

SUBMISSION TO AUSTRALIAN UNIVERSITIES ACCORD

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EXECUTIVE SUMMARY

I am a retired academic. I have read the Interim Report. On May 15, 2001, I was a witness before the Senate Inquiry *Universities in Crisis* and presented submission 91 found at https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Education_Employment_and_Workplace_Relations/Completed_inquiries/1999-02/public_uni/submissions/sublist.

As written in *Decline in Academe*¹

“When universities became corporations, attributes of the old university were subordinated. Universities began to behave like firms with no shareholders, operating with a declining government subsidy, and maximising sales in a market with excess demand. Student demand was paramount, and the determinants of demand became determinants of the university. “

Deregulation exposed gaps in self-regulation that the government should re-regulate. Management and bureaucracy were the winners, students and young academics were the losers. This submission consists of a set of proposals that relate to

- Student debt restructuring.
- Regulation
 - National Education Board and Universities Ombudsman.
 - University boards to have stronger academic representation.
 - Student Representative Council and Student Honour Court.
 - Salaries of senior management linked to salaries of politicians.
- Standards
 - Uniform grading system and rank grading system.
 - National graduate entry test.
 - Honours college for gifted students.
- Degree upgrade scheme.
- University bonds.

¹ Sawyer, K.R, Johnson, J., and M. Holub (2009): “Decline in academe,” *International Journal for Educational Integrity*, 5,2,10-28.

STUDENT DEBT

Policy makers and administrators who benefitted from a free or nearly free education have imposed a great burden on following generations, a most unfair intergenerational transfer. Students are caught in a poverty-like trap, a twin mortgage problem of housing and education. It is time to lift the burden.

The burden has been amplified by indexation and the failure to restructure the debt.

“The devastating impact of inflation on the nation’s biggest student debt holders has been revealed. The remaining balance of all student loans across Australia went up by 7.1 per cent in June – the largest increase in three decades – after an annual adjustment to keep loans at pace with the cost of living...Student HECS-HELP loans are indexed annually in line with consumer price index, but this year’s hike carried a particularly painful sting for debt holders. The rate of indexation has almost doubled since last year when loans increased by 3.9 percent. Someone who is still paying off a HECS debt from 2013 will have already seen their debt increase 10 times. About three million Australians had some form of student debt, totalling about \$74bn, as of June 2022. The average student loan of \$22,636 was increased by about \$1584.52 during the June hike,”

Source: The West Australian, July 9, 2023.

Many countries are beginning to understand the implications of the student debt problem, the effect on the expectations of younger people, the effect on their mental health. In the United States, the Biden administration is seeking to restructure the debt.

“The new repayment plan, announced last year and completed this month by the Education Department, offers borrowers a new option that caps payments for undergraduate loans at no more than 5 percent of the borrower’s income. After a borrower makes payments for either 10 or 20 years (depending on the size of the loan), any remaining balance would be forgiven.”

Source: New York Times, July 19, 2023.

The priority of the Australian Universities Accord should be a student debt restructuring plan. Inter alia the plan needs to consider policies to make the debt more affordable.

- Freezing indexation
- Capping payments at a percentage of income.
- Writing off loans after fixed periods.
- Restructuring loans.

We need to lift the burden on students. We need to generate better expectations.

REGULATION AND GOVERNANCE

We need a different model of universities that better represents the principal stakeholders. Managerialism is a blunt instrument. It does not adjust for the history of the university, the role of the academic, or the role of the student. There is no place for an Archimedes, working for twenty years without return, and exclaiming “Eureka, I’ve found it” at the end. Managerialism does not price the long-term, and it doesn’t price serendipity.² In the first universities at Bologna, Pavia, Oxford, and Cambridge students played a role in governance of the university. The corporate university has subordinated students and subordinated the freedom of ideas. Students are the stakeholders disenfranchised by corporate universities. Students must be allowed to become stakeholders with voting rights. We need to resurrect the role of the student.

PROPOSAL 1

That a National Education Board be established to oversee higher education in Australia. The Board would report principally to the Federal Government, but occasionally commission reports regarding individual universities. It would oversee a Universities Ombudsman.

PROPOSAL 2

That a Universities Ombudsman be established.

PROPOSAL 3

That University governing bodies require at least half the members be academics.

PROPOSAL 4

That a Student Representative Council (SRC) be established as an advisory body to represent principal stakeholders. The Council should advise the university on significant decisions.

PROPOSAL 5

That a Student Honour Court System be established to process student disciplinary matters. This concept originated at the University of Virginia in 1842.

PROPOSAL 6

That universities establish an entity like the *Oxford Union*, <https://oxford-union.org/>, governed by students to invite speakers to present their ideas. This invests students with responsibility.

PROPOSAL 7

That the salaries of senior management of universities be linked to the salaries of politicians.

² Sawyer, K.R, Johnson, J., and M. Holub (2009): Op. cit.

STANDARDS

These proposals are based on the 2001 submission, and the observations in the Interim Report. To arrest the decline in standards, the objective must be to improve,

- (1) Measurement of standards.
- (2) Testing of standards.
- (3) Support gifted students.

On October 2, 2001, a Senate Committee reported on the plight of gifted children in education.

https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Education_Employment_and_Workplace_Relations/Completed_inquiries/1999-02/gifted/report/index

“All types of interest groups agree that there is a problem with education of gifted children. These children have special needs in the education system; for many their needs are not being met; and many suffer underachievement, boredom, frustration, and psychological distress.”

The most disadvantaged students in an Australian university are the most gifted students. Gifted students are subjected to years of standardised boredom in their most creative years.

PROPOSAL 1

That Australia adopts a uniform grading system at the undergraduate level as in the United States, with each university using A (4.0 points), B+ (3.5 points) and so on.

PROPOSAL 2

That in every subject the rank distribution (the order of merit) is also given, and a rank point average (RPA) calculated. RPAs are invariant to grade inflation and employers and graduate schools are interested as to where the student ranks in their cohort group.

PROPOSAL 3

That Australia introduces a national graduate entry examination.

PROPOSAL 4

That incentives be provided to create an **HONOURS** college within each university,

- The college would enrol the best students chosen from ATAR scores.
- Students would begin the program in their first year at university, not fourth year.
- The approach to be interdisciplinary to encourage thinkers across diversified subjects.
- The teaching to involve Professors and researchers at the frontier of disciplines.
- High-performing students outside the college can be admitted in later years.

DEGREE UPGRADES

The principle of the software upgrade has been used in software development for decades. With an upgrade, software is upgraded to the latest technology; the principle is simple; it allows customers to be on the frontier of technology. So why can't it be extended to higher education, to allow a BCom (1980) to be upgraded to a BCom (2023)? Self-evidently, the evolution of education is different from the evolution of software; software evolves with add-ons and new features while education evolves often by revisiting old ideas. Perforce, an upgrade to the undergraduate degree already exists. Masters is the upgrade chosen by most; and Masters by coursework is now the growth engine of Australian higher education. Many Australian business schools offer as many as thirty different Masters by coursework. The professional Masters degree is a cash cow for universities increasingly constrained by budgets. But universities could diversify their funding through an upgrade of the undergraduate degree.

How would it work? There are many possibilities but, for example, alumni could enrol for a two-week intensive course with a series of lectures on the recent developments in their field. The lectures would be more than public lectures; they would have the structure of an upgrade. There may be no need for exams; they have already met the requirements of the university, but there would have to be some form of certification of written work. The upgrade course would be a certification that, for example, the Bachelor of Commerce graduate of 1980 has had their qualification upgraded to BCom (2023). The advantage for alumni would be that they can upgrade their undergraduate degree with lower cost, and with a lower imposition on their time. And they can reconnect with their university. It would not appeal to all, but it may appeal to the more than 80% of undergraduates who do not pursue postgraduate studies.

For the university, undergraduate degree upgrades offer several advantages. They are a revenue option with relatively low cost; and recruiting and selection costs would be low because the cohort group has been selected before. Upgrades would encourage alumni to engage with the university and with the staff, an opportunity to bring their work experience back to the university; and an opportunity to give back to the university. Of course, there would be attendant costs in terms of the use of the physical space, timetabling, costs to the academic in identifying what needs to be upgraded and how to upgrade it; and the costs imposed on academics who want more research time. However, universities, like all institutions, must consider innovative financing options which diversify their risk without diluting their product. Upgrades would satisfy both.

UNIVERSITY BONDS

Universities must derive funds from diversified sources that are continuing rather than cyclical. Australia has successfully employed infrastructure financing to finance public infrastructure. Such financing should be considered for universities.

In the provision of education, it is not unknown for unit trusts to be used. The Erasmus School Unit Trust was a trust established in 1998 to raise funds for the purchase of a school property after insufficient donations were received. The units, which are backed by the security of the property, had an expected return below market rates but were regarded as an ethical investment. The Erasmus model can be applied more generally to universities, provided sufficient tax incentives are included. A general structure may include.

1. The establishment of university bonds, for one university or a group of universities.
2. Each bond would be priced with returns generated by projects within the university, in addition to holdings of university securities. The bond would be separate from the university, and separately regulated.
3. The establishment of a regulatory body to regulate the bonds.
4. The possibility of tax incentives. For example,
 - a. Tax rebates for investors.
 - b. Tax breaks on the proportion of income retained by the trust.
 - c. Tax breaks for bondholders.
5. Reinvestment plan to offset student fees at some later stage.

The advantages of university bonds over funding from general revenue are that it is a form of ethical investment that allows contributors who want to donate to a university the opportunity to invest in a tradeable asset, it permits better assessment of the projects of a university through the regulation of the bonds, ratings agencies, and market assessment, it permits funding of a university on a continuing basis and would not require funds to be injected into more speculative projects, it would allow tax incentives to be used, including those relating to funds distributed and retained. and a reinvestment plan to offset future fees.

In 2001, a detailed proposal of university bonds was developed.

CONCLUSION

In 1904 Einstein wrote four miraculous papers including the paper on special relativity theory. Einstein wrote the papers on a table in a Berne apartment, without a network, without journals. Einstein did not need the structure of a university, but Einstein did need the freedom to think. Newton, Leibniz, Turing, and Simmel were the same. Freedom is the underwriter of innovation. Universities are special corporations that depend on freedom of ideas for their existence. Berkeley, who refined ideas more than most, was honoured with the name of a university. Bureaucracy crowds out ideas; the optimal level of bureaucracy differs between a government department and a university; a university must be less bureaucratic to allow ideas to flourish. Bureaumania has led to a decline in the productivity of education and a decline in ideas. Managerialism has overtaken the real mission of the university.

The ideas presented above underscore the principles on which universities were founded, for the students to be stakeholders rather than cash cows, for management to be more accountable, for improved measurement and testing of standards and incentives for the most gifted students, and funding models that allow the alumni and prospective students to invest in universities.

We need reform.

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Dr Kim Sawyer.

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