

An Avoidable Catastrophe:

Pandemic Job Losses in Higher Education and their Consequences

By Eliza Littleton and Jim Stanford, September 2021*

Australia's higher education system was hit harder by the COVID-19 pandemic and resulting recession than any other industry in Australia's economy. Public health measures and the closure of Australia's borders to international students created a financial and operational catastrophe for Australia's universities. The Commonwealth government made matters worse by arbitrarily excluding universities from the JobKeeper wage subsidy program (originally budgeted at \$130 billion, and meant to support 6 million jobs through the initial lockdowns). Universities were left on their own to deal with collapsing revenues, operational challenges (like online learning), and health restrictions. Academics, researchers, support staff and students have all suffered immensely from this painful but avoidable crisis.

This fact sheet reviews latest available data on the scale and distribution of job losses experienced in Australian universities. **Main findings include:**

- So far in 2021, tertiary education lost 40,000 jobs (almost one job in five). Universities suffered more job loss over the last 12 months than any other non-agriculture sector in the economy.
- Most of those jobs (about 35,000) were lost from public universities. More jobs were lost in TAFEs and other public vocational education institutions.
- Job losses are getting worse, not better. And they now mostly affect permanent and full-time positions (unlike the initial lockdowns, when casual workers suffered the largest job losses). The pandemic is thus reinforcing the perverse trend of casualisation in universities.
- Women have experienced disproportionate job cuts – more than their share of total employment.
- Reduced staffing and increased casualisation will hurt the quality of education, and undermine the ability of Australian universities to support national economic recovery.
- The Commonwealth government could prevent these job losses by providing \$3.75 billion in additional funding to universities per year until normal teaching and international education can resume.

A Growing Toll

The COVID pandemic hit Australia just weeks after the start of the 2020 academic year. It took some time for universities to respond to these dramatic developments and subsequent government policy decisions. The closure of Australia's borders had a huge impact on international student fees (which accounted for \$14 billion per year in tertiary sector revenue before the pandemic). Other challenges, such as adapting to online learning, also imposed a heavy financial toll on universities and their staff.

Before COVID-19, employment in tertiary education had been growing strongly: by about 10% per year on average from 2015 through 2020. Universities did not substantially reduce employment during the initial lockdowns – due to contractual commitments for the academic year, uncertainty about how long the crisis would last, and hope that government aid would be forthcoming. Soon, however, thousands of casual employees began to lose their jobs.

By the time the 2021 academic year began, however, job cuts were being experienced in full force. Academic employment shows strong seasonal patterns, so it is best

to measure job changes on a year-over-year basis. During the 12 months to May 2021 (latest data available), total tertiary education employment fell by almost 40,000 positions (see Table 1). Over 90% of those positions were full-time. That toll was worse, by far, than any other non-agricultural sector in Australia's entire economy. These heavy job losses occurred even as Australia's economy was rebuilding strongly after the initial lockdowns: in the same period, the national labour market created almost 1 million jobs (over 400,000 of them full-time).

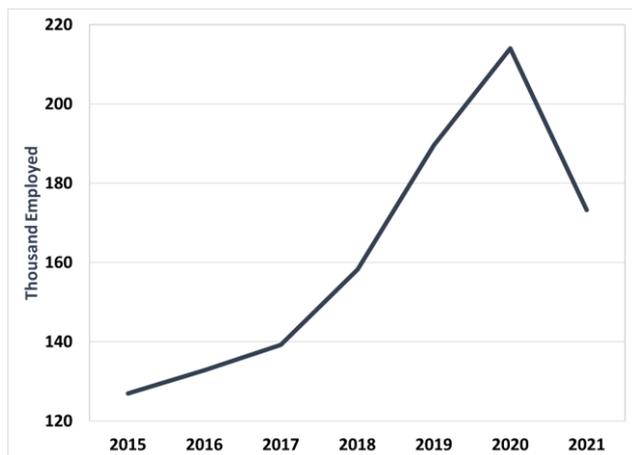
Table 1
Job Losses by Sub-Industry
May 2020 to May 2021

Sector	Total Jobs Lost (000)	Full-Time Jobs Lost (000)
Tertiary education	-39.2	-36.6
Building construction	-30.9	-24.2
Residential care	-25.7	-6.7
Electricity supply	-19.9	-18.3
Broadcasting	-18.3	-15.3

Source: Centre for Future Work calculations from ABS Labour Force, Detailed.

Like other sectors, tertiary education reflects a mixture of public and private (for-profit) operation. Public tertiary institutions account for about three-quarters of total employment. Private vocational colleges, and a handful of private universities, make up the rest of tertiary education. Unfortunately, 100% of total tertiary job losses so far this year have occurred in public institutions. Employment in public tertiary institutions during the first half of 2021 has fallen 41,000 positions below year-earlier levels (Figure 1).

Figure 1: Public Tertiary Education Employment



Source: Centre for Future Work calculations from unpublished ABS data; first-half-year averages.

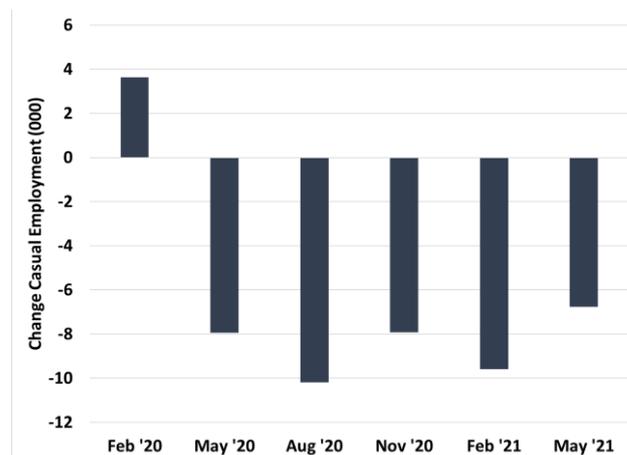
Within the public tertiary sector, universities account for about 80% of total employment (with TAFEs and other public vocational institutes accounting for the remainder; data from 2016 census). No current data is available regarding the split of job losses between universities and TAFEs. But based on that pre-pandemic distribution of employment, it is safe to assume that around 35,000 jobs (and possibly more) have been lost in universities in the past year. Unfortunately, this trend looks likely to continue through the 2021 academic year and beyond, as international student arrivals and enrolments continue to plunge and the Commonwealth government refuses to make funding commitments to support universities through the crisis.

Pandemic Produces More Casualisation

Australian universities have been experiencing an epidemic of casual employment for years, including overuse of sessional instructors and other casual positions. Casual employment denies basic job security and entitlements to workers, and allows employers to shed staff quickly and costlessly when they desire. This ‘design function’ of casual employment was obvious when the pandemic hit: casual staff were discarded by universities within months of the onset of the pandemic. By the May

quarter of 2020, nearly 8000 casual jobs had already been shed from tertiary education. The loss of casual jobs accelerated, reaching 10,000 positions (relative to year-earlier levels) by late 2020. It has abated somewhat more recently, during the 2021 academic year proceeds: universities are now re-hiring some casual staff, even as permanent jobs are cut.

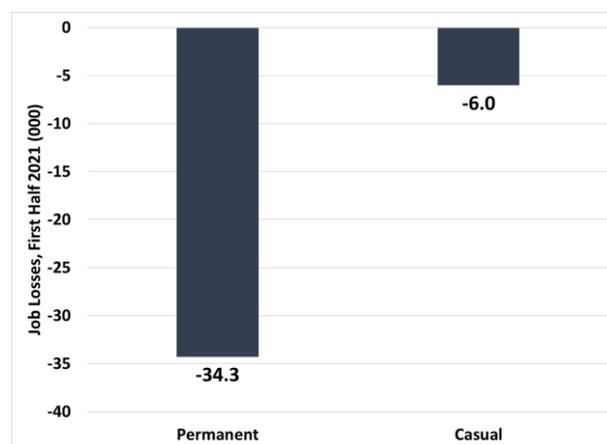
Figure 2: Casual Job Losses



Source: Centre for Future Work from ABS unpublished data. Compares quarterly data to corresponding 2019 quarter; public tertiary education.

In 2021, however, permanent staff are facing the main job losses. Having had time to adjust staff plans in light of the pandemic and the loss of international students, university administrations began to attack permanent positions with a vengeance. Year-over-year permanent employment (defined as positions with normal paid leave entitlements) in public tertiary education declined by over 34,000 jobs in the first half of 2021 (relative to year-earlier levels; Figure 3). That represents 84% of job losses experienced by the whole sector this year. And by the May quarter, as universities increased their casual hiring, permanent jobs represented *all* of the net job loss compared to year-earlier levels.

Figure 3: Casual and Permanent Job Losses



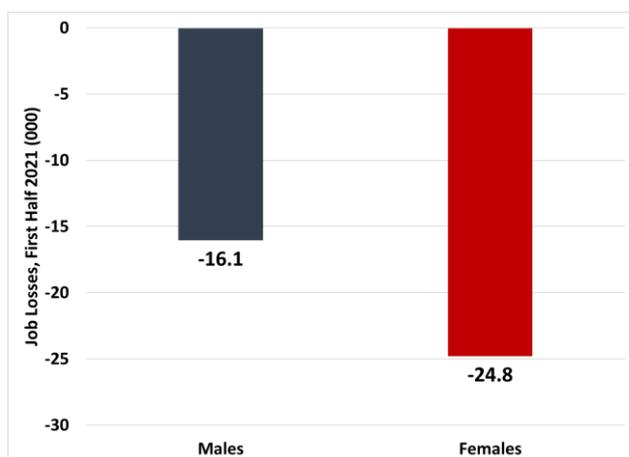
Source: Centre for Future Work from ABS unpublished data; first-half 2021 relative to year-earlier levels, public tertiary education.

The continuing loss of permanent positions, combined with some gradual recovery in casual hiring, is thus causing a resurgence in the overall incidence of casualisation in Australian universities. Across the whole sector, casual staff accounted for 22.4% of total employment in the May quarter of 2021. That was up by half from temporarily reduced casual employment rates recorded earlier in the pandemic (as thousands of casual staff were displaced, but before permanent job losses began to accumulate). Without urgent measures to limit casual hiring (including sessional instructors and other casual teaching staff), and protect permanent employment, the scourge of casualisation in Australian universities will clearly get worse in coming years.

Differential Gender Impacts

Employment in public tertiary education is relatively feminised. Over the 5 years before the pandemic, women held 58% of all jobs in the sector. Employment in tertiary education (like other public services) is an important source of good, relatively well-paid jobs for women that helps to offset overall gender inequality in Australia’s labour market. The loss of employment in universities, therefore, is especially painful for women’s economic situation: both because women make up most of the higher education workforce, and because those jobs are especially important to women’s overall economic well-being.

Figure 4: Job Losses by Gender



Source: Centre for Future Work from unpublished ABS data; first-half 2021 compared to year-earlier levels; public tertiary education.

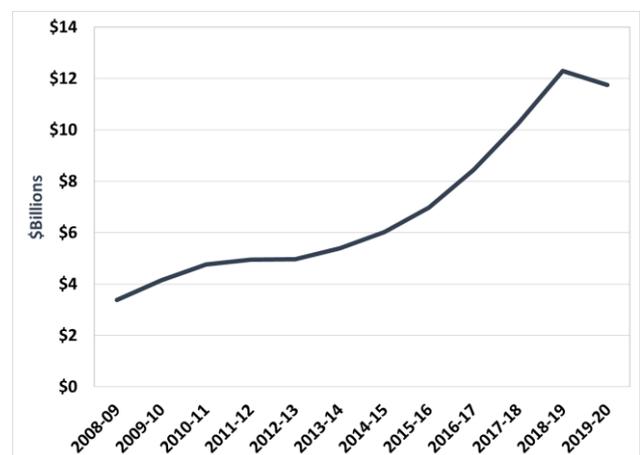
Of the 41,000 jobs lost from public tertiary education in the first half of 2021 (compared to year-earlier levels), some 25,000 were incurred by women employees. That represents 61% of job losses in the year – slightly higher than women’s proportion of total employment in the pre-pandemic period. Thus in both absolute and relative terms, women have borne a disproportionate share of total job losses.

However, this is not the whole story. During 2020, when the sector was still growing (relative to year-earlier levels), job growth was weaker for women (10%) than for men (12%). This reflects women’s greater concentration in casual positions (which began to decline sooner in the pandemic than permanent roles), and the intense challenges faced by women to combine paid work with family and caring responsibilities (especially given disruptions in schools and early child education services during the lockdowns). Both during and after the pandemic, therefore, women experienced a larger share of the impacts of university job cuts. And women’s greater precarity of employment in the first place (disproportionately concentrated in casual positions), and generally heightened economic insecurity, make these gender dimensions of higher education job cuts especially painful.

The Crisis in University Funding

The decision by the Commonwealth government to close national borders as the pandemic developed reflected public health considerations, and was made to protect the well-being of all Australians. However, the costs of that policy decision were not shared equally. Australia’s universities have come to be heavily reliant on premium fees paid by international students to fund core operations, staffing, and facilities. By 2019-2020, international student fees accounted for over \$12 billion in fee revenue for Australian universities – almost quadrupling over the previous decade. The vocational education sector received another \$2 billion per year in international student fees. In addition to tuition and other fees, international students also made an important contribution to the national economy through their personal spending (over \$20 billion per year).

Figure 5: International Fee Revenue



Source: Centre for Future Work from ABS International Trade, Supplementary Information.

International fees thus represented as much as one-third of the total revenue base of the university sector.¹ We can debate the costs and benefits of orienting an essential public service so heavily around a single, unstable revenue source. But that was the reality of university funding when the pandemic hit. The policy decision by the Commonwealth government to close borders (however appropriate) thus fundamentally and immediately disrupted the financial foundation of higher education. The government now has a corresponding responsibility to ensure this vital sector survives the resulting chaos. In that regard, the Commonwealth government failed.

The Commonwealth could make amends for this failure to support universities through the pandemic by now stepping up with extraordinary crisis supports to allow universities to retain staff and adapt to the loss of international student revenue. We estimate the support needed to forestall existing and future staff cuts as follows. Average total labour costs in public universities in Australia in 2020 were about \$105,000 per position.² Adjusted for inflation since then, the sector would now require about \$3.75 billion per year to restore the estimated 35,000 jobs lost from public universities in 2021.

This may seem expensive, but relative to the scale of support given to other sectors in the economy – and relative to the revenue losses experienced from the Commonwealth’s decision to close borders – it is modest and appropriate. The Commonwealth government’s most recent budget tagged total expenses associated with fighting the pandemic at \$311 billion.³ This \$3.75 billion in support for university employment thus represents just 1.2% of the total cost of the government’s COVID response. Universities were arbitrarily excluded from the massive JobKeeper wage subsidy: budgeted at \$130 billion, later estimated to cost ‘only’ \$70 billion.⁴ Universities could have been included within that program while still keeping it well under budget. Finally, \$3.75 billion in annual support for sustained university employment represents less than one-third

of the international fees sacrificed as a result of the decision to close Australia’s borders. That decision was important and appropriate – but it is unreasonable to expect universities to single-handedly bear its cost.

Implications for Quality of Education

The Commonwealth Government’s *Bradley Review of Higher Education* in 2008 found that rising student-staff ratios were jeopardising the quality of teaching and the learning support provided to students.⁵ The recent financial crisis and resulting pressure on universities to cut and casualise staff will certainly exacerbate this trend.

With increasing demand for university education, including during the pandemic (as displaced workers returned to university in hopes of preparing for post-COVID career adjustments), universities clearly need more resources and staff – not less. So the 35,000 job losses will inevitably increase class sizes and negatively affect the quality of education. This has implications for students and teachers alike.

- Smaller class sizes have been found to improve higher level thinking, student motivation and satisfaction with their educational experience.
- Large classes are particularly detrimental to learning outcomes for disadvantaged students.⁶

The degradation of education quality in large classes reflects in part the additional strain placed on teachers to manage more diverse cohorts and additional work. Academics and tutors are burdened with heavier marking loads, and interpersonal and applied skills are more difficult to incorporate into learning activities and assessments in large classes.⁷ All this has negative implications for the wellbeing of staff, compounded by increasing job insecurity. A recent OECD report also warns that increased casualisation of university staff and accompanying precarity is associated with lower incomes and greater job dissatisfaction, further detracting from the quality of education.⁸

* This research was commissioned by the National Tertiary Education Union.

¹ Universities Australia reports total university revenue of \$33.2 billion in 2018, in which case international fees (as reported above from ABS data) would represent over one-third of total revenue; see Universities Australia, *2020 Higher Education Facts and Figures (October 2020)*. However, that same Universities Australia source reports lower international fee revenue (\$8.8 billion in 2018), representing just 26% of total revenue.

² Derived from the Australian Charities and Non-profit Commission’s Annual Information Statement for public universities in 2020. This figure includes the cost of salaries, superannuation and pension contributions, payroll tax, worker’s

compensation, long service and annual leave, and termination benefits; weighted average.

³ See Paul Karp, “The 2021 federal budget reveals huge \$311bn cost of Covid,” *The Guardian*, 11 May, 2021.

⁴ The Treasury (2021) *Opening statement – Economics Legislation Committee*.

⁵ Denise Bradley et al. (2008) *Review of Australian Higher Education, Final Report*, <https://apo.org.au/node/15776>.

⁶ Gael McDonald (2013) “Does size matter? The impact of student-staff ratios,” *Journal of Higher Education Policy and Management*.

⁷ Ibid.

⁸ OECD (2020) *Resourcing Higher Education: Challenges, Choices and Consequences*, <https://doi.org/10.1787/735e1f44-en>