

growth, China's April 2016 report on the quality of higher education—the first of its kind from the ministry of education—makes no mention of distance or online students.

THE NEED FOR MORE COMPREHENSIVE DATA

In the United States and the United Kingdom, there is evidence of growth in cross-border higher education (CBHE) enrollments, though more comprehensive data would deepen understanding of where this growth is coming from. In India and China, the market for online education is booming, and though there is a lack of data pertaining specifically to CBHE enrollments, growth in the domestic sector suggests real demand.

However, it is premature to conclude that online is a drag on traditional international student mobility. Nonrecognition of foreign online degrees in China and India no doubt limits appeal. It may be through forms of blended education that online begins to play a stronger role in cross-border higher education. ■

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Brazil's For-Profit Higher Education Dilemma

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Brazil has the world's ninth largest Gross Domestic Product (GDP), with a population of around 195 million inhabitants, distributed in more than five thousand cities in 26 states and one federal district. The country has an unusual higher education system, with a relatively small number of public research universities and a large number of private institutions. Although the system has been growing rapidly in the last 15 years, the number of young people attending university still represents less than 20 percent of the 18–24-age cohort. Around 7.5 million students attend a higher education institution in Brazil. Seventy-five percent of these students are enrolled in private institutions and, perhaps even more significantly, approximately half of all private sector enrollees study at a for-profit institution.

Fifty years ago, higher education in Brazil, like in most regions of the world, was primarily public. Brazil's public universities are research oriented and remain tuition-free, but the expansion of the public sector has been severely limited by a combination of high costs and limited governmental resources. Since the 1970s, Brazilian policy makers have relied on the private sector to meet the burgeoning demand for higher education, facilitating institutional authorization and offering attractive fiscal incentives. The federal government further strengthened this policy in the late 1990s, when laws were changed to permit the creation of for-profit institutions. Educational entrepreneurs and investors rapidly created new for-profit establishments and changed the status of many older institutions from non-profit to for-profit. The University of Phoenix entered the Brazilian market in 2001, and although it withdrew from Brazil in 2006, its presence paved the way for the entry of other large, multinational entities. The shift to more for-profit institutions after 2005 was fueled by several other factors, including the expansion of the country's federal student loan program, the use of the Brazilian stock market to raise investment funds, and the introduction of a federal program whereby tax exemptions are given to private institutions that provide scholarships to poor students. The recent tightening of the for-profit sector regulation in the United States by the Obama administration also appears to have contributed to for-profit growth in Brazil, as some North American educational entities have moved their activities to foreign countries that offer a favorable legal environment.

CURRENT PRIVATE SECTOR TRENDS

Many countries do not permit for-profit higher education institutions. The expansion of for-profits in the United States has been extensively (and critically) documented, but the sector only accounts for about 10 percent of the total higher education enrollment in that country. For-profit higher education is also prevalent in China, but it focuses primarily on non-degree vocational education. Worldwide, where they exist, for-profit higher education establishments tend to be low status institutions that typically enroll “non-traditional” students who have been excluded from most public and non-profit establishments. Educational census data from Brazil reveals that compared with the higher education student body as a whole, for-profit enrollees tend to be older, are more likely to be employed, and come disproportionately from low-income families, with no prior educational studies at the tertiary level.

Today, Brazil is undergoing a period of deep economic crisis. One of the consequences has been a substantial reduction in the availability of federally subsidized student loans since 2015. As a result, many for-profit institutions

have suffered a significant financial blow, leading to a willingness, on the part of their managements, to merge with one or more of their competitors. These mergers are reshaping the private higher education sector in Brazil, contributing to the formation of huge organizations that have proven to be very lucrative. In 2015, the Brazilian higher education for-profit sector registered a net income of around US\$14 billion. About 36 percent of this income came from 12 megaeducational groups that make up nearly 30 percent of the total market, with yearly profit rates that are above 21 percent. The country's private education sector is now the tenth largest component of the Brazilian economy. A recently announced merger between Kroton and Estácio de Sá will lead to the formation of the world's largest higher education institution, potentially enrolling more than two million students.

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THE NEW HIGHER EDUCATION GIANTS

The new education giants will destabilize the sector, creating companies significantly larger than many of their competitors and concentrating a great majority of the government's student loans in just a few institutions. Despite the claims that financial goals will never be given priority over social commitments, lessons from other sectors and from other parts of the world have shown that, in most cases, the appetite for short-term financial gain subsumes long-term educational objectives. This means that the notion of education as a public good is likely to be undermined in the name of rapid economic return.

To date, the quality of for-profit higher education in Brazil is highly dubious. For-profits tend to be ranked below other higher education institutions on official student learning indicators and also suffer from problems related to infrastructure, faculty qualifications, and financial sustainability. It is worth emphasizing that most of the students in for-profit institutions are enrolled in low-cost programs in the fields of law, pedagogy, administration, and humanities. These degree programs favor larger classrooms, low faculty salaries, reduced academic expectations, and the absence of

policies designed to minimize dropout rates. The quality of these programs is further jeopardized by excessively rapid growth that outpaces governmental efforts to maintain minimal standards through a complex national system for the evaluation of programs and institutions. The national assessment system does not address the for-profit phenomena in a specific fashion, being uniformly applied to all higher education offerings. Also, the government's evaluation process focuses on the performance of concluding students, rather than on the student body as a whole. Since many of the students in for-profit institutions never graduate, their omission from the evaluation process makes it more difficult to detect deficiencies. Although for-profit advocates argue that the sector has introduced better management, provided funds for greater physical infrastructure, and expanded higher education opportunities, these claims must be subjected to rigorous examination.

The trend toward for-profit growth in the higher education sector is clearly a cause for concern. The overall impact of the recently created higher education giants is still uncertain. Will small, private, non-profit colleges and universities be able to compete and survive? How will local needs be accommodated within this scenario? Are for-profit establishments planning to expand to the rest of Latin America or beyond? How will the government deal with the evaluation and regulation of such big players in the higher education landscape? What will be the effect of lobbying and political activities undertaken by such powerful educational groups? These are some of the many issues now confronting Brazil. The world should keep an eye on what is happening, because the rise of the for-profit higher education sector in Brazil is certainly a harbinger of a worldwide trend. ■

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Colombia: Challenges of Fast-Paced Change

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“Here, you see, it takes all the running you can do, to keep in the same place. If you want to get somewhere else, you must run at least twice as fast as that!”