

certificates from programs of a year or less in length, but it has had very little impact on baccalaureate and associate degree reception. Performance funding for higher education outside the United States has likewise not evidenced a significant impact on student completion.

With regard to the impact of performance-based funding on research productivity, the evidence is positive but not conclusive. There is evidence that performance funding in Europe is associated with higher rates of faculty research productivity. However, many of these findings come from studies that do not rely on research designs that adequately control for causes other than the advent of performance funding.

OBSTACLES

The limited impact of performance-based funding on student outcomes may be due in part to obstacles that institutions encounter when attempting to respond to performance demands. US government officials and higher education personnel have discussed a number of obstacles that hinder their ability to respond effectively to perfor-

Two kinds of performance-based funding programs can be distinguished.

mance funding requirements: many incoming students arriving in higher education lacking college readiness; performance funding metrics that do not align with institutional missions and student-body composition, which can vary greatly across institutions; and insufficient institutional capacity and resources to respond effectively to performance funding. The obstacles related to capacity and resources are due at least in part to inadequate government effort to build higher education institutions' capacities to analyze their own performance, identify deficiencies in that performance, determine appropriate organizational responses, allocate resources for implementing those organizational responses, and evaluate how well those responses worked.

UNINTENDED IMPACTS

As with any policy intervention, while policy makers pursue certain objectives when adopting performance funding, there are also likely to be unintended consequences. Indeed, government officials and institutional staff often report impacts of performance funding that were not intended by policy designers. The fact that institutions are funded

at least in part on student outcomes raises the prospect that institutions may resort to illegitimate methods if they face both strong pressure to perform well on outcomes metrics and major obstacles to producing such performance. Those most frequently cited are institutions restricting their admission of less prepared students and lowering their grading standards and graduation demands in order to increase their program completion rates.

POLICY IMPLICATIONS

As discussed in our working paper, governments should act to address the negative impacts of performance-based funding. Governments should protect academic standards and counteract the temptation to restrict admission of less prepared and less advantaged students. Academic standards may be monitored through learning-outcomes assessments, mandatory reporting of changes in grade distributions and degree requirements, and anonymous surveys of faculty as to whether they feel pressured to lower academic standards. Governments can also incentivize the enrollment and graduation of disadvantaged students by including metrics for their access and success and by taking account of institutional missions and student demographics when assessing a particular institution's student outcomes. Governments should also endeavor to overcome the barriers to effective institutional responses to performance-based funding, which may prompt institutions to resort to illegitimate means. To do this, governments can provide extra funding to higher education institutions with many disadvantaged students and help institutions to improve their capacity to devise and implement changes that respond effectively to performance accountability requirements. ■

Free Tuition in Chile: A Policy in Foster Care

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Four years into its implementation, nobody in Chile seems to want to "own" the free tuition policy instituted in 2016. This is surprising, for the most universally acknowledged virtue of the idea of free tuition is its over-

whelming political appeal: an idea so popular with the voters should not find itself bereft of champions. Aside from the beneficiaries and their families, who are understandably happy about not having to pay for tuition or get a loan, why is it that hardly anyone in academia, political parties, or institutions of higher education in Chile seems to support the policy course set by decision-makers in 2015?

UNCLEAR DEFINITION OF GOALS

To begin with, the sponsoring government of President Michelle Bachelet (2014–2018) never articulated a clear rationale for abolishing tuition. Since the original idea was to make higher education free for all undergraduates, with no means testing, tipping the scale to benefit the underserved could not have been the goal. Was the goal then to limit exposure to debt? Possibly, at least from a political angle, given that debt was high on the list of grievances of the students who mobilized by the hundreds of thousands in 2011 to protest against the commodification of education.

President Bachelet often said that free tuition was a matter of principle: if higher education was a right of the people, then it had to be free. But open access unconstrained by academic performance was never considered as a parallel proposal to make higher education truly open to every high school graduate (Chile has an SAT-type test for admission). What was offered instead was free access, conditional on passing the academic filters for admission set by institutions. This cannot promote greater participation of the most vulnerable, for in Chile, as in the rest of the world, school performance and high test scores depend largely on social class background.

THE REALITY CHECK OF THE BUDGET AND THE POLITICS OF FREE TUITION

Fuzzy purposes were, hence, a clear weakness of the Bachelet free tuition policy. The national budget has proven a second weakness: a downturn of Chile's economy and more limited tax revenues than anticipated did away with the dream of universal free tuition, and the tinkering with numbers began. This is a story too long to recapitulate here. The upshot is that free tuition had to be reserved for certain students from families in the bottom six deciles of income who matriculated in certain institutions. In all, some 340,000 students (30 percent of the total undergraduate enrollment) pay no tuition.

For many associated with the political left, this is a far cry from the vision of a higher education system wrenched free from the claws of the market. Critics on this side of the aisle claim that free tuition is yet another form of voucher (a per capita funding system that Chile adopted early on for its school system), that it has done nothing to quell

competition among institutions or foster cooperation, and that—contrary to the will of the left-of-center Bachelet government to strengthen public universities—it has resulted in an unintended windfall for large, nonselective private institutions with low academic entrance thresholds. Moreover, the funding structure retains tuition fees and loans to defray them for students who are not exempt from paying tuition.

While serving as the opposition party in congress, the political right, which has been in power since President Sebastián Piñera took office in 2018, was initially against the free tuition initiative, which it saw as economically wasteful and a capitulation to students' demands. Nonetheless, it ended up voting for the Bachelet administration's proposal, once it was assured that private institutions would not be excluded from the program. As a candidate, Piñera pragmatically vowed to maintain the free tuition program—dismantling it would have been political suicide.

PROBLEMS OF DESIGN

Aside from politics, there are elements in the design of the program that cause much distress to Chilean university rectors. For free tuition to work, there need to be caps: caps on what the government will pay for each enrolled student, on how many students can be enrolled, and on how long

What was offered instead was free access, conditional on passing the academic filters for admission set by institutions.

benefits will be provided. The current caps are rather low, the rectors contend, and are especially detrimental to the finances of more research-intensive institutions, where per-student costs are higher than at teaching colleges. First, the per-capita allocation provided by the government is based on the average per-program tuition charged by all institutions in each of four accreditation levels. The idea is for institutions with better accreditation (i.e., whose teaching is presumably more expensive) to have higher caps. But since institutions in each accreditation cluster are diverse in terms of quality and scope of functions, drawing an average unavoidably harms the better in each lot.

A second restriction affecting institutions' budgets is the extension of the benefit in time: free tuition lasts only for the official duration of an educational program. In practice, however, students enrolled in programs lasting four to

five years typically take between 10 and 30 percent longer time to complete their studies than expected, while students in associate's degree programs overextend their studies by 50 percent. As a result, every year tens of thousands of students lose their benefits in the final leg of their studies.

Lastly, lest the expansion of first-year student enrollment across institutions with free tuition threaten fiscal stability, no institution is allowed to increase enrollment beyond 2.7 percent per year. This has had a paradoxical effect on access. For two decades, the main driver of greater access to higher education for less privileged students was the expansion of the system, often at rates between 5 to 7 percent per year. These students would typically not wrest away the most coveted places in the most prestigious universities from upper middle-class students with better school grades and test scores, so their only option was to get a spot in the technical and vocational system, or in nonselective universities. They can still do this, but at a much slower rate than in the past.

UNKNOWN OUTCOMES

All things considered, the ultimate judgment about the merits and drawbacks of free tuition will rest on the evaluation of its effects on the distribution of educational opportunity, on institutional finances and development, and on who wins and who loses. Administrative data generated every year on students' applications, admissions, progression, and graduation will soon shed light on the educational side of outcomes. An improved methodology for defining tuition caps will be implemented in 2020, through a panel of experts who will attempt to define costs of instruction per "family" of programs. This adjustment, together with a healthier pattern of growth of the Chilean economy and tax revenues, may assuage the various rectors' anxieties about finances. But for now, the seemingly popular free tuition policy stands alone, supported only by its powerful entrenchment and the difficulty of change. ■

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“Successful” Internationalization: European Insights

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Discussions around internationalization in higher education in Europe and elsewhere are increasingly focused on understanding the impact that internationalization has, as well as the processes that higher education institutions (HEIs) should follow in order to reach their internationalization (and related) goals.

The growing importance of the international dimension has led HEIs to take more strategic approaches to the development and delivery of internationalization. In order to equip the professionals charged with developing and implementing institutional internationalization strategies in the European Higher Education Area (EHEA) with the most appropriate evidence to inform their decision-making, the European Association for International Education (EAIE) produced the *EAIE Barometer: Internationalisation in Europe (second edition)* report in 2018. The survey on which the report is based collected responses from 2317 professionals working directly on internationalization at 1292 individual HEIs in 45 EHEA countries.

More recently, data collected for the Barometer exercise provided the foundation for a follow-up consideration: how is internationalization designed, delivered, and sustained by those institutions where respondents reported high levels of progress with respect to their international activities, confidence in their institution's performance, and optimism about the future? Do the ways in which these institutions approach internationalization provide “signposts of success” for others? Although defining success objectively may be an elusive and highly contextual exercise, our consideration of the Barometer data found that those institutions that perceive that they are on firm footing with respect to internationalization exhibit some commonalities in