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EUA report looks at progress in developing full costing in universities

The European University Association (EUA) has today published a new report which examines the development of ‘full costing’ in European universities. Entitled “Financially Sustainable Universities. Full Costing: Progress and Practice”, the publication also aims to assist university practitioners in implementing full costing, with examples of good practice, whilst at the same time providing important information for policy makers and funders, in particular for the current debate on [Horizon 2020](#).

Full costing — the ability to identify and calculate all the direct and indirect costs of an activity — has been identified as a crucial element for universities’ financial sustainability. It has become increasingly important as a result of the financial challenges that many universities currently face: reduced public funding (in many [European countries](#)); changes to the way funding is allocated (e.g. performance-based elements); increasing use of ‘co-funding’ requirements; and the management of diverse income sources.

The publication provides an update on the status of the implementation of full costing in 14 European higher education systems and examines its impact on the relationship between universities and different funders. It shows that funding rules are an important driver for full costing development. In 10 out of the 14 systems analysed the possibility to recover costs based on a full costing methodology under FP7 have been an important driver for development.

Full costing methodologies help universities to identify the full costs of their activities and provide information for evidence-based decision-making at the strategic level of the university. It also enables them to show, in a transparent way, how they spend money and what the real costs of their activities are. It supports, therefore, accountability in relation to funders and provides information to enhance understanding of the adequate level of funding needed in a system.

The report, which brings together evidence collected during a major EUA project supported by FP7 (European Universities Implementing their Modernisation Agenda — [EUIMA](#)) and from [other EUA work on funding](#) concludes that, overall, considerable progress has been made in recent years in the implementation of full costing. EUA’s work has shown that nevertheless a number of obstacles to implementing full costing still exist.

The most common external obstacles are a lack of autonomy, legal barriers and the fact that universities often face a lack of external, financial support for the implementation of full costing, which is a process requiring a firm commitment of financial, technical and human resources.

The report provides examples of good practice from universities, which outline principles to be considered during the planning and implementation of full costing.

More generally, the report underlines a number of issues which are crucial to ensure the continued progress of full costing development with higher education institutions:

- The commitment of university leadership.
- The need for a coordinated approach between universities, public authorities and funders.
- The need for common principles but also the flexibility of different models of implementation.

Full costing has been one of the important pillars of EUA's work on financial sustainability, and EUA will continue to take this work forward through two new projects launched at the end of 2012, [DEFINE](#) and [ATHENA](#).

The full report can be downloaded [here](#).

The EUIMA project has been funded by the Seventh Framework Programme (FP7) through a Support Action within the 2009 Capacities - Science in Society Programme.

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The European University Association, as the representative organisation of both the European universities and the national rectors' conferences, is the main voice of the higher education community in Europe. EUA's mission is to promote the development of a coherent system of European higher education and research.