

UNSW Submission – New Managed Growth Funding and Needs Based Funding

UNSW welcomes the opportunity to provide a response to the Department of Education's (DoE) Accord implementation consultation papers on *New Managed Growth Funding* and *Needs-Based Funding*.

Recommendations

The Department of Education should consider the following:

Managed Growth Targets (MGTs)

- UNSW recommends that the government establish the Australian Tertiary Education Commission (ATEC) as a priority and then undertake the complex policy work needed to design and deliver Managed Growth and Needs-Based Funding through that expert body.
- UNSW supports using MGTs for allocating CSP places, provided that these MGTs:
 - Are set to achieve the target of 80% tertiary attainment of working age people in Australia by 2050 and allow universities to grow to meet this target;
 - Are set as a rolling average over a minimum three-year period to even out peaks and troughs in student enrolments;
 - Include a 2-4% buffer either side of the MGT to allow universities to proceed with their usual admissions process and cater for changes in student study load and choice;
 - Radically simplify the approach to equity student growth and remove the many barriers currently proposed. Enable equity students that meet admission criteria to study at a university of their choice instead of being allocated to a university via catchment areas through a departmental reallocation process that might remove student agency and create a two-tier student system; and
 - Include a permanent funding floor to allow universities to accommodate changes in student demand between disciplines and programs.

Needs-Based Funding

- UNSW recommends that the DoE re-evaluates the new Needs-Based Funding arrangements within three years of implementation as opposed to the proposed five years.
- UNSW recommends having an outcome-based framework for funding accountability and to give universities the autonomy to decide how to best support their equity cohorts.
- UNSW also recommends giving universities autonomy to decide if and how to collaborate with First Nations-led organisations to support First Nations students.

About UNSW

UNSW is ranked in the world's top 20 universities¹ with more than 70,000 students, including over 4,200 higher degree research candidates². UNSW is a world-leading research and teaching-intensive university, known for innovative, pioneering research and high-quality education with a longstanding global impact. Since our foundation in 1949 and through celebrating our 75th anniversary year, our aim has been to improve and transform all lives through excellence in research, outstanding learning and teaching experiences, and a commitment to advancing Australia's economic growth and prosperity.

*UNSW's Widening Participation Strategy 2030*³ outlines our vision to achieve 25% of commencing domestic undergraduate students to be from a low SES background or a socio-educationally disadvantaged school, and for these students to achieve the same success and employability outcomes as the average UNSW student. Noting that success is as critical as access, UNSW is particularly proud to have the sector's highest success rate for low SES students for the last ten years running. Core to this strategy is to undertake educational outreach programs that work to develop students' learner identity and confidence to successfully transition from high school to university. This helps to build aspiration and comfort, thus increasing the pool of people who may wish to go to university. UNSW prioritises effective financial, academic and social support and inclusive teaching and learning practices that maximise positive student participation, retention and success.

Accord implementation

The Accord contains reforms that support the important role of education and research in Australia. How these reforms are funded is critical, particularly as the higher education sector needs a more sustainable funding approach to meet the targets set out in the *Universities Accord Final Report (Accord)*. This becomes even more important if international student numbers are capped, given the likely impact on revenues. The long-term diminution of funding per student has heightened the challenges universities face. The new Managed Growth and Needs-Based Funding offer a chance to sustainably fund university education should the right parameters be applied.

New Managed Growth Funding

Managed growth funding is intended to increase enrolments by allocating Commonwealth Supported Places (CSPs). UNSW supports this intent, provided Managed Growth Targets (MGTs) are set to achieve 80% tertiary attainment of working age people in Australia by 2050 and allow universities to grow to meet this target. Should MGTs be set too low, they will have an overall chilling effect on university admissions. To be effective, MGTs must provide students with meaningful choice regarding the degree and university they attend, and support universities to play to their unique strengths.

It is critical that Managed Growth funding works in concert with the other proposed Accord reforms. UNSW recommends that the government establish the ATEC as a priority and then undertake the complex policy work needed to design and deliver Managed Growth and Needs-Based Funding through that expert body. By establishing ATEC first, this would also allow for the findings of the comprehensive review into Australia's R&D system to be considered when designing the future funding architecture for universities in Australia.

¹ UNSW (2024) 'UNSW Sydney retains Top 20 position in QS World University Rankings': www.unsw.edu.au/newsroom/news/2024/06/UNSW-Sydney-retains-Top-20-position-in-QS-World-University-Rankings

² UNSW (2024) UNSW 2023 Annual Report: www.unsw.edu.au/content/dam/pdfs/news/annual-reports/UNSW%20Annual%20Report%202023_V22.pdf

³ See www.unsw.edu.au/content/dam/pdfs/edi/2024-04-unsw-widening-participation-strategy-2030.pdf

System-wide pool

UNSW supports using a system-wide pool of CSPs to encourage the long-term growth in enrolments needed to meet the Accord's educational attainment targets. The institutional autonomy of universities must be strengthened through this process, supporting universities' capacity for differentiation in teaching, research and innovation more broadly.

Managed Growth Targets

University admission is complex and takes time. Students usually receive multiple offers to enrol in degrees, and they can cancel their enrolment in each unit of study without incurring tuition fees until the census date. As drafted, MGTs would require unachievable precision from universities in predicting, offering, and admitting students. To meet the growth target of one million additional students by 2050, a new university the size of UNSW would need to be established approximately every three years. To meet this target, we need to remove unnecessary barriers and encourage strong growth across the sector, including providing funding certainty for the sector into the future.

The DoE's proposed model could be improved by a relatively simple change, whereby universities have an MGT buffer of 2-4% either side of their cap. This 2-4% buffer would encourage universities to not be too conservative in issuing offers. Providing universities with the ability to take calculated risks in providing early offers is particularly important for equity students. Equity students need time to prepare to commence their degree, and early offers provide them with planning certainty during their last year of high school.

An increasing number of students are changing study load patterns throughout their degree. The equivalent full-time student load (EFTSL) target model as drafted would however penalise universities that no longer meet their MGT due to students switching between full- and part-time study, thus not supporting universities in offering students with choice and flexibility. The above mentioned MGT buffer of 2-4% would address this.

Simplicity and flexibility are important to achieve student choice and increased access, with many macro-economic drivers of student behaviour outside of the government's direct control. The current model has a provision for the DoE to move load from those with demand above their cap to under-enrolled universities. This would require complex and lengthy central government planning. Instead of using catchment areas, MGTs should respond to each university's capacity and student-led movements and be set through the mission-based compact between each university and the Commonwealth government.

In addition, to ensure ongoing education focused ratios of staffing and to provide employment certainty, adjustments to the MGT should be set as a rolling average over a minimum three-year period to even out peaks and troughs in student enrolments. Ideally, they should apply with a lag-time of up to twelve months after admission to cater for students changing degrees, study load and/or university.

Managed demand-driven funding for equity students

UNSW is of the firm view that all equity students who meet admission criteria should be able to participate in high-quality tertiary education at an institution of their choice. UNSW is strongly opposed to the current approach to remove student choice through the complex mechanism proposed, including catchment areas for equity cohorts. A system that directs equity students away from high-demand universities to low-demand universities risks further entrenching rather than overcoming structural inequities. Students may have preferenced a university outside of their catchment due to them having a support network there, or due to a particular specialisation, and they are likely to have worked hard to meet admission criteria. Through the creation of suburban and regional study hubs as

well as regional campuses, universities are already working with government to remove geographical glass-ceilings. Catchment areas is at cross purposes with this effort.

A key feature of any admissions process must be simplicity and transparency. Students, particularly from equity cohorts, need a clear pathway for university admission. To streamline their admission, UNSW recommends pre-qualification of the equity status of a prospective student at the time of application. This would enable applications, offers and acceptances for equity cohorts to be managed in the same way and at the same time as all other domestic students, giving them the best possible start at university. To better gauge low SES participation rates, the sole use of the Socio-Economic Indexes for Areas needs to be reconsidered as it under-reports disadvantage in geographies in which the most and least disadvantaged individuals live in proximity.

MGTs might inadvertently increase student competition for entry, resulting in higher ATAR cutoffs in courses and institutions where there is strong demand. This would disproportionately affect low SES students given the correlation between SES and higher ATARs. To give an example, a course may normally have an ATAR entry of 80, but the operation of the cap forces the entry rank to be raised to 85 due to supply of capped places not meeting student demand. In this scenario, a low SES student with an ATAR of 82 would not gain entry, and under the government's proposal would instead be offered an alternative course at an institution 'in their local catchment'. If, however, the government were to treat demand driven equity cohorts the same way as demand driven Indigenous cohorts, the university could accept the student into the course of their choice. The likelihood of this student taking up this offer is far greater than the student accepting an offer at a university that they have not applied for and represents their second choice.

Missing elements in the New Managed Growth Funding consultation paper are lifelong learning and postgraduate studies. There is an existing and growing equity challenge where some employers pay for their staff to undertake further education, while others do not. There also is no target for students from equity cohorts to participate in postgraduate degrees. This matters because equity cohorts are likely underrepresented in both lifelong learning and postgraduate studies, further entrenching future income gaps between students from educationally advantaged and disadvantaged backgrounds.

The proposed Managed Growth Funding model is needlessly complex and reduces choice for equity students. It will be difficult for both universities and the government to manage, and might entrench a system whereby disadvantaged students will be allocated an enrolment offer by the government to a course and institution, if their preferred provider has already met their cap. The primary goal of the Managed Growth policy should be to encourage disadvantaged students into higher education, to ensure equity students can access university places that will lead to later success, and to guarantee equity students have the same agency and choice afforded to all student cohorts.

UNSW would like to suggest two simpler options to drive growth in equity enrolments that cater for student choice and increased access:

Option 1

- Provide universities with an equity student enrolment target.
- Enable some over or under enrolment, using a +/- 2% target buffer as outlined above.
- If an institution regularly and significantly exceeds its target, apply a hard cap in future years.

Option 2

- The overall enrolment/participation target is set system-wide.
- Enable student-led demand-driven funding for equity cohorts with the same settings as Indigenous student demand-driven funding.

Option 2 is our preferred option – if the government was worried about too many equity students enrolling as part of a demand-driven system, they could allocate out MGTs of 1% less than the system-wide target to institutions to cater for this risk.

The purpose of the funding floor is to provide universities with funding certainty during the transition period. While the proposed funding floor caters for under-enrolment, UNSW recommends broadening it to instances where providers may enrol to their MGT in EFTSL terms but receive less revenue due to student demand shifts to lower revenue programs creating a funding shortfall. Given that the funding floor would always be less than the previous year's CGS funding, UNSW also recommends exploring if the funding floor could be kept as a permanent feature. In the event of under enrolment, a funding floor could be limited to three years at a time to ensure that universities that do not deliver their MGTs and does not restrict universities that have the capacity to grow.

Needs-Based Funding

UNSW welcomes the government's commitment to give universities the additional funding needed to support low SES students, First Nations students, and students with a disability to succeed. Through its Gateway Program, UNSW recognises that educational opportunities are heavily linked to socio-educational advantage and socio-economic status, with entrenched inequality unfairly impacting access to university and career opportunities. To better understand if the new Needs-Based Funding (NBF) has the desired effects, UNSW recommends that the DoE re-evaluates the NBF arrangements within three years of implementation as opposed to the proposed five years.

Needs-Based Funding contribution amounts

Students belonging to two or more equity groups face compounding accessibility barriers. To address this challenge and make it easy for students to access the support they need at university, contribution amounts for NBF for universities should be based on cohort size with a loading per student, in line with the consultation paper's suggestion to fund activities that support student success in the target equity cohorts as opposed to funding individualised student plans. The guiding principle for NBF could mirror the Indigenous Student Success Program (ISSP), to make funding flexible, simple to administer, and focused on improving retention and completion rates, noting that there will be differences in their eligibility criteria due to the ISSP only catering for Indigenous students.

Potential scaling and proxy for academic preparedness

Early engagement at high school, particularly early engagement in areas that have socio-educational disadvantage, is key to building students' academic capacity and increasing their access to, preparedness for and success in higher education. This engagement goes beyond fee-free preparatory courses and starts at an earlier point in time. For example, UNSW's Gateway Program is a three-year program and early admission pathway for students in Years 10, 11 and 12 who attend a Gateway school or live in a low-socioeconomic area⁴. Noting the need for early engagement, it is therefore advisable to give universities autonomy on how best to use NBF and to look at measures of success as opposed to prescribing how those funds should be used. This would enable universities to commence with student support programs before students are enrolled.

As noted in *UNSW's Widening Participation Strategy 2030*, ATAR tends to inflate the academic potential of students from higher SES backgrounds to the exclusion of students with just as much potential from less privileged backgrounds⁵. In UNSW's Gateway Program, a key indicator for academic success

⁴ See www.unsw.edu.au/study/how-to-apply/undergraduate/admission-pathways/Gateway

⁵ *UNSW's Widening Participation Strategy 2030*, p. 15

is the development of a positive learner identity, which can be learned and is not fixed. It is important to note however that equity students have multi-layered disadvantage, with their ATAR score not necessarily being indicative of the challenges they might face to achieving academic success. UNSW's education expertise⁶ is well placed to advise on students' preparedness to commence a university degree, including ensuring increased completions of degrees. Key research themes at present include achieving educational excellence with equity at scale, building education communities and realising every learner's potential.

Framework of activities

UNSW recommends having an outcomes-based framework for funding accountability. Universities should be provided with the autonomy to decide how best to invest Needs-Based Funding. Outcomes could be agreed on through the mission-based compacts via the yet to be established ATEC. Making universities accountable for equity funding and achieving agreed-on outcomes ensures programs are targeting their equity cohorts. The evaluation framework for equity funding should be aligned to the Student Equity in Higher Education Evaluation Framework (SEHEEF).

Giving universities autonomy in how they deliver student support services also gives them scope to innovate and trial new activities as opposed to following a prescribed playbook. This includes giving universities the autonomy to decide if and how they collaborate with First Nations-led organisations. UNSW, for example, already has the established Indigenous-led program Nura Gili embedded within the university ecosystem. To ensure continuous improvement, there could be bonuses for universities that exceed their agreed-on targets.

To set First Nations students up for success in their higher education journey, it is critical to create a strong connection between their community of origin and their higher education institution before they commence their studies. Expanding outreach initiatives to regional areas and integrating Indigenous knowledge and traditions within university degrees is thus paramount. UNSW's Nura Gili has developed a three-day Ngurra Orientation Program for all commencing Indigenous students and provides services that guide Indigenous students towards successful graduation, and transition into the workforce.

Improving student demographics data and recognising eligibility

Universities have invested heavily in transitioning the student data collection to the Tertiary Collection of Student Information (TCSI) platform. Through TCSI, UNSW provides close-to-real-time reporting of a wide array of student data. Wherever possible, UNSW would encourage leveraging of TCSI data so that the same information does not need to be re-reported. Enhancement of TCSI Analytics to display the equity status of students would be welcome. At present, timely analysis of data across the higher education sector is hampered by extensive delays in the publication of the Higher Education Statistics. UNSW recommends introducing one or more lifelong calculated data elements to identify the student as having fulfilled the different "equity student" criteria at some point in their student history.

One drawback of the current definition of "low SES" is that an individual student's SES status can change between national census dates from Low SES to High SES due to changes in the geographic region surrounding their home address, even if the student's personal level of disadvantage may have stayed the same or worsened. Similarly, disabilities can be either temporary or permanent, and the impact of a specific disability on a student can fluctuate over time. It is necessary to consider the frequency in which a student's disability status is evaluated and define who would be responsible to undertake this assessment.

⁶ See www.gje.unsw.edu.au/research

Conclusion

Should you wish to discuss any issue raised in this submission, please do not hesitate to contact our Director of Government Relations, Mr Robin Schuck, on 0411 124 258 or r.schuck@unsw.edu.au.