



North Carolina's Taxpayer-Funded Vouchers & Private School Tuition Increases

Introduction

The 2024-25 school year was the first year that North Carolina's Opportunity Scholarship taxpayer-funded private school voucher program became universally available. For the first time, all families could apply to receive a tuition subsidy regardless of income or whether their child had ever attended a public school. This policy change marked a striking shift in taxpayer burden from using public dollars to fund only public schools open to all students to adding the expense of funding private schools through tuition vouchers.

Studies tracking voucher expansions in other states revealed that private schools raised their tuition and pressured families to apply for vouchers once they became universally available. Our examination of tuition data in North Carolina found similar patterns. We found sharp tuition rate increases in the first year of universal voucher availability, with many schools raising rates to match the voucher amounts. We also found evidence of schools taking advantage of the voucher program by giving admissions preference to families who applied for vouchers or requiring families to apply for a voucher as part of the school's admissions process.

Background

In 2013 when North Carolina's Opportunity Scholarship voucher program was signed into law as part of the 2013 Appropriations Act, it was a program designed for students from low-income families who were enrolled in public school to receive money to help them afford tuition at a private school.

The program launched in the 2014-15 school year with an appropriation of \$10.8 million. That year the state spent \$4,635,320 on vouchers for 1,216 students. The program grew slowly, and it consistently **underspent allocated funds** until 2021 when the legislature began expanding eligibility by raising income limits. The legislature also earmarked \$500,000 to publicize the program and help families apply.

Since 2014, the demographics of the student population has [changed dramatically](#), shifting from a majority of Black recipients (51%) in 2024-15 to a majority of white recipients (73%) in 2024-25.

In the 2023 Appropriations Act, legislators removed all family income limits for eligibility. This allowed even the wealthiest families whose children have never attended public school to qualify for vouchers. The dollar amount of the voucher was based on family income and grouped into tiers as shown in *Table 1*.

Table 1. Private Schools and Direct Payment Schools and Religious/Non-Religious

Tier	Family Income as Percent Federal F/RL Eligibility	Annual Income Eligibility (2024-25) Family of 4	Voucher as % of Average Annual Per Pupil Allocation	Voucher Amount for SY 2024-25
1	100% and Below	\$57,720	100%	\$7,468
2	101% - 200%	\$57,721 to \$115,440	90%	\$6,722
3	201% - 450%	\$115,441 to \$259,740	60%	\$4,480
4	Above 450%	\$259,741 and Above	45%	\$3,360

Also removed was the requirement that the students receiving the vouchers were previously enrolled in public school. (From 2014 through 2020, only kindergarten and grade 1 students were exempt from the prior public school requirement. In the 2021-22 school year, grade 2 students became exempt.) All of these changes went into effect in the 2024-25 school year.

As a result, applications and expenses soared. Taxpayer-funded tuition payments for the 2024-25 school year are more than double what they were in 2023-24. Expenditures on tuition vouchers have exceeded [\\$431 million](#) according to April data from the [NC State Education Assistance Authority](#).

North Carolina's voucher expansion comes on the heels of voucher expansion in other states such as Arizona, Florida, Iowa, and Ohio. A [2024 study](#) of Iowa's voucher expansion showed that increasing eligibility



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for the state tuition subsidy led private schools to increase tuition prices from 10-16% to 21-25%, depending on whether the program had eligibility constraints or was universally available. Similar findings have emerged in other states such as [Arizona](#) and [Florida](#) where vouchers eligibility has expanded.

To better understand the impact of voucher eligibility expansion on North Carolina's private school tuition costs, we collected tuition data for multiple years and examined patterns of annual rates and rate increases.

Data and Methods

Private schools in North Carolina must apply to the state to receive vouchers. Schools approved to participate in the state voucher program are called *direct payment schools*. These schools receive tuition payments directly from the state for students whose families have been approved to receive vouchers. In any given year, a portion of the direct payment schools have no voucher-receiving students. Seventy percent of all private schools were religious and 72% of the voucher-receiving private schools were religious (*Table 2*).

Table 2. Private Schools and Voucher-Receiving Private Schools and Percent Religious/Non-Religious

2024-25	Total	Religious	Non-Religious
Private Schools	882	626 (71%)	256 (29%)
Private Schools Receiving Taxpayer Funded Tuition Payments (Voucher-Receiving Schools)	642	462 (72%)	180 (28%)

We collected tuition information for 573 private schools and compiled a comprehensive multi-year data set (*Table 3*). Schools were included only if they provided full-day classes in any grade kindergarten through 12 in a traditional setting or a hybrid-traditional combination. Boarding schools and schools that provided only daycare or pre-school classes were excluded.

Table 3. Private Schools with Complete Tuition Information

Tuition Year	Total	Religious	Non-Religious
2000-21	10	3 (33%)	7 (78%)
2021-22	30	18 (60%)	12 (40%)
2022-23	49	34 (69%)	15 (31%)
2023-24	299	214 (72%)	85 (28%)
2024-25	573	413 (72%)	160 (28%)

For each year prior to 2024-25, the total number of schools indicates schools for which we have tuition data for the school for more than one year. For example, for the 10 schools with data in 2020-21 we

have tuition for the same schools for the following four years (2021-22 through 2024-25). The data set also includes tuition for 299 schools for two years (2023-24 and 2024-25).

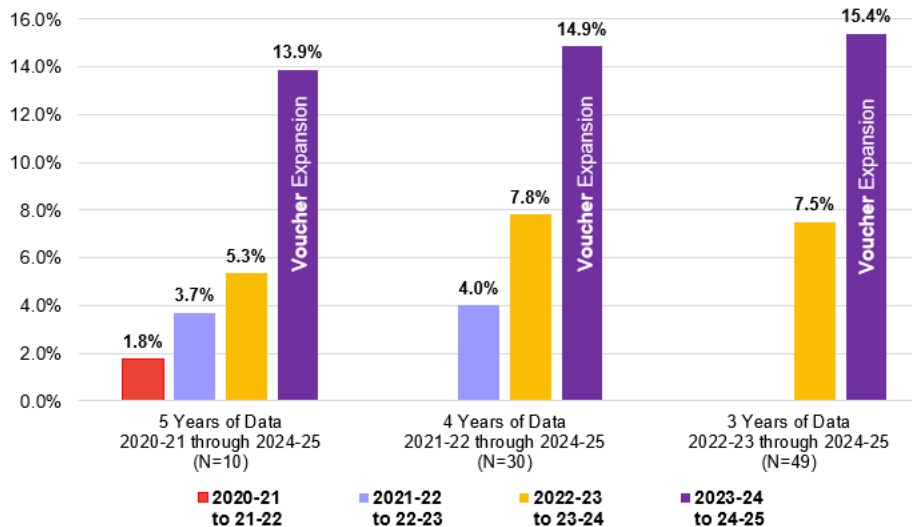
We averaged the tuition rates for every grade K through 12 that each school served to produce an average tuition rate for the school. These average tuition rates were used to calculate the percentage increase in year-to-year tuition rates for each school and year.

Results

To examine whether the introduction of universal vouchers accelerated tuition increases, we looked at tuition rates for schools dating back to at least 2022-23. We were able to obtain three data groups that satisfied this requirement, obtaining data back to at least 2020-21, 2021-22, and/or 2022-23 in addition to tuition for 2023-24 and 2024-25. The data for schools in years 2023-24 and 2024-25 only provide one year of change—no comparison to the increase for the year before expansion.

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Figure 1. Average Percentage Change in Tuition Before and After Voucher Expansion



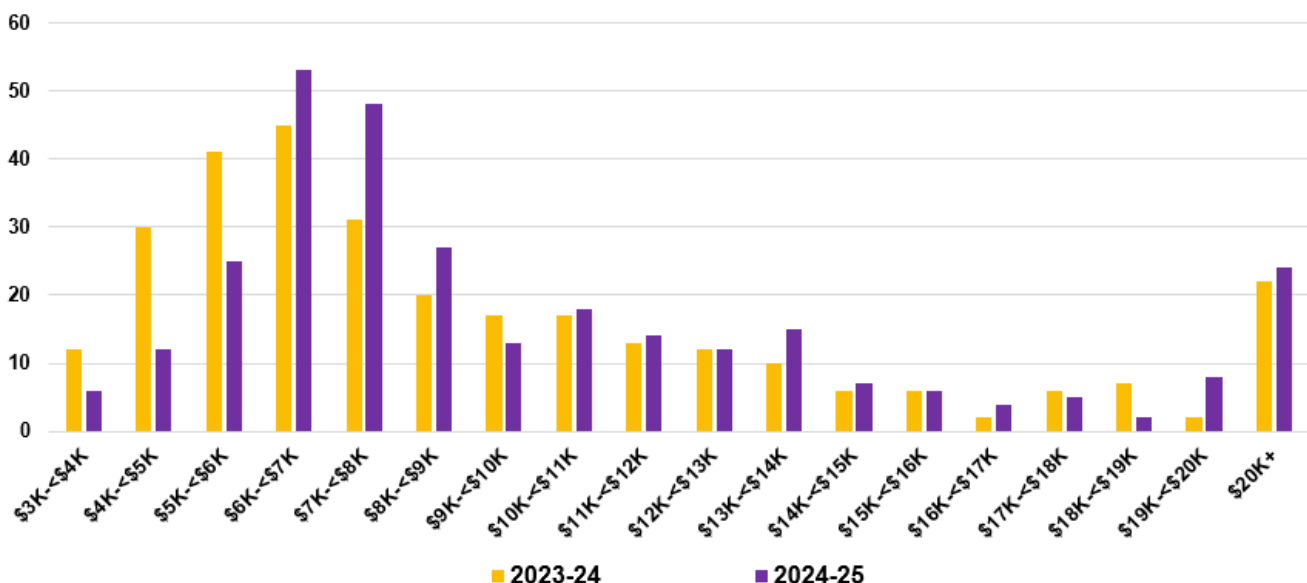
In all three groups, the average percentage change in tuition increased substantially in the year the voucher expansion went into effect. In two cohorts, it more than doubled.

However, these averages represent individual school increases that ranged from 0.0% to 39.8% across years. Pungo Christian Academy in Beaufort County had the largest year-to-year increase (39.8%), bumping its average tuition by \$2,107 in one year—from \$5,293 in 2023-24 to \$7,400 in 2024-25.

These data suggest that **when North Carolina's legislators expanded voucher eligibility, many private schools took the opportunity to accelerate the rate at which they increased tuition prices.** These rapid tuition hikes likely put pressure on families to apply for tuition vouchers even if they had previously been able to afford their private school's tuition.

For the 299 schools with data for only two years (2023-24 and 2024-25), we charted the pattern of tuition change from the year before voucher expansion to the first year of universal voucher access. Figure 2 shows the upward trend across groups. In both years, no school's annual tuition was below \$3,000. From 2023-24 to 2024-25, the number of schools with tuition rates at the lowest end of the range fell sharply, while the number of schools with annual tuitions between \$6,000 and \$9,000 rose sharply.

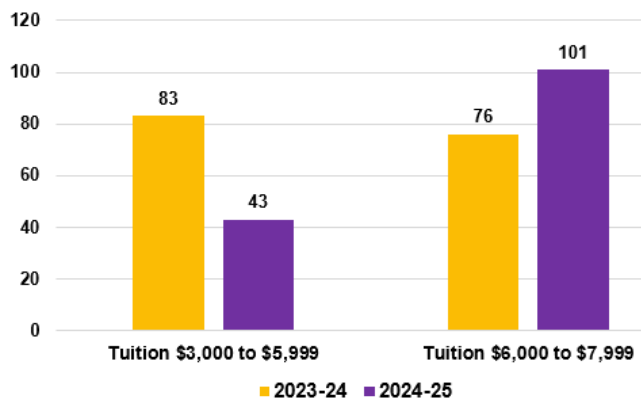
Figure 2. Number of Schools in Each Tuition Bracket (N=299)



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The maximum voucher for 2024-25 was \$7,468, and the largest increase was in the number of schools with annual tuition between \$7,000 and \$7,999. In just one year, the number of schools in this range went from 31 schools to 48 schools. This increase suggests that these **schools adjusted their tuition to match the voucher amount**. Of the 48 schools, twelve had tuition rates ranging from \$7,400 to \$7,500, and two schools had tuition rates identical to the maximum voucher: \$7,468.

Figure 3. Number of Schools Below \$6K and between \$6 - \$7.9K Annual Tuition



Families earning incomes in the second tier level (see Table 1) qualified for vouchers of up to \$6,722 per child. The data reveal that nearly half of the schools charging less than \$6,000 raised their tuition to the \$6,000-\$7,999 range to take advantage of state funds (Figure 3).

The number of schools charging annual tuition between \$3,000 and \$5,999 dropped from 83 schools (48% decrease) as the number of schools charging between \$6,000 and \$7,999 increased by 25 (32% increase).

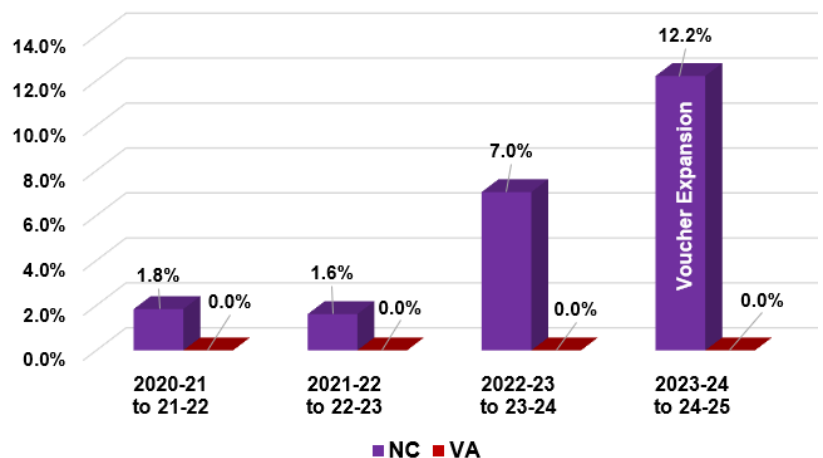
Tuition for Thales Academy private schools provides another view of tuition increases produced by voucher programs. There are currently 10 Thales Academies in North Carolina located in Chatham, Johnston, Union, and Wake Counties. The one Thales Academy located in Virginia—where the state's tax-credit voucher program has not changed substantially since 2020—shows a sharp contrast in tuition rate increases to the increases for the North Carolina schools.

Between 2000-2021 and 2024-25, Thales in Virginia did not increase tuition. It stayed constant at \$5,300/year (K-5).

Tuition at Thales schools in North Carolina increased little until voucher expansion was on the horizon (2023-24) when tuition increased 7%. In the year vouchers became universally available (2024-25), average tuition across all 10 schools increased 12% to \$6,651.

These data suggest that **North Carolina's voucher expansion incentivized Thales Academies to increase tuition prices.**

Figure 4. Thales Academy Tuition Comparison 2020 – 2025.



In addition to raising tuition, we found that many private schools strongly encourage and, in some cases, require applicants to apply for vouchers. For example, Grace Christian School in Lee County lists as #4 in its [admissions process](#) “**Apply for the NCSEAA Opportunity Scholarship**” followed by the statement: “Complete the NC Opportunity scholarship Application during the scholarship application period for each student who will attend GCS. **All students must apply for this scholarship prior to applying for enrollment at GCS.**” Before the 2024-25 school year, applying for a voucher was not a step in their admissions process. In 2024-25, Grace Christian School has received more than [\\$5.1 million](#) in Opportunity Scholarship tuition payments from the state.

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Other schools say clearly that they give preference in their admissions processes to students who have received state-funded vouchers. For example, ALC Mosaic in Mecklenburg County stated on its [website](#) that ***"We will be prioritizing families who have applied for and received the opportunity scholarship for 2024-25."***

In another variation, Pungo Christian Academy in Beaufort County [charges an annual tuition of \\$7,400](#) (similar to the maximum voucher) but also provides a Pungo Christian Academy Grant of \$1,172 or \$1,759 to families who do not receive other tuition assistance. This system takes advantage of the maximum grant allowable by the state and effectively lowers tuition rate for those who do not receive the maximum voucher.

These schools represent just a few examples of the patterns we identified in private school admissions policies where schools incentivized or required applicants to apply for a voucher, often in conjunction with raising tuition rates.

Conclusion

As North Carolina spends hundreds of millions in tax dollars each year on private school tuition vouchers, private schools are adjusting to the new reality of easily available state funding. Patterns in tuition increases show that private schools are raising tuition to take advantage of the voucher funding to increase their funding levels. At the same time, many schools are incentivizing families to apply for vouchers. As a result, families may be forced to apply for a voucher even if they have no financial need or would choose not to apply if left to their own devices.

According to a presentation to the report by the Fiscal Research Division in March 2025, North Carolina is poised to spend [\\$731 million](#) on its voucher programs in 2025-26. More than \$655 million will go to the Opportunity Scholarship voucher program. Our data on tuition trends suggests that voucher funding increases incentivize private schools to boost tuition rates. The schools then encourage families to apply for a voucher regardless of need or desire so the school can maximize state funding.

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