

Balancing Priorities: a Primer on Education Privatization



In 2015, the global community adopted sustainable development goals (SDG) for 2030, including SDG4 on education — a commitment to inclusive, equitable learning opportunities for all.¹ Yet, in 2018, 264 million children still did not have access to education.² Obstacles to free public education include insufficient funding, lack of infrastructure, and a concern about the quality of public education institutions.

While the global community has reaffirmed the importance of high-quality, accessible education, it disagrees about who should deliver education and how. Some argue that the private sector is more efficient, while others claim that the state is the guarantor and must deliver on its responsibility for equitable delivery of free public education. This primer examines how states balance these different priorities, with a specific focus on education privatization.

In this primer, we examine the origins, spread, and outcomes of education privatization globally by:

- 1. Defining the phenomenon and its factors, including its historical roots;*
- 2. Identifying its pathways, mechanisms, and levels of saturation, globally and locally; and*
- 3. Analyzing and comparing its results for student learning and education equity.*

On one hand, the theory that free-market principles produce a modern, cost-effective method of education has led some governments to privatize portions of their education sectors over the last 30 years.³ On the other hand, evidence on the success of the market-based approach is mixed at best and often reveals educational inequities, while countries making substantial public investment have shown great progress, even under challenging conditions.⁴

Education privatization is the shifting of government responsibility for the management and provision of equitable, high quality education to the private sector, including for funding and/or ownership, thereby relegating governments to a subsidiary role of allocating funds and monitoring outcomes.

Education Privatization Defined

Definitions of education privatization differ by their focus on specific aspects of the issue. Some scholars focus on provision and funding, describing it as a set of mechanisms or policies which involve the “transfer of activities, assets and responsibilities from government/public institutions and organizations to private individuals and agencies.”⁵ This results in public funding reallocated (directly or indirectly) to the private sector with oversight shared among extra and inter-governmental bodies.

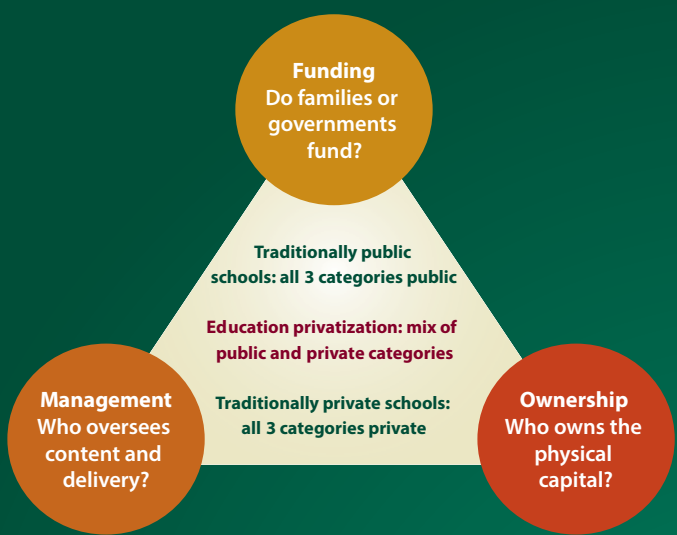
Other researchers highlight the management perspective of education privatization as *“the transfer of public-sector responsibility to privately owned or operated organizations or companies, for example non-governmentally run schools such as private or charter schools. Often, the result is that the public pays taxes to private or quasi-private organizations for services, but the organizations have little public accountability because they are not elected bodies or politicians.”*⁶

Finally, the World Bank emphasizes property ownership as an important component of privatization, stating that “Privatization is the act of reducing the role of government or increasing the role of the private sector in an activity or the ownership of assets.”⁷

Combining these definitions, education privatization is the shifting of government responsibility for the management and provision of equitable, high quality education to the private sector, including for funding and/or ownership, thereby relegating governments to a subsidiary role of allocating funds and monitoring outcomes. In doing so, governments somewhat divest themselves of responsibility for education shortcomings, pointing instead at market imperfections rather than government failure. The private sector — be it for-profit or non-profit, religious or secular, fee-based or ostensibly free — assumes responsibility for student outcomes and, at times, gains ownership of the physical capital of schools as well. Importantly, privatization does not necessarily designate for-profit corporations as the counterpoint to public entities. Nongovernment and not-for-profit firms (such as NGO’s) also fall under the privatization umbrella.

Similarly, privatization reimagines the end-goal for education provision. A rights-based approach frames education as an essential public service and state obligation; privatization frames education as a consumer good and mechanism for economic growth.⁸

Figure 1. Three Main Facets of Education Privatization



Education Privatization: What is it and where did it come from?

Conceptually, the differences between “public” and “private” are clear, but in practice, categorization becomes more difficult because education privatization takes many forms. We classify the terms “private” and “public” according to the categories of ownership, management, and funding. Figure 1 (above) illustrates these concepts in relation to education provision. Within the triangle, “traditionally public schools” have public ownership, management, and funding, while “traditionally independent private schools” have private ownership, management, and funding. Education privatization occurs when one or more of these areas incorporates private actors. The provision of schooling has become increasingly complex, with private actors present in non-obvious ways.⁹ Low-fee private schools, for instance, are owned and managed by private companies; however, they are often funded by a complex amalgam of state, private family, and private donor funds. Furthermore, these labels are more than nominal; conferring the title “public” on a public-private partnership (ppp) such as a charter school can create the appearance that privatized institutions are fully public.¹⁰

The History of Privatization

As little as 200 years ago, only 12% of the world population was functionally literate in reading and writing.¹¹ In the late 18th century, Prussian society adopted the first state-sponsored compulsory education, in part to facilitate its shift from an agrarian to an industrial society. As this model spread throughout the global north, education provision became increasingly public as a goal, and later an obligation, of the state. While private schools persisted, they served a small minority of a state’s affluent or/and more religious citizens. In the global south, private schools often proliferated through colonial missionary efforts, delivering education to more diverse groups of students. This trend continues today in the rise of low-fee private schooling, especially where outside actors including entrepreneurs and NGO’s deem government infrastructure to be inadequate.¹² Given the different historical roots, discussions regarding governmental roles and the nexus of power in educational access and outcomes differ between the global north and south.

The Rise of Education Privatization through Neoliberal Capitalism in the Global North

Education privatization in the global north is largely predicated on market-based, laissez faire capitalism popularized in the 1980’s. Political thinkers such as Fredrich von Hayek (1944) and Milton Friedman (1980) promulgated the notion of the public sector as a bureaucratic, sometimes corrupt, monopoly. Responsive governing therefore included rolling back of regulation, private-sector partnering, and market centralization.¹³ The elections of Margaret Thatcher (Great Britain, 1979) and Ronald Regan (U.S., 1980) accelerated the “free-market” movement towards deregulation, tax cuts, and dismantling of trade unions.¹⁴ Coupled with this ideological shift, reports claiming the failure of public education, such as *A Nation at Risk* (1983), lead to an increased accountability focus on high stakes testing under the No Child Left Behind Act (2002) in the U.S., and spread internationally.

These standardized tests allowed for the labeling, penalizing, and ultimately shuttering of “underperforming” schools while laws also empowered parents to seek privatized education substitutes with public funds. Thus, in the global north, education privatization mechanisms often consist of targeted voucher programs and predominately privately managed schools (such as charters and academies), specifically designated for under-served populations labeled “underperforming.”

The Rise of Education Privatization through Colonialism in the Global South

Throughout the Global South, formal education coincided with the rise of colonial power and its accompanying missionary schools.¹⁵

*Despite long pre-colonial traditions of valuing and providing education throughout both the African continent and South Asia, European missionary schools often viewed themselves as bringing literacy and numeracy to colonized countries.*¹⁶

As colonial rule collapsed and nation states emerged, these countries often struggled with the means for providing formal education amidst political turmoil while grappling with questions about whose epistemological perspective would feature in state-sanctioned curricula.¹⁷ Thus, the rise of education privatization in the Global South results often less from theories decrying public-sector wastefulness and more from intersecting restrictions on state economic, political, and or administrative capacities.¹⁸ Typical programs include “Low-Fee” Private Schools (LFPS), International Academies, and Public-Private Partnerships (PPP’s), often provided through private school vouchers.¹⁹ Growth trends in private provision for education over the last two decades diverged by country GDP with low income countries increasing their net attendance in private, primary institutions by over 30% from 1990 - 2010.²⁰

Pathways, Mechanisms, and Saturation

Verger, Fontdevila, and Zancajo (2016) further categorize the scaling of education privatization globally using five pathways illustrated in Figure 2. As pictured, privatization can arise from the demand side in economic terms (via increased interest in attending historically private schools or public demand for cost-controlling realignments). Increasingly, however, privatization scales as a result of two supply-side predictors: 1) a local crisis reducing public supply or 2) chronic governmental underinvestments in the public sector generating a dearth of public supply of education. While demand-side predictors are more common in the global north, here, we focus on supply-side predictors in both the global north and south.

Crisis Triggers

When crises temporarily eliminate public services, the situation can serve as a catalyst for privatization. Perhaps the most salient example occurred in New Orleans, Louisiana, United States (U.S.) in 2005. After Hurricane Katrina devastated the region, local governments privatized previously public schools (now called charter schools) in New Orleans, alongside instituting some school vouchers for students to attend private schools.²¹ Similarly, in Puerto Rico (where the public education sector largely served students of lower socio-economic status as compared with the island’s private schools), education ministers responded to the aftermath of Hurricane Maria by launching a charter school initiative, followed by charges of fraud. With Gov. Ricardo Rosselló’s August 2019 resignation from office, questions surround the future of education provision on the island.

Crisis, however, is not always an exogenous natural event; ideological government reforms such as Chile’s neoliberal shift also qualify. Pionochet’s restructuring of the Chilean educational landscape in the early 1980’s marked the beginning of the market-based theory. Chile enacted the theories of Milton Friedman (who consulted with Pinochet),

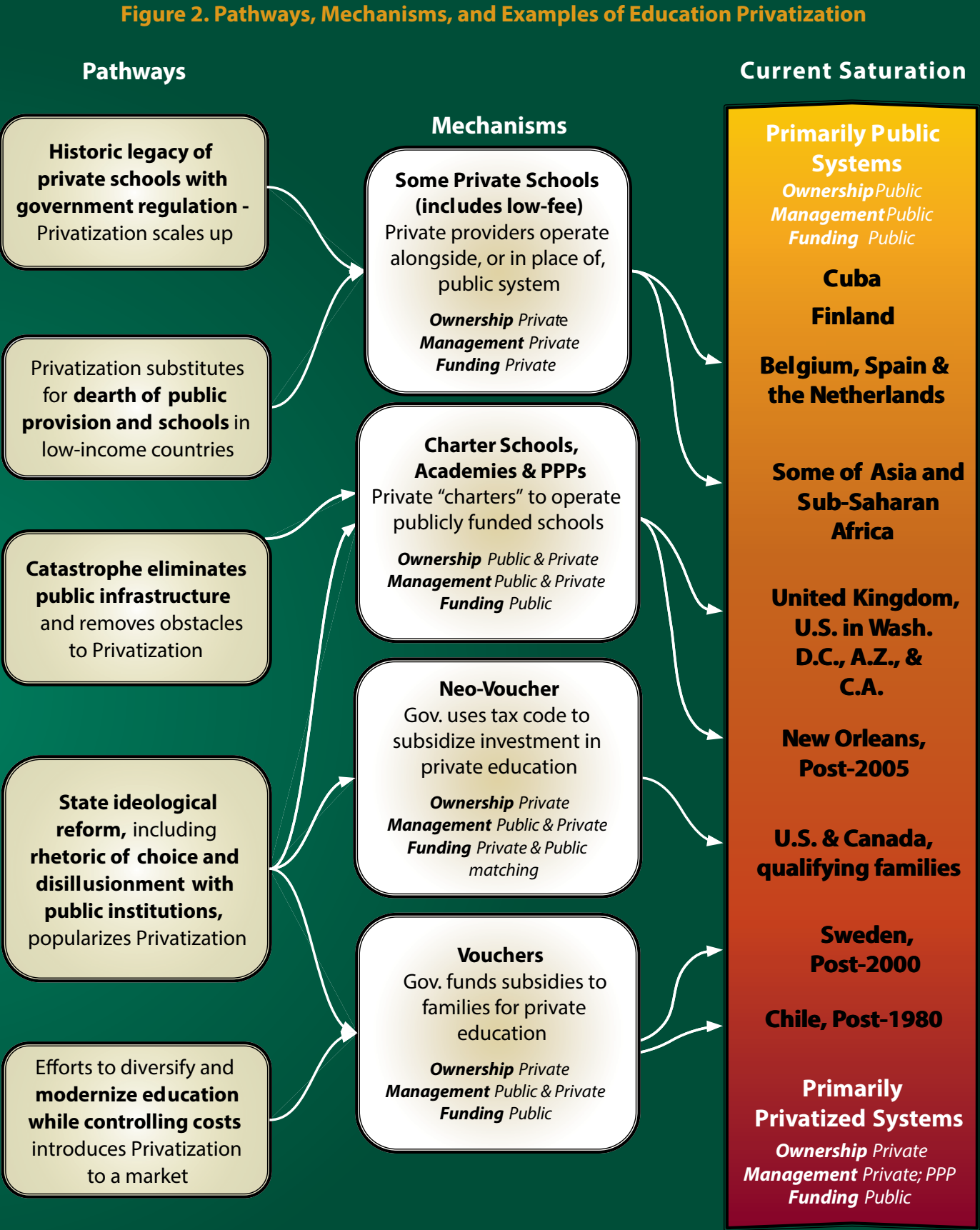
including limited government, choice-based markets, and private sector control through universal voucher systems and decentralization of school systems. The deleterious trajectory of these decisions remains today, with Chile labeled the most segregated education system by the OECD.²²

Underinvestment Triggers

When governments lack stability or fail to prioritize education spending, states often experience rising privatization in education provision. Uwakwe et. al. (2008) trace Nigeria’s failed Universal Primary Education program instituted in 1976 to both government instability and a lack of trained teachers to implement the policy. Thus, the mushrooming of low-fee private schools in Nigeria, Uganda, and Malawi can be linked to a lack of access and quality in state-provided education.²³ However, this does not mean that private schools adequately fill the void of government inaction. Increasingly, researchers question the quality of these schools, especially unrecognized “jelesimi” institutions, often staffed with untrained teachers and housed in unsanitary and/or unsafe conditions.²⁴ Underinvestment is not exclusive to countries in the global south. The U.S. has chronically underfunded education in areas of high poverty and minority concentrations, leading to broad overall dissatisfaction with the public system.²⁵

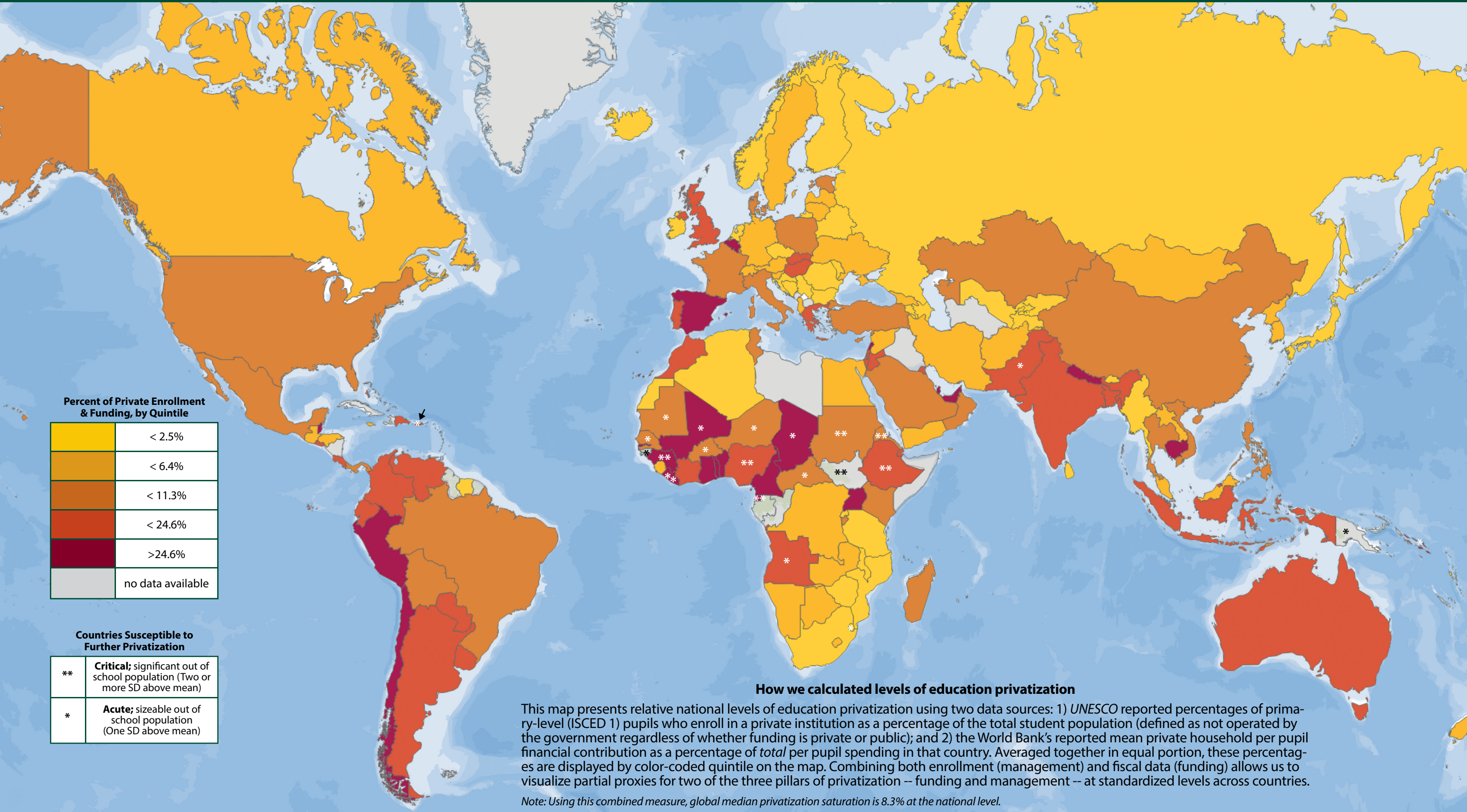
How Widespread is Education Privatization Today and Where is it Concentrated?

Mapping the saturation of education privatization globally requires reliable information that can generate fair and accurate comparisons. As with many private companies, private providers of education are not necessarily compelled to disclose the number of pupils served. Furthermore, the OECD, World Bank, and UNESCO have not necessarily tracked this emerging phenomenon by the definitional categories enumerated above — funding, management, ownership. Thus, the map on the next page presents the comparison using available data for two of the three categories.



For a deeper exploration of privatization versus public investment models and their pathway antecedents, we recommend both Verger, Fontdevila, and Zancajo’s *The Privatization of Education, a Political Economy of Global Education Reform* (2016) & Adamson, Astrand, & Darling-Hammond (eds.) *Global Education Reform: How Privatization and Public Investment Influence Education Outcomes* (2016).

Figure 3. Global Heat Map of the Concentration of Education Privatization (Funding & Management) at ISCED 1, by Quintile



No single way exists to represent the spread of education privatization. The previous “heat map” offers one perspective by combining two of the three pillars of education privatization (management & funding), operationalized as the percentage of students enrolled in privately-managed schools averaged with the percent of school paid by private entities (mean country level). Writ large, the heat map shows higher education privatization saturations across the global south, especially in Latin America and Africa, as well as in parts of Southeast Asia. To add nuance to our discussion,

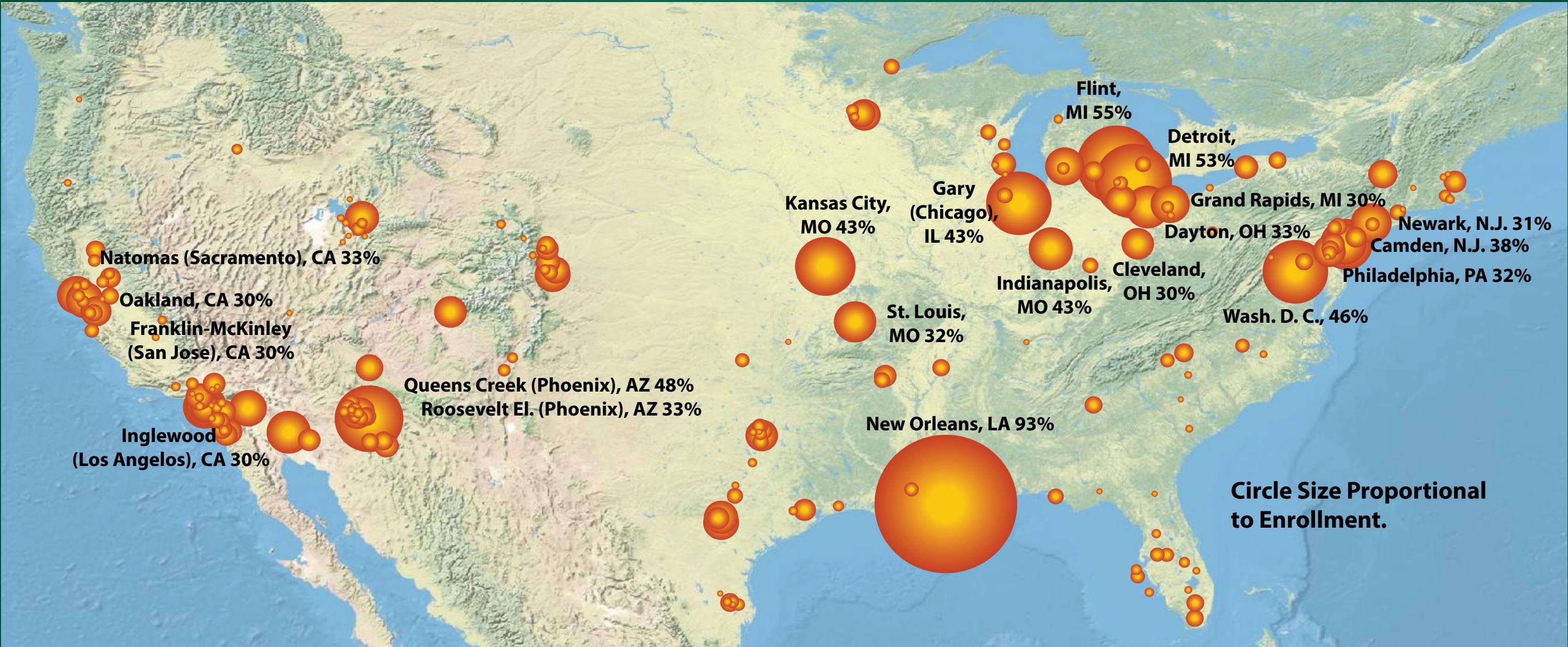
we also depict countries potentially susceptible to future education privatization based on their higher percentages of unenrolled school-age children. These countries are identified using asterisks based on their greater populations of out-of-school students, as measured by standard deviation (SD) difference from the global mean of primary school enrollments. Countries where fewer than 78.82% (between 1-2 SDs below mean) of the nation’s primary students attend formal school are denoted with one asterisk while countries in which fewer than 66.75% (more than 2 SDs below mean) of the

nation’s primary students attend school receive a double asterisk denotation.

While this global heat map visualizes privatization as a homogeneous, country-wide phenomenon, research increasingly shows that privatization mechanisms more likely target historically disenfranchised racial and ethnic populations as well as lower socio-economic status families. Two recent analyses of the prevalence for privatization mechanisms in the U.S. underscore this notion.²⁶ On the map in Figure 4., U.S. school districts in which 10% of more

of students attend a privatized are represented in yellow-red circles. The larger the circle, the higher the density of students attending a privatized institution. While the overall privatization (calculated by management/enrollment) remains relatively low at the national level (~6 percent) throughout the U.S., the saturation reaches or surpasses 50% of the students in the local area in areas such as New Orleans, Detroit, Washington D.C., and Phoenix. These areas are also home to higher percentages of students of color and economically under-resourced students.

Figure 4. United States K-12 Districts with Charter School Enrollment Greater than 10%.



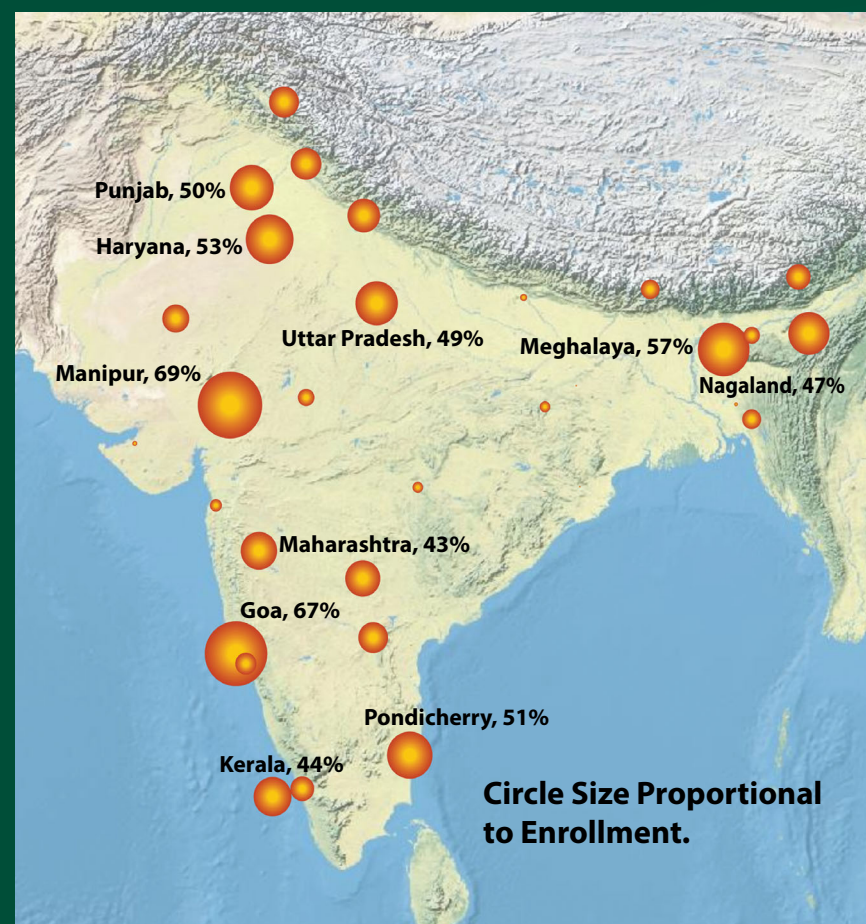
Privatization Heterogeneity not Unique to U.S.

Figure 5 shows the saturation of education privatization in India using a similar methodology by leveraging province-level data collected in the Annual Status of Education Report (ASER) study.²⁷ The 2018 data reveal that students attend private or privatized schools in specific areas rather than uniformly across the country. While mean privatization approaches 25% nationally in India, 70% of students in Manipur — a region noted for its economic inequality²⁸ — attended a private institution in 2018. In contrast, Gujarat has invested heavily in its education sector at all levels.²⁹ In 2018 in Gujarat, under 12% of primary and secondary students attends a private institution. This issue is not limited to India either. In 2012 in Pakistan, 59% of urban elementary students attended a private school contrasted with 23% of rural counterparts.³⁰

What does Education Privatization Look like Today?

Just as education privatization lacks homogeneous policies and types of provision, the drivers of and mechanisms for education privatization are diverse and relative to local realities.³¹ The most common mechanisms include: a) private schools that deliver education instead of public institutions (with fees either paid directly by families or by state subsidy); b) charters/academies (schools receiving public funding are managed by private entities) that enroll up to their capacity and receive per pupil funding by the state; c) neo-vouchers that allow qualifying families to use tax law to finance private school enrollment with a mixture of public and private and, d) vouchers that provide a fixed amount per pupil that families must

Figure 5. India K-12 Jurisdictions with Privatized Enrollment Greater than 10%.



spend on education expenses, including private school tuition. Importantly, laws vary as to whether schools must accept vouchers as full payment or may allow parents to “top-up” with private funds. States enabling education privatization typically embrace more than one mechanism at a time, making it difficult to track. For example, in the United States, all four mechanisms exist, but their prevalence varies greatly by state and local (municipal) laws.³² Partially for this reason, we have avoided in this brief attempting to map the prevalence of mechanism(s) and have concentrated instead on management/enrollment and funding.

Empirical Evidence on Education Privatization

As evidence demonstrates that education privatization has increased in recent years, researchers have debated about its positive or negative relationship with achievement. However, the

research is clearer that privatization often creates or exacerbates education inequity. Our analysis focuses on answering two key questions: 1) When controlling for other inputs, do private educational providers demonstrate measurably better education outcomes? And 2) Does private provision allow for equitable access or is equity a trade-off in a profit-seeking model?

Learning Outcomes

Research is divided both as to whether private education generates increased student learning outcomes and, if so, what drives the advantage.³³ In an international study of seventeen educational systems, Baum (2018) finds the perceived advantage in private school student PISA scores are explained through student wealth/ prior achievement and peer effects, not the education approach. Other research finds that, when present, increased student scores in private schools link to student-teacher ratios and teacher credentials/ education.³⁴ Therefore, perceived advantages can result from cream-skimming rather than more effectiveness in instructional delivery. In another study of lottery-awarded vouchers in Columbia, Bettinger (2010) finds that recipients graduate at higher rates and earn higher grades than non-recipients, a result unexplainable by peer-effect alone. However, the study notes that voucher renewal is contingent upon student continued success in academic and vocational programs. Thus, the study has possibly captured the influence of economic incentives rather than superior teaching at private schools; this interpretation aligns with Carnoy’s (1998) analysis of Sweden and Chile’s voucher programs.

Social Outcomes, Equity, and Stratification

Even if privatization resulted in student outcomes that are better in some private schools and worse in others, we must also examine whether private provision creates or exacerbates systemic inequities in access to education and/or segregation of certain populations from others. After using

a weighted allocation system to distribute educational funds to disadvantaged students in the Netherlands, policy makers found market-based school systems create highly segregated schools. In some Dutch cities, segregation effects as privatization scaled outpaced those found in large cities in the United States.³⁵ In New Orleans, education privatization further stratified the system by race, class, and student disciplinary and special-education status.³⁶

Furthermore, South African school choice models have also been measurably ineffective at lifting black South Africans out of poverty. Research finds that black parents must also grapple with the trade off decreasing cultural relevance of curriculum with access better educational opportunities.³⁷ Other barriers to access remain for the poorest families. While ostensibly allowing all parents to choose which school their child attends, formerly white-only schools have been demonstrated to charge ten times more in “tuition fees” than under resourced, historically apartheid schools.³⁸

Chile offers the most complete example of long-term education privatization, employing a voucher scheme for the past four decades. Internationally, Chile still scores well below the OECD average, meaning that vouchers have not closed the achievement gap with wealthier countries.

More importantly, Chile’s education system exhibits radical stratification, creating a what one researcher calls a sort of apartheid in education.³⁹

Mechanistically, private voucher schools could both charge fees beyond the voucher itself and (until recent policy changes) could screen, interview, and expel students with little recourse from families. Both functioned to limit access and allow voucher schools to claim increased outcome effects by creating dissimilar student populations between private and public schools.⁴⁰

Privatization in the Global South

If the privatization model is, at best, not proven to drive better student outcomes, why has the model grown so sharply in recent years? It's worth recalling here that western pressures through Structural Adjustment Policies (SAP's) strongly encouraged or required states to privatize and liberalize their governments. In Eastern Africa, the widespread increase in low-fee private schools and public-private partnerships have been directly tied to these SAP's.

Furthermore, in the Global South, privatization is also exacerbated when met with:

- 1. structural barriers to public investment in education (through tax policy or governmental restructuring);*
- 2. weak regulatory environments whereby paper policies lack enforcement; and*
- 3. real or perceived declines to public school access or quality/cleanliness.⁴¹*

Thus, governments retain multiple levers to influence the prevalence of privatization. Where governance is stable, public investments are high, and barriers to quality education are low, public schools enjoy high esteem and broad usage. Finland, Japan, Cuba and others have long implemented these approaches with great success.

Conclusion

This primer explains the phenomenon of education privatization, illustrates its level of saturation globally and within countries, and examines research on student learning and equity, including concerns arising under the systemic application of market-based approaches to education. As governments face pressure to ensure educational equity for large out-of-school and otherwise marginalized populations, they have to decide how to balance pressure from corporations, banks, and other actors for education privatization with the successful track record of public investment in education.

The findings in this primer suggest caution before countries decide to relinquish jurisdiction of their education systems to the uncertainty of market dynamics.

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