

University Funding in Austria: **The Case of Structural Funds for the Higher Education Area** („Hochschulraumstrukturmittel“)

Elmar PICHL
Director General

Kajetan STRANSKY-CAN
Department of University Funding and Controlling

To zoom in the Austrian HE Area

World → > 7 Bn. people → 18.000 HEI




EU → 500 Mio. people → 4.000 HEI

Austria → 8 Mio. people → 70 HEI



The Austrian HE Area

„emerged in a natural process“

- 22 public universities  ÖSTERREICHISCHE
UNIVERSITÄTENKONFERENZ
- 21 universities of applied sciences  ÖSTERREICHISCHE
FACHHOCHSCHUL
KONFERENZ
- 12 private universities  Österreichische
Privatuniversitäten
Konferenz
- 14 university colleges
for teacher education (5 private)
- IST. Austria (PhD)



Performance of the Austrian HE System

U21 Ranking 2016

Rank	2015	Country	Score	2015
1	1	United States of America	100.0	100.0
2	2	Switzerland	87.2	87.1
3	3	Denmark	84.8	85.3
4	8	United Kingdom	84.3	80.6
5	5	Sweden	82.2	84.7
6	4	Finland	82.0	85.2
7	7	Netherlands	81.6	81.6
8	9	Singapore	80.6	80.3
9	6	Canada	79.6	82.8
10	10	Australia	77.6	77.1
11	11	Belgium	75.7	76.0
12	12	Norway	75.3	75.3
13	13	Austria	74.7	74.6
14	16	New Zealand	70.9	69.6
14	15	Hong Kong SAR	70.9	70.3
16	14	Germany	70.3	72.1
17	17	France	68.3	69.3
18	19	Israel	67.6	66.4
19	18	Ireland	65.2	68.8
20	20	Japan	64.2	65.6
21	21	Taiwan-China	62.4	63.6
22	23	Czech Republic	60.0	59.9
23	22	Korea	59.7	60.5
24	24	Spain	58.3	59.3
25	25	Portugal	56.6	58.4

The measures are grouped under four main headings:
Resources, Environment, Connectivity and Output.

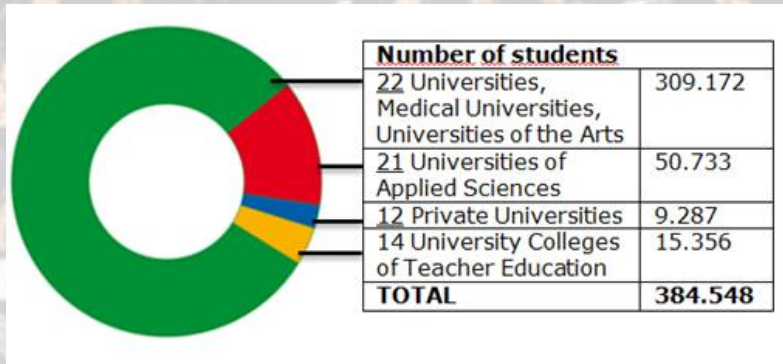
www.universitas21.com

U21 Ranking of National Higher Education Systems

The U21 Ranking of National Higher Education Systems gives an overview of higher education systems across the world.

Some 50 countries were ranked in four areas (**Resources, Environment, Connectivity and Output**) and overall.

Key facts: Students (1)



FIRST-YEAR STUDENTS, winter term 2015: 73.023

PUBLIC UNIVERSITIES
45.216

UNIVERSITIES OF APPLIED SCIENCES
20.225

PRIVATE UNIVERSITIES
(winter term 2014)
3.053

UNIVERSITY COLLEGES OF TEACHER EDUCATION
(WS 2014)
4.499

STUDENTS, winter term 2015: 384.548

PUBLIC UNIVERSITIES
309.172

UNIVERSITIES OF APPLIED SCIENCES
50.733

PRIVATE UNIVERSITIES
10.202

UNIVERSITY COLLEGES OF TEACHER EDUCATION
(WS 2014)
15.356

GRADUATES, academic year 2014/15: 59.404

PUBLIC UNIVERSITIES
40.405

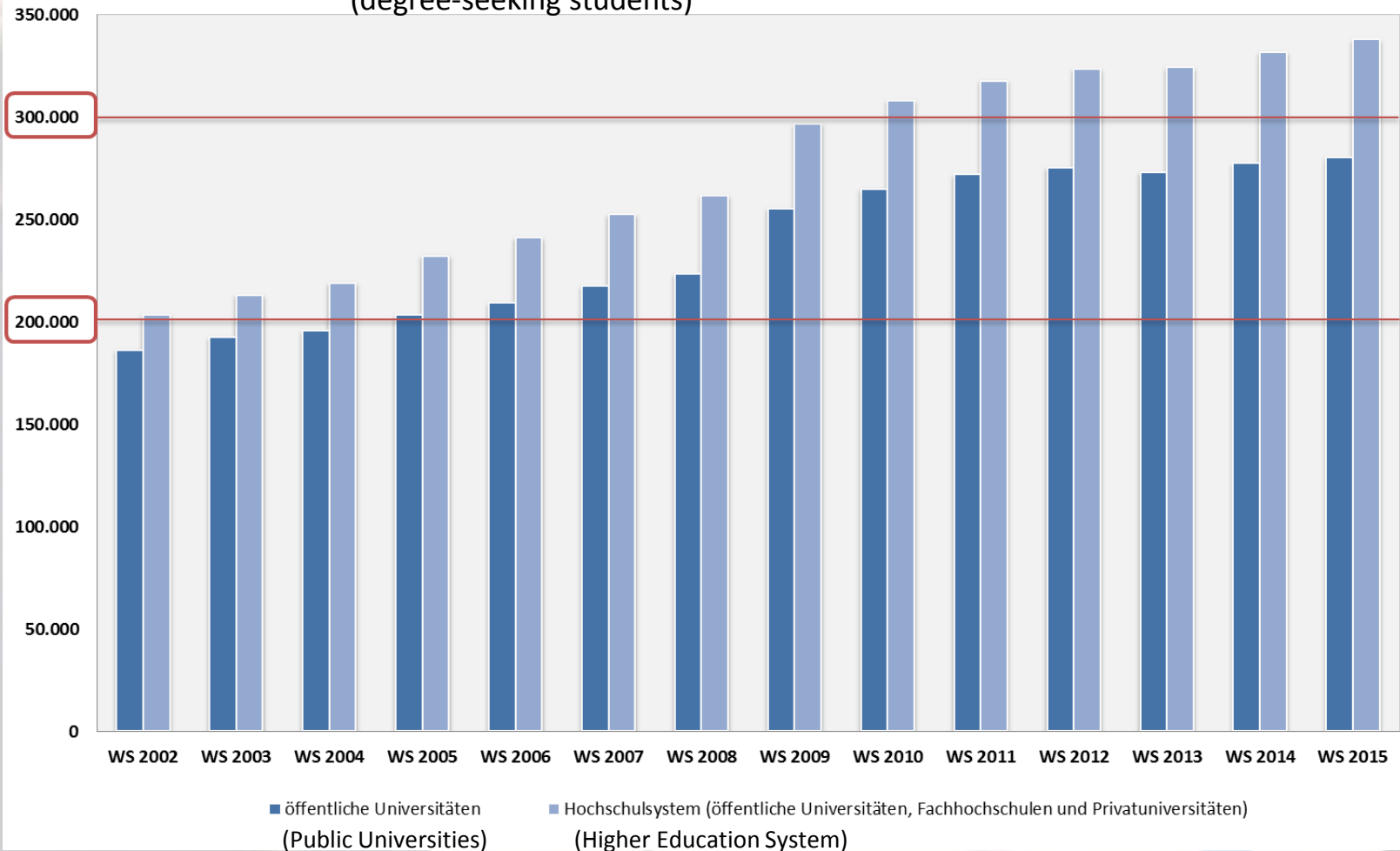
UNIVERSITIES OF APPLIED SCIENCES
13.739

PRIVATE UNIVERSITIES
(AY 2013/14)
1.472

UNIVERSITY COLLEGES OF TEACHER EDUCATION
(AY 2013/14)
3.788

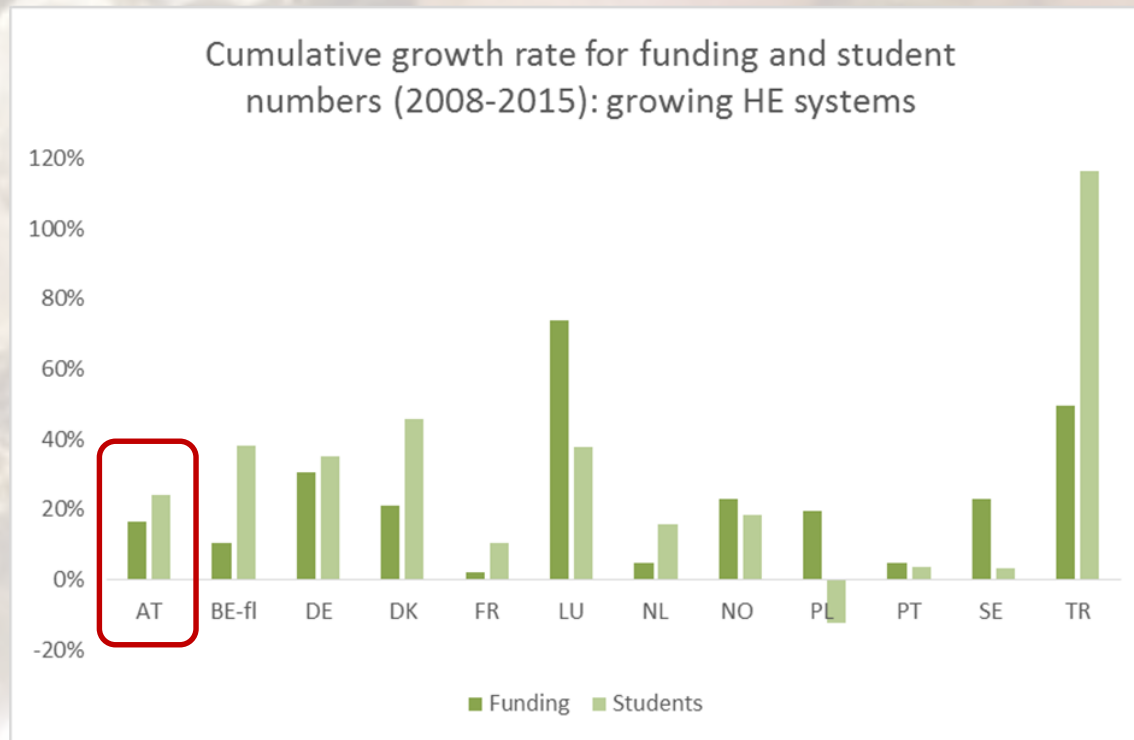
Key facts: Students (2)

Ordentliche Studierende in Österreich 2002 - 2015
(degree-seeking students)



Evolution of Public Funding in Europe

Evolution of national public funding: Growing HE systems



- Public funding to universities has been growing in 12 systems in Europe.
- In 7 systems student numbers have been growing faster than public funding.

Source: EUA / Estermann

Key facts: Public Universities

CATEGORIES

GENERAL UNIVERSITIES, MEDICAL UNIVERSITIES, UNIVERSITIES OF THE ARTS, TECHNICAL UNIVERSITIES, UNIVERSITY FOR CONTINUING EDUCATION, SPECIALISED UNIVERSITIES

LEGAL BASIS

UNIVERSITIES ACT 2002

FINANCIAL BASIS

BASIC BUDGET, STRUCTURAL FUNDS, EXTRA FUNDS

EUA Autonomy Scorecard 2010

Table 12 - Organisational autonomy scores

Rank	System	Score
1	United Kingdom	100%
2	Denmark	94%
3	Finland	93%
4	Estonia	87%
5	North Rhine-Westphalia	84%
6	Ireland	81%
7	Portugal	80%
8	Austria	78%
9	Hesse	78%
10	Norway	78%
11	Lithuania	75%
12	The Netherlands	69%
13	Poland	67%
14	Latvia	63%
15	Brandenburg	60%
16	France	59%
17	Hungary	59%
18	Italy	56%
19	Spain	55%
20	Sweden	55%
21	Switzerland	55%
22	Czech Republic	54%
23	Cyprus	50%
24	Iceland	49%
25	Slovakia	45%
26	Greece	43%
27	Turkey	33%
28	Luxembourg	31%

Table 13 - Financial autonomy scores

Rank	System	Score
1	Luxembourg	91%
2	Estonia	90%
3	United Kingdom	89%
4	Latvia	80%
5	The Netherlands	77%
6	Hungary	71%
7	Italy	70%
8	Portugal	70%
9	Slovakia	70%
10	Denmark	69%
11	Ireland	66%
12	Switzerland	65%
13	Austria	59%
14	North Rhine-Westphalia	58%
15	Finland	56%
16	Sweden	56%
17	Spain	55%
18	Poland	54%
19	Lithuania	51%
20	Norway	48%
21	Czech Republic	46%
22	France	45%
23	Turkey	45%
24	Brandenburg	44%
25	Iceland	43%
26	Greece	36%
27	Hesse	35%
28	Cyprus	23%

Table 14 - Staffing autonomy scores

Rank	System	Score
1	Estonia	100%
2	United Kingdom	96%
3	Czech Republic	95%
4	Sweden	95%
5	Switzerland	95%
6	Finland	92%
7	Latvia	92%
8	Luxembourg	87%
9	Denmark	86%
10	Lithuania	83%
11	Ireland	82%
12	Poland	80%
13	Austria	73%
14	The Netherlands	73%
15	Iceland	68%
16	Norway	67%
17	Hungary	66%
18	Portugal	62%
19	Hesse	61%
20	North Rhine-Westphalia	61%
21	Turkey	60%
22	Brandenburg	55%
23	Slovakia	54%
24	Italy	49%
25	Cyprus	48%
26	Spain	48%
27	France	43%
28	Greece	14%

Table 15 - Academic autonomy scores

Rank	System	Score
1	Ireland	100%
2	Norway	97%
3	United Kingdom	94%
4	Estonia	92%
5	Finland	90%
6	Iceland	89%
7	Cyprus	77%
8	Luxembourg	74%
9	Austria	72%
10	Switzerland	72%
11	Hesse	69%
12	North Rhine-Westphalia	69%
13	Brandenburg	67%
14	Sweden	66%
15	Poland	63%
16	Italy	57%
17	Spain	57%
18	Denmark	56%
19	Slovakia	56%
20	Latvia	55%
21	Portugal	54%
22	Czech Republic	52%
23	The Netherlands	48%
24	Hungary	47%
25	Turkey	46%
26	Lithuania	42%
27	Greece	40%
28	France	37%

University Funding Mechanism in Austria 2016-2018

Performance Agreement Negotiations

Basic Budget

Total budget to be
distributed on the basis
of negotiations:

~EUR 7,5 bill.

Indicators

Higher Education Area – Structural Funds

Distribution based on
4 indicators & grants

~ EUR 750 mio.

Extra funds
for construction works and additional clinical expenditure
~ EUR 1.45 bill.

TOTAL
~ EUR 9,7 bill.

Higher Education Area Structural Funds

- Public institutional funding: € 9.7 B. for a performance agreement period of three years (90% of Universities' turnover on average)
- Global budgets = Basic budgets + Structural Funds
- cancelling of “Formula Budget” in 2012, replaced by Structural Funds
 - reduction of number resp. complexity of indicators
 - higher transparency
- current design of indicators (slightly adapted 2015):

Percentage of SF	2013-2015	2016-2018
Active Students	60% (€ 270 Mio.)	60% (€ 450 Mio.)
Graduates (excl. Doc)	10% (€ 45 Mio.)	8% (€ 60 Mio.)
Knowledge Transfers	14% (€ 63 Mio.)	15% (€ 112.5 Mio.)
Doctoral Schools	---	4% (€ 30 Mio.)
Private Donations	2% (€ 9 Mio.)	---
Cooperations (Grants)	14% (€ 63 Mio.)	13% (€ 97.5 Mio.)
Funding Proportion (Sum)	5% (€ 450 Mio.)	7.7% (€ 750 Mio.)

Comparison: HE Area Structural Funds and the old “Formula-Budget”

Old “Formula Budget”

- 20% of the institutional state funding
- 11 indicators
- very complicated calculation
- too sophisticated to be a steering instrument

New “Structural Funds”

- 7,7% of the institutional state funding
- 4 indicators & 1 grant
- simplified
- effective in steering & redistributing

"Redistribution Effects"

University	nominal difference between "Formula-Budget" resp. "HRSM" and Basic Budget (in Mio. €)	
	Basic Budget - HRSM 2013-15	Basic Budget - FB 2010-12
a	28,39	-0,54
b	3,60	-0,59
c	3,86	0,50
d	-22,93	0,41
e	-2,01	3,30
f	-4,48	2,16
g	-1,54	0,79
h	7,25	2,30
i	7,36	6,93
j	0,64	2,31
k	4,45	-2,38
l	-8,78	-0,99
m	-2,23	-2,72
n	-2,64	0,67
o	-0,34	-0,88
p	-0,99	-1,52
q	-5,61	-3,40
r	-2,43	-2,06
s	-1,68	-1,29
t	0,54	-1,39
u	-0,43	-1,61

Comparison: HE Area Structural Funds 2013-2015 and 2016-2018

- relative increase in Knowledge Transfers
 - incentives for engagement in peer-reviewed / EU research-funding
- new indicator: structured Doctoral Schools
 - supporting academic careers
- abolished indicator: Private Donations
 - now an issue for cooperative arrangements within structural funding
- cooperative arrangements
 - research: infrastructures
 - teaching: education for pedagogues
 - administration: cost accounting, Open Science / Open Access

Allocation of Structural Funds

- on the basis of University statistics
 - students actively taking examinations
- on the basis of intellectual capital statements
 - university graduates (excluding PhDs)
 - knowledge transfers (acquisition of research-funding)
 - doctoral schools (employment of PhD-candidates in research)
- on the basis of evaluation by a commission
 - cooperative arrangements in teaching, research and administration

Lessons Learned (conclusions for AT)

- HEA Structural Funds as a Simplification Exercise
 - “They do more with less”
- HEA Structural Funds as a vehicle for deepening of student-based funding mechanisms
 - and within this context: incentivize universities to implement national standards in cost accounting (national standards will be defined by decree in 2017)
- HEA Structural Funds as a catalyst for Doctoral Schools
 - visualize existing institutional structures & their quality
 - initiate new developments
 - widen quality doctoral education
- “Deadweight effect” in the case of Private Donations
 - Only institutions already active in the respective field benefited; no effect for new initiatives; transfer of this issue into other steering instruments

Lessons Learned (to be discussed)

- How simple can a formula be? Is there a European trend of reducing complexity in Higher Education funding schemes in favor of improving transparency and simplicity?
- How large should the indicator-based part be? How to manage trade-offs between “performance oriented funding” (formula, indicators ...) and necessity to have “basic funding”?
- Capacity-orientation: Is there a way to introduce new funding systems evolutionary or has to be there a revolution?
- A more general question: More autonomy seems to improve institutional efficiency. But can this conclusion be transferred to a systemic level? “Costs of Coordination”? Inefficiencies due to uncoordinated Autonomy? Lacking of “swarm intelligence”?

Thank you for your attention!

elmar.pichl@bmwfw.gv.at
kajetan.stransky-can@bmwfw.gv.at