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### EVALUATING THE EFFECTS OF DECENTRALIZATION ON EDUCATIONAL OUTCOMES IN SPAIN?

**Albert Solé-Ollé, Paula Salinas**

Fiscal Federalism

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**ABSTRACT:** Several arguments derived from fiscal federalism theory suggest that decentralization may lead to improved levels of efficiency in the provision of public goods and services. The aim of this study is to examine this hypothesis by evaluating the effects of decentralization on educational outcomes in Spain. These are measured using a *survival rate*, defined as the ratio between the number of students who enrolled in upper-secondary (non-compulsory) education and the number of students enrolled in the final year of lower-secondary (compulsory) education during the previous academic year. We use a panel data set comprising the 50 provinces of Spain for the years 1978 to 2005, a period that covers the entire process of decentralization. Since education competences were devolved to the regions at different points in time, we can estimate the effects of these reforms by applying the *differences-in-differences* method and by using the non-decentralized autonomous regions as the comparison group. We find that decentralization in Spain had a positive impact on educational outcomes when pupils on vocational training programmes are not taken into account, and that the richer the region is the more marked the effect becomes. However, this improvement in educational outcomes is achieved at the expense of enrolment in vocational training programmes. These effects might reflect a better match between population preferences and educational policies consequent upon decentralization.

JEL Codes: H11, H43, H52, I28

Keywords: Decentralization, Policy Evaluation, Education

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