

Eastern Illinois University

Policy on Effort Reporting

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1. Definition of Effort

Effort is the proportion of time spent on professional activities such as research, teaching, or administration for which an individual is employed by Eastern Illinois University. Effort does not include activities such as consulting that are conducted outside the terms of employment at Eastern.

2. Definition of Effort Reporting

Effort reporting is a method of documenting the proportion of work time devoted to professional activities as a percentage of total professional activity. It is important to note that effort is not calculated on a 40-hour workweek. If an individual works 80 hours in a week, 40 hours represents 50% effort.

The fundamental principle of calculating an effort distribution is that an individual's effort on a particular project must be reported as a percentage of his/her total effort for the institution ("total institutional effort") during the relevant time frame. This percentage is derived from a fraction where the numerator is the researcher's time spent on the project. The denominator must encompass both sponsored activities and all other activities and must "reasonably reflect the activity for which the employee is compensated by the institution." This means that all of the researcher's effort in teaching, research, service, and administrative activities must be included in the denominator. Sponsored research projects, scholarly activities, mentoring graduate students, and service on committees or panels are all part of an employee's "total institutional effort," and time spent on these activities must be included in accurate effort reports. On the other hand, separately compensated outside consulting and other outside professional activities should not be included when assessing "total institutional effort."

Payroll distributions and effort distributions are not the same thing. Payroll distributions describe the allocation of an individual salary, while effort distributions describe the allocation of an individual's activity to individual projects "independent of salary".

Eastern's effort reporting process relies on payroll distributions to provide a general reminder of the projects on which an individual's salary was charged during the certification period. Individuals completing effort reports are required to identify other areas where they provided effort with no salary support and to ultimately report the

appropriate distribution of effort over all activities. Time spent on grants or contracts must be documented, regardless of whether the sponsor pays for the time or the cost is shared by Eastern.

3. Importance of Effort Reporting

As a recipient of external funding, Eastern must assure federal and other sponsors that the assignment of effort and associated salary and fringe benefit costs to projects they sponsor is fair, consistent, and timely. Award of a grant or contract is based on commitments made by the principal investigator (PI), co-investigators, and associates to spend specific amounts of time on the project. The sponsor (government or other) considers this commitment a legal obligation. Failure to abide by this commitment or document the committed effort could be viewed as a failure to perform under the terms and conditions of the agreement with the granting agency.

The Federal requirement for effort certification is detailed by OMB Circular A-21, Cost Principles for Educational Institutions. Section J8a of this circular states that compensation for personal services is allowable under two conditions: (1) The “total compensation to individual employees conforms to the established policies of the institution, consistently applied...” (2) Any “charges for work performed directly on sponsored agreements and for other work allocable as facilities and administrative (F&A) costs are determined and supported” by an effort reporting system. Hence, an effort reporting system is required for anyone who receives compensation with federal funds . In order to meet the Federal standard of consistency (like costs treated the same in like circumstances) – all sponsored agreements are subject to effort reporting regardless of source of funds.

4. Effort Certification Form

The *Effort Certification Form* is the document Eastern uses to officially confirm the effort devoted to externally sponsored projects. Signed Effort Certification Forms are considered legal documents in which an individual attests to the accuracy of the effort spent on sponsored projects. Material inaccuracies in Effort Certification Forms can result in the misallocation of costs to sponsored projects. An improper allocation of costs reported by internal, external or federal auditors may result in disallowance of the costs. In such cases, the federal government may declare the contract or grant void and seek recovery of those salaries, wages and (possibly) other costs from Eastern.

5. Who is subject to Effort Reporting?

Any employee that has regular or additional salary charged to a federal, federal flow-through, or non-federal sponsored award is subject to effort reporting. Non-exempt staff paid via sponsored grant or contract funds will receive a monthly "Compensated Activity Report" or "Activity Record" along with a copy of their bi-monthly payroll certification with a special notation reflecting compliance with A-21. The special notation on these reports will read as follows: I confirm that I have first hand knowledge of all the work performed by the above employee(s) and that the above distribution of activities represents a reasonable estimate of work performed for the period indicated. The signature of the supervisor and/or individual who has first hand knowledge of the effort performed on the sponsored project along with their title and the date is required. These reports are to be certified by signature of the fiscal officer of the grant and by the employee(s) receiving compensation from the grant/contract.

6. Definition of 100% effort

The total amount of effort expended to accomplish the professional activities of Eastern faculty, staff, and students regardless of the actual number of hours expended on those activities. This normally includes all effort expended on Eastern-compensated sponsored research, administration, teaching, unsponsored scholarly activity. One hundred per cent effort is not defined as a single, standard number of hours or days per week, since it will likely be different for each person and may vary during the year. The number of hours implicit in an individual's 100% effort must be reasonable and supportable to department, school, university and external reviewers.

Some common potential misunderstandings of effort reporting should be avoided. Total institutional effort for an individual cannot exceed 100%. A 40-hour week has no application to effort reporting. For example, an individual who spends 40 hours a week on teaching and 40 hours a week on research should report an effort percentage of 50 percent for each category, totaling 100 percent for the report period. By the same reasoning, a researcher is improperly reporting effort if he or she reports 50% effort on a project after having spent 20 hours per week on the project out of a 60-hour work week. Another researcher who has spent many hours mentoring a promising graduate student may fall into the error of thinking "I do that on my own time." These latter two examples illustrate failure to measure effort on a federally sponsored project against "total institutional effort." Other researchers may argue that "everyone does it this way" or that "no one takes these reports seriously." These rationalizations are not likely to withstand scrutiny in a federal audit or a claim under the False Claims Act.

7. Can the total effort listed on the Effort Certification Form be less than or greater than 100%?

No. The effort percentages on the Effort Certification Form must total 100% - neither more or less. All Eastern compensated effort must be accounted for; and obviously the sum of the individual effort categories cannot be greater than 100%. Again, the fact that an individual may work more than a normal 35- or 40-hour week does not alter this rule.

8. Are there some sponsored projects for which I can report 0% effort?

Individuals are expected to commit some level of effort (>0%) on sponsored projects on which they are listed as a principal investigator or key personnel with the exception of equipment and instrumentation grants.

9. Who should sign the Effort Certification Form?

To ensure that the effort reporting system reasonably reflects actual effort expended in the various categories during the report period, the person completing the Effort Certification Form must be a person with first-hand knowledge of the effort expended. In general, this is the individual whose effort is being reported. Therefore, at Eastern the individual named on the Effort Certification Form should sign/certify his or her effort. The principal investigator will also certify the effort of co-investigators, other faculty or professional staff, and other personnel (e.g., graduate students or research assistants) whose effort is devoted to the sponsored project.

10. How often are Effort Certification Forms completed?

Professorial employees file an Effort Certification Form three times per year—at the end of the fall semester, the spring semester, and the summer (in which all summer terms are considered one semester). Forms are distributed after the conclusion of the semester for which reporting is required. The response deadline is 2 weeks after distribution of the report. Failure to return an Effort Certification Form in a timely manner may result in suspension of a grant account.

Professional employees file an Effort Certification Form at least three times per year (on the same schedule used by Professorial employees). Employees may file an Effort Certification Form more frequently provided that the following conditions are met: (1) All employees in a given unit report consistently at the same interval. (2) More frequent reporting is consistent with the nature of the work done by the employees.

Non-exempt staff paid via sponsored grant or contract funds will receive a monthly Effort Certification Form.

11. What if my effort on an externally sponsored project changes?

Principal investigators are required to review, modify as necessary, and certify that the effort percentages for themselves and their key personnel are reasonable estimates of the actual work performed. Federal guidelines and Eastern policy recognize that the activities that constitute effort are often difficult to separate. Effort certification must often rely on a reasonable estimate of effort, and when estimating, a degree of tolerance of $\pm 5\%$ is appropriate. However, a change in effort noted on the effort certification form (regardless of how small the change is) must always be accompanied by a change in the payroll or cost sharing.

Any significant increase or decrease to level of effort should be addressed. Those increases or decreases would clearly have an impact on the scope of work of the project. In those instances the funding agency should receive prior notification of significant change in effort w/justification and may require agency approval before effort is changed.

12. Retroactive Changes to Effort Report Forms

Certified effort forms assert that the information represented is to the best of the certifier's knowledge, accurate and complete. Changes to previously certified effort erode the credibility of the certifier as well as the entire effort certification process. For these reasons, retroactive changes to a certified effort form are not allowed except in limited circumstances, which require extensive documentation as to why the effort was originally certified incorrectly.

Retroactive changes in distribution may be warranted in the following exceptional situations:

- When necessary to correct clerical and data entry errors.
- When subsequent information is received indicating an incorrect original entry
- When charges applicable to a continuing project have been charged to the old account number because the new account number was not established when the expense was incurred.
- When a sponsor specifically authorizes in writing the charge of pre-award costs to a new project.
- When closely related work is supported by more than one funding source, costs may be transferred from the originally charged account to another account, provided the cost is a proper and allowable charge to the receiving account and the inter-relationship between the accounts is fully explained in the request. If an over-expenditure is being transferred to another project, especially strong supporting evidence is required for approval.

The following retroactive changes and transfers will not be approved:

- When insufficient reasons and explanation are provided.
- When the change is merely for the purpose of utilizing unexpended funds of a sponsored project.
- When the change is to circumvent award restrictions or avoid a cost overrun by charging another, unrelated project.
- When a change unrelated to a sponsored project applies to a closed fiscal year

Any request for a retroactive adjustment requires a Letter of Justification (LOJ) that clearly sets forth why previous effort was erroneously certified and why the requested change is appropriate within the context of federal requirements and/or university policy. Letters of Justification are submitted to the Director of Grants and Research.

13. Reporting Cost Sharing of Effort

The Effort Certification Form requires that effort expended on an activity be reported, whether or not that activity is funded by an outside source. For example, if a faculty member expends effort on a sponsored research project but does not charge the project for all (or any) of his or her salary for that effort, the entire effort must still be allocated to that project. Any and all matching, in the form of salaries and wages, that is proposed to an agency on the budget or in the proposal narrative, must be documented on the Effort Certification Form. Unfunded effort must be recorded in the cost-sharing column next to the listing of the specific sponsored research project on the Effort Certification Form. As an example, if a faculty member expends 75% of his or her total effort on a sponsored project, but the sponsor is charged for only 50% of his or her salary, the 50% is entered on the Effort Certification Form in the column marked "Payroll" and the 25% is entered in the column marked "Cost-sharing". It is important to understand that this rule applies only to effort specifically expended on a sponsored project. A full description of Eastern's cost sharing policy is found in a separate document.

14. Responsibility for Generation and Retention of Records

The Payroll department generates Effort Certification Forms complete with effort distributions and salary distributions that are stored in the payroll system.

The Office of Grants and Research is responsible for distributing Effort Certification Forms, retaining original signed/certified Effort Certification Forms (either hardcopy or electronically signed versions), based on federal record retention guidelines. The Office of Grants and Research is responsible for returning to Payroll a copy of any Effort Certification Form which indicates that a retroactive salary adjustment is necessary.

The Payroll department is responsible for making any retroactive salary adjustments.

The Office of Grants and Research strongly recommends that departments retain copies of signed/certified Effort Certification Forms for a period of three years from the close-out of the project.

15. Supporting evidence for the Effort Certification Form

Examples of documents that could support the Effort Certification Form include the semiannual faculty activity summary, personal schedule, or workload document. These supporting documents should be kept for a period of three years from the close-out of the project (i.e., for as long as the Effort Certification Form is kept).