Improving Finance for Qatari Education Reform

Headquarters Campus
1776 Main Street
P.O. Box 2138
Santa Monica, California
90407-2138
TEL 310.393.0411
FAX 310.393.4818

In 2002, Qatar initiated several reforms for its K–12 schools. Among these were the conversion of some existing Ministry of Education schools to "Independent schools" that operate directly under the Supreme Education Council (SEC) and help encourage principles of autonomy, accountability, variety, and choice in education.

Qatari leaders and the SEC asked the RAND Corporation to analyze the progress of the new school system and to evaluate the finance system developed to support the reform. Among other questions, RAND researchers sought to answer

- How have financial resources in the reform been allocated over time in the reform as a whole and in the Independent schools?
- To what extent does the system of financial support for the reform meet the objectives of a strong school finance system?
- What analytic methods and tools will further the SEC's ability to monitor and modify financial flows to the reform?
- How can the finance system be improved?

To answer these questions, RAND researchers used, among other sources, financial data from each Independent school, administrative data, student-level data and test scores, and information about each student's parents and family life.

Key findings:

- **The new finance system for the Independent school reform appears to provide adequate funding but struggles to foster transparency and accommodate shifts in policy.**
- **Higher levels of expenditures are associated with higher levels of academic performance.**
- **Boys' and girls' schools have similar levels of resources and spending, but the shifting composition of teaching staff at each may upset this equitable balance.**
- **Choice has been only partially effective in improving accountability because of limited capacity at Independent schools.**

Effects of Spending to Date

Overall spending on Qatari K–12 education reform increased from 144 million Qatari riyals (QR) in 2003–2004 to QR 841 million in 2005–2006. (The Qatari riyal is pegged to a value of 0.275 U.S. dollars.) Within this total, spending on Independent schools increased from just under QR 200 million in 2004–2005 to QR 400 million in 2005–2006 as the number of such schools increased from 12 to 33. In addition to funding for Independent schools, education reform expenditures covered asset acquisition, contractual expenses, and the operation of institutes to oversee and evaluate the reforms. Many reform expenditures were accompanied by savings within the existing Ministry of Education system, but the researchers could not track these with available data.

Independent schools hesitated to spend all their funds in their initial years of operation and therefore carried surpluses of about 15 percent of revenues in their first year of operation and 10 percent in their second. Some of this hesitation may have stemmed from uncertainty regarding funding policies, an initial lack of experience in managing budgets, and lack of familiarity with the resources available to the schools.

To assess the adequacy of funding for Independent schools, RAND researchers sought to use a "successful schools" approach. This approach identifies high-performing schools and calculates average costs in these schools to determine adequate funding levels. RAND researchers found that higher test scores were associated with higher per-pupil spending, lower per-pupil surpluses, and lower pupil-teacher ratios in the primary-school level at 20 Independent schools. Nevertheless, for two reasons it was too early to determine whether reformed schools were receiving adequate funding. First, it was not possible to assert that top-performing schools were indeed "successful schools" because the SEC had not yet established school performance standards. Second, the small number of schools in the early years of the reform made it difficult to demonstrate a convincing causal link between resources and performance—a difficulty that might be resolved as the reform expands.

RAND researchers also compared resource use in boys' and girls' schools. They found that both had similar levels of resources and spending but that the apparent similarity masked significant difference in cost structures, particularly in the sex and nationality of Independent school teachers. In 2005–2006, male teachers had a monthly salary a little more than 1.5 times that of female ones, and Qatari teachers had a monthly salary a little less than 1.5 times that of non-Qatari ones. Given cultural conventions that, with the exception of primary-school boys, students must be taught by teachers of the same sex, boys' schools generally employ male teachers, who cost more, and offset these expenses by employing non-Qataris, who cost less. Maintaining funding equity between the boys' and girls' schools depends on maintaining a tenuous balance in labor force composition—one that could be upset by policies to increase the proportion of Qatari teachers, such as enforcing proposed "Qatarization" targets.

In addition to fiscal oversight, the SEC sought to implement parental choice to increase the accountability of schools. This has been only partially effective in providing incentives for Independent schools to raise achievement because capacity constraints make it difficult for them to accept new students. Without the incentive to attract students, the choice mechanism provides little incentive to raise performance.

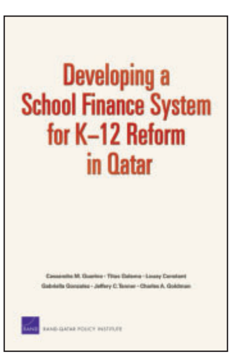
The SEC also seeks to increase transparency in data systems for monitoring and analysis. This has included a comprehensive set of financial reporting forms that schools are required to complete. RAND researchers found several areas of concern regarding these systems, including non-electronic data storage, inconsistent time periods for reporting that reduce comparability across schools, nonstandard categorizations of expenses, and a lack of unique staff identifiers. The lack of these standards made analytical work difficult in some areas. Implementation of a new electronic management information system could eventually alleviate these problems.

Finally, Qatari education reforms seek to balance stability, by establishing a predictable operating environment that allows operators to develop strategies for improving their schools, and to increase responsiveness by intervening and fine-tuning reforms as needed. RAND researchers found that the SEC emphasized responsiveness over stability. In emphasizing responsiveness, the SEC imposed numerous changes in financial policies, including capping some funds and expenses and changing regulations to meet national goals, such as Qatarization. As a result of these and other swift changes, the system lacked stability, making it difficult for Independent school operators to make long-term investments in quality or to spend their full per-pupil allotments.

Conclusions and Recommendations

The RAND assessment revealed several areas for improving the ability of the finance system to support reforms. Specifically, RAND researchers recommended

- continued analysis focusing on the practices at the most successful schools to determine levels of funding adequate to support educational excellence
- case studies, in addition to quantitative analyses, on the operations, teaching practices, and other characteristics of successful schools that contribute to high achievement at lower costs and otherwise improve school efficiency
- use of a flexible forecasting tool to maintain equity by assessing the effects of varying policies before implementation in different types of schools
- improvements in transparency through new information systems, including longitudinal tracking mechanisms and more uniform categorization of personnel and expenditures
- increases in school capacity to expand choice and strengthen accountability
- improvements in stability by slowing the pace of future policy changes, allowing school operators to assess long-term prospects and plan for multiyear investments in resources. ■



This research brief describes work done within RAND Education under the auspices of the RAND-Qatar Policy Institute and documented in *Developing a School Finance System for K–12 Reform in Qatar*, by Cassandra M. Guarino, Titus Galama, Louay Constant, Gabriella Gonzalez, Jeffery C. Tanner, and Charles A. Goldman, MG-839-QATAR, 136 pp, $25.00, ISBN: 978-0-8330-4655-0 (available at http://www.rand.org/pubs/monographs/MG839/). The RAND Corporation is a nonprofit research organization providing objective analysis and effective solutions that address the challenges facing the public and private sectors around the world. RAND's publications do not necessarily reflect the opinions of its research clients and sponsors. **RAND**® is a registered trademark.

RAND Offices
Santa Monica, CA • Washington, DC • Pittsburgh, PA • New Orleans, LA/Jackson, MS • Boston, MA • Doha, QA • Cambridge, UK • Brussels, BE