

Public benefits don't match uni subsidies

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The Grattan Institute has just published research that looks at what the general community gets from higher education, through the increased skills and attributes of graduates of value to others.

The benefits studied in the [Graduate Winners](#) report were guided by a 2011 federal government funding review, which argued that public funding levels should be driven by the expected future value of public benefits.

Graduate Winners does not accept that recommendation, as the public should come out ahead on any investment in higher education. However, if there were no public benefits from higher education it would be difficult to justify public investment.

Using international research, the federal government funding review said that higher education contributes to a range of benefits grouped under the idea of a "more robust civil society" including more civic engagement, more volunteering, and greater tolerance of others.

Graduate Winners uses data from several Australian surveys to show the same basic patterns here. However, much of the difference between graduates and non-graduates is due to differences in social background, rather than the university experience.

For example, one survey asks about childhood group activities such as scouts, sports or dance. These activities carried forward into adult life explain much, though not all, of the difference between graduates and non-graduates. The same families are more engaged in their community and more likely to send their children to university.

Overall, graduates do volunteer more than others, particularly if they have degrees in education, health, social sciences or agriculture. People interested in education and health courses and careers tend already to have a strong orientation towards community service. The same may be true of people attracted to social science degrees. Strong traditions of community self-help in rural areas may explain the volunteering of people with agricultural qualifications. So these broader personal and social contexts are important in explaining graduate behaviour.

Graduates express much more tolerant attitudes than the general non-graduate population. But as with other "civil society" benefits, much of the difference is explained by factors other than higher education. Women and young people are more tolerant than men and older people, and the fact that graduates are disproportionately female and younger than average helps explain these differences.

Graduate Winners concludes that though there are higher education "civil society" effects, these are smaller than in other countries, especially the US. Many American colleges and universities see shaping a student's character as part of their mission. They aim to produce graduates who are engaged with their communities.

Historically, Australian higher education has not emphasised civics. It is therefore not surprising that Australian graduates are less civically engaged than their American counterparts.

The federal government's funding review also nominated less crime as a higher education public benefit. Education can have positive effects by improving legal money earning opportunities, providing better peer groups, and occupying young men's time. However, only 20 per cent of the people

entering jail have completed school, so the potential for higher education to take prospective criminals down another path is limited.

Graduate Winners has been criticised for not estimating the contribution graduates make to productivity. Education does contribute to productivity, but it has complex relationships with other factors in the economy. Australia's mediocre productivity performance over the past decade coincided with a strong increase in the number of graduates.

However, higher productivity levels are reflected in graduates' salaries. These convert into increased income taxation revenues, which in turn finance a range of other benefits to the community. The report analysed these increases in tax revenues by the bachelor-degree studies of graduates, when compared to someone of the same sex who finished their formal education at year 12.

Overall, these are significant. The average additional lifetime tax benefit from graduates is about \$240,000 for women and \$360,000 for men. However, these figures range from very high in the case of medicine to low or even negative in the case of graduates in the performing arts.

Public benefits partly justify \$6 billion in public tuition subsidies for universities, so it is surprising that some benefits discussed in *Graduate Winners* have not been investigated before using Australian data. The report has been criticised for not examining a longer list of public benefits. But, ironically for a paper that ultimately concludes that public tuition subsidies are too high, it investigates public benefits more thoroughly than anything produced by the university lobby groups that say public subsidies are too low.

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