



***MANAGEMENT FEE – COMMUNITY
POLICIES AND PROCEDURES***



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1.0 INTRODUCTION

Government-sponsored research as supported by facilities such as UNAVCO, Inc. (UNAVCO) is normally carried out under contracts, cooperative agreements, or grants, depending on which agency is sponsoring the work and on the nature of the program. Such effort is an important part of the mission of UNAVCO and accounts for most of UNAVCO's expenditures in a given year.

2.0 PURPOSE

The purpose of this policy is to describe the process and guidelines for the application of a management fee when submitting proposals for projects that are funded by agencies, universities, and the private sector.

The collection of fees allows UNAVCO to cover certain ongoing corporate expenses as provided for in the Government Accountability Office (GAO) recommended guidelines. Fees are used to help maintain and expand UNAVCO's scientific and educational programs. In general, the fee represents contributions to UNAVCO's general fund to cover UNAVCO corporate expenses and to mitigate risks inherent in contracts, such as contract performance risk and collection risk.

These guidelines do not apply to funding that originates with the National Science Foundation (NSF) either through an award or through a subaward in the following form:

- Cooperative Agreement (CA)
- Amendment or extension of an existing CA on which a management fee is already earned.
- Any work that is NSF funded.

Common Facility charges will be necessary when the proposed project will utilize a quantifiable share of the facilities to complete the work.

3.0 DEFINITIONS

PROPOSAL – An application for funding that contains all information necessary to describe project plans, staff capabilities, and funds requested.

AWARD (INCLUDES AWARD CONTINUATIONS AND SUPPLEMENTAL FUNDING AWARDS) – Any award in the form of a grant, cooperative agreement, or subaward. Awards are between UNAVCO and a government agency or, in the case of a subaward, a university or other NSF-eligible recipient.

CONTRACT – An agreement creating mutual obligations according to a Statement of Work (SOW) in a contract, subcontract, purchase order, or other form of agreement to support a SOW.

MANAGEMENT FEE – A fee charged to an award in consideration for work performed and not claimed as direct or indirect costs under the terms of the award or contract. A management fee is a fixed amount calculated as a percentage of projected MTDC and G&A costs.

MTDC (MODIFIED TOTAL DIRECT COST) – is defined the total project direct cost less the following:

- Cost of equipment purchases >\$5K (fixed assets)
- Participant Support Costs
- Amounts in excess of \$25K of annual expenditures per account key on each subaward
- Facility use charges that already include overhead

APPLIED ENTITY G&A (GENERAL AND ADMINISTRATIVE) - Indirect costs determined by applying the approved or projected indirect rate for UNAVCO to the Modified Total Direct Cost (MTDC).



GOVERNMENT AND/OR NON-PROFIT ORGANIZATIONS – For purposes of these guidelines, all Federal, state, and local governments, universities and colleges are considered to be a government or non-profit organization. If there is uncertainty as to the nonprofit status of any other organizations to which a fee would apply, documentation should be provided by the organization. For example, proof of nonprofit status can be determined through receipt of a copy of an organization's formal documentation from the IRS recognizing their 501 tax-exempt statuses.

4.0 REQUIREMENTS

The PI controls grant spending consistent with the terms of the NSF award and UNAVCO policies and procedures. Spending on grants must comply with specific funding agency rules, so the PI must coordinate closely with the Finance Office in the expenditure of funds.

UNAVCO collects a management fee equal to the amount proposed and approved by the sponsor on all Agreements, unless a waiver has been granted in writing by UNAVCO. Management fee is collected upon acceptance of an Award based upon the fixed amount approved and authorized by the sponsor, unless the sponsor has specific terms that state how fee is to be invoiced. Collection of the fee at acceptance of the award assists UNAVCO in managing its cash effectively.

5.0 PROCEDURES

5.1 PROPOSING MANAGEMENT FEE

A management fee will be included as a separate line item on all applicable proposals, as a fixed percentage of the budget. For governmental and non-profit organizations, the fee is calculated as a percentage of budgeted MTDC + G&A. The management fee will be applied based upon the organizational status of the sponsoring entity, regardless of funding origination with one exception. NSF-funded awards and NSF subawards to UNAVCO from another organization are exempt from additional management fee under the Terms and Conditions of the core funding cooperative agreement, which itself includes a negotiated management fee from NSF.

The management fee, when calculated for proposed work for for-profit organizations, shall include consideration of contract and collections risk, specialized skills and knowledge required to complete the work, and contract size. The management fee for contracts with for-profit entities uses total project cost as a basis, is determined by UNAVCO. If uncertainties are present that create a potential risk of losses greater than those UNAVCO routinely encounters in fee-based work, a project-specific fee may be established.

Draft budgets including the management fee determination are valid for 30 days from submission to the sponsoring agency. Budgets that are submitted as a formal proposal or bid are valid for a reasonable period of proposal review and acceptance, typically six months.

Management fee to be incorporated into a proposal's budget is calculated as follows:

Organizational Status:	Calculation:
Government/Non-profit organizations:	3% of (Budgeted MTDC + Applied Entity G&A)

Fee for proposals to for-profit organizations:

Determined by UNAVCO.

5.2 COLLECTING MANAGEMENT FEE

Management fee, when applicable, will be invoiced to the sponsor per the terms of the Award. If the Award is silent, the management fee will be invoiced upon acceptance of an award. Management Fee revenue is recorded based on the proportionate share of the period of performance of the award within each fiscal year.



The recognition of management fee is recorded upon award acceptance and at the beginning of each subsequent fiscal year. The amount of fee billed may never exceed the amount of fee authorized in the awarded budget. Future fiscal years' fee budgets will be encumbered. Other fees are billed and collected as earned under GAAP.

5.3 EXCEPTION TO MANAGEMENT FEE

Management fee will be applied to all non-NSF programs, unless a formal exception is granted. Exceptions to the application of management fee are minimal and limited to unique situations, and based on review and recommendation by the receiving UNAVCO Director of Business Affairs, and a determination by the President.

5.4 REQUESTING AN EXCEPTION TO THE APPLICATION OF MANAGEMENT FEE

UNAVCO Project Manager will submit a written request for an exception to their Program Director, with a rationale as to the unique criterion. The Director will review the request for an exception and make a written recommendation to the Controller.

The Controller will conduct an impact assessment including input from Budget Analyst, and make a determination as to the uniqueness of the application for an exception, its budget and program impact. This analysis will be provided to the Director of Business Affairs with a recommendation on the exception.

The Director of Business Affairs will verify the status of the request for an exception with the appropriate sponsor contact, or other sources as deemed appropriate, and forward a recommendation for approval to the President of UNAVCO. The Controller will maintain records of all authorized exceptions to the application of management fee.

6.0 POINTS OF CONTACT

6.1 MAILING/SHIPPING ADDRESS

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6.2 PRESIDENT

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6.3 BUSINESS AFFAIRS DIRECTOR

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