

# The SEP Policy: Design, Rules and Implementation Details

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## 1 Introduction

This document aims to contextualize and explain the SEP policy in terms of its design, implementation, and program eligibility. In 2008, the *Ley de Subvención Escolar Preferencial* (SEP), *Ley 20.248* established a new voucher for the 40% poorest students. This additional voucher eliminated out-of-pocket fees and compensated schools by transferring significantly more resources for each eligible student (~US\$500 in 2008). The SEP policy was motivated by the notion that a targeted voucher would remove out-of-pocket fees as a barrier for poor students (Gallego and Sapelli, 2007). This targeted voucher was seen as a way to help poor students benefit from a market-oriented school choice system by expanding choice (Nechyba, 2000; Epple and Romano, 2008). The program was available to approximately the poorest 40% of the population.

There are two aspects of the SEP voucher policy that are important to clarify. First, eligible students pay no out-of-pocket fees at participating private voucher schools. Second, schools receive the base voucher and an additional SEP voucher independently of what the school charges other students. From the schools' perspective, eligible students previously generated income for the school from the government subsidy through the baseline flat voucher (US\$1000) and their out-of-pocket payment (between US\$0 and US\$1900). After 2008, these students trigger the additional SEP voucher subsidy so that the school receives a larger subsidy from the government but cannot charge students the out-of-pocket fee.<sup>1</sup>

This policy leads to a progressive funding system, raising the incentives of schools to enroll more low-income students, along with an accountability system that got the schools guided for the correct use of resources. After its implementation, the new policies aimed to establish systems of responsibility and equity, to ensure and enhance the proper use of additional resources.

## 2 Policy Design

The SEP policy was enacted and carried out in 2008 by the Ministry of Education, introducing several relevant innovations to the system. First, the policy assigned additional resources to schools targeted at improving the academic achievement of low-income students and providing them with equal opportunities. To participate in this program, schools needed to sign an agreement with

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<sup>1</sup>The same law also introduced an additional subsidy per student for schools that had a high percentage of poor students (over 60%) called the *Subvención por Concentración* (SC). It was much smaller (US\$100) than the SEP voucher.

the Ministry of Education. In this agreement, schools were committing to several requirements, including: allocating SEP resources to the design and implementation of a “School Improvement Plan”, accepting vulnerable students, and providing an annual account of resources received from the program. Finally, the Ministry had to categorize the schools according to their academic performance, which had implications for the autonomy and resources received.

These aspects were an innovation in the Chilean educational system; the policy introduced targeted resources, support, and a degree of accountability from the school. Below I show that these different aspects were implemented at different speeds and levels of completeness, taking several years for many of the policy’s written goals to materialize. This first stage can be considered as a preliminary step to later reforms implemented in Chile, such as the introduction of the Superintendence of Education and The Quality Agency in 2012. Below there is a summary of the main processes involved in the implementation of the SEP policy.

## 2.0.1 Components

### *Determination of **Priority Students***

The algorithm that defines ‘priority students’ was mandated by the law while the Ministry of Education had to collect the information, and determine which students qualify. A student might be considered as priority student if she/he:

1. Belongs to the Social Protection System called Chile Solidario or is amongst the most vulnerable third according to the Social Protection Survey, or
2. Belongs to section A of The National Health Fund (FONASA) conditional if information for the previous criteria is missing, or
3. Is vulnerable according to multiple elements including low family household income, low mother’s education (or guardian), lives in a rural area or a poor municipality.

Additional to the priority determination, the Ministry had to establish the school vulnerability level, which was the proportion of priority students from the total.

### ***Agreement signature***

Schools that want to participate in the program voluntarily apply in the previous year and, once the application is approved, sign a contract with the Ministry of Education called “Agreement of Equality of Opportunities and Educational Excellence” (*Convenio de Igualdad de Oportunidades y Excelencia Educativa*). This agreement lasts 4 years (is renewable), and commits the school owner to respect the benefits for priority students, develop and implement an Educational Improvement Plan (EIP), establish academic performance goals according to national standards, and publicly account for the costs incurred with SEP resources.

School directors signing the SEP Agreement have to:

- Exempt priority students from any shared funding charge.
- Not select students between pre-kindergarten to 6th grade by socioeconomic or academic performance reasons<sup>2</sup>

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<sup>2</sup>If the school has more applicants than vacancies, they may exercise a selection method they deem appropriate -previously informed on its educational project- as long as they do not discriminate against the conditions mentioned above. Most of the cases use priority by arrival time or by random assignment. This changed years later with the Inclusion Law and then with the implementation of a centralized school assignment system.

- Inform the school community of the institutional educational project and the internal school regulations.
- Retain (or not expel) students between pre-kindergarten and 6th grade, letting them repeat up to once per grade.
- Allocate SEP resources to the EIP.

### ***SEP Schools classification***

The Ministry of Education used results obtained from the last 3 SIMCE 4th grade tests in Language, Mathematics, Natural Sciences and Social Sciences, and other complementary quality indicators to classify schools into three categories:

1. Autonomous: Schools that have consistently shown good educational results. They have to present and meet their EIP, being able to prioritize those actions that the headmaster decides.
2. In Recovery: Schools that have consistently shown deficient educational results<sup>3</sup>.
3. Emerging: Schools that have not systematically shown good educational results, or that they meet with any of the following conditions:
  - They are new in the policy
  - They have less than 2 SIMCE Tests to measure (of the last three that have been applied at the national level)
  - Their enrollment is insufficient to make reliable statistical inferences about its educational results (less than 20 students who perform SIMCE).

### ***Determination of the Educational Improvement Plan (EIP)***

This part could be considered the backbone of the support part of this policy. Once the schools sign the agreement with the Ministry, they start to receive the new funds regarding the vulnerable students they have and have to spend it on the Educational Improvement Plan; otherwise, they can be sanctioned. In practice, this was the main cause of a sanction later on once supervision was begun to be implemented. With the new resources, the school will have to design and execute an improvement plan with actions in four areas; Curriculum Management, School Leadership, School Climate, and Resource Management.

The School Owner, the Principal, and the School Community are mandated to develop this EIP. They have to design and implement actions within one of these four areas, and also they need to establish specific goals. The law mandated to have at least one academic goal during the four years of the agreement. Even though the plan needs to be considered in four years, the schools need to implement annual periods of progress. Hence, during every year the schools have to establish goals, actions to meet these aims, implement them, monitor them, and conduct a diagnostic process at the end of the year which should be used for next year's plan.

The EIP requirements depends on the school classification. In Autonomous schools, the EIP must outline the way to continue with the proper functioning of the school to maintain its educational results, subject to the priorities of its director and school community. In Emerging schools, the EIP must show a diagnosis of the school initial situation; a set of educational outcomes goals for

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<sup>3</sup>In principle, schools could get closed if they did stay four years in a row in this category. However, for many reasons this never end up happening. For the early years of SEP this also might have been less of a concern since schools started to be "In Recovery" only four years after the beginning of the law because of a special clause of SEP.

the period covered by the plan; a coordination plan with institutions and social services that deal with psychological and social needs of priority students; and trainings about teaching and learning processes of the priority students.

Finally, in In-Recovery schools, which, as stated above, must reach the Emerging level in four years, their EIP must cover both the administrative and management area of the school as well as the learning process and its practices<sup>4</sup>.

### *The Role of the **Ministry of Education***

The implementation of this policy requires a considerable amount of resources from the Ministry of Education. They need both a strong design team as well as a field team able to visit the school with a role guiding. Some of their main responsibilities for proper implementation included:

- Identify vulnerable students who will benefit from this policy
- Review and approve applications from every interested school
- Determine the number of Priority Students that each school that is part of the program has.
- Categorize schools according to their academic performance
- Determine and issue school funding
- Make a comprehensive design of the theoretical base for the Educational Improvement Plan.
- Make orientation guidelines for the proper implementation of the law, specifically regarding these aspects:
  - How to make a good Educational Improvement Plan (actions, goals, among others)
  - How to use the new resources properly
  - How to use efficiently the external support
- Perform technical assistance in the field to check the status of implementation of the program at all participating schools
- Design and implement a system of accountability for schools

The intensity of this work involved in the implementation phase of the policy will depend a lot on the number of schools that are part of the program. As we will see below, in the Chilean case, the level of work that would involve the implementation of this policy was underestimated. This would lead most of the idea of the SEP law to take a while to be implemented with all the rigorous detail required.

### ***Expenditure Rules***

Until 2011, all SEP resources were to be used solely for implementation of the EIP in any of the following four areas: Curriculum Management, School Leadership, School Climate, and Resource Management<sup>5</sup>. Some of the allowed activities to spend the funds on are:

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<sup>4</sup>In this case, the EIP may be developed and implemented with the support of the Ministry or with the assistance from Educational Technical Assistance Entities (ETAE); and may contemplate measures to restructure the teaching team (technical-pedagogical or classroom teachers).

<sup>5</sup>From 2011 onwards, 15% is allowed for purposes other than EIP

- Curriculum management: improvement of pedagogical practices, support for students with special educational needs, improvement of student evaluation systems, modification of the course size or have assistant teachers, support for students lagging in their learning and personal development, tours and visits related to educational objectives, among others.
- School leadership: the preparation and training of management teams, the strengthening of the Teachers Council, school activities for the community, the enhancing of values and civic education of students, among others.
- School climate: psychological support and social assistance to students and their families and for strengthening the School Council, for example.
- Resource management: strengthen curriculum areas in which the students have obtained unsatisfactory results or design evaluation systems for teachers, among other things.

The actions mentioned here are not all the possible ways to use the resources, more information can be founded in the instructive published by the Ministry in September 2013<sup>6</sup>.

Given the importance of spending on staff in schools, it is relevant to know the limitations imposed in this area by the SEP legislation. Until 2011, teacher (or assistants) hiring, wages increases, and increases in working hours were allowed, as long as they were related to specific actions and goals of the EIP. In most cases, spending on these purposes was restricted to 50% of the SEP resources.

In 2011, it was revealed that a large number of municipalities misused resources (details in Section 3) and the Ministry was not making that regulation, so no punishments were applied when performance goals were not met. This situation led to a reform that included effective fines and penalties, an increase of resources, and the flexibilization of their use. This flexibilization was presented mainly in the area of management and hiring staff. Since then, SEP resources can be used for: extending the working hours of teaching staff, teaching assistants and other officials; increasing their wages; hiring new teachers and education assistant services; and to giving performance incentives to directors, teachers and other officials. More details on the extended uses of resources by schools can be founded on a manual of Orientation and SEP Resources Uses published by the Ministry of Education in 2013<sup>7</sup>

## 3 Implementation

### 3.1 Take up of the Policy

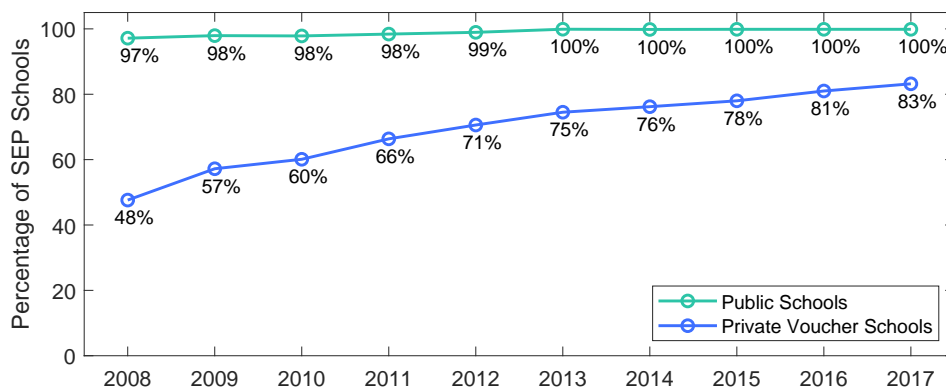
Within the first year of the policy, 78% of all elementary schools (urban and rural) signed for the SEP program, posing a huge challenge for implementation. Figure 1 shows the take up of the policy for public and private voucher schools. Since public schools were already meeting some of the policy stipulations, it is not surprising that participation rates were high; 97% in 2008 and reaching near 100% in 2013. For private voucher schools without out of pocket fees, the context was the same as for public schools, but private voucher schools with copay had to consider the trade-off between resources potentially received from the policy and from families. In 2008, 48% of private voucher schools entered the policy, a percentage that grew until reaching 75% in 2013. Table 1 presents the evolution of the participation, for all schools in Panel A and schools considered in schooling markets defined in *Targeted Vouchers, Competition Among Schools, and the Academic Achievement of Poor Students* in Panel B (More details about schooling markets in *Building Schooling Markets in Chile* - Supplementary document). Markets account for more private voucher schools on the program on

<sup>6</sup>The instructive can be found online in the following [link](#).

<sup>7</sup>The article can be found online in the following [site](#).

relative terms. In all, the sheer volume of work to implement and follow up on each school was overwhelming for the Ministry of Education. Virtually no schools were sanctioned for incompleteness of the stated responsibilities. The agreements were also almost all renewed in 2012, although some schools (mostly rural public schools) did not manage to spend all the resources according to their plan.

Figure 1: Percentage of SEP Schools over All Elementary Schools by dependency



Note: This figure shows the percentage of elementary schools that signed the SEP agreement every year by dependency.

Source: Author's calculations based on data of the SEP Schools directory, SEP beneficiaries, and SEP transfers from the Ministry of Education MINEDUC.

Table 1: Policy Adoption by Schools

A. Number of schools in SEP per year (All Elementary Schools)					
% of Total SEP Schools	2008	2009	2010	2011	2012
Public Schools	76	72	70	68	66
Subsidized-Private Schools	24	28	30	32	34
Total SEP Schools	6,534	6,893	6,945	7,076	7,193
% of Total SEP Schools	2013	2014	2015	2016	2017
Public Schools	65	64	64	63	62
Subsidized-Private Schools	35	36	36	37	38
Total SEP Schools	7,279	7,250	7,245	7,257	7,266
B. Number of schools in SEP per year (In Markets)					
% of SEP Schools in Markets	2008	2009	2010	2011	2012
Public Schools	62	58	58	54	52
Subsidized-Private Schools	38	42	42	46	48
Total SEP Schools in Markets	2,756	3,002	3,006	3,276	3,476
% of SEP Schools in Markets	2013	2014	2015	2016	2017
Public Schools	51	50	50	49	48
Subsidized-Private Schools	49	50	50	51	52
Total SEP Schools in Markets	3,719	3,734	3,781	3,843	3,886

Note: This table presents the number of schools eligible for the SEP policy over time. Panel A considers all elementary schools, that have 1st grade and are urban or rural, to show the impact of the policy in the whole country. Panel B consider only schools located in the schooling markets defined in *Targeted Vouchers, Competition Among Schools, and the Academic Achievement of Poor Students*, that consider only urban zones.

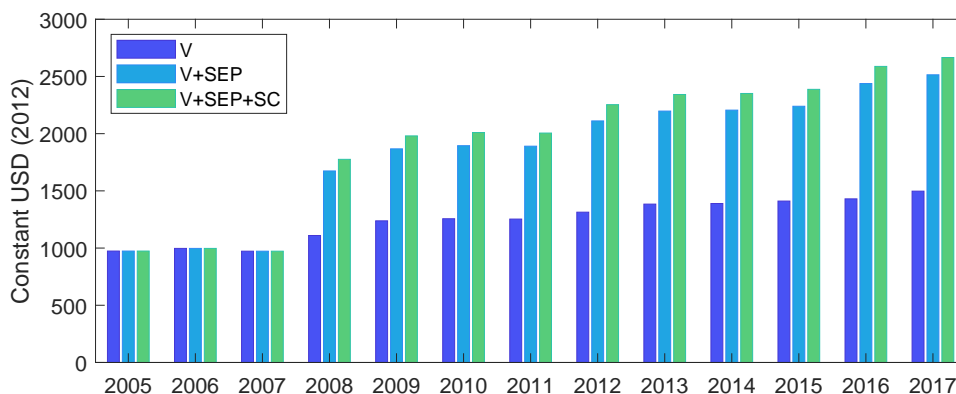
Data that accounts for the entry of schools to SEP can be obtained from different sources; however, we must be cautious since not all of them have all the information. On the one hand, the

establishment directory has the year of admission to SEP reported from 2015 onwards; therefore, schools that closed before 2015 are not considered in the sample. This could produce a selection bias since the schools that are most likely to close are low-income schools that ascribe to SEP. On the other hand, data at student level also can underestimate the number of schools in SEP, because students can lose their benefits or microdata could be missing. For these reasons, the best data to account for the real entry of schools to SEP are data on school vouchers, since SEP eligibility requirements can be recognized. In this line, the assumption made to use this data to report entrance to SEP is that, once a school receives funding from SEP, it is considered that it signed the agreement. In this analysis, we combine the three possible sources of information to achieve greater accuracy of the data.

### 3.2 Voucher Evolution

Another important factor in SEP implementation is that according to the law and due to financial constraints, the subsidy in the first year was aimed only for students from pre-kindergarten to 4th grade. In the subsequent years, the following levels were included up to considering twelfth grade -total coverage- in 2016. Below, in Figure 2, is shown the evolution of Voucher per student, considering SEP and SEP Concentration voucher (in its highest level) each year for a 1st-grade student. Table 2 shows the per capita yearly value of the Regular and SEP vouchers. The evidence is clear about the growing trend of resources received by schools, in particular schools with students from low-income socioeconomic groups.

Figure 2: Voucher Size Growth, Transfers in a Year



Note: This figure shows how the voucher evolved over time differentiating the baseline voucher (V), SEP eligible students (V+SEP), and SEP eligible students at schools with the highest concentration voucher (SC). These amounts are in 2012 US dollars and represent a year of transfers. The voucher presented is for students in first grade at schools with full school shifts (*Jornada Completa (JEC)*) in Santiago.  
Source: Ministry of Education MINEDUC.

### 3.3 Limitations to Implementation

A series of issues came up in the implementation of the policy, making the specific rules and regulations associated with the spirit of the policy less relevant in the initial period. Overall, one can categorize the implementation of the policy in two periods. Initially, the transfer of resources worked fine because it built on existing infrastructure used to pay the vouchers in the past. The support and regulation aspects of the policy did not certainly come into play until several years later, especially in 2012 when the government changed leadership, specific agencies mentioned

Table 2: Regular and SEP Vouchers transfers per Student

Year	Regular Voucher	SEP	Preferent SEP	SEP Concentration
2005	974	-	-	-
2006	997	-	-	-
2007	973	-	-	-
2008	1,110	564	-	102
2009	1,238	629	-	113
2010	1,256	639	-	115
2010	1,253	637	-	115
2012	1,314	798	-	142
2013	1,384	813	-	145
2014	1,390	816	-	146
2015	1,411	829	-	148
2016	1,430	1,008	504	150
2017	1,498	1,017	508	151

Note: This table shows the annual values in 2012 dollars of the general voucher and SEP-related vouchers. The values correspond to the subsidies that would receive a 1st-grade student that attends a school with a high concentration of priority students (more than 60%). Values are calculated using the official monthly value reported by the Ministry of Education each year, and it is multiplied for twelve months. These vouchers are paid based on the average enrollment of the school for the past three months. For months that are not accounted in the scholar year, the voucher considers the three nearest “active” months before the month paid.

before were created to supervise minimal quality standards, and investments were made to regulate the use of funds and provide support to schools.

1. Priority students’ determination. The first two years of implementation this process was done by an auxiliary service of the Ministry, the same one in charge of providing the alimentation to the schools. Nevertheless, the final list of priority students was given late and with some inconsistencies, which generated confusion in schools. In 2010, this process was transferred to the central level in the Ministry, and that year there was greater accuracy in the determination, but the list was again given late to the schools, avoiding them to make proper planning of the resources and the improvement plan. Finally, from 2011 onwards, the central level made the process, and the final list was given in December of every year, that is, two months before the beginning of the scholar year. VA, the final list of priority students is released in June of the previous year, and there is an additional instance in July for those families that are not selected and that wish to appeal.
2. Reclassification of schools. One of the innovations of this program is that it categorized schools according to their academic performance. Schools with low performance have more responsibilities to comply with in order to receive resources, and even after four years of remaining in this category, they could be removed from the official recognition as regular school. This is meant to incentivize schools to design and implement a proper improvement plan to raise their performance. The Ministry, therefore, must reclassify schools every year in order to note their academic progress and apply the sanctions in those cases where it is necessary. However, this was not done until 2011, which naturally introduced some distortion to the original design.
3. Technical Support. The Ministry has the duty to support schools technically and, according to the law, the field teams should monitor the SEP implementation, especially how the



improvement plans are developed and implemented. This action is even more crucial at the beginning of the policy, where there is still a lot of disinformation. Starting in 2010, the supervisors from the Ministry went to schools with a nationally organized plan of monitoring.

4. Presentation of the Educational Improvement Plan (EIP). In the original design of the policy, schools had to present their EIP annually to the Ministry; failure to do so could result in sanctions. The objective was that schools could develop their plans annually and therefore properly use the resources that were provided by the Ministry in the context of this program. The sanctions for not presenting the plan were applied only from 2011 onwards.
5. Software Platforms. The Ministry had a duty to provide an adequate web platform for schools to develop their Educational Improvement Plans. However, this has been one of the historical weaknesses of the Ministry and this time was no exception. The platform provided was unstable and complex leading to low utilization and increased confusion from schools, in an area that, as mentioned, was a cornerstone of the program.
6. Guidance on the use of SEP resources. This law drastically sanctions the misuse of SEP resources; that is, any expenditure that is not part of the improvement plan could lead to schools being sanctioned. Initially, there was little guidance from the Ministry on appropriate use of resources. This led to under utilization of resources by school directors and owners who feared being sanctioned for misappropriations.
7. Leakage of resources and lack of accountability effectiveness. In 2012, the Comptroller revealed a massive loss of resources from the SEP Law the year before, caused mainly by corruption in municipalities. Total lost resources would be approximately 36,8 million dollars. The most important source of corruption was that there were unexecuted balances from the SEP resources that were not in current accounts or registered in accounting books. This alone accounted for 19 million dollars. Another source was the gaps that appear between what the Ministry declares to have sent to the municipalities, and what they record in their accounts. These differences add up to a total of approximately 430 thousand dollars. Other reasons include unauthorized expenses, or schools that received the subsidy being closed. This issue shows once again how the regulation of the policy was not implemented correctly at the beginning, in addition to the lack of punishments and fines for schools failing to meet performance goals.

In summary, while the policy made funding available to schools immediately, the more nuanced aspects of support and monitoring of the policy were not implemented fully until much later. The first time a school was sanctioned and SEP was revoked was in 2012, when principally public rural schools were taken off SEP because they were not spending all the funds allocated to them.

## 4 Program Eligibility and Program Beneficiaries

This section explains how students became eligible for the SEP policy. One take away is that the SEP policy targets the poorest students relatively well. The second take away is that coverage grows over time significantly and that the eligibility is somewhat manipulable and potentially endogenous.

Eligibility for the SEP program, as mentioned in Section 2, was determined by a student score on the *Ficha de Proteccion Social* (FPS), but it was also possible to gain eligibility through other channels. Table 3 shows the ways students became eligible. Comparing with the conditions described in Section 2, item (a) is *Chile Solidario*, item (b) is the FPS, (c) is Fonasa and (d) accounted for all the other categories listed in the table below. It can be seen that the most common way to entering the program is by the FPS score.

Table 3: Pathways to eligibility for SEP, 2010

Criteria	Number of Eligible Students	Percent
<i>Chile Solidario</i>	225,322	27%
<i>Ficha Protección Social (FPS)</i>	480,523	58%
Household Income	44,751	5%
Fonasa	19,339	2%
Education	27,067	3%
Poor Comuna	15,145	2%
Rural Comuna	6,323	1%
Otros Beneficiarios	15,707	2%
Total	834,177	100%

Source: MINEDUC.

This includes students from PreK to 8th grade. The cutoff score for FPS at 1/3 is 6309. *Beneficiarios* refers to people who were beneficiaries through other criteria than CS and FPS for the second year. These criteria are transitory and by the third year they need to have FPS score.

Families who wanted access to the SEP benefit could become eligible through other less objective means. It is important to note that during the late 2000s, coverage of FPS increased significantly for other reasons, enabling more families overtime to gain access to the policy. The government did an overhaul of the system due to the fact it was considered that the FPS was manipulable by families, given that many items determining the score were self-reported. A review of the FPS and the limitations of this poverty measurement instrument can be seen in (FPS, 2010). Data on the coverage and expansion of the FPS is presented in another study (Larañaga, Falck, Herrera, and Telias, 2014) and replicated in the Tables 4 and 5 below.

Table 4: Increasing coverage of the FPS survey

Year	2006	2007	2008	2009	2010	2011	2012	2013	2014	Total
N (thousands)	156	4,362	2,164	1,705	1,034	1,064	737	559	141	11,925
% of total	1.3	36.6	18.1	14.3	8.7	8.9	6.2	4.7	1.2	100.0
% accumulated	1.3	37.9	56.0	70.3	79.0	87.9	94.1	98.8	100.0	34.0
% updated later	48.6	45.2	37.8	31.8	29.1	23.4	11.1	2.8	1.7	34.0

Source: (Larañaga, Falck, Herrera, and Telias, 2014), table 1.

This table shows the number of families that were surveyed each year and thus included into the *Ficha Protección Social*. This score was the main eligibility criteria for SEP but also for several other social programs such as *Chile Solidario*, social housing projects.

It is reasonable to expect that some families were unaware of the policy or were not signed up to have an FPS, while other households managed to become eligible or were strategic in obtaining eligibility criteria. This feature is common among the take-up and eligibility status of social programs.

Table 5: Targeting of the Coverage of the FPS survey

Income Decile	% with disabilities		% with disabilities		% Woman head	
	FPS	Casen	FPS	Casen	FPS	Casen
1	77,9	16,3	2,20	4,86	62,4	27,6
2	68,9	17,7	3,28	4,71	50,4	22,7
3	54,7	18,5	3,60	4,49	44,2	21,5
4	54,3	19,1	3,49	4,32	39,3	22,7
5	43,2	18,5	3,64	4,21	34,2	24,5
6	41,4	18,5	3,44	4,09	34,8	22,8
7	38,8	17,8	3,45	3,92	33,5	24,3
8	28,4	18,4	3,35	3,66	31,6	25,4
9	21,7	14,9	3,21	3,49	30,9	24,8
10	16,4	11,7	2,84	3,10	31,1	22,2
total	44,6	17,72	3,52	4,14	39,3	23,8

Source: (Larañaga, Falck, Herrera, and Telias, 2014), Table 2.

This table shows the number of families that had an FPS in each income decile using household survey data. This shows that someone who is not eligible for SEP because they did not have FPS could actually be very poor.

The study by (Larañaga, Falck, Herrera, and Telias, 2014) notes the FPS scores are quite low overall. In 2010, 22% of the population was poor enough according to FPS to be in the lowest income decile, something that is clearly a contradiction especially considering that not all of the poorest individuals were covered in FPS.

In summary, we have massive underreporting of income and manipulation in the FPS, and at the same time, it appears to have not had total coverage for a large part of the period under study, growing in participation systematically each year.

Another issue to note is that while a student can be *Prioritario* and is eligible for a SEP voucher, the student only becomes a beneficiary if the student chooses to attend a school that is participating in the program. Thus there is an essential distinction between eligible students and beneficiary students. A little less than 10% of students that are eligible for SEP end up attending schools that are not eligible for the policy, making them *Prioritarios*, but not *Beneficiarios*.

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