

New York University

UNIVERSITY POLICIES

Title:	Effort Reporting Policy for Sponsored Programs
Effective Date:	December 1, 2020
Supersedes:	December 1, 2017
Issuing Authority:	Sponsored Programs Administration; Office of Sponsored Programs
Responsible Officer:	Assistant Vice President for Post-Award Administration; Associate Vice Provost for Research Compliance and Administration

Policy

It is the policy of New York University (NYU, “the 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 the *Federal Office of Management and Budget Uniform Guidance (OMB Uniform Guidance)*. All Principal Investigators (PIs) 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 University standards and procedures for determining and supporting the costs of personal services (i.e., effort) committed and charged to Federally-sponsored programs. As a condition of accepting such funding, NYU must ensure that such charges are based on records which accurately reflect the work performed, and which reasonably ensure the charges are accurate, allowable, and properly allocated.

The goals of this policy and these procedures are to:

- Fulfill Uniform Guidance requirements for documenting personal service costs paid against Federal awards.
- 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 NYU’s effort recording systems.

Scope of this Policy

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

Procedures for Implementation

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, as determined by NYU and sponsor terms and conditions. NYU utilizes an effort reporting system which is a system of internal controls that reasonably ensures that salary charges to sponsored projects are accurate, allowable and properly allocated. NYU's effort reporting system documents salaries charged to federally sponsored projects accurately reflect the work performed and to meet the requirements of the Office of Management and Budget's (OMB) Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance – 2 CFR 200) and University policy. 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.

Under the Uniform Guidance, the Institutional Base Salary (IBS) is the fundamental measure of the effort expended by faculty in institutions of higher education in performance of work under a Federal award. Thus it is incumbent on NYU to establish a consistent written definition of IBS specific enough to determine when an individual's time is devoted to those University activities which are encompassed by the IBS, and those which are not. The following lists delineate the activities that are included and excluded from the IBS as defined by NYU:

Activities Included in University Effort

- Externally sponsored research and other projects, including contributing and directly related activities such as delivering special lectures about the ongoing sponsored program, writing reports and articles, fulfilling compliance requirements (i.e., for human subjects, animals, etc.), managing data, participating in seminars, consulting students and colleagues, and attending related meetings and conferences.
- Departmental/University research including uncompensated participation in study sections, peer review of manuscripts, unfunded effort on externally funded projects.
- Instruction/University supported academic effort, including presentations to students, mentoring trainees.
- Administrative effort, e.g., Department Chair, Institute Director, service on institutional Committees, faculty advisory boards.

- Effort expended on preparing proposals.

Activities Excluded from University Effort

- Extra-service pay, such as compensation for short-term assignment at Global Sites, or teaching during minimesters, and-including Intra-institutional consulting across departmental lines and in addition to regular workload
- Consulting and other outside compensated professional work including service on scientific advisory boards compensated by external organizations.
- Volunteer community or public service
- Clinical Services Effort
- Veteran's Administration compensated activities outlined in a Memorandum of Understanding
- Bonuses and certain "one-time" payments for which extra compensation is paid by NYU

For all other (non-faculty) University employees, effort is measured against the individual's actual salary, subject to Uniform Guidance standards for allowability and reasonableness. As indicated in the IBS Policy, Schools and Departments are responsible for identifying those activities that fall within and outside of the IBS.

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.

Effort reports are generated electronically through the University's Effort Reporting System or ERS. When reported effort reasonably agrees with the salary charged, the effort form is ready for certification.

OMB Uniform Guidance indicates that teaching, research and service are often times inextricably intermingled, which means a precise estimate may not always be feasible. The University expects reasonable estimates be made when comparing salary charges to actual effort. In addition to reconciling actual effort to salary, keep in mind, actual effort should equal the effort commitment, within a reasonable variance.

If the actual effort is reduced by more than 25% of the committed effort, prior approval from the sponsor must be obtained.

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.

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/NYUGuidelinesonFacultyEffort3_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 PI 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.

An effort commitment is typically expressed as a percentage of an individual's time or in "person months" (specifically, the number of months of effort to be expended on the award). For example, a faculty member with a 9 month appointment devoting half of his or her time to a given sponsored project would be devoting 50 percent or 4.5 person months. When the proposal is funded and the award is accepted by the University, then that effort commitment becomes a requirement of the award. Prior approval is required from federal sponsors when PIs disengage from their projects for three or more months, or do not expect to meet their effort commitment within a 25% variance or more. For example, someone with an effort commitment of 20% would require prior approval to reduce their effort to 15% or lower.

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).

Salary Charged

Appointments (and subsequent salary distributions) should be updated once the project-related activity has commenced. The salary being charged should represent the anticipated effort on each sponsored project as well as salary for other activities such as teaching, departmental research, and service activities that are not funded by a sponsored project. The sum of the salary charged directly to the sponsored project, and salary charged to any cost sharing accounts, should reasonably agree with committed effort.

One goal of effort reporting is to ensure that salary charged agrees with actual effort devoted to sponsored projects in relation to all other activities for which the individual is paid an institutional base salary. Actual effort above the effort commitment is referred to as “voluntary uncommitted cost sharing”, should not be reflected on the effort form. This is effort that is not charged to the project. Simply meeting your commitment is sufficient.

For more information on cost sharing, please see the [Cost Sharing Policy](#) in the SPA Handbook.

Some projects may begin before the notice of award arrives. Pre-award costs are agency specific and should be verified in the terms and conditions of the award. Effort, and resulting salary charges, need-to be allocated appropriately to the project in order not to overcharge other sponsored projects, as well as limit the need for cost transfers.

Summer Effort for Faculty with 9-Month Appointments

Faculty members may devote effort to sponsored projects during the summer term. Salaries for work performed by nine-month faculty on sponsored projects during the summer months will be determined for each faculty member at a rate not in excess of the institutional base salary divided by the period to which the base salary relates. For example, for faculty with 9 month appointments, the rate of pay for one summer month is calculated as 1/9th of the IBS. Due to the results of recent federal audits, which highlighted the fact that faculty effort is rarely devoted exclusively to the conduct of a sponsored activity, NYU’s policy is to permit a maximum of 95% to be charged to a sponsor in any given month, including the summer. For more information on institutional base salary, please see the [Institutional Base Salary Policy](#).

Extra-Service Pay

Under the Uniform Guidance, charges for effort expended by faculty beyond the level defined by the IBS (as established in the appointment letter or employment agreement), or so-called overload, may be allowable with the prior approval of the sponsor. Cross-school consultation, teaching outside normal schedules, and other forms of short-term and irregular assignments for which additional compensation is provided would fall into this category. However, such charges must be recorded and supported according to the University’s standard for documentation of regular University compensated activities and charged at rates commensurate with the individual’s IBS.

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 the 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., National Institutes of Health - 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 PIs 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 PIs (and for some sponsors, key personnel) on the projects that they sponsor. Federal agencies define changes in status as:

- Disengagement 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 PIs 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 the award. See the [No-Cost Extension Policy](#).

Retroactive Adjustments

To identify potential errors and make adjustments on a timely basis, PIs and Department Administrators (DA's) should regularly compare the effort commitments contained in new and ongoing sponsored program budgets with Salary Expense Reports in UDW+. 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 (SPA). 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 SPA 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.

Escalation Process

Effort reports must be certified on a timely basis. After 45 days from the reporting deadline, the department administrator and fiscal officer are notified of outstanding certifications. A second reminder is issued by the Assistant Controller for Costing & Analysis followed by a final notification to advise that failure to complete the certification within a two-week deadline will result in SPA freezing projects until the certification is completed.

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 PIs 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 PIs 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 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](#).

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 a 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 non-compliance.

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 (ERS) system are evaluated as part of the University's annual OMB Uniform Guidance 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.

Policy Definitions

University Effort

The sum of all professional activities for which NYU compensates an individual. This is distinct from outside professional activities, whether compensated or not, including consulting and other outside professional work, service on scientific advisory boards, Veteran's Administration compensated activities outlined in a Memorandum of Understanding, as well as other forms of volunteer community or public service. Please note that effort-bearing compensation is distinct from other forms of personal income which may be distributed by NYU through the payroll system, under special arrangements between the University and individual employees, for such benefits as housing allowances or dependent tuition support.

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) or equivalent person-months.
Institutional Base Salary (IBS)	Institutional Based Salary is the annual compensation that NYU pays an employee, whether that individual's time is spent on research, teaching, administrative, 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. IBS does not include bonuses, one-time payments or incentive pay. Also excluded from IBS are: a) salary paid directly by another organization, and b) income that an individual is permitted to earn outside of one's University responsibilities such as consulting. For faculty with 9 month appointments, it is the salary base for the period 9/1 – 5/31.
Cost Sharing	<p>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.</p> <ul style="list-style-type: none"> • Mandatory – may be required by the sponsor as a condition of the award and becomes an obligation once an award is made. • Voluntary Committed – quantified contributions which are specified in a proposal budget but are not mandated by the sponsor. It may be offered by NYU and becomes an obligation once an award is made. Under Federal research proposals, voluntary committed cost sharing is not

	<p>expected. It cannot be used as a factor during the merit review of applications or proposals, but may be considered if it is both in accordance with Federal awarding agency regulations and specified in a notice of funding opportunity.</p> <ul style="list-style-type: none"> • <i>Voluntary Uncommitted</i> – Personal effort that is donated time, over and above that which is committed and budgeted for in a sponsored agreement. Voluntary uncommitted cost sharing does not require tracking and reporting.
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.
Sponsored Effort	The work or portion of time committed to a sponsored activity, or expended in support of that project, whether or not charged to the sponsor.

Related Policies

- Cost Sharing Policy
<http://www.nyu.edu/about/policies-guidelines-compliance/policies-and-guidelines/cost-sharing-policy.html>
- Cost Sharing of Faculty Effort on Grants
<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
<http://www.nyu.edu/about/policies-guidelines-compliance/policies-and-guidelines/cost-transfer-policy.html>
- Faculty Handbook
<http://www.nyu.edu/faculty/governance-policies-and-procedures/faculty-handbook.html>
- No-Cost Extension Policy
<http://www.nyu.edu/about/policies-guidelines-compliance/policies-and-guidelines/no-cost-extension-policy-for-sponsored-programs.html>

- NYU Guidelines on Faculty Effort
http://www.nyu.edu/content/dam/nyu/research/documents/OSP/NYUGuidelinesonFacultyEffort3_17_2010.pdf
- Salary Cap Administration Policy
<http://www.nyu.edu/about/policies-guidelines-compliance/policies-and-guidelines/salary-cap-administration-policy.html>

Federal Regulations

- OMB Uniform Guidance
http://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl
- NIH Grants Policy Statement
<https://grants.nih.gov/policy/nihgps/index.htm>