

Building an Inclusive University

**Speech given by Professor Peter Shergold (Chancellor, University of Western Sydney)
at the Higher Education Summit on 21 May 2012**

Let me begin today's presentation by invoking the spirit of Sir Humphrey Appleby. It's not too large a leap for my imagination. One of Sir Humphrey's most important roles, which I shared for a time, was to advise the Prime Minister not only on the virtues of policy but on the likely reactions to its announcement and how that might adversely affect implementation.

Sometimes that proved impossible: those were the occasions when, to quote a much-mocked but entirely sensible proposition, one was confounded by 'unknown unknowns'. Generally it was a matter of seeking to be ready for unanticipated consequences in the realm of 'known unknowns'. Occasionally, far too rarely, it was a matter of identifying the 'known knowns'. The funding of higher education was one of these matters, with responses relatively easy to predict but disappointing to witness.

It's easy to be wise with hindsight but here's a turn of events that I think I could have called successfully. The government announces that it is to commit to a more demand-driven system for entry to universities. The purpose is to increase student participation and, perhaps most importantly, to promote social equity. A target is set for low-SES students. The initial response, politically and academically, is marked by strong in-principle support. Everyone is keen to sign up to equal opportunity.

Within six months, I might have predicted, the following will happen. The policy will be attacked for being insufficiently funded, for not going far enough (remaining too regulated) and for going too far (placing inappropriate dependence on the market). Certainly I would have foreshadowed that public debate, sooner rather than later, would become polarised around the issue of 'quantity vs. quality' and that there would be increased concerns expressed that by lowering entry requirements degrees would become devalued and the Australian education system tarnished.

"Prime Minister", I might have said, "the pursuit of social equality is as admirable as it is courageous. Once the next student intake occurs you will face newspaper headlines about falling standards. There will be horror stories about universities admitting students to applied aromatherapy even though they failed to graduate from primary school. But, Prime Minister, I am sure that you are aware of and will prepare for such an unfortunate turn of events".

“Of course I am” the Prime Minister might have replied in this entirely hypothetical scenario.” I and my minder have had countless meetings with the Vice-Chancellors, collectively and individually, and they are as one in perceiving universities as a gateway to lifelong learning. They tell me that they judge the inclusiveness of society by the opportunity that universities provide to citizens to access its manifold benefits. They are shoulder to shoulder on social inclusion. They will be right behind me when the going gets tough”.

Please understand: I do not, in gentle humour, seek to diminish the importance of the matters discussed at the fictional meetings between the Prime Minister, Minister and Vice-Chancellors. I share the concerns about the importance of universities and the need to maintain academic standards. I worry, however, that in extolling the values of higher education that our expectations have become too grand. Those we teach often make more material assessments. Students routinely work out if it’s worth investing in a university degree, by deferring full-time work and taking on future debt.

Writing in the *Australian Financial Review* recently I noted that there are now a range of websites that allow people to estimate the increased earnings value of a degree over a working life, apply an algorithm to compute the net present value of both financial and opportunity costs (using an online annuity calculator) and in quick-smart fashion assess the dollar return. “On average” asserts one such American site “getting a bachelors degree is just like paying \$126,000 for the right to claim extra earnings with a net present value of \$383,000”. (Thankfully in Australia the provision of low interest loans under HECS-HELP and FEE-HELP shifts the equation decisively in favour of undertaking a university education).

In this brave new world, education often appears to be just another variety of commercial transaction. The government routinely quotes figures from the ABS to show the earnings advantage of acquiring certification from vocational and higher education institutions. I do it myself when I seek to persuade reluctant school children of the value of going on to university. “After five years in the workforce”, I cajole, “you are likely to be earning an extra \$21,500 a year”. Such materialism is not mine alone. Let us remember that Australian universities seek to promote their relative standing in a competitive environment, often on the basis of rankings that reflect the increased salaries that their students achieve.

Of course, the private gains are matched by public benefits. The graduate receives higher post-tax lifetime earnings as a result of increased salaries and lower levels of unemployment. At the same time the state benefits from larger tax receipts, lower welfare costs, higher labour force

participation and greater workplace productivity. Indeed the wage premium is generally used as proxy for labour productivity.

The real danger is not so much that students, universities and governments seek to monetise the value of higher education but that the framework of evaluation is generally conceived far too narrowly. A university does create financial value but at the same time it also builds social benefit.

The University of Western Sydney (UWS), upon which I will soon focus, recently had a study undertaken by Deloitte Access Economics of its contribution to the economy of Greater Western Sydney. It was estimated to pay \$544 million in wages and achieve \$301 million in gross operating surplus. That is equivalent to 1 per cent of the gross regional product. Yet, as the analysis recognised, that calculation took no account of the full social value of educational attainment achieved through improved health, better housing and reduced crime.

The Higher Education Funding Council for England recently sought to demonstrate the wider public benefits of universities through their Service to Society. The report focuses on the role that they play in developing people so that they are better able to make a contribution to society, opening up knowledge, helping community problem solving, informing public policy, stimulating local development and building international connections.

More boldly, Universities UK recently contracted the New Economics Foundation to assess the social returns on investment in universities. The report, Degrees of Value, sets out the individual social outcomes that often accrue to university graduates beyond the financial rewards that they gain. These include being better able to manage finances, feeling healthier, being more tolerant, having greater capacity to form meaningful friendships, showing more political interest and exhibiting stronger independence.

These significant but less quantifiable private benefits also contribute to public good. Social returns are achieved by the creation of a more civic and civil society, with higher levels of citizen participation, stronger interpersonal trust and more social cohesion.

For me the most profound finding from such studies is that the beneficial consequences of higher education are significantly larger to the extent that access to university creates a fairer and more meritocratic society. A more diverse student intake, able to use university as a stepping-stone to social mobility and thereby building a more inclusive community, creates greater economic prosperity.

Indeed it is clear that the greatest private, public and social benefits are achieved by increasing participation by lower-SES students. Relative to their outcomes if they did not graduate from university, they gain more financially and socially – and so does society. Otherwise, as the Harvard sociologist Christopher Jencks mused back in 1972, the main function of a degree may be to “certify people who were different to begin with”.

Unfortunately in Australia it is students from higher income, less disadvantaged families who continue to be the most likely to gain the private benefits of education. The present level of participation by lower socio-economic status (SES) students, around 15 percent, has remained virtually unchanged through successive policies of successive governments. The target has now been set at 20 percent.

It was the explicit mission to embrace social inclusion which made it so easy for me to accept the position as Chancellor of the University of Western Sydney (UWS). It's from the perspective of UWS that I'm now going to talk. That's because I want to be concrete about what I think works. I do so recognising that many Australian universities could lay claim to similar initiatives.

UWS has some 7,500 low-SES students, the highest number of any university. They represent 23 percent of our domestic intake and 30 percent of the students who live in Western Sydney. Only about a third have a parent with a university qualification: most are the first generation in their family to go to university. Just over a third (35 percent) come from families that speak a language other than English at home – predominantly Arabic, Vietnamese and the languages of China and India: the equivalent figure for all Australian Universities is just 14 percent. We also have 440 students who identify as Indigenous.

Around 16% come to university through the VET sector and it is vital to the people of Western Sydney that UWS and the two major TAFE Colleges in the region continue to work together to integrate the educational opportunities that are offered. With that in mind, UWS, with the South Western and Western Institutes, are jointly developing a Collaborative Learning Network to give students a greater choice of where, when and how to study.

I can claim very little credit for these worthy outcomes. What I can do is to reflect on the nature of the initiatives that are responsible and, more cautiously, hazard an informed guess why the initiatives seem to be successful.

One. In Australia much disadvantage is place-based. Although Greater Western Sydney (GWS) has a diverse and burgeoning population approaching 2 million residents, its average levels of income, education and employment are significantly lower than for the rest of Sydney. Around three-quarters of the domestic student on our 6 campuses came from GWS. Some 58 percent of our graduates reside in Greater Western Sydney. A regional university, in short, is not necessarily rural.

Two. A university has to persuade students from disadvantaged backgrounds of the value of higher education and that it is a realistic goal to which to aspire. UWS invests significant resources in working with local schools. Starting with 4 schools in 2004, the Fast Forward program now engages with 52 schools and 1800 students annually, seeking to engage their students' interest and lift their ambitions.

It's hard but it's working. Around 65% of those Year 12 students who complete the program go on to university or TAFE and some 40-45% secure a university place. It's now clear, however, that aspirations for education are determined long before the teenage years. For that reason we intend to extend the program to local primary schools. That represents a bold long-term investment.

Third. UWS has had to face the dilemma of how to open up the university to students without lowering academic entry levels or standards. The boldest initiative has been to establish a diploma level program at UWSCollege which allows many disadvantaged students, who lack the appropriate ATARS score, to enter into an intensive 39 week first-year program. They are provided not only with more face-to-face small class teaching but significant study skills support. The majority successfully enter second year. We are committed to a significant expansion of the program.

Early evidence suggests that the subsequent performance of the UWSCollege entrants is as good as or better than students who achieved a score sufficient to win direct acceptance by the university. That should not surprise us. Two recent studies in the UK – on determinants of degree performance and, more specifically, on the predictive validity of aptitude testing and secondary schools grades on performance at Oxford University – suggest that students from more disadvantaged backgrounds perform better at degree level even when they have entered with lower grades.

This continues after graduation. A 2009 study by the Australian Council for Educational Research found that graduates from disadvantaged backgrounds achieved career and income outcomes on a par with the general graduate population.

Four. Whilst these studies are encouraging, one cannot become complacent. Equitable outcomes need to be improved through investment. Recruiting students from disadvantaged backgrounds is relatively easy. Retaining them and ensuring that they have the support to succeed educationally, is far harder. That's why UWS runs Peer Assisted Study Sessions (PASS) to help 2,000 students a year and provides an extensive array of financial and welfare support to assist students who are doing it tough.

Around 77% of UWS students from low-SES backgrounds graduate, which means that they actually have a slightly higher retention rate than their better-off counterparts. It's clear that disadvantaged students can be helped to succeed. It just takes commitment, strategic intent.....and resources.

Five. I believe that a key to the success of programs like Fast Forward and PASS is that they are delivered in large part by students who are trained to mentor and support. Most are volunteers. Such self-help programs ensure that the social benefits are gained not just by those who are helped but by those who gain a sense of community purpose by helping. An ethos of civic engagement and educational purpose is imbued in the most practical of ways. Hopefully it lasts a lifetime.

Let me conclude. Universities create shared value. They contribute financial and social advantage both to the individual and the nation. Unfortunately what is too often forgotten, and too little extolled, is the distributional impact of higher education. Providing access to lower-income, disadvantaged students significantly increases social mobility, creating a more productive and cohesive community. Dollars invested in the success of a low-SES student provide a higher rate of private and public return than that for their more advantaged colleagues.

The New Economic Foundation study undertaken in the UK estimated the value of universities in facilitating social mobility in a relatively narrow manner (by measuring the difference between the average income of wage-earners in low-income households with the annual wages of their children who gained a university degree). I note that the income differential had to be adjusted downwards for the fact that more low income students go to UK universities that are not 'research-led' and, it would appear, have a less positive impact on average wages. Even so, the Foundation assesses the benefit that UK universities create through widening student intake, increasing social inclusion, creating a fairer society and contributing to a more meritocratic society is around \$236 million each year. The calculations are debatable: the premises are not.

I have no doubt that in time it will prove possible to measure more persuasively the value of equal opportunity in dollars. Yet many of us recognise that in doing so we risk diminishing something

more powerful. What inspires, and what many of us seek to convey to students, is the importance of fairness and equity to the participatory ethos of a tolerant, open, respectful, engaged and democratic society. We know that widening access to university can help ensure that an accident of birth does not determine destiny.

That is a goal which is worthy of dedicated public investment even as the university funding environment becomes more market driven and student-financed.