

REVIEW OF STATE FUNDING OF THE UNIVERSITY SECTOR

November 2000

1. Background

This paper reviews and evaluates patterns in state investment in universities over the last decade, by reference to trends in recurrent funding allocations, costs, student numbers and capital funding. These are analysed and comparisons noted with other Third Level institutions (I.T.s and N.I. universities).

The aim of the paper is to:

- a. Determine whether overall state funding of universities has kept pace with real increases in costs;
- b. Establish whether state funding of universities measured on a per capita basis has declined in real terms, and
- c. Establish priorities for state investment in universities.

The paper will be updated when unit cost information for 1998/99 is available and analysed.

In performing a review of university funding, it is critical to recognise the influences impacting on all parties involved - universities, HEA and DES. The factors both quantitative and qualitative set out below, are central to the current funding process.

In general, fundamental cultural differences exist between the modus operandi of the universities which is primarily the pursuit of academic, research and related activities, and the financially conservative administrative approach of the DES/HEA which focuses mainly on the allocation of and accountability for state funds.

The nature of the universities' relationship with the HEA in a funding context, is essentially administrative in nature as the HEA is viewed as the funding arm of the DES. A model known as 'investor partner' is currently being considered by the Higher Education Funding Council in the UK. The model is intended to be a departure from the more traditional funding role with two key features: 1. investment by the funding agency in Higher Education Institution programmes which support government policies and 2. recognising the mutual dependency between funding agencies and HEI's in achieving their respective objectives.

2. Challenges and Issues for the Parties under the Current Funding Process

2.1 Challenges for the Universities

2.1.1 A clearly articulated public funding/investment policy for the Third Level Sector does not exist. Reports have been commissioned on aspects affecting funding decisions, however the considerations and recommendations raised have not been developed into a comprehensive strategic funding and investment framework.

2.1.2 Timing of the Annual Budget Allocation: The universities' budget administered by the HEA, is based on a calendar year commencing three months into the related academic/financial year.

In recent years, university funding has been announced approximately six months into the financial year.

There are two key consequences arising:

(i) Universities are required to operate on a breakeven basis under the Universities Act 1997 and are not permitted to establish financial reserves. Therefore, in order to comply with the Act, a restrictive and conservative financial approach must be taken in order to avoid incurring a deficit. In practical terms, discretionary spending is minimised until the universities are advised of their budget mid-way through the financial / academic year.

(ii) The absence of timely information on financial resources, interferes with decisions central to the realisation of the universities' objects under the Act.

This Government practice contrasts sharply with the U.K. where the Higher Education Funding Council announces funding in March of each year in respect of the forthcoming academic year.

2.1.3. What is funded by the Core Grant? It has not been the practice of the HEA/DES to provide a breakdown of the core grant to universities. Frequently this results in negotiation later in the year for additional (supplementary) funding. This practice again contrasts with a more transparent process in the U.K. whereby the core grant is allocated into teaching and research tranches according to mathematical formulae applied for each institution.

2.1.4 Absence of a Budget for Capital Projects: There is no formal ongoing HEA/DES capital grants budget for universities. In the universities' view, there is an implicit assumption on the part of HEA/DES that the existing infrastructure can cope with expansion of the student population and other developments. The universities are forced into providing funding from the recurrent budget to finance shortfalls in capital funding for the provision of additional lecture, laboratory, research, library and central services space and facilities, equipment and necessary maintenance work. This results in the recurrent budget being stretched beyond the scope of its intended uses and causes cutbacks in the support required for programmes and services. It has also resulted in a growing cumulative deficit in infrastructural needs.

2.1.5 Increased Intake of Students: Universities have demonstrated a willingness to support Government policy of increasing third level participation rates and have taken on additional students on the basis of funding available when commitments for ongoing recurrent and capital funding have not been forthcoming from the HEA. The government has been quick to point to increases in third level enrolment as a key factor in the country's economic success, but because of inadequate state investment, universities have subsidised this expansion.

2.1.6. Fee Increases: There appears to be a perception by the DES/DoF that recent annual fee increases are excessive and ahead of inflation costs. C.H.I.U. submitted a fee model for 2000/01 to the HEA/DES with the intention of improving transparency in the process by which a fee increase is sought. However, this approach did not yield a result and the fee increase was settled on political rather than financial grounds.

2.1.7. Fee Income: Since the introduction of the Free Fees Initiative in 1996/97, the DES has held the view that fee income is an aspect of state funding of universities. This is strongly contested by the universities who maintain that the fees are paid by the State on behalf of the student.

2.2. Issues for the HEA/DES

2.2.1 Value For Money - There seems to be a view among politicians and public servants that resources are not used efficiently in the universities, a view supported by the findings of the Comptroller & Auditor General's Report on Value for Money on Procurement in 1996. The universities acknowledged that increased efficiencies could be achieved by professionalising their procurement operations and are working to secure procurement savings to be used to increase the universities' resource base.

2.2.2. Public Financial Transparency & Accountability: There appears to be a public perception fuelled by the media, that universities don't provide financial transparency and accountability. This issue receives widespread attention in the media/public domain annually prior to the announcement of the fee/student charge increase for the forthcoming academic year, when demands are made for greater transparency and accountability by the universities.

2.2.3. Financial Transparency & Accountability - DES/HEA: The above demands plus the fall out from C&AG reports and PAC hearings, puts pressure on DES/HEA to require increased numbers of and more detailed returns of information from universities. Universities do not always generate timely financial information for internal purposes or for submission to the HEA. However management information systems across the sector have been inadequate to support the range of services provided by the universities, a fact which has been recognised by the HEA. Since 1996, some support for MIS investment has been provided through Targeted Funding, which however falls far short of the required scale of investment in new systems. As a consequence, universities have had to eat into their budgets to provide significant additional funding for what is a basic modern management and planning facility.

Other factors may impinge on the availability of financial information. In the case of costings, unit cost information for the sector for the year ended 30th September 1999 will not be available until November 2000. *Although late submissions were made by a number of universities, the HEA encountered technical difficulties resulting in this unprecedented delay.*

3. Review of Financial Information

State funding of universities is administered by the HEA on behalf of DES. Allocations are made on an ad-hoc basis although it was not always intended that this should be so.

From the academic year 1992/93, a Funding Mechanism was introduced by the HEA. It set out a distribution structure for sources of funding as follows:

State Grant 62.0%

Fees 31.7%

Bank Interest on Grant 1.3%

Other Income 5.0% (Other interest, P/G fees, sponsorship etc)

3.1 It has been acknowledged by all parties, that the funding formula of the mechanism has not been applied by the HEA for a number of years. This fact is illustrated by an analysis of the change in composition in university income. In 1991/92, the core grant constituted 63% of sectoral income, by 1998/99 this had fallen to 57%. (Table 1)

3.2. A review of HEA allocations from 1994 to 1998 indicates that ‘total core funding’ (core grant per HEA analysis adjusted to include funding for skills initiatives, minor works and supplementary grants) comprised in excess of 90% of the HEA’s annual grant allocation under Subhead II.B.2. (net of Free Fees Initiative). However from 1995, the core grant was augmented annually by a supplementary grant of between 1.5% to 9.5% of the core grant. This supplementary grant was provided to universities in December of each year (i.e. the subsequent university financial year). Until formally advised, the universities could not assume that a supplementary allocation would be made, introducing further complexities into the financial management process.

3.3. The ‘total core funding’ as defined above, which was allocated by the HEA between 1994 and 1998 increased by 33%. However, when this is discounted to allow for pay arrears included in the 1998 supplementary grant, it is estimated that ‘total core funding’ increased by approximately 25% (Table 2) while relevant university costs increased by 36%.

3.4. An analysis of movements in the HEA’s annual grant allocation to universities (under Subhead II.B.2. - net of Free Fees Initiative) relative to student numbers, pay awards/CPI, indicates the following over the period 1993/94 - 1997/98:

- - The annual grant allocation (net of free fees) increased by 23% and *student numbers* by 18%. (Table 8)
- - The *average unit cost per student* as calculated by the HEA model, increased by 18%. (Table 10)
- - Pay awards and CPI increased by approximately 28% and 8% respectively based on agreed pay awards and CSO data. University financial statements indicate that these factors, combined with

expansion in the student population, translated to an *increase in total university costs* of 30%.

- - While it should be recognised that a significant proportion of pay awards were paid in 1998/99 in arrears, it is evident that increases in costs have not been proportionately funded by the state grant. Further analysis of this information will be undertaken when 1998/99 unit cost information is available.
 - As noted in 2.1.2., universities operate on a breakeven basis from year to year. The shortfall in state funding has been met in two ways:
 - 1. The HEA annual grant allocation (net of Free Fees Initiative) increased by 23% from 1994-98, fee income increased by 50% and other income by 76%. As direct income from the state as a proportion of total income has fallen (Table 1), fees and other income have been used to subsidise the income required;
 - 2. Financial constraints have contributed to the following - staff/student ratio declining by 5%, difficulties in recruiting administrative staff, insufficient administrative research support, inability to implement quality improvement recommendations.

3.5 A comparison in growth of the annual grant allocation (net of free fees) relative to student population from 1994-98 across the sector indicates that while the allocation (discounted for pay arrears) increased by 23%, student numbers increased by 18%, resulting in an increase in funding per student of 4.5% (Table 5). A cursory review of similar information for the Institutes of Technology, indicates that the state grant increased by 31%, student numbers by 20%, and funding per student by 8.8% over the same period. This is reflected on a per capita basis as follows: in 1993/94, universities were being funded at 1.9% below the IT level. By 1997/98, universities were being funded at 6% below the I.T. level. It is understood that this differential between universities and I.T.'s would be even greater if pension funding arrangements were taken into account

3.6 This funding level must also be assessed in the context of staffing. The universities' staff / student ratio has decreased by 5% over the period 1991/92 to 1997/98 moving from 19 students per academic staff member to 20 (Table 4). This level is particularly high when compared to the Institutes of Technology with staff/student ratios of 13.1 and 13.7 over the same period. The 2000 edition of the OECD's Education At A Glance report indicates that the OECD average for Third Level is 14.6 students per staff member. The universities have expressed concern at the impact on quality resulting from the high ratio. However the HEA in unequivocally stating that funding is not allocated on the basis of staff/student ratios, choose to ignore the direct consequences of low unit costs.

3.7 A review of funding for universities in Northern Ireland indicates fluctuations in funding levels from year to year. Funding is allocated according to the UK system, whereby the grant is divided primarily between teaching and research. In 1993/94, per capita funding was Stg£2,808 increasing to Stg£2,856 by 1997/98: +2%. In the interim, the grant was boosted by transfers from capital and as compensation for a

reduction in fee income thus distorting comparisons with C.H.I.U. universities. For 1997/98, the staff / student ratio was 15:9.

3.8. All countries with aspirations to have knowledge driven economies are striving to increase third level participation rates. Irish universities have played their part in expanding student numbers, a factor which has been acknowledged by governments as a key element in driving the country's economic development over the last decade. This expansion has been achieved without adequate state funding of the universities as measured by the movement in per capita unit costs relative to funding. Over the period 1994-1998, the average unit cost per student increased by 18% (Table 10), however per capita funding based on the annual grant allocation (net of free fees) increased by just 4.5%

The concentration of expansion in numbers has been at undergraduate level resulting in a low proportion of the student body engaging in postgraduate research. It has to be a key strategic and economic social development aim for the country to expand greatly the number of postgraduate research students. However sources of funding available to such students are strictly limited to, for example, Government of Ireland scholarships, Enterprise Ireland grants, sponsors and in some instances scholarships derived from totally inadequate university based initiatives. The universities consider both the level and range of funding for postgraduate students to be grossly deficient and note the National Development Plan proposal to develop schemes of postgraduate and postdoctoral supports for researchers. The numbers and quality of postdoctoral researchers will be dependent on an immediate drive to increase substantially the number of postgraduate research students.

3.9. As noted in 2.1.4. above, it has historically been the practice for universities to transfer recurrent funds to capital reserves. The HEA has noted in correspondence and annual reports that it "*recognises the need for transfers to capital* but only in circumstances where a saving on recurrent account has been achieved without detriment to required recurrent expenditures. **Given the expansion in student numbers in recent years and the fact that any capital funding available has been for targeted programmes, institutions have had to look to every possible source of funding for capital development.** The HEA has informally acknowledged that there is a significant infrastructural deficit across the sector. In C.H.I.U.'s submission to the National Development Plan 2000-2006, it was estimated that £460m would be required to expand and modernise infrastructure, facilities and equipment.

For the years 1997/98 and 1998/99, transfers from recurrent grant to capital reserves were of the magnitude of £14m per annum. *Appendix 1 sets out equipment and capital transfers to capital from recurrent from 1994-1999.* The universities are of the view that especially in the absence of specific capital being provided, transfers in respect of equipment in particular, constitute part of recurrent expenditure and an agreed accounting treatment within the sector. It is also the universities' view that these transfers have been essential in order to fund necessary building maintenance and capital projects in the absence of a HEA capital grant programme and in carrying them out, they are in compliance with Section 13(1) and 14(1) of the Universities Act.

A review of HEA capital grants received from 1994 - 1998, would support the universities' assertion (Table 9). The level of capital funding has fluctuated

significantly from year to year and decreased in absolute terms in 1998. Over the period, capital funding per student has increased by 13%, compared with an increase in students of 18%. The level of capital funding per student (Table 9), indicates very low levels of state support and equipment funding levels actually declined between 1994 and 1998 by 15%. The equipment deficit for research in 1995 was estimated (exclusive of teaching) at £50m. Hence, recurrent grant transfers to capital are not subsidies but are funds diverted from their intended purpose by necessity. The universities have expressed their concern at the impact of the infrastructural deficit on students and graduates.

3.10. Recovery of Research Overheads: Universities are required under Section 13(b) to promote and facilitate research. It is widely acknowledged that state funding of university research has been grossly inadequate. Universities have been forced to pursue funding from the EU, Foundations and state agencies in order to provide and sustain a credible research programme. Contracts have been won at a cost to the teaching budget because of the lack of provision for overhead costs by the research funding bodies.

The rates by which overheads can be recovered from state and EU programmes vary widely. However, the expenditure must be incurred and in the absence of such recovery, the shortfall must be met through state recurrent funding.

The Programme for Research in Third Level provides such an example: Universities have undertaken significant commitments under the above programme even though it was acknowledged that funding shortfalls would arise from the start. For example under PRTL Cycle 1, analysis indicates that the universities will be underfunded by an estimated £3.2m on research overheads and £3.7m in respect of recurrent building costs.

In respect of Science Foundation Ireland Grants for the Technology Foresight initiative, a prescribed overhead recovery rate of 15% of pay costs is to be applied. The universities consider that this parsimonious level cannot sustain a programme of world class research as it is inadequate to meet the real costs of accommodating the research projects. This level of overhead recovery is significantly below international norms which range between 40% and 150% based on total costs. It will impact negatively on the recurrent teaching budget which must absorb any shortfall.

3.11. Quality Assurance: The universities have been pursuing the implementation of Quality Improvement recommendations arising from Quality Assurance exercises. However resource constraints have frustrated these efforts. The HEA has acknowledged the importance of QA at a national and international level. Universities have requested additional funding from the HEA to facilitate the establishment of management structures and to continue implementation of recommendations. It is estimated that additional annual funding in the order of 2% of the universities' budgets would be required to operate a credible QA/QI system.

3.12. Legislative Requirements Imposed on Universities: Legislative developments have imposed additional requirements on universities in terms of resources, training and implementation for the Freedom of Information, Copyright and Safety, Health &

Welfare at Work Acts. In particular funding is to be sought in respect of the following:

Freedom of Information: Officers will be required for each university and together with training and implementation costs it is estimated that £1.5m p.a will be required for the initial period across the sector.

Copyright: Officers will be required for each university to monitor compliance, training and implementation costs will be also be incurred and substantial licence fees payable. It is estimated that £1.8m p.a. will be required sectorally.

4. Other Key Factors

4.1 As previously noted, universities do not receive an analysis of their annual grant from the HEA. As a consequence, circumstances have arisen (for example in 2000) where subsequent to finalisation of annual budgets, the universities have been informed that certain expenditure is in fact provided for within the grant. This cannot be disproved, and hence the universities cannot control funding allocated through the grant.

4.2 An analysis of core grant between universities relative to student population, indicates that the allocation mechanism used by the HEA is not particularly responsive to population changes within the sector (Table 6). Annual allocations tend to be made on a historical basis with adjustment of the baseline by the level of cost increases and targeted funding. The Unit Cost model is used to inform but not as the basis for funding allocations. The model is very limited in scope focusing on narrow financial criteria with no apparent regard for qualitative issues. In practice, universities could obtain favourable unit cost results with large classes, low student/staff ratios as the model focuses on a perspective of cost efficiency rather than cost effectiveness.

4.3 In July 1999, monthly tranching of the recurrent grant was introduced. A review of cash balances at 30.9.98 and 30.9.99 (Table 3) indicates that despite concerns expressed that cash flows would be negatively impacted, sectoral cash balances have continued to be recorded at material levels. The information could be used in a funding context, to argue that the universities have sufficient cash at their disposal. However, it is critical to note that the balances include fee tranches received from the HEA (which continue to be front loaded), together with PRTL and other specific funding.

4.4. University Infrastructure: In order to address the sector's infrastructural deficit, in 1999 C.H.I.U. made a submission for the National Development Plan 2000-2006: "*Guaranteeing Future Growth*". The report proposed the following comprehensive investment programme which the universities considered necessary to maximise their contribution to the economy: modernisation £460m, Research/skills £490m, Centres of Excellence £210m and others totalling £1.5Bn. It is unclear what provision is made for university infrastructure within the NDP Education and Training Infrastructure provision of £1.626m and Education R.T.D.I. Provision of £550m.

5. Conclusions:

5.1. State funding per capita (1994-98 +4.5%) has not increased in line with related unit costs per capita (1994-98 +18%). Annual grant allocations (net of free fees) (1994-98 +23%) have not kept pace with the related increase in sectoral costs (1994-98 +36%). Universities are required under the Universities Act 1997 to operate on a breakeven basis. Therefore if state funding levels are not proportionately meeting costs, funding from fees and other income must be diverted to meet the shortfall.

5.2 The universities' staff / student ratio has decreased by 5% in recent years and at a level of 20:1, is far in excess of the OECD average. The universities have expressed concern at the resulting impact on teaching quality together with the negative impact of time available for undertaking research. Funding of universities must be provided in a manner that promotes quality in teaching and research and not simply as informed by an administratively convenient mechanistic unit cost system.

5.3. In the absence of a regular provision for capital funding, monies must, at a cost to teaching and other services such as delays in filling staff posts and depressing the staff/student ratio (5% decline from 1991/92 to 1997/98), be diverted from the recurrent state grant to provide facilities for the expanding student population. In addition, new buildings (for example under PRTL) are not funded in recurrent terms. These factors contribute to the ongoing infrastructural deficit across the sector.

5.4. For research and other programmes where overhead cost recovery is far less than expenditure incurred, the shortfall must be met by the universities through resources diverted from core operations funded by the recurrent state grant.

5.5. In 1993/94, universities were funded per capita at 1.9% below the ITs. By 1997/98, university were funded per capita at 6% below ITs. In addition, certain programmes place restrictive conditions on the universities which are not imposed on the IT's, (for example, ITs have received major capital funding for skills initiatives and expansion and unlike the universities, did not have to raise private funding to support government programmes.

6. State Investment Priorities For Universities in 2001 - C.H.I.U. Objectives

The National Development Plan (NDP) to a large extent sets the state investment context for the universities until 2006. However, the universities have not been made aware of the breakdown of the financial provisions made under the National Plan in respect of Education and Training Infrastructure, Education R.T.D.I. or Quality Assurance, nor have they been informed of proposals for programmes to be funded under these provisions. C.H.I.U., on behalf of the universities, and in the context of continuing their partnership with the government in developing higher education and research, seeks consultations with the Department of Education and Science and the HEA as an input to the decision making process on the implementation of provisions of the NDP relevant to the universities.

State investment strategies for the next six to seven years have to be based on the firm foundation of addressing current deficits in the funding framework of universities. The success of new developments in education and research will depend on current deficits and impending increased costs being realistically addressed.

This paper has illustrated that investment in a number of key areas is required as a matter of urgency in 2001 to enable universities to address capital infrastructure deficits, to fund recurrent research costs and to comply with legislative requirements.

It is C.H.I.U.'s view that investment in respect of the areas set out below is essential to 1) address specific deficits in these areas and 2) to protect against the continuing erosion of the teaching budget which has resulted in the funding anomalies set out in 5. above.

1. Capital

- - **Infrastructural Deficit** - Capital investment of £20m p.a. for the next six years, to address the sectoral infrastructural deficit and funding for ongoing maintenance.
 - Small Capital Projects Allocation - Provision of a formal annual allocation of £10m p.a. in respect of such projects.
 - Equipment grants - An annual funding provision of £15m p.a. for ongoing upgrading and replacement of equipment for the next six years. In addition, grants for specific research projects should cover the related equipment costs.

2. Research

- - **Programme for Research In Third Level** - Provision of recurrent funding to meet ongoing costs of capital developments undertaken under PRTL and its successors, on the basis of area and to include a provision for inflation. (For PRTL Cycle 1, the deficit on recurrent costs was estimated at £3.7m for the sector).
 - **Research Overheads** - Provision of research overheads from state agencies at an internationally comparable level and at a minimum 50% of direct total pay costs (to include pension and PRSI).
 - **State Support For Postgraduate research students** - Funding for tuition fees plus a stipend of up to £15,000 p.a. The National Development Plan provides for schemes of postgraduate supports for researchers.

3. Quality Improvement - Provision of additional funding at a level of 2% of the university budget (approximately £8.5m for the sector), to implement Quality Assurance / Quality Improvement requirements of the Universities Act.

4. Copyright - Funding of £1.8m p.a. to defray estimated costs from compliance with the requirements of the Act, to be provided as soon as possible.

5. Freedom of Information - Funding of £1.5m p.a. for initial years, to support implementation costs arising from the extension of the Act to universities.

TABLES 1 - 10

TABLE 1 - Funding Profile from 1991/92 to 1998/99:

	91/92	92/93	Change	93/94	Change	94/95	Change	95/96	Change	96/97	Change	97/98
Actual	%	%	YoY	%	YoY	%	YoY	%	YoY	%	YoY	%
State Grants	63%	60%	9%	60%	8%	58%	2%	57%	6%	56%	7%	54%
Academic Fees	33%	35%	19%	36%	13%	38%	11%	38%	8%	38%	9%	40%
Misc. Income	4%	5%	31%	4%	-6%	5%	28%	5%	9%	6%	35%	5%
TOTAL	100%	100%	14%	100%	9%	100%	6%	100%	7%	100%	9%	100%

Source: University Financial Statements

TABLE 2: 1992-1999: Trends in ‘Total Core Funding’ (core grant per HEA analysis adjusted to include funding for skills initiatives, minor works and supplementary grants) **relative to increases in Student Numbers and Funding per Student**

	Total Core Grant Incl. Skills Initiative, Min Wks, Supple.Grant	92-98 %Inc	94-98 %Inc	92-99 %Inc	94-99 %Inc	Increase in Student Nos		Student Population [^]	Core Funding Per Student	Increase in Core Funding per student	
						93-98	94-98			92-98	94-99
1992	117,365,000							46,394	2,530		
1994	145,147,000							53,738	2,701		
1998	193,392,000	65%	33%			36%	18%	63,199	3,060	21%	13%
****	181,392,000	55%	25%						2,870	13%	6%
1999	204,612,000			74%	41%			N/A	N/A		

****: 1998 Grant has been discounted for pay awards relating to prior years which were paid through the 1998 supplementary grant received in December 1998 (financial year 1998/99).

From the total of £16.5m, £8m related to 1995-1997 arrears. In addition, an assumption has been made that a maximum of £4m of the balance relating to 1998 was actually paid in 1997/98. This assumption was made in order to attempt to match HEA funding against expenditure in the 1997/98 financial statements. Although specific payment arrangements differed between universities, sources indicated that it was likely that the bulk of pay arrears were settled in 1998/99, (in the same period as funding was received). Trends in state income from the financial statements from 1994-98 indicate that this is a reasonable estimate.

^: An adjustment has been made to account for part-time students on the assumption that 1 P/T = 0.5 FTE.

N/A: Not yet available

Source: HEA

TABLE 3: UNIVERSITY CASH BALANCES

Source: University Financial Statements

As of:	30 th September 1998	30 th September 1999
	£'000	£'000
Total	109,200	124,32

TABLE 4: STAFF/STUDENT RATIOS: Universities Vs. Institutes of Technology

Universities	1991/92	1993/94	1997/98
Undergraduate	24	24	24
Postgraduate	11	11	12
Total	19	19	20
Institutes of Technology	N/A	13.1	13.7

Source: Unit Cost data and DES

NOTE: IT student numbers available are based on enrollment whole time equivalent statistics and therefore comparable to universities' student statistics (which are sourced through unit cost returns as adjusted for p

TABLE 5: Comparison of HEA's Annual Grant Allocation (under Subhead II.B.2. - net of Free Fees) University Sector Vs. I.T.'s.

University Funding per capita	2,925	3,057
Increase in funding 94-98 4.5%		4.50%
I.T. Funding per capita	2,980	3,241
Increase in funding 94-98		8.80%
Difference in funding level between university and IT students	1.90%	6%

NOTE: IT student numbers available are based on enrolment whole time equivalent statistics and therefore comparable to universities' student statistics (source: unit costs adjusted for undergraduate part-time).

TABLE 6: Analysis of Intervarsity Recurrent Core Grant Allocation 1995 to 2000 Relative to Change in student number levels (where available)

	2000 Core	1999 Core	1998 Core	Students 97/98		1997 Core	Students 96/97		1996 Core	Students 95/96		1995 Core	Students 94/95
UCD	30.00%	30.30%	30.20%	26.30%		30.00%	27.50%		30.00%	27.80%		30.00%	28.90%
UCC	17.50%	17.50%	17.40%	16.80%		17.50%	19.90%		17.50%	17.10%		17.40%	17.50%
NUIG	11.80%	11.80%	12.00%	12.50%		12.20%	11.60%		12.10%	11.70%		12.10%	12.10%
NUIM	5.60%	5.50%	5.40%	6.90%		5.40%	7.10%		5.40%	6.90%		5.30%	6.70%
TCD	19.90%	19.90%	20.00%	18.10%		20.00%	17.90%		19.80%	17.70%		19.80%	17.90%
UL	8.70%	8.50%	8.60%	11.20%	#	8.60%	10.90%	#	8.60%	11.10%		8.70%	9.50%
DCU	6.50%	6.60%	6.40%	8.20%		6.50%	8.10%		6.50%	7.60%		6.70%	7.40%
	100%	100%	100%	100%		100%	100%		100%	100%		100%	100%

Source: HEA and Unit Cost data

TABLE 7: Sectoral Expenditure Profile and Increases Year on Year 1991/92 to 1998/99

- Actual

	91/92	92/93		93/94		94/95		95/96		96/97		97/98		98/99	
Pay	66%	67%	14%	67%	9%	69%	8%	68%	6%	69%	7%	65%	7%	68%	18%
Non-Pay	34%	33%	10%	33%	9%	31%	-3%	32%	13%	31%	3%	35%	29%	32%	5%
TOTAL	100%	100%	13%	100%	9%	100%	4%	100%	8%	100%	6%	100%	14%	100%	14%

Source: University Financial Statements

TABLE 8: Summary Tables of Statistics:

Actual increases in 'Total Core Funding'* Relative to Increases in:

- CPI and Pay Costs
- Student numbers
- Fees

	1993/94	1994/95	1995/96	1996/97	1997/98	1998/99	1993/94 to 1997/98
'Total Core Funding' (incl skills initiative, supplementary, minor works)	6%	2.5%	8.7%	3.1%	13.7%	4.8%	+30%
'Total Core Funding' (with supplementary grant discounted to reflect arrears)	6%				7.1%		+23%
Increase in salary costs	Based on agreed pay awards (approximately)						+28%
CPI	Based on CSO data						+8%
Increase in university costs	Based on financial statements (Harmonisation was implemented for 97/98, an adjustment was made for comparative purposes based on amounts transferred to capital in 1997/98).						+30%
'Total Core Funding' per capita (Table 2)	2,701				2,870	N/A	+6%
HEA grant allocation per capita (net of free fees)	2,925				3,057	N/A	+5%

(Table 10)							
Student Numbers - Increase In U/G	6%	3%	5%	3%	5%	N/A	+17%
Student Numbers - Increase In P/G	10%	1%	5%	6%	5%	N/A	+19%
Student Numbers - Overall Increase	7%	3%	5%	4%	5%	N/A	+18%
Staff student ratio	19	19	19	19	20	N/A	-5%
Fees Increase	5%	4%	4%	4%	4%	4%	+17%

N/A: Not yet available for 1998/99

Sources: HEA, Unit cost data

*: 'Total core funding' is defined as core grant per HEA analysis adjusted to include funding for skills initiatives, minor works and supplementary grants.

TABLE 9:

Capital Funding - 1994-1998					
	1994	1995	1996	1997	1998
Buildings	12,105,605	13,256,898	18,200,500	17,088,180	16,815,000
Capital	2,000,000	4,000,000	0	2,311,821	2,000,000
TOTAL	14,105,605	17,256,898	18,200,500	19,400,001	18,815,000
Annual Increase in funding	-17%	22%	5%	7%	-3%
Student Population (as adjusted for U/G part-time)	53,738	55,150	57,188	60,272	63,199
Funding per student	262	313	318	322	298

Increase in funding per student						
1994 - 1998						13%

Source: HEA

TABLE 10:

TOTAL HEA Grant Allocation (under Subhead II.B.2. - net of Free Fees Initiative)				
	1993/94	1997/98	Increase	
Total HEA Grant Allocation per capita ***	2,925	3,057	4.5%	
TOTAL AVERAGE UNIT COST PER STUDENT				
	1993/94	1997/98		
Average cost per Undergraduate student	3,737	4,384	17%	
Average cost per Postgraduate student	7,133	8,452	19%	
Average Costs per student - overall	4,463	5,264	18%	

***: Included for indicative purposes only as universities are not funded on this basis (which assumes that all funding is directly expended on the student.)

Source: HEA & Unit Cost Data

UNIVERSITIES							
TRANSFERS TO CAPITAL - ANALYSIS							
	1994-1999	1994-1999	1999	1999	1998	1998	1997
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
	TOTAL	TOTAL	CAPITAL	EQUIPMENT	CAPITAL	EQUIPMENT	CAPITAL
	CAPITAL	EQUIPMENT					

UCD	3598	6218	2427	2087	700	1790	0
UCC	2553	10825	228	2345	380	2379	798
NUIG	4987	2680	0	329	692	694	2170
TCD	8203	6668	2200	862	2170	1276	1750
NUIM	4661	2931	0	446	1260	491	861
DCU	4185	5359	200	850	0	885	0
UL	4469	6809	945	606	1285	1132	720
TOTALS	32656	41490	6000	7525	6487	8647	6299