

## Privatization in Mexican Higher Education

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*Private institutions of higher education in Mexico have experienced explosive growth over the last thirty years. However, research in regards to the classification, success, and history of such institutions is still difficult to come by. To better understand the landscape of private higher education in Mexico, and to begin the consolidation of the existing research, this article investigates the recent explosive growth in private higher education institutions in Mexico along with their cost and purpose, their neoliberal and globalized development, and their quality and regulation.*

Mexico has a storied tradition of higher education. Colleges and universities in Mexico were founded after Spanish colonization efforts in the sixteenth century by the Catholic Church long before the nation's independence in 1821 (Gonzalez y Gonzalez & Lincoln, 2004). This history has resulted in the claim that Mexico has two of the first universities in the Americas: the Royal and Pontifical University of New Spain founded in 1551, and the Real Universidad de Mexico, authorized by King Carlos of Spain in 1551 (Brunner, Santiago, Guadilla, Gerlach, & Velho, 2006). As the nation developed, these institutions became the path through which the state reduced the human capital gap in its youth, and thus reaped the full benefits of its populace to push for modernization through neoliberalism alongside countries such as the United States (Bernasconi, 2007; Brunner et al., 2006; Guichard, 2005). In the last 50 years, Mexico's system of higher education has grown drastically. Between 1950 and 2000, the total number of students enrolled in education increased from less than a million to more than 30 million (Brunner et al., 2006). This growth included tertiary education as well; by 1990, 15% of the population aged 20-24 was enrolled in some form of higher education and was expected to grow beyond 11 million after

2012 (Kent, 1993; Brunner et al., 2006). As of 2014, 34.45% of the country's population, approximately 42 million people, were enrolled in tertiary education (World Bank, Gross enrollment ration, tertiary; World Bank, Population total).

With the desire for social change, a growing population, and greater enrollment in tertiary education, changes quickly came to the higher education landscape (Bernasconi, 2007). As a result, universities were pushed for enrollment by students and public policies (Ornelas & Post, 1992). No longer could large institutions such as the National Autonomous University of Mexico (UNAM) house all potential students, thus opening the door for other institutional types, most specifically, the private institution (Gregorutti, 2011).

The current Mexican higher education system is the result of economic growth through industry, which has impacted social policy, welfare, and educational access (Varela, 2006). Latin America, specifically Mexico, has been a part of an international trend of rapid and expansive growth in private tertiary education (Gregorutti, 2011). As governments and state institutions have become unable to absorb increasing demand for higher education, an abundance of new private universities have begun to flourish (Gregorutti, 2011; Kent, 2005; Varela,

2006). By 2009, 33.1% of students enrolled in higher education attended private institutions, totaling to approximately 896,000 students spread across 1,573 universities. Quickly, private institutions have gone from being a minority to one of the key players in the educational landscape (Gregorutti, 2011).

While this unprecedented growth has benefitted many, concerns have arisen around the cost and the purpose of private higher education, the globalization and neoliberal development of private institutions, and the need to address the quality of institutions that many feel are taking advantage of hundreds of students. Unfortunately, while private higher education has experienced growth, assessment and research of these institutions has not followed the same path; much of the research surrounding this topic stems from work done sometimes more than ten years ago. In an attempt to begin consolidating the existing research, and to begin a conversation for further assessment and research, this article will explore the history of Mexico's private institutions, their use in national development, and the quality issues they pose for students.

### **Private Education**

Beginning in the 1990s, Mexico's incentives for growth encouraged entrepreneurial activity in higher education (Kent, 2004). With low barriers such as simple legal requirements for accreditation, minimal supervision from government, no distinction between for and not-for-profit entities, and low investment in proper facilities for entry into the emerging higher education market, many institutions of questionable quality and intent have emerged (Kent, 2004; Gregorutti, 2011). Most of the demand-absorbing institutions (the largest growing and most populace

category of institution) can be classified as for-profit based on an analysis of their administration and funding (Gregorutti, 2011). These entities have given rise to fraudulent practices in academics that have resulted in negative consequences for students and families throughout the country (Fielden & Varghese, 2009).

Private institutions consist of traditional private schools, teacher training schools, and other various institutions (Gacel-Avila, 2005). Private schools focus on the transmission of knowledge, rather than the development of research (Gacel-Avila, 2005). Private education, specifically at the undergraduate level, has grown rapidly over the last 20 years, representing more than 65% of all institutions in Mexico by 2009 (Gacel-Avila, 2005; Gregorutti, 2011). But, with rapid growth comes challenges. The delegation of responsibility within private institutions has resulted in a period of deregulation and minimal oversight of the establishment of institutions, enabling a wide variety a small institutions to arise across the country (Torres & Schuguresnsky, 2002; Gacel-Avila, 2005). These institutions have brought questions of quality, equity, and low standards affecting students; similarly, for-profit universities have spread across the country, operating without recognition from the government at the cost of hundreds of students (Verla-Petito, 2010; Gregorutti, 2011). With minimal oversight and expansive growth, it is necessary to distinguish the types of institutions present within the private institutional landscape of Mexico, best defined by Levy's (2009) institutional typology.

### **Institutional Types**

Elite institutions are sometimes seen for its privileged students or its academic and intellectual leadership (Levy, 2009). This view, however, is a United States-focused

lens; public institutions rank as the most prominent amongst all other countries across the world (Levy, 2009). However, as the state institutions in Mexico became locations for the education of the new masses of students, many claimed that the quality of the education being received had fallen (Varela, 2006; Levy, 1985). The fall in prestige pushed many of the elite and wealthy attending what was once perceived to be the most elite institutions in the country to look to other institutions to complete their education in what came to be known as the elite flight (Kent, 2004). As these elites dispersed, several of the larger private institutions began to develop social prestige (Gacel-Avila, 2005). This increased social prestige has resulted in the attraction of many well-to-do students and families to specific private institutions (Canton & Blom, 2010). These “elite” private institutions became known for charging high tuition and fees to students, and for providing little support outside of the already low government support efforts (Canton & Blom, 2010).

Semi-elite schools, while unable to compete with the largest public schools in terms of financing and academic excellence, are sometimes nationally ranked and considered nationally elite (Levy, 2009). These institutions focus on good teaching and transmission of knowledge rather than research and are thus not often regarded with much prestige (Gacel-Avila, 2005). As such, many of the students enrolled at one of these schools are in the social or administrative sciences rather than in a health or exact science field (Gacel-Avila, 2005). The social class of a student attending a semi-elite institution may still be quite high, including talented graduates of the secondary education system, and those capable of paying the expensive tuition rates for a private institution (Levy, 2009). A variety of factors led to these institutions to

be classified as Western-oriented: the income for these schools is almost exclusively private payment on the part of students, and thus necessitates strong business models on the part of the institution; the Master of Business Administration (MBA) is a sought-after degree; and the goal of the institution is often job-oriented (Levy, 2009).

Demand-absorbing institutions, or those of lower quality, were quickly created to ensure access to higher education as students demand for education exceeded spots at public institutions. These institutions have had the largest growth rate in Mexico (Levy, 2009). The majority of these institutions are small schools with only a few programs offered to students (Kent, 1993). They are staffed by poorly trained educators on an hourly basis, they produce no research, and their admission has little to no regulation (Kent, 1993). Additionally, lax regulation on the part of the government has allowed exponential growth for these institutions across the country (Levy, 2009).

Public versus private is not the only way to distinguish between universities in this new wave of enrollment. Beginning in Mexico in the 1980s, a new section of the educational system has quickly emerged in the for-profit institution market (Gregorutti, 2011). A for-profit institution is one that uses the payment of students for tuition, fees, etc. for distribution to stakeholders beyond what would be considered normal distribution (things such as salary or health benefits, for example) (Gregorutti, 2011). While many other countries have had a similar increase in the number of for-profit institutions over a similar time period, Mexico is of specific importance due to its lack of a legal definition of a “for-profit” university (Gregorutti, 2011). This lack of definition makes the accreditation process difficult as regulatory agencies that screen for what is a for- or not-for-profit institution

are often unable to distinguish between the two (Gregorutti, 2011). Without this definition, for-profit universities are able to operate under the description of a not-for-profit university, often in the classification of a private institution thereby avoiding the taxes and regulations associated with what is, in actuality, a business (Gregorutti, 2011). As such, many of the new demand-absorbing institutions are operating as for-profit institutions to the disadvantage of their students (Gregorutti, 2011).

### **Financial Barriers and Burdens**

As private institutions of all kinds now represent a large portion of all enrollments in higher education, concern has arisen on the cost of attending these institutions. Much like many of their other Latin American counterparts, Mexican private institutions are funded predominately by the tuition and fees applied to students and families (de Fanelli, 2014). This is done as private institutions, based on free-market theories and “American ideas,” receive little, if any, financial support from the Mexican government for students (Gonzalez y Gonzalez & Lincoln, 2004). This lack of funding is concerning for many reasons. First, public expenditure in higher education often favors non-poor students from urban areas, limiting the ability of rural and poor students from entering tertiary institutions (Lopez-Acevedo & Salinas, 2000). Second, while public institutions are able to host students at either no cost or with large amounts of government funding to cover costs, their massive enrollment rates have forced many students, often those without the social acumen or qualifications to be accepted at the institution, to find a place in the private sector (Canton & Blom, 2004). With some estimates stating that 80% of applicants to public institutions are denied, this means a substantial number of students are being pushed into high costs and fees

with no public support (Canton & Blom, 2010). For students, this means that they are unable to continue their education with the financial backing of their families alone.

While there is little to no support from the Mexican government for students to attend private institutions, a group of 40 universities have banded together to create a credit program for students of need or talent (Canton & Blom, 2004). This system, through a loan by the World Bank and the Association of Private Universities & Provincial Public Agency, is implemented through SOFES, the Sociedad de Fomento a la Educacion Superior (The Society for the Promotion of Higher Education) (Canton & Blom, 2004; Salmi, 1999). SOFES provides students attending private institutions funds based on need and merit through specific equations that then equate need to points for loan disbursement. But, even SOFES does not fully guarantee a student will receive funding. SOFES’ disbursement strategy shows that it prefers low-risk students to ensure repayment of loans given; this includes students whose parents own real estate and students from middle- or higher-income families who can receive a larger loan than students from low-income families (Canton & Blom, 2010). Thus, SOFES must balance its goal of being an equitable option for students to attend colleges and universities while ensuring repayment of funds given (Canton & Blom, 2010). In addressing the cost and funding of higher education for students attending private institutions, Mexico will also be able to further its goals in educating its populace.

### **Globalization and Neoliberal Development**

Globalization is “the intensification of worldwide social relations which link distant localities in such a way that local happenings are shaped by events occurring

many miles away” (Torres et al., 2002, p. 430). These forces, when applied to higher education institutions, are the reasons for which higher education institutions have chosen to become involved internationally (Altbach & Knight, 2007). This process has led to the blurring of national boundaries and has deeply affected the identities of peoples and nations (Torres et al., 2002). As Mexico has entered into international policies such as NAFTA in 1994, and partnered with the European union and countries such as Canada and the United States, the nation’s identity has shifted to incorporate new philosophies around development, most specifically, neoliberalism (Torres, 2002; Gonzalez y Gonzalez & Lincoln, 2004).

Neoliberalism, and the neoliberal state, emerged in Latin American in the last two decades as a part of the globalization process (Torres, 2002; Levy, 2015). These neoliberal states promote open-markets, free trade, and decreased state intervention in the public market (Torres, 2002). In this new global context, a country’s ability to compete in the knowledge economy is based on its ability to produce knowledge, utilize new knowledge for innovation, utilize scientific and technological advantages, and increase the human capital of its citizens (Naidoo, 2010). The ability to take advantage of this knowledge is considered, fundamentally, to require skills and training beyond traditional or basic education (Naidoo, 2010; Canton & Blom, 2010; Lopez-Acevedo, Tinajero, & Rubio, 2005). Beyond the need for these new skills, education has also been found to impact the effectiveness of the workforce; individuals receiving some form of tertiary education have been shown to be 282% more productive than those with some or no education beyond a secondary level (Lopez-Acevedo et al., 2005).

Over the last 15 years, the wages of these more educated and highly trained individuals has grown while the wages of less educated individuals has declined (Lopez-Acevedo, 2006). The growing importance of knowledge, knowledge production, and its central role in neoliberal national development has made higher education the vehicle for economic growth (Naidoo, 2010; Canton & Blom, 2004; Canton & Blom, 2010). And, in Mexico, the result has been a drastic increase in the supply of tertiary-educated workers (Lopez-Acevedo, 2006; Canton & Blom, 2004).

In order to compete with other countries in the Americas in this new neoliberal model, Mexico has moved towards greater expansion of the educational system and coverage at the tertiary level (Varela-Petito, 2010). While this policy targeted public institutions, the biggest growth has been seen in the private sector. National and local policies focusing on the development of neoliberal and international partnership with leading countries has favored the private and for-profit institution (Verla-Petito, 2010; Gacel-Avila, 2005). Between 1980 and 2007, the percentage of total enrollments in private tertiary education in Mexico rose from 16% to 33.2% of all students in higher education (Verla-Petito, 2010). Additionally, private institutions have proven to be leaders in student’s mobility in an international context, given that “private schools have twice as many travel agreements then public institutions, seven times as many students abroad, and five times as many foreign students” (Gacel-Avila, 2005, p. 254). At a time of great educational growth, members of the Mexican educational landscape are now focused on clarifying the country’s position within the new, globalized world (Varela-Petito, 2010).

### **Private Education Quality**

In a highly neoliberal economy where private higher education is free to fight and position itself as an alternative, there remains the important issue of quality as a key factor for differentiation in a setting with a growing number of new private universities (Gergorutti, 2011, p. 12). Until recently, the State's role in the regulation and analysis of these institutions has been absent; state agencies have, for the most part, been involved in the regulatory process in the limited capacity of issuing licenses to institutions at their moment of founding to allow them to conduct classes (Kent, 1993). Beyond that, no further regulation on the part of the government to protect its students could be seen. An unregulated market for higher education, though, could allow for further low-quality institutions to arise (Fielden & Varghese, 2009).

Reacting to this new wave of commercial education, the government has begun to set new standards for institutions, not only for when they open, but for continued evaluation as well (Gregorutti, 2011). Four possible motives for the creation of regulations in the part of the State align with the work of Fielden & Varghese (2009). First and chief among them is the protection of the student consumer of higher education. Second, the ability to track and document information (such as enrollment rates, admissions policies, and degree programs) regarding private institutions is to the benefit of all; students will be able to have current information about schools to allow them to make the best choice for their future, and educational providers will be able to demonstrate what they have to offer to the public (Fielden & Varghese, 2009).

The third motive is to ensure accurate knowledge regarding the activities of the private sector (Fieldman & Varghese, 2009). While there are generalized ideas of the programs, areas of study, and purposes of

institutions of private tertiary education, there is no current system for tracking what these institutions are offering, who is teaching, and how effective they are. To document these programs is to the benefit of all. Additionally, while the line between for-profit and nonprofit private can become blurry, it has become increasingly easier to distinguish between the two (Levy, 2015). The documentation of enrollment rates, admissions policies, and degree programs will allow students to make the best choice for their education, as well as to aid in the distinction of institutions that are for-profit or nonprofit.

The final motive for regulation is to monitor the financial markets within the private sector. If for-profit providers receive excessive profits from the students they educate, and or are using funding to evade regulation, then monitoring their actions will allow the State to evaluate the tax exemptions and incentives they have been granted as educational organizations, as well as to adapt policy enforcement to address any concerns that arise (Fielden & Varghese, 2009; Pedro, Francesc, Gabrielle Leroux, and Megumi Watanabe, 2015).

Accreditation is another key component of the regulatory process. In 2003, the Independent Federation of Private Universities stated that 75% of all private universities and colleges in Mexico were not accredited (Kent, 2004). Another report in 2003, released by the Federal Agency for the Consumer Protection, stated that 74 out of more than 1,000 private entities were universities, the rest were "educational businesses out to defraud the incautious customer" (Kent, 2004). The creation of independent accreditation mechanisms is a good step forward, but in a region where evaluation has been "ritual for obtaining approval for new institutions or programs," there is still work to be done (de Moura & Levy, 1997).

## Conclusion

What is evident from the last 30 years is that private institutions of tertiary education have solidified their place within the higher education landscape of Mexico. As of 2009, of the total enrollment in higher education, 33.1% attend private institutions, totaling approximately 896,000 students spread across 1,573 universities (with 65.6% of all universities in Mexico) (Gregorutti, 2011). As of 2014, 34.45% of the country's population, approximately 42 million people, were enrolled in tertiary education (World Bank, Gross enrollment ration, tertiary, 2016; World Bank, Population total, 2016). The desire of the State to take part in the global knowledge economy has brought about the need for greater enrollment in tertiary education, thus making the growth of the private sector necessary. While this unprecedented growth has benefitted many, concerns have arisen around the cost and the purpose of private higher education, the globalization and neoliberal development of private institutions, and the need to address the quality of institutions that many feel are taking advantage of hundreds of students by providing unaccredited educational programs at high costs. Additionally, after years of little regulation and oversight, the State is finally taking part in the regulation and structure of the private sector. This includes the creation of regulations to track protect students, track programs offered, and monitor the income of each institution, as well as the founding of accreditation

agencies to analyze the education being received by the students.

These regulations and new agencies are critical for the future of private education in Mexico. Without the existence of regulatory procedures and agencies to evaluate the effectiveness, practices, and goals of private education, students will always be at risk. As such, Mexico must move forward in creating these regulatory policies and agencies, and to ensure that all institutions within not only the private sector, but the public sphere as well, must also adhere to their policies to ensure that not only are students protected from fraudulent practices or ill intent, but to help further their attainment of an educated populace to advance their part in the global knowledge economy.

It is thus critical that future assessment of regulatory policies, as well as research into the nature of Mexican private education to continue. While research does exist on the topic at hand, the rapidly changing landscape of private Mexican private institutions must not go without evaluation. Further research can and should address the new regulatory issues and accreditation process as to how it has effected for-profit and nonprofit private institutions. Additionally, researchers should continue research into the growth of the private educational movement. Much of the research of this movement now dates from ten or more years ago. Evaluation of the movement, as well as projections for the future of the private educational landscape will aid in addressing gaps current research, and management of future concerns.

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