Private Education Provision and Public Finance: The Case of the Netherlands

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World Bank
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Origins

• 1917: ‘schools to the parents’
• Segregation ended conflict
• Freedom of education, religion, constitution
• Today:
  ➤ Country unified
  ➤ But schools retain independence
  ➤ Ease of entry
**Funding**

- Ministry of Education, Culture and Science administers central government expenditure
- Article 23 of Constitution: all education institutions, public & private, funded equal
- Government expenditure on public institutions must be matched by expenditure on private, government-funded institutions

**Flow of Funds**

Targeted Funds for Low-Income & Minorities:
- For minority student 1.9 times basic amount
- For Dutch from low income background 1.25 times basic amount
School Boards

- Lump sum funding for a “school board”
- Consolidation throughout the system
- Number of schools decreased from late 1980s, but number of school boards to which funds flow – much more so, from 3,116 to 2,078
- Average 3 schools per board in 1996, 4 in 2000
- School boards run 1 or many schools

Information

- Trouw, 1997: http://www.trouw.nl/onderwijs/
- Education Inspectorate: http://www.onderwijsinspectie.nl
**Private & Public Shares**

- **Primary**
- **Secondary**

**Centralization & School Choice**

- A large central staff
- Many school advisory & coordination bodies
- Stringent regulations
- Strong Education Inspectorate, responsible for inspection/review of schools:
  - assessing quality of education offered in schools
  - reporting publicly on quality of schools, system
  - encouraging schools to maintain & improve
  - providing information for policy development
Risk-based Inspection

• Since 2007 assessing potential problems that could affect quality
• Reduces burden felt by schools & makes inspections more effective
• Schools delivering good education (no risks) & good results do not require inspection
• So focus on rapid improvement of schools that supply poor education (risks) & results

Equal Treatment

• Ministry sets standards for public & private:
  – Subjects, attainment targets, content of exams, number of teaching periods, teacher qualifications
• Publicly & privately run schools are financed in same way by Ministry & evaluated in same way by Inspectorate
• Private schools decide what to teach & how
Autonomy of Dutch Schools

• Schools responsible for organization of teaching & learning, personnel & materials
• Annual budget received as block grant
• Schools free to decide how budget is spent

Dutch Students High Achievers

<table>
<thead>
<tr>
<th>PISA 2006</th>
<th>Math</th>
<th>Science</th>
<th>Reading</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Finland</td>
<td>548</td>
<td>583</td>
<td>556</td>
</tr>
<tr>
<td>2 Hong Kong</td>
<td>547</td>
<td>542</td>
<td>547</td>
</tr>
<tr>
<td>3 Korea</td>
<td>547</td>
<td>534</td>
<td>536</td>
</tr>
<tr>
<td>4 Netherlands</td>
<td>531</td>
<td>531</td>
<td>527</td>
</tr>
<tr>
<td>5 Switzerland</td>
<td>530</td>
<td>Japan</td>
<td>531 New Zealand</td>
</tr>
<tr>
<td>6 Canada</td>
<td>527</td>
<td>530 New Zealand</td>
<td>530 Ireland</td>
</tr>
<tr>
<td>7 Macao, China</td>
<td>526</td>
<td>Australia</td>
<td>527 Australia</td>
</tr>
<tr>
<td>8 Liechtenstein</td>
<td>525</td>
<td>Netherlands</td>
<td>525 Liechtenstein</td>
</tr>
<tr>
<td>9 Japan</td>
<td>523</td>
<td>522 Liechtenstein</td>
<td>522 Poland</td>
</tr>
<tr>
<td>10 New Zealand</td>
<td>522</td>
<td>Korea</td>
<td>522 Sweden</td>
</tr>
<tr>
<td>11 Belgium</td>
<td>520</td>
<td>Slovenia</td>
<td>519 Netherlands</td>
</tr>
</tbody>
</table>
Dutch Government Not High Spender

Diversity and Religion

Public: 35
Catholic: 29
Protestant: 27
Private: 4
Reformed: 3
Free: 1
Other: 1

Primary Schools by Orientation (%)
Contribution of Private Schools

- Private schools outperform public, by small margin
- But relation is not causal, could be selection
- Cannot experiment, randomization not possible, so need other methodology
- Remember: religion is important in selection of schools
- Religion is predictor of private school, but not achievement
Private School Choice Effects

<table>
<thead>
<tr>
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<th>Math</th>
<th>Reading</th>
<th>Science</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private school attendance</td>
<td>17.4 (10.3)*</td>
<td>28.3 (11.5)*</td>
<td>17.9 (10.7)*</td>
</tr>
<tr>
<td>School can fire teachers</td>
<td>34.7 (7.4)*</td>
<td>2.5 (7.5)</td>
<td>48.0 (6.9)*</td>
</tr>
<tr>
<td>Achievement data used</td>
<td>8.3 (4.7)*</td>
<td>10.0 (5.4)*</td>
<td>7.1 (4.6)</td>
</tr>
<tr>
<td>Schools set teacher pay</td>
<td>9.1 (5.3)*</td>
<td>12.1 (6.1)*</td>
<td>10.3 (5.1)*</td>
</tr>
<tr>
<td>Parents involved in budget</td>
<td>13.1 (6.5)*</td>
<td>21.0 (6.8)*</td>
<td>18.4 (5.9)*</td>
</tr>
<tr>
<td>N</td>
<td>3,840</td>
<td>3,840</td>
<td>3,840</td>
</tr>
<tr>
<td>R²</td>
<td>0.442</td>
<td>0.352</td>
<td>0.415</td>
</tr>
</tbody>
</table>

Source: PISA 2006
Controlling for school, individual, family characteristics

Netherlands: Impact of Private Schooling through Choice
Why Large Effects?

Figure 4: Mother's education by School Type

<table>
<thead>
<tr>
<th>Levels</th>
<th>Public</th>
<th>Private</th>
</tr>
</thead>
<tbody>
<tr>
<td>University</td>
<td></td>
<td></td>
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<tr>
<td>Upper secondary</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lower secondary</td>
<td></td>
<td></td>
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<tr>
<td>Primary</td>
<td></td>
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Regulatory and design dimensions of Private Sector Participation in Education Systems

The Netherlands

Enabling Regulatory environment

- Policies and requirements for the existence of private schools: Yes
- Enforceable standards for private school operation: Yes
- Private for-profit schools allowed: Yes, but not publicly financed; <1%

Characteristics of mechanisms of public funding to private schools

- Is the public funding of private schools guided by the existence of a contract: Implicit in funding formula
- Contract pays for inputs or outputs: Lump sum; up to school to decide
- Enforceable standards for private schools to receive public funding: Yes
- Ability to set own fees: Very limited; can’t exclude students
- Ability to hire and fire teachers: Yes
- Ability to select curriculum: National curriculum, but schools select curricular plan, how to teach
- Student selection tools and formulas: No; money follows student
- Student choice: Yes
Lessons

• Universal, integral choice system – produces quality, equity, diversity

• Institutional structures (standards, exams, inspections) & regulatory framework, allows government to use public funds & private delivery effectively

• Large private sector, autonomy, freedom – compatible with central government role

Thank you

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