



Press release: 15th September 2010

European experts debate universities' response to economic crisis:

European University Association Conference on Financial Sustainability

This is a very challenging time for Europe's universities. Many national governments have already made substantial cuts to higher education funding (e.g Latvia, Italy, Ireland, UK, Lithuania and Romania) and other countries are expected to follow. These cuts to higher education investment come at a time when universities are under pressure to increase student numbers whilst modernising and improving their teaching and research.

More than 150 university leaders and stakeholders, and representatives of public authorities from 40 countries gathered at the University of Bologna this week (13-14 September) to discuss the crucial issue of financial sustainability of universities and diversifying sources of income. The conference was the platform to debate the findings of a major European University Association project focussing on this topic (EUDIS – European Universities Diversifying Income Streams).

The findings, presented at the meeting, drew on the results of an online survey completed by more than 150 universities across 27 countries and site visits and workshops involving a further 50 universities. The EUDIS project has underlined that European universities rely heavily on direct public funding which represents on average, approximately three-quarters (73%) of their overall budget. EUA maintains that it is absolutely crucial that governments increase investment in higher education and that is even more important during a time of economic crisis as higher education has a fundamental role in driving innovation and growth.

Thomas Estermann, Head of Unit (governance, funding and autonomy), told the audience that university leaders would nevertheless have to be increasingly proactive in the future to pursue alternative funding streams. Such sources (which include private research, fundraising through philanthropy and alumni, lifelong learning activities, and other commercial activities) already represent more than 10% of the income of a majority of universities. "It is absolutely crucial that university leaders integrate income diversification into their strategy, in line with the overall missions of the institution," he said.

The EUDIS survey highlighted indeed that universities expect to deal with an increasing number of different funders in the future and receive more of their income from these alternative funding streams. This trend also raised a number of concerns from university leaders present at the meeting and in the survey.

For example, universities perceive competitive European-Commission funding programmes as having high potential but many are deterred from pursuing this type of funding because of the excessive administrative complexity. Equally, university leaders also raised concerns about the growing trend towards 'co-funding' from public authorities, where institutions are required to self-finance part of the activity, often from their core budget. About 70% of the universities surveyed said there were co-funding requirements for at least part of their national public funding.

The EUDIS study highlights that, to engage successfully in income diversification, universities need to operate in a favorable framework. Thomas Estermann underlined that governments have a crucial role to play in creating better regulatory environments and providing the necessary incentives to help

universities respond to the economic crisis. In particular, he called on the public authorities to support leadership development and professionalisation of university management, and to simplify existing funding schemes in order to reduce the burden on universities. "Governments should also grant more financial autonomy to universities, enabling them to develop partnerships, borrow from banks and thereby reduce dependence on state funding", he said.

In terms of setting the right incentives, the EUDIS survey had shown that universities would like the authorities to introduce matched funding schemes (84%), tax exemptions (63%), and new funding for lifelong learning activities (42%), whilst improving regulations governing intellectual property rights (32%).

The outcomes of the survey and the expert meeting in Bologna will feed into a major report on the issue of financial sustainability that will be published in January 2011.

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For more information, please contact:

Andrew Miller

European University Association

Tel: + 32 2 743 1 159

Email: andrew.miller@eua.be

Notes to Editors:

The Experts conference took place at the University of Bologna on 13-14 September 2010. The EUDIS project consortium includes EUA, the Heads of University Management and Administration Network in Europe (HUMANE), the University of Bologna and the Bavarian State Institute for Higher Education Research and Planning. The project is due to end in January 2011. It is co-financed by the European Commission under the Lifelong Learning Programme.

To find out more about the EUDIS project:

www.eua.be/eudis