‘Study now, pay later’ loans to hit students with debts of €20,000

- Expert report proposes new college fees of €5,000 per year
- Students to repay cost of tuition when they start careers
- Higher education is ‘severely threatened’ by funds shortage

Florin Sheahan and Cormac McQuinn

A STUDY now, pay later’ college fees scheme, leaving students with €20,000 debts to pay off, is on the table to address the college funding crisis.

The report of an expert group proposes a controversial student loan scheme, where graduates would pay back the costs of their tuition.

Patrick Prendergast

This could help end a funding crisis in third-level education

The loans, of €4,000 to €5,000 or higher per year, depending on the level of fee set and the length of the course, would be repaid after they graduate and start earning above a certain salary.

The current college fee, known as the student contribution, is €3,000 a year, which is waived for those who qualify for grants.

The report also looks at other options, including greater State aid and increasing the amount raised from the training fund levied on employers to bring in an extra €150m a year.

However, the report warns that the current funding model is not sustainable and points to the requirement to create a third more places over the next 15 years to avoid a smaller percentage of Leaving Cert students going on to third level.

The report sets out three options to increase funding:

- A State-funded system with the scrapping of the €2,000 college fee;
- Increased State funding with continuing €2,000 fees;
- Increased State funding and a loans scheme. This would involve the scrapping of the upfront payments and introduction of loans for fees of up to €5,000 per year. These income contingent loans would be repaid by graduates when they hit a certain income level. The repayments would be declared by the Revenue.

Ciara does us proud with medal in 1,500m

Ciara Mageean celebrates winning bronze in the women’s 1,500m at the European Athletics Championships in Amsterdam. The 24-year-old from Co Down became only the third Irish woman to win a European medal. Photo: Brendan Moran/Sportsfile, Full story, p10 & Sport

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Students face up to €20k debt

Report warns urgent action needed to address higher education funding crises

Fionnán Sheahan

A STUDY now, pay later’ college fees scheme leaving students with up to €20,000 of debt is proposed as the future of third-level funding.

The report of an expert group today warns urgent action is needed to address the crisis in funding higher education. The most controversial suggestion is a student loan scheme where graduates would pay back the costs of their tuition. The loans of €4,000 to €5,000 or higher per year, depending on the level of the debt and the length of the course, would be repaid after they graduate and start earning above a certain salary.

The report also looks at other options including a state run scheme, known as the student contribution, of €3,000 a year, which is levied on those who qualify for free third-level places.

The report does warn the current funding model is not sustainable and points to the requirement to create a third more places over the next five years, adding it increases the percentage of Leaving Cert students finding places on third-level courses. The report sets out three options for future funding:

- A State-funded system with the scrapping of the €3,000 contribution.
- Increased State funding with contributions of €1,000-
- Increased State funding and contributions.

This would involve the scrapping of the upfront €3,000 contribution and refunding them with loans. These income-contingent loans would be repaid by graduates when they hit a certain income level. The repayments would be deducted by the Revenue Commissioners.

The report says an extra €2bn is needed in day-to-day spending to restore the cuts since the economic downturn and to meet that rising demand for student places - that’s a 50pc increase on current spending. In the next five years, colleges will need an extra €600m.

In addition, the report says a capital investment fund of a staggering €32bn is required over the next decade and a half. This funding is needed for new and replacement buildings as well as refurbishments and other capital costs.

The group was chaired by Peter Cassells, the former general secretary of the Irish Congress of Trade Unions. Mr Cassells warns that one of the options outlined, in bringing more money into the system, must be pursued. He says he recognises the pressure on public funds and householders, but he does appeal to very towards the student loan model.

"However, if we are to really tackle the current funding crisis and deliver on the level of vision that is set out in this report - if we are to achieve a step-change in quality levels, comprehensive student financial support, and a more holistic transition to all students across the spectrum of undergraduate, postgraduate and part-time provision, I believe that the only way to achieve comprehensive and fundamental change in the funding model is required. “One that will provide for a sharing of costs that will do so in a fair and attainable manner,” he says.

The report starkly warns the contribution of higher level education to the country is now "seriously threatened."

"As resources since 2008, a deteriorating student-staff ratio, inadequate facilities and other pressures are having a severe impact, particularly on the ability to provide high-quality postgraduate programmes."

The report says the status quo, or an incremental adjustment to it, will not be sufficient.

Education Minister Richard Bruton is expected to welcome the report and agree a properly funded higher education system is key to achieving the goals of society and the economy. The minister faces a challenge to achieve a consensus on a way to provide new funding. However, he will emphasise that doing nothing is not an option.

Mr Bruton will point to the advantages of delivering extra places for students from disadvantaged areas, upskilling and retraining places are increased research enrolments.

To read the report of the expert group on future funding for higher education, "Investing in national ambition: a strategy for lifelong higher education", go to Independent.ie

This could help end third-level funds crisis - if response is swift

Patrick Prendergast

TODAY could be a hugely important one for this country if it leads to a reversal of the long-running decline in third-level education. The Cassells report represents the first serious effort to engage with what’s needed to finance higher education. It is no exaggeration to say the response will determine Ireland’s economic future.

We have certainly waited a long time for this day. The work on the report began two years ago, and is being officially released today under Richard Bruton’s tenure as Minister for Education and Skills.

It will now be sent to the Oireachtas Committee on Education and we will engage in a national debate on how best to fund third-level education in an era of rapidly rising demand for college places. The scale of that demand is awesome. Between 1997 to 2007, around 60,000 students applied to the CAO annually - but the figure has been rising rapidly. This year, more than 100,000 students are applying. Because of Ireland’s growing young population, Cassells calculates we need to provide 125,000 college places by 2028 to maintain the current participation rate. That’s a 26pc increase on today’s numbers.

The report has plenty to say on the key contribution of higher education to Ireland’s social and economic development. But it says this contribution can no longer be taken for granted because of the funding crisis. We must not ignore that warning.

Unfortunately, because universities have put their best foot forward to attract foreign students, there is still a perception that the sector has escaped the worst of the funding cuts. Unfortunately the opposite is true - they had the worst cuts. And they are subject to the highest regulation in terms of fee caps, controlling revenue and public sector staffing regulations affecting costs.

One of the clearest messages from the report is that the system has been lied dry. It is on the threshold of a disastrous drop in quality. That slide has already begun; we see it in the rankings of our universities. We are nowhere near one of very few countries where the State spends more on educating a student at secondary level than at tertiary level, even when the €3,000-plus registration fees are included.

The expert group has proposed, with no ifs or buts, that cost-saving measures have been taken to the limits. The symptoms have been described - but what of the cure? We need a reasoned debate with time limits. Otherwise, to use a medical
politics' as Fianna Fáil handed hot potato

If she did so, she would be reated by People Before Profit, which also promised to abolish student charges. 

Theresa’s don’t vote for 

The Cassells Report was to be a real test of the new politics we had so much about. 

Some see it as misleading to talk about the report as if it was the only publication from the Expert Group in Future Funding for Higher Education, to give it its full title. 

The group, chaired by former ICTU general secretary Peter Cassells, has produced six. While today’s is the most important, earlier publications have highlighted not just the crisis in funding, but the increasing demand for student places and the impact of mass higher education on Irish society. 

Time has changed this was reflected in the views of those who took part in a survey, which found a real sense that whereas in the past third-level was seen as being for the elite, that is no longer so. 

As one Dublin 10 resident said: “In 1976, if anyone from Ballyfermot went to college, there would have been a ticket-

The survey also found generally positive attitudes towards higher education but a lack of awareness of the funding crisis. This makes it easier for politicians to ignore the funding elephant in the room, a point I’ve made in discussions with college administrators. 

It’s much easier for the same politicians to make cuts in higher education, as they have been doing for the past decade, than in schools. 

The results of this decade of underinvestment are clear. They are shown in a decline in the quality of what is offered to students, the drop in international rankings for our universities and the danger that Ireland’s attractiveness as a base for foreign direct investment will be diminished. 

The working group warns: “The contribution of higher education to Ireland’s economic and social development can no longer be assumed and is, in fact, severely threatened.” 

It’s time, as I once heard a prominent university administrator state, to “bell the elephant.” 

John Walshe is an education consultant. 

Once the debt is reasonable, I think it is a fair system. After all, many parents have to borrow to fund their children’s education already. A student loan system would reduce borrowing costs and ensure payment only fell due when the student can afford to pay. Irish graduates have a higher earning ‘premium’ than graduates in most other developed countries. In other words, they earn significantly more over their lifetime than if they had not attained a third-level qualification. 

I would hesitant to champion a loan scheme if it prevented the less well-off from attending university, but evidence from other countries shows that loans level the playing field. Likewise there is no evidence that abolishing fees improved attendance rates among the disadvantaged. 

It was, it seems, just a swizz to attract votes. In my view, more funding will be the best remedy for disadvantage by allowing the State to target those who need help. 

How best to fund third-level education should be a matter for public discussion.

The funding comes from society from both fees and taxation. The advantages of a world-class system will be felt by everybody in society. It is great news that today marks the beginning of that debate, but it cannot drag on indefinitely. The sector has been weakened by years of political neglect. 

We should now set a deadline to ensure that the Cassells report does not become the subject of endless debate and instead leads to decisions that will allow universities and other institutions to plan confidently for the future based on a new and sustainable funding model. 

Patrick Prendergast is Provost of Trinity College and a chartered engineer.