

Building a World-Class System in Ireland's Financial Crisis

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Ireland is not the sole country to experience prolonged economic difficulties, based on the global financial crisis of 2008. Nor is it the only country whose higher education system has been rocked by structural change, aligned with or precipitated by public financial cutbacks. According to the European University Association, which is monitoring the situation, major reductions in public funding to higher education have occurred in Latvia (48% in 2009 and a further 18% in 2010), Italy (anticipated reduction of 20% by 2013), Greece (target reduction of 30%), and most recently the United Kingdom (40% reduction until 2014/15). Iceland anticipates reductions of 6–7 percent in 2011, atop 5 percent in 2010, while Estonia has faced cuts of 17 percent since 2009. In contrast, Scandinavian countries, France, and Germany are experiencing minor reductions due to increased student numbers or more funding.

Ireland's February 2011 general election threw out the Fianna Fáil party, which dominated government for 61 of the last 79 years and was blamed for mismanaging the economy. There are high hopes the new coalition of Christian and social democratic parties will be more sympathetic to higher education, which has become another victim of the country's difficulties.

The “Celtic Tiger” years, 1998–2008, benefited higher education, pushing it higher up the policy agenda. The core budget increased, and over €3 billion was invested in higher education research and infrastructure. Participation rates rose from 44 percent a decade ago to 55 percent today, and the target is 72 percent by 2020. Yet, Ireland spends only 1.2 percent of gross the domestic product (public and private) on higher education, well below the Organization for Economic Cooperation and Development average. Exchequer funding accounts for 85 percent of higher education funding compared with an OECD average of 73 percent. Expenditure per student is 15.5 percent below the top OECD quartile, if research funding is not included, or 28 percent below including research funding.

Since 2008, higher education will have experienced an overall 17 percent reduction in core funding. Because budget and student numbers are going in opposite directions, resources per student are declining more precipitously than headline cuts suggest, from a high of almost €10,000 to less than €3,000 per student. Employment levels are required to fall by 7 percent by 2014, while salaries have already been reduced by 5 to 8 percent; all new appointments have 10 percent–lower starting salaries. Accordingly, there is some evidence of talent flight by those attracted to Ireland by good salaries and well-endowed grants.

The government has sought to preserve research and development funding, likely to form a key part of its new employment strategy. After an initial reduction of almost 30 percent between 2009 and 2010, funding was increased again in 2011—albeit this varies across funding agencies and programs. The main change has been toward application-focused research, granted a 12.5 percent increase in 2011, with an emphasis

on commercialization and job creation. A parallel research prioritization exercise is likely to enforce these trends.

CHANGES AT THE SYSTEM LEVEL

The National Strategy for Higher Education to 2030 was launched in January 2011, written with the new environment clearly in mind. Rationalization and efficiency were identified as objectives, not simply outcomes of system restructuring. Hopefully, by pooling resources, the current crisis can be used to reconfigure the system to be more competitive. Maintaining quality with reducing resources remains, however, a challenge.

Irish higher education is generally described as a binary system, with 7 universities, 14 institutes of technology, 9 colleges of education, the National College of Art and Design, 2 non-state-aided private colleges, and a few other smaller national institutions for a population of 4 million people. In this context, not surprisingly, institutional alliances or mergers received considerable attention. Yet, despite a small but vocal chorus arguing for the preferential treatment and designation for both Trinity College Dublin and University College Dublin as world-class universities, the report resisted any such language. In fact, remarkably, there is only passing reference to global rankings and the words “world-class university” do not appear anywhere. Instead, focus is on the quality of the system, with recommendations placing considerable emphasis on the need for system coherence and consolidation and institutional diversity.

The intention is to both rationalize the number of individual institutions and improve overall efficiency. Some institutes of technology are encouraged to merge, in order to be designated technological universities. In the future, the system is likely to have three broad components: a small number of highly research-intensive universities, a middle group of regionally focused universities and one or two universities of technology with research capacity concentrated in specialist fields, and a broader base of teaching institutions comprised of the majority of institutes of technology. At the same time, all higher education institutions are urged to form themselves into “regional clusters of collaborating institutions (universities, institutes of technology, and other providers) to deliver on jointly agreed strategic objectives,” including sharing backroom services (procurement, information technology support, and e-library facilities).

To ensure all higher education institutions remain true to their mission and the system is sufficiently differentiated, a process of strategic dialogues will ensue between the Higher Education Authority (the government buffer agency) and individual institutions. Through this process, appropriate metrics for performance will be agreed, to which the government grant will be pegged.

The other major talking point is tuition fees. Abolished in the mid-1990s as means to widen access, the budget deficit has put the issue firmly back on the table. The national strategy favored increasing the student contribution, albeit it stressed this could only ever be a modest percentage of the overall cost of higher education. So far, the former and incoming governments have balked at the proposal—not least because any proviso for a graduate-tax or income-contingent loan scheme would be unworkable

in the current economic environment and when almost 25 percent of graduates emigrate.

IMPACT AT THE INSTITUTIONAL LEVEL

Changes at the institutional level were inevitable even before the recession—albeit the context and speed with which institutions have had to adapt has severely tested institutional decision making and implementation capacity. Departments have been merged, programs altered, and specific courses discontinued. Many widening-participation and other “noncore” initiatives, funded from strategic or targeted finances, are now under threat. The institutes of technology are experiencing the double whammy of a deteriorating financial situation, coupled with the implementation of a new-funding model, announced several years ago but being introduced now.

Under a national accord, faculty in the institutes of technology, but not the universities, have agreed to some workload changes. Institutions, however, have little ability to make fundamental changes (e.g., abolishing whole departments or programs) because all faculty are tenured. This means those on part-time or short-term contracts and the nonpay element of the budget have been most affected.

CHALLENGES FOR SMALL COUNTRIES

Ireland faces particular difficulties given the severity of the economic crisis and the prolonged recession. Many of the changes are broadly in line with what other countries have promoted—such as, significant system restructuring, coupled with increased regulation or managed-policy direction. Where Ireland does differ is in its emphasis on

a “whole of country strategy,” rather than seeking to create a few world-class universities. It wants to adopt a single-quality brand to enhance global competitiveness (e.g., “brand Ireland”). The national strategy sees all higher education institutions engaged in teaching, research, and engagement—with each institution seeking to achieve some form of unique global leadership.