

**PRIVATIZATION AND HIGHER EDUCATION POLICY IN THE
UNITED STATES AND PUERTO RICO: PRIVATE GAIN,
ENTREPRENEURSHIP AND THE PUBLIC GOOD**

By

Eduardo Aponte
eaponte@prw.net

CUADERNO DE TRABAJO NO.1
Centro de Estudios de la Educación Superior CEES
Centro de Investigaciones Educativas CIE
Universidad de Puerto Rico
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Abstract

Private higher education is the fastest growing sector of post secondary education in the United States and Puerto Rico. Neoliberal economic postindustrial policy for restructuring the economy and the emerging 'knowledge society' has increased the demand for intellectual capital for the highly competitive global economy and for increasing private investment in the higher education system. The first part of this policy analysis paper, traces the development of the new context of higher education. The second, analyses the outcomes of privatization trends of higher education in terms of societal development (public good) and requirements of the productive sector (private gain). And the third, reviews some higher education policy measures in Puerto Rico addressed to "harmonize" growth of the private sector (private gain) with societal development (public good).

Introduction

The neoliberal (market oriented) concern with closing the "knowledge gap" between higher education and the postindustrial economy (the new workforce skills, technological innovation [R & D, useful-applied knowledge] the search for excellence (relevant-quality) of higher education that started "A Nation At Risk" in the 80's), has moved again to the forefront the debate about policy outcomes in

higher education in terms of the contribution to the productive sector (private gain) and societal democratic development (public good).

Eduardo Aponte is Advisor to the Puerto Rico Council on Higher Education and Professor at the University of Puerto Rico, Paper delivered at the AAHE Annual Conference ``Balancing Private Gain and Public Good, Washington DC, March, 2001 published in Global Education, Mexico: Vol. 6, 2002.

The emerging knowledge society requires a response to different educational needs and to diverse growing demands for relevance, quality standards, and also entails differentiation between institutions within the higher education system. During the last fifteen years, the neoliberal response to these demands has been through the establishment of new private institutions alongside the traditional institutional offerings and the creation of new degree programs to supplement the existing ones. In terms of relevance, the response has been twofold: market driven growth (institutions with an increased autonomy are allowed to expand according to market demand "laissez-faire") and the traditional policy, in which expansion does not necessarily entails diversification. Anticipating and responding rapidly to new educational needs is determining and defining both relevance and quality in higher education.

During the last decade, higher education administrators, state officials and governing boards have accepted the proposition that higher education institutions are entering a new state of institutional development (organizational paradigm shift) that is being determined by state new priorities (economic policy) and limited financial resources (recurrent structural state fiscal crisis). Paradoxically, higher education have entered in a prolonged fiscal crisis at a time that the productive sector and government are demanding that higher education continue to expand and diversify to support postindustrial economic restructuring and to meet global competition. Economic policy, post industrialism and globalization are creating the new context for educational policy and higher education. New

priorities in policy measures are shaping up the institutions, their processes and outcomes. The balance of these outcomes have shaken, if not drastically changed, the contribution of higher education to the well being of society on behalf of urgent claims of the productive sector and the national capacity to compete in the global economy. Given this context, to what extent neoliberal economic policies have altered and transform higher education institutions and their capacity to contribute to the public good vis a vis the private gain?. Does current policy outcomes contribute to the reduction of socio-economic inequality and democratic societal development –the public good?

1.0 Education: Public Good and Private Gain: Conflicting Views

Formal education encompasses institutions with varying sponsorship (public and private), diverse student composition (gender, age, race-ethnic, religious, foreigners, members of different social classes) and heterogeneous types of institutions (Preschool, K-12, two and four year postsecondary institutions, professional and graduate or advanced education programs and lifelong education, i.e. Pk-20+). These structural differences have implications for the educational system, specifically the rapid growth of higher education during the last decade as a result of postindustrial economic restructuring, the needs of an increasingly technological world and an emerging global knowledge society.

Effective educational policy contributes to social and personal development. Educational opportunity introduces people to expectations of the world outside the family, particularly citizenry and work. Since society is

continuously changing, education provides for change and innovation, expanding knowledge frontiers and adapting to changing environments. Different sectors of society (like business), expect educational institutions, to help solve society's problems. People in higher education research, create and disseminate knowledge and are expected to help social policy, and contribute ideas for the advancement of useful knowledge in terms of economic and societal development. Most important, educational institutions provide the mechanism and socialization processes by which the young learn to become productive members of the collectivity and understand society's expectations. Hence, formal education prepares, sorts and places people. It **prepares** by learning competencies and skills, **sorts** by testing and contributing knowledge and **places** by tracking, grading, credentialing and, ultimately, helps in filling positions in society. Finally, and most important, formal education contributes to reproduce and legitimate the economic, political and social structure of society. Therefore, public or private education is part of society's structural processes and has life long consequences on individuals, the family, work, government, community, culture and society (E. Irizarry, 2000).

For all the above, education contributes directly and indirectly –explicit or implicit—to the different sectors of society. It is a socio-cultural process that determines a citizen's personal wellbeing and life chances as well as society's development . Autonomous institutions in a market-oriented context are “necessary”, but their freedom to act is not unlimited. Standards concerning both relevance and quality of what students learn are also of public interest, since

large numbers of poorly prepared graduates would be a burden not only to themselves and their families, but also to society. Therefore, it is of public interest and concern for the state and society as a whole that educational institutions of all sorts be accountable in terms of relevance and quality of their offerings, i. e. contribution to society.

One major conflict in higher education has been the notion derived from human capital theory that conceptualizes higher education as a “service industry” for private gain that over time has acquired well-defined functions. The claim is that as in other industries, production in higher education uses “resources”, which are transformed into end products called “outcomes”. The three production functions are based mostly on a single unifying process ‘learning-meaning-knowing and interpreting the known (scholarship and criticism), discovering the new (research related activities) and bringing about desired social change in the cognitive and affective traits and characteristics of human beings’ of education (H. R. Bowen, 1997). The efficiency of the process is measured by comparing the “outcomes” with the resources employed or the benefits achieved. This economic view of education, in general terms, measures the educational process through resource-outcomes, rate-of-return, cost-revenue, cost-effectiveness and cost-benefit methods, i.e. input-output analysis.

The idea of efficiency is deciding to what extent (quantity) and by which criteria (quality) a benefit shall be achieved and how resources will be deployed to attain that expected benefit. Human capital approaches have contributed enormously to consider education as a long run societal investment in

development and not just social spending, however, the human capital theory is still a limited approach to conceptualize and measure educational processes and outcomes. Therefore, education in general, but particularly higher education as upper learning is a social good with consequences for the larger society. The effects of higher education on the individual, the family and society at large are enormous and intricate in order to be measure through economic approaches to assess its contribution to societal development and personal wellbeing.

On the other hand, the higher education (public or private) contributes to the economy, to individuals and society at large. Generally, economists have focused on the effects of higher education measurable in money value, income to individuals or yield higher levels of gross national product. Hundreds of econometric studies have been carried out around the world calculating both private and social rates of return on investment in higher education are around 8 to 15 percent range. Although these rates might be plausible and “experts” have interpreted them as reflecting certain “rationality” in both public and private decisions about investing in education, testing calculated rates by these criteria does not meet the standards of scientific inquiry. This “credibility gap” suggests that economists are far indeed from finding the “real or particular” rates of return on general education and higher education learning which is even more individual and diverse in nature (H. R. Bowen, 1997).

Skepticism about rate- of-returns is anchored in two arguments: first, that indicators (data available) to measure costs and returns do not reflect precise identification of the extra amounts of income associated with more education,

including differences in ability, social background, hours of homework, quality of the institution and curriculum learning experiences, among others, and second, that rates- of- returns fail to account for certain costs and benefits of education because neither private nor public higher education operates under a price system that would give reasonably accurate indicators about scarcity values of the different amount and combinations of the resources employed. Hence, educational process “outcomes” create many returns that go uncouncted in monetary terms. Some uncouncted effects redound directly to benefit the individual investing in their education, while others yield benefits that “spill over” to society at large, i.e. the externalities and “spill over” effects of education (Blaug, 1976).

Most of the non-monetary returns on education are a combination of direct and “spill over” effects. Some of these are to plan family growth more effectively, enjoy work more, spend money more efficiently, save and invest personal income wisely, to adapt more quickly to change in the personal environment, undoubtedly all of them enhances the lives of educated people as well as of society as a whole. Just to name a few, there are many externalities linked to student meaningful learning and to the scientific environment conducive to successful research and other activities. Since market transactions do not properly take account of externalities, no one has yet succeeded in estimating their significance. However, evidence shows the existence of numerous externalities, predominantly positive in social value and generally very significant when compared to the market values of the direct private returns with which they

are associated. Precise rates of return probably cannot be made, since they will require measuring essentially immeasurable variables yet. Furthermore, in monetary and non-monetary returns, direct and indirect costs and benefits, consumption as well as production effects in the assessment of real rates of return in deciding whether investment¹ or spending in higher education (private or public), is worth what they cost. For all the above, education for the public good or for private gain, still is a good investment. The question to answer is, how to balance them in a market oriented higher education growth and diversification process?

2.0 Trends in Public and Private Higher Education

Privatization of higher education is not a new phenomenon in the world economy. In many countries, the private sector has come to play a predominant role in higher education. Private sector growth has assumed greater significance as a policy strategy due to the interaction of three factors: stagnating or declining public budgets allocated to education, an increasing social demand for more higher education, and restructuring of the productive sector linked to a knowledge society and the global economy. The result has been that social demand is exceeding the public supply, and the private sector is seeking to meet the unsatisfied demand. More demand for differentiated quality and content have also contributed to the privatization of higher education.

The public or private distinction of higher education institutions is not well defined or clear. By source of funding, a private university may be receiving

¹ Investment returns will depend on different factors varying according to each institution, the students, and how efficient and effective they are.

large amounts of money from state resources (federal, state or local government) and a public institution may be generating significant amounts of funding from private sources. On the other hand, private institutions might be market-oriented, but on the basis of management may be controlled by the state and are being to a great extent administered by government regulations and voluntary accreditation (public accountable) institutional associations. Finally, the distinction can be done by the corporate identity of the institutions –non-profit or for profit institutions—(Altbach, 1999; Tilak, 1998).

The outcomes of the institutional development trends can be classified into five general privatization levels (Tilak, 1998; Aponte, 2000):

- 1) Total privatization – privately funded and managed with little government intervention with direct short-long term contribution to private gain to the corporation and the individual; proportionate lesser indirect contribution to society at large, i.e. for profit corporate universities
- 2) High level of privatization – traditional private colleges and universities – largely privately funded, “non profit”, religious, income group or regionally oriented with direct contribution to the productive sector and short long run contribution to societal development, the ‘Ivy-league’ colleges and universities
- 3) ‘Pseudo-privatization’ – non profit or for profit – privately created institutions with nearly 90 percent of their expenditures from federal,

state and local funding sources, i.e. an increasing number of market-oriented colleges and universities and proprietary institutions

- 4) Complementary privatization – public institutions with increasing levels of entrepreneurial structure and organizational management with increasing non-governmental funds, claiming that higher education is a privileged quasi-public good, i.e. entrepreneurial universities
- 5) Public institutions – state and national autonomous universities with over 80 percent of their expenditure from government, and increasing outside funding for research and service, but their existence is linked to national and society development priorities, i.e. needs and goals. In these terms, education is considered a social process and a public good, i.e. like traditional universities.

All these trends are possible in a given country or the combination of one or two categories under neoliberal economic development policy. Trends are associated with economic restructuring, social demand, access policy, finance strategies and a result of the interaction of the factors identified before as responsible for the growth of the private sector and diversification of higher education institutions. The interaction of the institutions with social demand and how well they perform, in terms of contributing directly to the society needs and the public good, seems to be the center of the debate nowadays in higher education, i.e. the autonomy of each institution; private or public.

2.1 Between Public Good and Private Gain in Higher Education

The role of the state under fiscal crisis (limited resources) and neoliberal economic policy (market driven) is a complex paradox. With relative autonomy from economic and political power groups, the state is responsible and seeks for the public good (societal well being) while at the same time promotes and provides incentives to the productive sector to promote growth, create jobs, increase per capita income, and private gain (wealth).

The role of government in higher education policy making and implementation has not been an easy task during the last fifteen years. Paradoxically, the higher education system is entering a prolonged fiscal crisis at a time when the industry and government are increasingly demanding that the higher education institutions continue to expand and diversified their roles in 1) developing the new postindustrial infrastructure (to provide research and development useful knowledge –as well as technical assistance to government and industry); 2) collaborating in public –private partnership with industry, business and government, and 3) preparing a new workforce with increasingly sophisticated skills. Policy measures (appropriate or not) such as access policy, student financial aid, priority funding allocations, institutions performance budgeting and evaluations, accountability accreditation and “down-sizing” measures, among others, are some of the policy instruments that are complementing the “market oriented” growth/diversification transformation of the higher education institutions (E. Aponte, 1998; C. Barrow, 1997; Meister, J. 1998).

In the 1990's a process of selective diversification and market guided differentiation in a contradictory context of expansion with contraction of the higher education institutions (growth of some institutions while others are "downsizing" and closing programs). This process was determined by different factors: postindustrial restructuring, state development strategies, access funding, the technological revolution and aggressive competitive institutional marketing strategies. The institutional orientation to market high demand professions and the borrowed and adapted entrepreneurial organization development approaches have reborn the old debate between proprietor and non-profit institutions around the purpose of investment (private/public) in higher education and general education (vouchers) as a private business or industry in relation to societal development as a whole –the public good. Policy makers are adopting reform strategies designed to slow down expenditure growth and reallocating resources into programs and research areas that will increase business and government support for higher education by redefining (rationalizing), it as "social investment". Hence, within this context of increased social demand and state fiscal crisis, the imperative that institutions "do more with less" is provoking a wave of strategic policy measures, that is moving higher education institutions to a 'new paradigm' of organizational development (H. Simsek & K. Seashore, 1994; E. Aponte, 1996, 1998) (see Diagram below).

Diagram

Some change trends related to the higher education organizational paradigm shift during last three decades (Simsek & K. Seashore, 1994; Aponte, 1996)

<u>From</u>		<u>To</u>
Basic research in the departments	—————▶	applied research / specialized / useful knowledge production in centers/partnership institutes with industry, government
Teaching/learning in classrooms	—————▶	student centered continuous learning institutions with virtual programs, distance non synchronized learning
Vertical bureaucratic structures	—————▶	horizontal flexible adaptable and innovative entrepreneurial organizations
Academic departments and professional Colleges by knowledge disciplines	—————▶	professional degrees and custom made certificates through partnerships with industry, government and educational institutions
Chair tenure institutions	—————▶	non-tenure part - time (professional) academic / market oriental highly responsive institutions
Student academic recruitment	—————▶	aggressive marketing strategies in institutional student recruitment
Institutionally oriented selective student aid	—————▶	comprehensive student centered
Access policy funding	—————▶	access oriented financial aid, fellowships and loans
State/federal funding to public institutions	—————▶	diversified federal and/state funding to both public and private institutions
Budget allocation and Enrollment funding (public/private)	—————▶	diversified source of funding endowment; services, philanthropy, others
Traditional universities, colleges and technical institutions	—————▶	entrepreneurial universities/colleges, virtual universities, corporate universities, metropolitan universities and others

Diversification trends are towards more market oriented institutions with entrepreneurial organizational development and a fast growing sector of corporate universities in industry, commerce and government sectors. Within this context, institutions will sharpen their education on specialized areas of institutional strength or on areas of high student demand. Many institutions will depend on specialization and differentiation of their mission and well emphasized differences (real or not), as opposed to their previous comprehensiveness, by developing well core business that appeals to a well-defined niche market or “new societal demands”. Institutions are focusing development on programs that enhance their quality and competitiveness eliminating and reducing programs that do not support the new mission while at the same time are funding innovative collaborative partnerships to develop new programs, i.e. the market oriented university (H. Buchbinder, 1993).

The market-oriented growth in higher education tends to reinforce the contribution of the institutions more directly to the productive sector and indirectly (and in longer terms) to the public good. Competition among institutions for enrollments, resources, etc., is becoming more aggressive, quality improvement and effectiveness (performance is leading the way for institutional self transformation). Higher education policy making under market oriented conditions required new conditions for growth (access opportunities, government industry partnership in funding strategies) under shrinking institutional funds in relation to institutional transformation needs [technology, organizational development (and now workforce demand) and human resource re-education] in

order for them to become more productive and relate to the postindustrial context (relevance) to accomplish their mission. This transformation process relatively equates to some extent to the restructuring of the economy, government reform and to a lesser degree, to other society's institutions (schools, health centers, etc.), impacted by the privatization movement and the market oriented society of the post cold war years, i.e. the new social contract.

Therefore, expansion with contraction and diversification as well as market oriented entrepreneurial institutions of higher education have been, in general terms, the result of market oriented (deregulation-greater autonomy) public policy. Government institutional requirements for enrollment funding, licensing of institutions, accountability accreditation and complementary competitive funding alternatives have been the main policy instruments influencing institutional development, performance and outcomes. State institutions with traditional comprehensive academic offerings that respond to many societal needs, will continue to be publicly funded, while market oriented institutions are driven into competition, down-sizing, partnerships with industry and to operate under performance standards and new quality requirements in order to get public funding and accreditation.

3.0 The State and Conflicting Interests in Higher Education Policy in Puerto Rico

As in many other countries, private higher education is the fastest growing sector in the United States and Puerto Rico. Market demand and further specialization (professional careers) of the higher education institutions have unbalanced the academic offerings (degrees) of the privately owned sector. In general terms, comprehensive academic programs addressed to meet a societal needs and development, still is associated to the public institutions while more market oriented private institutions are specializing in the multi-sector economy different levels needs. Both, public and private institutions, are being pressed by industry and government officials to respond to the new priorities related to economic restructuring and global competition with limited local funding, state-federal funding institutional regulations and accountability accreditation.

During the last fifteen years, growth and diversification of higher education institutions has depended heavily in federal funding. Pell Grants and others represent over 80 percent of expenditures of a large number of the private sector institutions, i.e. “pseudo privatization of public funding”. For-profit and proprietor non-profit institutions are the fastest growing group with specialized professional academic programs addressed to market high demand professions.

The state (licensing and accreditation) federal/local funding regulations and professional/regional accountability accreditation, are the policy measures that serves as counterweights to entrepreneurship and private gain in the higher education institutions. In 1999, the Council on Higher Education (a restructured government entity in 1993 to promote the “development of the higher education institutions”) initiated policy measures to promote complementary integration

(growth and development of the higher education system) as a result of fierce competition between the market driven institutions and state funded universities for local funding and student enrollment.

Nowadays, there are 7 public and 39 private higher education institutions of which 26 are private, non-for profit and 13 for profit institutions. Enrollment in the public sector has risen from 37,839 to 73,846 during the last 20 years and from 19,499 to 100,704 in the private institutions for the same time period. Graduate professional degrees enrollment is growing rapidly in both sectors, the private institutions leading with 62% of the total graduate population (mostly master's degrees with some doctoral degrees CHEPR, 2000).

Recently, policy oriented initiatives, where higher education is considered, in overall terms, social investment (and a public good) to enhance societal development are being formulated to prevent the institutions to fall into "laissez fair" growth pattern (E. Irizarry, 2000). Several times the Council have been in contraposition to entrepreneurship due to conflicting views of the regulations regarding initiatives of some private institutions. After litigation in the courts, all the Council decisions about academic programs were upheld(at a great cost of legal expenses). Government initiatives to integrate growth towards a system from K-16+ including postsecondary institutions (technical certificates) have been considered, but not implemented. Inclusive, highly open, participating policy making processes have been adopted to support state regulations and to some extent in their implementation. Some of these policy measures have been:

- Public hearings, seminars and others about federal and local funding regulations. (1993-2000)
- CESPR Licensing Regulations (1993-1999)
- CESPR/Middle States Accountability Accreditation Joint Institutional peer evaluation procedures and requirements (rules and standards) 1995
- Local Financial and Student Fund 1998 - Procedures and Regulations
- Policy Document about the Relevance of Institutional Academic offerings, (1999)
- A Vision of the Future of Higher Education in Puerto Rico – Strategic Policy Action Guidelines. (1998-2001)

“A Vision of the Future of Higher Education of Puerto Rico: Strategic Policy Action Guidelines” is perhaps the most comprehensive in scope, more inclusive in representation and participatory in nature extensive process of policy making ever made in the island. Process and outcomes were done by members of the higher education community with high levels of participation of academic and administrative leadership from both, the public and private sectors. Diagnosis of results are highly critical (constructive) and provide policy action recommendations (the challenge ahead) prospective and feasible for government strategic action plans to integrate the higher education system, and to enhance its contribution to the economy and societal development (balancing the outcomes of the system). Policy action recommendations are directed to increase relevance, quality, efficiency and effectiveness of the institutions

maintaining a high level of access to educational opportunity. Some of challenges ahead for the future in the executive report of the document can be summarize as follows:

- Lack of a “clear vision of an integrated complementary and diversified higher education system”, oriented to meet different sectors needs, enhance societal development and the public good
- The need for more policy guidelines regarding institutional autonomy, quality, efficiency and effectiveness and, lack of reliable indicators to make institutions accountable (social responsibility)
- Prevailing conflict and tension between the state and higher education institutions regarding social responsibility and the public good
- The need for more collaboration between higher education, the productive sector and government to respond to societal needs, growth and development, i. e. wellbeing and the public good
- The imperative to promote and develop autonomous socially responsible-accountable institutions
- The need for local knowledge production (basic and useful knowledge) in terms of research and development through consortiums and partnerships between institutions, industry and government to support economic development and social policy programs

- The need to develop new alternative sources of funding (policy oriented incentives, loans, etc.) to maintain access to the high quality institutions based on social-responsibility and equity of resource allocations in order to promote and develop a diversified integration of the higher education system with less dependency from federal and local government funding,
- The urgency to conduct research of the whole education system (K-20+) for improving policy decision-making based on a knowledge management system.

In all these policy research initiatives, evidence demonstrates that market oriented growth and diversification have increased access and educational opportunities in the higher education institutions (higher participation rates in the public and private sector). Growth of the academic programs are professionally oriented although some socially and economic development initiatives are taking place both, in the public and private sector. Retention rates are lower in the private sector (that provides more access to lower income groups), which suggest a need for more effectiveness and innovation in producing learning and academic achievement to elevate the graduation and employment rates. Institutional effectiveness (public or private) will contribute to improve educational opportunity and to reduce economic and social inequality.

Finally, market guided growth in higher education in Puerto Rico have result in the following outcomes:

- Aggressive competition among institutions, particularly between private non-profit colleges and universities and for profit proprietary institutions in terms of student enrollments, local funding, and regional institutional program offerings.
- Competition have led to transformation into market oriented entrepreneurial colleges and universities where organizational development have make them more agile, flexible, highly responsive institutions seeking to improve quality, efficiency and effectiveness.
- Rivalry and conflict between the institutions (public and private) have moved government (funding and institutional corporate rules) and accountability institutions (accreditation) to strengthen regulations concerning institutional effectiveness in meeting student needs and society expectations – the public good.
- The accelerated growth of the private sector has increased significantly access to educational opportunity of different income group levels of society and a relatively diversified supply of workforce for the growing multi-sector economy. But the highly dependent growth of proprietary and private institutions (pseudo-privatization) with high levels of federal funding, links access and educational opportunity of lower income groups to private institutional development; higher tuition fees, competition, and for private gain education. Competition might improve quality in some regions of the system, while in others, access to low quality programs will result in lower paying jobs or

unemployment and should not be considered an equal educational opportunity at all.

- Unprecedented growth of access in private higher education (undergraduate and graduate) have created the conditions for the public sector to redirect funding to new economic development priority demands – scientific and technological infrastructure for the production of knowledge, i.e. a state doctoral intensive research oriented institution.
- Market-oriented and entrepreneurial institutions (corporate, virtual and others) will continue to transform in the competition context. Institutions with more resources, funding and innovative approaches will be able to steer the transformation process, more effectively making the change forces an opportunity in institutional renewal and development.

The new balance sought between the values and the internal affairs of institutions and state regulatory policies, does not signify a reduced state role, but a different and more strategic one of “steering at a distance and direction setting”. The key elements are, goals, frameworks, guidelines and strategic oversight of the higher education system instead of direct bureaucratic control over each institution’s affairs. More coherent policies and structures, incorporating the principles of academic institutional autonomy and frameworks for regulating and monitoring performance, are needed and efforts are being made, although unevenly, to put them in the proper place where they do not exist

or are in disarray, in order to enhance the integration of the higher education system.

4.0 Concluding Remarks

Growth and diversification fueled by market-oriented (deregulation) postindustrial economic restructuring policy in the United States and Puerto Rico have resulted in several complex and contradictory outcomes. Institutions are operating in a financially tight competitive uncertain context: the pressures of an increased social demand; the economic constraint on public spending; strategic de-regulation with selective centralization; the growth of privatization in general education and globalization across national boundaries; and the inexorable movement of new research frontiers into multidisciplinary research beyond the bounds of individual institutions. As a result of neoliberal policies, challenges to largely stable organizational and conceptual types of higher education have exacerbate a number of contradictions and generated new levels of complexity.

Given this context, it is not to be expected that each institution individually or separately (or competing with each other) will undertake system wide development measures. The need is not confined to institutions, sectors (public/private), regions or particular local problems since system management has become more complex and demanding with market driven growth and diversification. In the United States, some state boards are becoming more entrepreneurial and less regulatory while assuming greater responsibilities to solve higher education most pressing policy concerns. However, a “less

regulatory” board does not mean a “less aggressive” in terms of policy leadership (SHEEO, 1996).

Continuous involvement and active participation of the members of the higher education community is necessary and crucial in public policy making and the implementation of action alternatives. Policy and management decisions, resource allocations and accountability policy measures need to be integrated and be directed by a shared close understanding (collaboration) of and a sensitivity towards the institutional field of action (individually) not only as it presently (implicitly) exists, but as it (explicitly) needs to evolve, to become an integrated system.

The private and public sectors of the higher education system, contributes to economic growth and societal development. As a point of departure, cost containment without loss of autonomy and quality (consistent with the purpose and values of higher education) would be an appropriate goal for the system as a whole, wherever it is feasible to adopt such an approach. Besides being a necessary institutional measure, the quest for greater efficiency and effectiveness, would demonstrate to the funding sources that any additional resources are likely to be well used. This is crucial since access to higher education only, does not contributes directly to reduce economic and social inequality. Instead, access to relevant quality education will contribute more to achieve higher graduation and employment rates, and to societal development goals (the public good and private gain).

The debate between the urgent need to meet societal expectations (public good) and the productive sector requirements (economic growth with private gain), in state policy making in higher education in a context of neoliberal privatization measures and outcomes hopefully will promote more comprehensive and profound policy research initiatives to determine new developments in state policy action in higher education. We encourage the reader to assume this challenge.

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