

## PRIVATIZATION AND VOUCHERS IN COLOMBIA AND CHILE

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**Abstract** – The voucher model of financing schooling is becoming increasingly common throughout Latin America, with at least 12 countries using vouchers or voucher-like schemes. The present study focuses on the voucher models of Colombia and Chile, which have the most extensive programs of this type and those of the longest standing in the region. Using empirical evidence, the author compares the two models along four evaluative dimensions: educational quality, segregation, choice and socialization. After weighing the successes and weaknesses of each system, he concludes that, among other characteristics, the most effective and equitable voucher model features: (a) a flexible interpretation of educational quality; (b) financial grants which target solely the poor; (c) vouchers which cover the entire cost of tuition; (d) open enrolment at participating schools; (e) the participation of both secular and religious private schools; (f) accessible and meaningful information to parents; and (g) strong systems of accountability.

**Zusammenfassung** – PRIVATISIERUNG UND GUTSCHEIN-MODELLE IN KOLUMBIEN UND CHILE – Das Gutschein-Modell für die Finanzierung des Schulwesens hat sich in zunehmendem Maße in Lateinamerika verbreitet; mindestens 12 Länder verwenden Gutschein- oder ähnliche Programme. Die vorliegende Studie konzentriert sich auf die Gutschein-Programme Kolumbiens und Chiles. Diese Länder haben die ausgedehntesten und etabliertesten Programme dieser Art in Latein Amerika. Indem sich der Autor auf empirische Evidenz stützt, vergleicht er die beiden Modelle anhand von vier Bewertungskriterien: der Bildungsqualität, der Selektivität, der Auswahlmöglichkeit und der Sozialisation. Nachdem er Erfolge und Schwächen eines jeden Systems gegeneinander abgewogen hat, zieht der Autor den Schluss, dass ein effektives und gerechtes Gutschein-Modell – neben anderen Eigenschaften – folgende Züge aufweist: (a) eine flexible Interpretation der Bildungsqualität; (b) finanzielle Subventionen, deren Empfänger ausschließlich die Armen sind; (c) Gutscheine, die die gesamten Kosten des Unterrichts decken; (d) ein offenes Aufnahmeverfahren an den beteiligten Schulen; (e) die Beteiligung von säkularen und konfessionellen Privatschulen; (f) zugängliche und sinnvolle Information der Eltern; und (g) ein strenges System der Verantwortlichkeit.

**Résumé** – COLOMBIE ET CHILI : PRIVATISATION ET CHÈQUES-ÉDUCATION – Le modèle de financement scolaire constitué de chèques-éducation devient de plus en plus courant dans toute l'Amérique latine, dont au moins 12 pays ont adopté ce système ou d'autres analogues. L'étude présentée ici se penche sur les modèles de chèques-éducation de la Colombie et du Chili, dont les programmes correspondants sont les plus intensifs et les plus anciens de la région. En s'appuyant sur des preuves empiriques, l'auteur compare les deux modèles nationaux en fonction de quatre critères d'évaluation : qualité de l'éducation, ségrégation, choix et socialisation civique. Après une appréciation des succès et faiblesses de chaque système, il conclut entre autres éléments aux caractéristiques les plus efficaces et équitables du



chèque-éducation: (a) une interprétation flexible de la qualité de l'éducation, (b) des subventions accordées uniquement aux personnes défavorisées, (c) des chèques-éducation couvrant l'ensemble des frais de scolarité, (d) l'inscription libre dans les écoles participantes, (e) la participation des écoles privées tant laï que religieuses, (f) une information accessible et pertinente pour les parents, et (g) des systèmes solides de responsabilité financière.

**Resumen** – PRIVATIZACIÓN Y VOUCHERS EN COLOMBIA Y CHILE – El modelo de los bonos para financiar la formación escolar se está volviendo cada vez más habitual en América Latina, donde por lo menos 12 países están usando estos sistemas de bonos o métodos similares. Este trabajo se concentra en los modelos de vouchers de Colombia y Chile, países donde estos programas están más difundidos y son más antiguos. El autor utiliza pruebas empíricas para comparar los dos modelos mediante cuatro dimensiones de evaluación: calidad de la educación, segregación, oportunidad de elección y socialización civil. Tras haber ponderado los puntos fuertes y débiles de cada sistema, llega a la conclusión de que, entre otras características, el modelo de vouchers más efectivo y equitativo ofrece: (a) una interpretación flexible de la calidad de la educación; (b) subvenciones financieras destinadas exclusivamente a los alumnos de escasos recursos económicos; (c) vouchers que cubran la totalidad de la cuota escolar; (d) matriculación abierta en las escuelas participantes del sistema; (e) la participación tanto de escuelas seculares como de escuelas religiosas; (f) información de los padres, accesible y sustancial; y (g) sistemas estrictos de responsabilización.

**Резюме** – ПРИВАТИЗАЦИЯ И СИСТЕМА ВАУЧЕРОВ В КОЛУМБИИ И ЧИЛИ – Ваучерная модель финансирования обучения становится все более популярной в Латинской Америке; по крайней мере, 12 стран ввели в пользование ваучеры или подобные схемы. Данное исследование основывается на ваучерных моделях Колумбии и Чили, где существуют наиболее обширные программы данного типа, ранее всех введенные в этом регионе. Используя эмпирические данные, автор статьи сравнивает эти две модели по четырем оценочным критериям: качество образования; сегрегация; возможность выбора; и социализация. Взвесив все плюсы и минусы каждой системы, автор статьи подводит следующий итог: наряду с другими особенностями самая эффективная и общедоступная ваучерная модель отражает: (a) гибкую интерпретацию качества образования; (b) наличие финансовых грантов для малообеспеченных граждан; (c) систему ваучеров, покрывающих расходы всего курса обучения; (d) открытое зачисление в школы, участвующие в данной программе; (e) участие как светских, так и религиозных частных школ; (f) предоставление родителям доступной и содержательной информации; (g) строгая система отчетности.

### **Privatization and vouchers in schools in Latin America**

Given that the decentralization of educational policies is becoming the norm worldwide, with some reforms accompanied by privatization schemes employing vouchers, an analysis of this controversial strategy is timely. Vouchers or voucher-like schemes have been implemented in at least 12 Latin American countries, starting with Chile more than 20 years ago

(Patrinos 2000; West 1996). Although the underlying premise of vouchers is the public subsidy of private schooling based on the number of eligible voucher students per school, the form it takes in each country may be radically different.

For instance, the eligible population may vary: In Belize, students of all SES levels qualify, whereas in Guatemala and El Salvador only poor girls and poor children, respectively, do. The programs also vary according to the types of private schools eligible: In the program in place in Puerto Rico in the 1990s, religious schools were included, whereas in Colombia they are not. In terms of school administration, Bolivian parochial organizations can privately manage public schools, but in Mexico only public entities can do so. Another variable is the coverage of the program: In Chile it covers more than 90% of the school-age population, but in the Dominican Republic, only a very small percentage.

To explore the effects of these different schemes, the present study analyzes the voucher models of Colombia and Chile, the most extensive and longest-standing in Latin America. Perhaps the main difference between the two models is that Colombia's is limited to low-income secondary-level students (King et al. 1997), whereas Chile's model provides unrestricted choice nationwide at both elementary and secondary levels (Gauri 1998). This key difference, along with a few others, elucidates policy implications not just for these two countries in particular, but also for other countries intent on implementing vouchers. Taking advantage of the available empirical evidence on both the Colombian and Chilean models, I compare and contrast their successes and weaknesses along four evaluative dimensions: educational quality, segregation, choice and civic socialization.

### **Evaluative dimensions**

The arguments for and against vouchers have often been based more on political ideology than empirical evidence. In this section, I expand on the four above-mentioned dimensions, which researchers have identified as vital for evaluating the effectiveness of vouchers (Levin 2000; Gill et al. 2001). For each dimension I include pros and cons of vouchers, along with a few methodological remarks regarding measurement.

#### *Educational quality*

Two main questions have been asked regarding educational quality: Do students who join voucher schools improve academically? How does the exodus of voucher students affect those who remain behind? Proponents of vouchers believe that voucher students will tend to improve academically because private schools have a clear and focused educational mission, and are less bureaucratic, less bounded by restrictions, and less dominated by interest

groups than are regular public schools (Chubb and Moe 1990). Voucher advocates also believe students who stay behind will eventually benefit as well because public schools will strive for educational excellence to avoid losing additional students.

Skeptics of vouchers argue that when the SES of students and the amount invested in each school is taken into account, private schools are not necessarily better academically (for Colombia see King et al. 1997; for Chile see Tokman Ramos 2002). Moreover, they worry that vouchers may negatively affect children who stay in public schools because of the dual consequences of 'creaming' and 'peer effect'. Creaming occurs when voucher private schools enlist the most academically talented public-school students and those with highly motivated parents. Peer effect, a result of creaming, occurs when public schools have an overpopulation of academically weak students without good students to provide a positive influence.

In terms of methodology, quality has been measured by standardized test scores and rates of retention, promotion and graduation. Other key aspects of quality (e.g., how well a school fosters in students emotional well-being, physical and artistic development, and a sense of empathy for others) have not been studied because of the difficulty of measuring and standardizing the results. Given that quality is much broader than what is currently measured, the results provided for this dimension require cautious interpretation.

### *Segregation*

Two interdependent questions are pertinent: Will voucher schools accept students who fit a certain profile (e.g., higher SES, academically talented, or no record of discipline problems) more readily than other students? Will public schools become overattended by children from marginalized backgrounds (e.g., low income, ethnic minority, or with special emotional or physical needs)? Voucher supporters concede this danger but counter that systems of accountability can be instituted to ensure that schools admit students based on a lottery system and are prohibited from requiring supplementary fees from parents. Plus, they argue, schools are already segregated by SES and ethnicity under the present system, and little is being done to offset this situation. Vouchers, they say, are more equitable because they provide poor families with access to the kinds of education enjoyed by more affluent families (Chubb and Moe 1990).

Opponents contend that families which need vouchers the least are most likely to seek them. That is, affluent families have more social capital (including access to voucher information), time and motivation to find the best school for their children. They also claim that setting up effective systems of accountability is extremely difficult because schools are not required to provide clear justifications for rejecting students, and poor families often do not feel entitled to complain about possible wrongdoing by a school. Also, in terms of providing services to children with emotional or physical prob-

lems, private schools often are subject to different requirements than public schools. The creaming and peer effect arguments predict that voucher private schools end up serving the brightest and highest SES students. This also means that the poorest, academically weakest, and most difficult to educate disproportionately attend public schools.

From a methodological standpoint, as with the other dimensions, the available data should be compared not against an ideal but against the existing system. Segregation has been measured by analyzing SES stratification, school admissions policies, and the presence of ostensibly 'voluntary' fees.

### *Choice*

The pertinent questions regarding choice include, Do parents demand vouchers? What do voucher parents think about their children's schools? Defenders of vouchers argue that parents have a basic right to take an active role in their children's education, including deciding which school their children will attend. One of the earliest philosophers to espouse this view was John Stuart Mill, who believed in the importance of education but opposed its monopoly by the state. In his 1838 essay *On Liberty* (1991: 117), he wrote:

If the government were to make up its mind to require for every child a good education, it might save itself the trouble of providing one. It might leave to parents to obtain the education where and how they pleased, and content itself with helping to pay the school fees of the poorer classes of children, and defraying the entire schools expenses of those who have no one else to pay for them.

Mill defended the importance of individuality of character and diversity of opinions, and believed in fostering these through a diversity of schooling options without state intervention. Otherwise, he said, the state would "establish a despotism over the mind" (118). Opponents of vouchers concede that parental choice is a legitimate goal in any education system, but they weigh this right against the negative consequences resulting from vouchers.

In terms of methodology, choice has generally been measured through parental surveys at least 1 year after parents have transferred their children. Parents surveyed include those who transferred their children either to pre-existing schools or to schools specifically created to accept voucher students.

### *Civic socialization*

The main question in this dimension is, Do vouchers contribute to the socialization of responsible, respectful and democratically active citizens? This dimension has not been a major concern for supporters of vouchers because they contend that any democratic society should respect a plurality of views, something guaranteed by a large number of private schools (Coons and Sugarman 1978). They argue that ideological diversity does not entail abetting abhorrent ideologies or civic fragmentation; in fact, they claim,

private (including religious) schools and universities for centuries have educated a large percentage of those who receive formal education in Latin America, without the propagation of hateful doctrines. Moreover, because private schools have to contend with less red tape, they have flexibility to create programs that bring together schools and poor communities, such as community-service learning. This has occurred in some private schools in the United States (Campbell 2001).

Antagonists of vouchers believe that teaching civic responsibility occurs through two main mechanisms: the overt and the hidden curriculum. In terms of the overt curriculum, public schools have as their main mission to transmit important knowledge (and the skills to create new knowledge) and to foster the pursuit of truth and social justice through democratic means. They claim that there are no guarantees this will happen with a proliferation of private schools which inevitably defend particularistic views. With the spread of a market-oriented, individualistic ideology, many private schools are more interested in their pecuniary investment than in providing a responsible civic education. In terms of the hidden curriculum, if indeed vouchers lead to increased stratification in academic talent, physical difference and SES, then voucher children will be less likely to establish close relationships with less fortunate children. While close contact with children from a different background is no guarantee of developing respect for difference, integrated schools have a unique potential to raise social consciousness.

Of the four dimensions, this is probably the least studied, in great part because of measurement difficulties. Most of the evidence comes not from comparing voucher and non-voucher schools, but indirectly from comparing private secular and religious schools to public ones.

## **Two Latin American voucher models**

### *The Colombian model*

In 1991, the Colombian Ministry of Education implemented a system of vouchers targeting poor students in order to address under-enrollment in private secondary schools and over-enrollment in public secondary ones (King et al. 1997). At the program's peak in the late 1990s, about 250,000 students, or about 7% of the secondary school population, had received vouchers via a lottery system (Villa and Duarte 2002). With the lottery system, every interested child is given an equal opportunity to be chosen. Eligible children have to meet three criteria: (1) They must come from a poor family, as demonstrated by a utility bill indicating the SES standing of their neighborhood – neighborhoods are divided into six strata, only the bottom two of which are voucher-eligible, (2) Students must have studied in a public primary school, a requirement designed to avoid subsidizing students who probably would have attended a private secondary school

anyway, (3) They must be accepted at a private secondary school before applying for the voucher.

In terms of financing, while in 1991 the voucher amount covered the full cost of tuition at a moderately priced private school, the face value of the voucher did not keep up with inflation. As a result, the voucher nowadays covers only about half the cost of tuition, the other half being paid by the child's family or scholarships (Angrist et al. 2001). To limit the amount of money parents have to pay, the Ministry decided to restrict participation to non-profit private schools.

Unlike the Chilean situation, no massive transfer of students from public to private schools has occurred, for three main reasons (King et al. 1997, 1998): First, public schools in Colombia enjoy a good reputation, often better than those of inexpensive private schools; thus students tend to seek entrance into a private school only if the public school of their choice is overcrowded or there is no public secondary school nearby. Second, high out-of-pocket expenditures create a financial disincentive for parents. Third, the Ministry has limited the number of new vouchers offered over the years to those funded by the World Bank (currently 5500 annually).

The low number of new vouchers has called into question the continuity of the model in forthcoming years. Competing models of school financing have been implemented in Colombia in recent years through programs such as Schools in Concession (*Colegios en Concesión*), public schools whose administration is transferred to private schools which have shown excellent results in the state national examinations; and the Space Buying in Private Schools (*Compra de Cupos en Escuelas Privadas*) program, by which the municipality or department, pays private schools to allocate a certain number of spaces for poor children. These appear to be effective strategies for expanding educational access at a low cost to the state (Villa and Duarte 2002). These alternative models place the burden of school selection on the state, not on the consumer, which voucher critics say protects poor parents from choosing mediocre schools.

#### *The Chilean model*

The voucher system in Chile was approved 10 years before the Colombian system (see Table 1). It covers more than 90% of the school-age population (Aedo and Sapelli 2001), the most extensive program in Latin America. Unlike the Colombian situation, in the Chilean system all school-age children are entitled to vouchers, regardless of SES. Prior to implementation of the voucher system, two types of schools received public funding: tuition-free public schools and private (mainly religious) subsidized ones (Espinola 1993). The funding paid for administrators' and teachers' salaries along with plant maintenance. This manner of funding changed radically with the advent of vouchers. All public schools and those private schools electing to

Table 1. Characteristics of voucher models

Features of voucher model	Colombia	Chile
Year of implementation	1991	1981
Percentage of students receiving vouchers (out of total primary and secondary student enrollment)	3% <sup>a</sup>	91% <sup>b</sup>
Type of schools participating	Private schools only	Both public and private schools
Eligibility of secular and religious schools	Only secular schools	Both secular and religious schools
SES restrictions	Only poor students	None
Massive transfer of students from public to private schools because of the voucher program	No	Yes
School authority to institute admissions criteria	Yes	Yes
School authority to institute additional fees beyond voucher amount	Yes	Yes

<sup>a</sup> For 2000 (estimated from Angrist et al. 2001; Fundación Corona and Corpoeducación 2003).

<sup>b</sup> For 1998. This figure includes 2% of students in publicly subsidized schools run by private groups (Aedo and Sapelli 2001).

participate started to receive only the funding that came with each student in the form of a voucher (participating private schools could continue to accept non-voucher students). With vouchers, all public and private subsidized schools receive the same amount per student, with slight variations per region to compensate for cost of living.

As a means of raising school revenues, a system of shared financing (*financiamiento compartido*) was instituted in 1993 (Gauri 1998: 89). Prior to this new policy, private voucher and public schools were prohibited from charging fees beyond the voucher amount in order to prevent discrimination against poor families. Under the new policy, all private voucher schools (both elementary and secondary) and all public secondary schools (starting at the 8th grade) were allowed to levy a 'voluntary' fee on students. By 1998, the new policy had been embraced by 42% of private voucher schools and by 10% of secondary public schools (Aedo and Sapelli 2001: 5). As in the Colombian model, the Chilean one places no restrictions on the location of the school a child may attend. Limited only by safety issues and time constraints, children can travel free of charge to any public or voucher private school of their choice (Tokman Ramos 2002: 3).

In terms of enrollment, there has been an unequivocal exodus from public schools to voucher private ones (Hsieh and Urquiola 2003). In 1981, almost



80% of students were enrolled in public schools, while only 14% were in subsidized private ones. By 1996, the enrollment in public schools had decreased to about 60%, while that of voucher private schools had increased to 34% (meanwhile, enrollment in unsubsidized private schools remained stagnant at between 5% and 6% of total enrollment). During this period, the majority of students sought entrance into secular schools, while a smaller but not insignificant number sought entrance into religious Catholic or Protestant schools. As in Colombia, many secular schools were founded with the specific purpose of receiving voucher students.

How do schools determine who is accepted at their schools? In Chile, entrance to public schools is determined on a first-come, first-served basis. Public schools cannot use tests or interviews unless there is an excess of demand ('good' public schools do experience an excess and thus are entitled to institute their own selection criteria). In contrast, voucher private schools use criteria such as the student's previous performance, perceived academic potential and family characteristics.

### **Comparison of the two models**

#### *Educational quality*

Colombia's voucher system has been analyzed in at least two large-scale studies. The first (King et al. 1997) examined the results of criterion-referenced tests administered by the Colombian National Testing Service in mathematics and Spanish for the 7th and 9th grades for three types of schools: public, voucher private and non-voucher private. The study found no statistically significant differences in scores between public and voucher private schools. Moreover, teacher-student ratios and infrastructure (as measured by the presence of an auditorium, a library and a computer lab) were comparable. Non-voucher private schools, however, had substantially better scores, a lower teacher-student ratio and a better infrastructure than the other two. The second study (Angrist et al. 2001) compared lottery losers and winners in both public and voucher schools on retention rates, number of school years completed and standardized test scores. Both types of schools fared similarly on retention rates, but voucher students were more likely than non-voucher students to have completed the 8th grade and, in contrast to recent findings (King et al. 1997) scored 0.2 standard deviations above non-voucher students on the test.

There are at least two explanations for these somewhat contradictory results: First, King et al. (1997) used data from 1992 to 1993 (just one year after the program started), whereas Angrist et al. (2001) used data from 1999; perhaps in the interim voucher private schools increased in quality to attract more voucher students. Second, given that parents have to pay about half the cost of tuition at voucher private schools and that students lose their

vouchers if they fail a grade, children have a strong incentive to do well; possibly this financial incentive was less prominent in the early 1990s, when the vouchers covered full tuition.

In Chile, where researchers have to control for SES because of its unrestricted nature, the System of Measurement of Education Quality (*Sistema de Medición de la Calidad de la Educación: SIMCE*) has revealed a similar hierarchy of academic achievement. At the top, one finds non-voucher private schools (just as in Colombia), followed by voucher Catholic schools (McEwan and Carnoy 2000; McEwan 2001). The comparisons of public and voucher secular private schools are less conclusive. Some show that voucher secular private schools are superior to public schools (Aedo and Sapelli 2001), others that both types of schools are similar (Tokman Ramos 2002), and still others that public schools are superior (Carnoy and McEwan 2001; McEwan 2001).

Possible explanations for these contradictory results are: (1) voucher secular private schools are superior to public schools; (2) public schools are superior to voucher secular private ones; or (3) both types of schools are similar but the transfer of the wealthiest and best students from public to private schools has increased the scores of private schools and decreased those of public schools.

A related issue is how the massive transfer affects children who remain in public schools. Theoretically, it should lower their academic achievement, and some findings do point in that direction. Hsieh and Urquiola (2003) compared data from municipalities where the transfer rate was high to those where the transfer was low, finding that in the first group of municipalities public schools performed comparatively worse academically (even worse than before the transfer). This could be explained by the combined effect of the loss of better students and negative peer effect. Another possible but less likely explanation is that the public schools were worse to start with; this is unlikely because it would not explain why scores in those public schools actually went down. For the Colombian model, peer effect may be of second-order importance because public schools enjoy a relatively good reputation (and thus highly motivated parents want their children there) and because, in any case, the program only targets poor students.

### *Segregation*

While in Colombia voucher parents still have to pay hefty out-of-pocket fees and tuition, which the poorest families may not be able to afford, several factors still limit the potential for segregation. First, only low-SES students are voucher-eligible. Second, Colombian public schools have historically enjoyed relatively high prestige, particularly when compared with low-tuition private schools. Third, many beneficiaries are children who enter private schools because of overcrowding in the available public schools or because no public secondary school exists in the area. Thus, so

far Colombia has been able to minimize segregation – although it may eventually become a problem if public school standardized test scores continue to lag behind those of private schools (Fundación Corona and Corpoeducación 2003).

In contrast, there seems to be little doubt that Chile's model has led to segregation by SES and academic skill levels. As one study concluded (Hsieh and Urquiola 2003: 3):

The main effect of unrestricted school choice was an exodus of "middle-class" students from the public sector. Specifically, we find that in communities where private schools grew by more, there is a greater decline in the socioeconomic status (measured by parental schooling and income) of public school students relative to the community average.

This study was unique in comparing enrollment rates and academic scores of schools within the *same* communities rather than *across* communities, as other studies had done. Hsieh and Urquiola (2003) found that the SIMCE scores in the same community had increased in private schools but decreased in public ones, leading to a conclusion that creaming indeed had occurred. Chilean public schools have traditionally suffered from a poor reputation (even though this reputation may be unjustified: Tokman Ramos 2002), lending popular legitimacy to the transfer. The net result has been a greater segregation of schools in terms of SES and academic skill level to the benefit of the private sector over the public one. The negative peer effect on public schools, however, is yet to be demonstrated empirically.

Neither system offers private schools economic incentives to accept students who are difficult or expensive to teach (e.g., children with discipline records or special education needs). Consequently, these children may be denied entrance to voucher private schools and found disproportionately in the public sector in both countries.

#### *Choice*

The long waiting lists at the more desirable voucher private schools unequivocally demonstrate strong parental support for vouchers in Colombia (King et al. 1997) and Chile (Gauri 1998). This support, however, has been conditioned by both supply and demand constraints. On the supply side, three main issues make the Colombian model much more restrictive than the Chilean one: First, and most important, the government offers a limited number of vouchers to poor students; as a result, few new schools have been founded. In Chile, the unrestricted nature of the model has led to the opening of more than 1,000 voucher private schools (McEwan 2001). Second, the Colombian Ministry allows only non-profit and secular schools to receive vouchers. (Chile allows private schools – secular and religious – to charge parents up to four times the voucher amount.) Third, 80% of each voucher is financed by central government funds, and 20%

by municipal funds (in Chile, funding comes directly from the central government); given the financial burden on municipalities, only 25% have decided to participate, and of those some have reneged on their payment responsibilities (King et al. 1998).

On the demand side, both the Colombian and Chilean models suffer from three main constraints: First, access to information on quality schools is far from perfect. In Chile, for example, newspapers publish the SIMCE scores once a year to help parents make informed decisions, but many poor parents do not read this information or know how to interpret it. Gauri (1998: 123) surveyed Chilean parents from public, voucher private and non-voucher private schools, and found that parents with children in public schools were the least likely to know what the SIMCE was and the least able to name two voucher schools in the area with high SIMCE scores. Colombia has similar problems. As a result, poor parents end up choosing a school based on geographic proximity rather than educational quality. As Aedo and Sapelli (2001: 29) assert, "Factors such as the parental level of education [and] income ... constitute elements that systematically affect the decision between a municipal school and a private subsidized school."

Second, both models involve a system of co-financing between government and consumer, forcing parents to pay at times more than 50% of tuition and fees. The effects of this in Colombia can be measured by the percentage of lottery winners who decide to use the voucher. In a survey of 800 lottery winners, only 69% were actually using the voucher; another 16% decided to go to public schools; and the remaining 15% decided not to go to school at all (Angrist et al. 2001: 10). While it is not clear why 31% of lottery winners decided not to use the voucher, it could be attributed to the high out-of-pocket expenses borne by families. (Even for regular public schools in Colombia parents have to pay the equivalent of one-third the voucher value.)

Third, in both Colombia and Chile, schools are entitled to reject students through a selective admissions process, the only difference being that in Colombia the rejection occurs *prior* to receiving the voucher, because a prerequisite for receiving one is admission to a private school. As mentioned previously, it is quite possible that children considered undesirable have less chance of being admitted than easy-to-educate students.

Despite these constraints, parents in both countries (especially those of a higher SES) have sought vouchers in large numbers and have decided to keep their children in voucher private schools over a number of years (Aedo and Sapelli 2001; Angrist et al. 2001). Even when parents choose schools for reasons other than high test scores, they still enjoy the value of exercising choice. As Hsieh and Urquiola (2003) argue, parents may be spending their money in ways they value greatly, such as placing their children with other children from a similar SES background, enjoying the real or perceived additional safety offered by private schools, or taking advantage of subsidized religious instruction.

*Civic socialization*

Although both supporters and opponents of vouchers believe that schooling should instill in students the defense of principles of democracy and social tolerance, in Colombia and Chile this dimension has not been explored empirically. Instead, this issue can be studied through proxy by comparing public and private schools in general. In both countries, a large percentage of the population attends private schools. In Colombia, 37% of the total student population was enrolled in private schools in 1995, but in large metropolitan areas the percentage was significantly higher: In Bogotá, for example, 58% were enrolled in private schools (Angrist et al. 2001: 5). In Chile, the national percentage is even higher, with 43% enrolled in private schools in 1998 (Aedo and Sapelli 2001: 3).

Given these high numbers, could it be, as voucher opponents argue, that civic socialization takes a back seat in private schools? Based on empirical evidence from the United States, the opposite in fact appears to be true. In what is probably the most comprehensive study of the subject, Campbell (2001) used the 1996 Household Education Survey to compare the civic socialization of students from public, Catholic, non-Catholic religious, and private secular schools. Civic socialization was measured by level of community service, civic behavior, political knowledge, and political tolerance. Campbell controlled for parental SES, parental education, school size, ethnic composition, and whether the school mandated community service. The results showed significant differences favoring Catholic schools over all other schools in terms of community service, civic behavior and political knowledge; significant differences also favored private secular schools over public ones in terms of political tolerance. In sum, public schools fell below private schools (both religious and secular) on every measure of civic socialization.

Without empirical evidence we cannot know how these results might translate to Latin America. However, a few related observations are pertinent: First, in many Latin American countries public and private schools mandate community service (in Colombia, for instance, community service is mandatory). Second, it is generally assumed that people become sensitized to social problems only when they are exposed to them firsthand, for example, by studying side-by-side with poor children. As it is, schools are extremely segregated by social class in both countries, and the current voucher schemes do not address this problem (in the case of Chile, at least, the problem may be worsening). Third, elite private institutions in both countries – from which the countries' political and economic leaders generally graduate – do not participate in the voucher schemes; therefore, voucher schemes do not affect this situation one way or the other. Fourth, private schools have more flexibility in decisions regarding community service and, thus, could foster community service beyond that mandated by the central government. Fifth, a recent survey of public and private universities in Colombia found no

significant difference between the two in terms of community involvement (Estas son las universidades 2003).

In light of these observations, the arguments of voucher supporters or opponents are not supported: that vouchers lead to more, or to less, civic socialization.

### Conclusions

This study has presented two models of vouchers, each with strengths and weaknesses. Given the popularity of vouchers in Latin America and elsewhere, it is urgent to adopt a set of guidelines to assist policy-makers in choosing models which improve educational quality broadly conceived, minimize various forms of segregation, increase parental choice, and enhance civic responsibility. Following is a tentative set of guidelines based on inferences from the evidence presented here for the Colombian and Chilean models:

1. *Define and measure educational quality flexibly.* Current definitions and forms of measurement are too narrow, focusing primarily on linguistic and logic skills. Other characteristics of a well-educated person – such as being skilled in the arts, exhibiting good interpersonal relations, or protecting the environment – do not lend themselves to easy quantification and end up relegated to a secondary position.
2. *Target poor students.* A restricted model like the Colombian one ensures that students who need help the most get it. It also avoids a common criticism of the Chilean model that it provides an educational subsidy for the rich.
3. *Ensure that vouchers cover the entire cost of tuition.* If the voucher's face value falls below the actual cost of tuition, as is the case in Colombia, many poor parents will be disadvantaged or even forced to withdraw their children from private schooling. For the same reason, schools should be prohibited from charging the all-too-common and onerous 'voluntary' add-ons.
4. *Require open enrollment.* The selective admissions process in both countries appears to have increased SES and academic segregation. Forcing schools to use a lottery system when demand exceeds the number of vacancies can make vouchers a more equitable mechanism.
5. *Offer vouchers with differential values.* Providing more generous vouchers to students who are more expensive to educate (e.g., students with special physical or emotional needs) would assist schools more effectively and equitably to meet these children's needs.
6. *Subsidize transportation.* Many poor families choose the school closest to their home because of the added expense of transportation. Subsidizing public transportation for students, as is done in Chile, would greatly reduce this problem.

7. *Allow participation of religious schools.* The Chilean policy of including religious schools is sound. Many high-quality religious schools throughout Latin America would welcome the opportunity to educate poor children if fairly compensated. Plus, existing religious schools do not have to incur the expensive startup costs that create a disincentive to found new non-profit schools.
8. *Offer parents meaningful and accessible information.* Poor parents are at a distinct disadvantage in terms of accessing and interpreting information on schools. The Ministry and/or municipalities should work directly with parents to select the most appropriate venues and means of communication to ensure that parents make informed school choices.
9. *Provide more autonomy to public schools.* Private schools generally have more flexibility than public ones to implement strategies to overcome deficiencies. Minimizing regulation would enable public (and private) schools to respond quickly to new needs that arise (e.g., improving civic socialization through community service).
10. *Establish strong systems of accountability.* To prevent corruption and mismanagement, the Ministry needs to set up a strong system of accountability to ensure that the quality of voucher schools remains high, the admission process at the best voucher schools is fair and transparent, and no financial add-ons are allowed, problems often found in voucher models.

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