

How Job Ready Graduates student charges impact different groups of students

Job Ready Graduates (JRG) is distinctive for both setting the student charge for 37% of units to the highest level known and reducing the rate back to the equivalent of the 1989 student contribution charge for 24% of units. The difference between lowest and highest would grow from 1:2 to 1:4.

Because different groups of students are more likely to study certain disciplines the impact of the proposed rates varies.

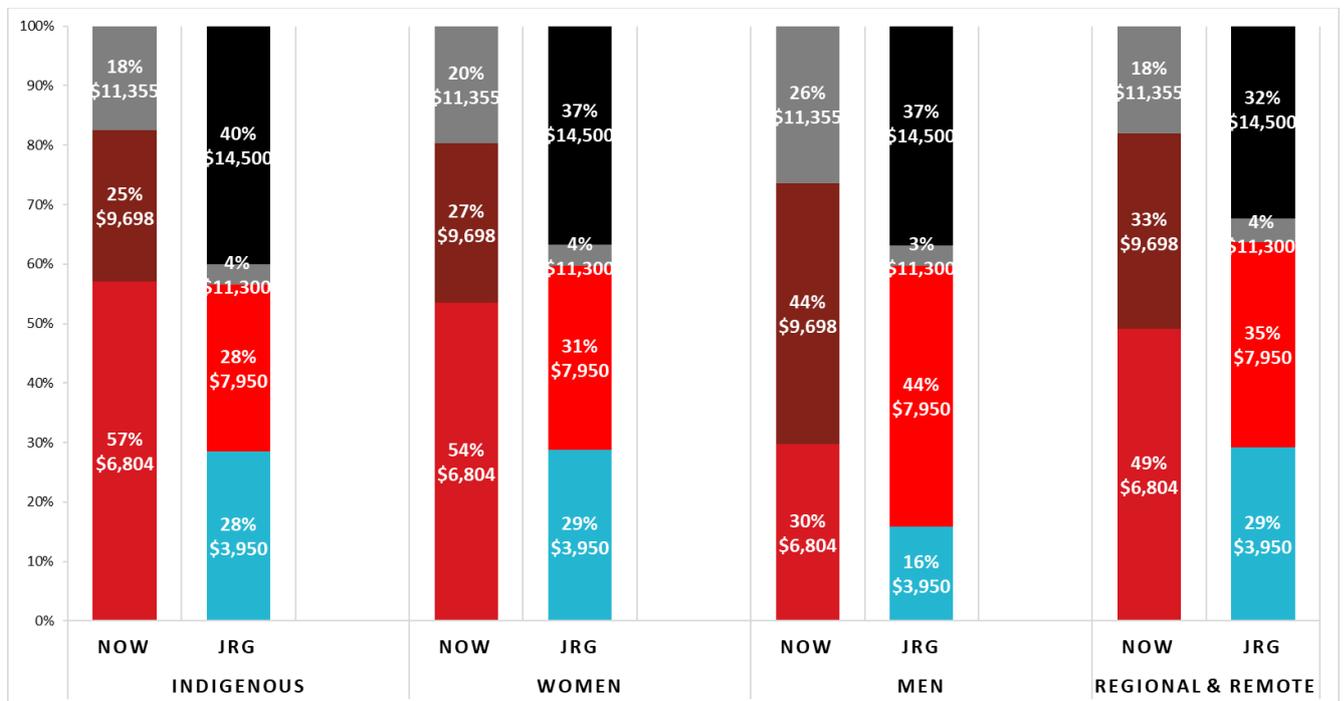
This IRU briefing compares the student charges under the current system with those the Government proposes to apply from 2021 for different sets of students:

- for Indigenous Australian students,
- for women compared with men, and
- for students from rural and remote Australia.

It addresses the changing fads for why student charges apply differently according to which units a student studies.

The analysis builds on [More Paying More: the rise and rise of student charges](#) which shows the consistent rise in the level of charges and the proportion of students charged the highest rate.

Figure 1: Comparison of current rates and proposed JRG rates: proportion of student units



Key results

JRG would mean that the highest charge, \$14,500, would:

- be the most common charge, applying to 37% of units. Currently the most common charge is the lowest of \$6,804, applying to 43% of units; and
- apply to two of three broad generalist degree areas of arts and social sciences, and business and commerce. These qualifications are the entry path to higher education for many people.

Indigenous

- Currently 18% of Indigenous students pay the top level of student contribution of \$11,355. Under the JRG that figure jumps to 40% of Indigenous students paying the top charge of \$14,500. This is the highest proportion of any student group considered.
- Average Indigenous student contributions will increase by 15% to \$9,550.
- Indigenous student contributions are currently 5% below the average for all students. Under the JRG bands they would be just over the average.

Regional and Remote

- Regional and remote student contributions will increase by 5% to \$9,035, paying the least of all groups considered.
- Currently 18% of regional and remote students pay the top level of student contribution of \$11,355. Under the JRG that figure jumps to 32% paying the top charge of \$14,500.

Gender

- The tendency for women to enrol in units at the lowest band and for men in the units at the middle or second band would continue with JRG.
- Women would now be as likely to pay the top charge of \$14,500 as men, whereas currently women pay the highest charge of \$11,355 for 20% of units compared with 26% of units for men.
- Average female student contributions will increase by 10%.
- Average male student contributions will increase by 6%.

The changing story of why students pay more, or less, for some disciplines

A single rate

The initial Higher Education Contribution Scheme charged the same for all subjects. It applied unit by unit to treat students who were part time or full time on the same basis. This avoided the complication many systems elsewhere face about how to set charges for students who study more or less than the standard.

The decision to have a single rate accords with the IRU argument to encourage all students to pursue their aspirations as the best means to a well-educated and diversely skilled workforce and society. That was not the rationale for the 1989 decision for a single rate, which was designed to introduce a student charge as simply as possible, without the complication of why some subjects would cost more than others. Pragmatics aligned with sense.

Its impact on individuals was essentially neutral to which qualification a person chose. The hidden difference is that four to six year qualifications would add up to more in total than the then common three year degree.

Three rates

The 1997 decision to create three groups of subjects used economic price theory to rationalise raising the amount students pay by 68%. That three group approach has survived through to 2020 with some amendments along the way.

The grouping of subjects reflected a mix of the likely cost to deliver the subject and popular views about the typical earnings of graduates from the qualification.

The lowest group combined most arts and social science subjects, which are usually low cost, with two professions in teacher education and nursing. Nursing is a medium cost degree that offers potentially good employment across a lifetime. However, no Government wishes to charge nurses more than the minimum.

The middle group brought together science, technology, engineering and mathematics units (STEM hereafter as broad shorthand), and the broad array of allied health professions, with the set of business, commerce and management units.

The STEM and health units generally are more costly to deliver, receiving mid-level Government contributions.

The business set require similar revenue to deliver as arts and social science units. The higher charge reflects an assessment that business graduates tend to earn more. However, both groups comprise around one in six students. The average outcome for graduates hides a wide range of outcomes from highly successful and wealthy people, to many who achieve good respectable careers and lives, to some who struggle.

The highest charge group initially comprised the high-status health professions of medicine, dentistry and veterinary science, plus law. The first three are high cost qualifications, the fourth low cost. Governments have felt able to target these professions for high charges based on competition to enter those professions and popular assumptions about future earnings.

The major change in the grouping of subjects was the move of management, business and commerce from the middle to the top band in 2008. This altered the top charge from targeting a select set of professions to being applied to a wide range of graduates.

The impact of the three bands on different groups of students

The division had different effects on women and men. Women are the majority group overall. Women are more commonly present in many of the fields subject to the lower charge. Conversely the STEM areas remain male majority subjects, at the middle charging band. The business and related group is more evenly balanced. Over time women have become the majority group in the initial high charge health subjects and law.

Few Indigenous Australians have been university students, until the past two decades.

Table One shows the result. A fairly common proportion of each group is subject to the top charges but with a distinctly greater likelihood for women, Indigenous Australians, and students from regional areas to study subjects in the lower band and for men to be in the middle band.

The issue of inequality of pay outcomes impacts on graduates' capacity to pay their contribution and the time it takes to pay. Increases to the rates and movement of subjects to higher (or lower) bands extends, or reduces, the years of work required to pay off a graduate's HELP balance.

Four new groups?

JRG would create four new groups of subjects, quite different from those in place since 1997 as adjusted in 2008.

1. For its lowest charge, set at roughly the current day value of the original HECS of 1989, it has selected a set of subjects it most thinks need encouragement: Clinical Psychology, Education, English, Mathematics, Languages, Nursing.

These have mostly been in the cheaper band throughout, without any notable improvement in standing for the profession or attraction of students to enroll in it.

Other than mathematics these subjects have high proportions of women and regional students.

2. The second charge is for Science, Technology and Engineering (STE) and health sciences, architecture and creative arts. Other than creative arts these have been the staple of the middle band since 1997. The rate is a drop down for these subjects but one unlikely to have impact given the rate remains in the middle of those being applied.

The group is almost in balance women to men but with women more common in the health and science subjects, and men in the technology and engineering subjects.

3. The third group is very small, being limited to the three high-status health professions, which continue to be charged at a rate similar to the existing top band.

These subjects have become proportionately more female over time.

4. The new fourth band brings together most of the low-cost delivery subjects into the high charge band. It includes two of the three generalist degree areas in arts-social sciences and management-business-commerce. The top-level charge would be the most common charge students would face, with government funding to reduce to the lowest known for any subject.

With each \$4,000 increase in HELP at the end of a degree the graduate requires another year of full-time work at a mid-level graduate job earning \$80,000 a year. This impact will hit the broad range of students across those degree areas, affecting many women who are more likely to earn less and to have breaks in employment due to childbirth and rearing.

It includes establishment units that Indigenous students are particularly likely to use to begin their studies, such that over 40% of Indigenous student studies would be in this top band.

Table 1. Current system units of study: proportion in each student charges band

Current Bands, 2021 Rates	Indigenous	Women	Men	Regional	All
Band 1. \$6,804	57%	54%	30%	49%	44%
Band 2. \$9,698	25%	27%	44%	33%	34%
Band 3. \$11,355	18%	20%	26%	18%	22%
Total	100%	100%	100%	100%	100%
Average	\$ 8,338	\$ 8,476	\$ 9,276	\$ 8,574	\$ 8,807

Table 2. JRG units of study: proportion in each student charges band

Proposed Bands, 2021 Rates	Indigenous	Women	Men	Regional	All
Band 1. \$3,950	28%	29%	16%	29%	23%
Band 2. \$7,950	28%	31%	44%	35%	36%
Band 3. \$11,300	4%	4%	3%	4%	4%
Band 4. \$14,500	40%	37%	37%	32%	37%
Total	100%	100%	100%	100%	100%
Average	\$ 9,550	\$ 9,323	\$ 9,842	\$ 9,035	\$ 9,538

Table 3. Current system units of study: proportion in each student charges band

Current Bands, 2021 Rates	Indigenous	Women	Men	Regional	All
Band 1. \$6,804	2.3%	72%	28%	21%	100%
Band 2. \$9,698	1.3%	46%	54%	18%	100%
Band 3. \$11,355	1.4%	51%	49%	15%	100%
Total	1.8%	59%	41%	19%	100%
Average	\$ 8,338	\$ 8,476	\$ 9,276	\$ 8,574	\$ 8,807

Table 4. JRG units of study: proportion in each student charges band

Proposed Bands, 2021 Rates	Indigenous	Women	Men	Regional	All
Band 1. \$3,950	2.1%	72%	28%	24%	100%
Band 2. \$7,950	1.4%	50%	50%	18%	100%
Band 3. \$11,300	1.8%	60%	40%	21%	100%
Band 4. \$14,500	1.9%	58%	42%	17%	100%
Total	1.8%	59%	41%	19%	100%
Average	\$ 9,550	\$ 9,323	\$ 9,842	\$ 9,035	\$ 9,538

Notes on the data

The number of students in each of the student charging bands are estimated to our best ability within the limits of available data. This means that to some degree IRU has estimated the likely split.

Indigenous, rural and remote and gender breakdowns are based on Commonwealth supported student load (EFTSL) by narrow field. These are mapped to the student contribution band. Average student contribution rates are estimated using the 2018 student load by band for each student group.

For clinical psychology, “professional” psychology and “professional” social work, we needed to make estimates. For the 962 EFTSL student load for “clinical psychology” in low charge Band 1 was distributed this proportionate to each group’s share of student load in psychology (e.g. 74% of all psychology load is female and 74% of the 962 EFTSL student load was attributed to females). For the approximate 8,000 EFTSL for professional psychology and social work reclassified from Band 4 to Band 2, we assumed 6,000 EFTSL was for psychology and 2,000 EFTSL for social work. This load was distributed to each group according to their proportion of load in psychology and social work.

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