

# A CURRENT DEVELOPMENTS AND CHALLENGES

## A 1 FURTHER DEVELOPING THE REFORM INITIATIVES

### **The necessity of supporting the science system beyond the expiry of the reform initiatives**

The Higher Education Pact, the Excellence Initiative and the Pact for Research and Innovation have considerably improved Germany's performance as a research and innovation location. As these reform initiatives are due to expire within the next few years, the course has to be set for developing the science system further now that the new legislative term has begun. Prior to the 2013 federal parliamentary elections, the Alliance of Science Organisations in Germany, the German Research Foundation (DFG), Germany's four large non-university research organisations, as well as the German Rectors' Conference and the German Council of Science and Humanities all drafted their proposals on further supporting the science system.<sup>1</sup>

### **Reliable financing for tertiary education institutions is essential**

A highly developed academic landscape is the basis for a competitive research and innovation system. Therefore, Germany will have to further strengthen the financing basis of tertiary education institutions over the coming years. However, this should not be accomplished by once again raising the proportion of third-party funds. Instead, the financing basis should be strengthened by increasing basic funds in the long term.<sup>2</sup> The governing parties have announced that they will provide tertiary education institutions with additional basic funding. Yet, direct financing by the Federal Government can only be realised by amending the German constitution. However, there is no mention of this in the coalition agreement,<sup>3</sup> it merely states that the financial burden of the *Länder* governments shall be eased in order to support the *Länder* governments in meeting e.g.

the challenges of financing tertiary education institutions.<sup>4</sup> It remains unclear how the Federal Government will ensure that resources are utilised for this specific purpose.

When implementing projects financed by third parties, tertiary education institutions have to bear the overhead costs in addition to the direct project costs. These overhead costs include e.g. administrative services or costs arising from the use of facilities. In 2007, the DFG introduced a programme allowance amounting to 20 percent of the direct costs of a project,<sup>5</sup> and since 2011, the Federal Ministry of Education and Research (BMBF) also provides for a project allowance of currently 20 percent. Yet these allowances do not suffice to fully cover the actual overhead costs of a project.<sup>6</sup> Therefore, tertiary education institutions are forced to employ basic funds in order to cover the overhead costs. Hence, the financial situation of tertiary education institutions could also be improved by taking greater account of overhead costs when financing projects. While this does not represent a means of direct institutional funding, a stronger emphasis on overhead costs would certainly help save basic funds.

The Higher Education Pact 2020 aims to secure sufficient study opportunities,<sup>7</sup> while the Quality Pact for Teaching is designed to improve conditions for studying and the quality of teaching.<sup>8</sup> According to the coalition agreement, the Higher Education Pact 2020 shall be continued, and tertiary education institutions shall be rewarded to a greater extent for good teaching and quality assured successful final degrees.<sup>9</sup> The Expert Commission welcomes the stronger focus on teaching quality that accompanies this. That said, options for improving the quality of teaching are limited, unless the current capacity regulations (KapVO) are amended. Based on curricular standard values (CNW), the capacity regulations determine the

teaching effort required for the training of one student, which is measured in teaching load hours. This means that the student/teacher ratio (i.e. the ratio of students per fulltime professor) can only be improved if the number of teaching load hours is increased.

### **Vertical and horizontal differentiation in the higher education sector should be enhanced**

The governing parties have agreed to continue those funding lines from the Excellence Initiative that have proven to be particularly successful and to transfer these into new funding formats.<sup>10</sup> The Expert Commission believes that all three funding lines have initiated important developments that need to be pursued further. The international visibility of selected tertiary education institutions has been increased by introducing a “seal of excellence”. Furthermore, thematic focal areas have been initiated through the promotion of graduate schools and clusters of excellence. The Excellence Initiative has thus enhanced vertical and horizontal differentiation in the German higher education sector.<sup>11</sup> Both developments mark important steps towards a higher education system that can compete internationally. The coalition agreement does not include any statement as regards the promotion of a selected number of high-performing universities. The Expert Commission reiterates that Germany needs strong research universities that are able to compete in international rankings. Top researchers can only be attracted if German universities are highly visible at international level (cf. Chapter B 2). This, however, is a fact that is largely ignored in the current political debates.<sup>12</sup>

### **The need to optimise conditions for non-university research organisations**

The governing parties have agreed to continue the support of non-university research organisations by ensuring a dependable increase in funding. According to the coalition agreement, additional funds for Germany’s non-university research organisations shall be provided solely by the Federal Government.<sup>13</sup> However, the precise level of funding has not been determined as of yet. The Expert Commission would like to point out that the performance of non-university research institutions can only be enhanced

further if an increase in funding is granted not only in nominal, but also in real terms.

The Expert Commission is in favour of further strengthening cooperation between non-university research organisations and tertiary education institutions. However, collaborations should be motivated by scientific reasons rather than financial reasons. By standardising the federal-state financing key for all non-university research organisations, collaboration between these organisations and *Länder*-funded universities could be facilitated.<sup>14</sup>

The Helmholtz Association (HGF) has suggested broadening its mandate.<sup>15</sup> According to the HGF’s proposal, institutional funding should be integrated more closely with project funding so as to facilitate a cross-institutional, programmatic funding practice. Yet, in the view of the Expert Commission, non-university research organisations should not be entrusted with the role of project promoter, as this may lead to serious conflicts of interest.

### **Recommendations**

In the coming months, a detailed, coherent package of measures will have to be developed to further support tertiary education institutions and non-university research organisations beyond the expiry of the Higher Education Pact, the Excellence Initiative and the Pact for Research and Innovation. Despite financial constraints, the success of these pacts will have to be perpetuated, and the further development of the German science system will have to be continued to avoid falling behind in international competition. Relevant support measures should be developed within the framework of the goal of achieving an R&D intensity that is well above 3 percent by 2020.

– Strengthening basic funding of tertiary education institutions is more important than creating new, small-scale policy instruments. In this context, the Expert Commission reiterates the urgent need to amend Article 91b of the German constitution. This would re-enable the Federal Government to support tertiary education institutions at an institutional level and ensure that the higher education sector receives additional funding.<sup>16</sup> The respective amendment of the German constitution should

not be made dependent on lifting the cooperation ban in the area of schools.

- Teaching commitments of professors at German tertiary education institutions are not internationally competitive. In the course of the expected decline in student numbers, teaching commitments should be reduced and should be made more flexible. At the same time, the curricular standard values should be redesigned to achieve student/teacher ratios that are still internationally competitive from a student's perspective.
- The DFG programme allowance and the BMBF project allowance should be gradually increased and, wherever necessary, differentiated according to academic disciplines. In the medium term, any projects funded by the public sector should be granted full-cost funding.
- Tertiary education institutions with a particularly strong performance (i.e. elite universities) require special support in order to ensure high visibility of the German research system. The selection of institutions to be supported should be conducted as part of a competition. Here, not only the current academic performance, but also the institutions' development concepts should be assessed. The funding period should clearly exceed five years, and the funding scheme should also provide for institutions to ascend or descend in ranking.
- The Expert Commission is in favour of integrating the graduate schools and clusters of excellence into the DFG's portfolio – a measure that has also been suggested by the German Council of Science and Humanities and the Alliance of Science Organisations in Germany.
- The Federal and *Länder* governments should support non-university research organisations with a uniform financing key of approximately 70:30.<sup>17</sup> The Expert Commission reiterates that non-university research organisations will only be able to further enhance their performance if an increase in funding is granted not only in nominal, but also in real terms.
- A conflation of the implementation of research and the funding of research should be avoided.