

Evaluation of the DC Opportunity Scholarship Program

An Early Look at Applicants and Participating Schools
Under the SOAR Act



Year 1 Report Executive Summary

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The research team for this evaluation consists of a prime contractor, Westat, of Rockville, Maryland, and two subcontractors: Pemberton Research of East Windsor, New Jersey, and University of California, San Diego. None of these organizations or their key staff members has financial interests that could be affected by findings from the evaluation. No one on the Technical Working Group, convened by the research team to provide advice and guidance, has financial interests that could be affected by findings from the evaluation.

Executive Summary

The District of Columbia Opportunity Scholarship Program (OSP) continues to be a focal point in debates about school choice policies. Aimed at improving academic performance in the nation's capital, the program provides tuition vouchers to low-income parents so that their children can attend private instead of public schools. While a few other cities and states also have voucher or private school scholarship programs, the OSP is the only one created and funded by the U.S. Congress.

This report—the first from a new evaluation of the program—focuses on how the OSP has been implemented in the 2 years since it was reauthorized under the Scholarships for Opportunity and Results (SOAR) Act of 2011. Because the 2011 law expanded the scholarship amount, the types of students who receive priority in receiving scholarships, and the accountability requirements for private schools, it could lead to changes in the mix of program participants. For that reason, the report not only describes the current status of the OSP under the SOAR Act but also takes a look back to the earlier years of the program since 2004 in order to provide some perspective on how it is now operating. Information for this analysis was drawn from a variety of sources, including records from the OSP program operator, federal databases, school websites, and published reports prepared under a prior evaluation of the OSP.

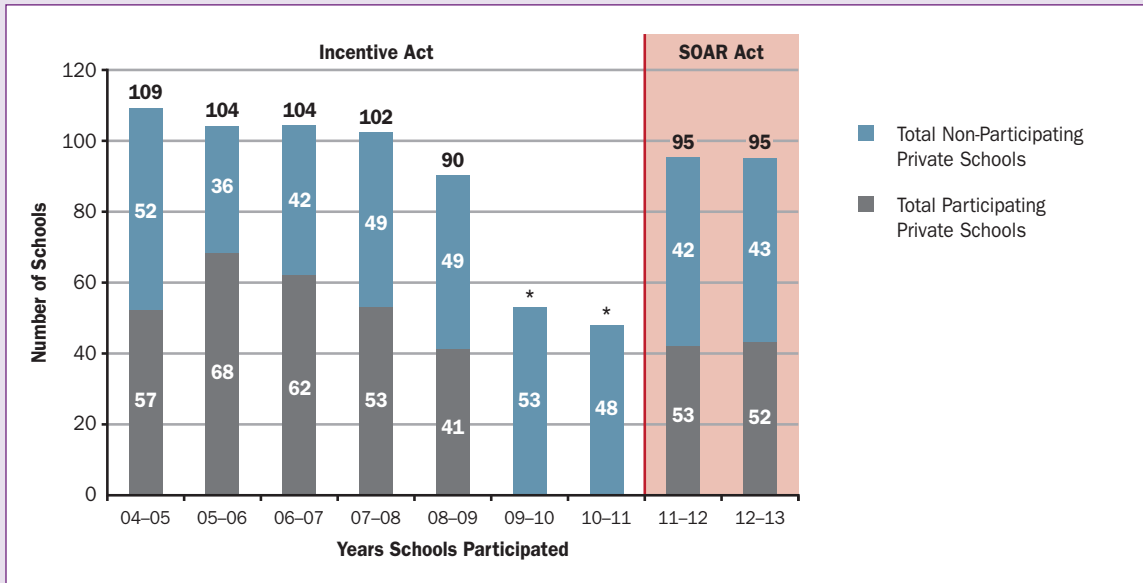
The report explores three questions about the schools, the applicants, and the award and use of OSP scholarships.

Private Schools: How many participate, and what are their characteristics?

School choice theory predicts that successful voucher programs will offer prospective parents an attractive set of school options and at the same time offer private schools an attractive payment and set of procedures. Examining the private schools that participate in the OSP and how they compare with other private schools and public schools suggests four key findings:

- **Just over half of all DC private schools participate, with a smaller core set involved since the program began.** The number of participating schools has shifted over time, from 57 in the first year the program was operating (2004–05) to a high of 68 the second year, to 52 in the most recent year under the SOAR Act (2012–13), with 33 schools involved in the program continuously since 2004–05 (figure ES-1). Exits from the program over time include nine schools that converted to public charter schools and could no longer receive OSP vouchers, four that shut their doors, and five that continued operating but withdrew from the program (figure ES-2). Across the years, participating schools have represented at least half of all private schools operating in DC. But after the first year, when 57 of 109 DC private schools (52 percent) signed on to the OSP, the share declined from 65 percent (2005–06) to 54 percent (2012–13). These trends suggest that the changes in the 2011 law have not drawn more private schools into the OSP.
- **Participating schools are more likely now than in the past to report tuition rates above the OSP scholarship amounts, to have no religious affiliation, to serve grades 9-12, and to have less diverse student populations.** The characteristics of the pool of private schools now available to OSP families differ from the earlier years of the program, comparing years for which comparable data are available (figure ES-3). Proportionally more schools participating under the SOAR Act in 2011–12 than in 2005–06 include high school grades (36 percent versus 22 percent). Proportionally fewer are affiliated with a religious denomination (62 percent versus 68 percent previously). Recent OSP private schools serve a smaller percentage of students from minority racial-ethnic groups than did schools participating in earlier years. Most important, a larger proportion of participating schools under the SOAR Act have published tuition rates that are above the legislated scholarship amount, while relatively few did under the earlier DC Choice Incentive Act (*e.g.*, 64 percent in 2011–12 versus 39 percent in

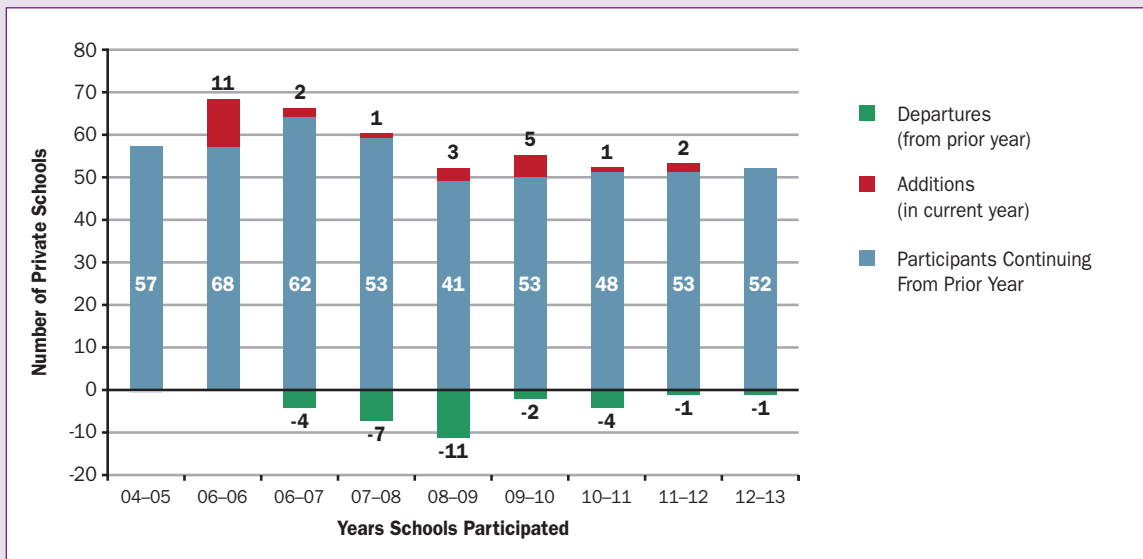
Figure ES-1 Total Number of DC Private Schools and Private Schools Participating in the OSP, 2004–05 Through 2012–13



NOTE: *2009-10 and 2010-11 were after the prior evaluation stopped collecting data. There are no reliable historic records of how many private schools existed during those years. Years refer to school years. The total number of private schools operating in DC each year is represented by the number at the top of each bar, with the bar divided into the number not participating in the OSP (top, blue shading) and the number participating (bottom, grey shading). So, for example, in 2004–05, out of 109 private schools in DC, 52 did not participate in the OSP while 57 participated.

SOURCES: Data for the total number of private schools are from *Evaluation of the DC Opportunity Scholarship Program: Final Report* (NCEE 2010-4018), the Private School Universe Survey (PSS) (<http://nces.ed.gov/surveys/pss/pssdata.asp>), and private school websites. Data for participating schools are from the Trust’s Participating School File.

Figure ES-2 Number of Private Schools Leaving, Joining, and Continuing in the OSP, 2004–05 Through 2012–13



NOTE: Years refer to school years.

SOURCE: Data for 2004–05 through 2012–13 are from the Trust’s Participating School File.

2005–06. The extent to which families pay the difference will be examined in future evaluation reports, taking into account patterns suggesting that OSP students cluster in participating schools that do not charge tuition above the voucher cap.

- **Private schools that currently participate in the OSP have been operating longer, are more likely to be religiously affiliated, and have larger class sizes than other private schools in DC.** The DC private school sector is diverse, with schools that vary in their selectivity, target populations, affiliation, and other characteristics. On average, participating schools have been in operation for 75 years and have a pupil-teacher ratio (a proxy for class size) of 9, compared to 50 years and 7 for those not participating in the program. A higher share of participating schools than non-participating private schools is religiously affiliated (64 percent versus 29 percent).
- **Compared to the public schools parents may be considering, participating schools are smaller, serve a higher share of White students, and are clustered in affluent areas of the city.** Parents of eligible applicants, if they receive a scholarship, have choices from among participating private schools and a wide variety of public schools, including charter and magnet schools spread across the district. These parents may view the characteristics of private schools as “proxies” for school quality because test scores cannot be compared across sectors. Participating private schools enroll fewer students (average of 243 versus 348) and have lower pupil-teacher ratios (“class size”) than traditional public and charter schools (on average 9 students per teacher versus 12). Participating schools also have a higher proportion of White students than public schools (on average 35 percent versus 6 percent). About 6 out of 10 OSP schools (57 percent) are located in the four most affluent sections of the city, in wards (clusters of neighborhoods) with average annual household income above \$100,000 (Wards 2, 3, 4 and 6).

Applicants: What is the nature of demand for the program among eligible students and families?

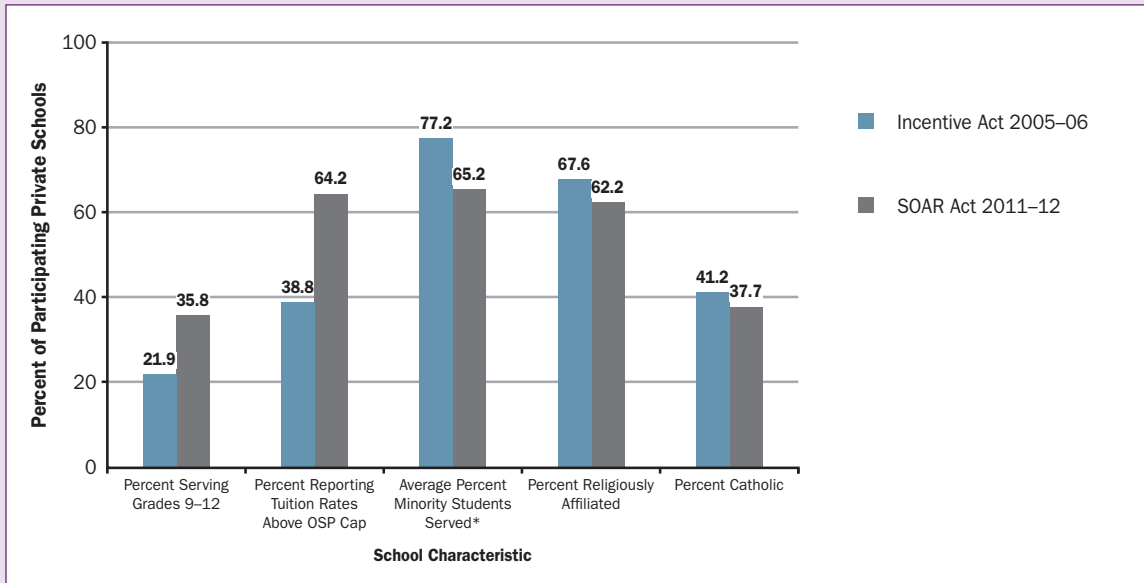
The 2011 re-authorization significantly increased funds for the program (from \$14 million per year under the earlier statute to \$20 million per year) in order to expand the availability of scholarships. The main available indicator of family interest in the OSP is applications to the program. But because the number and type of eligible applicants also reflect the decisions and efforts of the program operator and of the U.S. Department of Education, applications are best considered measures of “generated” demand, while the true demand for the program is unknown.¹ Exploring the nature of eligible OSP applications across years and the factors that may contribute to changes in demand suggests four key findings:

- **The number of applications taken has fluctuated, mostly along with funds available to admit new students.** Since the OSP began, the number of applications from eligible students has varied (figure ES-4). To some extent, the number of annual applications appears to be linked to key milestones in program operations. More students and families applied in the years immediately after the two congressional authorizations (2003 and 2011), when scholarship support for new applicants was most available. In contrast, in other years (2006–07 through 2008–09), the program operator scaled back recruitment because OSP funds were primarily used to support continuing students, with the remaining resources sufficient only to replace students leaving the program.² No applications were taken in 2009–10 and 2010–11 because Congress had closed the program to new students and provided funds only to support continuing scholarship recipients. However, despite the greater funding available under the first two years of the SOAR Act, there were fewer eligible applicants than during the comparable period of the earlier statute. There are no data available to explain these differences, though possible hypotheses include changes in program recruitment practices or the increase in public school choice options available to parents in DC over this period.

1 For the purpose of this report’s analysis, for example, eligible applicants are only those students eligible to receive a scholarship in a given year. For example, in some years, otherwise eligible students who were already attending private schools when they applied to the OSP were not permitted to enter lotteries to determine the award of scholarships because the legislation allows for targeting of OSP funds to families that cannot exercise school choice.

2 See p. 26 of a report prepared by the Government Accountability Office on the OSP under the DC School Choice Incentive Act, available at <http://www.gao.gov/products/GAO-08-9>.

Figure ES-3 Characteristics of Participating Private Schools Under the DC School Choice Incentive Act and the SOAR Act, 2005–06 and 2011–12

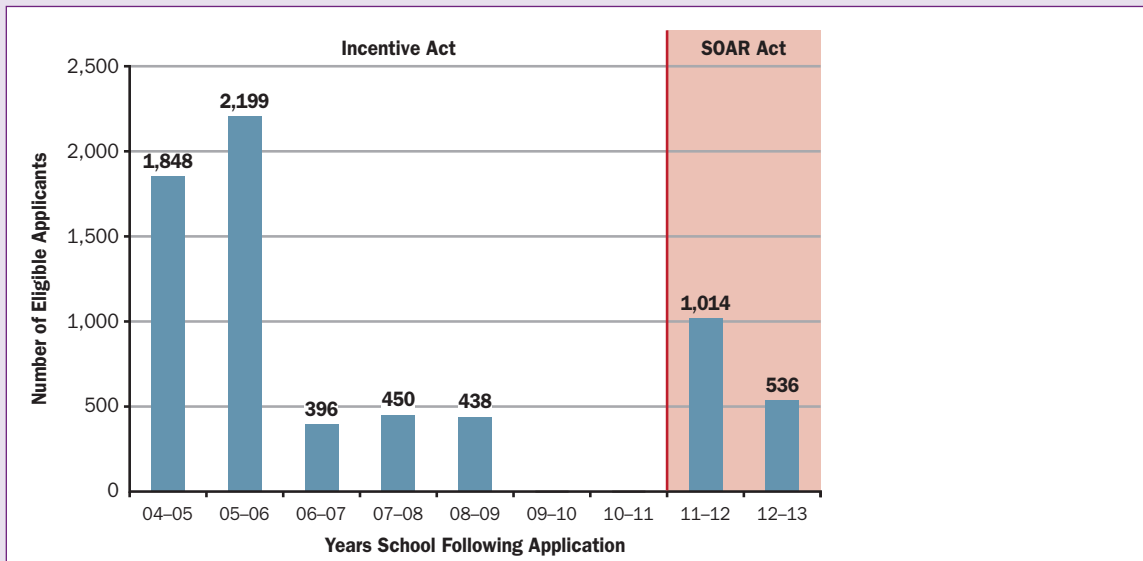


*“Average Percent Minority Students Served” is calculated as the mean of the percentage of each school’s student body that is from a minority racial-ethnic group (non-White).

NOTE: The 2011–12 school year (under the SOAR Act) and the 2005–06 school year (under the DC School Choice Incentive Act) are used to compare the characteristics of the program under the two statutes, with these specific years chosen because: (1) both time periods were soon after each statute was passed and when significant funds were available for new scholarships, and (2) comprehensive data from the earlier evaluation were available for the 2005–06 year that were not available for other years. Tuition data for participating schools in 2005–06 are available for 60 of the 68 schools and for all 53 participating schools in 2011–12. Years refer to school years.

SOURCES: Data for 2005–06 come from *Evaluation of the DC Opportunity Scholarship Program: Second Year Report on Participation* (NCEE 2006-4003); 2011–12 data are from the Trust’s OSP Participating School Directory and private school websites.

Figure ES-4 Number of Eligible Applicants, 2004–05 through 2012–13



SOURCES: Data for 2004–05 through 2008–09 are from *Evaluation of the DC Opportunity Scholarship Program: Final Report* (NCEE 2010-4018); data for 2011–12 and 2012–13 are from the Trust’s OSP Applicant database. Years refer to school years.

- Under the SOAR Act, OSP applicants represent fewer than 5 percent of eligible DC students. The law sets clear residency and family-income criteria to determine student eligibility.** Students must be residents of DC and have an annual household income within 185 percent of the 2011 federal poverty level (\$34,281 for a family of three and \$41,348 for a family of four). The OSP operator accepts free and reduced-price lunch eligibility as proof of meeting this income criterion. The 1,550 OSP applicants in the first 2 years under the SOAR Act (see figure ES-4) represent between 3 and 4 percent of the estimated 53,000 children in DC who meet the eligibility criterion.
- SOAR Act applicants are less likely to have attended a low-performing school than DC students potentially eligible for the program, but as likely to have attended a charter school.** In its “purpose” and “priority” sections, the SOAR Act (like its predecessor) emphasizes the goal of providing financial support to help disadvantaged students leave low-performing DC public schools (specifically schools designated as “schools in need of improvement” or “SINI” under the federal Elementary and Secondary Education Act) to attend private schools. Across both school years (2011–12 and 2012–13) under the SOAR Act, the percentage of eligible applicants from SINI schools (64 percent) was lower than the percentage of income-eligible students in DC attending SINI schools (75 percent). A similar proportion of recent OSP applicants and school-age children estimated to be eligible for the program attended charter schools (34 percent and 35 percent, respectively) (table ES-1).
- Most OSP applicants live in the lowest income neighborhoods in the District, where there are fewer participating private schools.** Parents typically consider location an important factor when choosing a school for their child.³ However, while 7 of 10 OSP applicants under the SOAR Act (69 percent total) live in wards with average annual household income below \$100,000 (Wards 1, 5, 7, and 8), these same wards include less than half (43 percent) of participating schools.

Table ES-1 Types of Schools Attended by Eligible Applicants at Time of Application Compared to Schools Attended by DC Students

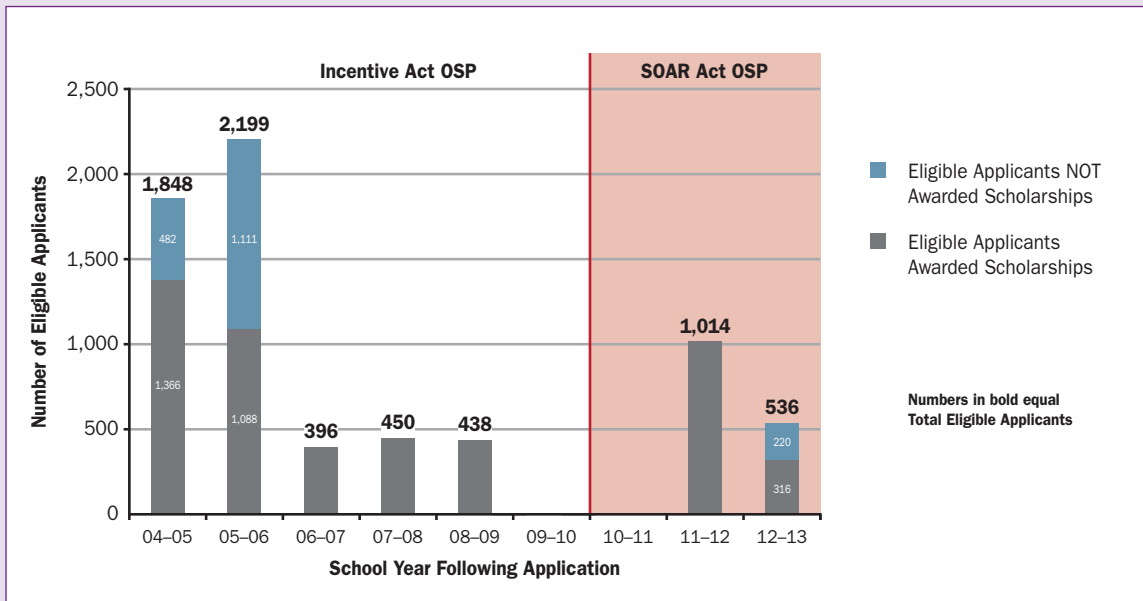
Type of School Attended	Eligible Applicants Under the SOAR Act			DC Students in Public and Private Schools, 2010–11	
	2011–12 (%)	2012–13 (%)	Both School Years (%)	All, Regardless of Income (%)	Potentially Eligible for OSP (%)
All Public Schools	74.1	100.0	82.2	81.7	96.1
Traditional Public Schools	44.6	56.2	48.3	51.6	61.0
Charter Schools	29.4	43.8	33.9	30.1	35.1
Private Schools	25.9	0.0	17.8	18.3	3.9
Total	100.0	100.0	100.0	100.0	100.0
SINI	52.7	89.6	64.3	61.3	75.2
Non-SINI and Private Schools	47.2	10.4	35.7	38.7	24.8
Total Percent	100.0	100.0	100.0	100.0	100.0
Total Number*	906	413	1,319	84,022	53,072

*Students entering kindergarten (N = 231) are excluded from the analysis because pre-Kindergarten students cannot be accurately designated as in public or private school programs. Totals do not sum to 100 percent due to rounding. Years refer to school years.

SOURCES: Data for eligible applicants come from the Trust’s OSP Applicant database; data on all students come from the Common Core of Data (<http://nces.ed.gov/ccd/>). SINI stands for schools identified as in need of improvement. Data for SINI designation for 2010-11 come from the DC Assessment and Accountability Data Report. SINI designations for 2011-12 and 2012-13 come from the Trust’s Lottery files.

3 For example, Schneider and Buckley (2002) report that racial makeup, school location, test scores, and the basic programs offered, in this order, are factors in parent decisions.

Figure ES-5 Number of Eligible Applicants Awarded Scholarships, 2004–05 Through 2012–13



SOURCES: Data for 2004-05 through 2008-09 are from *Evaluation of the DC Opportunity Scholarship Program: Final Report* (NCEE 2010-4018); data for 2011-12 and 2012-13 are from the Trust's OSP Applicant database. Years refer to school years.

Scholarships: To what extent is the OSP enabling students to enroll in private schools?

The purpose of the program is to help low-income DC residents attend private schools they might not otherwise be able to afford. But not all eligible students who apply to the program will receive an OSP scholarship. Nor will all students who receive a scholarship choose to use it. Identifying how many students are being given—and taking advantage of—the opportunity of a private school education through the program suggests three key findings:

- **The number of scholarships awarded varies over time.** Since its launch in 2004, the OSP has awarded 5,288 scholarships, with 1,330 awarded in the first two years of the SOAR Act. Annually, the number of awards has ranged from zero to 1,366. The number of scholarships awarded was less than the number of applicants when funding or open seats at private schools were limited and required the use of lotteries (2004–05, 2005–06, and 2012–13) (figure ES-5). Between 2006–07 and 2008–09, funds were available only to fill in for students who had opted out of their scholarship. No awards were made during the 2 years when the program was closed to new applicants (2009–10 and 2010–11).
- **About 7 in 10 students who receive an OSP scholarship use it the following year to enroll in a private school.** Under the SOAR Act so far, 72 percent of applicants receiving scholarships for the first time enroll in a private school, with an average across all years of 75 percent. The percentage of students who are offered scholarships but do not enroll (25–30 percent) is somewhat higher for the OSP under the SOAR Act than that of other voucher programs that previously operated in other cities. One factor that could contribute to this difference in use rates is that high school students are eligible for the OSP but were not in the other voucher programs, and lower proportions of these students use their vouchers compared to younger students (see next bullet item).⁴

⁴ See also table 3-7 in Wolf et al., *Evaluation of the Opportunity Scholarship Program: Second Year Report on Participation*, Institute of Education Sciences, 2006. This table shows that first-year scholarship use rates for OSP students in grades 9–12 was 51 percent, compared to 69 percent for students in middle school (grades 6–8) and 79 percent for students in grades K–5 (elementary school).

- **Older students, and those from disadvantaged schools and families, use the scholarship at lower rates than others.** The SOAR Act identifies students applying from SINI schools as a priority group for scholarships. Yet these students were less likely to take up this opportunity when offered to them (65 percent of those awarded scholarships) than were eligible applicants from non-SINI public schools (73 percent) or from private schools (90 percent). Students who were awarded scholarships and whose parents were not employed full-time or were unmarried also used their scholarships at lower rates than students from more advantaged families.