POLICY BRIEF:
DO VOUCHERS CREATE MORE INEQUALITY?
Lessons from Universal Implementation in Chile

November 19, 2012
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INTRODUCTION

Vouchers, an old idea, are once again gaining prominence in Texas and, more broadly, the U.S.’s educational policy discourse. Numerous countries have extensively experimented with vouchers and a market based system, and, as a result, a multitude of approaches have emerged (McEwan, 2000). As a result, other countries’ implementation of vouchers can help inform U.S. educational policymakers regarding outcomes for students. Approaches differ in at least three main aspects: scope (targeted vs. universal, small-scale vs. large-scale), financial provisions (with or without add-on payments), and governments’ degree of regulatory power (low, medium or high). Historically, in the U.S. has implemented small-scale and low-regulation voucher plans (e.g., Wisconsin, Washington, D.C., and Florida) targeting low-income students and/or students attending low-performing schools.
The only examples of large-scale voucher programs are found outside of the U.S. in Colombia, Sweden, and Chile. In the 1990s, Colombia developed a large-scale voucher plan targeted at low-income secondary students (Gauri & Vawda, 2004). In the same decade, Sweden experimented with a universal voucher system administered at the local level where students had the option to choose between public schools and approved private/independent schools (Carnoy, 1998). The Chilean voucher system takes a universal approach and has the largest implementation in the world. During the early 1980s, the Chilean education system underwent decentralization and privatization. The reform transferred public school management from the National Ministry of Education to local municipalities. The privatization approach consisted of two key elements: increased public finance of privately owned schools through vouchers (private schools), and the transfer of teachers from the public employee system to the private sector. The voucher system specifically allows students living in any municipality to apply to any public or private school within any other municipality.

SKIMMING AND SEGREGATION: THE IMPACTS ON EQUITY

According to various researchers, the implementation of universal vouchers in Chile has exacerbated segregation in schools (Carnoy, 1998; McEwan & Carnoy, 2000; Parry, 1996). At the family/household level, this increased segregation is often explained as a consequence of parental choice. Parents have responded to choice very differently depending on their social class and background, often magnifying and perpetuating existing inequities (Parry, 1996). Survey research indicates Chilean parents use school academic profiles as the basis for their school selection; however, when examining the decision process, most parents consider this criterion only after they have chosen a set of schools with similar student demographics (Elacqua, Schneider, & Buckley, 2006). Parental choice is not the only factor responsible for Chile’s increased school stratification. The voucher policy’s features also contribute. Two policy features in particular have contributed to an increase in segregation: student selection procedures and charging parents additional fees (Bellei, 2009; Gauri, 1998; Parry, 1996; Valenzuela, Bellei, & De los Rios, 2006). These policy measures allow private and secondary public schools to hand-select students once the number of applicants exceeds the number of available spaces, and charge monthly fees.

Previous research indicates schools—when allowed to pick from an applicant pool—exclude select student populations, and prefer middle-class and/or higher ability students (Carnoy, 1998; Parry, 1996). In other words, when given the option, schools are less likely to enroll undernourished children, pupils with learning disabilities, or students from poor or working class families (Bellei, 2009; Parry, 1996). As a result, student selection policies under vouchers
have added to the educational system’s stratification. These policy arrangements have resulted in a “creaming” effect wherein students who demonstrate greater abilities, or families that are able to pay, are either accepted or eligible to enroll in private schools or popular public campuses located in wealthier, mixed income, or more centric areas (Portales, 2012).

Meanwhile, students of low-ability or low socio-economic status (SES) have remained in public neighborhood schools located in low-income districts. The overall outcome has been a greater disparity of educational opportunities and an enhanced social stratification of students between schools, between types of schools, and between municipalities (Portales, 2012).

**EFFECT ON ACHIEVEMENT**

Contrasting results have been found regarding the impact of the universal implementation of vouchers on student achievement among public and private schools. According to Bellei (2009), some authors found private school advantage (0.005 to 0.27 standard deviation) for student achievement (Gallego, 2002; Gallego, 2004; Sapelli & Vial, 2002), others found public school advantage (0.06 to 0.26 standard deviation), while still others found no overall statistically significant difference (Mizala & Romaguera, 2000; Mizala & Romaguera, 2003). Additionally, some authors found different achievement effects depending on the period and subtype of private school being considered. For example, Bravo, Contreras, and Sanhueza (1999) found a private school advantage during the period 1982-1989. However, during the 1990s such advantage became statistically insignificant when controlling for socio-economic and geographical factors. Of note, in the American context, small-scale voucher programs in Milwaukee, Cleveland, and Washington, D.C. have failed to increase student achievement (Ravitch, 2010). Considering the ongoing debate in the research literature, the idea espoused by vouchers supporters that vouchers inevitably increase student achievement is problematic.

In fact, most empirical research suggests peer effects and educational stratification play the most significant role in voucher students’ performance (Auguste & Valenzuela, 2004; Gauri, 1998; Hseih & Urquiola, 2004; Hseih & Urquiola, 2006; McEwan & Carnoy, 2000; Mizala & Romaguera, 2003). Overall, evidence from the universal implementation of vouchers suggests student achievement, particularly the mean school achievement (both public or private), largely depends on the student composition and mean SES. The universal implementation of vouchers in Chile suggests between-school stratification, peer effects, and creaming can better explain achievement differences than espoused voucher-created school productivity, efficiency, or competition.
DECONSTRUCTION OF CHILEAN PUBLIC SCHOOLS

The universal implementation of vouchers in Chile shows private schools have dominated public schools in competition for student enrollment. Between 2000 and 2009, the enrollment of public schools dramatically decreased at the national level, dropping from 55% to 42%. In comparison, private schools enrollment increased from 36% to 51%. Additionally, at the national level, Chilean municipalities have lost, on average, 22% of public school enrollment, while private school enrollment has increased by an average of 38% (Portales, 2012). Furthermore, the number of private schools has expanded from 2,425 to 3,343 between 1990 and 2007, while public schools decreased from 6,000 to 5,572. Clearly, these figures indicate vouchers’ competitive effects on student retention and attraction are harmful for public schools and advantageous for private schools throughout the country.

In Chile, private schools are now generally perceived as having a superior status than their public counterparts. Only a minority of public schools and school districts have been able to confront and overcome this perception. To compete, these schools often implement similar creaming strategies as private schools, meaning they select the best students from the applicant pool, invest in school infrastructure and appearance, and manage, through expelling and excluding students en masse, the number of students enrolled with behavioral problems (Portales, 2012). In other words, public schools and public school districts are generally able to compete for students with private schools when they use similar “competitive” procedures or mechanisms (Portales, 2012).

BARRIERS FOR FAMILIES AND STUDENTS

Voucher supporters claim vouchers will improve disadvantaged students’ educational opportunities (Sugarman, 1999), and contribute to the social integration of middle- and upper-class students. Voucher supporters argue school choice is already available to upper-class families through residential mobility or private school enrollment, and using vouchers to expand school choice to low-income families will reduce stratification as parental income becomes less important in determining who attends private schools (Neal, 2002; Nechyba, 2000).

The evidence, presented in the previous section, does not support voucher proponents’ assumptions. The Chilean voucher policy experiment has generated creaming effects, which benefits some
population groups, while damaging others—especially low-income students living in urban areas like Santiago. Overall, students with higher SES and/or greater academic abilities living in mixed income and/or upper income areas have greater educational opportunities, including determining where they attend, relative to their lower SES and/or less academically inclined counterparts living in low-income/high-poverty areas. Low-income students have fewer opportunities, and greater barriers, to choice in a voucher system. In sum, some of the barriers they have encountered are:

- Private and more popular public schools’ implementation of student selection procedures (e.g., test score requirements);
- Private schools and secondary public campuses located in wealthier municipalities charging parents additional fees;
- Private schools and some public schools using creaming mechanisms to keep advantaged students (i.e., wealthier and/or greater academic ability) excluded students with behavioral and academic issues;
- Self-segregation based on parental criteria—choice based on specific social class values and cultural desires.

Thus, it is readily apparent from the research literature examining the implementation of vouchers that they are not a substitute for systemic and sustained educational investments that policymakers in Texas and elsewhere have avoided due to budget shortfalls. As noted by Darling-Hammond (2010), the systemic investments that would improve the success of our students and are being implemented by the most successful countries in the world include, but are not limited to: Implementing resource equalization mechanisms among public school districts and public schools, requiring all schools to have certified teachers and principals, placing a renewed focus on higher education-based teacher training, and developing anti-creaming policies (e.g., abolishing test score requirements, regulating the overuse of disciplinary and academic expulsion, and, in the case of vouchers, prohibition of fees/add-ons).

In conclusion, voucher proponents often utilize fairly simplistic arguments about markets, competition and educational opportunity as a justification for the approach. For policymakers, the implementation of vouchers is cheap and “efficient” because they shift the majority of the cost of educating students to private schools and reduce state funding to public schools. However, as the research on the implementation of vouchers worldwide demonstrates, they are not a solution for the long-standing educational dilemmas facing the U.S. school system such as school effectiveness or educational opportunity inequity. In fact, when vouchers are applied universally, Portales (2012) showed that these issues were actually exacerbated.
REFERENCES


Portales, J. (2012). Understanding how vouchers impact municipalities in Chile, and how municipalities respond to market pressures. Austin, Texas: University of Texas at Austin.


