

## Executive summary

Chileans value education; they see it as the most important and surest path towards continued prosperity. They make great efforts, as individuals and as a society, to have access to and take advantage of high quality educational opportunities. The numbers of young Chileans continuing to tertiary education has grown continuously for the past four decades, and will most likely continue growing for decades more. The economic, social, and personal benefits of more and better education continue to accrue in Chile, along with the desire to keep expanding and improving the national education system.

It is therefore no surprise that education has a prominent place in public policy discussions. Successive governments have responded to social demand and led drives to reform basic, secondary, and tertiary education. Within this context, the government invited the Organisation for Economic Co-operation and Development (OECD) and the World Bank to collaborate on this Review of Tertiary Education in Chile. The collaboration is timely given Chile's imminent accession to full membership of the OECD and its decades-long partnership with the World Bank in tertiary and general education reform.

The review team was impressed by many aspects of tertiary education in Chile. The massive growth in enrolment in past decades has not strained the institutional framework excessively or caused a general decline in quality. The expansion phenomenon appears to have stimulated, or at least been accompanied by, some bold policy innovations. The tertiary education sector has been and remains dynamic in important ways. Chile's success in moving from an elite to a mass tertiary education system, while maintaining education quality, is due in large measure to its willingness to implement new policy approaches.

While recognising Chile's past successes, the review team was united in the view that a second generation of reforms is now needed. The Chilean tertiary education system can be said to have negotiated the challenges of expansion with reasonable success. It should now address the more difficult and fundamental problems that keep it from being recognised as a world

class system. These problems have to do, *inter alia*, with unequal access for aspirants from different backgrounds and income groups, marked segmentation between university and non-university institutions, inflexible curricula and outdated classroom practices, overly long degree programmes, backward-looking institutional financing practices, a research system lacking focus and funding, and persistent deficiencies in information and accountability for results.

Several of these problems are multi-faceted, and the review has sought to deal with their various dimensions. For example, the length of university degree programmes is seen as a problem: i) for equity, because it raises the financial and opportunity costs of getting a degree; ii) for relevance, because it unnecessarily delays students' entry into labour markets and disproportionately emphasises theoretical content rather than more professionally pertinent material; iii) for quality, as it helps maintain a focus on number of hours spent in study rather than on competencies acquired; iv) for system governance, because it helps sustain the belief that a (longer) university degree must be more valuable than shorter non-university degrees; v) for financing, as it depresses graduation rates and erodes the internal efficiency of institutions; vi) for research, because students who average 7 or more years to obtain their first degree may be dissuaded from pursuing advanced degrees; and vii) for transparency and accountability, because the persistence of high drop-out rates appears at least partially responsible for the reluctance of institutions to analyse and share detailed data on key indicators such as enrolment and graduation rates.

Some programmes and institutions have taken the lead in addressing these issues. The Higher Education Improvement Programme (MECESUP – *Programa de Mejoramiento de la Calidad y Equidad de la Educación Superior*) has promoted curriculum reform; and individual institutions have shortened the path to advanced degrees in some cases. Ensuring that the critical reform initiatives are scaled up throughout the system is part of the challenge facing the Government of Chile.

The review seeks to be frank in its assessment of the current situation and in its analysis of the areas requiring second generation reforms. The report offers concrete recommendations, sometimes a choice of options to address problems identified; though the details of implementation are of course for Chile's tertiary education policy makers and stakeholders to decide.

In keeping with the inter-relatedness of reform challenges, the order of the chapters in the review does not reflect any judgments on the relative importance of the issues they discuss. The review begins with a

comprehensive factual summary of the Chilean system of tertiary education, noting its antecedents and context.

The issues of **access and equity** typify how Chile's policy efforts now need to focus on a second generation of reforms. Clear progress has been made in improving the access to tertiary education for poor but qualified students. In the span of one generation, enrolment rates for students from the two lowest income quintiles have risen by a factor of five. However, access and equity issues are not limited to just participation; they involve the ratios of aspirants to admitted students by income group, the relative success of male versus female students, participation of students by income and type of institution, and the distribution of student aid, *inter alia*. The Government has ambitious goals for access and equity based on its recognition of the equal distribution of talent throughout the population. Achieving these goals requires analysis and action on the above-mentioned issues.

The problems have their roots in the severe segmentation of Chilean society which is reflected in the differences between secondary schools. Schools attended by children from wealthy families consistently provide better secondary graduation rates, preparation for university entrance and university success. Students from low income groups and from municipal schools take Chile's principal university admissions test, the *Prueba de Selección Académica* (PSU) in large numbers but do worse than would be predicted from their secondary school graduation rates. Female students are not represented in universities in the proportion in which they obtain their school-leaving certificates. In a country where tertiary education is relatively expensive, student aid is not available to many needy students. Students from low income backgrounds are less likely to graduate and more likely to pay the full cost of their studies.

Across the OECD, success in solving equity and access problems varies. Chile's situation may be roughly comparable to that of Portugal which has struggled to provide full access. The review team notes that the Chilean Government has some way to go towards the achievement of its own objectives – equity with access, correcting inequalities and guaranteeing all young people with talent the right to attend higher education. It recommends consideration of earlier and more intensive “positive discrimination,” moves towards more multi-dimensional admissions testing and criteria for allocating places to students, and more attention to completion rates and time taken to graduate.

Recommendations for reforming student aid include expanding scholarship and loan opportunities further, ensuring that all scheme conditions are equitable and appropriate bearing in mind the diversity of students and institutional missions; and aiming to ensure that no qualified

student is prevented by financial need from entering or completing any form of tertiary education. The team also recommends merging all the current scholarship schemes into a single programme and merging the two current loan schemes into a single scheme on the CAE model, ideally introducing an income-contingent element.

The review team found that employers generally profess significant misgivings about the **relevance** of the knowledge, competencies, and skills that university graduates bring to the labour market. Employers also seem to lack the regular, systematic input into universities' curriculum content, teaching practices, or institutional governance that would enable them to argue for changes. This may explain why graduates in Chile take relatively longer to find jobs than their counterparts in OECD countries. Employers claim to be happier with the quality of graduates from the non-university institutions, the Professional Institutes and Technical Training Centres, but unhappy with the quantity, which they see as insufficient to meet the country's economic needs. Despite these views, wage differentials between university and non-university tertiary graduates remain substantial.

The review team suggests that immediate measures are needed to raise the attractiveness and prestige of technical tertiary education, and diminish the stark segmentation between university and non-university institutions. A potential step in this direction could be the establishment of a national qualifications framework to facilitate progression from one degree type to another, to allow credit for previous academic and job-related experiences and competencies, and to ease transitions between areas of study. The transition toward a national qualifications framework would benefit from including a review of all tertiary curricula, to make them more flexible and address excessive study hours and theoretical content in degree programmes.

Chile has made some notable advances in providing prospective students with information on the future value of degrees, especially through the *Futurolaboral* website. The quality of the information is often adequate, although more needs to be done to make this information "user-friendly" to the intended beneficiaries. Chilean universities have also been keen to pursue internationalisation in the form of international partnerships and student and academic exchanges; but there has been no serious strategic effort to add an international dimension to university curricula or to equip students with the skills required by a modern, global knowledge-based society, so higher education is not yet contributing as it should to improving the country's international competitiveness.

In considering the overall **vision for the tertiary system**, and its **governance and management**, the review finds that the law continues to reserve for universities the right to grant *licenciatura* degrees for the 18 so-

called learned professions and in some cases control rights to practise these professions. This monopoly maintains a hierarchy of prestige between tertiary institutions and contributes to classroom practices and degree requirements that have more to do with the past than with the future. The team recommends that artificial barriers to mobility be removed, that accreditation rather than legal status of the institution determine the value and prestige of a degree, that Chile adopt a broad three-cycle framework of Bachelors, Masters and PhD degrees similar to that of the Bologna process, and that the educational functions in tertiary education be separated from the licensing of professionals.

The review team found that the rationale for restricting membership in the *Consejo de Rectores* (CRUCH) has similarly outlived its usefulness. The roles that the CRUCH currently plays in representing the interests of Chilean higher education institutions, and carrying out important functions such as the admission of students, would be better accomplished by a group or groups representing all accredited institutions. Other agencies in the system (the Higher Council of Education, the National Accreditation Council (CNA) and the Student Loans Board) were found to have well-defined and complementary functions. However the review suggests that MINEDUC/DIVESUP commission regular strategic planning exercises, to ensure that all the agencies and institutions involved in the system are co-ordinating their efforts for the country's good.

With respect to institutional management, the review notes that, compared to best international practice, Chile's public universities give a major role in institutional decision-making to academic staff, but very little influence to external partners. It also recommends reforms that would permit public universities to recruit rectors from outside, encourage them to adopt modern management practices and free them from cumbersome civil service controls and regulations.

In examining tertiary education **quality**, the review team was duly impressed with Chile's recent progress, and particularly with the successful introduction and consolidation of a comprehensive, peer review based quality assurance system. The team's visits confirmed the impact of accreditation in changing institutional cultures by putting and keeping the issue of quality on the agenda of management, faculty and staff. Further benefits are expected as practices and cultures of quality assurance deepen. However, to realise its full potential, continued attention to and improvement of the quality assurance system is warranted. It would, for example, be beneficial for the CNA to make clear to tertiary institutions that quality, properly understood, means making relevant knowledge and skills accessible to all those the institution has a mission to serve; thus quality should be assessed by reference to each institution's particular mission.

Also, the CNA could usefully promulgate more in-depth criteria for peer reviewers, while avoiding regression to a control or “check list” mentality. More in-depth criteria could help to reduce some of the unwarranted latitude and discretion that currently gives an arbitrary flavour to some accreditation decisions, and could foster more consistently reasoned assessments.

As part of greater clarity and definition in accreditation criteria, ways should be found for the quality assurance system to have greater impact on teaching and learning practices in the classroom. The accreditation process in Chile can contribute more than it currently does to raising standards for teaching and learning, encouraging the use of competency-based teaching approaches and enhancing the participation of employers in curriculum and course design, thereby leading to higher graduation rates and greater graduate success in labour markets. The review also recommends ways of boosting the quality and effectiveness of the teacher training conducted by some tertiary institutions; this could make a real difference to students’ preparation in schools and so to their success on entering tertiary education.

The review’s efforts to assess the role of **research and development (R&D)** within the tertiary system were hampered by a lack of reliable and consistent data. This in itself is an area for concern and improvement. The sound data available, plus the review team’s contacts with stakeholders, reveal a system that produces a commendable amount of high quality research in selected areas, and that performs above the regional average and closer to the OECD average on some indicators. Recent initiatives to increase base funding for highly selected research groups and to promote centres of research excellence are commended. At the same time, the Chilean research system is underfunded and lacking in coherent strategic focus.

More specifically, national policy does not strike an adequate balance between funding basic science and supporting strategic priority areas. Research funding instruments, particularly those of the National Commission for Science and Technology (CONICYT, *Comisión Nacional de Investigación Científica y Tecnológica*), are numerous, fragmented, and overlapping; they could be made more efficient if they were consolidated into fewer, larger, and more targeted programmes. Curtailing the proliferation of new funding instruments would also lend greater stability and predictability to research funding, and hence facilitate more predictable career trajectories for researchers. In addition, research policy in Chile should foment a greater diversity of models for universities to pursue. Many were found to be following a “one size fits all” model based on the classic definition of a research university, rather than seeking a comparative advantage in research that is more closely compatible with the particular mission of their institutions, or has a particular regional relevance. Also,

recent improvements notwithstanding, Chile continues to produce low numbers of PhDs relative to OECD comparators, and for longer-term cost-effectiveness would be well advised to continue to build high-quality domestic PhD programmes. This recommendation is also relevant to the Government's new programmes aimed at increasing doctoral training abroad; strong domestic programmes are essential to the retention of the highest quality human capital, regardless of where it is trained. To achieve these ends, increases in public investment in research are necessary, alongside other reforms.

In the area of **finance**, the team recognises that Chile has achieved a sophisticated financing infrastructure and derived benefits from its diversity and innovation. The successful management of the transition from an elite to mass system owes much to these achievements. However, despite recent successful efforts to increase public spending per student, it remains low by both regional and OECD standards; and as education is also more expensive in Chile than in most comparator countries, this puts a large and excessive burden on students and their families. Given the goals of further expansion with increases in quality and relevance, there is a compelling case for further increases in public funding levels.

Increased public funding, however, will be most effective if it is preceded or accompanied by restructuring of how institutions are financed. The review team recognises that the funding infrastructure is intended to allow Chile to pursue several policy goals at the same time, these including quality (through competition for top students); a focus on research; and improved equity and access. But funding allocations are still dominated by historical considerations rather than performance, which undermines the goals some of these instruments were designed to achieve.

The team's main finance recommendations include: design of a long-term vision for tertiary education funding; aiming to double public investment in tertiary education and research over the next few years; transforming the Direct Public Grant (AFD – *Aporte Fiscal Directo*) to make it more performance-based and possibly (depending on which of three options is chosen) available to more institutions; eliminating the Indirect Public Grant (AFI – *Aporte Fiscal Indirecto*) in its present form; expanding the use of performance contracts; and confirming a competitive funding mechanism such as the MECESUP programme or an equivalent as the Government's principal channel for investment funding.

With respect to **information, transparency, and accountability**, the review notes the existence of various information systems for students, including a comprehensive database on the future labour market value of tertiary degrees. Although further efforts are needed to ensure this

information is user friendly, it is by and large adequate for its purposes. Of greater concern to the team was the lack of comprehensive, reliable information for policy purposes. It is surprising to find, as Chile enters the OECD, that competing versions exist for such basic figures as tertiary enrolment. Data problems reflect failure to appreciate the need for institutions to report fully on all aspects of their activities, rather than just their use of public resources. The review team applauds the efforts of the Ministry of Education (MINEDUC) to eliminate these problems through the creation of the Higher Education Information System.

The current situation allows some institutions that are *de jure* not-for-profit to engage in *de facto* profit-making activities. The review team suggests that Chile would be better served by allowing for-profit universities, while requiring comprehensive, reliable information from institutions, and establishing appropriate tax and other policies that differentiate between for-profit and legitimately non-profit educational activities.

The review team believes that the package of recommendations in this report – if effectively implemented – offers Chile a road to reform that will achieve the Government’s ambition of creating an accessible, high quality, innovative tertiary education system.