The New Era of Effort Reporting: Creating a Compliant “System” to Charge and Document Personnel Costs

Illustrative Examples

Dr. Ross is budgeted to devote 75% of her total effort to an NIH project and is paid from the grant at that rate.

She spends 30 hours a week on the NIH project and spends 20 hours a week on her teaching and administrative duties.

In certifying her effort, she calculates her effort based on a 40 hour work week and indicates 75% as her actual effort on the NIH project.

Is this correct?

Calculating Effort

No, effort is not based on a set number of hours or standard work week. It is based on actual hours worked in relation to appointment. In this case, her effort is 60% (30/50). She needs to reduce the amount she is paid from the NIH grant.
Reasonableness

- Dr. Chang has three NIH grants from which he draws 100% of his salary.
- Additionally, he is the PI on eight industry sponsored clinical trials at 0% effort.
- Dr. Chang also serves as the Division of Medicine Chair.

Does charging 100% of his salary to grants seem reasonable?

No, Dr. Chang needs to consider his PI duties on his clinical trials. This time should not be charged to his NIH awards. Also consider institutional policy on IBS. Is chair pay included?

External Consulting

- Dr. Flay works 30 hours a week in his office/lab at the University and 10 hours on nights and weekends.
- He spends 5 hours a week consulting for an outside entity and is compensated by that entity for the work.
- Dr. Flay averages 10 hours a week on his NIH grant.

What should be considered when calculated University effort? How much can he charge to his NIH project?

Time spent on outside activities, such as consulting, is not part of his effort and appointment at the University and should not be considered. Dr. Flay can charge 25% of his salary to the grant (10/40).
Budgeting

- Dr. Smith’s has a 12 month appointment as an Officer of Instruction. Her IBS as stated in her appointment letter is $150,000. She works an average of 40 hours a week.
- Dr. Smith works on two NIH grants. She estimates that she will devote 14 hours a week on grant A, 6 hours a week on Grant B and the remainder of her time will be split between her teaching and administrative responsibilities.

How much salary can Dr. Smith budget to each of her NIH grants?
New Award

• Dr. Smith received an additional award from a private foundation. In the Notice of Award, she is listed at 10% effort.

• Based on her current effort commitments as shown below, what are appropriate actions?

Teaching 25%
Grant B 15%
Grant A 35%
Admin 25%

Can she budget 10% to the additional award and not change anything else?

Grant B 15%
Teaching 25%
Grant A 35%
Admin 25%

No, effort cannot be over 100%!!
Option 1: Reduce the effort devoted to non-sponsored activities

Option 2: Work more hours and reduce the level of effort on existing grant activities (seek sponsor approval as necessary)
Commitments

- Dr. Pierson’s annual salary, as indicated in his appointment letter is $100,000
- In his proposal, Dr. Pierson indicated he would spend 50% on his foundation grant.
- During the course of the year, Dr. Pierson charged $30,000 to his foundation grant.
- On his annual effort certification, he certified that he spent 50% on the foundation grant.

What should Dr. Pierson’s effort card look like?

<table>
<thead>
<tr>
<th></th>
<th>Payroll</th>
<th>Cost Share</th>
<th>Computed</th>
<th>Certified Effort</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foundation Grant</td>
<td>30% ($30,000)</td>
<td>20% ($20,000)</td>
<td>50% ($50,000)</td>
<td>50%</td>
</tr>
<tr>
<td>Non-Sponsored</td>
<td>70% ($70,000)</td>
<td>20% ($20,000)</td>
<td>50% ($50,000)</td>
<td>50%</td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
<td>30%</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

For further discussion: Is this mandatory or voluntary cost sharing? Go back and re-read the award documentation. Was it intentional that the grant only covered 30%? If the grant limited to 30%, it’s mandatory, if not, voluntary.
Commitments

- Dr. O'Donnel's annual salary, as indicated in his appointment letter is $120,000
- He is the recipient of a K01 award with a minimum 75% effort and salary limit of $75,000.
- 25% of his time is spent on other activities not related to the K award.

What should Dr. O'Donnel's effort card look like?

<table>
<thead>
<tr>
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<th>Payroll</th>
<th>Cost Share</th>
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</thead>
<tbody>
<tr>
<td>K01-123456</td>
<td>50% ($75,000)</td>
<td>25% ($37,500)</td>
<td>75% ($112,500)</td>
</tr>
<tr>
<td>Non-Sponsored</td>
<td>50% ($75,000)</td>
<td>25% ($37,500)</td>
<td>75% ($112,500)</td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
<td>0%</td>
<td>100%</td>
</tr>
</tbody>
</table>
NIH Salary Cap

- Dr. Hayes is a clinical researcher whose annual salary, as stated in his appointment letter is $300,000.
- He applied and was awarded an NIH project.
- Dr. Hayes Plans to spend 20% of his time working on the NIH project. The remainder will be spent on clinical activities.

Note: NIH Salary Cap = $189,600

How much can Dr. Hayes charge to his NIH project if he spends his 20% effort as proposed?

Hayes can charge 20% of the NIH Cap. 20% x 189,600 = 37,920

What would Dr. Haye’s effort card look like?

<table>
<thead>
<tr>
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<th>Payroll</th>
<th>Cost Share</th>
<th>Computed</th>
<th>Certified</th>
</tr>
</thead>
<tbody>
<tr>
<td>NIH Award</td>
<td>12.64% ($37,920)</td>
<td>7.36% ($522,080)</td>
<td>20% ($60,000)</td>
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<tr>
<td>Clinical Work</td>
<td>60% ($180,000)</td>
<td></td>
<td>60% ($180,000)</td>
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</tr>
<tr>
<td>Non-Sponsored</td>
<td>27.36% ($82,080)</td>
<td>-7.36% ($522,080)</td>
<td>20% ($60,000)</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
<td>0%</td>
<td>100%</td>
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