

Budget 2017 spending

Budget 2017 has brought break in the financial situation of CEITEC which was suffering from significant financial instability and shortage of institutional funding in previous years. Financial condition of CEITEC has changed due to a few reasons. CEITEC received more institutional funds as a result of growing scientific output and more favorable internal rules in university budgeting (“tax waiver” of crucial financial sources) as well.

Start of 7 grant projects financed by structural EU funds year 2017 brings step increase of direct research funding at CEITEC.

Semifinal results in 3.Q 2017 revealed that much of the planned activities covered by operational program projects and consequently the budget spending are taking delay. Implementation of these projects has been burdened with administrative obstacles, furthermore complicated by less experienced project partners and unstable administrative environment at ministry of education. The result is that spending of structural funds has been delayed namely in purchase of investment and is about to be speeded up in 2018 and the next year.

CEITEC did not meet predicted revenues from commercial income in 2017. CEITEC expected commercial income to rise continually, as a continual extension of activities of core facilities and research groups to collaboration with private sector. Unfortunately it seems that capacity of research teams a facilities focused predominantly on basic research can be hardly and quickly broaden to profit-driven activities. In spite of less favorable development of collaborative and commercial research the net profit before taxation reached nearly 5 mil. CZK in 2017.

The most significant aspects of financial results in 2017 consists in the savings of institutional funds that create indispensable financial reserve for future years. The total amount on institutional savings reached approximately 50 mil. CZK in 2017. These money are composed of various sources of institutional funds that are not freely transferable from one year to another. Due to the financial risks in future years CEITEC will strive for maximization of institutional savings to be able to surpass unfavorable deficits in next years.

Expected budget 2018

Preliminary draft of the budget 2018 is based on estimated value of institutional earnings and update of central institutional costs. CEITEC MU has not obtained any budget plan from the university administration yet. That is why the preliminary budget is based on predicted values. Total budget may grow at least by 11 %, from 669,7 mil. CZK to 744,5 mil. CZK. Final total budget can be increased based on obtained project sources and will be updated after the budget of MU will be distributed to faculties and CEITEC.

CEITEC is recording rapid growth in institutional sources in last 2 years. Currently, gross income from institutional funds is already higher than income from NPU-II grant (5-year contract with government designed to support financial sustainability of newly built research centres).

However, the situation is more complex than it looks at the first sight. CEITEC has not obtained sufficient amount of external finance (international grants) yet for 2018-2020 which in prerequisite for spending of major NPU-II project. If CEITEC does not reach enough external funding we will be forced to leave significant amount of this grant money unspent, which would trigger alternative scenarios (either direct substitution by institutional funds instead of NPU II, or a swap of NPU II

grant among partners of CEITEC against compensation by CEITEC MU from its institutional funds). That is one of main reasons why CEITEC has to make efforts to accumulate financial reserves, which should ensure that any of possible scenarios does not represent a risk of endangering current standards of funding research at CEITEC MU.

1) Institutional sources

- Growth of institutional performance measured by national scientific evaluation (RIV) makes approx. 40 %.
- Growth of gross revenues will be lower – central levies are expected to be higher in 2018. Gross institutional revenues might grow at least by 20 % from 113 mil. CZK to 138,6 mil. CZK.

2) Other sources of funding

- National and international grants are estimated on the basis of contracted projects.
- Estimate of commercial income is lower than a year ago as expected results in 2017 will not reach the budget value.

3) Institutional costs

- In comparison to 2017 the cost on power supply in 2018 are expected to increase by 20 %.
- Cost on running of IT infrastructure are displayed outside the costs of buildings. These costs cover IT services of campus services (CIT) and extra costs for IT network services of ICS MU.
- Cost of administration are growing from 42,2 mil. CZK in 2017 to 49,6 mil. CZK in 2018. This growth is covered predominantly within direct cost of project sources. Costs on administration wages covered by institutional sources incl. project overheads make 32,6 mil. CZK, which means approx. 6 % (1,5 mil. CZK) more than in 2017. The significant reasons for the growth of wages lies in the current situation on labor market (rate of unemployment 3,5 %).
- In comparison to 2017 CEITEC there is significant increase in cost on electronic information sources (EIS) as a share on sustainability commitment of the MU. Total amount for EIS makes 4,1 mil. CZK.

4) Budget of research groups

- Budget of research groups is formed in accordance with budgetary rules.
- An allocation for refundable financial aid to individual research groups is being planned as requests were indicated by two RGs.
- Budget of two groups of material science program is being negotiated separately following their status of “joint group”. The budget of these groups shall be formed in coordination with the respective institute of the Faculty of Science.