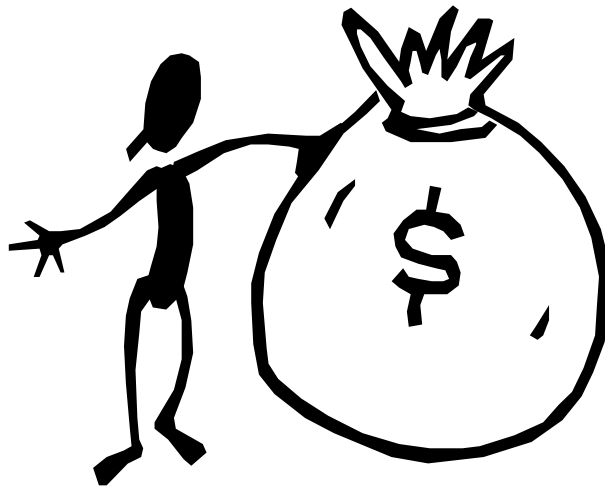


Creating Auditable Budgets

A Guidebook



Chico State Enterprises
California State University, Chico

www.csuchico.edu/cse

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*Chico State Enterprises is referenced in this document as CSE. When referencing employment policies and procedures, if there are inconsistencies between this document and the Employee Handbook, the policies in the Employee Handbook, as interpreted by CSE management, will govern.

SECTION I

Terms and Definitions

GENERAL BUDGET TERMS

Reasonable Costs

A cost may be considered reasonable if the nature of the goods or services acquired or applied, and the amount involved, reflect the actions a prudent person would have taken under the circumstances prevailing at the time the decision to incur the cost was made.

- Major considerations in determining the reasonableness of a cost are
 - (a) whether the cost is of a type generally recognized as necessary for the operation of the institution or the performance of the sponsored agreement
 - (b) the constraints or requirements imposed by federal and state laws and regulations and sponsored agreement terms and conditions
 - (c) the extent to which the actions taken in incurring the cost are consistent with established institutional policies and practices applicable to the work of the institution generally, including sponsored agreements.



Allocable costs

A cost is allocable to a specific project if the goods or services it purchases benefit the project. For instance, supplies purchased to carry out the project are allocable costs, while flowers purchased for the project office are not.

- Major considerations in determining the allocability of a cost are
 - (a) whether it is incurred solely to advance the work under the sponsored agreement
 - (b) whether it benefits both the sponsored agreement and other work of the institution
 - (c) whether it is necessary to the overall operation of the institution and is assignable in part to sponsored projects.
- An allocable cost can be a direct cost or a facilities & administrative cost.

Allowable and Unallowable Costs

Allowable and unallowable costs are defined in CFR200 Subpart E--Cost Principles. Chico State Enterprises (CSE) uses federal rules and definitions to determine cost allowability.

Direct Costs

Direct costs are those allocable and allowable costs necessary for the completion of a specific project and easily assigned to and paid directly from that project.

Facilities & Administrative (F&A) Costs (previously known as “Indirect Costs”)

F&A costs are incurred for common or joint objectives and involve resources used simultaneously by different individuals and groups, making it difficult to assess precisely how these costs should be assigned. For current CSE F&A rates, go to <https://www.csuchico.edu/cse/resources/facilities-admin.shtml>.

Small Grants and Contracts which fall below an CSE-Determined Threshold

CSE allows non-federal, fixed price/fee-for-service agreements to be run through 58000 accounts with approval by the Chief Executive Officer or the CSE Director. These projects do not require campus routing or set-up as individual projects; however, a short-form agreement, letter agreement or purchase order is recommended. CSE sets a threshold amount for these projects on a case-by-case basis.

Campus Program Accounts

These accounts are established to manage a broad range of education-related activities that are non-state-funded including faculty-hosted seminars and workshops, specialized non-credit professional development and training, innovative community partnerships, and special events. CSE and campus approvals are required for all Campus Program Accounts.

SPECIFIC BUDGET TERMS

I. Salaries and Wages

Assigned/Released/Reimbursed Time

These terms, often used interchangeably, refer to the release or reassignment of faculty to work on sponsored projects. In most cases, the project reimburses the campus for their time (reimbursed time). In some cases, release time is not reimbursed from the project and may be used as cost share to the project. Sometimes the campus is reimbursed for a faculty member's regular teaching assignment if students in his or her class are benefiting from the project (e.g., receiving education stipends to participate in the funded project). Reimbursements take place through an invoice and payment process between the University and the funding agency via CSE.

Additional Employment (see also HR2002-05)

Additional employment includes any CSU or auxiliary employment that is in addition to the employee's primary appointment. Additional employment is allowed up to a maximum of 125% time (not salary) for all campus activities, including work performed on grants and contracts.

Other types of payments

Vendors

A vendor supplies goods or services during the performance of the project. CSE will issue the vendor a purchase order stating the goods or services needed, the price, delivery date, and other terms.

Consultants/Independent Contractors

Please consult with your CSE Development Specialist during the proposal development process regarding determination of an Independent Consultant (IC) on a budget. The CSE Human Resources Department will be the ultimate authority for IC classification determination.

Subrecipients

"Subrecipient" is a federal term that equates to the more common terms "subcontractor," "sub-awardee" or "sub-grantee." Subrecipients provide services where the performance is measured against meeting objectives of the prime award. (For a specific definition, see page 21.)

Stipends

A stipend enables an individual to participate in a program or undertake a role that cannot be measured as a task. A stipend may not be used as payment for work performed.

Honoraria

Honoraria are payments made to individuals in recognition of their volunteer time, e.g., payment to a guest speaker or lecturer as a gesture of good will and appreciation. Honoraria are unallowable as charges to federal awards. An honorarium may be allowed in the form of a gift, if it is purchased with non-public funds and approved in writing by the funding agency, or if it is paid from a discretionary fund or a campus program account.

II. General Operating Expenses

General operating expenses cover items secured from a vendor such as office supplies, printing/copies, phones, postage, and costs for the final report, as well as inventorial property costing between \$500 and \$4,999 (e.g., computers, digital cameras).

Vendor

A vendor is a dealer, distributor, merchant or other seller providing goods or services required to conduct a project. Vendors typically provide similar goods and services to many different purchasers.

III. Equipment

Equipment is tangible, nonexpendable property, charged directly to the funded project and having an acquisition cost of \$5,000 or more per unit and a useful life of more than one year. Only items that fit this description should be listed under this category. Inventorial property items costing less than \$5,000, such as computers, digital cameras, shovels or tools, should be listed under Operating Expenses.

General-purpose equipment is not an allowable cost, except where the items are specifically identified and approved in advance by the funding agency. General purpose equipment is defined as equipment which is not limited to research, medical, scientific or other technical activities. Examples include office equipment and furnishings, modular offices, telephone networks, information technology equipment and systems, air conditioning equipment, reproduction and printing equipment, and motor vehicles.

IV. Travel

For current travel rates, refer to CSE travel policy at

<https://www.csuchico.edu/cse/business-services-sponsored-programs/grant-management.shtml> .

V. Facilities and Administrative Costs

Facilities and administrative (F&A) costs are incurred for common or joint objectives and cannot be readily and specifically identified with a particular sponsored project, instructional or another institutional activity.

VI. Cost Share/Match

Cost share funds are resources that are contributed to a sponsored project over and above the support provided by the external sponsor. **Mandatory cost sharing** requires the University or CSE or another funding agency to contribute a portion of the project costs as specified by the terms of the award. **Voluntary cost sharing** is not allowed. Forms of cost sharing are

- **In-Kind Match**

If a third party spends its funds on goods or services which it contributes to the funded project, they are providing in-kind match. Such support is in addition to the funds provided by the external sponsor of the project.

- **Cash Match**

If a third party contributes funds which the project can use to purchase goods or services, they have provided a cash match. These funds are usually committed in a formal engagement or cash agreement with CSE and require the signature of the contributor of the funds.

- **Other Program Support (Voluntary Uncommitted Cost Share)**

Other program support (OPS) is the amount shown on non-federally-funded projects that contributes to the total amount of funding available to support a program. OPS is shown for information purposes only; CSE does not maintain supporting documentation.

FEDERAL DOCUMENTS GOVERNING BUDGETS

Federal Office of Management and Budget (OMB) Circulars

The Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards are codified at 2CFR Part 200. These regulations apply to grants and cooperative agreements.

Federal Acquisition Register (FAR):

FAR requirements apply to all federal contracts as opposed to grants and cooperative agreements. Various agencies have created supplements to FAR, such as NASA-FAR and D-FAR. FAR updates are published daily in the *Federal Register*.

Code of Federal Regulations and FAR can be found at <https://www.acquisition.gov/browsefar>

SECTION II

Creating Budgets for Sponsored Programs Guidelines

Creating accurate and useful budgets for projects submitted to external funding agencies can be challenging. These guidelines were designed to clarify the categories and line items that are generally used in project budgets.

Salaries and Wages

University Faculty, Staff and Administrators working on funded projects

When University employees work on funded projects administered by Chico State Enterprises (CSE), various methods of payment may be used. These include reimbursed time, and/or additional employment including AY overload, intersession/winter holiday, fall and spring breaks and summer salary. When federal funds are involved, faculty and staff buy-out pay must be calculated at or below University (state) pay rates.

Definitions of and guidelines for each type of payment follow:

Reimbursed Time

Academic Year Faculty can request release time from their deans and department chairs to work on specific sponsored projects during the academic year. When faculty members are released, they continue to be paid by the University for their full appointments. Buy-out funds are reimbursed to the college by the CSE project to which the faculty member is assigned.

Proposal budgets submitted to CSE for grants and contracts that include reimbursement for faculty release time must calculate the reimbursement at the full salary rate. While individually negotiated rates may be possible for some projects, generally, the full salary rate and benefit coverage are generally required for budget proposals.

University Staff (state paid/non-faculty) are, in rare cases, released from a portion of their regular staff duties to work on funded projects. The buy-out of staff time takes place in the same manner as faculty buy-out except that current campus staff pay rates are used. Approval comes from the staff member's administrative home supervisor. **Deans, Associate Deans, Chairs, AAS's and Department Secretaries** can be bought out of their assignments in order to work on specific sponsored projects only if all the following factors apply:

- The work is substantially different in nature from their primary University assignments and is specific and integral to the project. The time must be budgeted, justified and approved by the sponsor.
- The buy-out does not exceed 80% of assignment. **NOTE:** 20% of the Deans', Assoc. Deans', Chairs', AASs and ASCs salaries and fringe benefits is included in the University/CSE Indirect Cost Pool and 80% is in the Direct Cost Base.

Other Exempt and Non-Exempt Employees can be bought out of their assignments if the work being performed is specific to the project.

Faculty on Sabbatical cannot earn additional employment unless approved in writing by the University President or his/her designee.

Early Retirement Program Faculty (FERP) may be bought-out of their FERP assignments if the work being performed is specific to the project. FERP assignments are 50% of the employee's regular time base in the year preceding retirement and may be split over two semesters. For FERP buy-outs, gross the 50% salary to 100% and take the appropriate percentage of that amount. Fringe benefits: For FERP faculty hired after 1986, include risk pool and Medicare only. For FERP faculty hired before 1986, include risk pool only. **See fringe rates on page 20.**

To determine the salary for FERP faculty who were previously on a 12 month appointment, divide the 12 month salary by 1.15 and then reduce to 50%.

Retired Faculty working on funded projects should base their salaries on their position titles at retirement, using the current rate of pay for that position.

NOTE: To ensure compliance with campus and funder regulations, **all buy-outs must have campus and CSE approvals and must tie to University records and other supporting documentation for verification of time released.**

To calculate salary/fringe benefits for faculty AY buy-out:

- Identify the start and end dates of the project, making sure they cover the appropriate semester or academic year.
- Determine the current salary of faculty member by contacting the CSE Development Specialist. Include any General Salary Increases (GSI) - which may be retroactive for the current year.
- Determine the percentage of time for the buy-out, calculating units into percentage of time. The units listed below are based on one semester with a full-time load equivalent of 15 units, 12 units of teaching and 3 units of advising and/or committee work. **NOTE:** The units are also converted to hours per week, which can be useful for determining the amount of time a project might take.

1 Unit = 7% (2.8 hrs.)	6 Units = 40% (16 hrs.)
2 Units = 13% (5.2 hrs.)	9 Units = 60% (24 hrs.)
3 Units = 20% (8 hrs.)	12 Units = 80% (32 hrs.)
4 Units = 27% (10.8 hrs.)	12 Units + committee work = 100% (40 hrs.)

- When creating multiple-year budgets, add a COLA/GSI if applicable for each year and additional increases for tenure and promotion. Check with your development specialist for current GSI amounts.
- Calculate the buy-out for a year by multiplying the AY salary by the percentage of time (\$50,000 x 20% (3 units per semester) = \$10,000 for AY).
- When calculating just one semester, divide the AY calculation by 2. (\$10,000/2 = \$5,000 for one semester at 20%).

To calculate salary/fringe benefits for 12-month faculty buy-out:

- Identify the start and end dates of the project to determine how many months the buy-out will cover.

- When creating multiple year budgets, add a GSI if applicable, for each year and additional increases for tenure and promotion. Check with your development specialist for current COLA/GSI amounts.
- Determine the percent of time the individual will spend on the project.
- Multiply the 12-month salary by the percentage of time (\$100,000 x 20% = \$20,000).
- For fewer than 12 months, multiply the monthly salary by the number of months and then by the percentage of time.

To calculate salary/fringe benefits for University staff buy-out:

- Identify the start and end dates of the project to determine how many months the buy-out will cover.
- Because staff salaries are calculated on a calendar basis, rather than on an AY basis, use the current staff member's monthly salary, add COLA/GSI if applicable, and increase the amount each year to allow for raises and cost-of-living increases for multi-year projects.
- Determine the percent of time the individual will spend on the project or number of hours.
- Multiply the monthly salary by the number of months and then by the percentage of time (\$4,167 multiplied by 6 months = \$25,002, multiplied by 20% = \$5,000) or use the hourly rate and multiply the number of hours by the hourly rate (50 hours multiplied by \$24.00 per hour = \$1,200).
- To determine the hourly rate, use the monthly salary (at 100% time) divided by 173.33 (number of work hours in a month) (\$4,167 divided by 173.33 = \$24.00).

NOTE: Fringe benefit rates for all types of reimbursed-time change year-to-year. See page 20 for current rates.

Additional Employment above and beyond the employee's primary assignment.



Chancellor's Office Policy HR 2002-05: Additional Employment Policy sets a limit on time worked beyond the employee's primary assignment where the work is of a substantially different nature from the employee's primary assignment or, for faculty, where the work is paid for by other than CSU general fund dollars, or is the result of part-time employment on more than one campus. Additional Employment is allowed up to a maximum of 125% time (not salary) for all campus activities paid through any campus entity, including work performed on grants and contracts.

Additional employment for work performed on grants or contracts is paid to faculty or staff through CSE payroll. CSE timesheets are completed and submitted semi-monthly.

NOTE: HR 2002-05 states, "Additional employment and overload limits are calculated and applied independently during vacation, holiday periods or other academic breaks."

Faculty AY Additional Employment

Academic Year Faculty: Academic year faculty may earn additional employment up to the maximum allowed by HR 2002-05 **if** the additional employment is of a substantially different nature from the primary or normal work assignment, **or** is funded from non-CSU general fund sources, **or** is the result of part-time employment on more than one campus.

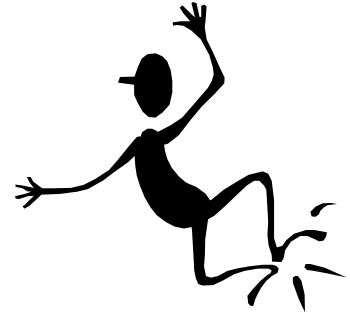
FERP Faculty may earn additional employment for work performed on a sponsored project if work is of a substantially different nature from the primary or normal work assignment, or is funded from non-CSU general fund sources. Faculty participating in FERP at .50 A/Y may have up to .75 additional employment through CSE each semester. At 1.0 FERP for one semester/year, additional employment may be for up to .25 during that semester.

General rules governing Faculty AY Additional Employment (AE)

- As a condition of the faculty contract, the Chancellor's Office limits faculty from working more than 125% time on all activities, (e.g., University appointment, grants and contracts, or other campus-funded work) during the academic year. Assuming a 100% University appointment, faculty may work up to 25% AE during the 17 weeks in each semester. Twenty-five percent of 40 hours is 10 hours per week or a total of 170 hours per semester (a good guide for faculty during the academic year).
- Faculty are responsible for monitoring their time commitments for all activities paid by any campus source (University or CSE) to assure compliance with the 125% rule. The campus is also responsible for not paying faculty for more than 125% time.
- The 125% rule references the time commitment, not the amount faculty can be paid.
- For all non-federal projects, salary can be charged at higher rates if the rates are reasonable and the funding agency approves.
- When federal funds are involved, pay must be calculated at the same or lower rate as University (state) pay, and the AY additional employment must be clearly identified in the budget to allow for agency approval.
- In order to monitor the 125% time commitment, additional employment is paid at an hourly rate, and the timesheet will reflect the number of hours worked per pay period. CSE reports all time worked by faculty and staff on CSE projects to Faculty Affairs and University HR.
- Overtime applies to Faculty Additional Employment paid by CSE. CSE must follow both federal and state labor laws. Therefore, overtime must be paid for CSE hours worked over 8 in one day or over 40 in one work week, or for hours worked on the 7th consecutive day in a work week.

To calculate AY Faculty Additional Employment:

- Hourly rate: Divide the faculty member's academic year salary at 100% or salary base being used for non-NSF projects by 170 (the number of days covered by the faculty contract) and then divide by 8 (number of hours in a day). (Example: \$54,400 divided by 170 = \$320/day divided by 8 = \$40 per hour)
- List the number of hours required to complete the tasks described in the scope of work and multiply it by the hourly rate.



General rules governing Summer/Intersession/Breaks Compensation

- There are 12 weeks available during the summer, up to four weeks during intersession and winter holiday, and one week each for fall and spring breaks. These periods are not counted as part of the time commitment for the fall and spring semesters.
- During summer, intersession, and breaks faculty can work up to 125% of their time (50 hours per week) including such activities as teaching intersession or on-line classes, continuing education classes and working on grants and contracts. However, funding agencies and auditors may not view anything over 100% time (40 hours per week) favorably. Therefore, CSE does not encourage commitment beyond 100% except in rare cases.
- For all non-federal projects, salary can be charged at higher rates if the rates are reasonable and the funding agency approves.
- When federal funds are involved, faculty cannot be paid a higher rate of pay than earned through their state salaries. Overtime applies to Faculty AE paid by CSE. CSE must follow both federal and state labor laws. Therefore, overtime must be paid for CSE hours worked over 8 in one day or over 40 in one work week, or for hours worked on the 7th consecutive day in a work week.
- **If federal funds are involved during these time periods, no time over 100% can be included.**

Exceptions to the above methodology

- For all NSF salary calculations, 1/9th of the AY salary equates to one month of summer pay at 100% time. No more than two months' salary may be charged to NSF awards, including reimbursed time and AE. The two month limit is calculated on all NSF awards and sub-awards for a PI.

To calculate an hourly rate

- Hourly rate: Divide the faculty member's academic year salary at 100% or salary base being used for non-NSF projects by 170 (the number of days covered by the faculty contract) and then divide by 8 (number of hours in a day). (Example: \$54,400 divided by 170 = \$320/day divided by 8 = \$40 per hour)
- List the number of hours required to complete the tasks described in the scope of work and multiply it by the hourly rate. **To calculate NSF salary:**

- Use 1/9th of the AY salary for one month of summer salary at 100% time. **Example:** \$45,000 AY divided by 9 months = \$5,000 for 100% time for one month.
- For less than 100% time, use the calculation above and then multiple by the percentage of time to be spent on the project times the monthly salary. **Example:** \$5000 multiplied by 60% = \$3,000.

NOTE: No more than two months' salary may be charged to NSF; however, the work may be done as a combination of reimbursed and AE time so long as the total is equal or less than two months on all NSF awards and subawards from NSF.

University Staff and Twelve-Month Faculty Additional Employment

Retired Annuitants are limited to 960 hours per calendar year for all employment with a CalPERS organization. Additional employment from CSE is allowed up to a maximum allowed by HR2002-05.

Deans, Associate Deans and Chairs can earn additional employment up to the maximum allowed by HR2002-05 if the additional employment is unrelated to the primary work assignment.

Other Exempt Employees may earn additional employment up to the maximum by HR2002-05 if the additional employment is unrelated to the primary work assignment and the source of funds is other than a CSU.

Non-Exempt Employees will occasionally receive additional employment. In most instances, overtime law prevails. Approval must be given by CSE HR Director to insure CSE meets current labor law requirements concerning wages and hours. Non-exempt employees may not receive additional employment on awards from a CSU.

General rules governing University Staff and Twelve-Month Faculty Additional Employment

- University staff are limited from working more than 125% time on all activities (e.g., University appointment, grants and contracts, or other campus-funded work) during the calendar year since they are usually twelve-month employees. AE in these cases covers the calendar year including intersession, summer and breaks for full-time staff positions.
- The 125% rule allows University staff and twelve-month faculty in full-time (100%) positions to work up to 25% additional time on funded projects. Twenty-five percent of 40 hours is 10 hours per week, a good guide for those in twelve-month positions.
- The 125% rule references the time commitment, not the amount staff and faculty can be paid. Staff and faculty may earn in excess of their University (state) pay rate if the funding source is nonfederal.
- When federal funds are involved, staff and faculty cannot be paid at a rate higher than their state salaries.
- CSE must follow both federal and state labor laws. Therefore, overtime must be paid for hours worked over 8 in one day or over 40 in one work week, or for hours worked on the 7th consecutive day in a work week.

To calculate AE salary for Exempt University Staff and Twelve-Month Faculty AE:

- To calculate the hourly rate for 12-month, full-time employees, divide their monthly salary by 173.33 (number of work hours in a month). **Example:** \$3,500 divided by 173.33 = \$20.19 per hour.
- Due to the 125% rule, full-time staff and faculty members on AE are limited to working a total of 520 hours per year (25% of 2080) or 43.33 hours per month (25% of 173.33).
- List the number of hours required to complete the tasks (up to 43.33 hours per month or 520 hours per year), and multiply by the hourly rate for the total request.

NOTE: Fringe benefits/payroll taxes for all additional employment will be budgeted and charged according to CSE's federally negotiated fringe benefit rate for non-benefitted employees. (See page 20)

To calculate AE salary for Non-Exempt University Staff:

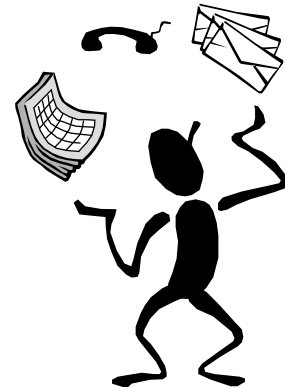
- Determine the number of hours required for the non-exempt employee to complete the task described in the scope of work.
- Use the non-exempt employee's actual hourly rate. This rate can be obtained through CMS or your development specialist can obtain it for you.
- List the number of hours (up to 43.33 hours per month or 520 hours per year) and multiply it by the hourly rate for the total request.
- Include fringe benefits/payroll taxes for non-benefitted employees from CSE's federally negotiated fringe benefit rate. For current rates, see page 20, or contact your development specialist.

Chico State Enterprises Employees

The previous section on University faculty, staff and administrators working on funded projects covered the general rules for employees paid through CSE for AE or faculty AE. Additional information below is applicable to all CSE hires/employees including those mentioned above.

General information on Chico State Enterprises employment

As an auxiliary organization of CSU, Chico, CSE must comply with University policy, federal regulations, and all regulations and laws governing non-profit organizations. In addition, as a non-profit organization and a private employer, CSE falls under federal and state wage and hour laws. These laws require CSE to pay all employees twice monthly if work is performed. Completed timesheets must be submitted immediately following the pay-period work was performed. If these procedures are not followed, upon audit, CSE could be subject to fines and penalties.



When preparing budgets, use the following information to ensure the proper classifications and pay rates for each employee or situation with which you are dealing. If you have questions regarding labor law issues, contact CSE Human Resources Director.

Recruitment and hiring of CSE employees

Fully-benefited project positions are subject to CSE personnel practices and policies for recruitment. Contact CSE Human Resources Director for guidance and assistance.

Budgeting for recruitment expenses and timelines for hiring should be considered. However, these expenses cannot be incurred until a fully executed agreement or award document is received from the funding agency. In the case of federal funding, 2CFR200.458 allows federal agencies to approve expenditures prior to the project start date, but CSE must have written approval from the funding agency to incur expenses prior to the project start date. Work with your CSE analyst if necessary to secure such approvals.

CSE Statement/Policy on Nepotism

Generally, relatives of employees are ineligible for employment with CSE when the individuals involved work in a direct supervisory relationship or in positions where problems may arise regarding potential conflicts of interest, confidentiality, morale, or other serious problems. Exceptions may be made only by CSE Human Resources Director upon review of the particular circumstances. "Relatives" are defined to include spouses, children, siblings, parents, in-laws and step-relations.

In addition, Executive Memorandum 05-16 addresses the campus position on nepotism. This policy states: "No CSU, Chico employee shall vote, make recommendations, or in any way participate in decisions about any personnel or budgetary matter which may directly affect the selection, appointment, evaluation, retention, tenure, compensation, promotion, work assignment, termination, other employment status, or interest of a close relative." "Close relative" is defined to include parent, child, grandparent, grandchild, brother, sister, half-brother, half-sister, uncle, aunt, nephew, niece, first cousin as well as husband, wife, domestic partner, step-parent, step-child, brother-in-law, sister-in-law, father-in-law, mother-in-law, son-in-law, daughter-in-law, uncle, aunt, nephew, niece, and by guardianship and/or adoption. For a full copy of EM 05-16, go to http://www.csuchico.edu/prs/EMs/EM05/em05_16.htm.

CSE recognizes that in rare situations, the professional standing of related individuals causes them to be involved on the same grant and/or contract. In those instances and upon prior review and approval, CSE will work with the Project Director to set up supervising/ reporting lines that will protect both the individuals and CSE. This exception is limited to key personnel on a project. In all other situations, the hiring of close relatives described above will not be permitted.

Rates of pay

Pay rates for personnel working on funded projects must be reasonable for the work performed, which generally means in line with local community and/or campus pay rates for similar positions. The education or work experience of the individual selected for the position is also a factor in determining the appropriate level of compensation.

Where project funds allow, pay raises should be provided on multi-year projects or projects continuing beyond the initial one-year period. The raise for each individual is based upon factors such as performance and/or a planned cost of living increase. The guideline for increased pay comparability with general community and campus pay rates for similar positions.

For budgeting purposes, salary for CSE employees who are fully-benefited is calculated at 90% of salary, to accommodate for inclusion of paid time off (vacation, sick leave, holiday pay) in the fringe benefit rate.

All CSE employees must be paid at least the minimum wage.

The salaries of administrative and clerical staff should normally be treated as indirect (F&A) costs. Direct charging of these costs (2CFR200.413(c)) may be appropriate only if all of the following conditions are met:

- (1) Administrative or clerical services are integral to a project or activity;
- (2) Individuals involved can be specifically identified with the project or activity;
- (3) Such costs are explicitly included in the budget or have the prior written approval of the Federal awarding agency; and
- (4) The costs are not also recovered as indirect (F & A) costs.

NOTE: Project assistants, student assistants, technical support and other classifications can be used in support of all projects. If you have questions or concerns about this issue, please consult your development specialist.

Exempt Employees

General rules governing Exempt Employees

- Must be paid on a salary basis, meaning they must be paid the same predetermined amount every pay period.
- Must be paid a minimum monthly/annual amount (minimums are subject to change-check with CSE Human Resources).
- Must not experience a reduction of salary for variances in quality or quantity. Salary must be consistent.
- Are not required to make deductions for absences of less than one day.

Executive or Managerial Employees

- Have duties and responsibilities that involve managing the business as a whole or an on-going department of the business (e.g. project director, project manager, and any faculty member).
- Customarily and regularly direct the work of two or more employees.

- Have the authority to hire or fire other employees or to make recommendations that carry weight about hiring/firing/promotion decisions.
- Customarily and regularly exercise discretionary powers.
- Spend at least 50% of work time engaged in exempt duties including work that is “directly and closely related” to exempt work.

Administrative Employees

- Perform office or non-manual work directly related to management policies or general business operations of organization or customers, or perform functions in the administration of a school system or educational institution in work directly related to academic instruction or training.
- Customarily and regularly exercise discretion and independent judgment.
- Regularly and directly assist a proprietor or an exempt executive or administrative employee; or perform under only general supervision work along specialized or technical lines requiring special training, experience or knowledge; or execute special assignments and tasks under only general supervision.

Professional Exemption Employees

- Must be licensed or certified by the State of California and be primarily engaged in one of the following recognized professions: law, medicine, dentistry, optometry, architecture, engineering, teaching or accounting or be primarily engaged in an “earned or artistic profession.”
- Customarily and regularly exercise discretion and independent judgment.

Non-Exempt Employees

General rules governing Non-Exempt Employees

- Do not meet the tests of exemption.
- Are automatically non-exempt if paid an hourly rate, regardless of their responsibilities.
- Are paid time and one-half for any hours worked over 8 in one day or 40 in one week and double time for hours worked over 12 in a day. This includes hours combined from work on different projects or when a University (State) non-exempt employee works a combined total over 8 hours in a day or 40 hours in a week on state and CSE payroll.
- Are, like all CSE employees, subject to the mandated federal and state payroll taxes including SUI, FICA/MediFICA, and workers’ compensation.

Fully-Benefited Employees

General rules governing Fully-Benefited Employees

- Are expected to regularly work a minimum of 1559 hours within a twelve-month period across one or more CSE projects. This assumes they are on-going employees, not intermittent employees who accumulate that many hours. In most cases, employees

expected to work 1559 hours or more per year are eligible for the full benefits package and full benefits should be budgeted.

To calculate Fully-Benefited Employee salary/benefits:

- For **exempt/salaried** employees, multiply the projected monthly gross income or salary or monthly salary by 12 or the actual number of months expected to work.
- For **non-exempt/hourly** employees multiply the hourly rate by 2080 hours for full time (pro-rated if less than full time).
- Use rates listed in the Fringe Benefits table, p. 20.

Non-benefited Employees

General rules governing Non-benefited Employees

- Current payroll taxes are listed in the Fringe Benefits table, p. 20.
- Non-benefited employees may not work more than 1559 hours (58 hours per pay period) in a twelve-month period.
- Non-benefited positions are generally budgeted at an hourly rate. Any exceptions must be approved by CSE Human Resources.
- **All** faculty and staff from **any** CSU campus being paid AE are considered to be non-benefited employees. However, funding for payroll taxes must be budgeted for all faculty and staff paid AE.
- Anyone working as an hourly employee is considered non-exempt and must be paid overtime for hours exceeding 8 per day or 40 per week. Particular care should be taken when budgeting staff time for non-benefited employees who are currently working across multiple projects. The addition of new project work may result in the employee exceeding 1559 hours in a 12 month period and becoming eligible for benefits. Once this occurs, all projects which employ the individual will be charged a pro-rata share of the benefit costs. Please seek assistance from an CSE development specialist and CSE Human Resources Director when budgeting time for currently employed non-benefitted CSE employees

To calculate Non-benefited Employees pay and benefits:

- Determine the hourly rate and multiply it by the number of hours to be worked.
- For fringe benefit/payroll taxes, multiply the gross projected earnings by the percentage shown in the Fringe Benefits table, p. 19.

Student Assistants

General rules governing Student Employees

- A student ineligible for the student assistant classification may still be employed through CSE to work on a funded project but will be classified as a non-student employee.
- The University and CSE limit all students to 20 hours of work per week during the academic year regardless of the number of units enrolled. During periods of non-enrollment (any whole week when classes are not in session), student assistants may work a maximum of 40 hours per week.
- **Student interns** are not considered employees. See Stipends page 23.



General rules governing Workstudy Students

- Students with workstudy awards are eligible for federal workstudy programs. Workstudy students are limited to 20 hours of work per week and qualify for the FICA/MediFICA exemption.
- Federal Workstudy: Project directors should contact their departments to see if federal workstudy funds are available. Students receiving federal workstudy are paid through the University (state) payroll, not through CSE. If the department grants the project director federal workstudy funds for a student, there will be no cost to CSE project. However, the department must pay 25% of the student's wages; the other 75% will be covered by the federal workstudy program.

General rules governing budgeting for student assistants

- Students are paid on an hourly, not a salary, basis.
- All student assistants employed by CSE must be paid at minimum wage or above depending on the nature of the work.
- Students are non-exempt employees and are subject to overtime if they work over 8 hours in a day or 40 hours in a week.

To calculate student pay:

- Determine the student's hourly rate of pay using the information stated above.
- Display the hourly rate multiplied by the number of hours to be worked.
See the benefit chart on page 20 and multiply the gross projected earnings by the percentages shown.

For current student wage rates, go to: <https://www.csuchico.edu/cse/hr/onboarding.shtml>

Fringe Benefits

Based on guidance from the CSU Chancellor's Office

- 1) reimbursement for faculty time must be at the full rate of the individual faculty salary.
- 2) benefits must be budgeted and paid at the campus pooled rate. (See chart, next page.)

In the event that a sponsor will only fund at a rate lower than full salary, individually-negotiated rates may be possible if approved by the faculty member's chair, dean and the campus.

Fringe Benefits -- Rates for Budgeting (Revised 10/12/21)

CSU, Chico Fixed Fringe Benefits Rates - Fiscal Year	21/22	22/23	23/24	24/25	25/26	26/27
Faculty & Staff Reimbursed Time (RT) benefits rates:	56.31%	57.32%	58.34%	59.35%	60.37%	61.38%
Faculty & Staff Additional Employment (AE) benefits rates:	7.00%	7.01%	7.01%	7.02%	7.03%	7.04%
Faculty Early Retirement Program (FERP) only benefit rates:	2.90%	2.91%	2.93%	2.94%	2.96%	2.97%

Chico State Enterprises Fixed Fringe Benefits Rates - Fiscal Year	21/22	22/23	23/24	24/25	25/26	26/27
Chico State Enterprises Staff - Cycle 1 (fully benefited)	47.00%	47.24%	47.47%	47.71%	47.95%	48.19%
Chico State Enterprises Staff - Cycle 2 (non-benefited, <i>including students</i>)	7.00%	7.01%	7.01%	7.02%	7.03%	7.04%

Chico State Enterprises fringe benefits for **fully-benefited employees** working on grants and contracts are charged at a fixed rate of salaries and wages as enumerated above. Fringe benefits included in this rate are: FICA (Social Security, Medicare), State Unemployment Insurance, Workers Compensation, Health/Dental/Vision Insurance, Life/Long-term Disability Insurance, Retirement benefits, Vacation accruals, Vacation Pay, Holiday Pay, and Sick Leave.

The fringe benefit rate for **non-benefited employees** are charged at a fixed rate of salaries and wages as enumerated above. Fringe benefits for non-benefited employees includes: FICA (Social Security, Medicare), State Unemployment Insurance, Workers Compensation, and Sick Leave pay.

Note regarding Chico State Enterprises employees: Chico State Enterprises negotiates the fixed fringe rates with the Department of Health and Human Services (DHHS) to be applied to regular benefited wages for all Chico State Enterprises activities. These rates are renegotiated with DHHS to go into effect each fiscal year. The negotiated fringe rate calculation and methodology is carefully researched and based on analysis of all payroll costs. These fixed rates enable Chico State Enterprises to charge as close to actual expenses as possible and to stabilize its employee charges to governmental grants and contracts.

	Actual Rates
	Estimated Rates

Subcontractors and Subrecipients

Subcontractors and subrecipients provide a service(s) by doing part of the research (e.g., project evaluation, data collection and evaluation, contributing to the final report) where their performance is measured against meeting objectives of the prime award; has responsibility for programmatic decision-making; must adhere to applicable and specified sponsor program requirements; and uses the funds to carry out part of a program, as opposed to providing goods or services for the benefit of the sponsored project.

Subrecipient is the federal term for a legal entity to which a subaward is made. A sub-recipient is accountable to the recipient (Prime) for the use of the funds provided.

Generally, a formal sub-agreement is required when federal funds are involved in order to pass down the federal terms and conditions contained in the prime agreement.

The Federal Funding Accountability and Transparency Act (FFATA) requires CSE to collect information about any sub-recipient receiving a sub-award equal to or greater than \$25,000. CSE staff will send the FFATA form to the sub-recipient at the proposal development stage or when identified after award.

General rules governing Consultants, Subcontractors and Subrecipients

- Individuals or companies having the expertise to provide the necessary services to the project should be named in the budget. This allows approval by the funding agency at the time of award.
- A competitive bid process or a sole source justification must be completed for services over \$5,000 and submitted to CSE before anyone is hired (see <http://www.csuchico.edu/resp/formspoltravel/form/index.shtml> for forms). CSE has sole authority to sign legally binding agreements for CSE.
- Some federal agencies or programs will specify maximum daily rates. The daily rate is exclusive of other costs such as travel, per diem, supplies, and indirect costs.
- CSE cannot subcontract with individuals or firms who are debarred or suspended from doing business with the federal government. If you have questions about federal subcontracts, contact your development specialist.
- Individual CSU system faculty or staff or anyone on University or CSE payroll does not qualify as a consultant/independent contractor, subcontractor or sub-recipient on a sponsored project. While no individual CSU faculty or staff qualify as consultants/independent contractors, it is within the guidelines to subcontract with another CSU campus or auxiliary, or other University, for a faculty or staff member's work on a project. In that case, the subcontract amount would be shown on CSE budget under Subcontracts and a detailed budget and scope of work for the subcontract would be included.
- If subcontracting with another University and/or non-profit agency, contact the agency to determine if it has a negotiated F&A rate and if F&A costs will be included in the price of the subcontract. If F&A will be included, CSE requires that a copy of the F&A rate agreement must be attached to the internal budget.
- When budgeting costs for a subcontractor or a subrecipient where the sponsor's published indirect cost rate is based on Modified Total Direct Costs (MTDC), the indirect costs may only be calculated on the first \$25K of each subcontract for the entire project period (this includes multi-year projects). This only applies to subcontractors or sub-recipients; it does not apply to Independent Contractors.
- Consultant fees should be based on a daily rate.
- To break out subcontractor costs when preparing the budget, generally all costs including travel, supplies and materials for consultants and/or subcontractors and subrecipients should be placed in the subcontractor category, and not included in the travel or supplies/materials categories.
- If consultant or subcontractor is from a foreign country, it may be necessary to include \$20-\$50 for each potential wire transfer to a foreign bank account. Backup withholding at 30% for nonresident alien consultants is also required if the work is performed in the United States.

Stipends and Honoraria

STIPENDS

A stipend is paid to a student or attendee of a class for participation only, not for a service rendered. Employees cannot be paid stipends. (An amount paid for services rendered is a “wage” under the IRS regulation.) Stipends fall under the IRS definition of “scholarships or fellowships.”

General rules governing Stipends

- Stipends are a form of participant support and not compensation for work on a project. The IRS considers a stipend taxable income which may be offset with allowable education expenses. CSE is not required to issue a 1099 to CSUC student recipients of stipends, and CSE insurance, including workers’ compensation, does not cover stipend recipients since they are not employees.
- A stipend must be reasonable and should be listed in the budget to allow approval by the funding agency.
- A stipend paid to students may cover costs such as tuition, fees, books and living expenses. Stipends are not paid to cover the cost of travel, workshops, conferences, honoraria and other costs associated with training and conference grants. Stipends are not used to reimburse for the cost of employees’ salary, wages and benefits through “fellowship” programs.
- For a student to be paid a stipend, the following must apply:
 - The activities performed by the student may help accomplish the objectives of the award or non-sponsored research project but should not directly benefit an off-campus entity (e.g., a business).
 - The activities performed by the student must be creative in nature (as opposed to hauling grain to livestock at the University Farm or filing papers in an administrative office).
 - The student must receive course credit.
- To calculate: List the number of stipends to be paid and the amount per stipend. (Example: 20 participants x \$100 each = \$2,000)

HONORARIA

Honoraria are usually used to reward a guest speaker or a lecturer. It is a "thank you" gesture of good will and appreciation and not payment for services rendered. An honorarium is not based on an agreed amount between the individual providing services and the individual seeking services. If payment is agreed upon, this constitutes a contractual agreement which must be formally recognized in some contractual form.

General rules governing Honoraria

- Honoraria are generally unallowable expenses and cannot be charged to funded projects unless specifically identified as line items in the proposal budget and approved by the funding agency.
- Generally, honoraria are paid from campus program accounts.
- An honorarium can be given in the form of cash or a tangible gift.

For CSE policy on stipends/honoraria, go to

<https://www.csuchico.edu/cse/business-services-sponsored-programs/vendor-payments-reimbursements.shtml>

General Operating Expenses

General operating expenses cover such items as office supplies, materials, postage, electronic communication devices, Internet access and printing which will be secured from a vendor rather than an independent contractor or subcontractor. Generally, vendors are dealers, distributors, merchants or other sellers which provide goods or services required to conduct a project but have no part in the project's activities. Usually vendor services or goods are obtained with a purchase order, although some vendors provide their own agreements (e.g., a facility lease agreement), and at times the prime award to CSE may require an agreement for use with vendors.

Unless the agency requests line itemization, general operating expenses, except for inventorial property, should be lumped together into one sum and detailed in parenthesis, e.g., (office supplies, printing/copies, phones, postage, costs for the final report, etc.)

General rules governing inventorial property and supplies

- Inventorial property such as power machinery and scientific and computer equipment costing between \$500 and \$4,999 should be listed separately in the budget spreadsheet under the operating expenses.
- Such items costing less than \$500 should be included in the supply line item. General-purpose items do not include property which is used solely for research, medical, scientific or other technical activities.
- General-purpose office furnishings such as desks, chairs, file cabinets and copy machines costing less than \$5,000 are not allowable expenses, except where the items are specifically identified and approved in advance by the funding agency. These items should be listed separately under inventorial property/general office furnishings on the budget spreadsheet.
- Laptops or other electronic devices that are used primarily for research or other sponsored work are allowable, if they are budgeted and justified in the proposal, and not specifically disallowed on the award notice.

General rules governing electronic communication devices and Internet access

It is the policy of CSE that reimbursements for the cost of using electronic communication devices will be for authorized CSE business only and not for personal purposes or for private gain or advantage.

Project directors are responsible for authorizing the use of an electronic communication device for conducting CSE business when such use is necessary, appropriate, and funds are available to pay for it. Reimbursement will be made to an individual only.

Grant & Contract Projects

All costs charged to a CSE project shall be reasonable, allowable and allocable. In order to be allocable to a grant or contract, costs associated with the use of electronic communication devices must be explicitly identified in the approved budget.

Federal regulations state that telephone and other communication costs are normally F&A (indirect) costs. However, direct charging of these costs to federal awards may be appropriate where explicitly budgeted and approved by the sponsor.

Personally Owned Wireless Communication Devices

Individuals may request reimbursement for the cost of using personally owned communication devices such as phones, cell phones, personal digital assistants (PDAs), and pagers when deemed necessary to efficiently conduct CSE business. To comply with Internal Revenue Service

regulations, requests for reimbursement must be accompanied by a copy of the itemized monthly statement and the [Cell Phone Call Log](#) completed with all of the following information:

- date of the business call
- individual/institution called
- purpose of the business call
- length of the call
- project number to which the call should be charged
- total minutes used during the statement period
- total cost of the monthly service

Internet Service

CSE will only reimburse for the cost of Internet access required for conducting CSE business when project personnel are on travel status. This includes charges assessed by hotels and monthly service costs for wireless access on laptop computers.

Requests for reimbursement of hotel charges must be accompanied by the hotel folio or billing statement which itemizes the Internet access charges and the project(s) to be charged. Requests for reimbursement of monthly service must be accompanied by a copy of the provider's statement and a certification on the check request stating the percentage of time the requestor was on travel status and the project(s) to be charged.

CSE will not reimburse for at home internet costs because of the difficulty in substantiating business versus personal use.

Personal Home Telephone

CSE will reimburse for the cost of long distance calls made on a home land-line when the call is for CSE business. Reimbursements may be requested for the actual cost of the call but not for any portion of the base monthly service. Requests for reimbursement must be accompanied by a copy of the itemized monthly statement and a completed [Home Phone Call Log](#). Each business call must be identified along with the name of individual/institution called, the purpose for the call and project number being charged.

Individuals are encouraged to accumulate at least \$25 in costs before submitting a request for reimbursement to keep processing and administrative costs to a minimum.

General rules governing meeting costs

- Meeting costs should be broken out (e.g., room rental, supplies, printing). Because business meeting food and beverages are only allowable with funding agency approval, meals must be shown separately and labeled "refreshments" or "lunch" or "dinner."
- Project Director-hosted business meals must be labeled separately for agency approval.

Other costs

- Costs for background checks such as fingerprinting should be budgeted as a direct cost to the project. These LiveScan costs vary by level of clearance.

Costs for promotion and public relations are unallowable unless they are for the purpose of communicating with or educating the public about the specific activities or results from performance of the sponsored agreement.

Equipment

Equipment means tangible, nonexpendable property, charged directly to the funded project, having a useful life of more than one year and an **acquisition cost of \$5,000 or greater per unit**.

See CSE Property Policy at <https://www.csuchico.edu/cse/business-services-sponsored-programs/procurement-and-purchasing.shtml>

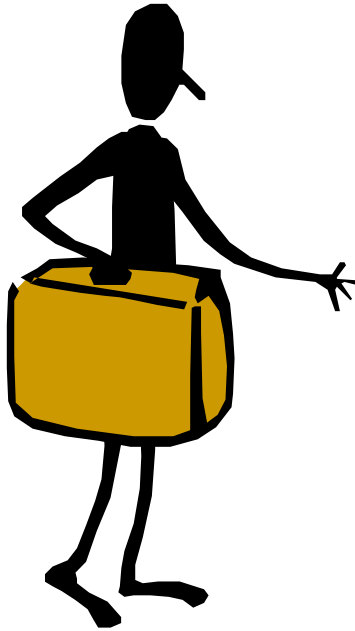
General rules governing Equipment Expenses

- When budgeting for equipment, list the cost of each item separately and include any tax, shipping, warranties and set-up fees. Use tax on annual maintenance fees should be included.
- Equipment purchased by a funded project becomes the property of CSE and will be tagged and tracked as part of CSE inventory. **No sale, transfer or disposal of equipment items should take place without CSE approval.**
- Three competitive bids are required on all purchases totaling equal to or greater than \$5,000 (excluding tax and shipping) from a single vendor. (See bidding or sole source justification forms at <https://www.csuchico.edu/cse/business-services-sponsored-programs/procurement-and-purchasing.shtml>).
- Items used to fabricate capital equipment should be budgeted in the equipment line item. Stand-alone peripherals that are not necessary to the operation of the fabricated piece of equipment should be budgeted under operating expenses.
- Software costing over \$5,000 is considered equipment for inventory purposes and should be listed in the equipment category but labeled as software.
- Repair and maintenance costs should be included if the project intends to purchase equipment outside of the campus purchasing recommendations. This applies primarily to computers and laptops.
- Set-up of custom equipment models may incur charges from campus IT Services Support.
- Disposal fee of \$300 is to be included in the proposal budget for each purchased piece of equipment.



Travel

General rules governing Travel Expenses (see also <https://www.csuchico.edu/cse/business-services-sponsored-programs/grant-management.shtml>) :



- Some State of California agreements require CSE to use state established travel rates. These rates are found in CSE's CA State Rates Guidelines at <https://www.csuchico.edu/cse/business-services-sponsored-programs/grant-management.shtml> .
- When calculating travel costs for a specific project, itemize per diem, hotel rates, airfare, mileage, rental car, conference registration and other costs. Refer to CSE travel policy at <https://www.csuchico.edu/cse/business-services-sponsored-programs/grant-management.shtml> for current rates.

Foreign Travel

- All foreign travel requires submission of a [Foreign Travel Request and Insurance Questionnaire](#) at least **45 days prior to travel**. Students are not allowed to travel on CSE business to countries listed as a war risk or highly hazardous.
- Foreign travel frequently consists of both business and personal components. Per the IRS (IRC Sec. 274(c)), there is a

taxability issue if BOTH of the following conditions are met:

1. The total period of the trip is longer than one week, **AND**
2. At least 25% of the trip is personal

As a result, reimbursement and advances for airfare and other expenses on CSE travel claims meeting both conditions will be reduced for the percentage of personal time.

This requirement applies to travel outside the 50 United States and the District of Columbia. For the purposes of calculating the percentage of business and personal time when a travel day consists of both business and personal time, the day would be classified as a business day. For more information, please see CSE's travel policy at <https://www.csuchico.edu/cse/business-services-sponsored-programs/grant-management.shtml>

Foreign Per Diem Rates

For foreign travel, CSE uses the U.S. Department of State Foreign Per Diem rates. Foreign Per Diem rates are established monthly by the Office of Allowances as maximum U.S. dollar rates for reimbursement of government civilians traveling on official business in foreign areas. Refer to the link below for the correct rates when calculating your reimbursement. Select Foreign Per Diem Rates by Location, enter/select the appropriate country and click Go.

http://aoprals.state.gov/content.asp?content_id=184&menu_id=78

- **Foreign Travel Insurance Program**

Foreign travel insurance is required for individuals traveling on CSE business using CSE funds or CSU, Chico students participating in CSE-related activities in a foreign country. The California State University Risk Management Authority (CSURMA) has negotiated a Foreign Travel Insurance Program for this purpose. Premium rates for faculty and staff vary based on the country/number of countries visited and the duration of stay. You should budget from \$60-\$75 per trip/country. Premium rates for students are \$50 per student for trips up to 15 days duration and \$60 per student for trips up to 30 days duration. Travel to high hazardous countries or for longer than 30 days requires

underwriter approval. Contact CSE Administration office for rates. In order to obtain the insurance coverage and emergency assistance provided by the program, a Foreign Travel Request and Insurance Questionnaire must be submitted to CSE **at least 45 days prior to travel.**

For complete foreign travel information, refer to CSE Travel Policy at <https://www.csuchico.edu/cse/business-services-sponsored-programs/grant-management.shtml>.

Use of University 29 Passenger Bus-Reservation and Charge Back

Those wishing to use a University 29 passenger bus should contact the Vehicle Reservations Clerk, vehicles@csuchico.edu or go to <http://www.csuchico.edu/vres/> to submit an online bus request. The Chancellor's Office of the CA State Universities has directed that only state employees or students may use state owned buses.

All other vehicle rentals should be processed through Enterprise Car Rental's online reservation system (<http://www.enterprise.com>). For detailed instructions, refer to CSE travel Procedures for Vehicle Rental for CSE Projects/Accounts <https://www.csuchico.edu/cse/business-services-sponsored-programs/grant-management.shtml>.

Facilities & Administrative Costs

Facilities and Administrative (F&A) costs (formerly called “indirect costs”) are incurred for common or joint objectives and cannot be identified readily and specifically with a particular sponsored project, an instructional activity, or any other institutional activity.

F&A costs applied to grants and contracts reimburse the institution for expenses incurred in supporting projects funded by outside agencies. These costs include general and departmental support and the use of University services such as libraries, laboratories, classroom facilities, computer centers, utilities, and student as well as other essential administrative services including accounting, personnel, payroll, accounts payable, accounts receivable, specialized insurance coverage, compliance and regulatory monitoring, independent audits and legal services.

CSE/University is required by the federal government to establish a negotiated federal F&A cost rate with DHHS (our cognizant agency) every four years. This rate can be used for all projects where there are no caps on F&A costs.

General rules governing Facilities and Administrative Costs

- The University and CSE policy is to use the maximum rate allowed by the funding agency. Only the Chief Executive Officer has the authority to negotiate F&A rates with funding agencies or to approve rate reductions.
- Refer to the Web site at <https://www.csuchico.edu/cse/resources/facilities-admin.shtml> for CSE’s F&A policy, a description of F&A costs for use with agencies, current F&A rates, and how to apply both on- and off-campus F&A rates.
- On federal projects, F&A costs can never be collected at higher than the federal rate.
- CSU, Chico’s current federal F&A rate is calculated on modified total direct costs and is taken on all costs except the following:
 - Equipment costing \$5,000 or more with a useful life of at least one year
 - Capital expenditures
 - Tuition remission, scholarships and fellowships
 - The portion of a subgrant or subcontract over \$25,000
 - Charges for patient care
 - Rental costs of off-campus facilities
 - Participant Support Costs

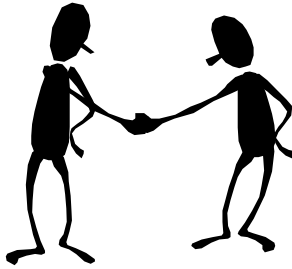
To calculate F&A Costs:

- If the rate is a percentage of modified total direct costs (MTDC), multiply the total project direct costs on which F&A can be taken by the F&A cost rate.

Current F&A rates (in effect on a provisional basis until amended):

On-campus:	41.5% of modified total direct costs (MTDC)
Off-campus:	18.5% of modified total direct costs (MTDC)
State of CA agencies:	30% of modified total direct costs (MTDC)
Nonprofits; regional gov’t:	30% of modified total direct costs (MTDC)
Agency rate:	Varies; see RFP for rate

Cost Share/Match



Cost-share and matching funds are resources contributed to a sponsored project over and above the support provided by the project's external sponsor. Mandatory cost share/match is required of CSE by the sponsor as a condition of the award. Voluntary cost share is the portion of the sponsored project costs contributed to the project by the University and/or CSE on its own initiative.

See CSE Cost Share policy at <https://www.csuchico.edu/cse/assets/documents/grant-management/cost-sharing-policy.pdf>.

Allowable cost sharing on a project is usually determined by the specific award terms and conditions and follows the same guidelines as the expenditure of funds regarding allowability and allocability. Regardless of the source, the requirements for all cost share include that the shared/contributed costs are:

- Allowable under 2CFR200.
- Verifiable from records documented in the project file.
- Necessary and reasonable to accomplish the project's objectives.
- Provided for in the approved budget when required by the prime sponsor.
- Provided during the project period.
- Not included as cost sharing on any other project.
- In addition, federal funds may not be used to match federal funds on another project except where authorized by federal statute.
- Program income earned under the project may not be utilized for cost matching except when authorized specifically by the prime sponsor.

General rules governing Cost Share/Match

- CSE rarely allows the inclusion of voluntary cost-share/match. Approval from the Chief Executive Officer of Chico State Enterprises is required when voluntary cost-share/match is proposed.
- 2CFR200.306 requires that if cost-share, whether mandatory or voluntary, is mentioned anywhere in the proposal, it is committed cost sharing and must be documented (accounted for) when the project is funded. Documentation might include time sheets and purchase or travel receipts. Therefore, CSE requires that all cost-share quantified in the narrative also be listed and labeled as cost-share in the budget.
- Appropriate cost-share/match budget items include salaries and wages, fringe benefits, travel, and equipment purchased specifically for and used only on the proposed project.
- Because supplies are very difficult to account for as match, CSE discourages their use as match on funded projects.
- All cost-sharing must be tracked and accounted for in CSE's accounting records. Not doing so leaves CSE and University open for audit disallowances. Institutions are only allowed to offer goods and services as cost share when they are able to verify the value from their records.

- When faculty or staff are released from their regular compensated duties to contribute time to a funded project as cost share, they must document their activity by way of personnel activity effort reports. The effort report must account for 100% of the employee's time showing the percentages of time devoted to regular work and to the funded project and must tie to University records and other supporting documentation for verification of time released.
- Project directors are responsible for seeing that appropriate, adequate cost share/match documentation is secured from the cost share provider. These documents must show how the value(s) placed on the cost share or match amounts reported to the funding agency were derived and must be retained in CSE project files for audit purposes.

Examples of allowable cost sharing include the following:

- **Salaries of faculty** devoting an attributable and verifiable portion of their compensated time to a specific sponsored project if granted release time by their Department/College.
- **Salaries of exempt employees and non-exempt employees** devoting an attributable and verifiable portion of their compensated time to a specific sponsored project. **NOTE:** Deans, Associate Deans, Chairs, College AASs and ASCs are not included in this category. See section on unallowable cost share for more detail.
- Fringe benefit costs associated with the contributed effort listed above.
- F&A/Indirect costs on the salaries listed above.
- Foregone F&A, where CSE requests less than its approved rate and where the sponsor **approves the use of foregone F&A for cost sharing.** . The CSE Chief Executive Officer must approve using foregone F & A for cost match purposes.
- Other direct costs, such as travel or equipment, paid for from sources other than the prime sponsor and directly attributable to support of the project.
- Project costs financed by cash contributions from the recipient or third parties.
- Project costs represented by in-kind contributions from the recipient or third parties.
- Third parties' owned space.

Examples of unallowable cost sharing include the following:

- Uncompensated voluntary recipient employee time usually is not allowed. Therefore, volunteer services of University/CSE employees (faculty, staff or students) are not allowable in most cases. However, the following are two exceptions:
 - Uncompensated student time for work performed directly related to meeting the objectives of the project. **NOTE:** Student cannot then receive compensation from the project or receive federal workstudy on a federally funded project.
 - **Faculty time outside of the faculty union contract, specifically during the summer, for faculty with an academic year appointment. The work performed must be directly related to meeting the objectives of the project. Salaries of deans, associate deans, chairs, college AAS's and ASCs time cannot be used as Cost Share on a sponsored project as their assignment does not include grant and contact activities and cannot tie back to the University workload. These positions are considered a part of F&A costs, thus are not appropriate for cost share purposes.**
- University/CSE owned space.

- Any cost that duplicates the type of costs identified as F & A (indirect) costs in the University/CSE's indirect cost proposal.
- Costs used to provide cost share on another project.
- Federal funds used as cost share on another federally-funded project unless specifically allowed by the printed guidelines of a program.
- University/CSE owned general purpose equipment. Only in the case where equipment is purchased by the University/CSE or a third party to be used exclusively on that project, can it be used as cost share. CSE must approve the use of any equipment as cost share.

Valuation of In-Kind Cost Share

The value of in-kind cost share (recipient provided or contributed by third parties) must be verified and/or documented as to how a realistic and reasonable value for the service performed or item provided was determined. Usually such verification can only be made when the contributor has paid someone for something; then an appropriate portion of that cost may be used as cost share.

Contributed personnel time by third parties is generally valued at the individual's actual salary (assuming the individual is performing tasks for the sponsored project that is similar to his/her work). Volunteer services can be valued based on market rates for work being performed or by using the California Employment Development Department (CEDDD) determination at <http://www.labormarketinfo.edd.ca.gov/>. Volunteer (uncompensated) services of University/CSE staff cannot be used in most cases. Only CSE can determine if employee volunteer (uncompensated) time is allowable and can approve its use for cost share purposes.

- **Third-Party In-Kind/Personnel Time Commitments**

- When personnel time is committed from another organization/employer, the value of contribution includes both the individual's salary/wage and fringe benefit rate (if applicable) and an estimate of the time necessary to perform specific tasks directly related to meeting the objectives of the project. If the individual contributing services is the owner of the business, the value is based on the individual's salary, if a standard draw is made; if not, use the CEDDD determination.
- When an individual is volunteering time not committed by the employer, and if the individual has an employer other than him/herself and will be providing expertise or services similar to his/her employment, the value of the contribution is based on rates for third-party volunteer services that must be consistent with those paid for similar work by RF employees.
- If the expertise or services to be provided are substantially different from those provided to the employer, the value should be based on the market rate for such services (with adequate justification) or on the CEDDD determination.
- In either case, paid fringe benefits that are reasonable, necessary, allocable, and otherwise allowable may be included in the valuation.
- Indirect costs at either the third-party organization's approved federally negotiated indirect cost rate or, a rate in accordance with §200.414 Indirect (F&A) costs, paragraph (d), provided these services employ the same skill(s) for which the employee is normally paid.
- If the individual volunteering services to the project is a consultant/independent contractor and the services are similar to those offered to clients, the value is based on

the individual's rate used with other clients, market value, or on the CEDD determination.

- **Equipment/Supplies/Materials** can be contributed/donated by third parties as cost share when the value of items can be secured and adequately documented. The value cannot exceed the market value at the time of contribution/donation. Documentation should include sufficient detail must be provided to determine the type, quantity and unit cost/value of the goods provided.
- **Use of or title to real property** (office space, buildings or land) can be contributed/donated by third parties when appropriate to the accomplishment of project. The value of the office space, building(s) or land may not exceed their fair market value at the time of contribution/donation. The value of buildings and land must be established by an independent appraiser.

Obtaining and Documenting Cost Share

Project directors are responsible for obtaining and documenting cost share. CSE staff will work with project directors to identify allowable cost share at the proposal stage and provide direction upon award as to what documentation is required to support and substantiate the value of the required cost share.

If the answer to any of the questions below is “yes,” cost share is justifiable.

If the answer to all of the following questions is “no,” then cost sharing is not justifiable.

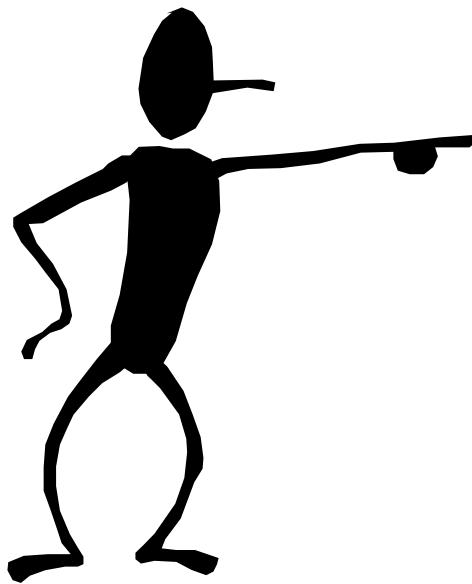
- Is cost share required by statute?
- Is cost share required by the sponsor's published program announcement, solicitation, or bylaws?
- Does the sponsor explicitly cite in its published charter or program description that cost sharing is expected and will be used as a proposal review criterion?

NOTE: If the proposed cost share exceeds the sponsor's minimum requirements, a justification for including additional cost share must be submitted to CSE for review and approval.

SECTION III

Appendixes

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2CFR200 Subpart E – Cost Principles

General provisions for selected items of cost

<u>Cost items</u>	Allowable No conditions	Unallowable No conditions	Allowable With conditions
1. Advertising and public relations ~Only if necessary for sponsored agreement			X
2. Alcoholic beverages		X	
3. Alumni activities		X	
4. Bad debts		X	
5. Civil defense ~Only if on institution's premises			X
6. Commencement and convocation		X	
7. Communication	X		
8. Personal services ~ If consistent w/institutional compensation. ~ Fringe benefits.			X X
9. Contingency provisions		X	
10. Deans of faculty/graduate schools	X		
11. Defense and prosecution of criminal and civil proceedings, claims, appeals and patent infringement. ~If violation of law. ~If required by Agreement or Govt. official.		X	X
12. Depreciation and use allowances			X
13. Donations and contributions		X	
14. Employee morale, health, and welfare costs and credits ~General costs including losses, breakeven. ~Other losses.	X		X
15. Entertainment		X	
16. Equipment and other capital expenditures ~General purpose buildings (yes)/land (no). ~Special purpose equipment. ~Improvements to land/bldgs/equip/ to increase value.		X X	X X
17. Executive lobbying		X	
18. Fines and penalties ~No unless required by Sponsored agreement or by direction from Government official			X
19. Goods or services for personal use		X	
20. Housing/personal living expenses		X	
21. Insurance and indemnification			X
22. Interest, fund raising, investment management		X	
23. Labor relations	X		
24. Lobbying		X	
25. Maintenance/repair	X		

<u>Cost items</u>	Allowable No conditions	Unallowable No conditions	Allowable With conditions
26. Losses on other sponsored agreements/ contacts		x	
27. Material	x		
28. Memberships/subscriptions/professional activities ~Institution's memberships in business/ technical/professional organizations. ~Institution's subscriptions to business/technical/professional periodicals. ~Membership in civic/community org. ~Membership in country/social/dining club/organization. ~Meeting and conference costs when purpose is to disseminate technical information.	x x	 x x	 x
29. Patents	x		
30. Plant security	x		
31. Pre-agreements ~No unless agency approves.			x
32. Professional services			x
33. Profits/losses on disposition of plant equipment/other capital assets		x	
34. Proposals Normally treated as F&A.		x	
35. Rearrangement/alteration			x
36. Re-conversions	x		
37. Recruiting ~Yes if part of normal program. ~No if excessive/unreasonable.			x x
38. Royalties/use of patents			x
39. Rental of buildings/equipment			x
40. Sabbatical leaves	x		
41. Scholarships/student aid			x
42. Selling/marketing		x	
43. Severance pay			x
44. Specialized service facilities			x
45. Student activities	x		
46. Taxes	x		
47. Transportation			x
48. Travel			x
49. Termination applicable to sponsored agreements			x
50. Trustees			x

Chico State Enterprises Faculty Budgeting Calendar 2021-2022

2021

JULY

				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
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AUGUST

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SEPTEMBER

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OCTOBER

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31						

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DECEMBER

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2022

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30	31						

FEBRUARY

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MARCH

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APRIL

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MAY

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JUNE

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12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30		

- Summer 58 days
 - Fall Semester* 84 days
 - Fall Break 3 days
 - Winter Intersession 11 days
 - Spring Semester* 85 days
 - Spring Break 5 days
 - AY Holidays & Other Non-Contractual Days 13 days
- *Includes Academic Workdays (classes not in session)

Direct Charging of Administrative and Clerical Staff to Sponsored Projects

Direct charging of University administrative and clerical staff may be appropriate only if all of the following conditions are met:

1. Administrative or clerical services are integral to a project or activity,
2. Individuals involved can be specifically identified with the project or activity,
3. Such costs are explicitly included in the budget or have the prior written approval of the sponsoring agency,
4. The costs are reasonable and allocable, and
5. The costs are not also recovered as indirect costs.

Administrative and Clerical Staff include only:

- Deans, Associate Deans, the College AAS and clerical staff
- Chairs and departmental ASC

Salaries and wages for administrative staff referenced above may not be used as cost share.

NOTE: Only administrative and/or clerical costs up to the 80% may be direct charged to a sponsored program. The other 20% of administrative and clerical staff are in the University /CSE Indirect Cost Pool, and, thus cannot be charged as a direct cost.

ADDITIONAL EMPLOYMENT, REIMBURSED TIME AND COST SHARE CHART

UNIVERSITY PERSONNEL (eligibility related to compensation for work performed on grants and contracts)	ADDITIONAL EMPLOYMENT* (includes AY overload, inter- session/breaks and summer)	REIMBURSED TIME** (Buy-out)	<u>COST SHARE**</u>
Academic Year Faculty	Yes* (NOTE: If federal funding, AY overload must be clearly identified and approved by the funding agency.)	Yes	Yes
FERP Faculty	Yes*	Yes	Yes
Deans, Associate Dean's and Chairs	Yes*	Yes—if only up to 80%	No
Other Exempt Employees	Yes	Yes	Yes
Non-Exempt Employees-not in indirect cost pool	Yes-only with approval from CSE HR; may be OT	Yes	Yes
Retired Annuitants	Yes	Yes	Yes
College AAS, ASC, ASA or other college and department clerical staff maybe in the indirect cost pool	Non-exempt—Yes Exempt—Yes*	Yes--if only up to 80%	No***

***Additional Employment** up to a maximum of 125% time (not salary) for all campus activities, including work performed on Grants and Contracts, is allowed only **IF** the work is substantially different in nature from the primary or normal work assignment and specifically budgeted for in the grant or contract,

OR is funded from non-general fund sources,

OR is the result of part-time employment on more than one campus.

Note: Additional employment and overload limits are calculated and applied independently during vacation, holiday periods or other academic breaks.

****Reimbursed Time and Cost Share:** all release time must be confirmed by the college or the administrative unit.

*****Other University staff** maybe included as cost share if their job description does not include providing clerical and/or general administrative support to the college dean or department chairs' offices.

THE CALIFORNIA STATE UNIVERSITY AND COLLEGES
Office of the Chancellor
5670 Wilshire Boulevard
Los Angeles, California 90036

Date: January 22, 1976

Code: BA 76-3
FSA 76-03

To: Presidents

From: *D. Dale Hanner*
D. Dale Hanner, Vice Chancellor
Business Affairs

C. Mansel Keehe
C. Mansel Keehe, Vice Chancellor
Faculty and Staff Affairs

Subject: Faculty Salaries Paid During Summer Months/Federal
Contracts and Grants

Salaries paid by the Foundation to faculty working on federal contracts and grants during the summer months were the subject of a federal audit. One of the recommendations that we accepted reads:

"Establish procedures to assure that charges to federal grants and contracts for work performed during summer months do not exceed an individual's monthly base salary rate."

Our response to the recommendation specified our future course of action as follows:

"A policy statement will be formulated and distributed to the campuses defining the methodology for the computation of summer salary rates using the number of academic work days in the academic year calendar."

In order to implement this recommendation a review was made of the CSUC academic calendars and the scheduling practices in a number of universities and colleges across the country. The present CSUC policy concerning academic calendars is that the calendar should provide for a minimum of 170 academic work days. In the current 1975-76 academic year campus academic

Distribution

Vice Presidents, Academic Affairs
Vice Presidents, Administration
Directors of Business Affairs
Foundation Managers
Chancellor's Staff

cc: Personnel Officers
Affirmative Action Officers

calendars range from 168 to 172 days. In order to establish a standard for determining faculty salaries, 170 days is hereby designated as the basis on which faculty salaries will be computed for this purpose. The use of a standard figure within CSUC will eliminate the variance in pay rates which has been a source of concern to federal auditors and will ensure comparability of pay among the campuses for faculty at the same range and step doing comparable work on different campuses.

Accordingly, the methodology described below will be utilized effective with the 1976 summer months:

170 academic calendar year days \div 5 = 34 weeks

34 weeks \div 4.33* = 7.85 months

Faculty annual salary \div 7.85 = true monthly salary

Faculty working a complete summer month would receive the true monthly salary shown above. When faculty work less than a complete summer month a daily rate will be calculated. This would be obtained by:

Annual salary \div 170 days = daily rate.

In those instances where an hourly rate is necessary, divide the daily rate by 8.

For consistence, the methodology used to compute faculty salaries for the summer months is also applicable to salaries paid faculty on contracts and grants during periods not designated as academic work periods, i.e., days between semesters, intersession periods, etc.

DDH:CMK:km

*4.33 weeks in a month is a commonly accepted accounting practice in relating monthly salaries to a weekly salary.

Estimating time needed for project

- If faculty, how does the work required compare to teaching one class?
- Is it new work or work you've done before?
- How much assistance will you have?
- Will you be doing the work or supervising others?
If supervising, how many persons?
- Will you need to write reports?
- How much paperwork do you estimate you'll need to complete?
- Is it seasonal work that will require a concentration of time in a short period?

