

Wayne State University Effort Reporting Procedures and Guidelines

Purpose

As a recipient of sponsored funds for research, Wayne State University (WSU) 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. Financial penalties, expenditure disallowances, and even harm to the University's reputation could result from an inadequate effort reporting system or from failure to comply with effort reporting policies and requirements.

A basic regulatory framework for effort reporting is provided by select federal regulations, principally Office of Management and Budget (OMB) Circular A-21 (Cost Principles for Educational Institutions). The development of this Effort Reporting Procedures and Guidelines document is an acknowledgement of the significant complexities and ambiguities of effort reporting and the challenges of understanding and complying with the federal requirements. The intent of this document is to provide guidance to faculty and administrators involved in sponsored research as to appropriate ways to manage aspects of research administration related to effort reporting.

Audience

Wayne State University (WSU) faculty, staff and graduate students involved in the conduct or administration of sponsored research

Overview

Effort reporting can be defined as "the mechanism used to confirm that salaries and wages charged to each sponsored agreement are reasonable in relation to the actual work performed" (COGR, 2007). Effort reporting consists of not only effort and payroll certification, but also includes various research administration activities that provide source information for effort certification, including the definition of faculty and staff appointments, proposal development, award confirmation, and salary charging and cost sharing. WSU has developed guidelines for each aspect of the Effort Reporting Process to enable better compliance and administration of effort reporting at WSU. These guidelines are outlined in the following categories:

I. General

- A. Definition of "100% Effort"
- B. Institutional Base Salary
- C. Cost Sharing at WSU
- D. Effort Reporting Education for WSU Faculty and Staff

II. Proposal Development

- A. Minimum Effort for Key Personnel

III. Award Management and Salary Distribution

- A. Establishment of Salaries on Sponsored Project Accounts
- B. Reductions in Effort for Key Personnel
- C. Maximum Allowable Effort
- D. Summer Salary and Effort

- E. Salary on Sponsored Programs and Cost Sharing Accounts
 - F. Effort During No-Cost Extensions
- IV. Effort Certification**
- A. Who is Encompassed in Effort Reporting
 - B. Who Can Certify
 - C. Certification Requirements
 - D. Re-certifications

The guidelines are detailed below. Where applicable, references to more detailed procedures, policies and guidelines are provided.

I. **General**

A. **Definition of “100% Effort”**

For purposes of proposing and certifying effort, WSU faculty and staff should consider “100% effort” to be the total time spent conducting professional activities for which the individual is compensated by WSU (i.e., University effort), irrespective of the normal work schedules. This includes worked performed outside of the '9 to 5' work schedule, work performed on vacation, off-hours and on or off campus. This definition is consistent with federal regulations.

Although the scope of activities considered University effort may differ among individuals, the following activities provide general guidance as to what would be considered a part of University effort during the individual’s appointment terms.

Included in 100% effort:

Teaching
 Research (externally- and internally-sponsored)
 Service
 Administration

Excluded from 100% effort:

External consulting
 Special activities resulting in a one-time payment
 Temporary activities over and above normal responsibilities

For clinical faculty, Veterans Administration Medical Center and Wayne State University Physicians Group activities

B. **Institutional Base Salary**

Consistent with the definition of “100% Effort”, Institutional Base Salary (IBS, to be used as the basis for requesting, charging, and cost sharing salaries from/to sponsors) is to include only the component of pay which is intended to compensate the individual for his/her base duties to WSU. This includes the annual salary paid by WSU for a faculty or staff member’s base appointment, and includes additional payment amounts for recurring, long-term activities (e.g., department chair). This will not include one-time payments for activities intended to be short-term in nature (less than six months).

Some sponsors, most notably NIH, impose limitations on the amount of IBS that may be used as a basis for charging salary to their projects. Where such limitations apply, the requested salary support is determined by multiplying the proposed level of effort by the maximum IBS allowed (e.g., the NIH salary cap).

C. **Cost Sharing**

Cost sharing at WSU is the financial support provided by WSU in support of sponsored projects. It may be required by the sponsor (e.g., NIH salary cap cost sharing) or it may be offered by WSU to demonstrate a commitment to a particular program. WSU is required to account for cost sharing consistently and in accordance with OMB Circular A-110, and consider cost sharing similar to direct charges to sponsors in terms of documentation requirements. WSU’s policy is to assume a cost

sharing commitment only when required by the sponsoring agency or by the competitive nature of the award and then to cost share only to the extent necessary to meet the specific circumstances. Any proposal which includes cost sharing is assumed to have been reviewed by the department(s) making the cost sharing commitments, and the non-sponsored funding for the cost sharing to have been identified. Upon award, a cost sharing account will be set up as a component of the sponsored program, and the appropriate funding source identified.

For additional detail on Cost Sharing at WSU, including specific procedures, please see the Wayne State University Sponsored Program Administration website. (<http://www.spa.wayne.edu>)

D. Effort Reporting Education for WSU Faculty and Staff

All faculty and staff involved in the effort reporting process are expected to adhere to the procedures and processes outlined in the training material provided by Sponsored Program Administration. (<http://research.wayne.edu/spa/awards/index.php>)

II. Proposal Development

A. Minimum Effort for Key Personnel

In preparing proposals, Principal Investigators and key personnel must include some level of committed effort on most Federal and Federal flow-through sponsored research activities, unless specifically exempted by the sponsor. If the IBS corresponding with the effort commitment is not requested from the sponsor, it will be considered cost sharing and tracked accordingly.

This guideline is based on an explicit requirement outlined in the January, 2001 Office of Management and Budget (OMB) clarification to Circular A-21 ("Cost Principles for Educational Institutions"). Consistent with that clarification, this guideline does not apply (i.e., no faculty committed effort is required) for equipment and instrumentation grants, doctoral dissertation grants, student augmentation grants. In addition, no effort commitment is required from faculty mentors (also known as preceptors or program faculty) on institutional training grants, since the faculty mentor's effort will be assigned to the specific research projects on which the trainees are involved. However, an effort commitment is expected for the named research training program director, since he/she will be expending effort in coordinating the training program. Similarly, no commitment of effort is expected from faculty mentors on individual training grants, as their effort will be assigned to the research projects on which the trainee(s) may be involved.

III. Award Management and Salary Distribution

A. Establishment of Salaries on Sponsored Project Accounts

Salary distribution consistent with the projected effort should begin on sponsored projects accounts concurrently with actual project effort. It is each faculty member's responsibility to be aware of his/her level of effort and to communicate any significant changes in level of effort to his/her respective business office to ensure that salary distributions are reviewed and updated, if appropriate, on a timely basis. To the extent that the award documents have not yet been received, but the work is commencing, a tentative account should be established to which salary (and other associated costs) should be charged.

B. Reductions in Effort for Key Personnel

During the life of the award, when required by sponsor policies, it is the PI's responsibility to work with SPA in order to obtain sponsor prior approval for absences (generally 3 months or more) or significant (25% or more) reductions of the PI's and/or other key personnel effort. If a reduction in effort commitment is made, the salary must be reduced commensurate with the effort.

This requirement is also outlined in the Grant Life Cycle section of the Research web page for WSU, under Step 6 – Managing Your Award; Program Changes.

C. Maximum Allowable Effort

Individuals must consider all of the activities that encompass their "100% Effort" and ensure that their effort commitments for sponsored projects are consistent with the activities that can reasonably be accomplished considering all of their activities. Most faculty members have responsibilities for teaching, administration, or patient care that would preclude them from devoting 100% of their time to sponsored activities. Department chairs, faculty, and department research administrators should regularly review proposed sponsored activity to assure that, if other activities required of the faculty member reduce the available effort to devote to sponsored activities, adjustments are made consistent with sponsor terms and conditions. Salary support for teaching, WSU administration, service, and new or competing proposal preparation must come from WSU funds unless they are specifically approved activities of a sponsored project. In no circumstances should an individual be committed for more than 100% of his/her professional effort – if this is anticipated to occur, sponsors must be notified of any reductions in effort as outlined above (guideline III.A.).

D. Summer Salary and Effort (for faculty with 9-month appointments)

Faculty compensated for 9-month academic appointments are permitted to expend up to an additional three months of summer effort on one or more sponsored projects in the period beyond the academic year (i.e., during the summer research period) and earn up to three months of additional salary for that effort, subject to sponsor policies (e.g., NSF's limitation of no more than two months' of an individual's salary charged to all NSF projects) and the approval of the department chair and dean/provost. If a faculty member has administrative or other non-research responsibilities (including vacations) during the summer period, they may be precluded from devoting 100% effort to sponsored projects and thus from requesting a full 3 months of salary from those sponsored projects.

A request for summer salary indicates a commitment to put forth the comparable effort on the particular project during the summer, not the academic year. Effort expended during the academic year does not satisfy a commitment related to the receipt of summer salary. Faculty receiving summer salary from a sponsored project will typically perform such work in their normal place of business unless the work being conducted is off site and a requirement of the project.

Faculty who receive summer salary from sponsored projects will be required to certify that the effort was expended on those projects **during the summer effort period**.

E. Effort During No-Cost Extensions

Unless otherwise communicated to the sponsor, the effort commitment percentage during a no-cost extension period is assumed to be consistent with the commitment for the immediately preceding budget period. If faculty expect effort to be reduced during the no-cost extension period by 25% or

more from the level approved at the time of award, PIs and/or department administrators should work with SPA to notify the sponsor at the time the no-cost extension is requested.

This requirement is also outlined in the Grant Life Cycle section of the Research web page for WSU, under Step 6 – Managing Your Award; Programmatic Management.

IV. Effort Certification

A. Who is Encompassed in Effort Reporting

At Wayne State University, all faculty and professional staff (exempt employees) who have salary charges or effort commitments to externally-sponsored research projects should receive an effort report. Non-exempt employees' effort is certified via their time sheets. If an effort report is not received for an individual with charges or commitments to sponsored research projects during a given certification period, it is the responsibility of the department to notify SPA, so that one can be generated.

B. Who Should Certify

The employee listed on the certification is expected to certify for him or herself, except for Graduate Research Assistants (GRAs). For GRAs the Principal Investigator overseeing his/her work is required to certify. If a GRA works for more than one PI, each PI must certify their respective component of the GRA's effort. In the effort reporting system, PIs will be designated as "alternate certifiers" for Research Assistants. This designation provides the PI with the opportunity to review, and if/when circumstances dictate, can certify for the Research Assistant. However, typically, the Research Assistant is expected to certify his/her own effort.

If an individual or PI is not available to certify the effort report, an individual having direct knowledge of the employee's total effort, or suitable means of verification that the work was performed, may certify. "Suitable means of verification" is a documented review of records in support of work performed. Some examples of these records might include: calendars, teaching schedules, logbooks, or sponsor budgets. Other means of verification may also suffice, including e-mails attesting to effort devoted based upon either firsthand knowledge or a review of a suitable means of verification. Oral verification alone from the employee/Principal Investigator or others fulfilling the role of a responsible person to an administrator will not suffice as a suitable means of verification.

C. Certification Instructions

On a regular basis (each academic term for faculty with nine-month appointments, and twice per year for all others), an effort report will be generated within the University's financial/payroll system for all exempt employees whose compensation was charged or cost shared in whole or in part to a sponsored project during the respective effort period. These effort report forms must be certified by an individual as outlined above.

The effort report forms will contain data indicating the percentages of the individual's IBS that were allocated to sponsored project accounts and other University activities. These salary allocation percentages are not effort percentages; they are provided solely for informational purposes. Certifiers are expected to review the payroll distribution percentages on the effort report form, and determine whether those percentages reasonably correspond to the percentages of the *individual's actual effort on each project or activity* recognizing that within an academic setting, teaching, research, service, and administration are often inextricably intermingled. If salary percentages reflect the actual effort, the

person completing the form (certifier) should certify the report. If the percentages do not reasonably reflect the actual effort, the system will offer the certifier the ability to change the percentages and/or notify departmental administrative personnel that a change in labor distribution may be required. As a general rule, a change applicable to a given activity of 5 percent or more of an employee's total effort should result in a salary cost transfer (via the Change in Labor Distribution form) by the academic unit.

For a given sponsored project, the certifier should determine if the percentage of salary is appropriate and/or the effort commitment has been met; if so, it is appropriate for the individual to certify to the displayed percentages. If the certifier expended effort above the commitment (voluntary uncommitted cost sharing), that effort does not have to be reflected on the line for the sponsored project and assumed to be included in the "non-sponsored effort" section of the effort certification.

In general, effort reports are due within 30 days of the date that certifiers are notified of their availability for certification. If certified effort reports, or legitimate reasons as to why the certification cannot be completed are not received in a timely manner, the department chair will be notified. If the report is not returned after that point, the Dean, and the Vice President for Research will be notified and corrective action will be taken.

D. Re-certifications and Salary Cost Transfers

Every effort should be made to minimize the need for retroactive salary cost transfers through the use of more effective financial planning at the time the grant begins and during the effort reporting period. Retroactive salary cost transfers must be initiated within 90 days of the effective start or transfer date. In all cases, changes should be initiated prior to grant/contract termination. They must be initiated no later than 30 days prior to the final report deadline. If an exception to the **90-day rule** is required, a memo with a clear justification must be sent to the Sponsored Program Administration office for Research for approval. Departments are encouraged to assign employees to restricted accounts as soon as the level of effort is known, so that retroactive transfers are kept to a minimum. For additional details on managing cost transfers, please see the Wayne State University Sponsored Program Administration website. (<http://www.spa.wayne.edu>) Once effort has been certified for a given period, only in rare circumstances will subsequent salary cost transfers for that period be permitted. If it is necessary to adjust the salary charges for a previously certified effort period, SPA should be notified and provided with a detailed explanation of the need for the salary adjustment and subsequent recertification. If approved by SPA, a re-certification of the effort period and an appropriately justified Change in Labor Redistribution form is then required. A salary reallocation that benefits the sponsor will always be approved.