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Can Private School Vouchers Live Up to Their Promises?

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EXECUTIVE SUMMARY

As part of a proposed education reform package, the Governor is proposing a statewide, K-12 voucher program (the "Statewide Program"). The program would open up a new front in the school choice revolution under way in Louisiana by dramatically expanding and modifying a pilot program that has been in effect in Orleans Parish since 2008. 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. BGR notes at the outset that the state has insufficient data and analysis to support an expansion of the scope that is proposed.

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 school eligibility parameters are too lax.
- There are no academic accountability provisions.
- The financial structure of the program could hurt public schools.

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.

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 grade 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 Minimum Foundation Program (MFP).

- If the state persists in its attempt to use the MFP to fund vouchers despite the serious constitutional and legal issues this 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.

INTRODUCTION

As part of a proposed education reform package for the 2012 legislative session, the Governor is proposing a statewide, K-12 school voucher program. The vouchers would be available to children who come from families with incomes at or below 250% of the federal poverty level (about $58,000 for a family of four) and who are either entering kindergarten or attending a school with a performance grade of C, D or F.

The statewide voucher program (the Statewide Program) would dramatically expand and modify a pilot program that has been in effect in Orleans Parish since 2008 (the Pilot Program). That program currently serves 1,832 students.[1] According to the Governor's office, students in more than 70% of Louisiana's schools would be eligible for vouchers under the Statewide Program.[2]

This report will review the voucher phenomenon, both as it has unfolded around the country and in the New Orleans Pilot Program, and analyze the proposed Statewide Program in that context. It will examine the key issues lawmakers must address in order to create a voucher program that lives up to its promises. And it will make recommendations aimed at laying a strong structural foundation for vouchers.

BACKGROUND

Generally speaking, school vouchers are payments made by a government on behalf of a student to cover tuition and other educational expenses at a private school. They were originally conceived as a way of providing low-income students trapped in failing schools with access to better educational opportunities. Over time, some programs have cast far wider nets, providing students with access to vouchers regardless of whether they are poor or attending failing schools.

Voucher programs take various forms. Some of the most commonly used vouchers are awarded through tax credits, or focus on special education. Those are not the types proposed for Louisiana's Statewide Program. For the purposes of this report, therefore, BGR examines programs that share two key attributes with the Louisiana proposal: They are funded directly by government, and they serve a broad-based student population.

The first major publicly funded school voucher program began in Milwaukee in 1990.[3] In 1995, Ohio created a voucher program for low-income students living in Cleveland.[4] Since then, several other broad-based voucher programs have emerged. These include a federally funded program in Washington, D.C. (2004), and statewide programs in Ohio (2005) and Indiana (2011).[5] In addition, Wisconsin has extended the Milwaukee program design to a second city, Racine (2011). A pilot program set to begin in Douglas County, Colo., in 2011 was forestalled by a court order. Voters in California, Michigan and Utah have defeated referenda to create school voucher programs in their states.

The voucher programs vary significantly in many respects, including size. There are 1,615 participants in Washington, D.C., for instance, and more than 23,000 in Milwaukee.[6] Some are capped by limitations on the number of participants or program funding.

Student eligibility requirements vary as well. Three of the programs impose family income limits, ranging from 185% to 300% of the federal poverty level. The other two do not.[7]

The maximum value of vouchers also varies. In Milwaukee, a voucher pays for tuition and fees up to an amount set by the Wisconsin State Legislature each year ($6,442 in 2012).[8] In Cleveland, a voucher pays for either 75% or 90% of the school's tuition, depending on the family's income level, up to a legislated maximum. The maximum is $4,250 for grades K-8 and $5,000 for grades 9-12 in 2012.[9]

Given their purpose, voucher programs ought to yield better academic outcomes than do the public schools from which participating students come. Currently, there are positive signs, but not enough evidence to conclude that vouchers necessarily lead to significant improvements. Some analyses do show gains in achievement for voucher students. For example, researchers recently found that Milwaukee's program shows significantly higher academic performance growth in reading for voucher students compared to their public school counterparts.[10] Other studies have found that voucher

students perform little better than their public school counterparts on state tests.[11] Programs in both Milwaukee and Washington, D.C., have shown success on another front: the graduation rate for voucher students was significantly higher than that of comparable public school students.[12]

Beyond test scores and graduation rates, there are other arguments for and against vouchers.

Proponents argue that vouchers provide low-income families with the opportunity to send their children to better schools that they could not otherwise afford. They also contend that parental choice will promote competition among private and public schools, creating an incentive for public schools to improve and weeding out ineffective schools. Because tuition at private schools is often significantly less than the per-pupil cost of public education, proponents argue that vouchers can offer a more cost-effective way to fund education.

Critics, however, question the wisdom of funneling public tax dollars to private schools. They are concerned about the lack of transparency and accountability, since participating private schools are not subject to the same performance, testing and reporting standards as public schools. Finally, opponents worry about the effect on public schools of transferring finite public education dollars to private schools.

THE NEW ORLEANS PILOT PROGRAM

Description

The Louisiana Legislature created the Pilot Program in 2008. The program is currently restricted to Orleans Parish residents. To participate, a student must come from a family whose total income does not exceed 250% of the federal poverty level. Furthermore, the student must be (a) entering kindergarten, (b) attending a failing public school or (c) currently benefiting from a voucher.[13]

Initially, the Pilot Program was open to students in kindergarten through third grade. The state has added one grade each year, extending the program through sixth grade.[14] In its first year, the program served approximately 620 students and cost the state $2.7 million. In the current school year, 1,832 students are participating, at a cost of $9.7 million.[15] This equates to an average cost of approximately $5,300 per student.[16] The program is funded entirely from the state's general fund.[17]

A Pilot Program voucher provides either 90% of total state and local funding per pupil as calculated under the state's Minimum Foundation Program (MFP) or the cost of the private school's tuition and fees, whichever is less.[18] By way of example, if the per-pupil MFP funding for Orleans were $8,500, then the voucher would cover up to $7,650 in tuition and fees. For special education students, an additional amount equal to the federal funding for that student is included in the voucher.

To participate in the Pilot Program, a private school must meet very minimal requirements. It must be approved, "provisionally" approved, or "probationally" approved by the state Board of Elementary and Secondary Education (BESE) and comply with certain nondiscrimination requirements.

To receive unqualified approval, a school must meet minimal standards relating to curriculum, class size, school year and minimum educational standards for principals and teachers. Schools labeled provisionally approved are either new schools still in the approval process or schools with some deficiencies (such as large class sizes or inadequately trained staff). Probational approval indicates that a school's principal or staff fails to meet educational standards or that the school has operated under provisional approval for the past two years without remediating its deficiencies.

Academically acceptable public schools located in Orleans Parish are also eligible to participate. To date, none has.

Participating schools must use an open admissions process in enrolling voucher recipients.[19] In the event that applications exceed the number of spaces available, the spaces are assigned by lottery.[20] While a school cannot impose additional eligibility requirements on applicants, accepted students are subject to the school's academic, disciplinary and other standards and policies.

Participating schools are required to administer the state LEAP and iLEAP assessment tests to all voucher students and to undergo a limited audit.[21] Private schools are not required to meet any academic standards or to produce any specified results for its voucher students. There are no consequences for poor academic performance.

The Department of Education is required to prepare an annual report that includes the number of students receiving vouchers, a list of participating schools, the number of voucher students in each, and aggregate test data for each school.

Assessment

The Pilot Program is still young and has generated insufficient data to allow for a definitive assessment of program

Table 1: Analysis of 2010-11 Test Data for Voucher Students

Grade Level	Assessment Index
3	63.8
4	51.5
5	41.7

Source: BGR calculations based on Department of Education data. The assessment index is a weighted composite score of test results. The calculations do not include any incentive points for students who retook the test because the data were not available. The assessment index accounts for 90% of the school performance score for grades K-6. Attendance data, which BGR did not have, account for the balance of the score. In 2010-11, schools with school performance scores below 65 received an F grade. The maximum number of points that a school could receive for attendance was slightly more than 18.

results. The Department of Education reports a high level of parent satisfaction with the program.[22] However, the data available so far show little in the way of academic success for voucher students as a group. The data also reveal some startling weaknesses that should be addressed before the program is rolled out statewide.

BGR examined the available data through several lenses.

First, it reviewed the aggregate test data for voucher students taking the LEAP and iLEAP tests (third, fourth and fifth graders) in 2010-11. Using a modified version of the state's methodology,[23] BGR converted the information into an assessment score index[24] and a letter grade for each grade. It found that voucher students in third grade were scoring significantly higher than voucher students in the fourth and fifth grades. It also found that voucher students as a group were performing at an F level.[25] (See Table 1.)

Second, BGR calculated the number of voucher students scoring at Basic or above on the English and math tests. It found that, at each grade level, voucher students were performing at a level that equated to a D or an F under the state's accountability system. (See Table 2.)

Third, BGR compared the number of voucher students scoring at Basic or above on the third grade iLEAP test for each testing year since the program began. Although students were still performing at a D level, performance was improving over time. This is an encouraging sign. (See Table 3.)

Fourth, BGR compared the math and English test results of voucher students against those of students attending aca-

Table 2: Voucher Students Scoring at Basic or Above on English and Math, 2010-11

Grade	Subject	Total Voucher Students Tested	Voucher Students Scoring at Basic or Above	% Voucher Students Scoring at Basic or Above	Letter Grade Equivalent
3rd	English	163	75	46%	D
	Math	163	77	47%	D
4th	English	157	72	46%	D
	Math	157	49	31%	F
5th	English	147	57	39%	D
	Math	147	37	25%	F

Note: Total number of voucher students and number scoring at Basic or above were provided by the Department of Education. They differ from those posted online for the corresponding LEAP and iLEAP tests. Percentage and letter grade equivalent were computed by BGR using the department's revised numbers. F means that 0% to 38% of students scored at Basic or above. D means that 39% to 63% scored at Basic or above.

Table 3: Third Graders at Basic or Above, By Year

Grade	School Year	Total Voucher Students Tested	Voucher Students Scoring at Basic or Above	% Voucher Students Scoring at Basic or Above	Letter Grade Equivalent
English	2008-09	90	30	33%	F
	2009-10	126	46	37%	F
	2010-11	163	75	46%	D
Math	2008-09	90	22	24%	F
	2009-10	126	37	29%	F
	2010-11	163	77	47%	D

Note: Total number of voucher students and number scoring at Basic or above were provided by the Department of Education. They differ from those posted online for the corresponding LEAP and iLEAP tests. Percentage and letter grade equivalent were computed by BGR using the department's revised numbers. F means that 0% to 38% of students scored at Basic or above. D means that 39% to 63% scored at Basic or above.

demically unacceptable Recovery School District (RSD) schools. It found that voucher students outperformed RSD schools in the third grade by five and seven points. RSD and voucher students performed at the same level in fourth-grade English. RSD students outperformed the voucher students in fourth-grade math, and in fifth-grade English and math by one to 12 points. (See Table 4.)

Finally, BGR examined the limited data that are available for individual schools. The results at the individual school level are more alarming than those for the program as a whole.

Table 4: Voucher Students and RSD Academically Unacceptable Schools, 2010-11

Grade	Subject	% Voucher Students Scoring at Basic or Above	Letter Grade Equivalent	% RSD Students Scoring at Basic or Above	Letter Grade Equivalent
3rd	English	46%	D	39%	D
	Math	47%	D	42%	D
4th	English	46%	D	46%	D
	Math	31%	F	42%	D
5th	English	39%	D	40%	D
	Math	25%	F	37%	F

Note: Total number of voucher students and number scoring at Basic or above were provided by the Department of Education. They differ from those posted online for the corresponding LEAP and iLEAP tests. Percentage and letter grade equivalent were computed by BGR using the department's revised numbers. F means that 0% to 38% of students scored at Basic or above. D means that 39% to 63% scored at Basic or above.

The data available for individual schools show wide variations among participating schools. Two schools did very well, with more than 80% of their voucher students performing at Basic or above in English and math. Their performance exceeded the state average and the RSD average. At the other six schools, voucher students scored well below the RSD average. In four of them, the students' performance fell below that of any RSD school. At those schools, a mere 13% to 26% of voucher students performed at Basic or above.[26] Those four schools contained 486 voucher students.[27]

Due to privacy laws, the information on individual school test results is more limited than voucher students as a group. Student achievement data for individual schools are available only when the school had at least 10 voucher students in the tested grade.[28] As a result, school-specific data are available for only 15% of voucher students and eight of the 33 schools that participated in the Pilot Program during the 2010-11 school year.[29] However, the eight schools contained 62% of all voucher students.[30]

As noted at the outset of this analysis, the data on voucher student performance are very limited. The data that are available indicate that test results for voucher students are improving at the third grade level. Collectively, however, voucher students are still performing at an F level. The test results for individual schools indicate that voucher students in three-fourths of the schools are performing at a level below the average for RSD schools. At half of the schools, voucher students are performing below the lowest-scoring RSD school.

The poor scores at some schools may be symptomatic of the Pilot Program's inadequate eligibility and accountability requirements for participating schools. These and other fundamentals for a successful voucher program will be discussed later in this report.

BGR notes that the state itself lacks adequate information to make an informed decision on expanding the Pilot Program statewide. Furthermore, it has yet to conduct an in-depth analysis of the program. That raises the question of whether it can indeed be called a "pilot program."

The Proposed Statewide Expansion

The Statewide Program proposed by the Governor would have a far greater reach than the Pilot Program, expanding from a single parish to all 64 and from a K-6 program to K-12. But the differences between the programs go well beyond those expansions.

With respect to student eligibility requirements, the Statewide Program would retain the current income cap for participants and continue to allow all kindergarten students who meet the income level to participate. However, it would significantly broaden the range of students who are eligible at other grade levels. Under the Pilot Program, eligibility for those students is restricted to those attending academically unacceptable schools. This category includes most, but not all, schools that receive an F under Louisiana's school and district accountability system. The Statewide Program would expand eligibility to students who attend schools with grades of C or below.[31] Based on numbers from the Department of Education, this means that voucher students could be drawn from 955 schools, as opposed to the 15 academically unacceptable schools in Orleans Parish.

For the most part, private school eligibility requirements would remain the same. A school would merely have to meet the state's minimal requirements for operation. However, the Statewide Program would loosen the already slack requirements for newly formed schools. Under the Pilot Program, schools in operation for less than two years must limit their enrollment of voucher students to 20%. The requirement can be waived only if the entity running the school demonstrates a proven record of success in operating schools. But the Statewide Program would allow a waiver for entities with no such track record, provided that the school operators post a letter of credit or surety bond. The legislation is silent as to the amount in the letter of credit or surety bond.

Public schools would be able to accept voucher students, but only if they have a school accountability grade of A or B. They could accept voucher students from other jurisdictions. Voucher funding would follow the student from the jurisdiction in which he resides.

As in the Pilot Program, voucher students would be required to take the LEAP or iLEAP test. There would be no academic standards or consequences for poor performance.

Vouchers would continue to cover tuition and fees up to a cap. In the Statewide Program, the cap would increase from 90% to 100% of the per-pupil allocation under the MFP.

Funding for the Statewide Program would come from the MFP, rather than the state general fund. Voucher payments would be deducted from the state and local portions of the MFP on a pro rata basis. If the voucher payment were less than the per-pupil allocation under the MFP, then the remainder of the allocation would return to the state and the local school districts on a pro rata basis.

The Statewide Program would expand reporting requirements to include, among other things, the rate at which

The Milwaukee Parental Choice Program

The first major publicly funded school voucher program began in Milwaukee in 1990. The Milwaukee Parental Choice Program was created to provide scholarships for students from low-income families to attend private, non-parochial schools.[32]

In the first year of the program, 341 students and seven schools participated.[33] Initially, the program was limited to 1% of the Milwaukee school district's student population.[34] Participation was open to K-12 students who resided in Milwaukee and whose family income did not exceed 175% of the federal poverty level.[35] In 1995, the enrollment cap was increased to 15% of the Milwaukee school district's population, and religious schools were included.[36]

The program has grown to serve more than 23,000 students.[37] The cap on program size has been removed entirely and the income eligibility cap has been raised significantly, to 300% of the federal poverty level.[38] In 2011, this amounted to approximately $67,000 a year for a family of four.[39] Milwaukee no longer requires that new voucher students attend a public school the previous school year. Once a child is admitted to the program, he is eligible to continue to receive voucher assistance even if his family's income later exceeds the limit.[40]

As of September 2011, 106 private schools participated in the voucher program, with a total enrollment of 23,198 students.[41] The maximum voucher amount for 2011-12 was $6,442, and the total cost of the program is estimated at $144.3 million.[42] Approximately 38% of the funding for the Milwaukee Parental Choice Program comes from a reduction in state general aid to the Milwaukee Public School System (approximately $55 million in 2011-12); the remaining 62% comes from general state revenue (approximately $89 million in 2011-12).[43]

In fiscal 2011, the state saved nearly $52 million dollars due to the substantially lower per-pupil costs of vouchers versus the per-pupil costs of educating students in the Milwaukee Public Schools ($10,013 in 2011-12).[44] But under the program's funding formula, state per-pupil aid for voucher students ceases to flow to Milwaukee, and a large portion of the voucher expenses, approximately 38%, continues to be deducted from Milwaukee's aid allotment.[45] The city of Milwaukee is permitted to offset the voucher deduction from state aid by raising property taxes, and the city has done so to maintain revenue.[46]

voucher students finish the highest grade level at each school, the retention rate for such students, and the percentage of parental satisfaction at each school. Current reporting requirements provide the total number of voucher students, a list of participating schools and the number of voucher students at each, and the aggregate test results on state assessments for voucher students at each school.

The bill creating the Statewide Program would prevent BESE from imposing any additional regulations on participating schools beyond those set forth in the bill. As this report will discuss, there are no meaningful academic accountability provisions.

ISSUES RELATED TO PROGRAM DESIGN

The stated purpose of the proposed Statewide Program is to help the state fulfill its obligation to make quality education available to all Louisiana children.[47] The introductory findings in the law observe that private schools can offer such an education and that it is in the public interest to provide Louisiana students with access to the opportunities that private schools provide.

A white paper released by the Department of Education on March 6 elaborates on the underlying purpose. It indicates that the proposed 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.[48]

The goal is a worthy one. Clearly, no student should be condemned to a failing school.

However, good intentions are not enough. To achieve its underlying purpose, a program must be structured properly. It should contain standards, limitations, accountability provisions and other measures that work strategically to implement the program's goals. Without them, the program will underperform or waste taxpayer money.

There are five key elements in the design of voucher programs that affect whether, and to what extent, a program is achieving its purpose: eligibility requirements for students, eligibility requirements for schools, school accountability requirements, reporting requirements and financial structure. Unfortunately, the proposed Statewide Program has serious shortcomings in four of these areas.

Student Eligibility

One of the main arguments made by voucher proponents is that vouchers help lower-income families get access to better educational opportunities by enabling them to send their children to schools they otherwise could not afford.

Of the five active programs in other states that BGR reviewed, three impose income requirements. The income caps range from 185% of the federal poverty level in Washington, D.C., (about $43,000 in 2012 for a family of four) to 300% of the federal poverty level in Milwaukee and Racine (about $69,000).[49] The programs for Cleveland and Ohio have no income requirements, but give preference to students from families with incomes at or below 200%.

Under the proposed Statewide Program, family income cannot exceed 250% of the federal poverty level (about $58,000 for a family of four in 2012). This is slightly higher than the median income for a family of four in the City of New Orleans, based on 2010 data from the U.S. Census Bureau.[50] It is about 18% below the median income in the New Orleans metropolitan area and 12% below the median income in the state, based on the 2010 numbers. According to the Department of Education, 86% of public school families have incomes at or below the program's cap.

With the exception of the Milwaukee program, voucher programs outside Louisiana require that students entering them have attended a public school the previous year. Without such a requirement, governments run the risk of unnecessarily picking up the tab for students who would attend private schools regardless of the government subsidy.

Milwaukee's wide open approach, coupled with a generous increase in the income eligibility requirement in 2011, has had a predictable result. For the 2011-12 school year, the total number of vouchers increased by 12%, and much of the growth appears to have come from students already enrolled in private schools.[51] In 56 schools, the growth of voucher use exceeded the overall enrollment growth.[52]

Despite the rhetoric about vouchers helping students to escape poor-performing schools, most voucher programs do not require that voucher students come from such schools.

Louisiana's proposed Statewide Program would limit participation to students who attended a C, D or F school or who are entering kindergarten. Both limitations are overly broad and would pick up students who are not trapped in poor-performing schools. C schools are, by definition, average, and a kindergartener may have access even to an A or B public school right down the street.

The Statewide Program would greatly expand the pool of eligible students. According to the Department of Education, it would grow from 15 to 955 schools. Nearly 450,000 students attend those schools, and most of them would qualify under the family income requirements.

One of the most laudable goals of voucher programs is to provide a better education to low-income children who truly have no other options. Achieving this goal requires the proper combination of income limitations and school-based restrictions. If the eligibility requirements are too broad, then the government runs the risk of providing unnecessary subsidies and creating excessive demand for a limited number of spots.

Allowing students from C schools to qualify for vouchers is undesirable for a couple of reasons. First, it deviates from the goal of helping students trapped in failing schools. Second, it actually makes it more difficult to address the needs of those students by creating a larger potential pool of students competing for a limited number of vouchers.

The Department of Education estimates that about 384,000 public school students would qualify for vouchers under the Statewide Program.[53] This is about 55% of the total public school population in Louisiana. Rather than throwing the doors wide open to more than half of the students in the state, Louisiana should consider a more limited expansion of the program. It could limit the program in several ways:

- Lowering the income cap for eligible students.
- Limiting the eligible pool of kindergarteners to those who would be forced into D or F schools by attendance zone or other restrictions.
- Limiting the eligible pool of students in grades 1-12 to those who attend D and F schools, rather than expanding the program to include C schools.
- Alternatively, giving students attending D or F schools a preference.

Private School Eligibility

If the purpose of a voucher program is to improve education for participating students, then the schools that receive voucher students should be better than the public schools those students left behind. As discussed earlier, it is clear from the limited data available on individual schools in the Pilot Program that this is not the case. Four of the eight schools for which testing data are available performed worse than any RSD school.

These poor scores may be symptomatic of inadequate eligibility and accountability requirements. In order to partici-

pate in the Statewide Program, a private school would need only to have been approved, provisionally approved or probationally approved by BESE. It would not have to meet any academic standard at the time it enters the program or afterwards. This is in sharp contrast to the requirements for public schools, which would need to have a school performance grade of A or B to participate in the program.

In fact, even a newly founded private school could participate, as long as voucher students do not exceed 20% percent of total enrollment during the first two years of operation. What's more, that limitation can be waived if the governing authority of a school shows a successful track record in operating other schools, or if it submits a letter of credit or surety bond.[54] The latter requirement bears no relationship to academic performance.

The Statewide Program is not unusual when it comes to school eligibility. Requirements for initial eligibility in voucher programs are typically rather minimal. Cleveland's program and the statewide program in Ohio require only state licensing.[55] Indiana requires accreditation by an education accreditation agency. Washington, D.C., requires that faculty members teaching core classes have baccalaureate degrees.[56] Wisconsin requires both accreditation and that all faculty members and administrators have bachelor degrees.[57]

The state should limit the pool of eligible schools to qualified institutions. It goes without saying that schools with provisional or probational approvals should not be allowed to participate. Beyond this most basic limitation, there are a number of options for strengthening the initial eligibility requirements:

- Limit the program to schools that score higher under the state's testing regime than the schools from which voucher students are drawn. For example, if students in schools with a performance grade of D or F are eligible for vouchers, participating schools would need a grade of A, B or C.

  To fully implement this option, the entire student body of a school interested in receiving voucher students would have to take the state's assessment tests (such as LEAP and iLEAP). Currently, in private schools only voucher students take them. In addition, schools would have to provide the state with the other information that goes into the school performance score.

  Indiana's program is the only one reviewed by BGR that requires testing of the entire student body. The requirement kicks in only after a school accepts voucher students.

- Limit the program to schools that score highly under a rigorous alternate evaluation program. That program could consider qualitative factors, such as teacher qualifications and the strength of academic programs, as well as results from other testing programs used by private schools. However, those testing programs would have to meet quality standards specified by the Department of Education.

- Limit the program to schools that are accredited by a nationally recognized accreditation agency.

There are trade-offs, of course. Requiring schools to participate in the state testing regime is likely to discourage schools from participating in the voucher program. Requiring them to provide the Department of Education with data from tests they already take is a less burdensome measure. However, unless participating schools use the same testing, the results will not produce apples-to-apples comparisons among them. In addition, the quality of standardized tests varies.

Ideally, all participating schools would have to meet the eligibility requirements before accepting voucher students. However, there are less burdensome variations that the state could consider. For example:

- Instead of pre-qualifying schools, it might impose eligibility standards after a school joins the program. In that case, it would have to weed out unqualified participants after the fact.

- It might pre-qualify a school using the school's existing testing programs (provided it meets quality standards), but require the school to submit to the state's standardized testing once a school's voucher participation reaches a certain size.

Accountability

Sound accountability measures are necessary to ensure that voucher recipients are learning and taxpayer money is well-spent. Unfortunately, when it comes to academic performance, most of the voucher programs have very weak accountability provisions.

Academic Accountability. Only one program that BGR reviewed, Indiana's, takes significant steps to hold private schools accountable for academic performance. Indiana requires testing of the entire school, grades schools on an A through F basis and makes performance information available to the public on a school-by-school basis.[58] It imposes

the following consequences for poor performance:

- A school rated as D or F for two consecutive years receives a one-year suspension from accepting new voucher students.
- A school rated D or F for three consecutive years cannot accept new voucher students until it receives a C or higher for two consecutive years.
- A school rated F for three consecutive years cannot accept new voucher students until it receives a C or higher for three consecutive years.[59]

Indiana's accountability measures, while certainly the strongest in the nation, are not especially strict in holding schools accountable. Each year of a student's academic career is precious. If students are allowed to languish in failing private schools year after year, then the state is doing them a disservice and wasting taxpayer money.

Louisiana's proposed Statewide Program would require voucher students to take the state's standardized tests. However, it would not impose academic performance standards for schools or consequences for failure to meet them.

The state failed to include accountability measures in the original program design and has resisted efforts to add such requirements. During the 2011 legislative session, the Legislature passed a provision that would have eliminated from the program schools whose voucher students performed below the bottom 20% of RSD schools.[60] The Governor vetoed the measure. The Department of Education estimates that the provision would have eliminated 13 schools from program participation. Those schools enrolled 61% of the students in the Pilot Program.

If the goal of vouchers is to improve the educational prospects of recipients, then accountability measures must be crafted to ensure a better academic setting and improved achievement for voucher students. Participating schools should be required to meet the academic performance standards, based on results both for the student body as a whole and for voucher students in particular. The voucher students should collectively outperform the group of schools from which they came. Where this does not occur, the state should impose probationary periods, limit a school's ability to accept additional voucher students and eventually expel poor-performing private schools from the program.

Financial Accountability. Financial reporting requirements vary among voucher programs. Two programs reviewed for this report – Wisconsin and Indiana – have such requirements. Wisconsin requires participating schools to follow accounting standards established by the Wisconsin Department of Public Instruction, submit to annual audits, clearly demonstrate the per-pupil cost of the education provided, and annually demonstrate their financial viability.[61] Additionally, each school administrator must also participate in a state-approved "fiscal management and training program." Failure to comply with the state's financial reporting requirements results in immediate expulsion from the program.

Indiana law requires only that recipients of state funds submit a basic statement showing the sources and amounts of those funds. The state's Board of Accounts has the authority to conduct a more comprehensive audit of the organization if it deems it necessary.[62] Indiana does not specify a penalty for failing to submit the required form.

Private schools participating in the New Orleans Pilot Program are required to submit very limited audits to the state each year. The audits examine only whether the payments to the schools are accurate and in compliance with state laws.[63] Schools that fail to submit the required audits are placed on probation for a year. If they do not come into compliance within that time, they are ineligible to receive new voucher students until the state determines they are in full compliance.[64] These provisions would carry forward into the Statewide Program.

The reporting and audit requirements are inadequate to ensure that taxpayer money is being appropriately spent. If a school receives significant voucher funds, it should be subject to financial reporting and auditing requirements similar to those in place for charter schools.

An Informed Choice

Voucher programs are based on the premise that parents will make good educational choices for their children. This is possible, however, only if they have good information on the quality and performance of their options.

To this end, the Washington, D.C., program makes voucher students' aggregate test scores, retention, drop out, graduation and college admission rates available to the public on a school-by-school basis in a manner that does not disclose any personal information.[65] Other programs make public the data they gather from testing of voucher students or, in the case of Indiana, all students.

The Pilot Program requires the Department of Education to issue available data, including aggregate test performance data for voucher students in each school. Currently, the De-

partment of Education also publishes test scores for voucher students for each grade in each school, to the extent allowed by privacy laws. Unfortunately, due to the time that the program has been in existence, the limited number of students who have been tested and the constraints imposed by privacy laws, the information available to parents is limited.

The Statewide Program would retain the current information requirements relating to the annual report and require additional information on a number of useful measures. These include the retention rate of voucher students, the rate at which voucher recipients finish the highest grade level offered at a school, and information on parental satisfaction.

The state could help to inform parental choice by presenting relevant data in a way that makes information easier to digest and evaluate. This could take the form of a short guide presenting basic information and comparable achievement data on all public, private and charter schools in a given district. Currently, a parent interested in analyzing school performance has to make his own computations.

OTHER ISSUES RELATING TO ELIGIBILITY AND REFORM

Opening Up an Easy Road for New Schools

As Louisiana continues to expand on the concept of school choice, vouchers and charter schools will in some places exist side by side. But the standards and obligations that apply to schools participating in the voucher program are far weaker than those imposed on charter schools.

Charter schools are subject to a rigorous authorizing process that involves high standards and an intensive evaluation process. For schools chartered by BESE, that process is conducted by the National Association of Charter School Authorizers. Once a charter is approved, the operator enters into a contract agreeing to meet certain performance standards, and the school is subject to closure if it does not. A charter is treated as any other public school when it comes to testing, and it is subject to financial reporting and audit requirements of the Louisiana Legislative Auditor, and other requirements specific to charter schools.[66] It must contribute a percentage of the MFP allocated to its students to the public school system for administrative costs. It has to comply with state ethics laws and accept special education students on the same basis as other students.

By contrast, under the Statewide Program, voucher schools are merely required to meet the minimal requirements for opening a school. There are no academic performance standards or consequences for failure to meet them. Only voucher students are tested, and the financial reporting requirements are much more limited. Voucher schools do not have to contribute a portion of the MFP to the public school system or comply with state ethics laws. While they must accept special education students who are assigned to them through the voucher admissions process, they are not required to meet federal requirements for special education.

Because there are no limits on the number of voucher students that participating schools can take, a school can consist entirely of voucher recipients. Such a school is the functional equivalent of a charter school.

From a policy perspective, it makes no sense to impose stringent controls on a charter school while placing few on an equivalent voucher school. This creates an incentive for a prospective school operator who might otherwise have opened a charter school to take the easy road and pursue a voucher population instead. This is a loophole that should be closed.

Open Enrollment

Of the five voucher programs outside Louisiana that BGR reviewed, only two, the statewide programs in Indiana and Ohio, allow participating private schools to impose admission standards. The other three programs and the Pilot Program require participating schools to have open enrollment policies, and the Statewide Program would do so as well.

From one perspective, the open enrollment requirement is appealing. It gives all voucher students an equal shot at a publicly funded education at the private institutions. Without an open enrollment requirement, the most desirable schools could "cherry-pick" the top voucher students, leaving public schools with a greater proportion of lower performing students.

On the other hand, an open enrollment requirement could discourage many desirable schools from participating in the program at all. Well-regarded private schools often have some type of admission requirement, even if it consists of as little as an interview with a school administrator. It is one of the ways that such schools are able to maintain both their high academic expectations and a disciplined student body. To the extent that an open enrollment policy reduces participation, it works against the goal of opening up quality educational opportunities to students who would not otherwise have them.

FINANCIAL ISSUES

The New Orleans Pilot Program is currently funded through an allocation from the state's general fund.[67] For the 2011-12 school year, the Pilot Program cost the state $9.7 million.[68] The Statewide Program would be funded through the MFP, rather than the general fund.

The MFP is the state's method of funding public schools on an equitable basis throughout the state. Each year, BESE determines the cost of educating public school pupils. Taking into account local wealth and tax effort, it then allocates education funds to the various school systems. The allocation is made on a per-pupil basis.

In February, BESE passed a resolution to include the voucher program in the MFP formula for the 2012-13 school year.[69] If the State Legislature approves the proposed change, voucher students would be included in the MFP calculation for each school district. Funding equal to the value of their vouchers would be taken from the local and state portions of the MFP allocation on a proportionate basis. That funding would then follow those students to private schools. If the MFP funds attributable to a voucher student exceeded the voucher's value, the excess would return to the local school system and the state on a proportionate basis.

The proposed funding mechanism poses serious constitutional and other legal issues. Under the Louisiana Constitution, the purpose of the MFP formula is to determine "the cost of a minimum foundation program of education in all *public elementary and secondary schools* as well as to equitably allocate the funds *to parish and city school systems*."[70] (Emphases added.) The resolution attempts to skirt the issue by referring to voucher recipients as "public school students." But the reality is that they do not attend, and may never have attended, public schools. They are private school students attending schools that are outside of the public school system.

There is another potential legal problem with the proposed funding mechanism. In many cases, the local share of the MFP comes from taxes dedicated by voters to the school system for specific purposes. To the extent that the Statewide Program picks up these funds, it would violate the purpose for which the taxes were authorized. To the extent that the dedicated millages support general obligation indebtedness, reallocating the funds would also run afoul of contractual commitments to bondholders.

The financial impact of the proposed funding change on public school systems is unknown. It would vary depending on multiple factors, including the number of voucher students and tuition levels. If the Pilot Program had been funded through the MFP in 2011-12, Orleans Parish public schools would have received additional funding of approximately $900,000.[71] However, as the average voucher value rises, the gain is likely to turn into a loss. The average voucher amount has increased by 26% over the last four years.

Jefferson Parish public school officials are unable to predict the number of students that will participate in the voucher program. As an example, however, they estimated that a loss of 200 students would result in a funding loss of approximately $1 million.

Any revenue loss attributable to the voucher program would not necessarily be accompanied by a corresponding reduction in a system's costs. Certain costs, such as debt service, are fixed. Others, such as pension liabilities, must be met regardless of the number of students in a system. As the number of students in a system declines, those costs consume a higher proportion of the funding available for the remaining students, reducing the amount available for classroom instruction and related services.

Other costs may or may not decline, depending on the scale of voucher usage in a parish and the distribution of the students using the vouchers. For example, if voucher students come in small numbers from many grades and schools throughout the system, teaching, facility and operating costs are likely to remain the same. On the other hand, if the exodus reaches a critical mass at one or more grade levels, it may be possible to lower costs by reducing the number of classes or closing schools. The ability to reduce central office costs would also depend on the scale of the exodus.

The proposed formula for vouchers under the Statewide Program is very generous. Under it, eligible students can receive up to 100% of a district's per-pupil funding, or the maximum amount of tuition and fees charged at the participating school, whichever is less.[72] For the 2011-12 school year, the average amount of a voucher was $4,863 per student. The per-pupil amount under the MFP in New Orleans was about $8,486.[73]

Allowing a voucher to take 100% of the MFP allocation is problematic for a number of reasons. First, under that scenario, the revenue loss to the system will not be offset by a commensurate reduction in costs. The per-pupil burden for debt and other unavoidable costs and obligations will rise, reducing the resources available for other purposes.

Second, a portion of a school system's per-student MFP allocation is attributable to bonus funds for special education and other at-risk students. Within the public school systems, those funds are reallocated to the special education

students. In essence, after the reallocation, only a portion of the MFP is available for regular students. If 100% of the MFP follows a regular voucher student outside the system, the school system is losing resources that were intended for its special education students. While funding for that purpose is leaving, the obligations and costs relating to special education are staying behind. In addition, under that scenario, the private school is receiving a higher percentage of the MFP than the public school system has available for its own regular students.

As this section has discussed, vouchers are not a revenue-neutral prospect for local school systems. If the revenue loss that vouchers cause is significant, the students left behind in public schools may suffer, and school systems may turn to local property taxpayers with requests for tax increases. The state should consider structuring voucher funding in a manner that minimizes the financial impacts on school districts. Possibilities include one or more of the following:

- Continue to fund vouchers through the state general fund, rather than the MFP, separating the funding source for vouchers from the funding source for public schools.
- Cap the number of vouchers available in any system at a level that would not have significant financial impacts on public schools.
- Limit the value of vouchers to the state portion of the per-pupil allocation under the MFP and take all voucher payments from the state share of the allocation.
- For each voucher, exhaust the state portion of the per-pupil MFP allocation before tapping the local share.
- 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.
- Reduce the percentage of tuition covered by vouchers across the board or create a sliding scale that sets the voucher's value on the basis of a family's income.

CONCLUSION

In theory, school vouchers present an attractive option on the school choice menu. However, without the proper framework and safeguards, a voucher program will not live up its promises and could do damage to public schools.

Creating an effective program depends on getting five elements right: student eligibility, school eligibility, school accountability, public information and financial structure.

One of the stated goals of vouchers is to save low-income students from poor-performing schools. Therefore, student eligibility requirements must be designed to target students who would not otherwise have access to a quality school. The proposed eligibility requirements are too generous in that regard.

The premise behind vouchers is that they will allow students to attend private schools that are better than the public schools to which they have access. This will happen, however, only if the pool of eligible participating schools is limited to schools that deliver a higher quality of education. If the state's position is that C, D or F public schools are not good enough for voucher students, then private schools of that quality should not be good enough for them either.

Unfortunately, the proposed program lacks the eligibility and accountability standards needed to ensure that the participating schools are better than the public schools that voucher students are leaving. Unless the state sets and enforces serious performance standards for schools, vouchers could simply provide a ticket out of a poor-performing public school into a poor-performing private school.

The proposed program also lacks performance standards for voucher students as a group and consequences for schools if they fail to educate them well.

To hold schools accountable, the state will need comprehensive performance data. It should make that information readily available to the public in an easily digestible format. Without information on the variations in quality among participating private schools, the parental choice that is a vaunted component of voucher programs becomes meaningless.

Finally, there is the financial impact of vouchers. While it is impossible to predict the ultimate impact of the proposed voucher program, it has the potential to create serious financial hardship for school systems. Both the proposed funding source and the proposed voucher value contribute to the risk. Funding the program through the state and local shares of

the MFP redirects an unknown portion of limited local funding to private schools. Unless that transfer is offset by increased state funding within the MFP, a school system faces a revenue loss, which is not likely to be completely offset by reduced expenses. The risk of a loss without a corresponding reduction in expenses is exacerbated by the program's very high cap, which allows a voucher to consume the entire MFP attributable to a student.

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 grade 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.

END NOTES

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6 D.C. Opportunity Scholarship Program, "Program Fact Sheet, 2011-2012," October 2011; Milwaukee Parental Choice Program, "MPCP Facts and Figures, 2011-2012," November 2011.
7 The Cleveland Scholarship and Tutoring Program and the Statewide Ohio EdChoice Program both have preferences for students whose family income is under 200% of the federal poverty level, but no cut-off for income.
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12 Ibid, p. 10.
13 La. R.S. 17:4013(3)(a)-(c).
14 La. R.S. 17:4018(A).
15 Louisiana Department of Education, *Student Scholarships for Educational Excellence Program*, p. 4.
16 BGR calculation based on numbers provided by the Department of Education in the *Student Scholarships for Educational Excellence Program* annual report.
17 La. R.S. 17:4016(D).
18 La. R.S. 17:4016(A). If a school does not charge tuition, the voucher value is based on the actual cost of educating a student plus the cost of administering state tests. La. R. S. 17:4016(B).
19 La. R.S. 17:4022(2).
20 La. R.S. 17:4015(3)(b).
21 La. R.S. 17:4023; La. R.S. 17:4022(4).
22 Louisiana Department of Education, *Student Scholarships for Educational Excellence Program*, Appendix.
23 The scoring system gives schools extra points for students who retake the test. BGR did not have access to such information and therefore did not include it in the calculation.
24 The assessment index is a component of the School Performance Score that BESE assigns to each public school in Louisiana. It is based on the results of LEAP and iLEAP tests. It accounts for 90% of the School Performance Score for grades K-8.
25 In doing this calculation, BGR assumed that voucher students' attendance rate was 95%, the state's attendance goal. To achieve a school performance score above F, attendance for voucher students would have to equal 99.6% over a two-year period.
26 BGR calculations based on data provided by the Louisiana Department of Education. To calculate the percentage of students scoring at Basic or above, BGR averaged the percentages for English and math.
27 BGR calculation based on information provided by the Louisiana Department of Education.
28 La. Admin. Code, 28:79, BESE Bulletin 118, Sec. 111.
29 Louisiana Department of Education, *Student Scholarships for Educational Excellence Program*, p. 8.
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31 SB 597 (2012).
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33 School Choice Demonstration Project, "Milwaukee Parental Choice Program Introduction," www.uaedreform.org/SCDP/Milwaukee_Research.html.
34 Wis. Stat., Sec. 119.23(1)(b) (1989-1990).
35 Wis. Stat., Sec. 119.23(2)(b)(1) (1989-1990).
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37 Milwaukee Parental Choice Program, "MPCP Facts and Figures 2011-2012," http://dpi.wi.gov/sms/choice.html.
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39 Public Policy Forum, *Significant Growth in School Choice: More Schools, More Students, Fewer Limits on Income Eligibility*, February 2012, p. 1.
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44 School Choice Demonstration Project, *The Fiscal Impact of the Milwaukee Parental Choice Program:2010-2011 Update and Policy Options, December 2010,* p. 2.
45 Ibid. See also: Wisconsin State Legislature, Legislative Fiscal Bureau, Potential Effects of the Elimination of the Milwaukee Parental Choice Program on Public K-12 School Districts, May 6, 2011, www.schoolchoicewi.org/data/research/2011_05_06Suder3.pdf.
46 School Choice Demonstration Project, *The Fiscal Impact of the Milwaukee Parental Choice Program*, p. 2.
47 La. R.S. 17:4012(1).
48 Louisiana Department of Education, *Increasing Educational Options for Louisiana's Children: A Preliminary Plan to Expand the Student Scholarships for Educational Excellence Program,* March 6, 2012, p. 1.
49 In Indiana, household income cannot exceed 150% of the amount required to qualify for the federal free or reduced lunch program ($62,000 for a family of four in 2011).
50 According to the U.S. Census Bureau's 2010 American Community Survey, the median income for a family of four in Orleans Parish is $55,871. It is $69,857 in the New Orleans metropolitan area and $65,778 in the state.
51 Public Policy Forum, *Significant Growth in School Choice,* p. 3.
52 Ibid.
53 Information provided by the Louisiana Department of Education.
54 La. R.S. 17:4021(3)(b); SB 597, Sec. 4021(3)(b)(ii).
55 Ohio Rev. Code, Sec. 3313.976, and Ohio Admin. Code, Sec. 3301-11-11.
56 H.R. 1473 of 2011, Sec. 3007(a)(4).
57 Wis. Stat., Sec. 119.23(2)(a)(6)-(7).
58 Indiana Department of Education, *Indiana Choice Scholarship Program: Frequently Asked Questions – Eligible Schools*, September 2011, pp. 8-9.
59 Ibid, p. 8.
60 Committee of the Whole Amendments, HB1 225 2271 (2011).
61 Wis. Stat., Sec. 119.23.
62 Ind. Code, Sec. 5-11-1-9.
63 La. R.S. 17:4022(4).
64 La. R.S. 17:4015(10)(a)-(b).
65 H.R. 1473:3009(a)(4)(A)-(G).
66 La. R.S. 17:3996(F). The requirements are set forth in La. R.S. 24:513.
67 La. R.S. 17:4016(D).
68 Louisiana Department of Education, *Student Scholarships for Educational Excellence Program*, p. 4.
69 Louisiana State Board of Elementary and Secondary Education, MFP Concurrent Resolution, February 27, 2012.
70 La. Const. Art VIII, Sec. 13(B).
71 BGR calculated that state and local MFP funds in fiscal year 2011-12 would have totaled $330.8 million, if the 1,832 voucher students had been included in the formula. Approximately $9 million would have been spent on those vouchers (based on an average voucher amount of $4,863), and another $3.5 million would have been returned unused to the state. That would have left Orleans schools with a net MFP amount of $318.3 million, compared to actual budgeted MFP revenue of $317.4 million.
72 SB 597, Sec. 4016(A).
73 Number provided by Orleans Parish School Board.

APPENDIX A: PILOT PROGRAM AND PROPOSED STATEWIDE PROGRAM, COMPARED

Pilot Program	Proposed Legislation
• Scope: applies only to Orleans Parish; currently, K-6 (1 grade level added each year).	• Scope: expands program to entire state; K-12.
• Eligible student: resides in Orleans Parish; family income does not exceed 250% of the federal poverty level; and, is either entering kindergarten, was in an academically unacceptable public school the previous year (school performance score below 60), or received a scholarship the previous year and remains eligible.	• Eligible student: resides in Louisiana; family income does not exceed 250% of the federal poverty level; and is either entering kindergarten or was enrolled in a public school that received a grade of C, D or F, or received a scholarship the previous year and remains eligible.
• Funding: state general fund.	• Funding: MFP (state funding system for all public secondary and elementary schools). The state and the local school system share the voucher cost pro rata. The difference between tuition (plus fees) and the state allocation is returned to the state and local district proportionally.
• Scholarship amount: Either **90%** of MFP or total costs and tuition, whichever is less.	• Scholarship Amount: Either **100%** of MFP or total costs and tuition, whichever is less.
• Eligible public school: must be academically acceptable (school performance score of 60 or above).	• Eligible public school: must have an A or B performance grade.
• Eligible nonpublic school: must be approved, provisionally approved, or probationally approved by BESE and must comply with nondiscrimination criteria. If a school has been in operation less than 2 years, only 20% of students may be voucher students. This provision can be waived if the governing authority has a proven record of successfully operating other schools.	• Eligible nonpublic school: must be approved, provisionally approved, or probationally approved by BESE and must comply with nondiscrimination criteria. The 20% limit on voucher students for new schools can be waived if the governing authority has a proven track record, or if they submit a letter of credit or surety bond.
• Schools must use an open admissions process. A lottery is used to award scholarships if more students apply than there are seats available.	• Same.
• Participating schools must annually submit a limited audit of voucher payments.	• Same.
• School must accept voucher amount as full payment.	• Same.
• All voucher students must take state assessment test (LEAP & iLEAP).	• Same.
• The Department of Education must annually report: the number of scholarship students, a list of participating schools, the number of voucher students at each school and aggregate test results from each school.	• The Department of Education must annually report: the number of voucher students, a list of participating schools, the number of voucher students at each school, aggregate test results from each school, a list of all public C, D and F schools, the retention rate for voucher students, the levels of parental satisfaction and the rate at which voucher students finish the highest grade level at each school.

APPENDIX B: LOCAL AND STATE VOUCHER PROGRAMS

Program	Start Year	# Participants (2011-2012)	Grades and Enrollment Caps	Maximum Amount	Student Eligibility	Is Open Enrollment Required?	Recipient School Eligibility	Testing Requirements	Financial Reporting Requirements	Academic Standards for Private Schools and Consequences for Poor Performance
Cleveland	1995	4,945	K-12. No cap on enrollment, but subject to available funding.	90% of tuition for students from families with income below 200% of the federal poverty level, and 75% of tuition for those from families with income over 200% of the federal poverty level. Voucher is capped at $4,250 for students in grades K-8, and at $5,000 for students in grades 9-12.	Open to all students, but preference for students below 200% of the federal poverty level.	Yes.	Open to all licensed schools within the district, subject to various administrative requirements.	Voucher students must take state assessments. If a participating school has fewer than 10 scholarship students taking the assessment in a specific grade, the results are not reported.	None.	None.
Indiana	2011	3,919	1-12. Enrollment cap of 7,500 for 2011-12. Cap increases to 15,000 students next year.	Up to 90% of state tuition support for those qualifying for free lunch, and up to 50% of state tuition support for those earning at 150% of the income level necessary for free lunch. For grades 1-8, maximum award is $4,500.	Family income at or below 150% of the federal free lunch level.	No.	Open to all accredited schools.	Participating schools must administer state assessments to all students, not just voucher recipients. All schools are rated , and ratings are published.	Must submit a two-page form required of all non-governmental organizations receiving state money.	If school scores in lowest two cateogries for two consecutive years, payments for new students are suspended for one year. If in the lowest two categories for three consecutive years, payments for new students are suspended until school reaches middle rating or higher for two consecutive years. If school is in lowest category for three consecutive years, payments for new students are suspended until the school achieves a middle or better rating for three consecutive years.
New Orleans	2008	1,832	K-6. No cap on enrollment.	Up to 90% of the per pupil funding the student's public school district receives from state and local sources.	Family income at or below 250% of the federal poverty level. For grades 1-6, student must have attended an "academically unacceptable" school in the previous year.	Yes.	Open to all schools deemed approved, provisionally approved, or probationally approved by the Board of Elementary and Secondary Education.	Voucher students must take state assessments. If a participating school has fewer than 10 scholarship students taking the assessment in a specific grade, the results are not reported.	Participating schools must submit an independent audit of financial information necessary to determine per-pupil costs.	None.
Ohio	2005	15,117	K-12. Enrollment capped at 30,000 students for 2011-12, and at 60,000 students thereafter.	Up to $4,250 for students in grades K-8 and $5,000 for students in grades 9-12.	For students attending schools under “academic watch” or “academic emergency” by the state for two of last three years. Preference given to students with a family income at or below 200% of the federal povery level.	No.	Open to all licensed schools.	All voucher students must take state assessments and all scores are publicly reported. If a participating school has fewer than 10 voucher students taking the assessment in a specific grade, those results are not reported.	None.	None.
Washington, D. C.	2004	1,615	K-12. No cap on enrollment, but subject to available funding.	Up to $8,000 for grades K-8; up to $12,000 for grades 9-12.	Students with a family income at or below 185% of the federal poverty level.	Yes.	Open to all schools whose core faculty members have baccalaureate degrees or equivalent.	Voucher students must take state assessments, and scores are reported. Students who applied for vouchers but were not selected are also required to take assessment tests for comparison purposes. Participating schools must report to parents how their child compares to other grade level students at their school.	None.	None.
Wisconsin	City of Milwaukee, 1990; Racine, 2011	23,198 in Milwaukee; 228 in Racine.	K-12. No cap on enrollment.	The lesser of $6,442 or the operating and debt service costs per pupil at the participating private school, whichever is less.	Family income at or below 300% of the federal poverty level.	Yes.	Open to all schools that are accredited and whose faculty members and administrators have bachelor degrees.	Voucher students must take state standardized tests, and results are reported.	Participating schools must submit an independent audit of financial information necessary to determine per-pupil costs.	Each private school participating in the program must meet one of the following four benchmarks in order to remain eligible: 1) At least 70% of voucher recipients advance one grade level each year; 2) voucher recipients' attendance rate is at least 90%; 3) at least 80% of voucher recipients demonstrate significant academic progress; or 4) at least 70% of the families of voucher recipients meet parent involvement criteria established by the private school.

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