

# SCHOOL VOUCHERS IN NC

## The First Three Years

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### Children's Law Clinic

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### BACKGROUND

In 2013, the North Carolina General Assembly created the Opportunity Scholarship Program. The program allows eligible North Carolina families to withdraw their children from public schools and receive a tuition voucher from the state to attend a private school. Vouchers have been available since the 2014-15 school year; the program has continued to grow since then.<sup>1</sup> The State Educational Assistance Authority (SEAA) administers the program.

- The General Assembly has now authorized 2,000 additional vouchers for each year through 2027. The program cost North Carolina taxpayers \$45 million in fiscal year 2017-18; by 2027, it is expected to cost \$145 million a year,<sup>2</sup> totaling almost \$900 million in its first decade.
- Vouchers are tax-supported scholarships of up to \$4,200 per year/per child for private school tuition available to financially eligible families. Currently, the income limit for a family of four is approximately \$60,000 per year.<sup>3</sup>
- Support for vouchers is based on the idea is that low-income parents should have the same opportunity that wealthier parents have to remove their children from public schools and find a better alternative in the private school market.<sup>4</sup>
- Voucher supporters also suggest that increased competition from private schools will encourage public schools to improve.<sup>5</sup>
- Voucher opponents believe the money is better spent improving our public schools, especially given the lack of accountability in the voucher program. Opponents also raise concerns about the financial support of religious schools by taxpayers.

**This brief highlights key aspects of a longer report that analyzes the first three years of the Opportunity Scholarship Program. It contains data about cost, usage, and test data, along with recommendations for change.**

### KEY FINDINGS

1. Accountability measures for North Carolina private schools receiving vouchers are limited and among the weakest in the country.
2. Based on limited and early data, the majority of the students using vouchers are performing below average on nationally-standardized reading, language, and math tests.
3. The North Carolina voucher program is well designed to promote parental choice, especially for parents who prefer religious education. It is poorly designed, however, to promote better academic outcomes for children and is unlikely to do so.
4. Because private schools receiving vouchers are not required to administer state tests nor publish detailed achievement data, the public will be unable to develop valid conclusions about the success of the program.
5. The state should consider amendments to the program that will improve both its accountability to the public and its potential for providing better education.

## 1

### Limited Accountability for Participating Schools

Accountability measures for North Carolina private schools receiving vouchers are among the weakest in the country. North Carolina, like several other jurisdictions, operates a two-tiered accountability system, with more requirements placed on schools accepting vouchers. Even with this second tier, the requirements are minimal when compared to the other jurisdictions. **Figure 1** illustrates how North Carolina's voucher accountability system compares to systems in several other voucher program states. In North Carolina, schools receiving vouchers need not be accredited, adhere to state curricular or graduation standards, employ licensed teachers, or administer state End-of-Grade tests.

There are three key areas of weakness.

- **Academic accountability** - The only publicly-available test data<sup>6</sup> is from schools that enroll more than 25 voucher students. Even then, a school's report contains only the name of the test administered, the number of students taking the test, and the aggregate percentage of the students who have scored above or below the 50th percentile of the national takers of the test. There is no mechanism that allows the state to withhold vouchers from schools that produce poor test results.
- **Financial review**- Financial reviews are required only for schools receiving more than \$300,000 in vouchers. In past years, this has only applied to just a few schools. In 2014-15, no school met that threshold. In 2015-16 and 2016-17, just three schools met the threshold. Effectively, there is no financial oversight of the vast majority of the schools receiving taxpayer money. Only the head of school must submit a criminal background check; all other staff are exempt.
- **Antidiscrimination**— While the law forbids discrimination by participating schools on the basis of race, color, or national origin, it does not prohibit discrimination on the basis of religion, disability, sex, sexual orientation, gender identity, or other characteristics.

#### Requirements for Non-Public Schools Participating in School Voucher/ Scholarship Programs

Jurisdiction	Accreditation or State Approval	State Required or Defined Curriculum	Required Teacher Qualifications	Required Participation in State Testing	Operation for the Same Number of Hours/ Days as Public School
Arizona		✓ <sup>1</sup>			✓
Cleveland	✓	✓	✓	✓	✓
D.C.	✓	✓	✓	✓	✓ <sup>2</sup>
Indiana	✓	✓	✓	✓	✓
Louisiana	✓	✓	✓	✓	✓
Maine	✓	✓	✓	✓ <sup>3</sup>	✓
Milwaukee	✓	✓	✓	✓	✓
Ohio	✓	✓	✓	✓ <sup>4</sup>	✓
Vermont	✓	✓	✓	✓	✓
North Carolina					

Figure 1. The voucher program requirements in several major cities and states.

<sup>1</sup> Any student with a voucher must be educated in reading, grammar, math, social studies and science.

<sup>2</sup> Instructional days and hours must be approved by D.C. Board but the regulations do not specify the numbers.

<sup>3</sup> If 60% of students are publicly funded, school must participate in the state testing program.

<sup>4</sup> For all high schools and for any school in which 65% of students are getting vouchers.

## 2

### No Evidence of Improved Academic Outcomes

Based on limited and early data, more than half the students using vouchers are performing below average on nationally-standardized reading, language, and math tests.

For the 2014-15 school year, just six schools reported aggregate data on 172 test takers.<sup>7</sup> (This represents less than one percent of the participating schools and 14% of all students with vouchers.) There is no data on grade level, except that all test takers were in third grade or above. The aggregate result was the majority scored below the national average on the tests. Only one school reported that the majority of voucher students scored at or above the 50th percentile in all subjects.<sup>8</sup>

The same trend held in the 2015-16 school year with marginal improvement in the number of schools reporting aggregate scores. Again, a majority scored below the national average on the tests. Ten of the 34 reporting schools showed a majority of test takers scored at or above the 50th percentile in all three areas.<sup>9</sup> In other words, in more than two-thirds of the schools, most students scored below the 50th percentile.

These findings support the national trend observed in voucher programs. Studies of similar voucher programs in other jurisdictions show that overall, children who choose vouchers to attend private school do no better, and in some cases, considerably worse, than the children who remained in public school. The national data suggests that the students using vouchers are unlikely to gain academic advantage.

#### Distribution Between Religious and Secular Schools

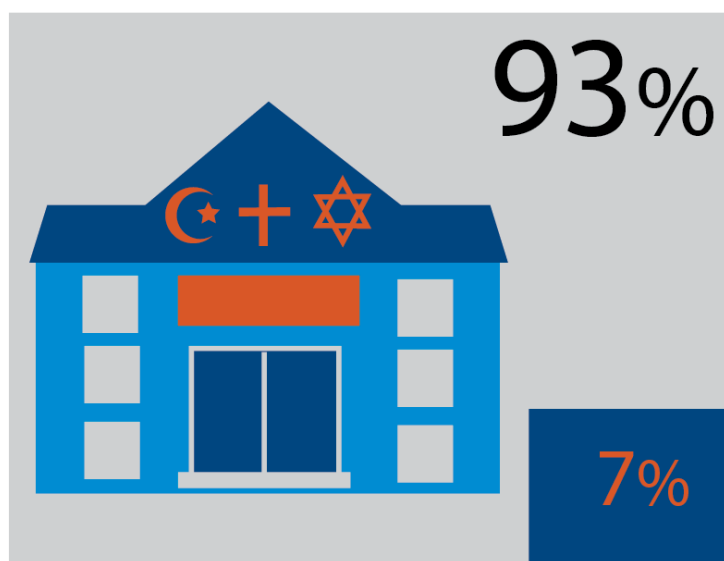


Figure 2. Parochial schools receive the majority of voucher funding.

## 3

### Parental Choice is Improved, But Mostly for Religiously-Affiliated Schools

The most successful outcome of the program to date is increased parental choice, especially for parents who prefer religious education for their children. Approximately 93% of the vouchers have been used to pay tuition at religious schools, due to family preferences and tuition structures (Figure 2).

The size of the voucher and the limited public data on private schools performance impacts school quality decisions for families. Because the size of the voucher is low compared to the tuition at many of the high-end college preparatory private schools,<sup>10</sup> those schools are not typically accessible to low-income families even with voucher help.

Limited school information also impacts quality control. Most schools are not annually requested to provide their records, and many go for years without providing any data to the state. Significantly, the state has no power to shut down a private school due to poor student achievement. Combined, these circumstances signify a steep drop in quality control despite the improvement in parental choice.

## 4

### Limited Data Will Inhibit Assessment of Academic Outcomes

Because private schools receiving vouchers are not required to administer the state tests nor to publish detailed achievement data, researchers will be unable to develop thorough and valid conclusions about the success of the program at improving educational outcomes for participating students. This element also makes it more difficult for the public to gauge the value of this tax-supported investment.

SEAA is required to report on the “learning gains or losses” of the voucher students and compare them “to the extent possible” with the “learning gains or losses with similar public school students.” They are also required to report on “the competitive effects on public school performance on standardized tests as a result of the scholarship grant program.” However, both of these reporting tasks will most likely be difficult and yield unreliable results.<sup>11</sup> Because the law allows the private schools to select their own tests, requires only a very small percentage of the test scores to be made public, and allows the public data to be reported only in aggregate form, no accurate comparisons can be made. Additionally, there are many factors that may affect the increase or decrease in student test scores, and isolating the impacts to one factor, such as vouchers, may be problematic.

Given these points, a valid, “apples-to-apples” comparison between voucher students and public school students is not possible based on available data.

#### Student Participation in Voucher Program



Figure 3. The number of voucher recipients has increased from year to year. 1,216 students received a voucher in year 1. 3,682 and 5,432 students received vouchers in year 2 and year 3, respectively.

**For 2015-16, the public test data covered just ten percent of the schools, meaning that the public cannot know anything about the academic outcomes in more than 90% of the participating schools.**

## 5

### Recommendations

We strongly recommend the following amendments to the program if the state decides to continue supporting the Opportunity Scholarship program:

- Require all participating schools to offer a curriculum that is at least equivalent to the curriculum used in the North Carolina public schools: providing instruction in English language arts, mathematics, social studies, science, physical education, arts education, foreign languages, and technology skills. Alternatively, the state should design an accreditation system that holds schools to strong academic standards.
- Require all participating schools to set reasonable qualifications for teachers.
- Require that students receiving vouchers participate in the state End-of-Grade testing program, and that the schools receiving voucher support publicly report data in the same manner as is required of public schools.
- Require all participating schools to offer at least the same number of hours and days of education as are offered by the public schools.
- Require limited financial reviews of all schools, with more extensive reviews for schools receiving more than \$50,000 in voucher support.
- Prohibit all forms of discrimination in schools accepting voucher support.
- Strengthen the oversight role of the SEAA and/or the Division of Non-Public Education such that schools that consistently fail to provide an adequate education are denied continued voucher payments.

Openness to various strategies for educational reform should be embraced by everyone who cares about our children and the future of North Carolina. Yet reform efforts need careful study, with an eye toward strategies and programs that promise to improve student outcomes and build stronger communities. The Opportunity Scholarship Grant Program, as currently designed, fails to offer such promise.

This policy brief is based on a March 2017 report issued by the Duke Children's Law Clinic's entitled, "School Vouchers in North Carolina, The First Three Years." To access the full 27-page report, visit [https://law.duke.edu/childedlaw/School\\_Vouchers\\_NC.pdf](https://law.duke.edu/childedlaw/School_Vouchers_NC.pdf).



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## Conclusion

**The Opportunity Scholarship Program is not designed to provide a better education for students from failing public schools, as it is not limited to students in poorly-performing public schools and it has no mechanism to assure that the chosen private schools provide a high quality education. The state's very limited oversight of private schools in general and the exemption of voucher students from the state testing program contribute to a poor accountability scheme.**

**The two most successful aspects of the program are increased parental choice for private schools and state support for religious education. There is no evidence of improved academic outcomes.**

*Disclaimer: Any views reflected here represent my work as a faculty member and do not reflect the views of Duke University.*

# ENDNOTES

- <sup>1</sup> North Carolina also offers scholarship grants to children with disabilities. That program, which operates separately from Opportunity Scholarship Grant Program, is not discussed in this report.
- <sup>2</sup> NC General Assembly, Session 2015, Session Law 2016-94, House Bill 1030, available at <http://ncleg.net/Sessions/2015/Bills/House/PDF/H1030v8.pdf>, page 68.
- <sup>3</sup> The law states that the limit is calculated by multiplying the federal limit for free and reduced price lunches in public schools by 133 percent. Interestingly, the state has published figures for eligibility that are 134 percent of the federal lunch limits. NC has published the following eligibility limits for the 2017-18 school year: family of 2 - \$39,959; family of 3 - \$50,243; family of 4 - \$60,528; family of 5 - \$70,813. Families with incomes between the limit for the federal lunch program and 133 percent of that limit are eligible for only 90 percent of the tuition at the chosen school, should that amount be less than \$4,200.
- <sup>4</sup> The new U.S. Secretary of Education, Betsy DeVos, has been a long-time supporter of parental choice programs. Here is what she said in a 2013 interview with Philanthropy Roundtable: “This confluence of events [noting an acceleration of new voucher programs] is forcing people to take note, particularly because of the public’s awareness that traditional public schools are not succeeding. In fact, let’s be clear, in many cases, they are *failing*. That’s helped people become more open to what were once considered really radical reforms—reforms like vouchers, tax credits, and education savings accounts.” [http://www.philanthropyroundtable.org/topic/excellence\\_in\\_philanthropy/interview\\_with\\_betsy\\_devos](http://www.philanthropyroundtable.org/topic/excellence_in_philanthropy/interview_with_betsy_devos)
- <sup>5</sup> The national organization edCHOICE, which supports a variety of school choice programs, declares on its website that “Sound research has demonstrated consistently that school choice policies improve public school performance.” [https://www.edchoice.org/school\\_choice\\_faq/how-does-school-choice-affect-public-schools/](https://www.edchoice.org/school_choice_faq/how-does-school-choice-affect-public-schools/)
- <sup>6</sup> The test data that is public is not published on the website of the SEAA as is other data about the program. Instead, it is available only through a public records request.
- <sup>7</sup> The following schools reported data. The name of the school is followed by the total number of test takers and the test used:
- Greensboro Islamic Academy, Greensboro, 51, The Iowa Tests
  - Word of God Christian Academy, Raleigh, 30, Terra Nova
  - Victory Christian Center School, Charlotte, 28, Terra Nova
  - Concord First Assembly Academy, Concord, 23, Terra Nova
  - Freedom Christian Academy, Fayetteville, 20, Terra Nova
  - Fayetteville Christian School, Fayetteville, 20, Terra Nova
- <sup>8</sup> For the 2014-15 school year, Freedom Christian Academy, Fayetteville, with 20 test takers, reported 55% at or above the mark in reading; 80% at or above in language, and 60% at or above in math.
- <sup>9</sup> Alamance Christian School, Graham; Al-Iman School, Raleigh; Fayetteville Christian School, Fayetteville; First Wesleyan Christian School, Gastonia; Freedom Christian Academy, Fayetteville; Greensboro Islamic Academy, Greensboro; High Point Christian Academy, High Point; Rockwell Christian School, Rockwell; St. Raphaels Catholic School, Raleigh; Trinity Christian School, Fayetteville.
- <sup>10</sup> For example, the tuition at Ravenscroft in Raleigh ranges from \$14,440 for kindergarten to \$23,445 for grades 6 – 12; tuition at Greensboro Day School ranges from \$16,630 for kindergarten to \$22,500 for grades 9 – 12; tuition at Durham Academy ranges from \$13,880 for kindergarten to \$24,040 for grades 9 – 12.
- <sup>11</sup> Researchers Cassandra Hart and David Figlio commented in describing their Florida study on competitive effects, “It is notoriously difficult to gauge the competitive effects of private schools on public school performance.” <http://educationnext.org/does-competition-improve-public-schools/>