	<b>WATER RESOURCES DIVISION POLICY AND PROCEDURE</b>		DEPARTMENT OF ENVIRONMENTAL QUALITY
Original Effective Date: June 17, 2011	Subject: Fringe Benefits Rates on Pass-Through Grants		Category:
Revised Date:	Program Name: Groundwater Permits Program, Surface Water Quality Program, and Water Resources Program		<input type="checkbox"/> Internal/Administrative <input checked="" type="checkbox"/> External/Non-Interpretive <input type="checkbox"/> External/Interpretive
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#### **ISSUE:**

The Water Resources Division (WRD) administers numerous pass-through grants utilizing multiple federal and state funding sources. This policy standardizes the fringe benefits rate used across all WRD grants.

#### **DEFINITIONS:**

“Fringe benefits” - are costs for personnel other than the employees’ direct income (i.e., employer’s portion of FICA insurance, retirement, sick leave, holiday pay, and vacation cost) paid by the grantee.

#### **POLICY:**

The WRD will allow a maximum rate of 40% of the direct income cost of each employee for fringe benefits on all pass-through grants regardless of how the grant was funded (e.g., through a request for proposals process, direct appropriation, subaward via a competitive process run by another entity, etc.) or the source of funding (e.g., federal, restricted, etc.). This limitation applies to both the grant and matching costs in a grant.

The WRD will allow two methods to calculate the fringe rate: (1) Direct - This is a straight calculation based on income and does not change from one quarter to the next; (2) Actual - This is the actual cost each reporting period (which may be over 40% some periods but capped at 40% for the total grant). Whatever method the grantee chooses to report on, they have to use the entire grant period.

#### **PROCEDURES:**

The use of this procedure will be checked by the project administrator and verified by the Administration Section staff who reviews new and revised grant contracts, as well as status reports submitted by grantees.

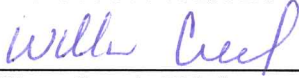
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DIVISION/OFFICE/SECTION/UNIT CHIEF APPROVAL:



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