Developing autonomy and funding reforms at system level – an example from Austria

ATHENA Workshop Armenia
Yerevan, 6 March 2014

Dr. Elisabeth Freismuth
This is where I come from

www.bmwf.w.gv.at
This is what we are responsible for

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Academic Landscape

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Austria stands for...
Austria also stands for...

Double Sub Auspiciis Laureate
DDr. Vera Hofer, Alpen-Adria Universität Klagenfurt
New campus - Vienna University of Economics and Business
“Rethink economy“ | October 2013
Wittgenstein Award ("Austrian Nobel Price") - Winner 2013: Prof. Dr. Ulrike Diebold, Vienna University of Technology
1.5 m Euros for research on physical surface science
Austria at a glance

8.2 m inhabitants

9 Federal Counties

22 Public Universities

21 Universities of Applied Sciences

11 Private Universities

19 years ago accession to the European Union

12 years ago new Universities Act

strongly express their increasing interest in the academic sphere

nearly twice as many per inhabitant as for example Denmark

within the last 20 years; with mixed ownership

within the last 10 years

massive integration into the European Higher Education and Research Area

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# The Figures

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## Higher Education

<table>
<thead>
<tr>
<th>Type</th>
<th>Number</th>
<th>Note</th>
</tr>
</thead>
<tbody>
<tr>
<td>Universities (6 art universities)</td>
<td>22</td>
<td>( + 3 since 2002)</td>
</tr>
<tr>
<td>Universities of Applied Sciences</td>
<td>21</td>
<td></td>
</tr>
<tr>
<td>Private Universities</td>
<td>11</td>
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</tr>
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</table>

## Students

<table>
<thead>
<tr>
<th>Type</th>
<th>Number</th>
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</thead>
<tbody>
<tr>
<td>Universities</td>
<td>298,126</td>
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<tr>
<td>Universities of Applied Sciences</td>
<td>45,541</td>
</tr>
<tr>
<td>Private Universities</td>
<td>7,316</td>
</tr>
</tbody>
</table>
Vision

"...of an **internationally competitive and attractive European Higher Education Area**

where higher education institutions,

supported by **strongly committed staff**,

can fulfill their diverse missions in the knowledge society;

and where students benefiting from mobility

with smooth and fair recognition of their qualifications,

can find the best suited educational pathways."

*Budapest-Vienna Declaration on the European Higher Education Area, March 12, 2010*
Higher Education in Austria – Characteristics

PUBLIC UNIVERSITIES

Legal Entities under Public Law
Federal Institutions
Full Autonomy
State Supervision
Performance Agreements

UNIVERSITIES OF APPLIED SCIENCES

All kinds of Legal Entities
Accreditation
Relation to practical professional life
Mixed Financing (State/Maintainer)
State Supervision

PRIVATE UNIVERSITIES

Private Legal Entities
Accreditation
Equality under public law with Public Universities
Autonomy
Financing

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Spheres of Interest

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Politics
- Quality & more students & more graduates

Ministry
- Quality & efficiency & fundable capacities

Universities
- Quality & excellence & profiling

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My personal expertise

- **As a University Director** at the University of Music and Performing Arts Vienna
- **As a Director General at the Austrian Federal Ministry of Science, Research and Economy** for Budget, Science Communication, PR, Central Services, ICT, Student Support and Counselling, Recognition Issues and International Higher Education Law, Protocol, Support International
- **As a University Teacher** at the University of Vienna, Faculty of Law, and the University of Music and Performing Arts Vienna, Max Reinhardt Seminar
The historically most important constitutional step
• Staatsgrundgesetz (Basic Act) 1867 – the Austrian Basic Law on the General Rights of Nationals:
  “Science and its teaching are free.”

Organisational developments in the last decades
• University Organisation Act 1975
• University Organisation Act 1993

“The Big Bang”
• Universities Act 2002
Historical trigger
• Civil rights movement and student protests 1968

Main content
• Democratisation of universities
• Student Participation
• Collaborative relationships between members of the university

Results
• Decline of the power of professors
• Rising influence of the state
Trigger
• Wish & need for more autonomy

Main Content
• Partial legal entity of their own e.g. third party funds
• Supervision of the competent Federal Ministry

Results
• Decline of state influence
• A decade to implement the new system
Universities Act 2002 – Main Drivers

- Increase in independency in connection with the universities’ autonomy by
  - Contractual relationship instead of control imposed by sovereign right
  - Reduction of the decision-making power of the state
  - Universities’ capacity to act
  - Self-controlling of the university
  - Global budget/financial autonomy
The 1 January 2004 brought Austria a drastic shift of paradigm and a cultural change

AUTONOMY

• Personnel
• Curricula
• Finance
• Organisation

• new chances
and
• new risks
University Act 2002 – Governing Bodies

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40-% female-quota in all university bodies

Academic Senate
• Tenured professors (50%), students & mid-level faculty (25% each), administration
• University-internal election
• In charge of “typical“ academic issues

Rectorate
• 1 Rector & up to 4 Vice Rectors
• Elected by University Council
• In charge of university management and external relations
• Rector represents the university as employer

University Council
• “Supervisory Board” for certain important issues: 5/7/9 members
• Appointed by Federal Government and Senate
• Binding reservation of acceptance or approval (i.e. development and organisational plan, performance agreements, rectorate)
Universities Act 2002
In a Nutshell

• Foundation of three “new” medical universities in Vienna, Innsbruck and Graz
• Paradigm shift from governmentally controlled entities to autonomous institutions
• Independent legal entities under public law
• Collaborative relationships between members of the university
• Student codetermination, particularly in respect of study-related matters
• Efficient, economic and expedient management of finances (financial management)
• Federal Funding
Changes for the government in the relationship with universities

- Universities as partners necessitate “new public management”
- Obligation by law to guarantee university financing
- Performance agreements on a three-year basis
- Assessing the intellectual capital report and financial statements of the universities on an annual basis
- Legal supervision and impact-oriented control
Impact-oriented control as a new task for the Ministry

- Overall development of the higher education system
- Overall scientific profile in international competitions
- Interaction between research and teaching, the advancement, appreciation and teaching of the arts, and science and art
- Regionally balanced offer structure
- Clarification of capacity
- Strategic priorities in the construction sector
Financing

- Impact orientation/global budget
- Diversification of income streams
- Individual financing (grants, loans)
- Funding sources: 78% government funding, 6% study fees, 16% third party funding

Supervision and Controlling

- Responsibility towards Parliament and, ultimately, the citizens
- (Limited) legal supervision
- Financial supervision
- Quality assurance
Performance Agreements

Main Focus 2013 – 2015

- Quality in teaching & research
- Promotion of young researchers
- Further increase in participation in the next EU Framework Programme “Horizon 2020”
- Enhanced interinstitutional cooperation
- Strategy for Internationalisation

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Universities Act 2002 – Work Practice 2

Performance Agreement Negotiations

Basic Budget
Total budget to be distributed on the basis of negotiations:
ca. EUR 7 bill.

Indicators

Higher Education Area – Structural Funds
- Distribution based on 3 indicators
- Funds supporting cooperative activities during the procurement procedure
ca. EUR 450 mio.

Extra funds
for construction works and additional clinical expenditure
ca. EUR 1.5 bill.

TOTAL
ca. EUR 9 bill.
University staff at all levels need to learn

• Legal responsibility
• Economical responsibility
• Social responsibility
  • Contract Law – for Austrian, European, and International projects
  • Labour Law
  • Staff recruiting, planning and managing
  • Accounting
  • Midterm planning and its communication
  • Incorporation of work in the knowledge scoreboards
  • Quality management
  • Public relations
10 Years of Autonomy – Daily life

• All measures in line with measures of the European Union
• Constant balancing of interests
• Constant conflict between autonomous interests and the need to organise a minimum coordination of contents and finances
• Constant talks and negotiations
• More managerial capacities at universities needed
• Ministry: steering of programmes, strategic planning – no micromanagement
• Capability of the minister and the civil servants to negotiate with very self-confident partners
• Reasonable, conflicting interests between universities and public authorities helping to foster and further improve Austria’s academic landscape
• Quality-oriented competition for autonomy and profiling

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10 Years of Autonomy – Results

- After 20 years of membership in the European Union successful adaptation and integration through consequent change of the system
- More competitiveness and more managerial experience
- Increase of the overall budget for universities by more than 40% since 2002
- Implementation of the Bologna System
- Increase in the number of students by almost 50% in the last decade
- About 20% of the university staff and 25% of the students are from abroad
- Increase in the number of publications by nearly 20% and more publications in internationally high-ranking scientific journals
- The Universities Act served as a model for various countries, German Federal States, France had a look at it, and the OECD took it as a best-practice example while giving advice to the Czech Republic; also the Western Balkan Countries took this act as a basis for their discussions
Strong demand of sustainable increasing autonomy
  • a substantial increase of budget to meet the target of 2% of GDP for higher education – (2013: 1.43 %)
  • Free decision on the number of students
  • Free decision on tuition fees
• A roadmap for large research infrastructure investments (+ budget)
• A roadmap for new university buildings and renovations (+ budget)
• Establishment of a financing system based on capacity planning
“There is no longer any doubt that those institutions that embrace international opportunities are going to be the ones that not only survive, but thrive; the trick is understanding what the opportunities are, and how to go about embracing them.”

*Dr. Joanna Newman, Director of the UK HE International Unit*