

Funding Higher Education in Ireland

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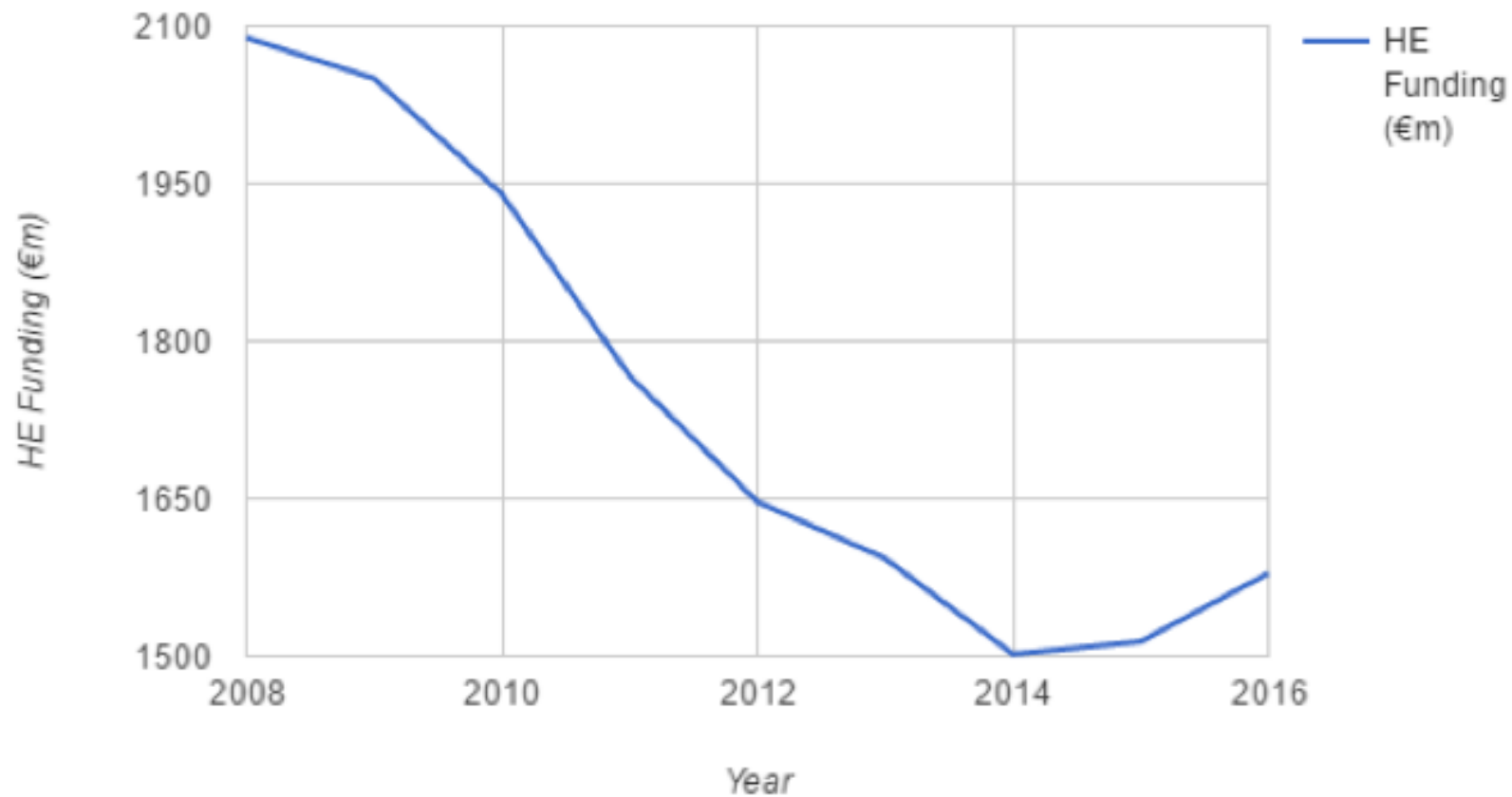
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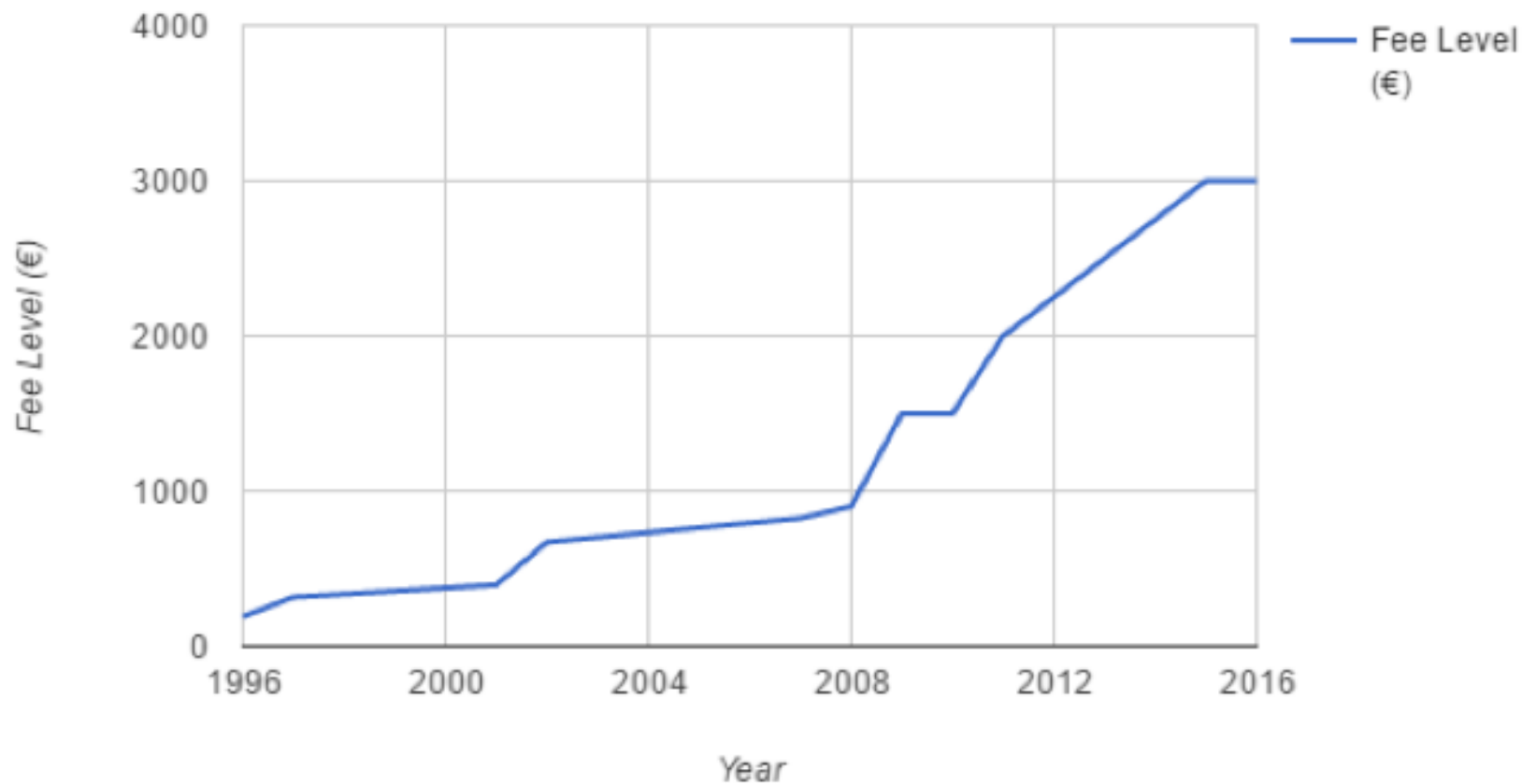
BACKGROUND - FUNDING LEVELS

- 363% increase in student contribution from 2007 to 2014 (€825 to €3000)
- Expenditure Higher Education as a % of GDP (1.3%) slightly behind OCED avg. (1.5%)
- 20.4% decrease in Higher Education funding between 2004 and 2013
- 30,000 increase in student numbers between 2009 and 2014
- 10 of 14 Institutes of Technology in serious financial difficulty
- Ireland currently charges the 2nd highest higher education fees in Europe

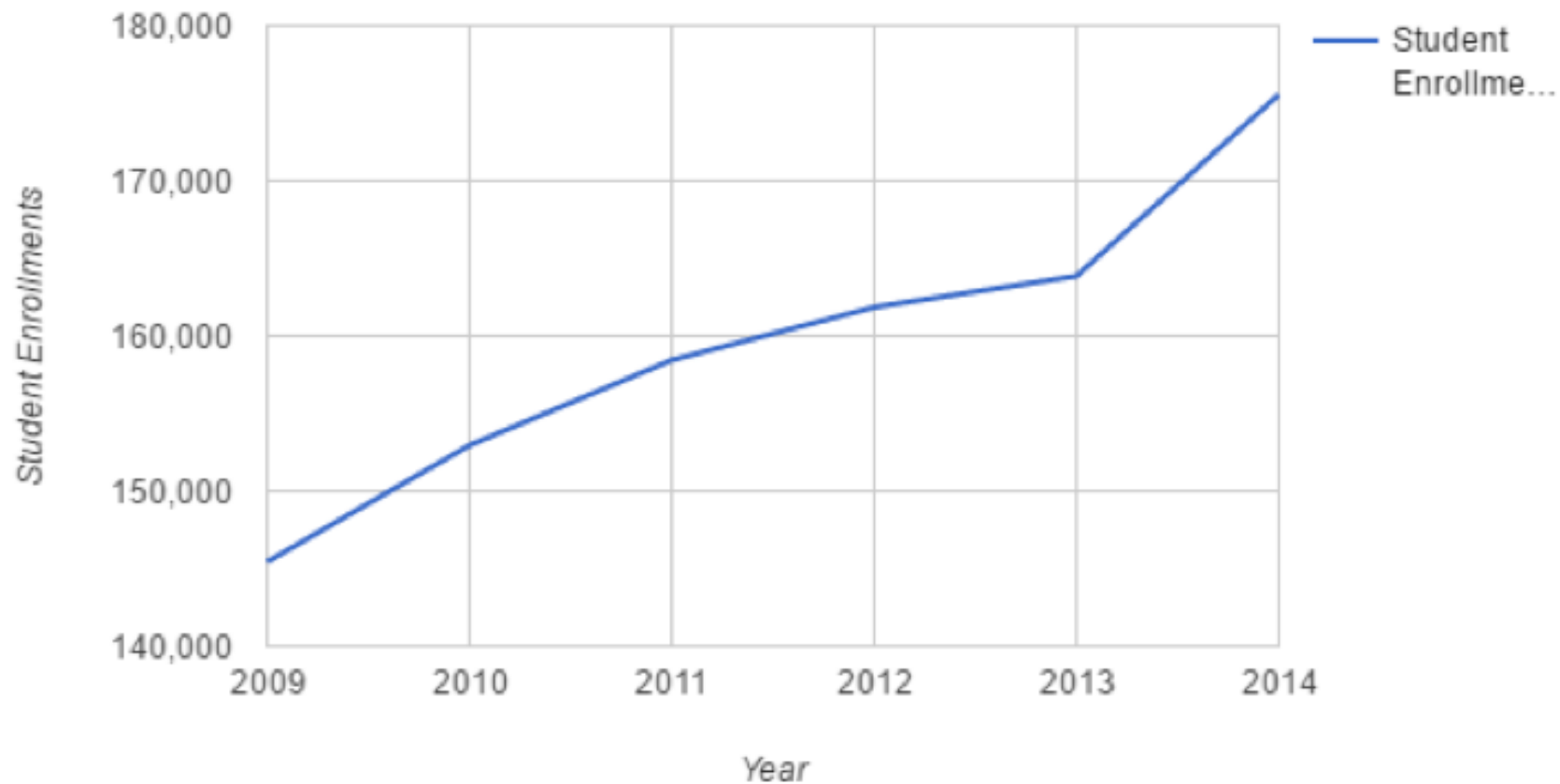
HE Funding (€m) vs Year



Fee Level (€) vs Year



Student Enrollments vs Year



BACKGROUND - CASSELLS REPORT

- Need for additional annual funding of €600 million by 2021 and €1 billion by 2030 to deliver higher quality outcomes and provide for increased demographics
- A “predominantly” publicly funded model presented as one of three possible outcomes by expert group
- Supporting a predominantly publicly funded model would involve collecting €150m p/a from corporations

WHY INVEST IN HIGHER EDUCATION?

- Small, open economy dependent on Foreign Direct Investment (FDI) requires accessible and high-quality tertiary education
- Multiple pillars of national policy (e.g. *employability*) dependent on higher education
- Significant benefit to public purse from higher education returns, including wage premium, increase taxation revenue, reduced dependency on the state, lower social transfer expenditure etc.
- Examples in other strong economically sound European countries

INTERNATIONAL EXEMPLAR – GERMANY

- Investment in further education to provide for regional industrial demand and reduce demographic pressures on higher education
- Marginally higher % of GDP than Ireland, efficiently delivering higher education at minimal cost to learner
- 12 high-ranking German public universities in the 2014-15 Times Higher Education World University Rankings
- Performance funding incentivises contribution to national objectives

INTERNATIONAL EXEMPLAR – GERMANY *(cont.)*

- In 2015, the number of people entering higher education was the same of people enrolling in programmes in vocational training
- In Germany, evidence suggests that enrolment in non-fee states grew while it declined in those states with fees (though from a higher starting point) between 2007 and 2014
- Small fee (€250 per annum) covers cost of administration
- Lowest youth unemployment rate in Europe

HOW TO FUND HIGHER EDUCATION?

- Ireland's strong relationship between investment and return (OECD) makes a case for public funding as an investment in national prosperity
- Immediate public funding increase of €1.26bn required to address urgent quality and sustainability challenges
- Higher education confers significant social benefit to the general population and ought to be treated as a public service

HOW TO FUND HIGHER EDUCATION? *(cont.)*

- Following immediate investment, progressive investment over period recommended by the report in line with economic recovery
- Prospect of offsetting some state contribution through additional contributions to National Training Fund (NTF)
- Additional policy provision and legislative framework for Higher Education Institutes (HEIs) to fundraise privately
- Increase percentage of tax revenue as a per cent of GDP (currently at 30%) to the OECD average of 34% (*re: NERI*)

IN CONCLUSION

- Research shows Income-Contingent Loans would cost the exchequer €10bn over 12 years (*re: Dr Larkin and Dr Shaen*)
- Dual apprenticeships and Higher Education in Germany programmes
- Long-term benefits of investment over a period of 14 years with gradual phasing out of the student fee
- Decision needs to be made sooner rather than later for benefit of society, economy and state

Questions?