Higher Education Student Fees in Australia, compared with England: from private trouble to public issue and back again

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Overview

- 1. From public issues to private troubles
- 2. Comparisons: Australian and England
- 3. Impact on participation

1. From public issues to private troubles - Australian HE

A potted history of equity and fees in Australian HE

- 1974: Whitlam Govt free higher education
- Late 1980s: expansion of HE system (new unis); introduction of HECS (Dawkins reforms)
 - "students typically came from positions of socioeconomic advantage and receive considerable economic benefits from being graduates" (Bruce Chapman 1996: 43)
- Mid-1990s: differentiated rates of HECS (by area of study) introduced
- 2005: HECS rebranded as HELP
- 2009: equity targets; aspiration expansion
- 2012: 'demand driven system' in full effect
- 2014: deregulation of student fees proposed
- 2015 -> continuing efforts to recoup costs amid fears of HECS debt blow out

HE as a public good

albeit framed within an economic agenda

... in the past, the benefits of higher education have been enjoyed disproportionately by the more privileged members of our community. Those benefits need to be shared more widely and more equitably in the future ... The Government is committed to improving access to and success in the higher education system. This goal is critical to our ability to realise the potential of all Australians and to produce the highest quality graduates. (Dawkins 1988: 6, 20)

The larger and more diverse is the pool from which we draw our skilled work force, the greater is our capacity to take advantage of opportunities as they emerge. The current barriers to the participation of financially and other disadvantaged groups limit our capacity to develop the highest skilled workforce possible and are a source of economic inefficiency ... [Higher education] promotes greater understanding of culture, often at odds with majority attitudes and, in doing so, supports the development of a more just and tolerant society. (Dawkins 1988: 7)

HECS

- Higher Education Contribution Scheme (1989)
- Income Contingents Loans for undergraduate (and some postgraduate) courses
- Other loans for VET programs and PG
- Differential rates charged according to field of study (from mid-1990s) – based on future earnings

[HECS in addition to means-tested allowance]

HECS repayment thresholds

	Min Repay	ment threshold	Top bracket		
	\$ AUD	repayment rate (%)	\$ AUD	repayment rate (%)	
2012-13	\$49,096	4.0%	\$91,178	8.0%	
2013-14	\$51,309	4.0%	\$95,288	8.0%	
2014-15	\$53,345	4.0%	\$99,070	8.0%	
2015-16	\$54,126	4.0%	\$100,520	8.0%	
2016-17	\$54,869	4.0%	\$101,900	8.0%	
2017-18	\$55,874	4.0%	\$103,766	8.0%	
2018-19	\$42,000	1.0%	\$119,882	10.0%	

https://www.ato.gov.au/Rates/HELP,-TSL-and-SFSS-repayment-thresholds-and-rates/ https://www.education.gov.au/improving-sustainability-higher-education

From 1 July 2019, the indexation of Higher Education Loan Program (HELP) repayment thresholds, currently linked to Average Weekly Earnings (AWE), will be changed to align to the Consumer Price Index (CPI).

https://www.education.gov.au/improving-sustainability-higher-education

From HECS to HELP

- HECS = Higher Education Contribution Scheme [applies primarily to UG university fees]
- HELP = Higher Education Loan Program (c. 2005) [overarching scheme includes HECS]

Funding rates for Commonwealth Supported Places (CSP), 2014 Australian dollars (\$A)

Funding Cluster	Discipline	Commonwe ath	Stud	lent	Total
1	Law, accounting, administration, economics, commerce	\$1,990	\$10,085	83.5%	\$12,075
2	Humanities	\$5,530	\$6,044	52.2%	\$11,574
3	Mathematics, statistics, built environment, computing, other health	\$9,782	\$8,613	46.8%	\$18,395
3	Behavioural sciences, social studies	\$9,782	\$6,044	38.2%	\$15,826
4	Education	\$10,178	\$6,044	37.3%	\$16,222
5	Clinical psychology, foreign languages, visual and performing arts	\$12,031	\$6,044	33.4%	\$18,075
5	Allied health	\$12,031	\$8,613	41.7%	\$20,644
6	Nursing	\$13,432	\$6,044	31.0%	\$19,476
7	Engineering, science, surveying	\$17,104	\$8,613	33.5%	\$25,717
8	Dentistry, medicine, veterinary medicine	\$21,707	\$10,085	31.7%	\$31,792
8	Agriculture	\$21,707	\$8,613	28.4%	\$30,320

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Funding rates for Commonwealth Supported Places (CSP), 2014 GBP equivalent (£)

Funding Cluster	Discipline	Commonwe ath	Student		Total
1	Law, accounting, administration, economics, commerce	£1,184	£6,001	83.5%	£7,185
2	Humanities	£3,290	£3,596	52.2%	£6,887
3	Mathematics, statistics, built environment, computing, other health	£5,820	£5,125	46.8%	£10,945
3	Behavioural sciences, social studies	£5,820	£3,596	38.2%	£9,416
4	Education	£6,056	£3,596	37.3%	£9,652
5	Clinical psychology, foreign languages, visual and performing arts	£7,158	£3,596	33.4%	£10,755
5	Allied health	£7,158	£5,125	41.7%	£12,283
6	Nursing	£7,992	£3,596	31.0%	£11,588
7	Engineering, science, surveying	£10,177	£5,125	33.5%	£15,302
8	Dentistry, medicine, veterinary medicine	£12,916	£6,001	31.7%	£18,916
8	Agriculture	£12,916	£5,125	28.4%	£18,040

*1 AUD = 0.595 GBP, as at 12 July 2017

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Measures to recoup more HELP debt and sooner

- 2017: reducing repayment threshold; increasing repayment rate in top bracket
- Removal of discount for up-front voluntary payments cut (from 5%-10% and previously up to 25%) (2013-14)
- Start Up Scholarships converted to income contingent loans (2013-14)
- Measures to recover debt from Australians living overseas 'including through the use of data matching with international agencies to identify debtors working overseas, registration of debtors who do not register voluntarily and financial penalties for non-compliance' (PBO 2016: 17)
- Increased interest rates "From 1 July 2019, the indexation of Higher Education Loan Program (HELP) repayment thresholds, currently linked to Average Weekly Earnings (AWE), will be changed to align to the Consumer Price Index (CPI)"
- From 2018, enabling courses will attract a student contribution payment (deferrable, income contingent repayments) in place of government 'loading' – \$3271 per EFTSL <u>https://www.education.gov.au/more-choices-students</u> -
 - cf Harvey "a national survey of more than 2500 enabling students found that almost two-thirds said that free or low-cost pathways strongly influenced their decision to enrol." Hare 2017

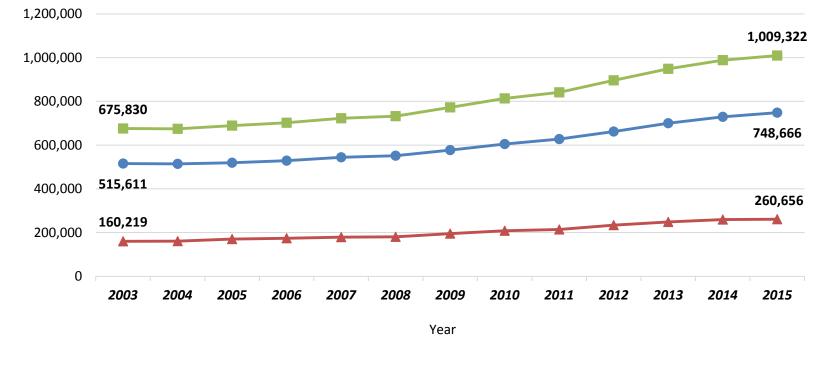
Focus on individual benefits of HE

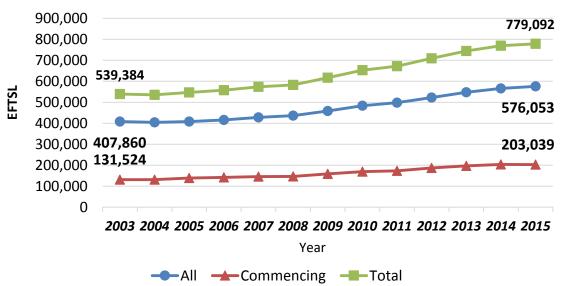
- Increased future earning rhetoric if you earn more from your degree, you should pay more for your degree
- At the same time the focus is on the cost to the country (Howard Govt and subsequent Lib / Nat Governments) – PBO report on spiralling costs of HECS-HELP
- "The higher education sector will be more sustainable through changes to the sharing of costs between taxpayers and students, improvements to the Higher Education Loan Program" https://www.education.gov.au/improving-sustainability-higher-education
- "For government-subsidised places HECS secures a contribution from students, as direct users and beneficiaries, towards the costs of tuition." (Nelson 2002: 6)
- "University education remains financially attractive. Graduate starting salaries, expressed relative to Average Weekly Earnings, have been increasing and graduate unemployment rates are low. Graduates command a significant wage premium in the labour market." (Nelson 2002: 14)
- "Through higher education, Australians can also fulfil their personal, social and economic potential. Recent data show that average gross lifetime earnings for university graduates are over \$600,000 more for men and \$400,000 more for women by comparison with non-graduate counterparts. The median starting salary for graduates is \$35,000, approximately 85 per cent of average weekly earnings." (Nelson 2003: 8)

- "When the great majority or the only benefits of higher education are defined as private economic enrichment, the rationale for public good activity vanishes, along with the public funding that supports it (except in basic research). Practice then follows ideology. Higher education institutions held in the public mind to be factories for producing private status goods and private knowledge goods come to focus largely on those functions alone". (Marginson 2011: 414)
- "... public good ties universities into a larger process of democratisation and human development" (418)

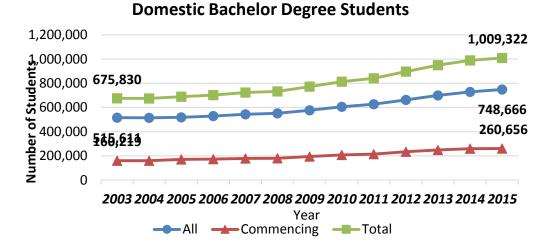
Domestic Bachelor Degree Students

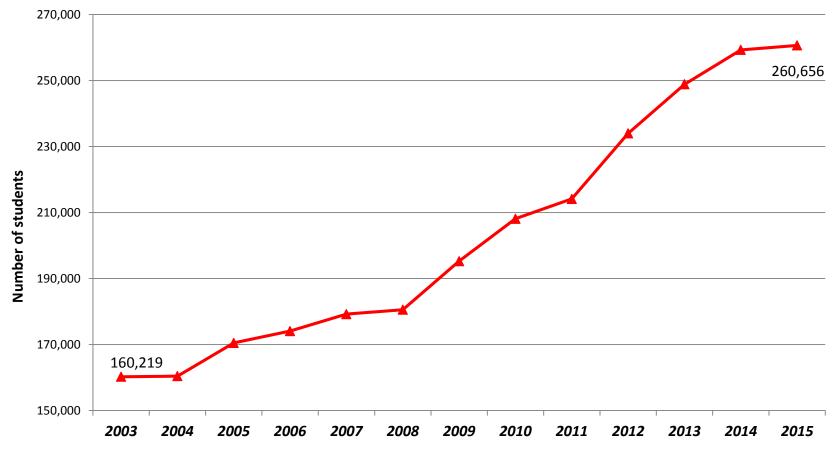
Number of Students





Domestic Bachelor Degree Student Load (EFTSL)

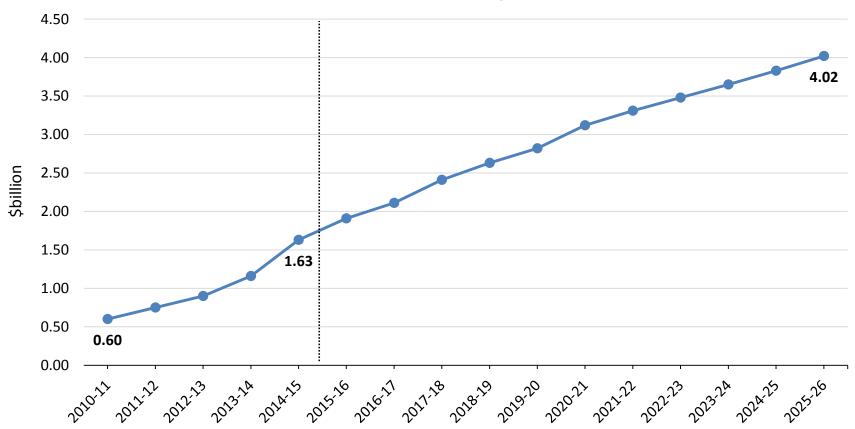




Commencing domestic bachelor degree students

Note: Bachelor degrees only; not all UG

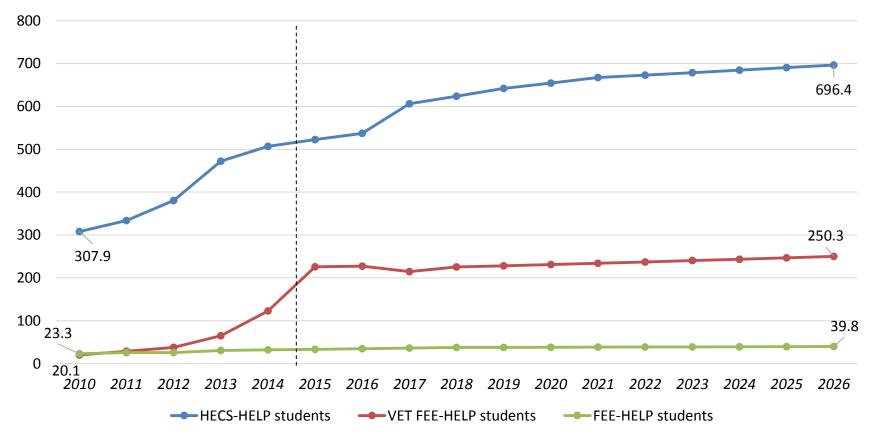
"Doubtful debt costs are estimated to be 19.0 per cent of new loans issued in 2015-16" Australian Parliamentary Budget Office 2016: 7



Doubtful HELP [mostly HECS] Debt Cost (\$Billion)

Source: Australian Parliamentary Budget Office 2016

FTE, HECS-HELP students (x 1000)



Australian Parliamentary Budget Office 2016: 3

2. Comparisons with England

Tuition & Maintenance Loans, England

	2016-17	2017-18							
Tuition Fee Loans									
Full-time	Up to £9,000	Up to £9,250							
Full-time at a private university or college	Up to £6,000	Up to £6,165							
Maintenance Loans [nb: in Australia, this is an allowance or a grant]									
Living at home	Up to £6,904	Up to £7,097							
Living away from home, outside London	Up to £8,200	Up to £8,430							
Living away from home, in London	Up to £10,702	Up to £11,002							
UK course studying abroad	Up to £9,391	Up to £9,564							

https://www.gov.uk/student-finance/new-fulltime-students

Facts and figures on tuition fees and student finance

For students starting their studies in the academic year 2016-17:

- the maximum annual tuition fee (chargeable with an access agreement) is £9,000 for full-time courses and £6,750 for part-time courses
- the basic annual fee (i.e. the maximum chargeable without an access agreement) is £6,000 for full-time courses and £4,500 for part-time courses
- the average full-time fee will be £8,781, which will reduce to £8,744 after fee waivers
- 139 universities or colleges (76 per cent of those with access agreements) plan to charge a maximum fee of £9,000 for at least one of their courses
- 47 universities or colleges (26 per cent of those with access agreements) plan to charge £9,000 for all their courses
- students with a household income of up to £25,000 are eligible for the full maintenance loan

Please note that there are different figures for part-time students, <u>'continuing' students</u> and for students on sandwich work placements or study years abroad. There are also different fee caps for old-system students. For more about this, see our tables showing <u>Fee and bursary limits (including exceptions) and state support thresholds</u>.

There is a breakdown of fees by university/college in OFFA publication 2015/06, <u>Access agreements for</u> 2016-17: key statistics and analysis.



https://www.offa.org.uk/press/quick-facts/

Youth Allowance & Austudy, Australia

Youth Allowance	At home	Independent					
18 to 24 and studying full time	Up to \$288.10 per fortnight	Up to \$437.50 per fortnight					
22 or over and start studying a full time course which will last at least 12 months	Up to \$353.50 per fortnight	Up to \$531.60 per fortnight					
Austudy	Single, no children	Single, with children					
25 or over and studying full time (approved course) and under assets test limit	Up to \$437.50 per fortnight	Up to \$573.30 per fortnight					
Examples only not an exhaustive list							

Examples only, not an exhaustive list

NB: Youth Allowance overlaps with 'income support' payments for young people looking for work; several different rates depending on specific circumstances of the person https://www.humanservices.gov.au/customer/enablers/payment-rates-youth-allowance

https://www.humanservices.gov.au/customer/services/centrelink/austudy

• Over the past 20 years, various reforms have fundamentally shifted the government financing of HE in England away from grants towards loans. The 2012 reform combined a large increase in tuition fees (funded through income-contingent loans) with a large cut in teaching grants, while in 2016 all maintenance grants were scrapped and replaced with slightly larger loans. Consequently, the long-run taxpayer cost of HE finance is now heavily contingent on the repayment of these loans. (Belfield et al. 2017: 7)

 Previous IFS research has evaluated the 2012 reform, finding that it increased overall graduate contributions considerably but actually reduced lifetime repayments for those in the bottom third of the graduate lifetime earnings distribution. The reform also significantly increased the level of resources available for universities, while leading to a small reduction in the expected long-run government contribution to higher education. (Belfield et al. 2017: 5)

The cost (tuition fee) of an UG education degree, England & Wales

		NSS 2017*		_	Cost per
University	TEF	Rank	Overall Satisfaction*	Name of course	year (FT)
Birmingham City University	Silver	31**	83.0%	Primary Education with QTS - BA (Hons)	£9,000
University of Chester	Silver	42	81.8%	Primary Education (5-11) with QTSBA (Hons)	£9,250
University of Greenwich	Silver	2	98.0%	Early Years, BA Hons	£9,250
University of Huddersfield	Gold	24	88.2%	TESOL and Education BA(Hons)	£9,250
University of Hull	Silver	51	53.7%	Early Childhood Studies BA (Hons)	£9,250
Liverpool John Moores University	Silver	20**	89.0%	BA (Hons) Education Studies and Early Years	£9,250
Manchester Metropolitan University	Silver	39	83.0%	BA (Hons) Primary Education with QTS	£9,250
Middlesex University	Silver	1	100.0%	Early Childhood Studies BA Honours	£9,250
Nottingham Trent University	Gold	4**	98.0%	BA (Hons) Early Years and Special & Inclusive Education	£9,250
Sheffield Hallam University	Silver	29	85.9%	BA (Honours) Early Years and Primary Education (3-7) with QTS	£9,250
University of West of England, Bristol	Silver	6	94.6%	BSc(Hons) Mathematics with Qualified Teacher Status	£9,250
University of Wales Trinity Saint David	Bronze	11	91.7%	BA Education Studies: Primary	£9,000

*In subject area 'Initial Teacher Education' **2016 data

NB: Costs vary by institution

The cost (tuition fee) of an UG (including education) degree, Australia

Student contribution band	2016 Student contribution range (EFTSL)	2017 Student contribution range (EFTSL)
Band 1: Humanities, behavioural science, social studies, education (see Notes), clinical psychology, foreign languages, visual and performing arts, nursing (see Notes)	\$0 – \$6,256 £0 – £3,724*	\$0 – \$6,349 £0 – £3,779
Band 2: Computing, built environment, other health, allied health, engineering, surveying, agriculture, mathematics, statistics, science	\$0 - \$8,917 £0 – £5,307	\$0 - \$9,050 £0 – £5,386
Band 3: Law, dentistry, medicine, veterinary science, accounting, administration, economics, commerce	\$0 - \$10,440 £0 – £6,213	\$0 - \$10,596 £0 – £6,306

NOTES: For students who commenced their course of study before 1 January 2010, the maximum annual student contribution amount that may be charged for Education and Nursing units is **\$5,081**. Students who started their course of study on or after 1 January 2010 are subject to the maximum student contribution amount specified in the above table

*1 AUD = 0.595 GBP, as at 12 July 2017

NB: Costs vary by discipline

Unintended consequences

- In Australia, student loans regarded as debt when applying for finance
- Using maintenance loans for other purposes (anecdotal)
- Taking 'gap year' to qualify for Independent Youth Allowance
- 'Danger' of the wealthy paying fees up front (or paying loans off sooner) and not accruing interest payable to government (Belfield et al. 2017)
 - (the fiscal sustainability of the system is predicated on students accruing debt that is paid off gradually, but not too slowly)

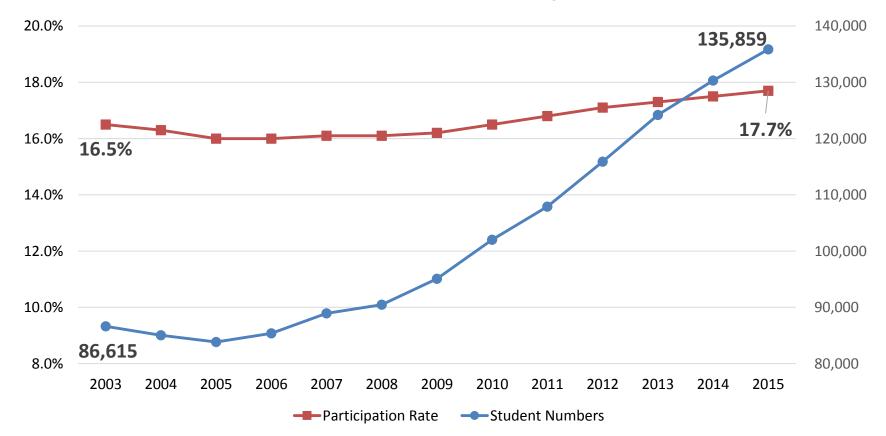
Towards fee deregulation by institution

- "Education Minister Simon Birmingham has confirmed that the federal government will fee deregulation plan, with the reforms placed on hold until after the next federal election. "It has been decided that any future reforms, should they be legislated, would not commence until 2017 at the earliest. (see hVps://www.gooduniversitiesguide.com.au/education----blogs/education---news/university---fee--- deregulation---reforms---put---on---hold)
- "In last year's budget [2016], the government officially killed off full fee deregulation but released an opinions paper including a proposal for universities to set their own fees for courses in which up to 20 per cent of their students were enrolled. (see hVp://www.smh.com.au/federal---politics/political--news/deregulation---death---knell---turnbull---government---kills---off---plan---for---high---fee---flagship---courses--- 20170407---gvfwfe.html)

3. Impact on participation

Effect of student fees on participation in Australia

- No appreciable effect so far
- "HECS is broadly equitable, but it still deters some groups from accessing university." Harvey in Hare 2017
- "University participation of disadvantaged students has not worsened after previous increases to fees, but neither has it improved much," Harvey in Hare 2017
- Static participation rates (excludes the bottom 10%)



Low SES (bottom 25%) Domestic Undergraduate, Australia

SEIFA 2011 methodology, except 2003-2011 data which are SEIFA 2006 methodology Source: Australian Department of Education, Selected Higher Education Statistics, various years

Low SES are concentrated in certain institution types

Low SES Domestic Undergraduate, Selected Institutions

	2009	2010	2011	2012	2013	2014	2015
Macquarie University	6.2%	6.6%	7.0%	7.2%	7.7%	8.0%	8.6%
Western Sydney University	22.8%	23.5%	23.7%	24.3%	24.9%	24.9%	25.4%
The University of Melbourne	7.5%	7.7%	8.5%	8.4%	8.9%	8.7%	8.8%
Victoria University	21.4%	21.3%	21.6%	19.3%	19.8%	20.3%	20.7%
Central Queensland University	47.0%	47.1%	46.0%	53.0%	51.1%	50.3%	50.1%
The Australian National University	4.1%	4.4%	4.4%	4.1%	3.9%	3.9%	4.1%
Sector	16.2%	16.5%	16.8%	17.1%	17.3%	17.5%	17.7%

SEIFA 2011 methodology, except 2009-2011 data which are SEIFA 2006 methodology Source: Australian Department of Education, Selected Higher Education Statistics, various years

And in certain disciplines

Table 4.15: Proportion of highest preference applications by SES and field of education

Field of Education 2012	Low SES %	High SES %
Natural and Physical Sciences	7.8	9.0
Information Technology	2.8	2.2
Engineering	6.8	5.9
Architecture and Building	2.7	4.0
Health	26.6	22.6
Medical Studies	2.6	6.0
Dental Studies	1.2	1.7
Veterinary Studies	0.8	0.9
Nursing	11.1	4.8
Education	12.0	5.0
Management and Commerce	11.7	14.7
Society and Culture	19.6	22.1
Creative Arts	7.7	11.5
Source: DIISTRE 2012: 33		

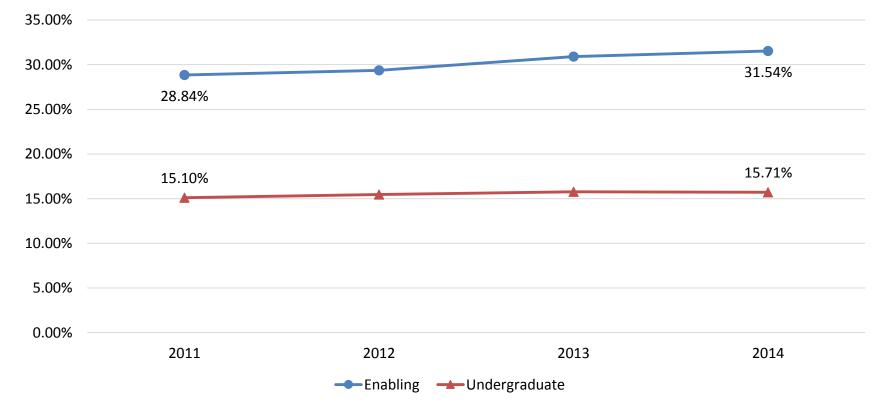
Enabling programs

- "This is important because most university data examines socioeconomic status only by quartiles. When we look more closely at deciles, we can see very clearly the people for whom income-contingent loans are a barrier to university," Dr Harvey said. In the lowest socioeconomic decile, fewer than 10 per cent of people hold a degree, compared with 58 per cent of those in the highest decile. Similarly, only 9 per cent of 18 to 19-year-olds in the lowest socioeconomic decile were participating in higher education in 2011, compared with an average of 28 per cent across all deciles, and 55 per cent within the highest decile.
- From 2018, enabling courses will attract a student contribution payment (deferrable, income contingent) in place of government 'loading' \$3271 per EFTSL

https://www.education.gov.au/more-choices-students -

- cf Harvey "a national survey of more than 2500 enabling students found that almost two-thirds said that free or low-cost pathways strongly influenced their decision to enrol." Hare 2017
- "It is only enabling programs that are truly widening access." Dr Harvey said about 30 per cent of students in some enabling programs were from the lowest socioeconomic decile.

Low SES* (lowest 25%) participation rates, domestic enabling and undergraduate programmes



*low SES for undergraduate calculated by 'SA1 measure'

Source: Pitman et al. 2016; Department of Education & Training HE Stats

In England

- Some effect on overall enrolments in wake of fee hikes, but bounces back
- "Tuition fees were introduced in 1998, and increased in 2006 and again in 2012. This has increased overall funding, but teaching grants have declined. Maintenance grants have also been scrapped. Consequently, 96% of up-front government support is now in the form of loans." (Belfield et al. 2017: 2)
- "Students now graduate with average debts of £50,000 and even more for the poorest students:
 - "The combination of high fees and large maintenance loans contributes to English graduates having the highest student debts in the developed world. The 2015 policy that replaced maintenance grants with loans means students from the poorest backgrounds will accrue debts of £57,000 (including interest) from a three-year degree. Their 'cash in pockets' has been protected, but now it is almost entirely in loans rather than free cash." (Belfield et al. 2017: 2)

• ... the fees hike is having a serious and damaging impact on second chance students, those that didn't go to university after school but have seen the prospect of mature studies as an opportunity to improve their education and career prospects some years later. ... If we are truly concerned about widening participation, it is vital that universities and ministers look behind these figures and identify the extent to which the higher fees are acting as a deterrent for mature students. There is a real economic and social imperative to do so. (Hutton 2013, in Olssen 2017: 56)

"The figures show a marked impact from the introduction of the new fee regime in 2012, with a decline in English applications for that year of nearly 9%, but, since that time, the application numbers in England have bounced back quite strongly ..."

Domicile	2010	2011	2011 v 2010	2012	2012 v 2010	2013	2013 v 2010	2014	2014 v 2010	2015	2015 v 2010
England	444,610	449,590	1.1%	405,110	-8.9%	413,810	-6.9%	428,260	-3.7%	431,700	-2.9%
Scotland	40,980	41,790	2.0%	40,980	0.0%	41,310	0.8%	42,460	3.6%	42,910	4.7%
Wales	22,200	22,670	2.1%	22,140	-0.3%	21,450	-3.4%	22,060	-0.6%	22,070	-0.6%
Northern Ireland	18,940	19,640	3.7%	18,800	-0.7%	19,960	5.4%	19,930	5.2%	20,440	7.9%
UK total	526,730	533,690	1.3%	487,030	-7.5%	496,530	-5.7%	512,710	-2.7%	520,880	-1.1%

Table 1: Total number of applicants to March deadline, by country of domicile⁸

Independent Commission on Fees 2011: 8

acceptances

Table 3: Total number of acceptances, and the entry rates of 18 years olds, to the end-of-cycle by country of domicile¹⁰

	2010	2011	2012	2013	2014	2014 v. 2010
England						
Total acceptances	359,005	367,150	342,755	367,900	382,515	6.6%
18 y/o entry rate	27.4%	29.4%	28.7%	30.3%	30.4%	N/A
Scotland	1					
Total acceptances	32,250	30,800	30,900	31,495	30,315	(6.0)%
18 y/o entry rate	24%	22.9%	23.8%	24.2%	23.3%	N/A
Wales						
Total acceptances	18,670	18,325	19,305	19,665	20,165	8.0%
18 y/o entry rate	24.8%	24.9%	26.2%	26.6%	27.1%	N/A
Northern Ireland	1			[
Total acceptances	13,505	13,790	13,285	14,555	14,455	7.0%
18 y/o entry rate	33.7%	34.1%	33.7%	36.2%	34.8%	N/A

Independent Commission on Fees 2011: 9

enrolments

Enrolments

Table 4: Number of first year undergraduates enrolled on HE courses (including part-time and full-time courses), by country of domicile¹¹

	2011/12	2012/13	2013/14	(2011/12 v. 2013/14)
England	577,265	452,255	463,890	(19.6)%
Scotland	53,760	53,685	52,610	(2.1)%
Wales	39,750	39,575	37,320	(6.1)%
Northern Ireland	21,690	20,930	21,175	(2.4)%
Total (UK)	692,465	566,445	574,905	(17)%
 Foundation degrees 	36,225*	23,540	22,345	(38)%
Other non-first degree	182,835*	127,870	114,695	(37)%
First degree	463,882*	416,315	439,110	(5)%

Independent Commission on Fees 2011: 10

Entry rates for disadvantaged and advantaged students

Table 6: Entry rates of English 18 year olds to end of cycle for those in the highest and lowest POLAR2 quintiles¹⁴

	2010	2011	2012	2013	2014
Highest participation (Q5)	44.4%	47.7%	45.5%	46.7%	45.9%
Lowest participation (Q1)	13.9%	15.1%	15.5%	16.9%	18.2%
Q5:Q1 ratio	3.2	3.2	2.9	2.8	2.5