

# Cover note University Council

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Details		
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Context / Reason
<p>The Erasmus Perspectives 2024-2027 describe the anticipated developments in the upcoming four years and provides the budgetary framework for the budget plans of the faculties and support services.</p> <p>On May 11<sup>th</sup> the EB approved the EP 2024-2027 under reservation of consent on highlights by the UC. In preparation of the EP the content has been discussed in the CvB Deans meeting, the Operations Board and the controllers meeting.</p>
<p><b><u>Uncertainties</u></b></p> <p>As always, Erasmus Perspectives contains a number of financial uncertainties. We mention the most important ones here:</p> <ul style="list-style-type: none"><li>• UNL has recently communicated about the draft Reference Framework 2023. In the concept Reference Framework 2023, the Ministry of Education, Culture and Science (OCW) budgets a lower growth of students compared to the RR 2022. At this moment, this results in a reduction of the M€ 100 macro-framework for 2024 to M€ 240 in 2028. The financial effects of this have not been incorporated into the Erasmus Perspectives. This is because of short timelines. A (rough) estimate of possible effects is included at the bottom of this block. This estimate is included in the EP, but not processed in the first money stream and hence not included in the allocation of means. This development also influences the expected tuition fees;</li><li>• Another uncertainty is the compensation for wage and price increases via the government grant;</li><li>• There is insufficient clarity about the impact of the changing policy on international students, the binding study advice (BSA) and n=n policy; Finally, there is uncertainty about the cost level, as there is no clarity yet on wage indexation due to collective labour agreement increases. A discrepancy between the actual compensation from OCW and the actual increase in labour costs is a financial risk for the result of the upcoming budget plan for 2024-2027.</li></ul>
<p><b><u>Impact of Investments</u></b></p> <p>The investments in real estate (CiO) are putting pressure on the financial position of the EUR. From 2024 onwards, M€ 5 annually will be reserved for related costs. This is most likely not enough. The upcoming period will be used to determine whether the financial position of EUR will</p>

be sufficient to cover these related costs or that government loans (Dutch: schatkistbankieren) must be considered.

### **Changes in the allocation methodology**

The following principles/notes apply:

- Adjustments to the allocation model have been made, in accordance with the discussion in the CvB on March 9th. These are:
  - Modification of the fixed fee for the faculties in the allocation model;
  - Freezing the allocation for research assessment at the level of 2023;
  - Including a separate box for fixed costs (e.g. depreciation and levies), separate from the allocation to the services;
  - Basing the allocation to the services (the 21.5%) on an adjusted basis. That is, first money stream corrected for starter and incentive grants, sector plans from the coalition agreement and “Zwaartekracht” budgets).

These adjustments form an integral part of the Erasmus Perspectives, including decision-making on them. Therefore, approval of the Erasmus Perspectives by the University Council also implies approval of these changes. However, only the change of the fixed fee for faculties is considered to be a significant change to the allocation model. The other changes are adaptations following for instance new guidelines on the government grant, or just presentation changes (separate box for fixed c.q. non-discretionary costs).

### **Explanatory notes on the EP 2024-2027**

- The previous Erasmus Perspectives 2023-2026 allocated M€ 20.2 of expected growth in the government contribution as a lump sum to faculties and support services. Additionally, the Budget Plan 2023-2026 included an additional M€ 30.1 for starter-and incentive grants and sector plans under the Coalition Agreement. Therefore, a total of approximately M€ 50 of extra resources were included in the Budget Plan 2023-2026, partially as a lump sum (M€ 20 in EP 2023) and partially as central resources (M€ 30 in BP 2023). Thus, these additional resources were not processed consistently. In the Erasmus Perspectives 2024-2027, this has been corrected; all grants are centrally reserved pending internal allocation decision (€39 million) and the sector plans are largely divided among the relevant faculties (€15.3 million out of a total of €16.5 million), based on plans submitted by faculties. This means that comparing the allocation of the 2023 documents with the EP 2024-2027 is not possible, because of the different premises of allocation;
- The Erasmus Perspectives 2024-2027 start with an estimate of the first money stream. This is expected to amount to M€ 687.8 in 2024 and will increase to M€ 720 million in 2027. This includes an effective 10.27% indexation compared to the government grant which is made up of (1) 1% catch-up index for 2022 (2) 6% indexation for 2023, and 3% indexation for 2024. The indexation for 2023 has been cautiously estimated because lower compensation from OCW is expected due to pressure on the national budget. The recent reference estimate, as previously indicated, has not yet been taken into account.
- As mentioned above, all grants are centrally reserved pending decision-making on their allocation;

Process of the Erasmus Perspectives

- The outcomes and effects of the midterm on the strategy have been included;

- This year, the faculties and services have been involved in these Erasmus Perspectives. Important topics of EUR have been identified and their impact on business operations has been gathered.  
The results have been included in these Erasmus Perspectives. Due to the short time frame, the financial consequences have not yet been identified and included. For the upcoming period, shaping these topics further is on the agenda.
- A new format of the budget plan for the faculties and services has been developed.

#### **Estimate regarding OCW's announcement on the reduction of the reference framework**

The reference framework does not take into account any potential new policies regarding the limitation of international students. The EP takes into account an average growth rate of 2.3% per year in the total number of students. In our calculation, we will reduce the growth for academic years 23/24 through 26/27, followed by stabilization of student numbers.

#### **Amount reference framework**

Estimate effect reduction of reference framework and decline in student tuition fees. Based on:

- Significant decrease in student growth compared to previously reported growth, resulting in stabilization of number of students;
- Decrease in expenditure on macro education budget, from €100 million for 2024 to €240 million in 2028;
- The calculation below is based on the assumption that EUR maintains the same market share (8.47%) in education.

<b>Budget year</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>
Framework	€ 687,781	€ 702,906	€ 714,754	€ 719,982
Estimated adjustment of tuition fee income	-€ 461	-€ 1,274	-€ 2,779	-€ 4,387
Estimated adjustment of government subsidy	-€ 8,475	-€ 9,958	-€ 12,924	-€ 17,373
<b>Framework after adjustment</b>	<b>€ 678,845</b>	<b>€ 691,675</b>	<b>€ 699,051</b>	<b>€ 698,222</b>

#### **Jurisdiction UC / Question to the UC**

As for the Erasmus Perspective, the University Council has the right of consent on the highlights.

- With the introduction of the Student Grant Advance Act, the University Council has been given the right of consent on the main elements of the budget.
- It has been agreed upon with the University Council that the main elements of the budget involve:
  - Changes in the EUR allocation model;
  - Changes in investments:
    - Strategic investments;
    - Pre-investments in education quality;
    - Campus development and housing.
- Changes are judged in relation to the previous year's forecast (found in the Budget Plan 2023) for the present year.

All changes larger than M€ 1 per (sub)category are subject to consent.

#### **Short Summary**

CPC will give a presentation for the Task Force Finance about the EP 2024-2027. As can be derived from this presentation (see attachment) the University Council must give consent on: (1)

the change of the flat fee for faculties (substantive change of the allocation model (2) an additional reservation of M€ 1 for housing Woudestein to cover increasing costs. Other changes are considered to be following changes in the government grant or reallocation of budgets across boxes in the model (e.g. grants from faculty allocation model to direct purposes fund)

**Follow-up process**

Meeting in the financial task force U Council on May 15, 2023  
Meeting OB on May 16, 2023  
Meeting of the CvB-Deans on May 31, 2023  
Meeting in the U Council on June 1, 2023 for consent on main elements  
Meeting in the Audit Committee on May 15, 2023 and RvT for approval on June 12, 2023.

**Specifics**

n/a

**Documents to be attached**

Concept Erasmus Perspectives 2024-2027  
Concept Appendices by main text 2024-2027