

**HIGHER EDUCATION POLICIES AND PERFORMANCE
IN CANADA, MEXICO AND THE U.S.**

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Introduction

The impact of national and state/provincial policies on the performance of higher education systems is generally poorly understood. Attempts to study such issues in cross-national perspective have largely failed to go beyond simply describing the characteristics of different national systems. The Alliance for International Higher Education Policy Studies (AIHEPS), a collaborative research effort between New York University, the Autonomous University of Puebla in Puebla, Mexico, and the University of British Columbia, was funded in 1999 by the Ford Foundation to develop a theoretically-driven comparative understanding of how higher education policies and the norms and values to which they give rise (rules in use) contribute to the capacity of governments to influence higher education systems. As part of this effort, AIHEPS has taken a systematic approach to studying how governments balance the interests and values of the professionals they employ against the public interest, as defined by elected officials. The project has, as well, provided training for a small number of younger policy scholars in all three nations.

The purpose of this paper is to draw together results from the national studies by the AIHEPS collaboration. The thesis we present here is that higher education performance is strongly associated with the web of federal and state/provincial rules that prohibit, mandate, encourage, discourage, penalize, or reward the behaviors and strategies through which colleges and universities seek to achieve organizational objectives. The most general question posed by this research might be stated as follows: How do different systems attempt to solve issues that are common to higher education in all contemporary societies, such as expansion and access, academic preparation, contributions to economic development and effective use of public resources?

The best comparative work at the level of the nation state uses as a point of entry those large structural forces that by definition have a global impact. The emergence of the global knowledge economy and the power of markets and commercialization are examples of such forces. The three nation states take up different positions with respect to intervention in higher education and the responsibility through such intervention to further the national interest. In this comparison we stay at the general level and use a case study approach.

This monograph begins with a description of the conceptual framework and research plan that guided the project and identifies the rules in use in the three nations. There are then three sections which in order discuss evidence drawn from the national case studies for Canada, Mexico, and the U.S. to show how federal rules in use impact on state rules and through this influence on performance at the state and provincial levels in each of the three countries. The monograph concludes with a chapter that reports themes drawn from this cross national analysis and

evaluates the degree to which propositions generated in one national setting apply to the other nations participating in the study.

The Conceptual Framework

The development of a conceptual framework to study policy decisions and their impact on the performance of higher education systems has been one of the main objectives of the AIHEPS project. Frameworks help to identify the elements and relationships among elements that should guide the analysis of all types of institutional arrangements and are used to generate the questions for the analysis. In contrast, theories are based on assumptions that identify the elements of a framework that have particular relevance for answering specific questions that explaining processes and predict outcomes. Competing theories are typically compatible with any framework. (Ostrom 1999, p. 46).

Overtime, researchers have approached policy studies from different perspectives. (Nakamura 1987; Kingdon 1995; Schlager 1999; Heck 2004). Our framework has combined critical policy analysis and the new institutional economics. Critical policy analysis makes use of historical methods to examine the combined influences of events, demographics, politics and economics as factors that have shaped the education system and the priorities assigned to it. Political institutions structure the decision-making situation faced by actors in the education system and influence trust, thus influencing not only what actors find to be a rational course of action from the standpoint of self-interest, but also what they consider to be morally defensible behavior. (Rothstein 1999)

We define policy as “the authoritative allocation of values” (Taylor, Rizvi et al. 1997, p.27) or as “statements of prescriptive intent.” (Kogan 1975) Defining policy in this way draws attention to the importance of power, control and conflict in the policy-making process. Critical policy analysis focuses on the nature of policy and its production.(Taylor 1997; Taylor, Rizvi et al. 1997; Gale 1999; Gale 2001) Policy making is initiated, articulated and rearticulated in three localities or contexts: influence, policy text production and practice (Bowie, Ball et al. 1992). The context of policy is critical to its study. (Graham, Dittburner et al. 1996; Taylor 1997; Taylor, Rizvi et al. 1997; Ozga 2000).

In addition to the notion of critical policy analysis, the AIHEPS framework incorporates concepts of the new institutional economics and assumes bounded rationality. Actors “are intentionally rational but only limitedly so ... Information search is costly, and the information-processing capabilities of human beings limited.” Actors make mistakes in choosing strategies, but over time acquire greater understanding and make choices that improve returns, which reflect a concern for the public well-being in addition to self-interest. (Ostrom 1999, p. 46).

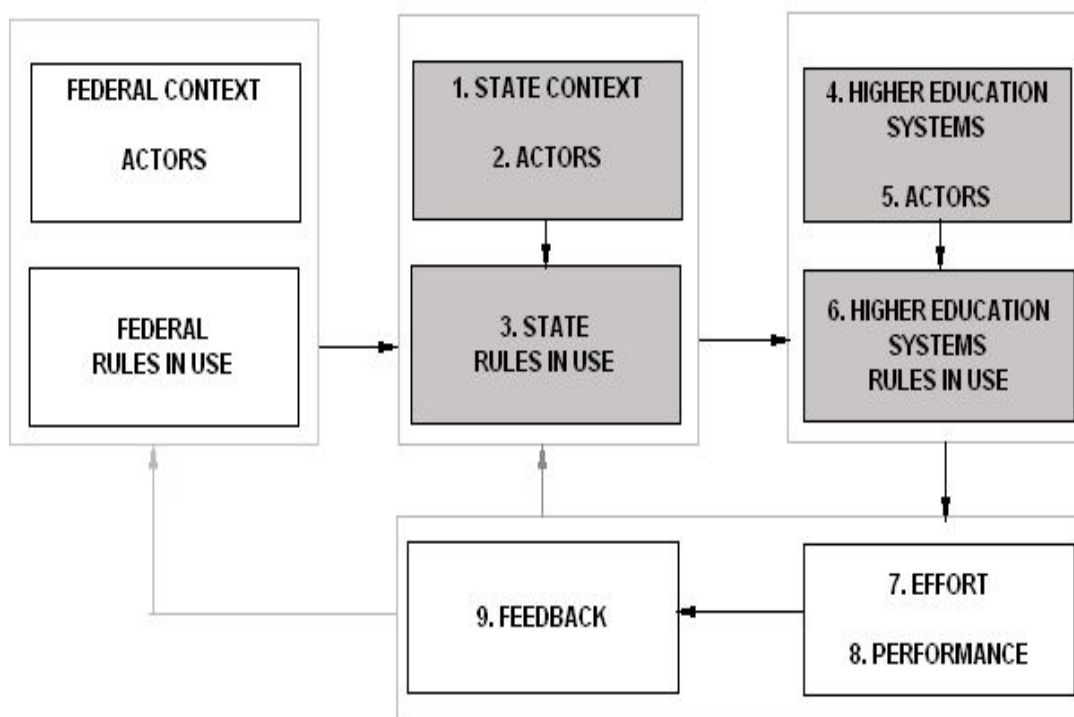
Policy decisions are defined as efforts to alter “the written or unwritten rules of the game or, more formally ... the humanly devised constraints that shape human interaction.”(North 1990p. 73) Rules of the game or rules in use are the principal means governments use to influence processes and outcomes in higher education. Within systems everything is connected to everything else. Rules cannot easily be analyzed independently and then combined additively to produce estimates of results. Instead, the effect of any particular rule depends upon the configuration of other rules operating at the time it is adopted. (Ostrom 1999)

Rules in use can be observed in federal, state, and institutional contexts as actors engage in policy formation and implementation. They may reflect such relatively stable policy parameters as the constitutional and statutory provisions that shape the enterprise. (Sabatier and Jenkins-Smith 1999) They also include the formal and informal norms and values that determine how actors make operational decisions in such action situations as policy development, resource appropriation, policy administration and maintaining accountability. Rules in use are determined by field observations including interviews, observations, and the study of documents and artifacts. (Ostrom 1999)

Rules in use help explain performance. They are as well the variables to which policy officials have ready access in terms of changing performance. Rules shape the behaviors of actors, which for our purposes can be either individuals or groups. In each country, higher education actors include the president/prime minister, national and state legislative bodies and their associated staffs, departments and ministries, governors, budget offices, national and state interest groups, unions, private higher education, governing boards, administrators, faculty and students.

The rules of the game and the rules in use combine to become the policy environment. The rules emerge from and simultaneously contribute to changing the environment. In one sense the rules are epi-phenomena because they are housed within wider political and economic trends.

Figure 1 provides a simplified version of the AIHEPS framework. The shaded portions of the model are discussed in more detail in the national comparative sections that follow. The clear portions of the model are presented in the state/provincial case studies.

FIGURE 1: SIMPLIFIED AIHEPS Framework

Our framework suggests that policy makers and their associated administrative agencies establish, alter, or reinforce explicit or implicit priorities and the "rules of the game" through which they are to be pursued. Institutions of higher education try to maximize preferred goals within these rules. Clearly, no two nations have the same rules. Professionals adopt the behaviors they believe most likely to further organizational goals under the prevailing rules of the game. Observed rules in use thus contribute to differences in system performance. Differences in state effort (defined as the level of tax support for higher education) also influence performance. Feedback from performance at both state/provincial and federal levels leads to rule changes as governments seek to achieve the performance outcomes they prefer. The capacity to change rules varies among governments and is an important variable in explaining cross national differences in higher education performance. (Grindle 1996)

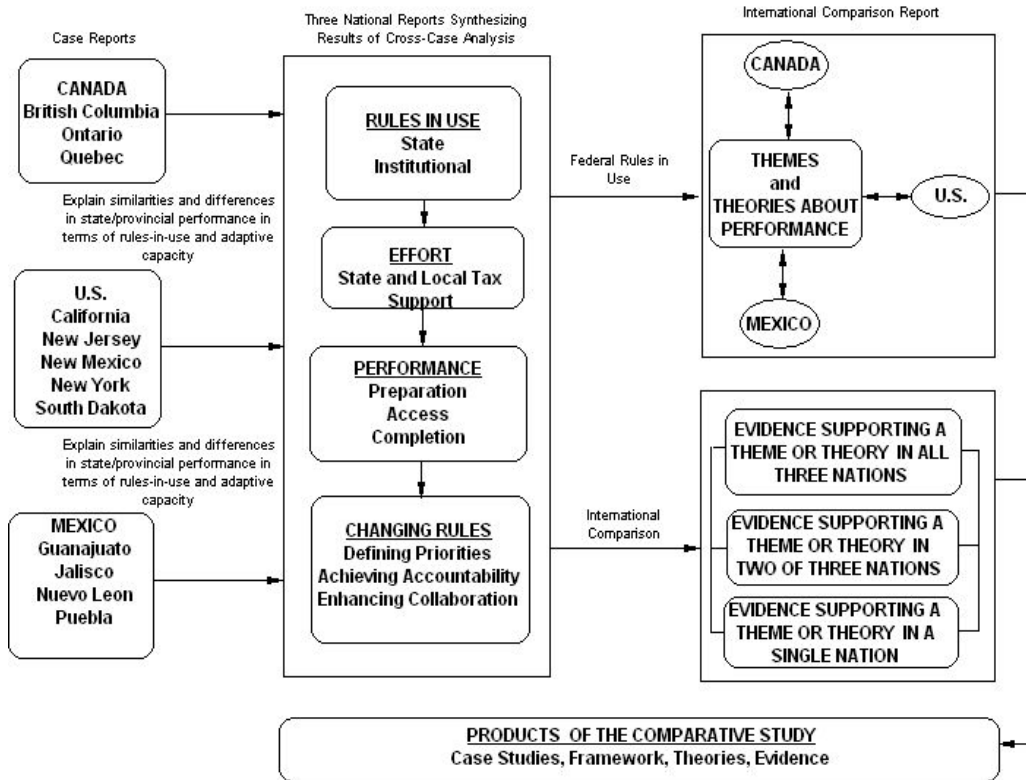
The Research Plan

AIHEPS researchers have done 12 case studies of states or provinces in the three countries following a common conceptual framework. They have also completed studies of their respective federal policies. Case study states in the U.S. included California, New Jersey, New Mexico, New York, and South Dakota. In Mexico, the states were Guanajuato, Jalisco, Puebla, and Nuevo Leon; in Canada, the provinces

were British Columbia, Ontario and Québec. All of these case studies including more detailed information about methodology, as well as other concept papers and reports are available on the project web site, <http://www.nyu.edu/iesp/aiheps/>. Also available are the cross-national comparisons for the three nations.

This monograph builds on the case reports developed during the national studies phase of the project. Figure 2 presents the plan for the international comparison.

FIGURE 2: Plan for the International Comparison



We first contrast the federal rules in use in each of the three nations and describe how these provide the state/provincial context for policy making and institutional performance. We then present in sequence the context for each nation from which the rules were derived. From each nation, we draw themes that reflect the impact of national policies on the context in which institutional actors select the behaviors that ultimately determine the types of services provided and to whom. A final section of this monograph compares and contrasts these themes and examines the evidence for their applicability across national boundaries.

Methodology

Concurrent with the state/provincial case studies, researchers conducted interviews and collected documents at the federal level in all three nations. Based on a preliminary model of the linkages between policy and performance, researchers

created a coding scheme for organizing the data, which was then used in all three nations to organize information presented in the case narratives. Draft reports were shared with representatives from each federal setting to be sure they were accurate and complete. These narratives were the focus of a two-day tri-national meeting in New York City in the sixth year of the project. At this meeting, the combined research teams identified federal rules in use in terminology that was broadly applicable across national settings and determined whether these rules were or were not applicable in each setting based on the case study evidence.

Ragin distinguishes between two types of comparative analyses: variable oriented and case oriented. (Ragin 1987) Variable oriented analyses aim at general explanations which must of necessity sacrifice complexity in order to consider enough examples of the relevant behavior to provide credible evidence of patterns or trends that can be described as applicable to a variety of cases. By contrast, case oriented analysis sacrifices general explanations to capture complexity. As Ragin notes, “social phenomena are complex and a general explanation is a partial explanation at best. Thus generality and complexity often compete with each other in a single study.”(p. 54) Certainly, this has been the case in the AIHEPS work.

Like others, (Barrow, Didou-Aupetit et al. 2003) we recognize the overwhelming influence of common structural factors on higher education in our three countries. Global neo-liberal trends bring to the fore the connection between marketization, the knowledge society and globalization itself on policy-making in higher education. In each country, higher education has been identified as the key institution contributing to future economic competitiveness in world markets. Yet it is also clear that these higher education systems have different internal structures, different funding mechanisms, and, most important, different federal relationships. In this sense, while our comparative analysis of the three national cases is compatible and commensurate, there are clear and recognizable differences in the response by policy-makers to the larger structural trends.

The AIHEPS project has generally used a case-oriented approach to comparison despite frequent temptations to move toward a variable-oriented analysis. Overall, however, we have come down on the side of using a framework to aid historical interpretation and to identify important explanatory variables. We do not therefore advance this analysis as hypothesis testing. Its usefulness will lie primarily in testing by others of the hypotheses we generate. Themes should be understood as “rule configurations” and have been derived from the analysis of the three national cases, even though they might easily be mistaken for context-free variables. They are in fact dependent on national context.

Yin elaborates on analytic techniques for case-oriented analysis where multiple case studies are involved. (Yin 2002) A version of these rules adapted to the AIHEPS study includes six steps: 1) build an explanation of the relationships between policies (patterns of rule configurations) and observable outcomes (higher education performance) in the form of initial theoretical propositions for each national case; 2)

create a pool of initial propositions that reflect all three national cases; 3) compare the pool of initial propositions for all three cases with the details of the case for each nation; 4) revise initial propositions for each national case in light of the evidence from that national case and include propositions from the three-nation pool where this can be supported by the evidence; 5) create a revised pool of propositions for all three nations based on similarities and differences in the way propositions apply; 6) repeat steps 3 – 5 as many times as necessary to achieve theoretical saturation from available data. These are the steps we followed.

Comparing Federal Rules in Use

Federal rules apply to all states/provinces in all three countries. In Mexico, federal rules establish the boundaries within which state rules can operate. In Canada and the U.S where federal influence is not predominant, states/provinces have the choice of coordinating their rules with those established by the federal government. Since rules at state/provincial and institutional levels are influenced by related federal rules, the same rule about student assistance may have a different impact in a state/province that coordinates its assistance programs with those offered by the federal government as contrasted with one that does not.

Through the case studies of the three national contexts, we identified and wrote federal rules in use following six guidelines:

1. Phrase rules in inclusive language to make them broadly applicable and focus on what is done;
2. Avoid rules that require more than a single judgment about applicability. If two judgments are required, write two rules;
3. Avoid rules that state the obvious or are characteristic of all countries;
4. Avoid rules that express value judgments;
5. Group rules that have thematic relationships.
6. Keep the number of rules as small as possible consistent with adequately characterizing national context.

We grouped federal rules into the same set of six rule configurations that we derived from the state/provincial level analysis, following our conceptual framework, which proposes that rules at each level are nested in related rules at higher levels. Grouping rules in this way also facilitated comparisons of the degree to which rules operating at the federal level complemented or conflicted with those adopted by states and provinces.

1. Design and Governance includes rules about how the relationship between the federal government and higher education is organized and how authority is exercised or influenced.
2. Planning and Strategies reflects the rules used to influence state/provincial agents and higher education professionals to pursue goals and priorities that are defined by federal officials as “in the public interest.”
3. Information refers to rules about available data including how it is collected, analyzed and reported.

4. Access and Achievement includes rules about initiatives to influence college readiness and participation, the types of financial assistance made available to students, and where the assistance may be used.
5. Fiscal Policies are concerned with the types of financial support the federal government provides directly to institutions, the types of institutions that are eligible, and use of tax policy in relation to higher education.
6. Research and Development includes strategies for supporting these activities.

Table 1 summarizes federal rules in use for the first three rule configurations.

TABLE 1: FEDERAL RULES IN USE			
System Design and Governance	U.S.	CAN	MEX
1. Higher education is a state/provincial responsibility under the constitution.	Y	Y	N
2. Federal responsibilities for higher education are exercised through a cabinet level department or ministry.	Y	N	Y
3. The federal government monitors institutional quality and performance either directly or through an approved accrediting agency.	Y	N	Y
4. Advocacy organizations and/or lobbyists represent higher education interests in the nation's capitol.	Y	Y	Y
5. Regulatory and/or reporting requirements unrelated to the research goals are attached to federal funding streams.	Y	N	N?
6. Federal government intervenes in higher education through various ministries and agencies	Y	Y	Y
7. Licensing of new institutions is a responsibility of an agency of the federal government.	N	N	Y
8. Program authorization is a responsibility of an agency of the federal government.	N	N	Y
Planning and Priorities	U.S.	CAN	MEX
9. Federal goals for higher education are explicitly identified and periodically reviewed.	N	N	Y
10. Institutions have incentives for paying attention to federal goals and priorities.	Y	N	Y
11. Institutions of higher education are publicly accountable for their performance in relation to federal regulations according to some established format.	Y	N	Y
Information	U.S.	CAN	MEX
12. The federal government identifies consumer issues and requires institutions to provide information.	Y	N	N
13. Institutions must provide specified information to the federal government to remain eligible for federal funds.	Y	N	Y
14. The federal government collects policy-relevant information and disseminates data-based studies and reports.	Y	Y	N
15. Federal databases include identifiable institutional information.	Y	N	Y
16. The federal government maintains or funds a student information clearing-house.	Y	N	N
17. The federal government identifies consumer issues and requires institutions to provide information.	Y	N	N

It is clear from the table that there are far more federal rules in the U. S. and Mexico than in Canada. This distribution was not unexpected given the differences in

federal roles with respect to higher education as described in their respective constitutions. The fact that there are somewhat more rules in the U.S. than in Mexico was surprising, but that may have been an artifact of the way the rules were derived and written beginning with the U.S. case.

Table 2 summarizes the rules configurations for the remaining three categories.

TABLE 1: FEDERAL RULES IN USE (Continued)			
Student Access and Achievement	U.S.	CAN	MEX
18. There are federal initiatives aimed at improving access and equal opportunity.	Y	N	Y
19. Policies recognize and reward student achievement.	N	N	N
20. The federal government provides need-based grants to help students pay for the costs of attending IHEs.	Y	Y	Y
21. The federal government provides subsidized loans to help students meet the cost of attending IHEs.	Y	Y	N
22. Non-traditional aged IHE students are eligible for student aid comparable to their traditional-aged students.	Y	Y	N
23. The federal government makes no distinction between for profit and not-for-profit institutions in determining student eligibility for financial assistance.	Y	N	N
Fiscal Policies	U.S.	CAN	MEX
24. Student and/or family grants, loans, and/or tax credits constitute the largest source of federal funds for higher education.	Y	N	N
25. The federal government penalizes institutions for high student default rates.	Y	N	N
26. The federal government uses the taxation system to encourage families to save for higher education.	Y	Y	N
27. The federal government provides tax credits to help students and/or parents to pay for the cost of attending college.	Y	Y	N
28. The federal government makes a distinction between public and private higher education institutions in determining eligibility for federal funding.	N	N	Y
29. There are federal initiatives that focus on improving student preparation for college.	Y	N	N
30. The federal government provides direct aid to institutions serving under-represented student populations (low income, minorities, educationally disadvantaged, native peoples)	Y	Y	N
Research and Development	U.S.	CAN	MEX
31. The federal government funds a significant proportion of the research conducted by higher education institutions.	Y	Y	Y
32. Federal grants to institutions for research or program development are typically awarded through a competitive process.	Y	Y	Y
33. There is an effort to equalize resources across provinces/states.	N	Y	N
34. The federal government works with states/provinces and institutions to provide matching grants for public priorities.	Y	Y	Y

Because rules in use define the arena in which behaviors produce outcomes, they offer an important and accessible tool through which policy makers can influence performance over time. Probably no single rule accounts for more than a small variation in performance. Evaluations that focus on short term changes in performance may significantly underestimate long term impact.

A nations' ability to change rules in ways that increase the probability of achieving outcomes consistent with the public interest depends in part upon where the

authority for establishing new rules resides. Constitutional constraints and cultural preferences can severely limit the capacity of national governments to change behaviors by limiting the range of policy tools at their disposal. Where state/provincial rules are aligned with those at the federal level, the potential capacity for influencing performance is enhanced.

Linking Rules to Performance: Themes

As can be seen from the preceding comparison, the three nations differ considerably in the higher education roles assumed by their respective federal governments. In Mexico, the federal government is the key actor defining the parameters within which individual states are gradually assuming greater responsibility for providing higher education to their residents. In the U.S., the federal government in theory defers to the states, which have responsibility for all of education since the U.S. Constitution is silent on the federal role and all powers not specifically delegated are reserved to the states. In practice, the federal government has since the end of World War II carved out an ever more significant role by targeting funding and accompanying regulations on an ever expanding array of national priorities. Provinces in Canada have been highly autonomous in the higher education systems they have organized and governed. Provincial hegemony over higher education has been strengthened by the absence of any substantial private sector and a system of block grants from the federal government with few strings attached to their subsequent use. Now there is some evidence of change with the federal government increasingly substituting grants aimed at achieving national priorities for the unrestricted block grants previously employed.

The three nations are similar in that educational services are delivered at the provincial/state level and are in all three cases affected to varying degrees by the particular combination of nested federal and state/provincial rules in use. Project researchers have wrestled with the issue of how to define performance so that it has reasonable relevance in all three contexts. UNESCO data offers some comparisons, but these seemed less relevant to national objectives. In addition, differences are often explainable by differing economic circumstances more than rules in use. While differences predicated on economic factors are useful for some purposes, the factors that predict such differences cannot be easily changed by national governments. There was also the problem that databases in Canada and the U.S. are much more comprehensive and reliable than those available in Mexico.

Ultimately, we resolved the problem of defining performance for purposes of our study by agreeing that we would all look at access/participation and degree completion using the definitions that defined the data available in each country. We also agreed that any nation could add performance measures to this core based on available data and the degree to which the measures related to issues important in that country. We further agreed that the focus would be on progress toward achieving priorities as distinct from any absolute comparison of outcomes across the three nations.

In the next three chapters, the rules in use in Canada, Mexico, and the U.S. are presented in context with examples of the policies, political rationale, legislation, actors and structures that in aggregate define the arena in which state/provincial rules are established and where institutions compete and collaborate in the task of achieving the preferences of the professionals who operate them in ways that reasonable respect the public interest as judged by elected officials. Following each chapter, themes suggested by the national experience have been summarized. The fifth chapter presents a synthesis of how six common themes (equal opportunity, , labor force development, accountability and quality improvement, marketization, research and development, and globalization) compare across the three national settings. Chapter 5 concludes by examining the themes in relation to the categories of rules-in-use discussed in this chapter.

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