

The effects of generalized school choice on achievement and stratification: Evidence from Chile's voucher program

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- Developing world: Great strides in educational *quantity*; less so in *quality*
(Hanushek and Woessman, 2007; Vegas and Petrow, 2007)
- Friedman (1955) looms large in economists' thoughts on addressing this:
 - Noted potential inefficiencies in the public sector
→ Vouchers to shift students into private sector; force public sector to improve
- No country has taken this idea more seriously than Chile

Prior to 1981, Chile had three types of schools:

- 1) Fiscal or public – suppliers of last resort, very limited student selection
- 2) Unsubsidized private – “elite”, expensive schools
- 3) Subsidized private – mainly catholic, more extensive student selection

The 1981 reform had two key components:

- Decentralization: Public schools were transferred to municipalities
- Financing: Public and subsidized private schools funded by vouchers

- By 2003:
- 45% of all schools are private
 - 36% are private voucher
 - In urban areas, these shares are 62 and 48%, respectively
 - Many private schools are secular, most operate for-profit

What should we expect such a reform to do?

(A) Raise *average achievement*

(Friedman, 1955, Hoxby, 2000)

(B) Lead to *stratification or sorting*

(“the poor going to school with the poor, the rich with the rich”)

(Epple and Romano, 1998; Urquiola and Verhoogen, 2007)

Hsieh and Urquiola (2003,2006) suggest that in fact it:

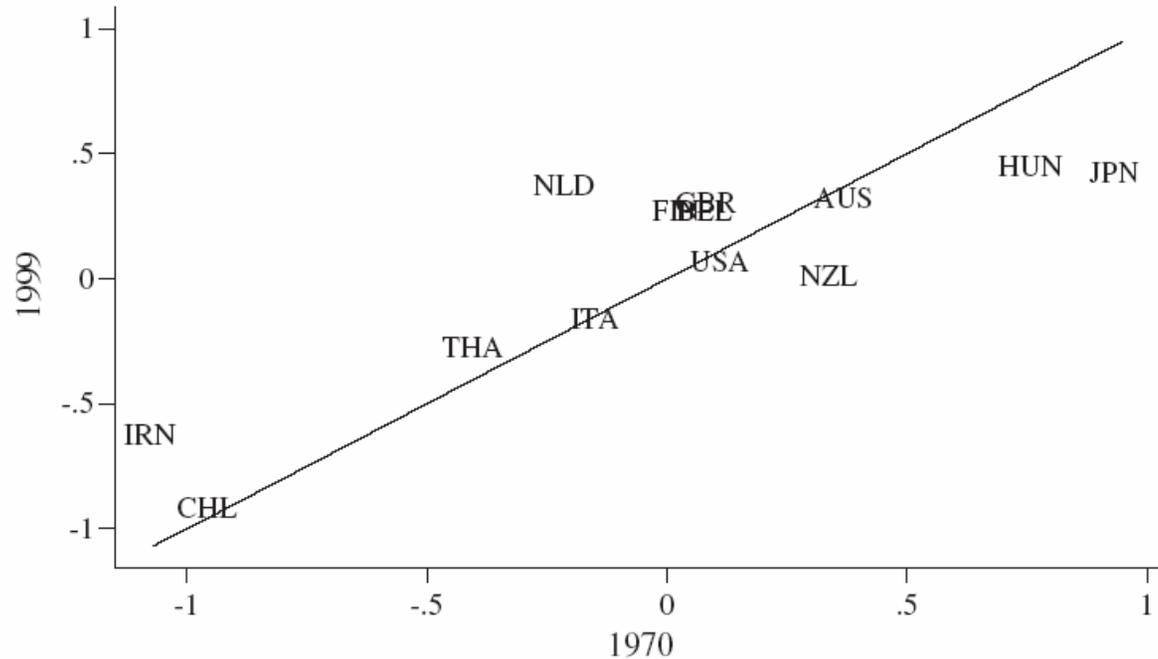
- Led to massive sorting (middle class exit from public schools)
- Did not raise average achievement

(Specifically, in markets in which the private sector grew more:

- Average achievement did not improve faster or slower
- Public school achievement fell as “best” students exited)

- Caveat 1: Identification is difficult in this context
- Nonetheless, results consistent with “aggregate”/international evidence:

A. Median Test Scores (standard deviation from 13-country average).



(Similar lack of improvement in national tests)

- Caveat 2: Vouchers might have still raised average welfare:
 - Many parents value the ability to use subsidized religious schools
 - Schools might have emphasized spending on inputs parents value more
 - Politics—The basic system was never changed

Academic impact

- Prompted other work (e.g. Gallego 2007, Auguste and Valenzuela, 2006)
 - supported the results on stratification
 - disputed those on achievement

-Nonetheless some sort of consensus emerged; e.g., comment by Gallego on a paper summarizing these findings (forthcoming in ***Economía***):

“... the paper highlights the key finding that the system in Chile has not fulfilled its implicit promise of increasing quality and has had a positive impact on stratification. I agree with these two stylized facts.”

Correlated political/policy events:

- In the last election, both (right-leaning and left-leaning) candidates endorsed the need to address educational quality and equity/stratification
- A recent high level political accord sets the framework for eventual adoption of:
 - 1) An increase in the value of the voucher
 - 2) A change in the voucher's design such that it is higher for poorer children
 - 3) Constraining subsidized schools' ability to select students (through grade 6)
 - 4) The creation of a "Superintendency" for education

In affecting policy, this paper certainly did not work in isolation. In fact, its impact was likely very limited when contrasted with:

- Chile's commitment to disseminating data on school performance
 - Showed persistent lack of improvement

- Student protests (that took place for perhaps unclear reasons)
 - Conjecture: Stratification may have something to do with citizen dissatisfaction

- Looking forward:
 - The impact of the current reforms on achievement/stratification is difficult to predict
 - Chile: enormous courage in educational experimentation and reform;
Less courage in evaluating educational interventions