Has the Economic Downturn Influenced School-Leaver Destinations?
Evidence from the On Track Survey

Trish Corrie and Phillip McKenzie

Presentation to the 13th Annual CEET Conference
Melbourne, 30 October 2009

ABSTRACT

This paper examines the impact of the economic downturn Australia has experienced since mid-2008 on school-leaver destinations. Although the total unemployment rate has not risen as fast as first feared, the labour market for 15-19 year-olds has deteriorated quite sharply. The paper analyses changes reported from 2008 to 2009 by On Track, a large-scale survey of school leavers commissioned by the Victorian Government. The changes are broadly consistent with those evident for young people in earlier downturns. The proportions entering education have risen, and the proportions entering apprenticeships and traineeships have declined, as have the proportions in full-time work. Unemployment has increased. The proportion of completers deferring tertiary study has risen, but smaller proportions of deferees are working full-time. This raises questions about their capacity to finance eventual entrance to tertiary education, especially for those living in regional areas. The economic downturn appears to have had a proportionately larger impact on early school leavers than Year 12 completers and has led to an even higher proportion of them being at-risk.

1. INTRODUCTION

School-leavers from the class of 2008 have experienced the most challenging labour market for many years. The global financial crisis received extensive media coverage in the second half of 2008, a key period for school-leaver decision making about their post-school options. The coverage predicted large rises in unemployment and, although aggregate unemployment has not risen as fast as many feared, teenage unemployment rates have risen quite sharply since mid-2008. In Victoria, for example, although the total unemployment rate has risen by one-third from 4.4% in September 2008 to 5.9% in September 2009, unemployment among 15-19 year-olds has risen at double that rate: from 11.9% to 19.7% (see Table 1).

Table 1  Unemployment rate by age group, Victoria, September 2008 to September 2009 (%)

<table>
<thead>
<tr>
<th>Age group and location</th>
<th>September qtr 2008</th>
<th>December qtr 2008</th>
<th>March qtr 2009</th>
<th>June qtr 2009</th>
<th>September qtr 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>15-64 year-olds</td>
<td>4.4</td>
<td>4.5</td>
<td>5.4</td>
<td>5.9</td>
<td>5.9</td>
</tr>
<tr>
<td>15-19 year-olds</td>
<td>11.9</td>
<td>13.3</td>
<td>18.3</td>
<td>17.8</td>
<td>19.7</td>
</tr>
<tr>
<td>15-19 year-olds Melbourne statistical region</td>
<td>11.3</td>
<td>12.7</td>
<td>17.3</td>
<td>19.0</td>
<td>20.4</td>
</tr>
<tr>
<td>15-19 year-olds balance of Victoria statistical region</td>
<td>13.1</td>
<td>14.6</td>
<td>20.2</td>
<td>15.5</td>
<td>18.2</td>
</tr>
</tbody>
</table>

Note: estimates for 15-19 year-olds are subject to large standard errors.

1 Dr Trish Corrie is the On Track Project Manager for the Victorian Department of Education and Early Childhood Development (DEECD). Dr Phillip McKenzie is the Research Director of the Transitions and Post-School Education and Training program at the Australian Council for Educational Research (ACER), and a Director of CEET. This paper draws on results from the On Track survey which was conducted in April-May 2009 by the Social Research Centre in collaboration with ACER. The assistance of all those involved with On Track is gratefully acknowledged, particularly the school leavers who took part and the schools that facilitated their involvement. Sam Rothman prepared the data used in the paper. The views are those of the authors and not necessarily any other organisation or individual.
The pattern of youth unemployment rates rising more rapidly than general unemployment has also been evident in previous economic downturns in Australia (OECD, 2009). New entrants to the job market typically find it difficult to obtain jobs when enterprises slow their hiring and existing employees retain their jobs rather than seek other opportunities. As well, the fact that employers’ willingness to offer apprenticeships and traineeships is sensitive to industry conditions means that there are generally fewer opportunities for school-leavers to take up employment-based training. On the other hand, higher unemployment rates reduce the opportunity costs of education participation and may increase the value of higher qualifications.

In short, economic downturns are likely to influence the post-school opportunities open to school-leavers and the choices they make. Research by Hérault et al. (2009) using longitudinal data from the Youth in Transition (YIT) and Longitudinal Surveys of Australian Youth (LSAY) databases over the period 1985 to 2006 found that poor macroeconomic conditions drive young people out of work and into unemployment. They concluded that the adverse effects were particularly strong for young males with low education levels. High general levels of unemployment were found to have a negative effect on the probability of working full-time especially for those who have not finished secondary school. High unemployment rates also encouraged further study.

The recent report How Young People are Faring (Robinson & Lamb, 2009) found that these patterns are also evident in the current downturn: they concluded that the work prospects of young people deteriorated significantly over the past 12 months, with unemployment among 15-19 year-olds experiencing one of the largest increases for 20 years, and the numbers of young people entering apprenticeships and traineeships in decline.

Such findings are of major concern. One of the main findings from research on youth transitions is that the young people who struggle most are those who do not get a job or further training shortly after leaving school (Marks, 2006). Unfortunately, it is this group of early leavers who are likely to fare even worse in any economic downturn. It becomes even more important therefore, that young people at risk in the transition process are identified as quickly as possible and offered appropriate support.

This paper draws on the On Track survey to examine the impact of the economic downturn on young Victorians who left school either during 2008 or at the end of the school year, and those who are mostly likely to be at risk. On Track is the longest-running and most comprehensive survey of school leavers in Australia, and as well as education and employment destination data it collects information on leavers’ attitudes and views. In reflection of the circumstances likely to be faced by leavers this year, the 2009 survey included questions on whether the current economic situation influenced their decisions about what to do after leaving school and, if so, in what ways.

Section 2 provides some background on On Track, including the numbers surveyed and the response rates. Section 3 examines the experiences and views of those who left school at the end of Year 12 or its equivalent, and Section 4 provides similar information for early school leavers. Section 5 provides some concluding remarks and policy implications.

---

2 Unemployment rates were generally found to be a more significant influence on youth education and employment outcomes than GDP growth rates.
2. PURPOSES AND DESIGN OF ON TRACK

The On Track project was initiated by the Victorian Government as part of its response to the Ministerial Review of Post Compulsory Education and Training Pathways in Victoria (Kirby, 2000). The survey:

- offers a consistent and comprehensive approach to monitoring the transitions of school leavers following their exit from schooling or its equivalent;
- reports the survey information to schools, TAFE colleges and other education providers, organisations concerned with assisting young people, policymakers, and the wider public, including parents and students;
- provides a detailed analysis of the destinations of school leavers in order to address issues for particular subgroups in relation to their success in specific pathways;
- provides a referral service for school leavers who appear to be experiencing difficulties in the transition process; and
- enables education providers to use the data and analyses as part of the process of monitoring and improving their programs.

A further important purpose is to use the annual statewide survey to select a sub-group of school leavers to be tracked over a four-year period. Longitudinal data facilitate the analysis of the pathways followed by young people and the causal influences involved. A new longitudinal study commenced in 2009, selected from the respondents who took part in the 2008 survey.

The first full-scale survey was conducted in 2003, and the project now encompasses leavers from all Victorian government and non-government schools as well as those who completed Year 12 or its equivalent at either a TAFE college or adult and community education centre.

The 2009 survey was conducted in April–May by the Social Research Centre (SRC) in collaboration with ACER. It involved a short telephone survey of school leavers who agreed to participate in the On Track survey. At the commencement of the 2008 school year, eligible students were asked to consent to be surveyed after leaving school and relevant contact information was obtained. Separate questionnaires were used for Year 12 or equivalent completers and early leavers.

Year 12 or equivalent completers (‘completers’) are defined as those who completed a Victorian Certificate of Education (VCE), International Baccalaureate (IB) or Victorian Certificate of Applied Learning (VCAL, Senior or Intermediate). In 2009 about 94% of the respondents had completed VCE, 1% the IB and 6% VCAL.

Early leavers are defined as those students in Years 10, 11 and 12 who had registered their details with the Victorian Curriculum and Assessment Authority (VCAA) by enrolling in a VCE or VCAL unit and who left school before completing Year 10, 11 or 12. Among 2009 respondents in this group, 51% had left school during or at the end of Year 11, 33% during Year 12, and 16% during or at the end of Year 10.

Table 2 records the numbers of respondents and response rates for the completer and early leaver groups in 2008 and 2009. In 2009 responses were received from 36 022 completers or 80.1% of those

---

1 The On Track definition of “Year 12 or equivalent” is in terms of whether the students had completed VCE, IB or VCAL through Year 12 at a school or at another type of educational institution. The COAG target of lifting the “Year 12 or equivalent attainment” rate to 90% by 2015 is defined in terms of qualifications considered equivalent to Year 12, namely AQF Certificate 2 or higher.
who consented to take part. Previous analyses have shown that the composition of the achieved sample of completers is only marginally different to that of the target population in terms of gender, school sector, and regional location (Rothman et al., 2009). This, along with the relatively high response rate, provides confidence that the results are broadly representative of the target population.

Table 2  Number of respondents and response rates, On Track survey, Victoria, 2008 and 2009

<table>
<thead>
<tr>
<th></th>
<th>Consented to be in the study</th>
<th>Interviewed</th>
<th>Response rate</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Year 12 or equivalent completers</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2009</td>
<td>44 968</td>
<td>36 022</td>
<td>80.1%</td>
</tr>
<tr>
<td>2008</td>
<td>43 607</td>
<td>33 249</td>
<td>76.2%</td>
</tr>
<tr>
<td><strong>Early leavers</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2009</td>
<td>8 857</td>
<td>4 676</td>
<td>52.8%</td>
</tr>
<tr>
<td>2008</td>
<td>8 866</td>
<td>4 740</td>
<td>53.5%</td>
</tr>
</tbody>
</table>

The 2009 early leaver sample from the VCAA comprised 8 857 individuals who consented to be contacted. Of these, 4 676 early leavers were successfully contacted and surveyed, yielding a response rate of 52.8%. This was a little lower than the 2008 response rate (53.5%). The early leaver data needs to be treated cautiously due to the relatively low overall response rate and evidence of differing response rates among sub-groups (Rothman et al., 2009). Nevertheless, the On Track sample is much larger than any other early leaver data collection for Victoria and enables more detailed analyses than would otherwise be available.

3. YEAR 12 OR EQUIVALENT COMPLETERS

Figure 1 records the education/training and employment destinations of the completer group at the times of the 2008 and 2009 surveys. Three presentational points should be noted:

- In order to prevent double-counting the figure shows the main destination of respondents: where young people are combining study or training with employment, On Track’s emphasis is on documenting their education or training. For example, university students who also hold a part-time job are classified in the ‘university’ category rather than in the ‘part-time employment’ category. Similarly, apprentices and trainees are classified in the ‘apprentice’ and ‘trainee’ categories rather than as employed although most of them are employed as a condition of their training.

- The figure classifies those who have deferred taking up a tertiary education in terms of their principal activity at the time of the survey. In 2008, 11% of the completer group indicated that they had deferred a place; of these, 46% were working full-time and 41% were working part-time. In 2009, the proportion of deferees had increased to 12% but the proportion working full-time had fallen to 35% and the proportion working part-time had risen to 49%. The economic downturn is likely to have had an impact on deferrals, and this is discussed later in the paper.

- The small proportion of completers who are neither in education/training nor the labour market (about 1% each year, mainly due to those who are travelling) are excluded from the figure.

---

4 In 2009 about 90% of the eligible population of completers consented to take part in the survey so the final respondents represent about 72% of the population; in 2008 the equivalent proportion was 68%.

5 About 80% of the eligible early leaver population consented to take part so the respondents represent about 42% of the 2009 target population.
The main changes from 2008 to 2009 evident from Figure 1 are:

- an increase in the proportion of completers enrolled in university at the time of the survey (up by 1.8 percentage points) although no change in the proportion enrolled in VET courses;
- a decline in the proportions engaged in employment-based training through apprenticeships or traineeships (down by 1.9 percentage points in total);
- a decline in the proportion working full-time (down by 2.5 percentage points) which is only partially offset by an increase in the proportion working part-time (up by 1.2 percentage points),
- an increase in the proportion of those unemployed and looking for work (up by 1.3 percentage points).

These changes are consistent with those that would have been predicted on the basis of previous economic downturns (see Hérault et al., 2009) and those reported at national level by Robinson and Lamb (2009). While the university-based pathway has become a more common destination for school completers, employment-based training and full-time employment have become more difficult to obtain. In aggregate terms, therefore, the proportion of those likely to be at risk in the transition process has increased from 2008 to 2009.

---

6 Part-time employment’ is defined as working less than a total of 35 hours per week in all jobs. In both years part-time employment averaged 20 hours per week and full-time employment averaged 40 hours.
Figure 2 records the education/training and employment destinations of those in the completer group who indicated that they had been offered a tertiary place but had deferred (11% of completers in 2008 and 12% in 2009). Deferral rates are about 2.5 times higher in regional Victoria than in metropolitan Melbourne, and the reasons for this are largely financially based. The need for most young people from rural and regional areas who wish to enter tertiary education to move away from home, and the substantial costs of doing so, are key factors in non-metropolitan areas experiencing much higher deferral rates. The fact that between 2008 and 2009 the proportion of deferees who had full-time jobs fell by 10 percentage points while those working part-time rose by 9 percentage points and those looking for work by 3 percentage points suggests that some of the 2009 deferees will find it much harder to finance their tertiary studies than in previous years.

Figure 2  Destinations of Year 12 or equivalent completers who had deferred a tertiary education place, On Track survey, Victoria, 2008 and 2009

*Not in the labour force, education or training; this group is not included in Figure 1.

Polesel (2009) has used longitudinal data to analyse the experiences of the 2006 cohort of On Track completers, and he found that not only were deferees from regional areas more likely to be from lower socio-economic status (SES) backgrounds than metropolitan deferees, they also had a lower eventual take-up rate of their places. The data in Figure 2 suggest that this situation could be exacerbated by the current economic downturn.

The 2009 survey asked the following direct question of respondents: Has the current economic situation influenced your decisions about what to do after leaving school? If they answered “Yes”, respondents were then asked In what ways did it have an influence? Responses to the latter question were recorded verbatim, and a coding frame was developed to classify the main types of influences the respondents identified.

In all, 22.4% of the Year 12 or equivalent completers group indicated that the current economic situation has had an influence on their decisions. There is no benchmark for assessing whether this proportion is high or low as this was the first year the question had been asked, but it does seem...
noteworthy that over in one in five completers indicated that the current economic situation has had an influence, especially when there is considerable research showing that most young people form their intentions and expectations about post-school destinations quite early in schooling (Khoo & Ainley, 2005).

Figure 3 records the main types of influences cited by those who said the current economic situation has influenced their decisions. In general, the influences cited are consistent with changes in the pattern of post-school destinations recorded in Figure 1. The most frequently cited influence (‘jobs/hours have become more important’, 17%) indicates the greater financial pressure school leavers now face while ‘can’t find a job’ (15%) shows that difficulties in securing work. Around 13-14% indicated that they had either ‘chosen a different career path’ or were ‘considering a different career path’. One in 10 cited an influence in terms of ‘encouraged me to consider study’ which is broadly consistent with the rise in university participation shown in Figure 1.

4. EARLY LEAVERS

Figure 4 records the main destinations of early school leavers (i.e. those who left school before completing Year 12) in April-May of 2008 and 2009 respectively. In broad terms the changes between 2008 and 2009 are similar to those recorded for Year 12 completers: increased proportions in education (VET in this instance rather than university); decreased proportions in employment-based training; a decline in full-time work; and an increase in the proportion looking for work. However, if anything, the changes look to be more marked for early leavers. This is consistent with the finding that earlier recessions have had a larger impact on young people with relatively low levels of education (Hérault et al., 2009).
Figure 4  Destinations of early leavers, *On Track* survey, Victoria, 2008 and 2009

Figure 4 shows that between 2008 and 2009:

- there was an increase in the proportion of early leavers enrolled in VET at the time of the survey (up by 2.9 percentage points);
- a decline in the proportions engaged in employment-based training through apprenticeships or traineeships (down by 4.7 percentage points in total);
- a decline in the proportions working full-time (down by 2.4 percentage points) or part-time (0.5 percentage points); and
- an increase in the proportion of those unemployed and looking for work (up by 4.7 percentage points).

In each of these regards the changes in post-school destinations recorded for early leavers were larger than those shown in Figure 1 for Year 12 for completers. This leads to the conclusion that the economic downturn has had a proportionately larger impact on early school leavers and led to an even higher proportion of them being in an at-risk situation.

In response to the direct question about whether the current economic situation has influenced their decisions about what to do after leaving school, 23% of early leavers indicated that it had. Again, this proportion appears reasonably large, and was slightly higher than the equivalent proportion of completers.

Figure 5 records the main types of influences cited by early leavers. While the broad pattern of responses is similar to that shown in Figure 3 for completers, the early leavers tend to cite the various influences in higher proportions: e.g. ‘jobs/hours have become more important’ (21%) and ‘can’t find a job’ (19%) are both about four percentage points higher than was evident among school completers.
5. CONCLUSIONS

The changes in Victorian school-leaver destinations from 2008 to 2009 reported by On Track are broadly consistent with those in earlier downturns. The proportions entering education (university for completers and VET for early leavers) have risen, the proportions entering apprenticeships and traineeships have declined, as have the proportions in full-time work. The proportions of those commonly cited as at risk in terms of making a transition to full-time work – part-time workers and the unemployed – have risen.

Around 23% of leavers indicated that the current economic situation has influenced their decisions about what to do after leaving school, and the influences cited are broadly consistent with the changes observed in post-school destinations. The quite high proportions of school-leavers who indicated that their decisions had been influenced implies that there considerable sensitivity in school-to-work transitions to the macro-economic situation, and volatility in the types of destinations open to school leavers and taken up by them. This underscores the importance of providing leavers with up-to-date information about labour market conditions before they exit, early identification and ongoing support for those experiencing difficulties post-school, and appropriate re-entry points into education and training along with the financial and other support to do so.

The proportion of completers deferring tertiary study has risen from 2008 to 2009, but smaller proportions of deferees are working full-time this year than before. This raises questions about their capacity to finance eventual entrance to tertiary education, especially for those living in regional areas where the financial pressures for deferral are much greater.

The economic downturn appears to have had a proportionately larger impact on early school leavers than completers, with quite marked falls evident in the proportions in apprenticeships and traineeships and in full-time employment, and a concomitantly large increase in the proportion unemployed and
looking for work. This suggests that the deterioration evident in the labour market since mid-2008 has led to an even higher proportion of early leavers being in an at-risk situation.

The On Track survey was conducted in April-May this year. As was shown in Table 1, the teenage unemployment rate in Victoria in the June quarter (when the survey was conducted) was 17.8%. By the September quarter the unemployment rate among 15-19 year-olds had increased further to 19.7%. This raises questions about whether the positive outcomes recorded at the time of the 2009 survey have been able to be sustained. It also raises the prospect that, without an improvement in the labour market, leavers from the class of 2009 could face an even more challenging environment in 2010.

REFERENCES


For further information about *On Track* and its publications see: