Actions Needed to Address Weaknesses in Administration and Oversight

Why GAO Did This Study

School vouchers, a school choice program designed to provide students with public funds to attend private schools, feature prominently in policy discussions about education reform. The OSP was reauthorized by Congress in 2011 by the Scholarships for Opportunity and Results Act, and has garnered national attention as the first federally-funded voucher program. Since the program’s inception in 2004, Congress has provided almost $152 million for the program benefitting almost 5,000 students, currently providing scholarships of about $8,000 for grades K-8 and about $12,000 for grades 9-12. As requested, GAO examined (1) the extent to which the Trust provides information that enables families to make informed school choices, (2) whether the Trust’s internal controls ensure accountability for OSP, and (3) how Education and District agencies responsible for overseeing OSP have performed their stated roles and responsibilities.

To conduct this work, GAO visited 10 participating schools; interviewed school officials; conducted discussion groups with 14 parents of scholarship students; analyzed key program documents; reviewed generally accepted guiding documents for internal controls; and interviewed officials at Education, relevant District agencies, and the Trust.

What GAO Found

The DC Children and Youth Investment Trust Corporation (the Trust) provides information to prospective and current families of children participating in the District of Columbia (the District) Opportunity Scholarship Program (OSP) through a variety of outreach activities. To reach prospective OSP families, the Trust advertises through print, radio, and bus ads, as well as in newspapers and flyers posted in neighborhood libraries, recreation centers, and local government service centers. However, the Trust provides incomplete and untimely information about participating schools to OSP families. The participating school directory, which is published by the Trust, lacks key information about tuition, fees, and accreditation. The Trust published the directory 9 months after the start of the 2012-13 school year, too late to assist families in selecting a school for that year. Without such information, parents cannot make fully informed school choices. Additionally, the Trust awarded scholarships to students several months after many schools completed their admissions and enrollment processes, limiting the amount of time and choice in selecting schools. Most families GAO spoke with were generally happy with OSP but some were concerned about the availability of program information.

The Trust’s internal controls do not ensure effective implementation and oversight of OSP. Adequate policies and procedures can provide reasonable assurance of effective, efficient operations, reliable financial reporting, and compliance with applicable laws. However, the Trust’s policies and procedures do not include a process for verifying eligibility information that schools self-report. As a result, the Trust cannot ensure that schools are eligible to participate in the program and, therefore, risks providing federal dollars to students to attend schools that do not meet standards required by law. Furthermore, the Trust’s database is not well structured and hampers the effectiveness of program implementation. For example, the Trust lacks written documentation for the database, and staff must rely on institutional memory to ensure processes such as data entry are conducted properly, which could contribute to errors in the database. As required by law, the Trust groups eligible applicants into three priority categories by which scholarships are then awarded by lottery; however, weaknesses in the database’s structure puts into question the Trust’s ability to provide accurate priority categories. Additionally, the Trust has not submitted its mandatory financial reports on time, despite a legal requirement that these reports be filed within 9 months of the end of the entity’s fiscal year. The Trust’s fiscal year 2010 financial report was almost 2 years late, and the Trust’s fiscal year 2011 and 2012 reports had not yet been submitted as of August 2013. In August 2013, the Trust also made amendments to its policies and procedures in three areas GAO identified. However, these amendments do not address all weaknesses identified in this report, and have not yet been fully implemented.

The Department of Education (Education) has provided limited assistance to the Trust in certain areas outlined in the memorandum of understanding (MOU) with the District and in the cooperative agreement with the Trust. Specifically, Education is responsible for helping the Trust make improvements to its financial system, enhance its site visit policies and procedures, and improve the accuracy of information provided to parents. Trust officials acknowledged that Education has provided general assistance regarding administrative and operational functions, but it has not assisted with specific improvements in these areas. Although the MOU is a written agreement between Education and the District, it holds the Trust, as the grantee, responsible for notifying District agencies to conduct required building, zoning, health, and safety inspections of participating schools—a requirement that is not detailed in the cooperative agreement signed by Education and the Trust—but would assist the Trust in providing continued oversight of schools participating in OSP. As a result, Trust officials were not acutely aware of this responsibility, and required inspections were not being conducted in the manner described in the MOU between Education and the District.

What GAO Recommends

GAO is making 10 recommendations to Education to improve OSP, such as ensuring that the Trust publishes a more complete school directory and updates key aspects of its policies and procedures. Education did not indicate agreement or disagreement with our recommendations. The Trust disagreed with some findings and both provided additional information.

View GAO-13-805. For more information, contact George A. Scott at (202) 512-7215 or scottg@gao.gov.