



Innovative
Research
Universities

Our Submission

An Indicator Framework for Higher Education
Performance Funding

Discussion Paper

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Charles Darwin University
Flinders University
Griffith University
James Cook University
La Trobe University
Murdoch University
The University of Newcastle

Introduction

Innovative Research Universities (IRU) welcomes the opportunity to comment on proposals for higher education performance funding.

Objective of performance funding

The Discussion Paper notes that ‘targets will provide a major incentive for institutions to drive improvements in teaching quality’ (p. 4).

The Indicators Framework, as proposed in the Discussion Paper, will require universities to negotiate detailed targets for 20 or so separate measures.

Individual universities will have relative strengths and weaknesses with respect to the performance measures adopted.

Given that the purpose of higher education performance funding is to create incentive for change, it will be important for the targets negotiated through compacts to clearly signal the areas where institutions most need to achieve performance gains.

There should be provision in the Framework for the negotiation of ‘maintenance’ targets in areas of existing strong performance and ‘advancement’ targets in areas most in need of improvement or change.

IRU recommends that:

- *The Indicators Framework includes the concept of ‘maintenance’ and ‘advancement’ targets.*

Implementation

IRU strongly supports the concept of institution-specific targets negotiated in accordance with their individual circumstances and strategic ambitions, noting that many of the proposed indicators (e.g. retention, completion) would be highly problematic if used to rank universities.

The Discussion Paper does not describe how the performance funding allocation mechanism will work in practice, and suggests somewhat ambiguously that universities judged to have met their targets will receive performance funding.

Presumably this does not mean that all targets will need to be met in order to be eligible for funding?

How will the achievement or non-achievement of 20 or more targets be weighted and factored into a funding allocation?

The detail of the funding allocation mechanism is an important factor in evaluating the appropriateness of the Indicators Framework. It would be preferable to comment on both of these key elements of the performance funding model at the one time.

IRU recommends that:

- *Details of the proposed funding allocation mechanism be released to the sector as soon as possible for comment, prior to the finalisation of the Indicators Framework.*

Principles

IRU reinforces the importance of the Discussion Paper’s second principle (p. 6): “Performance indicators should be statistically sound and methodologically rigorous, including in terms of construct and predictive validity”.

This principle is particularly important with reference to the indicators proposed which are survey-based. Benchmarking against a target using survey-derived data must take into account the statistical margin of error (+ or – x%). An institution that fell short of a target but within the margin of error might actually, within a reasonable degree of probability, have “really” met the target. In these instances, universities should not be penalised.

IRU recommends that:

- *Where indicators are based on survey data, margins of error be taken into account in assessing performance against targets.*

The Discussion Paper’s third principle is also very important: “Performance indicators should be derived from high quality, objective data sources, and where possible collected at ‘arms length’ by an independent body, as well as not easily manipulated”.

IRU is strongly of the view that any survey used for the purposes of performance measurement and funding must be administered and processed externally by an independent body in order to reduce bias that may result from differences in administration practices.

IRU recommends that:

- All surveys used for the purposes of assessing performance and allocating funding be administered and processed by an independent body.

The eighth principle suggests that indicators should 'not be excessively lagged, providing information in a timely manner'.

While time lags present irritating challenges in terms of monitoring performance, they can become significant problems when attempts are made to set targets relative to prior performance.

For example, the draft Framework would require institutions to agree targets in relation to the CEQ Good Teaching Scale in 2010 for assessment in 2011. The data available in 2011, however, will relate to the 2010 CEQ which collects information from students who completed in 2009 and studied roughly over the years 2006-2009. Consequently no amount of effort on the part of the university between 2010 and 2011 can impact on its ability to achieve its target.

IRU recommends that:

- Further consideration be given to the practical challenges involved in setting and achieving targets when indicator time lags are significant.

Student participation and inclusion

The IRU universities played a pivotal role in the 'education expansion revolution' of the 1960s/1970s, and they are well placed and ready to play a key role in achieving the government's targets for educational attainment and low SES participation over the next decade and longer.

Each of our members provide educational access to communities characterised as disadvantaged and with educational attainment rates significantly below the national average, typically located in outer-metropolitan, regional and remote locations. As a network of universities, we are already very close to achieving the government's undergraduate low SES participation target of 20%. All our members, including those already exceeding the target, are nevertheless strongly committed to further expanding educational opportunities for disadvantaged Australians.

Agreed increase in number of commencing domestic undergraduate students

IRU supports the setting of institutional targets for increasing the number of commencing undergraduate students.

We support the government's intention for negotiated targets "to be sufficiently flexible to accommodate universities' strategic ambitions". The targets also need to take account of the individual circumstances of institutions, including: local and regional economic conditions; physical infrastructure capacity; financial circumstances; student demand; and, recent patterns in student growth.

We are particularly concerned that the teaching and learning infrastructure capacity of universities be taken into account. With most of our member universities being established in the 1960s and 1970s, for example, many of our core campus buildings are close to the end of their life or are in need of radical refurbishment. Some of our members have also expanded over recent years, reaching the limits of their capacity on some, if not all, campuses.

Demographic analysis¹ indicates that growth of the scale represented by the government's higher education attainment targets will require a major expansion in university campus construction.

In our Treasury Pre-Budget Submission, we recommended the establishment of a \$500 million Higher Education Expansion Capital Fund, with funding distributed on the basis of institution-specific growth targets.

IRU recommends that:

- The negotiation of targets be sufficiently flexible to accommodate universities' strategic ambitions and individual circumstances.
- Where there is a demonstrated need, capital funding be provided to support the achievement of growth targets.

In an effort to enhance student flexibility, many universities now enrol a significant number of commencing students through a mid-year intake. The proposal to measure

¹ Birrell, B. and Edwards, D., 'The Bradley Review and access to higher education in Australia' in *Australian Universities Review*, Vol 51, no. 1, 2009. This article examined the more ambitious Bradley Review recommended target of 40% attainment for 25 to 34 year olds by 2020, however, the main conclusions remain relevant to targets extending to 2025.

performance based on half year enrolment data only is consequently inappropriate.

IRU recommends that:

- *Targets in relation to the number of commencing domestic students be referenced against total commencements, including mid-year intakes.*

Baseline number of students from under-represented groups plus percentage point increase

IRU supports the setting of institutional targets in relation to low SES students.

We are concerned that targets in relation to Indigenous student participation will be optional. IRU strongly supports COAG's targets to end Indigenous disadvantage and sees education as key to the achievement of this objective.

If universities can opt out of negotiating Indigenous participation targets, there is a risk that Indigenous Australians will suffer further disadvantage through lack of access to the full range of Australian universities.

IRU recommends that:

- *The negotiation of targets for Indigenous student participation be a requirement for all institutions.*

As noted in our separate submission on measuring the socio-economic status of higher education students, IRU believes that the current postcode measure is invalid, especially for socially heterogeneous areas. We strongly support the need for a more robust indicator to be developed.

The inclusion of Centrelink recipients in the definition of low SES is problematic in our view, for two reasons.

First, the larger group of students falling into this category (i.e. Youth Allowance recipients) include only full-time students. There are significant variations across universities in terms of the percentage of students studying part-time.

Distance education providers, for example, would be especially disadvantaged as the vast majority of external students study part-time. Given that many of the communities with low educational attainment rates are in rural and regional Australia, the inclusion of Centrelink

recipients would consequently run counter to the government's objectives.

Second, the Bradley Review² demonstrated that current student income support is very poorly targeted with a significant percentage of recipients coming from households with annual incomes above \$100,000.

IRU recommends that:

- *Centrelink data on income support recipients not be included in the definition of low SES.*

Pathways and enabling programs

The Indicators Framework appears based on an assumption that the government's attainment and low SES targets will be achieved by students entering directly into undergraduate award programs.

To achieve these targets, however, universities will need to attract new groups of students who have previously not entered higher education, many of whom will not be adequately prepared for university level study. Enabling and pathway programs will consequently be of increasing importance in the future.

The Indicators Framework needs to more explicitly acknowledge the role of enabling and pathway programs in achieving the national targets by including enabling course enrolments in the definition of the student participation indicators.

IRU recommends that:

- *Enabling and pathway course enrolments be within scope for the student participation indicators.*

Student experience

While it is acknowledged that performance funding is primarily conceived as a mechanism for driving improvements in relation to the education of domestic students, IRU considers it important for the Australian government and universities to signal their commitment to ensuring a high quality student experience for international students and supports the inclusion of international students within scope. One option would be to have separate indicators for domestic and international students.

² Department of Education, Employment and Workplace Relations, *Review of Australian Higher Education*, 2008. (p.53)

Percentage point improvement in retention rate of first year students

IRU supports this proposed indicator.

Percentage point improvement on 'satisfaction score'

IRU does not support the use of student *satisfaction* as a measure of the student experience. The Overall Satisfaction Item of the CEQ is too broad a measure to be of assistance in directing institutional change efforts and is consequently not 'fit for purpose'.

Using the CEQ Good Teaching scale on its own would be a more robust interim measure.

IRU recommends that:

- *The Overall Satisfaction Item of the CEQ not be included as a student experience indicator.*

New 'University Experience Survey'

It is unclear what value would be added by introducing a *new* survey, given the existing suite of student experience surveys: AUSSE; CEQ; and, First Year Experience Survey.

Care needs to be taken to avoid over-surveying students. In addition, student evaluation systems are currently uncoordinated, leading to duplication, inefficiency and lack of consistency in the use of various surveys across the sector. There needs to be a single agency charged with reviewing, improving and rationalising current arrangements.

It would be preferable to build on the existing body of practice and knowledge rather than reinvent the wheel. Any new survey needs to *replace*, rather than complement, the instruments currently in use.

IRU recommends that:

- *The current suite of student surveys be reviewed, improved and rationalised by an appropriate independent agency.*
- *A new survey only be introduced as a replacement of existing surveys.*

Student attainment

IRU considers it appropriate for international students to be within scope of the student attainment indicators

Percentage point improvement in progress and retention rates

Percentage point improvement in progress and retention rates for under-represented groups

IRU supports the adoption of progress and retention rate indicators. [We assume that the definition of 'progress rate' is the percentage of attempted student load which is passed.]

We strongly endorse the views expressed in the Discussion Paper that: the movement of students between universities must be valued as a service to the government's vision to increase higher education attainment; and, it would be unfair to penalise universities for not meeting retention targets on this basis.

IRU agrees that universities should be able to negotiate targets that are appropriate for their circumstances and 'nuanced' for context.

As mentioned earlier, IRU believes that targets for Indigenous students should not be optional.

Cohort-based completion rates

IRU agrees with the Discussion Paper's observation that the current method of calculating completion rates is fairly crude and quite volatile. In our view, it is ineffective as an indicator as it erroneously assumes that students follow a standard full-time program of study – a scenario which is completely out of date with the flexibility and diversity which currently exists across the higher education system.

We agree that it would be valuable to have access to data relating to cohort-based completion rates. The time periods involved in tracking the outcomes for any student cohort, however, will be substantial.

Consistent with our earlier point, we believe that the time lags involved in the calculation of cohort-based completion rates would be too great to allow for sensible target-setting.

IRU recommends that:

- *Completion rate targets not be included in the Indicators Framework.*

Quality of learning outcomes

Agreed increase in proportion of staff with a Graduate Certificate in HE or equivalent

Our members recognise the benefits and importance of qualifications aimed at enhancing the teaching quality of academic staff.

In our view, however, this indicator represents an 'input' rather than an 'outcome' and we consequently have significant reservations about its inclusion in the Indicator Framework.

IRU recommends that:

- The proposed indicator relating to staff with a Graduate Certificate in Higher Education or equivalent not be included in the Indicators Framework.

Percentage point improvement in satisfaction with generic skills

IRU does not support the inclusion of this indicator as evidence suggests that self-reporting of generic skills achievement is not reliable.

IRU recommends that:

- The Indicators Framework not include the CEQ Generic Skills indicator.

Percentage point improvement in employment and further study outcomes

IRU supports the inclusion of employment and further study outcomes as measures, provided that the local and national graduate employment market is taken into account in assessing performance against targets.

Graduate Skills Assessment (GSA)

IRU does not support the use of the GSA as a performance measure, for a range of reasons:

- The take up of the GSA since it became available in 2000 has been minimal and falling, partly due to its administration costs, the challenges in getting students to contribute the time required to complete it, and concerns about its cultural assumptions and language.
- A recent study³ concluded that the GSA is not likely to improve in popularity and that employers prefer other strategies for

judging generic skills (e.g. WIL; e-portfolios; graduation statements).

- Evidence from multiple studies demonstrates that generic skills cannot be effectively assessed out of context.
- To be valid, the test would need to be administered at commencement and completion of each student's degree. Even so, the measurement of 'value-added' is extremely complex and remains a highly contested topic in the field of educational measurement⁴.

IRU seriously challenges the validity of the proposed interim measure which compares the outcomes for first and final year students in any given year.

IRU favours different approaches for assessing graduate outcomes which are currently being explored across the sector.

Moderation of assessment, for example, is a more valid, practical and cost-effective way of assessing graduate outcomes. It assesses student learning in context and within disciplines, which makes the demonstration of skills meaningful. Moderated assessment requires no extra input from students, as examples of work completed for the normal course are used. Costs are also lower for the administering body.

IRU believes it is critically important for there to be appropriate coordination and integration of the various academic standards initiatives currently underway: revision of the AQF; the standards framework to be developed by TEQSA; the AUQA project on academic standards; and, the ALTC academic standards project.

IRU recommends that:

- The GSA not be included in the Indicators Framework.

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³ Precision Consultancy, *Graduate Employability Skills*, Prepared for the Business, Industry and Higher Education Collaboration Council, August 2007.

⁴ Australian Universities Quality Agency, *Setting and Monitoring Academic Standards for Australian Higher Education: A Discussion Paper*, May 2009.