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**Date:** June 10, 2010 **Code: AD 10-01**

**To:** FOA Delegates  
FSAC Members

**From:** George V. Ashkar  
Assistant Vice Chancellor/Controller  
Financial Services

**Subject:** **ARRA Federal Stimulus Funding for FY0910**

The CSU has received a Federal Stimulus grant under the American Recovery and Reinvestment Act of 2009 (Recovery Act) which will be used restore state appropriations. CSU has decided to use this funding to support CSU Operating Fund Salaries and Benefits. We have met with the Federal auditors and in order to properly comply with the grant funding we are required to record the funding and payroll expenditures as follows:

- A new PeopleSoft fund within CSU Fund 485 that will map to “restricted other” net asset category will need to be created by each campus using FNAT Key # 128955.
- The PFA transaction to move payroll expenditures from the new restricted PeopleSoft fund within CSU fund 485 to the General Fund 001 will require the use of a new object code 690006 ARRA grants expenditure offset which is mapped to a new GAAP account 723011 and State GL account 9000.
- Each campus will need to transfer salary and benefit expenditures into the new restricted PeopleSoft fund within CSU fund 485. **However, only departments within certain FIRMS program codes are allowable. Therefore, first use expenditures in Instruction (0100-0106), then Student Services (0500-0505, 0507-0510) and finally if additional expenditures are needed use Academic Support (0400-0409).** Note that the CDIP FIRMS Rule-4 Detail Table (*CSU\_CDIP\_RUL4\_D*) will provide the department IDs and FIRMS program codes which will assist you in determination which departments to include.
- If the ARRA funding exceeds the salary and benefit expenditures in these program codes then begin including other months’ activity. Begin with September, then August and finally July salary and benefit expenditures should be applied to the remainder of the ARRA funding.
- It is recommended that the transfer of Salary and benefits be recorded by processing a manual Journal entry rather than going through LCD. However, you must include a *Payroll Details Report/query results that list department employee ID and amounts*. To arrive at the correct program code distribution, an additional XXCSU business unit JE may be utilized.
- Your transfer can be limited to the 6 major object codes in CSU 485. However if needed, more benefits accounts can be used. Once you have determined your population, use a reasonable allocation percentage for the

**CSU Campuses**

Bakersfield  
Channel Islands  
Chico  
Dominguez Hills  
East Bay

Fresno  
Fullerton  
Humboldt  
Long Beach  
Los Angeles  
Maritime Academy

Monterey Bay  
Northridge  
Pomona  
Sacramento  
San Bernardino  
San Diego

San Francisco  
San José  
San Luis Obispo  
San Marcos  
Sonoma  
Stanislaus

transfer to the accounts within new restricted PeopleSoft fund within CSU fund 485. As a starting point, these are the suggested major object codes:

- 601100 – Academic salaries
- 601201 – Management & supervisory
- 601300 – Support staff salaries
- 603001 – OASDI
- 603004 – Health & welfare
- 603005 – Retirement

After the allocation, the total salary and benefit expenses in the new restricted PeopleSoft fund within CSU fund 485 should equal to the amount indicated in ADNOAT 09-064 & ADNOAT 09-063. In other words, the debit of total salary and benefit expenses should equal to the credit of ARRA grants expenditure offset (690006) in the new restricted PeopleSoft fund within CSU fund 485.

**New Things to Consider:**

1. **DO NOT** include any reimbursed time salary and benefits.
2. **DO NOT** include any cost match that may have been committed from the CSU Operating Fund in compliance with an externally sponsored agreement. Please coordinate with your Sponsored Program Director.
3. **DO** be cognizant of the impact this may have your campus/auxiliary federally negotiated F&A (Facilities & Administrative) cost rate for sponsored projects. This is only a concern if FY2009/10 is your “base year”<sup>1</sup> for developing your F&A rate. Inclusion of administrative salaries and benefits will ultimately **reduce** your F&A rate, as those costs would not be allowable in the administrative cost pool for the rate. Suggested steps to minimize affects:
  - a. First, Use **Sept** - November Salaries and benefits in **Instruction (0100-0105, NOT 0106)** for object codes 601100 Academic Salaries and related benefits. For GAAP reporting, the July and August academic year costs were accrued as 0809 academic costs. Therefore, they should not be included for this year F&A Rate calculation.
  - b. Second, Use **July** - November Salaries and benefits in **Instruction (0100-0105, NOT 0106)** for all other object codes
  - c. Then, Use **July** - November Salaries and benefits in **Student Services (only 0502, 0503, & 0507)** for all object codes
  - d. Finally, Use **July** - November Salaries and benefits in **Academic Support (only 0402, 0405, & 0408)** for all object codes
  - e. If additional salaries are needed then you could include **July & August** Salaries and benefits related to the summer term only in **Instruction (0100-0105, NOT 0106)** for object codes 601100 Academic Salaries
4. **DO** correct your previous journal entry and derived program codes to ensure the above suggestions take effect.

If you have any questions, please contact Kelly Cox at (562) 951-4611 or e-mail [kcox@calstate.edu](mailto:kcox@calstate.edu) . For questions, regarding F&A rate calculation and impact of the ARRA funding, please contact Sue DeRosa at (562) 951-4213 or [sderosa@calstate.edu](mailto:sderosa@calstate.edu).

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<sup>1</sup> If you will be using the financial data from fiscal year 2009/ 10 to develop your next F&A rate for negotiation with the Federal government, then this is your “base year.”