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# **University of Wisconsin-Madison**

## **Guidelines for Effort Commitments and Payroll Certification Associated with Sponsored Projects**

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Office of Research and Sponsored Programs  
University of Wisconsin-Madison

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# Guidelines

## Establishing professional duties

Faculty and staff of UW-Madison 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 activities such 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 9-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 fulfill the professional responsibilities of the position.

### *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 UW effort, and
- express this effort as a percentage and assign an amount of compensation associated with this activity.

The expectation of UW-Madison is for faculty and staff to calculate their total UW 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, usually six months, and allowing for fluctuations in duties, e.g., 1-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 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 UW effort and follow the calculation outlined above. For example, a person appointed at 70% and committing one half of their total UW 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. School of Medicine and Public Health faculty may also be employed by the Middleton Veterans Administration Hospital. Such faculty are appointed by the University at less than 100% to allow for the VA appointment and should calculate effort and recover salary costs on University research projects as faculty with part time appointments do.

## *External consulting*

UW-Madison 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 UW effort. Generally, the Dean, 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 if 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 UW effort with respect to the new appointment percentage.

## *Clinical activities and the distribution of effort*

UWMF clinical activity is excluded from effort and compensation calculations due to the appointment practices and compensation structure for clinical faculty in the School of Medicine and Public Health. This decision allows UW effort and the UW institutional base salary to be aligned. It is acknowledged that both effort and compensation can overlap between the clinical and the academic realms. The language of the Uniform Guidance (2 CFR 200) clearly anticipates this circumstance, however, in its statement that effort calculations can be imprecise and a degree of tolerance in calculations is acceptable.

Faculty and staff in schools and colleges other than the School of Medicine and Public Health who engage in clinical practice are not members of a separate practice corporation. Therefore, they should include clinical practice in their total UW effort as defined above and calculate compensation on the basis of their compensation received from the University. Faculty or staff with outreach appointments should include outreach activities as part of their total UW effort.

## **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 UW 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 person months of 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 should be considered carefully.

## *Required effort contributions from principal investigators*

The principal investigator's minimum required effort commitment to federal and federal flow-through projects is 1% of their effort. Salary need not be charged to the federal project if cost sharing is documented. This requirement is based on a statement in the [January 2001 Office of Management and Budget clarification to Circular A-21 \("Cost Principles for Educational Institutions"\)](#). This minimum requirement does not apply to nonfederal sponsored projects or federal equipment, doctoral dissertation, and student augmentation grants. Certain nonfederal sponsors, however, may have specific minimum requirements. While the 1% is

not required by UW-Madison policy for nonfederal awards, it is recommended that PIs propose and devote a minimum of 1% effort to all sponsored projects in order to carry out the essential scientific, administrative and fiscal responsibilities needed for the research. Individual schools and colleges may also choose to require their own PI minimum effort level on nonfederal projects. Enforcement of such a minimum is at the discretion of each school/college at the time of division proposal review.

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

### ***Cost sharing commitments***

The University must ensure that cost sharing requirements of sponsored agreements are accounted for and reported on 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 situations where:

1. a sponsor mandates it, or
2. the University has determined that such a contribution is necessary to accurately reflect 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.

If cost sharing is not required by the sponsor, necessary to ensure competitiveness of a proposal, or required as a minimum commitment to the project, PIs and departments 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 it places on University and departmental resources.

#### ***Proposing cost sharing***

In addition to the guidance above, individual schools and colleges may choose to restrict the level of effort commitment or cost-sharing proposed. Enforcement of such a restriction is at the discretion of each school/college at the time of division proposal review. Such a restrictive stance is also in keeping with the University's policy to minimize cost sharing unless it is required as a condition of the award.

Levels of effort in any sponsored project application should be consistent with the actual effort that each individual, including the PI, is expected to expend on the project during the relevant project period(s).

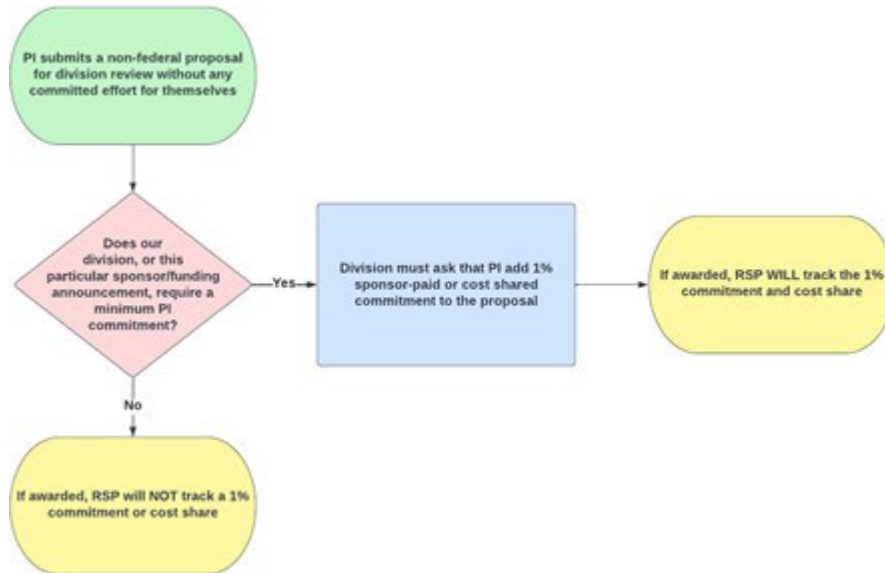
#### ***Tracking cost sharing***

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 compensation that must be tracked and certified. This means that cost sharing commitments of senior/key personnel for federal and nonfederal projects will be tracked, if they exist in the approved budget.

RSP will not insert and track a 1% minimum PI cost sharing commitment on nonfederal projects where no PI commitment is included in the proposal. The mandatory minimum is only required to be tracked for federal and federal flow-through projects. This new approach better aligns our requirements with federal regulations. When needed and as described below, commitments on nonfederal awards will be tracked.

- Commitments on nonfederal awards will be tracked when stated in the proposal. If a 1% commitment is entered in the proposal for the lead PI (due to a nonfederal sponsor's requirements OR a particular school's policy) it WILL be tracked centrally. Please see diagram below.

- There may be limited cases where a 1% minimum is needed even though it is not reflected in the proposal. It could be that a nonfederal sponsor's budget template does not allow for such an entry, or the sponsor asks for it at the time of award. These situations will be managed on an ad hoc basis.



### ***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, they should be aware of the need to document the remaining 10% as voluntary committed cost share.

### ***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 if the limitation is raised. Salary more than the NIH/other sponsor cap must be provided by the institution from some source other than a federally sponsored project.

### ***NIH Career Award salary limitations (K-series)***

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

### ***Cross-college relationships***

A UW-Madison 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.

## **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 UW 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 UW-Madison will charge salary to their project for an individual's effort at the same rate at which UW-Madison 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.

### ***Activities that can & 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
- Providing *research patient care*
- 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 \*\*



**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
- Clinical activity, except patient care for an IRB-approved sponsored research activity
- 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 UW effort (see the complete definition in the Definitions section), 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 Bayh-Dole, 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 WARF to discuss an invention disclosure, meeting with a patent attorney about a UW-Madison invention, reviewing internal action on a patent application and/or reviewing a draft patent application.

As with any effort charged to sponsored 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 and should be based on each PI's individual situation.

***Variations in effort within a sponsored project award/budget period***

Fulfillment of an effort commitment for a sponsored project is measured over an entire award period, except for NIH, which manages commitments based on budget periods (typically one year). During 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. 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.

***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 the Uniform Guidance (2 CFR 200), any significant change in work activity for the principal investigator/project director or key personnel **who are listed in the Notice of Award** 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 Award may differ from key personnel identified by UW-Madison in the proposal. If the Notice of 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.

### ***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 in the Notice of Award without prior approval from the sponsor.***

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

<b>If you want to:</b>	<b>Then you must:</b>
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

### ***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 UW-Madison's budgets may be regularly overstated.

### ***Initiation of new activities that change ongoing commitments***

From time to time, it may become necessary to adjust an individual's projected salary allocations or level of effort. For example, if a principal investigator who is devoting 20% of their total UW 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 UW 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.

### ***9-month appointments and summer salary***

For a faculty or staff member on a 9-month (C-basis) appointment, a definition of total UW effort applies to the period during which the individual receives compensation from the University. Yearly, this amounts to nine months plus any months for which the individual receives summer salary. An individual's rate of pay for summer work is based on the 9-month academic year salary rate.

It is the position of UW-Madison that a C-basis faculty or staff member who receives no University salary during a 3-month summer period and works on a proposal during that period is permitted to exclude the proposal writing activity from his or her total UW effort.

UW-Madison requires that any faculty, academic staff, or limited appointee on an academic year (C-basis, 9-month) appointment receiving more than 4.5 biweekly pay periods of academic year salary during a summer appointment must obtain prior approval from the Dean or Director designee (requirement of UW-Madison Policy Number UW-5032). It is the policy of UW-Madison that any faculty, academic staff, or limited appointee on an academic year (9-month) appointment may not exceed 17.5 biweekly pay periods (formerly, 8/9ths) of summer salary over any consecutive 3-year period.

### ***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 UW-Madison policies.

Unpaid leave is excluded from total UW effort. Extended leave may have an impact on the ability of a principal investigator/project director or key personnel (who are listed in the Notice of Award) 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 in the Notice of Award) reduces the time that he or she expends on the project by 25% or more of the original commitment, prior approval from the sponsor is required.

## **Certifying payroll**

### ***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.

## *How is payroll certified?*

Compensation for work on federal or federal flow-through projects must be certified via the web-based Employee Compensation Compliance (ECC) application for all personnel, except student hourly workers. Most student hourly compensation is not allocated to sponsored projects. When student hourly workers do work on sponsored projects, their timesheets serve as documentation of salary charges. As such, student hourly compensation is excluded from project statements in ECC.

For UW 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.

## *When must payroll be certified?*

In general, payroll must be certified within 90 days of the date on which the certification window opens. Payroll must be certified on a semi-annual basis.

The semi-annual periods of performance and their corresponding certification windows are roughly as follows:

<b>Period of Performance</b>	<b>Certification Window</b>
January-June	August-October
July-December	February-April

Period of performance start and end dates will vary from year to year because they are based on the University's bi-weekly payroll periods.

## *Who certifies for whom?*

For project-based payroll certification, the principal investigator, or approved designee, is responsible for certifying payroll for all employees (except student hourly workers) paid on their federal projects.

In circumstances where a designee is necessary:

- The PI and the Compensation Compliance Coordinator (CCC) must work together to identify the individual with suitable means of certifying the project's payroll.
- The CCC must submit a "[Certification Delegation Request Form](#)" to RSP. If approved, RSP will establish the certification designee in ECC.

## *General payroll certification guidelines*

Project-based payroll certification requires two steps. The project payroll statement must be:

1. pre-reviewed by a Compensation Compliance Coordinator (CCC) and
2. certified by the PI or approved designee.

When the certification window opens, project statements are routed to the assigned Compensation Compliance Coordinator for pre-review. Once pre-reviewed by the CCC, the project statements route to the principal investigators (or designees) for certification that the payroll charges are reasonable based on the work performed. Only after both steps are accomplished are the project statements regarded as complete, official records of the University.

Responsibilities of a Compensation Compliance Coordinator include:

- pre-reviewing the federal project payroll statements assigned to their department(s)
- monitoring the certification period to assist with timely certifications

Responsibilities of a PI on a federally sponsored project include:

- completing the mandatory compensation compliance training
- certifying their project payroll statements in a timely manner and in accord with the [UW-Madison certification calendar](#)

### ***Certification for personnel who leave the University***

. Faculty members, academic staff members, and others who serve as PIs on federally-sponsored projects (and therefore certify payroll for all employees paid on those projects) must certify payroll statements prior to leaving the university. If this cannot be accomplished with the Web- based system because a period of performance has not yet concluded, a manual, paper process must be used.

If an individual does not certify prior to his or her departure, the individual's primary compensation compliance coordinator must make reasonable attempts to follow up with the individual, requesting that he or she certify payroll for their federal projects after the departure. If, after reasonable requests from the primary compensation compliance coordinator, an individual fails to certify their payroll statements, the PI or department chair must identify another person who can do so. As with all certifiers, the designee must have suitable means of verifying that the work was performed. If the department chair has suitable means of verification, he or she can serve as the designee.

Graduate students, postdoctoral trainees, and university staff are not named as PI of record on federally-sponsored projects, so will not have payroll statements to certify.

### ***Mandatory training***

Staff who serve as a PI (or an approved designee) on federally sponsored projects must complete a training program on payroll certification and ECC. An individual must complete the training within 90 days of the certification window opening. Certifiers can fulfill the training requirement by completing the on-line, web-based training, or an approved equivalent.

### ***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-Madison's federal research funding. To protect the interests of UW-Madison and ensure compliance with federal policies, the University has consequences for failing to certify payroll and complete the mandatory certifier training.

#### **Administrative Consequences for Principal Investigators:**

Administrative consequences are enacted if project payroll statements are not completed within the 90-day certification window.

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

#### **Fiscal Consequences:**

If project payroll statements are not completed by 30 days after the end of the 90-day certification window, the University will transfer sponsored salary charges corresponding to incomplete project payroll statements

to the Dean's/Director's suspense project. Fringe benefit charges associated with the sponsored salary charges and F&A charges associated with salary and fringe will also be transferred off the sponsored project. It is expected that Deans and Directors will flow these charges down to department chairs.

Accordingly, this means that July-December project payroll statements must be completed no later than April 30th. Statements for January-June must be completed no later than October 31st. To allow time for resolution of any issues, there will be a 30-day window after the certification period ends. At that point, fiscal consequences will be applied. No additional time can be taken, and costs moved into a suspense account cannot then be transferred to any sponsored project.

## **Adjustments to salary distributions**

### *Cost transfers after payroll certification*

Once payroll charges have been certified on a project payroll statement, subsequent changes to the salary charges must be carefully scrutinized. Federal officials, and institutional administrators, 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 a sponsored award to an institutional fund will rarely require the same level of scrutiny, though repeated cost transfers off federal awards may be a sign of poor internal controls.

A salary cost transfer after payroll certification may give rise to a need for recertification of a 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.

### *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:

- a PI can ask to change the payroll distribution on the statement itself
- 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 90-day certification window. Up through the last day of the 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 RSP. Only in compelling circumstances will such a request be approved.

## **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 UW activities, including active sponsored projects, teaching, service, administration, and UW 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.

### ***Aligning effort commitments and actual effort***

When an individual's commitments to sponsored projects add up to 90% or more of their total UW effort, the individual's commitments may be subject to review by their 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, UW-Madison 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.

### ***No-cost extensions***

Except for grant programs that have a specific minimum effort requirement (e.g., NIH K type awards), RSP 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. Roles and Responsibilities

#### **Principal Investigator/Designee:**

- Propose effort and cost sharing for sponsored projects in a manner that complies with UW-Madison 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

#### **Department, including Compensation Compliance Coordinator:**

- 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 a thorough pre-review of each project payroll statement
- Aid principal investigators as they certify payroll and follow up with them if changes are required
- Forward to RSP a request for recertification, if the request occurs after the end of the certification window
- Forward to RSP all requests to authorize an alternate designee to certify the project payroll statement instead of the PI

#### **College/School:**

- 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 payroll principles, policies, and procedures
- Ensure that payroll is certified in a timely manner

## Research and Sponsored Programs:

- Review proposal and award documents for appropriateness and correctness of effort and cost sharing commitments
- Promptly 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 project compensation principles, policies, and procedures
- Review requests for recertification and, if appropriate, reopen project payroll statements for recertification



# 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 nonfederal agencies or organizations. Departmental/University research includes internally funded research, regardless of whether the activities are separately budgeted and accounted for.

## ***Instruction***

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 except as directly related to the faculty member's sponsored research, 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 not include proposal preparation. If such "housekeeping" activities become more than de minimis 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 de minimis 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.

## ***Research patient care***

Clinical patient care that is solely rendered as part of the requirement of a clinical research protocol and would not have been required or provided but for that research. This excludes patient care that is part of the normal standard of care, even if provided to a research subject.

## ***UW clinical activity***

Clinical activity, other than research patient care, for which an individual is compensated directly by the University of Wisconsin rather than by the UW Medical Foundation. For example, faculty and staff in the Schools of Pharmacy and Nursing are typically involved in patient care activities for which they are paid

directly by the University. On the other hand, faculty and staff in the School of Medicine and Public Health are typically compensated through the UW Medical Foundation.

### ***UWMF clinical activity***

Time spent preparing for, providing, and following up on the clinical care needs of patients through the University of Wisconsin Medical Foundation (UWMF), other than research patient care. Examples include actual treatment of patients, reviewing medical records, charting patient treatments, ordering and reviewing tests and consultations, consulting with colleagues on patient care issues, or supervising residents or medical students while providing clinical care.

### **Relationship of the UW Medical Foundation to UW-Madison**

UW-Madison School of Medicine and Public Health clinical faculty have received payment for their clinical services outside the legal structure of the UW-Madison and the UW System for many years via separate legal structures created by and substantially controlled by the Board of Regents. This role is now played by the University of Wisconsin Medical Foundation established in 1996 by the Board of Regents to create the unified and single organization for managing funds from all clinical services provided to patients by the clinical faculty of the School of Medicine and Public Health. All School of Medicine and Public Health clinical faculty are required to use UWMF as their sole source of compensation for clinical services. In turn, UWMF may only compensate physicians who have School of Medicine and Public Health faculty appointments.

Thus, School of Medicine and Public Health clinical faculty obtain compensation from the University as all other faculty do and receive a second salary from UWMF. All compensation from UWMF is distributed through the academic department structure of the School of Medicine and Public Health that includes a chair appointed by the Dean, a compensation plan approved by the University and by UWMF and a compensation committee.

The structure and role of UWMF is prescribed by the Board of Regents agreement to create UWMF of 1995 and the UWMF Bylaws of 1996 and amended in 2001.

## **Definitions of Key Terms**

### ***Cost sharing***

The portion of the total costs of a sponsored project that is borne by UW-Madison 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 required by the sponsor as a condition for proposal submission and award acceptance.

**Voluntary, committed cost sharing** - Cost sharing 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.

**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 UW-Madison activities.

**Committed effort** - 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 his or her time/effort to the grant, with salary support for 10% of effort, then the cost sharing is 20% and the effort commitment is 30%.

Commitments are recognized, and effort must be tracked, for the principal investigator/project director or key personnel who are listed in the Notice of Award. 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.

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

**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 1% of the individual's total UW 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 UW 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 UW effort** - The portion of total professional effort for which an individual receives Institutional Base Salary (IBS) from UW-Madison. An individual's total UW-Madison effort must equal 100% – never more or less – regardless of the number of hours worked or the appointment percent.

Total UW effort **INCLUDES**:

- Externally sponsored research, including all activities that the federal government recognizes as allocable to sponsored projects
- Departmental/university research, including UW-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 UW professional duties
- Paid absences, including vacation time and sick leave

Total UW effort **EXCLUDES**:

- Paid consulting outside of the UW
- Unpaid consulting outside of the UW, except when performed as part of an individual's assigned responsibilities in the primary position

- University of Wisconsin Medical Foundation compensated clinical activities
- 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 UW-Madison effort
- Unpaid absences from the University
- Lectures or presentations for which the individual receives compensation from a source other than the UW
- 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, or 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 period and reflects the federal salary and cost sharing associated with a particular project during that period.

### ***Institutional Base Salary (IBS)***

The annual compensation paid by the UW 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 UW. 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 his or her 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.

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

### **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 in the Notice of Award**. 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 Award. Often, the principal investigator/project director is the only person specifically named in the award notice.

### **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.

## Related Information

### Related policies

[UW-1075: Conflict of Commitment](#)

[UW-4012: Cost Sharing](#)

[UW-4013: Cost Transfers](#)

[UW-4015: Compensation Compliance on Sponsored Projects](#)

[UW-4017: Consequences for Failing to Complete Payroll Certification](#)

## Document revision history

Date	Revision
8/29/07	Original version
3/19/08	Added section - <i>Consequences for failing to complete training and certify effort</i>
9/20/10	Added upgrade specific information, as needed
1/1/16	Updated employee types to match HRS; updated reporting frequency; updated to include Uniform Guidance and clarifications of consequences
5/9/16	Revised for consistency with updated procedures on treatment of effort commitments
11/21/22	Revised to reflect move to payroll certification and change to 1% minimum rule
09/24/24	Updated section - <i>Certification for personnel who leave the University</i>