

The take up of tertiary education

- What is the take up of tertiary education by recent cohorts of young Australians?
- Is it true there are “perverted incentives for everyone to go to university” (Business Council of Australia Chief Executive Jennifer Westacott, National Press Club, 31 October 2018¹).

The demand driven funding arrangements for universities allowed all who aspired, and met university requirements, to begin a university degree. In contrast, changes to vocational education and training funding have put pressure on the quality and availability of VET for school leavers, discouraging some.

The errors of VET are no reason to complain about the successes of universities.

The challenge of TAFE is well known, with the TAFE Directors Australia among others pushing hard at the consequences of treating TAFEs like just another provider. There is much to resolve to ensure VET, led by TAFEs, works well.

The relationship with a functioning higher education system is important. The long-term question for higher education is how universities and non-university providers can complement each other to provide a coherent tertiary offering for students.

One useful data source is the Longitudinal Survey of Australian Youth (LSAY). It involves selecting a large and representative sample of school students in Year 9, at the point when the potential to stop schooling becomes viable and track this cohort for the following decade. Surveys have been conducted on Year 9 cohorts every three to six years since 1995.

The following charts and tables consider the 2006 LSAY cohort, many of whom completed school in 2008, allowing entry to university from 2009. By 2016 they are around 25 years old.

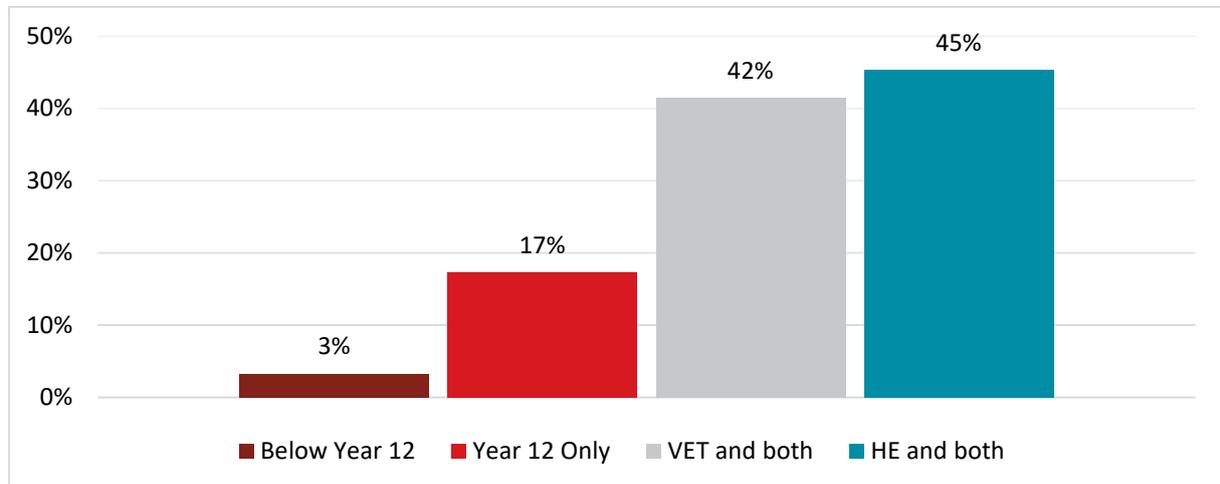
IRU has also looked at the next LSAY cohort of 2009. Many of these students completed school in 2011 to then enter tertiary education in 2012, the formal beginning of demand driven funding. Comparison of the 2009 cohort at Wave 9 in 2017 (nine years since the initial 2009 survey) against the 2006 cohort at Wave 9 in 2014, shows similar outcomes. Notable is no major surge in higher education completion.

The LSAY did not include a cohort in 2012. The next cohort was in 2015 and this group will have only recently commenced tertiary education. Therefore, data on take up of tertiary education for recent cohorts will not be useful for some years.

For the 2006 LSAY cohort, by 2016 79% had completed either a higher education degree (38%), a VET qualification (34%) or both (7%). Of those who had not completed tertiary education, most had completed year 12 (17%) with the remainder having not completed year 12 (3%). These results are presented in Figure 1.

¹ <https://www.bca.com.au/media/australia-at-work-managing-adjustment-and-change>

Figure 1 Completion of tertiary education of 25 year olds in 2016



Source: LSAY Y06 cohort at Wave 9

Who studies what: the variable take up of vocational education and higher education

There are considerable differences in take up of higher education and vocational education depending on the socioeconomic status of the person, their sex, and where they live.

The LSAY 2006 data does not retain sufficient Aboriginal and Torres Strait Islander participants to provide useful data on this group separately.

Socioeconomic status

The results for tertiary education completion by socioeconomic background are at Figure 2.

Higher education completion is strongly correlated with the socioeconomic family background of Australia's youth. Vocational education is primarily an activity for students from low socioeconomic backgrounds.

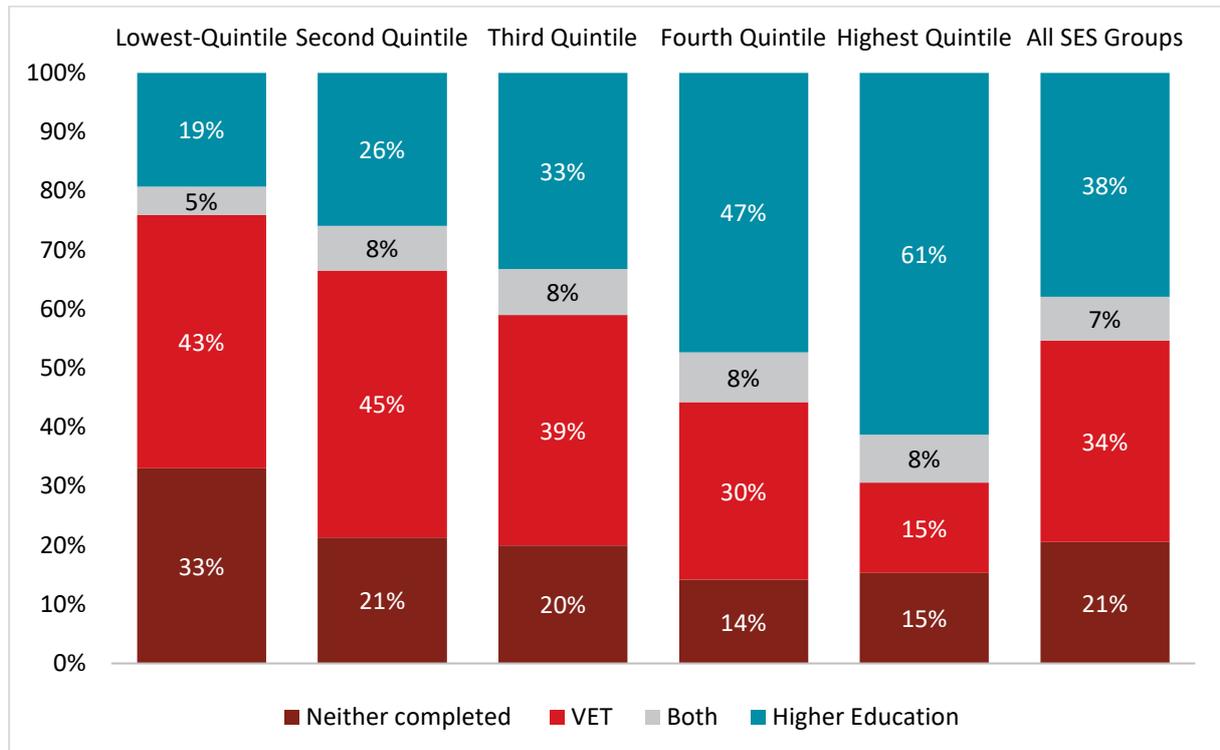
More than two thirds (69%) of students from the highest socioeconomic quintile had completed higher education degrees by the age of 25. This compared to less than one quarter (24%) from the lowest quintile.

Roughly half of all students from the lowest socioeconomic quintile (48%) and second lowest quintile (53%) had completed vocational education by the age of 25, compared with less than one quarter of students from the highest quintile (23%).

Students from higher socioeconomic backgrounds are also far more likely to combine vocational education with higher education. Of those with vocational education from the highest socioeconomic quintile, more than one third (35%) had also completed higher education, compared to 11% of those with vocational education in the bottom quintile.

Roughly one fifth of Australia’s youth (21%) had not completed any tertiary education by the age of 25, but this varied from one third in the bottom quintile (33%) to 14-15% in the top two quintiles.

Figure 2 Completion of Higher education and vocational education by socio economic status



Source: LSAY Y06 cohort at Wave 9

Gender

The results for tertiary education completion by sex and socioeconomic status are at Figure 3.

Completion of a tertiary education qualification is commonplace for both young females (82%) and males (77%), but there is a clear gender divide between vocational and higher education.

More than half (54%) of young women have a higher education qualification compared to 37% of young men, whereas 37% of young women have a vocational education degree compared to 45% of young men. Women are also more likely to have both a vocational and higher education qualification (9%) compared to men (5%).

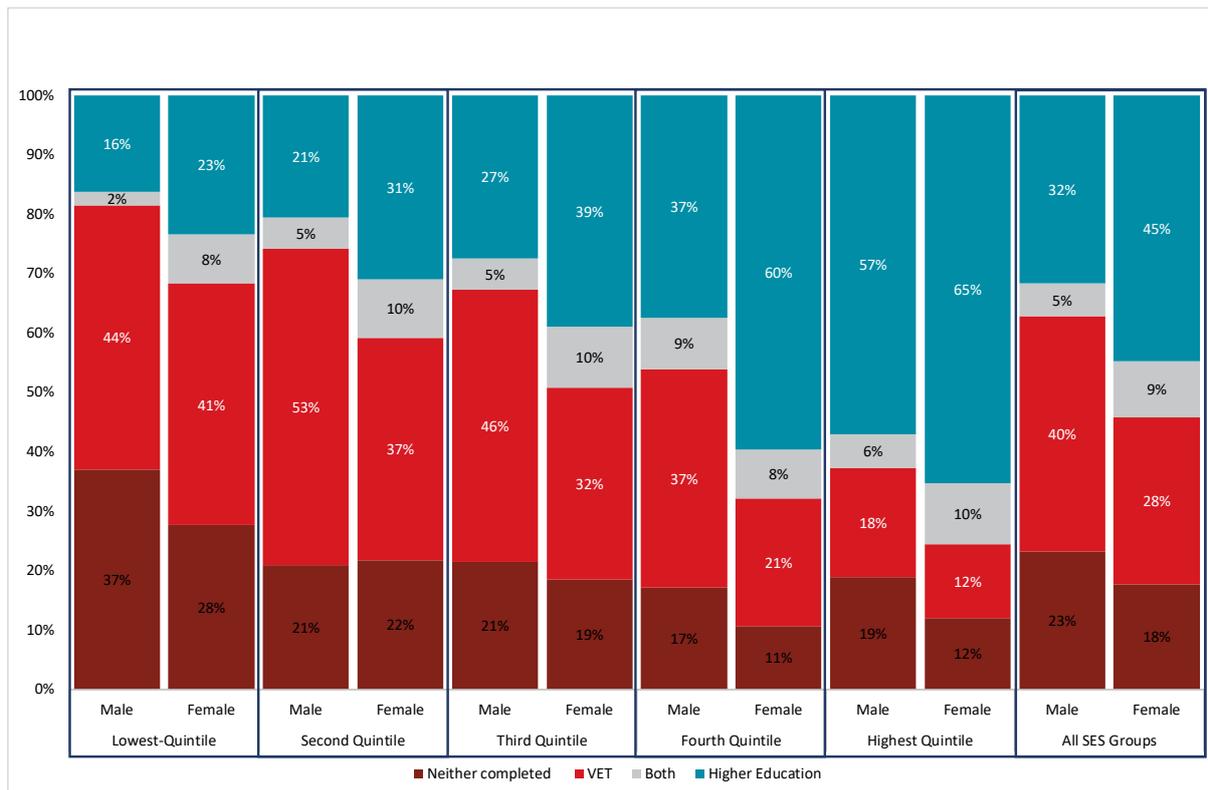
The greater proportion of young men with only vocational education (40%) compared to women (28%) may relate to the types and levels of vocational education men and women pursue (e.g. men may be more likely to complete accredited trades and apprenticeships), but this is beyond the scope of our analyses.

Combining gender with socioeconomic quintile we can conclude:

- young women are more likely than men to complete higher education in each of the five socioeconomic quintiles, with greatest differences in the middle three quintiles

- young men are more likely than women to complete vocational education in all but the bottom socioeconomic quintile
- vocational education is rarer in the highest socioeconomic quintile men (24%) or women (22%).

Figure 3 Completion of Higher education and vocational education by sex and socioeconomic status



Source: LSAY Y06 cohort at Wave 9

The higher level take up by young women is also shown in the data on applicants by ATAR. Young men and women with high ATARs (80+) are equally likely to apply for higher education, but for those with ATARs below 80 young women are more likely to apply for higher education.

State, Territory and Region

Tertiary education completion varies by state and territory but is less pronounced than other background characteristics and likely interacts with socioeconomic difference across states and territories. Tertiary completion was highest in South Australia (84%), Western Australia (83%) and NSW (82%), but higher education completion was highest in the ACT (52%), NSW (50%) and Victoria (47%). These results are present in Figure 4.

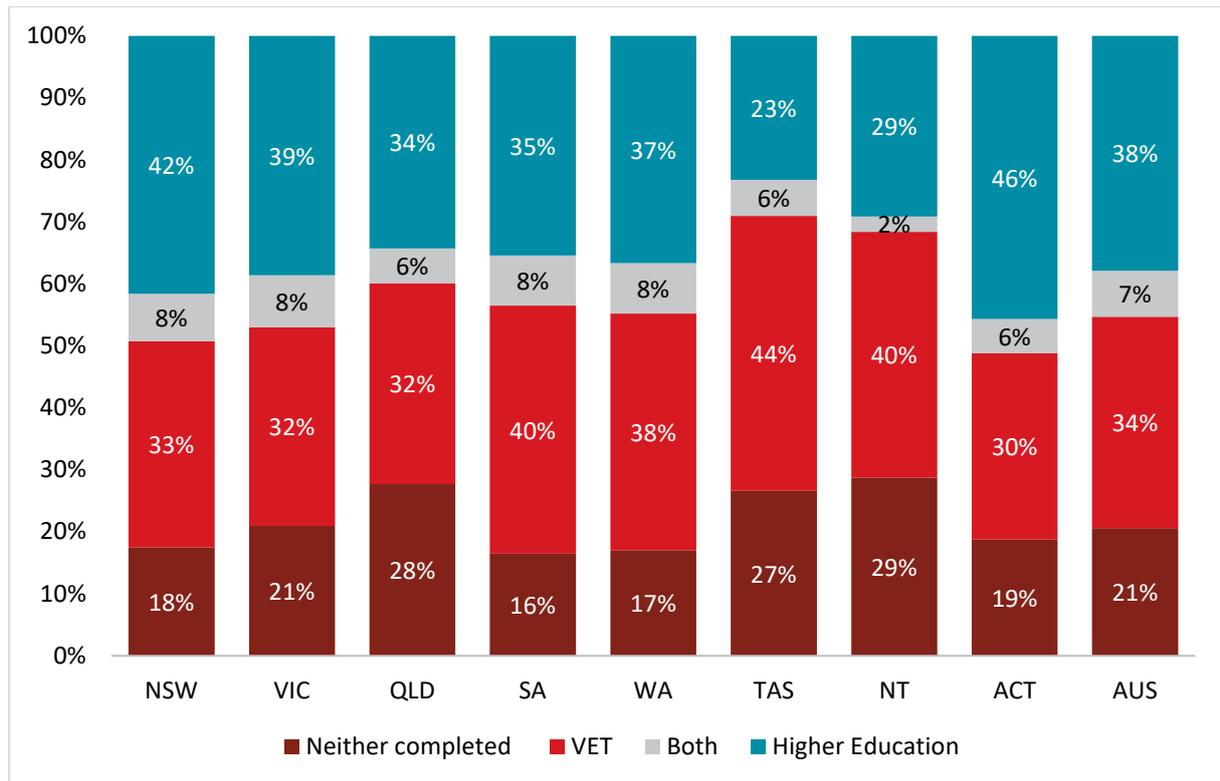
Students from metropolitan and non-metropolitan areas are equally likely to have completed a tertiary qualification but with major differences in the split between higher education and vocational education.

58% of young women in metropolitan areas have completed a higher education qualification compared to 45% of those from non-metropolitan areas.

42% of young men in the cities have completed a higher education qualification compared to 25% in non-metropolitan areas.

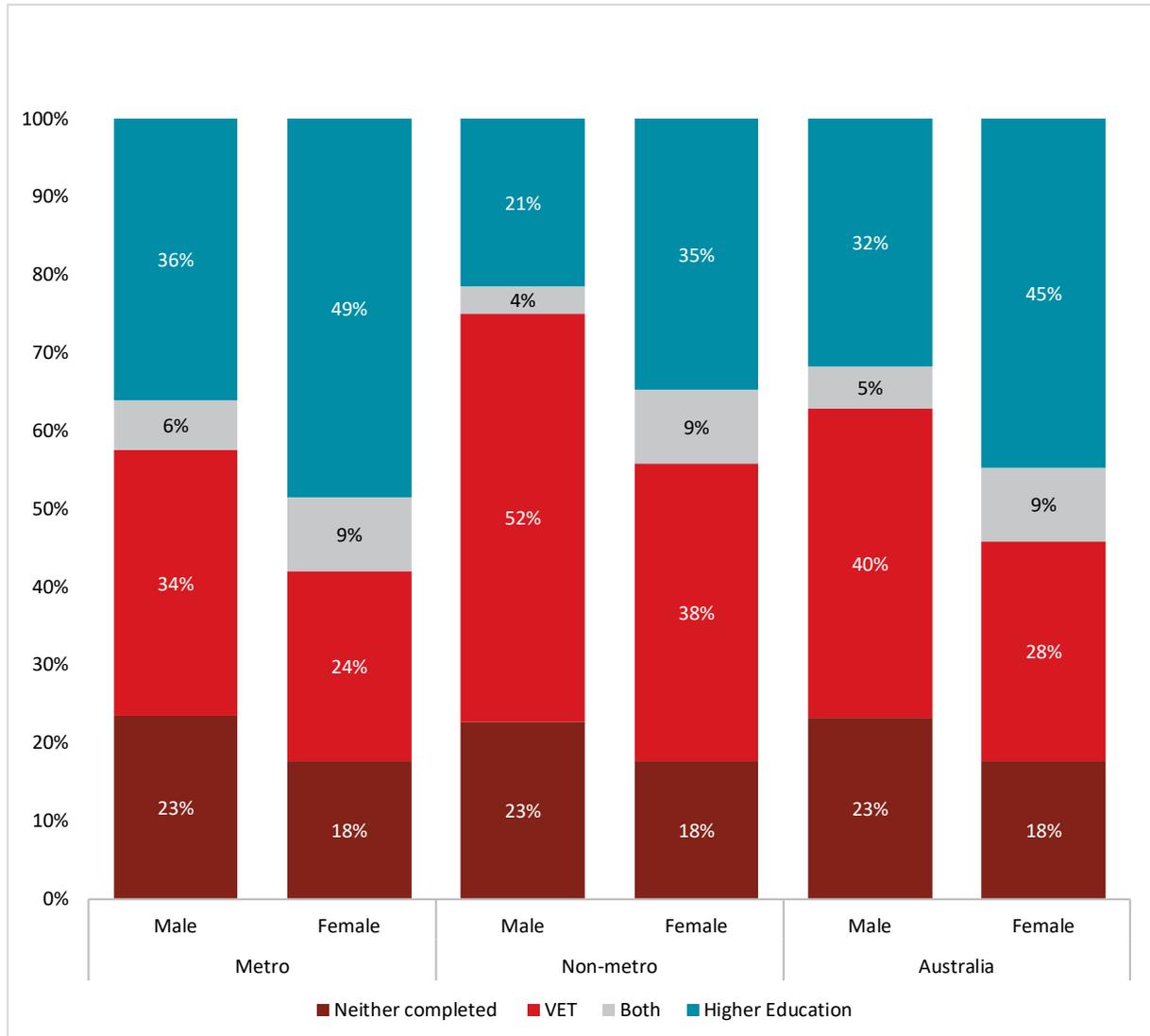
Tertiary education completion by region is shown in Figure 5.

Figure 4 Completion of Higher education and vocational education by State and Territory



Source: LSAY Y06 cohort at Wave 9

Figure 5 Completion of Higher education and vocational education by sex and by metro and non metro



Source: LSAY Y06 cohort at Wave 9

Analysis

The data presented supports the expectation that most people look to acquire tertiary education qualifications in the decade following school. There remains a significant minority who do not and it is concerning that this is strongly correlated with low socioeconomic status and males. It is difficult to contend that males from disadvantaged backgrounds would benefit less from tertiary education than other groups.

The limited differences in tertiary education completion between metropolitan and non-metro students suggest the gap between regions is less pronounced for younger Australians compared to the general population. As quoted in the Hasley Review, 42% of residents in major cities hold degrees

versus 22% in inner regional and 20% in outer regional areas. However, the stronger vocational orientation for young Australians in non-metro areas may mask important differences in the types and levels of vocational qualifications attained by region.

The variations by socio economic background and by sex point both to people making sensible decisions and to the ongoing impact of different characteristics. Young women appear certain that education is the better option for them, and for higher education. They may be less likely to earn the high incomes some graduates get but they are likely in a better position to gain a job than if they had not gained a degree.

The inter-generational relationship between family background and vocational or higher education completion is likely influenced by parental support and expectations. Socioeconomic status is primarily measured by highest parental education and occupation (see: Definitions). Children of higher educated parents in professional employment probably receive greater encouragement, preparation and opportunity to study at universities, whereas children of parents with vocational education receive greater encouragement towards practically oriented education and work.

The data does not support an argument that the system is too weighted to higher education – other than perhaps in some subsets with very high level take up. If there is an argument to contain higher education, it is not for the areas where IRU members and other universities are targeting of lower than average take up. The target would be areas with notably low levels of vocational take up – essentially people from the highest socioeconomic quintile.

The IRU does not advocate doing this, since it interferes with young Australians pursuing their best assessment of their needs. The challenge is not to redirect people from higher education to vocational but to make sure everyone accesses a post school qualification as best suits their needs and ambitions.

Conclusion

We need an effective tertiary system that is open to all to gain the education, skills and knowledge they need.

23 November 2018

Definitions

LSAY Definitions:

- The geographic region (Metro/Non-Metro) of the school the respondent attended at the time of the first interview.
- VET Completions consist of a student who has completed a course at the following levels:
 - 01 Certificate I
 - 02 Certificate II
 - 03 Certificate III
 - 04 Certificate IV
 - 05 Certificate - level unknown
 - 06 Advanced diploma/diploma (incl. associate degree)
- Higher Education Completions consist of a student who has completed a course at the following levels:
 - 07 bachelor degree
 - 08 Graduate diploma/graduate certificate
 - 09 Postgraduate degree (PhD/Masters)
- The socioeconomic status quintiles are calculated using the PISA 2003 Economic, Social and Cultural Status (ESCS) index, which is based on
 - highest parental education (years of education),
 - highest parental occupation and
 - home possessions (including books) (

Organisation for Economic Co-operation and Development (2009) *PISA 2006 Technical Report*. Paris: OECD Publishing, 2009, p. 346.