

University of Wisconsin-Madison

# **Guidelines for Effort Reporting: Proposing, Managing, and Certifying Effort Associated with Sponsored Projects**

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Office of Research and Sponsored Programs  
University of Wisconsin - Madison

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# 1. Policy Guidelines

## 1.1. Establishing professional duties

Faculty and staff of the UW-Madison are appointed by the University to perform a unified set of duties encompassing all forms of academic work, with one or more departments or centers designated as the faculty or staff member's appointment home. Specific duties are delineated at the time of initial appointment and modified as necessary by the department chair(s) and the faculty or staff member over the course of the appointment.

Faculty generally have responsibilities for such activities as non-sponsored research, instruction, administration, service or clinical activity that would preclude their devoting 100% effort to sponsored activities. Proposal preparation for new and competing renewals would also preclude faculty from devoting 100% time to research. Salary support for teaching, administration, service, clinical activity, institutional governance and proposal preparation effort must come from non-sponsored funds, except for normal scholarly activity during unpaid summer months (for those with nine month appointments) and sponsored projects specifically awarded for those purposes.

Unless otherwise indicated in the letter of appointment, the University does not specify the number of hours per week a faculty or staff member must work. There is an expectation that members of the faculty will work the hours necessary to carry out the professional responsibilities of the position.

### 1.1.1. Establishing a distribution of effort

Faculty and staff conduct research, instruction, extension, and service and seek extramural support from federal and other sources; some extramural awards include salary support for the effort expended on projects. To determine the appropriate amount of salary support, the faculty or staff member must:

- calculate the amount of effort to be expended on a project relative to total UW effort and express this effort as a percentage, and
- assign an amount of compensation associated with this activity.

The expectation of the UW-Madison is for faculty and staff to calculate their total UW effort, including teaching, research, extension, and service, and to align this activity with their compensation received from the University. For each funded project, faculty or staff calculate their projected effort on the project as a percentage of their total UW effort, multiply this percentage by their institutional base salary, and thereby determine the amount of salary support requested in a grant proposal.

Faculty and staff should apportion their effort based on the composite of all activities they perform as part of their University appointment. This will be different for each person. Service may include outreach, administration, public speaking, and other activities on behalf of the University. Each faculty or staff member must, however, have a coherent accounting of effort. Faculty and staff do so by calculating how they devote their time to each of their major activities, averaging over some period of time, usually six months, and allowing for fluctuations in duties, e.g. one-month assignments for teaching. Such calculations must be internally consistent so that, if asked, a faculty or staff member can explain to an inquirer that in a typical effort period they estimate the approximate amount of time they spend in research, in teaching, etc. and how the sum of these equals 100% of their effort.

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A faculty or staff member who has a part-time appointment should calculate effort as a percentage of their total UW effort and follow the calculation outlined above. For example, a person appointed at 70% and committing one half of their total UW effort to a research project would report 50% effort on the project and multiply 0.5 by their institutional base salary to recover salary costs on a research project. Note that effort will change and must be revised if the % appointment changes. School of Medicine and Public Health faculty may also be employed by the Middleton Veterans Administration Hospital. Such faculty are appointed by the University at less than 100% to allow for the VA appointment and should calculate effort and recover salary costs on University research projects as faculty with part time appointments do.

### 1.1.2. External consulting

UW-Madison faculty and staff engage in consulting for entities outside the University. Effort expended on such consulting is in addition to their University responsibilities and therefore should NOT be considered in calculating total UW effort. Generally, the chair (or center director) and the faculty or staff member determine what teaching, research, and other duties need to be performed to fulfill the employment commitment to the University, and the faculty or staff member may consult as long as these commitments are met. There are also federal, state, and University requirements regarding the disclosure of outside activities. In some instances, the faculty or staff member and the chair may reduce the appointment to accommodate consulting, in which case the effort calculation continues to be based on total UW effort with respect to the new appointment percentage.

### 1.1.3. Clinical activities and the distribution of effort

UWMF clinical activity is excluded from effort and compensation calculations due to the appointment practices and compensation structure for clinical faculty in the School of Medicine and Public Health. This decision allows UW effort and the UW institutional base salary to be aligned. It is acknowledged that both effort and compensation can overlap between the clinical and the academic realms; however, the language of Circular A-21(J.10.b) and the Uniform Guidance 2 CFR 200 clearly anticipates this circumstance in its statement that effort calculations can be imprecise and a degree of tolerance in calculations is acceptable. The UW-Madison guidance on determining and reporting effort provides a coherent framework to prepare proposals for extramural funding and for reporting effort thereafter.

Faculty and staff in schools and colleges other than the School of Medicine and Public Health who engage in clinical practice are not members of a separate practice corporation and therefore include clinical practice in their total UW effort as defined above and calculate compensation on the basis of their compensation received from the University. Faculty or staff with outreach appointments should include outreach activities as part of their total UW effort.

## 1.2. Proposing effort

Levels of effort proposed in any sponsored project application should be consistent with the actual effort that each individual is expected to expend on the project during the relevant project period(s). The amount of salary support requested should normally be determined by multiplying the proposed level of effort by the individual's institutional base salary.

For proposal purposes, proposed level of effort must be expressed in accordance with sponsor requirements. Some sponsors require that level of effort be proposed in terms of person months (for

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example, three person months of a 12-month appointment). Other sponsors expect the proposed level of effort to be expressed in percentage terms (e.g., 25% of total UW effort). In either case, the requested salary support should normally be determined by multiplying the proposed level of effort by the individual's institutional base salary. For example, if the proposed level of effort is 25% (or three months in a 12-month appointment), and the individual's institutional base salary is \$100,000, normally the requested salary support would be \$25,000 per year.

In some cases, the amount of requested salary support may be less than this amount. In no event should the requested salary support exceed the amount determined by multiplying the proposed level of effort by institutional base salary.

Except for career development awards that commonly require a 50-75% commitment from the PI, proposal requests for greater than 50% effort on a single project need careful consideration.

### **1.2.1. Required effort contributions from principal investigators/project directors**

Committed effort is required of the principal investigator/project director for both federal and non-federal sponsored project proposals, including industry clinical trials and fixed price agreements. In the case of these trials and agreements, it is expected that effort has been committed. Such commitment is implicit in the reimbursement negotiated with the sponsor.

It is permissible to submit a proposal without a commitment on behalf of the principal investigator/project director. However, for all funded sponsored projects except clinical trials, the principal investigator's minimum required commitment to the project shall be at least 1% of his or her effort. For a faculty member who serves as the principal investigator on more than one clinical trial, the commitment to any single trial may be less than 1% as long as the sum of the commitments for all of the trials reflects a reasonable level of effort.

This requirement is based on an explicit statement in the January 2001 Office of Management and Budget (OMB) clarification to Circular A-21 ("Cost Principles for Educational Institutions"). It is also a reasonable expectation since a PI has responsibility for the scientific, administrative and financial management of a sponsored project; fulfilling these responsibilities requires time.

Salary need not be charged to the project if cost sharing is documented.

This policy does not apply (i.e., no PI committed effort is required) for equipment and instrumentation grants, doctoral dissertation grants, or student augmentation grants.

No effort commitment is required from faculty mentors (also known as preceptors or program faculty) on institutional or individual training grants, since the faculty mentor's effort will be assigned to the specific research projects on which the trainees are involved. However, an effort commitment is expected for the named research training program director, since he/she will be expending effort in coordinating the training program.

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### 1.2.2. Cost sharing commitments

The University must ensure that cost sharing requirements of sponsored agreements are accounted for and reported in a manner consistent with the requirements set forth in federal regulations, primarily the Office of Management and Budget (OMB) Circulars A-110,A-21, and the Uniform Guidance 2 CFR 200. Cost sharing represents a commitment by the University. Whether cost-sharing is required by the sponsor or offered voluntarily by the PI, all cost-sharing commitments are binding obligations once an award is executed.

Cost sharing should be limited only to those situations where:

1. it is mandated by a sponsor, or
2. the University has determined that such a contribution is necessary to reflect accurately the resources that must be expended to accomplish the project objectives, or
3. it is necessary to fulfill the University's requirement of a minimum commitment to the project by the principal investigator or project director.

Generally, the University's policy is to minimize institutional and third party cost sharing on sponsored projects. Where cost sharing is not required by the sponsor, necessary to reflect resources essential to accomplish project objectives, or required as a minimum commitment to the project, PIs and departments or centers/schools should refrain from making such commitments voluntarily. In all situations, the use of cost sharing should be kept to a reasonable level because of the burden that it places on University and departmental resources.

### 1.2.3. NIH modular proposals

NIH modular applications do not require that effort be identified as either paid or committed voluntary (or a combination of both) in the proposal, but it is strongly recommended that investigators document their intentions at this stage. For instance, if an investigator lists 20% effort in the modular budget justification and intends to draw 10% salary from the award, he or she should be aware of the need to document the remaining 10% as committed voluntary cost sharing.

### 1.2.4. NIH salary limitations

The NIH and some other sponsors place limits on the amount of faculty salary that can be recovered from their sponsored projects. For faculty whose salary exceeds the applicable NIH (or other sponsor) salary limitation, the request and recovery of salary must adhere to the NIH (or other sponsor) salary limitation. Actual salary should be indicated in the budget justification, consistent with federal requirements and to allow for increased funding in the event that the limitation is raised. Salary in excess of the NIH/other sponsor cap must be provided by the institution from some source other than a federal sponsored project.

### 1.2.5. NIH Career (K-Series) Award salary limitations

For some types of awards, there is a limit on the amount of salary that may be charged to the sponsor. Some K awards fall into this category. If an investigator's IBS is greater than the salary limitation, the institution must contribute the difference between the amount that can be charged to the project and the actual salary that the investigator receives for the commensurate effort on the K award. For example:

Investigator's IBS:	\$125,000
Required effort:	75%
Commensurate salary:	75% x \$125,000 = 93,750
K award limitation:	\$75,000
Supplementation required:	\$18,750

### 1.2.6. Cross-college relationships

A UW-Madison faculty or staff member named in the personnel section of a research proposal may be based in a School or College different than that of the PI. In such cases, approval from the research administration office of the non-PI faculty or staff member's college must be obtained and verification included with the proposal submitted by the PI to his or her college.

### 1.3. Expending effort and charging salary to sponsored projects

Salary should be charged to a sponsored project by determining the percentage of the faculty or staff member's activities devoted to the project and charging no more than that percentage of the individual's UW IBS to the sponsored project. Charging less than the percentage worked is allowable and the difference should be documented as cost sharing if it was committed to the sponsor in the budget.

Sponsors expect that the UW will charge salary to their project for an individual's effort at the same rate at which the UW charges salary for the individual's other activities. Sponsors are not to be charged a higher rate per unit of effort than the institution pays an employee for effort directed towards other University activity.

Salary distribution consistent with the projected effort should begin on sponsored projects accounts concurrently with actual project effort. It is each faculty member's responsibility to be aware of his/her level of committed effort and to communicate any significant changes in level of committed effort to his/her respective business office to ensure that salary distributions are reviewed and updated, if appropriate, on a timely basis.

#### 1.3.1. Activities that can and cannot be allocated to federal sponsored projects

Activities that **CAN** be allocated to a sponsored project include:

- Directing or participating in any aspect of the research related to the specific project
- Providing *research patient care*
- Writing a progress report for the project, sometimes called a continuation proposal
- Holding a meeting with lab staff to discuss the specific research project
- Activities *contributing and intimately related to work under the agreement*, including:
  - Participating in appropriate seminars
  - Consulting with colleagues about specific aspects of the project
  - Delivering special lectures about specific aspects of the ongoing activity
  - Writing reports and articles
  - Developing and maintaining protocols (human, animal, etc.)
  - Managing substances/chemicals
  - Managing and securing project-specific data
  - Coordinating research subjects
  - Attending a scientific conference held by an outside professional society to present research results
  - Reading scientific journals to keep up to date with the latest developments in one's field
  - Mentoring graduate students on the specific research project
- Making an invention disclosure, and some other activities related to pursuing intellectual property (*see note below*)



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Activities that **CANNOT** be allocated to sponsored projects include:

- Proposal-writing, except for non-competing continuations (progress reports); this includes:
  - Developing necessary data to support the proposal
  - Writing, editing, and submitting the proposal
- Administration, including service as a department chair or dean
- Instruction, office hours, counseling for students, and mentoring graduate students on something other than a specific research project
- Clinical activity, except patient care for an IRB-approved sponsored research activity
- Service on an IRB, IACUC, selection committee, or other similar group
- Course or curriculum development not specific to the faculty member's research project
- Writing textbook chapters
- Fundraising
- Lobbying
- Work that falls outside of the definition of total UW effort (see the complete definition in the Glossary of Terms), such as:
  - Service as the primary editor of a journal
  - Peer review of manuscripts, regardless of whether compensation is received
  - Advisory activities for sponsors, including service on an NIH study section or NSF review panel, regardless of whether compensation is received

Consistent with the spirit of Bayh-Dole, reasonable levels of activity related to pursuing intellectual property can be charged directly to the appropriate sponsored project. This activity may include: making an invention disclosure, meeting with WARF to discuss an invention disclosure, meeting with a patent attorney about a UW invention, reviewing internal action on a patent application and/or reviewing a draft patent application. As with any effort charged to sponsored agreements, effort associated with the pursuit of intellectual property must be directly related to the sponsored project that is being charged. Where more than one award or activity contributed to the development of the intellectual property, the effort distribution should be based on proportionate support provided under the awards or other equitable relationship. The effort must also occur within the award period for it to be eligible for direct charging.

There is no federal guideline or directive regarding a "typical" percent of effort for writing a grant proposal. This percent will vary greatly among principal investigators and should be based on each PI's individual situation.

### 1.3.2. Variations in effort within a sponsored project budget period

Fulfillment of an effort commitment for a sponsored project is measured over an entire budget period, typically one year. During the course of that period, an individual's level of devoted effort may vary. This variation is acceptable, as long as the individual fulfills the overall commitment for the entire budget period. However, a one-year budget period spans multiple effort periods, and the individual is obligated to charge salary to the project and to certify his or her devoted effort, in a manner that is consistent with actual effort.

For example, an individual who has committed 30% effort to a federal project during a calendar year budget period could fulfill that commitment by expending 40% effort during the first six months of the year and 20% during the second six months. Consequently, each semiannual effort statement would show something other than 30% effort.

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In this example, the actual effort recorded in each semiannual effort period should reflect the fact that twice as much effort was expended in the first period as in the second. It would not be permissible to allocate salary at a constant 30% rate for the entire budget period, since actual effort is substantially greater during the first half of the budget period and substantially less during the second half.

### 1.3.3. Requesting approval to change the level of committed effort

A 25% (or greater) reduction in the level of committed effort constitutes a significant change in work activity. In accord with OMB Circular A-110 and the Uniform Guidance 2 CFR 200, any significant change in work activity for the principal investigator/project director or key personnel **who are listed on the Notice of Grant Award (NOGA)** must be approved *prior to the change and in writing* by the sponsor's Grants Officer. It is not sufficient to simply communicate the change to the Program Officer.

The effort commitment at the time the award is issued is considered the threshold against which the magnitude of a potential change is measured, unless the sponsor is otherwise notified and approves the changes. If an award document does not contain specific language about effort commitments, then the level of effort in the grant proposal constitutes the benchmark against which the magnitude of a potential change is measured.

For key personnel, an *increase* in effort greater than 25% should be reviewed to assess whether the scope of work for that project has changed and to assess possible impacts on the individual's ability to meet commitments to other sponsored projects. Any change in the scope of work must be approved *prior to the change and in writing* by the sponsor's Grants Officer.

The key personnel named in the Notice of Grant Award may differ from key personnel identified by the UW in the proposal. If the Notice of Grant Award lists no key personnel other than the principal investigator/project director (PI/PD), then the PI/PD is the only person whose significant changes in work activity require prior approval.

### 1.3.4. Rebudgeting versus changing the level of committed effort

There is some flexibility in the requirement to seek prior sponsor approval for budget changes in some circumstances. For example, a PI can generally reduce the salary charges for one project staff member and increase them for another. ***This rebudgeting authority does not confer the right to make significant changes in work activity without prior approval from the sponsor.*** Once the UW and the sponsor execute an award agreement, key personnel *as stated in the proposal* must provide the level of effort to which they have committed.

#### For an investigator or key person:

If you want to:	Then you must:
Reduce the salary charges without changing the effort commitment	Document as cost sharing the effort for which the sponsor will not provide salary support
Reduce both the salary charges and the effort commitment by less than 25% of the original commitment level	Document the change to the commitment level
Reduce both the salary charges and the effort commitment by 25% or more of the original commitment level	Obtain approval from the sponsor <i>prior to the change and in writing</i> , and document the change to the commitment level when approved

**For a project staff member who is not an investigator or key person:**

If you want to:	Then you must:
Reduce the salary charges without changing the effort	Document as cost sharing the effort for which the sponsor will not provide salary support
Reduce the salary charges and the effort by commensurate amounts	<i>No documentation, notification, or approval is required</i>

### 1.3.5. Reduction of effort commitments when awarded budget is less than proposed

Unless otherwise notified, sponsors expect PIs (and other key personnel) to provide the level of effort outlined in the proposal, even when the amount funded is less than requested. At the time of award, if the awarded budget is reduced from the proposed budget, a PI must confirm how the project will be conducted and how funding will be allocated among budget categories, including confirmation of effort commitments and associated salary support. In doing so, PIs should carefully and deliberately manage their own (and their key personnel's) total sponsored and non-sponsored effort commitments, and minimize voluntary cost sharing. A budget reduction of 25% or more from what was proposed generally indicates a project scope reduction, and a corresponding reduction in effort commitments is appropriate.

The PI is responsible for determining whether:

- The effort commitments will be reduced proportionately, and a corresponding request for approval will be sent to the sponsor. Generally, effort commitments should be reduced proportionately when the awarded budget reflects a reduction of 25% or more from the proposed budget; or
- The original effort commitments and salary support will be retained, and other budget categories can be reduced or eliminated so that voluntary cost sharing, beyond that which may have already been approved, does not occur; or
- Neither the effort commitments nor other budget categories can be reduced or eliminated. In these instances, the resulting voluntary cost sharing must be explicitly approved in accordance with the college or school's policies on cost sharing.

Failing to reduce effort commitments when funding is reduced could result in a perception by sponsors that the UW's budgets may be regularly overstated.

It is the practice of the National Science Foundation (NSF) to request a scope reduction when budgets are reduced by 10% or more. Therefore, evaluations by the PI of the impact on effort commitments should be performed on NSF awards that are reduced by 10% or more.

### 1.3.6. Initiation of new activities that change ongoing commitments

From time to time it may become necessary to make adjustments to an individual's projected salary allocations or level of effort. For example, if a principal investigator who is devoting 20% of his or her total UW effort to a sponsored project and 80% to other duties becomes involved in another grant at a 10% level of effort, some adjustments will be necessary to ensure that the PI's total UW effort does not exceed 100%. In addition, a PI must be careful to manage the commitments promised to the funding agencies. This might involve reducing effort on the existing grant (subject to sponsor approval, if necessary), or

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spending less time on non-sponsored research activities, or both. It may be necessary to change the salary allocations as well.

### **1.3.7. Nine-month appointments and summer salary**

For a faculty or staff member on a nine month (C-basis) appointment, a definition of total UW effort applies to the period during which the individual receives compensation from the University. Yearly, this amounts to nine months plus any months for which the individual receives summer salary. An individual's rate of pay for summer work is based on the nine-month academic year salary rate.

It is the position of the University of Wisconsin-Madison that a C-basis faculty or staff member who receives no University salary during a three-month summer period and works on a proposal during that period is permitted to exclude the proposal writing activity from his or her total UW effort.

The Board of Regents requires that any faculty, academic staff, or limited appointee on an academic year (C-basis, 9-month) appointment receiving more than 2/9th salary during a summer appointment must obtain prior approval from the appointee's Dean or Director (requirement of UW System Academic Planning Statement [ACPS] #4). It is the policy of the UW-Madison that any faculty, academic staff, or limited appointee on an academic year (9-month) appointment may not exceed eight months summer salary over any three-year period.

### **1.3.8. Paid leave, unpaid leave, and extended leave**

Paid leave (such as vacation time and sick leave) is charged to sponsored projects as part of the normal charge for salaries and wages. If an individual is expending effort on multiple sponsored projects at the time of the leave, the charges to the sponsored projects should be consistent with the usual salary charges in keeping with UW policies.

Unpaid leave is excluded from total UW effort. Extended leave may have an impact on the ability of a principal investigator/project director or key personnel (who are listed on the Notice of Grant Award (NOGA)) to meet his or her effort commitment to a sponsored project.

If the extended leave lasts for 90 days or more, the sponsor must approve the extended leave in advance. If, as the result of extended leave, a principal investigator/project director or key personnel (who are listed on the Notice of Grant Award (NOGA)) reduces the time that he or she expends on the project by 25 percent or more of the original commitment, prior approval from the sponsor is required.

## **1.4. Certifying effort**

### **1.4.1. Whose effort must be certified?**

Effort must be certified for faculty members, staff members, students, and postdoctoral trainees who meet either of the following criteria:

1. The individual's salary is charged in whole or in part directly to a sponsored project.
2. The individual expends committed effort on a sponsored project, even though no part of the individual's salary is charged to the project.

### 1.4.2. How is effort certified?

For all personnel who receive compensation from the UW *except student hourly workers*, effort is certified via the Web-based Effort Certification and Reporting Technology (ECRT) system.

For student hourly workers, the timesheet serves as the mechanism for certifying effort.

For UW personnel who have zero-dollar, zero-percent appointments and therefore receive no compensation from the University, effort is certified via a manual, paper-based process. This is because the Web-based ECRT system can only be used to certify effort for individuals who receive compensation from the University. A PI with a zero-dollar, zero-percent appointment can still log into ECRT to certify the effort for the graduate students, university staff, and postdoctoral trainees who work on his or her sponsored projects.

### 1.4.3. When must effort be certified?

In general, effort must be certified within 90 days of the date on which the statement becomes available. The certification periods may be altered during the system upgrade periods to ensure the integrity of the data.

Effort must be certified on a semiannual basis. The semiannual periods of performance and their corresponding certification windows are as follows:

<u>Period of Performance</u>	<u>Certification Window</u>
January 1 – June 30	August 1 – October 31
July 1 – December 31	February 1 – April 30

The period of performance start and end dates for university staff will vary from year to year, because:

- University staff are paid biweekly whereas all other staff are paid monthly;
- Periods of performance contain only whole payroll periods, never portions of a payroll period, and
- Biweekly payroll periods typically do not start on the first day of the month or end on the last day of the month.

Effort for an individual who works on one or more sponsored projects must be certified for *each and every period of performance* during which the individual charges salary or devotes effort to the project.

### 1.4.4. Who certifies for whom?

Each effort statement must be certified by a responsible person with suitable means of verifying that the effort indicated was, in fact, expended in the proportions shown. The University's practice is:

- All faculty and academic staff members certify their own effort.
- All principal investigators certify their own effort, regardless of the type of position they hold at the UW.
- A principal investigator certifies the effort for all graduate students, postdoctoral trainees, and non-PI university staff who work on all of his or her projects.

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When a graduate student, postdoctoral trainee, or non-PI university staff member works on multiple sponsored projects for two or more principal investigators:

- Any of the PIs may certify all of the individual's effort, as long as he or she has suitable means of verifying that the work was performed as allocated.
- Each PI can certify the portion of the individual's effort about which he or she has suitable means of verifying that the work was performed.
- The PIs and the effort coordinators should work together to ensure that all of the individual's effort is certified in a timely manner, by one or more responsible people with suitable means of verifying that the work was performed.

In some circumstances, the PI may not have suitable means of verifying the effort for sponsored project staff. For example, this may occur in the case of large center grants, where an individual is the PI by virtue of his or her position in the University. With the Web-based ECRT system, the University can authorize an individual to certify the effort statements for project staff instead of the PI. When such an arrangement is needed:

1. The PI and the effort coordinator must work together to identify the individual who has suitable means of verifying the effort for the affected staff.
2. The effort coordinator must communicate to the Office of Research and Sponsored Programs the need for the arrangement, and the name of the individual who will certify the effort.
3. The Office of Research and Sponsored Programs will establish the authorization for the alternate certifier.

### 1.4.5. Electronic effort statements and student hourly effort

In the context of UW human resources, the *student hourly appointment* is a specific type of appointment. Some student hourly effort is allocated to sponsored projects. When this is the case, the timesheet is sufficient certification of the sponsored effort.

Most student hourly effort is not charged to sponsored projects. For individuals who work on sponsored projects and also have a student hourly appointment as, for example, a lifeguard or fitness instructor, the effort for the student hourly appointment does not appear on the effort statement.

### 1.4.6. General certification guidelines

Certifying effort is not the same thing as certifying payroll. In certifying payroll, an individual would be asked to confirm that the payroll charges on an effort statement match what was really paid. The purpose of certifying effort is not to confirm how an individual was paid, but to confirm that:

1. salary charges to the sponsor are reasonable in relation to the work performed, and
2. the effort provided to each sponsor is at least as great as the effort promised to the sponsor.

Effort percentages and payroll percentages are not the same thing. The payroll percentages on an effort statement reflect an individual's salary amounts and sources of funding. Payroll is important because paid effort on a sponsored project is a component of total sponsored effort. But there may be effort contributed by the university, as well as effort paid by the sponsor.

Effort distributions should be reasonable estimates of activities, recognizing that research, instruction, and clinical activity are often inextricably intertwined.

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The total of the effort percentages on the statement must equal 100%. The effort statement is not reflective of any fixed number of hours in a week. Often, the idea of an "average" work week comes up in a discussion of total UW effort. Some faculty and staff view their work week as a fixed number of hours, such as 40. However, applying the notion of a fixed number of hours would almost always violate the cost principles for managing sponsored research. If 40 hours were to represent 100% effort, this would create the interpretation that more than 100% effort is being expended whenever the individual works more than 40 hours – and this could result in inequitable cost allocations. Regardless of the number of hours worked, effort percentages must be based on total UW effort, not hours.

Use of the UW institutional base salary is necessary in proposing effort, charging salary, and certifying effort. The total UW IBS must be distributed across all of a faculty member's university research, instruction, administration, service and/or UW clinical activities.

The federal government requires that activities closely associated with an individual's UW professional duties be reported as UW effort. Some of those activities are: proposal writing, instruction, university-related administrative duties, and service on committees. Federal requirements prohibit the University from characterizing those activities as "unfunded" or "volunteer" activities, or "weekend work," for which no UW salary is paid.

### 1.4.7. Precision in effort certification

*Precision in effort reporting* pertains to the acceptable variance between an individual's *actual effort* and the effort *as certified by the individual* on the effort statement. A precise assessment of factors that contribute to costs is not always feasible, nor is it expected. Reliance, therefore, is placed on estimates in which a degree of tolerance is appropriate. The UW's acceptable variance is *less than five percent* of 100% total UW effort.

For each sponsored project, the effort statement shows the sum of the payroll allocation and the cost-shared effort. The variance comes into play in determining when to certify a different level of actual effort than appears on the effort statement. If a reasonable estimate of the actual effort is within five percentage points of the effort percentage shown on the statement, it is permissible to certify the level of effort that appears on the statement. If a reasonable estimate of the devoted effort is *not* within five percentage points of the effort percentage shown on the statement, the certifier must enter the estimate of actual effort on the statement before certifying.

For example: if an individual's salary is initially allocated 50% to a sponsored project (and there is no cost-shared effort), it is permissible to certify 50% effort for the project if the effort devoted to the project could reasonably be determined to fall between 45% and 55% of the individual's total UW effort.

### 1.4.8. Multiple grant efforts with varying start and end dates

The effort statement shows an individual's effort distribution for a six-month period. An individual's grant activity may vary during the course of that period. In particular, grants do not always begin at the start of an effort period or terminate at the end of an effort period. This can have a confusing impact on the effort distribution.

For example, if a faculty member devotes 10% of his effort to a grant that concludes halfway into an effort period, the statement will show 5% effort on that grant for the entire six-month reporting period. The situation is compounded for individuals who work on multiple sponsored projects with start and end dates that are not all the same.

## UW-Madison Effort Guidelines

During each effort period, an individual must certify effort for each sponsored project that accurately reflects *the portion of the period* during which effort was devoted to the project. For individuals on a six-month effort cycle, the effort level for the entire period is calculated as:

(actual effort level) x (fraction of the six-month period during which the effort was devoted)

### 1.4.9. Certification for personnel who leave the University

Faculty members, academic staff members, and others who serve as PIs (and therefore certify their own effort) must certify their effort prior to leaving the university. If this cannot be accomplished with the Web-based system because an effort period has not yet concluded, a manual, paper process must be used.

If an individual does not certify prior to his or her departure, the individual's primary effort coordinator must make reasonable attempts to follow up with the individual, requesting that he or she certify his/her effort after the departure.

If, after reasonable requests from the primary effort coordinator, an individual fails to certify his or her effort, the PI or department chair must identify another person who can do so. As with all certifiers, the alternate must have suitable means of verifying that the work was performed. If the PI or department chair has suitable means of verification, he or she can serve as the alternate.

When graduate students, postdoctoral trainees, and university staff leave the university, PIs can continue to certify their effort just as they would for their current students, trainees, and staff.

### 1.4.10. Mandatory training

Faculty and academic staff members who work on sponsored projects, and others who serve as PIs on sponsored projects, must complete a training program on the principles of effort, commitments, and certification.

An individual *must* complete the training within 90 days of the date on which their first effort statement is available for certification with the University's Web-based certification system.

Certifiers fulfill the training requirement by completing the on-line, Web-based training.

### 1.4.11. Consequences for failing to complete training and certify effort

Effort certification is required by extramural sponsors including the federal government. A failure to certify effort correctly and in a timely manner could jeopardize the UW's federal research funding. *To protect the interests of the UW and ensure compliance with federal policies, the university is instituting consequences for failing to certify effort and complete the training. Any faculty or academic staff member who fails to fulfill the appropriate responsibilities noted below may be the subject of disciplinary action, up to and including dismissal, under university policies and procedures.*

The responsibilities of a principal investigator with effort on sponsored projects include:

- Completing the UW's effort training program
- Certifying his or her effort in a timely manner, in accord with the UW certification calendar
- Certifying effort for the graduate students, postdoctoral researchers, and non-PI university staff who work on his or her projects in a timely manner, in accord with the UW certification calendar



## UW-Madison Effort Guidelines

The responsibilities of a non-PI faculty or academic staff member with effort on sponsored projects include:

- Completing the UW's effort training program
- Certifying his or her effort in a timely manner, in accord with the UW certification calendar

The responsibilities of the effort coordinator include:

- Reviewing the certified effort statements in order to identify any follow-up actions that may be required
- Processing the effort statement in a timely manner

To be considered timely, effort statements must be completed within the 90-day certification period. The certification process requires two steps. The effort statement must be:

1. Certified by the principal investigator, non-PI faculty or academic staff member, and
2. Reviewed and processed by the effort coordinator.

Only after both steps are accomplished is the effort statement regarded as complete, making it an official record of the university.

### ***Administrative and Fiscal Consequences***

If effort statements are not completed in a timely manner, administrative or fiscal consequences will ensue.

Administrative consequences are enacted if effort statements are not completed within the 90-day certification period.

### ***Administrative Consequences for Principal Investigators***

- The university will provide no support for extramural activities on behalf of principal investigators who do not fulfill their responsibilities. Specifically, the university will not:
  - Submit a grant proposal or other project application to sponsors for extramural projects
  - Execute award agreements
  - Establish accounts for spending extramural funds for new or continuing projects
  - Process other documents such as material transfer agreements

### ***Administrative Consequences for co-investigators, senior/key personnel or other faculty and academic staff***

The university will not submit a grant proposal or other project application that lists an individual who has not fulfilled the responsibilities included above.

If effort statements are not completed (certified and processed) by 30 days after the end of the certification period, fiscal consequences will be implemented.

### ***Fiscal Consequences***

If effort statements are not completed by 30 days after the end of the 90-day certification period, the university will transfer sponsored salary charges corresponding to incomplete effort statements to the Dean's/Director's suspense project. Fringe benefit charges associated with the sponsored salary charges and F&A charges associated with salary and fringe will also be transferred off the sponsored project. It is expected that Deans and Directors will flow these charges down to department chairs.

Accordingly, this means that July-December effort statements must be completed no later than April 30th. Effort statements for January-June must be completed no later than October 31st. In order to allow time for resolution of any issues, there will be a thirty day window after the certification period ends. At that point, fiscal consequences will be applied. No additional time can be taken, and costs moved into a suspense account cannot then be transferred to any sponsored project. The effort reporting and certification timelines are illustrated at the following link:  
[https://www.rsp.wisc.edu/chap4/rn/Effort\\_Timeline.pdf](https://www.rsp.wisc.edu/chap4/rn/Effort_Timeline.pdf)

## 1.5. Adjustments to effort and salary distributions

### 1.5.1. Confirmations of effort distributions

Effort reports are designed to confirm that salary charges are in alignment with effort. Therefore, the effort statement is a good tool for identifying allowable transfers of salary charges. When a certified effort statement indicates that a salary distribution from a period being certified was not correct, a *confirmation of effort distribution* (requiring a transfer from one account to another) may be required to update the original distribution. This confirmation is a mechanism to finalize provisional salary charges (estimates) to the sponsored project. Confirmations of effort distribution are an important and appropriate part of sponsored projects administration.

### 1.5.2. Cost transfers after effort certification

Once charges for personal services have been certified on an effort report and confirmations of the effort distribution are complete, subsequent changes to the salary charges must be carefully scrutinized. Federal officials and institutional administrators, alike, will ask: "If the initial cost distribution was certified by a 'responsible person using suitable means of verification,' how can a change to that distribution be appropriate?" If it is determined that a cost transfer is acceptable, the circumstances must be clearly documented.

Retroactive adjustments placing salary onto a sponsored agreement are allowed only in keeping with the University's policy on cost transfers. A request to transfer salary charges off of a sponsored award to an institutional fund (e.g. due to a cost overrun) will rarely require the same level of scrutiny, though repeated cost transfers off of federal awards could be a sign of poor internal controls.

A salary cost transfer after effort certification may give rise to a need for recertification of an effort statement. When this is the case, the criteria for reviewing the salary cost transfer request are consistent with the criteria for reviewing the recertification event.

To minimize the potential need for cost transfers after effort certification, investigators, supported by their department administrators and effort coordinators, should review sponsored project budget statements, payroll expense distribution reports, and effort statements at least monthly.

### 1.5.3. Recertification of effort

*Recertification of effort* is a change to the effort distribution on an effort statement that occurs after (a) an individual has certified the statement, and (b) an effort coordinator has processed the certification. Two kinds of events can precipitate a recertification of effort:

1. A certifier can ask to change the effort distribution on the statement itself.
2. A salary cost transfer after effort certification results in a need to change the distribution of effort on an effort statement.

For each reporting period, certification occurs during a *certification window*. Up through the last date of the certification window, a certifier can change the effort distribution on a certified statement by contacting the effort coordinator, who is authorized to reopen the effort statement for recertification without further review of the request.

Once the last date of the certification window has passed, a subsequent recertification can call into question the reliability of the certification process. Therefore, any subsequent recertification request requires justification that clearly sets forth why previous effort was erroneously certified, and why the requested change is more appropriate within the context of law, federal requirements, or University policies and procedures. Such requests are submitted to the Associate Vice Chancellor for Research Administration in the Office of Research and Sponsored Programs. Only in the most compelling of circumstances will such a request be approved.

## 1.6. Monitoring and managing commitments

Sponsors generally consider estimates of effort (and corresponding salary requests) in project proposals to be commitments if such proposals are subsequently awarded. Principal investigators and other key personnel for whom such commitments have been made are responsible for ensuring that the commitments are met.

At any given time, the sum of a faculty member's effort percentage commitments to all UW activities, including active sponsored projects, teaching, service, administration, and UW clinical activities, cannot exceed 100%.

It is understood that the sum of *active* percentage commitments plus *proposed* percentage commitments for a given period may exceed 100%, because proposals may not be awarded. However, to the extent they are awarded, then a reduction must be made to one or more existing commitments and sponsors must be notified, as appropriate, to ensure that an individual's total effort commitments do not exceed 100% in any given period.

### 1.6.1. Aligning effort commitments and actual effort

When an individual's commitments to sponsored projects add up to 90% or more of his or her total UW effort, the individual's commitments will be subject to review by a department chair or dean's office in accordance with a standard University procedure. The purpose of this review is to assure that, if other activities required of the individual reduce the available effort for sponsored activities, adjustments are made consistent with sponsor terms and conditions. In many situations, a commitment level of 90% or greater may be entirely appropriate. However, salary support for teaching, UW administration, service, clinical activity, new or competing proposal preparation and institutional governance cannot come from sponsored funds unless they are approved activities of a sponsored project.

## UW-Madison Effort Guidelines

Commitment levels and salary charging practices will also be subject to review for individuals whose salary is charged 90% or more to sponsored projects.

### 1.6.2. No-cost extensions

Sponsors expect that the original award terms and conditions extend throughout the project period, including a no-cost extension (NCE) period. This would include commitments of effort for the Principal Investigator. That position has been voiced by federal grants officials in various settings and in response to specific questions about no-cost extensions. In addition, the January 2001 clarification to OMB Circular A-21 states that some effort should be provided by PIs on research awards; there is no exception for awards that are in no-cost extension periods.

However, there is also the realization by federal agencies that PI effort may be reduced during no-cost extensions as the project is winding down, or additional time is needed for data analysis. While this is not considered a change in scope, it is in the best interest of the institution and the PI to notify the sponsor of this decrease in effort to avoid discrepancies with current and pending support statements, effort certification, or issues of research overlap.

## 2. Roles and Responsibilities

### 2.1. Principal Investigator/Designee

- Propose effort and cost sharing for sponsored projects in a manner that complies with UW policies and procedures
- Expend effort on sponsored projects
- Ensure that effort devoted to sponsored projects is commensurate with commitments to sponsors
- Obtain sponsor approval for significant changes in work activity for sponsored projects, when required in the terms and conditions of an award
- Monitor salary charges and effort on a monthly basis
- Certify effort in a timely and accurate manner

### 2.2. Department, including Effort Coordinator

- Establish salary allocations according to the budget, the terms and conditions of the award, and the direction of the principal investigator
- Promptly process changes to salary allocations as needed
- Promptly process cost transfers
- Document effort commitments and cost sharing for sponsored projects
- Review effort statements for accuracy on an ongoing basis
- Provide assistance to principal investigators, faculty, and staff as they certify effort
- Review and process each certified effort statement, following up with the certifier if changes are required
- Re-open an effort statement for recertification, if requested to do so before the end of the certification window
- Forward to Research and Sponsored Programs a request for recertification, if the request occurs after the end of the certification window
- Forward to Research and Sponsored Programs all requests to authorize an alternate to certify the effort for project staff, instead of the PI

## 2.3. College/School

- Review proposals for appropriateness of effort and cost sharing commitments
- Review award documents for potential changes to effort and cost sharing commitments
- Ensure that appropriate cost sharing sources and effort commitments are documented as needed
- Ensure that cost transfers are completed and documented appropriately, and routed in a timely manner
- Ensure that effort coordinators and other personnel involved in managing effort are familiar with Effort and Commitment principles, policies, and procedures
- Ensure that effort is certified in a timely manner

## 2.4. Research and Sponsored Programs

- Review proposal and award documents for appropriateness and correctness of effort and cost sharing commitments
- Promptly process salary cost transfers
- Ensure that the effort certification system produces statements that accurately reflect payroll and cost sharing data from source systems
- Ensure that the effort certification system produces effort statements in a timely manner
- Authorize an alternate to certify the effort for project staff instead of the PI, as requested
- Develop and maintain Effort Management Reports for use by administrators throughout the University
- Provide training on Effort and Commitment principles, policies, and procedures
- Review requests for recertification and, if appropriate, re-open effort statements for recertification

## 3. Glossary of Terms

<b>Cost sharing</b>	The portion of the total costs of a sponsored project that is borne by the UW rather than the sponsor. This can take the form of salary support for project personnel or other material contributions such as equipment or third party donations.
<b>Mandatory cost sharing</b>	Cost sharing that is required by the sponsor as a condition for proposal submission and award acceptance.
<b>Voluntary committed cost sharing</b>	<p>Cost sharing that is offered in a proposal but not required by the sponsor as a condition of proposal submission. Once offered by the institution and agreed to by the sponsor, it becomes an obligation the university must fulfill.</p> <p>Voluntary committed cost sharing also can occur when there are changes to the sources that pay for committed effort. For example: an investigator commits 30% effort to an award and intends to charge 30% of his salary to that award. Subsequently, the investigator decides to charge only 20% of his salary to the award. This can occur for a variety of reasons. The result is 10% voluntary committed cost sharing, even though neither the proposal nor the award document indicated an explicit cost sharing commitment.</p>

## UW-Madison Effort Guidelines

### **Voluntary uncommitted cost sharing**

Cost sharing that is over and above that which is committed and budgeted for in a sponsored research agreement. It is neither pledged explicitly in the proposal nor stated in the award documents, but it occurs in the course of executing a project, primarily when an individual expends more effort on the project than his or her commitment requires. This type of cost sharing, or "extra effort," is above the level agreed to as part of the award and is not required to be documented, tracked, or reported. It is not included in the organized research base for the university's F&A rate, nor is it subject to effort reporting

### **Effort**

The time devoted to a particular activity, expressed as a percentage of the total time spent on UW activities.

### **Committed effort**

The amount of effort proposed in a grant proposal or other project application and accepted by the sponsor, regardless of whether salary support is requested for the effort. Committed effort may be adjusted with the approval of the sponsoring agency. (See [Significant changes in work activity](#))

For example, if an NIH grant application proposes that a faculty member will devote 30% of his or her effort to the grant, with salary support for 10% of effort, then the cost sharing is 20% and the effort commitment is 30%.

Commitments are recognized, and effort must be tracked, for the principal investigator/project director or key personnel **who are listed on the Notice of Grant Award (NOGA)**. In situations in which the award does not explicitly identify the PI, Co-PI, or key persons, the University tracks the effort commitment of the principal investigator on a sponsored project.

Commitments are not recognized, and effort need not be tracked, for persons listed as *other significant contributors* on NIH proposals.

### **De minimis effort**

Infrequent, irregular activity that would normally be considered "so small" that it cannot (and should not) be accounted for. Activities can be considered de minimis in amount when, in the aggregate, they represent less than one percent of the individual's total UW effort.

Depending on the nature and extent of the activity, and on the amount of time it requires in an effort period relative to the individual's total UW effort for the period, the types of activities that may qualify as de minimis effort include service on ad hoc committees, participation in department and division meetings, and basic activities of University life.

Grant proposal writing and well-defined, regular administrative activity cannot be considered "so small," and therefore must not be treated as de minimis activity.

## UW-Madison Effort Guidelines

**Total professional effort** All professional activities performed by a faculty or staff member, regardless of how (or whether) the individual receives compensation.

The portion of total professional effort for which an individual receives Institutional Base Salary (IBS) from the University of Wisconsin. This is the individual's *full workload* for purposes of effort certification. By definition, an individual's total UW effort must equal 100% – never more or less – regardless of the number of hours worked or the appointment percent.

Total UW effort **INCLUDES:**

- Externally sponsored research, including all activities that the federal government recognizes as allocable to sponsored projects
- Departmental/university research, including UW-funded projects
- Instruction/university supported academic effort, including classroom teaching, presentations to students/trainee groups, mentoring trainees unless specifically part of a sponsored project, and participation in resident training
- Administration (e.g. Department Chair, Program Director, Dean)
- Service on institutional committees, including IRBs, IACUCs, and governance bodies
- Clinical activities, except UWMF clinical activity
- Effort expended on preparing proposals for new or continuing sponsored projects
- Activities related to pursuing intellectual property
- Public service activities directly related to UW professional duties
- Paid absences, including vacation time and sick leave

Total UW effort **EXCLUDES:**

- Paid consulting outside of the UW
- Unpaid consulting outside of the UW, except when performed as part of an individual's assigned responsibilities in the primary position
- University of Wisconsin Medical Foundation compensated clinical activities
- Service on an NIH study section or NSF peer review panel
- Other advisory activities for sponsors, regardless of whether compensation is received
- Peer review of manuscripts, regardless of whether compensation is received
- Leadership in professional societies
- Veterans Administration Hospital compensated activities, which are documented in a Memorandum of Understanding (MOU)
- Volunteer community or public service not directly related to UW effort
- Unpaid absences the UW
- Lectures or presentations for which the individual receives compensation from a source other than the UW
- Other special activities resulting in payment of a bonus or other one-time extra compensation
- Other activities over and above or separate from assigned responsibilities in the primary position, including service as the primary editor of a journal.

## UW-Madison Effort Guidelines

**Effort certification** The university's means of providing assurance to sponsors, especially the federal government, that:

- Faculty and staff have met their commitments, paid or unpaid by the sponsor, to sponsored projects
- The salaries charged to sponsored projects are reasonable in relation to the work performed

**Effort coordinator** An administrator who facilitates the effort certification process by answering certifiers' questions, monitoring certification activity, and following up with delinquent certifiers. Effort coordinators in the UW's departments, centers, colleges, and schools provide local assistance to certifiers. Each college and school determines the placement of effort coordinators within its organizational structure and identifies appropriate administrative personnel to serve in this capacity.

**Effort statement** A document that applies to a defined time period and reflects the committed effort, cost sharing, and salary associated with that time period. Once certified, it also reflects the actual effort.

**Institutional base salary (IBS)** The annual compensation paid by the University of Wisconsin for an individual's appointment, whether that individual's time is spent on research, instruction, administration, or other activities. Institutional base salary *excludes* any income that an individual earns outside of duties for the University of Wisconsin.

**IBS INCLUDES salary from these sources:**

- Extramural grants, contracts, and cooperative agreements from federal (UW fund 144) and nonfederal (UW fund 133) sponsors
  - Includes: UW Hospital and Clinics Authority affiliation agreements, and affiliation agreements with Marshfield Clinic, Aurora Health Care, and other health care providers
- Gift funds administered through Research and Sponsored Programs (UW fund 133, document type 2)
  - Includes: UW Medical Foundation contribution to the UW base salary, paid to the university as gift funds and to the individual via the UW payroll system

**IBS EXCLUDES compensation from these sources:**

- UW Medical Foundation Clinical Practice Plan (paid directly to an individual by the University of Wisconsin Medical Foundation)
- Veteran's Administration Medical Center
- WARF royalties (paid directly to an individual)
- Outside professional work, including but not limited to:
  - Consulting
  - Compensated peer review activities



## UW-Madison Effort Guidelines

### **IBS *INCLUDES* salary from these sources con't**

- Federal formula funding (UW fund 142 – Hatch/McIntire-Stennis; UW fund 143 – Smith-Lever/Extension)
- Intramural grants (awarded through the Graduate School's Fall Competition and other allocation processes)
- UW Startup packages
- UW Retention packages
- Other UW funds, including but not limited to:
  - State of Wisconsin general program revenue (UW fund 101, commonly referred to as "departmentalfunds")
  - Extension funds (UW fund 104)
  - Auxiliary funds (UW fund 128)
  - WARF funds (UW fund 135)
  - General operations receipts (UW fund 136)
  - Federal F&A return (UW fund 150)
  - Endowment trust fund income (UW fund 161)

<b>IBS <i>INCLUDES</i> these salary components:</b>	<b>IBS <i>EXCLUDES</i> these salary components</b>
<ul style="list-style-type: none"> <li>▪ Regular salary</li> <li>▪ Summer salary</li> <li>▪ Regular hourly wages</li> <li>▪ Overtime wages, for hourly employees</li> <li>▪ Sabbatical leave</li> <li>▪ Paid professional leave, such as vacation and sick leave</li> </ul>	<ul style="list-style-type: none"> <li>▪ Bonus payments</li> <li>▪ Temporary supplements</li> <li>▪ Tuition remission</li> <li>▪ Lump-sum payments</li> </ul>

## UW-Madison Effort Guidelines

The principles that apply in defining an individual's IBS at the proposal stage must be applied consistently when charging salary to sponsored projects and certifying effort.

Student hourly wages for *work unrelated to sponsored projects* are excluded from IBS. Some student hourly effort is charged to sponsored projects, but most is not. An individual who works on a sponsored project may have a second, student hourly appointment as, for example, a lifeguard, fitness instructor, or recreational sports official, where such work is unrelated to his or her sponsored effort. This is not considered professional effort, and the corresponding wages would not be included when proposing salary or effort for a sponsored project.

### **Key person**

A person who contributes to the scientific or scholarly development or execution of the project in a substantive, measurable way. In the context of establishing commitments and tracking effort, a key person is defined as the principal investigator/project director or key personnel ***who are listed on the Notice of Grant Award (NOGA)***. In situations in which the award does not explicitly identify the PI, Co-PI, or key persons, the University tracks the effort commitment of the principal investigator on a sponsored project.

In the context of obligations related to a significant change in work activity, a key person is defined as all individuals who are named as PI, Co-PI, or key personnel in the Notice of Grant Award (NOGA). Often, the principal investigator/project director is the only person specifically named in the NOGA.

### **Short-term fluctuations in devoted effort**

Periods during which the devoted effort is less than commensurate with the salary charged to a sponsored project, followed by periods during which it is more than commensurate, such that it all “evens out” and the appropriate effort is devoted to the project. A deficit is acceptable for a period of not more than two months, provided the overall distribution is reasonable over the longer term. This is in contrast with a *significant change in work activity*, which represents a permanent or longer-term change.

### **Significant changes in work activity**

A withdrawal from a sponsored project, a disengagement from the project for more than three months, or a 25 percent (or greater) reduction in time devoted to the project. A significant change in work activity on the part of a principal investigator, project director, or key person who is listed in the Notice of Award requires prior approval from a federal sponsor.

### 3.1. Classifications of effort

<b>Administration</b>	<p>For purposes of effort certification, this encompasses:</p> <ul style="list-style-type: none"><li>▪ The services that benefit common or joint university or department activities in organized research units, academic departments or programs, and the offices of the deans, the provost, and the chancellor</li><li>▪ Proposal preparation, for new or competing renewal applications</li></ul>
<b>Departmental/University research</b>	<p>Research, development, and scholarly activities that are not funded by a sponsored project from federal or non-federal agencies or organizations. Departmental/University research includes internally funded research, regardless of whether the activities are separately budgeted and accounted for.</p>
<b>Instruction</b>	<p>For purposes of effort certification, this is the preparation, evaluation, and delivery of the teaching and training activities of the University, regardless of whether offered on a credit or non-credit basis. Also includes instruction-related activities such as thesis advice, mentoring of students <i>except as directly related to the faculty member's sponsored research</i>, and similar activities.</p> <p>Student mentoring that relates directly to a faculty member's sponsored research is considered a research activity that may be allocated to the sponsored project.</p>
<b>Basic activities of University life</b>	<p>For purposes of effort certification, this includes preparing expense reports, certifying effort, and other activities that are intrinsic to a faculty or staff member's daily routine. These activities are not viewed as serving a separate university function or administrative purpose, apart from the research, teaching, clinical, or administrative function(s) in which the faculty or staff member is otherwise engaged.</p> <p>This does <i>not</i> include proposal preparation.</p> <p>If such "housekeeping" activities become more than <i>de minimis</i> in amount for any reason, it may be necessary to reflect them in an administrative or other component of total effort.</p>
<b>Research patient care</b>	<p>Clinical patient care that is solely rendered as part of the requirement of a clinical research protocol and would not have been required or provided but for that research. This excludes patient care that is part of the normal standard of care, even if provided to a research subject.</p>
<b>Service</b>	<p>For purposes of effort certification, this is membership in either a standing committee such as an admissions committee, governance body, IACUC, IRB, or other similar group, or an ad hoc committee such as a search committee or task force. Service on an ad hoc committee or task force may qualify as <i>de minimis</i> effort, depending on the extent of the individual's involvement.</p>
<b>Sponsored project</b>	<p>A project funded by an award from a grant, contract, or cooperative agreement under which the Institution agrees to perform a certain scope of work, according to</p>

## UW-Madison Effort Guidelines

specified terms and conditions, for a specific budget. A sponsored project requires detailed financial accountability and compliance with the sponsor's terms and conditions.

### **UW clinical activity**

Clinical activity, *other than research patient care*, for which an individual is compensated directly by the University of Wisconsin rather than by the UW Medical Foundation. For example, faculty and staff in the Schools of Pharmacy and Nursing are typically involved in patient care activities for which they are paid directly by the University. On the other hand, faculty and staff in the School of Medicine and Public Health are typically compensated through the UW Medical Foundation.

### **UWMF clinical activity**

Time spent preparing for, providing, and following up on the clinical care needs of patients through the University of Wisconsin Medical Foundation (UWMF), *other than research patient care*. Examples include actual treatment of patients, reviewing medical records, charting patient treatments, ordering and reviewing tests and consultations, consulting with colleagues on patient care issues, or supervising residents or medical students while providing clinical care.

## **4. Related Information**

### **4.1. Relationship of the UW Medical Foundation to the University of Wisconsin-Madison**

UW-Madison Medical School Clinical Faculty have received payment for their clinical services outside the legal structure of the UW-Madison and the UW System for many years via separate legal structures created by and substantially controlled by the Board of Regents. This role is now played by the University of Wisconsin Medical Foundation established in 1996 by the Board of Regents to create the unified and single organization for managing funds from all clinical services provided to patients by the clinical faculty of the Medical School. All Medical School clinical faculty are required to use UWMF as their sole source of compensation for clinical services. In turn, UWMF may only compensate physicians who have Medical School faculty appointments.

Thus, Medical School clinical faculty obtain compensation from the University as all other faculty do and receive a second salary from UWMF. All compensation from UWMF is distributed through the academic department structure of the Medical School that includes a chair appointed by the Dean, a compensation plan approved by the University and by UWMF and a compensation committee.

The structure and role of UWMF is prescribed by the Board of Regents agreement to create UWMF of 1995 and the UWMF Bylaws of 1996, and amended in 2001.

### 4.2. Cost transfer policy

The UW-Madison cost transfer policy is available at the following link:  
<https://www.rsp.wisc.edu/policies/costtransfer/index.html>.

### 4.3. January 5, 2001 clarification to OMB Circular A-21

January 5, 2001

**M-01-06**

#### **MEMORANDUM FOR THE HEADS OF EXECUTIVE DEPARTMENTS AND ESTABLISHMENTS**

FROM: Joshua Gotbaum  
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SUBJECT: Clarification of OMB A-21 Treatment of Voluntary Uncommitted Cost Sharing and Tuition Remission Costs

This memorandum clarifies the treatment of voluntary uncommitted cost sharing effort and tuition remission costs in accordance with OMB Circular A-21, "Cost Principles for Educational Institutions." This clarification is consistent with the recommendation by the National Science and Technology Council (NSTC) to improve the Government-university research partnership.

In two separate sections below, this memorandum discusses the purpose of the clarification, the background, the related issue, and the clarification for the treatment of voluntary uncommitted cost sharing and tuition remission costs in accordance with OMB Circular A-21.

#### **Voluntary Uncommitted Cost Sharing**

**Purpose.** This memorandum clarifies the treatment of voluntary uncommitted cost sharing effort in the computation of facilities and administrative (F&A) rates in accordance with OMB Circular A-21. Voluntary uncommitted cost sharing effort is defined, for the purpose of this memorandum, as university faculty (including senior researchers) effort that is over and above that which is committed and budgeted for in a sponsored agreement.

**Background.** Circular A-21, section C.4, "Allocable Costs," states that "a cost is allocable to a particular objective (i.e., a specific function, project, sponsored agreement, department, or the like) if the goods or services are chargeable or assignable to such cost objective in accordance with relative benefits received or other equitable relationship." Most faculty organized research effort is either charged directly to the sponsor, or is considered mandatory or voluntary committed cost sharing (i.e., cost sharing specifically pledged in the proposal's budget or award) on the part of the recipient. Both mandatory and voluntary committed cost sharings are consistent with the terms and conditions of a sponsored agreement and captured in the accounting system. Voluntary uncommitted cost sharing effort, on the other hand, is faculty-donated additional time above that agreed to as part of the award.

## UW-Madison Effort Guidelines

Mandatory and voluntary committed cost sharing must be properly documented for cost accounting purposes. In addition, current Circular A-21 provisions require that, for research projects that are funded by both the Federal Government and a private third party (e.g., a corporation), the faculty should properly document through reporting its compensated effort, including mandatory and voluntary committed effort in order to allocate salaries and associated F&A costs.

**Issue.** Recently adopted Cost Accounting Standards in Circular A-21 have been interpreted by some Federal Government officials to require the assignment of a proportionate share of F&A costs to the voluntary uncommitted cost sharing effort by either including an estimated amount in the organized research base or by adjusting the allocation of facility costs related to this effort.

The reporting burdens on universities and their faculty associated with detailed recording of voluntary uncommitted cost sharing may be providing a disincentive for the universities to contribute additional time to the research effort. In addition, the imprecise nature of the data concerning the amount of voluntary uncommitted cost sharing has made it difficult to compute and use as part of rate negotiations between the Federal Government and the universities.

**Clarification.** Voluntary uncommitted cost sharing should be treated differently from committed effort and should not be included in the organized research base for computing the F&A rate or reflected in any allocation of F&A costs. Furthermore, such faculty effort is excluded from the effort reporting requirement in section J.8. This treatment is consistent with the guidance in section J.8.b (1).c, "Payroll Distribution," that a precise documentation of faculty effort is not always feasible, nor is it expected, because of the inextricably intermingled functions performed by the faculty in an academic setting (i.e., teaching, research, service and administration).

Although voluntary uncommitted cost sharing will no longer be included in the organized research base, it should be noted that current A-21 provisions for payroll distribution (section J.8.b) require that the apportionment of salaries and wages must be supported by a payroll distribution system that "will encompass both the sponsored and all other activities on an integrated basis." The process must also identify significant changes in the corresponding work activity. As such, when an institution reduces a faculty member's level of activities dedicated to other institutional responsibilities in order to shift his/her activities to organized research activities, the institution must reflect this reduction in the payroll distribution system (as an increase to the research effort component) and in the F&A proposals.

In addition, most Federally-funded research programs should have some level of committed faculty (or senior researchers) effort, paid or unpaid by the Federal Government. This effort can be provided at any time within the fiscal year (summer months, academic year, or both). Such committed faculty effort shall not be excluded from the organized research base by declaring it to be voluntary uncommitted cost sharing. If a research program research sponsored agreement shows no faculty (or senior researchers) effort, paid or unpaid by the Federal Government, an estimated amount must be computed by the university and included in the organized research base. However, some types of research programs, such as programs for equipment and instrumentation, doctoral dissertations, and student augmentation, do not require committed faculty effort, paid or unpaid by the Federal Government, and consequently would not be subject to such an adjustment.

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In the future, OMB and the research agencies will evaluate the impact on committed cost sharing of this clarification memorandum.

This interpretation of the treatment of voluntary uncommitted cost sharing is applicable prospectively to future sponsored agreements and future F&A proposal submissions. It does not require adjustments for current sponsored agreements or affect the negotiated rates that were agreed upon by the Federal Government and the universities based on previous F&A submissions. F&A rates negotiated prior to this clarification will not be renegotiated, nor will this clarification affect the calculation of prior years' carry-forward amounts.

### Tuition Remission Costs

**Purpose:** This memorandum provides a clarification for the tuition remission costs of graduate students charged to Federal programs in accordance with OMB Circular A-21, Section J.41, "Scholarships and Student Aid Costs," and Section A.2.c. "Purpose and Scope." Specifically, it clarifies that the Circular's requirement for a "bona fide employer-employee" relationship does not mean that the tuition remission costs are allowable only if the graduate student is treated as an employee for the purposes of the Internal Revenue Code and the Internal Revenue Service (IRS) regulations.

**Background:** OMB Circular A-21, Section A.2.c, "Purpose and Scope," states: "the dual role of students engaged in research and the resulting benefits to sponsored agreements are fundamental to the research effort and shall be recognized in the application of these principles." Section J.41, "Scholarships and Student Aid Costs," states that tuition remission costs for students are allowable on sponsored awards provided that "there is a bona fide employer-employee relationship between the student and the institution..." This statement has been interpreted incorrectly by some Federal Government officials to mean that, for tuition remission costs to be allowable, students must be treated as employees of the

university, for tax purposes, which would mean that students' tuition remission benefits must be treated as taxable wages. This misunderstanding has recently generated a considerable amount of concern from universities and Federal research agencies. A clarification of the "employer-employee relationship" condition is necessary to correct this misunderstanding about the relationship between Circular A-21 guidelines and the IRS regulations.

**Issue:** The Federal policy on support of graduate students participating in research projects is to provide a reasonable amount of support (tuition remission and other support) on the basis of the individual's participation in the project. Sponsoring agencies are supporting graduate students who fulfill a vital role both as students and as researchers. This policy is not contingent on there being an employer-employee relationship, for tax purposes, between the institution and the graduate student. Rather, it recognizes the reality that research activities are an essential component of the individual's educational activities.

**Clarification:** OMB in the Circular did not intend to tie the allowability of tuition remission costs to how they are treated for tax purposes. However, given the misunderstanding that has arisen, a clarification is needed. In recognition of the dual role of students (as both students and researchers) engaged in research and the resulting benefits to sponsored agreements (as recognized in Section A.2.c of OMB Circular A-21) and research overall, tuition remission and other forms of reasonable support that are associated with student status and provided to individuals participating in the necessary work of a sponsored agreement are allowable provided that:

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- (1) The individual is conducting activities necessary to the sponsored agreement;
  - (2) Tuition remission and other support are provided in accordance with established educational institutional policy and consistently provided in a like manner to students in return for similar activities conducted in nonsponsored as well as sponsored activities; and
  - (3) During the academic period, the student is enrolled in an advanced degree program at a grantee or affiliated institution and the activities of the student in relation to the Federally-sponsored research project are related to the degree program.
- Accordingly, tuition remission and other forms of support that satisfy these criteria are allowable, regardless of whether the tuition remission or other form of support qualifies as wages for tax purposes.

Tuition remission and other student support shall be subject to the reporting requirements stipulated in Section J.8, "Compensation for Personal Services," of OMB Circular A-21, or an equivalent method for documenting the individual's effort on a research project. Tuition remission may be charged on an average basis. In addition, as applicable with other types of costs charged against Federal research projects, total graduate student compensation must still meet Circular A-21 criteria for reasonableness and allowability.

## 5. Document Revision History

Date	Revision
8/29/07	Original version
3/19/08	Added section 1.4.11, <i>Consequences for failing to complete training and certify effort</i>
9/20/10	Added upgrade specific information, as needed
1/1/16	Updated employee types to match HRS; updated reporting frequency; updated to include Uniform Guidance and clarifications of consequences at 1.4.11
5/9/16	Revised for consistency with updated procedures on treatment of effort commitments