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ISSUES FACING HIGHER EDUCATION IN IRELAND



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ISSUES FACING HIGHER EDUCATION IN IRELAND

1. ROLE AND CONTRIBUTION OF HIGHER EDUCATION AND THE UNIVERSITIES

The principal purpose of higher education is to help learners acquire knowledge, skills and competency in the domain/s of their choosing. The public good is served by higher education, since it is established that many social and economic benefits arise from a third level education. Many of those public goods also express themselves as private goods for individuals undertaking higher education.

Prior to the passing of the Universities Act 1997, universities operated substantially independently according to their charters and statutes, while public funding was disbursed to them principally by the Higher Education Authority.

The passing of the Act codified the relationship between universities and the State including the objects of universities, the composition of Governing Authorities and Academic Councils and matters relating to staffing and finances.

Since that time, the role of universities has continued to expand and their relationship with the state has become more complex. The universities have become what might be termed “research intensive” institutions where research informs the teaching activity, as well as creating outputs intrinsic to the innovation economy. It could be said that this change occurred due to a combination of the internal motivation of the universities themselves, and an evolution of the State’s industrial policy. The latter was influenced by a combination of factors including changes to the EU State Aids regime, a desire to grow the sophistication of the industrial base, and in consequence, a recognition of the need for higher order skills and the growing importance of human capital in social and economic development.

In addition to the research focus, there has also been a growing expectation that universities and Institutes of Technology would become more engaged generally with the communities in which they reside. This has been reflected in issues such as access policy, civic engagement such as volunteering, and relations with economic actors including various forms of collaboration and commercialisation. It is also reflected in a more public profile for academics as sources of expertise and commentary in the media including broadcast, print and social media.

While globalization is a phenomenon affecting society generally, it is a major change factor for universities. Research and knowledge exchange are now global. This impacts the recruitment of both staff and students and is reflected in the rise of university ranking systems whose influence, despite their many flaws, cannot be gainsaid. It also impacts on the educational dimension, since many Irish graduates are internationally mobile and significant employment in the Irish economy is provided by transnational companies.

1.1 ISSUES

The diverse roles of universities and HEIs generally is recognized in the National Strategy for Higher Education to 2030. However, it is less clear that there is holistic thinking within government and the administration about the totality of its relationship with universities.

Issues of split and fit between short term/long term and broad/narrow arise in different contexts, but these important issues have not been considered holistically. The following are of particular significance:

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- The role of HE in meeting the educational needs of the broad economy and society versus those of specific industry sectors and segments;
- The choices offered to students in relation to curriculum, modes and timing of delivery.
- The value of the student experience, broadly defined, versus acquisition of sector/discipline skills and knowledge.
- The role of research in higher education. In particular the value of research and scholarship which underpins research-led teaching in research intensive universities, versus research that services specific industrial needs.
- The overall direction and shape of national research and innovation strategy, in particular, the relationship between short and long term aims for the economy and society.
- Lastly, the role of universities in “speaking truth to power” vis a vis their role as “servants” of the state.

2. SCALE OF PROVISION

The scale of higher education provision is influenced by national policy in regard to selectivity/massification and policy on research, demographics, the number of places offered by institutions, institutional and system level structures, the broader shape of the FE/HE system and progression routes within it, the structure of the economy and the economic circumstances prevailing from time to time and the funding model for higher education.

National policy in Ireland has been strongly in favour of massification and the existing funding models drive this. Due to the interactions between this policy, a growing population and the shape of the funding model, we have seen continual rises in the numbers entering higher education. However, massification remains uneven, with some socioeconomic cohorts being significantly underrepresented. In addition, non-completion rates vary significantly both by discipline and by the prior educational attainment level of entrants.

While the funding model encourages inter-institutional competition for student numbers and thus incentivizes increased provision in the short term, in the longer term, it reduces the unit of resource per student. This downward trend in

resource per student has been accelerated by absolute reductions in exchequer funding in recent years.

2.1 ISSUES

Is a policy of continued massification at undergraduate level appropriate taking account of:

- Variations in access patterns by socio economic group;
- Completion rates;
- Labour market expectations both in terms of numbers of jobs and skills requirements;
- Expectations for the system in terms of funding and human resources;
- Expectations for the student experience and quality of outcomes;
- In relation to postgraduate education and Level 10 in particular, is there sufficient alignment between national research policy and provision both in terms of student numbers and the disciplinary spread of funding?

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3. FUNDING AND OPERATIONAL MATTERS AND SUSTAINABILITY/PERFORMANCE

The current funding model for Irish higher education has its roots in the abolition of user-levied fees in 1996. In consequence of this, core funding to HEIs is divided between a fee amount paid by the State on behalf of each student and a formula funding amount paid also on a student numbers basis according to a subject price weighting. The other main component of funding is a student charge levied directly on students. These amounts have varied both absolutely and proportionally by significant amounts in recent years.

In the university sector reductions in exchequer funding together with increases in student numbers has seen a decline in the standard unit of resource for an undergraduate student (the combined unit of funding incorporating each of the three primary components of funding noted above) of 20.2% over the period 2008 – 2014. The decline in the recurrent grant standard unit of resource was 68.1% while the student contribution increased by 203%.

For the universities, total exchequer recurrent funding (excluding research) declined by €302.5m over the period from 2008 to 2014. The effect on HEI finances has been partially offset by the impact of centrally imposed pay cuts applied across the public sector (which delivered savings of €80m in the university sector over the period) and increases in the student charge – set to reach €3,000 in 2015/2016.

The balance between exchequer and non exchequer funding is impacted on by the State's payment of the student charge for grant eligible students – approaching half of the undergraduate population.

On the other hand, grant support was withdrawn for post graduate students in Budget 2013.

Staff: student ratios have increased from circa 1:20 to 1:23 in the universities over the same period a deterioration of 12%.

These are significantly higher than the OECD average of 1:14 in 2012.

In regard to efficiency of operations and cost to the state, universities have grown non exchequer income. Non-exchequer income (excluding research) has increased from €695m in 2008 to €818m in 2012 (18%) largely offsetting the significant reductions in public funding. Total income (excluding research) per staff member has remained largely stable decreasing only marginally to €150k. Non-exchequer income (excluding research) per staff member however has increased from €71k in 2008 to €86k in 2012 an increase of 20%.

Significant work has been undertaken on shared procurement, this now falling under the aegis of the office of Government Procurement. Significant internal changes have also taken place including a revised academic contract, full economic costing, performance management and workload allocation. All of these efficiencies and changes have been implemented at a time when public sector pay cuts has resulted in reductions of between 13% to 23% in take home pay for staff.

3.1 ISSUES

The combination of falling income and rising student numbers has raised fears of a crisis in quality and sustainability in Higher Education.

- To what extent has this crisis been masked due to the duration of the educational cycle where by the full consequences of the cutbacks on the quality of Irish higher education as entrants take several years to enter the workforce?
- To what extent has it been further marked by lags in the investment cycle – for example, how long

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- can investment in renewal of critical facilities and infrastructure be delayed?
- While ranking systems are an insufficient measure of quality, is it tenable for a country which markets itself to Foreign Direct Investment on the basis of the quality of its graduates, to see a continuing decline in the ranking of its university system?
- What effect will declining investment have on the attractiveness of Ireland's higher education system to international students?
- Given the fact that real wages in the sector have fallen substantially, that non pay efficiencies have already been achieved and that institutions have no control over the wage setting mechanism, is there any significant room for manoeuvre in these areas in response to the funding crisis?
- In regard to student-staff ratios, is it tenable for a system which is seen as pivotal to the competitiveness and quality of the nation's human capital to maintain ratios which are substantially out of kilter with those of competitor economies?
- As regards, sources of investment, should the decline in public funding be arrested and turned around, particularly as exchequer returns improve and also taking account of the fact that Higher Education increases chances of employability and falling unemployment creates a virtuous circle in public expenditure and investment?
- Given the very high proportion of the student charge paid by the State, does the grants mechanism need to be reviewed and possibly overhauled?
- As regards individual contributions is there scope to increase student contributions in light of changing economic circumstances?
- Should such contributions be uniform or vary by discipline and/or the private returns accruing from particular qualifications/occupations?
- If there is no real prospect of increasing public or private funding in the short term does supply of places need to be constrained (i.e. capping, or reducing, places) to prevent further declines in the quality of the student experience?

4. REGULATION

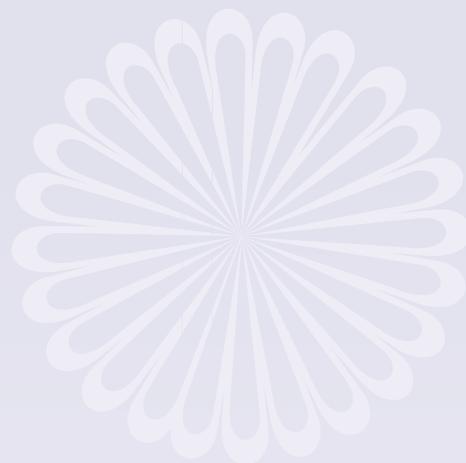
Ireland has a statutory framework for universities which is strongly grounded in institutional autonomy and academic freedom. This is less the case for Institutes of Technology. A positive development in the regulatory environment is reflected in the *HEA System Performance Report* and the Strategic Dialogue process has brought increased transparency and a stronger evidence base to the evaluation of the performance of Higher Education in Ireland. A further

positive development is recognition in recent draft legislation of the reform proposals put forward by universities aimed at streamlining and strengthening internal governance. However, such positive developments need to be viewed against a backdrop of increased external regulation by the state, particular in relation to human resources: such regulation having the potential to limit scope for innovation and efficiency in universities.

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4.1 ISSUES

- In light of the significant change in the balance of public and private investment in universities should the regulatory framework for universities be overhauled to reflect this – for example using the commercial semi-state model?
- Specifically, should human resources regulation be amended to recognize HEIs' autonomy as employers, subject to accountability measures which safeguard state investment?
For example, is it appropriate that the state negotiate collective agreements with staff representatives of HE employees without the concurrence of HE sector management?
- Should universities determine a remuneration architecture appropriate to their specific needs and circumstances subject to ensuring that contingent liabilities are not created for the state?
- Should the delayed Corporations Framework provided for in the Universities Act 1997 but not implemented by the State be put in place and structured in such a way as to allow universities and their staff to engage in more entrepreneurial activity and thus improve the overall funding situation?



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