



Statement to the Oireachtas Joint Committee on Education and Skills on the Report of the Expert Group on Future Funding for Higher Education

Tony Donohoe, Head of Education and Social Policy

I wish to thank the Joint Committee for the opportunity to address you on a critical issue for the business sector. Ibec welcomes the report of the Expert Group on the Future Funding of Higher Education. We believe this is the most authoritative and balanced report on the economic and social benefits of investing in higher education and the serious challenges faced by the sector. We would also like to record our thanks to the Expert Group chair, Peter Cassells, and the secretariat who met Ibec's National Council and engaged extensively with the business community

The Expert Group's report sets out the benefits of investment in higher education across the areas of Economic Growth, Social Development, Culture and Civic Engagement. I propose to focus on the economic benefits, while fully aware that the system fulfils a vital role in society that extends well beyond that of satisfying enterprise's needs for skills or research.

And there is a significant inter-dependence between the economic and social benefits. Business and higher education have a shared objective of developing adaptable, well-rounded, creative, cultured and ethically minded citizens who have an appetite for learning.

We should also remember that 30 years after the abolition of college tuition fees, just one in seven young people in the country's most disadvantaged areas progress to higher education. In our most affluent suburbs, almost every young person (99 per cent) has this opportunity.

The report itself and evidence by the university and institute of technology presidents to this Committee have highlighted the scale of the funding crisis in higher education. This will only get worse with growing numbers of students. I don't propose to restate the figures. Suffice to say that this is not special pleading. Poor education outcomes, overcrowded lecture halls and labs, deteriorating facilities and high student dropout rates will have severe economic and social consequences. While international rankings are a very imperfect measure, the continuing decline of Irish universities will also damage our reputation with international investors, and undermine our ability to attract international students and academic talent.

I wish to focus on possible solutions. The Cassells Report sets out three funding options which could deliver the necessary investment to address this challenge: a predominantly state-funded system, retention of the current upfront fee of €3,000 or deferred payment of fees through income contingent loan system. All three options envisage increased state investment ranging from an additional €1.3bn for a state funded system to €563m for a deferred fee payment system.

The first two options are not economically sustainable or socially desirable.

Our starting point should be that every student who has the ability and motivation to avail of a college education should be able to do so, whatever their personal circumstances. But if we are serious about education disadvantage, we should target state investment in areas such as early childhood education which will increase the likelihood of young people in disadvantaged areas taking up this opportunity. And then we should provide the grants and support services to ensure that they stay the course as students.

The second option of retaining the existing €3,000 upfront student charge is basically accepting the status quo. The Cassells report itself warns that this is completely incompatible with our national ambitions and will condemn Ireland to become an education and research backwater. This option also ignores the undoubted pressure on many student and families to come up with a large upfront payment.

They have got the worst of both worlds; fees without the support structure to pay them. Meanwhile Ireland's reputation for having one of the best educated workforces in the world becomes increasingly threatened.

The third option under which graduates would pay tuition fees when their earnings reach a certain level is the only equitable and sustainable option. There are many elements of this option that have to be worked out – the level of fees, how such fees will be regulated and how the scheme can be pre-financed in the period before repayments are made.

It would be economically foolish and socially unacceptable to saddle a generation of young people with the scale of debt that we see in the US and will probably see in the UK. Therefore we need a balanced, fair and sustainable system that combines adequate state investment with an affordable student contribution.

Business is also willing to play its part. Employers already pay over €360m a year into the National Training Fund (NTF) through a payroll levy and individual companies contribute directly to higher education institutions through a broad range of up-skilling, research and sponsorship initiatives. A more structured approach to supporting programmes in areas of skills demand and more effective use of the NTF should be explored.

Undoubtedly there are difficult political decisions to be made, but the time for debating the student fee issue has long passed. Twelve years ago the OECD advised the Irish government that it was impossible to have quality higher education by predominantly relying on state funding. At that time, it suggested the introduction of an income contingent student loan system. The basis for this recommendation has not changed.

Failure to invest now in third level will place an entire generation of students and the future of this country at a serious disadvantage.