Response to the Cassells’ Report on Higher Education:
Social Justice and Educational Considerations

Professor Kathleen Lynch, UCD Professor of Equality Studies
School of Education

Table of Contents

<table>
<thead>
<tr>
<th>Summary of Main Points</th>
<th>Pages</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Introduction</td>
<td>4</td>
</tr>
<tr>
<td>2. Free Education has always been resisted</td>
<td>5</td>
</tr>
<tr>
<td>3. Student Loans in Comparator Countries: Dangers of Debt</td>
<td>6</td>
</tr>
<tr>
<td>4. Australia: Evidence on the impact of student loans</td>
<td>8</td>
</tr>
<tr>
<td>5. Loans in England: impact on participation rates</td>
<td>10</td>
</tr>
<tr>
<td>6. Higher Education: Paying through Progressive Taxation</td>
<td>11</td>
</tr>
<tr>
<td>7. Globalisation: Crucial Role of Higher Education for Ireland</td>
<td>13</td>
</tr>
<tr>
<td>8. Education as a Human Right: recognising differences among higher education students</td>
<td>14</td>
</tr>
<tr>
<td>9. References</td>
<td>15</td>
</tr>
</tbody>
</table>
Summary of Main Points

1. The purpose of this paper is to respond to the Cassells’ Report on the future funding of higher education. It addresses the proposal that an income-contingent loans (ICL) system for students is the preferable option for the future funding of Irish higher education from a social justice and educational perspective.

2. The HEA National Access Plan (2015) is committed to promoting the increased participation of groups that are under-represented in higher education; an income-contingent loan system is likely to undermine this ambition.

3. Higher Education is not only a private good; it is a significant public good, and as such should be treated as an investment rather than a simply as a cost. The investment returns on higher education are measurable, and considerable in financial terms (Zhang, Larkin and Lucey 2015).

4. Higher Education has a significant social dividend in terms of improving quality of life, raising standards of education inter-generationally, enriching cultural life and facilitating political stability and public trust (McMahon and Deckert 2010; Williams et al. 2015).

5. Higher education is as vital for the development of Ireland in the 21st century as primary education was in the 19th and secondary education was in the 20th centuries respectively (AIB 2014).

6. The experience of income-contingent loans (ICLs) in Australia (where they have operated for over 20 years) show that they do not eliminate student poverty while in college, and neither do they ensure that students do not have to work while in college (James et al. 2007).

7. A large number of students who have ICLs in Australia (24%) are also taking out commercial loans to cover expenses in College; those who are poorest have the biggest loans (James et al. 2007).

8. The Australian data shows that loans are most costly for low-income students, and mature students (many of whom are women), as they have to borrow more, take longer to pay them back and have lesser access after graduation to higher-paying jobs.

9. Australian rates of participation for lower-income groups are significantly lower than those for Ireland at present.

10. Participation rates for mature students entering higher education in England have dropped by 40% in recent years due to the removal of grants and replacement with loans.

11. While the participation rates for lower-income groups has not altered significantly since loans replaced grants for fees in the UK, nevertheless, the most recent report (Sutton Trust 2016) shows that rates of participation have begun to decline in England relative to Scotland where grants still exist. The full effect of the introduction of ICLs to replace maintenance grants (2016/17) is not yet known.

12. The long-term impact of the debt incurred by student loans, for those from lower-income households especially is not known in the UK.
13. The terms of ICLs are never cast in stone; the rules for paying back student loans have changed over time in all countries, and always to the advantage of the lender (Sutton Trust 2016).

14. The amount of debt that students have in leaving college impacts on their future careers and family choices (Soederberg 2014). Current estimates for the UK suggest it will be in the region of £50,000 (sterling) for those who get loans for both fees and maintenance for their undergraduate degree alone (Sutton Trust 2016). This will exercise a huge constraint on both professional and personal (family) choices.

15. As many students in Ireland have to pursue a higher degree to enter their profession (secondary teaching being a prime example, which now takes 2 years full time with fees of at least €6,000 per annum), the cost of funding oneself through loans for 5 or 6 years to be a teacher are prohibitive.

16. The Cassells’ report did not examine the impact of an ICL system on different disadvantaged groups. A disaggregated analysis of this kind is essential.

17. The impact of an ICL system on students with disabilities needs to be examined. Students will disabilities do not have the same market options to other students so the cost of paying back loans could be onerous if loans are eventually called in.

18. Given that lone parents and women are more likely to take time of out the paid labour market due to child care costs, the likely impact of ICLs on women and lone parents must also be costed.

19. The impact of ICLs on ethnic minorities, including Travellers, and new immigrant communities also needs to be examined, as does the impact on mature and part-time students.

20. Given the level of indebtedness of Irish households ten years after the financial crisis, it is imperative not to impose more debt on families through introducing a loan system to replace grants. As already observed in New Zealand, Australia and the UK, there is a high default on student loans. Defaults are likely to be just as high in Ireland, not only given the level of household indebtedness but also due to the long established patterns of emigration (Corbett and Larkin 2017).

21. A system of Socially Progressive taxation could be implemented to fund higher education, be it in the form of a higher education graduate levy, higher contributions from graduate-intensive employers to a ‘Graduate Education and Training Fund’, or more direct taxes and contributions from high-income households towards fees (based on assets and unearned wealth).

22. Ireland cannot afford not to invest more intensively in higher education as it is currently contributing significantly less than the OECD average percentage of GDP (1.2% compared with 1.6%) towards higher education than its competitor countries (OECD 2016).

23. Finally, education is a human right and is indispensable for realising other rights. As the world population becomes more and more educated, realising rights, including employment rights, is increasingly dependent on being highly educated, not only for employment but in order to engage politically and culturally in a globalised world order.
1. Introduction: Benefits of Higher Education

The purpose of this paper is to respond to the Cassells’ Report on the future funding of higher education from an educational and social justice perspective. In particular it will address the proposal that an income-contingent loans system for students is a preferable option for the funding of Irish higher education. While the paper recognises that there is a shortfall in funding for higher educational institutions, due primarily to cutbacks during the financial crisis and a significant increase in student intake over the same period¹. It provides substantial empirical evidence on the limitations of introducing an income-contingent loan arrangement in Ireland on educational, social justice and business grounds.

Privatising and individualising the cost of higher education is neither socially just nor educationally sound. Neither does it make business sense.

First, public investment in higher education enriches the capacity of the country to increase high quality, high paid employment across a wide range of areas. Data from the IDA shows the single most important factor contributing taken into account in making investment decisions was Workforce Talent (AIB, 2014).

Second, higher education is not just a private good, it is a public good. A published study of the economic dividends of higher education in Ireland shows that there is a four-fold return to the economy for investment in higher education ((Zhang, Larkin and Lucey 2015). Research from the US (McMahon and Oketch 2010 cited in Corbet and Larkin 2017) demonstrates the considerable social dividends coming from higher education in terms of strengthening democracy, improving social inclusion and political stability, reducing crime rates, and enhancing public welfare and wellbeing more generally.

Third, higher education has an intergenerational benefit in terms of enhancing future children’s educational abilities. The Growing Up in Ireland Longitudinal Study identified a 10% difference in achievement on the Drumcondra Verbal Reasoning Test between the children of those with degrees and those that have not attended third-level education. (Williams et al, 2016)

¹ Figure A2.1 of the Cassells Report shows the drop in core income to higher education from the State for the period 2008-2015: government funding fell from 73 per cent of higher education income in 2008 to 52 per cent in 2015; this represents a drop of 21%. At the same time Figure A2.2 shows student intake increased to over 190,000 in 2015 from just over 150,000 in 2008. This represents an increase of over 25%. While student fees increased substantially over that time and now represents 22% of income compared with just under 5% in 2008, nonetheless, it does not compensate for the increased intake as higher education income overall declined from just over 1.9 billion in 2008 to 1.8 billion in 2015, all of which is due to reduced government investment.
Fourth, higher education improves the quality of civic, social and political education which in turn enhances the quality of social and civic life (in literature, music and the arts which not only have merit in their own right but also enhance Ireland’s attractiveness for tourists). Higher education also enhances the expertise and capabilities of health care, educational and other service providers which matters for the quality of health, education and other public and private services.

Finally, as income tax in Ireland is strongly progressive, well-paid employees (the majority of whom are graduates) pay considerably higher taxes than others (Collins, 2014). These taxes are, in turn, available to spend on public services. This is proof of the indirect dividend of higher education for social expenditures.

Not only does higher education enhance contribute to economic, cultural, political and intellectual life, it helps promote greater understanding of politics and the dynamics of democracy itself, thereby fostering political stability and security, especially when the gains from economic returns are distributed fairly in society.

2. Free Education has always been resisted

In considering how best to fund higher education it is important to have a long-term view of policy, and to learn from mistakes of the past.

In the mid-late 19th century, when free primary education was first proposed in Europe, it was vehemently opposed by property owners on cost grounds: in Ireland, rate payers claimed they could not afford it, while others claimed it might lead to social revolution as poor people would be able to read. In the mid-20th century, the Council of Education Report in Ireland (1960), (the Council of Education were the Expert Group in their time) rejected the expansion of free secondary education in Ireland for different reasons but with a similar intent. Although only 16% of the population was transferring from primary to secondary education in 1960, it suggested that there was no need for any change in secondary education (Coolahan, 1981, Irish Education, History and Structure, 79-81). The Council even claimed that the majority of Irish people would not be intellectually capable of benefiting from secondary education:

*An unqualified scheme of ‘secondary education for all’ would be both financially impractical and educationally unsound. Only a minority would be capable of benefiting from such education and standards would fall. The voluntary system has worked well and preserves a sense of the value of education. Better State grants and more scholarships are needed to further stimulate it*. (Report of the Council of Education, Ireland, 1960)

We are now in the 21st century and once again there is a danger of being short-sighted and limiting access to education, in this case, higher education, not by formally excluding
people, but by making it increasingly expensive, through inadequate maintenance grant support, increased fees and the removal of financial supports (grants for fees) for those on low and middle incomes.

Individualising and privatising the cost of higher education is educationally unwise, socially unjust and blind to the realities of globalisation in terms of Ireland’s position in a highly competitive global economy. Throughout the developed world, especially within Ireland’s competitor countries for high-end employment, there continues to be strong investment in higher education. While Ireland spends 1.2% of GDP on higher education, the OECD average is 1.6%. The small absolute percentages conceal very big real differences in relative expenditure; Ireland actually spends 33% less on higher education (as a proportion of GDP) than many of its competitor countries (OECD 2016). This is a worrying trend.

Education is something we are good at in Ireland. It gives us a competitive advantage and we need to enhance it and, in my view, make it as free as possible, not only on social justice grounds, but for educational and business reasons as well.

3. **Student Loans in Comparator Countries: Dangers of Debt**

Household debt remains a significant problem in Ireland, especially in terms of home owners who are in mortgage arrears: there were over 57,000 who were in arrears for 90 days or more, and over two thirds of these were in arrears for at least 2 years at the end of 2016. Given the profile of home owners (many of whom have school-going children) who are still in debt almost 10 years after the financial crisis, imposing more debt on their children seems to be not only socially unjust (given the bailout of the banks by the State) but also a high fiscal risk for the reasons presented in Corbet and Larkin’s (2017) submission to the committee. A loan system will further impoverish families already struggling with high debts.

While the Cassells’ report is adamant that Ireland will not introduce a US mortgage-style loans for students, there is no guarantee that whatever system of loans introduced will remain static; the evidence is entirely to the contrary. The terms of which loans have been offered (the timing of repaying, the interest charged, and whether or not loans are tied to income, have changed over time in all countries that offer student loans, including the US, Australia and the UK). The fact that changes that have occurred have always been to the advantage of the lender rather than the borrower in all Anglophone countries that provide student loans has been noted by the Sutton Trust in their recent review of the funding of higher education in England, Wales, Northern Ireland, Canada, Australia, New Zealand and the US (Sutton Trust 2016). Moreover, when loans were first introduced in the US, it was

---

*Sutton Trust 2016*
never envisaged that they would become lifelong, mortgage-style loans; however, the
dynamics of the money markets have dictated otherwise (Goodnight et al. 2015).

Much of the commentary in Ireland about loans implies that they will come at no cost or
low cost, there is little evidence that this will be the case once a loan system is introduced.
In England, loans are paid with interest (currently 2.2%), but the government has stated that
this rate of interest will not remain static: it is assumed that it will rise\(^3\).

In his forward to the report to the most recent (2016) report on the issue in England, the
Chairperson of the independent Sutton Trust, Sir Peter Lampl has noted the implications of
having students entirely funded through loans in England:

> [But] young people in England are still leaving university with ever increasing debts,
especially now that maintenance grants are to be scrapped in favour of loans and the
repayment threshold is to be frozen. The poorest students will again be hit hard –
they will in future graduate with over £50,000 of debt, compounded by interest rates
of up to 3% above inflation. The size of this debt weighs increasingly heavily on
graduates, however manageable it may be. (Sutton Trust, 2016)

The dangers of going into debt for higher education are best seen from the US as it has
operated a loan system for a very long time. Student debt in the US has already surpassed
the country’s credit card debt (Schlesinger 2012) and now stands at well over $1 trillion US
dollars. Some regard it as the new ‘bubble’ waiting to burst (Goodnight et al., 2015). In
2010, 40 percent of households headed by an American under 35 were in debt for student
loans, and this is expected to rise. The student loan ombudsman has observed that the
average debt per head for the 40 million US citizens who have student debt is 30,000 dollars
(Chopra 2013).

What is rarely stated is that debt is a payment from the better off to the less well off. It is a
transfer of wealth from those who are poorer to those who are richer at a given time, very
often from younger poorer people to older and richer people. Taking on loans (including
student loans to pay fees) is about storing up debt and anxiety for the future. Loans and
debts limit choices: they have an opportunity cost. Being in debt is a form of control that
limits your future choices in a very real way including people’s ability to buy a home and to
start a family (Sanchez Bajo and Roelants, 2011; Soederberg, 2014).

---

\(^3\) The Independent Commission in the UK noted that from the 2016-17 academic year, ‘maintenance grants
will be replaced with maintenance loans for new students from England, and that institutions offering high
teaching quality would be permitted to increase their tuition fees in line with inflation from 2017-18. There will
also be a consultation on freezing the threshold above which graduates start repaying their loans (in effect, this
would mean a real lowering of this threshold). The Budget also stated that, “The discount rate applied to
student loans – currently RPI+2.2% - will be reviewed to ‘bring it into line with the government’s long-term cost
of borrowing (2015: p. 6)
If the financial crisis should have taught us anything in Ireland, it is having several thousands of euro of debt is not virtuous (even if people congratulate you on getting a mortgage\textsuperscript{4}); debts always have to be paid back at some time, and with interest.

4. **Australia: evidence on the impact of student loans**

As the Cassells Report has taken Australia as benchmark against which Ireland should be measured, it is important to examine the independent peer-reviewed studies and national data on both countries.

Professors Clancy and Goastellac (2007) undertook a study of the relationship between socioeconomic status and participation rates in higher education over a 20 year period involving, among others, Ireland, Australia, France, UK, Finland and Norway. They found that **Australia was the only country in which there has been no reduction in social group inequalities – in this instance over a period of almost two decades\textsuperscript{5}. This pattern is consistent whether or not we use a measure of social class [as] a measure of father’s education** (Clancy and Goastellac 2007: 151). At the time of the above study, a student loan scheme was in place in Australia for over 20 years while no such system existed in comparator countries\textsuperscript{1}.

Ireland, and the UK (pre-loans), have shown some reduction over 20 years in socioeconomic inequality in rates of participation in higher education even with up-front fees (in the case of Ireland) and grants. Finland and Norway have both had a significant reduction in inequality in rates of participation and in both cases higher education is free (Clancy and Goastellac 2007).

In the mid-2000s, the rectors of Australia’s public universities commissioned a report on the impact of current funding (including income contingent loan) arrangements on students’ experience in higher education. The Report is based on **a survey of almost 19,000 students** in public universities, the largest study of its kind; it found that large numbers of students were experiencing financial anxiety even though they had access to a student loan system (James, Bexley, Devlin and Marginson, 2007). A summary of their main findings are listed below.


\textsuperscript{4}The etymology (history) of the word mortgage is instructive: it comes from the French mort-gage, literally meaning death-pledge. French peasants were often working until they died for the privilege of owning a house.

\textsuperscript{5}From 1980-2000
• The majority of students in public universities were in stressful financial situations and many found it difficult to support themselves week-to-week

• Full-time undergraduate students were in the most difficult situations, especially female students and low-income indigenous students, but so were postgraduates in taught courses

• 70.6% of full-time students work during term – average 14.8 hours a week and almost 13% (more than 1 in 8 students) regularly went without food or necessities as they could not afford them

• Female students were especially likely to have budget deficits – as they had less access to better paid employment

• Students from lower-income backgrounds worked longer hours and have higher loans and debts than better off students

• 40.2% of undergraduates felt that having to work adversely affected their study

While some students indicated that it would not have been possible for them to attend university without the student loan schemes, HECS-HELP and FEE-HELP (bearing in mind that grants-Irish-style are not available in Australia), there was considerable criticism of the levels of debt associated with these schemes. Many students questioned whether studying for their degree was worth it, given the debt they will have upon completion. The authors also note how having a system of state-enabled loans does not preclude students having other loans:

A major finding of the 2006 survey overall is that 24.4 per cent of all undergraduate students and 20.2 per cent of postgraduate students reported they had taken a repayable loan or loans – excluding [government approved loans] HECS-HELP, FEE-HELP and PELS – in order to continue studying (James et al. 2007: 28)

While a significant of Irish students in higher education are living under financial strain, and the EUROSTUDENT Survey (HEA 2013) found that approximately 18% of Irish students are in serious financial difficulty, and this rises to 29% for mature students and 34% for students with dependent children, and for those household family income is from €20,001 to €35,000, nevertheless, the majority of Irish students were not in financial difficulty compared with their Australian counterparts within an income-contingent loan system.

While almost 71% of Australian students work during term (James et al. 2007), in Ireland, just 41% of full-time undergraduates work during term-time (22% during the whole semester and 19% from time to time during the semester (HEA 2013, Figure 4.1). Having income-contingent loans does not guarantee that students are not poor or that they do not also need to work during term. In many ways, students situation is even more financially precarious in Australia as in addition to living with financial strain in College, the
majority also have to work during term and leave college with significant debts which is generally not true in Ireland where just 13% of students have loans (mostly from banks or credit unions) (HEA 2013: Table 3.3).

Presenting Australia as a role model for Ireland on equality grounds is not justifiable therefore given that not only do Australian students leave college with higher debts than Irish students, a larger proportion of Australian students have to work while in college, and a significant number of them experience financial deprivation even though they have loans.

National Rates of Participation: Ireland and Australia

The participation rates for the two lowest socioeconomic groups in higher education in Ireland in 2012-13 were **26% for students from semi-unskilled manual working class** backgrounds and **23% for those from non-manual working class** backgrounds (HEA, 2015: 35). The participation rate for the lowest socio-economic group in higher education in Australia in the first half of 2016 was **16.9%**. The participation for entrants from the lowest socio-economic group that year was **18%** (Australian Government Department of Education and Training 2016) [https://docs.education.gov.au/node/43241](https://docs.education.gov.au/node/43241)

What is clear from this data is that participation rates in higher education are much higher for low-income groups in Ireland than they are in Australia even with the contingent loans scheme. **Income contingent loans in Australia have not enabled students from low-income families to gain the same level of participation in higher education as students in Ireland.**

On the grounds of equality and social justice therefore, there is no clear evidence that Australia is an ideal model for Ireland. In fact, the contrary is the case.

5. Loans in England– Impact on Participation Rates

The Independent Commission on Fees in the UK (2015) have found that the introduction of loans to cover the costs of fees has contributed to seriously reducing the participation rates for mature students from 2010-2015: the participation rate for part-time mature students fell by 40% while there was a drop of 10% among full-time mature students. Given that both mature and part-time students are more likely to come from disadvantaged backgrounds.

---

6. The Australian government uses the ‘postcode’ method to determine socio-economic status (SES). Postcodes are four digit numbers that are assigned to particular geographic areas to assist Australia Post in delivering mail. Each postcode is a relatively large geographic region and contains several thousand people. Students’ SES is determined by applying the Australian Bureau of Statistics (ABS) four indices for measuring SES to the postcodes of students’ home residence. Postcodes in the wealthiest top 25% of the index are classified as high SES, those in the middle 50% as medium or middle SES, and those in the last 25% as low SES. (The procedure has been questioned by major scholars in the field, see James, R., Baldwin, G., Coates, H., Krause K.-L., & Mcinnis. C. (2004). Analysis of equity groups in higher education 1991–2002. Canberra: Department of Education, Science and Training.). The system is questionable for many reasons, not least as it means that those in the lowest SES groups may become invisible when amalgamated with other SES groups in a given region. It has been critiqued as a crude way of defining levels of inequality (Wheelahan 2009).
(including disadvantages arising from disability) to introduce a system of loans that would impact on their participation rates would be a socially regressive action on age grounds⁴.

There is also a gender dimension to this decline as mature students are disproportionately female, many returning to education after lengthy periods of caring. The increase in fees and introduction of loans were seen by the Commission as a major contributing factor to the decline in entrants from non-traditional families.

Moreover, the Commission found that even though applications from 18 year-olds were not adversely affected by the introduction of loans, ‘...applications from English students [where full tuition fees are funded through loans] have still weakened in comparison to those from Scotland, Wales and Northern Ireland, where tuition fees have not been increased in the same way⁷’. (Independent Commission 2015: 3). The Department of Education (UK) analysis of data on the impact of funding changes in England also notes that the 2013/14 cohort will have been the first cohort where all students were affected by government reforms to the student finance system, including an increase in the tuition fee cap, and that under this new scheme the percentage of students who are poorest (those who are eligible for free school meals) has declined for the first time in many years from 23 to 22% (Department of Education, UK SFR37/2016, 03 August 2016). Moreover, the percentage of students going to the more selective higher education colleges from state schools has also declined from 2009/10 to 2013/14 from 26% to 23% while the proportion of those attending from the more elite independent schools has risen.

6. Higher Education: Paying through Socially Progressive Taxation

Viewing the Irish system of grant aid and fees as regressive is only true if one takes a very short-term, individualistic view of the benefits and dividends of higher education. The Irish system of funding higher education is progressive in important respects that should not be overlooked.

As noted in the Cassells Report, the Irish system is one in which just over half students (52%) pay the current fee of €3,000 per annum and these are disproportionately students from better off backgrounds to a great extent. So the current system is progressive to some degree within this logic. It is recognised that those close to the marginal income thresholds for grants do face financial difficulties, and, because assets and net wealth are not taken fully into account in grant-aiding students, students from families with valuable private assets but lesser earned income are not paying as much as they could for higher education.

⁷ Scotland does not have a student loan arrangement like England as it does not charge fees to Scottish students. Fees in Wales and NI are much lower than those in England.
There is scope for increasing the fee-income attained from those students whose parents own considerable private assets/wealth. This has been proposed many times in previous reviews of funding for higher education but never implemented. As major wealth inequalities do not arise primarily from wages or salaries, but from inheritances that are passed inter-generationally between families (Piketty, 2014), there is a strong case for increasing fees for such students or, if not, treating their subsidised higher education as a benefit-in-kind which is taxed accordingly.

As employers in several industries and professions, including pharmaceuticals, information technology, computing, software development, engineering, the legal profession, accounting, finance and investment, for-profit health care, security industries etc. (to name but a few) are major beneficiaries of publicly-funded higher education, it is entirely plausible that there should be a graduate levy on such industries and professions that derive expertise and profit from graduates. The Cassells Report recommended a more ‘structured support’ from employers did not examine it in detail.

A Graduate Education and Training Fund should be established, funded by graduate-intensive employers on a structured basis, to help contribute to the cost of higher education.

The extent to which having higher education funded fully through general taxation is more or less regressive depends on how much taxation the state can accrue from the higher income of graduates over time. First, as noted by Corbet and Larkin (2017) in their submission to the Oireachtas Committee, a very substantial number of college graduates do not earn high salaries as rates of pay vary by sector, type of degree etc. so this must also be borne in mind when claiming that the individual benefits are considerable. Furthermore, the labour market value of higher education is not just dependent on the subjects studied but on the status of the college where one studied. The status of a qualification and its market value (even though it may cost the same amount across colleges) is strongly influenced by the status of the university or college where it is rewarded (Sutton Trust 2016). In Ireland, students have no control over the college they attend as it is based on open competition so they cannot be held accountable for the reputation of their colleges as they have no control over it.

Another issue to bear in mind is that, in general, the Irish direct income taxation system is progressive. This means that those whose income solely accrues from their paid employment actually pay far higher taxes (including USC) and social insurance than those on lower-paying jobs as can be seen from Table 1 below. The head of the Irish Taxation Institute noted, in 2016, that Ireland’s income tax system was second highest in terms of progressivity in the OECD. This is not to say that Irish taxes on employment are high by

---

8 Irish Times, Tuesday, September 20th 2016
European standards, as the OECD repeatedly notes that they are not, but it is to say that those who benefit from higher education are also paying significantly more taxation and this is one way in which those who do benefit from higher education do contribute to the costs of their higher education (Table 1). It is surprising that there has been no major study of the tax returns that accrue to the state from higher earning graduates.

Table 1 Total Income Tax & Social Insurance as % of Gross Income:
Irish Households – bottom (poorest) 10% to top (richest) 10%


7. Globalisation: Crucial Role of Higher Education for Ireland

We are living in a global era where access to good quality higher education is increasingly the norm not only in Northern or Western Europe but also internationally in competitor economies. If Ireland wants to maintain its strong tradition, built up over the last 25 years, of offering investors and businesses the opportunity to hire highly educated and skilled workers, across a range of domains and disciplines, it must maintain its investment in higher education. *Data from the IDA shows that over 1,100 companies have chosen Ireland as a place to set up businesses and the single most important factor contributing to this investment decision was Workforce Talent* (AIB Survey of Investors, 2014). The AIB survey found that *96% of investors claimed that workforce talent was either critical (56%) or important (42%) in making their decision to invest in Ireland*. While having access to the
European Market is critical for a slightly higher percentage (56%) of investors, fewer (30%) said it was important. Having a talented workforce was also prioritised above the corporation tax rate in the above survey. Given that Ireland attracts companies from a variety of sectors that require high levels of education including ICT, Life Sciences, Financial Services, Engineering, Digital Media, Games and Social Media, it seems highly questionable to put that type of investment at risk by forcing students into debt, especially in a country where families are already heavily indebted after the financial crisis.

In 2010–2011 alone, the gross income of Ireland’s public higher educational institutions was €2.6 billion; the colleges generated gross output nationwide of €10.6 billion for this investment (Zhang, Larkin and Lucey, 2015). In other words, higher education pays back to the exchequer a considerable proportion of its initial costs by contributing to both the economy per se, and indirectly through taxation on graduate-related higher-earning individuals, which, in turn, provides a dividend for social expenditures.

8. **Education as a Human Right: recognising differences among higher education students**

Under their terms of reference, the Cassells’ group was now taxed with examining the impact of their proposals for funding on different groups, including low-income groups, different genders, lone parents, people with disabilities, mature students and ethnic minorities; this is an unfortunate omission. Any proposal to change the funding structure of higher education will have a disaggregated impact.

It is imperative therefore that the impact of an income-contingent loan scheme on different groups is considered in detail. Neither people with disabilities, lone parents, those from low-income working class communities, poorer women nor ethnic minorities (including Travellers) have the same employment opportunities as young middle class graduates. Data from Europe shows that employment opportunities and rates of pay for graduates with identical degrees are highly stratified by social class in particular; this is also true for Ireland (Franzini and Raitano, 2013)

So to conclude, education is a basic human right and is recognised as such in Article 26 of the *Universal Declaration of Human Rights* and Article 13 of the *International Covenant on Economic, Social and Cultural Rights (ICESCR)*.

Education is not a market commodity that should be provided on a ‘pay as you go basis’ because education is indispensable for realising other rights, including the right to political, economic and cultural participation. Higher education is increasingly indispensable for equal participation in the globalised social order.

Even if higher education does not have labour market relevance, it has an intrinsic value for the development of the individual, enabling the person to exercise capabilities, choices and
freedoms. Education also enables individuals and groups to overcome other social disadvantages and prior discriminations; it builds capacities to succeed and enriches cultural, social, political and economic life.

Ireland has ratified the *International Covenant on Economic, Social and Cultural Rights* (ICESCR) (Article 13) which **explicitly directs States to promote the right to higher education**: States are obliged to work towards the progressive realisation of the right to higher education (CESCR, General Comment No 13: The Right to Education (Article 13 of the Covenant), 21st sess, UN Doc E/C.12/1999/10 (8 December 1999) [44].

As the HEA National Access Plan (2015) is also committed to promoting the increased participation of groups that are under-represented in higher education, it is imperative that the funding system introduced does not undermine this ambition. The loan system being proposed would undermine the opportunities for disadvantaged groups over time for the reasons outlined above.

References


While a study by Denny (2014) on Ireland claims that the free fees regime had no impact on participation rates for lower income groups, his claims are questionable as the paper is based on data from universities alone (it did not include the Institutes of Technology and several other publicly funded colleges – which approximately half the students are studying). His analysis was undertaken on data over a very short period – from 1994-1998, some 20 years ago.

Part-time students enrolled at UK universities – a group often ignored in analyses and more likely than full-time students to come from disadvantaged backgrounds – dropped even more precipitously in the wake of the 2012/13 reforms, and with little sign of the recovery that full-time undergraduate numbers have shown. In 2009/10, there were 468,000 part-time first year enrolments at UK universities; by 2013/14, this had dropped by 40% to 282,000. The most recent data from the Higher Education Statistics Agency (HESA) shows that this fell even further last year (2014/15), by over 5% compared to the previous year, to 266,000 part-time first year enrolments. According to the Independent Commission on Fees, “[while] it is not possible to assign fully independent causality to the fees regime when it is part of a complex set of variables driving these changes in demand [...] there is a strong suggestion that the [post-2012] fee environment has taken a toll [on part-time and mature students’ enrolment rates].” (Sutton Trust, 2016: 9)