

European Universities - Diversifying Income Streams for sustainable institutions (EUDIS)

Rationale:

One of the main challenges for universities today is to maintain and/or raise quality standards while facing the challenge of managing an increasingly diversified activity portfolio with an always more constrained access to financial resources. The question of funding and how to increase and diversify it is therefore a top priority for European universities. To meet this challenge, institutions need to adopt more business-like perspectives in pursuing **alternative income streams**, while at the same time securing their core values and strengths. Funding and financing need to be integrated in the institution's overall strategy.

The EUA university funding project, supported by the European Commission, DG Education and Culture, showed that Higher Education Institutions are still **largely state funded**. And while there is a need for public expenditure to be increased, institutions themselves (with improved autonomy) have to broaden their income base through other streams. The project results, looking at financial data in relation to the degree of autonomy, indicate that more autonomous institutions have a more diverse funding base. However, institutions which were mainly publicly funded and have then been gaining more autonomy are to a large extent not sufficiently prepared for this. To achieve an increased diversification of income sources, much needs to be done to **build up capacity and clientele**, in all parts of the sector. It is therefore essential to provide institutions with the **appropriate tools and opportunities** to make use of this autonomy and to diversify their income.

Objectives:

This project will explore how universities with different missions and profiles are diversifying their income streams, identify the essential external "environmental" conditions for this, and the obstacles and pitfalls involved.

This **institutional case-based study** will first focus on an appropriate sample of European universities to determine **best practices**, which will then be fed back into discussions with the partner organisations' membership; a final Europe-wide expert conference will validate the findings. Such an hands-on approach is expected to bring **operational assistance** to those university leaders, whose institutions have recently gained more autonomy and who are now looking to increase and diversify their income structures, to achieve their vision and goals and help them to find a way to do this in a sustainable fashion.

The project therefore concentrates on the diversity and variety and will **identify alternative innovative funding possibilities** that have not yet been explored sufficiently. It will also address the **dangers inherent to the excessive reliance** on a single type of independent income. The project thus intends to overcome the deficiencies of current studies, which are often characterised by a lack of transferability, a focus on a restricted number of main tools (such as fundraising, student fees) and do not include sufficient analysis of the environmental factors necessary for income stream diversification.

There is also to this day no analysis available on the reasons explaining why a large number of institutions, despite increased autonomy, still rely heavily on one major source of public funding. This project will therefore play an essential role in **helping these institutions to start diversifying their funding structure**.

Aims:

This project specifically seeks to

- **identify best practices** in diversifying income streams in European Higher Education Institutions, with a focus on **innovative and transferable examples**;
- analyse how **institutions' strategies** in lifelong learning, stakeholder engagement, local, regional and international engagement and cooperation, collaboration with business and industry, knowledge transfer, diverse “campus operations” and others are also used to broaden the funding base of an institution in its teaching, research and innovation activities;
- analyse the **conditions and environmental factors** that allow institutions to diversify their funding streams successfully;
- **investigate the challenges** that diversified funding brings for leading, managing and governing institutions and the **impact of autonomy** on broadening the funding base;
- **raise awareness** among European, national and regional stakeholders to **improve the environmental conditions** to enable universities to diversify their funding and provide Higher Education Institutions with a **set of useful tools** to begin diversifying their funding base in a coherent and strategic fashion.

The primary **target groups** are European Higher Education Institutions, national governments, regional authorities, the European Commission and other stakeholders.

Key activities:

- Establish a Steering Committee for the project to develop the **methodology to survey and sample institutions** in different countries to provide best practice examples in increasing and diversifying income, providing new and innovative approaches.
- Develop a **questionnaire** survey to Higher Education Institutions on their diversity of funding streams through cooperation with both partner associations' substantial membership.
- As a result of survey responses, conduct **interviews and site visits** to ascertain from institutional stakeholders how they form financial strategies to diversify their income while taking account of their mission and priorities.
- Compilation and **analysis** of all information gathered (interviews and institutional site visits).
- Hold a **validation and dissemination conference** with experts invited from all over Europe and beyond to maximise input on these issues and gather the maximum number of examples of good practice (possibly 2010 at the University of Bologna).
- Design and draft a **report with recommendations** for universities, regional authorities, national governments and the European Commission.

Output:

- A **conference** allowing for the broader discussion of the results. The conference will involve senior university management, financial experts, policy makers and representatives from European and national organisations in Higher education and research.
- A **project report** synthesising the outcomes of the activities and containing practical recommendations for higher education institutions as well as external funders.

Consortium:

- European University Association (EUA)
- Heads of University Management and Administration Network in Europe (HUMANE)
- Bavarian State Institute for Higher Education Research and Planning,
- University of Bologna.

Contact:

Mr. Thomas Estermann, EUA Senior Programme Manager, Thomas.ester mann@eua.be

Ms. Enora Pruvot, EUA Project Officer, Enora.pruvot@eua.be