

Australian students to pay the price for reduced university funding

April 15 2013, by Liz Minchin



Another funding shake-up: the University of South Queensland and others are concerned about cuts to student funding and scholarships. Credit: USQ/Grace Yu

Losing A\$200 a student doesn't sound like a major cut for a multi-billion-dollar industry – so will the new university funding cuts really affect the quality of Australian higher education?

Over the weekend, the federal government announced that A\$2.3 billion

will be stripped from the university system to used for a proposed boost to schools [funding](#).

[Prime Minister](#) Julia Gillard has defended the "efficiency dividend" reduction in university funding of 2 per cent in 2014 and 1.25 per cent in 2015, worth A\$900 million, pointing out that total university funding was still rising even after the cuts.

"We have increased funding to universities by more than 50 per cent since we came to government. That's a lot, by more than half," Ms Gillard told ABC radio.

"Universities will continue to get more money next year and the year after than this year. What we are looking to do is to moderate the rate of growth, so that we can make a difference for school funding now for 3.5 million kids and of course get school funding and school reform and improvement right for all of the children to follow."

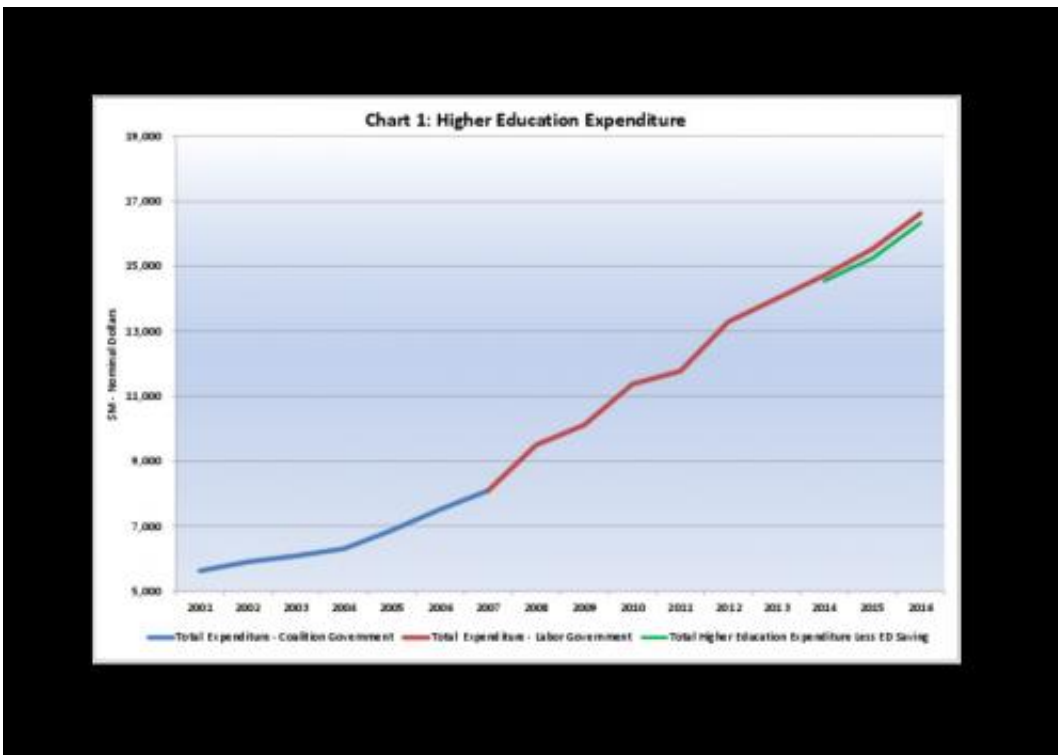
Universities Australia chairman and Vice-Chancellor of the University of Melbourne Glyn Davis acknowledged that [government funding](#) had grown since 2004, and "picked up dramatically" under the Labor government since 2007.

But Professor Davis told ABC radio the sudden reduction in funding growth would still have an impact on [students](#) and the quality of their university experience.

"It means, in very approximate terms, what is currently A\$9400 becomes A\$9200 to support each student on average," he said. "Of course the particular amount for a student varies dramatically depending on whether they're doing commerce and arts, or medicine and law. But on average it'll be about a A\$200 reduction per student.

"What it does mean is that the things that student support fund – the amount of contact hours, the amount of student counselling, the hours in the library, stock in the laboratories, all of the things that are standard parts of the operation of all universities – just get shaved.

"All of them have to be reduced around two per cent to make this work and to keep universities, which work on very, very fine margins, still in the black, because no university can afford to run deficits."



Commonwealth funding for higher education, 2001-2016. Credit: Federal Government

Regional Universities Network executive director Caroline Perkins said the federal government was about to undercut its record of pushing for more students from regional, indigenous, low-income and other diverse

backgrounds to go to university.

"I do think these cuts undermine the federal government's legacy in terms of [higher education](#) policy," Dr Perkins said.

"This will give us less funding to support those students, just at a time when participation from these groups was starting to lift. For instance, last year we saw a slight lift in the relative percentage of low socioeconomic status students participating for about the first time ever."

Only 12 per cent of Australians in regional areas have a university degree, compared to more than double that rate in capital cities.

University students will foot more of the bill for their studies, with Student Start-up Scholarships to help cover expensive textbooks and equipment to be converted to a Higher Education Contribution Scheme (HECS) loan from next year, saving taxpayers A\$1.2 billion.

This will mean that students who go on to earn A\$49,096 or more (at current rates) will have to repay that start-up money as a loan, on top of their HECS debt.

Students who receive a scholarship before 1 January 2014 will still be eligible for the funding until they come off student payments.

"Many regional students already have to relocate to attend university. By removing start-up scholarships, students will need to increase their debt to the government or have their families take out personal loans," said University of Southern Queensland Vice-Chancellor Jan Thomas.

"More than 30 per cent of our students are financially disadvantaged. Very many more are educationally disadvantaged. It costs a lot more in

academic and pastoral support to get those students up to the standard that Australians expect of a university graduate. Every time these dollars are chipped away, it affects our ability to do that for those students.

Professor Thomas said USQ was expecting to lose at least A\$3.8 million of government funding next year, with further cuts in 2015, which will not just affect students and staff.

"Our Toowoomba campus alone contributes nearly 2,400 jobs in full-time jobs, and every one dollar spent in regional uni delivers three back to the region. It's too early to say on job losses or where we'll make up the ground, but anything that affects regional universities has a knock-on consequence for our regions too."

University of Queensland Vice-Chancellor, Professor Peter Høj, said one of his concerns was the impact on Australia's international reputation for quality education.

"Everyone talks about how hard to export with a high Australian dollar. Universities have created the third highest export sector in the country, A\$15 billion per annum in high education export earnings, and we do that because we have highly ranked universities," he told ABC radio.

"So if we underfund universities, those rankings will slip, and you will actually see an export-earning capability that also gives soft power in Asia slip."

Professor Høj said the A\$900 million efficiency [dividend](#) was "a double hit" to the university sector, coming only six months after the [federal government](#) cut A\$1 billion to university and student programs.

"When I was a young lecturer back in the late '80s, we had a student to staff ratio of 13 to 1; it's now 21 to 1," Professor Høj said. "It's not as

though there hasn't been a productivity increase."

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