

Sweden's School Voucher Program

Choice and competition improve all schools, public and private

Executive Summary

- More than a decade ago, Sweden reversed its long history of centralized school administration and adopted a school voucher program.
- Allowing parents a choice of schools rapidly expanded the number of independent schools.
- Schools that receive vouchers must accept students regardless of ability or background, and must not charge tuition beyond the value of the voucher.
- Independent schools may not consider academic ability as a standard of admission.
- Non-state schools now house more than ten percent of school-age children; most are located in large cities, and few have opened in rural areas, although that is changing.
- Independent schools typically specialize in certain styles of pedagogy; they tend to be smaller in size than municipal schools.
- The growth of private schools has not harmed municipal schools; in fact, they have improved their performance in response to competition for students.
- Independent schools have increased the level of socio-economic diversity, as students from poor neighbourhoods can now attend schools located in more affluent areas.
- The school voucher system has garnered wide public and political acceptance.

Background

As with many Western school systems, Sweden's had a long history of centralized, conformist administration. But at the beginning of the 1990s, that changed. Between 1991 and 1994, when Sweden had a non-Social Democratic government, a voucher system was introduced that made it possible for other entities than municipalities to run schools. This brought a rapid growth in the number of independent schools. When the Social Democrats returned to power, they did not reverse the reform. Its advantages were too obvious.

Before the reform

In the 1980s, Swedish schools received funding from both the national government and municipalities. But teachers' salaries were paid by the national government, which also formally employed them. Possibilities for municipalities to run schools differently than stipulated by the National Board of Education were limited.

Even before 1991, some independent schools existed. Some of them were completely private, independently managed and financed by fees from parents. Others, such as the Estonian school and the Jewish school, were funded by the state. The same was the case for schools with special pedagogy, like Montessori schools. But these few exceptions

played a marginal role in the overall picture. Back then, fewer than one percent of Swedish pupils attended non-municipal schools.

The reform

The idea for funding reform came to the agenda mostly through the efforts of politicians from the Conservative Party (Moderaterna), who had promoted the idea during the 1980s. In 1991, when they took over the government along with three other smaller parties, they finally had the mandate to set the wheels in motion.

The national government's control over school policy changed. The National Agency for Education replaced the National Board of Education, and the new agency took a less strict approach towards municipalities. National goals were still to be met, but *how* they were met was now, to a larger degree, up to the individual municipality.

Independent schools were given the same right to receive funding from municipalities as municipal schools. Parents became the ones who decided if a school should receive funding. A voucher system gave them a powerful tool with which they could transfer money to the school they felt was most suitable for their children. The reform did not cost any money, and the national budget was not affected. But it did cost municipal bureaucrats some power.

The Government Bill on Freedom of Choice and Independent Schools was passed in 1992. It made these changes possible for what are called "compulsory schools" – primary and middle schools (Grades 1-9). The high schools had to wait two years until another Government Bill on School Choice was passed.

An independent school that is approved by the National Agency for Education has to be open to all students, regardless of what municipality they live in. If a student wishes to attend a school in another municipality, the home municipality is obliged to pay for it through the school voucher. The voucher represents 85 percent of the per-student cost of municipal schools.

It is relatively easy to start an independent school and most of applications are granted. As long as an independent school forgoes tuition charges, has at least 20 students, admits students regardless of ethnicity, ability or religion and of course meets the standards of the National Agency for Education, it is qualified to receive public funding. In one exception regarding charges, some independent high schools are allowed to collect a small fee.

There are firm restrictions regarding the rules of admission. When the number of applicants exceeds the places available in a school, tests and grades would perhaps seem like a natural option to select the most suitable students. But grades are only allowed as basis for admission at the high school level. If a child is to qualify for a school at the compulsory level, there are two ways: spending time on the school's waiting list or having a sibling who attends the school.

Oddly enough, special skills or extraordinary talent are not as valuable assets for admission as one might think. Sports and music are the exceptions. Incitements for children to play ice hockey are greater than the incitements for being good at math.

Independent schools

Many independent schools have started up since 1992 and the independent school market is still booming. The numbers of schools and students attending are rising steadily. Enrolment in independent high schools as a percentage of the total went up from 8.2

percent in 2003 to 10.3 percent in 2004. The figures for primary and lower secondary schools are 5.7 percent in 2003 and 6.2 percent in 2004.

Even though many more independent schools are located in wealthy municipalities, other areas have seen steady growth as well. Botkyrka, Salem and Södertälje are examples of Stockholm-area municipalities with a high proportion of immigrants as well as students in independent schools. Compared to municipal schools, independent schools tend to have more children with immigrant parents. Independent schools also instruct a higher proportion of children with "special needs" than municipal schools. About a third of all the students in the independent schools live in the regions surrounding the three biggest cities, Stockholm, Gothenburg and Malmö. A general rule is that the more inhabitants a municipality, the higher the proportion of students in independent schools.

There are independent schools in municipalities in rural areas as well, but many countryside municipalities have none. But this may change. Applications to the National Agency for Education to start independent schools often come from corporations and organizations. In 2004, the number of applications coming from people who want to take over municipal schools in the countryside has increased dramatically, with more than one-third of all applications of this kind. In many cases, groups of parents save rural schools which municipalities feel forced to close down. This trend is crucial for the survival of small communities, and would not be possible without the voucher system.

The most common ownership of independent schools is by corporations. Some companies run several schools and they are allowed to yield a profit, a fact which has been seen as highly controversial by many of the system's critics. Some of them have claimed that it is "cynical to make profit on the children's education." That type of criticism is seldom aired nowadays. Perhaps the fact that independent schools often seem to deliver a better product, while still making a profit, makes it acceptable.

Diversity

The beauty of the system is its opening up for diversity; a thousand flowers are allowed to bloom. Gone are the days when educational offerings flowed from one grand, conformist plan meant to fit all, but inevitably failing to do so. The current school diversity reflects the fact that children are moulded in quite different shapes. Religious schools, pedagogy-based schools and schools with different profiles have been started. Ideas that would not have otherwise been tested are now realities.

The former, centralized system of administrating schools ignored qualities that independent actors seem more able to take into account. One example is the size of the schools. Independent schools generally have fewer students, especially primary and lower secondary schools. This feature has made them more attractive, because parents often prefer smaller schools. Unlike many other countries, Sweden has a relatively low proportion of independent schools that are religiously based. More common instead are independent schools that specialize by pedagogy or have no specialized profile at all.

The threat to municipal schools

But what happens to the schools administrated by the municipalities? Is there not a risk that the most motivated, well educated and informed parents put their children in good, independent schools and that the best teachers also end up there? Many critical voices have claimed that the voucher system and the establishment of independent schools would be detrimental to municipal schools.

These critics have been proven wrong. In fact, things have unfolded in a completely different way. Instead of harming the municipal schools, the reform seems to have helped them. The reason is that competition works. That is basically the conclusion of a 2001 study from the Swedish Ministry of Finance.¹

The researchers found no evidence supporting the claim that the municipal schools would deteriorate as a result of the competition from independent schools. Instead, the competition seems to have forced municipal schools to make better use of their resources and improve the overall quality of education. According to the study, there is a strong positive correlation between amount of students in independent schools in a municipality and high test results in the municipal schools. The more students in independent schools, the better the students in the municipal schools are getting.

Segregation

Early critics of the reform also claimed that it would lead to segregation, and in one way it has. It is likely, for example, that most students in Muslim independent schools have Muslim parents; hence, a type of segregation has increased as a result of the reform. But that is partly the idea behind the system; groups of people – whether they are drawn together by religions, ethnic backgrounds, interests in a special pedagogy like music or something else – have the freedom to put their children in a school that focuses on their interests or beliefs. The system is guilty as charged.

But there is another side of the story. Before the reform, the principle of proximity determined which school a student had to attend. Children had to attend the school closest to their homes. Like most countries, Sweden has wealthy areas and low-income areas, prosperous places as well as places with many social problems, idyllic neighbourhoods and rough neighbourhoods. The old system only fortified segregation of that sort.

The voucher system has made it possible for children to choose schools further away from their homes. In other words, the system is a possible instrument of social and economic integration.

Wide acceptance

The dominant political party, the Social Democrats, officially supports independent schools and the voucher system, as do all the political parties in Parliament, with one exception. Only the Left Party (the former communists) wants to get rid of the system altogether. But wide acceptance is strongest among national politicians and in the official party platforms. Municipal politicians from all parties are often sceptical, since their own schools are getting stiff competition.

The two main trade unions organizing teachers in Sweden are also happy with the present situation. One explanation might be that the teachers working in independent schools generally are more satisfied with their jobs than teachers working in municipal schools.

An effort to describe the benefits of the present school system should not be interpreted as unconditional praise of all independent schools. Some of them might be very bad and should be put out of business. And they should be put out of business by the users, the students and their parents. A bad school will simply not attract enough students and therefore not receive any money.

¹Konkurrens bildar skola - en ESO-rapport om friskolornas betydelse för de kommunala skolorna. Ds 2001:12 2001. Finansdepartementet. <http://www.regeringen.se/sb/d/126/a/136/action/search/type/simple>

The system does not always allow the same thing to happen to poor municipal schools. In many cases, those schools have financial backup from their municipalities. The municipal schools have much to learn from the independent schools when it comes to handling taxpayers' money. An independent school simply has to be efficient in the way it handle its resources.

Even though the system continues to be a subject of debate, the discussion is mostly focused on how to make alterations – not to abolish it. The reform is a success story, and a list of all the benefits should not exclude perhaps the most important one – simply, the right to choose. In a poll conducted by the Confederation of Swedish Enterprise (*Svenskt Näringsliv*), students were asked if they liked deciding for themselves what school they were to attend. Not surprisingly, an overwhelmingly large majority of the students answered that they would like to have that choice. That really is the bottom line.



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