

School Choice in Denmark*

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May 2001

PRELIMINARY

Vouchers for schooling have such a negative connotation among most interested observers that, despite any evidence to the contrary, it is assumed that their introduction in education systems will result in negative outcomes. To avoid the ideological association, it might be wise to discuss demand-side financing systems (a term most people either don't understand or find too technical) with an alternative name. How about a *taximeter* system? That's Danish for...school vouchers (sort of).

Denmark has a long tradition of private schooling and local control of education. In 1814, government legislation made seven years of education – not schooling, as parents were and still are free to educate their children as they see fit including through home schooling – compulsory. Continuing in this tradition, any group of parents today can claim public funding by declaring themselves a private school if they have at least 28 students. Rooted in the demands for freedom in church and school advanced by the cleric and philosopher N.F.S. Grundtvig and the educator Christen Kold, the right to provide for a child's education without first having to have the approval of the authorities was established by law in 1855 and given constitutional force in 1915. From 1899, Denmark's "free" (private) schools received state subsidies. In the 1960s, various progressive schools emerged in cities by parents espousing radical ideas. Free schools grew in popularity in the 1980s, rising from 8 percent of enrollments in 1982-83 to 12 percent in 1998. Parents are increasingly

* This preliminary report is based on a study visit to Denmark, undertaken March 20 to April 1, 2001. The visit was organized by the Danish Cultural Institute and financed by the Human Development Network's Professional Development Grant program. A more thorough report will follow. The views expressed here are those of the author and should not be attributed to the World Bank Group.

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eschewing the state school system in favor of private schools. The number of children attending private schools has risen by 12.6 percent over the last ten years, compared with an increase of 0.4 percent in state school attendance. Since 1990, 159 state schools have disappeared while in the same period 49 private schools have started up.

School Choice and Per Capita Subsidies – The Danish Voucher (*Taximeter*)

The individual educational institution or the individual municipality is free to make its own priorities with regard to the allocated funds without being constrained by central frameworks. Schools receive grants according to the number of pupils/students enrolled. This began in about 1990 and has spread to most school levels. The activity-based allocation system – or *taximeter* – is supplemented by other ways of measuring and developing quality in all parts of the education system, such as development programs through continuous evaluations (peer-reviews) and a system of external examiners.

The *taximeter* system was introduced gradually starting with the Open University in 1990, upper secondary technical colleges and business colleges in 1991, private primary and lower secondary schools in 1992, higher education in 1994, adult vocational training centers in 1995, “folk” high schools (*folkehojskole*) and production schools in 1996.

Prior to the reforms, traditional and heavily centralized state management of most financial and administrative matters characterized the organization of educational institutions. The system suffered from micro-management, weak economic incentives at the institutional level, and non-uniform allocations of funds. Today, funds are allocated as grants by central government to the institutions based on the actual levels of pupil/student activity, objectively measured in full-time semesters or years. All courses are given a politically determined rate, published annually in the government's finance bill. To ease administration and facilitate transparency, the system only contains a limited number of rate categories. Consequently, the institutions have gained significant powers over financial as well as administrative management, including decisions on:

- intake of pupils to specific education programs and/or courses
- planning and organization of teaching activities
- planning and organization of work

- economic transactions

The *taximeter* system comprises four elements of grants: (a) a basic grant; (b) a teaching grant; (c) an operational grant; and (d) a building grant to cover rent, interest, debt servicing and maintenance. Except for the basic grant (which is a lump-sum grant irrespective of the size of the institution, covering basic operational expenses), all grants are activity determined. The actual grant depends on student numbers, age distribution of pupils, and the seniority of teachers.

The advantages of the *taximeter* system, according to the MOE, are as follows:

1. Institutions are increasingly becoming demand-driven and result-oriented
2. Institutions are behaving in a more economically rational manner
3. Demographic changes are automatically reflected in government expenditures
4. Great administrative simplification in relation to the large number of institutions
5. Improved collaboration and coordination amongst institutions

Since students are free to select any school of their choice, school managers seek to optimize their economic situation by supplying the courses in high demand and by making the students attend and finalize their studies in due time. Likewise, according to the MOE, the system eases administration in terms of standardizing the funding of more than 1,300 individual institutions. The *taximeter* system was also designed to control costs while leaving allocation in the hands of the schools themselves. According to the OECD, in the past small schools were getting a progressively higher per-capita funding. With the introduction of the *taximeter* system, the role of the MOE changed from that of control and direct management to guidance, supervision and monitoring of quality.

If the municipal public school is not of one's liking – for whatever reason – the Danish Education Act provides for parental choice of private school, with the state covering 80-85 percent of expenditures. Law stipulates that parents must pay the remaining 15-20 percent of the cost in order to ensure their active participation in school matters since the Ministry of Education does not have school inspectors.

Free schools must be governed by a board elected by parents. Parents can appoint an inspector if standards are considered unsatisfactory. Private schools must be non-profit, and although a few exist from the past, cannot be privately owned (that is, by individuals). There cannot be any corporations of private schools. Free schools start with their own funds and buildings. It is only after they have been established that they become eligible for state funds.

Free schools have many identities. Some are independent rural schools, academically-oriented lower secondary schools, religious schools, progressive free schools, Rudolf Steiner schools, German minority schools, or immigrant schools (such as Muslim schools). According to the OECD, the diversity of supply seems unparalleled. Interestingly, religious schools do not dominate as in other countries that support private enrollments.

Local Control

Compulsory education – up to the ninth or tenth year – is a municipal responsibility. Each school has its own board composed of parents, pupils, teachers and headmaster, all elected by parents. Although the Ministry of Education (MOE) publishes curriculum guidelines, schools are free to set their own within these aims and proficiency areas, but most follow closely MOE guidelines. Schools are financed by the municipality, with a block grant received from the state.

Municipal schools are starting to replicate model of parental involvement developed in free schools. In 1989, school boards comprised of parents were established at all municipal schools. Parents are also experiencing more choice within their municipality. The Act on *Folkeskole* of 1989 allowed municipal schools greater variety in their offer based on local decisions. The new Act on Democracy in the Education System will give students more say in the day-to-day affairs of the school, something which already exists in at least one of the more established Free Schools, *Det Frie Gymnasium*.

Conclusions

According to the OECD, the Danish system does not create problems such as bogus schools, or creaming off middle class, or

inadequate instruction. Although risks exist, the benefits are greater. Moreover, teacher unions are not opposed to school choice – especially at upper secondary level, where regulations keep both public and private systems similar. The co-existence of private and public schools is accepted by Danish teacher unions.

However, it is noted that Denmark has no formal mechanism for disseminating information about schools' methods, programs or academic results. In fact, it is illegal to publish school results. Therefore, parents rely mostly on word of mouth for recommendations. Such a strong insistence on privacy seems strange to outsiders, especially when the institutions are receiving state funds. While the reasons for this phenomenon have to do with historical and cultural reasons, the demand for information is growing stronger.

The Danish education system demonstrates that private delivery of basic education services can work. The rich history and centuries-old foundations of the system – and the recent changes in finance – provide a laboratory for the examination of private service delivery. Educational freedom is a cornerstone of the Danish system. While the unique Danish system cannot be exported, the *taximeter* could be adapted.

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