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The education revolution after the downturn.

Professor Jack Keating, The University of Melbourne

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Impact of the downturn

Australia is one of the small number of lucky countries that appears to have suffered a moderate impact of the downturn. On the other hand the downturn has had a dramatic policy impact with the Commonwealth Government stimulus package, and education has been the major beneficiary of this investment. The investment is mainly in the form of capital works programs, especially in primary schools.

Under the mantra of the 'education revolution' there also has been some significant investments in trade training centres, literacy and numeracy programs, money for low SES schools, and other initiatives through the national partnerships. The Brady report also has provided the foundations for investments in tertiary education, including the guarantee of a place for every eligible year 12 graduates. Sets of national targets have been established for year 12 completion and participation and completions in bachelor and diploma level courses.

What's different?

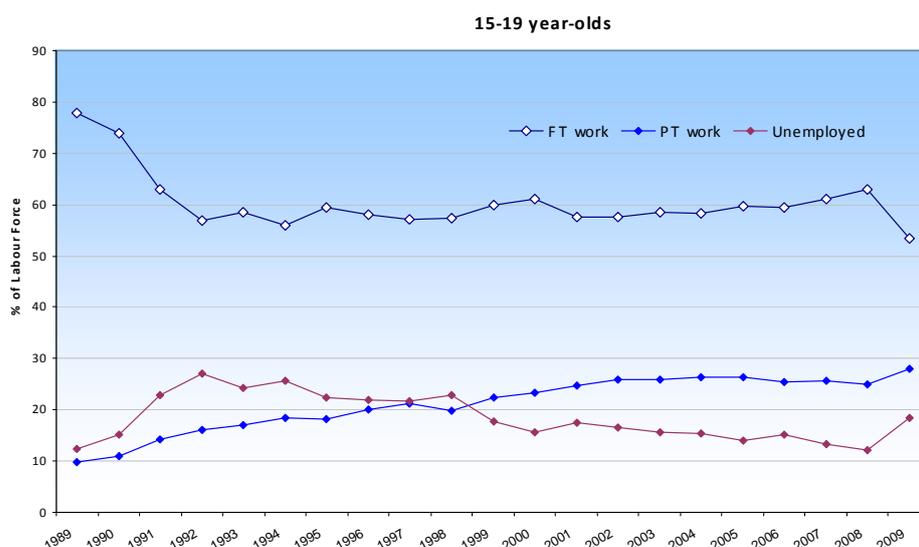
One way of considering this question is to ask what is different in education and training in Australia as a result of the downturn, and what impacts might these changes have upon education in the future. It is difficult to answer this question because an education revolution has come with a heavily populated education and training agenda. Whether this agenda constitutes an education revolution can be debated. However it has been crowded with national targets, a new set of goals on Australian schooling, a planned review of funding, national partnerships in vocational education and training in schools, educational access and equity, area based programs, youth support, etc.

The downturn will have influenced the composition of these initiatives and the national partnerships, as well as their particular designs. However, it is difficult to identify significant elements of these initiatives that derive directly from the response to the downturn. So I suggest that there are two main changes in Australian education and training that have a direct relationship with the downturn.

The first is a further decline in the full time youth and young adult labour markets. Since the late 1970s, or roughly the period of globalisation, there has been a decline in the full time labour market for teenagers. Into the 1980s this decline also began to impact upon the young adult labour market (20-24 year olds). Both declines had a heavy impact upon the female labour market. The two previous downturns – the early 1980s and the 1989-91 downturns had the impact of a radical fall in full time teenage employment and a significant fall in the young adult labour market. For the youth labour market there was little if no recovery in the number of full time jobs in the subsequent periods of economic growth. Correspondingly there was a major growth in part time labour market, especially for young adults and females.

The fall in full time teenage (see figure 1) and young adult employment this time has been more dramatic than in the past two downturns, and compare with a slight increase in the number of post 24 year old full time employment, although not in the employment rate. So this leads to the proposition that we have entered an era where the post school transition pathways to education, employment and work are moving to pathways that do not include the proposition of full time work, for the majority of school leavers. If accepted within policy domains this has major implications for education.

Figure 1: Employment and unemployment status of teenagers not in full-time education, 1989-2009



Source: FYA, 2009

The second implication is that of the roles of the two levels of government in education. There has been a steady increase in the scope and intensity of Commonwealth participation in the three sectors of education and training have increased since the Menzies Government of more than forty years ago. The downturn has coincided with the education revolution. This may have distorted the agenda of the education revolution, and may have had the impact of diverting resources into capital works. However, it has added momentum to the Commonwealth role of education, and history shows us that once the Commonwealth establishes beachheads in areas of education policy and administration, and advances from these beachheads, it never retreats. Arguably we have witnessed the most rapid advance in Australia's history. This will have major implications.

Transitions

From early 1980s Australia has had a mostly robust labour market, with the obvious exception of the major downturn of the 1990 recession. However, there have been two features of the labour market that have been weak. One is the level of and growth in part-time employment, including involuntary part-time employment. Part-time employment has been especially high in the youth and young adult labour market, and especially amongst women. Broadly, it would seem that Australia has the second highest level of part-time employment amongst OECD countries, and the highest levels of involuntary unemployment (Abhayaratna; Andrews; Hudan; Podbury, 2008) The second and overlapping feature is that there have generally been high levels of youth unemployment. The levels are not as high as they have been during the 1980s, but given Australia's strong labour market over the past 15 years the level has at best been in the middle levels of the OECD countries, and has increased significantly over the past year.

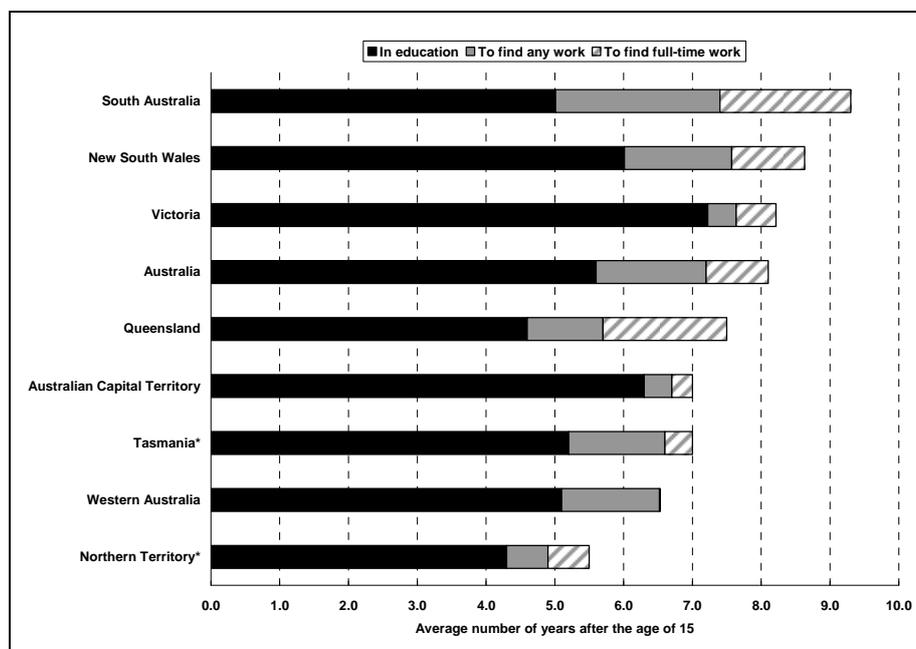
Correspondingly the levels of participation in full time education and training at the senior amongst late teenagers are low, and have not improved much over this period. School retention rates have only just reached the levels that they achieved at in 1990 recession at the end of the recession.

The issue of post school transition got lost over the 1990s. It was picked up by the states in the early part of this decade and by the Commonwealth and COAG over the past few years. We now have a bunch of targets and various state and national initiatives.

With the latest set of employment figures it is clear that we are facing a new context where the option of full time work does not exist for most young people before their early to mid 20s, and will be very difficult for those without a post school qualification.

The extent of the situation is shown by the chart below. It shows that it is not until the age of 24 that half of the age cohort has gained full time work and that the length of the transition process from the end of compulsory school (16) to full time work is about 8 years for most – and presumably longer given the recent employment data. The data also show that across Australia that young people on average are spending a substantial amount of time looking for full-time work, and that if they were not in full time education they would be only partially occupied.

Figure 2: The duration of the transition from education to work, states and territories, 2008



Source: ABS Education and Work Australia Cat. No. 6227.0, May 2008, special tabulation

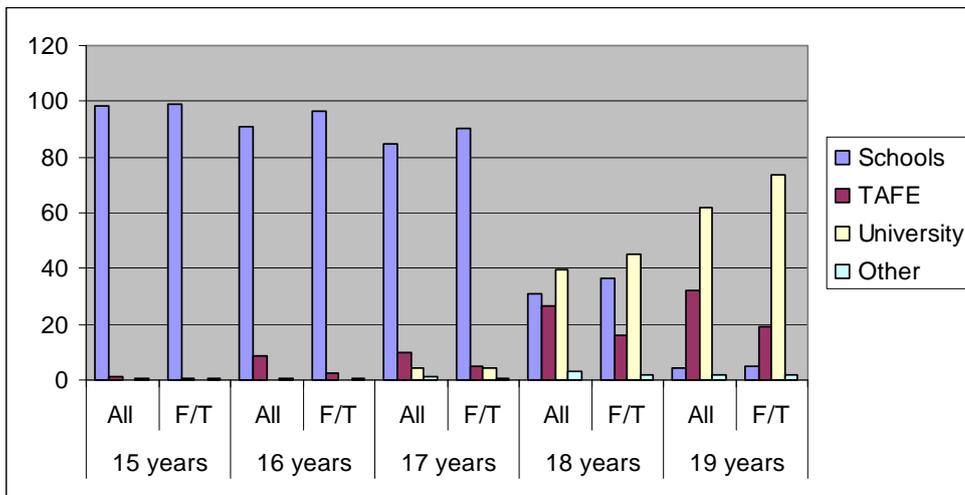
Our society took a view back in the 1870s that all children had to have an elementary education. Compulsory schooling was forged upon the basis of a common citizenship and a de facto measure to abolish child labour. The compulsory school age advanced remarkably little over the next 130 years, and it stayed at the age of 15 until quiet recently. In Australia it has moved from 15 to 17 in just a few years. This suggests recognition of the reality of the decline of the youth and young adult labour market and the need for full time education to fill its place.

The validity of this recognition and the associated targets is hard to question. However, the big question is can education and training do the job of substitution? The answer seems to be – to some extent. But there are some major problems that need to be confronted. I suggest that there are three sets of problems:

- **Secondary education.** Within the conditions of a near elimination of the full time youth labour market secondary education is now called upon to perform two functions that it did not have to perform prior to the 1990s. It has to accommodate most of the school age cohort and it needs to prepare the bulk of the cohort for tertiary studies.

Australia has a highly school centric model of post elementary education. Table 1 shows drawn from the 2006 census shows that the vast bulk of the school age cohort in full time education is in schools. This contrasts to other OECD countries where a larger percentage of the upper secondary age cohort is enrolled in other types of institutions – community colleges, polytechnics, technical institutes, etc.

Figure 3: Enrolment share of all and full-time students, 15-19, 2006



Source: 2006 census.

Our secondary schools also are generalist schools, and supposedly should offer a full range of programs for the full range of students. However, we have steadily reintroduced formal and de facto grammar schools in Australian secondary education. These schools are selective, using a variety of formal and informal mechanisms, and they have strong market power. This situation is reinforced by the strength of the university pathway which has been institutionalised through the tertiary entrance rank (TER) mechanism. The TER has iconic status, both individually and as a school mean, and has effectively usurped the status of the schools certificate.

There are several impacts of these arrangements:

- o Students with weaker scholastic records, who most often tend to come from poorer households, tend to be enrolled in small schools (Lamb, 2007; Bonnor, 2009). These schools have the weakest capacity to deliver the wider range of programs that these students need.
- o Vocational and applied learning programs are weak in Australia. Less than 40% of students take a VET subject, and of those who do most take one subject in year 11 only (NCVER, 2008).

- We confine most 17 and 18 year olds to a school environment with organisational, behavioural and industrial codes fashioned from primary schooling. It would seem highly unlikely that these types of institutions will be able to achieve cohort participation rates of 90 percent or more.

There is evidence that the marginal rates of return from the school sector for increased participation rates have all but been exhausted. For schools and communities that can access and utilise the university pathway the year completion rates are close to 100 percent. So we are dependant upon the schools that serve students and communities with the weakest chance to enter and pay for tertiary education to do this.

- ***Tertiary education.*** Until this year the number of year 12 graduates that entered TAFE certificate IV and diploma courses had fallen by over 25 percent over the previous five years. University demand on the other hand had increased. For those not entering university the labour market was becoming a preferred option.

As we move towards the new employment market context, and as noted by Bradley (2008) even before the downturn, tertiary education in Australia will need to expand and become the standard mode for most school leavers. Yet the settings are primarily those of city based universities. Again this contrasts with most other OECD countries that have a variety of tertiary providers. There are two obvious affects of these arrangements. First they provide a lack of program and geographic variety for young people and their families. Second they have continued to constrict post secondary school pathways and the school curriculum and its transition platforms.

Here I think that Bradley was a bit disappointing. In seemed to have it both ways in regards to a single tertiary system but with distinct sectors. It has relied upon the mechanisms of credit transfer supported by a reformed Australian Qualifications Framework (AQF) to achieve this. The evidence after a couple of decades of encouraging credit transfer may well be that we have just about exhausted this mechanism, and besides it continues to rest upon the assumption of the market superiority of a university degree over a TAFE diploma (see Moodie, 2008). The assumption is valid, but it becomes self serving because alternative provider, course and qualifications options are not considered. Here I would support Glyn Davis' idea of a more heterogeneous tertiary education sector, including one that can provider overlap with or into the schools sector. A development like the Tasmanian Polytechnics that combine senior secondary and adult education is an example of this.

- ***Costs, income and demography.*** Our model of tertiary education is relatively high cost in that it is based upon a research university mode, with some marginal expansion of teaching universities in the public and private sectors. Our models of secondary and tertiary education are both high private costs models. This can be observed from the OECD (2009) comparative data.

The school costs are linked to the fact that almost half of the year 12 students in Australia are in fee based schools (ABS, 2008), and within the government sector about 7 percent of costs are through private revenue, and as Bond and

Horn (2009) parents face substantial non fee costs in sending their children to school. A possible impact of the high private cost of schooling is that we have not developed an expectation amongst families of saving for 'college' as is the case in the USA.

Our model of tertiary education also places huge financial burdens upon non-metropolitan students, most of whom can only exploit the university option by moving to the capital city. It is no accident that tertiary deferrals are much higher in the non-metropolitan areas (Polesel, 2009).

Here we have been fortunate in that the part-time employment market has become a funding mechanism for tertiary education. Most tertiary students work part-time. But once again the incidence of part-time work is lower amongst students who undertook their secondary education in non-metropolitan areas (DEECD, 2009; DET, 2008), as these students have relocated and given up their local jobs, and lack the networks to find new ones in the cities.

So there are direct implications for the downturn here. The long term impact upon the part-time youth and young adult employment market will have implications for tertiary education.

The Commonwealth Government

All of these developments bring the Commonwealth Government more fully into the education and training policy frame. Its current incursion into areas that were previously the preserve of the states is unprecedented. Whether there will be a greater push back from the states after the downturn and as more states change from Labor to non-Labor governments is unknown.

However it seems unlikely that there will be any major Commonwealth withdrawals, and there is the potential for further advances. The dominance of the Commonwealth in tertiary education is more or less unchallenged. The national training system is firmly established, and the Commonwealth continues to push for centralisation in areas such as quality assurance, especially in the area of English language schools. (Even pre-school education could become a Commonwealth preserve – especially with its forced interventions in the wake of the ABC Learning demise).

So it is the area of school education that the states continue to be the main player. This is significant because schooling constitutes the vast majority of public spending on education and the vast majority of individuals' time in education.

Australia has two broad school sectors, government and non-government. The states and territories own, fund and administer the government schools. The bulk of the funding of the resources for non-government schools comes from government, and most of this comes from the Commonwealth. Within a generation on current trends the non-government sector will be the majority providers in secondary education. So in a sense the Commonwealth will be an equal partner with the states in schooling.

Beneath these trends lie long standing and in some ways intensifying issues about public and private schooling, that are mainly concentrated in secondary schooling. Contestation over funding and accountability of non-government schooling has continued since the advent of major funding by the Whitlam Government in the 1970s, and this remains unresolved. It has been intensified by the enrolment drift to the non-government sector and is having the impact of threatening the capacity of the

government sector to provide secondary education for university aspirant students and families.

This is a serious issue, especially for state governments all of which have de facto policies of stemming the enrolment drift and regaining the middle class and scholastically oriented students. For the Commonwealth Labor Government there are two imperatives to sort out this issue. One is the simple fact that it is moving towards the status of equal partner with the states in the funding of schooling. Another is that this issue has beset Commonwealth and especially Labor governments for over three decades (and arguably the Labor Party for longer through its link with the Split of 1955). A third is that it has implications for the social inclusion agenda that is part of the Government's policy frame.

Within the frame of the 'education revolution' and the Commonwealth's incursionary strategies in education there is a need to sort this problem. There are signs of a strategy. The strategy cannot be those proposed by the Schools Commission in 1975 (Praetz, 1982), the Victorian Dept. of Premier and Cabinet in 2004 (Allen Consulting, 2004) or Anna Bligh (2009) this year. All of these proposed or implied that low fee non-government schools could be incorporated as fully funded schools within the state sectors, as happened in New Zealand in the 1970s. This is not politically feasible in Australia.

The Commonwealth unlike the states does not administer schools, so an administrative or 'systemic' solution is not feasible. However, there are signs of a strategy here – one that might be termed a 'post – system' strategy. It appears to be based upon the principle of autonomous schools operating within a school market. Based upon the core concept that all schools, government and non-government, are becoming more autonomous the elements of new governance and funding framework include:

- A clearer and higher profile set of national goals and targets;
- National curriculum and national stage based standards for learning outcomes;
- Public disclosure of school performances;
- Consistent and stronger regulatory frameworks and systems;
- Stronger accountability requirements;
- Stronger forms of intervention for school failure;
- Support and incentives for performance improvement;
- Greater support for educational needs and area based strategies for school improvement.

There have been initiatives or signs of initiatives in all of these areas. If this is the Commonwealth strategy I suggest that there are two related issues that need to be dealt with. They are funding and autonomy:

- Australia has a complex, opaque and inconsistent approach to funding schooling.
- There is an inconsistent distribution of autonomy, especially over enrolment practices, across publicly funded schools in Australia.

In most countries there is a nexus between these two. Australia is unique amongst OECD countries in not having such a nexus. However, the standard form of denying

public funding to schools that are selective in their enrolments is not feasible in Australia. There is a need for an alternative strategy.

Funding

One option is to reverse the idea of the incorporation of non-government schools into the government sector by looking towards the adoption of a form or the non-government school funding model for the government sector, and in affect for all schools.

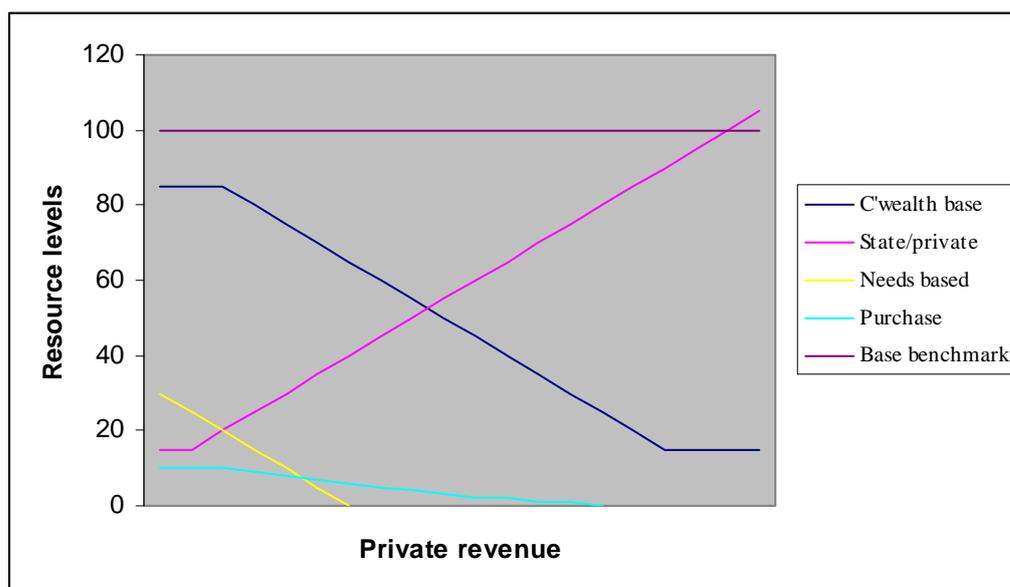
Figure 3 provides a representation of how the current three sources of school resources – Commonwealth, state and private - could be realigned into a common and consistent funding system. The system would be built around a common minimum or base line funding level for all schools. This would be delivered through a guaranteed level of Commonwealth funding for all schools, whether government or non-government that would decline after a certain level of private funding was reached. This is indicated in the blue line and would reach a minimum level of funding, irrespective of the level of private revenue. This reflects the current situation where all non-government schools receive a minimum level of state funding of approximately 17.5 percent of average government school resource costs. At the other end of the scale the Commonwealth funding would be a maximum of say 85 percent of the benchmark. This figure is suggested as the Catholic school sector has taken a position that 15 percent of their schools' revenue should be from private sources.

The benchmark would be reached through either state government funding of private funding. Schools would be given a leeway in raising private revenue before the Commonwealth funding begins to taper down. This would be to encourage private investment which frees up government funding to be spent on a needs or priority basis. At the other end of the scale schools could exceed the benchmark in private funding and maintain a minimal level of Commonwealth funding, as in current arrangements. This might not be seen as justified or equitable, but as the 2004 federal elections showed it is not politically viable to eliminate all public funding to these schools.

The high contribution of private investment to school revenue in Australia should free up and justify a high level of funding for educational need, targeted programs and for purchase based investments. Logically these investments should be located at the state level as the principle of subsidiarity supports the location of targeted interventions closer to the delivery agencies.

Targeted programs could include area based programs that encourage schools to cooperate, funds that support schools that provide for high need students, and programs that link schools with other agencies. This model also could continue to fund systems or sub-systems through bloc funding, as exists with the Catholic system.

Figure 4: Indicative school resourcing model.



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Autonomy

Autonomy is a problem because politically powerful sections of the school ‘system’ and their constituents want to retain a high level of autonomy within a publicly funded system that has underlying public purposes. Broadly non-government schools have more autonomy than government schools and some schools within the sectors have more autonomy than others: selective entry government schools compared with neighbourhood based schools, and high fee private compared with Catholic systemic schools.

The option of reducing this autonomy through regulation is not feasible. So the only viable solution is to use the funding regime as a carrot and stick. The stick is to reduce public funding proportionate to fee regimes – as has been the case with the Education Resource Index mechanism. The carrot is to provide extra resources for those schools that have open enrolment policies and that work with others in accommodating a wide mix of students.

Conclusion

The paper has strayed somewhat from the question of the impact of the downturn on education in Australia. However, it has suggested that there are two sets of impacts: One is the exacerbation of a longer term trend in the labour market and the consequential implications for education at what has been called the post compulsory level. The other is the linked to the confluence between enrolment trends and the trends in the roles of the two levels of government. Here the downturn has increased the momentum of the Commonwealth push in education.

I’ve argued that both these impacts have implications that have not been fully thought through and there remains a degree of disconnectivity on Australian education policy. Education is a complicated policy field, and policy must play the roles of social and economic management and political management. Private investment in education is high in Australia in both financial and aspirational terms, so its political management

is delicate. However, some of the complexities and inconsistencies of the Australian education arrangements are the product of political management. Unless we take a strategic view and utilise the momentum that the economic crisis has helped to generate for structural reform then trends of the labour market, patterns of provision and participation, and patterns of investment will continue to deepen the problems.

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