CONSULTATION ON PROPOSED EXCHEQUER-EMPLOYER INVESTMENT MECHANISM FOR HIGHER EDUCATION AND FURTHER EDUCATION AND TRAINING – KEY THEMES EMERGING

DES Presentation
Consultation Forum
31st MAY 2017
MULTI STRANDED APPROACH INVOLVING GOVERNMENT, EMPLOYERS AND STUDENTS RECOMMENDED IN CASSELS REPORT

THE AIM OF THE CONSULTATION IS TO EXPLORE WITH EMPLOYERS THE BALANCE BETWEEN IMPACTS (ON COMPETITIVENESS AND PRODUCTIVITY), BENEFITS (OF SKILLED HUMAN CAPITAL) AND COSTS (OF 0.1% NATIONAL TRAINING FUND LEVY INCREASE IN 2018, 2019 AND 2020) OF THE PROPOSED INVESTMENT MECHANISM

IMPORTANT OPPORTUNITY PROVIDED BY THE CONSULTATION PROCESS TO HIGHLIGHT AREAS WHERE THE LINKAGES AND ENGAGEMENT BETWEEN ENTERPRISE AND THE EDUCATION SECTOR CAN BE REINFORCED AND INTENSIFIED TO ENSURE A STRONGER ALIGNMENT WITH KEY WORKFORCE NEEDS – BOTH PRESENT AND FUTURE

AIM OF CONSULTATION
- Challenge and opportunity involved in leveraging Ireland’s favourable demographics for competitive advantage.
- The importance of continued investment in Ireland’s human capital, particularly in the context of Brexit and changing international situation.
- Contribution to supporting national competitiveness, strong levels of productivity growth and innovation – at firm, at regional and at national level.
- FET and HE not only deliver high level improvements in labour market outcomes such as employment rates and earnings but the benefits extend beyond the labour market into wider societal gains such as better health and greater participation in social and political life.

Some impacts and benefits
COSTS (1)

PRESENT ANNUAL INVESTMENT IN IRISH FET AND HE = c. €2.7 billion, made up by

- STATE CONTRIBUTION = c. €1.6 billion
- STUDENT CONTRIBUTION = c. €0.7 billion
- EMPLOYER NTF CONTRIBUTION = c. €0.4 billion

IRISH HIGHER EDUCATION FACES AN UNUSUALLY LARGE FUNDING CHALLENGE ..... RELATIVE TO THE COUNTRIES WITH WHICH WE COMPARE OURSELVES AND WITH WHOM WE COMPETE

AT LEAST €600M ANNUAL FUNDING GAP BY 2021 (CASSELS REPORT)

PROPOSED INCREASE IN NTF LEVY WOULD RAISE AN ADDITIONAL €200M P.A. BY 2020 (OVER THE 2015 BASE YEAR FIGURE)
- The Casells report forecasts an increase in higher education demographics of >25% by 2030. Latest DES projection of 175,245 full-time HE students in 2015/2016 exceeds original DES forecast of 171,016.

- The relationship between the number of students and funding is distinctive: in Ireland there is no formal relationship between student numbers growth and higher education system funding.

- Clear need for sustainable long-term funding model based on contributions from Exchequer, employers and students.

Costs (2)
WHAT THE RESPONSES TO THE CONSULTATION TOLD US

ANALYSIS OF RESPONSES
28 consultation submissions received

- Wide variety of views (both pro and con) but ..... 
- All agree on the importance of HE and FET 
- All agree on need for significant investment post-Casells 
- “Additionality” vs “Substitution”
OVERARCHING SUSTAINABLE FUNDING APPROACH REQUIRED

CONTINUED NEED FOR SHIFT TOWARD “IN EMPLOYMENT" TRAINING AS ECONOMY IMPROVES

“IN EMPLOYMENT” AND “FOR EMPLOYMENT" TRAINING ARE NOT MUTUALLY EXCLUSIVE – MAINTAIN “TALENT PIPELINE”

“ONE SIZE DOESN’T FIT ALL” - GREATER CONNECTIVITY BETWEEN FET AND HE REQUIRED TO ACHIEVE A BROAD SPECTRUM OF PROVISION TO MEET NEEDS

NEED FOR GREATER CLARITY AND UNDERSTANDING OF NTF FUNDING

RECOGNITION OF POSITIVE NTF PROGRAMME MODELS

COMMON THEMES EMERGING (1)
NEGATIVE IMPACT OF COST OF PROPOSED CHANGE ON EMPLOYERS AND ON COMPETITIVENESS – ADDS TO EMPLOYER COST BASE

GREATER ROLE FOR EMPLOYERS IN GOVERNANCE/DECISION MAKING ON THE NTF

GREATER FOCUS ON IN-COMPANY TRAINING, UPSKILLING AND LIFELONG LEARNING

MORE EVIDENCE BASED METRICS – STRATEGIC PERFORMANCE FRAMEWORK, MOVE AWAY FROM SURVEYS

USE OF A VARIETY OF DELIVERY MECHANISMS INCLUDING SKILLNETS, SPRINGBOARD, APPRENTICESHIPS

USE OF A VARIETY OF DELIVERY MODELS INCLUDING BLENDED, ON-LINE LEARNING AND PART TIME COURSES
SOME SPECIFIC PROPOSALS

- USE OF NTF SURPLUS
- ALTERNATIVE APPROACHES E.G. “RINGFENCING” OF CORPORATION TAX RECEIPTS
- POSSIBLE DIFFERENTIATED APPROACHES BASED ON SECTORS, SIZE OF ENTERPRISE – (EQUITABLE BASIS ACHIEVABLE?)
- VOUCHER SYSTEM, MORE DIRECT ACCESS BY EMPLOYERS
OTHER VIEWS

- IMPORTANCE OF A “MIX” OF TECHNICAL SKILLS (STEM) AND TRANSVERSAL SKILLS
- IMPORTANT TO EMBED ENTERPRISE IN ALL COURSES, DISCIPLINES
- PROVIDE FOR DIVERSITY AND ACCESS TO EDUCATION
- SOCIETAL AND ECONOMIC GOOD OF HE/FET
- NEED FOR AN INTERLOCKED SOLUTION BETWEEN THE THREE FUNDING ELEMENTS IDENTIFIED IN THE CASSELS REPORT
- Using the architecture now in place via National Skills Council, Regional Skills fora, Apprenticeship Council to support greater employer input.

- Improving targeting and prioritisation of expenditure and greater transparency through annual publication of NTF allocations at individual programme level.

- Striking the right balance between protecting and enhancing the core provision in FET and HE and additional focused skills provision.

- In this context, supporting additional investment in a range of delivery mechanisms and models including apprenticeship, traineeship, skillnets, on-line, blended learning as part of the response.

- Ensuring value for money through the review of the recurrent grant allocation model for higher education (RGAM) and review of all 2018 NTF programmes and procedures.

- Establishing performance criteria and objectives for the NTF.

SIGNPOSTING THE WAY FORWARD – SOME POSSIBLE DIRECTIONS