What Might Happen if School Vouchers and Privatization of Schools Were to Become Universal in the U.S.: Learning from a National Test Case—Chile

Ernesto Treviño, Universidad Catolica, Santiago Chile
Rick Mintrop, University of California, Berkeley
Cristóbal Villalobos, Universidad Catolica, Santiago Chile
Miguel Órdenes, University of California, Berkeley

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National Education Policy Center

School of Education, University of Colorado Boulder
Boulder, CO 80309-0249
(802) 383-0058
nepc.colorado.edu
Acknowledgements

NEPC Staff

Kevin Welner  
Project Director

William Mathis  
Managing Director

Patricia Hinchey  
Academic Editor

Alex Molnar  
Publications Director


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Executive Summary

In contemporary education policy debates in the United States, school voucher programs and school privatization—the entry of many private for-profit corporations and nonprofit and other organizations into the education arena—are under the spotlight. Following in the footsteps of several prior administrations, the current federal administration is actively supporting vouchers and privatization as ways to expand school choice for American parents and students. Some state governments have followed suit.

Supporters of these choice programs believe that they will expand alternatives to traditional public schools, especially for students who do not have access to a quality education. Additionally, supporters contend, such competition will motivate traditional schools to improve quality. In contrast, opponents believe that in taking money away from traditional public schools, vouchers and privatization will exacerbate inequalities, benefit few, and leave many students behind.

Currently, the vast majority of students in the U.S. go to public schools. Experiments with vouchers and privatization are still relatively peripheral in the U.S. But what might happen if vouchers and privatization were to become universal features of American publicly funded education? A national test case of such conditions is available in Chile. By looking at that country’s experience, we can imagine what might happen if the U.S. were to take the route of universal privatization and vouchers.
Questions

Of course, Chile is not the United States. Differences include that the country is much smaller—somewhat the size of New York State—anched by a large metropolitan area. Nevertheless, Chile can give us some insight into such questions as:

1. How might unfettered vouchers and privatization affect the middle class?
2. How might they affect disadvantaged populations?
3. How might they affect the teaching profession?
4. How might they affect citizenship and social integration for the society as a whole?
5. Once instituted, how easily might a system of vouchers and privatization be reversed or corrected?

Sources and Evidence

This brief relies on robust evidence and data drawn from a review of 56 empirical studies. Of these, 45 were published in peer-reviewed venues; the rest were published as research reports or working papers. Thirty-five studies were quantitative, fourteen were qualitative, and seven were mixed methods.

The Chilean Experience: Lessons Learned

Based on the analysis of this evidence, the authors offer the following insights about events in Chile, which can do much to inform debate in the United States.

For middle-class families

Families do not choose schools; instead, schools choose families and students. Parents can choose only where to submit an application; if the applicant is accepted, middle-class families are given the “privilege” of paying extra for a school in high demand. Schools primarily “sell” social selection more than academic or instructional quality. Vouchers thus create incentives for schools to maximize the social status or class position of families they can attract, given their market niche. In a dynamic of universal competition and selection, middle class families have no choice but to play the game, aiming for high-status schools and settling for the ones that grant acceptance. In this competitive dynamic, to attend a public school equates to losing the game.

For disadvantaged families

Generally, competition has relegated poor students to low-performing and highly segregated schools. But even in poor neighborhoods, schools are finely stratified and socially segregated. Disadvantaged parents can potentially escape schools for the “poorest of the poor” if
they bring slightly more economic and cultural capital to the table. However, the very poorest families lacking such resources have no other option than the local public school—the default for those who have nothing to offer but their vouchers.

*For the professionalization of teachers*

Private schools that calculate budgets based on students’ vouchers have no interest in upgrading teacher skills and salaries because the families who apply pay little or no attention to these criteria. Instead, middle-class parents often make their choices based on the social network of peers they wish to connect to, while lower class parents often choose based on a school’s proximity, safety and climate.

*For citizenship and social integration*

Available evidence indicates that a system thriving on competition and exclusion may consistently produce a variety of calamities. These include: students experiencing pervasive discrimination and exclusion; low public trust; a focus on visible academic skills and an accompanying neglect of civic education; and, deep student discomfort as a tenacious social movement clamors for a stronger, more inclusive public option.

*For the recapture of the public option once privatization and social selection have become universal*

Recapturing the public option once it has been relinquished is extremely difficult. Private interests are powerful, and families are caught up in striving for social distinction and advantage. Changing a privatized system is an arduous political struggle, but it also becomes a cultural challenge when status competition has become pervasive and equity has become a seemingly unaffordable value.

**Insights Useful for Informing the U.S. Debate on Vouchers and Privatization**

School choice is an appealing feature for both middle-class and disadvantaged parents, but the example of Chile shows that it has major drawbacks. In the end, choice forces both middle-class and disadvantaged parents into an unwinnable race of competition for the highest possible social status, a race with both psychologically and socially damaging consequences.

Families from all social classes seek distinction and advantage through school choice when public schools are neglected. But: neglect cannot be reversed when public money flows to private schools. Once public schools have withered, Chile, a country the size of New York State, shows that even determined policymaking cannot reinvigorate them.

Current peripheral experiments with school privatization on the margins of the U.S. system...
cannot reveal what would happen if vouchers and privatization were to become universal and pervasive. For such insight, we need to look to places where a universal or nearly universal system is in place. Evidence indicates that in the test case of Chile, universal implementation has not only failed to meet its original objectives, but it also provoked several additional harmful outcomes. Policymakers would do well to consider the lessons of that experience.
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Ernesto Treviño, Universidad Católica, Santiago Chile
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Introduction

School voucher programs and school privatization—the entry of many private for-profit corporations and nonprofit and other organizations into the education arena—are spotlighted in contemporary United States’ education policy debates. As has been true for the last several federal administrations, the current federal administration is actively supporting vouchers and privatization as ways to expand school choice for American parents and students. Some state governments have followed suit.

In theory, vouchers and privatization would permit schools as providers to directly interact with parents and students as consumers, without heavy state regulations. Given a pool of providers, families would make informed choices about where to enroll their children. Providers might be private, charter, or online schools; they might be schools with specialized programs, or traditional comprehensive public schools. Families would use government vouchers to pay for students’ attendance at schools they chose. For their part, schools would be free—and compelled by market demand—to offer educational programs sensitive and responsive to the varied needs of families and students in the niche they targeted. Schools would compete with each other in order to attract families with positive repercussions for the quantity and quality of services to students and parents. Privatization and vouchers are mutually reinforcing, with privatization converting a public provision of service into a private one, and vouchers converting a publicly administered resource (school budgets) into a privately controlled asset.
Supporters of vouchers and privatization believe that they will expand alternatives to traditional public schools, especially for students who do not have access to a quality education, and that competition will inevitably motivate schools to improve quality. Opponents believe that school vouchers and privatization will take money away from the traditional public school system, with the effects of exacerbating inequalities, benefiting only a few, and leaving the majority of students behind. In addition, they argue that public tax money would be funneled to sectarian interests (religious schools, for example); democratic governance would weaken; and, a shared national culture and sense of citizenship across class, ethnicity, and religion would erode.

Currently, the vast majority (90%) of U.S. students attend public schools. This fact means that as they make their arguments, both supporters and critics of privatization and vouchers extrapolate into the future from experiments with vouchers, charters, and privatization that are still relatively peripheral in the U.S. None of these experiments can tell us what would happen if vouchers and privatization were to become universal features of American publicly funded education. Instead, we would do well to look at a national test case: a whole country that has moved to universal vouchers and large-scale privatization as a central feature of their educational system. Under such conditions, the founding and establishment of private schools would be largely unhindered, and private and public schools would compete with each other for students.

This is the situation in Chile, a prominent case with a universal voucher system and, until very recently, a largely unregulated education market. By looking at Chile, we can imagine what might happen if the U.S. were to embrace privatization and vouchers in a universal system. Compared to systems in other countries, Chile’s school choice system has been extensive and long-lived. After almost four decades, it constitutes a unique case that offers important insights. This policy brief addresses five questions and uses lessons learned from the Chilean experience to inform them:

1. How might unfettered vouchers and privatization affect the middle class?
2. How might they affect disadvantaged populations?
3. How might they affect the teaching profession?
4. How might they affect citizenship and social integration for the society as a whole?
5. Once instituted, how easily might a system of vouchers and privatization be reversed or corrected?

The Chilean School Choice System

Chile is not the United States. The country is much smaller—about the size of New York State, anchored by the large metropolitan area of Santiago. The country is poorer than the U.S. It is also highly centralized by American standards, having been governed by a dictatorship for 17 years. It was during this time that vouchers and privatization were made a central feature of school choice for the entire country.

In 1981, Chile adopted a sweeping policy of vouchers and privatization, remaking the struc-
ture of the educational system. The new system introduced vouchers as the only source of school funding and transferred ownership of the public schools from the central government to municipalities (cities, towns, and villages), Chile’s smallest administrative units. A whole new sector of private, government-subsidized schools was created. Prior to this restructuring, the overwhelming majority of Chilean students, about 80%, attended public schools.6

Since the system’s overhaul, municipalities, local public schools, and private subsidized schools have relied on vouchers for funding and have competed for students. The Chilean national government provides a voucher to each student in the country, and families can take vouchers to whatever school they prefer, private or public. It is relatively easy to create new schools, and so churches, community organizations, and for-profit owners were all able to open schools (although since 2016 for-profit schools no longer qualify for government vouchers). Schools close when they lose enrollment and become financially unviable. The labor market for teachers was also deregulated, and in 1988, a nationwide performance evaluation system was established to inform parents and students about the relative quality of schools. Standardized tests became the linchpin of the system in 1995 when results from the tests by school were publicly released.

Currently, about eight percent of students attend private schools that do not accept government vouchers. These are private independent schools mainly educating the children of the economic elite, and they have not been considered in this policy brief. For the purposes of the following discussion, the term private schools refers to voucher-subsidized private schools only.

Enrollment in public schools reflects a precipitous decline (discussed below). Public school enrollment fell from 78% of students in 1981 to 36% in 2016. In that year, 52% of the private schools were for-profit schools, and they enrolled 45% of the students in the private sector; 10% of the private schools had a religious affiliation, and they enrolled 13% of students in the private sector.

Sources and Evidence

The evidence and data consulted for this brief are robust. A school finance system based on vouchers needs a detailed countrywide database on every student and every school. Such a database includes information on test results, census data, and student and parent surveys in addition to such detailed administrative data as attendance, student trajectories through the system, grades and so on. Chile’s database meets these criteria and is available to national and international researchers, who have produced a body of studies that serve as the base for this review. Because school vouchers have become a contested policy feature in the last decade, research interest has been keen.

The methodology was a “systematic review” approach, one beginning with a clear statement of the review questions and culminating in the synthesis of evidence. As is evident in our review questions (above), we focused on: the choice behaviors of, and benefits for, middle class and disadvantaged parents; teacher professionalization; and implications for society at large. Guided by our questions, we conducted an extensive literature review of studies that
met baseline criteria for rigor in quantitative and qualitative research (peer-reviewed or, for non-peer-reviewed studies, meeting standards including clear research questions, sufficient data to answer questions and make reasonable inferences, transparent and adequate statistical procedures or qualitative coding scheme, and warranted conclusions). Of the 56 empirical studies reviewed, 45 were published in peer-reviewed venues; the remainder were published as research reports or working papers. In terms of methodology, 35 studies were quantitative, 14 qualitative, and 7 mixed methods.

Findings

How have vouchers and privatization affected middle-class families in Chile?

Vouchers and privatization enable relatively unimpeded school choice, which appeals to middle-class parents in Chile. Such parents tend to be involved in their children’s education, and they know that investing in academic achievement is important for their children’s future. In Chile, middle-class parents in particular tend to look for alternatives to modestly funded public schools required to admit students from all class backgrounds, regardless of the educational challenges they pose. Poor, immigrant, and special education students, for example, cannot be denied admission in public schools. A burgeoning sector of private, voucher-accepting schools often exists side by side with public schools, and such schools hold the promise of being places where middle-class values and performance expectations can be maintained and children can find like-minded peers. Enrollment in private schools has indeed increased choice, especially in urban areas where schools are near each other and can be reached relatively easily. However, some middle-class families do choose schools far from their homes.

Choice for middle-class families is nevertheless limited: ultimately, they do not choose schools, but schools choose them. Similar to the desire to gain access to a selective university in the U.S., middle-class parents choose the schools they apply to. However, schools make the decision about whether or not to offer the coveted admission. Thus, what is touted as school choice is in fact severely constrained choice.

Multiple studies have shown that schools select students in two ways. First, voucher-subsidized private schools use an explicit set of selection mechanisms to filter out applicants. Using a 2005 data base that includes national census data, 4th grade standardized test data, and a parent questionnaire about the schools’ selection criteria for admission (n= 161,619), Contreras, Bustos, & Sepulveda show that Chilean schools cream students within the middle class:

Schools in Chile extensively use selection mechanisms to select the most advantaged students, including admissions tests, parental interviews, minimum scores, etc. This study identifies four criteria of selection: the child’s ability (as evidenced by grades and test scores), family income, parental interview,
and religious affiliation.

Even though a center-left government had passed legislation forbidding selection of students in voucher-accepting schools in 2009 and again in 2016, a large-scale study by Carrasco, Flores & Gutierrez, with a sample of 581 grade 1-8 schools, showed that principals continue to select students based on various criteria, such as entrance exams (24% of schools), observation of students playing cognitively challenging games (46%), or parent interviews (40%) for admission to grades 1 through 4. Additionally, roughly 10% of principals said that they were currently not using such selection mechanisms but would use them in the future. Other research has yielded similar findings.

A second form of selection is co-pay. Legalized in 1993, co-pay allows voucher-supported private schools to charge parents an additional amount beyond the government voucher as a condition of admission. The co-pay can range from large to small amounts depending on the economic bracket that a given school is able to attract. The government voucher decreases in modest amounts as co-pay goes up, but the decrease may be less than the co-pay amount—so that schools can receive more per student than the original voucher amount. This source of financial gain makes co-pay an attractive feature for schools, although it has been contested. In 2016, a center-left government increased the voucher amount and in return prohibited co-pay charges, but middle-class interest groups and right-of-center parties have called for its reinstatement. Similar to well-heeled parent communities in the U.S. that raise large amounts of money for their public schools, many Chilean middle-class parents are able and willing to co-pay for their children’s education.

Researchers have shown that, in practice, co-pay acts as a school selection mechanism that restricts access according to parents’ socioeconomic status, but without generating a substantial improvement in the academic quality of the school. The general conclusion of these studies is that schools use co-pay as a mechanism for improving average school test scores—the standard measure for school quality—by selecting the most advanced and able students. However, according to analyses of national databases, once both the co-pay and students’ socioeconomic status is controlled for, there are no differences in student achievement between private schools with co-pay and public schools without co-pay. Additionally, Mizala & Torche analyze the effect of co-pays on academic performance, comparing private schools with and without co-pay. Their results indicate “that financial contributions by parents are not associated with gains in students’ achievement after the aggregate socioeconomic makeup of the student body selected by each school has been accounted for,” a finding consistent with other research investigating a possible relationship of co-payment and student achievement.

Private voucher-subsidized schools’ widely used admissions procedures and co-pays have resulted in a rigorous sorting within the middle class. Using national data from all students who took the 4th, 8th and 10th grade national standards test between 1997 and 2011 (more than 90% of total enrollment in those grades), Valenzuela, Villalobos & Gómez have shown that schools have become segregated into low-middle-, middle-, and upper-middle-class strata, especially in urban areas and in secondary education. Children from different middle-class strata have very a low probability of attending the same school. In the same vein, a qualitative study and an analysis of a parent survey in a socioeconomically heterogeneous
municipality in the metropolitan area of Santiago show that middle-class parents understand school choice as a process of either maintaining or elevating their social position. The reasons for choosing a school differ according to the middle-class stratum the parents occupy. While high-middle-class parents choose schools based on the social network they provide for their children, low-middle and middle-class families select schools based on the perceived social and learning climate they seem to offer. Key actors in choosing where to apply are middle-class mothers, who negotiate the tension between desiring a school that promises the highest possible social status and realizing that a child’s performance, social network, and economic position narrows realistic choices to a band of schools where admission is within reach.

In sum, while privatization and vouchers have created more choice for the middle class, at heart the choice process is one that enables schools to choose families. It’s true that families can choose where to apply, but schools can and do discriminate among applicants based on many criteria, including social status, financial capacity, students’ performance, and the family’s “upstanding moral character.” In effect, the private voucher-subsidized sector has given rise to socially homogeneous schools that are finely differentiated according to lower- and middle-class status and according to strata within each class as determined by social, economic, and cultural capital. When controlled for these factors, private, voucher-subsidized schools have not been able to create better quality in terms of standardized test results in comparison to public schools.

How have vouchers and privatization affected disadvantaged families in Chile?

Advocates of school choice believe that a voucher-supported education system could also have benefits for the most disadvantaged social strata. Theoretically, with voucher in hand, disadvantaged parents may be able to exit a low-quality school—their neighborhood public school, for example—and search for a higher-quality private alternative. But in reality, their choice is much more limited.

As for the middle-class, the private voucher-subsidized sector has expanded school choice for poor parents. But as is also true for middle-class families, the choice for poor families is narrow. The selective admission and co-pay policies that influence opportunities for middle-class families also limit opportunities for the most vulnerable groups, especially students with low achievement. In the admissions process, private voucher-subsidized schools in poor neighborhoods use exams or interviews to ascertain the academic skills and educational values of the families applying, the latter being especially common in Catholic schools. Co-pays are also used. But in poor areas, private schools tend to charge a very small fee above the government voucher as a mechanism to filter out the poorest families. Thus, parental choice is again limited to the narrow band of schools that would accept them.

Residential segregation is especially relevant for poorer families, because it limits their choice possibilities. In general, poor families are less likely than middle-class families to choose schools outside their neighborhoods because of budgetary, practical and school ad-
mission constraints. These restrictions increase school segregation and social homogenization in disadvantaged schools. In fact, research has shown that even within highly segregated poor neighborhoods, the school system deepens segregation by sorting children across schools according to their social background. This means that schools use small differences in students’ background characteristics to select students, increasing school segregation in already highly homogeneous low-income communities. This process produces disparities in educational outcomes among homogeneously sorted schools. In this way, the voucher scheme may expand families’ choice opportunities within a very narrow band, but it also exacerbates segregation and limits the opportunities of the most disadvantaged students, even within overall disadvantaged, socioeconomically homogeneous communities.

This sort of fine-tuned segregation may not occur based on educational quality, but on other school characteristics valued by parents. The evidence on this is mixed. Gómez, Chumacero, & Paredes found that poor families tend not to select schools according to academic quality or results on standardized tests. Some studies, however, have found that academic quality is a factor considered by lower-class families. A set of mainly qualitative research suggests that poor families rank their choices based on practicality (proximity to the home and cost, for example) and perceived school safety. Thus, given prevalent choice behavior patterns, school choice does seem to enable poor families to flee the most depressed and dysfunctional schools in their neighborhoods; their choices are severely limited and the alternative is not necessarily an academically higher-performing school.

School choice for the disadvantaged strata has not resulted in better schools, but instead more finely selected student populations. Finally, there are poor families who have no choice at all—those the private voucher-subsidized sector avoids. For these families, the default option is a public school. In large cities, for example in the Santiago metropolitan area, public school attendance is a mere 20%. Thus, public schools end up being the option of last resort, shunned by everyone who has the wherewithal to shop and who can afford an even slightly more selective option. For this reason, public schools have a high concentration of students belonging to the bottom quintile of the “poorest of the poor,” students with special needs and immigrant students. Public schools thus are left to educate the most challenging students. While schools with more special-needs and disadvantaged students receive compensatory voucher payments, the severe concentration of the neediest students in public schools strains the finances and organizational capacities of municipalities to manage this burden.

In sum, vouchers and privatization allow some poor families to benefit from social selection, enabling them to insulate themselves from marginally less well-off social strata within the disadvantaged segment of society. However, at the system level, largely deregulated school choice has produced socioeconomic hyper-segregation across schools. Furthermore, the differences in student achievement as measured by standardized tests across schools are a product of the social selection processes and not the result of improved educational services and better teaching in schools. Test score gaps between public and private voucher-subsidized schools are mainly explained by differences in the socioeconomic make-up of the student body. Thus, school choice for the disadvantaged strata has not resulted in better schools, but instead more finely selected student populations.
How have vouchers and privatization affected the teaching profession in Chile?

School choice proponents believe that more competition will create momentum for producing quality across schools. However, school quality cannot rise substantially without improving the quality of the teaching force. Instead, there is evidence showing that privatization and vouchers have negatively affected the teaching profession.

The teaching profession in the private sector has been largely deregulated. While public schools have been subject to regulations, such as tenure, evaluation, and career ladders, private voucher-subsidized schools have had a minimum of regulations. Teachers in private subsidized schools have lower entry requirements, lower salaries, and lower proportions of teachers being members of a union. They also tend to be earlier in their careers than teachers in public schools. A recent study has shown that in Chile there is a salary difference of 31% favoring those education workers who are unionized in comparison with those who are non-unionized. A number of studies have documented the precariousness—job insecurity and lack of support for professional development and improving teaching—that teachers feel in their teaching position and work life in private schools.

Teachers need regular opportunities for professional development in order to continuously improve their practice. Generally, in the largely deregulated Chilean school system, teachers have limited opportunities for professional development in comparison to the Organization for Economic Co-Operation and Development (OECD) countries’ average. When OECD’s 2009 international survey on teaching and learning queried primary and middle school teachers, the two most salient reasons given by Chilean teachers for not participating in in-service training were the lack of encouragement provided by the school and the cost, since in many cases teachers are expected to pay, at least partially, for in-service training, especially in private voucher-subsidized schools.

Recent reform efforts in Chile have pursued the goal of professionalizing teachers. A new national system of professional development, mandatory teaching evaluations, and career steps accompanied by salary increases was to be extended to the large numbers of teachers working in private voucher-subsidized schools. However, these policies faced stiff resistance from the private school sector and the organizations that represent that sector’s interests. The private sector has used the notion of “Freedom to Teach” to counteract government intrusions into the largely deregulated organization of teachers’ work in the private sector.

In the public sector, partly due to the above-mentioned government policies, professional development is more encouraged, but due to severe budget constraints it is also often unaffordable. Voucher payment amounts depend on average student attendance and are funded equally to public and private schools, although students with special needs qualify for a higher voucher. It is important to note that, since 2008, schools also receive a preferential voucher when they accept low socioeconomic status students as well as additional funding based on the percentage of low SES students that they serve. Nevertheless, public schools serving the most disadvantaged populations have been severely underfunded because the funds provided by compensatory payments have not been sufficient to compensate for municipal debt. According to data from 2014, 99% of the municipalities in charge of public
schools are in debt, largely due to unpaid retirement contributions for teachers.\textsuperscript{54} Severe budget constraints limit what municipalities can actually afford in terms of teacher training and professional development.

Many private voucher-subsidized schools, however, do not feel the pinch of underprepared teachers. Market competition channels the better prepared and qualified teachers to higher-SES schools. A recent study found that, when teachers look for their first job after graduation, those with higher social capital are less likely to teach in public schools, although teachers who completed their student teaching in public schools have a slightly higher probability of a first job in a public school.\textsuperscript{52} Furthermore, the bottom quintile of schools that teach students of highest vulnerability (according to a national index) show higher levels of teacher turnover in comparison to better positioned schools. On average, three out of ten teachers leave their jobs after the first year of service in these highly vulnerable schools.\textsuperscript{53} Government vouchers simply do not adequately subsidize training and retraining needs in severely disadvantaged schools.

In sum, vouchers and privatization have proven an obstacle to professionalizing the teaching force. Private schools, and especially for-profit private schools, have an interest in maintaining teaching as a low-cost, malleable occupation, and denominational schools or schools with a specific educational philosophy want to maintain their own faith-based or ideological criteria for employment.

How have vouchers and privatization affected citizenship and social integration for the society as a whole in Chile?

Historically, educational systems have been considered an important means to inculcate ideas of national citizenship and accomplish social integration across divisions of class, ethnicity, gender, or special need.\textsuperscript{54} The American public school system was explicitly devised with these intentions, and this resulted in a strong public school system. While elite education has traditionally been private in both Chile and the United States, in Chile private schools traditionally played a more prominent role in educating the upper strata of the middle class compared to the U.S. Yet, not unlike the United States, mass education in Chile was largely public.

For Chile, this changed dramatically beginning in the early 1980s when vouchers became a central feature of the education system and activated fine-tuned market-driven selection and resulting segregation. The analysis in this section necessarily falls short of claiming causality between privatization and effects on citizenship. Rather, it suggests that there might be a plausible connection between the dynamics of privatization and the culture of exclusion and diminished citizenship in Chilean schools and society.

It is perhaps not a surprise that in an educational system in which competition, selection, and exclusion play such an important role, discriminatory practices are rampant. According to a survey conducted by UNICEF,\textsuperscript{55} 42\% of children and adolescents in Chile say they have felt being discriminated against or excluded at their schools. Moreover, students who were perceived as “other” (students with special educational needs, indigenous students, people
of other nationalities, students of low socioeconomic status, or students of diverse sexual orientations) perceived discrimination in even larger percentages. Some analysts suggest that these high levels of discrimination could be explained by the intense culture of school segregation and exclusion which does not encourage diversity or contact across social differences.

At the more general level of social integration, data from the Programme for International Student Assessment (PISA) has shown that Chile has one of the most socioeconomically segregated educational systems of all countries participating in the OECD studies, a situation that poses a challenge for social integration at a national level. Recent research shows that these processes of socioeconomic segregation tend to be more pronounced among students who have other disadvantages, such as membership in indigenous communities.

Studies have shown that the attitudes and citizenship skills of Chilean students have important gaps. Results from the 2009 International Civic and Citizenship Study (ICCS) showed that Chilean 8th grade students had levels of civic knowledge below the international average. Additionally, recent research has shown that for the Chilean case there is a strong connection between civic knowledge, socioeconomic status, and educational segregation, with poorer students exhibiting lower levels of civic knowledge.

The relatively low levels of civic and citizenship outcomes of Chilean students may be related to market competition among schools. Different studies have shown that schools competing with each other have a tendency to restrict the curriculum to core academic skills stressed in standardized tests. Although the overwhelming majority of schools espouse a program of developing the whole child in their advertising, schools actually focus on basic academic skills, as found when they investigated the main goals, objectives, and strategies mentioned in nationally mandated school strategic plans. In many voucher-funded religious schools, moral fitness and Christian character are main objectives of the curriculum. Across the board, and independently of social background, Chilean students show low levels of adherence to egalitarian norms and policies.

In sum, after more than 30 years of school choice through vouchers and privatization, Chile has developed a finely stratified and segregated education system that has deepened social fractures based on social class, ethnicity, religion, and immigration, and that has neutralized integrative mechanisms of citizenship and public trust imbued in public education. A powerful social movement among students has arisen in the last ten years that has demanded a roll-back in privatization and a strengthening of the public sphere oriented towards less competition and more inclusion.

**What evidence does Chile offer on the question of whether, once widely instituted, vouchers and privatization can be reversed or corrected?**

Once privatization and vouchers are instituted, it is very difficult to change the system, even in the face of abundant evidence of the system failing to produce the promised quality and equity, and even when challenged by a strong social movement. The student movement known as the “Penguin Revolution” began in 2006. For years thereafter, high school and
middle school students protested and demanded better educational quality and stronger equity. In 2015, a center-left government passed a major reform, step-by-step eliminating selective admissions, co-pay, and profit-making in all schools receiving public funds. Since all previous attempts to forbid selective admissions had failed, in the most recent attempt the national government wrested control of admissions from all publicly financed schools and assigned school attendance via a computer-generated central system. As noted earlier, private voucher-subsidized schools and their organizations as well as middle class constituencies have fiercely resisted the reform. Currently, with the center-left government voted out of office, the fate of the reform is unclear.

In 2008, the center-left government also provided for compensatory voucher payments for students classified as “vulnerable.” This was in part to shore up public schools that increasingly carried the load of educating the most disadvantaged and high-need students. The compensatory vouchers helped to alleviate public schools’ funding predicament, but it did not stop the evisceration and marginalization of the public school sector whose downslide has continued unabated. It seems clear that once a designated segment of schools becomes tarred as the only choice left for those left behind by society, competitive status dynamics push families into choosing a school that is at least marginally more selective than the non-selective public school.

The 2016 law that established a career ladder for teachers with more rigorous entry requirements, regular evaluations, government supported professional development, and substantial salary increases for teachers in schools that accept vouchers has already been mentioned. Here as well, opposition from the private school sector has been fierce, but the final version of the law approved by the legislature includes all teachers in both public and private subsidized schools.

In sum, rolling back privatization and vouchers, once they have become a universal feature of the education system, has proven to be very difficult politically. The center-left government, mainly in response to a tenacious student movement, put forward policies that attempt to attenuate competition, selection, segregation, and de-professionalization. But full implementation is uncertain. Vociferous private sector interests, supported by a new center-right government and a deeply ingrained dynamic of seeking social distinction and advantage through school attendance which affects Chilean families of all social classes, are strong forces that keep the system in place. Yet, the center-left policies have had some results: teacher salaries have increased 30% on average in voucher-subsidized schools due to their inclusion in the new professionalization programs, and nearly 70% of students have been allocated to their first choice of school due to the new centralized admission system. Whether this will lead to greater acceptance of a less-selective school system among Chilean parents and other stakeholders remains to be seen.

Lessons and Insights

There are important lessons to learn from the Chilean educational system in which, until very recently, a deregulated and privatized education system prevailed. Note that our concerns in this brief have not included how the Chilean system might be improved, but
how its experience might inform debate and policy in relation to advancing vouchers and privatization in the U.S. Therefore, following is a brief review of what we’ve learned about Chile’s experience and the implications of those lessons for debates on education policy in the United States.

What Have We Learned about the Chilean Experience?

To summarize the above, in Chile:

- All families’ choices are constrained by the fact that schools choose which applicants to admit. Schools discriminate among students based in a variety of ways, including selective admissions policies and co-pays, that create highly segregated and stratified schools focused more on social status than academics.

- Disadvantaged students are left with no realistic options to low-performing schools, usually close to their homes. Within even this most disadvantaged sector, social stratification is evident across schools. Children whose parents have no economic or cultural capital at all end up together in schools that serve only “the poorest of the poor.”

- In both the public and private school sectors, higher performing teachers are attracted to higher SES schools where work conditions are easier, so that upper middle-class schools can expect to attract the best teachers. In addition, parents do not choose schools primarily on academics. Together these factors mean that schools may have little motivation and/or inadequate resources to upgrade teacher skills. The national government’s insistence on teacher professionalization has been met with fierce resistance, especially from the private sector.

- While a direct link between a privatized school system and prevailing civic attitudes and competencies cannot be made, there is plausible evidence that privatization is associated with pervasive discrimination and exclusion among students, low public trust, neglect of civic education, and a tenacious social movement clamoring for a stronger and more inclusive public option.

- It is extremely difficult to reverse privatization. Private interests and families’ pursuit of social distinction and advantage are powerful opposing forces. The struggle is both a political and a cultural one.

What insights for the U.S. debate on privatization might be drawn from Chile’s experience?

Given the differences between the United States and Chile, not all patterns that are documented in the evidence from Chile may play out exactly the same way in the United States. Commitment to the public school system is high in the U.S., and education policies across 50 states vary greatly. But as we consider Chile a test case of universal privatization and vouchers at the national level, the trends identified send clear warning signals. Universal vouchers and privatization solve neither the problem of quality nor the problem of equity; what they have done is ensnare all social classes in the relentless pursuit of the most socially selective
schooling option that they can afford and that private school providers allow them access to.

Middle-class and disadvantaged families, in the U.S. as well as in Chile, may be better off being received by a solid public school for which they do not need to compete and for which they are not expected to pay extra money for the mere privilege of being admitted. While school choice may appeal to both middle-class and disadvantaged parents, Chile’s experience shows that it has major drawbacks. Choice in the end forces both middle-class and disadvantaged parents into an unwinnable race for the highest possible social status position with psychologically and socially damaging consequences.

In addition, when a public school system is dominant, governments can decide to professionalize teachers and increase their competence without resistance from private providers interested in a malleable and cheap work force.

Society is also better off when it avoids pernicious educational segregation of the most disadvantaged populations based on race and class in schools overwhelmed by social and economic adversity. The longstanding responsibility of public schools to knit together a diverse public by providing common educational experiences across class, ethnicity, or religious affiliation remains as important—perhaps more important—than ever.

When public schools are neglected, it is no surprise that families from all social classes seek distinction and advantage through school choice. But poor conditions in public schools cannot be reversed when public money flows to private schools. And, once public schools have withered, even determined policymaking may be unable to reinvigorate them, even in a country the size of New York State. Peripheral experiments with school privatization on the margins of a public system cannot reveal what would happen should it become a pervasive feature in a country the size of the United States. It is far more instructive to look to existing experience with a universal voucher and privatization system. In the test case of Chile, the evidence shows, such a system has failed.
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