

HIGHER EDUCATION IN A STEADY STATE

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Stability as a Normal Condition

The rapid growth of university and college enrolments over the past twenty years has accustomed tertiary educators to living in a world of expansion. However, a few moments reflection will show that rapid growth cannot go on forever; for example, at growth rate of 7 per cent per annum, numbers will double themselves every ten years: exponential growth cannot continue forever. This is illustrated by the following figures on university enrolments.

Year	Number of Enrolments	Period (years)	Percentage Growth p.a.
1920	7,900	8	0
1928	8,000	12	6
1940	14,700	4	0
1944	15,000	3	26
1947	30,500	8	0
1955	30,300	7	10
1962	63,300	10	7
1972	128,700	4	4
1976	154,000	2	2
1978	161,000		

In spite of rapid growth during a number of the periods set out in the table, there was, indeed, no growth in 20 of the 58 years covered. In the long term, stability is more "normal" than rapid change.

Over the past twenty years university enrolments have more than quadrupled; about one-half of this has been due to demographic changes and the other half to increases in participation rates. The growth of enrolments in colleges of advanced education has been even more rapid over the past decade, and has been mainly due to increases in participation.

Levelling Off Growth:

Enrolments in universities and colleges have stopped growing rapidly. This has been due to three main reasons. First, population growth

is now much less rapid than it was and the relevant age groups will show little net growth over the remainder of the century.

Secondly, participation in higher education, which had enjoyed a major upward shift over the past two decades, has now levelled off. Retention to the higher grades of secondary school has, at least for the time being, stopped growing and the proportion of matriculants who enrol in universities and colleges is no longer rising. One of the principal motivations for increased participation in higher education has been the expectation of improved job prospects for those with university and college qualifications. During the 1950s and 1960s employment opportunities for graduates were very favourable. However, the rapid increase in the number of new graduates entering the workforce combined with a less buoyant economy, has meant that graduates are finding more difficulty in obtaining employment and frequently are forced to accept jobs lower down the hierarchy. Students are finding their expectations are being falsified and this appears to have reduced their desire to lengthen further their full-time education. On the other hand, higher qualifications give young people an advantage in their search for employment and it would be surprising if the competitive tendency towards seeking more qualifications were not to bring about a resumption of increasing demands for higher education.

Thirdly, political influences have been significant in bringing an end to the great expansion in university and college enrolments. In this connection, financial factors have been important as the increasing proportion of gross domestic product devoted to education has introduced a resistance from competing claims on the national cake. The accumulated effect of political activism on the part of some students and staff has also brought a reaction. Beyond these, there is the general disillusionment with education, reflected in doubts cast upon the adequacy of the education system to provide the new generations with basic skills and to produce qualified manpower of the right kinds and in the right numbers.

The sudden shift into a regime of virtually no growth will have profound consequences on higher education both at the institutional and at the system levels. These are now discussed.

Institutional Level

Staff. The previous rapid growth of universities and colleges involved the recruitment of much new staff. In general, staff of the institutions have relatively young age distributions and the rate of retirement over the next five or ten years will be very low. Since alternative opportunities for academic staff are now poorer than they were, staff turnover will be at very much lower levels than anything that has been experienced for a long time. Opportunities for bright young men and women to undertake academic employment will be strictly limited. The existing staff, many of whom were recruited in periods of great staff shortage and therefore subject to less rigorous selection criteria than might be applied today, will age. Opportunities for promotion will be fewer. The effect of these trends will be towards a conservatism on the part of staff and a reduction in innovations.

Flexibility. When institutions are growing it is relatively easy to add new activities or to redirect effort from one discipline to another with changes in student preferences or community needs; the changes can be made by operating on the increments of resources as the institutions expand. In stationary conditions, new activities can be introduced only if old ones are wound down. A shift in demand from, say the physical sciences to the biological sciences, will require less physics staff and more biology staff. This will be difficult to achieve, and the likely effect will be over-staffing in physics and under-staffing in biology.

Aspirations. Lively institutions usually have plans to introduce new activities, to improve the quality of their work and to experiment in various ways. It is usually not possible, even under the best circumstances, to satisfy all the aspirations of individual universities and colleges. However, in a growing institution some can be satisfied and these contribute to its liveliness and vigour. Without growth, most aspirations of this kind are likely to be frustrated.

Discretionary funds. A large proportion of the recurrent expenditure of institutions of higher education are committed to expenditures which are unavoidable if the salaries of tenured and permanent staff must be paid; there are minimum amounts required to maintain buildings and to provide consumables and other essential services; libraries must be maintained; and equipment must be purchased. If the real income of an

institution is held constant, the amount of the budget available for discretionary purposes is likely to be small and decreasing, as commitments build up from year to year. Some volume of discretionary funds is essential to contribute to the creative life of the institution. In a growth situation, the growth itself contributes such funds.

Quality. Since a large proportion of the budget of a university or college is committed to the wage or salary payments (usually about 85 per cent), which are difficult to modify in the short run, a shortage of funds will almost certainly press on non-committed items of expenditure such as the maintenance of buildings, the purchase of library materials, consumables and equipment and the employment of temporary technical and research staff. The maintenance of quality of libraries and of research programs is therefore likely to be threatened under conditions of static budgets.

Unavoidable cost increases. Even where grants to institutions are adjusted for increases in wages and salary rates and for the costs of goods and services purchased by the institutions, there are certain cost increases which institutions have to face. With little growth in total staff numbers, for a period of years, members of staff will progress up incremental scales and the average cost of staff will rise even though wage and salary scales remain unchanged. Moreover, changes in industrial conditions (e.g. recreation leave, long service leave, etc.) may produce additional unavoidable costs. These unavoidable cost increases will press on the institution's budget and reduce even further that component of the budget available for discretionary use.

Centralisation of decision-making. The lack of flexibility of funds that is likely to come with the cessation of growth will increase the need to scrutinise all items of expenditure and will promote a tendency towards centralisation of decision-making. Departmental expenditures will be more closely scrutinised and less discretion will be available to departmental heads.

Accountability. For the same reason as set out in the preceding paragraph, individual departments and academics will be expected to be more closely accountable to the central administrations of their institutions in order to improve the cost effectiveness of the funds available. In addition, the central administration will be anxious to build up a pool of discretionary funds and will want to draw back from academic departments savings wherever possible. The pressure on individual academics for greater accountability will also be stimulated by pressure on the institutions from

system authorities for more information and a greater degree of accountability.

System Level

The political forces which have been partly responsible for the slowing down of expenditure on higher education will create pressures towards the rationalisation and co-ordination of the "system" of higher education, towards increased accountability requirements and towards manpower planning.

Co-ordination. At the system level, limits on total resources devoted to higher education will make it all the more important to avoid unnecessary duplication and to economise on high cost enterprises. It follows that system authorities will become increasingly interested in the examination of the facilities available for the teaching of given disciplines and in the cost effectiveness of institutions as a whole. The enquiries into post-secondary education which have already taken place in Western Australia and Tasmania, and those that are taking place in Victoria and South Australia, are evidence of the concern of governments in increasing the cost effectiveness of educational expenditures. At the Commonwealth level, the Committee of Inquiry into Education and Training is another example, while the formation of the Tertiary Education Commission out of the three former Commissions, is evidence of the determination of the Commonwealth Government to provide a more co-ordinated approach to the funding of higher education.

There is a risk that these developments may reduce the diversity of institutions, because small institutions, which are not in the main stream, may be expensive; may militate against excellence because there is a tendency for funding authorities to fund all institutions on a similar basis; and may limit institutional autonomy because of the need to intervene in institutional activities in order to achieve a rational use of resources.

Accountability. The size of the budget for higher education and the demands of institutions for additional funds in the face of limited resources will almost certainly produce increased accountability requirements. Institutions and systems will be expected to justify expenditures and to demonstrate efficient use of resources. The use of cost-benefit analysis and evaluation techniques may become more commonly required.

Manpower planning. Imbalances between the supply of and demand for particular kinds of qualified manpower raise the issue of whether the educational system is producing the right kinds of people in the right quantities. In spite of its limitations, there is likely to be an increasing emphasis on manpower considerations in making educational decisions. In the present circumstances of Australia, where the general state of the economy is depressed and the outputs of highly qualified manpower have increased rapidly in the immediate past, forecasts of manpower requirements in specific occupations are likely to indicate excesses in many areas. In the aggregate, this may tend to point towards restriction in higher education and is likely to conflict with the aspirations of individual people to improve their qualifications and to at least maintain their place in the race for employment.

Possible Policies

Staffing. To remove rigidities in staff brought on by lack of growth, the following are possible policies:

- (a) An examination of tenure arrangements, with a view to postponing the time at which tenure is granted;
- (b) An increase in the proportion of non-tenured, fixed term appointments;
- (c) The promotion of staff exchanges from academic institutions to research organisations, public services and industry and commerce;
- (d) The facilitation of early retirement;
- (e) An increase in the amount of teaching undertaken by part-time teachers;
- (f) The creation of joint appointments with research organisations, health authorities, etc;
- (g) The conversion from full-time to half-time work for older members of staff.

Discretionary Funds. Funds might be segregated for new activities both at the institutional and at the system levels. As far as the former is concerned, the general development grants which have been made available to the University of Sydney and the University of Melbourne are an example.

These grants are intended to be spent on activities for a limited period, say, for up to five or six years. Accordingly, they can be used for activities which have a fixed life or to establish a new permanent activity which can subsequently be funded from general funds as other activities are wound down.

At the system level, such funds might be distributed by the Tertiary Education Commission or its Councils in response to specific proposals. It is essential that funds of this kind should be revolving in character and should not get locked in to permanent commitments.

Collaboration between Institutions. Lack of growth of funds might be partly offset by a more efficient use of existing resources. In academic work this might be achieved by a greater interchangeability of course offerings among institutions and by the provision of shared resources. The possibility of long term savings in the building up of library collections is at present being explored in both Victoria and New South Wales. Likewise shared computer networks or the sharing of expensive equipment might be explored.

Contract Arrangements. Universities and colleges receive almost all their funds through the Tertiary Education Commission. Institutions might develop other sources of funds, for example the undertaking of contract research, the provision of continuing education to fee paying students, and the provision of special courses for government departments or major employers.

Conclusion

It is clear that universities and colleges will, at least for a number of years, be operating under conditions in which student numbers and budgets will not be expanding. This may not be a temporary phenomenon, and the health of the institutions will depend on their capacity to maintain some flexibility and capacity to innovate under stationary conditions. The introduction of new activities when budgets are expanding is a relatively simple and painless procedure; when budgets are stationary much greater ingenuity will be required. In particular, individual members of academic staff will have to demonstrate a willingness to make adjustments in the interests of the health and vitality of the institution as a whole. Life in universities and colleges will be less comfortable, but, at least, it will present a greater challenge.