

# Backgrounder

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## America's Opportunity Scholarships for Kids: School Choice for Students in Underperforming Public Schools

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Millions of students across the United States are enrolled in persistently failing public schools. During the 2004–2005 school year, 2,112 Title I public schools were identified as having failed to make adequate yearly progress for five or more years. This represents 23 percent of all Title I–eligible schools.

In addition, failing schools serve a disproportionately high number of low-income children.<sup>1</sup> In the large school districts of New York City and Los Angeles, for example, as many as 300,000 children are attending the most persistently underperforming public schools.<sup>2</sup>

In 2006, President Bush proposed the America's Opportunity Scholarships for Kids initiative in his budget request for the Department of Education.<sup>3</sup> The plan would make \$100 million available in competitive grant awards to provide scholarships to low-income students in persistently failing public schools.

Only low-income students attending public schools that are in the “restructuring” phase of No Child Left Behind (NCLB) would be eligible to participate. Restructuring occurs when schools fail to meet adequate yearly progress (AYP) for six consecutive years. The America's Opportunity Scholarships for Kids initiative would provide better opportunities to an estimated 23,000 students and demonstrate the positive benefits of student-centered education reform.

### The Need for Opportunity Scholarships

The No Child Left Behind Act of 2002 was intended to give children in underperforming public

### Talking Points

- During the 2004–2005 school year, 2,112 Title I public schools were identified as having failed to meet adequate yearly progress for five or more years. This means that millions of American students are enrolled in persistently failing public schools.
- For example, in the large school districts of New York City and Los Angeles, as many as 300,000 children are attending the most persistently underperforming public schools.
- The America's Opportunity Scholarships for Kids initiative, a new school voucher proposal, could provide better educational opportunities to an estimated 23,000 low-income students.
- The Opportunity Scholarship initiative would provide a model for how federal, state, and local policymakers can provide better educational opportunities for America's disadvantaged students through student-centered reforms.

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schools the opportunity to transfer to better performing schools. Under NCLB, children in Title I public schools that fail to make adequate yearly progress on state exams for two years are eligible to transfer to a higher performing public school. After three years of missing AYP, students are eligible to receive supplemental educational services (SES) or after-school tutoring from a public or private provider.

These limited parental choice provisions, however, are not widely used. According to a Department of Education assessment, less than 1 percent of the 3.9 million eligible students used the public school choice option during the 2003–2004 school year.<sup>4</sup> Less than 17 percent of eligible students participated in the after-school tutoring program.<sup>5</sup>

One explanation for the lack of participation in these parental choice programs is poor implementation by school districts. For example, the Department of Education reports that half of all school districts notified parents of the public school choice options *after* the school year had already begun. In these school districts, “notification occurred, on average, five weeks after the start of the school year.”<sup>6</sup>

There is evidence of similar problems in the after-school tutoring program. Department of Education interviews with parents of students in schools eligible for supplemental educational ser-

vices found that nearly half were unaware of the program, which points to a failure of the school systems to inform parents adequately.<sup>7</sup> Former U.S. Under Secretary of Education Gene Hickok recently highlighted this problem: “Thousands, if not millions, of our nation’s most at-risk students are routinely and systematically being denied access to the promise of educational opportunity by local public education officials who would like to see SES go away.”<sup>8</sup>

### The America’s Opportunity Scholarships for Kids Initiative

The Opportunity Scholarship for Kids initiative would ensure that thousands of needy students have access to real school choice. The plan would provide \$100 million in competitive grants to states, local school systems, and non-profit organizations that agree to provide scholarships to low-income children. Groups that would be eligible to distribute the scholarships could include local school boards and nonprofit organizations like the Washington Scholarship Fund, which manages the federal D.C. Opportunity Scholarship program.

Under the Opportunity Scholarships for Kids program, participating children would receive either a \$4,000 scholarship for private school tuition or \$3,000 for supplemental educational services or after-school tutoring. Eligibility would be limited to children with the greatest need. Only

1. U.S. Department of Education, Institute of Education Sciences, *Implementation*, Vol. 1 of *National Assessment of Title I: Interim Report*, February 2006, NCEE 2006–4001, pp. 42–43, at [www.ed.gov/rschstat/eval/disadv/title1interimreport/vol1.pdf](http://www.ed.gov/rschstat/eval/disadv/title1interimreport/vol1.pdf) (May 18, 2006).
2. New York State Education Department, “School in Need of Improvement List,” May 1, 2006, [emsc32.nysed.gov/irts/school-accountability/2005/school-accountability-masterlist5-1-06\\_alpha.pdf](http://emsc32.nysed.gov/irts/school-accountability/2005/school-accountability-masterlist5-1-06_alpha.pdf) (May 19, 2006); California State Department of Education, “AYP County List of Schools Reports,” at [ayp.cde.ca.gov/reports/page2.asp?subject=AYP&level=County](http://ayp.cde.ca.gov/reports/page2.asp?subject=AYP&level=County) (May 19, 2006); and Standard & Poor’s, “SchoolMatters,” Web site, at [www.schoolmatters.com](http://www.schoolmatters.com) (May 16, 2006).
3. U.S. Department of Education, “Choices for Parents: America’s Opportunity Scholarships for Kids,” February 2006, at [www.ed.gov/nclb/choice/schools/choice-parents.pdf](http://www.ed.gov/nclb/choice/schools/choice-parents.pdf) (May 16, 2006).
4. U.S. Department of Education, *Implementation*, p. xiii.
5. *Ibid.*
6. *Ibid.*, p. xiv.
7. *Ibid.*, p. 68.
8. Education Industry Association, “School Districts Deny Students Access to Tutoring,” February 21, 2006, at [www.educationindustry.org/documents/EIA--SESCapitolHillBriefingPost-EventRelease.pdf](http://www.educationindustry.org/documents/EIA--SESCapitolHillBriefingPost-EventRelease.pdf) (April 12, 2006).

economically disadvantaged children enrolled in public schools in the restructuring phase of No Child Left Behind would be eligible to receive a scholarship.<sup>9</sup>

The \$100 million provided under the initiative could fund roughly 23,750 school choice scholarships worth \$4,000 each, assuming administrative costs of 5 percent. If this amount were awarded to 10 cities (\$10 million each), opportunity scholarships could be awarded to 2,735 low-income children in each of 10 underperforming school systems across the nation.

### Millions of Children Trapped in Underperforming Public Schools

Many local communities could benefit from an opportunity scholarship program. According to the Department of Education, 2,112 public schools were in the corrective action or restructuring phases of No Child Left Behind during the past school year. (See Table 1.) Data are not yet available for the 2005–2006 school year. The Department of Education has estimated that approximately 1,700 public schools may soon be in the restructuring phase of NCLB. Therefore, many low-income students enrolled in these schools would be eligible to participate in the America's Opportunity Scholarships for Kids initiative next year.<sup>10</sup>

The number of corrective action and restructuring schools in each state is only a crude measure of how many children are being left behind in America's public schools. Table 2 provides state-by-state data on student performance on the National Assessment of Educational Progress (NAEP) exam and an estimate of the percentage of students who qualify as economically disadvantaged. According to the NAEP exam, 32 percent of 8th graders scored "below basic" on math in 2005, and 29 percent scored "below basic" on reading.<sup>11</sup> The Census Bureau reports that approximately 34 percent

	Corrective Action (Year 6)	Restructuring (Year 7)
Alabama	7	38
Alaska	8	8
Arizona	37	11
Arkansas	4	1
California	173	278
Colorado	27	3
Connecticut	0	8
Delaware	3	0
District of Columbia	14	0
Florida	0	0
Georgia	27	104
Hawaii	6	54
Idaho	0	0
Illinois	238	22
Indiana	18	10
Iowa	0	0
Kansas	3	1
Kentucky	6	0
Louisiana	27	16
Maine	0	0
Maryland	7	57
Massachusetts	20	24
Michigan	25	45
Minnesota	8	0
Mississippi	2	2
Missouri	8	0
Montana	5	33
Nebraska	1	0
Nevada	2	0
New Hampshire	1	0
New Jersey	97	0
New Mexico	35	29
New York	53	183
North Carolina	6	0
North Dakota	6	7
Ohio	31	59
Oklahoma	4	11
Oregon	2	2
Pennsylvania	76	0

9. A school must have failed to meet "adequate yearly progress" for six or more years to be in the "restructuring" phase of NCLB. It is likely that low-income status would be defined as eligibility for participation in the federal free and reduced-price school lunch program.

10. Press release, "Secretary Spellings Delivers Remarks on School Choice," U.S. Department of Education, April 5, 2006, at [www.ed.gov/news/pressreleases/2006/04/04052006.html](http://www.ed.gov/news/pressreleases/2006/04/04052006.html) (May 16, 2006).

Table 2

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## State NAEP Scores

State	4th Grade NAEP (% below basic)		8th Grade NAEP (% below basic)		Low-Income Students
	Reading	Math	Reading	Math	
Alabama	47	34	37	47	41.5
Alaska	42	23	30	31	32.4
Arizona	48	30	35	36	38.0
Arkansas	37	22	31	36	41.6
California	50	29	40	43	38.7
Colorado	31	19	25	30	27.1
Connecticut	29	16	26	30	21.3
Delaware	27	16	20	28	28.1
D.C.	67	55	55	69	54.2
Florida	35	18	34	35	34.4
Georgia	42	24	33	38	41.4
Hawaii	47	27	42	44	25.8
Idaho	31	14	24	27	37.1
Illinois	38	26	25	32	34.7
Indiana	36	16	27	26	32.9
Iowa	33	15	21	25	29.4
Kansas	34	12	22	23	31.9
Kentucky	35	25	25	36	38.8
Louisiana	47	26	36	41	41.9
Maine	29	16	19	26	27.6
Maryland	35	21	31	34	25.0
Massachusetts	22	9	17	20	22.0
Michigan	29	21	27	32	34.1
Minnesota	29	12	20	21	19.0
Mississippi	52	31	40	48	46.2
Missouri	33	21	24	32	32.5
Montana	29	15	18	20	40.2
Nebraska	32	20	20	25	31.3
Nevada	48	28	37	40	33.3
New Hampshire	26	11	20	23	17.8
New Jersey	32	14	20	26	17.4
New Mexico	31	35	38	47	42.8
New York	31	19	25	30	36.7
North Carolina	38	17	31	28	37.1
North Dakota	28	11	17	19	28.7
Ohio	31	16	22	26	30.6
Oklahoma	40	21	28	37	39.6
Oregon	38	20	26	28	32.7
Pennsylvania	31	18	23	28	31.8
Rhode Island	38	24	29	37	31.7
South Carolina	43	19	33	29	36.3
South Dakota	30	14	18	20	34.3
Tennessee	41	26	29	39	33.5
Texas	36	13	31	28	42.6
Utah	32	17	27	29	30.4
Vermont	28	13	21	22	21.7
Virginia	28	17	22	25	23.8
Washington	30	16	25	25	30.3
West Virginia	39	25	33	40	40.1
Wisconsin	33	16	23	24	30.7
Wyoming	29	13	19	24	26.1

**Sources:** U.S. Department of Education, Institute of Education Sciences, "National Assessment of Educational Progress: The Nation's Report Card, Reading 2005," NCES 2006-451, October 2005, at [nces.ed.gov/nationsreportcard/pdf/main2005/2006451.pdf](http://nces.ed.gov/nationsreportcard/pdf/main2005/2006451.pdf) (May 16, 2006), and "National Assessment of Educational Progress: The Nation's Report Card, Math 2005," NCES 2006-453, October 2005, at [nces.ed.gov/nationsreportcard/pdf/main2005/2006453.pdf](http://nces.ed.gov/nationsreportcard/pdf/main2005/2006453.pdf) (May 16, 2006).

of American children live at or below 185 percent of the poverty line.<sup>12</sup>

### Examples of School Districts That Could Benefit

The America's Opportunity Scholarships for Kids program would award funds through a competitive grant process. Table 3 provides estimates of the number of schools and enrolled students in nine large school districts that could benefit from the Opportunity Scholarships program. This information was compiled from state lists of public schools in the restructuring phase of NCLB and student enrollment figures estimated using data from Standard & Poor's.<sup>13</sup>

### Strong Demand for School Choice Among Low-Income Families

If opportunity scholarships were made available to children in persistently failing public schools, it is likely that many students would apply. Evidence suggests that low-income families with children in failing public schools eagerly seek school choice scholarships.

In 1999, the nonprofit Children's Scholarship Fund offered 40,000 private school scholarships to low-income children across the nation, and 1.25 million applied—more than 30 applicants for each scholarship.<sup>14</sup> In major cities including New York, Newark, New Orleans, Philadelphia, and Washington, approximately one in three eligible students

### Nine Districts That Could Benefit from Opportunity Scholarships

School District	Estimated Number of Qualifying Public Schools	Estimated Enrollment At Qualifying Schools
New York City	167	125,000
Los Angeles	75	170,000
Detroit	48	26,000
Chicago	181	121,000
Philadelphia	82	63,000
Baltimore	45	22,000
Memphis	23	16,300
Fresno	22	12,900
San Bernardino	13	22,800

**Source:** The U.S. Department of Education provided estimates of the number of qualifying schools in these school districts on March 24, 2006. The figures are approximate. Enrollment estimates were made by the author based on school lists obtained from state education agencies and school enrollment figures available at [www.schoolmatters.com](http://www.schoolmatters.com).

applied. These families applied for scholarships despite a requirement that they pay a matching tuition co-payment averaging \$1,000 per student.<sup>15</sup> This is a considerable investment, considering the income of the average scholarship recipient's family was below \$27,000.<sup>16</sup>

The Children's Scholarship Fund is not the only example of families craving school choice scholarships. In 2003, according to the Goldwater Institute, an estimated 2,000 children were on a waiting list for scholarships from the Arizona School Choice Trust, a nonprofit group that provides tuition scholarships to low-income families.<sup>17</sup> When the Washington Scholarship Fund offered private school scholarships to low-income families for the federally funded D.C. Opportunity Scholar-

11. U.S. Department of Education, Institute of Education Sciences, "National Assessment of Educational Progress: The Nation's Report Card, Reading 2005," NCES 2006-451, October 2005, at [nces.ed.gov/nationsreportcard/pdf/main2005/2006451.pdf](http://nces.ed.gov/nationsreportcard/pdf/main2005/2006451.pdf) (May 16, 2006), and "National Assessment of Educational Progress: The Nation's Report Card, Math 2005," NCES 2006-453, October 2005, at [nces.ed.gov/nationsreportcard/pdf/main2005/2006453.pdf](http://nces.ed.gov/nationsreportcard/pdf/main2005/2006453.pdf) (May 16, 2006).

12. Bureau of Labor Statistics and U.S. Census Bureau, "Annual Demographic Survey," revised June 30, 2005, at [pubdb3.census.gov/macro/032005/pov/new46\\_185200\\_02.htm](http://pubdb3.census.gov/macro/032005/pov/new46_185200_02.htm) (April 14, 2006).

13. Standard & Poor's, "SchoolMatters."

14. Ron Scherer, "Kids Across U.S. Line Up for Private Vouchers," *The Christian Science Monitor*, April 22, 1999.

15. Anemona Hartocollis, "Private School Choice Plan Draws a Million Aid-Seekers," *The New York Times*, April 21, 1999, p. A1.

16. Children's Scholarship Fund, "About CSF," at [www.scholarshipfund.org/about/facts.asp](http://www.scholarshipfund.org/about/facts.asp) (May 16, 2006).

ship program, nearly two applicants applied for each available scholarship.<sup>18</sup>

### The Benefits for Students

School choice scholarships' popularity with families should not be a surprise given the poor performance of many public schools across the nation. Research evidence suggests that school choice programs increase parents' satisfaction with their children's schools. For example, a U.S. Department of Education report released in 2003 found that:

Parents whose children attend either public, chosen schools or private schools were more likely to say they were very satisfied with their children's schools, teachers, academic standards, and order and discipline than were parents whose children attended public, assigned schools.<sup>19</sup>

### Conclusion

Millions of American children are not receiving a quality education in their current public schools. If

roughly 30 percent of the nation's 8th graders in public schools are scoring "below basic" in math and reading, the current public school system is leaving behind approximately 14 million students.<sup>20</sup> Many of these students could benefit from the opportunity to attend schools of their parents' choice.

Congress should provide families with greater ability to choose their children's schools. The Bush Administration's America's Opportunity Scholarships for Kids initiative would provide real school choice to American parents. In addition to helping these children, the Opportunity Scholarship initiative would provide a model for how federal, state, and local policymakers can provide better educational opportunities for America's disadvantaged students through student-centered reforms.

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17. Dan Lips, "The Impact of Tuition Scholarships on Low-Income Families: A Survey of Arizona School Choice Trust Parents," Goldwater Institute, December 11, 2003.
  18. V. Dion Haynes, "2nd D.C. Voucher Lottery Gets Stronger Response," *The Washington Post*, April 16, 2005, p. B2.
  19. U.S. Department of Education, National Center for Education Statistics, *Trends in the Use of School Choice: 1993 to 1999*, NCES 2003-031, May 2003, p. 25, at [nces.ed.gov/pubs2003/2003031.pdf](http://nces.ed.gov/pubs2003/2003031.pdf) (May 16, 2006).
  20. There are an estimated 48.2 million students in public schools in the United States. U.S. Department of Education, National Center for Education Statistics, "Digest of Education Statistics," Table 37, at [www.nces.ed.gov/programs/digest/d04/tables/dt04\\_037.asp](http://www.nces.ed.gov/programs/digest/d04/tables/dt04_037.asp) (April 14, 2006).