

**Snapshot of the impact of economic crisis on European universities:  
Reports from National Rectors' Conferences  
January - February 2009**

National Rectors' Conferences were asked to report on the situation faced by universities in times of economic downturn and to signal any impact. It appears that there is a variety of situations: in several countries, universities have not felt any direct impact but expect more difficult times ahead (Norway) and have sometimes engaged into proactive approaches. The British University sector for example has implemented a communication campaign promoting the role of universities in helping business in times of economic downturn (publication "Standing Together"). Governments have reacted in different ways, either announcing budget cuts for higher education (Hungary, Italy, Lithuania, Poland), or discarded earlier announced increases in investment in Higher Education (Austria) while others have increased the level of public funding (Denmark, France), especially in expenditure on infrastructure (Germany, Switzerland), as part of national stimulus packages. It also appears that some countries are in the process of implementing reforms, which makes it more difficult to announce new measures (Finland, Switzerland).

Finally, there is a general concern over the degree of commitment of the business sector in their financial cooperation with universities, and a view that the economic downturn may decrease the funding coming from private sources.

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Austria:

In Austria, the economic crisis is seen as an argument for the government to discard previous promises (made before election) to increase investment in Higher Education (both in terms of level of funding as well as period to start the increase). There have also been cuts in funds for competitive research funding. Universities hope to be able to convince the government in upcoming negotiations to reinstall some of the promises made before the economic downturn. Reductions in private research funding are anticipated.

Denmark:

The Danish government is to release extra funds for research that had been put aside in 2006. Universities' concerns thus are more focused on whether the investments for the private sector will decrease in the close future. The national rectors' conference therefore insists on the need to invest in higher education and research at times of economic downturn.

Estonia:

The Estonian government is currently discussing budget cuts – latest available numbers were 3% for teaching grants and 1% for research. R&D contracts with both public authorities and private sector are expected to decrease. Tuition fees are also an issue as there is little leeway to increase the rates in times of economic downturn. Parallel to these trends, new funding schemes and governance reforms are under discussion.

Finland:

The Finnish parliament will vote in the first part of 2009 on a new university reform, which includes governance and financial provisions. Universities are expected to raise more funds from the private sector, especially from business, which could be difficult in the context of the economic crisis. Government plans include increased investment to lessen effect of the economic crisis, but modalities are still being worked upon, thus it is unclear whether universities will benefit from such a package.

France:

In France, the CPU did not report any foreseeable budget cuts in the universities' public funding. To the contrary, the government is engineering a sizeable reform of the higher education sector, which includes not only autonomy but also increased public investment of €1 billion per year for the next five years. However, for the first time, there was a decrease in the allocation of civil servants (though it only affected a small number and was rather seen as a symbolic measure).

Germany:

As far as public funding is concerned, universities expect increased investment from the German federal government in terms of building, maintenance and renovation of facilities. This has been confirmed by the announcement of a second stimulus package from the government, which includes investment in universities infrastructure. However, fears that universities will receive less than promised have recently arisen. The sector would need 1/3 of the money earmarked for education, i.e. around €2.9 billion. Cuts might affect future funding schemes to make up for the large amounts that will be spent under the stimulus package. So far there is no indication on how far the economic crisis will affect private funding, which essentially relates to research work.

Greece:

Chronic under-financing of Greek universities should not be eclipsed by the current economic crisis. Despite announcements that the government intends to increase public funding to universities in the future, there is so far no data on how much will effectively be passed on to higher education institutions.

Hungary:

In Hungary, the situation faced by higher education institutions (colleges and universities) appears more difficult, with decreases of 7% in public funding already announced. Higher education institutions thus have to reduce the number of civil servant positions.

Italy:

Italian universities expect to feel the impact of the crisis by the academic year 2010/2011, for which the government has announced decreases in public funding of around 10% which are expected to have a major impact on universities.

Lithuania:

The Lithuanian government, newly elected, has announced cuts in public funding of up to 10%. The government is also in the process of passing a new law which will lead to more regulation of higher education institutions.

Norway:

Universities in Norway do not suffer from any obvious effect of the crisis yet; however, awareness that the situation could worsen is rising, and the national rectors' conference has been trying to argue for public funding increases to prevent this. Investment in higher education, especially targeted at increasing the number of students, in particular at PhD level, will benefit the economy (rather than financially supporting increasing unemployed populations). Part of the money mobilized in the stimulus package will benefit universities, notably through infrastructure expenditure (building maintenance and renovation).

Poland:

The Polish Government announced budget cuts for higher education and research in the range of 6-7%. The cuts will affect research more strongly than teaching. It is expected that investments and renovations will be most severely affected (many investments are however financed through EU programmes and hopefully will be carried out). Also, financial aid for students is expected to decrease.

Portugal:

The Portuguese government is not considering further cuts in universities' public funding due to the crisis (but has carried out such cuts previously). However, universities do expect difficulties as far as private funding is concerned (fear of less commitment from the business side, for instance).

Spain:

The financial situation in some of the Spanish public universities has gotten worse due to political declarations of the presidents of some of the different regions of the country announcing big cuts on the foreseen budget for universities.

Regarding Research and Development, the normal pace of announcing and calling the different research programmes by the Government has been altered and, in some cases, even reduced. That is the case of the research plan known as Ingenio-Consolider, born in 2005 and that was planned to announce its calls once a year and was not announced for the year 2008 call. The same happens to the Cémit research programme.

On January 30th, the Spanish Government passed an action plan to support the Spanish University System in its modernisation and approved too a strategic plan known as Estrategia Universidad 2015. The action plan contributes with €37 million to first- and second-cycle degrees scholarships (which implies a 4% increase in the total public budget for scholarships) and €85 million to help universities adapt its structures and study plans to the new regulations regarding the new European higher education frame.

Switzerland:

Swiss universities do not expect any cuts in public funding as a result of the crisis. The new federal law will not enter into force before 2012, which will have the effect of implementing a new funding formula from 2016 onwards. However, universities might face financial difficulties in their non-publicly funded activities as the salaries of civil servants increase in real terms. There is a fear that the economic crisis serves as a motive for reductions in public and private donations.

The Netherlands:

The Dutch rectors' conference has reported difficulties in negotiating with the government for public funding increases in this context; however, no direct budget cuts are planned so far. The rectors' conference is especially concerned about sensitive areas in research and innovation where collaboration with the business sector is endangered as companies tend to pull back from their financial commitment. Thus the government is called to step in and invest strategically for a limited period, until business is confident enough to renew its cooperation with universities.



United Kingdom:

British universities have been affected by the financial crisis in different ways. The media has focused on instances where some universities had deposits in Icelandic banks, and where some universities' endowment funds have declined in value due to the economic crisis.

So far, the economic downturn does not seem to be affecting student recruitment, indeed, rather the reverse. The Department for Innovation, Universities and Skills announced in January that additional student numbers for 2009-10 should not exceed the 10,000 already allocated. However, this is not a direct consequence of the economic downturn, rather it should be viewed in a context of a massive increase in participation in HE over the last 10 years and the need to manage the consequent call on public funds.

Following the publication of the Research Assessment Exercise results, public funding for teaching will increase by 3.2% and for research by 4.5% in 2009-10. The allocation of research funding per institution will be published in March.

A €71 million "Economic Challenge Investment Fund" has been set up to enable universities to respond rapidly to the needs of employers and individuals during the crisis, which is in line with the proactive approach of Universities UK. The association has implemented a communication campaign promoting the role of universities in helping business in times of economic downturn ("Standing Together" publication).