

Press release: Tuesday 17 December 2013

How is public funding for universities in Europe changing?

EUA publishes first findings from DEFINE project on “funding efficiency” measures

In the context of increased pressure on public resources, many governments across Europe have looked at designing more efficient ways of delivering funding to universities. These include the introduction of so-called performance-based elements to university funding. Some governments, meanwhile, have also turned to more large-scale restructuring through mergers or the creation of excellence initiatives as a means to develop more efficiency within their higher education systems and reach other system-level objectives.

As part of the “Designing strategies for efficient funding of higher education in Europe (DEFINE)” project, the European University Association (EUA) has been collecting information and data from national rectors’ conferences/university associations on the different funding modalities and efficiency measures in place in Europe and their impact on universities.

The preliminary results of this analysis, which are based on input from 24 European countries, are published today (17 December) in an interim report. Some of the main observations highlighted in the report are:

- **How public funding is delivered to universities:** While this varies greatly between countries, the vast majority of higher education systems now use some type of performance-based elements in their funding. These include funding formulae (based on a series of indicators) and/or so-called performance contracts. For example, over 50% of the universities’ overall public funding comes from formula-based block grants in at least eight European HE systems. The report looks at the relative importance of the different indicators used, considering input indicators such as numbers of students, and those focusing on outputs such as the number of graduates. Teaching and research activities are often funded differently. While input indicators such as the numbers of Bachelor and Master students are the most important criteria for funding teaching activities, research activities tend to be funded mainly on the basis of output indicators such as doctoral degrees or the amount of external funding (see figure 2 of report). Meanwhile, performance contracts, whereby certain goals are agreed between public authorities and universities, are a common feature found in 15 of the HE systems considered in the study.
- **How the higher education landscape is being restructured:** In almost all countries studied, authorities and universities are either considering or taking steps towards merger processes, with a view – along with other objectives – to rationalise funding allocation. The nature of these merger processes varies across Europe, with the deepest restructuring taking place in Denmark, Estonia, Finland or Latvia. However, mergers are only one of the many different concentration and collaboration phenomena occurring in higher education. Examples include

the creation of university consortia and strategic partnerships. Public authorities encourage these processes via setting up specific funding schemes, often with a focus on excellence. Large-scale initiatives such as in Germany and France, where additional funding has been made available to universities, remain an exception but have an important impact on the system as a whole.

- **How universities seek to optimise the use of resources:** Universities are actively seeking to improve efficiency both internally and by creating synergies within the sector, but regulatory frameworks strongly determine the capacity to implement different measures.

The interim report concludes with a series of key messages which have been drawn from the project consultations, analysis, and discussions at a recent seminar on the topic which brought together university representatives from across Europe. The messages highlight that universities have an important role to play in the funding efficiency area, and should be proactive in addressing this challenge to contribute to shaping this agenda. EUA will now take this work forward with three focus groups in the spring of 2014 that will gather small groups of HE experts from across Europe to analyse the institutional impact of the three groups of efficiency measures (performance-based funding; excellence schemes; and concentration measures) in more detail.

The interim report of the “Designing strategies for efficient funding of Higher Education in Europe” project, which is co-funded by the European Commission, can be downloaded from the EUA website: www.eua.be/Libraries/Publication/DEFINE_final.sflb.ashx

Ends.

DEFINE is a two-and-a-half-year project (autumn 2012-spring 2015) run by EUA in collaboration with CIPES, the Centre for Research in Higher Education Policies (Portugal), and the Universities of Oxford (UK), Aalto (Finland) and Erlangen-Nuremberg (Germany), and the Copenhagen Business School (Denmark). The project is co-funded by the European Commission under the Lifelong Learning Programme (2012).

For further information please contact Andrew Miller: Tel: +32 2 743 11 59 or +32 473 748785, email: andrew.miller@eua.be

The European University Association, as the representative organisation of both the European universities and the national rectors' conferences, is the main voice of the higher education community in Europe. EUA's mission is to promote the development of a coherent system of European higher education and research.

Notes for editors

- DEFINE project: More information about the project and the forthcoming activities is available here www.eua.be/define
- EUA Public Funding Observatory: More information on trends in public funding in Europe for HEIs is available here: www.eua.be/publicfundingobservatory