



## Ideas Changing the World

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### Daily Policy Digest

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#### Education Issues

August 17, 2011

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#### Private School Chains in Chile

There is a persistent debate over the role of scale of operations in education. Some argue that school franchises offer educational services more effectively than do small independent schools.

Skeptics counter that large, centralized operations create hard-to-manage bureaucracies and foster diseconomies of scale and that small schools are more effective at promoting higher-quality education, says Gregory Elacqua, director of the Public Policy Institute, School of Business and Economics, Universidad Diego Portales, et al.

The answer to this question has profound implications for U.S. education policy, because reliably scaling up the best schools has proven to be a particularly difficult problem. If there are policies that would make it easier to replicate the most effective schools, systemwide educational quality could be improved substantially.

Insight into this debate can be gained by examining Chile's national voucher program. This paper uses fourth-grade data to compare achievement in private franchise, private independent and public schools in Chile.

- The findings suggest that franchises have a large advantage over independent schools once student and peer attributes and selectivity are controlled for.
- The researchers also find that further disaggregating school franchise widens the larger franchise advantage.
- They conclude that policies oriented toward creating incentives for private school owners to join or start up a franchise may have the potential for improving educational outcomes.

Source: Gregory Elacqua, Humberto Santos, Dane Contreras and Felipe Salazar, "Private School Chains in Chile: Do Better Schools Scale Up?" Cato Institute, August 16, 2011.

For text:

[http://www.cato.org/pub\\_display.php?pub\\_id=13514](http://www.cato.org/pub_display.php?pub_id=13514)

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[http://www.ncpa.org/sub/dpd/index.php?Article\\_Category=27](http://www.ncpa.org/sub/dpd/index.php?Article_Category=27)