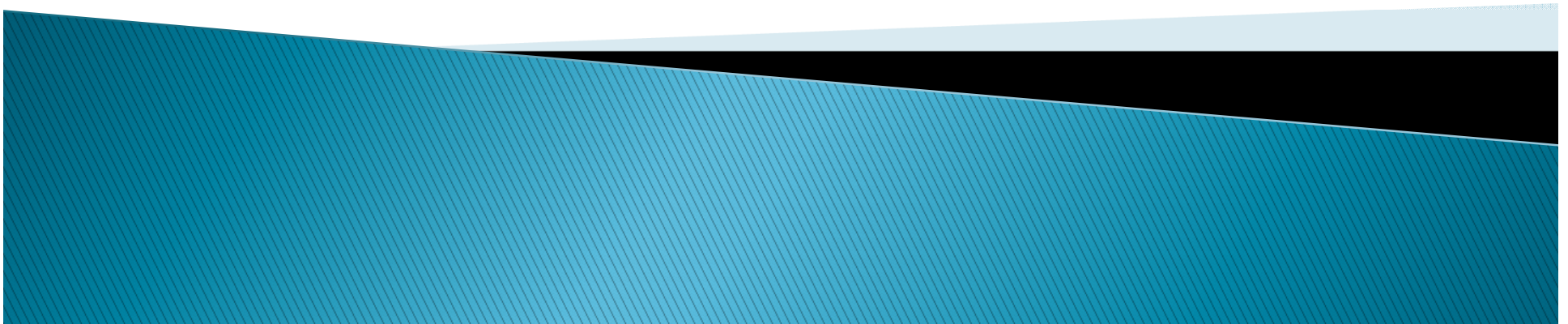


Effort Reporting and Institutional Base Salary

Glen Jones, Director, Post Award
Research and Sponsored Programs
Wright State University



Background on Effort Reporting

- ▶ Effort Reporting is a complex regulatory requirement, and is routinely a focus area for sponsor audits. The following slides will help to understand:
 - What is Effort Reporting?
 - Why is Effort Reporting Necessary?
 - What Guidelines Govern Effort Reporting?
 - Why is Effort Reporting a Hot Topic?



Background on Effort Reporting

- ▶ What is Effort Reporting?
 - Effort Reporting is a method by which an institution attests to the federal government that salaries charged to sponsored agreements or cost share activities represent a *reasonable* reflection of effort devoted to those activities.



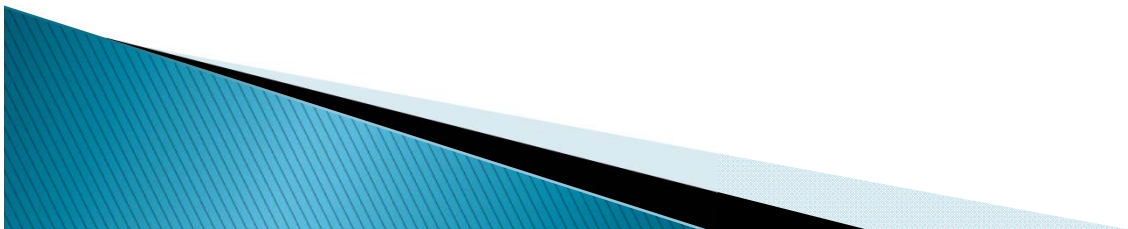
Background on Effort Reporting

- ▶ Why is Effort Reporting Necessary?
 - Effort Reporting provides assurance to the federal government that federal monies are being spent as intended with respect to payroll related costs.



Background on Effort Reporting

- ▶ What Guidelines Govern Effort Reporting?
 - Colleges and Universities: 2 CFR § 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). This replaces Office of Management and Budget (OMB) Circular A-21 - *Cost Principles for Educational Institutions* effective 12/26/2014.



Background on Effort Reporting

- ▶ Why is Effort Reporting a Hot Topic?
 - There is no precise way to measure time spent on each individual activity that comprises a faculty member's salary
 - Reliance on estimates with some degree of tolerance is understood
 - Increased emphasis on federal audits in this area by NSF and the National Institutes of Health (NIH)
 - Recent large settlements at prominent institutions



Effort Reporting Requirements

- ▶ What are the Requirements of Effort Reporting?
 - Employees' salary or wages must be accounted for using a method that will capture all activities during the period
 - Direct activities must be distinguished from other, indirect or non-sponsored, activities
 - Direct and other activities must be confirmed with an individual with first-hand knowledge or a "suitable means of verification" that the work was performed
 - Significant changes in direct and other work activities must be identified and entered into the payroll distribution system
 - The system will provide for independent evaluations to ensure effectiveness and compliance with the standards



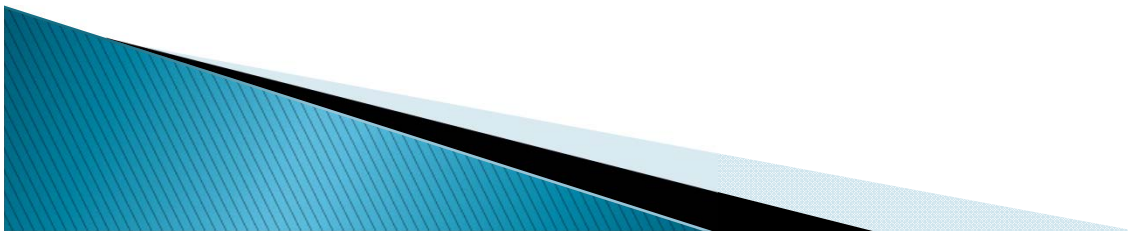
Effort Reporting Requirements

- ▶ What are the Requirements of Effort Reporting?
 - Charges for work on sponsored agreements are to be based on the faculty member's regular compensation that constitutes the *Institutional Base Salary (IBS)*
 - Charges to sponsored agreements may not exceed the proportionate share of the base salary for that period, based on the level of effort allocated
 - Proposal costs are to be treated as F&A costs



Definition–Institutional Base Salary (IBS)

- ▶ The annual compensation paid by an organization for an employee's appointment, whether that individual's time is spent on research, teaching, administrative, or other activities.



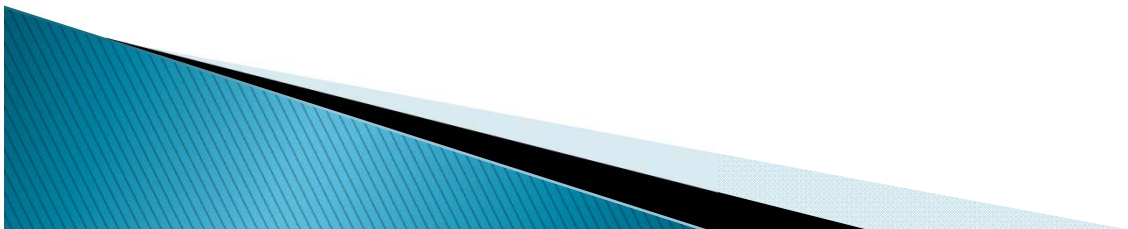
Institutional Base Salary Includes

- ▶ Full workload/IBS includes:
 - Instruction
 - Research
 - Administration, including appointments as dean, chair, and/or center director



Challenges with IBS and Effort

- ▶ Base salary and commitment/effort calculation in proposal
 - Base salary rate should be consistent between proposal and effort certification
 - Estimating base salary for multiple appointments with different contract periods?
 - Example: 9-month faculty appointment + 12-month chair appointment



Challenges with IBS and Effort

- ▶ Salary paid 9 over 12 months
 - 9-month appointment but salary is paid over 12 months
 - Expensed to non-sponsored accounts as earned over 9 months
 - Expensed to grant accounts as earned over 9 months
 - Therefore effort reporting should be based on the 9 months of the academic year
 - Summer salary rate should be based on the restated $3/9$ of the academic year salary
 - Salary for Summer salary should not exceed $1/3$ or the previous academic year's salary

