

G&C Notice 17-II

November 21, 2016 – Updated November 23, 2016

Georgia Institute of Technology Implementation of the Fair Labor Standards Act (FLSA)

(NOTE: On November 22, 2016 a federal court blocked implementation of the FLSA changes.)

Compliance with federal regulatory changes to the Fair Labor Standards Act (FLSA), effective December 1, 2016, have impacted a population of employees, some of whom charge their effort to sponsored projects. For more information about the FLSA implementation at Georgia Tech, please see <http://ohr.gatech.edu/flsa>.

Background:

Policies and procedures developed by the Office of Grants and Contracts Accounting are based on the Federal Government's Office of Management and Budget (OMB) Uniform Administrative Requirements, Cost Principles, and Audit Requirements (2 CFR 200). The same general rules are applicable to all award types; 2 CFR 200 references are included below and the full document may be accessed at http://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl

Individual sponsored awards may contain terms and conditions that are more specific and either more or less restrictive than 2 CFR 200. In these cases, the individual award/agreement will be used to determine the allowability of expenses posted directly to the associated sponsored project(s). In all cases, expenses must be accounted for in accordance with applicable GIT operating procedures.

Compensation for Personal Services charged to Sponsored Projects:

Grants & Contracts Accounting Policy No. 3.2, [Personal Services Reporting Using the Plan Confirmation System](#), covers both exempt and non-exempt employees. While the regulatory changes to the Fair Labor Standards Act created a larger population of impacted employees, the policies and procedures governing “after-the-fact” activity records for charging of salaries and wages have not changed.

OMB Uniform Requirements state that charges for salaries and wages of non-exempt employees must be supported by records indicating the total number of hours worked each day. The use of time documents, as prescribed under current Institute payroll procedures, meets the requirements of the OMB Uniform Requirements for non-exempt employees.

The charging of vacation leave, sick leave, and overtime pay is allowable to extramural sponsored and related cost share projects, per OMB Uniform Requirements 200.430 – Compensation – personal services. Overtime pay is allocated in accordance with distribution of the base salary during the pay period. Earned vacation and sick leave when taken should also be allocated in accordance with the salary distribution over the period of time it was earned, to the extent possible. For more information please see G&C Notice 15-I, “[Accounting for Vacation and Leave Time](#)”.

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Compensatory Time:

As a general rule, payout for compensatory time should not be charged to extramural sponsored or cost share projects. Payout for compensatory time is allowable to internal sponsored projects (i.e., Georgia Tech Foundation funded) or state funded projects when the projects are not linked as mandatory cost share.

OMB Uniform Requirements (2 CFR 200) References:

The following information is a summary from the 2 CFR 200 references noted below. Refer to the full text of the document for additional information.

- 200.403 “Factors affecting the allowability of costs”

Costs **must** meet the following general criteria in order to be allowable under Federal awards:

- Be necessary, reasonable, and allocable for the performance of the award;
- Conform to any limitations or exclusions set forth in these principles or in the sponsored agreement as to types or amounts of cost items;
- Be consistent with policies and procedures that apply uniformly to all activities; and,
- They must be given consistent treatment.

- 200.419 “Cost Accounting Standards and disclosure statement”

The Institute **must** comply with the following four Cost Accounting Standards:

- CAS 501 requires consistency in estimating, accumulating, and reporting costs;
- CAS 502 requires consistency in allocating costs incurred for the same purpose;
- CAS 505 addresses accounting for unallowable costs; and,
- CAS 506 addresses the establishment of a cost accounting period.