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| The Joint Committee met at 13:00MEMBERS PRESENT:

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| Information on James Bannon Zoom on James Bannon Deputy James Bannon, | Information on Gerard P. Craughwell Zoom on Gerard P. Craughwell Senator Gerard P. Craughwell, |
| Information on Ray Butler Zoom on Ray Butler Deputy Ray Butler, | Information on Mary Moran Zoom on Mary Moran Senator Mary Moran, |
| Information on Ciaran Cannon Zoom on Ciaran Cannon Deputy Ciarán Cannon, | Information on Marie-Louise O'Donnell Zoom on Marie-Louise O'Donnell Senator Marie-Louise O'Donnell. |
| Information on Derek Keating Zoom on Derek Keating Deputy Derek Keating, |   |

In attendance: Deputy Eamonn Maloney and Deputy Arthur Spring.Information on Joanna Tuffy Zoom on Joanna Tuffy DEPUTY JOANNA TUFFY IN THE CHAIR.  *The joint committee met in private session until 1.40 p.m.***Future of Higher Education: Discussion****Chairman:** Information on Joanna Tuffy Zoom on Joanna Tuffy I draw the attention of the witnesses to the fact that by virtue of section 17(2)(*l*) of the Defamation Act 2009, witnesses are protected by absolute privilege in respect of their evidence to this committee. However, if they are directed by the committee to cease giving evidence in relation to a particular matter and they continue to do so, they are entitled thereafter only to a qualified privilege in respect of their evidence. Witnesses are directed that only evidence connected with the subject matter of these proceedings is to be given and are asked to respect the parliamentary practice to the effect that, where possible, they should not criticise or make charges against any person, persons or entity by name or in such a way as to make him, her or it identifiable.  The opening statements the witnesses have submitted to the committee will be published on the committee website after this meeting. Members are reminded of the long-standing parliamentary practice to the effect that they should not comment on, criticise or make charges against a person outside the Houses or an official, either by name or in such a way as to make him or her identifiable. I remind everybody to turn off mobile telephones or put them on safe or flight mode because they interfere with the broadcasting equipment.  Today we are looking at the subject headed 21st century universities - Performance and Sustainability. At last week's meeting, we heard from the Higher Education Authority about the national strategy for higher education up to 2030 and the higher education system performance framework from 2014 to 2016. This week we are continuing looking at the whole area of the university sector, with consideration of issues raised by a symposium on the performance and sustainability of our universities in the years ahead, which was held by the Irish Universities Association last autumn.   I welcome, from the Irish Universities Association, Mr. Ned Costello, Mr. Michael Casey, Mr. Lewis Purser, Ms Sinead Lucey and Mr. Qiantao Zhang. From Trinity College Dublin we have Dr. Charles Larkin. To commence our discussion I invite Mr. Costello to make the presentation on sustainability.**Mr. Ned Costello:** Thank you, Chairman. I read the transcript of last week's proceedings with the HEA and found it very interesting. I thank the committee for the opportunity for myself and colleagues to address it here today. By way of brief introduction to the proceedings, we are here to talk about the impact of the universities and higher education more generally and the challenges and opportunities facing the sector in regard to its future impact and sustainability. We surfaced and debated many of these issues at our international symposium, to which the Chair referred, 21st Century Universities. I thank the clerk for his attendance at the symposium on behalf of the committee. Time precludes us from going over all the ground covered on that day, but we will address the main themes. I should say that matters have progressed since the symposium following the commencement of the work of the expert group on the future funding of higher education, chaired by Peter Cassells. That group produced the first of its background papers and recently held a highly interactive consultation session with a wide range of stakeholders including enterprise, the trade unions, regional authorities and higher education. Where relevant we have drawn on the evidence from the background paper that was presented for that initial consultation. There will be two further consultations, I understand, as the group progresses its work.  Our testimony to the committee is structured as follows: following my own presentation where we will address the sustainability and future challenge aspects, my colleagues, academic affairs director Lewis Purser will talk about human capital impacts in conjunction with Sinead Lucey, who is our international education manager. Then, Dr. Larkin and Qiantao Zhang will address the economic impact of higher education, a piece of work they have been doing under the Tionchar project. It is good to be able to report on the positive financial and human impacts of higher education. No aspect of human endeavour is perfect and in any event, in a world where change is endemic, we must constantly strive to progress and to improve. What we aim to show here today is a snapshot of the outputs and the impacts of higher education. To secure those outputs and impacts we need inputs in the form of talented and motivated students and staff and we need the appropriate financial and regulatory environment.  The legacy of experience of higher education during the economic crisis as we face into a period of economic growth leaves us with a number of challenges and conundrums that I will talk about. The first of these is summed up by the intersection of the movements of student numbers and staff numbers. According to the Cassells expert group, the higher education participation rate has been relatively steady over the last years, and any future rise in the higher education student cohort will be driven primarily by growth in the primary and secondary school population. High birth rates in Ireland over the last 15 years have led to a very substantial increase in the numbers going through the school system. Both increased numbers, and an increased retention rate at second level, result in projections for second level enrolments growing from 338,000 in 2014 to a peak of some 405,000 by 2025. As a result, the latest projections suggest that by 2028 the number of new entrants to higher education will increase by 29% over 2013 levels. We have charted that out in our background submission. These projections are based on participation rates remaining constant at 56% over the period. The relevant chart is included in our submission.  While new entrants into higher education have increased, core staff numbers have fallen in consequence of the employment control framework. The net effect of this - of rising student numbers and decreasing staff numbers - has been a change in a negative way in the student to staff ratio. Pre-crisis, the ratios in Irish universities were already on the high side by international standards at circa 1:16 or 1:17 on average. During the crisis, ratios have increased quite significantly from 1:20 to 1:23 in the universities - that is an increase in the ratio and a deterioration of 12%. These are very significantly higher - and I would just pause on that figure of 1:23 - than the OECD average which stood at 1:14 in 2012. To put this into context, the president of UCD, Professor Andrew Deeks, has remarked that in comparison to his former university, Durham in the UK, he had the same staffing complement there as he has here, but UCD has ten thousand more students than Durham.  I mentioned the word conundrum and this is because this change represents a gain in efficiency in pure statistical terms, but it also has implications for quality and for sustainability in terms of the long-term ability to support such large class sizes. This evidence suggests that we have a sustainability problem now arising from the ratios which needs to be tackled. This is before we get to the matter of future demographic impacts which, if nothing is done, would push the ratios very significantly higher, given the scale of increase in the student population that is projected. It should be noted also that the projections referred to are based on holding participation rates steady at 56%. All things being equal, improving access from socio-economic groups that are currently disadvantaged would increase participation rates further and further increase enrolments.  I will now briefly address the funding context for these developments. The expert group paper sets out the current annual funding of public higher education institutions which unsurprisingly is in decline since 2007 - 2008. Despite an increase in the student contribution of €1,925 or 233% — from €825 in 2007 - 2008 to €2,750 in 2014 - 2015, total income per student decreased by 22% for the higher education system overall.  Increases in student contributions along with general reductions in overall State funding have resulted in a steady reduction in the proportion of total recurrent funding for core activities of higher education institutions funded by the State. That reduction is from 78% in 2008 to an estimated 64% in 2016, because there is a further decrease in our allocations in the estimates for this year. This compares to an OECD average of 68%. For universities specifically, the core recurrent grant allocated to universities declined by €261 million between 2008 and 2014, a decline of just under 53%. When we look at the fall in the unit of resource, which includes not only the core grant but also fee income, the unit of funding went from €8,734 in 2007 - 2008 to €6,970 in 2013 - 2014. The cumulative decrease in the unit of resource in this period has been in excess of 21%.   Looking at university funding in an all-island context, we recently undertook a comparison of the unit of resource per student in an IUA university *vis-à-vis* a student in one of the Northern Irish universities. For the academic year 2014-15 the funding per undergraduate student in a typical non-lab discipline - that is, arts, humanities and social sciences - is £7,997 in Northern Ireland or approximately €10,663 at current exchange rates. That compares to €6,876 in an IUA university – a difference of 55%. We understand that the Northern universities would not consider themselves to be particularly well funded by UK standards.  In addition to that, we should also mention the matter of capital funding. Capital funding for universities effectively ceased in 2008. That was partly as a result of the need to build new schools at primary and secondary level for the demographic bulge that was happening there.  Over the period of the financial crisis, apart from the run out of some Programme for Research in Third Level Institutions, PRTLI, investments, there has been no capital investment of any significance in universities. When one takes planning and build time into account, that means that even with a decision to start funding capital in universities now, it would take a number of years for funding to come on stream and we could be looking at virtually a decade of no capital investment.Dr. Larkin will mention in his presentation that methodologies for evaluating economic return do not deal with the matter of efficiency. In that regard, I have already commented that our system is highly productive and while productivity and efficiency are not entirely the same thing, they are sides of the same coin. In regard to the efficiency of operations and costs to the State, one of the significant features of recent years is that universities have grown non-Exchequer income. That income, excluding research, has increased by 24% from €695 million in 2008 to €865 million, helping to offset the significant reductions in public funding. Total income, excluding research, per staff member has remained largely stable, increasing marginally to €155,000 while non-Exchequer income, excluding research, per staff member, has increased from €71,000 to €93,000, an increase of almost 30%. Staff are doing significant amounts to improve the non-Exchequer financial position of universities. Significant work has been undertaken on shared procurement under the aegis of the Office of Government Procurement, OGP. Significant internal changes have also taken place, including a revised academic contract and a performance management and workload allocations system but more needs to be done on the HR toolkit to ensure the competitiveness and efficiency of universities is maximised. I know that Mr. Bowman spoke about that last week in the context of the generation of overseas income. Finally, regulation is important for the purposes of financial probity, accountability generally and to underpin public confidence. However, for regulation to be effective, it must be well considered and proportionate. Regulation in a university context has a particular perspective for several reasons. Universities are producers of both public and private goods and their funding reflects this. In addition, unlike the majority of the public service, universities are in an internationally traded marketplace, both in terms of students and staff. There is a high expectation for universities to be innovative and to contribute to national and global stocks of knowledge. Part of that innovativeness is based on academic freedom and an appropriate degree of university autonomy. Trends in this regard are monitored by the European University Association, EUA, through its autonomy score card process. As part of our symposium we requested the EUA to update the score card for Ireland. It found as follows:This 2014 update of the Autonomy Scorecard for Ireland reveals a decline of university autonomy, in particular in staffing matters. In some areas it is quite subtle and can only be captured partially by the scorecard metrics. It appears clearly though that there is an entrenchment phenomenon, with governmental control over human resources and finances having been consolidated over the period considered. The measures that the government took at the beginning of the economic crisis have neither been halted nor reversed.I must stress, in conclusion, that this is not about a blanket approach to deregulation. The IUA has put forward proposals to strengthen institutional governance and has welcomed the HEA system performance report and appraisal process. It is, rather, about ensuring that institutions whose contribution to the economy and society depends on agility and flexibility are appropriately empowered to make that contribution. The two key issues are the need for sustainable funding and sensible regulation. I will now pass over to Mr. Lewis Purser, who will deal with the question of whether that funding is justified and who will also talk about the human capital impacts.**Mr. Lewis Purser:** I thank the Chairman for this opportunity to present to the committee. In this statement I will draw out the salient points from the supporting documentation supplied to the committee which is much more comprehensive and which contains a number of graphics that I hope are helpful. I will address the contribution of the universities to the development of human capital in Ireland. This human capital is widely acknowledged as our single most important natural resource and is what our entire national economic strategy is developed around, for both indigenous and export-led growth. I will begin by looking at the growth in the numbers of university students over the last ten years at all levels - bachelor, master and doctorate - as well as the numbers in areas of specific national targets, including, for example, under-represented domestic student groups and international students.  The overall number of university students grew by 14% during the period 2004 to 2014, with an increase of 54% in PhD students. Additional overall growth of 5.5% is planned by 2016-17, in line with the strategic compacts agreed between the Higher Education Authority and each university. The number of students admitted to universities and other colleges through the DARE and HEAR schemes, which target students with disabilities and those from disadvantaged socio-economic backgrounds, has increased by over 200% during the period 2009 to 2014, to the extent that now one in every five applicants to the CAO is also applying to DARE or HEAR. Both these groups of students are national priority target groups. In addition, there has been an overall growth of 45% in the number of international students in Irish universities. There are three main categories of international student: full-time international students who come to Ireland for a full degree programme; offshore or distance students who are studying on a programme provided or accredited by an Irish university, but delivered outside Ireland; and short-term exchange and visiting students such as Erasmus students from other European countries, Junior Year Abroad students from the United States and, more recently, from countries like Brazil.  Following this discussion of student numbers, our submission looks at the quality of outputs from the university education process, using various indicators. The first is graduate employment and other graduate destinations. This looks at the success of graduates in obtaining employment and-or other successful destinations following completion of their degree programme. The next indicator is employer feedback on higher education outcomes which looks at employer satisfaction with the quality and employability of recent graduates, as well their future skills requirements. Another indicator is student engagement and student experience, which looks at the feedback from students regarding their educational experience and satisfaction. The final indicator is completion rates and average duration of studies, which looks at whether students completed their degree programme and whether they completed it on time.   In terms of graduate employment and other graduate destinations, the data gathered by the universities and published by the HEA shows that since 2008 the proportion of the honours bachelor level 8 graduate cohort in employment has remained stable - 50% in 2008; 51% in 2013 - while the proportion seeking employment in 2013 was 6% or half the national unemployment rate at that time. While the relative employability successes enjoyed by university graduates are clear compared to the general population, a number of challenges remain. For example, the proportion of recent graduates employed overseas has more than doubled from 5% in 2008 to 12% in 2013. Likewise, the numbers of level 8 graduates entering further studies or training has increased from 34% in 2008 to 40% in 2013. These figures reflect the difficulties in obtaining employment in Ireland but also the demand for more advanced or specialised education or training for specific sectors of the labour market. In terms of employer feedback on the quality and employability of recent graduates, some key findings of the 2012 and 2014 national employer surveys by IBEC and the Higher Education Authority are relevant. The surveys found that over 75% of companies were confident that graduates have the right workplace and transferable skills and relevant subject or discipline knowledge. This confidence was particularly pronounced among foreign-owned employers, that is, among multinational companies in Ireland. The surveys further found that over 80% of companies were satisfied with the calibre of science and maths graduates.  The majority of PhD graduates were employed because the job required doctorate-level skills or qualifications.  However, large numbers of graduates - approximately 15% - from outside Ireland continue to be recruited by employers, both multinational and indigenous.  There are lower levels of satisfaction among employers with recent graduates’ foreign language capabilities and entrepreneurial skills. These are areas that can be addressed by the universities through better integration of skills and competences in internal curriculum development and quality assurance processes and through the continued promotion of study abroad opportunities and high-quality work placements.In terms of feedback from the students themselves regarding their educational experiences, engagement and satisfaction, all Irish universities conduct surveys of their students on a range of specific issues such as course and module feedback, library usage, sports facilities and many other topics. In addition, for the past two years, all Irish higher education institutions - universities, institutes of technology and a number of other colleges - have conducted a national survey of student engagement to which nearly 20,000 students responded in 2014. The survey is aimed at first year undergraduate, final year undergraduate and taught post-graduate students. I will not go through all of the results, but some of the highlights are as follows: some 63% of all participating students selected "often" or "very often" when asked if they were improving knowledge and skills that would contribute to their employability; 67% of all participating students reported positive relationships with teaching staff, finding them to be available, helpful and sympathetic; 80% of all participating students selected good or excellent when asked how they would evaluate their entire educational experiences at their institutions; and 65% of all participating students selected "often" or "very often" when asked if they used an online learning system to complete an assignment.The feedback from our Irish survey also allow us to compare what students in Ireland are telling us with the feedback from students in Australasian countries and the US, where similar surveys are conducted and where we have sourced and adapted our Irish survey tool. The results for Ireland are broadly favourable compared with those for Australasia - mostly Australia, but also New Zealand and a couple of smaller countries - but we still have some work to do to catch up with the US benchmark, the obvious leader in this field.The feedback is important for universities that can use this information, often in detailed ways, in combination with other sources of feedback, for example, from employers and through the quality assurance processes, to take appropriate action. The data coming through the Irish survey provide a useful evidence base for further discussions at the level of each individual university, which is where the changes must occur, as well as at national level. This usefulness will increase over time following further iterations of the survey. We have conducted two already and are gathering an evidence base.Regarding student completion rates and the average duration of studies in Irish universities, evidence shows that we compare favourably with other countries across Europe and the OECD. This is in terms of overall student completion rates and students completing their studies on time. The average time to completion in Ireland is 4.02 years while the EU average is 4.59 years and the OECD average is 4.4 years. This demonstrates that the system in place in Irish universities is more efficient, thereby encouraging students to complete their studies on time. This is better for individual students and the State, which contributes large amounts of public funding.Our submission also provides a summary of quality assurance procedures used across the university sector to ensure and enhance quality in the education processes. We describe the variety and extent of these processes and mechanisms; they are designed to ensure the fitness for purpose of study programmes as well as academic and administrative structures. During the past ten years, all units of all universities have been reviewed, in most cases twice, by expert panels involving external international and Irish expertise as well as by students, resulting in quality enhancement plans with formal monitoring and follow-up. All of this information is on the websites of the individual universities.In addition, all of the universities have been through two full rounds of institutional review by expert panels external to Ireland. These panels have made a series of useful suggestions and recommendations for each university, all of which are available on the website of Quality and Qualifications Ireland, QQI, the State agency that organises these reviews. The institutional reviews have confirmed that each of the universities has been in full compliance with its quality assurance obligations under the Universities Act 1997 and, possibly more importantly, with the Standards and Guidelines for Quality Assurance in the European Higher Education Area, the European benchmark in this regard. Irish universities are seen by other European partners as leaders in this area. These external validations of quality in our system provide confidence to the national authorities, students and national and international partners regarding the quality of academic programmes and other services provided by the universities.I thank the Chairman and look forward to discussing these and other issues of concern to the committee.**Dr. Charles Larkin:** I thank the Chairman for the opportunity to contribute to this important discussion by presenting recent evidence relating to the economic impact of higher education institutions in Ireland.We have found that the higher education sector represents good value for money for the Irish taxpayer. In most circumstances, it will return much more than €1 for every €1 invested. In the 2010 to 2011 period, for example, the gross income of higher education institutions in Ireland was €2.6 billion, generating a gross output of €10.6 billion. Investment in higher education in Ireland generally has greater impact than does similar investment in the UK. The accompanying illustrations in my supporting documents bear this out, for example, figures A1.1 and A1.2. This testimony is supported by four appendices. Appendix I contains materials and diagrams related to this discussion. Appendices II and III are academic papers outlining the impact, input-output analysis methodology and the Keynesian multiplier methodology. Appendix IV is a brief biographical note. I will attempt to answer all of the committee's questions today, but if members have further questions, I have provided contact details.This research, entitled Tionchar, is funded by the Irish Research Council under the theme 2 research projects grant scheme RPG 2013-6 - SFI-HEA Assessing the Impact of Publicly-Funded 27 Research, Development and Innovation - based in the school of business at Trinity College Dublin. The funding was granted to a consortium of academics: Professor Brian Lucey, Professor Poul Holm, Ms Niamh Brennan of Trinity library and myself. Mr. Qiantao Zhang is our post-doctoral fellow and is soon to receive his doctorate in economic geography from Cardiff University. Without his work and great skill, this presentation would not have been possible.We have received generous assistance from people within the higher education sector. It is the first time that this type of analysis has been done since the late 1960s. The Irish Universities Association, IUA, Institutes of Technology Ireland, Mr. Tom Boland of the Higher Education Authority and his staff, Ms Mary Doyle of the Department of Education and Skills and her staff, the presidents, secretaries and registrars of the institutions, Dr. Stephen Kinsella of University of Limerick, Professor Colm Harmon of University of Sydney and Ms Siobhan Phillips and Mr. Martin Hynes of the European Science Foundation have all been invaluable in their support.Economic impact is a broad concept with many components. When discussing the economic impact of higher education, we usually refer to a component of national industrial policy where higher education provides a method of improving a country's human capital endowment. My contribution today will focus primarily on the role of higher education institutions as entities existing within the economy, which can be considered in the same way as one would describe an Exchequer-financed investment such as roads or public administration. This is exclusively concerned with the demand side of the economy whereas human capital is the supply side.I warn members that, while this study highlights immediate value for money, it does not comment on returns beyond the present. Since human capital returns are made manifest over a 45 to 65-year time horizon, it would be unwise to consider immediate returns the entire result of investment in human capital. Policy makers should note that long-term horizons and information asymmetries present in all forms of education delay by many years the effects of policy changes on long-term economic growth. These impacts ultimately are about expanding the supply side of the economy and yield long-term, non-inflationary and stable equilibrium expansions in output and employment.Many analytical techniques exist to evaluate immediate returns. To offer the most accurate results in the time allowed, I shall focus exclusively on the input-output method. The results are described in figures A1.1 and A1.2 of Appendix I. They illustrate how Irish higher education institutions as a body outperform most UK institutions, with the exception of London-based institutions, while netting out the effect of Government investment, that is, the balanced budget multiplier.The Tionchar project is a multidimensional one. Not only do we examine immediate impacts through the Keynesian and input-output methods of analysis, but we also consider a Solow or economic growth analysis as well as the impact on innovation and industrial policy.  The input-output method treats higher education institutions as a sector or firm, as if we were discussing the construction industry, for example. It involves asking, for a given level of income and expenditure, what level of additional economic activity is generated in the economy. Higher education is considered solely as a sector of the economy made up of producers and consumers, with no comment on the wider effects on the economy's human capital endowment or on non-economic contributions.The input-output technique takes a matrix of raw economic data collected from the public and private sides of the economy to study interdependencies between suppliers and producers and the economic impact of the import or export of producer goods to meet consumer demand in the national and regional economy. The analysis illustrates that the output of one sector can in turn become an input for another. This method was created by Professor Wassily Leontief during the 1930s, for which he received a Nobel prize in 1973, and involves treating all sectors in a linear fashion. Supply is taken as exogenous in its environment - that is, it does not respond. Firms function by consuming certain products and producing outputs which are in turn consumed at a later stage. The data we use in our analysis is from the Higher Education Authority and the Central Statistics Office. The input-output tables date from 2010 and, as such, may include latent Celtic tiger effects. We have tried to provide the best analysis possible.The disaggregation of the input-output tables, which represents the key parameters for the Irish higher education sector, is shown in figure A1.4. The data show that 68% of the costs for higher education institutions come from staffing. Expenditure by these institutions translates at minimum to 77% of all purchases taking place within the domestic economy. Income is slightly less diverse than one might expect, with 65% of the sector's income coming from Irish Exchequer sources. It is important to note the distinction between universities and institutes of technology with respect to diversity of income, a distinction which has serious implications for the balanced budget effect.With this data, we can calculate type I and type II multipliers. Type I multipliers relate directly to the purchases of goods and services by the higher education institution itself. Type II multipliers are related to the induced effect, that is, where household consumption responds to changes in wage income. Type II output multipliers, as set out in figures A1.7 and A1.8, show the results for the institutes of technology and the universities all being greater than one - meaning they get back more than €1 for every euro invested - and much higher than their Scottish, Welsh, Northern Irish and London counterparts.Since the higher education system is supported so extensively by the Exchequer, it is important to calculate a balanced budget effect. This figure takes into account the opportunity cost of Exchequer funds. In any environment involving Exchequer financing, one must consider the effect of taxation in reducing the disposable income of those taxed. While Ireland continues to borrow for day-to-day finances, that practice is set to end by 2018. As it stands, the Exchequer is in primary surplus, such that all public money expended on higher education crowds out funding to other areas of public expenditure unless tax receipts increase. The balanced budget effect subtracts Government funding and the associated multiplier effect of that funding. We use a relatively high multiplier effect given the level of support to the sector. It is important to note that any funding that comes from the European Union constitutes an external injection into the Irish economy.As depicted in figure A1.9, institutions heavily reliant on Exchequer funding have their multiplier effects sharply reduced. Diversity of income in the university sector allows them to maintain strong multipliers relative to the institutes of technology. Table A1.2 provides a clear comparative illustration of the performance of Irish higher education institutions compared with their UK counterparts. It is only in particularly specialist institutions in London, such as the London Business School, the London School of Economics and the Institute of Cancer Research, that we see higher returns. It is important to note that Irish universities, as comprehensive institutions, consistently perform above their UK counterparts. As figure A1.11 illustrates, there is no clear relationship between overall income and the balanced budget multiplier.The input-output technique also allows us to make a comment on employment by way of a consideration of the number of jobs generated for every €1 million of expenditure. Through direct effects of the universities, or type I effects, the sector generates 1,731 jobs. Induced effects, or type II effects, generate 66,470 jobs within the sector. These findings are in keeping with US studies. The fact that direct employees of the higher education sector are relatively well remunerated has a knock-on effect in the economy. I would, however, urge great caution with respect to these figures given the nature of the Irish data.Overall, our investigations so far have found that the higher education sector represents value for money for the Irish taxpayer. In most circumstances it will return more than €1 for every €1 invested. When balanced for the opportunity cost of Exchequer funds, it remains very high, especially compared with the UK sector. I will, however, highlight some caveats. The analyses to date have treated the sector as an industry and do not consider some of the more important aspects of higher education investment and outputs. In addition, it is important to note that economic processes in reality are not linear. Supply does respond to demand and typically in a non-linear fashion. The Tionchar project hopes to progress towards a Solow impact, or the improved human capital endowment effect. Although data limitations in the Irish context have complicated the process, we are beginning to use surveys to try to fill those gaps. Our intention is to do a comparative benchmark analysis comparing Ireland with other European countries.Our method says nothing about institutional efficiency, which is a reasonable concern given the state of the public finances. Our later research will use a data envelopment free disposable hull technique, a form of operations research that looks at what is achieved versus potential activity within a sector. Effectively, one is looking for the production possibilities frontier of a sector and where the sector is at. This method is commonly used in health research. Figure A1.13 5 provides a graphical representation of the technique.The more complicated questions relate to individual returns to education and the non-monetary and societal returns to education. I highlight this since returns from investment in higher education are crucial to our understanding of its role in the economy. Higher education does afford a wider return to society, but this is very difficult to capture in empirical data. Professor Walter McMahon of the University of Illinois at Urbana-Champaign, Professor Daron Acemoglu of the Massachusetts Institute of Technology and Professor Edward Glaeser of Harvard University have produced initial estimations of the health, family, social cohesion, happiness and income equality effects of mass participation in higher education. This analysis of the complete economic and non-economic returns from higher education is complex, data intensive and requires careful interpretation.I have attempted to highlight the initial results of the first comprehensive study of the economic impact of Irish higher education institutions since the 1960s. It is clear the sector represents value for the taxpayer, given the consistently strong multiplier effects and taking account of the caveats I indicated. I look forward to questions and comments from members.**Chairman:** Information on Joanna Tuffy Zoom on Joanna Tuffy I thank Dr. Larkin. I now invite questions from members, beginning with Senator Marie-Louise O'Donnell.**Senator Marie-Louise O'Donnell:** Information on Marie-Louise O'Donnell Zoom on Marie-Louise O'Donnell I welcome the delegates and thank them for their presentations. They have given us an extraordinary amount of information. I am sure I have seen Dr. Larkin wandering about Leinster House. Does he work here in some capacity?**Dr. Charles Larkin:** Yes, I can be seen wandering about. I work with Senator Sean Barrett.**Senator Marie-Louise O'Donnell:** Information on Marie-Louise O'Donnell Zoom on Marie-Louise O'Donnell Senator Barrett is very fortunate to have Dr. Larkin.My first question is for Mr. Costello. Much of what he had to say seemed rather depressing, whereas the contribution from Mr. Purser made me feel elated. That was somewhat confusing in terms of what we should be taking away from this meeting. Mr. Costello referred to the deterioration in the student-staff ratio. Mr. Tom Boland of the Higher Education Authority told this committee how that deterioration can lead to a deterioration in student performance as a consequence of the lack of mentoring, the isolation aspect and so on. Will Mr. Costello comment on that? Professor Morgan Kelly delivered a lecture recently in UCD on the rise of middle management and administration within the university sector and the failure to develop teaching and mentoring.  One is talking about quality and sustainability. That seems to be a major part of it. There also is a significant disparity in what one needs to pay to go to university in the South and what one needs to pay to go to university in the North.Are there too many staff sitting in rooms doing research and writing books that nobody will read and not enough staff teaching? I mean teaching in a thousand different ways. I mean mentoring, for instance - an MIT system of teaching. Last week I telephoned two colleagues whom I know well and both of them teach one hour a week. Would the delegation comment on that?Mr. Purser spoke of good news, and it was excellent. He stated that 75% of companies were confident that graduates have the right workplace and transferable skills. What was the outline of the companies? Were they technology or scientific companies? What kind of companies were they? What was the cross-correlation of the 20,000 students who were assessed on this? From where did they come? From what disciplines did they come? What was the balance of the disciplines? Were they mainly from the sciences and the technology area or from biotechnology, or were they from the arts and humanities? What was the balance?Mr. Purser made an interesting point about the lack of language teaching at primary education. He found in the study that there was a lower level of satisfaction from companies in the ability to speak foreign languages. The lack of language teaching in primary education outside of Gaeilge is something that we have brought up in this committee.Mr. Purser's paper is extraordinary. I would have to admit that in listening to him I might have been in what as Gaeilge we call "rang a haon" - it means first class - in that I would not have had his genius and the knowledge of an economic background. However, one of the most interesting points is what many of the professors of economics he mentioned say about how important education is for education's sake, that we do not always necessarily need an economic graph because there is such a thing as family happiness and social cohesion, and that the idea that we all go to university to get a job is a given. Of course it is a major factor but education is for and by itself. Are there a lot of studies on that?The presentation was so considerable followed by our contribution that I will stop now, and maybe come back in later.**Chairman:** Information on Joanna Tuffy Zoom on Joanna Tuffy Senator O'Donnell may come back in. There was a lot of information. I would ask the witnesses to bank the questions.**Senator Gerard P. Craughwell:** Information on Gerard P. Craughwell Zoom on Gerard P. Craughwell I thank the witnesses for coming here and for a comprehensive report.There are a couple of matters that concern me. I do not see - perhaps I missed it - anything about attrition rates. While the number of CAO applicants seems to be increasing all the time, I understand attrition rates are fairly high. I am not too sure about the university sector but in the institutes of technology, IOT, sector there is a problem.While they are here, we are moving towards clusters of institutes of technology and technological universities. Do they see those encroaching on the traditional university or the traditional universities moving towards the technological area, if they know what I mean? There is a significant amount of duplication in the country, which concerns me.They also talk about income. When in the sphere of education, when I hear one talk about income I get a little worried. Education should be a cost on society. I do not see the space for income, except, perhaps, in Ms Lucey's case where one is probably attracting lots of foreign students into the country. I see nothing wrong with her case. That is something I would like to see developed. It will benefit the country overall. Those are the only areas that concern me.It will take me some time to work my way through Dr. Larkin's comprehensive report, and I thank him. I am anxious to see the follow-ups to which he has referred. If I am wrong, he should correct me, but I think it is the first major study on what is going on in third level in Ireland.Does Dr. Larkin plan to extend that into the IOT area? One of the areas I am concerned about is the marrying up of the different sectors in Irish education. I brought this up with those who were here last week. I refer to the progression from further education through to third level education, whether in a technology university, an institute of technology or a university. I wonder whether there is any information on the fact that students in Ireland at a further education college can transfer directly to UK-based universities and get credit for the year's study that they would have undertaken in an Irish further education college whereas, traditionally, Irish universities want one to go back two years and start all over again and regard further education as an add-on to a poor leaving certificate. I will leave it at that.**Deputy Ciarán Cannon:** Information on Ciarán Cannon Zoom on Ciarán Cannon I thank the witnesses for their interesting input. It challenges us all to assess how exactly to approach the funding of third level and support the sector in the future, especially bearing in mind we will have almost 30% more students in the sector by 2028, which, frankly, is a frightening statistic.I have a couple of observations which may morph into questions. Mr. Costello stated that in times of financial strife and difficulty, the amount of non-Exchequer funding of the sector increased significantly. Was I correct in observing that?**Mr. Ned Costello:** Yes.**Deputy Ciarán Cannon:** Information on Ciarán Cannon Zoom on Ciarán Cannon What latitude is there for further such funding? I will ask the question bluntly. Was the sector, with the decline in Exchequer funding, forced to be innovative in seeking out and securing such non-Exchequer funding, from where did it come and is there more funding in that space? How good are we at looking at the tradition of other universities, particularly in the United States, of going back to the alumni to see can they make some sort of contribution?Ireland earns €1 billion per annum from international education, the vast majority of which goes into the sector. Have we fully exploited that? Some universities are especially adept at securing investment through international education and have done extraordinarily well in the past number of years. How can we encourage a best-practice approach across the sector, learning from the wonderful examples that are emanating from some universities and, indeed, some excellent institutes of technology? How can we take that learning and apply it across the system?Finally, and this is something of a hobbyhorse of mine, what opportunity is there in the future to use technology to deliver learning and education, not alone here in Ireland but globally, particularly in emerging economies on the African Continent? There are some governments, for instance, Zambia, through the World Bank, investing significant amounts in further education and third level education, looking at best practice internationally and, essentially, seeking out providers of such education, and Zambia is looking at technology as being one of the conduits through which that education can be delivered. Is there any opportunity for us there?We have an exceptionally strong brand abroad, and an especially strong reputation, as the land of saints and scholars and with the tradition that has grown down through the centuries. Other countries, such as New Zealand, are doing extraordinarily well with a multiple of our output in international education, and yet I would argue that such tradition has been built up over the past 20 or 30 years. We have a far older and far stronger tradition or, if one wants to call it that, brand. How do we fully benefit from that in the future?**Mr. Ned Costello:** I will take the questions in sequence and might pass over then to colleagues on specific aspects of them.In response to Senator O'Donnell's starting point, it was difficult to strike the right balance on this.  As the Senator has put it, the picture is one of elation and depression simultaneously. What we have tried to show is that the system has come through the crisis in many respects fitter and stronger, which is in line with the Deputy's point regarding income. It has also done it by drawing on internal resources and drawing on a huge amount of dedication on the part of the staff in the system. Whether the student-staff ratios, which is the point to which I was speaking, is a sustainable position in the long term is a big question. The quality aspect is complex and, as Mr. Boland said last week, we will not see the position regarding that until it is gone and then it will be too late. That is a concern. Arising from the increase in student numbers and the decrease in staff numbers, there is less time available for the one-to-one element with students. That is an inevitable consequence of what has happened.Senator O'Donnell mentioned the research issue. That arises but one has to examine where research in university fits in the round. There has been a very significant change in the make-up of Irish universities in the past 20 years, and in the past 15 years more particularly, where they have moved from being predominantly teaching institutions to being research and teaching institutions. That has been necessary because the world the universities serve now is much more innovative and dynamic.An interesting aspect of the exporting sector in Ireland is that employment in that sector has tended to stay pretty much at around 350,000, but the companies that are part of that sector and that generate the 80% of our GDP, or whatever the percentage is, are completely different companies now from what they were 15 to 20 years ago. It is a completely different cohort of companies. Those companies and companies throughout the economy have much different expectations and universities need to respond to that. That is from where the impetus for research has come. On the one hand, it is to benefit companies directly because universities collaborate with companies on research. Furthermore, it is to make sure that teaching in universities is at the cutting edge of knowledge and that the people who are teaching are fully informed by research. It creates the issue of the balancing of research and teaching loads, to which the Senator rightly referred. That needs to be done through a workload allocation system whereby, to take the example of a school, the head of the school can ensure that there is an equitable workload across all staff and that some staff do more research and less teaching and some staff do more teaching and less research.The final point on that aspect is the issue of postgraduate teaching. It can be questioned whether postgraduate education is education or research but, in reality, it is both. We heard about the increase in postgraduate numbers which has been a big part of the increase in income. Teaching and research are two sides of the same coin.**Senator Marie-Louise O'Donnell:** Information on Marie-Louise O'Donnell Zoom on Marie-Louise O'Donnell I was thinking of it at undergraduate level and in the context of the deterioration in the ratios that Mr. Costello mentioned. I was not thinking of it in terms of entrepreneurial skills, learning from it, innovation and having to research matters to move them on. I was thinking of it at a completely different level but I take Mr. Costello's point.**Mr. Ned Costello:** I cannot offer the Senator any empirical evidence for this but the feedback we have got from research surveys is that there is a concern in the Department of Jobs, Enterprise and Innovation that research is being impacted on by the fact that people are doing more teaching because they are responding to the increase in student-staff ratios. It pulls and pushes back and forth between those two poles.**Senator Gerard P. Craughwell:** Information on Gerard P. Craughwell Zoom on Gerard P. Craughwell Has the employment control framework caused this problem? It has forced the universities to reduce their staffing by 3% a year during recent years. Is that now impacting seriously on research?**Mr. Ned Costello:** It has not impacted as badly on research as on teaching. There is an interesting point regarding regulation. When the second ECF was produced, we negotiated a flexibility within it for non-core funded research staff. For example, if somebody got a grant from Science Foundation Ireland, the staffing associated with that grant was outside the confines of the ECF. There had to be a 20% contribution to take account of the continued liability of pension costs but the staff associated with it were outside the confines of the framework. Non-core funded research has done relatively much better but it has an impact in that the principal investigators are predominantly tenured academics. The ECF has bitten on that side. It has affected both research and teaching but, as Senator O'Donnell has pointed out, it has affected teaching more than it has affected research.Senator Craughwell raised the issue of attrition rates and I will ask Mr. Lewis Purser to comment on the non-completion rates.**Mr. Lewis Purser:** I thank Senator Craughwell for drawing our attention to this area. I have given it the slightly more positive heading in our background paper of completion rates rather than attrition rates, but it is same thing. From page 20 onwards there is some discussion and data about it. The universities have an attrition rate of 9% from first year to second year and that has been stable over recent years. The Higher Education Authority uses the data submitted annually by every institution and then it does the studies. It can check details through tracking students, use of personal public service numbers, etc., and that shows why national databases are extremely important. It can get the national averages and all the national data. That rate has held firm. A 9% rate compared with the EU or OECD average is very good. From the data I could find from the OECD publication, Education at a Glance, and I referenced this in our paper, the average is 30%. Therefore, a 9% rate in the university sector is not bad and that is across all disciplines. I will not shy away from pointing out that the challenges are in some of the science, technology, engineering and mathematics, STEM, areas. Computer science in particular has always been a challenge. It is linked to the shock some students get on going into first year from the mathematical challenge and challenges in respect of some other subjects that they may not have been fully exposed to in school at second level.**Senator Gerard P. Craughwell:** Information on Gerard P. Craughwell Zoom on Gerard P. Craughwell The mathematical challenge in computer science for first year undergraduates never ceases to amaze me, yet the same results can be achieved in other institutions without the mathematics element being as onerous. There are successful computer courses in the country where the mathematics element has been downgraded. I am not so sure that is a good idea but it has happened purely to allow for the weakness with regard to mathematics. Youngsters go to college expecting to develop the next greatest game or the next greatest app and they suddenly find their first year is totally immersed in pretty heavy mathematics. For a student who drops out of college during first year or at the end of it purely because they made a bad choice, we make it very difficult to get back into the system. Mr. Purser might address that aspect.**Chairman:** Information on Joanna Tuffy Zoom on Joanna Tuffy If the mathematics aspect was to be downgraded, would that not mean that we would not be producing the right types of graduates for the industry?**Senator Gerard P. Craughwell:** Information on Gerard P. Craughwell Zoom on Gerard P. Craughwell There are examples of people going into the top industries who would not have gone through the maths route.**Mr. Lewis Purser:** In 2010, the universities announced a change to the points system for entry in 2012. Since then, all students who have sat a higher level mathematics paper and achieved a minimum of a D3 have got bonus points. It is not the only thing that has influenced a change in behaviour in second level students and in families, but it is one of them. The Department of Education and Skills, to give it justice, has invested heavily in the continuing professional development of mathematics teachers. The Project Maths curriculum has been rolled out. From 2011 to 2013, we have seen a 45% increase in the number of leaving certificate students who are sitting higher level maths, which is a good thing. It has certainly been welcomed by our stakeholders throughout the country, public and private.**Mr. Ned Costello:** I might talk about the technological university the Senator mentioned. However, as a *sequitur*to what Mr. Purser said, the Senator correctly adverted to the variation in non-progression rates across the higher education system as a whole. There is evidence that they are worst in the institutes of technology sector. While it is not for me to speak for the IOT sector, representatives of the sector would say that obviously the socio-economic profile of entrants to that sector is different and that inevitably has an effect. The same pattern is evident with computer science in the IOTs as in the universities. The more difficult courses, particularly those with lower points requirements, tend to be the ones that people come into. They tend not to have the capability to succeed in the course and then they drop out of it.  On the question of technological universities, our position has always been that it is one of standards. If an institution deserves the title of university, then it should look, walk and talk like a university. Therefore a technological university should be of a university standard, but with a different disciplinary focus from a comprehensive university.  Inevitably, however, if technological universities are created, there will be bits of the technological aspect of comprehensive universities that look like a technological university, if I can put it that way. I think we want that because we want universities to be as engaged with technology and with companies as technological universities are. However, there is also a regional dimension, which the Department's policy would require to be stronger in the case of technological universities. There is an SME element that the Department would maintain needs to be stronger as well.  I hate bringing everything back to resources, but as Mr. Boland did it last week, I am probably allowed to do it. The big worry is that creating new universities will not be a cheap process. Where will the money come from?  There is also significant challenge on the employment contract on the TU side. The employment contract is very different because in the IOT sector, as the Senator knows, it is predominantly a teaching hours-based contract. As the sector wants to do more research, it is struggling with that.  Fundamentally it is not a question of principle. It is really a question of more practice. If we have institutions of university standard, they should be universities. However, we have to find a way to pay for it and then we are back to the sustainability piece.  I will ask Mr. Casey to talk about the diversity of income that the Senator and Deputy Cannon raised.**Mr. Michael Casey:** As context, despite the reductions in Exchequer income over the period from 2007 to 2013 that we spoke about, based on analysis of the consolidated accounts of universities, total sectoral income for the seven universities actually increased over that period by about €117 million. It peaked in about 2009 and it has begun to decline since then, but over the period it increased by €117 million.Back in 2007, based on analysis of the consolidated accounts, approximately 59.5% of total income came from Exchequer sources. In 2013 that was down to 47%. There have been concerted efforts to expand income from non-Exchequer sources and that has come from a range of places. More income is coming directly from the students with the increase in the student contribution. There is an element of that in it.**Deputy Ciarán Cannon:** Information on Ciarán Cannon Zoom on Ciarán Cannon That is not counted as Exchequer funding.**Mr. Michael Casey:** That is not counted as Exchequer funding.**Chairman:** Information on Joanna Tuffy Zoom on Joanna Tuffy How much of that €117 million would that be?**Mr. Michael Casey:** I do not know off the top of my head.**Chairman:** Information on Joanna Tuffy Zoom on Joanna Tuffy Would it be a high proportion of it?**Mr. Michael Casey:** It is not a high proportion. Most of the growth would have come from other areas. There is international fee income, other fee income, postgraduate, other academic courses, CPD courses and other areas like that. There have also been concerted efforts to commercialise campuses. For example, universities would go to tender to provide bank concessions. If a bank wants to have banking facilities on a campus, the university will try to exploit that in terms of money. They try to generate income through sports facilities and other facilities on campus - car parking and things like that.There have been efforts in the area of philanthropy. In Ireland we do not have the culture in that respect, but institutions are putting in considerable efforts to develop that area. They are trying to tap into alumni in an effort to develop and promote a culture of philanthropy in higher education.**Senator Marie Louise O'Donnell:** There has also been a huge decline in staff pay since 2008, as I believe was mentioned in one of the papers. That decline went across administration and teaching. All staff in universities lost it, as we all did.**Mr. Michael Casey:** To some extent that has been taken into account by reductions in the core funding side of things. Much of that would have been Exchequer-funded cost base. The reductions in those would have been-----**Deputy Ciarán Cannon:** Information on Ciarán Cannon Zoom on Ciarán Cannon From the period 2007 to 2013, overall income for the sector increased by €117 million. Is that correct?**Mr. Michael Casey:** It was €117 million based on the-----**Chairman:** Information on Joanna Tuffy Zoom on Joanna Tuffy Does that show that need forced the university sector to be more proactive in making more money?**Mr. Michael Casey:** I think that is fair. To some extent it has not been a bad thing.**Deputy Ciarán Cannon:** Information on Ciarán Cannon Zoom on Ciarán Cannon One would expect Exchequer funding to increase again now that we are back to having a growing economy. However, we cannot take our focus away from seeking those new resource streams and leveraging them as best we can.**Chairman:** Information on Joanna Tuffy Zoom on Joanna Tuffy My father worked on the area of external relations in the Institute of Technology, Tallaght. The idea of getting the private sector to use the universities as a resource to educate their workforce and then make money out of it at the same time is great.**Senator Gerard P. Craughwell:** Information on Gerard P. Craughwell Zoom on Gerard P. Craughwell Is there not a concern over starting to generate income by providing services to industry, which I fully support? However, it needs to be ring-fenced, carefully managed and controlled in order that we do not decide that we have a cash cow and start moving towards the cash cow while leaving behind the core role of the university which is to provide education up to postgraduate level, at which we have been very good. We may be missing out on the cash cow and I would be interested to hear what Ms Lucey has to say.I visited China in 2000 and the hunger to come here to study was incredible.  In the period 2000 to 2004 there were more than 380 Chinese students at the school in Blackrock at which I taught whereas now there might be ten studying there. Somewhere along the line, we dropped the ball. Going after that cash cow would not be a bad idea because it would mean that the academic aspect of the university would continue. Again, I apologise for interrupting.**Mr. Michael Casey:** The core business of universities will always be teaching undergraduates and postgraduates and undertaking research. I do not think there is a significant risk that universities will take their eye off that ball. There has been a necessity to generate income, from whatever source, in light of the fact that there is a relatively fixed cost base for institutions. Staffing levels, pay and everything else are largely outside the control of the institutions so there has been a need to expand income in those areas. I do not think that is a bad thing and institutions should not be taking their eye off the ball. The processes and resources that have been put in place to try to exploit opportunities in those areas have probably been mainstreamed to some extent and that is a good development for the institutions as we emerge, one hopes, from the recent period of sustained cuts.**Mr. Ned Costello:** As Mr. Casey indicated, the core of what universities do must remain intact. What we are discussing is the icing on the cake. Not to trivialise it but the cake is getting smaller and the icing has had to get bigger. One of the key issues facing universities relates to the fact that the restrictions on what can be done to incentivise and reward staff to generate more income are more significant. This is a difficult one with which to deal because everyone knows what we have been obliged to go through to maintain coherence in the public sector and so on. As Mr. Tom Boland mentioned last week, if we want staff to go out and really win significant amounts of international business, for example, or to go to teach in branch campuses abroad, it is reasonable to say that one must be in a position to incentivise them to do so. The same is true in the context of continuing professional development, which is the other area in which a market exists. If one wants staff to do stuff out of hours and provided one has the quality assurance system in place to ensure that this is not done at the expense of their day jobs, which is critical, then the regulators should be open to this. At present, they are not open to it. This is a matter of ongoing debate between ourselves and the Department.**Ms Sinead Lucey:** The Deputy quite rightly pointed out the strength of Ireland's brand in international markets. While it might be quite strong in places such as the US, it is certainly not as strong in Asia. That requires investment in our national brand by our embassies. I commend the embassies in terms of the really amazing work they do in respect of the national brand, particularly in the context of education in Ireland. The Deputy referred to New Zealand. The New Zealand Government's level of investment in the country's national brand is significantly higher than the corresponding level of investment here. I do not have the figures in that regard with me but I can certainly provide them. Without the type of investment to which I refer, it is difficult to raise our profile in those markets.We were asked about what is happening internationally in the context of best practice. We would certainly support increased collaboration, and that has happened in the higher education sector in general. Most of the higher education institutions in Ireland are involved in Brazil's science without borders programme. We are currently processing 1,123 students in respect of it and there are more than 1,000 students here already. That is real evidence of increased collaboration. In the context of global relations, the Deputy correctly pointed out that we have not engaged with our alumni in the best way possible. We are exploring a project in Africa at present to engage with our alumni and with friends of Ireland. That project is proceeding on a pilot basis and if it is a success, we will consider the results. We would certainly like to see it rolled out to other more significant markets.**Senator Marie-Louise O'Donnell:** Information on Marie-Louise O'Donnell Zoom on Marie-Louise O'Donnell What is our guests' view on the awful debacle which took place recently in the context of students from Brazil, India and elsewhere who came here to pursue English language courses? I accept that this has nothing to do with the universities and relates to private institutions. The Department of Education and Skills took its eye off the ball on this matter and the Department of Justice and Equality was not paying a blind bit of attention to what was happening. There was an expectation that those who came here to study and received the relevant stamp would enjoy the quality assurance that came with it. The problem in this regard still has not been rectified. Has that had an effect?**Ms Sinead Lucey:** Yes, it has had an effect. In reputational terms, we are all viewed as representing Ireland. Many of our embassy staff did a great deal of good work in looking after the students involved.**Deputy Ciarán Cannon:** Information on Ciarán Cannon Zoom on Ciarán Cannon There are two distinct markets emerging. First, there is a Department-credited group of institutions which does much work with Malaysia, and the Governments of the two countries collaborate. Every entity Malaysia invests in here in the context of educating its young people is the subject of serious scrutiny and there is a very robust accreditation process. That is the way it should be. However, there is another market which is not regulated at all. That is the challenge and it was in the context of this market that the young people in question were so badly affected.**Senator Marie-Louise O'Donnell:** Information on Marie-Louise O'Donnell Zoom on Marie-Louise O'Donnell They were also badly affected because we expect the Department of Justice and Equality, when it stamps something, to engage in proper scrutiny.**Deputy Ciarán Cannon:** Information on Ciarán Cannon Zoom on Ciarán Cannon I agree.**Senator Marie-Louise O'Donnell:** Information on Marie-Louise O'Donnell Zoom on Marie-Louise O'Donnell I take on board what the Deputy is saying and I am aware that the level of collaboration that exists with some of these countries in the areas of medical science and biotechnology are phenomenal. Those young people who came here to study had an expectation that they were doing so at a level that had been approved by someone.**Deputy Ciarán Cannon:** Information on Ciarán Cannon Zoom on Ciarán Cannon I thank Ms Lucey for her very enlightening contribution.**Chairman:** Information on Joanna Tuffy Zoom on Joanna Tuffy We are due to conclude our deliberations fairly soon. Dr. Larkin stated that his paper contains the initial results. Will he indicate what the next stage will be, when the research will be completed and what will happen to it then?**Deputy Ciarán Cannon:** Information on Ciarán Cannon Zoom on Ciarán Cannon Ms Lucey stated that New Zealand invests a multiple of what Ireland invests in respect of international education. To what does that investment lead? Does New Zealand have a full-time, permanent presence in the countries we are discussing?**Ms Sinead Lucey:** Correct. Following on from what Mr. Costello said, we are very much engaged in partnerships with Chinese universities and that is where the numbers are going to grow. We need our staff to be able to mobilise and teach on campuses in China. We also need our students to go out and be able to bring in their students. There is a need to incentivise staff. I do not have statistics with regard to incentives for academics in New Zealand or Australia.**Deputy Ciarán Cannon:** Information on Ciarán Cannon Zoom on Ciarán Cannon However, they have programmes of incentivisation.**Ms Sinead Lucey:** Yes. That is really where we see the potential lying.**Deputy Ciarán Cannon:** Information on Ciarán Cannon Zoom on Ciarán Cannon The possibilities in this regard are endless.**Senator Marie-Louise O'Donnell:** Information on Marie-Louise O'Donnell Zoom on Marie-Louise O'Donnell Will Mr. Purser reply to the questions I asked?**Mr. Lewis Purser:** I apologise for keeping the Senator waiting. I am pleased that she was somewhat elated with regard to the better news that has been coming out-----**Senator Marie-Louise O'Donnell:** Information on Marie-Louise O'Donnell Zoom on Marie-Louise O'Donnell I was elated by the information provided.**Mr. Lewis Purser:** I do not want the Senator to be too elated. While I highlighted possibly the more positive points in my presentation with regard to where the universities are doing well and where they are doing what they can, in each of the sections in the paper I also emphasised the areas in respect of which they could do much better. If we compare the position internationally with that which obtains here, it is obvious that we are not doing as well as we could in some areas.The Senator inquired about the profile of the companies which provided feedback through the employers' survey. They are two thirds indigenous, one third foreign ownership and fairly evenly spread between manufacturing and service and between large companies employing more than 250 people, medium-sized companies and small companies employing fewer than 50 people. One third is in Dublin and two thirds are outside Dublin. There is a good range of all types. We are not just getting feedback from companies such as Google, but from small and medium enterprises.**Senator Marie-Louise O'Donnell:** Information on Marie-Louise O'Donnell Zoom on Marie-Louise O'Donnell What about the 20,000 students? Where do they come from?**Mr. Lewis Purser:** The response rate across the country was just under 20%. It varied across institutions from between approximately 12% to well over 30% or 40% in some of the smaller ITs. It was a good spread across all disciplines. The response rate in the colleges of education was higher. They do not have the disciplinary spread of some of the ITs or the universities. In education, therefore, the response rate is very high whereas in some of the others-----**Senator Marie-Louise O'Donnell:** Information on Marie-Louise O'Donnell Zoom on Marie-Louise O'Donnell The trajectory is very linear there.**Mr. Lewis Purser:** Yes. However, it is a fully representative sample nationally.**Chairman:** Information on Joanna Tuffy Zoom on Joanna Tuffy Is Mr. Purser saying that the student survey included institutes of technology?**Mr. Lewis Purser:** Yes. It was one instrument that covered the entire country. The entire report is referenced in our submission and that is broken down by different sectors - colleges of education, ITs and universities - and by the different fields of education.**Chairman:** Information on Joanna Tuffy Zoom on Joanna Tuffy There are other questions outstanding, but Deputy Bannon wishes to speak.**Deputy James Bannon:** Information on James Bannon Zoom on James Bannon I am sorry for being late to the meeting. My question is associated with the topic being discussed. I welcome the representatives. Without wishing to take from the wonderful contribution to education made by Athlone Institute of Technology, AIT - the college is very proactive in the development of the midlands and has been working very actively with companies and businesses in the area to educate students to meet the various needs - I have long contended that the midlands deserves a university. How far away is the provision of a university in the midlands? The cost of coming to the city to study is a huge factor for students in the midlands, in terms of seeking accommodation and so forth. That issue is brought to my attention time and again by parents. It probably should be a separate item on the agenda for a meeting on education, but perhaps the members of the Irish Universities Association would give their views on the development of university facilities in the midlands.**Chairman:** Information on Joanna Tuffy Zoom on Joanna Tuffy It is not within the Deputy's remit to ask their views.**Deputy James Bannon:** Information on James Bannon Zoom on James Bannon I cannot let the opportunity pass.**Mr. Ned Costello:** I can make a comment, but I will stay within my remit. Before the Deputy arrived we were talking about the big questions surrounding the affordability of the creation of universities and where the money would come from. I should reference the very positive collaboration between Maynooth university and AIT. That is where some of the imperative in national policy for clustering is originating. In reality, it will not be possible to have a university in every location in Ireland and what we must do is ensure that the relationships between universities and institutes of technology and other higher education institutions are working as effectively as possible. There is a very strong linkage with Athlone, not least because Maynooth would see itself as facing the midlands as well as the hinterland of the Dublin metropolitan area. That is not the perfect answer, but it is the best one I can give.**Senator Marie-Louise O'Donnell:** Information on Marie-Louise O'Donnell Zoom on Marie-Louise O'Donnell Perhaps the great Mary O'Rourke put the universities in the wrong place in Limerick - the University of Limerick is a brilliant university - and in Dublin City University. I am not sure that a university is coming to Athlone.**Deputy James Bannon:** Information on James Bannon Zoom on James Bannon Parents raise the issue of the high cost of finding accommodation. Usually, it is in September and it is a huge burden on parents.**Senator Marie-Louise O'Donnell:** Information on Marie-Louise O'Donnell Zoom on Marie-Louise O'Donnell That is the case all over the country.**Deputy James Bannon:** Information on James Bannon Zoom on James Bannon Many people live within driving distance of a university. In the west there is Galway and Limerick and there is Cork in the southern part of the country. People in Kildare, Wicklow and Meath can access Dublin and still live at home, but it is a huge problem in the midlands for parents. We should be considering it for the long term.**Chairman:** Information on Joanna Tuffy Zoom on Joanna Tuffy There is nobody here to represent the IT sector. One criticism I have of the university sector - not all of it but some of it - is that it is not as flexible as the institutes of technology in terms of access. I worked for two years as a clerical officer in the registrations office of the Institute of Technology in Bolton Street and I met people there who went from being an apprentice to doing a night course and going on to do a certificate and diploma. One guy who had moved on to postgraduate study had started as an apprentice in Bolton Street. There were always night classes and the college had a huge amount of flexibility. I would be critical of Trinity College. I went to Trinity College but there is not much change there in terms of the level of part-time education it provides from what was provided when I was there in the 1980s. That is the advantage of ITs. Both sectors do different things and from the socioeconomic perspective, the institutes of technology have an excellent record in flexibility.**Dr. Charles Larkin:** I will reply to some of the other questions. I will start with the non-economic returns. Some estimates for this have already been made by the OECD which can be found in Education at a Glance. They tend to be very high for Ireland. The estimate for 2010 is that the social contribution effect is $49,600 in public benefit for a man and $60,647 for a woman on a purchasing power parity basis. One can calculate these things but, almost by definition, they will have many strings attached because it is an implied effect. One is doing a precision calculation for these things. Looking at the US data on this, what tends to drive the US data returns is that individuals in higher education tend not to end up in incarceration. The very high returns that are typically discussed in the US are social benefits-----**Senator Marie-Louise O'Donnell:** Information on Marie-Louise O'Donnell Zoom on Marie-Louise O'Donnell They are not incarcerated here either for white-collar crime.**Dr. Charles Larkin:** They do not get locked up.**Deputy Ciarán Cannon:** Information on Ciarán Cannon Zoom on Ciarán Cannon There are huge savings to the state.**Dr. Charles Larkin:** Yes, huge savings to the state is essentially the way it is calculated, so one must put a big health warning on those calculations. However, once one removes that, one tends to have better social cohesion effects and improved agglomeration effects in terms of innovation, which is what Professor Glaeser at Harvard University emphasises. There are those types of benefits.The problem in Ireland is that we have very poor data. If we are to calculate these things, and Qiantao Zhang has been fantastic at this, we have had to create this from scratch through surveys. The OECD has some data. In the Central Statistics Office, CSO, there are gaps between income data and CSO data. I draw members' attention to one of the most precise studies of this, Elish Kelly's paper from the Economics of Education Review 2010, "The economic returns to field of study and competencies among higher education graduates in Ireland". That was driven entirely by survey data. There was no CSO component in this except what came from the census. The census has a difficulty in that while it tells us what people did at school, university and other higher education, it does not tell one how much they make. Most other countries count this.That would be one of the elements in that regard. It is a very important component and it is something on which there must be much analysis. It has been discussed by the Carnegie Foundation in the United States since it began its studies in the 1970s. This has been a known quantity as an idea and there have been calculations since the early 1970s, even down to how much improved dental health one has as a result of going to higher education.**Senator Marie-Louise O'Donnell:** Information on Marie-Louise O'Donnell Zoom on Marie-Louise O'Donnell We know it in respect of mortality, deprivation and food. There are many studies.**Dr. Charles Larkin:** The problem with all these studies is saying correlation is equal to causation. When the statistical analysis is done, they suffer from tremendous amounts of multi-collinearity. Is the reason for the improved life expectancy of an individual who has gone through higher education down to the fact that he or she has gone through third level and has not eaten as many bad foods or engaged in as many bad habits or is it because they are part of a socioeconomic classification which tends to have higher levels of longevity anyway?**Senator Marie-Louise O'Donnell:** Information on Marie-Louise O'Donnell Zoom on Marie-Louise O'Donnell It would be an important study now since a university education does not necessarily lead to a job and our unemployment rate is so high. Does it work outside of the job factor? In what way does it work and keep people alive with possibility, a quality of life and a sense of what the philosophers call "happiness", which is very much a part of what education should have been about, that sense of a life well lived? It is a huge area and I understand it is not as easy to quantify or to qualify as economic research geniuses such as Dr. Larkin.**Dr. Charles Larkin:** I would not say that.**Senator Marie-Louise O'Donnell:** Information on Marie-Louise O'Donnell Zoom on Marie-Louise O'Donnell It is a major part of-----**Dr. Charles Larkin:** There is a developing section of economics which works hand in glove with psychology called the economics of happiness. Professor Richard Layard in the UK who was the research assistant for the Robbins report, which created the modern higher education system in Britain, has published extensively on this. There is something that can be developed but it is a matter of getting the initial data together to look at that question. Professor McMahon in the University of Illinois has calculated this into his non-economic returns to higher education.Senator Craughwell referred to further education, credits and progression. There are many aspects to costs which can be examined in terms of progressing from further education into higher education. Significant data and analysis has been done in the UK about this because they have this question about where FET dovetails into higher education and the OECD has done good work on this. I bring the attention of members again to the 2015 edition of Going for Growth and pages 220 and 221 which reference Ireland. There are recommendations relating to FET activities for labour market activation policies as well as recommendations on research and development policies, which would dovetail with the DEJI approach to universities. As was highlighted by Mr. Costello, there is a constant tension between what the Department of Education and Skills and DEJI hope to achieve as policy objectives in the higher education sector. That is sometimes difficult to reconcile because universities are seen as elements of the national industrial policy. If one were to go back to the mid-1950s and examine higher education policy and the analysis of human capital policy, they were not seen as much as part of the national industrial policy but as part of a wider social and manpower policy.**Chairman:** Information on Joanna Tuffy Zoom on Joanna Tuffy When will the research be completed? What will happen to it then?**Dr. Charles Larkin:** The research will most likely be completed over the next 24 months. We have worked closely with the Department Education and Skills, HEA and IUA. We hope that part of our work becomes part of the policy discussion. We have begun discussions with people connected to the secretariat for the Cassells group. They are looking at their analysis now and the NESC work for the Cassells group will probably have to use some of the work we have done because on the issue of diversification of income, it is clear that institutions that have more diversified income have a stronger economic impact because there is less of an opportunity cost unless one is talking about areas with profoundly slack aggregate demand. The stimulation provided by a higher education institution in such areas is more a reflection of the fact that there is above average unemployment and below average economic activity than anything else. In the UK, these types of studies have begun to be used by the Department for Business, Innovation and Skills to bring about new campuses in locations referred to by the Minister there as economic cold spots.**Mr. Ned Costello:** I would like to make a number of closing comments, including on the issue raised by the Chairman. I refer to diversity in the system. One of the strengths of the Irish system historically is that it has been a diverse system and we do not want to lose that. It has also been a less well co-ordinated system and the direction in national policy is towards a diverse but better co-ordinated system. Two aspects are important in that regard. The first is that there used to be a great deal of talk about parity of esteem among institutions. The benefit of the HEA's strategic dialogue and compacts process is that it asks institutions how well they fulfil their chosen mission and their standing will ultimately be determined by how well they do so within a system of diverse but co-ordinated institutions. We do not want institutions all doing the same thing.However, we would like to provide the committee with an additional note on the question of access and diversity of entry routes, which the Chairman raised, because there has been significant activity in that space in the university sector. Time does not permit a discussion but we can provide a note.**Chairman:** Information on Joanna Tuffy Zoom on Joanna Tuffy That would be great and we could consider it at a further meeting.**Mr. Ned Costello:** I thank Dr. Larkin and Mr. Zhang for the work they are doing on the project. It is an independent project and not an IUA project but, hopefully, it will lead to the start of a conversation about higher education as an investment rather than as a cost in order that when we discuss the cost, we look at it in return on investment terms. It tends to be talked about as a cost on the State or a cost on the individual. The project is hugely valuable in that regard.**Senator Marie-Louise O'Donnell:** Information on Marie-Louise O'Donnell Zoom on Marie-Louise O'Donnell I thank the witnesses. One of the strengths of the committee is to be informed by the witnesses and their research and ethic. We can take this away and I am terribly interested in this. When the economy is discussed, one has to talk about education because they go hand in glove. While Mr. Zhang did not contribute, Dr. Larkin said that without his work ethic, much of this would not have been put together. I congratulate Mr. Zhang on the work he is doing regarding the economic impact on higher education institutions in Ireland. It is wonderful and I wish him the best of luck with his doctorate. I thank him for attending even though he did not get to speak**Mr. Qiantao Zhang:** I thank the Senator very much.**Chairman:** Information on Joanna Tuffy Zoom on Joanna Tuffy We all agree with that. I thank all the witnesses. As Senator O'Donnell said, the meeting was informative. We have taken a great interest in this issue as a committee and we will continue to do so.The joint committee adjourned at 3.20 p.m. until 1 p.m. on Wednesday, 18 February 2014. |