



Policy 03:050 – Administration of Grants and Contracts

The term “grant” designates funds the University receives from outside sources for the purpose of accomplishing instruction, research, public service or other designated functions in a specific area of mutual interest. The governing documents furnished by the grantor at the time of such grant awards usually designate the funds as grants and specify the degree of accounting and reporting obligations on such funds.

The term “contract” designates funds received by the University for specific services provided to agencies, corporations or others under negotiated contracts.

The following policies apply to grants received and contracts entered into by the University.

Grant Proposals and Applications

University policy permits the preparation and submission of grant proposals through appropriate administrative channels and the acceptance of such grants for purposes that are clearly within the University’s mission and in accordance with the UM Grant Protocol procedures. Any grant that contains cost-sharing or matching provisions must be approved by the University Chief Financial Officer.

Contract Proposals and Execution

Only the President and the Chief Financial Officer may legally bind the University in contractual agreements. However, proposals for contracts may be processed at the College or Division level.

General Obligations and Requirements

The University is responsible for complying with the regulations, guidelines, technical and fiscal reporting or billing requirements, and management procedures as prescribed by the sponsoring agency. The majority of grant and contract awards received by the University are usually not more restrictive in such requirements than will be provided through the University’s normal fiscal procedures. A proposal with unusual requirements beyond the University’s normal policies or practices shall not be accepted or recommended for approval until the requirements have been cleared with appropriate University officials. All grants and contracts will have a clearly specified beginning and ending date.

The principal investigator is primarily responsible for administering the grant or contract.

Preparing Budgets for Grants and Contracts

Grants and contracts should bear the full cost, including direct costs and the recovery of “indirect” or “overhead” costs, of rendering the services. Obligations for cost sharing shall be limited to amounts that can be justified as appropriate to accomplish the stated objectives of the University. A number of agencies require mandatory direct or “indirect” cost sharing, matching or other financial obligations from the University. These obligations of University resources shall be minimized as much as possible and requires the approval of University Chief Financial Officer(CFO).

Use and Distribution of Indirect Costs Received from Agencies

Upon consideration of the University’s financial condition, indirect cost reimbursement rate, and consultation with the University Executive Cabinet, indirect costs received from agencies may be distributed as follows:

1. A portion may be credited to the division where the grant originates if approved by University CFO. If approved, the unit within the division which originates the grant proposal and is responsible for it should receive a set percentage as determined in advance by University CFO
2. The remainder will be credited to general University revenue as reimbursement for overhead costs incurred to administer the program.

Compensation for Personal Services

Compensation for personal services covers all amounts paid currently or accrued by the University for services of employees rendered during the period of performance under sponsored agreements. Such amounts include salaries, wages, and benefits. These costs are allowable under sponsored grants and contracts to the extent that the total compensation to individual employees conforms to the University’s established policies.

Faculty and staff employees are accountable to the University for 100 percent of the duties associated with their basic appointment.

Faculty and staff receiving restricted grants or contracts will have their salary distributed between their regular, base salary source and between sponsored grant and contract funds when the funding agency provides funds for the distribution. Except for extraordinary circumstances, sponsored grants and contracts will not be used as salary supplements (i.e., sponsored grant and contract funds will not be used to increase an employee’s appointment above the base, or 100 percent time). All compensation in excess of base salary to be charged to sponsored grants and contracts must be in compliance with grant regulatory requirements, justified in writing and reviewed by the CFO and President prior to submission of the grant or contract proposal.

Salary Rates for Faculty

Charges for services performed on sponsored grants and contracts by faculty members during the academic year will be based on the individual faculty member’s regular compensation for the academic year. Such charges are allowable during all or any portion of the academic year at the

base salary rate. In no event will charges to sponsored grants and contracts, regardless of the basis of computation, exceed the proportionate share of the base salary for that period.

Charges for services performed on sponsored grants and contracts by faculty members during the summer months or other period not included in the base salary period will be determined for each faculty member at a proportionate rate not to exceed that of the base salary. The base salary period used in computing charges for services performed during the summer months will be the academic year.

Approved 10/80

Revised 8/99

Revised 8/2020