

University of Illinois at Chicago Effort Reporting Policies

As a recipient of sponsored funds, the University must assure Federal and other sponsors that the assignment of time and associated salary and fringe benefit costs to the projects they sponsor is reasonable in relationship to the work performed, and that commitments to sponsors have been met. The University's effort reporting policies are the means by which this responsibility is fulfilled. Inadequate effort reporting or failure to comply with these policies and requirements can lead to financial penalties, expenditure disallowances, loss of funding, and harm to the University's reputation.

Purpose: The purpose of this document is to provide guidance to faculty and staff on key policies governing the University of Illinois at Chicago's effort reporting system. Effort reporting encompasses many processes, including calculating and committing effort in proposals, charging and cost sharing salary expenses for effort, and certifying effort to support commitments and salary charges.

Federal regulations provide a basic regulatory framework for effort reporting (e.g., Office of Management and Budget (OMB) Circular A-21 and other publications such as the Department of Health and Human Services Public Health Services Grants Policy). The UIC policies build upon this regulatory framework to promote the successful management of effort, while recognizing the complexities and ambiguities of effort reporting and the challenges of federal compliance.

These policies, and the procedures, electronic forms, data and systems used in effort reporting will continue to be evaluated for opportunities to improve their effectiveness.

Campus Policies on Faculty and Faculty Administrative Appointments

1. Policy: Differential rates of pay for an individual's Research Appointment are not allowable.

According to OMB Circular A-21 (Cost Principles for Educational Institutions), Section J.10. (Compensation for Personal Services) specifically outlines that "...in an academic setting, teaching, research, administration, and service are often inextricably intermingled."

In general, effort and dollars are accounted for in the faculty member's principal academic role (e.g. assistant professor, associate professor, etc.). However, separate research appointments (e.g. research scientist, senior research scientist, etc.) are allowable but the effort (percent time) and dollars must be equivalent and not at differential rates of pay. NOTE: The use of

Departmental, Center, or Institute Affiliate is acceptable based on current policy related to use of “affiliate.”

2. Policy: Administrative stipends may be paid to faculty who assume additional administrative responsibilities. The associated effort and pay will be included in the time and effort reporting system.

Administrative stipends (at zero FTE) are an internal processing mechanism used to distinguish and maintain a faculty member’s base professorial salary as separate from any administrative salary and to reflect the increased level of responsibility assigned to the administrative appointment. This process is consistent with the University’s Administrative Salary Policy (http://www.vpaa.uillinois.edu/Policies/admin_salary.cfm).

These stipends are reflected on the Notification of Appointment (NOA) and are payments for services rendered. Therefore, all services resulting in an assignment of an administrative stipend must be included at the time of effort reporting.

Campus Policies on Calculation of Institutional Base Salary (IBS)

IBS is the annual compensation paid by the University for an employee’s appointment, and it reflects the individual’s total professional effort at the university (including research, teaching, patient care, and other activities). IBS excludes any income that an individual earns outside of their duties for the University.

The IBS is used to propose and charge salary to sponsored projects, and per federal regulations, IBS must be a guaranteed amount provided to an individual for the year. That means that IBS cannot fluctuate solely based on changes in funding or activities.

3. Policy: The Notice of Appointment (NOA) is the official record of an individual’s IBS.

For individuals with a 12-month appointment, the total salary detailed on the NOA is equal to the individual’s IBS, regardless of funding source, FTE, or related responsibilities. For individuals with appointments that are less than 12-months, the total salary detailed on the NOA must be adjusted for the period of service when calculating, proposing and charging IBS.

4. Policy: Compensation (including clinical and incentive compensation) must meet all of the following criteria to be included in an individual’s IBS:

- ***The compensation must be paid through the university***
- ***The compensation must be guaranteed by the university***
- ***The compensation must be shown on the NOA***
- ***The effort related to the compensation must be certified on the individual’s effort report***

Administrative stipends, incentive compensation, or other compensation that appear on the NOA, must be included in IBS, even if the position is recorded with 0.0 FTE. Administrative stipends, incentive compensation, or other compensation that do not appear on the NOA (such as the following) must be excluded from IBS and cannot be charged to sponsored projects nor included in effort reporting:

- Internal payments for non-recurring activities including lump sum and overcompensation payments
- External payments for VA appointments
- External pay for non-institutional work (such as consulting payments)

Several colleges have incentive payment programs that are charged to service plan funds. However, they are not included in IBS for various reasons. See **Appendix A** for examples of college incentive payment programs and why they are not used in the calculation of IBS.

5. Policy: Salary charged to a sponsored project for individuals whose appointments are less than full-time (i.e., less than 1.0 FTE) cannot exceed the rate of pay for a full-time appointment that has been reduced proportionately.

If an individual earns \$10,000 per month for a 1.0 FTE appointment, the individual should budget and charge a sponsored project \$2,500 per month for a 25% effort commitment. It would not be allowable for this person to charge more than \$2,500 per month for a 25% effort commitment.

6. Policy: For individuals whose IBS exceeds an agency's salary cap, no more than the level of effort multiplied by the salary cap may be requested or charged to the sponsor.

Salary costs above the salary cap are considered cost sharing and must be tracked at the departmental level and accounted for in the Effort Reporting System.

7. Policy: An individual's rate of pay cannot be increased solely due to the receipt of external funding.

Compensation policies must be consistently applied, irrespective of funding sources.

UIC's salary plan is published annually by the Provost. Pay increases that exceed the campus' normal salary plan must be justifiable and well documented. IBS listed in proposal budgets must be accurate and should be verified at the time of proposal submission.

8. Policy: Academic year (9-month) employees may not receive more than 2 months of summer salary support from sponsored projects without prior written approval.

A *Request for Exception to Limit on Summer Appointment* form must be completed, signed and processed for all individuals requesting more than two months of summer salary. National Science Foundation (NSF) funded projects can never be charged for more than the equivalent of

two months of salary without prior written approval from NSF, in addition to the campus approval.

9. Policy: Summer Salary must be consistent with the current academic year's rate of pay detailed in the Notification of Appointment (NOA).

For employees with 9-month appointments, the monthly rate for summer pay is equal to the total Academic Year salary divided by 9 (and adjusted, if required, for differences in FTE.) The summer salary rate must never exceed the current academic year salary rate. Summer salary is also subject to the funding agency's salary cap, if applicable, such as the National Institutes of Health's (NIH). Summer salaries in excess of an agency salary cap must be cost shared accordingly.

Salaries for summer only employees must be consistent with salaries for comparable 9-month or 12-month appointments for the same or similar positions and responsibilities.

Campus Policies on Effort Reporting

Effort refers to the time spent on all university activities (e.g., instruction, organized and departmental research, public service, administration, patient services, internal consulting, student services, auxiliaries and other institutional activities). It excludes external consulting, Veteran's Administration (VA) appointments, other non-institutional professional activities (e.g., Stroger Hospital, Fermilab), or volunteer/unfunded activities such as community service.

Individuals are expected to devote 100% of their workload to fulfilling their total professional commitment to the University, and in general, UIC considers a full workload (or 100% effort) to be no less than 40 hours and reasonably no more than 80 hours per week.

Effort reporting is the process of monitoring and validating 100% of an individual's total professional effort. It includes the time spent working on sponsored projects in which salary is directly charged or cost-shared. To receive funding, UIC must maintain an accurate system for certifying effort. The system must specifically track the percentage of effort dedicated to sponsored projects. Effort reporting serves as a way to reconcile that salaries and wages charged or cost shared to sponsored projects are consistent with the effort committed and contributed to sponsored programs.

10. Policy: Effort commitments (charged or cost shared) to sponsored projects must be certified against 100% of an individual's UIC effort. An individual's total effort commitments for all activities can never exceed 100%.

If an individual commits or reports 100% of their effort to organized research, they cannot have any other university responsibilities than the duties required by their commitment to that research. Given the required roles and responsibilities outlined in the faculty handbook (teaching,

administration, proposal preparation, etc), it would be unrealistic for any tenure track faculty member to commit or report 100% of their effort to organized research. Similarly, any faculty or staff member whose salary is 100% funded by grants cannot receive an administrative stipend. The rule is that if the salary is 100% grant funded, the individual is expected to invest 100% of their effort on the grants, and would therefore have no effort available to devote to administrative or other duties.

11. Policy: Individuals are expected to commit and expend a level of effort greater than 0% on projects in which they are listed as key personnel. Effort commitments for key personnel should:

- ***be consistent with the description of the individuals' roles on the project and be reasonable given the nature and complexity of the project***
- ***reconcile with the individuals' other current and pending responsibilities, including instruction, administration, sponsored projects, or other activities***
- ***not be inflated beyond what is reasonably required to accomplish the proposed work***
- ***be consistently reflected on the Proposal Approval Form (PAF) form and Other Support documentation in a proposal***

Individuals listed on proposals with 0% effort must not be listed as key personnel. In such cases, UIC contributors must be listed as collaborators and all external contributors must be listed as consultants.

Effort commitments are required for training program directors and personnel working on clinical trials, even though there may not be an explicit percent effort identified in the proposal documentation. Such commitments are implicit in the reimbursement negotiated with the sponsor and must be indicated in the proposal. Effort commitments generally are not required for equipment grants, doctoral dissertation grants, student augmentation grants, faculty mentors on institutional training grants, and conference grants. However, any effort commitments outlined in the award documentation must be honored.

12. Policy: Sponsors must be notified of changes to effort commitments at the time of the initial award, and during the course of the project, consistent with the individual sponsor's notification requirements.

Many sponsors have a notification threshold. For example, the NIH requires written notification of changes to effort commitments of 25% or more prior to the actual reduction in effort for Key Personnel. The National Science Foundation (NSF) also has a notification threshold of 10%. Departments must manage all changes to original effort commitments based on the regulations of the awarding agency, requirements listed on the Notice of Award or Notice of Grant Award, and other applicable policy. If there is a change in effort, the overall project must be re-evaluated, including scope of work, other effort commitments, budget allocations, and potential increases or decreases in cost sharing commitments.

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 beyond the sponsors notification threshold during the no-cost extension period, the sponsor should be notified at the time the no-cost extension is requested.

13. Policy: Principal Investigators (PIs) must certify effort for themselves and for their direct report staff. This is because PIs have the best knowledge of their own effort and the effort of the staff who report solely and directly to them.

While PI certification is not explicitly required under OMB Circular A-21, other universities' experience has shown that, in practice, the principal investigator possesses the level of knowledge required regarding actual activity.

Some grants have multiple PIs who each manage one or more funds set up under the parent grant (e.g. multiple funds set up for Program Project grants or a separate fund set up for internal allocation of funding to a Co-Investigator's department). In these cases, the "fund" PI will certify effort for themselves and for the staff paid from their fund(s). Co-Investigators, individuals who report to more than one PI, and individuals who are paid from both sponsored and non-sponsored funds will need to certify their own effort.

Business Managers and/or other designees are expected to assist with and facilitate the process of effort certification. However, Business Managers cannot certify effort for PIs or staff.

14. Policy: Departments must submit labor redistributions within 90 days from the date the original transaction posted to Banner, consistent with the university's cost transfer policy for all expenditure categories.

Labor redistributions must be supported by documentation which describes how and why the transfer is appropriate. All labor redistributions for the current effort reporting year (August 16 – August 15) must be completed by October 1st to facilitate accurate and complete effort reporting. As a result, there will be some circumstances each year where departments do not have the full 90 days to complete their required labor redistributions.

Retroactive salary adjustments are highly discouraged for periods for which effort has already been certified, and must be processed in accordance with the campus policy on exceptions.

The use of an Anticipation Fund is viewed as best practice and can minimize the volume of labor redistributions required. Salary distribution should begin on sponsored projects accounts as soon as the project is awarded, concurrent with actual project effort.

15. Policy: All PIs that hold dual, salaried Veteran's Administration (VA) appointments must complete a Memorandum of Understanding (MOU). The MOU must be updated with each significant change of the PI's role, responsibilities, or distribution of effort.

Some faculty members have a joint appointment with VA and UIC. VA pay and effort **are not** considered a part of the UIC IBS or effort. UIC faculty with VA appointments are required to disclose these appointments to their UIC home department and prepare an MOU annually and/or each time the faculty member's effort and/or appointments changes.

Individuals with an MOU who are listed in a proposal should include a copy of their MOU when the proposal is submitted to the Office of Research Services (ORS).

16. Policy: Faculty with less than 12-month appointments, who receive summer salary from sponsored projects must be prepared to certify that the effort was expended on these projects during the summer in at least the same proportion as the summer salary charged to those projects.

All employees who work during the summer and are paid from sponsored projects must certify their summer effort consistent with the policies and practices established for the regular academic year. From a sponsor's perspective, charging summer salary to one or more sponsored projects implies that a commensurate amount of effort was expended on those projects during that period.

Special care should be given to summer effort and pay for faculty members who have specific teaching and/or administrative appointments. In no instance is it appropriate to commit 100% of effort or charge 100% of salary to grants if University responsibilities (such as teaching, administration, grant preparation and other duties) have been accepted that require work and effort. If an administrative stipend is provided, the maximum effort on sponsored programs must be adjusted proportionally to account for the administrative effort.

Campus Policies on Cost Sharing

Cost sharing is the University's financial contribution toward a sponsored project. It includes all expenses related to grant or contract funds that are borne by the institution rather than by the sponsoring agency. If salary and fringe benefits were cost shared, it would mean that these costs would not be charged to the grant or contract, but to another source of funds and this would have to be documented for effort reporting, as required by federal regulations. This documentation is accomplished through the University's effort reporting system. Committed cost sharing is subject to audit under federal and other sponsor regulations, and it is the responsibility of the principal investigator to manage cost-share commitments in accordance with applicable federal regulations and UIC policies.

At UIC, "cost sharing" may be referred to in many ways (e.g., matching, donated effort, in-kind contributions). No matter what the terminology, all of these commitments are subject to the following policies on cost sharing. There are three basic categories of cost sharing:

- **Mandatory Committed Cost Sharing** is required by the sponsor and included in the proposal budget or budget justification. This type of cost sharing is a contractual commitment by the University to the agency. Since the University is contractually required to meet this cost-sharing commitment, it must be tracked and accounted for in the effort certification system.

- **Voluntary Committed Cost Sharing** is *not required by the sponsor*, but is *included in the proposal budget or budget justification anyway*. This type of cost sharing is also a contractual commitment by the University to the agency. Since the University is contractually required to meet this cost sharing commitment, it, too, must be *tracked and accounted for* in the effort certification system.
- **Voluntary Uncommitted Cost Sharing** is effort above and beyond what is committed to in the proposal. It is *not required by the sponsor* and is *not included in the proposal budget or budget justification*. This type of cost sharing is not in writing, and there is no contractual commitment by the University to the agency. Since there is not a contractual agreement, voluntary uncommitted cost sharing is *not tracked and accounted for* in the effort certification system.

Sponsors may view any suggestion of additional work on a sponsored project as a cost-share commitment, even if there is no specific amount of time, effort, or funding listed in the proposal. Therefore, including statements in a proposal such as “in addition to his committed work as the Principal Investigator, Professor Smith will also assist with ...” represent a cost-share commitment, and as such must be approved at the college level, tracked at the departmental level, and accounted for in the effort reporting system.

Please note that cost sharing commitments can also be created after awards are received if an investigator’s budgeted salary is not charged to the sponsored programs. This happens most often where personnel expenses are charged to other fund sources (e.g. state or ICR funds) rather than to the grant, usually to make those grant funds available for other research-related expenses. The cost sharing created by moving personnel expenses to non-grant fund sources must be approved at the college level, tracked at the departmental level, and accounted for in the effort reporting system.

17. Policy: Committed cost sharing must be accurately documented. For cost-shared effort, this is accomplished through the University’s effort reporting system.

The specific source of funds identified to support the cost sharing must be documented on the Proposal Approval Form (PAF) and approved by the authorized individual.

Identifying resources for cost sharing of direct costs is the responsibility of the PI. However, the PI may not utilize funds from another federal award as the source of cost sharing, unless it has been previously authorized by the sponsoring agency. Funds from non-federal awards may be used for cost sharing only when specifically allowed by the non-federal sponsor. The Campus prohibits using waived tuition remission as a source of funds for cost sharing.

18. Policy: Once funds are committed as cost sharing for a sponsored project, those same funds cannot be used to satisfy a cost share commitment on any other sponsored project.

For example, if a department commits \$10,000 of state funded salary expenses as cost sharing on an NIH grant, that same \$10,000 of state funded salary expenses cannot also be used as cost sharing for another NIH grant.

Requests for Exceptions to Policies

With the exception to the campus policies on faculty, requests for exceptions to any of these policies must (1) include the nature of the exception and why the exception is being requested, (2) be submitted in writing and approved by the Department Head and Dean, and (3) routed to the Executive Assistant Vice President for Business and Finance (or designee) for final approval/disapproval. Individuals and departments must receive official, written notification from the Executive Assistant Vice President for Business and Finance (or designee) that their request for exception to UIC policy has been approved prior to taking any actions that are not in compliance with policy.

For exceptions to the policies on Faculty and Faculty Administrative Appointments, the same information should be forwarded to the Vice Provost for Faculty Affairs for final approval/disapproval.

Appendix A

Examples of College Incentive Programs that are Not Included in IBS

College of Medicine (MSP): The compensation is often not guaranteed. Rather, it is based on various performance measurements. The compensation is processed as lump sum payments and is reflected as 0.0 FTE appointments in Banner HR. The payments are not captured in the effort reporting system. This compensation does not meet IBS allowability criteria.

College of Dentistry (DSP): The compensation is often not guaranteed. Rather, it is based on various performance measurements. Further, the amount of the compensation may change quarterly. The compensation is processed as lump sum payments and is reflected as 0.0 FTE appointments in Banner HR. The payments are not captured in the effort reporting system. This compensation does not meet IBS allowability criteria.

School of Nursing (NSP): The compensation is often not guaranteed. Rather, it relates to internal and external services performed by individual nursing faculty. The compensation is processed as lump sum payments and is reflected as 0.0 FTE appointments in Banner HR. The payments are not captured in the effort reporting system. This compensation does not meet IBS allowability criteria.

School of Public Health (OHSI Service Plan): The compensation is often not guaranteed. Rather, it is related to services performed by individual OHSI faculty. The compensation is processed as lump sum payments and is reflected as 0.0 FTE appointments in Banner HR. The payments are not captured in the effort reporting system. This compensation does not meet IBS allowability criteria.