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Essential Topics for Researchers: Effort Reporting Basics

Introduction

As a recipient of Federal awards, the University of Kansas must abide by regulations at 2 CFR §200.430 (Compensation – Personal Services) which requires institutions of higher education to have adequate internal controls to (1) ensure that compensation paid to employees who work on sponsored projects is reasonable for the services rendered; (2) conform to written university policies that are consistently applied to both Federal and non-federal activities; and (3) maintain standards for documentation of those expenses.

The University uses an electronic, after-the-fact effort reporting tool (eCRT®) to provide a reasonable basis for distributing salary charges among an individual's university activities. Since effort reports are the primary documents used to support salary charges to sponsored projects, it is essential that they be based on reasonable estimates of actual effort expended on each sponsored project and that they encompass all of an individual's activities (i.e., 100% effort) at KU.

This tutorial is intended primarily for faculty and staff who work on sponsored projects and for staff who help manage such projects. It is important that everyone understands the basic principles of effort and the requirements for committing, managing, and certifying effort. A tutorial on how to use the eCRT® system to certify effort can be accessed [here](#) (*hyperlink*).

What is effort?

Effort is the relative amount of time you spend on a given activity compared with the total time you spend on all your KU professional duties. Those duties may include teaching, research, administration, service on a University committee or governance body, clinical activity, and outreach or public service.

Effort comes in two forms: activities that are allocable to sponsored projects and those that are not.

What is total university effort?

Your total university effort includes all the job duties for which you are compensated by the University. By definition, your total university effort must equal 100% – never more and never less – regardless of the number of hours worked or the percentage FTE listed on your appointment.

Effort is not based on a 40-hour work week. This is the most common misconception about effort. Regardless of the appointment percentage or actual number of hours worked per week, 100% effort equals all of your KU activities. The number of hours implicit in an individual's 100% effort must be reasonable and supportable to both internal and external auditors.

Examples:

1. If you have a half-time position, your 100% effort corresponds to everything you do for that job. For you, 0.5 FTE = 100% effort.
2. If you are a faculty member who works 80 hours per week, your 100% effort corresponds to all the activities for which KU compensates you during that time. For you, 80 hours per week = 100% effort.
3. If you are a faculty member who works 60 hours per week, your 100% effort corresponds to all the activity for which KU compensates you during that time. For you, 60 hours per week = 100% effort.

What counts as KU effort?

Because you must certify 100% of your University effort, it's important to know what counts as effort and what does not. The general rule is that your University effort includes all the professional activities for which you are compensated by the University.

The following activities count as university effort:

- Externally sponsored research, including all activities that the Federal government recognizes as allocable to sponsored projects. (*see below*)
- Departmental and University research/scholarship that is not funded by an outside sponsor
- Instruction and University-supported academic effort, including classroom teaching, teaching preparation time, and mentored teaching.
- Administration, including a role as department chair, center or institute director, program director, associate dean, dean.
- Service on institutional committees such as the Institutional Animal Care and Use Committee (IACUC) and governance bodies
- Effort expended on preparing proposals for new or continuing sponsored projects
- Activities related to pursuing intellectual property
- Public service activities that relate directly to University professional duties
- Outreach activities that relate directly to University professional duties
- Paid absences, including vacation time and sick leave

What is excluded from KU effort?

If you receive compensation for an activity from someone other than KU, that activity is **not** part of your university effort. Examples include:

- Consulting outside of KU
- Advisory activities for research sponsors, such as service on an NIH study section, NSF peer review panel, whether or not you are compensated in any way.
- Peer review of manuscripts, regardless of whether or not you are compensated
- Leadership in professional societies
- Volunteer community or public service not directly related to university effort
- Lectures or presentations for which you are compensated by a source other than KU
- Activities over and above or separate from your assigned duties at KU, including service as the primary editor of a journal
- Unpaid absences

What activities can be allocated to a sponsored project?

Your sponsored effort is part of your total university effort. When you certify sponsored effort, it is important to know what activities can be allocated to a sponsored project.

The basic principle is: A sponsored project can only be charged for activities that directly relate to the work (specific aims or objectives) of that project and that take place during the award period.

The following activities **can be charged** to sponsored projects:

- Directing or participating in any aspect of the work directly related to the project.
- Writing a progress report (sometimes called a continuation proposal) for the project
- Holding a meeting with laboratory/project staff to discuss the specific work being done on the project.
- Activities contributing to and intimately related to the work under the sponsored agreement, including:
 - Participating in seminars directly related to the subject matter of the project
 - Consulting with colleagues about specific aspects of the project
 - Delivering special lectures about specific aspects of the project
 - Attending a scientific or scholarly conference held by an outside professional society to present results of the sponsored project
 - Reading scientific or scholarly journals to keep up to date with the latest developments in one's field related to the project
 - Mentoring graduate students on the specific research they are performing for the project. (Note: general mentoring of graduate students does not count.)
- Making an invention disclosure, and some other activities related to pursuing intellectual property – as long as it relates directly to the project and that effort occurs within the project award period.

What activities cannot be allocated to sponsored projects?

The following cannot be allocated to a sponsored project because they do not relate directly to the work of the project:

- Instruction, including classroom teaching, preparation, course or curriculum development
- Proposal preparation including:
 - Conducting experiments to generate preliminary data to support the proposal
 - Writing, editing, reviewing a proposal
 - Actions to submit a proposal to a sponsor
- Administration, including service as a department chair, institute/center director, associate dean, dean, etc.
- Clinical activities, except direct patient care for an IRB-approved sponsored research project
- Service on institutional committees (e.g., IACUC, IBS), search committee, or other similar work.
- Writing textbook chapters or a monograph
- Fundraising
- Lobbying
- Serving as the primary editor of a journal

- Peer review of manuscripts whether or not compensation is received
- Advisory activities for sponsors, such as service on an NIH study section or NSF review panel.

If you have questions about whether a given activity you perform can be allocated to a sponsored project, please contact the Office of the Vice Chancellor for Research.

Are there activities that are too small to count?

Activities that you do on an infrequent or irregular basis are sometimes so small that they cannot and should not be accounted for in your effort report. In general, any activity that amounts to less than one percent (1%) of your total KU effort is considered *de minimis* and should not be counted in a separate category of effort

Examples include: serving on an *ad hoc* committee with a limited scope that meets infrequently, signing up for parking, and submitting a travel expense report.

Activities such as proposal writing and regular, well-defined administrative or service assignments (e.g., department chair) do not qualify as *de minimis* effort.

Can some KU activities be characterized as “unfunded,” “volunteer,” or “weekend/holiday” work?

In a word: no. Federal regulations require that activities closely associated with your KU job duties or professional responsibilities *must* be reported as KU effort. Some of these activities include teaching, university administrative duties, proposal writing, and effort allocated to research/scholarship whether funded or not.

Effort commitment

An effort commitment is a contractual obligation to devote labor to a sponsored project. The sponsor may pay for all, some, or none of this committed labor. *Paid effort* is effort for which the sponsor pays. *Cost-shared effort* is effort for which KU or a third party pays. A cost sharing commitment is created whenever an effort commitment is made without requesting that the corresponding salary and fringe benefits be paid by the sponsor.

What statements in a proposal form the basis for effort commitments?

Requests for salary support and statements about cost-shared effort in the budget or budget justification become binding commitments when KU and the sponsor finalize the award agreement.

When effort is proposed in the project narrative or research plan is specific and quantified, it also becomes a binding commitment when KU and the sponsor finalize the award agreement.

Example: “Professor Jones will devote 20% of his time during the academic year to this project.”

Even if Professor Jones is not mentioned in the budget or budget justification, this statement represents a specific, quantifiable commitment to the sponsoring agency. Note that if 20% of Professor Jones’ salary is not requested in the budget, his effort will be classified as voluntary committed cost sharing.

In contrast, if a general statement is made in the project narrative that “Professor Jones will provide some assistance as needed for data analysis” it does not become a binding commitment.

Are there limits to my committed effort on sponsored projects?

Yes. No one can have effort commitments on sponsored projects that total more than 100%.

Furthermore, your commitments on sponsored projects can total 100% only if you have no university duties other than to work on sponsored projects. It is not against Federal regulation for researchers to be paid 100% from sponsored projects. But in that case, they cannot engage in any other university activity. That means they cannot participate in preparing proposals for submission to sponsors.

Your allocation of effort to sponsored projects must be reasonable in light of your non-sponsored university activities. If you have other university duties such as teaching or administration, you may not have your total university effort devoted to sponsored projects. Your effort report needs to account for actual administrative, teaching, clinical, and/or outreach/public service activities as part of total university effort.

Example: If you certify that your effort on sponsored projects totals 95%, that leaves only 5% effort for all other university activities. If you are teaching two classes that each meets for three hours per week, classroom time alone equals six hours per week. For that teaching time to equal 5% or less of your total effort, your work week would need to total 120 hours. Because there are 168 hours in a week, that would leave you with only 48 hours over seven days for all other life activities like eating and sleeping. In such an extreme case, you would need to be prepared to document your claim of a 120-hour work week. *Hint:* Most auditors would not consider this “reasonable.”

Is there a minimum effort that must be committed by a principal investigator?

Yes. The Federal government requires the principal investigator to commit sufficient effort to most sponsored projects to assume oversight of financial, scientific, and compliance aspects of a project. Fulfilling those responsibilities takes time. KU requires a minimum of 1% committed effort on each project.

This requirement does not apply to equipment and instrumentation grants, doctoral dissertation grants, or to certain grant supplements.

What is effort reporting?

Effort reporting is the method used to assure a sponsor that (a) you did, in fact, devote effort to the project at a level that corresponds with how you were paid from the project; and (b) that you have met any commitment of effort to the project for which your salary and benefits were cost-shared. *Note:* The terms *effort reporting* and *effort certification* can be used interchangeably.

Said another way, effort reporting is the process by which the salary charged to a sponsored project is reviewed after-the-fact to assure that the salary charged was reasonable in relation to the effort expended on that project.

Your task is to make sure that the effort report shows a correct distribution of your effort. This requires a good understanding of several things including: cost-shared effort; commitments of effort to sponsored projects; and how to classify the things you do, so you can sort them into buckets for the purpose of determining your distribution of effort among the various professional activities at KU.

The federal government requires that salary charges are consistent with the actual effort in order to ensure that a sponsor is only charged for the amount of effort that directly benefited the sponsored project.

Who is subject to effort reporting?

Each individual who commits effort to a sponsored project, whether paid or unpaid from the project, is subject to effort reporting.

Who can certify an effort report?

The implementation of eCRT® was accompanied by a significant policy change. Each individual who files an effort report must sign her/his own effort report. This allows greater internal control of effort reporting at KU and makes it less likely that inaccurate effort reports are filed.

The only exception to this policy is that the principal investigator of a sponsored project can certify the effort of part-time graduate students (e.g., graduate research assistants).

Why should I care about effort certification?

Effort certification at universities is the #1 target area for federal auditors. Many universities have paid millions of dollars in fines for not getting effort certification right.

When you sign your effort report you are attesting to the accuracy of the effort spent on sponsored projects. Material inaccuracies in an effort report can result in the misallocation of costs to sponsored projects. An improper allocation of costs on sponsored projects uncovered by internal or external auditors may result in substantial restrictions on ongoing research and may affect both the University and the individual.

How closely do I need to account for my effort?

The good news is that effort reporting is not an exact science. You do not need a precise accounting of your time worked to the hour or minute. The Federal government and other sponsors recognize that research, teaching, service, and administration are often inextricably intermingled during a typical academic workweek.

Exempt employees (faculty and most research staff) do not complete time sheets. So, it would be impossible for you to say with absolute certainty that a specific effort commitment was met exactly. The Federal government expects only reasonable estimates of effort and allows for an acceptable variance between the *actual effort* for a sponsored project and the effort as *certified* on the effort report. And, in fact, certifying

effort this way is not only permissible, but the recommended practice. At KU, this variance is defined as *five percentage points out of your 100% total KU effort*.

Example: Suppose your commitment to a sponsored project is 50% of your total KU effort. And for a given effort period, 50% of your salary was charged to that project. Your effort report will reflect this. Therefore, it is permissible to certify 50% effort for this project, *if your reasonable estimate* of your actual effort is between 45% and 55% of your total KU effort.

Note: This acceptable variance does not apply if you are paid 100% from a sponsored project. The five percent rule does not allow you to create “headroom” for your non-sponsored activities.

A certified effort report is your best reasonable estimate of how you expended your effort on sponsored projects. Although everyone acknowledges that an estimate may be slightly off (up to 5%), this is entirely different from knowingly misrepresenting non-sponsored activities as sponsored effort.

How do I determine my effort distribution?

Before certifying your effort, you should review and make a reasonable determination of your effort for the reporting period. The steps to do this are:

1. Consider all of your KU activities for the period of performance
2. Determine which activities are allocable to sponsored projects on which you work, and which are not. (see above)
3. Group your sponsored activities by project
4. For each sponsored project, determine what percent of your total KU effort *for the reporting period* you devoted to the project. Because you will twice yearly, the calculation is:
(actual effort level) X (fraction of the 6-month period during which effort was devoted)
5. For your non-sponsored activities, determine what percent of your total KU effort *for the reporting period* you devoted to them in aggregate. There is no need to break down non-sponsored activities by each source of funding.

Remember that effort reporting is not an exact science, and you are not required or expected to come up with precise numbers. Reasonable estimates are expected. The goal is to be able to explain your activities and so confirm, if asked, that your work justifies the salary charges and meets your effort commitments (both paid and cost-shared) to sponsors.

What if I put in extra effort on a project?

Perhaps you have spent more time working on a sponsored project than you were paid to spend. Or you have put in extra effort over and above a cost shared commitment. This is called *voluntary uncommitted cost sharing*. Any extra effort, over and above what is stated in the sponsor’s notice of award, is *not required* to be documented, tracked, or audited. You should not include it in the effort you certify for a sponsored project.

How should I manage my effort while working on sponsored projects?

This section focuses on the interplay between your effort commitments, your actual effort, and your salary charges during your work on a sponsored project. While this information is primarily intended for principal investigators, the principals are important for anyone with effort committed on a sponsored project. There are six key principles:

1. You are required to fulfill your effort commitment for each sponsored project budget period.
2. During a sponsored project budget period, your actual level of effort may vary.
3. Except for short-term fluctuations, your salary charges must be consistent with your actual effort.
4. If you need to change your effort commitment, you must *always* document the change and in some circumstances, you must obtain *prior written approval* from the sponsor.
5. If you maintain your commitment level and your actual effort, but reduce your salary charges to the project, you must document this as an increase in your cost-shared effort.
6. If you receive an award from a sponsor and the budget is significantly less than you proposed, you must decide how you will conduct the project and then confirm this with the sponsor – because the sponsor *does not assume* a proportional reduction of an effort commitment.

KU Research staff can assist you with making necessary changes, especially if it involves contacting the sponsor.

How should I deal with effort variations within a sponsored project budget period?

During the course of a sponsored project budget period, your level of actual effort may vary. This is acceptable, as long as you fulfill the overall commitment for the entire budget period.

Example: If you have committed 30% of your total KU effort to a project during the calendar year budget period, one way you could fulfill that commitment would be to expend: 40% effort during the first six months of the year, and 20% effort during the last six months of the year.

When does a variation in effort require an adjustment to the salary charges?

You must charge salary (and benefits) and certify your effort in a manner that is consistent with how you actually devote effort to the project. In the example above, where you work 40% in the first six months and 20% in the last six months, it would *not* be acceptable to:

1. Charge salary at a constant 30% rate for the entire budget period, or
2. Certify effort at a constant 30% rate for both of the six-month effort reporting periods.

However, short-term fluctuations of two months are less acceptable. This would be an effort deficit of not more than two months, provided that the catch-up occurs within a comparable period and it all evens out over the calendar budget year.

When does a change in effort require prior approval of the sponsor?

The rules depend on the type of change and your role in the project. First, the Federal government defines a *significant change in work activity* as:

- A 25 percent change (or greater) proportional reduction in the level of committed effort
- An absence from the project of three months or more
- A withdrawal from the project

For a principal investigator, co-investigator, or any key personnel as listed in the Notice of Grant Award:

- A significant change in work activity requires prior approval *in writing* from the sponsor’s Grants Officer (or grants management officer). It is *not* okay to just communicate the change to the Program Officer.
- Any other change in your level of committed effort must be documented and communicated to the sponsor.

Example: Your committed effort on a project is 40% and you want to reduce it to 30%. The drop is 25% of your original effort commitment, so it requires prior written approval from the sponsor.

For a key person listed within the proposal, but who is *not* listed on the Notice of Award, any change in your level of committed effort must be documented.

For individuals who are not key personnel, commitments are not recognized and changes to effort levels need not be documented or communicated to the sponsor.

How should I change salary charged to a sponsored project?

Principal investigators generally have some flexibility in managing their sponsored project budgets, including their salary charges for project staff. However, this rebudgeting authority does *not* confer the right to: make significant changes in work activity without prior written approval from the sponsor, or make changes in effort commitments for key personnel without documenting the changes.

Furthermore, if you reduce a person’s salary charges without changing the effort commitment, you have created a voluntary cost-sharing commitment that must be documented and tracked.

Taken together, the rules regarding changes to salary charges and commitment levels are somewhat complex. They are summarized below, although you don’t need to memorize them; help will always be given at KU Research to those who ask!

For a principal investigator, co-investigator, or other key personnel:

If you want to:	Then you must:
Reduce the salary charges without changing the effort commitment	Document as voluntary committed cost sharing the effort for which the sponsor does not provide salary support. <i>Note:</i> voluntary committed cost sharing requires prior approval by the Vice Chancellor for Research

Reduce both the salary charges and the effort commitment by less than 25% of the original committed level	Document the change to the commitment level
Reduce both the salary charges and the effort commitment <i>for a key person</i> as listed in the notice of award by 25% or more of the original commitment level.	Obtain <i>written</i> approval from the sponsor <i>prior to the change</i> , and document the change to the comment level once approved.
Reduce both the salary charges and the effort commitment for a key person listed in the proposal but not in the notice of award by 25% or more of the original commitment level.	Document the change to the commitment level.
Reduce the salary charges without changing the effort commitment for a project staff member who is <i>not</i> an investigator or key person.	Document as cost sharing the effort for which the sponsor will not provide salary support
Reduce the salary charges and the effort commitment by commensurate amounts for a project staff member who is <i>not</i> an investigator or key person	No documentation, notification, or approval is required.

What should I do if the awarded project budget is less than the proposed budget?

If you receive an award from a sponsor and the budget is less than you proposed, you cannot assume that your effort commitments are automatically reduced by a proportionate amount. You may need to confirm the effort commitments and the arrangements for salary support with the sponsor.

You have three options:

1. Reduce the effort commitments in proportion to the budget reduction. With a budget reduction of 25% or more, you must obtain prior written approval from the sponsor. A reduction of that magnitude (10% or greater on an NSF award) generally indicates a project scope reduction, so a proportionate reduction of effort commitments would be appropriate.
2. Keep the proposed effort commitments and salary arrangements, and reduce expenditures in non-salary budget categories. This approach assumes that you can still accomplish the project objectives with the reduced budget.
3. Keep the proposed effort commitments, but reduce the salary charges. This increases the University’s voluntary committed cost sharing for the project. This must be explicitly approved in accordance with cost sharing guidelines (insert hyperlink). Note that voluntary committed cost sharing is prohibited by NSF policy.
4. If the award amount varies by more than 10%, Pre-award Services will help you revise your budget.

What impact does a no-cost extension have on effort commitments?

The terms and conditions of your award apply throughout the project period, including a no-cost extension period. This includes the effort commitment of the principal investigator. At the same time, Federal agencies realize that the principal investigator effort may be reduced during no-cost extensions as the project is winding down, or when data analysis requires additional time.

While this is not considered a change in scope, it is in the best interests of KU and the principal investigator to notify the sponsor of this decrease in effort to avoid discrepancies with current and pending support statements, effort reporting, or issues research/project scope overlap.