

Hope Scholarship Expansion Threatens Public Education, Communities Already Under Strain

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Overview

In 2021, the West Virginia Legislature established the Hope Scholarship Program, which proponents refer to as an “education savings account” (ESA), but is more accurately described as an expanded school voucher. Recipients of the scholarship can apply the funds toward a variety of costs including but not limited to tuition, fees, tutoring services, transportation, supplies, and textbooks.

West Virginia is one of many states offering school voucher programs, which divert public funds from public schools to private schools and other educational service providers both within and outside of the state. Unlike other states with voucher programs like Wisconsin, Ohio, Georgia, and Indiana, West Virginia’s program has no caps on overall enrollment, cost of the program, or the household income of participating families.³ In addition to a growing voucher program, there is also the reality of declining resources available for public schools as a result of aggressive tax cuts and the expiration of COVID-era federal relief funds. With relief funds expiring this month and additional tax cuts going into effect in January, public schools are in the precarious position of adjusting to reduced funding with even more financial uncertainty on the horizon.

Voucher programs are often presented as an avenue to expand education options for families by offsetting costs for tuition, tutoring, instructional materials, or support programs. However, extensive research supports that voucher programs have harmful impacts on funding for public education, but provides little evidence that these programs lead to actual improvements in student achievement and success.⁴

The Pending Hope Scholarship Expansion

On July 2, 2024, the West Virginia State Treasurer and Chairman of the Hope Scholarship Board announced¹ that the Hope Scholarship Program has met state law requirements to expand eligibility to all West Virginia school-aged children beginning in the 2026-27 academic year.

Current eligibility criteria require children to be enrolled full-time and attending a public elementary or secondary school program in the state for at least 45 calendar days during an instructional term at the time of application, or enrolled full-time in a public elementary or secondary school program in the state for the entire instructional term for the previous year, or eligible at the time of application to enroll in a kindergarten program in the state.²

The law states that if on July 1, 2024 the participation rate of the combined number of students in the Hope Scholarship Program and students eligible who have applied to participate in the Hope Scholarship Program during the previous school year is less than five percent of net public school enrollment adjusted for state aid purposes for the previous school year, then effective July 1, 2026 a child is eligible for the program if enrolled, eligible to be enrolled, or required to be enrolled in a kindergarten program or public elementary or secondary school program in the state at the time of application.

¹ West Virginia State Treasurer, “Treasure Moore Announces Hope Scholarship to Expand to All West Virginia School Children in Coming Years,” July 2, 2024, <https://www.wvtreasury.com/About-The-Office/Press-Releases/ID/621/Treasurer-Moore-Announces-Hope-Scholarship-to-Expand-to-All-West-Virginia-School-Children-in-Coming-Years>.

² HB 4945, 2024 West Virginia Legislative Session.

³ 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.

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

Limited Data and Accountability for the Hope Scholarship

Although the Hope Scholarship has been in effect for two full school years, there has been little public reporting around the program and its outcomes. A limited report was released for the 2022-23 school year by the Hope Scholarship Board; however, vital information such as student performance on standardized tests and household incomes for recipients were not included, likely because that data is not currently being collected. As a result of 2024 legislation, there will be an annual report to the Legislative Oversight Commission on Education Accountability beginning December 31, 2026, but that report would not be available in time for lawmakers to use the data to inform the upcoming expansion of the program, as it would be after the eligibility expansion takes effect.⁵ Proposed features of the report include student demographic data, summary of educational services provided to students, numbers of students participating that require special education services, and parent satisfaction with the program.

Despite the new legislation, significant gaps in accountability remain for private schools that accept public taxpayer dollars through the Hope Scholarship. Notably, such schools are not required to be located in West Virginia or to be accredited. This allowed \$300,000 to go to schools outside of West Virginia and over \$1.7 million to go to unaccredited schools in the first year of the program. Reporting of student performance is another major concern with private schools. Some private schools are required to administer standardized tests and report results to the state Department of Education, but these results are not publicly accessible like those of public schools.⁶ Additionally, private schools are not required to provide disability accommodations or follow a student's Individualized Education Program (IEP), even if they are receiving public funds through the Hope Scholarship.

Although there is limited data available for West Virginia, several states with similar programs evidence the concerning effects of school voucher programs. Research has shown mixed or negative results on student achievement among students in voucher programs compared to their peers in public schools. There is also broad evidence that these programs typically benefit wealthy families and those whose children already attend private schools or homeschool.⁷

The Hope Scholarship Program is Already Costly, What to Expect Next

Much like school voucher programs in other states, the Hope Scholarship in West Virginia began with some limited eligibility restrictions including a minimum of 45 days of previous public school attendance. In its first year, the program cost over \$9 million for 2,333 students, with nearly half of all recipients in pre-kindergarten or kindergarten. As kindergarten-aged children are the only exemption from prior public school enrollment and given kindergarten-aged students outpaced all other grades by a six to one margin, we can reasonably conclude that many of these families would have attended private school with or without access to the Hope Scholarship.

A study of school voucher programs in several states including Arizona, Florida, Georgia, Indiana, Louisiana, Ohio, and Wisconsin illustrated the significant rise in costs to the state due to these programs even when they started with relatively limited eligibility.⁸ Arizona offers a cautionary tale of the harmful impact of voucher programs and the dangerous leaps that these programs can take once they are implemented. Arizona operated

⁵ HB 4945, 2024 West Virginia Legislative Session.

⁶ Kelly Allen, "Hope Scholarship Sends Public Taxpayer Dollars Out of State and to Unaccredited Schools," West Virginia Center on Budget and Policy, August 2023.

⁷ Iris Hinh "State Policymakers Should Reject K-12 School Voucher Plans", Center on 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>.

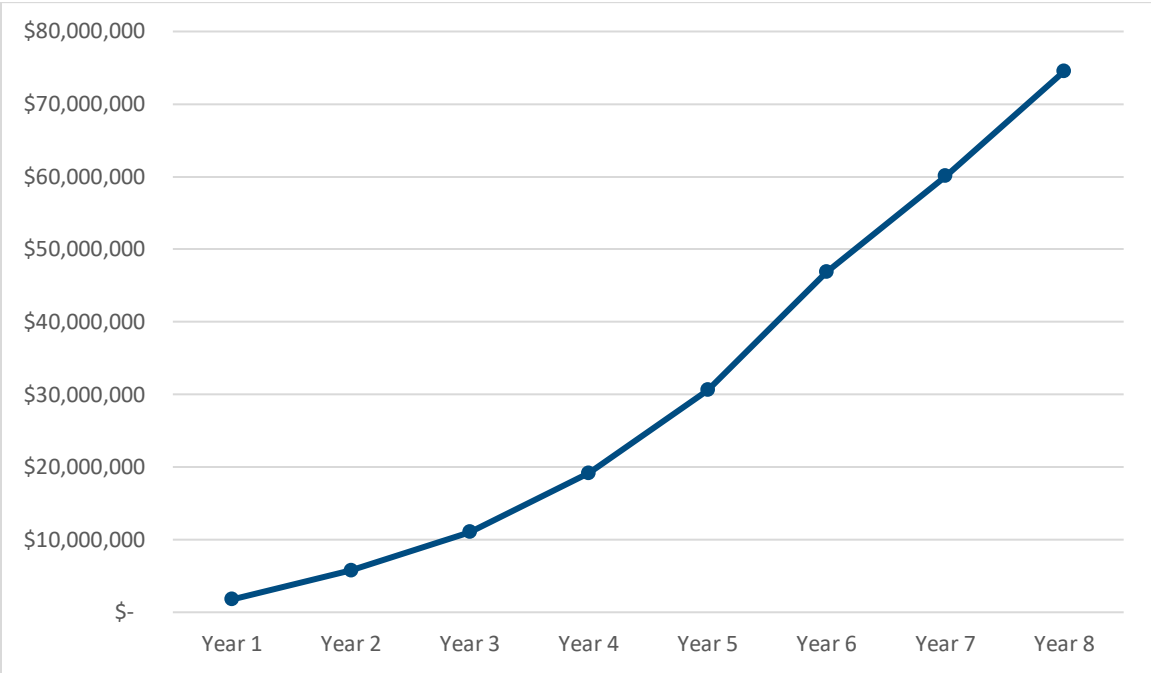
⁸ Abrams and Koutsavlis, "The Fiscal Consequences of Private School Vouchers."

several voucher programs from 2008 to 2019 and over that period, voucher spending rose from \$67.7 million annually to \$250.8 million—an increase of 270 percent. Meanwhile, per student spending in the public school system decreased from \$8,038 annually in 2008 to \$7,582 in 2019—a decrease of about 6 percent. This is a common trend observed in states with voucher programs, where programs start with limited eligibility but balloon quickly in cost even beyond estimates. Arizona’s voucher program most similar to West Virginia’s Hope Scholarship, the Empowerment Scholarship Program, was launched in 2011 and initially limited access to students with disabilities. In its first year, the program cost over \$1.7 million, but this quickly grew to \$5.8 million the following year and \$30.6 million in its fifth year. The program was expanded to all students in the state in 2022. Student participation quintupled from about 12,000 students in the year before expansion to over 60,000 following the expansion. Over this same period, the cost of the program increased from \$188.8 million to \$587.5 million.⁹

Figure 1

The Ballooning Cost of Voucher Programs Over Time

Annual costs of Arizona’s Empowerment Scholarship Program, 2012-2019



Source: Southern Poverty Law Center Analysis of Arizona Department of Revenue Data

West Virginia’s Hope Scholarship is currently set to expand to all West Virginia school-aged children in 2026.¹⁰ This will allow all students to receive the voucher, regardless of prior public school attendance. When the program passed in 2021, this expansion was predicted to cost approximately \$102.9 million—quintuple the estimated cost to implement the program.¹¹ More recently, however, State Treasurer Riley Moore estimated

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 HB 2013, 2021 West Virginia Legislative Session.

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

that up to 40,000 students might become eligible for the Hope Scholarship upon expansion, which would grow the cost of the program to well over \$200 million annually.¹² While proponents of the Hope Scholarship currently argue that the program does not increase state costs because vouchers provide funding that has been diverted away from the public school funding formula, that will no longer be the case following the expansion. At that point, there will be no offsetting mechanism in the state aid funding formula because private and home school students are not included in the enrollment counts for the formula. As a result, the additional cost for the expanded Hope Scholarship will create new costs to the state budget rather than diverted funds from the public education system.

Public Schools Are Already Feeling the Strain of Declining Enrollment and Funding

The West Virginia public school system served over 245,000 students during the 2023-24 school year.¹³ Public school enrollment has steadily decreased in West Virginia in recent years. Most recently, there was a loss of 5,000 students from the 2022-23 to 2023-24 school year. A WVCBP analysis of county-level enrollment data found that 53 of West Virginia's 55 school districts experienced enrollment loss between the 2022-23 and 2023-24 school year.¹⁴ Based on the West Virginia state aid funding formula, these schools will face reduced state funding to staff professional educators and school service personnel in the upcoming school year. Eight counties including Berkeley, Calhoun, Marion, Monongalia, Monroe, Ohio, Pocahontas and Taylor experienced enrollment decline attributable to the Hope Scholarship greater than 100 percent, meaning that if not for the Hope Scholarship, the district would not have had negative enrollment decline and lost state funding. The most significant decline was observed in Berkeley County, with 1,244 percent of the decline attributable to the Hope Scholarship.

¹² West Virginia State Treasurer's Office, "Treasurer Moore Announces Hope Scholarship to Expand to All West Virginia School Children in Coming Years," July 2, 2024.

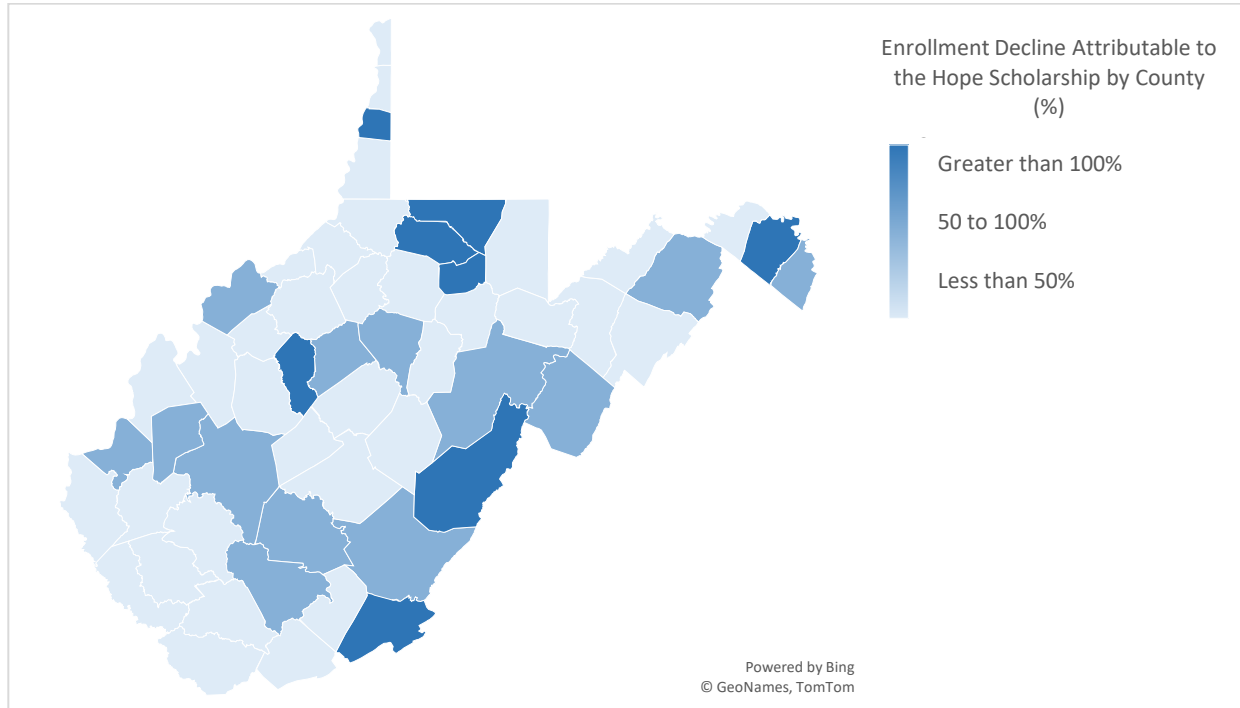
¹³ West Virginia Department of Education Enrollment Data, <https://zoomwv.k12.wv.us/Dashboard/dashboard/2056>.

¹⁴ 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.

Figure 2

Enrollment Decline Due to the Hope Scholarship

County-level enrollment decline attributable to the Hope Scholarship, 2022-2024



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

Because the Hope Scholarship amount is based on the statewide average of per pupil state education spending, in some counties, funding toward the Hope Scholarship is even greater than the basic state aid funding provided to public schools per student. According to the state aid funding formula for 2024-25,¹⁵ the current Hope Scholarship award of \$4,921.39 is higher than the amount of state funding provided per student in Harrison, Tucker, Grant, Monongalia, Pleasants, Ohio, Lewis, Brooke, and Ritchie counties. This means that the state contributes more funding for each student that uses the Hope Scholarship to leave these public school districts than for each student that remains in these public school districts.

Basic state aid supports essential public education costs such as professional educators, support personnel, substitutes, transportation, and instructional programs. Basic state aid is supplemented by local contributions from property tax revenue. As Hope Scholarship participation and costs rise, rural and lower-income counties will be significantly impacted as the need for local contributions will increase to compensate for declines in state aid. Currently, Harrison County receives the 43rd lowest amount of basic state aid at \$4,860.84, and even with the local contribution of \$2,906.02, the county only reaches a total of \$7,766.86 per student. This places the county in the bottom 10 statewide for total funding per student.

¹⁵ West Virginia Department of Education “PSSP State Aid Per Pupil for the 2024-25 Year,” wvde.us/wp-content/uploads/2024/03/State-Aid-Per-Pupil-25-Based-on-Adjusted-Net-Enrollment-Final.pdf.

In addition to declining funds and staffing due to Hope Scholarship-related enrollment decline, schools are faced with another challenge this fall. The final round of pandemic-era Elementary and Secondary School Emergency Relief (ESSER) funds are set to expire this year and must be obligated by the end of this month. These funds were used by West Virginia schools to address pandemic-related learning losses and to support students' social, emotional, and mental health through additional student programming and hiring staff such as counselors and subject specialists. The loss of the funding amounts to about \$246 million annually for the entire state and some counties such as Mingo, McDowell, Mercer, Summers, Webster, and Barbour will be particularly impacted if these funds are not replaced due to the large amount of ESSER funds they received and the high number of lower-income students that they serve.¹⁹

Hope Scholarship Expansion Reduces Available Funding for Public Schools

As of July 1, 2024, there were 9,980 Hope Scholarship students and applicants according to the Hope Scholarship Board. If all of these students were to be awarded the scholarship and receive the full award amount, this would total to over \$49.1 million for the 2024-25 school year—nearly double the estimated cost for the 2023-24 school year of \$26.4 million.²⁰ This number could continue growing throughout the year, as the Board recently authorized year-round open enrollment. The expansion of the Hope Scholarship is expected to increase participation by up to an additional 40,000 students in 2026.²¹ At the current Hope Scholarship amount, the program would cost over \$245 million per year upon expansion, approximately the same amount as the annual loss of funds due to the ESSER expiration.

Under current law, beginning in 2026 all school-aged children will be eligible for the Hope Scholarship regardless of past public school attendance. In other states, researchers have found that voucher program users are largely higher-income families who already attended private school or homeschool and would have with or without the voucher program. In essence, the voucher

Local Impacts of the Hope Scholarship: Harrison County

The Harrison County School District served 9,635 K-12 students during the 2023-24 school year across 24 schools.¹⁶ Nearly 50 percent of their student population are low-income and 23 percent receive special education services. Over the past several years, Harrison County has observed increases in the numbers of students they serve that are low-income (40 percent in 2019-20) or in need of special education services (20 percent in 2019-20). While some student groups are increasing, overall student enrollment is declining in Harrison County.

Harrison County had a net enrollment loss of 342.8 from the 2022-23 to 2023-24 school year.¹⁷ 49.4 percent of this loss was found to be attributable to the Hope Scholarship. Overall, the district is expected to lose an estimated 25.0 teachers and 16.3 service personnel for the 2024-25 school year due to this enrollment decline.

The loss of enrollment and funding has already led to major challenges to public education in Harrison County. On May 8, 2024, the State Board of Education approved a decision by the Harrison County Board of Education to close one high school (Liberty High School) and two middle schools (Mountaineer Middle School and Washington Irving Middle School) in their district after the 2024-25 school year.¹⁸ The Harrison County School Superintendent cited declining enrollment as the primary driver for the closures and reported that Liberty High School was only at 39 percent capacity with approximately 420 students. As a result, this school had difficulty in providing extracurricular activities to students including soccer and girls basketball. They have also experienced increased numbers of students being homeschooled following the Hope Scholarship. According to the superintendent, prior to the Hope Scholarship, the district had approximately 650 students in homeschooling, but this has since doubled.

¹⁶ West Virginia Department of Education Enrollment Data, <https://zoomwv.k12.wv.us/Dashboard/dashboard/2056>.

¹⁷ Allen and O'Leary, "Hope Scholarship-driven Enrollment Decline has Major Impacts on Public Schools and Students."

¹⁸ Jeff Jenkins, "State BOE approves Harrison County school closings," May 8, 2024, WV Metro News, <https://wvmetronews.com/2024/05/08/state-boe-approves-harrison-county-school-closings/>.

¹⁹ WVCBP analysis of WV ESSER III Allocations and Funds Spent by School District and 2020-21 School District Expenditures

²⁰ Ray, "The Hope Scholarship will continue to hurt West Virginia public schools."

²¹ West Virginia State Treasurer, "Treasure Moore Announces Hope Scholarship to Expand to All West Virginia School Children in Coming Years."

programs are subsidizing the cost of private schooling for those who were never in the public school system to begin with and could already afford private education.

As we approach the expiration of ESSER funds and the effective date of the Hope Scholarship expansion, policymakers are at a critical junction. They can allow the Hope Scholarship to be expanded to a small percentage of wealthy households who could already afford private school, or they can choose to maintain the investments that the ESSER federal relief funds made possible in public schools, which serve over 90 percent of our state's children.

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