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Deregulation has its risks despite greater mobility

- ANDREW HARVEY
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Students at Bankstown TAFE in NSW. Deregulation could increase student mobility between institutions.

EDUCATIONAL mobility in Australia is low. Over half of postgraduates are studying at their original undergraduate institution. Tertiary admissions centres still end at state boundaries. Most institutions assume their commencing students will be their completing graduates and most students study at the university nearest their home postcode. Even PhD students have been described as a stay-at-home cohort.

Deregulation could increase upward mobility — even if just by lowering the bar.

The government projects that more students will begin their higher education at a cheaper TAFE or a private provider, yet it is assumed most will want to graduate from a university. Stature follows nomenclature.

Universities would be able to charge more than other higher education providers partly because they are called universities. Irrespective of quality, titles carry symbolic value in the workforce. And following deregulation, we could expect to see a good many cash-conscious students complete a cheaper diploma or associate degree before seeking transfer into the second or third year of a university degree.

More students may also transfer between universities to upgrade their status. About 7 per cent of students already change institutions after their first year. This number could grow if students have ability and ambition but lack the affluence to study a full degree at a prestigious university. The lower-status universities could see their second-year student numbers take a dive as transfer applications rise.

Finally, mobility may increase within universities. There would not be a simple divide between regional and metropolitan universities. At the extremes, urban institutions have affluent student catchments and would be able to charge higher prices than their rural counterparts. Yet most universities are multi-campus, and cover catchments of very different wealth levels.

Universities already change their course entry standards by campus. The same course is usually easier to access at a regional campus. To study commerce at Deakin University requires an ATAR of 76 in Melbourne, but only 59 at the Warrnambool campus.

Tertiary cut-off ranks reflect market reality. Year 12 achievement levels are typically lower in the regions, but so are incomes.

Could institutions change their course costs by campus as well? International students already pay more than domestic students for the same course. Online students often pay the same fee as campus-based students without access to the same support services. Variable campus fees could reverse the urban drift, but this would involve an indirect regional subsidy. Regional students could receive the same teaching and service level for a lower price than urban students in the same course.

By contrast, universities that maintain cost parity across their campuses risk pricing regional students out of the market. It is hard to set a single price when you have different student cohorts across campuses.

One response might be to follow the US route and adopt an advertised sticker price for courses that very few students actually pay. More than two-thirds of students at Harvard and at the University of California receive some form of discounted tuition. Sliding fee scales could become a reality here, assisted by large commonwealth scholarship funds. How transparent would such a fee structure be for students?

Rising student mobility would create winners and losers. Institutions would need to build better entry and exit pathways, dissuading students from leaving but welcoming their return. Recruitment would become a longer process. From sub-degree level, institutions would need to convince students to arrive, to stay and to graduate.

Articulation agreements between universities and non-university providers would become critical and contested. Mergers would be likely.

The transferability of credit would become a major issue for students, institutions and employers. Mobility also has its own hierarchy. Well-informed students would navigate deregulation well. They would know when and where to move to obtain the best graduate outcome for the lowest overall cost. Affluent students could relocate easily, gather MOOC badges, apply for scholarships — and access league tables.

Other students may be trapped by geography, money or inability to access the right information. The market alone would not increase their opportunity. Disadvantaged students rely on clear pathways, transparent fees, accessible information and financial support to study and relocate. Deregulation would without a doubt raise mobility but pose a risk to both institutions and individuals.

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