

NSERC MANAGEMENT RESPONSE TO THE EVALUATION FOR THE PGS, IPS/IIS, AND CREATE FUNDING OPPORTUNITIES

Context

The PGS, IPS/IIS, and CREATE funding opportunities were evaluated for the period of 2003-04 to 2013-14. The evaluation was based on a number of lines of evidence including a document and literature review, an administrative data review, a cost-efficiency analysis, surveys of students and supervisors, case studies of CREATE grants, and a review of CREATE reports.

The evaluation found that the PGS, IPS/IIS, and CREATE funding opportunities were relevant according to government priorities and the needs of stakeholders. In addition, the PGS and IPS/IIS funding opportunities were found to be effective with regards to long-term outcomes (it was too early to assess long term effectiveness for CREATE). As well, all of these funding opportunities were found to be delivered in an efficient manner with administrative costs of about \$4.60 to \$5.50 for every \$100 in grant funds across all of the funding opportunities.

The recommendations of the evaluation follow, along with the Management Response. The Action Plan can be found at the end of this document.

Recommendation 1: *The quality and quantity of information communicated on the PGS and IPS/IIS selection process should be improved.*

Although most respondents indicated satisfaction with all areas of the program management for all programs, clarity of the selection process was one area with the lowest levels of satisfaction for all programs. Programs could do more to communicate how selection is made.

Management Response: Agree

This recommendation is based on feedback received from surveys of students (recipients and non-recipients of PGS and IPS/IIS awards). As such, management agrees with this recommendation and plans to implement several suggestions to address the quality and quantity of information regarding the PGS selection process (refer to action plan). Applications to IPS/IIS are no longer accepted at NSERC as Mitacs' Accelerate program has become the primary delivery agent for federally supported graduate-level industrial research and development internships; therefore, no action is required with respect to the IPS/IIS funding opportunity.

Recommendation 2: *CREATE program management should consider design adjustments to adapt to the initiatives' ability to spend in Year 1.*

Many CREATE initiatives are unable to spend their entire Year 1 allocation because of delays in decisions and in announcements of grants. In some cases, this leads to reduction in payments made by NSERC in later years of the grant. The Year 1 allocation could be calibrated to the ability of the initiative to spend the funds or barriers to early initiation of the Year 1 work could

be alleviated; program management may offer other possible remedies. Corrective reductions in future payments should be communicated earlier and more clearly.

Management Response: Partially agree

Management agrees that spending trends are worthy of further examination. However, rather than reducing the Year 1 allocation as suggested by the evaluation, a more holistic view will be considered which could include the timing of notification, profiling of awards amounts and policies on the carryover of annual grant balances.

With respect to the suggestion that corrective reductions in future payments should be communicated earlier and more clearly, program management has recently taken steps to this effect. This includes the development in 2014 of new materials provided to new grantees that explicitly states that if an initiative carries a large balance subsequent installments may be adjusted accordingly, with guidelines for acceptable carryover amounts. Additionally, since 2013, progress report feedback letters include explicit warnings that if carryover remains high subsequent installments may be reduced. To further support this, a note that funds are expected to be spent on an annual basis, which has always been stated in the Award Holder's Guide, could be added to the program description or application instructions, to make applicants aware of this expectation at the earliest stage.

Recommendation 3: *CREATE program management should consider revisiting the limits placed on certain CREATE spending categories.*

CREATE guidelines indicate that no more than 20% of the grant can be used to pay for expenses associated with administration, travel, dissemination and networking, and no more than 30% of stipends can be distributed to trainees who are not enrolled in the NSE. Because of the nature of their partnerships and activities, some initiatives may be less productive because of these constraints. These rules should be reconsidered in light of the experience accumulated since the inception of the program.

Management Response: Disagree

Management does not find that the report demonstrated that the requirement that 80% of the CREATE grant be spent on trainee stipends has restricted the productivity of CREATE initiatives. Moreover, Management does not find sufficient evidence to reconsider the 30% limit on stipends paid to non-NSE trainees. This limit recognizes that while CREATE supports interdisciplinary training, it is an NSERC grant, and must therefore follow NSERC's mandate to support research in the natural sciences and engineering. This limit is also in line with that of other NSERC funding opportunities. Management would like to note that students from non-NSE fields may receive support from the agency appropriate from their field of study while still participating in CREATE training activities and collaborating with CREATE trainees, so long as the overall focus of the research program remains clearly within the NSE and the majority of trainees in the program are heading towards careers in the NSE.

Recommendation 4: *Program management should continue to monitor administrative costs relative to grant expenditures.*

PDF, PGS, CGS, and IIS have seen their administrative costs relative to grant expenditures increase between 2009-2010 and 2013-2014. While this may be due to reductions in economies of scale or a lag in the reduction of administrative costs as grant expenditures declined, it warrants monitoring. Program management should continue to monitor the operating ratio and should it persist explore the factors behind the trends.

Management Response: Agree

Management agrees that it is a good practice to routinely monitor administrative costs relative to grant expenditures. The evaluation found that for PGS and IIS (as well as PDF and CGS), the operating ratios have tended to increase over time (increases ranging from \$0.80 to \$1.10 for every \$100 of grants awarded over the five year period under review). Although the report noted that these ratios are still within acceptable ranges, a discussion of the observed upward trend is included here for completeness.

The administrative expenditure data was collected for fiscal years 2009-10 to 2013-14. According to Table 4.1.1.1 of the *Cost-Efficiency Analysis Technical Report*, the total administrative costs per fiscal year for PGS have been consistently dropping between 2009-10 and 2013-14. They are also becoming comparable to administrative expenditures for similar funding opportunities such as the SSHRC Doctoral Fellowship. The reason that the percentage of administrative costs relative to grant expenditures for PGS has increased during this time period (see Exhibit 6.2 in the *Evaluation Report* or Table 4.1.2.1 in the *Cost-Efficiency Analysis Technical Report*) is that the total value of the grant funds has steadily decreased during this time but at a faster rate than the administrative costs have decreased. Additionally, the percentage of administrative costs relative to grant expenditures has fluctuated over these five fiscal years, rather than having consistently increased year to year.

For the IIS funding opportunity, the total administrative costs per fiscal year have increased slightly over the five fiscal years under review, as have the total grant funds. As such, the administrative costs relative to grant expenditures have remained relatively consistent.

In any case, since the percentage of total costs attributed to administrative costs for these funding opportunities is already very conservative (average of 5% among all funding opportunities studied) and the total administrative costs are showing a decreasing trend, the slight increase in administrative costs relative to grant expenditures is not significant.

Summary of Recommendations and Action Plan:

Recommendation	Program Management Response			Tracking
	Response / Action	Responsibility	Target date	
1.The quality and quantity of information communicated on the PGS and IPS/IIS selection process should be improved.	<p>Agree. NSERC will:</p> <ul style="list-style-type: none"> • Complete a thorough update of the PGS/PDF Selection Committee Guidelines and post them on the NSERC website for public access. • Reinforce, explain, and clarify the selection process during annual university visits (which were reinstated as of Fall 2015) and regional meetings (during which SLOs can be informed of the process in order to better explain it to students at their respective universities). • Update the feedback letters to make them clearer and include them with all Notices of Decision (currently they are sent for all PDF applications but only on demand for PGS D applications). • Update resource videos, particularly the "<i>Demystifying the review process for NSERC scholarships and fellowships</i>" video on NSERC website which were last updated in 2011. 	NSERC S&F Division	<p>August/September 2016</p> <p>August/September 2016</p> <p>March 2017</p> <p>TBD based on availability of funds.</p>	
2.CREATE program management should consider design adjustments to adapt to the initiatives' ability to spend in Year 1.	<p>Partially agree. NSERC will:</p> <ul style="list-style-type: none"> • Review the NSERC CREATE policies to address the issue of initiatives' ability to spend funds on a yearly basis. • Implement any changes in policies and processes found to be appropriate and feasible in the aforementioned review • Add note to application 	ICSP Team	<ul style="list-style-type: none"> • October 2016* • March 2017* • March 2017 	

Recommendation	Program Management Response			Tracking
	Response / Action	Responsibility	Target date	
	instructions regarding the expectation that funds be spent on an annual basis.		*Note that any changes to the award notification date or value would not be in effect until the 2018 competition.	
3.CREATE program management should consider revisiting the limits placed on certain CREATE spending categories.	Disagree. No action proposed			
4.Program management should continue to monitor administrative costs relative to grant expenditures, and explore possible reasons for upward trends.	Agree. No additional action proposed beyond the normal practice of monitoring expenditures. Please refer to detailed response above.	n/a	n/a	