Policy

It is the policy of New York University (“University”) that the University maintains systems and procedures documenting the distribution of compensation for personal services to sponsored projects in compliance with Federal regulations as defined by OMB Circular A-21, Cost Principles for Higher Education. All Principal Investigators are required to certify their own effort as well as the effort of project staff working on their awards.

Purpose of this Policy

The purpose of this policy is to provide guidance on effort reporting for sponsored programs. New York University receives funding for research and other sponsored programs through grants and contracts provided by the Federal government and other sponsoring agencies. As a condition of accepting such funding, NYU must ensure that the effort expended on sponsored programs justifies the salary charged to them.

The goals of this policy and these procedures are to:

- Comply with the requirements of OMB Circular A-21 regarding allowable personal service costs paid by Federally sponsored programs and which, in Section J.10, mandate implementation of an effort reporting system to distribute compensation across all of the relevant activities of research staff and to apportion allowable compensation to and between sponsored programs.
- Provide clear guidance to research faculty and staff to properly identify, verify and document personal service costs allocated to Federally sponsored programs.
- Describe how to properly track and certify effort in accordance with Federal requirements.
Scope of this Policy

This Policy is applicable to all schools, departments, units and personnel of the University involved in administering sponsored awards.

i. Policy Definitions

*University Effort*
University Effort is the sum of all professional activities for which NYU compensates an individual.

*Effort*
The work or portion of time devoted to a particular activity, expressed as a percentage of salary paid by NYU as defined by the Institutional Base Salary (IBS).

The chart below lists activities that are included and excluded from University effort.

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<th>Activities Included in University Effort</th>
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<tbody>
<tr>
<td>Externally sponsored research, including seminars, delivering special lectures about the ongoing sponsored program, attending related meetings and conferences.</td>
<td>Consulting and other outside compensated professional work including service on scientific advisory boards compensated by external organizations.</td>
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<td>Departmental/University research including uncompensated participation in study sections, peer review of manuscripts, unfunded effort on externally funded projects.</td>
<td>Volunteer community or public service.</td>
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<td>Instruction/University supported academic effort, including presentations to students, mentoring trainees.</td>
<td>Veteran’s Administration compensated activities outlined in a Memorandum of Understanding</td>
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<td>Clinical Services Effort:</td>
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<td>Salaries from separately organized clinical practice plans are excludable from IBS when they are not:</td>
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<td></td>
<td>a) Guaranteed;</td>
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<td>b) Set/determined by NYU; or</td>
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<td>c) Part of the appointment contract.</td>
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<td>Bonuses and certain “one-time” payments for which extra compensation is paid by NYU.</td>
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### Activities Included in University Effort

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<td>Administrative effort, e.g., Department Chair, Institute Director, service on institutional Committees, faculty advisory boards.</td>
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<td>Effort expended on preparing proposals.</td>
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<td>Service in external professional organizations and societies related to one’s work, which is not compensated by those organizations.</td>
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### Activities Excluded from University Effort

- Institutional Base Salary (IBS)
  - The compensation that NYU pays an employee, whether that individual's time is spent on research, teaching, administrative and other service, patient care or other activities. The compensation relevant in determining IBS is the amount that is guaranteed and fixed in advance by the appointment letter or employment agreement and paid through the NYU payroll system. For faculty with 9 month appointments, it is the salary base for the period 9/1 – 5/31.

- Cost Sharing
  - That portion of a project or program cost that is not reimbursed by the sponsor (whether Federal or non-Federal) and as such represents a commitment of institutional resources that would otherwise be devoted to other University purposes. Normally at NYU, cost sharing involves personnel effort; however, other costs, such as equipment, may be used.
    1) Mandatory – may be required by the sponsor as a condition of the award and becomes an obligation once an award is made
    2) Voluntary Committed – may be offered by NYU and becomes an obligation once an award is made.
    3) Voluntary Uncommitted – faculty effort over and above that level which is committed and budgeted for in a sponsored agreement.

- Sponsored Projects
  - Signed awards (grant, contract or cooperative agreement) under which the University agrees to perform a certain scope of work for an external sponsor.

- Salary Cap
  - The maximum annual rate of NYU Salary for the level of effort that can be charged to a sponsored award. Normally it is indexed to a specific government Executive pay level.
ii. University Policy

NYU complies with Federal effort reporting requirements and has implemented a system to accumulate and document personal service costs charged to sponsored programs. The system is designed to ensure that the commitment indicated in a proposal and resulting award is met and in compliance with NYU and sponsor terms and conditions. It is implemented through time and effort reports for each person whose salary is charged to a sponsored program and/or cost sharing program chartfield during the reporting period. The PI must ensure that his or her own reported effort and the effort of all other personnel directly charged or otherwise committed to the project are accurate and reflect the work actually performed on the project during each reporting period.

If the percentage of effort expended in a certain effort reporting period is less than the percentage of salary charged to the sponsored project during the period, the salary charges on the sponsored project must be reduced to reflect actual effort.

Reporting Effort
Effort is certified based on an after-the-fact reporting system. Effort reports are prepared for three time periods: Fall semester, Spring semester and Summer term.

A report of actual effort is generated using the Effort Reporting System (ERS). Each effort report must be completed and certified in a timely manner.

Certifying Effort
The PI and any other faculty member whose salary is charged to a sponsored program are required to certify his or her individual effort report. The PI must also certify that the effort reported by non-faculty personnel directly charged to projects is accurate and reflects the effort actually contributed during the reporting period.

Calculating Effort
The basis used to propose or commit effort should be the same as that used to calculate, report and certify effort.

It is recognized that a precise apportionment of effort across the activities performed on behalf of an institution of higher education is not always feasible. Research, teaching, clinical services and administration are often inextricably intermingled. Therefore, reliance is placed on estimates in which a degree of tolerance is expected.

For research scientists, administrative employees and faculty, there is no set number of hours that constitute total effort; rather total effort equals 100% of the University effort. The activities performed and the total amount of time to accomplish them will likely be different for each individual and may vary during the year and from year to year.

For faculty, the components of total effort are determined by the original NYU appointment letter, the NYU Guidelines on Faculty Effort at:
(http://www.nyu.edu/content/dam/nyu/research/documents/OSP/NYUGuidelinesonFacultyEff ort3_17_2010.pdf) and any modification stated in any subsequent letters from the Chair or Dean, for example when a faculty member takes on administrative responsibilities. Teaching,
research (including clinical trials), clinical services within the Dental College and administrative activities are all services that may be performed on behalf of NYU.

Research scientists and administrative employees are generally on 12-month appointments and are assigned their responsibilities for research and their expected committed effort by the PI. For graduate students, a full-time appointment is comprised of a combination of research responsibilities and educational activities. They may be appointed on a semester or 9-month basis and may earn additional compensation for each summer month during which they are employed.

**Committed Effort**
When an award is accepted, the Principal Investigator is committed to providing the level of effort specified in the proposal, subsequent budget modification or resulting award notification, over the award period, unless sponsor policies permit otherwise. For some sponsors, a specific level of effort is also specified for other key personnel. It is expected that the proposed effort committed in a grant application will be provided to the project even when the amount approved in the notice of grant award is less than the amount requested, unless the sponsor has agreed to a reduction in effort. In such cases the unfunded committed effort must be treated as voluntary cost sharing and tracked in a separate account.

Temporary changes of less than 5% of assigned effort during a period are generally considered immaterial (except that the 1% minimum effort for PIs on Federal grants must be met) and it is not necessary to report them on payroll documents. However, changes from assigned effort of 5% or more that are expected to continue or occur regularly must be reflected in the corresponding time and effort report.

**Minimum Effort**
With certain exceptions (including for example, equipment and instrumentation grants, doctoral dissertation grants, faculty mentors on institutional training grants), faculty are expected to apply some level of effort to projects on which they are listed as the PI or as key personnel (1% or more or the minimum required by the program).

**Maximum Effort**
Faculty effort assigned to sponsored projects should rarely total more than 95%. The sum of the committed effort on active projects plus the anticipated committed effort on proposed projects and the effort devoted to non-research activities may exceed 100% for a given period. However, to the extent that proposed projects are ultimately awarded, the effort on one or more activities must be reduced to ensure that combined effort does not exceed 100% for the period. The sponsor of an affected project will normally require notification if the effort reduction is significant (25% or greater reduction in time).

**Summer Effort for Faculty with 9-Month Appointments**
The IBS for nine-month faculty is based on the nine-month base even for faculty whose administrative duties extend into the summer. Faculty compensated for 9-month appointments are permitted to expend up to an additional three months of summer effort on a combination of service (paid by NYU) and one or more sponsored programs in the period beyond the academic year and earn up to three months of additional salary for that effort,
subject to sponsor policies and the approval of the department chair and dean/provost. The compensation for three summer months is the maximum allowable from all sources (including University funds). Maximum Effort for the summer months should rarely exceed 95% for externally funded awards.

A request for summer salary indicates a commitment to expend commensurate effort on the particular project during the summer term (effort expended during the academic year does not satisfy a commitment related to the receipt of summer salary). Faculty who receive summer salary from sponsored programs will be required to certify that the effort was expended on those projects during the summer effort period.

Effective 9/1/09, faculty may not charge 100% to sponsored research during the summer or any given month during the academic year. The minimum effort that must be reserved for other duties is 5% per month for faculty without extra administrative duties and correspondingly more for chairs, directors and deans. (See NYU Guidelines on Faculty Effort at: (http://www.nyu.edu/content/dam/nyu/research/documents/OSP/NYUGuidelinesonFacultyEffort3_17_2010.pdf) for details on supplementary compensation for administrative duties).

Cost Sharing
Any effort which is committed in the proposal and resulting award, but not charged to the sponsor, must be documented as voluntary committed cost sharing and reported on the T&E certification, unless the deviation is within award limits or has been approved in advance by the sponsor (see “Changes in Status and/or Effort” below). The amounts identified for cost sharing are subject to review and approval by the responsible departmental and school leadership, and processed in accordance with NYU’s Cost Sharing Policy.

Under NYU’s Cost Sharing Policy, PIs may cost share 1% of their academic year time toward any single sponsored program. When no summer salary may be requested (because the PI is already fully committed or the sponsor has prohibitions), up to 5% academic year (September through May) effort may be cost shared with the approval of the chair and the dean. Any voluntary cost sharing above 5% on a single grant or 10% cumulatively (for the sum total of all awards) requires a justification and the written permission of the chair, dean and Senior Vice Provost for Research.

Extra Compensation for Faculty with Administrative Appointments
Faculty with administrative appointments, e.g., chairs, directors and deans, may receive a salary supplement in recognition of their increased responsibility. This supplement applies to the full IBS, and should not be considered compensation for the administrative service alone. Most administrative appointments also involve service during the summer, which needs to be separately compensated and tracked, though the percent of effort need not be the same during the summer and during the academic year. Since the extra compensation is included in IBS, it should be incorporated into the calculation of effort.

Salary Cap
Certain sponsors (e.g., NIH) impose a limit or “cap” on the annual rate of pay that may be charged. Using the IBS for the academic year, the difference between the effort expended on
the sponsored program and the sponsor salary cap is designated as cost sharing. On summer salary charges for faculty with nine-month appointments, the difference between the IBS and the salary cap need not be charged.

Changes in Status and/or Effort
It is the PI’s responsibility to comply with Federal and other sponsoring agency prior notification requirements related to changes in status and/or effort for all personnel on their projects. Federal agencies require prior notification and approval of significant changes in personnel status and/or effort of PI’s (and for some sponsors, key personnel) on the projects that they sponsor. Federal agencies define changes in status as:

- Withdrawal from a project;
- Absence from the project for any continuous period of three months or more; or
- Twenty-five percent (25%) or greater reduction in the time devoted to the project (over the budget year) from the level approved at the time of award.

Example: A PI has committed 50% effort to a project. A reduction of 25% of the committed effort would result in a 37.5% effort and would require sponsor approval.

During the life of the award, when required by sponsor policies, it is the PI’s responsibility to obtain University (Chair and Dean) and sponsor prior approval for such changes in status or effort. Requests for sponsor approval are conveyed through the Office of Sponsored Programs.

Unless otherwise communicated to the sponsor, the effort committed during a no-cost extension period is assumed to be consistent with the effort commitment for the immediately preceding award period. For Federal awards, the sponsor must be notified at the time of a no-cost extension request if the effort to be expended is reduced by 25% or more than the level approved at the time of award. See No-Cost Extension Policy.

Retroactive Adjustments
To identify potential errors and make adjustments on a timely basis, PI’s and their department administrators should regularly compare the effort commitments contained in new and ongoing sponsored program budgets with Fame/Brio expenditure reports. In addition, in preparation for each effort reporting period, an additional, comprehensive review should take place for each project to identify potential adjustments.

As of September 1, 2009, once effort has been certified on a sponsored program, it may not be recertified without explicit permission from the Chair, Dean and a designated official in Sponsored Programs Administration. Changes in certification may not be implemented by a charge to the Federal government. The term “recertification” does not include the correction of failures to implement the original certification, e.g., paperwork errors or payroll adjustments, which were requested, but not processed. Requests for such corrections must be accompanied by documentation substantiating the claim. Risk projects need to be established through Sponsored Programs Administration in the case of pending awards. This will avoid
the need to transfer payroll activity from a non-government or discretionary chartfield to a Federal project once the award has been received.

iii. Roles & Responsibilities:

*Principal Investigator (PI)*

- Understands requirements for accurate effort reporting;
- Provides reasonable estimates of effort expended in relation to the aims of the project and other University obligations; verifies that PI’s and other non-faculty personnel time commitments on all activities, prior to and after certification, including instruction, research and other department activities does not exceed 100%; alerts Chair and Dean of any overlap or discrepancy;
- Complies with sponsor requirements regarding reduction in effort and change in status of self and, when required by the sponsor, of key personnel;
- Certifies his or her effort and all other non-faculty personnel for the project;
- Notifies the School/Department Administrator of any required adjustments to the T&E report;
- Provides certification of effort to the departmental administrator in a timely manner upon receipt of e-mail notification of report availability.

*School/Department Administrator (S/DA)*

- Coordinates the activities of department leadership, Cost Analysis, PIs, OSP and SPA.
- Assists PI in determining committed effort at proposal stage for self and other relevant personnel;
- Ensures that sponsor-imposed salary caps are calculated and recorded properly in a cost sharing account;
- Monitors committed effort and assists PIs with preparation of request to sponsors, as necessary, regarding reduction of effort;
- Ensures that effort reports are complete, that the dollars charged are consistent with the effort certified and that reports are submitted correctly and on-time;
- Makes any adjustments in ERS for payroll distribution, as required, and submits payroll corrections consistent with the approved certification;
- Ensures that effort reported during a no-cost extension is consistent with the effort committed to the sponsor.
Cost Analysis, which includes the Central Administrator for ERS (CA)

- Responsible for the Effort Reporting System (ERS);
- Transmits the certification data;
- Monitors the various aspects of compliance, including notification to Department Chair or Dean and OSP of any delinquency;
- Explains the effort reporting system and justifies NYU’s performance to auditors.

Sponsored Programs Administration (SPA)

- Documents and confirms committed cost sharing based on the Notice of Grant Award during award set-up;
- Ensures that all cost sharing amounts are appropriately established and in compliance with NYU cost sharing policy and sponsor’s requirements;

Reviews and approves all requests for retroactive adjustments in accordance with the Cost Transfer Policy. See Cost Transfer Policy.

Office of Sponsored Programs (OSP)

- Ensures that submitted proposals are in accordance with NYU and the sponsor’s policies;
- At the time of award, reconfirms the budget and cost sharing commitments, including PI and other relevant personnel time commitments;
- When the award is granted, alerts SPA in writing of effort commitments, both funded and cost shared; reviews and approves requests for reductions of effort as required by sponsor terms and conditions; and informs SPA of any resulting change in effort;
- Conveys changes in PI status to sponsor when required.

Department Chair

- Reviews proposed sponsored activity to ensure that other activities required of PI will not conflict with proposed effort commitment;
- Ensures PIs compliance with reporting and certifying effort accurately and on a timely basis;
- Approves changes in effort commitments, including cost sharing;
- Notifies dean of noncompliance by a PI and recommends/requests action.
Dean

- In collaboration with Chairs, reviews proposed sponsored activity to ensure that other activities required of PI will not conflict with proposed effort commitment;
- Approves changes in effort commitments, including cost sharing;
- Reviews and approves all requests for retroactive adjustments in accordance with the Cost Transfer Policy, as requested;
- With Chair’s recommendation, initiates actions against a PI in the event of noncompliance.

Payroll

- Responds in a timely way to requests for adjustments in payroll activity.

Senior Vice Provost for Research (SVPR)

- With the recommendation of the Dean, enforces sanctions against PIs and other employees in the event of noncompliance, as appropriate.

Compliance

Violations of this policy may subject faculty and other employees to disciplinary procedures, including, but not limited to:

1. Suspension of new submissions on behalf of a PI during the period that the faculty member’s effort report (or that of any research staff) is delinquent;

2. Discipline in accordance with the policies and procedures set forth in the Faculty Handbook as applicable to faculty. A non-faculty employee who is determined to be noncompliant with this policy will be subject to discipline in accordance with the applicable employee disciplinary policies and procedures;

3. NYU will report to the sponsoring agency any finding of noncompliance, as required by applicable law, regulations and the term and conditions of the award.

Internal Evaluation

Certifications facilitated by the Time and Effort Reporting system are evaluated as part of the University’s annual A-133 audit, and they also may well be audited as part of other specific, random audits, including audits periodically conducted by University’s Internal Audit Department.

Related Policies

- Cost Sharing Policy
  - [http://www.nyu.edu/about/policies-guidelines-compliance/policies-and-guidelines/cost-sharing-policy.html](http://www.nyu.edu/about/policies-guidelines-compliance/policies-and-guidelines/cost-sharing-policy.html)
● Cost Sharing of Faculty Effort on Grants
  o http://www.nyu.edu/content/nyu/en/about/policies-guidelines-compliance/policies-and-guidelines/cost-sharing-of-faculty-effort-on-grants.html

● Cost Transfer Policy
  o http://www.nyu.edu/about/policies-guidelines-compliance/policies-and-guidelines/cost-transfer-policy.html

● Faculty Handbook
  o http://www.nyu.edu/faculty/governance-policies-and-procedures/faculty-handbook.html

● No-Cost Extension Policy
  o http://www.nyu.edu/about/policies-guidelines-compliance/policies-and-guidelines/no-cost-extension-policy-for-sponsored-programs.html

● NYU Guidelines on Faculty Effort
  o http://www.nyu.edu/content/dam/nyu/research/documents/OSP/NYUGuidelinesonFacultyEffort3_17_2010.pdf

● Salary Cap Administration Policy
  o http://www.nyu.edu/about/policies-guidelines-compliance/policies-and-guidelines/salary-cap-administration-policy.html

Federal Regulations

● NIH Grant Policy Statement
  o http://grants.nih.gov/grants/policy/policy.htm#gps

● Office of Management and Budget, Circular A-21