

Submission for Conference on Human Capital, Productivity and the Labour Market

Title: The Impact of School Choice on Learning Outcomes

Authors: Martin Dooley and Abigail Payne, McMaster University

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Objectives: An important policy debate in Canada concerns parental choice in the use of public funds for their children's education. Advocates of greater choice believe enhanced competition among schools will promote learning outcomes in all schools because, in part, schools will have stronger incentives to reward the most effective teachers and programs, and parents will have more freedom to select the school which best matches the interests and needs of their children. Opponents of greater choice argue that there exist alternative and equally (or more) effective means of improving learning outcomes such as testing and monitoring. They are also concerned that greater choice will lead to a fragmentation of resources and the exit of the best public school students to private schools. The result, it is feared, will be greater inequality in learning outcomes with no increase in average achievement.

Background: Canadian provinces have exclusive jurisdiction over education but the rights of Roman Catholic and Protestant minorities to control their own education were protected at Confederation. The *Charter of Rights and Freedoms* also guarantees French- and English-speaking (provincial) minorities the right to control their own education. The combination of provincial jurisdiction, and religious and linguistic guarantees has produced considerable diversity. Some provinces, such as Alberta, have two or more types of school boards based on religion and/or language. Some provinces, such as British Columbia, provide grants to independent schools that follow the provincial curriculum. This diversity has been underutilized for research purposes and will form the key element in our research strategy.

Related Research: Much of the previous research in this area concerns educational achievement in American Catholic schools which are privately funded and represent two-thirds of all non-public enrollment. Starting with Coleman, Hoffer and Kilgore (1982), researchers have often reported superior learning outcomes among students in Catholic schools compared to observationally equivalent students in public schools (Neal (1997)). Proponents of greater choice interpret this finding to mean that Catholic schools in the U.S. must overcome their price disadvantage by being more responsive to parental demands and by providing a higher quality of education, benefits which would flow to students in all schools were more competition to be introduced. Other researchers, however, have argued that this finding represents, in part at least, a selection phenomenon. Catholic schools attract a disproportionate share of the children of the most skilled, affluent, and motivated parents. Such children, it is asserted, would exhibit above average outcomes in any school setting and one observes a "Catholic school effect" due to the inability of the available data to control well for such parental qualities. Efforts to resolve this disagreement have usually employed an instrumental variables estimation strategy. An instrumental variable is one that is correlated with, in this case, Catholic school attendance but not with unobserved selection factors. The most commonly used instruments in this literature are the religious affiliation (Catholic or not) of the family, and distance from the residence to the nearest Catholic school. There has been considerable debate, however, concerning the extent to which these variables fulfill the assumptions of the instrumental variables strategy. For example, Altonji, Elder and Taber (2002) follow a sample of 8th grade students in non-Catholic schools, almost none of whom go on to Catholic high schools, and find that Catholic religious affiliation among such students is associated with an advantage in high school outcomes comparable in magnitude to the estimated advantage of enrollment in a Catholic high school. A similar finding characterizes the variable "distance from the nearest Catholic school". The authors infer that these instruments are indeed correlated with unobserved factors that positively influence educational outcomes contrary to the assumptions underlying the instrumental variables strategy.

Very little research has been done on this topic with Canadian data. A report (Busiere *et al.* 2001) on the first results from the YITS/PISA study indicates that students attending public schools did not perform as well as students attending private schools in almost all provinces (and other countries) but cautions that this result does not control for

family and student characteristics. A more recent report (Robson and Hepburn 2002) uses the YITS/PISA data and finds that students in those provinces which offer greater schooling choices, as judged by the authors, exhibit both higher test scores on average and a lower correlation between socioeconomic status and test scores. The purpose of this report, however, was to describe the variation in schooling systems across provinces and present an argument for more choice. Very limited use was made of the YITS/PISA data.

Research Plans With Canadian Data: Our research on this topic with Canadian data will focus on differences in educational outcomes between students in public and non-public (often though not always Catholic) schools both within and across provinces. Our goal will be to use the rich Canadian diversity in educational funding policy, a diversity unmatched in the U.S. historical context, to assess the manner in which student performance might be affected by further expansion in parental choice. The national databases which are housed in the RDCs and which will be used in this project are the NLSCY and the YITS/PISA both of which provide educational assessments, and school, family and student questionnaires. Both data sets will permit us to use multiple regression analysis to assess differences in outcomes by type of school conditional on a wide range of student, family, neighbourhood, teacher, curriculum, and school characteristics. On the YITS/PISA, information concerning type of school (government; private - government dependent; or private - government independent) and funding from various sources (government, student fees, donations, and other) was collected from the principal. On the NLSCY, the "person most knowledgeable" ("PMK") about the child (usually the mother) indicates the type of school (public, Catholic publicly funded, or private) that the child attends in each cycle. In Cycle 3, the Principal was also asked about the type of school (public versus private and non-sectarian versus sectarian). Among the national data sets that we will use, only the NLSCY asks (of the PMK) what is the religious affiliation of the PMK, spouse and the child/youth and does so in separate questions and in each cycle. As indicated, religious affiliation (Catholic versus non-Catholic) has been commonly used as an instrumental variable for school type. Hence, we will also be able to employ this estimation strategy and, due to the availability of three (soon to be four) cycles of NLSCY data, we will be able to test the validity of this instrument in the same manner as Altonji, Elder and Taber (2002). Unlike studies with U.S. data, however, we will be able to use inter-provincial variation in the funding available for Catholic schools as an instrumental variable. The NLSCY also identifies residence in each of approximately 130 Central Metropolitan Areas in which roughly two-thirds of the children live. In this sub-sample, we will test the quality of proxies for the instrumental variable "distance to a Catholic school" (e.g. the proportion of all children who are enrolled in a Catholic school).

References

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