

# Funding Policy

A proper funding for our educational institutions is the foundation for quality education, good physical environment and an inspiring study environment. Proper funding is not automatically a guarantee for all this, but it is a precondition for it.

Not only the size of the funding but also the way that the funding is distributed to our institutions has an effect on our education. Certain forms of funding will meet certain aspects at the expense of others. It is important to pay attention to this.

No matter how our education is funded, DSF fundamentally believes that funding of all education should be adequate. This means that there should be funding for a suitable amount of teaching, supervision, feedback as well as availability of the facilities that our education requires; like study areas, areas for group work, labs, libraries, workshops and online facilities. In the same way, the research that forms the basis for the research-base of our education should also receive adequate funding, so that all education and disciplines experience a satisfactory research coverage.

The way our education is organized is a local matter. Teaching methods and the extent of teaching should be determined by academic and didactic considerations and not be compromised by economic considerations.

The distribution of funding internally in the educational institutions is a local matter. A qualified and just internal distribution presupposes a democratic organization in our educational institutions. Students and employees should be involved and have influence on the distribution of funds.

A proper and adequate funding is however far from what we are seeing today. Our educational institutions are experiencing a high degree of underfunding and we have in the last few years experienced notable cuts in both education and research. From 2010 to 2017 the total subsidy for the universities (educational subsidy + core funding) per full time student has dropped 22,7%. If you look exclusively at the educational subsidy per full time student in the same period, it has dropped 13,6% (calculated on the basis of the 2016 finance bill). That means that the universities in 2017 will educate five students on the same means that they in 2010 had to educate four students. This brings obvious deterioration in quality in our education, as there are limits to the possibilities of making use of the benefits of an economy of scale and other rationalizations before it compromises the quality.

DSF is worried that there is no prospect of an increase of funds in the current political situation. DSF believes that more funding should be provided to the sector so that the negative development is turned and more funding is provided per full time student.

Therefore, DSF believes:

- That adequate funding is the foundation for quality education
- That forms and extent of teaching should be decided by academic and didactical consideration and not by economy.
- That the internal distribution of means should be democratically rooted
- That cuts should be stopped and more means should be added to the sector

## **Forms of funding**

### **Educational subsidies**

#### **FTE-taximeter**

The by far largest part of educational subsidies are granted as part of the FTE-taximeter. Our educational institutions are awarded a certain amount every time a student has completed 60 ECTS-points, corresponding with a full time equivalent (FTE).

There are basic positive aspects of the funding being attached to the student. It can secure that the individual's education is always funded independently of the number of admitted students. At the same time, FTE is transparent and relatively simple to handle in terms of administration.

However, there is a number of problems with the current FTE-taximeter. First of all, the FTE-taximeter creates a one sided incentive for getting the greatest number of students as quickly through the system as possible and therefore does not encourage academic skills, quality and in depth studies, but instead promotes an assembly line logic. Second, the FTE-taximeter is a fluctuating and uncertain form of funding that makes it hard for the educational institutions to draw up their budgets. There are natural fluctuations in the amount of FTE that are difficult to predict and that are not necessarily reflected in the changes of the expenditures of the educational institutions. In the same way, there is a delay from the admission of students, which demands funding, and the money being disbursed. Third, the FTE-taximeter creates incentives for the educational institutions to compete for the students instead of establishing meaningful cooperation. This is for example evident in the rising amount of resources the educational institutions use on advertising and branding instead of actual counselling and guidance.

Besides the problems with the incentive-structures, there are big problems with the size of the taximeter rates. The current rates are fundamentally inadequate in terms of providing the institutions with the financial flexibility to secure a proper educational quality. Moreover, the current taximeter-division and the way in which the individual educational rate is determined results in the educational institutions, in some places, organize the content of their programs to receive the highest possible rate instead of considering what makes most sense academically and pedagogically. DSF therefore believes that all taximeter-rates are in need of an urgent raise, so that they correspond with the needs of the individual educational program.

### **Incentives in general**

Financial incentives reward or punish the achievement of goals, for example completion time, quality or employment. However, many aspects of education are hard to measure unequivocally. Thereby, financial incentives risk promoting a simplified and inadequate approach. Financial incentives also risk creating a displacement of aims towards the parameters that are measured at the expense of the broad array of aims that our educational programs should achieve. Finally, financial incentives create a risk for negative spirals where academic disciplines or areas that are having problems are punished financially.

Similar to the FTE-taximeter, the completion bonus provide the universities with unfortunate incentives to push students faster through their educational programs. The completion bonus should therefore be abolished and the money should be returned to education. The study time model punishes the universities financially if they do not bring down the average completion time with different established aims. This forces several of our institutions to establish rigid rules of progress to avoid financial punishment. DSF believes, therefore, that the study time model should be completely abolished.

The idea of a so-called employment-taximeter, where the educational institutions are paid depending on the degree of employment of their graduates, has been suggested several times. DSF is an opponent of such a taximeter. To fund educational programs on the basis of past employment data is extremely inexpedient. An employment-taximeter is per definition retrospective and a snapshot of employment is a very poor understanding of quality in education. At the same time, employment is affected by various factors that have nothing to do with the educational program, and DSF is in general an opponent of employment politics being conducted through our educational programs.

DSF wants to remove the current inexpedient incentives and replace them with a more holistic perspective on educational quality, which will ensure that the programs are adequately funded and can develop both academically and pedagogically. These parameters should ensure that the educational programs are adequately funded and not compromised academically by

economic considerations. Furthermore, a greater part of the funding should be allocated as multiyear and permanent grants. It is essential to DSF that the principles of distribution are as transparent, predictable and administratively simple to handle as possible.

Therefore, DSF believes:

- That there are a number of inexpedient incentives in the FTE-taximeter.
- That all the taximeter rates are in need of an urgent raise so that they correspond with the needs of the individual educational programs.
- That we should be critical towards inexpedient effects of financial incentive structures.
- That a greater part of the funds should be allocated as multiyear, permanent grants
- That the completion bonus in its current form and the study time model should be abolished and the funds reallocated to education
- That the introduction of an employment-taximeter is inexpedient.

## Core funding

The core funding is the foundation of free and independent research and big parts of the other activities of the educational institutions. Sufficient funding for research is also the foundation for our education being research based. The core funding has the advantage that it is free, which is to say that it is not awarded to specific projects and that it is awarded as a permanent, reliable allocation to the educational institution. Therefore, a sufficient amount of core funding is essential to our institutions.

The size of the core funding is however very different between the institutions and is awarded, to a large extent, on the basis of past conditions. It is essential to DSF that the distribution of core funding is as transparent as possible and that the means are distributed on the basis of real needs at the educational institutions. DSF is working for a universal raise of the core funding. It is important to emphasize that all our institutions experience inadequate funding and that there is a need for more funding for the sector in general.

The size of the core funding is at a critically low level in all institutions, which is hurting the educational quality greatly. It is unacceptable when the size of the core allocations mean that they cannot guarantee a sufficient research coverage as well as cuts in education. Therefore, DSF is working towards an increase for all institutions, so that there are good prerequisites for offering good, research based education.

The core funding has in general decreased during the last couple of years. This is due in part to general cuts in our educational institutions and in part to a restructuring of public research grants to contestable funding pools. DSF sees a great value in core funding. Therefore, cuts should stop and the funds should be returned and a greater part of the public research grants should be allocated as core funding to the educational institutions. This ensures a free and independent research base as well as ensuring that the institutions are adequately funded to maintain their operations, including when there are fluctuations in educational subsidies and external allocations.

The reliability of allocations is essential to the possibilities of the institutions to prioritize and dispose of their funds as well as making long-term investments in for example employment of scientific staff, better study environment or new buildings. Therefore, DSF believes that core funding should be awarded as multiyear allocations. In the event of cuts to the allocations these should always be determined with a four year notice and there should be a gradual adaption towards the new level to avoid big, detrimental fluctuations in the financial foundations of the institutions. Thereby, the educational institutions will always have a reasonable perspective for future planning as well as the possibility of investing.

Therefore, DSF believes:

- That the core funding should be distributed on the most transparent foundations possible.
- That the core funding should be universally increased and be distributed by a needs-based principle
- That institutions with relatively low core funding in relation to their expenses should receive a special increase in their allocations.
- That the core funding should be provided as multiyear allocations.

## **External funding**

As previously described, a greater part of the public research grants are given through contestable funding pools and in the same way research is funded through private grants and businesses. This is regarded as external funding.

DSF fundamentally believes that funding of education in Denmark is a public responsibility and that the educational programs should be funded by unbound public means that the institutions can dispose of freely. As the core funding decreases it is however positive that the external funding of research is increasing. Nevertheless, the skewed funding of research is also creating a number of challenges. DSF has a research policy that describes our analysis of, and opinions about, the skewed funding.

When research is externally funded it is essential that there is enough overhead. Often, funding is only provided for direct costs and not the related costs for buildings, administration and similar or to involvement of the research in question in teaching situations.

Therefore, DSF believes:

- That the skewed funding of research creates a number of challenges. These are treated in DSF's Research Policy.
- That there should be a requirement of sufficient overhead for external funding.

### **Tuition fees**

Everyone should have the opportunity to receive an education no matter their economic background. DSF is therefore opposed to any form of tuition fees. It is a political responsibility that education is sufficiently funded and problems with funding should therefore never be solved by transferring fees to the students through direct or indirect user payment. Where it makes sense, DSF believes that students should have the same possibilities for tax deductions as employees, for example driving deductions. Moreover expenses for necessities during the study time, such as literature, work materials and study computer should be deductible.

Therefore, DSF believes:

- That all indirect and direct tuition fees should be eliminated