

Standing Committees on Education and Employment

QUESTION ON NOTICE Budget Estimates 2020 - 2021

Outcome: Higher Education Research and International

Department of Education, Skills and Employment Question No. SQ20-001955

Senator Louise Pratt provided in writing.

Student Places and Indexation

Question

1. The Government has announced that CGS funding will be indexed by CPI - is the CPI rate forecast to be higher or lower than the previous population-based measure over the forward estimates?
2. The initial announcement of the Job Ready Graduates package on 19 June promised 39,000 new places by 2023 and 100,000 over ten years.
 - a. Could you please provide a breakdown of how many new places will be created each calendar year (to 2023 and over 10 years)?
3. Could you please explain how these places will be allocated?
4. The Minister's Press Club speech and the "better university funding arrangements" fact sheet available on the DESE website say "university places will grow by 3.5% per year", but the Job Ready Graduates Technical Note (p.4) says the growth rate will only hit 3.5% in 2024 – it will only be 1.3% in 2021.
 - a. Which is true?
 - b. What happens after 2024? Does the growth rate continue at 3.5% each year for regional universities?
 - c. What will happen if there is insufficient demand at regional universities to meet a 3.5% growth rate in student places? Will the funding return to the Budget? Can the places be reallocated?
5. Universities will receive growth of 3.5%, 2.5% or 1% depending on their location – what will the average growth rate be across all universities for each year through to 2025?
6. What is happening to performance funding? The JRG technical note steps out a process for assessing institutional impacts of the JRG at figure 1 – where does performance funding fit in?
7. The Budget announced \$298 million over four years to fund an additional 12,000 student places in 2021 in national priority areas.
 - a. Could you explain how a "student place" is defined in this announcement?
 - b. Are the 12,000 places being funded for a number of years? If so, how many years on average? How many degrees are estimated to be completed by these places?
 - c. How has the \$298 million cost been calculated?
 - d. Could you provide a breakdown of how the funding is allocated across calendar years and many places will be available each calendar year?
8. What is the mechanism for allocating the 12,000 places? The announcement materials and media reporting say a competitive process will be run and places will be allocated "according to labour market needs" – how will this work?
 - a. Is the Minister the decision maker?
 - b. Why is the mechanism different to the method being used to allocate new places under the Government's initial Job Ready Graduates announcement?
 - c. Will any places be allocated to non-Table A providers (private providers)? If yes, how many?
 - d. Why aren't these places being funded on an ongoing basis?

9. Given that the Government has already committed transitional funding to compensate for any base-funding shortfall between 2021 and 2023, will the delivery of 12,000 extra places reduce the transitional funding provided?
10. Could you provide a breakdown of how many new Commonwealth Supported Places (not including short course places) there will be each year over the forward estimates as a combined result of the 12,000 new places and 39,000 places announced previously?
11. In his speech to the National Press Club, the Minister said “we know the Costello Baby Boom generation will begin to finish school from 2023” – will the new places fulfill the anticipated increase in demand from the “Costello baby boom”?
12. Could you provide the projected growth rate in funding for bachelor places each year to 2025, when CPI indexation, any growth in student places, and performance funding are taken into account?
13. Could you provide the committee with an estimate for each university of the expansion in the number of Commonwealth supported student places that will occur under Job-ready Graduates? I do not want you to include existing places which, due to the 2017 MYEFO decision, do not now attract CGS funding. I want to know how many extra Commonwealth supported student places will be created due to the claimed improvement associated with Job-ready Graduates.
14. Can you tell me how many Commonwealth supported places (CSPs) currently attract CGS funding? How many existing CSPs do not, but will do so under Job-ready Graduates? How many new CSPs will attract CGS funding due to Job ready Graduates? How many new CSPs will be created that do not attract CGS funding even under Job-ready Graduates? Can you do this for each calendar year? I would like it at a national level and for each university.

Answer

1. The Higher Education Continuity Guarantee ensures that universities will receive funding increases in line with pre-COVID rates of projected CPI for 2021, 2022, and 2023, which are higher than population projections.
2. Response provided in IQ20-000214.
3. Universities will be allocated additional Commonwealth Grant Scheme (CGS) funding for each funding agreement period, beginning in 2021, not a specific number of places. The funding growth factors are set out in the Job-ready Graduates technical note (www.dese.gov.au/job-ready/resources/technical-note-job-ready-graduates-package).
4. a and b.
Both are true. Funding will increase so that commencing places increase by 3.5 per cent each year.
After 2024, the growth rate continues to be 3.5 per cent per year for the regional campuses of universities.
- 4c. The Higher Education Continuity Guarantee ensures universities will receive the full value of their MBGA for the period 2021-2023. Universities can trade CSPs with other providers if they have insufficient demand and wish to do so. While the maximum basic grant amount for a university will continue to increase each year, from 2024 universities will only be provided funding for the students taught.
5. The average growth rates (excluding CPI growth indexation) across all universities are:

2021	2022	2023	2024	2025
0.7%	1.2%	1.6%	1.8%	1.8%

6. Under the JRG package, the performance-based funding profile remains the same and will be applied to the CGS funding subject to university performance.
- 7.
- A student place is defined as one equivalent full time student load (EFTSL) – a typical full time university student will consume one EFTSL per year.
 - In recognition of the likely impact on demand and by COVID-19, a single cohort of 12,000 commencing places in 2021 are funded.
 - The funding has been calculated based on the average Commonwealth contribution for one commencing cohort of 12,000 EFTSL.
 - The available funding per year is as follows:

2021	2022	2023	2024
\$ 118.0m	\$ 88.5m	\$ 66.7m	\$ 50.7m

The places available each year are as follows:

2021	2022	2023	2024
12,000	9,000	6,750	5,063

8. The national priority places will be allocated through a competitive merit-based process in 2021. Guidelines on the application process and assessment criteria are available on the department's website at www.dese.gov.au/2021-short-courses.
- Yes.
 - The National Priority Places are commencing in 2021, not ongoing, and will not be included in a provider's MBGA.
 - The National Priority Places are available to all TEQSA registered universities. The allocation will be merit based and is not subject to a notional amount being allocated to any group of providers.
 - Please response above to 7b.
9. No.
10. The number of places will depend on the mix of disciplines supplied by universities. The Commonwealth contribution for a place ranges from \$1,100 (cluster 1) to \$27,000 (cluster 4).

The current estimates for the sector are:

2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
27,000	37,000	49,000	54,000	62,000	73,000	81,000	87,000	92,000	96,000

11. See response provided in SQ20-000064.
12. The number of places will depend on the mix of disciplines supplied by universities.
13. See response to question 12.
14. Under existing arrangements, all students enrolled in CSPs (except for those in Work Experience in Industry (WEI) units) attract Commonwealth Grant Scheme funding. In the case of universities that continues to enrol students once they have reached their MBGA cap, it is not possible to identify which ones are the "overenrolled students". Over-enrolling Commonwealth supported students leads to a slight reduction of the per-student rate of CGS at an institution.