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SIAVELIS

DEMOCRATIC CHILE

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The Politics and Policies of a Historic Coalition, 1990–2010

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Education: Freedom of Choice or Enterprise?

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Chile's secondary school graduation rates have increased: almost 90 percent of twenty-five- to thirty-four-year-olds hold high school degrees versus less than 40 percent of fifty-five- to sixty-four-year-olds. Access to higher education has expanded fourfold over the last twenty years. More than 1 million students are enrolled today in institutions of higher education (compared to less than 250,000 in 1990). Today, seven out of ten Chileans attending university are the first generation in their families to do so. At the same time, national and international tests point to significant improvements in the quality of Chile's primary and secondary schools while the socioeconomic achievement gap has also narrowed.

So why did students organize the most important social movement of the Concertación period? And perhaps even more importantly, how is it that as soon as the Concertación left office, protests over education exploded and formed probably the most far-reaching social movement in Chile's recent democratic history?

The simple answer to these questions is that while coverage of schooling has expanded, the quality of education is perceived to be lacking by students, parents, and the Chilean population as a whole. Equally problematic is the high cost of education in Chile, which takes up a higher proportion of the income of recently graduated students than in other OECD countries. In addition, public anger has been aggravated by the lack of regulation of Chile's education system. Both at the school and university level educational institutions are perceived to be raking in large profits funded by unreasonable price increases and taxpayers' money: the sector is seen as being ruled by freedom of enterprise rather than the freedom of choice that the

system's originators promised. But perhaps the most significant problem is the inequality that characterizes Chile's education system on all levels: the gap between public and private education is one of the widest in the world.

One important question the student movement has generated is whether the Piñera government of 2011 is paying the price for poorly conceived Concertación educational policies, or whether it is reaping the fruits of having obstructed educational reform over the last twenty years. As we will see in this chapter, both the Concertación and the right-wing opposition were trapped in the transitional enclaves that were born out of the Pinochet legacy. However, the Right was definitely more comfortable in these enclaves than the Concertación.

In fact, education policy is one of the public policy issues that most clearly illustrates the authoritarian and transitional enclaves that were the legacy of the military dictatorship: three days prior to handing over government to the Concertación, the military regime enshrined the education reforms it had implemented during its period in office into the constitution by enacting the Organic Constitutional Law of Education (Ley Orgánica Constitucional de Enseñanza, LOCE). This constitutional reform meant that future governments could only change education legislation with a two-thirds majority in the Senate, a condition that, as we know from previous chapters in this volume, was impossible to achieve under the constitution that Pinochet had forced on the country.

From the perspective of history, it seems incredible that a democratic government would feel bound by legislation instituted by a dictatorship three days before giving up power. However, as in the many other policy areas discussed in this volume, the delicate balance of transition politics at the time shaped both the pace and depth of education reform during the Concertación period, and thus transformed the authoritarian enclaves into transitional enclaves. In the area of education reform, however, the authoritarian enclaves were more permanent and explicit due to this constitutional restriction.

So although education policy figured highly among the Concertación's priorities during its twenty years in office, the coalition never attempted to undertake any structural reforms of the education system it inherited and maintained its free market orientation. However, it did attempt to improve the system on a continuous basis and struggled with the position of the right-wing opposition that was steeped in free market ideology. In particular, the Right refused to contemplate any legislation that would favor public schools over private schools, even if public schools were most in need of support. In fact, they pushed for a shared financing system discussed below, which especially favored private schools. As a result of this combination of authoritarian legacy, constitutional constraints, and right-wing opposition, Chile is one of the very few countries in the world where schools

subsidized by public funds had the right to select students at preschool age (forbidden up to sixth grade only in 2009), expel students who underperform, and make a profit.

This chapter explores the politics of education reform during the Concertación period. It traces the different emphases of each president: from the Aylwin government's focus on inputs into education and appeasing the teachers' union, the Frei government's top priority on education and its institution of important reforms such as the increase of the school day from a half day to a full day, the Lagos administration's emphasis on improving the educational system's equity, and finally the Bachelet government's forced decision to prioritize education after the student movement of 2006 and final success in bringing down Pinochet's organic constitutional law of education (González 1998; Mizala 2007).[1] Although this reform was not as structural as many educators had hoped, it was still important to shrug off this legacy of the dictatorship.

The Legacy of the Dictatorship

All social sectors in Chile underwent important transformations during the dictatorship, consisting of a simplistic (but revolutionary) application of neoliberal principles inspired by Milton Friedman (Friedman 1962; Fischer, González, and Serra 2006; González 2000).[2] However, probably no other sector experienced such a deep and controversial transformation as education. Prior to the Pinochet education reforms, Chile had a centralized public schooling system with almost 80 percent of students in public schools managed by the Ministry of Education; 15 percent of schools were private and received some limited public subsidies, and the rest were elite private schools that did not receive government funding.

In 1981, the military government enacted a sweeping reform program. First, the administration and ownership of state schools were gradually transferred from the central government to individual municipalities between 1981 and 1987.[3] In this process, teachers lost their status as civil servants, meaning they could then be easily hired or fired. Second, a voucher system was introduced for all public and privately subsidized schools: anyone could set up a subsidized school provided they had a high school diploma. The requirements for receiving the voucher were extremely lax and demanded only basic infrastructure and staff.[4]

The goal of the national voucher program was to induce competition between private and municipal schools and help middle-class and low-income students obtain a better education. The Chicago Boys technocrats in the Ministry of Finance maintained that the lack of incentives explained the low performance of public schools. Competition was expected to generate

new schools that would compete in a free market, which in turn would produce a higher quality of education, preferably at the same cost. The ideological principle of *libertad de enseñanza* (freedom of teaching) became preeminent and was used as a justification for giving subsidized schools the right to expel students more easily. While at the time there was no empirical evidence to support this theory, the technocrats used this argument to convince the military government of the need to introduce such a sweeping reform, which was conceived, designed, and implemented in less than eighteen months (Guari 1998).[5]

Subsidized schools at this time received a voucher from the state and were allowed to make a profit. Although they could theoretically charge top-up fees, these would then have been deducted from the voucher, and therefore did not constitute a financing mechanism that made much economic sense. Top-up fees were therefore rarely ever charged.

The Pinochet education reform also had a strong political motivation. During the early 1980s the national teachers' union maintained very active opposition to the military regime despite the repression that was directed against it. The military government hoped that the reforms would reduce the strength of the union by breaking up the centralized bureaucracy of the public school system (González 1998). However, the military regime's reasons and justifications for education reforms are for the most part speculative given that the authoritarian regime precluded a public discussion of the many trade-offs of school choice and educational vouchers that have been an important part of education policy debates in other countries (Godwin and Kemerer 2002; Henig 2008). The explicit expectation was that the quality of the schooling system would improve even though the state had not established its own authority to regulate the quality of education services. Furthermore, no mechanism was established to evaluate progress. The first national test of educational performance was established in 1982, but was undertaken for internal information purposes only and did not produce comparable data over time. At the time, Chile had already been doing well in comparative terms on issues such as enrollment and dropout rates with a pace of improvement similar to South Korea's. After the reform, however, this rate of improvement diminished (Bellei and González 2003).

In addition, fiscal constraints during the 1980s, especially as a result of the profound crisis of 1982–1983, led to a significant underinvestment in the education sector as a whole. After the reform, the real value of the voucher declined by 25 percent and teacher salaries were reduced by 40 percent in real terms, which, combined with deteriorated working conditions and infrastructure, undermined the morale and prestige of the education sector. Far from achieving its promise of improving the quality of education, the legacy of the dictatorship was a deterioration of standards at all levels, which brought with it significant consequences for the future as students with high academic achievement were discouraged from becoming teachers.

The Educational Reforms of President Aylwin: Improving the Inputs into the Education System

One of the historical legacies the first Concertación government inherited was a conflict between the traditional educational establishment (which consisted of teachers, their unions, and their representatives in government) and the proponents of the voucher system instituted by the dictatorship (who were mostly economists). While the former preferred traditional public education and wanted to improve it through better regulation, the latter believed that free market mechanisms in the education sector would suffice to improve its quality and coverage.

During the Aylwin administration (1990–1994), the Ministry of Education was dominated by the traditional establishment. Educational policy therefore attempted to circumvent the representatives of the reforms instituted by the military dictatorship, principally the legal entities responsible for running schools, the *sostenedores,* which were either municipalities with mayors appointed by the dictatorship or private entities. This meant policies targeted individual schools directly with additional resources and disregarded (and at times interfered with) market mechanisms. The aim of this strategy was to restore a deteriorated public school system in a political context where legislative initiatives required negotiating with the right-wing opposition.[6]

The government's stated education policy objective shifted from "access and quality" in the 1980s to "quality and equity," although equity was not a particularly important component in education policies instituted during the Aylwin administration, with the exception of the 900 Schools Program (Programa 900 Escuelas) that provided resources and technical support to low-performing and disadvantaged schools (García-Huidobro 1994) but accounted for a negligible proportion of the total education budget (González, Mizala, and Romaguera 2000).

An example of the authorities' disregard for market mechanisms was the teacher labor statute enacted in 1991 (Estatuto Docente), which was a special concession to the teachers' union (González 1998).[7] Its original version was the most rigid piece of labor legislation ever enacted in the country and it applied mostly to municipal schools. The statute established a single pay structure of wages tied mainly to years of experience and thereby de facto centralized bargaining.[8] The objective of introducing a national pay scale was to reduce the differences between teachers with similar experience and responsibilities and to eliminate employers' discretion in wage

setting.[9] The teacher labor statute also made it virtually impossible to fire a public school teacher even after the official age of retirement, and reduced the authority of municipalities to reassign teachers to schools within the same municipality.

Three Christian Democrats in the cabinet at the time (Minister of Finance Alejandro Foxley, Secretary General of the President Edgardo Boeninger, and Minister of Labor and Social Security René Cortázar) attempted to convince the president of the negative consequences of the teacher labor statute. The president supported the minister of education, Ricardo Lagos, leader of the left-wing bloc (PS-PPD) of the ruling coalition. However, the divide was not so much between parties of the coalition but rather constituted the first important confrontation between economists and educators within the Concertación. Educators dominated the Ministry of Education and included historically well-respected leaders of the union such as Alfonso Bravo, a Christian Democrat. The public *sostenedores* opposed the teacher labor statute. However, since many of them were appointed by the military government, they had little political influence at the time.[10]

It is interesting to note that several opposition lawmakers also supported the teacher labor statute because it protected school principals, many of whom were appointed during the dictatorship, from being fired. The opposition anticipated a poor electoral result in the municipal elections—which were to be held one year after the enactment of the new teacher labor statute—and therefore hoped that satisfying school principals would help mobilize votes in their schools and municipalities. The conservative opposition's position on this issue contradicted their ideological public discourse on labor flexibility and modern management (and their economists' opinions). Despite this, they blocked any legislation that would require principals to participate in a competitive and transparent hiring process until 2005.

The teacher labor statute that established a single pay structure of wages and made it difficult to dismiss teachers, combined with the national voucher program that tied school budgets to a subsidy based on student enrollment and attendance, produced large financial deficits in most municipalities. The government set up a temporary fund for municipalities to defray the costs of maintaining higher teacher salaries. Many mayors complained that municipalities were still underfunded. In response, the government designed different short-term mechanisms to help alleviate the municipal financial crisis (Baytelman et al. 1999).[11]

In addition to the teacher labor statute, the educators in the Ministry of Education advocated for more targeted programs. During the Aylwin administration, the ministry introduced policies intended to improve graduation rates and the quality of education in the most disadvantaged schools (García-Huidobro 1999; Cox and González 1997).[12] Although it is generally not possible to evaluate the impact of these programs on test scores, one such program, the P-900 (which worked with the 900 lowest performing primary schools in the country), did produce positive results (García-Huidobro 1994; Chay, McEwan, and Urquiola 2003).[13] The problem with these educational programs, however, was that once schools graduated from the program, their results deteriorated again, especially as parents had the option of moving their children to nearby schools with better results (González, Mizala, and Romaguera 2000).

All of these programs were designed to circumvent the public *sostenedores* that the decentralization of the education system had instituted during the dictatorship, and dealt directly with school principals and teachers. At the time, most municipalities lacked the administrative capacity and resources to provide technical assistance to their schools that decentralization required. The Ministry of Education supervisors therefore had to fill this hole and assume a more pedagogical role at the school level.[14] This division of responsibilities tended to further blur the lines of accountability for public school performance and reduced the effectiveness of the incentives the voucher was supposed to create.

As discussed in Chapter 8, the government of President Aylwin undertook an important tax reform in 1993, which was designed to palliate the social debt the Concertación had inherited on all levels from the dictatorship. A significant proportion of the money raised by this reform was used to improve educational standards in Chile. During the negotiations for the reform, the right-wing opposition conditioned their support on the inclusion of two bills: tax breaks for school donations and the establishment of a shared financing mechanism for schools (*financiamiento compartido*). The school donation legislation enacted in 1993 provided tax incentives to private companies that donated money or equipment to schools, but it had little impact because companies feared increased scrutiny from tax authorities if they made use of this mechanism. The shared financing law, enacted in 1993, allowed schools to charge fees that would top-up their voucher.[15] Once top-up fees were introduced, they became compulsory for all parents sending their children to the school regardless of their socioeconomic status.

The justification for the shared financing program was that it would inject more private resources into education and increase parental choice. The program's design was attractive for the Ministry of Finance—which negotiated the agreement with the opposition—because discounts were to be applied to the voucher progressively, based on the fees charged, which meant more private resources flowed into the school system. However, the reform reduced the discount rate compared to the existing system.

Some critics have argued that both measures increased the potential for inequality and segregation in the system (González 1998; Elacqua 2006), as these resources are correlated with families' socioeconomic status. How-

ever, the progressive deduction of the value of the voucher contributed to the targeting of public resources while private resources in the voucher system contributed to narrowing the gap with private nonvoucher schools (González, Mizala, and Romaguera 2000).

An All-Encompassing Reform, 1994–2000

The second period of the coalition was marked by a deep conviction by many high ranking officials, including the president, regarding the importance of improving the quality and equity of schooling. The 1994 National Education Commission was key to creating the momentum for the next wave of reforms. Chaired by the prominent education scholar, José Joaquín Brunner, its mandate was to recommend short- and long-term policies for boosting achievement and narrowing the learning gaps. The technical report was followed by a political analysis, highlighting the limits of a possible consensus on many of the issues under discussion. For instance, the commission called for a profound revision of the teacher labor statute, which was rejected by the teachers' union and several representatives on the Left. The education reform path in Chile continued to be defined by the tensions between the two souls of the Concertación reformers within the Ministry of Education (the educators and the economists) and the conservative opposition, which continued to defend the unregulated national voucher program.

During the first two years of the Frei administration, the government emphasized financing and governance. One of the first bills sent to congress was an increase in the real value of the voucher (González 1998). The legislative initiative also introduced modifications to the teacher labor statute. This was partly a response to pressure from a new and powerful political constituency: the newly elected mayors, many of whom were members of Concertación parties, were so disgruntled by the combination of lack of funding and responsibilities as school administrators that they threatened to "give schools back to the central government." The legislation passed by Frei also allowed mayors to reallocate teachers among schools and to dismiss teachers when a municipality experienced declines in enrollments (and a corresponding reduction in their budgets). Although these changes might be considered slight, the original version of the Teacher Statute had not even contemplated this minimal level of flexibility. Rural schools were also provided with some incentives to merge. All of these measures were designed to correct for differences of costs between different types of schools and to strengthen the management and fiscal capabilities of municipalities.

The 1994 negotiation between the government and the teachers' union resulted in important changes to the wage structure of teachers. However, the outcome of this negotiation weakened the position of Concertación union leaders who accepted these changes. Since then the Communist Party has been in control of the teachers' union. Part of the wage readjustment was channeled through a new supply-side incentive scheme, the National Evaluation System of Publicly Funded Schools (Sistema Nacional de Evaluación de Desempeño de Establecimientos Subvencionados [SNED]), which was implemented in 1996. The system provided a monetary incentive to teachers who worked in the highest performing schools—the top 25 percent after adjusting for student demographics. To start challenging the popular notion—espoused by the teachers' union—that teachers were underpaid, the government introduced a minimum wage bill applicable to all teachers working in publicly funded (municipal or private voucher) schools.[16] The government also made public the starting and average teacher wage levels based on a workload of forty-four hours per week instead of the thirty hours per week previously reported.

Union leaders and their advisers tend to justify their calls for high wage increases on the basis of a historical deterioration of teacher salaries that occurred during the dictatorship. However, teacher wages are not low if compared to workers with similar years of education (Mizala and Romaguera 2005), and they are similar to OECD averages in relation to the GDP per capita. A problem that has not been resolved is the low quality of the institutions providing teacher education, as the state lacks any channel of command or other tools to affect the behavior of these institutions—and aside from the competitive funds, it has seldom used incentives to induce higher quality.

In 1995, the secretary general of the president met separately with the ministers of the social sectors to invite them to propose social policies that could become the legacy of the Frei administration. The internal debate that ensued within the Ministry of Education is a good example of how educators and economists within the Concertación were unable to agree on many of the fundamental education reform issues.[17] However, a compromise was reached and the government decided to advocate for an extended school day. This was a significant reform in a country where most public schools in urban areas normally had a morning and an afternoon shift for two separate cohorts of students. Advocates argued that extending the school day would have a positive effect on learning achievements as well as on other externalities such increased female labor participation, a decline in risky behavior among adolescents, and more cohesive local communities.

President Frei favored the proposal made by the Ministry of Education and announced the extended school day reform in his 1996 equivalent of the State of the Union speech. Schools would be required to increase the length of the school day to total forty-two hours per week and would re-

ceive a higher per pupil voucher to finance the increased costs of having longer school days. The reform was implemented gradually as it required abolishing school shifts, which in turn required substantial investment in new infrastructure.[18] Rural schools, which already had single shifts and did not require additional infrastructure, implemented the extended day reform before most urban schools. The costs of this reform were significant (US$2 billion in capital expenditure and more than a 30 percent increase in recurrent expenditures in the long run), and it was not implemented with adequate procedures for evaluating its impact in mind. However, a quasi-experimental evaluation showed modest improvements in tests scores (Bellei 2009).

The government also introduced a new curriculum from preschool to high school, which was implemented gradually and combined with teacher training programs. Prior to this reform, Chile had an out-of-date national curriculum and schools had a lot of flexibility on the minimum contents they were required to teach. In 1995, the government also began to publish school-level test scores. The average test scores were made available to parents, teachers, and administrators.[19]

The Concertación members of the education committee in both chambers of congress were concerned that the voucher system was exacerbating school segregation. To address these concerns, in 1997 the government introduced a compulsory scholarship program for voucher schools. The objective of this measure was to provide schools with incentives to enroll disadvantaged students who were unable to pay school fees. In addition, recognizing that parents usually expect a long-term relationship with the school they choose for their children, voucher schools were required to inform parents at the end of the school year of the maximum increase in the average school fee over the following three years.

Accountability and Equity, 2000–2006

Since the return to democracy in Chile in 1990, following the advice of educators, the core of education reforms focused on improving quality and equity through curricular reform, targeted programs, and longer school days. However, the economists in the Frei administration also made some modifications to the teacher labor statute and introduced pay incentives for teachers based on merit. Overall, the Aylwin and Frei administrations adopted a pragmatic and gradual process of change. They did not try to restructure the organizational and funding components introduced by the military government. They concentrated on promoting quality and equity in education within the framework inherited by the military regime. In 2000, however, there was a general consensus among most reformers on the Left and some on the Right that some of the regulations under which the education system operated fostered inequities and were an obstacle to achieving the overriding goals of boosting student achievement and narrowing learning gaps. For example, Chile had an unrestricted flat per-pupil voucher that could be topped up by parents. This provided few incentives for schools to locate in poor neighborhoods and enroll disadvantaged children from low-income families. Private voucher schools were also permitted to select students based on independent criteria (interviews, tests, etc.), which also likely induced self-selection of low-income parents out of high-quality private voucher schools and exacerbated school segregation. The government also provided parents with little information on school quality, and schools and teachers were not held accountable for schooling outcomes.

The Lagos administration set out to introduce changes in some of these aspects of Chile's education system. The government also continued to develop compensatory programs to equalize the distribution of learning opportunities.

Finance

An adjusted voucher law figured foremost in this strategy. The Preferential Subsidy Act (Subvención Escolar Preferencial [SEP]), which was designed and sent to congress by the Lagos administration late in his term, was passed by the Bachelet administration in 2007. The SEP law recognizes that it is more costly to educate disadvantaged students with an extra per-pupil subsidy (50 percent over the base voucher) for students classified as priority in the Ministry of Education's socioeconomic status classification system and with additional increases for schools depending on the concentration of priority students.[20] The SEP law is also designed to increase the incentives of high-quality private voucher schools to enroll disadvantaged students and locate in poor neighborhoods underserved by local public schools. The SEP's aim was to enable schools to devote more resources to children from disadvantaged home environments, to boost their achievement, and narrow the persistent learning gaps in Chile.

This is perhaps the most aggressive educational policy to reduce achievement gaps ever launched by any country in the world. It favored 40 percent of total enrollments. Previously, the Netherlands increased their voucher amounts for immigrants and eventually for all economically disadvantaged students (between 2.1 and 1.8 times the regular voucher) but this affected a smaller proportion of the population. South Africa instituted a distribution rule awarding schools that were in the lowest quintile seven times more resources than schools in the top quintiles, but this rule included recurrent expenditures other than teacher salaries.

It is still too early to evaluate the impact of the SEP, as the program was fully implemented only in 2010, and schools are still learning how to take advantage of these extra resources.

Regulations and School Accountability

The Lagos administration also introduced several changes to the rules and regulations under which the voucher system operates. The legislative reforms regulated school selection procedures. The SEP law forbids participating schools from using parental interviews and admissions tests to select and expel students. In addition, participating schools cannot charge tuition to priority students. During the school year school administrators can no longer suspend or expel students because they cannot pay tuition. Prior to the SEP, schools were allowed to select students and could expel pupils that fell behind on tuition payments.

In 2005, the government also established low-income student quotas (affirmative action) to foster school integration and expand the schooling options of disadvantaged families. Schools that received government funding—public and private voucher schools—were required to enroll at least 15 percent of "vulnerable" students, unless the school could demonstrate that it had not received enough applications to fill this quota.[21] This was more of a declaration of concern as this law (contrary to the SEP law, which conditioned extra funding) had no enforcement mechanisms, which were frowned upon by the right-wing opposition.

The government also changed the rules that must be adhered to by schools that receive public funding. SEP ties the additional per-student voucher to an increased role of the Ministry of Education in monitoring and classifying schools based on student performance and holding them accountable for their outcomes. SEP classifies schools in three categories (autonomous, emerging, and in recovery) based on student performance over time and holding them accountable for their outcomes. The classification affects the degree of autonomy schools have in spending additional resources.[22] The SEP law requires the ministry to publish the school classification on its website and schools are required to explain to parents the consequences of their classification.

Teacher Accountability

The Aylwin and Frei administrations followed a three-pronged strategy to professionalize teaching and to attract higher achieving high school graduates into the profession. First, they introduced a teacher labor statute that established centralized bargaining, which made it virtually impossible to fire a public school teacher who is not performing adequately. The law also

introduced a single pay structure of wages and dramatically increased public teachers' salaries. Second, they introduced a merit pay incentive based on a qualitative and quantitative assessment of teacher performance and a team (school) incentive named SNED. The authorities also created an incentive for teachers who worked in disadvantaged schools. Finally, they invested copious resources in professional development for existing teachers. This included several measures announced in the 1996 presidential address such as competitive funds to improve the quality of initial teacher training institutions, short-term internships in prestigious institutions abroad for teachers, an annual prize for the best teacher in each province, and so on. The ministry also had teacher training programs, and the installment of the new curriculum was accompanied by significant training in its content. The Teacher Statute also contained a pay increase linked to the number of hours spent on teacher training courses certified by the ministry. All of these programs and incentives likely affected the quality of applicants (Arellano 2000; Vegas and Umansky 2005).[23]

Despite improvements in salaries and labor conditions, the quality of the teacher force was still inadequate. For example, according to the TIMSS results in 1999, only 24 percent of Chilean teachers were confident in the mastery of the skills of the subject they taught, whereas the average in other countries was 63 percent (TIMSS 2000). Moreover, only 55 percent of teachers felt confident in their teaching skills, compared to 84 percent of their peers in other countries.

The Lagos administration adopted two measures to confront this policy challenge. First, the government instituted a compulsory system of teacher evaluations in public schools. In 2004, Minister Bitar succeeded in implementing the public school evaluation established by the original version of the Teacher Statute—successfully opposed by the union for the previous thirteen years. This comprehensive assessment consisted of a self-evaluation, an interview with the evaluator, a principal and assistant principal evaluation, a peer assessment conducted by a teacher from a different school in the same municipality, and a video of classroom performance. Teachers were classified into four categories of performance. Teachers who received a negative evaluation over two consecutive years were required to leave the classroom and participate in an intensive teacher training program for one year. The evaluation allowed municipalities to dismiss teachers who received a negative evaluation three years in a row, while providing a generous severance package.

The second measure taken to improve teacher quality was to increase the transparency in the hiring of new public school principals. The theory behind this measure was that competent principals would be more likely to attract and retain high quality teachers, especially in the most disadvantaged public schools, and would be more effective leaders. The Public

School Principal Act, enacted in March 2005, required municipalities to make all principals go through a competitive hiring process. The law started with the principals that had more than twenty years of experience (those appointed during the dictatorship). This legislation was opposed by several right-wing lawmakers because many of the public school principals appointed by the military government continued to run public schools.

High School Graduation Rates

Although high school enrollment rates had improved, Chile continued to face high school dropout rates in the poorest schools.[24] The Lagos administration introduced two measures to confront the problem. First, in 2000, it launched the High School for All Students Program (Liceo para Todos), a targeted program that supported disadvantaged high schools, including pro-retention scholarships granted to students at risk of dropping out.[25] The program also provided a subsidy for schools in exchange for their commitment to reduce dropouts. The second strategy used to reduce the number of dropouts was to extend compulsory education to twelve years. The Twelve Years Education Act, enacted in 2003, guaranteed students access to free secondary education (in the municipal sector).

Student Protests and Change, 2006–2010

The education reforms of the first three Concertación administrations were politically popular because they provided politicians with resources to distribute to constituencies (e.g., jobs in construction and teacher training programs; children in school more hours a day, which helps reduce child care expenses). They also imposed fewer costs and provided more benefits (jobs, job stability, improved working conditions, and wages) for teachers, administrators, and bureaucrats. The conservative political opposition was also receptive to the reforms because they did not challenge the voucher program and the decentralization of public schools.

Most experts at the time agreed that these investments increased coverage especially for low-income children in high school[26] and preschool,[27] improved the quality of school facilities, provided many children with the opportunity to spend more hours a day at school (Bellei 2010), and increased teachers' salaries, the quality of applicants, and school construction.[28] Parents also reported high levels of satisfaction with the quality of their children's schools (Fundación Futuro 2004).[29] Despite these positive outcomes, and a fourfold increase in spending in inflation-adjusted terms between 1990 and 2006, as summarized in the introduction to this chapter, there had not been significant improvement in the average quality of learning up to that point. Student achievement in Chile was among the highest in Latin America, but still lagged significantly behind a number of emerging countries in Asia and Eastern Europe, as demonstrated by the poor results achieved on the Trends in International Mathematics and Science Study (TIMSS), the Program for International Student Assessment (PISA), and the International Civic Education Study (CIVIC). National test scores were also stagnant between 1997 and 2006, and large test score gaps persisted between socioeconomic groups. Schools were also stratified by socioeconomic status. Students attending private schools, on average, came from families that had much higher incomes and were headed by parents with substantially more schooling than students enrolled in public schools.

These factors converged to motivate one of the largest protests in Chilean history that is widely known as "the march of the penguins"—in reference to the protesters' school uniforms. The protests began in July 2006, less than three months after President Michelle Bachelet took office. The first Bachelet minister of education, a Christian Democrat, was functional to the student movement, as he publicly criticized the fact that public education was handed over to the municipalities (and without having designed an alternative), perhaps reflecting for the first time in public the dissent between economists and educators within the Concertación. More than 600,000 high school students walked out of class and occupied hundreds of schools all over Chile. The student movement had widespread popular support among university students, the teachers' union, the workers' central unions, and average citizens.[30]

The student demands included more teachers and improved school construction, the elimination of fees for the national college entrance exam, free student public transportation fares, and most importantly, the repeal of the LOCE (Ley Orgánica Constitucional de Enseñanza).[31]

President Bachelet responded to the students' demands by creating a Presidential Commission of Education of eighty-one members, including representatives of students (secondary and university), parents, municipalities, rectors, the private sector, teachers, lawmakers, indigenous people, and experts. Following the recommendations of the majority of the members of the commission, the government introduced three education reform proposals along with additional resources.[32] First, her administration proposed to repeal the LOCE to create a new General Law of Education (LGE), which would redefine the balance between school and teacher autonomy and students' rights to receive a high-quality education. The key points of the legislative initiative dealt with increasing public and private voucher school regulation, reducing discrimination and selection in private voucher schools, introducing grade-level reforms, facilitating lateral teacher entry, and allowing the creation of a system-wide accountability program (quality

assurance system). President Bachelet also introduced a bill that created the education quality assurance system, including the creation of two agencies that would be responsible for school supervision and accountability: the Education Quality Agency and the Superintendence of Education. Finally, the Bachelet administration introduced a separate bill that would reform the institutional framework for publicly managed education and provide additional funding and technical pedagogical support to public schools.

The Chilean legislature enacted the LGE in 2008. The LGE had bipartisan support and was passed by a majority. The other Quality Assurance System was not approved until August 2011, well after the end of Bachelet's term. The public school reform initiative is still under congressional debate.[33]

Conflicts and Compromises

Even though the divergent approaches (teacher labor statute, schooling inputs, program incentives, accountability) defined the contours of the education reform debate in Chile between 1990 and 2010, its core consisted of widely shared goals. The central goals of improving student outcomes and narrowing the gaps were well established. Chilean policymakers have judged schools first and foremost in terms of outcomes (mainly achievement, but also completion rates). But the reform consensus that produced real traction in the national debate and in classrooms began to unravel over the design and implementation of the Ley SEP and the LGE. Educators were concerned that these legislative initiatives were too "market oriented," while some right-wing members of congress criticized their heavy-handedness and the fact that some measures curtailed the autonomy for schools.

The LGE that passed congress was rejected by students, the national teachers' union, and a few Concertación lawmakers, who demanded the overhaul of the national voucher program. One of their main objections was that for-profit schools were still allowed to compete with nonprofit and public schools for students.[34] Some lawmakers and Concertación reformers (educators) also opposed the SEP and the Quality Assurance System because they claimed that they would legitimize Chile's voucher system.

The main criticism from the conservative opposition and the private voucher school guild was that school accountability and no school selection would stifle innovation and restrict the diversity of private school supply and parents' freedom to pursue their own educational preferences. They also claimed that these initiatives restricted school autonomy, which violated the "freedom to educate" principle enshrined in the constitution.

Other issues that have proven to be difficult to handle due to the set of rules governing the educational system include the admission process of schools (many schools put three- to five-year-olds under heavy pressure to take entrance exams), expulsion policies, sexual education policies, and civic education. UNDP (2010) gives an account of the difficulties in implementing sexual education policies due to the high transaction costs that result partially from the lack of a line of command from the ministry to the schools and the low visibility of the problem in the educational arena. A similar problem of lack of mechanisms to improve the supply of initial teacher training institutions or control of the number and quality of new teachers is part of the problem of low-quality teaching (OECD 2004). Other illustrations of the coordination problems arising from the unregulated market and the incentives in place are the decline in the aggregate pupil teacher ratio and the continuous increase in the number of private schools while the number of students is falling.

Contentious as the education debate seemed, it still continued to be defined by a consensus about the broader goals of quality and equity. This shared vision allowed for a political agreement between Ministry of Education officials and technical advisers of the right-wing opposition that was endorsed by political parties, which was key for coordinating the congressional consensus needed for the passage of the Quality Assurance System, which was enacted during the Piñera administration after four years under congressional review.

Conclusion: Did the Concertación Deliver on Its Promise to Improve Quality and Equity?

Pending issues include the expansion and quality improvement of preschool education for three- to five-year-olds, the quality of teachers, and the quality of teacher training institutions. While the first requires mostly the allocation of more resources, the last two have mostly relied on market mechanisms and small-scale competitive funds that have not delivered adequate results. Policy innovations on all three fronts should be expected in the near future.

In summary, there has been a tension within the Concertación that still persists. The Concertación's economists have attempted to regulate the education market created by the dictatorship while the Concertación educators have emphasized inputs and have so far lacked the force to reverse market reforms. The first decade was mostly dominated by educators, with programs that supplied inputs and attempted to guide process improvement within schools. While these initiatives were the prerogative of the executive branch, the conservative opposition did not oppose them—and approved their financing in the budget law—because they did not alter the status quo, the national voucher program, and the principle "freedom of choice" (or

more precisely, in its Chilean version, "freedom of enterprise"). While they often complained to the minister or undersecretary of finance when middle-ranking officials in the Ministry of Education diverted some inputs from private voucher schools, they usually supported most measures because they did not alter the structure of the school system. Moreover, most policies introduced during the first decade of democratic rule benefited private *sostenedores* in the form of higher subsidies, without any obligations except for the teacher minimum wage. While the right-wing opposition publicly criticized the teacher labor statute, it is partly responsible for the rigidity that protects its public school teacher and principal constituency appointed during the dictatorship.

Some reforms might be considered advances in strengthening market mechanisms: increases in the value of the per student subsidy not linked to wages and the introduction of an adjusted voucher and greater school accountability (Ley SEP), all within the framework of educational vouchers and parental choice. These structural reforms were often rejected by Concertación educator reformers because they believed such reforms would strengthen the market and private schools would have incentives to compete with public schools in poor neighborhoods for the most vulnerable students.

The supply-side incentive SNED was approved as part of a wage readjustment when the mood was favorable for initiatives that would modernize the public sector and link wages to productivity. Individual evaluation of teachers was made possible when mayors gained political influence and politicians started to lose confidence in supply-side programs to narrow the learning gaps. However, these evaluations are expensive and unlikely to be cost effective if they are only used for contract termination.

The right-wing opposition resisted market regulation during most of the Concertación period. Unlike right-wing parties in most developed nations, including US Republicans, they have defended for-profit schooling and the right of schools to shape their pool of students over parents' right to choose the best school for their children. The secondary school student protests in 2006 and the demand of a higher quality public education system were key to the right-wing parties' acceptance of a new regulatory framework. The deliberation process, first in the National Education Commission, followed by a technical and political agreement between the two major blocs, yielded the Quality Assurance System, which passed in April 2011. However, in 2011 secondary and university student protesters demanded a new deal for public universities, the return of municipal schools to the state, and that for-profit institutions in primary, secondary, and tertiary institutions be ineligible for public funding.

The fact that the current school architecture in Chile (municipal schools, private voucher schools, and school choice) was conceived, designed, and implemented during the dictatorship is still an important political issue for many in the Concertación two decades after the return to democracy. The unregulated market has exacerbated the decline of public school enrollments from 60 percent in 1990 to 40 percent today, and increased school segregation, and thus, according to some, discredited the entire system.

As this chapter demonstrates, the discussion of educational reform in Chile is deeply rooted in opposing ideological doctrines and is therefore extremely contentious. It is this ideological divide that converted an authoritarian enclave (the LOCE) into a transitional enclave, which ensured that educational reforms, even when their objective was to improve equity of access and quality, would use market mechanisms to achieve their goals without ever making a significant attempt to strengthen public education for its own sake. It was the student movements of 2006 and especially 2011—not the Concertación—that questioned the overall market-driven logic and structure of Chile's education system. While parts of the coalition may have felt uncomfortable with the structure of the educational system, the logic of the transitional enclaves nevertheless contained this discomfort even once new legislation (the LEGE) put a formal end to the authoritarian LOCE and at least theoretically made structural reforms possible.

Student protesters often refer to Pablo Neruda and Gabriela Mistral, Chile's two Nobel laureate poets, originally from blue-collar families who studied in a free education system at all levels and taught in Chilean public schools, as a romantic tribute to public education. The future is uncertain regarding structural reforms, which have not been undertaken since 1981. Rather, the objective of education reform over the last two decades has been to fine-tune the system, but fine-tuning has more to do with the rationality of political elites in a political system that by design requires compromise rather than the sweeping change demanded by many of its citizens.

Notes

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1. Previous efforts in the same spirit include González (1998) and Mizala (2007).

2. Fischer et al. (2006) provide a comprehensive account of these transformations in the pension, health, and education systems and González (2000) describes the key issues of the higher education reforms.

3. One exception was the transfer of seventy-two vocational high schools to a group of business guilds on a five-year contractual basis (without a bidding process). They were granted bloc subsidies—that were not tied to student enrollments—to run the schools.

4. While private *sostenedores* were allowed to open a school with the infrastructure and staff for the first grade of attendance alone, municipalities were required to have a building for a complete school. Municipalities were also required to go through a rigorous project evaluation process, which was often difficult for rural and poor municipalities. Both elements contributed to explain a response that was often too slow to accommodate population flows produced by changes in social housing policies.

5. The empirical evidence in Chile today on the effects of greater school competition on efficiency is mixed. See, for example, Hsieh and Urquiola (2006) and Gallego (2002).

6. As explained elsewhere in this book, this situation prevailed during the democratic period. The Concertación's majority of nearly 60 percent of the votes was not reflected in the distribution of congressional seats given that some members were still appointed by the military government in the initial period and that representatives and senators were elected through the binomial system.

7. The teachers' union initially opposed the legislation. They demanded that the government return the public schools to the state (González 1998).

8. Since the national pay scale was established, the teachers' union negotiates annual pay increases directly with the Ministry of Education. In addition, the teachers' union participates in the annual negotiation of public sector wages.

9. Anecdotal evidence suggests that mayors appointed by the military government would often pay higher salaries to political employees or relatives, which at the time cast doubt on the transparency of the hiring and firing process and the wage structures of public school teachers.

10. Local elections were not held in Chile until 1992.

11. By 1995, on average, 85 percent of municipalities' education budget financed by the per pupil voucher was allocated to teacher salaries (Baytelman et al. 1999). Fifty out of a total of 341 municipalities allocated over 100 percent of their income from vouchers to teacher salaries, while only 37 spent less than 70 percent on wages.

12. These programs included the P-900, then the MECE Básica (K1–K8) and the MECE Media program (see Cox and González 1997; Garcia-Huidobro 1999).

13. Chay, McEwan, and Urquiola (2003) showed that this could be only partly attributed to mean reversion and therefore the P-900 had a statistically significant positive effect. A similar evaluation of the impact of the other programs is not possible as they affected the whole subsidized education system at the same time (or at least no good record of entrance to the program was kept).

14. Many supervisors considered that the municipal schools were their responsibility, and, given that the municipalities' role was mainly administrative, they often endeavored to exert "pedagogical leadership" over the public schools.

15. While private voucher school owners could choose whether to charge school fees, municipalities were only permitted to levy fees in their high schools if the majority of parents voted in favor of the initiative, and therefore fees have been used by only a handful of elite municipal schools.

16. The purpose of this measure was to improve initial wages without increasing all of the other wage components of the national pay scale.

17. The technocrats' (mostly economists) agenda for strengthening the functioning of the market included the repeal of the Estatuto Docente, means-tested vouchers, fines to schools selecting and expelling students (both practices still common in the country), and an increase in the value of the voucher conditional on later improvements in tests scores, which was rejected by the educators.

18. The Ministry of Education created a special fund for infrastructure that was awarded on a competitive basis, giving priority to the most disadvantaged schools.

19. The equating methodology, implemented by SIMCE (System of Measurement of the Quality of Education) in 1998, allowed for comparability of test scores over time.

20. This system determines whether a student is "priority" based on individual and household surveys collected by the Chilean government.

21. This system determines whether a student is "vulnerable" based on individual and household surveys collected by the government nutrition agency JUNAEB (National Scholarship and School Aid Board).

22. In cases where schools meet minimum standards and show adequate progress over the previous four years, they are classified as "autonomous" and have flexibility in the way they choose to spend the additional SEP resources. In cases where schools show some progress, they are classified as "emerging" and they must present a plan to the Ministry of Education for how they would use the additional resources. If a low-performing school does not show adequate improvement over four years, it is classified as "in recovery," and is reconstituted or shut down.

23. For example, between 1990 and 2000, school of education applicants increased 39 percent, and the average university entrance exam score of applicants increased by 16 percent (Vegas and Umansky 2005).

24. The fraction of the lower quintile of the age group twenty-five to thirty-four years old having completed secondary education was 33.6 percent in 2000 compared to 94.9 percent in the top quintile (CASEN 2000). In 1998, only 45 percent of twenty-year-old students from the lowest quartile had completed secondary education, compared to 91 percent in the top quartile. Nevertheless, international comparisons suggest that high school graduation rate gaps were narrower in Chile than in some of the most developed Latin American countries. For example, in Uruguay the gap was 15 percent (first quintile) and 65 percent (fifth quintile) and in Argentina 26 percent (first quintile) and 81 percent (fifth quintile).

25. This program included a conditional cash transfer similar to Progresa or Oportunidades in Mexico and Bolsa Escola in Brasil. This was the only part of the program evaluated with a quasi-experimental design as part of the impact evaluation program of the Ministry of Finance (see www.dipres.cl). Although these evaluations have the problem of defining ex-post an adequate control group (in the case in question a regression discontinuity approach might have been more appropriate) and building a baseline subject to recall bias, it was not possible to identify a statistically significant effect. Partly this was explained by cultural factors, as the program required teachers to identify students at risk and award them the conditional cash transference. As this replicated the methodology of a long-lasting merit scholarship awarded to the best students, teachers resisted to give a similar "incentive" to students at risk, often those with the lowest marks and more disciplinary problems.

26. Between 1990 and 2006 the percentage of twenty- to twenty-four-year-old adults from the lowest income quintile who had completed high school increased from 26 to 62 percent.

27. While there have also been significant advances in preschool coverage across socioeconomic groups, Chile is still lagging behind most industrialized and some developing countries. Michelle Bachelet made this issue a cornerstone of her campaign platform.

28. Since 1997, over 75 percent of primary schools have adopted a full-day school program. See Bellei (2010) for an analysis of whether lengthening the school day had an impact on student achievement.

29. For example, Fundación Futuro (2004) reports that over 75 percent of parents surveyed report high levels of satisfaction with their children's schools and teachers.

30. Public support for the protests was nearly universal with almost 90 percent of Chileans polled stating they supported the student movement (*El Mercurio* 2006).

31. With prices of copper—Chile's chief export—at record highs at the time, and government reserves with several years of budget surpluses, the students maintained that the government could afford to invest more in education. A common slogan on student banners read, "Copper sky high and education in the gutter" (Rohter 2006).

32. This did not include most of the student representatives and the teachers' union, grouped in the so-called social movement, which presented an alternative proposal to reverse Pinochet's reforms by returning the public schools to the Ministry of Education.

33. Congress also enacted the adjusted voucher act (Ley de Subvención Preferencial or SEP) in 2007, which was introduced by the Lagos administration in 2006. The SEP law differentiated the voucher by the student's socioeconomic status and introduced measures of school accountability.

34. The president of the students' union asserted in *La Tercera* that "profit is the cancer that is killing education in Chile" (2008). The three senators from the ruling coalition who voted against the law expressed similar views in their floor speeches.

Part 3

Conclusion