

GRANTS & CONTRACTS

ANNUAL REPORT

2006/2007



January, 2008 (Revised February, 2008)

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EXECUTIVE SUMMARY

Grants and contracts are formal agreements between the University of Maine System (University) and outside 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. Grants and contracts revenues come from a combination of federal, state, private, and university sources and support a wide variety of instruction, research, and public service activities.

GRANTS AND CONTRACTS REVENUES AND EXPENDITURES

- Grants and contracts revenue included in this report does not include amounts for student financial aid (see separate report).
- Grants and contracts revenue increased by \$6 million to \$138 million in FY2007.
- Federal revenues continue to account for approximately 40% of all grants and contracts revenue with the National Science Foundation and the Department of Agriculture being the top sources of Federal revenues.
- The State of Maine Department of Human Services provides over 60% of State revenues.
- \$64 million (46%) of the FY2007 grants and contracts revenues are associated with the activities of the Maine Agricultural and Forest Experiment Station, the UM Cooperative Extension, and the USM Muskie School of Public Service.
- Research activities account for over 50% of all grants and contracts expenditures.

UNIVERSITY COST SHARING EXPENDITURES

- Total cost sharing in FY2007 was \$30 million. 63% of this amount was associated with the activities of the Maine Agricultural and Forest Experiment Station, the UM Cooperative Extension, and the USM Muskie School of Public Service.
- Over 60% of total cost sharing expenditures continues to be related to Federal grants and contracts.

FACILITIES AND ADMINISTRATIVE (F&A) COSTS AND RECOVERY

- Total allowable F&A costs for FY2007 were \$24 million. Of this amount, \$13 million (54%) was actually received and \$11 million (46%) was used to satisfy cost sharing requirements.
- The Federal government continues to provide more than 50% of net F&A recovery revenue.

RESEARCH EXPENDITURES

- Total research expenditures in FY2007 were \$92 million. Funding for these expenditures came from a combination of grants and contracts revenue, educational and general funds, and the State of Maine research and development appropriation.
- Compared with other New England land grant universities, in FY2007, the University of Maine ranked third in research dollars per faculty headcount and ranked sixth in total research expenditures.

EXECUTIVE SUMMARY

STATE RESEARCH AND DEVELOPMENT APPROPRIATIONS (MEIF)

- \$46 million in research grants and contracts were generated by employing most of the \$15 million of available appropriation in FY2007. A portion of the generated grants and contracts represent multi-year awards whose expenditures will appear in future grants and contracts reports.
- \$2 million of the appropriation dollars available in FY2007 were used for cost sharing and \$11 million was used for support of faculty and staff, direct equipment purchases, research space, and research in such areas as computer software & engineering, advanced materials engineering, advanced technologies for forestry and agriculture, aquaculture and marine sciences, biotechnology, technology transfer, information technology, and biosciences. The remaining \$2 million balance was carried over for use in FY2008.
- The University contributed \$2 million in cost sharing to the activities covered by MEIF.

GRANTS AND CONTRACTS REVENUE

Grants and Contracts revenue is used only to meet expenses and is not a profit-generating item. Total revenue used to meet expenditures for FY2007 was \$138 million, an increase of \$6 million from FY2006 and an increase of \$20 million (17%) over FY2003. The growth since FY2003 has primarily been from federal and private sources which have each increased 21%, or a combined total of \$13 million. University cost sharing contributions are discussed more on Page 6 of this report.

GRANTS AND CONTRACTS REVENUE BY SOURCE OF FUNDS (\$ in millions)

	FY2003		FY2004		FY2005		FY2006		FY2007	
	\$	%	\$	%	\$	%	\$	%	\$	%
Federal	\$ 45	39	\$ 52	40	\$ 50	36	\$ 52	39	\$ 54	39
State	30	25	32	24	34	25	32	24	33 *	24
Private	17	14	19	14	21	15	21	16	21 *	15
University cost sharing	26	22	29	22	33	24	27	21	30	22
Total	\$ 118	100	\$ 132	100	\$ 138	100	\$ 132	100	\$ 138	100

* Includes federal pass-through funds (see pages 4 – 5).

\$64 million or 46% of the total \$138 million in grants and contracts revenue for FY2007 is associated with the activities of the Maine Agricultural and Forest Experiment Station (MAFES), the UM Cooperative Extension (UMCE), and the USM Muskie School of Public Service (Muskie). These three areas also account for 63% of the total University cost sharing dollars of \$30 million noted above.

GRANTS AND CONTRACTS REVENUE FOR MAFES, UMCE, AND MUSKIE FY2007

(\$ in millions)

	<u>MAFES</u>	<u>UMCE</u>	<u>Muskie</u>	<u>Total</u>
Federal	\$ 5	\$ 4	\$ 7	\$ 16
State	-	2	19	21
Private	1	1	6	8
University cost sharing	7	7	5	19
Total	\$ 13	\$ 14	\$ 37	\$ 64

GRANTS AND CONTRACTS EXPENDITURES

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

GRANTS AND CONTRACTS EXPENDITURES BY ACTIVITY (\$ in millions)

	FY2003		FY2004		FY2005		FY2006		2007	
	\$	%	\$	%	\$	%	\$	%	\$	%
Instruction	\$ 22	18	\$ 23	17	\$ 24	17	\$ 22	17	\$ 23	17
Research	63	54	72	55	73	53	69	52	72	52
Public Service	33	28	37	28	41	30	41	31	43	31
Total	\$ 118	100	\$ 132	100	\$ 138	100	\$ 132	100	\$ 138	100

Although not shown in the table below due to rounding, all Universities within the University of Maine System have some level of grants and contracts activity. The University of Maine and the University of Southern Maine accounted for 92% of total FY2007 grants and contracts expenditures. Expenditures for these two universities were, however, concentrated in different areas with 70% of the University of Maine's total grants and contracts expenditures being for research and the University of Southern Maine's expenditures being spread almost evenly over instruction, research, and public service.

UNIVERSITY EXPENDITURES BY ACTIVITY FY2007 (\$ in millions)

	INSTRUCTION		RESEARCH		PUBLIC SERVICE		TOTAL	
	\$	%	\$	%	\$	%	\$	%
University of Maine	\$ 4	17	\$ 53	74	\$ 19	45	\$ 76	55
University of Maine Augusta	-	-	-	-	3	7	3	2
University of Maine Farmington	2	9	1	1	1	2	4	3
University of Maine Fort Kent	-	-	-	-	-	-	-	-
University of Maine Machias	-	-	-	-	-	-	-	-
University of Southern Maine	15	65	18	25	18	42	51*	37
University of Maine Presque Isle	-	-	-	-	1	2	1	1
System-Wide Services	2	9	-	-	1	2	3	2
	\$ 23	100	\$ 72	100	\$ 43	100	\$ 138	100

* Includes \$37 million for the Muskie School of Public Service.

FEDERAL REVENUES

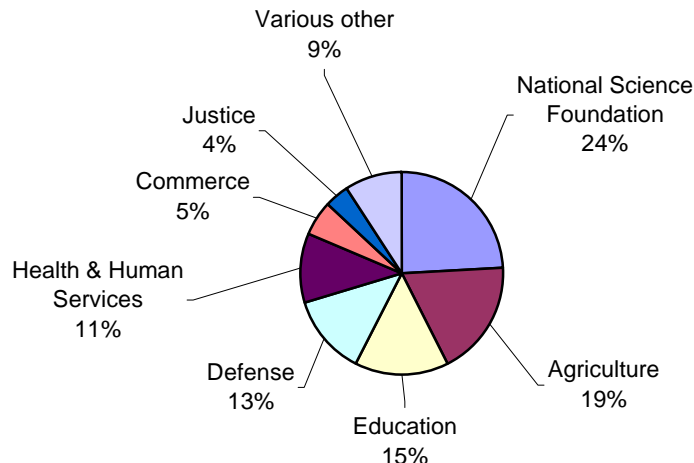
The table and graph below present grants and contracts revenue from Federal agencies. Agencies consistently providing \$2 million or more each year are presented separately. The National Science Foundation was the top source of Federal revenues again in FY2007, followed by the Departments of Agriculture and Education. These three agencies combined, have provided over 50% of the total Federal revenues for each of the past five years.

The MAFES and CES operations accounted for \$7 million or 70% of the total revenues received from the Department of Agriculture in FY2007. A combined 81% of the Muskie School of Public Service's \$7 million in federal revenues for FY2007 were received from the Department of Health and Human Services, the Department of Justice, and the Department of Environmental Protection.

FEDERAL REVENUES BY AGENCY (\$ in millions)

Agency	FY2003		FY2004		FY2005		FY2006		FY2007	
	\$	%	\$	%	\$	%	\$	%	\$	%
National Science Foundation	\$ 11	25	\$ 12	23	\$ 12	24	\$ 11	21	\$ 13	24
Agriculture	8	18	7	13	6	12	8	15	10	19
Education	8	18	9	17	9	18	7	13	8	15
Defense	4	9	5	10	7	14	7	13	7	13
Health & Human Services	5	11	5	10	5	10	6	12	6	11
Commerce	2	4	3	6	2	4	3	6	3	5
Justice	2	4	3	6	2	4	3	6	2	4
Various other	5	11	8	15	7	14	7	14	5	9
	<u>\$ 45</u>	<u>100</u>	<u>\$ 52</u>	<u>100</u>	<u>\$ 50</u>	<u>100</u>	<u>\$ 52</u>	<u>100</u>	<u>\$ 54</u>	<u>100</u>

FEDERAL REVENUES BY AGENCY FY2007



STATE REVENUES

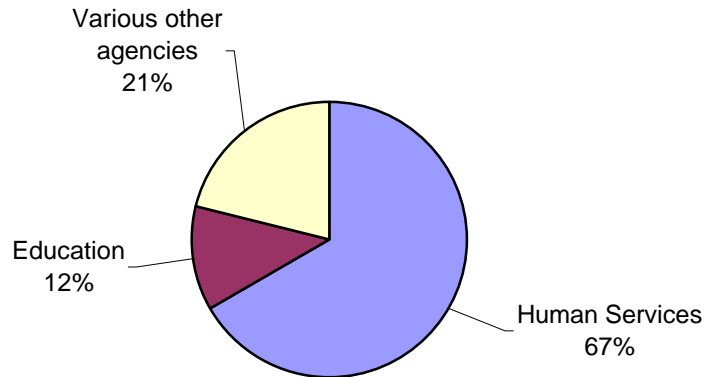
The table and graph below present grants and contracts revenue from State of Maine agencies. These totals include both State money and Federal money passed through the State to the University. Agencies consistently providing \$2 million or more each year are presented separately. The Department of Human Services continues to be the major source of revenues from the State.

The Muskie School of Public Service received \$19 million or 58% of the total grants and contracts revenues from the State of Maine in FY2007. The State's Department of Human Services provided 84% of the Muskie School's State revenues in FY2007. Muskie's remaining FY2007 State revenues came from various other State agencies including The Department of Corrections and the Maine State Planning Office.

STATE REVENUES BY AGENCY (\$ in millions)

Agency	FY2003		FY2004		FY2005		FY2006		FY2007	
	\$	%	\$	%	\$	%	\$	%	\$	%
Human Services	\$ 18	60	\$ 19	60	\$ 18	53	\$ 20	62	\$ 22	67
Education	3	10	3	9	4	12	4	13	4	12
Behavioral & Developmental Svcs	3	10	3	9	4	12	1	3	-	-
Various other agencies	6	20	7	22	8	23	7	22	7	21
Total *	<u>\$ 30</u>	<u>100</u>	<u>\$ 32</u>	<u>100</u>	<u>\$ 34</u>	<u>100</u>	<u>\$ 32</u>	<u>100</u>	<u>\$ 33</u>	<u>100</u>
* Includes Federal Pass-through funds of	<u>\$ 20</u>	<u>68</u>	<u>\$ 21</u>	<u>65</u>	<u>\$ 24</u>	<u>69</u>	<u>\$ 22</u>	<u>68</u>	<u>\$ 26</u>	<u>78</u>

STATE REVENUES BY AGENCY FY2007



PRIVATE REVENUES

The table and graph below present grants and contracts revenues from private sources broken down into four categories. These four categories represent almost 500 different entities. Non-profit organizations continue to provide the majority of private revenues.

The Muskie School of Public Service received \$6 million or 29% of the total grants and contracts revenues from private sources in FY2007.

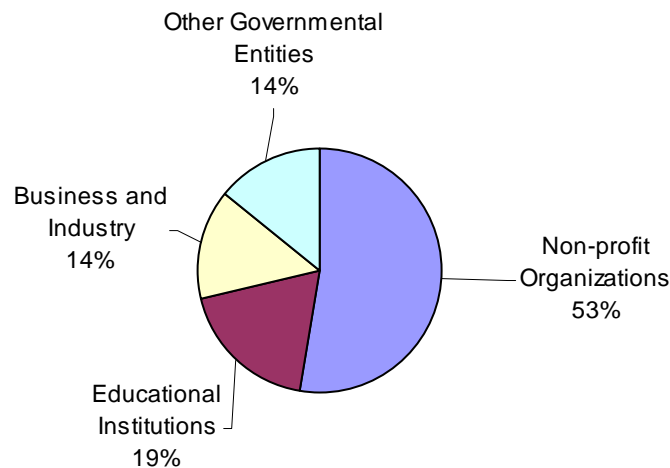
PRIVATE REVENUES BY SOURCE OF FUNDS (\$ in millions)

	FY2003		FY2004		FY2005		FY2006		FY2007	
	\$	%	\$	%	\$	%	\$	%	\$	%
Non-profit Organizations	\$ 10	58	\$ 12	61	\$ 13	63	\$ 12	57	\$ 11	53
Educational Institutions	2	13	2	12	3	14	4	19	4	19
Business and Industry	3	19	3	18	2	11	3	14	3	14
Other Governmental Entities*	<u>2</u>	<u>10</u>	<u>2</u>	<u>9</u>	<u>3</u>	<u>12</u>	<u>2</u>	<u>10</u>	<u>3</u>	<u>14</u>
	<u>\$ 17</u>	<u>100</u>	<u>\$ 19</u>	<u>100</u>	<u>\$ 21</u>	<u>100</u>	<u>\$ 21</u>	<u>100</u>	<u>\$ 21</u>	<u>** 100</u>

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

** Includes Federal Pass-Through funds of \$9 million.

PRIVATE REVENUES BY SOURCE OF FUNDS FY2007



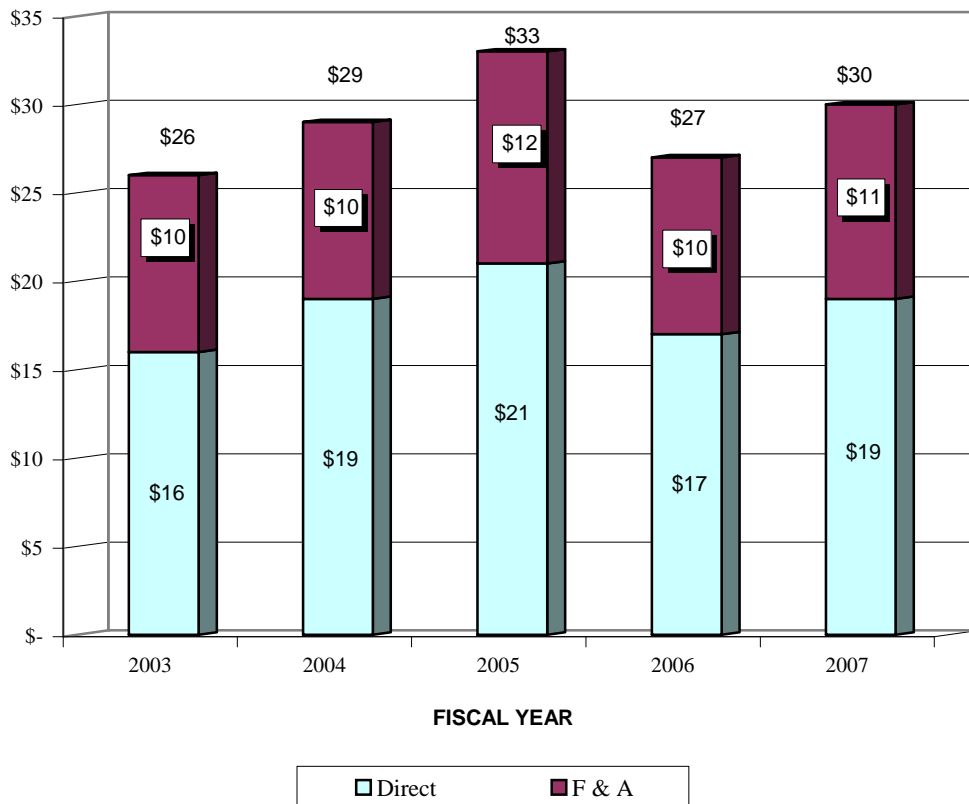
UNIVERSITY COST SHARING

University Cost sharing (or matching) is the contribution of University resources to the support of a grant or contract. Many sponsoring agencies, both governmental and private, require recipients to share in the costs 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)** cost sharing occurs when the allowable facilities and administrative costs are not recovered in full in order to meet the sponsor's matching requirements for a grant or contract.

In FY2007, the University provided \$19 million in direct cost sharing and \$11 million in F&A cost sharing for its federal, state, and private grants and contracts. Since FY2003, total cost sharing as a percentage of total grants and contracts expenditures has changed very little, ranging from 21% to 25%. In FY2007, it was 22%.

Educational & General matching funds for the federal appropriations received by the MAFES and UMCE operations accounted for \$12 million or 63% of the direct cost sharing in FY2007. Total cost sharing for these two operations along with the Muskie School of Public Service accounted for \$19 million or 63% of total University cost sharing.

UNIVERSITY COST SHARING
(\$ in millions)



Over the past five years, the vast majority (88% - 90%) of the University's direct cost sharing related to federal grants and contracts. In contrast, the majority (55% - 60%) of F&A cost sharing related to State of Maine grants and contracts. Research activities have accounted for 50% or more of total cost sharing.

COST SHARING BY SPONSOR TYPE

(\$ in millions)

	FY2003		FY2004		FY2005		FY2006		FY2007	
	\$	%	\$	%	\$	%	\$	%	\$	%
<u>DIRECT COSTS</u>										
Federal	\$ 14	88	\$ 17	90	\$ 19	90	\$ 15	88	\$ 17	90
State	1	6	1	5	1	5	1	6	1	5
Private	1	6	1	5	1	5	1	6	1	5
Total	\$ 16	100	\$ 19	100	\$ 21	100	\$ 17	100	\$ 19	100
<u>F & A COSTS</u>										
Federal	\$ 3	30	\$ 3	30	\$ 3	25	\$ 3	30	\$ 2	18
State	6	60	6	60	7	58	6	60	6	55
Private	1	10	1	10	2	17	1	10	3	27
Total	\$ 10	100	\$ 10	100	\$ 12	100	\$ 10	100	\$ 11	100
<u>TOTAL</u>										
Federal	\$ 17	65	\$ 20	69	\$ 22	67	\$ 18	67	\$ 19	64
State	7	27	7	24	8	24	7	26	7	23
Private	2	8	2	7	3	9	2	7	4	13
Total	\$ 26	100	\$ 29	100	\$ 33	100	\$ 27	100	\$ 30	100
% of Total Grants/Contracts		22%		22%		24%		21%		22%

TOTAL COST SHARING BY ACTIVITY

(\$ in millions)

<u>ACTIVITY</u>	FY2003		FY2004		FY2005		FY2006		FY2007	
	\$	%	\$	%	\$	%	\$	%	\$	%
Instruction	\$ 4	15	\$ 4	14	\$ 4	12	\$ 4	15	\$ 3	10
Research	14	54	15	52	17	52	13	48	16	53
Public Service	8	31	10	34	12	36	10	37	11	37
Total	\$ 26	100	\$ 29	100	\$ 33	100	\$ 27	100	\$ 30	100

**FACILITIES AND ADMINISTRATIVE COST RECOVERY AND
BENEFIT RATES**

The University is required to negotiate rates with the Federal government to recover benefits costs and facilities and administrative costs associated with grants and contracts 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 while the benefit rate is negotiated annually.

FEDERAL FACILITIES AND ADMINISTRATIVE COST RATES

<u>RATE TYPE</u>	<u>FY2007</u>	<u>FY2008 *</u>	<u>FY2009 *</u>
Research			
On-Campus	48.5%	48.5%	48.5%
Off-Campus	26.0%	26.0%	26.0%
Instruction			
On-Campus	53.0%	53.0%	53.0%
Off-Campus	26.0%	26.0%	26.0%
Public Service			
On-Campus	32.0%	32.0%	32.0%
Off-Campus	26.0%	26.0%	26.0%

* These rates are provisional, pending the negotiation of new rates for FY2008 and beyond.

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

	<u>FY2004</u>	<u>FY2005</u>	<u>FY2006</u>	<u>FY2007</u>	<u>FY2008</u>
Nonfaculty temporary employees	8.1%	8.7%	8.4%	8.5%	8.5%
All other employees	36.7%	40.9%	40.8%	40.0%	40.3%

FACILITIES AND ADMINISTRATIVE COST RECOVERY

The amount of allowable facilities and administrative costs is calculated on each grant or contract using the appropriate negotiated rate as described above. The rate is applied to the total direct costs of an individual grant or contract to arrive at the total allowable facilities and administrative costs. The total allowable facilities and administrative costs for FY2007 was \$24 million. However, the total facilities and administrative costs actually received from the sponsor totaled \$13 million or 54%. The University used the difference of \$11 million to satisfy cost sharing requirements for its grants and contracts.

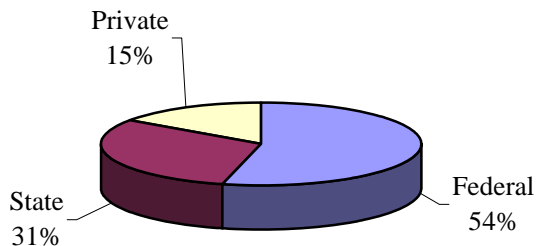
The Federal government is the University's major source of net facilities and administrative cost recovery revenue, providing more than 50% of such revenues since FY2003. Research activities have provided over 64% of total recoveries since FY2003.

NET FACILITIES AND ADMINISTRATIVE COST RECOVERY BY SOURCE/ACTIVITY

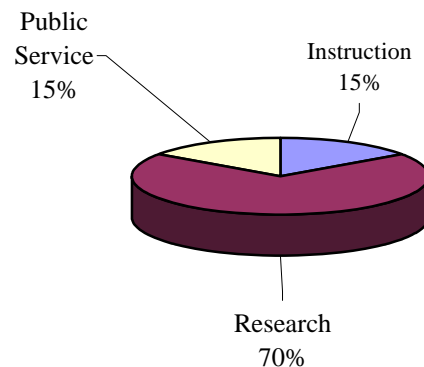
(\$ in millions)

	FY2003		FY2004		FY2005		FY2006		FY2007	
	\$	%	\$	%	\$	%	\$	%	\$	%
SOURCE:										
Federal	\$ 7	64	\$ 7	58	\$ 7	54	\$ 8	62	\$ 7	54
State	2	18	3	25	4	31	3	23	4	31
Private	2	18	2	17	2	15	2	15	2	15
Total	\$ 11	100	\$ 12	100	\$ 13	100	\$ 13	100	\$ 13	100
ACTIVITY:										
Instruction	\$ 2	18	\$ 2	17	\$ 2	15	\$ 2	15	\$ 2	15
Research	7	64	8	66	9	70	9	70	9	70
Public Service	2	18	2	17	2	15	2	15	2	15
Total	\$ 11	100	\$ 12	100	\$ 13	100	\$ 13	100	\$ 13	100

**NET FACILITIES AND ADMINISTRATIVE
COST RECOVERY BY SOURCE
FY2007**



**NET FACILITIES AND
ADMINISTRATIVE COST RECOVERY
BY ACTIVITY
FY2007**



RESEARCH EXPENDITURES

The University's research activities include not only grants and contracts research, but also institutes, research centers, project research funded by E&G monies, and projects funded with the State of Maine Research and Development Appropriation (MEIF). The total cost of all research activity for FY2007 was \$92 million, a growth of \$17 million or 23% since FY2003.

The following table shows total research expenditures funded by grants and contracts and E&G monies from FY2003 to FY2007. Research expenditures related to grants and contracts are broken down by source of funds: Federal, State, Private, and University cost sharing, which includes direct and indirect cost sharing and E&G funding for MAFES.

TOTAL RESEARCH EXPENDITURES BY SOURCE

(\$ in millions)

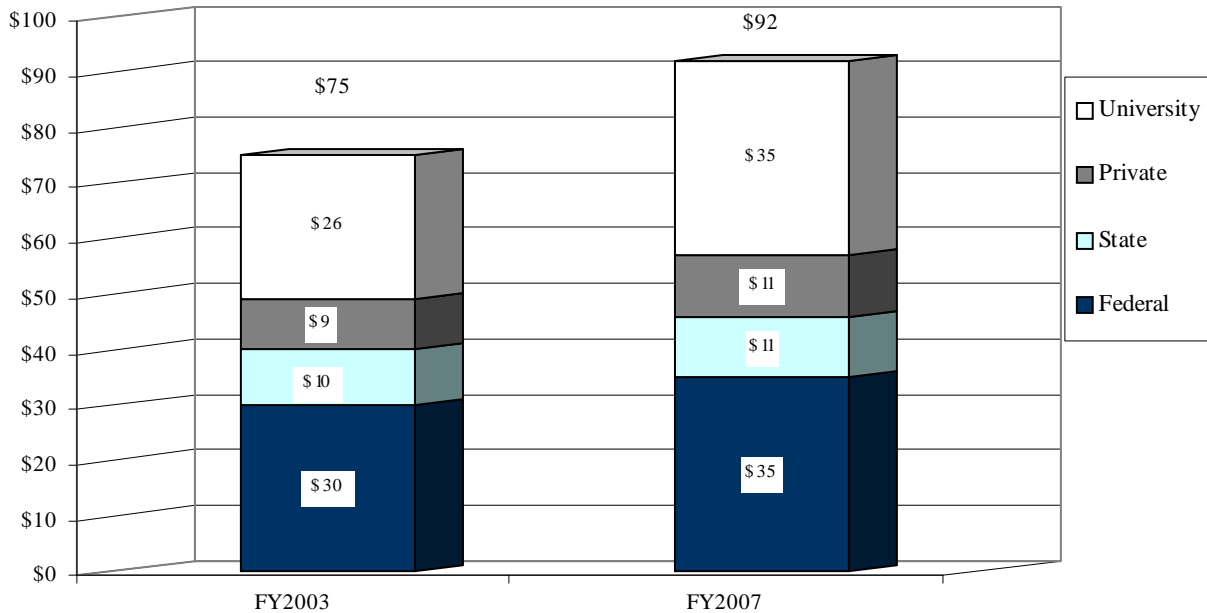
	<u>FY2003</u>	<u>FY2004</u>	<u>FY2005</u>	<u>FY2006</u>	<u>FY2007</u>
Federal	\$ 30	\$ 35	\$ 34	\$ 34	\$ 35
State	10	12	12	10	11
Private	9	10	10	11	11
University*					
MAFES Cost Sharing	6	8	8	7	7
Other Direct Cost Sharing	4	3	4	3	4
Other Indirect Cost Sharing	4	4	5	4	5
	<u>14</u>	<u>15</u>	<u>17</u>	<u>14</u>	<u>16</u>
Total Grants and Contracts	<u>\$ 63</u>	<u>\$ 72</u>	<u>\$ 73</u>	<u>\$ 69</u>	<u>\$ 73</u>
<hr/>					
Total E&G and State Appropriation*	<u>\$ 12</u>	<u>\$ 16</u>	<u>\$ 16</u>	<u>\$ 18</u>	<u>\$ 19</u>
Total Research Expenditures	<u>\$ 75</u>	<u>\$ 88</u>	<u>\$ 89</u>	<u>\$ 87</u>	<u>\$ 92</u> **

* Includes expenditures funded by the annual State of Maine research and development appropriation, which totaled \$14 million in FY2007.

** As noted at the top of this page, the University's research activities include not only grants and contracts research (see page 2 of this report), but also research funded by E&G monies. This total represents the costs of all research activities.

The graph below shows a comparison of total research expenditures for FY2003 and FY2007.

TOTAL RESEARCH EXPENDITURES BY SOURCE
(\$ in millions)



Below is a comparison with other New England Land Grant institutions. This chart compares both total research expenditures and research dollars expended per faculty headcount for FY2007.

**RESEARCH EXPENDITURES AT
NEW ENGLAND LAND GRANT UNIVERSITIES***
(\$ in Thousands)

	<u>Total Research Expenditures FY2007</u>	<u>Research \$ Per Total Faculty Headcount</u>
University of New Hampshire	\$ 98,000	\$ 87
University of Rhode Island	\$ 61,000	\$ 83
University of Maine	\$ 58,000	\$ 67
University of Massachusetts - Amherst	\$ 99,000 **	\$ 66
University of Vermont	\$ 71,000	\$ 49
University of Connecticut	\$ 60,000 **	\$ 46

* Excludes indirect cost recovery and plant fund expenditures for consistency at all institutions.

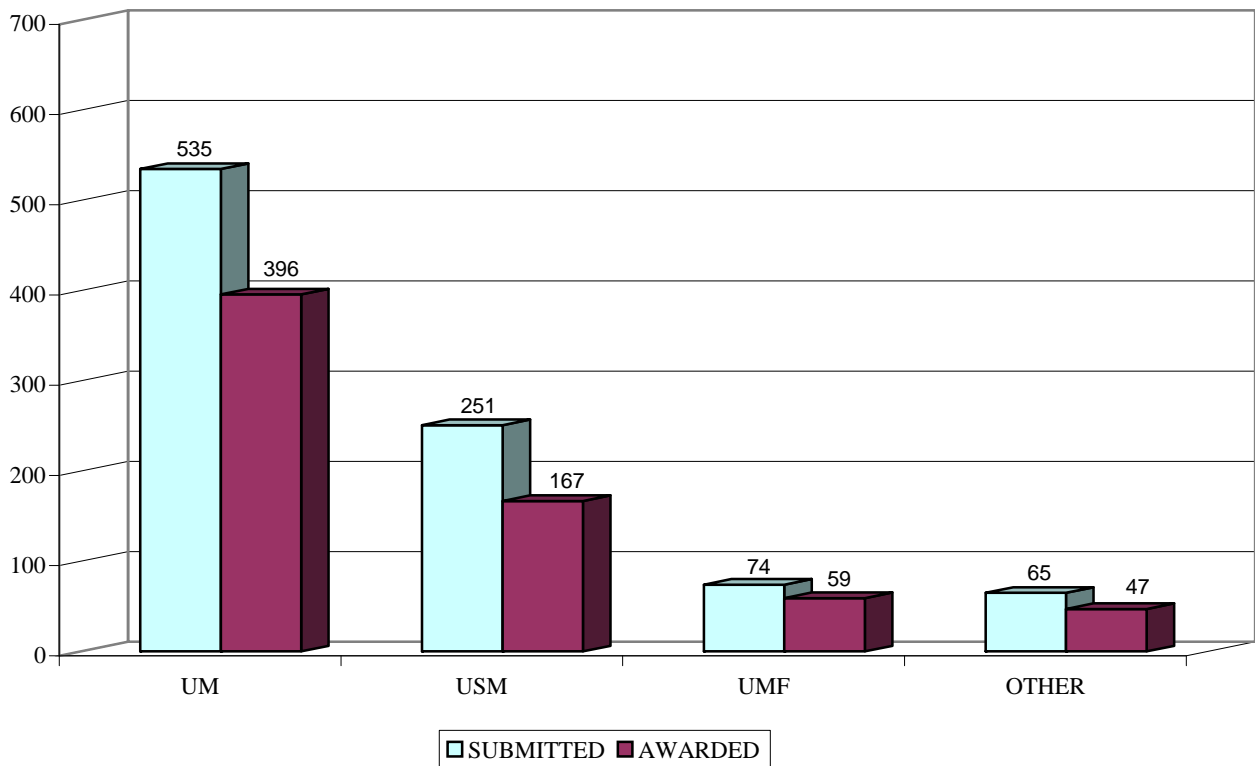
** Unaudited

PROPOSALS SUBMITTED AND AWARDED

Grant proposals are submitted to outside agencies for specific programs. Proposals for contracts are negotiated with agencies and companies to provide specific services.

During FY2007, Sponsored Program Departments throughout the University of Maine System submitted 925 proposals to agencies for funding of a wide range of grants and contracts. Proposals awarded during FY2007 amounted to \$107 million. All proposals submitted are not awarded, and those which are awarded are not funded until the year the services are provided. Thus, the dollar amount of proposals awarded during the current year cannot be compared to current year expenditures, since expenditures may occur over a multi-year period. Significant proposal activity is indicated on the following graph and table.

**NUMBER OF PROPOSALS SUBMITTED & AWARDS RECEIVED
FY2007**



PROPOSAL STATUS REPORT

FY2007

(\$ in millions)

Proposals approved during FY2007 may include prior year submissions, and some FY2007 submissions may be included in future year approvals.

	SUBMITTED DURING FY2007	APPROVED DURING FY2007	
	#	#	\$
UNIVERSITY OF MAINE			
College of Business, Public Policy, and Health	30	15	\$ 1
College of Education and Human Development	38	42	8
College of Engineering	84	52	8
College of Liberal Arts and Sciences	65	25	3
College of Natural Sciences, Forestry, & Agriculture	207	171	19
Cooperative Extension	30	29	4
Division of Lifelong Learning	4	2	1
Research	63	51	8
Other University Programs	14	9	1
Total	535	396	\$ 53
UNIVERSITY OF SOUTHERN MAINE			
College of Arts & Sciences	22	9	\$ 1
College of Education & Human Development	31	19	3
Muskie Institute for Public Affairs	105	83	34
School of Applied Science, Engineering & Technology	49	20	3
School of Business	16	15	2
College of Nursing & Health Professions	7	3	1
Other University Programs	21	18	1
Total	251	167	\$ 45
UNIVERSITY OF MAINE AT AUGUSTA	31	21	\$ 2
UNIVERSITY OF MAINE AT FARMINGTON	74	59	\$ 4
UNIVERSITY OF MAINE AT FORT KENT	7	7	*
UNIVERSITY OF MAINE AT MACHIAS	12	5	*
UNIVERSITY OF MAINE AT PRESQUE ISLE	13	12	\$ 1
SYSTEM WIDE SERVICES	2	2	*
SYSTEM TOTALS FOR FY2007	925	669	\$ 107
SYSTEM TOTALS FOR FY2006	967	719	\$ 106

* The campus received grants totaling less than \$1 million.