

COUNTRY AND REGIONAL DEVELOPMENTS

Deprivatization in the Philippines: Tipping the Public-Private Balance in Higher Education

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The Philippines, which has one of the most privatized higher education systems in the world, is undergoing a puzzling process of deprivatization due to a confluence of policies that have turned public universities and colleges into demand-absorbing institutions. Despite its decreasing share in overall enrollment, private higher education continues to experience institutional growth, led by an increase in small, for-profit private higher education. This trend presents challenges to ensuring public-private complementarity.

In contrast with the global trend toward more private higher education (PHE), the Philippine higher education system is becoming more public. The Philippines used to have one of the highest shares of PHE enrollment in the world. However, a confluence of policies—particularly those encouraging the marketization of public tertiary education and the deregulation of the private, for-profit market—has catalyzed a deep and persistent deprivatization. The ongoing rebalancing of the public-private institutional mix in the country presents a counterpoint to the global expansion of PHE.

History and Context

The evolution of PHE goes hand in hand with the country's colonial history. Spanish Catholic priests established the oldest private, religious universities in Asia, acting as the primary provider of higher education up to the turn of the twentieth century. The US colonial government allowed for-profit education entities to exist as early as 1906. It also established state universities and normal schools, but the Second World War disrupted further expansion. The for-profit sector picked up the government's slack in meeting the intensified social demand for education following the war. In 2005, after four hundred years of PHE, 89 percent (or 1,619) of higher education institutions (HEIs) in the Philippines were private with 66 percent of total tertiary enrollment.

However, the higher education sector has undergone significant deprivatization in the past 20 years. The gross enrollment rate in tertiary education grew from 28 percent in 2009 to 45 percent in 2023. Unlike in many other country contexts, state universities and colleges, through their satellite campuses, and local governments' own institutions accounted for much of the increase in higher education participation. By 2023, PHE accounted for 71 percent of the over 2,400 institutions in the country—but only 51 percent of student enrollments. Deprivatization often occurs during system contraction and

tends to be transitory due to changes in public policies. However, the consistent decline in PHE enrollment in the Philippines amidst institutional growth points to an expanding system driven by growth in public higher education.

Drivers of Deprivatization

Deprivatization in the Philippines is not an outcome of deliberate state strategy. Because of the need to satisfy public demand for higher education, regulation followed a laissez-faire approach that permitted the unhampered growth of PHE. In the 1980s, the authoritarian government of Ferdinand Marcos Sr. disallowed the establishment of for-profit educational entities, but this was reversed just after the creation of the Commission on Higher Education (CHED), the government regulatory body of the sector, in the 1990s. Subsequent efforts to curb the growth of PHE were generally ineffective, largely due to the ability of many large private institutions to exercise political influence over regulatory policies.

Policies aimed at marketizing public institutions supported the further transition toward mass higher education. Since 1997, reforms have encouraged public HEIs to generate funds for maintenance and operational expenses from tuition fees and other privatized services. National government financing for public institutions has also shifted to an outcome-based allocation system. While these reforms encourage more institutional autonomy, particularly in curricular matters, CHED representation in the governing boards of many public institutions has ingrained national government control over the public sector.

These conditions have supported the emergence of a hybrid governance in public institutions that exhibits both market and state characteristics. Public institutions embrace a market orientation by accommodating popular preferences for over-subscribed courses like business administration, services trade,

and information technology as major income-generating streams. At the same time, the growth in tuition fees has not weaned public institutions off their reliance on government financing, further cementing the role of the national government in their operations.

The free tuition fee law in 2017 solidified deprivatization in its current trajectory. Legislated during the populist regime of Rodrigo Duterte, the law initially reallocated higher education funding to basic education and relied on official development assistance to make participation in public higher education free for young Filipinos, with additional subsidies for poor and disadvantaged students. In its first year of implementation, the national government-funded free tuition fee scheme increased first year enrollments in public HEIs to 75 percent. Despite expanded access to higher education, uneven and low-quality education among public HEIs, particularly in local universities and colleges, remains a challenge with only a few programs deemed as “centers of excellence.” Although state-run public institutions fare marginally better than either their private counterparts or locally-run public institutions in average passing rates in professional licensure exams, only the state-owned University of the Philippines features in world university rankings.

Unlike many historically privatized systems in Asia, the growth of public HEIs drove the expansion of the higher education system in the Philippines. Japan and South Korea, both of which have a high share of student enrollment in private higher education, strongly regulate HEIs to encourage competition through subsidies. The Philippine model that engenders hybrid governance, particularly in state-owned public institutions, tips the balance toward greater mass public higher education. As the government seeks to consolidate state-owned institutions to ensure better quality of education, its subsidies will only enlarge their share in enrollment.

The Many Faces of PHE

Deprivatization in expanding systems does not, of course, equate to the absolute dissolution of private higher education. Enrollment in PHE in the Philippines remains above both global and regional averages. For-profit institutions continue to grow and outpace the establishment of not-for-profit institutions like religious private universities that are deemed ‘semi-elite’ because of their selective and higher quality education. Indeed, the ability of PHE to remain in business amidst public expansion has

hinged on the growth of non-elite PHE institutions since the 1990s. Students enroll in these generally poorer quality institutions because of a demanding job market expectation for possessing an undergraduate degree. Since technical-vocational education does not appear to reward its graduates with better wages, students are forced to take up education in these smaller private institutions. As a result, for-profit higher education remains a lucrative industry, even as the sector loses market share in overall enrollment.

This trend demonstrates a changing PHE landscape in the Philippines. Semi-elite private institutions, particularly those run by religious orders, represent the apex of private education quality. But these institutions are less growth oriented. In contrast, large, non-elite institutions have sought to expand by attracting many foreign students, who, in turn, have become crucial to many migration-related disciplines. Due to Philippine dominance in supplying migrant nurses and seafarers, for example, medical courses and marine engineering are particularly popular programs for foreign students. Small, non-elite institutions have brought stability to PHE because of their flexibility to adjust to foreign and local market demands and to offer courses requiring low capital investments. However, a reputation of low quality persists in the sub-sector.

Towards Complementarity?

It appears that Philippine higher education will continue to experience even greater deprivatization. Critics of this trend point to the state’s abandonment of the country’s constitutional provision to ensure public-private complementarity in education. According to this provision, private and public education should mutually reinforce each other to maintain viability of the existing institutional mix, and for-profit institutions should benefit from greater subsidies to ensure their viability (and profitability). This vision of complementarity privileges the indispensable role of private education.

However, complementarity could also mean institutional differentiation. The institutional mix should be an outcome of a deliberate strategy to build on each sector’s comparative advantage. Greater investments are warranted in ensuring that public HEIs invest in research and graduate education to achieve national objectives. For-profit institutions can be fashioned to meet market demands for job-aligned skills. Thus, the private-public balance can reflect the heterogeneous aims of higher education.

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