



PUBLIC SCHOOL CHOICE AND SUPPLEMENTAL EDUCATION SERVICES:

Exploring K-12 Education Reforms in Washington State

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Abstract

In 2014, Washington State lost its No Child Left Behind Waiver. As a result, 20% of federal Title I funding that was previously allocated to “failing” Title I public schools, must be reallocated toward implementing Public School Choice and Supplemental Education Services. The purpose of this pilot study is to explore what providers are available in the new Washington State Supplemental Education Service and Public School Choice marketplace, and what factors contribute toward a potential SES providers’ decision whether or not to accept federal funding. To answer the research questions a mixed method study was conducted utilizing qualitative and quantitative data and analysis methods. Primary questions include “When SES and PSC are offered within a marketplace model for competing educational services, how to these market forces impact the availability of providers?” and “What factors contribute toward a potential SES providers decision whether to accept federal funding, and opt into the market.” Quantitative data was collected and analyzed on the demographic information of available SES and PSC providers. Interviews with potential providers were also conducted to examine a list of factors contributing toward administrators’ decision to participate in the market. My capstone research examines current literature on Public School Choice and Supplemental Education Services and the theories driving current federal education reforms. The purpose of this pilot study is to explore the implications and outcomes of implementing these two policies in Washington State. It will add to existing literature by positioning PSC and SES policies within the context of national trends in education reforms; and examine the level of competition, and access to choice within the SES and PSC market.

Introduction

No Child Left Behind (NCLB) was passed in 2002; and required that states design and implement standardized testing regimes, while making progress toward targets set by the federal government. If schools do not meet growth targets, determined through these standardized tests, they are subject to a loss of funding; or a diversion of funding to pay for private tutoring, transportation, and other services (Au, 2015). States are responsible for designing and implementing these exams, however there has been a push toward national standards. At the time, Policy makers and legislators believed that accountability and testing, coupled with transparency, would close gaps in student achievement (Ravitch, 2013).

Arnie Duncan, after being selected to join President Obama in office, as his Secretary of Education, also implemented Race to The Top; which extended another reform package including monies and testing. The package promoted the use of tests to evaluate teachers, the proliferation of charter schools and attacks on teacher's rights and collective bargaining. Both of these reforms are coupled with threats of a loss of funding if schools and districts "fail" to meet targets set by the federal government (Au, 2011). In 2001 the No Child Left Behind Act (now known as the Elementary and Secondary Education Act), set a goal of 100 percent proficiency for all students, including English Language Learners and students with disabilities. States were expected to make Adequately Yearly Progress toward this goal by the 2013-2014 school year (Harding, 2012). If one student does not meet "proficiency" through this assessment metric, the entire school is deemed in an area of improvement and labeled as "failing".

In 2012 Washington State applied for a NCLB waiver, which allowed flexibility in the ways it implemented NCLB mandates. States who won waivers, including WA, also had to accept the same conditions as those who were awarded additional Race to the Top funding.

However, NCLB waivers did not bring any additional funding, only new mandates. As of 2014, Washington State's waiver has expired due to requests made by the state to delay implementing its teacher evaluation system; and the fact that WA would not require linking teacher evaluation to standardized test scores (CEP, 2015, USDOE, 2015). In December 2013, after failed attempts to resist tying teacher evaluations to test scores; the state announced it would address the teacher evaluation system to avoid losing their waiver. However, in April 2014, Secretary Arnie Duncan revoked WA State's NCLB waiver, despite these attempts (CEP, 2015, USDOE, 2015). The State's inability to renew their NCLB waiver means that it will lose flexibility in the way it implements NCLB requirements. One of the results, is that Washington must now abide by the No Child Left Behind mandate that districts with schools in a step of improvement, must allocate 20% of Title I funds to Private School Choice (PSC) and Supplemental Education Services (SES). Starting in the 2014-2015 school year, public funds are allocated for low income students (identified by qualification for reduced/ free lunches) to participate in Public School Choice (PSC) and Supplemental Education Services (SES) (USDOE, 2015).

SES and PSC mandated under No Child Left Behind; SES provides remediation tutoring outside of the school day, for students that qualify for free and reduced lunches (as an indicator of income). Districts that are required to implement PSC, must allow student transfers out of publically assigned schools, and cover the cost of transportation. Schools that are currently not meeting AYP, are classified into categories, or "steps" of improvement; indicating how many years they have not met AYP and therefore what mandates they must implement. Schools that are deemed in a stage of 1-5 must implement Public School Choice; while schools that are deemed in a stage of improvement of 2-5 must allocate Title I funding to implement PSC and SES. The following list, published on the Superintendent of Public Instruction website, describes

how steps of improvement are categorized, and which mandates schools must comply with to receive federal Title I funding (OSPI, 2015).

Step 1- Schools not making AYP for two years:

- Are identified for school improvement and must notify parents of their status
- Will receive technical assistance to improve performance and may be eligible to receive federal funds for school improvement activities.
- Must develop or revise the school improvement plan not later than three months after being identified for improvement; must cover a two-year period
- Must offer parents the opportunity to transfer their students (Public School Choice) to another public school within the district which has been identified for school improvement, if one exists.
- Must pay for transportation if transfer is requested they may use up to five percent of their Title I funds for this purpose, unless a lesser amount is needed. Under certain circumstances, districts may use an additional 10 percent of Title I funds for this purpose, unless a lesser amount is needed. If requests exceed the amount of Title I funds available for this purpose, priority is given to lowest-achieving students from low-income families.

Step 2- Schools not making AYP for three years:

- Are identified for their second year of school improvement and must notify parents of their status.
- Must continue to offer Public School Choice and described above; and
- Must offer parents the opportunity to request Supplemental Education Services, such as tutoring, to low achieving students. A list of OSPI-approved supplemental education service providers is available from the OSPI website at <http://www.k12.wa.us/title1/>. As with transportation above, districts use up to five percent of their Title I funds for Supplemental Education Services, unless a lesser amount is needed. If needed, an additional ten percent of Title I funds may be used to cover the costs of Public School Choice, Supplemental Education Services, or both. No more than 20 percent of Title I funds may be used for Public School Choice and Supplemental Education Services.

Step 3- Schools not making AYP for four years:

- Are identified for corrective action and must notify parents of their status
- Must continue to offer Public School Choice and Supplemental Education Services as described earlier; and
- Must select options from the following list:
 - Replace certain school staff
 - Implement a new curriculum and provide additional professional development
 - Significantly decrease management authority
 - Appoint an outside expert to advise on school improvement plan
 - Extend the school year or school day; or
 - Restructure the internal organization of the school

Step 4- Schools not making AYP for five years:

- Are identified for restructuring and must notify parents of their status
- Must continue to offer Public School Choice and Supplemental Education Services
- Must begin planning for restructuring (see below)

Step 5- Schools not making AYP for six years:

- Must implement restructuring
- Must select options from the following list
- Replace all or most of relevant school staff
- Contract with outside entity to operate school
- If the state agrees, undergo a state takeover; or
- Undertake any other major restructuring of the school

Public School Choice and Supplemental Education Services are mandated in steps 1-5 of AYP improvement. However, they are also coupled with reforms that push for the restructuring of public schools that repeatedly do not demonstrate AYP; including firing and replacing some, or most of school staff.

This pilot study will seek to answer the question, “When SES and PSC are offered within a marketplace model for competing educational services, how to these market forces impact the availability of providers?” To do this, it will provide information on public schools in Washington State that are, or are not, in a step of improvement identified by AYP. It will also analyze the demographic information and services offered by current Supplemental Education Service providers in King County and compare trends between districts within the county. The study will also explore the decision making process of potential providers, that have been invited into the PSC marketplace to answer the question “What factors contribute toward potential providers’ decision making process (whether to accept Title I funding)?”

This research adds to the discourse by examining data that has yet to be provided by any other case. It will examine a brand new area of K-12 education policy under NCLB; Washington State is the currently the only state in the nation to lose its NCLB waiver. Therefore, this is the

first case where Title I funds are being distributed away from public schools into PSC and SES. It will also provide information on the type and level of choice available in this SES and PSC market; as well as disincentives for potential providers to accept funding, and therefore opt into the market; compared to incentives. This can also add to discourse regarding the implementation and feasibility of SES and PSC in Washington State. Furthermore, demographic information can tell us whether barriers to entry exist that are preventing potential providers from participating in the market. Assuming some characteristics of SES providers are correlated with more effective outcomes, then demographic information on these providers may also tell us whether barriers to entry exist that are preventing “high value” providers from participating in the market. There is currently a lack of causal, generalizable data on evidence whether SES and PSC systems improve outcomes for low income students; as well as whether they incentivize public schools to increase AYP. The policy is currently being implemented in Washington State, which leaves a gap in the demographic information on PSC and SES, and impacts of their implementation. Currently, it is also not known whether potential barriers of entry will impact the behavior of potential providers.

Losing their NCLB waiver means that Washington State must abide by NCLB mandates, if they expect to continue to receive federal funding. NCLB assumes that PSC and SES will be a more efficient strategy to achieving equitable student outcomes, compared to the current public school system. However, market based solutions involving “choice” are based on the idea that the market is competitive, with a diverse variety of services to choose from (Wolf, 2013, Davis, 2013, Peterson, 2007, Apple, 2001, Heinrich, 2013, Ravitch, 2013). If there are barriers to entry, which prevent the diversity of types of providers in the market, it could jeopardize the chance for a successful system, under current theoretical literature supporting “free market” education

reforms. It also presumes that families will have “full knowledge” of choices and equal access to those choices. Furthermore, if the market lacks diversity, it could impact the type of choice for students and parents; if certain providers are presumed to be more beneficial than others, this could impact the results of SES on student outcomes. Currently, there is no research on the implementation of this policy in Washington State. Because data has not been reported, policy makers do not know whether implementing a PSC and SES at this time is feasible under theoretical assumptions, or how it will impact outcomes for students. There is currently limited research on whether out of school tutoring raises test scores, and how implementing these services under PSC and SES, by reallocating federal funding, will impact choice and academic outcomes for students; as well as Title I schools in a step of improvement.

Policy Problem-

Federal funds are being reallocated away from public schools that are identified as in a step of improvement (according to AYP). Allocated funds go to private institutions; for which evidence of the outcomes of these institutions is currently unknown, and evidence of the impacts of SES is very limited. The result destabilizes a source of school funding; taking resources away from schools with high concentrations of high-needs students, and pushing them to adjust school practices and policies to make up for this loss. Because new mandates do not offer additional support to implement the policy, PSC and SES represent an unfunded federal mandate. The results of this pilot study indicate that there is a lack of competition, and access to choice, in both the PSC and SES marketplace; which undermines theoretical assumptions behind the efficiency and equity of market based reforms. The level and type of choice available for students also varies based on the location of their district. The results of this study also raise concerns over

enrollment capacity in the PSC marketplace and the level of access equality in both the PSC and SES marketplace.

Literature Review

Markets and Standards-

Current theoretical research suggests that federal educational interventions are driven by market based reforms and coupled with accountability standards; in the form of high stakes exams. These reforms are driven by the assumption that they could provide more equitable and efficient student outcomes than the current public school system. However, there is a lack of causal and generalizable data on the impacts of market based reforms coupled with accountability standards and punitive destabilization of public schools (Ravitch, 2013, Özek, 2009, Scafidi, 2012). Research also suggests that there has been an increase in the federal interest in public education during the last 40 years (Vergari, 2007). This trend impacts funds available, how states control funding, assessment metrics and which services are available. Previously, funding and authority was primarily decentralized and left up to individual states. However, there has been a trend of increased federal interventions involving financial incentives that come with specific mandates (Max, 2014).

Under the Obama administration, NCLB waivers were implemented to provide relief from what were perceived as “flawed provisions” of the policy; including the 100 percent proficiency standard by 2014 (Kober, 2012, Gamoron, 2013, Sunderman, 2006). Forty four states have either applied or been approved for waivers that allow flexibility in the way they report progress, implement provisions and comply with other specific Elementary and Secondary Education Act (ESEA), formerly known as NCLB, requirements (House, 2013). The high standards of NCLB were identified as statistically unattainable by education professionals;

resulting in 44 states either applying for or receiving a waiver to avoid perceived flaws in the policy (Kober, 2012). Currently, not a single state has met the goal of 100% proficiency (Ravitch, 2013).

Current literature suggests that NCLB has failed to reach its goal by 2014 because the 100 percent proficiency standard was unattainable, it evaluates schools on measures they cannot control, and policies were implemented inconsistently and weakly (Ravitch, 2013, Gamoron, 2013). Gamoron (2013) explains that accountability systems where no one can meet that standard has no value in motivating behavior. Environmental conditions that are outside of the control of educators also impacts student performance. Rather than focusing on increases in achievement, they hold schools accountable to the same standard as the next, creating an impossible standard and setting them up for failure (Gamoron, 2013). Furthermore, scholars have documented the transformation of teaching toward “the new professionalism”; where decisions about how, and what to teach are made outside of the classroom, rather than teachers themselves. Under efficiency arguments, a variety of policies have taken the control of education away from teachers and teacher educators. Zeichner (2010) argues that this eliminates mechanisms that can increase quality of education and teacher professionalization; such as cognitive growth, critical thinking, and a more comprehensive understanding of how to teach subjects to diverse populations.

Cross-state comparisons of schools are also difficult to interpret due to variation in how students with disabilities (SWD) perform. In the school year 2009-2010, 11 percent of national public schools missed AYP because of SWD subgroup performance (House, 2013). NCLB regulations pose a significant challenge to schools with multiple subgroups because if a single subgroup fails to meet proficiency requirements it can cause the entire school to be identified for

improvement (Sunderman, 2006). Additionally, different states have implemented, and altered, different testing regimes, which makes cross state comparisons difficult to interpret.

Theoretical literature on voucher programs argue that competitive private enterprise is more likely to be efficient in meeting “consumer” demands (Wolf, 2013, p.248). There has been a push for alternatives to traditional education and parents of special needs students are actively seeking out educational environments that “better serve their children”; framing students and parents as “consumers” of educational “products” (Taylor, 2005). Theorists predict that school vouchers would produce better outcomes for students than government run schools; however this theory is widely contested. In the 1970’s vouchers were put into practice, however they were critiqued, and deemed unconstitutional because they perpetuated segregation; and allowed students to attend religious schools with public funding (Davis, 2013, Ravitch 2013). Voucher and tax credit programs are now shifting to focus on assistance to low-income and special needs students within urban centers (Davis, 2013). Research suggests that establishing more choice options does not always result in having more students enrolled within choice options; options may only target small populations and subgroups within the state (Davis, 2013).

Theoretical literature on market based reforms also operate under the assumption that markets will be diverse, therefore creating competition within the market, and fostering more efficient results. These “quasi-market solutions” are highly debated regarding their effectiveness and equity implications (Apple, 2001). However, under these reforms if a lack of competition exists, it undermines the theoretical assumptions behind the efficiency and equity of educational markets. Market based theories suggest that market competition is limited when obstacles exist, called barriers to entry. School choice theories indicate that when barriers to entry are limited, school supply is expected to be highly elastic. However, supply response can be impacted by

financial incentives and legal and political barriers (Peterson, 2007). Scholars also argue that market based reforms operate under neo-liberal logic; which transforms education into a private consumer good, rather than a public good. This shifts the very concept of democracy; transforming it from a political concept to an economic one (Zeichner, 2010). Under this logic, engaging in educational “choice” is framed as democratic participation. However, this concept has been heavily critiqued as offering “choices”, without engaging students, teachers and families in the decision making process of choice policies. Furthermore, it has been criticized for assuming that all families have equal access to, and knowledge to navigate these choices; which also frames individuals as responsible for taking advantage of these options, and to blame if they “fail” to do so (Aggarwal, 2015). Furthermore, Aggarwal (2015) argues that simply offering “choice markets”, and restructuring schools, does not account for how underperforming schools got to be this way, and how these markets leave the structures that produce inequality intact.

Public School Choice Literature:

Public School Choice is one of the two market based reforms currently being implemented Washington state; due to ESEA/NCLB mandates and the loss of their NCLB waiver. Students in schools deemed in a step of improvement, can now opt out of their publically assigned school, taking their assigned funding with them. This argument for this strategy is twofold; it allows access to schools meeting AYP as a strategy to increase achievement, and is intended to incentivize schools to respond to federal mandates by restricting funding (Carr, 2011, Özek, 2009). Literature on Public School choice is also limited, and shows mixed results. A study on Pinellas County Schools, one of the largest school districts in the United States, indicated that there was no significant benefit of opting out of a locally assigned school on student achievement (Özek, 2009). This author also found that students that do opt out often perform significantly

worse on standardized tests than similar students who stay behind. Furthermore, the study suggested that, “access to school choice dramatically increases student sorting by ability relative to neighborhood assignment” (Ozek, p. 31, 2009). Another study on Chicago Public Schools found that compared to similar students, students who opt out of assigned schools were more likely to graduate compared to similar students who do not opt out of assigned schools (Ozek, 2009). However, gains in this study were attributed to a disproportionate number of highly motivated students opting out. It also found that students in isolated areas were no less likely to graduate than those with access to a larger range of geographical locations (and therefore more choice). Currently, research on PSC is limited to a handful of county and district wide studies, and outcomes are mixed. Federal reforms advancing these policies are largely driven by theoretical assumptions on the equity and efficiency of markets; coupled with ideals of accountability and efficiency through punitive disinvestment and destabilization.

Competition is assumed to be fostered when public schools attempt to maintain enrollment levels (specifically funding tied to student transfers); which is expected to incentivize systemic improvements regarding the quality of education for students. When looking at Ohio’s voucher program, Carr (2011) found that districts see revenue decline as students opt into voucher programs, which may have detrimental impacts on traditional public schools; especially if losses are greater than cost reductions. Carr (2011) also highlighted that it has been argued that schools threatened by vouchers focus on “bubble students”; which are just below or above proficiency score cutoffs. Due to the fact that, rates of passage are key to AYP benchmarks and contribute toward school grade determinations. A growing body of literature also critiques why public schools are not businesses, and therefore should not operate as such; including the negative impacts of privatization on public spaces (Apple, 2001, Ravitch, 2011, Zeichner).

SES Literature:

Supplemental Education Services are also being implemented under the larger school choice framework in Washington State. Students who qualify for free and reduced lunches will also qualify for public funds, as a voucher to receive tutoring and classes outside of the school day. This strategy is also intended to increase student test scores in math and reading; while also restricting resources to incentivize public schools to meet AYP through NCLB mandates. There is currently a lack of generalizable data and mixed results, regarding whether SES programs improve the academic proficiency of students and reduce the number of poorly performing schools who fail to meet AYP (Harding, 2012). Some SES literature indicates that there are limitations to Supplemental Education Services including low participation rates, limited services available for ELL and special education students, and state and district capacity to implement the law and monitor quality (Burch, 2007). Burch (2007) found that the SES market is dominated by large national providers with limited incentives to put size and scale to work for all students. One case study in Chicago indicated that there was no difference between SES and non SES students (Burch, 2007). However, a Minneapolis study showed increases in math and reading (Burch, 2007).

Some studies do suggest that schools that participate in SES showed higher levels of Adequately Yearly Progress (AYP). For example, McClure (2008) found that participation level of students in SES programs seemed to be better in schools which attained AYP. He explained that higher levels of participation may in fact be associated with higher scores on state exams, which results in schools making AYP. This cross sectional study, which examined nine large urban districts also found that tutoring was positively correlated with higher reading and math scores in five out of the seven districts (McClure, 2008). However, students who chose to

transfer to a better performing school did not show any significant improvement on their test scores (McClure, 2008).

A 2004 study by researchers at McREL examined 20 years of longitudinal data on the impacts of out of school strategies on achievement of low achieving students in math and reading; they found that students that received out of school tutoring performed better in math and reading than comparable students that did not (McClure, 2008). Tutoring instruction and delivery can vary in multiple ways; for example, one-to one tutoring or in small groups or the environment such as at the school or other settings. The researchers in this particular study found that one-on-one tutoring, specifically for reading strategies had the strongest positive effect (McClure, 2008). Some studies suggest that district and public providers are more effective than for profit providers, particularly in math. However, the largest share of students currently attend SES with for profit providers (Heinrich, 2013). According to Heinrich (2013), if the tutoring market through SES is established of a diverse range of providers that come and go, then identifying key attributes of more effective providers could potentially increase the effectiveness of tutoring services and SES over time. However, McClure (2008) explains that currently, “evidence base for tutoring and other supplemental education service provisions as quite limited” (McClure, 2008, p.78). Overall, previous research does not address PSC and SES programs’ ability to make AYP or not. However, the results from this specific study “suggest that there may be a connection between the extent of student participation in SES and schools making AYP” (Harding, 2012, p.63).

Currently, national wide enrollment in SES remains low. According to the most recent estimate by the U.S. Department of Education, nationwide only 11% of the two million eligible students are enrolled (Ascher, 2006). Some districts have too few providers or have providers

which have services that do not match students' needs (Ascher, 2006). Student participation rates have a substantial impact on funding; more than \$2 billion could potentially be set aside for SES nationwide (Vergari, 2007). Furthermore, the number of SES eligible students far exceeds the number of students that voucher programs currently serve (Vergari, 2007). Depending on the school's Title I allotment, spending for tutoring services varies widely; as well as the hourly rates of providers and the number of students using SES. Over the past four years, evidence has shown an increase in the cost for SES averaging more than \$1,400 per student in 2004 (Ascher, 2006, p.137).

If there are not enough funds to serve eligible students that sign up for SES, districts establish eligibility criteria based on special needs and academic performance. However, some students do not follow through with registration and others stop attending before their allocated funds are used. Therefore, student characteristics, program type and administration likely influence which students get tutored and for how long (Heinrich, 2013). Also, when private schools are able to screen students it functions as a way to sort students by income and ability (Chakrabarti, 2013). One case study of the Milwaukee voucher program found that Voucher design matters and it is also driven by parent self-selection (Chakrabarti, 2013).

Punitive Disinvestment and Destabilization:

The theory behind why schools lose funding associated with student enrollment is driven by the assumption that restricting resources provides incentives for schools to 'improve' (or respond to federal mandates associated with funding). These assumptions are also driven by research showing that some teachers are more effective than others; therefore, the argument is that if resources are restricted, schools will have more motivation to lay off ineffective teachers in order to free up resources. If ineffective teachers are laid off due to funding constraints, the

theories assume that student outcomes will improve because there will be less “bad” teachers and more “quality” teachers (Carr, 2011, Özek, 2009). Evidence on the outcomes of punitive disinvestment and destabilization are also limited and show mixed results. Some suggest that schools improve when resources follow students out of public schools; however a growing body of literature also discusses the negative impacts of disinvestment in high poverty schools and communities (that are predominantly the schools who fail to meet AYP and therefore are subject to reforms that defund failing schools) (Ravitch, 2013, Picower, 2015). Also, there is no evidence to suggest that simply laying off ineffective teachers will turn around schools in high poverty areas (Ravitch, 2013).

Purpose of the Study

The purpose of this pilot study, is to explore both the feasibility and advisability of Public School Choice and Supplemental Education Services in Washington State. This study will explore potential impacts from implementation, and what factors contribute toward a potential SES providers’ decision whether to accept federal funding. This will contribute to the knowledge base surrounding the amount of “choice” available through SES and PSC, and raises questions about their effectiveness relative to market based assumptions. The effectiveness of market based reforms are based on the assumption that there is a diverse representation of schools, creating competition and fostering efficiency. If there is a lack of supply overall, or a lack of diversity within the market it could undermine theoretical assumptions supporting the efficiency of market based reforms. Therefore, this study will also investigate what incentives and disincentives exist for potential SES providers. The identification of characteristics among existing providers may suggest whether barriers to entry exist; and whether these will impact entry by different types of providers (Peterson, 2007). A lack of providers willing to participate could impact enrollment

capacity; as well as the level of diversity, competition and choice within the market. This pilot study analyzes demographic information of SES providers in King county, and adds to the discourse by setting a methodological framework for a larger, more representative feasibility study on the state level.

Research Questions

This pilot study will seek to answer the overarching question:

“When SES and PSC are offered within a marketplace model for competing educational services, how to these market forces impact the availability of providers?”

In gathering information regarding the likely performance of educational “markets” this study specifically sought to answer the following questions:

What types of providers are available in the SES and PSC marketplace?

- *Are they locally or nationally based?*
- *Are they online?*
- *What services do they offer?*

Gathering information on the decision making process of potential providers sought to answer:

What factors contribute to whether or not a potential SES provider will participate in the PSC marketplace?

Research Design

This pilot feasibility study will be used to explore what providers exist in the PCS and SES marketplace and what factors influence potential providers’ decision whether or not to participate in the new SES voucher marketplace (by accepting federal funding). Demographic information on how many schools in the state of Washington are in a state of improvement, and therefore must implement either PSC or SES, will be analyzed. Demographic information on the

location, profit- status and advertised populations served by SES providers was analyzed to determine what types of SES providers are available. Services offered by SES providers will also be investigated. Interviews with potential providers were collected and analyzed to determine what incentives and disincentives exist for potential providers to accept federal funding (and therefore opt into the SES market). The study is retrospective; asking potential providers questions after they have established their choice to participate or not, and factors contributing to that choice. The study design will examine whether factors identified within current literature exist; and build on theories by identifying factors that are not currently addressed within SES literature (de Vaus, 2010). Market based theories suggest that supply response can be impacted by financial incentives and legal and political barriers (Peterson, 2007). Investigating additional factors related to administrators' decisions whether or not to participate in the SES voucher marketplace can reveal potential barriers to entry. Analyzing the demographic information of PSC and SES providers reveals trends in the level of choice, diversity and competition within these markets.

Data Collection

This study consists of quantitative data on Washington State Schools in a stage of improvement. Schools in stages 1-5 must implement PSC and schools in stages 2-5 must implement SES; therefore data was collected on all Washington State schools deemed in an area of improvement in accordance with each policy. Quantitative data was also collected on the profit status, providers' central location, and demographics of students served (as advertised on the OSPI website). Qualitative interviews were conducted with administrators of 4 Washington State approved potential providers (providers who qualify for federal funding, both that accepted and did not accept funds for the upcoming school year). Open ended questions were asked

regarding the decision making process that led up to accepting, or rejecting, Title I funding (refer to Appendix E for interview questions). The providers were located within King County and were selected by criteria including a variety of size, student to teacher ratio, specialization and non-profit status; to compare variables and attempt to attain a more representative view of factors contributing to administrators' decision making process.

While only 4 interviews were conducted, this information will provides a preliminary list of factors that could be acting as barriers to entry for providers. This study has some level of generalizability; however external validity of potential providers will be limited due to the lack of a representative sample of Washington State (in the case of the 4 interviews with potential providers and SES demographics in King County) (de Vaus, 2010). Demographic information of SES providers in each district within King County was analyzed; and demographic information of all public schools in a stage of improvement was analyzed. A potential source of bias in this study is also the role of the researcher. I am currently employed at an accredited, private, non-profit school (that is locally based) for students of all ages and ability levels; which is currently an approved potential provider that has decided not to accept federal funding. Information given by this employer, provided my initial awareness of the implementation of PSC and SES. This could impact the way I view the problem as well as how I frame the interview questions. Factors identified by potential providers were used as the independent variable in the qualitative study. The dependent variable, is the administrators' decision to whether or not to participate in the SES voucher marketplace.

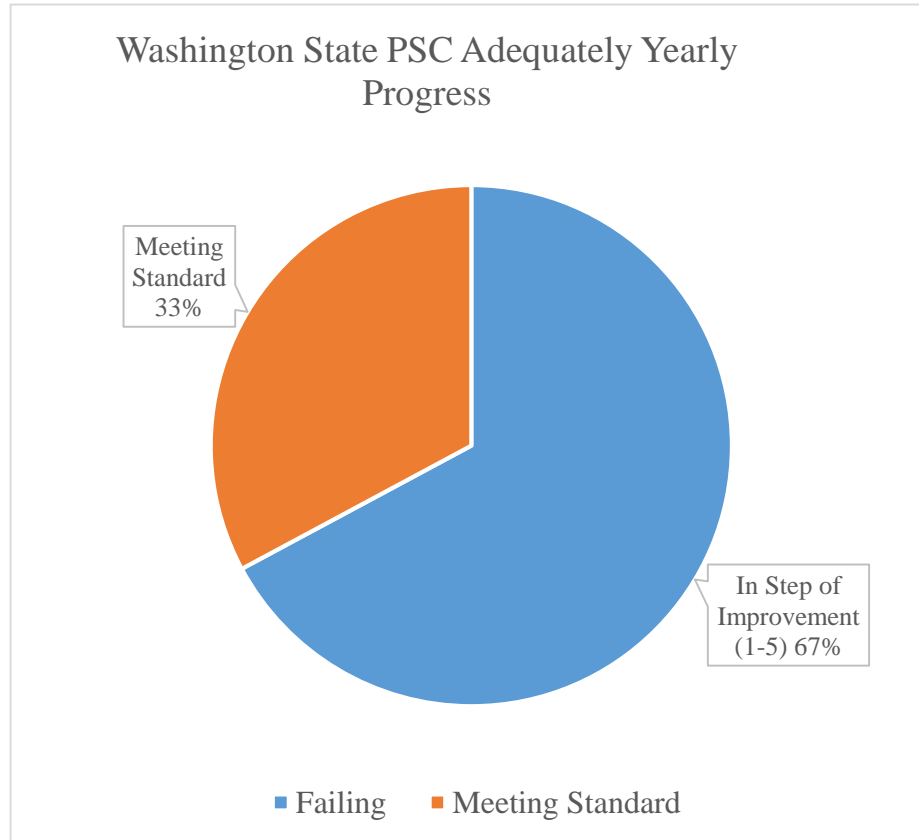
Data Analysis

Percent distributions were tabulated of all Washington State public schools identified as in a stage of improvement. SES policy requirements of schools in stages 2-5 were analyzed

separately from PSC requirements of schools in stages 1-5. Cross sectional analysis was used to compare percent distributions of demographic information of SES providers in King County. Variables were analyzed including profit status, central location of provider and services offered. Pattern matching was used to identify perceived costs and benefits of choosing to participate in SES by providers (de Vaus, 2010). This data permits further exploration into factors that influence administrators' decision whether to participate in SES voucher marketplace. Responses to general, open ended questions about mission and specialization were asked to identify why they chose to accept, or reject funding. I looked for commonly reported themes in responses, and examined whether political, financial and legal factors existed in their decision making process.

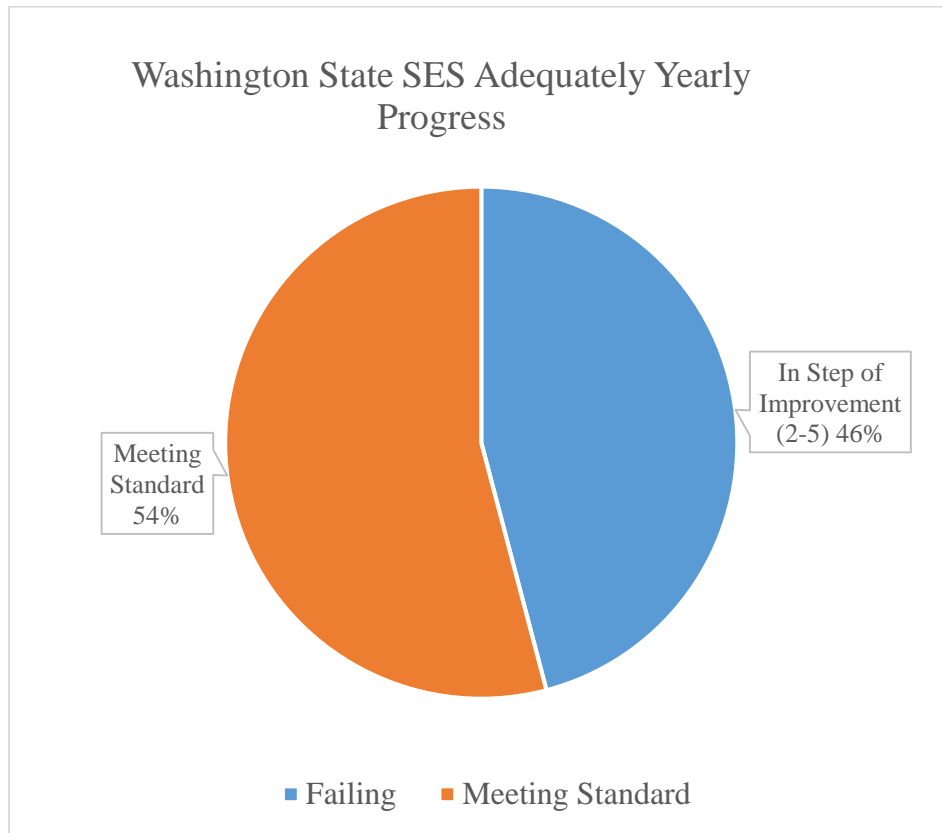
Results

Tabulations of the Public School Choice market indicate that the majority of schools in Washington State are not meeting standard; meaning they are in a level of improvement of 1-5 and required to implement PSC. *Figure A-1* shows that out of all the public schools in Washington, only 33% are meeting standard and qualify to accept enrollment of new students, participating in PSC.

Figure A 1:

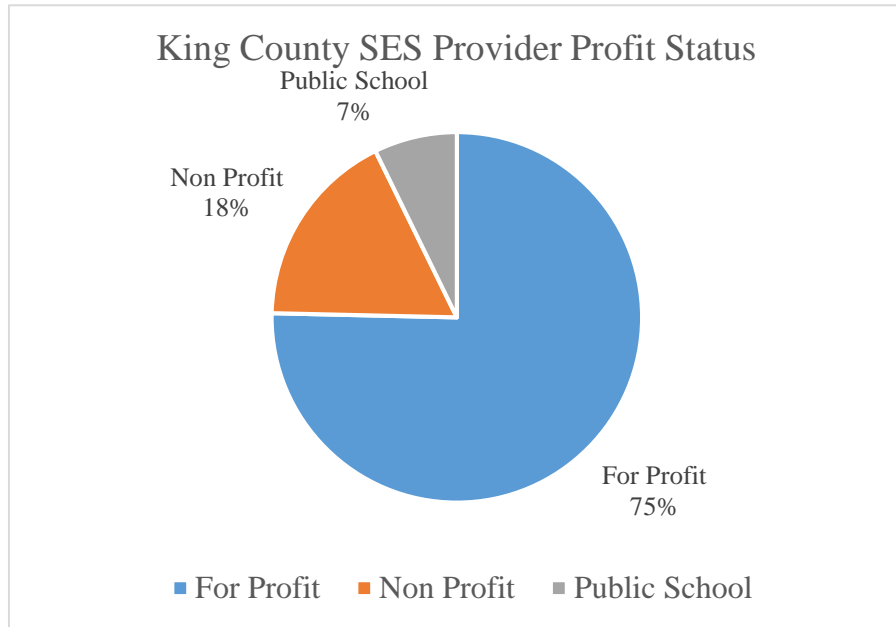
Tabulations of the supplemental Education Services market, shown in *Figure A-2*, indicate that 46% of Washington State schools are in a step of improvement of 2-5; and must therefore implement Supplemental Education Services for students that qualify for Title I funding; 54% of schools in the state are meeting standard and will not be required to implement SES services in order to receive federal Title I funding.

Figure A-2:



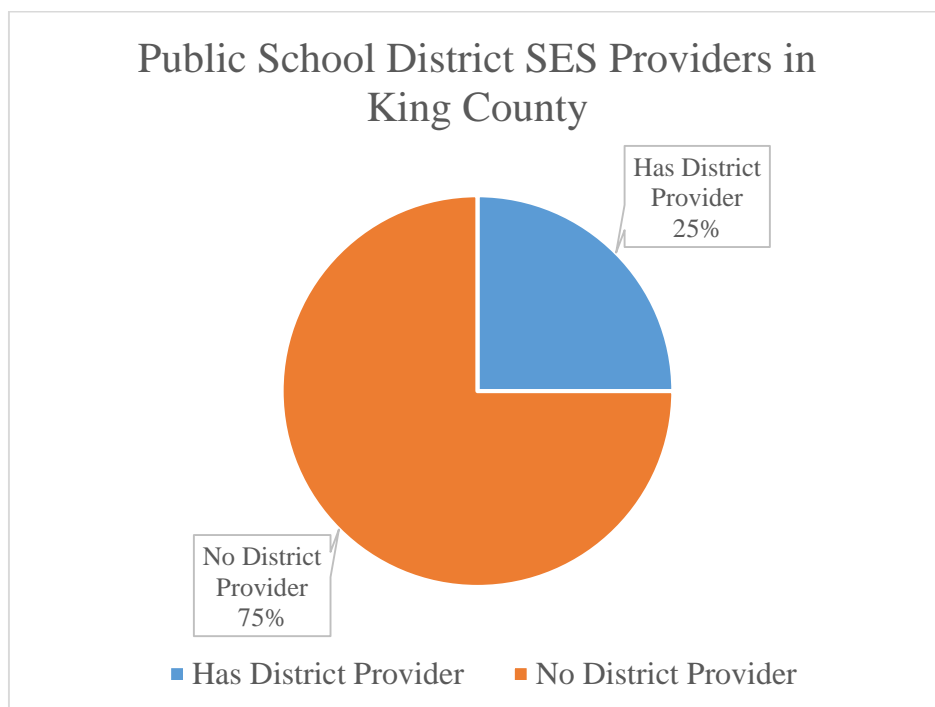
Tabulations of SES provider profit status are shown in *Figure A-3*, and indicate that the majority of providers are run as for-profit institutions. The tabulations indicate that out of a total of 69 providers in King County, 75% are for-profit institutions, 18% are non-profit and 7% are offered through the local school district.

Figure B-1:



Furthermore, only 25% of the 20 school districts in King County offer a SES provider through the local school district (as demonstrated in *Figure A-4*).

Figure B-2:



The results shown in *Figure A-5*, of the percent distribution tabulations for the operating location, indicate that 77% of providers operate nationally, 22% operate locally (within King County), and 1% operate internationally. Of these institutions 69.57% are national for-profit institutions, 11.59% are local non-profits, 7.25% are through the local school district, 5.80% are local for-profits, 4.35% national non- profits and 1.45% are international non-profits.

Figure B-3:

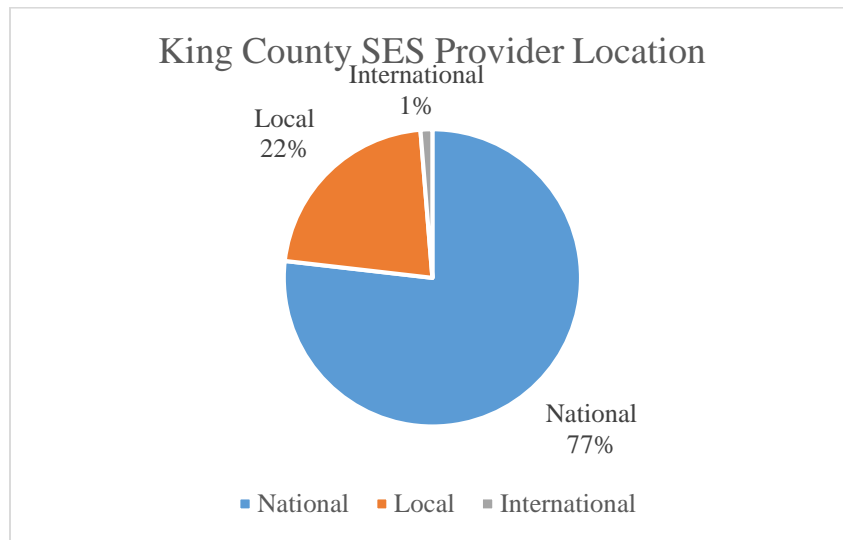
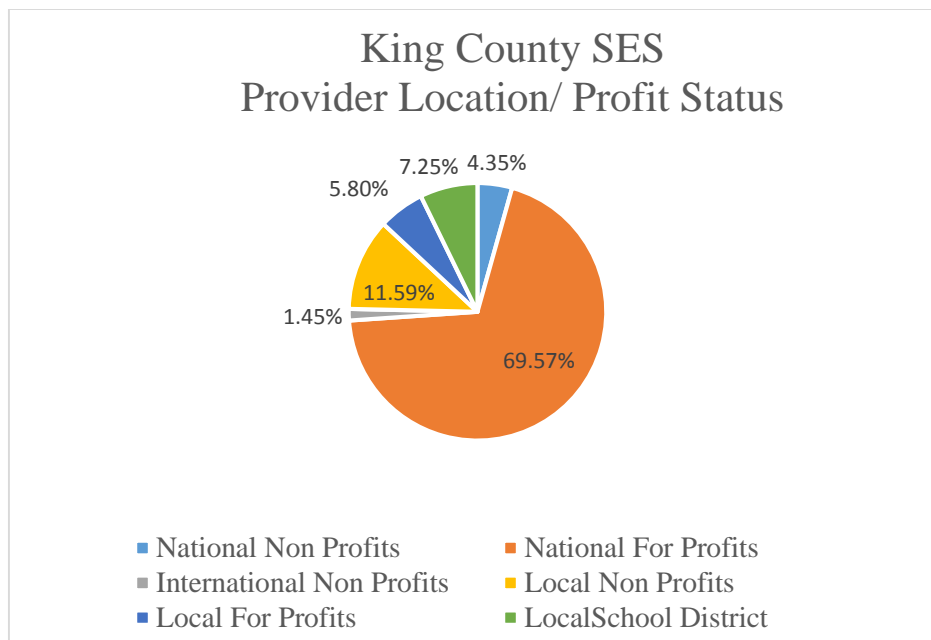
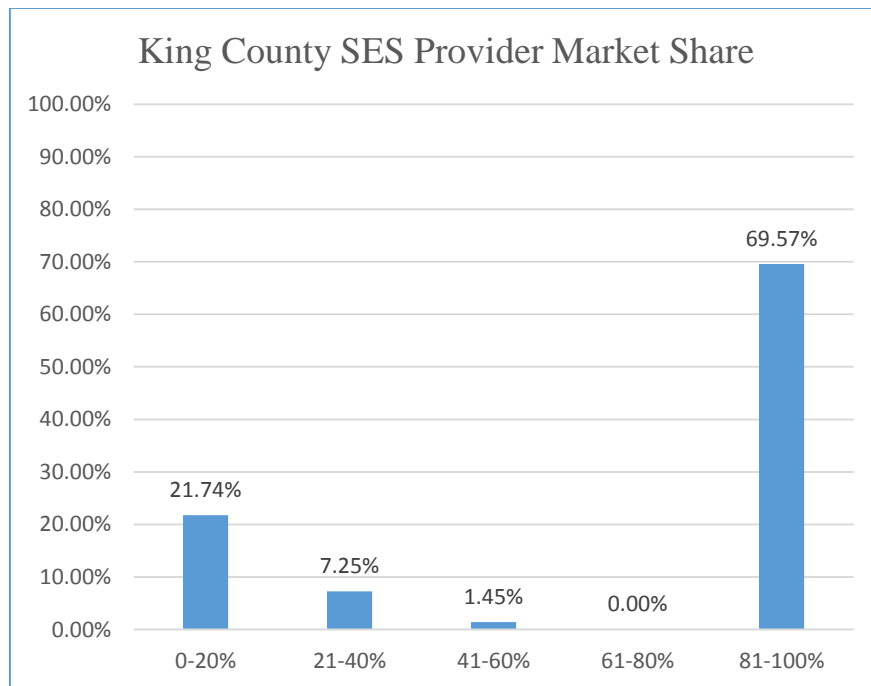


Figure B-4:



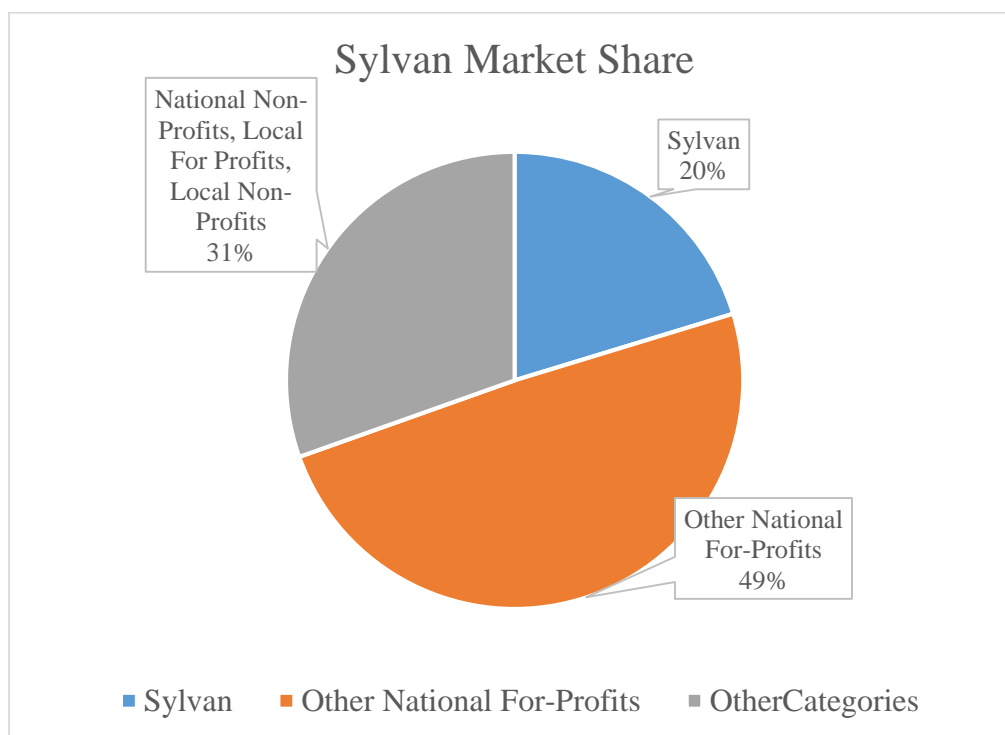
Also, *Figure A-7* illustrates that approximately 70% of providers in each individual district exist in 80-100% of district in King County. This indicates that the majority of providers exist in every district in the county; suggesting these institutions hold a majority share of the market. Data on the OSPI website suggests that each student has “access” (is allowed to enroll in) 20 providers, on average. However many of these providers are located outside of the physical boundaries of the school district, and are also available to almost every other school district in the county. Therefore, rather than 20 different providers available in each district, each student has the option to “choose” from approximately 20 providers, out of the total 69 competing providers in the county; these providers are also often located outside of district boundaries.

Figure C-1:



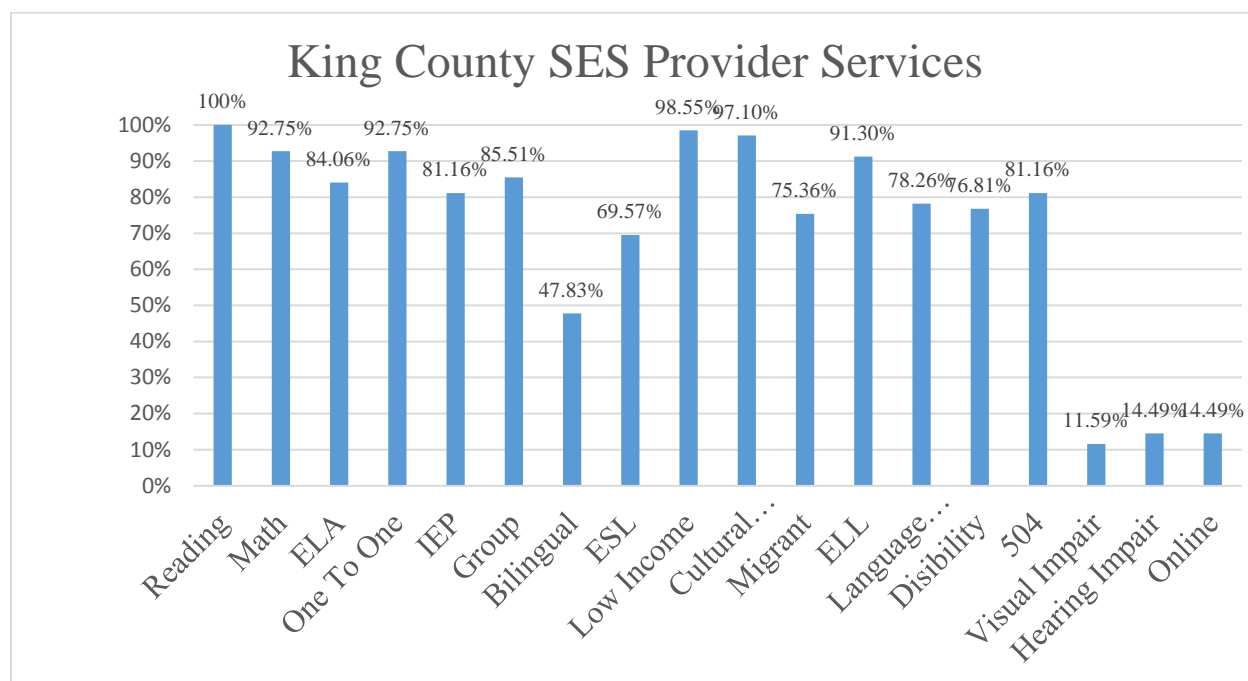
Furthermore, of the 69 total institutions in King County, 20.29% are directly owned by the Sylvan Corporation (as shown in *Figure A-8*).

Figure C-2:



The tabulations of demographic information indicate that populations/needs served varies based on the specific demographic and the location of the district (refer to *Figure D-1*) Results analyzing the demographic information of King County indicate that 100% of providers offer reading, 92.75% offer math, 84.06% offer ELA, 92.75% offer one to one instruction, 81.16% offer services for an IEP, 85.51% offer group instruction, 47.83% offer bilingual instruction, 69.57% offer ESL, 98.55% serve low income students, 97.10% claim to have “cultural diversity”, 75.36% serve migrant populations, 78.26% offer language specific instruction, 76.81% offer disability services, 81.16% advertise serving students with a 504 plan, 11.59% serve visual impaired students, and 14.49% advertise online services. (OSPI, 2015)

Figure D-1:



The interview results generated a preliminary list of factors that influence providers' decision making process. Potential providers (those accepting as well as those rejecting funding) reported the following costs (or disincentives) associated with accepting federal Title I funding (and therefore opting into the SES market):

- *Loss of autonomy*
- *Time it took to apply for funding*
- *Lack of information on the program or clarity of information*
- *Conflict of interest for non-profit providers already accepting public funding*
- *General philosophical differences with the program*
- *"Strings" that come with federal funding*
- *The amount of the voucher was too low*
- *The perception that funding source influences outcome of the institution and its' students, and a shift in who they become accountable to.*

Potential benefits (or incentives) included:

- *Increased revenue (or "support") and "helping more students" (or market share).*

Respondents also indicated that to receive federal funding they must apply and have qualifying students; there are no exams or forms of public oversight aside from the annual applications.

Discussion

The results of the percent distribution tabulations of the Public School Choice market (in *Figure A-1*) indicate that the majority of schools in Washington State are not meeting standard; and therefore must implement Public School Choice. This means that students within these schools will be able to transfer to another school that is meeting standard in their district. If there is not one available within the district, districts are required to transport them outside of the district to a school that is meeting standard. However, considering that only 33% of schools in the state are meeting standard, this raises concerns over enrolment capacity. Also, the choices available will depend on the location of the district the students live. This is likely to create variability in the distance students must travel to attend a school that is meeting standard. Currently, little is known regarding how many eligible students will transfer out of their current school. If enrolment capacity is limited it could impact the likelihood that other services, such as SES, may be more feasible than PSC.

The results of the percent distribution tabulations (in *Figure A-2*) indicate that 46% of schools are in a stage of improvement 2-5; and therefore must implement SES services. Almost half of public schools will be required to implement this policy, using funds that had previously been allocated toward services at the public school. Furthermore, results (demonstrated in *Figures B-1 to B-4*) indicate that the majority of SES providers (75%) operate as for-profit institutions. Only 18% of SES providers in King County operate as a non-profit; suggesting that there could be barriers to entry (or disincentives) for these institutions within the market. The results in figures *B-1 to B-4* also suggest that competition is limited to a small number of large

firms, and favors for-profit institutions. Similarly, results indicate that the majority of SES providers operate on a national scale (77%); only 22% operate locally and 1% internationally. There is also variation between districts that do and do not have an SES provider offered through their local school district; raising questions about the level of choice offered to students and the differences in what SES providers are available. This evidence (presented in *Figures B-1 to B-4*) also suggest that competition is limited and favors institutions with multiple locations, in 5 or more states across multiple regions of the United States.

Currently, national for profit- institutions dominate the SES marketplace; and there is limited evidence to suggest that they have incentives to put their size and scale to work for all students. The SES market currently represents an oligopoly, where 20.29% of the market is controlled by one, national, for-profit provider (Sylvan Learning Center); and a small number of large, for-profit firms control almost half of the remaining market share. There is currently a lack of representation in the market of local for profit providers, local non- profit providers and national non- profit providers; indicating that barriers to entry may exist that limit competition among these potential providers. The results of the percent distributions on market share also suggest that even though data available on the public SES provider website indicates there are on average 20 providers in each district, the majority of which exist in every district in the county. However, the physical location of the provider often was located outside of the physical boundaries of the school district; but is assigned as one of the potential options for students in surrounding districts. Parents are responsible for transporting students to and from SES services; which are offered outside of the school day. This information raises concerns over access equality and the limitations of choice associated with access to transportation.

The results of a cross sectional analysis of the services provided by SES providers, indicated that the populations/ needs served varied depending on the district refer to *Figure D-1*). Furthermore, the county wide analysis showed that services also vary depending on the need/ population. Another significant discovery was that the data represented on the SES website did not define how demographic information is categorized. It does not indicate whether these categories signify populations/ needs that institutions will enroll, demographics/ needs served, or experience serving these populations. For example, the category “cultural diversity” does not indicate whether this means these institutions currently have culturally diverse enrollment, whether they are willing to enroll culturally diverse students, whether they have implemented cultural diversity within the curriculum. Similarly, the category “low income” could indicate that they enroll low income students, this does not indicate whether they offer additional services or have experience serving these populations (given the new funding available it would make sense that 99% of locations serve low income students). It could be assumed, that categories such as reading and math indicate services offered, however this also does not indicate whether these institutions specialize in these categories or offer them as a portion of the curriculum. Without definitions of these categories it becomes unclear how these institutions are being advertised and creates ambiguity in the way data is represented; also, because there is limited public data available on these institutions little is known about their enrolment procedures, trends and capacity as well as missions, specializations, and outcomes.

Interviews with potential providers also indicated that the missions, specializations, and employee hiring procedures varied. Data from these interviews also suggests that there are multiple factors (costs/ disincentives) that could be acting as barriers to entry within the SES marketplace. These factors are consistent with current literature indicating legal, financial and

political barriers exist for potential providers; and build additional factors to be considered in the implementation and feasibility of the SES policy. The most commonly reported factors were related to the perceived shift in accountability, as well as the time it took to apply and the amount of public funding offered (refer to list of factors on page 27). Although there is currently no formal accountability measures in place for SES providers, potential providers reported that funding source has the ability to impact who they are accountable to. For example, one response indicated that they are currently accountable to students and families and was concerned accepting federal funding could impact who they are accountable to and the outcome that they seek to achieve. Accepting Title I funds was also seen as a conflict of interest for non-profits already accepting public funding. Respondents indicated the only perceived benefits (incentives) to accept federal funding were increased revenue, or “support, and increased market share, or “helping more students”.

Analyzing PSC and SES in the context of national reforms, also suggests that these policies reflect a trend of punitive destabilization. Federal funding is being redistributed away from public schools (toward other public schools and private institutions) as a punitive measure. This redistribution destabilizes a source of revenue without any additional means of support offered to implement the policies; with the intention of restricting resources to motivate schools' behavior. Implementation of the SES marketplace also reflects a trend toward increased privatization. Public funds are being redistributed toward private institutions; driven by theoretical assumptions regarding the efficiency of markets and private enterprise. PSC and SES are being implemented because Washington State public schools are not meeting Adequately Yearly Progress. Meeting AYP requires 100% proficiency as determined by standardized exams; if one student, including those with a disability and whom English is their second language does

not meet standard, the entire school is labeled as failing. Current literature suggests that 100% proficiency is a statistically unattainable goal. Considering that the majority of states applied for waivers to avoid unattainable standards, and only 33% of schools were capable of meeting AYP in Washington State; this raises questions about the larger context of national reforms driven by these standards. A trend of increased privatization, and punitive disinvestment and destabilization of funding source is represented through the implementation of SES and PSC; even though empirical evidence supporting these reforms is severely limited and neglects literature on negative impacts and available alternatives.

Recommendations

I recommend further research on the implementation and advisability of SES and PSC in Washington State. This study is limited in sample size; it only analyzes the demographic information of SES providers in King County. I recommend a state wide implementation and feasibility analysis, which incorporates and expands on the methodology used in this pilot study. More research is also needed on the impacts of the redistribution of public funds away from Title I public schools, into private market places; and how it is being implemented within each district. More research is also needed on the impacts and outcomes of SES, PSC and other market based reforms; research is currently very limited and resources should not be used to expand this model to other states until the feasibility, impacts and outcomes of PSC and SES have been identified. Market based reforms are currently being implemented with little evidence of how they impact student outcomes; this also neglects how there has not been sufficient research on alternative solutions to issues of equity and efficiency in public education. More research on multiple models, not only market based reforms, is needed to compare the outcomes of available alternatives.

I also recommend that policy makers examine and reconsider a NCLB tension between the lack of accountability measures for SES providers compared to the high- stakes accountability imposed on public schools. Public schools are currently being held accountable through multiple forms of high stakes exams. SES providers are not held to any form achievement standards, which raises concerns over the lack of public oversight and the ability to compare outcomes. An evaluation of the discrepancy between an unwavering trust in markets (reflected in the lack of public oversight) and distrust of education professionals in the public sector (reflected by increased public oversight and strict accountability measures) is warranted.

My final recommendation is to reinvestigate the desirability of reallocating funds away from public schools. There is a lack of sufficient research on the impacts of punitive redistribution. Currently, there is no evidence to suggest these financial disincentives are capable of producing better outcomes for schools and students; and may have negative impacts that have not been fully investigated. Advancement of redistribution also neglects the existence of other available alternatives to market based reforms; which seek to increase equity and efficiency in public schools. I recommend further research and investigation into available alternatives such as multicultural education, democratic school models, comprehensive access to health care and other policies (in education and other institutions) that directly target poverty and income inequality; the root sources of inequity and inefficiency within the public school system.

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Appendix A: SES and PSC Adequately Yearly Progress

Figure A-1:

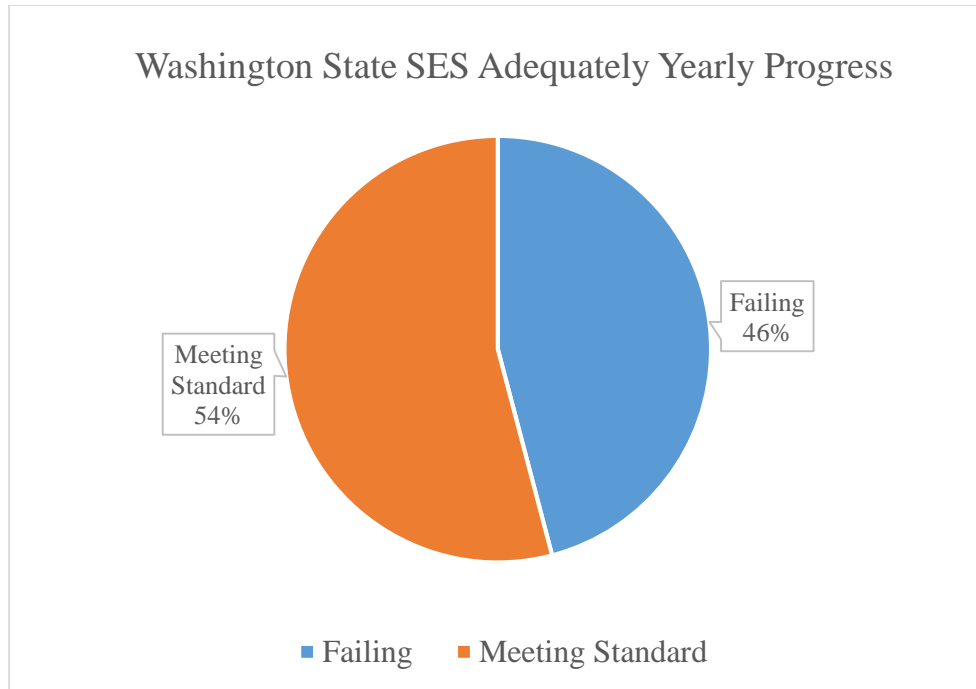
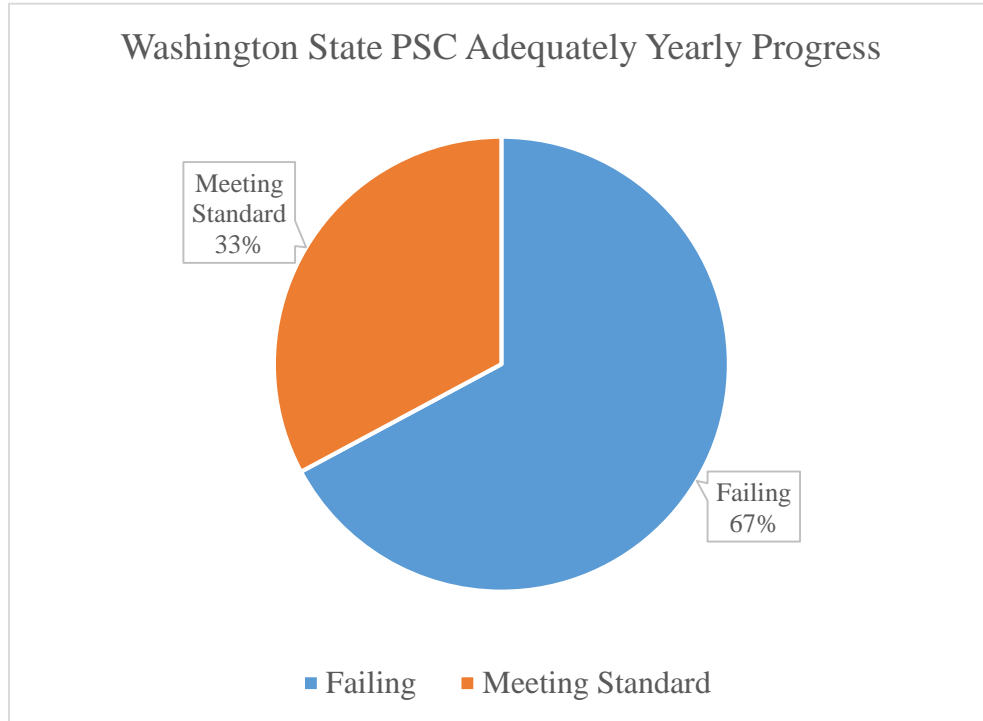


Figure A-2:



Appendix B: King County SES Provider Location and Profit Status

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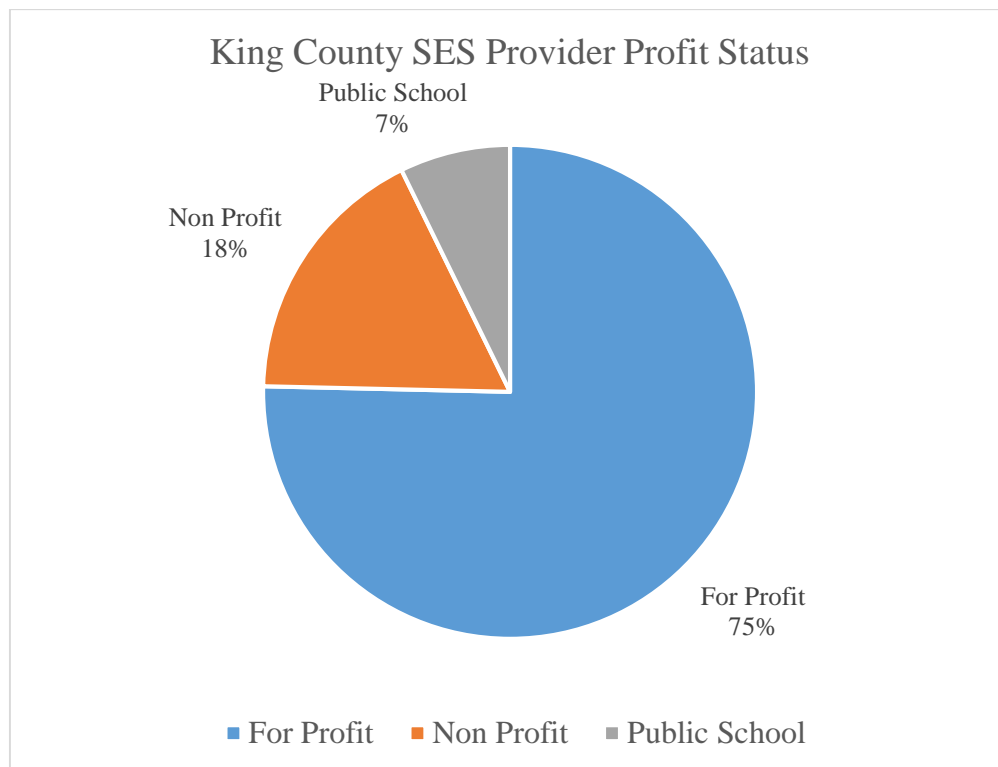


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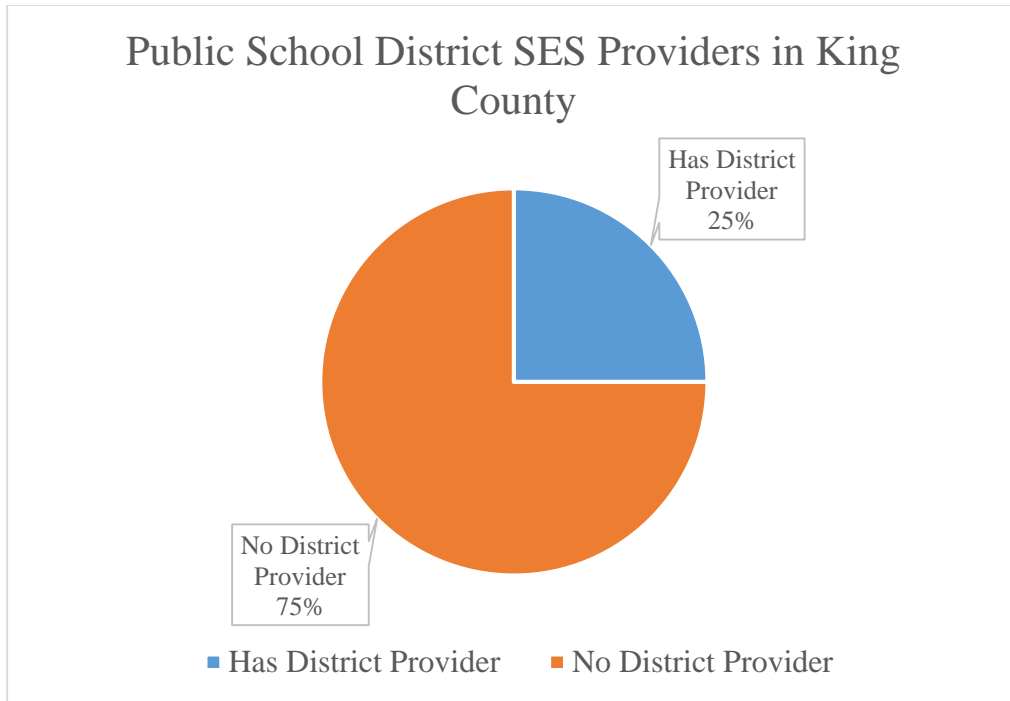


Figure B-3:

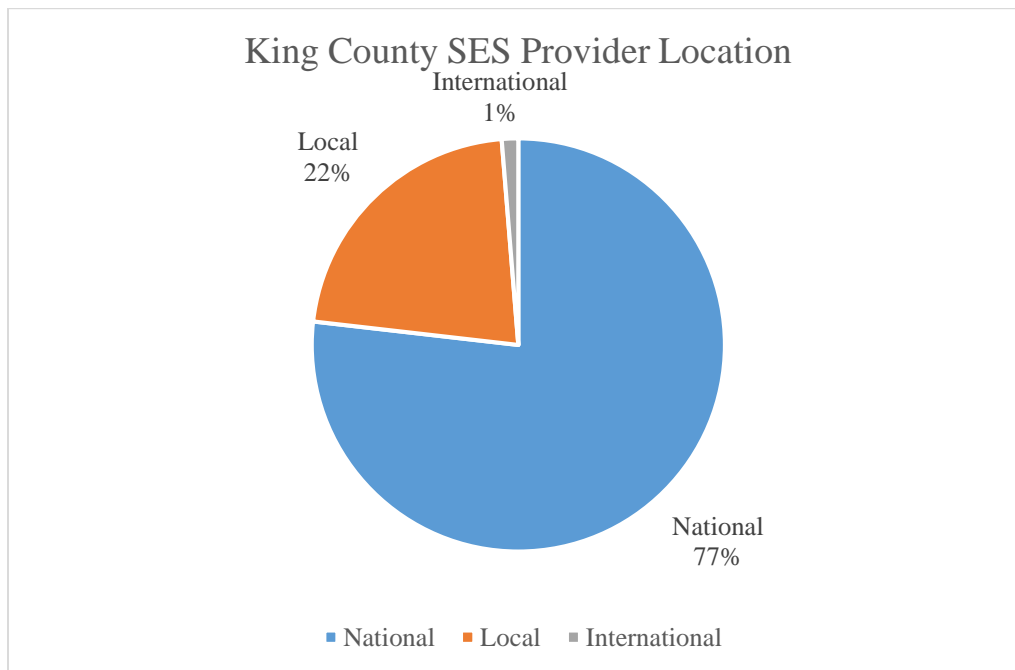
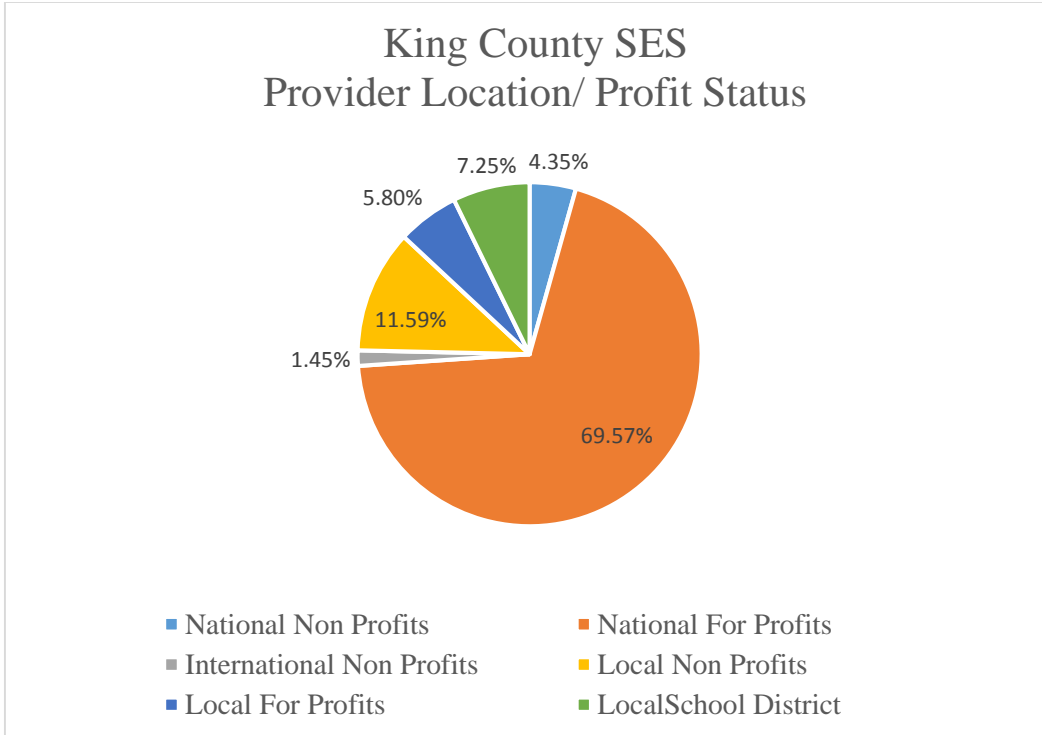


Figure B-4:



Appendix C: King County SES Provider Market Share

Figure C-1:

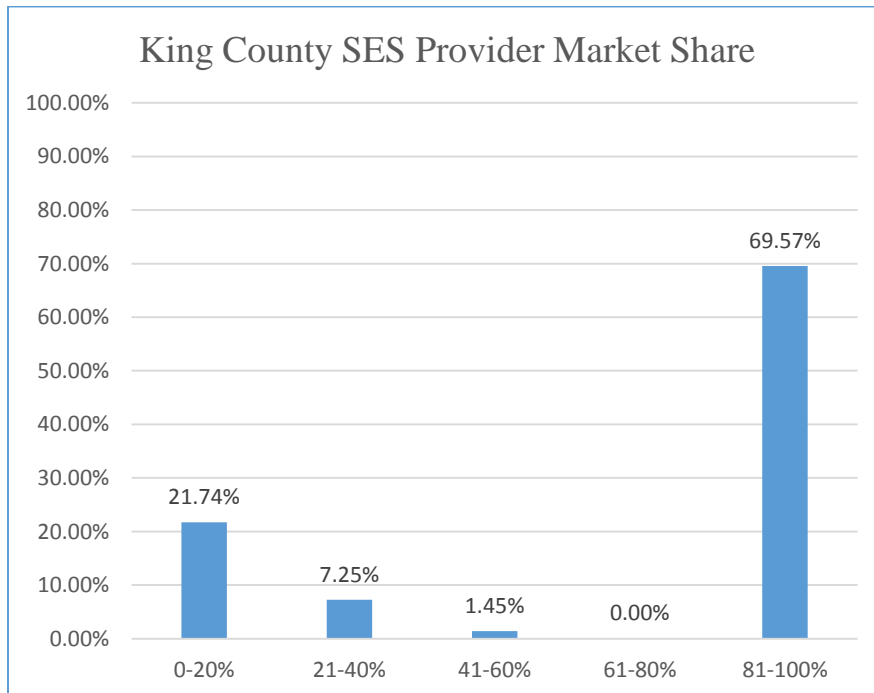


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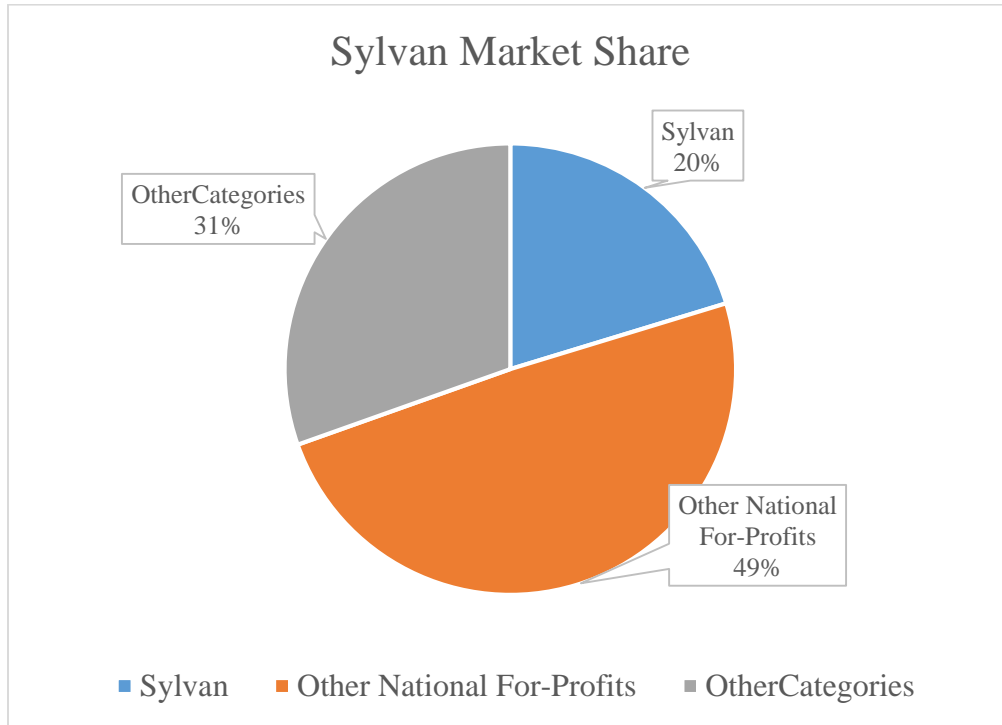


Figure C-3:

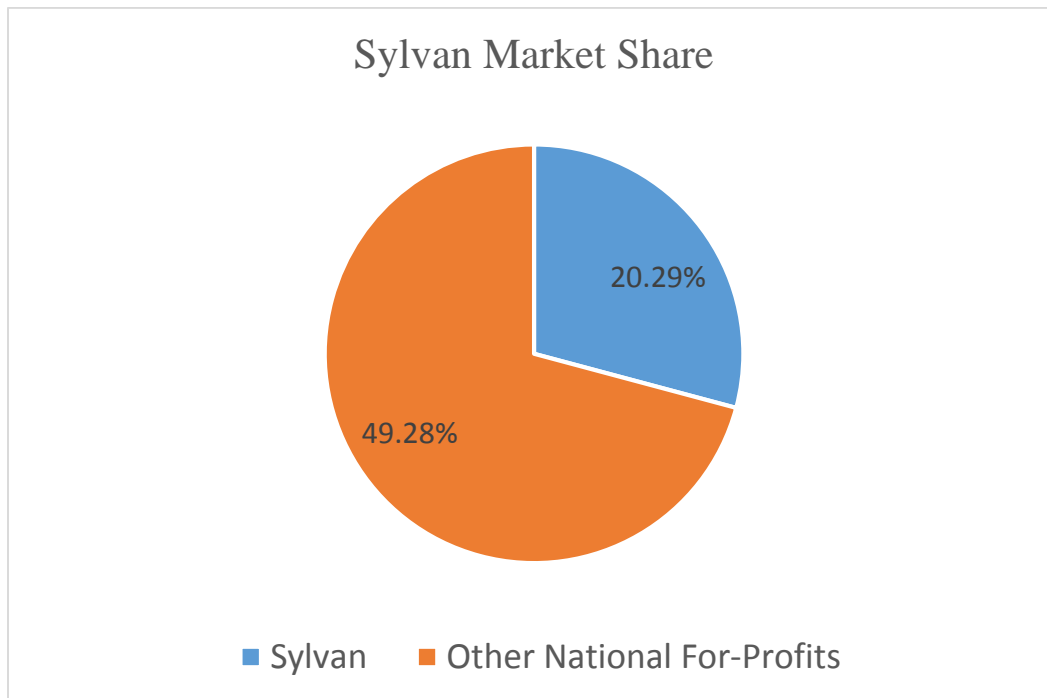
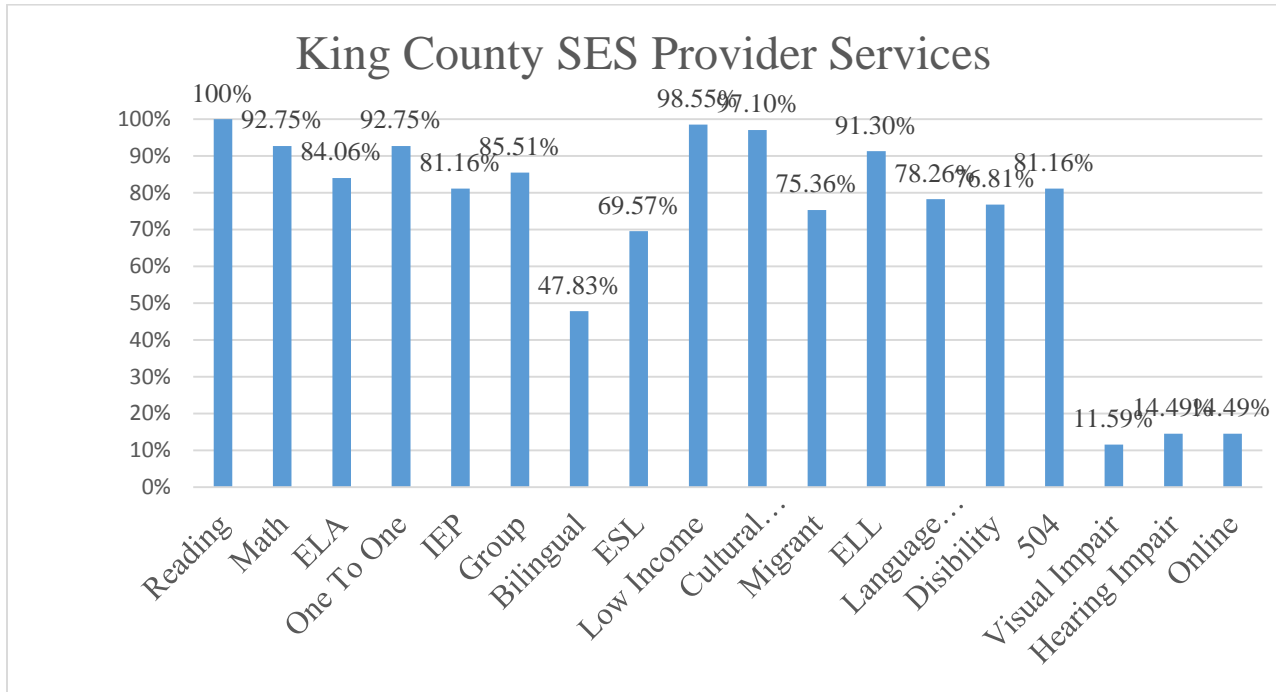


Figure D 1:



Appendix E: Interview Questions for Potential Providers

Can you please describe your institution's mission or specialization?

Who do you serve?

What ages and grade levels do you serve?

Will your institution be accepting public funds associated with Title I students in the upcoming school year?

Please describe the factors that contributed toward that decision.

Do you recall being invited to apply for funds as a Supplemental Education Service Provider? Can you describe how you were invited and any information you were given at the time?

Can you describe what a Supplemental Education Service provider must do to continue to receive these public funds? Are there any other responsibilities of the provider?

How long does your institution have to produce evidence of these results and what does that evidence look like?

Did these requirements factor into your decision whether or not to accept public funds (and if so, how)?

What are your enrollment procedures?

Please briefly describe your institution's current student enrolment (including size, student demographics, school capacity, etc.)?

Please describe whether there are any minimum education requirements for teachers/ employees.

Please describe if/how you match the skills teachers/tutors with the needs of your students?

Do you have anything else you can think to add to your responses?