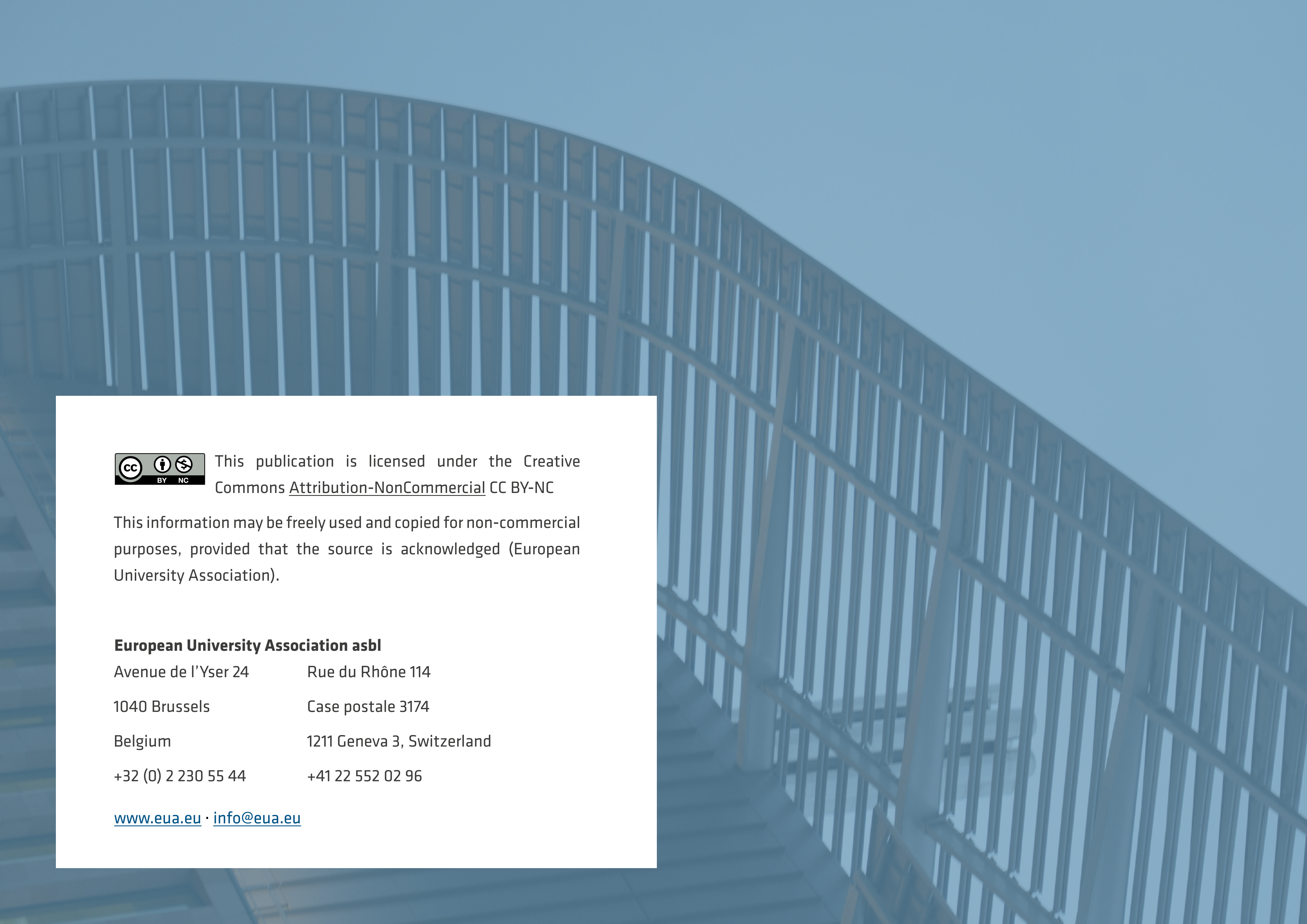
EUROPEAN UNIVERSITY ASSOCIATION

Financially sustainable universities

State of play and strategies for future resilience

Authors: Enora Bennetot Pruvot, Thomas Estermann and Nino Popkhadze

April 2025



European University Association asbl

Avenue de l'Yser 24	Rue du Rhône 114
1040 Brussels	Case postale 3174
Belgium	1211 Geneva 3, Switzerland
+32 (0) 2 230 55 44	+41 22 552 02 96

www.eua.eu · info@eua.eu

Table of Contents

I. Introduction	5
II. The state of university finances in Europe	6
1. Income and expenditure	6
2. Evolution of university income and expenditure	7
3. Expectations on income and expenditure	8
Special focus - European funding: Great Expectations	10
III. Institutional strategies for financial sustainability	12
1. Diversifying income sources	12
2. Efficiency strategies	14
3. Upscaling and upskilling	15
4. Strategic profiling and prioritisation	16
IV. Conclusions	17

Table of Figures

Figure 1 - Average income structure - 2024 data 6

Figure 2 - Average income structure - 2009 data 6

Figure 3 - Average expenditure breakdown 7

Figure 4 - Income evolution 7

Figure 5 - Expenditure evolution 8

Figure 6 - Income expectation 9

Figure 7 - Expenditure expectation 9

Figure 8 - Ranking of priorities for diversification 12

Figure 9 - Tools & mechanisms used to support income diversification 13

Figure 10 - Activities implemented in management for greater efficiency 14

Figure 11 - Activities implemented in the field of governance for greater efficiency 14

Figure 12 - Activities implemented in the academic field for greater efficiency 14

Figure 13 - Financial activities implemented for greater efficiency 15

Figure 14 - Availability of a training offer for staff, promoting a culture of financial sustainability 16

I. Introduction

The past decade has been characterised by a rapid succession of crises that European universities have steered through, only to be confronted with deeply transformational challenges. These pressures - coupled with demographic shifts, major geopolitical uncertainty, and rising costs - have intensified financial constraints and created an urgent need for strategic investments, placing university financial sustainability under significant strain.

While EUA's research indicates that funding trends have been largely positive across Europe over the last five years, universities do not widely expect governments to further step up investment in the near future. Recent cuts in public funding in several countries and continued global political tensions point to a volatility that challenges the prevailing 'growth' model experienced by the university sector until now, and call for a reassessment of financial strategies.

This 'VUCA'[1] financial environment should not be seen as a mere cyclical phase; indeed, it may become the 'new normal', and universities must prepare themselves accordingly. Given the scale of the challenges ahead, the next decade will require a shift in focus from performance- and competition-driven models to strategic focus and collaboration. Institutions must address these questions strategically, focusing their resources and pooling assets where impact and efficiency may be highest, while capitalising on their core strengths and added value to society.

In response to this evolving landscape, EUA has launched a range of initiatives for 2024-2025. An advisory group was established to steer a major institutional survey; the Association held the 5th EUA Funding Forum to explore future paths for university finances; and it designed a new leadership development programme whose pilot launched in 2025. These efforts aim to support universities and their leaders in preparing for a complex and challenging financial environment, while also informing policymakers on how to best adapt funding frameworks.

This publication presents an institutional perspective on the state of university finances in Europe. Drawing on findings from the large-scale survey "Financially Sustainable Universities", it offers a key evidence base, gathering insights from institutions across Europe. The survey findings are contextualised with current developments, and take account of input from the advisory group and EUA's broad membership, notably through events such as the Funding Forum.

This first paper highlights expectations for income growth or decline and outlines critical strategies for financial resilience. These include income diversification, improved efficiency and effectiveness, and strengthened financial management and leadership capacity.

Future thematic briefings will expand on these findings, ensuring universities have the necessary evidence and strategies to sustain their missions in an increasingly complex financial landscape.

Acknowledgements

The EUA Governance, Funding and Public Policy Development team thanks the advisory group for their useful guidance throughout the development of the survey and the analysis of its results.

1 Vulnerability, Uncertainty, Complexity and Ambiguity

II. The state of university finances in Europe

Building on its previous work on financial sustainability and informed by input from its advisory group, EUA developed a comprehensive survey dedicated to university finances, connecting income and expenditure with key aspects of financial management, diversification opportunities, efficiency and skills within institutions, as well as the financial challenges and opportunities of the green and digital transitions. The survey also explores the role of European funding and European Universities alliances through the prism of overall finances.

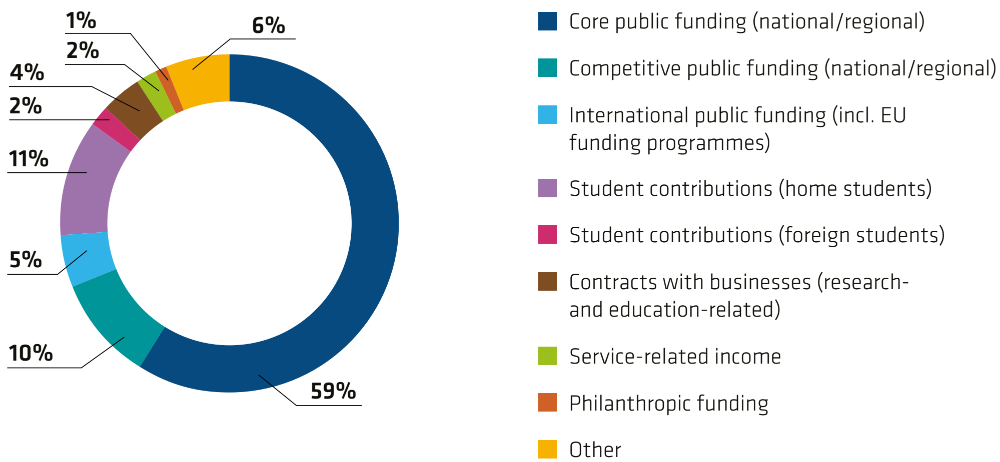
By August 2024, 168 higher education institutions from 34 European countries had responded to EUA's call and contributed to updating knowledge on university finances. The majority of respondents represented public institutions (82%), encompassing a variety of profiles including comprehensive universities (60%) as well as a range of specialised and technical universities, universities of applied sciences, and music and arts institutions.

1. Income and expenditure

The responses show that higher education in Europe is to a large degree publicly funded, accounting for 74% of their income. Higher education institutions (HEIs) primarily rely on core public funding (59%), complemented by competitive public funding (10%). The third largest source of public funding, providing on average 5% of institutions' income, comes from international sources, chiefly the European Union.

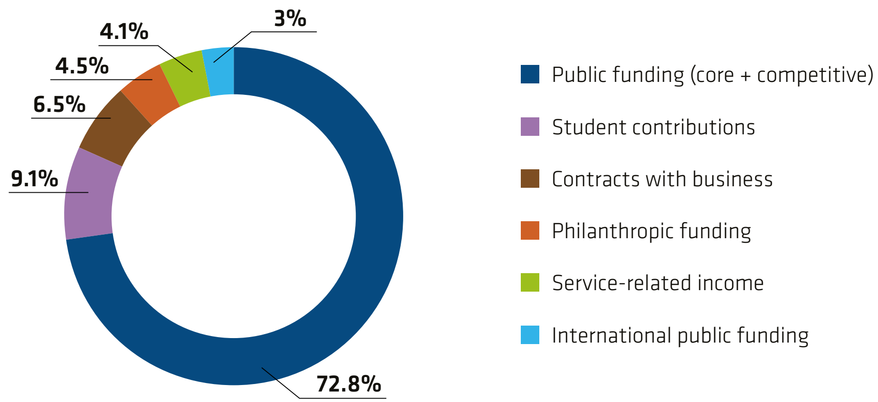
Among private income sources, tuition fees (from home and foreign students) provide 13% of funds on average, although with large variations across countries. The remaining income is generated through contracts with businesses, the provision of services, philanthropy, and other sources.

Figure 1 - Average income structure - 2024



In terms of shares, today's average income structure does not significantly differ from what EUA observed at the beginning of the last decade.[2] While the results of the previous survey, published in a 2011 report, are not directly comparable due to slightly different categories and different responding institutions, the overall balance remains the same. Public funding (both core and competitive) makes up relatively similar shares (69% in 2024, 72.8% in 2009). Private sources do not comprise a larger share of the university income structure in 2024 than they did over a decade ago.

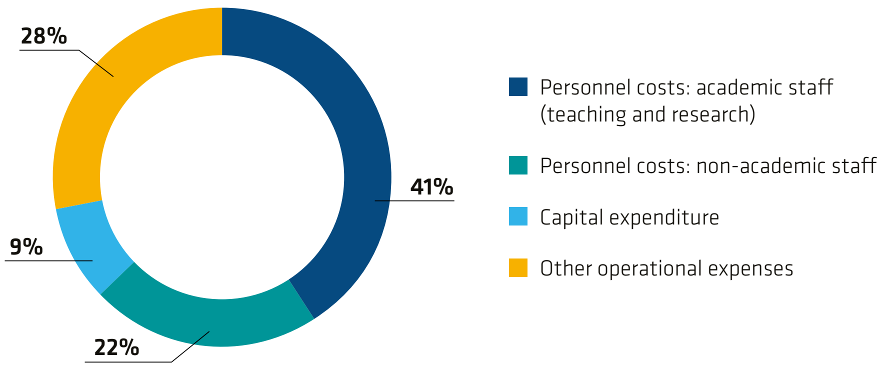
Figure 2 - Average income structure - 2009



2 See *Financially Sustainable Universities II*: European Universities Diversifying Income Streams, EUA, 2011. Note that the number and geographical spread of respondents differ between the two surveys.

With regard to expenditure, personnel costs make up nearly two thirds of the total expenditure (63%). On average, academic staff costs are twice as high as non-academic staff costs. 'Other operational expenditures' accommodates various types of expenditure and represents 28% of the total. Capital expenditure accounts for less than 10% of the total expenditure.

Figure 3 - Average expenditure breakdown



When considering expenditure across core university missions, the survey reveals that on average, teaching accounts for just under half of institutions' expenditure; research makes up slightly less than one third, and other types of expenditure make up the remainder of institutional activities (one fifth).

However, the picture is more varied when institutional profiles are factored in. Technical universities display the smallest gap between teaching and research expenditure (45.8% and 37.9% respectively). At the other end of the spectrum, music and arts HEIs spend the most on teaching (66.9%) and significantly less on research (7.4%).[3]

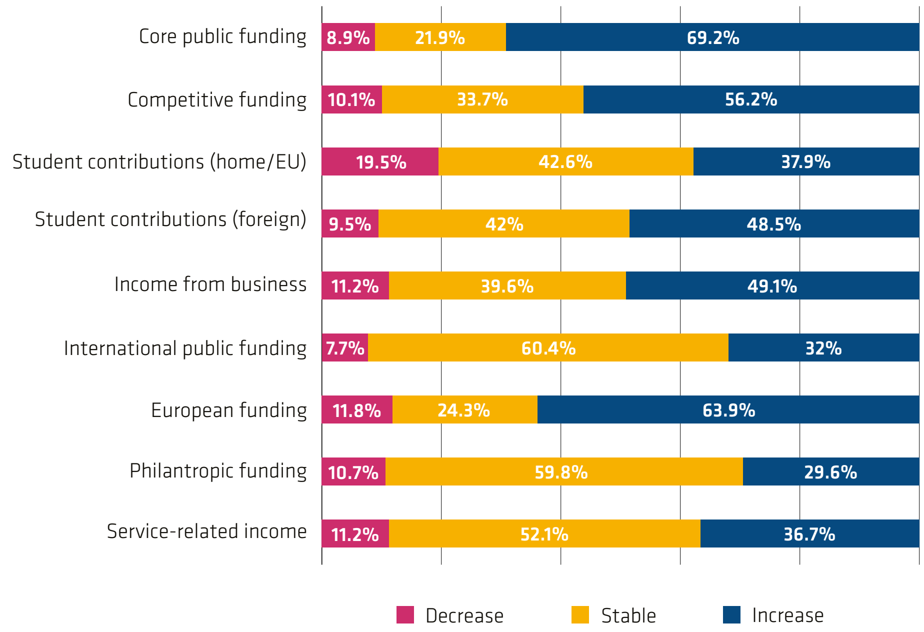
3 This briefing offers a selection of the survey results. Data per legal status and institutional profile is available for all quantitative survey items.

2. Evolution of university income and expenditure

The economic crisis that erupted in 2009 affected higher education for many years, leading to reduced public investment across a high number of countries. The beginning of the current decade was marked by the Covid-19 pandemic and the establishment of national recovery and resilience plans in EU member states, which led to renewed public funding.

For the past five years, a majority of universities have reported increased income from core (69.2%) and competitive (56.2%) public funding. This positive news aligns with observations[4] made by EUA prior to the pandemic, which identified a catch-up effect and relative growth in public investment in the area of higher education. The increase in competitive funding has not come at the expense of core public funding.

Figure 4 - Income evolution[5]



4 Bunescu, L., Estermann, T. and Bennetot Pruvot, E. (2022) *Public Funding Observatory 2021/2022*, EUA: https://www.eua.eu/publications/reports/public-funding-observatory-2021-2022-part-1.html

5 Rounded up percentages may not add to 100% in this and the following figures.

European funding is the category that records the highest occurrence of sharp increases, with one third of respondents confirming the growing importance of EU funding programmes for universities. Importantly, this is accompanied by a growth in public funding, showing that, at an aggregated level at least, no substitution effect occurred.

A majority of institutions report stable income from international public funding, philanthropy, and services. The absence of notable increase could reflect a lack of prioritisation of these sources in diversification strategies, difficulties expanding significantly in these areas, but also consolidation efforts that avoided real decreases in a difficult period characterised by the aftermath of the Covid-19 pandemic.

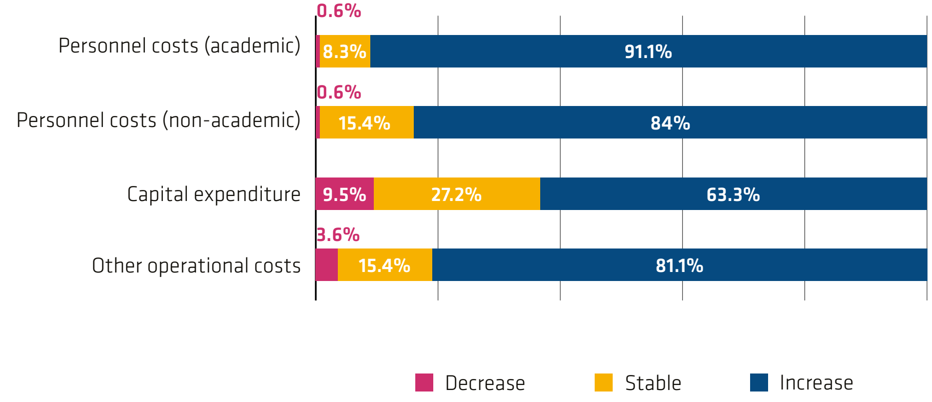
Nearly 20% of respondents report decreasing domestic student contributions. This income source correlates directly to student numbers and is therefore vulnerable to downward demographic trends (as seen in central and eastern Europe). In various countries, public authorities decide on the matter, and universities' income is directly affected when student fees are cut or frozen.

Over 60% of participating institutions report that core public funding and European funding have grown over the past five years. As such, they stand out from the rest of income sources which are mostly considered to have decreased or stagnated. The growth of core public funding in particular has been much needed, as cost pressure has intensified during the same period.

Indeed, the growth of expenditure over the past five years is very clear across all categories. Nine out of 10 participating universities report an increase in academic staff costs (this is also the category for which respondents most often report a sharp increase, with 48.5%). The situation is similar for non-academic staff costs, with 84% of responding institutions reporting an increase. After personnel costs, other operational costs have also risen in most cases (81.1%), often sharply (44.4%). Possible explanations include inflation, the energy crisis and costs associated with the twin transition.

Comparatively, capital expenditure has grown less, although 63.3% of universities still report an increase.

Figure 5 - Expenditure evolution

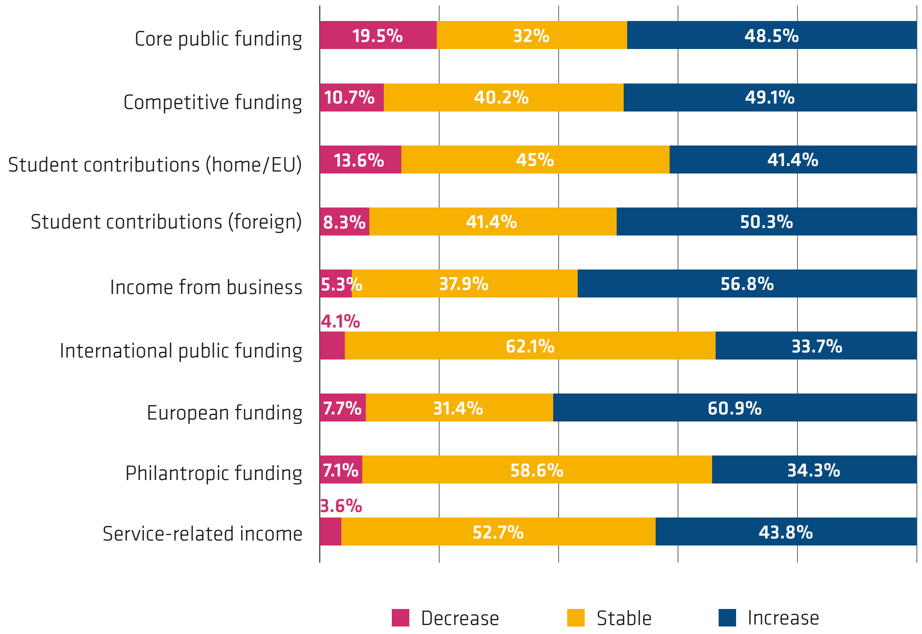


3. Expectations on income and expenditure

Making a projection for the next five years, the majority of HEIs expect rising costs, with little faith that these will be matched by renewed income from public authorities, which currently makes up the bulk of their budget. There is also an acute awareness that cost pressure could still outpace actual public funding increases, due to inflation, accumulating demands and a heavy administrative burden.

Most participating institutions expect costs to increase across all categories. But when asked about funding, only 48,5% expect **core public funding** to grow. Most do not believe in a growth scenario in the next five years. Just under a third of responding institutions predict that core public funding will stagnate, while almost 20% fear it will decline.

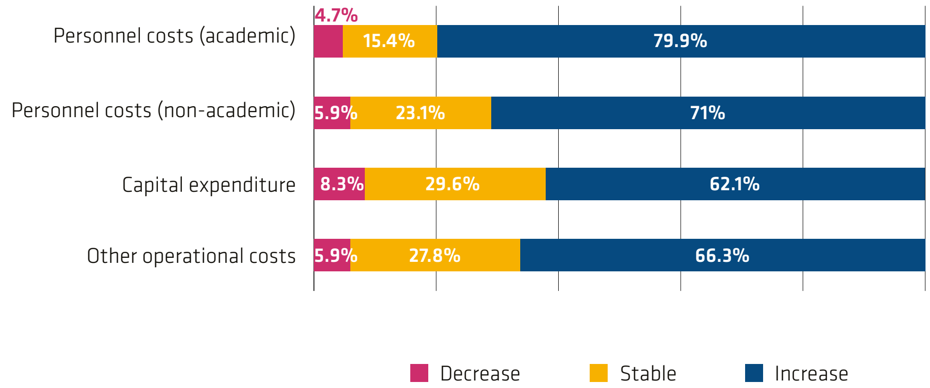
Figure 6 - Income expectation



Tuition fees for domestic students, the second-largest income source (11% on average, though with high variation across countries), are not expected to offset this challenge: a majority of institutions (58.6%) predict that fees will stabilise or decrease. Similarly, expectations of **national competitive funding**, which accounts for 10% of income on average, are split among respondents (49.1% expect it to increase, 40.2% to remain stable, and 10.7% to decrease).

Other income sources collectively make up less than 15% of university budgets. Among these, **philanthropic funding** and **international public funding** (excluding European funding programmes) record the lowest expectations for growth. There is more optimism regarding an increase of **European funding** (60.9%) and **income from businesses** (56.8%). Neither of these sources, however, is significant enough to compensate for rising costs. Furthermore, as EUA studies have shown, European funding generally operates on a co-funding basis, meaning it does not cover the full costs of project activities. In an environment of declining national funding, this places even greater financial pressure on universities.

Figure 7 - Expenditure expectation



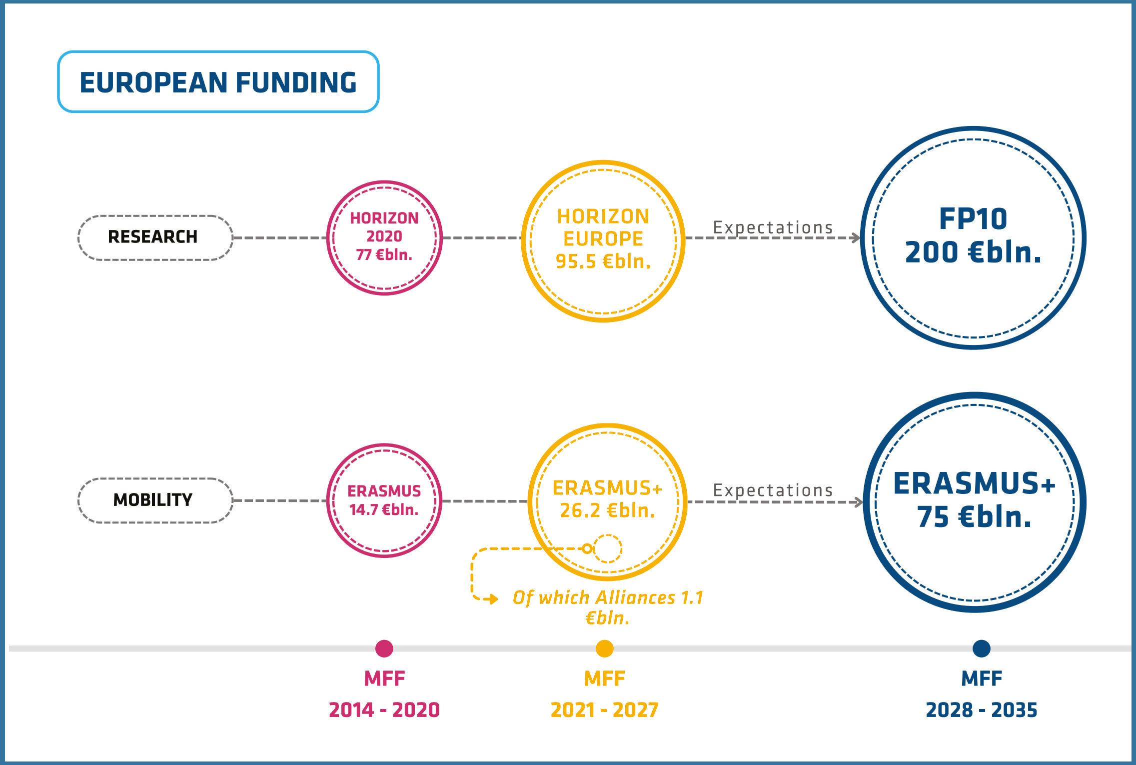
On the expenditure side, rising **academic staff costs** are a challenge for which 8 out of 10 institutions must prepare. **Non-academic staff costs** follow closely (71% expect an increase). Two thirds of participating institutions expect other **operational costs** to grow. A slightly smaller number expect **capital expenditure** to increase (62.1%). This is a trend previously observed in EUA's Public Funding Observatory, which evidences a lack of investment in university infrastructure.

Taken together, these findings paint a challenging picture for financial sustainability in European higher education. Facing a persistent rise in personnel costs, heightened competition and the urgent need to upgrade campus infrastructure, universities also need to attract and retain staff and accommodate changing demographics. It is essential that they address these pressures proactively in order to guarantee their long-term sustainability.

Special focus - European funding: Great Expectations

Can European funding sustain universities? EU funding amounts to over 20% of universities' overall income in some cases, particularly in countries where European Structural and Investment Funds play a significant role. However, this is an exception. As a whole, international public funding, including income from European funding programmes, does not go above 5% on average, thus making it a less impactful lever than, for instance, competitive public funding. Among the reasons why EU funding is widely expected to play a more prominent role are the greater attention given to the European dimension of higher education in the past few years, and the significant growth of the Erasmus+ and Horizon Europe programmes (and their predecessors).

The upcoming negotiations on the next EU Multiannual Financial Framework (MFF) for 2028–2035 will be critical. In the second semester of 2024, three former ministers released high-profile recommendations (referred to as the Draghi, Letta and Heitor reports), including a higher budget for the EU's research programme; better circulation of knowledge; and placing research and innovation at the core of European competitiveness.[6] While Brussels is busy discussing possible scenarios for the next generation of EU funding programmes, stakeholders have made clear that research funding must be doubled to €200 billion for the period 2028-2035 (compared to €95.5 billion for the current MFF). In October 2024, the European Commission's Expert Group on the interim evaluation of Horizon Europe recommended a funding budget as high as €220 billion.[7] In the area of education (and mobility, notably), target figures are three times the current Erasmus+ budget, with a proposed increase from €26.2 billion to €75 billion.[8] It is, of course, tempting to see this as an unparalleled opportunity for universities to expand research activities and international academic cooperation.



6 Jorgensen, T., *The EU must treat universities as partners, not tools*, in: Research Professional, 21 November 2024, https://www.researchprofessionalnews.com/rr-news-europe-views-of-europe-2024-11-the-eu-must-treat-universities-as-partners-not-tools/

7 European Commission: Directorate-General for Research and Innovation, *Align, act, accelerate – Research, technology and innovation to boost European competitiveness*, Publications Office of the European Union, 2024, https://data.europa.eu/doi/10.2777/9106236

8 European Parliament: Committee on Culture and Education, 6 December 2023, Report on the implementation of the Erasmus+ programme 2021-2027

However, there is still a long way to go before funding is decided for the next period (2028-2035), and negotiations will have to take account of major debt repayments from the NextGenerationEU recovery package, heightened competition for resources, shifting political priorities, and a narrative at European level that focuses primarily on competitiveness and economic sovereignty. In this context, one of the possible scenarios is that the European Commission combines different funds – including the framework programme for research and innovation – under a wider umbrella fund focused on competitiveness. This would potentially generate more financial permeability among programmes included in the fund, at the possible expense of Horizon Europe's successor.

At the same time, the next MFF must make a major step forward in simplifying EU funding mechanisms. It is essential to reduce application costs, streamline reporting obligations, and simplify auditing procedures[9] to ensure that universities can take full advantage of opportunities without shouldering an excessive administrative burden. A more efficient and accessible framework would maximise the impact of EU funding, allowing institutions to focus on their core missions rather than navigating bureaucratic complexities.

While the sector must continue to advocate for strong EU investment in higher education and research, European and national policymakers must acknowledge that EU funding cannot compensate for stagnant or declining domestic investment, despite pressure in some countries to rely on it as a substitute. Instead, the true value of European funding lies in the role it plays in fostering cross-border collaboration in learning and teaching as well as research and innovation, and in supporting initiatives that national funding alone cannot sustain. It is vital to recognise this distinction in discussions on the long-term financial health of universities.

9 Bennetot Pruvot, E. and Kupriyanova, V. (2019) *Achieving high-quality audit in European research: propositions on simplification and alignment of funders' practices*, EUA: https://www.eua.eu/publications/policy-input/achieving-high-quality-audit-in-european-research.html

At the institutional level, an in-depth understanding of these developments, including heightened competition and low success rates, must lead to the professionalisation of EU funding acquisition strategies through investment and tactical prioritisation.

III. Institutional strategies for financial sustainability

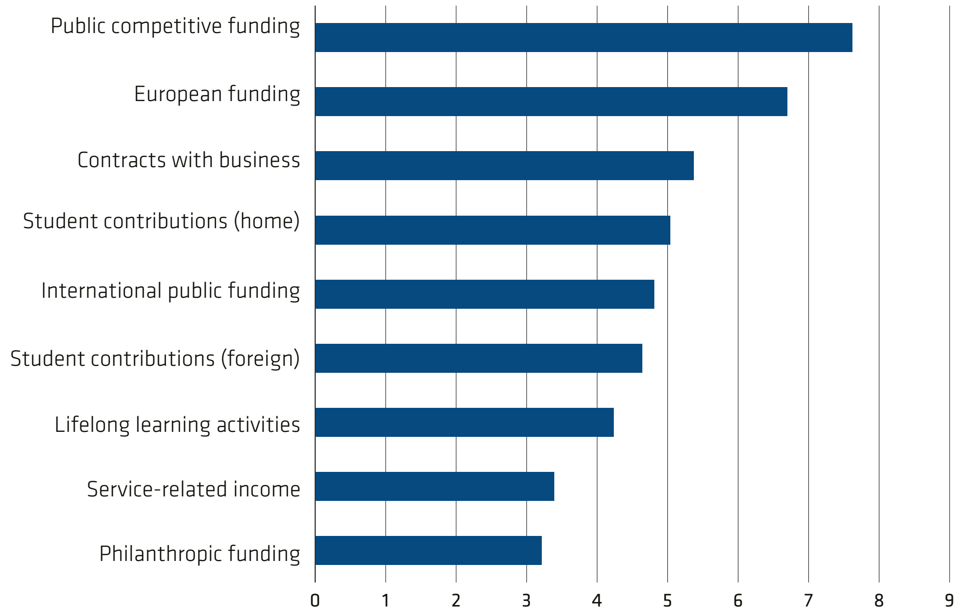
Findings from both the survey and discussions at the EUA Funding Forum highlight that universities must take a more proactive approach to securing their financial sustainability. While there is no one-size-fits-all solution, key strategies include diversifying income sources, improving efficiency and effectiveness, strengthening institutional capacity, and developing a stronger strategic profile. Universities must also prioritise activities to align with financial realities. This section explores how institutions are addressing these challenges.

1. Diversifying income sources

In this section, diversification refers to expanding income from all sources other than core public funding. These sources represent, on average, 41% of university income. The high variation in tuition fees is due to differing legal frameworks that regulate universities' autonomy to generate income from fees. Tuition fees for home students make up, on average, the largest source within this category (11%), followed by national competitive funding (10%). All other sources range from 6% to as low as 1%.

As detailed in Section II, the overall distribution of income sources has remained largely stable over the years, even though the vast majority of institutions participating in the survey are actively committed to income diversification. Limitations established by law are the most often cited major obstacle; but universities also have difficulties addressing the fact that the potential for income diversification can differ significantly across activities. Expanding towards new sources of funding, or increasing existing ones, indeed requires both autonomy through regulatory frameworks and institutional capacity to effectively manage and leverage these opportunities. Responses showed that levers available to generate non-state income differ, for instance when it comes to setting fees for foreign students, entering into partnerships with businesses, etc. Respondents highlighted the role of supporting structures, such as subsidiary or ancillary units that generate commercial income to help sustain the university's cost base.

Figure 8 - Ranking of priorities for diversification (highest score indicates highest priority on average)



The responses from universities show a wide range of approaches to diversification, though common priorities emerge. Competitive public funding, both at the national and European levels, is the primary focus for income diversification, followed by contracts with business and industry.

Shaken by the economic crisis of the 2010s, which saw a sharp fall in national public funding, universities have invested in developing their capacity to secure EU funding. They have also sharpened their strategies, identifying matches between their own research priorities and programmes or programme actions. Securing European Research Council grants, associated with excellence and prestige, remains a priority for many. More recently, participation in European Universities alliances is increasingly seen as a powerful catalyst for further participation in EU funding programmes. However, and even though survey respondents acknowledge efforts towards simplification, application processes for programmes such as Horizon Europe are still more complex than their national counterparts. The ongoing competitive funding cycle is resource-intensive and poses a challenge to institutions trying to navigate diverging timeframes, objectives and reporting obligations, as well as co-funding requirements.

Most of these activities primarily (but not exclusively) concern contractual research, whether supported by public authorities or private entities. Universities are well aware of the potential for research and development activities to generate income. Many institutions are expanding efforts in the areas of research commercialisation, intellectual property management, and knowledge transfer. These activities not only generate revenue but also reinforce universities' roles in fostering innovation and contributing to economic development.

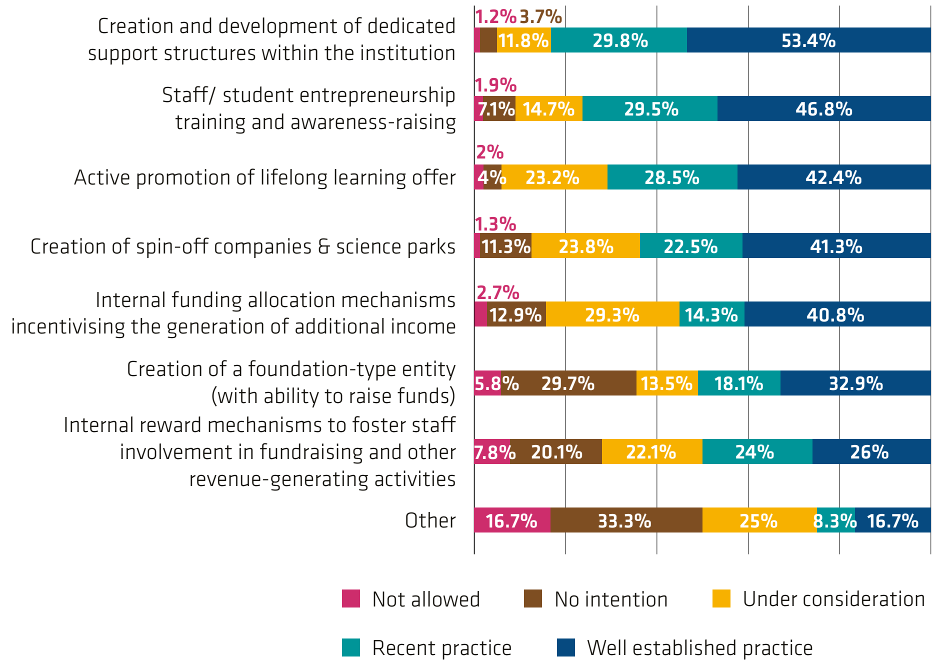
Universities can also seek to diversify income through their academic offer. This is approached differently across Europe, but is often done by stepping up efforts to attract foreign students and by reaching out to non-traditional student populations at home. These two strategies are of particular importance in countries facing significant demographic decline, as is common in Central Europe and Italy. There are powerful incentives to enrol a greater number of foreign (non-EU) students in systems that allow universities to set fees for this sector of the student population. EUA's Autonomy Scorecard has shown that there is generally more autonomy in fee-setting for foreign students, although there may be constraints on the opening of programmes delivered in other languages. A large majority of survey respondents consider the enhanced capacity to attract foreign students to be a key factor in generating much-needed income for their university; once again, this indicates that competition among HEIs to attract this population will increase in the coming years. The recent crises caused by the Covid-19 pandemic and the invasion of Ukraine also serve as stark reminders that international mobility (of both students and staff) remains vulnerable to external global shocks and can seriously affect university finances.

Boosting student numbers and securing the associated income also requires actively targeting students from other regions in the country ; making a greater effort to reach out to minorities, including resident students of foreign origin; and diversifying the educational offer to attract new profiles (through micro-credentials, company training, short-cycle programmes, adult training, online offer, and promotional activities). As Europe's societies evolve, universities are seeking to adapt by progressively adopting a stronger focus on lifelong learning.

Philanthropic funding is of relatively low priority overall, although some universities actively engage with alumni networks and corporate donors to develop these funding streams. Similarly, service-related income, such as renting campus facilities for events or operating university-affiliated businesses, is seen as having limited potential to generate income. While some institutions have explored these activities as additional sources of income, they remain minor compared to other diversification efforts.

Income diversification requires robust structures and mechanisms. If universities do not establish clear priorities and internal support, they run the risk of wasting precious resources, and a scattered effort will result in a failure to secure new sources of income. However, less than half of the respondents stated that the support measures listed in the survey were a well-established practice in their institutions. It is encouraging that, in most cases, such measures were either recently established or under consideration. They include creating science parks or entrepreneurship training and promoting lifelong learning. So far, a third of institutions have created a foundation-type entity to raise funds, revealing that there is potential in this area. Just over a quarter have implemented staff reward mechanisms to incentivise income generation. These remain underdeveloped and are often difficult to set up because of how academic career assessment is designed. Although a sizeable share of responding universities state that they do not intend to explore these possibilities, or are unlikely to do so, there is room to further explore and develop these mechanisms in order to enhance income diversification strategies.

Figure 9 - Tools & mechanisms used to support income diversification



Another opportunity lies in the mobilisation of internal financial management to support income diversification strategies. The survey reveals that a large share of institutions internally mirror the public funding model. The degree of financial autonomy universities enjoy, and the extent to which they are (de)centralised, also play a major role in their ability to shape strategic financial allocation mechanisms. Types of internal allocation models vary depending on the size of the institution, its research intensity, ability to generate additional income, etc. When they design an internal funding allocation model, universities must also accommodate rigid cost structures while considering performance-related incentives; they must also reflect strategic priorities within the allocation model and ensure transparency.

External support for institutional efforts is both regulatory and financial. Respondents viewed enhanced financial autonomy and reduced bureaucracy as effective ways to support diversification. They also considered tax-based incentives to be valuable mechanisms (encompassing tax exemptions for universities and tax deductions for partners), as well as more favourable regulations enabling the commercialisation of intellectual property rights. Matched funding schemes, better coverage of indirect costs and rewarding external income generation through the funding model were also mentioned as powerful means of supporting diversification.

2. Efficiency strategies

Efficiency also increases universities' financial sustainability. EUA's work[10] in this area has identified three dimensions of efficiency in higher education: operational (streamlining processes and optimising resource use), academic (organising teaching and research activities) and strategic governance (underpinning performance management and institutional development). In a 2019 report,[11] EUA confirmed the importance of combining efforts at three levels: developing frameworks at national and European levels to enable efficiency; promoting partnerships and sector-driven initiatives; and, at institutional level, fostering leadership as a core factor in successfully implementing efficiency measures.

This survey, focused on the institutional level, reveals that efficiency is a strategic consideration or priority for 9 out of 10 participating universities. It is often a core concept of their institutional strategy and across a range of activities.

10 https://efficiency.eua.eu/
11 Estermann, T. and Kupriyanova, V., Efficiency, effectiveness and value for money at universities, EUA, Brussels, 2019: https://www.eua.eu/publications/reports/efficiency-effectiveness-and-value-for-money-at-universities.html

Figure 10 - Activities implemented in management for greater efficiency

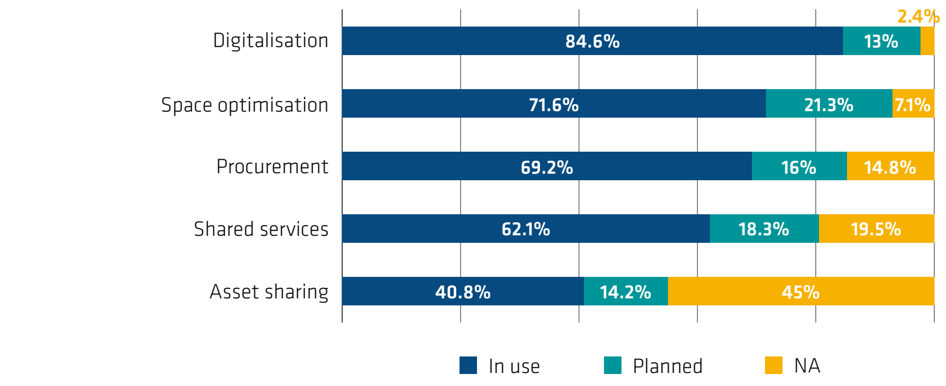


Figure 11 - Activities implemented in the field of governance for greater efficiency

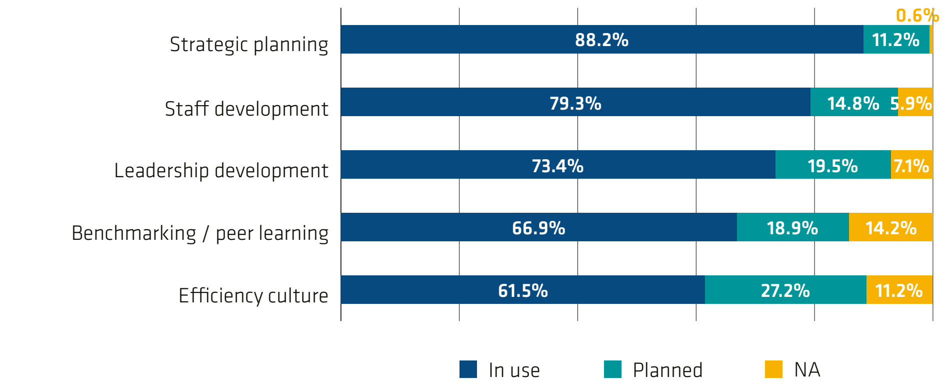


Figure 12 - Activities implemented in the academic field for greater efficiency

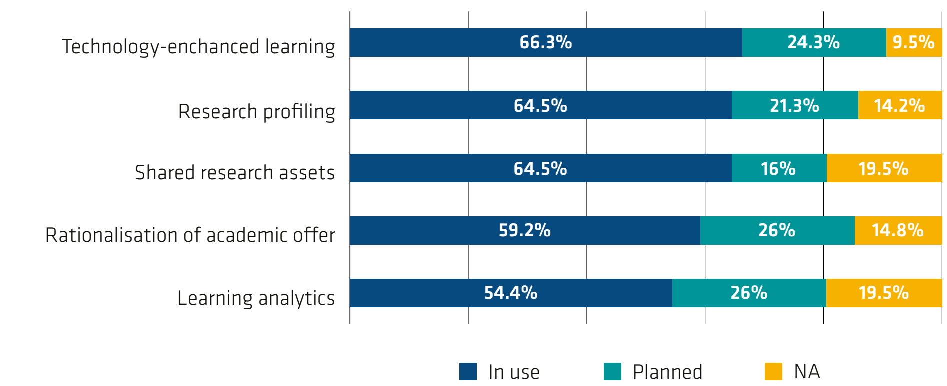
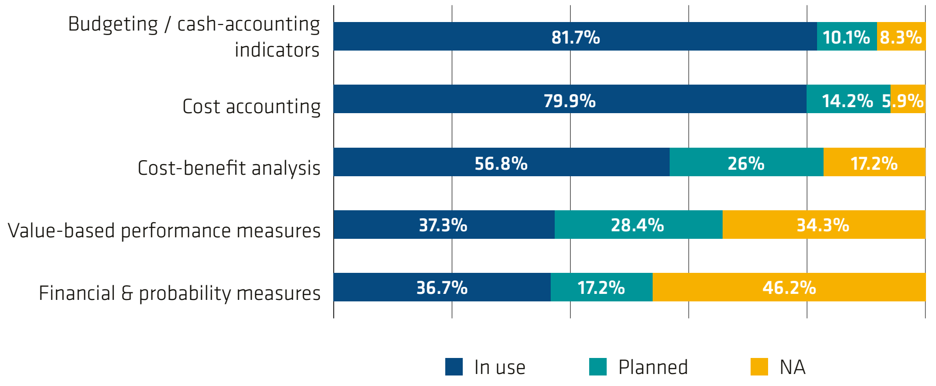


Figure 13 - Financial activities implemented for greater efficiency



Efficiency is closely associated with strategic governance: nearly all participating universities have developed strategic planning and engaged in staff development in some form, while nearly three quarters of them reported offering leadership development training. Two thirds of institutions engage in benchmarking and promote a culture of efficiency.

Among the efficiency measures implemented in the area of operational management, digitalisation comes first, with 85% confirming the process as being efficiency-enhancing. Space optimisation, procurement and shared services are also seen as promoting efficiency and are used with that goal in mind in over 2/3 of participating universities. Asset sharing remains underdeveloped in comparison, with only 40% of institutions actively engaged in such processes. Asset sharing continues to face multiple barriers that are yet to be addressed.

With regard to academic activities, between half and two thirds of universities have engaged in technology-enhanced learning, research profiling, research asset sharing, rationalisation of the academic offer, and learning analytics.

In the area of financial management, budgeting, cash-accounting indicators and cost accounting are widely used throughout the sector (80% of respondents). However, only just over half of participating universities use cost-benefit analysis, while slightly more than one third use value-based performance measures or financial and probability measures (return on investment, return on assets, return on equity, etc.).

The data shows that, while universities show maturity in addressing the question of efficiency, there are still potential areas to be explored.

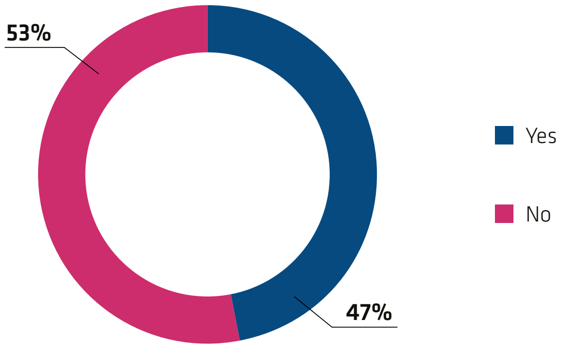
3. Upscaling and upskilling

Universities will continue to develop a variety of tailored diversification strategies. Many institutions frame their diversification efforts within a broader awareness of increasing financial risks, further underscoring the need to develop alternative revenue streams. However, whether they focus on competitive funding, European funding programmes, philanthropy or business collaboration, no strategy will be successful without decisive upscaling of support structures and upskilling of staff.

Universities are aware of the need to invest in structures: research support offices, fundraising units and strategic planning departments play a growing role in the daily life of institutions. Because entry costs can be significant in setting up these operations, there are incentives to pool those costs among institutions. The European Universities alliances are one example of a space that could support asset sharing. While EUA's survey reveals that maturity levels vary considerably, it also shows that consolidated alliances are working towards developing joint EU funding strategies and have begun pooling their resources. Some countries also support the development of such structures through competitive funding.

At the same time, institutions need to develop employees' financial skills and create a culture of financial sustainability. While 80% of universities confirmed that the leadership of the institution had access to financial training, implementation varied significantly. In some cases annual refresher courses were mandatory, while in others they were simply made available to staff. Respondents were split in half, with only a slight majority (53%) confirming that they offer staff training to promote a culture of financial sustainability, which may focus on strategic financial planning, financial literacy, reporting and accountability, budget and risk management.

Figure 14 - Availability of a training offer for staff, promoting a culture of financial sustainability



At the same time, an overwhelming majority of institutions agreed that the need for financial skills and expertise had grown in recent years. This is linked to the increased complexity of regulations and the funding ecosystem, advances in technology, and the generally more uncertain economic climate that requires more proactive financial management. Some income streams, for instance through active asset management, cannot be secured and adequately developed without guaranteeing internal expertise, while the need for professional risk management grows. The survey responses showed that some universities continue to rely primarily on financial monitoring and the budgeting process to manage risks, acknowledging that there is room for more sophisticated approaches. However, many universities find it difficult to attract the professionals they need due to a lack of resources or autonomy.

4. Strategic profiling and prioritisation

In addition to income diversification, efficiency measures, and stronger management and leadership capacity, a fourth and complementary strategic approach to financial sustainability is strategic focus and prioritisation. Universities operate in an increasingly complex environment also shaped by major transformations such as digitalisation, sustainability, and the green transition. While these shifts require substantial investment, they also present opportunities both to improve efficiency and, in the long term, to generate new income streams and diversify funding sources. Ensuring financial sustainability in this evolving landscape requires institutions to sharpen their strategic focus, making considered decisions about their strengths and priorities across all missions.

Strengthening the institutional focus is not just about boosting efficiency, such as streamlining the academic offer or concentrating on specific research areas. It is also about recognising where a university's strengths lie and developing a coherent strategy that aligns academic priorities and financial opportunities. This requires institutions to make conscious decisions about where to invest resources and how to position themselves while remaining true to their fundamental values. In particular, university leaders must be mindful of collegiality and academic freedom when setting strategic priorities with a view to strengthening financial sustainability.

Financial sustainability strategies, including income diversification and efficiency measures, have traditionally been treated as separate components within broader institutional strategies. They have often been seen merely as tools that support institutional goals rather than as integral parts of a university's overall vision. However, in today's increasingly competitive and resource-constrained environment, a more integrated approach is necessary. Financial sustainability must be embedded within the institutional strategy. This means aligning financial decision-making with long-term planning, ensuring that resource allocation, investment in new areas, and external engagement all support the institution's broader mission.

A forward-looking approach is paramount. Integrating financial considerations into foresight processes, risk assessment, and trend analysis allows universities to anticipate challenges and adapt more effectively to external pressures. Institutions that link financial sustainability with strategic planning will be better equipped to respond to shifting policy environments, financial uncertainties, and societal needs.

A strong strategic focus enhances institutional resilience and will help universities navigate financial pressures more effectively.

IV. Conclusions

This analysis highlights the urgent need for strategic action to ensure the financial sustainability of universities across Europe. Rising costs, particularly for staff and operations, are outpacing the growth of income sources, exacerbating financial pressure that requires immediate attention.

Universities must take action to strengthen their financial resilience. This means developing comprehensive strategies that integrate income diversification, efficiency measures, internal capacity building and strategic prioritisation of activities. Universities require autonomy to implement these strategies effectively. They must also take responsibility for their financial sustainability by engaging in value-driven collaborations and exploring alternative funding opportunities.

Equally important is the development of leadership and management capacity within institutions. Financial sustainability is not just a technical challenge: it is also a strategic leadership issue. Universities need leaders who can navigate complexity, make difficult decisions, and drive institutional transformation. The NEWLEAD project[12] has highlighted the importance of equipping university leaders with the strong leadership skills and knowledge they need to make their institutions financially sustainable.

In both funding and leadership development, there is strong value in collaboration. Sector representatives play an important advocacy role, highlighting the added value generated by universities for both society and the economy, and making a strong case for a sustainable funding environment. They may also be best placed to coordinate peer-learning across the sector, providing an opportunity to learn from institutions that have mature financial strategies.

At the same time, policymakers at the national level must recognise their critical responsibility in ensuring the financial stability of higher education institutions. Public funding remains the primary financial pillar for universities and, as costs rise, it is essential that governments step up public funding accordingly. Failure to do so risks undermining universities' ability to fulfil their core missions in education, research, and societal engagement. Both national and European policymakers can also support universities' efforts by investing in leadership training and capacity-building initiatives.

To further accompany universities in developing their strategies, EUA will release additional thematic briefings that will explore in depth the results of the Financially Sustainable Universities survey. They will offer an up-to-date overview of university finances across Europe, along with recommendations for strengthening strategic financial management in the sector.

The path forward requires a collective effort from universities and policymakers, to ensure that Europe's higher education institutions remain financially robust and capable of delivering on their core missions.

12 NEWLEAD digital repository: https://view.genially.com/64803d4984eb4200112eaf64

EUROPEAN UNIVERSITY ASSOCIATION

The European University Association (EUA) is the representative organisation of universities and national rectors' conferences in 49 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.

www.eua.eu