



Barriers to Equitable Access: Higher Education Policy and Practice in Chile Since 1990

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This paper examines higher education policy in Chile after the return to democracy in 1990 from an equity perspective. Chile faces the challenge of implementing equity-oriented policies within the legal confines of an education system constructed under the neoliberal model and introduced by the military government (1973–1990). This has resulted in tensions between policy and practice, which have constrained the role of the state in a highly market-oriented system, in its efforts to promote equitable access to higher education. The principal barriers to access are found in institutional funding arrangements, the admissions process and the quality of education at secondary level.

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Introduction

Since the return to democracy in 1990, Chile has frequently been highlighted as a case study for education reforms because of its endeavours to reconcile the operation of a market in public services, with a concern for equity and social justice within a modern state (Cox, 1996; Brunner, 1997; Navarro and Corvalán, 2002; Schiefelbein and Schiefelbein, 2002). Successive governments have taken the view that access to higher education should be dependent solely on academic criteria and that no individual or social group should be excluded from higher education for reasons of social class, gender, race or ethnicity. Government policy has prioritized addressing the needs of low-income students who have achieved the necessary qualifications for entry to higher education but who are prevented from progressing owing to financial reasons. Supported by the World Bank, efforts have centred on removing the financial barriers to access for low-income students by reforming the student loans and scholarship system, and significant improvements made in student funding will benefit students in the immediate future. Policy developments have focused on improving the quality of primary and secondary education, and raising levels



of attainment in compulsory education through increased investment and specifically targeted resources. Again, progress has been made on improving retention and achievement among the poorest pupils yet, for many, a high-quality education at primary and secondary levels remains elusive as the gap between the upper- and lower-income groups persists in relation to preparedness for learning, the quality of education received and the levels of student attainment. These structural inequalities impact on access to and participation in higher education, and are evidenced in barriers to equality of access (entry to the system), retention (remaining within the system), output (quality of the education received) and outcome (opportunities in the labour market, social status, and life chances resulting from education) (Farrel, 1999).

By examining the issue of equitable access through a country study, we can see how the education system and its constituent parts provide the nexus between policy and practice for, by operating within a national legislative framework imbued with ideology, meaning and values, higher education institutions are charged with translating policy into action. Educational organizations operate in open rather than closed systems in the sense that the external environment, -the dominant factors, opportunities and threats, incentives and disincentives – and how the organization relates to them are significant. They link the macro-context of national policy and the micro-context of the university itself and thus the policy-making process is filtered through the structures, value systems and cultures of the organizations involved (Simkins, 1999). This paper proposes that despite the stated policy goal of promoting equitable access to higher education, structural barriers resulting from the education reforms of 1980 and 1981 created a market in higher education, fostered competition between institutions for students and funding, and led to the proliferation of new private institutions, which segmented university provision along a public/private divide. A further barrier to equitable access is the gap in attainment between students educated in state-funded schools and those educated in private schools, which distorts the socio-economic composition of the student intake of the prestigious, selecting universities. This situation is perpetuated by institutional funding policies, which provide clear disincentives for universities to promote equitable access through their admissions policies.

Equitable Access: Education Policy in Latin America

In Latin America, the playing field on which individuals and groups compete for their share of the limited available resources is far from level. The inequalities in education are related to poverty, household vulnerability, and low levels of parental education, often resulting in early desertion and high

rates of repetition at school (IDB, 1998). While equality assumes sameness of treatment for all, equity refers to fairness or justice and its promotion through policy requires that individuals' or groups' needs and circumstances be taken into account when planning or designing initiatives. An equity-based approach acknowledges that compensatory mechanisms may be required in order to promote fairness and to level the playing field for disadvantaged groups. This means that the promotion of equity may require policies and initiatives, which, in themselves, undermine equality of provision or treatment and change the allocation of existing resources with the aim of promoting change (Samoff, 1996; Schiefelbein, 1998). Equity is not a new concept in education policy in developing countries although the ways in which it has been interpreted and translated into policy initiatives have varied greatly depending on political ideology and the economic model of development being pursued. In the 1960s, it was assumed that equity would be promoted by broadening the coverage of the education system and improving access at primary and then secondary levels. As advances were made towards achieving these goals, policy-makers in many Latin American countries shifted the focus to improving the results of the learning process in the 1970s. These decades were largely influenced by the modernization theories which emphasized the need for the creation of capital resources and also human resources. Education was perceived primarily in relation to the labour market, and meeting the demand for skilled personnel for employment in technical and professional careers (González Brito, 1997).

The modernization model gave way to a neoliberal approach to economic development by the late-1970s and the latter remained dominant throughout the 1980s. The relationship between the state and society was reconfigured as a result of the partial withdrawal of the former from the provision of social services and its replacement by markets. The effects of the neoliberal model on education policy were manifested in the widespread privatization of provision, the decentralization of education systems, and the devising of mechanisms for measuring educational outputs (Arnove, 1998). Supported by international donor organizations such as the World Bank, the International Monetary Fund and the Inter-American Development Bank, governments were encouraged to implement policies that emphasized efficiency and cost-effectiveness by targeting scarce public resources at the most economically vulnerable groups (Nickson, 2002). Aid underpinned those education reform programmes, which adopted a range of management techniques introduced to the public sector, which had their origins in the private sector, thus blurring the distinction between the public and the private domains and transferring public functions to the market (Kothari *et al.*, 2002). Since their introduction in the 1980s, the neoliberal reforms have fostered competition between schools and universities in the name of raising standards, achieving greater efficiency and cost-effectiveness in the use of resources. The rhetoric suggested that benefits



from these reforms would be distributed more equitably across the education system, but the result of these changes has been the redefinition of social relationships in a highly individualized form. In this way, increased freedom of choice has become largely contingent on the purchasing power of individuals and, in the case of education, their families (Taylor, 2003).

Reinforcing Market and State

From the early 1990s to the present, the neoliberal model has been retained throughout the region but now under democratic governments it is more a case of neoliberalism with a 'human face'. The contribution of markets and the private sector in education continue to be viewed positively, but proponents of equity in education also began to consider the need for mechanisms to compensate for social and economic disadvantage (González Brito, 1997). In this approach, the state is perceived once again to have a key role to play in the promotion of equity but, unlike the modernization model of the 1960s, the new paradigm might be termed 'more state and more market' (Brunner, 2000). Since the early 1990s, awareness has increased among policy-makers and international lending institutions of the complementarity and interconnectedness of the various tiers of the education system. There is also greater acceptance of the view that educational under-achievement is linked to socially rooted disadvantage and that the level of attainment at primary and secondary school impacts, in turn, on the preparedness for entry into higher education and the labour market (Navarro and Corvalán, 2002). Significantly, the World Declaration on Higher Education for the Twenty-first Century reaffirmed that special measures may be required in order to facilitate equitable access by hitherto disadvantaged groups and urges states to create the appropriate legislative, political and financial framework so that such aspirations for change can indeed be realized (UNESCO, 1998, 2002).

This shift in perspective has latterly been supported by international lenders who have come to acknowledge that university study can no longer be viewed as a luxury for developing countries, and that improving the quality of educational provision at primary and secondary levels is an essential pre-condition for promoting more equitable access to higher education (Patel, 1993; World Bank, 1999; World Bank, 2000). The World Bank has incorporated a commitment to promoting equitable access to higher education in its policy documents, but its recommendations focus primarily on student finance and funding mechanisms. This can be beneficial for the support of the World Bank for measures such as student credit, which promote equitable access to higher education can lend legitimacy to government policy proposals,

which might otherwise meet with resistance from reactionary national elites and other vested interest groups. However, less attention has been given to the linkages between the different levels of education and the potential for bottlenecks to form as students are unable to progress due to inadequate preparation or insufficient provision of places in universities that provide a high-quality education.

International support for greater government intervention to promote equity throughout the education system is welcome but, at times, it can seem like an exercise in collective amnesia. In particular, it ignores the tensions and contradictions of higher education in many Latin American countries where the shift from elite to mass-based systems was left mainly to the market. This approach was espoused by the World Bank and other international lenders who supported the NPM model and consequently the role of the state was restricted, and public policy goals were often undermined by market forces with serious consequences for equitable access. Under a market-led approach, the danger is that if provision is expanded, the overall numbers participating in higher education will increase, but participation will not necessarily widen to draw in students from previously under-represented social groups. In the absence of specific policies aimed at extending higher education to non-traditional groups (be it on the basis of social class, gender, race, or disability), there is a danger that universities may simply recruit more of the same type of graduates by exploiting existing constituencies more effectively (Scott, 1995). Consequently, if expansion occurs without explicit widening of access to include new groups, it is unlikely to challenge existing discrimination and may indeed reinforce the barriers by widening the gap between the more and less educated.

Even if the higher education system expands and participation widens, access can remain inequitable within individual institutions. Faced with an excess demand for places and/or insufficient public funding for further expansion, universities use their admissions policies to recruit the candidates most likely to succeed academically and to ration places. Thus, institutions with a reputation for excellence are more likely to restrict access and selectivity in admissions and, in turn, this implies high academic standards to internal and external stakeholders. In view of this perception and the links between social class and educational background, institutional concerns to promote equity are likely to require some modification to purely meritocratic selection procedures, and may require quotas or positive selection of certain groups (Verspoor, 1993). The existence of a hierarchy of higher education institutions is well known to a range of stakeholders including students and employers among others; the type of institution attended can impact on one's life chances, future employment and prospects for social mobility (Sutton Trust, 2003). Consequently, it is not enough for government to widen participation in



higher education, it is also necessary to ensure that students have equitable access to quality university education, regardless of their social background (Bekhradnia, 2003).

Higher Education Reforms in Chile: The Implications for Equity

From 1973 to 1990, Chile was under military rule. During this time, a neoliberal economic model was introduced and all levels of education were radically restructured by the 1980 education reforms and the effects of the New Public Management model into the public sector were wide-reaching. Henceforth, the effectiveness of compulsory education was measured through standard setting and national testing systems to measure outcomes. A concern for equity was expressed through the creation of compensatory financial transfers and means-tested targeting of the most needy (Nickson, 2002). The reforms resulted in a dramatic shift from a political culture, which viewed educational provision as a fundamental right to a culture that emphasized the freedom of choice of the user as a consumer rather than as a citizen.

Legislative changes were introduced through Article 19 (10) of the 1980 Constitution, which guaranteed the role of the State in shaping and developing all levels of the education system, while simultaneously fomenting the role of the market by allowing both the State and private operators to run schools and universities (Rojas, 2000). Prior to 1980, the higher education system was small, elitist and relatively homogenous, consisting of a core group of institutions, two state universities and six private universities¹ — all of which were funded by public resources (Brunner, 1997). They operated a selective admissions system and, while tuition was free, access was restricted due to the limited number of places available. Decree Law No. 3541, approved in December of 1980, provided the definitive framework for the restructuring of higher education and to this were added laws, which covered the radical reform of the universities including funding arrangements, and other higher education institutions without university status or degree awarding powers.² In total, the restructuring created 25 publicly funded universities, known collectively as the universities of the *Consejo de Rectores* (Council of University Presidents), of which 16 belong to the state and nine are private. Any notion of commonality between these universities rests largely on the fact that they receive public funding in addition to their income from student fees. In reality, they are a highly diverse grouping in terms of the size of the institutions, their range of activities (research and teaching or teaching only) and the quality of their academic output (Bernasconi and Rojas, 2004). In addition, there are currently 40 new private universities, 65 Professional Institutes and 120 Technical Training Centres (Persico, 2000).

Unencumbered by regulations, the private sector expanded rapidly in response to the increased demand for access to higher education and, to a large extent, this provision filled the gap caused by the inadequate supply of places in the state-funded universities. In 1980, only 10% of the eligible age group attended a university, yet by the end of the decade, enrolments in higher education had increased by 113% (Cox, 1996, 32). By 2000, the private sector had captured 71% of the total enrolment in higher education including registration in private universities, technical training centres and professional institutes. Even within the university enrolment, the private universities have a 58.9% share of the total undergraduate population (Bernasconi and Rojas, 2004, 37).

Tuition fees were introduced in all universities, set at an approximate level of the real market cost of provision and marginally adjusted to reflect the market reputation of each institution. This measure altered the funding arrangements to such an extent that by 1990, only 27% of the cost of higher education was met by the state, down from 100% a decade earlier (Cox, 1996). Tuition fees represented a partial transfer of cost from the state to private sources and ended the tradition of apparently 'free' higher education. This situation has been particularly inequitable for, in Chile as in other middle-income countries in Latin America, earnings increase significantly with each level of education and the attainment of upper secondary and higher education constitute important earning thresholds (Atria, 2001; Blom *et al.*, 2001; López Acevedo, 2001). In any case, the fees provided additional funds for universities to expand the number of places available and, from 1982, students registered in the selective, state-funded universities of the Council of Vice-Chancellors were eligible for the new means-tested loans to cover all or part of the cost of tuition. The loans to cover the upfront costs of tuition fees were framed as a means of promoting equitable access by ensuring that no applicant would be excluded on ability to pay but the shortcomings of this policy soon became obvious. Access to student loans was denied to students enrolled in the new private universities, professional institutes or the technical training centres, yet these students were drawn mainly from lower socio-economic groups.

On 10th March 1990, the military government's last day in office, legislation (Ley Orgánica Constitucional de Educación, LOCE) was passed, which made any future amendments to the education reforms of 1980 and 1981 subject to an unattainable quorum in the parliament. Since then, education policy demonstrates more evidence of continuity than change as policy-makers are largely constrained by the legislative framework inherited from the previous regime and the market-oriented policies supported by international lenders. Policy-makers and practitioners struggle to reconcile a market approach that emphasises efficiency, competition and public sector reforms with concerns for equity, solidarity and social justice. Current policy in Chile proposes that



higher education should be available to all those who can benefit from it academically and that no one should be admitted to or excluded from higher study on anything other than academic criteria (Lagos Escobar, 1999). However, the existence of a large private sector for higher education and the payment of tuition fees inevitably introduce financial considerations in addition to the conflicting goals of widening access and delivering quality education with limited resources (Ministerio de Educación, 1997).

Education Policy Since 1990

Education policy has been given prominence by all three governments of the Concertación since 1990. The first stage of education reform began in primary education (MECE-Basica) in 1991 and was followed by secondary education (MECE-Media) in 1994 (Delannoy, 2000; Schiefelbein and Schiefelbein, 2002). This demonstrated awareness of the importance of the linkages between the different levels of education and a commitment to continuity of policy beyond government terms and individual ministers. The education agenda was developed further by setting up the National Commission on the Modernisation of Education in 1994, which emphasized the need for a modern education system in a democratic society to overcome inequalities; to promote greater social justice and equity; and to strengthen Chile's insertion into the global economy through investment in skills, knowledge and technology. Compulsory education was extended from 8 years of primary education to include a further 4 years at secondary level (Lagos Escobar, 2002), and the most recent round of reform focused on higher education (MECE-Superior, 1999–2003). This was the final integral stage that would complete the lengthy process of reform in the Chilean education system initiated with the return to democratic government in the early 1990s. All three stages were co-funded by the government and the World Bank.

The key aims for this most recent round of higher education reforms were to improve the quality of higher education, defined as promoting excellence to a level comparable with international standards in both state and private universities. Secondly, in order to reduce the fragmentation caused by the market-oriented reforms of the 1980s, measures would be introduced to promote efficiency, cohesion and coordination in a highly heterogenous system (World Bank, 1998; Ministerio de Educación, 2003). As a result, the market has been tempered by an expanded role for the state as the regulator of the quality of provision since the late-1990s, but despite advances on accreditation of institutions and degree programmes, much remains to be done (Brunner, 2000). Thirdly, the World Bank and the Chilean government acknowledged that the participation across social groups in higher education was inequitable

and specifically recommended that the student finance system be revised in order to remove financial barriers to entry and thereby facilitate access to higher education from students from low-income families. To this end, the Bank recommended the expansion of the student finance system, the redesign of the income-contingent and merit-based scholarship scheme, and the student loans programme to better target low-income students (World Bank, 1998). This would involve providing loans to students registered in the private universities, where no financial aid was hitherto available and where a disproportionate number of low-income students were registered. After much debate by stakeholders and politicians, which centred around the justification of using public funds to support students in the new private universities, this measure was adopted becoming effective from 2006, thereby extending financial support to students in the new private universities as well as those in the Council of Vice-Chancellors universities.

Barriers to Equitable Access: The Quality of Secondary Schooling

Compulsory education in Chile comprises 8 years of primary and a further 4 years of secondary schooling, provided by the publicly funded municipal schools and subsidized private schools, or by the fee-based private sector.³ The 1980 reforms fostered competition between schools to enroll pupils, unrestricted by catchment areas or caps on numbers, effectively creating a quasi-market among education providers at primary and secondary levels and the segregation of schools by socio-economic criteria (Delannoy, 2000; Navarro and Corvalán, 2002). Throughout the 1980s, the private and subsidized private sectors expanded as cuts in public expenditure on education gave parents a clear incentive to enroll their children in privately administered schools. Since the return to democracy in 1990, state investment in all levels of education has increased, rising from 2.4% of GDP in that year to 4.4% of GDP in 2001. Yet, this has been paralleled by strong growth in private investment in education, which has increased from 1.4% of GDP in 1990 to 3.3% in 2000 (Ministerio de Educación, 2002, 127). Despite the increased total investment since 1990, there can be little doubt that the education system in Chile today remains socially stratified. Overwhelmingly, the municipal schools educate children from the poorest households; in 2000, 80.9% of those attending primary school in this sector were from families in the income deciles 1–5 and 43.2% were from income deciles 1 and 2; 38.9% were in households with incomes below the poverty line (MIDEPLAN, 2001, 14, 19). At secondary level, 72.1% of children in the municipal schools are from the lowest-five income deciles and 28.8% are from homes below the poverty line (MIDEPLAN, 2001, 24–25).



The linkages between socio-economic status and educational attainment are evidenced by school performance data produced annually by the *Sistema de Medición de la Calidad de la Educación* (SIMCE), a national system of testing to monitor and improve the educational performance of schools. Analysis of the SIMCE data by socio-economic group and type of educational establishment reveals marked differences in attainment. Since 1990, the increased investment and targeted interventions to the children from low-income families and vulnerable schools have succeeded in improving the quality of education provided in the municipal schools. However, children from well-off families who attend private schools learn most and achieve the highest scores, and the levels of learning fall away as income levels descend so that low-income children attending municipal or subsidized private schools present the lowest levels of educational performance⁴ (Aedo, 1998; McEwan and Carnoy, 2000; McEwan, 2001). Among the wealthier quintiles, the SIMCE results confirm that middle and upper-middle class children benefit disproportionately from the best educational services, and the top private schools perform at levels comparable to those in developed countries (PREAL/CINDE, 1997; Wolff and de Moura Castro, 2002). They can achieve internationally comparable academic standards because the fees they charge provide for human and capital resources, and their selective admissions policies serve the purposes of social and academic screening.

Students' socio-economic background and the type of school attended have a marked impact on progression through to higher education and, in particular, on access to the publicly funded selecting universities. A comparative study into the backgrounds of students registered at a selection of universities of the Council of University Presidents reveals significant differences between institutions in terms of the student profile by type of secondary school attended, levels of parental education, parental employment, and student finance (Registro Académico, USACH, 1999).⁵ In general, the students at the institutions consulted in the study came predominantly from lower-middle to upper-middle-class families as measured by levels of parental education and employment category. However, even among the selecting universities, there is a clear hierarchy between institutions, which correlates the average points score on admission and the type of school attended by applicants. Among the three largest metropolitan universities, the highest percentage of privately educated students attends the private *Pontificia Universidad Católica* (PUC), the most prestigious university in Chile, which commands the highest entry scores. Just over 70% of students at the PUC attended private schools, 14.3% went to subsidized private schools, and only 15.1% were educated in municipal schools. This is followed by the national state university, the *Universidad de Chile*, where around half the students were educated in private schools (50.8%), 22% in subsidized private schools,

and 27% in the municipal schools. Of the students attending the *Universidad de Santiago de Chile*, 22.2% of students were educated in private schools and just under 40% in subsidized private establishments, and 38.1% in municipal schools. The profile is somewhat different in the largest university outside the metropolitan area, and this is due to the markedly different distribution of educational establishments between public and private sectors in the region. At the *Universidad de Concepcion*, 29.1% of students came from the fee-paying private schools, 28.7% from the subsidized private sector and 42.2% from the municipal schools. Overall, the differences in the socio-economic composition of the student body in each of the universities examined suggests that while access is undoubtedly influenced by the external environment, it is also contingent on factors internal to the institutions and to the students themselves. The former may include values reflected in the university mission and a commitment to widening participation and promoting equitable access through specific clauses in the admissions policies. The latter may be evidenced when students factor in the composition of the student body at a particular university into their own decision-making process and apply to institutions whose student profile reflects their own educational and socio-economic background. However, the scope of this paper does not permit exploration of these factors.

Barriers to Equitable Access: Institutional Admissions Policies and the National Framework

Until 2002, entry into the selecting universities of the Council of University Presidents was determined by the weighted combination of a student's average marks at secondary school (*Notas de Enseñanza Media*, NEM) and their scores in the university entrance examinations (*Prueba de Aptitud Académica*, PAA; and *Pruebas de Conocimientos Específicos*, PCE). Studies suggest that this combination provided the most consistently reliable predictor of future academic performance (Donoso and Hawes, 1994; Le Foulon, 2002). However, over the years, criticisms of the national admissions system had intensified. There were concerns that it was distorting teaching in secondary education towards university entry, thereby undermining the value of this level of study as an end in itself and marginalizing students who were unlikely to progress beyond secondary school (Donoso *et al.*, 1992). Other perceived shortcomings centred around the grade inflation seen in the marks awarded at secondary level, which reduced their reliability as predictors of future academic performance (Donoso, 2000). The Ministry of Education wanted to extend the culture of school performance measurement evaluated by the SIMCE tests until age 14 to the end of secondary education and an alternative system,



the SIES, was proposed. This form of evaluation met with fierce criticism for placing excessive emphasis on the secondary curriculum, and thereby disadvantaging low-income students who were likely to experience a lower-quality education at secondary school (Beyer and Le Foulon, 2002; Eyzaguirre, 2003). Failure to find a definitive solution acceptable to all parties led to the adoption of a modified transitional arrangement, the *Prueba de Selección Universitaria* (PSU), introduced in December 2003. Parallel to the changes in the selection process was the move towards greater homogenization of the admissions procedures to the publicly funded universities, and the institutional flexibility over admissions criteria came to an end.

Ostensibly, this move would result in greater transparency and fairness but, by treating all applicants as equals, it brought to an end the very initiatives with which some universities had endeavoured to level the playing field. Under the old system, there had been sufficient flexibility for universities to apply additional criteria with the objective of increasing the participation of specific social groups in their annual intake. For example, regional universities could award an additional weighting to encourage students to study locally rather than move to the metropolitan area, thus retaining skilled graduates, investing in human capital and revitalizing the regional economy. Others did so with the aim of promoting equitable access on the basis of social class and family background.⁶ Between 1992 and 2004, the *Universidad de Santiago de Chile* awarded a 5% weighting to the overall scores of candidates whose average marks fell within the top 15% of their cohort at secondary school, which assumed that such students would share a broadly similar educational experience, socio-economic backgrounds and endowment of cultural capital. Awarded to students from both state and private schools, the 5% weighting was aimed to counter social and educational inequalities, which skewed student performance in the national admissions system. By tracking those students throughout their academic careers, it was discovered that those who entered with lower points scores but within the top 15% of their cohort at secondary school (and therefore benefited from the 5% weighting) outperformed their peers who were not within the top 15% but who nonetheless entered university with higher points scores (Gil and Grez, 2002). It can be no coincidence that the University of Santiago has the highest percentage of students educated in publicly funded schools out of the three large metropolitan universities.

Barriers to Equitable Access: Institutional Funding

In addition to the recent homogenization of criteria, which removed the institutional initiatives, the Chilean system of university admissions is skewed



by the funding arrangements for the Council of Vice-Chancellors universities. The bulk of university income is from direct public funding (*Aporte Fiscal Directo*, AFD), which is essentially input-based funding calculated on a formula combining historic costs plus inflation, enrolments and increased standard unit costs (Salas, 2001). This system encourages universities to maximize student registration, but it does not take into account the internal efficiency or performance as it is not conditional on the number or quality of graduates produced by an institution (Salmi, 1991). A second source of income for the Council of University Presidents is from private revenues generated through consultancy work, from institutional bids to competitive funds for research and development and most importantly from tuition fees. For many students, the cost of study is met through government-funded scholarships and student credit. Universities are charged with allocating, distributing and recovering the student loans, thus producing an inextricable linkage between student financial support and institutional funding. (World Bank, 1998; Castro, 2000). For the universities of the *Consejo de Rectores*, the linkages between institutional finance and student finance provides an implicit disincentive for institutions to recruit large numbers of students from low-income backgrounds as a proportion of their overall student body. These students are likely to require higher levels of financial support and may be less able to meet timely repayments, thus risking defaults and ensuing institutional deficits.

The third stream of funding, indirect public funding (*Aporte Fiscal Indirecto*, AFI) is available both to the Universities of the Council of University Presidents and to the new private institutions. This funding mechanism merits special attention here because it involves the allocation of resources to those institutions that recruit the highest scoring 27,500 students in the university entrance exams via a 'best student' formula.⁷ The top-scoring students are ranked in five tiers and the funding is disbursed proportionally, with the fifth level obtaining 12 times more funding from AFI than the first. The rationale behind the payment is to increase competition for resources between institutions by recruiting the highest performing students in the entrance examinations, increasing enrolments and improving the quality of the education provided (Castaneda, 1986). While the sums assigned to the universities of the *Consejo de Rectores* are not insignificant, the proportion of total funding represented by AFI has been falling steadily since 1991 as the AFD has increased correspondingly. The real significance of the AFI lies in the academic prestige, which it publicly confers on the institutions that recruit the highest qualified entrants, and it reflects and reinforces their position in the institutional hierarchy. There is fierce competition between the *Consejo de Rectores* universities and the new private institutions for students and much of the financial benefit of the AFI is returned in kind to the highest scoring



students through grants, reduction in fees and other benefits. It is not surprising to discover that students' scores in the university entrance examinations correlate with their socio-economic status and educational background, to the extent that 47% of students who attain 600 points or above are educated in private schools; 28% are from the subsidized private schools and 25% are from municipal schools. Yet, only 19% of the total number of students sitting for the entrance examinations are from fee-paying private schools, rising to 35% from the subsidized private and 46% in the municipal schools (Beyer and Le Foulon, 2002, 2). The educational inequalities are played out even within the highest scoring 27,500 students for in the fifth group, which attracts the largest sums of money, 60% are from private schools while the subsidized private schools and the municipal schools are concentrated in the lower scoring groups, which attract less funding (Bernasconi and Rojas, 2004, 175).

The AFI has been criticized extensively for unnecessarily rewarding universities for pursuing excellence, which should occur in any case; for channelling public funds to the private institutions; and for perversely distorting the concept of the 'best student', thereby concentrating funding in those universities and departments that already enjoy good resources and high prestige (Alvarez, 2001). While these criticisms are valid and cannot be dismissed, the AFI is not the root cause but the monetary representation of the inequalities that exist at secondary school and which are manifested in a lower-quality educational experience for the lower-income groups. Universities are operating in a competitive market for students and institutional funding created by legislation and reinforced by government policies, which provide a clear incentive to maximize income at the point of recruitment by selecting the highest scoring applicants in the entrance examinations. In view of this, institutional admissions criteria are weighted disproportionately towards the test scores rather than to the average marks at secondary school despite the proven reliable predictor of future performance being the scores in combination with the average marks from secondary school. The system provides a clear financial disincentive for universities to promote equitable access to socially disadvantaged students by modifying their criteria for entry.

Conclusions

The neoliberal reforms of 1980 and 1981 introduced the New Public Management model into the education system and this became institutionalized through the legal framework for education policy, the *Ley Orgánica Constitucional de Enseñanza* (LOCE), in 1990. This legislation and subsequent



incremental reforms have entrenched a competitive market in education and blurred the boundaries between public and private provision. While policy rhetoric proposed that markets in the education system would increase choice, promote efficiency and improve standards, in practice, the divisive nature of the market has impacted negatively on the quality of education at primary and secondary levels. This inequality has been prejudicial for the preparedness of students in the state-funded schools for entry to the selecting universities. Perhaps one of the most perverse outcomes of the Chilean education reforms is that those students educated in private schools are best placed to compete for places in the highly selective public universities, while students educated in the state-funded schools are least able to do so. Many find themselves excluded from higher education due to low points scores in the entrance examinations and poor performance at secondary school. Others find their choice of higher education institution restricted to the recruiting private universities, which sprang up in the 1980s and which have lower entry requirements than the selecting public universities of the Council of University Presidents. While the private sector is far from homogenous, in general, many private universities provide a lower-quality university education, which impacts negatively on future graduate prospects in the labour market and potential earnings. There is scope for lending organizations such as the World Bank to support governments in promoting equitable access and widening participation. While the Bank has been instrumental in securing changes to the student financial support in Chile and it has been critical of AFI, it has been conspicuously silent on the issue of structural inequalities in the education system, particularly at secondary level nor has there been explicit support for initiatives with which universities and the government might address this barrier to equitable access. This omission may be in observance of university autonomy over the admissions process or it may reveal the reluctance by the Bank and the government to acknowledge that the roots of inequity in access to higher education are still to be found at primary and secondary level. The lengthy reforms implemented by the Chilean government and financially supported by the Bank have failed to significantly alter the gap between public and private provision in terms of resources and quality.

The experience of the Chilean education reforms of the last 25 years shows how, through privatization and an increased role for the market, government policies reshaped the context in which the system operates and how in response, institutions shifted towards meeting the policy aims and institutional behaviours adapted to fit the new context. Although the state-funded selecting universities retained considerable corporate autonomy over many aspects of institutional governance after the reforms of the 1980s, they now operate under highly competitive, market conditions. While the selecting universities are not



operating admissions policies which discriminate against particular social groups, the links between institutional funding arrangements and student finance combined with the inequalities carried through from secondary schooling means that the social profiles of these institutions are likely to be unbalanced. With the homogenization of the admissions criteria in 2004, the institutional autonomy over admissions policies was removed and the state has not introduced alternative measures to promote equitable access. In the absence of external drivers, such as government targets or additional funding, the standardization of admissions policies is likely to result in the selective universities adopting more conservative, risk-averse recruitment practices. The complexity of the higher education system in Chile, the diversity of institutions, and the relationship between public and private providers, all pose serious challenges to policy-makers aiming to promote equity within the higher education system. Effectively, the lengthy process of reform and the changes that have taken place within the system and institutions over the last 25 years have radically redefined the relationship between the state, the education system and the market. At the heart of this is the ambivalence of the state as it veers between policy interventions to promote social justice and the perpetuation of a market-oriented system that fosters competition and militates against a more equitable distribution of educational opportunity for all.

Notes

- 1 Three were confessional, belonging to the Catholic Church and three were non- confessional.
- 2 Respectively, these were DFL No. 1, 30th December 1980; DFL No. 4, 14th January, 1981; and DFL No. 5, 5th February, 1981.
- 3 The subsidised private schools were created in 1980. They receive public funding to the same level as the municipal schools but are privately run religious schools, not-for-profit lay schools and, in the majority, schools run for profit.
- 4 There are significant exceptions to this as a small number of municipal schools outperform many private schools in the SIMCE tests and in the university entrance examinations. They are highly selective schools, located in wealthy neighbourhoods but which are nonetheless under municipal administration and funded by the state.
- 5 The universities in the study were the *Universidad de Chile*; *Pontificia Universidad Católica de Chile*; *Universidad de Concepción*; *Universidad de Santiago de Chile*; *Universidad Metropolitana de la Ciencia de la Educación*; *Universidad Tecnológica Metropolitana*.
- 6 These include the *Universidad de Santiago de Chile*, the *Universidad Alberto Hurtado* and the *Universidad de Talca*.
- 7 Initially, the payment was for the highest scoring 20,000 students in the university entrance examinations and the number increased to 27,500 in 1987 with Law No. 18,681. The provision was extended to the post-reform institutions, that is, new private universities, professional institutes and technical training centres with Law No. 18,768 in 1988 with the objective of encouraging competition between types of higher education institution. In practice, the universities capture 99.2% of students with AFI (Bernasconi and Rojas, 2004, 174).

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