

## **University of Tartu Financial Strategy until 2025**

Based on clause 9 (2) 2) of the Statutes of the University of Tartu, the Council of the University of Tartu decides to approve the University of Tartu Financial Strategy until 2025.

### **1. GENERAL PROVISIONS**

- 1.1. The aim of the university's financial strategy is to ensure the long-term financial sustainability of the university and all faculties and to increase the efficiency of the university's activities in all fields of study and research and in the service of society.
- 1.2. The university's financial strategy supports the University of Tartu Strategic Plan until 2025 (A2025) by means of effective budgeting at all levels of the university.
- 1.3. The university creates a development fund in its budget and uses it to co-finance important activities, which are necessary for implementing the strategic plan and which are not covered from other sources.
- 1.4. The university follows, based on indicators of the annual report, the following general goals.
  - 1.4.1. The budget is prepared based on financial restrictions, which ensure that each year the following requirements are met:
    - 1.4.1.1. the university's cash flows from economic activities are positive;
    - 1.4.1.2. the university's net assets form at least 75% of the balance;
    - 1.4.1.3. the university's loan burden does not exceed 25% of the annual revenue of the university. The university's loan burden remains at a level where the university is able to repay the loans without refinancing and loan repayment schedules are agreed with the banks.
  - 1.4.2. The budget is prepared based on financial restrictions, which ensure that cumulatively for the period 2016–2025 the following requirements are met:
    - 1.4.2.1. the positive cash flows from the university's economic activities exceed the depreciation of fixed assets for the same period;
    - 1.4.2.2. the cost-to-income ratio is below 98%.
  - 1.4.3. Compliance with the restrictions provided in clause 1.5.2 ensures that the university's cumulative budget position for the period 2016–2025 is positive.
- 1.5. When distributing money within the university, the university applies the following principles:
  - 1.5.1. the faculties' activity support budget is not increased unless public funding increases, except if it results from the administrative contract or strategic plan;
  - 1.5.2. the indicators used for earning the funding are taken into account;
  - 1.5.3. the amount of capital budget that is financed from the baseline funding of research is fixed for multiple years;
  - 1.5.4. in the event of national reduction in the activity support or baseline funding of research, the main financial positions of the structural units are reviewed and, in case there are outstanding balances exceeding the amount of two months' salary fund, the budget from activity support or baseline funding is decreased by that amount, directing it to structural units or operations that need support in order to stabilise the situation.
- 1.6. The university uses the funds of the European Union budget period 2021–2027 to efficiently improve teaching and research. All academic units must organise their work so as to ensure smooth transition to the European Union budget period 2021–2027, i.e. in a situation where the volume of structural funds decreases, sustainable teaching and research is ensured in the structural unit.

- 1.7. The university continuously manages and optimises the policy for covering overhead expenses.
    - 1.7.1. In order to cover central overhead expenses, a general fund has been created with the aim to
      - 1.7.1.1. cover the expenses of the senate and the Rector's Office;
      - 1.7.1.2. cover the expenses of the university's support units that are necessary for providing services to the academic units;
      - 1.7.1.3. cover the expenses of university-wide projects in the university's budget;
      - 1.7.1.4. cover the expenses of the library, museum, natural history museum, botanical garden, and Youth Academy;
      - 1.7.1.5. cover the university's institutional membership fees in organisations and associations;
      - 1.7.1.6. establish the reserve of the rector, vice rectors, academic secretary and the director of administration;
      - 1.7.1.7. cover the capital budget expenses, i.e. investments in immovable property and loan repayments.
    - 1.7.2. Only activities listed in clause 1.7.1 are financed from the general fund. The general fund budget is approved by the council of the university; it must not exceed the planned expenditure.
    - 1.7.3. The rector establishes the principles of financing and using the general fund, with the objective to ensure meeting the interests of the entire university in the best possible way.
    - 1.7.4. Deans establish the principles for covering the overhead expenses of faculties.
    - 1.7.5. The Finance Office analyses the overhead expenses at least once a year and publishes the analysis results on the intranet.
  - 1.8. The university starts new projects and enters into new contracts only when the covering of all the associated costs, incl. overhead costs, is guaranteed. The rector establishes the rules for making exceptions at the university level and the deans at the faculty level for each budget year.
  - 1.9. The university works to ensure that income per employee would increase at a rate comparable to GDP growth and that competitive salaries are guaranteed to employees.
  - 1.10. The university develops an action plan for the involvement of private funds.
  - 1.11. The university seeks diversification of income and applies the principles of performance financing to achieve it. The university works out the units' income diversification indicator and applies it when performance financing.
  - 1.12. Heads of structural units are responsible for the quality and timely submission of reporting, incl. financial reporting, of projects and contracts in their structural unit. The university increases the financial management competence of structural units.
  - 1.13. The head of finance and Finance Office constantly monitor the compliance of structural units with financial discipline and deadlines of contracts.
2. PROMOTER OF ESTONIAN LANGUAGE AND CULTURE
    - 2.1. The university finances the Estonian language and culture studies of international students and staff.
    - 2.2. The university finances its museums and applies for public funding for scientific collections. The amount of the funding of museums is determined for each year in the university's budget.
    - 2.3. The university continues to support the writing and publishing of university textbooks in Estonian and the development of Estonian terminology.
    - 2.4. The university develops cultural and creative activities through Viljandi Culture Academy and the non-profit organisation Tartu Student Club. The membership fee of the non-profit organisation is determined for each year in the university's budget.
3. INTERNATIONAL UNIVERSITY

- 3.1. The university supports participation in the work of international organisations and networks.
  - 3.2. The university stimulates the growth of international funding by supporting the participation of the university and its research groups in the European framework programmes for research and innovation “Horizon 2020”, “Horizon Europe” and other similar partnerships.
  - 3.3. The university opens foreign-language curricula only if it is economically viable or meets the needs of society. The tuition fees of existing student-funded curricula must cover the actual costs of the curriculum.
  - 3.4. The university encourages and supports learning mobility by offering mobility scholarships and grants, and developing mobility windows and adapting them to curricula.
4. INSPIRING LEARNING ENVIRONMENT
- 4.1. The university continues to modernise its learning infrastructure and improve its energy efficiency pursuant to the spatial development strategy and the needs of a modern learning environment.
  - 4.2. The university supports the development of teaching future skills and, by means of performance funding, motivates teaching staff to develop themselves, improve the quality of curricula and implement strategic objectives.
  - 4.3. The university develops and finances the system of giving recognition to teaching staff to appreciate excellence in teaching.
  - 4.4. The university supports the Student Union Office to ensure strong representation of the student body and the competence of student representatives to participate in the work of decision-making bodies.
  - 4.5. The university places great importance to and supports the creating of equal opportunities and the support system for students with special needs.
  - 4.6. The university develops sports activities in the interests of its members and in public interest by shaping sporting habits with the support of the training environment and competent coaches of the University of Tartu Academic Sports Club. The amount of the support is determined for each year in the university’s budget.
5. UNIVERSITY OF LIFELONG LEARNING
- 5.1. The university contributes to the development of lifelong learning in its diversity. Great importance is attached to increasing income from, and to improving the quality of, continuing education and retraining.
  - 5.2. One-year student-funded curricula are developed.
  - 5.3. The university continues the University of the Third Age programme in cooperation with the Ministry of Education and Research and local governments.
  - 5.4. The university supports its employees’ professional development for acquisition of new skills and competences.
6. SUPPORTER OF DEVELOPMENT OF THE TALENTED
- 6.1. With the activities of Youth Academy, the university contributes to development of talented young people and to connecting them with the university.
  - 6.2. The university supports doctoral students by paying performance stipends to them at least until the status of doctoral students is changed at the national level.
  - 6.3. The university provides tuition waivers to support capable athletes who simultaneously study at the university and participate in achievement sports.
  - 6.4. The university offers flexible ways for talented students to acquire higher education.
7. INFLUENTIAL RESEARCH CENTRE
- 7.1. To ensure the sustainability and versatility of Estonian top-level science, the university continues to work with the government and other universities and research and

- development institutions to achieve and maintain the R&D investment targets set out in the Estonian Research Agreement.
- 7.2. The university contributes to collaboration with the Government Office and ministries to ensure that new research and development programmes, which consider the development needs of the state, are science-based and inclusive of universities and other research and development institutions.
  - 7.3. To increase its revenue, the university tries to raise the proportion of funding from international funds in its revenue.
  - 7.4. The university actively applies for funding to develop new and ensure the sustainability of existing research infrastructure. The university works on developing research infrastructure services.
  - 7.5. When filling academic positions, the university considers the applicants' success in obtaining competitive funding and the amount of funding obtained.
  - 7.6. The university supports its members in applying for external funding by providing them services of the capable project writing unit.
  - 7.7. The university promotes the opening of student-funded doctoral student places for both domestic and international applicants.
8. DEVELOPER OF RESEARCH-BASED SOCIETY
- 8.1. The university favours its employees' activities outside the university, if these bring added value to the employee and the university.
  - 8.2. The university is engaged in science popularisation and introduces its important research results to the public.
  - 8.3. The university actively offers its expertise to manage processes in society.
  - 8.4. University employees must avoid, without the consent of the university, any competition with the university in the main fields of activity of the university.
9. ACCELERATOR OF SMART ECONOMY
- 9.1. The university contributes to developing entrepreneurship studies and related activities, startup businesses and preincubation programmes.
  - 9.2. The university manages participation in research-intensive companies by investing intellectual property in them.
  - 9.3. The university does not participate in establishing foundations, the existence of which relies on support from the university.
  - 9.4. To increase its revenue, the university considerably increases the proportion of private funding in its income.
  - 9.5. The university implements and supports researchers' industry sabbaticals in the public and the private sector.
10. INSPIRING AND PIONEERING ORGANISATION
- 10.1. The university creates opportunities and provides the means for developing an organisation with an attractive working environment.
  - 10.2. The university values its staff, organising regular appreciation events, among other things, and makes one-time payments on retirement as emeritus and pays monthly emeritus pay.
  - 10.3. The university applies performance management principles in both academic and support units. The performance-based remuneration of leaders is connected to adherence to financial discipline and financial indicators. Performance is evaluated based on previous year's operating data, results of the feedback survey of support units, and performance agreements made for the period.
  - 10.4. The university applies the principles of sustainable development and creates an environmentally conscious organisation by reducing energy costs, ensuring exemplary sorting of waste, favouring tap water consumption, and reducing the use of disposable dishes, packaging and paper.

- 10.5. The university implements measures to reduce and prevent fragmentation of activities and resources. The university favours interdisciplinary collaboration, avoiding duplication in studies and enhancing the use of research equipment, incl. the cross-usage of infrastructure which is in the possession of different research groups.
- 10.6. The university continues to modernise buildings that are needed for its statutory activities, incl. to improve their environmental and energy sustainability, according to the university's spatial development plan. Once a year, the council reviews the composition of the university's real property and decides on further action. The university disposes of property that is not necessary for the statutory activities of the university.
- 10.7. The university reviews and regularly updates the rules and procedures established at the university, with the aim of reducing the administrative burden. The university invests in the development of e-services to achieve paper-free management.
- 10.8. The university supports the development and implementation of an action plan for digital development.

#### 11. KEY PARTNER IN REGIONAL DEVELOPMENT

- 11.1. The university continues to develop its colleges in Narva, Viljandi and Pärnu, if the government and local authorities provide support measures to ensure their sustainability.
- 11.2. The university expands its presence in Tallinn and finds a solution to the location of structural units in Tallinn.
- 11.3. The university enhances cooperation with the local authorities where its structural units are located. With its expertise, the university contributes to the regional development of Estonia.

#### 12. IMPLEMENTING PROVISIONS

- 12.1. This resolution takes effect on 1 January 2021.
- 12.2. The University of Tartu Financial Strategy until 2022, adopted by the University of Tartu council resolution no. 16 of 26 October 2015 is repealed as of 1 January 2021.