

**Report to the
2004 North Carolina General Assembly
Joint Legislative Education Oversight Committee**

**The University of North Carolina
Report on Overhead Receipts
[Facilities and Administrative (F&A) Receipts]
2002-03**

**The Board of Governors of
The University of North Carolina**

February 13, 2004

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Legislation enacted by the 2001 General Assembly (S.L. 2001-424) included the following special provision directing the Board of Governors to report on the amount and uses of facilities and administrative receipts:

UNC BOARD OF GOVERNORS REPORT ON OVERHEAD RECEIPTS

SECTION 31.14. The Board of Governors of The University of North Carolina shall report to the Joint Legislative Education Oversight Committee by March 1, 2002, and annually thereafter, on the amount of overhead receipts for The University System and the use of those receipts.

In response to this legislation, this report covers the fiscal year ending June 30, 2003.

Background

The University of North Carolina serves the state's interests through a three-part mission of teaching, research, and public service. UNC's reputation as one of the nation's top public university systems has been built, in part, on the volume and quality of research and sponsored programs conducted by its faculty. With limited direct appropriations for research, UNC has depended heavily on obtaining competitive grants and contracts to support its research efforts.

In recent decades, the federal government has stepped up efforts to promote scientific research at United States universities, as well as research conducted by federal, nonprofit, and commercial laboratories. Recognizing that research carries necessary administrative, facilities, and other expenses above and beyond the direct costs of the project, federal agencies have included in their research grants and contracts a portion of funds to help

offset these related costs – commonly called "indirect costs," "overhead receipts," or "facilities and administrative (F&A) receipts." In keeping with federal reporting practices, the term “facilities and administrative (F&A) receipts” is used for the remainder of this report.

Under federal OMB Circulars, facilities and administrative receipts generally reimburse for costs associated with supporting grants and contracts activities of the institution in a manner consistent with the formulae under which the funds were recovered. Internal university controls pertaining to the compliance requirements for sponsored project expenditures under OMB Circular A-133 are designed to provide reasonable assurance regarding the achievement of the following objectives:

1. Transactions are properly recorded and accounted for in order to permit preparation of reliable financial statements and reports and maintain accountability over assets.
2. Transactions are executed in compliance with laws, regulations and provisions of federal and state laws and in accordance with sponsored agreement terms.
3. Funds, property, and other assets are safeguarded against loss from unauthorized use or disposition.

Research and other sponsored program awards to the 16 UNC campuses totaled \$945 million for FY 2002-03 with about two-thirds of these dollars coming from federal sources. State and local governments provide less than 15 percent. Among public university systems, in the latest national survey, UNC ranks third in science and technology research expenditures, behind only the University of California and the University of Texas systems. Grants and contracts support thousands of individual projects that improve human health, our understanding of the natural world, education, national defense, and other areas critical to the nation and

our state. Not only do grants and contracts support leading-edge science and public service, but their funds are also used to support our state's workforce. Grants and contracts support salaries for faculty, post-doctoral fellows, staff, graduate assistants, and undergraduates, all of whom keep our universities in the forefront of regional economic development and training.

In 2002-03, UNC institutions received a total of \$136.9 million in facilities and administrative receipts (Attachment A). F&A receipts were expended by each campus to support costs associated with maintaining an environment conducive for conducting research and scholarly advancement and ensuring competitiveness for attracting additional research funds. However, F&A costs are also significantly under-reimbursed by the federal government. In a recent report (Rand Corp., 2000) the federal government was criticized for not providing up to 25 percent of the facilities and administrative costs earned by United States campuses (due to administrative caps and programmatic restrictions). It should further be noted that many agencies provide no facilities and administrative receipts.

In order to provide the requested information regarding the amount and uses of facilities and administrative receipts, each campus was asked to provide a report for the 2002-03 fiscal year. The institutional responses are summarized in the following sections of this report, and individual campus examples are detailed in Attachment F. (Copies of the individual institutional responses are available upon request.)

Amount of Facilities and Administrative Receipts – 2002-03 Fiscal Year

University-wide, a total of \$136.9 million was recovered in facilities and administrative receipts (see Attachment A) for the 2002-03 fiscal year.

Consistent with their research missions, the two major research universities, North Carolina State University (18.1%) and UNC-Chapel Hill (70.3%), accounted for almost 90 percent of the University-wide total. As shown on Attachment A, five institutions –East Carolina University, North Carolina A & T State University, UNC Charlotte, UNC Greensboro, and UNC Wilmington – accounted for most of the remaining F&A receipts.

Uses of Facilities and Administrative Receipts – 2002-03 Fiscal Year

Each institution provided a programmatic summary of priorities and an object of expenditure summary of facilities and administrative receipts disbursements made during the 2002-03 fiscal year, which totaled \$120.2 million (Attachment B). The principal priorities for programmatic expenditures were designed to:

- maintain and expand research infrastructure;
- provide for research support and assistantships;
- maintain research-related administrative functions;
- promote new research activity in a competitive research environment;
- fund faculty "start-up" packages (support staff, laboratory facilities, and operating expenses);
- provide general administrative support;
- sustain academic programs, including the libraries;
- provide for capital improvements and debt service; and
- support strategic initiatives.

Each of the campuses also reported on its expenditure priorities for the year. The most frequently cited use of F&A receipts was to support the administrative functions related to the grants themselves. This ranged from support for campus administrative units (finance offices, contract and grant

functions, controller's offices, and facilities services) to support for public safety positions to guarantee laboratory security to costs for clean up and disposal of unique or hazardous materials. Campuses also used F&A receipts to support academic programs, provide laboratory space and equipment for research, and to encourage new research. Attachment C shows a list of the priorities that each school discussed in its report. Since the expenditures by the two major research universities account for most of the total, the following illustrative examples are drawn from their reports. Similar kinds of expenditures were made by the other campuses, but in relatively smaller amounts. Attachment F provides additional examples of the uses of F&A receipts as reported by the institutions.

UNC-Chapel Hill committed \$204 million of its F&A receipts toward the construction of several major building and renovation projects over the next several years. They include the Administrative Office Building, Medical Biomolecular Building, Public Health Building, Nursing Building, Science Complex, Neurosciences Building, and Bioinformatics Building. UNC-Chapel Hill committed to match the 2000 bond funds with an equal amount of non-state campus receipts during the capital improvements plan approved by the Board of Governors and the General Assembly that formed the basis for the bond program. F&A receipts comprise a significant portion of the campus "match," either through direct expenditure or through the issuance of special obligation bonds to be retired from future F&A receipts. UNC-Chapel Hill issued its first series of these special obligation bonds during 2001,

committing these receipts as one of the sources of debt repayment. 2002-03 was the second year of bond issuance for these projects at UNC-Chapel Hill.

Facilities and administrative receipts at UNC-Chapel Hill contributed significantly to sustaining and enhancing the academic and administrative technology support to the campus. Major information technology initiatives included support to academic technology and networking, the Capital Wiring Project, Carolina Computing Initiative, and efforts to streamline and automate campus functions (the departmental accounting system, an electronic grants management system, and the space management system). During FY 2002-03 Facilities and Administrative receipts provided funding for the Office of Research and Graduate Studies, which supported research activities of faculty, staff and students. The office provided administrative support for all sponsored programs in an effort to enhance campus research funding. The goals of this office include:

- (1) enhancing research funding on campus;
- (2) providing matching funds for external research applications;
- (3) expanding technology development and economic development activities;
- (4) providing expanded coordinated training programs;
- (5) providing support and coordination of multidisciplinary research proposals;
- (6) disseminating information about the benefits of research;
- (7) providing protection for human subjects by maintaining high standards in the research review process;
- (8) enhancing the ethical care and use of animals in research; and
- (9) providing administrative support for all sponsored programs.

During 2002-03, facilities and administrative receipts at UNC-Chapel Hill were also used for new faculty start-ups, i.e., to pay for equipment,

supplies, furniture, computers, travel, space renovation, relocation, and recruitment expenses for faculty members campus-wide. UNC-Chapel Hill also allocated a part of the facilities and administrative receipts to the divisions that generated these costs. For example, during 2002-03 fiscal year, the College of Arts and Sciences used F&A receipts for the start-up and recruitment of new faculty, to match outside grants, to renovate existing spaces, replace equipment, for staff support, supplies, and for specialized services such as Learning Disability Services and the Institute for Arts and Humanities. The Schools of Education, Nursing, Dentistry, Journalism and Mass Communication, Government, Information and Library Science and the Kenan-Flagler Business School also expended F&A receipts to provide start-up packages for new faculty, provide research staffing, cover general operating expenses, and provide for necessary repairs and renovations. In total, faculty start-up funds were provided to 121 new faculty in the last fiscal year. These funds have been instrumental in making competitive employment offers through the provision of research support, laboratory set ups, scientific equipment matching funds for external grants and to provide bridge funding between grant awards.

In 2002-03, UNC-Chapel Hill Libraries devoted most of their F&A resources to purchase library materials to partially offset the continuing rise in the cost of serials and electronic resources and to avoid large-scale serials cancellations. The funds were also used to purchase books, journals, and maintain electronic access for the library collection.

At North Carolina State University, almost one-third of the facilities and administrative revenues were used to provide salary support for those offices supporting the research infrastructure of the campus, such as purchasing, payroll, accounting, budget, administrative computing, facilities operations, legal, and personnel. Another 20% was used towards capital projects, such as the D.H. Hill Library, Patterson Hall, Dabney Hall, and Centennial Campus.

Like UNC-Chapel Hill, NCSU is planning to obligate a large portion of their facilities and administrative receipts toward the required campus match in the 2000 Higher Education Bond program. NCSU committed \$32 million of F&A receipts to support major building construction or renovation projects and related debt service, including:

- current indebtedness on four buildings on Centennial Campus which house research programs for faculty from several colleges;
- major funds are committed for the College of Veterinary Medicine Research Building, the College of Engineering (Phase II) and two general research buildings on Centennial Campus;
- major renovation projects in Patterson Hall, Cox Hall, Jordan Hall, the relocation of departments to Riddick Hall, and lab renovations in the College of Physical and Mathematical Sciences.

In addition, the Vice Chancellor for Research and Graduate Studies allocated funds to provide start-up packages and equipment for new faculty, matching costs for special research initiatives, interinstitutional programs, and facility upfits and renovations. These receipts were used to maintain research-related collections and services, make accessibility renovations to the library, and provide archival storage.

Allocations were made to research administration to cover the costs of personnel and other operating costs of the Office of Sponsored Programs and

the Contracts and Grants accounting office. Funds were also allocated to support the continuing development of the Centennial Campus through retro-fitting and constructing new research buildings, and providing support for the Centennial Campus Development Office.

In addition to the programmatic summary provided by each institution, an accounting by object of expenditure was also provided (see Attachment D). In summary, the categories of expenditures follow:

Object of Expenditure	Amount	% of Total
Personnel Services	\$ 41,173,546	34.2%
Supplies, Utilities, Fixed Charges & Other Current Services	48,564,272	40.4%
Renovation and capital improvements projects	16,830,943	14.0%
Educational, computing and other equipment	9,919,578	8.2%
Educational awards	2,835,524	2.4%
Library Materials	631,037	0.5%
Other expenditures	286,636	0.2%
TOTAL	120,241,536	100%

University Research Facilities and Administrative Receipts Reporting Policy

Recognizing the need for uniform policies and procedures for reporting University research facilities and administrative receipts, the Board of Governors at its meeting on March 6, 2002 adopted a new policy statement. A copy of the policy is attached (Attachment E).

The requirements of the policy are:

1. UNC institutions determine expenditure of F&A receipts. The chancellor of each constituent institution shall expend F&A funds only to support scholarly development of its faculty, staff and students or to ensure that the campus infrastructure is supported to enhance such scholarly activities.
2. In a format to be provided by the Office of the President, each campus will report by December 1, the amount of F&A funds received, amount expended by purpose, and uncommitted balance. A report will be made to the Board of Governors at the February Board meeting.

3. Chancellors shall formulate and submit a copy of an administrative procedure for the use and reporting of F&A funds to the President, consistent with Board of Governors' guidelines for the expenditure of F&A funds.

**University of North Carolina
Facilities and Administrative Receipts, 2002-03**

Institution	2002-03 Receipts	% of TOTAL
Appalachian State University	\$ 448,873	0.3%
East Carolina University	2,776,301	2.0%
Elizabeth City State University	302,570	0.2%
Fayetteville State University	397,242	0.3%
North Carolina A&T State University	2,421,308	1.8%
North Carolina Central University	1,004,196	0.7%
North Carolina State University	24,723,686	18.1%
UNC Asheville	92,437	0.1%
UNC-Chapel Hill	96,184,105	70.3%
UNC Charlotte	2,000,737	1.5%
UNC Greensboro	3,203,591	2.3%
UNC Pembroke	287,586	0.2%
UNC Wilmington	2,183,106	1.6%
Western Carolina University	285,080	0.2%
Winston-Salem State University	317,641	0.2%
UNC-General Administration	240,246	0.2%
TOTAL	\$ 136,868,705	100%

**University of North Carolina
Facilities and Administrative Expenditures, 2002-03**

Institution	2002-03 Expenditures	% of TOTAL
Appalachian State University	\$ 529,936	0.4%
East Carolina University	2,691,674	2.2%
Elizabeth City State University	282,396	0.2%
Fayetteville State University	281,917	0.2%
North Carolina A&T State University	2,369,089	2.0%
North Carolina Central University	414,806	0.3%
North Carolina State University	24,606,659	20.5%
UNC Asheville	96,639	0.1%
UNC-Chapel Hill	81,629,612	67.9%
UNC Charlotte	1,493,048	1.2%
UNC Greensboro	3,061,433	2.5%
UNC Pembroke	155,482	0.1%
UNC Wilmington	1,815,494	1.5%
Western Carolina University	271,460	0.2%
Winston-Salem State University	378,586	0.3%
UNC-General Administration	163,305	0.1%
TOTAL	\$ 120,241,536	100%

University of North Carolina
 Report on 2002-03 Facilities and Administrative Receipts
 Summary of Campus Priorities for Spending Overhead Receipts

<u>Institution</u>	<u>Encourage new research activity</u>	<u>Support research- related admin functions</u>	<u>Foster research/ creative activity in classroom</u>	<u>Maintain/ expand research enterprise infrastructure</u>	<u>Support of academic programs</u>	<u>General admin support at campus</u>	<u>Promote grantsmanship education</u>	<u>Grant research support/ assistantships</u>	<u>Faculty Start-ups</u>	<u>Library</u>	<u>Strategic Initiatives</u>	<u>Match External Grants</u>	<u>Capital Projects</u>
ASU	X	X	X	X	X			X	X	X		X	
ECU	X	X	X	X				X	X		X	X	
ECSU		X			X	X		X					
FSU		X					X						
NCA&T	X	X		X	X			X					
NCCU		X	X	X	X		X	X			X	X	
NCSU		X		X	X		X		X	X	X	X	X
UNCA		X		X			X					X	
UNC-CH	X	X	X	X	X	X	X	X	X	X	X	X	X
UNCC		X		X	X		X						X
UNCG	X	X	X	X	X	X		X	X	X	X		
UNCP		X		X	X	X							
UNCW		X		X	X	X		X	X		X		X
WCU		X		X	X	X					X		
WSSU		X		X	X						X		
UNC-GA	X	X		X			X				X		

University of North Carolina
Summary of Facilities and Administrative Expenditures by Campus
For the Fiscal Year 2002/03

<u>Institution</u>	<u>Total Personnel Compensation</u>	<u>Contracted Services</u>	<u>Supplies</u>	<u>Utilities</u>	<u>Other Current Services</u>	<u>Fixed Charges</u>	<u>Total Equipment</u>	<u>Library Materials</u>	<u>Educational Awards</u>	<u>Capital Projects</u>	<u>Other</u>	<u>Total</u>	<u>Explain Other</u>
ASU	55,177	1,000	142,510	0	154,618	6,494	121,879	16,875	6,000	0	25,383	529,936	Grant Match
ECU	1,240,872	94,280	101,374	-3,561	233,220	39,095	275,203	0	3,934	564,575	142,682	2,691,674	Grant Match, Workman's Compensation
ECSU	55,816	36,825	13,829	0	78,402	26,141	33,518	0	37,865	0	0	282,396	
FSU	63,711	21,680	15,784	0	49,390	2,035	0	0	1,820	21,050	54,236	281,917	Grant Match
NCA&T	1,348,196	23,811	19,058	0	424,640	38,559	155,347	0	298,427	0	0	2,369,089	
NCCU	183,429	1,750	13,447	0	181,124	17,437	16,619	0	1,000	0	0	414,806	
NCSU	8,559,609	882,439	1,997,360	217,090	1,646,580	2,907,074	3,097,794	52,878	311,194	4,934,641	0	24,606,659	
UNCA	73,545	8,900	842	0	3,949	155	0	0	0	5,038	4,210	96,639	Dependant Care Assistant Program
UNC-CH	27,405,663	2,700,271	11,410,892	512,153	14,846,876	7,125,440	1,829,182	560,810	1,829,182	9,936,859	0	81,629,612	
UNCC	14,464	3,464	9,221	0	50,108	8,834	46,002	0	110	1,360,845	0	1,493,048	
UNCG	1,413,291	165,468	568,970	18	596,338	79,403	66,293	25	70,000	0	101,627	3,061,433	Grant Match
UNCP	70,219	33,178	3,055	0	29,849	3,469	0	0	3,000	0	0	155,482	
UNCW	338,392	12,210	241,404	0	279,978	98,857	597,370	0	237,842	7,935	-41,502	1,815,494	Refund of expense
WCU	72,558	10,946	15,868	0	109,973	23,768	49,666	449	12,000	0	0	271,460	
WSSU	181,266	31,007	21,961	0	87,100	20,895	13,207	0	23,150	0	0	378,586	
UNC GA	97,338	0	1,227	0	13,337	51,403	0	0	0	0	0	163,305	
UNC Total	41,173,546	4,027,229	14,576,802	725,700	18,785,482	10,449,059	6,302,080	631,037	2,835,524	16,830,943	286,636	120,241,536	
	34.24%	3.35%	12.12%	0.60%	15.62%	8.69%	5.24%	0.52%	2.36%	14.00%	0.24%	100%	



POLICIES

The University of North Carolina *Board of Governors*

Number 500.5
Adopted: 3/6/02

University Research Facilities and Administration Receipts Reporting Policy

Purpose

The University of North Carolina receives reimbursement of Facilities and Administration (F&A) costs related to grants and contracts and is expected to allocate these funds within the appropriate state and federal guidelines. Pursuant to the provisions of Senate Bill 1005, Section 31.14 (2001), the UNC Board of Governors is required to report to the Joint Legislative Education Oversight Committee by March 1, each year, the amount of overhead receipts for the University System and the use of those receipts.

Background

F&A costs (sometimes called indirect or overhead receipts) are calculated for such items as facilities maintenance and renewal, libraries, salaries of technical, compliance and administrative personnel, equipment, scholarly development, and facilities support. F&A rates are set by negotiation between the federal government and each university. Lower rates are often established statutorily or by policy by certain programs and sponsors.

Under federal OMB Circular A-21 indirect costs generally reimburse for costs of the grants and contracts operations of the institution and other overhead expenses of the university in a manner consistent with the formulae under which the funds were recovered. Internal university controls pertaining to the compliance requirements for sponsored project expenditures under OMB Circular A-133 are designed to provide reasonable assurance regarding the achievement of the following objectives:

1. Transactions are properly recorded and accounted for in order to permit preparation of reliable financial statements and reports and maintain accountability over assets.
2. Transactions are executed in compliance with laws, regulations and provisions of federal and state laws and in accordance with sponsored agreement terms.
3. Funds, property, and other assets are safeguarded against loss from unauthorized use or disposition.

Requirements

1. UNC institutions determine expenditure of F&A receipts. The chancellor of each constituent institution shall expend F&A funds only to support scholarly development of its faculty, staff and students or to ensure that the campus infrastructure is supported to enhance such scholarly activities.
2. In a format to be provided by the Office of the President, each campus will report by December 1, the amount of F & A funds received, amount expended by purpose, and uncommitted balance. A report will be made to the Board of Governors at the February board meeting.
3. Chancellors shall formulate and submit a copy of an administrative procedure for the use and reporting of F&A funds to the President, consistent with Board of Governors' guidelines for the expenditure of F&A funds.

**University of North Carolina
Facilities and Administrative (F&A) Receipts
Examples of Usage By Campus**

Appalachian State University

- ◆ An allocation was made to the Belk Library to provide support for the acquisition of materials suitable for the research and creative endeavors of the faculty and students.
- ◆ \$80,000 of F&A receipts were used to provide cash matches for external grants.
- ◆ The Office of Research and Sponsored Programs was allocated \$20,000 of the receipts to support its mission of providing the infrastructure necessary for the solicitation of grants and contracts.

East Carolina University

- ◆ F&A receipts at ECU were expended to support meritorious new research and ongoing efforts by faculty. This included bridge funding for faculty researchers who were temporarily not funded from extramural sources, but who anticipated extramural funding. Matching funds were provided to the Department of Physics, in support of purchase of a CD spectrometer for which extramural funding of \$57,531 came from the NC Biotech Center, Photodynamic Therapy Program, a component of the Leo Jenkins Cancer Center. F&A receipts also supported the purchase of a \$50,000 optical biopsy system and the Americorp Project Heart, a federally funded School of Education tutoring/mentoring program for students performing poorly in math and reading.
- ◆ F&A funds in the amount of \$75,000 enabled the university to purchase the Amitrol Robotic Manufacturing System for the College of Technology. This state-of-the-art integrated system provides for integrated teaching of manufacturing processes including computer aided design, product prototype development, bill of materials, production scheduling, product manufacturing, and post production quality assurance.
- ◆ F & A funds were used to update the Center for Health Science Communications' Polycon videoconferencing MCU from an 8 port MUX to a 16 port MUX. This system allows ECU physicians to provide fully interactive medical consults to other physicians and patients at up to 16 remote sites in Eastern North Carolina. The MCU's continuous presence feature allows a central location to view and interact with all remote locations simultaneously. This equipment provides advanced videoconferencing capability for telemedicine and distance education.

(ECU continued)

- ◆ Imaging Analysis Software - F & A funds provided needed software updates for the imaging analysis system used by the Departments of Pharmacology and Physiology. The software enables 2 dimensional gel analysis and significantly improves the data evaluation capabilities of the system.
- ◆ F&A support funded the establishment of ECSU's Center of Excellence in Remote Sensing Education and Research (CERSER). The Center focuses on developing innovative and relevant research capabilities and collaborations related to coastal, ocean and marine research

Elizabeth City State University

- ◆ ECSU used F&A receipts to pay for Sponsored Program Administration staffing, including the wages for the Director of Sponsored Programs and a contract and grants accountant.
- ◆ Academic programs at ECSU benefited through the expenditure of F&A receipts by adding student research assistants, equipment, and support for the advancement of minorities in the biomolecular sciences.

Fayetteville State University

- ◆ F&A receipts in 2002-03 were reinvested in research and academic programs at FSU. F&A receipts were used to promote grantsmanship workshops and to cover general operations related to the grants (Business Office, Sponsored Research, etc.).

North Carolina Agricultural and Technical State University

- ◆ NCA&T used 2002-03 F&A receipts to offer graduate assistantships, a practice that contributes greatly to the recruitment and retention of exceptional graduate students.
- ◆ F&A receipts at NC A&T were used to strengthen technology transfer by funding intellectual property disclosures, faculty and staff development, and provide seed funding for new innovations. This has resulted in a more competitive technology portfolio, increased exposure to the intellectual assets of the university, and provided greater capability to engage in industry collaborations and community outreach for economic development.
- ◆ In 2002-03, F&A funds were used to support the development of emerging interdisciplinary research initiatives in computational sciences as well as food biotechnology and safety. The support included seed funding for shared research support staff, laboratory acquisitions and upgrades, faculty visits to prospective sponsors, and matching funds.

(NCA&T continued)

- ◆ Funds were used to support the Taylor Art Gallery as an extension of the Visual Arts program and artist in residence initiative. Continued funding was provided in support of the program goals of the Transportation Institute in the School of Business and Economics in conjunction with research monies received from the Federal Highway Administration, US-DOT and center designation as an Urban Transit Institute. In addition funding was used in assisting the transition process of the Yanceyville Center into a facility for adult learning and professional degree program pursuits.

North Carolina Central University

- ◆ NCCU's F&A receipts benefited many academic programs in 2002-03, including the School of Education, the Psychology Department, the School of Nursing, Biology Department, Physics Department, Health Education, Chemistry Department and the Hospitality Education Program. These funds supported the purchase of supplies, current service expenditures, educational equipment and scientific equipment not funded through state funding.
- ◆ The Biomedical Biotechnology Research Institute at NCCU used F&A receipts to purchase critical scientific equipment, supplies, and current services for research efforts in the biomedical technology program.
- ◆ F&A receipts at NCCU funded technical staff to assist the grant recipients in the pre- and post-award processes. These Sponsored Research staff played a critical role in assisting the university to identify funding available from state, federal, and other sources. The receipts also offset university expenses associated with the annual audit of federal grants and programs.

North Carolina State University

- ◆ NCSU expended \$1.25 million of F&A receipts on the purchase and installation of equipment for the Triangle National Lithography Center. One piece of equipment is a lithography stepper that will be used to produce patterns on different substrates for use as electronic devices. Items that can be produced with the stepper include computer chips, molecular electronics devices, and opto-electronics devices. Other nanoscale technology that can be produced by the stepper include a "lab-on-a-chip" device that can, for example, screen biologically active reagents like anthrax.
- ◆ NCSU used \$100,000 in F&A receipts to renovate space in Gardner Hall and to recruit an additional genomic researcher. This additional funding expanded NCSU's research capacity in plant biotechnology.

(NCSU continued)

- ◆ \$200,000 of F&A receipts were used to invest in equipment to significantly expand the university's research capacity in the emerging realm of proteomics. Funding established and expanded research programs in the Department of Molecular and Structural Biochemistry.
- ◆ NCSU's Department of Psychology implemented a project: Aligning School Psychology Training and Practice with the Needs of Students with Disabilities in the General Education Program (sponsor - U.S. Department of Education). The project is designed to reduce the shortage of school psychologist in North Carolina and to provide school psychologists with increased skills in reading assessment, intervention, and consultation in the early grades.
- ◆ F&A receipts were used to expand research efforts through the rental of Pylon Research Labs (off campus facility). The additional space will accommodate lab and office space for 20 faculty members in the Colleges of Veterinary Medicine and Agriculture and Life Sciences that require specialized handling of biological materials.
- ◆ The College of Textiles purchased a dynamic mechanical analyzer (DMA) for \$65,000. The instrument will be used as a focal point in research to develop improved barrier fabrics for protection against chemical, biological and radiation hazards. Researchers also expect to develop a new test method (through a MOA) that will characterize the polymer used to make brushes that clean wafers used in the chip making process.
- ◆ Over \$185,000 was used to provide seed funding to secure grants in all NCSU colleges and schools.

University of North Carolina at Asheville

- ◆ Facilities and administration funds at UNC-Asheville were used to pay for a contracts and grants accountant to assist contract and grant recipients with billing for reimbursements, financial reporting, and other associated administrative functions.
- ◆ Receipts were also used to fund an administrative assistant position to help research grant opportunities and track proposals.
- ◆ UNCA also reinvested F&A funds by using them to fund grant-writing workshops for faculty.

University of North Carolina at Chapel Hill

- ◆ UNC-Chapel Hill has committed \$204 million of its F&A receipts towards the construction of several major building and renovation projects over the next several years. In the current year, over \$9.3 million provided for capital improvements, including repairs and renovations.

(UNC-CH continued)

- ◆ In FY 2002-03 over \$27 million of facilities and administrative receipts provided personnel expenses for offices supporting the research infrastructure on the campus.
- ◆ An investment of \$1.9 million in F&A funds enabled the School of Medicine to establish a new nuclear magnetic resonance (NMR) imaging Core Facility, which will support research projects in the School of Medicine, the School of Public Health, and the College of Arts and Sciences. This advanced research will help establish UNC-Chapel Hill as a national leader in NMR studies and will yield advances in medical treatment, attracting health-care providers and paying clientele from around the U.S. Success in these areas will result in increased employment opportunities for North Carolinians.
- ◆ F&A funding supported planning and proposal development for the Carolina Population Center's MEASURE project, which is designed to improve data collection, monitoring, and evaluation of population, health, and nutrition services around the world. In September 2003, the Center was awarded a \$70 million cooperative agreement by the U.S. Agency for International Development, the largest social-sciences award in the history of UNC-Chapel Hill.
- ◆ F&A receipts provided the College of Arts and Sciences \$2.2 million dollars in matching grant funds to support research efforts.
- ◆ The School of Public Health is investing \$150,000 in F&A funds to bring a laboratory up to current standards that will allow research designed to lead to the development of a SARS vaccine. By committing \$50,000 per year in F&A funds to the Clinical Nutrition Research Center, the School of Public Health secured \$4 million in NIH funding over five years. Investing \$365,000 in F&A funds over five years enabled the School of Public Health to establish UNC-Chapel Hill's Center for Environmental Health and Susceptibility, which has received a five-year, \$4 million grant from the National Institute of Environmental Health Sciences (NIEHS). The Center has sponsored proposals for additional research grants that currently bring an additional \$17 million per year to the University.
- ◆ Using \$225,000 in F&A funds, the School of Pharmacy purchased nuclear magnetic resonance equipment to characterize the structure of molecules important in medicinal chemistry.
- ◆ The new Carolina Physical Science Complex is the single largest construction project in the University's history and could not be built without F&A funds. The project, which will enhance the physical sciences, will cost an estimated \$205 million, \$84 million of which will be funded by state bond funds. The remainder will be generated through a combination of private fund-raising, fees, and F&A receipts.
- ◆ Using approximately \$38,000 in F&A funds, the University Center for International Studies provided outreach programs for K-12 schools in

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North Carolina, supported international research by undergraduate students, and joined with the U.S. Department of State and the U.S. Department of Education to sponsor International Education Week, which promotes international education and exchange.

- ◆ Using \$18,960 of F&A receipts to match a similar amount from other sources, the Office of Economic Development produced a report, "Improving North Carolina's Economic Development Delivery System," which offers guidelines for enhancing the efforts by government agencies and their partners to strengthen the state's economy.
- ◆ UNC-Chapel Hill's libraries invested approximately \$226,000 in F&A funds to renovate two floors of the Health Sciences Library, \$65,000 to develop new Web-based information systems, and \$112,000 to purchase project-related research journals for Health Affairs.

University of North Carolina at Charlotte

- ◆ UNCC placed the majority of its F&A receipts during 2002-03 towards the construction of the Humanities Building. Future F&A receipts will support the expansion of research facilities and equipment, including the Science and Technology Building and an addition to the Charlotte Research Institute.
- ◆ F&A receipts were also used to support department priorities, for example, the provision of supplemental funding for an annual mathematics research conference held at UNC Charlotte.

University of North Carolina at Greensboro

- ◆ UNCG has used F&A receipts to offer increased training for campus research administrators. This assists faculty in the administration of the grants and awards and helps to increase the quantity and productivity of research at UNCG.
- ◆ F&A receipts funded the Gene Microarray Applications Program (GMAP) designed to increase the use of biotechnology by faculty. One team that was supported by GMAP funds has secured approximately one million dollars from the Environmental Protection Agency. Their work led to the first spin-off company from UNCG, Ecogenomix.
- ◆ In FY 2002-03 over \$400,000 was given to nine research teams under the auspices of a program known as the External Proposal Development Incentive Program (EPDIP). The purpose of EPDIP was to spur interdisciplinary projects.

University of North Carolina at Pembroke

- ◆ F&A receipts allowed the Biology Department to establish a minor in environmental science and seek to establish an Outdoor Environmental Laboratory on the banks of the nearby federally designated scenic Lumber River. The outdoor lab will expose a generation of students, both K-12 and university, to environmental issues and specimens of plant life found nowhere else in the region and to a rare black water river.
- ◆ UNCP's use of F&A receipts supported the funding of a Media Integration system, a project that combined images, sound, animation and information to create new media through which to communicate information. Created by the interdisciplinary collaboration of faculty from Art, Music and Mass Communications, the project has evolved into a minor concentration currently housed within the Art Department with growth to a major expected within the next two years. The project has gained notoriety among UNC institutions through UNCP's acceptance as the only NC school in the international New Media Centers program for two years as well as through UNCP's Digital Content Consortium inaugurated in March 2003.
- ◆ F&A receipts supported The Office of Sponsored Research & Programs. The Office serves faculty, staff, and students by providing assistance in their endeavors to pursue and perform scholarly works. Some of the activities supported by the Office and other departments at UNCP included: proposal identification, proposal preparation and monitoring, partnership and collaboration identification, internal proposal reviews, compliance and agreement management, tracking proposal status, project execution, presentation of grant writing workshops, intent letters, consultant review, space alterations/renovations, conflict of interest certifications, lobbying certifications, cost-share, data support, disposal of chemical or hazardous wastes, policies on research subjects, compliance management, agreement management, intellectual asset management, and financial management.

University of North Carolina at Wilmington

- ◆ UNCW's ability to offer start-up packages from F&A funds has been important in recruiting new PhDs to the campus in areas such as computer science, where hiring has been extremely competitive.
- ◆ Repairs and maintenance of scientific buildings were funded from F&A receipts.
- ◆ In 2002-03, UNCW purchased scientific equipment for the Center for Marine Science from F&A receipts (M/V Mandalay).

Western Carolina University

- ◆ In 2002-03, WCU used F&A receipts to establish a grants and contracts administration office – an effort to assist faculty and to increase the contracts and grants awards in that region of North Carolina.
- ◆ F&A receipts funds for recruitment and retention activities like “WCU on Tour”, an off campus program that introduces Western Carolina University to surrounding regions and states.
- ◆ F&A receipts were also used to support audit costs related to grants and contracts, purchase workmen’s compensation insurance for employees paid from grants and contracts, and for other related administrative costs.

Winston-Salem State University

- ◆ WSSU used 2002-03 F&A receipts to provide funds for student enrichment programs, such as the Minority Science Outreach Program and Honors Summer Program.
- ◆ It was also necessary to use F&A receipts to fund the annual costs of auditing contracts and grants financial records and fund staffing positions associated with the administration of contracts and grants.

University of North Carolina General Administration

- ◆ F&A receipts at UNC General Administration were used to fund related administrative costs, including
 - a research associate position and operating costs to administer compliance standards and to manage pre and post-award operations
 - fund the establishment and maintenance of negotiated F&A rate proposal and the UNC Cost Allocation Plan
- ◆ F&A receipts were also used to cover administrative overhead costs for central administrative cost pools, provide sponsored program professional development, and fund unfunded cost-sharing requirements for grant proposals.