

FH JOANNEUM, University of Applied Sciences

Presentation:

Financing of Higher Education Institutions in Austria



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Genova, Italy



Representative
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FORTUNE

Home Fortune 500 Brainstorm Tech Investing Management **Rankings**

WORLD'S MOST ADMIRABLE COMPANIES

2009 ▼

Full List

By Location

Best & Worst

No. 1s

Industries

Apple

1 of 50

Back

Next

MOST ADMIRABLE

Top 50 rank: 1

Rank in **Computers**: 2 (Previous rank: 2*)

Overall score: 7.07

Why it's admired

It's been a rocky year for Apple: CEO Steve Jobs' health made headlines, and critics said Cupertino wasn't being open enough about it. But customers remained loyal to the brand that made white ear buds cool. As much of the computer industry struggled, Apple shipped 22.7 million iPods during its first quarter (up 3 percent from last year), 2.5 million Macs (up 9 percent), and 4.4 million iPhones. No wonder Apple tops our Most Admired list for the second year in a row. —Alyssa Abkowitz



COURTESY: APPLE

Bankruptcy Leaves Air Passengers Stranded

6:51am UK, Wednesday September 02, 2009

Thousands of passengers have been stranded across Europe as a budget airline cancelled all flights after filing for bankruptcy.



SkyEurope passengers all over Europe are stranded after the announcement

University of Cambridge — Cambridge, United Kingdom

Information

Map

2

134



Cambridge alumni loom large in the making of the modern world: Newton on laws and motion; Rutherford splitting the atom; Darwin on evolution; Turing's prototypical computer; Crick and Watson with DNA. Founded in 1209 by Oxford scholars who quit after a dispute with the local citizens, Cambridge now employs 8,614 staff and has 18,396 students.

World rank 6

Region rank 1

Overall score 91.2

Teaching 90.5

International mix 77.7

Industry income 57

Research 94.1

Citations 94

Swiss Federal Institute of Technology Zurich

Switzerland

83.4

University College London

United Kingdom

78.4

Ecole Polytechnique

France

69.5

University of Edinburgh

United Kingdom

69.2



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August 2010 Last updated at 12:56 GMT



Budget cuts 'will lead to university closures'

Three-quarters of UK university heads who took part in a survey think public spending cuts will lead to the disappearance of some institutions.

But almost none of those asked think their institutions will fail, the poll for PA Consulting finds.

Some two-thirds of the 43 university bosses who responded said they planned to develop an international presence.

Universities charge foreign students much higher tuition fees than domestic students.

Developing campuses abroad could lead to more students coming to study at their UK bases.

The web poll for the IT consulting and technology firm comes as a vice-



Universities face their tightest budgets for years

Top Stories



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Uganda politician wounded by army

Japanese police search no-go zone

BP annual meeting sparks protests

'Stand-off' at monastery in China

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Themes

- **The Higher Education Sector in Austria, its Trends and Challenges**
- **Financial Management at Austrian Universities of Applied Sciences**

HE Environment – Trends & Challenges

- **Political: Laws and Regulations**
 - Bologna declaration, Lisbon agenda, Browne review, European Employment Strategy
- **Economy**
 - Recession, change in educational budgets, tight labour-market, need to up-skill labour-force
- **Technology**
 - Raise of WWW, e-learning, Web2.0, long-distance studies
- **Social values and Demographics**
 - Consumer-orientation, security, knowledge-society, widening participation
 - Aging population, migration, diversity

HE Environment – Trends & Challenges

- Rising budget deficits and mounting debt → **governments need to bring down the levels of public spending AND promote economic growth**
 - HE seen as potential source for public savings
 - HE seen as engine for growth

- Different governments have taken one of three general types of response toward the recession:
 - targeting HE as an area for public spending cuts
 - continuing or accelerating pre-recession HE investment levels
 - increasing public sector funding to areas of HE as a vehicle to stimulate wider economic growth

- **Specific country responses have depended on local factors such as:**
 - the distribution of power between state and federal governments
 - the maturity of the HE sector
 - how HE is structured and financed
 - the regulatory environment
 - levels of demand and supply
 - pre-recession levels of investment
 - the relative sizes of the public and private sectors
 - levels of public sector debt and the deficit; how fast the economy is growing
 - demographic forecasts

The Austrian Higher Education System

	N. of institutions	N. of students
Universities of Applied Sciences	21	~ 38.000
Traditional Universities	22	~ 285.000
Private Universities	13	~ 5.800

- **Goals of university studies (AHStg):**
 - The development of science and young scientific talents
 - The scientific vocational education
 - The education through science
 - The further education of the graduates

- **Goals at Universities of Applied Sciences**
 - A hands-on higher education
 - The supply of skills and capabilities in order to fulfill specific work tasks
 - To support the work flexibility of students

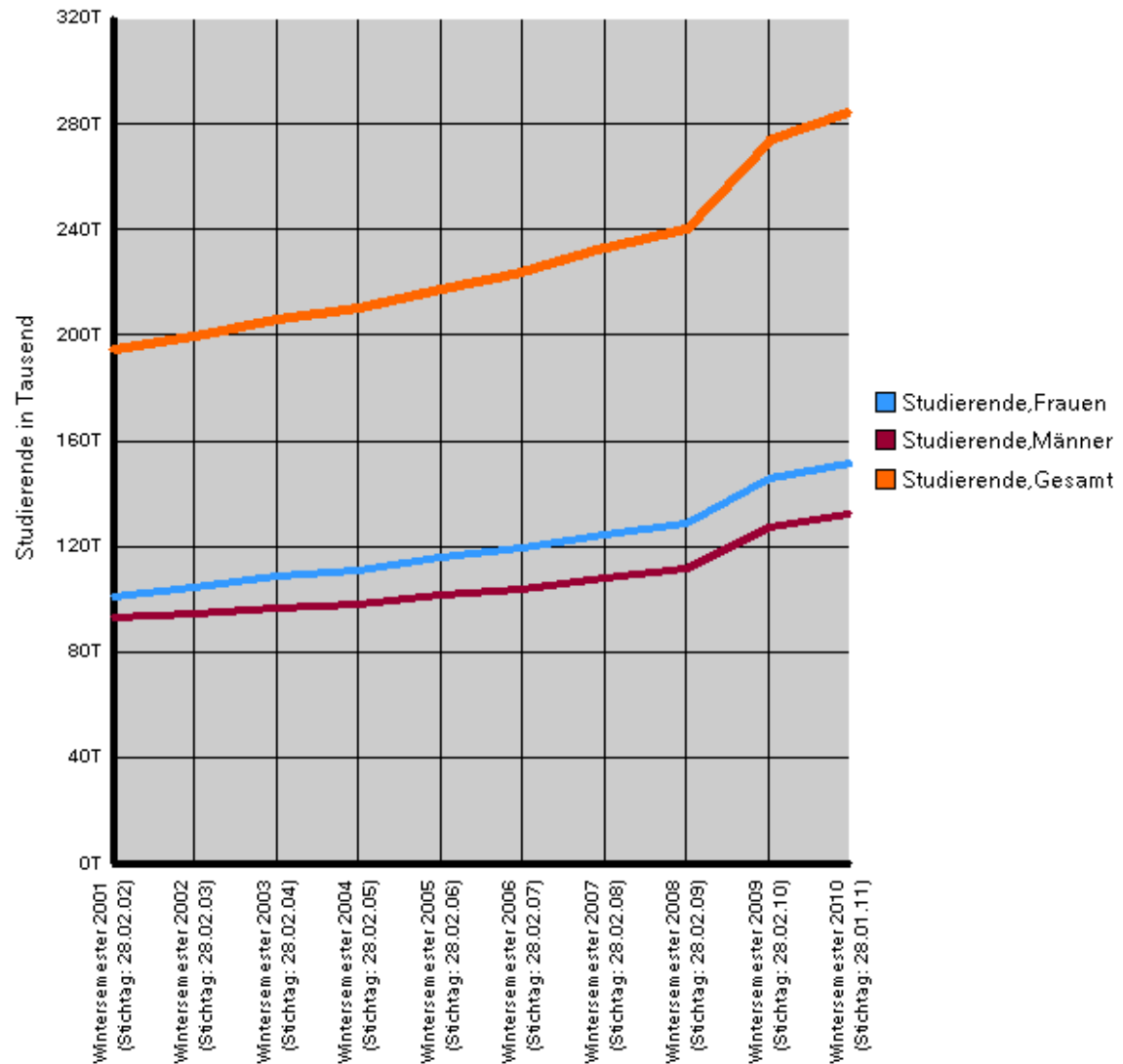
The Need for Higher Education Management in Europe

- **Massification of education**
- **Increased demand by students**
- **Intense competition in HEI sector**
- **Change in balance of investments in higher education**

Universities
N of students per year
2002-2010

**Increase of
46 % within 8
years**

Studierende an Universitäten - Graphik

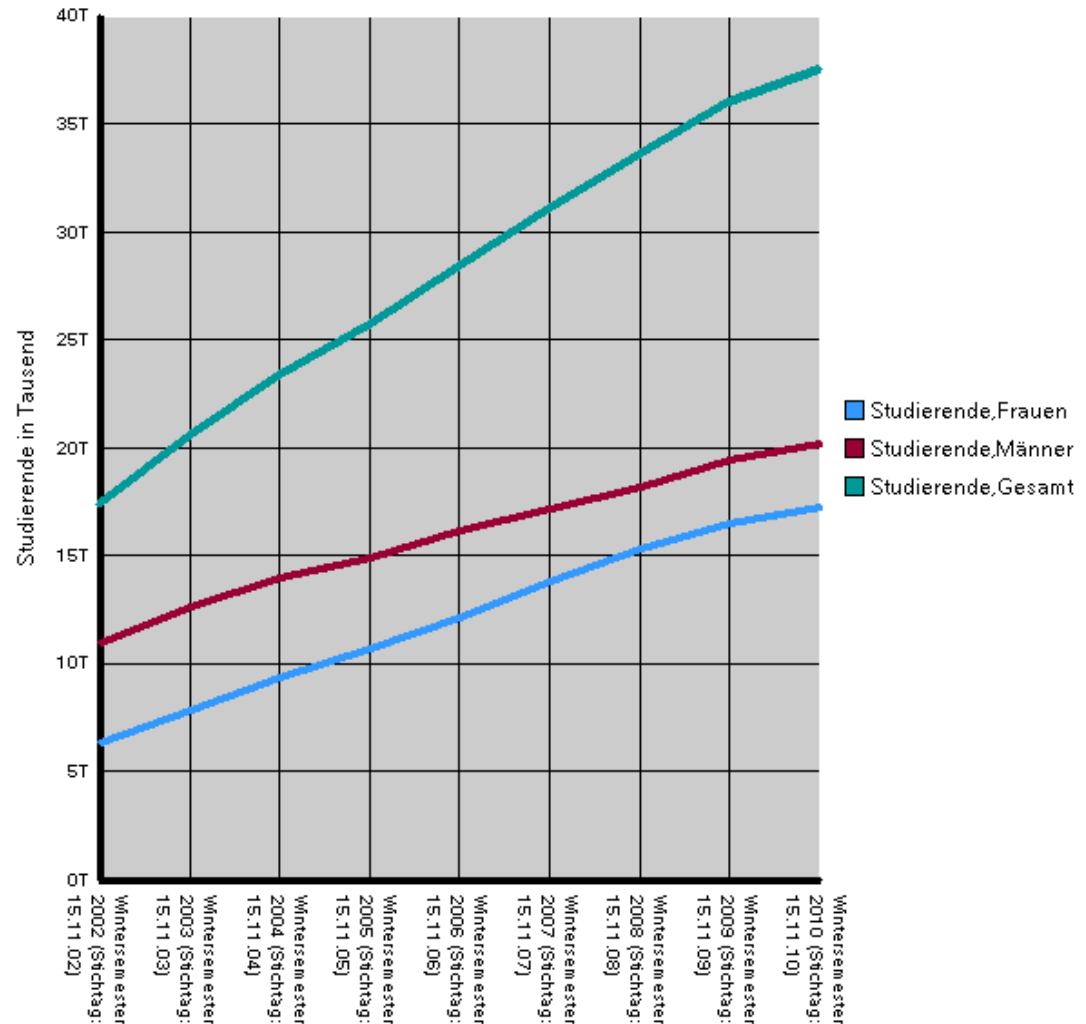


Universities of Applied Sciences

2002 - 2010

**Increase of 114 %
within 8 years**

Studierende an Fachhochschul-Studiengängen - Graphik



Total Spending on Tertiary Education: Development over Time

	Jahr	2007	2006	2005
Nation				
Österreich		1,3% OECD-Rang 14/28 EU-Rang 7/19	1,3% OECD-Rang 15/28 EU-Rang 8/19	1,3% OECD-Rang 18/28 EU-Rang 10/20
OECD-Durchschnitt		1,5%	1,4%	1,5%
EU-Durchschnitt		1,3%	1,3%	1,3%
Finnland		1,6% OECD-Rang 6/28 EU-Rang 2/19	1,7% OECD-Rang 4/28 EU-Rang 1/19	1,7% OECD-Rang 4/28 EU-Rang 1/20
Frankreich		1,4% OECD-Rang 13/28 EU-Rang 6/19	1,3% OECD-Rang 14/28 EU-Rang 7/19	1,3% OECD-Rang 15/28 EU-Rang 8/20
Deutschland		1,1% OECD-Rang 25/28 EU-Rang 16/19	1,1% OECD-Rang 25/28 EU-Rang 17/19	1,1% OECD-Rang 25/28 EU-Rang 17/20
Niederlande		1,5% OECD-Rang 11/28 EU-Rang 5/19	1,5% OECD-Rang 10/28 EU-Rang 4/19	1,3% OECD-Rang 19/28 EU-Rang 11/20
Großbrit. u. Nordirland		1,3% OECD-Rang 17/28 EU-Rang 10/19	1,3% OECD-Rang 17/28 EU-Rang 10/19	1,3% OECD-Rang 14/28 EU-Rang 7/20

- **Increase in participation**
- **Increase in quality**
- **Sustainability through increased private contributions and more targeted public investments**



Financing at UAS

- **FH degree programmes are funded differently from higher-education institutions**
- **Greater emphasis is placed on economic aspects**
- **Based on the individual applicable FH development and financing plan, the government undertakes to fund an agreed number of student places**

3 Pillars of Financing

- **Federal Funds**
- **Regional Funds**
- **Research & Development**

3 Staatliche Bildungsausgaben nach Quellen und Bildungsbereichen

Ausgewählte Bildungsbereiche (in Mio. €)	2000				2008				2009			
	Insgesamt	Bund ¹⁾	Länder ²⁾	Gemeinden ³⁾	Insgesamt	Bund ¹⁾	Länder ²⁾	Gemeinden ³⁾	Insgesamt	Bund ¹⁾	Länder ²⁾	Gemeinden ³⁾
Alle staatlichen Bildungsausgaben	10.941,7	5.577,4	3.954,0	1.410,4	14.817,0	8.091,4	4.800,9	1.924,7	15.716,4	8.482,8	5.159,4	2.074,2
Kindergärten	911,7	0,0	394,6	517,1	1.376,4	0,0	588,6	787,8	1.592,4	0,0	691,1	901,3
Volksschulen	1.671,8	15,2	1.264,3	392,3	1.929,2	24,3	1.430,1	474,8	2.027,5	30,6	1.509,2	487,7
Hauptschulen	1.698,3	22,4	1.313,3	362,7	2.012,7	29,2	1.520,2	463,3	2.109,3	32,9	1.600,4	476,0
Sonderschulen	290,1	0,7	264,4	25,1	344,4	1,6	300,7	42,1	368,4	2,2	318,5	47,7
Polytechnische Schulen	108,0	1,7	80,1	26,2	149,3	2,3	103,8	43,2	156,8	2,6	109,4	44,8
Allgemein bildende höhere Schulen	1.085,9	1.073,5	1,7	10,8	1.505,3	1.486,8	2,7	15,8	1.579,1	1.559,6	4,3	15,2
Berufsschulen	427,7	20,8	373,1	33,8	527,7	25,2	465,2	37,3	562,2	26,2	497,0	39,0
Fachhochschulen	98,9	65,9	33,0	0,0	247,3	178,0	69,3	0,0	276,7	190,1	86,6	0,0
Universitäten	1.971,0	1.971,0	0,0	0,0	3.090,6	3.090,6	0,0	0,0	3.269,4	3.269,4	0,0	0,0
Land- und forstwirtschaftliche Bundeslehranstalten	41,5	41,5	0,0	0,0	72,8	72,8	0,0	0,0	77,1	77,1	0,0	0,0
BA für Kindergartenpädagogik und Sozialpädagogik	58,4	58,0	0,5	0,0	82,7	78,0	4,6	0,1	88,6	83,2	5,3	0,1
Pädagogische Akademien/Hochschulen ⁴⁾	94,0	93,4	0,6	0,0	119,8	119,8	0,0	0,0	151,2	151,2	0,0	0,0
Fachhochschulen	98,9	65,9	33,0	0,0	247,3	178,0	69,3	0,0	276,7	190,1	86,6	0,0
Universitäten	1.971,0	1.971,0	0,0	0,0	3.090,6	3.090,6	0,0	0,0	3.269,4	3.269,4	0,0	0,0
Schulverwaltung, sonstige Bereiche ⁵⁾	1.728,2	1.457,4	228,5	42,3	2.336,8	1.960,8	315,7	60,3	2.381,1	1.982,1	336,8	62,3

Q: STATISTIK AUSTRIA, Bildungsausgabenstatistik. – 1) Inkl. Universitäten. – 2) Inkl. Wien. – 3) Inkl. Schulgemeindeverbände und Kinder- und Jugendservices Linz, ohne Musikschulverbände. – 4) Mit dem Inkrafttreten des Hochschulgesetzes 2005 ab 1.10.2007 Umwandlung zu Pädagogischen Hochschulen. – 5) Bildungsrelevante Teile der Familienbeihilfen, Schulfahrtbeihilfen, Schülerfreifahrten etc.

Im Kalenderjahr 2009 wurden vom Bund 428,4 Mio. € für Handelsakademien und Handelsschulen verausgabt.

Federal Funding

■ Federal Norm Cost Model

= study places related federal fund calculation model
where financing volume is based on

- Curriculum
- Norm place number

Federal Norm Cost Model: Curriculum

Fördergruppe	Fördersatz in € pro Jahr
Für Studienplätze in Studiengängen mit einem Technikanteil von mindestens 50 %	7.940,-
Für Studienplätze in Studiengängen mit einem Technikanteil von mindestens 25 %	6.990,-
Für Studienplätze in Studiengängen mit dem Schwerpunkt Tourismus	6.580,-
Für Studienplätze in allen anderen Studiengängen	6.510,-

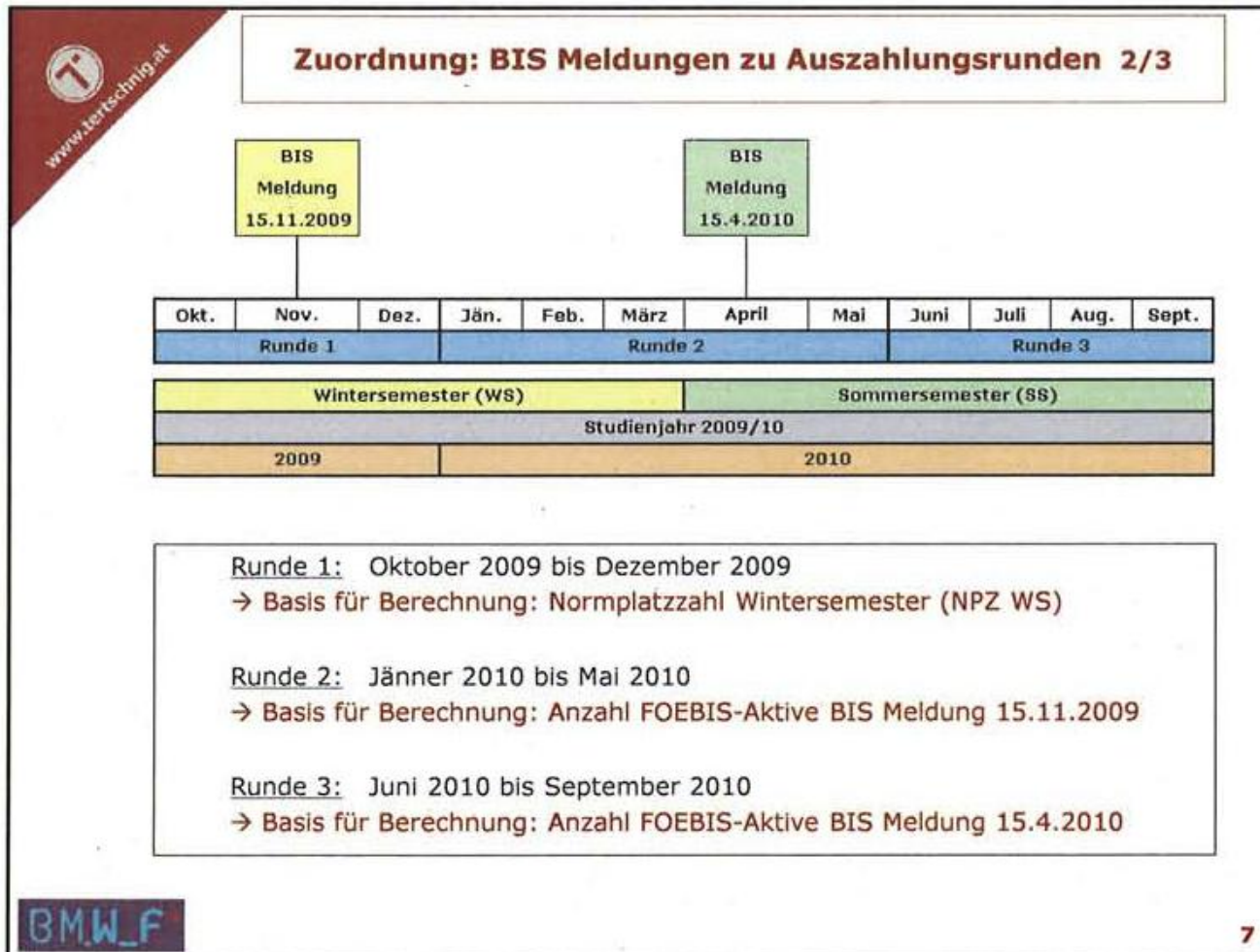
Federal Norm Cost Model: Norm place number

- **Norm places number is federally fixed maximum number of funded study places of one degree programme**

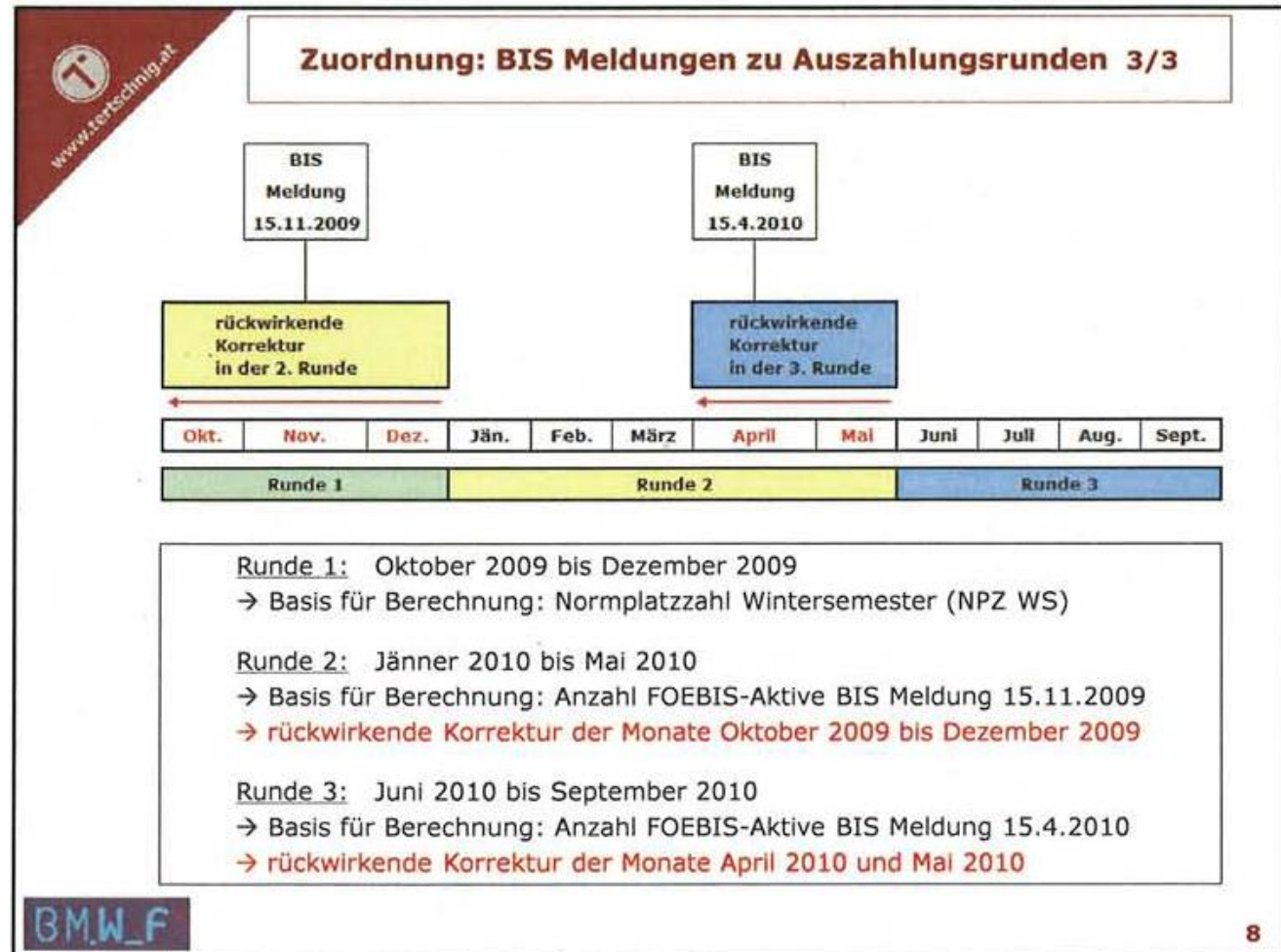
Federal Norm Cost Model: Norm place number

Studienjahr	Studienplätze fortgeschrieben	Studienplätze bei zusätzlichem Ausbau ⁶
2010/11	32.500	32.500
2011/12	33.000	33.500
2012/13	33.100	34.400

Federal Norm Cost Model: Norm place number



Federal Norm Cost Model: Norm place number



Federal Norm Cost Model: Norm place number

- **Drop-out rate**

- The tolerated drop out rate is the maximum number of drop-outs not leading to budget deductions
- The tolerated drop-out rate depends on the norm place number and is a degressional

Federal Norm Cost Model: Norm place number

■ Drop-out rate

Die Zahl der Toleranz-Forderplätze (TFP) ergibt sich damit:

(1) Für Stg mit $NPZ \leq 100$ $TFP_{Stg} = NPZ * 0,1$

(2) Für Stg mit $100 < NPZ \leq 500$ $TFP_{Stg} = 100 * 0,1 + (NPZ - 100) * 0,08$
 $= 10 + (NPZ - 100) * 0,08$

(3) Für Stg mit $NPZ > 500$ $TFP_{Stg} = 100 * 0,1 + 400 * 0,08 +$
 $(NPZ - 500) * 0,05$
 $= 10 + 32 + (NPZ - 500) * 0,05$

Norm cost model - Flexibility

- **Flexibility to reallocate budgets across study degree programmes**
- **Important considerations:**
 - Norm places are fixed
 - Budget reallocations must be cost neutral
 - No shifts between pre- and post-Bologna degrees
 - Check of application numbers and drop-out trends

Maximum funding rate

- **Bachelor degrees**
 - Regular study duration + 10 months
- **Master degrees**
 - Regular study duration + 6 months
- **Max. 90% of norm costs are funded**

3 Pillars of Financing

- **Federal Funds**
- **Regional Funds**
- **Research & Development**

Regional Funds

- **Global budget**
 - 2009: 20 million
 - 2010: 19 million
 - 2011: 17 million

Research and Development

- **Transfer Centres operating as profit centres**
- **Sources:**
 - European Funds
 - Consultation projects
 - Company – student – university projects
- **Challenges:**
 - Acquisition of funds and contracts difficult to project
 - No more permanent contractors for researchers

Budgeting

- **Top-down: Regional funds**
- **Buttom-up: Federal funds, Research and Development**

Cost model

- **Mixed form between full cost model**
 - Federal funds and regional funds
- **and additional cost model**
 - Research and development
- **Outlook: Internal cost allocation**

Management System

- **Annual budgeting**
- **Quarterly reports**
- **Decentralized budgets with centralized administration and control**
- **Control organs: Board of directors (GmbH) and audit court**

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