

Annex C: Student financial support for tertiary first degree studies

Universities fall into two categories: universities created by the private sector after 1980 and which are known as private universities, and universities which are members of the *Consejo de Rectores de las Universidades Chilenas*, or CRUCH, and are known as traditional universities. CRUCH universities include 16 state, 6 Catholic and 3 private lay universities. Students in these have access to a range of subsidised financing, while students in non CRUCH higher education institutions have far fewer (and largely unsubsidised) options. CRUCH universities receive both a direct subsidy from the State in the form of a block grant (*Aporte Fiscal Directo*, AFD), and part of an indirect grant (*Aporte Fiscal Indirecto*, AFI) that is allocated to institutions that attract the 27 000 students with the top PSU scores. Private universities, on the other hand, finance themselves largely through student tuition and the AFI.

Some direct public funding of students in first degree programmes (*pre-grado*) is provided in the form of scholarships (grants) and state-guaranteed loans. The Ministry of Education manages the following scholarship schemes:

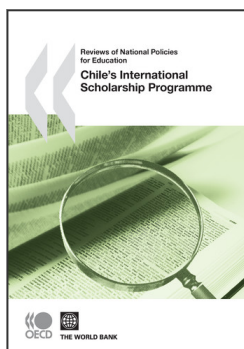
- Bicentenary Scholarships (BB), for students attending CRUCH universities who are Chilean; show socio-economic need (*i.e.* are in the lowest two household income quintiles); and score 550 points or more in the PSU.
- Juan Gómez Millas Scholarships (BJGM), for students from municipal or private subsidised schools, attending CRUCH universities or any other tertiary institution with accreditation, who are Chilean or from other Latin American or Caribbean countries; are in the lowest two household income quintiles; and score 640 points or more in the PSU.
- Scholarships for outstanding students to study pedagogy (BdP), for students enrolling as their first option in an education or teaching degree at an accredited institution, who are Chilean; score 600 points or more in the PSU; and have a Higher Secondary School grade report (NEM: *Notas de Enseñanza Media*) which averages 6 or above (on a scale of 1-7).

- New Millennium Scholarship (BNM), for students enrolling in a Higher Level Technician course in MINEDUC-approved CFTs or in professional programmes taught by licensed and accredited IPs, who are Chilean; are in the lowest two household income quintiles; and who have a NEM of 5.0 or above.
- Scholarships for academic excellence (BEA), for the top five percent of students graduating from each public or private subsidised secondary high school, who enrol at CRUCH universities or accredited private universities, CFTs or IPs; and are in the lowest four household income quintiles.
- Scholarships for PSU score (BPSU), for students graduating from public or private subsidised secondary high school, who enrol at CRUCH universities or accredited private universities, CFTs or IPs; are in the lowest four income quintiles; and score the best PSU score in the country or region.
- The Indigenous Scholarship, for students from defined minority ethnic groups who are in the lowest two household income quintiles and who have a NEM of 5.0 or above.
- Scholarships for students in the lowest four quintiles who are the children of school teachers.
- Maintenance grants are automatic for the beneficiaries of most scholarship schemes. These consist of food vouchers and cash to cover subsistence. The National Committee for Student Support and Scholarships (*Junta Nacional de Auxilio Escolar y Becas*, JUNAEB) administers the maintenance grants. There is also a maintenance programme for students from isolated regions (the extreme north or south or island territories), which consists of a money contribution and a transport quota for travel.

Public spending on these *pre-grado* scholarship schemes grew by 567% between 1995 and 2009. In fact, funding for scholarships has increased significantly in recent years, from USD 40 million in 2000 to USD 239 million in 2009. In 2007, 9.5% of all students enrolled in a tertiary education institution received a scholarship of some kind. By comparison, 51% of all undergraduates in the United States receive a scholarship.

There are two main student loan schemes:

- The *Fondo Solidario de Crédito Universitario* (FSCU), administered by each CRUCH university, is available only to students enrolled in CRUCH universities. To be eligible, the students must belong to the lowest three quintiles (students from the fourth quintile can also apply but they can receive only a partial amount) and obtain at least 475 points in the PSU. FSCU offers generous terms, including a subsidised annual interest rate of 2% (after accounting for inflation) and a two-year grace period after graduation. Repayments are capped at 5% of the total income earned in the previous year. The repayment period is 12 to 15 years depending on the amount owed. At the end of this period any remaining debt is cancelled. Loan recovery is the responsibility of each university.
- The *Crédito con Aval del Estado* (CAE), administered by the *Comisión Ingresos*. Established in 2006, the new student loan programme is a partnership between the government and commercial banks. A partial default guarantee is provided by the higher education institution while the borrower studies, then by the State from graduation until repayment. Repayment begins 18 months after graduation and may last up to 20 years. To qualify the student must be studying in an accredited institution and have a minimum PSU score of 475 points or (if enrolled at a CFT or IP) a high school (NEM: *Nota de Enseñanza Media*) average of 5.3 or above. As the institutions act as guarantors while borrowers are studying, they establish the maximum number of students whom they can afford to guarantee.
- In total, 26.4% of all undergraduate students take a loan to finance their studies. Forty nine percent of first and second quintile students enrolled in a non CRUCH tertiary education institution have a CAE loan. As reported in *Tertiary Education in Chile*, spending on state-guaranteed loans increased by 448% between 1995 and 2007.



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