DISTRICT OF COLUMBIA OPPORTUNITY SCHOLARSHIP PROGRAM

Additional Policies and Procedures Would Improve Internal Controls and Program Operations

What GAO Found

Following the Department of Education’s selection of the Washington Scholarship Fund (WSF) to operate the District of Columbia Opportunity Scholarship Program, WSF greatly expanded its operations from $150,000 in federal and foundation grants in fiscal year 2004 to $12.9 million in 2006 without sufficient accountability mechanisms to govern the use of the funds. With such rapid expansion, WSF had little time to design and implement the needed systems, procedures, and internal controls for managing such a major increase in its operations. WSF’s accountability was further weakened by high staff turnover, a lack of detailed fiscal policies, and nonintegrated accounting functions. We found that WSF did not adhere to its own procedures for making scholarship payments, and WSF’s use of OSP funds to pay tuition for students attending schools that do not normally charge students tuition is not in accordance with the Act. Additionally, on the basis of a lack of documentation about whether before-and-after care included academic support, GAO was unable to determine if use of OSP funds to pay these fees was in accordance with the Act.

Despite recruitment efforts and efforts to inform parents of their choices, WSF faced challenges recruiting students from schools designated as in need of improvement, ensuring private school quality and placement opportunities, and providing parents with accurate information regarding private schools. Students who were offered scholarships generally reported income consistent with OSP’s financial eligibility standards, but, among students offered scholarships, students from schools in need of improvement were underrepresented relative to their presence in the population of District students. Although most private schools in the District officially participated in the program, the schools varied widely in the number of openings available to scholarship students, and few openings were available at the secondary level. The characteristics of participating schools varied, and some schools did not meet basic requirements to operate in the District, but District officials adopted a new testing program the second year of the evaluation, making it infeasible to compare students offered scholarships with students in District public schools.

The evaluation contractor developed a strong evaluation design that reflected the statutory requirements and used random assignment to strengthen comparisons between students offered and not offered scholarships. However, factors related to program implementation limited the ability to perform comparisons directed by the Act and the usefulness and generalizability of findings. For example, the Act directed the evaluation contractor to use the same test as the District used to measure achievement and to compare the achievement of students offered scholarships with students in District public schools. The contractor did use the test used by the District, but District officials adopted a new testing program the second year of the evaluation, making it infeasible to compare students offered scholarships with students in District public schools.

What GAO Recommends

The Secretary of Education should direct the grantee to improve internal controls, continue to integrate its financial systems, improve monitoring, and provide accurate information to parents. The Secretary and the Mayor of the District of Columbia should ensure participating schools are in compliance with District requirements. The Secretary should ensure that programs are implemented in accordance with any required evaluation. The entities providing comments on this report generally agreed with our recommendations but disagreed with many findings.

To view the full product, including the scope and methodology, click on GAO-08-9. For more information, contact Cornelia M. Ashby at 202-512-7215 or ashbyc@gao.gov.