



GRANTS & CONTRACTS

ANNUAL REPORT

Fiscal Year 2010

Issued January 2011

TABLE OF CONTENTS

| | PAGE |
|---|-----------|
| Executive Summary | i |
| Revenues and University Cost Sharing | 1 |
| Expenditures | 2 |
| Federal Revenues..... | 4 |
| State Revenues | 5 |
| Private Revenues | 6 |
| Research Expenditures | 7 |
| University Cost Sharing | 8 |
| Facilities and Administrative Cost and Benefit Rates | 10 |
| Facilities and Administrative Cost Recovery | 11 |

EXECUTIVE SUMMARY

Grants and contracts are formal agreements between the University of Maine System (University) and third party sponsors. They provide assistance and represent a mutual joining of interests on the part of the sponsor and the University in the pursuit of a common objective, or they may be used to provide services for the direct benefit of the sponsor. Grant and contract revenues include a combination of federal, state, and private sources and support a wide variety of instruction, research, and public service activities. This report does not include grants of student financial aid (see FY2010 Financial Aid Report) or State Stabilization funds.

REVENUES AND COST SHARING

- The University earned \$116 million in grant and contract activity for FY2010 and contributed \$31 million in cost share, for total activity of \$147 million.
- Research-related activities accounted for \$78 million or 53% of all grant and contract revenues and cost sharing activity.
- The Maine Agricultural and Forest Experiment Station, the UM Cooperative Extension Service, and the USM Muskie School of Public Service generated \$44 million of external revenues and the University cost shared \$17 million for FY2010.
- Federal sources continued to account for 40% of total funding with the National Science Foundation and the Department of Agriculture providing the largest Federal share.
- The State of Maine Department of Human Services provided \$20 million or 65% of all State funding.
- Grant and contract activity for FY2010 increased by \$14 million over the prior year to \$147 million and is up \$15 million from FY2006.

EXPENDITURES

- All campuses had grant and contract activity with UM and USM accounting for 92% (or \$135 million) of total expenditures.
- Total research expenditures in FY2010 were \$100 million. Funding for these expenditures came from a combination of grant and contract revenues (\$78 million), educational and general funds (\$7 million), and the State of Maine research and development appropriation (\$15 million).

STATE RESEARCH AND DEVELOPMENT APPROPRIATIONS [MAINE ECONOMIC IMPROVEMENT FUND (MEIF)]

In FY2010 total MEIF expenditures were \$19 million, funded by \$4 million of University cost sharing and \$15 million from State appropriation. More detailed information regarding the Maine Economic Improvement Fund may found in the annual report provided at <http://www.maine.edu/system/oft/RandD.php>.

UNIVERSITY COST SHARING EXPENDITURES

- Total cost sharing in FY2010 was \$31 million of which 58% was associated with activities of the Maine Agricultural and Forest Experiment Station, the UM Cooperative Extension Service, and the USM Muskie School of Public Service.
- As in previous years, the majority (over 60%) of cost sharing expenditures was for Federally funded grants and contracts.

FACILITIES AND ADMINISTRATIVE (F&A) COSTS AND RECOVERY

- Total allowable F&A costs for FY2010 were \$26 million with \$15 million (58%) in net F&A cost recovery.
- The Federal government continued as the largest contributor to F&A recovery, providing \$9 million (60%) of net F&A recovery.

REVENUES & UNIVERSITY COST SHARING

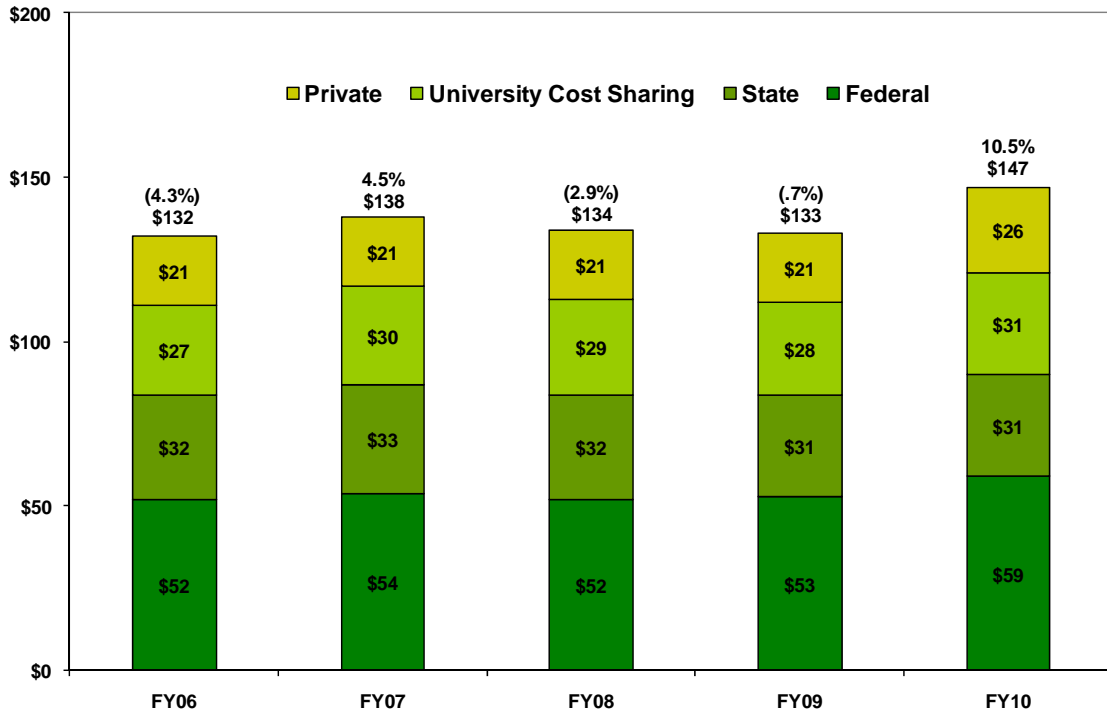
By their nature, grant and contract revenues are used only to meet expenditures and are not profit-generating. Total revenues and expenditures for FY2010 were \$147 million, an increase of \$14 million or 10.5% from FY2009 and, as seen below, an increase of \$15 million or 11.4% from FY2006. (University cost sharing is discussed on page 8.)

GRANT AND CONTRACT REVENUES BY SOURCE & UNIVERSITY COST SHARING (\$ in millions)

| | FY2006 | | FY2007 | | FY2008 | | FY2009 | | FY2010 | |
|--------------------------------|---------------|------------|---------------|------------|---------------|------------|---------------|------------|---------------|------------|
| | \$ | % | \$ | % | \$ | % | \$ | % | \$ | % |
| Federal | \$ 52 | 39 | \$ 54 | 39 | \$ 52 | 39 | \$ 53 | 40 | \$ 59 | 40 |
| State * | 32 | 24 | 33 | 24 | 32 | 24 | 31 | 23 | 31 | 21 |
| Private * | 21 | 16 | 21 | 15 | 21 | 15 | 21 | 16 | 26 | 18 |
| University cost sharing | 27 | 21 | 30 | 22 | 29 | 22 | 28 | 21 | 31 | 21 |
| Total | <u>\$ 132</u> | <u>100</u> | <u>\$ 138</u> | <u>100</u> | <u>\$ 134</u> | <u>100</u> | <u>\$ 133</u> | <u>100</u> | <u>\$ 147</u> | <u>100</u> |

* Includes federal pass-through funds (see pages 5 and 6).

GRANT & CONTRACT REVENUES BY SOURCE & UNIVERSITY COST SHARING (\$ in millions)



REVENUES & UNIVERSITY COST SHARING

(continued)

41% or \$61 million of grant and contract revenues in FY2010 are attributable to the activities of the Maine Agricultural and Forest Experiment Station (MAFES), the UM Cooperative Extension Service (CES), and the USM Muskie School of Public Service (MSPS).

GRANT AND CONTRACT REVENUES BY SOURCE & UNIVERSITY COST SHARING FOR MAFES, CES, AND MSPS

FY2010

(\$ in millions)

| | <u>MAFES</u> | <u>CES</u> | <u>MSPS</u> | <u>Total</u> |
|-------------------------|--------------|--------------|--------------|--------------|
| Federal | \$ 6 | \$ 4 | \$ 7 | \$ 17 |
| State | 1 | 3 | 15 | 19 |
| Private | 1 | 1 | 6 | 8 |
| University cost sharing | 7 | 6 | 4 | 17 |
| Total | \$ 15 | \$ 14 | \$ 32 | \$ 61 |

EXPENDITURES

Grant and contract revenues are recognized to the extent of allowable expenditures. As seen below, expenditures by campus were relatively consistent through FY2009. However, in FY 2010, the University of Maine experienced a \$12 million (16%) increase in grant and contract expenditures over the prior year.

GRANT AND CONTRACT EXPENDITURES (INCLUDING COST SHARING) BY CAMPUS

(\$ in millions)

| | <u>FY2006</u> | <u>FY2007</u> | <u>FY2008</u> | <u>FY2009</u> | <u>FY2010</u> |
|----------------------------------|---------------|---------------|---------------|---------------|---------------|
| University of Maine Augusta | \$ 2 | \$ 3 | \$ 3 | \$ 3 | \$ 3 |
| University of Maine Farmington | 3 | 4 | 4 | 3 | 3 |
| University of Maine Fort Kent | - | - | - | - | - |
| University of Maine Machias | - | - | - | - | 1 |
| University of Maine | 72 | 76 | 75 | 76 | 88 |
| University of Southern Maine | 50 | 51 | 48 | 46 | 47 |
| University of Maine Presque Isle | 1 | 1 | 1 | 2 | 2 |
| System-Wide Services | 4 | 3 | 3 | 3 | 3 |
| Total | \$ 132 | \$ 138 | \$ 134 | \$ 133 | \$ 147 |

EXPENDITURES

(continued)

The distribution of total grant and contract expenditures over instruction, research, and public service areas has also remained consistent over the past five years, with research activities accounting for over 50% of total expenditures.

GRANT AND CONTRACT EXPENDITURES (INCLUDING COST SHARING) BY ACTIVITY (\$ in millions)

| | FY2006 | | FY2007 | | FY2008 | | FY2009 | | FY2010 | |
|----------------|---------------|------------|---------------|------------|---------------|------------|---------------|------------|---------------|------------|
| | \$ | % | \$ | % | \$ | % | \$ | % | \$ | % |
| Instruction | \$ 22 | 17 | \$ 23 | 17 | \$ 20 | 15 | \$ 17 | 13 | \$ 18 | 12 |
| Research | 69 | 52 | 72 | 52 | 72 | 54 | 70 | 53 | 78 | 53 |
| Public Service | 41 | 31 | 43 | 31 | 42 | 31 | 46 | 34 | 51 | 35 |
| Total | \$ 132 | 100 | \$ 138 | 100 | \$ 134 | 100 | \$ 133 | 100 | \$ 147 | 100 |

Although not reflected in the table below due to rounding, all campuses within the University of Maine System have some level of grant and contract activity. The University of Maine and the University of Southern Maine accounted for 92% of total FY2010 grant and contract expenditures. Expenditures for these two campuses were, however, concentrated in different areas. At the University of Maine, 70% of total grant and contract expenditures were for research while the University of Southern Maine's expenditures were spread more evenly among instruction, research, and public service.

GRANT AND CONTRACT EXPENDITURES (INCLUDING COST SHARING) BY ACTIVITY BY CAMPUS FY2010 (\$ in millions)

| | INSTRUCTION | | RESEARCH | | PUBLIC SERVICE | | TOTAL | |
|----------------------------------|--------------|------------|--------------|------------|----------------|------------|---------------|------------|
| | \$ | % | \$ | % | \$ | % | \$ | % |
| University of Maine Augusta | \$ 1 | 5 | \$ - | - | \$ 3 | 6 | \$ 4 | 3 |
| University of Maine Farmington | 2 | 11 | 1 | 1 | 1 | 2 | 4 | 3 |
| University of Maine Fort Kent | - | - | - | - | - | - | - | - |
| University of Maine Machias | - | - | - | - | - | - | - | - |
| University of Maine | 3 | 17 | 62 | 80 | 23 | 45 | 88 | 60 |
| University of Southern Maine | 10 | 56 | 15 | 19 | 22 | 43 | 47 | 32 |
| University of Maine Presque Isle | - | - | - | - | 1 | 2 | 1 | 0 |
| System-Wide Services | 2 | 11 | - | - | 1 | 2 | 3 | 2 |
| Total | \$ 18 | 100 | \$ 78 | 100 | \$ 51 | 100 | \$ 147 | 100 |

FEDERAL REVENUES

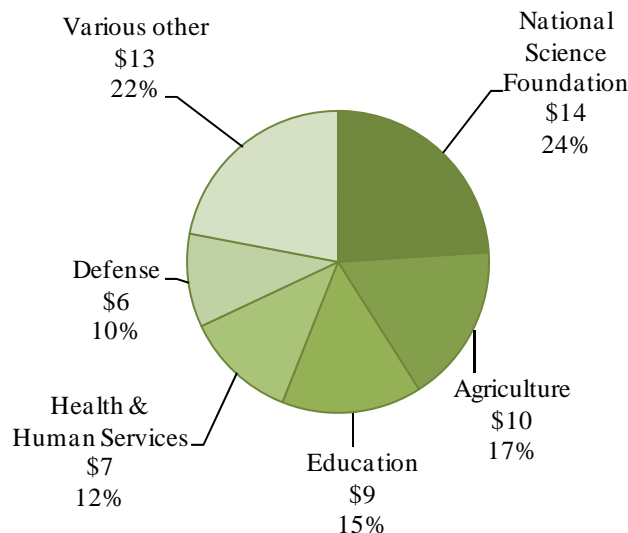
The table and graph below further identify grant and contract revenues by Federal agency. Only those agencies consistently providing \$5 million or more each year are individually presented. The National Science Foundation was the top source of Federal revenues again in FY2010, followed by the Departments of Agriculture and Education. These three agencies combined have provided approximately 50-60% of total Federal revenues during the past five years.

The MAFES and CES operations received \$8 million or 80% of the Department of Agriculture revenues earned in FY2010. The MSPS received \$7 million in federal funding, of which 87% was received from the Department of Health and Human Services, the Department of Justice, and the Department of Education.

FEDERAL REVENUES BY AGENCY (\$ in millions)

| Agency | FY2006 | | FY2007 | | FY2008 | | FY2009 | | FY2010 | |
|-----------------------------|--------------|------------|--------------|------------|--------------|------------|--------------|------------|--------------|------------|
| | \$ | % | \$ | % | \$ | % | \$ | % | \$ | % |
| National Science Foundation | \$ 11 | 21 | \$ 13 | 24 | \$ 13 | 25 | \$ 13 | 25 | \$ 14 | 24 |
| Agriculture | 8 | 15 | 10 | 19 | 9 | 17 | 10 | 19 | 10 | 17 |
| Education | 7 | 13 | 8 | 15 | 8 | 15 | 8 | 15 | 9 | 15 |
| Health & Human Services | 6 | 12 | 6 | 11 | 6 | 12 | 6 | 11 | 7 | 12 |
| Defense | 7 | 13 | 7 | 13 | 7 | 13 | 5 | 9 | 6 | 10 |
| Various other | 13 | 26 | 10 | 18 | 9 | 18 | 11 | 21 | 13 | 22 |
| Total | \$ 52 | 100 | \$ 54 | 100 | \$ 52 | 100 | \$ 53 | 100 | \$ 59 | 100 |

FEDERAL REVENUES BY AGENCY FY2010 (\$ in millions)



STATE REVENUES

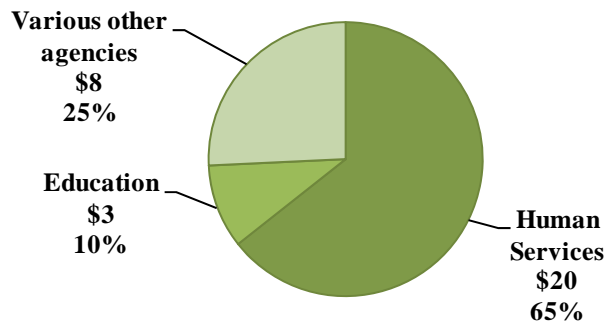
The table and graph below further identify grant and contract revenues by State of Maine agency. These totals include both State funds and Federal funds passed through the State to the University. Agencies consistently providing \$2 million or more each year are presented individually. The Department of Human Services continues to provide the majority of State revenues.

The MSPS received \$15 million or 47% of its total grant and contract revenues from the State of Maine in FY2010. The Department of Human Services provided the largest portion of MSPS funding - \$13 million or 87% of total State funding. The remaining \$2 million of MSPS State funding came from various other agencies, including the Department of Corrections and the Maine State Planning Office.

STATE REVENUES BY AGENCY (\$ in millions)

| Agency | FY2006 | | FY2007 | | FY2008 | | FY2009 | | FY2010 | |
|--|--------------|------------|--------------|------------|--------------|------------|--------------|------------|--------------|------------|
| | \$ | % | \$ | % | \$ | % | \$ | % | \$ | % |
| Human Services | \$ 20 | 62 | \$ 22 | 67 | \$ 20 | 63 | \$ 19 | 61 | \$ 20 | 65 |
| Education | 4 | 13 | 4 | 12 | 4 | 12 | 4 | 13 | 3 | 10 |
| Various other agencies | 8 | 25 | 7 | 21 | 8 | 25 | 8 | 26 | 8 | 25 |
| Total * | \$ 32 | 100 | \$ 33 | 100 | \$ 32 | 100 | \$ 31 | 100 | \$ 31 | 100 |
| * Includes Federal Pass-through funds of | \$ 22 | 69 | \$ 26 | 79 | \$ 25 | 78 | \$ 23 | 74 | \$ 24 | 77 |

STATE REVENUES BY AGENCY FY2010 (\$ in millions)



PRIVATE REVENUES

The table and graph below present grant and contract revenues from private sources classified by four major categories which represent almost 350 different entities. Non-profit organizations continue to provide the majority of private revenues.

The MSPS received \$6 million or 19% of their total grant and contract revenues from private sources in FY2010.

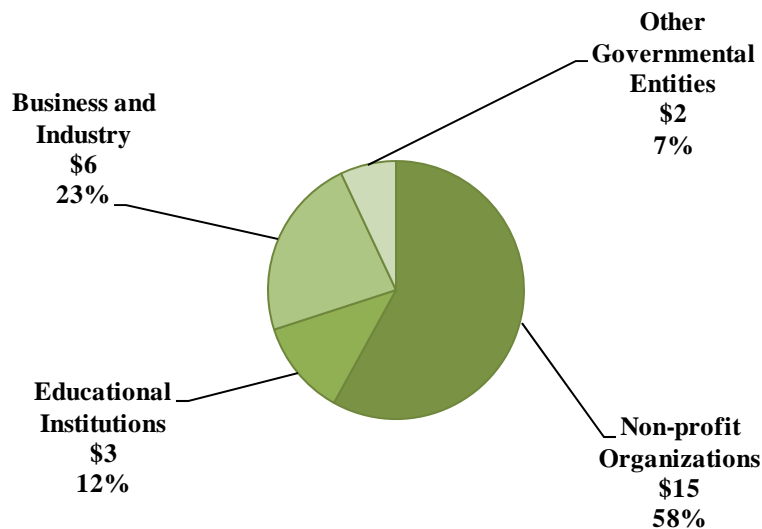
PRIVATE REVENUES BY SOURCE (\$ in millions)

| | FY2006 | | FY2007 | | FY2008 | | FY2009 | | FY2010 | |
|------------------------------|--------------|------------|--------------|------------|--------------|------------|--------------|------------|-----------------|------------|
| | \$ | % | \$ | % | \$ | % | \$ | % | \$ | % |
| Non-Profit Organizations | \$ 12 | 57 | \$ 11 | 53 | \$ 11 | 53 | \$ 12 | 57 | \$ 15 | 58 |
| Business and Industry | 3 | 14 | 3 | 14 | 3 | 14 | 3 | 14 | 6 | 23 |
| Educational Institutions | 4 | 19 | 4 | 19 | 4 | 19 | 4 | 19 | 3 | 12 |
| Other Governmental Entities* | 2 | 10 | 3 | 14 | 3 | 14 | 2 | 10 | 2 | 7 |
| Total | \$ 21 | 100 | \$ 21 | 100 | \$ 21 | 100 | \$ 21 | 100 | \$ 26 ** | 100 |

* Entities other than the Federal Government and State of Maine agencies.

** Includes Federal Pass-Through funds of \$13 million.

PRIVATE REVENUES BY SOURCE FY2010 (\$ in millions)



RESEARCH EXPENDITURES

The University's research activities include not only research conducted under grants and contracts, but also institutes, research centers, and project research funded by Educational and General (E&G) monies, as well as projects funded with the State of Maine Research and Development Appropriation [related to the Maine Economic Improvement Fund (MEIF)]. Total expenditures for research related activities in FY2010 were \$100 million, a growth of \$13 million or 15% since FY2006.

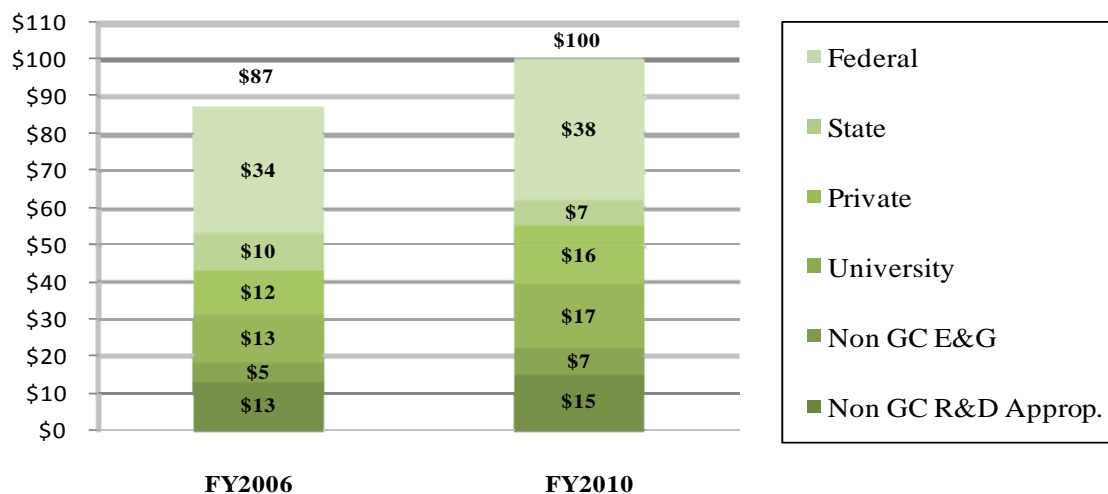
The following table shows total research expenditures funded by grants and contracts, E&G monies, and State R&D Appropriation from FY2006 to FY2010. Research expenditures related to grants and contracts are separated by funding source: Federal, State, Private, and University cost sharing.

TOTAL RESEARCH EXPENDITURES BY SOURCE
(\$ in millions)

| | FY2006 | FY2007 | FY2008 | FY2009 | FY2010 |
|---|--------------|--------------|--------------|--------------|-----------------|
| Grants and Contracts: | | | | | |
| Federal | \$ 34 | \$ 35 | \$ 36 | \$ 34 | \$ 38 |
| State | 10 | 11 | 9 | 8 | 7 |
| Private | 12 | 10 | 11 | 13 | 16 |
| University: | | | | | |
| MAFES Cost Sharing | 7 | 7 | 8 | 7 | 8 |
| Other Direct Cost Sharing | 3 | 4 | 3 | 4 | 4 |
| Other Indirect Cost Sharing | 3 | 5 | 5 | 4 | 5 |
| | <u>13</u> | <u>16</u> | <u>16</u> | <u>15</u> | <u>17</u> |
| Total Grants and Contracts & University Cost Share | <u>\$ 69</u> | <u>\$ 72</u> | <u>\$ 72</u> | <u>\$ 70</u> | <u>\$ 78</u> |
| Non Grants and Contracts Funding: | | | | | |
| University Cost Sharing | 5 | 5 | 5 | 6 | 7 |
| State R&D Appropriation | 13 | 14 | 15 | 16 | 15 |
| Total E&G and State R&D Appropriation | <u>\$ 18</u> | <u>\$ 19</u> | <u>\$ 20</u> | <u>\$ 22</u> | <u>\$ 22</u> |
| Total Research Expenditures | <u>\$ 87</u> | <u>\$ 91</u> | <u>\$ 92</u> | <u>\$ 92</u> | <u>\$ 100</u> * |

* The University's research activities include not only grants and contracts research (see page 3 of this report), but also research funded by E&G monies and State R&D appropriations. This total represents all research expenditures.

TOTAL RESEARCH EXPENDITURES BY SOURCE
(\$ in millions)



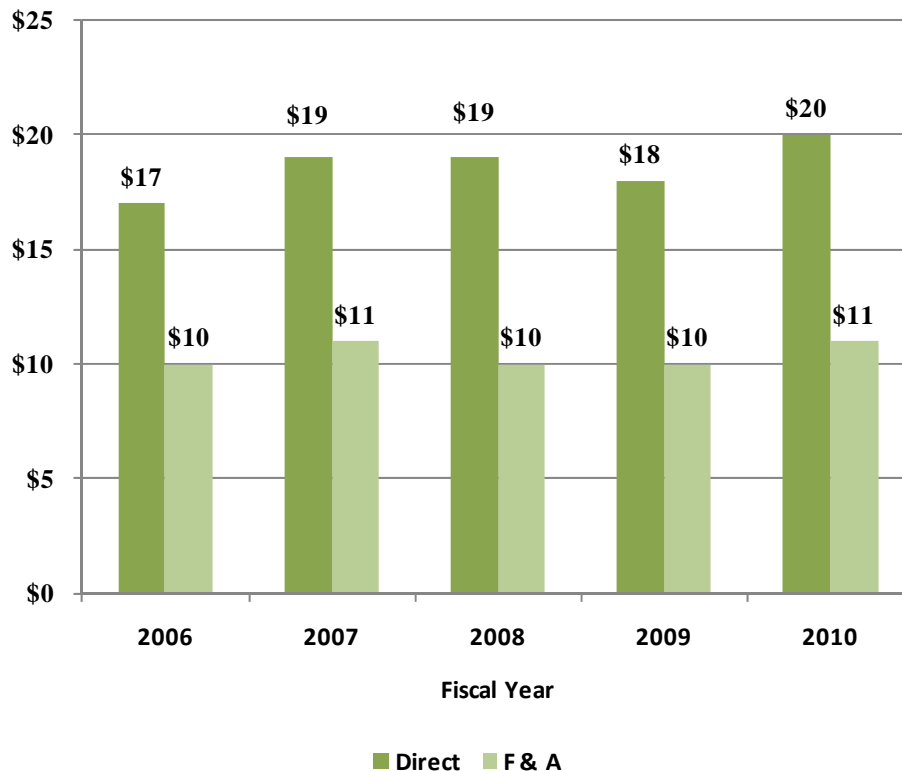
UNIVERSITY COST SHARING

Many sponsors require recipients to share in total project costs. University cost sharing (or matching) is the contribution of University resources in support of a grant or contract. **Direct** cost sharing occurs when University funds are used to fulfill a matching requirement of costs directly associated with an individual grant or contract. **Facilities and Administrative (F&A)** (also known as indirect) cost sharing occurs when the University agrees to recover less than the federally negotiated facilities and administrative cost rate.

As seen in the chart below and in the table on the following page, in FY2010, the University provided \$20 million in direct cost sharing and \$11 million in F&A cost sharing for grants and contracts. Since FY2006, total cost sharing as a percentage of total grant and contract expenditures has remained relatively constant, ranging from 21% to 22%. In FY2010, total cost sharing was 21% of total grant and contract expenditures.

Most notable is the cost sharing the University provides for MAFES, CES, and the MSPS with 58% (or \$17 million) of the \$31 million in total University cost sharing benefiting these three areas. In FY2010, the University cost shared \$13 million for MAFES and CES and \$4 million for MSPS operations.

University Cost Sharing
(\$ in millions)



UNIVERSITY COST SHARING

(continued)

Over the past five years, the vast majority (80% - 90%) of the University's **direct** cost sharing has been related to federally funded grants and contracts. In contrast, the majority (46% - 60%) of **F&A** cost sharing has been related to State of Maine funded grants and contracts. Research activities have historically accounted for about half (48% to 55%) of total cost sharing (both direct and F&A).

COST SHARING BY FUNDING SOURCE

(\$ in millions)

| | <u>FY2006</u> | | <u>FY2007</u> | | <u>FY2008</u> | | <u>FY2009</u> | | <u>FY2010</u> | |
|---|---------------|------------|---------------|------------|---------------|------------|---------------|------------|---------------|------------|
| | <u>\$</u> | <u>%</u> | <u>\$</u> | <u>%</u> | <u>\$</u> | <u>%</u> | <u>\$</u> | <u>%</u> | <u>\$</u> | <u>%</u> |
| <u>DIRECT COSTS</u> | | | | | | | | | | |
| Federal | \$ 15 | 88 | \$ 17 | 90 | \$ 17 | 90 | \$ 16 | 88 | \$ 16 | 80 |
| State | 1 | 6 | 1 | 5 | 1 | 5 | 1 | 6 | 1 | 5 |
| Private | 1 | 6 | 1 | 5 | 1 | 5 | 1 | 6 | 3 | 15 |
| Total | \$ 17 | 100 | \$ 19 | 100 | \$ 19 | 100 | \$ 18 | 100 | \$ 20 | 100 |
| <u>F & A COSTS</u> | | | | | | | | | | |
| Federal | \$ 3 | 30 | \$ 2 | 18 | \$ 2 | 20 | \$ 3 | 30 | \$ 3 | 27 |
| State | 6 | 60 | 6 | 55 | 6 | 60 | 5 | 50 | 5 | 46 |
| Private | 1 | 10 | 3 | 27 | 2 | 20 | 2 | 20 | 3 | 27 |
| Total | \$ 10 | 100 | \$ 11 | 100 | \$ 10 | 100 | \$ 10 | 100 | \$ 11 | 100 |
| <u>TOTAL</u> | | | | | | | | | | |
| Federal | \$ 18 | 67 | \$ 19 | 64 | \$ 19 | 66 | \$ 19 | 68 | \$ 19 | 62 |
| State | 7 | 26 | 7 | 23 | 7 | 24 | 6 | 21 | 6 | 19 |
| Private | 2 | 7 | 4 | 13 | 3 | 10 | 3 | 11 | 6 | 19 |
| Total | \$ 27 | 100 | \$ 30 | 100 | \$ 29 | 100 | \$ 28 | 100 | \$ 31 | 100 |
| Total Cost Sharing as a % of Total Grants and Contracts Expenditures | | | | | | | | | | |
| | 21% | | 22% | | 22% | | 21% | | 21% | |

COST SHARING BY ACTIVITY

(\$ in millions)

| <u>ACTIVITY</u> | <u>FY2006</u> | | <u>FY2007</u> | | <u>FY2008</u> | | <u>FY2009</u> | | <u>FY2010</u> | |
|-----------------|---------------|------------|---------------|------------|---------------|------------|---------------|------------|---------------|------------|
| | <u>\$</u> | <u>%</u> | <u>\$</u> | <u>%</u> | <u>\$</u> | <u>%</u> | <u>\$</u> | <u>%</u> | <u>\$</u> | <u>%</u> |
| Instruction | \$ 4 | 15 | \$ 3 | 10 | \$ 3 | 10 | \$ 3 | 11 | \$ 4 | 13 |
| Research | 13 | 48 | 16 | 53 | 16 | 55 | 15 | 53 | 16 | 52 |
| Public Service | 10 | 37 | 11 | 37 | 10 | 35 | 10 | 36 | 11 | 35 |
| Total | \$ 27 | 100 | \$ 30 | 100 | \$ 29 | 100 | \$ 28 | 100 | \$ 31 | 100 |

**FACILITIES AND ADMINISTRATIVE COST
AND BENEFIT RATES**

The University is required to negotiate rates with the Federal government to recover employee benefits costs and facilities and administrative costs associated with grant and contract activities. These rates are negotiated on a system-wide basis using past and estimated future costs. Facilities and administrative cost rates are generally negotiated for a four-year period and are currently negotiated at the amounts shown below through June 30, 2011. The rates for fiscal year 2012 are provisional pending negotiation of the Federal Facilities and Administrative Cost Rate Proposal based on data for the year ended June 30, 2010. In addition, the employee benefit rate is negotiated annually and the approved rates are shown below for the five year period ended June 30, 2011.

FEDERAL FACILITIES AND ADMINISTRATIVE COST RATES

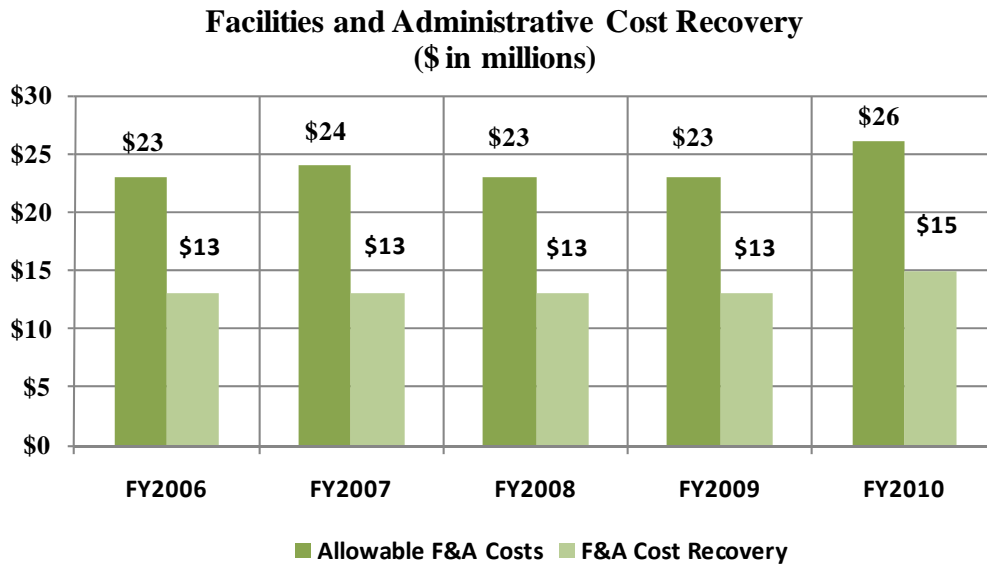
| <u>RATE TYPE</u> | <u>FY2008</u> | <u>FY2009</u> | <u>FY2010</u> | <u>FY2011</u> | Provisional <u>FY2012</u> |
|-----------------------------------|----------------------|----------------------|----------------------|----------------------|--------------------------------------|
| Research | | | | | |
| On-Campus | 48.5% | 49.0% | 49.0% | 49.5% | 49.5% |
| Off-Campus | 26.0% | 26.0% | 26.0% | 26.0% | 26.0% |
| Instruction | | | | | |
| On-Campus | 52.8% | 52.8% | 52.8% | 52.8% | 52.8% |
| Off-Campus | 26.0% | 26.0% | 26.0% | 26.0% | 26.0% |
| Other Sponsored Activities | | | | | |
| On-Campus | 26.8% | 26.8% | 26.8% | 26.8% | 26.8% |
| Off-Campus | 16.7% | 16.7% | 16.7% | 16.7% | 16.7% |

**FEDERAL EMPLOYEE BENEFIT RATES
Applied to All Non-Student Salaries and Wages**

| | <u>FY2007</u> | <u>FY2008</u> | <u>FY2009</u> | <u>FY2010</u> | <u>FY2011</u> |
|---------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Nonfaculty temporary employees | 8.5% | 8.5% | 8.3% | 8.5% | 8.4% |
| All other employees | 40.0% | 40.3% | 42.3% | 48.4% | 47.6% |

FACILITIES AND ADMINISTRATIVE COST RECOVERY

The amount of allowable F&A costs is calculated on each grant or contract using the appropriate negotiated rate as previously described. The rate is applied to the modified total direct costs (MTDC)¹ of an individual grant or contract to arrive at the total allowable F&A costs. Total allowable F&A costs for FY2010 were \$26 million. However, as shown in the chart below, net recovery of F&A totaled \$15 million or 58% of allowable F&A costs.



The Federal government is the University's major source of F&A cost recovery providing between 54% and 62% of total recovery since FY2006. Research activities have provided the vast majority (70%-77%) of total F&A recovery since FY2006.

¹ Modified total direct costs, defined by Federal cost principles, consists of all salaries and wages, fringe benefits, materials, supplies, services, travel, subgrants and subcontracts up to the first \$25,000 of each subgrant and subcontract. Equipment, capital expenditures, charges for patient care and tuition remission, rental costs, scholarships, and fellowships as well as the portion of each subgrant and subcontract in excess of \$25,000 shall be excluded from modified total direct costs.

FACILITIES AND ADMINISTRATIVE COST RECOVERY

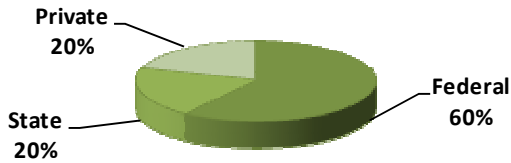
(continued)

FACILITIES AND ADMINISTRATIVE COST RECOVERY BY SOURCE/ACTIVITY

(\$ in millions)

| | <u>FY2006</u> | | <u>FY2007</u> | | <u>FY2008</u> | | <u>FY2009</u> | | <u>FY2010</u> | |
|-------------------------|---------------|------------|---------------|------------|---------------|------------|---------------|------------|---------------|------------|
| | <u>\$</u> | <u>%</u> | <u>\$</u> | <u>%</u> | <u>\$</u> | <u>%</u> | <u>\$</u> | <u>%</u> | <u>\$</u> | <u>%</u> |
| <u>SOURCE:</u> | | | | | | | | | | |
| Federal | \$ 8 | 62 | \$ 7 | 54 | \$ 8 | 62 | \$ 8 | 62 | \$ 9 | 60 |
| State | 3 | 23 | 4 | 31 | 3 | 23 | 3 | 23 | 3 | 20 |
| Private | 2 | 15 | 2 | 15 | 2 | 15 | 2 | 15 | 3 | 20 |
| Total | \$ 13 | 100 | \$ 13 | 100 | \$ 13 | 100 | \$ 13 | 100 | \$ 15 | 100 |
| <u>ACTIVITY:</u> | | | | | | | | | | |
| Instruction | \$ 2 | 15 | \$ 2 | 15 | \$ 1 | 8 | \$ 1 | 8 | \$ 1 | 7 |
| Research | 9 | 70 | 9 | 70 | 10 | 77 | 10 | 77 | 11 | 73 |
| Public Service | 2 | 15 | 2 | 15 | 2 | 15 | 2 | 15 | 3 | 20 |
| Total | \$ 13 | 100 | \$ 13 | 100 | \$ 13 | 100 | \$ 13 | 100 | \$ 15 | 100 |

**NET FACILITIES & ADMINISTRATIVE COST RECOVERY BY SOURCE
FY2010**



**NET FACILITIES & ADMINISTRATIVE COST RECOVERY BY ACTIVITY
FY2010**

