Weathering the Storm of Austerity

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Weathering the Storm of Austerity

Deirdre Lillis

Abstract

Higher Education Institutions (HEIs) collaborate with public funding and quality assurance agencies to balance programme delivery with funding and quality. After the financial crisis in 2008, many countries are now emerging from economic recessions, providing an opportunity to reflect on how HEIs have weathered the storm of austerity. During the period 2008 and 2015 overall funding to publically funded Irish HEIs fell by 14% despite enrolment of full-time students increasing by 25% (HEA, 2015). Against the backdrop of a national Strategy for higher Education reform, the strategic choices made by HEIs are considered along with the effectiveness of quality assurance systems to flag issues with quality in a timely fashion. Initial findings suggest that (i) on the surface at least, Irish HEIs may have weathered the storm and preserved the quality of their teaching mission, but the true cost of this is not yet known (ii) there was a lack of strategic prioritisation in the choices made by HEIs and a lack of realism in the development trajectories agreed with their funding agency and (iii) there are deficits in the capacity of quality frameworks to flag quality issues in a timely fashion.

1. Introduction

Ireland provides an interesting study of a higher education system undergoing reform and rationalisation at a time when demographic demand is increasing. Prior to the global financial crisis in 2008, Irish expenditure on higher education was slightly less than the EU average and Irish graduates were considered some of the most employable in Europe (Aubyn et al. 2009). After the crisis, Ireland still has one of the highest educational participation rates in the world (OECD, 2015) and Ireland’s higher education system is still ranked in the Top 8 countries in the world (IMD, 2014).

Public funding of higher education was reduced by 14%, and the state grant by 38%, despite the enrolment of full-time students increasing by 25% (HEA, 2015). Despite the increasing pressure on finances, between 2008/09 and 2014/15 there was been remarkably little public out-cry, student protests or industrial relations disputes. During this period a national strategy for higher education was being implemented (HEA, 2011) to rationalise the sector through mergers of Institutes of Technology and consolidation of smaller institutions into Universities. A process was also established by which some Institutes could pursue Technological University status.

The Higher Education Authority (HEA), while acknowledging that there has been a ‘managed decline’ in the sector, has stated publicly that “There have been no serious issues flagged in the quality of provision” (HEA, 2015), attributing this to commendable institutional responses and to the flexibility of staff. It cited assurances provided by the national Quality and Qualifications Agency (QQI). This is at odds with internal quality reviews of academic departments, in some internal student and staff satisfaction surveys, trade union campaigns and opinion pieces in newspapers. This evidence, albeit anecdotal in some cases, paints a different picture of overcrowded classrooms, increased staff workloads, antiquated equipment and curtailed programme delivery. One inescapable fact however is the sustained downward trajectory of Irish HEIs on world higher education rankings.

This paper focuses on the teaching mission and on responses within HEIs to cuts in core pay and non-pay funding. It does not consider capital investments or research funding. The questions addressed by this paper include whether the guardians of the higher education system are in denial about the impacts of funding cuts and whether we can believe their assertions that there are no serious issues with quality. More fundamentally it asks whether the processes used to assess quality are fit for purpose. It considers whether there is an inherent resiliency within HEIs to funding cuts and if so, how this might manifest itself. Finally it considers whether the information published about HEIs is sufficient to allow external stakeholders to make their own judgments on quality. Providing some insights to these questions will contribute to the theme of higher education governance in an age of collaborative working by providing insights into the partnership between HEIs, funding and quality assurance agencies.
1.1 Funding Context

Funding of higher education in Ireland is predominantly through public funding administered by the HEA. It has three major components: institutional funding, capital funding, and research funding. Institutional funding, the focus of this paper, is informed by a formula based unit cost calculation (termed RGAM) and a grant is made in lieu of undergraduate tuition fees. The number of enrolled students therefore is by far the most important determinant of Institutional budget. There has been a decline in the overall income per student of 22% since 2008 (HEAa, 2015) (Figure 1) and between 2008 and 2013 staffing cuts are estimated at 12% across the higher education sector (Figure 2) with a 27% reduction in the Staff: Student ratio (HEAa, 2015). There has been almost no significant capital investment in the sector (with the exception of the DIT Grangegorman campus project) and the HEA estimates that a capital investment of €5.8 billion needed over 10 years estimated as 40% of space requires major repair or replacement (HEA, 2015).

2. Research Methodology

Of 23 publically funded HEIs in Ireland, eight are selected for in-depth consideration with a focus on their teaching mission. These include (i) five HEIs in the Dublin region including University College Dublin and Dublin City University, Dublin Institute of Technology, the Institute of Technology Blanchardstown and the Institute of Technology Tallaght and (ii) Three HEIs in the South including University College Cork, Cork Institute of Technology and the Institute of Technology in Tralee. These Institutes of Technology were selected as all have stated ambitions to become Technological Universities under the national higher education strategy. The timeline is considered in four stages as illustrated below in Table 1 and in Figure 3.

<table>
<thead>
<tr>
<th>Period</th>
<th>Years</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pre-Crisis Levels</td>
<td>2008/09</td>
<td>Celtic-Tiger economic boom period</td>
</tr>
<tr>
<td>Initial Impact</td>
<td>2009/10</td>
<td>First year where emergency financial measures and public sector staffing restrictions impacted HEI funding and staffing</td>
</tr>
<tr>
<td>Managed Decline</td>
<td>2010/11-2012/13</td>
<td>Three-year period, after initial shock, of incremental budgetary cutbacks and pay/productivity agreements. These are fully considered in (Lillis &amp; Morgan, 2012).</td>
</tr>
<tr>
<td>Strategic Dialogue</td>
<td>2013/14-2015/16</td>
<td>Implementation of strategic dialogue process between HEIs and HEA.</td>
</tr>
</tbody>
</table>

Publically available information from various sources was used in the analysis. Reports from the primary quality assurance process, the QQI Institutional Reviews and publically available internal reviews are analysed to determine the responsiveness of the quality assurance framework to flag issues about quality. The national student survey for 2013, 2014 and 2015 was considered (www.studentsurvey.ie) as was the Times Higher Education international ranking (Times Higher, 2015). The choices that HEIs could have made are considered, noting the constraints that HEIs work under (e.g. a high percentage of a HEI’s costs are fixed in the pay budget for permanent staff). The strategic choices the HEIs planned to make are considered using their 2011/12 profiles as a baseline and the Performance Compact (2014-2016) agreed as part of the Strategic Dialogue with the HEA in 2012.

3. Responsiveness of Quality Assurance Frameworks

Quality in higher education is a multi-dimensional concept. The first question considered is whether it is possible to determine from publically available information whether there are issues with the quality
of teaching and/or the learning experience in Irish HEIs. The primary vehicle for oversight of quality in the university and Institute of Technology sector in Ireland is a five-yearly external institutional review process, which is undertaken by Quality and Qualifications Ireland. It should be noted that QQI itself was being established in late 2012 as a merger of four agencies 2.

A stark finding is that during the “Managed Decline” period when the impacts of the most dramatic funding cuts were taking effect, Irish HEIs were not subject to external quality oversight. Instead the newly formed national quality assurance agency was engaged in policy development mode3 for a new institutional review process during this period. A second area of concern is the nature of the institutional review process itself. Unlike audit-based systems, institutional reviews in Ireland during the 2008-2012 period focused on quality enhancement4 and reviewed a HEI’s quality assurance processes against the European Standards and Guidelines for Quality Assurance5. This is based on the premise that if these QA processes are in place within a HEI, issues with ‘actual quality’ will surface and be addressed by the HEI itself. The new Cyclical Review policy 2015 continues in this vein for example citing objectives, which include encouraging a QA culture and facilitating quality enhancement. It begs the question where an independently verifiable assessment of actual quality is undertaken (as opposed a HEIs self-regulation of its quality).

Institutional reviews of 5 HEIs (UCC, UCD, DIT, CIT, ITB) whose on-site panel visit was undertaken during the ‘managed decline’ period were analysed from the perspective of whether the published documentation6 flagged issues, or noted the potential for diminished quality. It is remarkable that the high level recommendations of these five reports make no mention of concerns about the quality of teaching and/or the student experience arising from the financial environment. For example, UCC’s panel report makes no mention of the impact of the financial environment on quality, despite the University’s clear statement that there had been an almost 50% reduction in state funding, that student numbers had increased and there had been significant negative impacts from the Employment Control Framework.

In the wider public sector management literature, Pollitt and Bouckaert provide a mechanism by which outcomes of activities can be categorized on the basis of the extent to which the result is evaluable. Results can be categorised as operational, process, capacity or ideological (Pollitt and Bouckaert, 2004). Table 2 illustrates how these can be adapted for Higher Education (Lillis, 2012). It is arguable that issues with actual quality would typically arise at an operational level however the analysis of the institutional review reports illustrates that almost all recommendations relate to ‘process-level’ or ‘capacity level improvements’ (e.g. improvements in quality assurance processes). In a period of austerity and in the absence of other independently verifiable assessments of actual quality, it calls into question whether the institutional review process is fit for purpose, relying as it does on the HEIs themselves to deal with issues with actual quality. Other key stakeholders in the sector rely upon the QQI’s assessment of the sector.

4. The Student Voice

From a student perspective, funding impacts may manifest themselves in many ways, some discipline-specific, including less individual staff/student interaction, less choice available in programmes, reduced contact hours, less practical content, outdated equipment in labs and larger class sizes. Most HEIs conduct their own internal student feedback surveys and a standardized national survey of third level students in Ireland (ISSE) was conducted as a pilot for the first time in 20137. A key result is that participating students rated their entire educational experience as good or excellent as follows: 79% in

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2 The Higher Education and Training Authority, Further Education and Training Authority, Irish Universities Quality Board and the National Qualifications Agency.
3 QQI’s undertook a ‘Review of Reviews’ in 2013/14 and published it’s new policy for cyclical review of HEIs in February 2016 with the first HEI scheduled to undergo this new review process in August 2016.
4 It should be noted that the author worked with the Higher Education and Training Authority in 2008 on the design of the institutional review process for the Institute of Technology Sector, however she was not involved in it’s roll-out and did not participate on any of the review panels under consideration in this paper.
5 The author worked in the Higher Education And Training Authority for nine months in 2008 on the institutional review project.
6 This included summary reports, extended reports and follow up actions reports.
7 This isarguable the Student survey.
2013; 78% in 2014 and 78% in 2015. This suggests that students were insulated to some degree against the worst of the funding cuts.

It is difficult to interpret these results as a baseline to compare with pre-crisis levels is not available, nor is it easy to make direct comparisons with international systems such as the NSSE in the US, AUSSE in Australia etc. Students are at an inherent disadvantage as commentators on the quality of their learning experience in that, as they move from year, they don’t know what the previous cohort experienced and don’t have a ready comparator with respect to programme quality, though Student’s Unions, external examiners and employers can provide some continuity year on year. Employer satisfaction with graduate skills also remains high at 72% satisfaction (IBEC, 2015).

6. International Higher Education Ranking systems

In 2008 seven Irish universities and the Dublin Institute of Technology were ranked in the top 400 of the Times Higher Education Rankings with Trinity College Dublin in the Top 50 and University College Dublin in the top 100. Both Trinity College Dublin and University College Dublin lost their place in the top 100 in 2011 and the top ranked Irish institution TCD has fallen to 160 in 2015 (THE, 2015). While international ranking systems arguably reflect the research mission more than the teaching mission they do provide an objective assessment, external to all actors in the Irish higher education sector.

7. Institutional Responses to funding reductions

Organisational resilience is concerned with the adaptive capacity of organisations and their ability to address uncertainty in internal and external environments (Gibson and Tarrant, 2010). In the face of an impending financial crisis it is important to note there are limits to the choices available to HEIs (at least initially). HEIs are contracted to deliver programmes to students already enrolled and to deliver on commitments to external funding agencies for research and other projects. A high percentage of a HEI’s costs are fixed in the pay budget for permanent staff, therefore cost reduction options tend to centre on the non-pay budget, non-replacement of contract staff and retirees and if available, redundancy and/or redeployment schemes.

It is also important to note that there is a latency period after which funding reductions are signaled, first introduced and before they take effect. The initial reaction across the Irish public service in 2008 was to ‘freeze the status quo’ through a complete moratorium on public sector recruitment. This took effect in the ‘Initial Impact’ phase in 2009/10. For example, UCD and DIT lost over 5% of its teaching staff between 2009 and 2010. The system ‘shuddered’ in 2009/10 and it can be argued that the ‘managed decline’ took effect from 2010/11 onwards. HEIs had most flexibility to make cutbacks to discretionary activity (e.g. new developments) and it is possible that only when these opportunities were exhausted that core operational commitments were impacted. Additional teaching hours were injected into the 2012/13 through a public sector productivity agreement, which saw existing lecturers delivering approximately 10% more teaching hours. This may have softened the impact of cutbacks to the teaching mission.

An initial attempt by the author to categories the impact of reductions in core staffing and non-pay budgets is given Table 3 (influenced by a taxonomy of proximal and distal outcomes from (Pollitt & Bouckaert, 2004)). Operational impacts are defined as core provision where commitments already exist (e.g. academic programmes with intakes already enrolled). Strategic impacts are defined as discretionary activities where the Institution has a choice to continue, discontinue, scale back or not embark upon the activity in the first instance.

7.1 Operational Impacts

When funding cuts are implemented, there are options at programme level to reduce the number of optional module, reduce individual staff/student supervision ratios or revert to less expensive delivery models (e.g. ‘chalk and talk’ over problem-based learning). At the level of the academic department, options include postponing strategic developments, prioritising teaching over research or combining class groups. Academic departments may pursue alternative sources of funding (e.g. special schemes,
skills shortages, international students) regardless of whether this fits with their core mission or decide to enroll more students if the internal reward system incentivises this. Noting that Institutions have discretion internally in relation to how they allocate the core grant, institutional responses to funding cuts will vary. It is worth noting that a high percentage of a HEI’s costs are fixed around in the pay budget for permanent staff. Adjustments can usually only be made within a small percentage of overall budget (e.g. contract staff, non-pay). Institutions have little flexibility to move staff from areas in decline to areas in demand (e.g. architects moving to ICT programmes) however it can be argued that this is an opportune time to up skill staff in a second discipline to enable true interdisciplinary approaches to teaching and research. Internally, from a non-pay perspective, HEIs may opt to share the pain across their constituency; using percentage based cutbacks across all departments, rather than take strategic decisions to reduce intakes/eliminate provision.

One of the few independent insights into impacts of funding reductions at operational level comes from a report commissioned by QQI late in 2015. This analysed the internal review reports of academic programmes and departments conducted by HEIs themselves during the 2008-2015 period. Unlike the institutional review reports, key findings included (i) a significant number and nature of references to the funding environment (ii) the impact of staffing reductions on staff workloads, reduced promotional opportunities, reduced staff development opportunities and tensions between teaching and research (iii) the perceived impacts on the student learning experience and (iv) reduced resources for the teaching and learning environment. The report states that “some units have reached a ‘tipping point’ where continued cuts/reductions may have serious and irretrievable implications for future sustainability” (QQI, 2015).

7.2 Strategic Impacts

Despite the constraints HEIs operate within, it can be argued that Institutional responses during the 2008-2015 period contributed to the pressure they found themselves under. When budget is allocated based on student numbers, if the overall financial stability of the Institution is threatened, there is a temptation to enroll more students, particularly in popular areas which are arguably already under pressure from a growth trajectory. Most HEI’s responded to the crisis by increasing enrolments. Some evidence can be found for a lack of strategic decisions in the fact that while growth in demographics is anticipated no cap on the number of higher education places available at system-level has been introduced or any attempt to streamline places by discipline (though some skills shortage areas have been incentivized). For example an analysis of Central Application Office (CAO) data across the Irish Universities and DIT between 2008 and 2015 demonstrates that there are no seismic shifts in the number or nature of the programmes offered.

7.3 Strategic Trajectory

What is also remarkable is that, having survived the ‘managed decline’ period, with access to their internal academic unit reports and in the full knowledge that the funding environment was unlikely to improve in the foreseeable future, many HEIs agreed ambitious targets with the HEA through the strategic dialogue process introduced in 2013/14. The HEIs considered in this study for example all agreed to increase new entrants, setting targets of between 4% and 20% of 2014 levels by 2016, as part of their compacts with the HEA. There are echoes of the lack of prioritisation found in the strategic planning processes in place in Irish HEIs in the past decade (Lillis & Lynch, 2014).

Furthermore, several Institutes of Technology embarked on expensive trajectories to become Technological Universities (CIT, IT Tralee, DIT, ITB and ITT) and were facilitated in doing so by the funding agency (HEA). Challenging targets have been set for TU status, most notably in the percentage of PhD students. These Institutes did not increase their share of the competitive national research funding budget to a level commensurate with meeting these PhD targets through external funding. To achieve these TU targets therefore many have invested significantly in internal funding for PhD students by diverting resources from the teaching mission. Project teams for TU projects were also established in some Institutions, further diluting the budget available for the teaching mission.
8. Conclusions

The Irish University Association (IUA) asks a key question however “to what extent has the crisis been masked due to the duration of the educational cycle...where entrants take several years to enter the workforce?” (IUA, 2014). Ireland had a well regarded higher education system in 2008 and it still has a well regarded higher education system in 2015 by international standards.

The anomaly is that staff views, as expressed through reviews of academic units, run contrary to student and employer views and both student satisfaction and employer satisfaction have remained high. When funding cuts were introduced HEIs had most flexibility to make cutbacks to discretionary activity linked to strategic developments and it is possible therefore that it is only when these opportunities are exhausted that core operational commitments were impacted. It is possible that the cushion of additional teaching hours through a public sector productivity agreement in 2012 and the additional efforts made by teaching staff (QQI, 2015) have insulated the teaching mission from the worst of the cutbacks. However the true cost, in terms of staff morale and increased stress over a sustained period is unknown. Ireland’s staff: student ratio, now at 1:19, is well above the OECD average and top internationally ranked universities of 1:12 (HEA, 2015). Long-fingerling staff continuing professional development, postponing strategic developments, new programme developments and prioritising teaching over research means that Irish HEIs may have lost significant momentum.

Two chasms appear to be opening up, one between the operational reality of academic units and their institutional leadership and the second between HEIs and the funding agency and other stakeholders. Institutional leadership had full sight of the reviews of their academic units, and full knowledge of their funding environments. They had a choice as to whether to listen to the warning signals when agreeing their strategic trajectories with the HEA and deciding to pursue technological university status.

The quality framework, relying as it does on institutional review, even if it had been implemented in full, may not be fit for purpose. International ranking systems however provided an annual reminder to the guardians of the sector that all is not well. In their defence these agencies themselves were caught up in the uncertainties of the environment but monitoring actual quality did not appear to be a priority. While the pursuit of mergers for the purposes of rationalisation is understandable, the wisdom of entertaining expensive technological university projects at a time when the sector is already stressed must be questioned.

While a capital investment may remedy classroom conditions and outdated equipment, the underlying structural damage may be far more difficult to remedy. The lighthouse that is Irish Higher Education may have weathered the storm and with only minor surface cracks evident. The system may congratulate itself on its ‘managed decline’ and lack of ‘serious issues with quality’ but now that the storm is abating maybe it is time to assess the structural damage?

8. References


## Appendix 1 Tables

### Table 2
**Taxonomy of Result Types (Pollitt and Bouckaert 2004)**
*Examples adapted for Higher Education by the author*

<table>
<thead>
<tr>
<th>Result Type</th>
<th>Level</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operational</td>
<td>1</td>
<td>Discrete and quantifiable results, efficiency measures. Examples include: objectives with targets relating to student numbers; Retention rates, specific resources/facilities, targeted marketing initiatives; Development of new courses; Implement specific initiative (e.g. schools visit programme)</td>
</tr>
<tr>
<td>Process</td>
<td>2</td>
<td>Improved management or decision making processes which are linked directly to actual improvements. Examples include: developing links for specified purpose (e.g. teacher training, assisting schools with specified projects); Introducing change to organizational structure (e.g. new position created for specific purpose); Developing and implementing a strategy/plan for a specific functional area (e.g. develop marketing plan); Encourage/facilitate staff to participate in research/consultancy, improve conditions; Ensuring equitable workload for students; Investigate new markets/new area (e.g. funding); Course development strategy in new area (without specific programmes identified e.g. Education)</td>
</tr>
<tr>
<td>Capacity</td>
<td>3</td>
<td>Systems level outcomes which enhance the capacity of the organisation. Examples include continued development of some activity without specified outcomes (e.g. Developing links &amp; partnerships, improving quality/overall student experience, encouraging teaching excellence, encourage business startups). Change in organizational culture (e.g. managing in more open and consistent manner, or more effective and efficient manner); Development of centre of excellence; Contribute to national policy etc.</td>
</tr>
<tr>
<td>Ideological</td>
<td>4</td>
<td>Movement of organisation toward desired or ideal state. Clearly intangible but desirable states (e.g. total quality culture in all operations, foster an entrepreneurial ethos, enhance standing as a contributor to regional development)</td>
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</tbody>
</table>

### Table 3
**Examples of Operational and Strategic Impacts at different levels within a HEI**
*(Source: Author)*

<table>
<thead>
<tr>
<th>Level</th>
<th>Operational</th>
<th>Strategic</th>
</tr>
</thead>
<tbody>
<tr>
<td>Institutional</td>
<td>reduce non-pay allocations to departments</td>
<td>Staff upskilling/redeployment within Institutions</td>
</tr>
<tr>
<td></td>
<td>Freeze the status quo</td>
<td>Postpone strategic developments</td>
</tr>
<tr>
<td></td>
<td>adjust internal budget distributions</td>
<td>Adjust overall programme provisions</td>
</tr>
<tr>
<td></td>
<td>restrict recruitment or recruit at lower grades</td>
<td>Adjust cohorts</td>
</tr>
<tr>
<td></td>
<td>adjust enrolments (increased/decrease depending on financial incentives)</td>
<td>Purse additional sources of income</td>
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<tr>
<td></td>
<td></td>
<td>Postpone quality enhancements</td>
</tr>
<tr>
<td>Faculty/School</td>
<td>adjust programme provision (combine programmes/ modules, larger class sizes)</td>
<td>postpone strategic developments</td>
</tr>
<tr>
<td></td>
<td>reduce intakes</td>
<td>postpone/ cancel new programme development</td>
</tr>
<tr>
<td></td>
<td>increase intakes (if internal system incentivises this)</td>
<td>postpone staff upskilling initiatives</td>
</tr>
<tr>
<td></td>
<td>diversify cohorts</td>
<td>prioritise teaching over research</td>
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<tr>
<td></td>
<td>offer additional programmes</td>
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<tr>
<td></td>
<td>postpone investments in equipment</td>
<td></td>
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<tr>
<td></td>
<td>reduce expenditure on learning resources</td>
<td></td>
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<tr>
<td></td>
<td>change in staffing profiles (increased reliance on part-time/contract staff)</td>
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<tr>
<td>Programme</td>
<td>reduction in optional modules</td>
<td>development of specialist areas</td>
</tr>
<tr>
<td></td>
<td>reduction in individual supervision</td>
<td>quality enhancements</td>
</tr>
<tr>
<td></td>
<td>combining modules / class groups</td>
<td>modifications for new cohorts</td>
</tr>
<tr>
<td></td>
<td>less expensive delivery modes (more lectures, less labs)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>less expensive pedagogic models (more chalk &amp; talk...)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>restructuring curriculum/reducing contact</td>
<td></td>
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<tr>
<td>Support Services</td>
<td>reduce opening hours</td>
<td>business process review</td>
</tr>
<tr>
<td></td>
<td>reduce service levels</td>
<td>postpone strategic developments</td>
</tr>
<tr>
<td></td>
<td>consolidate activities (on one campus e.g.)</td>
<td></td>
</tr>
</tbody>
</table>
Appendix 2 Figures

Figure 1 Trends on Student Numbers and Income per student 2007/08 to 2015/16 (HEAa, 2015).

Figure 2 Trends on Student Numbers and Staffing Levels 2007/08 to 2012/13 (HEAa, 2015)