

Chilean universities: not so tuition-free after all.

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Abstract: In 2011, massive student demonstrations disturbed the proper functioning of universities, with students making free higher education one of their key demands. In 2013, Michele Bachelet, a socialist, was elected president - free higher education being one of her most important electoral promises. This article summarizes the "Short Tuition Free Act" of December 2015 in Chile which is supposed to be the first step toward a free tuition higher education for all. It analyses the current conditions under which students can have access to subsidized tuition and the pitfalls of the current law. It also provides critics of the current approach and questions the possibility of implementing a free for all policy.

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The dictatorship of General Pinochet in Chile (1973-1990) expanded private higher education and introduced tuition fees in the higher education public sector. Three decades later Chile is the OECD country with the smallest share of public expenditure in the overall tertiary education spending. It also has the second highest tuition fees, after American private universities, when adjusted for the per capita gross national product.

In 2011, Chilean students demonstrated massively against the marketization of the higher education system, making free higher education for all one of their key demands. The President at the time, Sebastián Piñera (conservative), did not accede to this, but greatly expanded student aid as a response to the students' expectations. However, the issue did not go away, and by the 2013 electoral campaign, free higher education became a central pledge in the plan of the current president Michele Bachelet (socialist). Since her election, Michele Bachelet and her government have been working to fulfil this promise. At the end of 2015, a law intended to open the way to free higher education in Chile was passed by Congress.

The “Short Tuition Free Act” of December 2015

Lacking the necessary legislative space in the Congress' docket for 2015 and the technical wherewithal to design and negotiate with the universities an acceptable mechanism to replace tuition fees with public funding, the government chose to add to the education budget law for 2016 a rider that would create an initial form of tuition free status for some students and some institutions. This

legislative strategy was controversial in Congress and was resisted by the opposition on constitutional grounds, but was nonetheless passed in December 2015.

The budget act for 2016 provides funding to enable free higher education for enrolled students whose families belong to the 50 percent poorest among higher education students in Chile – i.e., families who earn less than US\$250 per person per month. But to be eligible, students must be enrolled in state universities or in private universities that chose to take part in the program. Only non-profit universities with at least four years of accreditation are invited to join the program.

For 2016, 30 universities (50% of the total number of universities in Chile) will participate in the program for free higher education. As a result, some 30,000 first year students will have access to higher education free of charge, as well as 80,000 students in higher courses. With additional students whose status is currently pending, the Ministry of Education hopes to reach a total of 160,000 students in 2016. But this adds up to only 15 percent of the total student population, far from the “free higher education for all” target. The 2016 program is indeed publicized by the government as the first step of a gradual process that should end, if the general state of the public budget makes it possible, with free tertiary education for everyone in 2020.

Improving access?

Demonstrating students in 2011 advocated for free tertiary education for all as a tool to improve access to higher education. But the “Gratuidad 2016” law is

unlikely to foster access. There is no evidence that students accessing free tertiary higher education in 2016 would not have gone to university if they had to pay tuition fees with the pre-2016 combination of scholarships and loans. In fact, according to Chile's major household socio-economic survey (CASEN), only 17 percent of young people in the 10 percent poorest households state that they do not participate in higher education for financial reasons. The most cited reason is that they did not finish high school or pass the qualifying examinations. Therefore, universal access to Chilean higher education seems to depend mostly on an improvement of the secondary school system, or on a change in university admissions criteria.

Additionally, the law is currently targeted at universities only, while students from low socio-economic backgrounds go predominantly to vocational and technical education. The benefit should be extended to Professional Institutes and Technical Training Centers as soon as 2017, thus making it more inclusive of the most disadvantaged populations. However, it is not yet clear how this will be implemented (and if it will really be), given budgetary restrictions.

For the government, however, this policy is not about increasing access, but a means to realize a question of principle: if education is a human right, it should be free of charge for the student.

Universities' choice

Private universities are given the choice to participate in the program or not. While all 16 state universities participate, only 14 private universities chose to do

so in 2016. 13 opted out, while the remainder is not eligible. The way government subsidies for students benefitting from free higher education are calculated does mean that some universities will lose revenue previously obtained through tuition charges. The government is not paying full tuition for every “free” student; instead, the per capita allocation is a per-program average of the tuition fees charged by all universities with the same number of years of accreditation, plus a maximum 20 percent increase for universities getting less per student than their tuition fees level. In effect, the most expensive universities –the best private ones – will not receive full compensation for their students on the free track and will have to self-generate the missing revenue or cut costs. While top-ranked universities might have leverage to secure other revenues from the government or private sources to compensate, most of these universities will experience a dent in their budgets if they choose to participate in the program.

This is also somewhat problematic for diversity and inclusion. Students with the best scores in the university entrance test, which tend to be the most affluent, will have the option to select universities that choose to participate in the free program, while the rest, often from less privileged backgrounds, will only find slots available in the less selective, for profit or poorly accredited, tuition-charging institutions. Equity could become a serious issue in Chilean higher education, as it is currently in the Brazilian free public system.

Free for all

With financial and access issues entangled in the current version of the law, there is reason to doubt whether the 2020 free for all plan will ever become a reality. The funding for this watered-down version of tuition free higher education came from an increase in taxes on Chilean firms. This increase came at a time of general slowing down of the Chilean economy, mostly because of the steep decrease in the price of copper. Currently, the low price of Chilean exports and the anemic rate of growth of the nation's economy is not in line with the increase in the educational budget needed to expand free tuition and fund other educational reforms in progress.

Indeed, the 2015 tax hike generated enough extra revenue in 2016 to only pay for the tuition of some 200.000 students. This made it necessary to lower the target of eligible students for 2016 from 60% to 50% of the poorest students. And the future looks grim. Fiscal adjustments are already in the forecast for 2017, with education predicted to take the biggest blow. How this will square with the will to open free tuition to vocational higher education is uncertain.

In the longer term, how the government will ultimately manage to fund free higher education for 1.2 million students in the public and private sectors remains unclear. This pertains to feasibility. Whether it is also advisable to make higher education free for all is another question.