

IUA PRE-BUDGET SUBMISSION

# Universities Supporting National Priorities

July 2025



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## Executive Summary

### Ireland's Future Depends on a Strong University Sector

The Programme for Government 2025–2029, *Securing Ireland's Future*, outlines a bold vision for a sustainable, inclusive, and competitive economy, with targeted responses to climate, digital transformation, health, and social equity. Delivering this vision demands a robust higher education and research system. **Our universities are the foundation for the talent pipeline, innovation capacity, public service provision, and research excellence required to meet these national priorities.** Universities share the government's vision for Ireland in the Programme for Government and are ready to support government in the delivery of national goals.

Budget 2026 is the first opportunity for government to match its ambitions with investment. Ireland's investment in higher education and research continues to lag our key competitors. *'Funding the Future'* identified a significant funding gap in core funding of €307m, while government investment in research has slipped back significantly over the last decade following the transformative impact of the *Programme for Research in Third Level Institutions* in the early 2000's. **Student Staff ratios are well behind EU and OECD averages, major investment is required in digital, teaching and research infrastructure as well as key student support services.** Recent years has seen some welcome reinvestment in higher education as government began to deliver on the commitments in *Funding the Future* but a step change is now required to continue to address the legacy of underinvestment in the last decade, protect institutional sustainability, adapt to the transformative impacts of digitalisation and artificial intelligence and ensure Ireland remains globally competitive.

At a time when higher education systems worldwide are under existential threats, whether it be attacks on academic freedom, freedom of association or freedom of speech in the US or major funding crises in the UK and Europe, **the Irish government's commitment to investing in higher education and maintaining the fundamental values of our higher education system provides a real strategic opportunity for Ireland.** Now is the time to deliver on existing commitments and invest in our higher education system and in doing so underpin our future competitiveness and attractiveness as a place to work, live and invest.

**Investment in research infrastructure and sustainable core funding is not a luxury — it is a strategic necessity.** It is an investment that grows the economy, strengthens public finances, and enables government to deliver on wider national priorities — from housing and energy to health, transport, and climate action. A high-performing university system underpinned by strong research infrastructure and adequate core funding helps expand the State's fiscal capacity by generating innovation, attracting investment, driving productivity and providing the country's talent and skills pipeline.

**Without access to modern equipment, digital capabilities, and fit-for-purpose facilities, Ireland's ability to train the next generation, conduct cutting-edge research, and remain globally competitive is at serious risk.** Likewise, without sustainable core funding, universities cannot recruit and retain academic talent, reduce student-staff ratios, or deliver the quality of teaching and support services that students need to succeed.

We cannot ignore the realities facing the system: costs rise with inflation; student numbers continue to grow with Ireland's youthful population; government pay agreements must be honoured by publicly funded institutions; and research infrastructure ages, degrades, or becomes obsolete without adequate maintenance and renewal. **Strategic investment in Budget 2026 is essential to protect the long-term sustainability of our universities, safeguard national competitiveness, and ensure Ireland remains a global leader in education, research, and innovation.**

The priority investment areas required to support our higher education and research system in meeting national priorities are summarised below and detailed further in the following pages.

## Summary of Investment Priorities

### Budget 2026

| Research   | Core Funding  |   |
|--|---|---|
| Research Infrastructure & Talent Fund  | Unavoidable Cost Increases  | Funding the Future  |
| €120m  | €212.8m   | €45m  |
| <ul style="list-style-type: none"> <li>• <b>€50m p.a.</b> to renew outdated equipment and support research-led teaching across disciplines.</li> <li>• <b>€50m p.a.</b> to create shared Technology Expertise Hubs housing high-end infrastructure and expertise, accessible across institutions and industry.</li> <li>• <b>€20m p.a.</b> to support 500–600 PhD students and postdocs through a nationally coordinated programme aligned with EU and national priorities.</li> </ul> | <ul style="list-style-type: none"> <li>• <b>€71.6m</b> for agreed public sector pay awards in 2026</li> <li>• <b>€36.2m</b> to meet rising enrolment due to demographic growth</li> <li>• <b>€105m</b> to offset accumulated non-pay inflation costs</li> </ul> | <ul style="list-style-type: none"> <li>• <b>€25m</b> from the National Training Fund</li> <li>• <b>€20m</b> from the Exchequer</li> </ul> |
| Essential to reverse declining research competitiveness through a targeted €600m investment over five years.   | Essential to protect quality, improve student-staff ratios and provide financial sustainability amid rising costs and student numbers.  | Sustain momentum on government's commitment to close the €307m core funding gap.  |

### Supplementary Budget Allocation 2025

#### Core Funding

| Unavoidable Cost Increases   |
|--|
| €112.0m  |
| <ul style="list-style-type: none"> <li>• <b>€70.4m</b> to cover 2025 pay awards shortfall</li> <li>• <b>€41.6m</b> for 4,500 additional unfunded students enrolled since 2023</li> </ul> |
| 2025 base allocation to be adjusted to address existing shortfalls and maintain financial viability and protect student experience in respect of these on-going costs.                   |

## Universities Supporting National Priorities

The Programme for Government 2025-2029 '*Securing Ireland's Future*', aims to create a sustainable, inclusive and resilient economy while addressing key societal challenges. Priority commitments include delivering a strong and stable economy, improving competitiveness in a changing world, positioning Ireland ahead of emerging economic trends, addressing poverty and social exclusion, improving living standards and delivering sustained action to tackle the climate crisis, decarbonize the economy and harness the digital and AI revolution.

Our universities are fundamental enablers in the delivery of these commitments with Ireland's future economic success hinging on a highly educated, innovative and adaptable workforce.

### Our universities:

- **Will deliver Ireland's future talent and skills pipeline.**
- **Will deliver the doctors, nurses, therapists, vets, teachers etc. required to meet the growing demand for public services.**
- **Will help drive Ireland's ambitions to be a leader in the digital economy.**
- **Will produce research that powers innovation and shapes effective and inclusive responses to major societal challenges.**
- **Will remain a cornerstone of social mobility, cohesion and inclusivity in an increasingly fractious world.**

The need for a strong and sustainable higher education system has never been more important. Long-established political alliances and trading relationships have been profoundly impacted over the last six months leading to huge uncertainty and disruption. Our higher education system, as a key strategic national asset, can continue to play a pivotal role in meeting future challenges. Our universities stand ready to play our part in the delivery of the vision set out in the Programme for Government.

Budget 2026 provides the first opportunity for the current government to support delivery of the vision and commitments set out in the Programme for Government. In this Submission, we set out the priorities required to enable our universities to respond to national priorities as partners of government.

## Enhanced Investment in Research & Innovation

The Programme for Government 2025 ‘*Securing Ireland’s Future*’ outlines the need for increased and sustained research investment when it commits to:

*“Increasing funding for research which adds value to our economy, grows future jobs and strengthens our competitiveness.”*

This commitment is welcome — but it must now be backed by **structured, sustained action**. To deliver on these ambitions, the Government has pledged to:

- Continue investing in *Taighde Éireann / Research Ireland*;
- Maximise participation in Horizon Europe;
- Enhance support for PhD students and early career researchers;
- And crucially, establish a **dedicated research infrastructure funding stream**, modelled on the successful *Programme for Research in Third-Level Institutions (PRTL)*.

### Research Infrastructure & Talent Development Fund

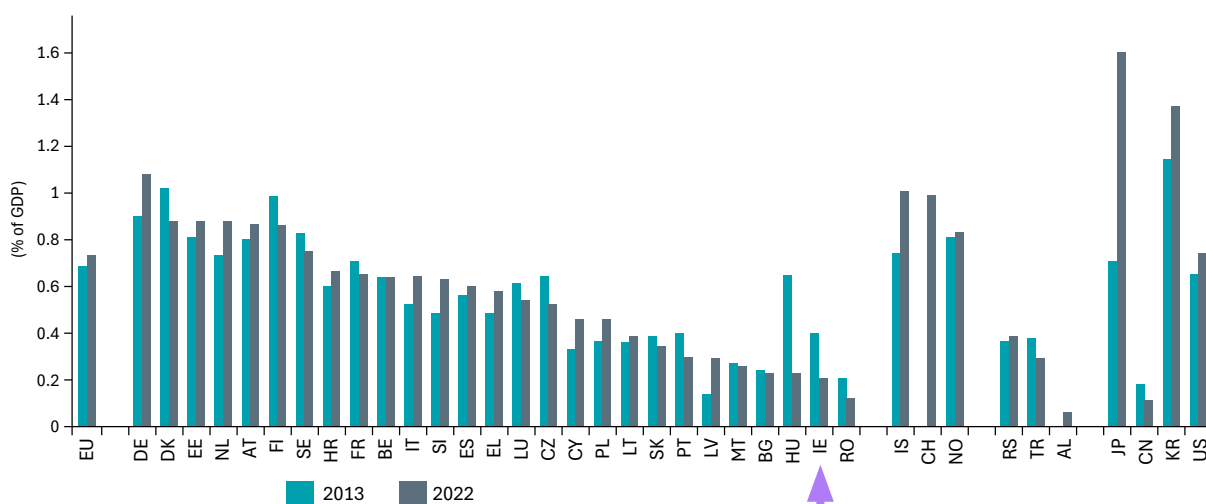
Ireland’s universities are fully aligned with this agenda. We are committed to working with government to build a world-class research and innovation system that addresses national priorities and global challenges and expands the country’s fiscal capacity. But we cannot do so without the core scaffolding of that system: **research infrastructure** — the advanced equipment, platforms, and expertise that enable talent, ideas, and enterprise to flourish.

**As things stand, the system is under severe pressure.**

- Over one-third of university research equipment will be obsolete by 2025; by 2030, this figure will rise to 80%.
- Nearly 60% of research equipment is over 10 years old; one-third is over 15 years old.
- Over €130 million worth of equipment currently lacks maintenance contracts or technical support.
- There is no dedicated funding for the technical staff needed to operate and maintain research platforms.

These deficits severely constrain enterprise collaboration, research productivity, and talent development — limiting Ireland’s capacity to innovate.

The transformative impact of the PRTL programme in the early 2000s is well documented. It laid the groundwork for Ireland’s rise as a research-performing nation. However, investment has since declined steeply — from ~€100 million per year to just ~€20 million — fragmented and far below the levels seen in comparator countries. We are now investing less than one-third of the EU average in public research, and five times less than leaders like Denmark (Fig. 1). It is crucial that investment is stepped up on a sustained basis if future economic competitiveness is to be protected.

**Figure 1: Government budget allocation for research and development 2013–2023**

Break in time series: Sweden, Greece, Romania.

Definition differs: Austria, Hungary, Japan.

Estimated: EU, Denmark, Estonia, Sweden.

Provisional: Austria, Belgium, Czechia, Germany, Estonia, Finland, Greece, Spain, Croatia, Italy, Lithuania, Luxembourg, Hungary, Netherlands, Poland, Portugal,

Slovakia, Switzerland, Türkiye, South Korea, United States.

Albania: 2022 data

China excluding Hong Kong

Source: Eurostat (online data code: GBA\_NABSFN07)

OECD Government budget allocations for R&D for data on Japan, China (except Hong Kong), South Korea and the United States.

In a world marked by growing global uncertainty and geopolitical tensions, investing in Ireland's research and innovation system is more critical than ever. The Programme for Government's recognition that "knowledge and talent are the pillars of our economic success" is timely and necessary — but words must be backed by decisive action.

**A dedicated, multiannual Research Infrastructure Fund of €120 million per year**, aligned with national priorities and supported by technical staffing and long-term maintenance, will equip Ireland to navigate future challenges and seize emerging opportunities. Such a renewed, strategic investment presents a **shovel-ready solution** with immediate and long-term benefits:

- **Rebuilding competitiveness** by modernising labs, digital platforms, and research capabilities.
- **Unlocking enterprise partnerships**, EU funding, and private R&D investment.
- **Equipping graduates** with the skills and environment needed to thrive in high-value sectors like health, AI, climate tech, and advanced manufacturing.
- **Positioning Ireland as a true innovation leader** — not just sustaining the system, but scaling it to meet tomorrow's challenges.

Publicly funded research delivers strong returns. It expands the State's fiscal capacity through innovation-led growth, supports national priorities across health, housing, energy and climate, and strengthens Ireland's global influence. If we want to be a leader in Innovation, we can't keep doing the minimum — nothing changes if nothing changes.

Accordingly, the IUA is calling for the **establishment of a Research Infrastructure and Talent Development Fund as part of Budget 2026 with an overall investment of €600 million over five years** to transform Ireland's research infrastructure, drive innovation, and address critical societal challenges.



This multi-annual fund would provide a platform for the next phase of growth of our high skills, innovation-based economy and underpin our national competitiveness and would cover three main areas:

1. ***Maintenance and Upgrade of Institutional Research Infrastructure***

A **€50m annual five-year equipment renewal programme** to renew mid-range research infrastructure (€20k–€500k), improve sustainability, and support research-led teaching, with ongoing allocations to ensure global competitiveness and long-term efficiency.

2. ***Investment in Shared Large-scale Infrastructure***

A **€50m annual five-year programme would establish Technology Expertise Hubs, centralizing advanced equipment and technical expertise for shared use**. Led by institutions, proposals would align with national priorities and include access plans, costings, and lifecycle management to ensure strategic impact and sustainability.

3. ***Talent Development***

A **€20m annual five-year national fund** to leverage EU MSCA COFUND and **recruit 500–600 PhD students and postdocs**, aligned with national priorities from *Creating Our Future*. This would turn public engagement into impactful research on issues like health, housing, and climate action.

Our universities are research-led teaching institutions so the investment proposed in the programme will benefit, not just an expanded research capacity, but also the talent development at both undergraduate and postgraduate level. The proposed investment programme will help to realise the government's long held but as yet unfulfilled ambition to make Ireland "an innovation leader" and thereby help underpin our future competitiveness.



## Sustainable Core Funding

Core funding is fundamental to the quality and success of our higher education institutions. It is the essential foundation that underpins the quality of teaching, learning, research, community engagement, the student experience and effectively everything our HEIs do. It supports the capacity for reform and provides the capability for innovation and agility, the ability to react and respond to student needs as well as to wider economic, labour market and societal needs.

A sustainable core funding base is essential to enabling universities to respond to the priorities set out in the Programme for Government. Specifically, it will:

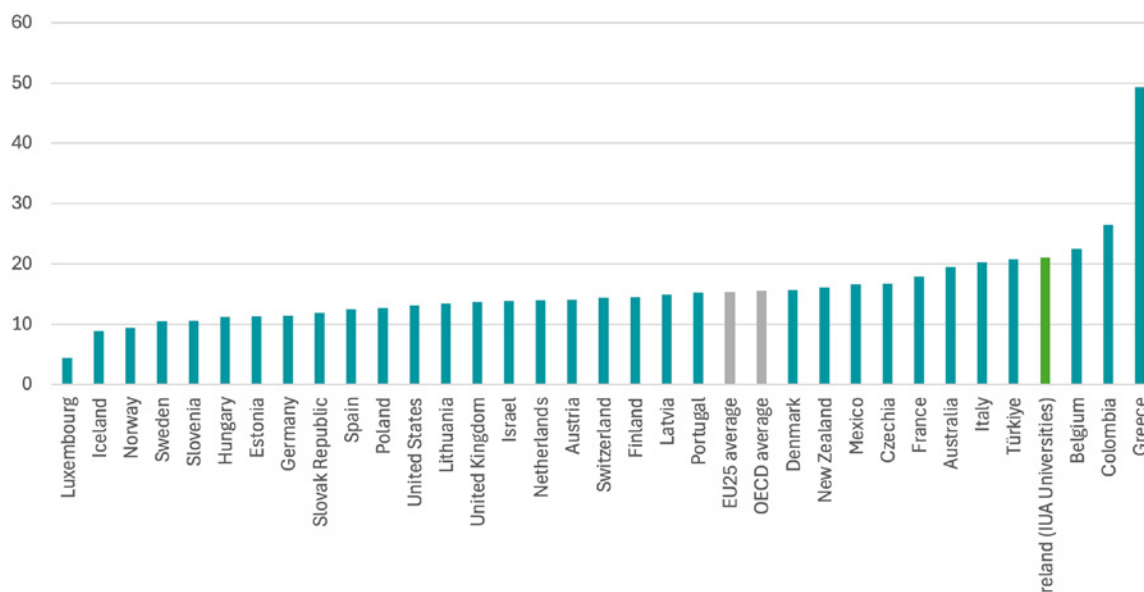
- **Improve student-staff ratios**  
Enable universities to reduce student-staff ratios from the current average of 21:1 (in IUA universities) — which is significantly higher than the OECD (15.6:1) and EU (15.3:1) averages (Fig 2) — thereby improving the quality of teaching and student engagement and outcomes.
- **Support strategic staffing**  
Provide the resources needed to hire academic, technical, and support staff essential to delivering on universities' teaching, research, and engagement missions.
- **Strengthen student support services**  
Allow universities to expand academic guidance, tutoring, disability services, and mental health supports — ensuring every student has the opportunity to thrive, and improving outcomes and wellbeing for all students.
- **Deliver on government priorities**  
Build capacity to respond to Ireland's most urgent needs in:
  - Digital skills and upskilling
  - Lifelong and flexible learning
  - Climate action and sustainability
  - Addressing skills shortages in housing, healthcare, tech, and green innovation

In short this is about outcomes that matter to Ireland:

- More teachers, planners, and engineers to tackle national challenges.
- More inclusive access and fairer outcomes for students across the country.
- Stronger regional economies through innovation, start-ups, and skilled graduates.
- More home-grown talent choosing to stay and build their future here.
- And stronger communities through universities' contributions to culture, public services, and civic life.

To maintain quality, access, and sustainability, we must move beyond short-term fixes and invest in a funding model that matches the scale of Ireland's ambition.

**Figure 2: Education at a Glance 2024**  
**Ratio of Students to Teaching Staff in Tertiary Education**



*Funding the Future*, published in May 2022, marked a turning point in national policy for higher education. Described by the then Minister for Higher Education, Research, Innovation and Science as the moment that finally ‘settles the question on funding Higher Education’, the strategy set out a clear commitment to long-term, sustainable investment in the sector. It identified a core funding shortfall of **€307m p.a.** and importantly recognised that this is separate to amounts that will be required for:

- Rising student numbers due to demographic growth.
- Increasing pension liabilities.
- Implementation of future pay and industrial relations agreements.
- The cost of implementing key system reforms.

This commitment is underpinned in the current Programme for Government which commits to ‘close the core funding gap’. The €307m figure was calculated based on the underlying rate of funding per student, with the clear intention to reset core funding to a sustainable and appropriate level. Crucially, the aim is not just to close the existing gap, but to maintain this funding in real terms as both costs and student numbers continue to rise.

While the government has made some progress since the launch of *Funding the Future*—delivering €164 million to date—it has fallen well short of its own commitment to close the €307 million core funding gap. Critically, annual increases have not kept pace with rising costs or student growth, eroding the real impact of that investment. To avoid further decline in quality and capacity, Budget 2026 must provide additional core funding as detailed below to protect institutional sustainability and maintain progress. At the same time, significant shortfalls from 2025 remain unaddressed and must also be resolved if the system is to remain financially stable and able to meet national priorities.

## Budget 2026 Core Funding: Stand-still Requirements

Budget 2026 must provide for additional core funding to cover pay awards, non-pay cost increases, and demographic growth. These allocations are not about expansion — they are the minimum investment required to preserve the value of existing funding, maintain educational quality, and protect institutional viability.

- **Pay Awards (€71.6m requirement)**

Funding will be needed to meet the 2026 costs of pay awards under the Public Service Pay Agreement 2024–26.

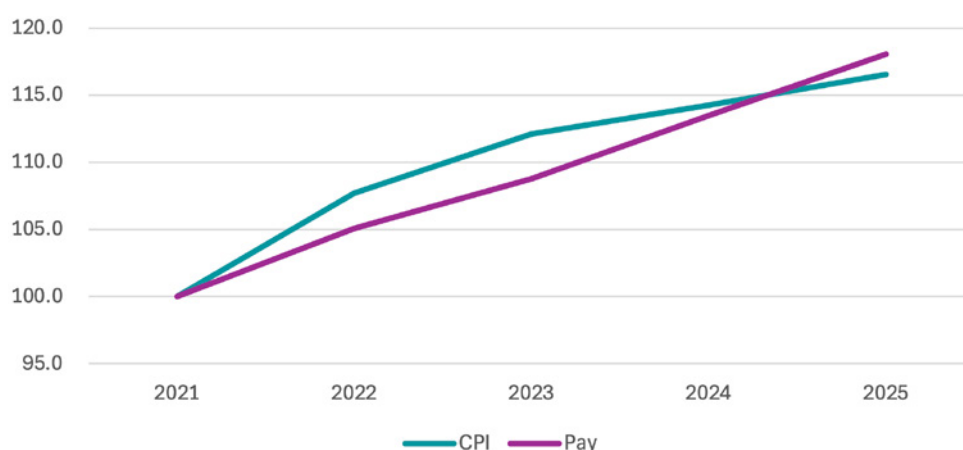
- For IUA universities, this amounts to €40.9m.
- A further €0.6m is required to cover the additional costs associated with the Public Only Academic Consultant Contract.
- The full higher education sector requirement is estimated at €71.6m.

- **Non-Pay unavoidable cost increases (€105m requirement)**

Universities are experiencing sustained inflationary pressures on essential non-pay costs, particularly in areas such as energy, facilities management, and IT/software.

- Since January 2022, the Consumer Price Index has increased by 16.6%.
- Non-pay costs in higher education have risen even more steeply due to sector-specific inputs including very significant increases in areas such as energy, facilities management and IT/software costs in particular. Once-off measures to address energy cost increases provided some temporary relief but the overall base cost has not been addressed.
- An estimated €105m will be required in 2026 to offset these unavoidable cost increases that have accumulated to date and continue to be required in order to maintain current service levels.

**Figure 3: Unavoidable Increases in Costs**



- **Demographic Growth (€36.2m requirement)**

Student numbers continue to rise in line with demographic projections.

- Based on DFHERIS projections, an additional €36.2m will be needed in 2026 to fund this enrolment growth.
- This allocation is in line with the commitments in *Funding the Future* to fund demographic increases through to 2030.

## Stand-still core funding

The **additional core funding** required to fund the 2026 cost of pay awards, non-pay inflation costs and fund demographic growth in 2026 is, therefore, **€212.8m**.

This funding is not about expansion — it is the minimum additional core investment required to simply maintain the existing level of funding in real terms. Although significant it represents only c. 12.5% of the overall core funding invested in the sector in 2025 and underpins the scale of the cost pressures facing the higher education sector. Without it, the quality and sustainability of the higher education system will be at risk. These allocations are essential to preserve standards, maintain financial viability, address student-staff ratios and honour the government's own commitments under *Funding the Future*.

## Budget 2026 Core Funding: *Funding the Future* Additions

While the IUA welcomes the government's progress to date, particularly in unlocking the potential of the National Training Fund, universities remain concerned at the slow pace at which the identified core funding gap of €307m is being addressed. To maintain momentum and deliver on the promise of *Funding the Future*, the IUA urges the government to:

- Deliver on the commitment of the €25m NTF increase in Budget 2026, as part of the path to bring the cumulative annual increase to €150m by 2029.
- Supplement this employer-funded amount by an increase in the Exchequer allocation of at least €20m towards the *Funding the Future* core funding gap.

## Funding the Future Additional Investment

An **additional €45m** under *Funding the Future* is required in Budget 2026. This represents less than 15% of the overall €307m *Funding the Future* funding gap.

## Impact of this Investment

The IUA universities share of this funding will enable:

- Recruitment of ~200 academic and ~150 support staff across IUA universities.
- A 0.5-point improvement in student-staff ratios.
- Enhanced digital, sustainability, and transversal skills embedded across all programmes.
- Better retention and access outcomes for underrepresented student groups.
- Improved student services in areas like health, mental health, guidance, and tutoring.
- Greater support for postdocs and PhD researchers.
- Progress on lifelong learning, further-higher education pathways, and upskilling.

In summary, the **total core funding requirement in Budget 2026 is €257.8m**

## 2025 Shortfalls – Requirement for Supplementary Budget

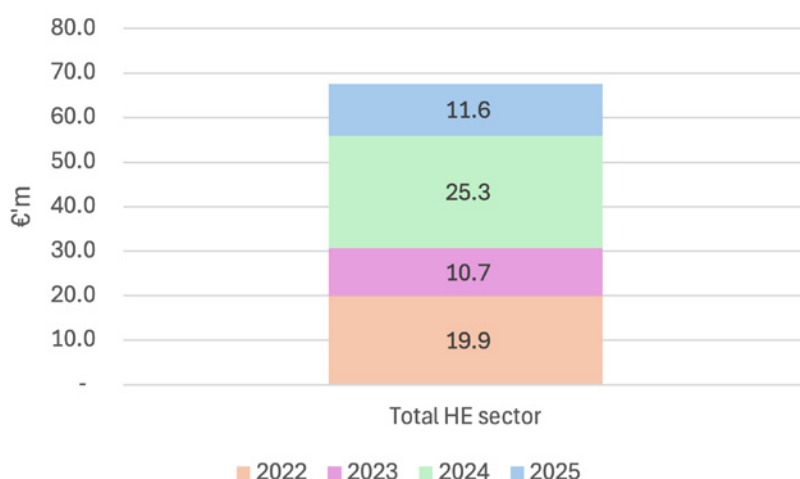
In addition to the above forward-looking requirements, significant shortfalls remain unaddressed from previous years—particularly in relation to pay awards deficits and unfunded demographic growth, as outlined below.

- **Pay Award Deficits (€70.4m shortfall)**

Universities are currently operating at a budgetary deficit in 2025 due to underfunding of government-agreed pay awards.

- The 2025 core funding allocation is €67.6m short of covering pay awards for existing university staff.
- A further €2.8m for the Public Only Academic Medical Consultant Contract was not included in the 2025 base allocation.
- Addressing these shortfalls incrementally over five Budgets is neither sustainable nor appropriate. The resulting cumulative deficits pose serious risks to institutional viability. Immediate supplementary funding is essential in 2025, along with an adjustment to the 2025 base grant to reflect these ongoing costs.

**Figure 4: Shortfall in Pay Award Funding by Year in which Pay Awards were incurred**



- **Unfunded Demographic Growth (€41.6m shortfall)**

No additional core funding has been provided for increased student enrolment since 2023, despite a rise of approximately 4,500 students.

- *Funding the Future* explicitly committed to aligning core funding with demographic growth through to 2030.
- The 2025 grant allocation falls short by an estimated €41.6m to meet this growth.

## Shortfalls Eroding Progress

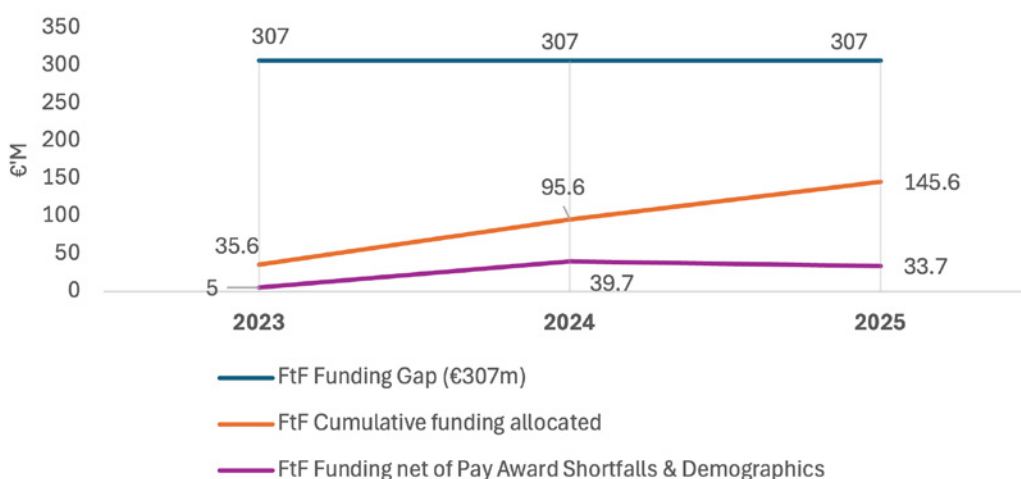
The €145.6m<sup>1</sup> of core grant funding invested under *Funding the Future* since 2023 has been significantly undermined by a combined €112.0m shortfall in pay and demographic funding. As a result, the funding intended to drive progress has instead been absorbed by these unaddressed pressures, curtailing its impact on student-staff ratios and the wider student experience.

## Impact on Student-Staff Ratios

This diverted impact is perhaps most clearly reflected in student-staff ratios. Based on the €145.6m *Funding the Future* core investment, a reasonable expectation would have been a reduction in IUA university ratios from 20.6:1 in 2018/19 (the baseline year referenced in *Funding the Future*) to approximately 19.3:1. Instead, by 2023/24, the ratio had worsened to 21.0:1. The failure to fully fund agreed pay awards and demographic growth has significantly blunted the intended effect of the investment. Rectifying these shortfalls in the 2025 base allocation would enable universities to reduce the student-staff ratio by more than a full point — a crucial step toward enhancing educational quality and delivering on the original vision of *Funding the Future*.

**Figure 5: The Funding Gap**

### Supplementary Budget Requirement in 2025



To prevent further decline, the IUA calls for:

- A **Supplementary Budget of €112.0m in 2025 to address legacy shortfalls and enable financial viability** for the sector.
- An **adjustment of the 2025 base grant allocation** of that amount to reflect these recurring costs in future allocations. Failure to adjust the 2025 base will increase the overall 2026 funding requirement by that amount.

<sup>1</sup> Funding the Future allocated via core grant only excluding FtF targeted funding in respect of medical education and FE/HE initiatives.

## Summary Table of Key Investment Priorities

| Category                                | Amount (€m)    | Purpose   |
|---|----------------|---|
| Research Infrastructure & Talent Fund   | 120.0          | Equipment, shared infrastructure, talent pipeline   |
| Core Funding for 2026                   | 212.8          | Pay awards 2026, inflation, student number increases  |
| Funding the Future - Additional Support | 45.0           | Progress toward closing €307m funding gap   |
| <b>Total Budget 2026 Investment</b>     | <b>€377.8m</b> |   |
| <b>Supplementary Funding 2025</b>       | <b>€112.0m</b> | Legacy pay awards and demographic shortfalls to be addressed in revised 2025 base allocation. |





## Capital

The IUA very much welcomes the commitments made in Budget 2025 to deliver an additional capital funding allocation of €600m from National Training Fund surpluses. It is essential that the necessary legislative changes are enacted to facilitate the immediate release of this much-needed capital investment.

The IUA also welcomes the review of the National Development Plan which provides government with an opportunity to provide the necessary further capital investment to enable our universities to maximise their impact in supporting economic growth, social equality and environmental responsibility and in doing so building a sustainable, innovative and inclusive future for Ireland.

We have outlined our capital priorities in our submission to the NDP Review which include investment in:

- **Research Infrastructure and talent development**
- **Climate Action Roadmap Delivery**
- **Digital Infrastructure**
- **Supporting Growth & Skills Development**
- **Student Accommodation**

Budget 2026 provides an opportunity to begin to deliver on the significant increase in capital investment required to enable the higher education sector to support the government in meeting the commitments and vision outlined in the Programme for Government.



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