How much does it cost choosing in Chilean higher education?

Diversification of tuition fees during the last decade in Chile

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Public agency, autonomous from the Government.

Functions: quality assurance of HE institutions
           public information and research

Among its activities, CSE conducts, since 1996, a national data gathering in which HE institutions participate voluntarily providing information (programmes offered, enrolment figures, tuition-fees, number and qualification of academic staff, among others).

Although the data is profusely disseminated, no rankings or indices result from this data gathering.
From data gathering into a study

• After a decade of collecting data, it is possible to identify some tendencies over the years that reflect the main features of the system.

• The evolution of fees that this study addresses comes as an excuse to discuss some intuitions about the way in which the system is evolving regarding access and transparency.
“students should pay a sum that is close to the cost of the teaching they receive with all the corrections that the higher social profitability of some degrees and other factors make pertinent to include. So called free university education is just demagoguery makeup to hide the fact that its cost are transposed to the whole community and its burden lies in sectors of lower incomes that those who benefit from it” (Ministro del Interior, 1984)
Context

- Intense and rapid privatisation of the system since the early 80’s reforms.

- In 20 years the enrolment in HE quadrupled.

- 95% of private participation in funding HE (families). Only comparable to South Korea or USA.

- By 2000 the 70% of students were enrolled in private institutions that do not receive public funding directly. It must be noted that public universities also charge fees that do not differ from the private sector prices.
Graphic 0: Relative proportion of expenditure by private entities other than households on TEIs, 1995 and 2004

Countries are ranked in descending order of the relative proportion of expenditure by private entities other than households on TEIs in 2004.

Context

“the new institutional arrangement in the area is fundamentally oriented towards opening the model of our higher education, thus reinforcing the freedom of education in a wide yet responsible manner, and introducing elements of competition that favor the improvement of academic quality (...) the main key to open the system of higher education to new competitive exigencies resides in allowing and facilitating the creation of new universities. This will help to increase the academic quality and enhance the freedom of education at the higher level of educational life of the country” (Ministro del Interior, 1984)
“How much does it cost choosing in Chilean higher education?”

The study looks at the most apparent effect of the introduction of market mechanisms in HE, which is the evolution of programme prices by thematic areas, types of institutions, certifications and accreditation status.

An underlying question is how are the fees affecting the capacity of choosing for those from lower socioeconomic backgrounds.
*) Para efectos del desarrollo del análisis y en pro de explotar de mejor manera la rica serie temporal existente, se excluyen del análisis la oferta de carreras de nivel Técnico Superior, las cuales en el contexto de chileno, corresponden a un nivel formativo que prepara trabajadores de apoyo al nivel profesional, en el marco de programas de estudio con una duración promedio de entre dos y tres años.

**) Cabe destacar que para el desarrollo de este análisis y los siguientes, los valores de los aranceles expresados en pesos chilenos, fueron convertidos a dólares utilizando un referente fijo en el tiempo (valor promedio del dólar durante el año 2007= $522.5). Se optó por esta alternativa para un mejor entendimiento en contextos internacionales del presente trabajo, y considerando el hecho que su alternativa (dolarizar en función del valor promedio del dólar de cada año) quedaba más expuesta en su ilustración a los vaivenes de la relación moneda local/ dólar, tan típicos en Latinoamérica. Finalmente, cabe señalar que el valor expresado corresponde al valor anual de cada uno los programas mostrados, sin considerar el pago del derecho inicial usual en Chile. A manera de síntesis, el valor que se analiza corresponde al total del valor anual de cada programa, que usualmente se paga en diez mensualidades.
*) Los valores virtuales corresponden a los valores observados en 1996, proyectados en el tiempo exclusivamente en función del IPC.
Graphic Nº2: standard deviation and increments of the highest and lowest annual fees

- Incremento Máximos
- Incremento Mínimos
- Desviación estandar
Graphic N°3. Evolution of percentage participation of non-technical undergraduate programmes in ranges of thousands of US$
Table N°1: Percentage distribution by area of the programme in offer (2007)

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Graphic 4. Percentage distribution by area of the programme in offer (2007)
Graphic Nº5: Evolution of the offer of degrees and fees by type of institutions.
Graphic 6: Fees of university programmes with or without academic degrees (Licenciatura)
Graphic 7. Universities percentage participation of number of programmes by range of prices

- Entre 0 US$ y 999 US$
- Entre 1000 US$ y 1999 US$
- Entre 2000 US$ y 2999 US$
- Entre 3000 US$ y 3999 US$
- Entre 4000 US$ y 4999 US$
- Entre 5000 US$ y 5999 US$
- Entre 6000 US$ y 6999 US$
- Entre 7000 US$ y 7999 US$
- Entre 8000 US$ y 8999 US$
- Entre 9000 US$ y 9999 US$
Graphic 8. Professional Institutions percentage participation of number of programmes by range of prices

- Entre 0 US$ y 999 US$
- Entre 1000 US$ y 1999 US$
- Entre 2000 US$ y 2999 US$
- Entre 3000 US$ y 3999 US$
- Entre 4000 US$ y 4999 US$
- Entre 5000 US$ y 5999 US$
- Entre 6000 US$ y 6999 US$
- Entre 7000 US$ y 7999 US$

Graphic 9: The impact of accreditation in IT programme’s fees (a specific sub-area)
Diversification

Diversification of prices has to do with an increase in the number of programmes on offer but mostly an increase in the range of prices within which the fees of the programmes being offered are distributed.

The increases at the higher end of the offer go way above inflation, while the lower prices increase according to it. Social stratification has been explored only within the institutions receiving public funding.

The influence of fees on student choice also needs more research, likewise the hard indicators of quality linked to the price (today, there is a small proportion of programmes that have gone through the process of accreditation).

A better understanding on the rationale behind the way in which HE institutions fix prices requires higher degree of transparency about costs, the amount of subsidies received and the allocation of those resources.
Freedom of choosing

• Every time the average price of a programme takes a bigger share of the average income of a Chilean family (unfair comparison to South Korea).

• While, in theory, public loans and grants are guaranteed for those who belong to the three poorest quintiles, it is also true that most of them do not qualify academically.
Table 3. Evolution of the value of average fees in the system in relation to the annual average income, by quintile

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<td>V</td>
<td>5,7%</td>
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<td>6,1%</td>
<td>7,2%</td>
<td>7,4%</td>
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<tr>
<td>IV</td>
<td>16,9%</td>
<td>17,3%</td>
<td>19,1%</td>
<td>21,7%</td>
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<td>27,6%</td>
<td>28,4%</td>
<td>29,2%</td>
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<tr>
<td>II</td>
<td>40,6%</td>
<td>41,6%</td>
<td>43,1%</td>
<td>49,2%</td>
<td>46,2%</td>
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<tr>
<td>I</td>
<td>84,0%</td>
<td>90,1%</td>
<td>89,6%</td>
<td>104,3%</td>
<td>97,3%</td>
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<td>Average of incomes General</td>
<td>16,2%</td>
<td>16,6%</td>
<td>17,5%</td>
<td>20,5%</td>
<td>20,3%</td>
</tr>
</tbody>
</table>

Table N°4: Percentage participation of average fee of different programmes in relation to annual average income, by quintile.

<table>
<thead>
<tr>
<th>Average income by household for 2006, by quintile</th>
<th>Professional Qualification with an academic degree</th>
<th>Medicin</th>
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</thead>
<tbody>
<tr>
<td>V</td>
<td>8,5%</td>
<td>16,3%</td>
</tr>
<tr>
<td>IV</td>
<td>23,5%</td>
<td>45,0%</td>
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<td>III</td>
<td>36,7%</td>
<td>70,4%</td>
</tr>
<tr>
<td>II</td>
<td>53,0%</td>
<td>101,6%</td>
</tr>
<tr>
<td>I</td>
<td>111,6%</td>
<td>213,9%</td>
</tr>
<tr>
<td><strong>General Average</strong></td>
<td>23,2%</td>
<td>44,5%</td>
</tr>
</tbody>
</table>

*) Estimación realizada sobre la base de datos INDICES y de la encuesta CASEN 2006 con factores de expansión en base a CENSO 2002; MIDEPLAN, División Social,
Freedom of choosing

• The case of the fourth quintile is unsolved, to what extent is reasonable to spend more than 20% of the household income on tuition fees?

• Who is filling the gap?

• The way in which all these factors may affect the sense of equity that people have regarding the system, needs further research.