

Should Employers Fund Higher Education?

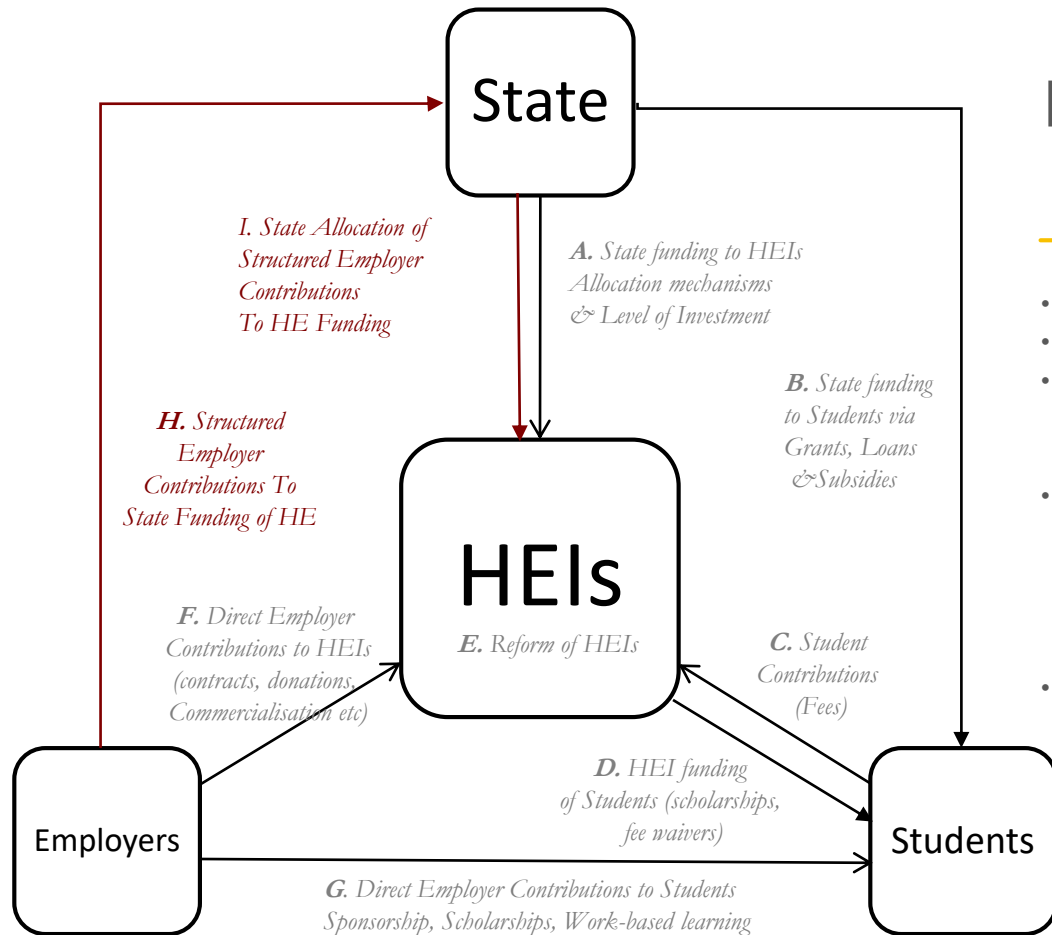
Dr. Deirdre Lillis, Dublin Institute of Technology





As a key beneficiary of higher education,
why aren't Employers asked to fund it?

{Asked more often... to part-fund...in some way...according to some principles}



HE Funding Literature

- State funding of students and HEIs (A,B,C)
- HEI reform for efficiency and effectiveness (E)
- University-Industry Interactions (F,G)
- Gap in literature (as a result of gap in practice) on
 - Structured Employer Contributions to the State Funding of Higher Education
 - State Allocation of these contributions to HE
- Structured Employer Contributions widespread in FET
 - National Training Levies / Funds
 - Apprenticeship models / Sector-specific training

Structured Employer Contributions to the State Funding of Higher Education



Ireland : **Report of Expert Group on Future Funding for Higher Education** (March 2016). “Cassells Report”

*“...the Group is strongly of the view **that the third major beneficiary** of higher education – employers – must also make a contribution towards the funding of the system...**It is acknowledged that employers already contribute financially to higher education However, the scale of benefits accruing and the principles of fairness and balance discussed above suggest that employers should contribute more...***

*Employers already contribute to training initiatives **via a levy to the National Training Fund (NTF)** and the Expert Group proposes that this is the most appropriate vehicle for developing a funding contribution to higher education.*



Department of Public Expenditure & Reform **Consultation Process** (March 2017)

Posed questions based on the assumption that Employers would make a structured contribution to HE through use of existing National Training Fund.

[Tax on individual employees reckonable earnings collected social insurance contributions – proposal was to increase from 0.7% to 1.0% over 3 years]



10% of National Training Fund allocated to HE in 2017 (mainly to ‘close-to-employment’ skills shortage programmes)



Exploratory Research

Document Analysis / Content Analysis

Participant Observer



Consultation process responses (all major Employer and HE representative organisations, other education providers, trade unions etc).
Bias: Assumed NTL would be increased; underrepresentation of student voice and FET in the responses.



Dail : Parliamentary Questions, Oireachtas and Education Committee Debates



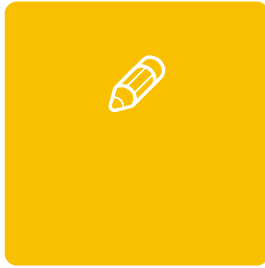
News articles, opinion pieces, blogs



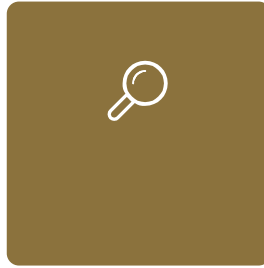
Conferences, Seminars and events



Key Themes



QUALIFIED SUPPORT
For a Structured
Employer
Contribution



**CONDITIONS
OF SUPPORT
& CONCERNS**

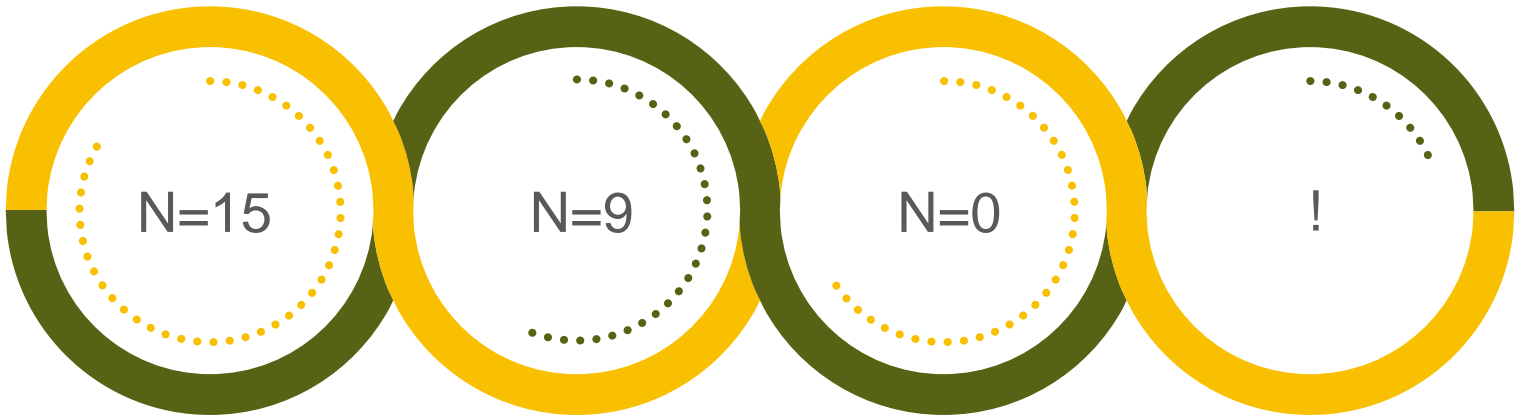


QUALIFIED SUPPORT
To use the National
Training Levy/Fund



ALTERNATIVES
Of similar scale

Theme 1 Qualified Support for a Structured Employer Contribution



Clear unqualified support for the principle as part of a balanced funding model (n=15 of 28). Mainly Education but including three Employer representatives.

Qualified / conditional support (mainly Employers)

Outright rejection of proposal

Biased questions. Small increase to an existing Levy being proposed.

Theme 2 Conditions and Concerns



Reform Governance of National Training Fund

including use of surplus funds and ring-fencing additional funding for HE



Reform Employer-Education engagement models

(employers need more influence on HE provision, dangers of too much Employer influence)



Reform National Training Fund usage across HE

and FE sectors – strategic review of skills provision; re-purposing funds between ‘in-employment’ and labour market activation etc.



Sector specific concerns

(SMEs in particular, Hotel industry, research skills, Arts & Humanities, etc)



Structured Employer Contributions must be **part of a**

balanced funding model and are additional source of funding (not a replacement).



Reform of Higher Education Institutions and HE

provision

Theme 3 Mechanisms for Structured Contribution



Agreed that **National Training Levy is most appropriate mechanism** (mostly Education)

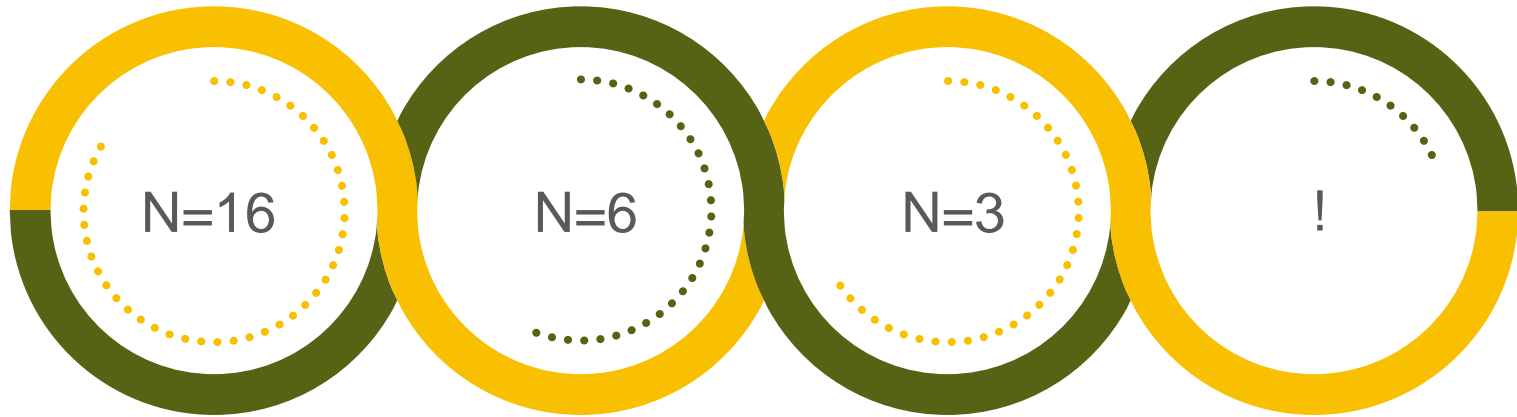
Qualified/Conditional support for using the National Training Levy (mostly Employers)

Clear rejection of using National Training Levy (notably 5 Employer **SMEs representative*** groups)

Presumptive Questions
National Training Levy exists.
Concerns included reform of the NTL and “one size does not fit all” re Employers

**Does “Employer” need more nuance in this debate? Tax profits not employees?*

Theme 4 Alternatives of Similar Scale



No alternatives proposed

Expand/Reform
Apprenticeship models

Corporation Tax ring-
fencing or increases in
corporation tax

Familiarity with and ease of
implementation of NTL increase

Nuances of Irish Context



National Training Levy/Fund exists for FET, labour market activation and other training



Strong FDI & Multinational presence (particularly US MNCs) driving skills demand in some sectors. High percentage of GDP from corporation tax.



High percentage of graduates in workforce



Unemployment trends (from 16% in 2012 to 6% in 2018) and Emigration/Immigration.

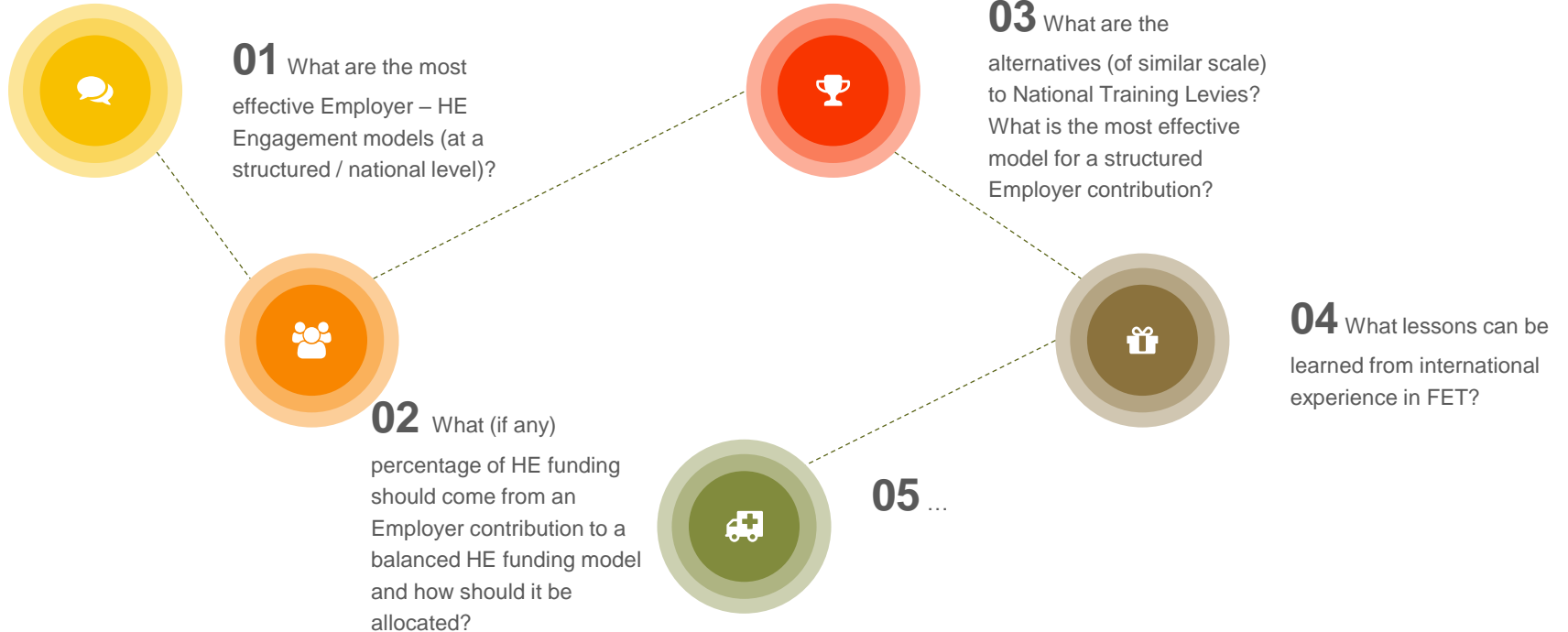


Growing demographics and demand for HE (+27% by 2028 over 2015 levels)



Less than OECD average spend on HE

Future work





Thank you

Deirdre.Lillis@dit.ie