

A Broad Tertiary Education and Training Sector: What could we ask of a Higher Education review?

Conor King, Institutional Strategist, Victoria University, 21 July 2008

Introduction

If in ten to twenty years' time we want to remember 2008 and Bradley as a useful short hand for a notable change in the approach to higher education we need the Review to propose a coherent model for a future higher education system which addresses the Government's objectives and which will be robust for one to two decades rather than three to five years.

The model must be framed to provide a coherent relationship across the whole education system (pre-school, school, further, vocational and higher education) in meeting the overall skills and knowledge needs of the workforce. From the perspective of Australians as individuals and as businesses and communities the opportunities for education and training must be coherent allowing individuals to gain the formal skills and knowledge they require within and across sectors as needed. From the perspective of education and training providers, this means being able to operate within and across sectors, providing the relevant outcomes, without significant hindrance from structural barriers.

1. Why should we think about a Tertiary sector as the starting point?

The Review's terms of reference allow it to consider the relationship of higher education to other tertiary education. This should be a central consideration for the Review's report – how will what it says for higher education fit with other tertiary education and training? The proposals should enhance the relationship, positioning higher education as one part of the broader system, not strengthen current differences.

The system needs to work both for the student-trainee- worker and for those who want educated and skilled graduates. There is a growing array of demand for education and training and many various ways in which it could reasonably be met. These will continue to change and fragment in response to future needs many of which we cannot predict. It will be more likely, not less, in the future that people will need to access more than one type of post school education and training.

These individuals will look for education across multiple sectors strengthening the value of common systems, especially for charges to enhance ease of choice and access and support individuals gaining the particular set of learning they require.

Industry equally looks for education, training, and research to meet its suite of needs which work across the current borders of vocational education and universities. If we are to increase the extent of employer direct investment in employees' education and training and stimulate further investment in research sector distinctions will not assist.

Finally there is a growing number of providers working across current sector boundaries which will continue as providers (from Universities down) seek to respond effectively to the pressures set out above. While it is possible now to work across the sectors it requires a level of dual operations which we should look to remove to make it easier to operate this way.

An effective tertiary wide approach does not require higher education to bend to the needs of the other parts of such a system. They too could do with change. In reality the major inhibitors to an effective flow across the sectors are accountability and funding rules: in practice these are hard to change but they are essentially peripheral – we need to set ourselves the challenge of altering them where needed.

We also have a good opportunity since Governments' current jargon is for demand driven, client focussed vocational education. This creates a more fluid vocational world that could intersect with similar changes in higher education. Nearly every proposal for change, in some way or another, rests on strengthening the role of choice of individuals. I generally support this approach. The array of demand for education and training, the various ways in which it could reasonably be met, and the

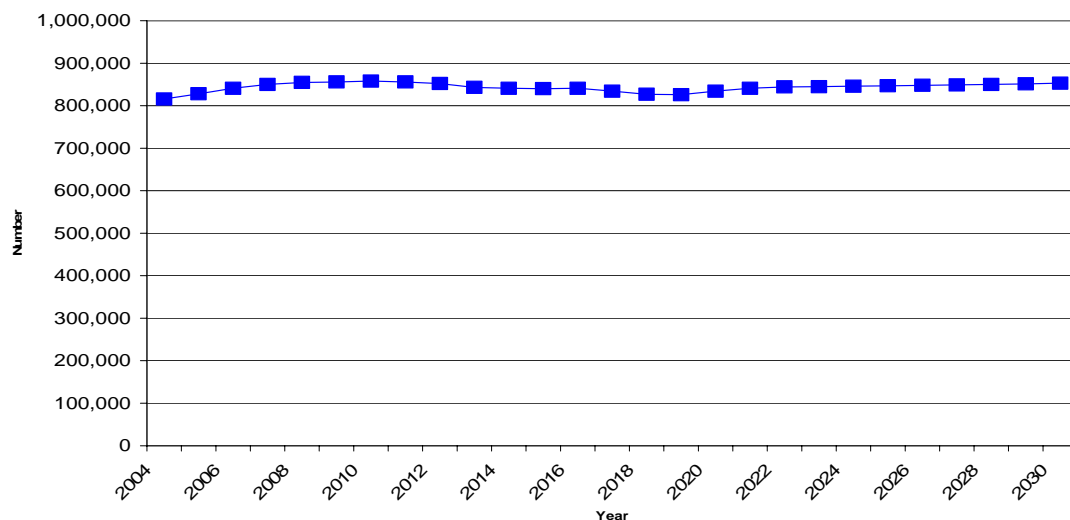
likelihood that these will only continue to change and fragment all argue against strongly directive and controlled systems. The challenge is to make sure it works for the student, and for those who want educated and skilled graduates. Providers must remain delivery mechanisms not become the winners from the system.

2. Who is a tertiary education sector for?

We need to think through who are the different broad groups of likely students, how many of them there will or should be, and from that we will be in a better position to determine how that education should be provided, funded, regulated and by whom or what. The answers will likely vary for different groups.

School leavers

Figure 1: 17-19 Age Group, 2004 to 2030



The whole school leaver target group is fluctuating through the mid to high 800,000s. Despite some predictions of its waning importance I consider that the traditional school leaver group of those with good to excellent school results who have a reasonable grasp of what they want will remain a constant set of entrants to higher and vocational education.

Figure two shows the extent to which school leavers at various ENTER deciles apply for, receive an offer for, and take up a University place. This shows that there remains considerable potential for universities to expand without necessarily drifting down the ENTER scale. Many of those seemingly not pursuing post school education and training or rejecting offers for a university place will in fact be taking up vocational places.

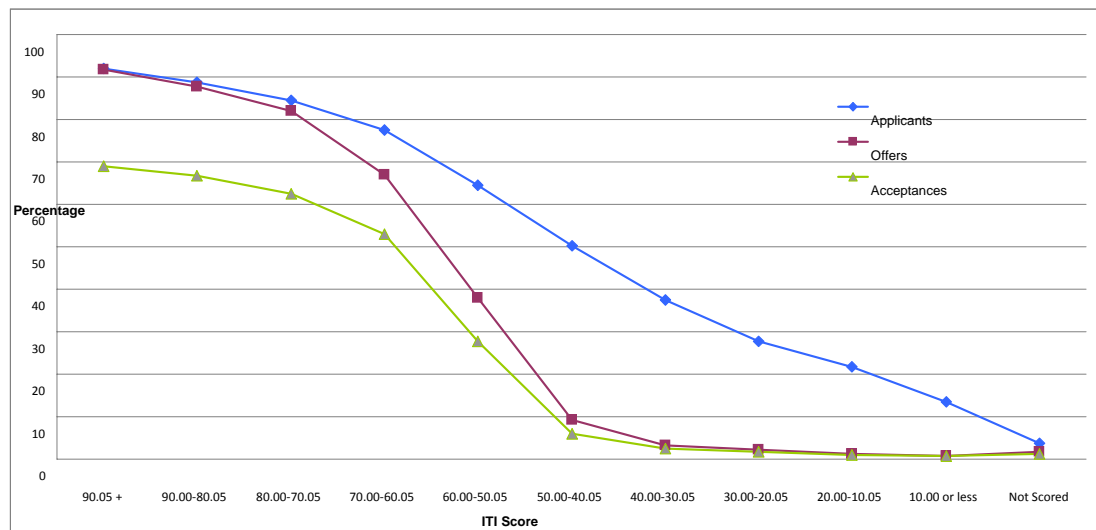
Against the reasonable argument that some form of vocational or higher education should be a near universal stage in education and training the Dusseldorp Skills Forum's *How Young People are Faring 2007 At a Glance* suggests about 30% of young people attend university immediately after school and 24% attend vocational and other education. That leaves a good 46% who are not but many of those will do so over the following years. Ms Gillard's Budget Statement suggests nearly 87% of people by 25 have enrolled in higher or vocational education¹.

There is a second set within the school leaver cohort which covers some of those who do go onto subsequent education, but have been persuaded to do so, as well as many of those who initially choose to enter the workforce or otherwise pass the time. It is this group who offer the major opportunity and

¹ Julia Gillard, *Budget The Education Revolution*, 13 May 2008, p16 citing the Longitudinal Surveys of Australian Youths

challenge to extend the proportion of school leavers seeking higher education and VE places. It also includes those who might in the future complete year 12 or its equivalent if Governments succeed in raising this from something like 80% to 90%.

Figure 2: ENTER scores and University applications and offers



Such students often pose considerable educational challenges particularly in terms of their willingness to learn. They will place even greater pressure on the capacity of providers to teach effectively even where, through Further Education and related transition programs, basic education and learning skills have been acquired.

To encourage such potential students into additional training and education we need a flexible system that can meet quite variable needs through a range of different providers and approaches and one which does not over focus on particular elements of the system, such as a Degree at a University, making transition to them harder.

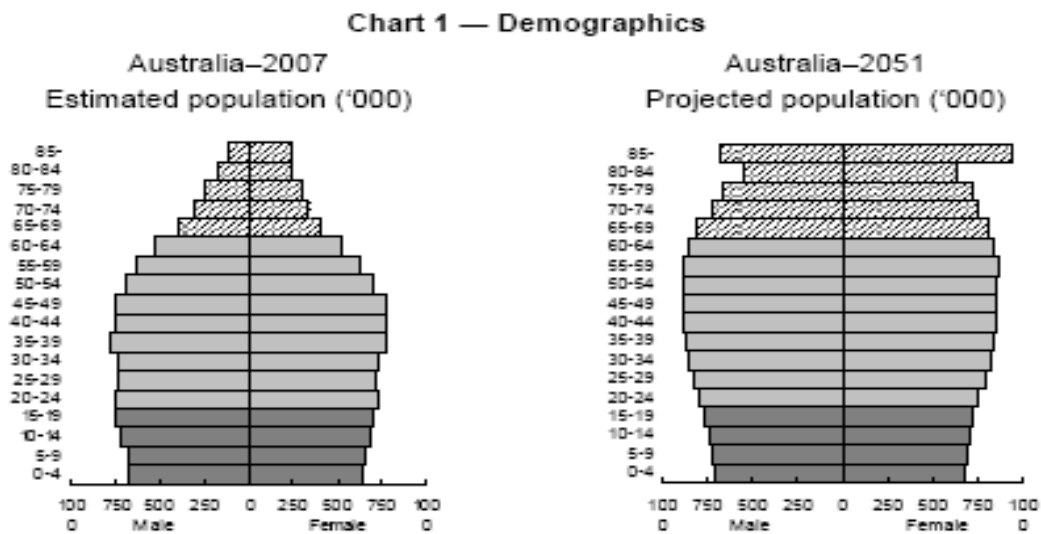
Older students

The age pyramid for Australia over coming decades is expected to show considerable growth in all older age groups such that potential students in their 30s, 40s, and 50s will become a much more important focus for education and training.

Within this group those who are future first time students will likely start with a lower level of academic and training skills compared with the past. The numbers may show a large potential group remains but the willingness, and then capacity, will be challenging for providers. A pathway through basic skill acquisition, mixed with ongoing employment, that may lead to higher level vocational and higher education options may be the typical path. The older part of this group (40+) will include many unskilled workers, likely to have lost jobs as industry need change, whose desire for training may be quite low.

In contrast the market for people who already have qualifications but looking to extend them is very strong across both VE and higher education and all projections consider that it will remain strong. This has been the strong growth area for domestic students and is likely to grow further as

- expectations of employees and the self employed increase;
- the population profile rebalances towards older age groups so there are more people aged thirty to sixty; and
- the need to retrain older workers to retain them in the workforce intensifies.

Figure 3: Australia's age pyramid 2007 and 2051

In this market people are not necessarily moving in a linear way through qualification levels but based on individual need are as likely to seek skills across the sectors. The experience in VE that students often only want part of an award is likely to spread to higher education, forcing greater provision of non award courses and or courses tailored to particular employers and professions.

This group of people are much more able to negotiate the course they need, and pay for it or get employer support to pay. They are the market where many smaller providers operate and is one that seems suited to a quite open market and a focus on Government encouragement and incentives more than direct support and regulatory intervention.

Taking all those groups together it appears the future may lie in three broad directions:

- continuing to prepare the traditional post school group well;
- ensuring that post school education and training (including, but broader than, higher education) engages more extensively with the large group of people who do not apply for further education and training in the years after school;
- continued growth in the people acquiring second, third and subsequent awards across both higher education and VE.

I also think it clear that they have quite different requirements from a tertiary education system if we are to ensure that each person has a reasonable chance of gaining needed education and training at different stages of life. The message that comes through looking at each the groups is that nearly everyone will need access to education and training but that the differing capacities to determine what is needed, choose which provider will best provide it, and pay for it should influence how Governments regulate tertiary provision and when they should help fund it.

3. How should we shape a Tertiary education system?

Eligibility

How can we target Government support so that everyone has reasonable opportunity for support while setting some limits to the extent of public support?

We have now in the HESA the somewhat forgotten Student Learning Entitlement which limits access to a Government funded place to seven full time equivalent years initially, with a renewal worth an extra two and a half years a decade from age 27. In effect this says you can get a start in tertiary education covering all accepted initial qualifications and after that you can upgrade or re-skill for up to 25% of your life. The latter is fairly generous but limited by being tied to the current allocation of Government funded places which are primarily used for bachelor awards.

The alternative approach is to limit Government funding to awards deemed more advanced than any earlier award: the UK Government has brought this in for England (but not I think elsewhere) and it is mooted by the Victorian Government for vocational education eligibility.

I prefer the SLE approach since it leaves it to the individual to work out what awards and in which order should be supported and it supports most those seeking initial qualifications. The second has hierarchical underpinnings which sit uneasily with trends in how people gain tertiary awards and will produce all sorts of counter examples problems. In an open market the amounts of SLE may need to be reconsidered – along with the implications of applying one scheme across all tertiary education and training.

Income support

I do not have time to explore income support issues in this talk but briefly propose that with eligibility for Government support should come access to Income Support of some form that is grounded in the assumption that it supports the person sufficiently to live while studying, potentially over period of some years, in contrast to current payments which are based on an assumption of sufficient income to get by until the person gains income through employment.

Such a payment could be an entitlement but more likely it would be subject to financial tests of need. A test of need seems important, especially for the many students who are in fact full time workers where employer support through time off for study is the better avenue to ensure financial needs are met.

Student Charges

Underlying any student payment should be access to an income contingent loan scheme. The Victorian Government is, I think, the first Government to float as a serious proposal income contingent loans for vocational education. This is largely been looked at as a tack onto the current HELP arrangements. A serious national scheme needs to step back from HELP to create a national Education Loans Facility that provides the base service – the loan money, and a repayment system overseen by the Australian Taxation Office. Off that, various particular schemes can hang, adapted to particular requirements and circumstances.

With access to income contingent loans nearly everyone could reasonably be asked to make a payment. This has a useful accountability function in restricting a provider from enrolling notional students (whether or not real people) through requiring a parallel payment or incurring of a loan from the person enrolled.

The group for whom no charges might apply are those people requiring Further Education in basic learning skills including literacy and numeracy. The risks of deterrence are strongest for this group, while the potential for repayment is low until, and if, they acquire sufficient skills to earn income above the repayment thresholds. I suspect it will prove easier to hold back charges until such students take on higher level vocational or higher education.

I would also argue that where the student is being funded by Government the charge should be controlled and limited for two reasons:

- once Government is offering funding to have no limit on the charge only encourages a charge higher than necessary; and
- I prefer competition based on what a provider can do for the available money, not what they can do if they had more money than other providers.

Where there is no Government funding it is for the provider and the student to agree the charge. This would require some consideration to limits to the total debt that an individual can incur to ensure the debt remains in balance with potential to repay.

What is provided?

We need a clear outline of what awards can be made and what they broadly mean that then is the basis for providers to work from. The current Australian Qualifications Framework was an early leader in providing a guide to what particular awards should mean and the relationships among them. It is perhaps overly hierarchical in approach. An overhaul of the Framework would take account of some of the more matrix arrangements developed elsewhere (such as Scotland), perhaps consider higher level trade focused awards (an artisan level) and ensure that further education type courses are effectively covered. Long term new awards could be added, and potentially others removed.

Whether we continue to label some Vocational awards and others Higher education may not matter a great deal. A focus on encouraging a range of providers, including those working across any such border would suggest not attempting a distinction.

Who or what are the providers to meet the education need?

The intent is to deliver education and stimulate knowledge and skill development – the providers are just a mechanism, a means of delivery. The National Protocols for Higher Education Approval Processes now allow for other self accrediting providers as well as supporting the array of others approved course by course to deliver higher education. There are parallel processes for Registered Training Organisations.

The future will only complicate the array of providers further. We need a known process that ensures all those offering education and training services are competent to do so, without limiting the number so approved. The approach should be coherent across the full tertiary sector range.

The present higher education structure has much sense to it:

- approving an organisation initially course by course, offering by offering;
- then allowing organisations to take greater and then full responsibility for approving their own courses based on capacity, experience and trust.

We should build on this, encouraging organisations to set the range of education and training they wish to provide, seek necessary approvals, and then begin to operate.

The status of the term 'University' will remain untidy. Linking this to a combination of education and research in the one institution provides a meaning and one that is fairly compatible internationally. I do not see a need to change this but it would thus be an approval of a type of body – to use the term.

There will be a role for a Quality body to assess whether individual providers are meeting the expectations of their approval but such arrangements would not be part of Government funding accountability.

4. Towards a future resourcing system

Government funding should focus on supporting a mix of outputs and outcomes (the quality of what is done). It should be subject to a minimum of input controls with a focus on giving the responsibility to each provider to determine how best to operate. To the extent that there are process requirements about operation these should be enforced through the approval and quality process.

Simply saying that funding should focus on major outputs and quality of outcomes is not sufficient. Outcomes are notoriously hard to measure such that proxies are always used. I do not see that changing.

Hence I would challenge the standard argument that the fine detail of funding formulae should be known well in advance and not change rapidly. Rather my contrary argument is that the broad areas of funding should be known but the detail should change. If we want universities to focus on achieving quality of teaching and of research we should be prepared to say:

- there are no perfect measures of each (or of major aspects of each);
- any set of proxy measures will circle around measuring the underlying outcome;
- if the proxies are reasonably good different sets should produce similar results with the differences reflecting the approximate nature of the measures;
- hence changing the proxies regularly will tend to even out weaknesses in any particular set and discourage universities from focusing on the proxy measures rather than their own assessment of what will deliver the best outcomes.

My objective for a future resourcing system is that it encourages institutions to support the main goals for the sector, while minimising the tendency for rules governing access to resources to become the driving force in institutional actions.

I am going to outline a moderately simple system. It is a system that could operate for most or all tertiary education and training, since by setting a framework it is possible to adapt bits to particular requirements where there is a good reason for them – rather than simply to be different.

I hope it is clear from what I have already said that I think that funding and other resources should follow product and performance. So I propose basically a two tier approach:

1. Tier 1 is resources for product: having students;
2. Tier 2 is funding tied to an assessment of outcomes: how well various objectives for a tertiary sector have been achieved.

Tier 1

I see this Tier as having two broad aspects, depending on whether or not the student is entitled to Government support or not.

Those with Learning Entitlement

- Government funding to the provider (set by broad categories of course level and field)
- Government income support (likely subject to personal means test)
- Student payment at or up to set amounts (set by course level but not by field)

Those without learning entitlement

- Student payment on open market
- Employer purchased courses.

Tier 2

Against a set of major outcome areas for a tertiary system there would be payments for achievement. Possible areas are:

- education quality (teaching and learning)
- social inclusion
- internationalisation
- support for regional needs
- engagement with industry.

Where it relates to education and students Tier 2 would be based on all students, not just those eligible for direct Government funding. This would mean some Government funding for all education and training provided (and providers), recognising that the demand and mix in the future is likely to be extensive and complex.

Conclusion

The Higher Education Review offers us the opportunity for significant reshaping of all tertiary education with a focus on supporting some key common approaches to key questions, while still allowing for differences where needed.

Such a reshaped system is needed to meet the varying future needs for education and training across the life cycle of future Australians.

To support such a system Governments should focus regulation at ensuring providers are capable of the education and training they offer and focus funding at the major outputs and outcomes achieved.