Job-Ready Graduates: Will the growth places be enough?

Summary

The increase in 39,000 CSPs by 2023 will just be sufficient to meet the immediate demands for higher education from people in the 15-29-year-old cohort. Changes in need for higher education due to COVID-19 and general rising need for tertiary qualifications is not catered for nor is their provision for growth in demand from the small but important older student cohorts.

Over the longer term to 2030, the additional 100,000 CSPs is a useful step towards meeting likely demand but will almost certainly fall short.

Growth places in the Job-Ready Graduates package

“These reforms will provide the funding needed to support an additional 39,000 university places by 2023 and almost 100,000 places by 2030.”


Driving growth: funding better matched to need and improved incentives

Chart from Briefing for Vice-Chancellors and University groups, 19 June 2020

The Job Ready Graduates package is expected to fund an additional 39,000 university places by 2023 and almost 100,000 places by 2030. Commencing in 2021, there will be approximately 13,000 new places each for the first three years (i.e. 39,000 new places by 2023), followed by more moderate growth from 2024.

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Growth places against the 15-29-year-old cohort

Across the first three years of implementation (2021, 2022 and 2023) the population of young persons (15 to 29) is expected to grow by 216,000 compared to 2020 levels. This includes 111,000 more persons in the youngest cohort (15 to 19-year-olds), 30,000 in the 20 to 24 year old cohort and 76,000 in the older cohort (25 to 29-years-olds) by 2023. The 39,000 new CSPs by 2023 represents 18% of the total population growth for the young age cohorts from 2020 to 2023 (216,000 persons).

Table 1 Projected population growth for young (15-29) cohorts from 2020 to 2023, and 2030 (‘000s)

<table>
<thead>
<tr>
<th>Age group</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2030</th>
</tr>
</thead>
<tbody>
<tr>
<td>15-19</td>
<td>26</td>
<td>67</td>
<td>111</td>
<td>275</td>
</tr>
<tr>
<td>20-24</td>
<td>16</td>
<td>24</td>
<td>30</td>
<td>205</td>
</tr>
<tr>
<td>25-29</td>
<td>27</td>
<td>54</td>
<td>76</td>
<td>112</td>
</tr>
<tr>
<td>Total</td>
<td>68</td>
<td>145</td>
<td>216</td>
<td>592</td>
</tr>
</tbody>
</table>

According to 2016 ABS Census, 19% of all persons in the 15 to 29-year-old cohort were enrolled in higher education, but this is uneven across age groups. In 2016, 15% in the youngest cohort (15 to 19-year-olds) were enrolled in higher education, compared to 30% in the 20 to 24 year old cohort and 11% in the older cohort (25 to 29-year-olds).

More than half of the projected population growth to 2023 is in the youngest cohort (111,000) where participation rates are relatively low due to including young people not yet through school. Population growth in the 20 to 24-year-old cohort, where higher education participation is greatest, is comparably very modest to 2023 (30,000) but expands rapidly after that as the demographic bulge grows.

Table 2. Projected increased demand for CSPs (participation rate x population growth) for young (15-29) cohorts, 2020 to 2023, and 2030 (‘000s)

<table>
<thead>
<tr>
<th>Age group</th>
<th>Participation rate</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2030</th>
</tr>
</thead>
<tbody>
<tr>
<td>15-19</td>
<td>15%</td>
<td>4</td>
<td>10</td>
<td>16</td>
<td>40</td>
</tr>
<tr>
<td>20-24</td>
<td>30%</td>
<td>5</td>
<td>7</td>
<td>9</td>
<td>62</td>
</tr>
<tr>
<td>25-29</td>
<td>11%</td>
<td>3</td>
<td>6</td>
<td>8</td>
<td>12</td>
</tr>
<tr>
<td>Total</td>
<td>19%</td>
<td>11</td>
<td>23</td>
<td>33</td>
<td>115</td>
</tr>
</tbody>
</table>

Estimated new CSP places | 13 | 26 | 39 | 100 |

New CSPs vs projected 15-29 demand | 2 | 3 | 6 | -15 |

This means that the 39,000 new CSPs may exceed new demand for the 15-29-year-old cohort by around 6,000 places, assuming current higher education participation rates continue. Over the longer term to 2030, the growth in the 20 to 24-year-old cohort will lead to a demand for around 115,000 CSPs, exceeding the planned 100,000 increase.

Much of the population growth is set for the metropolitan areas. Job Ready Graduates directs 26% of its funds for new places to campuses outside the metropolitan areas to respond to low attainment and participation in those regions. The consequence of rebalancing access to better reflect where people live is that the number of growth places in metropolitan areas will be tight.
Growth in demand and the older student cohorts

Using the population growth in the 15 to 29-year-old cohort as a rough benchmark understates demand growth in several ways.

First, it makes no allowance for the steady consistent rise in participation as we reach towards all people completing school and acquiring tertiary qualifications across both higher education and vocational education. The impact of COVID-19 is already driving up applications ahead of expectations. This may ease in time but points to the underlying need for greater participation.

Second, it ignores the low but clear participation of older age groups, which are also set to grow. The need to reskill or upskill for people further into their working lives will become clearer across the decade.

- In 2018, 14% of all commencing bachelor students were 30 years or older, almost the size of the 17-year-old commencing cohort (16%).
- Population is projected to grow by 475,000 in the 30 to 64 age cohorts by 2023, and 1.5 million by 2030.
- Higher education participation rates for older cohorts was 3%. This would mean additional demand for 16,000 more higher education places by 2023 and 50,000 more places by 2030.

Comparing the growth places with potential demand

Figure One shows the impact of participation in the 15-29 cohort rising from 19% to 25% which would leave a shortfall of 48,000 places by 2030.

Figure 1. Demand for CSPs by participation rate for 15 to 29-year-old cohort
Figure two extends the analysis to include the growth levels for all age groups at current participation rates.

**Figure 2. Demand for CSPs by participation rate by age cohort, assuming 2016 participation rates**

![Graph showing demand for CSPs by participation rate by age cohort, assuming 2016 participation rates.](image)

22 July 2020
Figure 3 Population growth by younger age cohort (2020 base year) (’000s)

Figure 4 Population growth by older age cohort (2020 base year) (’000s)