

Reallocation of Commonwealth supported places – IRU Response

A major requirement for the coming decades is to create a coherent tertiary education system that ensures each person has the opportunity and incentive to achieve the vocational and higher education qualifications, skills and knowledge to which they aspire.

Part of an effective tertiary system is to ensure that Australians can access higher education places across all levels, with a focus on gaining qualifications that lay the basis for employment and future renewal of skills.

Until 2018 bachelor qualifications were funded for all university students. The current funding cap constrains this system, but still endorses the underlying assumption of access for all with relevant need and capability.

Either side of bachelor places each university has a set number of funded places for sub-bachelor qualifications and postgraduate qualifications. Part of the sub-bachelor allocation comes with an allocation of enabling loading for students of enabling programs.

The rationale for the allocation of places among universities is no longer clear or consistent. The Government proposes to move to a more considered allocation in which the number of places for each university adjusts regularly to ensure the best use of the available funding.

The IRU's preferred mechanism is a demand driven system for sub-bachelor and enabling places which allows universities to be the prime determinant of which courses funded places are used for. In the absence of such a policy, the Consultation Paper sets how the Government could allocate a pre-determined number of sub-bachelor places and enabling loading in a dynamic way.

Postgraduate places are a different challenge. The qualifications extend previous study, with many required for professional recognition to practice. Commonwealth supported places sit alongside student fee places.

Commonwealth places support provision of good quality courses on the same basis as for undergraduate places: there is sufficient revenue for a course with reasonable number of students. Fee paying courses allow students and universities to create more intensive courses with higher revenue per student. A reasonable target is for the number of funded postgraduate places to cover all the courses that provide initial entry to professional practice.

IRU positions

1. The allocation of places should be dynamic to ensure alignment with the program objectives.
 - There should be an initial reallocation of all places over two to three years to ensure alignment with the target outcomes for each of enabling, sub-bachelor and postgraduate places.
 - There should then be an annual reallocation of five percent of places from each category.
 - Where a university has few or no current places, it should be considered for an allocation based on need they would meet and potential to do so well.

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- Each university should determine whether it requires a minimum allocation for the allocation to be accepted.
- 2. Universities should be the prime determinant of which courses funded places are used for, consistent with Government target outcomes.
- 3. The criteria proposed for determining allocations are mostly suitable, with amendment to avoid duplication.
 - Allocations for enabling and sub-bachelor places should take account of information about need and demand, for a focus on raising participation where it is notably low and ensuring Australia wide access to both sets of courses.

Structure of response

The IRU's response considers:

- an effective mechanism to renew allocation of designated places over time;
- whether there should be a minimum allocation;
- how best to assess the level of need and demand including whether geographical representation should be considered; and
- the criteria for reallocating places.

Our approach is driven by the following aims for an effective dynamic system of allocated places:

- places should be allocated to universities that use them;
- regular reallocations should target universities looking to address areas of need who also demonstrate good student outcomes;
- universities should be the prime determinant of which courses funded places are used for.

1. An effective mechanism to renew allocation of designated places over time

In the context of the Government determining how many places are needed it is important that the allocation of those places be renewed regularly. This will reduce the gap that will exist between available places and student demand for courses.

To institute this system there needs to be agreement on the initial allocations per university and a process for reallocation in the years that follow.

The allocations should be for each of the three programs discussed, with enabling loading and place funding separate from places for sub-bachelor qualifications.

An initial rebasing

The discussion paper assumes that universities' current allocations will be the base for the regular allocation process from year one. However, this leaves in place the considerable disparities that now exist in the allocations across universities, and the under use of allocations by some. For example, several IRU members have very little enabling loading, so they provide those programs to students without that support.

A rolling reallocation process will take a long time to reach a distribution of places that meets the program objectives. It works better as a mechanism to maintain future sense to the distribution. Hence the new arrangements need to begin with a thorough reworking of current allocations, over a

two to three year period, to ensure that all allocations are consistent with the program objectives from the beginning.

Annual reallocations

The Consultation Paper considers two options for frequency of reallocation:

- annual: a reallocation process could occur before each grant year; or
- every 3 years: aligned with funding agreements.

The annual process makes more sense both for responsiveness and for instigating a sense of regular change to follow patterns in demand. Where institutions need to lose places or funding for some courses it becomes part of the annual process not a question of a major win or lose at the three year point.

Once the initial rebasing is achieved the number of places to be reallocated each year cannot be too great. Just as other processes such as the research block grants have had a maximum loss per year. The proposed contribution of 5% of commencing places to the reallocation pool is a viable quantum for a rolling scheme.

University allocations, not micro managed course allocations

The discussion paper is largely silent about the extent to which many allocations are tied to specific courses, rather than being an allocation that universities can use to best effect consistent with Government aims.

This is particularly a problem for the postgraduate places due to the wide range of courses involved and the need to be responsive to changes in demand. Part of the current under use problem is due to allocations not keeping up with such changes. The reduction in places from 2018 is likely to have removed most of the underuse.

The allocations should focus at the overall numbers of each type for a university but not look to control which courses those places are then used for beyond the requirements of the program targets (see Section 4 below). Rather, the assessment criteria that drive the allocation process, should incorporate Government priorities and targets. Where universities meet those priorities and targets they will retain places and gain more.

IRU position

There should be an initial reallocation of all places over two to three years to ensure alignment with the target outcomes for each of enabling, sub-bachelor and postgraduate places.

There should be an annual reallocation of five percent of places from each category.

Universities should be the prime determinant of which courses funded places are used for, consistent with Government target outcomes.

2. Should there be a minimum allocation?

The higher education funding system is based on all listed universities participating in it. That suggest that all universities should have an allocation from each scheme, except where a university chooses that it does not want to participate.

This seems unlikely for postgraduate places. Sub-bachelor may be less relevant for some universities whose priorities are not targeted towards supporting less academically established students. There is a strong case that enabling loading should focus at those universities most able to provide enabling programs well while ensuring access across Australia.

The initial rebasing will need to consider the case of universities without a current allocation or a very low one. They will not have the same evidence available about current performance. Rather, an assessment will be needed based on the need they would meet supported by the evidence of university mission, for example to support access for students from disadvantaged backgrounds.

An allocation for enabling and for sub-bachelor needs to sustain a whole course. This is primarily a concern for sub-bachelor places because universities cannot enrol additional domestic students in fee-paying places to make courses viable. Without a minimum allocation, universities must choose whether to cross-subsidize these courses.

What constitutes a viable level may not be the same university to university. To cover this an allocation process that lets each indicate whether they wish an allocation and then decide whether it is viable is better than setting an arbitrary threshold.

IRU position

Where a university has few or no current places, it should be considered for an allocation based on need they would meet and potential to do so well.

Each university should determine whether it requires a minimum allocation for the allocation to be accepted.

3. How to assess the level of need and demand including the role of geographical representation

One of the main policy intents is for a stronger correlation between the allocation and use. The Consultation Paper considers whether the geographical distribution should be more equal across states and territories, or if geographical differences may be justified by differences in relative population growth, emerging workforce needs or relative socio-economic disadvantage.

It is important that enabling and sub-bachelor allocations respond to likely student demand in each region. They typically cater towards people less confident or prepared for other forms of tertiary study and in greater need for localised face to face support. This limits their ability to access places in universities outside their home state or territory through external enrolment. The current enabling allocation supports one very large program in one university, which does well by its students but begs the question how similar students elsewhere are to be supported.

The issue is less relevant to postgraduate places which is much more a national market. With 44% of domestic postgraduate completions in 2017 using online learning as their core means of study, postgraduates access places at institutions outside their home region.

IRU position

Allocations for enabling and sub-bachelor places should take account of information about need and demand, for a focus on raising participation where it is notably low and ensuring Australia wide access to both sets of courses.

4. The allocation criteria

The Consultation Paper proposes broad target outcomes for each type of allocation with specific criteria to guide the allocations. The target outcomes listed are:

- Enabling courses — Academic preparation and strong student outcomes;
- Sub-bachelor courses — Industry needs and/or articulation into a bachelor degree; and
- Postgraduate courses — Professional requirements and community benefit.

These outcomes should be the requirement for any course for which a university uses its allocations.

Enabling places

The Consultation Paper proposes four criteria for enabling places:

1. Student progression to further study at tertiary level (% progressing in following year);
2. Existing use of places (historical over and under enrolment);
3. Profile of commencing students (equity groups)
4. Innovative teaching models

The IRU supports the first three criteria to drive allocations, with the question of teaching models being a university responsibility to ensure good outcomes for students which would then be reflected in the first three criteria.

The core purposes of enabling courses is to help widen higher education participation through full articulation into a related tertiary program. Effective enabling programs strengthen the higher education sector's ability to respond to the needs of prospective students.

- Student progression of just over 50 per cent reflects a balance between open access and avoiding articulating underprepared students into further study. Given that articulation will primarily result in enrolment in the same institution, it is unlikely that this criterion will create an incentive to graduate students who are underprepared.
- Use rate ensures that universities make use of allocations, in a context where other universities would like more places. The risks of filling places with uncommitted students who do not succeed is low, when combined with the student progression rate measure.
- The profile of commencing students is important, but adds a qualitative factor. The measure would need to consider the mix of students attracted compared with the university's overall enrolment and the levels for equity groups in the region and State.
- Innovative teaching models are problematic as an allocation criterion. The definition is unclear, the information required is not readily available and is unlikely to be comparable. Government focus should be on effective teaching models, some of which may not necessarily be new. Overall, performing well on the other criteria is likely to ensure effective teaching.

IRU position

Criteria 1 to 3 are a good basis to allocate enabling places and loading.

Teaching innovation should not be a criteria, with good teaching shown through enabling program outcomes.

Sub-bachelor places

The Consultation Paper proposes a wider range of criteria for sub-bachelor places, including:

1. Industry needs
2. Existing use of places (historical over and under enrolment);
3. Completions and transition to further study at tertiary level
4. Attrition
5. Demonstrated demand
6. Demonstrated need

The consideration of use and the basic test of completion or enrolment into a bachelor program echoes the proposals for enabling places. The assessment would need to allow for part time students and the potential for gaps of up to a year in enrolment for the target students. Attrition is not needed since it does not add to completions but would largely align with it. It would over emphasise the immediate return to study over the longer term success of a completion.

The most notable criterion for the sub-bachelor qualifications is the industry needs. The IRU remains skeptical that this is essential to ensure the qualifications are valuable, but does not see a problem with its inclusion. It may encourage development of sub-bachelor programs that target specific employment niches, or at least test that such could exist.

Considerations of demand and need should be considered with the data on use of places to allow the distribution to fairly reflect the need across all regions – and stimulate the case for open funding for all suitable students.

The paper recognises the role of cognate diplomas, commonly in languages, which support a student complete a parallel study while pursuing the main degree. It is not clear that these meet the industry needs test, other than at a very broad level. The Government could include such courses within the non designated place arrangements, subject to Commonwealth Grant Scheme funding cap.

IRU position

Criterion 1 provides guidance about the use of sub-bachelor places consistent with the Government target. The Government needs to state that it allows for cognate diplomas.

Criteria 2, 3, 5, 6 are a good basis to allocate sub-bachelor places

Criterion 4 is superfluous, with criterion 3 covering the question of student throughput.

Postgraduate places

The Consultation Paper proposes five criteria for postgraduate places:

1. Each qualification's specific logic for being Government funded rather than fee paying, targeting
 - a. Community benefit
 - b. Requirement for professional registration
 - c. Shortest possible pathway to a professional registration
 - d. Addresses skills shortage
2. Existing use of places

3. Student satisfaction
4. Graduate employment outcomes
5. Representation of equity groups

The qualification specific criteria as acknowledged in the Consultation Paper, can become complex and somewhat arbitrary. The ambition is to support sufficient courses to ensure a reasonable pathway is available while allowing universities and students to continue to agree to fee based courses that are likely to involve greater investment per student. Many courses combine both revenue streams, effectively allowing demand to be met where students will pay.

Eligibility criterion: Deciding which professions and qualification fields are suitable for Government funding

The growing array of specialisations within broad professional categories along with the trend for professional bodies to raise the requirements for practice means the array of courses leading to professional practice continues to develop. The target for postgraduate places needs to be sufficiently dynamic to include all relevant courses now and to capture those that emerge without complication.

Over time it would mean approving each professional qualification that a university can show is an entry requirement for practice, with the likelihood that such a provision would encourage professional bodies to add to the professional areas that require postgraduate qualifications as the base level for practice. To minimise this incentive, and the pressure it would place on retaining a viable cap on funded postgraduate places, definition of the relevant qualifications should be at the broad professional level, and exclude qualifications required to practice in particular niche areas within the broad profession.

It would also mean approving all universities which offer a relevant qualification. Similarly, to address skills shortages all universities serving that relevant market should be approved for funded places in those fields.

This will mean that Government will need to be willing to add places to the pool should the demand nationally over the coming decade exceed available allocations.

The performance criteria

The test of use is relevant to the postgraduate places as to the other designated sets. One reason that there has been under use at many universities is the specific allocations made in the past that tie places to particular courses and/or locations. The reduction in numbers from 2018 is likely to have reduced this problem.

Effective definition of the suite of eligible programs, targeting those leading to professional practice, gives universities the flexibility to use places to respond to changes in demand within their allocation envelope. That will allow regular adjustment to changes in demand and to test how well university estimates for additional places work out in practice.

The IRU argues in our response to the Performance Funding consultation that funding should not hang on a mechanistic assessment of performance. Criteria 3 and 4 (and comparable sub bachelor criteria) involve use of the data sets to inform a Government judgement about the allocation of

places. Use in this way allows judgement and consideration of the contextual reasons why individual university perform as they do against the criteria.

IRU position

A good definition of courses that meet Criterion 1 is key to an effective use of the postgraduate place allocations.

Criteria 2 and 5 provide useful criteria to assess applications for places.

Criteria 3-4 are a possible use of performance data sets to inform a Government judgement about best allocation of places.

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