

## **Effort Reporting and Certification Policy Frequently Asked Questions (FAQ)**

***Q. Why has the University implemented this policy?***

A. We are required to certify effort for direct salary charges (and committed cost share) for federally sourced projects. ISU has a long-standing process for this certification (i.e., the EASE forms), but did not have a formal policy until February 2011. The policy was necessary following an Internal Audit Report and recommendation. It is also due to several high-profile audits (by Federal OIG offices) and resulting fines levied against universities nationally. The policy helps with compliance, but effort reporting is not new to ISU.

***Q. What is the risk for ISU due to these audits, and with recent changes in NSF regulations regarding federally sourced grants?***

A. The biggest risk for ISU is in disallowance of costs for direct salary charged (and committed cost share) and for B-base faculty summer salary charged to federal projects.

***Q. What does the term “effort” mean in relation to this policy?***

A. Effort is defined as the amount of time spent on a particular activity. Individual effort is expressed as a percentage of the individual’s total activity for the University.

***Q. What is 100% effort?***

The total amount of effort expended to accomplish the professional activities of faculty and staff regardless of the actual number of hours expended on those activities. This normally includes all effort expended on compensated sponsored research, administration, teaching, unsponsored scholarly activity, and other activity. Effort always equals 100% regardless of the number of hours worked or the percentage of the appointment. Examples: (1) a full-time employee works 55 hours this week, the 55 hours represents 100% effort; (2) a half-time employee works 20 hours this week, the 20 hours represents 100% effort; (3) a B-base faculty member is on a half-time appointment (i.e., only paid for .5 FTE) in June or July, all hours worked for the summer month represents 100% university effort (as compensated, professional activities).

***Q. Has the EASE form process changed with this policy?***

A. There is no change to the EASE form requirement or the timing of EASE reporting.

***Q. What is the impact of the policy to me (faculty or P&S staff)?***

A. For faculty and staff with federally sourced projects, it remains important that the actual effort devoted to the project must equal or exceed the percentage of paid

effort charged to the project and the timing of pay must reasonably match when the effort was expended on the project. For B-base faculty with funded projects, this may require charging the sponsored program account during the academic semester if that is when the actual effort is expended (involving a buy-out of salary from the general fund, or even a buy-out of teaching). Likewise, summer salary charged should reasonably reflect the percentage of effort expended during the summer.

***Q. Will I be required to participate in training?***

A. Faculty and P&S staff identified as Principal Investigators (PIs) of federally sourced sponsored program accounts (which may also include Co-PIs) are required to complete training offered in WebCT. Retraining on effort reporting may be required on a periodic basis.

***Q. What is the impact of the policy on departments and colleges?***

A. As was the case before the implementation of this policy, sponsored program budgets include best estimates of expenditures and in some cases salary is encumbered based on these estimates. To fully comply with the policy, departments may need to process even more transfers to correct the payroll distribution to reflect the effort actually expended. This is accomplished with a “Change in Funding Source” electronic personnel action (EPA).

***Q. How does Effort Reporting relate to the source of my salary (i.e., payroll distribution)?***

A. Payroll distribution and effort reporting are interrelated. Payroll distribution is the distribution of an individual’s salary across funding sources (i.e., ISU fund accounts). Effort reporting is the verification of an individual’s ISU compensated activities (i.e., the effort on sponsored projects and various functions the employee performs). The EASE form is preprinted with the salary percentages paid from federal and state sponsored program accounts. The EASE form is used to verify the actual percentage of effort spent on these sponsored program activities. The EASE form also provides for the certification of effort in several functional categories (i.e., instruction, research and scholarship, outreach, etc.) and cost share committed to sponsored projects during the respective EASE reporting period.

***Q. May I charge 100% of my salary to a federally sourced grant?***

A. Since faculty and P&S staff have multiple responsibilities, it is not advisable to charge 100% of salary to any federally sourced project for extended periods, such as a month or more. A best practice for full-time pay for a month or more is to charge no more than 90% to a federally sourced grant while 10% is charged to a non-sponsored fund account – allowing time for service on committees, teaching, departmental meetings, and other university activities. Units should contact Ames Lab Human Resources for information on appointments of more than 90% from Ames Lab DOE funding, and colleges may have set specific guidelines for academic departments as well.

***Q. May I work on a sponsored project proposal while my salary is being charged solely to a federally sourced grant?***

A. No, it is not allowable to charge salary to a federal sourced project for any proposal preparation activities since writing proposals for future grants does not benefit any existing award; federal regulation explicitly excludes this from allowable direct costs.

***Q. May a Post Doc or NTER faculty be paid entirely from federally sourced grants?***

A. Yes, if the Post Doc or NTER faculty member only works on the grant and has no other responsibilities.

***Q. For A-base faculty, P&S staff, NTER faculty on A-base, or Post Docs, may vacation time taken be charged to the federally sourced grant?***

A. Both the fringe benefits and salary paid for vacation/sick leave usage follow the direct salary charged to grants and is allowable. For example, if a Research Professor (NTER) earns vacation and takes a vacation day while paid 100% from a federally sourced grant, this is an allowable cost to the sponsored project.

***Q. I am a B-base faculty member. May I take personal time off (e.g., one day away) while my salary is charged to the federally sourced grant?***

A. B-base faculty do not accrue vacation, and only activities directly related to the project may be charged to the federal sourced project. Therefore, salary for any day off is not allowable as a charge to the sponsored project (since no effort on the project would be expended). B-base faculty should charge only non-sponsored funds for time away, in consultation with and approval by the department chair.

## Guidelines for Processing B-Base Faculty Summer Salary Summer 2012

- ❖ Summer Session (teaching) - pay rate is determined by college policy
- ❖ Summer Research - 1/9th of B-base annual salary per month of full time effort (refer to “Effort Reporting and Certification Policy,” effort must match the charging of salaries on sponsored funds)
- ❖ Maximum of 3/9<sup>th</sup> from all fund sources still applies
- ❖ Maximum of 11 months from state funds for FISCAL YEAR (e.g., may earn up to 3 months in summer from state funds if paid no more than 8 months during AY on state funds)
- ❖ Summer salary for July 1 – August 15 is at the new (impending) year rate – regardless of funding source (exception is for summer teaching at the flat rate – this is a moot point)

### Summer Session EPA processing:

1. Process summer pay as **Renew-ADD MONTHS** (or Renew-Term or Renew-Rehire – if new LOI to extend term end date for NTE faculty)
2. When a college policy allows, and a department uses a **set rate for teaching as a fraction** (e.g., 1/10<sup>th</sup>)
  - a) the amount to be paid is a partial FTE amount of the full time annual salary – use the respective fraction based on full FTE annual salary (e.g., 9/10 B)
  - b) the Annual Salary and Dept Annual Salary entries are the same amount and the pay base (fraction) must match each
  - c) If a second action is necessary to increase the paid effort to full-time for the same period (for other duties), the appropriate action type is Renew-ADD MONTHS (use respective part-time annual salary and fraction), not Perc/Base Conv
3. When a college policy allows, and a department uses a **set rate for teaching as a flat rate** (e.g., a standard rate for all who teach summer session in the department)
  - a. the Dept Annual Salary will be less than the Annual Salary and no fraction is used (the Annual Salary and pay base/fraction should still match, but the Dept Annual Salary does not need to match)
  - b. the Special Conditions field must state “Flat rate for teaching” (if this comment is not included in Special Conditions on the EPA, the EPA will be rejected)
4. Dates paid should approximate, to the extent possible, the teaching dates
5. Wait to process EPAs for July and August until the FY13 salary is known (exception is for summer teaching at the flat rate)

IOWA STATE UNIVERSITY

Office of Executive Vice President and Provost

# **Summer Salary and B-base Faculty / Effort Reporting and Certification Policy**

Grant Coordinator Meeting

May 17, 2012

# What is Effort Reporting?

- Verify labor charges and cost share efforts to federal sourced sponsored projects
  - Direct funding from federal government
  - Federal flow through
- Verify labor charges and cost share for state sponsored projects
- Verify cost share for non-federal sponsored projects
- Required by federal government

# WHY the Change in Policy?

*(Policy effective date - February 2011)*

- Ensure compliance with OMB Circular A-21 (2 CFR Part 220)
- In response to an Internal Audit Report (2009)
- As a result of high-profile audits by the Office of Inspector General (OIG)

- Effort Reporting and Certification **Policy** available at <http://policy.iastate.edu/policy/effort>
- Effort Reporting and Certification Policy **FAQ** available at <http://www.provost.iastate.edu/effort-reporting/>
- “**Requirements and Best Practices**” **PowerPoint presentation** from January 2012 Department Chairs Workshop, available at <http://www.provost.iastate.edu/office/docs/EffortReportingPresentationrevised.pdf>
- “**Best Practices**” **document** available at: <http://www.provost.iastate.edu/office/docs/EffortReportingandCertificationBestPractices20120202.pdf>



# Each college may have specific policy / guidance documents – contact your college office

- LAS: “Summer Salary Commitments for B-base Faculty from Federal Grants”
  - Provides examples with a percentage charged to federal-sourced sponsored funds and “salary savings” (general funds)
  - Encourages specific dates spent on activity
- Engineering: Policy
  - Delineates “salary savings” usage (for teaching buy-out)
  - Emphasizes “low-hanging fruit” as an easy way to limit future liability

# B-base Summer Salary

- Must reflect the actual effort incurred
- Effort devoted to federal sourced projects during academic year cannot be compensated for during summer
- 100% compensation from federal sourced sponsored projects means no activities outside of project were performed for that period
- See Appendix C of Policy for further detail and examples

# New Policy for Summer 2012: revision to Faculty Handbook 3.1.

See “Guidelines for Processing B-Base Faculty Summer Salary, Summer 2012” document

- Summer pay for teaching (new guidance about “negotiated, or flat rate pay” where colleges have specific policy)
- Change in policy: Allows up to three months (3/9ths) from general funds so long as the faculty member had no more than eight months on general funds in AY – new policy states that “Maximum of 11 months from general funds is allowed per fiscal year”
- Change in policy: Summer salary for July 1-Aug 15 is at the new (impending) year rate of pay regardless of funding source (exception is “flat rate” for teaching)

# B-base Summer EPA example #1 – HIGH risk (not advisable)

## Personnel Action - Renew Add months

Name: DOE JANE Title: ASST PROF Basis: B  
SSN: XXX-XX-XXXX Annual: 90000 Title Code: 1700  
Home Dept: 02050 E CPE 02050 E CPE

### Proposed Changes

| Fund.Acct | Start    | End      | Dept    | Monthly  | Committed |
|-----------|----------|----------|---------|----------|-----------|
| 420-20-98 | 06-01-12 | 06-30-12 | 45000   | 5000.00  | 5000.00   |
| 420-60-84 | 06-01-12 | 06-30-12 | 45000   | 5000.00  | 5000.00   |
|           |          |          | CHANGE: | 10000.00 |           |

CONTINUOUS APPOINTMENT

Citizenship Status: Citizen

# B-base Summer EPA example #2 – moderate risk

## Personnel Action - Renew Add months

Name: DOE JANE Title: ASST PROF Basis: B  
SSN: XXX-XX-XXXX Annual: 90000 Title Code: 1700  
Home Dept: 02050 E CPE 02050 E CPE

### Proposed Changes

| Fund.Acct | Start    | End      | Dept  | Monthly  | Committed |
|-----------|----------|----------|-------|----------|-----------|
| 420-20-98 | 06-11-12 | 06-22-12 | 90000 | 10000.00 | 4761.90   |
|           |          | CHANGE:  |       | 4761.90  |           |

CONTINUOUS APPOINTMENT

Citizenship Status: Citizen

# B-base Summer EPA example #3 – low risk

## Personnel Action - Renew Add months

Name: DOE JANE Title: ASST PROF Basis: B  
SSN: XXX-XX-XXXX Annual: 90000 Title Code: 1700  
Home Dept: 02050 E CPE 02050 E CPE

### Proposed Changes

| Fund.Acct | Start    | End      | Dept    | Monthly  | Committed |
|-----------|----------|----------|---------|----------|-----------|
| 420-20-98 | 06-01-12 | 06-30-12 | 45000   | 5000.00  | 5000.00   |
| 704-02-05 | 06-01-12 | 06-30-12 | 45000   | 5000.00  | 5000.00   |
|           |          |          | CHANGE: | 10000.00 |           |

CONTINUOUS APPOINTMENT

Citizenship Status: Citizen

# Your Role

- Review the policy and resources available
- Encourage faculty to plan for effort corresponding to budget estimates / payroll actions
- Talk with your department chair / dean's staff (be familiar with college guidance/policy)
- Ask faculty about any request to be paid 100% effort (as only compensated effort) on a federal-sourced grant – verify that the action is appropriate
- Process change of funding source EPAs when necessary

# QUESTIONS?