Policy Symbolism and Economic Realities: ACE, Equity and the Market

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Adult Community Education (ACE) providers often depict themselves as moving to the beat of different drum compared with the big bands of vocational education and training. On the margins, ACE sounds its sweeter harmonies of local responsiveness, flexibility, concern for disadvantage and commitment to lifelong learning.

ACE is marginal in various ways: marginal to policy, marginal in resources allocated, marginal in being run by a largely volunteer and female workforce. It is apparently marginal in public policy terms, since a recent analysis of education policy in Australia mentions it not once (Marginson 1993). Yet ACE appears to have some symbolic value for governments who desire a more market-driven system of VET. The sector can be held up as an example of the kind of client-focused delivery which ANTA desires in a more open and competitive VET system.

The 'ACE sector' is a policy construct which can be made to represent significant symbolic values in policy struggles around the de-regulation of vocational education and training. ACE national policy (eg MCEETYA 1997) speaks perhaps less to sectoral interests than to the bigger issues around lifelong learning in post-compulsory education generally. Two Senate reports in five years (SSCEET 1992, SCEET 1997) have done much to give ACE this symbolic value. Thus Federal Labor, now out of office has time to repent its 'persistent neglect' of ACE as it seeks to re-orient educational policy to lifelong learning (Baldwin 1997).

In this paper I highlight the divergence between policy rhetoric and the economic realities of community adult education agencies. In practical terms, I argue that this gap needs to be closed by a greater recognition of community providers within a more open and competitive system of vocational education and training. Current thinking on the development of a 'competitive training market' is failing to imagine a future in which community providers might play a bigger role, and in particular, a role in social justice. Their potential role is being frustrated by the narrow terms in which VET competition policy is being constructed (eg ANTA 1996) as well as differences in the attitudes and funding policies of state training authorities to ACE.

I argue that ACE can play a larger part in achieving equity in a market-driven VET system. However, to conceive of a public policy framework where this is possible requires a better understanding of equity in the context of competition policy than has been so far been advanced. It also requires a better understanding of the economic realities of ACE as a largely 'user-pays' system. In exploring this view, I will refer to recent research conducted for the NSW Board of ACE on the economics of ACE (McIntyre et al, 1997).

My subtext is a conviction that a more open and competitive allocation of public funds would allow a larger role for ACE organisations in VET. If a more competitive system makes the achievement of equity objectives more problematic, then given the widespread belief that ACE is an avenue of ‘second-chance education’ (SSCEET 1992), the potential role of community-based providers in equity needs to be considered.

Policy Symbolism and the ACE Sector

Within the symbolism of national VET policy, ACE seems to represent alternative policy positions in a number of areas. This is underlined by the provocative recommendations of the recent report of a second Senate Committee on ACE, *Beyond Cinderella* (SCEET 1997) and its challenges to the current boundaries of vocational education and training.

Several key discourses can be found in ACE policy which bring it into major policy struggles around the ‘reform’ of vocational education and training. There is the ubiquitous discourse of lifelong learning. The ACE sector has been able to represent itself as embodying principles of lifelong learning in national policy (eg MCEETYA 1997, SCEET 1997) and hence become more ‘mainstream’ and relevant by mobilising support for this concept in forums beyond the community sector.

A second is the discourse of the economic necessity of education and training markets associated with economic rationalism (Marginson 1993). In adult education, the reality of 'the market' arrived some time ago. General adult education as provided through community agencies is largely resourced through 'user-pays' with little other funding support except in Victoria. Community providers think in marketing terms of their educational provision as few other agencies do.

There are some aspects of this ‘marketisation’ of adult education that are worth noting. Governments imposed user-pays adult education as a deliberate policy in order to limit demands on the ballooning education budgets of the 1980s. It is little appreciated how the state has acted upon the ‘ACE sector’ to encourage a specific education market based on self-managing community organisations. This marketisation occurred in the wake of the expansion of community agencies which extended the demands made on government for community services. In short, 'user-pays' adult education was about encouraging local 'markets' for adult education services and limiting state expenditures. Thus marketisation went hand in hand with the communalisation of adult education (McIntyre 1995, 1997).

A third discourse evident in ACE policy is one of equity as second chance education for disadvantaged groups. The first Senate Report, *Come in Cinderella*. (SSCEET 1992) claimed an access and equity role as one of the major achievements of ACE. It is remarkable how the equity vocabularies of the 'Kangan philosophy' of TAFE were taken up in ACE just as they were being taken out of TAFE by training reform. The new policy symbolism of the ‘emerging ACE sector’ and its significance for disadvantaged groups obscured questions about the effects of economic realities of user-pays and resource-starvation on access and equity.

Since then, the equity discourse of second chance education has become an important way of linking ACE into policy struggles around the de-regulation of public vocational education. Thus, the corporatisation and marketisation of public vocational education and

training is seen as threatening TAFE's ability to deliver equity outcomes. Equity is a 'casualty' of competition policy, a market failure (ANTA, 1996). Hence, other providers might help to deliver on equity policy. The Employment and Skills Formation Council was one of the bodies that followed the Senate report and picked up the theme of the value of ACE as a 'second chance' provider within a diversifying system (ESFC 1992).

The symbolism of responsive, community-based providers concerned with access and equity and calling upon a powerful discourse of communitarianism, has helped to fill the vacuum created by the abandonment of the 'community access' ideal of TAFE in the post-Kangan 1980s (McIntyre 1995).

Economic Realities: User-Pays and Equity in ACE

The emerging research evidence suggests a different picture of ACE's achievements in the equity domain, and the second Senate Inquiry into ACE has been more sanguine about the realities of ACE as 'second chance education' (SCEET 1997). *Beyond Cinderella* mounts a blistering attack on the narrow vocationalism of ANTA and its failure to promote a national system of lifelong learning. By reasserting ACE as lifelong learning, the report re-positions the sector within a global rationale for post-compulsory education and training and exposes the boundaries of adult and vocational education as arbitrary and destructive of the ideal of a learning society (SCEET, 1997). Other reviews of ACE's role in VET (Schofield 1996a) suggest that its role in meeting the needs of disadvantaged participants is highly dependent on public funding and quite limited by the effects of ACE's user-pays base.

The research evidence is against the view that ACE, at least general adult education, is performing an important equity role. Participants in general adult education courses are relatively advantaged in terms of their employment and qualifications (see McIntyre et al, 1995; ACFE 1995; McIntyre and Crombie 1996), though it is true that some ACE organisations are dedicated than others to achieving equity outcomes (Kimberley and McIntyre 1997).

Consequently, some state adult education authorities have shifted the policy focus to widening participation of 'non-traditional' participants and urged providers to target the lack of participation by disadvantaged individuals and groups. The theme of 'widening participation' is not a peculiarly Australian emphasis, but also currently a major concern of government abroad, especially in the UK (eg Uden 1996).

The question is how far these participation patterns are the result of the marketisation of adult education. We have some evidence of the effects on ACE organisations and the participant profiles of user-pays funding regimes in recent research for the NSW Board (McIntyre et al, 1997). *The Economics of ACE* examined the finances of recognised NSW ACE providers in relation to funding issues, the costs of delivery and the effects on equity in participation. This research developed an ecological analysis which sees participation patterns as the result of an interplay of funding regimes, provider cultures and strategies, the demands of ACE clienteles and the character of the 'community' being served. This led to an analysis of the first AVETMISS data collected from ACE to map the catchments of providers and link participation rates for postcodes to socio-economic indicators such as income, occupation and education.

The research concludes that existing funding regimes, together with a 'user-pays' system over the last decade have probably discouraged participation by people in disadvantaged postcodes. One explanation for differences in postcode participation rates seems to hold for urban areas and another for rural and remote areas.

To survive financially, ACE providers in urban areas target relatively advantaged clienteles who have a given capacity to pay for the kinds of courses they want at a given level of fees and who are concentrated in particular localities. In the absence of funding regimes which require equity outputs, participation tends to narrow to clienteles advantaged in terms of qualifications, employment and income living in more affluent areas. Thus a combination of two factors, household income and population density, could account for most variation in participation in ACE in Sydney postcodes. In rural areas, the availability of Board funding supporting providers in itself is a major factor explaining participation. Without significant subsidies there would be no provision, given rural population and income levels.

It is hardly surprising that the provision of adult education on a user-pays basis is highly susceptible to variations in the capacity of residents in particular localities to demand and purchase courses. But the consequences are significant for the development of ACE organisations and what they actually provide, since the ethos and delivery of courses will tend to reflect the needs and cultures of advantaged clienteles rather than the special needs of different equity groups, or the particular needs in particular localities.

This limits the extent to which providers target individuals in need as opposed to maximising fee-paying students. Few localities have the required levels of affluence to support any program targeting 'equity groups' from surpluses generated from fees, and providers are highly unlikely to do so unless this is rewarded by the funding regime, which it is not. (The indicator of affluence employed in the study was the proportion of households having a 1991 household income over $50,000).

The consequence is that ACE providers choose to 'compete' in different ways in this de-regulated and 'communalised' provision of adult education (McIntyre 1997). More affluent providers can compete in the general adult education and business services markets of the inner-city. Providers in less affluent areas (and particularly those in poorer and less populous localities) have fewer options in developing their financial base. Hence, the failure of cost-recovery has driven some ACE organisations into submission-based and targeted state or Commonwealth programs which reach groups who do not usually participate in ACE. Because this funding is equity targeted, the effect in policy terms, is that the Commonwealth programs has been underwriting equity in NSW if not other in states and territories where ACE is user-pays.

The effects of this political economy of provision can be seen in the diverse income and activity profiles of ACE organisations in NSW. While some larger inner urban organisations generate most of their revenues from course fees, providers in poorer areas have gone in search of alternative funding, while small rural centres are effectively subsidised to deliver programs to remote communities. Those providers forced to seek alternative funding have diversified into labour market programs, literacy provision and employment services. With the change in government and reduction of some of these programs, and the privatisation of the CES, it is not surprising that some of these organisations have moved strategically to develop employment services linked to their adult education and training provision.

The reality is that ACE has an equity role mainly as a result of the diversification away from its general adult education base. The outstanding recent feature of this diversification - but only where state training authorities have recognised ACE as VET providers - is a growing provision of accredited VET courses (see Schofield 1996a). This diversification has thus been driven largely by the lack of resources, but it has had the positive outcome of differentiating the programs available and expanding the range of clients served. In many places, ACE is filling gaps left by the retreat of TAFE from short course activity, precisely the outcome desired by the restructuring of TAFE in the mid-eighties.

What then is the potential role for ACE given these effects of the user-pays funding regime? What is needed for ACE to have a bigger impact on equity?

Clearly, the capacity of ACE organisations to achieve equity outcomes is highly dependent on appropriate funding regimes, which are a function of the structures of ACE provision across the States and Territories. A funding regime must target those who do not otherwise participate and encourage the development of appropriate services for them.

Other research shows that by and large, this kind of targeted funding regime is as yet poorly developed in ACE. For example, it is doubtful that the rhetoric about 'pathways' from ACE to VET for disadvantaged women, a goal of the national women's VET strategy, is matched in practice. As a generalisation, only in those states where there are strong networks of independent ACE providers together with targeted funding, is this bridging likely to occur (McIntyre and Kimberley 1997).

In the Victorian ACE sector, for example, there is an orientation to this bridging role among its many small providers who tend to be funded by a mixture of provider grants, user-pays and submission-based community services funding. Fierce competition for VET funding among public and community providers is further complicating the economics of this provision. In such a competitive system, what might be the role of community providers, and how might they fare in this competition?

It has been argued by Schofield in her review of the contribution of ACE to national VET system that ACE has numerous competitive advantages (Schofield, 1996a 30ff). It is responsive to demand in local and regional labour markets and does so in localities serviced by neither public nor private providers. It contributes to community development and is able to integrate with other agencies and identify and meet the demand for relevant VET. It usually has a learner-centred culture able to address the specific needs of particular 'equity groups'.

However, as the foregoing discussion has demonstrated, the capacity of ACE to meet the needs of disadvantaged learners is dependent on public funding precisely because ACE is a user-pays system within an increasingly de-regulated 'training market'. Equity in ACE provision is limited by the constraints of cost-recovery and competition for adult learners with a capacity to pay.

Hence, how the 'rules of competition' make available public funds is crucial to ACE's ability to participate in a more competitive environment. The question is whether the rules of competition will be written to allow ACE organisations which have developed competitive advantages in meeting equity needs at a local level to compete. In most states, at present, they are not.

Barriers in Policy to ACE's Equity Role

There are other policy barriers to ACE taking a greater equity role. Current ANTA thinking (eg ANTA 1996) places a number of obstacles in the way of larger equity role for community providers. These include inadequate policy understandings of equity and competition which make it difficult to envisage how equity outcomes can be an integral part of an open and competitive system, let alone give community providers a part to play.

Schofield makes a crucial point about equity and the market in a recent paper (Schofield 1996b). She argues that advocates of social justice weaken their position by opposing the marketisation of TAFE, rather than conceptualising how equity might be achieved within a more competitive VET system. Schofield suggests that it is time to question the way social justice objectives are opposed to objectives such as efficiency which might be achieved through greater competitiveness. Social justice principles need to be embedded in national frameworks for a competitive VET system and not be an after-thought.

One question is how equity might be understood as a kind of demand. How can equity be a positive outcome of a more demand-driven system, which it is the business of providers to target and deliver and which can (in the current lingo) be 'purchased by government'? Equity as an objective of competition would acknowledge the possibility that some providers are better placed to deliver equity outcomes than others, will seek to develop their competitive advantages in doing this, and so on.

However, there are general problems with the construction of 'equity' in national policy which make it difficult to develop this argument further. For example, the following generalisations seem to hold:

- Equity is understood in tokenistic terms, not as highly differentiated and compounded. VET policy in various places speaks of the 'representation' of 'target equity groups' and denies the compound nature of disadvantage experienced by individuals (see Golding and Volkoff 1997).

- Disadvantage is not understood as localised and unequally distributed over localities and regions, nor is it understood in terms of variations in local and regional labour markets. Yet labour markets are key element in thinking about how 'efficiently' as well as how 'equitably' VET meets demands for skills.

- Because disadvantage is compound, localised and unequally distributed, the burden of achieving 'equity outcomes' is not evenly shared across VET systems or across institutes or networks of provision, and providers are not necessarily resourced to achieve such outcomes (Butler and Lawrence 1996).

There are several consequences of these examples of inadequate understandings of equity. There is a failure to acknowledge the role of locally responsive provision in favour of vague notions of demand from a singular 'industry client'. Hence, competition policy continues to write out community-based agencies, indeed to write out the whole dimension of regional diversity in need and demand for VET.

The policy failure in understanding equity is compounded by a failure to recognise the nature of education and training markets. For example, current thinking -

- speaks of a monolithic 'training market' when in reality markets are differentiated or segmented, including those of adult education.
- alludes to a singular industry 'client' when there are many clienteles with different needs and demand for VET which interact with providers in a complex way. ANTA's own commissioned research shows that demand for VET is mainly differentiated by enterprise size and type of industry (Hayton et al 1996).
- fails to understand demand as differentiated in local and regional labour markets which interact with variable supply of VET, with little understanding of an 'ecology of provision' of the kind outlined in the discussion of ACE
- ignores key differences between urban and regional Australia in the nature of training markets, and the recommendations of policy for decades on the necessity of cross-sectoral collaboration in rural provision (eg NBEET 1991).

Because the training market is understood in such terms, it is virtually impossible for current policy to project how equity outcomes might be achieved in a de-regulated system. The failure to see equity as something localised and differentiated is parallelled by the failure to recognise the local and regional nature of education and training markets (or labour markets for that matter).

The effect is to make it difficult to imagine how community providers might play a role in relatively open system responding in a complex way to its markets. Nevertheless, there is an argument that ACE organisations are well-placed to take such a larger role, given appropriate conditions.

Conclusion

This paper has developed the view that the policy symbolism associated with adult community education is obscuring the economic realities of the sector and hindering a realistic understanding of what it might achieve within a diverse and market-driven VET system. It has highlighted some of the difficulties to be overcome if ACE is to play a larger role in equity within a competitive system. These include the significant limitations which user-pays places on community providers and their priorities and educational culture, and the significant difficulties for ACE in the way VET policy currently understands equity and the market. The 'rules of competition' are being written in a way that limits the potential of ACE to contribute.

The paper, in taking an ACE perspective, has argued that current ANTA policy fails to appreciate the local or regional dimension to equity and the market. This can be corrected in a number of ways - for example by widening its concept of the 'intermediaries' who may identify and meet demand for VET to include community organisations; by understanding demand for VET in terms of local and regional labour markets which both mediate the demands of industry for skills and influence social and personal needs of individuals; by understanding disadvantage as highly localised and differentiated, and compound; and by recognising that equity is a kind of outcome that can be competitively provided for. Finally, equity should not be inevitably constructed as a casualty of competition policy, or as the sole province of public providers and their 'community service obligations'.

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