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Policy Brief on Extending GASTPE to K-6

Don Brodeth | February 2023

This study is carried out with support from the Private Education Assistance Committee (PEAC).

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POLICY BRIEF ON EXTENDING GASTPE TO K-6

I. Introduction and background

Protracted school closures result in learning and earning losses. In August 2022, schools in the Philippines finally reopened their doors to students after two and a half years – one of the longest pandemic-induced school closures in the world. The World Bank warned in a recent report that protracted school closures worsen basic literacy standards and will likely reduce the productivity and earnings of children once they enter the workforce.[i] In like manner, the Asian Development Bank (ADB) estimated the learning and earning losses from school closures caused by the Covid-19 pandemic as of April 2021. The ADB estimates in the intermediate scenario that a student in the Philippines lost an average of 0.61 learning adjusted years of schooling. This translates to an earnings loss of $131 per student per year or an aggregate present value loss in lifetime earnings of $30.7 billion or Php1.5 trillion. [ii] These are just the economic losses. If we factor in the full social returns and consider that school closures extended till November 2022 for much of the country, learning and earning losses are easily more than double the ADB estimates. This sets the urgency for the Philippine education system to recover from such losses.

Resources in public schools, already strained before the pandemic, face even more pressure owing to physical distancing measures. In August 2022, a DepED undersecretary reported that public schools lacked 91,000 classrooms.[iii] However, an analysis that matched DepEd's prescribed physical distancing standards to the national school building inventory suggests that classroom shortage could be as high 400,000 classrooms.[iv]

Meanwhile, the pandemic reduced enrollment at private schools, freeing up resources in this sector. Per DepEd records, enrollment in K-6 in private schools dropped by more than a third or 500,000 learners from SY 2019-20 to SY 2020-21.[v] In a press briefing last August 2022, DepEd spokesperson Michael Poa said that up to 425 private elementary and high schools have closed permanently since 2020 affecting some 20,838 students.[vi] The silver lining to this adverse development is that resources were freed up in private schools.

Public funding of private provision could address demand and supply mismatches in public and private schools. The problem of one school type could be the other school type's solution. While it may not be the role of government to prop up private schools, this policy brief argues that government is better off supporting private schools than providing education directly through public schools. In the Philippines, the public funding of private provision in education is conducted through the Government Assistance to Students and Teachers in Private Education or GASTPE programs.

Extending GASTPE to K-6 benefits government and other stakeholders in education. GASTPE provides financial assistance to students and teachers in private education in order to improve access to quality education and to decongest public schools. In the main, GASTPE is implemented at the secondary level through the Educational Service Contracting (ESC), Senior

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High School Voucher Program (SHS VP), and Teacher Salary Subsidy programs. This policy brief seeks to demonstrate that extending GASTPE to the kinder and elementary or K-6 levels will:

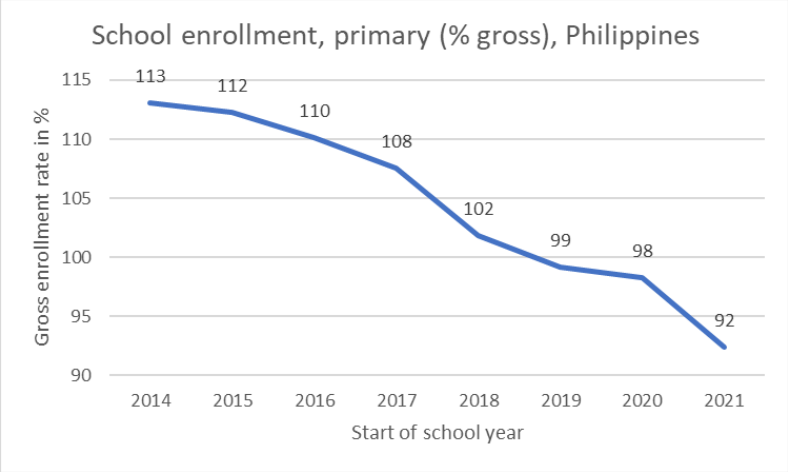
- increase learner access to education,
- increase the overall quality of education,
- save government funds while also increasing investments to education.

In so doing, government not only accelerates recovery efforts from learning losses but also fulfills the complementary roles of public and private schools.

The next sections elaborate on the benefits enumerated above and quantifies these benefits where possible.

II. Increasing learner access to education

Learner access to K-6 schools has declined of late. The gross enrollment rate (GER) at K-6 – hovering at or above 108% prior to SY 2017-18 – dropped to just 92% in SY 2021-22. This suggests that a significant number of our youth have dropped out of school or never joined schooling. Based on 2020 population estimates of 5–11-year-olds from the World Bank[vii] and DepEd enrollment figures[viii], there are at least 1.5M learners in that age group alone are not in school. The trend brings the country further away from its commitment to SDG 4- Education for All. Reverting to 108% GER would create a substantial demand for school inputs that may not yet have been planned for.



Source: World Bank[ix]

Learners attending public schools do so in overcrowded classrooms. Based on the National School Building Inventory of SY 2019-2020, there are 1.55M aisle learners if the government adopts the 1-meter physical distancing standard for the pandemic on a single shift.[x] Overcrowding is also indicated by classroom shortage. While estimates vary widely – from 40,000 to over 500,000 – the most cited figure comes from DepEd Undersecretary Densing who told the House Committee on Basic Education and Culture that the public school system lacked 91,000 classrooms for SY 2022-23.[xi]

Meanwhile, enrollment has declined in private K-6 schools, creating absorptive capacity. In the last ten years, the average enrollment of private schools at the K-6 level declined from a high of 165 learners per school in SY 2012-13 to only 86 learners per school in SY 2020-21, the latest year with data.[xii] The decline in enrollment suggests spare resources and a capacity for private schools to take in more learners. As a first-pass estimate, we can consider that there are 11,009 private schools offering K-6 in SY 2020-21.[xiii] If the average enrollment in these schools were to revert to their size in SY 2012-13, the private sector can absorb 867,000 learners. This represents 56% of the aisle learners in public schools or the equivalent of 43,350 classrooms.

The absorptive capacity of private schools at the K-6 level, while substantial, needs further study. The first-pass estimate is high for three reasons. First, classrooms are not portable. The spare classrooms of private schools may not be where the congested public schools are located. Distance and physical barriers lower the absorptive capacity of private schools. Second, other resources such as books, teachers, and chairs further limit capacity. Third, the physical distancing measures applied to public schools must also be applied to private schools. The most conservative stance would be to assume that classrooms in private schools were at full capacity in SY 2012-13. If so, then the absorptive capacity of private schools at the K-6 level would halve to 433,500 learners, equivalent to 28% of aisle learners in public schools or 21,675 classrooms. The true absorptive capacity of private schools is likely to be between these two extremes. Getting to more accurate estimates of the absorptive capacity of private schools at the K-6 level would entail a closer examination of EBEIS data.

GASTPE could be an effective transfer mechanism to increase access in K-6. The discussion thus far hopes to have shown that the problem of one is the solution of the other. In a context where there is a large gap between the supply and demand for schooling among school types, GASTPE can be an effective tool in the reallocation process. The spare resources in private schools can be used to provide schooling to those not currently in school and to accommodate learners from overcrowded public elementary schools. GASTPE will also relieve the DepEd of the institutional pressure of having to build so many schools in a short period.

III. Increasing the overall quality of education

Filipino learners did poorly in international assessments. The most widely accepted indicators of quality are results from international assessments conducted by independent bodies. Of these, the Programme for International Student Assessment (PISA) and Trends in International Mathematics and Science Study (TIMSS) are among the most reputable. The Philippines participated in PISA for the first time in 2018 and came in last place among 79 participating countries and economies in reading, and second to last place in science and mathematics. The overwhelming majority of students in the Philippines failed to reach minimum levels of proficiency across all three PISA subjects.[xiv] The country participated in TIMSS a year later and the results were no different. Filipinos fared worst among 58 countries in assessments for mathematics and science for Grade 4 students.[xv] These results underscore the urgent need to address quality in basic education in the Philippines.

Filipino learners in private schools perform better than those in public schools. The relevant question this policy brief seeks to address; however, is whether supporting private schools will increase the overall quality of Philippine education. To start, we present data from two international assessments that break down results by school type. These results, shown in the tables below, are from the 2018 PISA mentioned earlier and the 2019 Southeast Asia Primary Learning Metrics (SEA-PLM). SEA-PLM assesses knowledge and skills acquisition of primary students in the region.

PISA results

Domain	Average score of learners from public schools	Average score of learners from private schools	Is the difference statistically significant?
Reading literacy	328 points	390 points	Yes
Mathematical literacy	343 points	395 points	Yes
Scientific literacy	347 points	399 points	Yes

Source: OECD/ PISA[xvi]

SEA-PLM results

Domain	Average score of learners from public schools	Average score of learners from private schools	Is the difference statistically significant?
Reading literacy	285 points	313 points	Yes
Mathematics literacy	286 points	295 points	Yes
Writing literacy	286 points	312 points	Yes

Source: SEAMEO, UNICEF/ SEA-PLM

In its report, SEA-PLM further adds "It should be noted as well that the average scores of private schools [in the Philippines] in reading and writing literacy were above the average of the six countries (300 points)".[xvii]

The impact of private school attendance remains positive and significant after controlling for other variables. Is the difference in performance between learners in public and private schools due to private schools? The fundamental problem in estimating the impact of private school attendance is selection bias because students and schools self-select. For example, one might expect that children from better informed households are more likely than others to apply to private schools. It is also feasible that some private schools might not want to accept students whom they believe might underperform. Using rigorous statistical techniques to address selection bias and establish causation, the World Bank in its review of the ESC program found a significant and positive private school effect. To quote:

> "The raw differential between private and public schools is huge. Yet, even after controlling for students' backgrounds and other observable differences, we still found a large benefit in favor of private schools… While these results are limited to 8th grade TIMSS scores from 2003 and are not an explicit analysis of the impact of

the ESC, they do show the potential of private schooling for improving academic outcomes."[xviii]

A more recent World Bank report teased out the private school effect from the 2018 PISA results. It analyzed the performance of students from three school types – public schools, private government-dependent schools that receive more than 50% of their core funding from government agencies, and private independent schools that receive less than 50% of their funding from government agencies. To quote:

> " After controlling for socioeconomic status, achievement gaps remain wide between students in public schools and those in private independent schools, but the gap narrows between public schools and private dependent schools. After accounting for ESCS [economic, social, and cultural status], the advantage of students in private government-dependent schools over those in public schools narrowed to only 6 score points in reading, 3 score points in math, and 1 score point in science. However, the performance gap remained large between students in private independent schools and those in public schools…"[xix]

GASTPE in K-6 has the potential to improve overall education quality. It must be noted that the assessments of TIMSS and SEA-PLM are conducted on K-6 learners. The impact of K-6 on the knowledge and skills of the 15-year-olds that were assessed by PISA must also be substantial because education is cumulative. Thus, extending GASTPE to K-6 means more students can avail and benefit from private schooling at an earlier age. This is especially true for disadvantaged students who are more likely to benefit from private schooling. To quote the ESC review by the World Bank cited earlier:

> "Given that ESC students are likely to be less wealthy students than their peers, the results across the distribution suggest that less able students who are likely to attend private schools because of the extra funding they receive through the ESC are also likely to benefit academically. Therefore, enrollment in private schools by students who would otherwise have to attend public schools is likely to improve their scores and, thereby, the academic test scores of the Philippines as a whole."[xx]

IV. Saving government funds while also increasing investments to education

Partnerships like GASTPE have the potential to increase enrollment while keeping the education budget in check. Evidence from around the world suggests that the private sector can deliver high-quality education at relatively low cost. In the Philippines, there is sufficient evidence of the cost benefits to government at other levels where GASTPE operates. The results are consistent with evidence abroad and thus provide robust support to the argument that contracting private schools is cheaper than direct provision through public schools. Presented below are three such studies.

Government saves by providing junior high school education through the ESC program than through public schools. The 2011 review conducted by the World Bank on the ESC also investigated the cost dynamics of the program. It found that through the ESC, the government is able to enroll a student in a private school at a cost that is only 58 percent of the unit cost of attending a public high school. The benefit was so large that the authors' top recommendation was to expand the ESC on account of its cost savings. To quote from the study's executive summary:

> "1. Expand the ESC to cover more students and schools instead of expanding public schools. In this study, we determined that it would be more expensive to accommodate all aisle students in public schools within DepED's service standards than to provide them with ESC grants to attend private schools. By leveraging private school capacity, the ESC program has the potential to alleviate public school overcrowding in the Philippines without the need to incur the costs of constructing so many new school buildings and hiring so many new teachers."[xxi]

Government saves by providing senior high school education through school vouchers than through public schools. More recently, a 2018 study commissioned by the Private Education Assistance Committee and conducted by the Taft Consulting Group examined the cost of providing senior high school (SHS) in public schools. It estimated that the annual per student cost of schooling in a stand-alone public SHS that complies with DepEd standards is Php28,918. Crucially, the estimate did not yet include the cost of land, which depends very much on location. When the most conservative land values are used, the cost of provision balloons to Php29,033 in rural areas and to Php40,736 in NCR. Comparing these latter estimates to the voucher values in the SHS Voucher Program (SHS VP) suggest savings of 33% - 48% of the cost of public provision.[xxii]

Tuition and other school fees in the majority of private high schools are less than the cost of public provision. Finally in 2020, the ADB, at the request of DepEd, assessed the following GASTPE programs: ESC, SHS VP, and the Joint Deliver Voucher Program for SHS Technical-Vocational-Livelihood Specialization. It found that in junior high school (JHS), more than half of ESC-participating schools charged tuition and other school fees (TOSF) below the cost per student in public schools as estimated from the Government Appropriations Act. In the same vein, almost half of students in ESC-participating schools were charged TOSF below the cost per student in public schools. Results were even more dramatic in SHS. Almost 9 out of 10 private schools participating in the SHS VP charged TOSF below the cost per student in public schools. Further, 82% of students in SHS VP-participating schools were charged TOSF below the cost per student in public schools.[xxiii]

GASTPE in K-6 can lead to significant savings for government. There is as yet no published estimates on the savings that would accrue to government if GASTPE is extended to the K-6 level. We can start with hypotheticals. Presented below are actual obligated funds for the operations of public schools by level.

Direct per student spending in public schools by level					
Kinder and Elementary					
	2015	2016	2017	2018	2019
Total obligated (in millions Php)	166,441.89	162,522.76	193,360.89	208,630.82	226,773.30
Personnel services	146,388.09	152,720.98	182,439.05	197,169.32	213,339.34
MOOE	20,053.80	9,763.80	10,759.29	11,365.32	13,428.38
Capital outlays		37.98	162.55	96.18	5.58
Enrollment	14,894,129	14,487,677	14,289,158	14,118,618	13,801,552
Direct spending per student	*11,175*	*11,218*	*13,532*	*14,777*	*16,431*
Secondary (JHS and SHS)					
	2015	2016	2017	2018	2019
Total obligated (in millions Php)	80,216.05	84,529.70	106,319.97	119,151.26	146,820.18
Personnel services	68,863.82	76,579.08	94,364.36	108,883.15	134,283.93
MOOE	11,352.23	7,950.38	11,955.53	10,267.32	12,535.59
Capital outlays		0.24	0.08	0.79	0.66
Enrollment	6,012,746	6,909,973	7,807,312	8,439,670	8,771,144
Direct spending per student	*13,341*	*12,233*	*13,618*	*14,118*	*16,739*

Source: DBM, DepEd, Author's calculations

Direct spending per student for the two levels since 2017 differ by less than Php1,000. With nearly identical per student expenditures for the levels, one may reasonably assume that GASTPE support in K-6 will be similar to that provided in secondary education. The average support per ESC grantee in SY 2019-20 is Php9,394[xxiv], which translates to a savings of Php7,037 per student per year. Even at the minimum absorptive capacity of 433,500 discussed earlier, GASTPE in K-6 will save the government Php3B a year. It must be noted that the estimated savings are conservative – only direct costs of provision are included, the lowest absorptive capacity is applied, and the prices are as of 2019.

Government avoids additional spending in K-6 when students who now attend private schools continue to do so. As mentioned, enrollment in private K-6 schools plunged by a third in SY 2020-21 compared to the previous year leading some 1,000 K-6 schools to close at least temporarily. The adverse effects of this trend goes beyond private schools. The economic burden brought on by the pandemic caused a wholesale transfer of students to public schools. Thus, public schools became even more overcrowded and their lack of resources even more acute. It will cost the government to accommodate the additional learners. At the extreme, if all private K-6 schools were to close and students transfer to public schools, government would spend Php24.5B a year based on SY 2019-20 enrollment and cost data. Government avoids this additional spending so long as students who now attend private schools continue to do so.[xxv]

GASTPE generates resources for private schools in excess of government transfers. Interestingly, GASTPE generates more resources to basic education even as it generates savings for government. This is because TOSF typically exceed the value of the GASTPE grant. The difference is paid for by the GASTPE grantees and their parents, thereby generating more resources for private schools. For example, the inflation-adjusted estimate of the average TOSF of a private, not-for-profit SHS in SY 2019-20 was Php31,697. The average support value of the SHS VP then was Php17,314. Multiplying the difference by 1.3 million voucher program

beneficiaries of that school year means that almost Php19B more resources were poured into SHS by grantees and their parents.[xxvi]

V. Other considerations

School choice and public benefits favor government support for private schools. The different needs of learners and their parents in education may not be served by the uniform curriculum offered in public schools. In contrast, private schools offer a gamut of offerings, education philosophies, and pedagogies, making it more likely that the needs of at least some students and parents are better served at private schools. GASTPE in K-6 will widen the range of choices available to students and their parents. Yet another argument for government support for private schools is that basic education is a public good in that it benefits society more than the individual. In this light, basic education needs to be supported by public funds regardless of whether it is delivered through public or private schools.

However, school choice/ contracting programs increase segregation and may not improve the performance of public schools. For all its benefits, GASTPE is no panacea. The international evidence suggests vouchers and similar transfer mechanisms in education induce rather than reduce segregation. This may be addressed through better targeting and providing more information to learners and parents so they can make better decisions on school choice. Results are likewise mixed as to whether the competition induced by vouchers improves the performance of learners in public schools.

VI. Conclusion and recommendations

This policy brief presents the evidence – grounded on current Philippine realities – to support the extension of GASTPE to the K-6 level. It finds that doing so has the potential to:

- increase learner access to education,
- increase the overall quality of education,
- save government funds while also increasing investments to education.

By extending GASTPE to K-6, government not only accelerates recovery efforts from learning losses but also fulfills the complementary roles of public and private schools.

The following directions for future research are recommended to further develop the theses in this policy brief and provide more robust evidence.

1. ***In-depth and focused studies to improve the reliability of the first pass estimates developed for this policy brief.*** Because of the urgency required in developing this policy brief, sources were limited to secondary data and publicly available information. Firmer estimates are needed at the K-6 level on the number of aisle learners or classroom shortage in public schools, the absorptive capacity of private schools, the costs to deliver education, and the savings that can result from extending GASTPE to K-6.

2. ***A pilot program to demonstrate proof-of-concept for implementing GASTPE in K-6.*** Implementing GASTPE in K-6 looks to be qualitatively different from GASTPE in high school for a number of reasons. Of particular concern is the much greater number and distribution of K-6 learners and schools. Their magnitude may overwhelm the current GASTPE infrastructure. Further, many K-6 schools are small and may not have the resources or capabilities to comply with GASTPE requirements. Third, many K-6 schools do not deliver all seven levels in K-6, requiring many more transfers of grantees than is currently handled by GASTPE in high school.

3. ***Studies that aim to improve the targeting of GASTPE grantees.*** Studies on selection criteria (or the absence thereof), tuition fee constraints, formulae for targeting and ranking applicants, and subsidy structures can inform the design of GASTPE in K-6. The findings of such studies can help reduce segregation and increase equity.

This study is carried out with support from the Private Education Assistance Committee (PEAC).

Endnotes

[Click on the hyperlink to connect to the source document]

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[ii] https://www.adb.org/sites/default/files/publication/692111/ado2021-special-topic.pdf and https://www.exchangerates.org.uk/USD-PHP-spot-exchange-rates-history-2021.html

[iii] https://www.rappler.com/nation/deped-lacks-classrooms-school-year-2022-2023/

[iv] https://www.philstar.com/headlines/2022/07/29/2198838/deped-data-shows-imminent-classroom-shortage-face-face-classes

[v] https://www.deped.gov.ph/alternative-learning-system/resources/facts-and-figures/datasets/

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[ix] https://data.worldbank.org/indicator/SE.PRM.ENRR?contextual=default&end=2021&locations=PH&start=2014

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[xii] https://www.deped.gov.ph/alternative-learning-system/resources/facts-and-figures/datasets/

[xiii] *Loc cit.*

[xiv] https://www.oecd.org/pisa/Combined_Executive_Summaries_PISA_2018.pdf

[xv] https://www.iea.nl/sites/default/files/2020-12/TIMSS-2019-International-Results-in-Mathematics-and-Science.pdf

[xvi] https://www.oecd.org/pisa/Combined_Executive_Summaries_PISA_2018.pdf

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[xx] https://openknowledge.worldbank.org/handle/10986/27406

[xxi] *Ibid.*

[xxii] https://drive.google.com/file/d/1-hchnZvY8zXKbTYi3oEgQGV7sFY4qbD_/view?usp=sharing

[xxiii] https://drive.google.com/file/d/1pp6U3C7oCuoyY7wQ-UoVABM_uEfbGRC6/view?usp=share_link

[xxiv] https://admin.peac.org.ph/reports/view?method=summary&type=ESC&batch=2019&sem=1&school_type=all

[xxv] https://www.deped.gov.ph/alternative-learning-system/resources/facts-and-figures/datasets/

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