

Abstract

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EXTERNAL FUNDING FROM THE VIEWPOINT OF UNIVERSITIES' RESULT MANAGEMENT

- using the University of Jyväskylä as an example

According to the University Act (645/97), universities' main tasks are education and research. Universities also have a social service function. Parliament appropriates funds for universities in the state budget so that they can fulfil these tasks. In 1999 appropriations for universities totalled FIM 5.4 billion. The amount of money which universities spend on their basic tasks is greater than this, however. In 1999, for example, 65% of total funding came directly from the state budget while 35% came from external sources.

External sources' share of universities' total funding has increased sharply in recent years. Universities receive external funding from domestic and foreign sources: foundations, associations, state administration, municipalities, joint authorities and the private sector. The present audit found that most external funding ultimately came from the state budget or the EU's budget. The conclusion could be drawn that external funding can be funding which state authorities have first granted to an enterprise and which the enterprise then passes on to the university.

The audit investigated the concept of external funding and the linkage of funding to the university's management system. The University of Jyväskylä was used as an example. The observation was made that external funding has not been taken into account in the university's management system in the same way as appropriations in the university's budget. The content of activities receiving external funding has not been taken into consideration in the management system between the Ministry of Education and the university. This is not required on the part of the ministry. The management system requires that the university obtain a certain amount of external funding for activities, part of which must be economically profitable according to the result agreement between the university and the ministry. Under the University Act the university's tasks do not include commercial activities.

The content of activities receiving external funding has been left up to the university. This is in accordance with the principle of university autonomy. The audit indicated that the university has not systematically planned externally funded activities or related finances within the framework of its own management system. This is especially true with regard to research. The university began taking steps to increase planning and procedures regarding the use of external funding during the course of the audit.

According to the audit, a sizable part of advanced degrees are made possible by external funding. This is based on estimates made in interviews. Precise information on this subject is not available. Separate units which operate in connection with the university's faculties and depend mainly on external funding produce advanced degrees for the university's faculties to achieve result objectives. External funding is also used for basic degree projects. So indirectly funds are also used for basic degrees.

The audit indicated that the connection between degree objectives set in result agreements in the administrative sector and resources in the budget to meet these objectives is difficult to observe. In the opinion of the State Audit Office, this should be given greater attention in the budget in the future.