

The policies on supplemental education in Korea

– Children complain that school teachers are ineffective in comparison to instructors at supplemental education institutions who teach in an engaging and interesting manner... Students do not have high expectations of teachers and schools... While school is a place to sleep, “hagwon” is a place to learn... Schools do not take responsibility for their students. Supplemental education is not the problem; so called “failing” or “failed” schools that push students into markets for supplemental education is the bigger problem.¹

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BLAMING PUBLIC EDUCATION for many social woes is becoming a habit in many nations throughout the world. Although Korea has ranked highly on international achievement tests such as the Trends in International Mathematics and Science Study, when examined more closely, maybe this is the result of parents' tremendous education zeal and investment, not of public education. Dependence on markets for supplemental education is growing as parents are becoming more dissatisfied and frustrated with schools. In this context, what the Korean government can and should do is to either let schools outperform the market for supplemental education or let public education embrace the market.

A short, but intense history

The Joseon dynasty which lasted for about five centuries was characterized by a rigid Confucian caste system severely restricting educational opportunities coupled with a pronounced emphasis on learning. In the early 1900s, the colonial era brought some change towards a modern education system not based on birth and gender. After the Korean War in the 1950s, the newly established government in South Korea emphasized a system in which people's positions and responsibilities in society depended on their intelligence and abilities, not on their parents or wealth.

In such a situation, education became the key to social mobility. University entrance exams have been regarded as the most impartial and fairest way to guarantee better educational opportunities and social success. Notwithstanding the growing interest in education, conditions in the 1970s were hopeless in that the number of students per class numbered about 70 and the annual expenditure per student in public education amounted to only US\$10 to US\$30. Supplemental education came into the spotlight in this context to give students further instruction in various subjects and help them prepare for college entrance exams.

Two forms of supplemental education dominate in Korea, private tutoring (과외, 課外) and hagwon (학원, 學院). One form of supplemental education is taking private tutoring. In Korea, everyone who wants to teach can be a private tutor for individuals or small groups. Because there are no regulations and guidelines for private tutoring concerning time, location, method or tuition fees, the government cannot obtain relevant information on private tutoring. Another form of supplemental education is enrolment in hagwon. After school, students go to school-like hagwon where they are taught by qualified and experienced instructors. Unlike schools, students can choose which hagwon they will attend, if at all, and tuition differs between hagwon.

To stop the steadily increasing dependence on supplemental education, the Korean government in 1980 prohibited students from taking part in any kind of supplemental educational service for purpose of test preparation. A person who notified the government of students, parents or tutors who were taking part in supplemental educational services received a reward, and the reported people were punished by the law. This prohibition did not allow even students who really needed remedial learning to take supplemental education. Only graduates who failed in the previous year's university entrance exams and were preparing for the next chance and a very few students who needed arts and physical education could legally use supplemental educational services. In conjunction with this policy, the government abolished several entrance exams, changed the school curriculum and national standards, and established diverse schools.

Despite these efforts, nothing has changed. The demand for supplemental education services has been increasing until now, and the expenditure and participation rates have been pushed up fast. Furthermore, the Supreme Court in 2000 ruled that prohibiting supplemental educational services was unconstitutional. As a result, the number of hagwon

and private tutors has drastically increased, and almost all students are using and willing to pay for their services; no longer are supplemental education services just for the rich.

Facts about supplemental education

The number of hagwon—legally private, for-profit entities—increased from 1,421 in 1970 to 67,649 in 2007.² About 66 percent of total supplemental educational institutions are concentrated in the metropolitan areas such as Seoul, and in total they employ over 180,000 tutors. Still, taking account of the difficulty involved in collecting data of private tutoring, the actual number of people working for supplemental educational services is estimated to surpass 200,000. This implies that a significant share of human resources with university degrees is concentrated in supplemental educational services. In Korea, school teachers—government employees holding a teacher's certificate—should not have another job, and therefore cannot be either private tutors or instructors in supplemental educational institutions. Unlike teachers who are paid on the official salary schedule, tutors' earning in markets for supplemental educational services depends on their expertise and reputation. Similar to a merit pay system, this market structure is attractive enough to draw job seekers (see figure 1).

Almost 80 percent of registered supplemental education institutions offer test preparation and subject areas for K-12 students. 75 percent of primary and secondary school students have used their services.³ However, according to another study conducted in 2009, 95.5 percent of K-12 students in Korea had experienced supplemental education.⁴ As supplemental education becomes more popular, students begin to take supplemental education at an ever younger age. For this reason, elementary school students in Korea are taking part in private tutoring and hagwon more often than high school students, who spend more time in school (see figure 2).

A survey of 624 households in 2010 showed that among the main reasons expressed by parents and students for using supplemental education were the governments' failed educational policies and dissatisfaction with schools.⁴ With the notion that excessive competition in entrance examinations will result in demand for supplemental education, the government has been steadily and deeply involved in entrance examination policies in many different ways. For instance, the government varied admissions criteria not limited to test scores, and changed required courses and tests for university entrance. In order to improve the quality of public education, teacher evaluations and school choice programs have been introduced.

Yet, parents regard the government's policies as makeshift rather than fundamental solutions. One interesting point is that parents recognized their responsibility for the excessive expansion of the supplemental education to some extent. Motivations such as “my child must be better than the others” and “if that student goes to a hagwon, my child also has to go” are seen as some of the causes for the growth in supplemental education (see figure 3).

Cost and expenditure

The cost of supplemental education has been a contentious issue throughout the 1980s and 1990s until today. While the number of students using supplemental educational services is higher in primary schools than in high schools, the average monthly expenditures for high school students are higher. In 2007, the officially reported monthly expenditure of supplemental education per family by the National Statistical Office in Korea approached US\$210 (equivalent to about 240,000 Won in Korea), while the average monthly expenditure per student ranged from US\$30 to US\$250. Total expenditures nationwide were estimated at US\$19 billion, almost 3 percent of GDP. This almost equaled the public sector expenditure on education, which was 3.4 percent of GDP.

Figure 1: Number of institutions offering supplemental educational services.²



Note: The prohibition on supplemental education services by the government was initiated in 1980, and the Supreme Court ruled that the prohibition policy was unconstitutional in 2000.

Figure 2: The participation rate in supplemental educational services in the selected years by school level.⁵

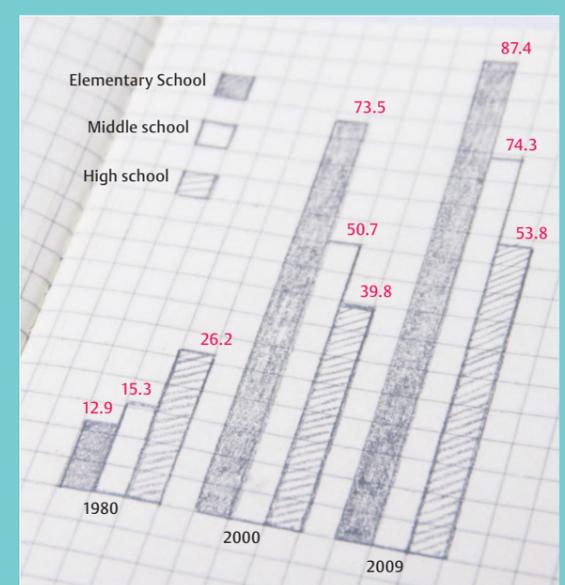
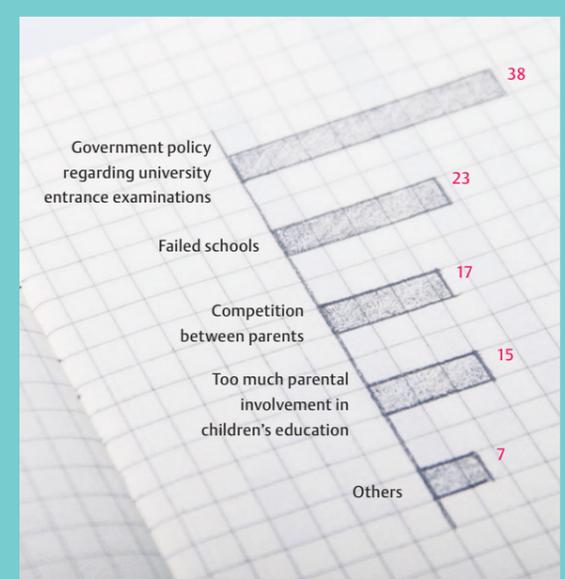


Figure 3: The reasons given by parents for participating in supplemental educational services.⁴



A tug-of-war between government and market

However, another study by a non-profit organization estimated the average monthly expenditures per student to be US\$345.⁴ Moreover, families with income over US\$50,000 spent 2.5 times more on supplemental education than families with incomes below US\$30,000. Considering that annual earnings for high-income families were 1.7 times higher than for low-income families, the difference in expenditure on supplemental education by income level should not be overlooked. This study also estimated the size of the markets for supplemental education to be around US\$34.8 billion, about 3.8% of the GDP in 2010. Based on this information, we can easily understand why some Korean parents are working two jobs to pay for their children's *hagwon* and private tutoring costs.

As shown in the two studies, there is a non-negligible discrepancy between government-initiated and independently conducted studies. Of course, the inconsistent findings of research on supplemental education may be rooted in definitions of key terms and the survey methodology. Yet, the largest reason is the ripple effect of supplemental educational services on Korean society. Since private tutoring and *hagwon* have long been considered to be social problems regardless of their initial purpose and contribution, the government tends to underestimate the size and cost of supplemental educational services.

In contrast to the past when *hagwon* were usually localized and small in scale, several *hagwon* have been franchised and expanded on a larger scale since the late 1990s. Due to the public's negative view of private tutoring and *hagwon*, large corporations are reluctant to be involved in markets for supplemental education. Though few large corporations begin to show an interest, their concern is limited to related businesses such as the printing industry, not directly to managing *hagwon*s and private tutors. Instead, existing institutions are expanding their business across the country. In 2000, online tutoring institutions, such as Megastudy and Etoos, were established. Some tutoring institutions with a long history, such as Daesung Academy, expanded their businesses nationwide and came to own various companies in the printing and broadcasting industry. In addition, other tutoring institutions like Jongro Academy and VitaEdu have expanded their businesses toward boarding facilities that can replace the role of home and family.

The government's new approach: The After School Program

The government has reacted to markets for supplemental education by regulating them. At the same time, the government has tried to apply the advantages of these markets to the school systems, e.g. through school choice programs based on competition and choice. The growing concern with an increasing financial and psychological burden associated with supplemental education and failing schools has spurred policies driven by the central government. Rather than taking account of diverse local contexts, educational policies at the national level have been preferred by the public. For this reason, the government's policies toward supplemental educational services have the following broad objectives:

1. To reduce the cost of supplemental educational services
2. To decrease the reliance on private tutoring and *hagwon*
3. To realize equal opportunity in education
4. To improve the quality of public education, and
5. To dispel a deep mistrust of schools

Governments in many countries generally exclude private schools from school policies. Even though the public school system in Korea distinguishes public schools from private schools *de jure*, there is no *de facto* difference between public and private schools. That is because most private schools (which account for over 15% of total schools) are run on government funding. Although a non-public entity, a private school is still governed by public funding. Since private schools are operated by the government not independently with its funding and regulation, students cannot choose whether to attend a public or a private school, and private schools cannot select their students. Hence, the government's policies to decrease supplemental education are targeting every student, whether in public or private schools.

Recently, the Ministry of Education, Science and Technology placed greater emphasis on After School Programs (방과후 학교, 放課後 學校) by revising the existing educational policies in 2004. The basic idea was to meet the demand for supplemental education on site at school. Each school would design a curriculum, hire instructors either within or outside of the school, and charge a small tuition fee from students who registered in the program. In other words, the government tried to absorb the demand for supplemental educational services into public education rather than regulating and prohibiting these services. Initially, the government did not allow schools to make contracts with for-profit institutions for After School Programs. However, the government has now expanded the range of providers of for-profit, supplemental educational institutions for the schools.

For a long time, the Korean government has struggled to narrow the gap of access to supplemental educational services by income level in several ways through regulating private tutoring and *hagwon*. Where dissatisfaction with schools leads to a dependence on supplemental education outside of the school system, After School Programs are expected to decrease the cost of supplemental educational services by creating an alternative to *hagwon* and private tutoring.

In essence, After School Programs are operating on the basis of the fees that students pay. Of course, it is difficult for a school to run high quality After School Programs solely with a small tuition fee from students. For this reason, the government supports a shortage in operating funds for After School Programs. Nevertheless, After School Programs must be distinguished from current educational policies operated without additional user payments. The first reason for charging a tuition fee is to avoid the creation of moral hazard that free program brings. As students pay extra charge for After School Programs, they take the responsibilities of the programs. Yet, looking at After School Programs in greater depth, you can easily see that schools are trying to follow market principles. Just as with *hagwon* and private tutoring, students as consumers can select what course they want to take and pay a small tuition fee.

The downside to After School Programs

Unfortunately, the potential pitfall of After School Programs is that the main agents and organizers are schools that are already seen as failing or failed. Schools have disappointed students and parents by not achieving their core task of teaching the official curriculum. As well, students and parents have thought that schools lacked the preparation for university entrance exams based on the official curriculum. As noted above, many parents chose private tutoring and *hagwon* because of their dissatisfaction with schools. In this context, how can we expect After School Programs designed and operated by these schools to succeed? In order to solve the problems of supplemental education, the government is burdening failing schools with more and more roles.

To provide students equal access to supplemental educational services, the After School Programs emphasize three key strategies: vouchers for disadvantaged students, support for students in rural areas which have fewer supplemental educational institutions, and daycare services at the primary school level. 53 percent of students participated in the After School Programs in 2008, and participating students paid an average of US\$24 (equivalent to about 26,000 Won) a month. Families with incomes below US\$30,000 stated that the After School Programs helped them reduce their expenditures for *hagwon* and private tutoring.⁴ Still, there is no clear and reliable evidence showing how much the After School Programs



Right:
A late night in the Hagwon. Photo courtesy of Flickr, Oceandsetoiles.

contribute to realizing equality in education and decreasing the reliance on supplemental education. Because of the relation between politics and evaluation, studies about After School Programs present different findings depending on who initiated the evaluation and who was involved in the research.

Furthermore, parents tended to regard After School Programs as just another type of supplemental education rather than an alternative to *hagwon* and private tutoring.⁴ After School Programs definitely help low-income students to access cheap supplemental education services. However, high-income students who can afford to take private tutoring or *hagwon* count After School Programs as an extension of classes in school. While the view persists that After School Programs are inferior to private tutoring and *hagwon*, the demand and supply of supplemental education services will remain. Instead, the government's After School Programs contributes to the growth of supplemental educational services by allowing them to flow into the school system. Contrary to the past where supplemental education was a taboo subject in Korea, the change in attitude towards public education institutions offering supplemental educational services facilitates corporations' interest and participation in this market as a highly profitable business.

Never-ending tug-of-war

Basically, the government has neither the right nor any duty to restrict or encourage students in attending *hagwon* or private tutoring. Compared to publicly funded education, so-called private education including private tutoring and *hagwon* is a matter of personal choice. The market structure for supplemental education services follows the law of survival of the fittest. Whether or not an institution and a tutor succeed depends on their competence.

Nonetheless, the never-ending tug-of-war between the government and supplemental education providers started with conflicting popular demands. Because parents and students' choice of supplemental educational services are constrained by their income, supplemental education leads to unequal education opportunities. As *hagwon* and private tutoring become increasingly popular, lower income families feel more deprived. Irrespective of the discussion of how qualified providers of supplemental education are, supplemental education may present an excellent opportunity for students because private tutoring and *hagwon* can provide what every student most needs, whether remedial classes or test preparation classes. However, this opportunity is not afforded to every student. Consequently, the public and media criticize *hagwon* for charging high tuition fees and exacerbating the problem of inequality in education. To redress this inequality caused by the financial burden of supplemental education fees, the government revises policies on supplemental education every year.

On the other hand, as found in many surveys regarding supplemental education in Korea, the demand for *hagwon* and private tutoring emerged from students and parents' simple need for a better education than what schools offered. Of course, what a 'better' education means remains open. One certainty is that parents want their children to get higher scores than others, to enter a well-known university, and to get a job with high earnings. Students want to be taught differently according to their interest and ability. Korea does not have a flexible school system and varied options for success, so any student's future depends on the results of competitive college entrance exams. In this context, a 'better' education implies attending cram schools for entrance exams. Since students and parents cannot choose which school the student will attend, the only option for them is supplemental education.

Although supplemental education is a big social problem in Korea, it is not desired that all schools become cram schools in order to decrease the cost of supplemental education. Schools are not there just to prepare students for university entrance exams. Even though parents and students seek specialized schools to pass entrance exams, schools do not neglect their duties in a society. In schools that fail to balance public benefits and private interests, subjects such as democratic values and citizenship are disregarded by parents, and increasing suicide rates and bullying at school are reported as a side effect of failing public education.

Like the conundrum of the chicken and the egg, there is no exact answer to say whether dissatisfaction with education creates a demand for supplemental education or whether the excessive demand for private tutoring and *hagwon* causes public education to fail. At least, schools in Korea are trying to provide more equitable opportunities for supplemental education, and at the same time are struggling to compete with supplemental education services. As long as the negative effects of supplemental education are not resolved, the Korean government will keep a weather eye on *hagwon* and private tutoring by creating and modifying relevant policies.

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