Projections for research revenues and expenses are based on multi-year grants, contracts already awarded and possible new contracts and awards. As a result, budgeting exercises are difficult, but experience and close relationships with granting agencies allow us to make reasonable assumptions and estimates.

For financial planning and reporting purposes, restricted contributions are generally matched to the related expenditure since revenue are recognized only when eligible expenses are incurred. The University recognizes contributions in accordance with the deferral method of accounting for contributions and thus revenue is only recognized in the period in which the related expenses are incurred. As a result, award projections may differ from revenue recognized within a fiscal year.

An analysis of actual and projected research and trust-fund revenue is provided in Table D-1, which indicates both the value of awards received by the University over the past three years and the awards projected for 2017-2018. As noted, research awards fluctuate from year to year based on economic conditions, funding announcements for major research and infrastructure programs as well as new government priorities.

In 2016-2017, the University continued to experience the impact of federal and provincial budget constraints as governments cope with budgetary pressures in a difficult economic climate. Nonetheless, the University has managed well overall, particularly with strong CFI performance for infrastructure.

In 2017-2018, while competition remains fierce for operating grants, the University’s researchers will maintain their competitiveness. Existing and new sources of research revenue are being actively explored through increased activity with potential partners, including the private sector, through industry-sponsored research. Overall, in 2017-2018, a status quo is projected.

Substantial increases and improvements to research space, such as the addition of the Advanced Research Complex (ARC), the Science Technology Engineering Mathematics (STEM) building and the ongoing recruitment of a significant number of professors (69 in total) at uOttawa will continue to create opportunities for seeking and obtaining additional research funding.

The rationale is as follows:

**Tri-Council funding (NSERC, SSHRC and CIHR):** The funding environment continues to be extremely competitive for operating grants. The recent federal budget marked the first time in nearly 20 years that the Tri-Councils did not receive increased funding to their budgets. The Government’s recently-released comprehensive review of federal support for research conducted in 2016 (the Naylor report) calls for increased investments in fundamental research. The Government has not yet announced its response to the report. This review was largely prompted by the growing concern that Canada is less competitive internationally due to several years of stagnation and real declines in government investment in research.

Overall, University researchers are competing well in the Tri-Council programs. Of note, performance at NSERC remains strong and efforts to improve SSHRC success rates are bearing
fruit. National success rates at CIHR remain very low, and are expected to decrease further due to major changes to CIHR programs. This creates a high degree of uncertainty for uOttawa researchers. As researchers increasingly focus on developing (traditional and non-traditional) partnerships, including internationally and with the private sector, the University and affiliated institutions will be better positioned to compete in existing and new targeted initiatives.

Overall, we project status quo in Tri-Council awards in 2017-2018.

**Canada Foundation for Innovation (CFI):** Fiscal 2017-2018 will be an active year for CFI-related projects. Significant progress was made in 2016-2017 for the projects funded through the 2015 Innovation Fund competition (representing over $51.6 million from the Canada Foundation for Innovation and the Ontario Ministry of Research, Innovation and Science); these projects should be reaching the end of the procurement and construction activities in 2017-2018. In parallel, results for the 2017 Innovation Fund competition will be announced in June 2017. The University of Ottawa submitted projects aligned with uOttawa’s research priorities totalling approximately $121 million in support of Destination 2020. The CFI announced that the national success rate for the 2017 Innovation Fund competition would be set at 36%. Achieving national success rate would bring close to $44 million to the University of Ottawa. The uOttawa CFI-JELF (John R. Evans Leaders Fund) envelope was renewed for 2017-2020 with a CFI allocation of $8.2 million. The University will continue to leverage the JELF program to help attract the very best of today’s and tomorrow’s researchers, aligned with uOttawa’s strategic research priorities (attraction of new candidates and retention of existing researchers).

**Canada Research Chairs:** The University’s allocation of Canada Research Chairs is 75. Recruitment efforts are underway to replace a number of Tier 2 candidates whose terms have expired. Efforts are ongoing to select excellent candidates in the University’s strategic areas of research and to meet the University’s equity targets. Given recruitment time lags, status quo is projected for 2017-2018.

**Government of Canada:** Federal government spending constraints have had an impact on the level of departmental funds available for research contracts. The University of Ottawa will be seeking opportunities under other federal programs, such as FedDev Ontario, to complement its research funding prospects. A modest increase is projected in 2017-2018.

**Province of Ontario:** Total funding from the Province of Ontario is intrinsically linked to CFI funding since the province matches CFI funding in most cases. Therefore, a significant increase in revenue is expected for 2017-2018 as matching funds for the 2017 Innovation Fund competition are received. The Ministry of Research, Innovation and Science announced round 9 of the ORF-RE competition. The University is expected to submit several projects for this program in September 2017. Notifications of Intent are due in May 2017. At the same time, the impacts of government restraint continue as other provincial programs have been cancelled or suspended. Overall, a decrease in funding for 2017-2018 is projected.

**Private Sector:** While the overall economic climate remains lackluster, University researchers continue to respond enthusiastically to new Tri-Council funding programs which offer “seed” funding for new collaborations and may ultimately set the stage for more intensive collaborative research activities with private sector firms. The University of Ottawa will continue to pursue industry sponsored research opportunities, maximizing provincial and federal leveraging. A slight increase in this area is expected for 2017-2018.
Networks and Fourth Pillar Organizations: “Fourth pillar” organizations are associations amongst industry, university and government organizations which promote and facilitate inter-sectorial research. These organizations are very sensitive to the economic climate and to government funding priorities. A small decrease is expected in the coming year.

Medical Research Foundations and Associations: Many disease-oriented foundations and associations have experienced budgetary restrictions when the economic downturn negatively affected their fundraising programs. As an example, in February 2017, in an effort to increase operational efficiencies, two cancer research funders, the Canadian Cancer Society and the Canadian Breast Cancer Foundation, merged. Therefore, a moderate decrease in funding is projected for 2017-2018.

Indirect Costs: Indirect costs are generated through a variety of sources, including overhead recoveries on contract research and through the Research Support Fund (formerly called the Federal Indirect Costs Program). The Research Support Fund is the most important source of revenue at the federal level, with a reimbursement rate of approximately 21% in 2016-2017 – well below the actual indirect costs of research incurred at the University. Status quo is anticipated for 2017-2018.