



Needs-based Funding

Response to implementation consultation paper

Charles Sturt University supports the Australian Universities Accord goal to increase higher education participation and attainment in Australia, especially in student cohorts that have for too long missed out on the opportunities that come with university education.

The 'Needs-based Funding' (NBF) paper outlines some useful proposals about funding arrangements to help more students succeed at university, and that meet the higher costs of delivery in regional areas.

Charles Sturt University strongly supports the proposal to provide additional funding for students at regional campuses. We suggest that the design of this funding stream could be better aligned with its intended objectives by:

- making it uncapped (consistent with the Accord's recommendations for 'demand driven equity funding'), and allocated on the basis of regional campus EFTSL,
- classifying campuses as regional using objective criteria such as the ABS [Australian Statistical Geography Standard](#) and/or the [Modified Monash Model](#), and
- defining campuses as settings providing education in a range of disciplines, but not single purpose facilities like clinical schools, or single discipline colleges established in regional locations by metropolitan universities, as these limited sites do not experience the higher costs that arise from thin markets and the need to support a spread of disciplines as occurs at true regional universities.

There are, however, many important details still to be worked out and others that need to be clarified, including around equity categories and on the definition of regional campus.

The proposals in the Managed Growth Funding and NBF consultation papers would benefit from deeper consultation and co-design with the university sector before being considered as the basis for a new funding model. As it is very unlikely the legislation underpinning these proposals will pass before the election, we urge the Department to pause implementation pending further consultation.

An immediate priority must be the development of a new and more equitable basis for determining funding per Commonwealth Supported Place that meets the actual cost of provision in different disciplines plus on-costs such as infrastructure, student support, technical and professional staff, and other services.

Charles Sturt University's feedback on the NBF paper is as follows:

1. The NBF seems to be based on the idea of providing student support and related services using funding from a discrete pool intended to support specific programs or activities, potentially with separate reporting and acquittal requirements.

Of particular concern is the proposed reliance on 'Framework of Equity Support Activities'. This could become a prescriptive framework that discourages innovation and fails to provide for the needs of some student cohorts.

Furthermore, the paper implicitly suggests there are other limits on how universities can use funding from the NBF, including:

- that student support services can be supported only by funding from the NBF, despite the acknowledgement that they may be used by non-equity students, and
- that the NBF is intended to support only on-campus (post-enrolment) activities, which would place many university outreach and aspiration-building programs at risk.

Current funding arrangements for equity students assume that they make up a small and discrete part of the university's enrolments. The NBF seems to be based on a similar assumption. For regional universities like Charles Sturt, though, equity students make up the majority of the student population. While discrete programs have an important role, for example for study support and cultural belonging for First Nations students, effective equity support measures have to be built into everything a majority-equity university does, from pre-admission pathways to academic preparedness to student support services. This includes being able to provide greater student support at the Faculty and School level, in specialised student support and counselling units, and in community and school outreach programs, as well as through tailored programs.

The extra cost of educating equity students is often about them having less family support, less educational attainment, less confidence, and therefore needing more time with lecturers and tutors and librarians and support staff, to support their academic progress. This kind of support can't be provided through a HEPPP-style project. It needs to be built into the course and the degree, and this should be reflected in the funding arrangements.

Moreover, students may need academic support services throughout their university education, not just at points of transition or crisis. For example, in 2023 students at all



stages of their degrees attended more than 4,500 appointments with our award-winning and highly successful [Embedded Tutors Program](#), which monitors students' progress within units and offers timely, one-on-one assessment support or small group tutorials. Other examples of student support services provided at Charles Sturt University include:

- a variety of enabling programs that provide guaranteed entry to our Bachelor degrees,
- 'Transition to Study' activities including library orientation programs, First Nations welcome and preparation for study events,
- free online modules designed to fill knowledge gaps, enhance skills, and build students' confidence at points of university entry and transition as well as during specific points of subject or degree development,
- a data-driven model used to identify students needing support in their first year of university,
- support programs tailored to the needs of First Nations students,
- academic, library, learning, writing and other skills programs, use of which has been increasing steadily,
- subject and course level contextualised support services and resources, and
- high-quality and modern career resources and tools for on-campus and online students.

While many of these will be similar in kind to services provided across university populations, they are all services that are required in greater volume and frequency because of the higher needs of equity students that make up the majority of the student body. Any system that requires detailed acquittal to prove that NBF has been spent on specific programs distinct from mainstream academic support will fail to recognise that universities with majority equity populations need to spend more on every aspect of our operations to enable student success, not only on distinct programs.

For example, around 44 per cent of Charles Sturt students are the first in their family to attend university. Unable to draw on the experience of family members they will seek more help for basic academic tasks from our Faculty and Library staff. This therefore requires higher levels of staffing and responsiveness, which cannot be captured in acquittal of specific resources provided for equity students.

Equity students who are working to support themselves while studying are likely to be undertaking their study and assignments after working hours, increasing the demand on the university to provide after-hours IT and other support. Again, this cannot be



captured as a specific funded service for equity students. It is part of the overall higher cost of supporting majority equity populations.

While we and other universities can provide best practice examples of systems and interventions that work, we also need to be able to innovate in response to specific needs or emerging challenges. We need latitude in how funding for teaching, learning, and student support services can be used, rather than being limited to specific programs that may have worked elsewhere but are less useful at scale or less appropriate to the needs of our students.

We also need to be able to continue – and build on – extension programs that build regional students' aspirations for higher education, including the academic preparedness programs essential for countering disadvantage in under-resourced regional schools. These activities are essential for the government's goal to boost higher education participation and attainment by under-represented groups.

2. The paper proposes a limited number of equity categories, including eligibility criteria for each. There is little consideration of how to address cumulative disadvantage.

There will be significant risks to data quality and reliability from universities (and, possibly, Tertiary Admissions Centres) attempting to collect the kind of data needed to determine student eligibility in equity cohorts, or in asking students to self-identify their disadvantaged status. Moreover, fixed definitions will take time to amend, increasing the risk of future students being excluded, and may not take into account changes to a student's equity status (for example, a student who develops a disability over the course of their studies).

The paper indicates the Department will consult further on these issues, which is welcome, but this will take time, reinforcing the need for interim funding arrangements. Consultation also needs to be thorough, broad and transparent.

Similarly, data requirements for reporting/acquittal will need to be developed over time as the new funding and policy arrangements (including ATEC) are implemented. We would strongly recommend that reporting focus on outcomes not on detailed acquittal of activities, in light of the broad application of needs-based funding across our whole student population.

3. Given the significant and persistent gap in higher education participation and attainment between First Nations peoples and other Australians, there is a good case for funding for separate, dedicated programs to support First Nations students before and after they get to university.



4. The paper says that Needs-based Funding will include 'a per-student funding amount calculated on the basis of EFTSL'. This is impractical and will leave important student services underfunded.

In our submissions to the Accord, Charles Sturt University showed that part-time students can need as much support as their full-time colleagues, often outside standard business hours, and neither their use nor the cost of providing those services can be calculated by reference to their fractional study load. Multi-campus universities like Charles Sturt must also deliver these services in multiple locations, often far apart, adding to the cost of providing student support.

Given these factors and challenges, we recommend that Needs-based Funding for equity students should be provided on the basis of headcount. EFTSL based allocations would be more appropriate for other funding, such as regional loading.

5. The proposal to track equity funding through HEPPP-style project evaluation and reporting does not adequately reflect the funding needs for regional and equity students.
6. Regional universities typically operate in thin student markets, meaning that we are not able to benefit from economic returns to scale in teaching delivery in most courses. Smaller courses typically have a higher per-EFTSL delivery cost which in some cases is not sustainable under current funding arrangements. The additional funding for students at regional campuses is needed in part to subsidise core teaching activities in order to ensure that regional students are able to access a comprehensive range of courses. Tied project-based funding will not allow us to do this.

The high cost of providing course delivery to small classes has required Charles Sturt to provide more of its classes online across multiple campuses, to fit the delivery costs within the funding envelope. Despite focussed efforts to ensure a high quality learning experience in online settings, the data shows that students studying online are more likely to drop out due to the change in mode of delivery not meeting their preferred learning style.

Much of the support required by equity students is best delivered through more intensive core teaching activity rather than project-based funding. At Charles Sturt, we have been undertaking a thorough consultation with academic staff over workloads, including a staff survey. One of the common themes in this consultation is the need for additional academic time to support equity students, particularly in their commencing year. While there is certainly room for project-based approaches that would fit within the kind of framework proposed here, including Charles Sturt's award-winning Embedded Tutors program, at least part of the equity funding needs to go toward supplementing core academic activities.



7. The proposal to allocate some NBF funding to organisations is risky: they may not have appropriate experience in providing support services or be able to deliver them at a cost-effective scale. Encouraging these organisations to partner with universities with a proven track record in equity student success would be a more effective approach.
8. Charles Sturt University does not support the use of ATAR as a scaling factor.

The assumption that a lack of “academic preparedness” is the main challenge that equity students face at university is misguided. While the ATAR is certainly a strong predictor of student performance, it is by no means the only – or even the main – factor impeding equity students. Data from Charles Sturt’s exit interviews with students who withdraw from the University show that around two-thirds withdraw because of financial hardship or the challenges of juggling study, work, and caring responsibilities. An equity student may achieve a stellar ATAR but still struggle with these non-academic challenges at university, but they would not be considered for this funding stream as currently proposed.

Even if “academic preparedness” were to be a factor in the funding mechanism, the ATAR is not appropriate, particularly for universities such as Charles Sturt with a high proportion of equity students for two main reasons:

- A significant proportion of equity students do not enter university on the basis of ATAR. Few of Charles Sturt University’s commencing undergraduate students enter through the traditional TAC/ATAR route. Moreover, the Accord envisages much better and closer articulation of VET and Higher Education, which is likely to be particularly appealing for equity students, so as these pathways grow to meet the Government’s laudable aspirations, the ATAR is likely to become even less relevant to equity students.
 - It is well established that the ATAR is significantly driven by socio-economic background; although states have stopped publishing these median school ATAR result, we know from historical data that it is strongly correlated with school socio-economic status (ICSEA). This relationship breaks down at university level, however. There is evidence that at a given ATAR level, school ICSEA becomes a negative predictor of university performance and that “schools with low SES prepare their students better for university study compared to schools with high SES” (Li & Dockery 2014). Hence, using the ATAR as a measure of academic preparedness is likely to under-estimate the academic preparedness of equity students, and over-estimate the academic preparedness of other students.
9. Indexation based on CPI could disadvantage regional students and regional providers, as it is a national measure that does not take account of regional variations in costs for some goods and services.



In response to the Needs-based Funding proposals, Charles Sturt University **recommends:**

1. A 'Gonski-like' model for equity students, i.e. one which provides additional funding but does not dictate how it is spent. An example is the approach suggested by the [Mitchell Institute](#).
2. A separate funding stream to boost First Nations students' higher education aspirations, participation and success.
3. Providing funding for student support on a per-student (headcount) basis.
4. Allocating regional loading on an EFTSL basis.
5. Greater flexibility around the use of NBF, so that universities can provide the kind of services their students need and continue pre-enrolment/off-campus activities that build aspiration and improve student readiness for higher education.
6. Further consultation on definitions and eligibility in equity student categories, the impact of cumulative disadvantage.
7. A competitive funding program to promote innovation in student support services, with an emphasis on inclusion and student success, and to foster collaborations between universities and First Nations or community-led organisations.
8. Offering the 'Framework of Equity Support Activities' as guidance not prescription and expanding the list of activities over time based on broader consultation with universities on successful equity support initiatives and how these can be adapted in different settings.
9. A new funding stream for university infrastructure to support increased participation and improve accessibility.

