

## UNIVERSITY RESERVES MANAGEMENT: INTERNATIONAL PRACTICES AND OPPORTUNITIES FOR LITHUANIA

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**Abstract.** The article considers the new opportunities for university reserves management arising in the process of transition to non-profit institution model in Lithuania. Authors review historical background of university funding and significance of endowments. The role of endowments in leading USA and UK universities is analyzed. Structural differences and common trends in the mix of public and private funding of higher education in different countries are showed. Authors analyse the transition from budgetary to non-profit institution in higher education in Lithuania since 2009 and suggest practical approach to university reserve creation, funds management and financial endowment build-up in the new institutional framework of higher education in Lithuania.

**Keywords:** higher education economics and finances, university fund management, endowment, non-profit institutions.

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### 1. Introduction

Since the beginning of the global recession in 2008 the scenery of financial landscape has been radically changed. Bankers became much more modest after banking institutions recorded billions and billions in losses and some begged government bureaucrats for the rescue. Nice images of real estate developers gaining big moneys on cash borrowed from banks under “childish” assumption about permanently growing real estate prices lost charm. Certain gloomy developments are unfolding on certain governments and public institutions which during boom years have developed no reserves for “rainy day”. The recession of 2008–2009 has highlighted the importance of sound economic fundamentals for private and public institutions alike.

Majority of forecasters do predict recovery in year 2011. The goal of the article is to look for recovery based opportunities what regards creation of solid background to assure less volatile future for public institutions in general and universities

in particular. The authors are arguing that current conditions are right for at least Lithuanian universities to start creation of financial reserves and real assets build-up with a purpose to mitigate future financial risks. The perception is that transformation of Lithuanian universities from the form of “budgetary institutions” to the form of “non-profit institutions” provides legal grounds for creation and proper management of these reserves.

The object of the study is the economics of higher education and university finance management. The objectives of the authors are to show valuable historical evidence in university’s finances, to analyse modern models of higher education funding, to reveal new opportunities for Lithuanian universities. The structure of the article reflects these tasks.

In the section 2 of the article authors shortly review the historical background of university funding from medieval period to modern times.

Section 3 considers different models of higher education finance: Experience of leading universities shows major role of endowments in United States and United Kingdom. Profiles of public and private financing of higher education reveal structural differences throughout the world but together demonstrate common global trends.

Section 4 takes a closer look on developments in educational system of Lithuania since 2009. Authors consider the impact of transition from budgetary to non-profit institution in higher education and conclude that new financial framework allows universities to implement fund management, create financial reserves and start to build-up financial endowments.

## **2. University funding: historical evidence**

Throughout the history there was understanding that education and higher education *inter alia* have the features of a public good and need privileged financing grounds compared to an ordinary commercial enterprise. Since medieval time universities in Europe were established within the framework of legal privileges provided by sovereigns and on financial foundations provided by endowments and donations of benefactors. The idea of close connection with state authority as well as benefactors lives on in the rhymes of *Gaudeamus igitur: Vivat et respublica et qui illam regit. Vivat nostra civitas, maecenatum caritas quae nos hic protegit.*

Foundation of the first university in Lithuania confirms the pattern. *Universitas Vilnensis* was established in 1579 on privilege provided by King of Poland and Grand Duke of Lithuania Stephen Batory. University professors were granted tax exemption. The founder and major benefactor of the university bishop Valerijonas Protasevičius made the principal endowment, including the houses, land and hostels for students. It is worth to mention that earlier bishop Protasevičius acquired future university houses from Mikalojus Jasinskis for Jesuit College, which preceded *Universitas Vilnensis*. Jasinskis

sold property on conditions of restricted endowment, ensuring that they are purposed not for personal bishop's use, but for science and education (Vaišvilaitė 2006).

Government aid and privileges for universities lie not only in European tradition. The establishment of universities in United States is marked by kind of competition among the states driven by ambition to have state university of their own. Throughout 19<sup>th</sup> century states were including provisions to found a university in their constitutions. Financing was provided by land grants. Congress supported this practice by Morrill Act in 1864 (Stiglitz 1988: 381). In certain cases land grants could have miraculous consequences for university finances. Thus in 1876 State of Texas established Permanent University Fund for the future University of Texas. Initially 1 million acres of land were provided with later addition of 1 million acres more. The land seemed to be worthless for long, but Texas oil fever pushed exploration. Finally in 1923 Santa Rita well fountained with oil coming from 3000 feet depth. The incomes from oil extraction soon made University of Texas one of the best endowed in the U.S. (UTIMCO 2010).

Together with understanding that grants, privileges and public financing are extremely important for robust functioning of a university, academic institutions were developing various forms of inflows providing alternative sources to cover current and capital expenditures. Alongside with traditional tuition fees, payment collection for campus services, incomes from publishing, incomes from land and real estate, commercial use of scientific research universities were paying increasing attention to proper management of cash flows and financial funds. Classical example of such activity is John M. Keynes' career of a fund manager in King's College of Cambridge.

In 1924 Keynes, then already famous economist took responsibility to manage the money assets of King's College. He decided to unite the funds of the College into one Chest fund. At the start Keynes followed rather aggressive speculative strategies with stock assets. Though criticized by his more conservative fellows finally he managed to reach impressive results for the Chest fund. Starting from initial amount of £30000 in 1924 by the time of Keynes' death in 1946 the Chest fund reached £380000 with annual compound rate of 12%. It is noteworthy that dividends on stocks were not reinvested and were used for financing the needs of the College, so the growth was a net capital accrual. The Chest fund accrued more than 12 times and outperformed British market index, which fell during the same period by 15% depressed by shocks of Great Depression and World War II (Maynardkeynes.org 2010). During his life Keynes changed his attitude turning from speculative to long-term investment strategy. His matured approach can be characterized as concentrated portfolio with balanced risks: careful selection of few investments, patience during turmoil, combination of opposed risks.

The university fund management, initially based on benefactors' initiative and personal authority of prominent fund managers nowadays is structured professional activity.

### 3. University funds in United States and United Kingdom and global structural changes in higher education finance

Most of contemporary expertise what regards investment based co-financing of higher education is accumulated in Anglo-Saxon world. Two US (Yale and Harvard) and one UK (Oxford) universities had been chosen as examples. Endowment will be used as a term of university linked investment funds.

#### 3.1. US experience

The specificity of the structure of major US universities assets is an enormous amount of resources accumulated in endowment funds. The Table 1 presents dynamics of assets for Yale University (Yale... 2009).

**Table 1.** Assets of Yale University in billions of USD (Source: Yale University Financial Report 2008–2009)

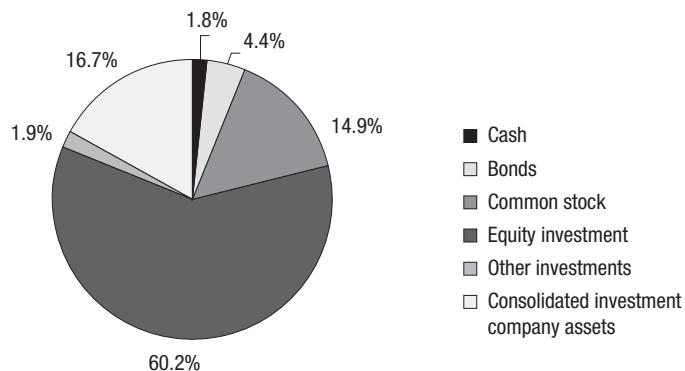
	2005	2006	2007	2008	2009
Total assets	22.506	27.712	32.165	33.865	25.938
Endowment	15.091	17.949	22.365	22.686	17.395
Land, buildings and equipment, net	2.263	2.487	2.746	3.200	3.666
Other assets	5.152	7.276	7.054	7.979	4.877
Total liabilities	6.005	8.214	8.079	9.587	8.543
Total net assets	16.501	19.498	24.086	24.278	17.395

The endowment of the Yale University even being hit by the recession in 2008–2009 comprises 67% of total assets. These assets have assured 45.7% of revenues (Table 2) being by far the most important source of revenues. Student fees are generating less than 20% of revenues. Specificity of American private universities is relatively low level of public financing. Mainly publicly covered so-called sponsored agreement income generated less than quarter of Yale revenues in year 2009.

**Table 2.** Yale University operating budget revenue for the year ended June 30, 2009 (Source: Yale University Financial Report 2008–2009)

	Total in billion USD	In percent of total
Revenues	2.560	100.0
Tuition, room and board	0.424	16.6
Funded scholarships	-0.193	-7.5
Net Tuition, room and board	0.231	9.0
Sponsored agreement income	0.589	23.0
Medical services income	0.417	16.3
Allocation of Endowment spending	1.169	45.7
Other income	0.154	6.0

Allocation of endowment presents a rich variety of financial instruments including investments in bonds, stock and equity (Fig. 1).



**Fig. 1.** Proportions of assets in Yale University endowment (Source: Yale... 2009)

Figures of Harvard University are somehow similar to these of Yale. The endowment of Harvard reached 26 billion in 2009 and covers 57.9% of total assets (Harvard University... 2009) as well as 37.7% of total revenues (Table 3).

**Table 3.** Harvard University operating budget revenue for the year ended June 30, 2009 (Source: Harvard University... 2009)

	Total in billion USD	In percent of total
Revenues	3.828	100.0
Tuition, room and board	0.98	25.6
Funded scholarships	-0.302	-7.9
Net Tuition, room and board	0.678	17.7
Sponsored agreement income	0.714	18.7
Allocation of Endowment spending	1.443	37.7
Other income	0.993	25.9

The main allocation of endowment spending in Harvard ‘reflects expectations about long-term returns, inflation rates, and the University’s ongoing spending needs’. Majority American universities had accounted losses on investment in 2008–2009 but during last decade, the Endowment of Yale earned an annualised 11.8% return.

### 3.2. UK experience

Traditionally European universities rely more on public financing and less on investment related earnings. Oxford University endowment is reaching 653 million Pounds in 2008 and covers 39% of total assets as well as about 4% of total revenues (Tables 4 and 5).

Majority of funding for Oxford comes from public grants and contracts (University of Oxford... 2009).

**Table 4.** Assets of Oxford University in 2008 in million Pounds (Source: University of Oxford... 2009)

Fixed assets	844.0
Endowment	653.5
Other assets	180.4
Total liabilities	99.7
Total net assets	1578.2

**Table 5.** Oxford University operating budget revenue for the year 2009 (Source: University of Oxford... 2009)

	Total in million Pounds	In percent of total
Revenues	862.5	100.0
Tuition	122.7	14.2
Grants and contracts	535.8	62.1
Endowment and investment income	37.1	4.3
Other income	166.9	19.4

### **3.3. Lessons to be learned from Anglo-Saxon countries**

Investment related revenues present main source of income for major US universities and play an essential role in UK. University investments are not immune from turbulences but they provide a good service in reducing financial stress for teaching and research. Decision making authority of universities is strengthen by the opportunity to manage investment funds. In none of countries student fees are considered as the main source of university income.

### **3.4. Different patterns of higher education financing and global structural changes**

World top list universities statistics certainly would not represent average profile of financing in higher education. Generally public institutions and public financing prevails, varying by regions and by countries. It is common to divide educational institutions by categories of governance / management and funding. UNESCO classification sets three major types: public, independent private and government dependent private institutions (Financing Education... 2002). Public educational institutions are managed by government (or the government has decisive voice in formation of the management) and get most of the funds from public sector. Independent private institutions are managed independently from the state and public financing provides less than half of their current expenditure. Government dependent private institutions occupy intermediate position with more than half of current expenditure coming from government. Normally both

independent and dependent privates are related to private (non-public) sector. Latest developments show that the borders between the types become less rigid.

Generally all over the world private financing has smaller share in total expenditures on education, but the share of private financing in tertiary (higher) education normally is larger. There is different pattern of expenditure distribution in prosperous and emerging countries, and within prosperous countries there are clusters of countries with larger private share. In 1999 OECD countries average level of private expenditures on education was 12.0%, while in tertiary sector same indicator was 20.8% (Table 6). Notably, within OECD group Anglo-Saxon countries and Asian countries (Japan, Korea) have high private sector share. In the group of emerging countries both total private expenditure on education (28.3%) as well as private expenditures on tertiary education (37.2%) were higher than in OECD, with remarkable exception of India.

**Table 6.** Proportions of expenditure on education by sectors and countries. 1999  
(Source: Financing Education... 2002)

Countries	Total public expenditures on education (%)	Total private expenditures on education, including public subsidies (%)	Total public expenditures on tertiary education (%)	Total private expenditures on tertiary education, including public subsidies (%)
Group of selected emerging countries*	71.7	28.3	62.8	37.2
China	55.8	44.2	56.8	43.2
India	96.2	3.8	99.7	0.3
OECD countries, average	88.0	12.0	79.2	20.8
Some selected OECD countries				
Australia	76.5	23.5	52.4	47.6
Canada	79.8	20.2	59.3	40.7
United Kingdom	83.7	16.3	63.2	36.8
United States	75.0	25.0	46.9	53.1
Japan	75.6	24.4	44.5	55.5
Korea	58.7	41.3	20.7	79.3
France	91.9	8.1	85.7	14.3
Germany	77.9	22.1	91.5	8.5
Italy	90.3	9.7	80.3	19.7

\* Argentina, Chile, China, India, Indonesia, Jamaica, Jordan, Malaysia, Paraguay, Peru, Philippines, Thailand, Uruguay.

In the European Union public sector traditionally has larger weight. In 2003 in EU-27 public sources provided 79.9% of expenditures on tertiary education (compared to 88.9% provided to all levels of education). As noted before U.K. model stands apart

from EU pattern. However there is a general trend to diversify the financing sources and to increase the share of private sources, including increase of tuition fees, extension of loans to students, searching incomes from scientific research and joint projects with private companies, attraction of private donations (Key Data... 2007). As Eurydice agency reports, since 1999 to 2004 the share of private spending for higher education in EU-27 was rising (Higher Education... 2008). The most dynamic element was households' expenditures, mostly represented in tuition fees, which during the period increased from 7% to 13%. This trend is confirmed also by OECD statistics: in the period from 2000 to 2006 share of public funding in tertiary education in 19 EU countries-members of OECD diminished from 85.5% to 81.1% (Table 7). Public funding decreased in 15 EU countries, opposite trend was fixed only in 4 countries (Education at a Glance 2009).

**Table 7.** Proportions of public and private expenditure on educational institutions in tertiary education (Source: Education at a Glance 2009)

Countries	Public expenditures on tertiary education, 2006 (%)	Private expenditures on tertiary education, 2006 (%)	Public expenditures on tertiary education, 2000 (%)	Private expenditures on tertiary education, 2000 (%)
<b>OECD average</b>	<b>72.6</b>	<b>27.4</b>	<b>77.8</b>	<b>22.2</b>
<b>EU-19 average</b>	<b>81.1</b>	<b>18.9</b>	85.2	14.8
<b>EU countries, OECD members</b>				
Austria	84.5	15.5	96.3	3.7
Belgium	90.6	9.4	91.5	8.5
Czech Republic	82.1	17.9	85.4	14.6
Denmark	96.4	3.6	97.6	2.4
Finland	95.5	4.5	97.2	2.8
France	83.7	16.3	84.4	15.6
Germany	85.0	15.0	88.2	11.8
Greece	*	*	99.7	0.3
Hungary	77.9	22.1	76.7	23.3
Ireland	85.1	14.9	79.2	20.8
Italy	73.0	27.0	77.5	22.5
Luxembourg	*	*	*	*
Netherlands	73.4	26.6	76.5	23.5
Poland	70.4	29.6	66.6	33.4
Portugal	66.7	33.3	92.5	7.5
Slovak Republic	82.1	17.9	91.2	8.8
Spain	78.2	21.8	74.4	25.6
Sweden	89.1	10.9	91.3	8.7
United Kingdom	64.8	35.2	67.7	32.3

\* No data available.

Studies confirm certain positive effect of financing diversification in higher education, in research and development (Dzemyda, Melnikas 2009). Still the process of creation knowledge economy is complicated, especially in the countries under transition from centralized to market economy (Rudzkienė, Burinskienė 2007). Liberal reforms, which were launched in UK, Latvia, Lithuania and other countries promise more financial autonomy to universities, but also reschedule public financing. In combination with fiscal restraint since 2009 this may result in budget cuts. Thus in Lithuania central government budget expenditure for education, including higher education, decreased about 10% from 2213 mln. Litas in year 2009 to 2005 mln. Litas in year 2010 (Finansų ministerija 2010).

Liberal reforms, fiscal restraints and increasing competition among higher education institutions open the way to the processes of universities marketisation. Academic institutions accept the marketing approach in selling education services in exchange for public and private funds, and there is certain trade-off between market values and quest for knowledge. Critics of neo-liberal discourse are concerned with negative effects of massification, simplification, formal unification of education, surrender of autonomy to top-down management (Kim 2008). The issue of academic values under the impact of globalisation were discussed at the Conference of International Association of Universities held in Mykolas Romeris University in Vilnius in June 2010 (Mykolas Romeris University 2010). While academic community continues discussions, at organizational level institutions should response to uncertainties and new risks. One of possible ways is proper management of financial resources in changing environment.

#### **4. University institutional model changes and reserve management prospects in Lithuania**

To highlight the opportunities arising from new developments in higher education in Lithuania and to show the tasks which can be solved by fund management at the level of an institution it is necessary to analyse how legal and institutional framework has changed and what impact they make on finances of institution.

##### **4.1. Transformation of Lithuanian universities from the form of “budgetary institutions” to the form of “non-profit institutions”**

Public university as a non-profit organisation is a new development in Lithuania. Line budgeting as the main system of financing high schools was one of the main pillars of old Soviet scheme. All public services had been financed according to budget lines in Former USSR. Under this model, providers of services in education, health, culture and public order were bargaining for resources with respective line ministries.

The bargaining results were being fixed in annual line budgets. Financial reserves were not foreseen, all savings were taken back to the treasury. Health sector was the

first to brake from the budgetary system in majority of post soviet countries. In early nineties Czech and Slovak Republics, Hungary, Slovenia and Estonia have introduced health insurance and performance based financing. The reform has created room for non-profit health care providers to become the main actor in the field. Lithuania and Poland have joint ranks of health sector reformers in mid nineties (Černiauskas, Panovas 2010).

Legacy of budgetary financing has lasted in education a decade longer. Budget financing until recently has remained the main form for public educational institutions paralleled by increase of academic autonomy, growing competition created by newly established private universities, introduction of tuition fees. In a budgetary establishment all incomes of institution, including tuition fees, income from scientific research and services are integrated into budget account. Lithuania hospitals were legislated as non-profit organisations in 1997. Universities are receiving the same status starting from 2009, when Law on Higher Education and Research (2009) redefined the status of state higher education institutions and ruled to restructure them from budgetary establishments into public establishments.

Whatever are reasons of long lasting debates what regards financing of higher education the political decision to provide non-profit status have been undertaken. The decision provides legal grounds for creation of financial reserves. The international experience how to create and manage these reserves is important. Some peculiarities of cash flows in higher education are supportive for the emergence of reserve funds:

1. Tuition fees are paid twice per year and these funds may be safely used for short-term investments in term deposits or treasury bills.
2. Performance based financing provides an opportunity to consider investments in to projects outside the campus or even education as a reasonable alternative.

Loans for students are gaining popularity in Lithuania and other regional economies. Should universities use endowment resources to compete with banks in the market of student loans learning from US experiences? Or alternatively use their funds for interest burden reduction on such loans?

Some recent developments may be risky for the future of investments by universities. Proponents of highly centralized asset management's including Lithuanian Ministry of economy are talking about special agency for management of all public assets. Such agency (if established) may reduce opportunities of decentralised decision making in general and development of reserve funds in particular.

As it was stated in the introduction the recession of 2008–2009 has highlighted the importance of sound economic fundamentals for private and public institutions alike. The international experience provides arguments supporting the need to create certain reserves. In higher education and in other sectors of economy it is up to research and open public debating to forge the consensus what type of reserves have to be created and what is the proper form of these reserves management.

#### **4.2. Prospects of reserves management in university chartered as non-profit public establishment**

In Lithuania legal framework of higher education finances was reshaped after passing the Law on Higher Education and Research (2009). As noted above state budgetary universities, which constitute absolutely prevailing majority, have to re-charter as public establishments. Mykolas Romeris University was the first to acquire new status in July 2009. Thus universities also become subject to 1996 Law on Public Establishments (last amended in 2009) which defines a public establishment as a non-profit public legal person of limited civil liability serving to satisfy public interests by carrying out the educational, training and scientific and other activities useful to the public (Law on Public Establishments... 1996).

These provisions increase financial autonomy as well as responsibility of the university and have important consequences. The division of ownership on assets and ownership on incomes is implemented. Generally real estate assets and other important long-term assets, which were owned by state, are transferred to university by terminated trust agreement. University acts as trustee in relations to these assets, and the assets get the highest level of protection and together restriction in use. Other long-term assets and inventories, which were in state ownership, are invested in public establishment as contribution. The ownership passes to a newly chartered university. Thus the state becomes largest stakeholder at the starting point. Both classes of assets can be regarded as endowments.

Operational incomes are divided into own incomes and budgetary incomes. Use of budgetary incomes is restricted; the assets created by budgetary inflows do not automatically become ownership of the university. Differently, incomes from tuition fees and services are considered as own incomes and accordingly assets created from own incomes are regarded as own assets.

Organizationally the highest authority in financial affairs belongs to University Council formed by representatives of stakeholders. University academic community, students and administration representatives get same number of chairs as independents approved by Ministry of Education and Science, and one more member should be approved both by Ministry and University Senate. Executive powers are given to Rector who appoints administration.

Division of current revenues into own and budgetary revenues provides substantial ground for introduction of short-term fund management elements. Cash flow analysis, management and general applications in Lithuania are well studied by researchers (Mackevičius, Senkus 2006). At initial stage cash flows planning and short-term investment could be implemented practically at once under supervision of Council. As mentioned above, tuition fees are collected unevenly during the year, so substantial part of these revenues creates temporary reserves. As these assets are directly connected with short-term liabilities in the form of educational expenditures they should be invested with minimal risk and highest liquidity, probably in the form of term deposits

or Treasury bills or bonds, depending on expected yield and costs. The process may be organised through public purchase of financial services as terminated (1 year seems to be proper term) contract with a bank. As these assets are generated by certain stakeholders (students) it would be fair to direct part of earnings on assets to short-term students' needs involving students in the decision-making.

Long-term assets management shall require more profound preparations. Theoretical approaches suggested by international (Ziemba, Mulvey 1998) and Lithuanian researchers (Bikas, Laurinavičius 2009; Bivainis, Volodzkienė 2008; Mackevičius 2008; Kucko 2007) are applicable for universities fund management as well. Also the managerial experience of international companies specializing in universities fund management such as Common fund is valuable. As already noted, own and entrusted long-term assets can be treated as endowments. By the nature of endowment the purpose is to preserve and accrue the endowed funds within perpetual time horizon. Well-managed endowments are both the source of operational income and safety cushion during turmoil. However initial endowments are mostly fixed in real assets and this limits their engagement in fund management.

The structure, objectives and optimisation of endowments management are formed in the process of interest coordination between benefactors, trustee, fund managers and beneficiary. This process can be viewed as part of integrated strategic planning of institution (Bivainis, Tunčkienė 2007). Long-term time horizon of investment suggests that best results could be achieved by balanced portfolio investment in which common stocks have substantial weight. However this type of assets is associated with higher risks, which is in contradiction with preservation priority of endowment. Time should be given to discuss and provide strategy of long-term investment suiting the unique profile of certain university. The possible way is to form a task team formed from fellow academicians and independents, reporting to Council. After approval of concept formal guidelines should be adopted. Depending on required yield, risk, size of funds Council may choose to outsource the service to external professional fund managers, including alumni or delegate operations to certain university specialized body. As a part of strategy it is worth to develop attraction of new endowment from university's actual and potential stakeholders, including academic staff, students, alumni, business partners, international organizations. Cooperation between public institution and business communities may be arranged as public private partnerships (Karlavičius *et al.* 2006).

It is worth to mention that universities specializing in social sciences or universities having social sciences faculties and departments may get additional positive side-effect engaging researchers and students in idea generation and fund management practice. However there should be certain rules preventing conflict of interests, syndrome of risk and responsibility avoidance in decision-making which may arise in a close social community.

## 5. Conclusions

As probably no other institutions universities depend on specific forms of funding in the form of endowments, which minimize uncertainty and puts basis for academic freedoms. While medieval universities enjoyed the grace of individual benefactors, in modern times the state policy often plays more significant role. The use of endowment in university financing remains extremely important in United States and United Kingdom, in particular among such top-list universities as Harvard, Yale and Oxford. The strong correlation between education progress and national wealth allows regarding education as a public good. But there is also clear dependence between individual's education and income. This gives the grounds for commercialisation of education. Last decade demonstrates that proportions between public and private sector in education are changing in the favour of the last, especially in higher education. The patterns of financing previously typical for Anglo-Saxon countries are implemented all over the world. Bold market-oriented massification and market-oriented approach are widely criticized. Still liberal reforms go on, propelled by ideas of fiscal restriction in public spending. In Lithuania important changes in institutional and financing system of education have been effected since 2009. Together with certain negative effects some new opportunities including implementation of fund and reserve management arise. Transition from budgetary to non-profit public establishment gives way for optimisation of short-term and long-term asset management and potential for universities to build-up financial endowments.

Opportunities for Lithuania provided by implementation of good international practice in university reserves management may be summarised as follows:

- Law on Higher Education and Research (2009) in combination with Law on Public Establishments (1996) has created a legal framework for enhanced reserves management by autonomous universities.
- The need to develop sound reserves management system had been enhanced by twinkling public financing on the one hand and volatile flow of private financing, on the other.
- Vast international experiences in the field of reserve management have been developed and the know-how is easily available for academic community.
- Some peculiarities of cash flows in higher education are supportive for the emergence of reserve funds:
  1. Tuition fees are paid twice per year and these funds may be safely used for short-term investments;
  2. Performance based financing introduced according the Law on Higher Education and Research provides an opportunity to consider investments in to projects outside the campus.
- Universities are already mature to use some instruments of short-term investments like term deposits and Treasury bills.

- Theoretical approaches by international and Lithuanian researchers applicable for universities' long-term fund management have been developed but the practical implementation of these proposals shall require some profound preparations.

Universities in Lithuania as well as in most other countries have been historically strongly linked with state authority as well as private benefactors. Contemporary international experiences about well-managed endowments as both the source of operational income and safety cushion during turmoil indicates a way to discover this nearly forgotten path of Lithuanian history as well (what is of most importance) a way to create more sound economic fundamentals for universities.

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## **UNIVERSITETO IŠTEKLIŲ VALDYMAS: TARPTAUTINĖ PATIRTIS IR LIETUVOS GALIMYBĖS**

**G. Černiauskas, J. Seiranov**

Santrauka

Straipsnyje aptariamos naujos universiteto išteklių valdymo galimybės, pereinant prie ne pelno siekiančių organizacijų modelių Lietuvoje. Autoriai analizuoją universitetų finansavimo istoriją ir skiriamas dotacijas. Straipsnyje nagrinėjami finansavimo modeliai pirmaujančiose JAV ir Jungtinės Karalystės universitetuose, struktūriniai skirtumai ir bendros tendencijos, derinant aukštųjų mokyklų finansavimą iš viešojo ir privataus sektoriaus skirtingose šalyse. Autoriai analizuoją Lietuvos universitetų perėjimą 2009 m. nuo biudžetinės įstaigos prie ne pelno organizacijos ir siūlo praktinių požiūrių į universiteto išteklių sudarymą, lėšų ir dotacijų valdymą, formuojant naują aukštojo mokslo institucinę sistemą Lietuvoje.

**Reikšminiai žodžiai:** aukštojo mokslo ekonomika ir finansavimas, universitetų fondų valdymas, dotacijos, ne pelno organizacijos.

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