

EUROPE: New ways of financing higher education

Alan Osborn
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University funding in many European countries has changed markedly in recent years, largely moving from a line item budget system where public funds are allocated on the basis of certain functions - such as human resources, facilities and specific projects - to schemes where governments provide lump sums a university can use as it chooses. But where to next?

A recent study by the European University Association shows that while higher education institutions are still largely state funded, and this should be increased according to the EUA, the institutions themselves with improved autonomy should broaden their income base through other streams.

The question of funding and how to increase and diversify it is therefore a top priority for European universities, the EUA says. It has urged institutions to adopt more business-like perspectives in pursuing alternative income streams and says funding and financing should be integrated in the institutions' overall strategy.

This is the background to the recently-announced **EUDIS project**, conducted by the EUA with the Heads of University Administration Network, the University of Bologna and the Bavarian State Institute for Higher Education Research and Planning. The project is co-funded by the European Commission under the Lifelong Learning Programme.

In the first phase this year, EUDIS will assess the status of income diversification in European universities by a questionnaire and follow this up with identification of best practices. It will also promote "the institutional perspective on the topic of funding, with a view to informing national and European policy-makers of how best to facilitate a sensible diversification of income streams".

"If you are relying on one or a limited number of resources, you'll be in trouble if one of them falls away," says Thomas Estermann, senior programme manager at EUA in charge of EUDIS. "We believe it is necessary to diversify your income. It doesn't always mean just a shift from public to private but also looking at different sources. But it's difficult to define an optimum spread because it's very much related to a national context and to the profile of the university."

Estermann says there appears to be a link between the autonomy of a university and its income diversity. In most European countries, a block grant system is common but universities are beginning to explore other forms of public finance. The EUDIS survey may pinpoint funding possibilities that have not yet been fully explored and these will be developed through stakeholder interviews and other means in the second phase next year.

alan.osborn@uw-news.com