



**Formal TVET in Chile:  
Trends in enrollment and financing**

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Hernán Aráneda,  
Head, Centre for the Innovation in Human Capital / Fundación Chile

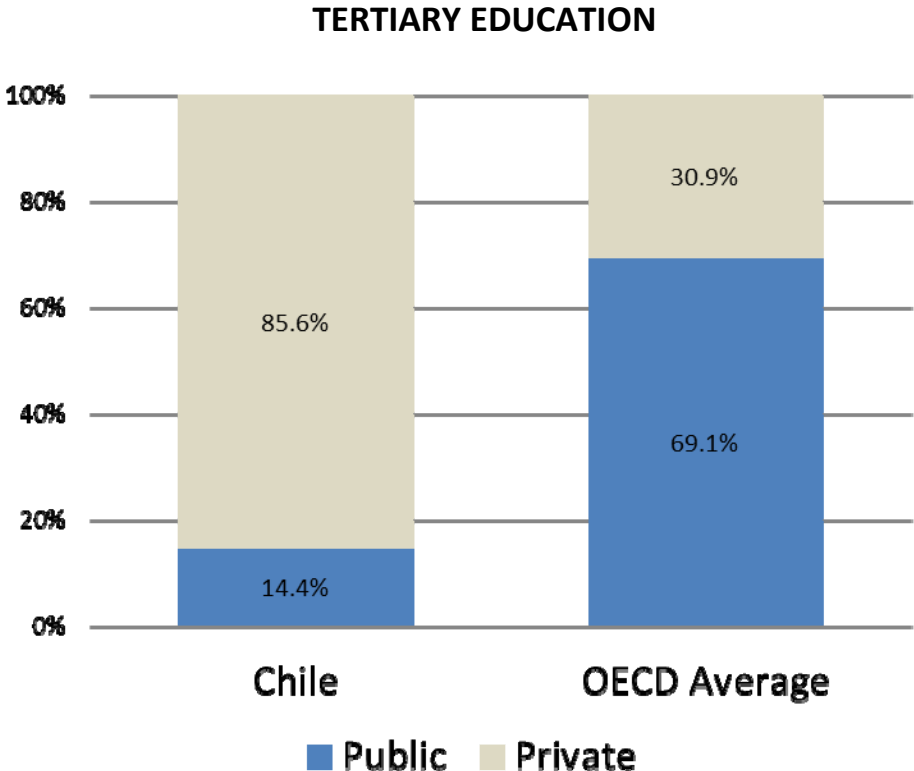
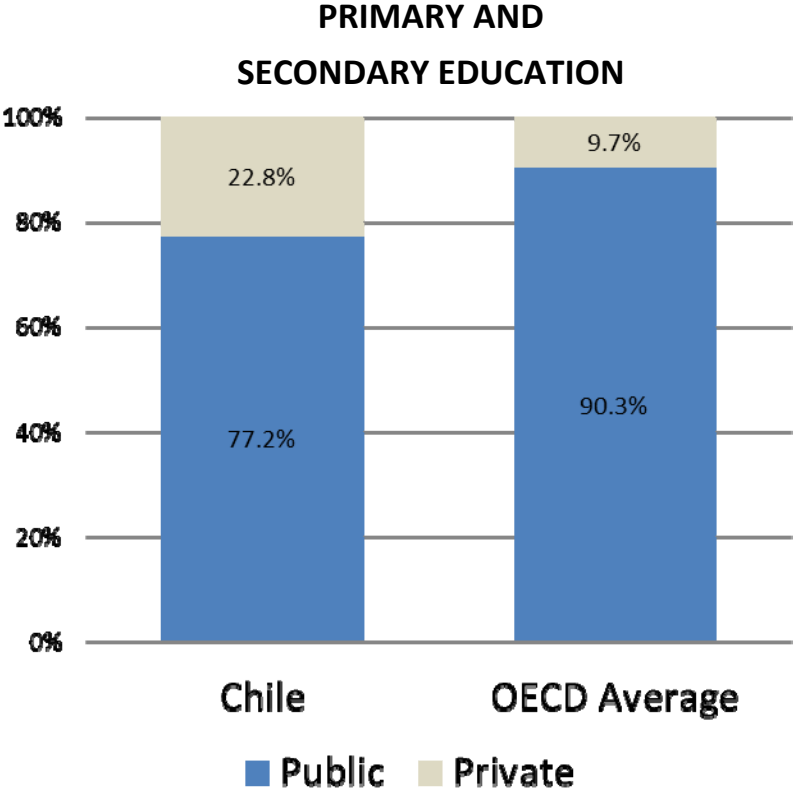


## CHILE

Long narrow country (4.300 kms)  
16.4 million population  
Per capita GDP US\$ 15.064  
GDP growth 5.4% (2010)  
Life expectancy at birth 78.6 years  
Unemployment rate 7.1%  
Poverty 15% (extreme poverty 3%)  
OECD member since 2010

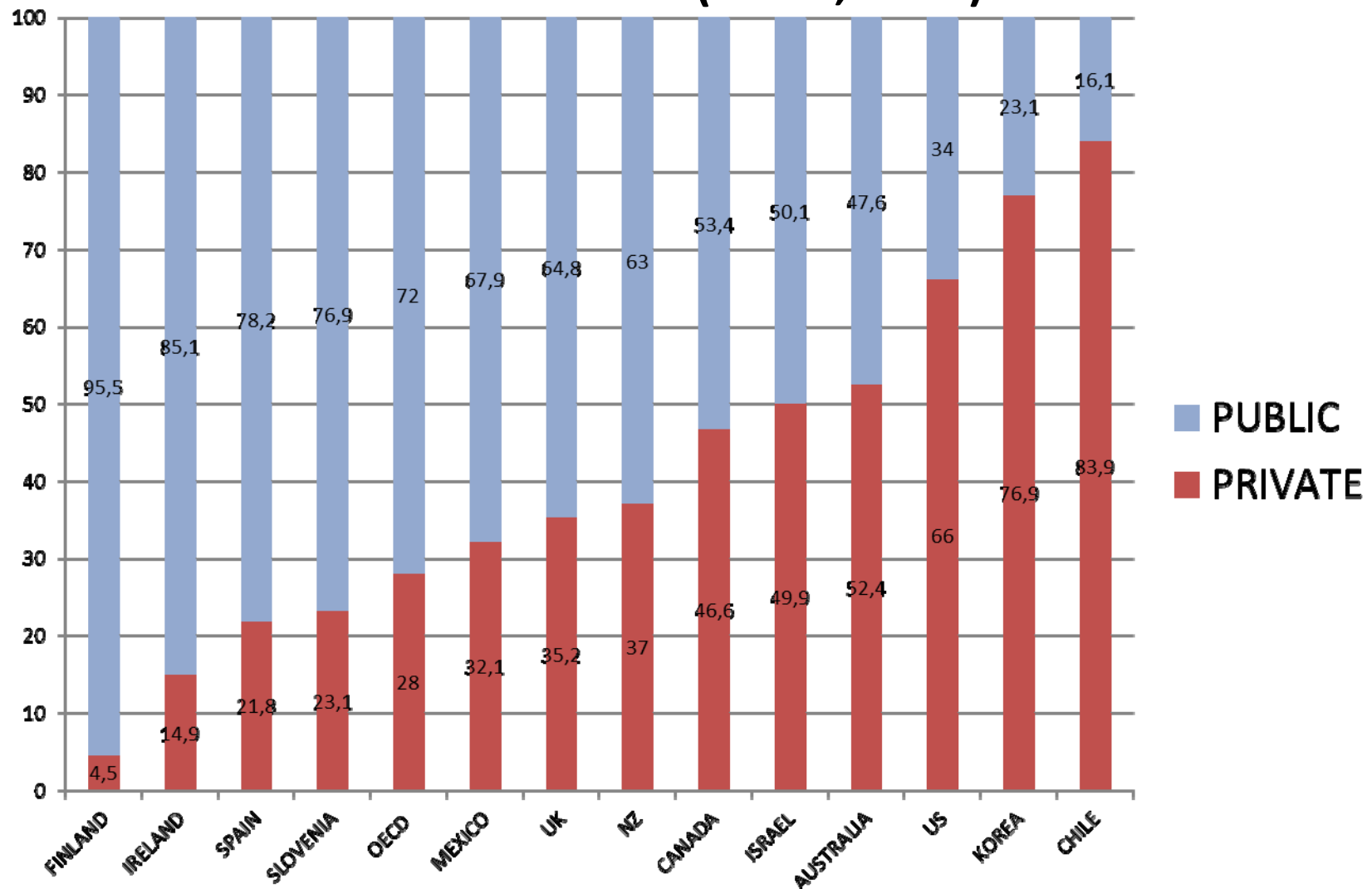
# Public and private investment in education.

Relative proportions of public and private expenditure on educational institutions, as a percentage (2007)\*



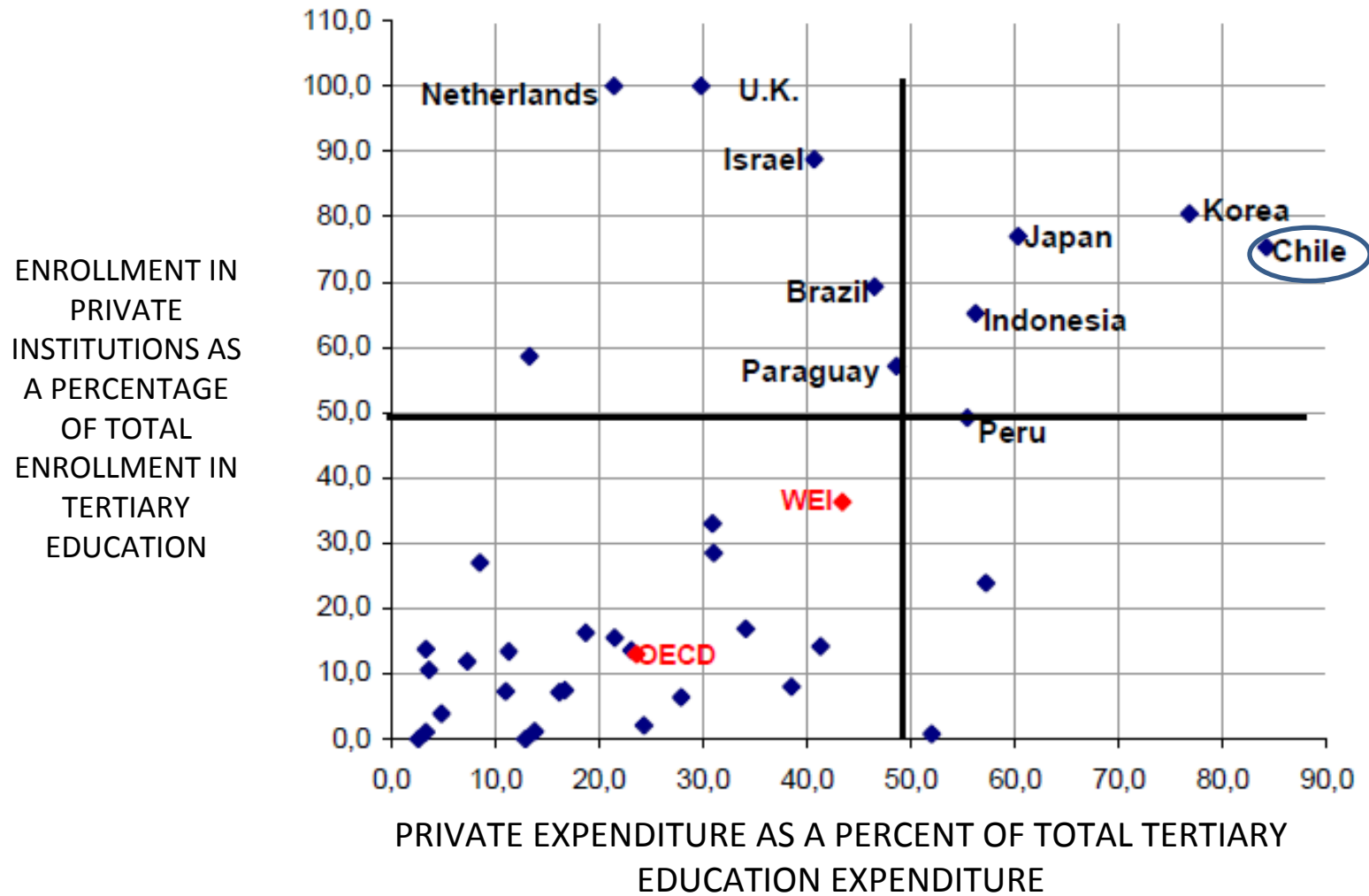
Source: OECD (2010) Education at a Glance

## Share of Tertiary Education expenditure by Source, selected countries (OECD, 2007)



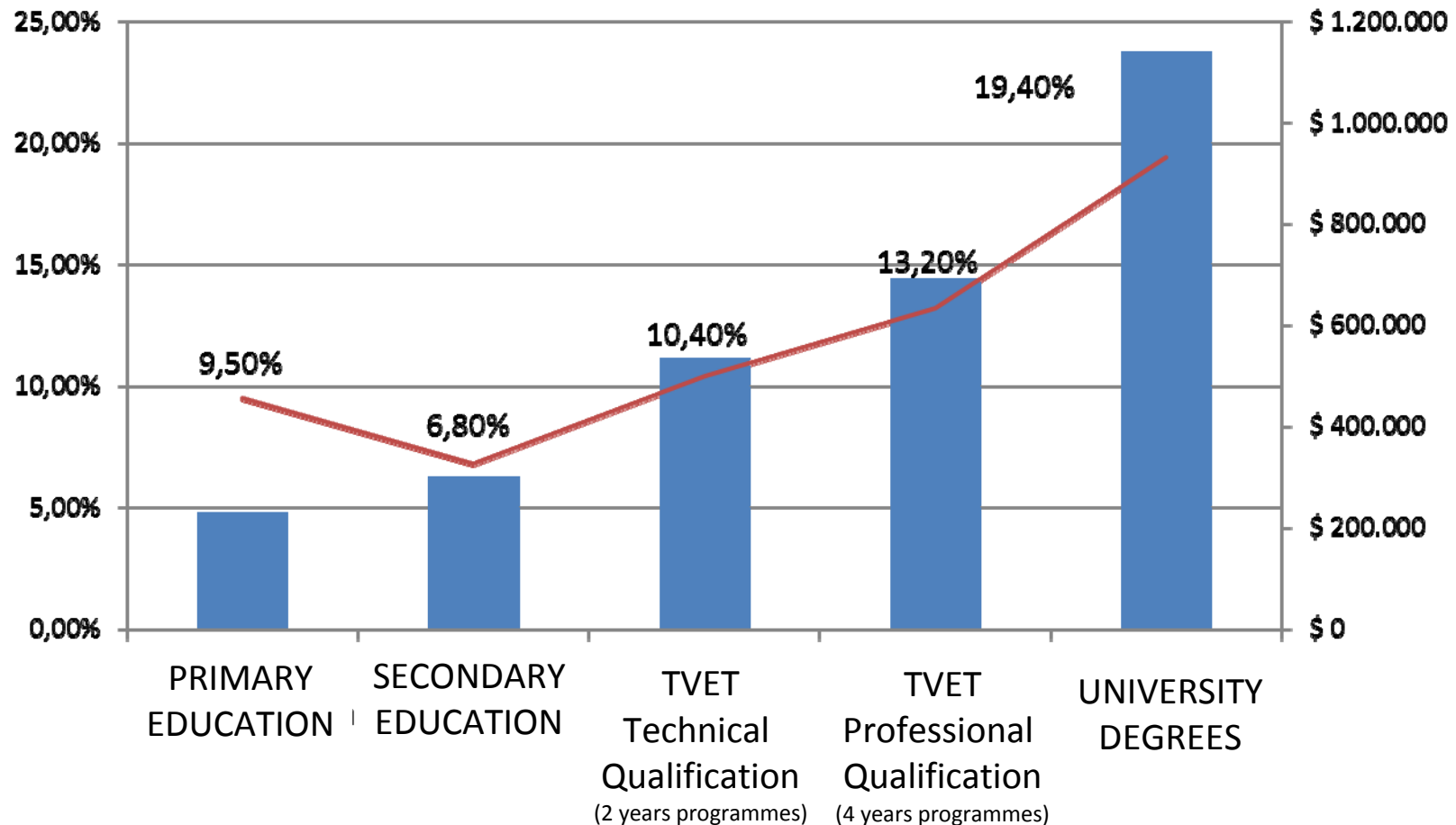
Chile had the lowest public expenditure share of any country, according to the OECD (2007). More than 85% of private spending comes from household income. There is no public TVET provision at the tertiary education level.

# Tertiary Education in Chile, example of a highly “privatised” system.



SOURCE: JJ BRUNNER (2011)

# Private Returns and Income Differentials by education attainment level (in the long run, no relevant difference between secondary graduates from the TVET and academic tracks)



# Institutions and TVET Qualifications in the Chilean System

## Upper Secondary Education ISCED 3

Technical-Professional  
Secondary School

- Mid-level Technical (11° and 12° grade plus professional practice)

## Tertiary Education ISCED 5B

*Specialised vocational institutions*

Technical Training  
Centres (CFTs)

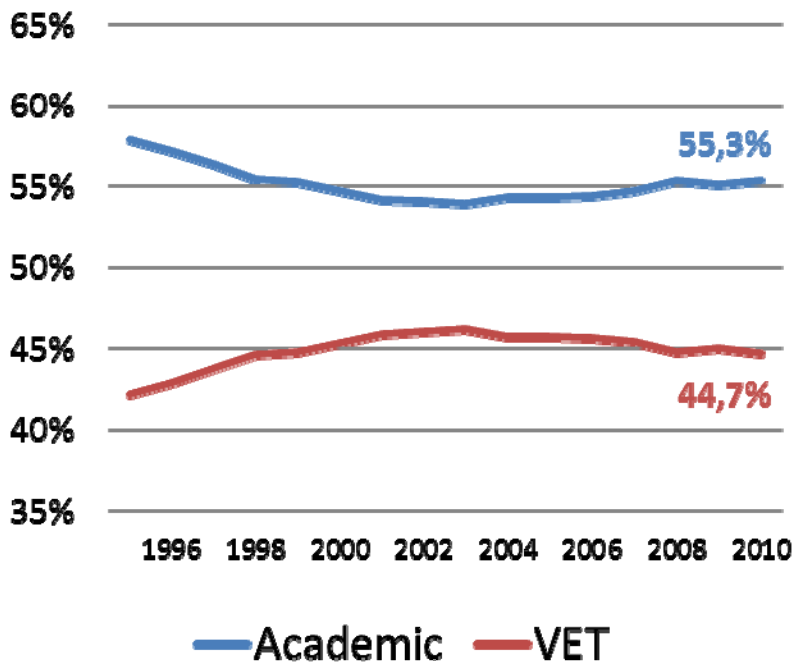
- Technical Programmes (4-5 semesters programmes)

Professional Institutes  
(IPs)

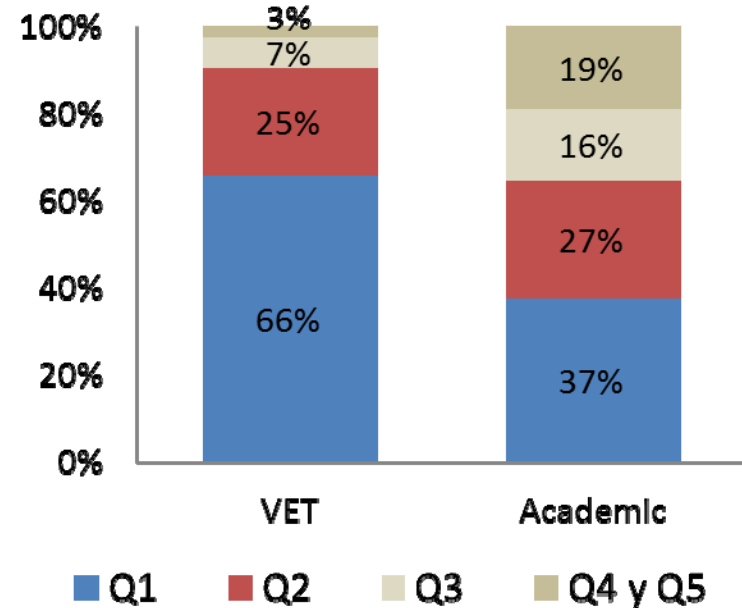
- Technical Programmes
- First Diplomas (8 semesters)

# TVET accounts for 44.7% of total enrollment in Upper Secondary Education.

VET vs. Academic students enrollment (11° and 12° grade)



Students distribution by income quintile



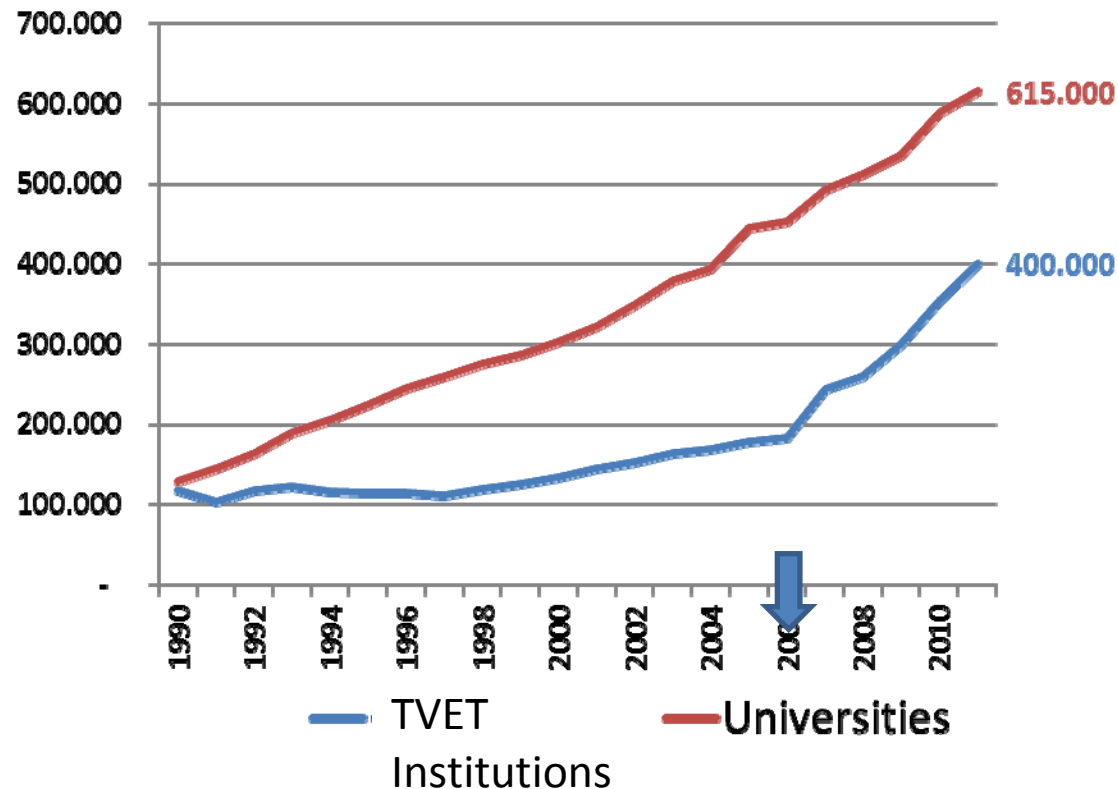
Source: Ministry of Education, 2011

**91% of TVET students come from two lower income quintiles.**



# Increasing demand for Tertiary Education

Evolution of total enrolment  
(1990-2011)



- In Chile, between 1990-2011 the net coverage in tertiary education increased from 11.9% to 36.3% (Mineduc, 2011).
- Lowest income decile increased its participation from 3.8% to 16.4% (net coverage).
- Bias towards university enrolments reflects less social esteem of TVET but it also reflects public policy which clearly discouraged more talented students to follow a vocational path.

# Public funding allocation (scholarships + loans): ¿disincentive to TVET pathways?

## Public funding for Students

Student support	Universities	TVET (CFTs+IPs)
<b>Total Scholarships</b>	<b>75.3%</b>	<b>24.7%</b>
PSU	100.0%	0.0%
Excelencia Académica	89.8%	10.2%
Hijos Profesionales Educación	95.9%	4.1%
Vocación Profesor	100.0%	0.0%
Juan Gómez Milla	93.5%	6.5%
Nuevo Milenio	5.1%	94.9%
Bicentenario	100.0%	0.0%
Otras	82.0%	18.0%
<b>Total Loans</b>	<b>76.7%</b>	<b>23.3%</b>
Fondo Solidario	100.0%	0.0%
Crédito con Aval del Estado	69.0%	31.0%
<b>Total Student Support</b>	<b>75.3%</b>	<b>24.7%</b>

Source: Ministry of Education 2010

# VET Tertiary Education: Student expenditure

## Public expenditure in student support, by type of institution (2010)

Institutions	Total expenditure	N° Students	Expenditure per student
Universities	\$ 426,974,468	587,297	\$ 727.02
CFTs	\$ 31,602,128	224,301	\$ 140.89
IPs	\$ 40,480,851	128,566	\$ 314.86

Source: Ministry of Education, 2011

In 2010, while 33% of the university students received some public financial support, only 7% of IPs students were in the same situation and 16% of the CFTs.

# TVET Tertiary Education: Trends in Financing

## 1980-1999

CFTs and IPs are private institutions without any public funding



Sector development based only on the demand of students with payment capacity

In 1999, only 30% of students, of those participating in the Tertiary Education System, were enrolled in TVET programmes offered by CFTs (12%) and IPs (18%) .

## 2000-2011

Increasing financial public subsidies to TVET students  
(though still low in comparison to universities).

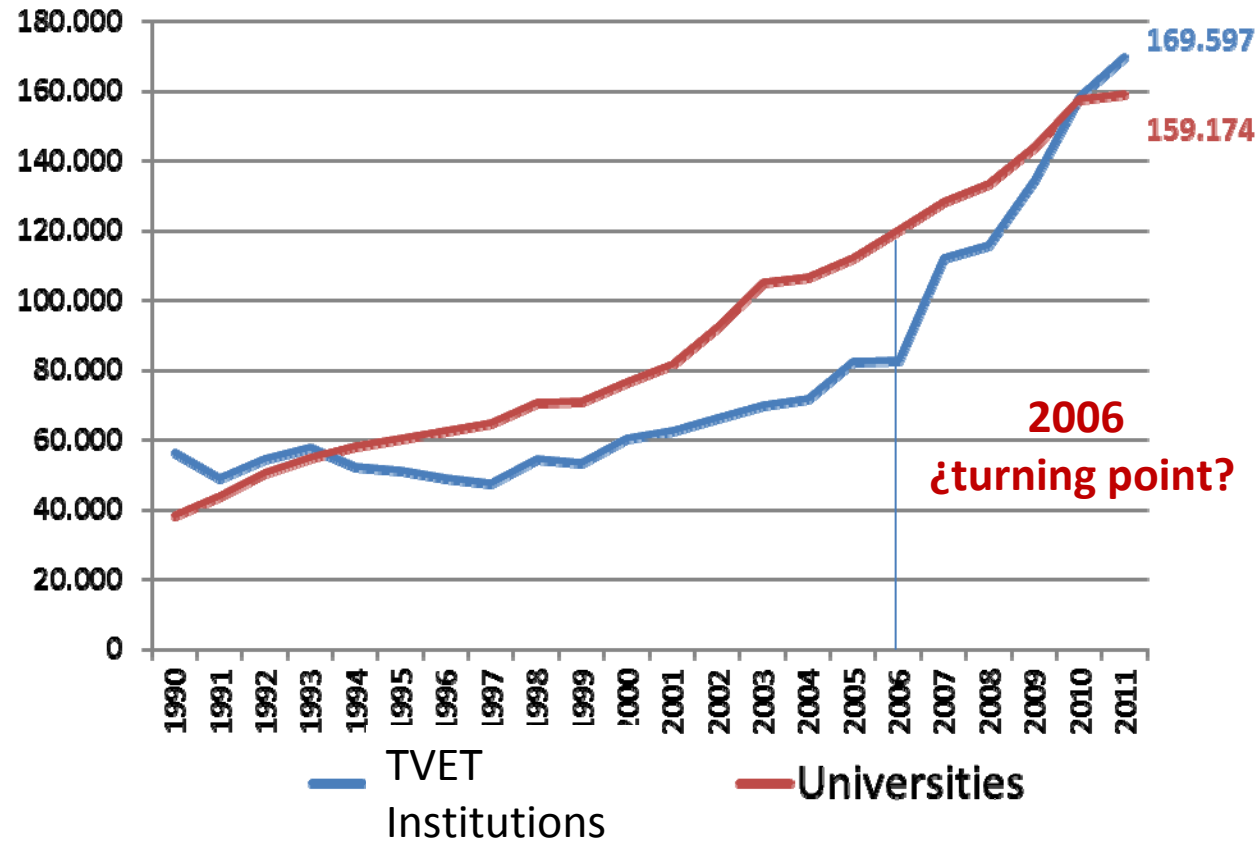


Nuevo Milenio **Scholarship** (only for TVET careers): Created in 2000, but substantial more funding since 2006.

State Guaranteed **Loan** (for any career): set up in 2006, 46% of the beneficiaries are enrolled in TVET institutions (average from 2006 through 2011).

# But also a significant demand for TVET

Evolution of first year enrolment (1990-2011)

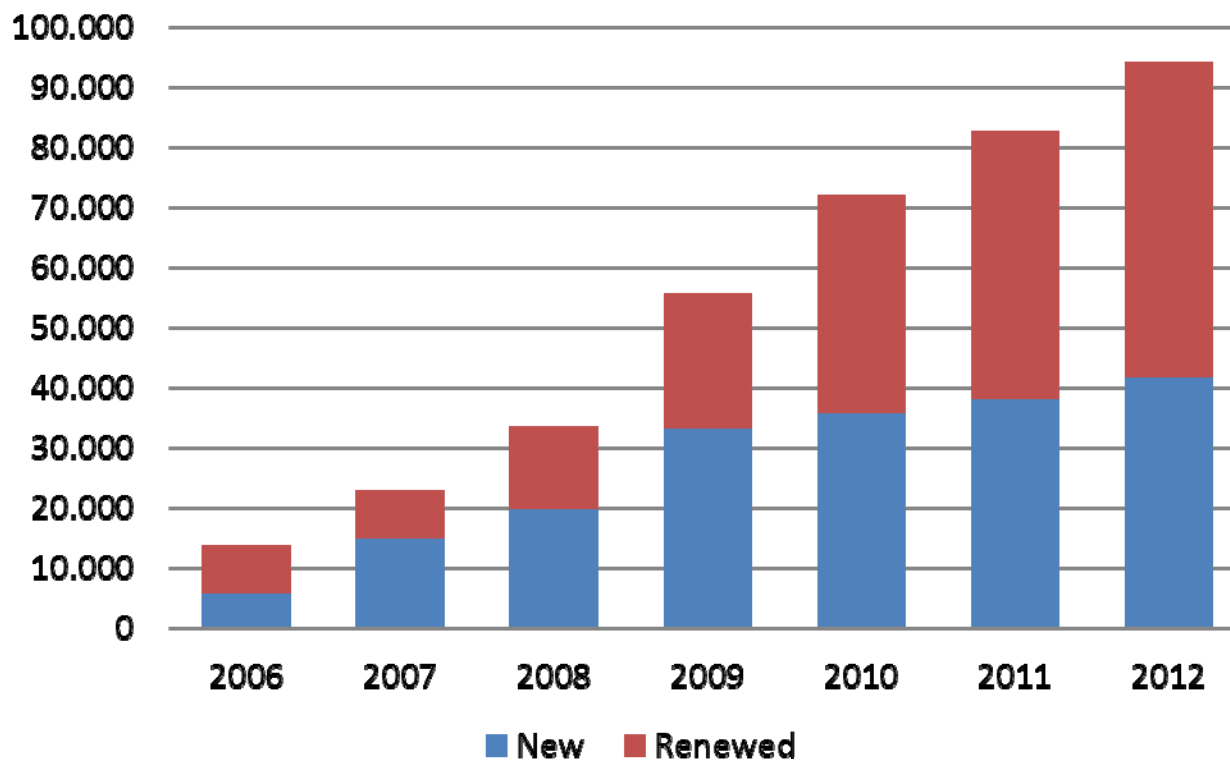


For the first time enrolment in the first year in TVET Institutions overcame enrolment in Universities: from a 40.8% share in 2006 to 51.6% to 2011.

Nuevo Milenio TVET Scholarship  
+  
State Guaranteed Student Loan  
Programme  
=  
Increasing enrolment in tertiary  
level TVET

# Expansion of scholarships available for TVET (from 13.643 in 2006 to 94.386 scholarships in 2012)

Nuevo Milenio Scholarship Beneficiaries (2006-2012)



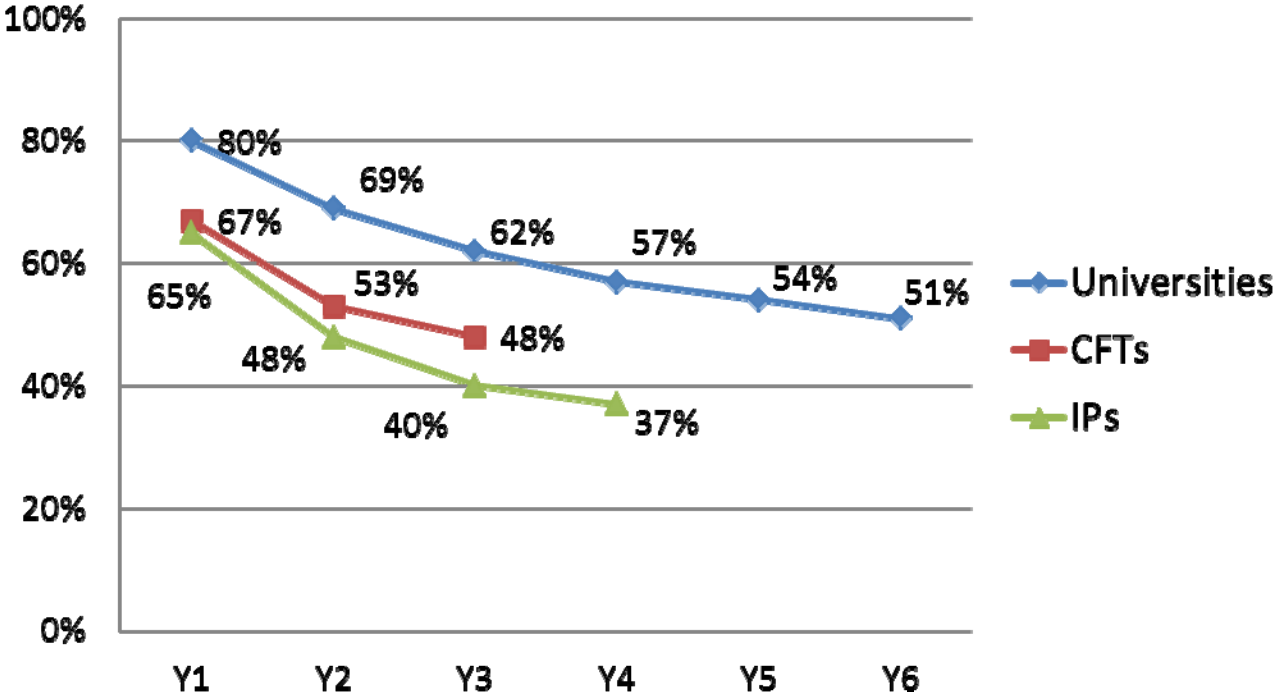
# Chile's state guaranteed student loan programme

- Previously to its creation, there was only one loan scheme for which only “traditional” and state universities were eligible.
- Students wanting to follow a TVET path had to pay full tuition fees and/or apply for a very limited number of scholarships.
- The new loan scheme can be used to cover fees in any tertiary education programme, including TVET, as far as it is delivered by an accredited institution. The loan mechanism involves private banking.
- In 2006 this new scheme started to work. After 6 years enrolment trends shows that a significant amount of students were opting for TVET as a better way of developing the skills to enter the workforce.
- Recent developments (2012): government prepares a law to reduce its current interest rate (from 6% to 2%) and to better combine scholarships + loan schemes depending on the economic background of the student.



# Tertiary Education: Student drop out

Institutional Retention Rates (Average cohorts 2004-2009)

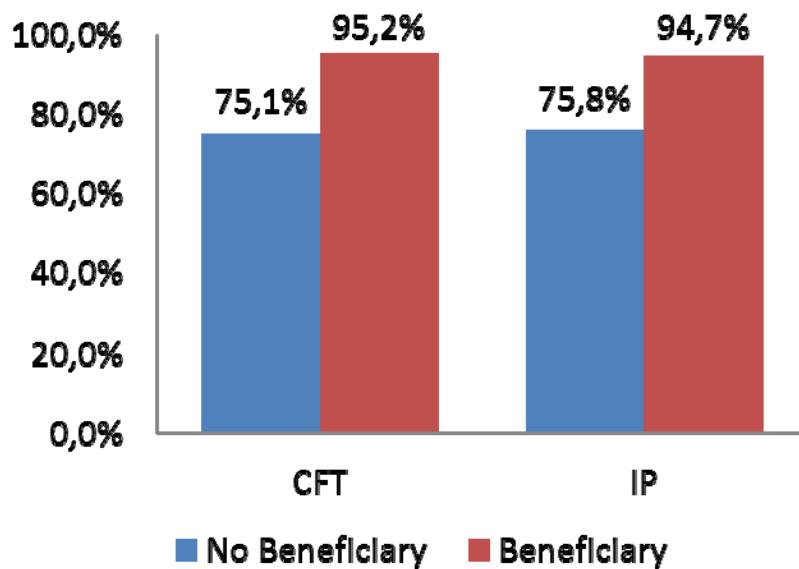


Source: CNED, 2011

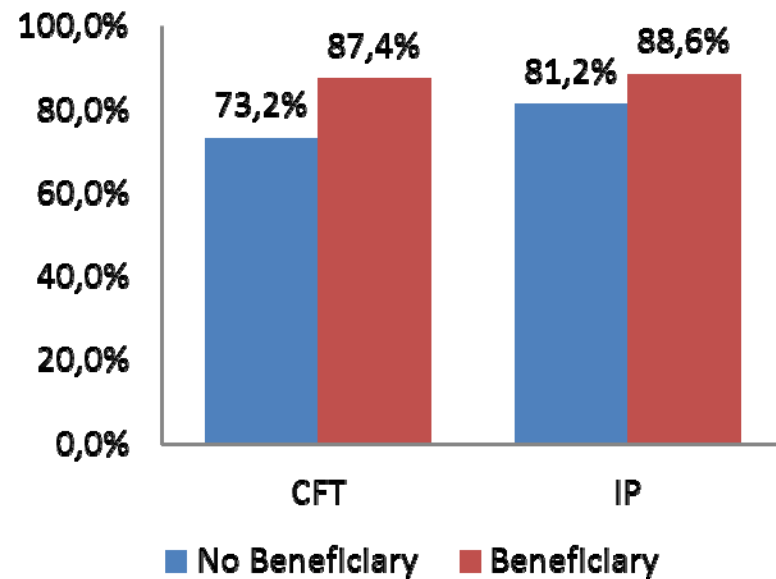
Retention rates at the university level 10 to 20 points above CFT's and IP's.

# Both Scholarships and the new State Guaranteed Loan improve retention in a system in which typically 40% drop out in the first year

### Retention Rates and State Guaranteed Loan



### Retention Rates and Nuevo Milenio Scholarship



Source: RECH 2008, SIES 2009-2010

## Some conclusions and policy implications

- Enrolment in TVET at the tertiary level will continue growing, as students have access to a more diversified and “fair” loan scheme and a more generous scholarship system. Good news but....
- Main challenge will be how to improve TVET provision, in particular how to increase retention and completion (TVET institutions do not select students on an academic ground). Otherwise a very bad investment for students.
- Tertiary Education (including TVET) remains being a supply driven system: institutions compete for students, loose links with the labour market.
- For this market to become more transparent, more information is needed: graduates employability, etc.
- High quality TVET requires considerable innovation in a number of areas (curriculum, pedagogy, links to industry, etc.)
- More public policy is needed in areas like:
  - Qualification frameworks
  - QA & Accreditation Systems relevant for TVET