

## VOUCHER SCHEME IN EDUCATION: EXPLORING THE DEBATE

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### ABSTRACT

The present paper explores the concept and policy of vouchers in education in detail and the debates pertaining to the implementation of the voucher scheme in general and in the Indian context in particular.

The paper is divided into 2 sections. The first discusses the voucher scheme in education in general reflecting upon the aspects like its rationale, guiding principles, the kinds of the voucher schemes that exist or have been proposed etc. The second section looks at the arguments in favor and against that have been put forth in general by the opponents and proponents of the same. This somewhere helps us to capture the debate around the issues. At the same time a reflection on the debate around the issue in India has also been made. This is followed by the conclusion.

**KEYWORDS:** Vouchers, Voucher Scheme

### INTRODUCTION

Education, as the countries across the world recognize, is a significant public good. It is a social investment for human development and a major instrument of equity besides being a measure of quality of life in itself (Tilak, 2004). In the view of such a significance of education for the individual personally and the economy and the society at large, it becomes important for the State that opportunities for education are provided to all the members of the society. One of the ways to ensure that education is available to most of the sections in the society is to subsidise it. Subsidies mainly aim at reducing the price of the public good like education, health services and others and make them available to the larger sections of the population. Thus, we find a dominance of the state subsidies as one of the outstanding features of most education systems and even in the cases where education is not publically provided it is subsidised by the state (Tilak, 2004).

As far as the Indian case is concerned, then education up to the elementary level is fully subsidized, while proposals are being made to reduce the scale of subsidies for the secondary and in particular higher education (Tilak, 2004). There exists a government run school system, where every child is provided with a free education. Though there are criticisms regarding this education as actually not being free in the full sense and involving indirect costs, but the cost of education still remains low for the student in comparison with the private schools which thereby become out of reach for many students especially those from the lowest socio-economic backgrounds. Thus, for a large number of such children it is the government schools that exist as the only or as a major option as far as schooling is concerned.

In view of the fact that a number of children are left with no other choice than to attend the government schools, these schools often come to have their local monopolies. But at the same time the quality of education as provided in these schools is abysmal and has been a central concern for educationists, policy makers, researchers and scholars of the subject.

The poor quality education in these schools also becomes a source of frustration for the parents- especially the low income families - who do not have any choice, but to either compromise with the existing state of affairs or make the child dropout from the school. At the same time what also needs to be highlighted is that the private schools-which are, in the popular perception, held to provide a better quality education than the government - are not available as an option for the parents and children from the poor socio-economic backgrounds. Even in cases where it is so, it is often the low cost private schools that find their clientele among these parents. But for those placed lowest in the social (and economic) ladder, it is the government school that remains as the major option (that too if they allow their child's education even in the face of poverty). Thus, there remains a divide between the public and the private systems of education and a poor access of the poor to the latter in most cases.

In the view of such a state of affairs, countries including India have begun working on a restructuring of their education policies, as well as redefining the roles of the major stakeholders in education-government, schools and the parents. Over the time, there has been a rise of discussions on different proposals to address the situation - to improve the state of government schools and make the education system more equitable. Among many of these, one of the most deliberated one has been that of the implementation of the voucher system in education. Rather the option of the voucher system and its nuances have been explored for both the school education as well as the higher education but as some scholars argue 'the voucher scheme may not work well for the latter as costs of higher education are much higher than that of school education and that there also remain possibilities of leakage as well as involvement of high administration costs of the scheme' (Chattopadhyay, 2007). Thus it is the school education in the main where the possibility for introducing the voucher system has been deliberated upon and explored. While the proponents of the scheme see it as a crucial way of improving the overall quality of education through the creation of a competitive school system, there are also those who see it as a threat to the public system of education. Thus the debate on the issue is widespread.

This debate is now discussed further in the upcoming sections.

## **THE VOUCHER SCHEME**

'Education voucher, in the broadest sense is a payment made by the government to the parents rather than to the school chosen by the parents of the child being educated. It is tax-funded and covers most or all of the tuition charge of the child' (Weidrich, 2003). So under the voucher scheme, the parents receive the voucher that is used as a substitute of tuition fee or other admission costs at any eligible school of the parent's choice. These vouchers are then presented to the school in return of their child's admission. The school then further returns the voucher to the relevant government authority and receives its cash value (West, 1996). Thus the tax-funded voucher system in this way is envisaged mainly to enable the parents in educating their child in the school of their own choice.

A very important aspect about the 'voucher' that is crucial to be noted is its nature as a mode of government financing of education. Voucher is an important 'consumer led demand side financing mechanism' (WHO, 2003). Consumer led demand -side financing mechanism can be understood as a 'transfer of purchasing power to specified groups for defined goods and services' (Pearson, 2001 cited in WHO, 2003). Many countries over the time have recognized how the supply subsidies have often failed to benefit those that are most vulnerable in the society. This has been true for sectors like education in particular. Such a state of affairs has in turn led them to experiment with the 'consumer led demand side financing systems' in both education and health sectors (WHO, 2003). The demand financing mechanisms is argued for by

the proponents on the ground that these help in more accurately targeting the low income and other needy consumers. Secondly, it is argued that the selective purchasing forces some competition between providers of services which may then improve the quality of the service. Thus, in this regard as the theory suggests the demand-side financing /subsidies are seen to fare better over the supply-side financing mechanisms. And the voucher system has emerged as a crucial demand-side financing mechanism with similar arguments and rationale laid out by the proponents of the same.

Looking at the education vouchers closely, it is found that the proposed and the implemented schemes suggest that vouchers may be available to all parents, with the values of the vouchers varying inversely with income or to low income families exclusively ( West,1996). But in most of the cases the target group is often the economically (and socially) disadvantaged parents and the idea is to allow them the access to the private schools, which as seen otherwise are difficult to be accessed by the most disadvantaged of the lot due to high costs involved in private schooling especially in the case of the elite private schools. As discussed earlier, these parents in most cases have to restrict themselves to the government schools which exist in a dismal state as far as the quality of teaching - learning is concerned. The proponents of the voucher scheme argue that provision of vouchers in such a situation, will maximize the parents' freedom of choice and enable them to choose school of their preference and facilitate their access to the private schools (Kingdon, 2017). Further, as they suggest, one of the important consequence of an enhanced freedom of choice of the parents is that competition will be initiated among the government schools and between these and the private schools, whereby the schools will now work on themselves to improve and thus compete for securing more students and redeem more vouchers. As the revenue of a school would depend on the number of students it has—both who pay directly and who pay through vouchers, so each school would actively seek students, including the poor (voucher) students. The resultant competition among schools as it is assumed, would thus improve the quality of learning, of infrastructure and of extra-curricular activities. Also as envisaged, schools would also offer a variety of services that students and parents value—mid-day meals, transportation, supplementary tutorials and after school care (CCS, 2010). As it is expected all this will lead to an overall improvement in the quality of education.

Thus, providing the families with a maximum degree of choice within a competitive system of schools becomes the main objective of the voucher system (Weidrich, 2003). In laying down this aim the World Bank identifies certain principles that explain these objectives. As its report on the subject states, 'four principles explain the attempted objectives of vouchers. The first is that of consumer choice.... Under the voucher plan, the government patronizes the consumers of education, parents, rather than the supplier of education, schools.....The second principle is that of personal advancement. People want to shape their own destinies. The opportunity to choose and to decide stimulates interest, participation, enthusiasm, and dedication....The third principle is the promotion of competition. Public schools are usually monopolies. Vouchers present a challenge that can lead to competition which brings lower costs, increased average quality and dynamic innovation The fourth principle is that of wider access to private schools'( West,1996, p2,3). Thus, we see how it is the aim of the consumer choice and competition that become the major aims as well as the advocated strengths of the voucher scheme in education, with the target group being the low income families and other groups as identified by the State. It is these aspects have become the most crucial grounds for debates pertaining to the scheme and its implementation in other countries including India.

But, before delving into such debates certain other aspects pertaining to the voucher system in education need attention. It is important to be noted that while the vouchers may largely be publicly funded, these may also be provided by private suppliers like foundations, trusts and others who sponsor these vouchers. The private funding may emerge not only out of philanthropic interests, but also as a result of the private industry voluntarily donating the sum of money from its revenues that is equal to the tax it has to otherwise pay to the government to finance the educational scholarships which afford the recipients a wide choice of private schooling. This is what is exactly referred to as the 'privately funded voucher system' (West, 1996). Further along with a variation in the nature of vouchers, there are also variations in the regulatory settings under which the voucher systems operate (West, 1996). These, as the World Bank lays out, may include 'government inspection of schools receiving the vouchers and the operation of the vouchers under the condition that the teachers are government licensed. Also a voucher could be a chit given to each parent, cashable only by appropriately designated schools. At the same time government funding could be directed straight to the school chosen by the parent, known as the 'funds follow the child' voucher system which has been most popular in the developing countries. Finally, vouchers might provide access to private schools only, public (government) schools only, or to both public and private schools (West 1996, Weidrich, 2003). Thus, as it is visible, the voucher system may vary in its implementation and its type across the countries, as required by the times and according to the context of the concerned country.

So, we see how vouchers constitute one of the significant consumer led demand side financing mechanisms. As discussed these are envisaged for 'providing parents especially those from the low- income groups and other target groups, as defined by the respective countries, with a maximum degree of choice within a competitive system of schools' (Weidrich,2003). Most importantly as it is argued further, the voucher system makes schools accountable directly to students since they pay for the education through vouchers.

There have been countries across the worlds that have implemented the voucher system for instance USA, Columbia, Denmark, Sweden, Bangladesh, U.K. etc. A reflection on these suggests the different ways in which the voucher system has been worked out in these cases. Chile for instance, introduced subsidized private schooling in 1987. It was followed by a considerable increase in the number of students attending private schools. This reform in education along with the partial privatization and decentralization, was largely introduced to improve the quality and duration of education received. Over the years, these reforms led to an increase in the average number of years of schooling among the Chilean population, including the lower income groups as well as there has been a drop in illiteracy among youth ( West,1996). Thus the 'voucherized' private schooling has brought a considerable change in the educational status of the country (ibid, 1996). But over the years this system suffered some setback due to economic recession. An important consequence of this has been a reduction in the real value of the voucher. But to partially offset this however, the schools are now allowed to charge fees for their services. This provision enables parents to voluntarily pay additional sums to their school with the object of trying to maintain or increase educational quality.

Similarly the voucher system in the case of Columbia that was implemented by 1994 helped the poor students in gaining access to the private schools and simultaneously, benefitted the public secondary schools by reducing overcrowding (West, 1996).

There are also other countries as mentioned above, whose cases reveal the different nuances of implementing a voucher system and the variation in the scheme according to the context of the countries.

Having looked at the objectives of instituting the voucher system as put forth by the proponents and some of the cases of the countries that implemented it, it is also important to note that despite the fact that the scheme aims to bring changes in the overall quality of the education system, but still there have been debates about it across countries including India. Thus, any discussion on the voucher system/scheme in education requires a reflection on the debates. The respective arguments to the debate are now explored in the following section.

### **THE VOUCHER SYSTEM: DEBATE**

Right from the time, when the voucher system was introduced, there have been debates around the subject. While the arguments in support have been discussed previously, wherein it was seen how the aspects like maximum degree of choice to the parents, improvement in the quality of education, equality of opportunity and personal development have been highlighted, at the same time there also have been counter-arguments around these aspects. It is these arguments that also mark the debate in India.

Several arguments have been directed towards the proponents' stress on the aspect of parental choice of quality education as a marked characteristic of the voucher scheme as well as its strength. Critics reflect on this aspect in its different dimensions.

As seen, the proponents of the voucher system argue that vouchers enable an increased parental choice in education of their children which is linked to an improvement in the quality of schooling (Kingdon, 2017). But scholars highlight how this assumption about the essential equality of the consumers (parents), in the open educational market is questionable. It is argued by scholars like Whitty that, the 'effective exercise of choice by individual parents depends to a great extent to the relevant information about the available schools as well as the capacity and the confidence to sift it, make a decision and take the required follow up action' (Whitty, 1992, p.305). Thus, the choice made by those with the requisite information about the school and capacity to make the decision in the direction of choosing the high performing schools, may vary among parents, thereby making the exercise of choices more effective for some than others. So, the assumptions inherent in the arguments regarding equity in exercise of choice in market situation in education are questioned in this way.

Further, as discussed in the voucher scheme it is the demand for quality education that forms the basis of the parents' exercise of educational choices. But as the critics (more specifically in India) argue, the notion of 'quality education' and what parents feel about it may vary widely. Parents may simply evaluate education on the basis of 'visible but vacuous indicators' (Kumar, 2010). These may include aspects like English medium of the school, infrastructure facilities and the like, to the exclusion of all the more important aspects like the educational status of the recruited teachers and the nature of teaching-learning processes. Thus evaluation of quality schools may differ across parents thereby leading some to choose even low-cost private schools for instance with inadequately trained teachers but with the proclaimed English medium and infrastructural facilities. In addition to this, the parents may also prefer schools due to reasons like minimal transportation costs and time, familiarity and a socially –culturally similar student body. Thus defining and evaluating quality of the schools becomes a complex issue.

Again in the context of the issue of defining 'quality education', it is also argued that to understand what a good education is it is necessary for the parents to have availed this or have spent time understanding what good education

consists of. But both these are more or less unrealistic to be expected from the majority in any country's population (Kumar, 2010). This remains a handicap for the countries with an otherwise low level of literacy.

Along with the above, some scholars argue that the educational choice through the means of vouchers may lead to a segregation in schools on the basis of race (an important concern in the US), religion (more so if religious schools exist) or other stratifying features in society (Kumar, 2010) Parents may choose schools which have children from the similar racial, religious, or income backgrounds as theirs. This may all the more be prominent for a highly stratified society like India. Thus than the schools being diverse they may actually be segregated along these lines.

The freedom provided to the parents to exit from a school they find unsatisfactory has further been seen by the scholars in a critical way. As they highlight, when the parents move towards 'the good schools', the other schools witness their 'better pupils' seeking admission elsewhere and thus leading to their further impoverishment. Moreover it is argued that 'good teachers can also be expected to move towards good schools, with the systemic result of increased disparity amongst schools, with no obvious remedy for improving what education the majority can access' (Kumar, 2010). Thus in this sense rather than the educational system to improve, it will remain marked by the existent disparity, which the voucher system seeks to address.

So we have seen some of the oppositions pertaining to the aspect of parental choice as raised by some scholars and researchers of the subject. Similarly there also exist specific criticisms against the element of competition between the schools as induced through a free exercise of parental choice and an improvement in the quality of education as a consequence.

Some critics argue that the competition that arises from a voucher program can give teachers and principals perverse incentives (Hornung, 2010). As it is held, the schools may focus on the students who are 'easier to educate' and that low performing students may be less attended to by the teachers with the schools assuming that the latter at the end will leave the school due to their own dissatisfaction as well as that of their parents (Hornung 2010). The schools as Hornung (2010) further argue 'often introduce tracking and provide differing levels of education to different groups of students to ensure that the higher achieving students remain in the school'. Thus we see how the voucher system while may act to the benefit of the parents as consumers, may also have unintended outcomes like these.

Further critics have also put forth the argument pertaining to the problem of 'cream skimming'-that involves favoring those clients who will bring the greatest return for the least investment, thus leading to discrimination by providers against expensive users' (Barlett and Le Grand, 1993, cited in Whitty, 1997). In the education market, the schools especially the over-subscribed ones will be more selective over which students to admit, and will discriminate against the gifted or those with special needs, as these cost most to the school- in terms of time, effort and performance. It will be the academically able students that are thus selected by the schools and form the 'cream'. 'Such students stay in the system longer and thus bring in more money as well as making the school appear successful in terms of its test scores and hence attractive to other desirable clients' (Whitty, 1997, p.230). These children in most probability are the socially advantaged groups. Moreover, as Whitty drawing from his own research in England, suggests, these schools emphasize on the traditional academic virtues and thus attract those students that are more likely to display them. Thus, what is visible in such a case and as also reflected through other research in the area is that no innovation in the curriculum or pedagogy takes place. Rather the schools display a traditional education system. Thus we see that contrary to the claim that

introduction of a consumer choice in education and creation of competition among the schools would lead to innovations in these schools, but here a rather contrary trend is visible. So as it can be rightly stated 'the market exacerbates differences between the schools on the basis of class, race and ethnicity, but does not encourage diversity in image, clientele, organization, curriculum or pedagogy' (Blackmore, 1995 cited in Whitty, 1997, p.231). Thus we see how the consumer choice and competitive principle that underlies education market and the voucher system fails to create the effects which the proponents argue for.

Other arguments given against the voucher system or for its lack of feasibility (particularly in the Indian case), include those like the absence of private schools across the country which means even if parents are provided with vouchers, it will not serve the desired purpose (Rana et al, 2005). Also it is argued that the cost of private schools especially the so called 'good schools', may be far more than what the voucher could cover again becoming a hurdle in the successful realization of the scheme.

Last but not the least it is also argued that there is always a possibility of siphoning of funds or the relative risk of the unscrupulous parties making claims for fictitious individuals that may prove another handicap in the successful implementation of the scheme.

Thus in all, we see how the voucher system has been widely debated across countries including India, which is witnessing these debates intensely with the recent declaration of the right to education for all children in the age group of 6-14 years.

Though, no Indian state has implemented the Voucher scheme so far but the governments of Uttarakhand, Rajasthan, and Uttar Pradesh announced the voucher schemes in education (CCS, 2011) and are still in the process of the formulation of the policy. But the Centre for Civil Society- a civil society initiative, led by prominent scholars, launched the Delhi School Voucher Project in 2007 wherein 408 students from the poorest wards of Delhi were awarded vouchers up to Rs. 3600 per year planned for three years. It was basically an experimental project to assess the feasibility and viability of the voucher scheme in education in India. An evaluation of the project after one year of its implementation was done wherein aspects like a change in the attitude of parents towards education, school choice exercised after receiving the voucher and the learning achievement of the child over the year were focused upon. For the evaluation, 816 school going students (of Class I-VII) and 1107 parents were interviewed in 64 wards of Delhi. Interviews and learning achievements tests of 371 voucher students (pre-primary - class VIII), 371 children attending private schools (pre-primary - class VIII) and 371 children attending Government schools (pre-primary - class VIII) were conducted. Also the parents of all these children were interviewed.

Some of the major findings of the team were that the majority (63.1 percent) of the voucher beneficiaries exercised the freedom of choice after receiving the school voucher. They switched over from a Government to a private school after receiving the voucher. Further it was found that more than 90 percent of the parents of the voucher beneficiaries and the parents of children attending private schools were happy with the learning progress of their child in the school. But at the same time a lesser percentage of the parents of children attending government schools were happy with the learning progress of their child (83.1 percent) as the centre's evaluation report reveals. Also 94 percent of the voucher parents mentioned that their children were happy with their present school and 61 percent of the voucher parents felt that in the present school their child became more regular with school work and more than 50 percent of the voucher

parents felt that their child has become more disciplined and studied more in the new school (Source of Data-<http://schoolchoice.in/aboutus/ccs.php>).

As the findings reveal the voucher project enabled the parents to exercise a choice as far as the decision regarding a shift to the private school is concerned. Also there was a notable progress in children's learning in the private schools that they shifted to than the government school as well as a greater satisfaction of the parents with the private school education. But what kind of private schools the children went and if there were any low cost schools in it is not clear.

As it can be noted through these brief findings, it was the private schools that performed well over the government in terms of child's learning as well as parental satisfaction. Thus it reveals the poor state of the latter. While the project can be seen as demonstrating to some extent the impact of the vouchers on the enhancement of parental choice and their satisfaction, but at the same time the results of the project are still inconclusive and not generalisable. This is so, as it was done only on a very small number of children and is in its experimental stage. Also what needs to be seen is the implementation of this scheme in areas outside the metropolitan cities, where the private schooling is also in a dismal state. As the project is in its initial stages, still a lot more is left to be seen. But at the same time it can surely be followed further to understand the nuances of implementing a voucher system in India and the shortcomings in it.

Thus in all, we see how the voucher scheme has largely been debated, with the respective pros and cons which determine its implementation or plans of implementation in different countries.

## TO CONCLUDE

This paper reflected upon the voucher scheme in its different dimensions- the concept of voucher, the nature of voucher, types of vouchers and the various arguments in support or against it. As seen the basic idea behind the voucher scheme is to empower the students (and parents) from low- income families and other disadvantaged groups so that they can attend a school of their choice. Their choice in turn creates competition among schools to attract and retain students. This competition then is further assumed to provide universal access and higher quality of education to all. But, as seen while the idea has its potential strengths there are also weaknesses pertaining to it. Also as noted different countries have implemented the voucher schemes that vary across contexts. But as far as India is concerned, then whether the voucher system will be feasible and effective still remains largely inconclusive. The debates and deliberations on the issue are still on.

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