

Australian Catholic University

Feedback to the Department of Education

Needs-based Funding: Implementation Consultation Paper

August 2024

Feedback on the *Needs-based Funding: Implementation Consultation Paper*

Australian Catholic University (ACU) acknowledges the opportunity to provide feedback to the Department of Education regarding the introduction of a Needs-based Funding system for higher education teaching and learning.

ACU's feedback on the Consultation Paper supplements ACU's response to the *New Managed Growth Funding: Implementation Consultation Paper*. As articulated in that response, ACU urges the Department of Education to work in collaboration with the sector to appraise current higher education funding arrangements holistically and develop a robust new base funding system that will serve Australia's higher education needs into the future.

Implementation Issues

Overall, information is needed on how the Department's proposals and existing policy and funding mechanisms will integrate to ensure a cohesive and equitable funding environment for providers and students. Specifically, the alignment and integration of existing schemes such as the Indigenous, Regional and Low SES Attainment Fund (IRLSAF) (comprising the HEPPP, National Priorities Pool Program, Regional Partnerships Project Pool, and Regional and Enabling loadings) with the proposed Needs-based Funding and Managed Growth Funding systems remains unclear.

Eligibility for Needs-based Funding

A guiding principle for a Needs-based Funding system should be to ensure all students receive the necessary support to undertake and succeed in higher education, and that universities are adequately equipped to provide this, in line with the *Support for Students* policy.

Furthermore, any new funding system should not be unduly rigid and prescriptive, allowing providers sufficient scope to tailor student support to their particular student profile and institutional mission.

The Consultation Paper raises several issues that require further attention with respect to the scope and reach of a Needs-based Funding system.

Equity status and administration: A fundamental issue is that equity and/or disadvantaged students may not identify their equity status or disadvantage until they first need additional support, which may be post-Census date. Aside from regional and low-SES students (where postcode data can be utilised to some degree), it would be difficult for universities to ensure they comply with any requirements (if imposed) to directly target Needs-based Funding to particular equity students.

ACU suggests a Needs-based Funding system should be administered through existing mechanisms under the *Support for Students* policy. It should be clarified whether this is within the scope of the proposed reforms. At the outset, the Consultation Paper indicates: "Needs-based Funding would continue to be available to all students who may benefit from additional support to ensure their successful completion." (Consultation Paper, p. 1). However, subsequent commentary on exploring how to support students with additional learning needs suggests a narrow application of such funding:

[E]nsuring Needs-based Funding is spent effectively by providers...could include verifying that Needs-based Funding is not used by providers to deliver any good or service they are otherwise obligated to provide through existing legislation or any service that is otherwise reasonably funded through an existing support program. (Consultation Paper, p. 3)

Proposed equity categories: It is proposed Needs-based Funding would be allocated for low-SES, First Nations students, students with disability, and students studying at regional campuses. On the latter, there is no clear rationale provided on why the proposal is restricted to students at regional campuses. This is an inequitable provision which would disadvantage regional students who choose to study at a metropolitan campus or university. The proposal is also at odds with the Australian Universities Accord Panel's findings acknowledging regional students often face additional costs and barriers relocating for

higher education including broader impacts on their wellbeing which requires further examination.¹ Consideration should also be given to whether the needs of students from remote/rural and regional locations should be assessed separately, rather than as a single category.

Requirements and consultation: The framework should recognise the identified equity groups have different needs and require different supports to succeed. Direct Government engagement with students including equity groups on their support needs is essential, with the objective of ensuring the funding framework is responsive to those who require additional support. For example, the proposal to consult disability groups is sensible. It is stated:

To ensure policy design is informed by broader reform processes the Government will consult separately with the sector and disability groups to determine appropriate eligibility settings and program design for students with disability. (Consultation Paper, p. 2)

Similar work should be undertaken to consult with other groups and the sector, such as on the inclusion and classification of First in Family students, who are currently included within the scope of additional equity places funding.² The respective support needs of school-leavers and non-school leavers should also be considered.

Needs-based Funding Amounts

Needs-based Funding should be based on student numbers (headcount), rather than EFTSL, recognising that each individual may require a different level of support. For example, a part-time student (0.5 EFTSL) might require more support to succeed in their studies than a full-time (>0.75 EFTSL) student.

The funding and policy framework should consider students' individual circumstances and facilitate additional support where multiple intersecting disadvantages hinder success. Comprehensive diagnostic tools, statistical data and systems require development to support this endeavour. This work should be further informed by research to ensure the framework reflects the true impact of cumulative disadvantage on a student's ability to succeed and complete their studies. The Australian Centre for Student Equity and Success could play a role in this respect.

ACU further notes that no detail is provided on the level of funding or contribution amounts that would be made available under a Needs-based Funding system. It is crucial to ensure per student funding is sufficient to enable the delivery of quality higher education to all students. ACU urges the Department to collaborate with the sector to develop financial modelling for a new system. For example, this could consider setting funding tiers, and allocating the higher amount where an eligible student falls into more than one category of disadvantage or "need". This may simplify intersectional disadvantage allocation but should be subject to more detailed consideration and financial modelling.

Potential Scaling and Proxy for Academic Preparedness

The focus on school leavers in the Needs-based Funding proposal overlooks the success challenges faced by non-school leavers (e.g., carers, those working and studying part-time and/or online, etc.). There needs to be further consideration of how to measure non-school leavers' academic preparedness, who may not be admitted on the basis of an ATAR.

Furthermore, it should be acknowledged that the ATAR is a rank and is a blunt admission instrument particularly in the middle bands. An ATAR in many cases will also better signal equity status than an individual's capacity for higher education. Broader consideration of factors such as, for example, a student's background, educational journey, HSC/VCE/QCE etc. results (i.e., rather than ATAR), NAPLAN scores across all years, and school recommendations, would likely produce more equitable outcomes in assessing academic preparedness. It should also be acknowledged that some school leavers may have opted for non-ATAR streams in high school.

¹ Australian Universities Accord. (2023). *Australian Universities Accord: Final Report*, p. 267.

² Department of Education. (2023). *20,000 Additional Commonwealth Supported Places*.

<https://www.education.gov.au/higher-education-funding/commonwealth-grant-scheme-cgs/20000-additional-commonwealth-supported-places>

Many institutions also now offer entry via a direct pathway, particularly to those from disadvantaged backgrounds. Further consideration is required in this space, to ensure any Needs-based funding system does not disadvantage those who gain entry via a non-standard pathway. The Government might also explore using Tertiary Collection of Student Information (TCSI) data to identify student populations with high need (e.g., by location, discipline, etc.).

Framework of Activities

The Consultation Paper seeks feedback on the types of supports — direct, academic, inclusion, and indirect — that could be funded through Needs-based Funding. In general, investment in existing supports under the *Support for Students* policy mechanisms should be promoted. Furthermore, it should be acknowledged that lower success rates amongst some students (including equity students) is not necessarily related to academic preparedness. Indeed, in many cases non-academic factors may lead to higher attrition including challenges balancing work and/or family responsibilities with study; experience of insecure housing; disinterest in their course; and/or distance from campus (i.e., commute time as opposed to regionality). In some situations, it may be more effective and efficient to administer a fixed bursary to support students to continue their studies and succeed in higher education.

A range of activities should be accommodated under the framework, including facilitating:

- Free and voluntary participation in pre-access preparation activities (e.g., Tertiary Preparation Programs, ‘Get ready’ intensive courses).
- Language and communication skills (academic and general) development.
- Scaffolded curriculum and assessment.
- Counselling, social, and financial supports.

Developing an Evidence-based Framework for Needs-based Funding Activities

It is stated: “Providers would be required to invest in evidence-based academic and student support activities” (Consultation Paper, p. 2). Further detail is needed on what “evidence-based” activities would constitute in practice. In principle, any conception of “evidence-based” activities should not stifle provider innovation nor inhibit the development of bespoke student support initiatives. This would recognise that institutions are best placed to assess community needs and develop appropriate supports for their particular student cohorts. ACU notes the use of pilots with fast-fail points, such as through the National Priorities and Industry Linkage Fund, has been quite successful in enabling providers to trial new innovative programs and activities in an open and transparent manner, without potentially jeopardising existing programs, support services and funding.

Improving Data to Better Understand Student Demographics and Eligibility

Many students experience cumulative disadvantage affecting their educational participation and success, but this is poorly measured in Australia. Improving statistical data and analysis for the sector to better understand intersectionality in disadvantage amongst students, and prospective students, should be a priority.