

Effort Reporting

The federal government requires an effort report when an individual is compensated by or has agreed to contribute time to a federally sponsored project. Effort reporting is the method of certifying to the federal granting agencies that the effort required as a condition of the award has actually been completed. Effort reporting is required by [OMB Circular A-21](#) which requires certification of effort spent by all employees, and faculty whose salaries are charged directly to federal and federal flow-through funds, as well as for reporting committed [cost sharing](#) (but not uncommitted cost sharing).

What is effort and effort reporting?

Effort is defined as the amount of time spent on a particular activity. It includes the time spent working on a sponsored project in which salary is directly charged or contributed (cost-shared effort). A 40 hour/week IS NOT the definition of 100% effort from which percentage of research effort is certified. Under federal regulations on effort reporting, 100% effort is an employee's total hours actually spent on work within the scope of his or her employment regardless of how many or how few hours an employee works and regardless of the percent FTE listed on the appointment. Effort certification must reflect actual work performed and cannot be budget driven.

Individual effort is expressed as a percentage of the total amount of time spent on work-related activities (instruction, research, patient care, administration, etc.) for which the University compensates an individual.

Effort reporting is the mandated method of certifying to the granting agencies that the effort charged or cost shared to each award has actually been completed.

What is contributed or cost-shared effort?

Cost sharing represents that portion of the total project costs of a sponsored agreement that are not borne by the sponsor or sponsors of the project. These costs are borne by the University or other non-federal third parties, rather than by the sponsor. Since faculty salaries at the University of North Texas are, in most part, paid for by an individual's academic department, cost sharing of effort represents a redirection of departmental resources from teaching or other departmental activities to support sponsored agreements.

Certain federal agencies require that institutions cost share salaries that are above a "salary cap." A salary cap is defined as the amount of salary paid to an individual above which an agency will not reimburse an institution. The National Institutes of Health, the Agency for Healthcare Research and Quality, and the Substance Abuse and Mental Health Services Administration impose a salary cap on awards to the University.

Cost sharing can be required by the sponsor or volunteered by a principal investigator; regardless, any commitment of effort referenced in the project proposal or the award document must be honored, reported, and captured in an effort reporting system.

The difference between effort reporting and payroll distribution

Payroll distributions and effort reports are not the same thing. Payroll distributions are the distribution of an individual's salary, while effort reports describe the allocation of an individual's actual time and effort spent for specific projects, whether or not reimbursed by the sponsor. Thus effort reporting is separate from and can be independent of salary charges.

Effort is not just a verification of the salary or payroll distribution. Cost-shared or contributed effort must be included in effort reports.

Federal requirements regarding effort reporting

The Office of Management and Budget's (OMB) Circular A-21 "Cost Principles for Educational Institutions" is the federal government's cost principles for colleges and universities. It defines what costs are allowable and allocable to federal grants and other "assistance" agreements.

OMB Circular A-21 (Section J.8) sets forth criteria for acceptable methods of charging salaries and wages to federally sponsored projects. A-21 requires a payroll distribution system that directly charges salaries to appropriate projects.

In addition, Circular A-21 requires that institutions develop a mechanism to determine or confirm how individuals actually expend effort during a specified time period. These effort reports must be performed on a regular schedule and must be certified by individuals who have first-hand knowledge of 100 percent of the employee's compensated activities. In most cases, that would be the employee or the employee's direct supervisor.