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School Choice in Sweden: An Interview with Thomas Idergard of Timbro

Across the United States, policymakers are increasingly adopting education policies that give families the power to choose their children's schools. Nonetheless, the idea of providing school vouchers to allow children to attend private schools remains controversial. For instance, congressional leaders and the Obama Administration have tried to end a successful school voucher program for low-income children in Washington, D.C.

American policymakers on the Left and the Right may be surprised to learn that a universal school choice program has taken hold in Sweden. The Heritage Foundation interviewed Thomas Idergard, Program Director of Welfare and Reform Strategy Studies at Timbro,¹ a free-market think tank based in Stockholm.

Dan Lips: Mr. Idergard, thank you very much for taking the time for this interview. Can you please tell us the background of how Sweden's voucher program came to be? How was it created?

Thomas Idergard: Thank you very much, Mr. Lips, for giving me the opportunity to tell you more about the Swedish model for real school choice—for all.

The Swedish school voucher program was introduced in 1992 by the then Center-Right government. First, the Social Democrats opposed the reform, but after having returned to power in 1994 they not only accepted it but also expanded the legislated compensation level of the voucher. Today there is almost a total national political consensus—with the one and only exception from the small Left (i.e., former Communist) Party—on the foundations of school choice in Sweden.

Since the 1970s, the Swedish school system had declined regarding quality and student attainment. One reason for this was the lack of choice. Only the very rich, who could afford private schools with private tuition fees on top of our very high taxes, had a right to choose. For all the rest, the school was one monolithic organization in which all students were considered to have the same needs and to learn the same way. The lack of choice created a lack of innovation regarding pedagogical concept and ways of learning adapted to different students' needs. Public schools, run by politicians in the local branch of government (cities and municipalities), were all there was for 99 percent of all students.

The school voucher program was designed to create a market—with competition, entrepreneurship, and innovation—based on the Swedish and Scandinavian tradition of social justice and equality: All families should be able to choose between public and private schools regardless of their economic status or wealth. This equal opportunity philosophy, taken into its full potential, created an education market!

DL: What is the range of choices?

TI: On a general level, the range of choices is very wide. There are all kinds of independent schools. In 215 of Sweden's total 290 cities and municipalities, there are one or more independent schools operat-

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ing. Compulsory schools are for pupils 7–16 years old, are mandatory by law, and have uniform content with one national curriculum for all schools, regardless if they are public or independent. Upper secondary schools are for students ranging from 16–19 years of age. Upper secondary students choose between different educational programs depending on their goals (such as preparation for university studies or education for a profession). Upper secondary schools were formally voluntary, but almost all students attend now, and the curricula differ between programs. However, for every program the curriculum is national and the same for public and independent schools. Around 14 percent of all compulsory schools and 44 percent of all upper secondary schools are independent. And there is a steady increase every year. In 1992, less than 1 percent of schools in Sweden were private. Today one out of five Swedish compulsory or upper secondary schools today is independent.

Before the voucher reform, the few private schools existing merely differed from public schools regarding ownership. Today, almost half of the independent schools differ more or less radically from public schools regarding pedagogical concept and methods to fulfill the curriculum. Around 10 percent of the independent schools are religious/confessional. More than six out of 10 independent schools are run as for-profit limited companies, a form for school operation that has become more common throughout the years. And there are small, local schools—founded by teachers and headmasters and run as only one unit—alongside larger chain school companies that are represented all over the country. One school corporation is even listed on the Stockholm Exchange Market.

DL: What has Sweden’s experience been with the universal vouchers program?

TI: People really choose! Before the reform, less than 1 percent of all pupils in compulsory education (and around the same amount for students in upper secondary schools) were enrolled in private schools. Today, 10 percent of the pupils in compulsory education and 20 percent of students in upper secondary education choose independent schools.

In certain regions of the country, almost half of all pupils and students are enrolled in independent schools.

The independent schools have gone from being an odd phenomenon in certain cities to an obvious and natural part of the Swedish education system. From a business point of view, the independent schools are developing into what can be considered as a real industry, and they are promoting real innovation.

The small independent schools have often challenged the public schools and forced them to improve. But the large chain companies, which have an estimated one-fourth to one-fifth of all independent school students, have proven to be an important force for innovative progress, regarding both educational methods and, important enough, ways to measure, compare, maintain, and improve results.

This also explains why independent schools, on an average, prove to have a smaller per pupil cost than public schools. Since 2004, the inflation-adjusted cost increase per pupil has been smaller for independent schools than that for the whole Swedish education system. And independent schools are not allowed to choose their students. Detailed analysis of cost items shows that independent schools spend a higher share of their revenues on education and teaching materials and are more efficient in managing other costs.

DL: Have students in Sweden improved academically under the voucher system?

TI: The educational results data speak for themselves. On average, the independent schools show better student achievement than the public schools.

Let me just give you a few examples from some very clear indicators. The average “merit value” is actually an average of the grade points (each grade gives a certain amount of points) for all students in all subjects in the ninth grade. This means that every single student has his/her own merit value, but that the average merit value is calculated based on all students that particular year in that particular class, school, city/municipality, country, etc. By the summer of 2008 (the most current information

1. See Timbro’s Web site at <http://www.timbro.se>.

available), the merit value average of the whole compulsory school in Sweden was 209 points (with a maximum possible value of 320, indicating highest grades in all subjects). The public schools averaged 207 points, while the independent schools proved to have 227 points!

This significant difference has been in place for many years. In the last years, with an increased competition from a steadily increasing amount of independent schools, the total merit value average of the whole compulsory school actually has begun to rise. In upper secondary education, the pattern is about the same.

Another way of measuring results is to adjust for socio-economic factors and look at what could be an expected outcome of learning regarding the students' background. This is called "SALSA value," a Swedish acronym for The National Board of Education Analysis Tool for Local Correlation Analyses. There is no national summarizing of SALSAs, but if you look into the single cities and municipalities, you often find independent schools getting the best SALSA results. This means that many independent schools educate their students better than expected if students' socio-economic background is taken into consideration.

If you want to adjust for possible "grade inflation," you can just look at the results of the national tests that are being carried out for the key subjects of the curriculum and in exactly the same manner all over Sweden in both public and independent schools. The rate of students reaching the two highest grade levels in all key subjects are at least 10 percent higher for independent schools compared to public schools.

DL: What do parents and students think of the voucher system?

TI: On a general level, most parents and students don't specifically choose between one independent and one public school—people tend to choose the schools that fit their needs and requirements best, regardless of whether they are independent or public. In all cities and municipalities with widespread opportunities to choose, parents and students are more and more active in comparing different schools out of a wide range of quality and personal

variables. This was also the main point in establishing an education market: People are different and have different needs and ways to reach their goals.

But when you ask people about their satisfaction with their choice or with their school as a whole, you can see that the independent schools outperform the public schools quite massively.

The latest national survey on parental satisfaction was undertaken in October 2009 and showed that parents with their children in independent schools are much more satisfied than parents with their children in public schools regarding all surveyed areas—such as, for example:

- The school's closeness to the parents' "ideal school";
- The stimulation and support of every single student;
- The level of resources that are being spent on education, teacher engagement, the quality of teaching materials, information, and cooperation with parents; and
- The sense of value of taxpayer money spent on education and trust for school management.

For every surveyed area there is at least a 10 percent higher satisfaction rate among independent school parents!

And regarding the voucher system itself, different surveys show that a majority of people view the right to choose school as almost a "natural" right. Some technical details might still be controversial among politicians (such as aspects of the profit-dividend issue), but among ordinary people, the right to choose is well rooted.

A clear majority of all parents, no matter if their kids go to independent or public schools, agree on that the independent school owners have right to show profits and to dispose of them at their own discretion!

DL: Some express concerns that choice and competition would undermine the traditional public or government school system. How have traditional public schools responded to widespread choice?

TI: They have improved because they have been forced to—by competition.

Two major studies—one from the Institute for Future Studies (an NGO) and one from the National Board of Education (the highest governmental education authority)—have examined the public schools' response to increased competition where independent schools were established. Both showed that public schools in these cities were more efficient and successful—both in using given resources and attaining higher student results—than the national average.

Why? Because they needed to improve in order to compete with the independent schools. Otherwise they would lose students and thus revenues, because the public schools' funding from the local school boards is also paid as an amount per student.

Sweden's school voucher program shows that competition truly works!

DL: In the United States, teachers unions have been the strongest opponents to school choice and voucher programs. What has been the experience of teachers and the teachers unions in Sweden under the universal voucher programs?

TI: Yes, I know that in the U.S. the teacher unions seem to be strong advocates against reforms for free choice. To me this is really strange and even somewhat bizarre, because it is against the core interest of the unions' members. Widened choice for parents and students, which leads to higher competition through the occurrence of new and different forms of organizing education, also means a widened choice for teachers, because they will no longer be automatically referred to one employer—i.e., the public school monolith!

The Swedish teacher unions never opposed the voucher reform. They did not publicly embrace it, but behind the scenes they had expectations that the teacher profession would gain from more alternatives, competition, and innovation in education.

This is also proven in teacher satisfaction surveys conducted since the introduction of the universal choice program. Last summer, the national and highly respected Swedish Quality Index presented an analysis that showed that the difference in teacher satisfaction with their employer, work environment, and teaching conditions between public and independent schools is "highly significant" in favor of the

independent schools. Perhaps these higher satisfaction rates for teachers in independent schools can explain their lower rate of sickness leave?

DL: What lessons do you think policymakers in the United States and other countries can take from Sweden's experience with universal school vouchers?

TI: The one and overall lesson is that competition is a key factor in raising educational standards in the future.

Letting the entrepreneurial spirit flow is a necessity for innovation in both products and services. Innovation is required in order to raise standards in every sector of the economy—and society. Education is one of society's most important services, which means that it is even more urgent to increase innovation and new ideas in education than in most other areas.

But because broad education—at least for the "ordinary men and women," i.e., low and normal income groups—in most countries and systems is highly monopolized by politicians and bureaucratic public-sector structures, there is little space for entrepreneurship unless the foundations of the systems themselves are changed. School choice programs such as the one in Sweden, which makes freedom of choice the default situation in the education system, encourage competition and, hence, entrepreneurship and innovation.

The success factors behind the Swedish school voucher program are:

- Equal opportunities to choose, regardless of families' income and wealth status, and without anyone asking for your economic situation give the ultimate power to the parents and their children, and
- Equal opportunities for education providers to offer and establish schools—so long as national quality requirements are being met.

Through our universal school choice model, we combine the social dimension (taxpayer money should fund education for all) with the principles of the free market: The clients' choices decide how the funding should be distributed and providers compete for clients' satisfaction, which is ultimately

materialized in concrete educational results, in order to get their revenues.

This requires that politicians on all levels of government realize and recognize that their roles must change. Without choice they are financiers, regulators, service providers, and supreme quality inspectors—in a mix that is often neither successful nor efficient. With choice, their role is more cultivated and their focus is successively turned into funding,

regulating, and overseeing the market. And the public schools will actually be helped by being subject to competition from new ideas, organizations, and methods. In the end, it is a lot about politicians' courage and willingness not only to talk about change but to make it happen.

—*Dan Lips is former Senior Policy Analyst in Education in the Domestic Policy Studies Department at The Heritage Foundation.*