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# Public accountability & private-school choice

A policy toolkit from  
the Thomas B. Fordham  
Institute



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**A**s voucher and tax-credit scholarship programs have expanded in recent years, another promising development has been the incorporation, into more such programs, of provisions that hold participating private schools to account for their students' performance. The newest and largest voucher programs, such as those in Louisiana and Indiana, have gone beyond the familiar "let-parents-vote-with-their-feet-and-judge-the-school-by-whether-anyone-wants-to-attend-it" arguments and are doing more to assure parents and taxpayers that private schools accepting scholarship-bearing students will be held to certain expectations regarding how much those youngsters actually learn while enrolled.

Yet outcomes-based accountability in private-school choice programs is hardly settled. Many private-school choice proponents disagree on how to subject private schools to testing requirements or about how external standards will affect whatever is unique about private schools and why they're worth choosing in the first place.

Surely there are risks associated with drawing private schools into public accountability systems, but empirical evidence shows that downsides can be mitigated if policymakers are smart about how they design results-based accountability in choice programs of this kind.

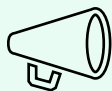
We've assembled this toolkit to help with that design. The Fordham Institute supports private-school choice, done right. That means that voucher and tax-credit policies ought to provide an array of high-quality choices that are held accountable to parents and taxpayers.

# Our key recommendations

We've written some model statutory language aimed at more outcomes-based accountability in private-school choice that readers will find at the end of this toolkit. But there are three objectives that form the core of our proposal. We recommend that states:



Require that all students who receive a voucher or tax-credit scholarship participate in state assessments or publicly reported tests.<sup>1</sup>



Mandate public disclosure of those assessment results, school by school, save for schools that enroll fewer than ten total voucher or scholarship students in grades that are tested. (With fewer students, disclosure of school-level information risks identifying individual pupils, hence creating privacy concerns).



Use a sliding-scale when it comes to acting on the test results: Private schools that derive little of their revenues from programs of this kind should be largely left alone. Those that receive more of their dollars from state initiatives should be held more accountable.

1. We do *not* recommend that fully tuition-paying students be required to take the state assessment; the state should only be interested in checking the performance of those pupils receiving state aid.

## Accountability today

The U.S. today is home to at least thirty-two private-school choice programs.<sup>2</sup> About half of these provide vouchers; the others offer tax-credit scholarships. Vouchers tend to be more tightly regulated than tax-credit scholarships, which are typically funded with donations of money that never passes through the state treasury. Yet both require legislative oversight, and both are expanding rapidly to achieve the same ends.

Here are examples of four programs that have generally gotten these policies right (though none is perfect):

- **Louisiana**—The first state to apply a sliding-scale of accountability to a voucher program. All voucher students must take the same tests as their public school peers, and private schools that enroll at least ten voucher students per grade (on average), or more than forty in grades that are tested, receive a performance rating based on their test results. Those with lower ratings can be kicked out of the program. The problem: schools that fall below these thresholds don't have to publicly report their test results.
- **Indiana**—Does not apply a sliding scale (page 4) but does hold voucher schools to performance-based standards. In this case, participating private schools are evaluated under the state's A-F accountability system, much like public schools. Schools where achievement falls short can be suspended from the program.
- **Cleveland/Ohio**—Both the Cleveland voucher program and Ohio's statewide Ed Choice Scholarship require participating private schools to administer the state assessment to state-aided students and to disclose the results in the aggregate. No action is taken, however, in the case of schools that perform badly.
- **Milwaukee**—The nation's oldest voucher program requires participating private schools to administer the state assessment to state-aided students and publicly to disclose those results. That plus school-accreditation standards have weeded out many (but not all) poor-performing schools and boosted overall achievement.

2. Malcom Glenn and Randan Swindler, "School Choice Yearbook 2012-13," Alliance for School Choice, 2013.

## Why embrace results-based accountability in voucher programs?

Such a policy:

- **May boost student achievement.** University of Arkansas researchers studying the Milwaukee voucher program found, in its final year of a five-year analysis, that the program’s newly enacted test-based accountability might explain the “significantly higher levels of reading gains” for voucher students.<sup>3</sup>
- **Gives parents critical information.** Comparable achievement data are often the only objective, independently generated data that families can use to decide which school—be it district, charter, or private—is in the best interest of their child.
- **Won’t scare away schools.** The Fordham Institute found that testing requirements rank among the least important considerations for private-school leaders when deciding whether to participate in voucher programs.<sup>4</sup> Just 25 percent said that state assessment mandates figured importantly in that decision. (Far more significant to them are mandates that force them to alter their admissions criteria or religious mission.)
- **Is embraced by leading conservatives.** Louisiana Governor Bobby Jindal and former Indiana Governor Mitch Daniels (no fans of government regulation) have backed results-based accountability for voucher programs in their states—signing laws that require the progress of voucher students to be evaluated and making weak schools ineligible to participate.

3. School Choice Demonstration Project, Milwaukee Evaluation: Final Reports (Fayetteville, AR: University of Arkansas, February 2012).

4. Stuit, David and Sy Doan, “School Choice Regulations: Red Tape or Red Herring?” Thomas B. Fordham Institute. January 2013.

- **Is scalable.** A sliding-scale can be used with participating private schools: those that enroll few voucher students should largely be left alone, while schools that rely more on state funding should be held to account for their voucher students' performance (states should keep the worst performers from participating until they improve).<sup>5</sup>
- **Makes comparisons easier.** Requiring a common assessment of all publicly funded students makes it possible to directly compare student achievement and school effectiveness across the district, charter, and voucher sectors.
- **Lays the groundwork for a grand bargain.** Accountability in return for serving more families with more generous scholarships may be a better political calculation than the current status quo, which tends to cap the size of voucher programs while leaving them free of many testing and transparency requirements. Higher scholarship amounts also may encourage more schools to admit hard-to-serve children, such as those with special needs, even if they're held to account for student performance.

5. Petrilli, Michael J., Chester E. Finn Jr., Christina Hentges and Amber M. Winkler, "When Private Schools Take Public Dollars: What's the Place of Accountability in School Voucher Programs?" (Washington, D.C.: Thomas B. Fordham Institute, March 2009).

# Answers to some thorny questions

As more states introduce greater transparency and test-based accountability into their voucher and tax-credit scholarship programs,<sup>6</sup> some private-school associations and school choice proponents argue that such policies do more harm than good. To be sure, there are risks to holding private schools to state academic standards, especially the “slippery slope” to further regulations. Yet results-based accountability may lead to better outcomes for schools and students as well as more useful information for families. It can also be done in ways that respect private schools’ autonomy. Here are some questions that policymakers are bound to get from the skeptics, and some responsible answers to them:

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**Q** Aren’t private schools already accountable to the market-place?

**A** Yes, but publicly funded programs must also be accountable to taxpayers.

- Parents and schools aren’t the only parties in a transaction paid for with vouchers or tax credits. The taxpayer also needs assurances that schools are producing solid learning results for the children who participate in such programs.
- Academic quality does not always drive the choice of a school.<sup>7</sup> Parents may choose a school for other reasons, such as a safe environment, a convenient location, or the friendliness of the staff and teachers. These are important considerations, too, but they don’t always translate to a demand for a quality education.

6. Indiana and Louisiana are the most notable recent entrants in school voucher policy, and each requires private schools to participate in its school accountability system to some degree.

7. Stein, Marc L., Ellen B. Goldring, and Xiu Cravens, “Do Parents Do As They Say?” in *School Choice and School Improvement*. Eds. Mark Berends, Marisa Cannata, and Ellen B. Goldring. Cambridge. Harvard Education Press, 2011.



- Beyond basic considerations of children’s safety, the state should only intervene in private schools when state funding is involved, and then the point is to inform the public as to whether the state aid (or money withheld from the state via tax credits) is being spent to good effect. The best way to do that is to administer a common assessment and gather other relevant data on student outcomes, such as graduation and retention rates, rather than meddle with key school “inputs” such as teacher qualifications and curriculum.

**Q Private schools are supposed to be different. Won’t testing and accountability requirements force them to change their curricula and teach to the test?**

**A** The standards only prescribe the desired outcome, which should be stronger pupil achievement.

- Let’s be clear: the assessments used by the public education system are tricky to apply to private schools that have a unique curriculum and mission. If there’s a downside to this proposal, this is it. That’s why, while we prefer state assessments as policy, we think any widely respected test that allows for ready comparison against other schools or districts is a reasonable compromise.
- But these standards only define the endpoint, and (in most cases) only in reading and math. How to get there—and which curriculum to use—is up to each school.
- The school’s approach to teaching these and other subjects should not be affected by these requirements. Only the worst schools will feel pressured to “teach to the test.”

**Q** **Some private schools take just a few voucher students. Why should they be subject to government regulation?**

**A** They won't be subject to much—beyond transparency—if this is done right.

- Accountability, done right, can take a school's "different-ness" into account. The key is to use a sliding-scale approach, an idea first floated by the Fordham Institute four years ago.<sup>8</sup> Private schools that take in relatively few public dollars should be treated more like private schools and mostly left alone. Those that rely more on public dollars should be held more accountable, including the risk of being dropped from the program if their students do not learn.
- All participating schools should administer an assessment to their voucher students, and most should at least disclose the results of that assessment (the exception should be those that enroll fewer than ten total scholarship students; disclosure in those cases might identify individual students).
- Schools that enroll more than forty scholarship students in all tested grades deserve a quality rating that, if low enough, could make them ineligible to participate in the program.<sup>9</sup>

8. Petrilli, Michael J., Chester E. Finn Jr., Christina Hentges and Amber M. Winkler, "When Private Schools Take Public Dollars: What's the Place of Accountability in School Voucher Programs?" (Washington, D.C.: Thomas B. Fordham Institute, March 2009).

9. The state cannot close the school. It only has the legislative authority to suspend poor-performing private schools from participating in a public program.

**Q Won't private schools shun voucher programs if they have to comply with government mandates?**

**A** For some mandates, yes, but not typically for testing and accountability requirements.

- Analysts recently surveyed private schools in communities served by four of the country's most prominent voucher programs and found that only 3 percent of non-participating schools cited government regulations as the most important reason to shun the program.<sup>10</sup>
- Far more worrisome to private schools would be regulations that interfere with student admissions decisions (e.g. requiring "open enrollment") and any restrictions upon schools' religious practices. Of relatively little concern are requirements pertaining to academic standards, testing, and public disclosure of achievement results.
- Just 25 percent of school leaders said that state assessment rules strongly affected their decision to participate.

10. Stuit, David and Sy Doan, "School Choice Regulations: Red Tape or Red Herring?" Thomas B. Fordham Institute. January 2013.

**Q** **Ok, but shouldn't private schools administer whatever test they want?**

**A** Most already give a norm-referenced test, but these don't allow easy comparisons to public-school performance.

- Parents and taxpayers ought to be able to compare the academic performance of all students who receive public funding, and the simplest way to do that is via the state assessment.
- Many states already require private schools to at least administer a norm-referenced test to their voucher-bearing students (something most private schools did long before the advent of vouchers) but comparing the achievement of these children with those who remain in public schools is difficult even for experienced analysts.<sup>11</sup>
- It's hard for parents, too. *Comparable* achievement data are often the only objective information that they can use to judge schools' effectiveness across the district, charter, and private-school sectors. Markets work best when buyers have ample information by which to compare that which sellers are offering. It may mean that schools will have to administer an additional test to produce that information, but it's a fair trade-off for public funding. (Of course, schools are also free to discontinue their non-comparable testing.)
- All that said, requiring that voucher students take a well-respected test—and that schools report the results—is better than nothing, and a reasonable compromise.

11. Northwestern University professor David Figlio, in his study of the Florida Tax Credit Scholarship program, said it's possible to compare scholarship and public school students who take different tests, but direct comparisons are challenging.

# Demanding strong outcomes with school choice

*Below is a sample opinion editorial that makes the case for a balanced approach to accountability in voucher and tax-credit scholarship programs.*

Supporters of vouchers and tax-credit scholarships are vigorously debating a timely and important question: To what extent ought states hold private schools to account for the performance of their students who are educated at public expense?

Many state policy leaders are convinced that they must set some academic expectations for private schools that take voucher-bearing students, but it's far from clear where to draw certain lines. Must private schools administer the same state assessments as public school students take? Will any standardized test do? Should the schools receive "grades" from the state based on the results of that test? And what should happen to any schools that repeatedly get failing grades or that enroll many students who do poorly on state assessments?

Fortunately, perplexed lawmakers don't have to enter uncharted territory. States such as Louisiana, Indiana, Ohio and Wisconsin have wrestled with policies that try to balance a private school's crucial educational autonomy with taxpayers' legitimate interest in ensuring that their investment is leading to bona fide achievement for children. Some have struck this balance better than others, but good policies typically incorporate dual principles.

First, states should allow parents and taxpayers to directly compare student achievement across all three sectors of publicly-funded K-12 education—district, charter and voucher—and the best way to do that is through the state’s standardized assessment. Hence private schools ought to follow the lead of Louisiana, Indiana, Ohio and Wisconsin and administer the state assessment to their voucher-bearing students, then (with due consideration of individual privacy) make the results public. These results are often the only objective data that parents can readily access when deciding which school is in the best interest of their child. Further, such data assist state officials to gauge the effectiveness of their policies and programs and, if warranted, to take corrective action.

Second, states should use a sliding scale when it comes to take such actions based on test results: Private schools that derive little of their revenues from voucher and tax-credit scholarship programs should be largely left alone. Those that receive more of their dollars from state initiatives should be held more accountable.

Louisiana put such a policy in place in 2012. All voucher students in the Pelican State must take the same tests as their public school peers, and private schools that enroll at least forty voucher students in tested grades will receive performance ratings based on their test results. Those with lower ratings may be barred from enrolling new voucher students until their performance improves.

The Thomas B. Fordham Institute recommends a similar approach, with this twist: If a private school’s voucher students perform in the two lowest categories of a state’s accountability system for two consecutive years, then that school should be declared ineligible to receive new voucher students until it moves to a higher tier of performance.

Such policies understandably face critics among voucher supporters, who fear that private schools may shun school choice programs if government makes too many demands. But the twin principles set forth here only define the endpoint—and in most

cases, only in reading and math. How to get there— which curriculum to use, which instructional strategies, which textbooks, which teachers, etc.—should be left up to the school.

Fordham recently surveyed private schools in communities served by four of the country's most prominent voucher programs and found that just 25 percent said that state testing mandates were important in their decision to participate or not. Any state interference in student admissions or schools' religious practices are more likely to deter school participation than are requirements pertaining to academic standards, testing, and public disclosure of achievement results.

Beyond basic considerations of children's safety, states should intervene in their private schools only when the public's tax dollars (or money withheld from the state via tax credits) are involved, and then only to inform the public as to whether these resources are being spent to good effect. The proposals here aren't meant to limit choices for families. Rather, they furnish parents with more information about their choices and signal to everyone—taxpayers, voters, parents, educators and more—that every child educated at public expense ought to learn the three Rs.

# Model statutory language

The following is meant to guide legislators toward an ideal system of outcomes-based accountability, one that yields more useful information for parents and taxpayers but respects the autonomy of the private schools that participate. It can, and should, be tailored to the unique needs of each state.

**Academic accountability.** Parents and taxpayers deserve assurances that state aid is following children to schools that are held to acceptable standards, and that academic outcomes can be measured using comparable assessments. Yet it is also important that non-public schools remain autonomous entities, including minimum regulation when they enroll few scholarship students. Therefore:

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- 1 All participating nonpublic schools shall annually administer the state assessment in essential subjects to scholarship students in grades that require testing or make provisions for scholarship students in testable grades to take that assessment at a local public school.
  - a Participating schools must annually provide the parents of each scholarship student with their child's assessment results.
  - b Schools must also submit the assessment results to the state education department or to an entity designated by that department, as well as providing the department or its designee with student information that can be disaggregated by grade level, race, gender, and family income.
  - c The Department will make public an annual statewide, aggregated comparison of these results with the results of public school students.



- d The Department also must disclose the assessment results of individual schools that enroll more than ten scholarship students in testable grades (participating private schools can have the option of administering the assessment to their entire student body and to release those results).
- 2 Participating schools that enroll more than forty scholarship students in all tested grades shall receive a school rating akin to those applied to public schools under the state's accountability system.
- a Such a rating will be based on the performance of voucher- or tax credit-bearing students within the school, unless the school chooses to administer the assessment to its entire student body and submits the results for grading.
  - b Schools whose scholarship students perform in the two lowest categories of performance or similar designation for two consecutive years shall not enroll new scholarship students until performance improves and the school is classified in a higher category or designation.

# The path forward

Survey results show that few private schools are allergic to the sort of accountability described within these pages. Moreover, testing and transparency requirements may have played a role in producing greater student gains in at least one prominent voucher program. Yes, there is always the risk of regulatory over-reach—private schools *must* maintain their autonomy and the qualities that make them worth choosing—but we hope that this toolkit helps the enterprising policymaker strike a sound balance that preserves both the school’s freedom to operate as it thinks best and taxpayers’ legitimate interest in ensuring that their dollars are paying for bona fide educational achievement.

## Thanks

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