

ROOM TO GROW

EVALUATING PRIVATE SCHOOL READINESS FOR SCHOOL CHOICE DEMAND IN NORTH CAROLINA

BY THE CENTER FOR EFFECTIVE EDUCATION AT THE JOHN LOCKE FOUNDATION



THE ISSUE

- In 2023, the General Assembly removed income requirements on the Opportunity Scholarship Program (OSP). Parents responded accordingly.
- In 2024–25, over 80,000 students were awarded Opportunity Scholarships, with enrollment in the coming years expected to be even higher.
- This spike in scholarships brings new challenges, namely capacity at eligible private schools.
- To learn more about this, the John Locke Foundation issued two surveys of private schools and school choice entrepreneurs.

KEY FACTS

- Private school enrollment has grown by almost 32,000 since 2020 (a 31 percent increase), yet only 179 new private schools have been started during the same time period.
- On average, private schools in North Carolina have 21 percent unused capacity, a significant number, which means there is room to grow.
- Over 90 percent of school leaders surveyed expect the demand in educational services to increase in the coming years, whether significantly (which 50 percent expect) or slightly (42 percent).
- The average aid package at responding schools (\$5,071) covers about 78 percent of tuition, which is large enough to have a positive impact on individual decisions.

RECOMMENDATIONS

How can policymakers in North Carolina ensure adequate school capacity for a growing school choice population and encourage entrepreneurs to build schools in the state?

Key recommendations include:

- **Stabilize Funding.** Moving the Opportunity Scholarship and ESA+ programs to formula-based funding instead of a legislative appropriation would provide school leaders and entrepreneurs with reliable funding levels.
- **Expand Access to Funding.** Public dollars can be supplemented by contributions from individuals and corporations. Such donations can be incentivized via tax credit.
- **Reduce the Regulatory Burden on Starting or Expanding Schools.** Regulation of educational enterprises should rise only to the level necessary to protect public health and safety and be applied equally to public and private schools.
- **Encourage Entrepreneurship.** Laws and regulations should encourage — not punish — risk-taking. Offering financial incentives should encourage entrepreneurship while highlighting achievements and individual accomplishments.