Alfred University
Sponsored Projects Salary Administration and Time and Effort Reporting Policy

Context:

Effort reporting is a federal requirement. Accordingly, the government requires that institutions receiving federal funds for sponsored agreements maintain an effort certification process that complies with the requirements set forth in the OMB Uniform Guidance Subpart E §200.430. As a recipient of significant external funding, the University must assure Federal and other sponsors that the assignment of time and associated salary and fringe benefit costs to the projects they sponsor is fair, consistent, and timely.

To comply with federal requirements and the terms and conditions of the sponsored agreements, Alfred University requires certification of the percentage of time (i.e., effort) that each employee devotes to federal and state sponsored projects. The University’s effort reporting policies – along with related definitions, procedures, and forms – are the means by which the University assures external sponsors that their funds are appropriately expended in that the portion of an individual’s salary charged to a funded project is no greater than the portion of the individual's effort spent on that project. The system also provides confirmation that the University is in compliance with requirements related to meeting commitments of effort proposed and included in funded agreements. Principal Investigators (PIs) and other faculty and staff paid from sponsored projects must confirm, after-the-fact, that salaries charged to sponsored projects are consistent with the effort that was contributed.

Financial penalties, expenditure disallowances, and harm to the University's reputation could result from failure to provide accurate effort certifications or failure to comply with the University’s effort reporting requirements.

Overview:

This document contains a group of policy statements related to salary administration and effort reporting accompanied by their supporting rationales, guidelines, and procedures, as follows:

1) Basis for estimating effort percentages and calculating salary requests in proposals
2) Minimum effort requirement on federal awards
3) Prospective establishment of salary distribution on sponsored project/cost sharing accounts
4) Retroactive salary adjustments
5) Summer effort and salary for faculty with 9-month appointments
6) Procedure for certification of time and effort reports
7) Training for faculty and staff on time and effort reporting

Policies:

1) Basis for estimating effort percentages and calculating salary requests in proposals

Policy Statement
The basis for effort percentages indicated in proposals is the effort which relates to and is required by an individual’s Alfred University (AU) appointment(s), including teaching, research, service, and administrative responsibilities.

The basis for salary request calculations in proposals is that salary which corresponds to the basis for the effort percentage estimate described above. For most faculty, the salary base is the annual salary amount associated with the regular AU appointment(s), stated in terms of number of months (e.g. 9, 12).

Policy Rationale

AU faculty members need a defined set of activities against which to estimate effort percentages and request salary in proposals. This defined set of activities is also the basis for charging salary and certifying effort on their sponsored projects.

Related Guidelines and Procedures

A) Expectations related to a faculty member’s appointment(s) are outlined generally in the Faculty Handbook and, often more specifically, in the faculty member’s appointment letter. These responsibilities may include teaching, research, service, and administrative duties. The University does not explicitly define the total number of work hours per week needed to meet those commitments as it will likely be different for each faculty member, and may vary during the year.

B) One hundred percent (100%) effort is defined as the cumulative number of hours spent to accomplish the tasks in the appointment or in the assigned job for which the individual receives an annual base salary, also known as the Institutional Base Salary (IBS). As stated above, a faculty appointment does not come with a pre-defined number of hours per week, as the number of hours an individual faculty member is willing to work per week may vary, and may exceed 40 hours per week on average.

C) The basis for salary requests in proposals does not include:

   - Any incentive compensation, since the salary base can represent only guaranteed compensation.
   - Any compensation earned as a result of permitted outside professional activities, such as consulting.
   - Any AU “extra compensation” pay, which is typically provided for a non-recurring activity performed outside the scope of the individual’s existing appointment(s).

D) The basis used for proposing/committing effort should be the same basis used in charging a salary and certifying effort.

2) Minimum effort requirement on federal awards
Policy Statement

Faculty must commit a minimum level of effort (1%) on federal proposals on which they are listed as principal investigator/project director (PI/PD) or key personnel, with exceptions for certain types of proposals.

Policy Rationale

This policy is based on an explicit requirement outlined in the January, 2001 Office of Management and Budget (OMB) clarification to Circular A-21: "most Federally-funded research programs should have some level of committed faculty (or senior researchers) effort, paid or unpaid by the Federal Government".

A PI/PD has responsibility for the scientific, administrative, and financial management of a sponsored project. Fulfilling these responsibilities requires time. Similarly, any individual listed as “key personnel” on a project is expected to be expending some level of effort on the project.

Related Guidelines and Procedures

A) The OMB memorandum does provide for exceptions in that "some types of research programs, such as programs for equipment and instrumentation, doctoral dissertations, and student augmentation, do not require committed faculty effort, paid or unpaid by the Federal Government." A student augmentation award is an award whose primary purpose is to fund a student’s or post doc’s activity. There may also be exceptions in other cases where there is a very minimal amount of time/effort devoted to the project by the PI/PD (e.g. an award for travel to a conference for which the PI/PD will only be away from the University for one or two days).

B) The University does not require a minimum amount of effort on non-federal awards except in cases required by the sponsor.

C) Faculty effort may be committed during the academic year, summer, or both. (The academic year is defined by the faculty member’s appointment contract period; for example, the academic year for a faculty member with a 9-month appointment is generally the period from late August through mid-May).

D) Faculty on 9-month appointments may not “donate” time during the summer to a project and certify that effort without compensation. This would result in unpaid effort which violates labor laws.

E) In general, the effort commitment outlined for any personnel referenced in a proposal should be consistent with the description of the individual’s role on the project. All personnel whose names are listed in the proposal as “key personnel” should have at least 1% committed at some point during the calendar year. Key personnel are generally defined as individuals who will have a significant contribution to the design or oversight of the project.

3) Prospective establishment of salary distribution on sponsored project/cost sharing accounts

Policy Statement
Salary distribution should begin on sponsored projects and/or cost sharing accounts as soon as the project is awarded, and concurrently with actual project effort.

**Policy Rationale**

Faculty (and other project personnel) salary should be charged to sponsored accounts (or associated cost sharing accounts) during the period in which the individuals are expending effort on the project. The volume of retroactive salary cost transfers should be minimized; higher transfer volumes may call into question the appropriateness of the University’s charging process.

**Related Guidelines and Procedures**

A) It is a general expectation that sponsored project accounts will be established when awards are received. In addition, the necessary payroll transactions will be processed to ensure the appropriate proportion of salary begins to be funded from these corresponding accounts as soon as actual work commences.

4) **Retroactive salary adjustments**

**Policy Statement**

Retroactive salary adjustments are highly discouraged for periods for which effort as already been certified. Letters providing detailed explanation, signed by the principal investigator, are required for any retroactive adjustments more than 90 days past the date of initial charge. Retroactive salary adjustments seeking to place costs onto sponsored projects will not be processed if the requested adjustment is more than one year after the date of initial charge.

**Policy Rationale**

This policy is closely correlated to policy #3, which states that faculty (and other sponsored project personnel) salary should be charged to sponsored accounts (or associated cost sharing accounts) during the period in which effort is expended on the project. Once effort has been certified for a given period, requesting a retroactive salary adjustment for that period calls into question the reliability of the certification process. When retroactive salary adjustments are necessary, twelve months is considered more than ample time for the necessity of a correction to be identified. PI/PDs, supported by OSP, should be reviewing sponsored project budget statements and payroll expense distribution reports regularly to identify errors. Similar reviews should be occurring as part of effort certification; effort reports should be completed and signed after salary charges have been revised and any corrections identified.

5) **Summer effort and salary for faculty with 9-month appointments**

**Policy Statements**

Faculty with 9-month appointments are permitted to expend up to an additional three months of effort on one or more sponsored projects during the summer period and earn up to three months of
additional salary for that effort, unless otherwise restricted by individual sponsors (e.g. NSF – see “B” below)

For purposes of committing, expending, and certifying effort, and charging the related additional salary for activity outside the appointment period, the expectation for an activity in a summer period is consistent with the expectation for activity in a commensurate academic period.

Faculty who receive summer salary from sponsored projects must be prepared to certify that the effort that was expended on those projects during the summer period directly corresponds to summer salary charged to those projects. It is not allowable, and it is contrary to AU policy and the Uniform Guidance, to charge summer salary to sponsored awards as a means of compensating faculty for their effort on sponsored awards during the academic year.

Policy Rationale

As the amount of summer salary being requested is based off of institutional base salary for an academic year appointment, sponsors generally expect the level of effort (i.e. amount of time worked on the project) over the summer is consistent with the average level of effort normally expended on responsibilities during the academic year, as defined by the individual faculty member.

From a sponsor’s perspective, charging summer salary to one or more sponsored projects implies that a commensurate amount of effort was expended on those projects during that period. Summer salary is intended to fund activity during the summer months, and not during the academic year.

Related Guidelines and Procedures

A) If a faculty member is requesting three full months of summer salary, it is not appropriate to concentrate significant time off during the summer period (i.e. vacation). Additionally if non-sponsored activities related to the faculty member’s appointment are performed outside of the appointment period, (e.g. department meetings during the summer, class preparation, etc.) they should not interfere with or reduce the faculty member’s ability to expend summer effort on sponsored projects.

B) NSF currently imposes a limit of two months’ salary reimbursement across all NSF awards during any given 12-month period. This policy only applies to senior personnel such as Principle Investigators (PIs), Co-PIs, and anyone else considered a member of faculty. It does not apply to Post Docs, Research Scientists or other personnel not budgeted as senior personnel. As per NSF policy, when required by the nature of the project, a PI may propose effort that exceeds the two month cap, though this level of effort must be fully justified in the budget narrative, and if awarded, will be explicitly noted in the Notice of Award.

C) It is understood that faculty with sponsored projects spanning both the summer and academic portions of the year may contribute some amount of effort to the project during the academic year (e.g. advising graduate students working on the project, completing a progress report). As the federal government expects some amount of research time is implicit in a faculty member’s institutional appointment/base salary (whether or not the scope is quantified in an appointment contract), any time spent working on sponsored projects during the academic appointment does not flow to the faculty member as extra compensation. As an extension/clarification of this
concept, summer salary may not be charged to sponsored projects as a means of compensating a faculty member for time spent on those projects during the academic year. Summer salary is only intended to compensate faculty for time spent on sponsored projects during the summer.

D) Pursuant to guideline C above, the faculty member and University have discretion on how and when to report this academic appointment effort to external sponsors. In most cases, the level of effort expended during the academic year on sponsored projects is minimal, and falls within the expected amount of research effort implicit in an appointment contract. In these cases, the effort does not need to be separately tracked, recorded, or reported on time and effort sheets. If faculty determine after the fact that a more significant amount of time will be required to work on their sponsored project(s) during the academic year, it becomes necessary to capture this effort on official effort reporting forms and charge the sponsor for these costs, which would result in budget relief for the university. A “significant amount of time” is broadly defined by the University as any amount of research time in excess of what would normally be implicit in an appointment contract and would precipitate an official reduction in other University responsibilities (e.g. course release). This is an individual decision that should be handled by faculty and their departments.

6) Procedure for certification of time and effort reports

**Policy Statement**

All PI/PDs with federal or state funded awards are required to certify their own effort reports, and are also required to certify the effort reports of their staff working on their federal or state sponsored projects (graduate students, post-doctoral fellows, and other similar persons). The PI/PD will consult, when necessary, with each employee to certify the salary distribution shown on the effort report represents a reasonable approximation of effort performed on the project.

Personnel working solely on non-federal/state sponsored projects, or who fill out hourly time-sheets for their payroll distributions will not be required to certify their effort.

**Policy Rationale**

OMB Circular A-21, Section J.8. requires that effort reports must be signed by “the employee, principal investigator, or responsible official(s) using suitable means of verification that the work was performed.” Experience has shown that, in practice, it is only the principal investigator him/herself who possesses the necessary extent of knowledge regarding actual activity. With regard to staff (e.g., graduate students and post-docs) on sponsored projects, in nearly all instances, the PI/PD has the most knowledge of the specific projects on which they are working.

Personnel who do not work on federal or state sponsored awards are not required to fill out a time and effort report, however, if an individual works on a federal or state sponsored award, their time and effort report must necessarily be inclusive of all activities on which they devoted effort, which may include non-federal/non-state projects and other activities. Personnel who fill out hourly time-sheets for their payroll distributions will not be required to certify their effort, as the hourly time-sheets already serve that function.

**Related Guidelines and Procedures**
A) Time and effort reporting forms for the applicable reporting period will be distributed to project PI/PDs by the Office of Sponsored Projects (OSP) no later than the end of the first month of the pursuant reporting period, and must be certified and returned to OSP within 15 days:

- Employees with 9-Month appointments (three reporting periods):
  
  Spring Semester (January 1 through mid-May obligation end) – distributed by June 30, due by July 15.
  
  Summer Semester (mid-May obligation end through late August obligation start) – distributed by September 30, due by October 15.
  
  Fall Semester (late August obligation start through December 31) – distributed by January 31, due by February 15.

- Employees with 12-Month appointments (two reporting periods):
  
  January 1 through June 30 – distributed by July 31, due by August 15.
  
  July 1 through December 31 – distributed by January 31, due by February 15.

B) Effort reporting forms will be pre-populated by OSP with the employee’s applicable sponsored project(s) for that reporting period, as well as the percent effort on those project(s) corresponding to what was budgeted/paid from those projects. The PI/PD should fill out the actual percent effort expended on the project(s), sign the form, and return to OSP.

  - Any significant deviations (>5%) between budgeted effort and actual effort expended will necessitate a payroll adjustment on the applicable project(s).

7) Training for faculty and staff on time and effort reporting

Policy Statement

All faculty and staff involved in the effort reporting process are expected to receive appropriate levels of effort reporting training.

Related Guidelines and Procedures

A) OSP will offer mandatory training sessions for new PI/PDs as soon as word is received that their grant has been awarded. Refresher courses are also available upon request.

B) Each time effort reporting forms are distributed, they will be accompanied by a related document outlining instructions for completing the form, FAQs, and relevant examples to help increase understanding and compliance.