



RESEARCH  
FOUNDATION CUNY

# COLLEGE DISCRETIONARY FUNDS

Finance Department

RESEARCH FOUNDATION OF THE CITY UNIVERSITY OF NEW YORK

## COLLEGE DISCRETIONARY FUNDS

### I. Purpose

The Research Foundation of the City University of New York (RF), as fiscal agent for the City University of New York (CUNY), is responsible for administering all federal, state, city and private sponsored programs awarded to the CUNY colleges.

The RF is also responsible for administering **Discretionary Funds** (aka 9<sup>th</sup> ledger accounts) for the colleges.

The purpose of this document is to identify the various types of **Discretionary (9<sup>th</sup> ledger) Accounts** administered by the RF and provide guidance on the appropriate use of these funds.

### II. Discretionary Funds

All **Recovery**, **Recovery Derived**, and **Recovery General** accounts are 9<sup>th</sup> ledger projects that are referred to as **Discretionary Funds**. These accounts are administered by RF's Finance Department.

#### a. Recovery Accounts

Sponsor reimbursements to the individual CUNY colleges for costs incurred to carry out sponsored programs are recorded in separate RF accounts referred to as **Recovery Accounts**.

There are four (4) types of **Recovery Accounts** for each college. They are identified as follows:

#### **1. Facilities & Administrative (F&A)**

F&A costs are real costs that are included in sponsored program funding that are over and above the direct program costs, which reimburse colleges for the use of their institutional resources in support of sponsored program activities. F&A costs are general in nature, shared by multiple users, and not easy to determine each user's share. F&A costs include electricity, water, utilities, and administrative research services. These costs are sometimes referred to as *indirect costs*. (RF project # structure: 900XX-00 99)

#### **2. Released Time\***

Released Time costs are for salaries and fringe benefits of faculty who are paid by the college but have been released from their normal duties during the regular school semesters to work on sponsored grants or contracts. These costs are reimbursable by sponsors.

Adjuncts hired to replace faculty on released time are paid by the colleges – not the RF; however, colleges may request reimbursement of these costs from their Released Time Recovery account. This type of payment or payout is processed as a Refund to College. A list of the adjuncts paid must be provided by the college. All other supporting documentation must be maintained by the college and be made available upon the RF's request. (RF project # structure: 991XX-00 99 - Released Time Salary / RF project # structure: 991XX-50 99 - Released Time Fringe)

## COLLEGE DISCRETIONARY FUNDS

### **3. Summer Salary\***

Summer Salary costs are the salaries and fringe benefits associated with faculty who work on a sponsored program (or a recovery-derived account – see below) over the summer months, outside the time frame of their academic appointment. The salaries earned from working on sponsored programs during the summer is paid to the faculty members by their respective college; these costs are reimbursable by sponsors. (RF project # structure: 994XX-00 99)

*\*All funds recovered or credited to the Released Time Fringe and the Summer Salary Recovery accounts are classified as Tax Levy. These funds are reimbursed to CUNY's Office of the Budget and Finance (OBF) annually.*

### **4. Interest Income**

The RF earns interest on the investment of its funds (i.e. sponsor advances) and distributes it to the CUNY colleges in accordance with its Interest Distribution policy. (RF project # structure: 992XX-00 99)

### **b. Recovery Derived Accounts**

The college Presidents often use their college recoveries (typically F&A and Released Time) to fund pilot projects of their faculty or to support the activities of deans and departments; separate RF (9<sup>th</sup> ledger) accounts are created for these purposes. These accounts are referred to as **Recovery-Derived** accounts.

The college President (or his/her designee) may submit a request to the Finance department to set up a new Recovery-Derived account. The following information is required:

- Project title
- PI name(s)
- Project start & end date
- Purpose of the project
- Affiliated department
- Funding source (i.e. Recovery Account used to fund this new Recovery-Derived account)
- Funding amount

### **c. Recovery General Accounts**

All other 9<sup>th</sup> ledger accounts not identified as Recovery or Recovery Derived are classified as a **Recovery General Account**. RF currently administers two (2) Recovery General Account types.

### **1. Closeout of Performance-Based Contracts**

The excess funds that a college may retain from the close out of sponsored awards, specifically the performance-based accounts, are credited to a separate College Recovery account. These funds are

## COLLEGE DISCRETIONARY FUNDS

recorded as revenue to the college if the contract terms require no further obligations from the college. (RF project # structure: 995XX-00 99)

### **2. Concur Accrual Accounts**

These are Concur Purchase Card holding accounts, transactions posted on these accounts are pending allocation to their proper expense code and accounts. (RF project # structure: 961XX-00 99)

For financial statement purposes, these accounts are classified and reported as **Agency Funds** to the RF since these accounts belong solely to the colleges while the RF serves as the custodian of these funds for CUNY; as such, no revenues or expenses generated from these accounts are reported as RF activity.

### **III. Purpose Codes**

All transactions processed on Discretionary accounts must be categorized into one of the following purpose codes:

A	Instructional
B	Organized Research
C	Departmental Administration
D	Student Services
E	General Administration
F	Sponsored Project Administration
G	Physical Plant
H	Other Institutional Activity
I	Library Expenses
J	Other Sponsored Activity

These Purpose Codes are used for reporting purposes. Each Recovery Account transactions must be assigned a purpose code. For Recovery-Derived and Recovery-General accounts, the purpose code that's assigned at the project level will apply to all transactions.

### **IV. Use of Discretionary Funds**

There are no externally imposed restrictions on how sponsor reimbursements should be used, particularly from the federal government's perspective as it relates to F&A recoveries. However, good business practices must be enforced in that such funds are generally used by the colleges to advance the mission of the University and to support research programs and activity.

In this regard, Discretionary funds may be used to:

- Increase University research capabilities;
- Support research administrative and management services;
- Build or renovate research facilities;

## COLLEGE DISCRETIONARY FUNDS

- Purchase equipment or materials as needed to support research;
- Support research in departments where outside grant funding is not available;
- Match funds that are required for sponsored projects;
- Cover budget overruns or disallowed costs on sponsored projects

Discretionary funds may not be used for:

- Alcoholic Beverages
- Personal Expenses (Entertainment, Recreational Memberships benefiting the individual, companion or spouses' costs)
- Personal recognition events
- First class air fair
- Office Décor

All charges to discretionary accounts must be for a valid business purpose and good judgement should be used in determining the propriety of all expenses. Expenses must have proper supporting documentation and adhere to RF purchasing and expense guidelines. The RF reserves the right to reject all financial transactions that do not adhere to its guidelines.

At its discretion, the RF reserves the right to submit transactions to senior executives at the college or to CUNY's Budget and Finance Office for their review and approval prior to processing.

It is the responsibility of the college President and other college officials to ensure that Discretionary funds are used appropriately. All items purchased with Discretionary funds are the property of the college.

### V. CUNY-RF Expense Matrix

The attached expense matrix should be consulted when purchasing goods and services with Discretionary funds. Please note that this matrix serves as guidance for determining how funds may be used. Any proposed use of funds that are not consistent with these guidelines, in the case of extraordinary circumstances, must be justified in writing and approved prior to commitment of funds by the Vice President of Finance (for college expenditures), or the University's Chief Financial Officer (for CUNY central expenditures). In all cases, purchases are subject to budget availability and most require a pre-approval by the college or Central Office, as the case may be.

## COLLEGE DISCRETIONARY FUNDS

### MATRIX LEGEND

WHITE – means that the type of expense can be purchased using Discretionary funds. All purchases are however are subject to budget availability and proper approvals and should support the university's mission.

GRAY– means that the type of expense cannot be purchased using Discretionary funds. Any proposed and infrequent use of funds that are not consistent with these guidelines must be justified in writing, follow the approval processes noted above, and reported annually as part of the non-tax levy reporting requirement.

### VI. Other Uses of Discretionary Funds

Discretionary funds may be used for the following purposes:

**Guarantees:** Discretionary accounts (except Summer Salary and Release Time Fringe accounts) can be used to guarantee expenses on sponsored programs, like the RF Forward Funding process. Guarantees are used to allow sponsored activity to occur, without delays or disruptions, until sponsor funding is received. When guarantees are processed, the amount of the guarantee is:

- A) Encumbered on the discretionary account (using object code 8880); and
- B) Budgeted on the sponsored account (using object code 8880)

Once the budget is in place on the sponsored account, the project's available balance will increase thereby allowing expenses to be charged to the account.

**Write-Offs:** Disallowed costs on sponsored accounts may be written off to a Discretionary account (except Summer Salary and Release Time Fringe accounts) after all recourses have been pursued with the sponsor. The PI of the Discretionary account must approve the write-off. The write-offs are processed by transferring disallowed expenses from the sponsored project to the Discretionary account.

**Cash Withdrawals:** Colleges may request cash withdrawals from their F&A and Release Time Salary accounts for the following purposes:

- To reimburse tax levy budget for adjunct costs
- To cover overall shortfall in their tax levy budget

The college must provide an explanation of all cash withdrawals and the necessary supporting documentation. The RF reserves the right to deny withdrawal requests if it deems the college cash balances as insufficient or low.

No cash deposits are allowed in any Discretionary account – unless it is to reimbursement the account for an existing expense. In such cases, the reimbursement (cash deposit) should be credited to the expense code.

**RF Administrative Fees:** The RF charges an administrative fee for the services it provides to the colleges and these fees are typically charged to the college's F&A Recovery account.

## COLLEGE DISCRETIONARY FUNDS

RF's standard administrative fee rates are as follows:

- Construction – 10.50%
- Personnel services – 6.75%
- Other than personnel services – 5.50%
- Subcontracts – 5.00%
- Independent contractors – 5.50%
- Equipment grants – 0%

Administrative fee charges are generated by applying these standard rates to expenses incurred within the sponsored projects (excluding PSC-CUNY) and discretionary accounts. Few expense codes (85xx and 9500) are excluded from the administrative fee calculation.

**Central Allocation Budget (CAB) Fee:** Most colleges are charged a monthly fee to fund the Central Allocation Budget initiative. RF collects this fee from the colleges and most of these funds are directed to the Vice Chancellor for Research, who oversees the CAB initiatives. The annual CAB fee (which is usually \$2.3M) is prorated to the colleges based on their prior year's indirect cost recoveries. The CAB fees are also charged to the college's F&A Recovery account.

## COLLEGE DISCRETIONARY FUNDS

### VII. RF Contacts

All questions and inquiries regarding Discretionary accounts should be directed to the Finance Department.

<p><b>Cynthia Vargas</b> Staff Accountant 212-417-8553 <a href="mailto:Cynthia_Vargas@rfcuny.org">Cynthia_Vargas@rfcuny.org</a></p> <p><b>Firdos Yassin</b> Assistant Project Administrators 212-417-8568 <a href="mailto:Firdos_Yassin@rfcuny.org">Firdos_Yassin@rfcuny.org</a></p>	<p>Baruch, Brooklyn, City, John Jay, Medgar Evers, Queens, Staten Island, York, Bronx, Hostos, LaGuardia, NYC Tech, School of Law, Guttman</p>
--	--

<p><b>Lisa Lamontagne</b> Staff Accountant 212-417-8547 <a href="mailto:Lisa_Lamontagne@rfcuny.org">Lisa_Lamontagne@rfcuny.org</a></p> <p><b>Ghenet Ghebrehiwet</b> Assistant Project Administrators 212-417-8548 <a href="mailto:Ghenet_Ghebrehiwet@rfcuny.org">Ghenet_Ghebrehiwet@rfcuny.org</a></p>	<p>Graduate Center, Hunter, Lehman, Kingsborough, Queensborough, BMCC, CUNY Central, All Vice Chancellors, UAPC, Macaulay Honor's College, Advance Science Research Center, School of Professional Studies, School of Journalism, School of Public Health, Institute for Local Governance, CUNY School of Labor and Urban Studies</p>
--	---

<p><b>Selma Wei</b> Assistant Project Administrators 212-417-8539 <a href="mailto:Selma_Wei@rfcuny.org">Selma_Wei@rfcuny.org</a></p>	<p>General support for teams</p>
--	----------------------------------

**Rafael Ahumada**  
General Accounting Manager  
212-417-8521  
[Rafael\\_Ahumada@rfcuny.org](mailto:Rafael_Ahumada@rfcuny.org)

## CUNY-RF Expense Matrix

*For Discretionary Accounts*

Expense Category	Type of Expenses	WHITE = expense is allowed GRAY = expense is not allowed
<b>Salaries &amp; Benefits</b>	Salaries and benefits of CUNY employees to support CUNY's academic and administrative operations; any AEC or Foundation funding must be in accordance with the Foundation and AEC Guidelines, respectively	
	Salaries and benefits of CUNY employees to support the Foundation's or AEC's operation, in accordance with the Foundation and AEC guidelines, respectively	
	Salary supplements (in accordance with CUNY policy and Foundation guidelines)	
	Temporary housing for faculty and staff (refer to Publication 15-B (2017), Employer's Tax Guide to Fringe Benefits)	
	Bonuses (in accordance with CUNY policy and Foundation Guidelines)	
	Personal loans	
	Presidential housing allowance	
<b>Alcohol</b>	Alcoholic beverages	
<b>Auxiliary</b>	Management of auxiliary services (should be self-supporting)	
<b>Awards</b> non-monetary & nominal	Employee certificates, plaques, etc. (follow State policy for State funds or NYC's Directive 6 for City funds)	
	Student certificates, plaques, etc.	
<b>Consultants</b>	Program related or professional consultant, speakers, performer or guest lecturer	
<b>Contributions</b>	Political contributions	
	Sponsorship of community organizations (tables and events)	

## CUNY-RF Expense Matrix

### *For Discretionary Accounts*

Expense Category	Type of Expenses	WHITE = expense is allowed GRAY = expense is not allowed
<b>Conferences</b> See below for related Travel costs	On Site or off site, faculty and staff retreats, conferences, training seminars, etc. (job related and must specifically advance University's or the separately-incorporated entity's mission)	
	On site or off site, student retreats, conferences, etc. (related to University's academic or administrative business)	
	External conferences (if pre-approved and related to position at CUNY or separately incorporated entity)	
	Community-sponsored programs, conference, continuing education courses (pre-approved & job related)	
<b>Hardware &amp; Software</b>	Software, printers and copiers, computer and other electronic devices	
<b>Entertainment</b>	Musicians/performers at fundraising, community development, faculty and staff recognition receptions (see Commencement exception below in Student Related section)	
	Instructional purposes (e.g., theater, dance, music)	
<b>Flowers</b>	Instructional purposes (e.g., horticulture)	
	Congratulatory/funeral employee and immediate family members, student, donor, community or business partner	
	For receptions (see Commencement exception below in Student Related section)	
<b>Food &amp; Refreshments</b>	Offsite business <sup>1</sup> meals (not while in travel status)	
	Departmental refreshments (use by offices and departments such as coffee)	
	Meals at onsite business meetings (tax levy - Guidelines for Meals Served on Premises for Business Meetings)	
	Program-related food purchases	
<sup>1</sup> A business meal is defined, as a meal that includes more than one person and has substantive and bona fide business purpose deemed essential to the University's mission.		

## CUNY-RF Expense Matrix

### *For Discretionary Accounts*

Expense Category	Type of Expenses	WHITE = expense is allowed GRAY = expense is not allowed
<b>Gifts, Giveaways &amp; Prizes</b> (cash, gift cards, gift items with no services in exchange)	Employee personal/appreciation/memorial/retirements, special occasions/incentives (may be considered a taxable fringe benefit – refer to IRS Publication 5137)	
	Incentives to students to encourage participation in mission-related activities (must be minor in value, have a legitimate business purpose {e.g., educational/research}, cannot be given out arbitrarily and all students participating should be treated in the same manner; may have tax implications)	
	At fundraising, community relations or other receptions celebrating CUNY's faculty or staff	
<b>Lobbying</b>	Outside lobbying consultants (centrally coordinated and approved per CUNY policy)	
<b>Maintenance, Repairs &amp; Operations</b>	Equipment, materials and supplies	
	Maintenance, repair and minor construction projects	
<b>Memberships</b>	Institutional and individual professional memberships (benefits CUNY and not individual)	
	Professional license/certifications (if condition of employment)	
	Entertainment and recreational memberships (e.g., health, golf, tennis or county clubs)	
	Social/business club memberships (e.g., Economic, University club, etc.) if primarily used for University business such as institutional advancement	
<b>Office Décor</b>	Decorations (holiday, flowers, other)	
	Art, decorative items for lobbies, common areas, public spaces (CUNY property)	
	Pictures, artwork and decorative items for individual offices	
<b>Personal Expenses</b>	Purchases of or goods or services for personal use and that has no benefit to the University (e.g., child care and pet care services, non-business meals)	
<b>Promotional Materials</b>	Promotional materials at recruitment events	
	Promotional materials at internal CUNY conferences and events (attended mostly by CUNY employees)	
	Promotional materials at meetings or events with external parties to promote the University	

## CUNY-RF Expense Matrix

### *For Discretionary Accounts*

Expense Category	Type of Expenses	WHITE = expense is allowed GRAY = expense is not allowed
<b>Presidential Housing</b>	Presidential housing costs (refer to CUNY's Executive Compensation policy for allowable costs)	
<b>Public Relations</b>	Fundraising activities (personnel, consultants, mailings, etc.)	
	Donations for name recognition, sponsorship of social events, etc.	
	Student recruitment and other publicity advertising	
<b>Receptions</b>	Fundraising events (can be combined with retirement or welcome)	
	Community development events	
	Employer Incentive or Recognition Programs (if using State funds must follow Section XIV.5 of the Guide to Financial Operations manual or if using City funds must follow Directive 6)	
	Other employee work related achievement or employee morale building event	
	Personal recognition events such as birthdays, weddings, baby showers, housewarming	
<b>Recruitment</b>	Executive search costs	
	Candidate travel (to/from interview - refer to NYS and NYC travel policies for tax levy)	
	Meals and food supplies at interview/meetings	
	Moving expenses (must be included in offer letter – State funded must follow State policy and City funded costs must follow Directive 6 – refer to IRS Publication 521)	
<b>Scholarships &amp; Stipends</b>	Scholarships or waivers from tax levy funds if approved by the Board and/or State or City funding has been designated specifically for payment of tuition (must coordinate with financial aid office)	
	Scholarships from non-tax levy sources (must coordinate with financial aid office)	
	Stipends (tax levy must follow CUNY guidelines, and AEC funds must follow AEC guidelines)	
<b>Subscriptions</b>	Higher education, profession-related publications (if not available through college library electronic subscriptions)	

## CUNY-RF Expense Matrix

### *For Discretionary Accounts*

Expense Category	Type of Expenses	WHITE = expense is allowed GRAY = expense is not allowed
<b>Student Related</b>	Freshman, transfer and other student orientation	
	Student conferences and retreats, workshops, etc. with mission-related programs	
	Commencement (space rental, refreshments, flowers, entertainment, diplomas, etc. – Auxiliary “Surplus” funds can be used if approved by the AEC Board as noted in the AEC guidelines)	
	Food supplies for department orientations, formal receptions, related to program & department graduation events	
	Pre-approved student travel (related to course, program or job duties)	
<b>Supplies</b>	Common area breakroom <sup>2</sup> supplies and equipment (tax levy - water filtration systems, cups for water, soap, and maintenance and replacement of standard appliances such as microwaves and refrigerators)	
	Office, cleaning, maintenance and program supplies and materials	
<p>A breakroom is a room that is accessible to all employees in an office setting where they may go to share a meal in the absence of a cafeteria.</p>		

**CUNY-RF Expense Matrix**  
*For Discretionary Accounts*

Expense Category	Type of Expenses	WHITE = expense is allowed GRAY = expense is not allowed
Travel	Employee business travel (transportation, lodging and meals as appropriate when in travel status - State and City policy applicable to tax levy and encouraged for others)	
	Business class airfare if one leg of trip exceeds 7 hours or for a documented medical reason or disability	
	First class airfare	
	Travel for Board members when representing CUNY or separately incorporated entity (AEC and Foundation Board members cannot be reimbursed from tax levy)	
	Companion costs (e.g., spouse or child)	
Transportation	Local business travel – public transportation	
	Taxis/care service and use of personal vehicle (if public transportation or pool car is not available or feasible) refer to	
	Fines for parking or moving violations and related towing expenses, personal vehicle repairs and maintenance	