Compact for the Office of the Vice President for Research

2004-2005

A. Introduction

Our vision is that the creation of new knowledge through research both enriches the lives of people and provides the foundation for the teaching and outreach functions of the University. The Office of the Vice President for Research is comprised of seven units that are responsible for various aspects of the research enterprise at the University of Minnesota. We are dedicated to serving the faculty and staff as they seek support for research, while they conduct research, and while they transfer newly discovered information to the public domain. In addition, we support and foster new research initiatives across the University.

The functions of the Office of the Vice President include administrative responsibility for the University’s overall research grant activity. It is important to note early in this document that the outstanding faculty of this University continue to provide a tangible return on Minnesota’s investment in its only public research university. In total, through their entrepreneurial efforts, University of Minnesota researchers currently receive external research awards that now routinely exceed $500,000,000 per year. These diverse activities bring with them a variety of exciting opportunities that yield new discoveries, stimulate economic activities, and further knowledge in a multitude of disciplines. At the same time a myriad of challenges to assure effective stewardship of these scarce resources is core to the mission of this office.

The vice-presidential unit is constituted by a group of organizations with a variety of collaborative missions that protect, enhance, and broaden the University’s research activities. The following major units are included:

- Sponsored Projects Administration
- Patents and Technology Marketing
- Office of Oversight, Analysis, and Reporting
- Research Subjects Protection Program
- Office of Regulatory Affairs
- Research Education and Funding Development
- Electronic Research Administration

The compact between the Senior Vice President for Academic Affairs and Provost and the Vice President for Research for 2004-05 includes the following:

B. Update – Major Long-Term Goals/Priorities from Previous Compacts.

1. IMPROVING RESEARCH ADMINISTRATION SERVICES:

Sponsored Projects Administration: The Office of Sponsored Projects Administration (SPA) strives to provide continually improving levels of customer service:

- Awards in process to be set up have been maintained at manageable levels;
- The office continues to be able to recruit high quality personnel;
- Staff members are trained in the core values of the organization;
- SPA has streamlined business processes while an internal EGMS (EGMSi) database has been installed to manage proposals and awards more efficiently

Staffing at the current level has been effective in providing timely proposal processing and account set-ups. It is uncommon to hear complaints from faculty and staff about non-responsiveness by SPA employees. This change in culture has evolved at the same time that implementation of the new EGMSi is occurring. This enhancement required hours of training of the staff and management of existing daily workloads.
Nearly all the staff participated in training programs that reinforced our core values of good communication, customer service, and a respectful workplace. All supervisors are required to complete supervisory training offered by the Office of Human Resources. Many of the grant and contract administrators in SPA have attended regional or national conferences to enhance their professional development. Business processes have been reviewed and improved, and these have been captured in EGMSi. Further efficiencies are gained because EGMSi interacts directly with the proposal preparation portion of EGMS (EGMS e [or, external]) to capture information from the proposal forms (including the budget). This assures that re-keying is not necessary.

In response to independent analyses by two external organizations, management in SPA was also reorganized during the year through staff re-assignments. With these changes, lines of authority have been clarified and a project of improvement of internal communication has begun. This will range from ensuring that staff have needed information in order to perform their jobs, to setting performance standards, ensuring internal procedures are well understood, and that they conform with institutional policy. Emphasis has also been placed on making SPA a good place to work in, with employee involvement in making the office run smoothly a high priority.

The field of sponsored project administration at the University of Minnesota continues to be an area of continual growth and challenge. Details on the volume of research proposals, awards, and expenditures can be found at the SPA website: http://www.ospa.umn.edu. The success of the research enterprise at Minnesota is not only yielding new answers to complex questions. These activities continue to be a driving force behind the economy of the University as well as the state and region. This impressive growth means greater volume and higher expectations for the work done by SPA. At the same time, the revenue base of the organization remains flat while expenditures increase. This needs to be addressed with an investment of resources in FY05 to allow SPA to maintain existing staff with competitive salaries. It is not feasible for SPA to continue to manage the increasing volume of work generated by University success in research while retrenching staff to provide for a centrally mandated salary plan that is unfunded.

**Office of Oversight, Analysis and Reporting (OAR):** One of the final conditions placed on the University by the National Institutes of Health (NIH), before they would remove the University’s “exceptional” designation, was the established functionality of the Office of Oversight, Analysis and Reporting. This office was created in FY00 with a new allocation of central O&M funds under the grants management umbrella. The University’s report convinced the NIH that this office was starting to provide the oversight that the agency felt was necessary. Therefore, effective February 7, 2001, the NIH exceptional designation was lifted. However, it was made clear that continued implementation of the sponsored project management model, that includes effective OAR services, is imperative for NIH to maintain comfort with their decision in this regard. The momentum that has been evident over the past few years cannot be allowed to diminish or the University of Minnesota will risk potential exposure again in the future.

The mission of this office is to promote compliance awareness in sponsored projects management within the University through assistance, education, and communication. The OAR office provides managerial information to units and helps them understand the potential risks that exist within their sponsored programs. A recent analysis has shown that there are about 250 units, i.e., colleges, departments and centers, which must be reviewed. In addition, the unit maintains and communicates current knowledge of federal, state, and University policies related to research; monitors the effectiveness of grants management tools and processes; and administers the Certified Approver Program. Twice annually a status report regarding OAR activities is presented to senior management detailing the office’s achievements. For example, as of June 30, 2003, 40% of the units receiving over 80% of the sponsored funding awards at the University have undergone an internal risk assessment process. Also, there are now 143 Certified Approvers in place participating in a very active continuing education program. Monthly University-wide exception reports have highlighted areas that need attention. Another example is the identification
of the need for University-wide policies and procedures regarding fixed price accounts. This information is currently under development.

**Electronic Research Administration:** The University of Minnesota is recognized as a national leader in the application of automated electronic solutions to the myriad of business challenges inherent in the management of a large, diverse, and de-centralized research enterprise. This office was instrumental in the development of Financial Reports on the Web as well as the Financial Forms Nirvana (FFN) document routing system. These assets have become integral tools in the day-to-day financial management of sponsored projects as well as non-sponsored financial activity across the University system.

The Electronic Grants Management System (EGMS) is a University-developed database and forms routing system that guides research staff through the preparation and electronic routing of sponsored grant proposals to a variety of different funding agencies. Although no longer “new” to the University research community, EGMS is already undergoing a major redesign to enhance its effectiveness. As previously mentioned, an internal variation of this system is also being implemented within SPA. Internal EGMS (EGMSi) will allow SPA staff to manage successful awards more efficiently. Hand procedures will be automated and the establishment of sponsored CUFS accounts will be accelerated. Improved functionality will include the ability to provide a Notice of Program Income (NOPI), Pre-award/Advance Account, and the ability to handle multiple budgets for one award. Numerous shadow systems within SPA are being eliminated and a comprehensive training program has been developed. An automated tracking system is under development that will allow investigators to keep track of the status their grant application in the queue. It is the position of this office that the proposed purchase of the PeopleSoft financial system will not replace the need for the EGMS application.

In the current fiscal year the federally mandated process of effort certification on sponsored projects has been upgraded to an on-line, web-based reporting system. The expected outcomes of this investment include clarified business procedures, effective training, and a significant reduction in the current administrative investment required for this activity.

The Report of External Professional Activities (REPA) form has been automated and is being continually improved. More than 8,000 employees within the University must complete this form each year in order to comply with existing University policy concerning reporting of potential financial and business conflict of interest. Moving this process from a paper system to an on-line environment is intended to make the procedure easier for individuals to report potential conflict, while also streamlining the administrative burden for assuring uniform compliance with this important review.

The costs of these electronic enhancements often exceed our available resources. As we anticipate more projects of this nature in the future, such as the ARMER form for select substances, we will require at least an additional $200,000 on a recurring basis to complete, enhance, and maintain these and other compliance-related electronic tools.

Of note in this arena, this office has been successful in obtaining a $500,000 DHHS grant in order to enhance electronic tools in the field of compliance databases across the University. These changes will enhance the experience that individual research staff will have with these areas as well as better manage the University’s considerable exposure to compliance risks. Unfortunately, this federal award is not likely to cover all the costs associated with this project.

**Patents & Technology Marketing:** The PTM office is in a period of transition. Budgetary concerns and an internal audit have highlighted areas of business processes and information systems that are in need of more clear definition and measured change. An external review is anticipated to begin in the near future. The Office of the General Counsel has been engaged to collaboratively review the existing patenting procedures in hopes of being more efficient with external legal expenses incurred by the University. There is an expectation that the role played by the University in technology commercialization and economic development needs greater emphasis. As such, a new Office of Business Development is anticipated to build on the framework that currently exists within PTM to address these
issues more aggressively. Overall details and statistical accomplishments of the office are provided at http://www.ptm.umn.edu.

2. SAFEGUARDING THE RESEARCH ENVIRONMENT:

Office of Regulatory Affairs (ORA): The ORA office exists to assure that the University’s research environment is in compliance with all University, state, and federal regulations. This function is critical to the ongoing success of our research enterprise. In the current fiscal year we must expand the staff of the office to deal with AAALAC accreditation issues and the ongoing increase in the volume of research conducted at the University. We are proposing to fund these staffing increases through an increase in the University’s F&A rate on clinical trials. This will be discussed in more details in a following section of this document.

Research Subjects Protection Program (RSPP): In the current year the RSPP has submitted documentation that should lead to accreditation of the Institutional Review Board (IRB) and the Institutional Animal Care and Use Committee (IACUC) functions of the office. It is anticipated that one of the outcomes of this review will be a recommendation to address the resources of this unit to add more staff to assure adequate safeguards. Again, it is hoped that the increased F&A rate on clinical trials will provide a potential source of revenue to address this situation.

Institutional Bio Safety Committee (IBC)

Considerable national attention has been focused on the IBC function with recent innovations in gene transfer research and concerns for safety and security of biological toxins.

At the University of Minnesota there is an administrative disconnect between the IBC and the Office of the Vice President for Research. In the Board Of Regents’ Policy on “Research Involving Recombinant DNA and Hazardous Biological Materials” the Vice President for Research appoints the IBC and the policy charges the Vice President for Research with oversight and implementation of the policy which assures compliance with federal and state regulations for the protection of research subjects, researchers, and the wider community with respect to the use of potentially hazardous agents in research.

The oversight and administration of the IBC has been housed within the Environmental Health and Safety division of the University. To assure full coordination of effort, compliance and enhanced oversight, the IBC administrative functions and attendant financial resources should be shifted to report under the Vice President for Research. This issue needs consensus among all parties but needs to be addressed.

The goal of this reorganization is a proactive and integrated research compliance system that encompasses all aspects of research regulatory compliance through direct liaison with all research compliance committees and entities. This change will coordinate all research compliance activities under a single administrative hub with direct reporting to the Vice President for Research with dotted line reporting to the Senior Vice President for Health Sciences.

Occupational Health and Safety:

Related to IBC issues and key to accreditation of the programs, is enhancement of the occupational health and safety program. Long an adjunct to the IACUC process, and loosely coordinated through Boynton Health Service, is the animal related occupational health and safety program. Enhancements are essential in human and animal research areas with a coordinated program integrating IBC/IACUC/IRB related issues.

- Oversight
- Education
- Administration
- Inspection and response

Although not formally a responsibility of the Vice President for Research, in order to integrate research compliance fully, this program should have a reporting relationship with the Office of the Vice President for Research.
Interface with the Office of Institutional Compliance: This newly-established office occupies space in Johnston Hall adjacent to the Office of the Vice President for Research. Although there is no formal relationship between the two offices, informal day-to-day interactions occur and are very beneficial for the overall operational compliance function of our office.

Research Education and Funding Development: This program began initial offerings of educational curriculum relevant to University faculty and staff in February of 2000. Since that time more than 5,000 individuals have participated. The Part 1 workshop has now been adapted to a variety of more discipline specific versions while work on developing an on-line version of Part 2 is progressing. The program has achieved membership in the Collaborative IRB Training Initiative (CITI) thereby adding a third on-line option for instruction in protecting human subjects. The RCR database has been seamlessly converted to the HRMS training module within PeopleSoft. The HRMS registration system, including self-reporting functionality, has also been implemented.

In the current year an expansion of this office to include research funding development has been undertaken. This initiative is deemed to be critical to support ongoing research endeavors as well as addressing the NIH Road Map. This shifting federal emphasis will focus new awards on multidisciplinary team research that may encompass numerous institutions working on broad scientific problems rather than the individual initiatives of principal investigators. A recurring investment of $85,000 for one additional staff member is necessary to position this office to address these issues for the University. In collaboration with the Dean of the Graduate School a $250,000 one-time investment over 2 years is being planned by this office with existing resources to stimulate this activity.

3. MAINTAINING THE INFRASTRUCTURE:

Indirect Cost Analysis Study: The last rate negotiation with federal sponsors of research was completed in 1999 and the University’s facilities and administrative cost reimbursement rate (commonly known as ICR) was negotiated from 47% to 48% for FY00 research awards and 48.5% for research grants awarded from FY01 through FY03. This rate has remained unchanged for FY04. Each 1% change in this rate is estimated to represent approximately $1.3 million in new revenue to the University’s research infrastructure each year. The University’s increase in its F&A rate is especially noteworthy given that peer institutions across the country have been awarded reduced rates at this time.

We are in the process of preparing a F&A rate proposal in order to negotiate a new rate with Department of Health and Human Services (DHHS). In addition, for the first time in eight years, DHHS will also be reviewing the University’s fringe benefit rates as part of this analysis. An oversight committee with broad University representation has been charged with overseeing this process. An outcome to these negotiations is anticipated in FY05 and will apply to new grants or those renewed after this process is completed.

Royalty Income: The Vice President for Research oversees a large income stream generated by royalty licensing agreements for Professor Robert Vince’s discovery of Carbovir. From inception in FY00 through the present fiscal year, the University’s share of this income will have exceeded $35M. The majority of these funds have been channeled into a new endowment, The 21st Century Fellowship Fund. The earnings from this permanent investment are used to match income from external gift funds being endowed across colleges for graduate student fellowship support. An investment goal of $45M will provide a legacy of matching funds exceeding $2M per year to support ongoing graduate student fellowships throughout the University.

A second endowment, the 21st Century Strategic Research Fund, was established in FY04. Additional investments are planned in the University’s existing research infrastructure, in the stimulation of new research activities, and in the commercialization of University technology through a proposed Office of Business Development.

Grant Match Pool: This unit oversees central resources of $2.4 million that are leveraged with departmental and collegiate funds to assist researchers in competing for externally sponsored research grants. The dollars are invested in multi-year commitments across the University in
areas where matching funds are required or where their availability will provide a competitive advantage for University proposals. This internal investment requirement is an increasingly common requirement for federal funding agencies, especially the National Science Foundation. While normal procedures require an over-commitment of these funds each year to meet University-wide demand, existing resources have been adequate for the past several years. However, with the continued dramatic growth in the University’s sponsored funding activities it is anticipated that investments will likely exceed available resources this year and beyond. It has been agreed that an additional, non-recurring, annual allocation of $200,000 for this endeavor will be provided to this office from the Provost. It would be prudent to make this allocation a recurring investment in FY05 as well as increasing these resources by $200,000 annually in FY06 and FY07 so that the total investment pool reaches $3M.

C. New Long-Term Goals & Priorities

1. Maintaining Infrastructure Growth: The University’s research enterprise has experienced unprecedented growth in proposal and award volume in the last several years. Although federal NIH research budgets are not likely to continue doubling each year; as they have in the recent past, indications point to a trend of continued external investments in research in the long term. The total F&A income generated by the University of Minnesota will exceed $90M in FY04 while just 5 years ago this total was $64M. Under IMG budgeting principles a portion of this revenue is returned to college deans by formulaic allocation. The central portion that is maintained provides for a portion of the University’s facilities costs, library investment, and the costs of research administration. The FY05 University pay plan calls for units to provide for their salary increases by internal reallocation. This is simply not feasible for the research enterprise without significantly impacting the effectiveness of the units that serve in this critical mission. This same issue is faced by the SFR unit that reports to the Controller’s Office. To provide salary increase funds for the units of this office paid from ICR revenues will require a recurring $115,000 allocation from the central portion of University F&A revenues. In future years a formula for increasing ICR revenues invested in this office to manage related growth should be implemented.

2. F&A Rate on Clinical Trials: This office is proposing a change in the F&A rate for clinical trial research done at the University, from the current 23% to 26%. This change is estimated to generate an additional $250,000 in ICR income that should be directed to this office to offset staffing needs that must be addressed within ORA and RSPP. This will impact researchers in the Academic Health Center. The Vice President for Research will consult with the appropriate research community prior to the implementation of the change. This change will be implemented as of January, 2005 with a post-budget allocation of $173,000 in ICR funds provided to the OVPR. Positions within the office of Regulatory Affairs (ORA) haven been filled with these resources and so in FY06 these funds must be included as a recurring allocation of ICR resources to OVPR.

3. University Enterprise Laboratories (UEL): Considerable planning, debate, and discussion has been focused this year on the University’s investment in this new organization. A one-time University investment of $2,000,000 from existing royalty revenues is intended in the current fiscal year; pursuant to Regent’s approval of an appropriate contractual arrangement. The UEL is a not-for-profit 501C3 corporation that is independent from the University of Minnesota and run by its officers while governed by a board of directors. Its major purpose is to provide wet laboratory incubator space for biotechnology startup companies, although it will also provide office space for venture capital firms and others with an interest in the commercialization of intellectual property; particularly intellectual property owned by the University of Minnesota. The success of this venture will yield new royalty income for the University while providing increased economic activity, employment opportunities, and new products and services in the private sector. The Board of Regents has approved this plan and an initial $250,000 has been provided to UEL. Additional resources, up to the full $2M commitment, will be provided when UEL has met it goals as outlined in the University’s contract with UEL.

4. Office of Business Development (OBD): In FY05 the Office of the Vice President for Research intends to establish this new unit that will focus energy on University technology transfer efforts as they relate to new
business startups. The three main goals of this organization will be to nurture University startups, educate faculty and staff on the benefits of technology commercialization, and provide a point of entry for outside businesses that want to interact with the University. An estimated investment of $350,000 per year will be directed from existing royalty income to establish this function.

5. NIH Road Map: As discussed in our section on research education and funding development, Elias Zerhouni; the head of the National Institute of Health, is proposing major changes in the funding model of this federal research agency. Given that nearly one-half of the University's sponsored funding comes from this agency, attention to this issue is of major concern. Rather than focusing on traditional awards to individual principal investigators, the new proposal focuses resources on multidisciplinary team research that may encompass numerous institutions working on broad scientific problems. University faculty are poised to remain successful in this new model but coordination and education efforts will be paramount in assuring our success. As outlined, a recurring investment of $85,000 is needed within this office to address these issues across the University.

6. Leadership Issues: It is imperative that the University move to fill the Vice President for Research role on a continuing basis. Assuming this search process will be accomplished in the near future, there is also a need to define and fill the leadership role within PTM on a continuing basis. It is also prudent to begin discussions of thoughtful succession planning within the leadership of SPA. Finally, a new Assistant Vice President for Research position within the VP’s office is needed to oversee implementation of policies, procedures, and new systems across the University. This will be an individual from the faculty who would be willing to hold this part-time (.5FTE) administrative position while maintaining their existing research and teaching programs. Our estimate of this investment is $125,000 in recurring funds. Solidifying these personnel issues in the near future is a critical measure that is needed to provide stable direction for this unit.

D. Diversity The Vice President and senior administrators of this unit are committed to the University’s goals of equal opportunity and affirmative action in hiring and procurement. Of the two searches for P&A staff conducted this year both resulted in the hiring of highly qualified women, one also being a person of color.

E. Outreach

Federal Demonstration Project (FDP): In the fall of 2002 the University joined this cooperative initiative among federal agencies and institutional recipients of federal research funds. There are currently 94 major universities, 10 federal agencies, and a host of professional organizations in this project. The intent is to increase research productivity by streamlining the administrative processes and minimizing the administrative burden on principal investigators, while maintaining effective stewardship of federal resources. The University will have the opportunity to participate in a variety of demonstrations and task forces as well as be a partner in testing new initiatives. Significant advances in the effective application of electronic research administration tools have been an outcome of this project. The University of Minnesota is a world leader in this field. Our participation in FDP will be an important forum to focus on achievements as well as continual improvements in this arena.

In addition, our participation in numerous other associations related to grants management, such as the Council on Governmental Relations (COGR), the National Council of University Research Administrator (NCURA) and the Committee on Institutional Cooperation (CIC), is an important outreach for the University of Minnesota. Sharing our experiences over the past decade, and the growth and improvements that have resulted from our efforts, provides tangible benefits to our colleagues around the country. We are recognized as a national leader in research compliance, sponsored project management and electronic research administration.

Summary: This office will continue to champion issues that impact the research mission of the University of Minnesota. Stabilizing staff levels and quality services within SPA, ORA, and RSPP are central concerns. The office of the Vice President for Research will continue to formulate electronic research administration enhancements across the University while also integrating research compliance functions. Federal research interactions will be broadened. Technology transfer efforts within PTM,
OBD, and with the UEL will continue to be a priority. The PTM operating budget must be balanced. Communicating the importance of the research university, especially the outstanding record of success of Minnesota faculty and students, to broad public constituency will be another important concentration.

F. Enrollment Management: The VPR does not enroll students.

G. Facilities Issues: Space needs for the OAR office have been solved by converting existing conference rooms into office space. Any future growth of the office will be limited by the lack of additional space within Johnston Hall. Space for the Office of Business Development within the University Enterprise Laboratories is under discussion and will be completed so that operations may commence early in FY05.

H. Financial Issues:

1. Tuition - The VPR collects no tuition income.

2. ICR – The VPR does not oversee research centers that generate ICR (F&A) income.

3. Fees – Other than the increasing F&A rate for clinical trials discussed earlier in this document, there is no recommendation to change any existing fees.

4. Funds – Recurring funds in the amount of $975,000 have been requested in this compact: $250,000 from an increasing the F&A rate on clinical trials for new positions required in ORA and RSPP, $200,000 for ongoing electronic research administration development and maintenance costs, $200,000 in grant match funds, $125,000 for a new .5FTE Assistant Vice President for Research position, $115,000 for increasing staffing costs in research administration and compliance units, and $85,000 for research funding development activities.

I. Compact Development: This compact was developed by the Vice President for Research in consultation with the administrative team of the office.

J. Data Profile:

For a display of planning data related to the Office of the Vice President for Research and Dean of the Graduate School, refer to a link off the University web site managed by the Office of Institutional Research and Reporting at http://www.irr.umn.edu. This site contains standard financial, staffing and student information.

K. Reports Summary:
## Historical Allocation Summary
### FY2000 through 2004 Compact Investments

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Note: The VPR received no compact investments in FY1999.

## Allocation Summary
### 2004-05 Compact Investments

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