
NEW ROUTES TO PRIVATE HIGH SCHOOLS: New Schemes Based on School Choice

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Abstract

The present paper describes three modes by which government may complement the public high school system with the use of private high schools. Two of these three ways – the Educational Service Contracting (ESC) and the Educational Voucher System (EVS) schemes – now enjoy substantial government funding. The paper presents their varying assumptions and practices with emphasis on enhancing school choice, where data bearing on their practices and objectives are discussed. The study shows the ESC has been more thoughtfully designed and implemented and, unlike the EVS, it has partial evidence to justify its continuance.

Keywords: *educational service contracting, educational voucher system, Edison schools, school choice, GASTPE (Government Assistance to Students and Teachers in Private Education)*

Introduction

When choosing the high school for their children, many parents agonize in their decision; many more do spend a lot of time (misery aside) in their choice. However, the vast majority goes through their selection of schools casually, as if no option is available.

The agony usually comes from what parents expect will be the quality of upbringing in their children's future as a result of their choice of school, let alone in assessing their ability to help bring this about.

Those financially capable worry about the quality of their children's upbringing (and, perhaps, consider what the significant others in their social circle will say about their children's schools), take their choices so seriously that they usually opt for the exclusive schools, mostly religious. This group includes some who are not among the elite, but prefer alternative education based on some distinctive philosophies (e.g., the *madaris*)

Those with less financial means, but believe their choices of schools to be important to their children's future, also care about the schools for their children. However, ultimately their choice is limited by family finance.

For the vast majority, choice is a non-issue. The only schools for them are the public schools. Luckily, the government considers it a prime duty to establish free high schools with a standard program for almost everyone of school-age. Going to one is similar to going to any other school, except for their facilities and teachers.

School choice is permitted within the framework of our Constitution which recognizes public and private education, and the right and duty of parents for their children's upbringing.

While constitutionally permitted, however, school choice has been severely constrained since the sixties when the government offers could not keep up with a growing student population. On the family level, one common symptom of this development is the need to hold back school preference by considering the diminishing effective family resources for schooling. On the level of school management, the symptom is traceable to the congested classroom.

Government has considered it important to respond to the dwindling family resources and the congested classroom by opening a new way for otherwise public school children to use the facilities of private high schools.

The Classic Ways to Philippine High Schools

In the Philippines, there have been two classic ways of getting secondary education; the first is via the private schools, an idea that originated in Spain, and the second through the public schools of American influence.

In the Spanish way, the emphasis is largely religious. Subscribers are mostly the local elite and families for whom “proper” upbringing is important. In the past, many poor children had also succeeded in studying in these schools on their way to a religious vocation. School owners are often religious organizations such as the Dominican, Jesuit, Augustinian, Recollect, Benedictine and other orders, and the dioceses. Owners are responsible for the school facilities, infrastructure, and the employment of teachers and other staff.

New types of private schools came after the Spanish period – foundations, proprietary and other non-sectarian schools whose rationale sought to provide families with a wider choice of schools, instead of just the public or the religious schools. Like the religious schools, they operate using income from tuition and other fees. Development is usually financed from donations, contributions and investment income. Some income is non-cash.

In the classic American way, the emphasis is secular and academic. The intended beneficiaries are *all* children of school age. The American public school was based on the philosophy that parents have the duty to send their children to school and the State, in turn, has the duty to assist the parents in the exercise of their duty. Instead of private groups establishing the school, as in the Spanish way, government constructs the school buildings and facilities, hires and employs the teachers and other school staff, purchases the needed materials and technology, and operates the system.

New Routes to Private High Schools

Since 1989, two new routes of getting secondary education have been opened¹. As previously stated, these routes were developed when recent demographic and political factors started to complicate the situation of the public schools. These routes are new mixes of roles and responsibilities of the two chief players in education – the government and the private sector.

The ESC: the First Route

The ESC (Educational Service Contracting), Route No. 1, was established by legislation in 1989². As the name implies, it is a contracting arrangement in which the subject of the contract is an educational service. The parties in the contract are government on one hand and the private schools on the other. The service being contracted is the provision of instruction by a private school using its facilities to students who would otherwise enroll in public schools.

The rationale behind the ESC was not profound at all. ESC was just an improvisation to meet four practical needs of the government. One need was political – to appease the private schools that were complaining that a presidential decree³, that put a cap on tuition increases and regulated their use, had driven them to insolvency. The second was the pragmatic need to relieve public schools of student congestion. To exemplify, anecdotal reports of enrolment levels up to 80 students per class were not unusual. The third was the economic need to manage more efficiently the cost of operating public education. The cost per student in public high schools was way above the cost in private schools, according to studies conducted then. Some way to manage schools in a more cost-effective way was needed.⁴ The fourth

¹ The first route, the Educational Service Contracting scheme, legally emerged in 1989. The second, called the "Educational Voucher System" (EVS), emerged only in 2005. Unlike the ESC, the EVS has no legal basis until now. A possible third route (called the "Edison schools" in the United States) has not yet surfaced in the Philippines but has been in sight for some time now.

² Republic Act No. 6728, Government Assistance for Students and Teachers in Private Education (GASTPE).

³ Presidential Decree No. 451 entitled "Authorizing the Secretary of Education and Culture to Regulate the Imposition of Tuition and Other School Fees, Repealing Republic Act No. 6139, and for other Purposes".

⁴ According to an anecdote, a Catholic bishop, who seemed to have been aware of the practice in some European countries to pay the salaries of teachers of academic subjects in religious schools, dared the Ministry of Education Culture and Sports (MECS) then, to give him just one half (1/2) of what government was spending per student, and he promised to produce students better prepared

was the need to improve quality. By the time of the story about the bishop (footnote #4 below), the academic edge enjoyed by public high schools in the 30s, 40s and 50s, had already faded. It was hoped that ESC could help stave off a further dwindling of quality. The support for students came in the form of tuition and textbook allowance; that for teachers salary augmentation and tuition for graduate studies. The ESC served them as a home-grown all-Filipino response to these four problems. As previously recounted⁵, it was inspired by the busing of black children into integrated schools during the days of desegregation in the United States⁶.

The relevance of ESC in responding to student congestion and to the complaints of neglect by government proved simple and direct. Its aptness to cost-effective management had been claimed, but unequivocally reflected by no less than the government sector. Of special interest was its alleged effect on educational quality.

A national achievement or competency examination was therefore needed to address the quality issue, but there was no national examination to use at the time the bishop made his dare. The quality issue had to wait for 15 years after the law on ESC was first implemented (which means 23 years after MECS piloted it) before it was finally addressed (Porio, 2004; Porio and Felipe, 2010). When the time finally came, it was confronted at the high school, not the elementary, level. The results of this face off will be taken up in a later section.

academically than those in public schools. This dare was allegedly in protest to Presidential Decree 451 (above). The background of the dare were (a) several studies reporting that the unit cost per student was much higher in the public schools compared to the private schools whose tuition increases were being closely regulated, (b) attestations by parents that if only they had the means they would send their children to public schools, (c) significantly better performance of private school students in the NCEE, and (d) the zero government support for private schools except for the few straying Study Now, Pay Later (SNPL) scholars. In the mid 70's, FAPE designed and pilot-tested the mechanics of a model for the elementary level by getting public elementary students and by supporting their studies in private schools. This pilot study lasted until the end of that decade. Beginning the 80's, Minister O.D. Corpuz of MECS undertook its pilot attempt for high school students. About eight years later, it served as model to what became known as Educational Service Contracting (ESC).

⁵ Felipe, AI, The ESC: past, present and the preferred future, *Philippine Education Xchange* 2009, 1(1), 10-21.

⁶ Coleman JS, Campbell EQ, Hobson CJ, et. al (1966), *Equality of educational opportunity*. U.S. Government Printing Office, Washington, D.C.

The EVS: the Second Route

Unlike the ESC which was just an improvisation by government to meet some practical needs, the EVS (Educational Voucher System), Route No. 2, is a very serious view of society's duty to provide education to its citizens. Philosophically, it appears as a simple, but thoughtful, coherent and parsimonious statement of society's duty on education; economically, its perspective is very sophisticated; socially, its purpose and method are clearly developmental. However, financially, it is very demanding even for rich economies. Economically, its implications have been the main problem wherever it has actually been used. In every country with dense populations in semi-urban areas, EVS has never been considerably enough.

Philosophically, the EVS was founded on the very concept that every citizen, rich or poor, has a right to a basic form of education and that the State has the duty to honor such right. The right is extended up to the higher education level so long as the individual is appropriately qualified. The State gives the entitlement in the form of a *coupon* or *voucher* which could be exchanged for educational services; hence, the name *educational coupon* or *educational voucher*.

Ideally, the purpose of the EVS is to create an environment conducive to developing the best service (education) at the cheapest cost. With the use of coupons, the buyers (namely, the students or their parents) in the economic transaction (meaning, the enrolment process) are given more leverage in selecting responsive sellers (namely, the schools, whether public or private). When buyers have to supplement the value of the coupons with additional resources of their own, they will become more careful so as to avoid squandering away their opportunities much less get the best service in the market. This is the EVS's main argument why higher education should not be made completely free.

Expectedly, as a consequence of the EVS, in such an environment, the best product quality and the lowest prices will become normative in due time.

The Edison Schools: A Possible Third Route

A third route (via Edison schools) exists only in the US so far. Up to now, there are no Edison schools yet in the Philippines but they had been discussed. Combining the pragmatic stance of business entrepreneurs and the philosophic thoughtful approach of the EVS, the Edison Schools operate on the assumption that public schools have many inefficiencies just because they are used to having the vast resources of government behind them. Edison schools are usually organized by business entrepreneurs who bid for the management of schools or school systems for profit and take the risk of losing in the process. They aim to infuse efficiency by applying the best practices from the business world – technology, systems, training designs, presentation methods -- into the school system. In the United States, individual schools and complete school districts have already been run as Edison systems.

When combined with EVS, Edison schools enrich the choice of parents by including (Edison) schools that are run efficiently using business-grown systems.

ESC and the Assessment of Quality

When the ESC was first implemented, there was still a wide acceptance that private schools were better than public schools. However, the post-Marcos governments very self-consciously increased the budget for education in order to increase teacher and staff salaries, hire more teachers, construct more facilities and, in general, attend to the many needs of the public schools. Not to be outdone, local governments gave additional support. The increase in teacher salaries caused many private school teachers to transfer to the public schools. Within a short period, public schools visibly improved. This improvement was the reason for asking if student competencies in public schools also got better.

In 2004, the competencies in high school English, Mathematics and Science of ESC students were compared with three control groups using a test developed by a professional educational testing organization⁷. Two of

⁷ The Center for Educational Measurement (CEM).

the control groups were from public schools; the third was from private schools⁸. The results were published six years later⁹. The first public school control came from schools nearest the sampled ESC school. Because their average enrolment turned out to be very high (at the 93rd percentile of all public high schools, on average), these schools were called the Big Public Schools (BPS) group. The second public school control was made up of randomly chosen schools within the municipalities where the ESC schools were located. This second control group had smaller enrolments (average enrolment was only at the 68th percentile of all public high schools) and was called the Small Public Schools (or SPS) group. The third control group consisted of the same private schools from where the ESC students came (Private non-ESC). Altogether 18,564 students participated in the study.

Figure 1 shows how the four groups compared on a 360-item test of high school competencies. Each line represents one group of students. Figure 1 shows that of the four groups, the group that performed best was a public school group (namely, the BPS). However, the group that performed least was the other public school group (namely, the SPS). The second best came from a private school group (namely, the Private, non-ESC). The ESC group emerged a passable third placer.

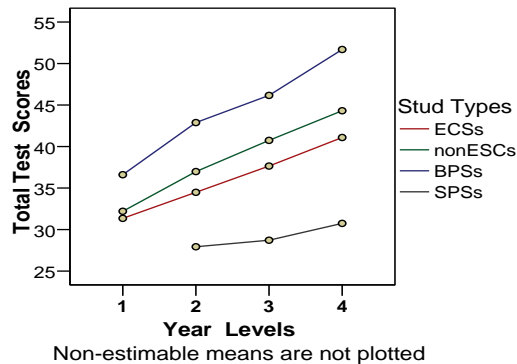


Figure 1: Performance on the 360-item Test (from Porio and Felipe, 2010)

⁸ Porio, Carolina C, (2004) Acquisition and retention of learning competencies of educational service contracting (ESC) students, unpubl.

⁹ Porio CC & Felipe AI (2010) Learning competencies of ESC students, *Phil educ res j (PERJ)*

The BPS performance was unexpected -- its performance was the best among the four groups. One possible explanation of this finding was the greater support being given by the national and local governments to big public schools, as reported in DepEd's *Basic Education Information Statistics (BEIS)*. Such support might really have been converted into improved performance.

The second possible explanation of that finding was that it did not reflect the true ability of BPS. According to this alternative explanation, the BPS might have only *appeared* to have performed very well because they were able to select their "best" students to showcase them.

Circumstantial evidence, however, suggests the second explanation of the BPS performance to be plausible. When the actual grades of BPS and SPS students were studied, the grades of the BPS sample were significantly higher and more homogeneous. The BPS' grades were higher and bunched within a narrow band (suggestive of having been grouped) unlike those of the SPS line. These observations suggest a prior selection of the BPS examinees (perhaps through the usual practice of classroom sectioning), unlike the SPS samples who were selected at random by the test administrators.¹⁰

If the superior BPS performance reported by Porio and Felipe was not real, it is not only a matter of how the examinees had been selected, then the relative performance of BPS would change when schools would have no chance to select examinees. This would be the case when the test was one which all examinees had to take.

The National Achievement Test (NAT) was one such test. In 2005 it was mandatory for all senior students. Using the school as the sampling unit, a random sample of the total school population would not raise the issue of selection bias anymore. In a follow-up¹¹ to their study Porio & Felipe drew a 25% random sample of public high schools, grouped them according to student enrolment and analyzed their NAT scores.

¹⁰ Principals of the big schools were asked to designate two "average" sections for the testing.

¹¹ Felipe AI & Porio CC (2011) Effects of enrolment size and school location on the results of a national secondary level examination, *scientia educologica*, Lithuania (to be published)

Figure 2 reports the findings when the sample (n=5774 public schools) was divided into 20 groups of 75 schools each. Unlike their earlier report the cited researchers reported that scores in DepEd's NAT started to go down beyond a certain enrolment level (Figure 2). Figure 2 has the shape of an inverted U, with schools having very small enrolments (meaning, with less than 184 students) and those with big enrolments (meaning, with at least 1203 students), tending to have low test scores. Schools with very small enrolments were probably schools in very remote communities or were newly established ones with little experience yet.

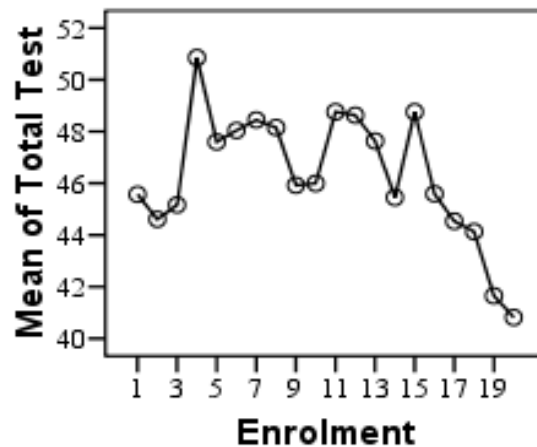


Figure 2: NAT Scores and Public School Enrolment Divided in 20 Equal Groups
(from Felipe & Porio, 2011)

The negative effect of school enrolment on NAT performance was statistically significant, but was estimated to be only a little more than 1% of test variance (using multiple regression).

When the performances in the five subject areas of NAT (English, Science, Mathematics, *Filipino* and *Araling Panlipunan*) were analyzed separately, each resulting graph had the same shape, as in Figure 2. The superior performance of the BPS in the earlier study was

not confirmed. In fact, the earlier finding now appears to have only been a result of the way the BPS sample was drawn.

Perhaps the effects of the greater support being given to BPS have been largely confined still to improving the teachers' working and economic conditions, their self-esteem and the way they are regarded socially, but not in the academic performance of their students yet. These hypotheses could be studied later.

Thirty years after the first ESC model was designed, nineteen years after ESC was legislated, four years after its quality was first assessed, we have yet to learn how ESC and public schools really compare in their academic achievement. We have to go back to square one, although we are now the better for knowing how sampling bias could creep in so silently in this type of study.

The following findings are drawn from the above studies:

1. **On the public schools.** Although public schools have visibly improved in terms of having more and better school rooms, higher staff salaries, more teacher positions, higher textbook-to-student ratio, better health care and security, and related matters, there is no evidence that the learning competencies of their students have improved. A case in point is one city division whose mayor gave the city's 50 high schools very substantial funding for infrastructure and maintenance and operations, but the city division ended up 39th from the bottom out of the 177 school divisions of the country, way below much less endowed school divisions.
2. **On the private schools.** Students of private schools had higher scores on the tests. Porio (2004, unpublished) hypothesized this finding to be due to an enhanced learning environment or their observed higher socio-economic background. However, she could not determine which of these two possibilities was more plausible. This matter calls for controlling the socio-economic background of the students in future studies.

3. **On the ESC and the public schools.** Expectedly, the ESC students would have higher scores than public school students, but such statement was only partially supported in the present study. The data in the only study that directly compared the ESC and the public school students were contaminated by a sampling bias due to prior selection of BPS examinees. That study needs to be replicated using a test required of all students (such as the NAT) so as not to have the issue of prior selection of examinees.

Until the present, thirty years after the first ESC model was piloted by MECS (and nineteen years after ESC was legislated), there are no definitive findings yet about how the ESCs and public schools really compare.

The next studies should determine the relative weights of socio-economic background and of an enhanced learning environment on test scores. One way to do this is to regress test scores on socio-economic background indices. A simpler way is to compare student types while controlling for socio-economic background.

EVS and Its Assessment

Unlike the ESC which has been studied empirically, the EVS has no comparable studies behind it because of its relative novelty. Whereas the EVS was adopted only four years ago, the ESC has been legally around for more than 20 years. To be fair, only the concept of EVS could be assessed now.

The EVS is one of the most provocative, original and creative ideas on how the State should undertake its duty to provide education to its citizens. Philosophic, political, social, financial and educational aspirations for a people are harmoniously woven within just one concept. No other system has integrated these varied aspirations so harmoniously in so simple a plan.

Set up in 2006, the local EVS, however, is different from the real EVS, as proposed by economists. Its lineage is even closer to that of ESC

than to the latter. It is important to point this out in order to clear the air about the local EVS.

In the original EVS model, every qualified citizen of school age is given a voucher of the same identical value. There is no exception to this provision that seeks to empower every potential student to choose his school, whether public or private. The student uses the voucher to pay for his schooling, assuming he/she meets the admissions qualifications. Purposely, giving a voucher to every qualified citizen of school age create a market of significant size that schools could not afford to ignore. Schools compete for vouchers in this market or else end up without students. Small enrolments will indicate that the consumers do not find the school worthwhile. Vouchers are designed to motivate the schools to upgrade their products (i.e., develop quality programs) and lowering their prices.

In the local EVS, the vouchers are given to only some of the potential students unlike in the original EVS which are given to all. When the EVS was first implemented in 2006, only a very small percentage of the entering high school freshmen were given vouchers. In the local EVS, there is an intermediate selection process for determining the recipients, making the distributors of vouchers important sources of power and influence whether the distributors do not demand quality in the schools' products, much less require lower prices, it does not augur well. With an assorted group of voucher distributors that include public and private school officials and politicians, each with his own agenda, it is improbable that they will agree on having better product quality and lower prices as common guidelines.

Most of the students in public high schools are not given vouchers, in the local EVS. This has several implications. One, they are assured of a place in the public high schools no matter what. Two, public schools are assured of having students regardless of their quality: their source of students (namely, the vast pool of students who were not given vouchers) will never dry up. Three, public high schools will never feel a need to compete for students, no matter their quality.

Neither will they feel the same need to improve as they would in a competitive environment. Four, they will also never end up as big white elephant that some of them might just become, were parents only given the choice of schools. The dead woods in the staff will remain; they will just be lost in the crowd.

Students from private schools are neither given vouchers in the local EVS. This is an uneven recognition of rights to which the authentic EVS is fundamentally opposed.

To support the present decision to issue only a limited number of vouchers, entitling all students may cause an exodus from the public schools which private schools would not be able to accommodate.

In short, the local EVS is not the real EVS that has been written up in treatises in the economics of education. Unaware of how and where it was conceived and born, we can only surmise about what might have happened when the local version was being planned: the planners might just have used the term “educational vouchers” for an adoptive name until the name got stuck. However, since the name is only adoptive, the result is not a legitimate voucher system. Because its conceptual genes are impure, it falls short of naming it as a bastardized form of the real EVS.

Like the ESC, the local EVS is just an improvisation to meet local conditions. The salient condition being addressed by the local EVS is student congestion in schools. In contrast, the salient objectives for ESC were quality and, until the policy was rescinded by DepEd during the second half of the 90's, student congestion.

For many sectors, the perception of the two programs is muddled even among people in education who perceive it in a sorry state. For many ESC is the same as EVS, and vice-versa, but they are not the same. Their main difference lies in how the grantees are qualified and how the participating schools chosen. In the case of ESC, DepEd selects the grantees and at the same time qualifies the participating schools; and the latter selects their schools. In the case of EVS, there is a

contractual arrangement between DepEd and the participating schools. The contract defines certain obligations of the schools. In the case of EVS, the school chosen by the student has no contractual obligation with DepEd. Notably, the student is the one fully responsible for his/her choice of school. In the ESC, schools are classified into whether they are “below”, “within” or “above” standards. Such a classification of schools would help the EVS student make his choice, but such was not made a part of the EVS system. Finally, the ESC also has a legal basis.

Conclusion

Government programs such as the ESC or the EVS intending to improve the public school system by using private school facilities and costing the government several billions must be evaluated, if only to decide later whether to continue, altogether stop or alter it. Four intended effects of the ESC and the EVS are worth monitoring: their effect on the quality of school programs, student congestion, prices and efficiency of school operations. However, in the case of the local EVS, it would be fair to assess the first two effects only. It will be unfair to include the last two because the local EVS did not include the salient features of the original EVS that would drive the cost of schooling down or stimulate more efficient operations.

Effect on the Quality of School Programs

Quality of programs may be assessed by such methods as expert judgment (a qualitative procedure), or more systematically through accreditation, better yet, through the objective, but limited method of student testing, as illustrated in the case of ESC.

Unlike the ESC test performance, that of the EVS students has not yet been assessed because the latter is a relatively new program – launched only in 2006. This early, however, assessment experts already expect a fly in the ointment when the time comes for the EVS to be assessed.

This jarring or negative factor is the likely difficulty in identifying the EVS grantees for purposes of future studies. It appears that there was insufficient care (due diligence) about this point. The likely difficulty can be traced to the way the vouchers have been distributed: the distribution did not follow one system. Some vouchers were distributed by DepEd officials, others by politicians, and still others by private school officials. There are no records of the qualifications or criteria used by the distributors in choosing the recipients. Although the recipients' names must have been recorded, there is no record of who among the recipients actually used the vouchers and those who did not. This point is material because the vouchers covered only part of the school expenses and some grantees might have withdrawn for they were unable to raise the difference. Tracing the grantees in order to evaluate their performance in the future will essentially turn into a nightmare.

Effect on Student Congestion

One objective of the local EVS seeks to decongest public high schools in some selected geographical areas. EVS will encounter obstacles in demonstrating success here. The population densities of the communities of the selected schools are probably high. In such communities, many young people temporarily stay out of school for lack of space. If space is later created because of the voucher system, the "temporary stay-outs" will probably move in, restoring "crowding". Hence, the local EVS might really succeed in de-congesting target schools temporarily, but only to find new waves of students causing congestion anew.

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