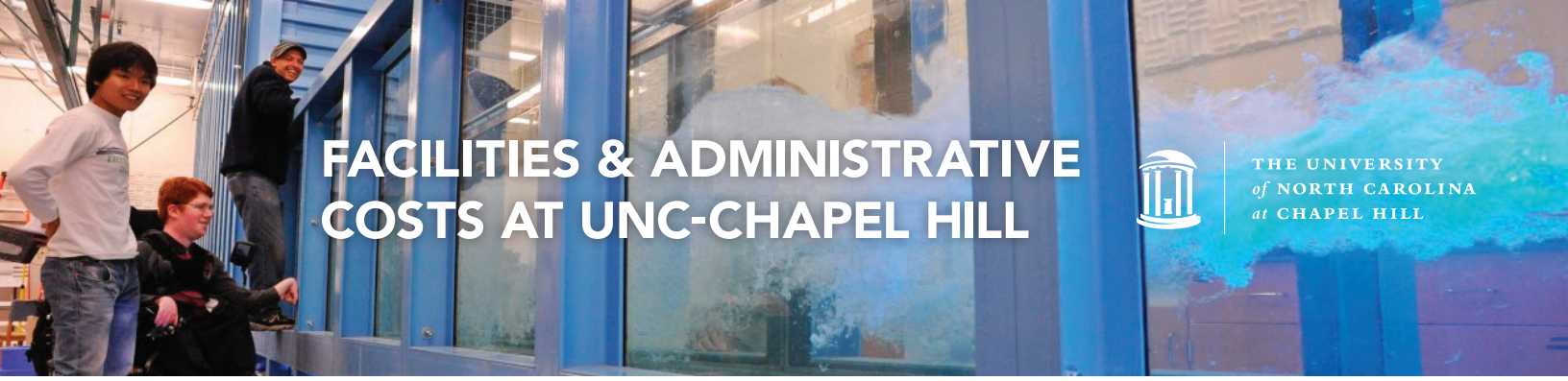


FACILITIES & ADMINISTRATIVE COSTS AT UNC-CHAPEL HILL

THE UNIVERSITY of NORTH CAROLINA at CHAPEL HILL

THE VALUE OF UNIVERSITY RESEARCH

University research is the key to US advances in human health and medicine and a major economic driver for North Carolina. Research at UNC-Chapel Hill employs nearly **10,000 workers** from **90 NC counties** with an annual payroll of over **$300 million**. Over the past 50 years, research at UNC has spun out over **300 new businesses** that today employ over **8,090 North Carolinians**. University research is a high-value partnership between government and academia, but, for it to succeed, universities must be able to cover their costs.

WHAT ARE FACILITIES & ADMINISTRATIVE COSTS?

Facilities and administrative (F&A) costs are an essential part of conducting all research. They represent real costs that are covered by sponsors as a part of the grants they award to university researchers. These costs are also known as Indirect Costs (IDC).

Direct research costs are what people generally think of when it comes to federal support for research projects. These costs support activities that are the most visible, such as grant-specific lab supplies and equipment, a percentage of salary support for researchers and lab personnel, and travel for conducting experiments or presenting research results. Such activities form the core of university research and the bulk of where federal investments in research are spent. But these represent only a portion of the actual costs of research. F&A represents the rest.

F&A costs are those that are too complex to calculate or difficult to assign to individual projects or attribute to an individual grant, but are essential to supporting research and sponsored projects. Many of these expenses support the larger infrastructure that makes research possible. For instance, F&A costs include administrative and technical personnel like research computing specialists or regulatory compliance officers. They include the costs of sophisticated research buildings and the technical and administrative personnel required for complex equipment and labs.

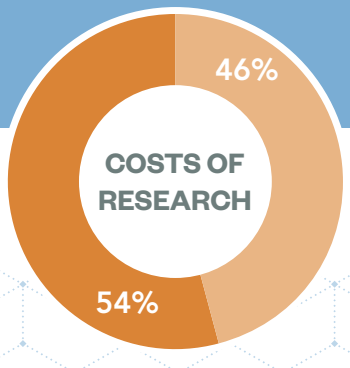
Without F&A, research at universities would not be possible. Although not very high-profile, the costs associated with these activities and needs are real, and research would not be possible without them being covered.

WHY DOES THE FEDERAL GOVERNMENT PROVIDE SUPPORT FOR THE COSTS OF RESEARCH?

Unlike many nations, the US relies on universities to conduct research in the national interest. This decentralized US model is the envy of the world. It has developed the technology behind the Internet, unlocked the secrets of the human genome and tamed diseases that would have been death sentences 25 years ago. But performing research imposes costs on universities that would not otherwise exist. Universities – not the federal government – assume the risk of building the infrastructure required to support federal research. They make the investments in facilities and equipment that allow their scientists to compete for, win and deliver on federal research grants. For this unique partnership to work, universities depend on the federal government to cover the direct and indirect costs of research.

F&A EXPENSES INCLUDE

- ***Lab infrastructure*** *(like fume hoods, microscopes, and lab benches)*
- ***Research computing*** *(data networks, high-performance research computing clusters, data storage and management)*
- ***Hazardous waste disposal***
- ***Security***
- ***Building maintenance*** *(cleaning and repairs)*
- ***Library infrastructure*** *(access to journals, research materials)*
- ***Payroll and HR***
- ***Grants management and fiscal staff***
- ***Grants compliance officers*** *(to monitor regulated research on human subjects, animals, toxic substances, and more)*
- ***Reporting officers*** *(who compile grant-required reports)*
- ***Purchasing departments*** *(for lab supplies, field equipment, and scientific instrumentation)*
- ***Research building renovations, operations, and upgrades***
- ***Debt service for laboratories and research facilities***
- ***Service and maintenance contracts*** *(for scientific and lab equipment)*



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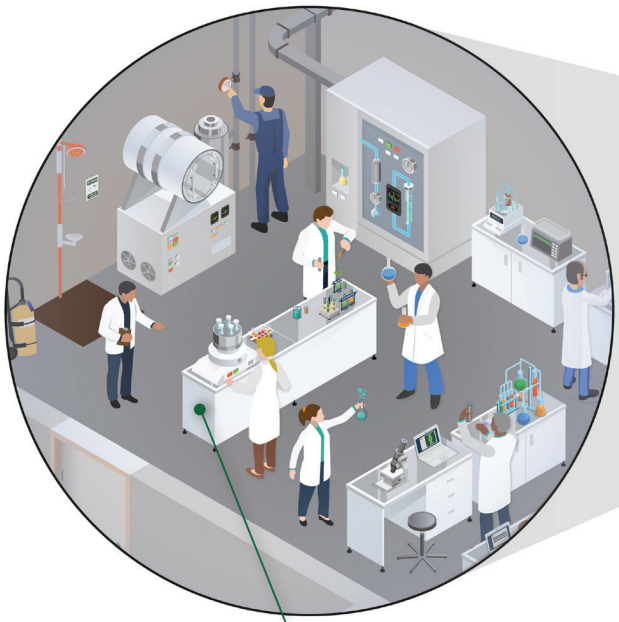
Costs of Federally Sponsored Research

The total cost of federally sponsored research includes a combination of both direct and facilities and administrative (F&A) costs. Both types of expenditures are key to an institution's ability to conduct cutting-edge research. F&A consists of the construction and maintenance costs of laboratories and high-tech facilities; energy and utility expenses; and safety, security, and other government-mandated expenses. These costs are real and research cannot be conducted without them.



Direct costs - These expenses solely cover research and include lab supplies and equipment; salaries and stipends for researchers and graduate students; and travel costs for conducting and sharing research