Resource allocation 2022

• The government research funds have been underfinanced in recent years, but we have been able to compensate for this by the use of previously saved surplus funds

• These funds are now depleted, which means that if we don’t take action the faculty will accumulate a large deficit in research funding next year and will build up an increased debt year on year

• The Faculty of Medicine board (MFS) has therefore decided on measures to reduce the deficit
General background 2022 – forward

Government funding:

• The government funding doesn’t increase at the same rate as the salary costs
  - yearly loss of about 1 fully financed fulltime teacher

• The price and salary compensation (PLO) is always lower than the salary increase (RALs)

• The government gives a substantially higher percentage increase of funds to new universities, rather than to the larger, old universities

Salary costs:

• The salary costs will increase because of social security contributions and raised pension age from 2023

• The increased social security contributions have meant a constant salary cost increase of about 32 MSEK for the faculty as a whole for the period 2020-22
General background 2022 – forward

Comparative Medicine Unit (CMU)
- Cost of facilities 31 MSEK/year plus write-offs of 4 MSEK
- The financing is shared between the research grant and ALF funds

Forum Medicum rental costs
- Since planning started in 2015, the project has been reduced three times due to issues with financing the increased rental costs. In 2020 the board (MFS) approved the proposed rent levels for Forum Medicum
- The rental cost will be about 50 MSEK/year, others costs (write-offs) are estimated at 7-10 MSEK/year from June 2023
- Financing mainly from the education funds
General background 2022 – forward

Increased rental cost at LU – prognosis:

- The rental costs within LU is estimated to go up by about 250 MSEK between 2022-2030
- There is a promise of financial support to the amount of 75 + 5 MSEK for S, EHL, K, SVS and LUKOM
- The Faculty of Medicine has not been promised any support for CMU and Forum Medicum from the central university level.
Long term prognosis without measures
Budget – Yearly cycle

November
Decision by board (MFS)
Foundation for department budgets

October
Information to the board (MFS), prefect council. Union negotiations

September
Calculations and considerations from the dean/GUN/et al.

August
Budget dialogue with faculty management and departments/units

March
Budget dialogue with LU centrally

May
Mail to departments/units with directions for operations plan and resource allocation

June
Applications and supporting information come from departments/units

August
Proposal for operations plan and resource allocation for LU is discussed at university board meeting

Because of the situation with the budget deficit for research an extra meeting was held with the board (MFS) in October to discuss the situation and different savings options.

Definitive decision from LU about funding, OH, rent, donation funds

Units with frame budget = only increased with salary compensation, no applications

Discussion with Region Skåne/prefects/GUN about positions
Relative distribution of research funds — including and excluding SFO funds

Research funds, distribution 2021

- Salary cost: 203,000
- Young researchers: 12,996
- CCM: 30,922
- Nat infrastr: 1,100
- Faculty common: 8,063
- Internal centers: 15,081
- Grants infrastruct: 8,200
- Research edu: 37,134
- Co-financing: 7,980
- Operational funds: 46,000
- Facilities: 34,900
- Other: 6,318

Research funds, distribution 2021, excl SFO funds (18% of total budget)

- Salary cost: 203,000

To achieve the necessary level of cost savings the salary cost needs to be reduced
Resource allocation 2022

Approx. 55 MSEK of underfinancing of the research funds if nothing is done

(This year’s allocation: 463 MSEK, of which 84 MSEK to the SFOs)

No saved central capital to draw from
RESEARCH FUNDING
2022
The research bill and basic funding

• Lund University received a minor increase of the basic funding in the government bill

• The Faculty of Medicine will only receive 4.2 MSEK of this increase, which equates to 14.5% and we can’t claim any funds from the university’s new investments in research for 2022

• This means that we can’t count on any major increases in the basic funding for research (apart from salary increase partial compensation) – either from the government or from the university centrally
What do we need to do in the short and long term

• Stop the deficit from increasing

• Ensure a healthy room to manoeuvre for the faculty leadership and board in the future

• Create a long term sustainable volume of total salary costs for the faculty

• Create a sustainable relationship between salary costs and other investments, in the short and long term

• Maintain good conditions for young researchers

• Create financial incentives to combine research with teaching
Analysis of different options for cost savings

• To support the budget process, the faculty management made extensive analyses of the effects of different options for cost savings

• To reduce the consequences for research at the faculty, management decided to
  - Put forward a proposal for 2022 that would only cover the deficit by about half
  - Distribute the cost savings in a way that would ensure that young researchers were affected to a lesser degree – researchers with more external grants would bear a bigger part of the reduction
  - Continue to advertise teacher positions, but reduce the number of positions
  - Create financial incentives to combine research with teaching

• After discussions in the board (MFS) the original proposal was changed to the one now decided on by the board (see following slides)
This year’s changes related to number of positions

• In the past couple of years we have on average decided on new 20 teacher positions in the yearly resource allocation

• All positions from previous resource allocations that have not been started have now been removed (almost 40 positions)

• The departments have been allowed to request only one position each, which means 6 positions in total

• In addition to this:
  - one broad position in medical research
  - one position at the disposal of management
Financing of teacher positions

- Almost 50% of the research funding, not including SFO funds, go to the financing of teacher salaries
- To be able to stop the growing deficit, while avoiding a complete stop on new recruitments, cost savings related to the financing of teacher positions must be made
- A large number of different models and calculations have been assessed to be able to compare effects and consequences of the reduction of teacher position financing
- The chosen model for reducing the teacher position financing levels, which will take effect from 2022, distributes the reduction among all teachers who have financing via the faculty. It is not a change of strategy regarding teacher positions, but it is a reduction of the percentage of financing for each position
This year’s actions related to teacher position financing

Promotions from senior lecturer to professor on hold 2022

Cost saving $1,700 kSEK

Reduced faculty financing with 2% for all teacher positions

Cost saving $5,950 kSEK

Additionally reduced faculty financing with 4% for teacher positions with 70%

Cost saving $9,200 kSEK

Reduced extra financing for those with grants from VR, Cancerfonden, Forte, FORMAS, VINNOVA and NIH with 3% for all

Cost saving $5,500 kSEK

Total cost savings 2022 related to teacher position financing: $22,350 kSEK
Additional cost savings

• Reduction/non-renewed infrastructure investments: CTG, LBIC, NRC, electron microscope etc
  → 3,6 MSEK

• Infrastructure funds at the disp of FIN from 11 MSEK to 4 MSEK – real effect 2022:
  → 0,6 MSEK

• Increase in fees for facilities from 1500 SEK to 1700 SEK
  → 4 MSEK

• Department funding reduction from 13 MSEK to 10 MSEK
  → 3 MSEK

• Start-up package for new recruitments reduced from 9 MSEK to 7 MSEK
  → 2 MSEK

  Cost savings 2022 → 13,2 MSEK

• Cost savings or increased incomes for CCM with 25 MSEK from 2023 to reduce the need for financing from research and ALF funds
  → 14 MSEK
Long term prognosis without measures

Reminder: Prognosis for research grants a year ago
Long term prognosis with measures

New prognosis research funding for 2022
Education funding

Education funds – 410 474 kSEK (395 932 kSEK 2021)

of which tuition fees 4000 kSEK, complementary education physicians (KUL) 2044 kSEK and special investment autumn term 2022 1600 kSEK

New funds are added to the governments “special investments” with 14 433 kSEK (12 223 kSEK 2021)

Continued increase of the physician programme with 18 students per year 2577 kSEK
Education funding 2022

- Increased provisions with 500 kSEK to the financing guarantee fund

- Provisions to the Unit for education facilities and scheduling (Enheten för grundutbildningslokaler och schemaläggning) 1 240 kSEK

- Increased cost for QPS – Quality and Progress system with 740 kSEK till 4 530 kSEK

- Increased provisions for MFHA – Mental Health First Aid 1 400 kSEK (500 kSEK 2021)

- Funds for later distribution 11 108 kSEK (7 138 kSEK 2021)

- Estimated deficit -2 420 kSEK (-5 662 kSEK 2021)

- Estimated saved capital at year end 45 761 kSEK
OH costs 2022

• Faculty common indirect costs 143 729 kSEK (131 136 kSEK 2021)

• Provisions for cost of relocations because of Forum Medicum 1 350 kSEK

• Funds reserved for the Intramed project 2 400 kSEK

• Department communicators join the common Faculty communications department (cost moves from departments) 3 252 kSEK

• Reduction of costs for empty facilities 8 900 kSEK (10 800 kSEK 2021)

In recent years part of the OH (overhead) costs have been possible to fund with saved capital, which will not be possible during 2022.
Summary

• The Faculty would have had a financial deficit of about 55 MSEK in 2022 on the research funding if no measures had been taken.

• The Faculty board therefore has decided on a number of measures to reduce the deficit and not allow the situation to worsen in coming years.