

An **entitlement** to
post-compulsory education

entitlement
education
post-compulsory
implications
Australia
entitlement
post-compulsory education
International practice
Implications Australia
policy

International practice
and **policy implications**
for **Australia**

R Curtain

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Contents

Executive summary.....	4
Project brief and definitions.....	6
Objectives	6
Definition of terms	6
International models of entitlement to post-compulsory education.....	8
Sources.....	8
Defining the end of compulsory education	8
Types of post-compulsory education	9
Universal entitlements to a minimum level of post-compulsory education	12
Universal entitlement to attain a threshold qualification in the Nordic countries	12
Universal entitlement to post-compulsory education in the UK.....	13
New entitlement to partial funding for post-compulsory education in the USA	15
An entitlement to funding for post-compulsory education beyond a minimum threshold level.....	17
Access to funding for those meeting the academic prerequisites	17
Government funding and personal contributions to tuition.....	18
Student’s cost of living: Family responsibility or financial independence	19
Students required to meet standards of sound academic performance	21
Balancing universalist and compensatory principles.....	21
Principles underlying European and United States funding arrangements for post-compulsory education	23
Operating principles for a universal entitlement to post-compulsory education	23
The entitlement includes obligations as well.....	24
Principles underpinning an entitlement to post-compulsory education	25
Mechanisms for disbursement of government funds for post-compulsory education.....	27
Some general considerations.....	27
Implications for Australia	30
Attachment 1	32
Proposed UK statement of learner entitlements and responsibilities	32
Attachment 2.....	34
Funding arrangements in European countries for post-compulsory education.....	34
Attachment 3.....	38
Individual learning accounts	38
References.....	40

Executive summary

Post compulsory education and training has become the socially accepted norm for the vast majority of young people in most EU states – so much so that it is now regarded as a de facto extension of compulsory schooling and virtually a public right. (Green et al. 1999, p.11)

The purpose of this paper is to survey European and United States approaches to public funding for post-compulsory education and to offer an analytical framework describing how the funding is allocated. A particular focus of this paper is to identify the principles which governments use to determine access to public funding for post-compulsory education.

The paper identifies two stages in post-compulsory education now common in Europe and more recently the USA and their respective entitlements. The first stage refers to the additional education undertaken between the age at which the requirement for compulsory schooling ends and the attainment of a ‘threshold qualification’. In the Nordic countries, the UK and the USA, government funding in the form of a universal entitlement is made available to encourage all young people to attain a qualification level deemed necessary to obtain work in a competitive labour market. For the second stage of post-compulsory education the entitlement to public funding is dependent upon meeting certain criteria for initial access and continued funding.

This paper identifies the different underlying principles that governments use in funding the two stages of post-compulsory education in Europe and the USA. In relation to funding to attain a threshold qualification, five principles are identified in relation to an entitlement:

- The right to funding is to achieve a specified outcome.
- The take-up of the entitlement also imposes obligations on the recipient.
- The funding usually follows the recipient of the entitlement.
- Additional funding is available to address identifiable disadvantages of the recipients.
- The entitlement includes funding for support services.

In relation to access to funding for participation in the second stage of post-compulsory education, four principles are identified. These are:

- an entitlement which is contingent on meeting academic entry requirements
- a requirement, in many instances, for a personal contribution to tuition costs as a condition for receiving the entitlement

- an obligation to demonstrate satisfactory performance
- a move away, in some instances, from parental means-tested student support to making students responsible for funding their own support, in the form of loans

The penultimate section outlines mechanisms used in the UK and the USA to share responsibility for funding post-compulsory education and lifelong learning between governments, individuals and enterprises. The final section of the paper explains the implications of the main findings of the paper for the Australian context.

Project brief and definitions

Objectives

This paper has been commissioned by the National Centre for Vocational Education Research (NCVER) to analyse international models of entitlement and assess the policy implications arising from these models for the Australian context. The paper responds in particular to the following ‘key strategic questions’ specified in the project brief:

- On what basis can government funding be most effectively allocated within a policy context that encourages the completion of Year 12 or equivalent; recognises the need to promote lifelong learning and recognises that education and training provides a crucial role in enabling individuals to compete effectively in the labour market?
- On what basis should the responsibility for funding education and training be shared between government, individuals and enterprises?

Definition of terms

The concept of entitlement

The concept of entitlement in the context of government funding is commonly taken to mean ‘a right to benefits specified especially by law or contract.’¹ In this sense, the concept derives from the French Revolution where entitlements to public assistance were granted to poor families with dependent children, to aged and indigent farm workers, artisans, and rural widows. The French Revolution also instituted a system of free public primary schooling for both boys and girls.²

These origins of the concept suggest two separate meanings: one linked to human rights broadly defined (the right to a basic level of education) and the other linked to an entitlement to public funds on the basis of meeting certain criteria (in this case, being poor). The former is usually regarded as unconditional or universal coverage; the context of the latter suggests a right only to be activated if certain conditions are met.

¹ Webster Collegiate Dictionary

² Encyclopedia Britannica 1994–1999 *The French Revolution*

The concept of 'entitlement', for the purposes of this paper, applies to those policies which determine allocation of government funds to the training and education needs of the individual beyond initial or basic education. This definition specifically excludes consideration of the mechanisms for delivering the entitlement and, therefore, they are not considered in this paper.

A distinction between the concept of an entitlement to post-compulsory education and its mode of delivery is an important one. The Review of Higher Education Financing and Policy (the West review) identified the concept of an entitlement with funding mechanisms such as vouchers and scholarships (West 1998, p.113). However, this paper argues that an entitlement to public funding is not the same as the funding mechanism for delivering public funding to an individual. It is more accurate to refer to an entitlement as a legally grounded right to public funding (that may or may not be subject to conditions), in this case for a certain level of educational services. How that entitlement is delivered is a separate issue. There is a range of delivery mechanisms from the administrative to the quasi-market and market-based options. However, it is not the purpose of this paper to describe how these delivery mechanisms operate in different countries.

The focus of this paper is an analysis of the principles governing the granting of an entitlement to post-compulsory education in European countries and the United States. The first part of the paper examines the nature of the entitlement (what exactly is funded by government), how eligibility is defined and how these features have changed over time. The intention is to identify the underlying principles that apply to determining access to public funding and to see how these might have implications for public policy in Australia.

International models of entitlement to post-compulsory education

Sources

The main sources of information for the following analysis based on both European and US approaches to funding students to undertake post-compulsory education are: a recent report by the European Commission (EC) describing in detail student financing arrangements in all European countries (EU 1999), a report to the European Centre for Vocational Training (CEDEFOP) on Financing VET (Green et al. 1999), country reports for the Organisation for Economic Co-operation and Development's *Thematic review of the transition from initial education to working life* (OECD 1999), the UK Department for Education and Employment's Post16 Strategy (UK DfEE 2000a) and the Office of Postsecondary Education, US Department of Education. Useful background information on new pathways for vocational education and training in Europe was also provided by a paper on learning from international comparisons published in a report by the UK Further Education Development Agency (Parkers 1997).

Defining the end of compulsory education

Compulsory schooling ends in the Organisation for Economic Co-operation and Development (OECD) countries between the ages of 14 (Italy, Korea, Portugal and Turkey) and 18 (Belgium, Germany and the Netherlands) with the most common ages being 15 or 16 years (Parkes 1997, p.154). In Australia the right to a basic education has been expressed as a requirement to stay at school until age 15 years and 9 months.

In most European countries, age is used to define the boundary between compulsory and post-compulsory education. An individual's entitlement to initial vocational education and training in Europe, for example, is based on age and ranges from 12 to 21 years in the Netherlands to 14 to 18 years in Austria and 16 to 19 years in Sweden. The differences in age ranges relate to both institutional boundaries and to the respective country traditions of whether there are opportunities for early vocational specialisation (Green et al. 1999, p.9).

However, a new development in some European countries and in the United States is the use of a qualification threshold to define the end of compulsory education. The qualification threshold is usually taken to be the minimum level of certification required to have a reasonable chance of gaining employment or access to further study, such as 'completing a full upper secondary education with a recognised qualification for either work, tertiary study or both' (OECD 1999, p.6). This qualification threshold applies in a de facto sense to the United States (Rumberger & Lamb 1998) and the United Kingdom (UK DfEE & Office for Standards in Education

2000, p.78) as well as in a *de jure* sense to the Nordic countries in Europe (Hummeluhr 1997).

In the United States, the pervasive requirement for a high school certificate means that a high proportion of high school dropouts go on to obtain an equivalent qualification, usually by their early twenties. In 1999, nearly 860 000 adults took the General Education Development (GED) tests. Of those who completed the tests, 70% (526 411) earned the scores needed for a GED high school equivalency credential. An estimated 14.2 million adults have earned a GED credential since 1949.³ However, US Government policy is now also promoting the first two full years of post-high school education as a threshold qualification. This policy initiative is explained further below.

In the Nordic countries, meeting the qualification threshold is a formal requirement for access to unemployment benefits. In Finland, for example, pupils must have completed at least vocational or post-compulsory education to be considered as adequately qualified because a certificate of upper secondary general education is considered insufficient.

In other European countries, a qualification level higher than that of completion of compulsory education is stipulated; for example, the end of post-compulsory/upper secondary education or its equivalent, as in the Flemish Community in Belgium and Iceland. Germany has a similar policy, based on the assumption that both a general qualification and a vocational qualification are necessary to have a threshold qualification. There are also definitions of a threshold level for youth based on the lack of a job or an apprenticeship place (for example, the French Community in Belgium and Spain) (EU 1999).

Types of post-compulsory education

The following analysis is based on both university and non-university post-compulsory education institutions. The non-university sector refers to an identifiable group of education institutions such as technological institutes in Greece, specialised colleges and institutions providing short post-compulsory education courses in France and institutes of technology in Ireland, The Netherlands, Austria, Finland, Portugal and Italy. The division between university and non-university does not necessarily reflect a particular level of education as qualifications awarded by the *grandes écoles* in France, Ireland (in limited cases), Austria (the *Fachhochschulen*) and Portugal enable holders to proceed to doctoral studies.

In England, further education covers education at post-compulsory education but at sub-degree level. Tertiary education to degree level and higher is designated as higher education. The largest group of people in the further education sector are those between 16 and 19, to whom a further education place must be made available if they want it.

In relation to initial vocational education and training (VET) in Europe, it is important to note that there are four broad types ranging from school-based to work-based, each with their own funding arrangements (see table 1). Prevocational or basic vocational

³ see <http://www.gedtest.org/>

preparation is delivered within the compulsory school system. Publicly funded vocational education at upper secondary school level is delivered through either vocational courses within comprehensive upper secondary schools and colleges, as in Sweden and the UK or through courses delivered in specialist vocational secondary institutions (Denmark, Finland, France and The Netherlands). On the other hand, work-based apprenticeships (either government-led as in the UK or through social partnerships as in Austria, Germany and The Netherlands) are more heavily reliant on significant financial contributions from employers and trainees (through foregone earnings during training). Finally, vocational education and training is also delivered through various special programs for the socially disadvantaged, socially excluded or otherwise unemployed, as in France, UK and Sweden (Green et al. 1999, p.13).

Table 1: Different types of initial vocational education and training (VET) by funding sources and country

Initial VET	Funding	Countries
School-based		
• Basic VET in compulsory education	Government	Sweden, UK
• VET in post-compulsory education	Government	Denmark, Finland, France, Netherlands, USA
Work-based		
• Apprenticeships	Employers, government, students	Germany, Austria, Netherlands, UK
• Labour market programs	Government, employers	France, UK, Sweden

In systems where VET is predominantly school-based, funding for initial VET is overwhelmingly sourced from the public purse. Where there is a more extensive apprenticeship system or the widespread use of extensive work placements (for example, Austria, Denmark, France and The Netherlands), there is likely to be more private funding through employer contributions in the form of levies and meeting training costs (Green et al. 1999, p.13).

In the United States, a wide variety of institutions prepare people for technical and vocational occupations. Some education facilities train for a single job or industry; others offer programs for many different occupations. Programs can last from a few weeks to several years. Courses tend to stress application rather than theory. Vocational training programs are offered at technical, community and junior colleges and at some four-year colleges and universities. Two-year programs generally result in either associate of applied science degrees or pre-baccalaureate technical degrees. Community and junior colleges also offer training programs directed toward specific technical and vocational goals. Community and junior colleges, however, also combine technical-skills training with general education (US Department of State).

In relation to the USA, there is no federal government supervision of technical and vocational education at the post-compulsory level. Although many states require that technical and vocational schools be licensed, regulations are not the same from state to state, and may not reflect educational quality standards. Accreditation of a post-secondary education institution is the primary key to educational quality and is undertaken by such bodies as the Accrediting Commission for Independent Colleges

and Schools of the Career College Association, the Accrediting Commission for Trade and Technical Schools of the Career College Association, the Commission on Vocational, Technical and Career Institutions of the New England Association of Schools and Colleges, and the Commission on Occupational Education Institutions of the Southern Association of Colleges and Schools (US Department of State).

For the purposes of identifying the principles governing the public funding of education beyond compulsory schooling, it is important to distinguish between the two stages of post-compulsory education now common in Europe and more recently the USA. These are shown in table 2.

Table 2: Two types of entitlement to public funding for post-compulsory education

	Tuition	Living costs
Universal entitlement for a threshold qualification		
Full government funding	Nordic countries, UK	Nordic
Partial government funding	USA	USA, UK
Conditional entitlement to post-compulsory education		
Full government funding	Nordic countries, Austria, Germany, Greece	
Partial government funding	Belgium, Spain, France, Italy, Portugal, Ireland, Netherlands, UK, USA	Belgium, Spain, France, Italy, Portugal, Ireland, Nordic countries, Austria, Germany, Greece

The table also distinguishes between two aspects of the public funding of post-compulsory education. One aspect refers to the arrangements governing the funding of fees or tuition for the education services provided. The second aspect refers to the funding arrangements to cover the living costs of students in post-compulsory education. The conditions that govern access to public funding for the former are often different from the conditions governing access to the latter.

The universal entitlement to post-compulsory education refers to the stage between the end of compulsory schooling and the attainment of a ‘threshold qualification’. In the Nordic countries, the UK and the USA, government funding is made available to encourage all young people to attain a qualification level deemed necessary to obtain work in a competitive labour market. For this first type of post-compulsory education, the emphasis in government policy is on fostering universal take-up and in some cases, imposing an obligation to attain the threshold qualification. The following section discusses this type of entitlement and the principles underlying its operation in the Nordic countries, the UK and the USA.

The second type of post-compulsory education refers to education accessible to individuals provided that they meet certain criteria for initial access and continued funding. Public funding for the second type of post-compulsory education in Europe and Northern America is subject to a range of conditions. These conditions and the principles underpinning continuing access to public support for post-compulsory education beyond a threshold level are outlined later in the paper.

Universal entitlements to a minimum level of post-compulsory education

The following section describes the concept of a universal entitlement to a minimum level of post-compulsory education in the Nordic countries, the United Kingdom and the USA.

Universal entitlement to attain a threshold qualification in the Nordic countries

The concept of a youth guarantee or entitlement applies to early school leavers and unemployed youth in Denmark, Norway, Finland and Sweden (OECD 1999, pp.108–19; Hummeluhr 1997). The youth guarantee applies to those school leavers under the age of 20. While differing in their details, the youth guarantee in each Nordic country has a number of common features:

- a focus upon prevention as well as remediation
- an integrated approach to education, labour market and welfare policies
- local delivery mechanisms able to co-ordinate education, labour market and welfare services on a case-by-case basis

The Nordic youth guarantee is based on a range of complex and co-ordinated services to meet several objectives:

- to raise educational participation among those whose motivation and achievement is lowest
- to increase the incentives for young people to complete a full upper secondary education
- to provide a broad range of opportunities and services for those who leave education early
- to reduce the incentives for young people to make inactivity their preferred option

In Denmark, for example, every effort is made to reach those young people who have fallen through the cracks and to give them another chance to obtain a qualification, either for work or for tertiary study. They are actively encouraged to return to education through a combination of carrots and sticks. Each municipality is legally obliged to follow up all young people under the age of 20 (and in some areas this is voluntarily extended to those under the age of 25) who drop out of education without obtaining a qualification. Schools are also legally obliged to notify the municipal youth guidance service of such dropouts. Among those who have dropped out, the youth guidance service identifies those who are not in education and who are either

unemployed or not in secure work. The latter includes those in jobs such as petrol station attendants that do not require a recognised vocational qualification, those who are in part-time work, and those who are in jobs they expect to be temporary.

Those young people identified in this way as being at risk of not attaining the minimum qualification threshold are called in for a personal interview. In association with an adviser or mentor, these young people are required to develop a personal action plan. This can involve work, education and training, but must be aimed at getting them into mainstream education as soon as possible to enable them to gain a qualification. They must have at least two interviews a year to check their progress in achieving the plan.

Young people in Denmark who are under the age of 18 are not entitled to any form of income support unless they are involved in education and training. Those aged 18 and over will only receive income support if they are actively engaged in attempting to fulfil the plans developed in co-operation with the youth guidance service. If young people refuse the assistance of the youth guidance service, they are reported to the municipality (which also administers the social security system) and their eligibility for income support will be affected.

The youth guidance service in Denmark offers young people a wide range of education and training programs from which to choose, depending upon their circumstances, interests and talents. These could include regular schooling on a part-time basis in association with part-time work, basic education courses, or participation in special schools for a period. If the young person is under the age of 18, the local labour office does not become involved at all, as the sole aim of the policy is to reinsert the young person into education to complete a threshold qualification.

Universal entitlement to post-compulsory education in the UK

In early 2000 the UK Government proposed new funding arrangements for post-16 education and training. The new funding system is to be in place from April 2001. The UK, in particular, is currently undertaking an extensive consultation process to devise a new workable funding system for post-16 education and training that meets the following criteria:

- promotes excellence, high quality and value for money
- is responsive to the demands of individuals, communities and employers
- maximises participation and social inclusion
- supports the ... aim of helping people without jobs to find work and employers to fill their vacancies (UK DfEE 2000a, pp.4–5)

One aim of the new funding system is to ‘secure the entitlement of all 16–18 year olds to free tuition in pursuing qualifications up to [National Vocational Qualification] level 3’ (UK DfEE 2000a, p.3). The government’s consultation paper notes that it is

proposed to extend—for the first time—a formal entitlement to free learning and training for all young people between the ages of 16 and 18:

That means free suitable education and training programmes, leading to approved qualifications, on demand for every 16-18 year-old learner. (UK DfEE 2000a, p.24)

It is proposed that young people aged 16 to 18 should not be expected to pay fees for their tuition and that adults on basic skills courses should also receive free provision. This refers to those adults taking learning programs where the primary learning goal is adult basic education or English for speakers of other languages. It is also proposed that those who cannot afford to pay for further education and training should also receive free provision. Examples of those who are not likely to be able to afford the cost of further training are unemployed people in receipt of a Jobseeker's allowance; those in receipt of a means-tested state benefit; or their unwaged dependants (UK DfEE 2000a, p.19). The key features, therefore, of the UK proposals for new funding arrangements for post-compulsory education are both an age eligibility criterion and the specification of a minimum qualification threshold for school leavers.

The UK Government has other supporting policies to promote universal access to education to achieve a threshold qualification. These include reforms to the upper secondary school curriculum to come into effect from September 2000. These reforms include a new qualification at upper secondary school level to encourage take-up of more subjects, especially in the first year of post-16 study, upgraded and more flexible vocational education and training courses to encourage students to combine academic and vocational study, and a new key skills qualification to encourage all young people to develop the essential business skills of communication, application of number and information technology.

Another recent supporting policy initiative is the legislated 'right to time off for study or training'. This new employment right for young employees came into force on 1 September 1999. The legislation gives 16- and 17-year-old employees, who have not achieved the equivalent of national vocational qualifications level 2, in their education/training, the right to reasonable, paid time off to pursue approved qualifications up to level 2.

Another supporting policy is the 'learning gateway' for 16–17-year-olds. The learning gateway was introduced in September 1999 and targets those 16–17-year-olds who are disengaged from or in danger of dropping out of learning. The target group for the program are those young people who may lack the right skills, qualifications or attitudes, or may encounter other personal and social obstacles. Through the learning gateway program, every young person designated as being at risk of not completing a threshold qualification and after completing basic skills assessment and receiving careers guidance support, is assigned a personal advisor who develops an individual plan for the young person. A new customised life skills package has been developed also to help young people improve their self-esteem and motivation, develop basic and key skills, and make vocational choices (UK DfEE & Office for Standard in Education 2000, p.83)

The UK Department for Education and Employment's consultation document, *Learning to succeed: Raising standards in post-16 learning* has proposed a 'statement of learner entitlements and responsibilities' (UK DfEE 2000b). The proposed

statement sets out learner entitlements in relation to information, assessment, quality training and education experiences and continuous improvement. In return, the learner is expected to: attend and study regularly; notify any absences required in good time; complete work on time and to the standard required; take care of equipment and buildings; behave responsibly, safely, and not to use any language that will give offence to others; participate fully in feedback and review sessions; and to make a positive commitment to their personal development and employability.

The UK Government in September 1999 introduced new further education student support arrangements for 16 to 19-year-olds to help widen participation for the most disadvantaged. The government has also maintained its commitment to exempt under-19s and adults on low incomes from paying tuition fees.

The new financial support arrangements are as follows:

- a larger access fund, extended to 16- to 18-year-olds, for further education colleges to assist with costs which might otherwise hinder student participation. Funding for 1999–00 rose by £2.5 million to £36 million and in 2000–01 will be £54 million
- a new access fund of financial support for post-16 secondary school pupils. For 1999–00, £6 million was allocated to local education authorities, via the school standards fund, rising to £9 million in 2000–01
- increased childcare support, rising from £5 million 1999–00 to £21 million in 2000–01
- additional funding, £5 million in 1999–00 and £10 million in 2000–01, to help residential students in selected institutions

(UK DfEE & Office for Standards in Education 2000, pp. 84–5)

Alternative approaches to encourage higher levels of 16 to 19 year old participation in education are being piloted. One approach is to fund education maintenance allowance pilots to test whether a financial incentive to young people from low-income families will encourage more to stay on and achieve learning beyond 16. Four models in 15 local education authorities will assess how different rates and delivery methods affect retention and attainment, and recipients. Funding valued at £50 million is being allocated in 2000–01 to extend the pilots to more local authorities. Other pilots have been funded to cover more disadvantaged groups who have serious personal problems to overcome—homeless, young people with disabilities and teenage parents. The focus in these pilots is looking at ways to encourage teenage parents aged 16 and 17 to continue with their education or test out innovative approaches to providing additional help with transport costs (UK DfEE & Office for Standards in Education 2000, pp. 84–5).

New entitlement to partial funding for post-compulsory education in the USA

The United States Congress passed the *Taxpayer relief act* in 1997 and created the HOPE Scholarship and the Lifetime Learning education tax credits. The HOPE Scholarship Credit offers a tax credit of \$1500 per year for the tuition costs of first

two full years of post-secondary education. The credit applies to qualified tuition and related expenses⁴ for virtually all accredited, public, non-profit, and proprietary (privately owned profit making) post-secondary institutions. The credit applies to anyone who is enrolled for at least half time in one of the first two years of post-secondary education in a program leading to a degree, certificate, or other recognised educational credential. This includes 'vocational schools', or other accredited post-secondary educational institutions other than colleges and universities (US IRS 1999).

The tax credit, however, is not universally available. The Hope Scholarship Credit is limited to taxpayers with a gross income under \$50 000 (\$100 000 for married taxpayers filing jointly). It applies on a sliding scale for gross incomes between \$40 000 (\$80 000 for married taxpayers filing jointly) and \$50 000 (\$100 000 for married taxpayers filing jointly).

⁴ Student-activity fees and fees for course-related books, supplies, and equipment are included.

An entitlement to funding for post-compulsory education beyond a minimum threshold level

A European Commission report has identified a number of principles common to the financing arrangements for students in Europe who seek public funding for further education beyond a minimal threshold level (EU 1999). These principles are:

- access to public funding contingent on students meeting and maintaining academic standards
- varying levels of government funding and personal contribution to cover the cost of tuition
- government assistance for the student's living costs provided through funding directly to the student's family to emphasise the family of origin's responsibility for the student's livelihood or alternatively directly to the student to emphasise his or her financial independence
- a requirement on the student to meet show sound academic performance

Access to funding for those meeting the academic prerequisites

The basic condition governing an entitlement to public funding for further education in Europe is to meet the required academic criteria for entry. In some European countries, there is unrestricted admission to most post-compulsory education courses for any person who has completed upper secondary school. This is the case in Belgium, Germany, and Austria and Iceland. However, it should be noted that Germany and Austria, in particular, have highly selective secondary school systems with few opportunities for students in vocational streams to enter post-compulsory education. Unrestricted access for upper secondary school graduates is also given to general university courses in France and in Italy for certain courses.

In the other European countries, there are limits imposed by government at national or regional level or by the institutions themselves on the number of students that can be admitted in any one year. The reasons for these limits may be due to the cost of the tertiary place and limited demand for graduates (for example, medicine, education). In other instances, the number of places is determined by the capacity of the institution to resource the places. In these cases, admission to some courses is based on a ranking of applicants according to some measure of ability. This is usually based on selection by the institution and is determined by the secondary school results and other criteria, such as motivation. In the Nordic countries for non-university institutions in

particular, selection is also determined on the basis of an entrance exam or an aptitude test, work or vocational experience (EU 1999).

Government funding and personal contributions to tuition

In contrast to the United States, governments in most European countries cover most, if not all, of the cost of post-compulsory education by providing institutions with funding. However, the extent to which post-compulsory education institutions in Europe charge fees varies from country to country. Three groups of European countries can be distinguished in terms of the relative contribution of government funding and private contributions to cover the cost of tuition.

In the first group of countries, governments fund all education institutions, whether public or private. Post-compulsory education institutions in Austria, Denmark, Finland, Sweden or Greece do not levy registration or tuition fees. In Norway, the situation is similar, with the difference being that some private institutions which receive state funding may charge negligible tuition fees. Other post-compulsory education institutions in Norway receive little in terms of public subsidy and charge high tuition fees. In Finland, education leading to a university degree is free; however, adult education is based on fees and open university courses are partly fee-based. In Denmark, participants in open education are also expected to pay fees to cover part of the costs (in the order of 20–30%) (OECD 1997, p.9). In Germany the government covers the cost of post-compulsory education except in some Lander (States) where tuition fees have been introduced recently.

In the second group of European countries, all institutions operate under the same funding conditions. This means receiving a government grant and also receiving private funds, particularly tuition fees. This is case in the UK, Belgium and The Netherlands where the fees are similar in both publicly and privately funded institutions.

In the third group of European countries (Spain, France, Ireland, Italy, Portugal and Iceland), differing arrangements exist for public and private post-compulsory education institutions. In France and Iceland, public institutions charge relatively low registration fees. However, the private institutions charge tuition fees which are much higher than the public institutions, although they also receive government grants. In Spain and Portugal, private institutions do not receive any public funding directly but the government indirectly funds them to a small extent in the form of grants paid to students to meet the costs of their tuition fees. In Ireland, private education institutions charge fees at the same rate as public ones but the fees for the first qualification are paid for by the government. In Italy, the student contribution to the budget of public universities cannot exceed 20% of the funding allocated by the state. Private institutions are free to fix fees levels with no maximum upper limit.

In general, in relation to the funding arrangements for initial VET, the survey for the European Centre for the Development of Vocational Training of financing of VET in European countries notes that tuition fees and other individual contributions are still of minor overall importance in most countries, ‘... there appears to be little prospect

of individual fees playing a greater role in funding initial vocational training' (Green et al. 1999, p.15).

In the United States, government assistance with tuition fees for higher education is available through the US Lifetime Learning Credit which is aimed at those students who have progressed beyond the first two years of college. It is also directed at Americans in the workforce to encourage them to upgrade their skills by taking classes part-time to improve or upgrade their job skills. The amount of the Lifetime Learning Credit is 20% of the first \$5000 of qualified tuition and related expenses paid. The tax credit can apply to one or more courses and is not based on the student's workload. Expenses for graduate-level degree work are eligible. Expenses related to a course of instruction or other education that involves sports, games, hobbies, or other non-credit courses are eligible if they are part of a course of instruction to acquire or improve job skills. There is no limit to the number of years for which the lifetime learning credit can be claimed.

These post-secondary education tax credits have been described as 'targeted tax relief for America's working families struggling to pay for college' (Riley 1998). The education tax credits are phased out (gradually reduced) if a person's adjusted gross income is between \$40 000 and \$50 000 (\$80 000 and \$100 000 in the case of a joint return). Those earning more than \$50 000 individually or more \$100 000 in the case of a joint married couple's tax return are ineligible. When fully phased in, 13.1 million students—5.9 million claiming the HOPE Scholarship, and 7.2 million claiming the Lifetime Learning Credit—are expected to benefit each year (Riley 1998).

New US federal legislation concerning the post-compulsory education tax credits has also made changes to the eligibility formulae for access to public funding. These changes are to ensure that receipt of a tax credit would not reduce any student's eligibility for federal student financial assistance. However it has been claimed that, in the absence of well-targetted means-tested student aid grants, the problem of providing a range of good educational opportunities for high-need students has still not been solved (Riley 1998, p.15).

Another form of government assistance in the US is a tax benefit for parents and grandparents who set money aside for their children's post-secondary education through 'education savings accounts'. For each child under the age of 18, families may deposit \$500 per year into a designated account. Earnings accumulate tax-free and no taxes are due upon withdrawal for net post-secondary expenses for tuition, fees, books, equipment, and room and board. The education savings accounts are only available to families with incomes between \$150 000 and \$160 000, and for single tax payers earning between \$95 000 and \$110 000.

Student's cost of living: Family responsibility or financial independence

In relation to the second aspect of funding post-compulsory education, the student's cost of living, there are two broad approaches based on different principles. In many European countries, funding is directed to the student's family as the student is still

regarded as the responsibility of the family. Funding directed to the family may also involve means-testing to ensure that only poorer families are assisted. The alternative approach, practised by mostly the Nordic countries, is to direct funding to the student without regard to the economic situation of his or her parents. However, the funding directed to the student is also likely to be means-tested on the basis of the student's own income. The combinations of government funding (full or partial) and forms of student support in European countries are described in more detail in attachment 2.

In the UK, student loans are made available in a way that reflects both these principles. On the one hand, the principle of student independence is recognised as three-quarters of the maximum loan available (75%) and does not depend on the student or student's family's income. However, eligibility for the maximum amount of loan depends on how much the student and the student's family are expected to contribute, as well as where the student lives and studies (for example, in London or elsewhere), the course of study, and the year of the course the student is in. Hardship loans are also available in amounts of £100 up to £500 and are added onto the student loan (UK DfEE 2000c).

In the United States, a variety of grants, loans and employment opportunities is available for students to help them meet their living costs. About 60% of full-time and 33% of part-time undergraduate students receive aid (UK National Inquiry into Post-Compulsory Education 1996). Federal funds for student financial assistance amounted to \$27.2 billion in 1995, of which \$6.9 billion went to the banks to subsidise student loans made by the banks. These arrangements are based, in some instances, on the principle of the student as an independent financial entity and, in other instances, are based on the responsibility of the family of origin to pay for tuition and support.

The US federal government in the mid-1990s introduced its own student loan scheme, which is simpler to administer than that operated by the banks and, it is claimed, has much lower administrative costs. Government-financed loans are also available to parents to help pay for their children's post-compulsory education. A range of federal student aid programs, in addition to student loans, are also available to cover the living expenses of students from disadvantaged backgrounds.

Federal tax benefits in the USA also apply to self-funded education costs such as interest paid on student loans, qualified US savings bonds for education purposes, and employers' educational assistance (up to \$5250).⁵ A 'community service loan forgiveness' provision applies to student loan borrowers who take community-service jobs addressing unmet needs with non-profit, tax-exempt charitable or educational institutions.

⁵ Employer-provided education benefits allows workers to exclude up to \$5250 of employer-provided education benefits from their taxable income for up to three years undergraduate study.

Students required to meet standards of sound academic performance

A common feature of the public funding of post-compulsory education places in Europe is the requirement for the student to demonstrate satisfactory academic performance. This principle was initially introduced in several countries during the 1970s. However, since then this requirement to show evidence of progress has become more widespread and significant.

The significance of the study performance requirement for continuing student funding varies from country to country. In some countries however, each academic year has to be completed with occasional authorisation to repeat a year. In other cases, the key consideration is completion of studies within a limited period that may correspond to the formal length of courses or one or two additional years. In Sweden, for example, state study funds have rules concerning lowest study achievement per term. If a student does not attain a certain number of points, he/she loses the right to receive study assistance (OECD 1998a, p.37).

In the European countries in which support goes to families, means-tested assistance grants and loans take account of student attainment. Assistance that is not means-tested, as in the case of family allowances, is provided independently of the results of students. On the other hand, in the Nordic countries the period of financial support awarded exclusively to students is limited and its continuation depends on successful completion of a minimum study schedule.

Eligibility for the new US post-compulsory education tax credits for education expenses is on the basis that the student meets the continuing enrolment requirements of at least a half-time student.⁶

Balancing universalist and compensatory principles

The universalist principle is to offer the same support to all, irrespective of social background. By contrast, the compensatory principle seeks to distribute support on the basis of family income so as to target students from poorer backgrounds. In all European countries, funding arrangements are based on some combination of these principles: a share of financial support for students and their families is means-tested while an additional portion is available to all, irrespective of income. The latter portion usually consists of family assistance, transport concessions, and health care. The universalist compensatory balance in Germany and Austria, for example, provides non-means-tested family assistance but is greater for students from poorer families (OECD 1998a). In the Nordic countries, student cash support was parental means-tested throughout the 1960s. However, all Nordic countries now offer students directly a combination of grants and loans, although they are means-tested on the student's income (OECD 1998a).

⁶ The standard for what is half of the normal full-time work load is determined by each eligible educational institution. However, the standard may not be lower than standards for half-time established by the Department of Education under the *Post-compulsory education act* of 1965.

In 2000 the UK Government introduced a new maximum tuition fee contribution of £1050 for students in higher education. However, the compensatory principle applied to student support also operates by offering fee support to students in eligible courses regardless of age. The fee support depends on the student's income as well as on the student's family's income. It is expected that most students will be entitled to a grant towards their fees. Other forms of compensatory support include supplementary grants for students in particular circumstances and access funds and hardship loans.

Supplementary grants are available in the UK to students in special circumstances. Examples are disabled students, those with dependants, including lone parents, those incurring travel costs in certain circumstances and those leaving care to enter higher education. Access funds are also available in England to full-time students, and part-time students studying at least 50% of a full-time course. Access funds can be awarded as a short-term loan but are usually paid as a grant. The amounts paid depend on the student's circumstances, how many other applications the higher education institution receives and how much they have to give out from access funds each year.

Principles underlying European and United States funding arrangements for post-compulsory education

Two sets of principles can be identified in relation to the concept of an entitlement to post-compulsory education. Different principles related to the two different types of entitlement identified above: the universal entitlement to a minimum qualification level or threshold and a conditional entitlement to post-compulsory education beyond the minimum entitlement.

Operating principles for a universal entitlement to post-compulsory education

In relation to the universal entitlement to post-compulsory education, the following operating principles can be identified. They derive from consideration of the operating principles underpinning the planned implementation of a 16 to 18-year-old universal entitlement to a threshold qualification in the UK, the operation of the youth guarantee in the Nordic countries and the HOPE Scholarship funded by the US Government for the first two years of post-secondary education. The five principles are as follows:

- the entitlement be specified as a right to funding to achieve a specified outcome
- take-up of the entitlement also imposes obligations on the recipient
- funding to follow the recipient of the entitlement
- funding to also address identifiable disadvantages of the recipients
- funding to also be made available for support services

Entitlement is to achieve a specified outcome

In the UK and Nordic cases, the universal entitlement is to achieve a minimum qualification and is aimed at young people. In the UK case, the government has proposed that the funding formula be tied to 16 to 18-year-olds obtaining national vocational qualifications, completing a modern apprenticeship framework, or obtaining academic or vocational A levels or the equivalent (UK DfEE 2000a, p.11). In the Nordic countries, the entitlement initially started as a guarantee to a job for school leavers. However, the job was often of low quality. However, over time (some 25 years), a better balance between immediate employment and suitable education and training qualifications has been achieved as the goal of intervention is to assist those at risk. In Denmark, for example, the government gave priority to increasing the capacity of the upper secondary education and training sector (including apprenticeship places in the public and private sectors) and to providing job offers for school leavers early in the unemployment period (Hummeluhr 1997, p.24).

The US HOPE Scholarship credit, however, is not specific about what threshold qualification is to be achieved or the age group to be served. As noted above, it is available to anyone who is enrolled in a program leading to a degree, certificate, or other recognised educational credential at least half-time in one of the first two years of post-secondary education. While there is no outcome specified, eligibility for the tax credit requires that the student meet the enrolment standards of the institution where the student is enrolled.

The entitlement includes obligations as well

The second principle is that some form of mutual obligation is required for the individual taking up their entitlement. This usually involves meeting an obligation to participate in an activity or activities related to further education or other forms of employment preparation agreed between the young person and a case manager. This principle has underpinned the youth guarantee in the Nordic countries and the ‘new deal’ arrangements for young people aged between 18 and 24 in the UK. The proposed ‘statement of learner entitlements and responsibilities’ for the UK entitlement, reproduced in attachment 1, offers a detailed outline of what this principle could involve for a 16 to 18-year-old who takes up the entitlement.

Funding follows the recipient

The third principle that underpins a universal entitlement to a threshold qualification in the US and, proposed in the UK, is that the funding follows the entitlement recipient. This is seen in its strongest form in relation to the tax credit available to US citizens earning less than \$50 000 per year. The ‘funding follows the recipient’ principle is maximised as the tax credit applies to virtually any education and training option available. The US tax credit covers tuition and related expenses in virtually all accredited public, non-profit, and privately owned postsecondary institutions (US IRS 1997).

This principle has applied in the past to the funding of employment-related training in the UK for 16 to 18-year-olds. However, it is also now proposed that the principle should also apply to the further education sector by making funding allocations explicitly related to learner numbers, and, where appropriate, to other targets such as qualification outcomes. As the UK Department for Education and Employment’s consultation document on funding for 16 to 19-year-olds noted:

In FE [Further Education], we consider that too much attention has been paid to maximising units of funding. The implications, in terms of numbers of learners, and the learning they have been undertaking, have sometimes been neglected by some FE providers. (UK DfEE 2000a, p.8)

Funding for an entitlement should also address identifiable disadvantage

The fourth principle of a universal entitlement to a threshold qualification is to provide additional funding to address identifiable disadvantages of recipients. In the UK case, it is proposed that funding also be allocated in relation to individuals’ home location and other indices of disadvantage. The principle of including a disadvantage

factor in an entitlement funding formula is to offer a further incentive for disadvantaged individuals or groups to undertake further learning.

The entitlement should also include funding for support services

The fifth principle which can be identified from the above descriptions of arrangements in the Nordic countries and in the UK is the need for dedicated delivery mechanisms to support post-16 learners with special needs. In the Nordic countries, a key ingredient in the success of the youth guarantee arrangements has been the development of local delivery mechanisms that were able to co-ordinate practical assistance across several policy domains and several levels of government, and tailor this assistance to the needs of individual young people (OECD 2000, p.17). The principle is also seen in operation in the UK's 'learning gateway program' which provides a range of services co-ordinated through a personal adviser for 16- and 17-year-olds disengaged from, or in danger of dropping out of learning.

The principle of providing appropriate support should also include provision of information and guidance for those entitled to funding to understand what they are entitled to expect in the way of support. One way the UK proposes to do this is to introduce a common system for funding support for additional needs so that each learner requiring support is funded in the same way wherever and however they learn. The aim of the common funding system for support is to help to ensure that young people's decisions about where and how to learn are based on their learning needs and aspirations alone (UK DfEE 2000a, p.14).

Principles underpinning an entitlement to post-compulsory education

The above survey of arrangements governing access to public funding beyond a minimum threshold qualification outlines the conditions under which an entitlement is available. Four principles in relation to this conditional entitlement can be identified. These are:

- The entitlement is contingent on meeting academic entry requirements.
- In many instances, a personal contribution to tuition costs is required as a condition for receiving the entitlement.
- An obligation to demonstrate satisfactory performance is universally present.
- In some instances, there is a move away from parental means-tested student support to making students responsible for funding their own support, in the form of loans.

Entitlement contingent on meeting academic entry requirements

The first substantive condition is for the recipient to prove that they have attained a designated academic standard. For some forms of post-compulsory education, the entry requirements can simply involve meeting a minimum standard of upper secondary school level completion or equivalent. This is the case for access to a further education place in the UK and a two-year post secondary community college

in the United States. A more demanding test, usually applied for entry to higher education or degree courses, requires that potential recipients meet the academic entry requirements of the institutions or the courses to which they are seeking entry. In other cases such as in Germany and Austria, where access to a higher education place is guaranteed for those successfully completing the highest level of secondary school, selective entry is implemented through a separate academic stream and demanding final examinations.

Growing significance of personal contributions as a condition for receiving the entitlement

The second principle underpinning funding arrangements for further education beyond a minimum threshold is the emerging importance of a personal contribution to the costs of tuition. The principle of requiring a personal contribution applies to some extent in Belgium, Spain, France, Italy, Portugal, Ireland, The Netherlands, UK, and USA. Only in the Nordic countries do governments accept the principle that no personal contribution is required. However, in several Nordic countries such as Finland and Denmark, students in open university courses are required to pay fees.

The greater emphasis on the student's responsibility to make a personal contribution to the cost of his or her post-compulsory education place has been caused, at least in part, by the massive growth in student enrolments. This has produced a major increase in the costs of providing post-compulsory education places. With the introduction by governments of partial payment of tuition fees, students and parents are made more aware of the quality of the service they are at least part purchasing. Payment of fees also helps to ensure that the decision to enter post-compulsory education is taken seriously: an awareness of the costs of the investment to the individual or his or her family is likely to influence ongoing performance.

Obligation to demonstrate satisfactory performance

The obligation on students to demonstrate satisfactory performance as a condition for ongoing funding is common to all systems. It has always existed to some degree in all European countries since the 1970s. However, the need to meet designated performance standards has grown in importance over time.

A shift from parental means-tested student support to placing more responsibility on individual students

Post-compulsory education student funding arrangements vary from country to country in terms of the relative balance between promoting the financial independence of students and endorsing the responsibility of families for their children. However, in the Nordic countries funding is directed to the student independent of any parental means-testing. Nevertheless, where a grant is given, it is still subject to a means test on the student's own income. Increasingly, however, government funding in the Nordic countries, the UK and the USA is in the form of subsidised loans to students to help to support themselves. This reflects not only cost-saving but also a greater emphasis on the student as the responsible party for his or own livelihood.

Mechanisms for disbursement of government funds for post-compulsory education

Some general considerations

The NCVER project brief also sought information on mechanisms for sharing the responsibility for funding education and training between government, individuals and enterprises as a means for encouraging the completion of Year 12 or equivalent and helping to promote lifelong learning.

The outline of country policies above also demonstrates that it is now widely accepted in a number of countries in Europe that individuals have a responsibility to invest in their education and training beyond initial or compulsory education. However, it is also clear that governments accept that this should not be the responsibility of the individual alone. Employers and society at large are also important recipients of the benefits of the investment. The wider benefits for employers are likely to be realised through increased motivation and staff morale. The benefits to society will derive from increased social cohesion and a more adaptable, productive economy.

In relation to individual contributions, however, the OECD policy analysis of resources for lifelong learning notes these contributions need also to be accompanied by forms of targeted financial support. This is to ensure that those who lack resources or who are otherwise hesitant are not discouraged from participation (OECD 2000, p.23).

Need to increase the incentives for individuals and enterprises to invest

The OECD analysis also suggests that ‘the first policy goal is to increase the *incentives* for employers, individuals and households to increase investment in lifelong learning’. This might be done by increasing the visibility of learning outcomes such as showing the benefits of further learning on consequent wage levels. The OECD suggests a range of ways to strengthen incentives for investing in lifelong learning. These vary from ways to reduce teaching and personnel costs, better co-ordination and rationalisation of education provision, the establishment of integrated qualification frameworks, encouraging competition among providers, reducing costs and increasing flexibility through the effective use of information and communications technology.

Other ways to encourage investment in lifelong learning could involve publicity about the increasing efficiency and value for money of publicly funded education and training providers. In Finland, for example, university funding is tied to three-year, results-based contracts with the Ministry of Education. Some 65% of core university funding is paid on the number of master’s degrees completed and 35% on the basis of

the number of doctoral degrees completed (OECD 1998b, p.100). The OECD analysis notes that the incentives for individuals to participate in education and training can be enhanced if the likelihood of success in learning is improved through reduced dropout and failure rates.

Need for enabling mechanisms

The second policy goal, according to the OECD, is to provide *enabling mechanisms* that allow learners, employers and other third parties to act on these incentives (OECD 1998b, p.23). This requires mechanisms to finance the costs of current learning out of future learning/or savings or other means to reduce the upfront costs of financing lifelong learning.

In terms of other ways to encourage the sharing of responsibility for funding education and training, the OECD suggests that there is also a need to have in place policies which help individuals, employers and governments to pay for the upfront direct costs of tuition or expanded capacity, or the indirect costs of foregone production or earnings. Examples of such policies are: paid training leave initiated by individuals or employers (UK, Austria, Denmark, Italy, Norway and The Netherlands); provision of some subsidies for employer training (Denmark, Italy, The Netherlands and Sweden) and levies on employers (Italy, Korea and The Netherlands). Also in Italy, The Netherlands and the USA, certain learning costs are tax-deductible for individuals. However, none of these measures encourages either employers or individuals to treat training costs as an investment rather than as consumption or an operating cost.

Individual learning or training accounts

Three countries (Sweden, UK and USA) are examining, proposing or implementing a mechanism to share the responsibility between governments and individuals. An individual educational investment account has been proposed for Sweden (Eliasson nd). The Commission for the Adult Education Initiative in Sweden is presenting its proposals in a final report in year 2000 on how adult education and lifelong learning should be designed. One task of the committee is to ‘decide on the responsibility to be placed on publicly financed education and working life for different types of educational programmes and formulate a proposal on the responsibility each individual should have for their own competence development’ (OECD 1998a, p.73).

The UK’s individual learning account initiative is in the process of being implemented. The concept offers the potential to combine the contribution of several stakeholders—individuals, government and enterprises. Individual learning accounts are being trialled during the year 2000 through an extensive piloting process as a prelude to full implementation in April 2001 in the UK. Attachment 1 provides more details of the concept.

In the United States, the *Workforce investment act* of 1998 seeks to ‘empower’ individuals in several ways to take greater responsibility for investing in improving their employability. The legislation has established ‘individual training accounts’ for eligible adults to use to purchase education or training at qualified institutions. The intention behind individual training accounts is to allow eligible individuals the

flexibility and choice to use government funding to purchase education or training at any approved training institution or vendor, including community colleges.

Individual training accounts are intended to supplement financial aid already available through other sources for the unemployed, or, if no other financial aid is available, they may pay for all of the costs of training. Individual training accounts can also be used to fund training for workers at risk of retrenchment. However, the focus of the US legislation is on the unemployed or those at risk of unemployment through economic restructuring. There is still scope to develop an overall system of 'lifelong learning' for adults by linking the use of individual training accounts with other funds for publicly funded training (Progressive Policy Institute 1999).

The US *Workforce investment act* seeks to 'empower' individuals in other ways as well. One is to provide access to greater levels of information and guidance, through a system of consumer reports providing key information on the performance outcomes of training and education providers. Furthermore, the legislation, through the 'one-stop' system, and the activities of one-stop partners, provides individuals with advice, guidance, and support to assist them to identify appropriate education and training and to find suitable employment (US DOL 1998).

Implications for Australia

The report of the House of Representatives Standing Committee on Employment, Education and Training in June 1999 entitled *Youth employment: A working solution* recommended the adoption of a 'national youth guarantee' which would entitle 'every Australian under 21 years of age, who has not attained Year 12 at school, to a funded place at a high school, TAFE or a recognised training provider to complete a Year 12 education or its equivalent' (Standing Committee on Employment, Education and Training 1999, p.37). However, in responding to the report, the government declined to support the recommendation of a national youth guarantee. However the government did state that it supported the principle of encouraging all Australians to complete Year 12 or equivalent studies (June 1999).

The above analysis of the principles underpinning an entitlement to funding to complete a threshold qualification suggests several important differences with arrangements in Australia. While the concept of a threshold qualification exists in Australia in the form of the Finn targets, governments, at State or federal level, do not promote an explicit funding entitlement to achieve this threshold.

Australia has recently announced that a range of activities related to school-to-work transition such as structured workplace learning, school-based new apprenticeships, career information and guidance, vocational learning at school and enterprise education will be promoted under a strategy called Go Career (Kemp 2001). However, unlike the UK and Nordic countries, this campaign is directed at all students and not explicitly directed at young people who are 'at risk' in the labour market of not achieving a threshold qualification.

The above survey of conditions accompanying the funding entitlement in a number of countries also highlighted the emphasis placed on the obligations of the recipient. Young people in the Nordic countries lose their right to income support if they do not return to education to complete a threshold qualification. In the UK, a proposed statement of learner entitlements and responsibilities has been developed to accompany the promotion of an entitlement to achieving a threshold qualification.

The separate issue of identifying ways of sharing the responsibility between the major stakeholders for investing in post-compulsory education and lifelong learning was addressed by outlining the concept of individual education investment, learning or training accounts. The concept of a savings mechanism needs to be understood as broader concept than the forms actually being implemented in the UK and the USA. In its more encompassing form, the concept offers a means of involving the major stakeholders of enterprises, government and unions in supporting the individual in his or her investment in further learning.

The mechanism of individual learning accounts, in both their limited or expanded form, will not be effective unless support services are available to help people to make appropriate choices regarding their further education and training. A well-funded and high-profile system of support services is needed to ensure that ‘individuals’ decisions about where and how to learn can be based on their learning needs and aspirations alone’ (Kemp 2001).

Attachment 1

Proposed UK statement of learner entitlements and responsibilities

There are many avenues of learning open for all learners over the age of 16. The [UK] Government is committed to ensuring that whatever avenue of learning you choose, you will receive high quality learning provision. To help you and us to achieve this, your entitlements and responsibilities may be set out in a Statement, which covers the issues set out below.

Learner entitlements

Information

You will be entitled to:

- free and accurate information on course/training available and any entry requirements, placement experiences necessary
- access to any reports from inspectors on training and education suppliers
- information on and access to qualifications
- advice on funding your chosen course or route
- clear information on the way your course or training will be organised, to include attendance times, holidays, pay, and what to do if you cannot attend or have an accident or wish to make a complaint
- access to information about destinations of leavers from earlier intakes

Assessment

You will be entitled to:

- have individual needs assessed and basic needs identified
- regular feedback on how you are performing throughout your training/education programme
- a final statement when you complete your programme that describes how you have performed and what you have achieved

Quality training education experience

You will be entitled to:

- equality of opportunity in all aspects of your learning experience
- help and support with any literacy, numeracy or other special needs identified
- be taught by people who are competent in the subject/area of your education and training
- learn in a safe environment
- regular and constructive feedback on performance and access to any specialist guidance and support, if necessary
- opportunities for progression explained simply
- have your learning programme managed and co-ordinated to the highest standard
- access to ongoing advice and support throughout your learning programme
- have your course work marked (practical and written) and feedback given promptly

Continuous improvement

You will be entitled to:

- opportunities to give structured feedback on the way in which your course is developing
- have any complaints that you wish to make handled quickly and sympathetically

Learner responsibilities

As the learner, you will be expected to:

- attend and study regularly
- notify any absences required in good time
- complete work on time and to the standard required
- take care of equipment and buildings
- behave responsibly, safely, and not to use any language that will give offence to others
- participate fully in feedback and review sessions
- make a positive commitment to your own personal development and employability

(UK DfEE 2000b, appendix 2)

Attachment 2

Funding arrangements in European countries for post-compulsory education

Funding arrangements in European countries for post-compulsory education can be classified according to four combinations involving full or partial funding by governments of tuition fees and whether funding for student support is directed through the family of origin or to the student directly.

Table A1: Typology of funding arrangements post-compulsory education in Europe

Recipient of support	Full government funding of post-compulsory education place	Personal contribution to the cost of financing a post-compulsory education place required
Through family to the student	Germany, Greece, Austria	Belgium, Spain, France, Italy, Portugal, Ireland
Student alone	Denmark, Finland, Sweden, Iceland, Norway	Netherlands, UK

Source: derived from EU 1999, p.115

Government assumes the entire cost of post-compulsory education with families responsible for the student cost of living with support from government—Germany, Greece, Austria.

In Germany (except for a few Lander), Austria and Greece, the government accepts entire responsibility for the cost of post-compulsory education. Tuition fees are non-existent. Some German Lander, however, have recently introduced tuition fees, causing some debate about whether the principle of free post-compulsory education has been compromised.

Also in these countries families are expected to fund the living expenses of students. Family responsibility for funding student living expenses is universally accepted. The government provides allowances to families to offset the support they provide for their offspring where are students. Germany, Austria and Greece are characterised by the same forms of student support from the government: grants and/or loans for students from modest backgrounds, and support to the parents of students in the form of family or tax allowances irrespective of income. Austria has linked family assistance to student performance.

Student obligation to demonstrate satisfactory academic performance has intensified in Germany and Austria. In Germany, this has assumed the form of a ‘loans only’ policy for students who take longer than the authorised period to complete their courses. In Austria, family assistance since the mid-1990s has been linked to academic attainment. The result had been a dramatic drop in the number of students benefiting from this kind of support (EU 1999, p.167). The conclusion reached by the European Commission’s study in relation to this group of countries is that:

... it would seem that the responsibility of the State is waning everywhere in favour of personal contributions ... (EU 1999, pp.166–7)

Personal contributions to the cost of post-compulsory education required together with family responsibility for student cost of living—Belgium, France, Ireland, Spain, and Portugal.

Personal or family contributions to the cost of tuition combined with family responsibility for the student’s support characterise arrangements in Belgium, France, Ireland, Spain, and Portugal. Personal contributions or family contributions in the form of registration and tuition fees are paid in these countries. The family of the student often pays these contributions.

Families also assume prime responsibility for meeting student living expenses. However, all countries award family allowances to the parents of students to help offset the cost of supporting their children in post-compulsory education. There are government-direct grants for students from modest backgrounds, support to the parents of students in the form of family allowances or tax relief, and assistance in the payment of registration and/or tuition fees. There are limited possibilities for loans in France and Italy.

In relation to the payment of tuition fees, the balance between the state and personal responsibility has changed in the countries concerned. However, as their systems are complex, it is very difficult to evaluate the scale of these changes in the balance between the two considerations. It is in Italy that the change of direction appears sharpest. The government has increased the personal contributions required from those who have the necessary resources, and has stepped up state provision for the poorest. This change in policy is attributable to the fact that the tax-based contribution to post-compulsory education of the entire population appears manifestly unjust in the light of the over-representation of wealthier social groups in education at this level.

The widespread incidence of paid work among students in these countries suggests the inadequacy of government support provided according to parental income. The issue of young people seeking financial independence has also called into question the policy of relying solely on family-based forms of government support. To address this issue, France has introduced two kinds of measures, namely housing assistance means-tested with respect solely to student income, and the introduction of loans. However, the latter has not been successful because of the reluctance of the banks to offer loans without firmer guarantees of repayment. Students also judged the terms of the loans to be unfavourable.

Government has assumed entire responsibility for the cost of education, and provides assistance to encourage student financial independence—Denmark, Finland, Sweden, Iceland and Norway.

Full government responsibility for both the cost of post-compulsory education and student support is a feature of the systems operating in the Nordic countries: Denmark, Finland, Sweden, Iceland and Norway. In Denmark, Finland and Sweden, the government has responsibility for the cost of post-compulsory education irrespective of its public or private status.

In relation to student support, government assistance over time has changed from being means-tested against family income to its current focus on the individual. A combination of grants and loans is awarded by government on the basis of a student's income. In Denmark, for example, financial support is granted to all students so as to not disadvantage those from wealthier families who were required to take out private loans and thereby incur heavy debt. The purpose of the support was also to reduce the need for students to take on paid work, thereby reducing the length of time needed to complete a course.

Sweden and Norway have gone further than Denmark and Finland in providing funding to the student as an independent entity, not subject to a means test based on parental income. Some 60% of students in Denmark receive grants only, with the proportion over 50% in Finland, and about 30% in Sweden. Norway and Iceland offer only loans (albeit subsidised) to students. Loans, with subsidised interest rates, are offered in Denmark, Sweden and Norway. In Sweden, subsistence support (loan and grant) is available for up to six years for full-time students and for half-time students. The grant portion accounts, on average, for 28% of the subsistence. Repayment of loan is income-related, and begins not less than six months after the final receipt of study assistance, at a rate of 4% of annual income (OECD 1996, p.7).

In addition, governments have emphasised personal responsibility further by making loans assume a more significant share of the available assistance to students. Loans have also become more market-competitive with state subsidies decreasing in value in Sweden, Norway and Finland. Student obligation to demonstrate satisfactory progress applies as a condition of the receipt of grants and also as a condition for receiving subsidised loans. In Finland, Sweden and Norway, students have to complete a minimum proportion of their course load for support to be continued. In Denmark, students have to pass their exams although partial failure may be accepted if students have made a demonstrable effort to pass.

Where personal contributions are required for tuition and student financial support, systems occupy midway position between family responsibility for the student's cost of living and student financial independence—The Netherlands and the United Kingdom.

A greater emphasis on personal contributions to the cost of post-compulsory education together with a shift to financial support to facilitate greater student independence are features of the new arrangements in The Netherlands and the United Kingdom. In The Netherlands, the tuition fees for regular full-time degree students

have risen from NLG 2400 in 1996–1997 to NLG 2575 in 1997–1998 to NLG 2750 in 1998–1999 per year (OECD 1998c). In the Netherlands, students in both higher vocational education and in university education have to pay the same amount of tuition fees (OECD 1998c).

The planned sources of funding for higher education institutions in England in 2000–01 are outlined in table A2. Public contributions to tuition fees in England in 2000–01 are based on the income assessments of new students and publicly paid tuition fees on behalf of continuing students. The personal contribution represents only a quarter of the average cost of a course in England.

Table A2: Sources of funding for Higher Education Institutions in England planned expenditure 2000-01, (£ million)

Funding source	(£ million)	%
Government grant	4359	80.4
Government grant earmarked for capital investment	150	2.8
Private contributions to fees	347	6.4
Public contributions to fees	476	8.8
Measures to widen student access	90	1.7
Total funding for Universities and Colleges	5422	100.0
Full-time equivalent (FTE) student numbers (000s)	1067	

Source: UK DfEE & Office for Standards in Education 2000, table 13.5, p.121.

The two countries have similar types of support for students: grants for students with few financial resources, support for all students irrespective of their social background or their income in the form of grants and interest bearing.

Students in the UK have always had a strong obligation to make satisfactory progress. The Netherlands has implemented a series of measures to strengthen this obligation. In 1993, the award became dependent on making satisfactory progress and if this was not achieved, the grant was converted to an interest-bearing loan (OECD 1998c, p.178).

Conclusion

In relation to an entitlement to an extended post-compulsory education, the above analysis has shown that the changes in funding arrangements for post-compulsory education over time have been relatively minor except in the case of The Netherlands and the UK. However, where a dramatic change has taken place in the funding arrangements for students, it has been in relation to a change to the basic principles underpinning a country's broader social policy. This appears to have been the case in The Netherlands and the UK with a shift to emphasise greater student independence and responsibility (EU 1999, p.180–1).

Attachment 3

Individual learning accounts

The UK Government has announced a substantial package of incentives for individual learning accounts. The incentives include:

- a contribution of £150 from the government into the first million accounts opened, against a small contribution from the account holder
- a 20% discount off a wide range of courses—on spending of up to £500 a year
- a 80% discount off certain kinds of courses, such as computer literacy
- tax relief to employers on the contributions they make to their employee's learning account
- tax and national insurance relief for employees on employer contributions to their learning accounts, provided the opportunity to learn is offered across the entire workforce and employer contributions are made available to all employees on similar terms
- information about a wide range of courses they can get help with (UK DfEE 2000d)

Eligibility

Anyone aged 19 or over can open an individual learning account. However, the UK Government will target their marketing to people who need learning, and to groups such as women wanting to return to the labour market, younger workers with low skills and qualifications, self-employed people, and non-teaching school staff:

Anyone 19 or over can open an individual learning account. In general the government wants to see learning accounts taken up by people who have not undertaken a lot of learning. However, they particularly want to promote them to younger workers with low skills and qualifications, women seeking to return to the labour market, self-employed people and non-teaching school staff. While people outside these groups can still benefit from help with the cost of their learning, marketing will be aimed at these groups so that help reaches those who most need it. (UK DfEE 2000d, p.1)

According to the most recent briefing on the concept, learning providers, such as colleges and training organisations, will be encouraged to give people with an individual learning account the option to pay for their courses in instalments. The briefing document notes that research has shown that many people feel they would not be able to pay for learning without this option. Many learning providers already offer this facility but the government would like to see it become more widespread, in the public sector at least, and expect that many private sector providers will also make this offer.

Press release

1 MILLION INDIVIDUAL LEARNING ACCOUNTS REACHED A YEAR EARLY 02 May 2001

Education and Employment Secretary, David Blunkett today congratulated David Baldwin of Watford on being the one-millionth person to open up an Individual Learning Account (ILA). The Government target of reaching one million ILAs by March 2002 has been met a year early. Mr Baldwin met Mr Blunkett and Education and Employment Minister Tessa Blackstone at the 1000th learndirect centre in Hounslow, West London.

Mr Blunkett said:

‘Today we are celebrating many achievements which mark major progress towards our ambition for all people to develop their talent, the potential of their families and the capacity of the communities in which they live and work. Our commitment to reach one million Individual Learning Accounts has been met a year early. ILAs are a success story, with an average of 3000 accounts being opened each day. More than half the people who have opened an ILA since January had not been in learning in the last three years’.

‘This is proof that ILAs are achieving the aim to make learning more affordable and accessible. They play their part in encouraging people to take responsibility for their own learning and development. Anyone can open an ILA and find out if they are eligible to have £150 paid towards the cost of their course ...’

‘... 100 000 learners who have signed-up for over 200,000 learndirect courses. Courses can cover everything from communications technology to basic literacy and numeracy, and are easily accessible to people from all backgrounds. Over 2.5 million callers have benefited from information and advice from the learndirect helpline, which helps to raise skill levels by promoting universal, on-line access to learning opportunities. And with ILAs to help pay for learning, people are improving their work prospects, earning power and quality of life.’

‘The 1000th learndirect centre represents a record of achievement that we want to develop further in 2001–02 with £76 million to help expand the learndirect service in its first full year of operation. Through our investment access to learning will be easier than ever.’

Source: DfEE Press Notice 2001/0238 http://www.dfee.gov.uk/pns/DisplayPN.cgi?pn_id=2001_0238

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