

Press release

Annual report 2023

Financial uncertainty threatens ETH Zurich's top position

Zurich, 18 April 2024

In its annual report 2023 published today, ETH Zurich looks back on a successful year. For some years, however, the budget has not kept pace with the growth in student numbers. The growth rates projected by the Federal Council in the 2025-2028 ERI Dispatch are therefore forcing the university to consider drastic measures in research and teaching.

A total of 6,050 ETH graduates, top rankings in international university league tables and 43 new spin-offs: ETH Zurich looks back on a very successful year in its [annual report 2023](#) published today. During the reporting period, 58% of the 31 new professors appointed were women, marking the first time women outnumbered men. In addition to its basic mandate in teaching, research and knowledge transfer, it also launched two new national research initiatives. The Coalition for Green Energy & Storage, an initiative led by ETH Zurich and EPFL, brings together partners in politics, science and industry to develop solutions for the storage and transport of renewable energies. The second, the Swiss AI Initiative, aims to position Switzerland as a leading global hub for the development and use of transparent and trustworthy artificial intelligence.

Free reserves exhausted by the end of 2025

ETH Zurich faced significant financial challenges in 2023 due to rising student numbers and funding for the ETH Domain that failed to compensate for inflation, exacerbated by budget cuts from the federal government. ETH Zurich still managed to generate a consolidated surplus of 50 million Swiss francs in 2023 (previous year: 73 million Swiss franc loss) through a combination of internal cost discipline, increased donations and net finance income. Despite this encouraging result, ETH Zurich's liquidity has been steadily declining since 2020 due to consistently negative free cash flow. This leaves the university unable to fully cover the liquidity needed for investment and operations from the federal financial contribution and third-party funding. "We are currently living on our freely available reserves, but they will be completely exhausted by the end of 2025," explains Stefan Spiegel, Vice President for Finance and Controlling. "ETH Zurich urgently needs reserves in order to fund major future investments and smooth out any fluctuation in expenditure."

Federal financial contribution fails to keep up with rising student numbers

Over 25,000 people were studying at ETH Zurich at the end of 2023. The number of students has therefore more than doubled over the past 20 years, while the federal financial contribution has only increased by around 50 percent (see chart below). After a series of austerity measures in recent years totalling 230 million (2017-2020) and 300 million Swiss francs (2021-2024), ETH Zurich expects this gap will continue to widen. "In the past we have been able to offset this trend through greater

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efficiency, deferment of major construction projects and slower growth in professorships,” says ETH President Joël Mesot. “But now we’ve reached the point where we can no longer accommodate continuous growth in student numbers with a stagnant federal budget in real terms without comprising the quality of our teaching and research.”

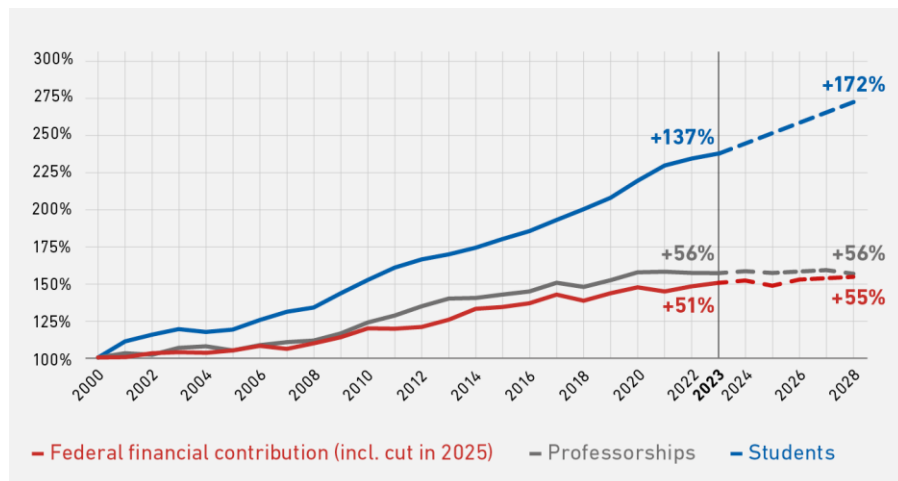


Chart: Widening gap between student numbers and federal financial contribution (source: ETH Zurich)

2025-2028 ERI Dispatch forces ETH to consider drastic measures

ETH Zurich is aware of the financial constraints the federal government is facing and is prepared to play its part in helping to address the budget deficits. In response, it plans to meet the additional savings targets imposed for 2024 and 2025 (around 60 to 80 million Swiss francs) through cutbacks introduced last year and a reduction in freely available reserves. One thing is clear, however: the ERI Dispatch proposes an annual budget growth rate of 1.2%, which may lead to financial difficulties for the university in the medium term unless it takes countermeasures.

ETH Zurich is therefore considering additional measures such as:

- Restricting student numbers, for example, by imposing a limit on student places
- A targeted freeze on new appointments – including in research and teaching
- Cancelling entire research areas and study programmes
- Reduction or performance-based billing of services to the federal government (e.g. the Swiss Seismological Service, Swiss National Supercomputing Centre, Cyber Security)

“Considering the current social challenges, such as the acute skills shortage, I believe that implementing such drastic measures to achieve short-term savings is too high a price to pay,” says Joël Mesot. “I therefore see it as our duty to highlight the consequences that the current ERI Dispatch will have for our university.” The financial uncertainty created by the ERI Dispatch threatens ETH Zurich’s top position and the vital contribution the university makes to Switzerland’s innovation capabilities. To preserve quality and maintain the same level of services – even as student numbers continue to grow – ETH Zurich estimates real budget growth of 2.5 percent per year is needed.

Additional information

[Annual report 2023 of ETH Zurich](#)

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