



Better university funding arrangements: reducing complexity and targeting job-ready graduates

Overview

Under the Job-ready Graduates Package (the package), and subject to the passage of legislation, the Australian Government will redesign the Commonwealth Grant Scheme (CGS) funding clusters and student contribution bands for students in Commonwealth supported places (CSPs). This means that the amount of money the Government provides universities (the Commonwealth contribution) for different courses will change, and the amount students pay to study (usually deferred through a HECS-HELP loan – the student contribution) will also change.

This reform will ensure total funding per student place is in line with contemporary evidence on the cost of delivering university education. This is important, as under the current system some courses are “over-funded”, and some are “under-funded”, leading to incentives for universities to offer some courses over others based on funding arrangements rather than in response to demand from students and the labour market.

These changes will better align Commonwealth funding to emerging labour market priorities, including nursing, health occupations, teaching and IT. In addition, universities will be given additional freedom through a funding envelope, which will be indexed in line with CPI to maintain its real value, to ensure they are able to respond to industry and student demand for different courses.

Under the changes, around 60 per cent of students based on current enrolments will benefit from a reduction in student contributions or would see no change to student contributions. Australia’s world-leading HECS-HELP loans system will continue to ensure that eligible students face no up-front cost barriers to gaining a higher education.

Overall, cost of delivery data shows that universities spend approximately 89 per cent of CSP funding for bachelor students on teaching those students. Through the redesign, the Government has been able to ensure base funding better aligns with costs. The savings will be used to fund a number of other important measures, including the introduction of the National Priorities and Industry Linkage Fund; Indigenous, Regional and Low SES Attainment Fund; additional Commonwealth supported places and return CPI indexation for bachelor level place funding. The Government has taken the excess per place funding out of the current rates to drive growth where it is needed.

What does this policy mean for students?

Students studying courses in key growth areas will see significant reductions in their student contributions, including by around one fifth for science, engineering, health, and architecture; almost one half for education and nursing; and over one half for mathematics.

Commencing students studying units in arts, law, economics, creative arts and communications will see increases in student contributions for those units. However, continuing students will contribute the same amounts for these units as they would have done before this policy was implemented.

These new student contribution amounts will also apply to education and nursing students who had their contributions grandfathered from 2010, effectively ending these grandfathering arrangements. These reductions in student contributions recognise the significant public benefits associated with these fields of study.

Under this package, students will also benefit from more funding flexibility through the funding envelope measure, which will allow universities to offer CSPs at the level students are demanding them.

Now:

Commonwealth Contribution: 8 clusters

Cluster 1 - \$2,237	Cluster 2 - \$6,226	Cluster 3 - \$11,015	Cluster 4 - \$11,462
<ul style="list-style-type: none"> • Law & Economics • Management & Commerce 	<ul style="list-style-type: none"> • English • Philosophy and History 	<ul style="list-style-type: none"> • Social Studies, Political Science and Behavioural Science • Maths • Architecture • IT • Other Health 	<ul style="list-style-type: none"> • Teaching
Cluster 5 - \$13,547	Cluster 6 - \$15,125	Cluster 7 - \$19,260	Cluster 8 - \$24,446
<ul style="list-style-type: none"> • Communications • Clinical Psychology • Creative Arts • Languages • Allied Health 	<ul style="list-style-type: none"> • Nursing 	<ul style="list-style-type: none"> • Engineering • Science 	<ul style="list-style-type: none"> • Agriculture • Environmental Studies • Medical • Dental • Veterinary Science

Student Contribution: 3 bands – based on private returns

Band 1 \$6,804	Band 2 \$9,698	Band 3 \$11,355
<ul style="list-style-type: none"> English Social Studies, Political Science and Behavioural Science Teaching Communications Clinical Psychology Creative Arts Languages Nursing 	<ul style="list-style-type: none"> Maths Architecture IT Other Health Allied Health Engineering Science Agriculture Environmental Studies 	<ul style="list-style-type: none"> Law & Economics Management & Commerce Medical Dental Veterinary Science

New:

Commonwealth Contribution: 4 clusters

Cluster 1 - \$1,100	Cluster 2 - \$13,500	Cluster 3 - \$16,500	Cluster 4 - \$27,000
<ul style="list-style-type: none"> Law & Economics Management & Commerce Social Studies, Political Science and Behavioural Science Communications 	<ul style="list-style-type: none"> Teaching Clinical Psychology English Maths Allied Health Other Health Architecture IT Creative Arts 	<ul style="list-style-type: none"> Nursing Languages Engineering Environmental Studies Science 	<ul style="list-style-type: none"> Agriculture Medical Dental Veterinary Science

Student Contribution: 4 bands – based on private returns & national priorities

Band 1 – \$3,700	Band 2 – \$7,700	Band 3 – \$11,300	Band 4 – \$14,500
<ul style="list-style-type: none"> Teaching Clinical Psychology English Maths Nursing Languages Agriculture 	<ul style="list-style-type: none"> Allied Health Other Health Architecture IT Creative Arts Engineering Environmental Studies Science 	<ul style="list-style-type: none"> Medical Dental Veterinary Science 	<ul style="list-style-type: none"> Law & Economics Management & Commerce Social Studies, Political Science and Behavioural Science Communications

Frequently asked questions: students

What does this policy mean for students?

If you are a continuing student (enrolled before 1 January 2021) studying units in disciplines with increased student contribution amounts, you will continue paying the same amount as you would

have, had these reforms not been implemented for any units that would otherwise have an increased student contribution.

Remember, eligible students can still defer their student contributions through a world-leading HECS-HELP loan, meaning there are no up-front costs for studying at university.

How were subjects chosen for lower fees?

The Government needs to focus its subsidies on courses that will lead to the best outcomes for the broader public. That's why we have been able to reduce student contributions for over half of all commencing students.

That's why teachers, nurses, engineers, scientists—these are the workers our economy needs—will see significantly lower student contributions. The Government is embedding its priorities—the nation's priorities—in the CGS.

Why should students pay more for less?

Funding is being redesigned to make it clearer, simpler and more sustainable.

With more students than ever likely to seek entry to higher education, we need the best funding system we can design.

This package provides more student places at Australian universities.

How were costs determined?

The costs used to inform the new funding rates were gathered through the Transparency of Higher Education Expenditure data collection. This collection is the result of extensive engagement with the sector and provides the best current estimate of the cost of delivering university courses in disciplines.

I am a continuing student studying engineering – do I get to pay the new lower student contribution?

Students enrolled in units that will be subject to a lower student contribution amount under the new design will pay the new lower student contribution, regardless of when they commenced their course.

I'm enrolled in a Bachelor of Arts course, does this mean I have to continue to pay the same amount for my language subjects?

These arrangements are specific to the unit of study, rather than the broader course itself. This means that you may pay some lower student contributions where a unit of study is in a field that has moved to a lower band rate. However, you will not pay higher student contributions for units in fields that are subject to higher band rates under the new design as you are a continuing student.

I have just finished school. The course I want to study has now become much more expensive. What should I do?

If you are an eligible domestic university student, you can still defer your student contributions through a HECS-HELP loan. If you want to study at university, you should continue to consider all

relevant aspects of this big decision. Like in high school, students tend to do best when they study the things they are interested in. Employment outcomes for different fields of study are published on the [ComparEd](#) website, and the [Course Seeker](#) website can help you find the course that's right for you.

I want to study history– it's what I'm passionate about. Why should I accrue a \$45,000 HELP debt for a history degree, which would typically take a long time to repay?

You won't necessarily accrue a HELP debt this size, as the cost of studying is determined by the units you study rather than the field of your course overall. For example, as part of an arts degree you may study some units in creative arts or languages which have lower student contributions. Australia's world-leading HECS-HELP loans system will also continue to ensure that you face no up-front cost barriers to gaining a higher education.

Prospective students should consider a range of factors when deciding what to study, including their interests, employment outcomes and cost. Employment outcomes for different fields of study are published on the QILT website, and the course seeker website can help you find the course that's right for you.

I would have commenced study this year except the shutdown due to COVID-19 meant that I deferred commencement until 2021. Will I have to pay the new rates?

Students commencing courses in 2021 will be subject to the new rates. If you passed the census date of a unit of study in a Commonwealth Supported Place in 2020 or earlier, and you did not complete the course before 31 December 2020, you will pay the previous rates as a continuing student.

I'm changing courses this year. Will I pay the new rates?

Students changing to a different course in 2021 will pay the previous rates as continuing students if they did not complete the original course before 31 December 2020.

Frequently asked questions: providers

Why is this measure necessary?

This policy will better align funding with costs for all providers - by removing the implicit unfunded research aspect of the CGS.

How will providers manage the grandfathering arrangements?

The Department of Education, Skills and Employment will publish the new rates, and will also continue to publish the "old" rates each year for grandfathered students. For units in those disciplines with increased student contributions, universities will need to determine the maximum student contribution amount that applies to that student depending on whether that student is a "pre-2021" student.

How do we determine which students are grandfathered?

A person is a pre-2021 student for a unit of study they are now undertaking if they commenced a course of study with a provider before 1 January 2021 and were a Commonwealth supported student in relation to a unit of study in that course, and any of the following apply:

- The person did not complete the course by 31 December 2020
- In 2020, the person was undertaking an enabling course
- The person has completed the related course for an honours course of study and they are undertaking the honours course of study;

To be a pre-2021 student, there is no requirement for a Commonwealth supported student to have been undertaking a course of study in a grandfathered discipline prior to 2021. They also do not need to have been undertaking units of study in grandfathered disciplines prior to 2021.

Examples

- A student who is enrolled in a double or combined degree program is a pre-2021 student if they completed the requirements of only one of the awards on or before 31 December 2020.
- A pre-2021 student enrolled in a single degree program and who transfers to a combined or double degree program remains a pre-2021 student even if they complete the requirements of one of the awards.
- Pre-2021 arrangements apply to students who transfer from one course of study to another, including where one course of study is postgraduate and the other is undergraduate, or to those who transfer between providers, as long as they meet the above requirements.

What about pre-2021 students who defer their studies?

Where a student commenced a course of study as a Commonwealth supported student before 2021, but had not completed the course of study by the end of 2020, and they took a break from their studies by deferring, they are considered a pre-2021 student on their return to that course of study.

Students are generally subject to the same provisions as existed when they commenced their Commonwealth supported course.

When is a person not a pre-2021 student?

A student can be a pre-2021 student only if, among other requirements, they were a Commonwealth supported student for a unit of study undertaken as part of a course of study before 1 January 2021. A person is a Commonwealth supported student in a unit only if they remain enrolled at the end of the census date for the unit. Therefore, a person is not a pre-2021 student if they:

- deferred their enrolment in the relevant unit of study prior to 1 January 2021; or
- withdrew following enrolment from all units before the end of the first census date for a unit in their course of study.

A person who studied as a student prior to 1 January 2016, but who did not undertake any study between 1 January 2016 and 31 December 2020 as a Commonwealth supported student, will not be a pre-2021 student.

How will estimates of student load be reported through the Program Funding System (PFS)? Under the new clusters or the old ones?

Estimates in Program Funding System (PFS) will be reported under the new cluster and student contribution bands. However, for Clusters 1 and 2, and Bands 3 and 4 (those that have both grandfathered and non-grandfathered students), providers will be required to separately estimate grandfathered and non-grandfathered EFTSL. Grandfathered EFTSL will need to be reported both in the new and the old clusters.

Will these changes affect private universities and other higher education institutions?

This policy applies to all Commonwealth supported places, regardless of the institution or level of course.

Given the funding levels are based on an average of universities, some institutions will make a loss teaching certain courses. How are institutions meant to manage this?

This is no different to current arrangements.

Given this policy is being implemented as part of a broader package, including additional student places, a new National Priorities and Industry Linkage Fund, and a three year transition fund, universities will have time to adapt their cost structures to meet the new funding levels where required.