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BGR MEDIA RELEASE

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BGR Calls for Major Revisions to School Voucher Bill

Today BGR releases *Making Choice Right: Can Private School Vouchers Live Up to Their Promises?* The report examines the statewide school voucher program that the Governor is proposing (the "Statewide Program"), as well as the pilot program that has been in effect in Orleans Parish since 2008. The Statewide Program would dramatically expand and modify the pilot program. According to the Department of Education, the expansion is driven by the need to provide high-quality and equitable educational opportunities to low-income students trapped in the state's low-performing schools.

In theory, school vouchers present an attractive option on the school choice menu. However, building an effective program depends on getting five elements right: student eligibility, school eligibility, school accountability, public information and financial structure. Without the proper framework and safeguards, a voucher program will not live up to its promises and could do damage to public schools.

Unfortunately, the Statewide Program's structure suffers from serious defects:

- *The student eligibility parameters are too broad.* The program is not restricted to students in failing schools. Rather it is open to any student from a family with income below 250% of the federal poverty level who is either entering kindergarten or attending a school rated C, D or F. According to the Governor's office, more than 70% of Louisiana's schools have those ratings.
- *The school eligibility parameters for private schools are too lax.* Any private school that meets the state's minimal requirements for operation would be eligible to receive voucher students. It would not have to meet any academic standards.
- *There are no academic accountability provisions.* A private school could continue to receive voucher students regardless of whether it performed well as a school or provided a good education to its voucher students.
- *The financial structure of the program could hurt public schools.* The program would be funded through the state's Minimum Foundation Program (MFP). Each voucher student would be counted as a public school student for purposes of the MFP funding calculation. Then an amount equal to the value of that student's voucher would be transferred from the public school system's MFP allocation to the school that receives the voucher student. A voucher would be worth the cost of tuition and fees at that school or 100% of the MFP allocation, whichever is less.

Both the proposed funding source and the proposed voucher value contribute to the risk. Funding the program through the MFP redirects an unknown portion of limited local funding to private schools. Unless that funding loss is offset by increased state funding within the MFP, a school system will face a revenue loss, which is not likely to be completely offset by a reduction in expenses. The risk of a loss without a corresponding decrease in expenses is exacerbated by the program's very high cap, which allows a voucher to consume the entire MFP attributable to a student.

Under the proposed program, a student could use a voucher to transfer from an average-quality public school to a low-quality private school with no track record or qualifications. The student's academic performance could decline, and the state would impose no penalties on the school. And taxpayers would foot the bill for all of it.

This report makes several recommendations to prevent such scenarios from unfolding. They focus on tightening up student eligibility, imposing stricter eligibility and accountability rules on participating schools, and limiting the financial impact on public schools.

BGR Chairman Sterling Scott Willis applauded the goal of the program, stating that no student should be condemned to a failing school. "However," he continued, "good intentions are not enough. To achieve its underlying purpose a program must be properly structured. Otherwise, the program will underperform or waste taxpayers' money."

RECOMMENDATIONS

Student Eligibility

To ensure that the voucher program serves students who are trapped in or destined for low-performing schools, the Statewide Program should, through income and other limitations, restrict participation in the program to students who:

- Come from families that would not otherwise be able to afford private school; and
- Either attend a public school with a school performance score of D or F, or would be forced into such a school in the coming year by virtue of attendance zones or other restrictions.

School Eligibility and Accountability

To help ensure that participating schools provide voucher students with a better education than the public schools that students are leaving, the Statewide Program should:

- Limit program participation to schools that outperform the group of public schools from which voucher students are exiting. To achieve this end, the state should establish appropriate academic eligibility standards and mandate the rigorous testing needed to determine whether a school meets them. All schools should be required to meet the standards as a prerequisite to program participation and to maintain them thereafter. Schools that fail to maintain the specified standards should lose their program eligibility.
- If start-up schools are allowed to participate, limit the percentage of voucher students in a start-up school to 20% of its student body until such time as the school has demonstrated its ability to meet the above standards for program participation.
- Require that the voucher students at a participating school collectively outperform the group of public schools from which voucher students are exiting. Schools that fail to meet this standard within a reasonable period of time should be prohibited from accepting additional voucher students.

Financial Structure

To ensure that vouchers do not cause significant harm to local school districts, the Statewide Program should:

- Fund vouchers through the state general fund, rather than the MFP.
- If the state persists in its attempt to use the MFP to fund vouchers despite the serious constitutional and legal issues it raises, it should:

- Exhaust the state share of the per-pupil MFP allocation before tapping the local share.
- Limit the number of vouchers available in any system to a level that would not have significant financial impacts on public schools.
- Cap the value of vouchers at a level that does not increase the per-pupil burden of unavoidable system costs, such as debt service, retirement benefits and special education services, on students who remain in the public school system.

BGR is a private, nonprofit, independent research organization. Since its founding in 1932, it has been dedicated to informed public policy-making and the effective use of public resources in the Greater New Orleans area. For more information call 525-4152 or visit BGR's website, www.bgr.org.

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