

Facilities & Administrative Costs at UNC-Chapel Hill



University research is the key to U.S. advancements in human health and medicine and a major economic driver for North Carolina. Research at UNC-Chapel Hill employs **over 11,000 research employees in 94 NC counties with an annual payroll of over \$450 million**. Over the past 50 years, research at UNC has **spawned out over 350 new businesses** that today **employ over 9,500 North Carolinians**.

For decades, federal and state governments have partnered with universities to create top-tier research environments which enable discoveries that transform and save lives and attract and educate exceptional students who become highly sought-after professionals.

F&A Costs are Research Costs

The shared investment in research between the state, the federal government, and the University fuels innovation and competitive advantage, but its success hinges on a crucial, often misunderstood element: research facilities and administrative (F&A) costs, also known as “indirect costs.”

F&A costs, determined by the federal government, represent real costs that are covered by sponsors as a part of funding awarded to university researchers. **Without F&A, research at universities would not be possible.**

“Direct” research costs are readily apparent and include things like grant-specific lab supplies and equipment and salary support for researchers and lab personnel. But these costs represent only a portion of the actual costs of research.

F&A costs or “indirect” cost are the essential costs of conducting research and include supporting sophisticated research buildings, the technical and administrative personnel required for complex equipment and labs, and federal regulatory compliance. These expenses support the larger infrastructure that makes research possible.

How Federal F&A Rates are Set

Every 3-5 years, F&A rates are negotiated between the University based on real and documented costs. The rates are required to be cost-efficient and they are regularly reviewed. Allowable F&A costs have remained stable for the past 20 years, despite major increases in mandatory regulatory demands required by the federal government.

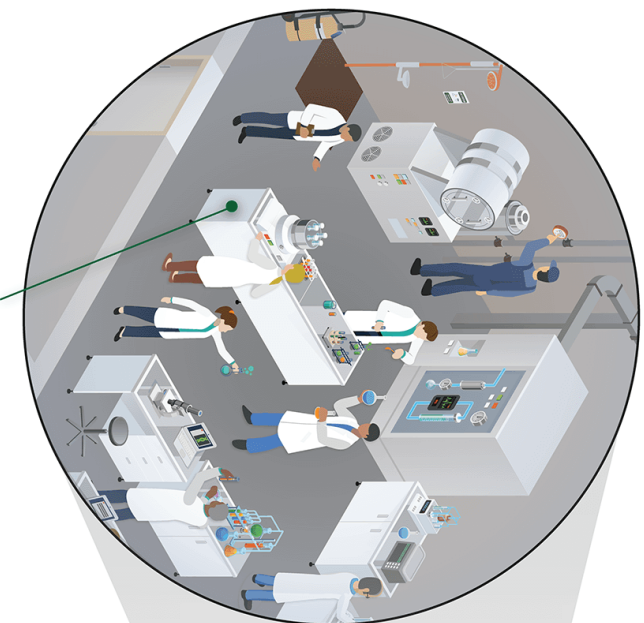
F&A EXPENSES INCLUDE

- **Advanced Facilities**
Research buildings, laboratories, and equipment, as well as their maintenance and utilities, that keep the university competitive and attractive to new students and faculty.
- **Research Computing**
Robust computing infrastructure, data networks, high-performance computing clusters, secure data storage and management, and specialized personnel to maintain these systems.
- **Safety and Compliance**
Costs of conducting ethical and responsible research as mandated by federal law.
- **Building Maintenance and Operations**
Repairs, utilities, debt service for laboratories and research facilities.
- **Research Administration Support**
Payroll and HR functions, grants management, purchasing departments for lab supplies and equipment, and other essential administrative functions.
- **Library Infrastructure**
Access to journals, research databases, and other scholarly materials crucial for researchers.

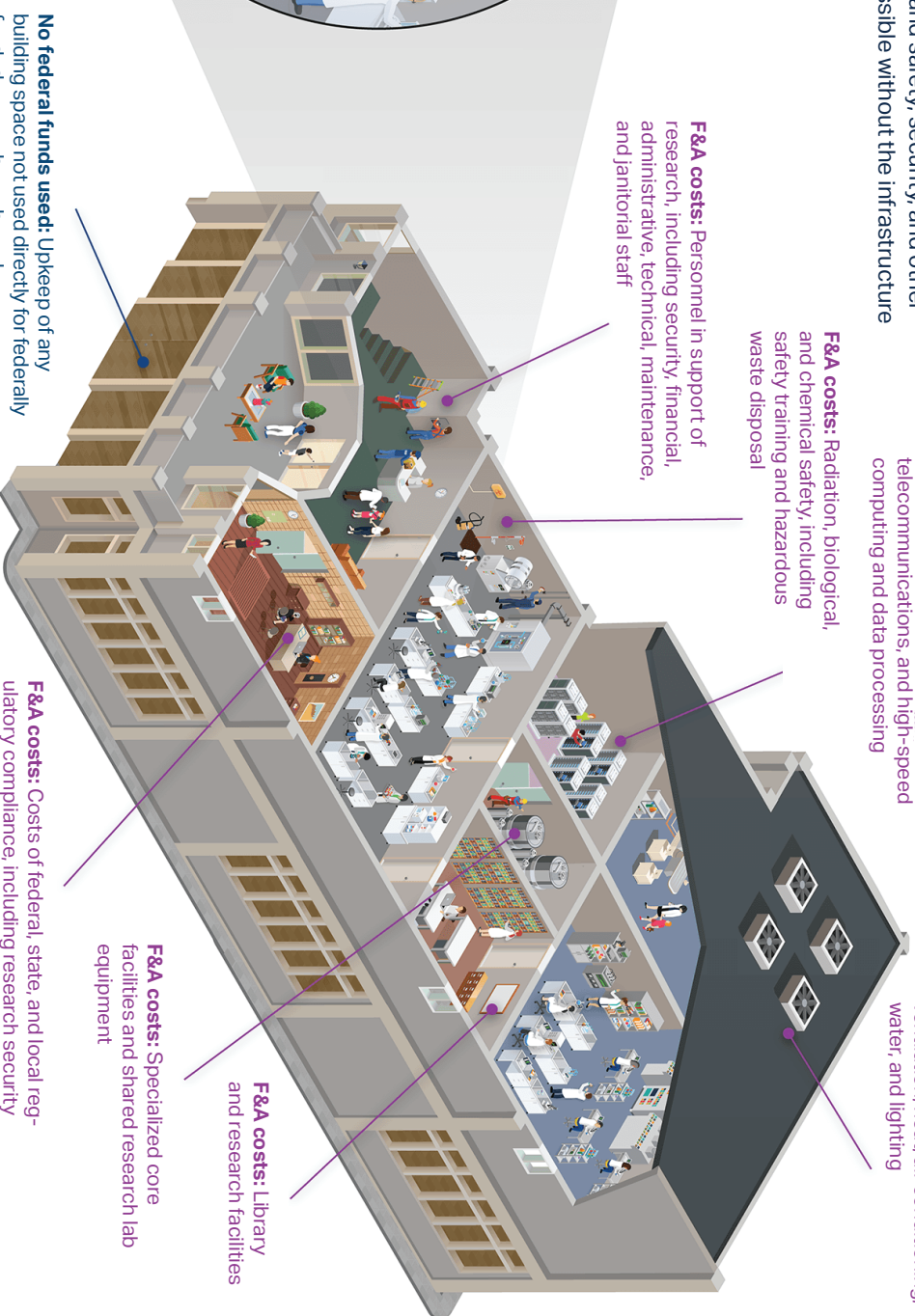
Drastic F&A rate cuts would severely hinder progress, stifle innovation, eliminate skilled jobs, and ultimately harm human health and the state’s economic future.

Costs of Federally Sponsored Research

The total cost of federally sponsored research includes a combination of both direct expenditures and facilities and administrative (F&A) costs, also known as indirect costs. Both types of expenditures are essential to an institution's ability to conduct cutting-edge research. F&A costs consist of the construction and maintenance costs of laboratories and high-tech facilities; energy and utility expenses; and safety, security, and other government-mandated expenses. Research is impossible without the infrastructure investments that F&A costs create and sustain.



Direct costs: These expenses cover the salaries and stipends for researchers and graduate students; project-specific lab supplies and equipment; travel costs for conducting, sharing, and publishing research results; and other related activities



F&A costs: Personnel in support of research, including security, financial, administrative, technical, maintenance, and janitorial staff

F&A costs: Radiation, biological, and chemical safety, including safety training and hazardous waste disposal

F&A costs: Secure data storage, internet, telecommunications, and high-speed computing and data processing

F&A costs: Utilities, including ventilation, heat, air conditioning, water, and lighting

F&A costs: Library and research facilities

F&A costs: Specialized core facilities and shared research lab equipment

F&A costs: Costs of federal, state, and local regulatory compliance, including research security requirements, conflicts of interests reporting, and human and animal safety review boards

No federal funds used: Upkeep of any building space not used directly for federally funded research, such as classrooms or lobbies, is not covered by F&A reimbursement

- Direct Costs
- F&A Costs
- No Federal Funds Used

