



THE FAILURE OF FOR-PROFIT EDUCATION: IMPLICATIONS FOR EDUCATION REFORM

KEYNOTE PRESENTATION TO COMMUNITY COLLEGES AUSTRALIA CONFERENCE
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THE CENTRALITY OF EDUCATION AND TRAINING

- The central factor in economic growth
 - Human capital
 - Diffusion of knowledge
- Cultural development
- An investment in the future

EXPANSION DRIVEN BY PUBLIC EDUCATION SINCE MID C19

- Free, compulsory school education, Victoria 1872
 - A world leader followed by other states and countries
- Public technical colleges
 - Brisbane Central Technical College, 1898,
 - forerunner of QUT
- Important supporting role played by mission-driven non-profits
 - Workers Educational Association

GROWTH OF FOR-PROFIT EDUCATION

- University of Phoenix (US) and others
- For-profit schools in US (Edison)
- Charter schools in US (openly or covertly for-profit)
- 'Free' schools in Sweden

RELATED DEVELOPMENTS IN AUSTRALIA

- University reform from 1990s
 - Melbourne University Private
 - U21Global
- Childcare
 - ABC Learning

VOCATIONAL EDUCATION AND TRAINING

PART OF A BROADER AGENDA OF REFORM

- Education reform based on competition and choice
 - Rejection of public service ethos and professionalism
 - Hostility to teachers and teacher unions
 - Faith in markets
- Part of broader micro-economic reform agenda
 - Neoliberalism/economic rationalism

A GLOBAL RECORD OF FAILURE

- University of Phoenix
 - a scam based on exploiting public funding for poor students
 - Very low completion rates, high debts
 - Enrolment declined 75 per cent since 2010
- Edison Schools a complete failure
- Charter school movement 'in trouble' (Washington Post, May 2019)
- Swedish system blamed for poor PISA outcomes

FAILURES IN AUSTRALIA

- Melbourne University Private closed with losses of up to \$150 million, no achievements
- U21 Global abandoned with entire investment (about \$50 million) lost
- Collapse of ABC Learning in GFC, requiring government bailout
 - Eddy Groves now associated with for-profit education business Imagine Learning

VET PROBLEMS EVIDENT FROM THE START

- Quiggin (2012) report to NCVET

<https://www.ncver.edu.au/data/assets/file/0031/9769/structures-in-tertiary-education-2616.docx>

- we will continue to see many examples of (dodgy) educational institutions. They are going to be much more common than examples of successful profit driven training or educational enterprises
- The only solution is ultimately for the federal government to take over this area [of VET] and to then have a much more robust accreditation system for private providers than we have, and a much more sceptical one

VET FEE-HELP

- Announced by Howard Government
- Implemented under Rudd
- Expanded under Gillard and Abbott
- Massive losses to public and students
- Closed in 2016
- Plenty of blame to go around

WHY EDUCATION FOR PROFIT DOESN'T WORK

- General problem when for-profit firms are subsidized to provide public services
 - Easier to gain profits by exploiting loopholes in funding system than by innovating or providing better services
- Specific problems of treating education as a commodity
 - By definition, "customers" don't know what they are getting
 - Typically a once-only "purchase"

IMPLICATIONS FOR REFORM

- Commitment to universal access post-school education & training
- Public funding restricted to public and non-profit institutions
- Role of for-profits:
 - Unsubsidised provision of training in areas not covered by public/nonprofit sector,
 - contractor to public sector

The background is a solid teal color with a subtle gradient. In the four corners, there are decorative white line-art patterns resembling circuit boards or neural networks, with lines connecting to small circles.

EDUCATION IS NOT A COMMODITY!



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