The Struggles of Financial Aid for Higher Education in Brazil

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Special Issue 2016

Abstract

This paper examines the higher education system in Brazil and one of the financial aid policies that the government has established. It seeks to find whether the Fundo de Financiamento ao Estudante do Ensino Superior (FIES), Financing of Higher Education Student, a financial aid program established by the Brazilian government in 1999, addresses the issue of equal access to higher education. The financial aid system was created to assist undergraduate students of low socio-economic background to attend private institutions (Costa, 2013). Although the financial assistance has brought undeniable results, the FIES has shown its enrolment challenges. On the one hand, the program has to some extent accomplished its role of assisting low-income students to have better access to higher education institutions. On the other hand, it has contributed to the growth of low-quality institutions. Moreover, due to the economic crisis in 2015, the FIES had to make major changes in its regulations. In order to analyze these issues, it is important to understand the socio-economic factors that prevent low-income students from enrolling in public universities, the systems of economic exclusion existing in public higher education entrance exams, and the efficacies of the measures that the Brazilian government has taken to mitigate the inequities in higher education enrollment. Research on this topic will enable us to analyze this contemporary issue in Brazilian education and recommend possible educational policies to solve the matter.

Keywords: Higher Education, Brazil, Financial Aid, FIES, Education Equity

Background on Higher Education System in Brazil

In Brazil, the higher education system reflects a long history of inequities existing and prevailing in the country (Arends-Kuenning & Vieira, 2015). The expansion of
higher education institutions during the 1800s shows evidence of a system that primarily benefited the wealthy elite. Araujo (2012) explains that:

In the 1820s, there was a slight expansion of institutions of higher education (IHEs) in Brazil, mainly because the government began to realize how important it was to have an educated elite in order to be politically independent. It is to this end that the first IHEs were established. (Araujo 2012, p. 33)

Since then, the enrollment in IHEs has represented a challenge to low-income people, causing restrictions and inequalities (McCowan, 2007). Today, the university admission process continues to be remarkably challenging, competitive, and sometimes unfair.

The Brazilian higher education system is composed of public and private institutions, functioning both for-profit and non-profit purposes. The public Federal and State universities are considered the most prestigious and highest ranked learning institutions, offering free tuition to all students. This privilege, however, is enjoyed only by a small portion of the population that usually attend expensive prep courses in order to pass the entrance examination. The vestibular, entrance examination, of public institutions is a highly competitive exam, SAT-style, measuring academic performance with high demand and competition for the prestigious courses such as law and medicine (McCowan, 2007). Traditionally, the students from middle class and wealthy background who attend private high schools are more prone to score at the top of the vestibular, be approved in the rigorous exam, and finally, attend the best higher institutions in the country which offer a limited number of admission slots per year.

Brazilian students apply to specific programs in the universities, and there may be as many as 200 applicants for each space in programs like medicine. Performance on the vestibular is related to socioeconomic background, with students from rich families outperforming those from poor families and thereby obtaining access to high quality, free university educations. (Arendts-Kuenning and Vieira, 2015, p. 3)

In fact, “the people who can most afford to pay for their higher education end up not only getting into the best schools, but also spending nothing on tuition” (Marcus, 2015, para. 4). As a result, the vestibular becomes one of the great barriers for students of low-income families to attend public institutions of higher learning. The majority of the low-income students who attend public high schools have low performances on vestibular because they cannot afford expensive prep courses for the exam (Araujo, 2012). This profound disadvantage has acted as an impediment for underprivileged students, preventing them from being accepted into the top universities.

With all the history of inequities in higher education, the Brazilian system was due for a reform. Araujo (2012) elucidates that “it was in this complex context of income inequality, illiteracy, and historical educational neglect that in the 1990s the federal government, following guidelines recommended by UNESCO and the World Bank, began implementing policies aiming to increase the number of IHEs, enrollment, and courses” (p. 33). In fact, De Siqueira (2009) cites a World Bank report, advising the government to support the opening of private higher institutions

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the government should end the backlog of 3000 applications for new private higher education institutions [and] encourage the opening of new private institutions as a means of putting more competition and choice into the system (173).

On the surface, the implementation of new private institutions seemed a way to equalize access to higher education and at the same time build economic growth, since “university education can be a channel for income mobility” (Arends-Kuenning & Vieira 2015, p.2). However, the World Bank appeared to recommend policies that were only concerned with the country’s economic development. For instance, instead of recommending the Brazilian government establish a greater investment in quality public education, the World Bank recommended “the creation of flexible, faster, supposedly cheaper programs, such as distance higher education [...]” (De Siqueira, 2009, p. 175) to cater to the impoverished students. On the one hand, policies that supported the enrollment of more students from low-income classes seemed to be a tangible way to improve social status and grow the economy, while diminishing the gap between rich and poor. On the other hand, the reform showed that a considerable growth in the number and in the enrolment in low-quality private institutions posed a new challenge to those students coming from a poorer socio-economic background. During the 1990s and beginning of 2000s, the Brazilian government followed most of the guidelines of international organizations such as the World Bank and implemented several educational policies suggested by them.

While the growth in the private sector absorbed the excess demand of the majority of Brazilians who cannot afford the fees (McCowan, 2007), in practice the reform actually perpetuates, and exacerbates, the inequality issue. Souza (1991) elucidates that “this solution had two inevitable consequences: the private institutions charged full tuition and the quality of education was inferior to that existing in the public universities” (p.225). To this day, low-income students end up in a low-quality private university, struggling to pay for their education (Araujo, 2012). Due to the barriers of attending a public university, low-income students often have no choice but to enroll in private universities and find a job to afford the high tuition fees. “The typical Brazilian student at a private university comes from a low-income family and has to work to afford tuition. Usually, students work during the day and attend school at night” (Arends-Kuenning & Vieira 2015, p. 2). Even though their full-time working schedule might be detrimental to their performance in college, the students from impoverished families either have to give up on their higher education or become a full-time student and full-time employee to afford the tuition often at a low-quality college.

With that being said, the government still views education as a way of serving both private and public interests, both individuals and society benefiting from investments in the educational system. For instance, highly educated people will presumably contribute more to the development and economic growth of the country. Education has the power to function as an equalizer capable of diminishing the social inequality and improving the social status of unprivileged students. The rhetoric of the government notwithstanding, access to higher education in Brazil remains limited and unfair.

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FIES, the New Financial Aid Program

To address the financial hurdles of low-income students and improve their access in higher educational institutions, the Ministério da Educação (MEC or Ministry of Education) established some changes in its educational policies. The Brazilian government has attempted to facilitate access of poor student to higher education through the establishment of a financial aid program. In 1999, the Ministry of Education passed a law to establish a financial aid policy in order to benefit the enrollment of the low-income students in institutions of higher education. The FIES was created by the Brazilian government in 1999 to support low-income students to attend college, students attending private universities, but also to ensure economic growth among institutions of higher learning. Costa (2013) further explains that the FIES allows

Students [to] study with funding from the government until completion and have a grace period for repayment of the amount borrowed of 18 months at a rate of 3.4% per year after graduation (p. 82).

Students apply for the financial aid program, FIES, online and pay back the low-interest rate loans in three times the length of their major. For instance, if a student attended school for four years, it would take him/her 12 years to pay it back. The FIES definitely has enabled thousands of underprivileged students to have access to higher education

Arends-Kuenning and Vieira (2015) explains that, the growth of private university enrollment is directly associated with . . . FIES, which are federal programs to help finance poor students who attend private universities. [...] Meanwhile, FIES provides loans with highly subsidized interest rates and has benefitted more than 1.2 million students (Ministério da Educação, MEC, 2013). The number of beneficiaries in both programs corresponds to about 20 percent of all students enrolled in Brazilian private universities. (p.3)

The Challenges to Maintain FIES

While the FIES has brought immeasurable benefits to low-income students, it also presents some challenges. In spite of the increased enrollment in higher education, there are controversies regarding this government initiative. To respond to the demand and benefit of FIES, the private sector demonstrated the program’s inefficiencies by opening lower quality institutions, offering low-quality courses. One study cites

The fact that the government has chosen to use the private sector to address the problem instead of investing more in public universities: the problem of quality in education; and the fact that the program addresses only the question of enrollment and does not pay the necessary attention to student retention. (Araujo 2012, p. 34)

Furthermore, students who receive FIES still struggle financially and academically. This accounts for many low-income students to choose lower cost and easy courses. Although many low-income students might be able to study and focus on college for a while unencumbered by financial concerns, others might encounter severe difficulties to continue their studies. Most students in Brazil who receive FIES

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still need to work full-time to make ends meet. Their employment responsibilities and worries about the family’s finances prevent them from fully focusing on and excelling in their studies. Araujo (2012) points out that the underprivileged need not only full or partial scholarship in order to study, but also other conditions that only the public institutions can still offer, such as transportation, housing, subsidized food, medical assistance available at the university hospitals […] (p.34).

Without these conditions, low-income students cannot devote their time to expand their academic ability and as a result, they might not be able to enroll in majors such as medicine or law that require a lot of studies. Most of the times, they are behind in their studies, trying to fulfill the minimum requirement to graduate in less demanding majors.

In addition, many students might face hardships to find a stable job after graduation. Some students may find a well-paying job in the beginning of their careers, while others may struggle to make ends meet. Although there is an eighteen months’ grace period, the financial debt can harm the student who already is coming from a low-income background. Instead of giving people the opportunity to study and establish a career path, the financial aid, FIES, influences student’s trajectory. The debt obligation is exorbitantly high. Moreover, the economic instability in Brazil can be a hurdle to those student borrowers in the future.

**The Economic Crisis**

Another hurdle to this financial aid program is the economic situation of the country which affected the government’s ability to continue the loan system in 2015. The economic crisis in Brazil has had an adverse effect on student enrollment and retention. In fact, “many private universities had come to depend upon FIES for a large part of their revenues. The moves took both students and the management of private universities by surprise and proved highly unpopular” (McLeod-Roberts 2015, p. 1). The economic instability in Brazil resulted in a series of changes in educational policies. With the economic crisis, the Brazilian government decided to downsize the program and issued a federal decree that impacted the FIES (McLeod-Roberts, 2015). In 2016, the number of available FIES grants decreased, the interest rate increased from 3.4% to 6.5% and the private institutions have had to pay an administrative tax to the bank to grant FIES (Tokarnia, 2016). Not only have FIES eligibility requirements changed, but the new rules have also affected students’ enrollment. The criteria to receive this type of financial aid became more rigorous and as a result thousands of students attending private universities throughout the country were affected. Some students were forced to put their education on hold while many prospective students were discouraged from attending college.

In spite of the growth in enrollment rates in higher education in Brazil, the Organization of Economic Cooperation and Development (OECD) finds that “the proportion of those neither employed nor in education or training remained constant” (2014, p. 6).
Finally, the establishment of FIES and the growth of private institutions reinforces the older idea of competition and inequality in the higher education system. While the introduction of some low-cost courses has enabled access for some lower-middle class students, fees for the majority of courses are out of the reach of most Brazilians, making the private sector as a whole as elitist as the public sector. (McCowan, 2007, p. 585) With the government incentives provided by FIES, the private institutions have increased their number of enrollment. However, the vast enrollment of students in these institutions does not solve the problem of equity of access in higher education. Rather, it results in a growth of low-quality institutions, reinforcing the inequities in education. Besides competition, the proliferation of private institutions reflects another issue. The debatable expansion in the number of enrollment is connected to the World Bank recommendations as mentioned before. McCowan (2007) points out that The World Bank has promoted this expansion on the basis of the private providers’ ability to ensure a rapid increase in enrollment, to improve quality through competition between institutions and to bring benefits for society at little public cost. However, the charging of fees means that the majority of Brazilians do not have access, and that inequalities are reproduced due to the relation between course costs and the value of the final diploma. (McCowan 2004, p. 453)

Conclusions

The government initiative to establish financial programs to assist low-income students show both efficiencies and inefficiencies. Although government financial aid in education has the ability to act as an equalizer, the new rules left thousands of students out of school because they became ineligible to receive the financial assistance. For these reasons, the following are some policy recommendations to address this issue.

Policy Recommendations

1. The public school system urgently needs a reform. “To increase access of students from poor backgrounds to college, the quality of public schooling at the primary and secondary levels must increase” (Arends-Kuenning & Vieira 2015, p. 4). The government needs to implement a reform in the educational system to improve the primary and secondary public schools. This will increase and equalize the opportunity for students from a low-income family to attend public universities.
2. Brazil could prepare the low-income students better with vestibular prep courses.
3. The government could find investors to support public universities in order to increase the number of seats available to students.
4. The government needs to establish rules to increase the quality of private for-profit universities so that students are placed in better jobs once they graduate from university.
5. The Brazilian Ministry of Education needs to revise FIES rules to continue offering a reasonable amount of financial aid to low-income students. FIES

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and other scholarships and financial aids from the government could be combined in a single process. A student who is eligible to receive the assistance from the government to attend college should be automatically eligible to get the FIES. This would facilitate the student’s enrollment. “Programs that have similar objectives should be managed by the same board, something that does not happen currently” (Costa, 2013, p. 84).

6. The financial aid program established by the Ministry of Education, FIES, is very recent and there is little research conducted about its effectiveness and long-term results. There is a need to conduct in-depth research on higher educational financial aid policies.

7. Although for many people student’s loans are the only way to attend college, “loans policies reinforce the social and economic inequities rather than equalizing opportunities” (Elliot & Lewis, 2015, p. 27). For this reason, the government needs to research other countries’ policies on how to improve the access to higher education and economic inequality.

8. The college admissions process does not need to be based on socio-economic background (McCowan, 2007).

9. Free higher education from government control and political-economic agendas of international organizations. As Papa (2016) argues “the goal of most nation states is economic dominance” (Papa, 2016, p. 223). The politics in education does more harm than good.

References


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