



OFFICE OF COMPLIANCE SERVICES  
UVM.EDU/POLICIES

## POLICY

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### **Title:** Effort Management and Reporting on Sponsored Agreements

#### Policy Statement

University employees shall provide sponsors reasonable estimates of the effort necessary to carry out proposed projects and meet these effort commitments in accordance with sponsor regulations. Further, University employees shall periodically review, adjust if necessary, and certify that their salary and wages charged to sponsored agreements are reasonable in relation to the work performed.

#### Reason for the Policy

The University must assure sponsors that the effort commitments in awarded sponsored agreements will be effectively managed within the parameters of sponsors' requirements.

A basic framework for effort reporting is provided by federal regulations, principally the Office of Management and Budget (OMB) Uniform Guidance: Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. As a recipient of sponsored funds, the University must assure U.S. federal and other sponsors that the assignment of time and associated salary costs charged to their sponsored agreements is equitable and distinguishable from those charged to other activities.

Financial penalties, expenditure disallowances, and harm to the University's reputation may result from an inadequate effort management and reporting methodology or from failure to comply with effort-related policies and requirements. In addition, an individual's failure to comply with applicable policies and requirements may constitute a violation of the UVM Code of Conduct and Ethical Standards, Research Misconduct Policy, and/or federal or state law. Customary internal channels will be used in the investigation of alleged violations of this and other applicable UVM policies and for imposition of any related disciplinary or administrative action. Violators may also be subject to sanctions, including administrative, civil and criminal investigation and prosecution, under applicable laws and regulations. University personnel are strongly advised to consult officials listed in the "Contacts" section below for guidance regarding Policy requirements.

#### Applicability of the Policy

This policy applies to all University employees whose salary or wage is charged directly or indirectly to sponsored agreements.

#### Definitions

**Committed Effort:** Amount or percentage of time a key personnel has communicated to the sponsor that they will work on a specific sponsored agreement over a specific period of time

e.g. budget period. Commitments are made in the award proposal and may be documented by the sponsor in award documents e.g. Notice of Award. Changes to reduce committed effort may require sponsor approval.

**Departmental Administration:** Administrative and support services that benefit common or joint departmental activities or objectives in academic deans' offices, academic departments and divisions, and organized research units.

**First-hand Knowledge:** Direct evidence of work performed. One may have first-hand knowledge of work performance by either performing the work or supervising the individual performing the work. Department chairs for faculty and principal investigators are examples of supervisors who may have first-hand knowledge.

**Key Personnel:** The program director/principal investigator and other individuals who contribute to the scientific or scholarly development or execution of a project in a substantive, measurable way, whether or not they request salaries or compensation (NIH definition). In the context of establishing commitments and tracking effort, all individuals listed in the notice of award (NOA) are considered key personnel. When the NOA does not explicitly list key personnel, the University defines key personnel as the principal investigator and co-investigator(s) on a sponsored agreement.

**Mandatory Cost Share:** Cost sharing that is *required by statute or program requirements* as a condition of the agreement. A sponsor may require that the University share in the cost of the sponsored agreement, either by individual award or by placing that requirement in the Request for Proposals (RFP) or on an institutional basis through overall sponsor requirements.

**On-going duties:** Those duties which extend for at least one semester or 15 weeks in length or longer. Examples of on-going duties are appointments for department chairs and directors. Ongoing duties for continuing education are not included in the IBS definition.

**Other Significant Contributors (OSCs):** Individuals who have committed to contribute to the scientific development or execution of the project, but are not committing any specified measurable effort (in person months) to the sponsored agreement. These individuals' efforts are typically presented "as needed" (individuals with measurable effort cannot be listed as Other Significant Contributors). OSC would also be an appropriate designation for mentors on Career awards.

**Overload:** Supplemental work performed for the home department or another academic department during the regular appointment that is over and above a faculty member's regular workload assignments.

**Responsible Official:** A responsible official is typically a Principal Investigator on a sponsored agreement, a Dean, Department Chair, Director, administrative unit manager or an employee's direct supervisor.

**Significant Change of Effort:** A 5% or greater change in effort of an employee's total effort is considered a significant change that must be communicated. Examples of significant changes include:

- The beginning or ending of work on a sponsored agreement or an internal funded project.
- A material change in the scope of work on a sponsored agreement.
- An increase or decrease in the number or level of courses taught.

- A new committee or major administrative assignment or relief from a committee or major administrative assignment.
- The beginning or ending of a sabbatical leave, a leave without pay, or a prolonged sick leave.
- Status changes from part-time to full-time or vice versa.

**Significant Reduction in Effort:** In the context of sponsor requirements for prior approval, a Significant Reduction in Effort is a reduction by 25% or more in the time devoted to a project from that approved at the time of the award, or the absence from the project of more than three months.

**Suitable Means of Verification:** The process through which one receives assurance that effort was provided as stated so that an effort certification *may be approved by an individual not having first-hand knowledge*. Suitable means of verification *requires the documented review* by an individual, such as the PI, project director, supervisor, or an employee who has first-hand knowledge that the work was performed.

**Supplemental compensation:** Compensation paid by and through the University during the regular appointment period of a faculty member in excess of his or her Institutional base salary.

**Voluntary Committed Cost Share:** Consistent with the Uniform Guidance 2 CFR 200.99 & 200.306, voluntary committed cost sharing means cost sharing specifically pledged (quantifiable) on a voluntary basis in the proposal's budget or budget justification. Voluntary committed cost share must be provided and accounted for.

**Voluntary Uncommitted Cost Share (VUCS):** Expended effort that is *over the committed effort*. For example, the PI's committed effort on a sponsored agreement is 10%, but the PI devotes 15% of her time on the project. The additional 5% effort over the commitment is considered voluntary uncommitted cost share (VUCS) and shall be included in the effort as part of the faculty's instruction and departmental research activity. No separate accounting is required.

## Procedures

All University employees are expected to be aware of and comply with this University policy including, without limitation, the principles and requirements listed below. Confirmed violations may result in disciplinary action. In some instances, civil claims and criminal charges may also result. Procedures for the investigation of suspected violations, imposition of disciplinary action, and the availability of grievance or appeal channels shall be governed by otherwise applicable University policies, handbooks, and collective bargaining agreements.

Significant complexities and ambiguities exist in understanding and complying with key sponsor requirements such as those of the federal government. The following key elaborations on managing and reporting effort are articulated in the remaining body of this policy to provide important policy guidance and mitigate the risk of non-compliance.

### ***University's Payroll Distribution Methods***

The University shall utilize the following two methods.

- The University shall employ the Plan Confirmation Payroll Distribution approach for *faculty and salaried staff employees*. The University shall use a prospective approach in planning, budgeting, committing and apportioning salaries to sponsored agreements as a percentage of an employee's Institutional Base Salary.

- The University shall employ the After-the-fact Payroll Distribution method for *non-exempt hourly employees* whose effort is certified during the submission of their bi-weekly record of hours.

### ***Institutional Base Salary for Sponsored Agreements***

The Institutional Base Salary (IBS) of an individual shall be used for estimating, accumulating, and reporting salary charges to sponsored agreements and to ensure compliance with the OMB Uniform Guidance, the National Institutes of Health (NIH) Grants Policy Statement, and other applicable federal laws and regulation that permit salary and wage charges to be made to sponsored agreements.

**IBS Definition:** IBS is the base annual salary set by the University (through an academic unit or administrative unit) for an employee's regular appointment, whether that employee's professional effort for the University is spent on research, teaching, outreach, administration, patient care, or other activities, and whether that employee is appointed full-time or part-time. The following is intended to help clarify, for principal investigators and others, the meaning of IBS:

- IBS for faculty includes payment for the assumption of [on-going](#) administrative duties, howsoever paid, such as those of a department chair, associate dean, or director.
- Medical School faculty practice salary is included in IBS if the salary is set at the beginning of the University of Vermont Medical Center fiscal year and will be paid to the faculty member through the University of Vermont Medical Center fiscal year. If any part, or all, of faculty practice plan salary is not guaranteed through the University of Vermont Medical Center fiscal year, it is not included in the IBS.
- Salary that is incentive practice income under faculty practice plans is never included in IBS.
- Except as noted in subsection (a) above, IBS excludes fringe benefits, reimbursed expenses, temporary additional salary for work outside of one's regular appointment, such as supplemental compensation for overload or Continuing and Distance Education (CDE), and other University compensated activities not included in an employee's performance review or evaluation.
- Income earned through non-University employment and consulting for third parties is not included in the IBS.

Note that the definition of Institutional Base Salary (IBS) may not be the same as salary definitions used elsewhere in University policies and procedures, including the definition of base salary used in collective bargaining agreements.

**Consistent Usage of IBS:** The duties included in the IBS shall be the basis from which an employee proposes effort in a sponsored agreement, apportions salary charges to a sponsored agreement, and reviews/certifies effort on a sponsored agreement.

IBS may not be increased as a result of replacing UVM salary funds with sponsored agreement funds. The IBS of an employee will not be increased during a fiscal year as a result of receipt of salary support from sponsored agreements, clinical income, and other revenues.

IBS may be changed at the beginning of any fiscal year. During a fiscal year, the IBS of an employee generally will not be changed except in the following limited circumstances:

- The employee's formal appointment, and required professional effort, is changed from full-time to part-time, from part-time to full-time, or from one level of part-time effort to another level of part-time effort;
- The employee receives an increase or decrease in salary as a result of assuming, or relinquishing, specific academic or administrative duties, such as serving as a department chair or program director;
- The employee receives a salary adjustment as part of a University-wide adjustment of salaries that occurs during a fiscal year; or

- (d) The employee is hired or receives a salary increase for such salary actions as retention or equity adjustment, performance, promotion in rank or position.

When requesting salary support from a sponsor or providing effort on a sponsored agreement in the form of mandatory or voluntary committed cost share, the salary support requested must be based upon an individual's IBS.

Payments outside the academic appointment period (e.g., summer months for a nine-month faculty) shall be based on the IBS of the most recently completed academic appointment period.

**Official IBS Records:** The official annual IBS of each employee shall be determined and recorded in the University's designated system. The official IBS represents 100% effort of a full-time-equivalent employee.

**IBS and Part-Time Employees:** The FTE basis used to derive the IBS for part-time employees is different in the sponsored agreement proposal than when the part-time employee salary is distributed to the budget(s). Including for sponsored agreement proposals, a full-time equivalent basis (1.0 FTE) should be used to determine the proposed IBS. For salary distributions, the actual FTE assigned to the part-time appointment is used to determine the IBS paid. The resulting payroll charges from the actual IBS is used to derive the effort percentages on the effort certification form.

For example, a faculty member with a .5 FTE appointment and a \$50,000 IBS wants to submit a grant proposal committing 50% effort, resulting in three person months. Based on a 1.0 FTE, a proposed IBS of \$100,000 and the proposed effort of 25% would be used to derive the faculty member's requested salary for the three person months. For salary distributions, the assigned \$50,000 salary for the .5 FTE appointment would be distributed to the intended budget(s). The resulting certified effort form would be based on how the \$50,000 was distributed.

#### *Non-Appointment Period*

University employees with appointments for a term that is less than 12 months (e.g., academic year) shall be permitted to propose and expend effort in the non-appointment period (e.g., summer months) to sponsor agreements, in compliance with current University policies and collective bargaining agreements where applicable. Leave times such as vacations during the non-appointment period shall not be charged to sponsored agreements. University employees shall:

- Estimate effort in the non-appointment period in sponsor proposals consistent with the effort expended during a commensurate appointment period.
- Charge sponsored agreements non-appointment period salaries for effort that occurred only during the non-appointment period.
- Certify that non-appointment period effort charged is reasonable in relation to the work performed on the sponsored agreements incurring the costs.

#### *Estimating Effort and Apportioning Salaries*

In estimating effort, apportioning salaries and reviewing/certifying effort, the University shall use the following federal guidance:

"It is recognized that teaching, research, service, and administration are often inextricably intermingled in an academic setting. When recording salaries and wages charged to Federal awards for an Institution of Higher Education (IHE), a precise assessment of factors that contribute to costs is therefore not always feasible, nor is it expected."

The *University's level of precision* of an employee's effort on each sponsored agreement or activity *shall be within 5% of an employee's total effort of the activities* included in the IBS.

### ***Principles of Committing Effort on Sponsored Agreements***

At time of proposal development and submission all known positions devoting time or effort to the sponsored project should be included in the proposal at reasonable and sufficient levels needed to carry out proposed project and meet any sponsor specific regulations.

**Required Effort Contributions from Principal Investigators:** The University of Vermont requires Principal Investigators to include some level of effort in all proposals being submitted that reflects the size and scope of the project, supports programmatic execution, award management and compliance oversight. Such proposed effort must take into account any sponsor required minimum level of effort and must average no less than 1% per budget period.

**Effort on Clinical Trials:** Unless required by the sponsor, PI committed effort on clinical trial proposals is implied, but is not required. Effort associated with the identification, screening and enrolling of subjects as well as oversight responsibilities (start-up activities, training, regulatory activities, close out activities) should be considered when determining the proposed/actual PI effort. Other effort related considerations:

- Clinical trials without committed effort must be taken into account in determining effort availability to commit to other sponsored projects and meeting effort commitment disclosures to sponsors. Actual measurable effort by a PI on a clinical trial must be allocated to the Clinical trial sponsored project
- PI effort on clinical trials is not required for those budget periods where there is no activity on the study and procedures on patients have not been performed
- NIH funded clinical trials must follow NIH guidelines to ensure any minimal effort requirements are met or amended through prior approvals

**Exceptions to the PI Minimum Effort:** University's minimum requirement of 1% PI effort does not apply to the type of awards listed below. These types of sponsored agreement may be proposed and awarded (set up) without PI effort:

- Equipment and instrumentation grants
- Doctoral dissertation grants
- Student augmentation grants
- Individual fellowships
- Travel awards which provide funding to defray cost of attending academic or professional conferences
- Conference awards that only support institution conference costs
- Individual training grants or institutional training grants

Any additional exceptions must be approved in advance by Financial & Costing Accounting Services.

**Other Personnel Effort:** In sponsored agreement proposals, the PI shall propose effort which is consistent with the description of the individual's role on the project. For instance, the effort for [\*other significant contributors\*](#) shall be listed "as needed" and not be considered as committed effort on NIH-sponsored agreements.

**Maximum Allowed Effort on Sponsored Agreements:** Employees with University responsibilities outside of sponsored agreements shall be precluded from committing and charging 100% of their time to sponsored agreements.

**Voluntary Cost Share of Effort:** The University discourages ***voluntary cost share*** (both committed and uncommitted cost share) and expects the sponsors to bear the full cost of the sponsored agreement.

- **Committed Cost Share of Effort** – When approved, the effort associated with committed cost share will be included in the proposal and shall be considered part of the commitment of time on a sponsored project.
- **Uncommitted Cost Share of Effort** – Effort which is over and above the committed effort on a sponsored project is not considered part of the commitment of time on a sponsored project and does not have to be included in the proposal.

**Sponsor-Imposed Salary Cap and Effort:** The effort associated with any salary above a sponsor-imposed salary cap shall be considered effort and be considered a part of the employee's 100% effort.

**Committed Effort during a No-Cost Extension Time Period:** The PI shall comply with the requirements for committed effort as stated in the terms and conditions of the sponsored agreement during the no-cost extension time period. Specific funding agency guidelines should be consulted for additional guidance on sponsors' expectations with respect to changes in effort.

**Institutional Training Grants:** An effort commitment is expected for the named research training program director, since they will be expending effort in coordinating the training program. Faculty mentors effort on institutional training grants shall be assigned to the specific research projects on which the trainees are involved but not be considered a commitment of effort on the institutional training grant.

**Accounting for Committed Effort:** The University must account for the expended effort associated with the committed effort of PIs and key personnel on any sponsored agreement, regardless of whether the principal investigator or key personnel charges the sponsored agreement for such effort.

#### ***Effort and Requesting Salary Support in Sponsored Agreement Proposals***

**Training:** All PIs submitting sponsored proposals and other University employees charged directly or as cost share on sponsored agreements shall complete required University training on this policy and associated procedures.

**Estimating Effort in Proposals:** Given the nature and complexity of the project, employees shall be reasonable and accurate in estimating effort. In addition, the proposed effort of the personnel in each sponsored agreement proposal shall be reasonable in relation to their other respective University-compensated activities.

**Requesting Salary Support:** Unless sponsor regulations state otherwise, the amount of salary support requested shall be determined by multiplying the proposed level of effort by the IBS. The PI should request a commensurate amount of salary funding to the extent allowed by the sponsor. Sponsor uncompensated effort described in the proposal shall be considered a commitment of effort.

#### ***Managing Committed Effort on Sponsored Agreements***

**Committed Effort upon Receipt of Sponsored Agreement:** The PI shall assess whether the committed effort in the sponsored agreement remains reasonable based on the activities included in the PI's IBS. The PI and other key personnel of sponsored agreements shall meet the level of effort committed in the awarded terms and conditions as required by sponsors.

**Reduction of Effort Commitments:** At award and during the life of the agreement, the PI shall obtain University approval and any required sponsor prior approval for disengagement from the project for three consecutive months or significant (25% or more) reduction of effort for the PI and key personnel named in the Notice of Award (NOA).

When reductions of effort in other key personnel not specifically named in the NOA will cause a change in the scope of work, the PI shall obtain prior approval from the sponsor.



### ***Effort associated with Sponsored Proposals***

Effort associated with preparing, submitting and supporting sponsored proposals is considered a [department administration](#) activity and *shall not be directly charged to an existing sponsored agreement* unless that sponsored agreement specifically includes the submission of sponsored proposal as part of its scope of work.

### ***Effort Planning, Charging and Verification on Sponsored Agreements***

The [responsible official](#), e.g., Department Chair of each unit shall ensure that the planned and expended effort of his/her respective unit personnel are integrated into the unit's planning and budgeting, and are consistent with the charging of salary and wages on sponsored agreements and the verification of effort in relation to work performed.

**Effort Planning and Budgeting:** University planning and budgeting instruments such as the annual record of work expectations for faculty and the unit's fiscal year budget should include the required committed/planned effort on sponsored agreements for each upcoming academic year, University fiscal year and sponsor budget time periods.

**Charging of Salaries and Wages to Sponsored Agreements:** Salaries charged to sponsored agreements shall be *based on the planned or actual effort* applied by employee(s) toward those respective sponsored agreements. Wages shall be charged based on actual effort on sponsored agreements and be posted in a timely manner. All necessary payroll adjustments must be made such that the *final amount* charged to the sponsored agreement is accurate, allowable and properly allocated.

**Verification of Effort:** On a quarterly basis, the planned and actual effort of all employees on sponsored agreements shall be verified as reasonable by the Principal Investigators or employee. Any *anticipated or retroactive significant changes of effort* shall be communicated by the employee to their appropriate [responsible official](#) or designee in a timely manner.

### ***Certification of Effort for Faculty and Salaried Staff***

The University shall conduct an annual effort reporting certification process for faculty, exempt staff and non-exempt salaried staff.

**Faculty and Salaried Staff Certification (Semi-Monthly Payroll):** Faculty and salaried staff shall *certify on an annual basis* that their salaries charged to sponsored agreements and other University activities is reasonable in relation to the work performed. Supervisors with first-hand knowledge of an individual's effort may certify on behalf of exempt staff and non-exempt salaried staff. Faculty are required to certify their own effort forms.

**Certifying Effort with [Suitable Means of Verification](#):** On an exception basis, a responsible official who does not have first-hand knowledge, but has suitable means of verification may certify an employee's effort. In each exception, the responsible official shall maintain a *written description of what was used as the suitable means of verification* for future audit purposes.

**Re-certifications of Effort:** Retroactive salary adjustments are highly discouraged for periods for which effort has already been certified. Once effort has been certified for a given period, requesting a retroactive salary adjustment for that period calls into question the reliability of the certification process. Along with an amended effort certification and a proposed salary adjustment, a full explanation by the employee shall be submitted to Financial & Cost Accounting Services for consideration.

### ***Certification of Effort for Non-Exempt Hourly Employees***

**Non-Exempt Hourly Employees (Bi-weekly Payroll):** *During the time submission process*, employees shall certify that their time charged to a sponsored agreement and other University activities is reasonable in relation to the work performed. Supervisors shall review and approve their respective non-exempt hourly employees' time submissions for reasonableness and accuracy.



### ***Responsibilities***

**Principal Investigators** shall ensure that applicable prior approvals of effort reduction are obtained in a timely manner. Pls shall monitor the reasonableness of salary and wage charges of personnel on their respective sponsored agreement(s) in relation to work performed.

**Reviewers/Certifiers:** Employees, Principal Investigators or responsible officials reviewing/certifying effort on someone's behalf are responsible for reviewing and/or certifying the reasonableness of salary and wages on sponsored agreements in relation to work performed.

**Deans, Department Chairs, and Directors** shall ensure that this policy and associated procedures are implemented within their respective unit(s). The implementation of the policy shall include but is not limited to:

- Ensuring applicable employees such as Pls, staff, and administrators meet effort management and reporting training requirements.
- Allocating administrator resources to conduct the unit's effort administrator responsibilities.
- Instituting effective internal controls to ensure compliance with this policy.
- Ensuring effort certification is reviewed and completed within the University designated timeframe.

**Unit Effort Administrators** shall be the first-line responders on effort management and reporting questions for their respective unit. Unit effort administrators shall be proficient in using the University-designated effort management and reporting system and the associated procedural requirements.

**Financial & Cost Accounting services (FCAS)** shall provide training and support on this policy and related business practices/procedures. FCAS shall provide the central administration oversight of the University's effort management and reporting systems.

**Sponsored Project Administration (SPA)** shall ensure that the effort commitments and other effort-related data are consistently recorded per the associated procedures of this policy.

**Office of Audit Services** shall ensure the periodic testing and reporting on the integrity and compliance of the University's effort management and reporting policy.

### Contacts

| Questions concerning the daily operational interpretation of this policy should be directed to the following (in accordance with the policy elaboration and procedures): |  |
|--|--|
| Title(s)/Department(s):  | Contact Information:   |
| Associate Controller/Financial & Cost Accounting Services  | <a href="mailto:Lindsey.Donovan@uvm.edu">Lindsey.Donovan@uvm.edu</a> |

### Forms/Flowcharts/Diagrams

- None

### Related Documents/Policies

- [Code of Conduct Ethical Standards University Policy](#)
- [Cost Transfers Involving Sponsored Agreements University Procedure](#)

### Regulatory References/Citations

- [National Institutes of Health Grants Policy Statement](#)
- [National Science Foundation Award and Administrative Guide](#)

- [OMB Uniform Guidance: Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards](#)

## Training/Education

Training/education related to this policy is as follows:

|                            |   |                      |                                      |
|----------------------------|---|----------------------|--------------------------------------|
| <b>Training Topic:</b>     | Effort Management and Reporting Training  |                      |                                      |
| <b>Training Audience:</b>  | All UVM Pls, Faculty, Staff or Students who expend effort either <u>directly</u> or <u>as cost share</u> on a sponsored agreement | <b>Delivered By:</b> | Financial & Cost Accounting Services |
| <b>Method of Delivery:</b> | <a href="#">Contact Financial &amp; Cost Accounting Services</a>  | <b>Frequency:</b>    |                                      |

Training will be provided on an as-needed basis as determined by the Approval Authority or the Responsible Official.

## About this Policy

|                              |  |                            |   |
|------------------------------|--|----------------------------|---|
| <b>Responsible Official:</b> | Vice President for Finance and Administration  | <b>Approval Authority:</b> | President   |
| <b>Policy Number:</b>        | V. 4.5.5   | <b>Effective Date:</b>     | June 15, 2016<br>As amended April 23, 2018 and September 29, 2020 |
| <b>Revision History:</b>     | <ul style="list-style-type: none"> <li>• V. 4.3.14.1 Approved November 9, 2007</li> <li>• V. 4.3.14.2 Approved December 11, 2008</li> <li>• V. 4.5.3/V. 4.3.14.3 Effective August 1, 2012</li> <li>• V. 4.5.4 Effective July 29, 2015</li> <li>• V. 4.5.5 Effective June 15, 2020, amended April 23, 2018, September 29, 2020</li> </ul> |                            |   |

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