

PA 043
**The Impact of Regulated Fees on TAFE Training
Participation in South Australia**

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1. Abstract

The objective of this study was to investigate the extent to which the regulated fee charged to students in South Australia had an impact on participation in TAFE training of both potential and existing students.

Key findings:

- Fees and associated training costs are a major concern in the decision about whether or not to engage in TAFE training. Other inhibiting factors relate to the availability, sustainability, relevance, flexibility and length of courses, and the time involved in completing training.
- 38% of potential students contacted indicated that fees or costs would prevent them from enrolling in a course.
- Approximately half of the potential students identified as belonging to disadvantaged groups indicated that fee/cost-related reasons would inhibit their enrolment in a TAFE course.
- 43% of potential students who had contacted TAFE for information indicated that if they were unable to meet future costs of training they would drop the course or not enrol.
- Fees did not present major difficulties for persons who were in work or had access to savings, persons wanting to undertake personal enrichment programs, and courses to acquire essential licenses or accreditation to perform certain jobs.

Fees structure/payment options:

- Counselling provided by TAFE Student Services departments relating to financial and welfare issues is occupying substantial amounts of time.
- There is an increasing need for students to access assistance to help them pay for fees, demonstrated by a steady increase in the number and value of Fees by Instalment (FBI) agreements.
- Fees for certain modules may attract a higher fee than the same module in a lower level course.
- Students are often unaware of financial assistance that is available to them.
- Regulated fees will tend to discourage students from choosing courses that interest them or best suit their career goals.

2. Introduction

'The Impact of Regulated Fees on TAFE Training Participation in South Australia' research project was undertaken to provide significant market intelligence and valuable information for TAFE SA Institutes to consider options for increased access and equity for less affluent and regional members of the South Australian community.

The research was undertaken in response to a request from the TAFE SA Board of Directors to inform senior government, departmental and TAFE policy makers through the provision of a detailed analysis of the impact of regulated fees on participation in education and training at TAFE SA.

The major objective of this study was to investigate the extent to which the regulated fee charged to students had an impact on both potential and existing student participation in TAFE SA training and included a particular focus on disadvantaged groups.

Project Objectives:

- Undertake and disseminate current market research into the impact of regulated fees on enrolment in TAFE SA Institutes
- Provide analysis of the impact on students of fee relativities across teaching areas
- Review the extent of inequities in regulated fees between courses
- Provide advice to TAFE SA Institutes on strategies to address access for people who seek education and training and are less affluent
- Provide information to government decision makers about the qualitative impact of fee reduction options

The research project, commissioned by TAFEBIZSA (a shared service provider for TAFE SA Institutes) in March of 2001, was undertaken by the National Centre for Vocational Education Research in consultation with TAFE South Australia and the Office for Vocational Education and Training. The final report was presented in August 2002 with a summary report compiled and presented in September 2002.

3. Literature Review

Prior to 1974 all TAFE vocational courses apart from basic trade courses attracted a fee. In 1974, the States Grant (Technical Training Fees Reimbursement) Bill was passed by the Commonwealth Government providing for States to be reimbursed for abolishing fees in State technical training. The States Grant Bill referred only to fees associated with academic matter, studies leading to trade, technical or other skilled occupations, or studies preparatory to technical training (Ryan and Scholefield, 1990).

In 1989 the Higher Education Contribution scheme (HECS) was introduced in universities. TAFE fees reimbursement and designated recurrent grants programs were replaced by a general recurrent program. Reduced Commonwealth commitment to free tuition would require industry and individuals to contribute to the cost of training, particularly to upgrade skills and income. Fees for most courses involving initial skills acquisition for young people were prohibited (Dawkins and Holding, p36 cited in Ryan and Scholefield).

In 1990 the Training Costs Review chaired by Ian Deveson (1990) recommended that there was a role for governments and industry to increase their contributions to the cost of TAFE training. Recommendations were based on:

- Award restructuring influencing the costs of training over the next five years
- Expected shifts to increased provision and coordination of internal industry-funded training
- Increased demand for training as individuals sought to improve their skills and benefit from award restructuring, and upgrade skills in the face of technological change
- Development of a wider training culture

In 1993 the Vocational Education and Employment Training Committee (VEETAC) Working Party of TAFE Fees, Exemptions, Deferred Payments and Loan Schemes was established to make recommendations on the implementation of a national system of TAFE tuition fees and charges, and the identification of maximum limits for these. The Working Party identified the following benefits:

- Reduction of current inconsistencies between States
- Provision of a more rational and equitable basis for fees and charges
- Consistency with the development of national courses based on national standards

States and often Institutes within States, as a result, have developed their own distinct systems for fees and other charges to students.

In 2000 the Department of Education Training and Employment undertook a review of student fees to develop an appropriate fee structure for South Australian TAFE Institutes so as to support the departments' initiative of maintaining 'revenue neutrality' for government purchased vocational education and training. Findings of the review indicated that:

- There was no underlying framework to the establishing of fees structures
- Fee structures were generating confusion for students and staff
- Fee structures were requiring high levels of administration by Institutes

The review recommended some principles for determining the fee-setting structure that would help Institutes to simplify administration processes, remove the confusion that surrounded fees and processes, apply consistently the concessions available to students, and improve revenue streams and customer and commercial focus.

4. Research Method

Students and Enrolments

An examination of TAFE student and enrolment data one year before the regulated fees were charged (January 2000) and two years after provided opportunities to identify any trends that had developed resulting from the introduction of these fees. The analysis of data trends was undertaken for students enrolled in programs attracting regulated fees, and in relation to client numbers, module/unit of competency enrolments and student hours from 1999 to 2001 analysed by specific market segments.

Trends in Fees by Instalment (FBI)

All TAFE SA Institutes provide Fees by Instalment arrangements, however, each Institute has its own procedures for approving and administering its FBI contracts. A report published by TAFE SA (1998) provided 1996, 1997 and 1998 comparisons on the number and value of FBI agreements, the amount owing on FBI plans, and the debt ratio of Fees by Instalment.

Trends in Counselling Activity

Each TAFE Institute in South Australia has a division or faculty devoted to assisting students, usually called the Student Services department. Statistical information on counselling activity provided an indication of the difficulties faced by students in paying fees, and the amount of time student services officers spend with students on fee-related matters.

Surveys of Potential Students

Potential student surveys were conducted over a two-week period during April-May 2002 to provide perspectives of people not currently enrolled within the TAFE system but who had made an initial enquiry. The surveys were conducted by telephone and in person at TAFE Information Centres located in the Adelaide CBD (covering inquiries for all SA Institutes and locations) and Spencer TAFE (regional coverage). A survey was also provided online, located within the 'course information' page of the TAFE SA Gateway website.

Both the TAFE Information Centre and TAFE SA Gateway surveys gathered demographic and course enquiry information, and detail of the major factors preventing potential student enrolment in TAFE courses, while the TAFE Information Centre survey expanded on issues relating to fees awareness and backgrounds of disadvantage.

Follow-up Interviews

A sample of thirty potential students, including balanced representations of disadvantaged and mainstream groups, were contacted by telephone in June 2002 upon agreeing to provide additional information to explore and clarify their responses to the TAFE Information Centre surveys. The interviews provided greater depth though investigating whether the potential students had gone on to enrol in the course of their enquiry, and the reasons for their decision, their awareness of fees, course related costs and financial assistance, and the influence of cost on course choice and payment.

Focus Groups

Three focus groups involving existing TAFE students were undertaken to provide a specific focus on the factors that impact a students ability to pay fees, and to engage in training. The focus groups were conducted to ensure representation was provided from one regional and two metropolitan locations, including Murray TAFE (Berri campus), Regency Institute of TAFE (Elizabeth campus) and Adelaide Institute of TAFE (city campus).

Focus groups with Student Services Officers, Learning Resources staff, and Educational Managers for Student Services were undertaken to identify the nature and extent of student counselling with potential and existing students in relation to fees, while focus groups with Finance Managers provided information about the procedures involved in the payment of fees, and the ability of students to meet their fee obligations.

A focus group with members of the Productivity Improvement Steering Committee was undertaken to provide insight into the perceived impact of student fees, arrangements undertaken by Institutes for fee payment, issues related to access and equity, and suggestions for improving consistency and transparency of fee-setting structures.

5. Findings and Discussion

An analysis of data trends in student numbers and enrolments identified that systemic and curriculum changes had coincided with the introduction of the regulated fee and therefore impacted the ability to draw meaningful conclusions from student and enrolment data. Comparable data over a longer period of time had also not been available

Comparisons of Trends in Fees by Instalment showed that there has been a steady increase in the number and dollar value of the agreements, and that there was a slight increase in the amount owing on agreements, indicating that students find it difficult to meet the cost of the regulated fee on enrolment. The analysis also showed that the occurrence of defaulting is low, indicating that students approach the need to service their fee debts in a responsible manner.

Statistical information collected from Student Services Officers and their managers identified that counselling students in relation to finances and associated difficulties occupies a considerable amount of their time. This information indicates that TAFE students are experiencing financial difficulty, especially in the case of Institutes where there are large numbers of socio-economic communities.

Surveys of Potential Students

Almost two-hundred individuals responded to the potential student surveys conducted at TAFE Information Centres located in Adelaide and Spencer, and almost nine hundred potential students responded to the online survey provided on the TAFE SA Gateway website. Both surveys provided responses from a slightly larger majority of females and respondents were generally aged between 15-59 years.

The most common reasons preventing potential students from enrolling in a TAFE course were those referring to fees and costs of training, with 38% of respondents from the TAFE Information Centre Surveys, and 45% from the TAFE SA Gateway survey indicating such reasons.

A large percentage of respondents identified a variety of other factors preventing enrolment that were not specifically related to fees, the most significant being the time involved in undertaking training, location, travel and transport, and factors related to the course such as complexity, availability, suitability, mode of delivery, relevance, and class size. Additional reasons included family and work commitments, class schedules, eligibility, pre-requisites required, learning difficulties, availability of childcare, and age.

Disadvantaged Groups

Approximately one-hundred of the potential students from the TAFE Information Centre surveys indicated their specific backgrounds of disadvantage, identifying that approximately half (47%) of the potential students were from groups considered to be economically disadvantaged, the larger majority being either unemployed (17%), sole parents (13%) or from remote and rural areas (11%), and the remainder being Non-English speaking background, disability, Indigenous, or temporary visa students.

Approximately half of the potential students identified as belonging to disadvantaged groups indicated that fee or cost-related reasons would inhibit their enrolment in a TAFE course. These groups included all of the Indigenous respondents, just over half of those who were unemployed and/or sole-parents, half of the disability students, two of the three students on temporary visas, and about a quarter of the remote and rural students and Non-English speaking background students.

Follow-up Interviews

Interviews with potential students indicated that the majority of individuals wanted to undertake training to gain a job (37%), while those in full-time work generally wanted to up-grade their skills (30%), gain a promotion or change careers (20%). Other reasons including personal enrichment, gaining entry into higher education, setting up a business, and improving English language skills.

Of the potential students interviewed, 27% had proceeded with enrolment, while a small number of the participants were still deciding whether or not to enrol, and the remainder had decided not to go ahead with enrolment. About a quarter of those who did not proceed with enrolment reported that fees had been a major barrier, and other reasons included factors related to work commitments, course scheduling and hours, and the time commitment involved in undertaking training.

Those already in work stated that they would use income from their work or savings, while those on government benefits would use such benefits to fund their course (in some cases this would have to be supplemented by part-time work). Other respondents would rely on employer or industry funding, payment by deposit and monthly instalments, a loan from parents or savings from cutting back on living expenses.

If unable to meet future costs such as instalment payments, fees for next semester or unexpected costs, most (43%) respondents stated that they would drop the course or not enrol in the first place. Other options included obtaining a second job, seeking part-time work, dipping into savings, relying on parents, and approaching Centrelink for assistance.

A large majority of the respondents considered fees to have a major bearing on course selection (i.e. ability to undertake courses that interest them or best suit their career goals), however fees generally did not have a major bearing on decisions for those undertaking courses leading to licenses or accreditation which were essential to job performance, courses for personal enrichment, single subjects or courses funded by the employer.

Focus Groups

Focus groups with TAFE SA staff and existing students identified that the regulated fee generates anomalies and inconsistencies in the fee system because TAFE delivers training by modules rather than courses. The regulated fee is dependent on the nature of the course in which a particular module is located, with its original establishment being based on an average of the total amount of the 'historical' fee attached to a course. As a result, a module (i.e. communication or information technology) in an advanced diploma may attract a higher fee than the same module in a lower level course.

Students may decide to withdraw from courses or modules for a number of reasons, however fee-related withdrawals are often due to students underestimating their capacity to make FBI payments, students enrolling on assumption of receiving a health care card subsequently to cancel their enrolment when they find they are not eligible to receive this card, and students enrolling in several subjects when payment is beyond their financial means.

Students are often unaware of the financial assistance that is available to them, and may also have various interpretations of who can or cannot access these forms of financial assistance. Institute council grants seem to be the most common form of internal assistance accessed, and Centrelink, Salvation Army and Wyatt Foundation the most common external sources.

Students receiving Government benefits including Youth Allowance and Austudy are required to be in full-time studies. Sometimes in an effort to maintain their full-time status to protect Centrelink allowances, students opt for heavier subject loads than they are able to sustain. Students have often been unaware of the extent to which these high study loads and tight deadlines will impact on their family, work and recreational commitments. Students are also concerned about the inconsistency of what constitutes a full-time load for maintaining these benefits.

Many students are undertaking part-time or full-time work to support their engagement in full-time studies. Although problems experienced may not be specifically related to fees, the need to maintain employment affects their ability to continue to fund and participate in training. Decisions to engage in part-time training also have an impact on student access to scholarships or concessions that apply to full-time students.

6. Conclusions

A picture emerges from the research that students in South Australia are experiencing financial difficulties in supporting their training.

Although conclusions could not be formed on the basis of the limited data on trends in student enrolment and curriculum hours, it is clear from information provided from potential and existing students, staff from Institute counselling and finance departments, and members of corporate bodies, that fees and factors associated with the ability to pay fees are posing difficulties for existing students. The cost of fees is also inhibiting enrolments from certain groups of potential students.

Information on the increased use of Fees by Instalment processes also signal in part the difficulties students are experiencing in paying the up-front fees required for undertaking training.

Decisions about whether or not individuals participate in training are based to a significant degree on the perceived cost of fees, and considerations of the cost of supporting oneself as one participates in training. They are also based on the nature, availability and sustainability of the training offered, and the ability to combine studies with work, family and social commitments.

Although the majority of potential students interviewed believed that fees were major considerations in deciding to undertake certain courses, there were cases where fees did not present major difficulties, in particular, those who were in work, or had access to savings, those undertaking programs for personal enrichment, or courses to gain essential licences or accreditation to perform certain jobs.

To address the impact of the regulated fee and additional costs associated with TAFE training, financial options could include increasing accessibility to Fees by Instalment arrangements by reducing the threshold for eligibility, and the proportion of financial deposits required to access FBI. A payment deferral system could also be considered, providing it can be ensured that the system does not increase student contributions to the total costs of training.

The early provision of up-front information about fees, additional costs, and financial assistance options, as well as a financial advisory service for students at point of enrolment could be provided to assist students in making the most appropriate financial decisions for their circumstances. The provision of support and flexible arrangements for student workers is also important in terms of providing ready access to lecturers, facilities and services that enable them to meet their course requirements.

7. Acknowledgements

TAFEBIZSA and the researchers would like to thank all those who provided information to the study through either focus group sessions or in-person and telephone interviews. These include:

- Members of the Regulated Fees Reference Group
- Educational Managers and staff from Student Services departments of all TAFE SA Institutes and Alliances
- TAFE SA Institute and Alliance Finance Managers
- Members of the Productivity Improvement Steering Committee
- Students from participating metropolitan and regional TAFE SA Institutes and Alliances
- Respondents to web and print-based surveys conducted by TAFE Information Centres located in metropolitan and regional areas.

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