

A 1 Recent trends in science and research policies

In its 2014 Report, the Commission of Experts submitted recommendations on funding tertiary education institutions and further developing the reform initiatives.¹ Since then, important decisions have been taken in the field of science and research policies. In this context, the Commission of Experts sees progress in some areas, but also the risk of undesirable developments in others.

Cooperation ban lifted in the tertiary education sector

The two German houses of parliament have decided to lift the cooperation ban in the tertiary education sector that was introduced in the context of Federalism Reform I. Federal funding is currently restricted to projects with strictly defined content and a time limit. The new Article 91b, paragraph 1 of the German constitution (Basic Law) stipulates that “the Federation and the Länder may mutually agree to cooperate in cases of supraregional importance in the promotion of science, research and teaching”. This makes it possible for the Federal Government to provide long-term institutional funding for tertiary education institutions, individual institutes and institute associations.² According to the Federal Government, corresponding agreements between the Federal and Länder governments aim to “set common priorities and cultivate profiles with which to improve the performance and excellence of the German knowledge landscape, both overall and at the leading edge”.³ Each agreement requires the consent of all the Länder.

The Commission of Experts expressly welcomes the lifting of the cooperation ban, a measure it had repeatedly called for in past reports.⁴ This will create new opportunities for advancing the development of the German science system. However, the Commission also stresses that the rule of unanimity, which is anchored in the German Constitution, in fact gives a right of veto to each of the Länder.

Federal Government takes full financial responsibility for BAföG

As from 1 January 2015, the Federal Government has taken full financial responsibility for BAföG, Germany’s student loan and grant scheme, which had until then been financed jointly by the Federal and Länder governments. According to the Federal Government’s calculations, this will reduce Länder expenditure by approximately EUR 1.17 billion per annum. In May 2014, Federal and Länder representatives agreed that the Länder should use the freed-up funds to finance expenditure on education in the fields of higher education and schools.⁵

The Commission of Experts proposes dividing the freed-up funds between tertiary education institutions and schools according to the amounts of assistance currently paid out to tertiary and secondary-school students. This would mean that over two-thirds of the freed-up funds would go to tertiary education institutions.⁶ In September 2014, the Institute for Education and Socio-Economic Research and Consulting (FiBS) analysed current planning in the 16 Länder. One of the study’s findings indicates that many Länder have a lower estimate than the Federal Government of the sums that will be released and must be spent on tertiary education institutions and schools. Furthermore, few of the Länder intended to allocate the majority of the funds to the higher education sector.⁷ Individual Länder also planned to use the freed-up funds for early childhood education.⁸ However, this would violate the agreements between the Federal Government and the Länder to use the funds for higher education and schools.

The Commission of Experts is concerned that individual Länder governments will be governed by considerations of election strategy and might not permanently allocate enough of the freed-up resources to the urgently needed improvement of basic funding for tertiary education institutions.

Higher Education Pact and Pact for Research and Innovation to be continued

In December 2014, the Federal Government and the Länder decided to continue the Higher Education Pact, the DFG programme allowance and the Pact for Research and Innovation.⁹

The new agreement between the Federal and Länder governments on the Higher Education Pact plans to finance places for 760,000 more first-year tertiary students in the 2016–2020 programme phase compared to the 2005 level.¹⁰ Another aim here is to give a larger number of qualified professionals access to higher education. The Federal and Länder governments are earmarking about EUR 19 billion for this programme phase. 10 percent of this sum is to be spent on measures designed to reduce university drop-out rates.

The Commission of Experts welcomes the Federal Government's financial participation in teaching at tertiary education institutions. In addition to this, a clear and transparent division of tasks should be agreed between the Federal and Länder governments. The Federal Government should concentrate in particular on tasks that are of nationwide interest. One such task, for example, might be training foreign students for the German labour market in order to counteract the effects of demographic change. The Federal Government could therefore co-finance training costs for foreign students.¹¹ The Swiss model is also of interest in this context. There, the central government pays a certain amount for each foreign student in the context of the contributions made by the government to the operating costs of cantons with a university.¹²

The Commission of Experts had proposed a package of measures to reduce the drop-out rate in its 2010 Report,¹³ and drew up measures for improving access to degree courses for people with vocational qualifications in its 2012 and 2014 reports.¹⁴

The DFG programme allowance, which represents the second pillar of the Higher Education Pact, will also be granted during the 2016–2020 period, and increased by two percentage points to 22 percent of the direct project costs.¹⁵ The Federal Government will continue to finance 20 percentage points of this 22 percent; the Länder will co-fund the DFG programme allowance for the first time, providing the additional two percentage points.

The Commission of Experts initially welcomes the fact that the DFG programme allowance will continue

beyond 2015. However, it still considers an increase of two percentage points to be insufficient to cover the actual overhead costs.¹⁶

The Pact for Research and Innovation is also to continue in the period from 2016 to 2020.¹⁷ During this phase, the allocations to the DFG and the four large non-university research organisations – FhG, HGF, MPG and WGL – will be increased by three percent per annum. This financial growth totalling EUR 3.9 billion will be financed by the Federal Government alone. The Pact for Research and Innovation lays down research-policy goals – e.g. networking within the science system, deeper international and European cooperation, more exchanges between science on the one hand and the private sector and society on the other, and the task of winning the best minds for German science. The Commission of Experts' assessment is that the continuation of the Pact for Research and Innovation ensures that the science and research organisations will receive the planning certainty they urgently need. Because the increase is being paid exclusively by the Federal Government, this will mean a shift in the percentages funded by the Federal and Länder governments. The Commission of Experts again calls for the standardisation of funding formulas for the non-university research organisations.¹⁸ This would make it easier to achieve a further increase in collaborations, both among the non-university research organisations and between non-university research organisations and tertiary education institutions.

Plans for a programme to succeed the expiring Initiative for Excellence

In December 2014, the Federal and Länder governments took a decision in principle for a new initiative to follow the Excellence Initiative; the aim was to “sustainably strengthen Germany as a centre for research, improve its international competitiveness and continue the successful development aimed at training top performers in research and raising the broad-based quality of Germany as a location for higher education and science”.¹⁹ The Federal and Länder governments plan to use the new constitutional leeway in the implementation of the new initiative.²⁰ In addition to promoting novel projects, the aim is to open up future prospects for successful Excellence Initiative projects. Furthermore, projects that have only been receiving funds since 2012 under the Excellence Initiative are to be given a chance of a second funding phase. As early as September 2014, a commission of

international experts was set up by the Federal Government and the Länder to evaluate the Excellence Initiative, which expires at the end of 2017.²¹ This body will present its findings at the beginning of 2016. The basis for the evaluation will be a data-based report on the Excellence Initiative's progress to be prepared by June 2015 by the DFG and the German Council of Science and Humanities (Wissenschaftsrat). The Joint Science Conference (GWK) will then submit a concept for the detailed design of a new initiative in June 2016.²² The aim is for this initiative to be launched by the end of 2016 and to be fully operational as from 2018.

According to the decision in principle made by the Federal and Länder governments, the new initiative aims to offer a range of differentiated funding opportunities that will help the tertiary education institutions to develop technical and strategic profiles, strengthen cooperation between higher-education institutions in regional associations, networks or new institutional forms, and promote cutting-edge research in universities.²³ The Commission of Experts has already spoken out on several occasions in favour of greater horizontal and vertical differentiation of tertiary education institutions; it therefore welcomes the promotion of enhanced profiling by Federal Government and the Länder.²⁴ In principle, the Commission of Experts also supports the promotion of the above-mentioned forms of cooperation. However, support for such cooperation must be limited in time and only be given if considerable synergy and efficiency potential is achieved and internationally outstanding research findings are to be expected. Furthermore, the planned promotion of cutting-edge research in universities is essential in order to strengthen Germany's competitive and innovative capacity and to ensure a high level of visibility for the German research system. The Commission of Experts therefore urges that the level of funding for top-level research must remain at least constant.²⁵ At the same time, an internationally visible science system will not be able to get by without "lighthouses". Institutional funding of Germany's best-performing universities will therefore also have to be maintained. As a general principle for all measures, funding should be based on a competitive process.

Recommendations

The Commission of Experts lauds the repeal of the cooperation ban in the tertiary education sector as a major success for science policy that will open up new organisational possibilities. The continuation of the Higher Education Pact and the Pact for Research and innovation, as well as the decision in principle for a new initiative to follow the Excellence Initiative, also represent important steps towards further boosting Germany's performance as a location for research and innovation. Building on these developments, the Commission of Experts formulates the following recommendations:

- Having been relieved of having to pay student loans under the BAföG scheme, the Länder governments need to make use of their newly won financial leeway to ensure adequate basic funding for their tertiary education institutions. The Commission of Experts proposes dividing the freed-up funds between tertiary education institutions and schools according to the amounts of assistance currently paid out to tertiary and secondary-school students, so that over two-thirds of the funds go to tertiary education institutions.
- The Commission of Experts refers to the package of measures recommended in its 2010 Report aimed at reducing student drop-out rates.²⁶
- A clear and transparent division of tasks should be agreed between the Federal and Länder governments with regard to the future financing of teaching at tertiary education institutions. The Federal Government should concentrate on tasks of nationwide interest. For example, it could make a financial contribution to foreign students' training costs.
- In the medium term, the DFG programme allowance should be adjusted to bring it more into line with the actual overhead costs. The BMBF project allowance should be adjusted in a similar way.
- The Federal and Länder governments should support non-university research organisations by standardising funding formulas.
- The level of funding for top-level research must remain at least constant if the Excellence Initiative is continued. At the same time, institutional funding of Germany's best-performing universities must also be maintained.