Policy note

Number 3 | February 2012

GROUP OF EIGHT

Key messages

In response to the Bradley Review, the Government has uncapped the number of university places – an important move towards a 'universal' higher education system.

A large proportion of the additional students will be less academically prepared than was expected in the past. These students will need more support and more intensive teaching, which will cost more.

In a 'universal' system, entry standards become less important and the focus shifts to learning outcomes and exit standards.

A 'universal' system will be a more diverse system, so in addition to strong minimum standards, there will need to be ways for universities to demonstrate outcomes above the minimum.

University admissions

Introduction

University admissions, like many other aspects of the higher education sector, are going through a time of significant change. From 2012, universities will receive full funding under the Commonwealth Grants Scheme (CGS) for as many places as they offer. Previously, the Government limited the number of funded places, with a tolerance band for 'over-enrolments' above the allocated number. The Government has moved towards a demand-driven system in stages, raising the over-enrolment cap to 10% in 2010 (up from 5%) before removing caps in 2012.

The demand-driven system is intended to bring demand and supply into closer alignment, and in doing this, to increase participation. Since the Government announced in March 2009 it would make this policy change, higher education participation has increased. This paper uses data on university applications and offers, collated by the Department of Innovation, Industry, Science and Tertiary Education (DIISRTE) to examine trends in demand and supply. We examine entry standards for school leaver applicants (for whom a simple measure of academic preparation, namely the Australian Tertiary Admission Rank (ATAR), is available) and discuss the broader implications of the demand-driven system for university admissions.

Current year 12 home state applications and offers: trends

While current year 12 students make up only half of university admissions, they are the biggest single group by basis of admission. They are also the only group for whom national data on academic preparation is available, in the form of the ATAR. Current Year 12s have maintained their share of total applications as overall demand has increased.

Offer rates are slightly higher for current Year 12s (80.1% in 2011) than for all applicants (78.1%)[1]. Not surprisingly, offer rates for current Year 12s differ significantly by ATAR. For students with ATARs above 70 who apply in their

1 DEEWR (2011), *Undergraduate Applications, Offers and Acceptances.*

home state[2], offer rates have been constant at around 98% since 2005 (Figure 1). Offer rates in this group increased slightly after the Backing Australia's Future (BAF) initiative made more places available. Expansion in places over the past three years has not changed offer rates for this group of applicants[3].

New places have a much bigger impact on offer rates for current Year 12 applicants with ATARs of 70 or below. In the first year after BAF, the offer rate for these applicants increased by 14 percentage points (up from 33% to 47%). By 2008, offer rates for this group had reached 58% – 25 percentage points above their 2004 level. After a dip in 2009 (as applications increased), offer rates to current Year 12s with an ATAR of 70 or below resumed their upward trend, reaching a historic high of 61% in 2011.

Figure 1. Offer rates, current Year 12 (home state) applications, by ATAR, 2004-2011

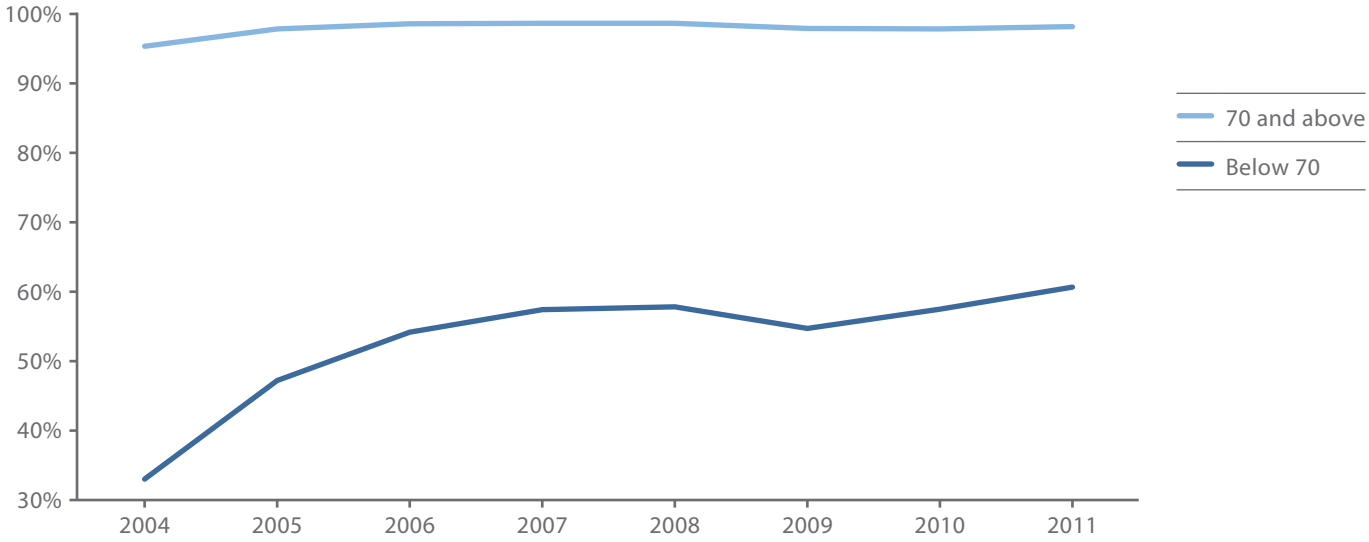
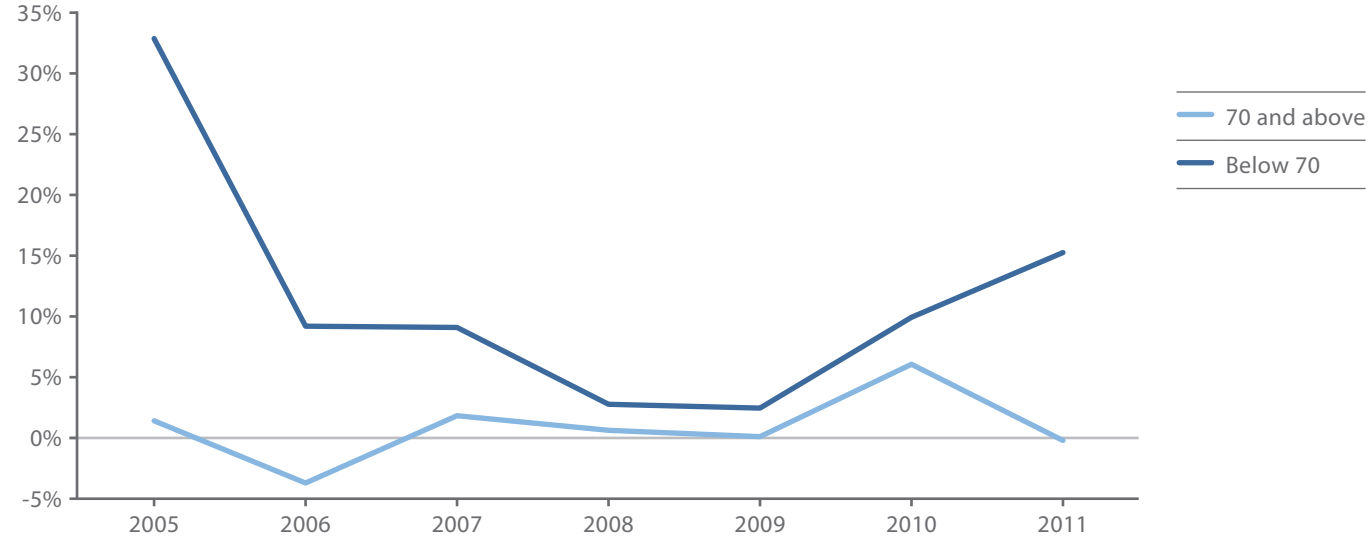


Figure 2 shows annual percentage changes in the absolute number of offers to current Year 12 (home state) applicants in each of the two broad ATAR groups. Offers to applicants with ATARs above 70 do not change much from year to year, with the exception of 2010, where there was a 6% increase, following a large increase in applications.

For applicants with ATARs below 70 (including those 'not scored'), there are large increases after BAF, and again from 2010 as over-enrolment caps rose, bringing more places into the system.

Figure 2. Annual change in offers to current Year 12 (home state) applicants, by ATAR, 2005-2011

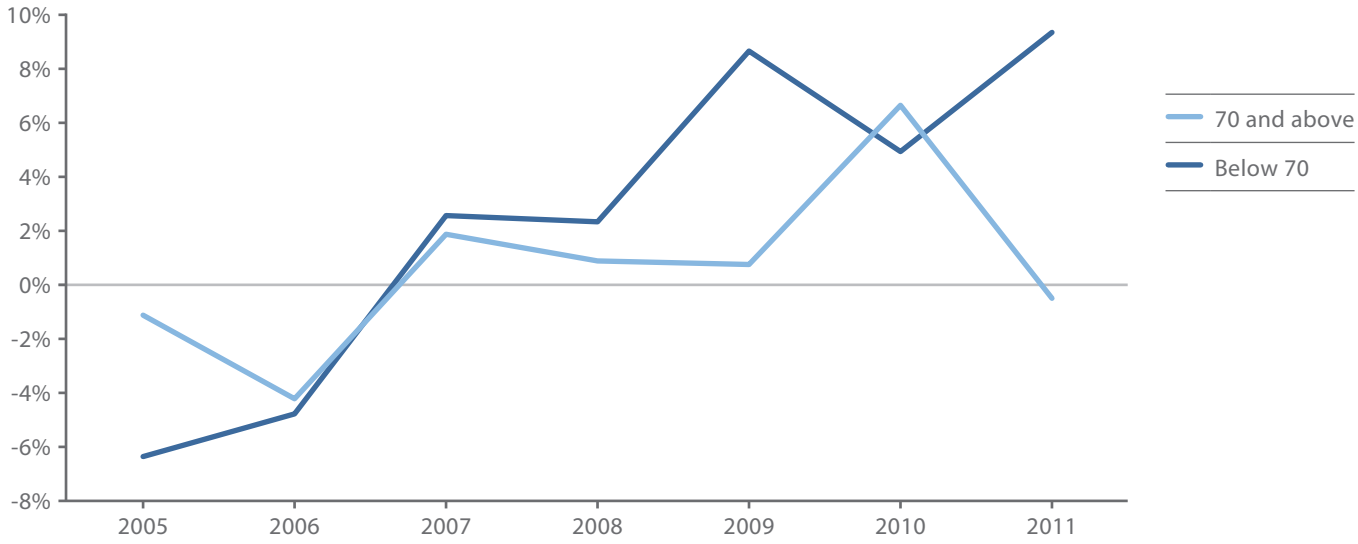


2 Home state Year 12 applications data exclude interstate applications which are mostly for very high demand fields (e.g. Medicine) and which double-count applicants who apply in several different States for these courses. Home state applications thus give a better indication of the number and proportion of individual Year 12 students who apply for university.

3 The offer rate for home state Year 12 applicants in 2004 was 95.3%, rising to 97.8% in 2005. Offer rates have remained at around 98% since.

Growth in offers after BAF was supply-led. In the last few years, demand has increased strongly especially from lower ATAR students (Figure 3).

Figure 3. Annual change in home state applications by current Year 12 students, by ATAR, 2005-2011



Since 2004, the proportion of year 12 students applying has increased from 59% to 64%, driven mainly by a seven percentage point rise in the application rate for students with lower ATARs. For higher ATAR students, application rates have been constant at about 92% since 2004.

Offers to students with ATARs below 70 have accounted for more than three-quarters of the growth in offers to school leavers since 2004 (Figure 4).

Offers to students with ATARs below 70 have accounted for more than three-quarters of the growth in offers to school leavers since 2004.

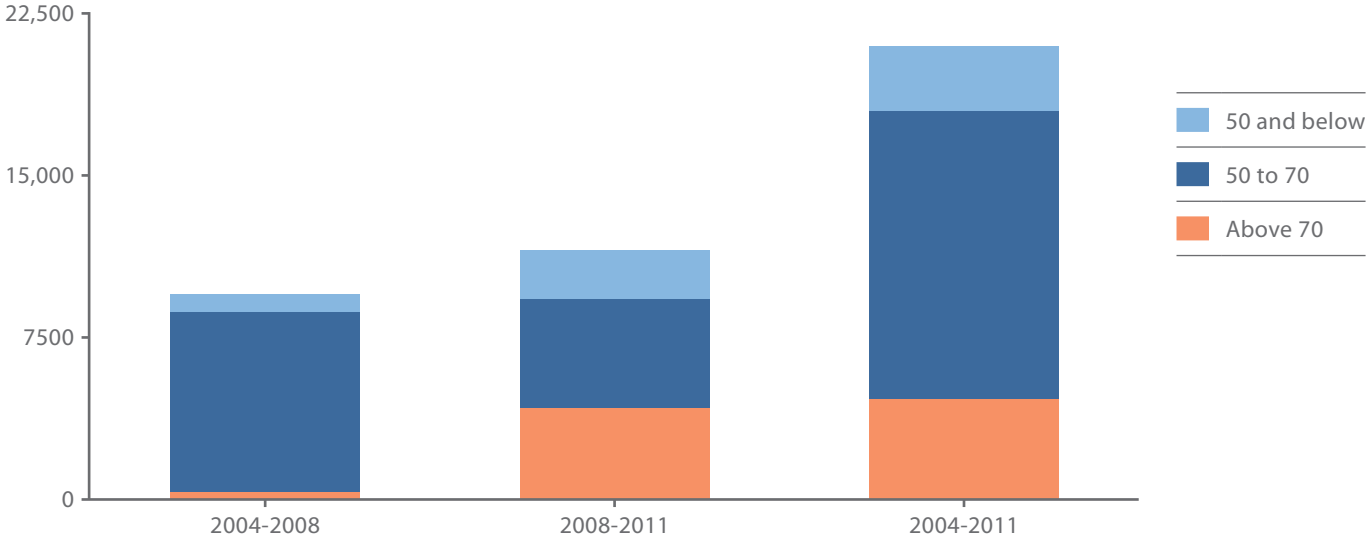
This trend was more pronounced following BAF than it has been since the Bradley Review. While offers to students with ATARs above 70 accounted for less than 5% of growth in offers between 2004 and 2008, they were 38% of growth from 2008 to 2011.

It appears that 2008-2011 is different mainly because of the impact of the Global Financial Crisis on the young people's labour market prospects, combined with the effect of changes to requirements for eligibility for Independent Youth Allowance. Together, these encouraged more students to apply for university straight from school and to shelve any plans for a 'gap year'. In any case, though, offers to applicants with lower ATARs account for nearly two-thirds of the growth even in 2008-2011.

The last three years have seen strong growth in offers to applicants with ATARs of 50 or below. In the earlier period, growth in offers to applicants with very low ATARs was only 9 per cent of total growth. Just over 2100 applicants with ATARs of 50 or less got an offer in 2008. Between 2008 and 2011, though, offers to applicants with very low ATARs more than doubled to over 4300. Growth in this category represented nearly 20 per cent of all growth in offers to school leavers.

If the increase in demand from applicants at ATARs of 70 and above in 2010 proves to be exceptional, then applicants with very low ATARs will likely account for an increasing share of offers over coming years.

Figure 4. Change in offers by ATAR



The demand-driven system and university admissions

It is too early to undertake a detailed assessment of the impact of the current expansion in the higher education system, and of the new demand-driven system, on university admissions. Increasing the number of offers to school leavers necessarily means most of the additional offers will go to students with low ATARs. This is clearly what happened following BAF, and to a lesser extent during the 'phased implementation' of the demand-driven system.

BAF increased the number of places available and set a 'new normal' in university admissions. Further expansion under the demand-driven system starts from this point. The demand-driven system is a more radical change, as it removes quotas altogether, and thus the rationale for rationing places on the basis of competitive exams, relative merit and ability to benefit.

As the demand-driven system evolves, admissions will presumably become more diverse. Some universities – where demand exceeds supply – will continue to select students. Others will recruit students more intensively. All universities will increase their efforts to admit students from outside traditional pathways, and will use a wider range of methods to assess applicants for places. It seems likely that the importance of standardised, State-wide institutions and processes – such as the ATAR and the TACs – will diminish.

So far, it is too early to tell whether universities have significantly varied their admission practices. New admission tests such as STAT have been adopted, and direct applications have increased, though so far these changes appear to have been on a limited scale.

Basis of admission: problems with the data

In any case, it is not clear to what extent a major evolutionary change in university admissions would show up in available data.

In both the applications and offers collection examined in this paper, and in the more comprehensive enrolment collection, only limited data on basis of admission are available. Basis of admission data reflect an understanding of university admissions that is already out of date, and will become more so. Further, the data are of patchy quality, and not routinely reported by DIISRTE, in part for this reason. The 2010 applications and offers report showed that the basis of one-quarter of offers was unknown, and a further 7% were coded 'other'. There was thus no useful information on one-third of offers.

It would be helpful to know more about how universities are admitting students in a more open, evolving system. Ironically, basis of admission data collected before 2005 was somewhat more detailed, and arguably more appropriate to today's conditions.

From entry standards to exit standards

In a 'universal' higher education system, the focus on quality shifts away from entry standards, to student learning outcomes, progress and completion rates, and exit standards.

While the evidence on links between ATAR and university performance is mixed, and the relationship appears to be non-linear, there is clear evidence that the probability of completing is closely linked to ATAR scores. Marks (2007) found that expected completion rates rose by about seven percentage points for each ATAR decile, from around 66 per cent for ATARs between 50 and 59, to 94 per cent for the top decile. A difference of 20 ATAR points doubled completion rates, once all other factors were held constant[4].

This has obvious implications for an expanding system which is admitting greater numbers of less academically prepared students. These students will need more support, and more intensive teaching, which in turn requires more resources. Without increased resources and attention to learning needs, attrition will increase or the quality of student learning outcomes will fall.

Without increased resources and attention to learning needs, attrition will increase or the quality of student learning outcomes will fall.

An improved focus on exit standards in a 'universal' higher education system was a major part of the rationale for TEQSA. However, a large expansion of the higher education system was initiated before TEQSA and Threshold Standards were in place. It appears that Teaching and Learning Standards remain a longer term goal.

The Government is working to develop a performance measurement framework, including a direct measure of students' learning outcomes (at least in the area of generic skills). However, this is still at a fairly early stage. The Government proposes to use the Collegiate Learning Assessment (CLA) as its measure of learning outcomes. This seems premature, given that the OECD's AHELO study is currently trialling the CLA for this purpose, and the results are not yet in. There is widespread opposition in the sector to the CLA, and a body of research evidence that shows the test cannot be used to distinguish the performance of individual universities.

Exit standards adequate for a 'universal' system have not yet been set. This is especially worrying given the Base Funding Review's recent finding that undergraduate teaching is not adequately funded, and that this threatens quality and student engagement[5].

A minimum threshold and quality above the threshold

It will be necessary to set robust and credible minimum standards for the sector. However, in an increasingly diverse higher education sector, minimum standards and standardised tests to monitor them can only be part of the quality regime. Provision will have to be made for demonstration and validation of quality at levels above the minimum standard.

A good approach would be to make use of universities' regular and systematic assessment of student learning, with appropriate external moderation and benchmarking. Using expert academic judgement and peer review would yield reliable and useful information, grounded in discipline knowledge and academic practice. The Go8 trialled a 'Quality Verification System', based on these principles, in 2011.

A peer review approach would take account of legitimate and necessary differences in teaching methods and learning outcomes between degree programs, fields of education and institutions. While TEQSA would assure minimum standards, a peer review system would allow universities to validate how well their graduates perform above the minimum threshold.

4 Gary Marks (2007), 'Completing university: characteristics and outcomes of completing and non-completing students', LSAY Research Report 51.

5 Base Funding Review (2011), *Final Report*, pp.27-31.

Conclusion

Australian higher education is evolving from a mass to a post-mass or 'universal' system. This is consistent with the policy intent of the Bradley Review of 2008. The Government's response to the Bradley Review has been enthusiastic, but partial. As in other countries, growth and diversification in the sector have outpaced policy development. Elite models of university entry are less appropriate in a 'universal' system. But more open access to higher education will require a sharper focus on learning outcomes and exit standards than has yet been in evidence.