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## Dropping out

The benefits and costs of trying university

Andrew Norton and Ittima Cherastidtham

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## Overview

Nearly a quarter of a million students will start a bachelor degree in Australia in 2018, but more than 50,000 of them will leave university without getting a degree.

Dropping out is not always a bad outcome. Surveys of school and first-year university students show that many are uncertain about their direction. Enrolling can help students decide what they want to do. If students discover that university is not for them, and leave quickly, it costs them little in time and money.

Partially complete degrees can have other advantages. Many people who did not finish their course found it interesting, learned useful skills, and made lasting friendships and connections. Often they say that if they had their time over again, they would still begin their course, suggesting they believe that their enrolment brought more benefits than costs.

Yet for a significant minority, an incomplete degree leaves them with debt and regret. Nearly two-thirds believe they would have been better off if they had finished. Nearly 40 per cent of students who dropped out would not begin their degree again knowing what they know now, and about a third of them believe they received no benefits from their course. These students do not get value for their time and money.

Much of the risk of dropping out is foreseeable. Part-time students are the most likely to drop out. Many try to combine study with paid work and family, but discover they can't manage their competing commitments. Students who enrol in three or four subjects a year – half

as many as a full-time student – have only about a 50 per cent chance of completing their course in eight years. Students who enrol full-time have about an 80 per cent chance.

School results are important. Students with ATARs below 60 are twice as likely to drop out of university than otherwise similar students with ATARs above 90.

With better advice, some prospective part-time students may opt to study full-time. And some low-ATAR students would take a vocational education course instead. Some may not study at all, but look for a job instead.

Governments and universities should do more to alert prospective students to their risk factors. The Commonwealth Government's Quality Indicators for Learning and Teaching information website should include a guide to students' completion prospects. Universities should check that part-time students have realistic course completion plans.

Some students who drop out never seriously engage with their course, and needlessly accrue HELP debt before they leave. This report recommends new ways to protect students from unnecessary financial burdens.

Australia's higher education system lets people try out university. It recognises that not enrolling, as well as dropping out, has costs and risks. But Australia should do more to reduce the number of drop-outs. With some changes, Australia's higher education system could make dropping out less common and less costly.

## Recommendations

### For people thinking about applying for university

The Government's student website, QILT, should include personalised information about the risk of not completing a degree. It should also advise on how to reduce this risk.

University web pages for future students should clearly state what part-time students need to do to finish the course in the maximum time allowed.

### When universities are enrolling or re-enrolling students

Universities should check that students take enough subjects to complete their degree in the maximum time, or that the student has a credible plan for catching up.

### Before the census date when students become liable to pay for their subjects

All students should receive more effective communication about the importance and timing of their census date, so they don't pay for subjects that they are unlikely to complete.

If students are disengaged before the census date, and don't commit to re-engaging, universities should cancel their enrolment.

If disengaged commencing students remain an issue after other methods of protecting them are tried, the Government could require students to confirm their enrolment, or opt-in, a few weeks into term. Students who did not confirm would no longer be enrolled and would not incur a HELP debt.

### For the Tertiary Education Quality and Standards Agency

The regulator, TEQSA, should pay more attention to what universities tell prospective part-time students about how many subjects they need to take, and whether universities are enrolling part-time students who do not have credible plans for completing their degree.

TEQSA's annual monitoring of higher education providers should include examining outcomes for students at high risk of not completing their degree, such as part-time students and students failing many subjects.

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## 1 Starting and ending university enrolment

As higher education enrolments have increased in recent decades, dropping out of university has become a common experience for Australians. In 2015, the ABS estimated that 800,000 Australian had started but not finished a degree at some time. That number is growing by more than 50,000 a year.

Australian public policy makes it cheap and easy to give university a try, and for many young people that is now the default option after leaving school. Some of them only find out after they commence their studies whether university is for them. For universities, it can be hard to tell the applicants who are committed to getting a degree from the applicants who are just exploring their options.

This chapter explains the implications of that uncertainty faced by both students and universities. It shows that the selection of students by universities, and the first semester or two of enrolment, are not two entirely distinct phases. Instead, they overlap.

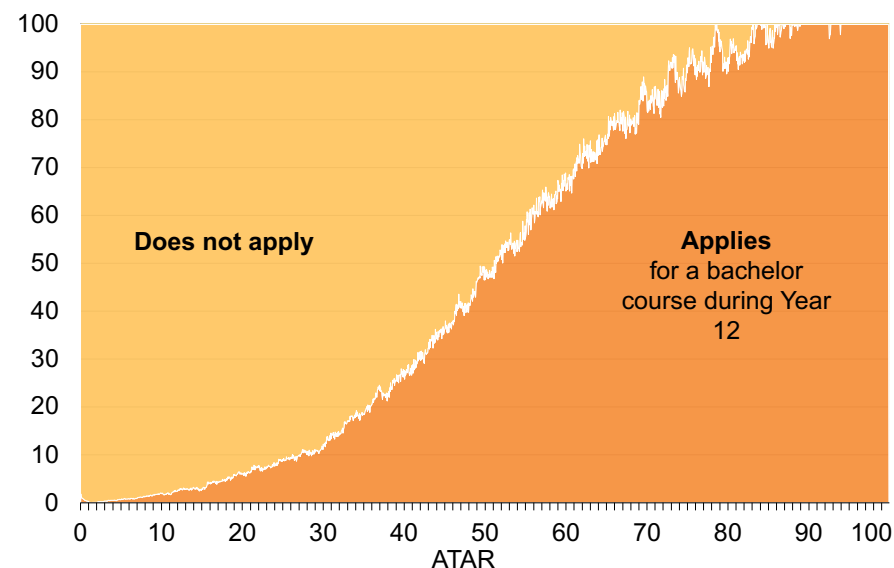
### 1.1 Starting university and mutual selection

People's decision-making about university often starts during childhood, when they begin forming views about their post-school education and careers.<sup>1</sup> At least since the 1990s, most upper-years school students in Australia have indicated an interest in going to university.<sup>2</sup> By the end of Year 12, this interest is moderated by academic results. As Figure 1.1 shows, a school leaver's propensity to apply for university declines with their ATAR, reflecting their preference for academic work, how likely they are to receive an offer, and their chances of success at university.

1. Gore et al. (2017a); Gore et al. (2017b); and Roy Morgan Research (2009, p. 51).
2. James (2002, p. 15); Mission Australia (2016, pp. 15–16); Roy Morgan Research (2009, pp. 48–50); and ANOP/DEET (1994, pp. 7–9).

**Figure 1.1: School-leaver application rates decline as ATAR declines**

Proportion of school students applying for university through a tertiary admission centre, per cent, by ATAR, 2014



*Notes: Excluding direct applications to universities and Queensland students, since Queensland primarily uses Overall Position rather than ATAR. The population is based on Year 7 students in 2008. Only applicants who studied Year 12 in 2013 who have an ATAR. ATAR is a rank of all people in the age cohort. Actual ATARs awarded are skewed to the higher end, because students who would have received the lower ATARs left school before Year 12 or did not receive an ATAR.*

*Source: ABS (2018); Department of Education and Training (2018).*



Despite ATAR's moderating effect on interest in higher education, most Year 12 students apply for university. But not all Year 12 applicants are strongly committed to university in general or a particular course. Surveys clearly show student indecision about their course and university choice. South Australian research into Year 12 student decision-making found that one-in-five were uncertain about their university preferences, but were going to apply anyway, and only 60 per cent were certain or very certain about their first preference.<sup>3</sup>

Similarly, a 2015 survey of first-year students at two universities found that less than two-thirds believed they had a good or very good understanding of which course would be best for them.<sup>4</sup> A 2014 survey of first-year university students found 4 per cent were unclear about why they were at university, and 20 per cent agreed with the proposition that they were 'marking time'.<sup>5</sup> A small percentage of students who drop out say that they never really intended to complete.<sup>6</sup> The decisions of young people are often driven by strong parental and social expectations around university attendance, not clear or definite goals.<sup>7</sup> For them, university is now a default option.

Ultimately many students drop out, although saying exactly what proportion do so is not straightforward. Calculating a drop-out rate requires identifying a start and a finish date for each student. A student's first day of enrolment is an obvious starting point, but it is not used to calculate Australian attrition or completion rates. Students are only counted if they remain enrolled at a 'census date', which is at least 20 per cent of the way through the semester.<sup>8</sup> Students often enrol well

before the teaching period begins, so the census date could be two months or longer after enrolment.

While it could seem that this late start date under-states attrition rates, it recognises that the time immediately after enrolment is not entirely distinct from the prior period, when prospective students look for courses and universities decide whether to admit them. In practice, the selection and enrolment phases overlap in a long process of mutual selection, during which prospective students and universities decide whether the student will proceed in a course.

Australia's student selection system does little to discourage speculative applications from people without clear aims. For a modest fee, usually well below \$100, prospective students can apply simultaneously for multiple courses through tertiary admissions centres in each state. Applicants receive offers, if any, in order of their stated preferences. The process lets applicants keep their options open at low cost. It gives them more time to decide, and more time perhaps to find something they would like more, such as a job.

For the potential students who do apply, universities must decide whether to offer them a place. The applicant's prospect of success is almost always an explicit selection principle.<sup>9</sup> What prospect of success each university regards as acceptable is not clear, but the criteria for assessing it are primarily academic (discussed further in Section 4.2). Many universities set minimum ATARs, varying from 50 to 80, depending on the university. When the applicant has been to university before, previous academic results are often used. Special admissions tests, auditions, professional experience and vocational education are also used as admission criteria.

Some applicants receive no offers. Figure 1.2 on page 11 uses applicants for the 2014 academic year as a guide to what proportion

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3. Parks et al. (2017, p. 8).

4. Harvey et al. (2016, p. 58).

5. Baik et al. (2015, p. 31).

6. See Figure B.2 on page 57.

7. Of first year students in 2004, 41 per cent cited parental expectations as a factor, and 65 per cent cited school pressure as a factor in their decision to go to university: Baik et al. (2015, p. 22).

8. DIICCS RTE (2013a, section 6.30).

9. Based on desktop research in January 2018.

of the original applicants leave at each stage in the mutual selection process. Seventeen per cent of the original pool were screened out by the offers process. The share varies slightly depending on applicant type. Applicants who finished Year 12 in 2013 were slightly more likely to receive an offer than older applicants.

Inevitably, applications data lacks important information relevant to a university decision about applicants' prospects of success. Although applicants with unrealistic plans often have warning signs (Chapter 3), these are not conclusive. The committed applicant who is determined to succeed, and the uncommitted applicant who is just keeping options open, can look very similar. Universities cannot fully identify which category an applicant is in before making offers.

The offers process itself identifies some uncertain applicants. Overall, 8 per cent of the original applicant pool selected itself out by not accepting their offer. Disappointment may be a factor for applicants who did not receive an offer for their first-preference course.<sup>10</sup> But first-preference offers were also rejected, indicating some applicants had second thoughts, and some were never very serious about university. People who had just completed school were more likely to proceed than older applicants, perhaps because they are under more social pressure to study and have fewer other demands on their time.

Uncertain applicants can extend their decision time into first semester. Accepting and enrolling does not of itself trigger financial costs. Students are not charged unless they are still enrolled on the census date (discussed in more detail in Chapter 6). For people who are unsure about university, this free try-before-you-buy period gives them

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10. Applicants were 8 percentage points more likely to accept if offered their first- rather than their second-preference course, and 15 percentage points more likely to accept if offered their first- rather than their third-preference course: Department of Education and Training (2017a).

added information supplied by their initial university experiences.<sup>11</sup> Overall, another 7 per cent of the original applicant pool selected itself out by the first semester 2014 census date. Again, younger and older applicants behaved differently, with those who had just completed school more likely to persist at university.

About one-third of the original applicant pool departed by the first semester census date. Exit decisions were distributed fairly between universities and applicants; universities made no offer to 17 per cent of applicants, and 16 per cent of applicants did not accept their offer or left before the census date.<sup>12</sup>

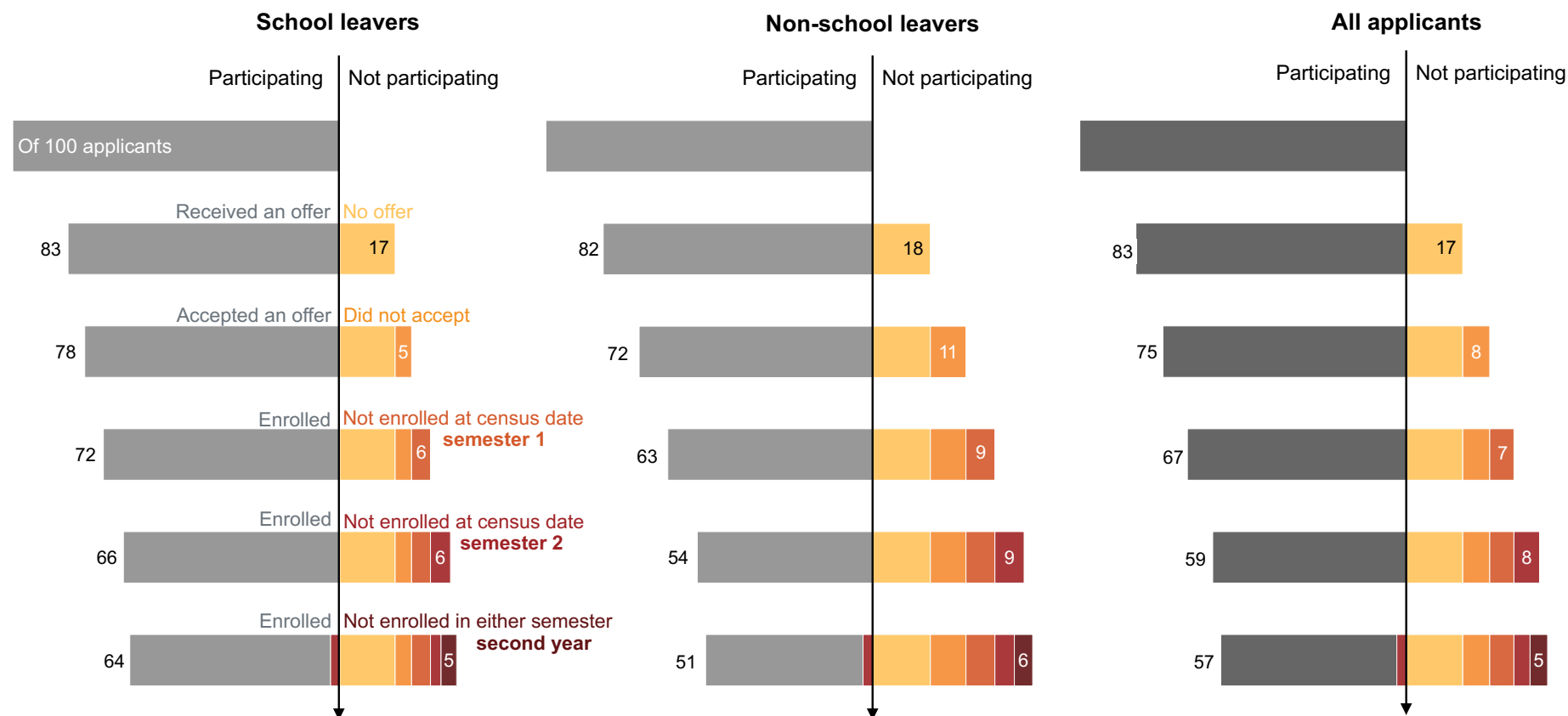
Having reached the census date, students become liable to pay student contributions. For some, letting the census date pass without action is a mistake; they have disengaged but not disenrolled, and needlessly pay for their subjects. How to minimise this is discussed in Chapters 6 and 8. But others continue experimenting with university, deciding whether it is for them. Surveys asking departed students why they left show substantial proportions giving reasons such as the course being different from what they wanted, not gaining or keeping their interest, and being too hard.<sup>13</sup> Of the original applicant pool, another 8 per cent left after first semester. Again, school leavers are more likely to stay than older students. This pattern is repeated at the end of first year. In the second academic year, just over half of the original applicant pool remain.

During the academic year, universities again play a critical role in the mutual selection process. Students use initial academic results as

- 
11. Universities vary in their enrolment practices. Some combine accepting offers and enrolment, while at others accepting an offer and enrolling are separate processes. At these universities, some applicants may never have enrolled despite accepting their offer.
12. The proportion of applicants who did not accept their offer (8.3 per cent) or left before the census date (7.4 per cent) was 15.7 per cent.
13. See the survey results reported in Appendix B.

**Figure 1.2: A mutual selection process decides who will continue with their course**

Applicants for the 2014 academic year



Notes: 2014 domestic bachelor applicant cohort only. Those who completed high school in 2013 are considered school leavers. Applications to tertiary admission centres and direct applications are considered. Only those who accept or defer an offer are considered in the enrolment stages. Second year is equivalent to the third and fourth semesters after commencing studies. Applications to UAC (NSW) and UTAS (Tasmania) have a high proportion of 'offer response unknown' observations and been omitted from the analysis. The analysis only includes applicants, enrolments and completions in bachelor courses. See Appendix A for detailed methodology.

Source: Department of Education and Training (2018).

feedback in their decision-making. In 2014, 8 per cent of commencing bachelor degree students failed all their first semester subjects, and another 18 per cent failed some subjects.<sup>14</sup> Bad results can trigger voluntary departures, perhaps among students who were originally clear about their direction, as well as those who were uncertain all along.<sup>15</sup> Universities prompt disengaged students to consider withdrawing from their studies. But not all the later departures reported in Figure 1.2 are voluntary. Universities can exclude students who persistently fail subjects; this process usually begins at the end of first year. Chapters 6 and 8 consider these parts of the selection process in more detail.

Which start date is used has substantial implications for calculating drop-out rates. If the start date was accepting an offer for a bachelor degree place in 2014, 24 per cent of students were not enrolled at any public university in second year. If the start date was the first semester census date, the date used in official statistics, 15 per cent were not enrolled in second year. If the start date was the second semester census date, after many students enrolling on a speculative or experimental basis have either gone or committed to continuing, only 9 per cent were not enrolled in second year.

Each measure has potential uses, but needs to be evaluated in the context of policy incentives and goals. If prospective students were charged a substantial fee for applying, fewer would do so; if student contributions were charged on accepting or enrolling, fewer applicants would accept their offer. The system encourages potential students to

keep their options open and give university a try. Whether this process could be more efficient, while preserving an open system, is discussed in later chapters.

## 1.2 Ending university

Just as there are several potential university start dates, there are several potential end dates. Students can change courses or take time off but still end up completing a degree, so early end dates can misclassify individuals. Some students classified as departed in Figure 1.2 will return in a later year, while others classified as retained will subsequently leave without a degree.

In the shortest-run currently-published statistics, the Department of Education and Training counts as attrition a commencing student who reached their first census date but is not enrolled the next calendar year and has not completed their course. The higher education regulator, the Tertiary Education Quality and Standards Agency (TEQSA), monitors each university's year-to-year commencing student attrition statistics.<sup>16</sup> While attrition statistics do not measure final completions, they are a useful trend indicator that can quickly reveal potential problems. An institution's commencing student attrition rate is highly correlated with its long-term completion rate.<sup>17</sup>

Students can still complete a degree long after starting.<sup>18</sup> In addition to attrition rates, the Department produces completion statistics over four, six and nine-year periods.<sup>19</sup> In practice, few students complete after

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14. Including those taking only one subject: Department of Education and Training (2018).

15. The annual Student Experience Survey is conducted in August, when many of the original pool of people who accepted their offer have already left. However, unsurprisingly it shows that students reporting low average marks are much more likely to be considering early departure than those getting high average marks: Social Research Centre/Department of Education and Training (2017a, p. 11).

16. TEQSA (2017a).

17. In separate analysis of commencing students between 2006 and 2008, the correlation between first-year attrition and completion within nine years is about 90 per cent.

18. Universities typically have maximum completion times between seven and ten years for a bachelor degree course. However, students can move to another university.

19. Department of Education and Training (2017b).

eight years.<sup>20</sup> This report's main statistical analysis uses an eight-year completion timeframe, covering domestic students who commenced a bachelor degree in a public university between 2006 and 2008. On this measure, 70 per cent of students who commenced in 2008 completed within eight years (Figure 1.3). Another 7 per cent had been enrolled in at least one of the last two years, while just under a quarter had neither completed a bachelor degree nor been enrolled in either of the last two years.

Another measure again is to take the degree length and then add some time. Anyone who finishes within this period is counted as a completion; everyone else is a non-completion. The OECD uses this method. On this measure, Australia's non-completion rate is about average in the OECD.<sup>21</sup>

### 1.3 Trends in completion rates

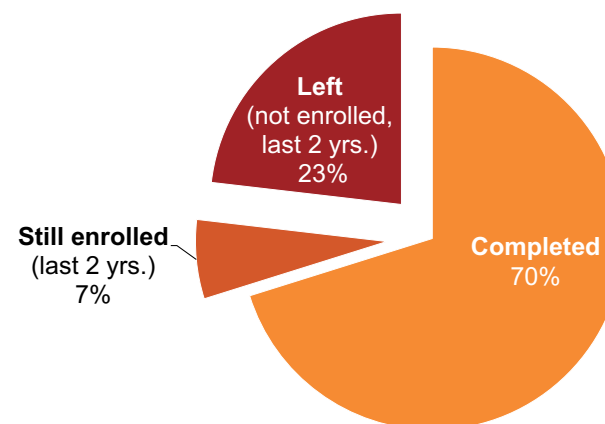
While Australia's completion rates are not unusual compared to other countries, they are decreasing slightly using the census date commencement method. Figure 1.4 on the following page suggests that compared to students commencing in 2008, subsequent students are slightly more likely to drop out. Whether we check progress at four, five or six years after commencement, the 2008 cohort has the highest completion rate of recent cohorts. The four-year analysis suggests that the deteriorating trend will continue until at least the 2013 cohort. The four-year completion rate of students commencing in 2013 was 4 percentage points below the result for the 2008 cohort.

20. An eight-year timeframe lets us look at more student cohorts than longer timeframes. Data was only available for the years 2005 to 2015, limiting the scope for 9- or 10-year cohorts. About an additional 2 per cent of students are expected to complete in years 9 and 10. Our data does not extend further, but some students may eventually return after longer periods.

21. Based on the theoretical length of the degree plus three years for full-time students: OECD (2016, pp. 166–170).

**Figure 1.3: Three in every ten students do not complete a degree within eight years**

Proportion of bachelor degree students who commenced in 2008

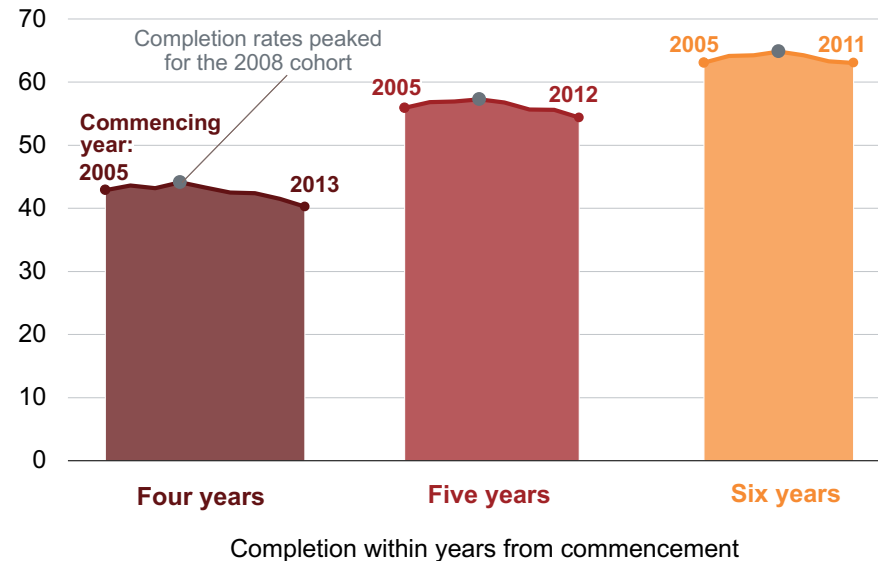


*Notes: Commencing domestic students with a Commonwealth Higher Education Student Number (CHESSN) who first enrolled in 2008. CHESSN is used to track students over time. 'Completed' includes any bachelor degree completion, including students completing a degree in a different field or at a different institution from the one they started. 'Still enrolled' includes students who were enrolled in the 7<sup>th</sup> or 8<sup>th</sup> year after they commenced, or both. 'Left' is classified as students who have not completed and were not enrolled in the 7<sup>th</sup> or 8<sup>th</sup> year after they enrolled. Bachelor graduate entry students, permanent humanitarian visa-holders, students studying entirely offshore, and students who completed in the same year they commenced are excluded (less than 3 per cent).*

*Source: Grattan analysis of Department of Education and Training (2018).*

**Figure 1.4: Completion rates are deteriorating slightly**

Proportion of students completing a bachelor degree by year of commencement, per cent

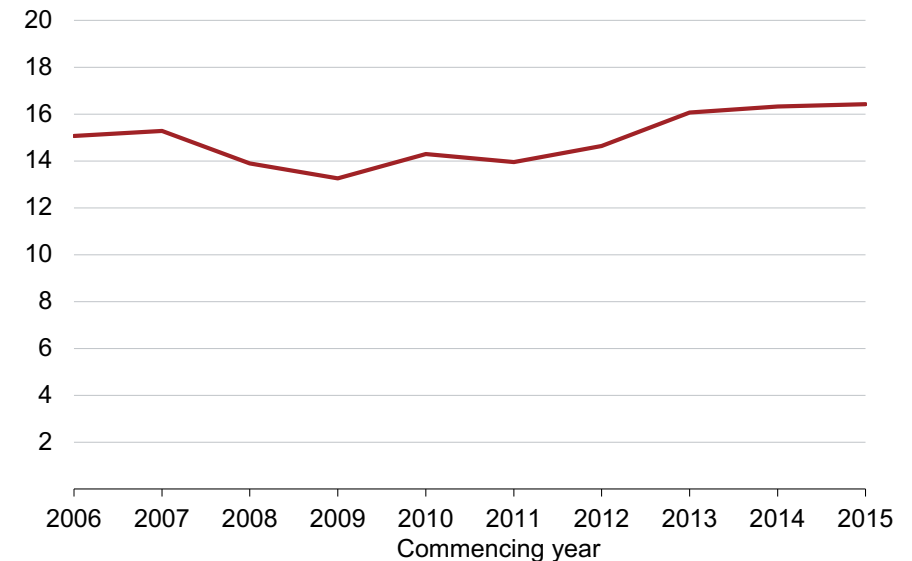


Notes: Commencing domestic students with a CHESSN. Based on the first enrolment between 2006 and 2013 of each student. See Figure 1.3.

Source: Grattan analysis of Department of Education and Training (2018).

**Figure 1.5: Early student departures have trended up**

Proportion of students who did not return in second year to a bachelor degree, per cent



Notes: Students not retained in a bachelor degree at any university. The Department of Education and Training also publishes attrition time series: one showing the proportion of commencing students leaving each university, and another showing the proportion of students leaving the higher education system, Department of Education and Training (2017c, appendix 4). Due to transfers between universities, attrition from the system is lower than attrition from individual universities. The Department's system-level attrition number is lower than the numbers in this chart because it counts students who have downshifted to a diploma or associate degree and completions in those courses as enrolments. These are not counted in this chart.

Source: Grattan analysis of Department of Education and Training (2018).



Figure 1.5 on the previous page, which reports on attrition after first year, suggests that long-term completions may decline further. Students were more likely to leave after their first year in 2015 compared to 2008, although with only a small upward trend since 2013, and an overall rate only slightly higher than it was in 2006.

While the *share* of students leaving university without a qualification is not growing drastically, the *number* of such students is growing substantially – because about 40 per cent more people go to university now than in 2008.<sup>22</sup> Given that the additional students tend to have lower ATARs than typical students in the past (see Figure 4.1 on page 34), it is surprising that the growth in student numbers has not reduced completion rates even further.

In 2018, about 240,000 commencing domestic students are expected to enrol at Australia's public universities.<sup>23</sup> Even using the best recent commencing year for completions, 2008, as a guide, 23 per cent, or nearly 55,000 of these students, are likely to drop out. Given subsequent trends, the actual proportion is likely to be higher still. They will add to the large pool of people who have started but not finished a degree. In 2015, the Australian Bureau of Statistics (ABS) estimated that nearly 800,000 people had an incomplete bachelor degree (other than one they were currently enrolled in).<sup>24</sup>

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22. The growth in unique CHESSNs for commencing enrolments between 2008 and 2014 at public universities was 40 per cent, Department of Education and Training (2018).

23. There were about 240,000 enrolments with a unique CHESSN public universities in 2016. Growth in commencing domestic bachelor degree student numbers slowed to close to zero in 2015 and 2016. Applications and offers statistics suggest another year of stable numbers in 2017. As a result, zero growth is assumed between 2016 and 2018 throughout this report, Department of Education and Training (2017d).

24. Calculated from ABS (2016a). There are differences between the methodology used in this report and the ABS methodology. See Cherastidham et al. (2018, section 1.2).

#### 1.4 Policy interest in course non-completion

The Federal Government is concerned about increasing non-completion rates. The Education Minister, Senator Simon Birmingham, has asked the Higher Education Standards Panel, a statutory advisory committee, to look into the factors driving attrition, and how higher education providers can support student success and course completion.<sup>25</sup> He is making university funding partly contingent on university performance, including on retaining students (there is more on performance funding in Section 8.4 on page 50).<sup>26</sup> TEQSA, responsible for ensuring higher education providers meet legal minimum standards on admission and student progress, has also investigated attrition levels (there is more on TEQSA in Chapter 7).<sup>27</sup>

Government interest in attrition and completion is not misplaced – in some cases dropping out leads to costs that are unnecessarily high, and benefits that are unnecessarily low. But there is a careful balance to maintain. As the next chapter will show, students who drop out receive benefits as well as incur costs.

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25. Higher Education Standards Panel (2017, p. 5).

26. Australian Government (2017a).

27. Attrition levels: TEQSA (2017b). Minimum standards: Department of Education and Training (2015a).

## 2 Benefits and costs of an incomplete degree

Policy concern about dropping out is driven by concern about its cost. Students spend time and money on study that does not deliver the benefits of a completed degree. Most people who drop out of university report some benefits, including improved skills and employment, interest in what they studied, and making friends. Nearly half of them would still begin their degree, knowing what they know now. For people who are unsure of their direction, there is a benefit in exploring higher education as one of their options.

But there are also costs. Most people who leave without a degree have HELP debts below \$10,000. But some drop out with substantial debts after years of study. Almost one-in-five people who drop out say they received no benefits at all from their time at university.

Most people who dropped out believe that they would be better off if they had a degree.

### 2.1 Student perceptions

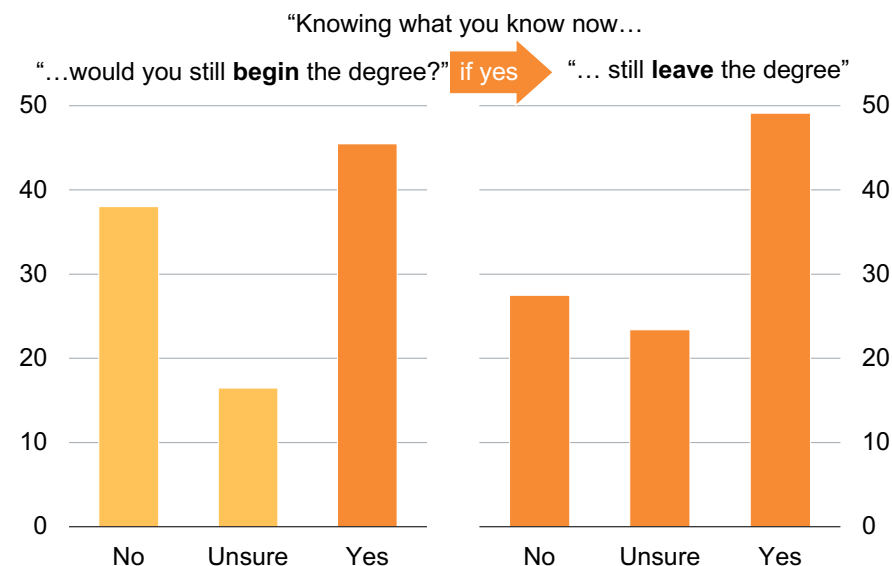
Trying university can have benefits even for students who do not complete a degree. A Grattan Institute online survey of people with an incomplete degree suggests that for many the benefits outweigh the costs.<sup>28</sup> More than 40 per cent of respondents said that, knowing what they know now, they would still have begun their degree (Figure 2.1). Remarkably, of this group, nearly half would still leave. Even though they did not finish their course, enrolling brought benefits.

But the survey also shows that almost 40 per cent of people who did not complete would not have started their degree, knowing what they know now. Although their time at university might have brought some

28. The survey was conducted between late 2017 and early 2018, see Appendix B for more detail.

**Figure 2.1: Many people who drop out would still begin the degree, knowing what they know now**

Per cent



Notes: Only includes students who have never completed a degree, 376 respondents.

Source: Grattan survey of people with an incomplete university degree, 2017-18. See Appendix B for details.

benefits, the costs were greater and, with the benefit of hindsight, they would not have attended.

#### 2.1.1 Time and student contribution costs

The time and money costs of incomplete degrees vary significantly. Many students leave quickly during the mutual selection process (Section 1.1). They haven't necessarily spent much time studying.

Using the 2008 commencing cohort as an example, more than half of the students who did not complete took the equivalent of a year's worth of subjects or less (Figure 2.2). Nearly a third of students who dropped out took the equivalent of one full-time semester or less (the calendar time would be longer for part-time students). With universities typically recommending about 10 hours each week per subject for attending classes and private study, a student would spend about 600 hours studying to complete a semester. In practice, many students who drop out probably spend less time than this engaged in academic activity (Section 6.2).

As Figure 2.2 shows, older students take fewer subjects before leaving. Almost half of students who commenced after turning 30 and dropped out did so having taken half a year of subjects or less. By comparison, less than 20 per cent of school-leaver entrants left having taken half a year of subjects or less.

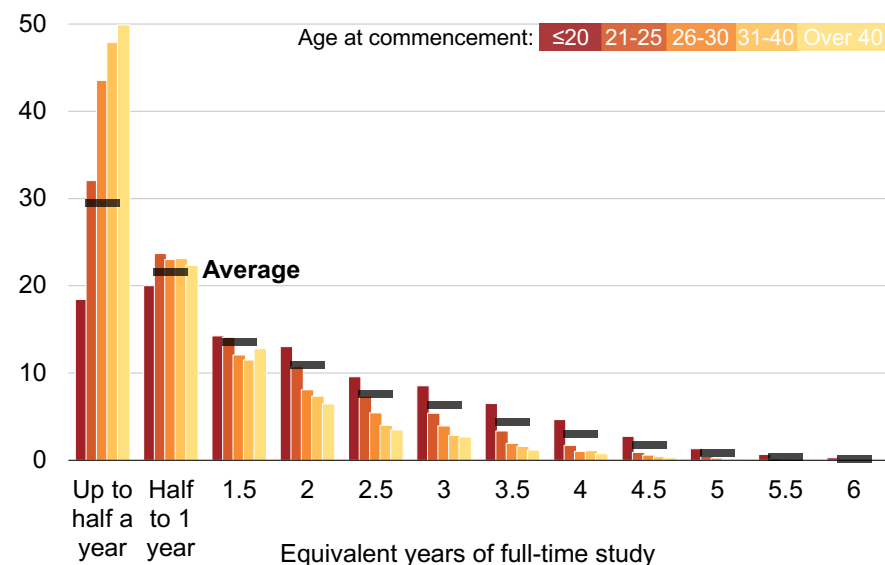
Students pay for their education by subject, so if they leave quickly the financial costs are kept down. Figure 2.3 on the following page uses historical completion statistics to estimate the contributions of bachelor-degree students who commenced in 2017 and are not expected to complete their course. Almost a third of them are expected to pay or borrow less than \$5,000, and more than half are expected to incur total costs below \$10,000.

Not all these students will repay. From 2018-19, HELP debtors make repayments only in years when they earn about \$52,000 or more.<sup>29</sup> So some students who drop out will not repay any of their debt, or repay only part of what they borrowed.

For the students who do repay, \$10,000 or less in student contribution costs is unlikely to make their lifetime financial position dramatically

**Figure 2.2: Older students leave more quickly**

Proportion of students by subjects taken before dropping out, per cent



Notes: Drop out refers to people who have not completed a bachelor degree and were not enrolled in their 7<sup>th</sup> or 8<sup>th</sup> year. The analysis is based on domestic bachelor degree students who commenced in 2008.

Source: Grattan analysis of Department of Education and Training (2018).

29. Unless the HELP repayment income threshold is lowered to \$45,000, as the government proposes: Australian Government (2017b).

worse. Nevertheless, if they received few or no benefits from their study this is money they could have better spent on something else.

Although most students who drop out spend less than \$10,000 and modest amounts of time, some invest much more than this without getting a degree. Ten per cent spend the equivalent of three or more years of full-time study before departing. Eight per cent end up owing \$30,000 or more. On average, students who drop out borrow \$12,000.

### 2.1.2 Career costs and benefits

The main long-term cost of not finishing a course is lost labour market opportunities. Most students have job and career reasons in mind when they enrol in university.<sup>30</sup> Without their degree, students may miss out on a career they wanted, and the additional lifetime earnings that, on average, graduates receive.<sup>31</sup>

In theory, people who start but do not finish university should have higher average incomes than people who never went to university, but lower than graduates. Admission to higher education suggests above-average cognitive ability, and university students may acquire knowledge and skills with labour market value without completing their course. These factors should boost pay, on average. But people who leave university without a degree lack skills or credentials required or preferred in many high-paying occupations, limiting their career opportunities.<sup>32</sup>

The Grattan online survey of people who had started but not finished a degree allows us to explore the idea that students acquire employment benefits from incomplete degrees. Of the people who said they would still begin their degree, despite knowing that they will not complete,

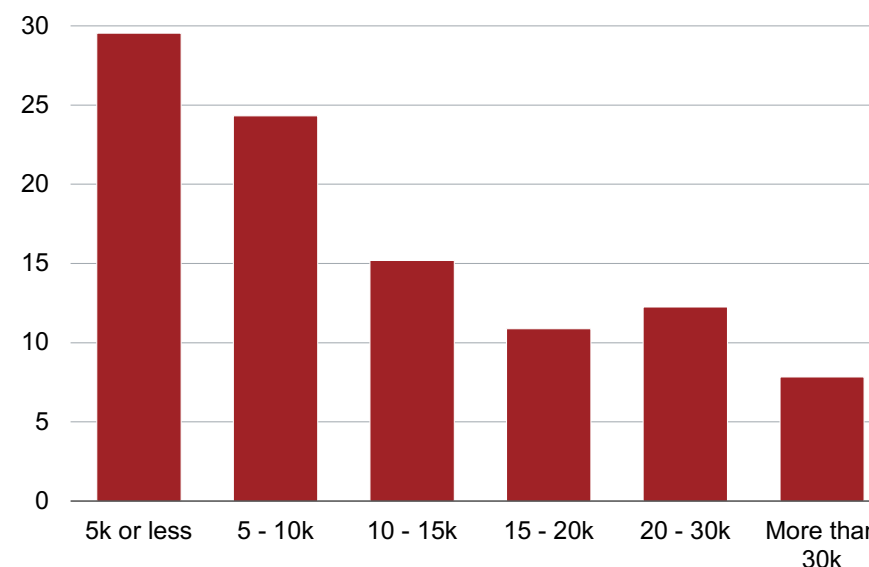
30. Baik et al. (2015, p. 24); and Long et al. (2006, chapter 5).

31. Norton (2012); Borland et al. (2000); Wei (2010); and Daly et al. (2012).

32. Schnepf (2017), using European data, provides empirical support for the theory.

**Figure 2.3: Most students who drop out will pay or borrow less than \$10,000**

Per cent of students by debt level (\$2017)



*Notes: Student contributions are calculated using the six-digit field of education code and 2017 funding rates. Twelve per cent of student contributions were paid upfront. See also Figure 2.2.*

*Source: Grattan analysis of Department of Education and Training (2017e) and Department of Education and Training (2018).*

many reported significant employment-related benefits from their incomplete degree, as Figure 2.4 shows. Of this group, more than 60 per cent said that their course ‘taught them useful skills’, one-third said it ‘helped clarify career goals’, and one-quarter reported that their incomplete degree ‘helped them get employed’. The people who would not begin their degree again also reported some employment-related benefits, but at lower levels than those who would begin their degree again. These results are consistent with a recent single-university survey, which found that nearly half of students who left without completing see their study as helpful for their career goals.<sup>33</sup>

The career benefits of incomplete qualifications are reflected in earnings. Figure 2.5 shows that people who start a degree earn considerably more than people who never enrolled, but also less than people who complete their degree. The median annual income of people with an incomplete bachelor degree and no other post-school qualification is close to \$12,000 more than someone with Year 12 but no further study. But it is about \$15,000 below that of someone who completed their bachelor degree.

At the median, a diploma-holder who attempted a bachelor degree earns nearly \$14,000 a year more than one who did not. This is consistent with diploma-holders who were admitted to a bachelor degree being more able and skilled than other diploma-holders, with some of their skills potentially learned while enrolled in their bachelor degree.

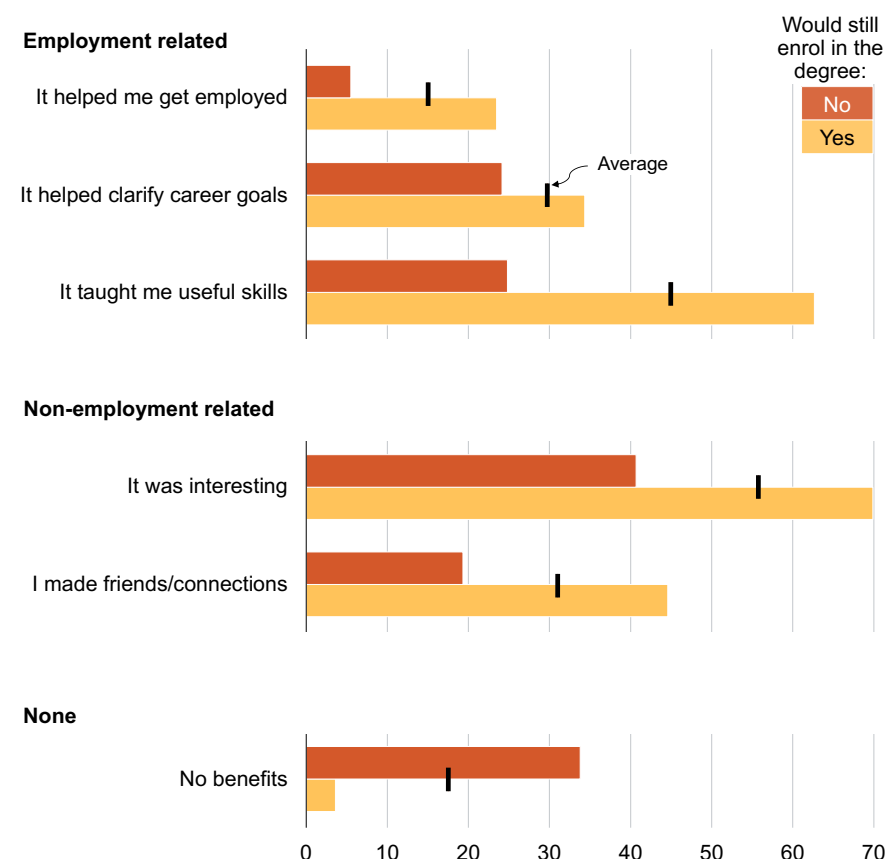
Figure 2.5 also shows that, at the median, someone with an incomplete bachelor degree but with a Certificate III/IV or a diploma or advanced diploma earns only moderately less than someone with a bachelor degree. Almost half of people with an incomplete bachelor degree have one of these qualifications.<sup>34</sup>

33. Harvey et al. (2017, p. 37).

34. Excluding people who completed another bachelor degree or above, ABS (2016a).

**Figure 2.4: Students who don’t complete report benefits from their time at university**

“Were there any benefits from the time you spent doing the incomplete degree?”, per cent



Notes: Only includes 311 respondents who dropped out and do not hold a bachelor degree.

Source: Grattan survey of people with an incomplete university degree, 2017-18.

This positive earnings information on diplomas needs a caveat. ABS surveys and other data sources suggest that upper-level vocational qualifications benefit men more than women, at least financially. As Figure 2.6 on the next page shows, early-career women with these qualifications earn much the same as women who finished their education at Year 12.<sup>35</sup> This suggests that women who drop out of university forgo more earnings than men.

### 2.1.3 Non-financial costs and benefits

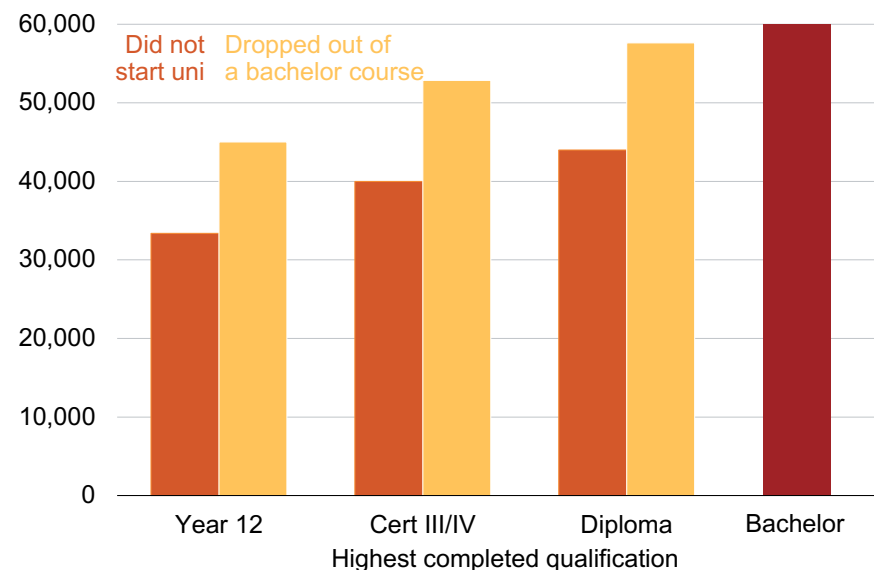
Although most commencing students have career goals, students overwhelmingly choose courses that interest them. Ninety-five per cent of first-year students agree that ‘studying in a field that really interests me’ is an important reason for enrolling.<sup>36</sup> On this goal, higher education often delivers, even for those who do not complete. Among the people who would still enrol in a degree, 70 per cent found their incomplete course interesting, and even among people who would not have enrolled in hindsight, 40 per cent found their course interesting. (Figure 2.4 on the preceding page).

University is also a place to meet people and make friends. More than 40 per cent of the people who did not complete, but would still enrol in their degree anyway, made lasting friendships or connections while at university. But less than 20 per cent of the people who would not do their degree again made lasting friendships or connections at university.

Friendships contribute to well-being, but the broader psychological consequences of trying university are unclear. In recent surveys, younger university students report higher rates of psychological distress than non-students of the same age.<sup>37</sup> Among students considering leaving without finishing, the single most commonly cited reason is ‘health or

**Figure 2.5: People who begin a bachelor degree generally earn more, even if they don’t complete**

Median annual earnings from all sources all ages, \$2015



Notes: ‘Diploma’ also includes advanced diploma. Excludes people who were studying at any level. ‘Did not start uni’ represents those with no incomplete bachelor-or-above courses. ‘Dropped out’ group is composed of those whose highest incomplete qualification is a bachelor degree. ‘Bachelor’ includes those with an incomplete qualification, provided they have completed at least one bachelor degree. Includes people who are not working.

Source: ABS (2016a).

35. Wilkins (2016, pp. 49–51); and Norton and Cherastidtham (2017, section 3.2.2).

36. Baik et al. (2015, p. 24).

37. Cvetkovski et al. (2012).



stress'.<sup>38</sup> For some students, concluding that enrolment was a mistake, or struggling with academic work, may cause or exacerbate mental health problems.<sup>39</sup> If so, that may be a cost of attending university.

Dropping out may remove some triggers for mental health problems. But it may not resolve all psychological issues. In the Grattan survey of people with incomplete degrees, more than two-thirds of respondents felt that by dropping out they had let themselves or someone else down (they may also have felt this if they had not attended in the first place).<sup>40</sup> In an ABS survey, people with an incomplete bachelor degree were twice as likely to report a long-term mental health condition as people with bachelor degrees who had never dropped out.<sup>41</sup> However, we do not know whether or to what extent these mental health issues are linked to their university experience.

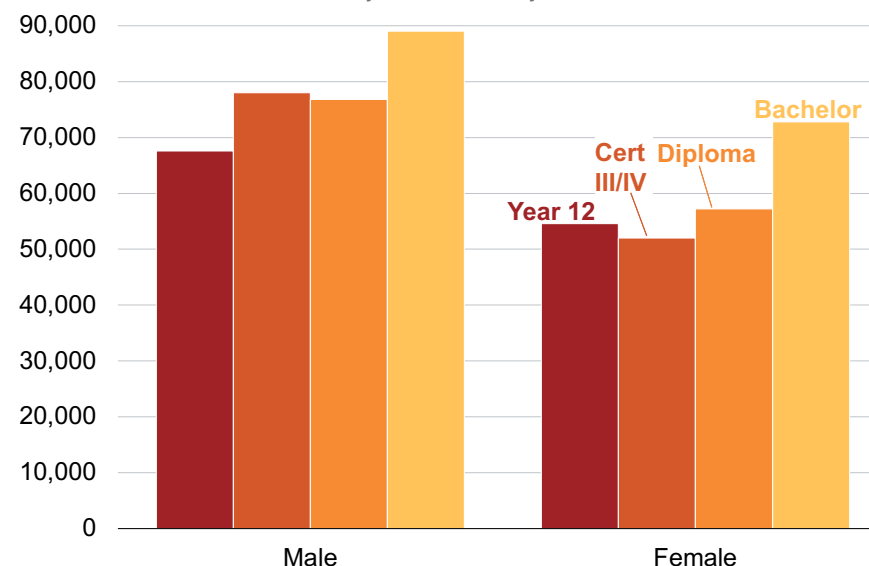
#### 2.1.4 Selection costs and benefits

The long mutual selection process described in Section 1.1 has benefits. A selection system with low application fees and a lengthy try-before-you-buy period lowers the risk of going to university. People are more prepared to apply and enrol if the costs of enrolment are low. Even if the motive for attending university is to comply with parental

38. The survey starts collecting data in second semester, so the data excludes students who left earlier, Social Research Centre/Department of Education and Training (2017a, p. 12). In the Grattan survey of people with incomplete degrees, 18 per cent of those who do not currently have a bachelor degree gave a mental health reason for leaving university.
39. One recent Australian study found an association between mental health issues, alcohol consumption and missing classes and not completing assignments: Tembo et al. (2017). However, another Australian study found, counter-intuitively, that people with anxiety or depression were not less likely to complete their degree: Cvetkovski et al. (2018).
40. More than half of respondents who did not have a degree felt they had let their family down.
41. ABS (2016a). This was true whether or not they subsequently went on to complete a degree.

**Figure 2.6: Women gain little financial benefit from upper-level vocational qualifications**

Median annual income from all jobs, 25-to-34 years old in 2016, \$



*Notes: Sample includes people born in Australia or born overseas and arrived in Australia at least ten years ago, employed and not studying. Weighted by weekly earnings in all jobs. The income differences are larger than they appear in Figure 2.5 because it includes people who are not working.*

*Source: ABS (2017).*

desires or to join friends, some may discover that it is interesting and they want to continue. Their careers and lifetime earnings could be substantially better as a result.

Subsequent chapters will suggest improvements to the mutual selection process. But even with these changes there will still be many things that applicants don't know about themselves and about university, and many things that universities don't know about applicants. This uncertainty means that, to some extent, incomplete degrees are an inevitable cost of seeking to match people with courses and careers. Although it is difficult to quantify the benefits to the people who might never have started under a different system, these should be considered along with the costs to students who start courses but do not finish.

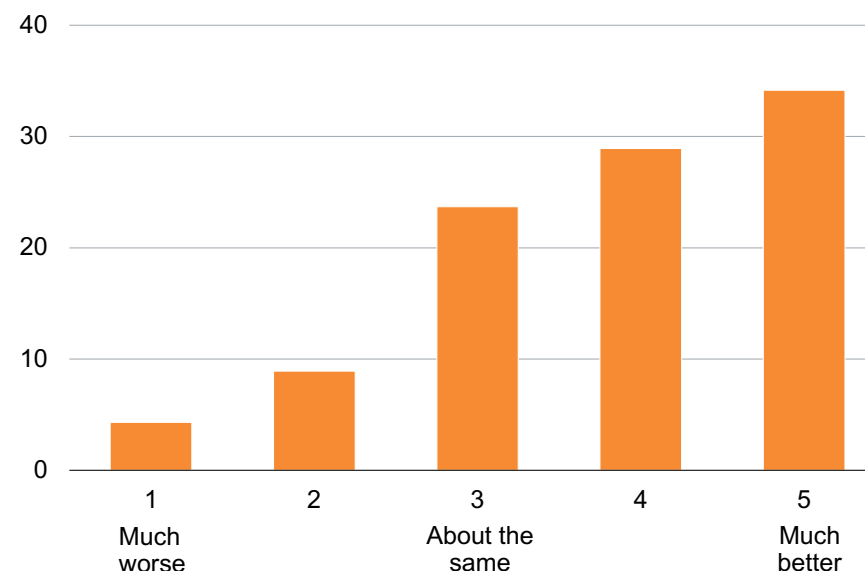
For the students whose enrolment does not work out, the time and money spent experimenting with university are not necessarily wasted. Clarifying their course and career goals can be beneficial. So can making friends and learning things that are interesting or useful.

## 2.2 Reducing costs and increasing benefits

Most students who go to university report some benefits, whether they complete or not. But in some cases, the benefits could have been greater than they were. More than 60 per cent of the people who dropped out and have no other degree think that their position would be better if they had finished (Figure 2.7). For some, this might be a general recognition that graduates usually earn more, not a belief that they should have tried harder to complete. But Figure 2.4 on page 19 shows that around a quarter of those who would begin their degree again would not drop out if they had their time again. This points to some potential to improve completion rates, through better decisions by students and changes to university practices.

**Figure 2.7: Most people who don't complete their degree believe they would have been better off if they had completed**

"Do you think you would be in a better position now if you had finished your incomplete degree?", per cent



Source: See Figure 2.1.

A third of the people who would not begin the degree again if they had their time again report no benefits at all; this is one in five of all respondents to the Grattan survey of people who do not currently have a degree. In their view, the time and money they spent at university did not deliver commensurate benefits. The following chapters discuss how we can identify these students more quickly, and how the selection system can better protect them from costly mistakes.

### 3 Risk factors for not completing a degree

The path from enrolment to graduation is never entirely predictable. Some promising students end up failing or deciding to do something else. Some students succeed despite disadvantage and the obstacles in their way.

Despite this uncertainty, going to university is not a lottery in which anything might happen. Statistical analysis of university students shows that some factors and characteristics are signs of high risk of never getting a degree, and other factors and characteristics are signs of low risk.

Past academic achievement is a useful guide to future academic achievement. Students with a high ATAR have good prospects of completing university, while students with ATARs below 60 have a 40 per cent risk of not completing university within eight years, after taking account of a wide range of other characteristics. Similarly, students who have failed subjects in the past are less likely to complete than students who never fail any subjects.

While academic ability is essential, so too is the time needed to complete course requirements. Part-time study is the single biggest risk for non-completion, largely because most part-time students have other major responsibilities at home and at work.

#### 3.1 Learning from the experience of others

The mutual selection process involves some uncertainty that can only be resolved by enrolling and seeing how it turns out. But students and universities can also learn from the experiences of others. Statistical analysis of student outcomes can identify personal or study factors that affect completion prospects. These can inform student and university decision-making.

This report draws on an analysis of students who started a bachelor degree at a public university between 2006 and 2008, and tracks them over eight years. It uses enrolment data collected by the Department of Education and Training. Figure 3.1 on the next page summarises the variables included in the analysis. The starting hypothesis was not that these attributes necessarily cause a student to complete or not complete a degree, but that they might be associated with factors that more directly affect outcomes. These factors include academic ability, motivation, persistence, time put into study, study practices, financial support, social support, academic support and teaching quality.

This risk analysis aims to identify how each factor in isolation affects the risk of not completing. For example, many part-time students are also mature age, and many lower-ATAR students also have a lower socio-economic status. For student and university decision-making, it is important to work out the relative importance of each factor. In some cases, attributes that look high-risk in isolation are low-risk when other factors are taken into account.

The most significant predictive factors are prior academic performance and part-time study, because of their substantial influence on completion prospects, and because they affect many students. Subsequent sections of this chapter examine them in more detail. Most other variables listed in Figure 3.1 have, in isolation, a modest, small, or no effect on completion rates, or affect only small numbers of students. But when combined with other risk factors they can be important to student and university decision-making. They are outlined only briefly in this chapter. A background paper, *University attrition: what helps and what hinders university completion?*, discusses them in more detail.<sup>42</sup>

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42. Cherastidham et al. (2018).

### 3.1.1 Academic performance

Every university includes academic performance as part of its admission criteria. Most media attention focuses on ATAR, which ranks school leavers by their academic results. In recent years, about 40 per cent of commencing bachelor-degree students have been admitted based on their secondary education, although not always using their ATAR. Nearly as many students again are admitted based on prior vocational or higher education, so their academic preparation also needs to be closely examined.

ATAR incorporates the effects of ability and effort in school. These attributes are important at university as well, so it is unsurprising that ATAR levels are linked to completion rates.<sup>43</sup> Figure 3.2 on the following page shows the risk of not completing by ATAR band, after controlling for other factors in the analysis.

Commencing students with ATARs of 90 or above have a low risk – below 20 per cent. This means 2-in-10 students with an ATAR of 90 or above, who otherwise have an average background representative of all commencing students, will not complete with eight years. The risk is marginally higher for men than women, but both are low risk. The risk of not completing rises as ATAR falls among students with otherwise similar backgrounds. For students with an ATAR of between 70 and 79, the risk is above 30 per cent. And for students with an ATAR of below 60, the risk rises to twice the level for students with an ATAR of 90 or above, to about 40 per cent.

Nearly 20 per cent of commencing bachelor degree students have incomplete higher education. Changing courses is a significant aspect

43. Cardak et al. (2017) also found a strong positive impact of ATAR using the 2006 Longitudinal Survey of Australian Youth (LSAY) data. With LSAY data, Lim (2011) found a positive effect of Programme for International Student Assessment (PISA) scores on completion. PISA is an international test of the skills and knowledge of 15-year-olds.

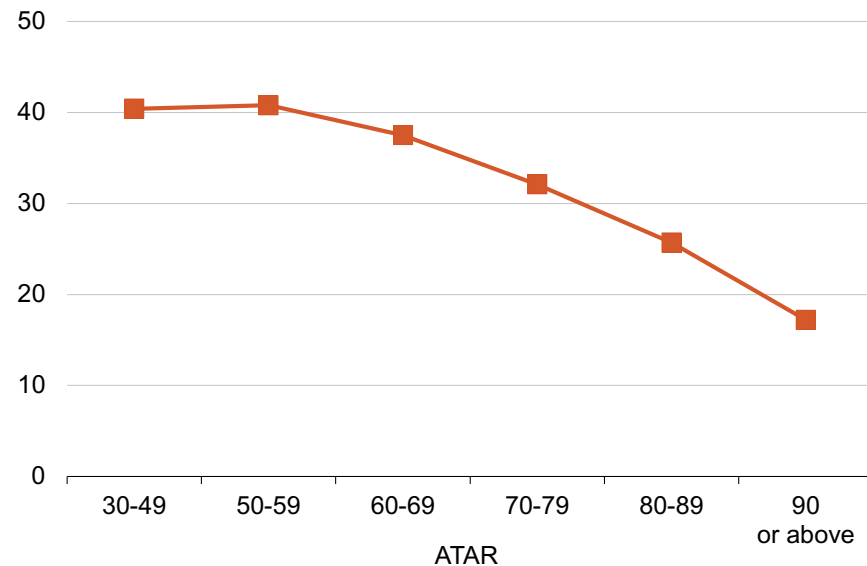
**Figure 3.1: The student and course characteristics used to analyse completion prospects**

Personal and family	Academic performance	Institution and course	Engagement with study
1. Gender	1. ATAR	1. Institution	1. Type of attendance
2. Age	2. Highest qualification	2. Field of education	2. Mode of attendance
3. Aboriginal and Torres Strait Islander	3. Basis of admission	3. Course length	3. Remoteness of campus
4. Disability		4. Credit used	4. Move away from home
5. Citizenship			5. Travel time
6. Socio-economic			6. Commencing in semester 2 rather than semester 1
7. Language spoken at home			
8. Country of birth			
9. Remoteness of home			
10. Year 12 state or territory			

Notes: A subject is assumed to equal 0.125 EFTSL. For further detail of each variable, see the background paper, Cherastidtham et al. (2018).

**Figure 3.2: High-ATAR students are much more likely to complete a degree**

Risk of not completing within eight years, controlling for other factors, per cent

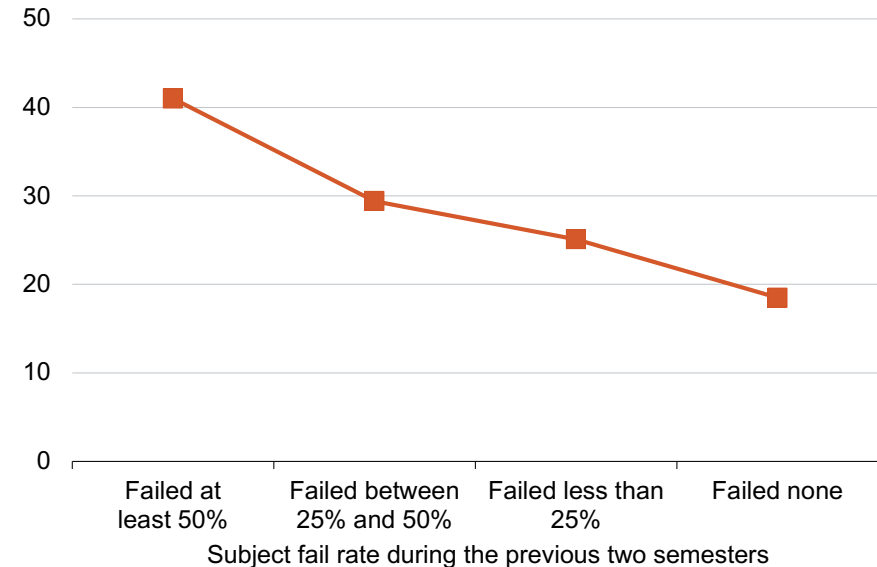


Notes: Predictive margins are shown. This means, for example, that controlling for all the other characteristics in the analysis, a student with an ATAR between 70 and 79 has a non-completion risk 15 percentage points higher than a student with an ATAR of 90 or above. See the background paper, Cherastidtham et al. (2018) for further detail.

Source: Grattan analysis of Department of Education and Training (2018).

**Figure 3.3: People who have previously succeeded in higher education are more likely to complete**

Risk of not completing within eight years, controlling for other factors, per cent



Notes: Based on a sub-sample of students commencing in 2008. Only includes students admitted based on incomplete higher education and who were enrolled in 2007. Predictive margins are shown. See also the background paper, Cherastidtham et al. (2018).

Source: Grattan analysis of Department of Education and Training (2018).

of the mutual selection process into university.<sup>44</sup> At least for students who complete a full year of study before switching, changing courses does not of itself have a major negative effect on completion prospects. But previous university performance does predict their risk of not completing. Students who passed all their subjects in the year prior to changing courses have a relatively low non-completion risk of about 20 per cent. Those who have previously failed subjects are less likely to complete their new course. Students who have failed half their subjects have a non-completion risk of more than 40 per cent (Figure 3.3).<sup>45</sup>

People who have previously completed vocational or sub-bachelor qualifications are more likely to complete a higher education degree than otherwise. About 10 per cent of students admitted have a completed vocational qualification and another 4 per cent have a completed higher education diploma or associate degree.<sup>46</sup> Students admitted with a vocational qualification have a non-completion risk of 28 per cent, and students with a higher education diploma or associate degree have a risk of 27 per cent.<sup>47</sup> These are slightly lower risks than for all students whose highest educational attainment is Year 12. Higher education diploma and associate degree students usually had relatively low ATARs.<sup>48</sup> They are more likely to complete higher education degrees than would be expected given their ATAR.

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44. In recent years, 17.5 per cent of commencing bachelor degree students have an incomplete higher education course as their highest previous education. This is not necessarily their basis of admission: Department of Education and Training (2018).

45. In recent years, 1.5-to-1.8 per cent of commencing bachelor degree students failed half or more of the subjects they took in the previous year: *ibid*.

46. *Ibid*.

47. Diplomas include pathway courses that usually have a remedial element, as well as specialised courses such as diplomas of languages. However, language diplomas are typically taken concurrently with a bachelor degree, and so are unlikely to be reported as a highest prior qualification.

48. For example, in 2015 median ATARs for commencing students were: 80 for bachelor pass degree students who finished school in 2014, 65 for associate

degree students, and 52 for diploma or advanced diploma students: Department of Education and Training (2017a).

### 3.1.2 Part-time study

About 18 per cent of commencing domestic bachelor degree students begin their studies part-time.<sup>49</sup> For them, four subjects over a year is the most common study load, half the standard full-time level. About 20 per cent of commencing part-time students switch to full-time in second year, about 40 per cent remain part-time, and the rest do not continue with their studies.<sup>50</sup>

As this high departure rate shows, part-time students often do not persist. No other factor in the statistical analysis is more negative for completion prospects than part-time study. Figure 3.4 shows the risk of not completing is higher if students enrol in fewer subjects in their first year. Students who enrol in two subjects or fewer in their first year are least likely to complete, with more than a 60 per cent risk of not completing within eight years. The part-time students who do complete typically increase the number of subjects they take after first year.

The results for students with very few subjects require some caveats. As discussed in Section 1.1 some newly-enrolled students are trying out university, without a firm intention to complete on the day they enrol. Taking one or two subjects can be an experiment with study: students

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degree students, and 52 for diploma or advanced diploma students: Department of Education and Training (2017a).

49. The official definition of part-time study is taking less than 75 per cent of the normal annual subject load of a full-time student.

50. Based on students commencing between 2006 and 2008.



who like it and pass continue; the others leave.<sup>51</sup> Departing students found out that university was not for them, at low cost.

Other students taking very few subjects may be seeking specific skills or knowledge without planning on taking a full degree. Universities offer not-for-award subjects for such students, but these attract no government subsidies and students must pay upfront fees. It is cheaper for the student to enrol in a course, and then drop out. Students who already have a degree and enrol in only one subject in a subsequent bachelor degree could be in this category.<sup>52</sup>

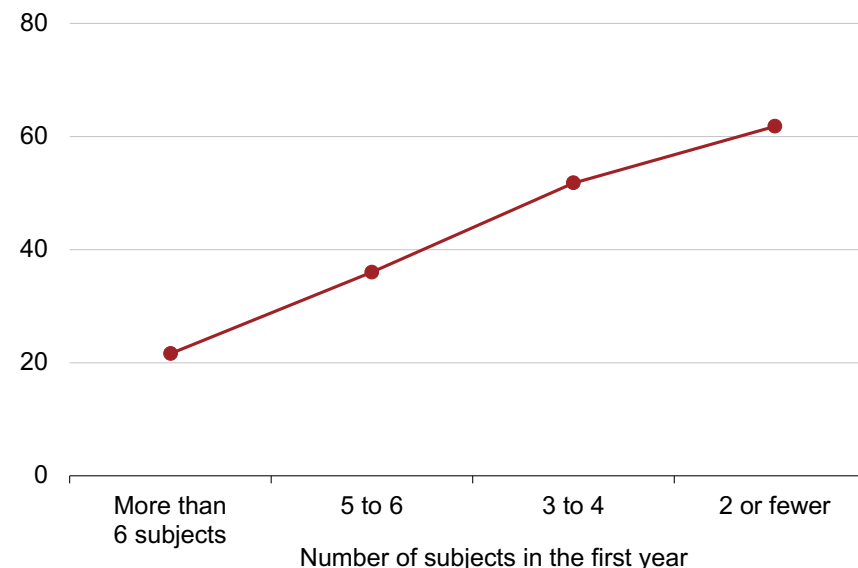
Students taking three, four or five subjects a year are more likely to be aiming for a degree. Figure 3.4 shows that their risk of not completing within eight years is much lower than students taking one or two subjects a year. Students who take more than six subjects – 75 per cent of a full year load – in their first year are least likely to drop out, with a 22 per cent risk of not completing in eight years. They are likely to stay full-time; of the full-time commencing students in our analysis, less than 8 per cent enrolled part-time in any subsequent year. Full-time study maximises a student's chance of completing their course.

51. In a separate analysis, nearly 2 per cent of commencing bachelor pass degree enrolments enrolled in one subject between 2006 and 2015. Of those, 60 per cent were categorised as potentially trialling university – with prior education of less than a bachelor degree and either increasing their study load or leaving university after first semester. Another possible category of students, although not one easily identifiable in the data, is students who always intended to be full-time but dropped most of their subjects prior to the census date, perhaps after realising that they had chosen the wrong course.

52. In the separate analysis of one-subject bachelor pass degree enrolments (footnote 64), 6 per cent were classed as potentially in this group because they already had a bachelor degree or above and did not re-enrol in semester two after taking one subject: Department of Education and Training (2018).

**Figure 3.4: Studying part-time increases the risk of not completing, and the fewer subjects the higher the risk**

Risk of not completing within eight years, controlling for other factors, per cent



Notes: Predictive margins are shown. Based on subjects taken in the first two semesters. Six or more subjects in a year is regarded as full-time. See also the background report, Cherastidtham et al. (2018).

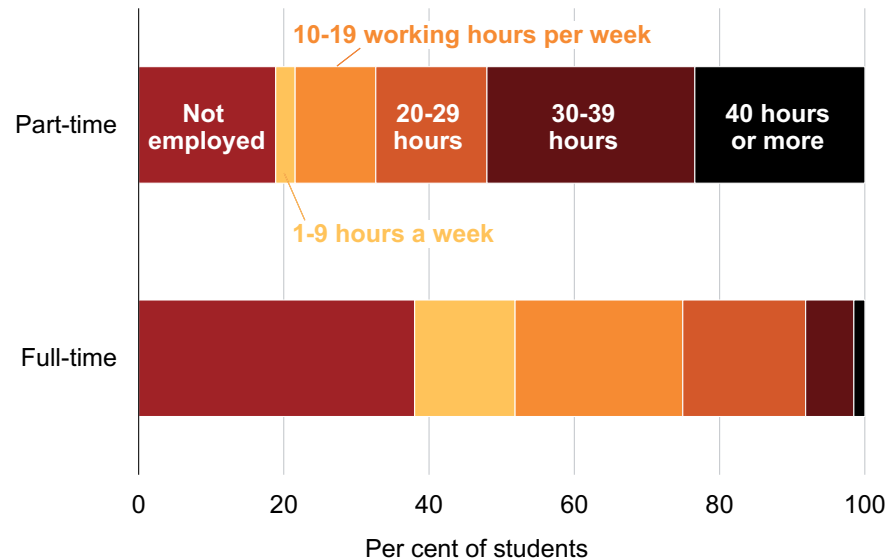
Source: Grattan analysis of Department of Education and Training (2018).

Even for students who start part-time, converting to full-time study is a valuable strategy for completion. Of the students who never enrol full-time, only 19 per cent complete a bachelor degree within eight years, with another 9 per cent still enrolled.<sup>53</sup> At best, less than 30 per cent of continuously part-time students will complete a course.

53. This figure does not control for other risk factors, meaning that factors and characteristics other than part-time study may contribute to this outcome.

**Figure 3.5: Part-time students are more likely than full-time students to work full-time**

Per cent of students by type of attendance, 2016

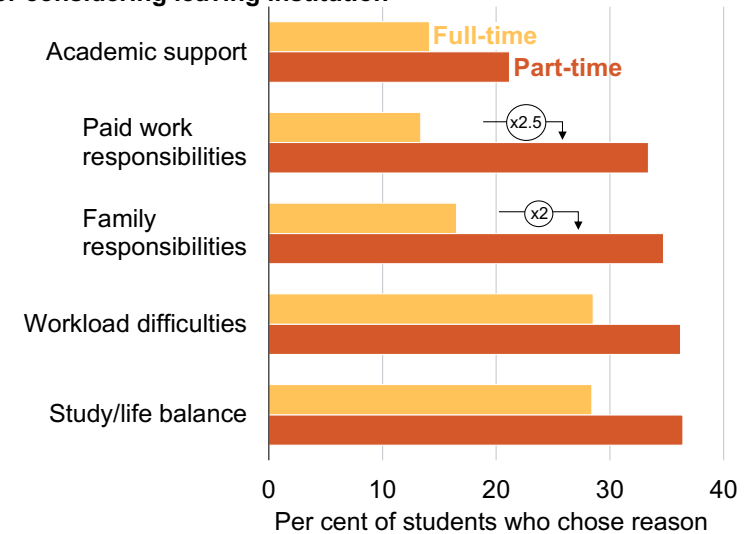


Notes: Including bachelor degree students at universities and other providers and all ages.

Source: ABS (2016b).

**Figure 3.6: Part-time students are much more likely to cite work and family responsibilities as reasons for considering leaving**

Reasons for considering leaving institution



Notes: Health and stress is also a top reason, at about 30 per cent. Domestic bachelor-degree students. Data from 2012-2015.

Source: Social Research Centre/Department of Education and Training (2017b).

Many students study part-time because they are time poor. According to Australian Bureau of Statistics data, part-time students are more likely to work and to work longer hours than full-time students (Figure 3.5 on the preceding page). Median weekly working time is less than 10 hours for full-time students; for part-time students it is 30-to-39 hours. With work commitments, part-time students have less time available for study and engagement with other aspects of university life.<sup>54</sup> The Government's Student Experience Survey shows that part-time students disproportionately nominate paid-work as a reason they consider discontinuing (Figure 3.6 on the previous page).

Adding to their time commitments, part-time students are also much more likely than full-time students to have young children. Among students aged 25-44, nearly 40 per cent of part-time students have a youngest child aged under 15, compared to about 25 per cent of full-time students.<sup>55</sup> Among students considering leaving university, part-time students are twice as likely as full-time students to nominate family responsibilities as their reason (Figure 3.6).

### 3.1.3 Other study factors

Overall, off-campus students have low rates of completion.<sup>56</sup> But after controlling for age, part-time study and other attributes, off-campus study adds only a small amount of risk. On-campus students have a drop-out risk of 31 per cent; for off-campus students it is 33 per cent.

Completion rates vary by the discipline studied, as can be seen in the left side of Figure 3.7 on the following page. Students in health courses typically have better-than-average completion rates, while

IT, humanities and agricultural students do worse than average. These results are influenced by student characteristics – for example, some courses attract high-ATAR students, with others mostly enrol lower-ATAR students. The right side of Figure 3.7 shows the risk of not completing by discipline, after controlling for the ATAR and the other factors in Figure 3.1 on page 24. The patterns remain similar, but all the STEM fields (Science, Technology, Engineering and Mathematics) end up with above-average risk, along with humanities and the creative arts. The lowest-risk fields are all health-related. The background paper suggests some possible explanations for this.<sup>57</sup>

### 3.1.4 Equity groups

Universities and government have a particular interest in 'equity groups', categories of people with a history of lower-than-average higher education attainment. Generally, analysis based on the factors in Figure 3.1 shows that equity group membership is, of itself, associated with only a slightly higher risk of not completing.

On the standard low socio-economic status measure, which is based on the education and occupation levels of people living near the student's home address, completion rates differ little after taking into account other factors.<sup>58</sup> Students from the top 10 per cent of socio-economic status areas have a 30 per cent risk of not completing; students from the bottom 10 per cent have a 33 per cent risk of not completing.

For students from regional and remote areas, the findings are similar. Compared to students from major cities, students from inner or outer regional areas have the same completion risks, after controlling for other characteristics. Students from remote or very remote areas face

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54. The lack of engagement is with other students rather than with academic staff, see Figure 3.6 and Cherastidtham et al. (2018, section 2.1).

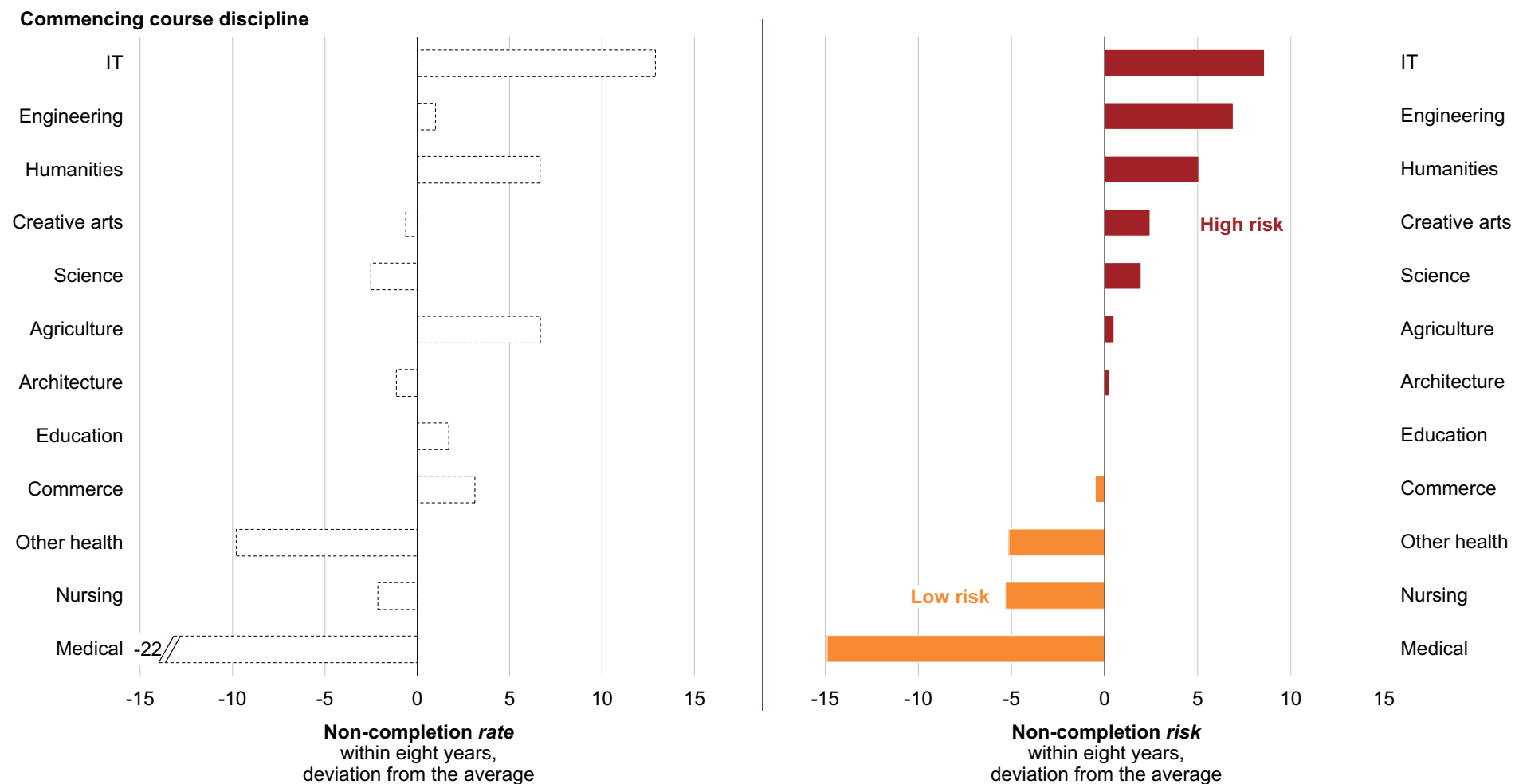
55. Including bachelor degree students at universities and other providers; ABS (2016b).

56. Department of Education and Training (2017b, table 1).

57. Cherastidtham et al. (2018, chapter 4).

58. Year 12 address for school leavers, permanent home address for others. See Cherastidtham et al. (Ibid., section 5.5).

Figure 3.7: The risk of not completing a course varies significantly by discipline



Notes: Discipline of commencing enrolment course. The risk shows deviation from the average rate across fields and universities based on an average person. Law is excluded because it has a much higher share of double-degree students than other disciplines. See also the background paper, Cherastidtham et al. (2018).

Source: Grattan analysis of Department of Education and Training (2018).

an increased risk, of 3 and 6 percentage points respectively. Only small numbers of students come from remote areas.<sup>59</sup>

Students who report a disability have a non-completion risk 5 percentage points higher than other students. Most students reporting a disability classify it as ‘medical’, although it can be physical, learning or ‘other’.<sup>60</sup>

The one equity group with a substantially elevated non-completion risk is Indigenous students. Their risk of not completing is 45 per cent, 15 percentage points above non-Indigenous students. A relatively large proportion of Indigenous students are admitted on an ‘other’ basis, which means that their school results or previous tertiary education were not the main basis for their admission. It’s likely that these Indigenous students begin their higher education studies with relatively weak academic preparation.<sup>61</sup>

Risk results for equity students require careful interpretation. While equity group membership does not of itself usually substantially add to risk, these students are more likely to have other significant risk factors, such as weaker academic preparation or part-time study.<sup>62</sup> Socio-economic factors may explain why the student had a relatively low ATAR, or why they need to work full-time and study part-time.

### 3.1.5 Other personal characteristics

Where a student was born generally has a modest, 5 percentage points or less, effect on completion prospects. The risk of people born in New Zealand or Asia not completing is slightly higher than for people born in Australia. Similarly, language spoken at home generally has little effect

on completion rates. The exception is students speaking an East Asian language such as Chinese at home; their completion prospects are better than those of students who speak English at home.<sup>63</sup>

Women are more likely to complete their course than men. After controlling for other factors, men have a 5 percentage points higher risk of not completing than women.<sup>64</sup>

Students who begin their course at age 18 or younger have the lowest non-completion risk, at 28 per cent (Figure 3.8 on the following page). Risk increases slowly in the early post-school years, and peaks for people beginning their studies between the ages of 21 and 30. The statistical model takes account of the fact that older students are more likely to study part-time, which is the largest non-completion risk. However, even among part-time students, the 20-somethings are less likely to complete than younger or older students.<sup>65</sup>

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59. For more detail, see Cherastidtham et al. (2018, section 5.6).

60. For more detail, see Cherastidtham et al. (Ibid., section 5.2).

61. For more detail, see Cherastidtham et al. (Ibid., section 5.3).

62. For the links between ATAR and socio-economic status, see the references at Norton (2016, pp. 186–188).

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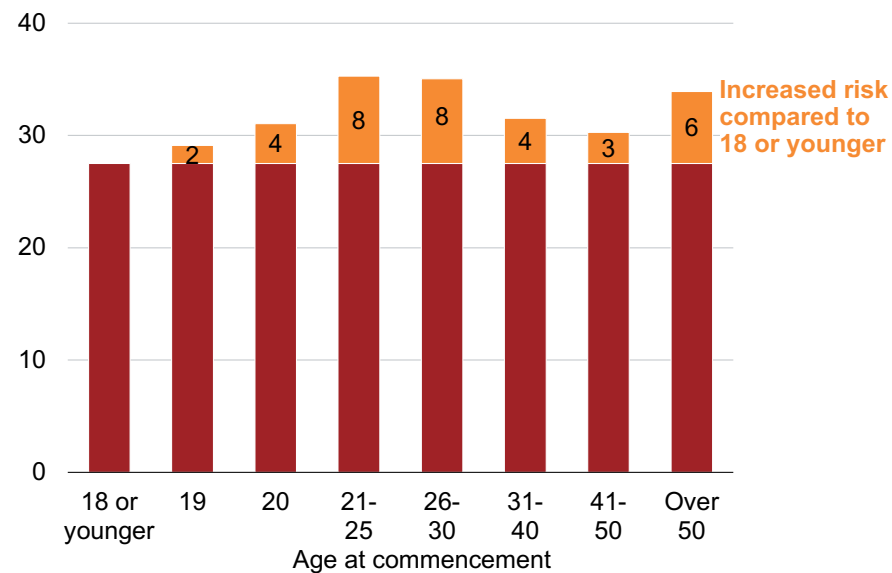
63. For more detail, see Cherastidtham et al. (2018, section 5.7).

64. For more detail see Cherastidtham et al. (Ibid., section 5.1).

65. For more detail see Cherastidtham et al. (Ibid., section 5.4).

**Figure 3.8: The risk of not completing increases from age 19 to age 30**

Risk of not completing within eight years controlling for other factors, per cent



Notes: Predictive margins are shown. See also the background paper, Cherastidtham et al. (2018).

Source: Grattan analysis of Department of Education and Training (2018).



## 4 University admission practices

University admissions are lightly regulated, and in practice primarily focus on academic ability, rather than other factors that also affect completion prospects.

Universities are required by law to only admit students with the academic preparation needed for the course. All universities have policies on the minimum academic achievement required for admission. Most universities say that prospects for success are a selection principle. But a substantial minority of admitted students, one-in-five, have characteristics that put them at high risk of not completing their course. Most of them enrol part-time. Universities rarely scrutinise whether part-time students can put in the work necessary to complete their course.

### 4.1 Legal requirements on admissions

Universities have substantial autonomy over their admission requirements, although within legal minimum standards. In 2012 the government introduced 'threshold standards' that all higher education providers must meet. These include admission standards. The Tertiary Education Quality and Standards Agency (TEQSA) is responsible for ensuring that the standards are met.

The first version of the threshold standards applied between 2012 and 2016. These required universities and other higher education providers to check that prospective students had 'adequate prior knowledge and skills to undertake the course of study successfully'.<sup>66</sup> The latest standards, which took effect on 1 January 2017, contain a similar provision. Providers need to 'ensure that admitted students have the

academic preparation and proficiency in English needed to participate in their intended study'.

The new threshold standards also contain a potentially important addition: '... and no known limitations that would be expected to impede [the student's] progression and completion'.<sup>67</sup> This requires a more holistic view of possible impediments to success in higher education than just academic preparation. It can include orientation-type issues covered in the standards; for example that students know about and have access to support services they may need.

The evidence in this report shows that studying part-time, and especially studying a low number of subjects, should also be regarded as a known limitation that impedes progression and completion. Continuous part-time study, especially combined with other risk factors, makes completion unlikely. However, this is not the way either TEQSA or the universities interpret the standards (the role of TEQSA is discussed further in Chapter 7).

### 4.2 Admissions in practice

Almost every university policy on admission has the applicant's prospect of success as a selection principle.<sup>68</sup> An acceptable level of risk is not stated, but the main tools for managing it are various measures of academic preparation.

For school leavers, most universities use secondary education, and usually ATAR, as the main admission criteria.<sup>69</sup> Some courses also

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66. DIICSRTE (2013b, p. 15).

67. Department of Education and Training (2015b, p. 3).

68. Based on desktop research in January 2018.

69. The statistics on this subject have some issues: Cherastidham and Norton (2018). However between 2010 and 2016, 90 per cent of school-leaver entrants

require prerequisite subjects in addition to English, which is necessary for an ATAR and which also is used to meet the standard on language proficiency.

For the most part, the standards and prospects for success are irrelevant to the ATARs required for admission. Instead, ATAR levels are typically set by the admissions market, with high-demand courses typically requiring ATARs that are well above the levels that would raise any concerns about risk of non-completion (Section 3.1.1). ATAR is used as a fair and efficient way of allocating scarce student places, not to protect prospective students from a poor choice.<sup>70</sup> Half of school leavers commencing university have ATARs above 80.

Although most ATAR course admission requirements are not related to any inherent minimum academic ability needed to do the course, many universities nominate a minimum ATAR, either overall or for particular courses. The minimum ATAR at several universities is between 50 and 60, indicating a willingness to take relatively high-risk students.

The proportion of commencing domestic bachelor-degree students being admitted with lower ATARs has trended up, as Figure 4.1 shows. The share of below-60 ATAR students grew from about 5 per cent in 2008 to more than 8 per cent in 2016.

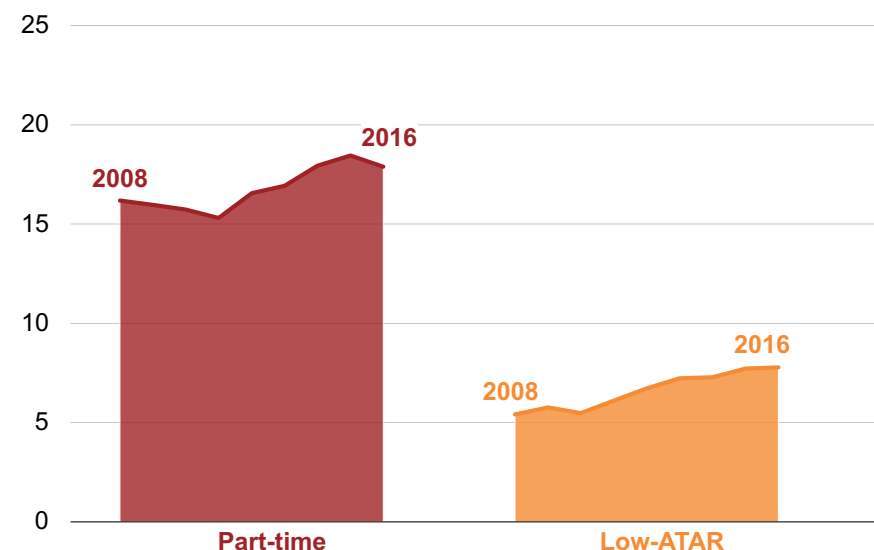
For applicants seeking entry based on their previous higher education experience – a growing share of new entrants – universities typically use past academic performance, such as a grade point average (GPA).

have an ATAR recorded in the enrolment data. Three-quarters of school-leaver entrants had a valid ATAR recorded and used secondary education as their basis of admission: Department of Education and Training (2018).

70. Universities require lower ATARs, or allocate bonus ATAR ranks for selection purposes, for students from disadvantaged backgrounds. A number of studies have shown that ATAR under-predicts their academic performance compared to other students with the same ATAR, for example: Li and Dockery (2014) and Messinis and Sheehan (2015).

**Figure 4.1: The higher-risk student group share of commencing enrolments has increased**

Commencing bachelor-degree students, per cent



Notes: 'Low ATAR' is defined as students with an ATAR below 60, measured against the total number of domestic bachelor enrolments with an ATAR.

Source: Grattan analysis of Department of Education and Training (2018).

ATAR can often also be used if it is recent. Some universities let applicants use whichever of their GPA and ATAR is better.

The data used in the analysis for Chapter 3 does not include GPA, but failed subjects would lower a student's GPA. Section 3.1.1 showed that students with previous failed subjects are less likely to complete. About 5 per cent of commencing students failed at least one subject the previous year.<sup>71</sup> Some universities have specific policies for these students. For example, the University of Tasmania requires applicants who have failed some subjects to undergo an extra review before an offer can be made.<sup>72</sup>

Students who repeatedly fail half or more of their subjects are likely to face exclusion from their university for unsatisfactory progress. Universities often impose a delay of 12 months before accepting another application from an excluded student. Once the waiting period ends, some universities require students to demonstrate how and why their chance of success in the course has improved.<sup>73</sup> Of all the admission criteria, this is the one that most carefully examines whether prospective students have a reasonable prospect of completing their degree.

Although ATAR gets most attention in public discussion about university admissions, part-time study is a more significant issue. The non-completion risk of studying few subjects a year is higher than having a low ATAR, and the proportion of students affected is larger. Part-time students grew from 15 per cent of commencing enrolments in 2011 to 18 per cent in 2015, before declining slightly in 2016 (Figure 4.1). But part-time enrolment seems to get little attention during the admissions process.

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71. Department of Education and Training (2017a).

72. University of Tasmania (2018a).

73. For example UTS (2016, p. 9), University of Melbourne (2017, p. 8) and Monash University (2018).

A small number of courses offer full-time enrolment only, but generally students can freely choose to study part-time. A few universities recommend guidance from a program administrator. The main restriction on part-time study is the maximum time allowed to complete a degree. Typically, students have seven to ten years to complete a bachelor degree, depending on course and university. Some universities have formulas, such as twice the standard degree length for a full-time student, plus one or two years. Only some universities clearly signal maximum times in materials aimed at prospective students.

### 4.3 High-risk students

Mainly due to part-time study, a substantial minority of commencing students are at high risk of not completing a degree. Based on the risk analysis described in Chapter 3, of the students commencing bachelor degrees in public universities in 2015, one in five – more than 50,000 students – are more likely to drop out than to complete their course within eight years. And nearly one in ten – about 25,000 students – have a non-completion risk of more than 70 per cent (Figure 4.2).

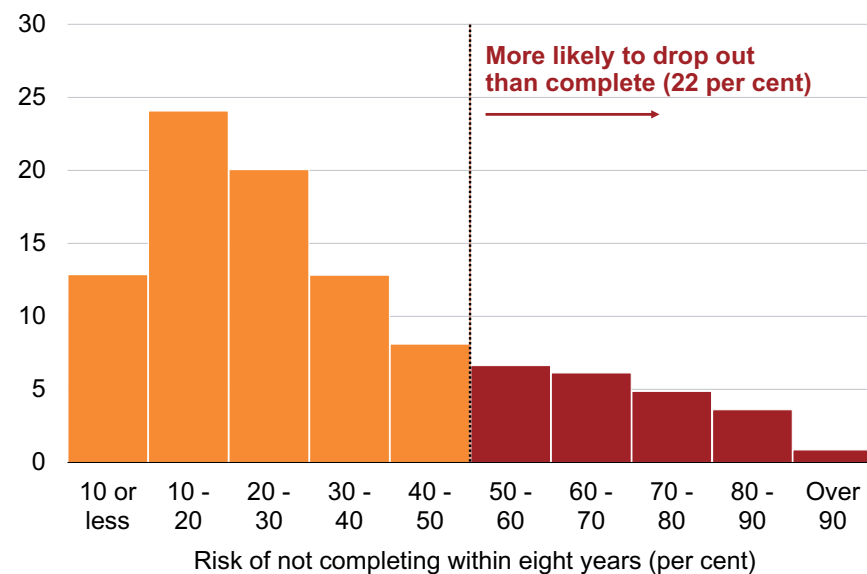
Most high-risk students study part-time, as Figure 4.3 shows. Among students who are more likely to drop out than to complete, more than 80 per cent take four subjects or fewer in their first year. Less than 5 per cent of students who study more than six subjects are high risk.

Low ATAR is another major risk factor. As discussed in Section 3.1.1, students with an ATAR below 60 face about double the non-completion risk as those with an ATAR of 90 or more.

Increased numbers of part-time and low-ATAR students help explain why overall non-completion rates are increasing (Section 1.3 on page 13).

**Figure 4.2: One in five students is more likely to drop out of university than complete their course**

Commencing bachelor-degree domestic students, 2015, per cent

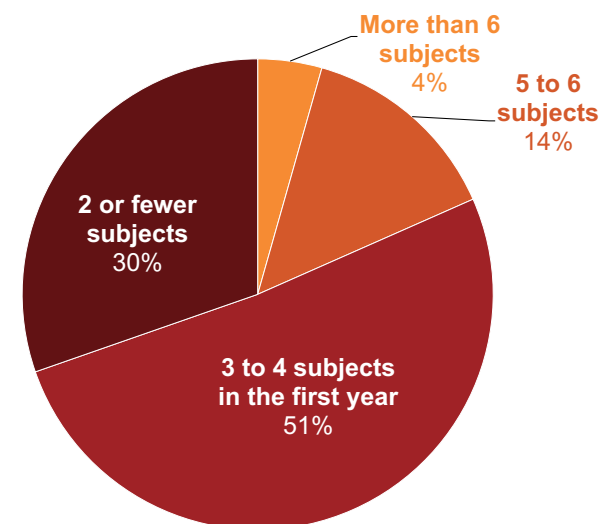


Note: For details on the modelling techniques, see the background paper, Cherastidtham et al. (2018).

Source: Grattan analysis of Department of Education and Training (2018).

**Figure 4.3: Of students who are more likely to drop out than complete, more than 80 per cent study part-time**

Commencing bachelor-degree domestic students, 2015, per cent



Notes: Rounding means the percentages do not add up to 100. See Figure 4.2.

Source: See Figure 4.2.

## 5 Informing student choice

More and better information about university study will not help all prospective students decide on their tertiary education options. Only direct experience will persuade some that university is the right or the wrong place for them. But with so many prospective students uncertain about their direction, better advice should be available to them. One-in-five people who dropped out say they would not have enrolled if they had more information before they started.

Students should be alerted to the factors that increase the risk of completing. Prospective students planning to study part-time should be particularly warned. These factors should be included on websites that provide information to students, such as the Good Universities Guide and the Department of Education and Training's QILT (Quality Indicators for Learning and Teaching) website. The QILT site should be upgraded to enable students to enter their personal characteristics, so they can understand how risk factors interact. The site should also explain how students can mitigate the risks of non-completion.

### 5.1 Clear and simple advice to prospective university students

Many factors can affect whether students complete their degrees. But some factors are so significant that school advisers, university staff, and parents should alert prospective students to the risks in simple and general terms.

Young people should be encouraged to think first about whether university or vocational education would best suit them. As Section 1.1 reported, university is now the default post-school activity for many young people. In their late-teenage years, two-thirds of young people plan to go to university.<sup>74</sup> These high aspirations are out of kilter with

what is required to successfully complete a degree and the labour market's need for people with university qualifications.<sup>75</sup> Higher education demand has moderated in recent years, which is likely to be a sensible reaction to these trends. The fact that graduates do better in the labour market than non-graduates on average is not particularly useful information for prospective students at high risk of not obtaining professional or managerial employment.

For high-ATAR students, university clearly remains a good option. But those with lower ATARs are less likely to complete (Section 3.1.1). Gender matters to the choices of lower-ATAR school leavers. Even with identical ATARs, men are less likely to complete university than women.<sup>76</sup> On the other hand, men are much more likely than women to gain a financial benefit from vocational education (Section 2.1.3).

These factors both suggest we should encourage young men with lower ATARs to think seriously about a vocational diploma or a Certificate III/IV qualification. Although mature-age study creates additional risks, vocational qualifications do not preclude university later in life. As Section 3.1.1 reported, students entering university with a prior vocational diploma qualification have reasonably good completion prospects, typically better than those without such qualifications but with otherwise similar backgrounds.

Young people choosing university should be encouraged to go as soon as possible after leaving school, to study full-time and to enrol on-campus. Delaying university only adds slightly to the risk of not completing, if it is just one year to age 19 (Section 3.1.5). But delays

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75. See Norton (2017) on graduate labour market outcomes.

76. For more detail on the interaction between gender and ATAR, see the background paper, Cherastiditham et al. (2018, sections 3.1 and 5.1).

74. Mission Australia (2016, p. 16).

increase the chance of distractions such as work once studies commence. Those who are older when they start studying are more likely to work full-time.<sup>77</sup> People who work full-time before beginning their degree can get used to earning more, making them reluctant to forgo that income as a student. But no potentially avoidable factor is more harmful to completion prospects than studying part-time while juggling multiple commitments (Section 3.1.2).

After controlling for all other factors, off-campus study adds only slightly to the risk of non-completion (Section 3.1.3). For full-time students who genuinely can't get to a campus, off-campus study is better than not attending. But for students who can commute or move, studying on-campus should slightly increase their completion prospects, and add to the non-academic benefits of studying. As Section 2.1.3 reported, lasting friendships and connections are often a positive outcome of attending university.<sup>78</sup>

Prospective mature-age students are the most complex case for general advice. Compared to starting university straight after school, commencing at an older age in itself adds up to 8 percentage points to the risk of non-completion (Section 3.1.5). Mature-age students are much more likely than school leavers to study part-time, and to have other risk attributes such as studying online or being from an equity group. Because high-ATAR students usually begin their studies straight after school, mature-age students tend to have lower ATARs (Figure 1.1 on page 8). Such students are more likely to complete university if they have completed other post-school qualifications, which prepare them for academic study.

For mature-age students, advice to study full-time and on-campus may simply be impractical. It may be too difficult for them to change

their other commitments. But some mature-age students do make the transition from part-time to full-time study. By their second year, about a third of the remaining mature-age students who began part-time have converted to full-time study.<sup>79</sup> Their completion rate is much higher than those who continuously study part-time (Section 3.1.2). If at least periods of full-time study are possible, mature-age students should seriously consider it. For students who cannot study full-time at all, any advice is partly a warning: the vast majority of people who study only part-time won't get a degree in the next eight years.

## 5.2 Integrate information about completion rates into QILT

Some people could improve their higher education choices if information was more easily available. In the Grattan survey of people who had dropped out of a course, about one-in-five said they would not have enrolled had they had more information before they started. A slightly larger group were unsure (the other half would have started anyway, reflecting the benefits of an incomplete degree described in Chapter 2).

Some prospective university students already use information about completion prospects. Applications, acceptances and enrolment data all show that lower-ATAR students exercise greater caution than high-ATAR students, and progressively larger numbers decide against university.<sup>80</sup>

ATAR's connection with completion is unsurprising. But the links between other factors and completion are less intuitive. Prospective students are therefore taking risks they may have avoided if they had been better informed. The most significant of these risks is part-time study. For mature-age students, part-time study might seem like a

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77. See Cherastidtham et al. (2018, section 5.4).

78. Some other private benefits of higher education, including health, and some public benefits, including volunteering and civic attitudes, are plausibly linked to social networks at university: see Savage and Norton (2012).

79. Department of Education and Training (2018). 'Mature age' defined as aged 25 or more on commencement.

80. Section 1.1 and Department of Education and Training (2017d, tables A8.1 and A8.2).

sensible and convenient way to deal with the competing demands of work and family. But for many of them it doesn't work out, and they leave university without completing their course (Section 3.1.2).

Some students who drop out of university have found from their own experience what they could have learned from the experience of others: that they aren't academically ready for university, or that there are too few hours in the day to combine study, work and family. If they had known that they were in the group of people with a less-than-50 per cent chance of completing university in eight years, they may not have enrolled in the first place, or enrolled only after they found a better way to manage the competing demands on their time.

As in many other fields, in higher education a website is the easiest way to get information to a wide audience. Higher education has a commercial website, the Good Universities Guide, and the Department of Education and Training's QILT (Quality Indicators for Learning and Teaching) website. The Good Universities Guide includes information on school-leaver student retention into second year, giving universities ratings of up to five stars on this and other indicators. But it does not cover other types of student, does not give information on fields of education (which, as Section 3.1.3 shows, can vary significantly in their completion rates), and does not distinguish between enrolment types. For example, retention rates largely driven by full-time students are misleading for a prospective part-time student.

Prospective students using QILT choose fields and universities of interest, and the website then provides them with comparative information on student satisfaction and graduate outcomes. QILT has no data on student retention or completion, and this is not otherwise easily available from government sources, either to prospective students or the people advising them.<sup>81</sup> Adding that data to QILT, both to alert

students to potential risks and to help them choose between courses, would be helpful.

QILT's presentation of information by university and field should stay, to ensure consistent presentation. But as Chapter 3 shows, there are many individual characteristics and study choices that can make average results unreliable. For the QILT data to be more useful for prospective students, it needs to be more personalised.

Personalising data would require prospective students to provide information relevant to calculating their completion prospects. This would include basic personal characteristics, such as age and gender, and then academic history and proposed study approach – full-time or part-time, on-campus or off-campus, now or delayed. If prospective students provided this information, when they looked at courses of interest they could see their completion prospects, based on the outcomes of similar students in the past.

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81. The best existing source of information on completion by personal characteristics and study method is a now-regular report from the Department of Education

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and Training (2017b). The best existing source of information on retention into second year is in the Department's annual student statistics release: Department of Education and Training (2017c, appendix 4). However, each is located in a difficult-to-find part of the Department's website.

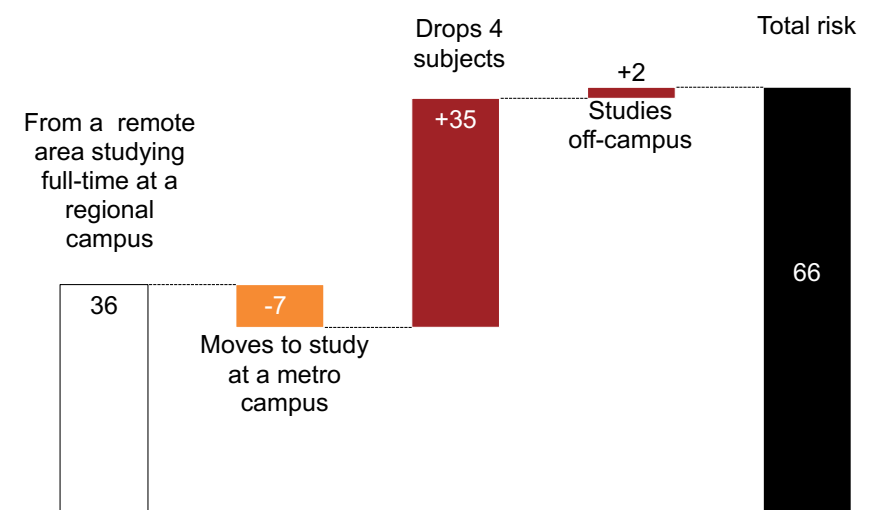


For example, a hypothetical 25-year-old male student from a remote area planning to study full-time at his nearby regional university campus faces a non-completion risk of 36 per cent. This means nearly 4-in-10 students in his situation are not expected to complete. He is considering moving to the city to study, which would reduce his risk to 32 per cent. But moving to the city means he has to move out of his parents' home, pay rent, and get a job. So he is considering studying part-time and online to accommodate his work schedule. Dropping 4 subjects to part-time would increase his risk to 64 per cent and online would increase it marginally further to 66 per cent. This means nearly 7-in-10 students in his situation would not complete. So while moving to the city to study would reduce his risk moderately, if this meant he had to study part-time he is better off studying near home to avoid increasing his risk substantially. The website could show, as Figure 5.1 does, that part-time study alone would make him nearly twice as likely to not complete within eight years.

QILT should also advise prospective students on how to improve their completion prospects. For example, if a prospective student is considering part-time study, the website would explain the difficulties of managing multiple competing demands on a student's time. This would enable prospective students to make a better-informed decision as they weigh up their options. As discussed in Section 3.1.2, substantial proportions of the part-time students who persist past first year will switch to full-time study. They may have discovered at cost that the QILT website could and should have told them for free before they enrolled: that studying part-time substantially increases their risk of dropping out of university.

**Figure 5.1: Studying full-time minimises the risk of not-completing university**

Risk of not completing university within eight years, per cent



*Notes: This hypothetical prospective student is assumed to be a non-Indigenous male Australian citizen who speaks English at home, reports no disability, lives in a median SES area of NSW, lives 20- to 40 minutes from campus, and starts university in the first semester. He uses a previous diploma as his basis of admission.*

*Source: Grattan analysis of Department of Education and Training (2018).*

## 6 Improved university policies and practices

Universities could do more to help prospective students make good decisions. Their websites should more explicitly alert prospective students to the issues with part-time enrolment. They should explain how many subjects a student needs to pass each year to complete their degree within its maximum time. On enrolment and re-enrolment, universities should check that students are on-track to complete their degree.

Universities already monitor student engagement, but some have more sophisticated programs than others to protect disengaged students. If these students cannot or will not engage with their studies, they need to be encouraged to take leave of absence or discontinue, so they avoid paying for subjects they are not taking.

### 6.1 Part-time enrolment

Because combining work and family responsibilities with part-time study increases the risk of non-completion so much, and is potentially avoidable, universities should do a lot more to help students make fully-informed decisions about studying part-time.

University websites do little to warn prospective students that part-time study is high risk. The websites instead tend to emphasise that courses are flexible, with students able to choose between full-time and part-time study. The main warning around part-time study is that student income support is only available for full-time students.

At least for enrolled students, some universities do offer practical advice for part-time students on how to manage their time. But pages aimed at future students typically do not state prominently that the course has a maximum time period, or how many subjects the student would need to pass on average each year to finish within the allowed period.

In most universities, the maximum time for a degree implies that a student needs to average at least three passed subjects a year. Students who enrol in one or two subjects a year could not complete a degree within any university's maximum time, yet about 6 per cent of commencing students start this way.<sup>82</sup> By increasing the number of subjects taken in subsequent years, this slow start can still lead to a degree – and indeed 40 per cent of students who start with two or fewer subjects do complete within eight years (Figure 3.4 on page 27). But most do not finish their degrees, raising questions about whether these students enrolled naively, and whether the university let them commence without a credible plan to complete their course within its maximum time.

Prominently displaying advice on study schedule issues, particularly in parts of university websites aimed at the older students most likely to study part-time, could help students make better decisions – both on whether getting a degree is realistic at all, and on how many subjects they need to do each year to stay on track.

Given the very high non-completion risks associated with part-time study, universities should do more to ensure, at each enrolment and re-enrolment point, that students are on-track to complete within the maximum time allowed for their degree.<sup>83</sup> The spread of online enrolment systems over the past 20 years has made the process much less time-consuming, but perhaps at the price of students getting less advice on their subject choices.

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82. Some of these students are likely to have enrolled in more subjects but dropped them before the relevant census date.

83. In public university policy documents, compliance with maximum time policies is generally in the context of unsatisfactory progress. It would be better to manage this issue earlier, when the student still has time to either remedy the problem or limit their losses.

Scheduling requirements should not be rigid. Students can have good reasons for taking fewer than the necessary average number of subjects in a particular year, such as exploring whether university is right for them, managing other temporary time commitments, or waiting to take a subject only offered later. But for each enrolment period when low subject numbers would put the student at risk of not completing, a course administrator should check that the student has a credible plan for completion. The administrator should review the student's previous academic performance, and how they propose to increase subjects in subsequent semesters to stay on track for completion.

## 6.2 Managing disengaged students before census dates

Domestic students don't become liable to pay unless they are still enrolled on the subject's census date.<sup>84</sup> This is also the day when universities and the Government recognise students as officially enrolled, triggering tuition subsidies and HELP loans for eligible students. By law, the census date is at least 20 per cent of the way between a subject's commencement and completion dates.<sup>85</sup> In practice, universities usually set census dates later than the legal minimum. In early 2018, the median undergraduate census date was 25 per cent of the way between the subject's start and finish dates.<sup>86</sup> In practice, that means that most students have four weeks of classes to decide, at no cost in fees, whether to continue.

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84. For international students, Australian university practices are much less generous. Although the census date is typically the point at which students incur full liability for the subjects they are enrolled in, there are charges, and often substantial charges, for withdrawing prior to the census date unless there are special circumstances.

85. DIICSRTE (2013a, section 6.30).

86. A semester is at least 16 weeks long for about three-quarters of universities and at least 15-and-a-half weeks for more than 85 per cent of universities, based on a desktop survey for semester 1, 2018.

Trying university for a while can be a good way of finding out whether it is the right choice. In other countries, an exploratory enrolment can be more expensive than in Australia. Students must pay tuition fees before or soon after starting classes, and dropping out is often costly. In the United States, major universities typically only allow a week or less to leave with a full refund. In New Zealand, students typically have a couple of weeks into term to withdraw and get their money back. In England, most universities give students only one or two weeks to change their minds.<sup>87</sup> Australia gives its students a longer cost-free, try-before-you buy period than other countries.

Three or four weeks should usually give students enough time to decide whether their subjects are interesting, how difficult they find the work, if their teachers are good, and how much support they are likely to get. They may have results and feedback from early tests or assignments. For students with work or family responsibilities, problems getting everything done should already be apparent. During the first few weeks, the student acquires information about their preferences and prospects that informs their next decision in the process of mutual selection. Most conclude that university is the right choice and continue with their course; some do not.

As Section 1.1 showed, the census date is widely used by Australian students. Nearly 10 per cent of the students who accepted an offer for 2014 did not reach a census date within the next two years, and did not pay any student contributions or incur any HELP debt (see Figure 1.2 on page 11).

The census date system, and the generous way most universities interpret the rules by allowing more time than legally required, is a

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87. Based on desktop research of university websites. In the US, there is often a policy of 100 per cent, 75 per cent, 50 per cent and 25 per cent refunds at different dates. From 2018, the first year of university in New Zealand will be free for students who have not taken more than half a year's tertiary study previously: Tertiary Education Commission (NZ) (2018).

desirable aspect of the Australian admission and selection system, and helps deal with the uncertainties faced by both prospective students and universities.

Although the late census date is a good feature overall, in common with overseas systems it allows disengaged students to default into payment, when they should withdraw without charge. Unless students actively disenrol they become liable to pay their student contributions, usually by incurring a HECS-HELP debt. Some students never attend their classes, or soon stop attending, without officially telling the university that they have gone.

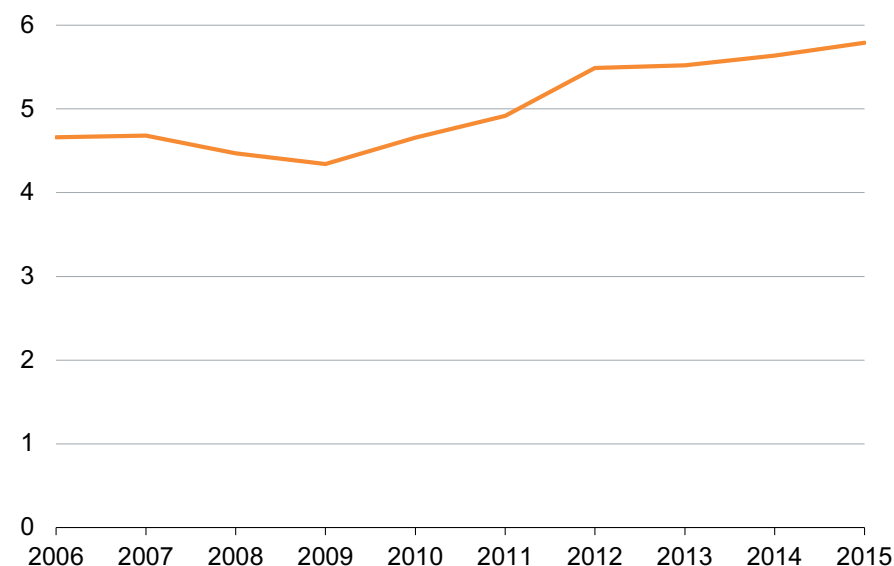
Australia's policy of imposing relatively few barriers to enrolling for domestic students – low application fees, no upfront payments, universities that will take almost everyone who applies – results in a larger proportion of students who aren't highly committed to their studies.<sup>88</sup>

The enrolment data cannot tell us exactly how many students in Australia never seriously engage with their studies. But there are clues. About 7 per cent of students fail all their first semester subjects. They are probably disengaged students, who failed because they were no longer trying. Of this 7 per cent, only about one-in-five show signs of engagement in second semester, including passing subjects or changing their course. The rest look disengaged, either not being enrolled (53 per cent) or failing all subjects again (26 per cent). On these indicators, the proportion of commencing students who are disengaged is trending up (Figure 6.1). In 2015, nearly 6 per cent of

88. These differences help explain why attrition rates are higher for commencing undergraduate students (15 per cent) than international students (9 per cent): Department of Education and Training (2017c, appendix 4). International students are also more likely to pass subjects than domestic students despite reporting lower marks: Norton and Cakitaki (2016, pp. 75–76). This is consistent with international students persisting with their studies rather than dropping out and having a fail recorded.

**Figure 6.1: Potentially disengaged students are a growing share of all commencing bachelor degree students**

Proportion of domestic bachelor degree students, per cent



Notes: 'Potentially disengaged students' are those who failed all subjects in their first semester and either did not enrol in the second semester or remained in the same course in the second semester but failed all subjects. Remaining in the same course is defined by having the same course code. Bachelor degree domestic students who commenced between 2006 and 2015 at public universities only. First semester is defined by students' first semester of enrolled subjects. Students with 'not yet determined' or 'missing' subject status are excluded. Students who attempted less than 0.25 EFTSL (two traditional subjects in the first semester) and students with abnormally high EFTSL (greater than 0.75 in the first semester) are excluded.

Source: Department of Education and Training (2018).

commencing students reached the end of first year with nothing but fails on their academic record.

Most Australian universities have retention-oriented systems to identify disengaged students, and at least some take steps to prevent students unnecessarily incurring HELP debts. The University of Tasmania, for example, requires two early engagement tasks in each subject before the census date. Students not completing these tasks receive automated prompts, with follow-up advising them to seek support or withdraw before the census date. Under the University of Tasmania's terms and conditions of enrolment, students can be disenrolled if they are not engaged by the census date.<sup>89</sup>

Similarly, Swinburne Online makes engagement with learning materials before the census date an enrolment condition. If students have not accessed their learning materials a minimum number of times, Swinburne Online contacts them two weeks before the census date, and again in the final week if necessary. Some students voluntarily end their enrolment, take a leave of absence, or reduce their study load. Students who are disenrolled by Swinburne Online can appeal if there are extenuating circumstances.<sup>90</sup> Griffith University also monitors early engagement, and encourages 'no show' students to cancel their enrolment.<sup>91</sup>

Particularly at universities with more students who are likely to be exploring their tertiary education options, more active management of students prior to the census date could save students money. The spread of 'learning analytics' software, which tracks student behaviour and outcomes to identify students at risk of dropping out, makes these policies easier to implement.<sup>92</sup>

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89. Brown (2017); and University of Tasmania (2018b).

90. OES (2018).

91. Griffith University (2017).

92. Dawson et al. (2016); and West et al. (2015).

While initiatives to protect disengaged students are very welcome, the incentives for universities to implement them are mixed. Encouraging students to discontinue their studies before the first census date has a financial cost for universities. The students who leave would otherwise have paid for their studies, at least for a semester or two. However, high attrition potentially has a regulatory price, because it attracts increased monitoring by TEQSA (Chapter 7).

Chapter 8 examines how public policy could do more to protect disengaged students.

### 6.3 Student support

The main original purpose of learning analytics software was to identify at-risk students and provide them with appropriate assistance to improve their prospects of success. That is an integral part of the programs of all the universities mentioned in Section 6.2, and the higher education sector's main current approach to attrition. The Government supports this work. Education Minister Simon Birmingham has commissioned the Higher Education Standards Panel to investigate evidence-based support strategies, and the Panel has published some literature review findings in a discussion paper.<sup>93</sup> This report does not seek to replicate the Panel's work, but to approach the issue primarily from the perspective of the mutual selection process.

Although not this report's main focus, student satisfaction with the university experience influences decisions to stay or go. As Figure 6.2 on the following page shows, students who are not satisfied with their overall experience at university are more than three times as likely to consider leaving as those who are satisfied. In terms of (dis)satisfaction with particular aspects of the university experience, dissatisfaction with teaching quality – which covers questions relating to whether academic staff explained things clearly, were approachable and helpful, and gave

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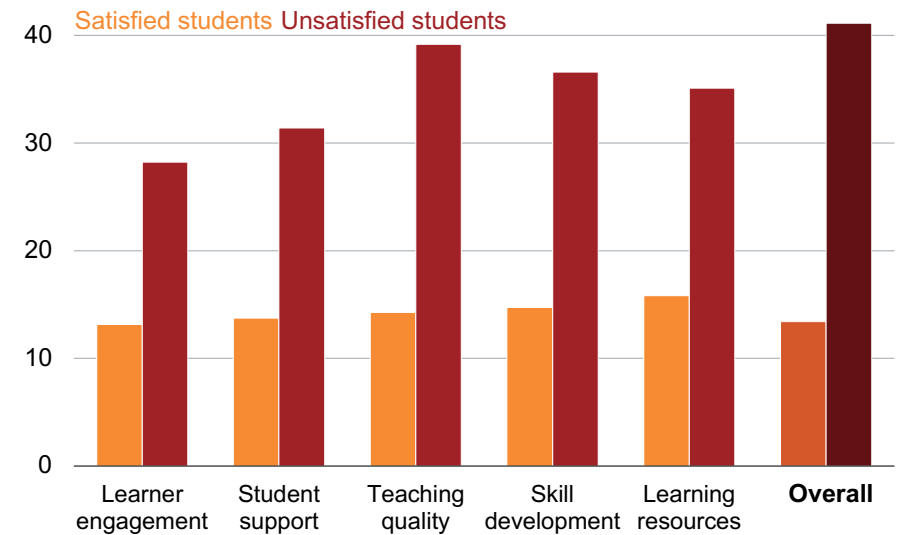
93. Higher Education Standards Panel (2017, p. 5, pp. 45–58).

useful feedback – is most closely linked to whether students consider leaving.

Figure 6.2 also shows that more than 10 per cent of students who are satisfied with their student experience are nevertheless considering leaving. This reflects the fact that many things in students' lives contribute to attrition but universities cannot directly control them all.

**Figure 6.2: Students who are not satisfied with their university are more likely to consider leaving**

Per cent of students who consider leaving



*Notes: Domestic bachelor students surveyed in 2016.*

*Source: Social Research Centre/Department of Education and Training (2017b).*



## 7 Increased monitoring by TEQSA

The Tertiary Education Quality and Standards Agency (TEQSA) is the primary regulator of Australia's higher education system. It annually reviews university performance, including examining risk indicators such as attrition and fail rates.

But university-level statistics can hide poor results for small groups of students behind good results for most students. If TEQSA monitored attrition rates for part-time and low-ATAR students, and looked at what proportion of students fail multiple subjects, it could more easily identify problems with university performance

### 7.1 Interpretation and enforcement of the threshold standards

As noted in previous chapters, TEQSA enforces the 'threshold standards' that all higher education providers must meet. The admission standards set out broad requirements for selecting students. TEQSA decides whether a provider's admission policies and practices comply with these standards, through annual monitoring and a re-registration process that occurs every seven years. TEQSA's signals to the higher education sector on how they will enforce the standards are therefore a significant influence on provider behaviour.

TEQSA interprets the admissions standards as primarily concerning academic ability rather than other obstacles to success, such as part-time study. On its 'our commentary' webpage, designed to help higher education providers implement the threshold standards, TEQSA says it requires that admitted students must be '... equipped to succeed'. Sample measures relate to academic preparation. Where it acknowledges potential cohorts 'initially at some known risk of not succeeding', it uses as an example 'educationally disadvantaged' students, rather than time-poor students, and its suggested response

is 'targeted support', rather than any change to the admission process itself (these, of course, are not mutually exclusive).<sup>94</sup>

Similarly, part-time study is not evidently recognised as a risk factor in the most detailed public evidence on TEQSA's enforcement of the new standards. TEQSA's approach is reflected by the conditions it imposes on courses taught by non-university higher education providers (their students are not included in this report's statistical analysis).<sup>95</sup> These conditions show TEQSA is concerned about English-language requirements, how prior learning is assessed, monitoring of student outcomes, benchmarking of those outcomes, high attrition of online students, and counselling students at risk of not completing.<sup>96</sup> Part-time study may contribute to these problems, but it is not separately identified.

Although TEQSA has not focused regulatory conditions on part-time study, it discussed the topic in a report. In 2017, TEQSA released a statistical analysis of institution-level first-year attrition. It identified high rates of part-time enrolment as a risk factor in some non-university higher education providers. For universities, however, it did not identify part-time study as a risk factor.<sup>97</sup> TEQSA's current approach seems to ignore the risk to completion associated with part-time study.

TEQSA could do more within its current legal powers to regulate the way universities handle part-time students. It could rely on the legal

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94. TEQSA (2017c).

95. See also the general information on admissions required at: TEQSA (2017d, pp. 6–7). Public universities accredit their own courses, so none of them have conditions attached to courses.

96. See the conditions attached to course accreditations for the Australian College of Physical Education, the Australian Institute of Professional Counsellors, Melbourne Polytechnic, and Photography Holdings: TEQSA (2017e).

97. TEQSA (2017a, pp. 19–23).



requirement that universities admit students only if there are ‘... no known limitations that would be expected to impede [the admitted student’s] progression and completion’.<sup>98</sup> Part-time study is a ‘known limitation’. It is a greater completion risk than ‘educational disadvantage’ (which is regulated), because part-time study can impede students who are academically able, as well as those who are less prepared for university study.

In its advice on how to interpret the threshold standards, TEQSA could require higher education providers to make information on maximum completion times more easily available. It could give other advice relevant to the student’s decision to study part-time, including information about the risks involved in studying part-time, and how these can be reduced. TEQSA could also require providers to check that students enrolling on a part-time basis have credible plans for completing their degrees, as discussed in Section 4.3.

## 7.2 Improvements in monitoring

TEQSA does not micro-manage universities. They are all self-accrediting, which means they approve their own courses, including their admission requirements. Instead of examining the details of thousands of university courses, TEQSA annually uses an institution-level risk-based approach, only examining further when there is some reason to do so. It uses various indicators as triggers for consideration, but makes decisions based on expert judgment.<sup>99</sup> These indicators include first-year attrition rates, pass/fail rates for all subjects, and numbers of course completions.

TEQSA should continue with this approach, but could adapt its annual monitoring to identify problems that may currently be hidden. A weakness of institution-level monitoring is that satisfactory overall

outcomes can hide poor results for particular groups of students. For example, although part-time and low-ATAR students are an increasing share of all commencing bachelor-degree students, institution-level results are dominated by the much larger groups of full-time and high-ATAR students. Given that part-time and low-ATAR students are at elevated risk of not completing their courses, their attrition rates should be examined separately. The relevant data is already collected and available to TEQSA; it would not require a lot of additional work to analyse it.<sup>100</sup>

Institution pass/fail rates are currently calculated as percentages of all subjects taken. While this indicator is interesting, students failing all or many subjects are the main attrition concern (Section 3.1.1). A significant proportion of students failing multiple subjects could be a sign of poor admission practices, not managing disengaged students well, or problems with curriculum or teaching. As with attrition rates, the data needed to monitor fail rates is already collected and available to TEQSA. Where potential issues become apparent, TEQSA should investigate in more detail to find the problem’s source.

If TEQSA changes its annual monitoring practices, the universities not already carefully tracking their outcomes will have an added incentive to do so. This would not be a major additional impost, because the threshold standards already require monitoring on a range of levels including course, cohort, educational background and entry pathway.<sup>101</sup>

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98. Department of Education and Training (2015b, p. 3).

99. TEQSA (2017a).

100. In some cases, this is already done when TEQSA has reasons for concern about particular groups of students. See TEQSA (2017f).

101. Department of Education and Training (2015b, section 1.3).

## 8 New census date policies to increase student protection

With better advice, some prospective university students would not apply or enrol. But inevitably substantial numbers of people will still enrol only to find that their course is not right for them. More can be done to protect these students from unnecessary costs.

There are a number of options. The Government could give the census date a name that highlights its financial consequences for students. Universities could send students text messages shortly before the census date, reminding them of the deadline to dis-enrol and avoid costs, along with providing contacts for support. Universities could follow up more intensively than they do at present with students showing a pattern of disengagement before the census date of their second semester. And universities could require students to proactively opt-in to confirm their enrolment by the census date.

Universities should trial these options to identify which strikes the best balance between protecting disengaged students from wasting time and money, and imposing additional administrative burdens on all students.

### 8.1 Give the census date a more meaningful name

Many students do not understand that the census date is the day when they become liable to pay student contributions or fees. A small Grattan Institute face-to-face survey found high levels of ignorance.<sup>102</sup> Less than 40 per cent of the students sampled understood the census date. The others did not know what it was, or confused it with some other important date, such as the last day to change subjects or the last day to withdraw from a subject without fail. A small majority of survey

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102. Grattan Institute conducted a face-to-face survey of about 50 students from each of the University of Melbourne, RMIT University, Swinburne University and the Australian Catholic University's Fitzroy campus in Melbourne on 23 April 2018.

respondents were in their second or later year, suggesting that this is not just an issue with first-year students.

A simple name change could help students appreciate the date's significance. The term 'census date' reflects the perspective of university and government administrators – they need a count of students. But from the point-of-view of students what matters is not how many people have enrolled, but the fact that they are now liable to pay for their subjects. The name of the date should reflect this. The exact terminology should be chosen after appropriate testing with students. But it needs to highlight that this is a day with financial consequences.

### 8.2 Reminders about census dates

Even students who understand the census date do not always know when it is or forget about it. In the census date survey, more than one-in-ten students missed the census date for a subject they wanted to drop.

Universities do typically remind students of the census date, but usually by email. As email inboxes are often cluttered, and email is not necessarily the primary form of electronic communication for students, it is easy for this message to be missed. Other methods of communication include information on learning management systems, and notices on campus. These are worthwhile, but won't be seen by students who have already disengaged.

Though emails are often overlooked, mobile phone text messages are known to be effective as reminders.<sup>103</sup> Mobile phone use is near universal in the main student age groups.<sup>104</sup> Text messages to all

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103. McLean et al. (2016).

104. Deloitte (2017).

students a week or so before each census date would help those who want to drop a subject, as well as those who want to leave their course. The message could also inform or remind students of where they can find advice or help with any problems they are having. Some universities already use text messages to get important information to students.

But text messages will not necessarily protect very disengaged students, who may ignore messages from their university, or not take the necessary steps to discontinue their course.

### 8.3 Requiring universities to ensure students are engaged by the census date

Eventually all students in bachelor degrees reach a decision point where the default decision is to leave. This is re-enrolment, which is usually annual. Students who don't re-enrol don't incur any more HELP debt. Section 1.1 reported that of the students who were still enrolled in second semester of their first year, 9 per cent were not enrolled at any time in their second year. The source of this data cannot distinguish between students who formally left (discontinued, took a leave of absence, or were excluded by their university) and those who just did not re-enrol.<sup>105</sup>

While very disengaged students will eventually exit the system, they can accrue a year of HELP debt before they do so. Modified census date rules, that require universities to take action when students are disengaged, could minimise the number of students needlessly accruing HELP debt.

In the non-university higher education sector, this is already required. Legislation passed in 2017 puts additional responsibilities on these

providers to check that students are 'genuine' in each subject by the census date. Tests of genuineness include participating in assessment activities, for online students logging in to the course website, and being 'reasonably engaged' in the course.<sup>106</sup> If students are deemed not genuine, they lose their FEE-HELP loan eligibility.<sup>107</sup> Unless they can afford to pay upfront, students in this situation would have to leave their course.

Encouraging students to leave before the census date if they have not engaged with their studies, as some universities already do (Section 6.2), is good practice. But the additional step of effectively disenrolling a student needs more protections than provided by the 'genuine student' rules applying to FEE-HELP students. A student with some engagement, albeit not enough to pass unless increased, could be deemed not genuine. If the rules for full-fee students were applied to Commonwealth-supported students, if a university decides that a student is not genuine, the student would effectively be expelled.<sup>108</sup>

In some cases, higher education providers should disenrol very disengaged students. But this major decision needs clear rules, announced in advance, about what students need to do to remain enrolled, and about what universities should do to encourage students to engage or to disenrol. Even nil or negligible engagement might sometimes have

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106. At the time of writing, the detailed rules have not been published. However, the Government has said that they will be similar to those in the *VET Student Loan Rules 2016*, from which these examples are taken.

107. FEE-HELP is the income contingent loan scheme for full-fee students. The legislation is the *Education Legislation Amendment (Provider Integrity and Other Measures) Act 2017*.

108. The FEE-HELP students covered by the current legislation can remain enrolled, but have to pay up-front if found not to be 'genuine'. For a Commonwealth-supported student, ineligibility for funding would mean cancellation of enrolment: Higher Education Support Act 2003, section 36-40. There may be some legal ways to work around this, such as the student declining to be Commonwealth supported under section 36-10(3), or continuing in the same subjects on a not-for-degree basis. However, these would involve upfront fees.

a reasonable explanation, such as illness. Students should be able to appeal against an exclusion decision, as indeed higher education regulation requires.<sup>109</sup>

The first census date timelines will often be too tight to follow all these steps properly. These procedural and practical difficulties are reflected in university practice. Griffith University recognises the need to distinguish ‘slow starters’, who show some engagement but are not attending small classes or submitting work, from ‘no shows’, who never turned up. Despite having the power to disenrol a student during semester, in practice the University of Tasmania withdraws the student from the unit only, without registering a ‘fail’.<sup>110</sup> The student stays enrolled and incurs a HELP debt, but their academic record is protected.

There are other practical difficulties with excluding students by the first census date. Despite the spread of learning analytics software, not all institutions can easily monitor their students and follow up with those showing signs of disengagement. The University of Tasmania’s experience shows that managing disengaged students early is not just a technology issue. It changed course content, to ensure there were sufficient assessment tasks before the census date, to aid informed decision making. The University of Tasmania created centralised teams to follow up with disengaged students, because the task can be too much for course coordinators whose principal responsibility is to the students who are engaged with their studies.

By the second semester census date, it is easier to manage many of the informational and organisational issues. Each student’s patterns of engagement will be easier to determine. By then, the results of course assessment tasks, which are already recorded by all institutions, would

be available. A consistent pattern of failing to submit assignments, not sitting exams, and very low marks would be strong evidence of disengagement. At most universities, there are many weeks between the end of first semester and the second semester census date. This allows time for careful assessment of each student’s case, and time for students to dispute decisions by the university.

#### 8.4 Performance funding

The Government has announced that from 2020 it will link funding to university performance, with attrition likely to be a performance indicator.<sup>111</sup> The details are yet to be announced, but it is likely that universities with high rates of students leaving before their second year will receive a lower, or no, funding increase.

Performance funding would encourage universities to focus on disengaged students before the first census date of each new enrolment, as discussed in Section 6.2. Students who leave before the first census date are never counted as enrolled for official attrition rate purposes (Chapter 1). After the first census date, a financial reward for second-year enrolment would encourage universities to support students who are considering leaving, but who could still successfully complete their course (Section 6.3).

But ‘performance’ in attrition is complex. For most students, staying enrolled and completing a degree is the right outcome, and performance funding supports that. But for students who are not likely to complete, their best interests are better served by concluding their enrolment at least cost in time and money. Performance funding encourages that in the early weeks of first year, but less so subsequently. It provides no incentive to review student progress after first semester.

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109. Higher Education Support Act 2003, section 19-45; Department of Education and Training (2015b, section 2.4).

110. Brown (2017).

111. Australian Government (2017a).

Regardless of the incentives, in Australian higher education performance funding has a credibility problem. Previous performance schemes suffered from changing goals and financial rewards that were abolished to provide Budget savings.<sup>112</sup> The Government's 2020 proposal lacks detail and has not been legislated. With uncertain benefits, universities may not change their existing policies on student retention.

### 8.5 An opt-in course confirmation

With census date reminders, the default decision is to remain enrolled. Requiring universities to monitor disengaged students more carefully would be more likely to protect them from HELP debt at the second rather than the first census date. But the first census date is when the number of enrolled but potentially disengaged students is likely to be near its peak.

One possible policy response is to have a date early in first semester that is more like re-enrolment: the default decision is to leave rather than to stay. The date would be opt-in rather than opt-out: only students who agree to stay enrolled, and who formally accept enrolment's financial consequences, would pay student contributions or incur a HELP debt.<sup>113</sup>

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112. See Coaldrake and Stedman (2016, chapter 5) for a discussion of previous performance funding schemes in Australia.

113. International students would be excluded from any legal requirement for an opt-in system. Their system of applying for entry is already designed to screen out experimental, keeping-options-open enrolment. It includes non-refundable fees, applying for a visa, and travel costs. They could also lose their right to remain in Australia if they leave their course. Opt-in has some potential to benefit domestic postgraduate students. However, they are a more informed group who should already know about the census date if they completed their undergraduate education in Australia. Their patterns of subject fails and course attrition should be researched further before considering opt-in.

Like re-enrolment, opting in would be a course-level decision, which makes it different from the census date, which can be a more limited decision about subjects taken. But whenever possible, to simplify the process, an opt-in course confirmation date should coincide with the subject-level census date applying to first-year students.<sup>114</sup> Its aim is a quick and cheap exit for disengaged students, while minimising inconvenience to others.

To opt in, students would log back into their university's enrolment system, be shown which subjects they are enrolled in and how much these cost, and be asked to confirm, modify or end their enrolment. Students who choose to end their enrolment, or who don't respond to the request, would not incur any future charges.<sup>115</sup> Universities could offer deferrals to students who want to postpone rather than terminate their studies.

To help students make an informed choice, a confirmation decision date should give them time to experience their course. In most cases existing census dates achieve this goal. As noted in Section 6.2, the median census date is four weeks into the teaching period, and few universities have standard census dates less than three weeks into the teaching period. The substantial numbers of students who leave in this period suggests that three or four weeks is enough time for many students to form a view about whether university is for them.

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114. Universities could have different subject census dates and course confirmations, but the later student decision would over-ride the first. This might occur for subjects typically taken by commencing students that can also be taken by students further into their course.

115. In the VET Student Loans system, students taking out loans are asked to confirm their enrolment with the Department of Education and Training every four months; Australian Government (2017c). This regular opt-in reflects a history of serious problems in the VET sector. The issues in the higher education sector are much less serious, and one opt-in per course should be enough.

When universities depart from semester or trimester systems, current census date rules, based on a percentage of the way between commencement and completion of a subject, can produce much shorter time periods. For example, under Victoria University's new first-year model, students take subjects sequentially for intensive four-week periods rather than simultaneously over a conventional semester of around 16 weeks. The census dates for these Victoria University subjects are currently about a week into the teaching period. Although these quick subjects may provide a wider range of academic experiences early on, a week is still a very short time in which to experience the course and university life.

To give students time to decide, the final date for a course confirmation should be set in days. A minimum 21 days for students to confirm or leave would strike a balance between giving them time to decide and protecting the financial interests of universities. The longer students have in a try-before-you buy phase, the more resources universities invest in them.

For most universities, a 21-day confirmation period would make no difference to the time students have to try before they buy. They are likely to keep their census dates, which are often established parts of university academic calendars. Under an opt-in system, universities may also want more than three weeks to evaluate student progress and follow-up on students at risk of not completing. Some universities might use a later date as a selling point to prospective students.

A new opt-in system would need provisions to protect against mistaken exits. There should not be a single high-stakes day on which students can accidentally disenrol themselves.

To minimise accidental disenrolment, there could be a course confirmation period prior to the final decision day. For example, the confirmation period could start 14 days into the teaching period, to ensure that students have some experience of university, and end on the course

confirmation date chosen by the university or after 7 days, whichever is the later. A confirmation period gives universities time to advise and warn students of the impending date. It gives students multiple days on which they can notify the university of their decision, before it becomes final at the end of the confirmation period. There could also be a time after the confirmation day when students could, for a late fee, correct their own or the default decision to discontinue.

Universities would have reason to promote course confirmation in a way they don't currently emphasise the census date, since they could lose substantial revenue from erroneous disenrolment. Course confirmation would create an added incentive for universities to identify and support disengaged students. They probably now lose students they could retain, as well as temporarily keep students who are too disengaged even to end their enrolment. The Grattan survey of people who left university without completing found that, knowing that they know now, nearly 20 per cent would not drop out.<sup>116</sup> Another survey of students who had left one university found that around 40 per cent believed that the university could have done something to encourage them to stay.<sup>117</sup>

## 8.6 Trialling different options

Australia's higher education system is very open to people who want to try to get a degree. But in providing opportunities, it also generates risks that some people will get little but a HELP debt from their enrolment. The main policy measure to limit these risks is a payment date that, compared to other countries or international students in Australia, is well into the teaching period.

This chapter has suggested ways to better protect students whose higher education experiment is not working out. Each suggestion

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116. Of those who never acquired a degree.

117. Harvey et al. (2017, p. 35).



has strengths and weaknesses, and each could generate a variety of behavioural responses from students and universities.

One way to proceed may be to run policy trials to measure the effectiveness of different measures. Text message reminders are very suitable for a randomised controlled trial. Universities with good learning analytics could investigate how students with different levels of engagement respond to reminders about the census date. If text message reminders prompt significant numbers of disengaged students to seek help or discontinue, more complicated measures such as requiring students to opt-in by the first census date may not be necessary.

Universities under pressure from TEQSA to improve their attrition rates are free to impose conditions on enrolment that let them disenrol very disengaged students. They could also create an opt-in course confirmation date. Policy makers could use these experiments to inform policy for the sector as a whole.



## Appendix A: Mutual selection analysis methodology

The mutual selection analysis focuses on domestic bachelor degree applicants for the 2014 academic year. It uses both the higher education student enrolment data and the applications and offers data collected by the Department of Education and Training. The applications and offers dataset includes both applications through tertiary admission centres and direct applications to universities.

Students were identified and tracked across datasets using the Commonwealth Higher Education Student Support Number (CHESSN). About 1 per cent of domestic bachelor degree applications do not have a CHESSN and were excluded. Since offers from the Universities Admissions Centre (the admission centre for NSW and ACT) and the University of Tasmania have a high proportion of unknown offer responses, they were also excluded.<sup>118</sup>

Students can apply to multiple universities and in different states (through tertiary admission centres), so some students receive more than one offer. For students with multiple offers, their best response is chosen according to the hierarchy: accept (including defer), reject (including offers deemed to have lapsed or superseded), and response unknown. For example, if an applicant receives two offers and defers one and lets the other lapse, this analysis assumes she accepts.

In 2014, the Victorian Tertiary Admission Centre had a significant proportion of supplementary offers or unsolicited offers.<sup>119</sup> These offers are ignored unless they were accepted or deferred.<sup>120</sup>

For students who accept or defer an offer, they are considered 'enrolled at the census date in semester one' if they enrol in at least one bachelor-degree subject in their first semester. A student's first semester is assumed to be whenever she first enrolls.<sup>121</sup> For example, if a student accepted an offer for the 2014 academic year and undertook no bachelor-level subject in semester one of the 2014 academic year and some subjects in semester two, her first enrolment semester would be semester two of the 2014 academic year. Her second semester would correspond to semester one of the 2015 academic year, and her second year would be semester 2 of the 2015 academic year and semester 1 of the 2016 academic year. This time-shift approach for initial enrolment allows deferred students to be included while ensuring that their enrolment patterns are consistently analysed compared with those who commence in semester one.<sup>122</sup>

Students who are not enrolled by semester two of the 2015 academic year are classified as 'not enrolled at the census date semester one' even if they have accepted or deferred an offer.

Once students commence, the analysis proceeds from their first semester. For example, students who first enrolled in semester one of the 2014 academic year and did not take any bachelor-degree level subjects in semester two of the 2014 academic year but then took some subjects in semester one of the 2015 academic year would be considered 'not enrolled in semester two' but 'enrolled in second year'. These students are denoted in red on left panel (participating) on Figure 1.2 on page 11 and represent roughly 2 per cent of total applicants.

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118. UAC's unknown offer response rate is 23 per cent, UTAS's is 33 per cent, Department of Education and Training (2018).

119. Offers without a corresponding application for the course.

120. About 1 per cent of supplementary offers were accepted or deferred.

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121. Starting from the 2014 academic year.

122. Deferred students include any students who deferred or accepted an offer and did not enrol in at least semester one of the 2014 academic year.

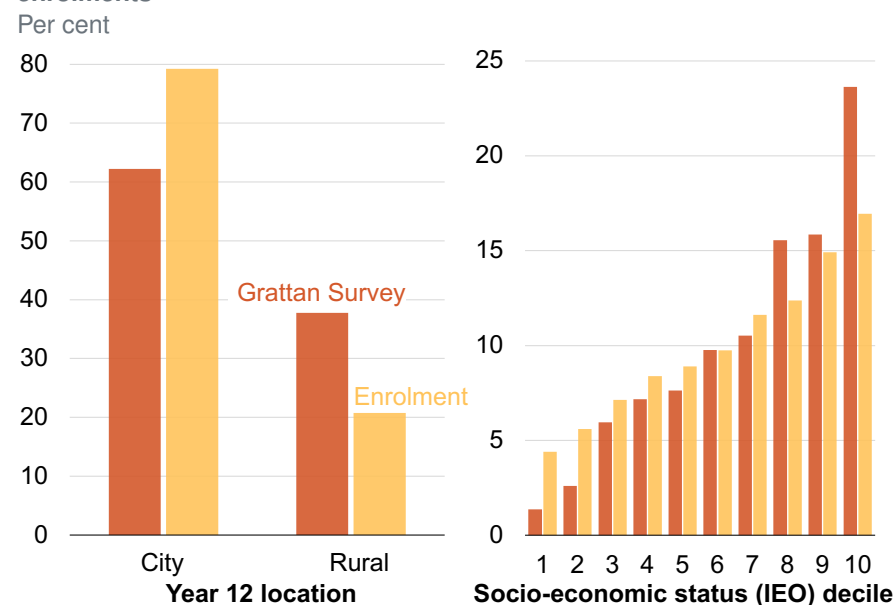
## Appendix B: Grattan survey of students who dropped out

Between 15 December 2017 and 5 January 2018, the Grattan Institute conducted an online survey of students who dropped out of university – *Incomplete University Survey*. It was hosted on SurveyMonkey and promoted via Grattan’s social media channels on Facebook, Twitter and LinkedIn. In addition, the Facebook post was advertised to people in Australia aged between 18 and 50. About 90 per cent of responses came through Facebook. Overall the survey received about 950 responses.

About 100 respondents were excluded either because they did not drop out of university (answered no to question 1) or because they did not answer any subsequent questions.<sup>123</sup> Except for the question on whether the respondent has dropped out (question 1), answers were optional to reduce survey attrition and improve response quality.<sup>124</sup> About 43 respondents dropped out from a sub-bachelor course, 116 from a masters degree, and 55 from a doctorate degree, and are also excluded from our analysis.<sup>125</sup>

For the 646 valid bachelor degree responses, Figure B.1 shows the demographic mix of the online survey respondents compared to commencing students between 2005 and 2016. Two-fifths of respondents grew up in a rural area and nearly a quarter are from the highest socio-economic decile. Both are slightly over-represented in the online survey compared to enrolments.

**Figure B.1: Distribution of Grattan survey respondents and university enrolments**



Notes: Bachelor-degree only. IEO is the Index of Education and Occupation.

Source: Grattan online survey; Department of Education and Training (2018).

123. Respondents who said no to question 1 were blocked from taking the survey again on the same device.

124. Krosnick (1999, pp. 556–558).

125. The qualification level of the survey respondents was similar to domestic higher education enrolments.

There are no other comprehensive surveys of Australian students who dropped out to systematically benchmark the online survey results.<sup>126</sup> The closest alternative is the Longitudinal Survey of Australian Youth (LSAY). It tracks students aged 15 to 25, meaning that students who dropped out after age 25 are excluded. Grattan's online survey overlaps with the LSAY on one question – reasons for leaving university.

Restricting the online survey to those aged 25 or younger and who left their bachelor degree after 2007, Figure B.2 compares results from the two surveys.<sup>127</sup> Respondents can choose multiple reasons, but many in the Grattan survey chose only one. In each survey, a similar proportion of respondents chose health and financial reasons. But LSAY respondents were much more likely to also pick other reasons, which could partly be explained by a greater tendency of LSAY respondents to choose multiple reasons. The average number of items selected in the Grattan survey was 2.4; for LSAY it was 3.2.<sup>128</sup>

LSAY subsequently asks for the main reason for dropping out. Using this question, which allows for only one reason per respondent, the results of the two surveys are more comparable. But there are still substantial discrepancies, as Figure B.2 shows (orange bar and black line).

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126. Both the Student Experience Survey and the first-year experience survey ask for reasons from students who consider leaving their institution. But the results are not directly comparable. Nonetheless, the most common reason cited was health or stress related for both surveys, Baik et al. (2015, p. 29) and Social Research Centre/Department of Education and Training (2017a, p. 74).

127. The LSAY 2006 cohort is used because it is the most recent complete survey.

128. The reasons for these substantial differences are unclear. One reason could be that our online survey had a number of single-response questions preceding the reason-for-leaving question.

**Figure B.2: Comparing LSAY and the Grattan online survey results**

Per cent

**Grattan survey:** Health or personal reasons interfered with study

**LSAY 2006 cohort:** Because of health or personal reasons

The course was different to what I wanted

The course turned out to be not what you wanted

Financially it was too hard to keep studying

Financially you couldn't afford to continue

The course didn't interest me

You just lost interest

Too many other commitments (work, family, etc)

You had problems juggling study and work commitments

Too much study to do

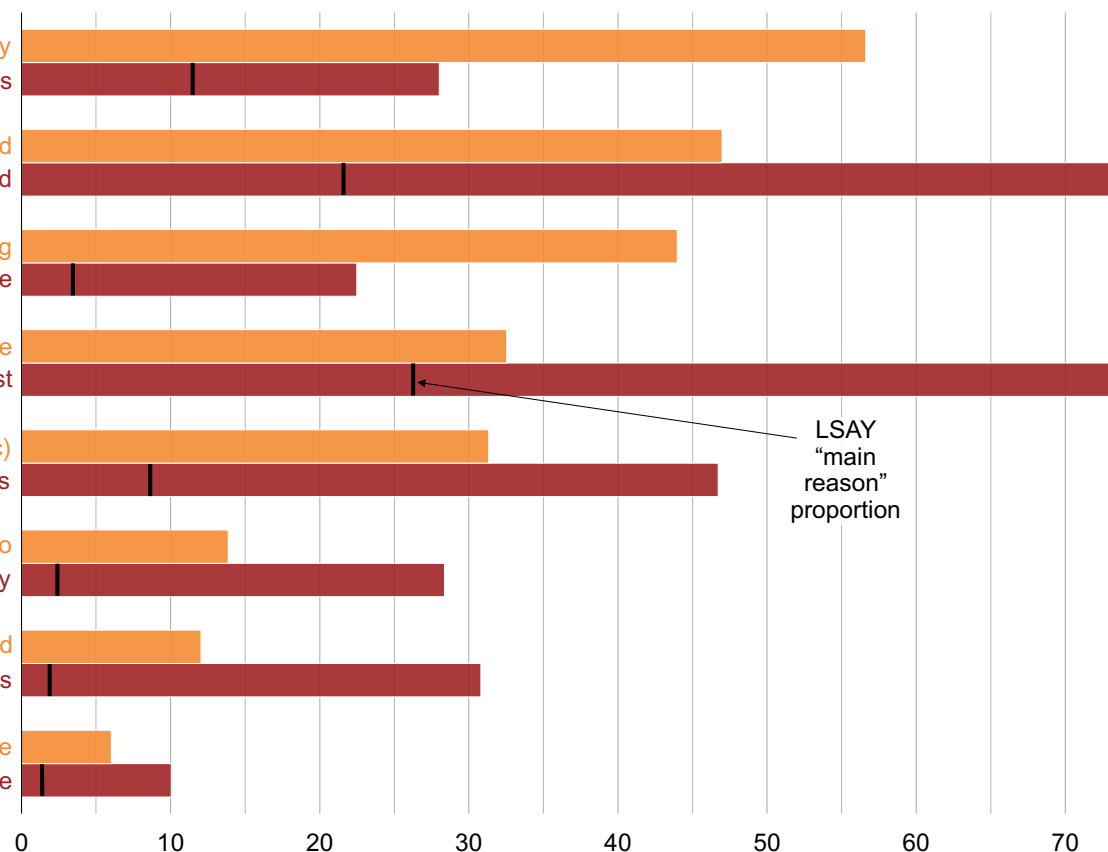
Study load was too heavy

The course was too hard

You had been getting poor results

I never really wanted to get a degree

You never really intended to complete the course



Notes: Using LSAY 2006 cohort, there are 289 students who dropped out by the age of 25. To make the Grattan online survey more consistent with LSAY (for this chart only), respondents aged above 25 and those who dropped out were excluded, resulting in 166 observations. Respondents can choose multiple reasons (not for the main reason question). Five additional options that are available in LSAY but omitted from the Grattan survey are: "just wanted to get a job, apprenticeship or traineeship" (11 per cent), "never really wanted to study" (2 per cent), "it wouldn't have led to a good job or career" (3 per cent), "because problems with access or transport" (less than 1 per cent), and "other" (6 per cent).

Source: NCVER (2014); Grattan online survey.

Table B.1: Incomplete University Survey Questions

	Question	Type	Response Rate
Q1	Have you ever dropped out of a university degree in Australia? <i>[Options: yes; no]</i>	Required, select Y/N	100.0%
Q2	What level was the incomplete degree? <i>[Options: diploma/associates degree; masters degree (research); masters degree (coursework); bachelor degree; doctorate degree]</i>	Select one	99.4%
Q3	What field was the incomplete degree in? <i>[Options: agriculture; architecture, commerce; creative arts; education; engineering; hospitality; humanities; information technology; law; medical; nursing; other health; science; other (please specify)]</i>	Select one + other	100.0%
Q4	What year did you start?	Text	99.4%
Q5	What year did you leave your incomplete degree?	Text	99.3%
Q6	What was your highest level of education before starting the degree? <i>[Options: had not finished year 12; finished year 12; cert I/II; cert III/IV; diploma/associate degree; bachelor degree; postgraduate; other (please specify)]</i>	Select one	99.5%
Q7	What is your highest level of education now? <i>[Options from Q6]</i>	Select one	99.8%
Q8	Do you know how much HELP debt you owe? <i>[Options: yes; no]</i>	Select one, logic to Q9	99.5%
Q9	How much HELP debt do you owe? (Optional)	Text	53.4%
Q10	Were there any benefits from the time you spent doing the incomplete degree? <i>[Options: it helped clarify my careers goals; it taught me useful skills; it was interesting; I made lasting friendships/connections; attending university helped me get employed; no benefits]</i>	Select many	92.2%
Q11	Please provide more details	Text	71.5%

Continued on next page

Table B.1 – continued from previous page

Question	Type	Response Rate
Q12 Below is a list of reasons why people might leave their course. Check any that were a factor in your own decision. <i>[Options: health or personal reasons interfered with study; financially it was too hard to keep studying; the course was different to what I wanted; too much study to do; the course was too hard; too many other commitments (work, family, etc.); the course didn't interest me; I never really wanted to get a degree]</i>	Select many	79.0%
Q13 Please provide more details	Text	79.3%
Q14 In leaving your degree, did you ever feel that you let anyone down? <i>[Options: yes; maybe; no]</i>	Select one	94.2%
Q15 If yes, can you elaborate?	Text	65.0%
Q16 Knowing what you know now, would you still have made the decision to start your degree? <i>[Options: yes; no; unsure]</i>	Select one	91.7%
Q17 Can you go into more detail?	Text	78.7%
Q18 Also knowing what you know now, would you still have decided to leave your degree? <i>[Options: yes; no; unsure]</i>	Select one	91.5%
Q19 Can you go into more detail?	Text	73.8%
Q20 Do you think you would be in a better position now if you had finished your degree? <i>[Instruction on scale: 1= much worse; 4= about the same; 7= much better]</i>	Scale 1-7	78.4%
Q21 Before starting your degree, what kind of information would have benefited you?	Text	78.0%
Q22 Would you still have started your degree if you had more information before applying? <i>[Options: yes; no; unsure]</i>	Select one	91.9%
Q23 Do you think you will enrol in university again in the future? <i>[Options: yes; no; unsure]</i>	Select one	92.3%
Q24 Any further comments?	Text	47.1%

Continued on next page

**Table B.1** – *continued from previous page*

Question	Type	Response Rate
Q25 Would you like to answer some optional demographic questions? <i>[Options: yes; <b>no</b>, finish the survey]</i>	Select one	92.1%
Q26 What is your age?	Text	84.5%
Q27 In which country were you born?	Select one	84.2%
Q28 Did you grow up in a city or rural location? <i>[Options: city; rural]</i>	Select one	84.1%
Q29 What was your postcode growing up?	Text	78.0%
Q30 What institution did you attempt your degree?	Text	82.6%



## Appendix C: Glossary

<b>ABS</b>	Australian Bureau of Statistics
<b>ATAR</b>	Australian Tertiary Admission Rank
<b>CHESSN</b>	Commonwealth Higher Education Student Support Number
<b>Cohort</b>	Group of students starting in a year
<b>EFTSL</b>	Equivalent full-time student load
<b>FEE-HELP</b>	HELP for full-fee students
<b>Full-time study</b>	Taking three-quarters of an EFTSL or more
<b>GPA</b>	Grade point average
<b>HECS</b>	Higher Education Contribution Scheme
<b>HECS-HELP</b>	HELP for Commonwealth-supported students
<b>HELP</b>	Higher Education Loan Program
<b>IT</b>	Information technology
<b>Load</b>	Subjects taken, expressed in full-time student units
<b>LSAY</b>	Longitudinal Survey of Australian Youth
<b>Multi-modal</b>	Mixing on-campus and off-campus study
<b>Part-time</b>	Taking less than three quarters of an EFTSL
<b>PISA</b>	Programme for International Student Assessment
<b>SES</b>	Socio-economic status
<b>Student contribution</b>	The amount paid by a student in a Commonwealth-supported place
<b>Sub-bachelor</b>	Associate degree and diploma courses
<b>TAFE</b>	Technical and further education
<b>TEQSA</b>	Tertiary Education Quality and Standards Agency

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