Gains from giving opportunity to disadvantaged students are now at risk.

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The federal election was significant for higher education. Labor’s $9 billion pledge to restore demand-driven funding would have enabled universities to enrol unlimited student numbers in most courses.

By contrast, the returned Coalition government is keeping a cap on the number of funded undergraduate places. Additional university funding will be limited to population growth and tied to new performance metrics.

For student equity, the new policy settings threaten to reduce the dramatic gains of the past decade.
The cap on funded places was introduced last year, and already has led to an overall decline in regional student numbers and a dramatic reduction of growth for other equity groups.

If the caps stay on, strengthening student equity will require a coherent regional strategy, an expansion of sub-degree places and enshrining the higher education partnerships and participation program (HEPPP) in legislation.

To understand the state of student equity in Australian higher education, it is worth revisiting two changes introduced after the Bradley review in 2008. The first was an increase in the availability of places through the introduction of the demand-driven system of student funding. The second was the creation of the HEPPP scheme, which provides funding to universities to raise aspiration, achievement and support of students from disadvantaged backgrounds.

Assessing the individual impact of these two policies is difficult because they were introduced at the same time, but together they broke a decade-long stagnancy in equity participation rates.

The demand-driven system removed supply-side constraints while HEPPP worked to stimulate the demand side.

Between 2008 and 2017, the growth rate for commencing students with a disability was more than three times higher than the growth for domestic commencements overall; for indigenous students it was more than twice as large; for students from low socio-economic backgrounds it was more than 1½ times as large.

Last year, the government suspended the demand-driven system and recapped undergraduate places to reduce the expansion of public expenditure. The impact on student growth and equity was immediate. Recently released half-year statistics reveal a clear slowing in the growth of overall student enrolments last year, with the sector growing by only 0.1 of a percentage point, or roughly 900 students, in a sector of more than a million. This is well down from the average growth rate of 3.6 per cent between 2009 and last year.

Enrolment growth for students from equity cohorts also declined when the caps returned. The growth in indigenous enrolments was down 55 per cent from the average growth rate across the past nine years and the growth in low socio-economic students was down 83 per cent from the average across the same period. The results for regional students are of particular concern. There were 2000 fewer regional students enrolled in the first half of last year than in the first half of 2017. This trend presumably is informing the government’s review into regional student participation and its specific funding to some regional universities and campuses.
Introducing performance-based funding presents a further risk to equity. Such a policy would reward universities for their outcomes on student retention, completions, and graduate employment metrics. The intention is laudable but our previous research shows that isolating the “value add” of a university is extremely difficult. Where outputs often reflect inputs, some universities may simply restrict the admission of some students rather than improve the quality of teaching. Policy will need to consider the context of each university if performance is to be distinguished from mere outputs.

Other proposed initiatives will be important to student equity. The government funds several thousand enabling programs that prepare students for university study. These programs are typically open access, enrol large numbers of equity students and lead to better undergraduate outcomes than most comparable pathways.

Existing government reviews provide an opportunity to expand such sub-degree places and to enshrine enabling programs within the Australian Qualifications Framework.

Regional policy is also critical. Most previous regional initiatives have focused on supply, such as funding to particular campuses or to develop new regional hubs. The primary problem in the regions, though, remains low demand.

Regional school achievement levels are declining and this decline is then reflected in university aspiration and participation.

One effective way to raise regional demand is to increase university outreach activities to schools. The best way to achieve this would be to increase HEPPP funding to 4 per cent of Commonwealth Grant Scheme funding, as envisioned by the Bradley review. HEPPP also could be enshrined in legislation to enable planning.

Gains in student equity during the past decade have increased national productivity and social cohesion. With expenditure constrained, the government will need to ensure that student equity remains central to higher education policy.

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