

INDIRECT COSTS PROGRAM

BRIEFING REPORT TO THE MINISTER

FOR APRIL 1, 2005 TO MARCH 31, 2006

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1. MESSAGE FROM THE CHAIR

It is my pleasure to provide you, on behalf of the Steering Committee, a copy of the *Indirect Costs Program Briefing Report to the Minister* for 2005-06.

In the last few years, the Government of Canada has invested heavily in academic research. These much-needed investments have provided Canadian researchers unprecedented opportunities, but have caused operating costs to increase within these researchers' institutions. The government introduced the Indirect Costs program to alleviate part of this burden, and in 2005-06 increased the program's budget by \$15 million to \$260 million per year to reflect the government's recognition that as the total investment in research increases so do the indirect costs of carrying out this research.

The Indirect Costs program has now completed its third year of operations, and its benefits to the academic community are clear. Postsecondary institutions of all sizes continue to comment on the impact the program has on their ability to attract and retain high-quality researchers, on improving the research environment, on increasing access to specialized library and telecommunications resources, on their ability to meet progressively more stringent regulatory requirements, on the productivity of researchers, and on their improved success rates in grants competitions.

Following on the mid-term review of the program in 2005, the Indirect Costs program has committed to strengthening its reporting functions by revising its indicators and reporting forms, carrying out regular, monitoring site visits, and beginning to implement a performance-management strategy. These initiatives will allow program staff to verify the quality and reliability of the data the program receives from institutions, adjust management practices to better respond to the needs of the academic community, and continually assess the program. They will also help us demonstrate the significant impacts providing indirect costs support has on maintaining and strengthening Canada's position as a world leader in postsecondary research.

We are grateful for your ongoing support for this extremely important program, and we look forward to continuing to work together with your department to the benefit of researchers and all Canadians.



Chad Gaffield

Chair, Indirect Costs Program Steering Committee

2. INDIRECT COSTS PROGRAM

The December 2001 federal budget provided a one-time investment of \$200 million to help alleviate financial pressures associated with federally supported research at universities and research hospitals. The 2001 budget also committed the government to working with the university community predictable, affordable and incremental ways to provide ongoing support for the indirect costs of research. The terms and conditions for the one-time payment were approved on February 7, 2002 (TB #829539).

Since the one-time payment consisted of a reimbursement of costs incurred in the past by universities and their affiliated research hospitals, performance measures were not relevant and, therefore, were not applied.

Budget 2003 provided \$225 million per year through the granting councils, beginning in 2003-04, to help fund the indirect costs associated with federally supported research at universities, colleges and research hospitals. The terms and conditions for this new permanent program were approved on July 23, 2003 (TB #830732).

An additional \$20 million was added to the 2004 budget, increasing the program's annual budget to \$245 million. The 2005 budget also received an additional \$15 million, bringing total funds for the Indirect Costs program to \$260 million.

For 2005-06, 115 grants were given to the group of 117 eligible institutions (two colleges chose not to apply).

At the request of the universities, and with their co-operation, the Canadian Association of University Business Officers (CAUBO) and the financial officers of the federal granting agencies developed financial reporting and monitoring procedures. The program's results-based management and accountability framework (RMAF) requires that the participating institutions submit an outcomes report and statement of account each year. The former must provide both quantitative and qualitative information about the impact that the expenditures have had in each of five priority areas: facilities, resources, management and administration, regulatory requirements and accreditation, and intellectual property. The statement of account must provide a breakdown of grant expenditures in terms of those five spending areas.

The Indirect Costs program's website (www.indirectcosts.gc.ca) is its main communication tool. It posts detailed information and the electronic versions of the forms for applications and reports.

GOVERNANCE AND ADMINISTRATIVE STRUCTURE

The Secretariat of the Indirect Costs program is housed within the Canada Research Chairs Secretariat, which in turn is housed within the Social Sciences and Humanities Research Council (SSHRC). SSHRC, the Natural Sciences and Engineering Research Council (NSERC), the Canadian Institutes of Health Research (CIHR), and the secretariat of the Networks of Centres of Excellence provide data on their annual funding to eligible postsecondary institutions and their affiliated hospital and institutes, and assist the Canada Research Chairs Secretariat in responding to requests for that data.

The Indirect Costs program is governed by a steering committee whose mandate is to oversee the management of the program and to provide policy guidance on its general direction. The members of the steering committee are the presidents of NSERC, CIHR and SSHRC, and the deputy minister of Industry Canada. The president of SSHRC serves as committee chair.

SECRETARIAT

The secretariat of the Canada Research Chairs program, which reports administratively through the president of SSHRC, administers the Indirect Costs program. The Secretariat manages the operations of the program, including grants and operational budgets, and liaises with universities, Industry Canada, and the provincial departments of health and education. The secretariat carries out performance measurements, evaluations, and audits and reports on the program to the minister of Industry, Treasury Board Secretariat and, ultimately, Parliament. In collaboration with SSHRC services, other administrative requirements, such as communications, are provided.

3. ACCOUNTABILITY AND EVALUATION

CONTEXT

All federal grants and contributions programs introduced since 2000 must meet new requirements before Treasury Board approves funding. The following must be developed and approved before funds are released and the program is announced: specific terms and conditions that outline eligibility policies and key processes, an RMAF and a risk-based audit framework (RBAF).

In collaboration with the three federal granting agencies, Industry Canada and Treasury Board, the Indirect Costs program has developed an integrated RMAF-RBAF that conforms to Treasury Board policies and guidelines.

The RMAF outlines performance measurement and evaluation strategies. The RBAF describes risks that can affect the program's performance, and outlines strategies to mitigate such risks. The integrated RMAF-RBAF was approved by Treasury Board in June 2003.

ISSUES RAISED

The objectives of the third-year review were to examine the design and operation of the program to identify any potential adjustments, and to assess whether the program is progressing towards its objectives. The following issues were addressed: alternative delivery models and design, and the success of the program to date. Multiple lines of evidence were used to address the review issues: review of program documentation such as documents related to the inception of the program, including the RMAF/RBAF, the Memorandum to Cabinet, Treasury Board submissions, etc.; administrative data such as request forms, outcomes reports, statements of account, and institutional affiliation agreements; interviews with 23 stakeholders and 20 institutional representatives; surveys with 75 institutions (70.8 per cent response rate); and on-site case studies.

In its third year of operation when the mid-term review was carried out, the Indirect Costs program was deemed important and timely by all institutions. The majority of the issues discussed in the review report deal with concerns about government expectations of institutions in terms of incrementality, reporting requirements and the stability of funding. Program management believes that these issues should continue to be addressed within the existing mandate and authorities for the duration of the current term of the program.

RECOMMENDATION 1

Retain the existing delivery model.

RESPONSE

Management supports this recommendation. The current delivery model provides for a clear definition of institutional eligibility, responds to institutional performance, allows for a consistent interpretation of eligible expenditures, and ensures the centralized implementation of a reporting strategy. It is efficient in terms of program delivery costs and responds well to the program objective of helping smaller Canadian postsecondary institutions develop and strengthen their research capacity. Management will also maintain the requirement that parent and affiliated health institutions formalize an agreement prior to the release of program funds. Given the variety of affiliation agreements submitted to the Secretariat, management will provide sample agreements in a best practices guide to help institutions develop their own (see recommendation 6). Further analysis of alternative delivery models will be conducted as part of the sixth-year evaluation of the program when more data is available on program outcomes.

RECOMMENDATION 2

Clarify government expectations of institutions and the program in terms of incrementality.

RESPONSE

The existing definition of incrementality (sustaining the existing research enterprise in spite of increased demand on an institution's resources; and generating improvements, efficiencies, and innovations in its management) was discussed with officials from Industry Canada, Treasury Board Secretariat and the Department of Finance. While universities are encouraged to cover some new expenditures with their grants, there is also the realization that existing costs will continue to rise and will require ongoing funding. With this understanding, the current definition is therefore deemed appropriate.

RECOMMENDATION 3

Revise institutional reporting requirements.

RESPONSE

To maintain their eligibility to receive funds, postsecondary institutions provide annual outcomes reports which describe how the program objective is being met; and annual statements of accounts, outlining the disposition of funds. Management will revise the indicators used in the annual reporting forms to ensure that there are logical linkages between them, the expected outcomes of the program, and what institutions are tracking in their regular course of business. The qualitative reporting form (Outcomes Report) is being revised to reflect these new indicators, be more probing and seek more specific information. Annual reports will also provide data linked to the definition of incrementality (see response to recommendation 2). The new reporting form will be available in April 2007 for the 2006-07 reporting period.

A new staff position will have responsibility for implementing a performance management strategy for the Indirect Costs program (and also for the Canada Research Chairs Program). The incumbent will ensure that controls are in place to verify the quality and reliability of outcomes data; design relevant data collection tools; and conduct complex internal analyses of the data that will feed into management decisions and be used in the continuing assessment of the program.

Reporting requirements are being streamlined for institutions receiving grants of \$25,000 or less. These institutions (approximately 40), will maintain their eligibility status by submitting the annual financial report (form 930) only and by agreeing to periodic monitoring exercises.

RECOMMENDATION 4

Establish a specific rate of indirect costs (higher than the 2003-04 rate) in order to ensure a stable funding level.

RESPONSE

The current formula for grant calculations makes it impossible to determine a single fixed rate. Consequently, larger institutions are seeing an erosion of the funding rate relative to their agency grants. Unless there are significant increases to the program budget, management will continue to apply the current formula and will not propose adjustments to it. Management will, however, continue to work to ensure that indirect costs funding more accurately reflects the granting agencies' funding increases.

RECOMMENDATION 5

Monitor the changes in funding by provinces and implement a mitigation strategy to address the risk of redirecting monies.

RESPONSE

Management recognizes that there have been reductions in provincial government funding for indirect costs since or due to the introduction of the federal Indirect Costs program. However, since the program design did not include formal agreements with the provinces to retain pre-2003 levels of support for the indirect costs of research, management has neither the tools nor the authority to implement a mitigation strategy. Nevertheless, universities are encouraged to work with program management and with provincial governments to ensure that the academic research enterprise is appropriately and adequately supported.

RECOMMENDATION 6

Develop a best practices guide to document exemplary use of program funds among institutions.

RESPONSE

In consultation with institutions, the Canadian Association of University Research Administrators, CAUBO, the Association of Universities and Colleges of Canada, and the finance divisions of the granting agencies, management will develop and publish a best practices guide by June 2006. This guide will provide advice and direction on the program's implementation at the institutional level, examples of request forms clearly explaining how an institution plans on spending its grant, and examples of outcomes reports well documenting the use of program funds. The guide will also include key factors in developing satisfactory agreements between parent and affiliated health research institutions, examples of agreements (see recommendation 1), and guidelines for institutions to use in preparing for agency monitoring visits.

- * *The publication of the best practices guide has been delayed until summer 2007 pending finalization of a monitoring protocol, and the launch of a revised Outcomes Report form.*

4. ANALYSIS OF INDIRECT COSTS GRANTS AWARDED IN 2005-06**QUALITY OF REPORTS SUBMITTED**

As in past years, the quality of the outcomes reports submitted varied considerably. The amount of information supplied and its specificity differed from one report to the next. Some institutions took pains to give very detailed examples of how they had used their funding, while others presented their expenditures only in broad outline. The number of reports accepted at first submission was greater than in past years.

The following table provides a breakdown of the 115 outcomes reports submitted in 2005-06:

ACCEPTED ON:	EXPLANATION	NUMBER
1st submission	N/A	70
Clarification	Signatures required	7
	Additional explanations of expenditures required, submitted by e-mail	15
2nd submission	Negative balance on statement of account	5
	Expenditures reported in wrong category	11
	Ineligible expenditures	2
	Expenditures reported in wrong category and ineligible expenditures	4
3rd submission	Expenditures reported in wrong category and ineligible expenditures	1

IMPACT OF GRANTS

Assessing and reporting on the impact of Indirect Costs grants is a complex process, both for the postsecondary institutions that receive these funds and for the program secretariat. The funding provided by the program covers only a portion of the actual indirect costs of federally funded research. Institutions apply the grant funds they receive to specific expenditures or to a portion of all their eligible indirect costs expenditures. The impact of these investments is therefore often diffuse and spread out over several years. Also, the annual reports require institutions to give only examples of the expenditures that they have incurred in the five priority areas. Hence, this information is by definition incomplete, which makes it that much harder to identify specific spending trends and to assess their implications.

The difficulty of assessing the impact of Indirect Costs grants is nicely summed up in the following comment from one research-intensive institution (for an explanation of the categories of institutions, see the “Program Spending Trends” section). In this case, the institution is talking about the connection between its use of funding to improve the research environment and its ability to attract and retain personnel:

“Though it is hard to quantify the weight that adequate administrative and support services and adequate facilities receive in researchers’ decisions to pursue their careers at [our university], it is easier to state the opposite: without adequate facilities and support, it becomes extremely difficult to attract and even to retain top-quality researchers ...”

Research-intensive institution (university), Québec

5. PROGRAM SPENDING TRENDS

In order to identify trends in the spending of Indirect Costs funding, institutions are divided into categories according to the size of their grants. This year, the categories have been revised slightly in order to identify the trends more precisely. The “large institutions” category has, thus, been divided in two, so that those large institutions that received additional funding after the program’s budget was increased are now classified as “research-intensive institutions.” Here are the revised categories:

- small institutions: grant of less than \$100,000;
- medium-sized institutions: grant of \$100,000 to \$1,000,000;
- large institutions: grant of more than \$1,000,000; and
- research-intensive institutions: grant of more than \$1,000,000 and received additional funding.

PROJECTED AND ACTUAL EXPENDITURES

The figures from institutions’ grant request forms and statements of account can be used to compare their projected and actual expenditures in each of the priority spending areas. The following table summarizes these figures. As shown, the actual expenditures did not differ significantly from the projected ones.

	PROJECTED EXPENDITURES Grant Request Forms	ACTUAL EXPENDITURES Statements of Account
Facilities	\$101,543,029	\$95,798,733
Resources	\$51,070,873	\$56,765,730
Management and administration	\$81,100,125	\$80,207,769
Regulatory requirements and accreditation	\$11,777,234	\$12,649,300
Intellectual property	\$13,555,109	\$13,625,306

PROPORTION OF FUNDS ALLOCATED TO PRIORITY SPENDING AREAS, BY SIZE OF INSTITUTION

The following table shows the percentage of their total Indirect Costs funding that the institutions in each size category allocated to each of the five priority spending areas. Because the 37 institutions that received Indirect Costs grants exceeding \$1 million (26 research-intensive institutions and 11 large institutions) accounted for 95 per cent of the Indirect Costs program budget, the percentages shown under “All institutions” largely reflect the trends at these institutions.

	Facilities	Resources	Management and Administration	Regulatory Requirements and Accreditation	Intellectual Property
Research-intensive	37%	22%	30%	5%	6%
Large	41%	21%	32%	3%	3%
Medium-sized	31%	20%	43%	3%	3%
Small	12%	15%	67%	4%	2%
ALL INSTITUTIONS	37%	22%	31%	5%	5%

In 2005-06, at research-intensive and large institutions, facilities accounted for the largest proportions of spending (37 per cent and 41 per cent, respectively), followed by management and administration (30 per cent and 32 per cent) and resources (22 per cent and 21 per cent). The spending trends were different at medium-sized institutions, which allocated an average of 43 per cent of their Indirect Costs funding to management and administration of research infrastructure. Small institutions also spent the greatest proportion of their funding on management and administration (67 per cent). Regulatory requirements and accreditation, along with intellectual property, remained the spending areas to which institutions devoted the least funds.

PROPORTION OF INSTITUTIONS INVESTING IN PRIORITY AREAS

The following table shows the percentage of institutions in each size category that invested Indirect Costs funding in each of the five priority spending areas.

	Facilities	Resources	Management and administration	Regulatory requirements and accreditation	Intellectual property
Research Intensive (n = 26)	100% (n = 26)	100% (n = 26)	100% (n = 26)	96% (n = 25)	100% (n = 26)
Large (n = 11)	100% (n = 11)	82% (n = 9)	100% (n = 11)	82% (n = 9)	82% (n = 9)
Medium-Sized (n = 25)	84% (n = 21)	80% (n = 20)	100% (n = 25)	64% (n = 16)	60% (n = 15)
Small (n = 53)	30% (n = 16)	59% (n = 31)	66% (n = 35)	9% (n = 5)	9% (n = 5)
ALL INSTITUTIONS (n = 115)	64% (n = 74)	75% (n = 86)	84% (n = 97)	48% (n = 55)	48% (n = 55)

As this table shows, institutions that receive smaller grants often invest them in one or two priority areas. Generally, the larger their grants, the more institutions tend to distribute them among all these spending areas. A large majority of institutions (84 per cent) spent some of their funding on management and administration of their research infrastructure. Many institutions also invested in research resources (75 per cent) and facilities (64 per cent). Lastly, slightly fewer than half of the institutions (48 per cent) spent some of their funding on regulatory requirements and accreditation, and intellectual property.

In addition to the quantitative data that institutions provided in their statements of account, we asked them to provide explanations of how they used their Indirect Costs grants. This information has enabled the program secretariat to highlight some more specific trends in the five priority spending areas and their sub-categories. The outcomes report also captures information on the overall impacts of the grants and gives institutions the opportunity to provide comments. The report form also asks institutions two specific questions: to what extent the program has helped them attract and retain high-quality researchers, and to what extent it has helped them attract funding from other sources.

FACILITIES

This priority spending area comprises four sub-categories of eligible expenditures:

- renovation and maintenance of research facilities;
- upgrade and maintenance of research equipment;

- operating costs (custodial, security, maintenance, utilities, leasing, capital planning for research facilities and equipment, insurance on research space); and
- technical support for laboratories, offices, animal care and other facilities.

HIGHLIGHTS

- A total of \$95,798,733 in program funds was invested in research facilities.
- This figure represented 36.98 per cent of the total program budget, thus ranking this spending area first for all institutions combined.
- All of the research-intensive and large institutions invested program funds in this area, while 84 per cent of the medium-sized institutions and 30 per cent of the small institutions did so.
- Program funds were used for all of the sub-categories in this spending area:
 - Renovation and maintenance of research facilities was the sub-category mentioned most often (65 institutions), with renovation being mentioned more often than maintenance.
 - Operating costs ranked second, with 44 institutions reporting that they had invested funding in this sub-category. Within this sub-category, utilities were the type of operating costs cited by the most institutions (25), followed by security (20), custodial (17), leasing (11), capital planning (9), insurance (8) and maintenance (7).
 - Technical support ranked third among the sub-categories in which institutions reported having invested (39 institutions).
 - Upgrade and maintenance of research equipment was the sub-category of facilities spending cited least often (21 institutions). Institutions reported that, often, equipment cannot be repaired and must be replaced, which represents an ineligible expenditure under the program.

IMPACTS OF INVESTMENTS IN FACILITIES

Many institutions justified their investments in facilities by explaining that, as the amount of research they conduct increases, so do the amount of space and technical support that they need to conduct it, and the costs of operating their facilities. Many institutions stated in their annual reports that their investments of Indirect Costs program funding in research facilities had had an impact on their research capacity. They also stressed that the resulting improvements to their research environment had increased their productivity and enhanced the quality of their research.

“The funding that we have used to upgrade and provide technical support for our research facilities, including our animal facilities, has done much to expand collaborative research within our institution, and has often proven essential for carrying out new, large-scale research projects. At the risk of repeating ourselves, these investments in facilities have supported the already substantial investments that our university has made in the most strategic areas of its research planning.”

Research-intensive institution (university), Québec

In addition, many institutions reported that their investments in facilities had had an impact on their ability to attract and retain high-quality researchers, as well as undergraduate and graduate students.

“The Indirect Costs program, in concert with the Canada Foundation for Innovation and the Canada Research Chairs Program, is contributing significantly to the attraction and retention of high-quality researchers at [the University]. Its most immediate impact comes from providing funds to ensure that state-of-the-art research equipment associated with multi-user and multi-disciplinary research centres is maintained and well used.”

Research-intensive institution (university), Nova Scotia

“All faculties, schools and affiliated institutions report that enhancements to research facilities and associated technical support have led to more efficient use of research space and have helped in recruiting and retaining researchers and research personnel.”

Research-intensive institution (university), Manitoba

“The impact [of the Indirect Costs program] on research at the University has been significant. Renovated laboratories have been allocated mainly to new faculty members in the sciences and business. These new faculty members are attracting high-quality undergraduate and graduate research students who over the next decade will become leaders in science and business.”

Large institution (university), Ontario

RESEARCH RESOURCES

This priority spending area comprises four sub-categories of eligible expenditures:

- acquisition of library holdings (journals, books, collections, periodicals, Canadian National Site Licensing Project, etc.);
- improvements to electronic information resources (access to databases, telecommunications systems, information technology systems, and research tools);
- library operating costs and administration (custodial, security, maintenance, utilities, leasing, capital planning, staff salaries); and
- insurance on research equipment and vehicles.

HIGHLIGHTS

- A total of \$56,765,730 in program funds was invested in research resources.
- This figure represented 21.91 per cent of the total program budget, thus ranking this spending area third for all institutions combined.
- All of the research-intensive institutions reported having invested some of their grant funds in research resources, as did 82 per cent of the large institutions, 80 per cent of the medium-sized institutions and 59 per cent of the small institutions.

- Program funds were used for all of the sub-categories in this spending area:
 - Acquisition of library holdings was the sub-category of resource expenditures mentioned most often (71 institutions). Institutions reported spending on electronic resources (periodicals, journals and licensing projects) more often than on print resources (books). Many electronic publications were acquired through subscriptions to licensing projects such as the Canadian Research Knowledge Network.
 - A total of 50 institutions reported expenditures for improvements to electronic information resources, putting this sub-category in second place. Many of the examples provided of spending in this sub-category involved costs for telecommunications infrastructure, in particular for wireless networks and Internet services.
 - Library operating costs ranked last among the sub-categories in this spending area, with 27 institutions reporting that they had used funds for this purpose. Library staff salaries were the most common type of spending in this sub-category (17 institutions), followed by expenditures for security (seven institutions) and custodial costs (six institutions), insurance (seven institutions), leasing (four institutions), capital planning (three institutions), utilities (three institutions), maintenance (two institutions) and capital planning (two institutions).

IMPACTS OF INVESTMENTS IN RESEARCH RESOURCES

Many of the outcomes reports from institutions that had invested grant funds in research resources stressed the important contribution that these investments have made to their research infrastructure. These resources were described as necessary for the pursuit of research efforts and as contributing to the fulfilment of the institutions' research mandates.

“Software licence fees, telecommunications, and access to library and research databases are essential components of the research function. These tools are particularly important to [the institution’s] researchers who work in small departments with only one specialist in a particular research field.”

Medium-sized institution (university), Manitoba

“This year we continued to use a portion of our grant to fund the costs of inter-library loans used for research and for some online subscription services. In recent years, we have been trying to increase our science faculty’s capacity to be more competitive in funding research. As the level of scientific funding has increased, faculty have at times been constrained because of the high cost of many scientific journals for a university our size. Using part of our Indirect Costs grant for this purpose has enabled us to significantly improve our faculty’s access to the necessary research journals.”

Small institution (university), British Columbia

The institutions also reported that the access that they have obtained to information systems through some of their investments of program funds has greatly contributed to collaboration among researchers internally, nationally and internationally.

“...this world-leading gigabit connectivity has made it possible for researchers to share and process large amounts of data and engage in international research partnerships.”

Large institution (university), Ontario

“These systems exponentially facilitate information-sharing and communication between our researchers and their colleagues at other institutions and in other countries.”

Small institution (university), Québec

Lastly, some institutions cited the availability of research resources as an essential element for attracting and retaining researchers.

“The availability of databases ... is an important factor in recruiting researchers in many disciplines. Researchers expect the institution to supply the resources they need to pursue their research activities ...”

Medium-sized institution (university), Québec

“[The Indirect Costs program] has allowed the University to retain memberships in important research information systems, including online journals, to access current and relevant computer software programs and other important tools, all of which directly benefit our researchers. Without being able to provide these important services to our faculty, it would be very difficult to retain them at [the University].”

Medium institution (university), Ontario

MANAGEMENT AND ADMINISTRATION

This priority spending area comprises seven sub-categories of eligible expenditures:

- institutional support for the completion of grant applications and research proposals;
- acquisition, maintenance and upgrading of information systems used to track grant applications, certifications and awards;
- eligible training of faculty and research personnel (excluding training necessary to meet regulatory requirements);
- financial and other administrative services;
- human resources and payroll, including the salaries and benefits of employees who support the research enterprise but are not funded directly through a research grant;
- purchasing, audit, health and safety costs; and
- research planning and promotion, and public relations.

HIGHLIGHTS

- A total of \$80,207,769 in program funds was invested in management and administration of research infrastructure.
- This figure represented 30.96 per cent of the total program budget, putting this spending area in second place for all institutions combined.

- All research-intensive, large and medium-sized institutions invested some of their grant funds to cover management and administration expenditures, while 66 per cent of small institutions reported having done so.
- Program funds were used for all of the sub-categories in this spending area:
 - The two sub-categories mentioned in the greatest number of reports were spending on institutional support for the completion of grant applications and research proposals (75 institutions), and spending on financial and other administrative services (72 institutions).
 - Research planning and promotion, and public relations came in third, with 66 institutions reporting having spent grant funds for these purposes.
 - A total of 43 institutions reported having spent grant funds on human resources and on pay for employees who support the research enterprise, putting this sub-category of expenditures in fourth place.
 - Purchasing, audit, health and safety costs was the fifth-ranking sub-category of spending in this area (30 institutions). Within this sub-category, institutions mentioned purchasing costs most often.
 - Lastly, the two sub-categories of management and administration expenditures cited least often in the annual reports were acquisition, maintenance and upgrading of information systems used to track grant applications, certifications, and awards (17 institutions); and eligible training of faculty and research personnel (13 institutions).

IMPACTS OF INVESTMENTS IN MANAGEMENT AND ADMINISTRATION

In general, according to several institutions, expenditures on management and administration of the research enterprise contributed to their research capacity. Researcher productivity was often mentioned, since investments in administrative support for researchers let them concentrate on their research activities instead of on administrative tasks. Many institutions also drew a connection between administrative support and their ability to attract and retain researchers.

“Adding fully dedicated staff members to critical technical and administrative support functions (networks, IT, proposal writing and financial administration) has increased the productivity of researchers as well as improved the research environment in which they work. The increased productivity and improved environment have supported faculty retention, which, in turn, has facilitated the process of recruiting new researchers to that end.”

Research-intensive institution (university), British Columbia

“Additional funding for personnel responsible for research administration, financial administration, regulatory requirements and purchasing allows the University to provide administrative support to researchers. This enables our researchers to focus on their research programs, not paperwork. Administrative staff members are extremely important to the ongoing retention of researchers.”

Large institution (university), Saskatchewan

“The grant from the federal government’s Indirect Costs program thus indirectly provides a significant form of support for all of the researchers at our institution. The institutional support that this grant lets us provide to [the University’s] community of professors/researchers creates a more than satisfactory administrative and information-systems environment, so that the researchers can make progress in their efforts.”

Large institution (university), Québec

“In short, the administrative and technical support that researchers receive through the Indirect Costs program makes various development efforts possible, thus allowing the establishment of an effective succession plan, a program of new research fields, and increasingly varied collaboration among national and international networks of researchers and stakeholders, which ensures the knowledge acquired is shared effectively.”

Small institution (Cegep), Québec

As mentioned earlier, institutional support for the completion of grant applications and research proposals was the sub-category of management and administration spending mentioned most often in institutions’ annual reports. It was also the sub-category that institutions most often associated with their ability to attract funding from federal granting agencies and other sources.

“[The University] continues to invest indirect costs funding in administrative personnel (facilitators) who assist the researchers in identifying possible funding opportunities and provide support in application development. The benefit of this investment was evident in the Tri-council success during the last year.”

Research-intensive institution (university), Saskatchewan

“The introduction of research grant facilitators, supported by the Indirect Costs program, has been a boon to the research enterprise at the University. The statistics suggest a 20-per cent increase in the number of applications submitted to the national granting councils in 2005-06 over 2004-05.”

Large institution (university), Ontario

“The Indirect Cost program has ensured adequate administrative support for the research enterprise at the University. With this support in place, more applications are being developed and submitted, not just to the Tri-councils, but other potential funders as well.”

Medium institution (university), Alberta

“This program has undeniably contributed greatly to our efforts and our researchers’ efforts to attract funding from external sources.”

Medium-sized institution (university), Québec

“The assignment of a full-time professional to assist in seeking grants has supported researchers’ efforts to secure funding for their activities. This support has enhanced the quality of the proposals submitted to the various funding competitions. This approach to seeking funding frees up a great deal of the researchers’ time so that they can concentrate, instead, on their research projects and on training highly qualified personnel.”

Medium-sized institution (university), Québec

“This year we have had an increase in the number of applications for external funding. The increased participation rate and success rate are certainly in part attributable to the Indirect Costs program, which has allowed us to continue to strengthen research capacity and support faculty at a time when other academic budgets have been constrained in the University.”

Small institution (university), British Columbia

REGULATORY REQUIREMENTS AND ACCREDITATION

This priority spending area comprises four sub-categories of eligible expenditures:

- creation and support of regulatory bodies;
- training of faculty and other research personnel in animal care, ethics review, radiation and biohazards handling, and environmental assessments;
- international accreditation costs related to research capacity; and
- upgrades to research facilities and equipment to meet regulatory requirements.

HIGHLIGHTS

- A total of \$12,649,300 in program funds was invested in meeting regulatory requirements and accreditation.
- This figure represented 4.88 per cent of the total program budget, placing this spending area in fourth place for all institutions combined.
- Among research-intensive institutions, 96 per cent invested funds in this area, while 82 per cent of large institutions, 64 per cent of medium-sized institutions and nine per cent of small institutions did so.
- Program funds were used for all of the sub-categories in this spending area, except for international accreditation costs related to research capacity:
 - Creation and support of regulatory bodies was the sub-category mentioned most often in the reports (49 institutions). Only two institutions reported having used funds to create a regulatory body.
 - Training of faculty and other research personnel was the sub-category mentioned second-most often.
 - Upgrades to research facilities and equipment to meet regulatory requirements was the sub-category mentioned least often in the annual reports; only seven institutions reported having invested funds for this purpose.

IMPACTS OF INVESTMENTS IN REGULATORY REQUIREMENTS AND ACCREDITATION

Only 48 per cent of institutions reported having invested grant funds in meeting regulatory requirements, and very few of these institutions provided details on the possible impacts of these investments. Generally, the institutions' comments concerned the importance of the funds received for ensuring that regulatory and accreditation requirements were met.

“...by enabling new training, orientation, and oversight of laboratory activities, the Indirect Costs program has helped [the University] remain at the forefront of compliance and regulatory requirements that keep our researchers and staff safe.”

Research-intensive institution (university), Ontario

“They have relatively few opportunities to seek funding for regulatory and compliance activities, since costs associated with these activities are either ineligible or difficult to recover from research funds. Ensuring regulatory compliance is hugely expensive and support from the Indirect Costs program is very much needed to sustain and strengthen our regulatory compliance activity.”

Research-intensive institution (university), Ontario

“The Indirect Costs program has had a significant beneficial effect on improving our ability to fulfil our regulatory needs in areas such as research ethics.”

Research-intensive institution (university), Nova Scotia

“If we had not received the grant, we would have had a lot of difficulty in meeting the requirements, given the large increase in the number of files.”

Large institution (university), Québec

INTELLECTUAL PROPERTY

This priority spending area comprises eight sub-categories of eligible expenditures:

- creation, expansion or maintenance of a technology transfer office or similar function;
- administration of patent applications for inventions;
- support for technology licensing;
- administration of agreements and partnerships with industry;
- development of incubators;
- support for the creation of spin-off companies;
- outreach activities undertaken to transfer knowledge through venues not eligible for funding under other federal programs; and
- marketing of teaching materials, scientific photo libraries, survey instruments, statistical packages, data sets and databases, software, computer models and other tools.

HIGHLIGHTS

- A total of \$13,625,306 in program funds was invested in the intellectual property spending area.

- This figure represented 5.24 per cent of the total program budget, ranking this spending area on par with regulatory requirements and accreditation.
- All research-intensive institutions, 82 per cent of large institutions, 60 per cent of medium-sized institutions and nine per cent of small institutions invested grant funds in this area.
- Program funds were used for all sub-categories of expenditures in this area, except for the development of incubators:
 - Creation, expansion or maintenance of a technology transfer office or similar function was the sub-category mentioned most often (40 institutions). Within this sub-category, maintaining an office dealing with intellectual property was the type of expenditure mentioned most often.
 - Administration of patent applications for inventions (29 institutions), support for technology licensing (25 institutions), and marketing of intellectual property tools (24 institutions) ranked second among the expenditure sub-categories mentioned in the reports.
 - Coming in third were expenditures for administration of agreements and partnerships with industry, mentioned by 17 institutions.
 - Lastly, the sub-categories of expenditures mentioned least often in the reports were outreach activities (11 institutions) and support for the creation of spin-off companies (10 institutions).

IMPACTS OF INVESTMENTS IN INTELLECTUAL PROPERTY

Institutions offered few comments on the impact of their expenditures in the area of intellectual property. These comments revealed no common theme, except that two research-intensive institutions stated that these expenditures had had an impact on financial returns on investments.

“Commercialization is important to the University of ... as it involves a return to the community and provides economic benefits that extend beyond the University’s boundaries. Commercialization also generates income for the University.”

Research-intensive institution (university), Alberta

“The bottom line is that this new injection of budget funds to intellectual property has increased its overall effectiveness within the community and has contributed to the enhancement of the value of its technology portfolio and future revenues from licensing activities.”

Research-intensive institution (university), Ontario

6. CONCLUSION

On the whole, institutions report that Indirect Costs program funds have had a positive impact on their research activities. The overall effects of their investments of these funds have been to maintain and enhance research capacity and quality.

A good many institutions stated that the grants they had received had helped them attract and retain high-quality researchers, and secure funding from other sources. However, it should be noted that some institutions did not draw any connections between the funding they had received and these impacts. The ability to attract and retain researchers was often linked with investments in facilities and resources, since such investments help create and maintain a suitable, attractive research environment. Based on the reports, it seems that expenditures on managing and administering research infrastructure and, more particularly, on providing institutional support for completing grant applications affected institutions' ability to secure funding from other sources. Many institutions also stated that the presence of management and administrative resources lightened the researchers' administrative workloads, which had a positive impact on their productivity.

As in past years, some institutions (especially research-intensive and large ones) mentioned in their reports that they wished that more funding would be awarded so as to better cover all indirect costs of research. Some medium-sized and small institutions stated that the program's structure—and even the allocation formula adjusting funding rates to the sizes of the institutions—suited them. These institutions said that the amounts they had received were indispensable for building their research capacity.

In this third year of the program, we note that the quality of the reports has improved. A good many institutions have expressed their great appreciation for the services that they receive from the program's secretariat, which they say is always ready to help them to fill out the required forms and to answer their general questions. Institutions that are going through personnel changes usually request the Secretariat's help with the reporting process. We are still experiencing some problems regarding institutions meeting the deadlines for submitting their grant applications and annual reports.

In summary, most of the institutions find that their Indirect Costs grants are indispensable for the development of their research communities, and some institutions even acknowledge that this support from the federal government strengthens Canada's research culture.

7. LIST OF INDIRECT COSTS GRANTS AWARDED IN 2005-06

INSTITUTION	PAYMENT (\$)
Acadia University	670,766
University of Alberta	14,681,251
Athabasca University	125,301
Bishop's University	115,893
Brandon University	332,983
Breton University	166,734
University of British Columbia	18,636,606
Brock University	1,298,342
University of Calgary	10,332,168
Canadian University College	933
University College of the Cariboo	176,363
Carleton University	3,993,650
Collège dominicain de philosophie et de théologie	5,967
Université Concordia	3,482,110
Concordia University College of Alberta	3,200
Dalhousie University	6,964,172
École Polytechnique de Montréal	3,964,906
École nationale d'administration publique	70,723
École de technologie supérieure	859,212
University College of the Fraser Valley	35,457
University of Guelph	5,061,045
HEC Montréal	735,871

INSTITUTION	PAYMENT (\$)
Institut national de la recherche scientifique	2,913,344
The King's University College (Alberta)	14,933
Lakehead University	927,156
Université Laurentienne de Sudbury	1,193,340
Université Laval	10,903,666
University of Lethbridge	1,173,657
Malaspina University College	90,784
University of Manitoba	6,869,085
Université McGill	19,975,709
McMaster University	9,345,143
Memorial University of Newfoundland	4,036,134
Université de Moncton	640,927
Université de Montréal	14,429,429
Mount Allison University	445,229
Mount Saint Vincent University	204,930
University of New Brunswick	3,141,565
Nipissing University College	82,480
University of Northern British Columbia	686,370
Nova Scotia College of Art & Design	15,063
Nova Scotia Agricultural College	226,181
Okanagan University College	291,238
University of Ottawa	8,736,870
University of Prince Edward Island	909,343
Queen's University	7,225,168

INSTITUTION	PAYMENT (\$)
Redeemer College	26,195
University of Regina	1,809,420
Collège militaire royal du Canada	534,422
Royal Roads University	30,640
Ryerson University	1,589,313
Collège universitaire de Saint-Boniface	3,200
Université Sainte-Anne	16,564
Saint Mary's University	645,406
University of Saskatchewan	5,064,799
Université de Sherbrooke	5,245,136
Simon Fraser University	5,238,149
St. Francis Xavier University	843,643
St. Thomas University	125,723
Télé-Université	146,383
University of Toronto	32,122,842
Trent University	1,163,199
Trinity Western University	80,054
University of King's College (Nouvelle-Écosse)	7,733
Université du Québec en Abitibi-Témiscamingue	338,827
Université du Québec à Chicoutimi	1,123,808
Université du Québec à Montréal	3,829,745
Université du Québec en Outaouais	455,160
Université du Québec à Rimouski	731,927
Université du Québec à Trois-Rivières	1,361,280

INSTITUTION	PAYMENT (\$)
University of Victoria	4,781,984
University of Waterloo	6,864,207
University of Western Ontario	9,393,905
Wilfrid Laurier University	1,004,279
University of Windsor	2,791,319
University of Winnipeg	575,468
York University	4,207,526
Alberta College of Art and Design	33,424
Aurora College	10,267
British Columbia Institute of Technology	14,678
Camosun College	27,355
Alliance University College	3,003
Capilano College	833
Cégep de Bois-de-Boulogne	2,720
Cégep de Jonquière	80,019
Cégep de Sainte-Foy	15,691
Cégep John Abbott (Sainte-Anne-de-Bellevue)	11,310
Cégep régional de Lanaudière à Joliette	17,729
Centennial College	9,467
Collège Ahuntsic	12,504
Cégep de l'Outaouais	3,800
Collège de Maisonneuve (Montréal)	39,615
Collège de Valleyfield	9,955
Dawson College	62,008

INSTITUTION	PAYMENT (\$)
George Brown College	11,347
Georgian College of Applied Arts and Technology	6,380
Grande Prairie Regional College	2,914
Humber CAAT	978
Langara College (British Columbia)	5,062
Mount Royal College	6,292
Northern Alberta Institute of Technology	1,247
Nova Scotia Community College	9,093
Nunavut Arctic College	29,928
Red Deer College	5,387
Seneca College for Applied Arts and Technology	11,061
Sheridan Institute of Technology and Advanced Learning	16,478
St. Mary's College	6,292
Vanier College	3,640
Yukon Community College	7,500
Cégep du Vieux-Montréal	7,229
Collège de Sherbrooke	4,978
Emily Carr Institute of Art and Design	38,951
University of Ontario Institute of Technology	74,722
Douglas College	2,667
Mohawk College of Applied Arts and Technology	416
Ontario College of Art and Design	727
First Nations University of Canada	101,581
Université de Hearst	2,667