

# Should Employers Fund Higher Education?

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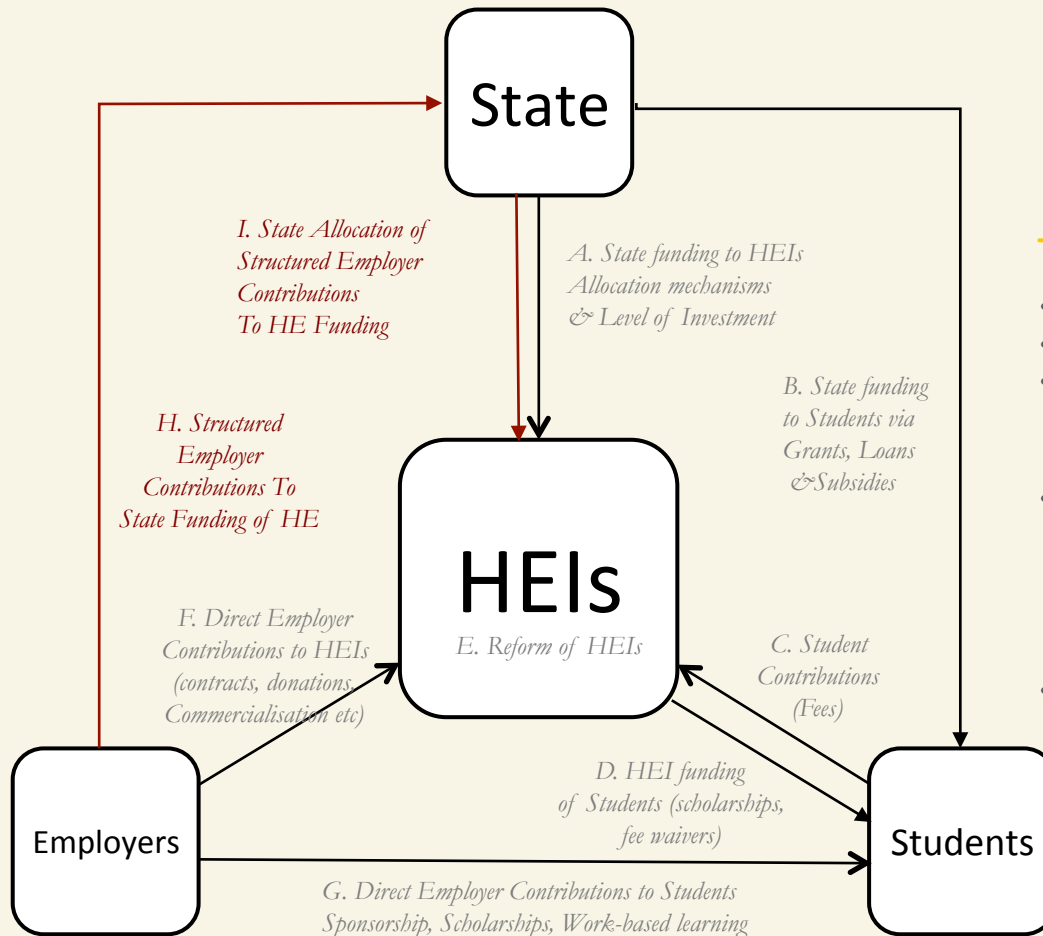
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As a key beneficiary of higher education,  
why aren't Employers asked to fund it?

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



## 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 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



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# Key Themes



**QUALIFIED SUPPORT**  
For a Structured  
Employer  
Contribution



**CONDITIONS  
OF SUPPORT  
& CONCERNS**



**QUALIFIED SUPPORT**  
To use the National  
Training Levy/Fund

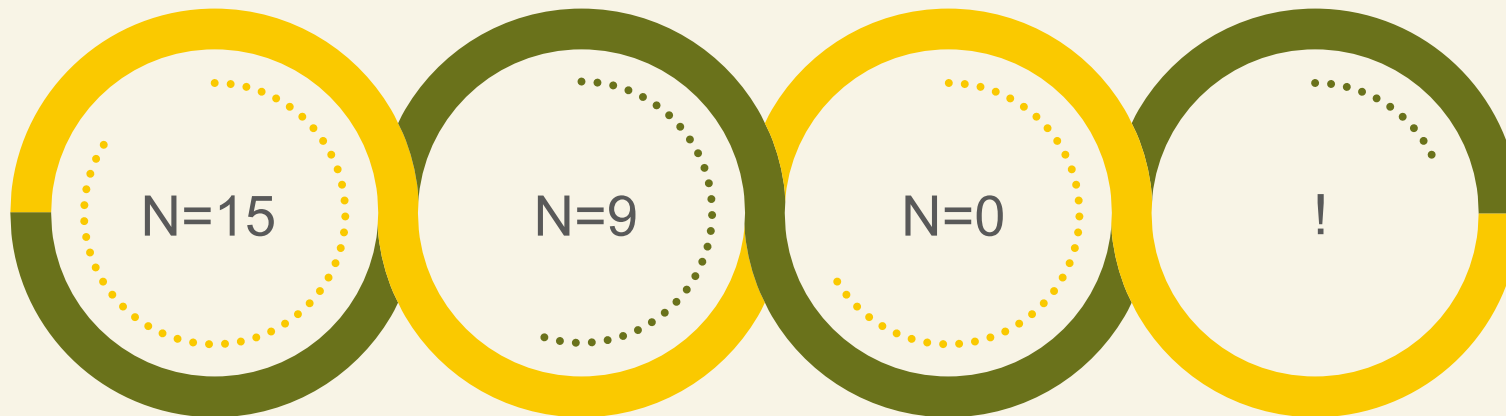


**ALTERNATIVES**  
Of similar scale



**SPECIFICS OF THE  
IRISH CONTEXT**

## 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?*

## 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



**01** What are the most effective Employer - HE Engagement models (at a structured / national level)?



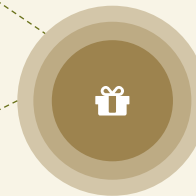
**02** What percentage of HE funding should come from an Employer contribution to a balanced HE funding mode and how should it be allocated?



**05** ...



**03** What are the alternatives (of similar scale) to National Training Levies? What is the most effective model for a structured Employer contribution?



**04** What lessons can be learned from international experience in FET?



Thank you

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