

## Assessment on “University Funding System: Impact on Research and Teaching”

The paper studies how the university funding system affects the trade-off between the quality of research and teaching within universities. Universities exogenously differ in preferences between teaching and research. Their objective function depends on both, and there is a trade off in the sense that more research quality takes time away from teaching and vice versa. Universities maximise their objective function with respect to both teaching and research and subject to a funding constraint. Universities face different funding systems, determining different results, namely two separating equilibria where either research or teaching is carried (*research elite* and *binary divide*) and a pooling equilibrium with mild research and teaching (*flat system*).

I think this paper has interesting results, and the analysis looks correct.

The paper assumes no competition between universities. The exogenous weight assigned to research/teaching in each university objective function determines the position they will take in each equilibrium. This assumption may appear strong. In my opinion though, it makes sense by considering the fact that the tradition of a university matters. Take the UK. It is unreasonable to think that an ex polytechnic will dedicate more resources to research than the University of Oxford, at least in the next few decades (moreover, teaching-oriented universities usually propose degree programmes in fields where research is marginal *within the field*). Hence universities with similar weight to research very likely will compete each other in the academic job market. Top universities with top universities, polytechnic with polytechnic, and so forth. Therefore my interpretation is that, in such a framework, competition between universities of the same type may be included in the analysis. This can be considered for future work.