FROSTBURG STATE UNIVERSITY
EFFORT REPORTING AND COST SHARING

(Approved November 18, 2009; amended December 12, 2012)

I.   PURPOSE AND APPLICABILITY

This Policy sets forth the University's policy governing effort reporting for faculty and staff.

Effort reporting encompasses many processes, but generally consists of three essential elements: 1) faculty and staff workload (or effort) commitments, 2) corresponding payroll allocations, and 3) faculty and staff certification of past workload (or effort) and of its correspondence with payroll allocations.

As a recipient of significant sponsored funds, the University must assure Federal and other sponsors that the assignment of time and associated salary and fringe benefit costs to sponsored projects is fair, consistent, and timely. The University effort reporting policies – along with related definitions, procedures, forms, data and technology – are the means by which this responsibility is fulfilled. Financial penalties, expenditure disallowances, and harm to the University's reputation and competitive position in seeking grants could result from an inadequate effort reporting process and supporting systems, 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 and other publications such as the Department of Health and Human Services Public Health Service Grants Policy. The development of this Effort Reporting Policy is an acknowledgement of the significant complexities and ambiguities of effort reporting and the challenges of understanding and complying with the Federal requirements.

II.   DEFINITIONS

A. "Audience": All individuals involved with the administration and conduct of sponsored project activities, sponsored project administrators, Principal Investigators, and other sponsored program personnel.

B. "Base Salary": For faculty, base salary is the compensation received for instruction, professional development, and service as described in the Faculty Scheduled Workload Guidelines, Section 3, Standard Workload Expectations. For staff, base salary is the compensation received for the activities listed in official position descriptions. Base salary includes (as applicable) pay for teaching, research, public service, proposal writing, administrative stipends, merit bonuses, overtime, and shift differentials, but not awards, allowances, outside compensation, or incidental compensation.

C. "Cost Sharing": Cost sharing is a use of University resources or funding that supplements externally sponsored projects. When effort expended exceeds that which can be charged to a particular project and rebudgeting of the award is no longer possible, then salary cost sharing occurs. These costs are, of course, not reimbursed by the sponsor and must be supported by non-sponsored University funds. There are three types of cost sharing:

i.   Mandatory Cost Sharing (or Match) occurs when the sponsor requires it as an award condition (either cash or in-kind). This includes cost sharing resulting from a salary limitation that restricts the amount of direct salary an employee who is working under a sponsored grant or agreement can be paid by the granting agency. For example, the NIH Grants Policy Statement establishes and publishes a salary cap schedule each year that restricts the amount of direct salary an employee who is working under an NIH grant or cooperative agreement can be reimbursed from the granting agency.

ii.   Voluntary Committed Cost Sharing represents additional effort expended on the project that was committed to at the time of award. This type of cost sharing occurs when effort exceeds salary reimbursement and committed effort levels outside of regular rebudgeting authorities granted by the sponsor.

iii.   Voluntary Uncommitted Cost Sharing represents additional effort expended on the project that was not committed to at the time of award. This type of cost sharing commonly occurs during smaller projects that require measurable effort, even though none is formally committed, or whenever actual effort exceeds the level committed. It also occurs when effort exceeds salary reimbursement and committed effort levels outside of regular rebudgeting authorities granted by the sponsor.

Mandatory cost sharing (or match) and voluntary committed cost sharing must be accounted for in corresponding PS-Projects. For more information, please see the University's Cost Sharing Policy.

D. "Effort": The proportion of time spent on any activity and expressed as a percentage of the total professional activity for which an individual is compensated by base salary. Effort is not based on a standard workweek. If a faculty member works 80 hours in a week, 40 hours represents 50% effort. If a faculty member works 40 hours in a week, 40 hours represents 100% effort. The total time compensated by base salary constitutes 100% effort. The total effort expended cannot be more than (or less than) 100%.

E. "Effort Certification": OMB Circular A-21 requires that after-the-fact certifications be obtained to document the actual distribution of an individual's effort. Salary distribution reports show the PS Departments and Projects to which an individual's salary was charged during the certification period. This provides a general reminder of planned effort commitments. Individuals completing effort reports are required to certify actual time and effort spent over all activity areas (including any where salary may not have been charged). The effort certification serves as the auditable document that supports that:

    i.   effort paid for by a sponsored project has been expended as committed,

    ii.   effort in support of a project, but not paid for by the project, has also been expended as committed; and

    iii.   salaries charged to the sponsored project were reasonable and fair given the distribution of the individual's effort.

F. "Effort Commitment": During the proposal and award process for many grants and contracts, FSU commits a level of effort for key personnel. These commitments must be monitored to ensure that:

    i.   individuals are not overcommitted (total sponsored and non-sponsored commitments are not greater than 100%);

    ii.   individuals are using a basis for committing effort that will be consistent with how work will be performed and salaries are charged, and

    iii.   individuals are meeting those commitments.

G. "Salary Distribution": An effective effort reporting process is closely tied to an effective salary distribution process. In order for sponsored program costs to be properly accounted for, salary distribution to and among sponsored projects and non-sponsored activities must be consistent with effort reporting. Payroll must be set up in a timely manner according to planned effort commitments to sponsored projects and non-sponsored activities. Additionally, if after-the-fact effort certifications report that actual effort expended was different from planned effort committed, then salary distributions must be modified in a timely manner to correspond with effort certifications. (Once salary is distributed, the related fringe costs will follow

the salary costs.) Salary distribution and effort reporting are not the same thing. Salary distribution describes the allocation of an individual's salary from various sources, while effort reporting describes the allocation of the time and effort actually spent on projects or activities regardless of salary. Salary distribution must be reconciled to match certified effort reporting.

III.   RESPONSIBLE ADMINISTRATOR

A. The University Provost, or designee, shall be responsible for coordinating and overseeing Effort Reporting. The Office of the Provost shall also ensure that any University administrators who have knowledge of scheduling, payroll and other information will assist faculty and research staff with the completion of effort reporting requirements.

IV.   IMPLEMENTATION

A. Policy statements are outlined below in a manner that corresponds to the lifecycle of the effort reporting process.

  i.   Effort Commitments

  a.   Basis for estimating effort percentages and calculating salary requests in proposals
  b.   Expectation for faculty effort in proposals
  c.   Institutional position on voluntary cost sharing
  d.   Monitoring of effort commitments and commitment levels

  ii.   Payroll Allocations
  a.   Establishment of salary distribution to sponsored Project

  iii.   Certification of Effort as Paid
  a.   Certification of effort reports

A.i(a)   Basis for estimating effort percentages and calculating salary requests in proposed sponsored programs

Policy Statement
The basis for estimating effort percentages is the total of all duties for which the individual is being compensated by base salary. Similarly, the basis for the corresponding salary allocation calculations is the base salary. For faculty these activities are instruction, professional development, and service as described in the Faculty Scheduled Workload Guidelines, section 3, Standard

Workload Expectations. For staff, these activities are listed in official position descriptions.

If an individual receives supplemental compensation above their base salary from FSU or from an outside entity, and this compensation is for activities that are not part of the individual's normal FSU responsibilities, the activities related to this compensation should be excluded from the base.

One hundred percent (100%) effort is defined as the effort expended to accomplish the set of activities encompassed by FSU activities and assignments, regardless of the actual number of hours expended on those activities and assignments. One hundred percent effort is not defined as a single, standard number of hours or days per week, since it will likely be different for each faculty member and may vary during the year. The number of hours implicit in an individual faculty member's "100%" must be reasonable and supportable to department, school, university and external reviewers if requested.

Policy Rationale
FSU staff and faculty members need a defined set of activities against which to estimate effort percentages and corresponding salary requests in proposed sponsored programs.

Related Guidelines and Procedures
Expectations related to a faculty member's appointment(s) are outlined generally in the FSU Faculty Handbook.

A.i(b)   Expectation for faculty and other key personnel effort in proposals

Policy Statement
Faculty and staff are expected to commit a reasonable and appropriate level of effort on proposals on which they are listed as Principal Investigator (PI) or key personnel. Such commitments must be for the duration of the project.

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 ("Cost Principles for Educational Institutions"). Clearly, commitments to activities typical of PIs or key personnel (such as the scientific, administrative and financial management of a sponsored project) require time and effort that is greater than trivial.

Similarly, any individuals listed as "key personnel" on a project are expected to expend effort on the project consistent with the role and responsibilities of key personnel as described in the proposal for the project.

Related Guidelines and Procedures
In general, the effort commitment outlined for each individual referenced in a proposal should be consistent with the description of that individual's role on the project. All personnel whose names are listed in the proposal as "key personnel" are expected to have an appropriate level of effort committed. It is only in the case of an individual whose level of involvement is expected to be minimal (e.g., limited to occasional brief discussions) that it may be acceptable for no specific effort commitment to be made. If the individual's involvement is expected to be greater, that individual should be listed in the proposal with a specific effort commitment (when a FSU employee) or that individual should be proposed as a subcontractor (generally, when a non-FSU employee).

Faculty committed effort is required for both Federal and non-Federal sponsored project proposals. In these cases, even though there may not be an explicit percent effort identified in the proposal documents submitted to the sponsor, it is expected that effort has been committed. Such commitment is implicit in the reimbursement negotiated with the sponsor, and will be taken into account in determining effort available to commit to other sponsored projects.

Given the highly variable nature of projects, it is not feasible to develop a single standard or set of standards to define "appropriate level of effort." However, in general, faculty effort committed in proposals should:

1. Be reasonable given the nature and complexity of the project;
2. Reconcile with the individual's other responsibilities, including other sponsored project commitments, teaching, professional development, and service—both current and pending;
3. Not be inflated (or reduced) beyond what is reasonably required in order to create the most "attractive" proposal;
4. Be consistently reflected throughout the proposal including the budget/budget justification, the Other Support Pages, and any other communication with the sponsor; and
5. Be accompanied by a request for a commensurate amount of salary funding, to the extent accepted by the sponsor.

A.i(c)   Institutional position on voluntary, committed cost sharing ("excess match")

Policy Statement

FSU does not typically commit to cost sharing above the minimum level required by the funder and would do so only where the competitive forces and perceived institutional benefit of receiving the award are deemed to be sufficiently strong to warrant such a commitment. The final decision to commit to cost sharing above the minimum lies with the University.

Policy Rationale
If FSU resources are committed to a project unnecessarily, then they are not available for other uses or for those situations where cost sharing is required.

See the University's Cost Sharing Policy for additional details on cost sharing.

Related Guidelines and Procedures
When the department chair and appropriate dean or department head review a proposal for submission, they should assess the proposal's conformance with this policy. The signature of the department chair, dean or department head on the review cover sheet indicates their approval of any commitments to cost share.

When an award is made that includes a cost sharing commitment (whether voluntary or mandatory, cash or in-kind), this commitment must be met and documented appropriately. In the case of cost-shared salary, this documentation is effort commitment and effort certification reports.

A.i(d)   Monitoring of effort commitments and commitment levels

Policy Statement
Effort commitments should be monitored to ensure that the PIs and key personnel are meeting the effort commitments agreed to when the award was accepted. Additionally, the total commitment level of an individual needs to be monitored to ensure that the individual has not overcommitted his or her time.

Policy Rationale
Sponsors expect that effort will be expended in accordance with the terms of the proposals and resulting agreements. Additionally, sponsors expect that faculty and other project personnel who commit effort to their project have the effort available to commit. FSU has a responsibility to monitor the commitments of its faculty and other key personnel.

Related Guidelines and Procedures
Faculty members have FSU responsibilities outside of their sponsored activities. Therefore, when determining whether an individual is overcommitted, one should consider proposal preparation, service as chair/assistant chair/director, and service on department/school/FSU committees (all of which are to be classified as service). Teaching and other

non-sponsored activities must also be considered. As a result, there are very few instances in which a faculty member can justifiably be nearly 100% committed to sponsored programs. At no time should faculty commitment to sponsored programs be 100%.

A form, Faculty Total Effort Commitments, commonly known as an "effort declaration," is completed for each regular employee contributing effort to any grant proposal or contract. The effort declaration is signed by the faculty member, department chair, and dean (for faculty) or by the employee and supervisor (for staff) and is the basis for subsequent salary distribution. As a rule such forms are completed at proposal submission.

If justifiable by the nature of the project, faculty commitment to a sponsored program may also be considered as fulfilling professional development or service requirements.

At any given time, a faculty member's effort commitments cannot exceed 100%. It is understood that the sum of active commitments and proposed commitments may exceed 100%. However, when new awards are made and proposed commitments become active, a reduction must be made to one or more existing commitments so that the total does not exceed 100% in any given period. (Sponsors must be notified of reductions, as appropriate.)

Whether the associated salary is requested and funded or it is cost shared, the awarded effort is a commitment made to the sponsor that must be met and documented via certification. It is a Federal requirement that the sponsor be notified in advance if PI/key personnel will withdraw from a project entirely, be absent from a project during any continuous period of 3 months or more, or reduce effort by 25% or more from the level that was approved at the time of award. Specific funding agency guidelines should be consulted for additional guidance on sponsors' expectations with respect to changes in effort.

Even staff members with positions funded by sponsored programs may have other responsibilities. In particular, grant proposal development cannot be funded by grant money. When grant-funded personnel spend time on grant development, they cannot be 100% committed to the project, and an appropriate level of commitment (e.g., 99%) must be determined. In such cases, grant development will be funded by the department's grant incentive fund, which will pay that portion of salaries that cannot be charged to the sponsored program.

Unless otherwise communicated to the sponsor, the effort commitment percentage during a no-cost extension period is assumed to be consistent with the project's overall commitment as outlined in the awarded budget. If a faculty member expects that the effort incurred during the no-cost extension period will cause the actual effort applied to the project to exceed the awarded

level of effort by 5% or more, the sponsor should be notified at the time the no-cost extension is requested. If funds are not available on the award and re-budgeting is not an option in such a situation, the effort during the no-cost extension will be cost shared. Typically, the source of funds from which the faculty member is normally paid will be used as cost share.

A.ii(a) Prospective establishment of salary distribution to sponsored project/cost sharing

Policy Statement
Salary distribution should begin on sponsored projects 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 PS Projects during the period in which the individuals are expending effort on the project. Adjustments to payroll charges should be made before effort is undertaken, to minimize the volume of necessary, retroactive salary cost transfers. Once effort has been certified for a given period and payroll distribution reconciled to this certification, requesting a retroactive salary adjustment for that period calls into question the reliability of the certification process.

Related Guidelines and Procedures
It is the general expectation that sponsored project PS Projects 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 the corresponding PS-Projects as soon as project work commences.

When errors are made, retroactive salary cost transfers must be performed in accordance with the University's Cost Transfer policy.

A.iii(a) Certification of effort reports

Policy Statement
In general, certification of effort reports should take place in a manner consistent with the requirements of OMB Circular A-21, Section J.10.

Certification should encompass all of an employee's activities on an integrated based (i.e., provide for consideration of 100% of the employee's effort).

Exempt staff working on sponsored programs should certify his or her own effort reports, regardless of the person's position. Faculty members are required to certify their own effort reports. Project Directors will certify effort

for non-exempt staff. In the event that these normal procedures are impossible, certification should be performed by an individual with first-hand knowledge of 100% of the employee's total effort.

If it is not possible for research staff member (e.g., graduate students, technicians) to certify his or her own effort reports (e.g., due to involvement on several similar research endeavors), then the faculty member should certify the effort reports of the research staff working on his or her sponsored projects, or the effort form should be certified by the immediate supervisor of the research staff member.

Administrative assistants cannot certify the effort of faculty members or staff.

The University and its sponsors recognize that activities related to individual sponsored projects are often inextricably intermingled with related projects or non-sponsored University activities. Therefore, effort certifications are recognized to be certifications of a reasonable estimate of an individual's activity. Detailed calculations from time records are not required. However, it is important to consider all sponsored and non-sponsored activities (proposal writing, instruction, administrative duties, etc.) when determining effort percentages.

Effort reporting is required for all faculty and staff who have either committed effort on a sponsored project and/or had their salary charged to a sponsored project.

For purposes of effort reporting, employees fall into one of three classifications—faculty, exempt, and non-exempt. Faculty certify effort on sponsored projects 3 times each year for the periods, Fall semester, Spring semester, and Summer. Exempt employees certify effort every six months for the periods January-June and July-December. The effort for non-exempt employees is certified every 2 pay periods by the respective project directors.

Effort reports should be certified in a timely manner and within 14 days after the responsible persons are notified. After 14 days, appropriate immediate supervisors are notified of employees who have not completed effort certification and are responsible for contacting them regarding the delinquent certification to have them complete it. After 21 days, the appropriate Vice President is notified of employees who have not completed effort certification and is responsible for contacting them to have them complete it.

Policy Rationale
OMB Circular A-21, Section J.10. requires that activity reports be signed by "the employee, Principal Investigator, or responsible official(s) using suitable means of verification that the work was performed." While this statement does not explicitly require personal certification by the PI, experience has shown

that, in practice, it is only the Principal Investigator who possesses the necessary extent of knowledge regarding actual activity.

With regard to research staff (e.g., graduate students) on sponsored projects, in many instances the PI has the most knowledge of the specific projects on which research staff are working. Where possible, the research staff member should certify his/her own effort.

V.   TRAINING

Those faculty and staff with reportable effort are required to attend a training session on effort reporting.