

Who Will Pay and Who Benefits from Ecuador's New Free Higher Education?

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Who benefits from “free” higher education can be a touchy question. Structural adjustments and conditioned World Bank loans forced many countries to scale back on investment in public goods, and many defenders of public subsidy made arguments centered on social equity. Subsidies of universities do have spill-over benefits for society—citizenship, trust, the arts, and locally relevant research. But an empirical question, difficult to avoid, is which groups of children most benefit from subsidy to higher education when they enter the workforce.

Ecuador has become the latest testing ground for the attempt to use higher education to reverse decades of racial and social inequality through its prohibition—following a new constitution in 2008—of fees for all public education (including public universities). Equity was the main reason for making education “free” for university students. But the preliminary results of this experiment are not encouraging: so far, those who have been most rewarded by the suspension of fees are members of groups that were already advantaged and likely to attend.

FULL FAMILY COSTS OF UNIVERSITY EDUCATION

Reasons are not difficult to fathom. Universities are expensive for families in Latin America and in much of the world, not because of the fees they charge. This was especially not a barrier for public universities in Ecuador prior to 2009, because universities used a sliding scale based on income. Instead of direct fees, the biggest expense comes from the years of sacrifice by families when they encourage their children to study and eventually to pass competitive entrance exams, as opposed to working to support the household economy. In recent years, although about 80 percent of each birth cohort entered secondary schools, there was a large dropout rate among the poor. Only about half of each cohort finishes secondary schooling and is thus eligible for “free” university attendance.

The elimination of student fees at public universities in Ecuador expresses the ideals enshrined in the 2008 Constitution. Article 356 (unofficial translation) states:

Public higher education will be free through the undergraduate level. Admission to public higher education institutions will be regulated through a system of evaluation defined under the law. . . . regardless of whether public or private, equality of opportunity in access is guaranteed, as well as equality in persistence, mobility, and exit, with the exception of the fees charged by private higher education.

But the translation of good intentions in public policy is complicated, and ideals often produce unintended consequences.

A LOOK AT THE DATA

If one examines Ecuador's 2001 population census, together with more recent nationally representative household employment surveys, one can detect a growing gap in access by race, income, and home language. For example, among those born in 1990, university attainment rates were only about 5 percent for those self-identifying as "Black" and 8 percent for those self-identifying as "indigenous." The rates were about 20 percent for those who described themselves as "mestizo" and 25 percent for those who were "White." These gaps have not been accurately measured until now. It is worrisome that the gaps seem to be growing, and it was to reverse such trend that the constitution declared that public higher education would be free of direct costs to students

Despite an admirable goal, if one analyzes surveys conducted a year after the suspension of user fees, it is possible to observe a widening gap in access to Ecuador's public universities, following the suspension of fees: there is a growing attendance gap between the more-privileged and less-privileged populations of the country.

Consider two findings from these analyses. First, we can consider postsecondary access depending on the language spoken by a child's parents. Using the 2009 surveys alongside those from 2008 and 2007, we can estimate with high-statistical certainty the percentages of Ecuadorians in each language group who entered a public university in 2007 (just before the constitutional reform), in 2008 (the year of the new constitution), and in 2009 (the year after "free" public education arrived). Only 4 percent of college-age children whose parents spoke an indigenous language were in public universities in 2007, and this increased only to 5 percent by 2009, with "free" tuition. By contrast, in 2007,

the college-going rate was 13 percent for those whose parents spoke only Spanish, and their rate increased to 17 percent by 2009. Consequently, the gap between groups is greater now than in 2007. Second, consider a simple indicator of family poverty. Ecuador uses a sophisticated metric of income and household welfare to define which households are qualified to receive a monthly supplement of US\$38. From 2007 to 2009, one sees slight a increase in the rates (from 4% to 7%) of children going to a university whose mothers received the Human Development Bond and who thus could be considered “poor.” This is the good news. But the greatest beneficiaries after 2008 were not this population. There was a much *bigger* jump in attendance among children whose mothers did *not* receive the Human Development Bond: from 16 percent to 24 percent. Again, the gap between poor and middle-class children grew larger.

REDUCING THE OPPORTUNITY GAP

Those most likely to forego employment and finish secondary education are children whose parents do not speak indigenous languages, those who are mestizo or white, those with upper-income fathers, and those with highly educated mothers. For this reason, the beneficiaries of “free” university education will necessarily come from the most-advantaged populations of Ecuador—unless the quality of primary and secondary education improves, allowing more disadvantaged children access to higher education. How could Ecuador level the playing field? Most important, Ecuador would need to invest resources to improve the quality of its basic education and keep all students in school until they are eligible to attend university. This is, in fact, a possible outcome of constitutional reform because, in addition to free public university,

the constitution also suspended user fees in primary or secondary schools. If the government is now able to improve the quality of primary and secondary education, then more children from poor families and with indigenous roots will persist to graduation. Eventually they will become eligible for the benefits of free public higher education. But where will the money come to improve basic education, if so much is needed to replace suspended student fees? Eliminating fees for all current university students (in the absence of means testing or financial aid for the neediest families) places an enormous new financial responsibility on the government and forces it to spend money for higher education that could have been used to improve basic education. To avoid this perverse consequence, Ecuador should institute a transparent, needs-based system of finance assistance and pay for the fees only of those students who cannot otherwise afford to attend—rather than continuing to subsidize its most-advantaged populations.