

College of Agriculture and Life Sciences

ISU Effort Reporting and Certification Policy: Guidelines for Direct Salary Charges for Faculty (B and A-base, NTER), P&S and Post-Docs for Federally-sourced Projects

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Overview: Iowa State University will comply with federal regulations regarding effort reporting. Central to this reporting is the need to ensure that salaries directly charged to federal (and other) sources are allowable, appropriate, and reasonable. Iowa State University has developed an Effort Reporting and Certification Policy to assist campus units in complying with federal regulations. The policy is found in ISU's Policy Library at <http://policy.iastate.edu/policy/effort>. Additionally, an FAQ can be found on the Provost's website at <http://www.provost.iastate.edu/effort-reporting/20110427EffortReportingandCertificationPolicyFAQ.pdf>.

Challenges in Aligning Effort and Direct Salary Charge

Key to the ISU policy is aligning the effort expended on a project with the portion of salary received from the federal grant. NSF (and likely other federal agencies) assumes a strict interpretation on declared effort and direct salary charge. For example, NSF considers an ISU employee who charges 100% of salary during one summer month to be 100% committed to NSF. Two examples, courtesy of Dr. Arne Hallam and LAS, illustrate the potential problems:

- **Example A:** *One month summer salary paid in June (100% of June salary) from a federal grant.* No time away from work (e.g., family vacation) is allowed in June and no work is allowed on other grant proposals or unrelated research papers, nor is attending unrelated conferences, teaching, committee work, etc., in June.
- **Example B:** *One month summer salary paid over June and July (50% of salary each month) from a federal grant.* Up to 2 weeks away from work (e.g., vacation) can be taken in June and/or July, but no work is allowed on other grant proposals or unrelated research papers, nor is attending unrelated research conferences, teaching, etc., in June or July. All university-related compensation (100% commitment) is from the grant, so all university-related work must focus only on the grant providing the salary. Note that time away from work cannot exceed the "unpaid" portion of the month.

ISU is following the NSF interpretation of commitment of time: Support from NSF in a given time period is considered a 100% commitment to NSF for that time period, if the only salary funds received are from NSF. ISU's policy is designed to ensure that any ISU employee paid from a federal grant (usually during the summer) is only doing work directly relevant to the funded project during the time committed to the grant.

The highest risk for noncompliance lies with an ISU faculty or P&S staff member who charges 100% of salary to a federal grant. B-based faculty also are in this high risk group because of the practice of paying 100% of their salary during one to two summer months from federally funded projects. A-based faculty may face similar issues if they budget a full month of salary from a federal grant, but grant salary can be easily distributed over a few months to avoid the potential conflicts of commitment described here.

Role of the College and Your Unit

With assistance from the college, each Departmental Chair and Center/Institute/Initiative Director is responsible for ensuring that the salaries charged to federal (and other) resources are allowable, appropriate and reasonable. The Chairs and Directors are responsible for timely monitoring of salary allocations to sponsored projects and regular reporting through ISU's effort reporting policy.

Two Options to Ensure Compliance

Two options may prove helpful and reasonable to address faculty summer month time commitment issues. Note that any grant salary paid during academic or summer months must correspond with actual effort on the grant; one can work on a grant project more than one is paid, but not less than one is paid from that grant.

Option 1: Distribute at least part of grant-based salary through the academic year and use the resulting state-based salary savings to provide partial general fund salary support during summer months.

Note that agreement from the Department Chair is required to return the salary savings. Note also that grant salary designated specifically as “summer salary” must be paid during the summer months; grant-based salary must be designated “academic year” salary if it is to be used to generate salary savings for this option of partially state-based summer salary.

- **Example 1.1** *Two months’ salary requested from a federal grant as 1.5 months of academic year salary and 0.5 month of summer salary:* This would provide 16.67% salary per month, and the resulting academic year salary savings (general fund salary) can provide 50% salary for 3 summer months (50 % in June and July, 25 % in May and August). This distribution provides time flexibility to work on unrelated proposals, attend unrelated conferences, and take family vacation.
- **Example 1.2** *Two months’ salary requested from a federal grant as 0.5 month of academic year salary and 1.5 months of summer salary:* This would provide 5.6% salary per month in the academic year and 75% salary for June and July. The resulting academic year salary savings from general fund salary can provide 25% salary for June and July. This June and July distribution provides some time flexibility to work on unrelated proposals, attend unrelated conferences, and/or take time away from work (e.g., vacation), but would not allow for both a week away from work and 3 days at an unrelated conference, because 25% of a month is less than 8 days.

Option 2: Specify days for grant-funded salary during summer months, rather than a percentage over the whole month.

This can be specified day-by-day. Note that this option requires more careful planning to specify salary versus non-salary days, although changes can be made as needed.

- **Example 2.1** *Provide 100% salary for June 1 - 15 from a federal grant, rather than 50% for the entire month.* Provides maximum flexibility for June 16 - 30, since no federal funding is used, but the faculty member must work exclusively (100% commitment) on that grant for the first two weeks of June.
- **Example 2.2** *Provide 100% salary for June 1 - 8, June 18 - 20, July 6 - 13, and August 6 - 10 from a federal grant.* Provides maximum flexibility for the days where no grant salary is provided, but the faculty member must work exclusively on that specific grant for the specified days of federal salary support.

Summary of Guiding Principles for Compliance

1. Unless you plan to commit to 100% effort, avoid putting 100% of summer salary on a federal grant.
2. Seek a nonfederal source of salary for each summer time period in which partial federal grant funding occurs.
3. Spread federally sourced salary throughout the academic year (August – May) and use the resulting start-resourced (general fund) salary savings to provide partial salary during the summer.

End Note: CALS thanks LAS and Arne Hallam for crafting the examples.