



# Higher Education Student Equity Package

25 June 2014

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## Overview of Today

### **10.00 am-12.00 noon - Information Session**

- Strategic Overview
- Commonwealth Scholarship Scheme
- Higher Education Participation Programme (HEPP)
- Implementation
- Questions and Answers

### **12.00 pm – 1.00 pm Lunch**

### **1.00 pm – 3.30 pm – HEPP Workshop**

- Facilitated discussions regarding HEPP guidelines and funding formula

## STRATEGIC OVERVIEW

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### Strategic Overview

2014-15 Budget's major **higher education reform package** to achieve:

- Expanding opportunities for students in the regions and cities
- Supporting excellence and innovation
- A sustainable HECS system
- A sustainable higher education system
- Upholding quality

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## Strategic Overview

Higher Education Reform Package - Expanding opportunities for students:

- Building better pathways for all students studying higher education courses
- Helping students study wherever they choose
- Sharing the costs of excellence fairly
- Scholarships and a more effective Higher Education Participation Programme
- By 2018, 80,000 more students per annum will benefit from the Government's higher education reforms

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## Strategic Overview

2014-15 Budget's major equity initiatives:

- Extending the Commonwealth Grants Scheme (CGS) to higher education diploma, advanced diploma and associate degree courses
- Supporting Australian students to participate in higher education at institutions that best meet their needs; public universities, private universities and non-university higher education providers
- The Commonwealth Scholarship scheme
- The Higher Education Participation Programme
- Strengthened support for VET students, including the introduction of Trade Support Loans, and abolition of loan fee for VET-FEE HELP

# THE COMMONWEALTH SCHOLARSHIP SCHEME

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## The scheme

- Commences 1 January 2016
- Applies to higher education providers who:
  - receive funding under the Commonwealth Grants Scheme;
  - and
  - have domestic EFTSL of 500 or more
- Providers to commit 20 per cent of additional revenue to support student access, participation and success
- Will fund tailored, individualised support to disadvantaged students
- Will complement the streamlined Higher Education Participation Programme

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## The scheme's funding arrangements

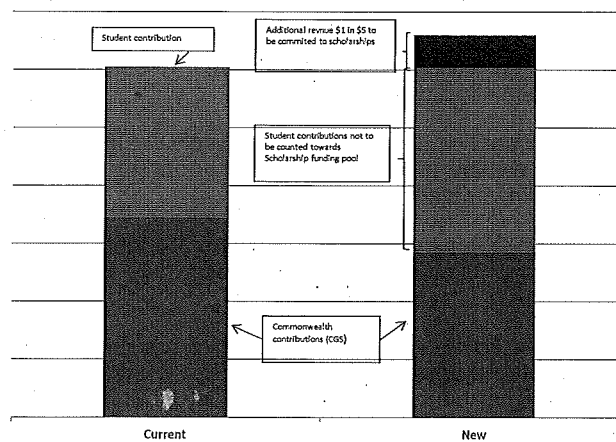
- The scheme's 20 per cent will be calculated from the additional income derived through the deregulation of fees
- The calculation will compare income from Commonwealth supported students under current arrangements (combining CGS and student contributions) with the income generated from student contributions and CGS under the new arrangements
- The base for calculating the 20 per cent for a new provider will be determined as if their student caseload had existed under the current public funding system

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## The 20 per cent

Commonwealth and Student contributions - additional revenue for 20% calculation

billions



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### Indicative 20 per cent calculation

Institution	*Current CGS Amount (\$)	*Current max student contribution (\$)	Current total resourcing (\$)	New CGS Amount (\$)	If student contribution set at: (\$)	New total resourcing (\$)	Additional revenue (\$)	Scholarship scheme (20% of additional revenue)	Total pool if 200 EFTSL per discipline \$
<b>Scenario A</b>									
Maths	9,878	8,987	18,865	12,045	6,000	18,045	0	0	5,280
Humanities	5,583	6,306	11,889	6,021	6,000	12,021	132	26.40	
Nursing	13,563	6,306	19,869	12,045	6,000	18,045	0	0	
<b>Scenario B</b>									
Maths	9,878	8,987	18,865	12,045	10,000	22,045	3,380	676	379,520
Humanities	5,583	6,306	11,889	6,021	10,000	16,021	4,132	826.40	
Nursing	13,563	6,306	19,869	12,045	10,000	22,045	2,176	435.20	
<b>Scenario C</b>									
Maths	9,878	8,987	18,865	12,045	14,000	26,045	7,180	1,436	859,520
Humanities	5,583	6,306	11,889	6,021	14,000	20,021	8,132	1,626.40	
Nursing	13,563	6,306	19,869	12,045	14,000	26,045	6,176	1,235.20	

\* Using 2015 amounts, indexed (2016 rates not yet publicly available)

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### The scheme's guidelines

- The 20 per cent re-allocation of funding will need to be clearly identified in university accounts
- There will be a reconciliation process each year to determine that the 20 per cent has been allocated
- Permissible scholarship purposes will be broadly defined to include supporting the student to meet the costs of attending, participating in and/or succeeding in higher education
- The focus of the Scheme will be on supporting students – either as scholarship payments or individualised support such as assistance with cost of living
- There will also be some allowance for outreach activities encouraging aspirations to attend university and improving the understanding and awareness of higher education as a viable post-school option

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## **Eligibility for a scholarship**

- Institutions are well placed to match support to the needs of individual students e.g. for cost of living, accommodation or fee waivers
- The six Martin indicators will be the standard guide to eligibility:
  - people from low socioeconomic backgrounds;
  - people with a disability;
  - Aboriginal and Torres Strait Islander people;
  - people from rural and isolated areas;
  - people from a non-English speaking background; and
  - women in non-traditional areas of study and higher degrees.
- The scheme will be flexible enough to allow institutions to assist any student facing disadvantage and respond to the unique needs of each institution's student profile

## **HIGHER EDUCATION PARTICIPATION PROGRAMME (HEPP)**

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## The HEPP

- Commences 1 January 2015
- Has two elements:
  - Access and Participation Fund; and
  - National Priorities Pool
- It aims to increase the number of people from disadvantaged backgrounds accessing higher education
- Complements the Commonwealth Scholarship Scheme's support for students from disadvantaged backgrounds
- HEPP funding from 2014-15 to 2017-18 is \$690.67 million.

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## Access and Participation Fund

- The Fund is intended to support:
  - outreach that increases the aspiration of disadvantaged people to attend university and their capacity to do so;
  - participation by disadvantaged students in higher education; and
  - success by disadvantaged students in completing their courses of study, obtaining graduate employment and participating in life-long learning
- Universities will determine the mix of initiatives to be undertaken in their Access and Participation Plans
- Funding will be provided on a three year basis to support planning and to reduce administration
- Funding formula will be reformed to focus on both the numbers of low SES students and the success of those students
- The new funding formula will ensure that institutional effort is recognised, noting that many institutions in regional Australia have a high proportion of low SES students



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## Access and Participation Plans

- Each eligible institution will have a three-year Access and Participation Plan as part of the HEPP
- A short template will be provided by the department to assist in plan preparation
- The Plan should outline:
  - institutional strategies and initiatives for access, participation and success by disadvantaged students
  - strategies for evaluation
  - collaborative activities

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## National Priorities Pool

- The Government will invest in building the evidence base and best practice to share across the sector
- Enables more effective implementation of the HEPP nationally and at the institutional level by:
  - Building the evidence base
  - Fostering innovation
  - Improving systems and operation.
- Encourages improved access and success in higher education through, for example, research pilot projects and promulgating best practice guidance
- \$9.5 million p.a.
- Funding priorities governed by an annual statement of priorities set by the Minister

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## HEPP Funding over forward estimates

HEPPP		HEPP					HEPP Component
HEPPP Component	2014 \$m	2015 \$m	2016 \$m	2017 \$m	2018 \$m		
Participation	119	146	162	165	170	Access and Participation Fund  (Includes grandfathered competitive grant allocations)	
Partnerships	18						
Partnerships competitive grant allocations	34	19					
National Priorities Pool	9.5	9.5	9.5	9.5	9.5	National Priorities Pool	

## IMPLEMENTATION

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## Overview of the next 18 months

- Ongoing consultation
- Jul – Oct 2014      Guidelines developed (CSS and HEPP)
- Nov 2014            Access and Participation Plans completed by providers
- 1 Jan 2015          HEPP Commences
- Jan 2016            The Commonwealth Scholarship Scheme commences

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## Next Steps

- This workshop is not the end but a continuation of the consultation process regarding these initiatives.
- Further activities will include
  - Face to face meetings
  - Roundtables
  - Web-based feedback on implementation issues
  - Opportunities to provide feedback on discussion papers

**QUESTIONS**

**Higher Education Student Equity Package**

**Workshop 25 June 2014**

**Higher Education Participation Programme**

**Discussion Starters**

## 1. HEPP objectives, principles and eligibility

- By meeting these objectives the HEPP will help increase the number of people from a disadvantaged background who access, participate and succeed in higher education.
- The **objectives of the HEPP** are to:
  - increase how often and how well providers partner and work with schools, vocational educational institutions and the community in order to increase the aspiration and capacity of people from a disadvantaged background to attend university;
  - increase and improve providers' means of supporting students from a disadvantaged background to transition through and complete their courses of study with higher levels of achievement; and
  - increase and improve the support provided to students from a disadvantaged background to move from higher education to employment and participation in life-long learning.
- The Access and Participation Fund will apply the following **principles**:
  - engagement with people prior to their entry to university should occur early in their pre-tertiary education years and be age-appropriate;
  - target disadvantaged communities where participation in higher education is low and where matriculation to universities is poor;
  - complement relevant existing activities and not involve duplication or competition between providers;
  - encourage participation in higher education generally, and not promote the benefits of a single provider.
- **Eligibility** for the HEPP will be restricted to current Table A providers.

## QUESTIONS

1. How appropriate are the proposed objectives and can their achievement be readily evaluated?
2. How appropriate are the proposed principles for the Access and Participation Fund?
3. Is there a need to consider changing the range of institutions eligible to receive HEPP funding and why?

## 2. Access and Participation Fund – eligible activities

- **Eligible activities** include, but are not limited to:
  - encouraging aspirations to attend university and improving the understanding and awareness of higher education as a viable post-school option;
  - academic preparation either at school or via an alternative pathway;
  - education programs for parents of disadvantaged students, particularly those with children who are first in their families to access higher education;
  - offering institutional equity scholarships to disadvantaged students;
  - inclusive entry processes;
  - modifications to teaching delivery and learning methods to better meet the needs of disadvantaged students;
  - mentoring, peer support, tutoring and continued academic support;
  - monitoring the impact and effectiveness of activities undertaken.
  
- Universities will be asked to:
  - include activities involving collaboration with schools, State/Territory Governments, VET providers or community groups; and
  - have regard to evidence based measures.
  
- **Ineligible activities** under the HEPP are:
  - infrastructure;
  - general facilities, such as office equipment, furniture and maintenance;
  - salaries or other costs for general equity support services that would be provided in the absence of HEPP;
  - transport vehicles that are not for students from disadvantaged backgrounds;
  - staff that do not support the objectives of the programme or that would be funded by the provider in the absence of the HEPP;
  - activities that are funded by other Commonwealth Government programmes, excluding jointly funded initiatives that directly meet the HEPP objectives;
  - discipline-specific activities that are not principally for the benefit of students from disadvantaged backgrounds; and
  - institutional strategies, financial management review or curriculum review (curriculum review that does not concern disadvantaged students).

## QUESTIONS

1. Would further clarification of potential activities in the guidelines support planning by institutions?
2. Is this list of ineligible activities complete and appropriate?

### 3. Planning and reporting

- Eligible providers will be asked to provide a three year **Access and Participation Plan** that outlines institutional strategies for access and participation initiatives for disadvantaged students, including disadvantaged students.
- The Plans should address the address the following key priority areas:
  - o Aspiration raising
  - o Access – pre entry, admissions and enabling programs;
  - o Participation – transition and support during studies
  - o Success - successful completion, graduate employment and ongoing learning.
- The Access and Participation Plan can also:
  - o outline means of evaluating activities, including measures of success;
  - o detail collaborative activities run in partnership with other universities;
  - o identify promotions of activities;
  - o show how HEPP funds will be used to promote higher education generally.
- Providers will be asked to **report** annually. Annual reports will form part of the eligibility requirements for payment.
- Reports should focus on the outcomes achieved against Access and Participation Fund activities and the measures of success identified in the institution's Access and Participation Plan.
- Providers may report on the progression of disadvantaged students by year, and consider measures such as participation, retention and success.
- Reporting requirements for the National Priorities Pool will be set out as part of the relevant conditions of grant.

### QUESTIONS

1. How appropriate are the proposed objectives and can their achievement be readily evaluated?
2. What issues should be covered in a report that will show demonstrable progress towards a more inclusive higher education system?



#### 4. Access and Participation Fund funding

- Funding will be on a three year basis, commencing 1 January 2015.
- Universities will be advised of their three year allocation in the year preceding year one, including the amount of funds they will receive for each year of the three year period subject to indexation.
- The HEPP funding formula will:
  - o include the SA1 low SES measure and a measure of low SES student success;
  - o provide recognition and support to regional and outer-metropolitan institutions, which typically provide for the needs of a substantial proportion of low SES students.
- The SA1 low SES measure is based on the SEIFA IEO classification of students' home addresses at the statistical area 1 (SA1) geographical level only and does not include a Centrelink payments component.
- Regional providers will receive a greater share of the HEPP funding by moving to the SA1 index in 2015 than they would have using the 2014 methodology because the SA1 measure is more precise and because of the shift in demographics between 2006 and 2011.
- Possible measures of student success include:
  - o Retention, measuring the amount, rate or ratio of individually identified students progressing to the next year of study
  - o Success, measuring the number, rate or ratio of units of study (equivalent full time student load – EFTSL) receiving a pass grade or higher
  - o Completion, measuring the number of students completing an award.
- Use of success is the preferred measure because:
  - o it is the most direct measure of how well students are meeting the academic requirements of higher education;
  - o success figures are not compromised by students taking time out, so the data is likely to be more reliable than retention data;
  - o success figures will also be more up to date than retention figures, because there is no time lag in providing the data;
  - o completion figures are less reliable because the addresses of low SES students at the completion end of their degrees are less likely to accurately reflect their low SES backgrounds.

- The success rate measures academic performance by dividing the equivalent full time student load (EFTSL) of units passed by the EFTSL of units passed, failed and withdrawn.
- By comparing units passed to units attempted, success rate provides a more accurate measure of the success performance of an institution than the simple number of units passed. It also more fairly accounts for the load of part time students.
- Based on this, it would be possible to construct an index or relative measure of success to compare the performance of an individual university to the national low SES success rate, as a basis for modifying the HEPP funding formula.
- The ratio would be calculated as follows:  $((A/B)*C)/D$   
*Where:*
  - A = the low SES success rate for the individual university
  - B = the national low SES success rate
  - C = the number of students enrolled in undergraduate courses identified as low SES (bottom quartile) based on the SEIFA Education and Occupation Index score for their SA1
  - D = the total of the success rate adjusted low SES number for all universities
- Note that the formula is relative and there is no absolute 'cut off' success rate – it measures low SES success independently of the number of low SES students, providing a fair measure.
- The proposed ratio recognises the effort required to support a large low SES student and applicant cohort, while providing recognition of success performance in a manner that consistently differentiates between universities.

## QUESTIONS

1. Is there another mechanism that would more appropriately recognise the success of low SES students?
2. What would be an appropriate balance between the SA1 low SES measure and the success rate in the HEPP funding formula?
3. Are there other factors that should be taken into account in the assessment of a reformed HEPP funding distribution formula?



**Australian Government**  
**Department of Education**

**HIGHER EDUCATION PARTICIPATION  
PROGRAMME (HEPP)  
DISCUSSION PAPER**

## **PART A - INTRODUCTION**

The Australian Government has introduced new arrangements for supporting higher education access and participation for disadvantaged students. These arrangements were announced in the 2014-15 Budget and will commence from 1 January 2015.

Access to higher education for disadvantaged students is improving. In 2012 people from low SES backgrounds exceeded 17 per cent of undergraduate students for the first time. Over the period 2002-2012 there has been a: 41 per cent increase in the number of low SES commencing students; 62 per cent increase in the number of people from non-English speaking backgrounds commencing study; and 101 per cent increase in the number of people with disabilities commencing study. However, the success rate for disadvantaged students remains low compared to the average for all domestic students, which was 87 per cent in 2012 compared to 84 per cent for low SES students, 72 per cent for Indigenous students and 82% for students with a disability. This indicates an opportunity for a continuing policy focus on lifting the participation and success of students from disadvantaged backgrounds in higher education.

### **The Higher Education Participation Programme (HEPP)**

The Higher Education Participation Programme will start on 1 January 2015. It will have two components: the new Access and Participation Fund (APF) and the existing National Priorities Pool. The programme focus will be on students and potential students from low socio-economic status (SES) backgrounds.

Programme funding will be arranged on a three-year funding basis. This will provide the certainty that universities need to undertake sustainable program activities over the longer term. A revised formula for the distribution of HEPP funds is currently being developed. As well as being based on the number of low-SES students enrolled at universities, it will include a measure of student success.

While the distribution formula for funding will be changed in the new arrangements, the focus on evidence-based access and participation activities will remain and the department will continue to identify and share best practice and evidence to assist universities in targeting efforts for best value and effect. The HEPP will be designed to ensure that universities have the flexibility to deliver the types of access and participation activities that are most relevant to the needs of their students.

Creation of the Access and Participation Fund and the move to a single equity report – the design and implementation of this report will also be the subject of continuing consultation with universities – to reduce the reporting burden on universities.

HEPP funding from 2014-15 to 2017-18 is \$690.67 million.

### **Access and Participation Plan**

Each institution receiving HEPP funding will be asked to provide a three year Access and Participation Plan, covering the period 2015-2017, which outlines how the institution will implement equity initiatives for disadvantaged students. This plan will provide clarity over the proposed use of HEPP funds, the measures of success that the institution will use to judge the progress of these initiatives and the links between the HEPP supported activities and other efforts within the institution to promote and support participation in higher education.

The Government has developed a comprehensive and strategic approach to higher education access, participation and success through the initiatives in the 2014-15 Federal Budget, which provides the national context for the local priorities and activities of institutions. The approach includes:

- a) providing a public funding system that supports students in higher education, wherever they study;
- b) expanding options and pathways for students less well prepared for university, while funding a wide range of qualifications that lead straight into jobs;
- c) strengthening Australia's world renowned Higher Education Loan Programme under which no Australian student needs to pay a dollar up-front;
- d) a Commonwealth Scholarship scheme that will provide disadvantaged students with individual, tailored, support from their higher education provider; and
- e) a reformed Higher Education Participation Programme focused on activities that improve access and success to higher education for people from low socio-economic status backgrounds.

In response to this national context, the Government asks that institutions use their Access and Participation Plans to identify how they can work with potential and current students from disadvantaged backgrounds and their communities to:

- a) Aspiration raising (early and later year outreach in schools, pre-entry university experience programs, VET and community outreach, pathway programs);
- b) Access – pre entry (marketing, scholarships); and admissions (alternate selection criteria and tools, bridging programs and foundations programs) and enabling programs;
- c) Participation – transition (first year orientation, transition support programs); and support during studies (course structure and curriculum design, extra-curricular learning and support programs, student service provision); and
- d) Success – successful completion, graduate employment and participation in life-long learning.

## **PART B - HEPP OPERATION**

The following table outlines the main features of the HEPP and how it will operate.

This content will form the basis of legislative guidelines for the HEPP, to be developed following consultation with the sector on the key design elements.

Please be aware that the content of Part B is presented for discussion and consultation and is not finalised guideline text.

When the guidelines are finalised, they will be subordinate legislation under legislation giving effect to the Government's higher education reforms.

In considering how the HEPP will operate, the Department has had regard to the following principles:

- a) Administrative simplicity;
- b) Clarity to reduce ambiguity;
- c) Workability - approaches that effectively and efficiently achieve the Programme's objectives;
- d) Minimalism - including in the guidelines only what is necessary for the operation the Programme; and
- e) Balance - balancing university autonomy with accountability in the expenditure of Government funds and the achievement of national goals.

The features of HEPP operation are presented in the table below, along with notes and/or a rationale for the approach taken. Questions are posed, in response to which the Department welcomes stakeholder views.

Item	Contents	Notes/rationale
1	<p><b>Commencement</b></p> <p>The Higher Education Participation Programme (HEPP) will commence on 1 January 2015.</p>	<p>Other higher education reforms, including those relating to the Commonwealth Scholarships Scheme, are due to commence on 1 January 2016.</p>
2	<p><b>Interpretation</b></p> <p>Undefined terms will have the same meaning as in the Act.</p> <p>The following terms are defined specifically for the purposes of the HEPP:</p> <p><i>Act</i> means the <i>Higher Education Support Act 2003</i></p> <p><i>Department</i> means the Department responsible for administering Part 2-3 of the Act or part thereof, in accordance with the Administrative Arrangement Order.</p> <p><i>HEPP</i> the Higher Education Participation Programme</p> <p><i>Minister</i> means the Minister responsible for administering Part 2-3 of the Act or part thereof, in accordance with the Administrative Arrangement Order, or the Secretary or an APS employee of the Department when acting under a delegation from that Minister pursuant to sections 238-1 and 238-5 of the Act.</p> <p><i>People or student from a low socio economic (SES) background</i> refers to people or domestic undergraduate students who are in the bottom quartile of the SA1 measure of low SES based on the Socio-Economic Indexes for Areas (SEIFA) Index of Education and Occupation (IEO).</p> <p><i>SES</i> Socio-economic Status.</p>	

Item	Contents	Notes/rationale
	<p><i>provider</i> means a Table A provider, or as otherwise determined by the Minister at section X.</p> <p><i>Undergraduate</i> undergraduate students are those students who are enrolled and are studying for approved undergraduate qualifications at eligible higher education universities. Approved undergraduate qualifications include Bachelor Degree, Associate Degree, Sub-Bachelor Degree, Advanced Diploma and Diploma courses of study.</p>	
3	<p><b>Program objectives and structure</b></p> <p>By meeting the following objectives the HEPP will help increase the number of people from disadvantaged backgrounds who access, participate and succeed in higher education. It supports the object of the Act to support a higher education system that is characterised by quality, diversity and equity of access.</p> <p>The objectives of the HEPP are to:</p> <ul style="list-style-type: none"> <li>- increase how often and how well providers partner and work with schools, vocational educational institutions and the community in order to increase the aspiration and capacity of people from disadvantaged backgrounds to attend university;</li> <li>- increase and improve providers' means of supporting students from disadvantaged backgrounds to transition through and complete their courses of study with higher levels of achievement; and</li> <li>- increase and improve the support provided to students from disadvantaged backgrounds to move from higher education to employment and participation in life-long learning.</li> </ul> <p>The objectives of the HEPP have been developed to align with and support the following equity principles:</p> <ul style="list-style-type: none"> <li>- Maximising access and opportunity;</li> <li>- Supporting aspiration and preparation to attend university;</li> <li>- Improving performance; and</li> </ul>	<p>The proposed objectives reflect the broad areas of activity where there is evidence and experience to suggest that these interventions will lift the success of disadvantaged students.</p> <p>The overriding aim of the HEPP is to provide people from disadvantaged backgrounds with the same opportunities in education as the rest of the population. This is because our national interests, and the interests of local communities, are served by ensuring that those who can benefit from higher education should have access to that system.</p> <p>The Government and</p>



Item	Contents	Notes/rationale
	<p>- Promoting excellence.</p> <p>The HEPP has two components:</p> <p><b>Component A</b> – the “Access and Participation Fund.”</p> <p>The objective of the Access and Participation Fund is to meet the HEPP objectives by engaging and supporting current and potential disadvantaged students to participate and succeed in higher education.</p> <p>The following principles apply to activities employed under the Access and Participation Fund:</p> <ol style="list-style-type: none"> <li>i. Activities that involve working with potential students prior to their entry to university should engage with people early in their pre-tertiary education years and be age-appropriate;</li> <li>ii. target disadvantaged communities where participation in higher education is low and where matriculation to universities is poor;</li> <li>iii. complement relevant existing activities and not involve duplication or competition between providers; and/or</li> <li>iv. promote the benefits of and encourage participation in higher education generally, and not be directed at promoting the benefits of a single provider.</li> </ol> <p><b>Component B</b> – the “National Priorities Pool.”</p> <p>The objective of the National Priorities Pool is to support the more effective implementation of the equity initiatives nationally and at an institutional level through the development and implementation of initiatives that cross institutional boundaries and have relevance to equity practices across the sector.</p> <div style="border: 1px solid black; padding: 5px; margin-top: 10px;"> <p>Question:</p> <p>Are the proposed objectives appropriate and can their achievement be readily evaluated?</p> <p>Are the proposed principles for the Access and Participation Fund appropriate and comprehensive?</p> </div>	<p>Universities will need to continue to focus on developing the means of determining the direct impact of their activities on the participation, retention, success and completion rates of students from disadvantaged backgrounds, so that future policy development can be informed by emerging experience.</p>

Item	Contents	Notes/rationale
4	<p>Table A providers, or providers otherwise determined by the Minister at section X, are eligible to receive grants under the HEPP.</p> <p style="text-align: center;">Question: Is there a need to consider changing the range of institutions eligible to receive HEPP funding?</p>	<p>Eligibility for the HEPP will be restricted to current Table A providers.</p>
5	<p><b>HEPP funding</b></p> <p>HEPP funds may be allocated to:</p> <ul style="list-style-type: none"> <li>(a) outstanding grant commitments made in any previous year of operation of the HEPP or, until 31 December 2015, the Higher Education Participation and Partnerships Programme (HEPPP); and</li> <li>(b) grants made under the Access and Participation Fund and the National Priorities Pool.</li> </ul> <p><b>Access and Participation Fund Funding</b></p> <p>Providers will be funded on a three year basis, commencing 1 January 2015. Providers will be advised of their three year allocation in the year preceding year one.</p> <p style="text-align: center;">Question: The first three year period will be from 2015-17. For future three year periods, would you prefer to receive funding allocations from the Department later in the calendar year based on the most recent data available or receive allocations earlier in the year based on older data?</p> <p>The Funding amounts will be calculated in accordance with the method set out at section X of the Guidelines. Funding will be indexed annually against the Consumer Price Index (CPI) in accordance with section X of the Act.</p>	<p>Timing of the advice of three year funding will be dependent on the data required by the funding formula being available in time. The Department expects to notify universities of their funding amounts as soon as possible.</p> <p>Universities will be told what funds they will receive for each year of the three year period subject to indexation. The first three year period will be from 2015 to 2017.</p> <p>Funding amounts for years 2 and 3 will be indexed automatically in accordance with the Consumer Price Index (CPI) only. Indexation in accordance with the CPI will commence from</p>

Item	Contents	Notes/rationale
	<p>Payment against the second and third year of the three year funding cycle will be dependent on the continuing compliance with the programme guidelines, including the provision of progress reports against the institutions Access and Participation Plan.</p> <p>Funds are to be spent on initiatives to achieve the objectives of the Access and Participation Fund.</p> <p><i>Access and Participation Fund – Formula for distribution of funds</i></p> <p>At the beginning of a three year funding cycle, funds for the Access and Participation Fund Component shall be available for distribution using the following formula:</p> <p>Funding =</p> <p>Where:</p> <p><i>National Priorities Pool Funding</i></p> <p>An amount of HEPP funds, to be determined by the Minister, is available for a National Priorities Pool in each year from 2014.</p> <p>Funding under the National Priorities Pool will be granted in respect of a project.</p> <p>Funds are to be spent on initiatives to achieve the objectives of the National Priorities Pool.</p> <p><i>Interest earned on HEPP funds</i></p> <p>Any interest earned on a grant of HEPP funds must:</p> <ul style="list-style-type: none"> <li>(a) be spent on activities consistent with the objectives of the HEPP; and</li> <li>(b) reported to the Department as part of the annual reporting process, outlined in (section 1.XX) of this chapter.</li> </ul>	<p>1 January 2016. Universities will be notified of their revised funding allocations following indexation.</p>
6	<p><b>Access and Participation Fund Activities</b></p> <p>Using Access and Participation Fund funds, providers may undertake activities themselves or collaboratively with schools,</p>	<p>The HEPP will target</p>

Item	Contents	Notes/rationale
	<p>State/Territory Governments, VET providers and community groups. Activities include, but are not limited to, the following:</p> <ul style="list-style-type: none"> <li>(a) encouraging aspirations to attend university and improving the understanding and awareness of higher education as a viable post-school option;</li> <li>(b) academic preparation either at school or via an alternative pathway;</li> <li>(c) education programs for parents of students from disadvantaged backgrounds, particularly those with children who are first in their families to access higher education;</li> <li>(d) offering institutional equity scholarships targeted at students from disadvantaged backgrounds;</li> <li>(e) inclusive entry processes;</li> <li>(f) modifications to teaching delivery and learning methods to better meet the needs of students from disadvantaged backgrounds;</li> <li>(g) mentoring, peer support, tutoring and continued academic support; and</li> <li>(h) monitoring the impact and effectiveness of activities undertaken.</li> </ul> <p>In determining the mix of activities they implement with Access and Participation Fund funding, universities will be asked to:</p> <ul style="list-style-type: none"> <li>(1) include activities involving collaboration with schools, State/Territory Governments, VET providers or community groups; and</li> <li>(2) have regard to evidence based measures.</li> </ul> <div style="border: 1px solid black; padding: 5px; margin-top: 10px;"> <p>Question: Would further clarification of potential activities in the guidelines support planning by institutions?</p> </div>	<p>students from disadvantaged backgrounds. The suite of activities eligible for funding under the Access and Participation Fund will be the same as those activities funded under both the Participation and Partnerships components of the Higher Education Participation and Partnerships Programme (HEPPP).</p>

Item	Contents	Notes/rationale
7	<p><b>Ineligible HEPP Activities</b></p> <p>HEPP funds must not be spent on:</p> <ul style="list-style-type: none"> <li>a) infrastructure, which includes all buildings, fixtures, roads, pathways and modifications thereof;</li> <li>b) general facilities, which includes all office equipment, furniture and buildings and grounds maintenance;</li> <li>c) general student support services, including salaries or other costs relating to the ongoing operation of general equity support services that would be provided by the provider in the absence of HEPP;</li> <li>d) transport vehicles that are not principally for the benefit of students from disadvantaged backgrounds, or are used for the personal use of students and/or staff;</li> <li>e) costs associated with the employment of staff that either do not support the objectives of the programme or that would be funded by the provider in the absence of the HEPP;</li> <li>f) programmes, projects and activities that receive funding from other Commonwealth Government funded programmes, excluding jointly funded initiatives that directly meet the HEPP objectives;</li> <li>g) discipline-specific activities which are not principally for the benefit of students from disadvantaged backgrounds; and</li> <li>h) development of institutional strategies, financial management review or curriculum review (where the curriculum being reviewed does not concern students from disadvantaged backgrounds).</li> </ul>	
<p><b>Question:</b> Is this list of ineligible activities complete and appropriate?</p>		

Item	Contents	Notes/rationale
8	<p data-bbox="217 1686 245 1977"><b>Conditions of Funding</b></p> <p data-bbox="284 1608 312 1977"><i>Access and Participation Plan</i></p> <p data-bbox="352 488 448 1977">Providers that are eligible to receive grants under the HEPP will be asked to provide a three year Access and Participation Plan that outlines institutional strategies for access and participation initiatives for disadvantaged students, including students from disadvantaged backgrounds.</p> <p data-bbox="488 1003 517 1977">The Access and Participation Plan should address the following key priority areas:</p> <ol data-bbox="557 495 895 1928" style="list-style-type: none"> <li data-bbox="557 568 620 1928">1. Aspiration raising (early and later year outreach in schools, pre-entry university experience programs, VET and community outreach, pathway programs);</li> <li data-bbox="660 495 724 1928">2. Access – pre entry (marketing, scholarships); and admissions (alternate selection criteria and tools, bridging programs and foundations programs) and enabling programs;</li> <li data-bbox="764 562 828 1928">3. Participation – transition (first year orientation, transition support programs); and support during studies (course structure and curriculum design, extra-curricular learning and support programs, student service provision); and</li> <li data-bbox="868 775 895 1928">4. Success – successful completion, graduate employment and participation in life-long learning.</li> </ol> <p data-bbox="932 1458 960 1977">The Access and Participation Plan can also:</p> <ol data-bbox="1000 510 1267 1935" style="list-style-type: none"> <li data-bbox="1000 1070 1029 1935">(1) outline means of evaluating activities, including measures of success;</li> <li data-bbox="1069 898 1098 1935">(2) detail collaborative activities to be undertaken in partnership with other universities;</li> <li data-bbox="1137 1447 1166 1935">(3) identify promotions of activities; and</li> <li data-bbox="1206 510 1267 1935">(4) demonstrate how HEPP funds will be used to promote higher education generally rather than promote the interests of individual universities.</li> </ol>	<p data-bbox="284 120 549 439">Providers will be asked to provide an Access and Participation Plan to the Department in order to set out the proposed use of funding under the new Access and Participation Fund.</p> <p data-bbox="588 80 892 439">Universities will provide annual, summary reports against their Access and Participation Plans. These reports will focus on the measures of success identified by the institutions and will not require extensive reporting of activities.</p>

Item	Contents	Notes/rationale
	<p><i>National Priorities Pool</i></p> <p>Projects funded through the National Priorities Pool are to be approved by the Minister.</p> <p>An annual investment plan approved by the Minister will govern the priorities for allocation of funding via the National Priorities Pool and will be made available on the Department's website.</p>	
9	<p><b>Reporting</b></p> <p>Eligible providers will be asked to assist in the evaluation of the HEPP.</p> <p>The reports should focus on the outcomes achieved against Access and Participation Fund activities and the measures of success identified in the institutions Access and Participation Plan.</p> <p>As part of assessing outcomes, providers may report on the progression of domestic students from disadvantaged backgrounds, by year, and consider measures such as participation, retention and success.</p> <p>The report will form part of the eligibility requirements for payment.</p> <p>For the National Priorities Pool, reporting requirements will be set out as part of the relevant conditions of grant.</p> <div style="border: 1px solid black; padding: 5px; margin-top: 10px;"> <p>Question: Is this list of reporting arrangements sufficient and appropriate?</p> <p>Question: What issues should be covered in a report that will ensure that there is a focus on achievement of demonstrable progress towards a more inclusive higher education system?</p> </div>	<p>These requirements will be met through the single equity report. The sector will be consulted on the form of the single equity report, which will be a streamlined high impact report.</p>



**Australian Government**  
**Department of Education**

**HIGHER EDUCATION PARTICIPATION  
PROGRAMME (HEPP)  
OPTIONS FOR RECOGNISING STUDENT SUCCESS  
IN THE FUNDING FORMULA**



## Introduction

In the 2014-15 Budget, the Government announced the Higher Education Participation Programme (HEPP), which will assist people from low socio-economic backgrounds to access, participate and succeed in higher education. Funding for the Access and Participation Fund component of the HEPP will be allocated by formula. The formula is intended to include a measure of student success.

### **Current funding formula**

The current funding formula is the formula used to allocate Participation component funding under the Higher Education Participation and Partnerships Programme, which the HEPP replaces. That formula allocated funding using the interim indicator of low socio-economic status (SES) based on:

- the number of domestic undergraduate enrolled students whose home addresses are in low socio-economic Census Collection Districts based on the Socio-Economic Indexes for Areas (SEIFA) Index of Education and Occupation (IEO) – assigned a weight of 2/3; and
- the number of recipients of selected Centrelink student income support payments – assigned a weight of 1/3.

The current formula is:

$$\text{University funding} = (A / B) * C$$

Where:

- A =  $(2 \times D + E) / 3$  - the interim low SES indicator for an individual university
- B = the total of A for all universities
- C = the total amount of HEPPP funding being allocated
- D = the number of domestic undergraduate students enrolled at a university who have home addresses in the lowest quartile of the SEIFA Education and Occupation Index based on census Collection District
- E = the number of undergraduate students at a university who meet relevant income support payment criteria for receiving specified Centrelink payments

Following consultation with the higher education sector, the interim indicator of low SES was replaced with the SA1 low SES measure from 2014, with the impact that it would be used to calculate relevant programme funding allocations for 2015.

- The SA1 low SES measure is based on the SEIFA IEO classification of students' home addresses at the statistical area 1 (SA1) geographical level only.
- There is no Centrelink payments component.
- SA1s are the smallest unit for the release of census data and have an average population of about 400 persons.
- They are more homogenous than census collection districts and thus more accurately reflect the characteristics of the regions they represent.

As a result, A and B in the formula above would be replaced with:

A' = the number of students enrolled in undergraduate courses identified as low SES (bottom quartile) based on the SEIFA Education and Occupation Index score for their SA1 for an individual university

B' = the total of A' for all universities

The HEPP funding formula will use the SA1 low SES measure and supplement the formula with a component that measures the success of low SES students.

### ***Rationale for a student success component***

Under the demand driven system and other government initiatives higher education is becoming more accessible and participation at university is on the rise. For instance, in 2012, the number of people from low SES backgrounds exceeded 17 per cent of undergraduate students for the first time.

Current data indicates that growth across some equity groups is now outstripping that in the general student population. Over the period 2002-2012 there has been a:

- 41 per cent increase in the number of low SES commencing students;
- 62 per cent increase in the number of people from non-English speaking backgrounds commencing study; and
- 101 per cent increase in the number of people with disabilities commencing study.

By comparison, there was a 37 per cent increase in the total number of commencing students over the same period.

However, data from the Higher Education Statistical Collection shows that the success rate for disadvantaged students remains low compared to the average for all domestic students, which was 87 per cent in 2012. In comparison the success rate was 84 per cent for low SES students, 72 per cent for Indigenous students and 82% for students with a disability. This indicates an opportunity for a continuing policy focus on lifting the participation and success of low SES students in higher education.

It is timely to shift the balance somewhat toward a greater focus on supporting transitions and fostering success at university while still maintaining strong attention on building aspiration. There is strong evidence that transition and academic support programs are central to retention and future academic success for all students.

### **Regional providers**

Creating opportunities for and meeting the needs of regional students and their communities is a core concern of the higher education reform package. This concern reflects the Government's ambition to ensure that the social that flow from education are available to all Australians. Increasing participation by regional Australians at university will also increase the professional workforce in regional Australia and enable regional industries to diversify and grow.

To address this core concern the Department will ensure that any reform of the HEPP funding formula provides appropriate recognition and support to regional and outer-metropolitan

institutions, which typically provide for the needs of a substantial proportion of disadvantaged students, particularly low SES students.

The move to the SA1 low SES measure, already agreed with the sector, provides some support for regional providers. This arises as the use of the SA1 changes the funding distribution in line with the more specific data collection at the SA1 level, as well as the shift in demographics between 2006 and 2011. As a result it is already clear that regional providers will receive a greater share of the HEPP funding by moving to the SA1 index in 2015 than they would have using the 2014 methodology.

## **Student success component options**

This section explores options for recognising student success in any revisions to the HEPP funding formula.

Based on the existing data sources and the current reporting frameworks of universities, possible measures of student success include:

- Retention numbers, rates and ratios
- Success numbers, rates and ratios
- Completion numbers.

The assessment of these possible measures of success will need to ensure:

- Construct and predictive validity – so that the measure reflects what it purports to measure; in this case the degree to which low SES students succeed and progress through to completion of their university degrees
- Transparency – the measure is open for scrutiny and readily understood
- Reliability – results from the measure should be consistent over time
- Making the best possible use of existing data sources.

Because it measures the number of low SES students enrolled at university, it can be argued that the SA1 low SES measure is partially a measure of the success of those low SES students. Since the indicator measures all domestic undergraduate enrolments, it inherently reflects the number of students retained at a university from year to year, as well as the commencing students, and therefore captures their success in progressing through an undergraduate award course.

However, use of the SA1 low SES measure would not give effect to the intention to increase the emphasis on student success and encourage further investment in facilitating transitions and completion.

### **1. Retention**

Retention statistics measure the amount, rate or ratio of individually identified students progressing to the next year of study. As a measure of success for HEPP, retention reflects the degree to which students continue their study, but does not indicate whether returning students passed any of their units. It therefore does not reflect how well low SES students are coping with the level of academic work required at university.

A key limitation of this measure is that it does not capture students who take time off from their course, for example to undertake research, for an international exchange or to change universities. This problem is partly addressed by adjusted retention statistics produced by the Department that take account of cross institutional transfers or movements to another provider. Adjusted retention figures for low SES students are not currently published on the Department's website, but could be published if required for the HEPP formula. This would allow universities to monitor progress over each three year funding period.

A further weakness of this measure is the reliance on the student's recorded address, which may not always reflect a student's low SES background, particularly in the later years of study. The address recorded by students in their first year of study is likely to be the most accurate reflection of their background. Historically, retention rates are lowest for progression from first year to second year, with those progressing beyond first year more likely to finish their degree.

Using first year retention as a measure of success would minimise the difficulty presented by changing addresses and help to focus investment in supporting low SES students at a critical point in their studies. However, commencement figures may be overstated to the extent that students change courses or commence an honours year, as each change is recorded as a new commencement. Use of data for all students, rather than for commencing students only, would reduce the overall impact of this issue.

A final point to note about retention figures is that there is a one year lag in the provision of this data compared to other measures. This is because retention measures whether students return for the next year, which is not known until after commencement of that year. As a result, for example, 2012 data includes retention figures for 2011.

## **2. Success**

Success statistics measure the number, rate or ratio of units of study (equivalent full time student load – EFTSL) receiving a pass grade or higher. As a measure of success, it directly records how well low SES students are coping with the level of academic work required at university. Use of this measure to determine how likely students are to progress to completion of their studies relies on the assumption that those who pass are more likely to continue.

Unlike retention, because this measure does not rely on tracking individual students, it is not compromised by students taking time off from their studies, and therefore does not require adjustment. It is also likely to provide a timely and direct measure that influences university behaviour.

Like retention, measuring the success of low SES students relies on the student's address. As students progress through their courses, the data may less reliably indicate a student's SES background. Also like retention, it is possible to measure the success of commencing students only and obtain a more reliable measure of SES.

## **3. Completion**

Completion statistics measure the number of students completing an award. As a measure of success it directly reflects completion of students' courses of study.

Low SES completion figures are determined from the student's address, which makes completion a less reliable measure than either retention or success for the following reasons.

A student's address is obtained from their enrolment record, not their completion record. It is not possible to obtain an address for students who are not enrolled at the university in the year they complete. It is therefore not possible to determine the socio-economic status of a significant proportion of completing students.

Those students who do have an enrolment record, and for whom it is therefore possible to determine their socio-economic status, may no longer be living at an address that accurately reflects their socio-economic status at the conclusion of a 3-5 year degree.

#### **4. Preferred measure**

Success is the most direct measure of how well students are meeting the academic requirements of higher education and avoids a number (though not all) of the measurement problems in the other two indicators.

Because success figures are not compromised by students taking time out, the data is likely to be more reliable than retention data. Success figures will also be more up to date than retention figures, because there is no time lag in providing the data.

Both the retention and success measures are subject to the difficulties of determining SES by using a student's current address. Both measures could be applied for commencing students only to ameliorate this difficulty. However, even though there may be a correlation between completing first year successfully and completing a course, aggregate success or retention figures across the timespan of a course should give a stronger indication of the likelihood of completion.

Accordingly, the remainder of the paper considers the use of the success statistic for all low SES domestic undergraduate students.

#### **Implementing the success rate**

The success rate measures academic performance by comparing the EFTSL of units passed to the EFTSL of units attempted. Success rate is EFTSL passed divided by EFTSL passed, failed and withdrawn. By comparing units passed to units attempted, success rate provides a more accurate measure of the success performance of an institution than the simple number of units passed. It also more fairly accounts for the load of part time students.

Based on this, it would be possible to construct an index or relative measure of success to compare the performance of an individual university to the national low SES success rate, as a basis for modifying the HEPP funding formula.

The ratio would be calculated as follows:  $((A/B)*C)/D$

Where:

A = the low SES success rate for the individual university

B = the national low SES success rate

C = the number of students enrolled in undergraduate courses identified as low SES (bottom quartile) based on the SEIFA Education and Occupation Index score for their SA1

D = the total of the success rate adjusted low SES number for all universities

(note that  $(A/B)*C$  gives the success rate adjusted low SES number for an individual university)

Note that the formula is relative and there is no absolute 'cut off' success rate – it measures low SES success independently of the number of low SES students, providing a fair measure.

The proposed measure of success also recognises the case load presented by a large low SES student and applicant cohort, while providing recognition of success performance in a manner that consistently differentiates between universities.

Considering the criteria against which the options for success were assessed, the proposed measure:

- has construct and predictive validity because it does measure the degree to which low SES students succeed at university and provides an indication of the likelihood of completing a course;
- is transparent because it uses data regularly published by the Department, enabling universities to monitor their progress against the measure over time;
- is reliable in differentiating universities in relation to their relative success; and
- makes use of existing data resources, therefore not imposing any additional reporting burden on universities.

### Questions for discussion

Is there another mechanism that would more appropriately recognise success in the retention and participation of low SES (and other disadvantaged) students?

What would be an appropriate balance between the SA1 low SES measure and the success rate in the HEPP funding formula?

Are there other factors that should be taken into account in the assessment of a reformed HEPP funding distribution formula?