), Raleigh (308), and Cabell (289).
- Almost 30 percent of West Virginia's private schools are located in just five counties: Kanawha (13), Berkeley (7), Wood (11), Raleigh (7), and Cabell (6).
- 51 of 55 counties had increased program participation from the 2022-2023 school year to the 2023-2024 school year, and one county had participation increase by 10 times.
- Nearly half of student recipients for the 2023-2024 school year were in kindergarten and first grade and had very little or no public schooling history.
- Nearly 30 percent of non-public school payments from the Hope Scholarship for the 2023-2024 school year went to just 10 schools, all of which are religious schools.
- Almost \$17.3 million went to non-public schools and \$6 million went to unaccredited schools during the 2023-2024 school year.
- \$1 million went to non-public schools and education service providers outside of West Virginia during the 2023-2024 school year.
- The Hope Scholarship is expected to balloon in cost up to \$250 million per year if expanded to all children in the state, including those already in private school or homeschool.

The Rising Cost of the Hope Scholarship and Limited Program Guardrails

The Hope Scholarship cost over \$23.7 million for the 2023-2024 school year, when there were 5,443 student recipients.⁶ This was more than double the cost for the 2022-2023 school year, the first year of the program, which was approximately \$9.2 million.⁷ Now, in the third year of the program, the cost could reach up to \$52.1 million to account for over 10,600 student recipients. This estimate is based on the number of scholarships awarded as of January 9, 2025, according to the West Virginia Treasurer's Office. It is important to note that this amount could grow throughout the school year as students continue to apply. The year-round open enrollment model of this program makes it difficult to accurately budget for the cost of the program. The program budget for the 2024-2025 school year is \$45.5 million. Based on the current program participation, the cost for this year will likely exceed that budget by more than \$6.6 million.⁸ This could require additional state budget allocations unless there are sufficient carryover funds from previous years.

On its current trajectory, the Hope Scholarship Program is expected to exceed early estimates of the cost of the program both in its present form and if made universally available to all students in the state. Other states like

⁶ 2023-2024 West Virginia State Treasurer's Office Hope Scholarship Annual Report, <https://hopescholarshipwv.com/Home/About/Annual-Reports>.

⁷ 2022-2023 West Virginia State Treasurer's Office Hope Scholarship Annual Report, <https://hopescholarshipwv.com/Home/About/Annual-Reports>.

⁸ SB 200, 2024 West Virginia Legislative Session.

Arizona have illustrated the slippery slope that these programs often go down. Arizona's Empowerment Scholarship started in 2011 as a voucher for students with disabilities, but it was made available to all students in the state in 2022. In its first year, the program cost only about \$1.7 million, but this total ballooned to a staggering \$587.5 million following its universal expansion.⁹ The irresponsibly rapid growth of this program contributed to a \$1.4 billion budget deficit that resulted in cuts to funding for public education, community colleges, universities, water, and roads last year alone.¹⁰

West Virginia's Hope Scholarship is set to follow Arizona's example and expand to all children in the state in the 2026-27 school year. This will allow all families to apply even without prior public school attendance of their children, meaning that regardless of income, families who already have their children in private school or homeschool will be eligible for the Hope Scholarship. If made universal, the cost of the program could reach up to \$250 million per year according to an estimate by former State Treasurer Riley Moore. Notably, this is more than double the estimated cost of expansion (\$102.9 million) included in the fiscal note lawmakers reviewed when the Hope Scholarship was enacted.¹¹

The Hope Scholarship is already contributing to considerable strain on public schools in our state. What's more, since the program will represent new costs to the state budget when families who were never in public schools (and thus never part of the public school funding formula) are eligible, it has further potential to negatively affect other public goods funded through state revenue. Rapidly rising Hope Scholarship Program costs over the past few years, predicted budget shortfalls, and availability of year-round program enrollment clearly indicate the need for guardrails on the program to manage costs, such as cost and enrollment caps and a limited application period.

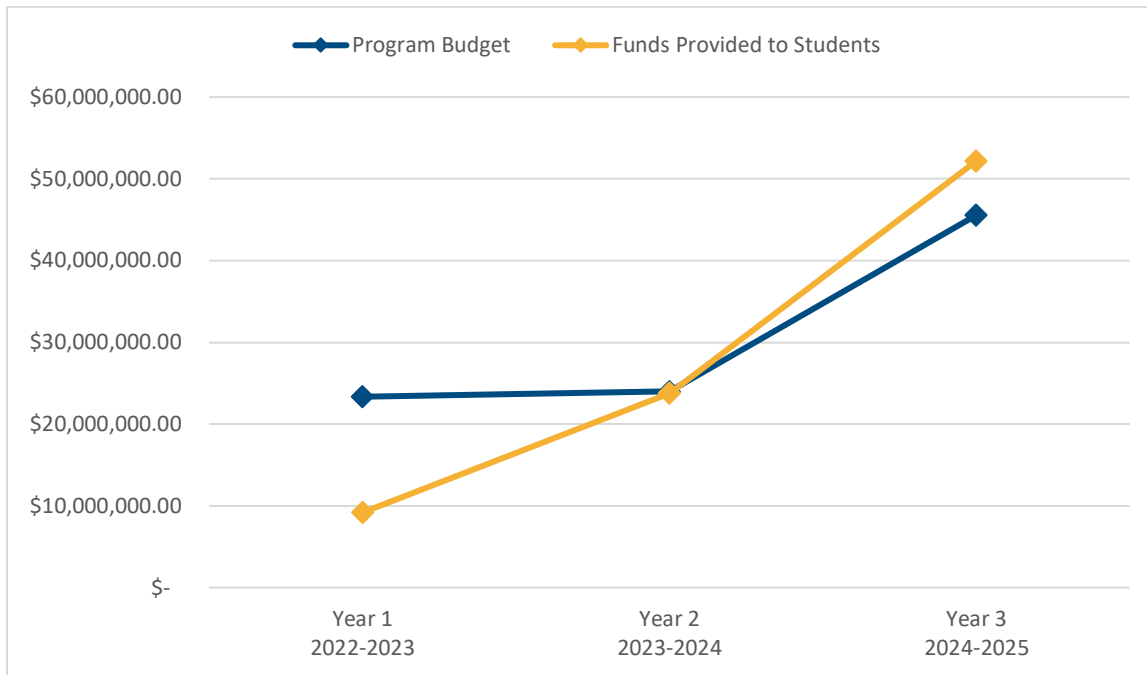
⁹ Michael Griffith and Dion Burns, "Understanding the Cost of Universal School Vouchers: An Analysis of Arizona's Empowerment Scholarship Account Program," Learning Policy Institute, February 12, 2024, <https://learningpolicyinstitute.org/product/understanding-cost-universal-vouchers-report#:~:text=About%20.4%25%20of%20Arizona's%20school,targeted%20voucher%20the%20previous%20year.>

¹⁰ Eli Hager, "School Vouchers Were Supposed to Save Taxpayer Money. Instead They Blew a Massive Hole in Arizona's Budget," *ProPublica*, July 16, 2024, <https://www.propublica.org/article/arizona-school-vouchers-budget-meltdown>.

¹¹ HB 2013 Fiscal Note 2560, 2021 West Virginia Legislative Session.

Figure 1: Hope Scholarship Program Costs Continue to Outpace the Program Budget

Annual Hope Scholarship Program budget and funds provided to students, 2022-2025



Source: WVCBP analysis of the West Virginia State Budget Office Approved Budgets, West Virginia State Treasurer’s Office Hope Scholarship Annual Reports, and data received via a public records request to the West Virginia State Treasurer’s Office

The rapid growth of the Hope Scholarship is clear even at the county level. Only four counties in the state had no growth in program participation between the 2022-2023 and 2023-2024 school years.^{12 13} This includes McDowell County, which is the poorest county in the state and had no recipients in either year of the program. Additionally, Tyler and Hardy counties had no change in the number of recipients between the two school years and Pocahontas County had fewer recipients during the 2023-2024 school year.

Kanawha County, the largest county in the state, had the most recipients during the 2023-2024 school year, with 720 students—more than double the participation from the previous school year. Other counties with high numbers of recipients include Berkeley (439), Wood (357), Raleigh (308), and Cabell (289) counties, which also all had more than double the number of participants compared to the previous year. These five counties accounted for nearly 40 percent of Hope Scholarship recipients. Notably, Gilmer County had the most significant recipient growth in the entire state, increasing tenfold from 2 to 20 recipients. Other counties like Hampshire, Ritchie, Taylor, Lincoln, Nicholas, and Pleasants counties also experienced significant growth, which ranged from 4 to 5 times as many recipients in 2023-2024 compared to the previous year.

Many of the counties with high Hope Scholarship participation are also home to a large concentration of private schools in the state. Kanawha County has the largest concentration of all counties, with nearly 10 percent of all private schools in West Virginia.¹⁴ The five counties that accounted for nearly 40 percent of Hope Scholarship participation last school year are home to nearly 30 percent of all private schools in the state. Conversely,

¹² 2023-2024 West Virginia State Treasurer’s Office Hope Scholarship Annual Report.

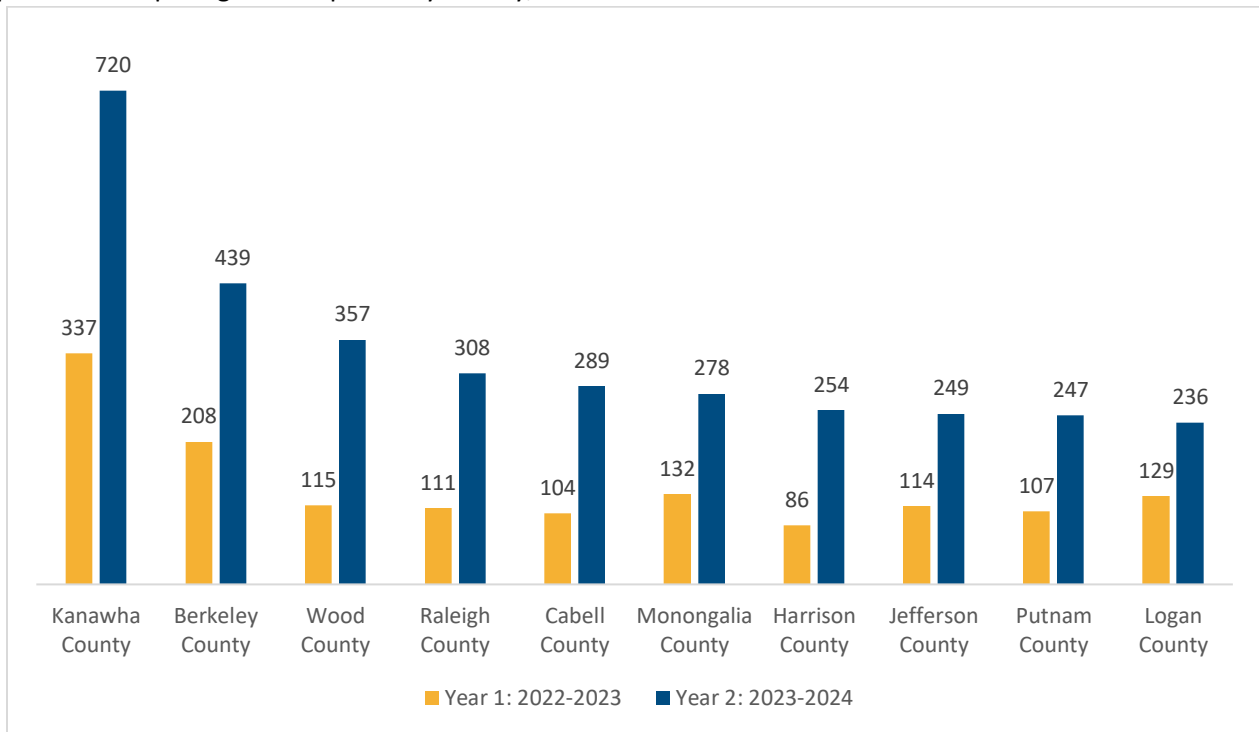
¹³ 2022-2023 West Virginia State Treasurer’s Office Hope Scholarship Annual Report.

¹⁴ WVCBP Analysis of 2024 West Virginia Department of Education Non-public School Data.

several of the counties with the lowest Hope Scholarship participation like McDowell, Pocahontas, and Doddridge counties have no private schools. Although this program was proposed as an avenue to expand educational opportunities across the state, it is clear that the main beneficiaries of the program are only a handful of counties.

Figure 2: Participation in the Hope Scholarship Program is Increasing Exponentially

Hope Scholarship Program recipients by county, 2022-2024



Source: WVCBP analysis of West Virginia State Treasurer’s Office Hope Scholarship Annual Reports, and data received via a public records request to the West Virginia State Treasurer’s Office

Another key insight is that almost half of all recipients during the 2023-24 school year were in kindergarten or first grade. Kindergarten students alone made up the largest share of recipients at 26 percent. Because incoming kindergarten students are the only age exempt from the current public school enrollment requirement of the Hope Scholarship—and due to the continued outpacing of this grade level compared to others—we can conclude that many of these students would likely have attended private school with or without the support of the Hope Scholarship.

This stands to reason, as the Hope Scholarship only provided up to \$4,489 per student for the 2023-2024 school year, but the average private school tuition in West Virginia costs \$6,200 annually—even before adding the cost of other services private schools often charge for including meals, transportation, uniforms, books, and other fees.¹⁵ This illustrates that the Hope Scholarship does not truly expand school choice to low-income households as purported, since most households would need an additional \$2,000 or more annually to afford private school tuition at the average private school in the state.

Similarly to what has been observed in other states with school voucher programs, families that benefit from the Hope Scholarship typically already have access to and can afford private schooling. Just 10 of more than 130

¹⁵ Kelly Allen and Sean O’ Leary, “Hope Scholarship-driven Enrollment Decline has Major Impacts on Public Schools and Students,” West Virginia Center on Budget and Policy, May 2024.

private schools received nearly 30 percent of all non-public school payments from the Hope Scholarship last school year. The tuition listed on the websites of these schools ranged from \$4,200 to \$11,200 per student. All of these schools are religious schools and several offer discounted tuition rates for members of their religious organization. Additionally, most of these schools have information about the Hope Scholarship on their website and some even state that to qualify for tuition assistance, a family must have already applied for the Hope Scholarship.

West Virginia Public Funds Going to Other States and Unaccredited Schools

Hope Scholarship spending in 2023-2024 was a mix of reimbursements to families, payments to non-public schools, payments to education service providers, and payments to suppliers.¹⁶ Nearly 80 percent of the funds, almost \$17.3 million, went to non-public schools. Over half of the non-public schools that received Hope Scholarship funds last school year were not accredited by any accreditation agency or recognized by their state department of education. Recognition of a non-public school by a state department of education can allow for ease in transferring credits to a public school or for recognition of high school completion. These non-accredited schools received over \$6 million, most of which went to schools in the state. Of the non-public schools in our state that received funds, over half were not accredited. West Virginia's policy for non-public school accreditation allows for equal grade placement and credit transfer if students relocate to a public school and ensures standards of professional instruction, curriculum development, school environment, financial stability, and achievement.¹⁷ In contrast, non-public schools that are not accredited by the Department of Education are not required to have licensed or credentialed personnel, and while some must report standardized test scores at or above a set benchmark, all are not required.

Although the majority of Hope Scholarship funds remained in the state, about \$1 million went to non-public schools or education service providers based in other states. \$939,000 went to 32 non-public schools located in other states including Kentucky, Ohio, Virginia, Maryland, Pennsylvania, Florida, and New Mexico. Compared to the previous year, the amount sent to out-of-state schools tripled. Of these schools, over one-third were not accredited by any accreditation organization. This means that over \$350,000 in funds went to non-accredited schools outside of West Virginia. In addition to the funds that went to out-of-state schools, almost \$123,000 went to education service providers located in other states including Kentucky, Ohio, Virginia, Maryland, Pennsylvania, North Carolina, South Carolina, Utah, California, New Mexico, Colorado, and Arizona.

The absence of meaningful guardrails on this program is cause for concern. The lack of requirements for schools to be located in West Virginia or to have accreditation has allowed funds from West Virginia taxpayers to benefit schools based in other states and to go to schools that are not held to the same standards as those in the public school system. There is limited accountability for these schools because most non-public schools in West Virginia are not required to administer standardized tests or report their results as public schools are.

The Hope Scholarship Puts Public Schools at Risk

West Virginia's public school system continues to serve the vast majority of school-aged children in our state, but public schools are facing an enrollment crisis. The state's school funding formula is mostly driven by student enrollment, meaning that lost enrollment also results in lost funding for essential resources like educators and school service personnel. Enrollment in West Virginia public schools has steadily declined in recent years, with over 4,000 students lost just between the 2023-2024 and 2024-2025 school years.¹⁸ This is following the loss of

¹⁶ WVCPB analysis of 2023-2024 West Virginia State Treasurer's Office Hope Scholarship Data.

¹⁷ West Virginia Department of Education Accreditation vs. Registration, <https://wvde.us/nonpublic-school-information/accreditation-vs-registration/>.

¹⁸ West Virginia Department of Education Enrollment Data, <https://zoomwv.k12.wv.us/Dashboard/dashboard/2056>.

over 5,000 students between the 2022-2023 and 2023-2024 school years. This major enrollment loss was spread across the state and several counties would not have experienced enrollment loss if not for the Hope Scholarship.

Although declining enrollment was already an issue for public schools prior to the Hope Scholarship, after the program was implemented, the enrollment crisis considerably worsened. Declining enrollment and the resulting impacts to funding and resource allocation for schools has led to a precarious situation for our public school system. There were 25 schools which were proposed or approved for closure in 2024 across 10 counties.¹⁹ Several of these counties, including Kanawha, Clay, Harrison, Wood, and Wayne counties, have already experienced school closures in recent years. In an earlier analysis by the WVCPB, several of these counties were projected to face significant funding losses during the 2024-2025 school year due to enrollment decline from the Hope Scholarship. State and local education officials across the state have cited the Hope Scholarship as a primary driver of the enrollment decline and subsequent funding loss experienced by public schools that led to these closures.²⁰

Recommendations

Based on two years of Hope Scholarship Program data and insights from other states, it is clear that this voucher program is a costly initiative that is negatively impacting West Virginia’s public school system and primarily benefiting a small group of private schools. To protect our public schools and maintain the constitutional commitment to the children of our state, lawmakers should halt the expansion of the Hope Scholarship. Additionally, policymakers should implement stronger regulations and accountability measures for the program such as cost and enrollment caps, a limited application period, and required public reporting. As overall program costs continue to rise and more funds go to unaccredited schools and to schools and providers outside of our state, lawmakers should also consider increased regulations and standards for schools and providers regarding location and accreditation status.

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¹⁹ Amelia Ferrell Knisely, “WV School Board Approved More School Closures, Counties Struggling to Fund Public Education,” *West Virginia Watch*, December 11, 2024, <https://westvirginiawatch.com/2024/12/11/wv-school-board-approves-more-school-closures-counties-struggling-to-fund-public-education/>.

²⁰ Brad McElhinny, “As More Schools are Up for Closure, State Board Members Point to Population Loss, Financial Constraints,” *West Virginia Metro News*, November 14, 2024, <https://wvmetronews.com/2024/11/14/as-more-schools-are-up-for-closure-state-board-members-point-to-population-loss-financial-constraints/>.