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Memo

Operating Guidance

No. 94-12
June 8, 1994

VICE CHANCELLORS—BUSINESS AND FINANCE ADMINISTRATION*
CONTRACT AND GRANT OFFICERS
OFFICE OF THE PRESIDENT FUNCTIONAL MANAGERS
ACCOUNTING OFFICERS

Subject: 19900-Funded Grant Programs -- Benefits

University-administered 19900-funded grant programs have, in the past, requested that campuses provide the benefits for staff paid from these awards. However, when campuses cannot or do not want to fund the benefits for these employees who were not originally figured into the calculation for the campus benefit pool, these benefits should be paid from the salary source of the employee, that is, the 19900-funded grant program. The 19900-funded grant programs were informed, in the past, that benefits had to be paid by the program funds when the campus requested them.

One of these 19900-funded grant programs has recently brought to our attention that, unless the benefit line-item in these awards is specifically transferred to the campus benefit pool, the line-item remains unexpended at the end of the grant or is transferred to another line-item and spent for other grant-related purposes. This is because employees paid from 19900 funds automatically have their benefits covered by the campus benefit pool. So the cost for such employees' benefits is not deducted from the grant budget, but from the campus benefit pool.

If your campus requires that 19900-funded grant programs provide the benefits for any employees paid by the grant, the Department receiving the award must budgetarily transfer the benefit line-item to the campus benefit pool. Alternatively, the grant program itself could transfer the benefits directly to the campus benefit pool, removing them from the awarded budget. If the grant program does not directly transfer the benefit line-item to the campus benefit pool, a campus which has requested that benefits be provided in these 19900-funded awards must take responsibility for transferring this line-item to the campus benefit pool.

If this budgetary transfer is not done and the program sees that the benefit line-item is unspent at the end of the grant or transferred and spent on another line-item, it raises questions as to why the campus requested benefits from the program. If benefits are requested, the funds provided in that line-item should not be transferred to other line-items without the program's approval.

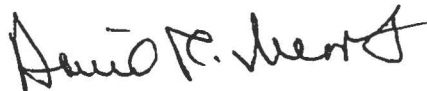
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cc: Extramural Funds Managers
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