

Agreement on Funded Research: A Window for University Management

DFiR documents in the report "Universities for the Future: Twenty Years with the University Act" that the democratic culture of universities and the research freedom of researchers are under pressure. It is the responsibility of university management to ensure that practice is more in line with the University Act and universal academic values. The report also concludes that the framework conditions for universities, including political reform enthusiasm and imbalances in university funding, have made the task more difficult. Therefore, it is very encouraging that Danish Universities and six private research funding foundations have taken responsibility and entered into an agreement that provides university management with greater financial flexibility moving forward. The parties to the agreement estimate that it will free up approximately 700-800 million DKK annually for the universities' own allocation. Thus, there is now a window of opportunity to strengthen the democratic culture and research freedom of researchers.

Danish Universities and the six private research funding foundations—the Carlsberg Foundation, LEO Foundation, Lundbeck Foundation, Novo Nordisk Foundation, VELUX FONDEN, and Villum Fonden—have just announced a new agreement. This agreement means that the six foundations will contribute to covering indirect project costs for grants under 50 million DKK, which are applied for in open competition. The contribution amounts to 250,000 DKK per project-employed scientific full-time equivalent (such as PhD and postdoc employees and scientific assistants) within natural sciences, health sciences, and technical sciences, and 200,000 DKK within humanities, social sciences, law, and theology. Additionally, the agreement allows universities to apply for coverage of indirect costs for investments in infrastructure, salaries for TAP (technical and administrative personnel) staff working on the project with research technical support (e.g., TAP-FU or TAP-T), and supplements for building costs related to research areas.

The parties to the agreement estimate, based on the current project portfolio financed by the six foundations, that the agreement will shift approximately 700-800 million DKK annually from project funds to cover indirect costs once the agreement is fully implemented. Overall, this represents a significant and welcome improvement in the financial resilience of universities, providing university management with greater flexibility.

DFiR has repeatedly pointed out that the framework for management has been challenged by the limited financial flexibility of universities (DFiR 2019¹, 2023²). The three most

important sources of funding for universities include basic research funds, which universities can allocate freely, external research funds awarded to researchers and their research areas, and educational funds, which largely follow the number of students and are used for teaching.

External funding has continuously increased since 2007, with private foundations providing the largest external contribution since 2019. Denmark is in a very privileged position compared to other countries, as private foundations donate significant amounts to benefit Danish research and innovation. However, unlike basic funds, external funds are time-limited and cannot be freely used to finance other activities. Additionally, universities have used basic funds to co-finance some of the indirect costs of external grants, such as expenses for rent, administration, and laboratory equipment.

Utilization of the Increased Financial Flexibility

There may be inspiration to be found in DFiR's report "*Universities for the Future*" (DFiR 2023)², when the increased financial flexibility is to be utilized. In the report, DFiR describes, among other things, that the democratic culture of Danish universities is challenged and that research freedom is under pressure, making it evident to consider these areas.

The University Act stipulates that researchers must not be assigned tasks for their entire working hours over a prolonged period, as this would effectively limit their research freedom. However, according to the report, 30% of researchers have, in the past two years, been assigned obligations that significantly restrict their research time, and 30% have spent less than 20% of their working hours on research. Many researchers do not receive funding from their institution to conduct research. One in four researchers has, in the past two years, neither received funding from the university to cover research expenses nor secured external funds as the principal applicant. The increased financial flexibility could be used to ensure researchers' research freedom.

The University Act also stipulates that researchers must be guaranteed participation and involvement in significant decisions regarding academic matters and education. However, more than half of the researchers feel that they are not involved in decisions about the advertisement of scientific positions that are crucial for the future research and education profile of their departments.

The strengthened financial and managerial flexibility can be an opportunity to involve staff more in decisions and priorities, as well as to ensure researchers' freedom. It is the overarching responsibility of university boards and management to ensure these conditions in accordance with the University Act, but often it is at the departmental level that they are finally implemented.

For some departments, the new agreement could be an opportunity to discuss the department's research strategy and employment policy. For example, there is the possibility to prioritize the hiring of researchers who can also support teaching, dissemination, public service, or innovation, while placing less emphasis on securing external funds than before. This can also provide some of the researchers, who currently spend less than 20% of their working hours on research, with more time to conduct research. The agreement can also enable the financing of research ideas that currently cannot be funded internally, thereby strengthening researchers' research freedom.

The agreement also provides universities with an incentive to increase the number of PhD and postdoc positions. Generally, it is positive if the number of PhDs increases, as they have a low unemployment rate (Ministry of Higher Education and Science 2017³ and contribute positively to the translation of research knowledge into innovation in companies (ATV 2017)⁴. If the number of PhDs increases as a consequence of the agreement, part of the increased flexibility could also be used to ensure that fewer PhDs end up in prolonged postdoc periods with repeated temporary positions. In recent years, an increasing proportion of young researchers have left the university only after completing a postdoc position rather than after obtaining their PhD degree (DEA 2020)⁵, while the proportion of prolonged postdoc periods with repeated temporary positions has increased significantly (DFiR 2019)⁶. Part of the increased flexibility could therefore be used to strengthen career guidance for PhDs—also aimed at careers outside the university—as well as to facilitate earlier permanent employment for qualified PhD and postdoc candidates.

The Next Steps

The universities and the six private foundations have taken responsibility with the agreement to provide universities with strengthened financial resilience. However, others can also take responsibility for improving the framework conditions for universities.

Firstly, over the years, universities have been subjected to a series of reforms, many of which have been driven by political motives other than strengthening the core tasks of universities. These include reforms aimed at balancing rural and urban areas, increasing the labor supply, or limiting the payment of student grants (SU) to foreigners. The latest reform, the master's degree reform, similarly aims to increase the labor supply. Implementing these numerous reforms is a resource-intensive task for both management and staff, and a future reduction in the number of reforms could ease

administrative burdens and shift the focus back to core tasks.

Secondly, this could be an opportunity to investigate how the state can further strengthen the balance in universities' financial flexibility. This includes examining the overheads provided by public funds, the relationship between basic funds and competitive funds, university ownership of buildings, the offsetting of EU funding, and the allocation of the research reserve.

Additionally, other private foundations might join the new agreement in the future, which would simplify administrative processes and free up resources. Finally, it should be noted that research environments at sector research institutes, professional colleges, and university hospitals are not included in the agreement. However, they often participate in research project collaborations with universities. Resolving this issue could be the next step.

You can read more about DFiR's recommendations in [Universiteter for fremtiden](#), [Forskningsfinansiering - forandringer og konsekvenser](#) and [Karrierer i forskningen](#). (In Danish)

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Noter

¹ DFiR. (2020). Forskningsfinansiering - forandringer og konsekvenser.

² DFiR. (2023). Universiteter for fremtiden: Tyve år med universitetsloven

³ Uddannelses- og forskningsministeriet. (2017). Ph.d. uddannelsens kvalitet og relevans. Sammenskrivning af hovedresultater.

⁴ ATV. (2017). Fremtidens Giganter – hvordan skaber vi fremtidens store industrivirksomheder i Danmark?

⁵ DEA. (2020). Ph.d.ernes arbejdsmarked - Karriereforløb efter øget optag

⁶ DFiR. (2019). Karrierer i forskningen - Sammenhæng og fleksibilitet i forskeres karriereveje