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Structural Reforms and Equity in Chilean Schools

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Summary and Keywords

After over 30 years of a market model for the provision of educational services in Chile, the expansion of private providers financed through state vouchers, a decrease in public school enrollments, and a highly segregated educational system with unequal learning opportunities sparked in 2006 a social movement demanding changes to the model. In this article we discuss three structural reforms implemented between the years of 2008 and 2016 aiming to increase educational quality, reverse declining enrollments in public schools, the inequitable distribution of learning opportunities, and school segregation. The Preferential School Subsidy Law, passed in 2008, acknowledges that students who are growing up under conditions of social exclusion require extra support, thus in addition to the regular voucher a subsidy is provided to vulnerable students. The Law for School Inclusion, approved in May 2015, involves four main components: expansion of state subsidies, elimination of parental co-payment, elimination of for-profit voucher schools, and elimination of school practices to select students. The National System for Teachers' Professional Development Law, approved in 2016, addresses improvements in teachers' working conditions as well as more rigorous requirements for university-based initial teacher preparation programs. After presenting the antecedents and key provisions of each law, we analyze their potential impacts and the risk factors that may attenuate them. Three main areas of risks are addressed: externalities, institutional capacities at various levels of the system, and changes in the economic and political support needed for long-term sustainability.

Keywords: privatization of education, structural educational reforms, school inequity, teachers', career path, school choice, school finance, educational reforms in Chile

Introduction

Beginning in 1981, Chile's educational system¹ has been administratively decentralized and pedagogically centralized. It has been designed to afford parents universal school choice among four types of schools: (a) public, which are administered by municipal governments and are totally financed by the state through a per-pupil voucher based on students' daily attendance; (b) subsidized private, which are financed through the same voucher system, with 80% of these schools charging parents an additional fee; (c) private non-subsidized, which are fully funded by parents; and (d) public, administered by a private corporation and financed by the state through direct transfer of funds.

By 2013, four clear effects of the introduction of a market model for the provision of educational services in Chile included: (a) a high level of coverage at the primary (age 5–14, 94%) and secondary levels (age 15–19, 76%) (Ministerio de Educación, 2013); (b) an expansion of private providers allowed to operate as for-profit organizations at the K–12 level; (c) a decrease in public school enrollment, reducing its share of total school enrollment from 55% to 36% in the last 15 years; and (d) a highly segregated educational system with unequal learning opportunities as a function of students' social class. In this article we discuss three structural reforms designed to redress declining enrollments in public schools, the inequitable distribution of learning opportunities, and segregation. Public schools and public education refer to schools that are administered by a municipal department of education.

In 2008 the Preferential School Subsidy Law (SEP, *Ley de Subvención Escolar Preferencial*) was introduced to reduce levels of social segregation and unequal educational opportunities and to increase achievement. This law retained key features of the market-based model, prompting the Law for School Inclusion approved in 2015 (*Ley de Inclusión Escolar*). This law will gradually eliminate co-payment and selection of students in all schools receiving state subsidies, as well as prohibit these schools from operating as for-profit businesses. The third law, grounded in evidence on the role of the teacher workforce as key to educational quality, aims to strengthen the teaching profession. The National System for Teachers' Professional Development (*Ley Sistema Nacional de Desarrollo Profesional Docente*) was approved in 2016. These reforms² have been designed to moderate the negative effects of a market model for the provision of education. A critical analysis of the strengths and risks of these reforms can inform policymakers and educators in other nations facing similar challenges.

These structural reforms are a response to a large social movement, initiated by high school students in 2006, expressing citizens' dissatisfaction with a market-based model. The high school student movement was invigorated in 2011 by the mobilization of university students (Bellei & Cabalin, 2013). Both movements received more than 80% support from citizens, and their demands became important issues for President Michelle Bachelet and her New Majority coalition (2014–2018). The Chilean school system has the

best performance among Latin American countries participating in various international testing programs (OECD, 2013; UNESCO, 2015). Assessment results among elementary and secondary school students have shown a steady improvement with a small, but increasing, reduction in an achievement gap based on students' socioeconomic background. These structural reforms seek to accelerate those positive trends and respond to citizens' demands for the state to guarantee education as a social right with quality and equity.

Structural Reforms

A more detailed analysis of the past 15 years shows that social segregation is present from the early primary grades and remains steady throughout the 12 years of mandatory schooling. Segregation is based on social class; the most economically vulnerable students attend schools with peers who also experience vulnerability, and students from upper-middle and upper classes attend schools with peers who are affluent. Additionally, as students advance in their schooling, academic segregation increases, such that in secondary schools academic segregation is as great as social class segregation (Mizala & Torche, 2013; Paredes, Volante, Zubizarreta, & Opazo, 2013; Valenzuela, Allende, Gómez, & Trivelli, 2015; Valenzuela, Bellei, & De los Rios, 2014).

There is robust evidence on the adverse short-, medium-, and long-term effects of school segregation (Orfield, Kicsera, & Siegel-Hawley, 2012). Although Chile has an intermediate ranking on international measures of inequality in educational opportunities, it is one of the countries where students' socioeconomic background is given greater weight in these opportunities (OECD, 2013). The evidence suggests that school type adds to, rather than mediates, the effect of socioeconomic status on students' academic achievement (Torche, 2005).

Internationally, as well as in Chile, social segregation in schools is largely a function of urban segregation. In Chile, however, educational policies also contribute, such that schools are much more socially segregated than the neighborhoods in which they are located (Arteaga, Paredes, & Paredes, 2014; Elacqua & Santos, 2013A; Ladd & Fishke, 2009; Valenzuela et al., 2014). A shared funding formula, or co-payment by parents in addition to the state voucher, and school practices to select students based on their academic record and families' ability to pay prevent low-income families from accessing private schools (Arteaga et al., 2014; Carrasco, Flores, San Martin, & Gutierrez, 2013; Elacqua & Santos, 2013A; Mizala & Torche, 2013; Paredes et al., 2013; Valenzuela et al., 2014). On the other hand, public schools, with few exceptions, are mandated to accept all applicants within an open enrollment policy, thus generating a concentration of low-income families in these schools.

Preferential School Subsidy Law

As a consequence of reforms introduced in 1981, the national state diminished its role as educational provider, opting instead for a state funding formula to subsidize demand based on students' average daily attendance. The voucher was calculated independent of the students' socioeconomic needs or the concentration of students from low-income families attending a school. With the enactment of the SEP law, the state acknowledged that students' socioeconomic status placed important conditions on their educational needs. The state increased by up to 70% the monthly voucher for students from families with an income up to the 50th percentile in the national distribution. An additional 10% extra funding was assigned to schools concentrating large numbers of these students. In short, there was an acknowledgment that students who are growing up under conditions of social exclusion require extra supports, thus extra funding should be allocated to schools that serve them. SEP implementation requires an annual budget of about \$1 billion per year.

The implementation of SEP has been gradual, beginning in 2008 with students in grades pre-K through 4th, reaching the 12th grade by 2016. Private schools receiving SEP funding cannot charge a co-payment or select students identified as socially vulnerable. However, co-payment and selection can still be used with students attending the school who are not eligible for a SEP subsidy. Each school decides whether or not to accept SEP funding, along with its requirements. The extra funding is contingent upon a contract signed by the school owner and the Ministry of Education that specifies the implementation of school self-assessment, improvement targets, and a four-year school improvement plan to reach those targets (Weinstein, Fuenzalida, & Muñoz, 2010).

Based on trends in scores obtained by the school on the National Educational Testing System (SIMCE) and other indicators, SEP classifies schools to determine how much monitoring/intervention they will receive from the Ministry of Education. Higher-performing schools are classified as *Autonomous* and have greater autonomy to design and implement the improvement plan. Low-performing schools are classified as *In Recuperation* and have less autonomy. Facing the possibility of closure if targets are not attained in a timely manner, this latter group of schools is under great pressure to improve.

After eight years of implementation, a number of studies have produced robust evidence to test the expected as well as unexpected effects of SEP. With respect to the type of school that makes a SEP agreement with the Ministry, studies concur that initially all public schools joined. Private subsidized schools have taken longer, and now 80% of students in this type of school benefit from SEP resources. Private voucher schools that have traditionally charged a high co-payment and are located in more affluent neighborhoods represent the group not entering into SEP (Acevedo & Valenzuela, 2011; Elacqua & Santos, 2013B).

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Studies that have examined the impact of SEP on SIMCE concur in showing that when comparing schools serving low-income communities with those serving more affluent communities, the achievement gap has been reduced (Mizala & Torche, 2013; Neilson, 2013; Valenzuela et al., 2015; Valenzuela, Villarroel, & Villalobos, 2013). This effect is larger in primary than in secondary schools. This difference is consistent with the fact that only in 2016 did SEP reach complete coverage in these latter schools. The evidence shows that sustained improvements that can be attributed to SEP are found largely in schools in the Autonomous category and in schools that have high concentrations of low-income students. These findings are interpreted as evidence that to sustain improvement, it is not enough to increase funding, rather the school must also have internal capacities to improve (Montecinos, Madrid, Fernández, & Ahumada, 2014; Valenzuela et al., 2013).

An increasing number of studies show that in schools with a trajectory of underperformance (classified *In Recuperation* by SEP law), the leadership team seems to focus on internal processes to avoid sanctions, such as the school closure. This, in turn, fails to address the development of internal capacities needed for long-term continuous improvement (Elacqua, Martínez, Santos, & Urbina, 2015; Contreras, Santa Cruz, Acuña, & Assaél, 2016). Staff in high-poverty, low-performing schools that have repeatedly experienced failure tend to believe that improvement is not possible given the socioeconomic characteristics of students and families served (Montecinos et al., 2014; Montecinos, Sisto, & Ahumada, 2010). These findings suggest that changing a school culture of helplessness and low social capital requires more than extra funding.

Overall, the evidence shows an increase in social segregation during the first half of 2000, which stabilized by the end of that decade (Paredes et al., 2013; Valenzuela et al., 2014, 2015). With respect to SEP's effects on segregation by social class, research has shown that in counties where more schools are involved in SEP, a slight reduction in segregation has been observed in private voucher schools but not in public schools (Domínguez, 2014). This change in the social composition of schools is small because as more low-income students enter private voucher schools, their middle- and upper-class peers exit from these schools, migrating to schools that are not part of SEP (Valenzuela et al., 2015). This behavior mitigates the impact of SEP on the reduction of social class segregation in the school system.

SEP monies are available to private and public schools, thus low-income families' school choice has widened, though some private voucher schools have opted out of SEP. Families previously excluded from private subsidized schools were now attractive to these schools due to the extra funding that comes with a low-income student. As a result, migration of students from public to private schools has been accelerated (Neilson, 2013; Valenzuela et al., 2015). In 2016, enrollment in public schools reached a historic low of 36% in comparison to 39.9% in 2011 (Santiago, Benavides, Danielson, Goe, & Nusche, 2013).

Law for School Inclusion

President Bachelet's (2014–2018) government has declared one of its main goals a structural change of the educational system. The Law for School Inclusion approved, in May 2015, involves four main components purporting to directly address those characteristics deemed to have the highest impact on inequity. These changes affirm parental choice and seek to strengthen an improvement orientation in schools by increasing the SEP subsidy and adding new subsidies.

Elimination of Co-payment

A shared funding formula has been available since 1989, but it was in 1993 that this practice expanded as a result of lowering the penalty faced by a school opting for co-payment (from 50% reduction of the regular voucher to 0% for the first \$20, with gradual increases as the fee increases). Co-payment afforded parents an opportunity to make a contribution to their child's education. With more money, the school could offer better services. Co-payment also was an incentive to expand private voucher schools as this extra funding could be used to increase profit. By 2013, 80% of all private voucher schools were charging families as much as \$150 monthly tuition as co-payment (Paredes et al., 2013).

The evidence regarding the effects of shared funding is quite persuasive in terms of explaining increases in school segregation (Arteaga et al., 2014; Gallego & Hernando, 2009; Mizala & Torche, 2012; Saavedra, 2013). Asking parents to pay resulted in an effective access barrier as parents sorted themselves into different schools based on how much they could afford. Additionally, contrary to policymakers' expectations, research showed that in most cases these additional resources did not improve learning outcomes and did not add value to the overall quality of the educational system (Paredes et al., 2013). Schools with a high co-payment do better, but they also attract more affluent parents, thus these better results are attributed to a peer effect (Saavedra, 2013).

Expansion of State Subsidies

In addition to the regular voucher, the Inclusion Law created three financial incentives to increase the number of schools not charging a co-payment. First, SEP subsidy increased by 20% for all schools. Schools that are tuition-free for all students, not just for those who are vulnerable, can receive two additional financial incentives: (1) an expansion of the income distribution covered by the vulnerability subsidy (expanded to students from the 50th through the 80th percentile), and (2) independent of his or her SES category, a permanent financial incentive for every student enrolled. During the transition period, co-payment cannot increase, and it must decrease in proportion to the increase in the regular voucher value. Through these mechanisms it is expected that each year more private schools will opt to offer tuition-free education, such that by 2018 93% of all students will be enrolled in a tuition-free, state-subsidized school (Ministerio de

Educación, 2015). The expenditure associated with these subsidies reaches 0.4% of Chile's Gross Domestic Product (GDP).

Selection of Students

An unintended effect of competition among schools, as a leverage to increase educational quality, has been an increase in the exclusion and marginalization of low-performing students (Linkow, Streich, & Jacob, 2011; Rustique-Forrester, 2005). In Chile, an important number of private schools have implemented selection processes to exclude those who might have a negative impact on SIMCE test scores, to the point that it is the school that chooses the family and not the family that chooses the school (Carrasco et al., 2013; Montecinos et al., 2010). The Inclusion Law requires a gradual elimination of selection practices in schools receiving a state subsidy. This will start with the 2017 school admissions process in one of Chile's region and should be in full implementation across the country by 2019.

Carrasco et al. (2013) and Godoy, Salazar, and Treviño (2014) concurred that segregation, through selection, starts early in a child's educational trajectory. The General Education Law, enacted in 2009, prohibited subsidized schools from selecting students up to the sixth grade. Notwithstanding, private voucher schools have continued selection practices. Contreras, Sepúlveda, and Bustos (2010) showed that over 50% of the students attending private voucher schools in the 2000s decade had been selected based on financial and/or academic criteria. In contrast, just 6% of the students attending public schools had been selected, and the public schools implementing this practice tended to be located in affluent municipalities and had high academic results. It remains to be seen the extent to which control mechanisms implemented by the Education Superintendence will be effective in detecting and sanctioning schools that continue to select despite provisions in the Inclusion Law that forbid this practice.

Elimination of Profit for Voucher Schools

A fourth provision of the Inclusion Law is the prohibition for schools receiving a state subsidy to operate as for-profit organizations. The end of profit in the subsidized education sector has been a strong demand from the social movement. Profit makes education a consumer good that can be exchanged according to market dynamics, ignoring its specialized social impact and that all state funding should be spent on educational services. The debate around profit was based on the international literature, which shows that Chile is an anomaly, as in almost all educational systems profit voucher schools are not allowed (Bellei, 2013; Contreras, Hojman, Hunneus, & Landerretche, 2011). Additionally, national evidence showed that non-profit private voucher schools outperformed their for-profit counterparts (Zubizarreta, Paredes, & Rosenbaum, 2014).

The elimination of profit has also been gradual, and by the end of 2017 all school providers receiving public funding should be non-profit corporations. Additionally, considering that a way to make a profit is through the rental of the school infrastructure, all educational providers will have until 2021 to own the school's buildings and grounds.

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The state will make available preferential credits for that purpose. However, there are a few exceptions under which an educational provider might rent instead of own the school infrastructure.

The Inclusion Law also places restrictions on opening new private schools. For example, new providers will be accepted only in territories in which the demand exceeds the available supply of educational services or if the school's educational project is different enough to expand families' choice. Any private voucher school that started operations from 2016 onward must be non-profit, must not select students/families, and must be tuition-free.

The National System for Teachers' Professional Development

How to attract, prepare, and retain a highly qualified teaching force has become a strategic priority in countries seeking to achieve greater educational quality (OECD, 2005). To reduce the achievement gap, an important challenge is the allocation of effective teachers throughout the whole system, with particular attention to ensuring more competent teachers in high-poverty schools (UNESCO, 2014). Attaining these goals involve a set of policies addressing the factors that deter people from choosing a career in teaching and from remaining in the profession. The National System for Teachers' Professional Development Law, passed in 2016, introduced substantive changes to improve the working conditions for in service teachers and more rigorous requirements for initial teacher education programs.

Teachers' Work Conditions

Attending to work conditions is critical if efforts to attract and prepare good teacher candidates are to generate better educational opportunities for all students. In Chile, and elsewhere, key factors include initial salary and salary structure, the social status of the teaching profession, and conditions created at the school level both by policies as well as by the school leadership team. Grissom (2011) has argued that principals' effectiveness is associated with the likelihood that teachers working in high-poverty schools will seek transfer to a less challenging school. Montecinos et al. (2014) showed that effective school leaders in Chile are able to create conditions that enhance the school's social capital required to sustain improvements efforts on the long run.

Teaching is a low-status profession in Chile. The average salary for a beginning teacher amounts to about 60% of that offered to other professionals. The longer teachers stay in the profession, the larger the salary gap in comparison to other professions (Mizala & Ñopo, 2016; Valenzuela, Sevilla, Bellei, & De los Ríos, 2010). Surveys conducted with teachers show a generalized belief that the profession is among the least valued by society and has low respect on the part of the government and the media (Bellei & Valenzuela, 2013). With respect to working conditions, public school teachers in Chile are provided with about 25% of their contract hours to prepare their lessons, assess students'

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work, engage in professional development, work collaboratively with peers, and meet with parents. In comparison, among OECD countries this proportion is at least 40% (OECD, 2014).

The National System for Teachers' Professional Development Law has addressed these barriers to attract and retain a high-quality teaching force. First, beginning teachers' salaries will be competitive in terms of what other professionals receive. Second, teachers working in schools serving a high proportion of socially vulnerable students will be paid more. Third, the law specifies a career path structured into five stages. To move from one to the next, in addition to seniority, there is an external evaluation mechanism. The first three stages are required. The last two, Expert I and Expert II, are optional for high-performing teachers. Additionally, the law creates a one-year induction program for beginning teachers and an increase from 25% up to 35% in the time allocated to non-direct instructional tasks. This percentage could be as large as 40% for teachers working in schools with high concentrations of socially vulnerable students.

Initial Teacher Education

Initial teacher education has been subjected to the same market forces that created an expansion of private educational providers. Cox, Meckes, and Bascopé (2010) analyzed how the participation of private higher education institutions contributed to an expansion in the number of pre-service teachers from 2000 to 2008 (i.e., 813% increase in elementary pre-service teachers). A lack of state regulation over the higher education sector has allowed for the growth of programs that are non-selective and enroll non-traditional college students who are not required to take a college entrance examination as well as high school graduates with low scores on this exam.

Aiming to address the qualifications of those who enter teacher preparation programs, beginning in 2011, a group of traditional public and private universities, accounting for 50% of the total enrollment, agreed to set a minimum admission score on the national college entrance test. With this same aim, President Piñera (2010–2014) initiated a scholarship program to cover tuition costs for teacher candidates scoring in the top 15% on this test, with additional incentives for candidates with higher scores. The scholarship initiative has not been effective in terms of attracting better-qualified candidates, and the minimum score requirement has had an impact on the closure of non-selective programs. Moreover, over the last few years fewer students have entered teacher education programs. For example, in elementary teacher education programs, freshmen enrollment decreased from 5,717 in the year 2010 to close to 2,000 by the year 2014 (SIES, 2015).

With respect to initial teacher preparation programs, the new law has placed the following requirements: gradual increase in the minimum national college entrance test score from 500 points in the year 2017 to 550 points by the year 2023 or a high school GPA ranking in the top 10% and entrance through an equal opportunity college-track program; mandatory accreditation by a state agency; more rigorous accreditation standards; and mandatory institutional diagnostic assessment when the candidate enters the program and a state assessment one year before the completion of the program. The results of this second test will be used by the accreditation agency to evaluate the institutional improvement plan and by the Ministry of Education to develop formative actions. What is noteworthy is that the test will have consequences for the institution but not for their graduates' employment options. Alternative paths into initial teacher education acknowledge the inequities in the K–12 system that make less likely for low-income students to achieve a high score on the college entrance test and as a consequence attend a highly selective university. Collectively, these provisions seek to attract to the teaching profession academically talented high school students and strengthen the quality assurance system for university-based initial teacher education.

By improving teacher preparation, the salary structure, and working conditions, these provisions are expected to attract the best-performing teachers to high-poverty schools. If this goal is attained, it is expected that the performance of the school system will increase and generate a reduction of the achievement gap. The implementation of these provisions will be gradual over a 10-year period (2017–2026). Gradualism enables monitoring the intended and unintended effects in order to promptly introduce

corrections as needed. The total cost is estimated to be \$2.3 million per year when fully implemented, representing nearly 30% of the resources generated as a result of the tax reform approved in 2015.

Critical Analysis of the Reforms' Strengths and Risks

One of the main attributes of the three reforms previously described is that these changes are of a structural nature. Investing in teacher preparation, improving their working conditions, and delivering differentiated school funding based on students' vulnerability create a different set of internal conditions at the school level. Reductions in social and academic segregation are expected as a result of the elimination of co-payment and student selection. These reforms include all state-funded schools, without distinction between municipal and private providers, thus asymmetries that reduce the effectiveness of these policies should be attenuated.

Potential Impacts of the Laws

Collectively, these reforms aim to have the following effects: increases in quality and equity, decreases in social segregation in schools, and increases in public school enrollment. Given that only SEP law had been implemented at the time of this article, for the other two laws we will hypothesize the expected direction and magnitude of their impact.³ Under a system in which parents' choice is universal, their behavior as consumers of educational services introduces a level of uncertainty in terms of how they will respond to changes introduced by the Inclusion Law.

Table 1 summarizes our analysis of the expected direction and magnitude of the impact of each policy. We use a (+) to indicate expected positive impact and a (–) to indicate expected negative impact. The number of pluses or minuses indicates the magnitude of the impact, with more (+) or (–) meaning greater impact. In some cases the impact is uncertain because some behaviors of private providers may have a positive impact and others a negative impact. What behaviors will have a greater impact remains to be seen. For example, subsidized private schools with a high co-payment may become fully private given that they cannot continue as for profit organizations. In this scenario segregation will increase. On the other hand, with the end of profit, schools might choose to remain subsidized, thus reducing segregation. Opportunity reflects the fact that over the last decade the growth of providers has been in the private sector. If the state decides to start building schools, then the end of profit might be an opportunity to increase public school enrollment.

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Table 1. Expected Outcomes of Structural Reforms				
Law	Quality Improvement	Increased Equity	Decreased Social Segregation	Public School Enrollment
SEP	+	+++	+	-
National System for Teachers' Professional Development	+++	++	+	+
Inclusion				
No co-payment	+	+	+	-
No selection	+	+	+	-
End of profit	+	Uncertain	Uncertain	Opportunity

Progress in reducing the gaps in educational opportunities is present in all policies analyzed—with the exception of the elimination of the for-profit status of educational providers. Non-selectivity as well as the end of co-payment should decrease social segregation in schools. A direct effect of eliminating restrictions on entry to subsidized private schools might be an increase in the migration of students from public schools to private, an outcome evidenced by the implementation of the SEP law. While improving the quality of public schools could mitigate this migration, it is possible that in the early years of these reforms, this might have a small effect. In this sense, the elimination of profit among private providers makes opening new schools less attractive, thus public schools could get a larger market share by building new schools in urban expansion zones. The new teacher policy could have a positive, although indirect and gradual, impact on quality. The incentives to attract the best teachers to schools serving the most vulnerable students could also help reduce the SIMCE gap between public and private schools (Boyd, Grossman, Lankford, Loeb, & Wyckoff, 2008).

Potential Risks in Achieving the Objectives

The gradual implementation allows for needed coordination and facilitates learning processes and the development of management capabilities in the various institutions involved in these reforms. These reforms are permanently funded through resources collected via a tax reform approved in 2014 that will increase tax revenues long term up to three additional points of the GDP, of which about two will go to the education sector. An analysis of potential impacts needs to take into account risks factors that may jeopardize the proper implementation of these reforms and the achievement of their objectives. Next, we briefly address three sets of risk factors that could negatively impact the attainment of these reforms' aims. These include externalities, institutional capacities at various levels of the system, and changes in the economic and political landscape needed for long-term sustainability.

Externalities Related to Coordination Among Policies

Structural reforms, during the design and implementation phases, must attend to unexpected results as well as to failures in coordination among the various actors and institutions that are directly or indirectly affected. In the context of the universal school choice that characterizes Chile's school system, the reforms we are discussing may require new institutional regulatory frameworks to ensure effectiveness and efficiency. There are at least four aspects to consider:

1. Acceleration of enrollment decline in public schools. The prestige of public education has suffered a steady decline over the last two decades. Having one's child in a private school is a sign of status, and public schools have become the option for those who cannot choose (Montecinos, Ahumada, Galdames, Campos, & Leiva, 2015). Restoring the prestige of public education and changing its trajectory of decline is a long-term goal for these reforms. The Inclusion Law in the short and medium term will most likely accelerate the decline in public school enrollment as low-income parents can now access schools that because of selection and co-payment were out of their reach. To reverse this tendency other policies that directly strengthen the quality of public education are needed. Among other aspects, this involves reducing the levels of violence that characterize many public schools as parents' main concern is that schools are safe places for their children (Montecinos et al., 2010). Additionally, as part of the social movement for a quality public education and the end of profit in education, public but not private school teachers and students have engaged in long strikes. Each strike generates enrollment losses because working parents cannot afford to have their students at home unsupervised and families are concerned with a loss in academic preparation (Montecinos et al., 2015). In fact, during the drafting of the National System for Teachers' Professional Development Law, teachers went on a six-week-long strike mainly opposing the testing mechanism through which they could advance from one stage to the next. This conflict was resolved when the government and parliament, increased provisions related to the work conditions and professional development components of this law.

2. Financial problems stemming from a loss of enrollment in public schools. These structural reforms have not changed the funding formula based on a per-pupil attendance voucher, which covers about 70% of school funding. For schools, this presents a problem as expenditures are fixed but income varies with attendance. A loss in enrollment means less funding for programs to improve instructional quality and surplus in teaching and support staff. The pressure to change the funding system that subsidizes demands to one that provides basal funding to ensure public schools' operational expenses will likely increase. If basal funding is provided, then attention is needed to prevent the growth of schools that are inefficient due to small enrollment. An attendance-based formula provides an incentive for schools to strive to work on student enrollment and persistence.

3. More rigorous entry requirements for the teaching profession. Raising the requirements to be admitted into an undergraduate teacher education program, the main modality used in Chile for initial teacher preparation, could result in a decrease in the number of teachers entering the profession each year. A reduction in the number of students entering teacher education has already been observed, and it is estimated that in a few years universities will provide just a third of the number of new teachers needed. It is expected that provisions to enhance both salary and work conditions will be an incentive to deter teachers from leaving early, but it is unclear how large this effect could be. It is important, therefore, to monitor the extent to which these incentives attract and retain high-quality teachers. The evidence available in 2017 shows that the number of applicants to pre-service teacher education programs increased relative to the previous year. Whether this is a trend remains to be seen in future years, as well as whether this can be attributed to provisions to improve work conditions and salary. This is a critical point to enhance students' achievement and reduce the achievement gap. International evidence shows that when faced with a teacher shortage, alternative pathways to teaching might result in a less qualified teaching force.

4. Deficit in public school infrastructure. As discussed, the Inclusion Law limits the expansion of private providers by regulating the creation of new voucher schools. New schools can only open in places where the demand cannot be satisfied by existing schools, and they must be non-profit. This sector, however, accounts for 85% of the new school infrastructure required annually (Grau, Hojman, & Mizala, 2015), especially in areas of urban expansion. An externality stemming from the elimination of for-profit private subsidized schools is that a significant number of these providers will most likely cease operations. School closures leave families searching for an alternative that might not be satisfied by public schools' current capacity. By 2016, only about 30% of urban schools were municipal, and in many municipalities this percentage was less than 20%. If public education is not able to absorb new students, a deficit of educational opportunities might be generated. This will take time to be resolved, thus, the public sector needs to anticipate and promptly respond to increases in demand. Otherwise, the public perception of the reform will be negative in systemic terms and not just with respect to this specific component.

Institutional Capacities at Various Levels of the System

Educational reform involves multiple reforms that are implemented simultaneously. For example, the Inclusion Law involves three sub-structural reforms, some of them highly complex, with significant indirect effects as has been discussed earlier. These structural reforms demand a high institutional capacity to design, implement, monitor and adjust policies as needed. Similarly, coordination among the central government agencies, among different levels of educational leadership and management, and with private educational providers is required. Not developing sufficient institutional capacities to address problems associated with coordination presents a significant risk of failure.

Capacity Building at the Intermediate Level

These reforms have a direct impact on the 342 municipal governments that by the year 2016 administered some 5,331 public schools (Ministerio de Educación, 2014). Available evidence shows that most municipalities have not adequately managed educational services under their responsibility (Consejo Asesor Presidencial para la Calidad de la Educación, 2006). Moreover, a recent survey of public school principals hired between the years 2013 and 2016 showed that among the 321 respondents, 33% indicated that their school's main barrier to achieve improvement goals was problems at the municipal department of education. Lack of adequate support was perceived in terms of needed resources as well as autonomy. The sustained loss of enrollment, underperformance on different indicators of educational outcomes, and low social prestige underscore inadequate capacities and procedures at this level of the system that need to be addressed (Canales, Bellei, & Orellana, 2016). Considering that municipal governments will have to implement these reforms, their success will be associated with investments to build greater capacity at this level.

Capacity Building for School Leadership and Management

The reform package affects many areas that require school-level capacities to initiate and sustain improvement processes. The evidence available from the implementation of the Preferential School Subsidy Law shows that about a third of the participating schools have shown improvements, and these tend to be those that previously had good internal management capacities (Valenzuela et al., 2013). Independent of whether they are public or private, Bellei, Valenzuela, Vanni, and Contreras (2014) found that only one in 10 schools in the country showed trajectories of sustained improvement over the past decade. These findings are attributed to weaknesses in how schools are managed, compounding management problems generated at the intermediate level.

Since 2010 a national policy to strengthen school leadership and management has been in place. It entails a more rigorous selection process for the principal post, professional development grants for practicing and aspiring principals, and a legal framework to increase school-level decision-making. Additionally, the government has provided funding to create two national centers for school leadership aiming to build capacity at all levels of the system. The reform addressing the teaching profession has left out school principals and other management positions such that they are not subjected to formal assessment, and a career path that could make school leadership an attractive option has yet to be defined.

Changing Economic or Political Contextual Factors

Political Sustainability for These Reforms

Structural reforms require a broad base of political and social support for their sustainability over time, especially when implementation is gradual. During the discussion of these reforms there was broad political and social support for most of the provisions. The most controversial point was the elimination of profit for private providers receiving a state subsidy. This was forcefully demanded by the student movement, with massive support from citizens, but resisted by the center-right political spectrum. Another controversial provision rejected by many across the political spectrum was the amount of money that would be transferred to private providers as an incentive for them to become tuition-free, non-selective schools. These two measures could be adjusted by future political coalitions as the balance of power shifts along the left to center to right ideological spectrum. This risk is reflected by the fact that the Law of Inclusion was approved, finally, not by the Congress but by the Constitutional Tribunal. It was approved in a divided decision (draw vote), with the president of the tribunal casting the decisive vote (for details, see Carrasco, 2015). With presidential elections in December 2017, some components, especially those involving controversial matters, such as profit and universal admissions, may be subjected to revisions.

Weakened National Financial Situation for the Coming Years

The financial resources committed by the state to implement these educational reforms are substantial and growing over time. Although they are paid by a tax reform that allows an increase in the permanent tax burden by up to 3% of the GDP, needed funding might not be available in a context of slow economic growth (from an annual average of 4% of GDP to less than 2%; Banco Central, 2016). Financial uncertainty leaves little space for resolving externalities that may occur during this process, placing greater demands on management capacities to attain the objectives. Lack of success on key indicators will politically and socially challenge these reforms' progression and sustainability over time.

Commitment of Private Educational Providers

By 2016, 64% of school enrollment in Chile was in the private sector. In the short and medium term, therefore, achieving results in quality, equity, and inclusion largely depends on changes in that sector. It is essential, therefore, that the Ministry of Education maintain a strong collaborative relationship with the sector. Private providers need to not only actively participate in the reform but also support and contribute to resolving difficulties in a timely, appropriate, and coordinated manner.

Final Considerations

After over 30 years of expansion in the privatization of education in Chile and 10 years of social movements to curb that expansion, the new generation of reforms we have discussed in this article purports to strengthen all education, particularly public education. Public education concentrates the participation of low-income students, and not addressing its quality diminishes intergenerational social mobility. The low quality of public education and its low prestige has historical roots in policies that have not provided public schools with adequate resources, in a national context of a very centralized public sector and asymmetries between private and public providers created by the new public management model used to modernize the provision of social services in Chile.

These structural reforms involve a substantial increase in the amount of funding the state will allocate to pre-K through 12 grade schools. Among OECD countries, Chile is among those that have most increased state funding to education over the last 10 years (OECD, 2015). Nevertheless, by 2011 per-student cost including all levels of the system was at \$5,522, below the OECD average of \$9,487. The Inclusion Law will increase the per-student expenditure by increasing the subsidy to students in the up to the 80th percentile on Chile's income distribution. However, the international evidence has shown that increasing expenditure by itself often fails to yield the expected impact (Barber & Mourshed, 2008; Hanushek, 2006; OECD, 2010). Compensatory financial strategies in educational systems do not diminish gaps in the opportunities to learn found when comparing schools serving diverse social groups (Ladd & Fiske, 2009). Therefore, other reforms are necessary. Among them, Chile has new legislation to improve teacher quality and the distribution of high-quality teachers throughout the system. Special attention has been afforded to high-poverty schools by increasing subsidies as well as incentives for teachers who choose to work there. This positive discrimination is expected to narrow the achievement gap.

These reforms attempt to curb the growth of the privatization of education while maintaining and even amplifying parents' choice. This creates a challenge to one of the reforms' goals, reversing the flight of students from public to private schools. To resolve this, during the year 2016 the legislature has begun discussions of additional reforms that focus specifically on strengthening public education. The New Public Education Law proposal involves the elimination of the municipal administration of schools, replacing it with Local Educational Services. This is based on the notion that the state is responsible for educational quality and as such should have tutelage over pedagogical and administrative matters. The new architecture for the provision of public education seeks greater participation of the local community in educational decision-making and greater capacity to support improvement processes that enhance school-based decision-making.

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The discussion of the New Public Education Law has centered on questions of efficiency. Will a stronger intermediate management level, in a more centralized scheme, have a greater impact on efficiency as compared to a stronger school-level management scheme? The goal of New Public Education is to ensure that independent of the municipality's wealth and capacities to manage educational services, or lack thereof, all schools and students will be provided with adequate targeted supports in terms of pedagogical matters, professional development, infrastructure, and financial matters. It is our belief that a key to improve the educational system in Chile is to have mixed private-public provision in which both sectors operate at high levels of effectiveness. To attain this, both sectors need to cooperate rather than compete, seeking to design policies to better serve all students.

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Notes:

(1.) Structurally, the educational system is organized into eight years of mandatory elementary education and four years of mandatory secondary education. Secondary students may opt between a college-bound curriculum and a vocational-technical curriculum.

(2.) In this article we do not address Law No. 20.529, the National System for Quality Assurance in Early Childhood, Elementary and Secondary Education and Its Fiscal Control (*Sistema Nacional de Aseguramiento de la Calidad de la Educación Parvularia, Básica y Media y su Fiscalización*). This 2011 law seeks to enhance educational quality and equity by strengthening school-level accountability in terms of the use of pupil

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testing (SIMCE), teacher and school administrator evaluation, and school inspection. We do not address this law because (a) it stresses the market model by offering more tools for parents as consumers and (b) it largely provides a new institutional structure for strengthening accountability mechanisms that have been in place since the 1980s (SIMCE), 2003 (teacher evaluation system), and 2008 (school classification through the SEP law). Additionally, the law creates a new institution, the Education Superintendence, to provide administrative and normative control of schools. Parents who believe that their rights as educational consumers have been violated can file a complaint against the educational provider with the Superintendency.

(3.) Expected effects are based on the authors' critical analysis of each law.

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