



CHAPTER 7

Funding of Higher Education and Research in Sweden

Government funding dominates the financing of Swedish higher education, providing recurrent funding for both education and research. For education, this is by far the main source of revenue, complemented only by smaller streams such as tuition fees and contract education. Research, in contrast, relies on a broader mix: recurrent funding forms the base, but external funding from government agencies, foundations, and international sources accounts for a growing share. Together, these mechanisms shape the balance between education and research and the scope for institutions to develop their activities.

Financing of Swedish higher education and research

Funding to Swedish higher education institutions represents a notable share of public spending. In 2024, government funding to higher education institutions accounted for 3.8 per cent of the total government budget.

In the same year, the total expenditure of higher education institutions amounted to SEK 93.6 billion, corresponding to 1.5 per cent of Sweden's gross domestic product (GDP). Of this total, SEK 37.8 billion was allocated to first- and second-cycle education, and SEK 55.1 billion to research and third-cycle education.

The total revenue of higher education institutions in 2024 was SEK 93.4 billion. Of this total, SEK 37.6 billion was attributable to first- and second-cycle education, and SEK 55.2 billion to research and third-cycle education. The remaining SEK 0.6 billion consisted of expenditure for environmental monitoring and assessment carried out at the Swedish University of Agricultural Sciences.

Government funding accounted for 76 per cent of higher education institutions' total revenue. This includes direct government funding in the form of recurrent funding for education and research as well as other government contributions.

Separate grants for education and research shape the funding structure

Government funding is decided by Parliament, following proposals from the Government in the annual budget bill. Higher education institutions receive separate recurrent funding for first- and second-cycle education, and for research and third-cycle education. Although recurrent funding for education finances most educational activities, the corresponding funding for research constitutes a smaller share of total research funding. Additional research funding is provided by research councils and other government agencies, and by a wide range of public and private organisations, both in Sweden and abroad.

The balance of research and education varies between institutions

The distribution of funding for education and research varies considerably between higher education institutions.

Most research and third-cycle education is conducted at universities, where research funding accounts for nearly two thirds of total revenue. This concentration has historical roots: until the mid-1990s, only universities and specialised institutions had permanent research funding in the form of recurrent research funding.

University colleges were largely dependent on external funding and therefore had more limited opportunities to conduct research, with a stronger focus on education. Subsequent legislative changes and increased investment in research have enabled more higher education institutions, including university colleges, to expand their research activities.

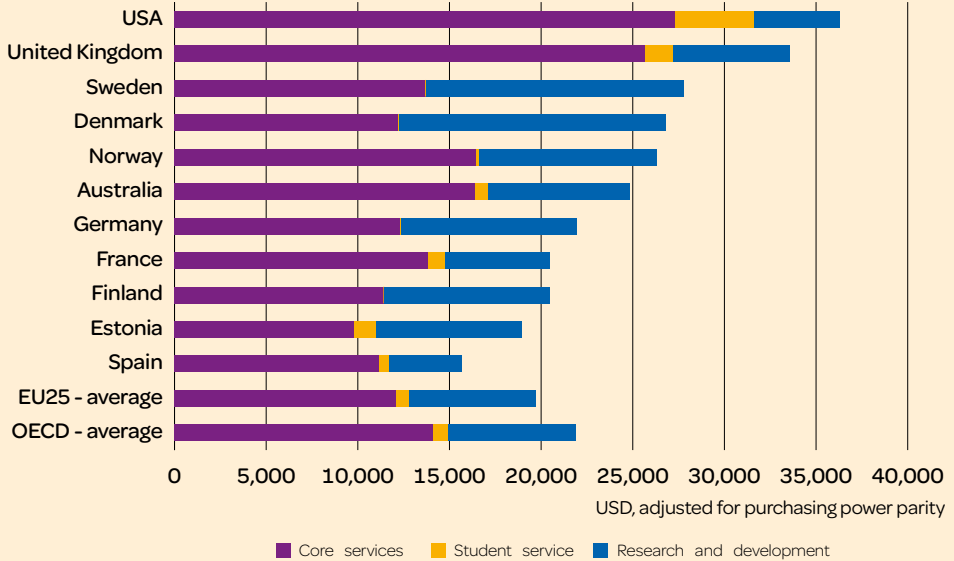
Education is more evenly distributed across the higher education sector and a larger share is provided by university colleges. As a result, research constitutes a smaller proportion of their activities – on average about one quarter.

For more details on university status among Swedish higher education institutions, see Chapter 1, The Structure of Swedish Higher Education and Research.

International comparison of expenditure per student

In 2021, higher education institutions in OECD countries spent an average of USD 21,904 per full-time equivalent (FTE) student (figure 7.1). This amount covers core services, student services, and research and development carried out by the institutions.

Figure 7.1: Total expenditure by higher education institutions per full-time equivalent student in higher education (ISCED 5–8), by type of activity, selected OECD countries, year 2021



Source: OECD

In Sweden, the corresponding figure was USD 27,765, notably above the OECD average. A key reason is that Swedish higher education institutions combine education and research within the same organisational and financial structure. As a result, research and development expenditure – more than half of the total cost per student – is included in the figures. This integrated model contrasts with countries such as Germany and France, where research is largely conducted in separate institutes and therefore not reflected in higher education expenditure.

The relatively high share of research and development within Swedish higher education also reflects the historically small research institute sector, which has meant that most publicly funded research is carried out by higher education institutions.

The highest expenditure per student, including both education and research, was recorded in the United States and the United Kingdom, where it exceeded USD 30,000. In most countries, however, education accounts for the majority of total expenditure. In the United States, the United Kingdom, and Spain, more than 70 per cent of total expenditure per student related to education alone.

Funding of first- and second-cycle education

In 2024, the total revenue for Swedish first- and second-cycle education was SEK 37.6 billion. The largest share – 78 per cent – came from recurrent funding for education. In addition, higher education institutions receive revenue from, among other sources, fee-paying students and contract education.

Performance-based funding shapes institutional finances

A performance-based system allocates recurrent funding for first- and second-cycle education at most Swedish public higher education institutions, as well as at some independent higher education providers. To access their full recurrent funding for education, institutions must deliver a specified volume of first- and second-cycle education. The system was introduced in 1993 as part of a major reform that decentralised responsibility for educational planning to the institutions. The educational provision is to be based on student demand and labour market needs.

Government funding is determined by the number of students and their performance, measured as full-time equivalent students and completed higher education credits expressed as annual performance equivalents. Each institution is assigned a funding cap that specifies the maximum compensation the Government can provide for the education delivered in a given year. In this way, the Government sets the overall national scale of education, while detailed planning is decentralised to the institutions.

Institutions may draw on recurrent funding only up to the volume of education actually delivered. Because the model is not a reimbursement of actual costs, an institution may meet performance requirements yet incur higher expenses than the government funding covers, resulting in a deficit. Conversely, if costs are kept down while requirements are met, the institution may operate with a surplus.

The model allows flexibility across fiscal years: both unused recurrent funding and the value of education delivered above the funding cap can be carried over. Underperformance in one year can be offset by higher delivery in subsequent years, while overperformance can be credited and used later, provided there is room under the cap. This mechanism helps institutions manage fluctuations in student demand and balance funding over time.

Funding levels differ substantially across disciplinary domains

Government funding levels vary across disciplinary domains. In 2025, the lowest levels, about SEK 61,600 per full-time equivalent student and annual performance equivalent, applied to the humanities, social sciences, theology, and law. The highest levels were in the fine, applied, and performing arts, with funding for a media student at SEK 647,700 – more than ten times higher than in the lowest-funded domains.

Using funding to strengthen skills supply in key professions

Swedish higher education institutions are relatively free to determine the scope of the programmes they offer within their respective funding caps and degree-awarding powers. However, the Government can influence provision by allocating earmarked funding to specific programmes or subjects, for example, programmes leading to qualifications for professions in particularly high demand.

One example is the Master of Science in Engineering programme and other second-cycle technical programmes, which have been permanently expanded to strengthen Sweden's position in the engineering field. This expansion also includes funding for preparatory and bridging programmes, enabling more students to pursue technical studies.

For more details on targeted government-funded initiatives, see Chapter 6, Skills Provision and Lifelong Learning in Sweden.

Tuition fees play a minor role in higher education financing

Education at Swedish higher education institutions is generally tuition-free. However, with a few exceptions, citizens from outside the EU/EEA and Switzerland who pursue first- or second-cycle education outside of exchange programmes are required to pay tuition fees.

Revenue from fee-paying students has increased annually since the introduction of tuition fees in 2011. However, it still represents a small share of total education revenue – 4 per cent in 2024. The share is significantly higher at some higher education institutions, particularly technical institutions.

Contract education as a growing source of revenue

Swedish higher education institutions provide contract education commissioned by public-sector agencies as well as private organisations. This form of education is fully funded through fees paid by the commissioning party, which is also responsible for admissions. Large-scale examples include the Police Training Programme and the Master of Science in Military Studies.

The scope of contract education has expanded over time, both in terms of student numbers and institutional revenue. In 2024, revenue from contract education totalled nearly SEK 2.3 billion. While most of this activity is commissioned by the public sector, a smaller share consists of continuing professional development for private sector clients.

Funding of third-cycle education and research

Research at Swedish higher education institutions is financed separately from education. Compared with education, recurrent funding constitutes a smaller share of total research funding – less than half. The remainder consists of external funding from both government and non-governmental sources.

Research bills guide funding and priorities

The Government's strategic direction for research funding is established every four years in a research policy bill. The current bill covers the period 2025–2028. It sets out the budget and strategic priorities for the national research system and is preceded by extensive consultations with higher education institutions, public-sector agencies, and other stakeholders. Most of the funding finances research at higher education institutions, but the research bill also allocates resources to research institutes and innovation initiatives.

Government funding makes up two thirds of research revenue

In 2024, total revenue for research and third-cycle education at Swedish higher education institutions amounted to SEK 55.2 billion (table 7.1). About two thirds of this revenue came from government sources, either as recurrent funding for research and third-cycle education or as external funding from other government agencies.

Table 7.1: Swedish higher education institutions' revenue for research and third-cycle education by type of funding source, SEK million (current prices), year 2024

	SEK million
Total	55,194
Government sources	36,836
Recurrent funding	22,614
External government funding	14,221
Private sources in Sweden	9,370
Non-profit organisations	8,011
Companies	1,359
International sources	4,664
EU	2,919
Other international sources	1,745
Other public sources	2,632
Municipalities and regions ¹	1,483
Public-sector research foundations	1,150
Other	465
Financial income	1,227

¹ Swedish local and regional authorities responsible for, among other things: healthcare; regional development; and certain education services.

Recurrent funding provides the basis of research revenue

Recurrent funding for research and third-cycle education totalled SEK 22.6 billion in 2024. The largest part – SEK 20.2 billion, or 89 per cent – was government funding which higher education institutions can allocate at their own discretion. The remaining share mainly consisted of earmarked funding for clinical research provided to the institutions that run medical training programmes.

Competitive grants drive most external research funding

Of total revenue for research and third-cycle education at higher education institutions in 2024, 42 per cent consisted of direct government funding, while external funding accounted for 58 per cent. Research grants make up the majority of external funding – around 86 per cent – and are awarded competitively by a wide range of public and private organisations.

The majority of public-sector research funding is distributed through three government-funded research councils. The Swedish Research Council is the largest, supporting research across all fields. The Swedish Research Council for Sustainable Development funds research in the areas of environment, rural industries and the built environment, while the Swedish Research Council for Health, Working Life and Welfare supports research in health, working life and welfare. Sweden's Innovation Agency and the Swedish Energy Agency are the largest of the non-council government agencies that fund research at higher education institutions.

Swedish higher education institutions receive a relatively large share of their research funding from private foundations and non-profit organisations, with the Wallenberg Foundations alone providing almost one third of all private research funding in 2024. Contributions from the business sector were comparatively small.

Of all international research funding received, more than 60 per cent came from the EU. Most of this funding was channelled through the EU Framework Programmes and the European Research Council (ERC).

Contract research and infrastructure as sources of income

Swedish higher education institutions also receive income from contract research. This research is generally commissioned by public-sector agencies and private companies. In 2024, contract research accounted for SEK 1.9 billion of the institutions' total revenue. Other fee-based income, such as charges for the use of research infrastructure, made up SEK 2.7 billion of total revenue.