

Sponsored Programs Administration and Management

1. Definition of Sponsored Projects

Sponsored projects are externally supported activities with funds provided typically in response to a request or proposal. A formal written agreement (i.e., a grant, contract, or cooperative agreement) is entered by Northern and by the sponsor and generally contains the following financial accountability elements:

- an agreement that binds the College to a detailed statement of work and commitment to a specified project plan with “start” and “stop” dates;
- a project schedule and a line-item budget, both of which are essential to financial accountability;
- a requirement to return any unexpended funds at the end of the project funding period or as described in the binding agreement;
- regular financial reporting and audit, including, for federal and state awards under the terms of [the OMB's 2 CFR 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards \(hence referred to as the ‘Uniform Guidance’\)](#);
- the College’s full negotiated Facilities and Administrative (F & A) indirect cost rate, unless a waiver of those costs have been approved; and
- terms and conditions for the disposition of tangible properties (e.g., equipment, records, specified technical reports, theses or dissertations or intangible properties (e.g., rights in data, copyrights, inventions).

While not all the above conditions are necessary to define a sponsored activity, they are indicative of the increased level of financial accountability associated with such projects.

2. Faculty and Staff Eligibility. Persons eligible to submit proposals and act as Principal Investigators (PIs) or PDs include tenured and non-tenured associate and assistant professors. Other College staff and faculty (e.g., professors emeritus, visiting professors or visiting scholars) are encouraged to submit proposals, but due to liability purposes must seek approval by the appropriate dean and Provost/Vice President for Academic Affairs. Persons ineligible for PI status may be identified as an associate investigator, but not as a Co-PI.

2.1. Student-Initiated Research. Registered Northern students are eligible to submit proposals and act as a PI to external sponsors only under the following conditions:

- An eligible faculty member agrees to serve as an advisor to the project and the sponsor is informed through a formal College letter of transmittal that identifies the faculty member and her or his role as the advisor;
- A school, center or institute is willing to accept responsibility for administrative and logistical coordination of the project;
- The sponsor agrees to ensure compliance with all College policies and regulations pertaining to the grant;
- The adviser must approve all commitments for project expenditures; and
- Joint periodic reviews must occur between the adviser and the student at least

once per semester during the project period.

3. Procedures for grant proposal drafting and submission

3.1. Proposal Drafting

- Individuals and/or departments interested in preparing a grant proposal must notify the VP of Institutional Advancement of the intent to draft a grant proposal. Notification may be done via email and should include the formal Call for Proposals (CFP) announcement.
- The Office of Institutional Advancement will coordinate a meeting to discuss the CFP, potential financial and programmatic implications on the college, overlap with other existing programs, and a timeline for proposal completion and submission.
- Depending on the nature of the grant, and other existing priorities, the Office of Institutional Advancement will provide support, as necessary, to ensure that proposals are submitted in a timely and highly competitive fashion, and in compliance with the Call for Proposals announcement.
- The Office of Advancement will assist in the development of a proposal submission timeline that includes a minimum of four business days for the Proposal Routing Process.
- The Project Director (PD) must consider the availability and use of space and personnel while constructing a proposal. If the proposal involves human subjects, animal subjects or hazardous substances, approval from the College's Institutional Review Board Committee must also be obtained prior to submission to the dean or designee.
- There are a number of standard facts about Northern that are required in a proposal. To ensure that proposals are complete, accurate and consistent, a list of required information (e.g., Federal ID #, DUNS #, and Assurance #'s) is compiled for completing application forms in (Northern's Fact Sheet for Completing Proposals).
- When possible, the college's Grant Writer must be included as the institutional contact for all proposals.
- A copy of the proposal (including accompanying documentation) and the complete Proposal Routing Sheet shall be housed in the Advancement Office.

4. Budget Guidelines for a Proposal

Most granting agencies have their own format and forms for writing the budget for a proposal. Included in this section are relevant policies cited from the [Uniform Guidance](#) on facilities and administration for writing the budget portion of a proposal and additional policies such as fringe benefits, salaries, and tuition, release time, and travel. Note: The College develops F & A or indirect costs under the requirements of the [Uniform Guidance](#).

4.1. Definition of Facilities and Administration (F&A) or Indirect Cost. F & A refers to costs that are incurred for common or joint objectives and, therefore, cannot be identified readily and specifically with: (1) a particular sponsored project; (2) an

instructional activity; or (3) any other institutional activity. Consequently, F&A costs are synonymous with the term "indirect" costs.

In federally sponsored projects, indirect costs encompass broad categories of costs. For example, the term "facilities" is defined as depreciation and use allowances, interest on debt associated with certain buildings, equipment and capital improvements, operation and maintenance expenses, and library expenses. "Administration" is defined as general administration and general expenses, departmental administration, sponsored projects administration, student administration and services, and all other types of expenditures not listed specifically under one of the subcategories of facilities.

4.2. Departmental Administration Expenses and Limitations. In accordance with the [Uniform Guidance](#), expenses under this heading are those incurred for administrative and supporting services that benefit common or joint departmental activities or objectives in academic deans' offices, academic departments and divisions, and organized research units. Organized research units include such units as institutes, study centers, and research centers. Departmental administration expenses are subject to the following limitations:

4.2.1. Academic Dean Offices. Salaries and operating expenses are limited to those attributable to administrative functions.

4.2.2. Academic Departments. Salaries and fringe benefits attributable to the administrative work (including bid and proposal preparation) of faculty (including department heads), and other professional personnel conducting research and/or instruction, shall be allowed at a rate of 3.6 percent of modified total direct costs. This category does not include professional business or professional administrative officers. This allowance shall be added to the computation of the F&A cost rate for major functions, the expenses covered by the allowance shall be excluded from the departmental administration cost pool. No documentation is required to support this allowance.

Other administrative and supporting expenses incurred within academic departments are allowable provided they are treated consistently in like circumstances. This would include expenses such as the salaries of secretarial and clerical staffs, the salaries of administrative officers and assistants, travel, office supplies, stockrooms, and the like. Federal agencies may authorize reimbursement of additional costs for department heads and faculty only in exceptional cases where an institution can demonstrate undue hardship or detriment to project performance.

4.3. Determination of Departmental Administrative Costs as Direct or F&A costs. In developing the departmental administration cost pool, special care should be exercised to ensure that costs incurred for the same purpose in like circumstances are treated consistently as either direct or F&A costs. For example, salaries of technical staff, laboratory supplies (e.g., chemicals), telephone toll charges, animals, animal care costs, computer costs, travel costs, and specialized shop costs shall be treated as direct cost

wherever identifiable to a particular cost objective. Direct charging of these costs may be accomplished through specific identification of individual costs to benefiting cost objectives, or through recharge centers or specialized service facilities, as appropriate under the circumstances.

The salaries of administrative and clerical staff should normally be treated as F&A costs. Direct charging of these costs may be appropriate where a major project or activity explicitly budgets for administrative or clerical services and individuals involved can be specifically identified with the project or activity. "Major project" is defined as a project that requires an extensive amount of administrative or clerical support, which is significantly greater than the routine level of such services provided by academic departments. Some examples of major projects include:

- Large complex programs such as research centers and other grants and contracts that entail assembling and managing teams of investigators from a number of institutions.
- Projects involving extensive data accumulation, analysis and entry, surveying, cataloging, searching literature, reporting (e.g., clinical trials or studies).
- Projects that require making travel and meeting arrangements for large numbers of participants, such as conferences and seminars.
- Projects whose principal focus is preparing and producing manuals and large reports, books, and monographs (excluding routine progress and technical reports).
- Projects that are geographically, inaccessible to normal departmental administrative services and remote from campus and:
 - items such as office supplies, postage, local telephone costs, and memberships shall normally be treated as F&A costs.
 - technical expenses shall be charged directly to sponsored projects if the expense can be specifically identified and provide technical benefit to the project's scope of work. Examples of qualifying expenses include:
 - Salaries of PI/PD and technical staff, and related fringe benefits (vacation, holidays, sick leave);
 - Laboratory supplies (e.g., chemicals);
 - Telephone toll charges related to the scope of work;
 - Animals and animal care costs
 - Non-administrative computer costs;
 - Travel costs related to the scope of work;
 - Specialized shop costs
 - Specialized health and safety supplies, training, and services.

4.3. Fringe Benefits. In accordance with [Uniform Guidance](#), Section G.5 on negotiated fixed rates and carry forward provisions, Northern's fringe benefits rates are the direct cost charged in a contract, grant, subcontract and subaward. Fixed rates for fringe benefits shall be negotiated in advance for a fiscal year. Any over- or under-recovery for that year is included as an adjustment to the appropriate fringe benefits rate for a subsequent year.

The following provides the fringe benefit rates for three categories of employees.

- Regular Full-Time, Part-Time and Interim Eligible Employees including faculty and staff who hold an appointment of at least six months (four months for bargaining unit employees) for at least 50 percent time are eligible for Northern's benefits programs such as: FICA, retirement; worker's compensation, unemployment insurance, health insurance, tuition remission, and dental insurance. Fringe benefits for all positions shall be calculated at 32 percent of the gross salary.
- Temporary employees whose appointments are too brief (i.e., less than six months, or four months for bargaining unit employees) or too few hours (i.e., less than 50 percent time) are not eligible for regular benefits.
- Students who are employed by the College during a quarter in which they are not registered (including summer quarter) must be classified as contingent employees until they are registered again.

4.4. Treatment of Vacation, Holiday, & Sick Leave. Fringe benefit calculations do not include vacation, holiday, sick leave pay and other paid absences. These benefits must be claimed as part of the normal cost of salaries and wages on grants, contracts and other agreements. In addition, externally funded employees paid through externally funded grants/contracts with the College who are terminating their employment must either:

- take their accrued annual leave during the contract period in which they are terminating their employment; or
- terminate in sufficient time prior to the end of the contract period so that payment of unused annual leave accruals will not exceed the total monies provided in the contract (See Human Resources for more detail).

4.5. Student Salaries and Tuition. A 1986 IRS ruling states that any payments made to a student, for services rendered, are taxable. To remain in compliance with this ruling, the following policies for research assistants (RA), and graduate project assistants (GPA) as well as other (primarily undergraduate) students are in effect.

- **IRS Reporting.** Salaries issued to RAs, GPA, and other project or undergraduate students for services rendered will be reported to the IRS and reported as a direct line item.
- **Tuition & Scholarships.** Tuition expenses or scholarships shall be calculated as a F&A or indirect item. Since most contracts or grants can not be charged "tuition" or "scholarships", the compensation in the RA salary line must be sufficient to cover tuition remission and some additional salary (where appropriate), to cover the corresponding taxes that may have to be paid by the student to the IRS. Students may be compensated for possible taxes up to 16 percent by increasing the budgeted salary amount, depending upon availability of funds within contract or grant. During each semester, forward to the payroll office the tuition amounts paid by the College for each individual. Payroll will include the semester's tuition amount as part of the student's taxable wages during one month each semester. **Note: Once a scholarship is awarded, it cannot be retracted, even if the student's contract is terminated before the end of the term for which it is written.**

Note: According to the IRS, Scholarships may be all or partially taxable, even if a Form W-2 is not issued. Generally the entire amount is taxable if a student is not a candidate for a degree. If a student is a candidate for a degree, they generally can exclude from income that part of the grant used for: Tuition and fees required for enrollment or attendance, or Fees, books, supplies, and equipment required for courses. Students cannot exclude from income any part of the grant for other purposes, such as room and board.

4.6. Pell Grants, Supplemental Educational Opportunity Grants, and Grants to States for State Student Incentives.

These grants are nontaxable scholarships to the extent used for tuition and course-related expenses during the grant period.

4.7. Graduate Student Exception

Tax-free treatment of reduced tuition can also apply to a graduate student who performs teaching or research activities at an educational institution. The qualified tuition reduction must be for education furnished by that institution and not represent pay.

- **Enrollment Qualifications.** Student(s) must be enrolled at least halftime at the College to be eligible to participate in a sponsored project. For budget purposes, these students are considered College employees.
- **Student Salaries.** For graduate research assistants, salaries are normally shown as a percent of time, and graduate project assistants and undergraduate students are normally shown as number of hours (i.e., a maximum of 700 hours in an academic year, a maximum of 520 hours in summer, and in rare cases a maximum of 160 hours between fall and spring semester). Allowable salaries for students are based on approved rates by the funding agency: Examples of how to report salaries in a proposal are as follows.

Research Assistants: \$1,600/mo (.50 FTE)

Project Assistants or Undergraduate Students, 500 hours @ \$12/hr or \$6,000

4.8. Academic Faculty Release Time and Salaries. Some granting agencies will pay for faculty release time during the academic year. The typical amount is 25 to 50 percent, but larger amounts are sometimes granted for projects. It will be the responsibility of the PI to determine the guidelines from the granting agency and to coordinate through the appropriate department/unit administrator. Note: Faculty Handbook updates related to faculty release time and salaries will take precedence over this policy. The release time may be listed in the proposal budget as in the following example.

John Doe, 25% FTE, \$42,000/9 mo., \$10,500

In addition, the Board of Regents approved the following relevant policies.

In cases where release time from teaching duties is not necessary or possible, or in addition to release time from teaching duties, the faculty member may be provided an administrative “overload” supplemental contract for additional duties incurred with the grant with the following provisos:

1. The administrative “overload” contract amount may not exceed 15% of the faculty member’s nine-month contract amount;
2. The department and/or discipline may not be adversely affected by the faculty member’s involvement in the project; and
3. The funding agency approves the project without release time.

Not all granting agencies will allow this policy. In such cases, approval for any differences must be sought from the Vice President for Advancement. In addition, the dean or Provost/Vice President for Academic Affairs must approve any release time during the academic year.

4.9. Summer Faculty Salaries. Most granting agencies will allow summer salary in the amount of 2/9 of the regular academic salary. A few will allow 3/9 of the regular academic year salary. Check with the proposal guidelines or the program director to clarify this amount. If a faculty member has more than one grant, she/he may not receive more than 100 percent (three months) summer pay. Summer salaries should be shown in the proposal budget in the following manner.

Jane Doe, 15 days summer salary, \$42,000/195 days, \$215.38/per day \$3,231
(rounded to the nearest dollar)

4.10. Secretarial Support. In some cases, extra secretarial assistance will be needed to support project activities and may be listed as a regular budget item. When this type of support is needed, it is essential that the Office of Human Resources be contacted to determine the appropriate salary rates approved by the College.

4.11. Travel. The State of New Mexico and Northern have established regulations concerning travel using state funds. According to the Purchasing Manual, out-of-state travel requests must be submitted to the business office at least 10 working days prior to the start of the trip. In-state travel requests must be submitted at least 3 working days prior to the start of the trip. All out-of-state/international travel requests must be approved by the Vice President for Advancement or her/his designee.

4.12. Employer Identification Number. The employer identification number assigned to the College by the federal government must be included in some proposals. This number is 85-6000545.

4.13. Tax Exempt Status. The College is recognized by the Internal Revenue Code under Section 509(a)(3) as eligible for exemption from Federal Income Tax under Section 501(c)(3) of the Internal Revenue Code. This exemption was granted September 1986. A copy of the IRS letter is available at the Office of Institutional Advancement

4.14. Cost Sharing. Cost sharing may consist of allowable direct or facilities and administration (F& A) resources; but may not exceed 100 percent of a faculty, student, or staff’s effort in the performance of the sponsored project.

5. PI/Director Responsibilities for Preparing, Submitting and Managing the Budget

The technical and fiscal management of a sponsorship project includes the preparation of the proposal, management of the project, adherence to reporting requirements, and assurance that the sponsor will be notified when significant conditions related to the project change. The major development and management policies and procedures related to the fiscal responsibility of the PI/director are described in the following two subsections.

5.1. Preparation and Submission of Proposed Budgets. In proposing budgets for sponsored projects, the PI ensures Northern and the potential sponsor that project finances are represented as accurately as possible. In addition, all federal requirements related to cost principles in the [Uniform Guidance](#) and the [Accounting Standards Board](#) must be adhered to at the proposal stage. Key policies to address are as follows.

6. Commitment of College Resources. Sponsored awards are made to the College. To accept awards, the College must legally commit itself to the conditions of the award document and the provision of resources necessary to fulfill the award, as committed in the sponsored project proposal. The Office of Institutional Advancement is the official authorized to approve grants documents, contracts and intergovernmental agreements.

6.1. Allowability. Proposals should not include expenses which the federal government (in the [Uniform Guidance](#) or other regulations) or the sponsor has identified as unallowable.

Similarly, expenses which are to be considered as indirect expenses (e.g., certain types of office supplies and clerical salaries) may not be proposed and budgeted as direct expenses, unless they meet the criteria defined in Section 3.2.1.(3).

6.2. Commitment to Effort. Proposals should accurately represent the amount of time that key personnel are committing to the project. In preparing proposals, PI/director must be cautious to not over commit themselves or others. Effort to the project must take into account the time required for teaching and campus citizenship.

PIs may submit proposals on the assumption that not all will be awarded, but, at the time of award, an accurate representation of time to be devoted to the project, whether that effort will be paid for by the sponsor or by Northern, is necessary. Subsequent changes in levels of effort may also require advance notification to and approval by sponsors.

6.2.1. Estimating Methods. When estimating funding to be budgeted for project expenses, estimating methods must be consistent with Northern's accounting practices and must allow expenditures to be accumulated and reported to at least the same level of detail as the estimate.

7. Cost Sharing. Cost sharing is the contribution made by the College to the total sponsored project cost. Two types of cost sharing may occur in a grant:

1. Mandatory cost sharing required by the sponsor as a condition to obtaining an award; and
2. Committed cost sharing, which is an agreement by the College to use some of its own resources for related research, but not required by the sponsoring agency.

In either case, when the award is received, cost sharing becomes a legally binding commitment of the College. As a result, a Cost Sharing and Identification Worksheet must be completed and submitted to the Office of Institutional Advancement for approval before the College commits to sharing the costs of externally funded projects. The type of cost sharing and amount expected to be contributed to a sponsor needs to be estimated based on associated dollars and recorded in the proposal budget as cost sharing.

Administrative requirements for including cost sharing on federal grants and cooperative agreements are defined in [Uniform Guidance](#). Both in-kind and cash contributions by a recipient are acceptable as cost sharing or matching when all six criteria are met:

1. Verifiable from recipient records;
2. Not included as contribution for any other federally assisted program;
3. Necessary and reasonable for proper and efficient accomplishment of project or program objectives;
4. Allowable charges under applicable cost principles;
5. Not paid by another federal award (except as authorized by statute); and
6. Conform to other provisions in [Uniform Guidance](#) as applicable.

The key policies related to these criteria are as follows.

7.1. Direct Costs (Faculty, Student or Staff Support). It may be appropriate to contribute faculty, student, or staff effort to the performance of a sponsored agreement. The commitment to provide such support, binds the College to contribute the effort and record the associated expenditures including fringe benefits in separate cost sharing accounts.

7.2. Cost Sharing. Cost sharing may consist of allowable direct or facilities and administration (F& A) resources; but may not exceed 100 percent of a faculty, student, or staff's effort in the performance of the sponsored project. Note: A significant decrease in the effort of key personnel in a project may require coordination with and/or advance approval by the federal sponsor. Non-federal sponsors may have similar requirements. If facilities and administration costs are to be waived, approval must be obtained from the Office of Institutional Advancement.

7.3. Equipment. Equipment cannot be offered as cost sharing unless the receipt of the award is contingent upon such cost sharing. Northern or government-owned equipment cannot be committed as cost sharing, but can be characterized as "available for the performance of the sponsored agreement at no direct cost to the project." Where the purpose of the grant is to buy equipment and the College is required to share the cost with the sponsor, the acquisition of special purpose equipment as a direct cost may include an offer of College funds to pay for all or part of the equipment cost.

7.4. Other Direct Costs. Allowable direct costs other than salaries, fringe benefits, or equipment may be committed by the PI/director as cost sharing on the proposal budget. The following examples of other direct costs that may be cost shared include travel expenses, items that do not meet the capitalization threshold, and supplies.

7.5. Facilities and Administration Costs (Indirect Costs). Facilities and administration costs are those expenses that the College and, through the College, the state of New Mexico incur every time the College accepts an award from an outside sponsor. These costs are not set arbitrarily by the College administration; they are not profit for the College or the state of New Mexico. They represent reimbursement for real expenses, which cannot be allocated uniquely to individual projects, for example, utilities, building use, libraries, and administrative services. Federal and other sponsors expect to pay facilities and administration costs and budget their allocations accordingly. The federal auditors scrutinize facilities and administration costs in detail. As a result, the College must maintain its own staff to keep the appropriate books. The College is legally obligated to recover these costs.

7.6. Sources of Funds for Cost Sharing. Funds from another federal award or grant may not be used as the source of cost sharing, unless authorized by statute. In this case, the cost sharing arrangement must be approved by all sponsors.

7.7. Use of Nonfederal Funds. Identifying and providing resources for cost sharing of direct costs (including equipment) is always the responsibility of the PI. The PI may not use funds from another federal award as the source of cost sharing, except as authorized by statute. The PI/director. The PI may not use funds from nonfederal sources to provide cost sharing. However, this arrangement may only occur if the cost sharing is authorized by the nonfederal sponsor.

8. Expenditures NOT Eligible for Cost Sharing. The following expenses cannot be offered as cost sharing commitments in sponsored project proposals:

- F&A cost in excess of the 26 percent administrative cap, except DoD contracts;
- unallowable costs as defined in the [Uniform Guidance, Subpart E – Cost Principles](#);
- salary dollars above a regulatory cap (see [NIH’s 2018 Notice on Salary Limitations](#));
- College facilities such as laboratory space. PIs should take care in preparing proposals for sponsored agreements not to commit use of facilities as cost sharing, but rather to characterize the facilities as “available for the performance of the sponsored agreement at no direct cost to the project”; and
- depreciation on government-funded equipment.

9. Reporting Cost Sharing. Cost-shared expenses should be regularly documented. The College is responsible for providing information on cost sharing to sponsoring agencies, which demonstrates the College has fulfilled the cost sharing commitments that is made as a condition of receiving external sponsorship and as required by the [Uniform Guidance](#). The Office of Institutional Advancement is responsible for providing cost sharing reports to sponsors when required by the sponsor. In order to do so, departments must provide the necessary information on the Cost Sharing and Identification Worksheet at the time of the award.. During the financial close-out of a sponsored project, cost sharing commitments will be reviewed by the office of Institutional Advancement.

10. Reduction in Cost Sharing. The actual effort and other costs required to accomplish the goals of a sponsored project might differ from what was proposed and awarded. The total costs could decrease due to changes in programmatic needs. When there is cost sharing on such projects, the sponsor may need to be consulted to determine if the reduction can be applied to either the College's committed cost sharing or to both sponsor and College resource contributions on a pro rata basis. Otherwise, the sponsor's share is reduced and the College's entire cost sharing commitment must be met. The PI/director or the departmental or research administrator must consult with the Office of Institutional Advancement before the sponsor is contacted.

10. Outside Professional Services. Services rendered at the request of and for the benefit of the College by corporations, partnerships, or consultants (not College employees) may be contracted.

11. Stipend Award Procedures. Student costs are normally seen only in training projects or fellowships and rarely in research or public service projects. Costs such as student stipends, tuition, housing, travel, books, and supplies must be listed separately in the proposal budget and are excluded from the F&A cost calculations (There are some exceptions with the U.S. Department of Health). For student costs such as salaries, fringe benefits and scholarship, see Section, Student Salaries. Note: Participant costs such as in workshops, surveys, and studies are typically in small fixed amounts to compensate participants for their effort and are included in the F&A calculation.

12. Proposal routing process:

Grant proposals, including pre-proposals, letters of support/commitment that obligate the college and/or the college's foundation office as a fiscal agent, sub-recipient, or beneficiary, must not be submitted to a funding agency for consideration unless approved by the following offices:

- Overseeing academic department (if applicable)
- Office of Institutional Advancement
- Office of the Provost
- Office of budget and finance