

FEDERAL RESOURCE COMPENSATION

- I. Overview. All employees who are paid in full or in part with federal funds must keep specific documents to demonstrate the amount of time spent on grant activities. This includes an employee whose salary is paid with state or local funds but is used to meet a required “match” in a federal program. These documents, known as time and effort records, are maintained to charge the costs of personnel compensation to federal grants.

- II. Implementation
 - A. Compensation - personal services.
 - 1. Compensation for personal services includes all remuneration, paid currently or accrued, for services of district employees rendered during the period of performance under the federal award, including but not necessarily limited to wages and salaries.

 - 2. Compensation for personal services may also include fringe benefits. Total compensation for individual employees are allowable to the extent that they satisfy the following requirements:
 - a. It is reasonable for the services rendered and conforms to the established written policy of the district, consistently applied to both federal and non-federal activities. Compensation for employees engaged in work on federal awards will be considered reasonable to the extent that it is consistent with that paid for similar work in other activities of the district.

 - b. It follows an appointment made in accordance with the district’s rules or written policies and meets the requirements of federal statute, and

 - c. It is determined and supported with proper documentation that meets the federal Standards for Documentation of Personnel Expenses. These records must:
 - (1) Be supported by a system of internal controls that provides reasonable assurance the charges are accurate, allowable, and properly allocated.

 - (2) Be incorporated into official district records.

 - (3) Reasonably reflect the total activity for which the employee is compensated by the district, not exceeding 100% of compensated activities.

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- (4) Encompass both federally assisted and all other activities compensated by the district on an integrated basis, but may include the use of subsidiary district records.
- (5) Comply with the established accounting policies and practices of the district, and
 - (a) Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one federal award; a federal award and non-federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity.
 - (b) Budget estimates (estimates determined before the services are performed) alone do not qualify as support for charges to federal awards, but may be used for interim accounting purposes.
 - (c) Records may reflect categories of activities expressed as a percentage distribution of total activities.
- d. For records which meet the standards, the district will not be required to provide additional support or documentation for the work performed.
- e. In accordance with Department of Labor regulations implementing the Fair Labor Standards Act (FLSA) (29 CFR part 516), charges for the salaries and wages of nonexempt employees must also be supported by records indicating the total number of hours worked each day.
- f. Salaries and wages of employees used in meeting cost sharing or matching requirements on federal awards must be supported in the same manner as salaries and wages claimed for reimbursement from federal awards.
- g. The district may use substitute processes or systems for allocating salaries and wages to federal awards if approved by the California

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Department of Education (CDE). Such systems may include, but are not limited to, random moment sampling, “rolling” time studies, case counts, or other quantifiable measures of work performed. CDE has two federally approved substitute systems:

- (1) Sampling method, and
- (2) Predetermined schedules

If the district chooses to use one of these systems, it must indicate the selection on its consolidated application.

B. Compensation - fringe benefits.

1. Fringe benefits are allowances and services provided by employers to their employees as compensation in addition to regular salaries and wages.
2. Fringe benefits include, but are not limited to, the costs of leave (vacation, family-related, sick or military), employee insurance, pensions, and unemployment benefit plans.
3. The costs of fringe benefits are allowable provided that the benefits are reasonable and are required by law, district/employee agreement, or an established policy of the district.
 - a. The cost of fringe benefits in the form of regular compensation paid to employees during periods of authorized absences from the job, such as for annual leave, family-related leave, sick leave, holidays, court leave, military leave, administrative leave, and other similar benefits, are allowable if all of the following criteria are met:
 - (1) They are provided under established written leave policies.
 - (2) The costs are equitably allocated to all related activities, including federal awards.
 - (3) The accounting basis (cash or accrual) selected for costing each type of leave is consistently followed by the district.
 - b. The cost of fringe benefits in the form of employer contributions or expenses for social security; employee life, health, unemployment, and worker's compensation insurance; pension plan costs; and other similar benefits are allowable, provided such benefits are granted

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under established written policies. Such benefits must be allocated to federal awards and all other activities in a manner consistent with the pattern of benefits attributable to the individuals or group(s) of employees whose salaries and wages are chargeable to such federal awards and other activities, and charged as direct or indirect costs in accordance with the district's accounting practices.

- c. That portion of automobile costs furnished by the district that relates to personal use by employees (including transportation to and from work) is unallowable as fringe benefit or indirect (F&A) costs regardless of whether the cost is reported as taxable income to the employees.
- d. Pension plan costs which are incurred in accordance with the established policies of the district are allowable.
- e. Severance pay, also commonly referred to as dismissal wages, is a payment in addition to regular salaries and wages, by the district to workers whose employment is being terminated. Costs of severance pay are allowable only to the extent that in each case, it is required by:
 - (1) Law
 - (2) Employer-employee agreement
 - (3) Established policy that constitutes, in effect, an implied agreement on the district's part, or
 - (4) Circumstances of the particular employment.

C. Time and effort procedures.

- 1. Varying controls are in place to ensure employees paid in whole or in part with federal funds work on activities that benefit the program(s).
 - a. For employees working on a single cost objective, an annual certification signed by the employee's supervisor is required.
 - b. For employees working in central offices on multiple cost objectives, a quarterly review of the distribution of time and effort among cost objectives by the employee's supervisor is required.

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- c. For extra pay, such as professional development or other compensation beyond base salary, time cards will be used to support the charges.
 - d. Each of these categories is described below.
2. Special procedures apply to two distinct types of employees: substitute teachers and custodians.
3. Employees working on a single cost objective.
- a. A single cost objective can be, for example, a single function or a single grant or a single activity.
 - b. It is possible to work on a single cost objective even if an employee works on more than one federal award or on a federal award and a nonfederal award.
 - c. The key to determining whether an employee is working on a single cost objective is whether the employee's salary and wages can be supported in full from each of the federal awards on which the employee is working, or from the federal award alone if the employee's salary is also paid with nonfederal funds.
 - d. Examples of employees that work on single cost objectives:
 - (1) Teacher who works 100% on schoolwide school program activities who may be funded with Title I and local funding.
 - (2) Special education teacher who works exclusively with students with disabilities providing special education services and supports who may be funded with IDEA and state funding.
 - (3) Resource teacher exclusively supporting English Learners by providing supplemental language instruction programs who is funded with Title III and state funding.
 - (4) Counselor or nurse assigned additional days at a school beyond the basic allocation as part of the schoolwide plan who is funded with Title I and state funding.

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- e. Each employee who works on a single cost objective and is funded in whole or in part from federal resources will be listed in an Annual Time Accounting Certification Report. The report will be reviewed and signed by the employee's supervisor certifying that the employee worked 100% on the identified single cost objective, and that the related charges to federal program funds were appropriate.
 - (1) The Annual Time Accounting Certification Report is sent via email from the Research and Evaluation Department to the supervisor once a year.
 - (2) The principal, division or department head (supervisor) is responsible for completion of the report.
 - (3) Supervisor reviews the report to ensure all employees funded from federal resources are listed on the Annual Time Accounting Certification Report.
 - (4) The supervisor must have first-hand knowledge of the duties performed and the salary funding source per employee.

- 4. Employees working on multiple cost objectives.
 - a. Each employee who works on multiple cost objectives and is funded in whole or in part from federal resources is listed in a Time Accounting Distribution Report for each month worked along with the resources used to pay them.
 - b. Generally, employees working on multiple cost objectives work in central office. Examples of employees that work on multiple cost objectives:
 - (1) Central office director that works on Title I program, transportation services, and food services who is funded from Title I administration, cafeteria fund, and general funds.
 - (2) Central office administrator who provides support to special education programs and transportation services and who is paid with IDEA administration and general funds.
 - c. The employee's supervisor is responsible for reviewing the budgeted distribution of effort among cost objectives and revising

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the distribution, as appropriate, to reflect the employee's actual effort during the period under review.

- d. Employee's supervisor reviews the distribution report quarterly to ensure:
 - (1) The report accurately reflects the employee's total activity for which the employee is compensated and does not exceed 100% of compensated activities.
 - (2) The percentage of time allocated to federal programs is accurate.
 - (3) All necessary adjustments to the employee's assignment records are made, as appropriate.
- 5. Certificated employees receiving extra pay.
 - a. Extra pay includes compensation beyond base salary to certificated employees.
 - b. Typically, the pay is provided for after-school or Saturday professional development activities, summer school, and after-school tutoring programs.
 - c. Each certificated employee that works extra hours must complete a time card to receive extra pay.
 - (1) The time card is completed after-the-fact.
 - (2) Indicates the total number of extra hours the employee worked.
 - (3) Lists the cost objective in the 'Reason for Hours Worked' section of the time card.
 - (4) The corresponding funding source is used for the extra pay.
 - d. Employee must submit the time cards to his/her supervisor.
 - e. The time cards are entered into the payroll system by the timekeeper.

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- f. The pay is charged to the appropriate resource and added to the employee's paycheck.
 - g. A copy of the extra pay time cards charged to federal sources must be maintained by the timekeeper at the school or department responsible for the activity for seven years.
6. School level employees working 100% on schoolwide plans.
- a. For school level employees that work exclusively on the schoolwide school program, and are funded at least in part with federal funds included in the schoolwide program, the PeopleSoft "Allocation Status Report" is prepared monthly. Principals print the "Allocation Status Report" from PeopleSoft on a monthly basis. This report includes all school-level employees at the school site, and their related funding sources.
 - b. The principal reviews the reports monthly to confirm that all teachers and other staff paid in whole or in part with federal funds, included in the schoolwide program, worked exclusively on the schoolwide program.

(Note: CDE does not permit Title III, Part A to be consolidated in a schoolwide program. Accordingly, school level staff paid in whole or in part with Title III would not be part of a schoolwide program.)
 - c. The "Allocation Status Report" must be signed by the principal indicating that the report was reviewed.
 - d. The principal notifies the Financial Planning, Monitoring and Accountability Department if any adjustments need to be made to the report, for example, if a teacher is relocated or reassigned duties outside of the schoolwide program.
7. Visiting teachers, substitute classified staff and custodians.
- a. Visiting Teachers and Substitute Classified Staff.
 - (1) The Substitute Assignment Management System (SAMS) is used to assign visiting teachers and substitute classified staff (visiting teacher/substitute) and track visiting teacher/substitute time and effort.

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- (2) Employee reports absences in SAMS and completes appropriate leave applications for submission to his/her immediate supervisor.
 - (3) Based on reported absences and leave, visiting teachers/substitutes receive a job request call from SAMS.
 - (4) If the visiting teacher/substitute accepts the job, the visiting teacher/substitute reports to the school site and signs in and out of the site on each day of the assignment. The timekeeper verifies in SAMS the visiting teacher/substitute's attendance at the site on a daily basis.
 - (5) On a monthly basis, the principal prints a time summary report which includes visiting teachers/substitutes in the SAMS system.
 - (6) The principal verifies hours being reported to Time and Labor via the SAMS interface and reports employee absences on the electronic timesheet in Time and Labor.
 - (7) Visiting teacher compensation may be allocated to federal grants in one of two ways:
 - (a) The allocation is based on that of the absent teacher. For example, if a visiting teacher substitutes for a teacher paid 100% by Title I program funds, the visiting teacher's compensation for the assignment is likewise charged 100% to Title I program funds.
 - (b) The allocation is charged to a specific grant for teacher release time to attend professional development or training.
 - (8) Substitute classified staff compensation is allocated based on the absent staff member's compensation.
- b. School site custodians.
- (1) Custodians follow a detailed daily schedule (Beat Sheet) that varies by school site. It is based on square footage and fixed structures (number of bathrooms, sinks, mirrors, etc.).

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- (2) Physical Plant Operations Department staff reviews the detailed schedules to allocate time spent on cafeteria and related food services areas to the cafeteria fund.
- (3) Time spent on custodial services to all other areas is charged to nonfederal funds.
- (4) Custodians review the pre-determined schedule at the end of each semester and confirm or revise the schedule, as appropriate, based on actual time and effort.
- (5) In addition, as part of its oversight and monitoring, the district conducts random sampling of the pre-determined custodial schedules to confirm the times allotted for each room and/or activity. For example, if Custodian 1 is allotted 15 minutes to clean the front hallway of School A at the beginning of each day, Physical Plant Operations Department staff may visit School A, interview Custodian 1 and confirm that the time allotted to this activity is accurate.

D. Reconciliation and closeout procedures.

1. It is critical that payroll charges match the actual distribution of time recorded on the Time Accounting Certification Reports, Time Accounting Distribution Reports, and time card documents.
2. Budget estimates or other distribution percentages determined before the services are performed do not qualify as support for charges to federal awards, but may be used for interim accounting purposes provided that the system for establishing the estimates produces reasonable approximations of the activity actually performed.
3. All necessary adjustments will be made such that the final amount charged to the federal award is accurate, allowable, and properly allocated.
4. All adjustments to Time Accounting Certification and Distribution reports are entered into PeopleSoft via a Personnel Action Request (PAR).
5. The Financial Planning, Monitoring and Accountability staff reviews the funding changes made via the PARs submitted.
6. The changes are then reflected in the ORACLE/PeopleSoft financial system with a journal entry.

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7. A comparison and adjustment between actual costs and budgeted distributions is made periodically during the year.
 8. Annual adjustments are made at year end closing if there is a difference between the budgeted amounts and actual costs.
- E. Annual training. Training on the Federal Resource Compensation is made available annually. As part of the district's self-assessment and monitoring activities, samples of the Time Accounting Certification and Distribution Reports are reviewed each year for accuracy and appropriate signatures and dates.

III. References.

- A. 2 CFR § 200.430 Compensation - Personal Services, <http://www.ecfr.gov>
- B. 2 CFR § 200.431 Compensation - Fringe Benefits, <http://www.ecfr.gov>
- C. San Diego Unified School District Procedures and Regulations.
 1. Administrative Regulation (AR) 4151.1, Payroll and Time Reporting
 2. Administrative Regulation (AR) 4152, Voluntary Payroll Deductions
 3. Administrative Regulation (AR) 4155.1, Tax Sheltered Annuities
 4. Administrative Procedure (AP) 5170, Mandatory Reports for Employee Injury or Illness on the Job
 5. Administrative Procedure (AP) 7130, Sick Leave
 6. Administrative Procedure (AP) 7134, Personal Business Leave
 7. Additional Information:
 - a. Payroll: <http://www.sandi.net/Domain/128>
 - b. Benefits: <http://www.sandi.net/Domain/48>

Regulation
approved: December 11, 2018

SAN DIEGO UNIFIED SCHOOL DISTRICT
San Diego, California