

DÁIL ÉIREANN

AN COMHCHOISTE UM OIDEACHAS AGUS SCILEANNA

JOINT COMMITTEE ON EDUCATION AND SKILLS

Déardaoin, 10 Samhain 2016

Thursday, 10 November 2016

The Joint Committee met at 9 a.m.

MEMBERS PRESENT:

Deputy Joan Burton,	Senator Robbie Gallagher,
Deputy Thomas Byrne,	Senator Lynn Ruane.
Deputy Ciarán Cannon,	
Deputy Catherine Martin,	
Deputy Carol Nolan,	

In attendance: Senator Alice-Mary Higgins.

DEPUTY FIONA O'LOUGHLIN IN THE CHAIR.

The committee met in private session until 9.20 a.m.

Report of the Expert Group on Future Funding for Higher Education: Discussion

Chairman: I welcome the chief executive officer of the Irish Universities Association, the presidents of the universities and the head, College of Law and Business of UCC to a discussion on Investing in National Ambition: A Strategy for Funding Higher Education, commonly known as the Cassells' report. Let me put on record the committee's gratitude and thanks to Mr. Peter Cassells, the members of the expert group, and the secretariat for the time they put into research and compiling the report which will be helpful. There is no doubt that tough decisions will have to be made and there is an onus on the committee to arrive at a consensus when we have heard the views expressed in a number of meetings, the first of which is today. Eventually we will bring the consensus view to the Minister for Education and Skills.

We thank all of the witnesses for their presence this morning. I welcome Mr. Ned Costello, the chief executive of the Irish Universities Association; Professor Don Barry, president of University of Limerick and chairman of the Irish Universities Association for 2016; Professor Brian MacCaith, president of Dublin City University; Professor Philip Nolan, president of Maynooth University; Professor Andrew J. Deeks, president of University College Dublin; Dr. James J. Browne, president of the National University of Ireland, Galway; Dr. Patrick Prendergast, Provost, Trinity College Dublin and Professor Ursula Kilkelly, head, College of Business and Law, University College Cork, who is standing in for Dr. Michael Murphy, president of University College Cork. Professor Caroline Fennell, who is the senior vice-president, academic and registrar was to have stood in, but could not do so. I thank Professor Kilkelly for joining us at the last moment. Mr. Costello and the university presidents and the head of Business and Law are here to discuss the findings of the Cassells' report.

By virtue of section 17(2)(l) of the Defamation Act 2009, witnesses are protected by absolute privilege in respect of the evidence they are to give to the committee. If they are directed by it to cease giving evidence on a particular matter and continue to do so, they are entitled thereafter only to qualified privilege in respect of their evidence. They are directed that only evidence connected with the subject matter of these proceedings is to be given and asked to respect the parliamentary practice to the effect that, where possible, they should not criticise or make charges against any person or an entity by name or in such a way as to make him, her or it identifiable. Submissions and opening statements submitted to the committee will be published on its website after the meeting.

Members are reminded of the long-standing parliamentary practice to the effect that they should comment on, criticise or make charges against a person outside the Houses or an official, either by name or in such a way as to make him or her identifiable.

I now call on Professor Barry to make the opening statement. Members may then ask questions.

Professor Don Barry: I thank the Chairman. Good morning, on behalf of my colleagues, I am grateful to the committee for the opportunity to discuss the funding of higher education. We welcome the report of the expert group on the Future Funding of Higher Education and endorse its findings. We would also like to record our thanks to Peter Cassells, the members of the group and its secretariat, both for the report itself and also the extensive process of research,

evidence gathering and consultation which has been distilled into the final text.

The run-up to the budget and the recent private members motion debate in Dáil Éireann demonstrate a broad acknowledgement of the difficulties caused by almost a decade of cutbacks in higher education funding. In our submission to the committee we set out the scale of those cutbacks and identify their impact on the core grant, the unit of resource per student and on student-staff ratios. Our findings mirror those of the Cassells' report.

Falling resources do not by themselves justify increased investment. Any such investment must have a purpose and a benefit. The Cassells' report clearly articulates the benefits of such investment across the headings of economic growth and prosperity, social development, culture and civic engagement. The expert group reflects a deep understanding of the complex world which our graduates face now and into the future and the importance of educational quality to the social and economic progress of our nation.

Against this backdrop, we have three main challenges. First, the more complex and changing world for which we are educating students requires more sophisticated educational approaches. The group captures this well in identifying the need to invest in improved student-staff ratios, smaller tutorial groups, more one-to-one contact with students, more project work, enhanced feedback and more time to engage in diverse learning styles and to support at-risk students. The group also highlights the need for investment in support services such as library and information services, student guidance and counselling – and the necessary capital funding to support all of this. We strongly endorse this view of a quality education which enhances student outcomes and life chances.

The second challenge relates to demographics and access. Since the 1960s, Ireland has made significant progress in the democratisation and widening of our education system. This is reflected in the growth in participation levels, expanded post-graduate education and continuing professional development, and the internationalisation of our student and staff populations. We detail these in our submission. Catering for an almost 30% increase in new entrants by 2030 and making further inroads into tackling disadvantage in its various forms requires significant investment. The Cassells group quantifies this. To address demographics and move to a student to staff ratio of 14:1, the report estimates a need for an additional €600 million per annum by 2021 and €1 billion per annum by 2030. A further spend of an additional €100 million per annum is recommended for access measures. Third, we have a capital investment challenge, scaled at €5.5 billion over 15 years.

In terms of solutions, the Cassells group identifies three main contributors to higher education: the State, students and employers. This is based on the view that all three groups benefit from higher education. The State benefits because there are wide-ranging returns to society from a well-educated population. Students benefit because in the aggregate substantial earnings premiums accrue to those with higher levels of education. Finally, employers benefit since advanced human capital is a key driver of innovation and productivity. In putting forward its funding options, the report concluded that each of the beneficiaries should also contribute. We agree with the conclusion. We see a mixed funding system involving the Exchequer, students and employers as the best way to deliver a high quality, sustainable higher education system.

In looking at the options put forward by the group, it is worth saying that we already have a mixed funding system in place. The State pays through the combined core grant and grant in lieu of fees mechanism and students pay via the student contribution. Employers pay via the national training fund levy, albeit that only a tiny proportion of this finds its way into higher

education.

The difficulty that Ireland faces is that the quantum of funding delivered through these mechanisms is not proving sufficient to deliver a system that meets the quality standards that students deserve and society needs for well-being and competitiveness in the long run. This, in essence, is the conclusion of the expert group.

There are important choices to be made to deliver the investment recommended in the Cassells report. These are political and societal choices. We would like to offer some observations that bear on those choices. First, public funding must continue to be a foundation for higher education, especially in a society that values high participation rates. Historically, Exchequer funding has not followed student growth. Between 2008 and 2015 student numbers rose by 20% but the unit of resource per student fell by 21%. A combination of rising student numbers and falling resources per student is particularly toxic. Ireland is at the bottom of the league in the OECD in this regard.

To begin to make meaningful inroads to solve the problem our budget 2017 submission called for an immediate injection of €75 million in recurrent funding for universities and €30 million in capital. The eventual outcome was a total package of €36.5 million recurrent funding for higher education overall. Only a small proportion of this money is to address growth in student numbers. The funding will make no inroads into improving student-staff ratios or rebuilding quality.

It appears that no allocation whatsoever has been made for an injection of capital funding. Unfortunately, this seems to reinforce historical experience in respect of the very real difficulty in moving towards a sustainable funding model based solely on public investment. Nevertheless, it represents an improvement over years of cutbacks. The promised three-year package of €160 million is a step in the right direction but it is far from the €600 million investment called for in the Cassells report.

On the matter of employer contributions, the national training fund was instigated in 2000 to support training in and for employment. It must be said that higher education is demonstrably a successful form of preparation for employment. Three issues arise in the context of the use of this fund for higher education. First, there is a need for greater transparency as to where the money in the fund is currently expended, particularly in regard to the “for employment” component.

Second, the fund is heavily in surplus and the surplus is growing. The 2017 Abridged Book of Estimates projects a surplus of €272 million at the end of 2017. At a time when wages and employment in the economy are growing and adding to this surplus, we seriously question why the surplus is not being applied to the crisis in higher education funding. This matter should be addressed immediately, particularly in light of the outcome of the Estimates.

Finally, we can understand that employers may balk against an increase in the rate of the levy. However, it needs to be seen in the context of the overall corporate taxation regime, and other reliefs and incentives available to business. The Cassells group has projected a yield of €50 million that represents a 0.1% increase in the levy. The sum is significant in the context of the difficulties facing the sector.

I will now turn to the student contribution. We should acknowledge that the current student charge at €3,000 per annum is substantial. If these funds did not exist, not just quality, but the

viability of the system would be put at risk. One important aspect of having a student contribution is that it ensures a level of financial stability when student numbers are rising, since each additional student brings additional resources into the system. Given the Cassells group's projections for increased student numbers, this factor is critical.

In terms of the mix of funding, precisely who should pay what across the spectrum of State, students and employers is essentially a societal and political choice. We want to state upfront that we endorse the Cassells group's view that a system with very high levels of fees, such as those in the UK or the US, is unacceptable whether paid upfront or under an income-contingent loans system. It runs counter to the principles articulated in chapter four of the report, particularly those of fairness and balance. Regardless of the level of the charge, there are arguments in favour of deferred payment. It avoids pressures on families to pay upfront at a time when family incomes are under a variety of pressures in the wake of the economic crisis. In some cases, this involves borrowing at commercial rates with the requirement for immediate repayment. These conditions are more onerous than those envisaged for an income-contingent loans scheme.

In terms of the resourcing challenge that faces the sector, the burden spreading that a loans system allows does, at a practical level, make some increase in the student contribution component more feasible. Such increase needs to be seen in the context of the returns from investing in higher education. The OECD has calculated that the private returns to an individual from higher education in this country are the highest among the member countries surveyed and by a substantial margin.

The group's assessment of likely repayment scenarios involving loans of €16,000 and €20,000, respectively, suggest to us that an affordable system can be constructed and that progressivity can be built into such a system. We would also like to mention that the current system whereby the State pays the student charge for a large cohort of students is not without opportunistic cost since this absorbs resources that could otherwise be channelled into the system to improve both maintenance grants and pastoral and other supports for access students.

We agree with the Cassells report that increased contributions to higher education should be accounted for transparently in terms of where the resources are going and what the spending will achieve. There have been significant improvements in this regard under the national strategy for higher education. The HEA system performance report and strategic dialogue process, and employer and student feedback surveys, are a very solid platform to build on in this regard.

In conclusion, we reiterate our endorsement of the Cassells report. We support the committee in its important work of debating and making recommendations on measures needed to build a higher education system that supports our shared ambitions for an educated, prosperous and progressive society.

Chairman: I thank Professor Barry. He certainly made an excellent case and did a good job in outlining the challenges the university sector faces, of which we are all very conscious. The other presidents will have an opportunity to respond to some of the points that were made and to questions from committee members.

Increasing access to university for socially disadvantaged groups has to continue to be a priority from the point of view of funding. Would Professor Barry accept that the introduction of student loans could act as a deterrent to these particular students? Low-income families may be very apprehensive about their children taking out significant loans and about the potential im-

pact later in their lives. Professor Barry is right to say that capital investment has been seriously depleted since 2008 and this is a huge challenge for all universities. He referred to universities having capital investment challenges which had been scaled at €5.5 billion over 15 years. Can he expand on that and outline the key proposed areas for investment, as well as the anticipated outputs for such investment?

The professor also spoke of the internationalisation of education, the cultural and geopolitical benefits and how it is an important source of income. How does the teaching of English as a foreign language come into play and what is the possible impact of Brexit on the international dimension? I understand that some 20,000 students went to England on the ERASMUS programme. Is it possible that those students could come to our universities? What are the challenges that would give rise to?

Professor Barry mentioned the surplus in the training and levy fund and suggested that it could be used in higher education. This committee has a remit over training and skills and if we were to recommend that this surplus went to higher education it would mean less would go to further education and to training and skills. Is there a way both sectors could develop joint schemes or joint proposals in this area? Does the professor have any strategy for providing online courses for the purposes of lifelong learning? These exist to a greater extent in other sectors. A group from the institutes of further education will be before us next and they have given us current figures for mature students, student-academic staff ratios and core staffing levels. It would be interesting to see the figures from the universities sector.

The professor mentioned other supports such as student accommodation which, although we are not addressing it here, is a huge crisis. On-campus student accommodation is key as it ensures students are not competing with other demands on the housing market.

A key point for this committee is building public support for the argument because education is in a competitive world and there is an onus on us to look after primary level education and second level education as well. Building public support for one's argument is vitally important. I was at Tom Boland's lecture last night, as I am sure many here were, and he made interesting points around balancing autonomy and accountability in the third level sector. This will be hugely important as we go forward because in the past there has been a mismatch between those two things.

Deputy Thomas Byrne: It is great to have so many senior educationalists in the room, telling us and the watching public about the situation they face in the universities. It is an issue I have tried to highlight since my election, as have other members. I will not ask questions on the presentation as it sets out the position very starkly. Some of the language is very strong in describing the crisis.

Are there different views on rankings? Do some of the witnesses believe they are important while others do not? I would like to hear both views. Is this affected by funding and what are the general effects on universities? Does it affect non-EU students? We know that these provide funding. What are the links between public funding and non-EU funding? Is there any effect on standards and on reputation? The action plan on education, which was published just before the budget, has very little mention of this issue. Has the association, or have any individual witnesses, made any submissions on this? We put considerable political pressure on the Government to have some sort of a plan for third level when we saw it was not part of the action plan. Then all of a sudden, a €160 million plan was announced. We are happy that an extra €160 million has been promised, although we would like it to be a hell of a lot more as

the students and teachers need more. What were the association's interactions with the Government on the action plan for education?

In Cassells 2, the issue was raised of the grants for postgraduate students being abolished. How did that affect students and universities? The grants are back to some extent but I would like to know what the effects were.

Senator Lynn Ruane: It appears that universities are in some way advocating an income-contingent loan. Is that based on a lack of faith in the State to provide? I assume the universities would not reject the payment if it came from the State so is it in the absence of a belief that the State will provide a sustainable, publicly-funded system? Do the witnesses see the income-contingent loan as a quicker source of funding for universities?

My next question is on learning for learning's sake. In the UK mature and part-time studying has almost been wiped out, especially in the humanities sector. What do the presidents feel would be the impact of income-contingent and higher fees on arts and humanities, and on other smaller departments within colleges? In the US, arts and humanities do relatively well but the proportion of students going into those subjects is much higher and we start from a different baseline.

There are concerns about universities bringing in a student levy. I believe this will have a massive impact, especially on those middle earners who just miss out on a SUSI grant. Are universities considering any drastic measures in the meantime while we are waiting on the very slow process of the Cassells report to kick in?

Following the election of Donald Trump in America, the proposal to lower the corporation tax to 15% will have an impact on the education sector in terms of foreign direct investment. Obviously the longer education in Ireland is underfunded, the more quality will disimprove. Therefore we will have a problem with tax and the quality of graduates we produce. Have the witnesses given any thought to that?

I have a question on Horizon 2020 funding which ties into the lack of capital funding for universities in that we are not in a position to benefit from any move from the UK to Ireland regarding research and development. Would capital investment leave us in a better position after Brexit? Would it positively impact on rankings if Irish universities were leading out on European research?

Chairman: I hand back to Professor Barry first.

Professor Don Barry: I am glad you said my colleagues could help to answer some of these questions. I will select a few that I feel comfortable addressing.

Senator Ruane asked why we were advocating for an income-contingent loan. The primary reason for doing so is that we see higher education as providing a clear public gain and a clear private gain. We feel that the public gain should be funded by general taxation and the private gain should be funded by those who accrue the private gain. One of the defining characteristics of an income-contingent loan, which makes it quite different from what we normally understand as a loan, is that one does not pay until one is earning enough money to make it feasible to pay.

This also relates in some sense to the question the Chairman asked about access. Nobody in this country could be content with the current situation with access to higher education from certain sectors of society, which are often described as disadvantaged. Whatever we are doing

at the moment is not getting the country anywhere close to where we should aspire to be. This is a very serious matter for the committee to consider. The committee might want to reflect on what we are proposing and the Cassells report is also proposing, which is to try to identify why people from disadvantaged sectors of society do not attend in greater numbers. We consider that one of the reasons is that maintenance costs that apply to students attending universities are very high, as is the opportunity cost in terms of their chance to take a job that does not require higher education, but provides an immediate injection of funding into their family circumstances, which often can be quite strained.

The redistribution of funding that we are considering would mean there would be much larger and more targeted maintenance grants to people who really need them. We need a proper description of the income-contingent loan and a clear understanding that it is not like taking out a loan to buy a car. Those taking out the loan only pay it back when their income exceeds a certain amount. If a person's engagement with higher education does not lead that individual to achieving the private gain, then they do not pay anything. Basically poor people will not be paying student debt. There is limited evidence, but the evidence from the income-contingent loan system recently introduced in the UK, for much larger fees than anything we think should be countenanced here in Ireland, and in Australia, which has been running for a considerably longer period of time, is that it has no effect or improves the number of applications from disadvantaged students.

I do not know if the meeting is just us answering all these questions now or whether there is a conversational style. We answer the questions. I ask Mr. Costello to say something about the action plan for education and the national training fund.

Mr. Ned Costello: In response to Deputy Thomas Byrne, we made an extensive submission as part of the process of consultation that the Department and the Minister engaged in. The funding component of it was not reflected in the action plan. The Department and the Minister seemed to take a thematic approach and this was the basis of the structure of the plan. Even though it is not sectoral, we were surprised at the degree to which higher education does not feature as a central part of the action plan. In addition there does not seem to be an acknowledgement that there is a structural funding problem in higher education. It is well recognised in the Cassells report that with the kind of student-staff ratio we have at the moment and with the reduction in expenditure we have had, it is not possible to deliver the kind of quality education we need.

I wish to respond to Senator Ruane's comment on the corporation tax rate and recent developments in the US. This shows more than ever how reliant we are on the quality of our education system and more importantly the quality of our graduates. They are our key competitive advantage. There are proposals in the US which, if implemented, would put us in a significantly difficult position with respect to tax competition. That is a bit of a wake-up call and shines a spotlight on the quality issue.

On the national training fund, we are saying that it is not a zero-sum game because the fund currently extensively supports the training in and for employment. We mentioned the transparency piece. Most of the "for employment" piece goes to SOLAS, but it is never fully clear. We never get a breakdown and we do not know where it is going. More importantly as the economy has recovered, employment has improved and wage levels have risen, the fund has gone into progressively greater surplus. There will be a projected €272 million surplus by the end of the coming year. That money could be deployed at no opportunity cost to the training system. It is money that is available. Everything that the current fund funds could still be funded. That is

separate from the issue raised in the Cassells report about increasing the levy. Obviously every 0.1 percentage point increase could bring in an additional €50 million. We are saying that there is the guts of €300 million resting in that account and we should acknowledge that it is a factor in the general Government balance. In the context of the €36.5 million in the Estimates, surely there is an opportunity to do something there. I can come back on Erasmus later if colleagues do not deal with it.

Professor Andrew Deeks: This proposal comes from the Australian system and I taught in that system at the time it went from a fully free system to an income-contingent loan scheme, which was not called a loan scheme. It was called the higher education contribution scheme but it is effectively the scheme that the Cassells group looked at. At the time, income-contingent loans did not impact on the people from lower socioeconomic backgrounds accessing university and it had a positive impact on retention rates. When the system was completely free, many people did not fully consider whether they were suited to a university course or the benefits of undertaking the course; they drifted into university. The fact that when the scheme was introduced, they saw they would accumulate a debt to the state that would be paid off at a later time made them focus on whether they wanted to be in university, and if so, what programme they wanted to be in. We saw at that time a dramatic decrease in the dropout rates and, therefore, an improvement in retention rates. That supports the argument that there needs to be a contribution from each component that benefits from higher education - the student, the State and employers.

The Deputy mentioned the rankings. This is a significant problem for us. The underfunding of the higher education system which has led to higher student-staff ratios relative to competitors impacts directly on the rankings because that metric is used. It also impacts indirectly because it is an indication of the workloads of our faculties. This means that the time for research, and research performance, is also impacted. In The Times Higher Education World University Rankings, we have no university in the top 200. While we are supportive of the action plan for education and the ambition to have the education system at the top in Europe, of the top 200 universities in the rankings, 97 are European and, therefore, we have a significant distance to go and significant investment is required. Those rankings are important from a student recruitment point of view but also from the point of view of recruiting faculty from around the world. The first thing any student in an international market looks at is the rankings. They are interested in English-speaking countries, which is a huge advantage for us but once they look to these countries, they will look at the university rankings. It is important for us to sort this issue out.

Deputy Thomas Byrne: None of the members of the delegation has a different view on rankings but there is always a different view from officialdom. We should ignore them.

Professor Don Barry: There is a slightly different view, which is that rankings do not measure everything that is important to universities. This issue is very much about the need in Ireland to provide the best quality third level education to our citizens as it is possible for the country and the citizens to support. It is important that we do not lose sight of that being the main business of this meeting. Looking at the system from far away, rankings are important in gaining an impression of the quality of the universities in Ireland. They have a gigantic effect on our engagement with the outside world in terms of recruiting staff and international students and on our capacity to build partnerships with universities in other countries such as China. It is tremendously important in that regard. None of our universities are entirely led by doing what makes the rankings scores higher at the expense of the tens of thousands of undergraduate students on our campuses and we should not do that.

Professor Philip Nolan: There are many questions and being a student by nature, I want

to answer all the questions and get all the answers right but I will confine myself to the central question of why we are here. What concerns us is student success and the widest possible participation in that success. The nub of the issue is what funding model will ensure inclusive success and that the greatest number of students benefit from and are successful in higher education. That involves making students understand that college or university or an institute of technology is for them and that they feel there is a place for them within the higher education system. That involves institutions getting out into communities and working with schools to raise awareness and understanding of third level education in those communities, which is resource-intensive. When resources are constrained, one has to pull back and concentrate on teaching and research. That outreach to draw students into third level suffers.

The second issue that arises is how one pays for the education of the greatest number of students. Senator Ruane asked a pertinent question. Why does the State not pay? Would we reject an offer from the State to pay for all students? We would be foolish to reject such an offer. There was a detailed question about whether that is fair and progressive. Members have the Cassells report. I can confidently state that is the best ever assessment of higher education options done internationally. The State is enormously fortunate to have a report which draws on all the international experience, and evaluates it holistically and carefully. The report clearly states there are issues of equity around a system where the State pays for everybody. The issues of equity are straightforward. General taxation is levied on all citizens for a benefit that only applies to some citizens, which is a concern. The second issue is that some citizens do well out of higher education and the report clearly argues that it is a fairer system for those who benefit greatly and earn significant amounts to pay back the cost of their education. Third, once students access higher education, if resources are constrained, vulnerable students suffer the most. If we consider widening participation as an issue, it highlights that we have to invest generally in education in order that we can do the outreach and support all our students, including those who find it easy to get through university and those who find it more difficult. When resources are constrained, those two things suffer.

We also have to be careful about what is the optimum model for funding the higher education of those students. There is a strong set of indications in the report based on international evidence that an income-contingent loan system may well be the fairest way of funding the student part of that, along with increased investment by the State and by employers. We could elaborate on that later.

We have to be careful about the lessons we learn from other systems and that is why I draw attention to the report. It is subtle in its analysis of what is going on abroad. If Ireland is compared with the UK, there are two different propositions. There was an ideologically-driven withdrawal of the state from education in the UK, particularly from humanities education, but that is not proposed here. It is proposed that the State and the graduate, who in partnership with the State will pay it back when he or she graduates, will fund it together. Some of the negative impacts in the UK, which are much less in Australia, are not proposed in the report. A different system is proposed. If the higher fees and withdrawal of the state in the UK are taken out, the UK and Australian experience is that over time, income-contingent loans enhance participation. I understand the fear and concern about debt aversion but the international evidence is that when we shift from students paying upfront to students paying their contribution when they graduate, participation increases over time. In our view, it is a fair system. It is arguable but the evidence clearly presented here suggests that that option is a fairer approach overall.

Chairman: Professor Nolan certainly makes a compelling argument. I call Professor Mac-

Craith.

Professor Brian MacCraith: Many of the main points have been answered so I will not waste time by replicating. First, our submission is that the student is at the centre of what we are trying to achieve here. That has to be stated. It is about the quality of the learning experience for our students and transforming their futures.

In terms of widening participation, and building on what Professor Nolan has just said, we have to recognise that while it was well-intentioned, the free fees scheme has not widened participation and effectively has turned out to be a subvention for the middle classes. We are suggesting that there is a huge opportunity not only to address the sustainability of the system itself but to significantly enhance the attractiveness for those from socially disadvantaged backgrounds to go into education. We have direct experience of that. We have over 1,300 students on our campus who would not be at university were it not for direct interventions but it cost significant philanthropic funds to make that happen. This could be done much more effectively through the system we are proposing.

Second, in terms of foreign direct investment, FDI, raised by Senator Ruane, the selling message of IDA Ireland, which has been very successful, is around the three “Ts”, namely, talent, taxation and track record but the indications in recent days is that we could lose one of those “Ts”, which will put a huge emphasis on the talent. There could be reputational damage in terms of an under-funded system, and we believe we have been teetering on the brink of quality disimprovement for quite a number of years. This is an opportunity to get that right, but the stakes are much higher now.

My final point is one raised by the Chairman, namely, Brexit. No one quite knows what the opportunities are or what will happen but, anecdotally, in terms of talking to leading academics, researchers and international students who may come here, the absorptive capacity is a key issue. The Chairman asked what the money would be spent on. It is about additional and bigger lecture theatres, more laboratories, student accommodation and all those issues. It is a key issue for international students in particular. We had a major international student recruiting organisation in with us yesterday and they said it is happening in the United States as well. If we think of the profile of international students, many of those will be much less likely to want to go to the US. We now have a potential double whammy in terms of Brexit and what is happening in the US, which might be advantageous to the system in terms of international students, but the absorptive capacity will be a key issue. Capital investment will be required quickly in order to avail of that.

Chairman: Did Dr. Browne want to come in?

Dr. James Browne: I want to make a brief comment. To go back to the issue of rankings, a third issue with rankings, and I fully support the comments made by my colleagues, Professor Deeks and Professor Barry, is the impact on FDI. We should be clear about that. International companies watch those rankings and they are clear that they wish to have access to the graduates of universities that are rated internationally. To give a recent simple example from Galway, the very first investment by an Indian FDI medical technology company in Galway was driven by its recognition of activity in the university in a centre called CÚRAM, which is funded by Science Foundation Ireland. Its first contact with and knowledge of Ireland was through work that was reported from that CÚRAM centre.

Senator Thomas Byrne: What is the name?

Dr. James Browne: CÚRAM. It is a medical technology centre funded by Science Foundation Ireland. That company's first contact with Ireland was awareness of the work going on in that centre and out of that has come investment into Galway in the form of a new company from India. I am aware also, from contacts with the major international companies such as SAP, IBM and Fidelity, all of which are in Galway, that their investment in Galway is driven to a great extent by access to talent and the university's reputation and its position in the rankings is important in that context. I would not underestimate the importance of rankings, not just for recruiting students and staff but also in terms of attracting and maintaining FDI here.

I will make two other brief comments. Deputy Byrne asked specifically about the issue of grants at third level for postgraduate students. There is no doubt that the decision some years ago to stop those grants had an immediate impact on participation by students in taught postgraduate programmes. That was clear in the system. There was an immediate drop in the numbers attending third level postgraduate taught programmes, and that has only recovered in recent years. There is evidence that that decision impacted on participation by students in postgraduate taught programmes. I would certainly welcome the return of support for those students into the future.

The Deputy asked about residences. Residences are very important. All of us are trying to increase the number of student residences available to us. Our university has recently committed to building 900 student accommodation units. We have sought funding for those and we will acquire that from the European Investment Bank. It is a difficult investment, and I believe the State should take a more active part in supporting student residences. It is clear that, in a general sense, the private sector is not interested in making major investments in that space. It needs some level of support from the State, and it is unfortunate that has not happened. I believe all of us are up for making those investments provided there is some support from the State to help us make them pay for themselves.

Chairman: I call Dr. Prendergast.

Dr. Patrick Prendergast: One of the rankings that is interesting, although it is not actually a ranking, is an OECD report that clearly states that we are in the bottom of the league when it comes to funding per student into higher education. It is welcome that the Cassells report has laid out ways that higher education can be funded as a mixture, as Professor Barry has said, of public and private funding to increase the funding into higher education. We have a lot of young people. Approximately 25% more young people will be coming into higher education by 2028. We need to invest in our higher education system if they are to have the quality education and the qualifications to get the jobs that are created by foreign direct investment. It is as if we have the young people on one side, the FDI on the other and in the middle are the universities. It is the universities that can transform the young people into those who can get jobs in the industry. In an under-funded system we will not generate the young people with the talent to get those jobs.

I welcome the point that both Brexit and the results of the election in the United States have put the emphasis very much back on talent and the importance of Ireland investing in our higher education system, which generates the talent that can compete with the best in the world.

We also need to have capital funding into our system to create the capacity to educate these greater numbers of young people. That cannot be done overnight. It takes five to ten years to build it. That is why we need to begin to invest now to create the capability to deliver that high-quality education for our young people. Of all the questions asked, that is the issue I would

most like to emphasise. It is important that we act now and not kick the can down the road. I hope the emphasis we are putting on the Cassells report in this committee shows that it is beyond time for us to begin thinking about how to implement some of the options put forward in the Cassells report.

Professor Ursula Kilkelly: I want to briefly touch on a point Senator Ruane made about the importance of the humanities. Many of the arguments members will hear are important economic arguments relating to the relationship between third level education and our economic development, but the broader point is about the importance of universities to society and the impact on society as a whole of a diminished university in the context of our current funding crisis. That is something we need to bear in mind, and it was also recognised by Mr. Peter Cassells in regard to the contributions higher education makes.

The issue of engagement and access to the humanities is critically important. It is not just about the importance of increased sustainable funding to the humanities into the future but recognising the risks currently posed to the humanities from that lack of investment. We already have a disadvantaged humanities sector because of the lack of sustained investment. Particular areas in faculty terms are less amenable to income generation where those challenges are most acute. We see an increased burden on the student in our open days in that the focus of parents is on those areas where it is considered students are more likely to have viable and progressive employment. This plays in to the suspicion, as it were, that a humanities qualification is less worthy in those terms. However, sustainable funding is critical for humanities in particular. That is something we need to bear in mind as an opportunity.

A point was made about the impact of reduced grants on postgraduate education. Certainly, I agree that it has had a considerable impact on the important sector of taught postgraduates. However, more generally, in the past decade or so we have seen a substantial level of hidden subvention of students in our system. This relates to those students who want to study abroad, for example, but who do not have the personal means. They are increasingly supported by us to do this. There is a major hidden issue at this level. It is particularly an issue when it comes to study abroad. This is a vital part of what we do in the internationalisation, growth and development of our students. That is another factor to bear in mind. There are many hidden areas where we cannot visibly see the impact of the funding situation on students and on the university as it uses its resources to subvent and support students and their development.

Chairman: We will go back to members now. I will start with those who have not yet spoken. Senator Gallagher is next.

Senator Robbie Gallagher: I welcome the members of the deputation. I wish to acknowledge the extraordinary contribution the university heads have made to the social and economic fibre of the country to date. That is without question and it has to be acknowledged. It would be remiss of us not to compliment those involved in the Cassells report on their work. They have set out the position and what lies ahead in a stark and scary fashion. Moreover, they have set out what we must do if we are to ensure the country keeps going socially and economically.

One key word that affects all of us is access. Access is a concern for all of us. I have spoken to people from all sides of the argument and I am trying to reach a conclusion, although I am struggling at the moment. I have discussed the question with people from households in which incomes would be classified as low. They have concerns when it comes to their children going to college. They maintain they are simply unable to afford it, as things stand. The question of fees is one issue, but affording and even locating accommodation, especially in this city, is a

major challenge for children and families outside the capital as well.

I am a parent with two children in college. I know it is difficult. The cost puts relatively young families under considerable financial pressure at a time when there are other pressures affecting them as well, including mortgage repayments and so on. A lady from Letterkenny contacted me on this issue. Thankfully, her family was in a comfortable financial position. At the same time she said she would welcome it if a loan system was in place for her specific circumstances. All the disposable income the family had was going on ensuring that the children could go to college and pay for accommodation, pocket money and so on. She made the point that the local and general economy was losing out in many ways, because rather than spending money on the high street or the main street, all the available funding was going to ensure the children would go to college. I imagine many families throughout the country are in the same boat.

This is a difficult question. Professor Prendergast mentioned the old adage of the can being kicked down the road. We have got to the stage on this issue where we have run out of road and we cannot kick the can anymore because there is no road. We are at a crossroads. If we are serious about the future of our young people, and the country in general, then we must grasp this nettle. The people who occupy the Houses and the people in this committee have a major responsibility in this regard. Ultimately, it will be a decision for the Government of the day. I have specific questions on the contribution from employers. Is there any fear on the part of the university heads that we could have a situation whereby employers could increase their contribution and then look for more influence over the courses they would like to see the universities take on? What effect would that have on the university system overall?

Reference was made to Brexit and the associated potential opportunities that might lie ahead for us in the university sector. We discussed the position of United Kingdom and how the UK sector might lose out. I have listened to various people on this subject. They believe there is potential that we could tap in to. What are we doing in this regard? Are the university heads hopeful that this is an area from which we might be able to get an income stream?

Reference was made to the drop-out rate. This is concerning. Earlier, we discussed families trying to finance children going to college. Let us suppose that after first year, Mary or John decide they have made the wrong decision and gone to the wrong course. What can we do to try to limit that, where possible? Is part of the reason for increased drop-out rates related to the change in career guidance provision at second level? Are we now feeling the effects of that negative decision made some years ago? What else could we do to minimise that potential? A child doing the leaving certificate is under pressure - I imagine all the university heads appreciate that - and is trying to make a decision about rest of his life. It is difficult to make that decision at that time and perhaps more help is needed. I am keen to hear the thoughts of the university heads in that regard.

What further potential exists in the university sector, if any, for funding to be sourced from other streams? Is there any potential? Are there any associated side effects? I have complimented the university heads on their roles to date. Are there any areas where the universities believe they could improve things in the event of further funding coming towards them?

Deputy Ciarán Cannon: I welcome all the representative of the universities. This is an exceptionally valuable opportunity for us as parliamentarians to be able to engage with them and gauge their opinion on how we should move forward. The critical point is that we move forward and that there is no further prevarication or procrastination in respect of what is an ex-

exceptionally difficult challenge, and what is, equally, an exceptionally important opportunity for us to finally get the funding in our third level system right.

We have been discussing the issue of how third level education should be funded and the amount of that funding. There is no obligation on any member of the deputation to answer my next question but what is their view of the autonomy they have, as university heads, in determining how money is spent within their institutions? They are denied a certain degree of autonomy in how it is spent. Do they believe this impacts directly on student outcomes? If they had a greater degree of autonomy over how all university resources were spent, could the universities manage those resources better? Does this challenge arise for the universities on a daily or weekly basis? Is it something the Irish Universities Association has discussed in the past?

We may not agree with the mechanism used to derive the rankings. We may believe they do not reflect the holistic nature of third level education. However, Dr. Browne and others have outlined how important they are in terms of how we are perceived internationally. I was fortunate to be able to travel with several members of the deputation to many destinations in Asia some years ago to market Ireland as a destination for international education. In fact, our education system and the current high standards represent one of our greatest exports. We earn almost €1 billion per year from international education. It is an exceptionally well-regarded system internationally, but it is becoming less so. I recall speaking to one agent, as they are described, in India in 2012. He said that if a university was outside the top 50, he would not consider it. Increasingly, that is becoming a factor. If we do not get this right, there is the potential to descend into a downward spiral where there is less and less investment in our system in terms of international education. The perception that is positive at the moment, as described by Dr. Browne, could begin to become exceptionally tarnished. That is something we need to be careful about.

Is there anything we could be doing now to improve rankings? Is there something that would not require a significant investment, although might require some investment? Are there some buttons we could press within the system now that would amount to beginning the journey back to a point where all our institutions are to be found in the upper echelons of the international rankings?

Professor Barry spoke about the national training fund. This country has one of the highest third level participation rates in the world. That is a good thing and is a fantastic story to be able to tell. The numbers are increasing all of the time. Ireland, as a society and demographically, is moving from a point where its further education and training system was viewed as an end in itself. One simply reached the end of the system as a young student and stayed there. One took whatever training and FET opportunities that were granted by the system and used them within the workplace. Increasingly, the FET system is described as and perceived by parents, young people and people working in the FET system as a conduit to third level education. That is a positive development. I agree with Professor Barry that a mechanism must be found to allow some of the resources accumulated in the training fund to find their way into third level. If that is the way students are going then resources should follow them. That is my opinion on the matter.

Professor Deeks spoke about the Australian system. It is fantastic for Mr. Cassells and his team to consider international models that have been employed as it affords an opportunity to see pitfalls and successes. Australia has a loans system, as referred to by Professor Deeks. Australia also has a banding system that reflects the cost per student of his or her education throughout the third level system. In Ireland, it costs on average €8,000 per annum to educate a third

level student and a medical student costs €30,000 per annum. It is a fact that an arts graduate who undertakes a H.Dip. course and becomes a second level teacher has far less earning capacity than a cardiologist. I have a question for Professor Deeks but he is not obliged to answer. Does he believe that situation should be reflected in the design of the system? If we move to a point where each individual contributes, should it reflect his or her future earning capacity? More often than not future earnings are closely aligned with the cost of his or her education.

Chairman: I thank the Deputy for his observations and questions.

Deputy Carol Nolan: I thank the group for coming here this morning. I thank them for an informative and valuable discussion.

A number of speakers have mentioned the national training fund. What proportion of the fund makes it way into higher education? What services has the money been used for?

In terms of access to higher education, is it true that one in five of all undergraduates students avails of the HEAR access scheme? Has the sector reached its target under the national access plan in this regard? What measures do the witnesses deem to have brought success?

Institutes of technology have indicated a high level of non-completion rates by people who hail from a lower economic and disadvantaged background. Do we have any idea of the scale of non-completion rates from these groups? Is this an issue in the higher education sector? Is the problem more acute in the IT sector?

I am aware that institutes of technology do not have the capacity to borrow at present due to issues with the fiscal rules. To what extent has that exacerbated funding issues for them? To what extent would the power to borrow alleviate funding issues in the sector?

Deputy Catherine Martin: I thank the group for the continued work that they do in this sector. I thank the witnesses for their excellent presentations on the huge challenges that face universities.

I echo what other members of the committee have said about ensuring students from disadvantaged areas can access third level education. At this late stage of the meeting some of my questions have already been answered.

I have a question about increasing the number of non-EU students who pay the full amount of fees. I was going to ask if there is a capacity for doing so but I think the witnesses have indicated that serious capital investment is needed to increase the number of places taken up by non-EU students.

A few members have mentioned the national training fund. The witnesses have called for the fund to be used for third level education. I ask the witnesses to elaborate on how such a scheme should work?

How are universities with large financial deficits funded from a cashflow perspective? Do they draw down funding early from the HEA? Do they borrow funding from the HEA? If so, how will the moneys be paid back? The witnesses have said funding needs to be increased. Would that funding be sucked into paying back the deficit before reaching crucial areas?

Senator Gallagher mentioned the concerns about drop-out rates. He asked whether the reduction in the number of guidance counsellors at second level was a factor in the increase in drop-out rates. I have spoken to many students and groups of students at third level who have

stated that there are waiting lists of 18 months for counselling services at third level, never mind second level. Is that a factor in drop-out rates too? What can be done to address the problem?

Deputy Joan Burton: The group is very welcome here. I wish to raise a couple of issues. Yesterday a report was released on teacher participation rates by people from various social groups and nationalities. The issue is fundamental, particularly for students who come from a disadvantaged background because many of the students desire to become teachers.

I have a general question on the support available for a master's education as it is the structure that teaching is moving towards. The length of the course, both at undergraduate and post-graduate levels, is likely to be four years plus two years. Have the witnesses given any thought to the implications of the changes in terms of income capacity and cost implications for students from middle class backgrounds? Such parents might not have a lot of spare money to pay the fee for a master's course. It might be helpful if the witnesses can indicate what the likely level of fees will be in terms of the two years it will take for a master's course in order to qualify in education?

Information technology is another issue for teachers in schools. I wish to refer to the preparedness of teachers to teach courses to students who wish to participate in the sector.

In respect of universities and all of the third level sector, we need a fresh focus on links between colleges, experience of what modern jobs are, and to know whether students may develop an interest in same. Some colleges focus a lot on this aspect while others have less focus. In terms of students from a disadvantaged background, very often there is a knowledge gap in their homes and communities about what many modern jobs are like. To be honest, I do not think career guidance counselling is particularly well able to fill the gap or necessarily appropriate to fill the gap. One needs to meet somebody who can say what a job is like because it may be a very new job, particularly if it is in STEM, IT or a similar area. Having had an opportunity to become knowledgeable about such a job a student could then say: "Well, I might like to do this job and I am well able to do so." Other people could then encourage that person. There is a knowledge gap. Certainly, I have met students or graduates who at the start of the downturn in Ireland found themselves unexpectedly unemployed having, as they constantly say, done everything right. They had a good leaving certificate and secured a good qualification from a university. From my own experience of third level, many of them were extremely impressive people. Thankfully there has been an improvement in employment rates and graduate recruitment is very strong in all of the colleges and universities. If it is possible to reflect on that experience, it should happen. That is particularly in respect of people coming from backgrounds where there might not be a lot of knowledge. One of the big differences I see between private schools and State schools nowadays is that very often parents in private schools have an intensive programme through the parents' council of knowledge dissemination about jobs, opportunities and how to do it. That is a stand-out. A lot of schools, including a lot of DEIS schools, are trying to develop such programmes but I wonder if the witnesses have thought about the university presence. I have been involved in a lot of access programmes, many of which are good, but there is still a confidence thing missing that is not transmitted around people being able to pick up and do a particular course and then have a particular career.

The other thing I wanted to ask about was the whole issue of teaching support in third level. We are moving to larger classes generally in many institutions and I do not have a problem with that. However, I ask about the tutor support plus the support in terms of different forms of assessment whether by essay or examination. The opportunity for students to write is important. Where is that at the moment? Overall, in terms of the move to more students doing post-

graduate courses, how do the witnesses look at that from a financial point of view, in particular, within their institutions and from the perspective of students?

Chairman: I am very conscious of the fact that everybody has had an opportunity to speak. We really want to hear the responses from our guests. Senator Ruane may come in only if it is on a point of clarification.

Senator Lynn Ruane: It is just two quick points. Perhaps Professor Deeks can refer to the Australian model and being there to witness the transition there. What was the economic environment in that country at the time that was introduced? Obviously, we are starting from a very different position in Ireland with home owner debt, bank debt and the massive cost of housing, all of which has an impact within a household in terms of debt aversion. It may be unrealistic to compare the current situation in Ireland to whatever the environment was like in Australia at the time.

The other point relates to multi-annual budgeting. In what position would it leave institutions in terms of forward planning during these difficult times if, similarly to the HSE, they were given multi-annual budgets?

Chairman: Professor Barry can lead the charge.

Professor Don Barry: I want to refer to something Deputy Burton raised on kids not knowing what jobs are about. She is absolutely right. I do not know what half the jobs are about myself.

Deputy Joan Burton: Join the club.

Professor Don Barry: One experiment we did in Limerick, which should be strongly encouraged throughout the country, was to get schools, third level education institutions and, most importantly, employers to get together. In particular, I am thinking of a thing we organised called "Limerick for Engineering" which was an event to which employers came along. They had software engineers there to talk about what a software engineer did. These were real, live people who were doing those jobs. Approximately 10,000 people turned up to the event. It is not just disadvantaged students who do not know what the jobs are. This problem will never be addressed simply by relying on education providers. The employers have a vested interest in doing this kind of work to sell the jobs they want to fill to the people who will eventually fill them. It can work hugely effectively.

I do not know how much time we have, but Dr. Prendergast wants to say something.

Chairman: There are a few people. I have Professor MacCraith just before Dr. Prendergast.

Professor Brian MacCraith: On that specific topic, Accenture did a wonderful report about two years ago looking at the influences on young women in Ireland in terms of career choice. The biggest single influence was parents with guidance counsellors next. However, there was a clear recognition that there is a deficit of knowledge among parents in terms of guiding children, selecting and not knowing, as Deputy Burton says, what the career choices are. We are working on a project at the moment along with one of the newspapers to create an annual brochure for parents in advance of the CAO so that they will understand the nature of the jobs, their potential and the major opportunities. That could create a dialogue at home that is a lot more informed. It is a partnership between ourselves and major employers and going out in an accessible form to parents.

Dr. Patrick Prendergast: I would pick up on a few of these points because Senator Gallagher raised the issue of the industry levy, which is one of the things in the Cassells report. Would this create undue influence? I would say “absolutely not”. We want interaction and engagement with industry. It would be a positive thing that this levy would encourage and engage that interaction between universities and industry. It would probably answer some of the questions Deputy Burton and others have asked about employability and whether we are developing courses that give young people what they need to get jobs in the modern economy. That is very important.

Deputy Nolan raised the issue of access. We are hitting our targets on access and are determined, among the universities, to increase participation. All the universities here have their own specific schemes. In Trinity, we have a Trinity access programme but that is just what we call it. Others call it different things. It is not just to encourage but to provide a modality for young people from backgrounds where the secondary education may not be as good to access university education. That works very well and we want to continue working with that and partnering with Government to ensure it works. Currently, philanthropy plays a large part in that, which is good, but we could have even more support from Government in achieving that. I come back to the Donald Trump thing. Many countries have not focused on this enough. It is one of the problems they have. In fact, we realised much earlier on that we need to focus on it and we have. We need to redouble our efforts to ensure that all the talent of the country finds its way into our higher education institutions.

Professor Ursula Kilkelly: It is worth touching on a couple of points that were relevant to the issues Deputy Burton raised around the quality of the student experience. I mean in particular the broad sense of that but also the learning experience of students. It is relevant in particular to the skills context, but actually I come back from that a little bit to talk about the much more fundamental process of learning that has been deeply affected by our budgetary situation. Obviously, current staff-student ratios mean we have much larger classes. That is a given. On top of that, however, we have considerably less individualised attention for students and less timely feedback. We have less diverse forms of assessment because of the pressures that creates. We have less time for important pastoral care for our students and less time for the mentoring that happens as part of the educational developmental process. All these things are threatened by our current environment, notwithstanding the enormous efforts staff make every day to provide these to our students.

It is important to remember that a huge amount of innovation is happening around teaching and learning experiences in terms of the level of engagement of staff with teaching and learning formal and informal qualifications and experience and creating a really dynamic learning environment. That is inevitably threatened by our infrastructure in terms of the quality of our classrooms and our labs, but also our libraries, getting students into those libraries and facilitating them through technology and the investment required at individual level to engage. There is a huge range of things that are affected. That also affects the individual capacity of students to engage and learn and be present in the classroom for the learning experience when they are under financial pressure themselves. All that plays out. They may be working part time and so on and have health and well-being issues. There are long queues for counselling and support. It is important that universities step up to that responsibility which is a huge thing that plays into the need for much more sustainable investment and funding in the universities generally.

Professor Philip Nolan: I want to make some very high level comments because I know we are coming to the end. Professor Deeks might talk to us a little bit about the Australian

experience.

I am very struck by Senator Gallagher's remarks. One reality we must face is that there are many families in this country struggling to find multiples of €3,000 for more than one student going through higher education. Coming back to the Cassells report, if we move to a system where we balance those contributions more fairly between the State, the graduate and industry, we can design such a system well or badly. The advantage we have with the Cassells report is all that learned experience about how not to do it and some very clear pointers about how to do it. I am confident the implementation group recommended in this report could design a system that is progressive, fair, sustainable and which minimises the up-front burden on all the families of the State. If it is a balanced system, the State would have more resources to direct towards focused areas such as students with disadvantages or students that need support through post-graduate studies. There is an important element there about where the State directs its resources and its freedom to do so.

Senator Gallagher also mentioned we have run out of road on which to kick the can. Not only have we run out of road but there is a 10 tonne truck behind us as by 2030 we must accommodate 48,000 additional students to keep participation rates as they are. That is the equivalent of building University College Dublin and the Dublin Institute of Technology again. When one asks where is the need for capital funding, that is an example. Even if we allowed our participation rates to sink by 5% - it would be a shame to drop to 50% - we would still need to find 29,000 places. I must emphasise the urgency of tackling this problem that the Senator appreciates, which I accept.

There are two final issues. Members have been good enough to congratulate us on the work we have done. Professor Kilkelly mentioned that we have a crisis and the only reason we are not feeling it more badly is the work done by line staff, faculty and administrative and support staff. They are now stretched beyond the limit and I must make a case for the exhaustion of those public servants over the past ten years while delivering a standard of service that students get. They are proud to deliver that and have gone the extra mile but we have run out of road there too in terms of the physical capacity of staff to deliver.

Deputy Cannon also made a point. There are areas where universities could do with more autonomy in how they manage their affairs. In particular, we recruit staff internationally and the norms of how staff are recruited and remunerated internationally are different from here. With that autonomy we know we need enhanced accountability. We have a very sophisticated form of accountability through the Higher Education Authority and it has changed enormously in recent years. With simple reference to the report, which is available, I can say that 21% of our new entrants are socioeconomically disadvantaged, 8% are mature students, 6% have disabilities and 37% are in receipt of a grant of some kind. The State has very clear and appropriate access to how the system and individual institutions are performing. We would all be comfortable to see it strengthened, as it could be, but there are domains where autonomy could be enhanced to make the institutions more effective.

Deputy Ciarán Cannon: As part of the overall review process, does the autonomy question need to be addressed now? Rather than somehow kicking it down the road again, should it be an integral part of the assessment of what we are doing right now?

Professor Philip Nolan: It is an integral part of the Cassells recommendations. That relates to parallel tracks to increase funding available to the system and the strengthening of the means of oversight and accountability or verification.

Deputy Ciarán Cannon: It is accountability and autonomy.

Professor Philip Nolan: Yes.

Chairman: Professor Deeks is next but Deputy Thomas Byrne has a point of clarification.

Deputy Thomas Byrne: No, it is more of a follow-up. There is the issue of demographics and number of places needed. If the funding issues were magically solved, could the institutions cope with that number? Do we need to look at another institution somewhere if the funding crisis is solved?

Professor Philip Nolan: Personally, I believe the institutions we have can absorb that if the process is sustainable. More than that, it is the right thing to do.

Chairman: I will not be taking any more questions or comments from members as we are running out of time and another group will be coming in directly afterwards.

Professor Andrew Deeks: I will try to confine myself to reflecting on the Australian experience. I cannot remember exactly where the economy was at the time but my recollection is it was in a recovery mode after a recession, not unlike where we are now. That is my recollection. However, it was a good 30 years ago and my recollection may not be sound. One of the elements underpinning the system was a very good grant and bursary system for people from lower socioeconomic groups, meaning they could afford to live on that grant and attend university. That helped to ensure there was not an impact on that socioeconomic group.

As Deputy Cannon pointed out, the Australian system went through a banding exercise and it determined two matters, namely, the cost of delivering each type of programme and the benefit to the students graduating from programmes. A very structured matrix was used to work out how much of the cost would be borne by the state for the programme and how much would be taken up by the student. The Australians are very careful to have systems that are seen to be fair and this was seen as such. The issue is that over the 30 years since, the cost of delivery of the programmes has varied and the economic return for the people graduating from the programmes has similarly varied. When the system was set up, it appeared to be perfectly fair but over the years, disparities quickly appeared. That is probably why when our colleagues in the UK moved to a system, they went for a flat rate, and it is probably why the Cassells report has gone for the simpler flat-rate solution.

I emphasise that although the introduction of the system caused much concern when first mooted, particularly among the student body, when it rolled out the concern dissipated. There was no impact and in fact there was an increase in participation from lower socioeconomic groups. As the system bedded in, it was felt throughout the country to be fair. It also had these positive impacts on retention rates.

Mr. Ned Costello: I am conscious that we are under time pressure. A specific question was asked about the National Training Fund, NTF, and where the money goes. I am happy to provide the committee with full details. The total income of the NTF for 2016 was €395 million, with total expenditure at €362 million. Of that, the only component that goes anywhere close to higher education is the Springboard initiative, which accounted for €27 million of that €362 million in expenditure.

A question was asked about whether we could do anything to improve the rankings without spending money immediately. One significant characteristic of the rankings is that sentiment is

a major factor, specifically reputational surveys. If there was even a sense that we had a clear national direction towards sustainability of the system, it would improve sentiment and that would materially impact on the rankings. Deputy Cannon mentioned autonomy and this goes back to how we are very constrained in how we manage our human resources within universities. That also feeds into the rankings as there are employer and academic sentiment surveys. When foreign academics see the strictures we are operating under relative to what they may experience in other systems, it also has an impact on sentiment. There are things we can do without spending money.

Chairman: It has been a very informative, productive and insightful session and we have learned much from the engagement with witnesses. Professor Nolan's point about needing to thank many people working on the ground is well made, so please pass on the gratitude of the committee for the work being done in universities with our young people. To paraphrase a few points, we must develop a dynamic learning environment that is progressive, fair and sustainable. That is our collective aim, both within the committee and on the witnesses' side of the house. The discussion we have had will certainly inform us as we go further with the debate. We did not have an opportunity to delve further into some of the specific questions asked, but we will be very happy to receive written submissions on any of the extra points, questions or comments made. If the witnesses send them collectively or individually we will make sure all of the committee members receive them. I thank the witnesses for their time. It was invaluable and I hope the witnesses found it informative.

Sitting suspended at 11 a.m. and resumed at 11.10 a.m.

Chairman: I appreciate that we have kept the witnesses waiting and I apologise for that. We will now have a discussion with the interim CEO of the Technological Higher Education Association and presidents of institutes of technology on the Cassells report. I again wish to place on the record the committee's gratitude to Mr. Peter Cassells, his group and its secretariat for their research, analysis and findings. Funding is badly needed now - never mind the projected demographics - if we are to cater for students as desired. To follow on from a comment made by the previous group, we all want to do our best to support a dynamic learning environment for the students of today and tomorrow. This important debate is necessary and committee members are conscious of the decisions that we must make. We must try to do that in a consensual way and bring our decisions to the Minister.

We appreciate the witnesses' time. On behalf of the committee, I welcome Professor Tom Collins, interim CEO of the Technological Higher Education Association, THEA; Dr. Fergal Barry, president of the Galway-Mayo Institute of Technology; Ms Ann Campbell, president of the Dundalk Institute of Technology; Mr. Paul Hannigan, president of the Letterkenny Institute of Technology; Professor Willie Donnelly, president of the Waterford Institute of Technology; Professor Ciarán Ó Catháin, president of the Athlone Institute of Technology; Professor Vincent Cunnane, president of the Limerick Institute of Technology; and Dr. Oliver Murphy, president of Institute of Technology, Tralee.

I draw the witnesses' attention to the fact that, by virtue of section 17(2)(l) of the Defamation Act 2009, they are protected by absolute privilege in respect of their evidence to the committee. However, if they are directed by the Chair to cease giving evidence on a particular matter and continue to do so, they are entitled thereafter only to qualified privilege in respect of their evidence. They are directed that only evidence connected with the subject matter of these proceedings is to be given and asked to respect the parliamentary practice to the effect that, where possible, they should not criticise or make charges against any person or entity by name

or in such a way as to make him, her or it identifiable. Any submission or opening statement submitted to the committee will be published on our website after the meeting. Members are reminded of the same points.

I call on Professor Ó Catháin to make his opening statement. Members will then have an opportunity to ask questions.

Professor Ciarán Ó Catháin: On behalf of THEA, I thank the committee for the opportunity to present to it. We will add to the comments made about the work of Mr. Cassells and his group on their report. THEA accepts without reservation the two fundamental and compelling conclusions of the Cassells report, namely, that higher education has made a positive contribution to Ireland's social and economic development in the past 40 years and that higher education is now threatened as a result of the deep financial cuts since 2008 and the demographic trends that would see a continuing and dramatic increase in enrolments.

The detailed analysis of the impact of the recession and funding cuts on higher education did not disaggregate and examine the impact at the subsectoral level. Figure 1 on page 2 of our submission shows that total funding per student in institutes of technology fell steeply below that for universities and colleges in 2010 and has not recovered subsequently. The total recurrent funding per student within the technological sector declined by 25% between 2008 and 2015 compared with 19% in universities and colleges. Had funding been maintained at 2008 levels, income to the technological sector would have been €232 million more than is the case today.

Turning to the profile and vision of institutes of technology, the institutes have carved out a distinctive, differentiated role within the overall higher education system. We supply highly skilled graduates to a growing technological and general STEM-based sector in the Irish economy and account for 38% of all higher education graduates in the country, some 25,000 graduates in 2014-15. We drive a research and innovation agenda that responds to the needs of regional development, indigenous SMEs and foreign direct investment. This includes 823 collaborative research and consultancy agreements with industry, 573 companies supported in incubation centres and €68.5 million generated in research income, including €5 million in industry-funded research. Further detail is contained on page 3 of our submission.

We play a critical role in enhancing higher education participation, with 27% of entrants coming from targeted socioeconomic groups, 18% of full-time entrants being mature students and 32% of admitted students holders of a further education and training qualification. Within our sector, 56% of students are in receipt of a grant.

I will address the financial challenges. Since the economic crisis of the late 2000s, funding for higher education has declined sharply. For the institute of technology sector, between 2008 and 2015 the State grant fell by 35%, student numbers grew by 30%, core staffing levels fell by 12%, total recurrent income per student fell by 25%, total State income per student contracted by 50% as opposed to a 46% contraction across the higher education system as a whole, and our student-staff ratio increased by 33% from 12.9:1 to 17.1:1.

The impact of the decline in the State subvention to higher education, the increase in student numbers and the decline in staff numbers have been acutely felt in our sector because the options for generating income from non-State sources are limited. One third of our STEM programmes are heavily reliant on capital investment in ICT infrastructure, engineering and laboratory outfitting. Cuts have undermined the capacity of institutes to develop and sustain the additional supports that their student cohort might reasonably expect, especially at levels 6

and 7.

A significant number of institutes are now confronted with the perilous financial scenario revealed by the recent publication of the higher education financial review of the institute of technology sector. The sector has moved from generating a surplus in 2008 to an overall deficit of €2.7 million in 2014-15. Overall reserves fell by 40% from €132.5 million to €78.7 million. Six institutes of technology are facing immediate sustainability challenges, with four others potentially at risk. Our buildings have become progressively degraded and, in some instances, our equipment has become obsolete after almost ten years of minimal investment.

The sector has responded well to the crisis by cutting staff and non-pay costs, pursuing innovative developments in areas such as part-time and online provision and the recruitment of international students. Without substantial investment, though, the core purpose and viability of our sector are at risk.

As to funding scenarios, the national objective for higher education is to expand the school population, which means that there will always be a predominant reliance on State funding. In response to the Cassells funding options, THEA is mindful of the national objective around economic development, social cohesion and equality of opportunity. Great benefits accrue to society from universal participation in higher education, for example, employment opportunities, health and well being, reduced crime levels and enhanced opportunities across the generations. In an era of mass participation in higher education, those who fail to gain access become the exception rather than the rule. THEA holds that the Cassells report's funding option No. 3 does not align with these objectives and would prove a disincentive for the majority of students in the institute of technology sector, as it would involve the transfer of fees, which were heretofore carried by the State, onto this cohort.

In reflecting on options Nos. 1 and 2, THEA considers that it is an opportune moment to revisit the national ambition regarding educational attainment and that it may be timely to make a commitment to providing free undergraduate education to all who seek it. This could be approached in a number of ways. For example, higher education could be free at the point of entry and exit up to ordinary bachelor degree level, that is, level 7 on the national framework of qualifications, NFQ, standard. No contribution charge would be levied on students registered on programmes leading to the higher certificate and ordinary bachelor degree awards. If pursued, this would involve a net marginal cost to the State of €45.7 million per annum. However, a more ambitious approach would be to provide free higher education to all students on honours bachelor degree programmes to level 8. This would involve an additional net marginal cost of €197 million.

This submission draws attention to the acute financial challenges facing all of the higher education sector and the very particular and severe impact the cuts have had on institutes of technology. The disproportionate impact on the institutes of technology means that their distinctive and unique contribution is threatened. Regardless of which funding option is chosen there is a need for additional and urgent State investment and an analysis of the sub-sectoral impact of any such intervention. With regard to the funding options identified in the Cassells report, THEA has proposed a variation of options one and two, in that the State and the employer contribution would be the funding source up to level 7, with no student contribution applying. Regarding level 8 and higher, and bearing in mind the greater cost associated with these higher levels and THEA's acceptance of the position that private benefit accrues the further one progresses in higher education, a student contribution may be appropriate.

Options one and two in the report estimate that an additional €1.26 billion and €997 million will be required in State funding up to 2030. THEA proposes that an option of front-loading this additional funding to provide free higher education up to ordinary bachelor level 7 be actively considered. The respective contributions of the State, the student and the employer will be an important part of the policy decisions on the future funding of higher education. THEA must conclude by reiterating the existential challenge which nearly a decade of cutbacks has now presented to the technological sector. If not addressed in an urgent and comprehensive manner this challenge threatens the immediate and long-term future of our sector.

Chairman: Thank you, Professor Ó Catháin. I propose to take the questions from members together before referring back for responses from the individual witnesses. If the witnesses wish to follow up on questions or comments afterwards, we will accept written submissions following the meeting.

I will start the ball rolling with questions on the presentation. I commend the sector on having 27% of entrants from targeted socioeconomic groups, with 18% being mature students. Interestingly, 32% were admitted having first obtained further education and training qualifications. I would be interested to hear a little more about the sector's future plans to expand this access.

You spoke about the institutes assisting regional development and being engaged in collaborative research with industry. Research income of €68.5 million is generated and €5 million is generated from industry-funded research. Given the valuable role of the sector in providing research opportunities, the €5 million appears to be a low contribution from industry. Is there any way this figure could be increased? What are your thoughts on that?

You also spoke about staffing. Are there issues affecting the redeployment of staff in ITs and would this mean some staff are not fully utilised?

With regard to the 28 Horizon 2020 projects in receipt of €9.6 million, which goes directly to the institutes, do you foresee Brexit having a negative impact on this funding or do you believe there could be more opportunities in that area due to Brexit?

Regarding the funding proposal you are suggesting, and I appreciate your clarity on that because we must have clarity, you propose that it should be free at the points of entry and exit up to levels 6 and 7 and that from level 8 the existing student contribution should remain. There is merit and logic in that proposal. However, it could potentially discriminate against high achieving students who come from low income families. That could be a concern, in that perhaps they are not being rewarded for pushing the boat out in respect of their academic abilities.

Also on the future funding issue, what are your views on the impact of the impending legislation regarding the possibility of institutes becoming technological universities? On a philosophical note, would that dilute much of the excellent work the institutes do in terms of the very practical vision they have and their contribution to regional development?

Finally, I have two questions which I put to the university presidents as well. How do we build public support for funding for third level? It has to compete, regardless of whether one likes it. We would love to have a situation where there was far more money being put aside for education overall, but the reality is that third level funding is competing with funding for primary and secondary levels and, indeed, with funding for special education. The weight of public opinion needs to be convinced about the merit of the State putting more money into third

level funding. Second, there is the debate about balancing autonomy and accountability, which is hugely important.

I will now hand over to the members. I call Deputy Thomas Byrne.

Deputy Thomas Byrne: I thank the Technological Higher Education Association for the ongoing work it and the institutes do. I also thank the witnesses for the work they have done for attending this meeting. I am glad the association put forward its view on this issue. It is very helpful and it probably moves the debate forward significantly. Certainly, we will consider it.

I am interested to know the extent of the crisis. Professor Ó Catháin possibly underplayed it slightly. There have been serious reports on the financial sustainability of a number of the institutes. Will he comment further on that? A report was published only last week by the Higher Education Authority, HEA. Quite frankly, it appears that a number of the institutes are in trouble. What I would like Professor Ó Catháin to confirm, if that is the case, is that it really is a question of funding, and that money is the reason for the severe difficulties a number of the institutes have.

My next question is one I put earlier to the Irish Universities Association. An action plan on education was published by the Government in the last two months. There is precious little in it about the funding of the third level sector. Did THEA make a submission? Was it as surprised as I was? Indeed, Mr. Costello of the Irish Universities Association also said he had been surprised at how little mention there was of the third level funding crisis in the action plan on education. It is a crisis, and everybody believes it is a crisis. To return to the option THEA has presented, one issue struck me immediately and the Chairman mentioned it too. Does it devalue qualifications below level 8 if there is a different price structure, as it were? All of us accept that they are extremely valuable qualifications. It certainly opens up access, but it has the potential to create possibly more of a two-tier approach. It is incredibly good food for thought, however.

Senator Lynn Ruane: I thank the witness for the presentation. I have one question, probably to gain more understanding. I have far more knowledge of the university sector than of the IT sector, so I am curious. I welcomed this presentation more than I welcomed the last one, with the heavy emphasis on income contingent loans. What difference in terms of impact would they have? The university sector sees them as a move forward, but the IT sector is not advocating for them. Does that tie into the impact it would have on the type of students who avail of the ITs? For example, 72% of students in Letterkenny Institute of Technology are on State grants as are 50% of students in the Institute of Technology, Tralee, whereas in the university sector approximately 25% of students in Trinity College are on State grants. Will the possibility of an income contingent loan have a disastrous effect on the ITs, given that it would scrap the grant system and possibly remove the cohort of students who would usually access the ITs through the State grants?

Senator Robbie Gallagher: I welcome the witnesses. Many of the macro issues we discussed this morning are covered in their presentation as well. It would be remiss of me not to acknowledge the role the ITs have played in rural Ireland and in the regions. In many cases, without the presence of the ITs those regions would be less well off from an economic and social perspective. I am very familiar with the ones closest to me, in Dundalk and Letterkenny. I understand that unlike universities, institutes of technology, ITs, are not able to borrow money. How much of an impediment is that and would it be a good potential source of funding? They have experienced 25% cuts in funding, which compared with 19% for universities, is stark.

Deputy Thomas Byrne and the Chairman mentioned recent media reports about the future viability of several ITs. I would welcome a comment on that. Are the witnesses satisfied that all the ITs have the infrastructure to cater for current and future demand? Do they see an expansion of the ITs existing role and if so what would that be? For many rural families, the IT is the only show in town. It is important that they are supported.

Deputy Carol Nolan: I thank the witnesses for coming here this morning. There are six ITs in particular financial difficulty. Mr. Ó Catháin spoke on local radio during the week to say that his IT has to raise 40% of its funding. That is shocking. How can we move this forward? What are the options for the ITs to address the crisis?

The proposal to abolish the student contribution charge for students doing level 6 and 7 qualifications is particularly interesting as there are many disadvantaged students within that cohort. Would such a proposal contribute to greater retention rates in the ITs? Does this proposal have any other benefits? Courses such as science, computing and engineering are generally more costly because of the intensity of the laboratory work and the facilities and staff required. Would the witnesses consider it fair to effectively ask students in other courses, who may be in similar financial circumstances, to contribute to their education while others do not? The ITs have also been quite successful in securing research funding which is positive. Is there any scope to increase this? What measures would need to be taken in order to develop this?

Deputy Joan Burton: The witnesses are all very welcome. The Technological Universities Bill has unfortunately not made any progress in the current Dáil. Do the witnesses regard it as very important for the future of the sector? Could they update us? A great deal of work has gone into addressing various concerns that people have raised. I favour it because it would be a strong way to help the sector to continue to transform, to meet the needs of specific areas, to become absolutely first class institutions and to remain a strong feature of the Irish educational system at third level. People spoke about the impact on the regions. That is probably not very well known except at local level.

Do the witnesses have a view of the size the different ITs may need to reach in order to be sustainable and have a strong profile among the community and employers, in cities or at regional level, where the ITs are flagships? Like many people, I read a recent article about Cork Institute of Technology, CIT, in *The Irish Times*. I was really taken aback by the description of the lack of lecture room assistance, such as interactive white boards - maybe they operate in some part of CIT but they were not mentioned in the article - yet it has an outstanding reputation. I refer to the opportunities for third and fourth year students in all the colleges to do projects in science, technology, engineering and mathematics, STEM, subjects, many of which are key to their careers or businesses they might form. Is funding that nowadays challenging and do the projects continue to play a central role in students' education? How many women are being attracted to engineering? The last time I was in Dublin Institute of Technology, DIT, Bolton Street and on its magnificent campus in Grangegorman, I was taken aback to find that there are few women in the engineering classes. Does the sector have any views on how that might be improved? In respect of the move to larger classes, which people can cope with, I worry about the supports, such as assessments and opportunity to continue to do the projects which are strongly associated with the colleges. What is the position on enhancing and deepening the students' experience? Many of the ITs have pioneered links with industry in Ireland. Where are they now with that and what can the Houses of the Oireachtas do to assist in creating those positive links with employers and professions that are beneficial to both?

Deputy Catherine Martin: I thank the witnesses for their detailed presentation. They said

they moved from an overall surplus of €40.8 million in 2008 to a deficit of €2.7 million in 2014-15. Like others I read the recent Higher Education Authority, HEA, review which shows six ITs under immediate financial pressure. What would the biggest deficit in any one IT be? Is it able to pay bills as they fall due? If not, what are the implications of that? How is it currently funded from a cashflow perspective? Would increased funding be sucked into paying deficits like this? They mentioned that reserves fell from €132.5 million to €78.7 million, wiping out 40% of finance available to underpin ongoing sustainability. What exactly does that mean? Can the witnesses elaborate on that? What are their target reserves? In the recent HEA report there is a reference to human resources flexibility. Is that part-time lecturers to save on costs or what is it? If that is the case, have any of these lecturers acquired employment rights over this period and if so what has been done to regularise that and what are the financial implications of that?

Professor Ciarán Ó Catháin: I will begin but my colleagues will come in on a couple of questions. Deputy Thomas Byrne said we played it down but we acknowledge the financial crisis. However, the HEA report last week made it very clear that six of the institutes are currently in a perilous situation, and four could join them. It is linked to the fact that many of the institutes have been using their reserves to fill in their black holes arising from the drop in State funding. Their reserves are dropping because they are using them to keep themselves financially viable and maintain their day-to-day operational spend. We have heretofore been able to use the reserve for some of the nicer things we would like to do, such as bringing in additional staff to support weaker and disadvantaged students or for new buildings and additional laboratory equipment. We are being prevented from doing that as we now have to fill the gaps left by the lack of State funding.

We did not come here today to present ourselves as the poor institutes of technology sector. We are very proud of what we do and of our achievements and we have worked very hard. At the start of the crisis we said we would work with the Government to get the State through the difficulties. Now that we have come out of them we are asking the State to recognise the importance of the sector by helping us out. In a press release on the HEA report, we called for a stability fund of approximately €130 million over a five-year period, which would significantly help take the pressure off our colleagues.

Professor Tom Collins: Student numbers in the institutes since 2008 have risen by between 25% and 30%, depending on whom one asks. They have risen within a fixed envelope for education funding in which 60% of the recurrent budget goes to the universities and 40% to the institutes. The 40% has been a contracting envelope but has been shared by a greater number of students. It involves doing an awful lot more with substantially less. The institutes are funded on a current funding model and are not allowed to run deficits or borrow. Even though they are facing a potential cashflow crisis, they are reasonably robust in that they do not have a legacy of borrowing or other charges. Their key legacy now is one of underinvestment, especially on the capital side for the past ten years.

Deputy Burton spoke about engineering and laboratories. I used to head up the Dundalk Institute of Technology and we used to give our used computers, on an altruistic basis, to primary schools so that they could be introduced to computing. I do not know if the institute has gone back to the schools to ask for its computers back but we are approaching that stage in the sector generally.

Ms Ann Campbell: I am president of Dundalk Institute of Technology and it is one of the institutes with sustainability challenges. I was not aware that we had given computers to primary schools so we may go back for them in the morning. When we came to the end of

our cashflow, as we did this time last year, we entered into a financial plan with the HEA. We have already told members of all the cuts we have had but, because we got to the end of our reserves and started to face cashflow problems, we had to introduce a financial plan with a further €638,000 in pay savings which meant that, despite already being short of staff, we could not replace retiring staff. Moving staff around is the only flexibility we have. Having contracts means redundancy does not apply so we can decide not to replace retiring staff or those who leave voluntarily. We had to make savings of another almost €600,000 on the non-pay side so members can imagine what that means in the context of already tight budgets.

We have to try to generate additional income and fortunately we have been very successful in attracting international students. We have also been successful in getting research funding but we are working on a very tight rope. The difficulties arise in the area of investment in necessary facilities. We produce students who are work-ready when they leave. They do their projects and also do internships so they can hit the ground running when they leave. The equipment and facilities in our laboratories are not up to scratch, however, and the students go into industry with that handicap.

Professor Willie Donnelly: Unfortunately, I get the prize for the largest deficit this year. I am also the new person on the block so when I became president of Waterford Institute of Technology I was absolutely shocked at the business model it used for third level education. I come from industry but no industry would manage with the same model. Since 2008 we have taken a cut of €14.5 million per year, a total of €85 million. We do the same job we did before but we have had to pay all increments that were reintroduced for our staff with no increase from the education budget. Our staff profile is different from other institutes and it is this that has created our problem. All our staff are at the mature end of the scale, because we are one of the longest-established institutes, and as a result our increments are higher. We have been one of the most successful institutes in research, to which I will return later, but our research, which is seriously underfunded, is subsidising activities in the other part of the institute.

On the question of access and inclusion, the majority of our students do not come from the CAO but other routes and we are very proud of this. Many of those students, however, have very serious psychological problems and we have to deal with this. We have the highest percentage of students with mental and other problems but we deal with them and have established structures to do so. It is really gratifying to see those students achieving but when I sat down with them, I learned that the majority were not referred to a psychiatrist because the health system did not have the funding to support them. We have to support them. Below the calm waters of education are all the areas where there is huge pressure on our sector so it is extraordinary to see what the sector achieves for these students.

The deficit is much more complex than it appears but €14.5 million has been taken from the budget per year, totalling €85 million, since 2008 and yet we do the same job with the same number of staff. Those staff are entitled to increments and we have students from a wide range of social backgrounds so the impact of the downturn is coming to our door. We have carried on for a very long time and commitment to our community has always been at the forefront of what we do but the deficit is a very serious issue and is not sustainable. If this was a business I would say it was not sustainable without a new model, and that is what we need. We need a new business model that recognises the work we are doing and the infrastructure that is needed to deliver the type of graduate that will sustain the economic development of this country.

Chairman: I thank Professor Donnelly. It is always interesting to get the perspective of somebody who has worked in an industry and then come back to education. They can see a

correlation or otherwise between the two worlds. Do any of the other witnesses wish to speak?

Mr. Paul Hannigan: My name is Mr. Paul Hannigan and I am from Letterkenny Institute of Technology, which has been mentioned a few times. We are one of the vulnerable institutions in the context of the financial situation. Deputy Burton made a point about the impact of institutions within their own regions. All of the institutes of technology, which are located approximately an hour and a half from each other in a necklace around the country, with Athlone in the centre, contribute hugely to the development of their regions. Somebody said that investment in higher education is expensive. Just try the alternative, which is no investment in higher education in those spaces. When one considers the impact of the institutes of technology over the past 40 years, particularly in recent years when everything was sucked back to the centre due the cutbacks during the recession, the only people left standing in the regions were the institutes of technology working with local authorities and bodies of that sort to try to maintain a level of ambition and achievement during the period. What drove the development of the colleges at that time was a moral obligation to the people with whom they worked to ensure that the institutes of technology continued to contribute to that development. That has happened and we have carried it. We have carried it because it is the right thing to do. This is why many of us find ourselves with financial situations with which we need to deal. We were really in a position where we had to stand up and provide the services necessary to deal with the situations where loads of people were losing their jobs and had no alternative but to come back into education to get the opportunity to get other employment, which has happened. So many people who have come back in during that period have been redeployed as a result. The engagement with industry across the country has been fantastic, particularly that with FDI. A total of 60% of our part-time programmes are industry-based bespoke programmes developed with companies locally to offer opportunities to graduates and those already in employment in those companies.

There is a significant regional development agenda here and if it is ignored, it will become very difficult to get the balance between what is happening in other parts of the country and the larger city locations. It is difficult for us at times to make the argument for investment when one is looking at congestion in Dublin and other matters of that nature, which dominate the media on an ongoing basis. The bottom line is, however, that geography is not a good enough reason to deny people their rights in terms of education. Where somebody is born does not dictate their academic ability.

The sector has delivered significantly in the past 40 years. It has been a privilege to work in it and contribute to that but it has reached a crunch stage where it needs serious investment. Professor Ó Catháin spoke about the stabilisation fund in the context of the report last week to get us back on our feet. We and others put forward proposals in respect of the long-term funding of the sector.

Dr. Oliver Murphy: I am president of Institute of Technology Tralee. Along with Mr. Hannigan, we are one of the institutes of technology facing sustainability issues. I strongly endorse Mr. Hannigan's comments about the contribution we have made. During a time of crisis, as a sector, we rose to the challenge. The figures speak for themselves. Staff numbers have decreased, the lecturer-student ratio has increased and there has been no major refurbishment in facilities. We must acknowledge the contribution made by the staff. They have really stepped up to the plate in respect of this and I acknowledge their contribution because without their support, we could not have achieved what we have achieved.

I warmly welcome Deputy Burton's support for technological universities. The Hunt report

outlined in a very comprehensive manner the need for a new type of university, namely, a technological university. If you look at countries like Australia and those in northern Europe where these entities have been established, one can see that they have made quite a significant contribution to regional economies. I welcome the support of the committee. I know the committee is discussing the Technological Universities Bill. It is very important that this matter is brought to a successful conclusion because ten out of the 14 institutes of technology are in the process of seeking designation as technological universities. Two institutes of technology - Institute of Technology Tralee and Cork Institute of Technology - are in the final stage to become a Munster technological university, while three in Dublin are looking to become a technological university of Dublin. It is important at this stage that the legislative framework is put in place. The Chairman mentioned the possibility of dilution of mission and mission drift. I can assure her that this is far from the case. When one looks at the ethos underpinning a technological university, it is rooted in the region and engagement, particularly with indigenous industry, so I see it as a very important development and I urge the committee to deal with the legislation as quickly as possible.

Deputy Thomas Byrne: Just for clarification, does Dr. Murphy think this will help the funding situation?

Dr. Oliver Murphy: It should help with the funding situation. In respect of the merits of a technological university and the creation of a new type of university, it is not dissimilar to the existing universities. The rationale underpinning it is quite different so I would not like to see it purely in financial terms. Technological universities stand on their own merits but their creation should assist with the funding situation.

Professor Willie Donnelly: What we are proposing here is to create a type of university that is quite common in Europe. A technological university is more applied and closer to industry. It is driven by innovation and impact. If we want to get technological universities right and create technological universities of international standing, it will cost us. It requires investment. One of the concerns I had in the discussion prior to when the Bill first appeared revolved around the idea that we could do it alone and that there was no cost incurred. If we really want a serious technological university infrastructure that can compete with the best internationally and be up there with the Technical University of Munich or Aalto University, it will require a new investment strategy, new structures and new governance so it is not just a continuation of what is there at the moment. It is building on the best of what is there but it is not a continuation of it and it will not solve the funding problem.

Professor Vincent Cunnane: I am head of one of the four institutes of technology that are not in deficit. However, my institute of technology will be in deficit very shortly. There were many questions regarding access and our proposal around levels 6 and 7. Access is something we do every single day. It is not a peripheral activity. It is a core activity of what we do and our *raison d'être*. Access is a central point. Whatever the committee does with the Cassells report, I ask it not to limit access to the third-level sector in any way. It should ensure that whatever it does increases access to the third-level sector. The committee may find a myriad of ways to do that and we have put a couple of them before it today. The overall figure of 56% mentioned by Senator Ruane in respect of students in receipt of some grant or other hides other areas like Donegal, where the figure is 72%, and Limerick, where the figure this year will be 70%. This is transformative. It is not an additive process. It is an transformative process because, generally, these are first-generation students whose families have no links to third-level education. They are coming to us for the first time and we must support them. They are also coming from

disadvantaged areas so they may be coming from DEIS schools, may not have had the support they need and may not get the support at home which recognises a third-level education is their pathway to a professional qualification and a different life. Ensuring this access is really why we are here today. Those sort of students need additional resources. We do not judge students by the number of CAO points they obtain. We do not say that is the level of their ability. We say that it is testimony to how they got in and that it also reflects their background but that it does not reflect their potential. Our concern and our job is to unlock potential. The students that Professor Donnelly spoke about - the type of students we all have - need additional resources.

Deputy Nolan spoke about retention rates. They are a function of our inability to put resources into what we know will make an impact on retention. We know how to solve retention. That is not the issue. The issue is that we do not have the resources or the people to put into it. The committee may put the figures - they are available - to us. The overall retention rate in the institute of technology sector is 86% and approximately 90% in the university sector. The committee might put it to us that our retention rates are much worse. However, my question is how is our rate so high.

The type of student we are dealing with is very different. Those students need supports. We are here to transform that. We also have the economic impacts the committee will hear about, but we are also about social change. We are changing society. What we do with the type of students we are dealing with is, in the main, transform their lives. This is an inter-generational activity as well, so there is huge added value for society. That is why we are advocating that level 6 and level 7 education should be free. The type of students that tend to go into level 6 or, potentially, level 7 education are those who are first generation students, from a disadvantaged background or from under-represented groups. Those students do not see themselves doing a four year programme, but they progress, and this is all about progression. Students progress from further education to our institutions, or come directly to us, progress through levels 6 and 7 and onto levels 8, 9 and 10. Our greatest day is graduation day when we see students coming through from those backgrounds. We all have examples of students who came in at level 6 and leave with a PhD. That is what transformation is about and that is what the institutes of technology are about. They are about opportunity and realising potential. We are trying to be dispassionate here, and failing perhaps, but the point is that these are all related activities.

On funding, we need some income contingent loans. They can be an additive. However, we also need maintenance grants. If the idea of the income-contingent loans is to remove the maintenance grants from the sort of students we have, then the Government will have failed. If we keep increasing access at the centre point of what we want to do, we will not do that, but we need a combination of a number of activities.

The biggest beneficiary of levels 6 and 7 education is not the person but society. Society benefits from higher education. There are societal benefits as we go further on in education, but the benefit moves to the person. Let us get it right. Let us make sure we leave no one behind in this new economy. Let us ensure they get in and are maintained in the process. We will continue to do our jobs within the context of that broad necessity, but access is a centre point of what we do.

Chairman: I thank Professor Cunnane for his impassioned plea.

Professor Vincent Cunnane: Sorry about that.

Chairman: Not at all. I can assure Professor Cunnane that the issue of access comes up

regularly for all members regardless of the context or education issue. Realising potential has to be fundamental to our education process, no matter the level.

Ms Ann Campbell: To add briefly to Professor Cunnane's contribution, the Chairman asked how we would expand on access. All of us have relationships with our local education and training providers and with the local further education, FE, providers in the region. We have set up cluster networks as local networks as well. In my case, we have the North East Further and Higher Education Alliance. We meet and work in partnership with individual FE institutions and establish pathways so that students can perhaps complete level 5 or level 6 at the local FE institution and then move on to higher education. We also deliver outreach programmes and provide distance learning. For example, people can stay in their local area in Monaghan and do a business degree. We are also looking for routes and partnerships we can build on to expand this access. It is so important that not only do students have the opportunity to study in the regions but that they can stay in the regions afterwards.

Professor Tom Collins: To clarify a few statistics, approximately 48% of students that enter the institutes now have not come directly from the leaving certificate. There is a huge problem in Irish higher education around funding, which the committee will have heard about earlier. It is also important to say that there are complementary roles that different people in the binary divide play and do. Professor Cunnane made the point about access being the norm; it is what institutes of technology do. This is not necessarily widely understood. One of the problems the sector has is that most of the staff in it are themselves university trained. In many situations such as policy fora, people have come from a university background. Increasingly, if we look at the guidance debate, a minority of guidance counsellors have been trained in the institute of technology sector. The Chairman mentioned public awareness and perception. There is a really serious challenge not just in the wider public, where I think that is better shared, but in the decision making public regarding the perception of the sector.

On access, currently 36% of all intake into the institutes is either from white collar, manual, semi-skilled or unskilled work backgrounds. The equivalent figure in the university sector is 25%. If we look at the figures for those drawn from managerial, employer and professional backgrounds, the figure is 43% for universities and 27% in the institutes.

As a final point, much of this debate is about how we transfer resources from the few to the many, which is what an effective state does. An ineffective state transfers it from the many to the few. The weighting for a medical student today under the HEA funding model is 2.3 in the clinical years. A medical student who is in a hospital and working mostly off the campus is carrying a weighting of 2.3 on the unit cost which the State is paying. The unit is basically based on a unit payment of 1 for an arts and humanities student. Then we wonder where the medical students are recruited and selected from and we have an interesting debate about the transfer of resources from the many to the few. The debate is central to the work. I want to elaborate on Professor Cunnane's point. If we begin to work through the data, we will find that there is a subvention in higher education funding that is, I would say, currently generally regressive in terms of its social impact. This strikes me as being an issue that probably could have been more closely examined in the wonderful work done by the Cassells group.

Dr. Fergal Barry: I will pick up on Deputy Burton's questions on the Technological Universities Bill. I am the fifth and final one of the vulnerable institutes of technology - the famous five. We are probably running the largest deficit in recent years. As an institute, we have run out of cash reserves and are now using our capital development reserves to trade. Like my colleague in Dundalk, Ms Ann Campbell, we have entered into an agreement with the Higher

Education Authority about restoring our institution to financial balance. We have taken the decision voluntarily. Its consequences include further reductions in our non-pay, redeployment of staff and larger class sizes and we are perilously close to impacting on the quality of the higher education provided to our graduates, which I take exceptionally personally. Among the presidents here, I am probably the only graduate of the institutes of technology sector that is a serving president of an institute of technology, with levels 6, 7, 8, 9 and 10 qualifications from many of the institutes and universities in Ireland. We are speaking about cost, but if we move to looking at the impact of the institutes of technology, an extensive study was done by a number of professors in Trinity College Dublin that looks at the type II multiplier, which is the direct and indirect induced demand and consumption generated by the presence of institutes of technology in a region. In regions such as Letterkenny, Galway and Mayo every €1 million that runs through the institutes of technology is very productive and highly paid individuals work in the local community.

Galway-Mayo Institute of Technology inherited multiple campuses. They originated from a time when we were funded directly by the Department of Education and Skills. As the funding has transitioned to the Higher Education Authority, our guaranteed funding for multiple campuses has been eroded. Approximately 33% of the students of many of our colleague institutes study engineering disciplines, but in GMIT 49% of our students study science, technology, engineering and maths. We support not only a national manufacturing centre of excellence in Galway, but a global centre for medical device manufacturing, with 10% of all Ireland's manufacturing coming out of Galway city. When we add to this other intensive activity in art and design, approximately 60% of our students are at the weighting of 1.7 discussed by Professor Collins. As the State grant has been eroded and the student contribution has been increased, the weighting has not applied to the student contribution. We generate a surplus on our Galway campus which we use to fund deficits in campuses which were promised ring-fenced funding.

The creation of technological universities that generate the type of regional economic development indicated by the study done by our colleagues in Trinity College Dublin would come at cost, but let us look at the impact and the scale and capacity they would provide to engage in research and development and the reach capacity with which they would provide us internationally. They would generate organisations with a scale of 20,000 or 21,000 students, which are very attractive partners for international collaboration. They would also position us for long-term financial sustainability.

Added to this, we must have a borrowing framework to put us at a par with the universities. Six of the seven universities have borrowed approximately €560 million at very low interest rates from European investment banks. This has also positioned them to leverage money from the Ireland Strategic Investment Fund for student accommodation and self-financing activity. This privilege is not afforded to the institutes of technology and I contend this needs to be part of the response of the committee.

To look at how we may get more women into engineering, GMIT has further segmented science and engineering and we are looking at adding programmes in biomedical engineering which are more attractive. Without the level of investment, we have no choice in the institution but to look to larger groups and to look at reducing our contribution to projects, which are so central to the work we do and to providing practical support to the students to gain productive employment. Our latest career survey showed 94% of our students are in employment or further study within eight months of graduation. This is a testament to our success. Over the coming weeks we will celebrate approximately 2,000 graduations from the institute.

Professor Ciarán Ó Catháin: I wish to clarify a point on the borrowing framework. The institutes of technology legislation recognises that we can borrow, but the framework for this must be put in place by the Department which has, up to this, refused to put in place the framework to allow us to implement the borrowing.

Deputy Thomas Byrne: That should be in a submission on the action plan for education.

Mr. Paul Hannigan: With regard to the action plan for education, terms of reference were set out under various headings under which submissions were made, but it did not seem to me at the time that they referred directly to higher education. Perhaps this is a common issue for everybody around the table. Subsequently, I have seen presentations by officials from the Department on the plan and higher education is a part of it, but the initial request for submissions did not address the issues regarding higher education.

Senator Lynn Ruane: I am mindful we have not looked at the options put forward. Level 6 and 7 courses have free fees and they usually last three years. Will the institutes also consider looking at level 8 courses of three year duration for people who do not do a level 6 or 7 course but go straight into a level 8 course? Trinity College Dublin is the only institution with set four-year courses. In Trinity the first three years could be free, with fees for the fourth and subsequent years. Perhaps this could be switched around so there is no inequality between levels 6 and 7 courses and level 8 courses.

Professor Vincent Cunnane: The action plan for education says very little about third level, and there are only one or two instances where the institutes of technology are mentioned. In the Action Plan for Jobs, the institutes of technology are mentioned on almost every page. This is because there is a regional dimension to it and we deliver across social and economic divides and are integrated and engaged. With regard to the Chairman's point that the €5 million seems very low, Letterkenny Institute of Technology deals with SMEs in the main. We have many strong links with foreign direct investment but we deal with SMEs essentially and they have also suffered in the downturn. The fact we are able to extract €5 million from a very small SME sector in regional locations is very good, as opposed to being very poor.

Professor Willie Donnelly: I wish to clarify a point in case there is a misunderstanding regarding the €5 million. The development of research and innovation in postgraduate studies in the institutes of technology sector is one of the great success stories of Ireland. If we look back at the role of the institutes of technology, they have always responded to the needs of their region. When we started we had trades and certificates. When industry needed degree students and there was a cap on degree students in universities, the institutes of technology responded and we created degree programmes. In the digital economy the need is for the creation of knowledge. The institutes have responded to this by developing an internationally benchmarked postgraduate research programme. This has been done in an environment that has been quite hostile to the institutes. For instance, it is probably not known by many committee members that the universities receive 25% of their core funding to cover research activities while the institutes get absolutely nothing.

We have brought in €67 million of research funding through international competitive funding, have more than 400 PhD students registered throughout the institutes and are graduating students who will go directly into industry attracted to the region. In the south-east region, the unemployment rate dropped from 14% to 10.7%. It is still too high but this was directly because of the decision of foreign direct investment to come into the region because of the quality of the ongoing research.

Another vital element of this research is with regard to the imbalance in the Irish economy and too much investment in Dublin. Our centres, which support indigenous start-up companies, have had a huge impact on employment in the regions. The €5 million is misunderstood in one sense. We use Enterprise Ireland investment, which is jointly funded by Enterprise Ireland and the company involved, and this is not included in the €5 million. There were 823 collaborations with 573 companies. These involve a certain amount of investment by industry. The €5 million is really only work that industry wanted to do in which it did not want to include Enterprise Ireland or any State funding, usually for intellectual property reasons. Even in the universities, the level of direct investment by industry in Ireland is very low. As part of overall investment in the institutes of technology, if we want to balance economic development between Dublin and the regions, having a policy where the institutes are recognised as being part of research and postgraduate studies, including 25% for research in the core budget, as is the case in the universities, would be a big move forward.

Dr. Fergal Barry: I wish to add to Professor Donnelly's point to give a sense of the block grant for research. It is approximately €200 million. We would not be seeking anything like that as a sector although we would welcome it. It allows universities to participate in co-financed European programmes. I refer to those programmes that require matched funding of 50%, 75% or 25%. We are excluded from participating in those. Again, the absence of the barring framework and a bloc grant for research and development prohibits us from leveraging and gearing up the finances of our organisations.

Dr. Oliver Murphy: On a separate point, the Chairman mentioned she was at the Leaders in Higher Education address by Mr. Tom Boland at the Royal Irish Academy last night. One of the really stark statistics he mentioned and that I took from the meeting was that in 2005 the real expenditure per student at second level was 73% of the expenditure per student at third level. In 2015, it reversed. The expenditure per student at second level now exceeds the expenditure per student at third level. Really, it is unsustainable.

Reference was made to the point I would like to make. With regard to the financial review of the institutes of technology report issued by the HEA, we have run out of road at this stage. I urge the committee to deal with the issue as expeditiously as possible. Whatever decision is taken, it should not have an impact on access. Definitely, as a sector, we have experienced disproportionate cuts, even compared to the university sector. It is now time to address this. I am conscious of the demands on the public purse but even if a structural plan were put in place over a number of years, with multi-annual funding, one would know that the sector would come back into a more financially stable position over a number of years. At least, that would use the right mood music.

Mr. Paul Hannigan: One thing mentioned by the Chairman at the beginning was the impact of Brexit. While there is a lot of talk about Brexit and the possible opportunities arising for higher education, I, coming from a Border college, believe we need to be very conscious of this. We have staff who live in Northern Ireland travelling to the Republic daily to work. Similarly, we have students crossing the Border daily. My concern over Brexit is that while there will be a political and macro solution to this, irrespective of the time it takes, the communities on the Border will still be in some way disadvantaged by this. There is no other way around it. It will have a disproportionate impact on some of the institutions we have. While I accept there are opportunities, there will definitely be a downside in some cases.

Ms Ann Campbell: Regarding Brexit, we do have an opportunity to recruit international students. One of the difficulties in recruiting international students is the length of time it takes

to process visas. If an international student from Indonesia or Vietnam, for example, applies for a visa, there is a turnaround time of eight days in the United Kingdom, but it takes eight weeks for Ireland.

Chairman: That is a fair point well made.

On behalf of the committee, I thank all the delegates for taking the time to come in here this morning and convince us of their arguments. They made very compelling arguments and the debate was very informative, productive, insightful and interesting. This morning's deliberations will help us. We have a difficult task, as I am sure the delegates will appreciate. There will be much deliberation. We have a series of meetings with various stakeholders and Mr. Cassells will be coming in on 24 November. I thank the delegates for their engagement. We certainly wish them well. A point was made about the staff on the ground working really hard, particularly over the recessionary years. The committee is grateful to the staff who have been working hard to help to support the young people we have entrusted to the delegates.

The joint committee adjourned at 12.25 p.m. until 9 a.m. on Thursday, 24 November 2016.