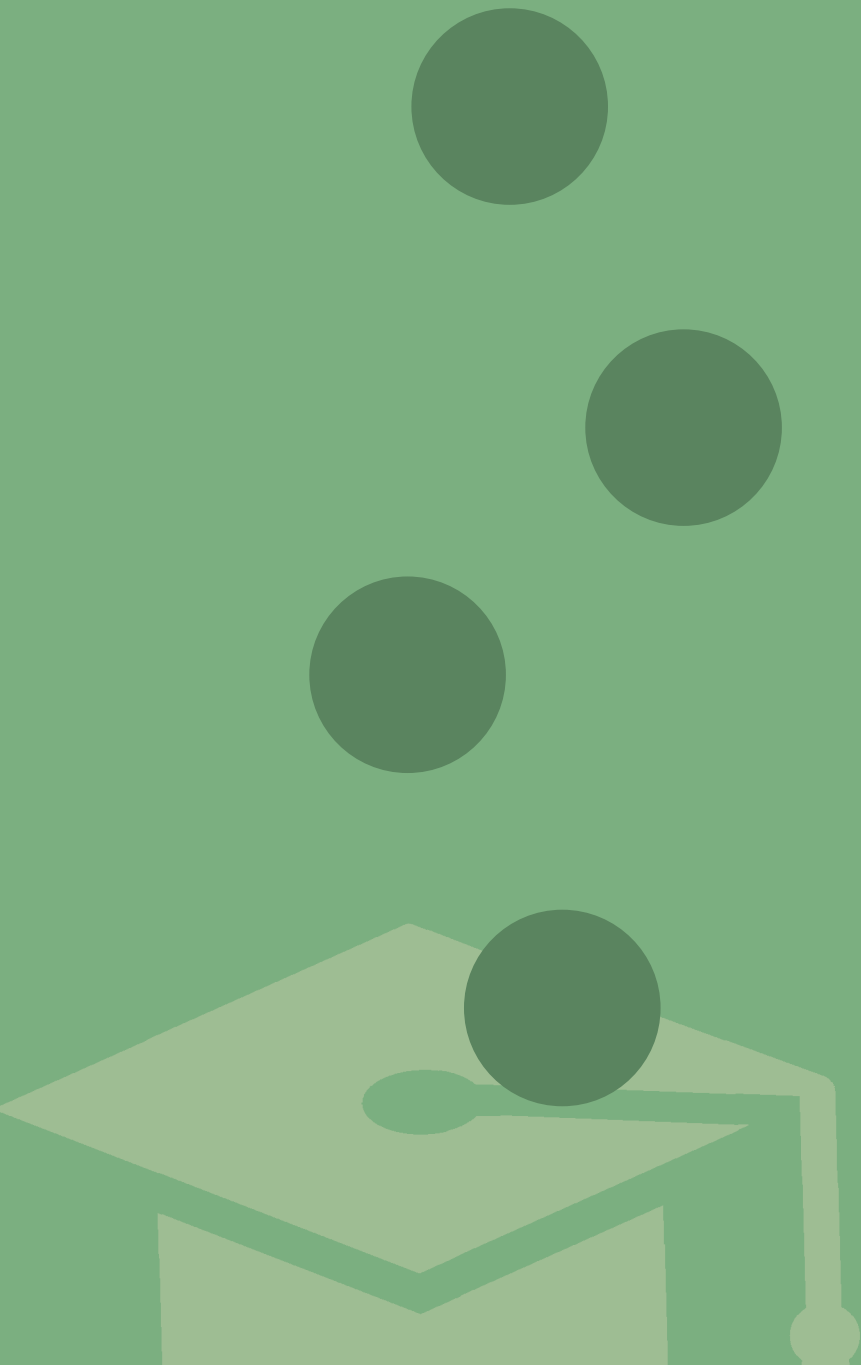


A Dialogue on the Future Funding of Higher Education in Ireland



Background

The Royal Irish Academy forum on the topic ‘A Dialogue on the Future Funding of Higher Education in Ireland’ took place at Academy House on Wednesday 23 September 2015, from 9.30 a.m. to 3.30 p.m.

The purpose of the forum was to bring together members of the higher education institutions (leadership, academics and students), government departments and agencies, and other interested parties, to feed into the Academy’s submission to the ‘*Cassells Expert Group on Future Funding for Higher Education*’. The forum discussed the current funding challenges which face higher education institutions in Ireland, including whether increased student demand and reduced public funding are impacting on quality. The forum also discussed international models of third-level funding, and debated the merits of various models for third-level funding in Ireland.

The forum was opened by Professor Mary Daly, President of the Royal Irish Academy. Professor John Hegarty, MRIA, chair of the Academy’s Steering Group on Future Funding Options for Higher Education in Ireland, gave an introduction to the forum, outlining both the Academy’s role in the higher education dialogue and the key questions the forum was expected to address.

The forum was then addressed by Mr Peter Cassells, Chair of the Expert Group on Future Funding Options, who gave context to the forum, and Mr Tom Boland, Chief Executive of the Higher Education Authority, who summarised how higher education funding had changed in Ireland, and the challenges which were now impacting on the sector.

The first segment of the forum heard from stakeholders representing the higher education institutions in Ireland, outlining for participants the current states of both universities and institutes of technology. The speakers were Professor Andrew Deeks, Chair of the Irish Universities Association and President of University College Dublin, and Professor Ciarán Ó Catháin, Chair of the Institutes of Technology of Ireland and President of Athlone Institute of Technology. This segment was chaired by Professor John Hegarty, and followed by a question-and-answer session.

The second segment of the forum was opened by Professor Roger Downer, MRIA, Senior Vice-President of the Academy. This segment considered different international models of third- and fourth- level funding, and was addressed by Dr Dominic Orr, Senior Analyst, Institute for Education and Socio-Economic Research and Consulting Berlin (FiBS), Professor Sir Ian Diamond FBA FRSE AcSS, Principal and Vice-Chancellor, University of Aberdeen, and Dr Wilma de Koning-Martens RA, Radboud University Nijmegen. This section was again chaired by Professor John Hegarty, and concluded with a question-and-answer session.

The final segment of the forum consisted of a panel discussion debating the most appropriate funding model in an Irish context. The panellists in this segment were Dr Kevin Denny, School of Economics, University College Dublin, Mr Kevin Donoghue President, Union of Students in Ireland and Professor Frances Ruane MRIA, Economic and Social Research Institute. This segment was followed by a period of general discussion.

Introduction

Professor Daly, in her opening remarks welcomed the speakers and other attendees, and noted that the composition of the audience and speakers made for a broad representation from all across the higher education sector.

She noted that the future funding of higher education should be a topic of concern for everyone in Ireland, as the country is highly reliant on a well-resourced higher education sector. The forum arose, following dialogue with Academy members, as the issue they considered of most pressing concern. She noted that the Academy was attempting to bring its networks and expertise to bear on pressing topics of concern.

Professor Hegarty, in his opening remarks as Chair of the forum, outlined the role that the day's discussion would play, feeding into the Academy's submission to the *Cassells Expert Group*, which is examining how the higher education sector can be sustained and can maintain quality in the face of very strong forces, including annual increases in student numbers and a continued reduction in public funding.

He then provided a context for the day's dialogue by discussing the large reductions in the funding for higher education from 2008 onwards.

Higher education institutions have reacted to this by exploring all alternative avenues for funding, including international students, non-exchequer research funding and philanthropy. The increases in the student registration charge mean that fees are now a reality, although they may not be directly referred to as such.

Staff–student ratios are an important benchmark for higher education institutions, and they now average 1:20 across the sector, having decreased from 1:16 a number of years previously.

While measures like staff–student ratios are not an accurate measure of quality, which is difficult to measure reliably, they represent an institution's capacity for quality. International perceptions of the Irish higher education system are probably more negative than they were in the recent past because of the declines in the staff–student ratio.

He laid out a number of questions which he hoped the forum would explore:

- Is the system currently delivering the outcomes that make Ireland competitive, in light of all these pressures?
- At the current staff–student ratio levels, what has been sacrificed? Has interaction between staff and students been lessened, or have other activities, such as research, suffered?

- If institutions are to invest in their missions from a variety of sources, including public funding, fees, research income, entrepreneurial activities and philanthropy, what is the appropriate balance of these sources for the Ireland of today?
- Student fees exist and will likely increase in the future, and this may lead to a situation where some students cannot afford higher education. What might be the best mechanism to handle the student contribution in this context: a student loan, a graduate tax or some other funding form?

Challenges facing the sector

Mr Peter Cassells, Chair of the Expert Group on Future Funding Options, outlined the remit of the expert group, what work had been undertaken to date, and the expected timeline for publication of its final report.

The final report of the expert group will be published by the end of 2015, and a paper outlining the funding options under consideration by the group will be published this October, giving stakeholders a second opportunity to feed into the consultation process.

The expert group has already concluded that the current funding arrangements for higher education in Ireland are unsustainable, and as such, the forum should not consider the *status quo* as an option.

The expert group will be stressing in its report, following on from its first consultation paper, 'why you would fund higher education in Ireland, the role of higher education in the Irish economy, Irish society and as a key enabler for the knowledge economy'.

There are four strengths to the Irish system which the expert group has identified:

- The quality of graduates;
- Innovation;
- The employability of graduates;
- Equitability in the access to opportunities.

The four strengths need to be protected and enhanced, and are under enormous pressure at the moment from reductions in funding and staffing and the growth in student numbers since 2008.

Mr Cassells noted that demographic projections show a 30% growth in student numbers by 2028, and in that context the expert group must consider whether current resources are being used to best effect, and how these resources can be optimised.

There has been a remarkable effort by higher education institutions to maintain quality in the face of the funding and staffing reductions, and growth in student numbers. He acknowledged that the higher education system has remained resilient and managed to maintain its standards over the period.

The group is also examining structural change, reconfiguration and technology. He stated, however, that the report will show that technology is not a silver bullet for the funding crisis, and that while more technology should be used in higher education to bring Ireland in line with OECD norms, this will require further investment, and will be built into funding requirements.

Mr Cassells also noted that structural change and reconfiguration will not suffice to deal with the funding gap. There are cases where institutions need to look at the range and length of programmes offered and the capacities of systems to change.

The expert group will attempt to put a figure on the funding gaps which exist on both the current and capital sides. While difficulties exist in quantifying the gap, the figure put forward in the expert group's report will take into account the projected growth in student numbers. Mr Cassells further noted that certain characteristics of the system have already been determined by previous work, including the *Hunt Report*, and that capping student numbers is not an option in this context. This indicates a system where anyone who wishes to access higher education can do so. He also noted a need to widen routes of access, and to counter future pressures on the higher education system through investment in the further education and PLC systems.

He proposed that the staff–student ratio be used as a proxy for quality, benchmarking against OECD peers, as a further mechanism in calculating how large the current funding gap is.

The report of the expert group will take account not only of the upgrade and maintenance costs for the current capital stock, but also of future capital requirements arising from the projected demographic growth.

A variety of measures may be used to cover any funding gap, including any efforts by the institutions themselves (which he noted could only narrow the gap, and not solve the problem), funding through public investment, funding from students themselves, and funding from enterprise.

The issues which the expert group will consider while exploring these funding options are:

- What the effect will be on the public finances;
- How the measures will impact on the quality and sustainability of the higher education system;
- What the impact will be on students' households;
- How the measures will impact on accessibility;
- How practical the measures are.

Mr Cassells noted that the expert group is focused on providing a report which is implementable, and also that it should not be considered a technical exercise.

Different measures recommended by the group may be combined, and could result in a hybrid system being adopted. He then outlined a number of the options being considered:

- Public investment;
- Student fees;
- Income-contingent or fixed-term loans;
- Graduate taxation;
- Enterprise contribution;
- An expansion of the private education sector.

The expert group will also be considering issues around funding for maintenance and renewal of capital, and that the Institutes of Technology do not have a borrowing framework.

Mr Cassells further indicated that the expert group would be considering issues around subject-level charging.

Mr Tom Boland, Chief Executive of the Higher Education Authority, then addressed the forum. He began by noting that the total funding per student has reduced by 22% over the period from 2007 to 2015, from €11,000 to €9,000.

In this context, has Ireland achieved a system that is much more efficient, developing the same quality of graduates, and delivering the same excellence in research, with significantly less resources, or has Ireland developed a system characterised by poor infrastructure and declining quality, which is at a significant risk of breaking down unless gaps in the funding system are addressed?

Mr Boland expressed that he felt the situation was probably somewhere between those two scenarios.

He noted that there is some evidence of a reduction in quality, but that Ireland's graduates are still highly valued by employers, and that no serious issues have yet been flagged by Qualifications and Quality Ireland. Institutions raise concerns on an ongoing basis that resources are no longer sufficient to protect such quality. Mr Boland posited that the high level of performance to date was born of necessity: that institutions had no other choice but to attend to students who needed them. He noted that staff had responded with resilience and flexibility, but that this could not be sustained indefinitely and that morale among some staff is already low and may sink if current conditions are maintained.

The decline in resources has resulted in a lower staff–student ratio across the sector. He noted that the current average of 1:19 was well above the OECD average of 1:14, and that the average ratio across the top 20 QS ranked institutions was 1:12.

The HEA has received anecdotal reports that some institutions have reduced content, diversity, placement and practice-based learning components from degree programmes, in order to remain within their available budgets. The viability of some higher education institutions is under threat, and six currently operate substantial deficits.

Both HEA and the Department of Education and Skills reviews now show that the higher education sector will require approximately €5.8 billion of investment to address substandard conditions and demographic requirements. Circa 40% of space in the sector requires either major repair or replacement. Organisations outside the higher education sector were now expressing concern at the risks of underfunding, citing a recent IBEC pre-Budget submission which noted the absence of a robust financing model for higher education. The IDA considers academic talent to be one of the core reasons for multinational companies to locate in Ireland.

International league tables have shown a consistent downward trend in Ireland's highest ranked universities, with some positive movement for those ranked lower. While rankings are not perfect measures, they act as indicators of Ireland's competitiveness in the sector. Ireland is spending less than its EU and international competitors in higher education and research, and must increase expenditure if it is to remain competitive.

Mr Boland then noted that Lord David Puttnam had recently characterised the system as one in 'managed decline'. The sector continues to deliver on the national objectives, and is doing so with decreasing resources per student available. He then noted that the system is suffering from a deteriorating infrastructure, and that innovative teaching programmes were being sacrificed.

In recent years, the government has been forced to reduce public expenditure as a result of economic collapse. There has always been a case made to protect those on the 'front line', and while overall public sector employment numbers decreased by 10% over the period from 2008 to 2014:

- The number of active registered nurses fell by only 6%;
- The number of doctors remained relatively stable, falling by only 1%;
- The number of primary school teachers actually increased by 5%;
- The number of post-primary teachers decreased by 9%.

He acknowledged that there were exceptions in this regard, giving the example of Garda Síochána employment numbers, which have fallen by 16% over the period, while acknowledging that this may also have been as a result of conscious policy of consolidation.

The situation described above contrasts with the experience of higher education institutions, where student numbers rose by 25% between 2008 and 2014, and numbers employed in the institutions fell by 13% over the same period.

Mr Boland made the argument that, in the context of Ireland's ambition to be a highly innovative, technology-focused economy, protecting the delivery of teaching, learning and research in higher education is just as important as the protection of those other 'front line' staff.

In querying why the government and the wider public may struggle to value the higher education system as highly as other sectors, he noted that it could be credibly argued that the government may have made the correct choice when cutting the higher education budget: they may have known, or expected, that higher education institutions had a better capacity to fend for themselves than other public institutions.

Continuing to query why the public and government may struggle to value the higher education sector, he noted that in contrast to the health, education and policing sectors, there are no patients on trollies, strong teaching unions, or media hysteria around crime waves to resonate with the general public. There is a prevailing view in official circles of higher education leadership as arrogant, that the sector may only slowly implement national pay and condition policies, and that it spends a good deal of time in unproductive activity.

Mr Boland acknowledged that higher education institutions were somewhat unable to draw attention to infrastructural and systemic failures, given the risk of reputational damage for their institution, and Ireland generally, among foreign students, faculty and investment.

He expressed his fear that public funding policy may now be made in the knowledge that the higher education sector is the one which will absorb the most expenditure cuts with the minimum of complaint. Mindsets among both government and the general public will have to change if Ireland's potential is to be realised over the next two decades. The priority must be to find a sustainable funding model which will ensure that the higher education sector continues to be the driver of Ireland's future growth and prosperity.

Even if action was taken to address only the current funding deficit, it would require an increase in funding per student in the order of 25%. Any solution cannot rely on increased public investment alone.

View from the institutions

Professor Andrew Deeks, Chair of the Irish Universities Association and President of University College Dublin, then addressed the forum.

He began by outlining the progress that Irish universities had made to 2008, giving his perspective as an academic from Australia. He noted that for most of his career, Irish universities lacked international profile. After the creation of SFI there was a change in perception, and Irish universities were now recruiting some of the best academics, and bringing them to an environment where funding was plentiful.

While university rankings are not entirely reliable, by 2008 the two top Irish universities were ranked in the top 100 globally and were approaching the top 50.

Excluding cuts proportional to cuts in academic salaries, IUA research shows that 28% less funding is going to Irish universities. Academic staff numbers have fallen by only 11% because of increased non-exchequer revenue generation by Irish universities, and the average university staff–student ratio had been calculated by the IUA to be 1:22. The initial response by universities to funding cuts had been non-replacement of academics, and this policy was driven by both financial constraints and the implementation of the employment control framework.

World-renowned academics who had been attracted to Ireland during the previous period, when research funding was plentiful, were often among the first to leave their positions. The inability to replace staff has resulted in cuts being made on a non-strategic basis, which may have the potential to leave individual schools within a university disproportionately affected, and decrease staff morale in these areas. Consequences of the cuts include:

- Increases in teaching loads;
- Increases in class sizes;
- A narrowing of the range of electives;
- A need to recruit more international students.

Professor Deeks noted that recruitment of international students was a positive outcome, and that they bring an important diversity to the classroom, but they also act as an additional burden on the system, noting that there are often increased staff teaching requirements when teaching international students.

In response to Mr Boland's earlier question about whether the system had become more efficient, Professor Deeks countered that, while some efficiencies may have been found on the margins, the delaying of essential maintenance or increased class sizes could not be counted as an efficiency.

Professor Deeks said that, in his view, the measures taken had reduced the capacity of the system, evidenced by the fall-off in the number of, but not the quality of, research papers produced by Irish institutions. In his opinion, degree classifications were not a good benchmark for quality, as they do not take account of the overall student experience.

Measures of student satisfaction have not been impacted by cuts, but this may be because students have no reference points, as they only attend university for a short period of time.

In conversation with industry leaders, they had expressed a desire for adaptability, flexibility, creativity, leadership, teamwork and communications skills from graduates, and Irish universities were working hard to develop these skills among graduates. He noted that these would not be reflected in degree classification or student satisfaction measures, and yet measures to develop these attributes were staff-intensive and required academic time. As the capacity of the system has been reduced, institutions were finding it increasingly difficult to host the types of activities required.

Professor Deeks then outlined two theories of human management and motivation which were developed by Douglas McGregor, MIT.

- Theory X assumes that individuals are inherently lazy and not happy with their jobs. They dislike their work, and attempt to avoid it. Managers of type X people have to supervise them very closely to ensure they are performing adequately.
- Theory Y assumes that individuals can be ambitious, self-motivated, and exercise self-control. Given the right conditions most people will want to do well at their work, and the satisfaction of a job well done is a strong motivation.

Modern management techniques favour theory Y, and in his experience, universities overwhelmingly attract type Y individuals. The overall perception in Ireland is one of academics as type X individuals, and research shows that the fastest way to demotivate a type Y individual is to treat them as though they are type X.

The overall perception of universities as organisations in Ireland appears to be also of 'type X organisations', which need to be monitored closely. He called for a reversal in the type of dialogue taking place, and noted that it should be pointed out that universities have coped so well with the cuts imposed upon them because they are filled with type Y people, and are type Y organisations.

Professor Deeks then noted that the perception of universities as organisations which require close monitoring runs counter to the actual needs of universities, which are looser regulation and a degree of freedom. The HEA's 'compact' process has run successfully because it is a dialogue process.

He noted finally that, in the Australian and UK higher education funding systems, there is an additional component of funding that is related to research performance, which allows for a differentiation between universities which were primarily focused on teaching, and universities which dedicated a significant amount of their resources to research. He advocated an increased role for this mechanism in any future Irish higher education funding system.

Professor Ciarán Ó Catháin, Chair of Institutes of Technology Ireland and President of Athlone Institute of Technology, then addressed the forum.

Professor Ó Catháin began by acknowledging that many of the facts about the higher education funding crisis were already in the public domain, and said that he intended to contextualise the crisis for the forum through three strands:

- The practical difficulties faced by the leader of an institute of technology;
- The impact the stressed financial environment is having on students and stakeholders;
- Some changes that could be made.

State funding for current expenditure in higher education had dropped by 20% between the years 2010 and 2015, and funding for capital expenditure had dropped by 50%. Student numbers in the institute of technology sector have increased by 16% over the same period, and the state investment in higher education per student is now lower than per-student investment at second level. When this information was provided to an opposition education spokesperson in 2015 for a parliamentary question, both the question and the answer had little impact in the Oireachtas, and were sidelined by more frivolous topical issues.

He noted two recommendations from the OECD report on higher education in Ireland, released in 2004, which stated:

- As the cost per student rises, it is axiomatic that the government should maintain its level of investment in higher education;
- The regulatory load on institutions should be lightened, so that they might be more flexible to respond to their changing environments.

He noted that the first recommendation had not been implemented, and that in regard to the second point, Irish higher education institutions were heavily burdened with external regulation and centralised decision making. He queried the fate of the regulatory impact assessment process, which had been announced by the Department of An Taoiseach.

Professor Ó Catháin then elaborated on some of the practical issues faced by a leader of an institute of technology which had been precipitated by the funding crisis:

- There has been an erosion of the capital stock, equipment and infrastructure base. Essential repairs are being forsaken, and IT equipment cannot run necessary applications. This hinders the institutions' efforts to recruit international students.
- Applied research is under threat through the employment control framework, which is affecting human capital, and other regulations which hinder the capacity of academics to conduct such research. He noted that the IoT sector has been working with SMEs and multinational companies for over 50 years.
- He noted that as part of nationally agreed productivity measures, lecturers in IoTs work an additional 2 hours per week to cater for increased student numbers. However, given that retiring and departing staff are not being replaced, the extra productivity is negligible. He further noted that this is having a severe impact on staff morale, and cited TUI and IFUT research which shows that 75% of academic staff believe their working conditions have deteriorated.
- There has been a deterioration in the support services available to students as a result of the employment control framework. While the success of various access initiatives means that the number of students requiring support services is increasing, the services which may enable them to successfully complete their qualification are not in place.
- He noted that over 10,000 students attended campus-based counselling services in 2014, a 50% increase from 2008 levels. He further noted that the ratio of counsellors to students has dropped over the same period, from 1:3,800 to 1:5,000. He cited the 2011 'My World' survey, carried out by the UCD School of Psychology, which found that of 8,000 students surveyed, 40% had clinical levels of depression, 38% had clinical levels of anxiety and 43% had considered life not worth living in the past.

There is a strong irony that, in tandem with the diminution of working conditions in higher education institutions, there is an increased media focus on the investments made by multinational companies to recruit and retain the best staff. Professor Ó Catháin expressed his fear that if working conditions were to deteriorate any further in institutes of technology, they would be unable to recruit staff with relevant industrial experience.

Appropriate support and retention services would allow the most vulnerable students to succeed academically and graduate. Money invested in these services should be seen as an investment, giving whole-of-life benefit to the state.

He continued by highlighting the potential economic cost of cutbacks to the higher education sector, noting that IoTs in particular produce work-ready graduates, who are required by the small and medium enterprise sector.

The three main beneficiaries of the tertiary education sector – state, student and industry – all give varying amounts of support to the running of the sector. The state has reduced its level of support since the onset of the financial crisis, and should now be contributing more in light of an improving economy.

Student fees of €3,000 per annum act as a large burden on those from lower socio-economic groups.

He then called on industry to contribute specifically to the funding needs of higher education, perhaps through earmarking monies raised through existing training levies for higher education, and noted that this may work to offset any criticism of the lower corporate tax rate. Higher education institutions are now operating in a fashion similar to commercial state bodies, and this should be reflected in the mechanisms through which they deal with government.

He concluded by drawing attention to the disparities in borrowing powers that exist between universities and institutes of technology. He noted that, in legislative terms, the powers are similar; however, for an IoT to borrow money, it requires the HEA to activate its powers. He noted that the HEA had refused to put in place a borrowing framework for IoTs for the previous eight years.

Discussion

The speakers were asked what cuts they found the most difficult. **Professor Ó Catháin** said that there was no one cut he could identify, as they have had to cut in all departments, but that he has tried to protect front-line services, particularly in the area of counselling. Professor Deeks said that non-replacement of academics has a localised impact on the school and students affected, and for the people concerned, that is the worst cut.

Professor John FitzGerald, Trinity College Dublin, asked the speakers whether they knew of any research which investigated the social and personal benefits to the marginal student of attending third-level institutions. Professor Deeks responded, noting that the research evidence is very clear in showing both the personal benefits and the societal benefits of higher education. Australia and the United Kingdom had policies which constrained student numbers in the past, but this is no longer the case. The Australian government were unable to predict industry demand for graduates when setting policy, which created supply constraints. **Professor Ó Catháin** noted that there is currently high demand for science courses in Athlone Institute of Technology, and under the Employment Control Framework, the Institute is unable to hire additional lecturers.

Dr Pádraig Walsh, Quality and Qualifications Ireland, noted that he is frequently asked by the HEA and the Department of Education whether decreases in funding for higher education have had an impact on quality. The public evidence, published by QQI, is consistent with what previous speakers have detailed. Additionally, the evidence shows that increased pressure on staff time has resulted in staff being unwilling to take on additional burdens, such as acting as external examiners or members of review panels. The impact that the financial crisis has had on the student population includes an increase in tuition fees, a reduction in the maintenance grant, and a reduction in the availability and affordability of rented accommodation, particularly in the Dublin area. Regulatory reform has resulted in an increased uncertainty for institutions seeking to process an increasing number of international students.

Mr Mike Jennings, Irish Federation of University Teachers, noted that the Irish higher education sector was in a state of 'lace curtain poverty', where serious cutbacks were taking place, but there was an unwillingness to broadcast this externally. This approach has been, to some degree, counterproductive. People do feel pride in surviving crisis; however, in the case of the Blitz, this was followed by the Marshall Plan. What lessons can be learned from this crisis? Could the unanimity of the previous speakers be harnessed to communicate the scale of the problems to government? Could the Academy steering group be utilised in this regard?

Dr Mary Canning, member of the HEA, noted that the situation described by the speakers was one of Pikettian bleakness. She expressed her sympathy to Mr Cassells, who must generate a report that communicates the gravity of the situation, and must also be implementable. The 2004 OECD review gave very similar funding recommendations to the ones recommended by the HEA in 2009/10, and close to the list that is under consideration currently by the expert

group. There is a possibility of a better student contribution; however, safety nets would have to be put in place. Any possible contributions from graduate taxation or a student loan system would take time to implement.

While the option was not available when making recommendations in the past, Dr Canning would advocate a system which considered the budgets for higher and further education as one budget for tertiary education. There may be a need for a higher employer contribution to apprenticeships, as the unit costs quite possibly exceed the unit costs for medical education.

Professor John O'Halloran, University College Cork, was struck by the comments made by Mr Boland about the public identifying with patients on trollies, and wondered whether the student is no longer at the centre of education, and whether the polarisation of research and teaching has affected the holistic nature of education. He noted that the Vice-Chancellor of Cambridge University had recently stated that fees of £9,000 were only adequate because of philanthropy, and that the real cost would be £16,700 for undergraduate students. What realistic calculation will be carried out in Ireland in the future to assess this cost?

Professor Hegarty responded, noting that the way to calculate the level of investment needed is by relating outcomes back to investment. If it's possible to determine that a certain number of outcomes are needed from higher education, it is possible to work backwards and determine the level of investment.

Professor Deeks noted that international student fees are a good benchmark for what the total cost of delivering the education is, and also what the market will bear. Australia had a system under consideration where higher education institutions could charge fees at a discretionary level, provided that the sum of the government contribution and the fees themselves did not exceed the fees being charged to international students for the same programme. There was a difficulty in convincing the Australian public that they would receive additional value from their education by paying more than what they currently contribute. Included in the international student fees in Ireland is a component allowing for the use of capital. If all students were charged at this rate, universities and institutes of technology could run sustainable capital and maintenance programmes.

International comparisons

Professor Roger Downer opened the session. He noted that the morning's session had given a very interesting description of the funding situation, and he hoped that the afternoon's session would examine the options that are available, and ways to address the funding crisis. He expressed his gratitude to the international speakers for travelling to address the Academy.

One of the key considerations should be the provision of an environment in which students can realise their potential, and graduate, with the skills and the knowledge set that are going to allow them to become contributing, fulfilling, members of society. This structure should allow scholars to pursue knowledge, and contribute to the cultural, social and economic welfare of the country. There is much more to a university than simply generating income.

Dr Dominic Orr, Senior Analyst, Institute for Education and Socio-Economic Research and Consulting Berlin (FiBS), addressed the forum. He began by explaining that in Germany, the organisation of higher education has changed a number of times recently, but it was in the context of changing models of governance. He pointed out that Germany consists of 16 states, and that each state funds higher education differently.

Professor Orr then outlined the key issues he wished to address:

- The principles influencing higher education funding;
- The basic scheme for funding higher education;
- Mechanisms used to allocate funding;
- The relationship between grants, third-party funding and fees;
- The 'public first' principle;
- The affordability of higher education;
- Equity of access;
- Questions to be considered when designing the Irish model.

He then discussed the principles and assumptions behind funding models. These are:

- Size of the HE system;
- The governance of the system;
- The size, stability and predictability of public funding;
- The role and tasks of higher education, or the tertiary sector as a whole;
- The means of achieving education in the tertiary sector, vis-à-vis course length, and part- vs. full-time provision;
- The social values and reallocation of public and private contributions to educational costs.

In discussing the funding of the higher education system, Professor Orr noted that the US system is often referenced as an example, not taking its size into account. It currently has about 4,000 institutions, and often has close relationships with business.

He questioned what were the obligations tied to a funding stream, when one considers its source. Tuition fees mean that the university receives income for a task it is already performing, in contrast to third-party funding, which will involve extra tasks for the institution.

Examining the different instruments of higher education funding – state grant, third-party funding and tuition fees – he noted that each instrument applies a separate governance system.

Discretionary funding was explored, discussing the state grant. The state grant is characterised as a generally steady funding stream, with incremental increases or decreases annually. He noted that a nuanced version of this system was now in place in Ireland, which used target-based agreements to disperse portions of the funding.

Performance-based funding indicators are a good example of controlled competition, which initially developed in Germany in the 1990s. The balance of funding through this mechanism is variable across Germany, comprising 2% of the Bavarian higher education budget and 60% of the budget in Berlin.

Research grants and business contracts are used widely in former communist countries by higher education institutions, in an attempt to remain financially viable. He noted that these countries are under pressure from both budget constraints and an increased demand for higher education.

Blanket fees describe tuition fees which are largely the same, regardless of the institution attended and discipline studied. This contrasts with the US and Australian systems, which have individual fee levels.

Professor Orr then examined the significance of fees and third-party funding for public universities in selected European countries. He broke them down into four groups:

- Those with a high contribution of tuition fees to total income, and low contribution of third-party funding to total income, for example Cyprus and Malta;
- Those with a high contribution of tuition fees to total income, and high contribution of third-party funding to total income, for example Ireland and Lithuania;
- Those with a low contribution of tuition fees to total income, and low contribution of third-party funding to total income, for example France and Luxembourg;
- Those with a low contribution of tuition fees to total income, and high contribution of third-party funding to total income, for example Norway, Czech Republic, Denmark, the Netherlands, Germany and Sweden.

Ireland and Lithuania present interesting examples, because both tuition fees and third-party funding comprise a high proportion of total income. Considering the high contribution of third-party funding, there may be issues around mission displacement.

Contrary to popular belief, OECD data show that outside of Europe, private higher education is not overly prevalent, and is principally found in the Latin American and Asian systems.

Generally speaking, for Europe, there is a 'public first' principle, and nearly all higher education systems are expanding.

In examining whether expanding systems can successfully remain 'public first', Professor Orr noted the following:

- Germany and Austria have managed to keep this principle;
- Portugal has departed from the principle as a result of austerity measures, but has historically varied its principle;
- Former communist countries, including Poland and Hungary, have mixed their systems, providing free access on merit, and then charging fees for surplus demand;
- England has not;
- South Korea has introduced loans to target support for certain student groups.

Professor Orr then examined the link between tuition fees and study aid. Using the May 2015 Bologna report, he noted the following trends from 2005–2011:

- In general there has been a tendency to increase student aid and decrease the amount of household expenditure on higher education;
- In countries such as England, there has been an increase in the student aid budget, through loans, in an attempt to deal with increased household expenditure on higher education.

In Germany, all states have now abolished tuition fees. Previously, the system had been complicated, but income had been ring-fenced for teaching and learning. However, high regulation made it difficult to use this fee income in a number of states.

Fees were waived for a large number of students, so that in any one state only between a half and two-thirds of students would pay fees; however, at the time of application to college, students could not know if they would get a fee exception, a situation which can lead to wasted public funds.

A recent study examined the acceptance of tuition fees in Germany. Depending on the amount of information about the funding and benefits arising from higher information, respondents' willingness to accept fees varied. The study found that 61% of the general population would support fees; however, the acceptance rate was much higher when examining those who were not students or had not received higher education.

Examining the US model, Professor Orr noted the complexity of the system. Affordability is a major goal of the Obama government. Ireland has been successful in widening participation in the higher education system in recent years. Both Ireland and the Netherlands have comparatively equitable systems, and both use tuition fees in their funding models.

Results from the EUROSTUDENT data set show that Irish and Slovenian students are most worried about their financial situations, raising questions about the affordability of Irish higher education.

Professor Orr concluded by posing two questions for consideration in formulating any future higher education policy:

- What is higher education? Should Ireland think more clearly about the different forms of provision and the different types of courses that can be offered?
- Professor Martin Trow, Centre for Studies in Higher Education, considers a universal participation rate in higher education to begin at the level of 50%, which has been achieved in a number of jurisdictions, including Ireland. What does this accomplishment mean for higher education? Should the 'student career' soften the boundaries between formal and informal learning?

Professor Sir Ian Diamond, Principal and Vice-Chancellor, University of Aberdeen, then outlined some issues in higher education funding. He began by noting that higher education drives economy and society, it is both a public good and an individual benefit, and as a result should be a partnership. Optimally, in all successful higher education systems the institutes are autonomous, and should remain so. Too often, the debate in the UK has revolved around the individual, and fees, when it should revolve around systems and higher education.

He outlined sources of funding for higher education across the UK:

- The Scottish higher education system draws from a variety of sources of income, including the Scottish Funding Council (public contribution), tuition fees, and research grants. There is a diversity of mission and reliance on public funding across universities in Scotland.
- The UK has committed to the dual support system for research funding – there is a block grant, which is quality related, and research grant funding.
- There has been increased heterogeneity in funding for teaching as a result of reforms in England.

While research funding reduced in the UK between 2009/10 and 2013/14, fees reforms resulted in the largest change to funding mechanisms. Tuition fees and education contracts grew steadily as a source of funding for higher education, increasing from 28% of higher education income in 2008/2009 to 44.5% in the academic year 2013/2014. In contrast, the maintenance of a free fees system in Scotland means that this has not happened there. Between 2011/12 and 2013/14 there was an overall increase in funding from the public sources for higher education in Scotland, but decreases in England, Wales and, to a lesser extent, Northern Ireland.

A summary of tuition fees for 2015–2016 across the UK is shown below.

Student's home region	Studying in England	Studying in Scotland	Studying in Wales	Studying in Northern Ireland
England	Up to £9,000	Up to £9,000	Up to £9,000	Up to £9,000
Scotland	Up to £9,000	No fee	Up to £9,000	Up to £9,000
Wales	Up to £9,000 (with fees above £3,810 paid by the Welsh government)	Up to £9,000 (with fees above £3,810 paid by the Welsh government)	Up to £3,810	Up to £9,000 (with fees above £3,810 paid by the Welsh government)
Northern Ireland	Up to £9,000	Up to £9,000	Up to £9,000	Up to £3,805
Eu	Up to £9,000	No fee	Up to £3,810	Up to £3,805

The porous border between Wales and England has meant that large numbers of Welsh students in border areas attend English universities, and this has resulted in the Welsh government contributing large amounts of funding to these institutions, sometimes more than the grant paid to individual Welsh universities.

Professor Sir Ian Diamond then noted that the cost of higher education to the individual consists of not just a tuition fee, but maintenance costs as well. Across the UK, there is an increasing level of student indebtedness. For those studying in England, indebtedness is expected to be between £40,000 and £60,000 on completion. For Scottish and Welsh students, the level is expected to be closer to £20,000.

He noted that fees should not be considered the solution to any funding problem. Across the UK, excluding Wales, the government pays 'top-up' fees for expensive subjects. This has moved the role of funding councils closer to that of a regulator.

Certain undergraduate courses in the Scottish system may operate at a net loss, supported by more costly postgraduate programmes which are revenue-generating. The Scottish Funding Council has acknowledged that there was a perceived gap in funding between England and Scotland after English funding reforms in 2010, and has moved to ameliorate the situation by increasing student numbers.

These decisions mean that there is increasing volatility in undergraduate numbers, and year-on-year uncertainty for institutions. Since 2010 there has been a fall-off in postgraduate student numbers, the impact of which is unclear. There have also been significant cuts to capital grants for teaching and research, and universities have become more reliant on internal finances to fund capital expenditure.

Professor Diamond noted that there have been no adjustments to fee levels in the UK to account for inflation; however, the cost of delivering education has increased. He further noted that staff costs are likely to increase, after a period of relative stability, alongside electricity, maintenance and other capital costs.

Current UK government policy is not favourable towards the recruitment of international students, and a number of policy decisions have restricted the entry of students from outside the UK into the higher education market.

He then addressed the belief, from across government, that 'Universities are awash with cash'. Universities are running a small surplus, for financial sustainability reasons and to invest in infrastructure. It is important to communicate that universities are managing volatility by making efficiencies and through cost-saving measures, and by increasingly sharing research equipment.

The Welsh Review of Higher Education Funding compiled a set of principles to plan the future funding of higher education. These are to promote:

- The development and dissemination of human knowledge and understanding;
- A highly skilled and prosperous economy that is environmentally sustainable;
- A healthy and cohesive society;
- The enrichment of culture and civil society.

But it also notes that higher education is a partnership between universities, the individual and the state, and that universities must recognise that the state and the individual have a stake in monies invested in higher education.

Further principles include:

- A recognition of the Diversity of Mission of universities;
- The funding of research to internationally competitive levels;
- A retention of the 'dual support' system; and
- Respect for the autonomy of individual institutions.

Professor Diamond concluded by noting that the group had agreed that future systems must be progressive and promote a widening of participation; take a holistic view of individual costs; support Welsh medium delivery of education; support full-time, part-time, undergraduate and postgraduate students; and recognise the differential costs of teaching different subjects, in a sustainable way.

Dr Wilma de Koning-Martens RA, Vice-President of Radboud University Nijmegen, then addressed the forum. She began by contextualising the situation in her own university, covering student satisfaction, campus location, range of programmes offered, and other features.

She then outlined features of the Dutch higher education system. The system is a binary one, with research universities, and universities of applied sciences.

Research universities offer:

- A three year bachelor programme;
- Master's programmes of between one and three years, depending on subject.

Universities of Applied Sciences offer:

- A four year bachelor programme;
- Master's programmes are not funded by the government, and incur high tuition fees. Students tend to graduate from their bachelor programmes and return to education a number of years later, when their master's education is funded by their employer.

Funding for Dutch higher education comprises the following components:

- Direct funding from the government;
- Indirect funding from research councils, EU subsidies, and income from industry;
- Tuition fees;
- The student loan system.

The student loan system is a new funding component; prior to 2015 a student grant system was in operation.

Research universities received €4.3 billion in direct funding in 2014, split principally between funding for education and funding for research. Applied universities received €2.8 billion over the same period, with the bulk of the funding allocated for education. Since 2012, a proportion of the funding for both categories of institution has been allocated on the basis of key performance indicators.

The Dutch government set a fixed budget for higher education annually, and funding is then allocated to each institute based on a set of parameters. The student-related funding parameters include:

- The number of enrolled students, based on the nominal duration of their programme;
- The grades given;
- A differentiation in funding amount between disciplines.

Research-related funding comprises the following components

- The grades given;
- The number of PhD degrees;
- Funding for strategic programmes, on themes identified by government.

Teaching which is not funded by government includes:

- Teaching for students who are not progressing normally through their degree programme;
- Transition courses for those who have attended applied universities and wish to attend a research university;
- Non-EU students.

Dr de Koning-Martens noted that, in a similar fashion to Ireland, per-capita government funding for tuition has been steadily declining for a number of years. However, funding per student in 2014 averaged €15,000, which is considerably higher than the Irish level.

A student loan system was introduced on 1 September 2015. Initial statistics indicate that there have been no declines in student numbers. It is very difficult to predict the effects of the student loan on student study behaviour.

A proportion of an institute's funding is related to performance, including:

- The graduation rate for bachelor students (with 4 years);
- The number of students attaining a set number of credits within two years of commencing a programme;
- Dr de Koning-Martens noted that this component of the programme had resulted in a decreased drop-out rate and improved study habits by students;
- The number of class hours (with teacher's presence);
- The participation rate.

Dr de Koning-Martens concluded by noting that the evaluation of the performance agreement will take place in 2016. Mid-term evaluations had been positive for research universities, but not for applied universities.

Discussion

Professor Andrew Deeks noted that in the UK, due to expectations about the repayment rate, the income-contingent loan scheme may well cost as much as the previous system had. Even though the new system may cost as much as the old system, universities are in a better position because the average amount they are receiving per student has moved from £7,500 to £9,000.

He also stated that he thought it a mistake for the UK to cap the fee at £9,000. It should have been possible to increment this over time.

Professor Diamond answered, agreeing with Professor Deeks' assertion that most universities in England, provided they have a good balance of humanities and social science students, are better off than they were. He also agreed that the capping of fees at £9,000 was a poor decision, because if universities did not set their fees to that level, they would be considered by the market to be 'not a great university'. In Scotland it is different, and in Wales there are enormous issues with cross-border flows.

Two questions were posed from Twitter: firstly, whether Professor Orr knew of a country which had successfully introduced a graduate tax, and secondly, whether there was evidence to show that a graduate loan system leads to emigration.

Professor Orr responded, noting that no system has ever had a graduate tax because it seems inherently unfair, and is not in any way related to the costs of one's education. There was a study done which confirmed what one would expect regarding emigration. Directly before England introduced a higher level of tuition fee, there was a survey of young people which asked if they were intending to go abroad to study. The results were interesting because there tends to be a certain bracket of the population who will go abroad to study, regardless of the cost.

When borders between nations are porous, there is a chance that emigration will be higher. When German students do not receive the place they have been hoping for in their education system, they may often cross the border to study in the Netherlands; however, cost is probably not a driving force in this relationship.

Pól Ó Dochartaigh, NUI Galway, queried whether the panel had any comments on the merits of differential fees for different subjects, versus a single blanket fee.

Professor Diamond responded that a university is about more than just education; it is about an individual growing as a citizen, and the production of knowledge. It matters not what people study; however, we do need to educate people in subjects that cost a considerable amount of money to run. It is perfectly reasonable, therefore, that the state can charge a flat fee, in a way that encourages the study of engineering, physics and medicine. It is better to have a system where the fee can reflect the cost, because at present universities in England are making a considerable profit through humanities and social science students.

Professor Orr noted that almost all of the post-communist systems have differential fees for those who are paying fees. When that was left as unfettered development, all of the universities offered 'paper and pencil' subjects as a revenue stream. A survey was carried out which asked students in these systems how they chose their higher education course. What was found was that many students who did not get a tuition-free place in the subject they wanted switched to a subject which cost less.

Professor Diamond noted that subjects which were previously considered cheap to run are increasingly becoming expensive. For example, if technology is to be properly integrated into a subject, it will increase the price.

Professor John Hegarty then asked Dr de Koning-Martens whether there was much outrage over the transition from student grant to loan system. She responded that there was much fuss, and that students were very angry, but that it was too early to say whether some of the predicted effects will be borne out. There has been no drop-off in student enrolment numbers for the current academic year.

Dr Kevin Denny, School of Economics, University College Dublin, addressed the forum. He began by outlining the criteria economists generally apply when assessing higher education funding systems. Equity is the first – a system should avoid regressive transfers, and should be dynamic and encourage inter-generational mobility. Efficiency is the second criterion – a system should seek to avoid under- or over-investment.

Dr Denny then outlined the private and societal benefits of higher education, noting that if the balance of benefit was overwhelmingly to the individual, market forces could be allowed to guide higher education. There is consensus among economists that private returns dominate social returns, which are difficult to measure, and that recent IUA research has estimated the lifetime premium of a third-level degree relative to the Leaving Cert at circa €350,000.

He noted that in order to obtain a degree without government support, it is likely that an ordinary person will have to use capital markets and borrow money. There are difficulties in providing collateral, there are informational asymmetries, and it could prove to be a risky investment for the bank. Secondly, there is a lack of information about the benefits of education among certain sectors in society.

There are three potential agents:

- The taxpayer;
- Parents;
- Students

The taxpayer is not the main beneficiary of the education, meaning that the policy is intrinsically regressive. Those who receive third-level education are on average from well-off backgrounds,

and will earn more on average over their lifetimes than someone who does not. Based on these facts, Dr Denny argued that the taxpayer should not fund the bulk of tuition fees.

Parents have enormous variation in their financial circumstances, and a reintroduction of tuition fees could result in a return to the previous system, where payment is provided up front. Alternatively, an *ex-ante* system may be used, which involves a tax-privileged savings scheme. This system requires foresight on the part of parents, and may not suit all situations. Evidence from similar schemes in the US shows them to be highly regressive, with benefits rising steeply with income. Some penalisation mechanism must exist to discourage non-educational use of the savings.

The assumption commonly made in Ireland is that cohesive family units are the norm, and that students are dependent on their parents for income. This ignores the autonomy of the student, and may not reflect the realities of modern Ireland.

Students may not have the means to pay tuition fees up front, but may be able to avail of student loan schemes, or pay through graduate taxation. The payments in a graduate taxation system are linked to income, so may far exceed the cost of the education.

A student loan system may be in the form of mortgage-type loans (used mostly in the USA and Japan), or income-contingent loans. Mortgage-type loans are normally government-backed, which eliminates many risks for banks. These loans are typically short term, leading to high repayment burdens.

Default rates for student loans in the US are highest among those with low debts. This is because they are typically college drop-outs, who are unable to attain a high-income job.

Income-contingent loans involve the payment of a specified amount of income, after a specified level has been reached. It is difficult to default using this system, and there is no risk to a person's credit rating. Generally, there is inbuilt debt forgiveness after a specified point in time.

Collection costs for income-contingent loans are usually low, and repayments are often collected by tax authorities.

Dr Denny noted that after the introduction of tuition fees in certain UK universities in 2012 there has been increased participation, but a fall-off in the numbers of mature and part-time students.

After the introduction of 'free fees' in Ireland after the mid-1990s, there was no effect on educational inequality, mainly because the proximate cause of educational inequality in Ireland is the Leaving Certificate.

Dr Denny concluded by advocating an income-contingent loan system. He noted that the outcomes are difficult to predict, and supplementary policies may be necessary to protect certain

cohorts of students. There is no need for a completely new solution for the Irish system; the challenge for the expert group is in selecting the correct policies from international examples.

Kevin Donohue, President of the Union of Students in Ireland, then addressed the forum. He began by noting that the Union of Students in Ireland is advocating for a large increase in the level of public investment in third-level education.

He noted that between 2008 and 2014 there was a reduction of public funding for higher education, from €1.4 billion to €939 million, but that in the same period the individual student contribution increased from €900 to €3,000 per annum.

The Irish League of Credit Unions has calculated the cost of attending college, excluding tuition fees, to be €9,000 per student per year. 60% of parents will borrow in order to fund third-level education for their children, with an average loan of €5,000 per annum. If tuition fees alone were to bridge the gap in funding that had emerged since 2008, the fee level for every part-time, full-time, undergraduate and postgraduate student would have to increase by €2,309 per annum. Mr Donohue further noted that in 2008, the IUA had described that funding level as insufficient.

Mr Donohue suggested that an income-contingent loan scheme might appear on paper to be the fairest mechanism to deal with increased tuition fee levels, and that those introducing any such system would do so with good intentions. However, he noted that income-contingent loan schemes could lead to a poorly funded third-level education system. Students in the UK could expect to borrow up to £54,000 to attend college for four years.

The *Smart Schools, Smart Economy* report noted that the Ireland's economic recovery will be predicated on developing its already outstanding third-level education system.

Mr Donohue noted that there are currently a number of higher education institutions in Europe, ranked in the top 50 of the QS survey, which provide a world-class education that is free of tuition fees.

He also noted that in most dialogue around higher education funding, the discussion is focused on funding for universities, with funding for institutes of technology rarely featuring. Entire local economies in Ireland are supported by the existence of an institute of technology in their region.

Professor Frances Ruane, Research Professor and former Director of the Economic and Social Research Institute, then addressed the forum. She began by noting that there were a number of key issues around higher education that have been avoided in the Irish dialogue until now.

Higher education systems are complex, and the Irish dialogue has revolved around how to fund the system, without defining that system. Without defining the objectives of the higher education system, it's not clear what is to be financed.

Consequently, the expert group must both recognise the limitations and be aware of the possible unintended effects of any systems proposed.

She noted that the multiple objectives of the system – equity of access, quality and affordability – will require the implementation of multiple instruments if they are to be achieved.

She suggested that quality should not be considered simply by reference to the international ranking of the institution, but rather that it should be measured in the value-added of the institution, in terms of the learning to the students attending and the value of the research undertaken. In relation to the Irish system, she suggested that it would be important to recognise that since there are multiple outputs from the different types of institutions, it would likely make sense to have multiple funding mechanisms in place.

There are different delivery mechanisms meriting consideration. In the face of budget cuts across individual states in the USA, there is a more extensive use of community colleges as pathways into higher education, with universities identifying formal pathways from certain community colleges into the later stages of a university degree. There is also an increasing use of non-tenured teaching faculty, which removes obstacles for those who wish to teach at third level and improve the quality of the student experience, but who may not have the capacity or capability or wish to be long-term researchers.

Professor Ruane suggested that the report by the expert group should not be considered a long-term answer on the sustainability of the Irish higher education system, and instead should be focused more on the medium-term outlook. She noted that it is important to look immediately at the lack of sustainability because it generates uncertainty among faculty, causing them to look at job opportunities overseas, and can act as a deterrent to potential incoming international postgraduate students.

The separation of further and higher education is one of the biggest handicaps to a more sustainable funding landscape. Noting the previous discussion of the problem of societal attitudes towards the funding of higher education, she suggested that this might be rectified by broadening the range of education being discussed in this context.

International contributors to the forum have provided a useful reminder that there is an enormous diversity in the range of funding options. Professor Ruane noted that current international ranking systems have tended to be created by organisations with vested interests, and consequently may not be based on quality metrics. Furthermore, they have not been built up with the rigour or scientific independence that would normally underpin international statistics.

In relation to the recent consultation and discussion papers prepared for the expert group, she noted that many of the data used to benchmark Ireland's standing have been OECD averages, which are very broad-based and have enormous variance. In this context, being either higher or lower than an OECD average may be a perfectly reasonable position for Ireland, and hence should not be used to indicate a particular course of action. She further noted that national-level averages for metrics such as staff–student ratios may have a similar diversity.

Professor Ruane concluded with three points in relation to issues for the committee:

- Investment in postgraduate education represents a strategic decision for a tertiary education system, and merits attention – it should not be merely considered as another income source.
- More consideration should be given to the role of international students in Ireland's education strategy. Again, this is not just the case of seeing them as an income stream. She noted, as an example, that the Scottish government considers international students an important part of building its strategic relationship with the rest of the world.
- Universities and institutes of technology must consider their relationship with lifelong learning. Again, it may not become a significant funding stream, but could act as an important mechanism to increase societal buy-in to investment in higher education.

Discussion

Dr Marion Palmer, IADT, noted that there was compulsory education in Ireland between the ages of 5 and 16 years, and that the vast majority do the Leaving Certificate. What do we, as a society, want them to do, where are they going to go, and where are the jobs? Part of the reason that we educate young people is that there are no jobs for them. While there is a private good to higher education, there is also a public good. Why aren't we considering apprenticeships, further education and higher education as a spectrum?

Professor Jim Walsh, Maynooth University, noted that the group must look to the medium to long term. Today, the focus has been primarily on third-level education, but in the medium to long term the taught postgraduates are the group meriting most discussion. In a funding model we need to ensure that we do not burden undergraduates with a model that disincentivises them from staying on and pursuing postgraduate study. We need to avoid creating a system which will lead to a blockage in 10–15 years' time when Ireland is trying to grow that sector.

Professor Deeks addressed Professor Ruane's remarks. It would be nice to consider the system more broadly, but there is a problem right now with the funding of the education for

Irish undergraduate students. Figures from the UK and the Netherlands show very distinctly that the amount of money Ireland is investing per student well behind the norms. This problem must be solved in the short term, and other problems may be considered in the longer term. The Cassells report is about solving the short-term problem. Broadening the issue may lose the focus of the general public.

Addressing Dr Denny, he noted that the IUA study referenced in his presentation had shown that the public benefit of higher education to society was in the order of €200,000–€250,000 per student, an amount that was similar to the private good. Society does benefit from engineers, doctors, schoolteachers.

Dr Denny noted that there may be some confusion around private and social returns. The fact that doctors are good for your health is not a social return, because they are paid to do it.

Professor Ruane responded to Professor Deeks' comments. She is conscious of the dangers which may arise from widening the debate; however, there is a large amount of wastage currently in the further education sector, and it would be easier to get money transferred within a single budget to higher education, as opposed to having it transferred from another department.

Mr Martin McGuire, Dundalk IT, expressed his fear that the forum was being steered in the direction of income-contingent loans. We must not lose cost-sharing: the costs must be spread across the economy as a whole. This may involve increasing taxation for the corporate sector. If Ireland does go down the route of income-contingent loans, they will be impossible to collect: people will always have other more pressing demands on their income.

Professor Hegarty then brought the forum to a conclusion. He noted the strong unanimity across the forum. Institutions are not static or passive; they have been trying to find solutions to the funding problem. Any solution in the future would do well to build on those, rather than come up with a completely new idea.

If the student charge is eventually called a fee, and progresses to become a significant part of the funding model, it promises to be an emotive issue. There is no perfect mechanism, but the chances of going to back to a no-fees situation are reasonably slim.

