Academic Medicine Investment in Medical Research
Results of AAMC Survey

NECA Conference
September 29, 2015
About the study

• The study originated to gather evidence regarding the full institutional investment in biomedical research.

• The AAMC partnered with business office and research leaders at US medical schools, and Huron Consulting Group to develop a data collection tool that defines and facilitates consistent reporting across major categories of investment.

• The full report is available at aamc.org/initiatives/research
About the data collection tool

The survey tool supports uniform reporting of:

• Sponsored program direct, indirect and total costs;
• Related institutional direct and indirect costs.

Data was collected for the institutional 2013 Fiscal Year

Sponsored program investments were also reported by source type:

• Federal-NIH
• Other Federal
• State and Local government
• Industry/Corporate
• Foundation/Not-for-profit
• Incoming subawards and subcontracts
• Other
Study timeline

**November 2013:** Developed draft survey tool; defined investment categories and methods; then piloted survey tool with 12 medical schools.

**August 2014:** Updated survey tool which was distributed to 57 medical schools, including original pilot sites.

**September-October 2014:** 46 institutions responded (Response rate: 81%). Huron Consulting Group confirmed the accuracy of data with each survey respondent. Data from 45 institutions were considered complete for purposes of study. Sample size for each calculation varied dependent on the availability of specific data fields.

**November 2014-March 2015:** Analysis and verification of results, preparation of the report.
Characteristics of participating institutions

Total Direct Sponsored Research Expenditures

- Less than $150M: 48%
- More than $150M: 52%

Region

- Northeast: 24%
- Midwest: 26%
- South: 33%
- West: 17%

Public v. Private

- Public: 61%
- Private: 39%
Sponsored Research Expenditures by Sponsor Type

**Average in thousands**

<table>
<thead>
<tr>
<th>Sponsor Type</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>NIH</td>
<td>$146,980</td>
</tr>
<tr>
<td>Other Federal</td>
<td>$21,729</td>
</tr>
<tr>
<td>Subcontracts</td>
<td>$23,549</td>
</tr>
<tr>
<td>Foundation/Non-Profit</td>
<td>$20,607</td>
</tr>
<tr>
<td>Industry/Corporate</td>
<td>$17,481</td>
</tr>
<tr>
<td>State &amp; Local Government</td>
<td>$7,423</td>
</tr>
<tr>
<td>Other</td>
<td>$4,093</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$240,024</strong></td>
</tr>
</tbody>
</table>

Totals includes direct and indirect (F&A) expenditures by sponsor type.
Sponsored Programs Total Direct Cost

Mean: $190,097,959 (SD $146,752,442)
Mean Public: $187,470,282 (SD $150,397,765)
Mean Private: $194,185,456 (SD $145,098,816)
Major Findings
The average medical school investment is an additional $0.53 for each dollar of sponsored research received (an average investment of $111 million per medical school).

*Facilities & Administrative (F&A) sometimes referred to as indirect costs
Investment Categories of the $0.53

Unrecovered F&A
Sponsored Research

Departmental Research
F&A

Additional Salary Support for
Research Effort

Startup Packages

Bridge Funding

Investigator Salaries
above Salary Cap

Cost Sharing (Both Mandatory &
Voluntary Committed)

University Research

Overruns

Other

Average Expenditure by Category

Cents Expended per Dollar of Sponsored
Programs Funding Received
Investment Categories of the $0.53

Unrecovered F&A Sponsored Research =

Gap between the full F&A cost rate calculated by the institution and the sponsor’s F&A reimbursement rate:

- Operation, maintenance and depreciation of buildings and equipment
- Utility costs
- Environmental health and safety provisions
- Information systems, libraries and other shared services
- Sponsored projects administration

Cents Expended per Dollar of Sponsored Programs Funding Received

Average Expenditure by Category
F&A recovery rate by sponsor type

Modified Total Direct Cost by F&A Expenditures (amount paid by sponsor).

Sponsor Type:
- NIH
- Subcontracts
- Other Federal
- Industry/Corporate
- State and Local
- Other
- Foundation/Not for Profit

Recovery rates:
- 0%
- 5%
- 10%
- 15%
- 20%
- 25%
- 30%
- 35%
- 40%
- 45%
- 50%
Investment Categories of the $0.53

Departmental Research F&A = F&A costs for institutional direct cost investment for:

- Additional salary support for the research effort
- Startup packages
- Bridge funding
- Other institutionally funded research expenditures

Cents Expended per Dollar of Sponsored Programs Funding Received

Average Expenditure by Category
Investment Categories of the $0.53

- **Additional Salary Support for Research Effort**
  - Salary charged to departmental operating accounts
  - Coverage of the gap when the faculty member does not meet the institutional expectation of the percent effort on grants.

<table>
<thead>
<tr>
<th>Category</th>
<th>Average Expenditure</th>
<th>Cents Expended per Dollar of Sponsored Programs Funding Received</th>
</tr>
</thead>
<tbody>
<tr>
<td>Additional Salary Support</td>
<td>14</td>
<td>14</td>
</tr>
<tr>
<td>Research Effort</td>
<td></td>
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<tr>
<td>Effort</td>
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<td>Support</td>
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<td>for Research</td>
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<td>8</td>
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<tr>
<td>Summary</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Average Expenditure by Category</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Investment Categories of the $0.53

- **Startup Packages**
  - Direct cost expenditures from institutional funds associated with startup costs

- **Average Expenditure by Category**

**Cents Expended per Dollar of Sponsored Programs Funding Received**

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Investment Categories of the $0.53

Bridge Funding = Direct cost expenditures from institutional funds for continuing interim investigator support
- Formalized application for funds
- Defined amount of support
- Timeframe over which the funds may be used

Cents Expended per Dollar of Sponsored Programs Funding Received

Average Expenditure by Category
Investment Categories of the $0.53

Investigator Salaries above Salary Cap = Difference between actual investigator salaries committed to federal grants and the cap set by Congress on the direct salary charged to federal grants and contracts.
Investment Categories of the $0.53

Cost Sharing (Both Mandatory & Voluntary Committed) = Direct cost expenditures associated with mandatory and voluntary committed cost sharing related to all sponsored program types

- Mandatory cost sharing required by terms of project
Investment Categories of the $0.53

University Research = All research and development activities separately budgeted and accounted for by the institution

- Typically awarded through internal proposal submission and evaluation process

Cents Expended per Dollar of Sponsored Programs Funding Received

Average Expenditure by Category
Investment Categories of the $0.53

Overruns = Direct cost expenditures from institutional accounts used to fund overruns on sponsored programs

- Includes expenditures where funds have been moved during current year from sponsored account to institutionally funded account
Investment Categories of the $0.53

Cents Expended per Dollar of Sponsored Programs Funding Received

Other = Other institutionally funded research including

- Specialized service facilities (SSF) and recharge center subsidies
- Core facility costs (non-recharge)
- Unreimbursed graduate student stipends
Institutional Research Expenditures by Category

Institutions < $150M
- Sponsored TDC
- Mandatory/Voluntary Committed Cost Sharing: 23%
- University Research: 28%
- Bridge Funding: 7%
- Startup Packages: 7%
- Over the Salary Cap Cost Sharing: 4%
- Cost Overruns: 1%
- Additional Salary Support of Research Effort: 19%
- Other Institutionally Funded Research: 3%
- Unrecovered OR/OSA F&A Subsidy: 3%
- Departmental Research F&A Expenditures: 3%

Institutions > $150M
- Sponsored TDC
- Mandatory/Voluntary Committed Cost Sharing: 22%
- University Research: 30%
- Bridge Funding: 8%
- Startup Packages: 10%
- Over the Salary Cap Cost Sharing: 10%
- Cost Overruns: 4%
- Additional Salary Support of Research Effort: 1%
- Other Institutionally Funded Research: 3%
- Unrecovered OR/OSA F&A Subsidy: 5%
- Departmental Research F&A Expenditures: 5%
What can institutions do to manage these costs/investments?

• Establish policies that limit the ability to waive indirect costs or commit cost sharing that is not required by the sponsor

• Evaluate funding mix and ability to continue to accept grants from sponsors that consume significant resources and do not provide much funding for facilities and administrative costs.

• For foundation support, ensure that costs are recovered as appropriate to sponsor mechanisms, e.g. some items may be included as direct expenditures.

• For faculty in both clinical and research enterprises, there is often a need for more clarity in the expectations for productivity for the various roles in the institution.

• Facilities are a big driver of the investment. Institutions should analyze space utilization and F&A recovery, and develop mechanisms to prioritize resource allocation to the more productive research programs.

• Develop mechanisms to more formally establish and monitor core facilities, including establishing rates that recover full costs and share resources (vs. duplicate) across the enterprise to optimize utilization.
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