IUA Submission to Joint Oireachtas Committee on education and social protection

**2015**

**STATEMENTS**

Irish Universities Association

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Statement on **Sustainability & Future Challenges** by Ned Costello, CEO, IUA

Thank you Chair and I would like to thank the committee for the opportunity for myself and colleagues to address you here today. By way of brief introduction to the session, we are here today to talk about the impact of universities and higher education more generally and the challenges and opportunities facing the sector in regard to its future impact and sustainability. We surfaced and debated many of these issues at an international symposium which we organized last September entitled *21st Century Universities: Competitiveness and Performance*. I thank the Clerk for his attendance at the symposium on behalf of the Committee. Time precludes us from going over all the ground covered on that day, but we will address the main themes. I should also say that matters have progressed since then following the commencement of the Expert Group on Future Funding for Higher Education. The group has produced the first of its background papers and recently held a highly interactive consultation session with a wide range of stakeholders including enterprise, the trade unions, regional authorities and higher education. Where relevant we have drawn on evidence from that paper in our presentations and background material.

Our testimony to the committee is structured as follows: accompanied by IUA Finance Director Michael Casey, I will address the sustainability and future challenge aspects. My colleagues IUA Academic Affairs Director Lewis Purser and IUA International Education Manager Ms Sinead Lucey, will address the human capital issues. Concluding our presentations, Dr. Charles Larkin Lecturer at Cardiff University and Visiting Research Associate at TCD accompanied by his colleague Qiantao Zhang will address economic impacts.

Chair, It is good to be able to report on the positive financial and human capital impacts of higher education. No aspect of human endeavor is perfect and in any event, in a world where change is endemic, we must constantly strive to progress and improve. What we have aimed to present thus far, is a snapshot of the outputs and impacts of higher education. To secure those outputs and impacts we need inputs in the form of talented and motivated students and staff and we need an appropriate financial and regulatory environment.

The legacy of experience of higher education during the economic crisis as we face into a period of economic growth leaves us with a number of challenges and conundrums.

The first of these is summed up by the intersection of movements of student numbers and staff numbers.

According to the Expert Group, the higher education participation rate has been relatively steady over the last number of years, and any future rise in the higher education student cohort will be driven primarily by growth in the school population. High birth rates in Ireland over the last 15 years have led to a substantial increase in the numbers going through the school system. Both increased numbers, and an increase in retention rates in second level, result in projections for second level enrolments growing from 338,000 in 2014 to a peak of some 405,000 in 2025[[1]](#footnote-1).

As a result, the latest available projections suggest that by 2028 the number of new entrants to higher education will increase by 29 per cent over 2013 levels.[[2]](#footnote-2)(Figure 5) These projections are based on the participation rate remaining constant at 56 per cent over the period. The relevant chart is included in our submission.

While new entrants into higher education have increased, core staff numbers have fallen in consequence of the Employment Control framework. The net effect has been a deterioration in student: staff ratios. Pre crisis, the ratios in Irish universities were already on the high side by international standards at circa one to sixteen or seventeen on average. During the crisis, ratios have increased from 1:20 to 1:23 in the universities - a deterioration of 12%. These are very significantly higher than the OECD average which stood at 1:14 in 2012. To put this into context, the President of UCD, Professor Andrew Deeks has remarked that his former university, Durham, had the same staffing complement as UCD, but UCD has ten thousand more students than Durham.

I mentioned the word conundrum and this is because this change represents a gain in efficiency in pure statistical terms, but it also has implications for quality and for sustainability in terms of the ability to support such large class sizes in the medium term.

This evidence suggests that we have a sustainability problem with our current staff student ratios which needs to be tackled. This is before we get to the matter of future demographic impacts which, if nothing is done, would push ratios even higher. It should be noted also that the projections referred to are based on holding participation rates steady at fifty six percent. Obviously, ceteris paribus, improving access would increase participation rates and further increase enrolments.

I will now briefly address the funding context for these developments.

The expert group paper sets out the current annual funding of the public Higher Education Institutions which unsurprisingly is in decline since 07/08. Despite an increase in the student contribution of €1,925 or 233 per cent—from €825 in 2007/08 to €2,750 in 2014/15, total income per student decreased by 22 per cent for the higher education system overall.

Increases in student contributions along with general reductions in overall state funding have resulted in a steady reduction in the proportion of total recurrent funding for core activities of higher education institutions funded by the State from 78 per cent in 2008 to an estimated 64 per cent in 2016. This compares to an OECD average of 68 per cent.

For the universities specifically the core recurrent grant allocated to universities declined by €261m between 2008 and 2014, a decline of just under 53 percent. When we look at the fall in the unit of resource which includes not only core grant but also fee income the unit of funding went from €8,734 in 07/08 to €6,970 in 13/14. The cumulative decrease in the unit of resource in this period has been in excess of 21 percent.

Looking at university funding in an all-Ireland context, we recently undertook a comparison of the unit of resource per student looking at the position of a student in an IUA university vis a vis a student in one of the Northern Irish universities. For the academic year 2014/15 the funding per undergraduate student for a typical ‘non-lab’ discipline i.e. Arts/HSS is £7,997 in NI or approximately €10,663 at current exchange rates compared to €6,876 in an IUA university – a difference of 55%.

In light of both passage of time and resultant wear and tear, and more critically, demographic pressures, another matter of concern in respect of funding sustainability is that of capital funding. In effect, funding for new capital ceased in 2008. There has been some run out funding for commitments under PRTLI, but new funding for both new build and significant upgrading of facilities has been virtually non-existent since then. In addition to the financial crisis, the need to address the increase in the first and second level school population has been an instrumental factor here. However, as we have seen, the demographic bulge is moving up the pipeline and needs to be planned for in terms of higher education infrastructure also.

Dr Larkin will mention in his presentation that the methodologies for evaluating economic return which he will describe do not deal with the matter of efficiency. In that regard, I have already commented that our system is highly productive. And while productivity and efficiency are not entirely the same thing, they are clearly sides of the same coin.

In regard to efficiency of operations and cost to the state, universities have grown non exchequer income. Non-exchequer income (excluding research) has increased from €695m in 2008 to €865m in 2013 (24%) helping to offset the significant reductions in public funding. Total income (excluding research) per staff member has remained largely stable increasing marginally to €155k. Non-exchequer income (excluding research) per staff member however has increased from €71k in 2008 to €93k in 2013 an increase of 30%.

Significant work has been undertaken on shared procurement, this now falling under the aegis of the office of Government Procurement. Significant internal changes have also taken place including a revised academic contract, performance management and workload allocation. However more work needs to be done on “The HR Toolkit” to ensure that the competitiveness and efficiency of universities is maximized.

Lastly, Chair, I would like to briefly address the matter of regulation. Regulation is important for purposes of financial probity, for accountability generally and to underpin public confidence. For regulation to be effective, it is important that it be well considered and proportionate. Regulation in a university context has a particular perspective for the following reasons: universities are producers of both public and private goods and their funding reflects this. In addition, unlike the majority of the public service, universities are in an internationally traded marketplace, both for students and staff. Finally there is a high expectation for universities to be innovative and to contribute to national and global stocks of knowledge. As part of that innovativeness, academic freedom and the appropriate degree of university autonomy is essential.

Trends in this regard are monitored by the European University Association through their Autonomy Scorecard process. As part of our symposium we requested that the EUA update the scorecard for Ireland. They found as follows – and I quote: “*This 2014 update of the Autonomy Scorecard for Ireland reveals a decline of university autonomy, in particular in staffing matters. In some areas it is quite subtle and can only be captured partially by the scorecard metrics. It appears clearly though that there is an entrenchment phenomenon, with governmental control over human resources and finances having been consolidated over the period considered. The measures that the government took at the beginning of the economic crisis have neither been halted nor reversed*”.

Let me stress in conclusion, Chair, that this is not about a blanket approach to deregulation. The IUA has put forward proposals to strengthen institutional governance and we have welcomed the HEA system performance appraisal approach. It is rather about ensuring that institutions whose contribution to the economy and society depends on agility and flexibility are appropriately empowered to make that contribution.

In summary Chair, I hope that what we are presenting today is a reasonably comprehensive picture of the outputs and value added being delivered by the university sector and that we are being candid in the challenges facing us if we are to continue to contribute to national progress into the future.

So I would now pass over to Lewis Purser, Chair.

Statement on **Human Capital** by Lewis Purser, Director of Academic Affairs, IUA

Thank you Chair for this opportunity to present to the Joint Committee. In this statement Chair I will draw out the salient points from our supporting documentation.

I will address the contribution of the universities to the development of human capital in Ireland. This human capital is our single most important natural resource, and is what our entire national economic strategy is developed around, for both indigenous and export-led growth.

I will begin by looking at the growth in the numbers of university students over the last 10 years, at all levels (Bachelor, Master and Doctorate), as well as the numbers in areas of specific national targets, i.e. under-represented domestic student groups and international students.

The overall numbers of university students grew by 14% during the period 2004/05 to 2013/14, with an increase of 54% for PhD students. Additional overall growth of 5.5% is planned by 2016/17, in line with the Strategic Compacts agreed between the Higher Education Authority and each university.

The numbers of students admitted to universities and other colleges through the DARE and HEAR schemes (targeting students with disabilities and students from disadvantaged socio-economic backgrounds) have increased by over 200% during the period 2009 – 2014, to the extent that now one in every five applicants to the CAO is also applying to DARE and/or HEAR. Both these groups of students are national priority target groups.

There has been an overall growth of 45% in the numbers of international student numbers in the Irish universities, covering all three categories of:

* full-time international students who come to Ireland for a full degree programme;
* off-shore / distance students who are studying on a programme provided and/or accredited by an Irish university, but delivered outside Ireland;
* and short-term exchange and visiting students such as Erasmus students from other European countries and Junior Year Abroad students from the United States.

Following this discussion of student numbers, our submission looks at the quality of outputs from the university education process, using the following indicators:

* Graduate employment and other graduate destinations. This looks at the success of graduates in obtaining employment and/or other successful destinations following completion of their degree programme.
* Employer feedback on higher education outcomes. This looks at employer satisfaction with the quality and employability of recent graduates, as well their future skills requirements.
* Student engagement and student experience. This looks at the feedback from students regarding their educational experience and satisfaction.
* Completion rates and average duration of studies. This looks at whether students completed their degree programme and whether they completed on time.

In terms of graduate employment and other graduate destinations, the data gathered by the universities and published by the HEA shows that since 2008 the proportion of the Honours Bachelor Level 8 graduate cohort in employment has remained stable (50% in 2008; 51% in 2013), while the proportion seeking employment in 2013 was 6% - half the national unemployment rate at that time. While the relative employability successes enjoyed by university graduates are clear compared to the general population, a number of challenges remain. For example, the proportion employed overseas has more than doubled from 5% in 2008 to 12% in 2013. Likewise, the numbers of Level 8 graduates entering further studies/training has increased from 34% in 2008 to 40% in 2013, likewise reflected the difficulties in obtaining employment in Ireland but also the demand for more advanced or specialised education/training for specific sectors of the labour market.

In terms of employer feedback on the quality and employability of recent graduates, the key findings of the 2012 and 2014 National Employer Surveys by IBEC and the Higher Education Authority are: 

* + - * Over 75% of companies were confident that graduates have the right workplace and transferable skills and relevant subject or discipline knowledge. This was particularly pronounced among foreign-owned employers.
* Over 80% of companies were satisfied with the calibre of science and maths graduates.
* The majority of PhD graduates were employed because the job required doctorate level skills or qualifications.

* Large numbers of graduates (c.15%) from outside Ireland continue to be recruited by employers, both multi-national and indigenous
* There are lower levels of satisfaction among employers with recent graduates’ foreign language capability and entrepreneurial skills. These are areas which can be addressed by the universities through better integration of these skills and competences in internal curriculum development and quality assurance processes, and in the continued promotion of study abroad opportunities and high quality work placements.

In terms of feedback from students regarding their educational experience, engagement and satisfaction, all Irish universities conduct surveys with their own students on a range of specific issues (e.g. course and module feedback, library usage, sports facilities, etc.). In addition, for the last two years all Irish higher education institutions have conducted a national survey of student engagement, to which nearly 20,000 students (1st year undergraduate, final year undergraduate and taught postgraduate) responded in 2014.

Some results from the 2014 survey include:

* 63% of all participating students selected *often* or *very often*, when asked if they were improving knowledge and skills that will contribute to their employability.
* 67% of all participating students reported positive relationships with teaching staff, finding them to be *available, helpful and sympathetic* (a score of 5 or greater on 7 point scale).
* 52% of all participating students selected *quite a bit*, or *very much* when asked if they were solving complex real world problems.
* 80% of all participating students selected *good* or *excellent*, when asked how they would evaluate their entire educational experience at their institution.
* 65% of all participating students selected *often* or *very often*, when asked if they used an online learning system to complete an assignment.
* 29% of all participating students selected *plan to* or *done*, when asked if they were considering Study abroad/student exchange.
* 78% of all participating students selected *quite a bit* or *very much*, when asked if they spend a significant amount of time studying and on academic work.
* The Irish survey results also allow us to compare feedback from students in Ireland to the feedback from students in Australasian countries and the US to similar surveys. The results for Ireland are broadly favourable to those for Australasia, while we still have some work to do to catch up with the US benchmark.

This feedback is important for universities who can use this information in combination with other sources of feedback (for example from employers, and through the quality assurance processes) to take appropriate action. The data coming through the Irish survey provides a useful evidence base for further discussions at the level of each individual university as well as at national level. This usefulness will increase over time following further iterations of the Irish survey.

In terms of student completion rates and the average duration of studies in Irish universities, evidence shows that Irish universities compare very favourably to other countries across Europe and in the OECD. This is both in terms of overall student completion rates and in terms of students completing their studies on time. The average time to completion in Ireland is 4.02 years, while the EU average is 4.59 and the OECD average 4.4 years. This demonstrates that the system in place in Irish universities is more efficient, encouraging students to complete their studies on time, which is better for both individual students and for the state which contributes large amounts of public funding.

Our submission also provides a summary of quality assurance procedures used across the university sector to ensure and enhance quality in the education process.

We describe the variety and extent of quality assurance and quality enhancement processes and mechanisms in place, to ensure the fitness for purpose of study programmes as well as academic and administrative structures. During the last ten years, all units of each of the universities have been reviewed (in most cases twice) by expert panels, involving external international and Irish expertise, as well as students, resulting in quality enhancement plans with formal monitoring and follow-up. The reports from these reviews are publicly available the each university’s website.

In addition, all of the universities have now been through two full rounds of institutional review, by external expert panels. These panels have made a series of useful suggestions and recommendations for each university, all of which are likewise available on the website of QQI (Quality and Qualifications Ireland, the national agency which organises these reviews). All these institutional reviews have confirmed that each of the universities has been in full compliance with its quality assurance obligations under the 1997 Universities Act, and with the European Standards and Guidelines for Quality Assurance in European Higher Education. Indeed, Irish universities are seen by other European partners as leaders in this area.

These external validations of quality in the Irish university system provide confidence to national authorities, to students and to national and international partners regarding the quality of academic programmes and other services provided by the universities.

Thank you Chair we look forward to discussing these and other issues of concern to the committee.

So I would now pass over to Dr. Charles Larkin, Chair.

Statement on **Economic Impacts** by Dr. Charles Larkin

Under separate cover.

1. Projections of Full-Time Enrolment—Primary and Second Level 2014–2032, DES [↑](#footnote-ref-1)
2. Projections of Demand for Full Time Third level Education, 2014–2028, July 2014, DES [↑](#footnote-ref-2)