Independent colleges ‘outperform university subcontractors’

Australia’s private colleges are lumbered with loan fee despite doing better than university partners

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Australia’s independent higher education colleges, whose students incur a 25 per cent fee on their tuition loans, outperform universities’ partner colleges where students do not wear this cost.

New research into colleges’ success in educating “equity” groups – such as indigenous Australians, people with disabilities and those from socio-economically disadvantaged neighbourhoods – has highlighted the unfairness of the fee, which applies to students at independent and foreign colleges but not local universities.

Students taught by organisations that subcontract for universities also avoid the fee.

The report explores non-university providers’ performance in admitting equity students and shepherding them through courses. While some of this information was already available in aggregated form, the researchers obtained customised data to explore equity outcomes in more detail, including at some individual institutions.

On average, independent colleges enrol and retain low socio-economic status students at roughly the same rates as universities’ “third-party” partners. But their success rates – the proportion of subjects passed – are about 10 percentage points higher.

Independent colleges also outscore public universities in the government’s student experience survey. Students rate them higher on teaching quality, learner engagement, student support and skills development, although universities are deemed to have better learning resources.

Simon Finn, chief executive of Independent Higher Education Australia, said that the loan fee should be abolished. “Our concern is that governments think that the value of student debt on a loan book is more important than equitable treatment of students,” he said.

The study was led by researchers at Melbourne’s La Trobe University. First author Matt Brett, now with Deakin University, cautioned against reading too much into the average findings given the “huge variation” in the performance of independent colleges.
Data on third-party provision were patchy and difficult to access, he added. “It’s likely that we just haven’t been able to pick up some, which might skew the results,” he said.

Nevertheless, some independent colleges achieved success rates considerably higher than many public universities, let alone their third-party providers. Co-author Naomi Tootell said that the best-performing independents were “all very focused on students”.

“We theorised that they had enough enrolments to have some sense of economies of scale but were still small enough to create a sense of belonging within their student groups and teaching staff,” she said.

Mr Brett said the report offered a “starting point” for policymakers to assess whether the loan fee was justified, and for high-performing colleges to argue why their students should be exempt. “What’s been sorely lacking in these debates is hard evidence,” he said.

The Education Department said that it did not collect data about universities’ third-party arrangements. It said funded institutions rather than subcontracted providers were accountable for the delivery of courses.

The government recently abolished the loan fee for private university students, in a political deal to secure the passage of legislation.

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