

Education Budget 2012: More Resources for Better Quality?

As we have seen over time, a greater budget, at least in school education, has not entailed more quality: in 6 years, the budget has increased by 65% and the results of the measurement tests have maintained similar levels during this period. In 2012, the education budget contemplates a 7.2% increase, with an emphasis put on improving school subsidies for those who need them more, and on tertiary education.

In the middle of the strong national discussion concerning funding of tertiary education and the existence of for-profit schools receiving state grants, one of the key subjects in the debate about the Budget 2012 which starts now, will be the Education allotments. The resources for the Ministry of Education (MINEDUC, in Spanish) envisage an increase of 7.2% real. In terms of figures, the education budget totals CLP\$5,500,000 million (US\$11.5 billionⁱ). The absolute difference 2011-2012, is equivalent to an additional CLP\$369 billion (US\$738 million) incorporated to this budget.

This year, with the purpose of attending to the new student demands, the Government announced the creation of an education fund of US\$4 billion, which will be distributed over several years. 10% of this fund has been incorporated in the budget bill 2012– a total of CLP\$199 billion (US\$400 million) – that are added as incomes to different items, in order to complement the resources initially contemplated in the budget. These resources are distributed as shown below in Table 2, and shall be allocated to the different programs included in those items.

Considering the importance of better quality education for the development of our country, the resources allocated to education have increased over time, with the support of several sectors of our society. This has occurred mainly as a consequence of the student demands from the so called “penguin revolution” of 2006 and the

successive educational reforms. In absolute terms, in the last six years, the education budget has risen by 57% and CLP\$2,000,000 million (US\$4 billion) have been pumped into it. In the period 2011-2012 there is an additional absolute increase of CLP\$356,402 million (US\$739 million).

Table 1

EVOLUTION OF MINEDUC BUDGET 2011-2012

MINEDUC Budget	Law 2011 Amend.	Law 2012	Difference %	Difference Amount
Million CLP\$ 2012	5,130,488	5,499,308	7.2	368,820
Million US\$	10,261.0	10,998.6	7.2	737.6

Source: Budget bill 2012, DIPRES.

Table 2

EDUCATION FUND, ALLOTMENTS 2012

Incomes 2012*	Million CLP\$ 2012
Undersecretariat	3,180
Ed. Infrastructure	2,745
Ed. Quality Improvement	517
Ed. Subsidies	70,825
Tertiary Education	85,298
JUNAEB ⁱⁱ Scholarships	7,315
CONICYT ⁱⁱⁱ	20,996
JUNJI ^{iv}	8,632
TOTAL MCLP\$	199,508
TOTAL MUS\$	399

Source: Budget bill 2012, DIPRES.

*Resources are transferred from the Public Treasury.

Table 3

EVOLUTION OF MINEDUC BUDGET 2011-2012

	2007	2010	2011	2012	Diff. 2012-2007
Subsidies	\$2,071,910	\$2,763,225	\$2,959,798	\$3,148,500	52%
Tertiary Education	\$ 381,534	\$ 807,528	\$ 805,417	\$ 879,947	131%

Source: DIPRES. Figures in Million CLP\$ 2012, 2007-2010 executed budget. 2011 and 2012 budget laws.

The greater resources have been allocated to the countless programs of the Ministry, but mainly to the subsidy item which is the most important one, since the country's municipal and private-subsidized schools are financed that way. This item grows by 52%, in the period 2007-2012, and among the most relevant modifications we can mention the creation of the preferential subsidy aimed at supporting with greater resources the most vulnerable children of the country. In the same period, the tertiary education budget increases by 131%, mainly due to the coverage expansion of tertiary education and to the new scholarships and loans demands to study in tertiary education institutions (Tables 3 and 4).

Table 4

EVOLUTION OF MINEDUC BUDGET 2007-2012

Year	MCLP\$ 2012	2007 Index=100	Additional Annual Amount
2007	3,508,683	100	0
2008	4,009,013	114.3	500,330
2009	4,585,016	130.7	576,003
2010	5,047,142	143.8	462,126
2011	5,417,328	154.4	370,186
2012	5,499,000	156.7	81,672

Source: Budget bill 2012, DIPRES.

Main Programs of the Budget 2012

The MINEDUC budget bill contemplates several items and many budget allotments for its different programs. They can be grouped in eight programmatic lines whose evolution between 2011 and 2012 is shown in Table 5.

Table 5

EVOLUTION OF MINEDUC PROGRAMMATIC LINES ^v				
MINEDUC Budget	Law 2011	Law 2012	Difference%	Difference Amount
(Million CLP\$ 2012) PROGRAMMATIC LINES	(a)	(b)		(b)-(a)
1. Education Subsidy	2,959,798	3,148,500	6.4	188,702
2. Programs in Public Schools	418,942	415,186	-0.9	3,756
3. Preschool Education (JUNJI+INTEGRA)	365,116	391,243	7.2	26,127
4. Tertiary Education	602,039	708,197	17.6	106,158
5. School Aids (JUNAEB)	364,410	377,869	3.7	13,358
6. Science and Technology (CONICYT)	201,654	233,037	15.6	31,384
7. Libraries and Museums	11,685	13,948	19.4	2,262
8. Culture and Arts	52,206	51,343	-1.7	863

Source: Budget bill 2012, DIPRES.

With regard to the different programmatic lines contemplated in this budget, we can highlight some relevant features concerning school and tertiary education, such as: subsidies, programs in primary and secondary public schools, preschool education, tertiary education and school aid programs.

1. Subsidies: This is the most important programmatic line of the MINEDUC budget and represents 57.3% of the Ministry's total budget for 2012, with an increase of 6.4% real in the total expenditure on subsidies between 2011 and 2012. These resources are the main funding source for the operation of all educational institutions, both municipal and private-subsidized, where educational service is offered to nearly 90% of the country's school-age children and youngsters, in addition to adult education. In this item, the following is worth mentioning for 2012:

- MCLP\$253,192 allocated to the Preferential School Subsidy aimed at the special attention of the most vulnerable students. According to the law in force, 2012 incorporates the 8th grade and considers the higher expenditure entailed by the bill recently approved, which increases this subsidy by 21% of its current value.

- MCLP\$67,497 for the Concentration Subsidy of all students from pre-kindergarten to 8th grade, belonging to the institutions incorporated to the Preferential School Subsidy regime.
- MCLP\$43,985 for supporting municipalities in the funding of their education management improvement plans.
- BCLP\$24 accounting for the schooling subsidy increase, provided for in article 5 of Law Nr 20,501, as of March 2012. And to finance voluntary retirement plans of education professionals, according to Law Nr 20,501, which are estimated to cover 6,000 teachers of the municipal sector in 2012.

2. Programs in primary and secondary public schools: These resources are mainly allocated to infrastructure and equipments for educational institutions. Among other aspects, they contemplate resources for 60 excellence public secondary schools. In total, MCLP\$283,250 is invested in repair, creation and upgrading of educational infrastructure and equipments for subsidized institutions. Other relevant items of this programmatic line include educational resources:

- MCLP\$22,354 in educational computing for public schools, including equipment, software, training, connectivity, and pedagogical processes, and teaching and learning in the classroom.
- MCLP\$24,650 for the purchase and distribution of approximately 15,000,000 school texts for pre-kindergarten and kindergarten, primary and secondary education students.
- MCLP\$8,003 for the creation, updating and extension of primary and secondary education libraries.
- MCLP\$2,715 to support sport and recreation activities, for projects promoting physical activities and school sports.

Additional MCLP\$10,549 is allocated in education improvement programs for public schools that incorporate for the first time in 2012. Moreover, this item includes resources for teacher's further training (MCLP\$15,978), evaluation processes such as the SIMCE^{vi} test and teacher's performance assessment, and modernization of the

pedagogical-technical supervision that the MINEDUC shall carry out in the schools to improve learning by the students.

3. Preschool Education: The budget bill 2012 considers funding increases (MCLP\$26,127) for infrastructure and equipment allowing to extend the current vacancy coverage of nurseries and preschools belonging to the JUNJI and INTEGRA Foundation by 12,000 new places.

4. Tertiary Education: It is one of the lines with the highest increase (17.6%) in the budget 2012, contemplating new resources amounting to MCLP\$106,158. These resources are going to be mainly allocated to increase the number and amount of the scholarships for the poorest 40% of the students. In total, coverage close to 200,000 students is estimated. It also envisages resources for the Solidarity Credit Fund given to the students of the 25 universities of the Council of Rectors who present a proven socioeconomic need; 145,000 beneficiaries are estimated for next year. Furthermore, resources are included to reduce the interest rate for State guaranteed loans and for renegotiations of the Solidarity Credit Fund debtors, in accordance with the bill presented to the Congress by the Executive.

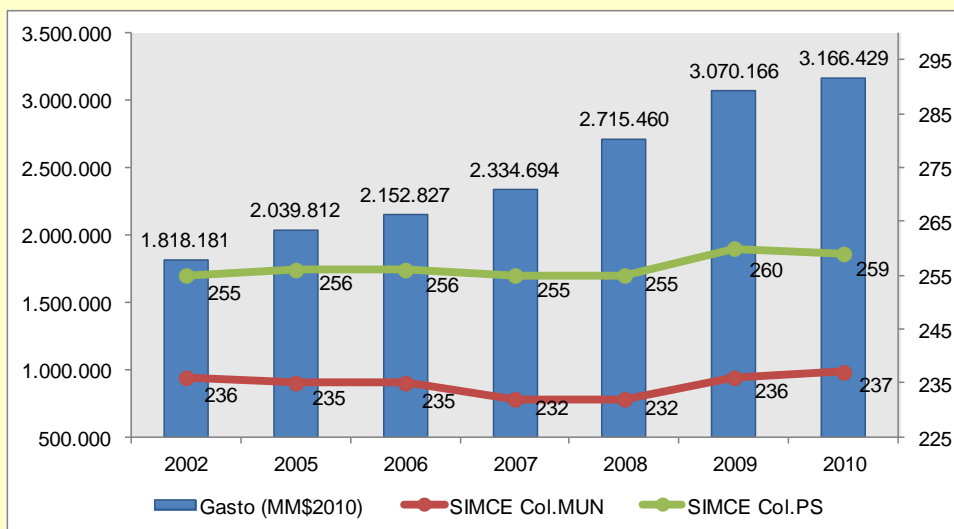
5. School aids: It includes MCLP\$377,869 for 2012, with an increase of 3.7% in relation to 2011. These resources are allocated to feeding programs in schools and JUNJI preschools, school health care and other programs developed by the JUNAEB, such as: national student card, indigenous scholarship, allowance for professional practical instructions for technical-professional secondary schools, school support and persistence scholarships, and other student benefits.

Conclusion

The resources allocated to the education budget 2012 have increased, especially in the school and tertiary education areas. However, it must not be forgotten that increasing education funding is not the only important thing to consider, since it can still be insufficient when attending to the different student demands being set forth.

Chart 1

EVOLUTION OF SPENDING ON EDUCATION VERSUS SIMCE



Source: Spending on Education, DIPRES. Statistics of Public Finances 2010 and MINEDUC. School levels included: preschool, primary and secondary. SIMCE data corresponding to average math scores for 4th grade.

As we have seen over time, a greater budget, at least in school education, has not entailed more quality (Chart 1), since school performance has not registered an increase of similar magnitude and, therefore, new resources should always be linked to actions which, together with a greater expenditure, improve the quality of education, which is what we all hope for the present.

ⁱ Assumed exchange rate 2012 = CLP\$500 for US\$1. Estimated inflation 2011-2012: 2.9%.

ⁱⁱ National Board for Students Aid and Scholarship (JUNAEB, Junta Nacional de Auxilio Escolar y Becas).

ⁱⁱⁱ National Commission for Scientific and Technological Research (CONICYT, Comisión Nacional de Investigación Científica y Tecnológica).

^{iv} National Board of Kindergartens (JUNJI, Junta Nacional de Jardines Infantiles).

^v The programmatic lines correspond to resources allocated to specific programs developed by the MINEDUC (mainly regular and capital transfers) and do not include operating expenditures such as personnel, goods and services and other expenditures, except for the JUNJI, which has a centralized administration.

^{vi} Education Quality Measurement System (SIMCE, Sistema de Medición de Calidad de la Educación).