

# **A RANDOMIZED IMPACT EVALUATION OF A TUITION-FREE PRIVATE SCHOOL TARGETING LOW INCOME STUDENTS IN URUGUAY**

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Using a randomized trial, we evaluate the impact of Liceo Jubilar, a tuition-free private school providing middle school education to poor students in Montevideo, Uruguay. The research compares adolescents randomly selected to enter the school with those not drawn in the school lottery. Several features of this school — the capacity to select personnel, a culture of high expectations, a safe and disciplined environment, differential teaching, extended instructional time, strong parental involvement, and a rich offer of extracurricular activities — contrast with the country's highly centralized public education system. We find large positive impacts of Liceo Jubilar on students' promotion rates and academic expectations. Our results shed light on new approaches to education that may contribute to improve opportunities for disadvantaged adolescents in developing countries.

*JEL classification codes:* C93, I21, I25, I28

*Key words:* experimental evaluation, privately-managed education, poverty

## **I. Introduction**

The low quality of public schooling has been pointed out as one of the main barriers limiting the expansion and quality improvement of secondary education in the developing world (Di Gropello 2006). In Latin America, despite significant expansions in access to secondary education in the past decades, low quality and high dropout rates remain a critical challenge. Almost half of Latin American

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adolescents drop out of school at some point during the secondary education cycle and nearly half of the 15 year olds in the region have difficulties mastering the most basic numeracy and reading skills (Graduate XXI 2013, Aristimuño and de Armas 2012). These problems are not unique to Latin America. Other low-income countries in Africa and Asia that participate in international tests show deficits that put their median child at the bottom 15<sup>th</sup> percentile of children from richer countries (Andrabi, Das and Khwaja 2015).

Two main trends have emerged in developing countries as a response to the low quality of public education: decentralization of public education and an increase in private-sector provision (Bruns, Filmer and Patrinos 2011). In this paper we shed light on the second development by evaluating an innovative education model that emerged in Uruguay in the early 2000's and that has been recently replicated in other regions of the country. Liceo Jubilar is a middle school that provides tuition-free schooling to low-income students in one of the poorest neighborhoods in Montevideo. It is financed by individual donations as well as corporate donations that are in return exempted from the payment of corporate income tax. The school has limited independence to innovate over academic contents, and does not differ from public schools in the observable quality or remuneration of the teachers. However, it operates over an extended academic schedule, has freedom to selectively hire personnel, uses differential teaching, provides an environment of discipline, safety, and belonging, and shows a strong involvement with the community.

Our impact assessment is based on the randomization of the students who applied to enter Liceo Jubilar by the end of primary school (sixth grade) in 2009. Our research design exploits the excess of applicants over the school capacity and the fact that participants were selected randomly. The lack of national level standardized tests in Uruguay makes the evaluation very costly, as we have to apply the cognitive tests, a task particularly expensive in the case of control subjects. This explains why only the lottery of one year is used. At one-year follow-up, we find that the intervention reduced significantly repetition and dropout rates, and had a positive impact on the students' expectations of completing college.<sup>1</sup> We are unable to find statistically significant differences in academic achievement,

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<sup>1</sup> We are in the process of analyzing third year outcomes.

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