

# Background

No. 2137  
May 14, 2008



Published by The Heritage Foundation

## Improving Education in the Nation's Capital: Expanding School Choice

*Dan Lips and Evan Feinberg*

The District of Columbia is home to one of the nation's most troubled public school systems. The District spends \$14,400 for every child in public school—well above the national average and more than any of the 50 states.<sup>1</sup> The 2007 National Assessment of Educational Progress (NAEP) reported that Washington, D.C.'s fourth and eighth graders scored lower than any other students in the entire country.<sup>2</sup> The District also has one of the lowest graduation rates in America—59 percent according to one estimate.<sup>3</sup>

There is cause for some optimism: A growing number of District children are benefiting from the opportunity to attend a school of their parents' choice rather than being forced into a specific neighborhood school, regardless of how dangerous or academically deficient it might be. More than 20,000 children—about a quarter of the city's public school students—now attend one of D.C.'s 72 public charter schools.<sup>4</sup> More than 1,900 children are attending private schools using tuition scholarships through the D.C. Opportunity Scholarship Program during the 2007–2008 school year.<sup>5</sup>

But many more children could benefit from the opportunity to attend a school of their parents' choice. Approximately 7,200 students have applied for tuition scholarships through the D.C. Opportunity Scholarship Program since it began in 2004—about four applications for each scholarship.<sup>6</sup> Public charter schools often report long waiting lists.<sup>7</sup>

Expanding school choice options for District families would help to address some of the major problems plaguing the troubled D.C. school system, such as

### Talking Points

- Despite expenditures per pupil that are significantly higher than the national average, the District of Columbia's public schools are plagued by low academic achievement, high dropout rates, widespread violence, and poor management and governance.
- Over the past decade, the District has made strides in offering families greater choice about which schools their children attend, thanks to a strong charter school law and the federally funded D.C. Opportunity Scholarship Program.
- The D.C. Opportunity Scholarship Program is helping more than 1,900 children to attend private schools in the District, and participating families report being satisfied with the program and becoming more involved in their children's education. The Bush Administration has proposed expanding the program to allow more students to receive scholarships.
- District leaders and Members of Congress should implement policies to give all District families the opportunity to choose good schools for their children.

This paper, in its entirety, can be found at:  
[www.heritage.org/Research/Education/bg2137.cfm](http://www.heritage.org/Research/Education/bg2137.cfm)

Produced by the Domestic Policy Studies Department

Published by The Heritage Foundation  
214 Massachusetts Avenue, NE  
Washington, DC 20002–4999  
(202) 546-4400 • [heritage.org](http://heritage.org)

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poor management and school governance and widespread violence and criminal activity. It would also promote healthy competition, allowing the best schools to expand and forcing unsuccessful schools to improve or close.

This report outlines reform recommendations for Washington, D.C., policymakers as well as for those in the federal government, which has oversight authority over the District.

### **Persistent Problems in the D.C. Public School System**

In 1981, D.C. voters considered a ballot initiative that would have allowed District taxpayers to take a \$1,200 income tax credit to purchase private school tuition for their children.<sup>8</sup> Individuals and corporations could also receive tax credits to fund scholarships for low-income children at a public or private school of choice. The plan had the potential to offer widespread school choice to every child in the District.

D.C. voters rejected the tax credit initiative by a margin of approximately 9 to 1. Then-Mayor Marion Barry, speaking at an anti-tax credit victory party, announced that the vote proved that “Nobody ought to mess with our public schools.”<sup>9</sup> Floretta D. McKenzie, D.C. schools superintendent at the time, said that the vote signaled “a mandate for continued improvement of the D.C. public schools.”<sup>10</sup>

Since that pivotal vote in 1981, many children have passed through our capital’s school system. Tragically, many have done so without receiving anything approaching a quality education. As many as 69,000 students may have dropped out of D.C. public schools since 1981.<sup>11</sup>

Today, Washington, D.C., spends \$14,400 on every child enrolled in public school—more than any state and well above the national average of \$9,300. This means that a student enrolled in D.C. public school from grades one through 12 will have \$172,000 spent on his or her education by taxpayers.<sup>12</sup>

1. U.S. Department of Education, National Center for Education Statistics, *Digest of Education Statistics: 2006*, July 2007, Table 169, at [http://www.nces.ed.gov/programs/digest/d06/tables/dt06\\_169.asp?referrer=list](http://www.nces.ed.gov/programs/digest/d06/tables/dt06_169.asp?referrer=list) (May 2, 2008).
2. U.S. Department of Education, National Center for Education Statistics, “The Nation’s Report Card: Mathematics Report Card,” 2007, at [http://nationsreportcard.gov/math\\_2007/m0005.asp?tab\\_id=tab2&subtab\\_id=Tab\\_1#chart](http://nationsreportcard.gov/math_2007/m0005.asp?tab_id=tab2&subtab_id=Tab_1#chart) (May 1, 2008), and “The Nation’s Report Card: Reading Report Card,” 2007, at [http://nationsreportcard.gov/reading\\_2007/r0005.asp](http://nationsreportcard.gov/reading_2007/r0005.asp) (May 1, 2008).
3. Jay P. Greene, Ph.D., “High School Graduation Rates in the United States,” The Manhattan Institute, April 2002, at [http://www.manhattan-institute.org/pdf/cr\\_baeo.pdf](http://www.manhattan-institute.org/pdf/cr_baeo.pdf) (May 2, 2008).
4. Center for Education Reform, “National Charter School Data: 2007–2008 New School Estimates,” September 2007, at [http://www.edreform.com/\\_upload/CER\\_charter\\_numbers.pdf](http://www.edreform.com/_upload/CER_charter_numbers.pdf) (May 2, 2008).
5. Washington Scholarship Fund, Web site, at <http://www.washingtonscholarshipfund.org> (May 2, 2008).
6. *Ibid.*
7. A 2007 survey of charter schools across the nation found that 61 percent of responding schools reported significant waiting lists, averaging 150 students in length. See Alison Consoletti and Jeanne Allen, eds., “Annual Survey of America’s Charter Schools,” Center for Education Reform, April 2007, at [http://www.edreform.com/\\_upload/cer\\_charter\\_survey.pdf](http://www.edreform.com/_upload/cer_charter_survey.pdf) (May 2, 2008).
8. Eric Pianin and Lawrence Feinberg, “D.C. Voters Reject Tax Credit,” *The Washington Post*, November 4, 1981.
9. *Ibid.*
10. *Ibid.*
11. This estimate is based on author calculations and the following assumptions: The National Center for Education Statistics reports that the average enrollment in D.C.’s elementary and secondary schools ranged from 80,700 students in 1990 to 76,000 in 2002. U.S. Department of Education, National Center for Education Statistics, *Digest of Education Statistics: 2006*, Table 33, at [http://www.nces.ed.gov/programs/digest/d06/tables/dt06\\_033.asp?referrer=list](http://www.nces.ed.gov/programs/digest/d06/tables/dt06_033.asp?referrer=list). An average of the total enrollment between these years suggests that roughly 6,500 students would be enrolled in each grade level during this period. Thus, 169,000 students have passed through D.C. public schools during that time. Since the approximate graduation rate is only 59 percent, it is reasonable to estimate that as many as 69,000 children may have dropped out of D.C. public schools since 1981.
12. Estimated spending per student includes spending on children with disabilities. The District spends more on special education students than on students who do not have special needs.

**Poor Academic Achievement.** The Washington, D.C., school system has a long history of poor academic achievement.<sup>13</sup> Test scores and graduation rates show that many, if not most, children do not receive a quality education in the D.C. public schools. The National Center for Education Statistics estimates that in 2005, the District of Columbia had a higher dropout rate than any state in the country.<sup>14</sup>

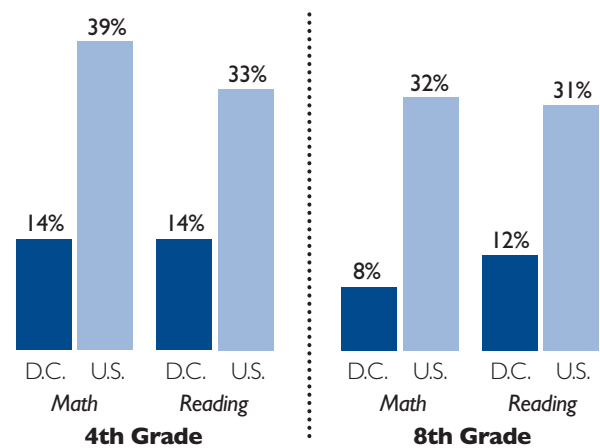
For the 2007 NAEP test, students in Washington, D.C., performed well below the national average. (See Chart 1.) In addition, D.C. students had lower reading scores than students in any of the 50 states, despite significantly higher spending per pupil than the national average. (See Chart 2.) On the 2007 NAEP, 61 percent of fourth-grade students scored “below basic” in reading, and 51 percent scored “below basic” in math.<sup>15</sup> Among eighth-grade students, 52 percent scored “below basic” in reading, and 66 percent scored “below basic” in math.

The District also has one of the lowest graduation rates in the country with as few as 59 percent graduating, according to one estimate.<sup>16</sup>

Judging the quality of the District’s public school system by simply comparing test scores to those of the 50 states is unfair, since an average child in Washington, D.C., is more likely to face greater disadvantages compared to children in the states. For example, 53 percent of D.C. students are eligible for the federal free and reduced-price school lunch program, compared to 41 percent nationwide.<sup>17</sup> Moreover, 17.4 percent of District students have disabilities, compared to 13.6 percent nationally.<sup>18</sup>

### D.C. Far Below Average in NAEP Scores

Scores from the 2007 National Assessment of Educational Progress for the District of Columbia and the national average (percentage at or above proficient)



Source: U.S. Department of Education, National Center for Education Statistics, National Assessment of Educational Progress, 2007, at <http://nces.ed.gov/nationsreportcard> (May 13, 2008).

Chart 1 • B 2137 heritage.org

These disadvantages should not be considered an excuse for persistent failure in Washington, D.C.’s public schools, however. The success of some D.C. public charter schools with a high population of low-income students demonstrates that these challenges can be overcome.<sup>19</sup>

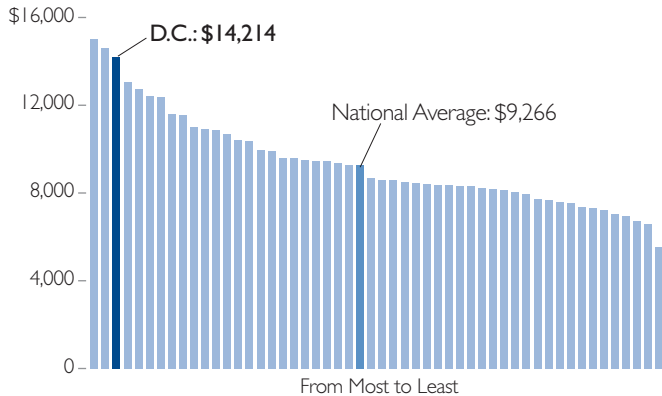
**Management and Governance Problems.** Other problems also highlight the need for fundamental

13. Casey J. Lartigue, Jr., “The Need for Educational Freedom in the Nation’s Capital,” Cato Institute *Policy Analysis* No. 461, December 10, 2001.
14. U.S. Department of Education, National Center for Education Statistics, “Dropout Rates in the United States: 2005,” Table 5, at [http://nces.ed.gov/pubs2007/dropout05/tables/table\\_05.asp](http://nces.ed.gov/pubs2007/dropout05/tables/table_05.asp) (May 2, 2008).
15. U.S. Department of Education, National Center for Education Statistics, “National Assessment of Educational Progress: District of Columbia State Profile,” May 2, 2008.
16. *Ibid.*
17. “District of Columbia Public Schools and School District,” State Education Data Center, at <http://www.schooldatacenter.org> (December 5, 2007).
18. *Ibid.*
19. According to Friends of Choice in Urban Schools, a KIPP Academy public charter school with 81 percent of its students on the federal school lunch program saw 74 percent of its students score “proficient” on reading and math examinations, compared to just 34 percent for D.C. public and charter schools overall. A number of other schools present similar success stories. See “Ranking Charter Schools,” *The Washington Post*, November 19, 2007.

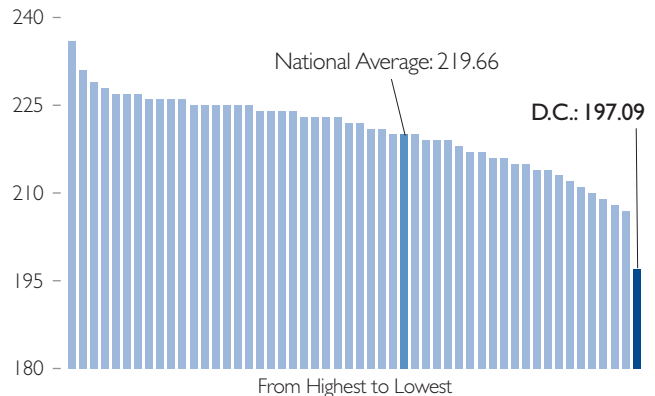
## Student Funding Does Not Translate into Better Test Scores

The District of Columbia has the third-highest per-pupil expenditures in the United States, but the lowest reading scores.

Current Per-Pupil Expenditures, by State, in 2006–2007 Dollars



Fourth Grade Reading Scores, National Assessment of Educational Progress, 2007



Source: U.S. Department of Education, National Center for Education Statistics, *Digest of Education Statistics: 2007*, Table 174, at [http://www.nces.ed.gov/programs/digest/d07/tables/dt07\\_174.asp](http://www.nces.ed.gov/programs/digest/d07/tables/dt07_174.asp) (May 13, 2008), and *The Nation's Report Card: Reading 2007*, at <http://nces.ed.gov/pubsearch/pubsinfo.asp?pubid=2007496> (May 13, 2008).

Chart 2 • B 2137 heritage.org

reform of the District's public school system. One such problem is poor financial management and governance. Countless examples demonstrate the management and governance problems in Washington's schools. "I don't know if anybody knows the magnitude of problems at D.C. public schools," says Abdusalam Omer, the school system's chief business operations officer. "It's mind-boggling."<sup>20</sup>

Newspapers have reported on a number of incidents suggesting that many taxpayer sacrifices are wasted in the District school system. *The Washington Post* reported that the D.C. school system recently spent \$25 million on a computer system to manage personnel matters that had to be discarded because there was no accurate list of employees available to serve as a starting point.<sup>21</sup> Moreover, no accurate

list of the more than 55,000 students in Washington public schools exists, despite the fact that the District pays a consultant \$900,000 a year to keep count.<sup>22</sup> The D.C. public school system spends a higher percentage on non-instructional activities than the national average. (See Chart 3.)

In July, Mayor Adrian Fenty was forced to call a press conference to announce that half of the city's public schools were not going to have all of their textbooks arrive on time and would not have functioning air conditioning units.<sup>23</sup> And this despite spending more than \$3,300 per student on facilities and maintenance and almost \$1,000 per student on school administration.<sup>24</sup>

Problems are not limited to simple mismanagement. The system is also plagued by corruption. In

20. Dan Keating and V. Dion Haynes, "Can D.C. Schools Be Fixed?" *The Washington Post*, June 10, 2007, at <http://www.washingtonpost.com/wp-dyn/content/article/2007/06/09/AR2007060901415.html> (May 1, 2008).

21. *Ibid.*

22. *Ibid.*

23. News release, "Fenty, Rhee, Lew Provide Education Transition Update," District of Columbia, Mayor's Office, July 30, 2007, at <http://www.dc.gov/mayor/news/release.asp?id=1134&mon=200707> (May 1, 2008).

24. U.S. Department of Education, National Center for Education Statistics, *Digest of Education Statistics: 2007*, Table 173, at [http://www.nces.ed.gov/programs/digest/d07/tables/dt07\\_173.asp?referrer=list](http://www.nces.ed.gov/programs/digest/d07/tables/dt07_173.asp?referrer=list) (May 2, 2008).

August 2007, a former school official pled guilty to stealing more than \$200,000 from the D.C. public school system and admitted to arranging over \$600,000 in illegal payments and insider deals for herself and her friends.<sup>25</sup> *The New York Times* editorialized that “she did this so easily that it suggests an absence of the most basic auditing and management procedures.”<sup>26</sup> In October, the former director of internal audits for the school system was charged with stealing \$500,000 intended for the city’s schools.<sup>27</sup>

### Excessive Expenditures on Administration and Overhead.

According to *The Washington Post*, the D.C. school system ranks first in the nation for percentage of budget spent on administration and last in spending on instruction.<sup>28</sup> As a result of the disproportionately high administrative expenses, D.C. schools reportedly have been forced to reduce their teaching staffs to retain administrative staff—leaving more than 15,000 of Washington’s elementary school students attending schools without an art teacher and 12,000 students attending schools without a music teacher.<sup>29</sup>

**School Violence.** Another major problem in the D.C. school system is violence. The U.S. Department of Justice and Education found that the percentage of students in grades 9 through 12 who

## Comparing Instruction Spending

The District of Columbia spends a smaller portion of its school budget on instruction than the national average. In fact, D.C. spends \$2,495 more per student than the U.S. average on services other than instruction.

### Per-Student Expenditures

	Instruction	Other	Total
District of Columbia	\$7,252 (56%)	\$5,707 (44%)	\$12,959
United States	\$5,098 (61.3%)	\$3,212 (38.7%)	\$8,310

Source: U.S. Department of Education, National Center for Education Statistics, *Digest of Education Statistics: 2007*, Table 173, at [http://www.nces.ed.gov/programs/digest/d07/tables/dt07\\_173.asp](http://www.nces.ed.gov/programs/digest/d07/tables/dt07_173.asp) (May 13, 2008).

Chart 3 • B 2137  heritage.org

“reported being threatened or injured with a weapon on school property during the previous 12 months” was 12 percent in 2005. That was the highest rate in the nation and well above the average of 7 percent across the country.<sup>30</sup>

*The Washington Post* reports that over half of teenage students attend schools labeled “persistently dangerous” by the District due to their high number of violent crimes.<sup>31</sup> The *Post* also found that nine violent school incidents are reported on a typical day in Washington, D.C.<sup>32</sup> Between the 1998 and 2001 school years, the annual number of assaults with deadly weapons in D.C. public schools by stu-

25. U.S. Department of Education, Office of Inspector General, “Former Top D.C. Charter Schools Official Pleads Guilty to Embezzlement and Tax Evasion,” August 9, 2007, at <http://www.ed.gov/about/offices/list/oig/invreports/dc082007.html> (May 1, 2008).

26. “A National Disgrace,” *The New York Times*, September 4, 2007, at [http://www.nytimes.com/2007/09/04/opinion/04tues2.html?\\_r=1&oref=slogin](http://www.nytimes.com/2007/09/04/opinion/04tues2.html?_r=1&oref=slogin) (May 1, 2008).

27. Bill Myers and Scott McCabe, “Former D.C. Schools auditor accused of filching \$500,000, court papers show,” *The Examiner*, October 2, 2007, at [http://www.examiner.com/a-966738-Former\\_D\\_C\\_Schools\\_auditor\\_accused\\_of\\_filching\\_500\\_000\\_court\\_papers\\_show.html](http://www.examiner.com/a-966738-Former_D_C_Schools_auditor_accused_of_filching_500_000_court_papers_show.html) (May 1, 2008).

28. Keating and Haynes, “Can D.C. Schools Be Fixed?”

29. Susan L. Aud and Leon Michos, “Spreading Freedom and Saving Money: The Fiscal Impact of the D.C. Voucher Program,” Cato Institute, January 31, 2006.

30. U.S. Department of Health and Human Services, Centers for Disease Control and Prevention, “YRBSS: Youth Risk Behavior Surveillance System,” 2007, at <http://www.cdc.gov/healthyouth/yrbs/index.htm> (December 20, 2007).

31. Keating and Haynes, “Can D.C. Schools Be Fixed?”

32. *Ibid.*



dents jumped from 66 to 127; simple assaults jumped from 384 to 475; students bringing concealed weapons to school jumped from 329 to 423; and threats against fellow students and staff jumped from 156 to 225.<sup>33</sup>

**Other Safety Problems.** District public schools have other safety problems. Buildings and facilities are often inadequate. School administrators have reported thousands of “urgent” or “dangerous” problems that have been waiting to be fixed, on average, for more than a year. *The Washington Post* reports that 127 of 146 schools have pending repair for electrical work, some of which caused shocks or flying sparks.<sup>34</sup>

At the start of the 2002 school year, a student from Ferebee–Hope Elementary in Southeast Washington was taken to the hospital after being gouged by sharp edges on a broken railing. Records show that it took more than four years to repair the railing.<sup>35</sup> Fire officials receive constant complaints about locked fire doors, and health inspections show that more than a third of schools have been infested with mice.<sup>36</sup>

The Center for Science in the Public Interest conducted an evaluation of food safety in 20 public school systems. It reported that D.C. public schools were the second-worst jurisdiction (after Hartford, Connecticut) for food safety, finding that D.C. school cafeterias were rarely inspected for health or safety (well below federal requirements) and that when they were, numerous critical violations were found.<sup>37</sup>

**Long-Term Effects on the D.C. Community.** The performance of a city’s education system has

various effects on the community that must also be examined. How well a school system educates the children in its care will have a direct effect on how well those children perform as adults in the workforce.

The following are examples of additional symptoms that suggest serious problems in the Washington, D.C., school system. As stated above, these factors are also reason for the continued poor performance in District schools. The city has failed to break the cycle of poverty and offer widespread upward mobility.

- **Adult Illiteracy.** A 2007 study conducted by the State Education Agency at the University of the District of Columbia found that 36 percent of District adults were functionally illiterate; the national average is 21 percent.<sup>38</sup> The study estimated that “the poverty rate would decrease from 16.8 percent to 15.7 percent and annual total personal income could be expected to increase by about \$182 million” if the District reduced its adult illiteracy rate to the national average.<sup>39</sup>
- **Poverty.** According to the U.S. Census Bureau, nearly one in five District residents—104,000 people—live at or below the poverty line, making Washington, D.C., the jurisdiction with the third-highest poverty rate in the entire country. The District has the highest child poverty rate in the United States, with more than three of 10 children—32 percent—living in poverty.<sup>40</sup> Overall, 54 percent of D.C.’s children live in low-income families—the highest rate of low-income children in the United States.<sup>41</sup>

33. “Statement by Representative Tom Davis at House of Representatives Committee on Government Reform hearing on ‘School Choice in the District of Columbia: Opening Doors for Parents and Students,’” June 24, 2003, at <http://www.dcwatch.com/schools/ps030624a.htm> (May 1, 2008).

34. Keating and Haynes, “Can D.C. Schools Be Fixed?”

35. *Ibid.*

36. *Ibid.*

37. Center for Science in the Public Interest, “Making the Grade: An Analysis of Food Safety in School Cafeterias,” January 2007, at <http://www.cspinet.org/new/pdf/makingthegrade.pdf> (May 1, 2008).

38. News release, “New Report Reveals Low DC Adult Literacy Rates Link to Economic Impact Overall,” State Education Agency, March 12, 2007, at <http://www.literacydc.org/news-room/press-releases/news-release-state-of-adult-literacy-report.html> (May 1, 2008).

39. *Ibid.*

40. National Center for Children in Poverty, *Low-Income Children in the United States: National and State Trend Data, 1995–2005*; U.S. Census Bureau, 2005 American Community Survey.

- **Problems with Higher Education.** Only 9 percent of D.C. public school freshmen complete college within five years of graduating from high school—a figure far below the national average, according to a report commissioned by District city and school officials.<sup>42</sup> The report finds that nine out of 10 of the freshmen will be confined to low-paying jobs because they never began college or quit before obtaining a degree.
- **Homelessness.** In 2006, 9,369 people were homeless in the District of Columbia—a 13.5 percent increase from 2004.<sup>43</sup> A report by the U.S. Department of Housing and Urban Development found that 38 percent of currently homeless adults who use assistance programs have dropped out of high school.
- **Incarceration.** According to the Bureau of Justice Statistics, high school dropouts are 3.5 times more likely than graduates to be incarcerated, and 75 percent of state prison inmates are estimated to have dropped out of high school.<sup>44</sup> A 2008 report by the Justice Policy Institute found that Washington, D.C., had the nation's fourth-highest incarceration rate.<sup>45</sup>

## School Choice in the District of Columbia

One promising way to improve educational opportunities in Washington, D.C., is to give families the ability to choose the best school for their children. Over the past decade, a growing number of families in the District have benefited from school choice policies like charter schools and school vouchers. The following sections provide an overview of school choice options in Washington, D.C.

**Public Charter Schools.** A charter school is a public school that is not run by the local school district and is granted more autonomy than district-run public schools but is still held accountable for student performance and the use of public funds. With this freedom, charter schools give parents new options by differentiating their curriculum, their approach to learning, their discipline practices, the hours of instruction, and the use of technology.

According to the Center for Education Reform, Washington, D.C., has a “strong” charter school law.<sup>46</sup> Passed in 1996 and later expanded in 2005, the law has allowed thousands of parents to choose alternative public schools for their children. Today, there are 72 charter schools operating in the District, serving 20,527 students—about a quarter of the city's public school enrollment.<sup>47</sup> Moreover, many D.C. charter schools have waiting lists.

**D.C. Opportunity Scholarship Program.** In January 2004, Congress passed the District of Columbia School Choice Incentive Act of 2003. This legislation provided additional funding for D.C. public schools and charter schools.

The legislation also created the D.C. Opportunity Scholarship Program, which offers private school scholarships to disadvantaged students. Under this program, students from families with an annual income below 185 percent of the poverty line are eligible for scholarships worth up to \$7,500 to attend private schools in the District.<sup>48</sup> Recipients can renew the scholarship every year for up to five years as long as they remain financially eligible. If the number of students who apply exceeds the

41. *Ibid.*

42. V. Dion Haynes, “Bleak College Graduation Rate Is Found: Officials, Concerned by Figure, Look at Retention Programs,” *The Washington Post*, October 19, 2006, p. B4, at [http://www.washingtonpost.com/wp-dyn/content/article/2006/10/18/AR2006101801790\\_pf.html](http://www.washingtonpost.com/wp-dyn/content/article/2006/10/18/AR2006101801790_pf.html) (May 1, 2008).

43. So Others Might Eat, “Homelessness and Homeless Services,” at [http://www.some.org/inv\\_adv\\_homeless.html](http://www.some.org/inv_adv_homeless.html) (May 2, 2008).

44. American Youth Policy Forum, “Every Nine Seconds in America a Student Becomes a Dropout,” at [http://www.aypf.org/publications/WhateverItTakes/WIT\\_ninesconds.pdf](http://www.aypf.org/publications/WhateverItTakes/WIT_ninesconds.pdf) (May 1, 2008).

45. Robert E. Pierre, “D.C. Is Fourth in the Nation in Incarcerating Residents, Report Says,” *The Washington Post*, April 17, 2008, p. DZ4.

46. Center for Education Reform, “Charter School Facts,” at <http://www.edreform.com/index.cfm?fuseAction=stateStats&pSectionID=15&cSectionID=44> (May 1, 2008).

47. V. Dion Haynes and Theola Labbe, “A Boon for D.C. Charter Schools,” *The Washington Post*, April 25, 2007, p. A1, at <http://www.washingtonpost.com/wp-dyn/content/article/2007/04/24/AR2007042402542.html> (May 1, 2008).

number of scholarships available, the law requires that scholarships be awarded by a random lottery.<sup>49</sup>

This year, approximately 1,900 children are receiving scholarships through the program.

According to the Washington Scholarship Fund, the nonprofit organization that administers the program, participating families have an average annual income of about \$23,000.<sup>50</sup> This is well below the cap of 185 percent of the poverty line, or \$38,200 for a family of four.<sup>51</sup> In all, more than 7,200 students have applied for scholarships since 2004—roughly four applicants for each available scholarship.<sup>52</sup>

President George W. Bush's fiscal year 2009 budget includes a \$38 million increase in federal funding for the District.<sup>53</sup> Included in this increase is a plan to boost funding for the D.C. Opportunity Scholarship Program from \$13 million to \$18 million in 2009.<sup>54</sup> On April 30, 2008, Mayor Adrian Fenty testified before the Financial Services and General Government Subcommittee of the House Appropriations Committee.<sup>55</sup> Mayor Fenty testified in favor of President Bush's proposed \$38 million funding increase, including the D.C. Opportunity Scholarship Program.<sup>56</sup>

## Evaluating the Opportunity Scholarship Program's Impact

Since 2004, private and government studies have evaluated the impact of the Opportunity Scholarship Program. In 2007, the Georgetown University Public Policy Institute published a report presenting the findings of focus groups and interviews with participating families. The report found that parents participating in the program "tended to report increased involvement with their child's education and overall satisfaction with the program."<sup>57</sup> Participating parents were also found to be active and engaged consumers of education, visiting an average of three schools before selecting one.<sup>58</sup>

Last June, the U.S. Department of Education released a report on the program's impact on academic achievement.<sup>59</sup> This evaluation compared the test scores of students who received vouchers through a lottery with the test scores of students who applied for vouchers but did not receive them in the lottery and therefore remained in public school. The report analyzed changes in academic achievement after seven months in the program and concluded that "the program generated no statisti-

48. For more information on the D.C. School Choice Incentive Act, see U.S. Department of Education, "D.C. School Choice Incentive Program," at <http://www.ed.gov/programs/dcchoice/index.html> (December 12, 2007). In 2006, Congress amended the program to ensure that fewer children "earn out" of the program by raising the household income renewal limit for previously enrolled students from 200 percent to 300 percent. The Alliance for School Choice reports that 300 children would have been required to leave the program if this change had not been made.
49. Patrick Wolf, Babette Gutmann, Michael Puma, Lou Rizzo, and Nada Eissa, *Evaluation of the DC Opportunity Scholarship Program: Impacts After One Year*, U.S. Department of Education, June 2007, at <http://ies.ed.gov/ncee/pdf/20074009.pdf> (May 6, 2008).
50. Washington Scholarship Fund, "D.C. School Choice Program Again Sets Record for Enrolled K-12 Students," September 26, 2007.
51. *Ibid.*
52. *Ibid.*
53. David Nakamura, "Bush Proposes Giving D.C. \$32 Million More to Boost School Reform," *The Washington Post*, February 2, 2008.
54. *Ibid.*
55. For a Web-cast of the April 30, 2008, hearing, see Subcommittee on Financial Services and General Government, Committee on Appropriations, U.S. House of Representatives, Web site, at [http://appropriations.house.gov/Subcommittees/sub\\_fsdc.shtml](http://appropriations.house.gov/Subcommittees/sub_fsdc.shtml) (May 2, 2008).
56. For the mayor's written testimony, see "Fenty on Capitol Hill," *The Washington Post*, April 30, 2008.
57. Patrick J. Wolf, Ph.D., et al., "The Evolution of School Choice Consumers: Parent and Student Voices on the Second Year of the D.C. Opportunity Scholarship Program," Georgetown Public Policy Institute, May 2007, at <http://www.washingtonscholarshipfund.org/news/reports/gtownstudy.pdf> (May 1, 2008).
58. *Ibid.*, pp. viii, 19, and 34.
59. Wolf et al., *Evaluation of the DC Opportunity Scholarship Program: Impacts After One Year*.



cally significant impacts, positive or negative, on student reading or math achievement for the entire impact sample in year 1.”<sup>60</sup>

This finding was not a surprise given the short time period analyzed. However, similar evaluations of academic achievement in school voucher programs suggest that participating students generally improve over time. There have been eight other randomized experiment evaluations of school voucher programs. All but one of these studies found that students using scholarships to attend private schools performed significantly better academically, and every study found some positive academic effect.<sup>61</sup> A new evaluation of the program’s impact on academic achievement will be released in 2008.

In 2007, the Government Accountability Office (GAO) issued a report evaluating the implementation of the program.<sup>62</sup> Senators Edward Kennedy (D–MA) and Richard Durbin (D–IL) and D.C. Delegate Eleanor Holmes Norton—all strong opponents of the program—had requested the study. The GAO offered some criticisms of how the program had been implemented. It found that some participating private schools had not met certain regulatory requirements for operating in the District. The report offered specific recommendations to improve the program’s implementation, operation, and oversight.

### Efforts to Reform the D.C. Public School System

In 2007, newly elected D.C. Mayor Adrian M. Fenty announced a plan to take over the D.C. public school system. In April, the D.C. City Council approved the mayoral takeover.<sup>63</sup> In June, Mayor Fenty appointed Michelle Rhee to become chancel-

lor of the D.C. public schools.<sup>64</sup> Rhee had previously led the New Teacher Project, a nonprofit organization that works to recruit, train, and place effective teachers in public schools.<sup>65</sup>

Chancellor Rhee’s appointment has been viewed as a catalyst for change and reform in the D.C. public school system,<sup>66</sup> and since her appointment, she has sought to gain greater authority to implement reforms. In December, she received preliminary approval from the D.C. Council to have greater authority to fire underperforming employees.<sup>67</sup>

Chancellor Rhee’s appointment is an encouraging sign that long-overdue reforms may finally become a reality in D.C. public schools. As Chancellor Rhee works to improve the public school system, Congress and District policymakers can expand school choice options for parents to enable more families to choose a safe and effective school for their children and promote competition for all schools, encouraging them to strive for success.

### What Congress and Local Policymakers Should Do

Members of Congress and the District of Columbia government have an opportunity to expand school choice options for District families by implementing the following reforms.

#### 1. Strengthen and expand the D.C. Opportunity Scholarship Program.

According to the Washington Scholarship Fund, approximately 7,200 children have applied to receive scholarships since 2004. This strong demand suggests that the program is ripe for expansion. Members of Congress and local District leaders

60. *Ibid.*

61. Jay P. Greene, *Education Myths* (Lanham, Md.: Rowman and Littlefield Publishers, Inc., 2005), pp. 150–154.

62. U.S. Government Accountability Office, *District of Columbia Opportunity Scholarship Program: Additional Policies and Procedures Would Improve Internal Controls and Program Operations*, GAO-08-09, November 2007, at <http://www.gao.gov/new.items/d089.pdf> (May 6, 2008).

63. David Nakamura, “Fenty’s School Takeover Approved,” *The Washington Post*, April 20, 2007.

64. Theola Labbe, “Rhee Vows to Alter Governance Culture: Focus on Student Achievement Stressed,” *The Washington Post*, July 26, 2007.

65. For more information, see New Teacher Project, Web site, at <http://www.tntp.org/aboutus/overview.html> (May 1, 2008).

66. V. Dion Haynes, “Fenty’s Agent of Change,” *The Washington Post*, July 2, 2007.

67. Gary Emerling, “Rhee’s firing power set to rise,” *The Washington Times*, December 19, 2007.

should support the continuation and expansion of the D.C. Opportunity Scholarship Program to allow many more students to participate. In addition, Congress and local policymakers should embrace common-sense changes to strengthen the program.

*First*, Congress should reform the legislation to allow schools that charge lower tuition rates to charge participating students the “cost of educating” a student. Under the current program, private schools offer low tuition prices and suffer an increased financial burden when they enroll scholarship students. This is because schools must also raise funds to pay for the difference between the tuition amount and the cost of educating the student. In 2007, a number of District Catholic schools reported impending closure. This dynamic is likely a factor.

*Second*, the program should be expanded to allow students to attend private schools outside of the District. There is a shortage of private high schools participating in the program within the District. Allowing students to attend private schools outside of the District would expand the available choices.

*Third*, Congress and local policymakers should support the implementation of oversight procedures to ensure that resources are used to benefit students.

## 2. Offer scholarships for students with special needs.

The District’s system of education for children who are eligible for special education warrants attention. Under federal law, children who are eligible for special education services are entitled to a free education.<sup>68</sup> According to SchoolDataDirect.com, 17.4

percent of District students have disabilities, compared to 13.6 percent nationally. The Appleseed Center found that the District’s special education system had the highest rate of due process complaints and hearings in the nation.<sup>69</sup>

*The Washington Times* reported in 2007 that the D.C. special education system had far higher costs than the national average.<sup>70</sup> One reason for these high costs is the far greater percentage of special education students in private placements: 24 percent in the District versus 3 percent nationally. The private tuition costs consumed 40 percent of the District’s budget share, compared to 12 percent nationally. According to *The Washington Post*, the District spent \$114 million in 2005 on tuition for special education students.<sup>71</sup> *The Washington Examiner* reports that funds spent on private placements lacked strong oversight.<sup>72</sup>

One way to reform the District’s special education system would be to give private school scholarships to children with special needs. In Florida, every special-needs child in the state has the opportunity to attend a school of his parents’ choice through the McKay Scholarship Program.

According to the Florida Department of Education, 18,919 students were participating in this program as of January 2008.<sup>73</sup> During the 2006–2007 school year, the average scholarship amount was \$7,206, and 811 private schools participated.<sup>74</sup> A survey of parents of children participating in the McKay Scholarship Program for children with special needs in 2003 found that 93 percent were satisfied or very satisfied with their children’s schools,

68. For more information, see Krista Kafer, “Special Education 101,” Heritage Foundation *WebMemo* No. 169, November 5, 2002, at <http://www.heritage.org/Research/Education/wm169.cfm?renderforprint=1> (May 6, 2008).

69. Piper Rudnick, “A Time for Action: The Need to Repair the System for Resolving Special Education Disputes in the District of Columbia,” D.C. Appleseed Center, at [http://www.dcappleseed.org/projects/publications/Special\\_Ed\\_Rprt.pdf](http://www.dcappleseed.org/projects/publications/Special_Ed_Rprt.pdf) (May 2, 2008).

70. “Special ed, special solutions,” *The Washington Times*, July 6, 2007.

71. Dan Keating and V. Dion Hayes, “Special-Ed Tuition a Growing Drain on D.C.,” *The Washington Post*, June 5, 2006.

72. Bill Myers, “D.C. Special Education can’t account for millions,” *The Washington Examiner*, June 12, 2007.

73. Florida Department of Education, Office of Independent Education and Parental Choice, “John M. McKay Scholarship Program: November 2007 Quarterly Report,” at [http://www.floridaschoolchoice.org/Information/McKay/quarterly\\_reports/mckay\\_report\\_nov2007.pdf](http://www.floridaschoolchoice.org/Information/McKay/quarterly_reports/mckay_report_nov2007.pdf) (May 1, 2008).

74. Florida Department of Education, Office of Independent Education and Parental Choice, “John M. McKay Scholarships for Disabilities Program,” January 2008, at [http://www.floridaschoolchoice.org/Information/McKay/files/Fast\\_Facts\\_McKay.pdf](http://www.floridaschoolchoice.org/Information/McKay/files/Fast_Facts_McKay.pdf) (May 2, 2008).

compared with only 33 percent who were satisfied with the public schools that their children had previously attended.<sup>75</sup>

In recent years, Arizona, Georgia, and Utah have implemented similar programs to offer school choice scholarships to children who are eligible for special education.

Since so many of the District's special education students are already attending private schools, offering scholarships may be a way both to reduce costs and to reduce the administrative burden of placement hearings. This would also give parents the option of using their child's share of funding to access an effective school without working through the often difficult placement process. If scholarship amounts were capped, the District would likely be able to reduce costs of private placements over time while improving parents' satisfaction with the process.

### **3. Offer scholarships to foster children and homeless children.**

As of July 2006, 2,546 children were in foster care in the District of Columbia. Approximately 1,800 of them were of school age. In January 2006, 31 percent of the 9,369 homeless people in D.C. were children.<sup>76</sup>

Research shows that foster children and homeless children are among the most at-risk groups in our society. Former foster children are more likely to become homeless, incarcerated, or dependent on state services. One important factor in a foster child's development is education, but the available evidence suggests that many foster children do not receive a quality education. Compared to their peers, foster children have lower scores on standardized tests and higher absenteeism, tardiness, truancy, and dropout rates.

One common problem for foster children and homeless children is instability, since frequent home transfers often lead to school transfers. According to

the Center for the Study of Social Policy, 40 percent of the children in the District's foster care system had experienced four or more placements, and 17 percent had experienced three placements, during the previous 12 months.<sup>77</sup>

Some of these students could benefit from the opportunity to use a tuition scholarship to attend a public or private school of choice or to receive after-school or summer school instruction. In 2006, Arizona became the first state to offer tuition scholarships to foster children.

A voluntary scholarship could help a foster child remain in the same school even if he or she experiences a home transfer. For other foster children, a scholarship could offer an opportunity to transfer to a better learning environment. The District of Columbia could follow Arizona in offering a new educational opportunity to some of the community's most at-risk children.

### **4. Offer District taxpayers tuition and/or scholarship tax credits.**

Members of Congress and District policymakers could also expand school choice options for D.C. families by enacting education tax credits—either to encourage taxpayers to make charitable contributions to fund scholarships for disadvantaged children or to allow taxpayers to receive tax relief for private school tuition.

Seven states—Arizona, Florida, Illinois, Iowa, Minnesota, Pennsylvania, and Rhode Island—currently have tax credits or deductions for educational expenses. Arizona offers tax credits for individual and corporate taxpayers to make donations to nonprofits that fund scholarships. Through these programs, as many as 30,000 children are receiving private school scholarships this year. In Iowa, taxpayers claimed approximately \$15 million in tax credits for education expenses for their own children, including private school tuition.

75. Jay P. Greene and Greg Forster, "Vouchers for Special Education Students: An Evaluation of Florida's McKay Scholarship Program," Manhattan Institute *Civic Report* No. 38, June 2003, at [www.manhattan-institute.org/html/cr\\_38.htm](http://www.manhattan-institute.org/html/cr_38.htm) (May 1, 2008).

76. So Others Might Eat, "Homelessness and Homeless Services."

77. Center for the Study of Social Policy, "An Assessment of Multiple Placements for Children in Foster Care in the District of Columbia," July 2006, at [http://www.cssp.org/uploadFiles/Assessment\\_of\\_Multiple\\_Placements\\_for\\_Children\\_in\\_Foster\\_Care\\_in\\_the\\_District\\_July\\_2006.pdf](http://www.cssp.org/uploadFiles/Assessment_of_Multiple_Placements_for_Children_in_Foster_Care_in_the_District_July_2006.pdf) (May 1, 2008).

Members of Congress and District policymakers could offer similar tax credits or deductions for donations made to groups that fund private school scholarships for disadvantaged children and for taxpayers to pay education expenses for their own children.

### **5. Offer District taxpayers tax incentives for contributions to education savings accounts.**

Another way to expand education opportunity in the District would be to provide a tax credit or deduction to help families save for their children's K–12 and higher education costs. The District of Columbia currently offers taxpayers a \$3,000 tax deduction for contributions made to a child's 529 college savings plan.<sup>78</sup> But policymakers should recognize that many students—especially children from disadvantaged families—are less likely to participate in higher education. The estimated 41 percent of students who do not graduate from D.C. public schools do not benefit from expanded college savings options.

The District could offer a tax deduction or credit for contributions to a child's Coverdell Education Savings Account, which allows families to save for their children's K–12 and higher education costs. Under federal law, interest earned in the Coverdell ESA is not subject to taxes if funds are spent on allowed uses, which include K–12 and higher education expenses including private school tuition. This tax benefit could be structured to allow individuals or businesses to receive a tax deduction for charitable contributions to a disadvantaged child's account, since low-income families would not benefit from a personal income tax deduction.

### **6. Offer tutoring and summer school scholarships.**

Finally, summer school or after-school tutoring scholarships should be made available to District students. Under such a program, the District would offer students scholarships that could be used to

enroll in after-school tutoring programs or academic summer school programs. Students should be given a wide range of choices for tutoring and academic summer school options, from programs offered by public, charter, and private schools to other independent tutoring companies or summer school providers.

A well-designed scholarship program for summer school or after-school tutoring could be a cost-effective way to provide supplementary or remedial instruction. Such a program could be funded by eliminating wasteful expenditures in the existing public school system. The \$25 million that was spent on the computerized personnel database that was later discarded, for example, could have been used to provide 25,000 scholarships for tutoring or summer school worth \$1,000 a piece.

### **Conclusion**

District leaders and Congress, which has oversight authority over Washington, D.C., should embrace policies that expand school choice options for families. The 110th Congress is set to consider whether to reauthorize the D.C. Opportunity Scholarship Program. Members of Congress should reauthorize that program and expand it to allow more children to participate and enhance their options.

Local authorities and Congress should also embrace more policies to expand school choice in the nation's capital. Rather than being a national example of a poorly performing school system, the District of Columbia should become a model of a school system that offers parents the power to give their children a quality education.

—*Dan Lips is Senior Policy Analyst in Education and Evan Feinberg is a former Research Assistant in the Domestic Policy Studies Department at The Heritage Foundation. Former Heritage Foundation interns Miles Lavin, Abigail Johnson, Brian Bosak, and Andrew Britt provided research assistance for this paper.*

78. "A 529 plan is a tax-advantaged savings plan designed to encourage saving for future college costs. 529 plans, legally known as 'qualified tuition plans,' are sponsored by states, state agencies, or educational institutions and are authorized by Section 529 of the Internal Revenue Code. There are two types of 529 plans: pre-paid tuition plans and college savings plans. All fifty states and the District of Columbia sponsor at least one type of 529 plan. In addition, a group of private colleges and universities sponsor a pre-paid tuition plan." See U.S. Securities and Exchange Commission, "An Introduction to 529 Plans," at <http://www.sec.gov/investor/pubs/intro529.htm> (May 9, 2008).