

Summary of the Democratic Trade Union of Scientific Workers on the proposal of the HUN-REN law

I. General opinion on the draft law

On the 19th of November 2024, Deputy Prime Minister Zsolt Semjén and Minister of Culture and Innovation Balázs Hankó submitted a bill on the HUN-REN Hungarian Research Network.¹

The President of the Democratic Trade Union of Scientific Workers (TDDSZ) reckons that the bill poses significant risks to the future of the research network.

The new organisational structure is extremely centralised and render workers more vulnerable to the President's one-man decisions.

The President exercises the powers of employer and ownership, and it is up to him or her alone to decide how and to whom to delegate the powers of employer. In the event of a decision by the Governing Board, it would also possible be under that draft law that the President alone decides on the entire Rules of Procedure. The centralised structure of the new organisation thus increases the vulnerability of employees. The draft HUN-REN law places control over the roughly 5,000 employees of the 19 Research Centres and Institutes in the hands of a single person, the President, and does not provide any guarantees for the delegation of powers to allow the operation of individual institutes and research teams.

The predominance of the new "public service delivery model" in assigning research themes and providing funding to the Research Network threatens jobs and could infringe on academic freedom. Under the new law, HUN-REN would essentially set research themes and link its funding to a public service delivery contract with the state, negotiated and signed without any representation of researchers' interests. This would give the state too much say in the definition of research topics and the possibility for sensitive topics to be marginalised or removed from HUN-REN's research portfolio by the will of the government. This could of course jeopardise not only the freedom to choose topics but also specific jobs.

The adoption of the bill could lead to the exclusion of HUN-REN institutions from EU funds.

Under the bill, the new HUN-REN would operate as a foundation-like entity under private law instead of a budgetary body, which essentially means privatising the HUN-REN Research Network. The structure is, as the comparison of the texts attests, eerily similar to the university foundations that the European Commission has excluded from European funds.²

According to the position of the Democratic Trade Union of Scientific Workers, any funding agreement with the state must ensure that basic research (research based on free topic selection) is significantly represented in the budget. The participation of employee representation must also be guaranteed in the establishment and foundation of all such agreements.

¹ <https://www.parlament.hu/irom42/10010/10010.pdf>

² <https://www.consilium.europa.eu/en/press/press-releases/2022/12/12/rule-of-law-conditionality-mechanism/>

Additionally, a decentralized, multi-level decision-making system must be ensured, where employee representation is present at all levels of decision-making. Salary increases must not be delayed or made conditional.

These processes are not unique to the HUN-REN Hungarian Research Network; rather, a similar process has been taking place in the foundation-based higher education institutions, essentially paralyzing the entire Hungarian academic sector. The same trend can be observed at the Budapest University of Technology and Economics, and unfortunately, ELTE (Eötvös Loránd University) is also likely to face a similar fate.

II. History

Until 2019, the research network operated as part of the Hungarian Academy of Sciences. In 2019, the government unilaterally separated the network from the Academy and established the Eötvös Loránd Research Network. With the restructuring, those working in the research network lost their status as civil servants. Three and a half years later, President Balázs Gulyás changed the name to HUN-REN Hungarian Research Network.

In the last 1.5 years, the research network has been in a state of constant uncertainty: at the initiative of Balázs Gulyás, not only the name was changed, but an earlier amendment reduced the 11-member Governing Board to 7, the Secretariat became the Centre, and its head was renamed from Secretary General to CEO, indicating a shift in the organisation's operations towards a 'corporate' direction. The President also initiated an evaluation of the Network's Institutions in the framework of which a panel of 100 people, mainly foreign researchers, assessed the functioning of the research centres. These panels were often largely composed of researchers with no expertise in the field and the methodology of the evaluation was unclear, therefore the whole process and referenced result (i.e. assessment reports) may be strongly questioned. The screening process consumed considerable resources (330 500 euro) and required a lot of extra work from the centres, while the purpose of the screening was not fully clear either.

At the same time, it formulated a vision to change the basic research functions of the network in a series of strategic workshops. Although called workshops, there was no substantive joint work or exchange of ideas with researchers or managers and totally excluded legal (i.e. Trade Unions) representatives of the employees.

Documents related to these so-called strategic workshops, with the exception of the reports in the international evaluation, were not made available to the research community. There was no substantive consultation, the union was consistently ignored by the HUN-REN management. Our letters, petitions or protests were all left without response. As a result of the due diligence, the committee recommended stable operation, an increase in wages and interdisciplinarity; no privatisation, no radical restructuring. The first version of the bill was sent to the directors-general on 7th of November, 2024 and proposed an even more radical overhaul than the current one. Following protests from the Directors-General and researchers, the draft has been somewhat refined, but we still find it highly problematic.

III. On some elements of the draft submitted

The bill abolishes the current HUN-REN Hungarian Research Network with effect from 31 March 2025 and establishes HUN-REN as a separate private legal entity. Below is a brief

overview of what the transformation means, what the special private law entity is, and what the impact on employees might be.

1. What form will HUN-REN take?

According to § 6 of the draft law:

"For the registration procedure of HUN-REN, the provisions of Act CLXXXI of 2011 on the Court Registration of Non-Governmental Organisations and the Related Procedural Rules (hereinafter: Act on Civil Society Organizations) shall apply, with the exception that the Minister shall be deemed to be the applicant, and the court shall register HUN-REN as other organisation under the name specified in Section 1 (1)."

Other organisations as defined in Act on Civil society Organizations (§ 69) are: a political party, an organisation operating under the Act on Sport, a mutual insurance association, a trade union, a public association, a private pension fund, a voluntary mutual insurance fund, a voluntary deposit insurance fund or an institution protection fund of credit institutions, an organisation of the Employee Participation Programme and a European territorial association established under the Act on European Groupings of Territorial Cooperation.

None of these seem to correspond to the HUN-REN structure, so we can only draw conclusions from the structure of the organisation:

- For the establishment, the founder shall contribute HUF 1 billion, below which the assets of HUN-REN may not fall.
- HUN-REN's only decision-making body is the 7-member Governing Board, which is appointed for a six-year term and is eligible for re-election (once) Members are appointed by the government for the first time and then elected by the Board itself.
- HUN-REN has no members.
- HUN-REN has public benefit status.

On this basis, HUN-REN operates in a foundation-like form (with its endowment and a board of trustees with full powers to take operational decisions).

1. What rights will the Governing Board (GB) and the chair have?

The President is appointed for the first time by the Prime Minister, and later by the GB itself from among its own members.

The members of the GB are appointed for the first time by the Minister for Culture and Innovation, and later elected by the GB.

(2) The Governing Board:

1. exercises the founder's rights as provided in this Act;
2. adopts the HUN-REN strategy and the objectives of the research institutions within this framework;
3. elects the President;
4. on a proposal from the President, decides on the appointment and dismissal of the Vice-Presidents, invites the members of the Field-specific Research Councils that assist the Vice-Presidents;
5. decides on the establishment, reorganisation and closing down of research institutions;
6. formulates an opinion on the appointment of the heads of research institutions;

7. decides on the organisational and operational rules of HUN-REN;
8. adopts the HUN-REN's
 - a) business plan,
 - b) general budget,
 - c) the budget for research institutions; and
 - d) the rules relating to the management of its assets;
9. define the system of performance measurement and evaluation of HUN-REN.

The GB may delegate the decision on the Organisational and Operational Rules and performance appraisal.

The GB can decide on the entire operation of HUN-REN in its founding capacity, essentially without external control (except for the Supervisory Board, whose members are first appointed by the Minister of the Ministry of Culture and Innovation and then elected by the GB together with the Supervisory Board).

The President appoints the officers of HUN-REN and exercises independently the rights of employer and owner. This represents an extreme degree of centralisation.

2. Will there be research centres with independent legal personalities in HUN-REN?

Yes, they will be called research institutions. According to Article § 29 para. 2, the former research centres must be established as research institutions with their own legal personality at the time of their creation.³

The powers of the directors of the research institutes will be governed by the Terms of Reference, which may be drawn up by the GBT or, if the GB delegates this power to the President, by the President.

3. Who will be the employer in the new HUN-REN?

Although the research centres will be established as research institutions, **the employer of HUN-REN staff will be HUN-REN, with the President exercising the rights of the employer.**

The workers will be taken over by HUN-REN at the same wages as they were paid when they worked at the research centre.

Although the President of HUN-REN can delegate employer powers, it is essentially up to him or her to decide how to do so, since he or she alone can draw up the Rules of Procedure if the IT delegates this power to him or her.⁴

³ 29§(2) The research institutes of the HRN (Hungarian Research Network) operated by the HRN Centre shall cease to exist as budgetary bodies by legal succession, with their activities being continued in the form of an organisational unit with legal personality (as a research institute pursuant to Article 16), which organisational unit shall be the general legal successor of the given HRN research institute with regard to all rights and obligations. The founder shall be obliged to establish these organisational units with legal personality in accordance with the provisions of the Civil Code when establishing HUN-REN.

⁴ **Article 31** The legal relationship of the employees of the HRN Centre and the HRN research institutes shall be converted into an employment relationship with HUN-REN as of the date specified in paragraph (4) of Article 28, notwithstanding the provisions of paragraph (2) of Article 29, with the amount of the salary being equal to the salary of the employment relationship with the HRN Centre and the HRN research institute existing at the time of the entry into force of this Act.

4. What about collective contracts?

The collective contracts will remain in force for one year (transition year), and everyone will be covered by the collective agreement that applied to them at the time of the takeover.

Section 282 of the Labour Code (1) In the event of a change in the employer, the transferee employer shall maintain the working conditions specified in the collective agreement covering the employment relationship at the time of the takeover for one year after the date of the takeover.

(2) The employer shall not be subject to the obligation under paragraph (1) if the collective agreement ceases to apply earlier than one year after the date of the takeover or if the employment relationship is covered by a collective agreement at the date after the takeover.

5. What about the ongoing projects?

The legislation presupposes a succession, i.e. previous contracts with the Research Centre (for example between the NRDI or the European Commission and the Centre) remain in force. However, we do not yet know the position of the funders on what happens if the legal identity of the grantee changes.

6. Will basic research be maintained?

Yes, but the extent of this is not regulated at all.

HUN-REN and the State will enter into a 25-year framework agreement, within which a six-year detailed public task financing agreement will be concluded. In principle, this should provide for the possibility of exploratory research based on the free choice of topics, but the draft says nothing about the proportion of such research topics or those determined on the basis of subject area prior. a

(Research institutes are also included here, but in this Act they are taken together to mean the current research centres and research institutes.)