

**FACT SHEET**

June 2016

The General Assembly's 2016 Budget includes a massive expansion of the Opportunity Scholarship voucher program over the next 11 years despite any meaningful information on how well the program is educating North Carolina's students. The Opportunity Scholarship program provides public funding for vouchers of up to \$4,200 per year to eligible students with a family income of less than 246.05% of the federal poverty level.

**2016 BUDGET VOUCHER EXPANSION FISCAL IMPACT**

	Current Law	2016 Budget	2016 Budget Fiscal Impact
2015-16	(\$6,123,512)	(\$6,123,512)	\$0
2016-17	(\$4,930,441)	(\$39,943,357)	(\$35,012,916)
2017-18	\$284,713	(\$20,633,890)	(\$20,918,603)
2018-19	\$213,906	(\$27,725,567)	(\$27,939,473)
2019-20	\$159,491	(\$39,059,501)	(\$39,218,992)
2020-21	\$156,035	(\$49,454,195)	(\$49,610,230)
			<b>(\$172,700,214)</b>

**Exponential Increase in Program Cost**

The 2016 Budget increases the cost of the Opportunity Voucher scholarship in two ways.

First, the Budget increases the existing cap on the number of new vouchers that can be awarded to students in grades K-1 who will receive vouchers for over a decade. In an attempt to limit the number of vouchers going to students who would have gone to a private school even if they had never gotten a voucher, current law caps the number of new vouchers awarded to students in kindergarten and first grade at 35%. The 2016 Budget increases the cap to 40%.

Second, the 2016 Budget creates a reserve fund in an attempt to "forward-fund" the Opportunity Scholarship program, and increases program funding by \$10 million per year until annual appropriations reach \$144.8 million in FY 27-28.

- These changes would expand the program by \$10 million per year regardless of whether or not the program is successful.
- Beginning in FY 18-19 the supply of vouchers will far exceed the level that would be supported by demand for vouchers.
  - By the time the program reaches its maximum size, the reserve fund could have a balance of approximately \$655 million and will be accumulating over \$100 million of unused funds per year.
  - Unused funds would remain in the reserve fund, providing no use to North Carolina residents.

Combined, the changes included in the 2016 Budget are expected to cost approximately \$172.7 million over the next five years.

For more information, contact:

**MATT ELLINWOOD**  
Director, Education & Law Project

[matt@ncjustice.org](mailto:matt@ncjustice.org)  
or (919) 861-1465

NORTH CAROLINA JUSTICE CENTER  
P.O. Box 28068  
Raleigh, NC 27611-8068

(919)856-2570

[www.ncjustice.org](http://www.ncjustice.org)

## Lack of Accountability Means Student Performance is Unknown

Voucher programs have failed to improve student outcomes in other states. In North Carolina, we have virtually no data on how well the program is working and the information that is forthcoming over the next few years will be scarce due to the limited accountability mechanisms in the law. Any attempt to expand the voucher program must be postponed until greater accountability and transparency measures are in place to ensure we are not setting students up for failure.

Current Accountability Shortcomings include:

- There is currently no test score data on the school performance of voucher recipients.
- When such test score data is available, it will not be comparable to student performance in public schools because students in voucher schools are not required to take the same tests.
  - Participating schools should be required to either administer the North Carolina standardized assessment or one of three nationally-normed tests that the N.C. State Board of Education approves as an alternative for the Opportunity Scholarship Program.
- No requirement that information be distributed publicly to inform parents.
  - Public schools and voucher schools in other states publish information on their websites including data on student achievement, college readiness (including ACT scores), school safety and climate, the qualification levels of teachers, average class size, and the availability of AP, IB, and other advanced or specialized academic offerings.
- No requirement to follow any approved curriculum, hours of instruction, or minimum number of school days.
- Lack of regulations regarding class sizes, attrition rates, school safety, access to technology, or teacher qualifications.
- No requirement to conduct criminal background checks.
- No prohibition against discrimination on the basis of religion, disability, or gender for participating private schools.
- No minimum size for participating schools; eligible schools may enroll one or two students.
- Voucher-eligible schools do not have to participate in the North Carolina grading system.

Research from the Brookings Institute on recently-created voucher programs in Indiana and Louisiana found that public school students who received vouchers to attend private schools subsequently scored lower on reading and math tests compared to similar students who remained in public schools. The magnitudes of the negative impacts were large. These studies used rigorous research designs that allow for strong causal conclusions and showed that the results were not explained by the particular tests that were used or the possibility that students receiving vouchers transferred out of above-average public schools.

In order to avoid similarly poor results, North Carolina's voucher program should not be expanded in the absence of data on how the program is performing. Instead, the program's accountability and transparency should be enhanced so the state can collect information on how the program is performing and make improvements to the program itself before rapid expansion is built into the program for the next 11 years.