

This document provides explanations with examples of how to correctly apply [2 Code of Federal Regulations 200.412-200.414](#) when budgeting Administrative and Clerical salaries to federal grants.

In all cases, decision-makers need to be guided by this regulation: **Federal funds can not be used to supplant institutional funds.**

This document addresses three key aspects of budgeting Administrative and Clerical salaries:

1. Administrative and Clerical Salaries versus Supplies or Specialized Systems and Services.
2. Scope of Work
3. How to Bill Administrative and Clerical Salaries

The examples below are illustrative only, showing key questions to ask when deciding whether Administrative and Clerical staff salaries are eligible to be billed as direct costs.

1. **Administrative and Clerical Salaries versus Supplies or Specialized Systems and Services:** Decisions on whether to budget each of these items need to be made separately from the other items. Examples:
 - a. The Library is developing a proposal to acquire one modest but high value special collection that the Library could not otherwise afford to purchase.
 - i. Staff working in Special Collections: Is this salary eligible? No. Handling special collections is part of the staff's assigned duties, including a modest new collection at times.
 - ii. Special collection: Is the purchase price eligible? Yes. This is not part of the Library's routine acquisitions.
 - iii. Travel. Is professional development for the staff handling this high value special collection eligible? Yes, if this is not regular professional development for that staff.
 - iv. Conference attendance. Is attending a conference to gain knowledge about curating the new special collection an eligible expense? Sometimes. If the employee holds a nonexempt position with a 40-hour work week, then time for attending a conference outside of work hours is an eligible expense.
2. **Scope of Work (SOW).** Salaries need to be considered within the SOW and the staff's workload within that SOW.
 - a. The Library is developing a proposal to fund the acquisition of five special collections.
 - i. Staff working in Special Collections: Is salary to support staff curating these five special collections an eligible expense? The best solution that addresses excellence in program management may be to budget for a new staff position dedicated 100% to the curation of the five major collections. An important decision is whether to buy out a current staff member to fill this position and hire a temporary replacement, or to hire a new person for the position. In both circumstances, the new program manager would report directly to the award's Project Director or Principal Investigator who is in charge of the award and has responsibility for achieving all goals and objectives of the award. This person would only do work related to the award.

- A. If curating five special collections is an increase in the quality as well as quantity of duties of the staff member, you may hire an existing staff member in the new position and include both a title and salary raise (based on the staff member's current Institutional Base Salary).
- b. Project Reporting and the Office of Institutional Effectiveness.
 - i. The Math Department is submitting a proposal for scholarships to increase enrollment and degree attainment of low-income students in math. The Math Department will need to include data in the annual report on the enrollment and degree attainment of 12 Scholars. Are funds allowable to support the Office of Institutional Effectiveness in providing this data? No. Enrollment and degree attainment is routine data collection for OIE. Also, Departments can track this data for 12 Scholars.
 - ii. The university is awarded funds to conduct a Randomized Controlled Trial to track the effectiveness of select advising services and practices for an incoming class of freshmen and of transfer students. Are funds allowable to support data collection? Yes. Excellent program management demands that a dedicated institutional research analyst be hired to ensure thorough data collection, validation, analysis, and presentation on the thousands of freshmen and transfer students in the study. This institutional research analyst needs to report directly to the award's Project Director or Principal Investigator who is in charge of the award and has responsibility for achieving all goals and objectives of the award. This person would only do work related to the award.
- c. Program Expansion. Department XYZ is developing a proposal to provide scholarships for low-income students with meritorious academic performance, with the goal of doubling the pipeline of graduate students over the next five years.
 - i. Are College personnel such as the staff person handling graduate student processing, the budget analyst, and perhaps one or more other staff eligible for support?
 - A. Again, excellent program management encourages budgeting for one project staff position dedicated to supporting the Project Director or Principal Investigator in all areas (data collection, fiscal record keeping, graduate student paperwork). This staff member dedicated to the work of the award needs to receive training on federal reporting requirements (programmatic, fiscal). This trained, new staff person improves project management while facilitating assigning his or her salary "easily with a high degree of accuracy" (2 CFR 200.413).
 - B. **Note:** Charging 5%, or 10%, of each staff person's salary undermines the argument that any one of them are **integral** to the project's work, and it creates an impression that the work of the project will be done piecemeal. Major research universities such as University of Illinois-Madison and University of Illinois Urbana-Champaign require the staff member be contributing a minimum of 20% effort to justify that the staff member's work is integral to the work (see University Initiatives: *Sample Policies from Major Universities*).

3. How To Bill Administrative and Clerical Salaries:

- a. Administrative and Clerical Salaries should be billed on an hourly basis.
 - i. *2 CFR 200.430: Compensation--Personal Services.G.3:* “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, in addition to the supporting documentation described in this section, must also be supported by records indicating the total number of hours worked each day.” *Note:* Exempt employees’ time may be billed at the hourly, weekly, or monthly rate.
 - ii. To calculate the hourly wage for both nonexempt and exempt staff, divide his or her “Institutional Base Salary (IBS)” by 2,080 hours.
 - A. Gladys Smith has an IBS of \$57,083 / 2,080 = \$27.44 an hour.
 - B. She will dedicate a total of 40 hours to an award = \$27.44 x 40 hours = \$1,097.60.
 - C. *Next, don’t forget to add fringe benefits:* Gladys Smith has a Fringe Benefit (FB) rate of 59.4% that is applied to her salary: \$1,097.60 x .594 = \$651.97
 - D. Total budget for Gladys Smith: \$1,097.60 in salary + \$651.97 in fringe benefits = \$1,749.57.
 - iii. Percentages are okay, but you also need to use hours for compliance.
 - A. Michael Mahoney will dedicate additional effort to an award equal to 5% of his baseline duties. If he is a nonexempt employee with a 40-hour work week, that equals 2 hours per week.
- b. Some work required by the federal award may not merit hiring a new person. In these instances, staff may be supported by federal award funds if compliant with these two *CFR* requirements.
 - i. No dual compensation ([34 CFR 75.519](#)): “A grant may not use its grant to pay a project staff member for time or work for which that staff member is compensated from some other source of funds, consistent with the cost principles described in [2 CFR part 200](#).”
 - ii. The staff member’s work must be--
 - A. Integral to the federal award,
 - B. Specifically identified with the federal award, and
 - C. Not recovered as indirect costs.¹
- c. Examples:
 - i. A nonexempt Administrative Assistant (Steve) in Department XYZ is a full-time employee. Steve will need 20% of his time (8 hours out of a 40-hour work week) to perform tasks for a federal award. The grant funds pay for Steve to work those 8 hours while a temporary employee completes the routine departmental work Steve would have normally done during those 8 hours. The temporary employee is paid for the 8 hours with non-grant funds.
 - ii. Department XYZ asks Steve to complete the grant tasks as overload. If Steve agrees, he is paid for those extra 8 hours with grant funds and may not perform his baseline departmental work during those 8 hours.

¹ The nonexempt staff member’s time covered by indirect costs consists of his or her routine duties performed during the 40-hour work week.

- iii. An exempt Administrative Assistant can work on federal awards if his or her work complies with all of the above, plus
 - A. The award requires extensive administrative and/or technical support,
 - B. The person's effort is explicitly included in the budget, and
 - C. The request receives written approval from the federal agency.

Note: Administration of externally funded projects complies with the policies and procedures of the sponsor, the Foundation, and the University. In the event that one policy is more restrictive, the more restrictive policy applies.

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