

# Conclusion and Policy Implications

This report examines how public and private involvement in managing and funding schools is related to socio-economic stratification between publicly and privately managed schools. In a few countries, the average socio-economic background of students who attend privately managed schools is similar to that of students who attend publicly managed schools; in other countries, there is a great disparity in the socio-economic intake of publicly and privately managed schools.

The analysis presented here also shows that those countries that have low levels of socio-economic stratification also tend to have better overall performance. This means that countries do not have to choose between minimal stratification and high performance; these two goals can be achieved simultaneously.

The results show that while the prevalence of privately managed schools is not related to stratification, the level of public funding to privately managed schools is. Countries with higher levels of public funding for privately managed schools tend to have less stratification, even after accounting for disparities in students' socio-economic backgrounds. This signals that greater public funding is related to less stratification.

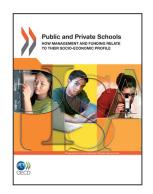
However, these cross-country data do not indicate any causal relationships, and results may vary, depending on how public funding is provided to private schools. Providing more public funding for privately managed schools will not necessarily eliminate stratification between publicly and privately managed schools. In fact, in some countries, tuition fees are not the only reason why advantaged students are more likely than disadvantaged students to attend privately managed schools. Other school characteristics, such as a school's student-admittance criteria, academic performance, policies, practices and learning environment are also partly related to stratification. Furthermore, in all countries, privately managed schools seem to attract advantaged students largely because their student bodies are advantaged. These aspects, which are not related to funding, also need to be considered in order to reduce stratification between publicly and privately managed schools. This is particularly true in Australia, Belgium, Canada, Chile, the Czech Republic, Denmark, Hungary, Ireland, Mexico, Slovenia, Spain, Sweden, the partner countries Albania, Argentina, Brazil, Colombia, Kyrgyzstan, Panama, Peru, Qatar, Tunisia, Uruguay, and the partner economy Dubai (UAE).

In addition, the mechanisms used to finance privately managed schools with public funds vary across school systems and they may have different effects on stratification. Vouchers and tuition tax credits are the most direct incentives for parents to choose their child's school. However, systems that use these mechanisms without targeting disadvantaged students tend to have more pronounced socio-economic stratification. This is perhaps because, when incentives are available for all students, advantaged parents tend to exercise their right to choose schools more than disadvantaged parents. In contrast, the degree of stratification found in systems that target vouchers to disadvantaged students is similar to that found in systems that do not use vouchers at all, after accounting for the level of public funding to privately managed schools. These results suggest that specific design options and policies, such as whether financial incentives are targeted to disadvantaged students or not, are critically important for voucher systems.

#### CONCLUSION AND POLICY IMPLICATIONS



In sum, the results suggest that public funding – and how that funding is provided – play an important role in limiting socio-economic stratification without sacrificing countries' overall performance. However, funding is only one of a range of aspects to be taken into account when trying to reduce stratification between publicly and privately managed schools. Other aspects to consider include schools' ability to select specific students and the disparities in parental choice, including but not limited to the financial capacities, between disadvantaged and advantaged parents.



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