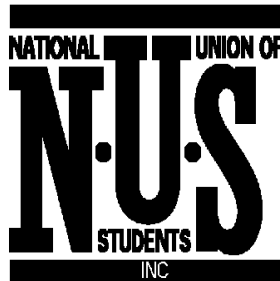


NUS Research



Submission To Department of Education

Review of the Demand Driven System

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1. The effectiveness of the implementation of the demand driven system, including policies regarding allocation of sub-bachelor and postgraduate places

In the past NUS has opposed demand driven voucher systems. Our principal objections have been due to their association with tuition fee deregulation (ie removal of caps on maximum student contribution rates), potential over-supply of graduates in popular high status courses (or low cost teaching disciplines)¹ and the possible impact on the viability of vital courses with small enrolments (ie maths).

The formal introduction of a demand driven system allocation of Commonwealth Supported Places (CSP) associated with the Bradley Review equity reforms has led NUS to evolve a more nuanced policy position. Our position on particular demand - driven funding models is primarily informed by:

- its impact on social inclusion and access, is it underpinned with effective mechanisms to increase access rates for under-represented groups?;
- its impact on the quality of the learning experiences for students;
- its impact on the financial costs (up front or deferred) faced by students;
- its impact on graduate outcomes such as employability in their chosen profession.

We will address some of these criteria more fully in the questions below but we are taking the overall perspective that the demand side experiment with undergraduate domestic students should allowed to unfold alongside the Bradley reforms for a long enough period for clearer outcomes to emerge.

The allocation of postgraduate coursework education places has been substantially deregulated since the 1990s apart from the allocation of a relatively small number of HECS-liable places through the compact process. A related policy question that arose during the Base Funding Review was whether or not HECS-liable postgraduate coursework places should be funded at the same rate as undergraduate places in the same discipline. We concurred with the Base Funding Review panel that there should no differential as it may encourage universities to shift HECS-liable places from undergraduate to postgraduate to pick up the funding differential. This would have been counter-productive to the goals associated with the expansion of undergraduates places envisioned by the Bradley review.

However, due to the pipe-line effect there does need to be an expansion of postgraduate places to meet the anticipated extra demand. We would anticipate that most universities would expand their fee paying postgraduate places to meet this demand. NUS is concerned that there is a sufficient number and spread of HECS-liable places in courses

¹ We concur that the evidence so far points in the other way to the enrolment growth under the demand driven system as coming in high teaching cost disciplines such as health, science and engineering

where the full fees are much higher than HECS (and that are not industry funded) so that there are subsidised pathways open to low SES, regional or Indigenous students who may be more debt adverse. It would be undesirable to create a new equity ceiling at the postgraduate coursework level which undermines gains at the undergraduate level. Certainly this should be monitored by the Commonwealth and university compact negotiations over these places should take this into account.

Another aspect is information for students. If we are to have a demand-driven higher education market then students need reliable information to get past perceptions of institutional prestige or slick marketing as the drivers of student choice. The MyUniversity website provides some useful information although much of the data is aggregated on a university wide rather than course level. Useful additions would be course level data on non-completion rates (as suggested by Norton²) and student survey evaluation data (as is used on the similar Unistats site in the UK³).

2. Early evidence on the extent to which the deregulation of CSPs is increasing participation and access for low SES and regional/remote students.

Selected Equity Group Share of Commencing Undergraduate Enrolments, 2001 -12⁴

	Low SES ABS Ref Figure: 25%	Regional/Remote ABS Ref Figure 32%	Indigenous ABS Ref Figure: 2.5%
2001	17.8	23.6	1.6
2002	17.8	23.3	1.5
2003	17.5	23.0	1.6
2004	17.2	22.7	1.5
2005	16.7	22.1	1.4
2006	16.8	20.7	1.4
2007	16.9	20.7	1.4
2008	17.0	20.6	1.5
2009	17.0	20.4	1.5
2010	17.7	21.0	1.5
2011	17.8	20.6	1.6
2012	18.2	20.4	1.6

² Norton A, 2013, *Keep the caps off! Student access and choice in higher education*, Grattan Institute, pg 9

³ Unistats uses the National Student Survey run by the Higher Education Council. In the survey, statements are put to students who then rate their university/college and the course they took against these, answering on a five-point scale from 'definitely disagree' to 'definitely agree'. The groups of statements cover topics such as: The teaching on my course, Assessment and feedback, Academic support, Organisation and management, Learning resources and Personal development

⁴ From Department of Education Statistics

One of the difficulties in looking at the evidence is the differing definitions of low SES with the department citing data using the postcode definition (which is also used for the 20% low SES enrolment target⁵) and also a weighted “interim measure” that uses postcode and Centre-link data. The weighted measure gives a lower but more accurate figure. For our purposes here we have stuck to the old postcode definition to have a consistent time series.

Another difficulty is when do we regard the deregulation of CSPs to have begun. Formally it started in 2012 but there was a long transition process from 2008 where universities were allowed to significantly over-enrol above target loads without penalty. According to Norton:

“From 2005 to 2007, the system of distributing student places reached its bureaucratic peak. Universities were allocated places by “funding clusters”, groups of disciplines with similar costs, as well as in total. Universities were fined for over-enrolling significantly beyond their total target number – a financial penalty for meeting student demand. This penalty was abolished for 2008 and 2009, before a phase-in to the demand-driven system over 2010 and 2011.”⁶

“As enrolment caps were eased over the 2008-11 period, many universities aggressively sought market share. By 2011, seven universities had enrolments of 20 per cent or more above their original target. Overall enrolments were 13 per cent above the original target. Enough universities were acting as if enrolment caps were off to treat this period as a preview of the demand-driven system.”⁷

We concur with the view we should look at the trends from 2008 to the latest available data from 2012. What is clear is that there has been no statistically significant improvement in Indigenous student participation rates since CSP deregulation, and it is at the same level as 2001. Indeed the level of under-representation of Indigenous peoples has increased over the period as there are now a greater percentage of Australians self-identifying as Indigenous in the ABS Census compared to 2001.

The situation for rural and remote enrolments also continues the trend of either a static or slightly weakening situation. We suspect the slight spike in commencing enrolments in 2010 was associated with the removal and eventual return of gap year workplace eligibility criteria to qualify for independent Youth Allowance.

The good news story is the recent increase in low SES enrolments that reversed a trend of worsening or static access rates from 2001-9. We argue that the prime drivers of this are the better targeted income support arrangements that came into place in 2010 and the Higher Education Participation and Partnerships Program. The deregulation of CSPs had a positive role to play in this in that universities were able to rapidly increase places to meet this extra demand from low SES students, something that may not have happened under a

⁵ Senate Budget Estimates, Education and Employment legislation Committee, 20 Nov 2013, pp 116-9

⁶ Norton A, 2013, *Keep the caps off! Student access and choice in higher education*, Grattan Institute, pp 13

⁷ Norton A, 2013, *Keep the caps off! Student access and choice in higher education*, Grattan Institute, pp 15

budget constrained post-GFC enrolment target system. This is the key to NUS's changed position on CSP deregulation.

3. The extent to which the reforms have encouraged innovation, competition, diversity and greater responsiveness to student demand including development of new modes of delivery such as online learning

Australian universities have been going through a rapid technological/pedagogical transformation from the old chalk and talk lecture/small tutorial group mode of teaching (or posting reading packs in the mail mode of distance education). Both internal and external modes now commonly incorporate digitally delivered 'blended' education to meet student expectations. Innovations Include:

- On-line i-lectures and customised learning management systems;
- Video-link ups of lectures at central campuses with satellite campuses and regional learning centres;
- Flip classrooms where students have viewed iletures before the class to open up more time for discussion;
- The 'tutor as facilitator' breaking up the now much larger tutorial classes in to smaller working groups;
- One to one skype sessions between lecturers and external students;
- On-line tutorial discussion lists (where this doesn't exist students have set up tutorial facebook pages themselves).
- The Massive Open On-line Courses are now being introduced at some Australian universities.

There are issues with how some of these innovations have been delivered on particular campuses such as are raised in the NUS Quality Survey Report 2012.⁸ There are also broader issues with student engagement with campus life and direct learning experiences, particularly where a large proportion of undergraduate university teaching has also been casualised.

It would be mistake to conflate a demand driven system as the key driver of the new teaching pedagogy with demand driven system. The drivers are student expectations that unis will be tech savvy and also that many students trying to find a time balance between the need to do paid work during semester and their study. In terms of paid work the average hours worked by full time students has increased from 14.6 hours in 2006 to 16 hours in 2012. A quarter of employed full time domestic undergraduates are working in excess of 20 hours a week (a level where student academic performance begins to get significantly impaired).⁹

⁸ NUS, Quality Survey Report 2012, prep. by Hastings G, Dec 2012

⁹ Applegate C, and Daly A, *The Impact of Paid Work on the Academic Performance of Students: a Case Study from the University of Canberra*, Discussion Paper, Centre for Labour Market Research, 2005

The deregulation of university CSP places may have had an effect where universities have rapidly expanded enrolments beyond the more modest growth in staff and infra-structure resources to deliver that education. In short we argue that deregulation may have exacerbated areas of funding crisis within universities, leading to a speeding up of the process of pedagogical change and casualisation of teaching to deal with the extra enrolment load. We await the departmental data and 2013 and the 2014 NUS Quality Survey for evidence to confirm this expected outcome.

Norton in *Keep The Caps Off*¹⁰ has argued that the deregulation of CSP places allows universities to adjust student loads more rapidly take up innovative entrepreneurial opportunities and cites the examples of Swinburne On-line's partnership with SEEK and a 70% increase in Curtin On-line enrolments since 2010. Certainly the deregulation makes it easier for universities to get large enrolments shifts past the political and bureaucratic approval processes. While not calling for a return to capped CSP places NUS would be concerned if this fast tracking leads to poor quality learning outcomes for students that could have been avoided through more rigorous approval mechanisms for new business and learning models.

4. Whether there is evidence of any potential adverse impacts on the quality of teaching and of future graduates

One of the potential impacts of deregulation on quality that has been raised is that universities have lowered ATAR scores for some courses below historic school level entry levels in order to increase enrolment loads. In the context of the Bradley reforms around improving low SES and Indigenous participation rates NUS argues that this should be seen as progressive as the structural inequalities in the school system are reflected in the ATAR scores¹¹ as well as capacity to succeed at university. As one example NUS notes that in comparative table the Australian Council for Educational Research constructed from recent OECD PISA results that Australia just squeaked into the quadrant of 'high quality, high equity' countries but that Tasmania and Northern Territory were in the 'low quality, low equity' quadrant (the former has a high percentage of low SES members of the population and the latter has a high percentage of low SES and Indigenous).

NUS concurs with the Grattan Institute "Mapping Higher Education" report¹² that ATAR scores have less predictive power over indicating academic success at university after first

¹⁰ Norton A, 2013, *Keep the caps off! Student access and choice in higher education*, Grattan Institute, pg 20

¹¹ Palmer N, Bexley E, and James R, *Selection and participation in higher education: University selection in support of student success and diversity of participation*, prepared for Group of 8, Centre for the Study of Higher Education, pg 14

¹² Norton A., (2013), *Mapping Australian higher education*, 2013 version, Grattan Institute

year.¹³ We also concur that a balance need to be struck between widening access while not encouraging universities to enrol students with little prospects of completion. Universities have employed a variety of strategies to enable students with lower ATARs to succeed:

- Supplementary testing and entry criteria to ATARs that take into account the student's aptitude, work experience or VET learning;
- Foundation courses;
- Universities and student organisation run academic skills, social or welfare support programs aimed at consolidating the first year student's place in university

The income support reforms arising from the Bradley Review including the Start Up Scholarships have also improved the study: paid work life balance for many students on Centre-link benefits which should flow into increased retention rates and academic success.

In short NUS views that modest falls in ATAR entry scores will not lead to a drop in academic standards or watering down the quality of university graduates so long as they backed up with appropriate alternative entry criteria and support programs.

Our main concern with quality arising from the deregulation is that the expansion of student numbers is exacerbating problems in an undergraduate teaching system that in many places is already stretched by expanding student: staff ratios, ageing facilities in non-flagship faculties, and the over-reliance on a casualised teaching staff often with no regular presence on campus outside of the lecture delivery. These pressures are not new and have been building for a couple of decades (ie inadequate indexation of university operating grants between 1995 and 2011, marginally funded over-enrolments prior to 2005, etc.)

Since 2010 NUS has been conducting bi-ennial on-line quality surveys drawing on the learning experiences of thousands of internal mode and external/mixed mode undergraduate students. 6,755 students from 38 universities took part in the 2012 surveys.

The key findings from 2012 were as follows:

Internal Mode Students

Class Size

45% of students reported that some or all of their lectures and tutorial rooms were overcrowded, ie not enough seats.

53.7% of students reported that their tutorial classes typically had more the 20 students.

¹³ See for example Palmer N, Bexley E, and James R, *Selection and participation in higher education: University selection in support of student success and diversity of participation*, prepared for Group of 8, Centre for the Study of Higher Education

14.9% of students said that students in their course watched their lecture via a video link to another lecture room as the first was over-crowded.

Facility Quality

30% of students indicated that they had major issues with lecture theatres or tutorial rooms. This result was the same as the 2010 survey.

19.8% of students who did a course involving laboratory, studio or work experience placements indicated that they had major issues with the quality of the facilities or placement.

Teaching Availability, Assessment and Feedback

13.4% of students regularly had their lectures or tutorials delivered by video link from another campus

Only 33.2% received helpful and timely assessment feedback for all of their subjects. 9.1% of students indicated that they had not received this for any of their subjects.

On-Line Flexibility

27.1% of students had all their lectures recorded for on-line viewing. 16.4% had no recorded lectures.

81.5% of students had on-line tutorial groups or discussion boards for at least some subjects.

87.6% of students indicated that their on-line course materials and readers were up to date.

Academic Challenge

82.4% of students said that they are academically challenged by the material covered in their course.

Course and Support Resources

66.9% of students indicated that there were not enough copies of course textbooks in the library so that students have a realistic option not to have to purchase them.

20.4% of students indicated that they need to go to another university for resources.

45% of students said they paid additional course material fees on top of HECS or tuition fees.

Student use of various campus services: Equity (10.2%), Disability (10.1%), Careers (25.6%), Academic Rights (10.6%), Welfare (12.5%) and Study Skills (27.9%). In 2012 there was a disturbing 43% fall in the use of equity services compared to the 2010 survey.

Campus Life

53.1% of students were a member of a club or society, 34.9% had voted in a student representative election and 26.7% had taken part in a student representative campaign.

External/Mixed Mode Students

Tutorial Size and Participation

64.3% of students said their course had on-line tutorial groups or discussion lists

Only 37.5% of applicable students had tutorial groups above 20 students. This compares to 53.7% for internal mode students.

Teaching Availability, Assessment and Feedback

79.3% of students indicated that teaching staff are regularly available for one on one additional consultation or advice (ie via e-mail).

52% of students receive some lectures or tutorials by video link, however, 45% of these students reported audio and/or video problems with the link.

33.2% of students did not receive helpful and timely feedback from teaching staff about submitted work.

On-line Flexibility

49.5% of student reported that their on-line lectures are up to date and of good quality

93.2% of students had access to current, relevant data-bases and journals on-line.

Academic Challenge

85% of students said that they are academically challenged by the material covered in their course.

Course and Support Resources

71.3% of students indicated that the loan arrangements with the library are adequate and prompt enough so that students have realistic access to resources beyond the on-line resources

37.5% of students said they paid additional course material fees on top of HECS or tuition fees.

Student use of various campus services: Equity (11.4 %), Disability (6.9%), Careers (22.7%), Academic Rights (11.4%), Welfare (14.2%) and Study Skills (32.2%). These are comparable or higher than internal students except for disability.

Interaction with Campus Life

75.7% of students have received material from their campus student organisation, 25.5% had voted in a student representative election and 20.2% had taken part in a student representative campaign.

Mixed Mode Only

33.1% of mixed mode students reported having major issues with their lecture theatres and/or tutorial rooms. This is comparable to the figure for internal students (30.8%).

14% of mixed mode students who did laboratory/studio/work experience practicums indicated that they had major issues with these facilities or placements. This is lower than figure for internal students (19.8%).

Overall Satisfaction – All Students

Students were asked to rate their satisfaction with their degree so far taking into account the costs and time involved. 67.6% of students rated their experience as 'outstanding' or 'good'. If we include the students who rated the experience as average the figure rises to 88.7%.

83.5% of students also indicated that they would recommend their course and university to a friend.

Despite the widespread criticisms raised by students concerning teaching levels, infrastructure, assessment feedback, library support and student support services the overall student satisfaction with course experience levels remain high and are comparable to the findings of the nearest comparable national survey, the Australian Graduate Survey Course Experience Questionnaire (CEQ). In the CEQ recent graduates are asked whether they agreed with the statement: *"Overall I was satisfied with the quality of this course."* The 2011 CEQ survey results indicated that 93.7% did not disagree with that statement.

The review will recommend possible areas for improvement to ensure that the system better meets its objectives, is efficient, is fiscally sustainable, and supports innovation and competition in education delivery.

Many of our members have expressed concerns that final part of the terms of reference referring to “fiscal sustainability” opens the door to HECS fee deregulation (removal of maximum student contribution rates or making them much higher). NUS’s opposition to HECS fee deregulation and our equity concerns over study debt aversion should be well known to the review panel.

We are taking the view that such a major change to the funding structure of higher education lies outside of the ambit of this review and that if a government was considering going down this path that a separate review would be called.

One possible alternative option that has been raised to address the rising costs to the government associated with the demand driven allocation of CSP places is a model where an CSP funding limit is placed on universities but the universities are free to allocate places and Commonwealth funding per student as they see fit within this funding envelope. We concur with Innovative Research Universities Executive Director’s Connor King’s concerns that such an alternative model would diminish transparency over the allocation of teaching resources within universities and provide incentives in universities to maintain high enrolments in courses where there is a low Commonwealth subsidy and a high percentage of student contribution.¹⁴

¹⁴ Innovative Research Universities, “A system of uncapped places”, 11 Nov 2013, IRU website