

Unrestricted Fund Expense Policy

Effective Date:	December 1, 2017
Supersedes:	n/a
Policy Review Date:	To be reviewed every 3 years from effective date
Issuing Authority:	Research Foundation President
Responsible Party:	Chief Financial Officer
Contact Information:	518.434.7050 rffinance@rfsuny.org

Reason for Policy

Under the 1977 Agreement between the Research Foundation for The State University of New York ("Research Foundation" or "RF") and the State University of New York (SUNY), the RF administers funds that are received from the federal government and other authorized sources to support research, education, and other institutional activities of SUNY. This policy ensures proper stewardship and appropriate use of funds received through:

- Cost recoveries for grants and contracts to faculty researchers/scholars (also known as Indirect Costs (IDC) and Facilities and Administrative Costs (F&A)).
- Cost recoveries for Agency Services to campus-related organizations (also known as agency fees)
- Investment income
- Royalties
- Other non-sponsored funding, including:
 - Gifts
 - Fixed price balance accounts
 - Equity distribution from Limited Liability Corporations (LLCs)
 - Third party fees for use of service center

Such funds are collectively referred to in this policy as "Unrestricted Funds". This policy does not apply to use of funds the RF receives for support of direct costs of sponsored programs and direct costs of agency service agreements.

This policy governs use of Unrestricted Funds by the RF central office, all RF operating locations including the RF operating location, SUNY System Administration.

This policy applies to use of Unrestricted Funds for expenses other than compensation of personnel. It identifies valid business purposes for non-compensation expenses and the types of expenditures that are permissible. This policy provides criteria for determining a Permissible Expense, and provides examples of common expenses.

Statement of Policy

Unrestricted Funds may be used by the RF central office or operating locations only to support:

- Instruction,
- Research and other sponsored activities, or
- Institutional activities

An expenditure of Unrestricted Funds for one of the purposes above must be:

- **Necessary** to perform a valid business purpose fulfilling the mission of the RF or SUNY.
 - **Reasonable** in that the expense is not extreme or excessive, and reflects a prudent decision to incur the expense commensurate with the business purpose. The determination of reasonableness of the dollar amount of an expenditure must take into account relevant factors including the business purpose, the context, the source of funds, and the circumstances surrounding the expenditure; and
 - **Appropriate** in that the expense is suitable and fitting in the context of the valid business purpose, with the primary benefit to the institution, not an individual's personal benefit.
- Operating locations may establish policies and/or procedures that are more, but not less, restrictive than this Policy.

Expenditures of Unrestricted Funds must comply with federal and state laws and regulations (for example, expenditures of royalties must comply with applicable requirements of the Bayh-Dole Act). All expenditures must also follow RF procurement policies, procedures, and guidelines in effect at the time of the expenditure.

Examples of Permissible Expenses

Expenditures that are permissible may be paid directly or reimbursed from Unrestricted Funds. The following list highlights examples of expenditures that generally are permissible and does not identify every expenditure that is permissible.

- Advertisements that advance the interests of the RF and SUNY, such as recruiting employees, acquiring goods and services, promoting university and/or campus activities, and disposing of surplus equipment.
- Appliances in common areas, if made available to members of an RF or SUNY department or unit.
- Awards:
 - Employee groups: Modest awards (e.g., shirts, cups, caps) to members of a working group designed to recognize membership in a team effort or to encourage camaraderie among team members.
 - Employee achievement: Awards of nominal value (up to \$100) and commensurate with the contribution that the award is intended to recognize. Cash or cash equivalent awards are treated as taxable compensation and paid through payroll.
- Conferences and Meetings hosted by RF or SUNY: Reasonable expenses for food and beverages provided during an RF or SUNY- hosted conference or meeting.
- Conferences, seminars, and professional development: Reasonable costs related to conferences, seminars, and other professional development activities that RF and SUNY employees and students attend.
- Contributions to outside organizations: Contributions are permissible if they further the mission of RF or SUNY or are in lieu of a sympathy gift. If Unrestricted Funds are used to support or sponsor events hosted by third parties consistent with the mission of the RF or SUNY, such as business or philanthropic fundraising events, conferences, and meetings, it is preferable that RF contributions be earmarked for programming rather than entertainment, food, or beverages.
- Event tickets: Occasional purchases of event tickets are permissible if they support a valid business purpose and directly precede or follow a bona fide event that supports a valid RF or SUNY business purpose.
- Food - Business meeting meals, food, and entertainment:
 - Documentation to support payment or reimbursement must include a list of attendees or identification of a discernible group, total number of attendees, and the business purpose of the meeting along with the receipts. If schedules require that meetings be held over a meal time, the reasonable cost of the meal is a permissible expense. Whether meeting on or off campus, the reimbursement or payment for breakfast is not to exceed the current breakfast per diem per person, lunch must not exceed 50% of the amount of the current dinner per diem per person and dinner must not exceed 150% of the current dinner per diem per person, including food, beverages, taxes, and gratuities. Exceptions to the dinner maximum outlined above that are made for distinguished guests of the RF or SUNY or held for recruitment purposes must follow Exceptions criteria noted above.
 - Spouse/guest food and beverage costs are permissible only if the presence of a spouse/partner furthers an institutional purpose of the RF or SUNY.
 - Coffee service, soft drinks, and bottled water, when made available generally to members of a SUNY or RF department and/or to RF or SUNY business visitors.
- Gifts: Reasonable gifts to departing or retiring employees are permissible if the cost is reasonable, equitable, and commensurate with length of service and the nature of the position and conditions of the departure. An amount of no more than \$25 per year of service would be reasonable up to a maximum of 30 years. However, IRS regulations require that tangible gifts over \$400 must be treated as compensation. Cash or cash equivalents (such as gift cards or certificates) must also be treated as compensation and are taxable and require withholding and are generally not considered appropriate as retirement gifts. Gifts such as flowers or fruit baskets for memorial services or extended illnesses of an employee, employee's spouse or living companion, child, parent, or a retiree, or other occasions that serve a bona fide business purpose, if sent in the name of the department or office are permissible. For further information regarding taxation see IRS regulations and RF Non-Salary policy, procedure, and guidance in the Related Information section.
- Memberships in professional associations related to one's position at RF or SUNY are Permissible Expenses.
- Social events: Reasonable expenditures for office parties, picnics or other social gatherings that are intended to foster relations among employees and benefit their welfare and the work environment.
- Subscriptions to appropriate publications and journals relevant to employee responsibilities and intended to increase business or educational knowledge or general interest publications for use in departmental reception areas.

Examples of Non-Permissible Expenses

Non-permissible expenses must not be paid or reimbursed from Unrestricted Funds and must be paid out-of-pocket by the employee. All expenses must be paid for and reimbursed based on existing RF procedures or paid for by a corporate credit card. The list below highlights expenditures that are generally not permissible, but is not intended to identify every non-permissible expenditure.

- **Alcohol:**
In general not permissible. If approved as an exception to the policy (see exception section of this policy) alcoholic beverages must not be paid or reimbursed from Unrestricted Funds received from federal or state governmental sponsors.
- **Discretionary Spending Accounts (see definition below)**
- **Housing Allowance or residence for personal use:**
In general, payment is not permissible for housing allowances or for employees' use of their personal residences. This does not apply to housing provided to employees when it is part of their job (i.e. caretaker or camp counselor must live on the grounds).
- **Parking tickets or traffic violations:**
In general not permissible, even if incurred while conducting RF or SUNY business.
- **Personal services for employees and nonemployees:**
Expenses such as child care, pet care, maid services, chauffeur, or similar activities are generally not permissible.
- **Repetitive routine expenses:**
Expenses such as individual employee routine food, lodging, and commuting to the primary work location are paid solely from salary and not permissible.
- **Sales tax:**
 - RF reserves the right not to pay or reimburse for sales tax for a transaction that would have qualified for a sales tax exemption if it had been properly processed using appropriate RF procedures. The RF is exempt from sales tax in New York State along with some other states. See RF tax exempt policy noted in the Related Information section.
- **Social Club Memberships:**
 - Individual dues paid for membership in any club organized for business, pleasure, recreation, or any other purpose are generally not permissible, unless approved by an RF Operations Manager or an RF Officer; any reimbursement will be excludable from taxable income only to the extent that the employee meets the substantiation requirements of the Internal Revenue Service code.
- **Tax Indemnification and Gross-up Payments** are not permissible.
- **Political contributions** of any type, both cash and other forms of support, are not permissible.

Unrestricted Fund Expenses and the Facilities and Administrative (F&A) Cost Rates

Expenses from unrestricted funds are included in the periodic calculation of Facilities and Administration (F&A) rates, and for the purpose of completing the F&A cost proposal the F&A rates must include only federal allowable costs as defined by OMB 2 CFR Part 200. As such any federal unallowable expenditures of Unrestricted Funds from indirect cost recovery must be charged to one of the expenditure types identified as unallowable. (This process is often referred to as a "scrub" of unallowable costs from the F&A rate.) Federal Unallowable Expenses must not be charged to federally funded (direct or flow-through) awards or projects or to cost sharing on a federally funded award.

Exceptions

Exceptions for expenditures that would be otherwise non-permissible under this Policy may be made in writing by the OM or an officer of the RF. The exception must describe, in detail, the justification for the granting the exception, but the expenditure shall not be exempt from the Policy Statement requirements above.

Responsibilities

The following table outlines the responsibilities for compliance with this policy:

Responsible Party	Responsibility
Every individual who initiates, processes, reviews, approves, or records financial transactions on behalf of the RF.	Responsible for complying with and administering this policy.
Operations Managers or	Responsible for oversight and management of implementation of this

designee	policy at operating locations.
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Definitions

Discretionary Spending Accounts- Refers to an account or sum of money under the control of a listed person with respect to which he or she is not accountable to the organization, whether or not actually used for any personal expenses as defined on Schedule J of the Form 990.

Federal Unallowable Costs- Expenses that are not reimbursable by the federal government, under regulations identified in OMB 2 CFR Part 200.

OMB 2CFR Part 200- The federal regulations for administrative requirements, cost principles and audit requirements for federal awards.

Permissible Expense- A necessary, reasonable, and appropriate expense incurred for the benefit of the RF or SUNY and therefore permitted to be reimbursed or paid directly from Unrestricted Funds.

Agency Services- Campus related organizations that use RF human resources, payroll or purchasing/payables administration services and pay fees that are included in Unrestricted Funds.

Tax indemnification and Gross-up Payments- Organizations payment or reimbursement of any tax obligations of a listed person on Schedule J of the Form 990.

Related Information

[Travel Site](#)

[Credit Card Programs Policy](#)

[Documentation Guidelines for Purchasing and Payment Activities](#)

[Fixed Price Balance Award Administration Policy](#)

[Fixed Price Balance Awards Procedure](#)

[Procurement Site](#)

[Excerpts of Unallowable Costs](#)

[Non-Salary Payments Policy](#)

[Taxation and Reporting for Non-Salary Payments Guidance](#)

[Taxation and Reporting for Non-Salary Payments Procedure](#)

[IRS Publication 5137 - Fringe Benefit Guide](#)

Forms

None

Change History

Date	Summary of Change
January 5, 2022	Policy reviewed
December 1, 2017	Minor updates including raising the dinner threshold from 110% to 150% and capping retirement gifts at 30 years of service.
December 26, 2014	Updated for change to 2 CFR Part 200.
December 7, 2012	New policy. Effective 3/15/2013

Feedback

Was this document clear and easy to follow? Please send your feedback to webfeedback@rfsuny.org.

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