

# TASK FORCE ON FACULTY EFFORT CERTIFICATION

Submitted July 14th, 2017

# FINAL REPORT

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## I. Task Force Charge and Activities

### I.A. Provost's charge and FEC task force activities

A joint appointment by the UW Faculty Senate Chair and the Provost, the task force on Faculty Effort Certification (FEC) was first convened in May 2017 to provide support to faculty whose efforts are sponsored by agencies of the Federal Government or other agencies and institutions. The charge letter to the task force is reproduced in Appendix 1.

The objectives set for the task force under its charge were to "... provide support to our faculty colleagues who are required to report to the federal government and help to clear up reporting confusion..." and "...to facilitate and enable the conversations between faculty and chairs/directors regarding balance of effort".

Because confusion exists around the reporting of faculty effort, the task force was charged specifically with:

- Identifying the federally mandated rules and guidance and the UW-processes in place under these regulations;
- Developing a set of statements and FAQs to make these rules and processes clear;
- Identifying the number of faculty affected by these reporting requirements, and
- Developing a communication/education plan to reach all key parties.

The task force was also asked to clarify:

- What is allowed and not allowed, in terms of faculty effort and compensation for that effort, and
- A process for negotiating support for non-allowed costs.

In the creation of this report the task force reviewed federal regulations, UW policies and procedures, information on UW's website, select peer institution policies (including those at the University of Michigan, Michigan State University, Johns Hopkins University, the University of Minnesota, Washington University in St. Louis and the University of California System) and responses to a recent survey of School of Medicine (SOM) and School of Public Health (SPH) faculty concerning FEC and other matters. The survey was created, distributed and analyzed by Professors Scott Barnhart (SOM) and Susan Astley (SPH). Additionally, task force members shared their experience, knowledge and perspectives from broad backgrounds including roles as faculty, department chairs, or members of the Dean's Office and central administration.

### I.B. Issues of concern

The federal government's Office of Management and Budget (OMB) provides rules and regulations that guide universities on allowable charges for grants ([https://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200\\_main\\_02.tpl](https://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl)). The Federal Government requires that charges to federal awards for salaries and wages be based on records that reflect a reasonable approximation of the work performed. At the University of Washington (UW) the system verifying this requirement is met, requires faculty to complete semi-annual Faculty Effort Certification (FEC) reports. Faculty members who receive either federal or non-federal awards to which a percentage of their salary is charged must independently complete their FEC report and certify that this report reflects a reasonable approximation of their effort during the previous six

months. FEC reports are recorded and digitally archived by UW but are not submitted to the awarding agency unless the agency requests the data for audit or other purposes.

Faculty charging a component of their salary to a federal award must apply their corresponding full-time equivalent (FTE) effort to activities directly benefiting the work sponsored by the awarding agency. Preparation of a new or competing renewal award application is not an allowable direct cost to charge to a federal award. Therefore funding of the necessary faculty FTE effort for this non-sponsored activity must derive from a non-federal source.

Two challenges addressed in this report are: 1) clarification of policies and procedures relating to faculty FEC reporting responsibilities and/or proper computation of their effort, and 2) clarification of process steps to facilitate engagement and communication between a faculty member and chair (or equivalent level unit director) regarding support of the faculty member's non-sponsored activity. This specifically includes preparation of new or competitive renewal federal award applications that budget for a component of the faculty member's future salary support.

### **Understanding FEC Reporting**

Effort reporting is simple in concept. Faculty members whose salary is funded in part or in whole by federal grant dollars are required to regularly verify the percentages of their total effort that are devoted to federal grants, non-federal sponsored activities, and university-sponsored activities such as teaching, administration, service, and clinical practice. The faculty-effort percentage computed as an average over the previous six-month reporting period that was devoted to federal awards is then applied as the same percentage of their total salary assigned to the budget of those federal awards for the same reporting period.

Although faculty effort reporting is simple in concept, the computation of this effort can be complex in some instances. Faculty engaged in a variety of activities that span the research, teaching, service and clinical practice missions of our university also may be grant awardees supported by several sponsors. Research, teaching, service and clinical practice effort may vary along with grant start and termination dates within a given FEC reporting period. This complexity creates faculty effort computation difficulties that may lead to confusion and misunderstandings between faculty and chairs, resulting in errors and potential compliance risk. At other universities, FEC reporting has been a subject of significant federal audit findings. This emphasizes the need for faculty and chairs to fully understand their responsibilities related to FEC reporting and the computation details in any individual faculty member's case. These responsibilities include providing reasonable approximations of effort and computations of effort that are equitable and make mathematical sense given the activities of the faculty.

### **Faculty Funding of Non-Sponsored Activities**

Funding of faculty non-sponsored activities has major budget-planning implications for the appointing department or unit. Recognition of the departmental budget implications requires setting priorities for funding of faculty non-sponsored activities among other competing priorities and identifying appropriate funding sources and levels of funding. Mutually agreed upon expectations between individual faculty and their chair regarding the faculty member's effort on a non-sponsored activity should be matched by corresponding departmental salary funding or other compensation options. Because many faculty are engaged in multiple non-sponsored activities (e.g., grant writing, teaching, service and clinical effort), reordering a balance between those activities presents a possible mechanism by which faculty can be compensated for performing the non-

sponsored activity of preparing a new or competitive renewal proposal. For example, a chair may choose to reduce a faculty member's teaching, while another chair may opt to reduce that faculty member's clinical service effort. Faculty who are at or close to 100% funded by federal agency grants will not have the flexibility to reorder a balance of effort between several non-sponsored activities and so will need a non-federal funding source of salary support to prepare new proposals. Possible sources of funding to cover faculty for this unsponsored activity include research cost recovery (RCR), state tenure-line funding and gifts. Ultimately, chairs must work on behalf of faculty engaged in proposal preparation and other unsponsored activities to identify appropriate sources and levels of support for their effort.

Assessing the adequacy of financial resources or priorities set within a department or unit to support proposal preparation falls outside the task force's purview. Nevertheless, the task force recognizes that if a unit is suffering a lack of available funding or other compensation options to support a faculty member's non-sponsored activities this lack could potentially foster underestimates of proposal preparation activity in FEC reports. It may also be the most difficult issue addressed by faculty and chairs in a discussion of faculty non-sponsored activity support. As a proactive measure toward understanding whether there is a non-sponsored activity compensation risk for a particular unit, the task force encourages a collaborative effort between deans, elected faculty councils and chairs to assess average faculty effort on proposal writing within their units. This knowledge may be valuable to deans and chairs wishing to address any potential FEC compliance risk by ensuring there is appropriate funding or other options available to support faculty non-sponsored activity within their units. This collaborative effort might also lead deans and chairs to modify their RCR distribution models appropriately.

## II. Reporting Requirements, Responsibilities, and Implications

### II.A. Number of faculty affected by effort certification requirements

Based on information from "About UW" at <https://admit.washington.edu/why-uw/about> and the UW's Electronic Faculty Effort and Cost Share Systems (eFECS) data collected in July 2017, approximately 2,450 (56% of the UW's roughly 4,350 faculty) are required to certify their effort. Of those, approximately 2,125 (87%) have at least some salary support from federally sponsored awards and approximately 325 (13%) have only salary support from non-federally sponsored awards. Faculty must certify their effort if they are paid on externally sponsored awards or have cost-sharing commitments on externally sponsored awards.

### II.B. Federal effort certification requirements

The federal government requires charges to federal awards for salaries and wages be based on records that reasonably approximate the work performed. These records must:

- Be supported by a system of internal controls providing reasonable assurance that the charges are accurate, allowable and properly allocated;
- Reasonably reflect the total activity for which the university compensates the employee;
- Include both federally assisted and all other compensated activities; and
- Support the distribution of the employees' salaries among specific activities.

Also under federal regulations, universities must account for:

- Mandatory cost-share effort;
- Committed cost-share effort; and
- Any cost-sharing associated with salary caps or Career Development (K) Awards.

## II.C. Non-federal effort certification requirements

There are no known instances in which a non-federal sponsor requires documentation or certification of faculty salary charges as required by the federal government. A preliminary review of peer institutions in the top 20 for receipt of federal research funding determined that while the majority require all faculty paid on sponsored awards to certify their effort, several institutions only require faculty with salary support on federally sponsored awards to certify. The task force recommends a review of these requirements (recommendation 5, page 9).

## II.D. UW effort certification policy, tools and approaches

The purpose of this section is to summarize the current UW policy on FEC, including explanation of the critical components of effort calculations, distribution of faculty effort calculations, and highlight available tools to assist in those calculations.

### UW Policy on FEC

The UW satisfies the federal requirements by maintaining the eFECs system. Effort certification reports are generated automatically using payroll data in Workday and cost-sharing commitments in the eFECs system. The system stores effort certified by faculty and cost-sharing commitments met by faculty and makes the documents available for audit, if requested.

- FEC reports are required to be submitted semi-annually by faculty who in the six months prior to their report submission date received a component of their salary from sponsored awards or had cost-share commitments to sponsored awards.
- Faculty effort is calculated based on time spent on research, instruction, administration, service and clinical activity.
- Faculty effort calculations require faculty to consider their institutional base salary (IBS) and “average” faculty work week.

### Components of Effort Calculation and Distribution

#### Cost-Sharing

Cost-sharing is the portion of a project or program cost not borne by the sponsor. It is the UW's share in the cost of conducting the project/program. Cost-sharing occurs when a sponsor requires, or the UW commits in a proposal, funds beyond those awarded by the sponsoring agency to support a particular grant or contract. Cost-sharing commitments are often met with faculty effort funded by university sources. Cost-sharing includes:

- **Mandatory Cost-Sharing/Matching Funds** – UW contributions to a sponsored project that are required as a condition of the award and which were agreed to between the University and the sponsor prior to the awarding of the grant or contract.

- **Committed Cost-Sharing** – UW contributions to a sponsored project not required as a condition of the award but included in the grant/contract proposal budget or budget justification with no corresponding funding requested or awarded.
- **Salary-Cap Cost-Sharing** – UW contribution required by the Department of Health and Human Services (DHHS) and some non-federal sponsors for individuals with salaries exceeding the salary cap applicable to the particular federal fiscal year.
- **K Award Cost Sharing** - Career Development (K) awards have a salary limitation as well as a minimum level of effort requirement. Most commonly \$75,000 and 75% respectively. As a result, anyone compensated more than \$100,000 annually will exceed the salary limitation creating a cost-share commitment.

### **Faculty Institutional Base Salary Calculation**

Institutional Base Salary, which differs depending on the components of a faculty member's compensation, is the salary base for effort certification. It is detailed in Grants Information Memorandum 35 at:

<http://www.washington.edu/research/policies/gim-35-effort-reporting-policy-for-sponsored-agreements/>

### **Average Faculty Work Week Calculation**

An average faculty work week is the number of hours per week a faculty member worked averaged over the six-month FEC reporting period. This “work week” is unique to each individual so there is no standard number to apply but it must be computed with reasonable accuracy with allowance for the variation in actual work hours per week.

### **Faculty Distribution of Effort**

Faculty certify their grant effort as a percentage of total UW effort on the FEC form. In general, faculty non-sponsored activity including proposal preparation preclude the faculty from devoting 100% of their effort to research. UW's [Management Accounting and Analysis](#) (MAA) office monitors faculty 100% paid on federal and non-federal sponsored awards each effort reporting period and requires deans' offices to correct allocations for any 100% sponsor-funded faculty in their unit who also submitted a proposal during the same effort reporting period. No data is currently sent to a dean's offices if a faculty member is funded in part by UW sources.

Federal funds support a broad swath of research activities at the UW. Activities that may be charged directly to sponsored projects, those that may not, those that are excluded from the calculation entirely, and those that are typically *de minimis* are defined in the following link under “How is effort classified?": <http://finance.uw.edu/maa/fec/faculty-effort#Definition>

### **Reduced Responsibility (RR)**

If a faculty member loses partial or full external salary support and the department does not have resources or cannot access bridge funding, the faculty member needs to determine how to approach his/her total calculated UW effort. The faculty member must formally and explicitly document this reduced responsibility status in the UW Reduced Responsibility (RR) Status form if planning to seek external salary support in the future. Unlike faculty with full salary support, faculty in RR status may volunteer their time for scholarly activities including proposal writing.

Existing UW funds provided by a department to support faculty scholarly activities, including proposal writing, should not be reduced by virtue of entering RR status. A faculty member may enter RR status during a time in which no non-sponsored activities are occurring and therefore no funding support is provided. If later, non-sponsored activities are required of that faculty member in RR status then, consistent with the academic unit's practice and policy described in GIM 35, support from non-sponsored funds must be provided.

The Reduced Responsibility form is available at: <https://www.washington.edu/research/initial-application-for-rr-status4/>

### **Tools and Examples for Distribution of Effort Calculations**

UW MAA has developed a variety of tools to aid department staff in assisting faculty with effort certification and cost-sharing, including salary-cap calculators, interim cost-sharing reports, cost-share calculators and K Award calculators. Tools are located at <http://finance.uw.edu/maa/fec/fectools>. Also developed by MAA are examples showing allocation of effort for both routine and uncommon situations, available at <http://finance.uw.edu/maa/fec/allocation-effort-examples>:

- [Variations in Work Week](#)
- [Variations in Effort During the FEC Cycle](#)
- [Fluctuations in Effort During the Budget Period](#)
- [Actual Effort Does Not Equal Commitment](#)
- [Effort Benefits Two Grants](#)
- [Part Time Appointments](#)
- [Faculty with De Minimis Activity](#)
- [100% Research Activity and Teaching](#)
- ["Volunteer" Effort](#)
- [Salary Commensurate with Effort](#)
- [Faculty Without Salary \(WOS\)](#)
- [Allocation of Funding for Required University Activities](#)
- [Post Award Salary Changes](#)
- [Committed and Cap Cost Share](#)
- [Endowed Supplements and Academic Summer Salary](#)
- [Re-Budgeting and K Awards](#)

### **Project Certification**

The faculty effort certification form can be confusing particularly for faculty who manage multiple grants. Project certification has been piloted at a number of institutions as a result of changes in language in federal Uniform Guidance section 2CFR200.430, that has, among other modifications, eliminated reference to specific effort reporting approaches. The project certification approach creates separate reports so salaries can be certified on each sponsored project as opposed to one certification report that documents salary *across* grants. Feedback at pilot institutions (George Mason University, Michigan Tech University, University of California at Irvine and University of California at Riverside) suggest that project certification reports are easier to understand because they are project specific, list all salaries paid on the grant, and follow the grant year. Offices of Inspector General (OIGs) and auditors have reviewed project certification with mixed results. A consortium of universities continues to study this approach.

Based on the information gathered and synthesized, the task force provides the following recommendations.

**Recommendation 1:**

***Add additional examples and tools to the FEC website to facilitate understanding of the FEC process and different scenarios that may result.***

- ***A calculator for faculty salary allocation/effort certification process developed with a drop-down menu and/or explanation approach, similar to Turbo-Tax (Note: CENTRAL FUNDING IS REQUIRED TO DEVELOP THIS CALCULATOR)***
- ***An example of effort allocation options available when external salary funding is temporarily lost (Reduced Responsibility option)***

**Recommendation 2:**

***Clarify and provide specific examples of the following activities:***

- ***Activity that may be charged directly to sponsored projects;***
- ***Activity that may not be charged directly to sponsored projects;***
- ***Activity that is excluded from the calculation entirely; and***
- ***Activity that is considered de minimis.***

**Recommendation 3:**

***Develop a succinct Faculty Effort Certification Quick Reference Guide that will be accessible on the Faculty Effort Certification website (draft attached as Appendix 3).***

**Recommendation 4:**

***Central administration to provide additional data to deans' offices on faculty with a high percentage of federal funding that can be used by the deans' offices in compliance and funding discussions and decisions.***

**Recommendation 5:**

***Initiate a study to examine the benefits and consequences of eliminating the effort certification requirement for faculty without federal salary support.***

- ***Study consideration must be given to non-federal sponsors who require cost-sharing where faculty use UW funded effort to meet those commitments***
- ***Study must include an analysis of any administrative advantages of the present UW policy compared to peer institutions' policies***

**Recommendation 6:**

***Initiate a study to explore moving towards a project based certification (PEC).***

- ***Study consideration must be given to the details of the PEC approaches implemented at peer institutions and findings of auditors and Offices of Inspector Generals'***
- ***Study must also consider the evolving information technology (IT) landscape at the UW and integration or interface compatibility of a PEC approach with new IT systems under install consideration at UW***

## II.E. Faculty roles and responsibilities for effort certification and cost-sharing

Individual faculty, with assistance from departmental Faculty Effort Certification (FEC) coordinators, are ultimately responsible for completing and reviewing their semi-annual effort certification report. The responsible faculty must ensure their effort certification report reasonably approximates their effort devoted to sponsored projects and is submitted punctually. If any adjustments are necessary, faculty must work with their unit head or department chair and/or FEC Coordinator to make those adjustments. The [Management Accounting and Analysis](#) office has detailed information about these processes and may be contacted for assistance.

## II.F. Implications of inaccurate effort certification

Inaccurate or incomplete effort certification carries a number of risks for the individual faculty member and the University of Washington. Uncertified salaries on federal sponsored projects are considered unallowable and must be removed from the grant or contract. For the individual faculty member, there is a requirement that she/he comply with the policies, rules and regulations of the University of Washington. This includes appropriate and timely reporting of effort during the covered certification period.

Serious compliance risks are associated with inaccurate or incomplete certification. These risks are delineated at <http://finance.uw.edu/maa/fec/compliance>.

# III. Process for Negotiating Support of Non-Sponsored Activities

## III.A. Clarifying faculty effort division

The task force viewed the requirement and process of faculty certifying effort in the context of a documented understanding reached in discussion between a chair and faculty member. Discussions of faculty effort on non-sponsored activities, including preparation of new and competing renewal proposals to external agencies, should be conducted with each party fully understanding UW FEC policy and requirements. It may be appropriate for a chair to hold this discussion with a new faculty recruit at the time of their initial appointment and with continuing faculty at their annual or multi-year performance reviews. These typically are occasions when goals and expectations for a faculty member and their associated division of effort for a period are mutually agreed upon and set. Resources and support for a faculty member to successfully meet these goals and expectations should be provided, including support of their non-sponsored activities.

A faculty member's effort may vary between their activities during different FEC reporting periods. Predictable variations should be addressed in discussion to assess how this variation may alter the faculty member's effort computation and the chair's support of the faculty member's non-sponsored activities. If a faculty member strives for extramural funding that may provide personal salary support, the chair and faculty member should mutually agree upon the level of effort and level of salary funding support or other compensation options during the FEC periods under discussion.

### III.B. Communicating non-sponsored activity funding sources and RCR distribution policies

Declining federal pay-lines for grant awards may motivate faculty to commensurately increase their effort on the non-sponsored activity of preparing proposals. However, chairs have limited options and limited sources of funding to support faculty in preparing proposals. The limited sources of funding might include state tenure-line support, gift funds, or reallocated cost recovery (RCR) funds distributed to a department by a dean. Budget transparency, including transparency of departmental sources of income and expenses, will allow faculty to develop an appreciation for departmental operations and hold realistic expectations about possibilities for support. It will also facilitate open discussions about options for supporting faculty non-sponsored activity including proposal preparation.

RCR funds derive from indirect cost recovery (ICR) funds distributed to deans by the Provost's Office according to a defined and transparent distribution policy. Under this policy, 35 percent of ICR funds are returned to deans as RCR funds to support research. The allocated amount to a particular dean is based on the unit's grant activity for the prior year. With some exceptions (e.g. <https://admin.artsci.washington.edu/research-cost-recovery-policy>), deans typically do not publicize their RCR distribution policy to the department level. This is an understandable practice given that deans' use of these funds may change in some years, and with it, the distribution policy to departments under their administrative supervision. However, making RCR distribution policies transparent will assist chairs to predict their annual RCR funds and budget accordingly. Specifically, it will potentially enable chairs to plan support of their faculty non-sponsored activities more dependably and efficiently.

Fiduciary responsibilities and detailed budget management ultimately remain within the purview of deans and chairs. Although these funds are considered unrestricted funds, the UW Office of Planning and Budgeting (OPB) website clearly states "In all cases, the intent [of the 35 percent of distributed ICR funds] is to support the research effort within the dean- or vice-president-level unit"; moreover, "the PI should not assume they will receive a portion of these (RCR) funds." However, the latter statement does not preclude a dean or chair policy that distributes a portion of the funds to faculty whether or not they are a principal investigator (PI) for an award.

#### ***Recommendation 7:***

***Faculty members and chairs should be explicitly encouraged and supported to regularly engage in discussion of the type and level of support appropriate to fulfill goals and expectations mutually agreed and set for the faculty member's non-sponsored activities. This includes preparation of new or competitive renewal grant proposals.***

***The process for negotiating support of non-sponsored activities and ensuring clarity of any agreement reached is advised to include the following process steps:***

- ***Dean-level RCR distribution policy transparency to facilitate chair budget planning;***
- ***Departmental budget transparency between a chair and their faculty to facilitate individual negotiation of non-sponsored activity support;***
- ***A first negotiation of non-sponsored activity to occur at the time of a faculty member's initial appointment and with continuing faculty at each annual or multi-year performance review;***

- ***To ensure clarity of a negotiated agreement between the parties, issuance of a signed written record of the agreement made regarding distribution of the faculty member's effort and funding or other compensation options in support of their non-sponsored activity; and***
- ***A conciliation process that complies with the Faculty Code in the event agreement between the parties cannot be reached.***

## IV. Communication/Education Plan to Reach All Key Parties

Due to the time-limited nature of the task force's work, the recommendations and FAQ's developed have not yet been vetted with key UW administrative offices such as the Office of Planning and Budgeting, the Office of Research, and Academic Human Resources. Seeking input from each of these offices must occur before a communication plan is finalized and implemented.

Similarly, communication strategies considered during the term of the task force were not vetted with key UW administrative offices. A communication plan was not fully developed and will depend, in part, on which recommendations in this report are approved for action. Components of this plan should include appropriate circulation of tools and clarifying documents developed by the task force, updates to mandatory Faculty Grants Management Workshops, and development of a stand-alone faculty effort certification training module.

### **Recommendation 8:**

***Revise the faculty effort certification components of the in-person and on-line version of the mandatory Faculty Grants Management Workshop (required every 4 years) to include the clarifying material developed by this task force.***

### **Recommendation 9:**

***Widely circulate the Faculty Effort Certification Quick Reference Guide (FECQRG) and Frequently Asked Questions (FAQs). Disseminate FECQRG to all participants in the Faculty Grants Management Workshops to ensure appropriate new faculty are aware of their FEC reporting responsibilities and UW FEC policy (draft attached as Appendix 3).***

### **Recommendation 10:**

***Develop a stand-alone training module on faculty effort certification basics specifically for deans, chairs, and faculty. This module to be accessible on-line and used, as needed, by schools, colleges, departments and faculty.***

## Appendix 1: Charge Letter



April 12, 2017

### ***Task Force on Faculty Effort/Compensation***

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**Mayumi Willgerodt**, Professor, School of Nursing and Health Studies, UW-Bothell

Colleagues:

Thank you for agreeing to serve on the Task Force on Faculty Effort/Compensation, which is a joint-effort of the UW Faculty Senate and the Provost.

### **BACKGROUND:**

As you may know, the federal government requires that charges to federal awards for salaries and wages must be based on records that accurately reflect the work performed. These "records" must:

- Be supported by a system of internal controls providing reasonable assurance that the charges are accurate, allowable and properly allocated,
- Reasonably reflect the total activity for which the University compensates the employee, and
- Support the distribution of the employees' salaries among specific activities.

For the UW faculty, this is accomplished through the Faculty Effort Certification (FEC) reports. These reports provide the supporting documentation for salaries charged to sponsored projects. Without FEC reports, the salaries are considered unsupported and therefore, unallowable. (For more on UW's Faculty Effort Certification, see: <https://f2.washington.edu/fm/maa/fec/faculty-effort#Requirement>)

This reporting function can seem confusing and onerous, and there is substantial variation in understanding about what is allowed—and not allowed—under federal reporting rules. A recent survey (results attached) of faculty in the Schools of Medicine and Public Health provides substantial evidence of confusion about rules and the processes for faculty effort both by faculty and departments. We want to provide support to our faculty colleagues who are required to report to the federal government, so we ask you for your help in clearing up the confusion by clarifying:

- What is allowed and not allowed, in terms of faculty effort and compensation for that effort, and
- The process for negotiating support for non-allowed costs.

**SPECIFICALLY:**

- Please identify the federally-mandated rules and guidance and the UW-processes related to these, and develop a set of statements and FAQs to make these clear,
- **Identify how many faculty are affected by these reporting requirements, and**
- Develop a communication/education plan to reach all key parties.

The overall goal is to facilitate and enable the conversations between faculty and chairs/directors regarding balance of effort.

Please consult, as you deem best, with faculty, staff and administrators who can provide you with information. Susan Astley and Scott Barnhart, the faculty who created the survey may also be of use.

We ask that you provide us with an electronic copy of your report (including the FAQs) by July 15, 2017.

We recognize that you have many demands on your time, and so greatly appreciate your willingness to take on this work.

Thank you!



Gerald J. Baldasty  
Provost and Executive Vice President  
Professor, Department of Communication



Zoe I. Barsness  
Chair, UW Faculty Senate  
Associate Professor, Milgard School of Business,  
UW Tacoma

cc: Thaisa Way, Professor, Landscape Architecture  
Mary Lidstrom, Vice Provost for Research, Office of Research  
Cheryl Cameron, Vice Provost for Academic Personnel, Office of the Provost

## Appendix 2: Frequently Asked Questions (FAQs) and Answers

The FAQs are intended to supplement and in some cases replace existing FAQs currently located on the Faculty Effort Certification Web Page at: [http://finance.uw.edu/maa/faq/faq?term\\_node\\_tid\\_depth=Faculty%20Effort%20Certification](http://finance.uw.edu/maa/faq/faq?term_node_tid_depth=Faculty%20Effort%20Certification)

### Frequently Asked Questions

**Q. Who needs to certify faculty effort?**

A. Faculty effort certification is required of all faculty who are either paid directly from a federally funded sponsored agreement and/or have cost-share commitments that are being met via faculty effort not charged directly to the sponsored agreement.

Cost-share commitments may arise when the proposal reflects a level of effort devoted to the sponsored project that is greater than the funding allocated for the commitment (e.g., 15% effort commitment but only 10% funding requested). They also may arise when the faculty member's salary exceeds a sponsor's limitation on the amount of salary that can be reimbursed, as in the case of salary caps imposed by the National Institutes of Health.

While faculty effort certification is a federal requirement, the UW presently requires this certification for all sponsored agreements regardless of funding source.

**Q. Why do faculty need to certify their effort on various activities?**

A. The federal government requires that charges to federal awards for salaries and wages be based on records that represent a reasonable approximation of the work performed on those federal awards relative to the total activity for which the University compensates the faculty member. As part of meeting this requirement, faculty review and certify their effort.

**Q. What implications arise from inaccurate certification of faculty effort?**

A. Charging and certifying salaries that are not properly supported could lead to audit findings, disallowances, fines, suspension and debarment as well as other sanctions at the institutional and/or individual level.

**Q. What types of activities are faculty required to track and certify?**

A. Faculty Effort Certifications (FECs) are semi-annual reports designed to summarize the effort of faculty who have been paid from and/or have cost-share commitments to sponsored-project effort. A faculty member receives an FEC if he or she is paid by the University of Washington and

- Performs effort paid on federal and/or nonfederal sponsored projects; and/or
- Performs cost-sharing on federal and/or nonfederal sponsored projects.

The purpose of the FEC is to certify that the compensation charged to sponsored agreements is a reasonable approximation of effort devoted to same in relation to all other compensated UW activities including research, instruction, administration, service and clinical activity.

**Q. What are the rights, responsibilities, and best practices of deans, chairs and unit heads regarding salary charged to federal grants?**

- A. It is the dean, chair and unit head's responsibility to ensure adequate funding is available to support the effort and costs of non-sponsored faculty activities such as teaching, administration, service, clinical activity, institutional governance, and proposal preparation. Charging these non-sponsored activities directly to federally sponsored projects constitutes noncompliance with federal requirements, thereby posing a risk to the University for significant non-compliance audit findings and subsequent fines and penalties or other potential sanctions.

Deans, chairs and unit heads should provide clear guidance to their unit's faculty. This should include a discussion and advance written and signed agreement with faculty prior to their commitment to and engagement in non-sponsored activities to ensure a clear understanding of the unit's policies and resources available to support non-project activities including potential cost-share obligations. As part of that agreement, it is the dean, chair and unit head's responsibility to ensure the faculty member will have capacity to meet all effort commitments to department/school as well as those reflected in funded sponsored proposals. This includes developing an understanding of the general level of effort required to generate proposals and conduct other unsponsored activities. When there are concerns that resources are not adequate, it is the dean, chair or unit heads responsibility to have a discussion with their respective supervisor.

**Q. What are the rights, responsibilities, and best practices of faculty regarding salary charged to federal grants?**

- A. It is the faculty member's responsibility to ensure salaries charged to his/her sponsored project(s) represent a reasonable reflection of effort devoted to that project. This includes ensuring salaries associated with non-project activities (e.g., teaching, administration, service, clinical activity, institutional governance, and proposal preparation) are not charged to the project. While exceptions exist (see [GIM 35](#)), these activities generally must be funded from non-sponsored sources.

Faculty should have a discussion and advance written and signed agreement with their chair or dean prior to committing to and engaging in non-project activities to ensure the unit has the resources to fund the salaries associated with these activities. In addition, should there be cost-share obligations such as committed effort exceeding funding requests or salary-cap cost-sharing, it should be clear what funds will cover these costs prior to them becoming formal obligations. It is also the faculty member's responsibility to ensure he/she will have the capacity to meet all effort commitments to the department/school as well as those reflected in funded sponsored proposals. When there are concerns that resources are not adequate, it is the faculty member's responsibility to have a discussion with their respective supervisor.

**Q. What types of activities are included in one's institutional base salary?**

- A. Institutional base salary (IBS) is the annual compensation paid by the University of Washington for an employee's appointment, whether that individual's time is spent on research, instruction, administration, service or clinical activity. Institutional base salary excludes any income that an individual is permitted to earn outside of duties for the University of Washington. The components of IBS are regular salary (including A/B as it relates to tenured faculty); summer salary; paid professional

leave; salary for retired faculty; administrative supplements; endowed supplements; and clinical salary (UW Physicians (UWP) and Children's University Medical Group (CUMG)).

**Q. How do faculty calculate their time and effort on these various activities?**

A. A faculty work week is composed of the average number of hours a faculty member normally works during a week. Hours are to be averaged over the effort reporting period. For many faculty members, this number will vary from one week to another.

Example: If, within a six-month cycle, a faculty member worked thirteen 60-hour weeks and thirteen 40-hour weeks, his/her average work week would be 50 hours. Hours are averaged over the six-month effort reporting cycle.

Faculty are not required to keep track of hours on a daily or even weekly basis. They are, however, expected to estimate what they do on an average per week over the reporting period and provide a reasonable breakdown on the FEC report. This allows them to be able to certify their effort in good faith.

**Q. If federal grants cover 80% of a faculty member's salary and other UW sources (e.g. gift, state funds) cover the other 20%, what activities can he/she engage in with that other 20% time?**

A. This other 20% time is considered "non-sponsored" time. Salary support from non-sponsored funds can be used for activities such as teaching, administration, service, clinical activity, institutional governance, and preparing new and competing renewal proposals. In addition, activities may include effort that is cost-shared toward a sponsored project (e.g., effort on a sponsored project that is paid by other UW sources).

**Q. What counts as *de minimis* effort?**

A. For effort certification purposes, *de minimis* effort is any effort that is immaterial and thus will not change the effort percentage allocated to sponsored activity for an FEC cycle. Examples include filling out expense reports, filling out effort reports, reviewing monthly expense summaries, etc.

**Q. Should faculty be paid on non-sponsored funds for time spent preparing new and competing grant proposals?**

A. Yes. Time spent preparing new and competing renewal grant proposals represents an official University activity normally covered under one's institutional base salary using non-sponsored funding in an amount proportionate to one's total FTE.

**Q. Should faculty be paid on non-sponsored funds for time spent preparing non-competing proposals, supplements and extensions?**

A. Unlike time spent preparing new and competing renewal grant proposals, the time spent on non-competing proposals, supplements and extensions involves reporting work on the existing grant period and therefore does not require non-sponsored funding.

**Q. A faculty member is on "reduced responsibility" after one of his/her grants has ended. However, this faculty member still has a 100% appointment. What is he/she allowed (and not allowed) to do in this newfound time?**

A. A faculty member's appointment is not impacted as a result of being placed on Reduced Responsibility (RR). Rather, it impacts his/her compensated FTE (e.g. salary reduction with proportionate reduction in responsibilities). When a faculty member's salary has been reduced based on RR status, it is recognized that the faculty member's University responsibilities will be reduced accordingly, giving the faculty member the opportunity to engage in uncompensated activities that are outside his or her RR status such as scholarly activity including proposal preparation. For example, a 1.0 FTE faculty member loses 25% funding and moves into a 75% RR status (65% of the non-RR status is funded from other grant sources; 10% is funded from non-sponsored UW sources for scholarly activities). The remaining 25% unfunded time may be used as uncompensated time on additional scholarly activities while in RR status of 75%.

**Q: What provisions are made for research faculty paid 100% on federal grants and who prepare grant proposals?**

A: Unit heads should consider whether a reliable stream of funds exist to cover ongoing non-sponsored activity in advance of hiring decisions. Once hired, discussion and a written and signed agreement with a chair or dean prior to engaging in non-sponsored activities is required. Department and/or college administration is responsible for assuring that funding for these costs is in place once an agreement is reached. Funding sources include but are not limited to the state, gifts, discretionary funds, endowment operating funds, and research cost recovery (RCR).

**Q: Can a faculty member work on a grant proposal on their 'own' time during uncompensated summer months?**

A: If a faculty member is clearly not being compensated (must be for entire pay periods) by the University then proposal preparation time would be considered volunteer time, i.e., performed on one's own time. As such, no alternative (non-sponsored) funding needs to be obtained since no UW compensation is being received. However, if partial salary is being paid this effort would be considered part of said compensation and a non-sponsored funding source needed.

Example: A 9-month faculty member receives one and a half months of summer salary. If that salary is paid 100% during three pay periods, (e.g., 6/16-7/31) then the faculty member would have one and a half months of uncompensated time (e.g., 8/1-9/15) during which time s/he could work on a grant proposal without obtaining non-sponsored funding. However, if the faculty member is paid 50% over all six pay periods then non-sponsored funding would need to be obtained to cover the proposal preparation effort.

**Q. How do part-time faculty on 'soft' money fund non-sponsored activities?**

A: Salary support for teaching, administration, service, clinical activity, institutional governance and proposal preparation effort must come from non-sponsored funds. Just like full-time faculty, part-time faculty may not volunteer their time for proposal writing or other non-sponsored activities. Alternatively, for faculty with reduced responsibility and reduced salary funding (e.g. 100% FTE funded temporarily at 50%), faculty may volunteer their uncompensated time (See GIM 38 – Faculty Reduced Responsibility Status Involving External Funding)

**Q. Do the rules on salary allocation and funding non-sponsored activity including proposal preparation still apply to faculty who have secured grants from a non-federal sources?**

A. The UW's effort certification guidelines are based on federal [Uniform Guidance, 2CFR 200.430](#). The federal rules apply to faculty whose salary is funded in any part with federal sponsored funds. The guidelines do not apply to faculty with salary supported only with non-federal sponsored funds. Those faculty should follow the non-federal sponsor's policy, if any.

**Q. If the chair / director / unit head does not have the resources (or has allocated those resources to other competing priorities) to cover the costs of proposal preparation, what options are available to faculty members?**

A: There are limited options when this occurs. One option is to identify an alternative funding source such as a gift budget to cover the cost. Also, in consultation with and concurrence from the unit head, if the faculty is involved in multiple scholarly (non-sponsored) activities, he/she could examine the possibility of rebalancing those efforts to allow time for proposal preparation or reducing time spent on some non-sponsored activities. Another potential option is associated with Faculty Reduced Responsibility (RR) Status ([GIM 38](#)). This option, which includes the option to volunteer time for scholarly activity including proposal writing, is only available for faculty who have temporarily reduced their institutional responsibilities commensurate with a reduction in the amount of their institutional base salary (IBS) resulting from a loss in external funding. The faculty member must be on approved RR status to utilize this option.

**Q. How are research cost recovery (RCR) funds distributed?**

A. The UW has complex approaches to budgeting and resource allocations. For indirect funds, however, the Provost's current distribution policy is to allocate 65% of the funds to centrally fund facilities, compliance and administrative functions and 35% to schools and colleges which then decide how much flows to departments/units or individual faculty ([https://opb.washington.edu/sites/default/files/opb/Budget/Narratives/Indirect Cost recovery 030316.pdf](https://opb.washington.edu/sites/default/files/opb/Budget/Narratives/Indirect%20Cost%20recovery%20030316.pdf)).

**Q. If a portion of RCR funds are returned to faculty, how can they be used?**

A. If the faculty member's college, school or department has a policy to return RCR funds to faculty, the funds may be used to further support faculty research and/or other scholarly activities, including costs associated with sponsored proposal preparation. Fund use is flexible provided they are used in accordance with University and/or state rules and school/department guidelines.

**Q. What does recovery for the indirect cost rate include?**

A. Indirect cost reimbursement includes partial recovery of, among other things, the cost of proposal preparation as well as activities such as building maintenance, the cost of utilities, security, hazardous waste disposal, telecommunications, libraries, cost of office supplies and copies for sponsored projects, departmental and college administrative support, purchasing, payroll, human resources, central sponsored program operations and compliance support offices and other infrastructure costs necessary for supporting sponsored awards.

**Q. Does the UW recover the full amount of indirect costs related to sponsored activity?**

A. The UW does not recover all the indirect costs that support research and other sponsored activity due to a number of reasons including Federal government caps on administrative costs related to faculty administrative effort, including proposal preparation, and an overall cap on total institutional administrative costs within both academic units as well as central administrative units. Another significant impact on the recovery of indirect costs involves sponsors and certain sponsored agreements that do not reimburse at the full negotiated indirect cost rate. These sponsors and agreements fairly consistently result in an under-recovery of indirect costs of approximately 25%.

**Q: What should I do if my FEC does not reasonably reflect my effort?**

A: First, do not certify the FEC. Make sure all corrections have been made before doing so as eFECs will automatically update the FEC information to incorporate changes processed if it has not been certified thus avoiding the need to recertify. If you do certify your FEC and a correction is subsequently made you will need to recertify it.

Second, contact your FEC coordinator to inform him/her there is a problem with what is reflected on the FEC as it does not reasonably reflect your actual effort. This most commonly results from incorrect salary distributions or an issue related to cost sharing. In these cases a retroactive salary distribution correction and/or cost share adjustment can be made. While it sometimes can take time to get changes processed and result in the FEC certification being delinquent, it is the better option than to knowingly certify to something incorrect.

**Q. What other sources of information exist regarding faculty effort certification?**

A. Additional information can be found at the UW's Management Accounting & Analysis (MAA) webpage on [effort reporting](#).

## Appendix 3: Faculty Effort Certification Quick Reference Guide (Draft)

<p style="text-align: center;"><b>W</b> UNIVERSITY of WASHINGTON</p> <p style="text-align: center;"><b>Faculty Effort Certification Quick Reference Guide</b></p> <p style="text-align: center;"><b>eFECs</b> Electronic Faculty Effort &amp; Cost Sharing System</p> <p><b>The purpose of this document is to provide faculty with a quick reference tool for managing and certifying salaries charged to sponsored projects awarded to the University of Washington (UW).</b></p>	<p style="text-align: center;"><b>What is Effort?</b></p> <p>Total Effort = Total Activity that UW compensates the faculty member to perform.</p> <ul style="list-style-type: none"> <li>– Regardless of the actual number of hours worked</li> <li>– Varies from individual to individual</li> <li>– NOT based on a 40 hour work week</li> <li>– NOT just Monday through Friday</li> </ul> <p style="text-align: center;"><b>Institutional Base Salary</b></p> <p>Compensation paid to faculty for all UW activities</p> <p><b>Includes:</b></p> <ul style="list-style-type: none"> <li>• Regular Salary (includes Summer)</li> <li>• Paid Professional Leave</li> <li>• Clinical Salary</li> <li>• Administrative / Endowed Supplements</li> </ul> <p><b>Excludes (examples):</b></p> <ul style="list-style-type: none"> <li>• Excess Compensation</li> <li>• Temporary Supplements (except as noted above)</li> <li>• Clinical Practice Plan Incentives</li> </ul> <p>Actual salary dollars are presented as percentage figures (of total salary) on the FEC to be certified.</p>	<p style="text-align: center;"><b>Reporting Periods</b></p> <p><b>Semi-annual (Calendar Year)</b> - All faculty working on sponsored projects in the Schools of Dentistry, Medicine, Pharmacy and Public Health</p> <p><b>Semi-annual (Academic Year)</b> - All faculty working on sponsored projects for remaining schools and colleges (fall/winter quarters; spring/summer quarters)</p> <p style="text-align: center;"><b>Due Date and Timing</b></p> <p>Faculty should certify their FEC within 60 days of the eFECs release date.</p> <p>The eFECs system will automatically send out notifications to faculty 20 days and 3 days prior to the due date as necessary.</p> <p>FEC coordinators will have approximately six weeks prior to the eFECs faculty notification dates to review, correct and/or communicate issues.</p>
<p style="text-align: center;"><b>Why is Effort Reporting Important?</b></p> <p>Federal guidelines require payroll costs to be documented to ensure that external sponsors reimburse the grantee only for the time and effort expended on their behalf.</p>	<p style="text-align: center;"><b>Reduced Responsibilities (See GIM 38)</b></p> <ul style="list-style-type: none"> <li>• When faculty loses partial/full external salary support</li> <li>• May volunteer time for scholarly activities including proposal writing</li> <li>• Unit must maintain same level of funding for scholarly activities, e.g., proposal preparation</li> </ul> <p style="text-align: center;"><b>Reasonable Estimate</b></p> <p>Federal guidelines recognize that teaching, research, patient care and administration are often “inextricably intermingled”.</p> <p>Faculty must certify that their effort percentage on a project or activity is a reasonable approximation of the work performed.</p>	<p style="text-align: center;"><b>Roles and Responsibilities</b></p> <p><b>Faculty Member (Certifier):</b> Review, adjust (as necessary) and certify his/her effort for the applicable periods via the eFECs system.</p> <p><b>FEC Coordinator:</b> Review for and facilitate error corrections on the FEC reports, e.g., cost share commitments reflected. Assist faculty in the effort reporting process. Manage the overall effort certification process.</p> <p style="text-align: center;"><b>Additional Information</b></p> <p>For information, examples and tools related to effort reporting, <a href="http://finance.uw.edu/maa/fec">http://finance.uw.edu/maa/fec</a></p>
<p style="text-align: center;"><b>What is Effort Reporting?</b></p> <p>An individual certifies that the salaries charged to sponsored projects are reasonable in relation to the actual effort performed.</p> <p>The University supports the effort reporting requirements via the online Faculty Effort Certification (FEC) report. Certification is completed through the electronic Faculty Effort and Cost Share (eFECs) system.</p> <p style="text-align: center;"><b>Who Can Certify an FEC?</b></p> <p>Each faculty member should certify their own FEC. If that individual is not available, a person having suitable means of verification (a.k.a., Proxy) can certify the FEC. The Proxy <b>(must be chair, dean or unit director)</b> must identify why the certifier is not available in the comment section of the FEC.</p>		

WHAT IS IN AND OUT OF EFFORT CERTIFICATION

**IN**  
Examples of Activities That May Be Charged Directly to Sponsored Funds

- Preparing non-competing and supplemental proposals and requests for extensions
- Mentoring students related to the sponsored research
- Writing reports and articles
- Participating in appropriate seminars
- Attending meetings and conferences
- Consulting with colleagues and/or graduate students
- Participating in Data Safety & Monitoring Boards (DSMB) if specifically budgeted in the sponsored program
- Effort related to pursuing intellectual property on the sponsored program
- Delivering special lectures regarding aspects of the research

**IN**  
Examples of Activities That May Not Be Charged Directly to Sponsored Funds

- Teaching
- Administration
- Service
- Clinical activity
- Institutional governance
- Effort on new and competing proposals
- Possible exceptions
  - sponsored project is specifically awarded for one of the aforementioned activities (e.g., award is for instructional (teaching) activities).
  - Proposal preparation time charged to a mentored K award or research training grant
  - Proposal preparation time when faculty member is paid on a non-federal grant. Faculty should follow non-federal sponsor's policy, if any.

**OUT**  
Examples of Activities Excluded From Effort Certification Entirely

- Outside professional work
- Volunteer community or public service
- Interdepartmental consulting for which supplemental compensation is paid
- Effort related to review panels or other advisory activities for federal sponsors that include honorarium, per diem, and/or travel reimbursement by the Federal agency
- Normal scholarly activity performed during summer time outside of the main nine-month Academic year, if not compensated during that time
- Delivering special lectures regarding aspects of research
- Editorial or peer review effort for scholarly journals
- Participating in the work of national professional organizations and societies
- Effort for faculty on Reduced Responsibility (RR) status exceeding the support provided by the department for scholarly activities immediately preceding going on RR

**OUT**  
Examples of Activities That Are Typically De Minimis

- Personal activities such as:
  - Voting
  - Completing effort reports
  - Completing expense reports

Unit Head Responsibilities

TBD