

The effect of school voucher reform: Evidence from Chile's universal voucher system*

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Abstract

Chile features a universal school voucher system, in which public and private schools receive a government voucher which students can use to attend the school of their choice. Since its implementation in 1982, the amount of the voucher was flat without adjustments for family income, creating an incentive for schools to enroll more advantaged students. In 2008, a major policy change adjusted the amount of the voucher by the poverty level of the student and the proportion of poor students attending the school. Using a panel of private-voucher schools from 2005 to 2014 and time-distributed fixed effects models, we evaluate the effect of the means-tested voucher reform on primary school students' standardized test scores. We find a positive effect of the policy on Math and Language achievement. The effect is larger among schools serving poor children, and it increased over the years after the implementation of the reform, suggesting gains from the schools' experience with the policy. Overall, these findings show moving from a flat to a means-tested voucher improves equality and achievement.

Keywords: School vouchers, educational inequality, educational reform

*The authors are grateful to Catalina Canals for excellent research assistance, and to Margot Jackson and Susan Moffitt for their thoughtful suggestions. Alejandra Mizala acknowledges financial support from PIA-CONICYT FB0003.