**Joint Oireachtas Committee on Education and Social Protection**

**Opening Statement – Mr. Peter Cassells**

**Chair, Expert Group on Future Funding for Higher Education**

**22 April 2015**

**Introduction**

I would like to thank the Committee for the opportunity to talk to you today. As the Committee will be aware, the former Minister for Education and Skills, Ruairi Quinn, established an Expert Group in July 2014 to identify and consider the issues relating to the long term sustainable funding of higher education in Ireland and to identify funding options for the future. I was asked to Chair the Group and the other members are listed in the appendix to this statement. I am joined today by members of the secretariat support team.

I will briefly outline the context for the Group’s establishment, the work programme we are undertaking and the process of consultation and engagement. I will then outline the key messages in our first consultation paper which you will have received.

**Context**

The Group was established to address the growing pressures on the higher education system. As has been well documented - student numbers have grown substantially since 2008 and will continue to do so in the coming years, while staff numbers and public funding has reduced.

* 25,000 extra places delivered since the economic crisis began (both increasing numbers of school leavers and adult learners)
* 2,000 less staff (10%)
* Staff : student ratio has decreased from 1:15 to 1:19.5, now lagging international norms
* Core expenditure per student has decreased by 15%
* Enrolments are projected to grow by nearly one third over the next 15 years.

You will have heard a similar account from the Higher Education Authority and the Irish Universities Association in your meetings with them in February. These twinned pressures are resulting in what the HEA has described as “a high and growing level of risk that significant unfunded expansion in numbers participating in higher education will damage the quality of provision.”

The Group is undertaking this work at a time when, as a country, we are at a turning point as we seek to transition out of a deep crisis, revive development and lay the foundations for future prosperity and social cohesion. Despite a stabilisation of the national finances, public resources and household incomes will continue to be stretched in the coming years and we are going to be faced with many difficult investment choices. To come to any conclusion on future funding of higher education, the Expert Group will need to first achieve a shared understanding about what we are funding and what value higher education and its different contributions offers our society and economy. This will be the main focus of today’s presentation.

**Expert Group – Scope of work**

The Group’s terms of reference encompass this broader consideration of the role and value of higher education and are as follows:

* identification of the benefits of higher education to the individual and wider Irish economy and society
* examination of future demand for higher education
* examination of current funding levels and potential for efficiencies
* assessment of financial performance of the sector
* consideration of long term funding options

An important aspect of the Group’s work programme is consultation with the sector itself and with the wide range of stakeholders and interested parties. This consultation process will be ongoing throughout our considerations and will encompass all aspects of our terms of reference. Today, of course, gives us the opportunity to engage with public representatives and we are looking forward to hearing your views.

We have approached this work programme in three phases. In the first phase we have examined the role, value and future scale of higher education. We published a consultation paper in January which you will have received. I will return to some of the key points in this paper shortly. Following publication of the paper, we have engaged in wide-ranging consultation. This included a round table discussion with stakeholders including representatives from the sector – management, students, and staff, employers, second level and further education, community and voluntary groups, and Government departments and agencies. We have also engaged in more targeted forums with students and the academic community. These consultations are providing us with rich insights on the expectations on the higher education system and the challenges in meeting those expectations.

The second phase of our work programme relates to the current operation of the system and its levels of efficiency and effectiveness. This is an important aspect of our work – before there is any consideration of additional investment we want to be confident that current resources are being managed to best effect. We are examining income streams, levels of expenditure, and opportunities for new working methods including the use of technology, workload management, shared services, regional collaborations to name a few. We will also be seeking to benchmark the performance of the Irish system against international comparators. We expect to publish our second consultation paper which will address the areas examined in this phase in June and we will follow this with further consultations.

Our final phase of work will be the identification and examination of the range of options that could potentially provide a sustainable base of funding for higher education in the long-term. For this phase we will be drawing on international expertise and experience, and engaging in significant consultation.

**Consultation Paper: Role, Value and Scale of Higher Education in Ireland**

I will now return to some of the key elements in the paper we published in January. The paper seeks to set out the many contributions of higher education to the economy and society, and the challenges in maintaining and enhancing these contributions.

There can be little doubt that investment in higher education has been key to enabling the Irish economy to grow in recent decades. Talent development remains a central plank of our national economic strategy. We know that graduates’ knowledge and capabilities enhance productivity. Higher education institutions are key centres of research and knowledge generation and engines of regional and local economic development. In overall terms the State—through higher tax contributions and lower calls on welfare—benefits significantly from its investment. OECD estimate a cumulative return of 27 per cent (for males) and 17.5 per cent (females) over a 40 year span.

In social and cultural terms there are also strong gains. Higher education informs and nurture an understanding of our national identity and that of other cultures and belief systems and enriches Ireland’s own cultural heritage.

Significant numbers of our graduates find employment in the public sector. Higher education has been instrumental in enhancing the quality and professionalism of services in education, health, and public administration.

Finally, there are significant personal gains. Alongside social and cultural benefits, graduates earn more and find employment more easily. An honours degree or higher is linked to earning 100 per cent more than adults whose highest educational attainment is a Leaving Certificate or equivalent.

**Demand for Higher Education**

There is a strong and growing demand for higher education both from the perspective of those seeking to enter it – the traditional 18 year old cohort and increasingly adult learners - and also for the graduates it is educating i.e the labour market. The consultation paper provides evidence of this demand.

National studies from both the ESRI and Solas and international projections from Cedefop point to continuing demand for higher education graduates. It is projected that nearly half of all job opening by 2025 will be for graduates. Employment rates and wage premiums also reflect this strong desire from the labour market for higher education qualifications.

From the student-demand side, participation rates in higher education have grown year-on-year rising from 20% in 1980 to the current level of 56%. This reflects the increasing normality of going to higher education for a much broader cohort of students. Ireland’s current demographic structure will continue to drive this demand for higher education over the next period. I refer to the graph of projected future demand attached which shows a nearly 30% growth in numbers over the next decade – represented by the blue line. That is driven by demographic change alone and takes no account of any change to the participation rate.

It is important to mention here that demand for higher education is influenced by the range of alternatives for school leavers and other potential learners. Developments in further education, apprenticeships and other post-second level opportunities and direct entry opportunities to the labour market are very relevant and must be considered in tandem.

**Critical Challenges for Higher Education**

The consultation paper highlights four areas where there needs to be an enduring focus on the quality and contribution of higher education.

First, the quality of provision remains paramount. This is the single most important way in which higher education serves its students and the public good. We need graduates who can understand our past, engage with the present and imagine the future. This requires renewed attention not just to what graduates learn; but how they learn.

Second, institutions need to further adapt and respond to the fundamental changes taking place around innovation and how knowledge is generated. It is helpful to view that as happening through four spheres—higher education, business, government and civil society—and how they overlap and interact in a very open manner relies on a wider range of disciplines being fully engaged.

Third, we require that the system becomes more responsive to the changing needs of our economy, society and public system in the medium and long-term. This means giving more attention to how employability of graduates can be improved and the role of high-quality, informed, career advice and support to students.

Fourth, equitable access to the opportunities of higher education for those from non-traditional backgrounds needs to be improved. This is despite significant progress having been achieved already.

These are the issues on which we have been concentrating our current consultations.

**Conclusion**

In conclusion, I hope that this has provided you with an overview of the task the Group has been given and the approach we are taking to it. I firmly believe that we need to develop a shared understanding of and consensus on the role and value of higher education before any consideration of funding requirements and options for meeting those requirements. Consultation —including today — will help us develop this understanding and consensus. I look forward to today’s discussion, and I would also welcome an opportunity to return to the Committee as our considerations progress over this year.

Appendix

**Expert Group Members**

Peter Cassells                         Independent Chairperson

Mary Doyle                           Department of Education & Skills

Ronan Powell          Professor of Finance, DCU

Tim Creedon                           Former President of IT Tallaght

Joe O’Connor                         Former USI President

Brid Horan                            Formerly ESB Ireland

Sara Cantillon                         Equality Studies Centre, UCD

Tom Boland                            Higher Education Authority

Seán Rowland         President of Hibernia College

Neil Ward          Adviser to the Minister for Education & Skills

John Burke                             Department of Public Expenditure & Reform

**Demand Projections for Higher Education**

Extract from Consultation Paper

Page 28, Figure 5: New Entrants to Higher Education