

# recommendation

Austrian Council for Research and Technology Development

10 April 2007



## **Recommendation regarding the financing of indirect research costs (overhead costs) as a contribution to structural change and the definition of key areas at Austria's universities and non-university research institutes**

In its policy document Strategy 2010 the Austrian Council for Research and Technology Development made a recommendation to ensure the financing of indirect costs (overhead costs) for research. The Federal Government has included this recommendation in the Government Programme for the 23rd legislative period. Based on this the Austrian Council considers it necessary to start financing indirect research costs as a contribution to structural change and the definition of key areas at Austria's universities and non-university research institutes. The aim is to cover 15 to 25 percent of direct research costs for the years 2008 and 2009. When providing financing, great care must be taken that it does not lead to a shift in funding between basic research and applied research.

At the same time, the Austrian Council for Research and Technology Development recommends that as of 2010 the funding of indirect research costs should be coordinated with the performance agreements which are to be renegotiated with the research bodies.

The responsible ministries are urgently requested to carry out demand assessments and make appropriate budgetary provisions in preparation for the legislative period starting in 2010.

### **Background and Current Situation**

In the past, research institutes in Austria which obtain external funding for research projects, have, in certain areas, only received funding for a specific project, but not for the necessary infrastructure. Consequently the funding obtained in competitive procedures for such projects plays only a sub ordinate role in bringing about structural change and a definition of priorities at research institutes in Austria.

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The financing of overhead costs will turn external funding raised in competitive procedures into an important element of performance-based funding for universities and research institutes.

By financing indirect costs, research funding can be made more competitive in comparison with other “externally funded projects”, which in some cases make considerable contributions to overhead costs at the research institutes. Within the European Union there is a trend toward the full-cost funding of research, although flat rates ranging from seven to 60 percent are still customary.

Starting in 2007, Germany will fund 20 percent of overhead costs for special research areas, research centres and graduate colleges and as of 2008 will extend this to cover other new DFG-assisted research projects. In 2010 responsibility for funding will be transferred away from Federal Government to the states.