

Executive Summary

Private schools have been the subject of hot debates over the years in several countries, especially the ones which experience transitional periods of economical and democratic developments. Turkey is no exception. One of the major reasons why private education has difficulty to proceed in Turkey is the fact that public opinion strongly favors free access to education and that education should only and always stay as a public service. While there have been significant improvements in the digestion of private education especially in the last two decades, starting from the senior-level officials at the ministry who come from public education background, many decision-makers still have difficulty to consider private education as a replacement of public service and a serious method of lowering government spending by transferring some percentage of educational spending to private persons and families.

The existence of private institutions should be perceived from the stand point of choice and efficiency. Turkish private schools face a tightly centralized structure and intense interference from the ministry. The generally accepted wisdom in the senior level policy makers denies a decentralized philosophy and liberal climate for private institutions. This understanding is virtually fully reflected in the Private Instruction Institutions Act (PIIA) No.625 -which was ratified on June 8, 1965 and is believed to be a leading move in accepting private education as an institutionalized sector- regulates the opening, operating, and governing the private schools. The Act comprises of 51 articles and was amended seven times during its life, five of them by law and the remaining two by decree with the power of law. The modest amendments, made between November 7, 1971 and January 18, 1998, have not addressed the main issues and thus, have not been adequate in changing the spirit of law. All major parts of the law -academic, organizational, and financial regulations- carry a very traditional style in that the act itself calls for an identical legislation and set of regulations binding public schools. Needless to say, such philosophy is nothing more than an impediment in solving the daily and long-term problems of the schools, teachers, parents, and students. One-size-fits-all type of policy-making only serves for deeper centralization, not allows for any kind of modifications or improvements, and makes it even harder for private institutions to completely fulfill their potential of establishing more efficient managerial and academic organizations.

The academic parts of the law seem to be very basic because of the fact that the private schools are obliged to follow exactly the whole regulations of the public schools; therefore, mainly the bylaws regulate the academic principles. Many agree that the most challenged educational parts of the regulation are the curriculum, course selection, weekly hours, academic calendar, textbooks and supplemental books. As such, the content of the legislation is heavily criticized because of its restrictions on the organizational structure and financial issues. Whereas academic and organizational autonomy have remarkable impacts on the daily life of any educational institution regardless of its level, from the stand point of addressing the barriers to equality of educational opportunity, it is suggested that the foremost attention needs to be given in financial policies as these happen to be the major barriers in private school access and choice.

As the content of PIIA and its philosophy carry the characteristics of four decades earlier, the act is far away from embracing the needs of constituencies. Therefore, the

private sector has been heavily pushing for a comprehensive legislation particularly in the last decade. With the participation of roughly 120 education managers, educators, consultants and various NGOs' members, Turkish Private Schools Association -the largest and most respected professional organization across the country- prepared a from-the-scratch draft in 2000. The spirit of this draft was based on a more liberal understanding in founding and operating of the private schools. Major follow-up efforts and repeated calls were not enough in breaking the silence of the ministry despite the fact that the process of preparing the draft involved its senior officials from the Directorate of Private Instruction Institutions.

Two years later, another constituency -the Education Board of The Union of Chambers of Commerce, Industry, Maritime Trade and Commodity Exchanges of Turkey- prepared a similar draft mostly carrying the same mentality of the draft of Turkish Private Schools Association amid tensioned meetings among the representatives from the private sector and the ministry. Whole process until today was nothing more than the struggle between the demands of private sector and conservatist stance of highly centralized ministry in handling educational issues, academic and organizational decisions, and financial obligations.

The ministry recently announced that a new draft has been under way and can be ratified before the new academic year starts. Yet, the preparation of this draft has not been transparent and participatory as the educational parties are fully excluded from the process. The major difference in the new draft is its conciseness. The current law consists of 51 articles and includes a number of simple and unnecessary definitions for a law. In contrast, the new draft seems to be a general framework and is much shorter; it includes merely 14 articles and reduces the number of basic definitions of what is expected from private institutions, what and how they can do in order to create their institutional and educational environment. The spirit of the draft seems to be more liberal and leaves room for flexibility for the institutions. It does not interfere with the many daily decision-making activities and delegates a number of responsibilities to the local authorities.

Having said those, the draft maintains the nationally centralized academic structure, curriculum, books, and others. Private schools will still not have their own discretion to apply different curricula and to choose among the books which are not approved by the ministry. Same situation is valid for course selections, academic calendar, and admission procedure. The draft eases some organizational constraints such as the centralized permissions to open a private school and to employ a teacher. It abolishes the permission before newspaper announcements and/or advertisements but continues to keep the prohibition to have TV commercials. It maintains the contractual standardization (between the institution and the teacher) and also managerial structure in not allowing the schools to design their own. It continues to keep the impractical condition for the Board not to interfere in any of the educational practices and policies unless the founder himself/herself has a duty of principalship.

The new legislation on the agenda brings a number of structural changes in financial issues, which the educational parties firmly believe that be either vetoed by the President or be rejected by the Supreme Court mainly because of the political climate. For the first time ever in Turkish education history, the government opens a new page of a possibility -not a certainty, though- that it may provide a certain amount of subsidy for

private school students. The government also included another possibility in the draft that it may pay up to 50 percent of the interest incurred by the educational loans of the families. Finally, should the draft be ratified by the Parliament, private institutions will pay their utility bills on the same unit cost basis of public schools. Nevertheless, it completely excludes major issues such as investment incentives, corporate tax, social security payments for the retired faculty, taxation on family income, and value added tax as these substantial policies mostly are left to the discretion of either the Ministry of Finance or the Ministry of Labor.

Apart from such major financial issues which are welcome in a reluctant way by the two ministries, this paper includes a number of policy recommendations which are supported by compelling evidence in international context. The first one is the voucher plans which was first conceptualized by Milton Friedman in mid-1950s as a means to increase the quality of the schools, control the public educational spending with a target of privatizing of education services despite the fact that many states have been concerned only recently about the educational quality and lesser government budgets. Friedman proposed an entitlement (voucher) for each child which can be used at any institution, either public or private, and thus offered choice for families in participating schools. The second one is contracting for the delivery of education services and Education Management Organizations (EMOs) which basically favors contracting with the private sector for the delivery of educational services, professional services and the provision of educational infrastructure. The so-called 'contract schools' are known as the private sector organizations which deliver education services resulting from government contracts. The final policy recommendation includes supply-and demand-side incentives which include suggestions on new investment incentives, a different corporate tax climate for private education sector with lower tax brackets, value added tax (VAT), a new understanding in social security payments for the retired faculty members, and parental support with full tax deductions -the so-called educational tax credits-.

Private schools are a significant part of Turkish education system. Two different public surveys conducted by Turkish Private Schools Association and *Mülkiyeliler Birliği* (Ankara University School of Political Science Alumni Association) reveal that in terms of different criteria such as educational quality, laboratory and research facilities, faculty quality, administrative quality, and most of all, college placement, at least eight of the best ten high schools across the nation were private schools. Achievement measurements such as university entrance exam, high school entrance exam, and the standardized tests of the Ministry of National Education all end up with superior results for private school students. Yet, private schooling has a tiny share of roughly two percent of total school-age children. More Turkish families are willing to send their children in private institutions for a plausible reason: Better education. Nonetheless, they need direct or indirect support from the government as one of the main reasons limiting the number of students attending private schools in Turkey is the taxation and other financial policies both for the institutions and the families. Finally, it should make perfect sense for the government to subsidize these families in all possible ways since, apart from a social pay-off arising from a good education of the coming generations, a smaller student number that the public system needs to take care of would also mean a more favorable educational environment for public school students -be it reduced class-sizes, increased individual attention, or better instruction-.

Purpose and Structure

The purpose of this paper is to detail the Turkish private education system and its legislation by critically analyzing the current law and the new draft prepared within the bureaucratic channels of the ministry, and to offer policy recommendations as to what kind of amendments are expected in order to help the private education sector improve its competitive structure and increase its efficiency. The major points it will try to address will be the understanding of the current law and the new draft on the agenda which is a question mark in offering permanent solutions for the fundamental problems. The paper will also look for answers whether the centralized authority is ready to face the challenge of loosening its traditional control over the private institutions after being accustomed over the last four decades to interfere with virtually every single daily activity a private school has to perform.

The first part of the paper gives brief information about the private schools and their physical capacity in Turkey, forming a basis for the potential they supply to help public schools increase their quality by reducing the public system's load. In order to emphasize the importance and role of private schools, the next part lays out what private education offers different from public education by making use of statistical achievement measurements and examines why the existence of these institutions is meaningful. The following part provides information about private education legislation and the evolution of recent legislative process. The fourth part analyzes the current law, Private Instruction Institutions Act (PIIA) No.625, and the fifth part discloses the new draft on the agenda of the Turkish Parliament. The sixth and the last section offers policy recommendations for the new draft and discusses what else it could have included.

I. Private Education in Turkey

The unique structure of Turkish private education system brings a group of private institutions together under -with a *verbatim* translation- the Private Instruction Institutions Act (PIIA) which was passed in June 1965. The group of institutions consists of K-12 private schools -pre-school, primary school, and high school-, private tutoring centers, private driving schools (courses), and private vocational schools (courses). In Turkish terminology, the institutions where the mentally disabled and specific-care needing children enrolled are called Private Education Institutions; however, from here onwards and for the sake of simplicity, the Private Instruction Institutions' category will be called briefly as private education. Whereas the private education sector consists of different types of schools/courses as mentioned, the major focus throughout this paper will be on private K-12 schools.

The private schooling system, despite its tiny share of 2 percent of all students, is not negligible. The private schools have an approximate capacity of 500,000 students; nonetheless, they only have a matriculation of slightly more than half of this figure. According to the Ministry of National Education's data belonging 2004-2005 academic year, the total number of private pre-primary institutions was 567, primary schools was 676, and secondary schools was 650. The total numbers of enrollments, in the same order were 17,969, 172,348 and 71,253. As for the number of teachers, the numbers were 1,437, 18,003 and 8,972. With these figures, private institutions constituted roughly 4.1 percent of pre-primary students, 1.6 percent of primary students, and finally, 2.3

percent of secondary pupils. Overall, the total number of private school students was merely 1.9 percent of the pie.

II. What Private Education Offers

Two different public surveys conducted by Turkish Private Schools Association and *Mülkiyeliler Birliği* (Ankara University School of Political Science Alumni Association) reveal that in terms of different criteria such as educational quality, laboratory and research facilities, faculty quality, administrative quality, and most of all, college placement, at least eight of the best ten high schools across the nation were private schools. These institutions offer a better learning environment by providing smaller class sizes -mostly lower than 20 on average-, top-notch faculty members, high-quality social, cultural, and athletic infrastructure as well as the latest technological products serving educational purposes. Almost all of the Turkish private institutions provide a curriculum targeting to teach two foreign languages, many of them use international education models such as Montessori, and a group of schools are authorized by the International Baccalaureate (IB) Organization to offer the Diploma Program while a number of institutions have been members of European Council of International Schools (ECIS); thus, are -in a way- accredited by international organizations in their academic, educational, and social quality.

A. Achievement Measurement-I: University Entrance Exam

Since 1974 when the college placement system was organized in a centralized structure and the university entrance became possible only after being successful in a nation-wide exam, virtually all parents and students have started to follow the academic success of high schools by their university placement statistics. This exam is conducted by a public institution, Student Selection and Placement Center (ÖSYM), and every year schools are listed in their categories, such as classical high schools and anatolian high schools (the highly demanded schools teaching Math and Science in English, German, or French). The achievement levels in terms of college placement for public and private schools between 2000 and 2004 are as follows:

Table 1. The comparison of private and public schools in university entrance exam between 2000-2004.

School Type	Number of Test-Takers	Number of Students Placed in College	Achievement (%)
Public Schools (classical)	1,052,592	101,491	9,64
Private Schools (classical)	18,512	10,527	56,87
Public Anatolian High Schools	248,840	129,627	52,09
Private Anatolian High Schools	58,766	36,574	62,24

Source: Student Selection and Placement Center (cited from Turkish Private Schools Association's web site, www.ozokbir.org).

B. Achievement Measurement-II: High School Entrance Exam

On the other hand, another major achievement criterion is nation-wide High School Entrance Exam (OKS) which is similar to university entrance exam except the fact that it is administered by the Ministry of National Education. The aim of the exam is to select the students who are willing to take high-level academic challenge during their high school years.

The Ministry's data for İzmir, the third largest city in Turkey, provides a striking example for the case of private schools, which is no different from the generic view of private schools in the country. Next to the total number of schools in İzmir, the number of private schools is given in parentheses. Both the number of schools and the number of private schools participating in high school entrance exam can change slightly from year to year.

Table 2. High School Entrance Exam (OKS) results in İzmir.

Year	Total Number of Schools	Number of Private Schools in Top 10	Number of Private Schools in Top 20
2003	598 (30)	10	17
2004	614 (31)	10	18
2005	645 (33)	10	20

Source: Ministry of National Education, General Directorate of Education Technology, Ankara.

C. Achievement Measurement-III: Standardized Tests of Ministry of National Education

The final achievement measurement is the standardized tests of the Ministry of National Education, most of which have been conducted on a province base. Therefore, this part of the paper could only lay out one particular city, İzmir, as in the case of OKS. Similar to OKS, the standardized exams by the Directorate of National Education in İzmir provide how competitive the private schools are in the region based on the academic listings of schools. Tables 3 and 4 reveal the results of the standardized exams conducted on January 6, 2003 among the 6th and 7th grade students, and on December 29, 2004 among the 6th, 7th and 8th grade students,. Again, the number of private schools is given in parentheses next to the total number of schools.

Table 3. The standardized exam results in İzmir on January 6, 2003.

Grade Level	Total Number of Schools	Number of Private Schools in Top 10	Number of Private Schools in Top 20
6	620 (30)	9	17
7	591 (30)	8	16

Source: The Directorate of National Education, İzmir.

Table 4. The standardized exam results in İzmir on December 29, 2004.

Grade Level	Total Number of Schools	Number of Private Schools in Top 10	Number of Private Schools in Top 20
6	650 (29)	10	16
7	648 (30)	8	16
8	644 (28)	10	19

Source: The Directorate of National Education, İzmir.

III. Private Education Legislation and a Brief History on Legislative Process

The issue of private education has been a hot debate especially in the last two decades when the government of mid-1980s decided to bring a more liberalized understanding in education with the belief that apart from the public system, third persons can also provide a quality education and lighten the heavy load of the Ministry of National Education by employing teachers and staff in private sector and add value to the economic system which would require a significant starting investment. This initiative triggered a major boom in the private education sector and in this two-decade period, dozens of private schools have been founded, mainly by two types of education investors: Former teachers/education managers mainly coming from public service, and other entrepreneurs having a deep sympathy in education. Mainly because of the need of a remarkable starting investment, many entrepreneurs either needed significant bank loans and/or formed large groups of founders to afford the enterprise and reduce the risk.

Not surprisingly, the content of PIIA and its philosophy carry the characteristics of four decades earlier and the act is far away from embracing the needs of institutions, educators, parents, and students. Its main characteristics can be summarized as tight, highly centralized, and bureaucratic leaving almost no space for the constituencies in their demands for a more efficient private education system. Therefore, the private sector has been heavily pushing for a comprehensive legislation particularly in the last decade.

With the participation of roughly 120 education managers, educators, consultants and various NGOs' members, Turkish Private Schools Association -the largest and most respected professional organization across the country- prepared a from-the-scratch draft in 2000. The spirit of this draft was based on a more liberal understanding in founding and operating of the private schools. Major follow-up efforts and repeated calls were not enough in breaking the silence of the ministry despite the fact that the process of preparing the draft involved its senior officials from the Directorate of Private Instruction Institutions.

Two years later, another constituency -the Education Board of The Union of Chambers of Commerce, Industry, Maritime Trade and Commodity Exchanges of Turkey- prepared a similar draft mostly carrying the same mentality of the draft of Turkish Private Schools Association amid tensioned meetings among the representatives from the private sector and the ministry. Whole process until today was nothing more than the struggle between the demands of private sector and conservatist stance of highly centralized ministry in handling educational issues, academic and organizational decisions, and financial obligations.

The ministry recently announced that a new draft has been under way and can be ratified before the new academic year starts. Yet, the preparation of this draft has not

been transparent and participatory as the educational parties are fully excluded from the process.

IV. Current Law: Private Instruction Institutions Act (PIIA) No.625

The Private Instruction Institutions Act (PIIA) No.625 which was ratified on June 8, 1965 was a leading move in accepting private education as an institutionalized sector. The Act comprises of 51 articles and was amended seven times during its life, five of them by law and the remaining two by decree with the power of law. The modest amendments -made between November 7, 1971 and January 18, 1998- have not addressed the main issues and thus, have not been adequate in changing the spirit of law. Apart from the general purposes and descriptions, the content of the Act can be considered to have three major parts: Academic, organizational, and financial regulations. This section of the paper will detail the understanding of the ministry in these sub areas and try to lay out whether such philosophy is helpful in solving the daily and long-term problems of the constituencies.

A. Academic Regulations of Act No.625

Surprisingly for many outsiders, the academic parts of the law seem to be very basic because of the fact that the private schools are obliged to follow exactly the whole regulations of the public schools. Therefore, mainly the bylaws regulate the academic principles, and the centralized system enforces the same rules for private institutions as well. Maybe the most challenged educational parts of the regulation are the curriculum, course selection, weekly hours, academic calendar, textbooks and supplemental books.

One of the main debates surrounding the educational issues is curriculum. The current system is very simple in primary level with a standard school type whereas the secondary level gets a bit complicated. The latter has 70+ different types of institutions, changing from science high schools to anatolian high schools, from teacher high schools to vocational high schools and so on. Nonetheless, primary schools and -no matter what type of secondary school the institution has- all types of secondary schools have national curricula thoroughly prepared and enforced by the ministry. Related with this issue, every type of school has predetermined number of course hours per week. This policy reduces the flexibility of private institutions in terms of aiming to create a comparative advantage in a specific subject area and leaves them no room for increasing/decreasing the weekly hours of courses depending on the needs of the students. Besides, the weekly program of 35+ hours in almost each and every type of secondary school is perceived as an overload for many students as they also need to spend time on extracurricular activities and clubs in order to develop themselves on the social part of the educational spectrum.

Since the curriculum is nationally centralized and is not allowed to be modified at the discretion of the institution, private institutions are unable to clean off the inessential parts of any course's content even if the teachers or the students have deep complaints. The need of revising the content, hence, can be ignored for a long time and the students may have to live with the outmoded content-based knowledge. Curricular conservatism also relates to the failure of adjusting to changing learning methods as the amount of knowledge given at each level of grade mostly exceeds the need of the students, which becomes an impediment against active learning. The traditional instruction-based

teaching method is mainly arisen because this fact and the role of the teacher is limited to a transmitter of the knowledge rather than a guide in the self-learning process of the student. Recently, the ministry has started a new project of changing both primary and secondary schools curricula which is perceived as a major turn-around from traditional learning methods to interactive learning; however, much is needed to be done in terms of training some 600,000 teachers across the country. While the scientific and intellectual infrastructure of many private schools had been sufficient in changing the content and teaching methods, these institutions, their faculty and students continued to suffer from the old conventional school of thought.

The centralized curriculum structure also has impacts on course selection. The institutions which feel that including additional courses that can be useful for their youngsters in understanding today's world face a tremendous bureaucracy. Even if they manage to overcome this tough barrier, they can only include these courses as electives since the major skeleton of the curriculum cannot be changed. Thus, from the stand point of course choice, the students have almost no alternatives even if they prefer to enroll in a private school. While it is controversial, mainly because of this centralized structure, it has become a motto for many students and parents to accuse the system of raising "single-type individuals."

While not restrictive as tight as curriculum and course selection, private institutions still have limited power on deciding course books. The ministry recently made a slight change in allowing the schools choose among the supplemental books of their choice; yet, the teacher has no complete authority of his/her course book preference as the selection has to be done among the publications permitted by the ministry roughly two months before the start of the academic year. As a general rule, the publications are approved following a considerable process within the bureaucratic channels of the ministry and their approval is valid for a predetermined time period. By the end of this period, if the permit is not extended, the teacher does not have a chance to announce this publication as the main textbook of the course and can only choose it as a supplemental.

The issue of deciding on the academic calendar is no exception in terms of institutional flexibility. The current national calendar typically runs from the second Monday of September through the second Friday of June. There is a winter break of two weeks in between as a rest period and apart from national holidays changing from a day to four days, there are no stops during the calendar. The law lays out that private institutions can implement an academic calendar of their choice as long as the revision should be approved by the ministry. Nevertheless, in practice, only very few schools - either the foreign private schools or the ones which have close ties with the senior executives in the ministry- are granted exceptions to implement different calendars, such as a trimester or a quarter system¹. The current two-semester calendar is tiring and not keeping the schools open as much as European or developed countries' schools. In general, the regulation aims to have a 180-day school year while the practical implementation changes from 170 to 175 days. In other words, Turkish children stay at home more than they go to school, and private institutions are no exception in facing this deficiency.

Opening summer schools or additional academic courses during the holiday times is also subject to permission. The program of the course work or summer school has to be submitted to the local authorities along with details on the purposes, who will be

teaching, what the curriculum will be, where and during which dates the program will take place. Whereas this is a fairly easy process to handle, it is important in terms of reflecting the general stance of the centralized authority.

Last but not least, Act No.625 also draws the limits as to how private institutions admit their students. It describes the process with its bylaw which offers three alternatives in admitting future students. The first one is the non-selective alternative and basically lets the institutions to admit the students on a first-come first-serve basis. The second asks for a pre-registration process and states that should the number of students who are willing to enroll exceed the available slots, the ones with earlier dates of pre-registration would have priority. The final alternative is for the most-selective institutions which allows for an oral or written school entrance exam and gives the institutions the right to set an academic standard (in written exam) to choose among the applicants. As it can be seen from the permitted procedures, except from the third way of admittance, the institutions are not able to establish their own ways of student selection. Even the entrance exam is not perceived by the education managers and educators as the most right way to assess the individual skills. Lack of an interview, personal essays, extracurricular activities, community services, and former GPA during the procedure cause the schools only to evaluate the individual on an exam basis, which is clearly not the optimum way of measuring achievement and social skills.

B. Organizational Regulations of Act No.625

Arguably, the mostly challenged content of the law arises from its restrictions on the organizational structure and financial issues, which will be covered in the next section. From the official permissions need to be taken before opening a school to institutional decisions for physical locations, from employment of teachers and contract regulations to newspaper announcements and/or advertisements, the law interferes with almost every single daily activity an institution performs.

The initial step of facing bureaucratic procedure starts when the willingly entrepreneurs need to obtain a “permission to open a private school.” While the major parts of this process have a common sense, the law includes a hard-to-define clause that searches for a prerequisite that the founder(s) of the institution should not have an “ethically notorious reputation”. Interestingly, no government agency in the country could define such a clause and is able to grant an official document declaring this situation². The whole process can last for many months before the local agencies of a number of ministries conclude that the physical facilities are adequate in embracing the needs of the students and a quota from the Ministry of National Education is given to the school as to how many students the institution is allowed to matriculate for each and every single classroom. One major problem with the law that it prohibits to open a private institution in a location where the school would be closer than 100 meters (slightly more than 325 feet) from electronic game centers or liquor shops or supermarkets selling alcoholic beverages. For urban private schools, this clause can be the sole reason for not obtaining a permission from the ministry. Following the permission to open a school, the Act No.625 asks for a “permission to start the instruction.” It is also strict that the latter should be obtained within the next three years of the former permission; otherwise, initial permit would also be cancelled.

One of the leading restrictions of the law can be seen in its philosophy of employing teachers. A private school is required to get the ministry's approval to employ an educator for the first time. Nevertheless, it remains a question mark as to why it is needed to extend the permission every year from the local authorities. As if this step is not interesting enough, the ministry requires getting permission for teachers who have worked in public schools for many years before retiring and crossing to private sector. In short, the government gives permission to those educators who have already exercised their profession in government schools. Most of all, some teachers who were employed in public schools may not be allowed to work in private schools since the changing bylaws bring new regulations for teacher certification. However, the public school teacher's rights are protected since the spirit of the legislative system respects the previously gained rights by not allowing the changes to function through the past.

The contracts between the private schools and their teachers are standardized by the law. The content of the contracts is predetermined by the ministry and the institutions can only have additional clauses at the end. This is also one of the most inefficient parts of the legislation in that the schools submit one copy of the contracts to the ministry in order to get permission to employ these educators; however, the procedure may take so much time, in many cases even after the school year starts. Yet, some schools may have to hire teachers just before the academic year and that means even longer delays in approvals. Practically, the delays in ministry approval frequently make the case even worse because ministry officials may want from the institutions to change the starting date of the contract to the date of approval. Not only is this demand unjust, but also it conflicts with the original date of the start of employment within the process of Social Security Administration, the government agency which had previously been informed by the institution as a result of Social Security Act. After all, the most significant objection is that an institution and a teacher should be allowed to make a contract of their will.

Several private schools include two types of school level; primary school and high school. Therefore, these institutions are known to be K-12 schools. The Act No.625 regulates the administrative structure of schools and asks for one principal for each school type, namely one principal for primary school and one principal for high school. Whereas this might seem to be relevant in terms of division of labor, in many cases it causes management inefficiency not to manage the whole institution with one principal. Most of the teachers in such schools teach at both levels in courses like Turkish, Mathematics, History, and English. It is not rare for teachers to be confused because of this administrative style and they experience difficulties as to which directorate of the school they have to inquire for their questions, asking permission for certain activities (especially for the ones which bring primary school and high school students together, such as concerts, theater plays, etc.) Similarly the buildings, libraries, sports facilities, laboratories, auditoriums, and dining halls all serve to primary and high school students together; nonetheless, it becomes time-consuming and inefficient for two directorates to arrange one school policy throughout the institution.

The law explicitly emphasizes that the founders of the schools cannot interfere in any of the educational practices and policies unless they have a duty of principalship. This clause is not practicable at all for a number of reasons: The first one is that virtually all of the founders are education sympathizers and have a great interest in improving the educational quality of their institutions. Had such an understanding been applied to

American schools, then the communities would have been completely excluded from their area's educational improvement. Second, it is not logical by any means to suggest a school's board of directors to be out of the educational policies and not to interfere with educational decision-making processes. Finally, it remains vague to describe what is included in "educational practices and policies" as the whole activities in a school is somewhat related to education; for instance, teacher employment, which is a process that a president of an institution cannot be counted out for good reason.

Private schools have to provide one copy of their future newspaper announcements and/or advertisements to their city's directorate of national education 15 days ahead of the publication date. The law binds the institutions that their announcements or advertisements can only be informative, and the city directorate is the ultimate authority to decide whether their announcements or advertisements conform the legislation. It also prohibits private schools to have TV commercials.

C. Financial Regulations of Act No.625

Private Instruction Institutions Act has been criticized to having caused different barriers both for institutions and families. Despite the fact that the existence of private schools is a means for government to reduce the public system's educational and financial load, these institutions and their parents face serious financial burdens. The following provides a brief outline about the financial problems of private schooling in Turkey.

1. Supply-Side Financial Barriers

a. Investment Incentives and Corporate Tax

Education sector, in its nature, has a need for substantial starting expenses and physical infrastructure aside from the necessity for continuous spending in technology and research facilities in order to stay competitive and to offer quality education services. On the other hand, the fierce competition and non-growing population in private schools force these institutions to break even in their income statements. As a generally accepted view based on Turkish school managers' experiences, a private school needs between 8 to 20 years before declaring an added financial value. When it is taken into consideration that most of the private schools in Turkey have a history of less than 20 years, it could easily be seen that there are still numerous institutions being so far away from financial gains. This view, however, has not changed the position of financial policy makers in the Ministry of Finance about even thinking the possibility of lowering corporate tax bracket for private institutions which seriously suffer capital losses due to inflation over the years.

While the Turkish governments have been very generous in providing investment incentives to major sectors such as exporting, automobile industry, textiles, and financial services, private schooling still needs to catch the attention of policy makers in their role of educating the citizens of the country. Until only last year, these institutions paid a 19.8 percent stoppage tax calculated on the basis of physical investment facilities, discouraging many institutions to undertake new investments.

b. Social Security System for the Retired Faculty

Since the retirement age from the public schools used to be 38 for female teachers and 43 for male teachers for many years until recently, almost all of the private schools currently employ young-age retired faculty members who are experienced and at the most mature years of their profession. On the other hand, prevailing social security system in Turkey requires all private institutions to pay a so-called “social security support premium” for the retired faculty coming from public schools. Paradoxically, the salaries of those educators were already deducted a social security premium for 20 years or more before they had retired to work elsewhere. Currently, the amount which has to be paid by the private schools to Social Security Administration is 30 percent of the gross salary of the retired faculty.

c. Utility Payments

Until last year, compared with public schools, private institutions were paying their utility bills on the basis of a different and more expensive price list since their unit costs were calculated in a separate format. Whereas utility payments seem to make slight differences on the cost management side, paying almost double for these services compared with public schools causes the tuition level of private institutions to rise even more (Eraslan, 2004).

2. Demand-Side Financial Barriers

a. Taxation on Family Income and Lack of Government Support

While so low as a percentage, a number of Turkish families prefer to forego their right of sending their children to public schools on the basis of higher quality expectations from private institutions. Despite the fact that their tax contribution to the government budget has not been used in their children’s educational needs, these families are given the chance of deducting their private school payments from their income tax only by a very little percentage. In fact, the Ministry of Finance decided only recently to increase this deduction level to 15 percent of cumulative family earnings, and yet this amount is far away from average tuition levels. As of 2005-2006 academic year, the private schools’ average tuitions in İzmir excluding VAT are 6,414 TL (\$4,751) in lower school, 7,059 TL (\$5,229) in middle school, and 7,384 TL (\$5,469) in high school with an approximate TL/\$ exchange rate of 1.35 (Eraslan, 2005).

In order to fully deduct private education payments from their income, private school parents need to earn 42,760 YTL (\$31,674) for their lower school children, 47,060 YTL (\$34,859) for their middle school children, and 49,227 YTL (\$36,464) for their high school children. These figures are impractical for the majority of Turkish families, the middle-class in particular, given that Gross National Product per capita by the end of 2005 slightly exceeded -all-time high of- \$5,000. The fact that other expenses such as tuition VAT, nutrition, transportation, uniforms, relatively more expensive foreign language books in private schools, and stationery even raise the expenditures more for the parents.

b. Value Added Tax (VAT)

Currently Turkish families have been paying 8 percent VAT for their children's education in private schools. When approached from the private schools that this sector gives a unique service for the society and produces public good, the Ministry of Finance brings a counter argument that the VAT level is already so low as opposed to other goods and services; nonetheless, mainly in the food industry, there are various products which have VAT as low as 1 percent.

D. Final Word About Act No.625

Act No.625 was prepared within the democratic, social, and educational conditions of Turkey in the 1960s. It is highly centralized, does not address educational quality in private schools which can play a role of being efficient schools and models for public schools. This issue should be given a top priority policy over many others since any increase in the private schooling returns back as a benefit to the ministry and public institutions. This legislation has almost no strengths other than recognizing private schools as an alternative for providing quality education to Turkish children. The question that whether education is a public or private good remains as undecided; however, given the fact that private schooling has been improving in many developing and even former-socialist countries in terms of its share of the total population, Turkish system desperately needs a revised legislation in defining the capabilities, roles, and responsibilities of private schools. I suggest that such a step can be initiated with a new law giving strong signals to the private persons that their efforts in adding value to the whole system would be welcome by the ministry and they would have the opportunity to design their own management structure, bring new methods as alternative ways of teaching and learning to the existing ones, and operate within a liberal and plausibly autonomous educational atmosphere.

V. The New Draft on the Agenda of the Parliament

The major difference in the new draft is its conciseness. The current law consists of 51 articles and includes a number of simple and unnecessary definitions for a law. In contrast, the new draft seems to be a general framework and is much shorter; it includes merely 14 articles and reduces the number of basic definitions of what is expected from private institutions, what and how they can do in order to create their institutional and educational environment. The spirit of the draft seems to be more liberal and leaves room for flexibility for the institutions. It does not interfere with the many daily decision-making activities and delegates a number of responsibilities to the local authorities.

Having said those, the draft maintains the nationally centralized academic structure, curriculum, books, and others. Private schools will still not have their own discretion to apply different curricula and to choose among the books which are not approved by the ministry. Same situation is valid for course selections, academic calendar, and admission procedure. The draft eases some organizational constraints such as the centralized permissions to open a private school and to employ a teacher. It abolishes the permission before newspaper announcements and/or advertisements but continues to keep the prohibition to have TV commercials. It maintains the contractual standardization (between the institution and the teacher) and also managerial structure in

not allowing the schools to design their own. It continues to keep the impractical condition for the Board of the school not to interfere in any of the educational practices and policies unless the founder himself/herself has a duty of principalship.

The new legislation on the agenda brings a number of structural changes in financial issues, which the educational parties firmly believe that be either vetoed by the President or be rejected by the Supreme Court mainly because of the political climate. For the first time ever in Turkish education history, the government opens a new page of a possibility -not a certainty, though- that it may provide a certain amount of subsidy for private school students. The government also included another possibility in the draft that it may pay up to 50 percent of the interest incurred by the educational loans of the families. Finally, should the draft be ratified by the Parliament, private institutions will pay their utility bills on the same unit cost basis of public schools. Nevertheless, it completely excludes major issues such as investment incentives, corporate tax, social security payments for the retired faculty, taxation on family income, and value added tax as these substantial policies mostly are left to the discretion of either the Ministry of Finance or the Ministry of Labor.

VI. Policy Recommendations: What Else Could the New Draft Have Included?

Academic and organizational regulations of Act No.625 include several deficiencies in drawing a liberal and decentralized organizational structure for private institutions. The fact that the private schools are forced to comply with the same rules binding public school administrators is an impediment for the former in increasing its flexibility of decision-making. However, the need for academic and organizational autonomy relates mainly to the efficiency of the institutions. Moreover, an academic or organizational amelioration can be regulated thanks to the bylaws. On the other hand, the foremost barrier in front of private school access is the financial burdens both for the institutions and the families. Yet, an improvement in financial regulation -in almost all cases- needs to be fulfilled by a law. Therefore, major attention needs to be given to financial sections of the new draft.

Since this section will include policy recommendations on the basis of invigoration of private schooling, there is a need to digest the existence of private schools and understand their role in education systems. Jimenez, Lockheed, and Paqueo (1991) state that since the school managers feel more responsive to the needs of students and parents, private schools increase efficiency aside from revenue mobilization. The authors provide evidence from the case studies which compare private and public secondary education in Colombia, the Dominican Republic, the Philippines, Tanzania, and Thailand, where private school students generally outperform public school students on standardized math and language tests. The findings of these studies remain the same even after holding constant for the fact that “private school students in these countries come from more advantaged backgrounds than their public school counterparts.” (p. 205) Besides, the introductory findings show that private schools’ unit costs are lower than those of public institutions.

James (1989), on the other hand, describes the potential advantages of private service provision under three headings. One is that private education allows some reliance on voluntary payments and reduces the necessary amount of taxation. The second is that diverse organizations are better able than government to offer a

heterogeneous product mix and therefore supply separate choices about other services. And the last one is that, similar to Jimenez, Lockheed, and Paqueo's argument, privatization has an advantage of lower costs because of avoiding constraints on factor utilization, wage floors and bureaucratic red tape keeping the public costs high. In short, the research evidence concludes that governments need to reconsider policies controlling the participation of private sector in education systems.

A. Voucher Plans

The first recommendation calls for the Turkish government to pay, at least, the equal of public spending-per-pupil amount to the willing families should they favor a choice of a private school. The new draft includes a possibility that the government may pay a certain amount of subsidy for private school students; however, the indicated amount is so small that it can only subsidize a very little portion of the tuition and is far away from public spending-per-pupil amount. Evidence for such a policy can be seen in the case of Netherlands, where each family gets a voucher equivalent to the per capita cost in the local public school which must be spent on education (James, 1989). The issue of national voucher plans has been discussed in the last couple of years in Turkish private education sector as a means of offering an alternative for families to send their children to the school of their choice. Whilst the new move from the side of government can be seen as a progress, it still remains as a possibility, rather than a concrete voucher plan which can offer a way of increasing public schools' quality while lowering public spending. While West (1997, cited in Carnoy) finds vouchers to be appealing since they aim to increase competition among private and public institutions by driving down the cost without sacrificing from quality, Turkish authorities find the privatization of education too much for the politicians and the public to accept, as in the case of British government in the early 1980s (Chitty, 1989, cited in Psacharopoulos). The main reason has been the political perception that education is nothing more than a public service and it is yet to be seen too early for the central authority to provide public grants to private institutions in the form of voucher plans.

According to Carnoy (1998), the famous economist Milton Friedman first conceptualized the vouchers in mid-1950s as a means to increase the quality of the schools, control the public educational spending with a target of privatizing of education services despite the fact that many states have been concerned only recently about the educational quality and lesser government budgets. Friedman proposed an entitlement (voucher) for each child which can be used at any institution, either public or private, and thus offered choice for families in participating schools.

Before the quality issue could be discussed in Turkish public schools, the system first needs to overcome the challenge of responding to the schooling needs of increasing population. It would not be an overstatement of saying that the quality in public schools has been out of reach because of the public schools' dominating enrollment of 98.1 percent of total enrollment. The overwhelming role of public schools leaves the Turkish system with no other choice of bringing in the supply of private education in order to reduce the public's share and to use government spending to serve the quality expectations of the society. The research evidence provides a plausible case from Chile, where the voucher plan of 1981 caused a "flight from public education." (Carnoy, 335)

A voucher is no panacea by any means. The effects of voucher plans may change depending on the public's position and voucher reforms may end up with different outcomes. Nonetheless, research evidence provides persuasive outcomes, as in the case of Wisconsin voucher plan. The study of Witte, Thorn, and Prichard (1996, cited in Carnoy) acknowledges that in Milwaukee, the voucher plan for low-income elementary school pupils ended up with higher satisfaction of parents and students. In other words, evidence suggests that parents using vouchers with a choice of moving their children from a public school to a private one feels better off (Carnoy, 1998).

Another study of Angrist, Bettinger, Bloom, King, and Kremer (2001) gives a more striking example from Colombia where one of the largest school voucher programs, the *Programa de Ampliación de Cobertura de la Educación Secundaria* (PACES), provided over 125,000 pupils with vouchers covering more than half the cost of private secondary school. The PACES program's effects are reliable in the sense that many vouchers were assigned by lottery. The findings of the study suggest that lottery winners ended up with higher educational attainment, mainly because of reduced grade repetition, they received higher test scores, and they had a lower probability of teen cohabitation or employment. Most of all, PACES vouchers had a stronger impact on girls' education compared with the education of boys.

PACES vouchers had significant impacts on the outcomes. The lottery winners were most likely to attend private schools, which may be better than the public institutions, and since the vouchers could be renewed depending on satisfactory academic performance of the students, lottery winners had to devote more effort to school. According to the authors, demand-side programs like PACES can provide a cost-effective way to increase educational attainment besides academic achievement, at least in countries like Colombia where there is a weak infrastructure in public system and well-developed private education sector, very similar to Turkish context.

B. Contracting for the Delivery of Education Services and Education Management Organizations (EMOs)

The second recommendation I would suggest, similar to the case of voucher plans, has been an unfamiliar policy for Turkish education system so far. This is simply contracting with the private sector for the delivery of educational services, professional services and the provision of educational infrastructure which may not find many proponents from the ministry because of the heavily centralized structure of Turkish system today. The so-called 'contract schools' are known as the private sector organizations which deliver education services resulting from government contracts. According to Taylor (2003, p. 158) "contracting can be defined as a purchasing mechanism used to acquire a specified service, of a defined quantity and quality, at an agreed-on price, from a specific provider, for a specified period." (cited in LaRocque 2005). From the educational view, "contracting involves a government agency entering into an agreement with a private provider to procure a service or a bundle of education services in exchange for regular payments." (LaRocque, p. 2)

Contracting offers various benefits such as improving the quality of spending on the basis of efficiency, allowing governments to bypass inflexible salary scales and civil service restrictions, and increasing transparency of government spending (LaRocque, 2005) whereas it also has a number of shortcomings such as its expensiveness compared

to traditional procurement methods and its potential of causing corruption apart from the probability of loss of government accountability and control (Savas, 2000, cited in LaRocque). Three contracting types could be suggested for the delivery of education services in Turkey:

- **Management Contracts:** In this model, a private educational provider replaces the public service by using the government infrastructure whereas the staff is still employed by the public. The Contract Schools in the US can be exemplified as international samples in this model (LaRocque, 2005).
- **Operational Contracts:** Such contracts are similar to management contracts with the only exception of employment of staff by the private provider. According to LaRocque (2005), *Colegios en Concesión* (Concession Schools) in Bogotá, Colombia, and *Fe y Alegría* education in Latin America and Spain can be offered as international examples.
- **Service Delivery Contracts:** This type of contracting has also similarities with management and operational contracts except the fact that the educational services are delivered in privately owned facilities. In global perspective, LaRocque (2005) exemplifies government sponsorship of students in private schools in Côte d'Ivoire, alternative education in New Zealand, and educational service contracting in Philippines.

Higher efficiency and lower unit costs in private schools raises another policy recommendation of private management of public schools. In this model, an Education Management Organization (EMO) gets involved in a direct contracting of a public school. Lawton (2004, p.5) describes EMOs as “management companies employed by governing boards of districts or charter schools to manage one or more aspects of school operations” and points out that their services can change from technical assistance to accounting and information systems, from curriculum design and tutoring to assistance with hiring educational managers and teachers. Charter schools in USA can be presented as a case of private management of public schools. According to LaRocque (2005), in 2004-2005, there were 535 public schools being managed by 59 EMOs in 24 states and the District of Columbia in United States. The number of schools under private management has increased nearly four times from the figure in 1998-1999 and the number of students increased by some 40,000 from 2003-2004 to become 240,000 in 2004-2005 (Molnar et al, 2005, cited in LaRocque). On the other hand, Colombian example of *Colegios en Concesión* which were developed in the late 1990s and began operating in 2000 also provide similar trends, with 25 schools serving over 26,000 students are expected to grow to 45,000 students in 51 schools -5 percent of public school coverage in Bogotá-. The fact that both the number of schools and students have been increasing sharply in two different country contexts gives a signal about the effectiveness of EMOs and their roles, and why such a model should be considered without political and psychological prejudices.

C. Supply-and Demand-Side Incentives

One of the major reasons limiting the number of students attending private schools in Turkey is the taxation and other financial policy burdens both for institutions and families. From the perspective of the institutions, the major policy recommendations would be to create new investment incentives, a different corporate tax climate for private

education sector with lower tax brackets, and a new understanding in social security payments for the retired faculty members.

One major incentive is the exemption of the newly founded institutions from corporate tax for a certain number of years. Recently, the formerly abolished incentive which gives the new schools to be exempt from corporate tax for five years following their establishment has been restarted. Nevertheless, the policy seems to be very impractical because of the fact that education, as a sector with remarkable starting expenses coupled with fierce competition, needs more than five years so that a newly established institution can announce a gain in its income statement. Therefore, there is a need to extend the exemption period of corporate tax in order to encourage private school investments, in developing regions of the country in particular.

Another corporate tax incentive to be suggested is the tax bracket from which the private schools pay their corporate taxes. Currently, the corporate tax is 33 percent for all the sectors and the government has been working a reduction; however, education sector -with its long-haul horizon- deserves to be treated in a different format from the manufacturing industry and other services. The Minister of National Education declared very recently before the public that the total tax amount 1,700 private schools paid last financial year was slightly more than a mere \$20 million, which is a very insignificant revenue for consolidated national budget. With a public spending per student of more than \$1,000 (excluding the physical investments such as building new schools) according to the minister's personal declaration made just before the end of 2005, the private schools help the ministry to get rid of a budget load by around \$300 million with approximately 265,000 students (Ministry of National Education, 2005). While the complete abolishment of corporate tax in private schooling causes a little revenue loss for the government, each student enrolled in private schools helps the ministry to allocate another \$1,000 for public school pupils. On the other hand, such an abolishment could result in -as high as- a 12 percent lower tuition level for an average private school with 900 matriculated students (Eraslan, 2004), which in turn may boost the private school enrollments. In short, corporate tax reductions would clearly end up with win-win repercussions both for private schools and the public system.

As for the social security payments of the retired faculty, Turkish private schools have been paying a 30 percent of the gross salary of each retired teacher to the social security system according to the Act 4956 ratified in 2003. Since the retired faculty were already deducted a social security premium from their salaries for at least 20 years before they have started to work in private schools, social security support premium is only contributing to higher tuition levels in these institutions. As of April 2004, a mid-size private school with 900 pupils and 150 faculty members and staff with a retired employee population of 40% has to pay an additional 8 percent for its retired people in its overall cost structure (Eraslan, 2004). Given that the inflation rate in Turkey has been around 8 percent, an abolishment of such unjust payment to the social security system may mean a no increase in the prices of private schools, which could be a simple way of increasing their enrollments.

On the other hand, from the perspective of families, 8 percent value added tax (VAT) paid on private school bills is discouraging and turns out to be an additional burden for parents. My main suggestion is that the VAT for private education should be lowered or completely terminated and I argue that it is unjust to ask from the families to

pay an additional tax while they are already reducing the load of government in terms of educational spending. A good example of the impact of reduced VAT is the case of transportation taxation. When the Ministry of Finance, surprising many, lowered the VAT from 18 percent to 8 percent for transportation payments in January 2005, the annual payments in families' transportation budget remain virtually unchanged despite the uptrend in oil prices.

I also suggest that there is a need for a new understanding from the government to support families by offering a full tax deduction, the so-called educational tax credits, for the education bills they pay for their children. Lieberman (1989, p.119) calls this as a "tax-payer rationale" in addressing the best way to strengthen parental choice of schools when he argues that public policy should seek to strengthen parental ability to pay for education. Nonetheless, Turkish Ministry of Finance only recently provided an inadequate tax deduction of 15 percent over the cumulative earnings of each family for their children's educational spendings. As given in the earlier sections, 15 percent tax deduction is impractical for most of the Turkish families, especially for middle-class who form the majority of private school parents.

Research evidence lays out numerous examples of government support for families in a number of countries. One policy from Scotland (Walford, 1989) is the introduction of the Assisted Places Scheme which suggests a direct financial support to the Scottish families. By the beginning of 1990s, one in eight pupils in private secondary schools held an Assisted Place. Walford argues that when establishing the scheme, the Conservative government had implied that private schools were better than local authority maintained schools. Moreover, the scheme which put emphasis on parental choice was "centrally concerned with the selection of able children from maintained schools and the provision of a strongly academic education for them." (Griggs, 1985, p.89, cited in Walford, 1989)

Concluding Remarks

Turkish private schooling system has a mere share of 2 percent of all students; however, with matriculation of roughly 265,000 students despite having a 500,000 student capacity, it can play a significant role in educational policies besides its potential for further growth. Private education is important and deserves a high priority because not only can the existence of private schools have remarkable educational impacts on traditional public school system with its dynamic character and a tendency of continuous improvement, but also it can reduce the growing load of the government in economical terms.

The main regulation binding private schools, Act No.625, has handled the daily decision-making transactions and the governance of private schools in a highly centralized structure and required private institutions to comply with the same rules conformed by the public schools. Such philosophy has been an impediment so far in organizational efficiency and educational quality. A new draft, completely prepared by excluding the constituencies and NGOs, aims to correct a number of organizational deficiencies without directly addressing educational issues. Yet, the foremost change in the existing regulation should be realized in financial policies as these happen to be the major barriers in private school access and choice.

The new draft includes tiny improvements in increasing the number of students in private schools such as bringing a possibility of providing a subsidy to private school parents. It also includes a possibility that the government may pay up to 50 percent of the interest incurred by the educational loans of the families. In addition, it equalizes the private institutions with public schools in paying their utility bills on the same unit cost basis. Yet, the draft is distant of embracing the longly-awaited major solutions such as investment incentives, corporate tax, taxation on family income, value added tax, and social security payments of faculty members. It seems that the amendments in the law coming after 41 years will be welcome with joyless faces, and institutions, educators and parents will have to wait for another law, which hopefully will not be waited for another four decades.

ENDNOTES

¹ Ministry officials pretend to be very responsive and open when having unofficial chats about this issue during social interactions but become so distant when a petition is submitted by the school to get permission for a flexible institutional calendar.

² The author personally experienced a weird situation in 1998 when he tried to explain various government officials and institutions why he had needed an official document declaring that he did not have an *ethically notorious reputation* by any means before he had assumed the presidency of a private school -Özel Ege Lisesi- in İzmir, Turkey.



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