

Public Funding Observatory

Report 2020/2021

Part 2

April 2021

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Structure of the Public Funding Observatory

This year's EUA Public Funding Observatory consists of the following components:

- the EUA Public Funding Observatory Report 2020/2021 part 1, released in October 2020. It provides a detailed picture of the immediate impact of the Covid-19 pandemic on university funding and offers insight into the implications expected in the years to come.
- the EUA Public Funding Observatory Report 2020/2021 part 2 (present report), based on data collected from the EUA member national university associations during the second semester of 2020.

The Observatory also includes:

- individual country sheets for 32 systems across Europe;
- the online tool containing the full dataset on public funding to universities in Europe;
- the methodological note offering more details about the data sample and the research method.



Structure of the report

The present report analyses long-term funding trends captured over the period from 2008 to 2019. It also offers an overview of the latest public funding developments in 2019 and 2020. Finally, it focuses on the new phase of EU funding (2021-2027) and what is at stake for universities.

The data collected in 2020 allows to adapt/correct data provided for previous years between 2008 and 2020 and complete datasets for some of the participating countries. The data covers the overall funding mix; direct public funding; student numbers; staff numbers; qualitative feedback on relevant ongoing discussions related to governance and funding of universities.

The 2020/2021 report features 32 higher education systems. Data for various higher education systems within the UK (England, Northern Ireland, Scotland and Wales) are reported separately. Cyprus, Greece and Latvia were not included in the analysis as the data provided covers a period inferior to nine years.

All systems may not be included in the different sections, depending on the dataset provided. Explanatory notes are provided in grey and signaled by the * symbol. The methodological note provides further information on the matter.



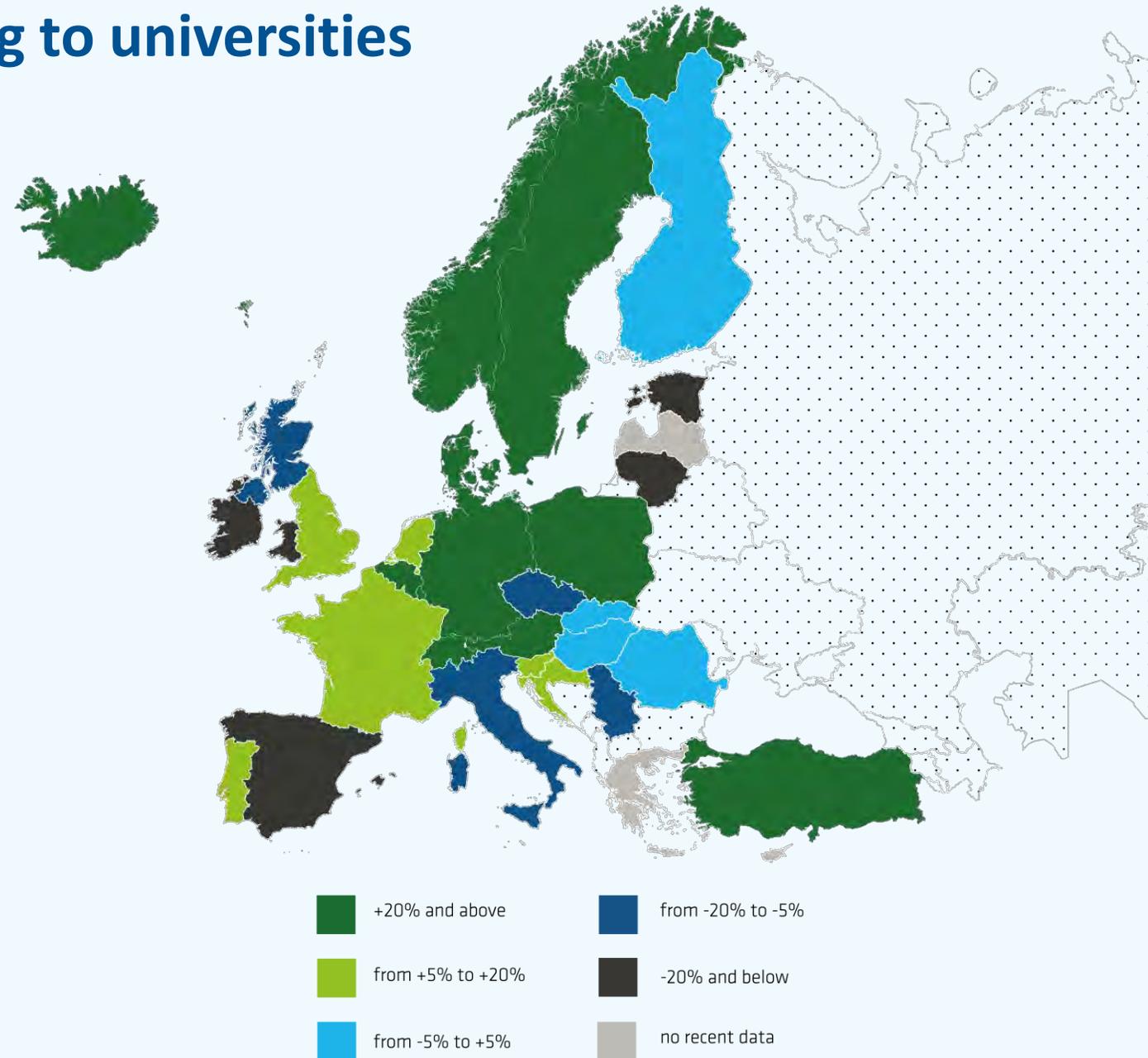
Part 1 Evolution of public funding to universities

This chapter outlines long-term developments in public funding to universities across Europe from 2008 to 2019*. These trends are contextualized against a set of key factors, such as student enrolment, inflation and economic growth.

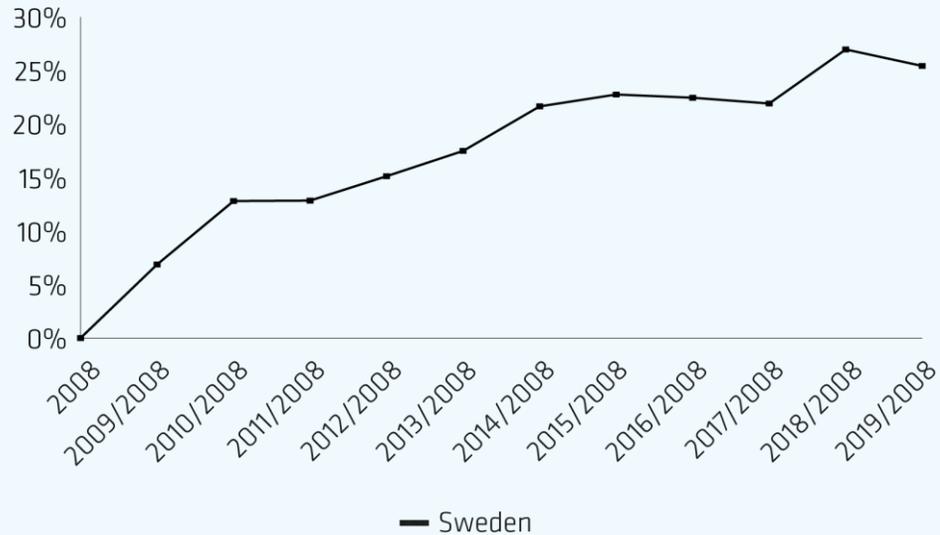
Before the pandemic hit the sector, there was relative stability compared to last year's analysis. Changes were mostly positive, with Slovenia, Hungary, Romania and Serbia moving up by one category or more.

*How to read this map:

The map shows the inflation-adjusted change in public funding to universities in 2019 compared to 2008. Different colour codes refer to different levels of investment or cuts. Top investors appear in dark green. Countries with the biggest decrease in funding in 2019 compared to the base year appear in black. Shorter timeframes for: EE; FI; LU; PL; UK-ni; UK-sc and UK-wa. Public subsidies to student loans included for UK-en; UK-ni and UK-wa.

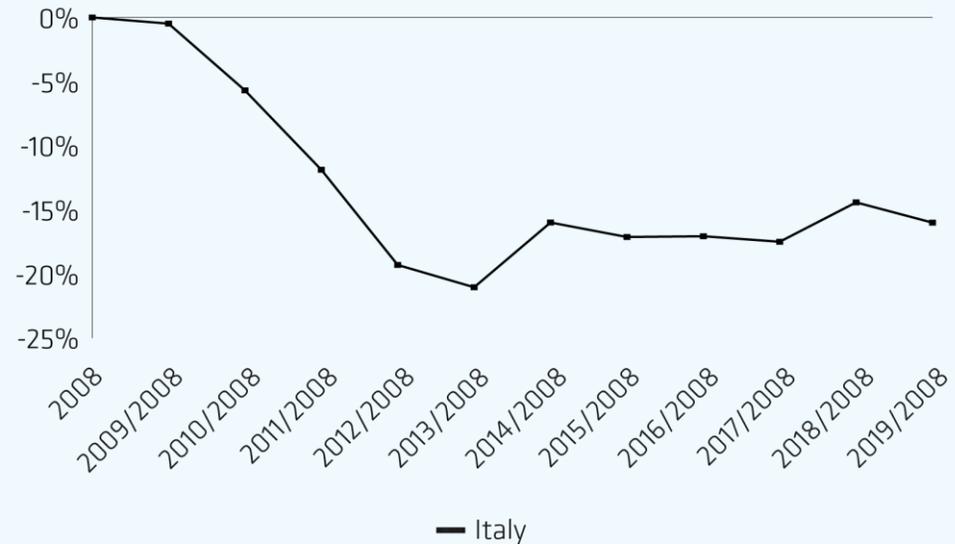
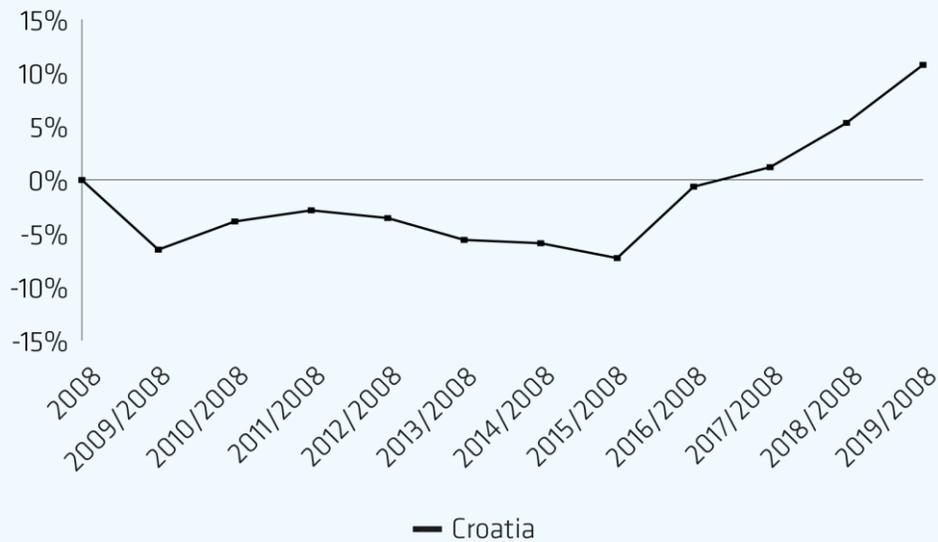


1.1 Long-term funding trends



The higher education systems under review followed various funding trajectories from 2008 to 2019. Several broad groups of systems with similar patterns such as “sustained growth”, “improving” and “declining” can be identified. This categorisation is relative since there could be significant variations across different countries and at different points in time.

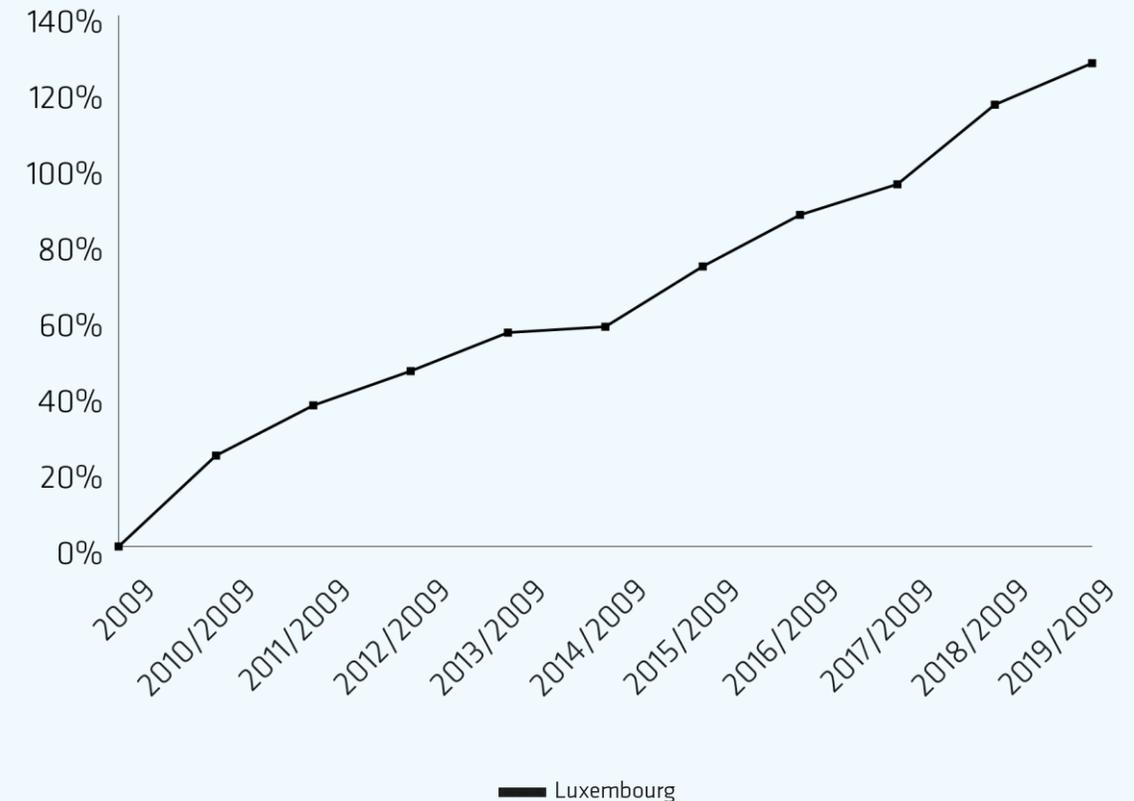
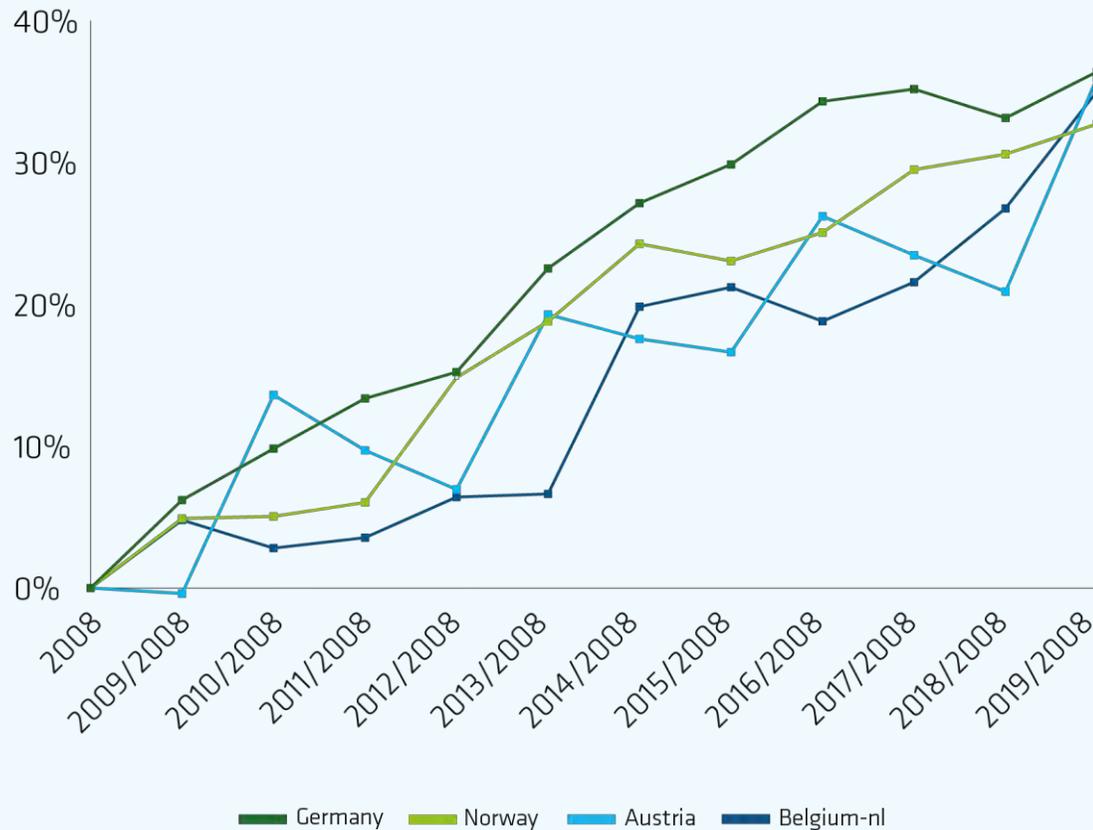
The graphs describe the evolution in three cases since 2008 and illustrate the identified trends in **Sweden** (“sustained growth”), **Croatia** (“improving”) and **Italy** (“declining”).



1.1.1 Sustained growth patterns (1)

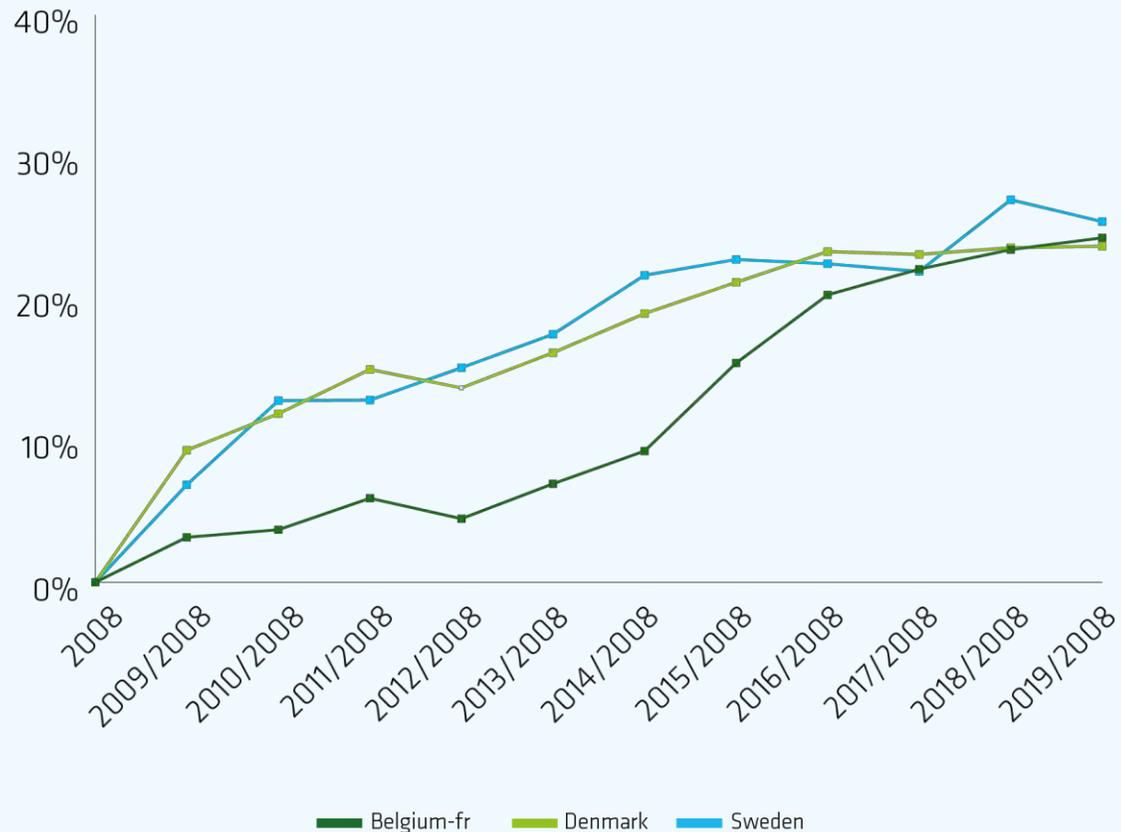
The group of top performing higher education systems with sustainable long-term funding growth has seen some changes this year:

- Austria and Belgium (Flanders) now join Germany and Norway among the largest investors (above 30%) over the last decade.
- Luxembourg is an outlier and more than doubled its investment from 2009 to 2019 (overall increase of 127%).



1.1.1 Sustained growth patterns (2)

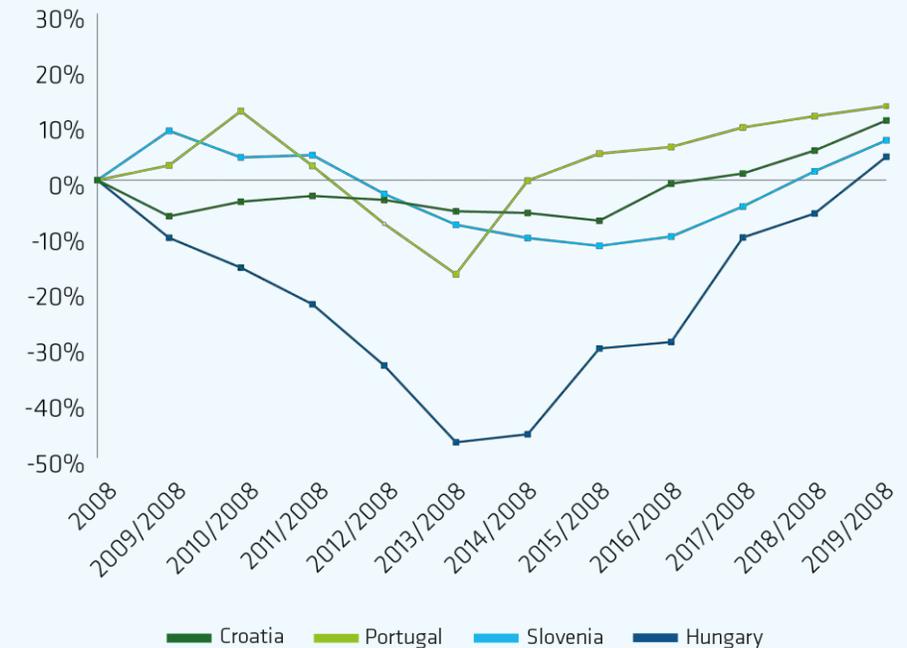
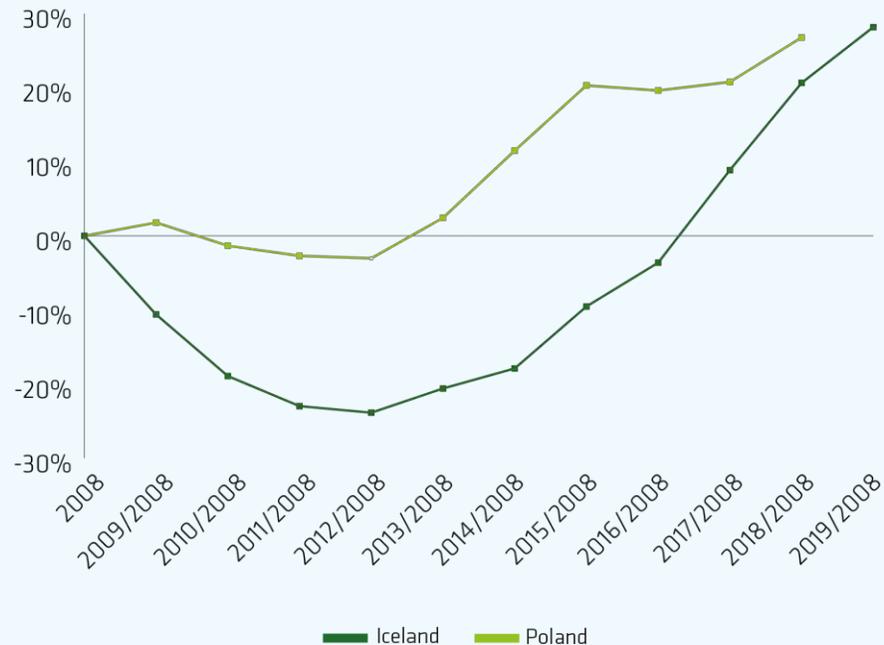
- Belgium (French-speaking community), Denmark and Sweden continue with increases between 20-30%.
- Overall investment is growing in the Netherlands but remains below the bar of 20%. France features as relatively stable, but with limited levels of investment.



1.1.2 Improving patterns (1)

In the long run, several systems recovered from the previous cuts (usually applied between 2009 and 2013), although the degree of recovery significantly varies across the sample.

- Iceland closed its funding gap in 2017 and has continued to invest in its universities since then. Poland, for which 2019 data was unavailable, has also been increasing its funding since 2013.
- Croatia, Portugal and Slovenia turned around their trajectory between 2013 and 2015. Croatia and Slovenia closed the gap around 2017-2018 and have shown positive trends since.
- In 2019, Hungary moved into the positive (compared to 2008). It took six years to compensate five consecutive years of budget cuts (2009-2013).

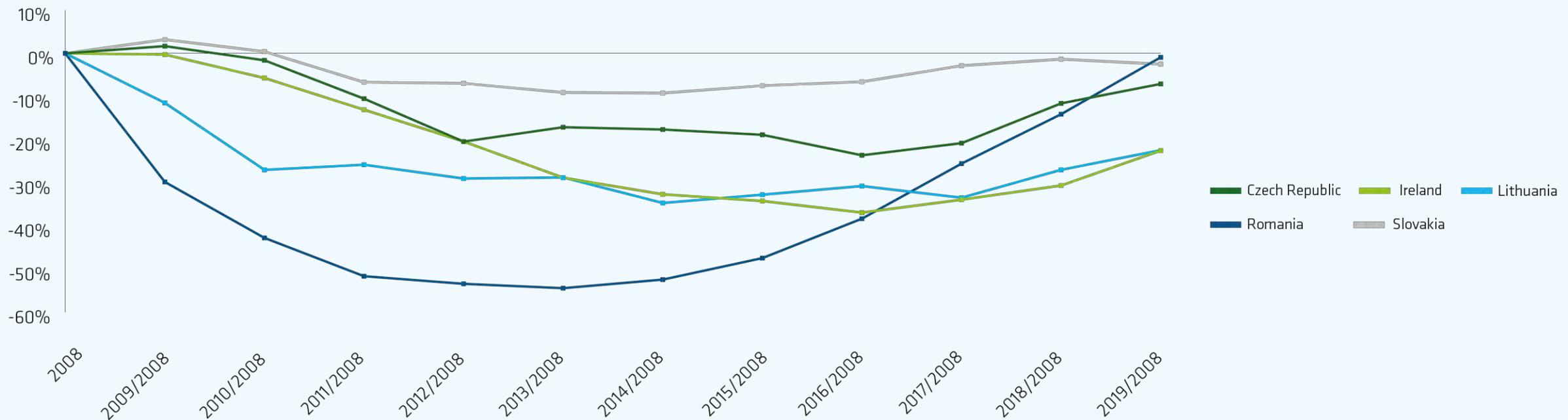


1.1.2 Improving patterns (2)

Systems that have re-invested in universities but have not managed to exceed the 2008 investment level include the Czech Republic, Ireland, Romania and Slovakia.

They are joined by Lithuania, which has been increasing investment for two years (but remains below the 2008 benchmark by more than 20%). The relatively broken pattern of investment in Lithuania, however, calls for caution when analysing this case.

Beyond the figures shown in the graph, the latest information shows that Romania and Slovakia closed their funding gap in 2020 (returning to 2008 levels).



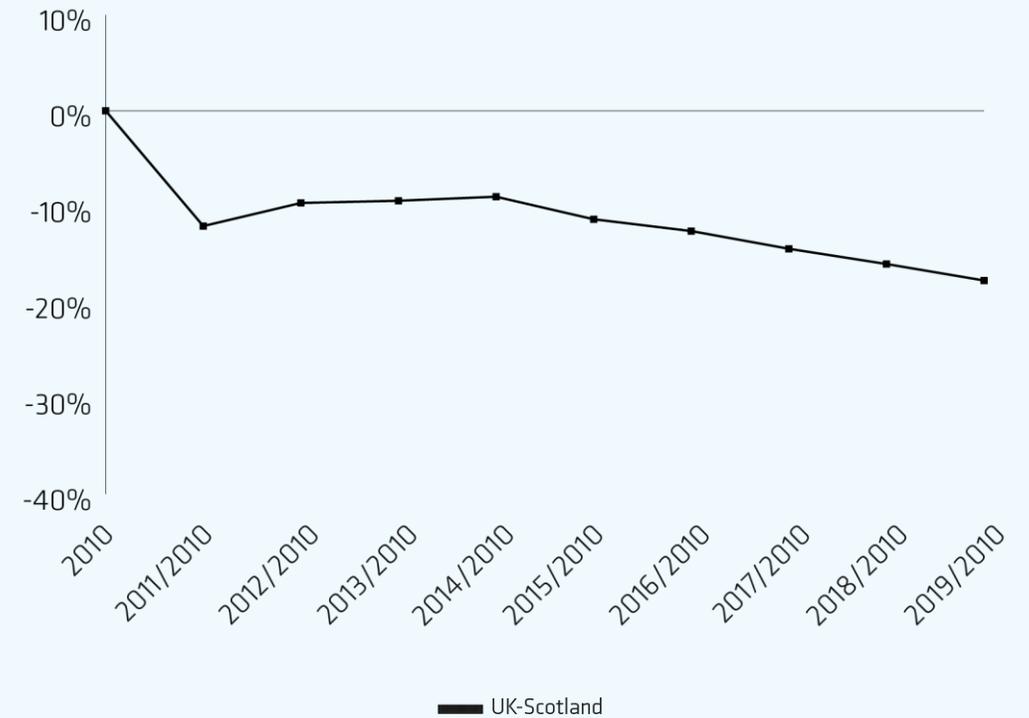
1.1.3 Declining patterns

Several higher education systems accumulated large funding gaps from 2008 to 2019.

Italy and Spain do not seem to deviate from a critical level of underfunding since 2012.

Positive signs detected in Italy in 2018 were not consolidated by a further increase in 2019.

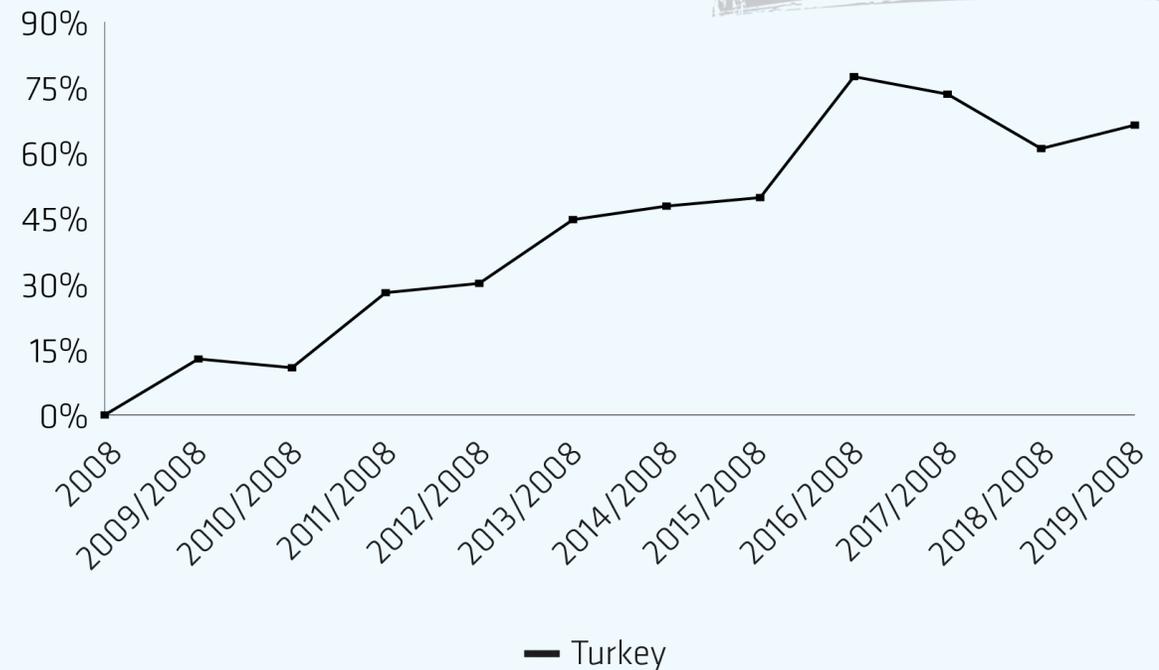
Scotland, which is analysed for the period of 2010-2019, shows a continued and worrying disinvestment pattern since 2015.



1.1.4 Special cases: Turkey

Turkey is somewhat of an outsider in the analysis, because of the scale of the investment over the period (peaking at nearly an 80% increase in real terms in 2016, compared to 2008).

The country also shows an unusual pattern of quasi-sustained investment for those eight years, except for the period from 2017 to 2018.



1.1.5 Special cases: Finland

The period considered for Finland starts in 2010, when the funding model was revised significantly.

The almost continued declining pattern since 2011 seems to have come to a halt in 2019. However, it remains to be seen whether investment will be sustained enough to close the funding gap generated in the earlier years.

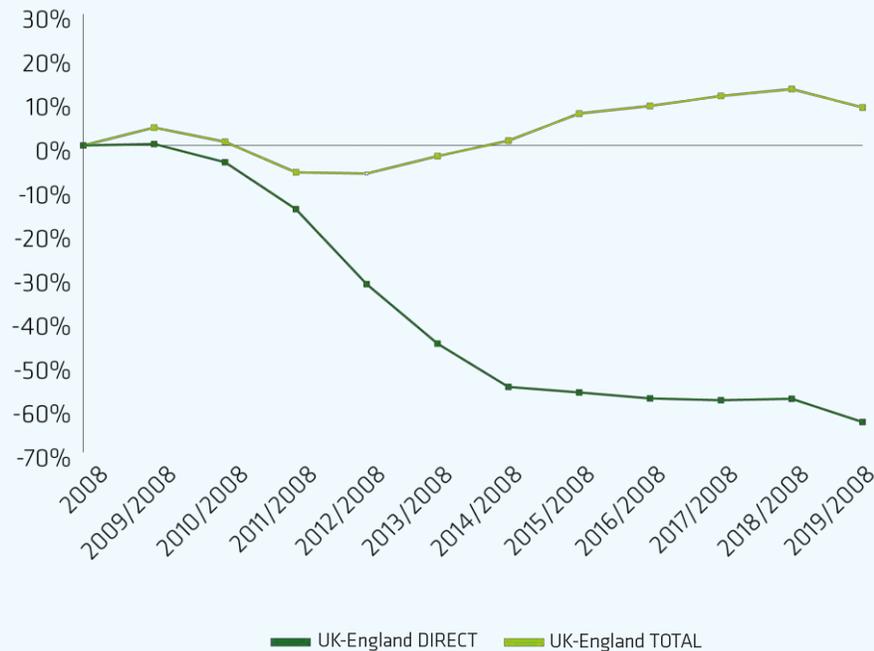


1.1.6 Special cases: United Kingdom (1)



Regarding the UK, in England, the large decrease in direct public funding is compensated by a larger growth of public funding allocated to higher education institutions for student loans following the change in the funding model*.

However, both records show a negative trajectory in 2019 compared to 2018. The same model applies in Northern Ireland, where figures remain below the 2008 investment level.



***How to read these graphs:**

“UK-England DIRECT” and “UK-Northern Ireland DIRECT” show *direct* public funding to English or Northern Irish higher education institutions.

“UK-England TOTAL” and “UK-Northern Ireland TOTAL” show direct public funding combined with public subsidies for student loans received by English or Northern Irish higher education institutions.

1.1.6 Special cases: United Kingdom (2)



While public subsidies allocated to Welsh higher education institutions for student loans have been growing since 2010, following reforms to student funding, direct public funding has been dramatically going down*.

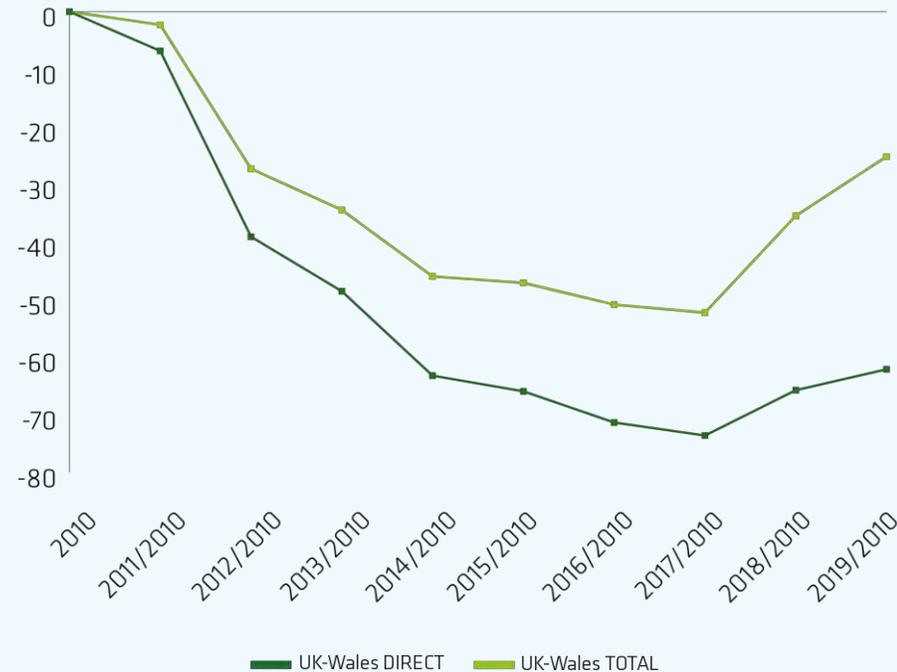
The last two years for which consolidated data is available (2018-2019) nevertheless show a positive trend, essentially due to higher public subsidies for student loans.

***How to read this graph:**

This graph shows the funding decline in two systems in 2019 compared to 2010.

“UK-Wales DIRECT” refers to *direct* public funding to Welsh higher education institutions.

“UK-Wales TOTAL” shows direct public funding combined with public subsidies for student loans received by Welsh higher education institutions. The *total* data is only available for the period 2010-2017.



1.2 Recovery under threat?

This graph shows the yearly changes in the number of systems cutting or increasing funding for universities in the period from 2008 to 2019 (reference year: 2008*).

The 2019 data confirms the signs of the gradual improvement of public funding for universities in Europe since 2015, detected in EUA's previous report.

In 2019, only seven systems applied funding cuts, which is fewer than in 2009. In 2019, Hungary became the most recent system to have closed its funding gap.

However, the slow but steady progress towards recovery is now heavily endangered by the pandemic-related economic crisis of 2020 ([see the 2020/2021 report released in October 2020](#)).

***How to read this graph:**

The graph includes 23 systems with a complete funding dataset for 2008-2019.



1.3 Average annual funding change

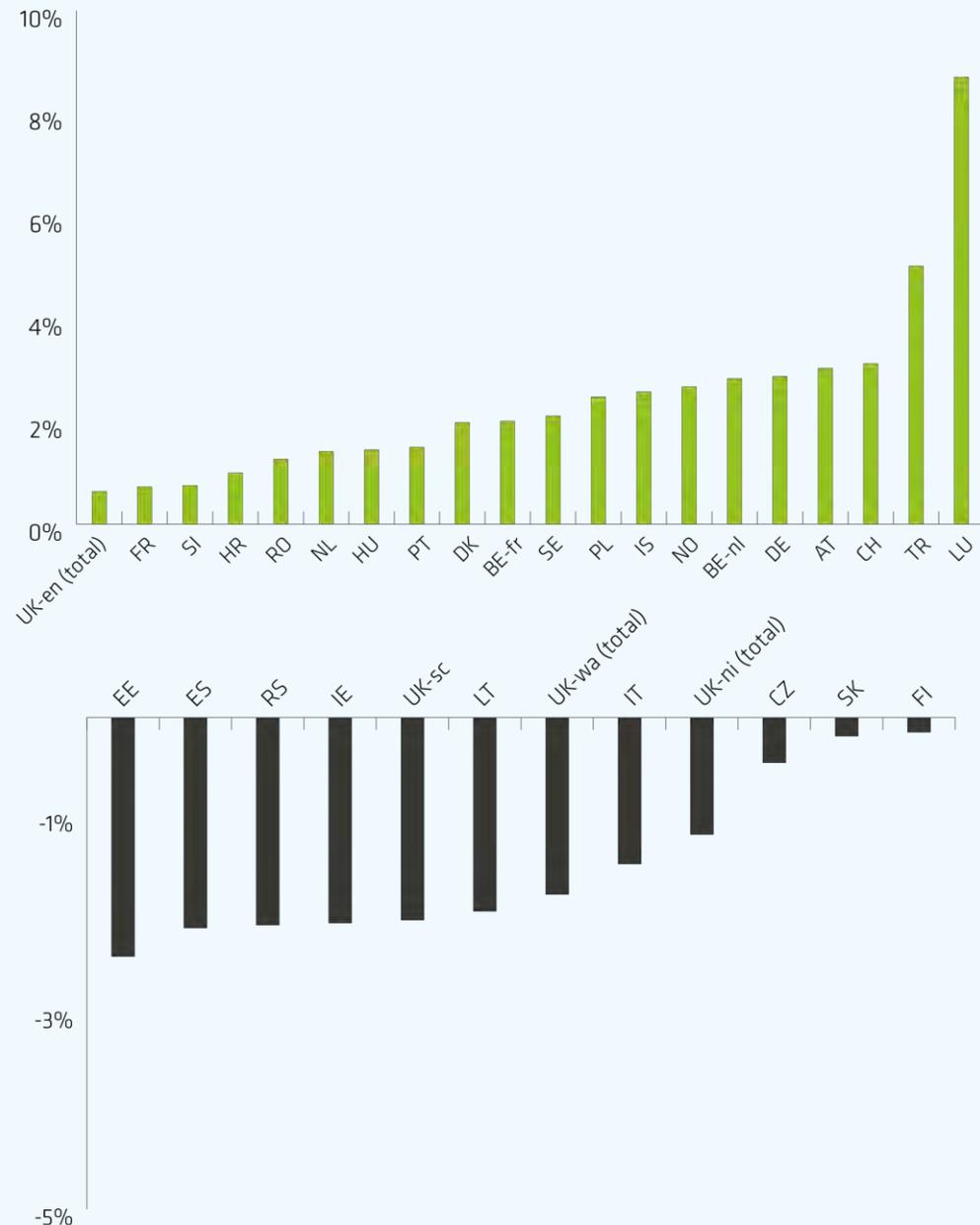
The average annual funding change in real terms significantly differed across 32 systems from 2008 to 2019*. Luxembourg remains at the top of the sample. Austria and Flanders move up among the highest average annual funding growth.

In total, 12 systems had negative average annual values, and 20 systems had positive values. In seven systems, the average annual funding change remained flat (between -1% and +1%).

The worst placed systems display figures that have improved slightly compared to last year's report. (Serbia and Ireland, for instance, used to display figures close to -4%).

***How to read these graphs:**

These graphs show the annual funding change (positive or negative) in real terms averaged over the period 2008-2019. Shorter timeframes are used for EE (2008-2017); CH (2008-2017); FI (2010-2019); LU (2009-2019); PL (2008-2018); UK-ni (2008-2018); UK-sc (2010-2019); UK-wa (2010-2019).



1.4 Evolution of public funding to universities and student enrolment

The long-term public funding trends in various higher education systems need to be further contextualised in terms of changes in student numbers and economic growth.

Given the scope of the data collected, it is not possible nor intended to establish a direct relationship between public funding and student numbers at the system level*. Yet considering these two factors together helps to better understand the pressure universities face in any given system.

EUA performed the analysis for 32 systems with complete funding and student number datasets (shorter timeframes are used in some cases). The sample is divided into two groups, capturing positive and negative trends for these systems.

***Note:**

The country/system sheets spell out the exact scope of the data collected for funding and for student numbers. These may differ and therefore it is advised to read this report in conjunction with the individual country/system sheets for more granularity in the analysis.



1.4.1 Systems with increasing funding



Looking at changes in funding and student numbers for systems where public funding in 2019 was higher than in 2008*, a major distinction can be made between:

- eight systems where funding growth is superior to student enrolment growth;
- 11 systems where the demographic pressure is not met by sufficient investment.

Pressures nevertheless vary significantly, with four extreme cases being Turkey (highest demographic pressure), Hungary, Poland and Slovenia (declining student body). The overall picture remains highly similar to that of last year's report. Austria increased funding significantly enough to overtake the growth of student numbers.

*How to read this graph:

Shorter timeframes are used for LU (2009-2019); CH (2008-2017); PL (2008-2018). Student numbers for TR are capped at 100% to enhance the readability of the graph. The actual figure is +230%, for students enrolled in public and private higher education institutions. Funding data for England (UK-en) covers total public funding.

1.4.2 Systems with declining funding



The gravity of cuts in 13 systems varies with student enrolment numbers*:

- Four systems decreased funding to universities across the period from 2008 to 2019, whilst student numbers increased.
- In nine systems, both funding to universities and student numbers decreased in 2019 compared to 2008, with variations regarding the relative pace of funding cuts and demographic decline.
- Extreme cases include Ireland, where universities were confronted with strong student growth while experiencing grave funding cuts.
- Over the same period, Lithuania, Romania and Slovakia lost close to or more than a third of their student populations.

***How to read this graph:**

Shorter timeframes are used for EE (2008-2017); FI (2010-2016); UK-ni (2008-2018); UK-sc (2010-2018); UK-wa (2010-2019). For Wales (UK-wa) the student numbers value is -0.2%. Funding data for Northern Ireland and Wales covers total public funding.

1.4.3 Long-term financial and demographic pressures

Category	Description	Systems
Funding ↑ > Students ↑	Funding increase higher than student number growth	AT, IS, NO, SE
Funding ↑ < Students ↑	Funding increase lower than student number growth	BE-fr, BE-nl, DE, DK, FR, HR, NL, PT, TR, UK-en
Funding ↑ / Students ↓	Funding increase despite student number decline	HU, SI
Funding ↓ / Students ↑	Disinvestment despite student number growth	IE, RS
Funding ↓ < Students ↓	Funding decline lower than student number decline	CZ, LT, RO, SK
Funding ↓ > Students ↓	Funding decline higher than student number decline	ES, IT

***How to read this graph:**

This table captures different trends in public funding and student enrolment for 24 systems with complete datasets for the period from 2008 to 2019. The following systems are not included in the analysis because of the incomplete datasets: CH, EE, FI, LU, PL, UK-ni, UK-sc, UK-wa.

Compared to the previous report, Austria and Portugal invert their positions, Austria having now reinvested in a way that exceeds student number growth. Notably, Austria has a three-year funding cycle, therefore variations within one cycle are connected to the impact of inflation and student growth.

The second group of systems remains stable; there, countries are subject to higher pressure due to rising student numbers.

Italy and Spain, as well as several Central and Eastern European countries, experience negative patterns both in terms of student enrolment and public funding. For the first two, while the decline in the student populations is relatively small (close to -5%), budget cuts have disproportionately affected universities. In Lithuania, Romania and Slovakia, the student populations decreased by between about one third and one half compared to the 2008/2009 cohorts.

Exceptions include Hungary and Slovenia (as well as Poland, for which data was unavailable in 2020), with positive investment trends and reducing student cohorts. Slovenia has been reinvesting for three years against a negative demographic background, while Hungary has just closed its funding gap.

Ireland and Serbia continue to face a difficult challenge, with funding cuts over the monitored period, while facing growing student populations*.

1.5 Public funding to universities and GDP growth

Category	Description	Systems
Funding ↑ > GDP ↑	Investment higher than economic growth	AT, CH*, DE, DK, HR, IS, LU*, NL, NO, PT, SE, TR
Funding ↑ < GDP ↑	Investment lower than economic growth	FR, HU, PL*, RO, SI
Funding ↓ / GDP ↑	Disinvestment despite economic growth	CZ, EE*, ES, FI*, IE, LT, RS, SK
Funding ↓ > GDP ↓	Disinvestment greater than economic decline	IT

***How to read this graph:**

This graph compares the average annual funding growth rate to the average annual real GDP growth rate for the period from 2008 to 2019. The following systems are not included in the analysis: BE-fr, BE-nl, UK-en, UK-ni, UK-sc, UK-wa. *Shorter timeframes are used for CH (2008-2017); EE (2008-2017); FI (2010-2019); LU (2009-2019); PL (2008-2018).

A country’s investment capacity is an important factor for the assessment of public funding changes over time. Comparing the average annual real GDP growth rate and the **average annual funding growth** over the period from 2008 to 2019* makes it possible to identify some general patterns:

- 12 most “committed” systems increased their investment in public universities at a larger scale than their average economic growth.
- Five countries have some unused potential, as their investment levels remain lower than GDP growth over the period. Romania joins this group after significant reinvestments.
- Eight systems reduced funding for universities despite the overall positive GDP growth. Although the picture is highly complex at the national level, this is a warning signal for the countries that may miss an opportunity to strengthen their knowledge economy.
- Italy is the only country characterised by funding cuts greater than the average negative annual economic growth.

1.5.1 Public funding to universities and GDP growth: systems investing in universities



This section breaks down the previous table and explores each category.

Several countries supported their universities at a larger scale than the GDP growth in the period from 2008 to 2019*.

Romania records a positive average annual growth for funding thanks to its reinvestment efforts over the last years. The average annual GDP growth it is experiencing suggests that further action is possible, as in France, Hungary, Poland and Slovenia.

*How to read this graph:

This graph compares the average annual public funding to the average annual GDP growth (both in real terms) for 17 systems that had a positive average annual growth in public funding for universities from 2008 to 2019. Shorter timeframes are used for CH (2008-2017); LU (2009-2019); PL (2008-2018). The following systems are not included in the analysis: BE-fr, BE-nl, UK-en, UK-ni, UK-sc, UK-wa.

1.5.2 Public funding to universities and GDP growth: systems disinvesting in universities



Several countries including the Czech Republic, Ireland and Slovakia, reduced funding for universities despite significant average GDP growth. Some corrective measures have been taken in Ireland and Serbia, and to a lesser extent in Lithuania.

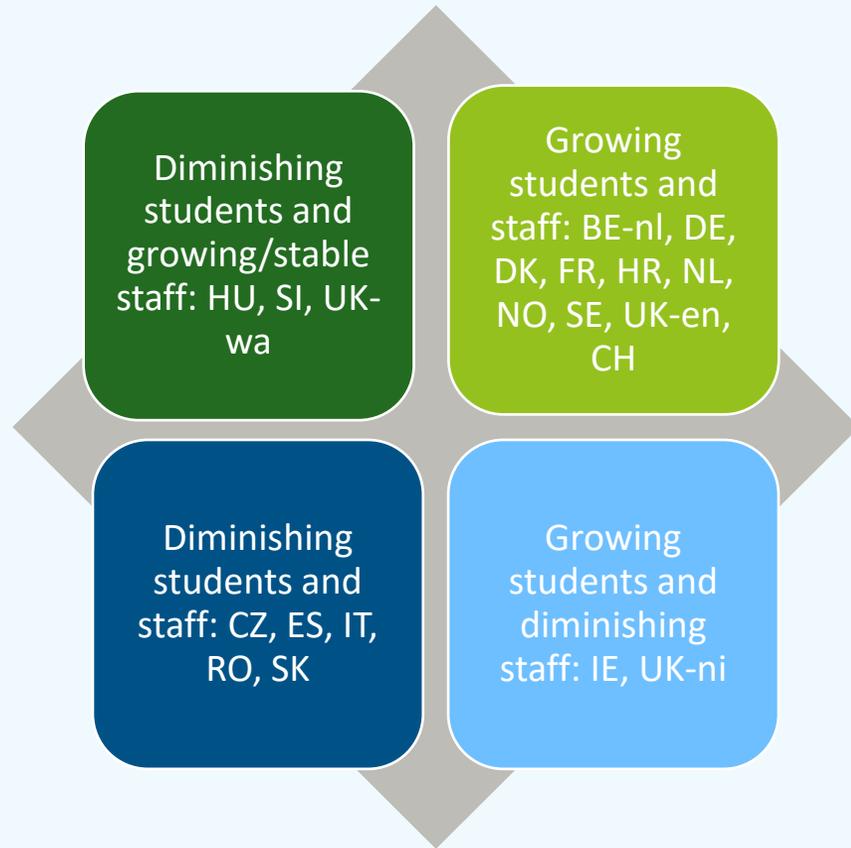
Italy is the only country that continues to register a negative average annual economic growth combined with the negative real funding average in the period from 2008 to 2019*.

*How to read this graph:

This graph compares the average annual public funding to the average annual GDP growth (both in real terms) for nine systems that had a negative average annual growth in public funding for universities over the period from 2008 to 2019. *Shorter timeframes are used for EE (2008-2017) and FI (2010-2019). Serbia presents an incomplete dataset. The following systems are not included in the analysis : BE-fr, BE-nl, UK-en, UK-ni, UK-sc, UK-wa.

Note: GDP in Ireland is heavily distorted by the impact of the exceptionally high proportion of multinational companies in the economy. Direct comparison of GDP based metrics need to be considered in that context.

1.6 Long-term developments in university staff



***How to read this figure:**

This graph presents different groups of systems according to the changes in the number of students and staff (academic and non-academic staff together) from academic year 2008/2009 to 2018/2019. It includes 20 systems with the complete staff and student datasets for the period from 2008/2009 to 2018/2019.

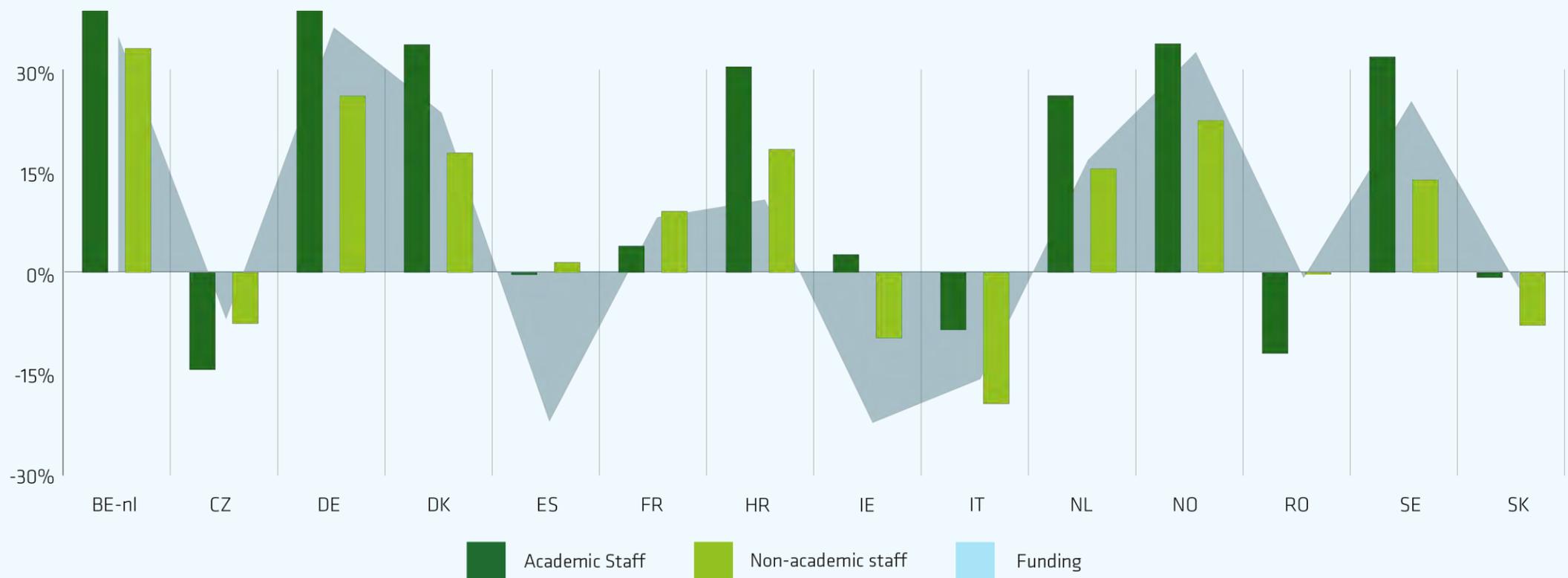
The financial and demographic pressures are reflected in the evolution of staff (both academic and non-academic) and student numbers. Given the varying scope of the data collected, no direct estimates of ratios between the two datasets can be made*. Nevertheless, comparing the evolution of student numbers and staff can help detect certain trends across Europe.

The situation remained challenging for Irish and Northern-Irish universities that experienced growing student numbers but had to reduce staff.

Conversely, in Hungary, Slovenia and Wales, staff numbers were growing while the student population remained stable (Wales) or dropped (Hungary, Slovenia).

1.7 Staff numbers and public funding

Among those systems that invest in staff at a higher rate than public funding growth* are Croatia (all staff) and Sweden (academic staff). In some cases, the effort is entirely focused on (or significantly higher for) academic staff. Difficult financial conditions in Ireland and Italy have primarily affected non-academic staff. The Czech Republic and Slovakia have made different choices, with academic staff more impacted in CZ and non-academic staff more impacted in SK (in a context of a smaller student population).



*How to read this graph:

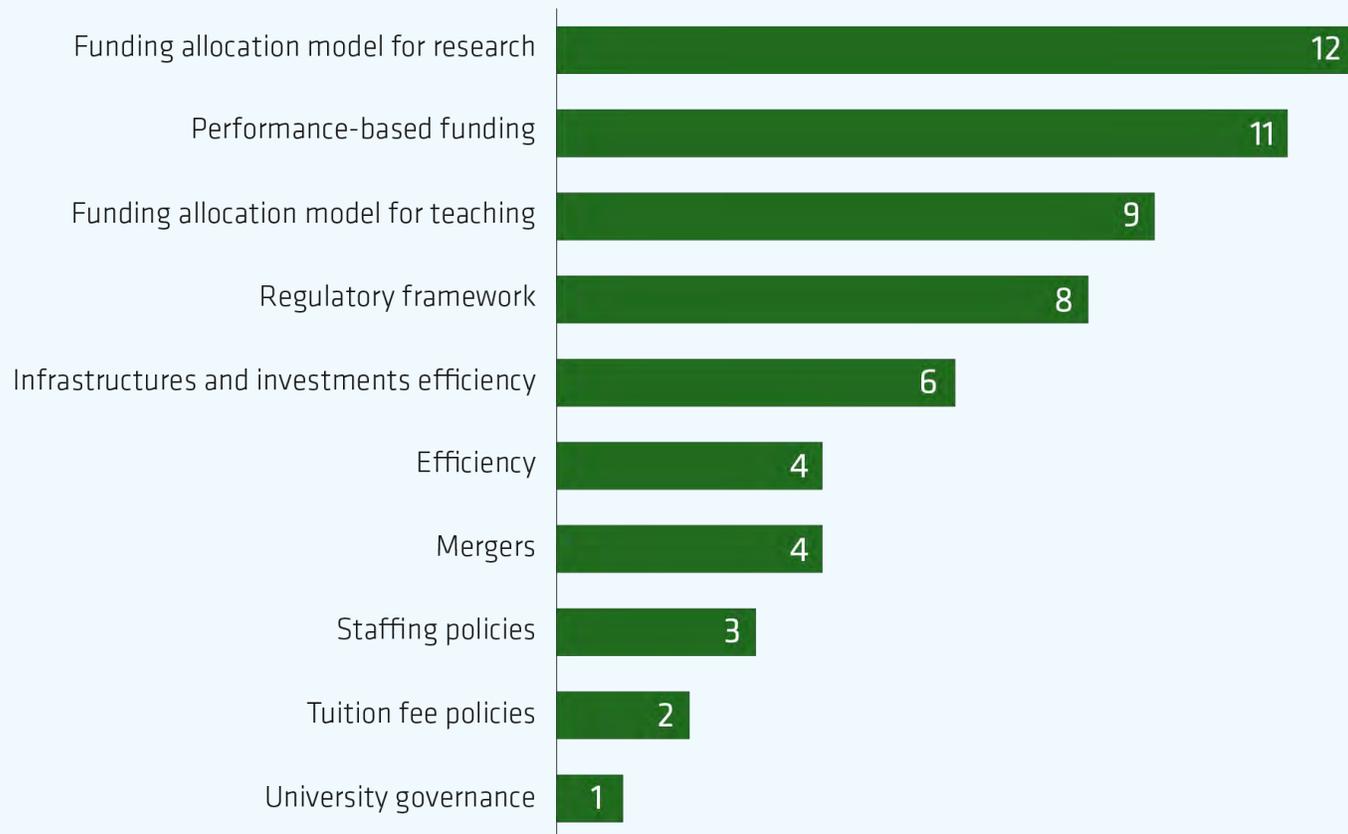
This graph provides some indications for changes in the number of academic and administrative staff against the backdrop of the evolving public funding for 14 systems with the complete datasets (academic staff, non-academic staff and funding) for the academic years from 2008/2009 to 2019/2020 (funding data provided by calendar year).



Part 2 Short-term trends in funding to universities

This chapter provides an overview of the most recent university funding trends in Europe. It explores the short-term trajectories of total direct public funding to universities, allocated over the last two years, and investigates their impact on various university activity areas.

2.1 Topics for discussion and reform in 2020 (1)



In total, 19 systems provided additional qualitative information on the current topics of discussion or reform. Performance-based funding (PBF) and funding allocation models remain among the most common topics on the agenda. Funding models are being adapted or newly implemented (Finland as of 2021), or discussed (Denmark, Romania, Slovenia). Slovakia is pondering the introduction of voluntary performance contracts and the government plans to enhance the competitive element among higher education institutions. In the UK (except Scotland), the government announced a major review of the Research Excellence Framework which determines recurrent research funding allocation.

2.1 Topics for discussion and reform in 2020 (2)

Compared to last year, infrastructure and investment are appearing more often, in a context marked by the pandemic and the forced (partial or total) closure of campuses to students in various parts of Europe, and the light shed on IT investment needs as universities moved the bulk of their activities online. Sweden expects an infrastructure enquiry to be ready in the first semester of 2021, while Slovakia approved new

investments for the renovation of student residences at the beginning of 2020.

Merger activity was reported in a few countries, but there is also a discussion in England where the government launched the Higher Education Restructuring Regime to support institutions at risk of insolvency, as a result of Covid-19, through restructuring options, including mergers.

Funding allocation model for research	AT, BE-nl, DK, FI, IS, NL, SE, SI, UK-en, UK-ni, UK-sc, UK-wa
Performance-based funding	AT, BE-nl, DK, FI, IE, IS, NO, RO, SK, UK-en, UK-sc
Funding allocation model for teaching	AT, DK, FI, FR, IS, NL, RO, SK, UK-sc
Regulatory framework	DK, IE, IS, NO, SE, SI, UK-sc, UK-wa
Infrastructures and investments	CH, IE, IS, NO, SE, SK
Efficiency	IS, NO, RO, UK-sc
Mergers	FR, IE, RO, UK-en
Staffing policies	IE, RO, SK
Tuition fee policies	ES, IE
University governance	IE

2.2 Public investment in universities from 2019 to 2020

The funding trend was marked by stability for budget allocation decisions in 2020*. Ireland is joined by Slovakia and Romania in the top investors in 2020. Significant investments in the latter two allowed them to fully close their funding gap compared to 2008, while Ireland made progress towards this goal.

The impact of the pandemic is not yet visible in the data. Over the course of the year, several countries provided extra financial resources to support crisis-struck universities. [Part 1 of this report \(October 2020\)](#) contains further information on the topic.

> 10% increase	IE, RO, SK
5% to 10% increase	
1 to 5% increase	BE-fr, ES, FI, HR, IS, IT, LT, NL, NO
-1% to +1% change	CZ
-1% to -5% decrease	AT, SE, TR
-5% to -10% decrease	
No data	BE-nl, CH, CY, DE, DK, EE, FR, GR, HU, LU, LV, PL, PT, RS, SI, UK (all)



*How to read these graphs:

The upper graph shows changes in real public funding in 2020 compared to 2019. The analysis was performed for 16 higher education systems that provided funding data for 2020 and for which inflation data was available. Two lower graphs refer to the top three countries in terms of the magnitude of nominal and real funding changes from 2019 to 2020.

2.3 Evolution of public funding to universities from 2018 to 2019

Considering that the 2020 funding data was only available for a limited number of systems under review, additional analysis was performed on the basis of the 2018-2019 funding data in real terms*.

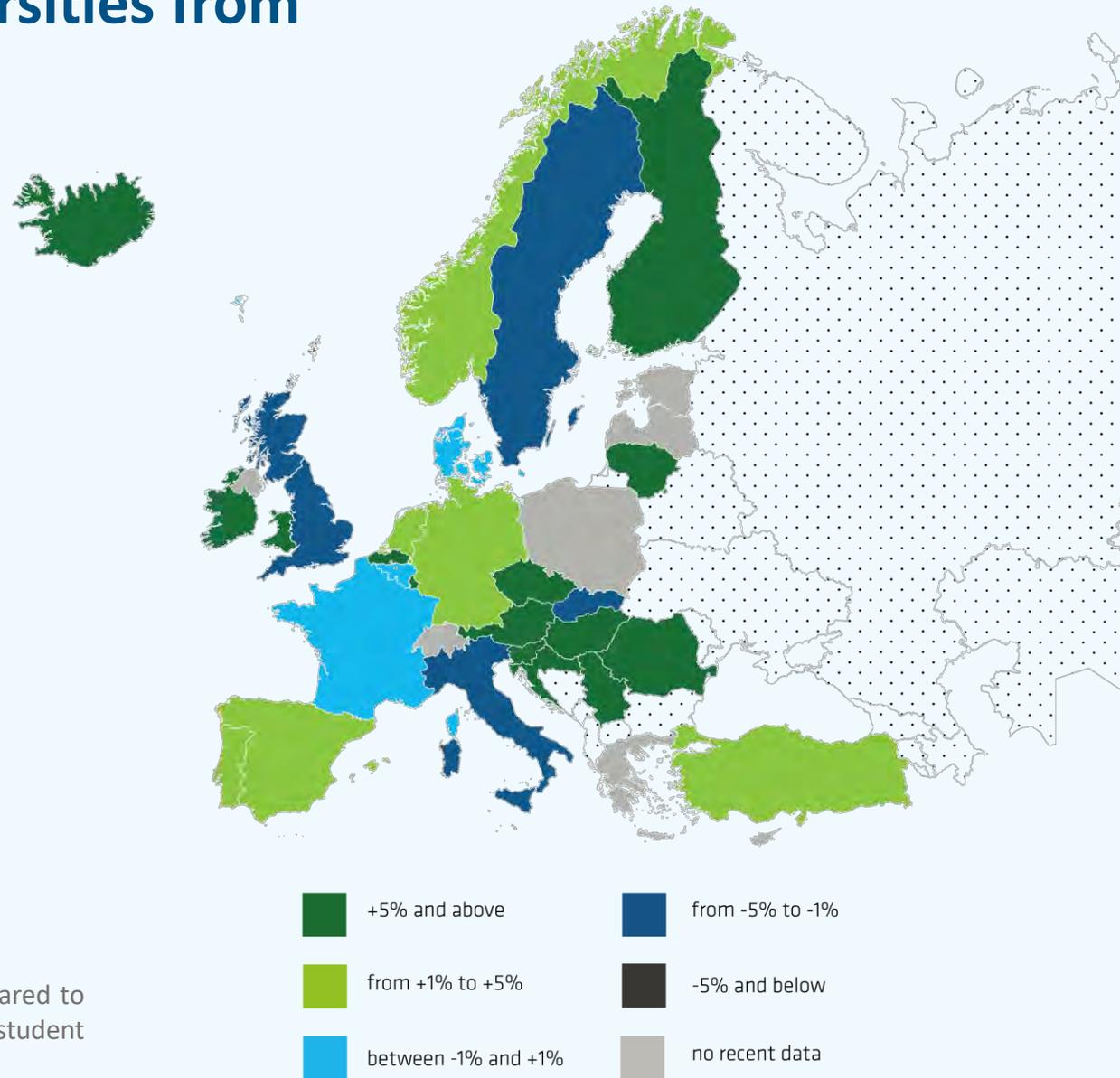
Five systems had slightly negative trends in 2019 compared to 2018, which were all comprised between 0 and -3%. In addition, in England, direct public funding plummeted (-12.6%) but that trend was partially corrected by additional subsidies for student loans (total funding: -3.7% compared to 2018).

After three consecutive years of small cuts, Finland and Spain returned to a positive trajectory in 2019, which was further confirmed in 2020.

Several systems increased investment by over 10% compared to 2018 (Austria, Hungary, Ireland, Romania and Wales).

*How to read this map:

The map shows the inflation-adjusted change in public funding to universities in 2019 compared to 2018. Different colour codes refer to different levels of investment or cuts. Public subsidies to student loans included for UK-en; UK-ni and UK-wa.



2.4 Short-term funding trends from 2018 to 2019

The most dynamic investors in 2019 were Flanders, Croatia, Hungary, Ireland and Norway, which had higher positive progressions from 2018 to 2019 than from 2017 to 2018. For Ireland and Hungary, this is coherent with a recovery pattern.

Finland, Germany and Spain moved from a downward trajectory in 2018 compared to 2017, to a positive one in 2019 compared to 2018. For Finland and Spain, this was the first year of such growth for a long time.

The biggest group (nine systems) is made of those countries that continued their progression, but at a slower rate than when comparing 2018 to 2017. It includes systems of Central and Eastern Europe (Lithuania, Romania, Serbia, Slovenia), as well as Luxembourg, the Netherlands, Iceland and Portugal. Wales also joins this pattern.

France and Turkey partially **mitigated their respective negative trajectories**. However, funding figures in France are relatively stable and evolve within a -2/+2% bracket; while in Turkey, a -7.2% change (between 2017 and 2018) was followed by an increase of +3.4% (between 2018 and 2019).

Finally, five systems moved from a positive progression to a negative one. Italy, Sweden, Slovakia and two UK systems (England and Scotland). Slovakia took corrective action in 2020 with significant investments.

2.5 Impacted areas in 2020

The most recent analysis of the impact of funding changes on various areas of university work reconfirms several trends detected in the previous Public Funding Observatory report.

Both research and teaching continued to benefit from some re-investment in 2020. In eight systems, additional funds were allocated for both teaching and research. England continued to prioritise support for research and Finland gave preference to teaching. The Czech Republic, Iceland, Romania, Slovakia, Slovenia and Turkey signal improvements in at least three out of four categories.

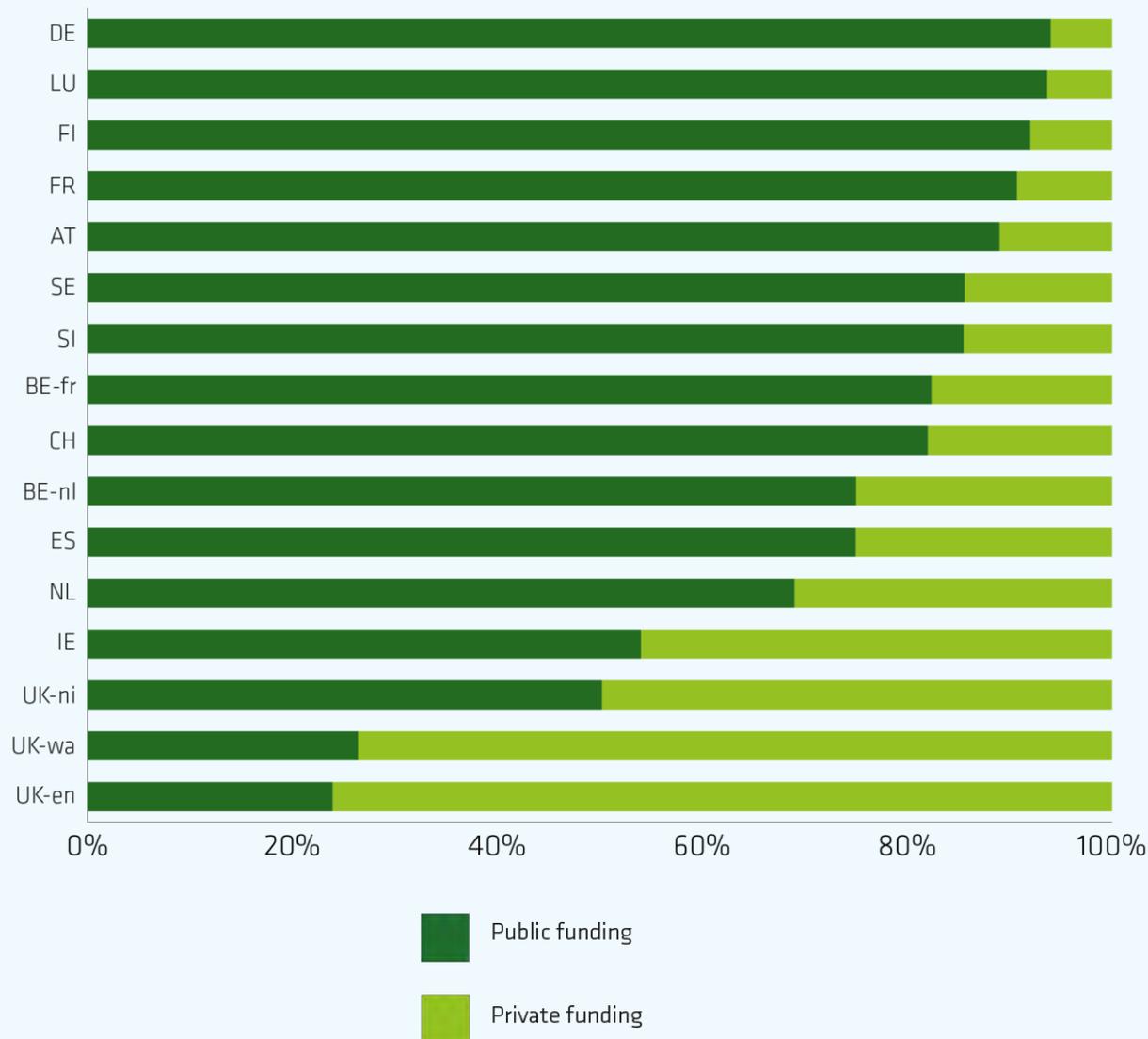
While discussions around infrastructures have picked up in several systems, there was limited prioritisation of the issue. However, ad hoc support was made available during the year, as the Part 1 of this report (October 2020) has shown (details on p.17). This was not always been reported in the autumn 2020 data collection round because it is not part of the regular funding allocation or because the support remains of limited scale.

Funding 	Research 	Teaching 	Staff 	Infrastructure 
Positive impact	BE-nl, CZ, IE, IS, NL, RO, SI, SK, TR UK-en	CZ, FI, IE, IS, NL, RO, SI, SK, TR	CZ, RO, SI, SK, TR	IS, SK, TR
No impact	DK, FI, SE, UK-sc	BE-nl, DK, ES, FR, SE, UK-sc	BE-nl, DK, ES, FI, FR, IE, IS, SE, UK-en	BE-nl, CZ, IE, SE, SI, UK-en, UK-sc
Negative impact	ES	UK-en		ES, RO

How to read this graph:

This graph shows the impact of funding changes on various areas of university activity in 16 higher education systems that provided the related qualitative data in 2020.

2.6 Funding mix: public and private funding (1)

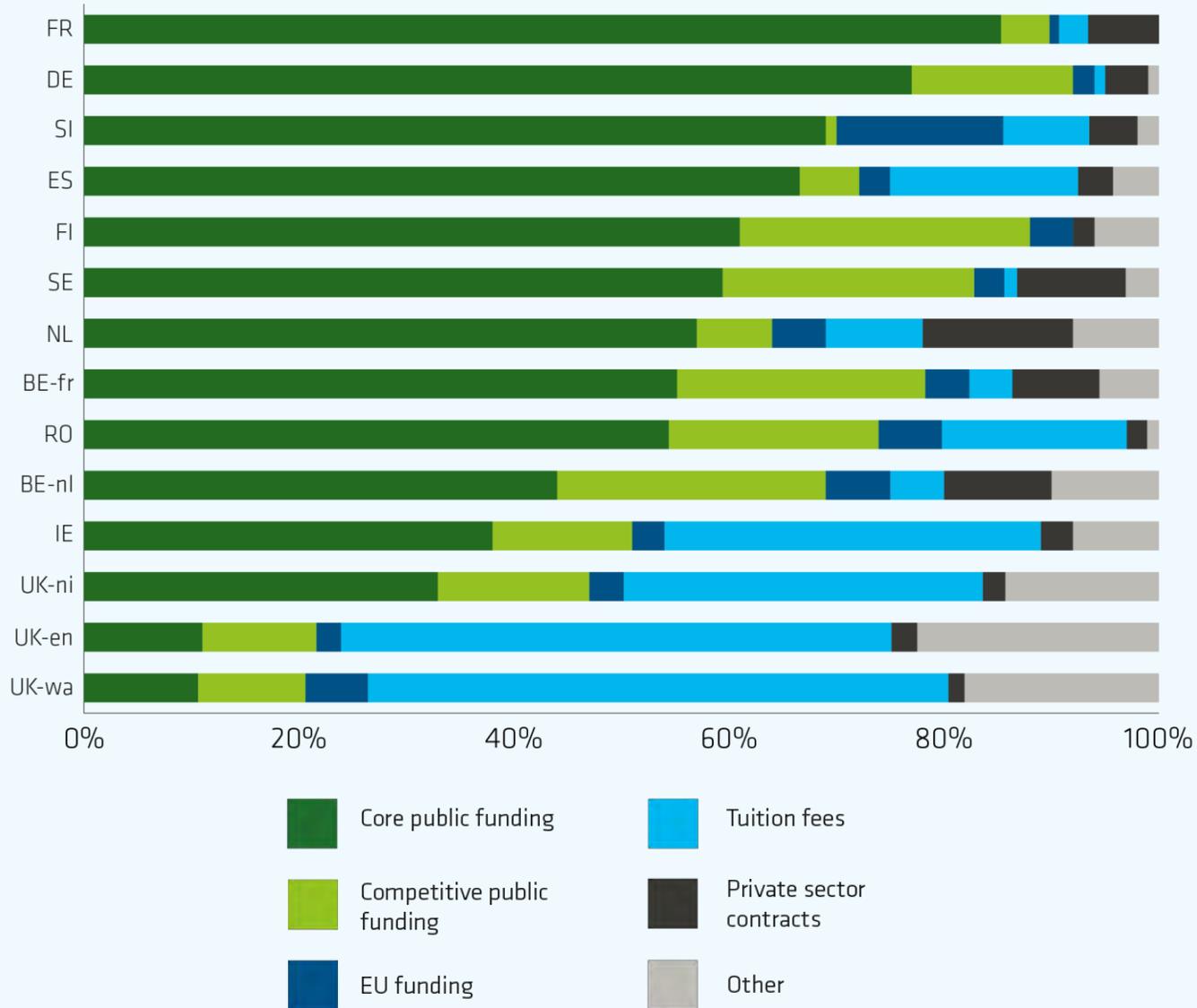


In addition to core public funding data captured by the Public Funding Observatory, 16 systems provided further information about public and private sources of funding for the present report. The graph provides a basic overview of the funding mix in these systems, considering that they have different ways of recording the related data.

In continental Europe, Flanders, Spain and the Netherlands feature the lowest dependence on public funding, which nevertheless accounts in these countries for about 70% of the overall university funding mix.

Ireland and the UK nations showcased here represent a different funding model.

2.6 Funding mix: public and private funding (2)



To the extent that it is possible to zoom in on different sub-categories, bearing in mind the diversity in the recording systems, one can explore the different configurations for 14 systems. The role of competitive public funding, for instance, appears clearly in countries such as Finland and Sweden, as well as in Belgium, Germany and Romania. Tuition fees are an important part of the funding mix in Spain and Romania (next to Ireland and the UK nations, with the exception of Scotland). Private sector contributions are particularly visible in the Netherlands and Sweden.

Part 3 EU funding to universities (2021-2027)

The EU funding programmes are important to universities both as a source of income and as a platform for European and international academic collaboration.

After long and uniquely complex negotiations, in the last days of 2020 the EU reached an agreement on the new Multiannual Financial Framework 2021-2027 (MFF). The impact of the pandemic and the associated economic crisis has led the EU policy makers for the first time to supplement the MFF with a recovery package, known as Next Generation EU (NGEU).

Synergies are in the spotlight in the new funding programmes with enhanced possibilities of using the Seal of Excellence both for Horizon Europe and Erasmus+; as well as synergies between Horizon Europe and European Structural and Investment Funds (ESIF).

EU expenditure 2021-2027



Source: <https://www.consilium.europa.eu/en/infographics/recovery-plan-mff-2021-2027/>

3.1 Horizon Europe

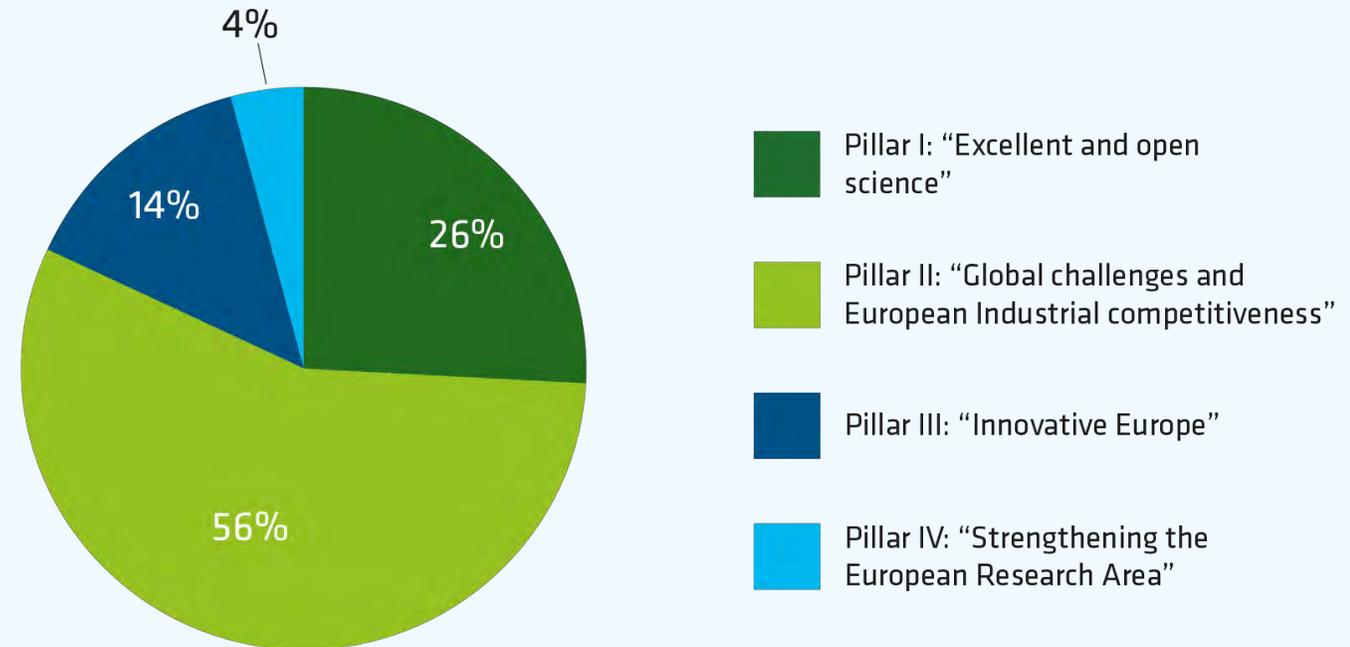
Budget allocation for Horizon Europe remained relatively stable throughout the negotiation process.

The MFF, supplemented by NGEU, provides Horizon Europe with €84.9 billion (2018 prices). The figure is higher than the previous seven-year budget, but unlikely to address the issue of low success rates.

When taken all together, the reinforcements were distributed in a way that essentially preserves the originally proposed structure of the programme. The biggest share (56%) goes to Pillar II (“Global challenges and European industrial competitiveness”) and towards Pillar I (26%) (“Excellent and open science”), notably to the European Research Council.

Pillar III (“Innovative Europe”), gets 14% of the budget allocation, while the transversal Pillar IV (“Strengthening the European Research Area”) receives 4%.

Horizon Europe internal budget allocation (€84.9bn) 2021-2027



Source: EUA elaboration, 2018 prices

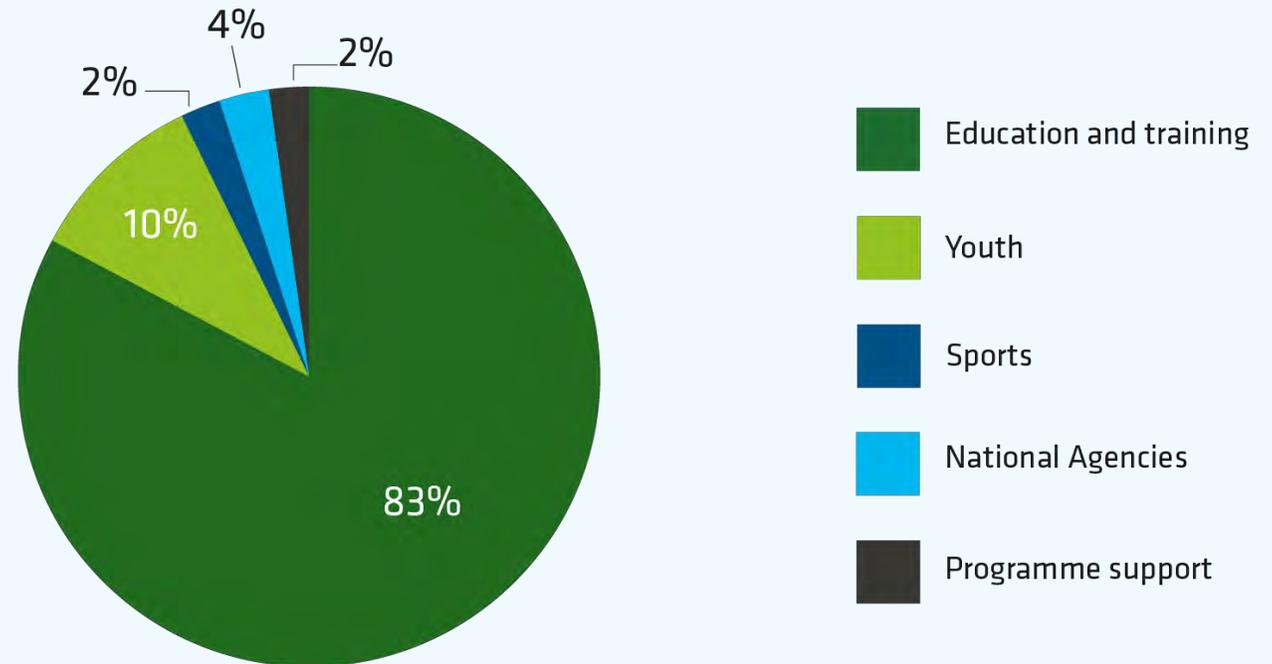
3.2 Erasmus+

The budget allocation to Erasmus+ within the MFF accounts for €23.4 billion (2018 prices), after additional means were agreed on late in the process. There is no direct reinforcement under NGEU.

The programme will address the overarching policy goals of inclusion, digitalisation and greening, to realise the ambitions set for the European Education Area, as well as to ensure the link to the European Green Deal.

The agreement confirms that 83% of the Erasmus+ budget will be allocated to education and training (€19.4 billion). Within this heading, the biggest share will fund activities under the higher education sector's mobility and collaboration actions (KA1 and decentralised parts of KA2).

Erasmus+ internal budget allocation (€23.4bn) 2021-2027



Source: EUA elaboration, 2018 prices

3.3 Next Generation EU (NGEU)

Investing in a green, digital and resilient EU



Through NGEU, the European Commission (EC) will borrow up to €750 billion (in 2018 prices) on capital markets on behalf of the EU. NGEU is channelled through seven programmes in the form of loans (€360 billion) and grants (€390 billion) and the intention is to frontload the investment in the first two years.

The aim of NGEU is not only to foster an economic rebound but also to ensure that the recovery path incorporates green and digital objectives.

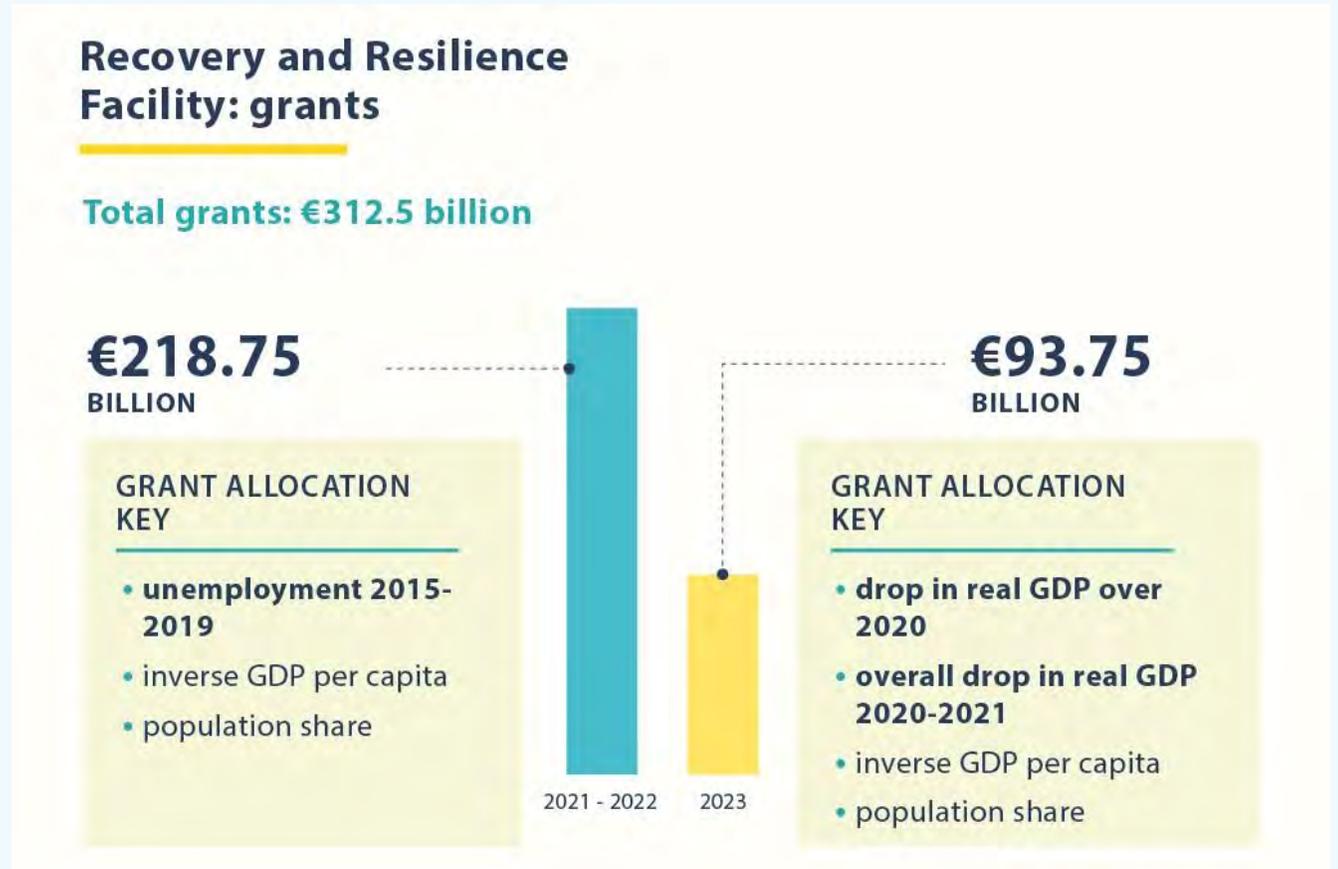
Horizon Europe is reinforced through NGEU with €5 billion, but there is a scope for universities to benefit further from the largest part of the instrument, the Recovery and Resilience Facility (€672.5 billion).

Source: <https://www.consilium.europa.eu/en/infographics/ngeu-covid-19-recovery-package/>

3.3.1 NGEU: Recovery and Resilience Facility (RRF)

The RRF will help the EU pave the way to a sustainable economic recovery. Under this instrument, member states prepare national recovery and resilience plans, based on [EC guidelines](#), setting out their reform and investment agendas for the period from 2021 to 2023. The plans will be reviewed and adapted as necessary in 2022 to take account of the final allocation of funds for 2023.

The estimated allocation per country has been [published](#) by the European Commission. The top four beneficiaries in the front-load period of the instrument are Italy and Spain with around €44 billion each, followed by France and Poland with around €20 billion each; while countries such as Estonia or Ireland would receive less than €1 billion (2018 prices).



Source: <https://www.consilium.europa.eu/en/infographics/ngeu-covid-19-recovery-package/>

3.3.2 NGEU: National Recovery and Resilience Plans

RECOVERY AND RESILIENCE FACILITY

Twin Transitions: Green and Digital

Each recovery and resilience plan will have to include

a minimum of	37 % of expenditure	for CLIMATE investments and reforms	a minimum of	20 % of expenditure	to foster the DIGITAL transition
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The Commission will assess national plans against these targets.



Source: https://ec.europa.eu/info/business-economy-euro/recovery-coronavirus/recovery-and-resilience-facility_en

In their national and recovery and resilience plans, member states should demonstrate that they dedicated at least 37% to climate investments and reforms and 20% to the digital transition.

The Spanish plan, for instance, outlines 10 priority areas, including 17% of the investment for science and innovation, and 18% for education. The French plan envisages a broad investment roadmap with support to the budget upgrade of the national research agency and opening of an additional 30,000 student places in the higher education sector. Several other member states presented recovery plans including education and research.

The national university associations and universities have an interest in engaging at the national level to put forward concrete proposals of how the sector can contribute to the recovery effort. Universities have various roles to play in fostering the green and digital transitions, from developing research and skills to adapting campus infrastructure. Directly connected to their missions are the objectives of reskilling and upskilling the working age population, and strengthening the link between education and the labour market.

Key messages: long term

1 The 2019 data confirms a gradual improvement since 2015, with 16 systems investing in public funding.

10 systems increased their investment at a higher rate than their average economic growth. 2

3 Patterns in funding and student numbers continue to be at odds in most systems. Only in four countries does funding growth exceed student number increases. Countries that fail to re-invest while their student body is growing face enormous challenges. Conversely, significant falls in student numbers hinder future socio-economic progress in some countries.

The steady but slow recovery is endangered by the pandemic-related economic crisis, which is likely to hit the sector in the medium to long term. 4

5 The effects of the massive budget cuts in higher education in many parts of Europe between 2009 and 2012 have had major, long-lasting effects. Ten years onwards, some countries have not caught up. It is crucial that the same mistakes are not repeated following the pandemic.

Coherence and synergies between different funding mechanisms at EU and national levels are necessary to support universities in the post-pandemic recovery. 6

7 Universities have an interest in getting engaged at the national level to put forward concrete proposals of how the sector can contribute to the recovery effort through NGEU.

Key messages: short term

8 Performance-based funding and funding allocation models remain the most discussed topics in 2020 among 19 systems.

Significant investments in some systems helped close funding gaps in 2020, compared to 2008. 9

10 Over the course of 2020, several systems made extra resources available for crisis-struck universities.

Public funding continues to hold the biggest share, with more than 60% of the funding mix in 11 systems. 11

12 While budgets for Horizon Europe and Erasmus+ were reinforced in the new programme period, continued support at the national and European levels to research, innovation and education will remain pivotal for the economic recovery.

Higher education system codes

Austria	AT
Belgium – Flanders	BE-nl
Belgium – French-speaking community	BE-fr
Croatia	HR
Czech Republic	CZ
Denmark	DK
Estonia	EE
Finland	FI
France	FR
Germany	DE
Greece	GR
Hungary	HU
Iceland	IS
Ireland	IE
Italy	IT
Latvia	LV
Lithuania	LT

Luxembourg	LU
Netherlands	NL
Norway	NO
Poland	PL
Portugal	PT
Romania	RO
Serbia	RS
Slovakia	SK
Slovenia	SI
Spain	ES
Sweden	SE
Switzerland	CH
Turkey	TR
UK-England	UK-en
UK-Northern Ireland	UK-ni
UK-Scotland	UK-sc
UK-Wales	UK-wa

Resources

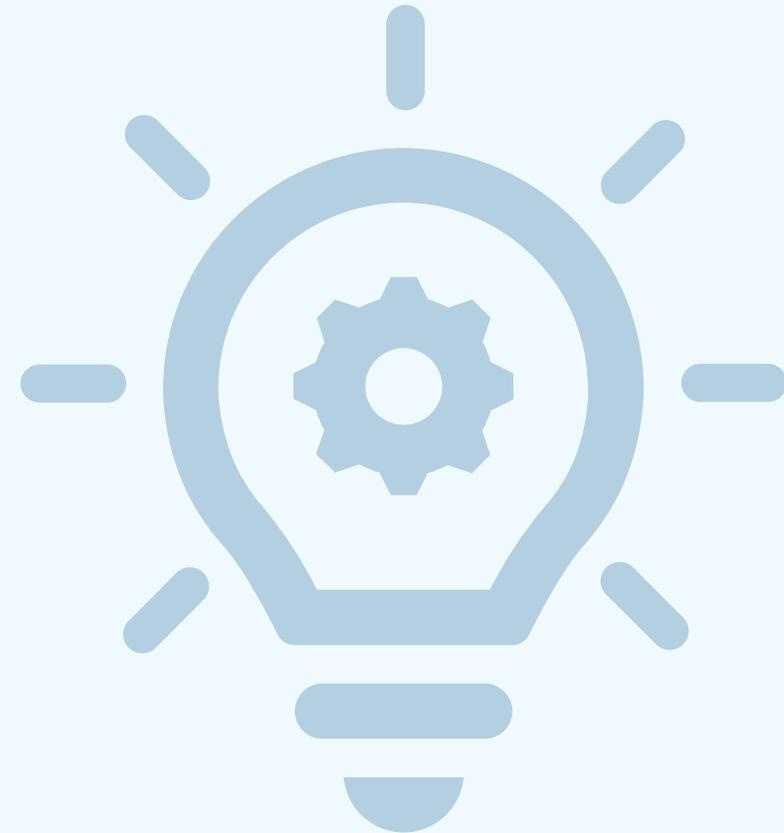
- EUA Public Funding Observatory online tool
- EUA Public Funding Observatory country sheets 2020/2021
- EUA Public Funding Observatory methodological note

All available here:

<http://efficiency.eua.eu/public-funding-observatory>

For additional information, please contact:

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The European University Association (EUA) is the representative organisation of universities and national rectors' conferences in 48 European countries. EUA plays a crucial role in the Bologna Process and in influencing EU policies on higher education, research and innovation. Thanks to its interaction with a range of other European and international organisations, EUA ensures that the voice of European universities is heard wherever decisions are being taken that will impact their activities.

The Association provides unique expertise in higher education and research as well as a forum for exchange of ideas and good practice among universities. The results of EUA's work are made available to members and stakeholders through conferences, seminars, websites and publications.

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