



HUMANE
Heads of University Management & Administration Network in Europe
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**Annual Conference
Ghent University
Friday 18th to Saturday 19th June 2010**

Urgency and Strategy - Universities' Funding, Future and the Crisis

Abstracts

During the last year HUMANE members have had to manage the effects of the financial crisis, whether it has been about cutting costs, increasing student numbers or finding alternative income sources.

Countries within the EU have reacted in different ways to the economic crisis. Some governments decided to invest in universities and research, seeing education and innovation as drivers for economic recovery.

Given this context, where are universities now? How do we move from reaction - urgency and crisis, to strategy? What have we learned and what are the trends in solving problems related to funding and the management of funding and finance? Fundamentally, how can a university not only survive, but strengthen itself in these challenging and uncertain times?

We have had some seminars touching upon these issues during the last 14 months. We are inviting presenters from these seminars to come back and tell us more, and we will add new analysis and reflection.

HUMANE is a driver for the professional attention to these issues in European university administration. This HUMANE conference is not restricted to HUMANE members; we are inviting all members of the higher education community in Europe to join us in defining the future strategies to truly find our feet for success in the next decade.

EUA – Monitoring of the Impact of the Economic Downturn

Enora Pruvot, Project Officer, EUA (FR)

EUA's monitoring work on the impact of the economic crisis on national higher education systems in Europe underlines the increasingly difficult financial situation facing many European universities. In many cases, reduced public funding has put universities under significant financial pressure. There have already been major cuts to public spending in Latvia and heavy cuts of 5-10% in Italy (over 3 years), Ireland, UK, Estonia, Lithuania and Romania. Cuts of up to 5% have also been registered in the Czech Republic, Poland, Croatia and Serbia. Elsewhere, a number of governments have discarded previously made commitments to increase higher education funding. Only a small number of European governments (including France and Germany) have upheld their commitments or indeed provided new investments to fund higher education.

The monitoring has further found that the economic downturn is affecting universities' financial sustainability through changes in the nature of their higher education and research funding. There are indications that the crisis has also had a negative impact on the development of university autonomy, through the introduction of more direct steering mechanisms, regulations and increasingly unbalanced accountability procedures which EUA believes will be counterproductive in making universities an essential player in overcoming the crisis.

In this session the participants will be invited to give an update on the funding perspectives in their own national/regional system.

Within EUA, Enora is responsible for the EUDIS project (*European Universities Diversifying Income Streams*) and works on issues related to university governance and financial sustainability, including autonomy and the current debate over simplification of funding schemes.

Funding of Universities: Some EUDIS Case Studies

Ian Creagh, Head of Administration and College Secretary, King's College London (UK)
Dietmar Ertmann, former Kanzler, Universität Karlsruhe (now Karlsruher Institut für Technologie (KIT)) (DE)

EUDIS aims at mapping the status of income diversification in European universities and seeks to provide useful examples of best practices. It promotes 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. The study is based both on quantitative and qualitative data collected through questionnaires, monitoring and site visits. This presentation aims at giving an overview of the series of site visits conducted so far by the project team. The interviews held with university leaders and senior managers in different European countries underpin the following messages: income diversification helps to mitigate risks and to reinforce strategic steering of the university, provided that it is consistent with the university's missions. Income diversification is broader than pure financial management and relates to all of the university's activities, from human resources to communication. Incentive mechanisms can be implemented at institutional level if the university benefits from the right framework conditions. Therefore the role of public authorities is crucial in fostering income diversification in universities.

Ian Creagh has worked in higher education management in the UK and Australia since the early 1990s. He is currently the Head of Administration and College Secretary at King's College London.

Dietmar Ertmann was from 2000 to 2008 Chancellor of the Karlsruhe University. He now works at establishing the first technical university modeled on the German structure at Lahore, Pakistan.

France – a continued deceiving peace?

Yves Chaimbault, Université Paul Valéry - Montpellier 3, (FR)

John asked me to start again "*the nice presentation I made last year in Münster*" ... What was it? One year ago, first, I wanted to demonstrate that French universities were really protected against the financial crisis and didn't suffer from cutting off in their budgets thanks to a national priority for high education, especially for universities, but also because French universities didn't have an own responsibility for employment and buildings, which remained directly managed by the Government. Secondly, I said that it was a deceiving financial peace because of social protests of true French tradition, and refusal going towards private accounting rules

One year after, what happened ?

Government strategy for giving autonomy and responsibilities to universities by successive laws (especially 2006 LOPRI and 2007 LRU) was a success. The life roots of French universities have been modified. Most of universities now manage their own employment : workstations and workers (including academics).

But our Government is unsatisfied. Why ?

- 1) Liberty and Responsibility Law was a relative failure about governance : Presidents powers were strengthened, but elections system didn't allow to give clear majorities and stakeholders (especially economic partners) didn't have a sufficient place according to Government wishes
- 2) Even if universities manage their employment, main founding continue to be decided by Government, and French High Education System, with very different establishments, has not been changed.
- 3) Perhaps, there is a problem of money

Where do we go from here ?

The government wants to encourage universities to merge and to modify their own governance. It will not be made with a new law, but through new cooperation ways with carrots called "Campus operation" or "Great Loan", funding depending of creation of new structures : PRES (research and teaching poles) and Great Establishments.

I shall finish by the Montpellier situation.

Universities in Economic Crisis – Rising from the Ashes

Guðmundur Ragnarsson, Director of Human Resources, University of Iceland (IS)

Iceland experienced the deepest and most rapid financial crisis known when Iceland's three largest private banks collapsed in one week in October 2008 and were taken into government administration.

The resulting contraction of the Icelandic economy has had a profound effect on Iceland and its population. External debt has increased substantially and sharp increases in unemployment and inflation are having serious effects on peoples' lives. Taxes have been raised and government funding has been cut.

A Special Investigation Commission was established by the Icelandic Parliament, in December 2008, to investigate and analyze the processes leading to the collapse of the three main banks in Iceland. The report of the Commission contains important and in some ways astonishing comments. It also comments on the universities in Iceland and their role in the society.

The government of Iceland is planning a flat cut of 7,5% on all funding 2011 in addition to cuts in 2009 and 2010. The universities must find their own solutions as there is no government will to reorganize the higher education level in Iceland. We will take a look at how the University of Iceland is reacting to this situation.

Guðmundur Ragnarsson is Director of Human Resources at the University of Iceland. He was the Head of Administration of the Iceland University of Education until it merged with the University of Iceland in 2008. He is an economist.

The Economic Downturn and Universities in Cyprus

Andreas Christofides, Director of Administration and Finance, University of Cyprus (CY)

Abstract not available.

Sustainable economy in the Finnish context. How to financially survive the University Reform

Kari Suokko, Head of Administration, University of Helsinki (FI)

Esa Hämäläinen, Director of Administration, Theatre Academy (FI)

The universities in Finland were separated from State 1.1.2010. Fourteen universities operate as independent corporations under public law and two as foundations under private law. Universities are now more free to organise and develop their administration and pursue independent human resource policy as independent employers. Due to full financial liability the universities have gained more latitude in managing their finances and diversifying sources of income. At the same time the universities were capitalised with their facilities in order to safeguard their financial standing, solvency and creditworthiness. Three real estate companies were established, and the universities obtained two thirds of the shares.

University Reform can be seen as a positive challenge and opportunity to the Universities.

State funding may have moderately increased during the reform. However, this has been counterbalanced by new costs and taxes. Universities without state guarantee need to improve their organisation, financial management, service delivery as well as their strategic planning and leadership. We will compare the survival strategies of two Finnish Universities, a big multi-faculty and research-intensive University of Helsinki and a small one-discipline art institution Theatre Academy Helsinki.

Finally we will discuss both future trends in the Finnish higher education sector as well as probable long-term consequences of the university reform.

Impact of the Economic and Fiscal Crisis on Universities: Looking beyond the financial constraints

Dirk Van Damme, Head of CERI (Centre for Education Research and Innovation), OECD (BE)

Abstract not available.