Opinion

Providing subsidies for placement in private schools

• Effective way of bringing down cost of free SHS

By Dr Bjorn Lomborg

ACHIEVING universal primary and secondary education is a central target of the UN Sustainable Development Goals.

Completion of primary and secondary education equips individuals with the needed skills and knowledge to establish businesses, seek employment and save to secure their futures. Higher levels of education ultimately result in improved intergenerational mobility and sustained poverty reduction.

Ghana continues to face some challenges in this sector, including limited space for increased admission and insufficient infrastructure for senior high school education. In 2017, space constraints resulted in over 60,000, or 15 per cent of Ghana's students, not being able to enrol in schools across the country despite passing their Basic Education Certificate Examination (BECE) to qualify.

The government has made significant advances to improve education levels in the country, including the introduction of the Free Senior High School (SHS) Policy to tackle challenges posed by financial constraints for students and their families.

This policy resulted in increased enrolment in public schools, but worsened issues relating to seat or space inadequacy. In response, multi-track year-round education was introduced, splitting the student body into separate tracks, with a defined break-period rotation to boost school enrolment without expanding infrastructure.

However, this policy increases maintenance and administrative costs and may even produce a negative effect on students' academic performance. The government has since committed to building more schools to end the double-track system, raising considerable funds toward the required infrastructure investment.

But there is an alternative solution that shows strong potential to generate important cost savings. Because there is surplus capacity in the private school sector, providing subsidies for children to attend private schools will reduce the need and urgency to construct new schools.

Resources are always limited; even more so at this time of global economic difficulties. Decision-makers need to be cautious when designing policies to ensure any investment made provides the highest possible return for every cedi spent of public funds.

Providing public subsidy to placement in private schools would thus generate a benefit 1.5 times higher than the original investment.

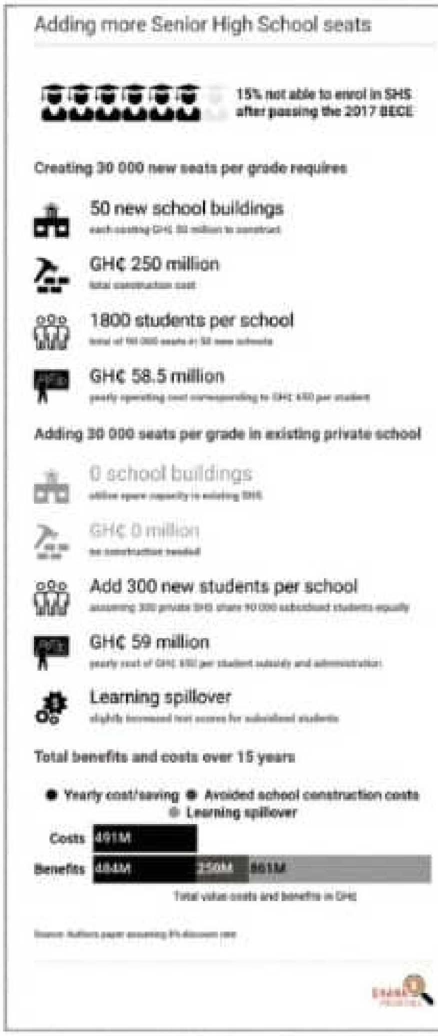
Ghana Priorities

Ghana Priorities, a research project between the National Development Planning Commission (NDPC) and award-winning think tank Copenhagen Consensus, set out to provide new data for this discussion.

The project had 28 teams of economists studying over 80 policy interventions over the last year across a wide variety of sectors, ranging from education to nutrition and disease prevention, toward finding the most cost-effective solutions for Ghana in terms of both its economic and social impacts.

Debate

Three researchers help inform us in the debate on expanding free SHS



education, Dr Festus Ebo Turkson and Dr Priscilla Twumasi Baffour of the Department of Economics, University of Ghana, together with Dr Brad Wong from Copenhagen Consensus. They estimate the costs and benefits of offering subsidies to those students who would enrol in private schools through the public placement system.

This involves helping families pay the cost of private secondary education with subsidies, with the target of enrolling 30,000 pupils per year. To keep costs down, the programme will only subsidise students who could not secure a spot through the public placement system which will require an annual transfer to parents of about GH¢60 million.

However, the investment in private schooling will alleviate the need to build 50 new public schools, saving the government GH¢250 million in infrastructure, as well as ongoing costs equal to GH¢60 million a year.

This intervention will thus transfer the operating costs of the schooling from the public to the private sector, while diverting the fixed costs of new school infrastructure to the future. The researchers calculated the total cost of implementation at nearly GH¢500 million over 15 years, and the benefits at over GH¢ 730 million.

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The potential learning benefits of this intervention will make the return on investment even more significant. Compared with the double-track system, public support may improve the quality of learning to all students enrolled in private schools, as these establishments could use the funds to support more teachers and better classroom inputs.

The researchers estimated the potential learning benefits in the form of test scores and future wages for the students to be significant as well, in the order of GH¢ 900 million. This will double the positive effect of the intervention, with every cedi spent on the initiative delivering over three cedis in social benefits.

Results

These results are of crucial importance to help bring down the cost of free SHS, while educating all qualified students and helping improve social mobility. Providing subsidies for pupils to attend private SHS is likely to be a better investment than the alternative of building schools alone, especially at the present time.

In the context of coronavirus and a global recession, the government is even more pressed than usual to use resources in the smartest way possible, making the savings of GH¢250 million in school infrastructure and improved education all the more substantial.

The writer is the President of the Copenhagen Consensus & Visiting Professor at Copenhagen Business School.