

THE SOCIAL RETURN ON UNIVERSITIES: A PERSPECTIVE FROM THE UNIVERSITY OF WESTERN SYDNEY

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The celebration of Passover is an appropriate occasion to recognise the emancipatory impact of education and the liberating effects of knowledge. Most of us gathered here this evening still perceive university as a gateway to lifelong learning. We judge the inclusiveness of society by the opportunity that we provide to our citizens to access its manifold benefits. We extol freedom of thought and speech, see academic learning as their cornerstones and imagine universities as the institutional protector of such liberal values.

Perhaps, though, in a Google world in which crowdsourced (and often unprovenanced) opinions become the source of wiki authority, 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.

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". That is, *ceteris paribus*, spending time and money on university education is better than putting your dollars through a pokie but probably represents a lower return over 40 years than investing the money in a UniSuper balanced fund. (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.)

Education, in this brave new world, often appears to be just another variety of commercial transaction. The unspoken premise is that the offerings of university have a utilitarian value, based on the acquisition of predominantly vocational skills which, through improving labour force productivity, offer private returns to the individual. Judged through instrumentalist eyes, one can make an economically rational decision on whether to go to university and, perhaps more importantly, which subjects to study.

Before we despair at the material values of GenY let's remember that they have learned what we have taught. Ministers and, indeed, Prime Ministers routinely quote figures from the ABS to show the earnings advantage of acquiring certification from vocational and higher education institutions.

Universities seek to promote their quality 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. Indeed estimating the relative returns to each are a crucial part of the evidence-base that informs government higher education policy. 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.

In addition, university-led research makes a major contribution to innovation with benefits extending far beyond those that accrue to private sector funders. Lateral Economics, in a paper commissioned by Research Australia in August 2010, estimated the economic value of Australia's investment in health and medical research. Using a 50-year simulation analysis they calculated a positive revenue cost ratio of 1.66 and a health-based benefit cost ratio of 3.37. One might anticipate similar returns on university research in science and engineering. Even in arts and social sciences, where benefits are less quantifiable, it is reasonable to expect a positive return on public funding.

Australian also gains trade advantages. Earnings from opening our universities to overseas students now earns the nation \$15.8 billion, making education our third largest export industry. Governments, which tend to see public support for university education as an expenditure rather than an investment, need to acknowledge these economic benefits.

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 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 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 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. If you believe the methodological calculations the public value generated by these societal values is worth £1.31 billion. Frankly I find the audit of benefits persuasive but the accounting unconvincing: the value of social mobility, for example, still falls back on measuring the uplift in graduate wages as its key financial proxy.

One profound finding from such studies is that the social benefits of university education are significantly greater to the extent that access to university is sufficiently wide to create a fairer and more meritocratic society. 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.

Yet 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”.

It was the explicit social mission to be an open university serving its community which made it so easy for me to accept the position as Chancellor of the University of Western Sydney (UWS). The rhetoric of UWS’ purpose is persuasive but so, too, are its achievements.

We have some 7,500 low-SES students, the highest number of any university. They represent 23 percent of our domestic intake. Only about a third have at least one parent with a university qualification: most are the first in family to go to university. Just under a third come from families that speak a language other than English at home - predominantly Arabic, Vietnamese and the languages of China and India. Spanish is the only ‘European’ language in the top 10 non-English languages spoken at home. We also have 440 students who identify as Indigenous.

Around 16% come to university from 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. Some 33% of our students are aged over 25 years.

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. In brief, and at the risk of not acknowledging many other university programs, I identify five elements.

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. It has regions of relative affluence but many other areas in which residents face multiple disadvantages.

UWS, with its 6 campuses, has always sought to engage with and serve the local governments and communities of its region. As I have discovered at first hand, there is a palpable sense that GWS 'owns' the university. Around three-quarters of our domestic students came from GWS and year by year more local students apply to gain entry to UWS as their first choice of university.

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. For four years, from Year 9 to Year 12, the university works with the principals and teachers of the schools, 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, although of the 40-45% who secure a university place around a quarter accept entry to a university other than UWS. Some economists would define that as 'leakage': I see it as an investment in the community we serve.

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 UWS College at Blacktown. It allows many disadvantaged students, who lack the appropriate ATARS score, to enter into an intensive 39 week first year program in which they are provided not only with more face-to-face small class teaching but significant study skills support. The majority successfully enter second year. Early evidence suggests that their subsequent performance is as good or better than students who achieved a score sufficient to win direct acceptance by the university. We are committed to a significant expansion of this program.

Four. Recruiting students from disadvantaged background 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 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. Given that 70% of our students are juggling study and work, the results are persuasive.

Around 77% of UWS students from low-SES backgrounds are successful, compared to 69% for the sector as a whole. Most significantly, and different from overall experience of other Australian universities, UWS low-SES students 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. Although some of the assistance is provided by those studying to be teachers, the majority of those who involve themselves 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 lending their support. 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. The impact derives not just from the teaching but from research and community engagement. It is possible, with varying degrees of sophistication, to monetise the net benefits of these diverse activities. Indeed it is necessary, given the increasingly competitive demands on public expenditure for education at a time of fiscal austerity.

Unfortunately what is too often forgotten, and too little addressed, 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 provides a higher rate of private and public return than that for their more advantaged colleagues.

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.

This is hardly a new idea. I am grateful to the erudition of the Chancellor of the University of Leeds, Lord Melvyn Bragg, for bringing to my attention the founding document of the University of Aberdeen written in 1495. The University, it asserts, would afford educational opportunities to an “ignorant and almost barbarous” people, “who would thus acquire the most precious pearl of knowledge, and so promote the well-being of the kingdom and the salvation of souls”.

Half a millennium on the words convey a powerful sense of the private, public and social benefits that higher education can provide. Far better than the mission statements of most universities, the document captures the liberating nature of learning to the person and to the people. It articulates far more poetically than most of us would dare, what inspires us. It has a sense beyond dollars. I suspect that it is the precious pearl that many of us wish to preserve.

[This is an edited version of a Passover dinner speech presented to the NSW Jewish Board of Deputies on 2nd April 2012.]