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# '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

Fionnán 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  
Comment P4

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 levelled on employers to bring in an extra €150m a year.

However, the report does warn 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 €3,000 college fees;

■ Increased State funding with continuing €3,000 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 deducted by the Revenue.

Report and analysis, p4-5



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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## News

# Students face up to €20k debt

Report warns urgent action needed to address higher education funding crisis

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 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 levelled on employers to bring in an extra €150m a year.

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- increased State funding with continuing €3,000 fees;
- increased State funding and a loans scheme. This would involve the scrapping of the upfront €3,000 college fees and replacing 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 €1bn 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 €5.5bn 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, to bring more money into the system, must be pursued. He says he recognises the pressure on public funds and households. But he does appear to veer towards the student loan model.

"However, if we are to really tackle the current funding crisis and deliver on the level of vision



Peter Cassells, former union chief who headed up the report

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 treatment of all students across the spectrum of undergraduate, postgraduate and part-time provision, I believe that ultimately a more comprehensive and fundamental change in the funding model is required.

"One that will provide for a sharing of costs but 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 "severely threatened".

"Falling 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 undergraduate programmes."

The expert group says "the status quo, or 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 reskilling places and increased research enrolments.

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

## STUDENT LOANS: HOW IT WILL WORK

1. €5,000 per year college fees, paid for through loans
2. Student graduates with €20,000 debt
3. Repayment begins when they graduate and earn €26,000 in wages
4. Payments deducted from wages by Revenue
5. Upfront payment can be made to avoid debt



## This will be a real test for 'new

THE fate of the Cassells Report lies with Fianna Fáil, which has clearly been enjoying its power over recent government decisions – without having to take any responsibility for the unpopular ones.

But that's about to change – at least as far as taking responsibility for the hot political potato of funding higher education.

Education Minister Richard Bruton has neatly handed it over to the Oireachtas Committee on Education, which just happens to be chaired by one of the new Fianna

### John Walshe Analysis



Fáil TDs, Fiona O'Loughlin (pictured right), a former primary school teacher. She is joined on the committee by her party's education spokesperson, Thomas Byrne. Bruton really had little choice. There is no point in him bringing Cassells-type proposals for a loans scheme

to Cabinet unless Fianna Fáil is on board. But nor is there any point in pretending that it will be possible to get unanimous backing for such a scheme, given that Sinn Féin is also represented on the committee.

By their manifestos ye shall know them and Sinn Féin's was quite clear – it promised to abolish the existing €3,000 student charge if it got into government.

So the party's education spokeswoman, Carol Nolan – who, incidentally, asks the best Dáil questions on higher education – is hardly likely to agree to a 'study now, pay later' scheme to cover charges that she wants abolished.

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

Patrick Prendergast  
Comment



TODAY could be a hugely important one for this country if it leads to the reversal of the long-running decline in funding 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 65,000 students applied to the CAO annually – but the figure has been rising rapidly since. This year, more than 80,000 students are applying. Because of Ireland's growing young population, Cassells calculates we need to provide 212,000 college places by 2028 just to maintain the current participation rate. That's a 28pc 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 have had the worst cuts. And they are subject to the heaviest 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 bled 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 now one of very few countries where the State spends more on educating a student at secondary level than at third level, even when the €3,000-plus registration fees are included.

The expert group has concluded, with no ifs or buts, that cost-saving measures have been taken to the limit. The symptoms have been described – but what of the cure? We need a reasoned debate with time limits. Otherwise, to use a medical



Education Minister Richard Bruton



# under new scheme



Main: a student reads on a tablet in a college library (photo posed). Inset: The cover of Peter Cassells' report

Independent Alliance junior minister Seán Canney



## Proposals to cut hospital services are dismissed as 'crazy'

**Cormac McQuinn**  
Political Correspondent

PROPOSALS to downgrade Emergency Departments (ED) at hospitals around the country have been dismissed by ministers and TDs who called them "premature", "crazy" and the "depth of illogicality".

The Trauma Steering Group, established by the last government, is set to propose cuts to services at nine hospitals.

Serious trauma cases involving car crash victims and patients with broken bones would instead be sent to the nearest major hospital where there are more specialist doctors in place, according to a leak of the yet-to-be-published report.

However, with the Fine Gael minority Government relying on the support of Independents and Fianna Fáil – and its own TDs who may oppose cuts in their areas – it's unlikely the measures would pass.

One of the hospitals, Portlaoise in Ballinasloe, is in Independent Alliance junior minister Seán Canney's constituency. He said any talk of cuts to services is "premature" while the ED at University Hospital Galway is "not fit for purpose".

He said the biggest complaint there was patients on trolleys in the ED. "I can't see any logic in adding more pressure to that."

He said the Government will examine the report but acknowledged that TDs across the spectrum will oppose cuts in their areas.

Wexford Fianna Fáil TD James Browne said: "This is crazy stuff. The idea of shutting down nine A&Es."

He added: "It's instilling fear into people" and that he would fight any downgrading of services at Wexford General "tooth and nail". On the likelihood of

the proposals being implemented, he said: "It's very difficult to see it happening but it's impossible to see why it should happen."

Junior defence minister Paul Kehoe's spokeswoman said he had already received assurances from Health Minister Simon Harris that there are no plans for cuts in Wexford.

Labour's Willie Penrose said the Midlands Regional Hospital Mullingar is the only hospital on the N4 road and takes patients from surrounding counties. He said cutting services there would be the "depth of illogicality", adding: "What they should be looking at is beefing it up with the necessary consultancy staff."

### Downgrading

Fine Gael Kildare North TD Bernard Durkan said he believes details of the proposals that emerged in the 'Sunday Business Post' are "speculative".

He said his local hospital at Naas has seen significant investment and is "well capable of doing its job". "I would be worried if it's going to happen but it's not going to happen," he said referring to any downgrading.

The other hospitals listed in the report are Cavan General, Portlaoise Hospital, St Luke's Kilkenny, Tipperary General and Mercy University Hospital in Cork.

Mr Harris's spokeswoman said: "There are no plans to close or remove services from Emergency Departments."

She said former health minister Leo Varadkar set up the steering group at the request of surgeons who wanted "to examine the concept of a trauma network in our hospitals" but that it has not yet reported and Mr Harris has not yet seen "any output from the group."

## politics' as Fianna Fáil handed hot potato

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

Turkeys don't vote for Christmas.

The Cassells Report will be a real test of the 'new politics' we hear so much about.

In some ways, it is misleading to talk about the report as if it was the only publication from the Expert Group on 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.

How times have changed 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 ticker-tape parade."

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 under-investment 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.

As 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



analogy, we run the risk that the patient could slip into a coma as the doctors differ.

The Cassells prescription is for a mixture of a greater contribution from the students once they graduate, more State funding and a small increase in the training levy on employers. This solution acknowledges that education is both a public good and a private good – something that benefits both society and the individual.

The report goes further in calling for a loan system to lend money to students at a low rate of interest to help pay for their education. Students would leave college with debt that would have to be repaid once they began earning above a certain level – called income-contingent student loans.

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'

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**One of the clearest messages from the Cassells report is that the system has been bled dry**

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 hesitate 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