

3.4 Subject: GRANTS AND CONTRACTS

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Murray State University has three primary missions: teaching, research, and service. Externally funded projects (grants and contracts) contribute significantly to these missions, especially to research and service. Efforts on the part of faculty and staff for obtaining external funding are encouraged and supported by the University.

Grants and contracts which use Murray State University personnel, equipment, or facilities are accepted in the name of the University. Individual faculty or staff members may not apply for or accept grants or contracts in the name of the University. The President is authorized to approve proposals for submission to potential sponsors, accept grants, or sign contracts on behalf of the University and to designate such authority to specific University officials.

Upon accepting federal grant or contract dollars the recipient institution must establish a financial management system that controls the receipt and expenditure of all funds similarly. Accepting this condition means that the institution will be unable to establish separate accounting procedures or practices for funds derived from different sources.

Any questions or requests for necessary forms should be directed to the Office of Sponsored Programs or Office of Accounting and Financial Services (grants and contracts accountant)..

I. PROPOSALS

Proposals intended to be submitted to any external funding agency must be developed through the coordinated efforts of the proposal writer, department chair/director, dean, Office of Sponsored Programs, and Office of Accounting and Financial Services.

A. PROJECT DESCRIPTION

All formal proposals should include a narrative or project description which includes the need, significance, impact, objective and procedure of the project; the qualifications of the University, specific college and department, and principal investigator/project director (PI/PD) to carry out the project; thorough documentation of proposed in-kind contributions; detailed explanation of how all requested budgeted line-items will be expended; and the evaluation process during and upon completion of the project.

B. PROJECT BUDGET

All formal proposals must include, for internal review, a line-item budget reflecting sources of funds (sponsor, University, or others) whether required by the potential sponsor or not. All direct costs not requested from the sponsor will normally be borne by the PI/PD's department or college.

If the proposal includes creation of a new position, formal approval of the proposed position is not required for internal review of the proposal and proposal submission, but approval of the position is subject to review and approval if the project is funded.

1. INDIRECT COSTS

All proposed budgets will include full indirect costs:

- a. At the rate negotiated between the University and the United States Department of Health and Human Services, or
- b. At the maximum rate allowable by the potential sponsor, if less than (a) above.

Because of the cooperative relationship between the Commonwealth of Kentucky and its local government entities, there is some basis to not request full cost from these sponsors. These sponsors should be informed of the full costs on projects and that requests for funding include 100% of direct costs, plus the allowable portion of the indirect cost rate in 1., above.

Project budgets will not be approved for overload payment unless they include full overhead as defined in the two preceding paragraphs. Exceptions must be specifically approved in writing by the appropriate vice president.

2. TUITION WAIVERS

Tuition will be waived and available as a matching contribution only if the following criteria are met:

- a. The full cost of instructional salaries and benefits are paid by the sponsoring agency.
- b. Full indirect costs, as defined in section 1.B.1., are recovered from the sponsoring agency.
- c. Waiver is approved by the vice presidential area submitting the proposal.
- d. Waiver is approved by the Vice President for Finance and Administrative Services.

Mandatory fees will not be waived. These will need to be budgeted as a direct cost of the agreement, paid directly by the student receiving credit, or covered by a University department as part of the match for the agreement.

3. SALARY AND WAGES

Salaries, wages, and fringe benefits should be budgeted based on the criteria in the Grants and Contracts Policies and Procedures and current fringe benefit rates used by the University.

C. INTERNAL ROUTING

All proposals to provide research, instructional service, or other services generally provided by the University to third parties must be routed through specific University administrators as listed in the Grants and Contracts Procedures.

II. PROJECT ADMINISTRATION

A. ESTABLISHING BUDGETS

All funds received from external funding agencies and all funds offered as matching contributions by the University toward grant/contract activities must be budgeted from identifiable sources and accounted for by the University.

B. EARLY PROJECT START-UP

No expenditures, purchase orders, requisitions, or personnel actions should be initiated before a fully executed agreement is received and a formal budget and account number are established. Exceptions to this policy may be approved by the appropriate vice president.

C. UNALLOWABLE EXPENSES

Any expenses or obligations that do not comply with the grant/contract guidelines or that are otherwise disallowed will be charged to the host department account number provided on the initial routing form.

D. FISCAL REPORTS

The Office of Accounting and Financial Services is the only department on campus authorized to submit fiscal reports to sponsors.

E. PROCUREMENT

All funds derived from external sources are deposited in the central accounting system of the University. Upon acceptance of a grant/contract by the University, all internal procedures regarding purchasing become effective. All purchases will be made in accordance with established University policies and procedures and any specific guidelines and requirements of the sponsoring agency.

F. EXPENSES

All expenses on a sponsored project must be approved by the project director.

All expenses on a sponsored project must be incurred during the dates on the formal agreement. Expenses made prior to the agreement start date or after the ending date must be approved in writing by the sponsoring agency, if not provided for in the agency guidelines.

G. COMPENSATION FOR PERSONAL SERVICES

The following summary explains the policies that must be followed when being compensated for personal services on grants/contracts awarded to the University.

1. Assignment Periods for Faculty

Faculty with academic year assignments will be considered as “assigned” from August 15 of one year through May 15 of the following year [nine (9) months]. The “non-assigned” period begins on May 16 and continues through August 14 [three (3) months].

Faculty members with fiscal year appointments are considered as “assigned” from date of employment through the next June 30. In most cases this will be from July 1 of one year

through June 30 of the following year (52 weeks).

2. Released Time

It is the policy of the University that, when feasible and appropriate, faculty with grants/contracts will be given released time (as specified in each grant/contract) to perform the agreed upon amount of work.

H. CRITERIA FOR RECEIVING OVERLOAD PAYMENTS

1. Overload may be paid only when all of the following requirements are met:
 - a. If to be paid from sponsored funds, overload payment will only be paid if the project includes the maximum recovery of full indirect costs allowed by sponsor, as defined in this policy.
 - b. No qualified person is available to perform the work as part of a full or normal workload.
 - c. The work is done in addition to a full workload and cannot be done as part of a full or normal workload.
 - d. The additional work will not interfere with the performance of regularly assigned teaching, research, service, administrative, or other duties.
 - e. If to be paid from sponsored funds, sponsor approval is required; approval may be shown in the grant proposal or subsequent approval may be obtained in writing after the award has been received but before the service is provided.
 - f. The individual and the immediate supervisor for the overload position will be required to certify that the work has been done. The individual's supervisor for the regular position will be required to certify that the regular assigned duties were not affected.
 - g. Total overload compensation will not exceed 20% of the base salary during the employee's base contract period. For example, a faculty member on a 9 month contract and a salary of \$45,000 may earn up to \$9,000 from August 15 through May 15. ($\$45,000 \times 20\% = \$9,000$)
 - h. The work for overload compensation is approved in advance by the individual's department chair, dean or director and vice president; by the vice president for whom the service is provided if the service is provided outside the employee's area; and the President.
 - i. In fairness to employees it will be the policy of the University to arrange, whenever possible, for employees to be released from normal duties to perform specialized work both within and outside the University. Overload pay will be the exception.

I. OVERLOAD PAYMENT

a. Faculty and Exempt Staff

On rare occasions when overload payment to faculty and exempt staff is appropriate and has been formally approved, it will be kept to a minimum and in no case will a combination of outside consulting and overload assignments exceed twenty (20) percent of a faculty or staff member's time.

Fiscal year faculty and exempt staff are considered to be assigned for 52 weeks per year. Therefore, fiscal year employees will have limited opportunity for overload assignments

by the University.

b. Non-Exempt Staff

Non-exempt staff is normally those University employees who are employed on an hourly basis. According to their assigned work positions, they may be expected to work either 37.5 or 40 hours per week. Only in exceptional cases will non-exempt staff be allowed to work on special projects and receive overload/overtime compensation.

J. SUMMER COMPENSATION/FACULTY

Academic year faculty not assigned during the summer may work on University projects (externally or internally funded) for a period of time not to exceed three (3) months. During these three (3) months a faculty member may be assigned full-time and be paid at the rate of pay he/she received during the previous academic year. Full-time or part-time summer assignments on externally funded projects have no bearing on a faculty member's regular rotation for receiving a summer teaching assignment, unless a previous agreement has been reached by the department.

Any combination of teaching or other full-time assignments may not exceed full-time plus 20% for faculty members during the three (3) months between the spring and fall semesters. Therefore, academic year faculty may make up to 40 % of the proceeding academic year salary during the three (3) month summer period.

The summer salary distribution may not exceed the following percentages of base contract pay for each of the following periods:

<u>Period</u>	<u>Base Pay % per Period</u>
May 16-31	5.55%
June 1-30	11.11%
July 1-31	11.11%
August 1-14	<u>5.56%</u>
Total Summer Base Pay	33.33%

Under no circumstances will the rate of base pay earned for each summer period exceed the above percentages of monthly contract pay.

In addition to the above percentages allowed for summer base pay, an additional 6.67% may be earned as extra compensation and paid between May 16 and August 14. The additional 6.67% extra compensation must be approved by the funding agency during the proposal stage or in writing after the award is made.

The allowable summer base pay of 33.33% and the possible 6.67% of extra compensation provides up to 40% above an academic year contract that may be earned during the three summer months.

K. CONTINUING EDUCATION CLASSES

These policies include faculty and other exempt staff who teach continuing education classes, such as, but not limited to, off-campus classes, correspondence courses, KET courses, evening

and weekend classes, non-credit courses, workshops, conferences, and special programs for extra compensation.