

# PERCENTAGE OF EFFORT QUESTIONS AND RESPONSES

May 26, 2004

## GUIDELINE STATEMENT:

- Effort Reports should reflect all grant covered salaries for the 04 Fiscal Year. (July 1, 2003 to June 30, 2004).
- All personnel whose salaries are paid in full, part time or a percentage of their salary, by grant funds must complete a Percentage of Effort Report.
- Personnel includes:
  1. Principal Investigator
  2. Co-Investigator
  3. Professional Staff
  4. Clerical or Administrative support
  5. Graduate Students (as long as they are not on the grant in a “training status” and receive a stipend for this training)

| QUESTION                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | RESPONSE                                                                                                                                                                                                                                                          |
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| Should the Percentage of Effort Form be submitted with the Internal Paper Work                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | No. These forms will be collected at the end of each semester. The three submission date would be:<br>January 31 <sup>st</sup><br>July 31 <sup>st</sup><br>September 30 <sup>th</sup>                                                                             |
| How should this effort be estimated...as percentages or academic year (e.g., 25%) or calendar year?                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Calendar year.                                                                                                                                                                                                                                                    |
| What is the difference between ‘semester’ and ‘date’ shown in the table?                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Semester refers to fall, spring or summer. Date refers to the date the form was completed. This now has been changed on the form.                                                                                                                                 |
| It is not really clear whether this is about EFFORT or SOURCE OF SALARY. Page 4 of the policy states, “For example, if a faculty member expends 75% of his or her total effort on a sponsored project, but the sponsor is charged for only 50% of his or her salary, the percentage for that project on the Effort Report should be 50%. This is because the percentage is calculated by dividing actual salary charges to a project by the individual’s total salary for the Effort Report period. To present an accurate picture of actual effort expended on the project, the faculty member must enter the remaining 25% on the Effort Report form. This statement is confusing and contradictory. Does a faculty member report only the portion charged to the project, or the total percentage of time spend on the project? | If a sponsor is paying 50% of a faculty member’s salary on a grant and the faculty member’s effort into this grant is 75%, then the correct method of allocation of percentage of effort would be: 50% effort for the grant and 25% effort recorded as Cost Share |

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| <p>Policy states: “Since all sponsored projects are awarded to Rowan University, Rowan employees do not receive an Effort Report. The salary expenses of Rowan employees who do perform services on sponsored projects are charged to Rowan’s cost centers and transferred to the sponsored project fund through Rowan’s financial system.” Does this mean faculty DO NOT have to fill out an effort report form? Or does it mean that staff don’t have to do so? Or does it mean something totally different?</p> | <p>Faculty, staff or graduate students whose salaries are paid by grant funds need to complete an Effort Report Form, but only the University will receive the total Effort Report. Maria McCall and her staff track and process the cost center activity and related transfers. But, it is still the faculty’s responsibility to complete Effort Form since only he/she can account for their individual time/effort spent on a sponsored project.</p>                                                                                                                                                                                                                                                           |
| <p>There are four broad areas of reporting shown on the form itself:</p> <ol style="list-style-type: none"> <li>1. Research Related to Sponsored Projects</li> <li>2. Administration</li> <li>3. Instruction and unsponsored scholarly activity</li> <li>4. Other University Activity</li> <li>5. What qualifies as “Other University Activity?”</li> </ol>                                                                                                                                                        | <p>On the form “Other University Activity” has been replaced with “Service and/or Effort on Proposals-Pending Award Status.” This frequently occurs when a faculty member is working on a sponsored project and the contracts from the State or agency arrive at Rowan near the end of the project.</p>                                                                                                                                                                                                                                                                                                                                                                                                           |
| <p>It would be helpful if there were simpler examples in the Effort Reporting Policy other than the complex example of NIH grants.</p>                                                                                                                                                                                                                                                                                                                                                                             | <p>Other, simpler examples of 10 and 12-month contracts have been incorporated into the policy.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <p>There is no clarification of Article XX in the Faculty ATF contract, “Compensation for Outside-Funded Activities” The contract states employees can receive compensation (e.g. from grants) up to thirty percent of his/her base salary or \$18,000 whichever is greater.”</p>                                                                                                                                                                                                                                  | <p>This reference to the ATF contract has also been incorporated into the policy, and with examples.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <p>The Effort Report Form has space to report effort for only two sponsored projects. Many faculty are working on many more than two projects at one time.</p>                                                                                                                                                                                                                                                                                                                                                     | <p>The additional projects may be added to the existing form by simply extending the “A. Research Related To Sponsored Projects Box.”</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <p>“I don’t understand the purpose of the Percentage of Effort Form and why it is required for every grant. An auditor would only need this information when they are looking at the work a faculty member has done in a given year. The auditor does not need to process information on what a faculty member was planning to do if all of the proposals came through.”</p>                                                                                                                                       | <ol style="list-style-type: none"> <li>1. Rowan’s auditors, KMPG have cited the University for deficient percentage of effort reporting in the fiscal years of 02 and 03. This year we were again cited for this deficiency that may result in the loss of all funding.</li> <li>2. Any agency that gives us funds may audit at any time.</li> <li>3. Any agency that passes federal funds through Rowan may perform an audit at any time.</li> <li>4. The U.S. Office of Management and Budget circular A-21 major requirement is accounting for employee compensation for work done on federally sponsored agreements with a system of documenting employee effort expended on sponsored agreements.</li> </ol> |

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| <p>“In addition, this information is already on budget forms to the NSF and other agencies that the research office has access to. In addition, NSF already keeps track to make sure that you don’t earn more than 2/9ths of your academic salary from NSF grants.”</p>                                                                                                                                                                                                                                                        | <p>As stated in the question, NSF already has the budget information, as do other agencies. But, it is the responsibility of the individual faculty member (PI) to document the amount of effort given to those individual agencies. It is not the responsibility of the agencies, collectively, to supply this information to support audits on each university.</p> <p>An analogy would be if you had three different jobs and had to file your yearly income tax return. It’s not up to the three employers to supply Uncle Sam with your income statements, but it is your responsibility, under the law, to supply the U.S. government with those statistics. This is the same situation when complying with the Federal Regulations OMB-A21.</p>                                                                                                         |
| <p>In regard to this form, do they want what was proposed in the proposal of the grant that was awarded or do they want the work that was actually done. Usually to get an appropriate amount of cost share you put in a fictitious number, which averages around 10% of their academic year on a grant. It may be the case that if you add up all of the cost shares on grants that you get a larger proportion on an item and then you make all the items smaller. The key question is will anyone use this information.</p> | <ol style="list-style-type: none"> <li>1. Document the work that was actually done according to the percent of the funding applied for this project by the sponsor. Ex. 50 % funding, but 75% effort given to the project. Record 50% effort for the project and 25% on the cost share form.</li> <li>2. “Will any one use this information?” This isn’t an exercise to make all of us do more work. It’s the law and we have to comply. The Government wants to make sure that their money is being used for the stated reasons and they are requiring documentation to support those efforts.</li> </ol>                                                                                                                                                                                                                                                     |
| <p>Duplication in reporting on the forms. For example, percentage of effort is required on the “Proposal Transmittal Form” the Proposed Effort Form and the Effort Report Form.” The Effort Report Form duplicates a significant portion of what we now complete as part of the Provost’s workload report.</p>                                                                                                                                                                                                                 | <ol style="list-style-type: none"> <li>1. The Proposal Transmittal Form” request for percentage of effort is an estimate and as with many projects this figure may change.</li> <li>2. The Effort Report Form is the documentation of that effort at the end of the project when the exact amount of time give to a project is known.</li> <li>3. The Proposed Effort Form has been eliminated. This form was first proposed to satisfy the needs of the auditors, but because the faculty had numerous questions, and the fact that we did not have a policy to explain these questions, give guidance and examples, it was decided to eliminate this form and set a policy with a more comprehensive Effort Report Form.</li> <li>4. The Provost’s workload report and the Effort Report serve two different purposes and two different entities.</li> </ol> |

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| Set up an “advisement session” for faculty on how to fill out the form.                                                                                                                                                      | This definitely will be done. Training dates will be posted on the Office of Government Grant’s website.                                                                                                                                                                                 |
| Is this form to be filled out just by faculty?                                                                                                                                                                               | No, anyone who is being paid by grant funds must complete this form. Ex. Staff, graduate students, etc.                                                                                                                                                                                  |
| Would clinic projects go under “C” instructional projects?                                                                                                                                                                   | Yes                                                                                                                                                                                                                                                                                      |
| What happens if one spends time during the academic year and summer on a project, but only gets compensated by the grant over the summer? Should they include this academic effort as A-1 Cost Sharing?                      | Yes                                                                                                                                                                                                                                                                                      |
| What about activity (lab development/educational methods research) of faculty in implementing equipment gifts from industries?                                                                                               | List this activity under Un-sponsored Projects.                                                                                                                                                                                                                                          |
| Are Effort Report Forms only to be completed by PI and Co-PI faculty members and NOT for full-time and part-time professional staff and hourly workers whose salaries are grant funded?                                      | Anyone whose salary is paid full or part time by grant funds must complete an Effort Report form and that includes Professional Staff and hourly workers.                                                                                                                                |
| If we do have to report salary paid to faculty, do we figure out the faculty member’s % etc, or do they each do their own?                                                                                                   | Yes. Each faculty member is responsible for completing what constitutes 100% of his or her time.                                                                                                                                                                                         |
| Are we to report any salary paid by grants in 2004? For instance, salaries were paid in 2004 from grants that ended in December, but we are not using them to pay salaries today. Do they need to be included in the report? | This effort-reporting period covers the 04 Fiscal Year – July 1, 2003 – June 30, 2004. Whatever grant/grants constituted salary payment during that period must be recorded on the form. A grant start up date or ending date is irrelevant to the information required for this report. |

### INTERNAL FORMS QUESTIONS AND RESPONSES

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| <p>It would be useful to make these forms user friendly.</p> <ul style="list-style-type: none"> <li>• Reformatted – easier for faculty to type in the form and not have to reformat</li> <li>• Electronic signatures</li> </ul> | IT will have a new server in August 04 that will allow us to have the forms online that can be completed without lines moving, and with electronic signatures. The reformat issue will be requested also.                                                                                                                                                            |
| What is F& A Under Indirect Costs                                                                                                                                                                                               | F & A = Facilities and Administration Costs – replacement words for Indirect Costs                                                                                                                                                                                                                                                                                   |
| Cost Sharing Approval Form, Why is Equipment/Space/Other on the same line. This question was covered on the Proposal Transmittal Form.                                                                                          | <ol style="list-style-type: none"> <li>1. The Proposal Transmittal Form included this information at the request of the Administration. This is an internal form for the Office of Government Grants.</li> <li>2. The Cost Share Form needs this information for the Deans, Chairs, Administration and Accounting to determine what is being Cost Shared.</li> </ol> |

## LIST OF UNIVERSITY FINES

| UNIVERSITY                       | FINES                                                                                                                                                                                             |
|----------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| JOHN HOPKINS                     | Settles Federal Charges of Over billing on Research Grants                                                                                                                                        |
| UNIVERSITY OF CALIFORNIA         | Agrees to Pay <b>\$3.9 Million</b> for Inappropriate Charges                                                                                                                                      |
| NORTHWESTERN UNIVESITY           | Pays Federal Fine for Rules Violations                                                                                                                                                            |
| UNIVERSITY OF SOUTH FLORIDA      | Must Return <b>\$4 Million</b> to the federal government for inappropriately spending research grant funds and failing to properly record purchases. <i>This investigation lasted four years.</i> |
| THOMAS JEFFERSON UNIVERSITY      | Returned <b>\$12 Million</b> to settle over-billing charges – unallowable items                                                                                                                   |
| NEW YORK UNIVERSITY              | <b>\$15 Million</b> for inflated research grant costs                                                                                                                                             |
| STANFORD                         | <b>\$1.2 Million</b> for inflated research overhead costs                                                                                                                                         |
| UNIVERSITY OF TEXAS              | <b>Paid \$12 Million</b> for underpayment of royalties                                                                                                                                            |
| YALE                             | <b>Paid \$5.6 Million</b> for medical over billing                                                                                                                                                |
| NORTHWESTERN UNIVERSITY          | <b>Paid \$5.5 Million</b> for over billing research awards. Estimated of total costs to Northwestern is in excess of <b>\$10 Million</b> after legal and consulting fees.                         |
| FLORIDA INTERNATIONAL UNIVERSITY | <b>\$27 Million.</b> For <u><i>effort reporting violations</i></u> and unallowable charges..                                                                                                      |
| UNIVERSITY OF CHICAGO            | Paid <b>\$650,000</b> for research fraud and abuse                                                                                                                                                |
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