

Funding of teacher education

Background

- 8.1 Since 2005, funding from the Australian Government has been provided to universities and higher education providers under the Commonwealth Grants Scheme (CGS) through annually negotiated funding agreements. The funding agreement specifies the number of student places in a broad range of discipline areas that will be funded by the Australian Government. The discipline areas are grouped into twelve funding clusters. The funding rate per place for each cluster or priority area is set in legislation. The amount is based on relativities derived from the teaching component of the Relative Funding Model (RFM) developed in the early 1990s.¹
- 8.2 Table 3 sets out the rates for Commonwealth contributions for 2006.

¹ Department of Education, Science and Training, *Higher Education Report 2004-05*, Canberra, 2005.

Table 4 Commonwealth and student contribution rates for funding clusters for 2006²

ITEM	FUNDING CLUSTER	COMMONWEALTH CONTRIBUTION AMOUNT (a)
1	Law	1,499
2	Accounting, Administration, Economics, Commerce	2,466
3	Humanities	4,156
4	Mathematics, Statistics	4,908
5	Behavioural Science, Social Studies	6,598
6	Computing, Built Environment, Health	7,349
7	Foreign Languages, Visual and Performing Arts	9,037
8	Engineering, Science, Surveying	12,232
9	Dentistry, Medicine, Veterinary Science	15,332
10	Agriculture	16,299
11	Education	7,251
12	Nursing	9,692

Source: Department of Education, Science and Training

8.3 A second stream of funding to universities is through student contributions known as HECS. Student contributions are usually paid to the university by the Commonwealth on behalf of the students, most of whom defer the payment and are required to repay the Commonwealth. This arrangement differs from the pre-CGS arrangements in which the HECS component was paid as part of the overall block grant.

8.4 Since 2005, providers have been able to set the student contributions up to 25% above the 2004 HECS rates (indexed) except in two areas, teaching and nursing.

2 Amounts are for an Equivalent Full-time Student Load (EFTSL) calculated according to the discipline in which the units of study are classified. (The base funding cluster amounts are increased by 5% for higher education providers that meet the National Governance Protocols and specified workplace relations requirements.)

Table 5 Student contribution bands and ranges for 2006

Student contribution band	Student contribution range (students commencing on or after 1 January 2005)	Student contribution range (pre-2005 HECS students who began their course on or after 1 January 1997)	Student contribution range (pre-2005 HECS students who began their course before 1 January 1997)
Band 3 (law, dentistry, medicine, veterinary science)	\$0 - \$8,170	\$0 - \$6,535	\$0 - \$2,943
Band 2 (accounting, administration, economics, commerce, mathematics, statistics, computing, built environment, health, engineering, science, surveying, agriculture)	\$0 - \$6,979	\$0 - \$5,583	\$0 - \$2,943
Band 1 (humanities, behavioural science, social studies, foreign languages, visual and performing arts)	\$0 - \$4,899	\$0 - \$3,920	\$0 - \$2,943
National priorities (education, nursing)	\$0 - \$3,920	\$0 - \$3,920	\$0 - \$2,943

Source: Department of Education, Science and Training

- 8.5 In 2005, the Government introduced a practicum loading for education, partly to compensate for the inability of universities to raise the extra 25% on student contributions, and as part of identifying teacher education as a national priority.³ The amount for 2006 equated to \$686 per EFTSL in units of study in teacher education. This sum is considerably less than the amount that would be available to the universities if they were able to add the extra 25% to the student contribution charge.
- 8.6 Having received what is essentially a block operating grant, universities are generally free to use it for their overall operations. Accountability remains largely at the block level with universities having to provide

3 Department of Education, Science and Training, *Submission No. 59.1*, p. 1.

detailed statistical data on their student load in their annual reports and financial statements. The data on student load includes details of units of study and courses that students are undertaking, campuses on which the students are studying, mode of delivery and liability status. Funding agreements now include a clause specifying that "The CGS funding clusters for nursing and teaching have been funded in part in recognition of the costs of the nursing clinical placements and teaching practicum. The University must utilise such funds for the purpose for which they are allocated."⁴ There are, however, no specific reporting requirements attached to funding for the practicum component. Monitoring tends to be done more informally through the discussions that take place around the drawing up of the funding agreement. The Minister at the time, The Hon Dr Brendan Nelson, advised the Parliament that should the Government become "aware of instances where the funds were being used for unintended purposes it would consider appropriate ways in which this could be rectified."⁵

Adequacy of funding of teacher education courses by university administrations

8.7 As part of this inquiry, the committee was asked to examine the adequacy of funding by university administrations. The evidence received on this issue was very mixed. Many submissions suggested, mostly on the basis of anecdotal evidence, that funds for teacher education were in effect being used by universities to cross-subsidise other areas.⁶ The committee also received evidence that suggested general satisfaction with internal funding arrangements.⁷ Some contributors suggested that education was being cross-subsidised by other areas of the university.

4 Department of Education, Science and Training, *Submission No. 59.1*, p. 1.

5 Department of Education, Science and Training, *Submission No. 59.1*, p. 1.

6 See, for example: Lutheran Education Australia, *Submission No. 118*, p. 6; University of Sydney, *Submission No. 133*, pp. 10-11; NSW Department of Education and Training, *Submission No. 135*, p. 14; University of Southern Queensland, *Submission No. 146*, p. 1, and *Transcript of Evidence*, 7 July 2005, pp. 30 & 35; Australian Council of Deans of Education, *Submission No. 31*, p. 9; Queensland Catholic Education Commission, *Submission No. 71*, p. 6; Dr Mike Grenfell, *Submission No. 96*, p. 11; South Australian Secondary Principals Association, *Transcript of Evidence*, 27 September 2005, p. 92.

7 See, for example: Flinders University, *Transcript of Evidence*, 27 September 2005, p. 4; Edith Cowan University, *Transcript of Evidence*, 26 October 2005, p. 19; University of Western Sydney, *Transcript of Evidence*, 8 March 2006, pp. 23-24; University of Western Australia, *Transcript of Evidence*, 26 October 2005, p. 64.

- 8.8 The issue of the adequacy of the funding of teacher education courses by university administrations was of enough concern for it to be included in the terms of reference for this inquiry. There is simply not enough transparency in the system to enable the committee to make a proper assessment of the matter. That this is the case is itself a matter of concern.
- 8.9 There is general acceptance that universities will keep a portion of the Commonwealth funds for student admissions, student support services and general operating costs. The committee recognises that universities have different priorities and needs at different times and that the flexibility that is provided by the current funding arrangements is of value to them. Universities should retain the capacity to direct the funds they receive from Commonwealth course contributions and student contributions (with the exception of funding tied to practicum) according to their priorities. However, the system should be more transparent. Universities should be required to report to the Commonwealth on how much of the money allocated for each funding cluster area is spent on that area. Strategic cost management and activity-based costing, as used by some universities⁸, would facilitate meeting such a requirement.
- 8.10 The current funding agreements are only a few pages long and include one page with a table showing what sum is allocated to each funding cluster (*see* Appendix G). Although universities may claim that they already provide detailed financial information to the Minister, in accordance with the financial guidelines,⁹ the financial acquittal for the CGS funds is at block level only. This is not sufficiently detailed to show the actual disbursement of funds (*see* Appendix H). Universities should be required to provide at the end of the year a table setting out the amount actually distributed to each cluster and this document should be tabled in the Parliament, as is the original funding agreement. While universities submit annual reports to state parliaments, these too, do not provide sufficient detail on the disbursement of funds at cluster level.
- 8.11 Given the high levels of taxpayer investment in higher education including teacher education, financial reporting should enable a ready assessment of how that investment has been applied. The acquittal according to funding cluster would provide a clearer factual basis to inform deliberations about the adequacy of funding of teacher education courses and other courses, by university administrations.

8 *See, for example: Monash University, Submission No. 105.1.*

9 *See Department of Education, Science and Training, Financial Statement Guidelines for Australian Higher Education Providers for the 2005 Reporting Period, Canberra, 2005.*

Recommendation 10

The committee recommends, in order to provide greater transparency and accountability, that universities be required to acquit CGS funds against each funding cluster by providing a table of expenditure corresponding to the table in the funding agreement that sets out the initial allocation of funds.

The overall level of funding for teacher education

- 8.12 A large proportion of submissions expressed concerns about the level of funding for teacher education. All viewed the funding level as inadequate and many singled the issue out as the most important in the inquiry. Submissions described the inadequacy of funding as having serious consequences for teacher education. These include: a significant rise in staff-student ratios; increased workloads of staff; limiting capacity to build strong partnerships with schools; limiting capacity to innovate; limiting the number of places that can be offered in teacher education; limiting the capacity to properly resource the school experience component of the course; preventing maximising the use of information and communications technologies; and hampering the ability to attract quality staff.¹⁰
- 8.13 The concerns about funding centred around three themes:
- the cost of teacher education being underestimated by various funding regimes since the original Department of Employment, Education and Training (DEET) weightings were established in the 1980s;
 - the impact of the HECS cap; and
 - the inadequacy of funding for practicum.

An underestimation of costs

- 8.14 The amount of the Commonwealth's contribution for each Commonwealth supported university place varies according to the discipline cluster that the place is in. The amount was not revisited when

10 See Victoria University of Technology, *Submission No. 21*, p. 13; Australian Council of Deans of Education, *Submission No. 31*, pp. 6-7; University of Western Sydney, *Submission No. 152*, pp. 11-12; Open Universities Australia, *Submission No. 33*, p. 3; Teachers Registration Board of Tasmania, *Submission No. 117*, p. 3.

the new CGS was developed and is still based on the relativities derived from the Relative Funding Model (RFM) developed in the 1990s.¹¹ A number of submissions claimed that the amount never accurately reflected the real cost of preparing a teacher nor takes account of the increases in costs that have occurred over the years.

The original DEET Weight imposed on teaching in the late 1980s (1.3) suggested that it was far cheaper to train a teacher than a nurse or indeed an artist, dramatist or language specialist. The inference was that it cost about the same to train a teacher as to train an anthropologist or sociologist. While most involved in teacher education at the time had the sense that this decision constituted a grave error on the part of the DEET decision makers, very few would have been in a position to compare the various training regimes above at close quarters...¹²

Under all regimes since the Relative Funding Model was first implemented (and it is still the basis for funding relativities in higher education), education has been funded below its appropriate level. There is documentation which shows that because education was such a large discipline, it along with nursing had their relative funding reduced from the original recommended levels. The RFM was introduced at a time before technology had a large impact in teaching and before there were significant changes in expectations of teachers. Thus it was based on a 'chalk and talk' notation of teaching and teacher education which is no longer either appropriate or desirable. The RFM also failed to take into account that this is the only profession which is required to pay to have its students undertake practicum and therefore actual funding which enters the University for teacher education, flows out of the University again to teachers in schools.¹³

First, we argue that the original DEET weight of 1.3 does not account for either the relative costs (against other social sciences) or the absolute costs of teacher education. The total costs of professional experience consume up to 20% of our total budget. The cost of professional experience has been an ongoing problem for teacher education for more than ten years. More recently the requirement to prepare graduates who can effectively use ICTs to

11 Department of Education, Science and Training, *Higher Education Report 2004-05*, 2005, p. 44.

12 Australian Council of Deans of Education, *Submission No. 31*, p. 7.

13 Flinders University, *Submission No. 126*, p. 14.

improve student learning, means that ICT infrastructure, support and training costs are quickly becoming the second largest component of our non-salary expenditure. Neither of these factors existed when the original weighting was devised.¹⁴

- 8.15 The Commonwealth course contribution for education for 2006 is \$7,251 per EFTSL which includes the practicum component of \$686. Without the practicum component, a place in Education is funded at almost the same rate as a place in Behavioural Science and Social Studies.¹⁵ The ACDE suggested that, “even leaving aside the cost of the practicum requirements”¹⁶ funding should be commensurate with funding for Nursing (\$9,692 in 2006) or Languages and the Performing Arts (\$9,037 in 2006).

A significant proportion of any teacher education course involves curriculum ‘methods’ (what and how to teach and assess in specific areas of the school curriculum). Education thus needs to fund the infrastructure, equipment, materials and technical support for science education laboratories, visual and performance arts spaces including music, and sporting, physical education and human movement education laboratories/facilities. In addition, Education must fund mathematics curriculum materials, wireless laptops and a wide range of educational software across the age span from early childhood to senior secondary across all curriculum areas. Also smaller laboratory class sizes often are needed for practical laboratory sessions because of pedagogical and OHS regulations. Teaching costs are therefore similar at least to disciplines such as Visual Arts and Languages.¹⁷

Impact of the identification of education as a National Priority Area on funding

- 8.16 As part of the *Our Universities: Backing Australia's Future* package of higher education reforms, teaching was identified as an initial key area of national priority. The intention behind establishing this as a National Priority Area was to allow the Government “to respond to current and emerging national needs, such as shortages in particular areas of the

14 University of Western Sydney, *Submission No. 152*, p. 11.

15 Department of Education, Science and Training, *Higher Education Report 2004-05*, 2005, p. 44.

16 Australian Council of Deans of Education, *Submission No. 31.1*, p. 1.

17 Australian Council of Deans of Education, *Submission No. 31.1*, p. 1.

labour market, and the education of students from low income backgrounds and indigenous students.”¹⁸

- 8.17 One of the measures put in place to support education as a National Priority Area was to fix the student contribution rate for units of study undertaken in education at 2004 levels (indexed).¹⁹ From 2005, higher education providers have been able to set student contributions in all other funding clusters (with the exception of nursing) within a range from \$0 to an amount up to 25% higher than the 2004 rates (indexed). Many contributors to this inquiry claimed that this move has significantly disadvantaged teacher education.²⁰
- 8.18 One financial consequence of ‘capping’ HECS is to disadvantage teacher education in relation to other areas of study.

The HECS limitation translates to a potential \$962 per place (based on a 25% HECS increase) that is unavailable to institutions for Education places. With around 50,000 domestic EFTSL in Education across the sector, this represents a potential \$48 million nationally. The Commonwealth contribution amount has been adjusted, ostensibly to make up this shortfall. However the relative funding model (RFM) for Education of the combined Government and student contributions has actually decreased from 1.3 in the previous RFM to 1.2 using the maximum student contribution rates. Education now has available only 20% more funding than the lowest funded disciplines, compared to 30% previously.²¹

- 8.19 One course provider pointed out that in institutions with a large proportion of the student load in teaching and nursing, capping HECS represented a significant impost.²² Another claimed that the “reduction in HECS-based income for Education seems likely to lead inevitably to a conclusion that less University resources ought to be devoted to it, thus paradoxically turning what is recognised as a priority into a non-priority”.²³

18 Department of Education, Science and Training, *Submission No. 59*, p. 8.

19 Department of Education, Science and Training, *Submission No. 59*, p. 8.

20 See, for example: University of South Australia, *Transcript of Evidence*, 28 September 2005, pp. 18-19; University of Western Sydney, *Submission No. 152*, p. 2; University of Melbourne, *Transcript of Evidence*, 7 June 2005, p. 69; Australian Vice-Chancellors Committee, *Transcript of Evidence*, 10 February 2006, p. 31; Edith Cowan University, *Transcript of Evidence*, 26 October 2005, p. 19.

21 Australian Technology Network of Universities, *Submission No. 66*, p. 12.

22 Edith Cowan University, *Transcript of Evidence*, 26 October 2005, p. 19.

23 Murdoch University, *Submission No. 159*, p. 11.

Quarantining Education from the variable HECS fees has not served the purpose for which it was designed. The Council has argued elsewhere that the awarding of national priority status has resulted in Education becoming a less attractive discipline within the university, due to its inability to raise extra funds. Moreover, this status ultimately works against the students for whom it was designed. Not only is Education unable to raise the resources required to support vanguard teaching and learning, but all students suffer if the status of Education is ultimately diminished within the university.²⁴

- 8.20 In 2005 the Government provided additional funding for practicum both in recognition of the cost of practicum and to compensate course providers for the cap on HECS.²⁵ Many submissions argued that the additional funding for practicum was insufficient compensation.

The additional Government funding to make up for this just is not sufficient. The relative funding level for education courses has, in fact, dropped from 1.3 to 1.2. In other words, if you take into account what has happened with CGS and with the 25% maximum contribution that can be placed on all other courses except education and nursing, education now receives only 120 per cent of the lowest funded course, whereas previously it was 130 per cent.²⁶

- 8.21 The Government claims to make the additional payment to practicum in recognition of the cost of providing practicum and to compensate universities for the HECS cap. However, the amount of the additional funding for practicum is less than the sum that universities could raise by increasing the student contribution by 25%.

24 Australian Council of Deans of Education, *Submission No. 31*, p. 10.

25 Department of Education, Science and Training, *Submission No. 59.1*, pp. 1 & 2.

26 Prof. Elizabeth Harman, Australian Vice-Chancellors Committee, *Transcript of Evidence*, 10 February 2006, p. 31.

Recommendation 11

The committee recommends that the Australian Government:

- (a) commission an evaluation of the impact on teacher education courses of fixing the student contribution rate at 2004 levels (indexed) to determine whether this measure, as part of its strategy of identifying education as a National Priority Area, has met its stated objective of responding “to current and emerging national needs, such as shortages in particular areas of the labour market, and the education of students from low income backgrounds and indigenous students”;
- (b) from 2008, increase the Commonwealth Contribution Amount for an Equivalent Full-Time Student Load in the Education cluster from \$7,251 to \$9,037²⁷, the same level as that applying to the Foreign Languages, Visual and Performing Arts cluster; and
- (c) review the mechanism for determining the level of funding that the Australian Government contributes towards student places in different disciplines and develop an alternative mechanism which more accurately reflects the real costs of delivering those places.

Practicum costs

- 8.22 Even if the practicum loading introduced in 2005 served only one purpose and was not also claimed to be compensation to universities for capping HECS, it does not adequately assist universities with practicum costs. These costs include payments for supervising teachers in schools, payments for casual university supervisors and payments for administrative staff who organise the placements. They also include travel costs of university supervisors²⁸ and, where it does occur, training and preparation of school supervisors of students.
- 8.23 A number of universities expressed the view that the loading did not adequately reflect the costs of practicum.

27 2006 figures to be indexed to 2008.

28 University of Newcastle, *Submission No. 98*, p. 11.

We conservatively estimate the cost of placement for a one year Graduate Diploma student to be at least \$2,500 per enrolment when one includes the administration of the placement, cost of teacher payments and academic staff time and travel costs for visits.²⁹

Further, it is difficult to know how the \$657/EFTSL was calculated, as it is certainly less than the cost of paying teachers and of practicum. Thus the Commonwealth assistance has been of the order of \$494,721 while the current costs of practicum for Flinders University is estimated to be:

To schools for taking students \$ 583,668

For supervision (extra staff) \$ 72,000

For supervision (University staff) \$ 240,000

Total \$ 895,668³⁰

The total costs of professional experience consume up to 20% of our total budget.³¹

When we moved from the previous model in the mid-1980s to the relative funding model, the notion of the practicum was an issue that started to arise then. There was an allocation that disappeared slowly over time, so the cost of the practicum became involved in the formula for the allocation of students into the universities. Over time that has slowly disappeared so that now the practicum is part of the cost, and the weighting for a student teacher is one of the lowest in the university. So the practicum is a very expensive component in lots of ways. It is not just financially. It is expensive time-wise when you want to maintain contact with the schools and you want to keep supervising teachers in touch with what is happening and vice versa – the teacher educators in touch with the school. There are lots of costs that are not necessarily financial in terms of the initial funding but become financial in terms of maintaining expertise and contact. So it is a complicated issue. But the cost of the practicum is certainly substantial and not covered appropriately.³²

29 Monash University, *Submission No. 105*, p. 15.

30 Flinders University, *Submission No. 126*, p. 14.

31 University of Western Sydney, *Submission No. 152*, p. 11.

32 Prof. Jeffrey Loughran, Monash University, *Transcript of Evidence*, 7 June 2005, p. 57.

- 8.24 The way that the practicum loading is calculated by DEST and distributed within universities came under criticism.

... the increase in funding has been modest anyway – partly because it was rolled into the annual operating grant and allocated according to taught load. This has meant that universities have taken their usual ‘off-the-top’ proportions for central administration and infrastructure. And by following taught load, most courses have not received the supplementation they might have expected. Indeed, it seems odd for DEST to have said they wanted to support the costs of practicum yet to allocate the money according to taught load. As stated above, many Education courses have only 50% of the taught load of Education courses yet bear 100% of the cost of the practicum. If Education courses were taught totally within the Faculties of Education, they'd be getting much more per student for the practicum costs yet they'd be doing the same amount of practicum.³³

- 8.25 A particular issue is the treatment of the loading in respect of students studying some units outside education faculties who attract a proportional payment.

Student A, taking a four year course with all units of study in Education, will attract a loading of \$2,628 (4 x \$657) over four years. By contrast student B, qualifying to become a History teacher and taking a double degree in Arts and Education, would do 50% of the course in Arts and 50% in Education. The university would be funded at the Arts rate for half of student B's course and at the Education rate for half the course, and would receive a practicum loading of only \$1,314 (2 x \$675) over four years even though the practicum costs for student B will be the same as for student A.³⁴

- 8.26 The way that the practicum loading is calculated for part-time students also results in anomalies.

The first, is that it is calculated on an effective full-time equivalent student load which is lower than the actual number of students, because some are studying part-time. In Education at Flinders, the funding is for 753 EFTSLs, although there are 1,039 students. This

33 University of Ballarat, *Submission No. 55*, pp. 5-6.

34 Australian Council of Deans of Education, *Submission No. 31.1*, p. 2.

means, in effect, that the actual funding only assists for approximately two-thirds of the students.³⁵

- 8.27 The ACDE proposed an alternative model for funding in which the practice component would be calculated on quantum of placement rather than taught load.

The Education practical component be provided through a mechanism that ties funding directly to the quantum of placement provided rather than to taught load taken within Education. For this component of the funding the ACDE proposes a model along the following lines:

- within agreed parameters, universities offering accredited courses would register the amount of placement provided for particular teacher education courses (presently, typically 80 school-based days for a four year BEd or a double degree such as a BA/BEd or BSc/BEd, and 40-50 days for a one year Graduate Diploma of Education);
- universities would package the days to suit the particular course structure;
- in semesters in which students undertook a placement they would register for a number of practicum modules, each of perhaps five days, in association with the standard credit bearing units that comprise the course; and
- these modules would not be 'units of study' with credit points attached. Rather, registration for the practicum modules would be in association with enrolment in credit bearing units of study that would continue to bear the majority of the placement costs.

In 2005, the practicum loading was a total of \$2,628 for a four year BEd course studied fully within Education. Averaged over 80 days, this amounts to \$32.85 per student practicum day. The ACDE recommends that this funding be directly tied to registration for placement modules. That is, if a module was five days, each would attract the "loading for the Education Practical component" of $\$32.85 \times 5 = \164.25 in 2005 (but indexed as is CGS funding). Funding would be based on predictions and agreed during cluster portfolio discussions in the same way as Commonwealth supported load, with adjustments expected for significant variations from predictions.³⁶

- 8.28 The implementation of recommendation 6 on partnerships, would assist providers to meet the costs of some measures aimed at improving

35 Flinders University, *Submission No. 126*, p. 14.

36 Australian Council of Deans of Education, *Submission 31.1*, pp. 2-3.

practicum. The recommendation would also encourage employing authorities to make a greater contribution to supporting practicum. Notwithstanding the increased resources that may flow as a result of this recommendation, universities need substantially more funding for practicum from the Commonwealth if they are to be expected to ensure that their courses provide high quality professional experience components. The funding of the professional experience component of teacher education courses should reflect its critical importance.

Recommendation 12

The committee recommends that the Australian Government:

- a) commission an examination of the cost of providing practicum and increase the amount of the loading for practicum to fully reflect its costs;**
- b) calculate the amount of funding for the practicum component on the basis of the quantum of placement rather than taught load; and**
- c) pay the practicum component separately to universities and require them to acquit it separately as part of their financial reporting requirements.**

