

Effects of decentralization on school resources

Åsa Ahlin^a, Eva Mörk^{a,b,*}

^aDepartment of Economics, Uppsala University, Sweden

^bInstitute for Labour Market Policy Evaluation (IFAU), Sweden

Received 16 March 2005; accepted 8 January 2007

Abstract

Sweden has undertaken major national reforms of its school sector, which, consequently, has been classified as one of the most decentralized ones in the OECD. This paper investigates whether local tax base, grants, and preferences affected local school resources differently as decentralization took place. We find that municipal tax base affects per pupil spending in the same way regardless of whether the school sector is centralized or decentralized, but has a smaller effect on teacher–pupil ratio after the reforms. The less-targeted grants are the fewer teachers per pupil do the municipalities employ. The results for local preferences are less clear-cut.

© 2007 Elsevier Ltd. All rights reserved.

JEL classification: H40; H52; H709

Keywords: Costs; Educational finance; Grants

1. Introduction

While the trend in many US states has been to centralize school funding in order to avoid inequalities in school district spending, Sweden has undertaken national reforms to decentralize the responsibility and funding of the school sector. In 1991, the responsibility for compulsory and upper secondary school provision was transferred to the lower level government (municipalities) along with a less centralized system of targeted grants to schooling. In 1993, a major grant reform transformed the system of targeted grants into a general grant

system. The latter reform implied a fundamental change of the organization of school funding. In 1996, teacher wages, which until then had been set through central negotiations implemented nationwide, started to be set at the local level. Cross-country comparisons undertaken after the implementation of these reforms rank Sweden as having one of the most decentralized schooling sectors in the OECD (1998).

The purpose of this paper is to empirically investigate whether the reforms that decentralized the school sector affected local school resources and, if so, in what way.¹ Two complementary

*Corresponding author. Institute for Labour Market Policy Evaluation (IFAU), Box 513, SE-751 20 Uppsala, Sweden.
Tel.: +46 18 4717072; fax: +46 18 4717071.

E-mail address: eva.mork@ifau.uu.se (E. Mörk).

¹We focus our analysis entirely on the compulsory school sector, since the objectives of efficiency and equality of opportunities are most vital at that level; compulsory school being the stepping stone for further education.

measures of school resources are used in the analysis: per pupil spending and the teacher–pupil ratio. The following questions are analyzed: (i) To what extent does the impact of local tax capacity on school resources differ before and after decentralization? Studying the different effects of tax base is clearly a relevant issue since the drawback of decentralization is the risk of creating inequalities in school resources and thereby giving pupils different chances for the future depending on where they attend school. Furthermore, (ii) does it matter in what form (general or targeted) grants are delivered? Whether general and targeted grants have different effects is of great importance for all countries with more than one level of government. Finally, (iii) what is the impact of local preferences, and did it change in connection with the reforms? Adjusting supply to local conditions (economic as well as political) is indeed one of the main theoretical arguments for decentralizing public tasks to lower level governments (see e.g., Oates, 1972).

Employing a panel of 277 out of 290 municipalities, we study the period 1989–2002 which covers observations from both before and after the implementation of the three key reforms in 1991, 1993, and 1996.

2. Institutional background

Since 1960s Sweden has a 9 years tuition-free compulsory education starting at age seven. The share of pupils attending private schools has traditionally been low; in 1989 it was less than 1 percent.²

Swedish municipalities account for 20–25 percent of the total consumption in the economy. Besides schooling, they are responsible for supplying other important welfare services such as child care, care for the elderly (since 1992), individual and family care, infrastructure, culture, etc. They finance their activities through a proportional income tax, inter-governmental grants from the central government, user fees and rents. Furthermore, they are allowed to borrow.

Sweden's system for organizing compulsory schooling was for a long time one of the most centralized ones in the OECD. Since the national reforms of the early 1990s, it has been classified as

being one of the most decentralized ones (OECD, 1998). In this section, we will describe the main features of the two different school regimes: the centralized and the decentralized.

2.1. The centralized regime

Prior to 1991, the Swedish school system was characterized by central government regulations and controls, centrally employed teachers and school leaders, and a system of central government grants that were targeted to specific categories of school spending. Teacher wages were determined through central negotiations that were implemented nationwide.

A general system of equalization grants was used in order to compensate municipalities with high structural costs, such as sparsely populated areas, and those with less than average tax capacity. In addition, municipalities received targeted grants to their different activities, including the school sector.³ By construction, the targeted grant system determined the teacher–pupil ratio as well as the number of teaching hours. Since teachers were central government employees, local governments did not have the possibility to hire more teachers than allowed by the grants in order to, for example, increase teaching time or reduce class sizes.⁴

2.2. The decentralized regime

The decentralization of the school sector did not happen over one night. Instead it took place gradually through three separate reforms.

2.2.1. 1991: Shifting responsibility to the local level

Along with a general trend of public sector decentralization and deregulation, it was considered necessary to deregulate the schooling sector to make

³Grants targeted to the school sector were set by the county board of education. Most of the grants were then distributed directly to the schools. The major parts of grants to schooling were targeted towards teaching costs (50 percent), costs for special education/remedial teaching and extra-curricular activities (25 percent), and payroll tax expenses (16 percent). The municipalities contributed with local income tax revenues to provide for school premises, textbooks and teaching aids, school lunches, bussing, and costs for non-pedagogical staff.

⁴Grants were also to cover costs for substitute teachers. However, they were not based on actual outlays, but allocated as a percentage of the number of teachers. If this amount did not cover the actual cost in a municipality, local revenues had to be used to cover additional hiring expenses.

²This share has been growing during the 1990s and in 2002 it was slightly below five percent, which still must be considered low in an international comparison.

متن کامل مقاله

دریافت فوری ←

ISIArticles

مرجع مقالات تخصصی ایران

- ✓ امکان دانلود نسخه تمام متن مقالات انگلیسی
- ✓ امکان دانلود نسخه ترجمه شده مقالات
- ✓ پذیرش سفارش ترجمه تخصصی
- ✓ امکان جستجو در آرشیو جامعی از صدها موضوع و هزاران مقاله
- ✓ امکان دانلود رایگان ۲ صفحه اول هر مقاله
- ✓ امکان پرداخت اینترنتی با کلیه کارت های عضو شتاب
- ✓ دانلود فوری مقاله پس از پرداخت آنلاین
- ✓ پشتیبانی کامل خرید با بهره مندی از سیستم هوشمند رهگیری سفارشات