

WESTERN SYDNEY UNIVERSITY



Department of Education and Training
HEReform@education.gov.au

Dear Mr English,

Western Sydney University welcomes the opportunity to respond to the Department's *Performance-based funding for the Commonwealth Grant Scheme Discussion Paper*.

The Commonwealth should re-set the higher education funding framework announced at the end of 2017 so that universities can provide the required education outcomes by removing the cap on Commonwealth Grant Scheme funding for each university. Should a Performance Based Funding Scheme proceed, the Act should be amended to set out how the Commonwealth intends to set funding in the long term.

If the Commonwealth is not willing to remove the cap, then we propose:

- each university's cap be indexed annually in line with indexation of the Commonwealth Grant Scheme rates; and then
- a population growth factor be applied that will meet growth in the university target group.

Universities are already subject to extensive pressures to maintain and improve student outcomes. If there is to be a Performance Based scheme, this needs to align with current efforts.

If the Commonwealth pursues a scheme as defined in the Consultation Paper, the following are preferable:

1. The national population index should be applied consistently to all universities.
2. Funds for meeting targets in a given year should be added to each university's base. The money to be allocated in following years should be the new funds available in addition to any not allocated for meeting performance targets from the previous year.
3. The major changes needed to make the measures more suitable for use in driving funding are:
 - continue to work on a measure of student learning gain;
 - use student retention and completion within the sector not within the university (an "adjusted rate");
 - allow universities to determine some of the measures that will be used to assess them;
 - rework the graduate outcome measures to:
 - o focus at the outcome as a proportion of all graduates
 - o target employment rather than full time employment, and
 - o develop a single measure of the proportion of students who progressed to either employment or further study.
4. The performance benchmarks need to be set primarily in response to each university's recent and target level outcomes, with sector data used to ensure the target is sufficiently robust.
5. Unallocated funds should remain targeted at improving outcomes for bachelor level places, for example targeted to specific growth needs.

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6. Use the most recent data available to assess student progress, satisfaction and equity participation. Focus graduate outcome measures at the longer term and more reliable collections, but minimise the financial outcome from them.

PBF should rely solely on current and readily available data so that universities are not required to develop additional collection mechanisms. Meaningful data is already collected and captured by the Commonwealth via HEIMS and QILT. Consequently, the implementation of a PBF scheme should be cost neutral for universities. Minimising the cost of reporting is important. The development of a PBF scheme should be informed by the learnings from similar schemes here and overseas. The scheme will also require regular monitoring and a mechanism of review.

Western Sydney University's more detailed responses to the discussion paper questions are attached. Western Sydney University believes each year's PBF should be applied to a university's Maximum Basic Grant Amount (MBGA) and that the PBF scheme should only apply to teaching and student experience performance and not include research.

If the Department has any questions concerning this submission, they should not hesitate to contact Mr. Tony Lazzara on (02) 9678 7016 or via email t.lazzara@westernsydney.edu.au

Yours sincerely,

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Consultation Questions

How should the PBF scheme be implemented?

Whatever indexation rate is finally determined (as a function of population growth), the PBF should be applied to each university's current MBGA.

The national population index should be applied consistently to all universities.

The implementation of the PBF scheme should be cost neutral for universities.

Consideration 1: how to grow a university's PBF amount from 2021

In calculating the PBF for each University the Commonwealth should apply a population growth factor that will meet growth in the university target group.

Consideration 2: how to treat a university's PBF amount from 2021

PBF amounts from 2021 should be added to a university's MBGA. This provides universities with the capacity to plan for the longer term.

Should a university not meet its PBF measure for any year, then the respective funding should be quarantined for that university for one additional year. Improvement in the university's performance in the next year would allow the university to secure the previous year's PBF. If a University still does not meet the target for a second year, then the first year funding is returned to the pool. Universities should be able to participate in each new round of PBF as per usual.

If the Commonwealth wishes to quarantine a portion of funding for strategic initiatives, or to grow the PBF pool, consideration could be given to allocating 50% of each year's PBF to the MBGA and the remaining 50% be added to the pool for the following year (referred to in the paper as "at risk").



What performance measures should the PBF scheme draw on?

Western Sydney University agrees with the performance measures outlined in the discussion paper, but there should be clarity on how they will be applied across the sector. Measures should be weighted to account for the diversity in size and discipline mix of a university and account for the support of particular equity groups in their missions.

If the Commonwealth pursues a scheme as defined in the Consultation Paper, the major changes needed to make the measures more suitable for use in driving performance are:

- continue to work on a measure of student learning gain;
- use student retention and completion within the sector not within the university (an “adjusted rate”);
- allow universities to determine some of the measures that will be used to assess them;
- rework the graduate outcome measures to:
 - focus on the outcome as a proportion of all graduates
 - target overall employment rather than full time-employment, and
 - develop a single measure of the proportion of students who progressed to either employment or further study.

Western Sydney University supports the point in the discussion paper that performance measures themselves “should be within control of universities”. For example, controlling for debts not expected to be repaid (DNER) does not fit within a university’s sphere of control and should not be used as a measure. Requiring universities to control for DNER:

- is not appropriate and relevant to driving improved university performance;
- would work against supporting students from various equity groups, and graduates in regions with below average employment prospects;
- may result in Universities choosing not to offer courses in disciplines where graduate salaries are relatively low, or where students tend to want to work part-time after graduation; and
- does not take into account that the employment market is outside of a University’s control, let alone downturns in employment figures.

How should the PBF scheme be designed?

Western Sydney University supports the concept of core (compulsory) measures, but not supplementary measures. Universities should be measured consistently across the sector.

The University supports the introduction of weighted measures, especially for meeting particular equity targets. Weighted measures were included in the former Learning and Teaching Performance fund. Decisions around weighting should reflect those factors that are most influential in student academic success.

The PBF scheme should be designed to incorporate a compulsory measure that rewards universities for meeting performance that aligns with their mission.



How should performance measure benchmarks be set?

The performance benchmarks need to be set primarily in response to each university's recent and target level outcomes, with sector data used to ensure the target is sufficiently robust.

The University stresses that however these benchmarks are constructed, they must be based on readily available data sources and be easy to administer.

Western Sydney University does not support a ranking scheme. Ranking schemes focus on comparative assessment and result in outcomes that are likely to be misinterpreted and misused, as has often been the case with the use of league tables.

All universities that meet their target measure should receive the PBF.

Should the PBF funding of unsuccessful universities be redistributed?

Unallocated funds should remain targeted at improving outcomes for bachelor level places, for example targeted to specific growth needs.

Western Sydney University suggests that should a university not meet their PBF measure for any year, that the respective funding be quarantined for that university for one additional year. If the measures are met in the subsequent year, the university would then secure the previous year's PBF. The improvement here should be in terms of meeting a set standard and not a position in rank.

How much "lag" is acceptable between PBF data and the funding year?

The Commonwealth should use the most recent data available to assess student progress, satisfaction and equity participation, while reducing the financial impost on such collection. The focus of the graduate outcome measures should be based on the more reliable data collections such as the GOS-L. Given the time lag between the student completion and the survey, we propose that these measures be weighted lower than the other measures proposed.

How should the PBF scheme be regulated?

Should this scheme proceed, the Act should be amended to set out how the Commonwealth intends long term to set funding. Parliamentary oversight will ensure greater transparency and accountability of the administration of the PBF scheme.

