

We need to talk about funding Higher Education

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Research for new economic policies

Key points

- There is a looming funding crisis in higher education
- This is not unique to the public service
- Ireland is moving towards an ‘Anglo-American’ funding model
- Higher education is a public good
- We recommend movement back towards EU norms over time
- With the objective of ‘Nordic’ norms in the long run

Funding of Technological Universities

- Consensus that current funding model is unsustainable – correct!
- Some saying that future funding will require more reliance on private funding – fees and business investment
- To leverage private funding quid pro quo would be ‘institutional autonomy’ – deregulation by another name
- Follow the Americanised model - Is this the only choice we have?

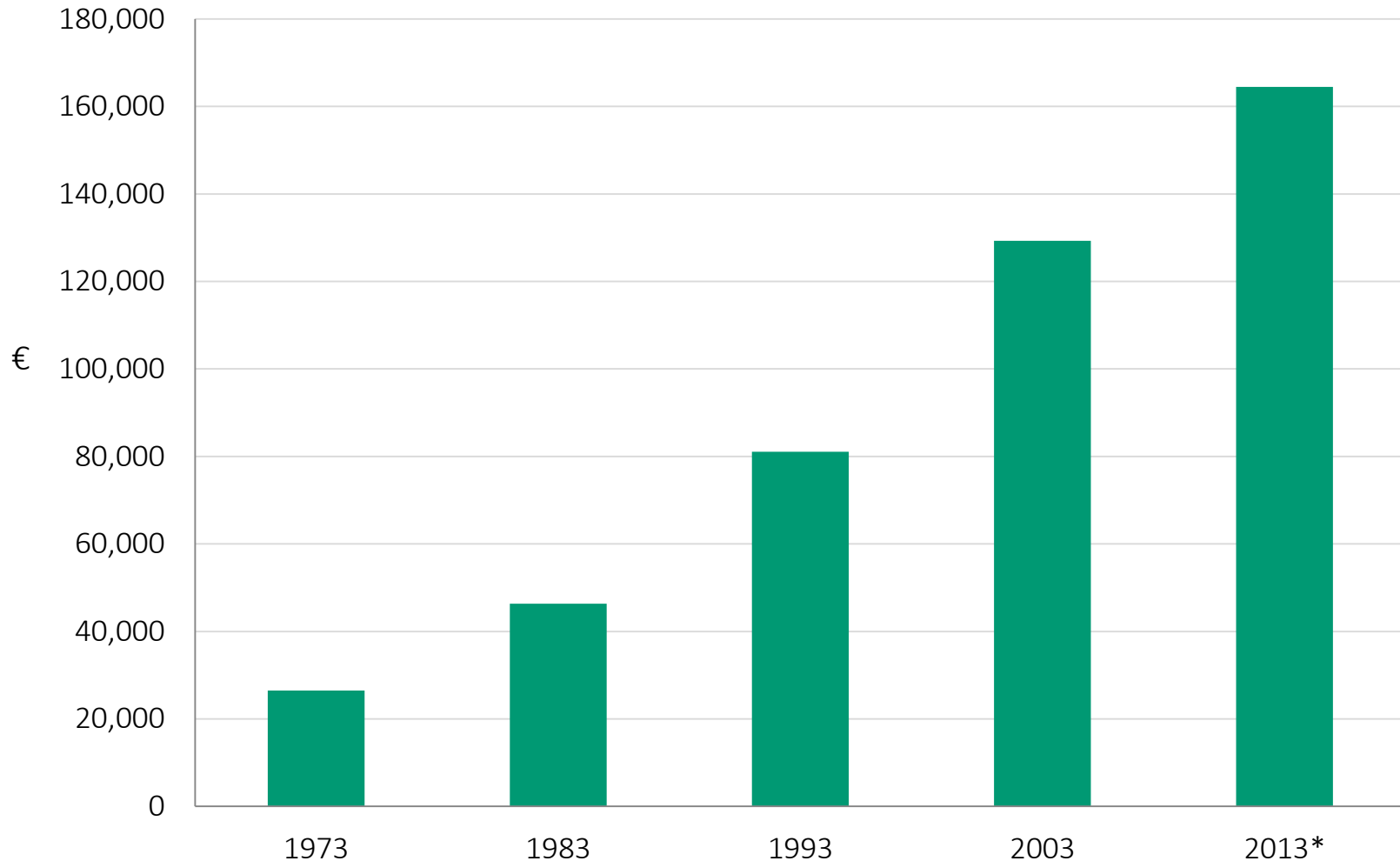
Public or Private ?

- Fundamental review of funding for higher education is needed – do we go private, public or a mix of both?
- Higher education is a public good – fosters inquiry, creativity and social progress
- Has important economic & social impacts
- E.g. higher rates of social participation, health and civic life

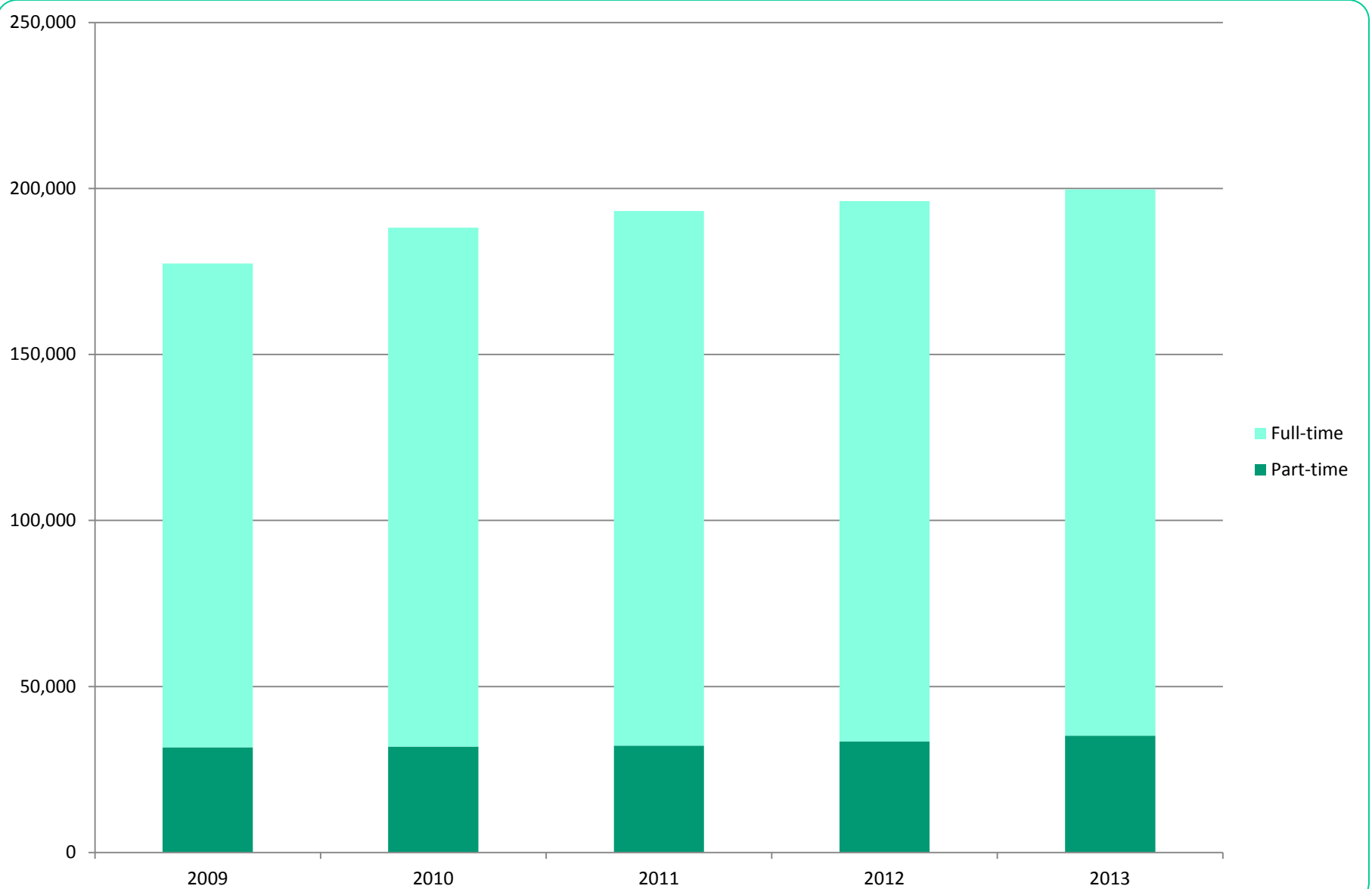
No One Model

- There is no one model for funding higher education across the globe
- It's our choice as a country
- English-speaking countries moving to transfer more costs to students – higher fees with student loans
- Most EU States still tend to rely on public funding with strong supports for students

Trends in full-time enrolment in Higher Education 1970-2013 (DES aided only)



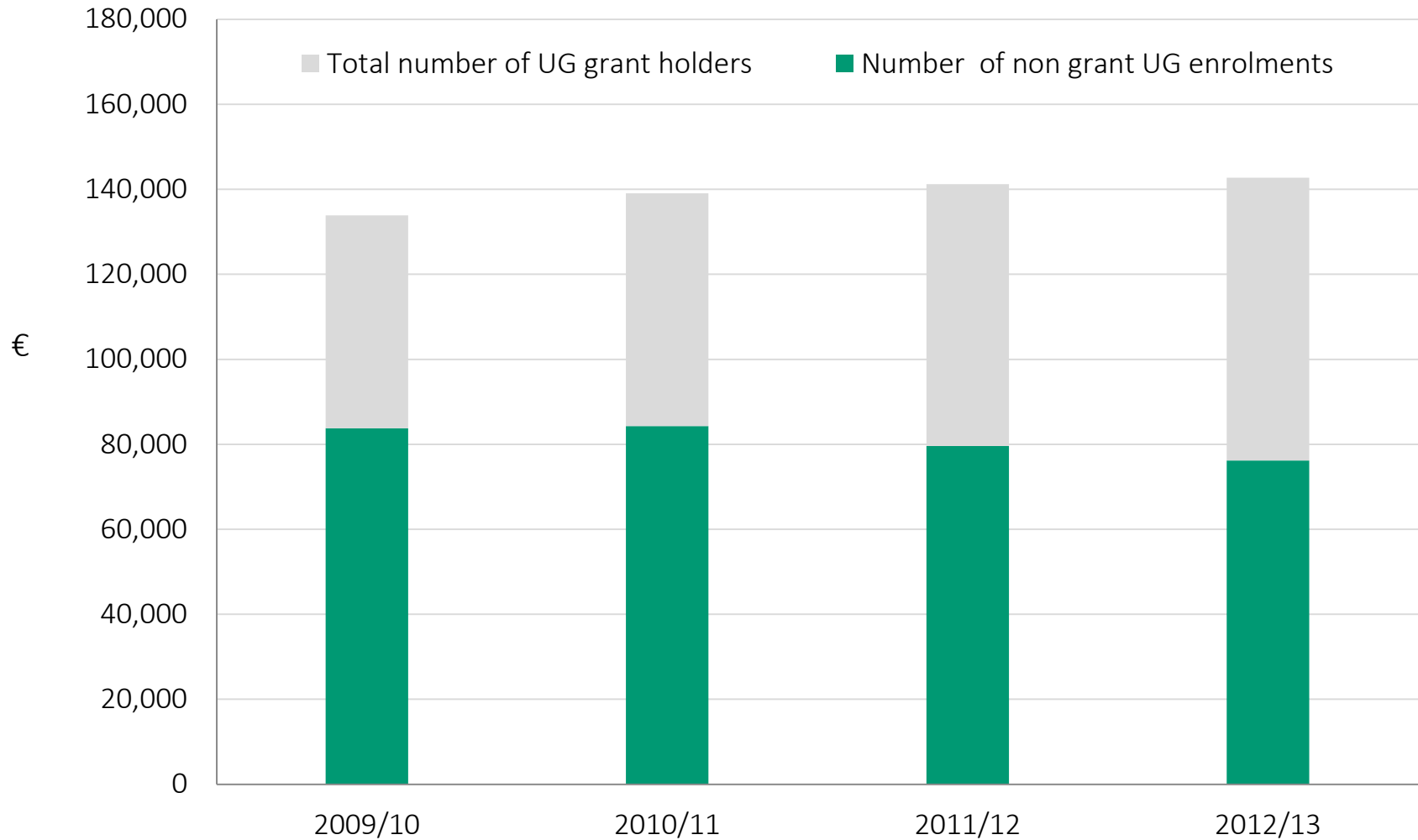
Growth in student numbers in HE



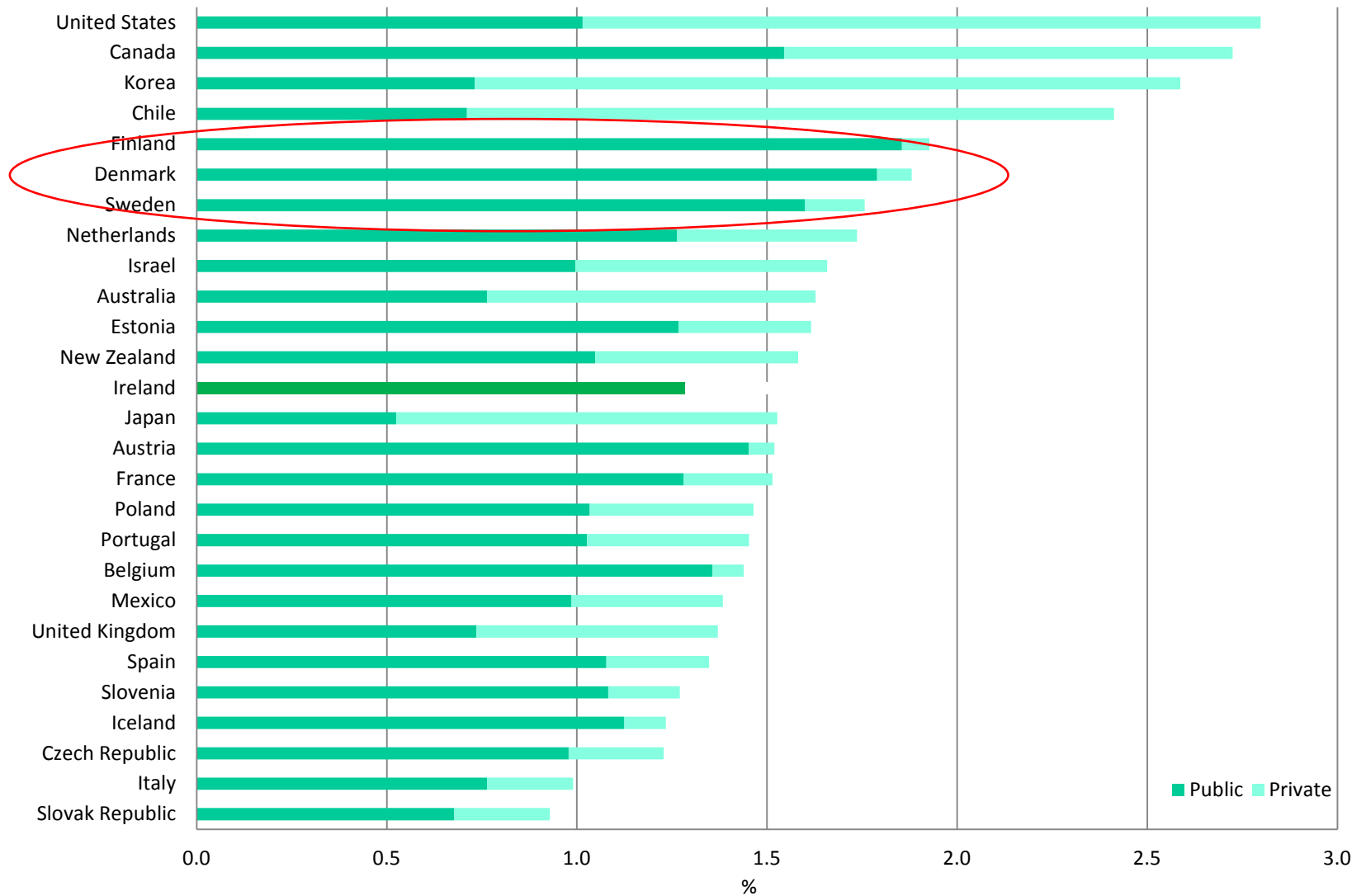
Trends in Exchequer Spending

		2009	2010	2011	2012	2013	2014
A	Current Expenditure	1,849	1,776	1,688	1,591	1,533	1,467
B	Capital	201	164	79	56	60	35
C=A+B	Total of above	2,050	1,940	1,767	1,647	1,593	1,502
D	'Free Fees' payments by exchequer included above	340	411	407	365	303	267
E	Student support payments by exchequer included above*	307	364	357	338	339	356

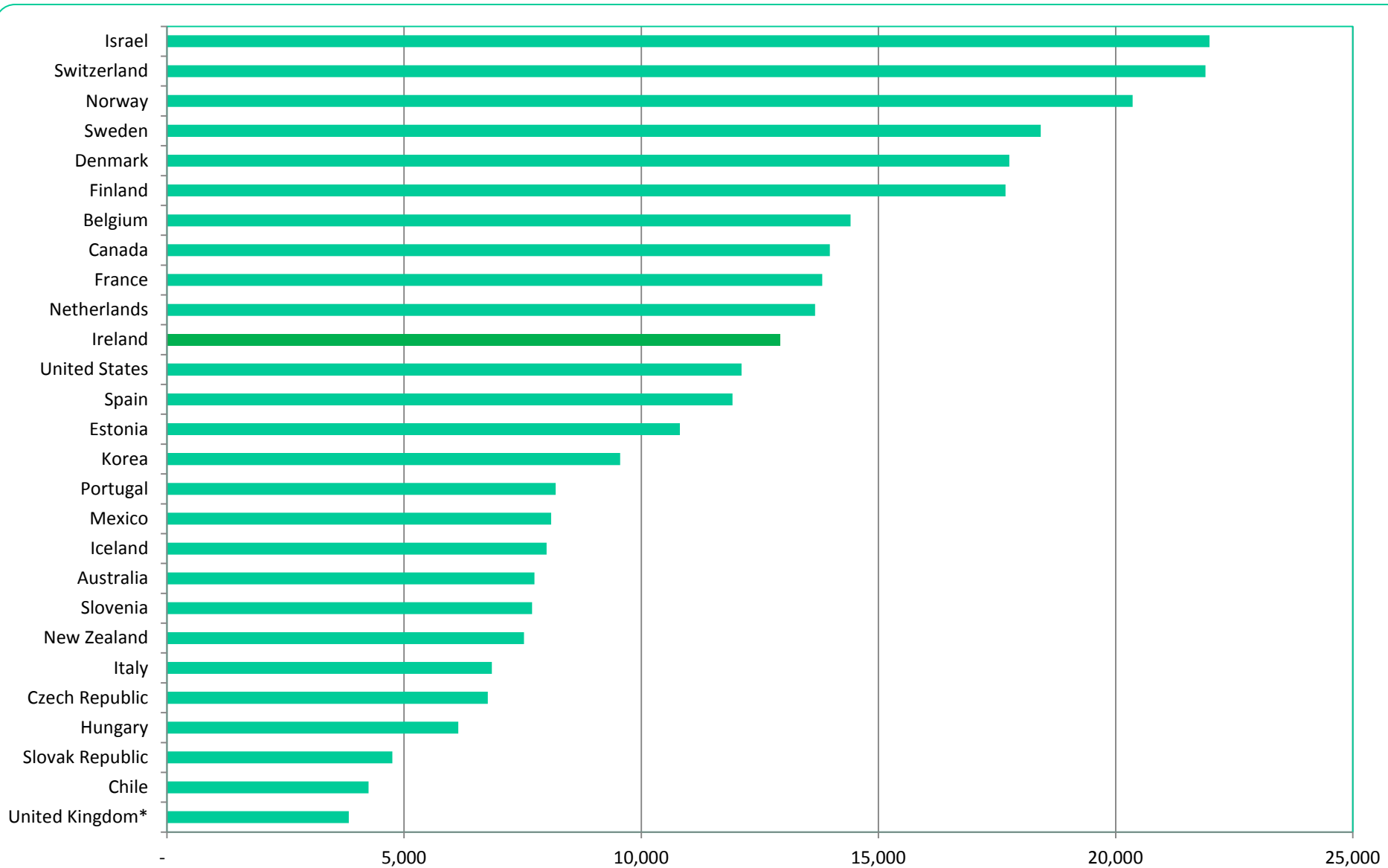
Undergraduate Grant Holders as % of all Full-time UG students



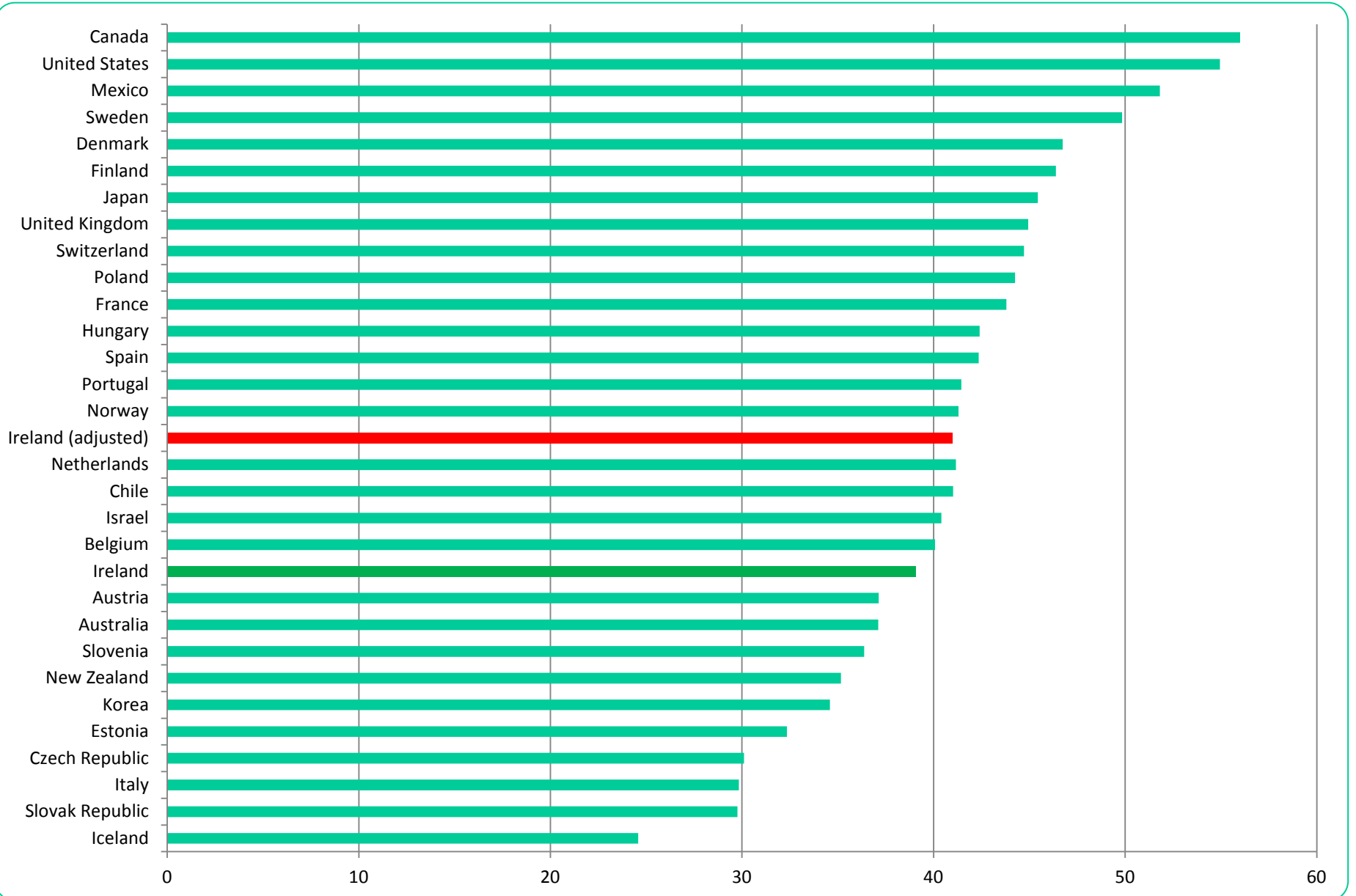
Total expenditure % of GDP (2010) – HEI's



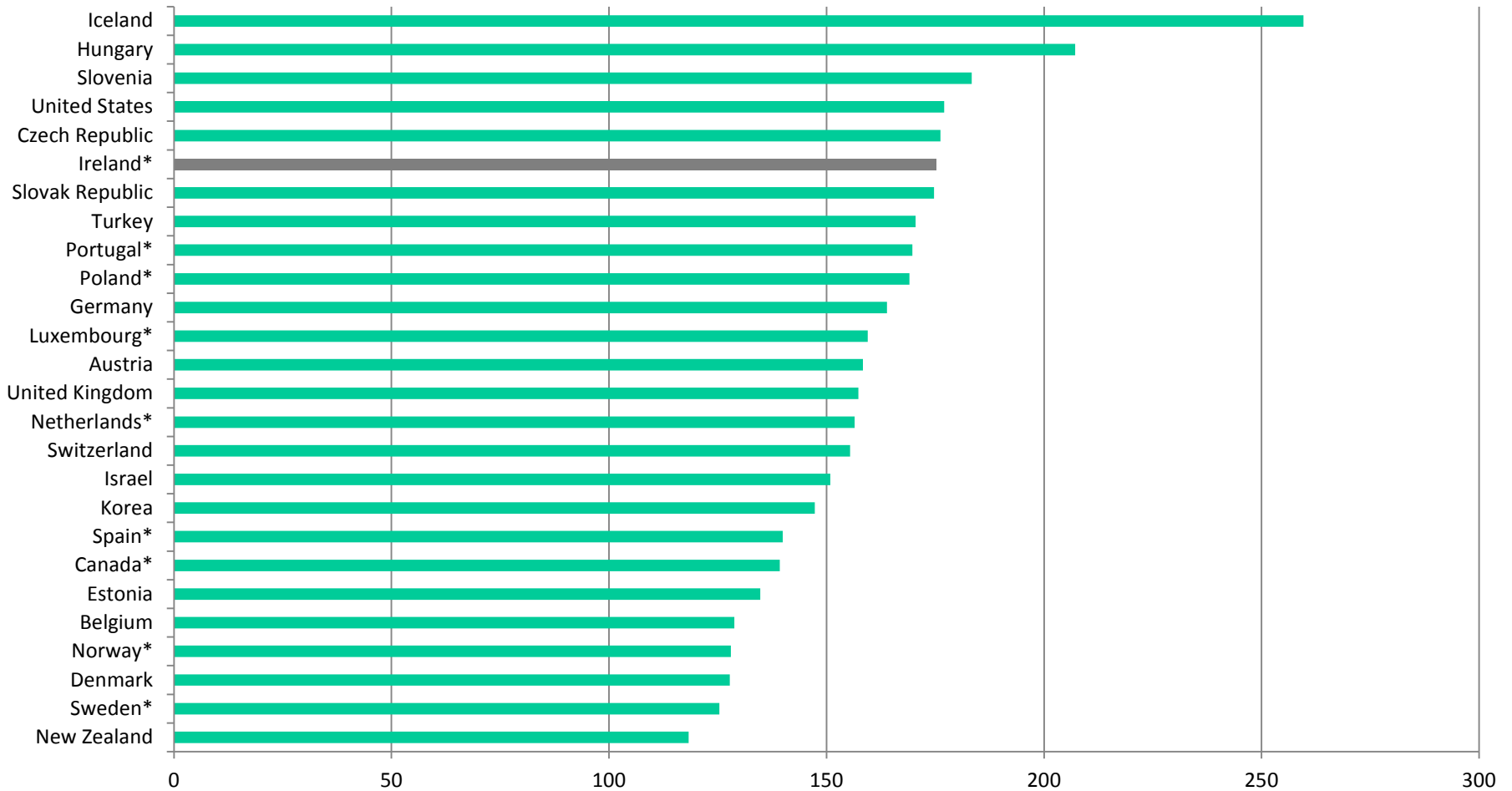
Public spend per student (2010) HEI's



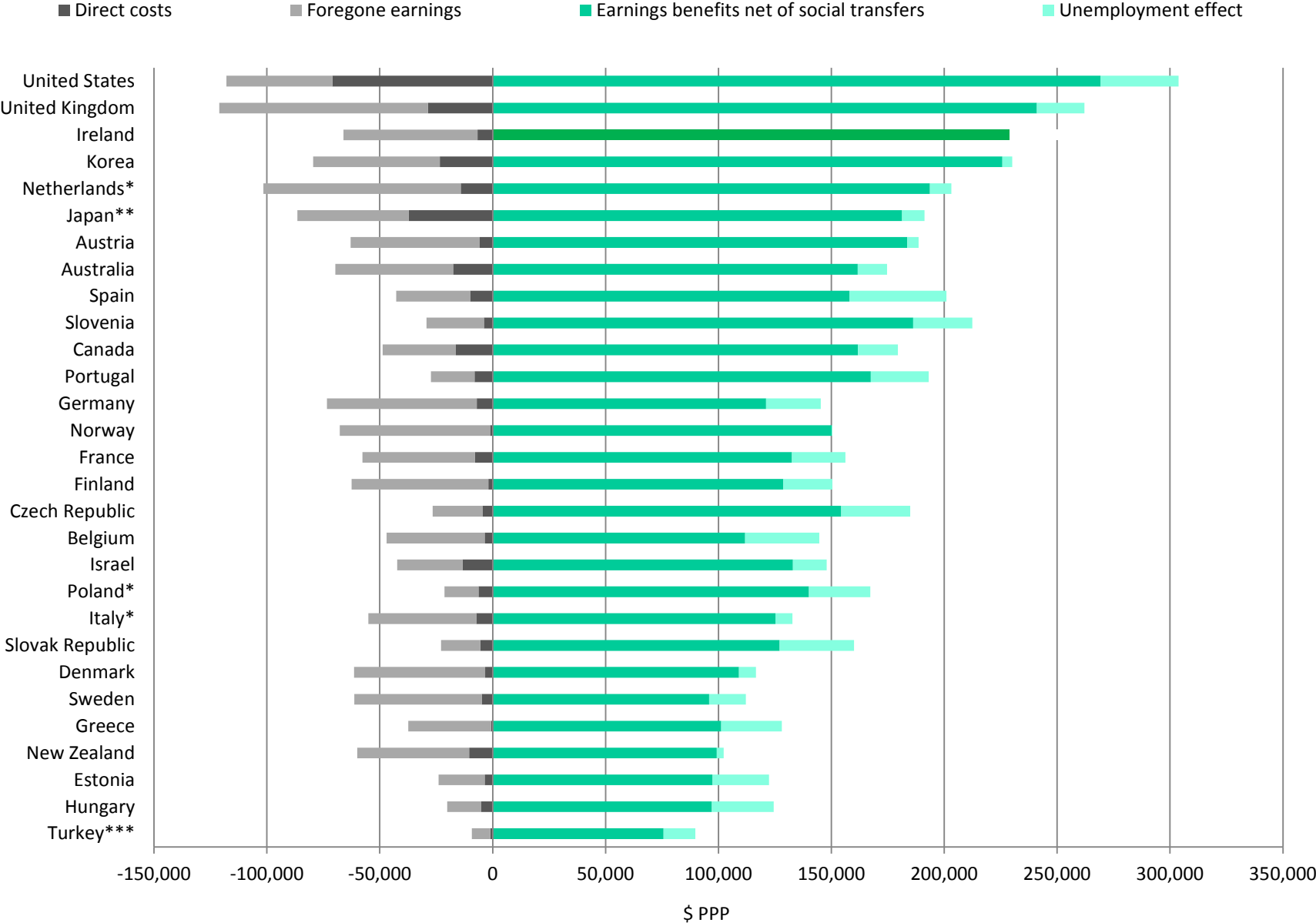
Total spend/GDP per capita



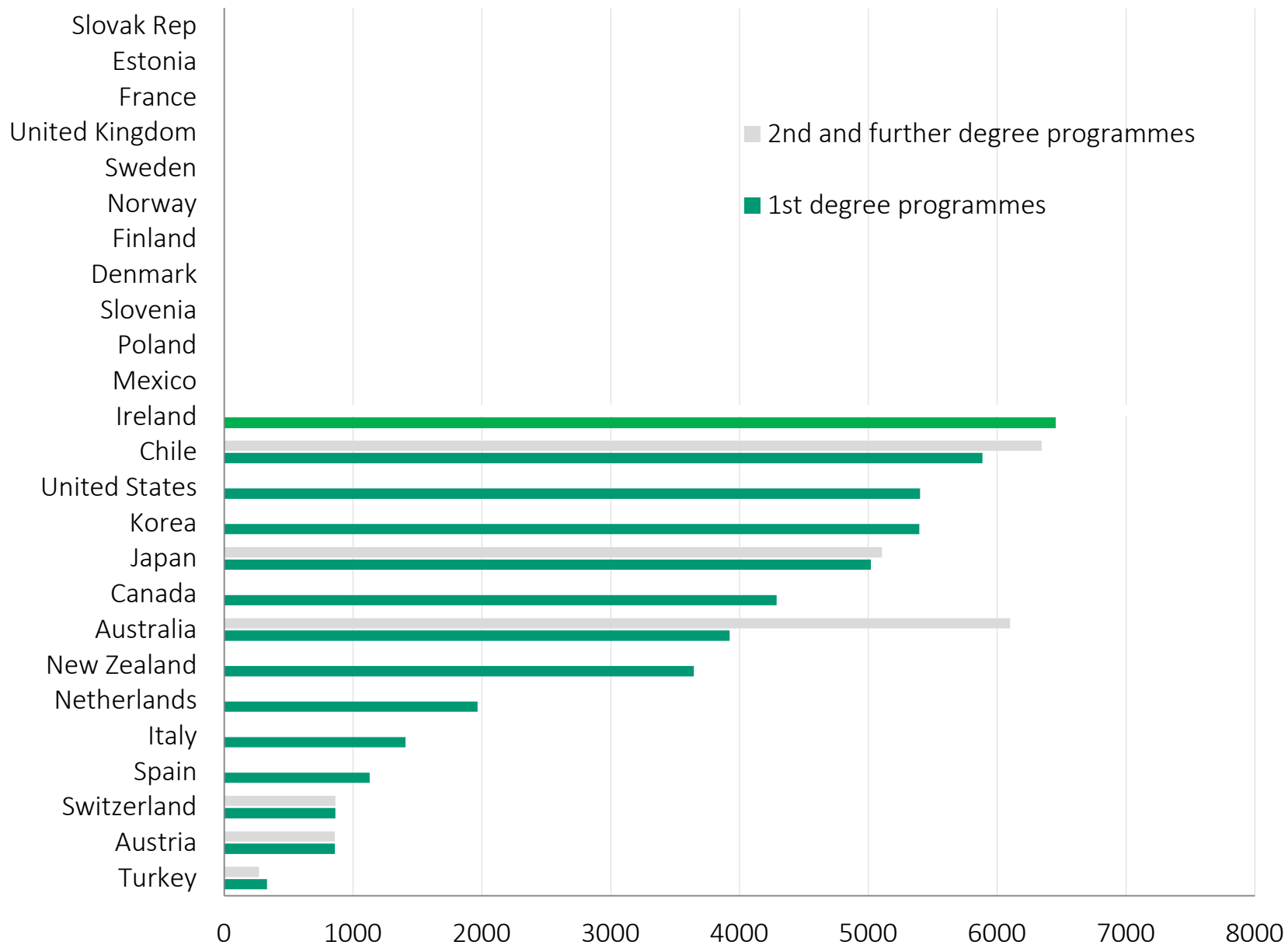
Relative gross earnings (25-64 yr olds) in employment in 2011



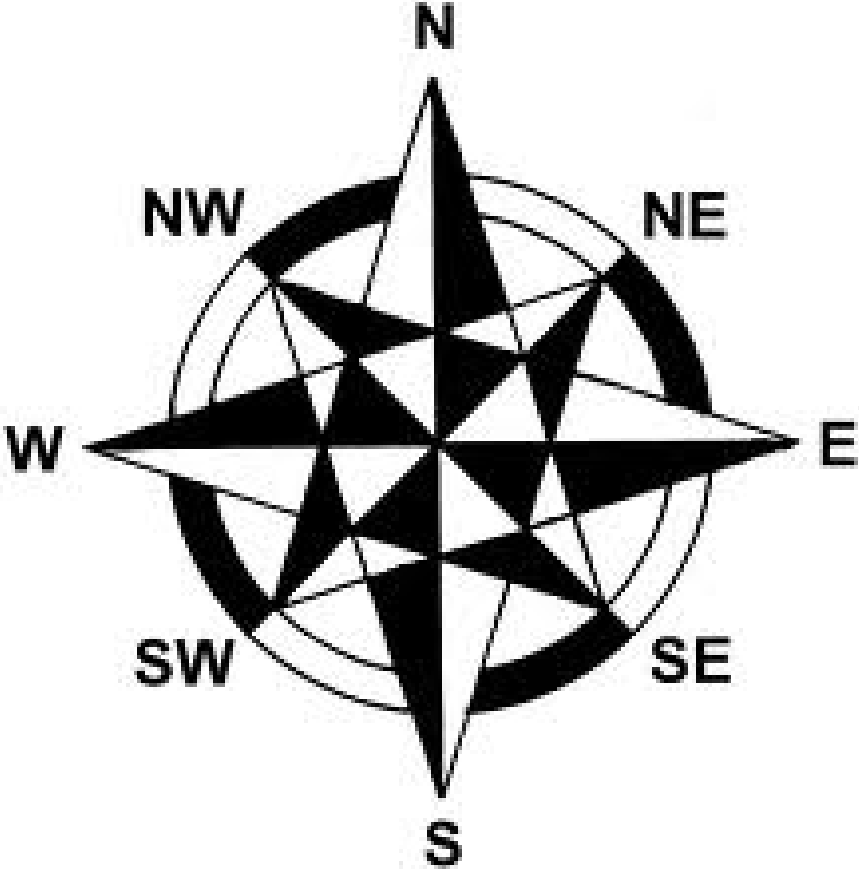
Private costs & benefits for women attaining tertiary education



Estimated annual average tuition fees charged by tertiary-type A educational institutions (2011)



Quo Vadis?



Nordic Route

- Do we break with tradition and head **North** to the 'Nordic route'
- High taxes, universal public goods and greater distributional equity (after taxes and social benefits)
- Low or no tuition fees for students
- Strong financial support for studying and living costs
- High spending on education – 2.1% of GDP on higher education

Anglo Route ?

- Do we continue to follow the present course
- Keep looking **East** to UK
- Characterised by ‘mixed-funding’
- High fees for students coupled with grants and loans
- £46 billion in outstanding loans to UK Government – at least 40% written off
- Lifting fee barrier has not led to price competition

American Way?

- Look West and follow the American way
- Higher education treated as a private good
- Very high student fees
- Paid for by large mortgage-style loans – often guaranteed against families assets
- Have significant funding streams from business and philanthropy

Mainstream European Approach Preferable

- €3,000 Euro registration fee should be capped from 2015 onwards
- To compensate for this have to raise public funding for higher education
- Funding from improved revenue buoyancy
- Higher taxes on income, spending or capital assets

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