

Summary

Independent schools have, since the independent school reform of the early 1990s, become a common feature of the Swedish education system. How independent schools influence the education system is however a hotly debated issue. Previous research suggests that, on the one hand, a larger share of independent schools in a municipality has a positive effect on students' grades and higher education⁵. On the other hand, independent schools seem to exacerbate sorting of students between schools, and perhaps lead to more grade inflation.⁶ Such effects – whether they are predominantly good or bad – naturally only arise in local areas that actually have independent schools.

This report thus analyses in what types of local areas the independent schools tend to open up. That is, we study which factors affect the location choice of start-up independent schools. The report fills a knowledge gap, since information of this kind has previously been missing.

The analysis is based on information from a large set of register based data. By using statistical methods we systematically test whether potential explanatory factors help explain the location choice of start-up independent schools that we observe in the data.

The overall results suggest that independent schools – all else equal – more often choose to locate in local areas where a larger share of potential students' parents have foreign background, or high education, respectively. Independent schools also more often seem to locate in municipalities that are not run by a left-wing political majority. The results thus suggest that independent

⁵ See for example Böhlmark and Lindahl (2013).

⁶ See for example Vlachos (2010), Tyrefors Hinnerich and Vlachos (2013) and Böhlmark et.al. (2015).

schools more often locate in areas with higher socioeconomic status (higher education level), but also in less advantaged areas (where a larger share of the population has foreign background). The political majority in the municipal council, which is a likely predictor of the political view towards independent schools, also seems to be relevant.

We have also investigated how the local economic conditions for running an independent school correlate with the location choice. This part of the analysis was complicated by the difficulty of finding reliable and complete information of the economic conditions in all local areas. Nevertheless, we have constructed two economic measures for expected voucher-incomes and expected premises costs for a start-up independent school. It should be underlined that these must be interpreted with caution, as they are merely approximate measures. The results are however in the expected direction: independent schools more often locate in areas where the expected voucher-income is higher, and where the expected premises costs are lower. When we conduct the analysis separately for schools that can be expected to have a profit-motive or not, based on their organizational form, we find that these results (contrary to our expectations) seem to be driven by the location choices of the not-for profit schools.⁷ The correlations between school locations and the economic variables are not statistically significant for the presumed for-profit schools, but are larger in magnitude and statistically significant for the non-profit schools. We thus find no signs that presumed for-profit agents are more affected by economic variables; instead, the pattern rather seems to be the reverse.

Our overall interpretation of the results is that independent schools do not exclusively tend to choose locations where students have a background that can be expected to be correlated with better educational outcomes. Although independent schools do choose locations where the educational background is stronger, they also more often choose locations where more persons have a foreign background. We furthermore see that the local political situation can be important. One hypothesis is that independent

⁷ We measure for-profit motive as being organised as corporation, partnership, trading company or sole proprietorship.

schools are eager to locate where the politicians are positive to independent schools, as this may facilitate running the schools. Another hypothesis is that politicians have the power to influence the location patterns, and that left- and right-wing politicians differ in this respect. Finally, we have found no sign that independent schools with a presumed profit motive are affected by the local expected voucher income and premises costs.

The report also contains an overview of the regulation for independent schools and how this has changed over time. The regulation appears to have become more extensive and more detailed over time. This holds both for the application procedure to start an independent school, and for the operating activity. In the early days of the independent school reform, the application forms for starting an independent school were quite simple, and required a limited amount of information. Today they are much more extensive and require more and more detailed information from the applicant.

Furthermore, the report contains a description of the municipalities' economic remuneration to the independent schools, the vouchers. The information that is available, if one wants information for a long period of time and for many municipalities, is to our knowledge limited to the data on the municipalities' actual per student-costs for students in independent schools. On average, these costs are lower than the comparable costs for students in the municipality-operated schools.⁸ This could mirror a lower generosity towards the independent schools. But it may also have other explanations, for example that students in independent schools are often from socioeconomically better-off background. It is difficult to find out whether differences in student composition are the sole explanation for the differences in costs, but a tentative analysis suggests that it could explain a considerable part. In our opinion, the lack of more detailed information on the

⁸ It shall be noted that this holds after the removal of extremely high and low values for per student costs. This mainly applies to costs per students in independent schools, where there is a small number of very high values. If the tails of the distribution of the costs for independent school students are not removed, the average costs are for some years instead higher for the independent schools. However, we see it as appropriate to remove the extreme values, in order to avoid that a small number of observations have a large impact on the results. For the costs for students in the municipality schools there is only one extremely high value, and this observation has also been removed.

municipalities' policies for the resource-distribution to schools is a large drawback.

Based on our results, we do not have any dramatic and new policy advice to suggest. This is based for example on the fact that we find no support for that independent schools exclusively choose to locate in socioeconomically well-off areas. We also do not see any sign that presumed for profit agents are drawn to locations where they can expect a higher economic remuneration. Finally, as we have stated many times in the report, it should be noted that our economic data variables have many deficiencies, and the main reason is the lack of detailed and comprehensive information on the municipality-wise resource allocation. In our view, this underlines the need to improve the information on the resource allocation to schools.