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Direct and reverse causality between teacher effect and student

performance

Dr. Ella Kallai, Dr. Mircea Maniu, Monica Voicu, PhD Student

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Abstract

Students and teachers tend to choose schools according to their community determined

ranking. These preferences lead in time to the development of the highly ranked schools

and the disappearance of the other that have a lower ranking. However, there are certain

conditions that impede students and teachers from accessing highly ranked schools. Students from poor families cannot compete for entry into the highly rated schools since

they cannot afford the private tutoring that would complement the instructional quality

they received in schools, that makes these students more competitive in the education

system. In addition, newly qualified teachers might not be able to gain positions in the highly ranked schools when there are no vacancies or might not want to enter such schools

when there are only part time vacancies available. For new teachers, the preference for a

full time job in any school is greater than the preference for a part time job in a highly

ranked school. Under these conditions we found a positive teacher effect of comparable

teachers on students' value added relative to that of their peers located at the same place in

the admission test score distribution.

Keywords: Secondary Education, National Standardised Test Scores, National Program for

Teacher's Nomination

JEL Code: I21, I28, J41, J68

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# 1. Introduction

Our previous research (Kallai and Maniu, 2004) suggests that there is a significant positive relationship between student performance, student/teacher ratio and teachers' professional qualification in the secondary education at county level. Is the relationship persistent at high school level? This is the question to which we seek an answer. As Gandhi (1996) points out, there are obvious institutional factors affecting student achievement, inducing variables that are significant in boosting the secondary school student's performance. Evaluating school output also implies in the Romanian case, various means such as quantifying grades, the advance in school and better scoring at various tests. However, to quote Hanushek (2004) "this work generally ignores issues of variation in school quality". We take up the challenge and analyse how the variation in teachers' quality does contribute to the variation of students' performance.

We start unveiling the subtle causalities, which govern this relationship, by analysing the intricacies of the institutional arrangements shaping students' incentive to learn and teachers' incentive to teach. Furthermore, we claim that under certain conditions the schools' value added, quantified by the difference between students' performance at the point of entry into and students' exit score from high schools might be a sufficient statistics for the efficacy of the teachers' contribution to human capital creation.

Schools that are informally rated highly as a consequence of their students' results are often also populated with the best-educated students, these students usually having an upper middle class background. The entrance in these schools is highly competitive both for students and for teachers. However, these schools are not necessarily those where the "value added" obtained is particularly high. One might be tempted to say that this is going to happen anyway when the best prepared teachers - who consistently score higher during various professional assessments- are going to teach the best students. This being the case, the teacher effect on student performance should be regarded as mostly endogenous.

Student performance is definitely influenced by the teacher's "quality" and vice versa, implying that the positive effects of teachers on student performance could actually also reflect reverse causality. This requires us to find ways to isolate the effect of teachers' performance from the effect of students' ability on students' school achievements.

Actually, as Fives (2003) demonstrates, on the basis of substantial research in this area, "little focus has been placed on teacher efficacy". This is definitely the case in present day Romania, where beyond the often suggested and occasionally implemented school policies for improving incentives towards high performance, such as supplementary pay for teachers, other arrangements for providing academic or administrative rewards have not been adopted in practice.

Our analysis focuses on upper secondary education (four years) carried out within high schools. For this type of upper secondary education the value added to students' school performance can be measured, since students' knowledge is assessed through standardised national tests both at entry into (graduation from lower secondary education) and graduation from high schools. We investigate the value added in school performance obtained by the cohort of students that enrolled in high schools in 2001 and graduated in 2005.

The paper is organised as follows: Section 2 describes how the institutional setup actually works; Section 3 describes the matching process of students with high schools and the effects on the evolution of schools of different qualities; Section 4 describes the matching process of new teachers hires with high schools and the consequences on teachers' distribution in schools of different qualities; Section 5 presents the research framework and section 6 concludes.

## 2. Institutional frame

The new Education Law 84/1995 maintained the European structure of the schooling system inherited from communism based on three levels: the primary level (class 1 to 4), the lower secondary or gymnasium level (class 1 to 8) and the upper secondary level (class 9 to 12 in high schools, or vocational and apprenticeship schools). The advancement within this structure was kept as well with small changes. Before 90s the accession into the upper secondary education carried within high schools was based on an exam. Since the compulsory length of education was 10 years, the completion of 4 years of upper secondary education was conditioned on passing a mid term exam organised after the graduation of the first two years. The graduation of the upper secondary education and the passing of the baccalaureate exam were and remained the pre-conditions to participate at

the admission exams in higher education. During 90s the compulsory education was reduced to 8 years (the primary education and the lower secondary education) from 10 and raised back in 2003. The implication of the first decision, which regulated the schooling of students' cohort under our analysis, was the elimination of the mid term examination within the upper secondary education. This exam was not reintroduced even after the compulsory length of education was raised back to 10 years.

According to the Constitution, the access to education is equal, regardless social status, gender, race, nationality and political or religious belief. In reality the social status and the income related to it drive the odds of the accession to education. Cazacu (1991) organised a survey for the school year 1984/1985 covering 21000 students from various towns and types of high schools and found that students from intellectual and white collar families were admitted preponderantly in the most prestigious theoretical high schools (mathematics physics or art schools), students from blue collar families were admitted in the less prestigious industrial high schools, while children from agricultural families have no access at all in the theoretical high schools. Moreover, students from families with the same social status had higher odds of accession into prestigious high schools the higher the position of parents in the bureaucratic and institutional hierarchy. Such positions ensure the means to resort to the compensatory practice of private tutoring. 48% of all students and 63% of students from the final school year resorted to private tutoring. A study of the Institute of the Sciences of Education (cited by Nedelea, 2006) confirms that half of students resort to private tutoring twice a week especially for Mathematics, Romanian literature, foreign languages, Geography, Physics and Chemistry (disciplines subject to exams). Parents declared that the average yearly expenses with private tutoring amount to around Eur 50.

Private tutoring, emerged as a byproduct of the institutional evolution (see Annex 1), became a generalised phenomenon. Private tutoring appeared to close the gap between the education level offered by the public education and the preparation required for the advance in the public education system. In a recent research aiming to identify the administration models in high schools based on the cooperation between professors, students and parents and discover the practices without integrity applied in high schools, Education Center 2000+ (2006) interviewed parents, students and professors from several high schools located in 5 counties within 15 focus groups. The results obtained prove that

all participants acknowledge the existence of the private tutoring phenomenon and the divide between "good" schools and "weak schools". The locations where the living standard is low, the number of those who can afford private tutoring is low. The number of students taking private lessons is the highest in the theoretical schools and lowest in technical schools, where students' expectations do not include enrolment in higher education. The private tutoring in the prestigious high schools is more frequent than in less prestigious high schools, since the prestigious high schools (mainly theoretical schools) are located in areas with high living standards. The main reasons for private tutoring, mentioned by all interviewees, are the difficulty of the standardised national tests and the need to obtain high grades for all disciplines in order to raise the chance of being admitted in a prestigious high school (the admission score in the upper secondary education is computed by giving an equal weight to the test score and the average score obtained within the lower secondary education). The selection of the private tutor is made according to its previous achievement measured by the number of his successful students. The average price of a tutoring session might go up to Eur 15 depending on the notoriety of the professor and the number of students participating in the tutoring session.

The perception of interviewees according to the goodness of high schools is that high schools from urban areas are better than from rural areas, high schools from bigger towns are better than from smaller towns, theoretical schools are better than technical schools and in the big towns there are several prestigious high schools. According to the professors' opinion good high schools receive more funds (either from local authorities or projects), have better prepared and more motivated students belonging to families with higher leaving standard, that can afford more private tutoring. The status of a good school, however, implies more pressures towards practices lacking integrity such as the imposed private tuition, additional financial contribution required from students, interference of parents or administration in the evaluation process, the preferential acquisition of textbooks.

Summing up, according to the community perception there are "good" and "weak" high schools. The accession into "good" high schools is competitive and the chances are higher for those who can supplement the education received in schools with private tutoring.

3. Students' admission in upper secondary education (students' matching with high schools)

Upper secondary education<sup>1</sup> is the last compulsory education stage, which must be successfully graduated before students can continue to higher education level. This stage lasts four years. Since 2003, the graduation from the first two years is compulsory<sup>2</sup>. The registration for this stage requires for most students a school change, since the coexistence of lower and upper secondary education in the same school unit is an exception rather than a rule. Since high schools are mostly located in urban areas, for most students from rural areas the continuation of the upper secondary education means either commuting or living in a boarding house. The entry of students to schools for the upper secondary education is competitive, based on two assessments of students' academic knowledge: the average score obtained during the whole lower secondary education stage and the average score obtained through the National Standardised Test (NST) passed after the graduation of the lower secondary education stage.

According to the norms in place since 1999, graduates of lower secondary education successfully passing the NST have freedom of choice in selecting the school for their next educational stage (the upper level of secondary education), according to their performance. If many students have chosen the same high school and the number of places is inevitably limited, the accepted students are those with the highest admission score<sup>3</sup>. Each candidate states his/her list of preferences after the individual scores are published. Thus the candidates know their position in the score hierarchy before stating their list of preferred school. The number of options is unlimited in theory. In practice, due to the limited mobility of students, the choice is limited to the range of schools either in the town of residence for students from urban areas or to the nearest towns for students from rural areas<sup>4</sup>. This means that the system of multi-school choice in fact increased competition among schools in the same locations but did not affect the competition between schools in different locations. In fact there is little competition between schools across counties or

<sup>&</sup>lt;sup>1</sup> The first two years of upper secondary education corresponds to ISCED 2 and the following two years to ISCED 3.

<sup>&</sup>lt;sup>2</sup> Up to 2003 only the completion of lower secondary education was compulsory.

<sup>&</sup>lt;sup>3</sup> The admission score is computed as a simple average of the average NST score -obtained by averaging the test scores obtained at disciplines (only written tests) - and the average score of the completed four-year period of lower level secondary education.

<sup>&</sup>lt;sup>4</sup> In 2001 only 5.6% of total students registered for NST moved from one county to another.

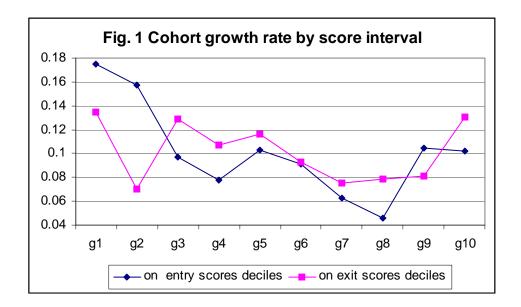
regions. The estimation of the chances of admission to the preferred school is made upon the previous year's minimum admission score.

Before 1999, lower secondary education graduates had a one-school option when choosing the school for the upper secondary stage. The distribution among the options was made according to the admission score. All students, failing to enter the school of their choice, participated in a secondary made across schools with available places. The rationale of the switch from a one option to multi option system for selecting the desired school to attend was to allow schools that do well in terms of performance to attract more students and those that did poorly to loose students and thus improve the incentives for teachers to improve student achievement in order to secure their jobs.

An analysis of the effects of the policy change after seven years shows that the objective was partially achieved. The fastest expanding high schools in terms of the number of new entrants in 2005 compared to the number of new entrants in 2001 (the average logarithmic change) were those from both tails of the 2001 admission score distribution, the fastest expansion rate belonging to the schools from the lower tail (Fig.1). This reflects the deepening of the income divide among families, since the probability of entrance to the best schools is improved by costly private tutoring, an option that is becoming too expensive for an increasing number of families<sup>5</sup>. In 1999, parents and students were empowered with the freedom of school choice, but were not given the information to help them choose. The information at hand was the entry scores in the previous year and not the exit scores, which would have better guided the expectation of learning associated with the schools<sup>6</sup>. In the absence of other guidance, the community judged schools according to the quality of the students attracted. This assumption is supported by the more equal distribution of expansion rate of schools when distributed according to the exit score rather than the entry score.

<sup>&</sup>lt;sup>5</sup> According to the Household Survey the median household income was Eur 165 in 2001 and Eur 275 in 2005. While the average income per person in a household with 1 child (aged below 18) did not change since 2001 as share of the average income per person in the average household, the income per person in households with 2 children has declined from 85% to 82%, in households with 3 children from 55% to 53%, in households with more than 4 children from 39% to 35%. The average price of two hours private tutoring is Eur 10-15 in Bucharest and Eur 7-10 outside Bucharest. A weekly session of private tutoring for only one discipline might cost monthly between Eur 28 and Eur 60 and represent between 10% and 24% of the income per person in households with 1 child, 30-64% of the income per person in households with 2 children, 46-100% of the income per person in households with 3 children and 68-146% of the income per person in households with more than 4 children.

<sup>&</sup>lt;sup>6</sup> The correlation coefficient between the 2005 applicants and 2004 applicants' scores is 0.81, while the correlation coefficient between the 2005 applicants and 2004 graduation scores is 0.72.



# 4. Teachers' admission in upper secondary education (teachers' matching with high schools)

The Romanian upper secondary education sub-system is served by approximately 62,000 teachers (out of 300,000 for the whole system). The student-teacher ratio has increased from 11 in 2001 to 12.4 in 2004.<sup>7</sup> The increase was due to shrinkage in the teaching staff by 4% coupled with increase of student enrolment by 8%<sup>8</sup>. In 2004 the Ministry of Education posted 16,061 vacancies for the whole education system, out of which 4,765 for the upper secondary level, representing 7.7% of the teaching staff in the upper secondary education and covering a range of 40 disciplines<sup>9</sup>. The vacant posted jobs were of three kinds: permanent (34% of the total posted), meaning that they involve at least a 4 year full teaching load<sup>10</sup>; temporary<sup>11</sup>(56% of the total posted) usually lasting one year and jobs for

<sup>&</sup>lt;sup>7</sup> Compared to the OECD countries, where the average student-teacher ratio is 14.8 and ranges between 25.5 in South Korea and 9.2% in Austria or 9.5% in Hungary, Romania's student teacher ratio corresponds to international standards (OECD, 2000).

<sup>&</sup>lt;sup>8</sup> Teachers' market is not competitive. The theoretical model that applies is the union-government bargaining model. In such a model, the equilibrium wage and employment are determined by the labour demand and the wage offer curve. Whatever determines the union to ask for the same employment higher wages (better outside opportunity, less risk aversion) would increase the equilibrium wage and decrease the equilibrium employment. Between 2001 and 2004 the number of teachers has declined and the average monthly wage has increased faster than the average wage in the economy. In 2001, teachers' wage represented 95% of the average wage and 108% in 2004. It seems that the shocks coming from wage setting outweighed the demand shocks.

<sup>&</sup>lt;sup>9</sup> The most requested disciplines are Romanian literature (803 vacancies), English (502 vacancies), mathematics (340 vacancies), French (312 vacancies), history (270 vacancies) and informatics (258 vacancies). The candidates obtained the highest average scores at the NTN exams for literature, philosophy and history (7.6 out of 10) and the lowest scores for religion, economics, physics and chemistry (6.7-6.8 out of 10).

<sup>&</sup>lt;sup>10</sup> The full teaching load consists of a full norm, representing on average 18 hours per week.

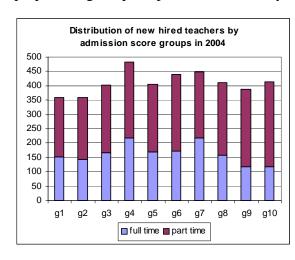
teachers already in the system wanting to move from one position to another (10% of the total posted). After the jobs are posted and the qualifying exam is taken, the candidates state their job options and the assignment of jobs takes place. Filling the vacant jobs occurs primarily according to the score obtained within the annual National Program for Teacher's Nomination (NTN) competition. In case of equal scores between two candidates in the NTN competition, social criteria (permanent residence, family issues) apply.

The job matching process involves three stages. Firstly, the permanent jobs are filled through a two round distribution: one round at county level, where vacancies in each county are matched with residents from that county and the next round at country level, where the unfilled permanent jobs during the first round are matched with the remaining applicants regardless of their residence. Secondly, teachers occupying a permanent job for at least two years who want to move are matched. Thirdly, the unmatched permanent jobs become temporary and together with the initial temporary jobs are matched during this final stage. The matching with permanent jobs requires at least a score of 7 (out of 10) in the NTN exam, while the matching with other types of jobs requires at least a score of 5 in the NTN exam.

After being matched with a permanent job, both well and less well qualified teachers could expect to follow the same career track, including similar compensation and pension schemes. However, teachers from schools ranked high in the community preference might have an advantage compared to teachers from schools ranked low. Teachers performing in the highly ranked schools, with students coming from wealthier families, could participate in a lucrative private tutoring sector, which is often applicable to their own students. Moreover, the "quality" of school to which a teacher belongs influences the price that teacher can charge for private tutoring, that is acknowledged in various manners, most of them informal. This kind of logic can be expanded also, as Hanushek et al. (2005) point out, within the sub-frames (teaching areas, teaching level) of each particular school. If the teacher belongs to a school highly ranked by the community, the price that particular teacher could charge for private classes obviously rises. The empirical evidence, presented in section 2, suggests that this is the case for a very lucrative parallel market.

<sup>&</sup>lt;sup>11</sup> A temporary position is viable for less than 4 years and is usually filled for one year. A recent (2005) Ministry of Education and Research order indicates that temporary jobs viable until 2007 already temporarily occupied in 2004 and 2005 should be filled until 2007.

Theoretically the above incentives, if accurate, generate two main consequences: firstly, competition is stronger for the vacant positions within highly ranked schools that are filled by applicants with the highest scores at NTN exam. Secondly, the highly ranked schools do not score necessarily higher than the average gains in student performance, unless their students are taking private tutors, often from among their own teachers, for their own benefit first, but also for that particular school benefit, since the school succeeds in perpetuating the perception of community.



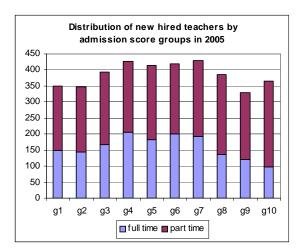
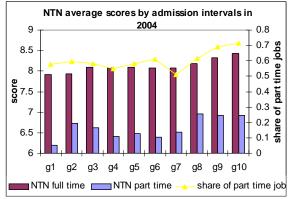


Fig. 2 Matched part time and full time jobs in 2004 and 2005

The distribution of teachers' jobs in 2004 and 2005 in schools deciles according to students' admission score (NST) intervals in 2001 (Fig. 2) shows that the number of vacancies are higher in the middle deciles and lower in the upper and the lower deciles. Moreover, the number of part time jobs relative to the full time jobs is highest in the two upper deciles of schools registering the highest entry score in 2001. Despite the skewed distribution of part time jobs (which are matched with the lowest NTN scores candidates) on school deciles, the difference for both the average NTN scores and the average NTN score of the candidates matched only with full time jobs between upper and lower deciles is around a half point (Fig. 3). The average NTN scores of both full and part time teachers hired in schools from the upper deciles are the highest.

In summary, the actual teachers' admission to upper secondary education reveals the preferences of candidates for schools highly rated by the community (the schools with the highest students' entry scores in the upper secondary education). The system tends to match teachers and students with the highest scores. It seems that through the mix of available jobs (part time –full time) in schools, the Ministry of Education moderates the

polarisation of schools quality, relying on the fact that among the newly hired teachers the preference for a full time job dominates the preference for a part time job in highly rated schools.



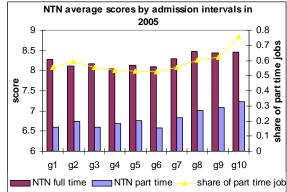


Fig.3 NTN scores in 2004 and 2005

# 5. Research Frame

Our objective is to assess the authenticity of the empirically observed strong relationship between students' performance and teachers' "professional quality" (Kallai and Maniu, 2004). Obviously, the extent to which teachers contribute to students' achievement and whether the money spent to finance the educational process is efficient in terms of students' achievement is a matter of policy interest. It is also in line with the concerns for institutional development that are necessarily oriented toward quality.

We propose to assess the teacher quality in the upper secondary education through the value added gain achieved by graduate students from the upper secondary education system. The value added is measured as the difference between the graduation score from upper secondary education and the admission score in upper secondary education. Both scores reflect the results obtained at the national standardised exam. The admission score in upper secondary education is in fact the assessment of students' achievement during their period in lower secondary education. The graduation score is the assessment of students' achievement during upper secondary education and represents one of the main admission criteria in universities. For the accuracy of teacher's quality assessment through the value added, one should take into account that teachers' quality might be correlated with students' ability. Part of the graduation score is influenced by students' ability as

reflected in their admission scores. As a consequence, the effects of the admission score might be correlated with teacher effect, if teachers chose the schools according to the admission grade. Consequently, there is a need to address a variety of selection issues related to the matching of teachers and schools on the one hand, and the matching of students with schools on the other.

#### **5.1 Data**

To estimate variations in teacher quality based on value added to student achievement, we use matched data on newly hired teachers and students' admission and graduation scores by schools. The database is built on three administrative data sets, partially procured from online and partially on the basis of an agreement with the Ministry of Education and Research. The first data set covers individual data on the NST score in the upper level of secondary education for 2001. The admission score consists of the NST score and the average score obtained during the lower level of secondary school. The score at the NST is the average of the scores obtained in three written exams: Literature, Mathematics and an optional discipline. The second data set refers to the graduation score obtained by students participating in the high school graduation exam in 2005, the cohort admitted in 2001. The third data set refers to the scores obtained in the NTN exam in 2004 by the newly hired teachers. The individual data from each set were aggregated by schools and then merged using the school name. The description of the data sets is provided in Annex 2.

We implicitly assume that the newly hired teachers reflect the quality of teaching in schools. There are several arguments supporting our assumption. First, the hiring system of teachers is unchanged since the communist period and therefore the outcomes generated might be assumed to be similar to the ones found analysing the available data on the hiring competition from 2004 and 2005. Second, the occupation of teaching positions is competitive, the best candidates, according to the NTN scores, choose first and pick up the available positions in schools perceived by the community as "good" (presumably populated with teachers with the highest NTN scores at their competition and having the same perception). Third, the community determined rank of schools was passed on from generation to generations and did not change significantly over time<sup>12</sup>.

The sample of schools in our data base was obtained by making a selection of 1050 high schools from the total number of high school in the upper secondary education (77% of the total number of schools), characterised by having data for admission in 2001, for graduation in 2005 and jobs posted in 2004. The structure by types of schools of our sample compared to that of the whole school set indicates that the theoretical and agricultural schools are over represented while the economics and theological schools are under represented. According to the location, 87% of high schools from our sample are located in urban area<sup>13</sup>.

### 5.2 Methodology

The question we are seeking the answer is how much of the quality of the schooling in the upper secondary education (high school) system is due to the students' ability and the teachers' effort. The basic model relates the achievement gain of a school  $(G_i-A_i)^{14}$ , the difference between the graduation score in school i,  $G_i$ , and the admission score in school i  $A_i$ , to teachers' NTN score (Tit<sub>i</sub>), school size (Size<sub>i</sub>) and school type dummies  $(D_{ij}, D_{ij}=1,$  when Type<sub>i</sub> =j, and 0 otherwise) reflecting the various types of schools (theoretical, industrial, agricultural, pedagogical, economical, sport, and theological and forestry):

$$G_i - A_i = c_1 T i t_i + c_2 S i z e_i + \sum_i t_{ii} D_{ii} T y p e_i + \varepsilon_i$$

$$\tag{1}$$

This formulation controls for past family and school factors and permits concentration on the contemporaneous circumstances that are generally measured along with student achievement. However, focusing on achievement gains does not eliminate the difficulties in separating the various inputs from unmeasured confounding factors. A series of

 $<sup>^{12}</sup>$  The rank correlation coefficient of high schools sorted according to the students' admission score, the available indicator taken into account when judging the value of a school, remained above 0.9 for the last five years (2001-2005).

<sup>&</sup>lt;sup>13</sup> From the total children of upper secondary education age (between 15 to 19 years) 42% live in rural area. <sup>14</sup> The achievement gain of a school represents the achievement of the cohort, which entered into that school in 2004. It is computed as the average graduation rate of students from that school in 2005 minus the average admission score of the students entering in that school in 2001. The two populations of students might not be identical, due to an attrition/mobility rate of around 5% of the cohort size at the point of entrance. However, since the size of the two populations is almost the same, it can be inferred that there was a replacement process. This process did not alter the quality of students in terms of score. Students are allowed to move from one school to another only if their admission score would have allowed the admission in the new school. Another way to compute the average achievement gain of a school is as the average of individual achievement gains. But this approach would have required the identification of each student in 2001 and

specification and measurement issues must be addressed before it is possible to obtain credible estimates of the influence of teachers on student achievement.

#### **5.2.1** General specification issues

The fact that for some schools the competition at the entry point is higher than for others, reflected in the distribution of schools by admission score intervals, shows that the community ranks high schools on the basis of the expected rate of learning conditional on admission scores. Moreover, the ranking process has been continuously adjusted between 2001 and 2005 (the rank correlation for schools according to the admission scores in 2001 and the admission scores in 2005 was 0.56 below 0.9 the rank correlation between 2001 and 2002). In particular, students with family background and other factors conducive to higher achievement tend to seek out better schools with presumably higher quality teachers. Thus a rank of schools from the community perspective emerged<sup>15</sup>. Despite the fact that there is some evidence showing that preferences of the newly hired teachers for a school depend upon the community ranking when choosing among full and part time positions (presented in Section 3) there is no correlation between the rank of schools sorted upon the NTN scores and the rank of schools sorted either upon the graduation score of students or admission score of students for the whole sample. This does not mean that teacher quality does not influence students' achievement gain across schools. This means rather that the available mix of jobs (full time-part time) for newly hired teachers dampen teachers' preferences for higher achieving schools with wealthier students. The average NTN score by schools reflects this moderation. By using NTN scores in relation to students' achievement the orthogonality of teachers' effect on the error term in (1) might be secured, but the real variation of teachers' quality among schools might be reduced. Therefore our empirical model employs a test metric (described below) that allows the evaluation of comparable teachers in relation with the performance of comparable students.

2005, which was impossible. Only students remaining in the same school could have been identified and not the mobile students, therefore we opted for the first approach.

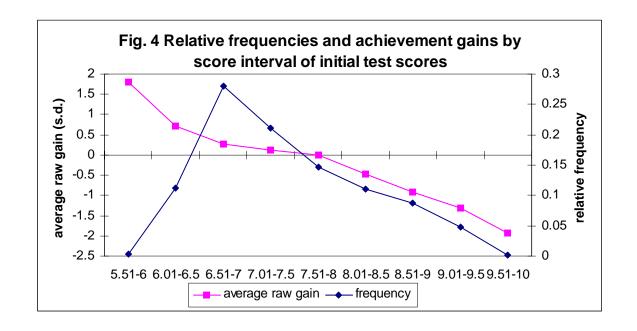
<sup>&</sup>lt;sup>15</sup> The criterion at hand to judge the value of a school was the past entry admission rate. As long as the experience showed that the admission rate as a ranking criterion was not necessarily correlated with the instructional quality, the ranking criterion slowly changed and the ranking as well. How and why this ranking changed in time is a research issue for itself, which is not pursued in this paper.

#### **5.2.2** Test measurement issues

The accumulation of knowledge is a process and the assessments of the accumulated knowledge at various points in the process are obviously correlated. Consequently the variation in test score gains generated by differences in teachers' quality differs across the initial achievement distribution. For example the additional gain in test score resulting from a substantial improvement in the quality of instruction may be quite sizeable for a student who begins at the lower end of the skill distribution and might not be so impressive for a student at the higher end of the skill distribution.

The Figure 4 provides hints at the extent of this problem. The relative frequency of schools and the average raw gain of schools were plotted against schools' average admission test score distribution. The schools' average admission test scores were divided into ten equal score intervals. Three quarter of schools have admission scores in the upper secondary education level below 8, and two thirds of schools register positive average gains during upper secondary education. The gains at the low tail of the distribution exceed the ones at the upper tail. Part of this could reflect regression to the mean induced by measurement error, but the problem is not simply one of the bounds on the tests, since schools on the upper tail registering negative average gains could make similar gains (0.7-0.6 points) comparable to those at the lower tail without exceeding the maximum score. It seems that it is actually the case that the highly ranked schools according to the admission scores are performing poorly in terms of the value added obtained relative to the average value added of the whole school population<sup>16</sup>.

 $<sup>^{16}</sup>$  The correlation coefficient between scores of 2005 applicants and 2005 graduation scores is 0.73, whereas the correlation between scores of 2005 applicants and value added 2001-2005 is -0.29.



To mitigate the problem of correlation between the initial knowledge and the expected gain we differentiate our analysis upon admission scores intervals. Moreover we analyse in depth the nature of the relationship, search for the possibility of a nonlinear relationship and seek to quantify whether a structural break exists. Separating the analysis on the basis of admission score intervals and allowing for a non-linear relationship between the initial score and the value added on the one hand and introducing a test metric, on the other hand, represent our strategy for alleviating the problem that identical differences in teacher quality do not produce identical variation in average student improvement in each admission score interval.

# **5.2.3** Test metric

In order to improve the accuracy of the measurements of schools' value added and newly hired teachers' average score in schools we apply the normalisation approach proposed by Hanushek et al. (2005). We apply normalisation separately for the admission score, the graduation score and the NTN scores. This involves the following steps. First, individual measures (admission scores, graduation score and NTN scores) are pooled together and

divided into 5 score intervals<sup>17</sup>, and for each score interval k the mean  $(\overline{m^k})$  and the standard deviation  $(\overline{\sigma^k})$  are computed. Second, the individual measures (admission scores, graduation score and NTN scores) corresponding to each school are divided into the same 5 score intervals, and each individual measure  $m_i$  is transformed into a normalised measure  $n_i$  as follows

$$n_i = \frac{m_i - \overline{m^k}}{\overline{\sigma^k}}$$
, where  $\overline{m^k}$  and  $\overline{\sigma^k}$  are the mean and standard deviation of interval k to which the individual measure  $m_i$  belongs.

Consequently each normalised measure is distributed with zero mean and standard deviation one, for each score interval in the whole population (the basic statistics are presented in Annex 2). Schools where the average of normalised admission scores has a mean above 0 attract students with admission scores higher relative to other students in the same place in the admission test score distribution. The average normalised admission and graduation scores of a school account only for differences in the own students' scores relative to other students' score in the same place of the test score distribution. The normalised scores ignore the structural differences of the distribution of the own students across score intervals relative to the distribution of the whole population across score intervals.

The normalised average NTN score of teachers hired in a school uniquely reflects the scores those teachers obtained compared to other teachers in the same place in the NTN score distribution, thus eliminating the structural effects the job mix offered in a particular school might have on the average score of teachers hired in a school. Thus the normalised NTN values are more appropriate than the absolute NTN to measure teachers' quality variation across schools.

<sup>17</sup> The score intervals are 5-6, 6-7, 7-8, 8-9 and 9-10. The mean and the standard deviations are as follows:

	NTN		Admis	sion score	Graduation score		
	Mean	Standard deviation	Mean	Standard deviation	Mean	Standard deviation	
Score intervals	$(\overline{m^k})$	$(\overline{\sigma^k})$	$(\overline{m^k})$	$(\overline{\sigma^k})$	$(\overline{m^k})$	$(\overline{\sigma^k})$	
5-6	5.46	0.33	5.78	0.15	5.78		0.16
6-7	6.58	0.32	6.52	0.28	6.61		0.26
7-8	7.47	0.30	7.47	0.29	7.54		0.28
8-9	8.49	0.29	8.45	0.28	8.51		0.28
9-10	9.39	0.26	9.32	0.23	9.39		0.24

### 5.2.4 Non-linear relationship between admission and exit scores

This section seeks to uncover nonlinear features in the function that relates schools' value added to schools' admission scores. We perform the test for absolute and normalised values. In order to find the shape of the function we divide the 1,050 schools in our sample sorted in ascending order according to the admission test score (separately for absolute and normalised value) into 10 equal groups of 105 schools (the basic statistics test score groups are presented in Annex 3). Then an OLS regression is estimated for the value added in both absolute (2) and normalised forms (3) on the admission score dummies (g1 to g10) for the ten groups, the size of the school (measures as the number of students enrolled in 2001, admnr<sub>i</sub>), teachers' NTN scores (absolute and normalised, tit<sub>i</sub> and titn<sub>i</sub> respectively), school types dummies (teo, ind, for, agr, ped, eco and spo).

$$G_{i}-A_{i}=c_{o}+c_{1}g1+c2g2+c3g3+c4g4+c6g6+c7g7+c8g8+c9g9+c10g10+c11admnr_{i}+c12tit_{i}+c13teo+c14ind+c15*agr+c16*for+c17*eco+c18*ped+c19*spo+\varepsilon_{i} \eqno(2)$$
 
$$Gn_{i}-An_{i}=c_{o}+c_{1}g1+c2g2+c3g3+c4g4+c6g6+c7g7+c8g8+c9g9+c10g10+c11admnr_{i}+c12titn_{i}+c13teo+c14ind+c15*agr+c16*for+c17*eco+c18*ped+c19*spo+\varepsilon_{i} \eqno(3)$$

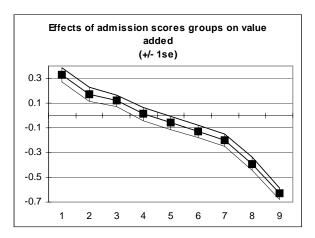
The results are presented in Table 1. The estimated coefficient of the different admission test score groups represents the effects on value added of each group relative to group 6, which is used as a reference. The reference school type is art school. Consequently, the estimated coefficient of the different types of schools represents the effects on value added of each type of school relative to art schools in the sample. Several important results emerge: the effects of admission scores on value added may contain a structural break according to both regressions. According to these outcomes, teachers positively and significantly contribute to the normalised value added of schools, larger schools seem to significantly have larger normalised value added, and pedagogical school seem to have significantly larger value added (relative to art schools) according to both regressions.

Table 1 Estimated coefficients of admission test score groups

	Absolute values	(regression 2)	Normalised valu	es (regression 3)
	coefficient	t-stat	coefficient	t-stat
c	0.6	4.57	-0.1	-1.52
g1	0.33	5.7**	0.45	14.79**
g2	0.17	3.15**	0.25	9.2**
g3	0.12	2.55**	0.13	5.1**
g4	0.01	0.2	0.07	3.21**
g6	-0.05	-1.08	-0.01	-0.53
g7	-0.13	-2.61**	-0.09	-3.67**
g8	-0.2	-4.13	-0.14	-5.68**
g9	-0.39	-7.67*	-0.19	-6.58**
g10	-0.63	-13.42**	-0.36	-9.24**
admnr	-0.00005	-0.36	0.0002	3.2**
tit	-0.004	-0.32	0.02	2.21**
teo	0.16	1.82*	0.06	0.96
ind	0.04	0.52	-0.098	-1.47
agr	0.02	0.24	-0.11	-1.67*
for	0.1	0.91	-0.018	-0.25
eco	0.4	3.93**	0.05	0.71
ped	0.2	1.86*	0.13	1.74*
	-0.05	-0.47	0.03	0.42
spo R <sup>2</sup>	0.30363		0.463	

Notes: OLS heteroscedastic consistent estimates; the significant coefficients at 5% significance level are indicated by an \*\*, and the significant coefficients at 10% significance level are indicated by \* in the column of t-statistics. The school type dummies stand for: teo theoretical schools, ind industrial schools, agr, agricultural schools, eco, economics schools, for, forestry schools, ped, pedagogical schools, spo, sport schools;  $g_i$  are admission score deciles dummies, admnr<sub>i</sub> stands for the number of enrolled students in school i, tit<sub>i</sub> represents the average NTN score in school i. Number of observation 1,050.

Low admission scores have positive effects and high admission score have negative effects on value added both on absolute and normalised values (Fig.5), but the effects are not symmetrical.



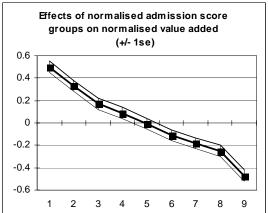


Fig.5 Effects of different admission score groups on value added

The following questions arose: at what level of admission score does the structural break occur; is that structural break significant<sup>18</sup>; and what is the estimated value of the admission score on value added on either side of the structural break. In order to answer these questions we use the estimation technique used by Sarel (1996)<sup>19</sup>, defining first A\* the admission score at which the structural break occurs and a dummy DD=1 if A>A\*, 0 otherwise, and a variable extra=DD(A-A\*) and then estimating an OLS regression for value added (absolute and normalised values) on A and extra and the other covariates from (2) and (3) that is

$$G_{i} - A_{i} = c_{o} + c1A_{i} + c2extra_{i} + c3admnr_{i} + c4tit_{i} + c5teo + c6ind + c7*agr + c8*for + c9*eco + c10*ped + c11*spo + \varepsilon_{i}$$

$$\tag{4}$$

$$Gn_i - An_i = c_o + c1An_i + c2extran_i + c3admnr_i + c4titn_i + c5teo + c6ind + c7*agr + c8*for + c9*eco + c10*ped + c11*spo + \varepsilon_i$$

(5)

When the admission score is below A\*, the effect of admission score on value added is the coefficient of A. But, when the admission rate if higher than A\*, the effect of admission rate on value added is the sum of two coefficients: the coefficient of A and the coefficient of extra. The coefficient of extra estimates the difference in the admission score effect value added between the two sides of the structural break, and its t-statistics value tests whether or not the structural break is significant. The level of structural break A\* is found through an iterative process, estimating regressions (4) and (5) for different values for A\* and picking that value for A\*, which maximises R² (or minimises the sum of squared residuals from the regression), using the assumption that the error variance is equal for the entire admission score range. Following this procedure, the structural break for absolute values is 6.43 and for normalised values if 0.19. Below the structural break for absolute values enter 10% of schools, while below the structural break for normalised values enter 74% of schools. With these values adopted for structural break, the results for regressions (4) and (5) are presented in Table 2.

<sup>&</sup>lt;sup>18</sup> In other words, is the effect of admission score on value added significantly different above the structural break from what it is below the structural break?

<sup>&</sup>lt;sup>19</sup> Sarel (1996) used the above method in estimating the structural break in the effects of inflation on economic growth.

The results of the regression confirm that there is a structural break only in the case of normalised values. In this case the t-statistics for extra makes possible to reject the hypothesis of equal effects of normalised admission scores on normalised value added. When the normalised admission score is less than 0.19, that is the absolute admission score is less than the mean of the interval it belongs<sup>20</sup>, its effect on the normalised valued added is negative and statistically significant, while in cases where it is higher than 0.19, its effects become positive, maintaining the overall effect negative, but on a lower level. The marginal effect of admission scores in schools, which attract better students than their peers, is less negative on the value added obtained and vice versa. Importantly, the regression results on normalised values confirm the previous findings from regression 3: the teachers' effect, measured by the normalised NTN score, is positive and significant; the larger schools have significantly larger normalised value added, while pedagogical schools have significantly larger normalised value added than the art schools.

**Table 2 Regressions for the main test** 

	Absolute values (reg	gression 4)	Normalised values (regression 5)		
	coefficient	t-stat	coefficient	t-stat	
Estimated point of	6.43		0.19		
structural break					
С	7.06	5.59**	-0.2	-3.88**	
A	-0.96	-4.86**	-1.06	-13.17**	
extra	0.65	3.25*	0.4	3.95**	
admnr	-0.0003	-0.21	0.0002	3.34*	
tit	-0.002	-0.16	0.0199	2.06**	
teo	0.13	1.79*	0.08	1.69*	
ind	-0.002	-0.024	-0.079	-1.63	
agr	-0.02	-0.26	-0.093	-1.73*	
for	0.05	0.47	-0.005	-0.099	
eco	0.38	4.38**	0.08	1.53	
ped	0.2	1.97**	0.14	2.49**	
spo	-0.08	-0.74	0.027	0.398	
spo R <sup>2</sup>	0.3141		0.51		
Estimated	-0.31	0.6	-0.66	9.73	
coefficient for high					
admission score					

Notes: OLS heteroscedastic consistent estimates; the significant coefficients at 5% significance level are indicated by an \*\*, and the significant coefficients at 10% significance level are indicated by \* in the column of t-statistics.

Taking into account the means and dispersions of each score interval presented in footnote 18, the above condition means in fact that the admission score of a school to exceed the mean admission score obtained by schools admitting students with scores within the same interval as the given school.

Taking into account the definition of the normalization, the condition translates into  $\frac{m_i - \overline{m^k}}{\overline{\sigma^k}} > 0.19$ .

The school type dummies stand for: teo theoretical schools, ind industrial schools, agr, agricultural schools, eco, economics schools, for, forestry schools, ped, pedagogical schools, spo, sport schools. A represents the average admission score of a school, extra= $DD(A-A^*)$ , the admission score above the structural break level, admnr the number of students enrolled in school, tit, the average NTN score of a school. Number of observations 1,050.

#### 6. Conclusion

Students and teachers tend to choose schools according to the community determined ranking, which is mainly guided by high learning expectations from schools with high entry scores. The expectations appear not to be backed by realities, since the value added achieved by schools in the upper tail of the admission score distribution is below the average value added achieved by the entire school population. It seems that the better prepared students than the average matched with more prepared teachers than the average in schools with high admission scores is not enough to offset the diminishing marginal returns of the teaching process.

The expansion rate of schools between 2005 and 2001 along the admission score distribution shows a faster expansion of schools with the highest and lowest admission rate, the later rate being the leader. This evinces the increasing divide between wealthy and poor families. On the one side, there are the wealthy families, who can afford private tutoring for their child in order to ensure the access into the highly ranked schools. On the other side, there are the offspring of poor families who enter the admission exam with just the knowledge they have received in schools, and as a consequence can only obtain places in the lower ranked schools. Who is better off? All students, regardless of their position in the admission score distribution, getting admission scores above the average admission scores of other comparable students gain more value added than those getting admission scores below the average admission score of their peers.

The comparable teachers' effect on the value added gains in schools relative to other schools with comparable students is positive and significant, but cannot offset the negative marginal effect of students' admission score.

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# Annex 1 Few comments about the private tutoring system in Romania

#### Brief history

The issue of private tutoring is deeply rooted within the Romanian secondary education. It goes back to the pre-war years, when it was actually a customary approach across Europe. It surfaced again in the 60s, period since "sound" class origins were not any more a pre-condition for being admitted to secondary lower education and especially to higher education. During the 70s it was created a legal work frame for private tutoring. The private tutor was recognised officially as a profession provided that private tutors pay a tax of 20% of their income. Teachers did not take this opportunity to legalise their private tutoring activity. Instead, they expanded the private tutoring within the public schools. The volume of public tutoring increased at such a level, that in 80s the state banned private tutoring the students from the schools where teachers were hired.

This private tutoring system was dramatically expanding during the 80s, mainly due to the increased competition induced by the large cohort of students, following the harsh prodemographic policy of Romania following 1967, and continued to be operational during the completely new political and social environment of the early 90s, mainly due to unchanged admission procedures in the secondary upper education and higher education. During the mid 90s the system gradually changed towards a more European compatible work frame, ending up with a fully EU compatible educational system in the early 2000s. Private tutoring was still common. As a tax evasive activity entered into the focus of legislators now and then, mainly due to its press coverage.

#### Institutional approach

In 2002 a license system for private tutoring was developed, but few were those who resorted to it. Law 300/2004 changed the approach, imposing private tutoring only through specialized companies. Establishing such a company was quite costly and bureaucratic. All these measures were in vain since the budgetary system could not provide teachers with a salary above the level, or incentives that would make private tutoring less appealing than other public compensations for quality performance. Therefore no significant statistics or conclusions driven out of relevant official studies emerged, because "the laundering" of the private tutoring system actually never occurred.

Some observers point out that the mass private tutoring system, as observed during the last decades, is a direct consequence of the irrational demographic policy of the country decades ago. But accordingly, there is no point in strong measures against, since in a couple of years the cohorts of students are going to shrink dramatically, taking the pressure off the system and inducing lesser competition and lesser need for exogenous inputs of this kind. Meanwhile the Ministry of Education moved toward more decentralization of the secondary education, considering this approach as the vault key of increasing quality and consequently diminishing the burden of the cost of supplementary private tuition.

## Public opinion about private tutoring

A widespread opinion of the Romanian society is that private tuition is a necessary evil due to the overload of the school curricula, and programs to be carried out during the school years in general. A comparative view, featuring European countries as benchmark, show this is largely a myth. As long as the community perceives some schools better than the others and as long as the number of places in schools perceived as better is limited and the chances to be admitted improvable through private lessons, the private tutoring will be perpetuated.

Media sources indicate that about half of the students go through this process of private tutoring at least once during their student life. Even students enrolled in private schools, where the average class would be on average half of the public one, and the tutoring system much improved, are reported to follow the main trend. The most successful students witness that private tutoring is a vital ingredient in their success story and consequently add consistency to the system, which is described as "universal". There is, though, a sharp distinction when it comes to private tutoring, between the urban and rural educational environments, obviously in the favour of the urban, richer one. Again, there is no official or relevant empirical study concerning this issue.

# The logistics of private tutoring

All the topics taught during secondary education are subject to be taught also via private tutoring. But the disciplines subject to admission tests (Mathematics, Romanian literature and grammar, foreign languages, History, Geography, Physics) take the lion' share. A special remark concerns foreign languages. Beyond the fact that the study of foreign languages is widespread in Romania (at least two are taught during secondary education), there is a long established

tradition of polishing the publicly acquired knowledge via private tutoring. Especially since the opening of the borders, tutoring within this area expanded dramatically, far beyond school age.

Private tutoring sessions take place in most cases at the tutor's home and last usually for 1.5 to 2 hours. Such a session would bring the tutor an average taxless compensation of Eur 7-15, depending on the topic and the reputation of the tutor, for disciplines in demand for admission tests. Some niche classes (fine arts) would bring to the tutor at least the double. Most of the tutors would prefer to work independently but sessions with two students and even more are not uncommon, the charged tuition being slightly smaller in this case.

Annex 2 Main indicators in the upper secondary education

Table 1 Main indicators of upper secondary education

	2000/2001	2001/2002	2002/2003	2003/2004	2004/2005
Schools	1367	1379	1388	1397	1413
High schools and colleges	530	529	529	548	555
Industrial schools	434	437	450	451	456
Agricultural schools	100	92	74	61	49
Forestry	14	21	20	19	17
Agro-mountain	4	5	6	5	4
Veterinary	6	11	17	18	17
Economics	78	85	94	102	117
Pedagogical	39	39	37	33	31
Art	44	44	44	43	45
Sport	31	30	31	30	32
Military	5	5	5	5	4
Theological	73	73	72	72	74
Special	9	8	9	10	12
Enrolled students	687919	7100663	740404	758917	773848
High schools and colleges	334642	345549	359795	364854	369497
Industrial schools	195566	202802	209818	221431	229240
Agricultural schools	24108	21898	17312	12474	11698
Forestry	7738	8885	10035	9665	8874
Agro-mountain	1706	1970	3162	3447	3802
Agro-mountain Veterinary	6244	6479	7091	7130	5988
•	66524	70960	78387		
Economics				85378	88436
Pedagogical	14098	12610	11931	9624	10550
Art	10252	11205	12682	13521	14296
Sport	11924	12617	14004	15068	15313
Military	2109	1903	1874	1788	1762
Theological	12323	12707	13460	13755	13616
special	685	1078	853	782	771
Teaching staff	64068	64729	60988	58925	62192
High schools and colleges	21877	21316	20825	20801	21924
Industrial schools	26540	27426	25385	24312	25713
Agricultural schools	4362	4060	3078	2450	2034
Forestry	546	883	787	692	761
Agro-mountain	113	141	208	84	76
Veterinary	116	308	432	552	557
Economics	3618	3695	3582	3860	4596
Pedagogical	1833	1869	1788	1467	1445
Art	2571	2533	2537	2217	2484
Sport	1316	1269	1162	1163	1241
Military	145	138	143	138	133
Theological	848	844	837	912	948
Special	183	247	224	277	280
Graduates	161106	147650	173584	153300	172371
High schools and colleges	79371	74938	87250	76497	84740
Industrial schools	45620	39793	46044	66560	48956
			3684	11287	2520
Agricultural schools	7200	5491	3004	11207	2320
C	7200 1300	1178		2523	2197
Forestry			2385		
Forestry Agro-mountain	1300 456	1178 320	2385 520	2523 116	2197 910
Forestry Agro-mountain Veterinary	1300 456 1579	1178 320 1482	2385 520 1690	2523 116 1730	2197 910 1792
Forestry Agro-mountain Veterinary Economics	1300 456 1579 14070	1178 320 1482 13733	2385 520 1690 18228	2523 116 1730 10547	2197 910 1792 20119
Forestry Agro-mountain Veterinary Economics Pedagogical	1300 456 1579 14070 3689	1178 320 1482 13733 3353	2385 520 1690 18228 4849	2523 116 1730 10547 3223	2197 910 1792 20119 1539
Forestry Agro-mountain Veterinary Economics Pedagogical Art	1300 456 1579 14070 3689 2010	1178 320 1482 13733 3353 1961	2385 520 1690 18228 4849 2615	2523 116 1730 10547 3223 3252	2197 910 1792 20119 1539 2912
Forestry Agro-mountain Veterinary Economics Pedagogical Art Sport	1300 456 1579 14070 3689 2010 2508	1178 320 1482 13733 3353 1961 2328	2385 520 1690 18228 4849 2615 3039	2523 116 1730 10547 3223 3252 3262	2197 910 1792 20119 1539 2912 3374
Agricultural schools Forestry Agro-mountain Veterinary Economics Pedagogical Art Sport Military Theological	1300 456 1579 14070 3689 2010	1178 320 1482 13733 3353 1961	2385 520 1690 18228 4849 2615	2523 116 1730 10547 3223 3252	2197 910 1792 20119 1539 2912

Source: INSSE, 2003

Annex 3 The data base; variables' definition and basic statistics

	Notation	Definition of indicators	Average	Standard deviation	Min	Max
Admission score (NTS) (between 5 and 10)	Ai	The average admission score of students admitted in school i in 2001; the individual admission score is a weighted average [(3*adm+cap)/4] of the NTS score-cap (the simple average of the scores obtained at Literature, Mathematics and an optional discipline) and performance in the lower secondary education- adm (the simple average of the annual scores obtained during the 4 years of lower secondary education)	7.41	0.82	5.75	9.66
Normalised ad admission score	Ani	The average normalised admission scores of all students admitted in school i in 2001. The individual normalised admission score is $\frac{A_{ij} - \overline{m^k}}{\overline{\sigma^k}}, \text{ where } \overline{m^k} \text{ and } \overline{\sigma^k} \text{ are the population mean and standard deviation corresponding to score interval k to which the individual admission score A_{ij} belongs$	0	0.3	-0.91	2.03
Number of enrolled students	Admnr <sub>i</sub>	Number of students admitted in 2001 in school i	153	85	4	525
Growth rate of enrolled students	g	Logarithmic growth of students enrolled between 2001 and 2005	0.1	0.18	-0.75	1.73
Graduation score (between 5 and 10)	Gi	The average graduation score obtained by all successful graduates from school i in 2005. The individual graduation score is the simple average of the scores obtained at national exams for 7 disciplines (Literature written and oral, Mathematics written or a socio-human discipline in case of theoretical and art schools, History written; foreign language; Physics, Chemistry, Biology or Geography at choice; an optional discipline).	8.01	0.70	6.47	9.58
Normalised graduation score	Gn <sub>i</sub>	The average normalised graduation score of all students in school i in 2005. The individual normalised graduation score is $\frac{G_{ij}-\overline{m^k}}{\overline{\sigma^k}}$ where $\overline{m^k}$ and $\overline{\sigma^k}$ are the population mean and standard deviation corresponding to score interval k to which the individual graduation score $G_{ij}$ belongs	-0.05	0.24	-1.03	1.003
Number of graduates		The number of successful graduates in 2005	155	92	15	869
NTN score	tit <sub>i</sub>	The average score at NTN exam of the new hired teachers in school i in 2004	7.22	0.86	5	9.95
Normalised NTN score	titn <sub>i</sub>	The average normalised NTN score of all teachers hired in school i in 2004. The individual normalised NTN score is $\frac{tit_{ij} - \overline{m}^k}{\overline{\sigma}^k}$ where $\overline{m}^k$ and $\overline{\sigma}^k$ are the population mean and standard deviation corresponding to score	0.02	0.71	-1.52	8.77

		interval k to which the individual NTN score $tit_{ij}$ belongs				
New teacher hires per school		The average number of teachers per school hired in 2004	3.97	3.08	1	31
New part time teacher hires		The average number of part time new teacher per school hired in 2004	2.92	2.29	1	16
Value added	A <sub>i</sub> -G <sub>i</sub>	The average achievement gain in school i of the cohort admitted in 2001	0.61	0.43	-0.52	2.57
Normalised value added	An <sub>i</sub> -Gn <sub>i</sub>	The average normalised achievement gain in school I of the cohort admitted in 2001	-0.06	0.29	-1.85	1.27

Notes: Number of high schools in data set is 1,050, covering 160,860 students; schools included in the data set were those with admission scores in 2001, graduation scores in 2005 and newly hired teachers in 2004.

# **Annex 4 Basic statistics by score intervals**

Table Basic statistics

		G1	G2	G3	G4	G9	G6	G7	G8	G9	G10
An <sub>i</sub>	average	-0.5	-0.32	-0.19	-0.1	-0.03	0.03	0.1	0.18	0.29	0.56
	Stdev	0.09	0.03	0.02	0.02	0.02	0.02	0.01	0.02	0.03	0.21
	Min	-0.91	-0.38	-0.25	-0.15	-0.06	0	0.079	0.14	0.23	0.36
	max	-0.39	-0.25	-0.15	-0.07	0.002	0.078	0.14	0.23	0.36	2.03
Gn <sub>i</sub> -An <sub>i</sub>	average	0.33	0.14	0.04	-0.01	-0.07	-0.08	-0.13	-0.18	-0.23	-0.37
	Stdev	0.26	0,21	0.2	0.17	0.19	0.18	0.19	0.19	0.25	0.36
	Min	-0.49	-0,61	-0.46	-0.44	-0.95	-0.48	-0.61	-0.59	-0.96	-1.85
	max	1.27	0.99	0.7	0.51	0.94	0.53	0.45	0.51	0.54	0.54
titn <sub>i</sub>	average	0.016	-0.05	-0.02	-0.05	-0.006	0.03	0.06	0.08	-0,02	0.21
	Stdev	0.67	0.6	0.68	0.56	0.63	0.66	0.64	0.7	0.67	1.11
	Min	-1.34	-1.52	-1.52	-1.42	-1.27	-1.37	-1.37	-1.52	-1.46	-1.37
	max	1.65	1.78	1.33	1.51	1.73	1.99	1.56	2.26	1.56	8.74
admnr <sub>i</sub>	average	130	136	162	161	167	159	154	163	146	151
	Stdev	95	92	94	94	84	91	89	80	63	69
	Min	7	12	26	26	11	21	4	25	25	7
	max	430	400	475	437	375	383	525	375	325	400
teo	sum	26	30	36	39	50	57	61	73	70	83
eco	sum	2	4	12	4	5	4	6	2	5	6
ind	sum	49	48	38	43	35	32	24	22	18	8
agr	sum	19	19	16	9	9	7	4	1	2	0
for	sum	1	0	1	5	4	3	2	3	1	0
ped	sum	1	1	1	2	1	0	6	3	4	3
spo	sum	2	0	0	1	0	0	1	1	1	3
	1	1	1	1	1: . 10	1	C 1				

Schools are sorted in ascending order according to An<sub>i</sub> and grouped into 10 equal sized groups of 105 schools