

David Pepper: I predict that the private school “voucher” system of Ohio will at some point turn into the biggest scandal in history.

David Pepper, in part, using Ohio Department of Education and Workforce Development data mined by Andrew Wilson and his own data mining has uncovered a major scam inherent in the EdChoice voucher scheme.

The school voucher industry leaders oppose school voucher regulations with a passion. They want tax money to flow unabated by regulations on vouchers and the private schools that collect voucher tax money. Lack of regulations leads to fraud, as David Pepper references.

Ohio’s experience with the charter industry should have informed state officials that lack of regulation in the tax supported school privatization sector engenders fraud.

School districts, by law, are held to very high standards of accountability and transparency. That is as it should be because public funds are used and children must be protected.

State regulations via laws and administrative code have been enacted in response to past mistakes, misconduct, unethical behavior, and malpractice demonstrated by some school district leaders.

The body politic is entitled to a high level of transparency and accountability from those involved in tax supported educational programs. Unregulated and underregulated tax-school funded entities result in misuse of tax funds and put school children at risk.

The ECOT online charter school fiasco robbed tens of thousands of school children of an education and swindled hundreds of millions of tax dollars from taxpayers. The ECOT debacle is only one of the charter school frauds. The problem: the charter school industry is held to a very low standard of accountability and transparency.

The universal private school EdChoice voucher system is totally unregulated, and the leadership of the Ohio General Assembly is working hard to keep it unregulated; hence the public should expect fraudulence and corruption in the industry.

In future years, the ECOT scandal will likely pale compared to the voucher scandals of the future.

[A Publicly Funded School System, With Zero Accountability To the Public](#)

A Publicly Funded School System, With Zero Accountability To the Public

And a Major Red Flag

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I continue to predict that the private school “voucher” system of Ohio will at some point turn into the biggest scandal in Ohio history.

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For three reasons:

- The system’s costs have now exploded into the **billions of dollars** (per budget cycle)
- There is absolutely **zero transparency** as to how those billions are being spent — we have no idea whatsoever how the institutions receiving these dollars are spending them, or even *if* they are being spent on education

- Ohio is the **most corrupt state in the nation**, with major scandals exploding every few years (and those are just the ones we know about)—and some of the biggest scandals have included the siphoning off of public education dollars, which have been viewed as a piggy bank for those seeking to make a buck

Add those three factors together, and you have a recipe for disaster. And it's especially bad when the added costs of vouchers are one of the reasons property taxes are going up everywhere, and why public schools remain underfunded.

A Separate System of Publicly Funded Schools

So given that backdrop, let me introduce some data I just reviewed from a treasure trove provided by Andrew Wilson—a former member of the Fairborn School Board and a member of the steering committee of Vouchers Hurt Ohio. Using data from the Ohio's Department of Education and Workforce (DEW), he compiled a list of all the private schools receiving funding from the state through the two major “voucher” programs—called “EdChoice” and “EdChoice Expansion” (note: I use quotation marks because while the money is framed as vouchers for families, it goes directly from the state to the school).

[Read online to view picture]

I dug into this data in a few different ways, and discovered some eye-popping facts:

First, what this data shows is how the “EdChoice” and “Ed Choice Expansion” programs have created, essentially, a wholly separate system of schools—funded by the public, but with zero accountability to the public.

Here are the basics:

First, 627 private Ohio schools are receiving payments from Ohio through either the EdChoice or EdChoice expansion programs. That's 85% of the total private schools that the state has in its records as enrolling Ohio students.

Of those 627 schools:

- 124 schools (19.8%) are receiving direct payments from the state for between **80% and 90%** of their enrolled students
 - that's 20% of the total schools getting EdChoice funds from the state, and at a cost of \$199 million, that accounts for 26% of total EdChoice costs
 - (several years ago, I wrote about a [letter](#) from a school administrator urging families to apply for the “gift” of the voucher, or be required to have a meeting with the school — that effort succeeded to get 81% of the families to sign up)
- 259 schools (41.3%) are receiving payments from the state for between **90% and 100%** of their enrolled students
 - these schools are together receiving more than \$388 million from the state, which is more than 50% of the total cost of EdChoice Program
- 113 schools (18% of the total) are receiving payments from the state **for 100% of their enrolled students**
 - these schools are together receiving more than **\$100 million** from the state

Do you see the issue here?

This isn't just a program of subsidizing the tuition of some students. It's basically an entire system whereby the state provides public money (directly) for the overwhelming majority of students at these private schools. Specifically:

- 79% of the schools receiving state payments—and 89% of the total EdChoice dollars—are going to schools on behalf of 80% or more of the students
- The state is allocating just under \$5,500 per student (on average) for these payments; for many schools, that means the state is paying for the entire tuition of students
- That takes the total cost of these 496 “80%+ schools” to more than \$690M in one year.
- And the payments are averaging \$1.39M per school across those 496 schools.

The bottom line is that this *is* a second and separate system of state-funded schools, where virtually every student (there are no longer income nor geographic limits) triggers public payments to the private school. In many districts and schools, that \$5,500 in state funding covers the entire tuition for the student; in other districts and schools, it exceeds what the state pays per public school students in the same community.

Zero Transparency

Now some Ohioans believe that it's OK for private schools to get public money. Perhaps others are OK with it happening at this scale. (Referenda around the country, including last year's in Kentucky, show that this tends to be the minority—the Kentucky referendum to introduce vouchers lost in every single county).

But put that argument aside for a moment.

At the very least, can we at least all agree that a public program that supports 93% of the students at 496 schools—to the tune of \$690 million in public dollars (and growing)—should at least be something we can scrutinize? To make sure the public dollars are doing what they're supposed to? Or so that we even know *what* they are doing at all?

Right now, we have no idea what any of these dollars are doing.

Again, a true recipe for disaster.

Red Flag: Overpaying?

There's one other initial finding that came out of my look at the data.

Even though the payment of public money goes directly to the school, it has always been framed as helping families pay for the cost of **tuition** to these schools.

The Ohio's Department of Education and Workforce (DEW) adopts this frame in its rules and guidelines.

The EdChoice Expansion [description](#) is as follows: “The scholarship must be used towards tuition to attend participating private schools.... **The scholarship amount can only be used towards tuition.**”

The EdChoice description spells out the [same](#): “EdChoice will pay either the scholarship amount or the private school's actual tuition amount, **whichever is less.**”

The rule: Voucher $\leq$ tuition.

Got it?

And remember how I said that for many schools and students, the state is paying for the entire tuition of students?

Well, a close look at the school-by-school Ohio DEW data above—and comparing it to the [publicly available data on private school tuition](#)—shows that the state’s payment does **not** appear to be limited to the tuition actually charged by the school.

There are a number of schools whose tuition is publicly reported to be somewhere in the \$1,500 to \$4,500 range. But the Ohio DEW data reports that those same schools receive between \$5,000 and \$6,000 per student from the state.

If that publicly presented data is correct, the so-called “voucher” payment appears to be almost twice as large as the tuition for that school, counter to the very rules laid out by the state.

And when that number is multiplied across dozens or hundreds many students, that would be no small mistake.

Just glancing at a few schools, they are bringing in \$10,000s, \$100,000s or even \$1,000,000+ in added revenue from the difference between the tuition they charge and the higher amount they are receiving from the state for their students.

And a look at just 15 schools shows that the potential overpayments totaled more than \$6 million for those schools alone.

Perhaps there’s an explanation for what appears to be a major issue. Maybe the data they’re reporting is simply not accurate (but of course that would be its own problem).

But if not:

Has the DEW been paying schools without actually looking at the tuition levels of each school?

And then the question becomes—if schools are taking in this much money above what they charge students for tuition, where is this extra public money going?

And if they’re now tempted to resolve this discrepancy by hiking tuition to equal the voucher amount, is there any rule that stops them from doing so?

And bigger than all of that, the fact that even my cursory look at the data public revealed such a potentially dramatic red flag is the reason that transparency is so desperately needed in all of this.

On these and many other questions, we certainly need answers.