



**Conference of
Heads of Irish
Universities**

**The Future
Funding of the
Irish University
Sector**

FGS Consulting

November 2003



Foreword

While it has long been acknowledged that education at all levels is essential for our economic and social well being, the last 10 years have seen an unprecedented focus on the role of our third-level institutions in the development and continued health of our economy which is increasingly knowledge-based.

At European Union level there is a recognition of the need for extensive increased investment in universities in order to achieve its objective of becoming the most competitive and dynamic knowledge-based economy in the world.

The Irish Government in turn recognises that higher education is fundamental to our continued international competitiveness and has set itself the objective of placing our higher education system in the top rank of the OECD and to create a world class research, development and innovation capacity in Ireland.

Conscious of these national objectives and amid growing concerns regarding immediate short term funding of higher education, C.H.I.U. commissioned FGS Consulting to prepare this paper on the future funding of the university sector in Ireland.

The key message emerging from this exercise is that Ireland's third-level funding regime is around mid-table of OECD countries and unless investment is increased the relative gap between Ireland and the top rank of OECD countries will widen, making our national goals unrealistic and unobtainable. Not only is the quantum of funding going to our universities insufficient, the current funding model is incompatible with future funding requirements.

The rather one-dimensional debate earlier this year on the re-introduction of third-level fees failed to identify and address this key issue. The reality is that the abolition of fees has resulted in a net decrease in funding in real terms and Irish universities are now almost wholly dependent on central Exchequer funding in a way that restricts the capacity of the system to be internationally competitive.

When the abolition of fees is taken into account, direct state support per student for universities actually fell by €1,240 between 1995 and 2001. This, taken with the severe cutbacks in capital support in 2002 and 2003 and the pause in PRTL funding, begins to paint a picture of a sector that is struggling to balance its national responsibilities and its international standing within a narrowing resource base. It is very far from the forefront of the world's knowledge based economies.

While a real crisis has so far been averted through very significant gains in productivity and the resilience of the sector, the cracks are now beginning to show and quality is under threat. All this is happening at a time when maintaining the competitiveness of our economy and investment in human capital through higher education are the subjects of a broad social consensus.

Sustaining Progress, the Social Partnership Agreement 2003 – 2005 refers to the change agenda in the higher education sector. The universities have not been slow to embrace this agenda but clearly there is some distance to go. Issues such as access and overcoming disadvantage, accountability and governance are subjects of an active process of change within the universities and more recently, the University Heads, through C.H.I.U., have been examining co-operative approaches to a number of these key issues. We recognise however that sectoral evolution is heavily dependent on alterations in management practices as well as resources.

C.H.I.U. has welcomed the Minister's announcement of an OECD Review of Higher Education in Ireland. That Review presents an opportunity to progress the sectoral agenda and also to examine ways in which the methods and the quantum of funding of universities can be aligned with best international practice.

In the meantime, the universities must address the implications of the present funding shortfall. I hope this paper will serve as a wake up call to all of the key sectors in our society and the wider economy who recognise the key role of universities in fostering innovation and competitiveness. While it is intended to inform a debate that will take place in the context of the OECD Review, I hope it will also focus attention on the short term difficulties facing the sector in the context of decisions on next year's Estimates.



Dr. W.J. Smyth
Chairman, C.H.I.U.
November, 2003

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APPENDIX A – CONSULTATION PROCESS AND SOURCE MATERIAL



1 INTRODUCTION

- 1.1 The Conference of Heads of Irish Universities (C.H.I.U.) commissioned FGS Consulting to prepare a Paper on the Future Funding of the University Sector in Ireland. The overall objective of the Paper is to present, in summary format, the key issues and options which need to be addressed as regards future funding requirements.
- 1.2 This Paper was commissioned against a particular background which included the following considerations.
- The Minister for Education and Science had sparked a controversial debate, in early 2003, on the whole issue of the reintroduction of third-level fees for those who could afford to pay. The debate, as it unfolded in the public arena, was unfocused and unsatisfactory. It quickly degenerated into a wider taxation issue. Its temporary resolution on the basis of an additional Exchequer support package for disadvantaged students has left the core matter of how best to address the substantive issue of benefit to the individual from university education unresolved.
 - It was known that a number of reviews of aspects of the third-level education sector were already underway or planned and that they would impact on funding requirements. For example, the HEA was examining the whole basis for the recurrent grants paid to Universities as well as the issue of financial management in the institutions of higher education in Ireland. In addition, the Department of Education and Science was looking at the issue of student supports and it was known that the Minister intended to ask the OECD to undertake a broad-ranging Review of Higher Education in Ireland.
 - Ireland's stated, and very challenging aim of having a third-level education regime which would be ranked amongst the best in the world was being further threatened by international developments. Other English speaking countries, notably the UK and Australia in recent times, were announcing new strategies and additional funding for their third-level education systems.
- 1.3 A number of important developments have taken place since C.H.I.U. commissioned this Paper. These include:
- The Minister has now launched the OECD Review for Higher Education in Ireland. The context for the Review is provided (as announced by the Minister at the launch on 15 August 2003) by Ireland's strategic objective of placing its higher education system in the top rank of the OECD in terms of both quality and levels of participation and by the priority to create a world class research, development and innovation capacity and infrastructure in Ireland.
 - The public debate on third-level education issues has migrated very much towards the issues of access and overcoming disadvantage. These are issues which the Minister has highlighted as major policy concerns. There is widespread public concentration on the fact that a disproportionate number of university places go to students from the more advantaged socio-economic groups including those who can afford to pay at second as well as at third-level in the education system.

Table 1: Summary of Paper Layout

PAPER LAYOUT		
Section	Layout	Focus
2	Scale and Contribution of University Sector in Ireland	<ul style="list-style-type: none"> ■ The University Sector is making a major contribution. ■ How can this be maintained?
3	Comparative International Positioning	<ul style="list-style-type: none"> ■ Ireland aims to be in the top rank* of OECD countries. ■ We are a long way behind and have a considerable amount of catching up to do.
4	The Future Role of the University Sector	<ul style="list-style-type: none"> ■ The Sector has been set very challenging goals. ■ Other countries with similar goals are moving ahead of Ireland. ■ What can Ireland do?
5	Current Funding – Trends and Impacts	<ul style="list-style-type: none"> ■ All of the recent funding trends are going in the wrong direction. ■ Quality is being adversely impacted by cut-backs. ■ A new approach is needed.
6	Funding Options	<ul style="list-style-type: none"> ■ A larger funding envelope is needed. ■ More diverse sources of funding will be required. ■ Ireland is in danger of falling further behind its competitors.
Appendix	Consultation Process and Source Material	<ul style="list-style-type: none"> ■ Consultations ■ Selected Bibliography

* Note: for the purposes of the analysis conducted and presented in this report the term “top rank” has been interpreted as being within the top 20% of OECD countries for which data is provided in the latest OECD report.

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- 1.4 Against the foregoing background, C.H.I.U., acting on behalf of the seven universities in the sector, is keen to:
- Highlight the urgent need to address the issue of university funding.
 - Contribute meaningfully to the OECD Review.
 - Develop sectoral and institutional strategies to support the national goals and objectives for the third-level education regime.
 - Ensure that the core issues relating to access and disadvantage are tackled urgently and effectively.
 - Continue to make progress in the areas of strategic development, governance, accountability, effective resource utilisation, rationalisation and quality improvement.
- 1.5 All of the above issues are the subject of separate initiatives which are currently underway. However, sectoral evolution is heavily dependent on resources and, therefore, the future funding requirements of the sector are matters of very significant strategic importance. This Paper seeks to identify the core issues and options which must be now addressed in that regard.
- 1.6 This Paper represents a synthesis of issues and options arising from considerable stakeholder consultation, workshops, documentary research and international comparator analysis. The processes involved in preparing this paper and the source material used is set-out in the Appendix. It was decided that the Paper itself should be sharp, focused and to the point. It is, therefore, presented in summary form highlighting the key points in a series of short sections. The layout of the paper is summarised in Table 1 on the page opposite.

Table 2: Summary - Scale and Contribution of the University Sector

SELECTED DESCRIPTIVE FACTS - SCALE AND CONTRIBUTION OF THE UNIVERSITY SECTOR	
Participation	
■	73,000 students enrolled (additional 50,000 in IOTs) ¹
■	50% of total age cohort enrolled in third level ²
Competitive Advantage³	
■	20% of university students are post grads
■	30% of students in technological group (science, engineering, computing and IT)
■	3,000 students studying for PhDs
■	40% of PhDs in science subjects
■	200% increase in numbers studying for PhDs in computing
■	2000 software engineer graduates per annum.
■	2000 additional researchers working in the third-level system as a result of Science Foundation Ireland (SFI) and the Programme for Research in Third Level Institutions (PRTL) ⁴
Return to Individuals	
■	Graduates enjoy a premium of up to 57% in pay. ⁵
■	Ireland has the highest rate of return to individuals from public investment in education in the EU. ⁶
Economic Impact	
■	20% of economic growth during the Celtic Tiger period due to improved levels of education. ⁷

¹ www.heai.ie/pub_rep/statistics

² As above

³ All of the statistics in the Competitive Advantage section excluding 4 are taken from www.heai.ie/pub_rep/statistics

⁴ Creating and Sustaining the Innovative Society, HEA, 2002

⁵ Taoiseach's address to OGRA Fianna Fail – March 2003

⁶ Public funding and Private Returns to Education (PURE) report, 2001

⁷ Duffy, D. Fitzgerald J, Hore, J, Kearney I, MacCoille, C ESRI Midterm Review 2001-2007; (September 2001).

Note: Footnote 1-4, and 7 are cited in Dr. D. Thornhill's "Education and Economy: What can Business do?" address to IBEC on 14 May 2003.

2 SCALE AND CONTRIBUTION OF THE UNIVERSITY SECTOR IN IRELAND

- 2.1 Table 2 on the page opposite sets out some key facts in relation to the scale and contribution of the University Sector in Ireland.
- 2.2 Significant points to note are:
- Ireland has a relatively high level of participation (50%) in tertiary education compared to other OECD countries, recent OECD studies⁸ have indicated that based on a continuation of current trends, future targets for “universal participation” may imply participation rates in the region of 80% of the relevant cohorts.
 - The University Sector has responded very well to the challenge of driving growth in employment and in attracting FDI through the production of graduates and researchers in high value-added sectors (science, engineering, ICT).
 - The University Sector has been a significant contributor to economic growth during the Celtic Tiger period. The “public good” return, therefore, on investment in education has also been very high.
 - Private gain, in terms of return to the individual, as a result of university education is high in Ireland.
- 2.3 Funding for the University Sector needs, therefore, to reflect the following imperatives:
- The University Sector is a major contributor to the attainment of Ireland’s national goals as set by Government in relation to sustainable economic growth, social development and cultural evolution.
 - The University Sector has been, and will continue to be, a significant direct player in the economy.
- 2.4 Consideration of the future approach to funding of the University Sector must take the following factors into account:
- The role in economic and social development which the University Sector is increasingly being expected to play.
 - The positioning of the Irish University Sector relative to its international peers and competitors.
 - Trends and impacts arising from the current funding model for the sector.
 - All possible options to meet future funding requirements.
 - The issues which the University Sector itself must address in facing future funding challenges.

THE KEY CHALLENGE

How can the significant contribution made by the University Sector to date be sustained and developed into the future?

⁸ *Redefining Tertiary Education*, OECD Paris 1998. For example when the OECD undertook a review of higher education in Finland in 1994, the target participation rate was considered to be ambitiously high, at around 65%, that target has since been reached and the government expects the participation rate to increase further.

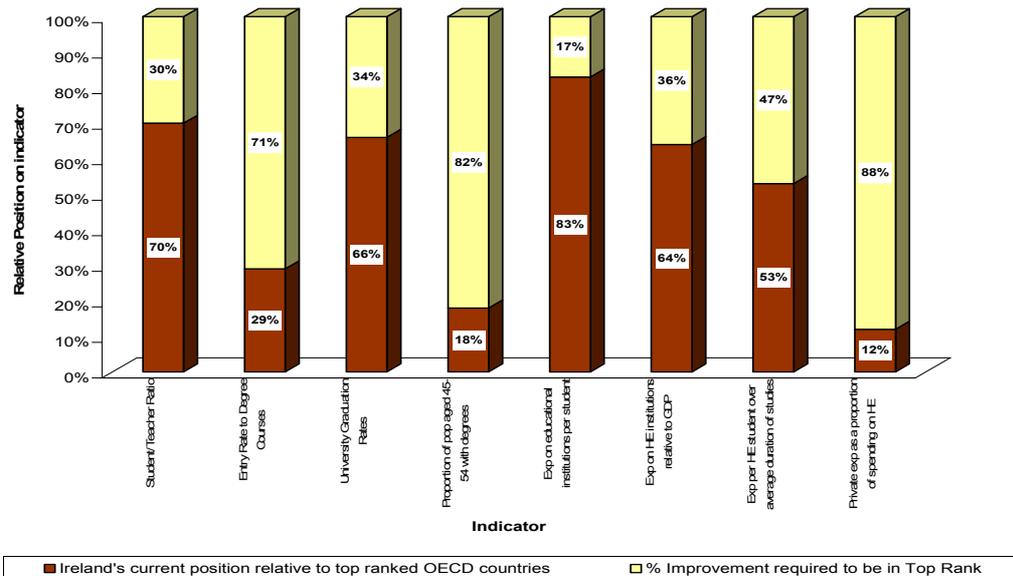
Table 3: Summary of Some Key International Comparators

SOME KEY INTERNATIONAL COMPARATORS	
<ul style="list-style-type: none"> ■ Ireland is ranked joint 16th out of 28 countries in terms of spend on third-level relative to per capita GDP. ■ Ireland is ranked 17th out of 28 countries in terms of expenditure on educational institutions per student. ■ Ireland is ranked 10th out of 18 countries in terms of cumulative expenditure per student over the average period of third-level studies. ■ Ireland spends 1.5% of GDP on third-level education compared to 2.7% for the US and 2.6% for Canada and Luxemburg, the top rank countries. Ireland is ranked 8th out of 29 countries in terms of expenditure for HE institutions as a % of GDP. ■ Ireland spends only 0.3% of GDP from private sources on higher education compared to 1.9% for Luxemburg, 1.8% for the USA and 1% for Canada. In terms of private expenditure as a proportion of spending on HE Ireland ranked 11th out of 26 countries. ■ In terms of expenditure per student on Research and Development in HE institutions Ireland is ranked 14th out of 21 countries. ■ Ireland's universities have a higher student: teacher ratio than universities in 16 out of 20 countries. ■ In terms of tertiary graduation rates for university students Ireland ranked 11th out of 17 countries. ■ Ireland is ranked 18th out of 26 countries on entry rates to degree courses. ■ Irish university students have the third highest course completion rate of university students in 20 countries. ■ Only 14% of the adult population in Ireland had attained a primary degree or higher qualification compared to 28% for the top ranking country, the USA. Overall Ireland ranked 13th out of 20 countries. For the 25-34 year old cohort Ireland ranks 12th out of 30 countries, while for 45-54 year olds Ireland ranks 18th out of 30 countries. 	<p>Source: <i>Education at a Glance 2003</i>. OECD (2003)</p>

3 COMPARATIVE INTERNATIONAL POSITIONING

- 3.1 Table 3 on the page opposite sets out some key international comparators in relation to the funding and performance of third-level education.
- 3.2 Figure 1 below shows the progress that needs to be made on some of the key indicators if the goal of being ranked amongst the top 20% of OECD countries is to be achieved.

Figure 1 Required Progress on key indicators



Source: Education at a Glance, OECD, 2003. Note 100% = position of lowest ranked OECD country in top quintile.

- 3.3 Expenditure per third-level student in Ireland is significantly lower than comparable expenditure in the top ranked OECD countries e.g. it represents 54% of US, 60% of Swiss, 73% of Norwegian and 74% of Canadian expenditure levels.
- 3.4 Our national strategic goal for our third-level educational sector is to be ranked amongst the best. The reality is that we are considerably behind the best and we are in danger of losing more ground rather than closing the gap. Unless Ireland's third-level sector improves its relative international funding positioning, the consequences for the sector and the country are potentially very serious. The contribution of the universities to the goals of national development will be impeded and Ireland's competitiveness in a global knowledge economy will be further reduced. For the University Sector itself the consequences will include:
 - An inability to compete on the international stage for the best academic staff and students.
 - A continuous erosion of the relative quality of our third-level education system.

KEY ISSUE

A National Strategy, incorporating specific investment targets, for the funding of third-level education is urgently needed.

Ireland's positioning relative to other OECD countries is frequently misrepresented – we are a long way behind “top rank” which is where we aspire to be.

4 THE FUTURE ROLE OF THE UNIVERSITY SECTOR

- 4.1 Table 4 on the page opposite sets out some relevant commentary on the role which the University Sector is expected to play into the future.
- 4.2 Against a background of massification of education, globalisation and international competitiveness, the University Sector is seen as a vital lynch-pin by:
- **The European Union** which sees the need for extensive increased investment in third-level education in order to achieve its overarching objective, under the Lisbon strategy, of becoming “*the most competitive and dynamic knowledge-based economy in the world*”.
 - **The Irish Government** which, in various policy statements, recognises that the third-level education sector is fundamental to placing Ireland in the forefront of knowledge-based economies, to achieving competitiveness on the international stage and to delivering on our national strategies for enhancing social inclusion, tackling disadvantage and underpinning economic, social and cultural evolution.
 - **The Irish Private Sector** which regards the third-level education sector as an important strategic partner in developing the necessary national competencies in creativity, innovation and excellence in order to attract and embed FDI, grow employment and underpin the competitiveness of Irish business.
- 4.3 Ireland is neither unique nor alone in having now to address the challenge of the expected role of its University Sector into the future. The consequences for the country of shirking the challenge would be extremely serious.

“Nearly every education system in the developed world is in the middle of an active debate about Third-Level policy – If Ireland were to opt out of this debate it will be selling short the future of the Third-Level system and everybody who goes through it.”
(Taoiseach, March 2003)

4.4 Many countries whose third-level education sectors have historically been better resourced than ours have already undertaken fundamental reviews of their third-level education regimes and have, as a result, announced major new initiatives to re-focus their efforts and to increase funding in order to meet the challenges involved. Some selected examples are as follows:

OTHER COUNTRIES ARE MOVING FORWARD SELECTED EXAMPLES
THE UNITED KINGDOM
<p>Government plan:</p> <ul style="list-style-type: none"> ■ to increase % of GDP expenditure on Third-Level, ■ to allow universities to charge top-up fees (subject to cap) in order to meet an acknowledged funding gap, and ■ to increase annual state funding of universities by 6% in real terms over the next three years.
AUSTRALIA
<ul style="list-style-type: none"> ■ New grant scheme to provide \$1.5 bn. in additional funding for universities over the next 4 years-based on contracts with each institution. ■ New Higher Education Loan Programme (HELP) and enhancement of existing Higher Education Contribution Scheme (HECS). ■ Additional “Incentive” funding for institutions to promote differentiation, reform of learning and teaching, equity, productivity, collaboration, quality and diversity.
CANADA
<ul style="list-style-type: none"> ■ Education represents the second-largest category of public expenditure in Canada, with Canada spending 2.6% of GDP on tertiary education compared to 1.5% for Ireland. ■ Spending on higher education from private sources is at 1% of GDP in Canada compared to 0.3% in Ireland. ■ University funding levels in Canada have been maintained by increasing student tuition fees (7.4% increase in 2003-2004, 126% increase since 1990). ■ Payment by students of tuition fees is supported by a student loan programme which was supplemented in 1998 by €4bn. for new scholarships, tax breaks and debt relief and other student aid measures.

The above examples illustrate the fundamental nature of the reforms of policy and funding that are underway elsewhere. Other examples could be used to illustrate the point e.g. USA, Belgium.

4.5 We believe that the following are the principal strategic issues to note:

PRINCIPAL STRATEGIC ISSUES	
1.	There is global recognition of the important role which third-level education must play in economic, social and cultural development.
2.	The EU, and individual countries within and beyond the EU, by setting strategic goals for capacity development and funding enhancement are acting to enable universities to fulfil this role.
3.	There is general recognition that there will be increasingly aggressive international competition for funds, academic staff and students and within this context higher quality, better funded third-level systems will triumph.
4.	In order to be better positioned most developed countries are taking concrete steps to develop their third-level sector and to fast-track increased funding and investment.
5.	Ireland has set a high-level goal to be amongst the best of the knowledge economies as regards quality, qualifications and the ability to attract overseas students.
6.	Ireland's current funding regime for third-level is around mid-table of OECD countries on key funding metrics. Its strategic goals for the sector are, therefore, unrealistic and unobtainable.
7.	To achieve international pre-eminence competitor countries are strategically driving their third-level sectors with increased fast-tracked investment. The relative gap between Ireland and its competitor countries will widen as they continue to increase investment in their third-level sectors.

IMPORTANT
<ul style="list-style-type: none"> ■ Urgent recognition of the need for increased investment in third-level education is a more immediate imperative for national debate than the means by which such funding will be provided. ■ Ireland's continued growth, development and competitiveness is the issue rather than the needs of its educational institutions per se. ■ The funding issue arises due to external (to the education sector) driving forces and is not, therefore, a matter arising from solely internal sectoral considerations.
<p>Ireland has a lot of ground to make up. The reality and consequences for policy of our relative international positioning need to be fully acknowledged.</p>

Table 5: Summary of Recent Funding Trends and Impacts

RECENT FUNDING TRENDS	IMPACT OF RECENT FUNDING TRENDS
<ul style="list-style-type: none"> ■ Direct state support per student to universities fell by €1,240 (in 2002 prices) between 1995 and 2001 ■ Of the student service charge increase in 2002 from €396 to €670 only €24 or 8 % of the increase went to universities with €250 or 92% going to the Exchequer by way of reductions in core grants to the universities. ■ Core grant allocation for 2003 represents a real decrease of 3.8% ■ Capital budget severely cut-back in 2003 with no provision made for new capital projects, small capital works or equipment renewal or replacement. ■ PRTL funding not accompanied by provision in core grants for associated recurrent running costs. ■ “Pause” in PRTL funding 	<ul style="list-style-type: none"> ■ Increased student:teacher ratios ■ Teaching budgets robbed to pay for research overheads ■ Sector expansion concentrated on low cost/high participation courses. ■ Out-of-date laboratories and equipment ■ Maintenance, administrative and infrastructural services have not kept pace with expansion. ■ Inadequate support services for access students. ■ Inability to comply with health and safety requirements ■ Cannot meet costs of implementing Quality Assurance Review recommendations ■ Cannot invest adequately in ICTs and other modern learning /teaching methodologies
<p>Dire warnings of further cut backs in 2004</p>	<p>Quality is severely compromised</p>

5 CURRENT FUNDING – TRENDS AND IMPACTS

- 5.1 Table 5 on the page opposite sets out in summary form:
- Some of the more significant funding trends in recent years.
 - The impact of the recent funding trends.
- 5.2 There are many serious and immediate funding issues that need to be addressed. They concern the model of funding currently in use for the University Sector and the actual allocations for the recurrent grants, capital grants and research funds. Those issues are urgent and also have the potential to detract from, and dissipate, the debate on future funding requirements.
- 5.3 From the perspective of strategic investment needs, the following are the critical issues arising from the way funding has been approached to date and the impact this has had on the sector:

CRITICAL POINTS TO NOTE	
1.	Against a clear need for greater investment, all of the recent trends have been in the wrong direction. A continuation on these lines will mean that the sector will not be able to deliver on what it is being required to do by Government and others.
2.	Coinciding with reduced real levels of funding since 1995, universities have delivered considerable productivity but continuance of this trend can only damage quality.
3.	The current funding model is attempting to foster both excellence and access but is failing to provide the supports necessary to achieve the levels of success required and is unsustainable.
4.	The State has only been able to afford free fees at university level at direct cost to the universities themselves through reduced levels of state investment in universities in real terms.

- 5.4 Other significant issues arising from the recent approaches to funding include:
- Core funding for teaching and learning is undervalued and insufficiently provided for at present.
 - Infrastructure investment has been highly dependent on private funding which has now largely dried up.
 - Because of heavy reliance on highly regulated state funding, universities lack the fiscal flexibility to be truly strategic and innovative.

KEY ISSUE
<p>The current funding model (and recent funding trends) is irreconcilable with future sectoral funding needs. A changed approach is not a matter of choice - it is a necessity.</p>

Table 6: Summary of Future Funding Options

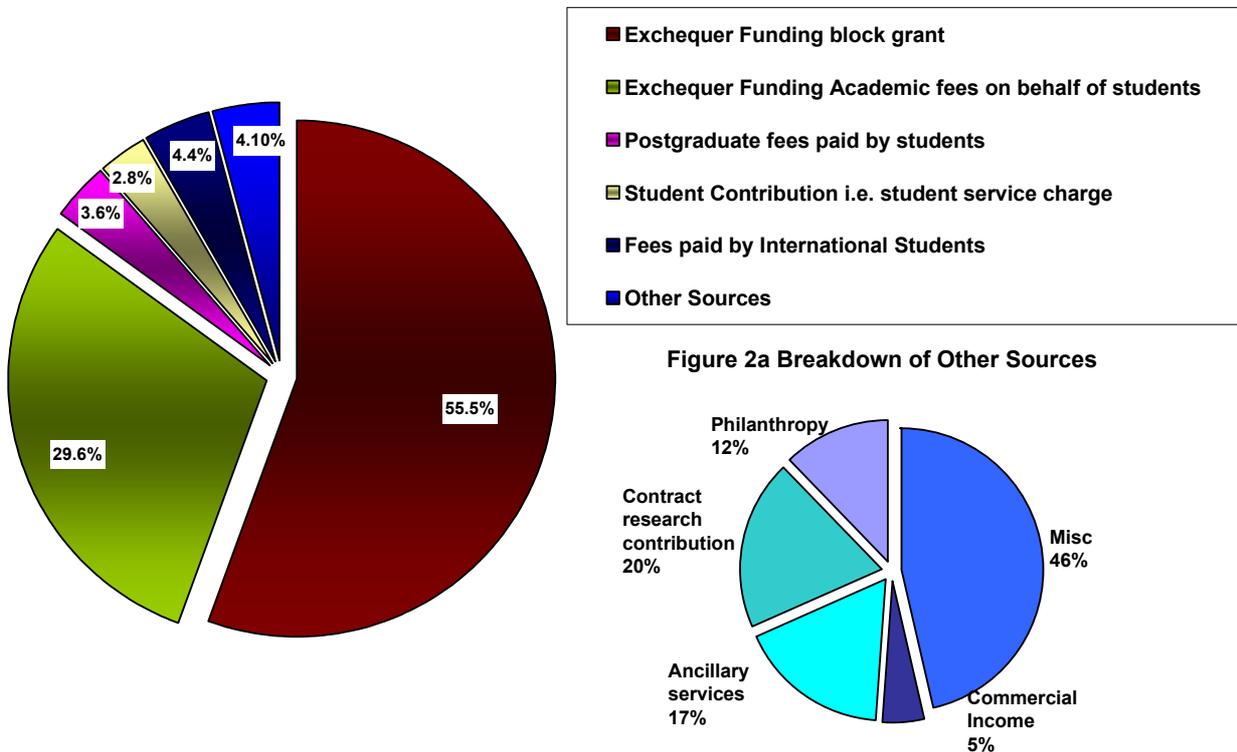
FUTURE FUNDING OPTIONS	
SOURCE OF FUNDING	KEY ISSUES
Direct Exchequer Funding	Question of whether the State will be willing or have the capacity to fully close the funding gap between current funding levels and future needs without other sources of funding coming on stream.
Student Contribution	The current funding regime does not seriously address the issue of private gain. The private gain from university education is substantial whereas private contribution through student service charge is relatively small.
International Students	The extensive potential in this area will not be properly realised unless the quality of the provision is substantially upgraded to be able to compete on the international stage. Our quality is falling behind that of our competitors.
Top-Up Fees	To be introduced in the UK as a compromise measure*.
For Profit Courses	Considerable potential for development in the area of lifelong learning and continuous professional development. Not, however, a main source of funding.
Research Income	Vital that funding agencies pay for research overheads in line with recommendations of Forfas HEA report.
Commercial Income	Potential for increased contribution which will always be marginal in relative terms, only represents 0.2% of recurrent funding at present.
Industry Collaboration/Sponsorship	Greater scope than at present but will not be a primary funding source as funding will mainly cover costs of services provided.
Philanthropy	Mostly for Capital Projects, only 0.5% of recurrent funding at present, main source now withdrawn, support is unlikely ever to reach US proportions. Inflexible funding source which is usually project specific.

*The UK Higher Education White Paper, makes provision for “Top-up” fees which would enable elite universities to gain some of the extra funding required to compete internationally, the provision is conditional on the universities demonstrating to an Access Regulator that policies are in place to ensure that talented students from all backgrounds can attend elite universities.

6 FUNDING OPTIONS

- 6.1 Table 6 on the page opposite sets out the main potential sources of funding and the bottom-line issues which arise in relation to each.
- 6.2 Figure 2 below sets out the current sources of funding for the University Sector in Ireland, the main feature is the very heavy dependence on Exchequer funding.

Figure 2 Sources of Sectoral Funding 2001/2002



Sources: University Financial Statements 2001/2002, HEA statistics

- 6.3 There is an extensive gap between the current funding envelope for the University Sector and what is required for the future. The current funding model for the sector, and recent trends in the funding of the sector, are much more likely to increase the gap than to address it in any strategic and meaningful way.

6.4 The Funding Model for the future needs to take account of the following fundamental factors:

FUNDAMENTAL FACTORS – FUTURE FUNDING MODEL	
1.	As pointed out, a national strategy for the third-level sector, in order to deliver on national goals and objectives, is an imperative. The national strategy needs to set investment targets in specific terms which are in line with international best practice.
2.	A funding model for the sector is required which will enable it to meet the challenges of sustainability, quality and international competitiveness.
3.	The current funding model, and the level of current investment (public and private) in the sector, falls far short of what is now required.
4.	The current funding model is heavily dependent on Exchequer investment. Other countries, especially those with whom we compete (USA, UK) have a more diverse funding mix and make better use of a wider set of funding sources.
6.	Greater diversity in non-state funding sources would provide scope for greater institutional autonomy subject to improved governance and management at institutional level and to agreed sectoral and institutional strategies being implemented.

6.5 The funding challenge is a major one. As indicated in Table 6 different funding sources have different levels of potential to contribute to enhancing the funding envelope to the necessary degree. The funding model for the future must be based on a realistic assessment of what the different funding sources are likely to be able to yield in practice.

THE BOTTOM-LINE	
<ul style="list-style-type: none"> ■ Ireland cannot afford to be out of step with best international practice. ■ The competition continues to advance – Ireland is in real danger of falling further behind. ■ The issues involved in funding university education must transcend short-term Exchequer fiscal difficulties and short-term political considerations. ■ More diverse sources of funding are needed. 	

APPENDIX A – CONSULTATION PROCESS AND SOURCE MATERIAL

CONSULTATION PROCESS

In developing this Paper and framing our recommendations we have drawn on a vast body of literature relating to:

- available data on funding in Ireland,
- comparative funding levels and sectoral indicators relevant to Ireland and its main international competitors,
- strategic challenges facing the sector,
- global trends in higher education,
- national economic and educational policy,
- European policy underpinning the development of a knowledge economy,
- trends in student participation and
- funding models and related developments in other jurisdictions.

In addition to key meetings with the University Heads at strategic points over the course of the Review, we have also met with the Chief Financial Officers of the Institutions. We have also discussed strategic issues with stakeholder organisations viz. the Department of Education and Science and the Higher Education Authority (HEA).

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