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.
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. This cost includes travel, lab supplies, equipment, and personnel, among other expenses. These costs are real and research cannot be conducted without them.

Direct costs cover research expenses and salaries, such as lab supplies and equipment, salaries and stipends for researchers and graduate assistants, and travel costs for conducting and sharing research. Facilities and administrative costs cover non-research expenses such as classroom space, security, and other government-mandated expenses. These costs are real and research cannot be conducted without them.

### Direct Costs
- Advanced research lab equipment
- Library and research facilities
- Lab infrastructure, ventilation systems, and clean lab equipment
- Secure data storage, internet, telecommunications, and high-speed data processing
- Radiation and chemical safety, including safety training and hazardous waste disposal

### F&A Costs
- Costs of federal, state, and local regulatory compliance, including human and animal safety review boards
- Costs of research and graduate assistants and personnel, including security and other personnel
- Costs of building space not used for research
- Costs of equipment, including repairs and maintenance
- Costs of maintenance and janitorial staff
- Costs of facilities, such as classrooms or lobbies, not directly for federally funded research
- Costs of travel and security, and other government-mandated expenses

### No Federal Funds Used
- Costs incurred by the institution that are not reimbursable by the government and do not contribute to the direct costs of the research project.

The total cost of federally sponsored research includes a combination of both direct and F&A costs, which are essential for conducting high-quality research.