

## School Choice International

Supporters of vouchers and other measures which increase access to private schooling often claim that competition from privately operated schools improves student achievement and lower costs in public schools. Critics of such policies, on the other hand, disregard these claims as unsubstantial. Research is problematic since any simplistic statistical correlations between the extent of competition and student achievement that might be found are suspect.

In their study "School Choice International", released on October 16th 2008 by Education Next, Martin West and Ludger Woessmann, adopted a new research methodology by exploring historical reasons for different extents of private schooling in countries and their effects on student achievements and educational expenditures. They used data from 21 European countries, the United States, Australia, Canada, Mexico, Turkey, New Zealand, Korea and Japan and found that the extent of private schooling originates to a large extent from the Catholic Church's decision in the 19th century to build an alternative system of education wherever they were unable to control the state-run system. The research confirmed that countries with larger shares of Catholics but without an official Catholic state religion in 1900 have significantly larger shares of privately operated schools in 2003. The authors then used the well-regarded data sets compiled in 2003 by the Organisation for Economic Co-operation and Development (OECD) Programme for International Student Assessment (PISA) for reliable information on contemporary student achievement. They analysed test scores for about 220,000 15-year-old students from the 29 above listed OECD countries, student reports of background characteristics and administrator reports on the characteristics of each student's school (including such things as school resources and whether the school was public or private). West and Woessmann then measured the relationship between Catholic-induced private school competition in a country and 1. the PISA test scores of individual students in math, reading, and science, 2. the cumulative educational expenditure per student up to age 15.

The findings from the international study speak quite clearly. Competition from private schools improves student achievement, for public school students as well as private school students. And it produces these benefits while decreasing the total resources devoted to education, as measured by cumulative educational spending per pupil.

Read the full report at: <http://www.hoover.org/publications/ednext/31105709.html>

*Sabine Zander, Senior Research Associate, School Choice Campaign*



## WRITE TO US...

Often as people, we undermine the good intentions of a poor parent. We assume that they would not know the right way to educate and groom their children, be able to differentiate between a good and a bad school, or for that matter care if they dropped out of school. Rich or poor, a parent will instinctively know what is best suited for their children. By offering poor parents the right to choose a school of their choice through School Vouchers, we are empowering them to take matters into their own hands. School Voucher is therefore a great idea. However, everything great has to be implemented and monitored properly to prove its mettle. Good luck with your Campaign! – Aswini Sinha, Teacher.

Please send in your feedback at [studentfirst@ccs.in](mailto:studentfirst@ccs.in)

## New Initiative

### Action for School Admission Reforms (ASAR)

**School Choice Campaign** and [www.nurseryadmissions.com](http://www.nurseryadmissions.com) have joined hands to provide all the parents seeking admission for their ward in pre-primary schools in Delhi and NCR with a platform to register a complaint, even anonymously, against any school violating the rules that govern the process of nursery admission.

Parents can call or send an email to complaint. All these complaints will be forwarded to the Directorate of Education, Delhi for necessary action.

For Details log on to: [www.schoolchoice.in](http://www.schoolchoice.in) or [www.nurseryadmissions.com](http://www.nurseryadmissions.com)

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 School Choice Campaign



# STUDENT FIRST!

SCHOOL CHOICE BULLETIN ISSUE 07 - NOVEMBER 08

## THE CASE FOR ALLOWING FOR-PROFITS TO RUN SCHOOLS

In this article, I am going to make a case for why profit-making bodies should be allowed to run schools. Till not very long ago, I too was opposed to the idea of private, profit-making bodies running schools. Even today I have little sympathy for most groups that are running schools to make money. And yet I believe that the current law, which disallows for-profits from running schools, needs to be amended.

The education problem today is a large and challenging one and deserves all the energy that can be directed towards solving it. Allowing for-profits allows a much large section of people to engage with the problem. For-profits bring in passion, expertise and innovation and the poorer quality representatives (of all varieties) will get shaken out in the process, especially if there is a simple and transparent regulatory and complaints mechanism in place.

The reasons I would argue for for-profits being allowed to run schools are not the conventional ones. If you go to a seminar on privatization, you will hear that government has not been able to run anything successfully, hence you need privatization; or simply that everything should be privatized including schooling. And finally you have the 'pragmatic' argument - that since the law that schools should not be run for profit is being violated quite blatantly in practice, it should be changed. But, my reasons are different.

**1. What do you think of, when you hear the term 'profit-making'?** Over the past year or so, I have come to realise something very interesting and non-intuitive. It is that when we hear the term 'profit-making company' we look at it very differently in India compared to many other places. Especially in India today, probably due to what has happened in the past 50-60 years, we think that for-profits exist solely for profit. Further, they will cut corners, exploit employees and customers. These are now part of our psyche in India. C.K Prahlad said it best. He said "Where I come from, business equals cheating".

So this is something, probably in our subconscious, which we need to realise. Yet, interestingly, there is a completely different view of profit in most western societies. That view is that businesses add value to society and improve the quality of life. The best businesses are the ones that are successful and ethical. The culture of giving is strongly established - a business tycoon is as likely to donate his money to a university as to leave it to his kids (there is also an inheritance tax involved here). This probably helps things being looked at positively.

**2. The problem with non-profits:** My first argument in favour of for-profits being allowed to run schools is that they tend to use resources more efficiently than non-profits. This is probably because they have to earn

them from the very people who are using their services. For example, after the 2001 Gujarat earthquake, we were involved in helping rebuild schools there, and we found that the kind of money that was available to us allowed us to negotiate great terms from suppliers of cement and steel. Generally, in a corporate, funds are much less freely available, and the terms are far worse!

My second argument is that the non-profit model is inherently not a very sustainable one. I have seen established non-profits doing good work after 15-20 years of their existence, and yet being at the mercy of donors. One solution for a non-profit is to develop expertise in a new area - fund raising - which means that you are, in a sense, defocusing from your core area. For-profits deal with one constituency - their clients - and their efforts of training, sales, and customer education are all directed towards this group and hence synergistic.

Therefore, instead of seeking grants from donors, non-profits should charge fees either from the people they are working for or from those supporting the cause. The organisation can clarify in its mission that 'commercial success without impact will be seen as failure'.

**3. What for-profits bring to the table:** Before getting into these points, let me clarify that I do not believe that the primary goal of a for-profit is profit. Even if this sounds oxymoronic to many people, this is no different from saying that though we cannot, as human beings, survive without oxygen, the goal of our living is not to breathe. Profits are like oxygen for a company - necessary for survival, but definitely not the goal. To understand what I believe the true goals of a corporate are, we need to look at the positives they bring to the table.

**Passion for his work or his goal:** This may not be true for every person working in that organisation and this would be less true for the low-quality organisations, but this is true for many entrepreneurs who usually have an easier 'salaried job' option that they choose not to exercise.

**Expertise:** Many of them do manage to institutionalize their expertise fairly well. Talking of education, imagine if there was an organization that had deep expertise in language learning in primary classes, and another had deep expertise in assessment and another with deep expertise in special education - that's what is needed today

**Innovation:** - a new way to look at an existing problem: Recent examples in India relate to privatisation in telecom and air travel. But, world over it is found that private education uses resources comparable to public education, but uses it more effectively.

**Target-setting, planning and processes:** This may seem minor, but I find it makes enormous

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difference in practice. Target-setting pushes us to stretch, planning provides the discipline and processes reduce the dependence on individuals.

No sector can flourish unless the best minds work in that sector. And mostly, people move to sectors or jobs where they get paid well. This is, in practice, a big advantage for-profits have, as they are able to pay higher salaries. Though non-profits often have more committed members, attracting talent is critical and for-profits can do it much better.

**Competition** has a lot of positives because it forces you to do your best and stay on your toes. There is also cross-pollination of powerful ideas, when two bright organisations (or individuals) pit their wits against each other.

**4. Why the for-profit model is structurally superior?** Because there are some inherent strengths in the for-profit model:

**1. Human nature:** For-profits align individual interests and larger interests far more effectively than non-profits. After tasting some success, human beings become broader in their outlook, sometimes more philanthropic, but a large number of people feel insecure at the start of their career and prefer roles that seem financially attractive.

**2. In for-profits, the group one works with, one gets feedback from and one gets payments for the services from are all the same - this is a stronger model because the feedback is quicker and more accurate.**

**3. Discretionary profits are essential for innovation and excellence:** As Bill Gates puts it, discretionary profits go back to fund research and innovation. Before you get one thing that works, you have to try ten things that fail. If you are an NGO and you are asking for funding, most funders are not willing to fund experiments that are going to get you answers. Profits let you do that.

**5. Conclusions:** The connection between the above and education is obvious. Education needs passion, expertise and innovation.

....cont.



It needs the best minds to address big challenges. All these can be brought in by the for-profit section.

Meanwhile, I completely agree that it is the duty of the state to provide education for all. So I am not saying, nonprofits should not be allowed in education. I am only asking for for-profits to be allowed to run schools. Today what is happening is you have low-cost for-profit schools that we are not aware of. There are 600 schools in Hyderabad that do not even exist in the government records. So the students are either not enrolled or they are shown as enrolled in government schools. With allowing for-profit schools to function, these then become part of the system. The government is then responsible for the education that even these children get. We regulate them in some minimal way, look at their performance and so on.

I want to end with a quote from Andrew Carnegie which sounds very similar to what Mahatma Gandhi used to say. He says, "This then is held to be the duty of the man of wealth, first to set an example of modest unostentatious living, second to provide moderately for the legitimate wants of those dependent on him; and after doing so, to consider all surplus revenues... simply as trust funds which he is called upon to administer to produce the most beneficial results for the community."

*Shridhar Rajagopalan,  
CEO, Educational Initiatives*

## Q & A

**Will School Choice burden the government funds?** School Choice increases transparency & accountability in the education system & consequently leads to a more efficient use of public funds and reduction of government expenditure. Further, since school vouchers, the School Choice vehicle cover only the recurring cost of educating a child (all or a part of fees, stationary, uniform, etc.), the government saves the capital expenditure involved in erecting new schools

## FACTSHEET

- India is official home to the most illiterate people in the world
- 17-18% of all children out of school worldwide live in India.
- Around one third of government primary school teachers have not completed higher secondary
- Only 28% of government schools had electricity in 2005
- One in five government schools does not have a building; 10% have no blackboards; 40% have no separate toilet facility for girls and half are without a library
- Across the subcontinent 90% of India's 36 million children aged 4-16 years with physical and mental disabilities are out of school
- There is currently a 94% enrolment rate at primary level. However, pupil dropout rates have increased in the last 5 years to nearly 40% and in the case of scheduled castes and tribes between Class 1 and 10 to 73%

Source: 2008 Handbook for Parliamentarians on the Millennium Development Goals(MDGs)

## SCHOOL CHOICE CAMPAIGN NATIONAL CAMPAIGN UPDATE



### JHARKHAND

#### Jan Sunwai on Right to Education of Choice

The Culmination event of the first phase of Jharkhand School Choice Campaign was held in the form of a Jan Sunwai on Friday, 3 October 2008 at the Vidhan Sabha Maidan (Birs Chowk), Ranchi.

Over 4000 people from different walks of life came for the event in buses, lorries, jeeps and by foot from all corners of Jharkhand. Delegates from six districts of the state voiced their concern over issues of access to and quality of the education of children in Jharkhand.

Srimati Rama Khalko (Mayor of Ranchi), who participated in the event, expressed serious concerns with the low literacy rate among girl children in Ranchi but was enthused by the awareness among poor parents about the need for quality education. Mr Ajaynath Sehdeo (Deputy Mayor, Ranchi), who had earlier chaired a panel discussion, and Shrimati Rama Khalko were supportive of the 'education voucher' idea. They both regard this as an innovative scheme that involves both the government and the parents in educating the poor children. They also expressed hope that the School Choice Campaign could be adapted to suit and overcome barriers that are specific to the Jharkhand region.

Mrs Pratibha Pandey, President, Pradesh Mahila Congress and Professors R K Jaiswal, and D K Sahai also expressed their support for the idea. Present at the event was School Choice scholar and Padmabhusan recipient Professor P V Indiresan. Professor Indiresan termed School Choice Campaign as the 'need of the hour'.

The day also witnessed street theatre performances by School Choice advocates in various parts of the city. The event served as a bridge between the first phase of the campaign which concentrated on achieving critical mass awareness and the second phase that will employ a concrete and focused effort towards policy change. Extensive media coverage of the event was reported across the country.

#### Pilot Voucher Project announced for three districts of Jharkhand

Following the success of the Jan Sunwai in Ranchi, the School Choice Alliance met Mr Bhandu Tirkey, Minister of Education for Jharkhand, to present the 3,08,700 signature petitions that were collected from parents during the mass campaign in Jharkhand. At that meeting, the Honorable Minister announced Pilot Voucher Project in the districts of Hazaribagh, Chatra and Dumkha to the gathering which included the media.

After the announcement, members of the School Choice team conducted meetings with senior officials of the Education Department to expedite implementation of the projects announced by the Honorable Minister. The Jharkhand School Choice Alliance has since continuously advocated the cause with the concerned stake holders and pushed for more pilot projects, in cities such as Ranchi which are easier to monitor and assess.

### RAJASTHAN & ORISSA

#### Street Theatre advocacy for School Choice

School Choice Campaign and Art Venture have jointly organized street plays advocating School Choice philosophy to the people in eight districts of Orissa and 13 districts of Rajasthan. Each district has witnessed 15 street theatre performances. These performances have drawn large audiences, thereby taking School Choice



ideas closer to the people and local government leaders.

Besides documenting such support, a School Choice advocacy film based on the street theatre performances is being made by filmmakers Nandan and Kavita, who are recipients of this year's Jeevika awards.

In both states, the project has gained extensive regional media coverage, which will be capitalized on to execute our new strategy of engaging grassroots level political representatives such as the panchayat leaders for the success of the campaign.

### DELHI

#### Panel discussion on Quality Education for All: Choice and Competition at the South Asia Youth Summit (SAYS)

SCC partnered with Liberal Youth South Asia (LYSA) to conduct the South Asia Youth Summit (SAYS) at the Constitution Club, New Delhi on the 24 and 25 November 2008. The Summit provided a platform for youth in the age group of 18-30 from various South Asian countries to interact, debate and understand the common issues confronting the region from a liberal perspective.

School Choice Campaign team conducted a 90 minute panel discussion on Quality Education for All: Choice and Competition. Professor P. V. Indiresan, Former Director of IIT Madras, chaired the session while Dr. Jishnu Das, noted economist with the World Bank and Dr Parth J Shah, President of Centre for Civil Society were the speakers. The session was well received and witnessed extensive participation of the delegates.

Over the two-day event, 106 delegates were exposed to a variety of discussions and debates culminating in the Summit Declaration and Plan of Action for next year, which included advocating Right to Education of Choice in the South Asian countries.



#### School Choice Advocacy Campaign for Elections 2008

To achieve maximum mileage during the assembly elections in the six states of Delhi, Rajasthan, Mizoram, Madhya Pradesh, Chhattisgarh and Jammu & Kashmir, and the fast approaching parliamentary elections, SCC has sent out letters and information kits to 3495 national and regional political party leaders, candidates, citizen groups, associations and guilds.

#### School Choice Ideas for Differently-abled Children

Concerned over the fate of differently-abled children enrolled in MCD and Delhi government schools, the Delhi High Court has asked Secretary, Directorate of Education to discuss the issue in a specially formed committee and place before the court its suggestions.

SCC, having already researched the various problems in the education sector that could be solved using School Choice ideas, sent suggestions in the form of a letter and research on related international experiences to the Chief Justice of the Delhi High Court, other Justices hearing the case, the Chief Minister of Delhi, Ministers for Education, Child Welfare and Tribal Welfare, MCD and NMCD officials, and Social Jurist.

#### Student First! News launched

The School Choice Campaign launched an e-newsletter, Student First! News, on 30 September 2008. Student First! News is a weekly update of newspaper, magazine and web articles, research reports, and data on education. Published every Wednesday and sent to more than 3380 readers, this new initiative is helping stake holders remain abreast of all the significant developments taking place in the world of education.

To subscribe, write to [studentfirstnews@ccs.in](mailto:studentfirstnews@ccs.in)

### UTTAR PRADESH

#### Culmination Event for the First Phase of the School Choice Campaign

On the 26 November 2008, Allahabad witnessed a congregation of representatives from 40 partner NGOs, School Choice advocates, prominent members of the ruling Bahujan Samajwadi Party and other supporters inside the Collectorate and High Court premises. Over 500 delegates were present at the culmination event of the first phase of mass campaign in Uttar Pradesh, many of whom had traveled from other districts.

In the first phase, partner organizations in the state had reached out to hundreds of thousands of people to create awareness about School Choice ideas and, in the process, collected around 12,50,000 signature petitions from citizens in support of the School Choice Campaign. Honorable Chief Minister Shrimati Mayawati's announcement that School Vouchers will be introduced in all those areas of the state where access to a school is difficult is an important victory to the campaign. At the culmination event, the speakers sought more support for School Choice ideas and the speedy implementation of the plan announced by the Honorable Chief Minister. The event served as a platform for the hundreds of supporters in the state to meet and share their campaign experiences and received wide media coverage.

