

A CRUCIBLE AND A CATALYST:  
PRIVATE POST-SECONDARY EDUCATION POLICY IN BRITISH COLUMBIA

by

GREGORY PETRANGELO CULOS

B.A., Simon Fraser University (1989)  
P.D.P., Simon Fraser University (1993)

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## ABSTRACT

The study provides an analysis of why and how private post-secondary education policy and regulation were implemented for the first time in 1990. Ostensibly, it was a result of losses incurred by students and the need for the provincial government to establish mechanisms for consumer protection. Evidence suggests, however, that the development of this policy was equally, if not more, a result of public and private interests, political objectives, and changing economic realities. The coincidence of these created a decade of private post-secondary education regulation that proved both inconsistent and ambiguous. At the same time, however, the public post-secondary education system in the province commercialized significantly.

Using a socio-economic model, this research focuses on the external forces of internationalization and commercialization and the growth of a global market economy. Economics based on global trade for products and services was essentially a postwar phenomenon that in the 1970s displaced the preceding economic order based more upon socialist ideology. This research, grounded in literature from global, national, and provincial levels, centres on data collected from twelve experts on private post-secondary education in British Columbia. The shared experiences and knowledge of these individuals provides an historical perspective of development and intention that would not otherwise exist.

The research establishes that there was a distinct interplay between the rise of a regulated private post-secondary education sector and the commercialization of British Columbia's public post-secondary system. In the late 1980s and in the 1990s, the private post-secondary education sector established patterns of commercial development that enabled it to grow. It found markets and it prospered from them. Subsequently, the public system began by degrees to demonstrate similar behaviors, and in many regards it followed pathways the private sector had carved.

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## LIST OF ABBREVIATIONS

<b>ANTA</b>	Australian National Training Association
<b>BCCAT</b>	British Columbia Council on Admissions and Transfer
<b>BCGEU</b>	British Columbia Government Employees Union
<b>C2T2</b>	Centre for Curriculum, Transfer and Technology
<b>CAUT</b>	Canadian Association of University Teachers
<b>CECN</b>	Canadian Education Centres Network
<b>CIC</b>	Citizenship and Immigration Canada
<b>CIEA</b>	College Institutes Educators Association
<b>CMEC</b>	Council of Ministers of Education, Canada
<b>CUFA</b>	College and University Faculty Association
<b>CUFA/BC</b>	College and University Faculty Association of British Columbia
<b>DAA</b>	Degree Authorization Act
<b>DQAB</b>	Degree Quality Assessment Board
<b>ESL</b>	English as a Second Language
<b>FSL</b>	French as a Second Language
<b>FTE</b>	Full Time Equivalent
<b>HRDC</b>	Human Resources Development Canada
<b>JUAA</b>	Japan University Accreditation Association
<b>MAVED</b>	Ministry of Advanced Education
<b>MBA</b>	Masters of Business Administration
<b>OECD</b>	Organization for Economic Co-operation and Development
<b>PCTIA</b>	Private Career Training Institutes Agency

<b>PPSEA</b>	Private Post Secondary Education Act
<b>PPSEC</b>	Private Post-Secondary Education Commission
<b>PSE</b>	Post-Secondary Education
<b>PTIB</b>	Private Training Institutes Board
<b>SOCRED</b>	Social Credit Party
<b>TUPC</b>	The University Presidents' Council of British Columbia
<b>UCC</b>	University College of the Cariboo
<b>VCC</b>	Vancouver Community College
<b>WFTE</b>	Weighted Full Time Equivalent
<b>WCPPAA</b>	Working Committee on Public-Private Articulation Agreements

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Greg Culos (April 21, 2005)

## Preamble

In 1989, when education was yet a hurdle and not a career, I woke up on tatami mats in a northern suburb of Tokyo. The next four years taught me about a foreign culture rich in honor, procedure, and meaning. I learned to be a teacher, and I learned that the world was a diverse place. Tokyo was less a city of temples than it was a locus of neon and incandescence where on every block schools competed with Sony, MacDonald's, and Mitsubishi for visual attention. Japan was electric with education in all forms. What to me seemed incredible amounts of money were liberally exchanged for all forms of learning. This was as alien to me as I was to the Japanese. Contextually, however, it made sense. My own students were thankfully happy with what I provided, and I was gratefully awed by the way their happiness translated in financial terms. In retrospect, I am equally grateful now for the insight the experience provided regarding an aspect of education I did not know existed.

The idea that education could be a commercial enterprise outside Japan occurred to me in 1992 when I returned to Canada to find, in my absence, my own world had changed. The same notion had evidently occurred within those same years to those shaping education in British Columbia. The shift of education from a public service to a profit-motivated enterprise will be the subject of much of the discussion of this thesis.

## **Chapter I—Introduction**

### **Statement of Problem**

This thesis focuses on the legislation and regulation that has governed private post-secondary education in British Columbia since 1990 and the highly publicized collapse of Alpha College in 1987. While touted as a mechanism for consumer protection, the policy framework appeared instead to stimulate the growth of the sector. However, while the regulatory framework motivated growth within the private sector, it also promised benefits that did not transpire. Instead, the public sector itself grew along commercial avenues blazed by private enterprise, but without restriction. This research proposes that the policy framework bears significant responsibility for the commercial growth of both the public and private post-secondary education sectors of the province.

### **Research Focus**

British Columbia's private post-secondary education sector grew and diversified in the 1980s. Indeed, by the end of the 1980s it had become a distinct and profitable industry. British Columbia's venture into commercial post-secondary education followed a discernible pattern, and my fascination for this led me to make the growth of commercial initiative in the province's post-secondary education the focus of my research.

My thesis focuses predominantly on the regulatory framework applied to private post-secondary education sector from the 1980s to 2005—the reasons for its establishment, the benefits promised, the conditions fostered, and, ultimately, the changes it encouraged. These policy developments have, in the past two decades, led ultimately to the growing commercialization of the province's post-secondary education system as a

whole, and, by cause or correlation, more noticeably within the public sector itself. I will argue that the 1980s and 1990s witnessed growth and legitimization of private for-profit initiative in post-secondary education, and within the same timeframe commercial initiatives within the public sector outpaced those within the private sector.

Since 1990, private post-secondary education policy decisions have acted as a stimulant for commercial initiatives within the province's post-secondary education system, especially regarding the commodification of non-degree programs. In 1990, the Private Post-Secondary Education Act (PPSEA) was passed to regulate the activities of private institutions. On November 22, 2004, the provincial government replaced the PPSEA with the Private Career Training Institutes Act (PCTIA). Due to these formal regulatory developments and particularly because of the competitive environment they helped foster, commercially motivated ventures that in 1990 were characteristic of private sector institutions became commonplace within the public post-secondary education system. With the Degree Authorization Act (DAA) of 2003, the doors opened for the same processes of commercialization to occur within the degree-granting sector itself.

### **Thesis Statement and Research Questions**

Ultimately, the goal of this thesis is to substantiate the argument that the enactment of the PPSEA in 1990, the establishment of PPSEC in 1992, and the 2004 revision of the Act and Commission generated growth and provided greater legitimacy to BC's private post-secondary education sector. Since the mid-1980s, the consequences of these policy decisions have demonstrably motivated BC's public post-secondary education system to develop commercial mechanisms. The thesis will attempt to support this central argument by analyzing each of the following questions:

- Did an inconsistent regulatory framework and ambiguous directives lead to inconsistent application of the regulatory framework defined by the PPSEA?
- Was the provision of governmental sanction and accreditation responsible for the private post-secondary education sector's growth in the 1990s?
- Did the PPSEA apply unfair restrictions to the private post-secondary education sector that led to a competitively unbalanced environment?
- Did the public post-secondary education sector adopt and use strategies developed by its private counterpart, but without the restrictions that the private sector faced under the PPSEA?
- Has government policy led to the commercialization of post-secondary education within both the public and the private sectors?

### **Thesis Structure**

Following the introduction in Chapter I, the Literature Review in Chapter II, and a discussion of the Methodology in Chapter III, Chapter IV analyzes the commercialization of post-secondary education at the global level. This discussion identifies the theoretical framework that best explains the past, present, and potential development of BC's private post-secondary education sector. Following that, Chapter V turns to an historical overview of private post-secondary education in BC and a detailed analysis of the evolution of the private post-secondary education sector under the policy framework of the PPSEA since 1990. Chapters VI, VII, and VIII focus on particular elements of the policy environment that should have provided clear benefits to the private sector, but in the end did not. Consequently, this thesis argues, the 1990s witnessed commercial public sector development that outpaced that of the private. In this regard, the emergence of commercialization within the public sector was an outcome of policy—equally so, a consequence of external socio-economic forces too powerful to avoid.

## Chapter II—Literature Review

### Existing Literature

Though relatively little research has been conducted on the rise of the private post-secondary education sector in British Columbia, there has been frequent reference made to it. However, the attention attracted has typically overlooked its significance, derided its legitimacy and worth, or failed to see connections between its emergence and the rise of similar structures in other nations. No studies have been conducted that focus on the rise of the private sector and its influence on the development of commercial initiative within the public post-secondary system. The literature reviewed for this study provides the framework for the discussion to follow, and it comes from the following five categories:

1. Post-secondary education and policy development in BC
2. Private post-secondary education provision in Canada
3. Socio-Economics and Private Post-Secondary Education
4. The Global Emergence of Private Post-Secondary Education Provision
5. Global Economics and the New Right

Though it may yet be too early in the development of the province's post-secondary education sector for studies to have been conducted extensively on the impact of the private post-secondary sector on the system as a whole, this thesis will perhaps help to open doors to such inquiry. This research will establish that there was causality between the rise of the private sector and the commercialization of the province's overall post-secondary system.

## **Post-secondary education and policy development in BC**

Few researchers have conducted studies dedicated to analyses of the private sector in the context of British Columbia. Indeed, none has conducted research with regard to the influence it has played in the commercialization of provincial post-secondary education as a whole.<sup>1</sup> One study discusses the importance and role of government policy in private post-secondary education in BC.

There is a significant private market for educational services in British Columbia... However, the private market for educational services is subject to failures which reduce its efficiency. Government policies are directed at correcting these failures, and at achieving equity in access to training and employment. (Cleveland, 1995, p. 18)

This analysis considers the private sector to be one that responds to a need-base different from that of the public sector, and the role of policy is to provide as much stabilization as possible to the sector. Another discussion provides a comprehensive institutional "sketch" of private post-secondary education and training as it existed in BC at the close of the 1990s.

It is striking that the number of individuals trained in private post-secondary institutions in this province appears to be greater than the number of students in career, technical, and vocational programs in public institutions in the province. (Gallagher, 1999, p.16)

The conclusion, while not delving into the concurrent commercial trends occurring within the public sector, does indicate that the private sector was satisfying a considerable provincial post-secondary education need.

Other research provides tangential references to private sector post-secondary education in BC in the context of discussions that focus on the privatization of public

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<sup>1</sup> Besides the discussions of Cleveland and Gallagher I have been unable to find any other research with the private sector as its focus. However, the frequency with which tangential reference is made to the private post-secondary education sector in BC is high, and in the preceding decade has noticeably increased.

sector post-secondary education. One study looks at the reshaping of British Columbia's economy due to post-industrial pressures, and within the discussion indicates that the role of the public sector was, to that point, more and more influenced by the private sector initiative: "These roles have been more overlapping than complementary" (Gallagher and Sweet, 1997, p. 181). Further research on the growth of the province's system of higher education refers to the rising importance of the private sector:

These private colleges, now formally regulated, seem poised to play an important role in higher education. It is an issue which the public sector will be forced to accommodate in a systematic manner. (Dennison, 1996, p. 13)

Additional research conducted in 1994 (Fisher, Rubenson, and Schuetze, 1994) observed the role of the university in preparing BC's labour force. Though the private sector was not part of the research, the implication was made that it did play a role: "A persistent view is that training is not a suitable activity for the university" (Fisher, Rubenson, and Schuetze, 1994, p. 43). Research that followed also indicated the need for an overall plan for the future development of a post-secondary education system that included the private sector: "Our definition of post-secondary education system includes all public and private institutions operating in British Columbia" (Fisher, Rubenson, and Della Mattia, 2001, p. 5). These findings acknowledged the central role commercialization would play at all levels from that point onward: "British Columbia educational institutions are active in the educational market and compete directly and indirectly for market shares" (Fisher, Rubenson, and Della Mattia, 2001, p. 34).

A study conducted in 2001 assessed the interplay and impact of policy and financing on post-secondary education in BC. It made reference to the rise of the private sector in the 1990s and the growing role it occupied in the province's post-secondary

education system: “BC has...allowed and encouraged the growth of a private training sector” (Schuetze & Day, 2001, p. 58). The authors agreed growth led to friction between public and private sectors: “Increasingly the public option is being challenged by the competition from the private sector” (Schuetze & Day, 2001, p. 59). A more recent work (Schuetze and Dennison, 2005) provides an overview of events which culminated in the emergence of private degree granting institutions in BC. Within this discussion, reference is made to the role played by the PPSEA policy framework in helping lay the groundwork for the emergence of private access to higher education:

There was a private training sector that grew rapidly in the 1980s. This emergence of a sizable private training sector had been driven by the policy shift of the Federal Government toward a “free market” system of contracting-out federal training programs for which both public and private providers were eligible to bid. This development was supported by the provincial government. (Schuetze and Dennison, 2005, p. 14)

With the growth of the private sector, the provincial government began to realize the economic benefits that commercialization of post-secondary education might foster—including the regulatory effects that a competitive environment would have on tuition rates.

### **Private post-secondary education provision in Canada**

A comprehensive study of the Canadian market suggests the viability of private for-profit institutions in Ontario (Davey, 2004). Other research speaks to the size and relevance of the sector and its economic impact on the national economy in the late 1990s:

Within the past five years, postsecondary proprietary education has been transformed from a sleepy part of the economy, best known for mom and pop trade schools, to a \$3.5 billion a year business that is increasingly dominated by companies building regional and national franchises. (Strosnider, 1998, p. 1)

Typically, the Canadian perspective on private post-secondary education is derisive and, more often than not, points to its limitations:

Regulators persist in believing that consumers of educational services—even intelligent, well-educated adults—cannot adequately judge the value of the services they receive. They also address the ethical probity of those who operate the enterprise. For many regulators, one of the most important indicators of ethical probity is a non-profit status. (Spurling and Tucker, 1997, p. 53)

This position is reinforced by public associations and union bodies such as the BC College Institute Educators' Association (CIEA, 2003), the Council of University Faculty Associates (CUFA, 1999), and the Canadian Association of University Teachers (CAUT, 2000:

Private education will not meet the real needs in terms of demand for quality...and in terms of what most students can afford. The sector lacks accountability to the public despite receiving significant public subsidies both in terms of student assistance funding and direct grants from the BC government. (CIEA, 2003, p. 7)

The former president of CUFA/BC is perhaps the bluntest in his assertion about the establishment of foreign private degree-granting institutions in BC:

We would prefer that these institutions not exist at all, as they undermine the excellent system of public university education that already exists in Canada. (Gaskell, CUFA, 1999, p. 1)

Similarly, others claim private schools have abysmal records with regard to student loan default rates:

Students in proprietary schools were found to default at twice the rate of students in other sections, causing a firestorm of criticism and scrutiny of private career schools that continues to the present. (Lee and Merisotis, 1990, p. 45)

Other authors claim there is nothing positive about private sector post-secondary education. They claim neo-liberalism leads to a downward spiral in the ability of a system to provide quality:

Neo-liberal political economy of education will create an education system with lower overall standards and lower morale—precisely the kind of system appropriate to a low trust, low skill economy. (Brown and Lauder 1997, p. 273)

One study in 1993, however, regarded the private post-secondary education industry as one within which existed a tendency to innovate and diversify:

The defining characteristic of this industry may not be the profit motive but rather a more general entrepreneurial attitude which views the student as a consumer...a PVTs can design, develop, and deliver...courses an individual or business is prepared to buy. (Sweet, 1993, p. 47)

While this did not necessarily imply quality, much research holds fast to the notion diversity is something to be encouraged. In 2002, the British Columbia Chamber of Commerce offered the provincial government a series of recommendations about how to vitalize the provincial economy:

A viable, diverse and extensive education industry is vital to the community's growth and development. This diversity supports the variety of learning needs as defined by the community.... The Chamber recommends that...[fair recognition be given] the contributions made by the private and not-for-profit sectors are viable solutions to educational needs. (British Columbia Chamber of Commerce, 2002, p. 38)

Central to the Chamber's recommendations included the benefits of private sector training in enabling diversity and choice.

In this vein of thought, much of the research that exists concerning private post-secondary education comes from the United States. Numerous studies claim the private sector is a catalyst for diversification, strength, and quality within post-secondary

education. Competition spurred by an increase of private sector participation leads to a stronger overall system:

For-profit competition will do what privatization is supposed to do—push toward a wider range of products at lower costs and toward the elimination of inefficient and inappropriate schools. While the new information technologies may play a significant role in that push, I suspect that as large a part of it will come from the break with emulated traditions. (Winston, 1999, p. 19)

Other studies claim that the private sector, managed by individuals with keen understandings of what is required to succeed in business, is better able than its public counterpart to affect growth and diversification:

Businesses usually are directed by professional managers who pride themselves on their market sensitivity, customer orientation, innovativeness and productivity. Universities are frequently coordinated by professional scholars who have received their on-the-job training as amateur managers. Businesses focus on the bottom line, while colleges and universities are criticized for appearing to be insensitive to economic realities. (Birnbaum, 2000, p. 8)

The private sector motivates development of quality and diversification in post-secondary education:

The proprietary approach would make it possible for market factors to induce efficiency and reduce educational cost. The profit motive would force institutions to provide strong, effective programs, since weak programs would be rejected by the public. (Wilms, 1987, p. 18)

Other research supports this notion. Since private schools provide services in exchange for payment, they must please consumers if they wish to prosper. This motivating factor is a precursor to the establishment and maintenance of quality:

Diversity arises naturally within private sectors from the very purposes for which these institutions were founded, and from the independence that private control allows in the pursuit of these ends. It would be difficult to argue that these greater educational opportunities do not, in the aggregate and overtime have positive effects upon the personal development in occupational chances of their students. (Chubb and Moe, 1997, p. 241,243)

Yet another finding claims the private sector enables greater educational opportunities and increases access to employment (Geiger, 1986).

A subsequent inquiry (Altbach, 2000) acknowledges the importance of diversification and the greater educational opportunities that are fostered by the private sector. However, it provides a cautionary perspective and indicates that while variety and specialization may be important, the private sector must exercise control, or be controlled, in order not to be drawn by purely profit-driven intentions:

The private sector needs to have an effective mix of autonomy and accountability. It needs to be encouraged to provide new models and approaches to the delivery of higher education, ensuring cost effectiveness and an experimental approach. At the same time, accountability is needed to ensure that these new approaches deliver a quality educational product.... Accreditation and quality control is integral to the growth of private higher education. (Altbach, 2000, p. 81)

The private sector is capable of providing innovation and diversification that cannot be fostered as readily by a monolithic public system. However, this does not represent a call for a deregulated system of private post-secondary education. Consistent with the views of neo-Liberalism, government control and the imposition of policy works to provide assurances that the private sector adheres to a level of quality that it might otherwise neglect to maintain.

### **Socio-Economics and Private Post-Secondary Education**

Internationally, substantial research exists regarding the greater international social and economic changes that took place across the 20<sup>th</sup> Century and the corresponding effects that those changes have had on post-secondary education systems. A comprehensive overview of educational markets from the Australian context provides a framework based on political discourse and global socio-economic change (Marginson,

1997). Other research uses this same framework to demonstrate how, since the Second World War, national post-secondary education systems have become progressively more commercial in their operations and international in their competitive reach:

The entrepreneurial response offers a formula for institutional development of its economy on the self defined basis: diversified income to increase financial resources, provide discretionary money, and reduce governmental dependency; develop new units outside traditional departments to introduce new environmental relationships and new modes of thought and training; convince Heartland departments that they can look out for themselves, raise money, actively choose among specialties, and otherwise take on an entrepreneurial outlook. (Clark, 1998, p. 146)

Neo-Liberalist sentiment provides a framework for understanding the global emergence of private avenues in post-secondary education as corollaries of the emergence of globalization and international trade. Central to this framework is the notion that government regulation and control is essential in the marketization of education (Marginson, 1997; Brown and Lauder, 1997). Highly articulated private sectors are typically the most highly regulated. Hayekian thought, or Fordism, has further evolved into neo-Fordist and post-Fordist camps that differ with regard to the amount of governmental control nations apply to their systems of post-secondary education (Brown and Lauder, 1997).

Despite the international consensus concerning the importance of education, strategies for education and economic development can be linked to alternative 'ideal typical' neo-Fordist and post-Fordist routes to economic development which have profoundly different educational implications. (Brown and Lauder, 1997, p. 172)

Indeed, the degree of commercialization within post-secondary education systems around the world is contingent upon the degree to which they are formally regulated by their respective governments.

Globalization and neo-liberalist economic planning does not imply deregulation or a lessening of governmental control. Rather, neo-liberalism heightens the state's control of education, but does so systematically to fulfill the mandate of increasing the movement from the social provision of post-secondary education.

Far from being weakened, the state's role in the control of education has actually been strengthened, if transformed; however, one very serious consequence of the change in the state's role in education is that the public-good functions of education, of which the state is the only reliable guarantor are being withdrawn. (Dale, 1997, p. 273)

In this view, the ideological commitment of neo-liberal governments rejects the view that the state has a significant responsibility in supporting the public good. However, the state does have a significant responsibility to provide policy that nurtures effective economic growth. Postwar neo-Liberal initiatives have often faced the challenge of the more traditional Keynesian social edifices. Shifts in ideological economic paradigms succeed only if introduced incrementally in order to desensitize—in order to convince a public that positive economic benefits will follow.

### **Global Economics and the New Right**

In the postwar era, socio-economic theories shifted their emphases from principles favoring the common good to principles espousing individual competitiveness. In terms of the growth of modern systems of education, a debate emerged following World War II regarding the role of education in relation to economic growth and development. This debate was waged essentially between two camps: the Keynesians espoused government intervention to enable employment to all individuals with the perceived benefit of national economic growth; the Hayekians, on the other hand,

championed capitalist sentiment, individual achievement, and economic growth (Rose, pp. 283-300).

Marginson (1997) summarizes the socio-economic narratives that led to the rise of commercialized avenues of education at the global scale. It linked those narratives to the debates of socio-economic theorists who contested the tenets of Marx and his followers on the ultimate demise of capitalist systems. In particular, from Hayek came the contention that “the struggle for relative advantage was essential, not only to evolution but to social order. People who no longer struggled to dominate each other were no longer controlled” (Marginson, 1997, p. 88). Hayek was most critical of egalitarian educational programs designed to diminish the role of competition itself (Hayek, p. 13), and he claimed that social progress was contingent on the acquisition of knowledge that inspired and enabled competitive individualism:

After private property, competition was the second fundamental. Hayek called competition the principle of social organization. To retard competition was to retard evolutionary progress. In the ideal world workings of market competition were unmodified by social planning or social justice policies. Institutions developed by process of elimination of the less effective. People must face uncertainty and stress, argued Hayek, or they would not learn to prevail. To suffer disappointment, adversity and hardship is a discipline to which any society must submit. (Marginson, 1997, p. 62)

However, Hayek’s ideas did not espouse absolute laissez-faire economics. Though he believed that state monopolization was detrimental, he felt that the absolute freedom of laissez-faire economics should be tempered by government intervention to ensure inequality and anti-libertarianism. In order for competitive individualism in a market-driven society to function for the growth of the state, Hayek believed government played an important role in providing guidance, but also in maintaining discontent, inequality, and the drive to compete.

Postwar western nations committed themselves to social orders in which full employment and extensive social program development were considered paramount (Brown and Lauder, p. 176). The socio-economics of the time were more inclined to socialist theories requiring nations to provide as many resources as possible into stimulating the creation of employment and social services to as wide a spectrum of their populations as possible. This was attributable to the Keynesian model:

Keynesian economics endorse the calculus of individual interest on which neoclassical economies were based, but had joined up to more interventionist policy, on the grounds that the market, unaided, could not guarantee full employment. (Marginson, p. 55)

Keynesian theory remained appealing to politicians since it espoused free spending in order to provide opportunities to all citizens. Coinciding with the Great Depression, it offered direction to nations wanting to invigorate their economies by generating employment and industry (Landry, 1998). Keynesian discourse was enticing in moral and liberal implications; however, it ultimately led national economies to stagnate:

Inflation, high unemployment, economic recession, and urban unrest all stem from the legacy of Keynesian economics and an egalitarian ideology which promoted economic redistribution, equality of opportunity, and welfare rights for all. (Brown and Lauder, 1997, p. 176)

Where Keynes' theories were based upon principles requiring state intervention to generate employment and participation for all, for Hayek, economic growth and the development of a strong global economy was contingent on state intervention to maintain a competitive social sphere:

Hayek foreshadowed the mission of the market liberals within the New Right: the reconstruction of the social order as a market competition, grounded in competitive individualism. (Marginson, 1997, p. 54)

This sentiment was at the core of what was later referred to as the counter-revolution in economics (Heald, 1983).

Later economists further subdivided the Hayekian vision: “neo-Fordism” (or “Right Modernism”) referred to commercial activity energized by the reduction of social overhead, and “Alternative post-Fordism” (or “Left Modernism”) referred to formal State guidance of commercial development through direct investment into particular economic sectors. Where during postwar times the US has followed a path inspired by neo-Fordist principles, nations such as Japan have pursued Alternative post-Fordist economic policies (Brown and Lauder, 1997).

In the postwar years, globalization and neo-Liberal initiative have played a major role in the development of post-secondary education systems. The Organization for Economic Co-operation and Development (OECD, 1996, 1998, 2001, 2004) provides significant research and statistical documentation to support this. Significant research is available that attests to such growth around the world. The private post-secondary sector has grown significantly in Russia (Johnstone and Bain, 2001) and throughout most all other Eastern European nations, especially Estonia, Romania, Moldova, and Poland (Kweik, 2003). This is equally true within the Czech Republic and in Hungary (Giesecke, 1999). China’s post-secondary education system has, since 1995, opened wide to privatization (Mok, 1996). Within Japan, the postwar years saw the growth of a massive and articulated private post-secondary education sector that parallels in both size and legitimacy the public system (Oba, 2004). Private post-secondary education has expanded in South-East Asia, and within countries such as the Indonesia the private sector significantly outsizes the public (Welch, 2004). Findings from 2005 illustrate

changes in Austria defined by a shift to Alternative post-Fordism and significant state intervention (Pechar, 2004).

This base of literature provides the foundation for this thesis. What follows is a discussion of the methodology used for this research. Then, beginning with Chapter IV, this thesis will show that Canada, and particularly British Columbia, has in the postwar years been drawn inexorably, although in retrospect, hesitantly, along an Alternative post-Fordist path towards the establishment of private sectors in post-secondary education.

### Chapter III—Methodology

#### Grounded Theory

This paper uses a methodological approach best described as Grounded Theory and first described by Glaser and Strauss (1967): “Grounded Theory is derived from data and then illuminated by characteristic examples of data” (Glaser and Strauss, 1997, p.5). Grounded theory seeks to understand the nature of a particular experience, to offer additional insight, and to do so via simultaneous data collection and analysis (Strauss & Corbin, 1998). From the outset, this research revolved around a process of data collection from multiple sources from which I derived and continually tested my thesis statement and hypotheses. Those hypotheses were constantly weighed against the synthesis of the data, and ultimately, from that process, my conclusions emerged. This approach most closely aligns itself with Glaser’s “emergent” methodology (1992).

Grounded theory begins with a research situation. For me, that situation involved a correlation between public and private post-secondary education sectors in BC and the significant commercialization of non-degree post-secondary education since 1990 and enactment of the Private Post-secondary Education Act (PPSEA). In particular, there appeared to be a correlation between the growth of the private sector and the emergence of commercial initiative within the public system. Within this situation, my task as researcher was to understand how and why this was happening. Grounded Theory best describes my methodological approach as it accommodates for the notion that the data analysis is a dialectic between the researcher and participants. It is open to continued development and refinement (Charmaz, 1994).

Initially, I set out to test my hypotheses via informal “note-taking” during observation, a process central to the development of Grounded Theory (Glaser, 1998). This process involved organizing my own experiences in the field. It also involved conversation with colleagues and associates to discover whether the correlations and relationships that I detected were substantive enough to suggest whether further inquiry was warranted. This initial process of collecting and verifying data helped me generate the list of experts I believed it important to interview. During my research, I followed a process of “constant comparison” that is central to Grounded Theory (Glaser, 1998) by cross-referencing the emerging theory with data from the field. This helped to generate my hypothetical questions, and it has ultimately led me to conclusions that are now open to further inquiry. The application of Grounded Theory was appropriate since it provided a mechanism that helped counterbalance my own preconceptions.

### **Data Sources**

The existing literature helped to construct the theoretical framework upon which this thesis is grounded: the privatization of education in BC is contingent upon global neo-liberal forces that have eroded a social edifice that until 1990 rejected the commercialization of public services. From the literature, four broad themes arose that bore heavily on the development of British Columbia’s private post-secondary education sector since the middle 1980s. Those included the interplay between government funding and the need for increased access to post-secondary education; how policy and regulation are used to steer the development of post-secondary education systems; the effects of global forces on regional social systems of post-secondary education; and the benefits and pitfalls of public and private post-secondary education alternatives.

As discussed in the preceding chapter, researchers have conducted significant studies on BC's post-secondary education sector (Gallagher, 1997; Fisher, Rubenson, and Schuetze, 1994). However, there has been little reference made to the growth and contributions of the private sector. Others studies have made occasional references to the private post-secondary education sectors in other Canadian jurisdictions, and particularly in Ontario (Strosnider, 1998; Sperling and Tucker, 1997; Lauder, 1997; Sweet, 1993). However, those references are limited to acknowledgements of sectoral size, diversity, and inherent inferiority when compared to public systems. The only trenchant and extensive analysis on the merits of private sector post-secondary education that I have been able to uncover provided a procedural comparison of public and private non-degree institutions in Ontario (Davey, 2004).

At the global level, far greater attention has been provided to private post-secondary education. The literature suggests what happened in BC since the 1980s followed commercial post-secondary education developments far more advanced within other countries. Internationally, Canada has remained a minor player in private sector post-secondary education. This seemed particularly the result of a national culture entrenched in the pursuit of the public good. Yet the public system itself, since the establishment of the PPSEC, diversified and commercialized in ways more characteristic of private enterprise. With the existence of little academic discourse in this regard, I was required to turn to experts in the field to find the answers I sought.

I drew field data for this study from individuals involved professionally and politically with the province's private post-secondary education sector since the mid-1980s. The representation I sought included individuals from the Ministry of Advanced

Education (MAVED), the Private Post-secondary Education Commission (PPSEC), and public and private post-secondary standards boards, associations, and institutes. It was my goal to select individuals who met one or more particular criteria: understanding of the private post-secondary education policy environment in BC; knowledge of the sector at the national level; knowledge of the sector at an international level; and experience in the economics of private post-secondary education in BC. In the end, I was able to interview twelve people, and they participated candidly. This group of interviewees provided a good balance of knowledge and experience as represented in Table 1.

<b>Category</b>	<b>Number of Interviewees</b>
Ministry of Advanced Education	3
The Private Post-secondary Education Commission	3
Post-Secondary Standards Boards, Associations, and Institutes (Public)	3
Post-Secondary Standards Boards, Associations, and Institutes (Private)	3
Total	12

Each of the twelve interviewees was asked questions (Appendix 4) similar in nature but with specific reference to his or her experiences with regard to the private post-secondary education sector in British Columbia. Those questions were modified over time and across interviewees based upon the progression of the developing theory, and based upon each interviewee's position relative to the private post-secondary education sector. While some were more involved with the application of the PPSEA regulations, others were more involved with development of commercial post-secondary programs. While some were involved in the development of international education markets, others were more involved with government and policy development.

### **Application of the Methodology**

Each individual was interviewed on tape for a period of ninety minutes sometime between May and August of 2004. The interviews were transcribed in full, and data analyzed according to the following categories:

- PPSEA Origins and Determining Factors
- PPSEC Mandate and Operations
- Intended and Unintended Policy Outcomes
- Internationally and Regionally Derived Economic Stimuli
- Opposition to Private Post-Secondary Education
- Public Adoption of Commercial Post-Secondary Education Activities
- Implications for Future PSE Landscape

In this thesis, the interviewees are coded as Experts 1 through 12 (e.g. E1, E2, etc). Their opinions, beliefs, experiences, and knowledge of events regarding BC's private post-secondary education sector since the late 1980s are used for providing data, facts, figures, and interpretations that is not available within the existing literature. Their contributions help with the verification, validation, and strengthening of the arguments this thesis presents. In combination with the literature, their assertions help fill gaps and provide a continuum of events that led to, defined, and now follow the policy environment under the Private Post-Secondary Education Act (PPSEA) from 1990 to 2004.

## Chapter IV—Evolution of BC's Post-secondary Education Sector

### The Influence of Globalization

The evolution of British Columbia's private post-secondary education sector was influenced heavily by the late 1970s collapse of global regulated exchange rates—a collapse that signified the end of global Keynesian economics. Since then, in British Columbia, the two decades that followed saw the emergence of Hayekian economics, but without clear commitment to either neo-Fordist or post-Fordist tendencies.

**Table 2—BC's Shifting Policy Environment 1970-2004**

Decade	Provincial Government	Ideological Stance	Year	Initiative/Policy Development
1970s	NDP: Barrett Government	Social Democrats	1973	Introduction of student grants
			Soered: Bennett Government	Neo-Liberal
1980s	Soered: Bennett Government	Neo-Liberal	1982-1983	Constrain all spending
			Soered: Vander Zalm Government	Neo-Liberal
	1987	Introduce loan remission		
	1988	Create university-colleges Increased system capacity		
1990s	Soered: Vander Zalm / Johnston Government	Neo-Liberal		Further increase in system capacity
			1990	Enactment of Private Post-Secondary Education Act (PPSEA)
	NDP: Harcourt Government	Social Democrats	1990	Creation of University of Northern B.C.
				Further increase in system capacity
			1992	Establishment of Private Post-Secondary Education Commission (PPSEC)
			1992	Student financial aid / barriers review Creation of community skills centres
			1995	Creation of Royal Roads University
			1995	Creation of Technical University of B.C.
			1996 - 2001	Extension of B.C. loans and grants to private institutions Tuition freeze
				Further increase in system capacity Further increase in system capacity
NDP: Miller / Dosanjh Government	Social Democrats		Dissolution of community skills centres	
			Further increase in system capacity	
2000s	Liberal: Campbell Government	Neo-Liberal		Further increase in system capacity
			2002	Removal of tuition freeze
			2002	Dissolution of Technical University of B.C.
			2002	Creation of legislation to allow private degrees / universities
			2002	Phase out of Open Learning Agency

Sources: Clift, R. (2003), "Presentation to CFS/CAUT [the Canadian Federation of Students/the Canadian Association of and University Teachers] ACCESS Summit"

As Table 2 demonstrates, the ideological shifts in British Columbia since the 1970s can be bisected by these two leanings. The province's political right and left followed a pattern of oscillation with regard to regulation, deregulation, fiscal restraint, and spending (Table 2).

Globally, from the 1950s onward, the theoretical underpinnings of Hayekian neo-liberal economics were congealing, and economic power elites began to recognize economic benefits would follow a shift from Keynesian to Hayekian principles. With the exchange rate collapse in 1971 and the recession that followed: "Keynesian strategies were discarded; and it was programs of Hayek...and others that filled the void" (Marginson, p. 54). A new international business-class saw the market as global rather than regional, and it perceived property to be fluid rather than as fixed and stationary.

This new elite's mode of operation was dominated by fiscal efficiency, frugal expenditure, and competitive positioning (Marginson, 1997, p. 57). In the final years of the 1980s, this economic sense became the *modus vivendi* by which, wittingly or not, the British Columbia government deemed it necessary to draft the Private Post-secondary Education Act (PPSEA). Towards the end of the 1980s, the provincial government faced the opposing pressures of fiscal restraint and calls for massive increases for access to post-secondary education. Perhaps there was, at some level, understanding that without alternate funding sources the province's post-secondary education needs would soon become unsustainable. There was clear economic reason for enabling commercial initiative within the public sector. The PPSEA was tabled as a safeguard against private

school failures, but the exercise lent credence to the notion that the commercialization of post-secondary education was viable and legitimate.

Globally, the shift to market liberal political dominance stimulated an increase in globalization. New technologies, new modes of production, new resource bases, and cost effective modes of transportation worked to establish the widest venue for commercial activity the world had ever seen (Waters, 1995, p. 3). Cultural divides and geographical boundaries receded, and in their wake lay opportunities that fueled opportunism and competitiveness. The most successful national economies were those able to stretch consumer dependency far past its traditional limits.

In this new milieu, modes of production shifted to meet growing international market demands. In turn, the skills requirements of individuals changed to meet evolving industry needs.

Global competition leading to modifications in the worldwide division of economic and industrial power has created conditions in many respects very different from the situation at the beginning of the 1970s. New technologies have profoundly changed the production process in manufacturing industries as well as the nature of job skills while creating entirely new occupational categories that require different qualifications. These changes occur parallel to, and face a process of internationalization, whereby national economies, once fairly separate, have become increasingly interrelated and are now economically interdependent. (Fisher, Rubenson, and Schuetze, 1994, p. 9)

The most successful participants in this global economy were those nations, such as the US and Japan, within which politics, social structures, and the provision of education aligned themselves in the pursuit of commercial and industrial need and opportunity.

Within British Columbia, left-wing ideology has traditionally been dominant, and until the 1990s, the provision of post-secondary education was almost exclusively based on principles of universality and common good. This was true when the PPSEA was

conceptualized, and a lot of people perceived the regulatory framework a harbinger of efforts to commercialize education at every level:

Convince me that we can clean up our own back yard, that we can regulate the private institutions that are already operating in this province, like Alpha College. The minister knows that what's being embarked upon here is an unprecedented move whereby we have public boards now incorporating one or more companies for profit. ... it seems to me that we are dealing with a proposal inconsistent with the public school system. (A. Hagan, Hansard, 1987, p. 2990)

Proponents of the political Left believed allowing education to fall victim to the processes of globalization and free enterprise would erode its social, moral, and ethical imperatives.

In countries where private education had by the 1980s already been well established, such as in the United States, Japan, Korea, and Australia, analysts differed in their opinions on the social impacts. Lauder (1997) claimed the marketization of education leads to a decline in educational standards where only a few private institutions offer programs of quality far too costly for the most. The majority is forced to choose between cheaper and less successful schools. Opponents claim the commercialization of post-secondary education has led to systems that do not provide equally to all participants. Private post-secondary systems have led to social stratification, quality problems, the inculcation of commercially driven worldviews, and the absence of liberal education. Indeed, public post-secondary education systems are held almost without question to be superior in these regards.

Proponents claim that private institutions offer what the public system cannot—choice. The ability to choose better from worse motivates the private sector to create the best and most relevant educational experiences for students. The goal of private education is to prevent clientele from exercising “exit options,” and the schools’ ability to

do so is hinged upon their quality (Chubb & Moe, 1997). Other supporters of commercial avenues in post-secondary education claim that public systems lack the innovation and flexibility more characteristic of the private sphere:

System responsiveness and stability are strengthened by permitting and indeed encouraging new structures and programs in higher education.... To protect diversity it would be better for the marketplace rather than the state to make such decisions....centralization of academic power is a serious threat to diversity[, and] the natural selection perspective suggests the long-term cost-effectiveness would be better served by decreasing, rather than increasing state control. (Birnbaum, 1983, p. 151,153-4)

Birnbaum subscribes to neo-Fordist sentiment. For him, centralization of academic control is contingent upon lessening of state control. Other authors support the Alternative post-Fordist position that state control itself can be geared to promote economic diversity. Whatever the case, diversity is key to enhancing a system of post-secondary education.

Encouraging the growth of private post-secondary education via decentralization is inherently dangerous—a private sphere entices unscrupulous behavior low quality programs; however, and perhaps more importantly, diversity also inspires the best educational opportunities. According to Hayekian principles, where economics are geared to the common good, and where post-secondary education is not geared to individual economic growth and positioning, there is no inherent market value. Within such systems, education is commonplace, diversity does not exist, competition is absent, and economic growth is stagnant (Brown & Lauder, 1997; Marginson, 1997; Birnbaum, 1983). Instead, global neo-liberalism has been growing in momentum since the early 1970s, and governments have been adopting economic policies and practices that nurture the processes of marketization. To varying degrees, the onus for high-quality services,

including the provision of post-secondary education, has been shifting from governments to private enterprises.

Under neo-liberalism, there are no guarantees but those provided by individual initiative. Individuals compete to achieve ever-higher rungs on the ladder of social stratification in attempts to achieve levels that will secure their own employability over that of others. Geiger (1986) claims this upward spiraling conception of post-secondary education has led to the emergence of lifelong learning, continuing education, recurrent education, and extension studies. These structures increase participation in education. As well, they establish the likelihood that individuals will pursue multiple avenues of post-secondary education across their lifetimes to maintain competitiveness (Marginson, 1997, p. 42).

Within a system that motivates individuals with negative pressure and anti-libertarianism, the growth of educational credentials reduces the relative status gained by each credential. This gives rise to “credentialism.”<sup>2</sup> Credentials are commodified and subject to the worth ascribed to them by supply and demand:

When education expands faster than the number of jobs for educated labor, employers intensify the screening process. By doing so they raise the required levels of credentials, and force even higher levels of investment in education. Similarly, professional groups band together and raise the educational threshold of entry to the profession. (Marginson, 1997, p. 42)

With credentialism, the post-secondary education market grows. The levels of potential attainment rise. The baseline for employability spirals higher. Costs rise in response to an ever-increasing scarcity of “difference;” and system diversification creates pathways to excellence that are—by design—unattainable to most. The ultimate effect is an upward

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<sup>2</sup> Refer to Appendix 1, “Definition of Terms,” on page 119.

spiral of rising requirements, expectations, hopes, and aspirations and a society-wide pursuit of the carrot at the end of the stick.

The ability to provide skills, abilities, and aptitudes also becomes a measuring stick for the value of post-secondary education programs themselves. For instance, within the neo-liberal framework, times of economic downturn work to motivate growth in commercially driven post-secondary education. Instability and stagnation raise the bar demarking entry into the marketplace, and this intensifies the drive to obtain the credentials necessary to occupy a reduced number of opportunities (Hirsch, 1976, pp. 29, 48). The relative value of post-secondary programs increases, as does the prestige of the particular institutions offering them. Education is commodified, and the system stratifies. Evidence of this effect began to appear in British Columbia's post-secondary education system from the time the PPSEA was enacted.

By 1987, the global economy had grown tremendously, and the Organization for Economic Co-operation and Development argued the attainment of knowledge through education was more important than in the past (Marginson, p.60). To further global economic growth, the OECD indicated increases in educational participation were necessary to ensure nations maintained highly educated workforces. The OECD's vision of an interconnected global economy was sweeping—deregulation and marketization at all levels, abandonment of universal public provision and social programs, a shift in financing from governments to individuals and corporations, and a general change in traditional public-private balance of provision. “[T]he task was...to transform funding and provision, moving away from the universal nonmarket systems of the previous era” (Marginson, 1997, p. 61). The OECD's recommendations coincided with demands for

increased access to the BC post-secondary education system. At the end of the 1980s, what was taking place at a global level was just beginning in British Columbia.

By the late 1980s, the privatization of education was well underway in many nations. In Australia, efforts to marketize post-secondary education provision were introduced in the second half of the 1980s. This was apparent especially with regard to harnessing the revenue potential of international student markets (Marginson, 1997, p. 85). In terms of enrollment, Japan's system was characterized since the turn of the century by a dominant private sector. By the late 1980s, its system was on a par with the American in diversity, access, and participation (Geiger, 1986, p. 8). By 1980 in the United States, almost 2.5 million students were enrolled in some 1500 private colleges and universities (Geiger, 1986, p. 1).

By 2004, the private provision of post-secondary education was entrenched, and it had become a global industry contributing significantly to the gross national products of nations (See Table 12, p. 44). The transformation of British Columbia's post-secondary education sector, to which the discussion now turns, is no exception.

### **Historical Overview of BC's Public Post-Secondary Education**

The structure of BC's post-secondary education system is a result of the MacDonald Report released in 1960 that stressed the importance of diversification and accessibility of post-secondary education across the province. The Report concluded the province needed both new universities as well as a college and institute system, and it initiated British Columbia's first major reform of post-secondary education development. The 1960s witnessed the creation of university transfer programs and expansion of the college system. At the same time, the Technical and Vocational Act was passed and

institutions such as the British Columbia Institute of Technology began operations.<sup>3</sup> The most recent major public system expansion occurred in 1988 with the release of the Provincial Access Committee Report—"Access for All." That report recommended that the public degree-granting system expand by 15,000 spaces, and the University Colleges system was created to help fill this need.

The inadequacy of public post-secondary education funding became apparent in the later 1970s. By the mid 1980s, institutions began falling short of being able to meet the growing demands for access to post-secondary education (Clift, 2003). This trend continued to 2003 and beyond. Table 3 illustrates how government funding to universities declined from 1977 to 2003.

Year	1977-1978	1981-1982	1985-1986	1989-1990	1993-1994	1997-1998	2002-2003
Consumer Price Index (2003=1.00)	0.347	0.507	0.635	0.728	0.860	0.911	1.00
FTE Enrollment	38,034	41,081	41,966	47,1130	52,988	60,709	70,845
Weighted FTE Enrollment	69,550	77,289	81,340	91,327	109,467	124,127	144,484
Grants per WFTE	\$2,676	\$3,743	\$3,480	\$4,284	\$4,528	\$4,207	\$4,552
Grants per WFTE (2003 \$)	\$7,709	\$7,376	\$5,485	\$5,881	\$5,267	\$4,617	\$4,648
<small>-Consumer Price Index (CPI) is for British Columbia using the 1996 classification—CANSIM (1979-2000) and CANSIM II V738856 (from 2001 on) (Except for 1977 and 1978 which is for Vancouver—CANSIM 9970)            -Data sources: The University President's Council website and institutional budget letters; Annual Report of the University Presidents Council; the Universities Council of British Columbia Annual Report for the year ended March 31, 1986; Annual Report of the University Presidents Council for the year ending March 31, 1992; Appendix A in "University Financing in British Columbia: an Equity Study of Provincial Operating Grants."            Source: CUFA/BC 04/02/13</small>							

While the dollar value of grants per weighted full time equivalent (WFTE) student increased after 1977, the value of those grants in 2003 dollars has in fact decreased from \$7,709.00 to \$4,648.00. This signifies a drop of 40% with which the public system must now claim. Since 1977, this drop has coincided with continued pressure for overall

<sup>3</sup> Besides BCIT, the 1970s witnessed the establishment of a number of changes and additions to BC's post-secondary education system: the Open Learning Agency was established and the University of Victoria subsumed Notre Dame University (changing its name to David Thompson University Centre). The College and Institutes Act in 1977 led to the creation of a number of additional vocational institutes: the Emily Carr Institute of Art and Design, the Pacific Vocational Institute, the Justice Institute, the Pacific Marine Training Institute, and the Open Learning Institute were established.

system growth.

The gap between demands for system expansion and the ability of public funding to maintain growth suggested that, without unconventional solutions, the system would become unsustainable. Institutions found they could not maintain quality and at the same time expand their operational bases. For instance, according to one expert interviewee, for a period of at least one academic year at UBC, lab access for first year science students was discontinued (E11). To compound these challenges, while the encouragement and pressure to expand and offer greater access continued, in 1996 the provincial NDP government froze tuition fees at 1995-1996 levels (Schuetze & Day, 2001). The freeze continued until the New Democratic Party lost the provincial election in 2001.

From the mid-80s, enabled by emerging market opportunities and the financial motivations of a provincial government seeking cost efficient solutions, a formerly insignificant private post-secondary education sector began to grow. By some accounts quickly. "From the late 80s onward there was 'explosive growth' in non-public, non-university education in BC" (Clift, 1999, p.12).

### **Rise of the Private Post-Secondary Sector**

Throughout the 1900s, initiatives to establish private post-secondary education in BC were spasmodic (Dennison, 1996, p. 6): Whetham College for university preparation (1890); Columbian College (1892); Pitman College (1894) and Sprott Shaw Community College (1903); vocational schools within the BC Electric Company and British Columbia Telephone Company (1900); and, among others, Notre Dame University in Nelson (1950). However, the history of private education in BC is scant and ill recorded. The

absence of systematic initiatives and clear regulatory policy for private post-secondary education until the PPSEA in 1992 makes it clear that the provincial government never considered it worthwhile or necessary.

Significant growth, diversification, and importance of the private sector began to occur in the later half of the 1980s and coincided with both provincial and federal calls for increased access to post-secondary education. The demand for increased access to post-secondary education came also from the global level with recommendations made at the same time by the OECD. By coincidence or otherwise, this timeframe culminated with the enactment of the PPSEA in 1990. At that time, private post-secondary institutions numbered in the order of 300 (Table 4).

<b>Table 4—Private Post-secondary Institutions in 1992: Approximations</b>		
	<b>Low</b>	<b>High</b>
Registrations under the PTIB <sup>1</sup>	250	300
Unregistered Private Post-Secondary Institutes <sup>2</sup>	50	100
Existing ESL Schools <sup>3</sup>	30	60
Non-Profit Training Centres <sup>4</sup>	30	100
Corporate Training Organizations <sup>5</sup>	10	20
Branch Campuses <sup>6</sup>	30	60
<b>Total</b>	<b>400</b>	<b>640</b>
<b>Sources:</b> the Private Post-secondary Education Commission (PPSEC), the Private Training Institutes Board (PTIB), the Canadian Education Centres Network (CECN), the Vancouver Economic Development Commission (VEDC), E9, E10. <sup>1</sup> Estimations of expert interviewees and data from Ministry of Advanced Education. <sup>2</sup> Estimations of expert interviewees. <sup>3</sup> Approximations based on "Perspectives" (CECN) and "Vancouver's English Language Schools Sector" (VEDC). <sup>4,6</sup> Approximations based on PPSEC data for 1999 (see Table BB).		

By 1996, the number of registered private post-secondary providers in BC had doubled (Table 5). By 2003 they numbered in excess of a thousand.

<b>Table 5—Private PSE Growth 1993-2003</b>				
<b>(Private Post-Secondary Education Sector 1993-2003)</b>				
	<b>1993</b>	<b>1996</b>	<b>1999</b>	<b>2003</b>
Private PSE Schools	358	567	827	839
Private ESL Schools	30	80	140	190
Number of Private PSE Institutes	388	647	967	1029
(PPSEC 2003 Annual Report)				

In the 1990s, official public policy under the PPSEA caused a formerly unimportant sector of post-secondary education to increase in size, variety, legitimacy, and importance. By 1993, the variety of non-degree specializations of study available within BC's private institutions outnumbered those within the public system (Table 6).

Programs of Study	March 31, 1994	Percentage
Academic/General Interest	30	3.7
Arts	35	3.1
Computers & Business	169	21.0
Health Care	79	9.8
Hospitality & Tourism	29	3.6
Job Entry/Life Skills	144	17.9
Language Schools	70	8.7
Miscellaneous	32	4.0
Native Schools	43	5.3
Personal Grooming	76	9.4
Trades & Technology	109	13.5
<b>Total</b>	<b>806</b>	<b>100</b>

Sources: Cleveland, 1995; PPSEC 1994, p.8

Today, the number of students enrolled within private post-secondary institutions appears to exceed that within the public system by a magnitude in excess of 200% (Table 7).

Year	Private Sector Enrollment by type of Institution 1993-2003				Total FTE enrollment for year	Public Sector Enrollment by type of Institution 1988-1998		Total FTE enrollment for year
	Private PSE FTE Enrollment	Private ESL School FTE Enrollment	Int'l Students in Private Career Development PSE	Total Int'l Student Pop. In Private PSE		Voc/Career/Tech/Apprenticeship	Univ. Undergrad Professional	
1992-3	45594 <sup>1</sup>	2850	400	3250	48,844	28878	10403	39281
1995-6	(72809) <sup>2</sup>	3800	750	4550	(77359)	-	-	-
1998-9	(94844)	7600	1,500	9100	(112,832)	39684	14847	54531
2002-3	(103732)	16,625	3,000	19625	(114,469)	-	-	-

<sup>1</sup> No enrollment data on the private sector can be found beyond the 1993 figure presented by Gallagher in his 1997 study.  
<sup>2</sup> The figures in brackets represent conjectural growth relative to increases in institutional numbers.  
 Data Source: PPSEC 2002-2003 Annual report; Gallagher, 1997; Schuetze & Day, 2001; Clark, 2003

## **The Allure of Commercialization**

The government's involvement in private post-secondary education provision in BC was abrupt and occurred with other influencing factors. The rise followed similar initiatives elsewhere in the world. In BC, the appearance of legislation for private post-secondary education coincided with the first international commercial activities of private BC post-secondary education providers. In the 1980s the private sector played the greatest role in establishing the processes, networks, systems, and opportunities that enticed fee-paying international students to British Columbia:

The private schools, and most particularly the language schools, have been in this game for long time. In some cases, I think their contribution has been overlooked by the fact that many of the big publics, including the universities, got into this in a big way. I would say the private institutions have been doing this for 25 years whereas on the public side serious initiatives, and now very large initiatives, have only been taking place for the past decade. (E10)

The Canadian Education Council Network (CECN) acknowledges this:

In 1978...we were pioneers. Strong public sector support existed for our immigrant population, and university extension programs hosted "exchange" students, but the concept of attracting international students on a larger scale, as an industry...was unknown in Canada.... Canadian private language schools [broke] into international markets and, as a result of their efforts, Canada is a well-respected source of private education. (CECN, 2001, p.8)

International education and overseas students in BC were not new. Public institutions had for many years been involved in such activities, but only through international development programs not intended to be revenue generating. As one interviewee claims, such activities were based on long standing models of Western socio-cultural expansion:

I think the larger universities were always interested in internationalization. This goes back to the Colombo Plan in the postwar days. At that time, systems were set up for wealthy countries to help developing countries in terms of skills development. Canada was a big player in the Colombo Plan. I guess that was in the late forties and early fifties. There was very much a developmental focus. That got many universities interested in the whole area. I think it is fair to say that only in the last decade have universities per se been interested in

the whole concept of internationalization, and that meaning the economic side of it. (E10)

Discussions within the BC legislature referred to the “potential” profitability of privatized education and emerging international commercial opportunities. In 1987, a proposal to invest public money in an offshore BC private for profit school received significant attention:

Can you give me some idea of your long-range perspective in this regard? Is it to expand a sort of entrepreneurial set of activities into a number of public schools? Is it cultural exchange with the emphasis on the foreign student, the Hong Kong student, having the advantage of our educational expertise? Is it to make some money for our public schools to offset the cost of running our public school system? I haven't heard from the minister a very clear idea of where he's going, although I do hear from him good intentions about what he thinks this - if I can use the term - pilot project may achieve. (A.Hagan, Hansard, 1987, 2998)

For those concerned about issues surrounding funding shortfalls and insufficient access to BC post-secondary education, the financial implications of a vast international market were becoming clearer. By the end of the 1990s, the province's post-secondary institutes were well established in this highly commercial activity:

British Columbia educational institutions are active in the educational market and compete directly for market shares. This can be in the form of increasing the number of international students who pay full cost to attend the home institution, offerings delivered at sites outside the country and to an increasing extent using e-learning technology to offer courses and programs online for an international market. (Fisher, Rubenson & Della Mattia, 2001, p.12)

Institutions such as UBC were beginning to demonstrate significant initiative and willingness to participate commercial ventures. This became clear with the institution's investment in a project called Universitas 21 in 2000. The project represented a consortium of 17 universities in 10 countries that together with Thomson Corporation set up U21 Global, a mechanism for providing online degree programs (Fisher, Rubenson & Della Mattia, 2001, p. 34).

In 2004, BC's public post-secondary education system has commercial characteristics that did not exist prior to the enactment of the PPSEA. Public post-secondary schools have commercialized many activities: continuing education, MBA programs, and English as a Second Language (ESL), among others. Further, school boards and post-secondary institutions have set up their own profit generating corporate arms geared specifically to fee-paying international students (Table 8).

**Table 8—Corporate Arms of Public Institutions (abbreviated list)**

	Institute Name	Educational Focus
<b>Secondary Education</b>		
North Vancouver School District	<ul style="list-style-type: none"> <li>North Vancouver School District International Student Program</li> </ul>	<ul style="list-style-type: none"> <li>International Student ESL Program</li> </ul>
West Vancouver School District	<ul style="list-style-type: none"> <li>West Vancouver School District International Student Program</li> </ul>	<ul style="list-style-type: none"> <li>International Student ESL Program</li> </ul>
Maple Ridge School District	<ul style="list-style-type: none"> <li>Ridge Meadows College</li> </ul>	<ul style="list-style-type: none"> <li>Adult Vocational</li> </ul>
Victoria School District	<ul style="list-style-type: none"> <li>School District #42 International Education</li> </ul>	<ul style="list-style-type: none"> <li>International Student ESL Program</li> </ul>
Powell River School District	<ul style="list-style-type: none"> <li>Victoria International High School Program</li> </ul>	<ul style="list-style-type: none"> <li>International Student ESL Program</li> </ul>
Vancouver School District	<ul style="list-style-type: none"> <li>Powell River International Education</li> </ul>	<ul style="list-style-type: none"> <li>International Student ESL Program</li> </ul>
Richmond School District	<ul style="list-style-type: none"> <li>Vancouver Training Institute</li> </ul>	<ul style="list-style-type: none"> <li>Vocational Skills Training</li> </ul>
Coquitlam School District	<ul style="list-style-type: none"> <li>VSB International Education</li> </ul>	<ul style="list-style-type: none"> <li>International Student ESL Program</li> </ul>
Langley School Board	<ul style="list-style-type: none"> <li>Richmond International Education</li> </ul>	<ul style="list-style-type: none"> <li>International Student ESL Program</li> </ul>
Surrey School District	<ul style="list-style-type: none"> <li>Canada International College</li> </ul>	<ul style="list-style-type: none"> <li>Adult International Student ESL Program</li> </ul>
New Westminster School District	<ul style="list-style-type: none"> <li>Langley International Education</li> </ul>	<ul style="list-style-type: none"> <li>International Student ESL Program</li> </ul>
	<ul style="list-style-type: none"> <li>Gateway College</li> </ul>	<ul style="list-style-type: none"> <li>Adult International Student ESL Program</li> </ul>
	<ul style="list-style-type: none"> <li>Langley Continuing Education<sup>1</sup></li> </ul>	<ul style="list-style-type: none"> <li>Vocational Skills and General Interest Programs</li> </ul>
	<ul style="list-style-type: none"> <li>Surrey College</li> </ul>	<ul style="list-style-type: none"> <li>Vocational and Skills Training</li> </ul>
	<ul style="list-style-type: none"> <li>Surrey International Education</li> </ul>	<ul style="list-style-type: none"> <li>International Student ESL Program</li> </ul>
	<ul style="list-style-type: none"> <li>School District No. 40 Business Company</li> </ul>	<ul style="list-style-type: none"> <li>Occupational Skills Training, International Education, and Online Education</li> </ul>
<b>Post-secondary Education</b>		
UBC	<ul style="list-style-type: none"> <li>The English Language Institute</li> </ul>	<ul style="list-style-type: none"> <li>Adult International Student ESL Program</li> </ul>
VCC	<ul style="list-style-type: none"> <li>VCC International</li> </ul>	<ul style="list-style-type: none"> <li>Adult International Student ESL Program</li> </ul>
Thompson Rivers University	<ul style="list-style-type: none"> <li>UCC International</li> </ul>	<ul style="list-style-type: none"> <li>Adult International Student ESL Program</li> </ul>
University of Victoria	<ul style="list-style-type: none"> <li>The English Language Centre</li> </ul>	<ul style="list-style-type: none"> <li>Adult International Student ESL Program</li> </ul>
Kwantlen College	<ul style="list-style-type: none"> <li>Kwantlen International</li> </ul>	<ul style="list-style-type: none"> <li>Adult International Student ESL Program</li> </ul>
Camosun College	<ul style="list-style-type: none"> <li>Camosun College International</li> </ul>	<ul style="list-style-type: none"> <li>Adult International Student ESL Program</li> </ul>

<sup>1</sup>Langley continuing education was fully privatized in 1988, and is no longer affiliated with the district. It operates as a private post-secondary education facility. Gateway College, on the other hand, is a profit-generating arm of the Langley School District.

Sources: Institutional websites and other promotional materials.

Perhaps these developments are due to governmental initiatives that sought ways to generate cause and encouragement for the public system to buy into commercialization.

One expert, himself a representative of the private sector, claims the federal government

was encouraging precisely this:

In the early 1990s, Ottawa decided to cut back money to public institutions, and mainly to universities. They encouraged universities to put into place cost recovery and revenue-generating programs. In 1995 or 1996, there was a three-day workshop in Ottawa to which I was invited as one of the keynote speakers. Private industry was increasing at an incredible rate in this field, and Ottawa wanted the private industry to teach the public universities how to do the same. They wanted public institutions to take on revenue-generating international students. (E9)

The lucrative global trend toward marketization, the growth of BC's private post-secondary education sector, and the overall decrease in public funding provided the financial incentives and competitive cause for the public sector to soften toward the commercialization of its services. In doing so, the public sector found new avenues along which to grow and diversify. Public sector profit-based initiatives in international education were minimal at the end of the 1980s. By 2005, the public sector far outpaced its private counterpart (Tables 9 and 10).

<b>Table 9—Foreign Student Population by Level of Study</b>						
<b>Student Visa-based International Student Counts</b>						
	2001		2002		2003	
	Num.	%	Num.	%		
Secondary or Less	31,273	24.10	31,616	21.85	29,957	19.78
Trade	17,977	13.85	19,030	13.15	20,340	13.43
University	58,932	45.42	67,347	46.55	73,962	48.84
Other Post-Secondary	13,702	10.56	19,475	13.46	21,051	13.90
Other	7,869	6.06	7,196	4.97	6,135	4.05
<b>Total</b>	<b>126,395</b>	<b>100</b>	<b>139,460</b>	<b>100</b>	<b>151,450</b>	<b>100</b>

**Source:** Stats Canada, CIC Facts and Figures 2003 ("Annual Flow of Foreign Students by Gender and Level of Study")

According to the Canadian Education Centre Network (CECN), the total annual revenues from Canadian international education initiatives now amount to \$3.5 billion (CECN, 2001). Considering that, in 2002, almost 70,000 foreign students participated in Canadian university level studies, public sector activities account for well in excess of 60% of that total.

**Table 10—Foreign Student Population by Province**

Province	Year									
	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
	Numbers									
Newfoundland and Labrador	662	565	520	504	583	623	630	663	735	856
Prince Edward Island	112	120	145	135	145	185	216	247	249	278
Nova Scotia	1,917	1,842	1,918	1,960	2,177	2,557	2,894	3,495	4,225	4,953
New Brunswick	856	866	880	911	1,006	1,175	1,570	2,073	2,582	2,978
Quebec	11,775	11,808	12,919	13,981	15,192	16,891	19,482	22,199	22,832	23,898
Ontario	22,012	21,285	23,012	24,244	24,565	29,345	36,015	44,809	51,407	56,763
Manitoba	2,381	2,132	1,992	2,078	1,987	2,182	2,492	2,927	3,436	3,929
Saskatchewan	1,562	1,748	1,895	2,031	2,089	2,306	2,443	2,862	3,141	3,382
Alberta	5,673	5,766	6,519	7,094	7,031	7,470	8,484	9,751	10,199	10,879
British Columbia	14,444	17,115	21,466	23,079	22,257	24,726	29,451	37,086	40,460	43,360
Yukon	18	21	21	32	30	33	43	23	46	33
Northwest Territories	22	27	30	47	39	39	47	28	29	51
Nunavut	0	0	0	0	0	0	0	2	7	4
<b>Total</b>	<b>61,526</b>	<b>63,336</b>	<b>71,444</b>	<b>76,511</b>	<b>77,685</b>	<b>88,138</b>	<b>104,092</b>	<b>126,395</b>	<b>139,460</b>	<b>151,450</b>

Source: Stats Canada, CIC Facts and Figures 2003 ("December 1 Stock of Foreign Students by Province or Territory and Urban Area")

Also of note is the number of non-visa students who enter Canada for terms less than six months specifically to study ESL. In Canada, in 1998, there were in the order of 300,000 short-term (six months or less) non-visa international students enrolled in English or French as a Second Language Programs (ESL/FSL). 125,000 of those students were enrolled within the public system while 165,000 were enrolled in private institutions (Statistics Canada, 1999). In 1998, the public sector enrollment accounted for 43% of these students (New Canadian Perspectives, 1999). In 2004, the total was likely higher and revenues in excess of those collected from visa-bearing students. The total revenues from international students in Canada are in the order of six billion dollars annually. In 2005, it is likely that public post-secondary institutions collect more than 50% of those revenues.

In BC, without the legitimizing effects of the PPSEA opposition to the commodification of public sector post-secondary education would have been more severe. Instead, in the 1990s, public institutions increasingly adopted commercial strategies:

Some see the private education and training sector in terms of simple competition: for funding dollars and student enrollment numbers. Indeed, private providers are receiving a growing share of the “pie,” and public educators are being pushed to create private entrepreneurial divisions to supplement declining government funding, thus blurring the distinction between ‘private’ and ‘public’ educational institutions. (C2T2, 1997, p.22)

This trend was perhaps further encouraged by reduced public expenditure and the tuition freeze from 1996 to 2000. In Hayekian terms, the tuition freeze provided a challenge to a system that would otherwise have continued to rely completely on public funding. The combination of insufficient government funding and frozen tuition fees required the public system find alternatives to traditional revenue sources—leading perhaps to, as Birnbaum claims, transformation: “public institutions can be made more like private ones by increasing their tuition levels, and by decreasing public subsidies” (Birnbaum, 1983, p. 177). Intentionally or not, the NDP government exacerbated commercial forces by doing three things. It decreased the public funding available to the system. It prevented the system from raising its revenues. It demanded increased access. These obstacles required that the public system innovate and acquire a spirit of entrepreneurialism—previously unthinkable within the public sphere.

### **The Private Post-Secondary Education Sector in 2005**

By 2005, the landscape of private post-secondary education in BC had significant new geographical features. Students could enroll in private sector institutions with

programs leading to undergraduate and graduate degrees, to vocational diplomas and certifications, to transfer options to existing public degree-granting institutions. In terms of physical barriers to private training, there were few. While individuals were required to remain vigilant, most private institutes offered training met specific career requirements. The reputations of the best schools (e.g. Vancouver Film School, The Art Institute, Pacific School of the Culinary Arts, and others) stemmed from their ability to satisfy the requirements of industry. Further, though in the past private institution tuitions may have been higher than for similar programs within public colleges, as Table 11 illustrates, this was no longer the case. This did not mean private schools lowered tuitions in order to compete. Rather, public institutes adjusted their own to meet market costs.

<b>Table 11—Private vs. Public Non-Degree Comparable Program Costs</b>				
	<b>School</b>	<b>Program</b>	<b>Duration (months)</b>	<b>Cost</b>
Private	Vancouver Film School	Digital Design	12	26,250
	The Art Institute of Vancouver	Interactive Media Design	12	16,000
	Corporate Communications	Web Production and Programming	6	9,000
	The Centre for Arts and Technology	Rich Media Applications Specialist	12	16,980
	The Institute of Advanced Media	Applied WebStep Developer	9	10,000
	<b>Private Sector Average Cost</b>		<b>1,392.45/ month</b>	
Public	UBC Continuing Education	Internet Professional	9	16,500
	Langara College	Electronic Media Design	12	16,210
	British Columbia Institute of Technology	New Media Design & Web Dev.	12	13,000
	<b>Public Sector Average Cost</b>		<b>1,385.15/month</b>	
<b>Sources:</b> Current program details taken from websites of listed institutions (12/12/04)				

Although there were poorly equipped private schools, many institutes had facilities exceeding specific requirements of the training they provided. Further, in most cases, instructors at private institutions were qualified within their fields. In many cases, instructors hired by these institutions were the same individuals teaching within continuing education departments of public institutions. In the experience of the author as an administrator at two private post-secondary institutions, core instructors always met the qualification standards for similar programs within public institutions. Although pay

rates were typically ten to thirty percent less than within the public system, instructors were willing and capable to invest themselves to the degree they would within the public system.

Depending on the degree of specialization required by courses within programs (e.g. chefs, 3D animators, and film specialists), instructors were often part-time contractors with obligations that included up to five different institutions, both public and private. As an example, one instructor employed at the author's home institution split her instructional duties with the UBC Continuing Education facility in downtown Vancouver. At private institutes, turnover of instructors was on average more frequent than within the public system. Capable instructors typically remained in their positions from three to five years before moving on. In this regard, new blood vitalized the community and brought fresh approaches to training. The instructors were practitioners who brought with them industry involvement and networking opportunities that helped students in their own quests for employment.

Together with the policy frameworks in place in 2005, the potential existed for private post-secondary education to continue to gain in legitimacy and in presence at all levels, from vocational certification to academic post-graduate degrees. Among the most interesting features and current events surrounding private post-secondary education provision were the enactment of the Private Career Training Institutes Act (PCTIA), the Degree Authorization Act (DAA), and the absolute deregulation of the ESL industry that spurred the creation of the PPSEA in the late 1980s. These initiatives will be discussed in more detail in subsequent chapters.

In the 1990s, public institutions began to commercialize aspects of their own

operations, in part by delving into international education. In doing so, Canada's market share in global international education increased—a consequence that did not escape the government. Table 12 illustrates the relative position Canada occupied in 2000 with respect to its international competitors in the provision of education to international students. The World Bank estimates the global trade in Education in 2002 reached \$27 billion US dollars (Patrinos, 2002).

**Table 12—Major International Providers of Commercial International Education**

Country	Total Est. Enrollment (2000)	Annual Revenue (\$CDN billions)	# of Foreign Based Recruitment Centres
United States	514,000	18	n/a
United Kingdom	277,000	9.7	110
Australia	182,000	5.0	31
<b>Canada</b>	<b>140,000<sup>1</sup></b>	<b>3.5</b>	<b>25</b>
France	120,000	0.65	40
New Zealand	35,000	0.15	n/a

Source: CECN (2001) Perspectives  
<sup>1</sup> These numbers represent only those students who enter Canada with valid student visas. See Table GG (p.27)

With the passing of the DAA in 2003 and the PCTIA in 2004, two significant changes were made to BC's private post-secondary education sector. First, the DAA allowed private institutions to be sanctioned to offer degree programs. Second, the English as a Second Language Sector (ESL) was deregulated. By doing so, both the degree granting and ESL sectors were opened to unlimited levels of competition, albeit by exercising neo-Fordist influence on the one hand and post-Fordist on the other. When looked upon from the perspective of commercialization, the deregulation of the ESL sector and the enabling of private degree provision appear to make more sense. These two fields are the most marketable and lucrative of the entire field of commercial post-secondary education.

The neo-liberal global order, by degrees, has grown to define the current global

socio-economic status quo. Hayekian perspective provides the backdrop of global economics that helps to situate the process of change that has drawn British Columbia's public post-secondary education system into the greater global process of commercialization. The next chapter will provide a broader analysis of the pressures that led to the enactment of the PPSEA, the mandate and activities of the PPSEC, and the effectiveness and consequences of the regulatory regime from 1992 to 2004.

## **Chapter V—Origins, Opportunities, and a Regulatory Framework**

### **Origins of the PPSEA**

The preceding chapter charted the historical development of British Columbia's post-secondary education system and within that the origins of the private sector. The discussion to follow focuses on the birth, life, and, yes, death too—as will become evident—of the Private Post-Secondary Education Act (PPSEA) from 1988 to 2004.

From the outset, the policy environment was intended to provide mechanisms for consumer protection, growth, and legitimization of the sector. However, evidence suggests that half-measures and ambiguity affected that policy environment in a way that undermined benefits the policies should have otherwise provided. The Private Post-Secondary Education Act helped desensitize a culture characterized by aversion to the privatization of social services. Intentionally or not, the PPSEA introduced competition, revealed that markets in education were viable, and highlighted the economic benefits of commercially driven institutional models. This shift in perspective, by cause or coincidence, saw commercial post-secondary education appear within the public sector.

### **The Catalyst**

Most experts interviewed point to a singular incident as being central to the push to regulate—the closure of Alpha College in 1987. The event attracted government attention almost immediately: “I’m sure the minister is well aware,” asked a legislator, “of many who are in the field of providing educational services to foreign students, the problems created by Alpha College” (Jones, Hansard, 1987, p. 2994). Alpha College offered ESL and a full high-school program to an entirely international student

population from Hong Kong and Taiwan. People knew that the college was experiencing problems, and this news was brought to the attention of government: "There was a push to try to have someone within the government watch the school. Ultimately, however, the school failed and its students were displaced" (E9).<sup>4</sup>

In the late 1980s, international students were being recruited in ever-larger numbers to attend private schools in British Columbia. An unfortunate by-product of this was that students arrived to find schools misrepresented themselves (E5). In order to attract students, for instance, some private institutions would claim the UBC library to be part of their own facilities.

...the problem of misleading advertising: suggestions that there are dormitory spaces, physical education programs, support from government, regulation by government, when none of these things are accurate. [We] have all kinds of problems that I'm not aware the minister is dealing with in terms of these kinds of institutions right here in British Columbia. (Jones, Hansard, 1987, p.2994)

Although Alpha College was the first major private school failure, it was not the only institution misleading its clientele (E5). One of the primary reasons for the introduction of the PPSEA therefore was to protect consumers: "The PPSEA was by no means intended to be exclusively an issue pertaining to offshore students and language schools, but that was definitely one of the primary motivations" (E5).

In many cases, individuals refused student visas would subsequently not receive refunds from schools for tuitions they had prepaid in full. This danger was especially true

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<sup>4</sup> Interestingly, though by all accounts this incident led to the establishment of the PPSEA, Alpha College did not fall under the rubric of the PPSEC. It was a private for-profit high school, and had it not failed, it would have fallen under the jurisdiction of the Independent Schools Branch of the Ministry of Education as a Group 4 Independent School.

for students from China<sup>5</sup> where the Canadian Immigration visa refusal rate has always been among the highest in the world.

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<sup>5</sup> The Chinese international student market has always been particularly susceptible to this kind of abuse—far more so than, for instance, the Japanese and Latin American markets. There are a number of reasons for this. For one, there is a massive rising middle class in China with the resources and desire to find passage to and relocation in Western nations—sometimes at any cost, as is evident in the recent rash of problems involving individuals relinquishing life savings to find passage to North American ports, often dying in the transit.

In this light, legal avenues into Western nations are far preferred, and one commonsensical route is via enrollment into education programs where entry can be guaranteed by a student entry visa. For a good number of study permit recipients, the ultimate goal is access, and they have little intention of returning to their home country. The following represents an exchange that took place between the author and a prospective student in 2001 at an international student recruitment effort in Fuzhou City in south-eastern China:

Prospective Student:	Can you guarantee that I will receive a student Visa?
Myself:	That is not possible.
Prospective Student:	<i>(A little spitefully)</i> Well, then I will do whatever it takes to get there.

To this individual, the 40,000 dollars he wished to spend on tuition in order to secure a student visa would as easily have purchased illegal passage to Canada on a freighter. In recent years, a recurring news story has involved Chinese people paying their life savings to human smugglers for passage across the Pacific Ocean in containers or decommissioned fishing vessels.

This tendency has, apparently, caused Immigration Canada to be cautious with the issuance of visas of any kind, including to tourists. There is a pattern that once individuals arrive, they do not return. Since China became a potential student market for post-secondary education providers in Canada, the Government of Canada has been extremely careful in the issuance of Student Permits to those applying from China. Ironically, by doing so the government has compounded the problem: in China, many are desperate to leave. They have money, and they are targets for impropriety. This, in combination with unscrupulous proprietary interests, can lead to problems such as Alpha College, especially if there is nothing preventing the advance transfer of tuition monies.

What is most interesting with regard to China has been the way that Immigration Canada has pursued its policy of caution with regard to Chinese post-secondary applicants. While the study permit refusal rate for private post-secondary providers has traditionally been in the order of 60% or greater (Maniscom, 1997), there have been very few limitations applied to individuals applying for passage to public institutions:

Ottawa gave China to the public sector. They excluded private schools. There are a few private schools that have university transfer programs that have been successful in China—Columbia and Coquitlam Colleges for instance—and to their benefit. Prior to that, they were hurting. Their numbers had fallen drastically. China was the answer. Nearly all public institutions jumped on the bandwagon. If you look at any University, or any college program, their international student population is probably 90% Chinese. That is absolutely insane. It is bad for everybody. It is bad for Canadian students, it is bad for the quality of the education, it is bad for the staff, it is bad for the faculty, it is bad for the University, it is bad for the Chinese students themselves. It is an example of the short-sighted thinking of government to allow this to happen. The incentive to do this was very plainly cash. This is prostituting our postsecondary education system—nothing more. (E9).

One interviewee deems the inequity to be due to government policy determined to allow the public system to benefit from the financial rewards stemming from Chinese students. In one sense, by denying private institutions in this way, the Federal government appears to be protecting the interests of Chinese students from unscrupulous entrepreneurs. However, the interviewee's suspicions do have merit when one considers that it has particularly been those students denied visas that have lost prepaid tuitions. From this perspective, visa refusal fuels the potential of abuse, and the federal government's intent is rendered questionable.

Fifteen to twenty thousand study permit applications are received annually, of which over ten thousand are approved, meaning an approval rate of approximately 50-60 per cent. Applications of this nature are considered very high risk given the potential for fraud and irregular migration associated with them. Based on the information the embassy receives from CIC, those who travel to Canada on a study permit and then go on to claim asylum tend to do so one to three years after arrival in Canada and rarely immediately upon arrival (Manicom, 2004, p.1).

Situations such as Alpha College led to international relations problems for both British Columbia and Canada (E2), and further prompted the push for a regulatory environment. The general perception was that private institutions were proliferating, the risks to the public increasing, and there were no policies in place to prevent problems (E2).

The reasons for and consequences of the Alpha College failure were twofold—misrepresentation and loss of pre-paid tuitions. The failure of this college, in the absence of a government-controlled regulatory framework, left approximately 100 students without recourse or compensation. In the aftermath of the Alpha College closure, other private post-secondary sector schools helped the displaced student body by providing free tuitions for equivalent programs (E6). Nevertheless, media exposure turned the Alpha College situation into an embarrassment that hastened regulation of the private sector. In view of this, it is odd that government in 2004 chose to deregulate the ESL sector under the new framework of the Private Career Training Institutes Agency (PCTIA).

The 1990 failure of a private radiobroadcasting institute in Victoria also influenced the call for policy. This closure affected only a handful of students, but the failure attracted significant attention because of the school's affiliation with the media. In March of 1990, an entire segment of CBC Television's "Marketplace" was devoted to the failure of private training institutions in Canada highlighting the Victoria school in particular (E2). This national spotlight further prompted calls to protect consumers. However, the misfortune of students, international or otherwise, was not the only factor at

work. There were powerful financial incentives that also influenced development of the PPSEA. Before discussing these, however, it is important to understand the size and scope of the sector at the end of the 1980s.

### **Regulation and Economics**

Prior to the PPSEA, the government referred to private institutions as private trade schools and colleges, and two government bodies were involved in their administration. One of these was the Private Training Institutions Branch (PTIB) of the Ministry of Advanced Education and Training. The PTIB did not have regulatory powers, and its responsibility was to provide the means for schools to register; even in this, however, it did not have the resources to pursue its mandate and records did not accurately reflect the numbers of schools. In 1992, the PPSEC inherited several hundred schools registered under the PTIB (E5). According to one expert, there were about 250 to 300 registered schools before the new legislation came into effect in 1992 (E6). The number of unregistered institutions was unknown.

Had there been no significant increase in the size of the private sector during this period, the notion private schools were meeting real demands for training would be difficult to validate. If the historical record instead demonstrated that a significant increase did occur during and after the PPSEC, the sector had potential and privatization of education offered significant benefits. Greater numbers of students would indicate a source of revenue the public sector had failed to obtain.

Although the record is ambiguous and numbers can be determined only to a questionable degree of accuracy (see Table 4, p.34 and Table 17, p.70), the claims range from explosive growth to no quantifiable changes at all. While PPSEC annual reports

indicated that the numbers of institutions grew from 300 to 600 institutions by 1993, one expert cautions that many of these institutions may have escaped registration under the PTIB:

The biggest mistake that people make is that they assumed that this is growth in the sector. This is not necessarily the case. Because many [schools] had not been registered before 1992, they first had to be found. The PPSEC had to find, sanction, and code them. There were no statistics, and the PPSEC simply did not know. After the first year of the PPSEC mandate, the growth looked whopping, but it did not necessarily represent growth in the sector. These numbers only represented the number of registered operations—the total number of physical sites. It represented the sector that had been designated by the PPSEA's definition of post-secondary education provision. By March 1993, which was eight months after we started, we were up to 620. (E6)

Executives from the PPSEC claim that prior to 1992 there were about 250 registered institutions under the Private Training Institutions Branch (E7). They claim they were required to track down a significant number of other schools that operated below the radar. Indeed, discussions within the British Columbia legislature as early as 1987 indicate that the numbers were higher:

On the private sector side, we continue to *promote* [italics by author] and register private training institutions—now in excess of 400—which provide our citizens with a wide variety of training at reasonable prices<sup>6</sup> (Jones, Hansard, 1987, p.2994)

Because the PTIB's records are incomplete, there is no way to know for certain exactly how many private institutions existed prior to the PPSEC. However, an estimation is possible that takes into account a number of different factors.

Under the PTIB, English as a Second Language (ESL) schools had not been considered to be within the scope of the Board's administrative mandate. Adding the existing ESL schools to the PPSEC framework accounted for thirty to fifty new

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<sup>6</sup> One note of interest in this excerpt from the parliamentary debates of 1987 is the clear reference the representative makes to the fact that the government was indeed providing intentional promotion (italized by author in above quotation) to the sector of private schools.

registrants (E9). The largest growth in the number of institutions came from two other factors:<sup>7</sup> first, all private training including professional seminars and corporate training sessions were included in the PPSEC mandate. As Table 13 illustrates, the in-house training programs of organizations such as the Delta Recycling Society and H&R Block Income Tax became the responsibility of the PPSEC. Second, institutions that operated from multiple campuses were also required to register each of their branches individually. For schools such as Sprott Shaw Community College this meant submitting up to 10 separate registrations. Table 13 shows the breakdown of registrations versus the number of individual institutions in 1999,<sup>8</sup> and the difference is significant. While there were over 1100 registrations, there were 827 schools.

**Table 13—Individual Institutional and Branch Registrations under PPSEC (1999)**

# of Institutes	Institution	Category	Headquarters	Registrations
<b>Institutes with 3+ Branch Registrations</b>				
1.	The Academy of Learning	proprietary	Ontario	22
2.	St. John's Ambulance	non-profit	Ontario	21
3.	Community Futures Development	non-profit	Ontario	14
4.	S.U.C.C.E.S.S	non-profit	BC	10
5.	Sprott Shaw Community College	proprietary	BC	10
6.	Compucollege	proprietary	Ontario/US	7
7.	CDI	proprietary	Ontario/US	6
8.	CTI Counselor Training Institute	proprietary	BC	5
9.	Delta Recycling Society	non-profit	BC	5
10.	H&R Block Income Tax	proprietary	Ontario	5
11.	New Image Modeling and Acting	non-profit	BC	4
12.	Westcoast English Language School	non-profit	BC	4
13.	West Coast College of Healthcare	non-profit	BC	4
14.	Vancouver Film School	proprietary	BC	4
15.	Youth Employment Skills Canada	non-profit	Ontario	3
16.	Vancouver Career College	proprietary	BC	3
17.	Excel Career College	proprietary	BC	3
<b>(Sub-total)</b>				130
94	Institutes with 2 Registrations			256
716	Institutes with 1 Registration			716
<b>Total Registrations</b>				<b>1102</b>
<b>Total Private Post-Secondary Institutes</b>				<b>827</b>
<b>Source:</b> Adapted from PPSEC Institutional List – Registered and Accredited Institutions, July 5, 1999.				

<sup>7</sup> One expert referred to a “pie-chart” that illustrated an approximate breakdown of the types of institutions that were registered in the first years of the PPSEC mandate, but PPSEC annual reports prior to 1989 were not made available to the author. A question remains as to whether or not annual reports from the first years of the Commission indeed continue to exist. The data from the pie-chart has subsequently been located, however, within Cleveland’s research (1995). This data is presented in Table 6.(p.39).

<sup>8</sup> Similar data for 1993 could not be found.

Prior to 1992, roughly 250 to 300 institutions were registered under the Private Training Institutions Branch. 50 to 100 other similar schools should have been registered but were not. There were also in the order of 40 to 100 private language schools, 30 to 100 non-profit training centres, 10 to 20 corporate training organizations, and 30 to 60 branches campuses of particular institutes (Table 4, pg. 34).<sup>9</sup> With these numbers taken into consideration, private post-secondary institutes prior to PPSEC ranged from five hundred to seven hundred. Claims the sector grew from 300 to 700 “newly established” institutions in the first two years of PPSEC’s mandate are misleading. These claims did, however, create an impression of a sector that appeared to be a very viable part of the province’s post-secondary education system.

After its first year, PPSEC had found and registered most operations in the province that fell within its mandate. The 2003 PPSEC Annual Report claims 580 registrations for its inaugural 1992-1993 year. Four years later the number of registrations jumped to 1000. Despite the lack of exact institutional numbers, there is evidence that suggests the sector was growing rapidly in the first half of the 1990s; and this did suggest that private post-secondary education was serving an important role in the province.

With regards to the central contention of this thesis, what was important was that potential and merit could be inferred from what outwardly appeared to be a successful example of commercial of post-secondary education. Applying a regulatory framework to an industry that appeared healthy and growing would accomplish two things: it would lessen public suspicions of private post-secondary education; and it would increase the

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<sup>9</sup> These data represent approximations of the numbers of schools in 1992. No concrete references have been found to exist. However, the figures are similar across different sources and provide a reasonably accurate picture of the private sector at the time the PPSEC began to regulate the sector.

likelihood public post-secondary stakeholders might themselves be enticed to adopt commercially-motivated development strategies. The discussion will now turn to look at other forces that were enhancing the image of the private sector.

### **Decline of a Traditional Economy**

In British Columbia, the 1980s and 1990s were characterized by a political shift to market liberal dominance. Indeed, each of a succession of provincial governments (Table 2, p.24) swayed toward market liberalization: "Over the past 20 years...there developed a remarkable convergence in the interests of Canadian business and Canada's trade policy objectives" (Hart, 2000).

In the face of market competition and the decline of a traditional economic base, a need for new services, products, technologies, and industries emerged. Two things happened. While the need for specialized training grew, revenues from traditional economics declined. The provincial government was unable to allocate funding required to meet the new training demands. From 1982 to 1986, the province entered a period of deep recession and public support for education waned relative to other policy concerns: energy, health care, social welfare, and the environment (Dennison, 1996). In addition, the business community was no longer able to maintain the usual number of traditional apprenticeships (Gallagher and Sweet, 1997).

The Federal government exacerbated financial difficulties with limits on the growth of transfer payments (Dennison, 1996). The combination of a declining traditional system of apprenticeship, poor public policy, and fiscal restraint limited the provincial government's ability to respond appropriately to new human resource needs. In this vacuum was opportunity, and in the 1980s a small private post-secondary education

sector was more agile and better equipped to respond to a market founded on commercial principles. Soon, the government saw the need to regulate that private sector through the creation of the PPSEA. The stage for continued commercial post-secondary education growth was set.

Experts claim that the establishment of the PPSEA was a result of partisan politics and government self-preservation after the embarrassment of the Alpha College failure. The experts also say that the PPSEA was in part an administrative exercise to determine the size, scope, and potential of a hidden sector (E4). The key words here may well be “administrative” and “potential.” It was administrative in the sense that the government wanted to control the sector and wished to provide a mechanism to protect consumers. However, there was also economic potential in that hidden sector. The provincial and federal governments shared the perception that a healthy private sector presented a solution to their financial shortfalls. Until the late 1980s, the need to regulate and account for private post-secondary institutions had never been an issue worth pursuing. However, the creation of the PPSEA drew sudden and significant attention to the sector. The establishment of the PPSEA and a regulatory framework was not solely a result of international school closures and a call to provide consumer protection. Significant financial incentives also played an important role.

### **Financial Pressures and Federal Initiatives**

Although students attending private schools had access to Canada Student Loans, until the mid 1990s they were not eligible for BC Loans. Private sector schools were vocal in demands for full access. In the final years of the 1980s, the provincial government began to look for ways to determine private eligibility to BC loans. With

light already cast on the need to protect consumers of private post-secondary education with a regulatory framework, it was pragmatic to envisage piggybacking the PPSEA with formalized private institution accreditation. Accreditation would allow students to be eligible for student loans from both federal and provincial levels (E1).

Another economic factor that led to the PPSEA was the federal government's increasing demand for vocational training programs. In the late 1980s, Human Resources Development Canada (HRDC) provided funding through the Canadian Jobs Strategy, a federal initiative meant to strengthen the national base of skilled workers. This initiative represented a sudden swing in federal funding from public to private providers (Gallagher and Sweet, 1997) and played a significant role in helping the private sector become a viable post-secondary education alternative (Dennison, 1996).

The private sector became the preferred recipient of federal retraining funds because of its industry connectedness and because private schools were able to provide training at costs with which the public sector could not compete. One concern that this raised was that of the quality of programs students would receive:

At the federal level, the question always came up as to whether it was better to use the colleges or to use private providers for the purposes of funded employment training. Ottawa was always torn between funding the public overhead and enabling the maximum number of students to be trained for the money that they spent. (E1)

The contention always remained that the private sector was not providing the quality that one would expect from the public institutions (E1). With the introduction of the PPSEA, such fears were allayed and significant federal training money continued to be provided to private institutions. As a result, the sector grew and diversified further (Gallagher and Sweet, 1997).

By 1993, of the total institutional registrations under the PPSEC, 358 schools were eligible for HRDC funding (Gallagher and Sweet, 1997). As illustrated by Table 14, the private sector catered to an institutional diversity and student body far greater than within the public sector, and the amount of federal funding to private schools surpassed that provided to their public counterparts.

**Table 14—Intermediate Skill Provider Groups—BC 1992**

Provider Groups	Institutions	Programs/Trades	Reported FTE
Public Colleges/Institutes	20		
<i>Career/Tech</i>		331	19,635
<i>Vocational</i>		494	12,575
<i>Apprentice</i>		201	1,630
Private Training Schools	358	554	48,844

Source: Adapted from Gallagher and Sweet, 1997

One expert recalled that HRDC had expressed dissatisfaction with the capacity of the public institutions to respond in a timely manner to identified training needs (E1). Since community colleges and other public institutions were not meeting federal expectations concerning training, federal and provincial governments turned to private providers. This did not please public sector stakeholders, and organizations such as the CUFA/BC and the CIEA reacted with criticism and concern:

Did this mean that they were giving up on the skills agenda for the public sector? A decision had been made and obviously it was priming the private sector. Though PPSEC was a regulatory body, it was a means by which the private industry could legitimize itself. That was causing growth in the system. The CIEA was feeling threatened and felt that its own members could be doing what was being given to the privates. The government claimed the *quid pro quo* to be the inclusion of the privates into the fabric of the province's overall post-secondary system. (E11)

Prior to the PPSEC, the federal government favored public colleges and vocational

institutes. However, the existence of the Commission changed that. Instead of buying post-secondary seats at prevailing tuition rates, the assurances of the PPSEA framework enticed the Federal government to favour bidding within an open market where both private and public institutions competed as equals for available training dollars (Gallagher and Sweet, 1997). They sought avenues that would provide the greatest returns for the lowest costs. The playing field had leveled between the two sectors, and entrepreneurs saw opportunities and used them to their advantage.

One further federal interest that meshed with the introduction of the PPSEA concerned student visas. Immigration Canada has almost always granted student visas to students intending to enroll at public schools, even from countries such as China. However, this has not been the case with students applying to attend private schools, especially in light of such problems as those that had affected the students of Alpha College. In the late 1980s, Immigration Canada recommended development of a provincially established screening mechanism that would assist in determining which individuals and institutions they could safely issue student visas. There was federal interest in having a mechanism by which Immigration Canada could generate an accurate list of eligible private providers (E2). It may or may not have been coincidental that the mechanism they were envisaging was already lying embryonic on the table.

The rise of the private sector was, to a certain degree, a consequence of government policy at both provincial and federal levels. In terms of the provincial government, it was policy that arose from the historical neglect of a private post-secondary sector that long preceded the PPSEA. That neglect led to problems that proved too serious to ignore, such as school closures. In addition, the provincial government

failed to enough funding to meet the demands for public vocational training development. The private sector proved in many ways to be more flexible and cost-effective, and when the federal government shifted to fund private providers, entrepreneurs saw a market and an opportunity. The numbers of private institutions grew, and the PPSEC was established to serve two purposes: consumer protection, and the assurance that the federal government's money was being allocated to trustworthy institutions.

Perhaps it was intentional that the federal and provincial governments decided to favour the private sector. In an era of restraint and recession, alternate sources of revenue were surely attractive, and the private sector offered funding solutions that did not exist in the public system. Though the PPSEA was created to assure quality and protect consumer interests, it also served another function. Intentionally or not, the PPSEA also promoted what it was mandated to regulate, especially with the introduction of accreditation in 1996. In this regard, both federal and provincial policy alike helped to provide legitimacy to the private post-secondary education sector.

### **Regulation and the Commission**

In 1992, the PPSEC began operations. Until 1996, the Commission concentrated on ensuring that all institutions were registered and secured. By 1996, the function and form of an accreditation process had been determined and the Commission began to accredit schools pursuing it. These core responsibilities continued until 2004.

As will be discussed in Chapter VI, criticism of way in which the Commission pursued its responsibilities mounted across the 1990s and this led in 2004 to the Act being replaced in its entirety. Under the PPSEA, private providers were inadvertently—and maybe even deliberately—misled to believe that policy would shine a promotional

spotlight on the private sector. Why the PPSEA ultimately failed is a question best answered by understanding the ambiguities and inconsistencies that rested at its core. The PPSEA implied things that raised private sector expectations, but they never materialized.

From 1992 to 1999, the Commission faced continued criticism from those it served and governed—the students and the schools. From the schools' perspective, there was a feeling that the Commission became a policing body rather than a tool for support and development of the sector (E9, E3, and E2). From the perspective of students, they were caught by surprise when they found themselves out of pocket and without recourse after an institutional failure—despite guarantees by the Commission. After the 2003 closure of Pitman College, the oldest Vancouver private institute, one of the affected students had this to say:

I didn't even start before it shut down, but I paid everything. You know, it was accredited. That's what they told me. And Pitman...I mean, that school has been around forever. But according to the government [the PPSEC], we are supposed to get our money back if there are any problems with the schools. Now I'm stuck. I'm getting less than half back, and they [the PPSEC] told me I had to wait for over a year before I can see any of it. One cool thing is another college has offered to give me a reduced tuition. (Ex-Pitman College Student)

Some interviewees claim that the establishment of the PPSEC was not based upon a realistic assessment of the industry. The industry was not composed of schools in need of a clean up:

The PPSEC focused on the bad bottom feeder schools and its mandate was to deal with them. It forgot the bigger picture. It certainly forgot about the good schools and programs that were tried and true. The PPSEC developed its understanding and processes based on the worst of the schools that occupied the bottom ten percent of the industry. It did this to the exclusion of the remaining ninety percent that operated as proper, concerned, and well-operated institutions. In my mind, it lost track. The top ten or twenty percent of schools were trapped into a system of rules and regulations that were developed according to the practices of the worst institutions. (E9)

One expert compares private post-secondary education provision to other sectors of private enterprise: "In any industry, ten percent are of questionable intent and quality. Eighty percent are strong along those same lines. Ten percent excel at what they do" (E6).

From 1992, the PPSEC pursued a challenging mandate in a hostile environment. Multiple interests squared off. On one side stood entrepreneurs. On the other stood defenders of the public good. In between, an opportunistic federal government and a provincial government saw untapped potential in an untapped sector. That sector represented potential for the future of post-secondary education defined by competition, individual determinism, and commercial growth and development. The inconsistencies that came to characterize the activities of the PPSEC may have been symptomatic of the government's indecisiveness about the course post-secondary education should embark upon. Indeed, whatever decisions they made would dictate the course that would, in whole or in part, determine the future of the entire system.

In summary, the notion to apply a regulatory framework to a private post-secondary education sector came as a result of a number of conditions, needs, and expectations that, perhaps by coincidence, and perhaps not, intersected in the final years of the 1980s. The regulatory framework was intended to provide consumer protection. It was also about federal and provincial drives to increase access to post-secondary training options. It was about guaranteeing levels of quality in a sector of education that had never before been subject to much scrutiny. Furthermore, it was perhaps an attempt to make the private sector competitive and entice the public sector into commercial activities.

## Chapter VI—Expectations, Growth, and Restrictions

### Paths to Legitimacy

In Chapter V, the discussion focused on the forces that led to the establishment of the PPSEA. The chapter also provided a detailed look at how the development of that policy was hinged on a provincial government seeking financial alternatives to education funding that had traditionally been solely dependant on the public purse. The consequences of policy resulted in energizing a hitherto insignificant sector of post-secondary education and enabled it to grow. Chapter VI now turns to an analysis of that growth and its consequences.

In the 1990s, the gathering strength of the private post-secondary education sector began to challenge the public sector. Profit-driven initiatives became accepted and encouraged within the public sector itself, and the 1990s witnessed the rise of competition between private and public providers of non-degree training. Since the enactment of the PPSEA in 1990, the two sectors have in many ways come to mirror one another in significant ways.

This chapter will look at the challenges the private sector faced in attempting to achieve legitimacy under the PPSEA. The PPSEA was created to provide consumer protection and to determine eligibility for loans and funding. Additionally, it promised other benefits. By its very name, the Private Post-Secondary Education Act (PPSEA) appeared to give full access to the scope of post-secondary education. The Act promised tuition protection to students to lessen their concerns about falling victim to unscrupulous providers. The Act, with its provision for accreditation, also promised system-wide articulation and transfer. Most importantly, the Act seemed to provide assurances it

would lift the profile of the sector, increase legitimacy, and secure the sector's role in British Columbia's overall post-secondary education system. Instead, as will be demonstrated in this chapter, the private sector struggled under what became an inconsistent, ambiguous, and occasionally disabling regulatory framework<sup>10</sup>. Though most of the promises were not met, the perception that commercial ventures in post-secondary education were viable did grow.

### **Scope of the Sector**

In 1992, the number of institutions required to be registered was far higher than the Commission expected, and the PPSEA fostered a new awareness of the size and diversity of the sector. Generally, its institutions were small, niche-oriented, and tended to offer training toward specific areas of expertise. The doors of all such schools were open equally to local and foreign students, so long as they met basic entrance requirements, and so long as they were willing to pay. The schools provided individuals things not possible within the public system: flexibility in terms of start dates, shorter program durations, individual attention, and convenient locations. Private school tuition fees were higher, but the overall financial investments and losses appeared less since students could enter the labour market more quickly.

In 1992, the government placed all private post-secondary education under the regulatory umbrella of the PPSEA. By doing so, and by calling the sector "post-secondary," the scope of the sector appeared inclusive of all levels and varieties of post-secondary education. The Act states:

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<sup>10</sup> Paradoxically, the public sector itself grew to benefit from commercial initiatives, and seemingly without restriction.

**post-secondary education"** means training or instruction that is  
 (a) provided to persons who are 17 years of age or older, or  
 (b) provided to persons under 17 years of age and is designated by regulation of the minister to be post-secondary education,  
**(The Private Post-Secondary Education Act, 2004)**

Within the PPSEA, there were no explicit references made to limitations applied to the private post-secondary education sector concerning the nature of the programs they could offer. There was one limitation implicit within the PPSEA that was specified only within the Universities Act, but not until 2003. Throughout the 1990s, the term university, and thereby the ability to grant degrees, was not available to any public or private entity except for those institutions specifically referred to by name within the Act.<sup>11</sup> When the provincial government enacted the PPSEA, there were only three public institutions authorized to grant degrees, and under the Universities Act, this was clear:

(1) The following corporations continue to be universities in British Columbia:  
 (a) The University of British Columbia;  
 (b) University of Victoria;  
 (c) Simon Fraser University;  
**(The Universities Act, prior to 1996 revision)**

It was not until May of 2002 and the enactment of the Degree Authorization Act that the government established legislation that made specific reference to the inability of private institutions to offer degrees unless specifically permitted to do so by the Minister of Advanced Education, Training, and Technology:

(1) A person must not directly or indirectly do the following things unless the person is authorized to do so by the minister under section 4:  
 (a) grant or confer a degree;  
 (b) provide a program leading to a degree to be conferred by a person inside or outside British Columbia;

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<sup>11</sup> The only exception was the 1985 Charter granted to Trinity Western University, a private denominational university.

- (c) advertise a program offered in British Columbia leading to a degree to be conferred by a person inside or outside British Columbia;
  - (d) sell, offer for sale, or advertise for sale or provide by agreement for a fee, reward or other remuneration, a diploma, certificate, document or other material that indicates or implies the granting or conferring of a degree.
- (2) A person must not directly or indirectly make use of the word "university" or any derivation or abbreviation of the word "university" to indicate that an educational program is available, from or through the person, unless the person is authorized to do so by the minister under section 4 or by an Act.

**(The Degree Authorization Act, 2002)**

In 1996, the provincial government amended the Universities Act and enabled two things: a system of university-colleges and the establishment of the University of Northern BC. In 1992, and with the exception of Trinity Western University, the authority to grant degrees remained within the public sector. At that time there were only three such institutions in BC, and there was no clear way to categorize the rest. In terms of defining the private sector, the term post-secondary was the most convenient.

During deliberations that led to enactment of the PPSEA, there had been disputes involving semantics. Private sector interests did not wish to be bound by the term "training." A number of them<sup>12</sup> had academically focused programs that led, via transfer, to degree programs at the university level. The private institutions were not exclusively providers of training (E11). The government finally selected the term "post-secondary" for its ability to represent all interests involved. However, by doing this, the government also promised the road ahead would include all forms of post-secondary education. It was a convenient name, but carried implications.

Four factors motivated growth in the private sector from 1990 onwards: federal and provincial government funding, growing international opportunities, a pro-private enterprise government, and the promise of legitimization. The sector was open to

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<sup>12</sup> Columbia College and Coquitlam College.

opportunism, and that led to growth. While a variety of new institutions began operations, established schools such as the Ontario-based Academy of Learning and CDI College became dominant private providers in the province. These institutions soon had branch campuses in major communities of British Columbia. In addition, though some predate the PPSEC, the number of American universities operating in BC also increased.<sup>13</sup>

Sector growth in the 1990s was due also to the sudden proliferation of English as a Second Language Schools. By 2005 there were approximately 180 private ESL institutions in BC. Prior to 1990, there were few. Columbia College had actively sought an international ESL clientele since the middle 1980s. The YMCA had been in operation for some time. The Canada Language Centre emerged around that time. The Pacific Language Institute started around 1990 (E9). Prior to 1990 there were only between five to ten such schools. The ESL sector burgeoned during the first years of the PPSEC. This growth continued until the end of the decade. While in the 1980s a school of 100 students was considered large, ESL schools today cater to enrollments ten times that size (E9).

	1993	1996	1999	2001
Private PSE Schools	358	567	827	839
Private PSE FTE Enrollment	45594	72809	103732	94844
Private ESL Schools	30	80	140	190
Private ESL School FTE Enrollment	2850	3800	7600	16,625
Int'l Students in Private Career Development PSE	400	750	1,500	3,000
Total Int'l Student Pop. In Private PSE	3250	4550	9100	19625
Int'l Students as Percentage of Total FTE Enrollment	6	5	7	17
(Int'l and Local Students)	48,844	77359	112,832	114,469

Sources: PPSEC 2002-2003 Annual report; Gallagher, 1997. "Perspectives Magazine" (CECN, 2001)

<sup>13</sup> The existence of these US universities in BC opened a loophole regarding the private provision of degrees. American institutions, largely private, began to offer degree granting programs in the province; and until 2003, their only limitation has been the requirement to confer their degrees within their home jurisdictions (E3). This is a minimal expectation, and does not satisfactorily demonstrate that there was an even playing field in the province with regard to limitations applied to degree-granting status.

As Table 15 illustrates, the international student population in 2001 represented a significant proportion of BC's entire private post-secondary education enrollment. The ESL school enrollment figures in this chart represent only those students who entered Canada with student permits. With the inclusion of non-visa bearing international students in, International students in British Columbia (in 2001) numbered 37,000 (see Table 10, p.39).

### **The Issue of Quality**

Private post-secondary education has characteristically attracted derision, especially from public sector proponents. Experts interviewed for this study represent positions of influence that helped guide the direction of private post-secondary education policy and governance in the 1990s. One claimed that those who establish private post-secondary education schools lack the essential qualifications required to do so:

A percentage, and a small percentage at that, does a good job. However, for the majority, this cannot be said. Operators of private post-secondary institutions do not know how to design or deliver programs. They do not have the same calibre of instructors as does the public sector, and they do not have the level of depth. (E6)

Another expert acknowledged there were qualified owner-operators, but that in many instances this was not the case:

For the most part, former educators who understood what schools should be like operated the more legitimate institutions. They also benefited from having good business sense. These people in particular ran very sound operations. However, there is a real mix. Some are very sound, and very well run, but there are also the unreliable operations, providing minimal education at maximum cost. (E4)

A third expert claimed the range in quality was so extreme that distrust of the system was inevitable:

The range of quality within the private post-secondary education sector is dramatic, and it varies from first to third-rate. Some institutions are primarily interested in the students' education and well-being, and other institutions are primarily interested in the dollar.... Like in any other industry, some are dishonest, and others are ethical and well intentioned. There is a massive range of quality in an equally vast variety of largely non-academic programs. (E8)

Among the experts, the range of opinions on the merits of private post-secondary education ranged from positive to cautious to openly negative. Since the PPSEA was enacted, this kind of criticism influenced policy and governance. Consequently, though the PPSEA initially seemed to provide the private sector access to mechanisms such as transferability and accreditation, nothing of substance happened.

Some private institutions gained renown. Some, such as the Vancouver Film School, developed long-standing reputations across North America and around the world for the quality and relevance of programs. Students graduated from such schools to find employment related to their training. Table 16 provides an overview of the measures of graduation, employment, and student satisfaction based on two equivalent and concurrent studies: the "BC College and Institute Student Outcomes Project" (2000) and the "On Track: Private Training Outcomes Survey" (2000). According to this data, the differences in student outcomes were minor (Table 16).

	Public Colleges Represented: 22 Students Surveyed: 20,468 of 34,934 Average Student Age: 26							Private Colleges Represented: 150 Students Surveyed: 4,541 of 45,594 <sup>1</sup> Average Student Age: 32								
Measures of Student Satisfaction and Program Quality	Management/ Business	Sciences	Health and	Visual and Performing	Trades	Computer Services	Education	Overall Satisfaction	Management/ Business	Sciences	Health and	Visual and Performing	Trades	Computer Services	Education	Overall Satisfaction
Student Program Satisfaction (%)	89	76	77	83	85	77	<b>81.2</b>	77	85	79	81	55	88	<b>78.1</b>		
Enrollment Expectations Met (% Satisfied)	84	97	86	60	83	90	<b>83.3</b>	82	82	78	89	70	89	<b>81.7</b>		
Employment (PT and FT) (% Satisfied)	76	83	82	72	91	81	<b>80.1</b>	86	91	85	92	100	81	<b>89.1</b>		
FT Salary Level (in thousands or dollars)	25	26	24.5	25	30	27.5	<b>26.3</b>	23	23	26.0	34.0	29.5	25.5	<b>26.8</b>		

<sup>1</sup> This figure represents the most recent accurate figure regarding the number of students enrolled at private post-secondary education institutions (1993). Enrollment data for later years is not available. However, relative to the number of schools that exist today as opposed to 1993, current private sector enrollment may be as great as 100,000. See Table XY on page 64.  
Sources: Statistics from "On Track: Private Career Training Outcomes Survey" (2000) and, "BC College and Institutes Student Outcome Project" (2000), Ministry of Advanced Education, BC. Provincial Government

Though the results leaned slightly in favour of public sector schools in student program satisfaction and enrollment expectations, the private sector achieved a higher ranking in post-graduate employment and salary levels. However, the validity and comparability of the data in Table 16 must be weighed against numbers of students surveyed. While the public sector survey included sixty percent of the total student body, the sample size used by the "On Track" report represented only ten percent of the private sector enrollment in 1993 figures. In this regard, Table 17 and Table 18 provide more enrollment data for the same two sectors represented in Table 16. However, while the enrollment figures for public institutes (Table 18) are consistent with the numbers reported in the "BC College and Institutes Student Outcome Project," "On Track" fell far short of adequately representing the sector (Table 17).

	<b>1993</b>	<b>1996</b>	<b>1999</b>	<b>2003</b>
Private PSE	45594 <sup>1</sup>	(72809) <sup>2</sup>	(94844)	(103732)
FTE Enrollment				
Private ESL School	2850	3800	7600	16,625
FTE Enrollment				
Int'l Students in Private Career	400	750	1,500	3,000
Development PSE				
<b>FTE Enrollment</b>				
<b>(Int'l and Local Students)</b>	<b>48,844</b>	<b>(77359)</b>	<b>(112,832)</b>	<b>(114,469)</b>

<sup>1</sup> No enrollment data on the private sector can be found beyond the 1993 figure presented by Gallagher in his 1997 study.  
<sup>2</sup> The figures in brackets represent conjectural growth relative to increases in institutional numbers.  
 Data Source: PPSEC 2002-2003 Annual report; Gallagher, 1997; Schuetze & Day, 2001; Clark, 2003

<b>Program Type</b>	<b>1988/89</b>	<b>1997/98</b>
Voc/Career/Tech/	28878	39684
Apprenticeship		
<b>Total</b>	<b>28878</b>	<b>39684</b>

Data Source: Schuetze & Day, 2001

If greater effort had been made to ensure the statistical populations of On Track and the Outcomes Project were equal, the suggestion would have been that the private sector was equal to the public. That the statistical populations were not equal prevented this from being a statistically viable conclusion.

However, On Track provided a telling glimpse of the sector, and the high rates of graduation, employment, and satisfaction speak to a significant measure of quality. Concerning quality, therefore, the successes and susceptibilities of private institutions are best considered with respect to whether or not private institutions fulfill their educational responsibilities. While some schools are naturally of lesser calibre than others, the survival of private schools demands they are able to meet the needs and expectations of their students and of the labour market they wish to enter. It is at that level that the quality of their programs is most meaningfully discussed. In terms of quality, Table 16 demonstrates private institutions have been performing, at minimum, satisfactorily and,

in many regards, on a par with their public counterparts.

Nevertheless, and despite lack of clear statistical substantiation, low quality is a common perception of private post-secondary education. In British Columbia, this bias is understandable only to the extent that the public sector has long dominated the provision of education. The province has long held a deep aversion towards private provision of any social service. However, it is hard not to see a good deal of bias in this. It is difficult to infer deficiencies in the quality of educational programs if schools meet outcomes and students are satisfied to a reasonable and perceptible degree. Even if detailed records are absent, simple ledgers of accomplishment accompanied by general satisfaction make it difficult to assess whether a program is not achieving the results that it should. This is as true for the private sector as it is for the public. What is important is this: activities at the private level were proving to be a threat to the public sector. That threat was enough to entice the public sector into adopting commercial strategies that had formerly been more characteristic of the private sector (see Table 11, p.42; also Table 8, p.38).

Deficiencies in quality are not something specific to private education, but the consequences for the private sector are far more severe than they are for the public sector. From quality grows reputation. The loss of that reputation can devastate a school's ability to survive. In a sector that relies predominantly on tuition fees, and where education and training are commodities, consumer expectation is extreme, loyalty fickle, and the maintenance of quality paramount.

If...students do not like the services they are being provided, they can exit and find another school whose offerings are more congruent with their needs.... Schools that fail to satisfy a sufficiently large clientele will be weeded out...and...that in the limit can be fatal. (Chubb & Moe, 1997, p.365)

In the public sphere, problems that could devastate the reputations of private colleges are

diffused by bureaucratic infrastructures, procedural protection, and the perception that public provision is inherently good.

Quality is no more inherent within the public post-secondary education system than within the private. There are public sector colleges in British Columbia with programs that fall below reasonable standards of quality (E2). Within private and public post-secondary institutions alike, quality of instruction, program development, curriculum design, administrative operations, and facilities are equally susceptible to neglect. In fact, the substantive ground that does exist (On Track) speaks to the equivalency of the two sectors. Further, a recent study (Davey, 2003) on the differences in quality between private and public providers of non-degree programs in Ontario suggests private sector provision is not inherently substandard. The research focuses on the educational processes of DeVry Institute of Technology (Private) and Sheridan College (Public), institutions that offer similar non-degree post-secondary education programs:

DeVry's educational processes are designed to attract, motivate, satisfy and retain targeted 'clients' whose goals are relatively homogeneous and whose needs are well defined. These goals and needs are communicated back to students as prescriptive expectations and standards, and campus resources are organized to support students as they meet these expectations. While the level of the curriculum is tied to growth and profit, the standards, along with rigorous management practices, ensure a consistent level of quality across the DeVry system and appear to be higher than those at Sheridan. (Davey, 2003, p.323)

Sheridan students are less served than those at DeVry, and more is expected of them.

They enroll "through a self-selective and competitive process designed to get the best 'fitting' students, yet their goals and needs are more diverse than DeVry students"

(Davey, 2003, p.323). Davey asserts that students at Sheridan, once enrolled, must be far more pro-active than students at DeVry in order to obtain individualized support and

advice. Insofar as providing the best and most appropriate learning avenues, and the most effective systems of student guidance, Davey's conclusions support the notion that private post-secondary education may in ways be superior to its public counterpart.

Market responsiveness and industry affinity are two powerful advantages of private post-secondary education. In non-degree, vocational, career, and professional training, there is an inverse relationship in affordability that aptly fits a commercial model of provision. Generally, the shorter a program, the more expensive it becomes (E2). Schools require significant and regular revenues in order to maintain the quality of what they do, and students lose significantly less time in their aspirations to enter the job market. In the words of one expert, private institutions could charge higher tuitions if individuals could "get in, get out, and get employment" (E2). The needs of private schools and the needs of career-bound students find a balance that is not possible within the traditional structure of public education.

The federal government responded to the shorter programs of private schools with generous amounts of funding. This had nothing to do with the fact that the institutions were private, or with institutional reputation. It had to do with the efficiency with which private training institutions assisted individuals who sought employment (E2):

Not only is there a market, there is a need for it. The private post-secondary education sector has always been particularly flexible, adaptable, and has always been able to meet market need quickly and efficiently, and productively. (E7)

In many ways, if the public sector wished to compete with private career training, it was perhaps misled to remain steadfast to career skills training programs of two years or more in duration. Equally so, the opponents of private education claimed that it was precisely in the brevity of private institution programs that the problem lay. For them, that brevity

typified private career training and equated it to low quality and opportunistic profiteering. However, this begs the question. What is an appropriate timeframe? Conceivably, the two-year timeframe of public colleges and institutes is itself as arbitrary as it is convenient. Perhaps this realization led public schools in the late 1990s to begin offering programs equal in duration, cost, and commercial intent to those within the private sector (Table 11, p.42).

The PPSEA represented the first comprehensive and systematic government control over a system that had not been regulated to that point. The mandate of the PPSEC was clearly one of consumer protection. However, as has been discussed, the PPSEA was also a policy mechanism that enabled unprecedented provincial and federal funding of the private post-secondary education sector. The Act also provided a rationale for Immigration Canada to issue student visas more freely to students wishing to pursue studies at private institutions. Further, the creation of the Act included a central commitment to raise the legitimacy of the private sector through a process of accreditation open to all institutions who wished to pursue the status. In all, the PPSEA was crafted to elevate the status of commercial activity in post-secondary education in BC along lines of quality, legitimacy, and public recognition.

Accreditation introduced a commercially motivated mechanism of post-secondary education quality assurance. Were it to have functioned as intended, private avenues in education would have been officially recognized via transfer and articulation to the public system. As will be seen in Chapter 7, this was an intended outcome of PPSEC's accreditation process. The PPSEA raised these expectations, but in the end did not meet them. The scrutiny of the private sector under the PPSEA provided insight to the

potential of commercial avenues in post-secondary education. The inconsistent application of the PPSEA policies was the result of governmental and public sector uncertainty as to who should benefit from that potential.

These issues raise serious questions regarding the regulatory framework. Was the PPSEA necessary? It may be that the best measuring stick for the success of the private sector is its record of accomplishment. Based solely on comparative data, the record is no less solid than the achievements of the public system.<sup>14</sup> One of the experts backs this contention with reference to employers' preferring individuals trained within the private sector. They have skills and they are job ready.

The public post-secondary career programs, those based on the more academic model of training, never had specific performance criteria. Therefore, what you ultimately had to rely on was the reputation of the graduates in the workplace. However, I would ask you to go to talk to some employers of students that had their choice of both public and private program graduates. I will almost guarantee you that you will find as much or more satisfaction with the Private Training institutions as you will find with the Colleges. (E2)

Considering that the private sector might have been equally successful without the PPSEC, other intentions—in the view of this writer—were at work behind the creation of the regulatory regime.

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<sup>14</sup> One interesting note here concerns loans and loans default rates. One of the current measures of the success of the private sector is the record of students who default on their student loans. The private sector has a higher default rate than does the public. However, this default rate must be considered in light of the fact that default rates are based on the total amount of debt that is carried by a student at his or her "last" place of enrollment. Students may proceed through years of formal university education, enter private institutions to acquire career certification, and thereafter default on their loans. The total default in such situations becomes the responsibility of the private training institution the student last attended—even if the bulk of those loans may have been used to pay for their university educations—which themselves may or may not have been complete.

### **Commission Mandate**

Established in 1992, the PPSEC was charged with the responsibility of enforcing the Private Post-Secondary Education Act. The Minister was to prescribe the standards by which the Commission functioned, and the mission of the Commission was threefold:

- To provide consumer protection,
- To encourage integrity and high standards of educational competence within the private post-secondary sector,
- To implement and supervise with fairness and equity registration and accreditation.

(PPSEC Annual Report, 2003)

There is no evaluative or analytical literature available concerning the operations of the PPSEC. Evaluation of the PPSEC's activities across the 1990s is only possible based on annual reports and through the opinions and experiences of individuals associated with the Commission. This section will provide an analysis of the regulatory framework through the experiences of those people.

The Commission required a way to assure students that their tuitions would be protected, and ultimately a pooled insurance fund was rejected in favour of an institutionally specific bonding mechanism. Schools were required to post securities totaling seventy percent of their annual unearned tuition revenues in order to safeguard their students in the case of failure (E5). However, as schools were required to post tens to hundreds of thousands of dollars, the effects were sometimes crippling.

One of the immediate results of the requirement was the possibility that school owners would be enticed to provide false enrollment data. Higher enrollment predictions would necessitate larger bonds, thereby freezing valuable resources needed to improve operations. This problem arose in the 1990s when, in the event of school closure, the

Commission occasionally discovered that sufficient bonds had not been placed to protect students. If the Commission doubted schools would place sufficient financial securities, its rejection of a pooled tuition protection mechanism makes little sense and raises further questions about the intentions of the policy framework.

In addition, the PPSEA promised articulation of private and public systems. Such was clearly stated by the policy document entitled "Charting a New Course" (1996). The task to enable articulation was given to a body called the Working Committee on Public-Private Articulation Agreements (WCPPAA).<sup>15</sup>

The Working Committee on Public-Private Articulation Agreements was convened as a result of policy outlined in Charting a New Course.... The Working Committee's set task was to...recommend a policy framework and criteria to guide and encourage credential recognition between public and private providers.... The current push toward accreditation of private training institutions is relatively new..., but it is a powerful tool for the protection of educational standards and therefore the proper starting point. (WCPPAA, 1997)

True accreditation never materialized. No formal systems of articulation or transferability were established between the private and the public sectors, and private schools remained barred from inclusion within the British Columbia Transfer Guide. What remained was a rationale for accreditation that was singular in its intent: to provide provincial and federal funding bodies a method to establish eligibility amongst private institutions. That the government and the PPSEC chose to continue referring to the process as "accreditation" became misleading.

Two explanations arise that may be able to answer the questions regarding an ill-planned regulatory framework. One, the effort may have been purely administrative and

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<sup>15</sup> This working group was co-chaired by staff from the Centre for Curriculum, Transfer and Technology (C2T2) and the Ministry of Education, Skills, and Training. It also included representatives from: the BCCAT, the CIEA, the BCGEU, the PPSEC, the public post-secondary college, institute and agency sector, and the private post-secondary education and training sector.

without intention beyond harnessing and controlling what was perceived to be an industry susceptible to rogue interests. Two, there may have been a lack of interest in the sector itself, but great interest in the potential it represented. That potential appeared to provide solutions to problems that affected the province's entire post-secondary education system—a potential that pointed to the benefits of commercially driven avenues of revenue generation. Indeed, as discussed in Chapter 3, this was the contention of the WCPPAA. There were too many considerations, too many inconsistencies, and too many interests involved in the conceptualization of PPSEC to enable one to conclude that the effort was purely administrative. All of the decisions, determinations, expectations, prescriptions, and ambiguities weave together into a pattern that in its entirety suggests that there was intention that went beyond the stated purposes of the PPSEA.

Of all of the ambiguities surrounding the application of the PPSEA in the 1990s, the most misleading concerned accreditation, articulation, and school closure. Chapter 7 turns to analyze these in depth.

## Chapter VII—Issues of Quality and Intention

### Accreditation

This thesis turns here to a discussion regarding issues of quality and intention that arose from the PPSEA's mandate to accredit private institutions and from the spotlight that was directed at institutional closures. Ambiguity surrounds the way both have been handled by the government and suggests that the lack of clarity in both regards may have been intentional.

Regional and national systems of accreditation have been refined by countries such as the US and Japan. In those countries, accreditation enables students as consumers to make institutional choices based on clear qualitative and quantitative measures across multiple operational categories, from the best to the worst, and in terms of costs and returns:

Regional/institutional...bodies, grant accreditation based on reviews of institutions or programmes. Among institutions accreditation results in reciprocal trust and permits credit transfer and admission to graduate programmes.... In Japan already in 1947, the Japanese University Accreditation Association (JUAA) was founded. Since 1956, the association applies the standards agreed upon by the government. (Van Damme, 2000)

While accreditation is commonplace within the post-secondary education systems of many nations, in Canada formalized accreditation does not yet exist.<sup>16</sup> The PPSEA

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<sup>16</sup> ...except, perhaps, for MacLean Magazine's annual ranking of Canada's degree-granting institutions. This ranking has raised the ire of public system proponents for creating the perception of inequity and a competitive milieu within Canada. However, the magazine's efforts do fit with Hayekian neo-liberalism that necessitates a degree of aggravation and the stimulation of competitiveness. Though the ranking is informal and does not stem from policy or legislative direction, it has become an anticipated and, in many regards, a trusted annual snapshot of Canada's overall post-secondary education system.

This may soon be changing. A draft paper entitled "Inter-Provincial Cooperation Respecting a Pan-Canadian Quality Assurance Scheme for Canadian Post-Secondary Education" is on the table and discussions are well advanced in the effort to create a formalized Canada-wide system of institutional evaluation: "In February 2004, the ministries responsible for higher education in Alberta, British Columbia, and Ontario co-hosted a workshop for officials across Canada, and members of quality assurance agencies from those three provinces." This indeed would have massive ramifications for post-secondary education in Canada.

introduced this mechanism for the first time within the Canadian context. However, it was a mechanism that in substance was not accreditation at all.

In 1980, Birnbaum suggested that diversity and quality in a system of post-secondary education depends upon market-driven competition. However, in order to foster competition, Birnbaum recommended the application of a quality assurance framework and a dual track regulatory mechanism:

The dual purpose of ensuring quality while promoting diversity [with regard to private post-secondary education] might be satisfied by creating two alternative levels of state review.... The first level, ...registration, would signify that the institution was in compliance with...health and safety laws, [that] its materials and advertising were not misleading, and [that] it was not operating in an educationally or fiscally fraudulent manner.... A second level of review, perhaps called accreditation, would, at an institution's request, evaluate the school against a set of qualitative and quantitative standards.... These steps would enable individuals to make more informed choices, [and] protect the states' interest in guarding quality. (Birnbaum, p. 152)

Whether by intention or coincidence, the Private Post-Secondary Education Act (PPSEA) was modeled exactly on Birnbaum's suggestion. A question that arises is whether it was also the intention of the government to promote diversity within British Columbia's private sector. Such was, after all, a key function of Birnbaum's model. If this was the case, the suggestion would be that the PPSEA's intention went beyond simple consumer protection. The application of Birnbaum's framework would suggest planning toward the commercialization of post-secondary education where the success of institutions would hinge on their ability to meet consumer-driven market demand. This chapter will discuss how the existence of the PPSEA, especially in light of accreditation, drew the public sector into an emerging competitive milieu in post-secondary education.

With the implementation of a dual track process, the BC government borrowed a model intended to legitimize and promote the development of private post-secondary

education. However, while the government provided a mechanism to raise the status of the sector, it did not allow the institutions to grow in ways accreditation suggested: the sector was denied the ability to develop formalized lines of articulation and transferability within the overall post-secondary system. Accreditation, by definition, promised to enhance the reputation of the private sector. It did not. In the 1990s, the field was imbalanced. Commercialization of public post-secondary education succeeded where the private sector was not permitted to participate.

The provincial and federal governments had identified, from the outset, that some mechanism was required to determine student loans and foreign student visa eligibility. As early as 1987, both provincial and federal governments showed interest in assessing the eligibility of institutions for student loans and HRDC funding.

There were expectations on the part of both the provincial and federal governments that accreditation could be tied to the issuance of student loans. The government had no budgetary means and no labor to put their own system in place, so they looked outside to see what alternatives were available. When PPSEC indicated that it was developing this process, the government decided to attach it to student loan designation. However, it was never envisioned that there would be such a demand for it—not originally. Common belief was that the process would seem too onerous for most of the private schools to want to pursue. (E7)

Accreditation was an answer to this. However, although accreditation was integral to the PPSEA, the PPSEC did not begin accrediting private schools until 1997. In the interim, the expectations, suppositions, and suspicions regarding the purposes of accreditation grew.

For the opponents of private post-secondary education, the accreditation requirement appeared to provide a barrier to student loan eligibility and to public-private articulation. The Working Committee for Public and Private Articulation Agreements (WCPPAA) felt accreditation would set the bar so high that it would surpass the abilities

of most private institutions:

The recommended policy and criteria in this report, if adopted, will...serve to encourage private training institutions to accredit in order to attract students who wish to proceed on to the college, institute or agency system. For these and other reasons, there is growing momentum toward accreditation among private providers. Even so, accreditation remains voluntary, and it is unlikely that all of the private providers wishing to negotiate articulation agreements with public colleges and institutes will soon, or perhaps ever, become accredited. (WCPPAA, 1997, p.1)

Accreditation implied significant benefits, and it would be unwarranted to assume those involved in designing the PPSEA had not considered the anticipation with which it would be received by the private sector. "Accreditation" carries a distinctively legitimizing nuance that, internationally, pack meaning and promotional value. In this regard, there was perhaps also fear on the public side that accreditation might lead to private activity within higher education.

Two private institutions, Columbia College and Coquitlam College, have had program transferability agreements with the public system for two decades. Their ability to provide students with avenues of transfer was originally approved in the late 1970s or early 1980s by The University President's Council (TUPC), and long before the establishment of the British Columbia Council on Admissions and Transfer (BCCAT).<sup>17</sup> Since then, no other private schools have been able to enter the system. To this day, resentment has existed among institutions that have long wished for the ability to provide their students with the same opportunities.

With accreditation, formal articulation did appear to be on the horizon.

Ultimately, this never happened (E4). As a result, though Columbia and Coquitlam Colleges are proprietary and fall in the scope of the PPSEA, they are deemed to be

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<sup>17</sup> In 1982 the BCCAT assumed the role of administering provincial transfer agreements.

different: “The two that most closely resemble liberal arts colleges are Columbia and Coquitlam colleges” (E2). The fact that these schools more closely resemble private liberal arts colleges is due specifically to the transferability of their programs. Inclusion in the British Columbia Transfer Guide has allowed them develop programs that would otherwise have been commercially unfeasible in the context of the province’s private sector.<sup>18</sup>

Following the creation of the PPSEA, private schools were hoping to improve their public image. The combination of the incentives that the legislation promised steered many of them towards pursuing accredited status as soon as it became available. From 1997 onward, the number of schools seeking the recognition far surpassed the expectations of the Commission. Further, the number of schools that opted to be accredited only intensified when, in 1997, the ability to grant BC Student Loans was tied to the process (E4). In 2003, Human Resources Development Canada (HRDC) followed suit by stipulating that private post-secondary programs required accreditation in order to be eligible for federal retraining funds. However, while most schools sought to guarantee their eligibility for these financing opportunities, they were misled if they felt accreditation would function to provide avenues of articulation.

The PPSEC model for accreditation was adopted from the institutional self-evaluation process of BC’s public Colleges and Institutes. That process was borrowed from the Pacific Northwest Regional Standards Board in the US (E5). However, within British Columbia the process is called “accreditation” only when referring to the private

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<sup>18</sup> The BC Transfer Guide is the yearly catalogue of post-secondary education inter-institution transferability published by the British Columbia Council on Admissions and Transfer (BCCAT). The Guide is exclusive to all but the public post-secondary institutions, except for the inclusions of the denominational private degree-granting institutions, and Columbia and Coquitlam Colleges.

sector. Within the public sector, the same process is referred to as “institutional self-study.” Institutions perform self-studies once every five years, the results of which are never publicized or used to create quality rankings that people might use to help them with decision-making. Accreditation presupposes a system of ranking and commercial competitiveness in the field of education. It brings to bear issues of quality that within the public system are often blindly considered to be guaranteed. The question is, given that the process did not truly accredit private schools, why then was it called accreditation if not to mislead?

Canada maintains a myth of equality, and supports the contention that the nation’s public post-secondary education institutions are equivalent, regardless of their locations, sizes, and financial reserves. Accreditation, on the other hand, suggests a system of ranking where equality plays no role whatsoever. This being the case, recent discussion of a pan-Canadian system of accreditation<sup>19</sup> is the clearest indication yet of commercialization across all levels of post-secondary education in Canada.

We are out of tune with developments in most other areas of the world...in the context of a growing international trade in educational services in which quality assurance standards and procedures are a major marketing theme; the lack of pan-Canadian “badges of quality” may be a disadvantage for Canada. Our universities and other degree-granting institutions must compete in a global context in which other countries not only assess programs at home but also assess them when offered at foreign sites against published standards, with transparent procedures and published outcomes.... As Canada moves increasingly toward the export of its programs, it may be expected to identify standards and procedures for quality assurance. (CMEC, 2004, p.1)

Did the example of PPSEA’s form of accreditation help stimulate this kind of deliberation? The remaining pages will attempt to answer this question.

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<sup>19</sup> CMEC Report (2004), The Inter-Provincial Cooperation Respecting a Pan-Canadian Quality Assurance Scheme for Canadian Post-Secondary Education

## **Articulation and Transfer**

Formal transfer has, to the present day, been a gate-keeping exercise of the academic councils and colleges in BC that traditionally refused to recognize the legitimacy of private sector programs (E5). Accreditation did not go that next step. This is unfortunate since it would be in the best interest of students if all education were to be recognized in one seamless system. It would be a perfect world if students from the private sector could take their credits and credentials and pursue a degree. Accreditation was intended to pave the way for such a process. But, it fell far short (E7).

Accreditation means that an institution does what it intends to do, trains as it intends to train, provides what students intend to learn, has appropriate facilities, and faculty to accomplish its goals. However, accreditation also raises greater expectations. The public expectation of accreditation is as simple as it is misguided: "The program is good, and UBC recognizes it" (E1). However, this is not necessarily true, and students do not understand the ramifications when they choose to enter an accredited institution. Government legislation often leads people to accept blindly what they are told. It is therefore the responsibility of government to provide citizens with ethical consideration and direction. That is, of course, unless there are reasons for false perceptions to be of benefit.

If students complete programs they perceive to be avenues to further study, to be denied those avenues could detrimentally affect the private sector and devastate the reputations of its institutions. It is true that the PPSEA's accreditation mechanism does provide the assurance of quality to the private post-secondary sector, and this is a clear benefit to students. However, accreditation also promises that institutions and their

programs are formally recognized by post-secondary education systems and governments. The fact that this is not so in British Columbia renders accreditation under the PPSEC somewhat pointless. It rings of legislated false advertising.

If the government intended to employ Birnbaum's suggestions, the conclusion might follow that the government did intend for competition to grow and commercial activity to intensify. If the intention of the PPSEC was not to benefit the private sector, perhaps the intention of the government did indeed lie in a different direction. When presented with a viable commercial alternative such as the private post-secondary education sector, the public system might be enticed to adopt free-enterprise strategies itself. By doing so, the public sector would take its first steps towards breaking from its dependency on the public purse. With the aforementioned pan-Canadian initiative gaining momentum in 2005, formalized mechanisms of accreditation seemed likely to validate both the public and the private post-secondary education sectors equally. Such an initiative promised to open doors to market conditions that public providers had traditionally been sheltered from—competition, diversification, commercialization, and the survival of the fittest.

The PPSEA helped to desensitize the public towards the commercialization of post-secondary education. It appeared to have been influenced by intentions and motivations other than those that purportedly led to its creation. The regulatory framework under the PPSEA promised certain things. It did not accomplish them. Instead, it did enable a degree of equity between the public and private sectors in terms of opportunities to succeed, or to fail.

From 1992 onward, the BC government under the mandate of the NDP pushed for

the implementation of PPSEA's accreditation process to encourage private and public institutions to articulate and to set up transferability between their programs. But nothing happened. The authority to encourage this fell under the mandate of the Centre for Curriculum Transfer and Technology (C2T2) (C2T2, 1997). However, though the provincial government under the NDP had established this mechanism, it was caught in a dilemma: it felt there should be articulation, but it did not really support the role of the private sector. The C2T2 predicted that private schools would receive the opportunity to become accredited with enthusiasm. Private institutions wanted recognition and credibility, and the promise of articulation appeared to open the ceiling (E8).

Private schools encouraged the PPSEC to implement the accreditation process. However, the union bodies—the Colleges and Universities Faculty Association (CUFA), the Canadian Federation of Students (CFS), the British Columbia Government Employees Union (BCGEU), the College Institute Educators' Association (CIEA), the University Presidents' Council (TUPC), and the NDP Government itself, were not supportive. Given that these groups were ideologically opposed to avenues that might lead to the recognition of private credentials by the public institutions, nothing in the end transpired (E8). However, the term "accreditation" was retained and continued to suggest permissions far beyond those allowed. The incomplete provision of accreditation, although it enabled the sector to grow, restricted the private sector from improving itself.

The purpose of the PPSEC was to assure the quality of the private post-secondary education sector, and to benefit the students within it. Instead, at every turn it created or permitted limitations to both. An ironic twist to accreditation was that its shallowness often exposed itself to students whose expectations were set far higher than they might

otherwise have been. It could be argued that the ability of the sector to succeed within the open market was severely and unfairly stymied. Instead, it was the public sector that reaped the greatest rewards—especially once it learned to borrow from the techniques that had clearly been developed within the private sector itself—short-term intensive programs, higher tuitions, and international marketing initiatives, to name a few. This perhaps lends motive to the aforementioned legislated false advertising concerning the incomplete meaning that accreditation was given under the mandate of the PPSEC.

### **Institutional Closure**

The history of institutional closures under the Commission provides an example of another element of the PPSEC experience far different from the one anticipated. In the opinion of experts, institutional failure, with rare exception, came without warning. Some institutions were monitored with excessive vigilance, yet they were not necessarily those that failed. The Commission's efforts did not result in a system through which it could predict and prevent catastrophes. One expert claimed that, contrary to common sense, financial instability does not always lead to closures.

We certainly placed our bets about the longevity of some of the schools and were often surprised...although more because they managed to stay in business rather than close. According to... financial statements there was no way they should have been able to continue to operate year after year. I would say that using the financial statements as a gauge for the stability and risk assessment of the business did not prove useful. In that sense, the closures could often be a surprise. Not because they books looked good but then they closed but because the schools would operate for years with unstable finances and so, it was hard to predict who or when they would close. (E6)

Another of the experts said that complaints are not sound indicators of pending closures:

The ones that were surprises were usually smaller operations about which we had received few or even no complaints. The others were ones about which we had received a number of complaints. These closures did not come as a surprise, but then again, we had other

institutions about which we had a number of complaints that managed to stay open. So it is hard to say that we could have predicted the closures we had. (E4)

A third expert confirmed that predicting institutional closure is an inexact science.

There are generally not any early predictors of institutional failure. There are, however, "early warning" indicators. Institutional closures are seldom a total surprise; but unfortunately, the signs of failure do not surface until the institution is already in a serious downward spiral. (E5)

Table 19 presents a review of closures that occurred under the Commission. Considering the excessive vigilance with which the Commission governed the sector one might expect an abysmal record. Instead, the history of closures provides a picture of a surprisingly stable sector. Either the Commission prevented closures that might otherwise have occurred, or the sector is stable.

The PPSEA and its Commission were established to prevent unscrupulous entrepreneurs from taking advantage of students. The Commission was to provide mechanisms to ensure the intentions of institutions could be verified, and to ensure that during closures students would receive compensation. However, an analysis of the record of school closures across the PPSEC years suggests it did not improve the situation (Table 19). The situation may not have been dire at all.

Year	Total Claim Amount	Total Security Bonds (millions)	Claims (% of Total)
1993	\$ 74,267.00	\$ 29	0.2
1994	\$ 51,282.00	\$ 42	0.1
1995	\$ 69,126.00	\$ 47	0.1
1996	\$ 88,492.30	\$ 46	0.2
1997	\$ 293,777.17	\$ 56	0.6
1998	\$ 191,319.88	\$ 58	0.3
1999	\$ 856,473.88	\$ 67	1.2
2000	\$ 103,500.80	\$ 68	0.1
2001	\$ 288,763.68	\$ 67	0.4
2002	\$ 338,269.28	\$ 67	0.5
2003	\$ 377,186.57	\$ 68	0.6
2004	n/a	\$ 80	n/a

Adapted from PPSEC Annual Report 2002-2003

The numbers of schools closing each year remained proportionally the same. Consumer

protection was supposed to be central to the PPSEC mandate. If the PPSEC did not affect positive change in an area that purportedly required drastic change, then the purpose of the Commission was lost, not pursued, or lay elsewhere.

Under the PPSEC there were two categories of closures. "Closures with claims" occurred when students were owed money. "Orderly closures" occurred when a school trained out students or reimbursed them (E6). Schools that had the highest chance of closure were small and insignificant. They did not hit the radar. From 1992 to 1999, there were sixty closures with claims. For the most part, and except for the occasional newsworthy collapses of institutions such as Trend College in 1998 and Pitman Business College in 2003, closures were invisible to the public.

When a school closure hits the newspapers, especially after people have been negatively affected, the industry suffers damage that far exceeds that reality of the situation. Statistically, however, closure happens rarely. When it does, the students are very seldom out of pocket or out of training. They get absorbed into the system and other institutions take them on.... Watching it as I did over time from when the first school went under to what happens now; it has almost been seamless. For the most part, it is all done quickly and effectively. (E7)

Under the PPSEA, schools closing executed their responsibilities and followed the PPSEC requirements. They trained out their students and closed their doors. Most schools placed sufficient financial securities into the hands of the Commission. The most highly publicized closure was Alpha College in 1988. It was high profile, attracted media, the government was criticized, and it caused ESL schools to be labeled unscrupulous. There has not been a school of that relative size close since.

One of the important functions of the PPSEC was to conduct compliance audits of private institutions. However, the Commission did not begin this procedure until 1997 (E6). This being the case, it is understandable the Commission was not able to predict

more of the closures that occurred. However, the ratio of closures did not drop significantly after 1997. Instead, once compliance audits began, the rate of closure remained at below one percent of the total securities bonds placed by schools in any given year. (Table 19, p.89). This implies that consumer protection via the regulatory framework of the PPSEC might have been ineffective. The entire premise of the regulatory regime was that unsound operations would burgeon in the absence of regulation. Given the rate of failures was relatively static—and very low even in the absence of inspection (from 1992 to 1996 before the Commission began to conduct formal compliance audits)—the industry was, at its core, determined to meet and surpass expectations. Once again, the exercise of a regulatory framework appears ambiguous.

Whenever an institution was forced to submit to failure, others in the sector accommodated the displaced students—in most cases for free. There was a promotional element to this. But by standing up to help one another the institutions chose to expend resources that might have been used otherwise. However, the notion of a well-meaning and essentially honest private sector may well be, in the interests of some, dangerous. If it were understood that the private post-secondary sector was a stable and worthwhile alternative, it would be difficult for a government to impose regulation. However, without regulation, the government would forfeit control of a lucrative sector of industry. The notion the sector posed a threat to the public was perhaps as convenient as it was contrived.

Had the PPSEA and the PPSEC been created to protect the public and allay fears about private providers, the Commission should have offered services to raise the profile of the sector. Those might have included productive solutions to help foster growth,

direction, and legitimization, such as effective consumer protection, true accreditation, and official paths to articulation throughout the provincial system of post-secondary education. Instead, the PPSEC appears to have worked to limit the private sector's ability to achieve things the Act seemed to promise. Those limitations, however, did not affect activities of the public sector that went on to adopt private sector strategies with great success.

The following chapter will focus on political influence in the interplay between public and private interests. It will also shed light on revisions that private post-secondary education policy underwent in its reinvention as the Private Career Training Institutes Act (PCTIA) in 2004.

## Chapter VIII—Politics, Revisions, and Open Doors

### Political Environment

The development of legislation revolves around emergent problems. It is often reactive as opposed to proactive. Had problems existed earlier with regards to private post-secondary institutions, legislation would have been passed far sooner. Instead, the regulatory framework did not materialize until private education had become a highly profitable enterprise—and globally so. In British Columbia, the government pounced on that growth and applied to it a regulatory framework that, consciously or not, increased the government's awareness of the benefits and potential returns of commercial avenues in post-secondary education.

In the 1980s, the increasing demand for post-secondary spaces from across the province was turning the provision of such education into a lucrative business (E1). With a regulatory framework in place, government was able to harness a sector of post-secondary education profiting from its efforts. By doing so, the government saw how this kind of revenue-generating model could be used by the public post-secondary education system. Via a regulatory framework, the government could control commercial ventures in post-secondary education. It could act as a gatekeeper. It could determine the extent to which it would allow that sector to grow, and to what extent it would and should apply competitive pressure to public alternatives.

The PPSEA experiment began under a market oriented Social Credit government, and implemented under a more socially oriented NDP regime. The NDP had originally voted against the Act because of the belief among the public colleges and their public unions that development of the PPSEA was an attempt by the government of British

Columbia to privatize post-secondary education. A body of constituents thought the legislation detrimental. Dissenters did not look at what the Act was supposed to do. Instead they looked at it from the perspective of what it might do if misused.

We have had an awful lot of not relevant debate from members opposite on second reading of this bill. It's clear to me, in all the argument I've heard over the weeks now on Bill 24, that the members clearly have not read the bill. Nor do they understand what it says. We can probably make more of those specific points about the legislation—the strength of the legislation - as we move to the committee stage. (Hon. Minister Strachan, Hansard, 1990, p.10543)

The popular contention was it would have a negative effect on community colleges (E2) and, by extension, remove the monopoly of the sector from its traditional base of providers: “There are occasions when the public colleges have complained when they perceive private sector trainers to be infringing on their markets” (E1). This kind of competitive retaliation is itself telling of actions the public sector was inclined to pursue to protect the domain it perceived to be its own—thereby giving credence to the Hayekian notion that through government regulation, competitive spirit grows.

However, the PPSEA was enacted with assurances made that there were no ulterior motives—the government was not initiating the commercialization of post-secondary education as a whole. The discussions in parliament clearly stipulated that the Act was to protect the consumer:

You may be opposed philosophically as a party to anything the private sector does, but that's not the point. The private sector is out there; it's alive and well in a very healthy industry. There are a few unscrupulous operators. The private sector wants legitimate legislation that establishes registration, accreditation and a commission to ensure that they are doing a good job, so the consumer is protected and the private sector's reputation is protected. (Hon. B. Strachan, Hansard, 1990, p.11960)

The PPSEA was enacted and maintained as a tool to harness ambitions of private

providers. In this way, the NDP was able to rationalize the Act according to its own philosophical position (E1) and use it to achieve its own ends.

Despite growing resentment in the 1990s of a sector that felt it was being over-regulated, the NDP refused to visit the idea of rewriting the legislation. Until the Liberal government took control of BC politics in 2001, there was no talk of changing anything. With the defeat of the NDP in 2001, this new neo-Liberal government, market oriented like its Social Credit counterpart of the 1980s, set out to eliminate what it perceived to be excessive bureaucracy established under the New Democratic Party (NDP) (E6). When English language schools requested deregulation, the government's task became easier, and they responded in favour. On November 22, 2004 the Private Career Training Institutes Act (PCTIA) was created to replace the PPSEA. The new legislation removed the government from regulatory responsibility. The industry regulated itself.

Factors that prompted replacement of the PPSEA were a reflection of the provincial Liberal government's attitude towards business (E1). When the Liberal government assumed control, it decided increased access to high quality non-public post-secondary education was desirable. This belief was in line with the Liberal disposition to favour private enterprise. The costs of post-secondary education were prohibitive within the traditional public framework and, for the Liberal government, answers lay in financing via revenue generation. The PPSEA represented one of many other initiatives toward the commercialization of services since the 1980s, and in conjunction with those, it ultimately had the effect of desensitizing public opinion. By 2004, the cumulative result was to open the doors to commercializing all avenues of post-secondary education.

## Revisions and the PCTIA

In 2001, the Private Institutions Branch was created within the Ministry of Advanced Education. Its role was to encourage development of quality private institutions and create legislation necessary to assure quality education from private institutions. Another role was to set up a legal framework for private institutions from within BC and from other jurisdictions to offer degrees in the province (E1). In May 2003, the Degree Authorization Act was enacted, and the Degree Quality Assurance Board (DQAB) approved the first fully private for-profit university in October 2004: the University of Canada West in Victoria. Shortly thereafter in December 2004, Sprott Shaw Community College was granted the ability to grant degree programs, and this signified the first time an institute formerly under the PPSEA was granted access to higher education<sup>20</sup>. Indeed, the past two years have witnessed startling changes in the province with regard to private post-secondary education in all of its forms and at all levels.

Concerning the private post-secondary education sector, the PPSEA was replaced with a new Act in November 2004. The sector now falls under the Private Career Training Institutes Act and has been given the power to regulate itself. Whether or not the private sector is ready to self-regulate is an entirely different question. However, the belief that it can self-regulate reflects faith in neo-liberalist principles. It is a faith that has never been characteristic of the economic fabric of the province, but one that has apparently grown in acceptance since the time the PPSEC began operations in 1992.

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<sup>20</sup> Additionally, the former UBC president David Strangway was granted a Private Member's Bill in 2002 for the Sea to Sky University. Since the granting of the DAA, he now faces the requirement of receiving permission under the DAA, but a strong argument could be made to the effect that the Private Member's Bill was awarded in lieu of an Act that was all along intended to be passed. A question also arises with regard to how Strangway, a private interest, was able to secure legislation prior to an all-inclusive Act was put into place.

There have been accusations that PPSEC should have been looking to see what worked and what did not work at the global level. The US model of regional accreditation would have been one obvious place to begin such inquiry. The Australian Quality Training Framework provides another strong example of how a private sector can be successfully incorporated into a comprehensive post-secondary system (ANTA, 2001). There are claims that such efforts never materialized, and that they are equally absent under the PCTIA.

In 2005, the ESL sector, perhaps the most lucrative segment of the private post-secondary education, has been completely deregulated. On the other hand, avenues have been established that potentially allow massive commercialization to burgeon within the province's degree-granting sector. Perhaps there have been, across the past fifteen years, pressures applied to the system that have been leading it in directions towards a grander scheme. As the evidence seems to suggest, these pressures have been steering policy makers unbeknownst perhaps even to themselves. The processes of commercialization may well continue to open up the floodgates until the figurative seas level, at which point the private and the public sectors will appear one and the same. The PPSEC years increasingly witnessed the public sector commercialize elements of its operations in ways that mimicked the private sector (Table 8, p. 38; Table 11, p.42).

In conjunction with the Degree Authorization Act (DAA), the future appears to promise continued legitimization and growth of commercial post-secondary education avenues. Neo-Liberalism deems that competition and diversification within any sector of industry enables that sector to grow and flourish. With private post-secondary education now able to compete at all levels of post-secondary education, the public sector has

surely been provided with the cause to compete in order to retain its dominance in the province's overall post-secondary education system.

### **Intention and Cause**

There is a correlation between the growth of the private post-secondary education sector, the calls for expanded access to post-secondary education, and the subsequent enactment of the PPSEA (1990). Though there are no direct links between the Access for All Report (1988) and the PPSEA, the two initiatives germinated alongside one another. Access for All was a call to action that led to the establishment of the university-colleges system, the University of Northern British Columbia, and the ill-fated Technical University of British Columbia. The market was ripe for expansion in that era because of the availability of training dollars, an increasing population, and an emerging necessity for greater diversity in post-secondary education. The PPSEA was part of a greater overall movement that guided the provincial post-secondary education sector to commercialize its activities.

What was required by the post-secondary system in the latter half of the 1980s, and what is still required, were the financial means to enable system-wide growth and diversification, and to do so without starving other provincial social systems. Government at that time recognized that the private post-secondary sector was providing programs that, for the most part, were satisfying students. Schools were profiting from the exercise. International education was emerging as a lucrative enterprise. Such efforts had long been pursued by public schools, but not for revenue generation. The notion that commercial revenue generation might be a viable complement to the public system caught some educators by surprise. In the contention of one of the experts:

I phoned the dean of education at UBC and asked why they did not offer cost recovery programs in Northern BC much like Oregon State was doing with a Master's of Education in the Peace River District? He said that they never thought they could offer a program at a different fee structure. Well, that is being bound and by your own assumptions. (E2)

The private sector demonstrated that individuals from British Columbia and from other countries would participate in BC schools for larger sums of money than had ever been required by the public system to that day. The connection required was not such a leap that it went unnoticed. There was, however, a political leaning and a public sentiment in the 1980s that was far more socially driven. Education was not a commodity to be bought and sold.

No matter what pressures might have been acting on the province from a global perspective, any attempt by government towards the privatization of education would have meant political suicide. Instead, there had to be a mechanism put into place that would highlight the merits of private avenues of education and enable the endorsement of what might otherwise have been received as heresy. The intention at that time was not to privatize education (E2). The province was not ready for it then. However, privatization of certain programs is probably appropriate now. There was probably an understanding that a period of growth and adaptation was required along a path that might ultimately lead to greater privatization in post-secondary education within the province. In the words of an expert: "The public postsecondary institutions were not ready for commercialized post-secondary education as a mainstream alternative fifteen years ago. However, they may be ready for some of that now" (E2).

When the Liberal government came to power and made a decision to discontinue the PPSEA, it did so only by name, but it left the core functions in place (E2). Though

the changes made are in some instances severe, as with the deregulation of the ESL sector, there is a logic to the changes that works particularly in favour of a commercial model of post-secondary education provision that will continue to emerge in the years to come (E2). This is furthered by the implications surrounding the DAA and the first interest group that received approval for a profit driven proprietary university in October of 2004—the University of Canada West, in Victoria. In the current political climate, it is definitely in the best interests of the government to create the impression that there are full and varied avenues to post-secondary education.

The enhancement and promotion of a healthy private sector holds potential and opportunity for the government. Some argue that it is all optics; the initiatives to regulate private education were tools meant only to secure public approval with regard to the provision of increased post-secondary education seats in the province (E6). They argue that government actions are rarely deeper than acts of self-preservation:

The directions the government has gone recently in terms of the private education are completely reactionary. In the end, nothing can be planned because we keep changing the government power base. It is never planning, as we do not keep political powers in place long enough for there to be any kind of planning. The truth of it? It is completely reactionary. Reactionary in some weird sense, and not even to something that is true. (E6)

This contention may have merit. Nonetheless, such an explanation falls far short of providing a more balanced assessment of the situation. Some initiatives move forward on their own momentum. It is simpler to look at changes that have taken place as part of a grander process that has worked toward laying the groundwork for the future growth of post-secondary education in BC—one which employs a legitimate and integrated private sector that offsets those costs that the public purse can no longer sustain on its own.

Occam's Razor cuts a clean line. It tends to suggest the most likely of possible explanations.

## Chapter IX—Conclusions

This thesis set out to weigh a number of hypotheses against available data. In the end, the most concrete of the conclusions that I have drawn is that cause, effect, and correlation have indeed been intertwined throughout the relationship between the private and public post-secondary education sectors in British Columbia.

My first question asked whether: inconsistent policies and ambiguous directives led to problematic application of the regulatory framework under the PPSEA. As we have seen, there is clear evidence in support of this, and in two ways in particular. First, the Commission was to conduct compliance audits, but it waited almost four years to do so despite the urgency with which the PPSEA was deemed necessary. Second, the sector was described as post-secondary, but it was unable to develop avenues leading toward higher education. Accreditation, one of the main thrusts of the Act, never in the end permitted articulation that such a process would otherwise imply.

Regarding my second contention that, “The provision of governmental recognition and accreditation was responsible for the private post-secondary education sector’s growth in the 1990s,” the evidence is equally supportive. Until the end of the 1980s, while private sectors in post-secondary education were already well established in other jurisdictions around the world, in British Columbia it remained a relatively low profile industry. With the flurry of debate and concern that arose from the Alpha College failure, the private sector was highlighted as a sector that was attracting significant revenues from markets that the public sector had not yet tapped. The subsequent development of the policy framework of the PPSEA thrust the sector into the centre of parliamentary attention.

In addition, both the federal and provincial governments saw the private sector as a viable alternative to career training. The sector benefited from the funding that followed. In addition, where the private sector had previously appeared limited by legislated non-inclusion into the full scope of the provinces post-secondary sector, the promise of a Private Post-secondary Education Act coupled with accreditation implied that standing barriers would be removed and the entire field would open to proprietorship. Under the PPSEA, this did not happen. However, the combination of financial incentives and policy promises did invigorate the sector and caused it to grow from roughly 300 to 1000 institutions within five years.

My third research question was directed at whether or not government applied unfair restrictions to the private post-secondary education sector that led to a competitively unbalanced environment. The balance of evidence indicates that this claim too has merit beyond correlation. First, the existence of the PPSEA elevated the public's knowledge of private school closure to such a level that came to characterize the sector as a whole. However, similar deleterious uncertainties involved in public sector programming—program termination, low enrollment, and program cancellation—were never questioned. Second, while public schools were allowed to recruit students from foreign countries almost without question and without fear that student visas might be denied to applicants, some very lucrative foreign student markets were simply denied to the private sector—one of which was China. The claim was that students from those countries might not in fact return home after graduation—a weak argument that applied equally to the public sector institutions. Among other inequities discussed within this thesis, the issue of formal credit transfer stands tall. No private school, with the exception

of two anomalous Colleges, was included into the BC Transfer Guide. This rendered the sector incapable of providing services for a significant educational market.

There is also evidence supporting the notion that the public post-secondary education sector adopted and used strategies developed by its private counterpart, but without the restrictions that the private sector faced under the PPSEA. With regard to international students, the public sector benefited from the ability to harvest students from any nation and for any level of post-secondary education. With regard to programming, continuing education and extension arms of public schools began to mimic private sector programming in duration, cost, and commercial intent, without the stigmas traditionally used to deride the private sector: high tuitions, brief program durations, and the absence of liberal education, the “moral” hallmark of the public sector. Finally, in the 1990s, the public sector began to function like the private sector in the activities it chose to pursue with regards to international education initiatives. While in the mid 1990s private Canadian institutions were well represented in most global international education marketing activities, the public sector was not. In 2005, that trend had reversed almost completely with public schools accounting for up to ninety percent of the participation in, for instance, Canadian Education Centre Network (CECN) events around the world.

Evidence also supports the notion that government policy led to the commercialization of post-secondary education within both the public and the private sectors. The establishment of the Degree Authorization Act in 2003 finally provided private institutes access to degree-granting avenues in higher education and opened the doors to direct competition between the public and private spheres. In the end, the public sector will likely be required to use entrepreneurial tactics to maintain its dominance

within the market. In addition, with the recent discussions concerning the development of a pan-Canadian post-secondary accreditation system, Canada could soon see its first formalized commercial system of post-secondary education ranking (besides the journalistic version initiated by MacLean's Magazine). Moreover, in the 1980s direct government policy allowed private providers to compete for government funding on an equal playing field with their public counterparts. Finally, the model used to conceptualize the PPSEA was borrowed almost verbatim from Birnbaum (1983)—a model purposed to generate commercial competition within post-secondary education.

The PPSEA itself was a policy mechanism that, intentionally or not, did steer the public sector towards adopting commercial strategies and initiatives. Established at a time when a traditional economic base no longer supported the province's increasingly greater need for post-secondary access and provision, the private sector demonstrated that money could be found by commodifying what had to that point been deemed a public good. The PPSEA highlighted the private sector as a sector of industry that was both lucrative and viable, and that markets in education were both legitimate and necessary. Did public policy foster the commercialization of the post-secondary education sector in British Columbia? I conclude that it did.

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## Appendices

### Appendix 1—Letter of Initial Contact

December 15, 2003

Letter of Initial Contact

Address, Address

Address, Address

Address, Address

Address, Address

Dear (Name):

My name is Greg Culos, and I am currently a master's student at the University of British Columbia in the Higher Education Program.

I am in the final stages of my program and have started the journey into my thesis entitled: *Private Post-Secondary Education Policy and Legislation in British Columbia: The Role and Reformation of the Private Post-Secondary Education Commission*. I have acted in both instructional and administrative roles within this industry for the better part of my career, and it is my familiarity and fondness of the industry that has motivated me to make this the focus of my graduate research. The results of this study will be submitted as a thesis in fulfillment of the requirements for the Master of Arts degree in Higher Education.

This letter is an invitation to you to participate in this study.

The purpose of this research is to provide in detail an overview, discussion, and critique of the legislation affecting private post-secondary education in BC from 1990 to the present and beyond: the 1991 Private Post-Secondary Education Act, the Private Post-Secondary Education Commission mandated to regulate the Act (1992-2003), the upcoming revision/modification of the Act and the Commission (2004 Q1), and the future of privatized post-secondary education in BC. Since policy directly affects the development of any industry, this paper will look at trying to determine how the legislative framework has affected the growth of this sector to this point, and what the future implications of the impending changes might be.

This study is significant as it intends to provide an overview of a sector that has not yet been subject to the analysis and critique from perspectives other than those concerning policy and governance. While the latter two perspectives are essential to the sustained growth and guidance of the sector, this study proposes to begin at the level of policy and its evolution across the preceding 15 years.

M.A. Candidate, UBC  
**Appendix 2—Subject Consent Form**

June 23, 2004

**Subject Consent Form**

**Project Title:** *Private Post-Secondary Education Policy and Legislation in British Columbia: The Role and Reformation of the Private Post-Secondary Education Commission*

**Principal Investigator:** Dr. Hans Schuetze  
Professor of Higher Education, Dept. of Ed. Studies  
University of British Columbia

**Student Investigator:** Greg Culos  
M.A. Candidate (Higher Education)  
University of British Columbia

**Purpose and Procedure:**

The purpose of this study is to provide in detail and overview, discussion, and critique of the legislation affecting private post-secondary education in BC from 1990 to the present and beyond: the 1991 Private Post-Secondary Education Act, the Private Post-Secondary Education Commission (1992-2003) mandated to regulate the Act, the upcoming revision/modification of the Act and the Commission (2004, Q1), and the future of privatized post-secondary education in BC. Since policy directly affects the development of any industry, this paper will look at trying to determine how the legislative framework has affected the growth of this sector to this point, and what the future implications of the impending changes might be.

You are one of a select sample of participants to be interviewed. The interview will be conducted at your convenience and last approximately 1 to 1.5 hours. You will be asked to discuss your involvement and association with private education and its governance in BC, particularly with regard to the PPSEA and with PPSEC.

In total, participation in this study will require approximately 2 hours of your time. This will include: scheduling the interview, participating in the interview, and reviewing transcripts for accuracy and intent.

## Appendix 3—Interview Guide

### Interview Guide:

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#### 1. Question 1

- a. Events Leading to the Drafting and Enactment of the PPSEA (1985-1992)
  - i. Based on your knowledge, what were the reasons for the establishment of PPSEC in 1991-2? What kinds of legislative bodies/mechanisms were in place prior to the Commission?
- b. The Application of the PPSEA via PPSEC (1992-2000)
  - i. What is your opinion of private education, particularly in BC, and how it fits into the Province's overall framework of post-secondary education?
    - Do you believe the current status of private education in BC is sufficient in terms of the solutions it provides to skills training and education?
    - Do you believe that private post-secondary education can provide significant benefits and solutions to education?
    - What do you feel are the negative aspects of private post-secondary education in BC?
  - ii. What is/has/have your role(s) been within the private education sector? How long have you been associated with the sector?
  - iii. The mandate of PPSEC, according to the Ministry's website (<http://www.fin.gov.bc.ca/abc/boardpages/pvtpostsec.html>) is as follows: *To regulate private post-secondary education institutions through mandatory registration, focusing on consumer protection, voluntary accreditation and on educational competence.*
    - Why was this set as the Commission's mandate?
    - One decade later, how effective has the Commission been in pursuing its mandate?
    - Was there differentiation within the Commission between the different categories of school under their supervision?
    - What were the expectations of the original mandate in terms of the promotion of educational quality and program development?
- c. Legislative Revisions in PPSEA-PCTIA Transition (2001-2004)

- i. What are the factors that most directly prompted the re-evaluation and current reformation of the Commission?
- ii. Who benefits from the de-regulation of the ESL sector? Why was the decision made to this? How does this fit with the original intentions of the PPSEA?
- iii. Why remove reference to post-secondary education from the mandate of the original PPSEA, replacing it with strict reference only to vocational training? Were the PCTIA and the DAA all along conceptualized as complementary Acts?
- iv. Revised consumer protection mechanism—easing of requirements.
- v. Revision of appeal process for complaints—mediation and resolution at school level.
- vi. Increase in public-private articulations in BC.
- vii. The involvement (potential) of foreign influences in the planning of privatized education legislation.
- viii. The self-regulation of private post-secondary institutions. In your opinion, does the replacement of PPSEC with the PCTIA increase or limit the range of opportunity and promotion granted the private post-secondary sector?
- ix. Will the new Board change the private post-secondary education framework that has been in place since 1990 in a positive or a negative way?
- x. Are you familiar with the Degree Granting Act of 2002? What are your thoughts concerning the avenues which now exist for private institutions to pursue tracks leading to the ability to offer degrees?
- xi. Do you see the reformulation of PPSEC and the establishment of the PCTIA as an effort that will promote or restrict access for private post-secondary institutions to affect their ability to pursue degree granting authorization? Has the sector been further removed from that possibility with the new legislative framework?

## 2. Question 2

- a. Funding and Commercial Development within Public Post-Secondary Education System.

- i. Per-student drop in government funding to public post-secondary education (1980-2004), with further decreases slated for the upcoming three years.
  - ii. The over 50%+ increase in tuition costs at public institutions across the past 15-20 years.
  - iii. The existence of instances of cost-recovery, non-funded programs at public institutions.
  - iv. Recent instances of creditable status of public continuing education programs toward core degree programs.
  - v. Development of privatized post-secondary arms by traditional providers of publicly funded education—Immigration Services, Coquitlam School Board, and more.
- b. Privatized Education Legislation: Why?
- i. PPSEA/PCTIA and Accreditation. Were/are they tools more for the control of or for the promotion of privatized education? A combination? With the intention of accomplishing what?
  - ii. The lack of a universal set of criteria for accreditation of private institutions. What exactly does this accreditation signify?
  - iii. How does the Degree Designation Act fit into the equation? What are the intentions of this Act in terms of long term government planning for the growth and future development of private post-secondary education?
- c. Continuing Developmental Barriers to Private Post-Secondary Education in Terms of Legitimacy and Attractiveness
- i. With the exclusion of two instances in the mid 80s, Columbia and Coquitlam Colleges, the otherwise non-inclusion of private post-secondary institutions in the BCCAT.
  - ii. Non-inclusion of private post-secondary schools in the federal immigration regulations concerning temporary work permits for international students following graduation from programs greater than 1 year in length.
- d. Purpose and Impact of Expanded Access and Choice in BC's PSE

- i. Is there a hidden mandate to diversify in order to increase the size of the skilled as opposed to the educated—a motivating factor behind promoting expansion of “career training” avenues?
- ii. What is the underlying intention of expanded access? Access to what?
- iii. Will expansion of access to Higher Education in BC at the quality levels expected/demanded by the public, and indeed by the very definition of Higher Education itself, backfire in terms of the economic impact of such a potentially massive pool of human capital?
- iv. Is the provision of access strictly a political tool, with the expansion of the private sector being used as a device that portrays an effort to expand access in order to create a perception of good government via public approval?

### 3. Question 3

- a. Taxonomies and Categorizations—in BC, is “private” post-secondary education provision used to demarcate a sector different from activities that occur within the public sector? After all, legislation has been developed particularly for this category. To what do these terms refer in regards to post-secondary education? Are the generally held divisions based on real lines of difference, or are they themselves part of an underlying mechanism that is being used to control post-secondary provision within the province?
  - i. Private
  - ii. Non-Public
  - iii. Public
- b. Globalization of Trade (in Services) and Commercialization of PSE
  - i. Has the globalized economic environment furthered in the 90s by the GATS and NAFTA played a role in the development and evolution of policy governing private post-secondary education in BC?
  - ii. Is there a link between the globalized economic environment and the overall shortfalls stemming from demands for increased access in BC post-secondary education?
  - iii. The public institutions have taken advantage of privatized/commercial activities. Are those activities due in any way to the shortfalls in overall funding?

- iv. Were the potential free trade consequences of GATS considered in the drafting and enactment of the PPSEA, PCTIA, or the DAA?
- v. What are the root causes of federal and provincial government post-secondary funding shortfalls across the past 2-3 decades? A big question, but what?
- vi. Given the often extreme ideological and political shifts that typically occur with each subsequent BC government, is there a pattern that emerges across the years? If so, what can be responsible for this?
- vii. The future of BC post-secondary education is poised to follow a path with clearly demarcated private avenues. What kind of future does this promise for post-secondary education in the province?