

Book Review

“Review National Policies for Education: Review of Higher Education in Ireland Examiners’ Report”, Paris: OECD.

I INTRODUCTION

In 2003 the Irish Government invited the OECD to undertake a review of the higher education system. The resulting Examiners’ Report was published in September 2004 and it makes 52 specific recommendations on: governance and structural aspects of the higher education system (Chapter IV); strategy, management, finance and governance of individual higher education institutions (HEIs) (Chapter V); Participation and Lifelong Learning (Chapter VI); Research and Innovation (Chapter VII); strategic management of the system (Chapter VIII); the international dimension (Chapter IX), and the need to reform student finance and re-introduce undergraduate tuition fees (Chapter X, whose title – *The need for further investment in Irish tertiary education* – seems to conceal the location of the report’s most controversial and incisive recommendation).

The higher education sector has been the subject of significant policy interventions in recent times. Some, to these observers, are very positive – such as the large increase in research funding that is now available. Some are not so positive – the abolition of tuition fees for undergraduates is a prime example. Looking at the references contained in the Review, one is reminded that public policy for higher education and research has been the subject of several major reports in recent years. One cannot help feeling that, like other areas such as health and public transport, there may be an overabundance of reports and recommendations in relation to policy development. Whether reports are followed up with decisions, or at least with decisions that flow from the recommendations, is a moot point.

In this context, the OECD report is timely, because it draws together many recommendations and insights from previous more specialised reports, and also because it makes a series of very specific recommendations for policy actions. It could have been more critical of bad decisions in the past, and more analytical about potential decisions for the future. In any event it is surely the case that we have now got enough analysis, and that it is time for some follow through in terms of actual implementation of policy measures.

II SUMMARY OF MAIN RECOMMENDATIONS

Of the 52 recommendations made, what are the really central ones? In our view they can be combined into the following:

- Preservation of the binary structure of Higher Education Institutions (HEIs), but with a new Tertiary Education Authority (TEA) to replace the HEA. This would release the Institutes of Technology (IOTs) from the very restrictive management approach adopted by the Department of Education, which at present inhibits IOT development.
- A revamped formula-based funding system to be operated by the new TEA, differentiated as between Universities and IOTs and incorporating appropriate incentives to develop research excellence and broaden student intake.
- A thorough rationalisation of the research funding bodies, and in particular the merger of the Science Foundation of Ireland (SFI), the Irish Research Council for Humanities and Social Sciences (IRCHSS) and the Irish Research Council for Science, Engineering and Technology (IRCSET) into something along the lines of the NSF in the United States.
- The re-introduction of tuition fees for undergraduate programmes, thus reversing the 1995 “free fees” policy, subject to two conditions: (i) a re-vamped and extended system of student aid, and (ii) the net balance of resources generated to accrue to HEIs. In addition the abolition of discrimination against part-time students (who at present must pay tuition fees) is recommended.
- Finally, running through the report there is extensive discussion of the strategic planning framework at national, sectoral and institutional levels, with several detailed recommendations for new or changed institutional arrangements.

Many of the report’s recommendations are not only eminently sensible, they reflect policy measures which have been advocated for some time, but which have never been implemented. The main recommendations are reviewed in detail in the following sections (III to VIII).

III EXTENDING THE REMIT OF THE HEA

A good example of a long overdue and often-advocated change is the situation of the IOTs. This has cried out for reform ever since they were given new governance structures under the RTC Act of 1992. The Act gave the IOTs (then called RTCs) independence from local Vocational Education Committees, but they have continued to be financed directly by the Department of Education and are subject to extremely restrictive budgetary procedures and perverse financial incentives. The OECD team’s recommendation for an extended and restructured HEA (the proposed TEA) which would operate with separate committees for Universities and non-University

institutions (mainly IOTs), and which would have a small over-arching board to co-ordinate policies is surely one of the most obvious and urgent reforms to be undertaken.

The report is quite firm in recommending the retention of the present University/IOT binary structure, hence the separate committee structure for the TEA, operating under the direction of a board for the entire tertiary system, which is designed to prevent “mission creep”. One specific recommendation is for IOTs (except for DIT) to discontinue doctoral level work, which may imply a degree of over-reach by some IOTs in recent years. However, the survey team clearly see a greater role for research co-operation between Universities and IOTs, especially in areas where the latter have comparative strength.

IV FORMULA FUNDING

The report recommends that the HEA or its successor body adopt a new formula funding scheme, with a somewhat greater role for strategic funds allocated partly by competitive procedures – 10 per cent to 15 per cent as opposed to the present level of about 5 per cent. Formula-based funding will pose a much greater challenge to the IOT sector, which has had little experience of financial autonomy under its existing funding arrangements. The recommendation is that while the basic methodology for funding should be similar across the two parts of the system, there should also be an appropriate differentiation in the details of the sectoral formulas.

The recommendations about formula funding should also be welcomed unreservedly, even if in their existing form they are somewhat sketchy, and are confined to the enunciation of very general principles. Keeping the formula simple and transparent should be welcomed by anyone who has tried to understand the over-complex funding arrangements now used in the UK, which recently seem to have generated unintended consequences (for example the closure of Chemistry departments).¹ Keeping incentive funding for recruitment of less-advantaged students separate from the core funding formula is similarly to be welcomed. Clearly the HEA and its successor body the TEA will have a lot of detailed work to do prior to any implementation, especially when the IOTs are brought within the ambit of formula funding.

V RATIONALISING SUPPORT FOR RESEARCH

Table 8, page 38 of the report shows 13 funding channels and agencies for research in the higher education sector (more than 13 if the research councils are identified separately). There is a clear need for rationalisation as the different agencies and channels have developed in an *ad hoc* way, and now spend large amounts of money (€422 million in 2003 and a projected €765 million by 2010). The merger of Science Foundation of Ireland (SFI), the Irish Research Council for Humanities and Social Sciences (IRCHSS) and the Irish Research Council for Science, Engineering and

¹ The inclusion of an element of Research Assessment Exercise (RAE) related funding in core grants to institutions seems to have made all but the highest-scoring departments in some areas unviable.

Technology (IRCSET) into a single body is perhaps the most dramatic single proposal. The report also differentiates between research *infrastructure*, which it sees being financed in large measure by strategic national and regional investment funds as well as the HEA/TEA, and research *projects and programmes* which are more appropriately financed through a research council or councils. The proposals, while welcome, also raise some concerns:

- The very significant development of a flagship programme in the sciences with SFI has emerged through an intense reliance on the peer review process as the driving force for securing credibility internationally. This particular agency has also been able to develop a funding model implicitly linked to national priorities. This agency is not a source of support to large areas of research (particularly in economics and other social sciences and the humanities) mainly because the relevance of these subjects was not the focus of Technology Foresight reports. This is a pity – Economics as a discipline in Ireland is a good example of a subject that can claim to be reaching international standards of excellence (particularly if you cluster the research activities of our universities together for assessment purposes) but instead SFI investment has focused on building a comparable level of excellence from a green field site in the science and engineering fields. Moreover while proving relevance is an important aspect of public investment in research it must always be the case that excellence remains the driving force.
- While a solution might take the form of one large research council (as recommended by OECD), one would have to be careful to avoid marginalisation of the social sciences and the humanities by such a structure. The OECD proposals allow for continued special funding of research in Agriculture, Medicine and the environment, which heightens the potential for neglect of the research funding for the humanities.
- The linking of research funding to doctoral programmes would seem to follow a natural sciences model: the linkage is weaker in humanities and the social sciences, and this is an area where further debate and clarification will be needed. However, support for doctoral students linked to research institutes and programmes is increasingly important at the EU level, which will be an important influence on policy and practice in Ireland.

VI STUDENT FINANCE

Perhaps the most publicised of the report's recommendations was that the 1995 so-called "free-fees" initiative be discontinued. The OECD team gives three main criticisms of the 1995 policy: (i) it did not (as had been hoped) lead to improvements in participation by disadvantaged groups; (ii) it was inequitable in that families with high incomes who could afford to pay fees were given significant benefits; (iii) there are high private rates of return to tertiary education. In criticising the "free fees" policy, the OECD team could have made a stronger case, and some of their criticism of the policy is beside the point. Take for example the issue of participation of disadvantaged groups. The fact that this did not apparently improve since 1995 means very little: many other

things changed in the youth labour force during the Celtic Tiger years, most notably the large reduction in youth unemployment, which increased the opportunity cost of staying on in fulltime tertiary education.² It was always likely that this would have its greatest effect on those from social groups with relatively weak ties to higher education. The real indictment of the “free fees” policy in our view lies in the way in which huge differences in educational attainment occurring long before any tertiary-specific policy could have any possible effect,³ and which would have been a more appropriate focus for resources allocated to overcoming social disadvantage.

Criticising a misguided policy is one thing; what is more important are proposals for changing or replacing that policy. Here, the report is disappointing, not well focused, and bears the hallmark of over-hasty drafting. The relevant recommendation in the report (No. 50, page 59) reads: *That, subject to means testing, fees for undergraduate study be re-introduced and the “Free Fees” policy withdrawn.* This recommendation begs a number of questions:

- Timing: re-introduction of tuition fees would have to be phased in, as currently-enrolled undergraduates can claim to have legitimate expectations of free tuition. Therefore it would be over four years before the policy would take full effect
- Scope: prior to 1995, undergraduate tuition fees applied to degree programmes only, and the IOT sector was largely “free” under EU programmes (ESF, and later ATS). This policy was in itself inconsistent and arbitrary,⁴ and there is seemingly no awareness that charging fees for all IOT programmes would be more than just a reversal of the 1995 policy, or that not charging for them would be a return to an arbitrary regime.

The report recommends a series of measures which it maintains would compensate for any inequities which might otherwise arise from charging tuition fees:

² See Harmon, C. and J. Sheehan, 2004. “Pricing and Investment Decisions in Irish Education”, *Irish Banking Review*, Spring. The increased opportunity cost of fulltime education between 1994 and 1998, using *expected* (i.e. adjusted for the decreased probability of unemployment) earnings for those with Leaving Certificates, was €2,300, which was close to the decrease in costs arising from free tuition.

³ For example, see *Supporting Equity in Higher Education* (Department of Education and Science, 2003), Ch 1, p. 6. In 1999, the proportion of children of Higher and Lower Professionals getting less than five “D” grades in the Leaving Certificate was 9 per cent, for children of Manual workers it was 28 per cent and Unemployed 51 per cent. These low grades effectively rule out direct entry to higher education via the usual CAO route.

⁴ Courses in the RTC (and later the IOT) sector were developed so as to maximise support from the European Social Fund (ESF). The rules governing the ESF did not allow for charging of tuition fees. Students on Diploma and Certificate programmes were generally referred to as “trainees” in ESF-related documentation. This is not to deny the success of the IOTs in providing highly skilled manpower, but the financial framework was always opportunistic rather than developed from sound principles.

- make fee remission subject to a means test;
- reform the existing means-tested student subsistence grant support scheme and implement the de Buitleir review report;⁵
- extend means-tested fee remission to cover postgraduate and part-time tuition;
- establish a student loans scheme for those whose means do not qualify them for fee or subsistence grants. This would include an interest subsidy financed by the Government, and would be implemented in conjunction with the banks “and other financial partners”.

There are other ideas floated for consideration in the report such as having fee remission for the first three years of undergraduate study only, and implementing a policy along the lines of the Australian HECS (Higher Education Contribution Scheme). There is little by way of detail, or of examination of the practical or implementation issues arising from these suggestions. Bright ideas are one thing; serious policy proposals are something else.

VII RESOURCES FOR HEIs

Related to the return of tuition fees there is a recommendation regarding the level of resources going to HEIs, and which is of central importance to institutions, even though it is only two lines in the main text. It appears as the following formal recommendation (no. 52, Page 59): *That if tuition fees for undergraduate studies are re-introduced, it should be automatic that the additional income is not offset against reductions in state income and should therefore represent a real and tangible increase in HEIs' resources.* While those in higher education will welcome this recommendation, it has some disturbing implications. If (as seems likely) the nettle of tuition fees is not grasped, does this mean that no extra real State resources should go to higher education institutions? There would seem to be a confusion at the heart of Recommendation 52: if one accepts that HEIs are inadequately resourced then this is a problem which needs to be rectified irrespective of the tuition fee issue. Tuition fees are one important means by which the HEIs' resource deficiencies may be overcome, but these deficiencies, if they are real, need to be addressed irrespective of changes to the tuition fee regime.

VIII THE STRATEGIC PLANNING FRAMEWORK

Some aspects of the report's proposals in this area have already been referred to in respect of the extended remit for the HEA and the structure proposed for its successor body, the TEA. There are important additional elements in the proposed framework:

5. See *Report of the Advisory Committee on Third Level Student Support*, 1993. Department of Education.

- At the national level it is proposed that a new National Council for Tertiary Education and Innovation be established. This would be chaired by the Taoiseach and have representation from relevant Government Departments (Education, Health, Agriculture, Enterprise Trade and Employment, and Finance). The purpose of this Council would be to set broad strategic goals for the higher education sector as a whole, and to integrate these with general government strategies such as those contained in the National Development Plan (NDP).
- The appointment of a Chief Scientific Adviser to the Government, reporting directly to the Taoiseach.
- The creation of three funds for strategic development: (i) a fund for national priorities; (ii) a fund for regional development and (iii) a fund to support institutional development strategies. The first would be a continuation of PRTL, the second (managed by the Department of Enterprise, Trade and Employment) would be directed mainly at the IOT sector and the third would be part of the revised HEA/TEA funding mechanism.
- The development of new formula and incentive funding mechanisms by the HEA/TEA, which have already been referred to, and which include a greater role for strategic competitively-allocated funds (10 to 15 per cent of recurrent funds) than at present (about 5 per cent).

The proposed structure for governance and strategic management of the tertiary system is shown in Figure 2, page 45 of the report. This organogram shows an extremely complex set of interactions between entities such as the TEA, the SFI, Government Departments, the Taoiseach and Tanaiste, the Chief Scientific Adviser, the National Qualifications Authority, the Quality Assurance Authority, the National Council for Tertiary Education and Innovation, and the strategic development plans of the various individual HEIs. One wonders whether such complexity is conducive to focused and truly strategic policy making and implementation. However, it must be said in defence of the proposals, that the business of setting goals and managing a higher education system is by its very nature a complex matter, and that simple top-down, command-and-control systems are not appropriate for the diverse world of higher education and research, with its high degree of institutional autonomy.

IX SOME GENERAL ASPECTS

The OECD report, while containing many extremely welcome recommendations, has some significant general weaknesses:

- It suffers from hasty drafting and inadequate editing – on page 19 UCD is mislabelled UCC! Some of the acronyms (with can be a menace in almost any general discussion of higher education) are inadequately referenced. The discussion of recent trends in public expenditure on pages 14 and 15 is very cursory, given the importance of this issue in the report's recommendations (for example, there is no dis-aggregation by sub-sector).

- Some potentially big issues are overlooked. Thus, the report acknowledges that salary structures should be more flexible in order to attract high-calibre researchers (page 24) and that human resource policies in universities need to accommodate more rewards for high performance (page 27). The combined effects of these policies will put added strain on salary budgets, unless they are offset by lower staffing ratios or increased use of lower-paid and non-tenured junior staff. If these offsetting savings are realised, then academic careers will be more risky (as measured by the variance of expected rewards), and therefore less attractive, unless mean expected rewards increase. What are the strategic implications of a possible failure to attract the most able people into academic life? The report is silent on this.
- The report does not acknowledge the extent to which its suggested reforms are already being implemented by individual HEIs. For example, University presidents are now generally chosen by search and interview, rather than by the traditional elective process. The practice of separating the roles of chairman and chief executive is already being implemented. Limited terms for heads of departments are already the general rule. Extra pathways to full professorships are already being opened up in quite significant measure. Universities are taking significant initiatives in developing modular courses, but are being prevented from exploiting the potential benefits of modularisation by perverse government rules on fee-charging for part-time students.
- The report's recommendation for smaller governing bodies with lay majorities is in our opinion flawed. It may increase resistance to change if it reduces the voice of those most likely to be affected by change. The nominations committee system for appointment of lay members looks like a system for creating a self-perpetuating group. The recommendation does not seem to take sufficient account of the distinction between governance and management.
- The report makes quite valid, if predictable, observations on the need to increase R&D effort and effectiveness in higher education, particularly in Science and Technology. However, there appears to be insufficient appreciation of a major long-term constraint: the calibre of student intake into these areas, as evidenced by low CAO points for Science, Engineering and Computer Science courses. This may be contrasted with the concentration of the most able students on professional courses in the Legal and Medical areas: could this be evidence of rent-seeking which is detrimental to the optimal allocation of scarce talent?
- At times, there is insufficient appreciation of the significance of international mobility of highly-skilled professionals. Thus on page 37 the Review expresses the fear the insufficient number of doctoral students may ultimately constrain levels of industrial R&D as well as the research intensity of Ireland's university system. Young researchers are highly mobile, and will come to Ireland given appropriate incentives. Conversely, the production of more PhDs is no guarantee of subsequent Irish research activity (just as the output of medical graduates does not guarantee a corresponding domestic availability of medical practitioners).

- There is no real consideration of the full implications of the Bologna process: something the Irish Government signed up to, but without facing up to some of the consequences for resources. Central to this is the specification of a Master's degree as requiring 5 year study, or 300 ECTS credits. HEIs (or rather students) with 3-year undergraduate degrees are going to face acute difficulties with this: either undergraduate degrees will have to be 4 years minimum, or Masters degrees will have to increase from one year to two.

A final verdict: a lot of good ideas, not always well-enough argued, and (no fault of the authors) a likely failure of political decision-makers to grasp the central issue of tuition fees.

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