

Primary and Secondary Education Committee Testimony on HB 339

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Chairman Bird, Vicechair Fowler-Arthur, Ranking Member Robinson and members of the Ohio House Primary and Secondary Education Committee. I want to thank you for giving me the opportunity to speak to the committee in support of HB 339. My name is Joshua Lynn. I am the administrator of Licking County Christian Academy in Heath located about 36 miles from here.

I would like to address the cost evaluation of the ESA program as it relates to the Legislative Service Commission's fiscal analysis of the cost of the ESAs in the program. The LSC estimated the cost of the ESAs to be about \$7.4 million per 1,000 students. To determine the total cost of ESAs, the LSC estimated the total enrollment in NCNP schools. As you are likely aware, estimating the number of students enrolled in NCNP schools is difficult, making it problematic to estimate the actual cost. The LSC called attention to this in the fiscal note on HB 339 stating, "This estimate should be considered rough, as actual NCNP school enrollment and the ESA amount are uncertain and may vary significantly from the amounts used to estimate the bill's potential cost" (Ohio Legislature. (n.d.). Fiscal Note & Local Impact Statement (p. 1). I appreciate their approach and effort in estimating the total number of students and the overall cost of the program, but I do believe that they were correct when stating that actual numbers may "vary significantly." The LSC's rough estimate projects as many as 32,000 students could receive an ESA under the program. My research indicates that only about 24% of those are actually NCNP students.

The LSC arrived at their estimate by assuming that all private school students not in chartered schools are enrolled in NCNP schools. However, nonchartered nonpublic schools are only one of several types of nonpublic schools not chartered by the State Board of Education. Of the 32,000 nonchartered private school students estimated for fiscal year 2024, only about 7,700-8,000 of them appear to be enrolled in NCNP schools that will qualify under House Bill 339.

I spent a considerable amount of time last week analyzing the NCES Private School Survey (PSS) data from fiscal year 2022 which was the basis for the LSC's estimate. I compared the PSS data to the Ohio Educational Directory System's data, used Melissa Data Corps' business verification service to identify incorrect address or business name information, and if I still could not identify and classify an entity in the data, searched the internet for a school website or social media account and looked at satellite imagery of the listed address.

Since the NCES data includes student enrollment by school, I was able to identify 134,333 charter school enrollments, 1,017 nonsectarian nonchartered or not-chartered enrollments, 3,180 NCNP enrollments, 4,392 Amish enrollments, and a total of 4,434 "enrollments" in daycare, preschool, residential dwellings, non-school businesses, and schools that were closed at the time of the survey (Oct. 2021). Of these student populations, only NCNP students would be eligible for the ESAs.

The LSC's estimate is imprecise because it includes ineligible student populations, but it also suffers because the NCES data itself misrepresents student populations. The NCES data overrepresented charter enrollment by 6.8% and underrepresented NCNP enrollment by 4.2%. To address these issues and arrive at a more precise estimate, two alternative approaches can be used. The first approach involves using only NCES data, refining the estimate by classifying entities based on reliable sources of information and adjusting for growth in enrollment for FY 2024. The resulting estimate for NCNP schools is \$57.2 million.

The second approach incorporates self-reported enrollment data from verified NCNP schools. Using self-reported enrollment figures from 23 of the 97 (24%) verified NCNP schools reported between December 2023 and February 2024, the average school enrollment comes out to 83. This is higher than the NCNP school enrollment average of 65 in the NCES data. Using the recent and higher average of 83 students per school, the cost for the ESAs would be about \$59.7 million.

In conclusion, an analysis of the LSC's cost estimate for the ESA's under HB 339 reveals that it is significantly inflated because it relies on data which includes ineligible students and inaccurate enrollment estimates. By correcting these issues, the cost of the ESAs is estimated to

be between \$57.2 million and \$59.7 million, far lower than the LSC's nearly \$238 million estimate.

I believe it is important to have an accurate estimate of the cost of ESAs under HB 339. for several reasons. First and foremost, an accurate cost estimate is essential for proper budgeting. Without it, there is a risk of either underfunding the program, which could undermine its effectiveness, or overcommitting resources that could be used elsewhere. Furthermore, having an accurate cost estimate enables thorough policy evaluation. It allows policymakers like yourselves to assess the financial feasibility of the Nonchartered ESA Program. This assessment is crucial for making informed decisions about whether to support, amend, or oppose the legislation. It is my desire that you will support this legislation which would provide another avenue for parents to find the best education possible for their children at very little relative cost. HB 339 is a crucial step towards achieving true universal school choice in Ohio.

A report with a detailed explanation of my estimates is attached to my written testimony. Thank you for considering this testimony. I am available to answer any questions you may have.

HB 339 ESA Cost Evaluation

Summary: This report analyzes the Ohio Legislative Service Commission’s estimate of the cost of ESAs for HB 339, the Nonchartered ESA Program, and presents a more nuanced estimate of the cost.

Key Points:

- The Legislative Service Commission (LSC) estimated NCNP enrollment based on data that overestimated the number of eligible students and therefore overestimated the potential cost of HB 339.
- A refined cost estimation can be achieved by incorporating adjustments for ineligible student populations and misrepresented enrollment data for various private school types.
- Two alternative approaches arrive at more precise estimates:
 - Using only NCES data, the estimated cost for NCNP schools is \$57.2 million.
 - Incorporating recent self-reported enrollment data from known NCNP schools, the estimated cost is \$59.7 million. Both estimates are significantly lower than the LSC's estimate of \$238 million.

Overview

The Legislative Service Commission (LSC) has diligently undertaken a fiscal analysis of HB 339, the Nonchartered ESA Program, to estimate its associated costs. Given the lack of direct data on nonchartered nonpublic (NCNP) schools in Ohio, the LSC relied on the National Center for Education Statistics (NCES) Private School Universe Survey (PSS) for their estimate of the costs of the ESAs. While the LSC’s basic formula (\$7.4 million per 1,000 ESAs) for estimating the costs is accurate, caution is warranted when applying this estimate to enrollment based on the NCES total private school enrollment estimate.

Several factors must be considered to arrive at a more precise NCNP enrollment estimate. These factors pertain to ineligible student populations within the data and misrepresentation of known enrollment figures. Suggested adjustments and classifications of private school entities in the data serve to refine the estimate. Two alternate estimates are presented: one based solely on NCES data, and another combining NCES data with self-reported enrollment from known NCNP schools. See the table below for comparisons.

	LSC Estimate	Estimate 1	Estimate 2
Enrollment	32,000	7,714	8,051
Cost	\$238 million	\$57.2 million	\$59.7 million

Table 1

The NCES Private School Universe Survey

The National Center for Education Statistics (NCES) Private School Universe Survey (PSS) is a comprehensive nationwide survey designed to collect detailed information on private schools in the United States, including aspects such as enrollment, religious orientation, school level, size, and other relevant characteristics. The PSS targets all private schools in the US that meet their definition (non-publicly funded, offering K-12 instruction, with at least one teacher). The NCES estimates private school enrollment in the following manner:

1. Using a List Frame: This initial list is constantly updated from various sources like school associations and state departments of education.
2. Conducting an Area Frame search: The Census Bureau helps identify potential schools not captured in the list frame.
3. Surveying Administration: The NCES sends the PSS to administrative personnel in identified private schools.
4. Estimating the data: While most schools participate in the survey, some do not. To account for non-response, NCES uses statistical methods to represent missing data based on the characteristics of responding schools and other available information.

The final estimates are presented in various reports, and the raw survey data is made available on the NCES website. While the methodology behind the NCES's estimate of private school enrollment is comprehensive, the estimate should not be used without qualification to determine nonchartered nonpublic school (NCNP) enrollment in Ohio.

Factors Affecting the NCNP Enrollment Estimate

The factors that must be considered in determining a more accurate NCNP enrollment estimate are:

1. Children in preschools and daycares (included in the NCES data) would not be eligible for ESA funds.
2. A school located in a residential dwelling could not be classified as an NCNP school because zoning regulations and/or building codes would prohibit its use as an NCNP school (NCNP schools are required to “comply with all applicable health, fire, and safety laws” (ORC. (2024). § 3301.0732(G))). An analysis of the FY 2022 NCES data using Melissa Data Corps’ business verification service identified 89 (Table 2) non-Amish residential addresses representing 19% of students in schools not chartered by the State Board of Education. An analysis of the 2023-2024 NCNP list using the Ohio Educational Directory System (OEDS) Organization Search tool and Melissa Data Corps’ business verification service revealed that 451 of the 585 listed schools were not schools but rather residences. The private school enrollment numbers are heavily distorted in Ohio because parents have been unintentionally incentivized to report their homeschool as an NCNP school. Prior to the 2023-2024 school year, homeschool families were required to submit

annual standardized test scores or a student portfolio in addition to other things to the DEW (ODE) while NCNP schools have not been required to do so.

3. Amish schools likely would not participate in the ESA program because of the requirement to have annual health and fire inspections and administer state-approved standardized assessments. Furthermore, Amish schools very likely would not employ NCNP-qualified teachers—teachers that “hold at least a bachelor’s degree, or the equivalent, from a recognized college or university” (ORC. (2024). § 3301.0732(D)). It is commonly known that Amish children are only educated through the eighth grade and that Amish teachers have no formal college education. There are currently no Amish schools participating in a state scholarship program in Ohio. Verified Amish schools account for 33.2% (Tables 2) of the students in the FY 2022 NCES PSS data in schools not chartered by the State.
4. Nonsectarian nonpublic schools are not NCNP schools. An NCNP school is a school that “is not seeking a charter from the department of education and workforce because of truly held religious beliefs” (ORC. (2024). § 3301.0732(A)). Of the 375 schools in the NCES private school data not chartered by the State, 30 (Table 2) are nonsectarian. Students in those schools represent 7.7% of students in schools not chartered by the State.
5. The NCES estimate of total private school enrollment is inherently imprecise. The NCES uses statistical methods to account for missing data including non-responses and new or previously unidentified schools based on the characteristics of responding schools and Census Bureau data. The NCES data shows 134,333 (Table 2) students enrolled in chartered nonpublic schools for FY 2022. While the DEW reported 167,395 students enrolled in chartered nonpublic schools for the same year—a 17% difference related to the NCES private school total enrollment estimate (198,750). The NCES data overrepresented charter schools by 6.8% compared to all other nonpublic school types.

A More Precise Estimate

The Legislative Service Commission’s report presents a simplistic estimate of NCNP school enrollment (subtracting charter school enrollment from NCES private school enrollment), it relies on imprecise data and fails to take into consideration the factors previously listed. To arrive at a more precise estimate, the NCES private school enrollment estimate should be adjusted to account for ineligible student populations. Given the complexity of estimating private school enrollment, two different estimates are presented. The first uses only NCES PSS data to project the costs of the Nonchartered ESA Program. The second uses recent self-reported enrollment information from 23 of the 97 known NCNP schools.

Only NCES Data

To refine the estimate of the potential costs associated with HB 339, the entities on the NCES PSS list are classified as charter, not-chartered, NCNP, Amish, residential, invalid address, preschool, daycare,

business (non-school), or closed using data from OEDS, Melissa Data Corp, entity websites (if available), and Google Maps. Entities were classified by the most reliable source of information available. The following table shows the classification of the entities from the FY 2022 NCES PSS data.

Description	Schools	Enrl. (Act.)	% of Total
Charter	564	134,333	91.05%
Not-chartered	30	1,017	0.69%
NCNP	49	3,180	2.16%
Amish	147	4,392	2.98%
Residential	89	2,653	1.80%
Invalid	8	185	0.13%
Preschool	30	495	0.34%
Daycare	4	50	0.03%
Business	3	78	0.05%
Closed	15	1,162	0.79%
Total	949	147,545	100%

Table 2

The costs associated with each type of classification are calculated by multiplying each classification’s percentage of total enrollment from the PSS data (above) by the NCES private school total enrollment estimate (FY 2022) and then multiplying the result by 1.1% each year for FY 2023 and FY 2024 to account for enrollment growth since FY 2022. The updated enrollment estimates are then multiplied by \$7,418 (90% of the 2024 statewide average base cost per pupil). The table below shows the weighted enrollment (FY 2024) and costs.

$$Cost\ per\ class. = \left(\frac{student\ enrollment\ (FY\ 2022)}{147,545} \right) \times 198,750 \times 1.1\%^2 \times \$7,418$$

Entities	Wgtd. Enrl.	Cost
Not Chartered	1,400	\$10,387,062.23
NCNP	4,378	\$32,478,719.67
Amish	6,047	\$44,857,401.51
Residential	3,653	\$27,096,240.03
Invalid	255	\$1,889,485.26
Preschool	682	\$5,055,649.76
Daycare	69	\$510,671.69
Business	107	\$796,647.84
Closed	1,600	\$11,868,010.14
Total	18,191	\$134,939,888.14

Table 3

The NCES data underrepresented enrollment in schools not chartered by the State and overrepresented charter school enrollment (6.8% in the FY 2022). The table below adjusts for the misrepresentation of charter schools using the NCES’s total private school enrollment estimate (198,750) and DEW’s charter school enrollment total (167,395) weighted for enrollment growth at 1.1% annually.

Entities	Wgtd. Enrl. (FY 2024)	Cost
Charter	171,098	N/A
Not Chartered	2,467	\$18,299,883.85
NCNP	7,714	\$57,220,875.75
Amish	10,654	\$79,029,586.88
Residential	6,435	\$47,738,045.08
Invalid	449	\$3,328,887.43
Preschool	1,201	\$8,907,023.11
Daycare	121	\$899,699.30
Business	189	\$1,403,530.91
Closed	2,819	\$20,909,011.83
Total	203,147	\$237,736,544.14

Table 4

Another Perspective

The NCES PSS data identified 3,180 (Table 2) students enrolled in 49 NCNP schools averaging 65 students per school. An additional 48 NCNP schools were identified from the DEW’s NCNP list. Recent self-reported student enrollment from 22 of the 97 (23%) known NCNP schools totaled 1,824 averaging 83 students per school. Using the recent average student enrollment figure and the known NCNP schools, the cost of the ESAs would be \$59,722,318 (97 schools x 83 students x \$7,418 [FY 2024 base cost per pupil]). This number is very close to the estimate arrived at from the FY 2022 NCES data after classifying schools, adjusting for misrepresentation of charter school enrollment in the data, and applying a weighted growth rate to the enrollment estimate (\$57,220,875.75) for NCNP schools.

Type	Schools	Avg. Schl. Enrl.	Est. Enrl.	Est. Cost
NCNP	97	83	8,051	\$59,722,318

Table 5

Conclusion

An analysis of the LSC’s cost estimate for the Nonchartered ESA Program (HB 339) reveals that it is significantly inflated because it relies on data which includes ineligible students and inaccurate enrollment estimates. By correcting these issues, the cost of the ESAs is projected to be between \$57.2 million and \$59.7 million (FY 2024), far lower than the LSC's \$238 million.