



School Leaders' Voices: Perspectives on the North Carolina Opportunity Scholarship Program, 2018 Update

*OS Evaluation Report #6
October 2018*

Anna Egalite
College of Education

D. T. Stallings
The William and Ida Friday Institute for Educational Innovation

North Carolina State University

Timothy Dinehart, Francisco Meneses, Lavanya Singh and Vincent Whalen
Duke University

NC STATE

College of Education

Acknowledgments

We would like to express our deep appreciation to the principals, assistant principals, administrators, school board members, and others who participated in this study, particularly for their willingness to share insights into the common challenges and practices associated with being a private school, generally, and with participating in North Carolina's Opportunity Scholarship program, specifically.

We would also like to extend our sincere appreciation to state-level partners including the State Education Assistance Authority (SEAA), which provided background information about the program and the Division of Non-Public Education, which provided contact information for all private schools across the state.

Finally, we are deeply appreciative of our Duke University graduate student colleagues who contributed to this study by providing assistance with logistics, instrument development, surveying, background research, data entry, data analysis, writing, and report production:

- Martine Aurelien
- Kerry Condon
- Stephen Pangle
- Chandler Rowland

Table of Contents

| | |
|---|-----------|
| Executive Summary | 4 |
| Introduction | 6 |
| Program Overview | 7 |
| Purpose of this Report | 9 |
| Methods | 10 |
| Data Collection for School Leader Surveys | 10 |
| Data Collection to Describe Voucher Programs in Other States | 11 |
| Results | 12 |
| Characteristics of North Carolina's Private Schools | 12 |
| Religious Orientation and Affiliation | 12 |
| Admissions | 13 |
| Distinguishing Characteristics | 15 |
| Non-Profit Status | 16 |
| How Private School Leaders Learned about the Opportunity Scholarship Program | 18 |
| Factors that Influence Private Schools' Program Participation Decision | 19 |
| Concerns of Participating Private Schools | 22 |
| How Participating Schools Perceive Opportunity Scholarship Students | 24 |
| Actions School Leaders Take to Encourage Opportunity Scholarship Student Enrollment | 25 |
| Advice from Non-Participating School Leaders for Improving Opportunity Scholarship Program | 26 |
| Comparison of Private School Participation Rate of NC Opportunity Scholarship with Similar Programs in Other States | 27 |
| Florida Tax Credit Scholarship Program | 27 |
| Maryland Broadening Options and Opportunities for Students Today Program | 28 |
| Indiana Choice Scholarship Program | 28 |
| Louisiana Scholarship Program | 29 |
| Comparisons to North Carolina's Program | 29 |
| Conclusion | 31 |
| Key Themes | 31 |
| Limitations | 32 |
| Future Research | 32 |

| | |
|--|-----------|
| Appendix A: Summary of Previous Findings | 33 |
| Appendix B: Comparable Private School Choice Programs | 34 |
| The Florida Tax Credit Scholarship Program | 34 |
| The Maryland BOOST Program | 35 |
| The Indiana Choice Scholarship Program | 35 |
| The Louisiana Scholarship Program | 36 |
| References | 38 |

Executive Summary

Enacted in 2013 and implemented in 2014-15, the North Carolina Opportunity Scholarship program is a statewide school voucher program for students from lower-income families. Private schools that wish to enroll Opportunity Scholarship students must register with the state but private schools are not required to participate in the program. In 2017-18, 61 percent of the state's private schools registered to participate in the Opportunity Scholarship program, and 54 percent enrolled voucher recipients.

To better understand school participation decisions in anticipation of potential future school supply shortages, we surveyed North Carolina school leaders to discern patterns in the characteristics of private schools that participate in the program, relative to those that do not participate. This work builds on previous survey and focus groups findings, described in a July 2017 report and summarized in Appendix A of this report. Because both surveys rely upon an anonymous cross-section of private schools, it is important to note that differences between last year's findings and the findings reported here may reflect differences in the composition of the sample and not just changes in school responses over time.

This report also compares North Carolina's program to similar private school choice programs in Florida, Maryland, Indiana, and Louisiana. The primary findings of those analyses are described below.

School Characteristics

- Similar to last year's finding, private schools that elected to participate in the Opportunity Scholarship program in 2017-18 are far more likely to be religious schools (71 percent) than are private schools that do not participate in the program (32 percent).
- The most important criteria that participating schools use in their admissions decisions include a review of a student's disciplinary record (61 percent), consideration of a student's special needs (61 percent), and an assessment of test scores (58 percent). Non-participating schools reported similar criteria: a review of a student's disciplinary record, a student's special needs, and "other" academic indicators.
- When asked to choose the top characteristics that distinguish their schools from nearby public schools, both private schools that participate in the Opportunity Scholarship program and those that do not participate stated that smaller class sizes, individualized attention, and a better learning environment set them apart.
- The majority of participating private schools (88 percent) are non-profit entities. This is also true of non-participating private schools, of which 77 percent are non-profit entities.

Information Diffusion

- In line with last year's findings, the primary channel through which participating private schools have learned about the Opportunity Scholarship program is through Parents for Educational Freedom in North Carolina (PEFNC), a non-profit organization dedicated to school choice issues.

Motivation for Participation

- As was the case last year, the primary reason participating private schools cite for accepting students through the Opportunity Scholarship program is to help the school serve more disadvantaged students. Eighty-eight percent of schools reported that this reason was either moderately important or very important for their participation in the program. Other common reasons private schools give for participating in the Opportunity Scholarship program are to provide coursework or a curriculum that is an alternative to nearby public schools (selected by 76 percent of schools as being either moderately important or very important) and to reduce tuition costs for eligible families already attending a participating school (selected by 67 percent of schools as being either moderately important or very important).

Potential Concerns

- The top two concerns about the program among participating private schools are the possibility of future regulations that would change requirements for participating in the Opportunity Scholarship program (82 percent listed this as a concern) and that the value of the Opportunity Scholarship will not increase on pace with increases in the cost of educating students (74 percent).
- Participating school leaders report that Opportunity Scholarship students are less prepared than the typical student at their schools. The differential in school leaders' satisfaction rates with student preparedness across these two groups is 12 percentage points (45 percent of leaders are satisfied or very satisfied with the preparedness of Opportunity Scholarship students, compared to 57 percent who are satisfied with the preparedness of their typical student).
- Participating school leaders appear to be very satisfied with parental involvement in their schools, indicating this is not a major concern. Respondents indicated a 75 percent satisfaction rate with the parental involvement of the typical student and a 71 percent satisfaction with the involvement of parents of Opportunity Scholarship students.

Student Recruitment

- More than half of participating schools (55 percent) indicated that they encourage the enrollment of Opportunity Scholarship recipients in their school through traditional media, such as flyers, radio advertisements, and advertisements in newspapers.

Introduction

In the fall of 2017, a team of researchers from North Carolina State University and Duke University conducted a survey to learn more about key stakeholder perceptions of the North Carolina Opportunity Scholarship program, a voluntary, statewide school voucher program for students from lower-income families. Updating a similar data collection exercise conducted one year prior, we distributed an online survey to every private school in the state—both those that participate in the program and those that do not—to better understand how the program works and how it has impacted participating schools, students, and their families. We asked questions about their impressions of the demand for and quality of the program. We also asked how well their schools have been able to integrate the program into existing educational, social, and fiscal structures. It is important to note that these surveys rely upon an anonymous cross-section of private schools at two time points so any changes in responses may be affected by changes in the composition of the study sample.

In addition, the team researched key characteristics of similar voucher programs in Florida, Maryland, Indiana, and Louisiana to determine their similarities to and differences from North Carolina's program. This report details the major findings from these data collection exercises.¹

¹ This policy report is written for a general audience. A follow-up paper will assess major takeaways and themes from these data for an academic audience.

Program Overview

The North Carolina Opportunity Scholarship program expands school choice in North Carolina by providing state-funded scholarships for eligible children in kindergarten through twelfth grade. Established by North Carolina General Statute 115C-562 in 2013 and administered by the North Carolina State Education Assistance Authority (NCSEAA), the Opportunity Scholarship program provides funding of up to \$4,200 per year for eligible students to attend participating private schools.² Awards are distributed one semester at a time and can be used for tuition and required fees at registered private schools.

The Opportunity Scholarship program began in school year 2014-15, providing scholarships for 1,216 students to attend 224 private schools.³ The program has experienced significant growth every year since then, with 3,682 recipients attending 328 private schools in 2015-16, 5,624 recipients attending 358 private schools in 2016-17 and 6,452 recipients attending 457 private schools in 2017-18.

Eligibility for the Opportunity Scholarship program is determined by several criteria. First, students must be North Carolina residents living in a household that does not exceed a statutorily-defined income cap, must not have graduated from high school or attended college, and must have turned five years old on or before August 31. The household income eligibility threshold is set at 133 percent of the eligibility threshold for the federal free and reduced-price lunch program for a partial scholarship and is set at 100 percent of the federal free and reduced-price lunch program for a full scholarship. For a family of four, for example, maximum household gross income for 2016 could not exceed \$45,510 if a student applied for a full scholarship or \$60,528 if a student applied for a partial scholarship.⁴

Second, students either must be enrolled in a public school in North Carolina in the application year, be entering kindergarten or first grade, or have received an Opportunity Scholarship previously. Students who do not meet any of these criteria still may be eligible if they are in foster care or were adopted within the last year, or if they have a parent on fulltime active duty with the military.

Total scholarship funding is set by the state budget. In 2014-15, \$4,635,320 was disbursed in scholarship funds, and in 2015-16, \$13,149,842 was disbursed in scholarship funds. In 2016-17, \$21,760,837 was allocated. This figure is expected to continue rising annually because, effective July 1, 2017, the North Carolina General Assembly's 2016 Appropriations Act calls for increasing funds by at least ten million dollars every year for ten years.⁵

² Although the scholarship award has a maximum value of \$4,200, it cannot exceed the cost of tuition and fees, including books, equipment, transportation, or other items required by the private school.

³ The data in this paragraph were published in NCSEAA's Opportunity Scholarship program summary of data located at http://www.ncseaa.edu/documents/OPS_Summary_Data.pdf

⁴ See http://www.ncseaa.edu/pdf/OPS_Overview.pdf

⁵ See NCSEAA Opportunity Scholarship Program Summary of Data as of 9/1/17. Retrieved from http://www.ncseaa.edu/documents/OPS_Summary_Data.pdf

When determining which students should receive scholarship funding, the statute dictates that priority must be given to renewal students who previously received a scholarship grant. After the renewal scholarships have been awarded, at least fifty percent of the remaining funds must be used to award grants to students who qualify for the free and reduced-price lunch program and at least forty percent of the remaining funds must be directed to students entering kindergarten or first grade. Any remaining funds are distributed among the remaining eligible applicants. All Opportunity Scholarship funding is awarded by a lottery system, but being selected via the lottery process does not guarantee enrollment in a private school of choice, as students also must apply for admission at their preferred school separately.

To participate in the Opportunity Scholarship program, private schools must satisfy the requirements established by the state's Division of Non-Public Education for all private schools: they must register with NCSEEA, and they must conduct a criminal background check for the employee with the highest decision-making authority. Eligible private schools receiving more than \$300,000 in Opportunity Scholarship funds must also submit an annual financial review report that has been prepared by a certified public accountant. Finally, all participating private schools are required to administer a nationally standardized test of their choosing to all scholarship students annually and to report these results to NCSEEA.

The Opportunity Scholarship program has faced two legal challenges, both of which alleged that the program violates the North Carolina Constitution: *Hart v. North Carolina* and *Richardson v. North Carolina*. Although the trial court ruled in favor of the plaintiffs, the North Carolina Supreme Court declared the program constitutional in a 4-3 decision in July 2015.

Purpose of this Report

The success of a statewide private school choice program like the North Carolina Opportunity Scholarship program rests on an assumption of adequate private school supply, yet little is known about the factors that influence school leaders' participation decisions. Despite funding to support over 5,000 students in 2016-17, for example, only 62 percent of private schools registered to participate in the Opportunity Scholarship program and only 46 percent actually enrolled voucher recipients.⁶ Currently, 54 percent of the state's private schools participate in the program.

This report uses survey analysis and a comparison of four similar voucher programs to update the team's prior findings on North Carolina private school leaders, which were reported in July 2017. We compare the structural (e.g., religious affiliation, school age), demographic (e.g., school composition), and self-reported (e.g., concerns about participation, reasons for participation) characteristics of private schools to better understand the factors that influence school participation decisions. We compare results across two distinct groups: (1) private schools that currently participate in the Opportunity Scholarship program; and (2) schools that do not participate in the program. These comparisons allow us to identify specific barriers that may inhibit private school participation in a publicly funded, targeted school choice program, as well as the specific features of program design that are associated with increased school participation in North Carolina's Opportunity Scholarship program.

⁶ NC Department of Administration, 2017; North Carolina State Education Assistance Authority, 2017a

Methods

The central research questions driving data collection efforts for this report were:

- 1) What are the characteristics of private schools that choose to participate in the North Carolina Opportunity Scholarship program and of those that do not participate?
- 2) Are there discernible patterns in the types of private schools that participate (e.g., by location, school type, school size, etc.), and, if so, what are they?
- 3) How does the private school participation rate of North Carolina's Opportunity Scholarship program compare and contrast to that of similar voucher programs in other states?

Data collection occurred in two phases: (1) an online survey was distributed to all private school leaders in North Carolina; and (2) an analysis of the academic literature and administrative information provided by state departments of education to profile similar private school choice programs in Florida, Maryland, Indiana, and Louisiana. The rich survey data allowed us to answer the first two questions, while the background research about voucher programs outside of North Carolina allowed us to answer the third question.

Data Collection for School Leader Surveys

The process for developing specific survey questions consisted of reviewing the relevant literature to identify existing surveys that could be drawn upon, as well as writing original questions that were specific to the North Carolina context. We used the 2016 school leaders' survey as a model for many of the questions on the 2017 version of the survey, which allows us to see trends in responses at two time periods for many questions. The final survey instrument consisted of approximately twenty questions and took approximately fifteen minutes to complete. Questions were a mixture of multiple choice questions with responses on a Likert scale (e.g., Not a Concern; A Minor Concern; A Major Concern) and open response questions. We piloted the survey at North Carolina State University and Duke University prior to distribution.

Coordinating with the state's Division of Non-Public Education, we gathered contact information for all private schools in the state (n=748) and distributed the survey via email using the survey software Qualtrics. The initial invitation to participate in the survey was distributed on September 26, 2017, and was sent directly to the school leadership by using the preferred email address registered with the Division of Non-Public Education. Respondents occupied various school leadership roles, including principal, administrator, Board Chair, school founder, school owner, school president, school director, business manager, Head of School, and Director of Admissions. The survey remained open for three weeks with an end date of October 19, 2017. We distributed four reminder emails to non-respondents throughout the three-week response period. Accounting for inactive email addresses, the target sample was 738 schools; we achieved 233 responses for a school response rate of 32 percent.

After answering a set of common questions, the survey branched into four separate paths and respondents were directed to answer specific questions based on their involvement in the Opportunity Scholarship program. We categorized participation in the program in four ways: schools that currently participate in the program (n=154), schools that have never participated in the program and do not plan to do so (n=49), schools that planned to participate for the first time in 2017-18 (n=23), and schools that participated in the program in a previous year, but withdrew (n=3).⁷ When analyzing the data, we broke out responses across categories where appropriate—remaining mindful of the differences in sample size across sub-groups—to identify differences in responses by school type.

Data Collection to Describe Voucher Programs in Other States

To generate a list of comparable private school choice programs in other states, we reviewed descriptive characteristics of all means-tested private school choice programs across the country. Those characteristics included the value of the voucher, the number of participating students, the number of participating schools, and student eligibility criteria. We selected four programs that bear a close resemblance to North Carolina's Opportunity Scholarship program: the Florida Tax Credit Scholarship program, the Maryland Broadening Options and Opportunities for Students Today program, the Indiana Choice Scholarship program, and the Louisiana Scholarship program. Our data sources consisted primarily of publicly-available data from the respective state departments of education as well as relevant academic literature that analyzes and evaluates these programs. Upon generating profiles of each program (Appendix B), we compiled the data into a table to compare and contrast these programs to the North Carolina Opportunity Scholarship program (Table 5).

⁷ Because of four blank responses to the question about participation status, the subgroups have a total n=229.

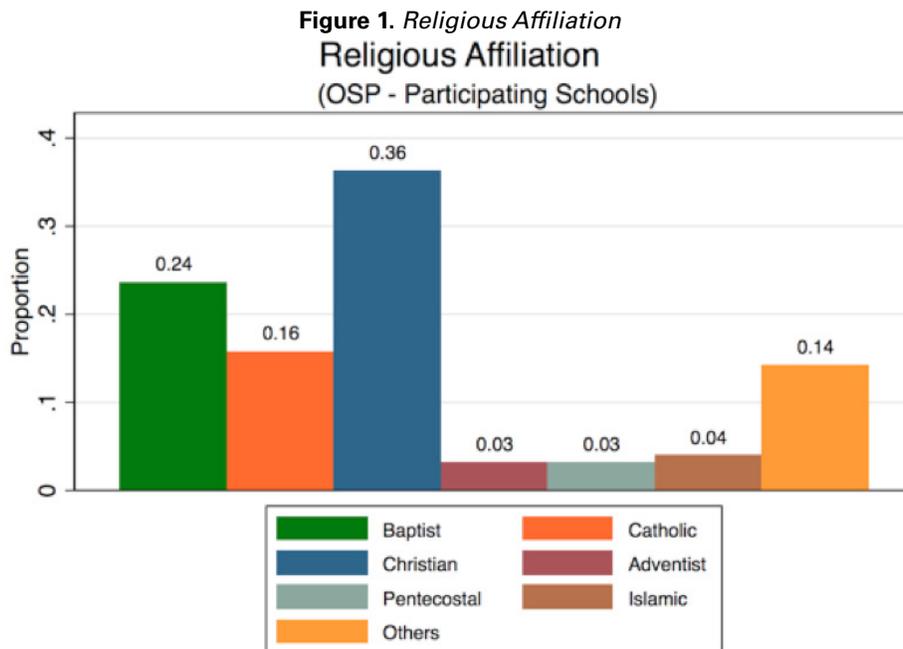
Results

What are the characteristics of North Carolina’s private schools?

Religious Orientation and Affiliation

Among participating schools, 71 percent indicated that their school has a religious affiliation. Non-participating schools, on the other hand, are much less likely to have a religious affiliation (32 percent). Compared to last year’s report, these figures are only slightly changed: in 2015-16, 76 percent of participants and 42 percent of non-participants indicated a religious orientation.

The most common religious denomination represented among participating schools that responded to this survey is Christian (36 percent; Figure 1), followed by Baptist (24 percent) and Catholic (16 percent). These data represent a small shift in order from the previous report, when the top three denominations were Baptist (29 percent), Christian (27 percent) and Catholic (18 percent).



Note: N = 127 schools have a religious affiliation. OSP: Opportunity Scholarship Program

Admissions

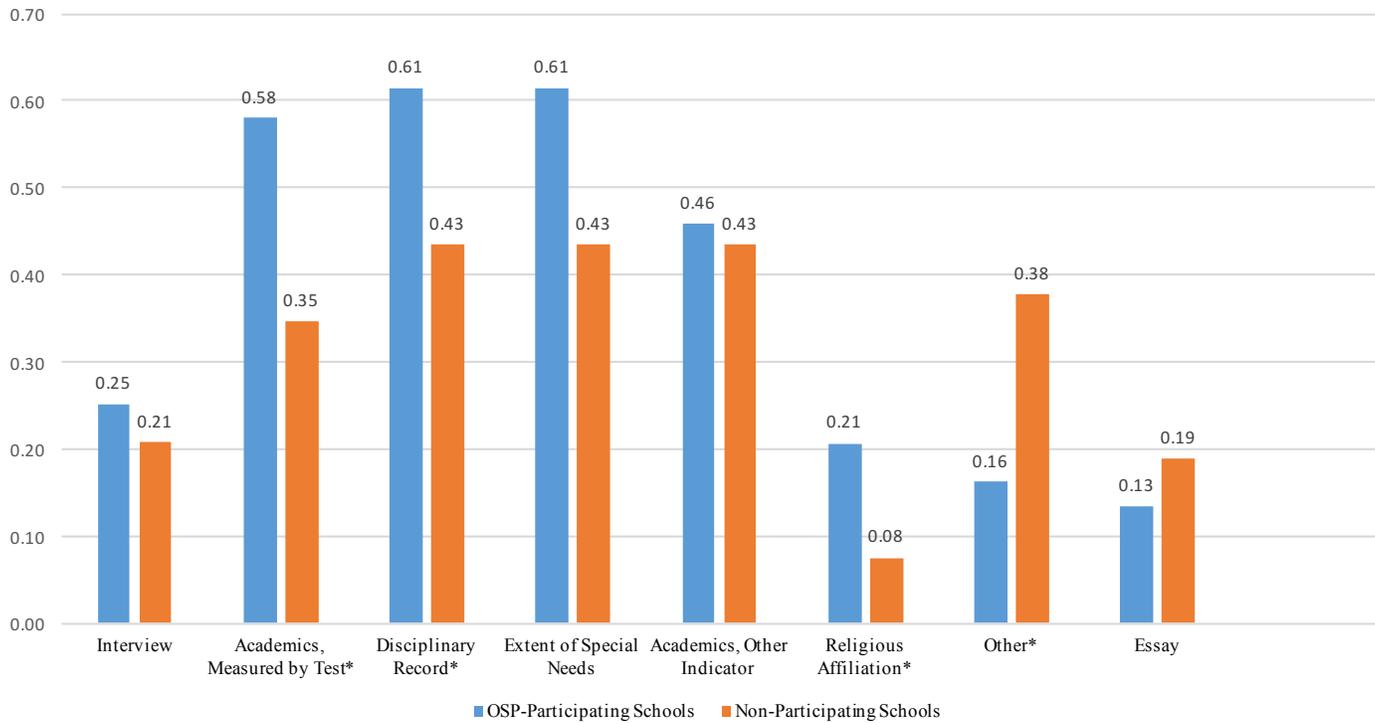
Participating private schools are permitted to screen all applicants when deciding who to admit, even if a student already has been awarded an Opportunity Scholarship by the state. This feature of program design is commonly observed in special needs scholarship programs across the country but is much less likely to be a design feature of means-tested scholarship programs similar to the Opportunity Scholarship program.⁸

Voucher programs with alternative designs include the Louisiana Scholarship Program, which requires schools to use an open admissions process for enrolling scholarship recipients, and the Milwaukee Parental Choice Program, which requires schools to admit eligible students on a random basis.

To learn more about the admissions criteria that North Carolina schools rely upon when determining which students to admit, we asked schools to report which criteria they routinely use in admitting students. Schools were permitted to select multiple criteria, if appropriate. In our sample, the most commonly selected criteria among participating schools were a review of a student's disciplinary record and a review of the extent of a student's special needs (tied at 61 percent), followed by consideration of a student's academic performance on standardized tests (58 percent). These figures represent a change from last year's findings, when the top three admission criteria were an interview with prospective students (81 percent), a measure of students' academic performance on standardized tests (64 percent), and a review of students' disciplinary records (59 percent). It is important to note that the changes in admissions criteria observed across these two time points may not reflect changes in individual schools' admissions practices, but could instead reflect differences in the sample, with different types of schools responding this year, compared to last year.

⁸ See, for example, the Arkansas Succeed Scholarship Program, Oklahoma's Lindsey Nicole Henry Scholarship for Students with Disabilities Program, Louisiana's School Choice Program for Certain Students with Exceptionalities, and North Carolina's Special Education Scholarship Grants for Children with Disabilities.

Figure 2. Admissions Criteria



Note: n = 179 participating schools, 53 non-participating schools; OSP = Opportunity Scholarship program; * indicates that a difference is statistically significant at $p < .05$

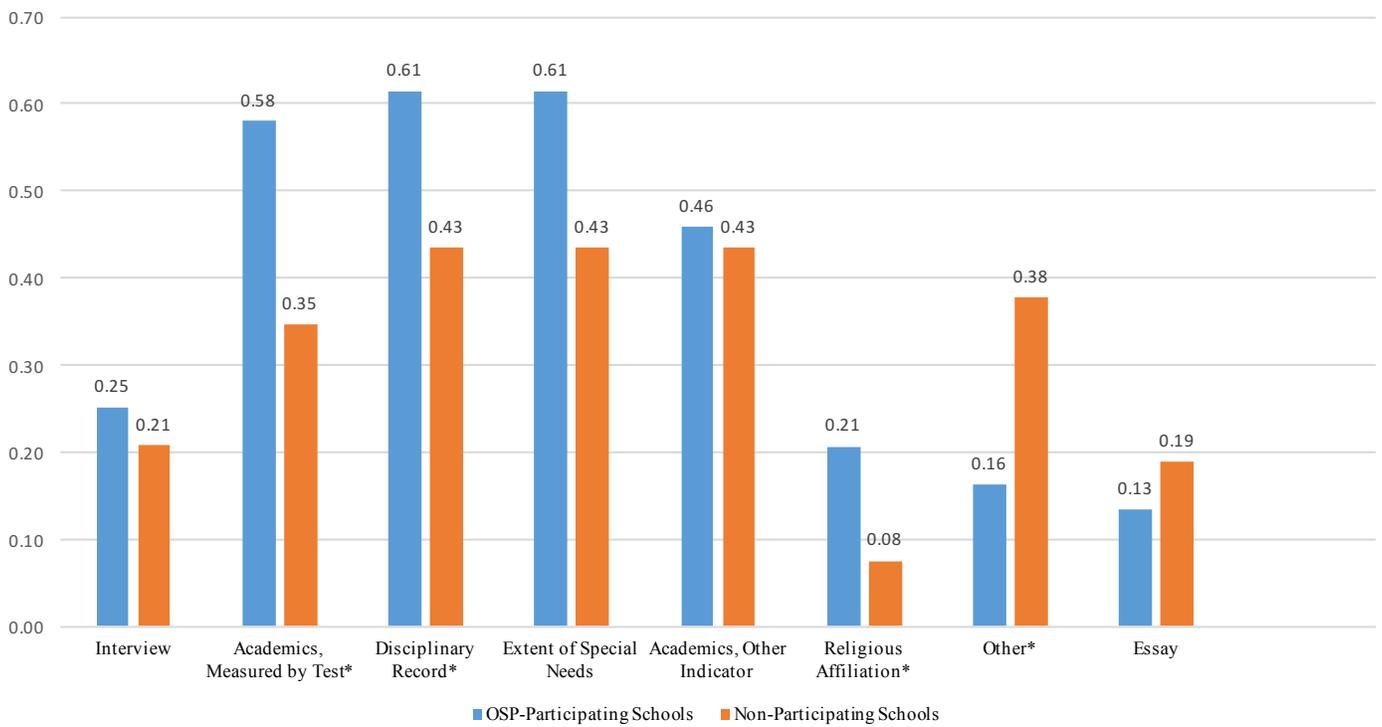
Among the 53 non-participating schools in our sample, a similar pattern emerged, with a few important differences. As with participating schools, two of the most frequently selected criteria for these schools were the extent of a student's special needs and a review of students' disciplinary records (43 percent each), but the third criterion of note was other academic indicators (also selected by 43 percent of the responding schools). We also found considerable variation in the types of "Other" indicators, which was the fourth-most frequently selected criterion among non-participating schools. For this category, school leaders listed indicators such as a full- or half-day school visit, a parent interview, a letter of recommendation from a teacher or religious leader, and a parent agreement to comply with the school's mission or teaching philosophy.

For reference, in the 2016 survey, the top three criteria relied upon by non-participating schools were personal interviews (66 percent), academic performance on standardized tests (41 percent), and other indicators (44 percent).

Distinguishing Characteristics

To learn more about the distinguishing characteristics of North Carolina’s private schools, we asked those schools that are participating in the Opportunity Scholarship program to choose the characteristics that they believe set them apart from nearby public schools (Figure 3). As with all lists presented in this survey, the survey response options were presented in a random order so as not to bias the frequency with which respondents selected certain categories. The three most frequently selected distinguishing characteristics were smaller class sizes (47 percent), more individualized attention (38 percent), and a better learning environment (25 percent). Compared to the previous year’s survey, we found a noteworthy change in the top three responses. Last year, the top three distinguishing characteristics chosen by participating schools were a stronger emphasis on college preparation (19 percent), a stronger emphasis on character building (19 percent), and religious education (16 percent).⁹

Figure 3. Distinguishing Characteristics of Participating and Non-Participating Schools



Note: n = 179 participating schools, 53 non-participating schools; OSP = Opportunity Scholarship program

*Indicates that a difference is statistically significant at $p < .05$

⁹The reader should bear in mind that these lists represent a self-assessment by private school leaders, not measured differences across schools that were assessed by an independent third party.

We posed the same question to those private schools that elected not to participate in the Opportunity Scholarship program. The top three distinguishing characteristics chosen by non-participating schools were the same as the participating schools, but they occurred in different proportions: 43 percent selected smaller class size, 40 percent chose more individualized attention, and 32 percent chose a better learning environment. This overlap in distinguishing characteristics is a departure from our previous findings. In the 2016 survey, the responses ultimately revealed key differences in how participating and non-participating schools perceive themselves. For that survey, the top distinguishing characteristic among non-participating school respondents was less standardized testing (24 percent), followed by a stronger emphasis on character building (18 percent). The third most frequently selected option was a tie between religious education and a stronger emphasis on college preparation (both 10 percent).

One possible explanation for this change may be the increase in the proportion of North Carolina private schools participating in the Opportunity Scholarship program. As the proportion of participants increases, there may be fewer differences between participants and non-participants. In 2015-16, 44 percent of private schools participated, while in 2017-18, 54 percent are participating.¹⁰

Non-Profit Status

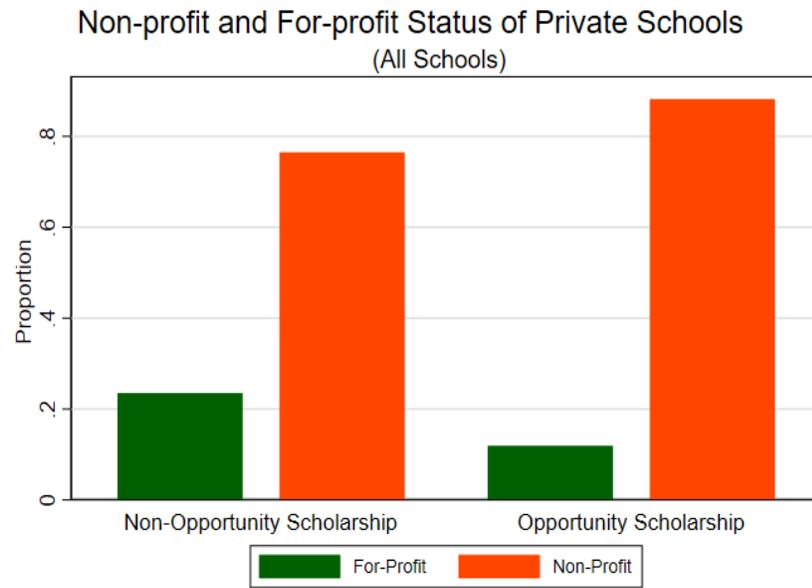
A new question in the 2017 survey asked about the non-profit status of private schools. We clarified for respondents that a “non-profit organization” is one with zero income distributed to its members, directors, or officers. Examples include organizations formed for religious, charitable, scientific, literary, or educational purposes that are typically eligible for federal and state tax exemptions.

For-profit education companies such as National Heritage Academics, the SABIS school network, Bright Horizons Family Solutions, EdisonLearning, and Nobel Learning Communities operate private schools, charter schools, or both. Little comprehensive information has been collected to date documenting their presence, if any, in North Carolina.

Among the private schools that participated in the Opportunity Scholarship program, the vast majority (88 percent) were non-profit schools (Figure 4). The remaining 12 percent were for-profit schools. The private schools that chose not to participate in the program showed a similar pattern: 77 percent were non-profit schools and 23 percent were for-profit schools. Thus, in both cases, the non-profit sector far outweighs the for-profit sector but there is an 11 percentage point difference in the presence of for-profit operators when comparing private schools that participate in the Opportunity Scholarship program and those that do not.

¹⁰ 44 percent is calculated from the 328 schools with enrolled OSP recipients in 2015-16 out of 742 total private schools that year; 54 percent is calculated from the 405 schools with enrolled OSP recipients in 2017-18 out of 748 total private schools that year. See North Carolina Division of Non-Public Education, 2016; North Carolina State Education Assistance Authority, 2017b

Figure 4. Non-Profit and For-Profit Status of North Carolina Private Schools



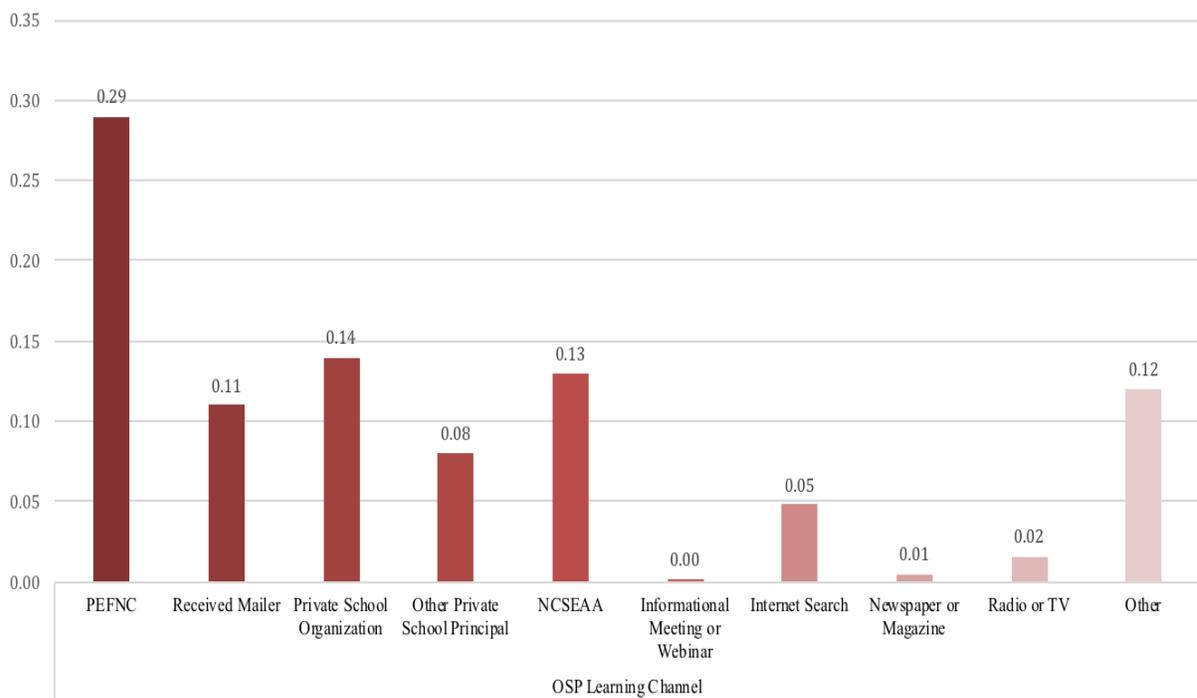
Note: N = 228 schools answered their non-profit status

How did North Carolina’s private school leaders learn about the Opportunity Scholarship program?

To better understand the schools that chose not to participate in the Opportunity Scholarship program but were aware of it, we asked participating school leaders how they became familiar with the program. Approximately 29 percent of schools learned about the program through Parents for Educational Freedom in North Carolina (PEFNC), a statewide, non-profit school choice advocacy organization (Figure 5). Another common channel reported by private schools was receiving informational materials via mail, selected by 11 percent of respondents. This is similar to last year’s results, when 24 percent of the respondents selected PEFNC and 14 percent selected informational mailers.

In comparison to 2016, this year’s respondents selected private school organizations (e.g., North Carolina Association of Independent Schools, North Carolina Christian School Association, etc.) and NCSEAA more frequently than the informational mailer at 14 percent and 13 percent, respectively.

Figure 5. Channels through Which Private Schools Learn about the Opportunity Scholarship Program



Note: n = 179 respondents; PEFNC = Parents for Educational Freedom in North Carolina; NCSEAA = North Carolina State Education Assistance Authority. Response categories are presented in the same order as in OS Evaluation Report #1 for ease of comparison. See Egalite, Gray, & Stallings (2017).

What factors influence private schools' program participation decision?

The survey asked schools to indicate their current involvement with the Opportunity Scholarship program, after which the survey posed different sets of questions for each involvement type so that we could tailor more specific questions to participants and non-participants. This section focuses on those schools that are currently participating in the program.

Currently-participating respondents were asked, "How important are the following reasons for your school's participation in the NC Opportunity Scholarship program?" They were then given seven factors to rate on a four-point Likert scale, ranging from "Not at all important" to "Very important." An open-response textbox also was provided for respondents to enter additional comments and reasons, if necessary.

As shown in Table 1, the primary reason that private schools give for participating in the state's Opportunity Scholarship program is to serve more disadvantaged students: 88 percent of participating schools indicated that this reason was either moderately important or very important. This is higher than 2016 survey results, which showed that 81 percent of respondents reported serving disadvantaged students as either moderately or very important. The second-most commonly selected reason for why private schools participate in the Opportunity Scholarship program is to provide coursework or a curriculum that is an alternative to nearby public schools: 76 percent of respondents indicated that this reason was either moderately important or very important. This figure represents an increase of about thirteen percentage points from last year's results.

Finally, respondents reported as very important or moderately important reducing tuition costs for eligible families already attending a participating school (67 percent), achieving greater racial and socioeconomic integration (65 percent), and providing additional revenue to assist with the operation of the school (49 percent).

We also offered an open-response section for schools to indicate alternative reasons for participation, in case the reasons we offered were not sufficiently comprehensive or in case they needed to further explain the reason they selected. Sample responses to this open-response question are as follows:

Provide school choice for families in our area.

Provide families the opportunity for quality education who need financial assistance to make that happen.

Allow families that otherwise couldn't, to choose what school will provide the best education/learning environment for their child.

This gives families "new options" for their child's education.

Table 1. Reasons for Private School Participation in the North Carolina Opportunity Scholarship Program

| | Very Important | Moderately Important | Somewhat Important | Not At All Important |
|---|-----------------------|-----------------------------|---------------------------|-----------------------------|
| Serve more disadvantaged students | 0.68 | 0.20 | 0.08 | 0.05 |
| Provide coursework/ curriculum that’s an alternative to nearby public schools | 0.50 | 0.26 | 0.13 | 0.10 |
| Expose more students to a religious learning environment | 0.47 | 0.13 | 0.09 | 0.29 |
| Ease tuition costs for eligible families already attending this school | 0.49 | 0.18 | 0.12 | 0.20 |
| Achieve greater racial and socioeconomic integration | 0.39 | 0.26 | 0.20 | 0.15 |
| Provide additional revenue to assist with the operation of the school | 0.32 | 0.17 | 0.29 | 0.22 |
| Provide extracurricular activities not available in nearby public schools | 0.06 | 0.15 | 0.25 | 0.53 |
| Other | 0.11 | 0.00 | 0.01 | 0.37 |

Note: n=171 private school respondents that participated in the North Carolina Opportunity Scholarship program in 2017-18.

We were also interested in learning more about the factors influencing schools that opted out of the program, so we posed a similar question to the leaders of schools that have never participated in the Opportunity Scholarship program and schools that indicated they have no plans to do so in the near future (n=49). As Table 2 shows, the most common factor that played a major or minor role in a school’s non-participation decision was a concern about future regulations imposed upon participants (57 percent). The second-most common factor among non-participants was the effect that participation in the Opportunity Scholarship program would have on a school’s independence (55 percent). Finally, the third-most common factor that played a major or minor role in non-participation was the amount of paperwork and reports required of participants (45 percent).

In addition, 36 percent of schools indicated “Other Concerns” as a factor that played a major role in their decision not to participate. The concerns that respondents entered for this category included being unaware of the program’s existence, not qualifying for the program (e.g., already having sufficient tuition assistance available to families), and a lack of students applying for Opportunity Scholarships:

We were unaware of the Opportunity Scholarship.

Our current financial aid resources are adequate to provide support for students who would be served by this program.

We did not have any potential students interested in the Opportunity Scholarship.

Last year, the 58 schools responding to this question also selected future regulations as the top reason in their decision not to participate (57 percent). Further, non-participants indicated that the amount of paperwork required played a role in this decision (47 percent). Finally, 54 percent of schools in this category chose “Other Concerns” as playing a major or minor role, implying that most reasons for non-participation were not listed in the options we provided. Somewhat similar to this year’s survey, the two most commonly cited reasons provided in the open responses were that their school was not aware the program existed or that their school makes an effort to avoid accepting government funds.

Table 2. Reasons that Private Schools Declined to Participate in the North Carolina Opportunity Scholarship Program

| Variable | Played a Major Role | Played a Minor Role | Did Not Play a Role |
|--|----------------------------|----------------------------|----------------------------|
| Future regulations that might come with participation | 0.48 | 0.09 | 0.41 |
| Effect of participation on our school’s independence | 0.41 | 0.11 | 0.48 |
| Amount of paperwork and reports that are required of participating schools | 0.20 | 0.25 | 0.52 |
| Concerns about testing requirement | 0.20 | 0.16 | 0.61 |
| OS is not adequate to cover per-pupil costs | 0.18 | 0.07 | 0.75 |
| Effect of participation on our school’s character or identity | 0.07 | 0.07 | 0.86 |
| Discipline and school safety as a result of admitting OS students | 0.05 | 0.05 | 0.91 |
| OS students would have difficulty passing our admissions test | 0.02 | 0.05 | 0.93 |
| Effect of participation on our school’s admissions standards | 0.02 | 0.05 | 0.91 |
| Effect of participation on our school’s academic standards | 0.02 | 0.07 | 0.86 |
| Concerns OS will not increase with increases in the cost to educate students | 0.02 | 0.16 | 0.80 |
| Level of parental involvement from OS families | 0.02 | 0.02 | 0.93 |
| OS students are not prepared for the academic rigor of our school | 0.00 | 0.07 | 0.91 |
| Other | 0.36 | 0.00 | 0.43 |

Note: n=44 schools that have never participated in the program and are not planning to participate next year; OS = Opportunity Scholarship.

What are the concerns of participating private schools?

In the next part of the survey, we asked private schools to share any concerns they might have as participants in the Opportunity Scholarship program. Three categories of responses stood out. First, 82 percent of participating schools chose future regulations that might be tied to participation as a major or minor concern. Second, 75 percent of participating schools reported being concerned that the value of the Opportunity Scholarship might not increase on pace with increases in the cost to educate students. Finally, following closely behind this concern at 74 percent was the worry that the amount of the Opportunity Scholarship is not adequate to cover the school's current cost of educating a student. Only 20 percent of participating schools indicated "Other" as their concern with the program. The following selected responses demonstrate the range of concerns shared by participants:

We have some students that are ineligible because they were pulled out of public school before this grant was offered and now they will never be eligible.

Concerns about meeting the method of reporting requirements for testing.

Difficulty navigating website and knowing when students have been entered.

Great concerns about the cost to the school to maintain the administrative side of the scholarship.

The results above reflect the same top three concerns reported in the 2016 survey. In 2016-17, 86 percent of participating schools listed future regulations that might come with participating in the Opportunity Scholarship program as a minor or a major concern. Further, 73 percent of participating schools were concerned that the value of the Opportunity Scholarship might not increase proportionally with the cost to educate students, and 61 percent of participating schools indicated that the dollar amount of an Opportunity Scholarship was inadequate to cover the school's cost of educating a student.

Table 3. Concerns Shared by Private Schools Participating in the Opportunity Scholarship Program

| Concerns | A Major Concern | A Minor Concern | Not a Concern |
|---|------------------------|------------------------|----------------------|
| Future regulations that might come with participation | 0.39 | 0.43 | 0.18 |
| OS amount is not adequate to cover our school's cost of educating a student | 0.30 | 0.44 | 0.26 |
| OS will not increase with increases in the cost to educate students | 0.22 | 0.53 | 0.25 |
| The effect of participation on our school's independence | 0.16 | 0.30 | 0.54 |
| Paperwork and reports that are required of participating schools | 0.11 | 0.38 | 0.52 |
| Testing requirements | 0.11 | 0.34 | 0.56 |
| OS students are not prepared for the academic rigor of our school | 0.10 | 0.43 | 0.47 |
| Trouble finding room for new OS students | 0.05 | 0.22 | 0.72 |
| Effect of participation on our school's admissions standards | 0.05 | 0.19 | 0.77 |
| OS students would have difficulty passing our admissions test | 0.04 | 0.28 | 0.67 |
| Effect of participation on our school's character or identity | 0.04 | 0.14 | 0.83 |
| Effect of participation on our school's academic standards | 0.04 | 0.31 | 0.65 |
| Parental involvement from OS families | 0.04 | 0.30 | 0.67 |
| Discipline and school safety as a result of admitting OS students | 0.01 | 0.24 | 0.74 |
| Other (please specify): | 0.20 | 0.03 | 0.77 |

Note: n=179 private school respondents that participated in the North Carolina Opportunity Scholarship program in 2017-18; OS = Opportunity Scholarship

How do participating schools perceive the Opportunity Scholarship students, relative to a “typical” student at that school?

Our survey also asked respondents to share their perceptions of the Opportunity Scholarship students enrolled at their school relative to the typical student at their school. School leaders were asked to describe their satisfaction with students’ preparedness. Similar to last year, we hypothesized that school leaders would perceive the Opportunity Scholarship students to be less well-prepared than their fee-paying counterparts, which is supported by the data: 57 percent were satisfied or very satisfied with the preparation of the typical student at their school whereas just 45 percent were satisfied or very satisfied with the preparation of the Opportunity Scholarship students at their school.

In the 2016 survey, 91 percent of school leaders were satisfied or very satisfied with typical students’ preparation, while 80 percent were satisfied or very satisfied with Opportunity Scholarship program students’ preparation. Although the absolute percentages have dropped significantly between the two years, the overall differential between typical students and Opportunity Scholarship program students remains small at just twelve percentage points in 2017-18.

We also asked participating school leaders to share their perception of the involvement of the parents of Opportunity Scholarship students, relative to the involvement of parents of a typical student at their school. Satisfaction rates were very high across the board. Respondents indicated a 75 percent satisfaction rate with the parental involvement of the typical student and a 71 percent satisfaction rate with the parental involvement of the Opportunity Scholarship students. While these absolute satisfaction rates are also lower than last year’s results—93 percent satisfaction with typical students’ parental involvement and 94 percent satisfaction with Opportunity Scholarship students’ parental involvement—the relative differential (4 percentage points this year, 1 percentage point last year) is similar.

What actions, if any, do school leaders take to encourage Opportunity Scholarship students to enroll in their school?

To better understand the recruitment practices of private schools, we asked the school leaders to describe the specific efforts they've taken to attract Opportunity Scholarship students to their school. Table 4 ranks their answers from most to least frequently selected.

Fifty-five percent of school leaders indicated that they promoted their school through traditional media (flyers, radio advertisements, advertisements in newspapers, etc.), on social media, or by using other methods of advertising. This is lower in comparison to the 70 percent that was reported last year. Approximately 33 percent of the school leaders indicated that their school's strategy involved encouraging greater parental involvement in school activities. To encourage enrollment, 29 percent of school leaders suggested that their schools added tutoring or other special services to help improve academic achievement. The top three actions are consistent with the results of last year's survey.

Table 4. *Participating Schools' Efforts to Encourage Opportunity Scholarship Students to Enroll*

| Action | Percent |
|---|---------|
| Fliers, Radio, Newspaper Ads | 0.55 |
| Encouraged Greater Parent Involvement | 0.33 |
| Adding Tutoring or Other Special Services to Improve Academic Achievement | 0.29 |
| Encouraged Greater Parent Involvement | 0.28 |
| Improved the Physical Appearance of Your School | 0.14 |
| Altered Class Sizes | 0.09 |
| Offered Additional Courses | 0.07 |
| Increased School Safety Procedures | 0.07 |
| Adjusted Disciplinary Rules | 0.02 |

Note: n=176 participating schools; Respondents were permitted to select more than one action.

School leaders also were given the option to choose "other" to describe tactics to encourage students to enroll that were not listed in the survey. Some selected responses to this question include the following:

Increase amount we can scholarship, to bridge the gap in tuition.

Added parent information meetings to disseminate information about the Opportunity Scholarship and providing technology/wifi for accessing information/applying.

We plan to provide information to parents through social media, flyers, ads.

We talk about the Opportunity Scholarship at every parent info meeting.

What advice do non-participating school leaders offer for improving the Opportunity Scholarship program?

To better understand why some schools choose to participate in the Opportunity Scholarship program while others opt out, we asked leaders in non-participating schools whether specific modifications to the Opportunity Scholarship program would increase their future likelihood of participating in the program. Among the 39 school leaders who responded to this open-ended question, 24 said there were no specific reasons (e.g., n/a, no, not at this time, etc.). For those who offered open-ended comments, below are some selected responses grouped by three themes:

1. Enrollment Criteria

Removing the stipulation that the NC Opportunity Scholarship is available only to students who were enrolled in public school the prior year.

Assurances that the state will not impose requirements on our school based on the acceptance of the scholarships

Perhaps widening the criteria and not restricting incoming homeschoolers.

2. Financial Considerations

Higher scholarship amount.

More dollars available to families.

3. Other

[O]ffer it to adjudicated youth so they don't have to go back to the same situation that they came from.

Less paperwork

How does the private school participation rate of North Carolina's Opportunity Scholarship program compare to that of similar programs in other states?

This section compares North Carolina's private school choice program to similar programs in four other states. After a general overview, we present a summary of our findings in Table 5 and compare key characteristics of the programs. For more detailed information on the programs listed below, please see Appendix B for individual state profiles.

Florida Tax Credit Scholarship Program

Since the 2002-03 school year, the Florida Tax Credit (FTC) Scholarship program has served low-income children by offering annual tax credit scholarships to attend private schools.¹¹ Today, the FTC is the nation's largest private school choice program with 98,936 participants in the 2016-2017 school year (Florida Department of Education, 2017a). In 2017-18 alone, \$698 million was allocated for the program, funding a per-pupil scholarship of \$5,886. Eligible students are those in the foster care system and those whose family household income does not exceed 260 percent of the cut-off for the federal free and reduced-price lunch program (Florida Department of Education, 2017b). Tax-credit scholarship programs function like a voucher system in practice, but unlike traditional state-funded vouchers, tax credit scholarships are funded by donations from individuals or private corporations. In Florida, private entities that make donations to the scholarship granting organizations receive a dollar-for-dollar tax credit up to 75 percent of their contribution (Figlio & Hart, 2014). This incentive structure allows the FTC program to expand proportionally to the growth in contributions. However, the total value of scholarship contributions that the state will write off is capped annually.

As of June 2017, Florida has over 2,500 private schools in operation, 1,733 of which participate in the FTC program across 64 school districts. Among the 70 percent of participating private schools in the state, 68 percent are religiously affiliated. Eighty-two percent of FTC-participating students enroll in a religious private school (Florida Department of Education, 2017c). In terms of the makeup of FTC students, more than half of participants are enrolled in Grades K-4 (Florida Department of Education, 2017c). The majority of participants are non-white: 29.9 percent are African American and 38 percent are Hispanic (Ibid). In an annual evaluation of the FTC program conducted by Kisa et al. (2017), the authors found that new FTC students also tended to have higher rates of free-lunch eligibility than their non-participating, FTC-eligible counterparts.

¹¹ The program also offers small scholarships of \$500 to students who enroll in public schools outside their resident school districts. This amount is intended to offset transportation costs (Florida Department of Education, 2017b).

Maryland Broadening Options and Opportunities for Students Today Program

In the 2016-17 academic year, the state of Maryland launched a new voucher program called the Broadening Options and Opportunities for Students Today (BOOST) program, which was implemented with a budget of \$5 million (Maryland State Department, 2014). In the program's first year of operation, there were 2,447 participating students and 171 participating schools. Voucher awards range from \$1,000 to a maximum of \$4,400, with an average value of \$1,943 (EdChoice, 2017). Students are eligible to participate in BOOST if they reside in households with incomes at or below 185 percent of the federal poverty level (\$45,510 for a family of four in 2017-18). Private school vouchers are not new in Maryland. In 2010, the state introduced Building Opportunities for All Students and Teachers in Maryland (BOAST Maryland; The Maryland Nonpublic Schools Legislative Coalition, 2010). This voucher system is based on a tax credit model, designed to provide Maryland's elementary and secondary schools with a means of leveraging financial contributions from the local business community.

Indiana Choice Scholarship Program

Indiana operates the largest statewide voucher program in the United States. Enacted in 2011, the Indiana Choice Scholarship program's enrollment grew from 3,911 students in the first year to 34,299 students in the 2016-17 school year (The Indiana Department of Education Office of School Finance, 2017). In the 2017-18 school year, there were 313 participating private schools (Ibid).

In order to receive the Choice Scholarship, families must meet three eligibility criteria and fall within one of the seven qualification pathways (See Appendix B). Once a student qualifies, his or her family's household income must fall within the income criteria, which is up to 150% of the federal Free or Reduced Lunch Program income guidelines. Students receive a voucher that covers the lesser of the private school's tuition and fees, or an amount between 50 to 90 percent of the per-student state funding for the student's school corporation of residence. The average voucher award in the 2016-17 school year was \$4,223 for a high school student and \$4,030 for an elementary or middle school student (The Indiana Department of Education Office of School Finance, 2017). Due to the income criteria, this program reaches students in both, low- and middle-income families. For instance, a family of four, which earns up to \$45,510, can receive a voucher covering 90 percent scholarship. If the family of four earns up to \$91,020, they can receive a voucher worth 50 percent of the scholarship.

Surveys suggest that 86 percent of parents are somewhat or completely satisfied with the Indiana Choice Scholarship program. Furthermore, approximately, 60 percent of parents found it somewhat easy or very easy to find a private school for their child (Catt & Rhinesmith, 2017). Although switching from public to private school in Indiana is becoming more common since the program began in 2011, researchers reported that the Indiana Choice Scholarship program does not necessarily result in math achievement gains for students between third and eighth grade (Waddington & Berends, 2018). Researching the supply side of this school voucher program, Sude et al. (2017) discovered that schools with higher tuition levels and larger enrollments are less likely to participate in the Choice Scholarship program. Likewise, schools with higher Great Schools Review rankings were also less likely to participate.

Louisiana Scholarship Program

The Louisiana Scholarship program (LSP) is a voucher program that provides students from low-income families in Louisiana with the means to attend private elementary and secondary schools. The program started in 2008 at the city level in New Orleans with approximately 600 students. It was expanded by the state legislature to a statewide program in 2012 and has increased enrollment to approximately 6,900 students as of the 2016-2017 school year. Around one third of Louisiana private schools participated in the program for the 2016-17 school year (Louisiana Department of Education, 2017). Currently, there are only 85 schools listed as participating for the 2017-18 school year as opposed to 120 in previous years. However, this figure may represent an incomplete listing, and it does not include at least 15 schools participating in the Louisiana School Choice Program for Certain Students with Disabilities (Ibid).

For a student to qualify for the LSP, their family income must fall at or below 250 percent of the poverty line (\$60,750 for a family of four in 2016-17). The student must also be a Louisiana resident and must either be currently enrolled at a school rated as C, D, or F by the Louisiana Department of Education or entering Kindergarten.

During its first year as a statewide program, the LSP was funded using Louisiana's Minimum Foundation Program (MFP) school funding system. In 2013, the state Supreme Court ruled in *Louisiana Federation of Teachers v. State of Louisiana* that the use of the MFP and local contributions to fund the LSP was a violation of the state constitution (Stewart & Moon, 2016). Since that ruling, the LSP has been funded by an annual appropriation in the state budget. As recently as the 2016-2017 school year, budget cuts to the LSP line item have limited the pool of available scholarships from 7,362 scholarships distributed in the 2014-2015 school year to 6,900 in the 2016-2017 school year (Louisiana Department of Education, 2017).

Comparisons to North Carolina's Program

Similar to analogous programs in Indiana, Louisiana, and Maryland, North Carolina's private school choice program is structured as a voucher program, as opposed to a tax credit scholarship program. This means funds are appropriated directly from the legislature instead of being distributed by a Scholarship Granting Organization, such as Step Up for Students in Florida. Thus, all funds for North Carolina's program must be negotiated and approved through the state's budget-setting process, which follows a biennial calendar.

With enrollment of 5,624 in 2016-17, North Carolina's program falls in fourth place behind Louisiana, Indiana, and Florida in terms of its size.

In terms of its parental co-payment policy, North Carolina mirrors its sister programs in Maryland, Indiana, and Florida by making parents financially responsible for any remaining tuition owed once the voucher or scholarship has been applied. Only Louisiana requires private schools to accept the state voucher as payment in full. Louisiana is also an outlier in terms of its admission standards policy. Of these five states, only Louisiana requires private schools to accept all eligible applicants up to the number of students the private school indicated at the outset they can accommodate.

Many younger school choice programs, including North Carolina’s program, limit enrollment to those students coming from public school. Indiana, Louisiana, and Maryland have adopted this same policy, whereas Florida’s program permits current private school enrollees to apply for a tax credit scholarship to offset their tuition costs.

Florida and North Carolina are the only two programs that permit private schools to administer any nationally-normed test of their choosing, whereas the programs in Indiana, Louisiana, and Maryland require participating schools to administer the state test to voucher recipients for academic accountability purposes.

Finally, the private school participation rate is highest in Florida, followed by Indiana and North Carolina. Maryland, the newest of these programs, has a school participation rate of approximately 2.5 percent.

Table 5. Comparison of Five Means-Tested Private School Choice Programs

| Design Feature | Florida | Indiana | Louisiana | Maryland | North Carolina |
|---|--------------------------------|--------------------------------------|-------------------------------|--------------------|--------------------------------|
| Program Type | Tax-credit | Voucher | Voucher | Voucher | Voucher |
| Number of Participating Students (2016-17) | 98,936 | 34,299 | 6,695 | 2,405 | 5,624 |
| Maximum Award Amount | \$5,886 | 50% to 90% of TPS per-pupil spending | 50% of TPS per-pupil spending | \$1,000 to \$4,400 | \$4,200 |
| Parental Co-Pay? | Yes | Yes | No | Yes | Yes |
| Private Schools Can Apply Unique Admission Standards? | Yes | Yes | No | Yes | Yes |
| Private School Students Eligible? | Yes | No | No | No | No |
| Testing Requirements | Norm-referenced test of choice | State Test | State Test | State Test | Norm-referenced test of choice |
| Private School Participation Rate (2016-17) | ~70% | ~50% | ~33% | ~2.5% | ~50% |

Note: Parental co-payment refers to the situation in which parents are financially responsible for tuition that exceeds the scholarship amount. TPS = Traditional Public School

Conclusion

Analyses for this report uncovered interesting differences in the characteristics of participating and non-participating schools. These findings may help stakeholders and policymakers develop plans that address potential private school supply roadblocks as the program expands. We explored the various influences on school participation by comparing the characteristics of participating and non-participating schools through analysis of survey data. We also provided broader context on private school choice programs by identifying and summarizing four other statewide programs outside of North Carolina.

Key Themes

Our survey results indicate that participating schools are more likely than non-participating schools to have a religious affiliation and are more likely to consider both disciplinary records and a students' special needs in admissions decisions. By contrast, non-participating schools ranked a variety of other indicators among their top admissions criteria. In contrast to our previous findings, however, both participating and non-participating schools identified the same top three characteristics that distinguish them from public schools. We predict that as the proportion of participating private schools increases, there may be fewer differences between participant and non-participant private schools.

Survey responses also suggest that the decision to participate in the program may hinge on the weight an individual school gives to the various perceived benefits and costs of participation. For example, participating schools state that their primary reason for participation is to help them serve more disadvantaged students, while the most frequently selected factor explaining a school's non-participation decision was a concern about future regulations that might come with participation. In addition, a number of non-participating schools indicated in open-response questions that they simply had never heard of the program, which suggests a potential for growth in participation numbers as information about the program diffuses to a broader audience. Existing data on the learning channels currently in operation suggest a role for non-profit organizations in this regard. For instance, when asked how they heard about the program, over one-quarter of respondents selected the advocacy organization, Parents for Educational Freedom in North Carolina.

Leaders of participating schools are not without their own concerns. The top two concerns shared were worries that additional future regulations might become requirements for participating in the Opportunity Scholarship program and concerns that the value of the Opportunity Scholarship will not increase on pace with increases in the cost to educate students.

In addition, the presence of the Opportunity Scholarship program may be influencing participating schools' overall promotional efforts, with over 50 percent of participating school leaders indicating that they promoted their school through the use of traditional media (e.g., fliers, radio advertisements, advertisements in newspapers) or on social media in an effort to make Opportunity Scholarship-eligible families aware of their offerings.

Finally, we find that the North Carolina Opportunity Scholarship program, though relatively new, is similar in many ways to the private school choice programs in Florida, Maryland, Indiana, and Louisiana in terms of scholarship amounts, admissions standards, private school participation rates, and testing requirements. All programs we reviewed also have demonstrated continual growth in funding and enrollment since their inception. These similarities suggest that the Opportunity Scholarship program's current design is reflective of other widely implemented school choice programs around the country.

Limitations

Although every effort was made to generate a representative sample of school leaders across the state, it is certainly possible that all viewpoints are not represented by these findings. While these survey results provide valuable insights into schools' decision-making processes, survey-takers typically represented only one decision-making individual at any given school, and the responses cannot fully reflect the opinions and motivations of all of the decision-makers in that school (for instance, a school's board members).

Furthermore, while it is useful to track changes in responses to questions across multiple data collection periods, the anonymous nature of the survey respondents precluded us from linking records longitudinally. Thus, we cannot assess the extent to which our sample composition changed over time and whether changes in responses reflect changes in opinion or changes in the set of schools responding to our survey.

Finally, it is critical to keep in mind that many of the responses represent personal perceptions at the time the survey was taken and therefore are not necessarily reflective of objectively verifiable conditions or circumstances.

Future Research

Many questions remain about the impacts of the Opportunity Scholarship program and the experiences and perceptions of various groups that are affiliated with North Carolina's private school voucher program. For instance, a critically important stakeholder group that is not represented in these findings is parents. What family characteristics are associated with participation? What are parents' perceptions of the participating schools? Are there access problems and, if so, what actions on the part of the state might mitigate such inequities in access? Future reports describing parent survey responses will explore these questions in greater detail, but there is still more to learn. It is also important to examine how students are affected by this program, which will require an academic impact analysis and a competitive effects analysis. How does the achievement of participating and non-participating students change as a result of the program? Finally, what is the fiscal impact of the program? These questions and more are fruitful avenues for future research.

Appendix A. Summary of Previous Findings

In July 2017, we released a report describing the findings from surveys we conducted of North Carolina private school leaders and related focus groups.¹² This section summarizes the highlights of that report.

- Private schools that elected to participate in the Opportunity Scholarship program are more likely to be religious schools, compared to private schools that do not participate in the program.
- When asked to choose the top characteristics that distinguish their schools from nearby public schools, private schools that do not participate in the Opportunity Scholarship program are most likely to say that their schools require less standardized testing.
- The primary reason participating private schools cite for accepting students through the Opportunity Scholarship program is to help the school serve more disadvantaged students. Eighty-one percent of schools reported that this reason was either moderately important or very important for their participation in the program. Other common reasons private schools give for participating in the Opportunity Scholarship program are to provide coursework or a curriculum that is an alternative to nearby public schools (selected by 63 percent of schools as being either moderately important or very important) and to achieve greater racial and socioeconomic integration in their schools (selected by 61 percent of schools as being either moderately important or very important).
- The top two concerns about the program among participating private schools are the possibility for future regulations that would change requirements for participating in the Opportunity Scholarship program (86 percent listed this as a concern) and that the value of the opportunity scholarship will not increase on pace with increases in the cost to educate students (73 percent).
- Participating school leaders report that Opportunity Scholarship students are less prepared than the typical student at their schools. The differential in school leaders' satisfaction rates with student preparedness across these two groups is eleven percentage points (80 percent of leaders are satisfied or very satisfied with the preparedness of Opportunity Scholarship students, compared to 91 percent who are satisfied with the preparedness of their typical student).
- Participating school leaders appear to be very satisfied with parent involvement in their schools, and there is no statistically significant difference between satisfaction rates for the involvement of parents of Opportunity Scholarship students (94 percent) and the involvement of all other parents (93 percent).
- The primary channel through which participating private schools have learned about the Opportunity Scholarship program is through Parents for Educational Freedom in North Carolina, a non-profit organization dedicated to school choice issues.

¹² Egalite, Gray, & Stallings, 2017.

Appendix B. Comparable Private School Choice Programs

The Florida Tax Credit Scholarship Program

The Florida State Legislature enacted the Florida Tax Credit (FTC) Scholarship program in 2001. Since the 2002-03 school year, the FTC program has served low-income children by offering annual tax credit scholarships to attend private schools.¹³ Today, the FTC is the nation's largest private school choice program with 98,936 participants in the 2016-17 school year (Florida Department of Education, 2017a). This figure represents a 25 percent increase from the 2015-16 school year, which points to the growing popularity of the program and the strong financial support it receives: \$698 million has been allocated for 2017-18 with a per-pupil scholarship amount of \$5,886 (Ibid). Eligible students are those in the foster care system and those whose family household income does not exceed 260 percent of the cut-off for the federal free and reduced price lunch program (Florida Department of Education, 2017b).

Tax-credit scholarship programs function like a voucher system in practice, but unlike traditional state-funded vouchers, tax credit scholarships are funded by donations from individuals or private corporations. In Florida, two non-profit Scholarship Funding Organizations (SFOs) process and distribute funds to families: Step Up for Students, which enrolls 99 percent of FTC students, and AAA Scholarship Foundation, LLC, which enrolls the remaining 1 percent (Florida Department of Education, 2017c). Corporations and other private entities that make donations to the SFOs receive a dollar-for-dollar tax credit up to 75 percent of their contribution (Figlio & Hart, 2014). This incentive structure allows the FTC program to expand proportionally to the growth in contributions.

As of June 2017, Florida has over 2,500 private schools in operation, 1,733 of which participate in the FTC program across 64 districts. Among the 70 percent of participating private schools in the state, 68 percent are religiously affiliated. Eighty-two percent of FTC-participating students enroll in a religious private school (Florida Department of Education, 2017c). Florida has seen increases in the number of participating private schools over time.

In terms of the makeup of FTC students, more than half of participants are enrolled in Grades K-4 (Florida Department of Education, 2017c). The majority of participants are non-white: 29.9 percent are African American and 38 percent are Hispanic (Ibid). Participating students also demonstrate lower socioeconomic status on average. In an annual evaluation of the FTC program conducted by Kisa et al. (2017), the authors found that new FTC students tended to have higher rates of free-lunch eligibility than their non-participating, FTC-eligible counterparts. Further, Chingos and Kuehn (2017) evaluate the long-term academic impacts of FTC between 2004 and 2010. They find that participating students are about 15 percent more likely to enroll in a Florida public college than non-participants (Ibid). Enrollment is concentrated in two-year community colleges, which are more affordable and accessible to the low-income student who participate in the FTC program (Ibid). For students who spend more than three years in the program and enter between Grades 3 and 7, associate degree attainment was about 2 percentage points higher than non-participating students; however, the authors find no statistically significant impacts on bachelor degree attainment among FTC participants (Ibid).¹⁴

¹³ The program also offers small scholarships of \$500 to students who enroll in public schools outside their resident school districts. This amount is intended to offset transportation costs (Florida Department of Education, 2017b).

The Maryland BOOST Program

In the 2016-17 academic year, the state of Maryland launched a new voucher program called the Broadening Options and Opportunities for Students Today (BOOST) program, which was implemented with a budget of \$5 million (Maryland State Department, 2014). Last year, 2,447 participating students in 171 private schools participated in the program. The value of the vouchers awarded in the program's first year ranged from \$1,000 to \$4,400, with an average value of \$1,943 (EdChoice, 2017). Students are eligible to participate in BOOST if they reside in households with incomes at or below 185 percent of the federal poverty line (\$45,510 for a family of four in 2017-18).

The BOOST program is not the first private school choice program in Maryland. In 2010, the Building Opportunities for All Students and Teachers in Maryland (BOAST Maryland) was introduced. This private school choice program is based on a tax credit, which provides Maryland's private elementary and secondary schools with a means of leveraging donations from the local business community (The Maryland Nonpublic Schools Legislative Coalition, 2010). This allows small businesses and corporations to claim a 75-percent state tax credit for donations to organizations that provide scholarships for students to attend private schools in Maryland (The Maryland Nonpublic Schools Legislative Coalition, 2010).

The Indiana Choice Scholarship Program

Indiana operates the largest statewide voucher program in the United States. Initiated in 2011, the Indiana Choice Scholarship program's enrollment grew from 3,911 students in the first year to 34,299 students in the 2016-17 school year (The Indiana Department of Education Office of School Finance, 2017).

In order to apply, students must meet three eligibility criteria: they must have residency in Indiana, they must be between the ages of 5 and 22, and they must have been accepted into a participating Choice Scholarship school. Once these criteria have been met, students can qualify through one of seven pathways: (1) spending two semesters in a public school; (2) receiving a scholarship from a state-recognized scholarship-granting organization in the past year; (3) having previously participated in the Choice Scholarship program for at least one year between 2011 and 2014; (4) having participated in the program in the preceding school year; (5) having special education needs; (6) having attended a school that has an "F" rating; or (7) having a sibling in the program (The Indiana Department of Education Office of School Finance, 2017). Approximately 75 percent of the students in the 2016-2017 school year received eligibility through the continuing participation and previous participation pathways.

The average voucher award in the 2016-17 school year was \$4,223 for a high school student and \$4,030 for an elementary or middle school student (Indiana Department of Education Office of School Finance, 2017). The maximum amount that a student can receive is the lesser of the tuition and fees charged to the student at the eligible Choice School, or an amount between 50 and 90 percent of the per-pupil funding level at the student's school corporation of residence. In order to qualify, household income must fall between 69 and 200 percent of the federal free or reduced price lunch program's income criteria, depending on the eligibility pathway. In the 2017-18 school year, there were 313 participating private schools ("Participating Schools 2017-18" n.d.).

¹⁴ Small sample size for this subgroup limited the authors' analysis of bachelor degree attainment (Chingos & Kuehn, 2017).

Although switching from public to private school in Indiana has become more common in the past six years, Indiana's Choice Scholarship program does not necessarily result in academic improvements for students between third and eighth grade. In one study, Choice Scholarship students experienced a drop in math scores during the first two years after switching to a private school. The Choice Scholarship students remaining in private schools for more than two years experienced improved math test scores during later years, however. At the same time, no significant difference was found in English Language Arts (ELA) test scores. Further, special education students experienced a drop in ELA scores and students enrolled in Catholic schools experienced a gain in ELA scores (Waddington & Berends, 2018).

From a parent's perspective, survey data suggest that 86 percent are somewhat or completely satisfied with the Choice Scholarship program. Roughly 60 percent of parents also found it somewhat or very easy to find a private school for their child (Catt & Rhinesmith, 2017). Analyzing the private school point of view, Sude et al. (2017) discovered that schools with higher tuition levels and larger enrollments are less likely to participate in the Choice Scholarship program. Likewise, schools with higher Great Schools Review rankings were less likely to participate.

The Louisiana Scholarship Program

The Louisiana Scholarship Program (LSP) is a private school voucher program that provides students from low-income families in Louisiana with the means to attend private elementary and secondary schools if they would otherwise attend a C-, D-, or F- rated public school. The program started in 2008 at the city level in New Orleans with approximately 600 students. The state legislature expanded it to a statewide program in 2012 and has increased enrollment to approximately 6,900 students as of the 2016-17 school year. Around one-third of Louisiana private schools participated in the program for the 2016-17 school year (Louisiana Department of Education, 2017). Currently, there are only 85 schools listed as participating for the 2017-18 school year as opposed to 120 in previous years. However, this figure may represent an incomplete listing, and it does not include at least 15 schools participating in the Louisiana School Choice Program for Certain Students with Disabilities (Ibid).

To qualify for the LSP, a student's annual household income must fall at or below 250 percent of the federal poverty line (\$60,750 for a family of four in 2016-17). They must also be a Louisiana resident and must either be currently enrolled in a school rated as C, D, or F by the Louisiana Department of Education or be entering Kindergarten.

During its first year as a statewide program, the LSP was funded using Louisiana's Minimum Foundation Program (MFP) school funding system. In 2013, the state Supreme Court ruled in *Louisiana Federation of Teachers v. State of Louisiana* that the use of the MFP and local contributions to fund the LSP was a violation of the state constitution (Stewart & Moon, 2016). Since that ruling, the LSP has been funded by an annual appropriation in the state budget. As recently as the 2016-17 school year, budget cuts to the LSP line item have limited the pool of available scholarships from 7,362 scholarships distributed in the 2014-15 school year to 6,900 in the 2016-17 school year (Egalite, 2016; Louisiana Department of Education, 2017).

Scholars have looked at the effects of the Louisiana Scholarship Program on test scores, racial integration, and school competitiveness. Jonathan Mills and Patrick Wolf investigated English Language Assessment (ELA) and math scores of participating students during the programs first three years. They found that there were large negative achievement impacts during the first year of participation, but slight improvements during the second and third years of participation (Mills & Wolf, 2017). The voucher program also helped to increase racial integration in sending public schools, and there were minimal negative effects on racial integration within private schools receiving those students (Egalite, Mills, & Wolf, 2016). Public schools that were most likely to lose students to voucher programs also saw marked increases in academic achievement as a result of increased competition during implementation (Egalite, 2016).

References

- Catt, D., & Rhinesmith, E. (2017). Why Indiana Parents Choose: A Cross-Sector Survey of Parents' Views in a Robust School Choice Environment. *EdChoice*. Retrieved from <https://www.edchoice.org/research/indiana-parents-choose/>
- Chingos, M. M., & Kuehn, D. (2017). The Effects of Statewide Private School Choice on College Enrollment and Graduation: Evidence from the Florida Tax Credit Scholarship Program. *Urban Institute*. Retrieved from https://www.urban.org/sites/default/files/publication/93471/the_effects_of_statewide_private_school_choice_on_college_enrollment_and_graduation_0.pdf
- Davis, E. E., Krafft, C., & Forry, N. D. (2017). Understanding churn: Predictors of reentry among families who leave the child care subsidy program in Maryland. *Children and Youth Services Review*, 77, 34–45.
- EdChoice. (2017). Maryland – Broadening Options and Opportunities for Students Today (BOOST) Program.
- Egalite, A. J. (2016). The Competitive Effects of the Louisiana Scholarship Program On Public School Performance (SSRN Scholarly Paper No. ID 2739783). *Social Science Research Network*. Retrieved from <https://papers.ssrn.com/abstract=2739783>
- Egalite, A. J., Gray, A., & Stallings, D. T. (2017). School leaders' voices: Private school leaders' perspectives on the North Carolina Opportunity Scholarship program. OS Evaluation Report #1. Retrieved from <https://ced.ncsu.edu/elphd/wp-content/uploads/sites/2/2017/07/School-Leaders-Voices.pdf>
- Egalite, A. J., Mills, J., & Wolf, P. (2016). The Impact of Targeted School Vouchers on Racial Stratification in Louisiana Schools. *Education and Urban Society*, 49(3), 271-296.
- Figlio, D., & Hart, C. M. D. (2014). Competitive Effects of Means-Tested School Vouchers. *American Economic Journal: Applied Economics*, 6(1), 133–56.
- Florida Department of Education. (2017a). Fact Sheet: Florida Tax Credit Scholarship Program. Retrieved from http://www.fldoe.org/core/fileparse.php/15230/urlt/FTC_Sept_2017_1.pdf
- Florida Department of Education. (2017b). Florida Tax Credit FAQs. Retrieved from <http://www.fldoe.org/schools/school-choice/k-12-scholarship-programs/ftc/ftc-faqs.stml>
- Florida Department of Education. (2017c). Florida Tax Credit Scholarship Program. *June 2017 Quarterly Report*. Retrieved from <http://www.fldoe.org/core/fileparse.php/7558/urlt/FTC-June-2017-Q-Report2.pdf>
- Kisa, Z., Dyehouse, M., Park, T., & Andrews-Larson, B. (2017). Evaluation of the Florida Tax Credit Scholarship Program Participation, Compliance and Test Scores in 2015-16. *Learning Systems Institute, Florida State University*. Retrieved from http://www.fldoe.org/core/fileparse.php/5606/urlt/FTC_Report1516.pdf

- Louisiana Department of Education. (2017). Louisiana Scholarship Program. Retrieved November 13, 2017, from <http://www.louisianabelieves.com/schools/louisiana-scholarship-program>
- Maryland State Department of Education. (2014) MD Charter School Law 2003.
- McCormick, J. (2017). Choice Scholarship Program Getting Started: How Schools Can Participate 2017-2018 School Year. *Indiana Department of Education*. Retrieved from <https://www.doe.in.gov/sites/default/files/choice/09-17-18-getting-started-for-schools-april-2017.pdf>
- Mills, J., & Wolf, P. J. (2017). The Effects of the Louisiana Scholarship Program on Student Achievement after Three Years. Retrieved November 13, 2017, from <http://www.uaedreform.org/the-effects-of-the-louisiana-scholarship-program-on-student-achievement-after-three-years/>
- NC Department of Administration. (2017). NC Directory of Private Schools. Retrieved November 3, 2017, from <https://ncadmin.nc.gov/citizens/private-school/nc-directory-private-schools>
- North Carolina Division of Non-Public Education. (2016). North Carolina Directory of Non-Public Schools. Retrieved from https://files.nc.gov/ncdoa/documents/files/2015-2016%20Conventional%20Schools%20-%20Stats%20Report_0.pdf
- North Carolina State Education Assistance Authority. (2017a). Opportunity Scholarship Program: Current List of Participating Nonpublic Schools. Retrieved November 3, 2017, from <https://www3.ncseaa.edu/cgi-bin/SCHOOLROSTER/NPS500.pgm>
- North Carolina State Education Assistance Authority. (2017b). Opportunity Scholarship Program Summary of Data. Retrieved from http://www.ncseaa.edu/documents/OPS_Summary_Data.pdf
- Participating Schools 2017-18 | IDOE. (n.d.). Retrieved from <https://www.doe.in.gov/choice/participating-schools-2017-18>
- Stewart, M., & Moon, J. (2016). Understanding How School Vouchers Are Funded: Summary of Funding for the Louisiana Scholarship Program. Retrieved November 13, 2017, from http://ceep.indiana.edu/pdf/2016_Voucher_Funding_Louisiana_RPB.pdf
- Sude, Y., DeAngelis, C. A., & Wolf, P. J. (2017). Supplying Choice: An Analysis of School Participation Decisions in Voucher Programs in Washington, DC, Indiana, and Louisiana. *Journal of School Choice*, 12(1), 8–33.
- 2016-2017 Choice Scholarship Program Annual Report: Participation and Payment. (2017). *The Indiana Department of Education Office of School Finance*. Retrieved from <https://www.doe.in.gov/sites/default/files/choice/2016-2017-choice-scholarship-program-report-spring-revision-final-0811.pdf>
- The Maryland Nonpublic Schools Legislative Coalition. (2010). BOAST Maryland Tax Credit. www.mdnonpubs.org.

Waddington, J. R., & Berends, M. (2018). Impact of the Indiana Choice Scholarship Program: Achievement Effects for Students in Upper Elementary and Middle School. Forthcoming in *Journal of Public Policy Analysis and Management*.

Contact Information:

Please direct all inquiries to Anna Egalite

Anna_Egalite@ncsu.edu

© 2018 NC State College of Education