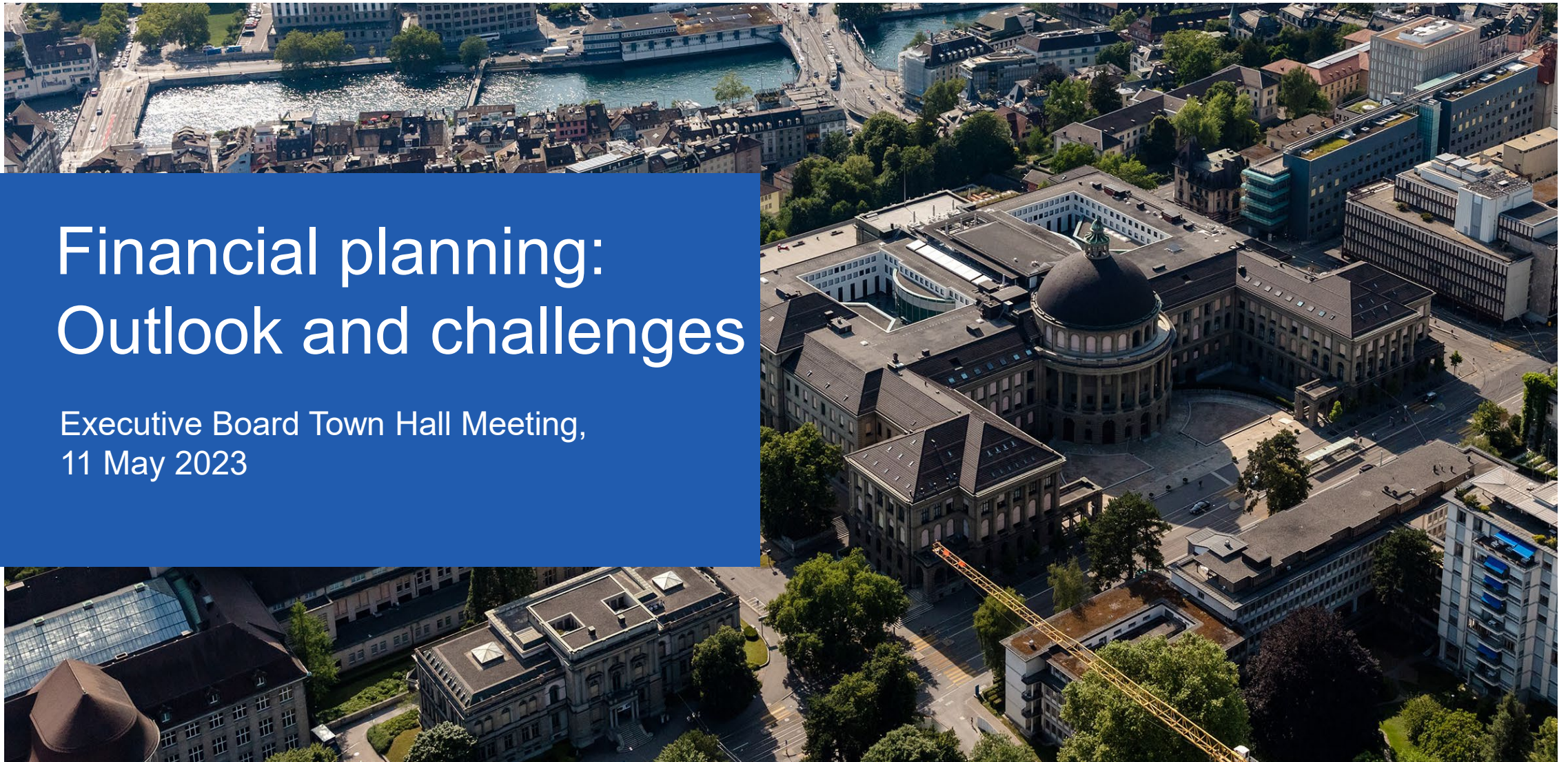


Financial planning: Outlook and challenges

Executive Board Town Hall Meeting,
11 May 2023



Agenda

1. General situation and the financial consequences for ETH Zurich (Joël Mesot)
2. Current financial position and outlook (Stefan Spiegel)
3. Measures for the 2024 budget and outlook for the ERI period 2025-2028 (Joël Mesot)
4. View of the academic departments (Erick Carreira)
5. Next steps and outlook (Joël Mesot)

General situation and the financial consequences for ETH Zurich

Joël Mesot, President

ETH Zurich – a continuing success story



Source: ETH Zurich Annual Report 2022

Major challenges over the next 20 years

(from a slide produced in 2019)

Race between USA and China for technological supremacy



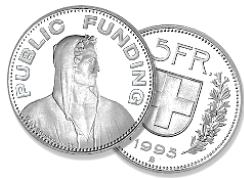
"Superstar" firms



New business models in education



"Agenda 2030"



Funding



Autonomy



Openness



Social Change



Leadership

Outside ETH: the world is battling with many different crises



All these crises have consequences...

Blick

Rotstift angesetzt

So will der Bundesrat zwei Milliarden Franken sparen

Der Bundesrat will die ab 2024 drohenden Milliarden-Defizite mit einem Sparprogramm auffangen. So sollen der «Horizon Europe»-Pflichtbeitrag aus dem Budget gestrichen, die Armeeaussgaben weniger stark erhöht und Elektrofahrzeuge normal besteuert werden.

Aargauer Zeitung Gemeinden

abo+ FINANZEN

«Das wird kein Spaziergang»: So will Bundesrätin Karin Keller-Sutter die drohenden Defizite in den Griff bekommen

Weil das Parlament zusätzliche Ausgaben beschlossen hat, drohen in den kommenden Jahren Defizite. Nun will der Bundesrat internationale Zusammenarbeit sparen.

Publiziert **SRF** TV Audio

Bund plant Sparmassnahmen

ETH-Rat kritisiert angekündigte Budgetkürzung für 2024

Die Hochschule spricht von einer Schwächung der Innovationskraft Schweiz und will stattdessen mehr finanzielle Mittel.

Freitag, 10.03.2023, 14:58 Uhr

Neue Zürcher Zeitung

Reformen statt Kosmetik: Der Bund muss ernsthaft sparen

24heures

Avec le portier bernois Akira Schmid, une étoile suisse est née en NHL.

Page 14

Le grand quotidien vaudois. Depuis 1762 | www.24heures.ch

stum bremsen. Die
aber nicht reichen, um den
lot zu bringen. Es braucht

EPF, une sainte alliance entre Lausanne et Zurich

Collaboration Le Vaudois Martin Vetterli et le Zurichois Joël Mesot sont à la tête des deux hautes écoles. Dans une interview commune, ils mettent en avant la sainte complicité qui doit les unir.

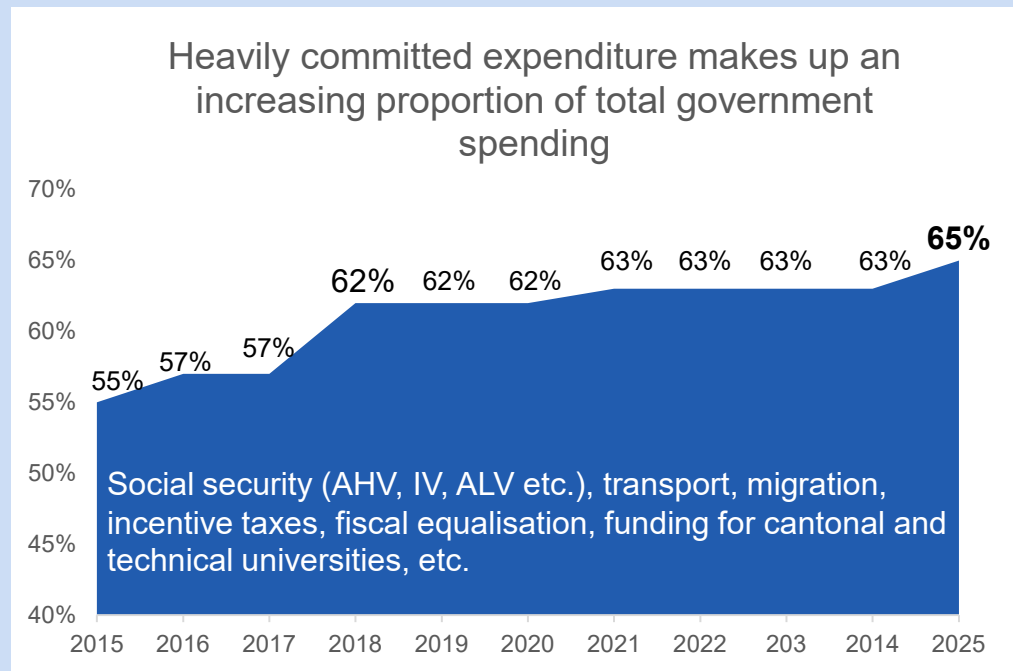
Avenir Les deux présidents des Écoles polytechniques fédérales font front commun face à nombre de défis partagés. Dont la baisse possible de leurs moyens respectifs.

Enjeux Ils évoquent l'avenir, de l'exclusion des programmes européens à la cybersécurité en passant par l'intelligence artificielle et l'incontournable ChatGPT. Lire en pages 2-3

...the debt brake also applies to education and research.

Committed expenditure

65% of government spending is “heavily committed” – but not funding for education and research!



Source: [EFD: «Steigende Ausgabenbindungen engen finanzpolitischen Spielraum ein»](#)

Non-committed expenditure

- Only 35% of government spending is non-committed and therefore freely disposable.
- The expenditure for the ETH Domain falls into the non-committed category.
- Education and research are competing with the military (growing share!), agriculture (strong lobby) and regional transportation for non-committed funding.

For ETH Zurich, the consequences for 2024 are:

-2%

cut in federal contribution

> 2.5%

expected inflation that
will not be compensated

On top of that:

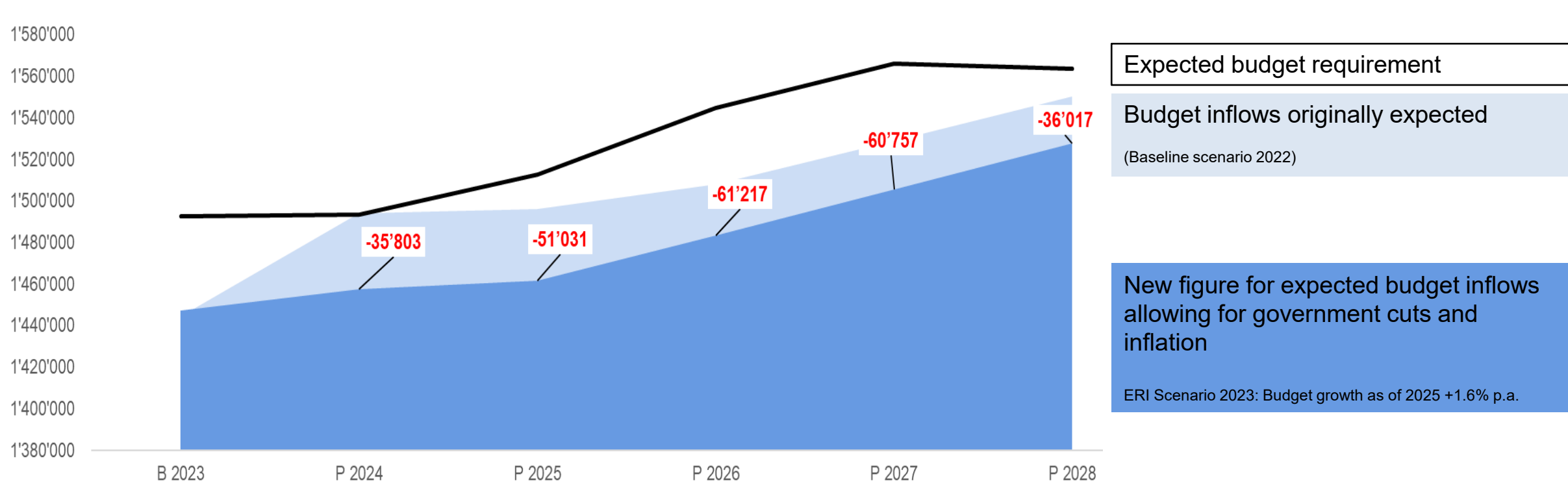
- Student numbers continue to rise: + 4% every year
- Switzerland no longer associated with Horizon Europe: SNSF programme brings lower overheads and the threat of funding being allocated according to the “watering can” principle (spread too thinly)

Current financial position and outlook

Stefan Spiegel, Vice President for Finance and Controlling

What are the consequences of government cuts for ETH Zurich?

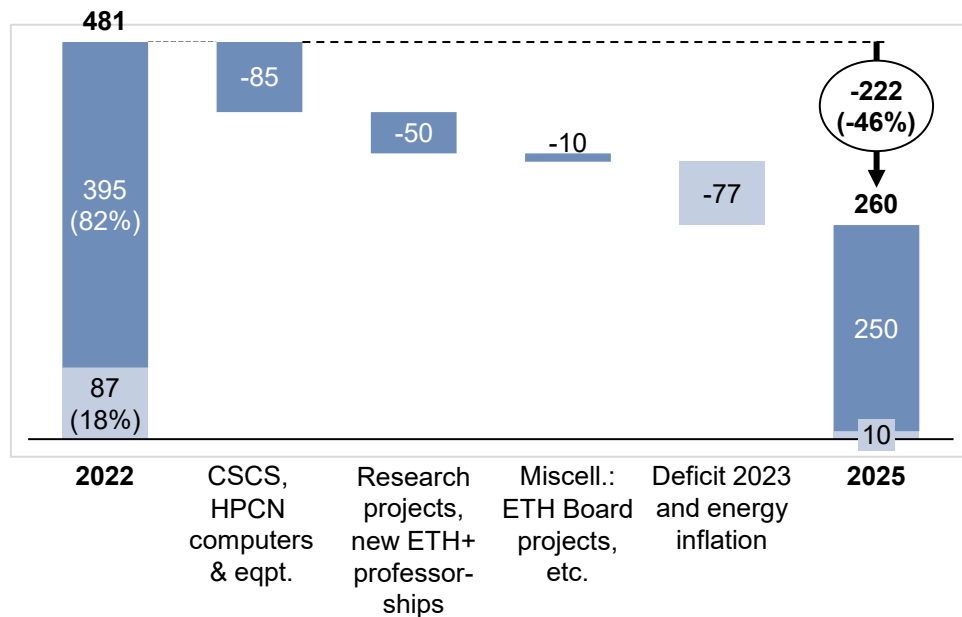
The operating deficit is increasing instead of decreasing (status April 2023)



Most of the reserves have already been allocated

Commitments for future professorships, investments and projects

Development and allocation of dedicated and non-dedicated reserves, up to 2025:



Compensation for govt. cuts using reserves creates...

...pressure, which threatens to hold back the future development of research and teaching.

Measures required

Active management of reserves

Cost-cutting measures

Measures for the 2024 budget and outlook for the ERI period 2025-2028

Joël Mesot, President

Executive Board strategy

- Create additional room for manoeuvre for our core mandate: teaching, research and knowledge transfer
- Savings should be made according to ETH Zurich's priorities
- No redundancies, no recruitment freeze
But: fill vacancies according to priorities

General direction:

- Standardisation wherever possible
- Accelerate the digitalisation of processes
- Optimise the management of reserves
- Increase acquisition of third-party funds, including through large donations

Savings planned for 2024

Financial targets

Executive Board domains

Figures for 2024 budget:
5% or CHF 40m savings compared with 2023 budget

All new recruitment must be reviewed by the responsible Executive Board member.

Total budget for EB domains incl. competence centres, HPCN, infrastructure, etc.:
CHF 896m

Plus: 2025 to 2028 will continue to be “lean years”.

Academic departments

Figures for 2024 budget:
3% or CHF 20m savings compared with 2023 budget

In addition to the annual solidarity contribution of CHF 15m already decided.

Total budget for all academic departments:
CHF 681m

Consequences and opportunities associated with cost savings

Set priorities, identify synergies, standardise, postpone projects

- Standardisation (e.g. focus on a single mailing system for the entire university)
- Synergies in public events and activities
- Rejection of individual "nice-to-have" products
- Simplification and consistent digitalisation of internal processes (e.g. reporting)
- Systematic automation of planning processes (e.g. examination and timetable planning)
- Elimination of duplication in competence centres and platforms
- Postponement of building investments, standardised construction
- Use infrastructure (PCs etc.) longer
- Promote new forms of working

The cutbacks will be painful in the short term. In some areas there will be a noticeable reduction in services, but in the medium term it will create **scope for new tasks**.

In addition: there needs to be **openness to change**, e.g. paperless work or open-plan offices.

View of the academic departments

Erick Carreira, Head of the Department of Chemistry and Applied Biosciences
Spokesperson for the 16 departmental heads

Next steps and outlook

Joël Mesot, President

Financial pressure will persist over the next few years

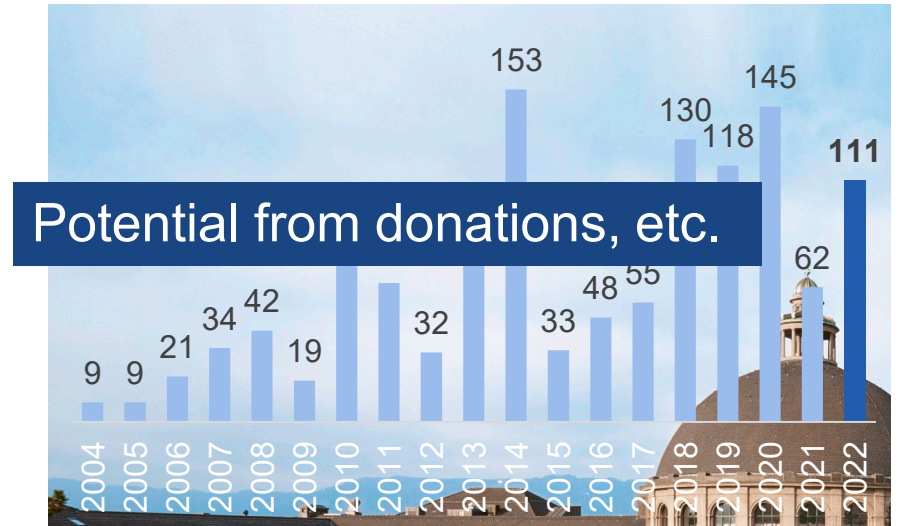
But we should make the most of opportunities: more room for manoeuvre for teaching, research and knowledge transfer

Various working groups are to draft measures to help us manage our resources in a sustainable manner. They build on the results of rETHink and will be interwoven with the project's findings.

| Topics | Manage resources efficiently | Reduce complexity | Exploit synergies |
|------------------------|--|--|---|
| Benefit for ETH | <ul style="list-style-type: none">• Obvious incentives in the management of reserves• Focus on efficient use of resources | <ul style="list-style-type: none">• Programme to reduce administrative overheads• Digitalisation (initiated as part of rETHink project) | <ul style="list-style-type: none">• Create synergies for core tasks: research, teaching, knowledge transfer |

Why we can be confident about the future

ETH is extremely well equipped. We can do it by working together!



Questions?