
University of Wisconsin-Milwaukee

Guidelines for Effort Commitments and Payroll Certification associated with Sponsored Projects

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Office of Research
University of Wisconsin - Milwaukee

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1. Guidelines

1.1 Establishing professional duties

Faculty and staff of the UW-Milwaukee 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 UWM effort and express this effort as a percentage, and
- assign an amount of compensation associated with this activity.

The expectation of the UW-Milwaukee is for faculty and staff to calculate their total UWM 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.

A faculty or staff member who has a part-time appointment should calculate effort as a percentage of their total UWM effort and follow the calculation outlined above. For example, a person appointed at 70% and committing one half of their total UWM 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.

1.1.2 External consulting

UW-Milwaukee 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 UWM 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 UWM effort with respect to the new appointment percentage.

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 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 UWM 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 federal sponsored project proposals and fixed price agreements. In the case of fixed-price agreements, it is expected that effort has been committed. Such commitment is implicit in the reimbursement negotiated with the sponsor.

This requirement is based on a 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.

The principal investigator's minimum required commitment to federal and federal flow-through projects is 1% of their effort. When salary will not be charged to the sponsored project, cost sharing must be documented.

This 1% PI minimum effort does not apply to non-federal sponsored projects, equipment and instrumentation grants, doctoral dissertation grants, or student augmentation grants.

An effort commitment is expected for the named research training program director, since they will be expending effort in coordinating the training program. However, 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.

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 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.

Where cost sharing is not required by the sponsor, necessary to ensure the competitiveness of a proposal, 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.

Voluntary cost sharing proposed in the budget or budget justification becomes a commitment upon execution of the award agreement. Such voluntary committed cost share cannot be charged to the sponsored project, but represents effort that must be tracked and certified.

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:	$75\% \times \$125,000 = 93,750$
K award limitation:	\$75,000
Supplementation required:	\$18,750

1.2.6. Cross-college relationships

A UW-Milwaukee 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 their 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 UWM 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 UWM will charge salary to their project for an individual's effort at the same rate at which the UWM 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 their level of committed effort and to communicate any significant changes in level of committed effort to their 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
- 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*)

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
- 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 UWM 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 the Bayh-Dole Act of 1980, 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 UWM Research Foundation to discuss an invention disclosure, meeting with a patent attorney about a UWM invention, reviewing internal action on a patent application and/or reviewing a draft patent application. As with any effort charged to sponsor 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 generally measured over an entire award period, with the exception of NIH, which manages commitments based on budget periods, typically one year. During the course of the award/budget 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 award/budget period. I. However, individuals are obligated to charge salary to the project 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.

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 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 UWM 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 for those listed on the Notice of Award without prior approval from the sponsor.

For an investigator or key person listed on the Notice of Award:

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 listed on the Notice of Award:

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 listed in the Notice of Award 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 UWM's budgets may be regularly overstated.

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 committed effort. For example, if a principal investigator who is devoting 20% of their total UWM 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 committed UWM 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 spending less time on non-sponsored research activities, or both. It may be necessary to change the salary allocations as well.

1.3.7. Academic Year Appointments and summer salary

For a faculty or staff member on an Academic Year Appointment (C-basis), a definition of total UWM effort applies to the period during which the individual receives compensation from the University. Yearly, this amounts to nine months (39 weeks) plus any time (up to 13 weeks) for which the individual receives summer salary. Summer Appointments in any one summer may not exceed 6.5 biweekly pay periods (13 weeks) of academic year 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-Milwaukee 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 their total UWM effort.

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 UWM policies.

Unpaid leave is excluded from total UWM 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 their 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 payroll

1.4.1. Whose payroll must be certified?

Payroll must be certified for faculty, staff, and trainees who have salary charged (direct or cost shared) to federally sponsored projects.

1.4.2. How is payroll certified?

All personnel, *except student hourly workers*, who receive UWM compensation for work on a federal or federal flow-through project must be certified via the web-based Employee Compensation Compliance Program (ECC) application. For student hourly workers, the timesheet serves as the mechanism for certifying pay.

For UWM 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 ECC can only be used to certify payroll for individuals who receive compensation from the University. A PI with a zero-dollar, zero-percent appointment may still log into ECC to certify the payroll for all staff who work on their federal projects.

1.4.3. When must payroll be certified?

In general, payroll must be certified within 90 days of the date on which the project statement certification period opens. Payroll must be certified on a semiannual basis. The semiannual periods of performance and their corresponding certification windows are roughly as follows:

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

The period of performance start and end dates will vary from year to year, because periods of performance are based on bi-weekly payroll periods.

1.4.4. Who certifies?

For project-based payroll certification, the Principal Investigator, or their approved designee, is responsible for certifying project payroll.

In circumstances where a Designee is necessary:

1. The PI and the Compensation Compliance Coordinator (CCC) must work together to identify the individual who has suitable means of certifying the project's payroll.
2. The CCC must submit a Request to the Office of Sponsored Programs. If approved, OSP will establish the alternate certifier in ECC.

1.4.5. General Project-based Payroll Certification Guidelines

Project-based Payroll Certification includes two steps. The project payroll statement must be:

1. Pre-reviewed by a Compensation Compliance Coordinator (CCC);
2. Certified by the principal investigator (PI) or approved designee

When the Certification Period opens, 1) Project statements are routed to an assigned Compensation Compliance Coordinator for pre-review. Once pre-reviewed by the CCC, 2) the project statement will route to the project's PI or designee for certification that the payroll charges are reasonable based on the work performed.

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

The responsibilities of the Compensation Compliance Coordinator include:

- Pre-reviewing the project payroll statements
- Monitoring the certification period to assist with timely certifications

The responsibilities of a Principal Investigator on federal sponsored projects include:

- Completing the UWM's compensation compliance training
- Certifying their project payroll statements in a timely manner, in accord with the UWM certification calendar

To be considered timely, project payroll statements are completed within the 90-day Certification Period.

1.4.6. Certification for PIs who leave the University

If a PI leaves, the project payroll statement will need to be certified by the replacement PI, or an approved designee.

1.4.7. Mandatory training

Staff who serve as PI or approved designee on federal sponsored projects must complete a one-time training program on the principles of effort commitments and payroll certification.

An individual must complete the training within 90 days of the Certification Period opening. Certifiers fulfill the training requirement by completing the on-line, web-based training, or an approved equivalent.

1.4.8. Consequences for failing to complete training and certify payroll

Failure to certify pay on federally sponsored research projects correctly, and in a timely manner, could jeopardize UW–Milwaukee's federal research funding. To protect the interests of UW–Milwaukee and ensure compliance with federal policies, the university may apply consequences for failing to certify payroll and complete the mandatory certifier training.

Potential 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

1.5. Adjustments to salary distributions

1.5.1. Cost transfers after payroll certification

Once charges for personal services have been certified on a project payroll statement, 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 project 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 will rarely require the same level of scrutiny, though repeated cost transfers off of federal awards may.

A salary cost transfer after payroll certification may give rise to a need for recertification of an project payroll 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 payroll certification, investigators, supported by their department administrators and Compensation Compliance Coordinators, should review sponsored project budget statements, payroll expense distribution reports, and project payroll statements regularly.

1.5.2. Recertification of Payroll

Recertification of payroll is a change to the payroll distribution on a project payroll statement that occurs after a coordinator pre-reviewed a statement and a PI has certified the statement. Two kinds of events can precipitate a recertification of payroll:

1. A PI can ask to change the payroll distribution on the statement itself
2. A salary cost transfer after payroll certification results in a need to change the distribution of payroll on a project statement

Payroll certification occurs during a *certification window*, which is the 90-day Certification Period. Up through the last day of the certification window, a certifier can change the payroll distribution on a certified statement by contacting the coordinator, who is authorized to reopen the project payroll statement for recertification. 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 the previous project payroll statement was erroneously certified, and why the requested change is more appropriate. Such requests are submitted to the Office of Sponsored Programs. Only in compelling 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 for those they name in the Notice of Award. Principal investigators and other key personnel listed in the Notice of Award 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 commitments to all UWM activities, including active sponsored projects, teaching, service, administration, and UWM 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 their total UWM effort, the individual's commitments may 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, UWM 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. Commitment levels and salary charging practices may also be subject to review for individuals whose salary is charged 90% or more to sponsored projects.

1.6.2. No-cost extensions

Except for grant programs that have a specific minimum effort requirement (e.g., NIH K type awards), the Office of Sponsored Programs (OSP) does not require the update of effort commitments when requesting, or receiving, a no-cost extension. A NCE simply provides additional time during which the originally proposed effort may be expended.

2. General Responsibilities by Role/Level

2.1. Principal Investigator/Designee

- Propose effort and cost sharing for sponsored projects in a manner that complies with UWM 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 regularly
- Certify payroll in a timely and accurate manner

2.2. Departments and Compensation Compliance Coordinators

- 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 project payroll statements for accuracy on a regular basis
- Conduct pre-review of project payroll statements
- Provide assistance to principal investigators as they certify project payroll, following up with them if changes are required
- Forward to OSP a request for recertification, if the request occurs after the end of the certification window
- Forward to OSP all requests to authorize an alternate designee to certify the project payroll statement, instead of the PI

2.3. College/School Divisions

- 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 cost transfers are completed, documented appropriately, and routed in timely manner
- Ensure that compensation compliance coordinators and other personnel involved in sponsored projects are familiar with effort commitment and sponsored pay principles, policies, and procedures
- Ensure that payroll is certified in a timely manner

2.4. Office of Sponsored Programs

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

3. Glossary of Terms

Cost sharing	The portion of the total costs of a sponsored project that is borne by the UWM 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.
Mandatory cost sharing	Cost sharing that is required by the sponsor as a condition for proposal submission and award acceptance.
Voluntary committed cost sharing	<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 their salary to that award. Subsequently, the investigator decides to charge only 20% of their 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>
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. This type of cost sharing is not required to be documented, tracked or recorded
Effort	The time devoted to and/or labor expended on a particular activity, expressed as a percentage of the total time spent on UWM activities.
Committed effort	<p>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. For example, if an NIH grant application proposes that a PI will devote 30% of their time/effort to the grant, with salary support for 10% of effort, then the cost sharing is 20% and the effort commitment is 30%.</p> <p>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/project director only.</p>

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 UWM effort. Depending on the nature and extent of the activity, and on the amount of time it requires in a period of performance relative to the individual's total UWM 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.

Total Professional Effort

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

Total UWM Effort

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 UWM effort must equal 100% – never more or less – regardless of the number of hours worked or the appointment percent.

Total UWM effort **INCLUDES:**

- Externally sponsored research, including all activities that the federal government recognizes as allocable to sponsored projects
- Departmental/university research, including UWM-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
- Effort expended on preparing proposals for new or continuing sponsored projects
- Activities related to pursuing intellectual property
- Public service activities directly related to UWM professional duties
- Paid absences, including vacation time and sick leave

Total UWM effort **EXCLUDES:**

- Paid consulting outside of the UWM
- Unpaid consulting outside of the UWM, except when performed as part of an individual's assigned responsibilities in the primary position
- 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 UWM effort
 - Unpaid absences from UWM
 - Lectures or presentations for which the individual receives compensation from a source other than the UWM
 - 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.

Payroll certification

The university's means of providing assurance to the federal government, that salaries charged to federal projects are reasonable in relation to the work performed.

Compensation Compliance Coordinator

An administrator who performs the pre-review process of project-based payroll certification and further facilitates the payroll certification process by answering certifiers' questions, monitoring certification activity, and following up with delinquent certifiers. Each college, school, department determines the placement of coordinators within its organizational structure and identifies appropriate administrative personnel to serve in this capacity.

Project Payroll statement

A document that applies to a defined time period and reflects the federal cost sharing and salary associated with a particular project during that time period.

Institutional Base Salary (IBS)

The annual compensation paid by the UWM 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 UWM.

IBS INCLUDES salary from these sources:	IBS EXCLUDES compensation from these sources:
<ul style="list-style-type: none"> ▪ Extramural grants, contracts, and cooperative agreements from federal (UWM fund 144) and nonfederal (UWM fund 133) sponsors ▪ Gift funds administered through Research Services and Administration (UWM fund 133, document type 2) ▪ Intramural grants (awarded through 	<ul style="list-style-type: none"> ▪ Royalties (paid directly to an individual) ▪ Outside professional work, including but not limited to: <ul style="list-style-type: none"> ▪ Consulting ▪ Compensated peer review activities
<ul style="list-style-type: none"> the Graduate School's Research Committee competition and other allocation processes) ▪ UWM Startup packages ▪ UWM Retention packages ▪ Other UWM funds, including but not limited to: <ul style="list-style-type: none"> ▪ State of Wisconsin general program revenue (UWM fund 101, commonly referred to as "departmental funds") ▪ General operations receipts (UWM fund 136) ▪ Federal F&A return (UWM fund 150) ▪ Endowment trust fund income (UWM fund 161/162) 	
IBS INCLUDES these salary components:	IBS EXCLUDES these salary components
<ul style="list-style-type: none"> ▪ Regular salary ▪ Summer salary ▪ Regular hourly wages ▪ Overtime wages, for hourly employees ▪ Sabbatical leave ▪ Paid professional leave, such as vacation and sick leave 	<ul style="list-style-type: none"> ▪ Bonus payments ▪ Temporary supplements ▪ Tuition remission ▪ Lump-sum payments

Institutional Base

Salary (IBS) con't

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

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 their 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.

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

Administration	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. It also includes proposal preparation for new or competing renewal applications
Departmental/University research	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.
Instruction	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. 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.
Basic activities of University life	This includes preparing expense reports, certifying payroll, 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. This does <i>not</i> include proposal preparation. 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.
Service	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.
Sponsored project	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 specified terms and conditions, for a specific budget. A sponsored project requires detailed financial accountability and compliance with the sponsor's terms and conditions.

4. Related Information

4.1. Cost transfer policy

[UW-Milwaukee cost transfer policy](#) Salary charges should be a reasonable reflection of the employee's effort, and any salary transfers may have payroll certification consequences. Salary cost transfers should be requested as soon as the error is identified. A cost transfer request must be submitted within 90 days of the accounting date of the initial cost allocation with the supporting documentation of the cost. An accompanying justification must be included. All cost transfers to funds 133 and 144 must be reviewed and approved by a [Post-Award Specialist](#). Any late cost transfer requests may not be approved.

4.2. 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
Executive Associate Director and Controller

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 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

sharing 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.

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 their 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.

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:

- (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 Notes

Date	Revision
July 1, 2022	Updated: Project-Based Payroll Confirmation
July 1, 2023	Update summer appointment language for bi-weekly payroll